

## **Minneapolis Area Association of REALTORS® Rental Regulations Policy Position Statement**

The Minneapolis Area Association of REALTORS® understands that rental housing is a vital segment of the real estate and housing markets. A vast majority of people will rent housing at some point in their lives. Rental properties are also an important component of the state's property tax base, paying at a slightly higher rate than homesteaded properties.

For residents and communities, it is important to make sure rental properties are safe and adequately maintained. REALTORS® certainly know the value of well-kept property. It is important to remember that a property's status as rental does not automatically imply deferred maintenance or blight. Many rental properties are very well maintained, and owners have every vested interest in properly maintained property. The reasons for deferred maintenance are varied and the property's status as owner-occupied or rental is not necessarily the sole determining factor. Furthermore, an individual's status as a renter does not fundamentally change the use of the property. Rental Regulations come in many forms; we have written statements on the most common types of ordinance that municipalities may enact.

**Rent Control**— The Minneapolis Area Association of REALTORS® fundamentally opposes Rent Control measures first and foremost based on private property rights. The ability of an owner to buy, sell, or 'let for rent' real property is fundamental to property ownership. Rent Control laws set rent levels and the amount or frequency of rent increase by regulation. These regulations introduce artificial determinants into an otherwise free market rental marketplace. Rent Control is often studied and conclusions on efficacy are unclear at best. Rent Control tends to increase housing costs and the cost of uncontrolled rental units. Rent Control disincentivizes owner maintenance and reinvestment in real property over time. Rent Control confers too few benefits at the expense of the many and reduces overall housing supply. REALTORS® are in favor of housing policies that provide a full range of housing options at prices that Minnesota families can afford. It should be noted that Rent Control is currently prohibited by Minnesota state law with the exception of voter approved referendum. REALTORS® believe there are more effective ways to create a more balanced and equitable marketplace, without rent control.

**Rental Density Caps**— The REALTORS® oppose rental density caps implemented city-wide or neighborhood-by-neighborhood. Rental Density Caps are laws, regulations or rules that restrict the number or percentage of homes in a given defined area that can obtain a rental license and legally 'let for rent' real property. These caps restrict private property rights by limiting what property owners can do with their residences. Such policies are inherently unfair because they confer private property rights to a limited few while simultaneously denying the same rights to others. Rental density caps may have the unintended consequence in increasing vacant buildings, due to the inability of an owner to sell or to rent the property to tenants. Density caps may even result in discriminatory feelings or actions toward diverse populations. Density caps also have the undesired impact of damaging housing affordability by limiting the availability of housing units within a neighborhood or city.

**Rental Inspections**— We oppose any type of city-mandated property inspections without due cause to believe problems exist on the property. Every effort should be made to enforce existing municipal property maintenance codes equally upon all properties, regardless of occupancy type.

**Rental Property Management**— Accurate recording of residential occupancy types for the purposes of resident and general public safety is acceptable, as long as such requirements do not add financial burden to property owners or tenants.

**Short Term Rental**— REALTORS® are a proponent of private property rights and the ability of an owner to 'let for rent' real property. REALTORS® also understand and respect that cities need to ensure safety and order in the short term rental market. REALTORS® oppose outright bans on short term rentals. REALTORS® do not oppose some level of regulation on short term rentals so long as the ability to 'let for rent' real property with a minimally intrusive, nominally priced and permissive structure is preserved.

**Tenant and Landlord Education**—We support incentive programs that encourage good landlord and tenant behavior rather than punitive systems. We support programs to educate both tenants and landlords about proper property maintenance and code requirements, their rights and recourse in cases whether maintenance is necessary or where other disagreements exist, and on positive landlord-tenant relationships. We seek compliance with all applicable local, state and federal laws pertaining to duties of landlords and tenants. This education may come in such forms including but not limited to: classes, written information printed or online, counseling, or community outreach.

REALTORS® believe that rental housing should be viewed through the lens of private property rights, similar to other types of housing. As cities see a rise in rental units, both built and converted, there may be some push to add rules and regulations to those properties. The REALTORS® want to ensure that all property and occupancy agreements can be handled freely, while keeping in mind the safety and security of residents and the surrounding neighborhoods.

Thursday, August 23, 2018