

No deal to cap rents: The state's leading real estate groups say they weren't consulted about the so-called "compromise" agreement on rent control that activists are touting

Ok, the Massachusetts business community isn't exactly on the edge of civil war.

But suddenly, sharp differences have emerged over whether to continue battling a controversial rent-control ballot question that has been leading in the polls for months, or seek a compromise with the activists pushing it.

On Tuesday, some prominent members of the state's business community blinked amid fears that the proposed statewide rent cap would pass, and kill new apartment development while wrecking property values.

The activist coalition behind the Keep Massachusetts Home ballot campaign went public with news that it had hammered out a compromise proposal with a group that included Tom O'Brien, one of Boston's top developers, who briefly considered a run for mayor last year.



WinnCompanies, one of the nation's top affordable housing developers, and the Lawrence-based Lupoli Companies, which just broke ground on a mixed-use project in Littleton that includes more than 1,000 housing units, also took part.

The proposal would scrap the statewide cap and give cities and towns the power to pass rent control regulations, similar to the approach that Boston Mayor Michelle Wu has championed. The cap itself would be higher, and allow for increases, in some cases as high as 10 percent. The statewide ballot question would enact a lower overall cap limit, with a 5 percent cap, and likely less, on annual increases.

However, word of the so-called compromise came as a surprise to the powerful real estate industry groups that formed the Housing for Massachusetts group and pledged to raise \$30 million to defeat the proposed statewide rent cap.

Leaders of NAIOP Massachusetts, which represents developers across the state, and the Small Property Owners Association, said they have had no direct talks and, in the case of NAIOP, were only formally contacted on Sunday.

"No compromise has been reached on rent control," NAIOP said in a statement. The new proposal by rent control activists includes "sections that remain problematic for housing creation and communities."

Amir Shahsavari, president of SPOA and chairman of Housing for Massachusetts, said the supposed compromise deal "came out of the blue."



Shahsavari notes he owns five rental units, but the revised proposal put forth by activists still lumps him in “with huge corporations like BlackRock and Avalon Bay.”

And while the higher cap on rent increases is “an improvement,” he added that “it still doesn’t help small property owners who are burdened by rising operating expenses.”

At the end of the day, the only way the plan that rent control activists and a few developers like O’Brien are backing can work is if they can somehow get it through the Legislature.

And if major real estate groups representing landlords and developers are against it, don’t count on perpetually risk-averse state lawmakers sticking their necks out to pass it.