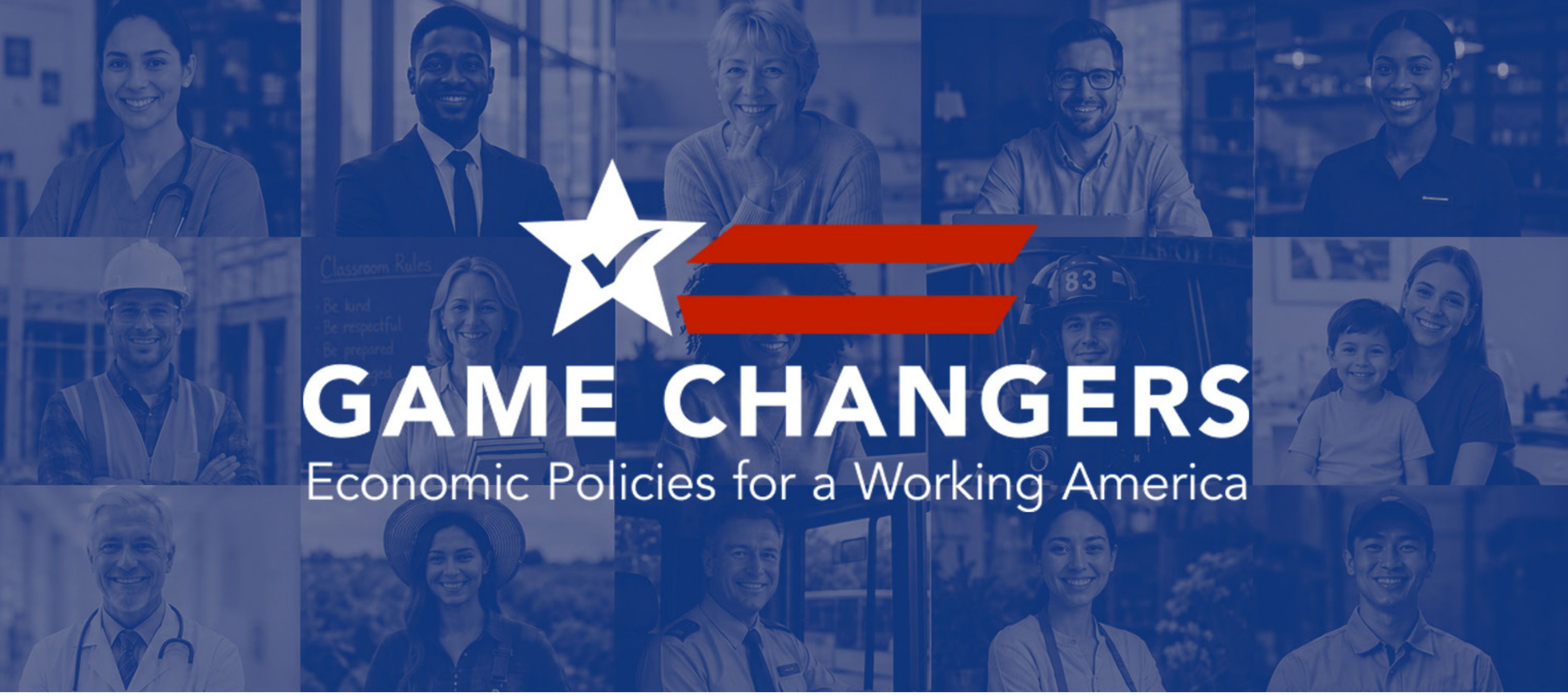

BACKGROUND PAPER / JULY 2026

National Rent Control

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National Rent Control

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Executive Summary

The Problem: The majority of the 44 million households who rent their homes in the U.S. are cost burdened, spending at least 30% of their income on housing.[1] And it is not just low-income families that are struggling, as nearly half (45%) of families making $45,000-$74,999 are spending at least a third of their income on rent, leaving dwindling funds to cover other essentials. It is frequently said that gasoline prices are the most visible price in the economy — a price that can make or break Presidencies—yet housing is the biggest line item in most households' monthly budget, the price that truly matters most for people's ability to make ends meet and live a decent, comfortable, and dignified life. And despite record amounts of new apartments being built and recently finished thanks to a pandemic-era apartment construction boom, rents remain at record highs with no rent relief in sight.

The Game Changer: National Rent Control

In response to these urgent needs, federal policymakers should work to advance national rent control and preempt states and localities from infringing on the rights of other jurisdictions to pass their own form of rent control. The ideal policy design would mandate that Congress pass a universal cap on annual rent increases at 3% or .75% of the local Consumer Price Index, whichever is lower.[2] Landlords would only be able to pass on a modest bonus increase if significant upgrades were undertaken and the policy would remain in effect regardless of changes to tenants — known as vacancy control. The policy would apply universally across the housing market for single family rentals, mobile home lot rents, small and multifamily properties alike.

To administer the program, including educational outreach and enforcement, Congress would establish regional rent control boards. These boards, which would include housing experts and tenants' rights personnel, would be charged with assessing wage and operating data, along with requests for bonus increases when improvements were undertaken, to help inform adjustments to the program and improve implementation.

If Executive Action is the only viable pathway, important steps towards national rent control can still be achieved and would be a game changer: the White House could establish rent control as a condition of any federal financing offered to the construction and acquisition of rental housing, including through the U.S. Department of Housing and Urban Development, the U.S. Treasury, and the Government Sponsored Enterprises.[3]

Rationale: A national rent control policy would immediately stabilize housing costs for over 100 million people, as well as create and preserve more affordable housing options moving forward. The primary outcome of rent control policies would be to enhance affordability of rental units by slowing the rate at which rents increase. A secondary, but critical, outcome of national rent control policies would be to promote housing and community stability by promoting existing tenants' ability to afford to stay in their

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[1] Joint Center for Housing Studies at Harvard University, "The State of the Nation's Housing 2025" (Cambridge, MA: Harvard University, 2025).

[2] Another option worthy of consideration is using CPI less shelter, as discussed below. While subtracting housing, which is largely accounting for rents and therefore leads to circular reasoning, from the calculation may result in a more genuine metric to utilize, it may also generate a degree of confusion within the policy and requires further explanation.

[3] For further explanation of this pathway, see Memorandum from U.S. Economists to Federal Housing Finance Agency: https://peoplesaction.org/wp-content/uploads/Economist-Sign-on-Letter_-FHFA-RFI-Response-1.pdf

communities, thereby curtailing gentrification. Third, national rent control would deliver immediate relief amidst a crippling affordability crisis, creating a popular program that works fast alongside essential supply-side interventions that take years to implement and bend the cost curve.

Part 1. Introduction

Renters are not all right. Recently, a milestone was struck that would have been unthinkable a generation ago: the majority of renters are now cost-burdened, meaning they spend at least 30 percent of their income on housing costs. For these 22.6 million households, the struggle to make rent dominates every financial decision.[4] More than half of cost-burdened renters — some 12.1 million households — are what the Department of Housing and Urban Development classifies as “severely cost-burdened,” meaning they devote more than half of their income to keeping a roof over their families’ heads. And the crisis is not confined to the lowest income brackets: nearly half (45 percent) of families earning between $45,000 and $74,999 spend at least a third of their income on rent, leaving dwindling funds for everything else.

Rent — for tenants, as mortgage payments are for homeowners — is the largest single line item in most American households’ monthly budgets. It is frequently said that gasoline prices are the most visible price in the economy, a price capable of making or breaking presidencies. Yet rent is the price that truly matters most for people’s ability to make ends meet and live a decent, comfortable, and dignified life. And despite record numbers of new apartments built and completed during a pandemic-era construction boom, no meaningful rent relief is in sight. Rents remain at historic highs, and the most affordable units in the nation’s housing stock continue to disappear.

The affordability crisis has been decades in the making, but two events have dramatically accelerated it. First, the 2008 financial crisis plunged housing construction into a depression from which the industry has still not fully recovered, generating a severe and persistent shortage of housing of all types and a depleted pipeline of experienced construction labor.[5] Second, the COVID-19 pandemic triggered supply-chain inflation and a fundamental shift in where people choose to live and what they seek from their living arrangements, further straining already tight rental markets in cities and suburbs alike.

The consequences extend well beyond household budgets. Housing instability drives poor health outcomes, disrupts children’s education, undermines workforce participation, and deepens economic and racial segregation.[6] It is also, increasingly, a middle-class problem: the share of working families spending unaffordable fractions of their income on rent has risen sharply across the income distribution. Meanwhile, the path to homeownership — long the primary vehicle for American wealth-building — has

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[4] Joint Center for Housing Studies at Harvard University, “The State of the Nation’s Housing 2025” (Cambridge, MA: Harvard University, 2025).

[5] The 2008 financial crisis reduced housing construction activity to levels not seen since World War II, with housing starts falling from over 2 million in 2006 to below 500,000 in 2009. See National Association of Home Builders, “Housing’s Contribution to Gross Domestic Product,” 2024.

[6] Burgard, Sarah A., Kristin S. Seefeldt, and Sarah Zelner. 2012. "Housing Instability and Health: Findings from the Michigan Recession and Recovery Study." *Social Science & Medicine* 75(12):2215–24; Gasper, Joseph, Stefanie DeLuca, and Angela Estacion. 2012. "Switching Schools: Revisiting the Relationship Between School Mobility and High School Dropout." *American Educational Research Journal* 49(3):487–519; Chetty, Hendren, and Katz (2016), "The Effects of Exposure to Better Neighborhoods on Children," *American Economic Review* 106(4):855–902.

become even more difficult for those who might exit the rental market. First-time home buyers are older than ever, a trend reflecting both the accumulated burden of years of high rent payments and elevated mortgage rates, coupled with wages for low- and middle-income workers that have failed to keep up with rising costs, underscoring that the country needs multiple pathways to long-term housing security, not just a supply-side fix.[7]

The housing crisis is a complex, multi-dimensional problem that demands multiple complementary policy solutions. The two dominant schools of thought about how to address housing unaffordability differ primarily on emphasis. Those often characterized as YIMBY (Yes In My Backyard) proponents focus on land-use reform and regulatory streamlining to reduce barriers to private market construction and increase the elasticity of housing supply. Those on the political left, while largely agreeing on the need for more housing and sensible densification, are more critical of markets and capital, leading to an embrace of a broader set of interventions: major public investment in social housing to expand supply, regulatory reforms, and price stabilization through modern rent control to address what they see as a failing and exploitative market that is delivering an essential human need.

This section focuses on one policy that is deeply contested and radically misunderstood: rent control. It is also one of the fastest-acting tools available to policymakers — one that can deliver immediate relief to renters without requiring the years of planning, permitting, and construction that supply-side solutions demand. The case for national rent control has never been more urgent.

Part 2. What Is Rent Control Trying to Solve For?

Broadly, rent control aims to moderate the rate at which landlords can increase rents on tenants in the private rental markets. To understand the debates around rent control — and to evaluate it fairly — we need to be clear about what it is trying to accomplish, what critics are concerned about, and how those concerns have actually played out in practice.

Before turning to specific intentions and outcomes, it is worth addressing the economic profession's misguided consensus directly. Economists are nearly unanimous in their opposition to rent control. In a widely-cited poll of prominent economists conducted by the University of Chicago Booth School, 81 percent opposed rent control and only 2 percent supported it.[8] Economists from across the mainstream political spectrum have made sweeping claims — that rent control is, in the words of Larry Summers, "the second-best way to destroy a city, after bombing."[9] Introductory economics textbooks cite rent control as the canonical example of misguided government price-setting.[10] But this consensus is built on a model — a perfectly competitive housing market with price-taking landlords — that does not describe reality by any stretch of the imagination. And the theoretical and empirical evidence it cites is anchored almost entirely to first-generation rent controls: hard freezes on rent *levels* deployed during World War

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[7] New York Times, "First-Time Home Buyers Are Older Than Ever," November 6, 2025. https://www.nytimes.com/2025/11/06/realestate/first-time-home-buyers.html

[8] Initiative on Global Markets Forum survey, University of Chicago Booth School of Business (2012). 81 percent of economists surveyed disagreed or strongly disagreed that rent control policies in cities like New York and San Francisco have had a positive impact on the amount and quality of broadly affordable rental housing.

[9] Larry Summers (@LHSummers), post on X (formerly Twitter), June 23, 2025. https://x.com/LHSummers/status/1938746856000856470

[10] Greg Mankiw, Principles of Economics, 8th ed. (Mason, OH: Cengage, 2018). Milton Friedman and George J. Stigler, "Roofs or Ceilings? The Current Housing Problem" (Irvington-on-Hudson, NY: Foundation for Economic Education, 1946).

II that have not been used anywhere in the United States in over half a century. The situation closely parallels where minimum wage research stood thirty years ago, when the vast bulk of the economics profession argued — on the basis of the same competitive market logic — that minimum wages destroyed jobs. Decades of careful empirical research demonstrating that labor markets are not competitive, and instead finding minimum wages increase living standards with essentially no employment effects, has since disproven that claim, and the profession has largely reversed its position.[11] Rent control is at a similar inflection point.

Intention 1: Enhancing Affordability for Existing Renters

The primary aim of rent control is to slow the rate at which rents increase for existing and future tenants, thereby enhancing affordability. This is not the same as reducing the rent level or holding rents below the cost of operating a building, the pathology associated with first-generation controls. Modern rent stabilization sets a cap on the annual rate of rent increases, allowing rents to rise modestly, frequently with inflation, while preventing the sudden, large rent hikes that force households to choose between rent and other essentials. A closely related goal — sometimes overlooked in policy debates — is the preservation of the nation's naturally occurring affordable housing stock. As of 2025, the country has lost millions of lower-rent units over the past decade, not through demolition but through rent appreciation: landlords raising rents as neighborhoods become more desirable.[12] The majority of affordable housing in the United States is not subsidized; it exists in the private market because it has not yet been upgraded to command market-rate rents. Once rents rise, these affordable units are gone. Rent stabilization is the most effective tool available for preserving this stock without public expenditure; however, public expenditure is necessary to expand the affordable housing stock, and should be considered as an essential complement.

The empirical evidence demonstrates that well-designed rent control is effective at delivering on this core promise. In Cambridge, Massachusetts, a study found that after accounting for unit size and quality, tenants in rent-controlled units paid roughly half of what comparable tenants in non-controlled units paid.[13] In Los Angeles, tenants in controlled units paid 26 to 31 percent less in rent, with households in two-bedroom units (most likely families with children) receiving even larger discounts.[14] When rent regulation programs have been repealed, rents in formerly controlled units have increased by hundreds of dollars per month.

Beyond the affordability discount, research demonstrates that tenants in stabilized units experience greater price stability over time, as policies limit the volatility of annual rent changes.[15] This predictability — knowing that housing costs will not spike suddenly from one year to the next — provides the same financial security that the fixed-rate, thirty-year mortgage provides homeowners.

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[11] Arindrajit Dube, "Minimum Wages and the Distribution of Family Incomes," American Economic Journal: Applied Economics 11, no. 4 (2019): 268–304; Doruk Cengiz et al., "The Effect of Minimum Wages on Low-Wage Jobs," Quarterly Journal of Economics 134, no. 3 (2019): 1405–1454; NBER Working Paper 32878 (2024).

12 Joint Center for Housing Studies, "The State of the Nation's Housing 2025," supra note 1. The number of rental units renting below $600 per month (in nominal dollars) fell from 6.8 million in 2012 to 4.4 million in 2023.

13Sims (2007), supra note 9. When rent control was repealed, rents in formerly controlled units rose by hundreds of dollars per month.

14 W.A.V. Clark and A.D. Heskin, "The Impact of Rent Control on Tenure Discounts and Residential Mobility," Land Economics 58, no. 1 (1982): 109–117.

15 Konstantin A. Kholodilin, "Long-Run Price Elasticity of Rental Housing Supply: Evidence from a Natural Experiment," Journal of Housing Economics 63 (2024).

That instrument, it is worth recalling, was not produced by the free market; it was created by the New Deal government's Home Owners' Loan Corporation specifically to stabilize housing costs and prevent displacement.[16] National rent control extends an equivalent protection to renters.

There are a small number of studies that find limited affordability effects associated with rent control, but these appear to be driven by weak policy design — ordinances that are "toothless and largely symbolic," as Gilderbloom and Ye (2007) put it. In other words, rent control that is not binding due to a poorly designed cap and/or loopholes may produce negligible effects, which is distinct from the incorrect claim that rent control is not effective at enhancing affordability. Design, as we discuss at length below, is the decisive variable.

Intention 2: Promoting Housing and Community Stability

A secondary but critical goal of rent control is to promote housing and community stability by enabling existing tenants to afford to stay in their communities even as neighborhoods become more desirable and rents rise. This is analogous, in important respects, to the stated purposes of U.S. homeownership policy, where a chief aim has long been to provide neighborhood stability and civic cohesion.

When a neighborhood becomes more productive or more desirable — often because of the cultural life, local businesses, and community ties that existing residents helped create — unregulated rents capitalize that rising desirability into higher rent prices, displacing the very residents who helped make the area attractive in the first place. This is a key mechanism of gentrification. Rent stabilization disrupts it: it allows long-time residents, disproportionately people of color and working-class families, to remain in communities they helped build and to benefit from local economic development rather than being replaced by it.

Empirical research consistently confirms this effect. Rent control policies increase tenant tenure — covered tenants stay in their units and in their cities longer than they would without the policy.[17] This enables high-cost cities to retain their workforce, allows families to age in place, and strengthens the community cohesion that makes neighborhoods desirable in the first place. Some studies do find that the benefits to existing tenants come at some cost to prospective newcomers who have difficulty finding available controlled units. However, this "insider-outsider" tradeoff is a function of incomplete coverage and the absence of complementary supply policies, not an inherent feature of rent stabilization. A national policy with universal coverage, combined with investments in social housing, would substantially reduce this tension.

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[16] Kenneth T. Snowden, "The Anatomy of a Residential Mortgage Crisis: A Look Back to the 1930s," NBER Working Paper 16244 (2010).

[17] R.W. Ault, John D. Jackson, and Richard P. Saba, "The Effect of Long-Term Rent Control on Tenant Mobility," Journal of Urban Economics 35, no. 2 (1994): 140–158; Jan R. Münch and Michael Svarer, "Rent Control and Tenancy Duration," Journal of Urban Economics 52, no. 3 (2002): 542–560; Rebecca Diamond, Tim McQuade, and Franklin Qian, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," American Economic Review 109, no. 9 (2019): 3365–3394.

Part 3: Proposed Policy Design Components for a National Rent Cap

How effective a rent control policy is — whether it delivers on its affordability and stability intentions while avoiding unintended consequences — depends fundamentally on the details of its design. Rent control policies are complex, multi-dimensional instruments with substantial variation across jurisdictions. The following five design dimensions are the most consequential. For each, we provide background on current practice and recommendations for a national rent control policy.

1. Choice of Rent Cap: 3% or .75% of the local Consumer Price Index, whichever is lower

The rent cap — the limit on how much a landlord can increase rent from one year to the next — is the central feature of any rent stabilization ordinance. It can be set as a formula tied to an inflation index, as a fixed percentage, or determined annually by a rent guidelines board.

The range of current approaches is wide. On the more binding end, Oakland, California allows annual increases of 60 percent of a regional Consumer Price Index measure, or 3 percent, whichever is lower.[18] Portland, Maine uses 70 percent of CPI with a total ceiling of 10 percent *including* pass-throughs (additional increases for landlords repairs and improvements). On the weaker end, Washington and Oregon cap increases at 7 percent plus CPI with a 10 percent ceiling — policies better characterized as *anti-rent gouging* measures than genuine stabilization, since the caps rarely bind. Studies consistently find that jurisdictions with more binding caps produce measurable affordability benefits, while weaker caps yield negligible effects.[19]

An alternative to a formula-based cap is a rent guidelines board, as in New York City, where a body of appointed members collects data and hears testimony from landlords, tenants, and housing experts before setting annual allowable increases. Both approaches have merits: a formula provides price predictability and reduces politicization; a board allows responsiveness to local conditions and politicizes and democratizes decisions to a degree. There is limited comparative research on the relative effectiveness of these models.

For a national policy, a formula-based approach tied to local measures of an inflation index likely provides greater certainty and administrative simplicity. The evidence supports a cap in the range of 60–80 percent of a regional CPI measure,[20] coupled with a reasonably low maximum annual ceiling (for example, 3 percent). This level appropriately recognizes that most landlords, particularly small and medium-sized operators, hold fixed-rate mortgages, meaning their largest cost is already stable. The remaining operating costs (insurance, utilities, taxes, property management) that do fluctuate can primarily be recouped through the CPI-indexed increase, and further through the cost pass-through provisions described below.[21] One alternative to this worthy of further consideration is using CPI less

[18] Oakland Municipal Code § 8.22, Residential Rent Adjustment Program. https://library.municode.com/ca/oakland/codes/code_of_ordinances?nodeId=TIT8HESA_CH8.22REREADEV

[19] John I. Gilderbloom and Lin Ye, "Thirty Years of Rent Control: A Survey of New Jersey Cities," Journal of Urban Affairs 29, no. 2 (2007): 207–20.

[20] The most common measure is CPI for All Urban Consumers (CPI-U); however, a more appropriate measure for rent cap purposes would exclude the shelter component of CPI-U, since housing costs are themselves included in the index, creating a circular relationship.

[21] Harvard Joint Center for Housing Studies, "Operating Cost Study for Multifamily Rental Housing" (2004); Federal Reserve Board, "Rising Property Insurance Costs and Pass-Through to Rents for Apartment Buildings," FEDS Notes (September 2025). The Federal Reserve study found no statistical correlation between rising insurance costs and asking rents, suggesting these costs are absorbed by landlords or existing tenants rather than passed through to new tenants.

shelter, as the housing costs component of CPI is largely composed of rents and "imputed rents", thereby generating a circular relationship if it were to be used to calculate allowable rent increases. However, while CPI less shelter may be preferred, there is genuine concern that such a measure may generate unnecessary confusion about the policy.

Recommendation: A national rent stabilization policy should cap annual increases at 3 percent or 0.75 times the local CPI-U, whichever is lower.

2. Cost Pass-Through Above and Beyond the Cap

Most modern rent stabilization ordinances allow landlords to raise rents above the baseline cap in certain circumstances, most commonly to recoup the costs of significant capital improvements or to address documented financial hardship. These provisions serve two important functions: preserving landlords' incentives to maintain and invest in their properties, and ensuring a reasonable rate of return on invested capital.

The design of pass-through provisions requires careful balancing. Overly permissive pass-throughs can become a backdoor to displacement, allowing landlords to cycle through capital improvements as a mechanism for circumventing the cap. Key design variables include the pass-through rate (what fraction of improvement costs can be passed to tenants, typically ranging from 50 to 100 percent), the amortization schedule, and a hard cap on the total allowable annual increase including pass-throughs.[22] Los Angeles County, for example, caps total annual increases including exemptions at 8 percent; Oakland, CA at three times the published allowable rent increase in a given year.

A pass-through rate below 100 percent better reflects the mutual benefit of capital improvements: tenants benefit from improved living conditions, and landlords benefit from increased asset value. Requiring board approval for major improvement claims provides an additional check against gaming.

Recommendation: Pass-through rate below 100 percent; hard cap on total annual increase including pass-throughs of 2.5x allowable annual rent increase; exclusion of basic upgrades to maintain living space at code; board approval required for claims above a threshold amount; banking of unused increases permitted within a limited time window (e.g., five years).

3. Scope of Coverage

The breadth of coverage (i.e. which units are subject to the policy) is perhaps the most consequential design choice after the cap itself. Many jurisdictions exempt new construction, owner-occupied small buildings, or buildings below a certain unit threshold. Each exemption has stated rationales, but all create loopholes that reduce the policy's effectiveness and invite gaming.

The economic rationale for exempting new construction is essentially nonexistent under second-generation design. The evidence is clear that rent control does not reduce new construction.[23] More importantly, modern rent stabilization regulates the rate of future rent increases, not the initial rent at

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[22]Los Angeles County Code of Ordinances § 8.52.090. https://library.municode.com/ca/los_angeles_county/codes/code_of_ordinances/381370?nodeId=TIT8COPRBUWARE_DIV3HO_CH8.52REST_8.52.090TETE

[23]Joshua D. Ambrosius, John I. Gilderbloom, William J. Hanka, and Zachary H. Wiedemann, "Rent Control and Affordability: An Empirical Analysis of American Cities," Journal of Housing and the Built Environment 30, no. 4 (2015): 609–632.

which a unit enters the market. Developers and landlords bring new units to market at whatever rent they choose; stabilization only constrains future increases. This essentially circumvents the mechanism by which stabilization is claimed to deter construction. A rolling exemption for the first decade of a building's life is a common political compromise, but it lacks empirical justification and creates a two-tier rental market.

The small-building and owner-occupied exemptions are driven by political economy rather than economic principle — an effort to shield small landlords from regulation on the basis of their size rather than their economic circumstances. But tenants in small buildings are no less deserving of protection than tenants in large ones, and the perverse effects most commonly documented in the rent control literature arise precisely from incomplete coverage that leaves landlords with viable exit routes.

Exorbitant rent increases are not specific to one type of rental housing: they harm tenants in single-family homes just as much as those in apartments, those renting from large institutional landlords just as much as those leasing from small operators, and those in newly constructed buildings just as much as those in older ones. Universal coverage is essential to policy effectiveness and fairness.[24]

Recommendation: Coverage should be as universal as possible, encompassing single-family rentals, mobile home lot rents, and small and multifamily properties alike. New construction should be regulated like all other rental units.

4. Vacancy Decontrol

Vacancy decontrol (allowing landlords to reset rents to a landlord-determined level when a tenant voluntarily or involuntarily vacates a unit) is a crucial design choice in any rent stabilization ordinance. It is also the provision most commonly responsible for undermining the policy's stated goals.

Under vacancy decontrol, a landlord who prices a long-term tenant out of their home (through harassment, neglect, or formal no-fault eviction) is financially rewarded with the ability to reset rents to landlord-determined levels. This directly inverts the stabilization purpose: the financial incentive structure of the policy encourages precisely the displacement it was designed to prevent. Research consistently finds that vacancy decontrol leads to shorter tenant tenure, higher overall rent levels, and substantially higher eviction rates compared to vacancy control regimes.[25]

Vacancy control — maintaining the annual cap regardless of whether there is a change in tenancy — eliminates this perverse incentive entirely. Landlords set initial rents and receive annual indexed increases; they simply cannot capture an additional windfall when a tenant leaves. This design is administratively simple, requires minimal oversight, and closes one of the primary loopholes through which rent stabilization has been repeatedly undermined.

Some jurisdictions have adopted a partial vacancy decontrol or "vacancy bonus" as a political compromise. Portland, Maine, for example, allows an additional 5 percent increase upon *voluntary*

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[24]Diamond, McQuade, and Qian (2019), supra note 13. Critically, the paper's 15% "supply reduction" figure includes approximately 7% of units converted to newly constructed or redeveloped units still used for renting. The net reduction in total rental housing is considerably smaller. Moreover, the mechanism—condo conversion facilitated by California's Ellis Act—reflects a design loophole rather than an inherent feature of rent stabilization.

[25] Eilidh Geddes, "Vacancy Decontrol and Evictions," working paper (2023); Richard Arnott and Masahiro Igarashi, "Rent Control, Mismatch Costs and Search Efficiency," Regional Science and Urban Economics 30, no. 3 (2000): 249–288.

tenant departure.[26] This approach attempts to balance competing interests but requires careful monitoring to verify if tenant separations are actually voluntary as regulators work to prevent abuses.

Recommendation: Vacancy controls, with no reset of rents upon tenant turnover. This ensures the cap applies whether or not there is a change in tenancy. This is a necessary design feature to ensure the policy delivers on its anti-displacement and affordability goals.

5. Compliance: Education and Enforcement

The least studied, and often the most neglected, dimension of rent stabilization policy is compliance: how jurisdictions ensure that covered landlords and tenants are aware of their rights and obligations, and how violations are detected and remedied.

Effective compliance requires three components operating in tandem: a public registry of covered units with their base rents (so that overcharging can be detected); accessible tenant education (so that tenants know when their rights are being violated); and an enforcement mechanism with genuine deterrence (so that violations are not simply priced in as a cost of doing business). Many jurisdictions fail on all three.

Some jurisdictions fund compliance through per-unit fees charged to landlords. Oakland, California charges property owners $137 per unit annually to support its Rent Adjustment Program, generating dedicated revenue for enforcement without drawing on general budget appropriations.[27] A national program would require an analogous administrative infrastructure, most plausibly administered through regional rent control boards charged with maintaining registries, conducting outreach, and adjudicating disputes. However, at the national level the federal government would be well positioned to fund education and enforcement measures at a reasonable baseline.

Recommendation: Congress should establish regional rent control boards charged with maintaining a public registry of covered units and base rents, conducting tenant and landlord education, and adjudicating disputes and hardship claims. Boards should be funded through federal appropriations rather than fees levied on landlords or tenants.

Part 4: Federal Policy Levers

Congressional Action

Congress has the authority to enact a national rent stabilization policy. The Commerce Clause grants Congress broad power to regulate economic activity with substantial effects on interstate commerce, and the rental housing market (which involves multi-state landlords, institutional investors, national

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[26] City of Portland, Maine, Rent Stabilization and Just Cause for Eviction Ordinance, as amended by ballot initiative. See: https://content.civicplus.com/api/assets/78f22237-21c9-4ad5-9b67-56223c0b6e6c

[27] City of Oakland, Rent Adjustment Program Fee: $137 per unit per year charged to property owners. https://www.oaklandca.gov/Community/Housing-Programs-Support/Rent-Adjustment-Program-RAP/For-Property-Owners/Pay-Rent-Adjustment-Program-Fee-Business-Taxes

financing, and migration patterns that cross state lines) clearly meets this standard.[28] A comprehensive national rent control statute could:

1. Establish a universal cap on annual rent increases — as detailed in Part 3 above — applicable to covered dwelling units across all states.
2. Prohibit states from preempting local rent control ordinances, restoring the ability of cities and counties in the 32 states that currently ban local rent regulation to enact their own protections.
3. Establish regional rent control boards to administer the program, maintain registries, and provide education and enforcement capacity.
4. Provide for enforcement through an unfair and deceptive practices framework, enabling both private enforcement by tenants and public enforcement by the Attorney General.

Executive Action

If Congressional action is not achievable in the near term, significant progress toward national rent stabilization can still be accomplished through executive action. The most powerful lever is conditioning federal financing of rental housing on rent stabilization requirements.

The Federal Housing Finance Agency (FHFA) oversees Fannie Mae and Freddie Mac, the Government-Sponsored Enterprises (GSEs) that back a substantial share of the multifamily mortgage market. The Biden Administration issued a Request for Information (RFI) exploring whether the FHFA could condition GSE-backed financing on compliance with tenant protection requirements, including rent stabilization. Economists and housing experts provided extensive comment in support of this approach.[29] No final policy emerged, but the legal and institutional groundwork has been established. An executive order requiring that all federally backed multifamily financing (through HUD, the GSEs, the Treasury's LIHTC program, and related programs) be conditioned on compliance with a rent stabilization standard would immediately extend meaningful protections to tens of millions of renters without requiring Congressional approval.

The Federal Trade Commission can additionally play an active role in preventing collusion around rent prices. The DOJ's 2024 lawsuit against RealPage for algorithmic pricing coordination among landlords represents an important precedent; the FTC could bring complementary enforcement actions and promulgate rules targeting platforms that facilitate landlord rent-setting collusion.

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[28]Ilya Somin, "Can the Commerce Clause Authorize Federal Rent Control?" The Volokh Conspiracy, 2024; see also National Federation of Independent Business v. Sebelius, 567 U.S. 519 (2012), and Gonzales v. Raich, 545 U.S. 1 (2005), on the scope of Commerce Clause authority over economic activity with substantial effects on interstate commerce.
[29]Memorandum from U.S. Economists to Federal Housing Finance Agency (FHFA), Response to Request for Information on Tenant Protections. https://peoplesaction.org/wp-content/uploads/Economist-Sign-on-Letter_-FHFA-RFI-Response-1.pdf

Part 5: Responding to Critics

The objections to rent control are well-rehearsed, and policymakers advancing a national stabilization policy should be prepared to address them directly. This section reviews the three most commonly raised concerns and examines what the empirical evidence actually shows.

Concern 1: Rent Control Will Reduce Housing Supply

The claim that rent control will reduce housing supply is the most frequently cited objection and is treated in introductory economics textbooks as settled fact. It is not. The empirical literature on second-generation rent stabilization — the form of policy under active consideration today — consistently fails to find any indication of housing supply reduction, thereby raising serious questions about the predictions which arise from the competitive market model.

A comprehensive 2007 study of 76 New Jersey cities with varying rent stabilization ordinances, controlling for population, demographics, income, and existing rental stock, found little to no statistically significant effect of moderate rent controls on new housing construction. In perhaps the best natural experiment to date, researchers observed that when Massachusetts repealed rent control in Cambridge in 1994, there was no subsequent construction boom — precisely the outcome that standard theory would predict if rent control had been the binding constraint on supply.[30] A 2015 analysis by Ambrosius and collaborators of 161 communities found no relationship between rent regulation and new housing supply. No peer-reviewed study finds a reduction in the total existing housing stock attributable to rent control.

The reason the supply prediction fails is straightforward: modern rent stabilization regulates the rate at which rents increase after a unit is rented, not the level at which it initially enters the market. Developers and landlords bring new units to market at whatever rent they choose; the cap only constrains future rent increases. This design therefore changes the theoretical mechanism by which modern stabilization deters new investment in the way first-generation price freezes did.

There is one documented supply effect worth taking seriously: the conversion of rental units to condominiums or owner-occupied housing when landlords have legal means to exit the rental market. This is a design problem, not an inherent feature of rent stabilization. It arises when policymakers leave loopholes — most notably, permissive condo conversion rules like those in California's Ellis Act — that allow landlords to escape the policy entirely. The solution is to close the loopholes, not to abandon stabilization. Portland, Maine's $25,000-per-unit condo conversion fee is one model.[31] A national policy with vacancy controls and restricted conversion rights, as proposed here, forecloses this mechanism.

It is also worth addressing perhaps the most widely cited rent control study: Diamond, McQuade, and Qian's (2019) analysis of San Francisco's 1994 rent control expansion. The paper's headline finding — a 15 percent reduction in rental housing supply — has been widely misread. The figure combines approximately 8 percent conversion to owner-occupancy and 7 percent conversion to exempt rental units (newly constructed or redeveloped). The former figure means additional units are now available for owner-occupied individuals, while the latter category still houses renters. Neither category, to be

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[30] David P. Sims, "Out of Control: What Can We Learn from the End of Massachusetts Rent Control?" Journal of Urban Economics 61, no. 1 (2007): 129–151.

[31]Portland, Maine Ordinance: condo conversion fee of $25,000 per unit. https://content.civicplus.com/api/assets/38a498d1-12ed-4ac1-b0ba-5a00cc72e41d

clear, reduces the housing stock, and the total reduction in housing stock available to renters is substantially smaller than the headline implies. The study's findings are also highly specific to San Francisco's unusual institutional context: California's Ellis Act exit right, an extraordinary tech-boom demand shock, and a small-building sample uniquely susceptible to owner conversion. A national policy incorporating vacancy controls, universal coverage, and restricted conversion rights is designed precisely to prevent these outcomes.

A related common concern about housing supply implications of rent control is that landlords and developers will move to do business in neighboring markets that do not have rent control. There is not sufficient longitudinal evidence to suggest this at the subnational level. Even still, in this proposal, the national design of this program prevents those potential unintended consequences.

Concern 2: Rent Control Will Reduce Housing Quality

This concern is well-founded as a critique of first-generation rent controls, which froze rent levels for decades and provided no mechanism for landlords to recoup maintenance costs.[32] It is far less applicable to modern stabilization design, which almost universally includes cost pass-through provisions allowing landlords to recover at least a portion of legitimate maintenance and capital improvement costs.

A 2015 study by Ambrosius and collaborators examining regulations across 161 communities found no significant relationship between rent regulations and housing quality or foreclosure rates. A 2023 study by Stein and Mironova found the opposite: that rent stabilization, paired with good cause eviction protections, actually incentivizes landlords to invest in building maintenance, since demonstrable improvements are the primary mechanism through which they can obtain rent increases above the baseline cap.[33] When landlords' primary avenue to above-cap increases is documentation of legitimate capital expenditure, the policy creates a direct incentive for maintenance investment.

Concern 3: Rent Control Causes Misallocation

The misallocation critique holds that rent control allows incumbent tenants to occupy units that might "better suit" other households, and that the resulting reduction in tenant mobility generates a welfare loss for society. This argument, advanced by Glaeser and Luttmer (2003) among others, is perhaps the most sophisticated objection to rent stabilization.[34]

Several responses are warranted. First, the misallocation critique assumes that housing markets are competitive and that the existing unregulated allocation is efficient — a herculean claim. The empirical evidence directly contradicts this assumption. Recent research on New York City's rental market finds that individual landlords charge markups of 14 to 25 percent above their marginal costs, a direct consequence of search frictions and moving costs that give landlords dynamic monopoly power.[35] When

[32] Anthony Downs, Residential Rent Controls: An Evaluation (Washington, DC: Urban Land Institute, 1988).
[33] Samuel Stein and Oksana Mironova, "Good Cause for Alarm: How Good Cause Eviction Protection Strengthens Rent Stabilization," Community Service Society (2023).
[34] Edward Glaeser and Erzo Luttmer, "The Misallocation of Housing Under Rent Control," American Economic Review 93, no. 4 (2003): 1027–1046.
[35]Gonçalo Costa, "Dynamic Monopoly in the Rental Market: Evidence from New York City Housing," Harvard Kennedy School Working Paper (January 2025). The study estimates residual demand elasticities of -4 to -7 across most market segments, implying average landlord markups of 14–25 percent over marginal costs.

the baseline is a monopoly equilibrium rather than competitive efficiency, rent stabilization does not introduce a distortion; it corrects one. The appropriate regulatory parallel is not price-fixing in a competitive market but the rate regulation we apply to utilities and insurance providers where sellers face captive buyers.[36] Further, this assumes away any search costs or frictions in the market, both of which are sizable and well documented.

Second, the misallocation critique is premised on the normative claim that ability to pay is the appropriate criterion for allocating housing. This is a contestable value judgment, not an economic finding. In an era of severe inequality and concentrated ownership, the claim that a higher-income newcomer has a superior "right" to a long-time tenant's home — because they can pay more — is not obviously correct. The goal of rent stabilization is precisely to ensure that the market's allocation mechanism does not produce continuous displacement of lower-income residents from their communities.

Third, to the extent that reduced tenant mobility is a genuine concern, the appropriate response is complementary supply policy (social housing investment, density reform, new construction) that gives mobile households more options, rather than deregulation that displaces immobile households. The existence of allocation inefficiencies in a stabilized market is an argument for more housing, not for less protection.

The Market Power Question: A Note on the Housing Market

Underlying all three of the concerns above is an assumption that the rental housing market is reasonably competitive — that landlords are price-takers who cannot extract rents above the competitive level, and that regulation therefore introduces distortions into an otherwise well-functioning system. The growing empirical literature led by researchers like Costa, on landlord market power, directly challenges this assumption.[37]

Search frictions and moving costs give individual landlords downward-sloping demand curves: tenants cannot costlessly move to cheaper options, so landlords can charge above-competitive rents without immediately losing all their tenants. This "dynamic monopoly" is structurally analogous to employer monopsony in labor markets, where search costs give employers wage-setting power that justifies minimum wage regulation. The theoretical implication is important: *in a market with substantial landlord market power, rent stabilization does not create a welfare-reducing shortage (as competitive theory predicts) but instead redistributes surplus from landlords to tenants.* The housing supply remains unchanged; the distribution of the gains from a desirable location changes.

The RealPage case illustrates a more acute version of this market power problem. The DOJ's 2024 lawsuit alleges that landlords using the same algorithmic pricing platform effectively coordinated rent increases and, critically, reduced occupancy rates to maximize rents — restricting housing availability as a profit strategy. Rent stabilization is precisely the regulatory tool appropriate for a market in which sellers can exercise this kind of pricing power over buyers who have limited alternatives.

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[36]U.S. Department of Justice, United States v. RealPage, Inc., complaint filed August 23, 2024; Sophie Calder-Wang and Gi Heung Kim, "Coordinated vs. Efficient Prices: The Impact of Algorithmic Pricing on Multifamily Rental Markets," working paper (2023).
[37] Gonçalo Costa, "Dynamic Monopoly in the Rental Market: Evidence from New York City Housing," Harvard Kennedy School Working Paper (January 2025). The study estimates residual demand elasticities of -4 to -7 across most market segments, implying average landlord markups of 14–25 percent over marginal costs.

Part 6: Conclusion

The housing affordability crisis confronting the United States demands urgent and comprehensive policy action. The majority of the nation's 44 million renting households are cost-burdened, the affordable stock is shrinking, and the path to homeownership grows longer every year. Supply-side solutions are necessary and important — but they take years to plan, permit, and build, and are necessary, but insufficient on their own to address the problem. Renters cannot afford to wait any longer for action.

National rent control offers something rare in the current policy environment: a powerful, immediate tool that requires little public expenditure and can provide relief to tens of millions of households in the near term. The evidence, properly understood, strongly supports it. The empirical literature on modern rent stabilization (the form of policy actually under consideration) consistently finds affordability and stability benefits with weak to nonexistent supply effects. The concerns raised by critics are either anchored to obsolete first-generation policies or to institutional conditions that thoughtful design can and does prevent.

Well-designed national rent stabilization — a binding cap tied to a non-shelter CPI measure; cost pass-throughs that preserve maintenance incentives without enabling displacement; universal coverage that forecloses loopholes; vacancy controls that eliminate eviction incentives; and robust compliance infrastructure — can deliver real and lasting protections to renters across the country.

This is not a radical proposition. It extends to renters the same housing cost stability that the federal government has long provided to homeowners through the thirty-year fixed-rate mortgage. It applies to the rental housing market the same regulatory logic that governs utilities, railroads, and health insurance: that where concentrated sellers face captive buyers with limited alternatives, some form of price regulation is appropriate and efficient. And it provides the most direct and immediate response to a crisis that is hollowing out the financial lives of working Americans.

Ultimately, rethinking rent control is about more than one housing policy. It is about rethinking the role of markets, governments, and communities in providing the foundations of economic security. The old economics of rent control, rooted in textbook abstractions of perfect competition, is ill-suited to today's reality of concentrated ownership, financialized housing, rampant market frictions, and deep and enduring inequality. The new economics of rent control recognizes that housing is not merely another commodity but a precondition for participation in society and a cornerstone of human dignity. When designed and implemented thoughtfully, national rent stabilization can serve as a stabilizing institution within a broader ecosystem of housing policies. The challenge before policymakers is not whether to regulate rents, but how to design systems that ensure stability, fairness, and shared prosperity in the place we all call home.

For more information on this topic, including the ***Policy Brief****, please visit our policy page.*

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