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The idea of allowing governments to set limits on the rents that can be charged by landlords strikes many people as a sensible way to address problems in housing markets. New York's mayor, Bill de Blasio, has campaigned vigorously for rent freezes on rent-stabilised apartments. In London, several mayoral hopefuls have mooted the idea of introducing some form of rent control to the city. Why are rent controls popular, and do they work?

Rent regulation can take various forms, including rent control (the placing of a cap on the rent that can be charged) and rent stabilisation (setting limits on how much rent can be raised over time). Supporters argue that introducing controls helps ensure that households on low and middle incomes are not squeezed out of cities in which housing costs are soaring. In many booming cities, growth has pushed up rents, and over time the composition of many neighbourhoods has changed in favour of those who can afford higher prices. Supporters of rent control often point to Germany, where it is illegal to charge rent more than 20% above the level charged for a comparable property. (Around 50% of people rent their housing in Germany; almost 90% of all Berliners do, many in pleasingly spacious, well-looked-after apartments.) In the ten years to 2014, the proportion of British households headed by someone aged between 25 and 34 which rented privately rose from 22% to 44%. In Seattle, rents for one-bedroom apartments increased by nearly 11% between 2010 and 2013. A case could be made that rent controls provide long-term security for renters, and tilt the balance of power away from landlords towards tenants. That, some reckon, makes for a fairer housing market, in which households with lower incomes cannot easily be pushed aside by landlords keen to "gentrify" the neighbourhood.

But economists, on both the left and the right, tend to disagree. As Paul Krugman wrote in the *New York Times* in 2000, rent control is "among the best-understood issues in all of economics, and—among economists, anyway—one of the least controversial". Economists reckon a restrictive price ceiling reduces the supply of property to the market. When prices are capped, people have less incentive to fix up and rent out their basement flat, or to build rental property. Slower supply growth exacerbates the price crunch. And those landlords who do rent out their properties might not bother to maintain them, because when supply and turnover in the market are limited by rent caps, landlords have little incentive to compete to attract tenants. Rent controls also mean that landlords may also become choosier, and tenants may stay in properties longer than makes sense. And some evidence shows that those living in rent-controlled flats in New York tend to have higher median incomes than those who rent market-rate apartments. That may be because wealthier households may be in a better position to track down and secure rent-stabilised properties. The example of Germany is also an imperfect one: many cities there have seen declining populations and low (or falling) house prices over the past two decades, although the latter is now changing in several cities.

In places where demand for urban housing is rising (as in London, New York and Seattle), a more effective policy is simply to build more housing. The number of houses being built each year in Britain peaked in 1968 at 352,540 dwellings. Since 2008 there has been a particularly bad slump, while a restrictive "green belt" around the edges of London restricts growth. Meanwhile many developers sit on the land, watching its value grow. According to McKinsey, some 45% of land which is due to be developed in London remains idle. House-building rates are even lower in Germany, says Kath Scanlon of the London School of Economics. Restrictive zoning laws in places such as San Francisco (which also has rent control) could also be loosened, though locals might not like it. But in order to keep housing affordable, politicians will have to take on the NIMBYs, not just the landlords.

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