



August 4, 2010

Dear Committee Members,

While we appreciate the good intentions that prompted the proposed changes to City of Madison General Ordinance 32.12 entitled "Prohibited Practices," we are persuaded that the changes would adversely affect student renters, cost Madison residents jobs, and un-necessarily exacerbate the business challenges facing rental property owners and managers in a tough economy.

The changes would **adversely affect student renters** in three specific, documentable ways.

- First, the changes would significantly reduce the amount of "shopping time," and therefore the comparison shopping and decision-making time, available to students looking for housing. Under the current ordinance protections, for example, students renters can search and comparison shop for housing all year long. The proposed changes would effectively compress the search and comparison shopping time to about eleven weeks.
- Second, the changes would significantly inconvenience student renters whose housing units had to be shown because the traffic through their apartments during that shortened shopping period would be much heavier. Last year, for example, Steve Brown Apartments fielded more than 3,500 housing inquiries and undertook an average of less than *100 showings a month*. Under the proposed changes, SBA would have to manage about a *100 showings a week* to handle the same demand and the resulting increase in daily traffic would cause considerably more disruption of residents' lives than they experience under the current ordinance protections.
- Third, the proposed changes would have a particularly deleterious effect on student renters' open market choices. Previous experience indicates, for example, that the first right of refusal language proposed actually encourages the creation of a "black market" in student housing, in which the most desirable housing units are effectively traded from one leaseholder to another thereby making it impossible for those not operating on the black market to access significant segments of the housing that would otherwise be on the open market.

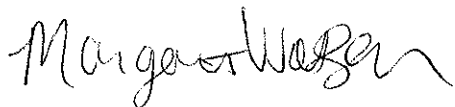
The changes would **cost Madison and Madison area residents jobs**. Most major apartment providers employ full-time leasing agents to answer inquiries and handle showings. If the actual showing and leasing time is reduced from a year round operation to less than three months, these full time jobs will be at risk. It is also worth noting that it will be difficult to provide the same level of professional service with the temporary workers hired for the compressed leasing season.

The changes **un-necessarily exacerbate the business challenges facing rental property owners and managers in a tough economy**. There has not been a massive outpouring of student renters asking for relief from the existing protective language and yet the City Council is being encouraged to support significant changes that would, in addition to creating the problems already referenced, raise the cost of doing business for apartment owners and significantly complicate the marketing and maintenance

challenges they already face. Ordinance changes, for example, inevitably result in an increase in administrative costs as providers change materials and systems to reflect the proposed changes. Legal costs also tend to increase as landlords and tenants turn to the courts to clarify the meaning of the changes. The compressed marketing time will also drive up the demand for advertising during that period and thereby increase marketing costs.

We would be happy to discuss any, or all, of these points in greater detail, but would ask that the members of the City Council delay a decision on the proposed changes until more information has been collected and analyzed. In the meantime, we ask that you not rush to a judgment that we believe is unnecessary, would seriously inconvenience students and would raise the cost of doing business for Madison's responsible housing providers.

Sincerely,

A handwritten signature in cursive script that reads "Margaret Watson". The signature is written in black ink and is positioned above the printed name and title.

Margaret F. Watson
Chief Operating Officer