



## Rent Control's Expansion and the Need for Local Control

Jackelyn Hwang, Stanford University

Iris H. Zhang, Stanford University

Renters across the United States and especially in California are struggling to get by. Over the last two decades, rent has increased by nearly 50% across California. As of 2022, almost 30% of Californian renters reported being severely housing cost-burdened (paying more than 50% of their income on housing costs), and the number of individuals experiencing unsheltered homelessness has grown by 59% from 2018 to 2022. However, these changes vary substantially across the state.

In today's climate of high rents and inadequate supply of affordable housing, rent control is a key component of homelessness prevention strategies. Policymakers have increasingly turned to rent control to help low-income households avoid displacement spurred by widespread gentrification and a growing affordable housing crisis. Despite the expansion of rent control, their scope remains limited under current State legislation, which restricts when and under what circumstances rent control can be applied (e.g., single-family homes, housing built after 1995, and new renters are exempt). Given the limited extent of rent control policies in California, the empirical evidence on the effectiveness of these policies on stabilizing communities is limited. By reviewing the existing research on rent control and its consequences, we find that rent control can be beneficial for those in need by preventing displacement and alleviating rent burdens for those who qualify.

### Consequences of Rent Control

The primary goal of rent control is to protect current tenants from displacement. A [study](#) examining the effects of the expansion of rent control protections in 1994 in San Francisco demonstrated that tenants living in rent-controlled units at the time were 10-20% more likely to stay in their homes, and this was particularly effective in minority and elderly communities and for long-term residents. Similarly, another [study](#) examining the repeal of rent control in Cambridge, MA in 1995 found that rent control allowed tenants to stay in their units longer. In New York City in the 1990s and early 2000s, living in rent stabilized units enabled residents to save more money and reduce their cost burdens compared to their [counterparts](#) in other rental units

Rent control, however, can distort housing markets in ways that run counter to the goal of housing affordability, but the evidence on this issue is mixed. Studies on the broader effects of rent control on housing prices suggest that rent control policies kept rent costs down, but these analyses are based on pre-2000 housing markets. In a [study](#) of San Francisco residents in the early 1990s, researchers found that landlords were more likely to remove their units from rent-control eligibility and raise prices of non-controlled units by more, effectively reducing the supply of affordable housing and increasing overall rents. Another [study](#) of San Francisco housing units based on data from 2003-2014 found a similar process. These unintended consequences were only possible due to the State restrictions that exempt some housing units from rent control.

## Policy Implications

These findings suggest that the expansion of rent control policies can limit where socioeconomically disadvantaged residents can move. However, these studies examine overall housing prices and housing supply and not broader residential mobility patterns, particularly of poor residents.

Our study tackles this question by examining the residential patterns of Bay Area residents from 2005 to 2019. We leverage the expansion of rent-controlled units across neighborhoods as regulations and market conditions changed over time and compare trends with neighborhoods in similar municipalities without rent control. In the study, we found no evidence that the expansion of rent controlled units in a neighborhood decreased (or increased) the likelihood that poor residents moved out, but it increased the likelihood for moderately poor residents to move into them. We observed the same trends in majority-minority neighborhoods. In gentrifying neighborhoods, the expansion of rent-controlled units decreased the probability of moving into them for the poorest residents.

Overall, the expansion of rent control does not appear to mitigate displacement for poor residents in the neighborhood. In some contexts, it may facilitate some poor residents moving into neighborhoods, yet in other contexts it may limit housing options for financially disadvantaged groups by making it more difficult for them to move in.

## Preventing Displacement and Easing Rent Burdens

Taken together, although the evidence on the consequences of rent control is limited, the evidence that does exist suggests that rent control *can* help people who need it by preventing displacement and easing rent burdens for those who have access to it. At the same time, the limited evidence shows that housing markets matter and rent controlled units are embedded in housing markets that *can* prohibit accessibility to affordable housing for those who need it. These constraints can result in other undesirable consequences, such as more [habitability issues](#) and [higher overall housing prices](#).

The expansion of rent control *could* limit some of the perverse effects observed in other studies since the loopholes that incentivize some behaviors would close. Nonetheless, rent control is not a silver bullet for California's current housing crisis, nor is prohibiting it. Restricting regulations on factors that vary across local markets is prohibitive, especially where inequalities and needs are the greatest. Levers that ensure that the people who need it can access it and large-scale investments in building more truly affordable housing, like what the passage of [Proposition 5](#) could offer, are essential. Policymakers must act now to implement these recommendations, balancing the need for immediate relief with long-term housing market stability.