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Rent Control: Its Origins, History, and Controversies

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INTRODUCTION

Residential rent control, the public regulation of the rent charged to tenants for housing accommodation, occupies an anomalous position, both in housing policy and in the broader realm of regulation. As housing policy, it has been hailed and denounced. Almost universally, economists and owners of rental housing have opposed rent control since its first appearance in the United States in the early twentieth century. Tenants and their advocates have supported it, though not everywhere and not without reservations. Housing policy makers have regarded rent control with some suspicion, rarely making it a central focus of their activity. Thus, as a policy issue, rent control has stood somewhat apart from the larger housing debates in the United States and Canada. Yet, over the past eighty years, it has continued to be a matter of contention in housing policy, stubbornly refusing to disappear.

As a form of regulation, rent control occupies a similarly anomalous status. From the Progressive period in the late nineteenth century onward, Americans have wrestled with the issue of controlling the negative aspects of capitalism—especially the effects of monopolies and market failures that impose burdens on specific groups or on society in general while generating benefits for others. Regulation as a response to market failure has a

checkered history, with periods of intense activity and enthusiasm, followed by reversals and deregulation. The past two decades in the United States have seen the deregulatory impulse ascend. Nonetheless, the powerful exceptions of environmental preservation and consumer safety make it clear that the issue remains unsettled, and probably will remain so for the foreseeable future.

Over the years, price regulation has been enacted and implemented primarily at the federal and state levels of government, and has generated an immense amount of debate, study, and literature. Within that very large domain, residential rent control—which is typically implemented at the local government level—occupies only a small niche. Yet it presents an interesting case in which regulation operates directly to control prices charged by a large number of sellers to an even larger number of buyers. Because residential rent control operates within a political and organizational framework that is largely local, it rarely turns on the great issues of economic efficiency that tend to dominate the larger regulatory debates. In fact, it may be argued that residential regulation offers an example of a modern attempt to create a “just price” that harkens back to a much older tradition of equity and social solidarity. In an era of rising inequality, that may become a key issue for regulation in the future.

This book addresses residential rent control in terms of both housing and regulatory policy, at a time when some of the conventional arguments, both for and against rent control, are showing signs of change. Hard experience and constitutional limitations have led advocates of rental regulation to modify both their expectations and their policy recommendations. “Second-generation” rent controls are very different from their predecessors. Empirical research, new theory, and a deeper understanding of housing market behavior and complexity have led some economists to revisit the original hypotheses about the nature and impact of rental regulation. Now may be the time for a reconsideration of rent control—the time to ask how it works in practice, what its real impacts are, and whether there can be a serious theoretical basis for such regulation. Our aim is not to present another polemical tract for or against regulation in this field; of those, there is no shortage. Rather, our goal is to provide a balanced view of rental regulation in the United States, with attention also to Canada. To this end, we first look at the economic, legal, and political aspects of rent control in the twentieth century, seeking to lay out the character of this form of regulation. Comparative case studies then provide examples of several types of rent control in practice and illustrate the issues discussed in the earlier chapters. The case studies are drawn from California (Berkeley and Los Angeles), New Jersey, New York City, Ontario (Toronto), and Washington, D.C.

We make no claim to be entirely unbiased. In the postmodern world, such a claim makes little sense. It will be clear from the case study chapters that the authors of this book come from varying policy positions in relation to rent control. Nonetheless, we have sought to describe the character of this policy realm as best we can, neither concealing its flaws nor falsely advertising its virtues. We leave it to our readers to judge for themselves the wisdom or the folly of enacting rent controls.

THE ORIGINS AND DEVELOPMENT OF RENT CONTROL

A product of crisis, rent controls typically have been imposed during periods of wartime housing shortages or peacetime inflation when rents increased beyond the ability of many tenants to pay without hardship. Tenant demands that government institute rent control to protect them against rents perceived as exorbitant, against further rent increases, and/or eviction have generally encountered well-organized resistance by landlords, which in turn has resulted in often vitriolic debate and intense political conflict.

The heat generated by the debate over rent control has produced little agreement about its impact on tenants, landlords, or rental housing markets. Disagreement over the social and economic impacts of rent control, whether short-term or long-standing, continues, despite numerous studies. Experts disagree over data, methodology, and the interpretation of research results. From the outset, many of the policy issues raised by rent regulation have been decided by the courts, rather than by the administrative or legislative branches of government, as those frustrated in other arenas have sought redress in legal forums.

Rent Control in the United States

Although rent control has a long history in Europe, in North America its origins date back to World War I. In the face of tenant complaints about rapidly rising rents amid a growing housing crisis, the U.S. Federal Bureau of Industrial Housing and Transportation promoted the formation of committees against rent profiteering in many localities (Drelllich and Emery 1939). In England, striking munitions workers protesting landlord “profiteering” had forced the British government to enact temporary wartime rent controls (Albon and Stafford 1987, 68). Although the U.S. government never considered the imposition of federal rent controls (its main concern was the threat to industrial production posed by the shortage of affordable rental housing available to war workers), the pressures on the rental housing

market led several local jurisdictions in the United States to adopt temporary emergency controls. The most notable examples were New York City (1920) and Washington, D.C. (1918) (Schaub 1920).

Landlords immediately challenged the constitutionality of rent controls, but in 1921 the United States Supreme Court upheld their legality as a temporary emergency measure. As the rental housing shortage subsided, however, emergency rent control in Washington, D.C., was invalidated by the Supreme Court in 1924 and terminated in New York City in 1929 by preemptive state legislation (Baar and Keating 1975).

Rent control reappeared as a national emergency measure in 1942, shortly after the United States was drawn into World War II. The U.S. government imposed a wartime rent freeze in designated defense rental areas, and the constitutionality of this action was again upheld by the Supreme Court as a wartime emergency measure (Baar and Keating 1975).

These federal wartime rent controls were extended temporarily after the war's end in 1945 because of the continuing housing shortage, which was exacerbated by the demobilization of the armed forces. Federal controls were later relaxed, but the outbreak of hostilities in Korea in 1950 resulted in their tightening. It wasn't until after the election of a conservative Republican president in 1952 and the subsequent Korean truce that federal rent controls were eliminated. States and municipalities, however, had the option of substituting their own controls as the federal regulations expired. Many jurisdictions briefly imposed such regulations, but by the mid 1950s rent control had disappeared entirely in the United States—with one notable exception. New York State maintained rent control in selected cities, including New York City, the largest city in the country.

Meanwhile, in the rest of the country, the postwar building boom of the 1950s eased the housing shortage considerably. Federal housing insurance and subsidy programs also made homeownership possible for millions who had hitherto been unable to afford it, especially World War II veterans.

Second-Generation Rent Controls in the United States

New York's extension of rent control remained an anomaly until the late 1960s, when a combination of rent inflation and a growing tenants' movement in the United States led to demands for rent control in "tight" rental housing markets. The movement's first success came in Massachusetts, when the state adopted local-option rent control in 1969. Tenants succeeded in enacting local rent control legislation in Boston, Brookline, and Cambridge. In contrast to wartime rent freezes, these so-called second-

generation rent controls allowed for across-the-board rent increases, usually annually (see chapter 2).

Temporary federal rent controls reappeared unexpectedly with the August 14, 1971 imposition of federal price controls by President Richard Nixon. These controls, which included rent stabilization, were designed to counteract rapid inflation as the Vietnam conflict continued and energy prices soared. Nixon's peacetime rent stabilization program was terminated in January 1973, following his landslide election in November 1972.

With the lifting of the temporary federal rent control, localities, under pressure from tenants, again began to impose their own rent control. Municipal rent control mushroomed in New Jersey in the 1970s, for example (Baar 1977), and the newly authorized home rule government of the District of Columbia enacted rent control in 1975 (Diner 1983).

Berkeley, California, also enacted a renter-sponsored initiative in 1972, but this initiative was ruled unconstitutional by the California Supreme Court in 1976. In the wake of a property tax revolt in California in 1978, however, tenants—denied the promised benefits of a constitutional rollback of significant property tax increases—organized again for rent control. In short order, such major cities as Los Angeles, San Francisco, and San Jose passed moderate second-generation rent controls. The most restrictive rent controls were enacted by renter-sponsored initiatives in the cities of Berkeley and Santa Monica. In addition, many California communities enacted mobile home rent controls (Keating 1985; Baar 1992), giving the price regulation a new aspect. In these and other mobile home communities, landlords own the mobile home parks; tenants own the mobile homes and rent space in the parks.

In the 1980s and 1990s, a backlash against state and local rent controls emerged in some jurisdictions. President Ronald Reagan (former governor of California) attempted unsuccessfully to impose federal preemption of state and local rent control. In 1980, California's real estate industry conducted a statewide initiative campaign to preempt what it regarded as unduly restrictive municipal rent control. This battle continued in the California legislature for a decade and a half. Finally, in 1995, the California legislature mandated that localities with rent controls allow landlords to raise rents when rent-controlled units were vacated, beginning in 1999.

Landlords in New York City also won some concessions in the 1990s, and Massachusetts landlords launched a successful statewide referendum in November 1994 to eliminate the local rent controls that had existed in the cities of Boston, Brookline, and Cambridge for a quarter-century (Cantor 1995). The backlash was not completely successful, however. In 1995, a statewide landlord initiative designed to preempt local mobile home rent control laws was defeated by California voters.

As this brief account indicates, the political fortunes of landlords and tenants have waxed and waned as the debate over rent control has continued in the United States. By and large, the debate has taken place at the state and local levels. No federal rent control has been imposed in the United States since 1973—not even during the rampant inflation of the late 1970s. However, the U.S. Department of Housing and Urban Development (HUD) sets “fair market” rent ceilings for the privately owned rental units it subsidizes.

Rent Control in Canada

The Canadian experience with rent controls closely mirrors that of the United States. The depressed economic activity of the 1930s and the onset of World War II led to the beginning of federal government involvement in housing issues in Canada. As the war effort accelerated, the prices of goods and services, including the costs of rental accommodation in most urban centers, reached hardship levels. In response, the federal government imposed wage and price controls (including a rent freeze) as an emergency wartime measure. Through a program of selective controls, fifteen local markets saw their rental rates frozen at January 1940 levels; the market was then regulated by a local rent committee that had the power to approve rent increases and vary rent maximums, as well as set a maximum rent. By September 8, 1942, all real property, excluding farmland, was brought under rent control.

Constitutionally, regulation of property rights is a matter of provincial concern, and as a result, effective April 30, 1951, the federal government unilaterally ended rent controls. Still, most provinces felt compelled to continue controls to protect their tenants. Ontario, for example, continued controls until March 2, 1954; other provinces followed suit. By the end of the 1950s, however, only the provinces of Quebec and Newfoundland maintained some form of rent regulation.

In Ontario, calls for the reinstitution of some form of rent regulation began in the early 1970s in response to double-digit inflation, rising unemployment, record-low vacancy rates, and increasing concern about “rent gouging” in several major cities, including Toronto. Although rent control was politically unpopular, opponents of rent regulation had to concede defeat when the federal government imposed wage and price controls in October 1975 as part of its anti-inflation strategy. The federal government required the cooperation of the provincial governments in the enactment of provincial rent controls; and the government of the province of Ontario, newly elected and politically weak, succumbed to opposition party pressure

and implemented temporary rent controls by the end of the year. Not unexpectedly, these “temporary” controls became a continuing feature of the Ontario rental market, until the implementation of partial decontrol in the spring of 1997.

RENT CONTROL, HOUSING MARKETS, AND HOUSING POLICY

As mentioned earlier, rent control has had an ambiguous position in housing policy. Unlike homeownership, rent subsidies, or construction of low- and moderate-income housing, rent control has rarely been adopted as a fundamental element of policy in the United States or Canada, except at the local level. Its advocates have often seen it as a step toward the realization of larger objectives, such as the proliferation of more affordable housing. Its opponents, on the other hand, have rarely viewed it simply as regulation, but rather as a profound threat. The only other aspect of housing policy to evoke similar opposition in this century is public housing, which is driven by the same perception as rent control—i.e., a belief that the market is fundamentally unable to supply moderate-priced housing of socially acceptable quality to lower-income households.

Major political and ideological battles have raged over the legitimacy and the consequences of rent control. Large numbers of tenants and landlords have been affected by its provisions. Innumerable studies and tracts have analyzed, advocated, and opposed it. To provide some understanding of rent control in the context of housing policy, the rest of this chapter will review both broad policy decisions and rent control debates.

Housing the Poor

In contrast to Western Europe, which has long had a significant stock of publicly owned, cooperative, and nonprofit housing (Ball, Harloe, and Martens 1988), almost all rental housing in the United States is privately owned by for-profit investors. The same holds true for Canada, although the province of Ontario has a significant stock of “social housing” (Dreier and Hulchanski 1993), which enjoys governmental subsidies in the form of tax and mortgage advantages but is still considered “private.”

Although over the years many state and local governments in the United States have regulated the condition of rental housing to enforce health and safety standards (Friedman 1968), except for a short-lived effort to build housing for ship workers during World War I, the federal government in the United States did not intervene directly in the housing market

until the Great Depression of the 1930s. Even during the Depression, the largest single focus of federal housing policy was middle-income homeownership and support of the home-building industry through mortgage insurance and tax deductibility of mortgage interest and property taxes. That remains the focus of the government's broad policy today. However, housing policies increasingly have begun to reflect other political and social goals and values, including an attempt to make housing more affordable for low-income groups. The federal government's first major step in this direction was the enactment of the public housing program in 1937, which made federal subsidies available for the construction (but not the operation) of low-income housing to state and local governments that wished to participate. Later, with the passage of the Brooke Amendment in 1969, the federal government also began providing operating subsidies in response to the growing financial crisis in public housing as units aged and the population became increasingly poorer.

Public housing as the shelter of "last resort" has since faced recurring financial crises. As a result, HUD and the courts have taken over the operation of a number of "troubled" housing authorities—in Boston, Chicago, Philadelphia, and San Francisco, for example. Except for housing for the elderly, little new public housing has been built in the United States since the 1960s.

Instead, since 1974, most federal housing assistance has been in the form of below-market-rent subsidies, provided primarily through HUD's Section 8 program and, more recently, through housing vouchers. To qualify for HUD's rental housing programs, tenants are expected to pay 30 percent of their income for rent. In 1989, about 4.1 million renter households out of a total of 31.6 million renter households in the United States received rental assistance through HUD's subsidy programs. These programs served only a fraction of the poor households in the country—only 28 percent of the 11.9 million very low-income renter households, for example, and only 7 percent of the 6.4 million low-income renter households (Congressional Budget Office 1994, 33).¹ The number of households needing assistance seems unlikely to shrink, since the lack of decent, affordable housing can only be exacerbated by the budget cuts suffered by HUD in 1995-1996 as the Republican-controlled Congress slashed HUD's \$26 billion budget by approximately \$6 billion in rescissions.

Furthermore, low- and moderate-income tenants in the United States will not be able to count on the federal government for much future relief from high rent burdens and substandard rental housing (Stone 1993). In the face of a political consensus to balance the federal budget by the year 2002, federal domestic social programs like lower-income housing assistance

face the threat of further draconian cuts (DeParle 1996). With few exceptions, state and local governments have not provided major rental assistance either.

This cutback in federal support helps to explain why regulatory policies like rent control have proven to be attractive to the tenants and their advocates as a means of addressing high rents. Rent control almost always has been proposed and been politically viable in those localities where renters are a majority of the population. (In the United States as a whole, just under two-thirds of the households are homeowners [U.S. Department of Housing and Urban Development 1995, 1996]).

The Debate over Rent Control

Despite its popularity with tenants, rent control as a regulatory policy has been under attack since it was first introduced in North America. In addition to legal challenges to its constitutionality (discussed in chapter 3), rent control has been attacked as economically inefficient and counterproductive as an instrument for redistributing housing benefits (see chapter 4).

The economic arguments against rent control revolve around the following claims:

- Under rent control, landlords cannot earn a competitive return on their investment—i.e., a market-determined rate.
- As a result, landlords undermaintain their rent-controlled units, thereby reducing the quality of rental housing.
- As rent-controlled housing becomes less profitable, landlords may seek to convert it to other more profitable uses (e.g., condominiums or nonhousing commercial uses).
- The number of available rental units would thereby be further reduced, and the rental market would be further tightened.
- In extreme cases, landlords may refuse to rent any units at all and may even demolish buildings in the hope of replacing rent-controlled units with more profitable uses.
- In addition, the decrease in profitability acts as a powerful disincentive to the construction of new rental housing, even if the new housing is exempt from controls. Landlords fear the future imposition of rent control. This fear, in turn, exacerbates the very rental-housing shortage that required rent control in the first place.

These claims and the counterarguments in favor of rent control—e.g., that the displacement of tenants is minimized, that more tenant income is available for spending on other necessities, and that the alleged negative impacts either do not occur or are caused by other factors—are analyzed in detail in chapter 4.

Is Rent Control Equitable?

In theory, rent control is aimed at protecting tenants who are vulnerable to displacement from what are perceived as “extortionate” or “unfair” rent increases. But as an element of social policy, critics charge that rent control itself is inherently unfair. Certain types of rental housing are often exempted from rent control, for example. These include owner-occupied, publicly subsidized, and newly constructed units. And usually there is no income test to determine which tenants should be entitled to protection. Although rent control is generally justified as necessary to protect low- and moderate-income tenants, it usually applies to all tenants living in regulated units, regardless of their income. One practical reason for this broad-based policy is the difficulty of verification of tenant incomes when a large number of units are covered. Opponents argue that rent control is therefore misdirected because its protection is not specifically targeted to those who most need it (Tucker 1990). A corollary argument maintains that the benefits of rent control are skewed in favor of those tenants best able to take advantage of regulated housing, e.g., older and richer white tenants.

In some jurisdictions, so-called luxury units renting above a certain threshold have been exempted on the theory that only affluent tenants could afford them, and that these tenants are not in need of the protection offered by rent control. In 1993, for example, the New York State Legislature de-regulated rent-stabilized units with a monthly rent of \$2,000 or more that were vacated as of October 1, 1993. The legislature mandated that even if these units were not subsequently vacated, rents could be set at market rates at the expiration of the leases of the tenant-occupants whose annual incomes exceeded \$250,000. New York City estimated that only about 1,500 rent-stabilized units out of a total of approximately one million units in 1993 would be affected by this mandate (McKinley 1994). The median monthly rent for vacant units in New York City in March 1993 was \$650, while the median monthly rent for occupied rent-stabilized apartments was \$525 (U.S. Bureau of the Census, New York City Housing and Vacancy Survey 1994). Interestingly, this was not the first time that luxury units had been decontrolled in New York City. In 1926, all apartments renting for more than \$20 per room had been decontrolled (Salins and Milder 1992, 55).

Critics of rent control point to the fact that many low-income tenants cannot afford even regulated rents. In 1992, for example, almost half (48 percent) of rent-stabilized tenants in New York City paid more than 30 percent of their income for rent (Rent Guidelines Board 1995). To address this problem as it affects elderly tenants, New York City has introduced a unique Senior Citizen Rent Increase Exemption program, under which rent increases for low-income, elderly tenants are limited or frozen. Landlords are then reimbursed for the lost income from these tenants through tax rebates. Currently, tenants sixty-two years or older with annual incomes of \$20,000 or less who are paying more than one-third of their income for rent are eligible for the program. In 1992, 17 percent of all rent-stabilized tenants were sixty-two years or older (Rent Guidelines Board 1995).

The situation of nonelderly, low-income rent-stabilized tenants, on the other hand, has been exacerbated in recent years because the Rent Guidelines Board (RGB) has granted landlords special rent increases for low-rent apartments (usually formerly rent-controlled). In June 1996, for example, the RGB authorized special rent increases of \$20 monthly for those rent-stabilized apartments renting for \$400 or less per month.

The overall impact of rent control on low-income elderly and minority tenants is still not clear. A 1987 study of Santa Monica’s renter population under rent control compared it to the renter population of 1979, when rent control was enacted. The study concluded that rent control had protected low-income renters, especially the elderly, against displacement, but it had not slowed a longer-term trend of decline among black and Latino tenants (Levine, Grigsby, and Heskin 1990). Moreover, no disproportionate benefits for middle- and upper-income tenants were found. (The impact of rent control on different groups of tenants in Berkeley is analyzed in chapter 7.)

One other often-heard argument against rent control is that it limits tenant mobility. Since long-term rent control guarantees, in effect, a lifetime tenancy (assuming good behavior by the tenant), it is reasoned that tenants are generally reluctant to move. Reluctance becomes even more likely if little new rental housing is available or if unregulated market rates on existing housing are out of the reach of most tenants (Kristof 1970). Where there is vacancy decontrol—i.e., where landlords are allowed to increase rents (either to market levels or above the normal ceilings) upon a vacancy—the reluctance to move becomes firmly entrenched. The converse holds that rent control stabilizes neighborhoods by reducing tenant transiency.

In 1998, Cambridge reported on the impact of rent decontrol. During the study period from 1995 to 1997, median decontrolled rents rose by 54 percent (compared to an increase of 14 percent in the unregulated rental

market). Forty percent of Cambridge tenants paid 30 percent or more of their income for rent. More than one-third (38 percent) of tenants in formerly rent-controlled apartments had moved since decontrol. Overall, new tenants since decontrol generally had higher incomes and were neither elderly nor families with children.

Rent control is also charged with creating a "black market" in subleases. Because vacant apartments are not made available at regulated rents, it is argued that vacating tenants and/or landlords often demand illegal rents (or "key money") from desperate tenants in search of housing or from tenants able and willing to pay a rent that is higher than the regulated amount but still below-market, particularly if such an arrangement guarantees them security of tenure. The upshot, the reasoning goes, is that landlords will discriminate in favor of better-off tenants who can afford to pay these rents. The most telling examples of immobility cited are elderly tenants occupying apartments whose size exceeds their needs but who refuse to move for fear of rent increases they cannot afford.

The counterargument to this line of reasoning is that lessened tenant mobility under rent control is a necessary trade-off for the protection of tenants who cannot afford to compete in the unregulated market. In 1993, approximately 30 percent of New York City's rent-stabilized tenants lived below the federal poverty line. Their chances for obtaining a public housing unit were exceedingly slim. New York City has a very long waiting list for public housing.

Another argument against rent control maintains that it is overly bureaucratic and inefficient. The registration of rents, the review of landlord and tenant complaints and hardship appeals, and the inspections required to assure compliance with housing code standards are all said to be cumbersome, costly, and time-consuming. However, the administrative costs of rent control are usually relatively low, and they are often either shifted from landlords to tenants through a rent surcharge or incorporated into the general rent increase as an allowable operating cost.

The results of the numerous studies on rent control have failed to convince either landlords or tenants of the correctness of their opponents' arguments. Legislative bodies have typically been more influenced by the political weight of the competing forces than the conclusions of rent control studies. The validity and acceptance of the studies have often been challenged on the basis of who commissioned and paid for them, the research methodology used, the data sources, the length of the study period, and/or the qualifications surrounding their conclusions.

The Urban Land Institute, for example, commissioned an evaluation of residential rent control by prominent real estate economist Anthony Downs,

a Senior Fellow at The Brookings Institution. Downs (1988, 1989) concluded that the negative effects of rent control outweigh any short-term benefits. As it happened, the organizations that cosponsored the study were all major national organizations opposed to rent control, including the Building Owners and Managers Association International, California Housing Council, Mortgage Bankers Association, National Apartment Association, National Association of Home Builders, National Association of Realtors, National Multi-Housing Council, National Realty Committee, Rent Stabilization Association of New York City, and the U.S. League of Savings Institutions.

One of the most controversial rent control studies was conducted by conservative analyst William Tucker, who argued that homelessness is related to rent control because it exacerbates the housing shortage for low-income tenants least able to compete in a regulated market (1990). His research methodology was criticized as inadequate and his conclusions deemed insupportable by sociologists Appelbaum, Dolny, Dreier, and Gilderbloom (1992). Tucker responded (1991), as did his critics (Appelbaum et al. 1992). Their repartee illustrates the kind of heated debate that research on rent control fosters, with completely divergent approaches and conclusions.

Even the data generated in New York City by the U.S. Census Bureau for the city's periodic housing and vacancy surveys has typically resulted in much different policy interpretations by landlord and tenant groups. In 1976, for example, the city's housing agencies issued a report on the rental housing situation, based upon 1970 U.S. Census data, which concluded that increases in rents had exceeded increases in tenant incomes and that half of the city's tenants were paying rent in excess of the norm (25 percent of income) (Fried 1976). The U.S. Census study did not address landlords' operating income or return on investment; however, that same year, another study agreed with the U.S. Census findings but also pointed to increased deterioration of the rental housing stock and tax delinquencies (Sternlieb and Hughes 1976). The Rent Stabilization Association (RSA) pointed to a decline in the net operating income of regulated landlords. The RSA then used this to challenge the 1976 rent guidelines, arguing that the operating cost index compiled by the U.S. Bureau of Labor Statistics and the methodology used by the New York City Rent Guidelines Board (RGB) were invalid. In turn, the RGB issued its own study, which attacked the methodology used by the experts hired by the RSA (Keating 1987, 97).

The greatest divide in this debate, however, is not the dispute over research methodology and interpretation of data, but rather a matter of philosophy. Rent control opponents (e.g., Epstein 1988; Salins and Milander

1992) reject the right of government, absent compensation to owners, to solve rental housing shortages or tenant distress through regulation involving price controls. Epstein characterizes this as an unconstitutional taking of private property (Epstein 1985). Rent control opponents also dispute the ability of government to resolve the low-income housing problem through regulation.

In contrast, rent control proponents see the enactment of controls as a duty, as well as a right, of government in order to correct the deficiencies of the rental housing market (e.g., Radin 1986). In their view, the general welfare (at least of those tenants protected) prevails over the property rights of those landlords whose apartments are regulated. Obviously, the self-interest of affected landlords and tenants plays a critical role in the view of the necessity for and utility of rent control.

Notes

1. HUD defines "very low income" as below 50 percent of an area's median income (for a four-person household); "low income" is defined as between 51 and 80 percent of an area's median income.

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Rent Control Legislation and Administration

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INTRODUCTION

Although rent control is often perceived as monolithic in character and uniform in structure, the reality is much more complex. Rent control legislation differs considerably depending upon the author of the legislation (the federal, state, or local governing body, or landlord or tenant initiatives); the setting (the type of housing to be regulated, the problems involved, and the political and social context); and the legal constraints (such as those imposed by national or state laws).

Similarly, the administration of rent control permitted by legislation varies greatly. At one end of the spectrum, professional bureaucracies administer rent control as they would any other government program. At the other end, controls are administered by legislatively empowered voluntary committees. Usually, policy is set by a government legislative body, such as a state legislature or city council, and administrators are delegated to carry out its policies. In a few instances, however, policy-setting rent control boards have been elective bodies, separate and autonomous from a general legislative entity, such as a city council.