



HOUSE BILL 2430 – LIFT BAN ON RENT CONTROL – OPPOSE

Illinois REALTORS® strongly OPPOSE HB 2430 (Guzzardi), which repeals the Rent Control Preemption Act, an initiative of the REALTORS® back in 1997 that prohibits local governments from enacting rent control measures.

The sponsor and supporters of the bill have stated that they want the City of Chicago to be able to impose Rent Control in Chicago. But the repeal of the Preemption Act would allow, at a minimum, ALL home rule units in the state to impose Rent Control.

Rent control is widely discredited by many if not most economists, and many housing advocates. Rent Control is destructive and counterproductive in many ways, is very complicated to administer, and would have many unintended consequences.

Here are just a few of the concerns we have with allowing communities to impose Rent Control:

- Rent Control is a complete disincentive to investment in rental property. It obviously caps the return on investment for rental property, and when you cap the costs than can be recovered, you're going to get less of it – in this case, rental property.
- It's mind-boggling that after what we've been through in the housing market since 2008, that Illinois would consider a bill that sends the message, "We don't want to develop, rehabilitate, or improve our housing stock." In our view, that's the message this bill sends.
- In addition to drying up investment in rental property, one of the worst effects of Rent Control is that it discourages property owners from maintaining and upgrading their property. Regulatory costs, property taxes, and costs for services will continue to rise, but the owner's rental revenue will remain stable, leaving a shrinking pool of funds available for maintenance and improvement.
- Property taxes and other fees and regulations placed on rental property owners are already very high, and are rising faster than rent increases in many cases. Out of control property taxes and regulations are a big factor in the upward pressure on rents – and yet these costs aren't capped, only the income from the property is capped.
- Chicago in particular, which already is facing extreme financial distress, stands to lose untold millions in property tax revenue, as rental property values will certainly drop if their potential earnings are capped.
- We can only imagine the morass of bureaucracy it will take to administer Rent Control, and it may encourage an illegal black market in Rent Controlled units.
- In short, **HB 2430** is exactly what Illinois DOESN'T need, especially now. More regulatory over-reach that tells investors, "We don't want you."

Contact Greg St. Aubin, Julie Sullivan, or Neil Malone if you have any questions