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# Landlord Advocates Say Rise of Rent Control Will Worsen the Housing Crisis

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The Manhattan skyline at sunrise from the 86th floor observatory of the Empire State Building in New York on April 3, 2021. (Angela Weiss/AFP via Getty Images)



By [Mark Gilman](#)  
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A housing shortage in the United States, along with higher interest rates that have driven more people to rent, is leading cities and states to pursue rent control—a practice that some cities have had for decades.

State and local policies vary, but governments use rent control to cap the monthly rent that landlords can charge their tenants or limit how much rents can be increased yearly—usually by no more than 2 to 10 percent.

A Moody's Analytics [U.S. State of Rent Burden report](#) earlier this year found that most renters now spend more than a third of their monthly income on rent, which it labels “rent burdened.”

That has led progressive cities and states across the country to either implement or put on the ballot more limits on how much a landlord or property owner can raise rates.

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Oregon was the first to implement statewide rent control on older apartments in 2019, with California following in 2020. Rent control also exists in Washington, New York, New Jersey, and Maryland.

Arizona, Florida, Hawaii, Georgia, Illinois, Kentucky, and Massachusetts are considering proposals to add rent control. In response, landlord advocates say rent ceilings do not bring down prices.

Alexandra Alvarado, director of education for the 145,000-member American Apartment Owners Association (AAOA), told The Epoch Times that some of her members have found that rent control has actually helped cause them to increase rates more often.



The Manhattan skyline at sunrise from the 86th floor observatory of the Empire State Building in New York on April 3, 2021. (Angela Weiss/AFP via Getty Images)

“We have members who had very rarely raised rents but who are now raising them to the (rent control) cap each year so they don’t fall behind,” she said. “They’re never going to skip a year. It’s contradictory, but I think for our members, there have actually been more rent increases since rent control.”

Landlord groups contend that rent control will reduce the availability of apartments because it discourages them from building or offering housing. In some cases, because of inflation and rising insurance and interest rates, landlords are leaving rental properties vacant because they can’t afford to refurbish units left by long-term tenants.

These properties are referred to as “ghost apartments.”

“Rent control, though politically fashionable, will not solve but exacerbate the problem,” attorney Matthew Paletz, a landlord advocate who owns one of the larger landlord-tenant law firms in the Midwest, told The Epoch Times.

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"If their intent is to lower rents, then you should be doing whatever you can to make it a more favorable economic environment to attract more investment to build more supply," he said.

"All you're going to do is drive out those who are the housing operators and then disincentivize those who are currently putting off making improvements to their properties because of the overwhelming costs it takes to do so," he added.

"Rent control has never worked. There's not one tangible example that has shown rent control to be successful. Not one. Groceries are more expensive than ever and people can't afford them. Why aren't there controls on food pricing?"

According to the National Association of Realtors (NAR), multi-family properties made up 32 percent of housing starts between 2012 and 2021. They grew to 34 percent in 2022 as mortgage rate increases drove people out of the home buyers' market.

In turn, developers who had locked down loans before the interest rate hikes pulled back from the market and pivoted away from new builds.

## **Boston Grapples with Rents**

The lack of available housing has caused cities like Boston and its suburbs to become ground zero this year for new rent control efforts. Last weekend, a march was held for rent control in the Boston suburbs of Medford and Somerville.

They called for state lawmakers to slow the eviction of lower-income tenants, according to community organizations City Life Vida Urbana and Community Action Agency Somerville, which canceled a scheduled interview with The Epoch Times.

In 1994, Massachusetts enacted a ban on rent stabilization in all municipalities, but the perceived lack of affordable housing in the area has put the issue back on the front burner.

In March, the Boston City Council approved Mayor Michelle Wu's rent control proposal with an 11-2 vote, allowing a maximum annual rent increase of the percentage change in the CPI plus 6 percent or a 10 percent maximum increase, whichever was lower that year.

## **West Coast Progressive Campaigns**

In California, renters and housing advocates are pushing Gov. Gavin Newsom (D) to support a rent control initiative that has qualified for the November 2024 ballot.

"There are a lot of devastating stories where people just can't afford to live in California any longer," Justice for Renters campaign manager Susie Shannon said at a rally held at the state capitol steps in Sacramento on Oct. 25.

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"We have low-income seniors who are really struggling, people who work in retail. The rents are just too high," she said.

In October, according to its website, the group delivered 723,000 letters to Mr. Newsom asking him to support the initiative.

The state of Washington is also a focal point for rent control advocates. An hour and a half north of Seattle, near the Canadian border, the town of Bellingham is the epicenter.

The Bellingham Tenants Union and representatives from the Whatcom Democratic Socialists of America are proposing an arguably extreme ballot measure called Initiative 2, which would, among other things, impose rent controls, and require landlords to raise rents by more than 8 percent to pay their tenants a "relocation assistance" fee equal to three months of rent.

Bellingham resident Scott Fallon, a Washington Policy Center adjunct scholar who focuses on local issues in northwest Washington, says the proposed landlord penalty in his town is worse than the strict measures recently imposed in progressive Portland.

"Millions of people in the last 30 years have moved to this area for jobs at Amazon, Boeing, and Microsoft. Bellingham just didn't keep up. It's a standard supply and demand issue," he told The Epoch Times.

"But you're not going to solve the problem by restricting rent prices. You are actually discouraging people from producing supply if you tell them they can't charge market prices."

Tacoma, Washington, has its own rent control ballot question set for this month, which, according to Mr. Fallon, has a broader reach. The measure requires landlords to place restrictions on move-in, late, and pet fees, in addition to what he refers to as an extreme relocation assistance fee if landlords raise rents above a certain threshold.

Like Ms. Alvarado, he says that these rent control efforts discourage landlords from holding the line on rents.

## **Addressing Causes of Homelessness**

"Even if they don't want to, they will charge the (rent control limit) every year. It will make renters poor and increase homelessness. The cause of homelessness is a lack of housing availability and it's all of these laws that's driving homelessness," Mr. Fallon said.

At the beginning of this year, the Biden administration announced a blueprint for a renters bill of rights, urging federal agencies and politicians to help tenants find, afford, and stay in housing. While only guidance and not policy, the blueprint lists the types of protections renters need and how to achieve them.

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In that document, there is also a request that the Federal Housing Finance Agency (FHFA) look at ways to limit "egregious rent increases."

A group of 32 economists also wrote a letter to the Biden administration saying that rent control is an effective tool to protect people with low, middle, and working-class incomes. They said anti-rent-control arguments pushed by the real estate industry are outdated and wrong.

Landlord advocate Mr. Paletz says the government and experts should look more at the causes of a lack of available housing and less at government mandates.

"Rent control is a very short-sighted and politically expedient false promise to make," he said. "Let's tackle the real problem, which is the state of the housing market we're in. Many of these rental properties are up for refinancing with increasingly high interest rates.

"But the core issue is the life choices by tenants, not landlords, that have put some renters in the precarious position they're in," he said. "I don't want to sound dismissive. I'm an ironic ambassador, being an eviction attorney, because I see it up front and personal every day. I'm very mindful of this issue and some of these stories are heartbreaking.

"But we are all an accumulation of our life choices and some have been unexpectedly thrust upon us, like an illness, death, a job loss or a bad marriage. Life is not easy. Trying to dispossess one group of people's rights for the betterment of another is not the answer," Mr. Paletz added.

## **It Started in New York**

The longest-tenured rent control policy is in New York. The city enacted its laws restricting rent increases in 1943. There are currently over a million rent-controlled apartments in the city, accounting for nearly half of the city's rental inventory.

The U.S. Supreme Court passed on taking up a case that some hoped would end the practice, but property owners and their lawyers, in a written statement, said they're not done trying.

They also oppose a bill (S 305) passed by both houses of the New York state legislature that would impose rent controls on market-rate buildings for the first time. That legislation awaits the signature of Gov. Kathleen Hochul (D).

The proposed law, the landlord group says, would drive small, immigrant, and minority-group landlords out of business and leave their facilities at the mercy of real-estate companies hoping to demolish them for new construction.

The mom and pops don't usually get their stories told in the media and they're the most affected," said the AAOA's Ms. Alvarado. "When some landlords do the math, it just doesn't make sense anymore. Talk of local and federal rent control frightens them.

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"They end up with processes like the 1031 exchange, where they can exchange property and go to a different part of the country or invest in another category like self-storage."

A 1031 exchange allows real estate investors to swap one investment property for another and defers capital gains taxes. The Biden administration has been trying to end the practice, saying it disproportionately benefits wealthy investors and needs to be capped.

Mr. Fallon says a key to ending the nation's housing crisis is to move the government out of the housing industry.

"The answer is you have to get rid of regulations, growth management acts, and high fees. San Francisco is notorious for environmental regulations that added hundreds of thousands of dollars to housing units," he said.

"Rent control does not solve this problem. It exacerbates it. In the long term, you're artificially increasing the demand for the same amount of supply and end up with this endless cycle of unaffordability."

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