

Rent Control-General Talking Points

- Economists overwhelmingly agree that price control on rent are inefficient, counterproductive and lead to serious negative impacts for housing markets.
- Rent control has significant negative impacts on the condition and supply of existing rental housing.
- With limited ability to recover operational costs, owners may have to postpone or reduce investment in maintenance and improvements to rent controlled properties.
- Over time, this lack of investment expedites the deterioration of these buildings and eventually leads to the loss of critically-needed rental housing.
- When price controls on rental housing are lifted, however, significant new investment in maintenance and rehabilitation takes place.
- To preserve the quality and value of their properties, owners may also convert rent-restricted units to condominiums, housing not subject to rent control or commercial property.
- Rent control also discourages the development of new rental housing which is crucial to restoring the balance between supply and demand in local housing markets.
- With no ability to earn a profit on their investment, developers are incentivized to take their dollars to other, non-rent-controlled communities.
- By discouraging development and encouraging conversions, rent control effectively restricts supply, driving up housing costs.
- Rent control costs local governments critical revenue as the assessed value of rent controlled properties decline and with it the property tax taxes they generate.
- This foregone revenue might be a worthwhile tradeoff if the primary beneficiaries of rent control were low-income families, however, the reality is that they are not.
- With almost no exceptions, rent control laws are not income-targeted allowing anyone along the income spectrum to take advantage of rent restrictions, regardless of need.
- In fact, rent control can lead to increased gentrification and a decline in low income residents.
- Administration and enforcement of rent control policies also require the creation of a large local government bureaucracy at a significant cost to the taxpayer while little benefit.
- Housing development, rehabilitation and maintenance generate significant economic benefits in terms of job creation, wages and overall economic output. Rent control eliminates most of this benefit as rental housing activity is significantly reduced or eliminated.

References

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- 2017 Budget for San Francisco, CA appropriated more than \$7 million dollars to fund the rent control board, employ staff, and administer the ordinance for the 170,000 units covered.