

To: Tim Gladhill, Kurt Ulrich, Dean Kapler, and other interested parties

From: Michael Healy

Re: The benefits of home rentals

It is common to hear people extolling the virtues of homeownership and the many ways that homeowners act to stabilize communities and help create the atmosphere that supports a high quality of life. It is easy to forget in this conversation that society gets a lot of benefits from rentals as well and these benefits are accrued by many more people than just current renters. Homeownership is very expensive in the short-term (there are many up-front costs during the first year) but the costs of homeownership go down significantly over time. Housing experts generally recommend that people consider homeownership if they are planning on living in the same place for upwards of five years. For anyone who is not in the position to commit to five years of housing (due to youth, career goals, family goals, or a desire to travel), renting may be the better option due to its increased flexibility. It is increasingly common for people to elect to be renters even if they fall into groups that would traditionally be homeowners. These individuals may like the flexibility of renting even if they don't need it and furthermore might like not having to worry about maintaining a property. Some renters want the space, increased privacy, and access to nature that is afforded by single-family homes and will happily pay extra in order to reside in one versus a multifamily apartment building. On the other side of this equation, many homeowners find themselves in the position of having purchased a home with the expectation of permanency only to find that they now need to move (this can be for a host of reasons such as career change, job loss, or divorce). Additionally, many homeowners reach a life stage where they no longer have an interest in continuing to occupy their home, wishing perhaps to downsize. Selling a house can be tedious and depending on market conditions it might be close to impossible to get a "fair" price for one's home. For many homeowners in the position of needing to downsize or move but being unable to sell, the only option besides either taking a huge loss or going into foreclosure is to rent out their home. Many of these individuals may even hope to move back into their home again one day and renting it out allows them to retain the property until that time. This kind of flexibility is good for a community and allows people to feel secure in buying a home without needing to worry that they are chaining themselves to a financial burden that could potentially cause their ruination. Rental housing, specifically rental single-family housing, is also essential for ensuring that the community has suitable housing options for everyone who wants to live there, including long-term loyal residents who have reasons to avoid or postpone homeownership. Young families might need time to save up before they can purchase the type of house that they want. Older individuals might still want the single-family home experience but are no longer interested in or capable of being responsible for all of the upkeep and maintenance on a property. Allowing and encouraging rentals ensures that nobody has to leave their city simply because they are at a life stage where homeownership does not make practical sense. Rentals are an essential part of a city's housing stock and therefore must be preserved. There are some negative side-effects that sometimes accompany home rentals such as the building receiving less than enthusiastic maintenance from off-site landlords. It is possible that cities might sometimes need to step in and set up regulatory systems, such as rental licensing programs, to ensure that home rentals take place in a manner that is good for the tenant, the landlords, and the neighborhoods themselves which certainly benefit from having residents who are happy and who want to live there.