RENT CONTROL AND HOUSING JUSTICE

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ABSTRACT – In this article I explore the question of rent control: one of the most despised yet misunderstood policies across a variety of disciplines and professions concerned with urban and housing issues. The hegemonic view is that rent controls – in any form, in any context – will eventually hurt those on whose behalf they are supposedly introduced (people struggling to find somewhere affordable to live). I use the concept of agnotology – the study of the intentional production of ignorance – to demonstrate that this view is riddled with vested interests and grounded in deep contempt for state regulation and in veneration of the supposed “efficiency” of the “free” market. I expose and dissect three of the prevalent myths of rent control: (1) that it negatively affects the quality of rented properties; (2) that it negatively affects the supply of housing; and (3) that it leads to ‘inefficiencies’ in housing markets. I take a close look at different kinds of rent control and, more broadly, at what leads to high housing costs, and by doing so I shift the analytical and political focus towards the urgent question of housing justice.

Keywords: Rent control; housing; agnotology; displacement; housing justice.

RESUMO – CONTROLO DE RENDAS E JUSTIÇA HABITACIONAL. Neste artigo, exploro a questão do controlo de rendas: uma das políticas mais desprezadas e ainda incompreendidas por uma variedade de disciplinas e profissões preocupadas com questões urbanas e habitacionais. A visão hegemónica é a de que o controlo de rendas – de qualquer forma, em qualquer contexto – irá eventualmente prejudicar aqueles em nome dos quais foi supostamente introduzido (pessoas a lutar para encontrar um lugar acessível para morar). Utiliza-se o conceito de agnotologia – o estudo da produção intencional da ignorância – para demonstrar que essa visão está repleta de interesses pessoais e fundamentada num profundo desprezo pela regulação estatal e na veneração da suposta “eficiência” do mercado “livre”. Exponho e analiso três dos mitos prevalentes sobre o controlo de rendas: (1) afeta negativamente a qualidade dos imóveis arrendados; (2) afeta negativamente a oferta de habitação; e (3) leva a «ineficiências» nos mercados de habitação. Analiso de perto os diferentes tipos de controlo de rendas e, mais amplamente, o que leva a altos


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custos de habitação, e, ao fazê-lo, altero o foco analítico e político para a questão urgente da justiça habitacional.

**Palavras-chave:** Controlo de rendas; habitação; agnotologia; desalojamento; justiça habitacional.

**RÉSUMÉ** – CONTRÔLE DES LOYERS ET JUSTICE DU LOGEMENT. Dans cet article, j’explore la question du contrôle des loyers: une des politiques les plus méprisées et aussi mal comprises dans une variété de disciplines et de professions concernées par les questions urbaines et de logement. L’opinion hégémonique est que le contrôle des loyers – sous quelque forme que ce soit, dans n’importe quel contexte – finira par nuire à ceux au nom desquels ils sont censés être introduits (les gens qui luttent pour trouver un logement abordable). J’utilise le concept d’agnotologie – l’étude de la production intentionnelle de l’ignorance – pour démontrer que ce point de vue est criblé d’intérêts acquis et fondé sur un mépris profond pour la réglementation étatique et sur la vénération de la supposée “efficacité” du marché “libre”. J’expose et dissèque trois des mythes répandus sur le contrôle des loyers: (1) qu’il affecte négativement la qualité des propriétés louées; (2) qu’il affecte négativement l’offre de logements; et (3) qu’il entraîne des “inefficacités” sur les marchés du logement. Enfin, j’examine de près les différents types de contrôle des loyers et, plus largement, ceux qui amènent à des coûts de logement élevés, et enle faisant, je déplace l’orientation analytique et politique vers la question urgente de la justice en matière de logement.

**Mot clés:** Contrôle de loyers; logement; agnotologie; déplacement; justice du logement.

**RESUMEN** – CONTROL DE ALQUILER Y JUSTICIA HABITACIONAL. En este artículo exploro la cuestión del control de alquileres: una de las políticas más despreciadas y aún incomprendidas por una variedad de disciplinas y profesiones relacionadas con cuestiones urbanas y de vivienda. La visión hegemónica es que los controles de alquiler – en cualquier forma, y en cualquier contexto – eventualmente perjudicarán a aquellos en cuyo nombre supuestamente se introdujo (personas que luchan por encontrar un lugar asequible para vivir). Yo uso el concepto de agnotología – el estudio de la producción intencional de ignorancia – para demostrar que esta visión está plagada de intereses particulares y se basa en un profundo menosprecio por la regulación y en la veneración de la supuesta «eficiencia» del mercado «libre». Expongo y analizo tres de los mitos prevalentes en el control de la renta: (1) afecta negativamente la calidad de las propiedades alquiladas; (2) afecta negativamente la oferta de vivienda; y (3) conduce a «ineficiencias» en los mercados de la vivienda. Analizo de cerca los diferentes tipos de control de alquileres y, en términos más generales, lo que conduce a altos costos de vivienda; y, al hacerlo, cambio el enfoque analítico y político hacia la cuestión urgente de la justicia de vivienda.

**Palabras clave:** Control de los alquileres; alojamiento; agnotología; desplazamiento; justicia habitacional.
I. INTRODUCTION

“Moving people involuntarily from their homes or neighbourhoods is wrong. Regardless of whether it results from government or private market action, forced displacement is characteristically a case of people without the economic and political power to resist being pushed out by people with greater resources and power, people who think they have a ‘better’ use for a certain building, piece of land, or neighborhood. The pushers benefit. The pushees do not.”

Hartman, Keating, and LeGates (1982, p. 4-5, emphasis in the original)

Human beings have no choice but to occupy a place in the world, and usually develop strong emotional ties to that place, so being displaced by external forces – having that place taken away, given to someone else, or bulldozed – is among the most appalling of social injustices. Displacement involves the removal of a basic human need (shelter) upon which people depend absolutely – practically, socially, emotionally and psychologically. Displacement (and especially the threat of it) is a frequent occurrence for people living at the bottom of class structure in cities throughout the world, to the point of it being a near-routine event in places where housing markets have the least regulation. Furthermore, rare are the instances where displacement results in some kind of beneficial or ‘resilient’ outcome for the displaced household; common to the overwhelming majority of qualitative accounts of dislocation are disruption, humiliation, bitterness, pain and grief (Fried, 1966; Marris, 1986; Porteous & Smith, 2001; Fullilove, 2004; Dumbledon, 2006; Keene & Ruel, 2013; Zhang, 2016). An involuntary change of home, like bereavement, can be a devastating disruption of the meaning of life for the person, family, household or community affected. It is therefore a moral and political necessity to identify not only the multiple causes of urban displacement, but understand what it does to communities, and agitate for the institutional, legal, and political-economic changes necessary to protect those most vulnerable to it.

In this article I explore the question of rent control: one of the most despised yet misunderstood policies across a variety of disciplines and professions concerned with urban issues. The hegemonic view is that rent controls – in any form, in any context – will eventually hurt those on whose behalf they are supposedly introduced (people struggling to find somewhere affordable to live). I use the concept of agnotology – the study of the intentional production of ignorance – to demonstrate that this view is riddled with vested interests and grounded in deep contempt for state regulation and in veneration of the supposed ‘efficiency’ of the ‘free’ market. I expose and dissect three of the prevalent myths of rent control: (1) that it negatively affects the quality of rented properties; (2) that it negatively affects the supply of housing; and (3) that it leads to ‘inefficiencies’ in housing markets. Once we take the trouble to look closely at different kinds of rent control and, more broadly, at what leads to high housing costs, then it is possible to shift the analytical and political focus towards the urgent question of housing justice.
II. THE HARD-CORE AGNOTOLOGY OF RENT CONTROL

Agnotology was coined by historian of science Robert Proctor, to designate “the study of ignorance making, the lost and forgotten” where the “focus is on knowledge that could have been but wasn’t, or should be but isn’t” (Proctor & Schiebinger, 2008, p. vii). It was while investigating the tobacco industry’s efforts to manufacture doubt about the health hazards of smoking that Proctor began to see the scientific and political urgency in researching how ignorance is made, maintained and manipulated by powerful institutions to suit their own ends, where the guiding research question becomes: ‘Why don’t we know what we don’t know?’ As he discovered, the industry went to great lengths to give the impression that the cancer risks of cigarette smoking were still an open question even when the clinical evidence was overwhelming. Numerous tactics were deployed by the tobacco industry to divert attention from the causal link between smoking and cancer, such as the production of duplicitous press releases, the publication of ‘nobody knows the answers’ white papers, and the generous funding of decoy or red-herring research that “would seem to be addressing tobacco and health, while really doing nothing of the sort” (Proctor, 2008, p. 14). The tobacco industry actually produced research about everything except tobacco hazards to exploit public uncertainty (researchers commissioned by the tobacco industry knew from the beginning what they were supposed to find and not find), and the very fact of research being funded allowed the industry to say it was studying the problem. When agnotology is transposed into the register of cities and housing, we can study the techniques and strategies of the powerful institutions (such as think tanks, philanthropic foundations and university research centres) that want people not to know and not to think about certain urban conditions and especially their structural causes. Perhaps more importantly, we can uncover how and why certain questions are kept off the urban agenda whilst others remain firmly on it.

The hegemonic view – that rent controls anywhere are always harmful, even to those they are introduced to protect – offers a fascinating yet disturbing example of the triumph of ideology and propaganda over evidence. There is a quite stunning disconnect between, on one hand, the way that economists across the conservative-liberal political spectrum speak about rent control, and on the other, the lived experiences of tenants and the campaigns run by (often tenant-led) organisations that advocate for tenants. This disconnect is not a new development, but it has strengthened in recent years as calls and social movements for rent control have increased in the context of the global crisis of housing affordability.

The Institute of Economic Affairs (IEA) is a free market think tank and a pivotal institution in the birth of neoliberal ideology in the UK. It was founded in 1957 by Anthony Fisher, an ex-military pilot, wealthy chicken farmer, and personal friend of Friedrich von Hayek, and it went on to have a massive influence in the rise of Margaret Thatcher and informed many of her most significant policies. In 1972, the IEA published an assault against state intervention housing markets entitled Verdict on Rent Control, including essays by none other than Hayek himself and numerous other giants of neoclassical...
economics, including Milton Friedman (Hayek et al., 1972). Many of the contributors to the pamphlet were part of the original Mont Pelerin Society: the birthplace of the neoliberal creed. In the introduction, the reader is left in no doubt as to the tenor of what follows: “These essays should serve as a warning to economists, sociologists and social workers who think that the best way of helping people with low incomes is to equip them with cheap housing at rents fixed by government, a ‘solution’ that exacts a savage price to be paid by future generations.” (Hayek et al., 1972, p. ix).

Ever since this ‘verdict’, the IEA have been quick to jump on any proposal for rent control in the UK. Against the 2015 General Election backdrop of the Labour Party proposing an upper limit on rent increases within tenancies in the private rented sector, the IEA published a report entitled The Flaws in Rent Ceilings (Bourne, 2014). A declamatory crusade against all forms of rent regulation anywhere, the report began by stating that there is a “rare consensus” among economists that rent control “leads to a fall in the quantity of rental property available and a reduction in the quality of the existing stock” (Bourne, 2014, p. 10). The source of this “consensus” is in fact a 1990 American Economic Association survey of nearly 2000 mainstream economists (Alston, Kearl, & Vaughan, 1992), probably the most striking example of a small survey (of a skewed sample) with a very large footprint in the history of housing economics. The IEA report continued to argue that “under rent control there is less incentive for families to reduce their accommodation demands, therefore exacerbating the shortage of properties for others” (Bourne, 2014, p. 16). The tenor of the document reaches a crescendo a few pages later in the spectacular assertion that “the truth would appear to be that tenants are unwilling to pay for increased security” (Bourne, 2014, p. 25), leading to the conclusion that any “extra security” for tenants “comes at the expense of reduced economic efficiency” (Bourne, 2014, p. 35). Instead of rent regulation, the report calls for another round of deregulation in the form of “planning liberalisation”, which is described as a “welfare enhancing policy” (Bourne, 2014, p. 36) that would lead to the construction of new housing on land currently shielded from development by government zoning. For the IEA, the housing crisis is a basic economic conundrum – too much demand and not enough supply – and its solution is thus to increase supply by stopping all government interference in the competitive housing market, which (true to neoclassical beliefs) must be allowed to operate free of cumbersome restrictions to provide incentives for producers and consumers to optimize their behaviour and push the market towards equilibrium (so that there are no shortages of housing), whilst yielding the maximum amount of utility for the maximum number of people.

The IEA immediately went about the task of circulating sound bites from the report as widely as possible. Its ‘solution’ certainly caught the attention of newspapers and commentators supporting a conservative agenda, one illustration being The Daily Telegraph printing a feature under the headline, “Think-tank criticises ‘pointless’ Labour rent cap scheme” (6th September 2014). It also caught the attention of the editors of Channel 4 News, a widely respected national television news programme, who invited the author of the report to discuss the issue of rent control alongside Jasmine Stone, an activist from
the FOCUS E15 movement in London (which campaigns against the regeneration and demolition of social housing estates). Even after Stone described her and her neighbours’ experiences of struggling to make rent due to various profiteering schemes, Bourne maintained that the “fundamental reason” for very high rents was not “greedy landlords”. According to Bourne, the “real” reason is that, “Over years and years we haven’t built new homes and have restricted supply artificially through greenbelts and other planning restrictions.” When Stone answered positively to the interviewer’s question of whether she would like to see rent controls introduced in London, Bourne immediately retorted that she was wrong because “economists agree” that such “crude” controls are “absolutely disastrous”. It did not appear to matter at all to Bourne that Stone was speaking from the experience of poverty, housing precarity and repeated evictions. Among conservative economists like him, there is much symbolic power to be gained by generating images of hardworking or even sympathetic landlords who have been forced by socialists and activists to reduce rents against their economic freedoms.

It is not just economists on the right who argue against rent control. In 1965, the Nobel Prize winning Swedish welfare economist Gunnar Myrdal said, “Rent control has in certain Western countries constituted, maybe, the worst example of poor planning by governments lacking courage and vision.” (Myrdal, 1965, p. 12). In possibly the most famous tirade against rent control of all time, the long-term chair of the Nobel Prize in Economics committee Assar Lindbeck remarked that, “Rent control appears to be the most efficient technique presently known to destroy a city – except for bombing.” (Lindbeck, 1971, p. 39). This preposterous exaggeration and exercise of symbolic power has in multiple international contexts repeatedly shut off any useful debate about rent control before it even gets started, and led to numerous imitations, such as Gurian’s (2003, p. 343) remark that rent control in New York City had done “as much damage to the city’s housing market as an atomic bomb would”. The terms economists use to condemn rent control are always the strongest possible, such as Salins’ (1999, p. 59) much-quoted remark that rent control is “the granddaddy and arch-villain of New York’s regulatory ensemble”. In 2000, the liberal economist Paul Krugman argued in his New York Times column that years of rent control in San Francisco had led to a diseased housing market: “Surely it is worth knowing that the pathologies of San Francisco’s housing market are right out of the economics textbook, that they are exactly what supply-and-demand analysis predicts. But people literally don’t want to know. So now you know why economists are useless: when they actually do understand something, people don’t want to hear about it.”

Liberal economists who argue against rent control claim that it always drives up rents for other tenants who are unprotected by it (we will look into the details of this argument in due course). Yet, tellingly, this argument is always framed against rent control, not against unregulated landlords. Many of these economists are very well known and very well-read public intellectuals. When they condemn rent control, their audiences listen to them and believe them.
III. GENERATIONAL GAPS

Underpinning all arguments against rent control, conservative and liberal, is the ongoing battle over the commodity nature of housing and its role in our economic and social and urban system. Just hearing those words – ‘rent control’ – is deeply unsettling to anyone who cannot cope with the idea of price controls, to anyone who believes in so-called ‘free’ and competitive market economies and in the sanctity of private property rights, and in the idea that nobody should be prevented from making as much money as they can from housing. I have been in quite a few professional and social settings where mentioning rent control generates the same kind of reaction as insulting someone. The near-hysterical reactions of the most right-wing economists to rent control are quite fascinating if you give them some wider context. In most countries there are laws protecting the rights of shareholders and protecting investors from the consequences when they invest in companies that do awful, illegal things and even kill people. Mainstream economists don’t often talk about those laws. But when ‘rent control’ is put forward as a law protecting the rights of people to have somewhere to live, those same economists go completely berserk.

Strong negative reactions to rent control are not purely ideological. They are also driven by the fact that very few economists ever get past the destructive consequences of what are today referred to first generation rent controls: a complete long-term freeze on nominal rents, significantly below the market level. European countries imposed these during World War I, but they really took off as a policy in multiple international contexts (including North America) during or just after World War II, in order to cope with the massive relocations of labour during that time and to ensure affordable housing for returning military personnel. In European contexts, housing reconstruction after World War II was slow due to extensive damage and especially war-ravaged economies, so rent controls remained in place, often with little adjustment from wartime levels of rent. It has also been argued that “many governments maintained those controls as a façade to hide the lack of an effective housing programme” (Gilbert, 2003, p. 109). The consequences for many urban housing markets were very damaging: landlords had chronically insufficient income for necessary maintenance expenditure, which led to large-scale physical decay and abandonment; there were serious mismatches between housing units and tenants and therefore reductions in availability to the point of saturation; and rent freezes encouraged highly exploitative residual, informal, and illegal markets in housing provision. It is Sonia Arbaci (2019) who has perhaps most painstakingly documented these processes from (roughly) the late 1940s to mid-1980s in southern European contexts of Spain, Italy, Greece and, especially, Portugal (as we shall see shortly, Arbaci has also documented the damaging effects when rent controls are abolished). Evidence of the damaging effects of first-generation rent controls is substantial far beyond Europe and North America, such as in India (Ramaswamy & Chakravarti, 1997), Mexico (Romero, 1990), Egypt (Soliman, 2002) and South Africa (Morris, 1997). When economists across the conservative-liberal spectrum condemn rent controls, it is first-generation rent freezes they have
Second generation rent controls are considerably different, much more varied, and still remarkably under-researched. Arnott (1995, p. 102) offered a clear definition:

“They entail a complex set of regulations governing not only allowable rent increases, but also conversion, maintenance and landlord-tenant relations. [They] commonly permit automatic age rent increases related to the rate of inflation. They also often contain provisions for other rent increases: cost pass-through provisions which permit landlords to apply for rent increases above the automatic rent increase, if justified by cost increases; hardship provisions, which allow discretionary increases to assure that landlords do not have cash-flow problems; and rate-of-return provisions, which permit discretionary rent increases to ensure landlords a ‘fair’ or ‘reasonable’ rate of return. (...) Such rent regulation often contains provisions which accord tenants improved security of tenure (...) and it often includes restrictions to prevent cutbacks in maintenance, and on the conversion of controlled rental housing to owner-occupied housing.”

In short, second generation rent controls protect tenants from excessive rent increases by creating a set of conditions for any increases (usually depending on housing quality), while ensuring that landlords will always receive a reasonable return on their investments (Lind, 2001). They are so varied that it is hard to generalize about them, and so different from their predecessors that Arnott argues, quite rightly, “they should be evaluated largely independently of the experience with first-generation rent controls” (Lind, 2001, p. 41). This evaluation work is extremely difficult to do, however, because of disentangling the effects of rent controls from numerous other policies that shape local housing markets, such as the state of the local and macroeconomy, government housing and taxation policies, welfare regimes, land values and land ownership, real estate transactions, and so on. But as there is such compelling evidence from all over the world that “the control of rent restricts economic eviction (...) and make noneconomic eviction [e.g. through renovation or conversion] more difficult” (Arnott, 1995, p. 108), it seems more than a little necessary to expose and dissect rent control agnotology.

IV. MYTHS AND REALITIES

The production of ignorance about rent control and how to counter that ignorance would be a topic worthy of a book in its own right. In what follows, I will narrow it down to three myths that I see as the most prevalent whenever rent controls are mentioned: that they will threaten the quality, supply, and efficiency of a housing sector anywhere at any time.

The quality myth goes as follows: rent controls would have deleterious consequences on the overall standard of rental units on the market. The spectre of first-generation rent controls dominates this argument: if a landlord cannot charge a tenant the rent they would like to charge in order to make a profit, they will have insufficient funds for expen-
diture on property maintenance. As mentioned above, this was indeed the case vis-à-vis a total freeze on rents in multiple international contexts in the three decades following the end of World War II. But today, the most obvious flaw with such an argument is that housing quality within the private rental market in so many contexts is already atrocious. In the UK, it is the absolute worst of all tenures, with the most sophisticated surveys of poverty showing that 1 in 3 tenants in the sector live in structurally inadequate housing (Lansley & Mack, 2015). This is confirmed by the UK government’s own recent reports: almost one third of privately rented accommodation – millions of units – fails to meet the government’s standards for decent homes (UK Parliament, 2016). Furthermore, in the decades before state intervention in housing (when the vast majority of the UK population were privately renting), standards were far worse. The historical record of laissez-faire liberalism on housing standards was simply terrible, with slum conditions and overcrowding commonplace in British cities, where chronic poverty would siphon wealth upwards through rent (Rodger, 1989). Those arguing that rent controls of any kind will always and everywhere worsen housing quality cannot have it both ways: whenever there has been little or no regulation, rental housing quality has been truly appalling. For example, Glasgow in 1900 was as close to the conditions of a ‘perfect’ free market in housing as a neoclassical economist could possibly desire – no public housing, no regulated standards of accommodation, a lack of monopoly in the hands of any single owner, and virtually no protection whatsoever of tenants’ rights. But rents were high, and conditions were dismal, with slumlords cramming tenants into stairwells, courtyards, and alleys – denying them access to light, water, or dignity (McCrone & Elliot, 1989). Any consideration of the quality of a housing sector must have the question of safety at its core. Stuart Hodkinson (2019) has recently exposed so vividly – and explained so convincingly – the consequences of steady and long-term deregulation and privatization of housing in the UK, where the profit motive cuts corners wherever it can, with dangerous implications. There has been such serious neglect of tenant safety in private and social rented sectors that it is surprising that there haven’t been more tragedies like the Grenfell Tower fire of June 2017 in London. Only regulation, effectively enforced, can uphold housing quality and safety standards. It is completely absurd to claim that introducing even ‘soft’, second generation rent regulation would make that quality and safety problem even worse. This is abundantly clear in the case of the Netherlands, where the amount a landlord can increase rent on an annual basis is conditional upon the standard of the property they are leasing. The result is a rental housing stock in way better shape than in countries that have no rent control (Olsen, 1988; Kutty, 1996; Anas, 1997).

The second myth is the most dominant one of all and concerns the question of supply. Again via appeals to the experience of first generation rent controls, the argument goes that, if any rent controls were introduced, there would be no incentive for anyone to become a landlord, existing landlords would withdraw their properties from the market, and developers would not build any new rental housing. The result, therefore, would be a restriction in the supply of new housing for rent, which would lead to any existing housing crisis getting worse (with prices going up further due to a demand dwarfing...
supply). This is the supply-and-demand cocoon of neoclassical economics writ large, and very dubious logic on several levels. The logic implies that any curtailing of the profits to be made from a sector will simply stop people investing in it. This is akin to believing that the minimum wage means companies stop employing people; that sales tax means nobody sells anything anymore; that fuel tax means nobody drives. It is an argument based on the belief that people will only seek to make money in conditions of totally unhampered profitability: a fantasy of a perfectly competitive market where landlords compete to produce homogeneous housing units, where there are no externalities, where every actor possesses perfect information. But if landlords are told that they cannot, by law, charge a tenant whatever they like without meeting certain conditions, it is highly unlikely they are all suddenly going to sell up and get out of the sector, and there is no robust evidence from anywhere to demonstrate this happens. For instance, research by Bonneval (2019) on 64 buildings under rent control in central Lyon, France, found no evidence that the profitability of real estate was affected by rent control over a period of 50 years. The evidence on rent regulation reducing new housing construction is also weak or nonexistent. For example, Sims (2007) and Autor, Palmer, and Pathak (2014) looked at the effects of the abolition of rent control in Massachusetts in the 1990s, and found it had little effect on the construction of new housing (and, by contrast, they found that rents increased considerably when controls were ended). The same is true for San Francisco (Diamond, McQuade, & Qian, 2019). Teresa (2019) has explained how the gradual relaxation of rent stabilization laws, if not their abolition, in New York City has enabled private equity firms and asset managers to exploit increases in potential rents and engage in value extraction practices (leading to vast profits) from regulated housing stock.

But if we assume for one moment that the supply myth is in fact the reality, then the solution to any resulting decline in available rental stock is very simple: to build more affordable housing. In tight rental markets (where developers and landlords have market power), rent controls can actually increase supply. If developers cannot generate extra profit through rent increases, this creates strong incentives to build more affordable units on a large scale, or for landlords to subdivide larger rental units. Evidence from New Jersey does indeed suggest this to be the case (Gilderbloom & Ye, 2007; Ambrosius, Gilderbloom, Steele, Meares, & Keating, 2015). A splendid recent intervention to the rent control debate has come from economist Joshua W. Mason (2019), when he testified before Jersey City council on rent control:

“[W]hat rent control is limiting are the rent increases that are not the result of anything the landlord has done – the rent increases that result from the increased desirability of a particular area, or of a broader regional shortage of housing relative to demand. There is no reason that limiting these windfall gains should affect the supply of housing. (...) In a setting where the supply of new housing is already limited by other factors – whether land-use policy or the capacity of existing infrastructure or sheer physical limits on construction – rent regulation will have little or no additional effect on housing supply. Instead, it will simply reduce the monopoly profits enjoyed by owners of existing housing.”
In her magnum opus on segregation processes in Southern European cities, Arbaci (2019) has demonstrated that ending entrenched first generation rent controls in cities in Italy, Spain, Portugal and Greece did not open the floodgates for the supply of adequate and affordable housing. By contrast, it “facilitated processes of embourgeoisement, gentrification, deproletarianisation and other forms of expansion by middle-class homeowners, often associated with forced evictions and the displacement of low-income and other vulnerable tenants (e.g. non-Western foreign groups)” (Arbaci, 2019, p. 254). In addition, deregulation and corresponding liberalization of the market meant that, in all the cities she studied, “rents escalated not just in the upgraded districts but in the whole municipal area, thus outpricing lower middle- and low-income tenants – both natives and foreigners – from most municipal districts” (Arbaci, 2019, p. 254).

Third, we come to the efficiency myth. For many economists, something is inefficient if it ‘artificially’ interferes with the ‘natural’ operation of the price mechanism of the market. Rent controls are repeatedly condemned as forms of ‘price fixing’ that will have deleterious consequences in terms of distorting market values and encouraging the problem of ‘sitting tenants’ who will (a) block outsiders to the rental property market from gaining a foothold in it, (b) affect the functioning of a ‘dynamic’ labour market as they will refuse to move house to take any offer of employment elsewhere (as they would have to give up their low cost rental housing if they did), and (c) occupy housing that is larger than they apparently require, limiting the availability of accommodation to larger households. The problem with these appeals to rent controls being inefficient is first, the awful assumption that low-income consumers not only have a choice about needing to be housed, but also have the freedom to ‘rationally choose’ where they want to live, without any kind of structural constraints in their lives, and second, the way ‘inefficiency’ is skewed towards the interests of economists’ models and, ultimately, landlords. Mason (2019) again:

“When a landlord gets an income because they are lucky enough to own land in an area where demand is growing and new supply is limited, or an income from an older building that has already fully paid back its construction costs, these are rents in the economic sense. They come from a kind of monopoly, not from contributing real resources to production of housing. And one thing that almost all economists agree on is that removing economic rents does not have costs in terms of reduced output or efficiency.”

Therefore, if we consider housing as a question of social justice, i.e. a human need, then inefficiency arguments are to be treated with the utmost caution. Madden and Mar-cuse (2016, p. 49) capture this concisely: “One person’s inefficiency is another person’s home. (…) From the perspective of a tenant facing displacement from their long-time home, it is the system of commodified residential development that is inefficient, not to mention cruel and destructive”. There is a world of difference – different worlds – between tenured economists working in elite universities or well-funded think tanks, and the lives of low income tenants struggling to feed their families on very low incomes, or even having to make the choice between paying rent or eating. Real efficiency is surely not
achieved when rental housing costs have reached at least 50% of household incomes, when households have hardly any money to spend on other necessities, when the effects of housing insecurity places pressure on other sectors such as health care provision and, in the case of the UK, when the state haemorrhages £35 billion a year on payments to private sector landlords through Housing Benefit.

Underpinning the three-pronged agnotology of rent control is a long and seemingly unending debate on what leads to high housing costs. For neoclassical economists, conservative think tanks, developers, and anyone in some way connected to the housing industry, the high cost of housing is due to a simple imbalance vis-à-vis supply and demand: too many people and too few homes. In this register, the remedy for the imbalance is equally simple: to remove any barriers that prevent developers building as much housing as possible. For example, not long ago the neoclassical economist Ed Glaeser (2013) famously used a New York Times Op-Ed to call for complete deregulation: “The best way to make cities more affordable is to unleash the cranes. To do so, end the dizzying array of land use regulations in most cities that increase cost.” Such thinking is not only riddled with vested interests (see Peck (2016) on Glaeser’s approach), it is dangerous. Danny Dorling in New Statesman (2016) has helpfully explained why:

“Housing prices are not determined by supply and demand because you do not have a choice about needing to be housed. Allow an unregulated market to develop when social housing is also being cut and there is no choice not to buy what is on offer, other than sleeping on the streets. Prices will go sky-high. (...) We now have more housing than we have ever had before, per person and per family. We just share it out more unfairly than we have ever done before. If housing prices were about supply and demand then our surplus of bedrooms would result in falling prices, but this is not a free market. You are not free to buy a flat that has been left empty in London to appreciate in value by its owner. They do not want to sell, or sometimes even rent it out, and you almost certainly would not have the money even if they did.”

In his book-length treatment on housing, Dorling (2014, p. 231) argues that rent control is needed to bring down rents, to deter the landlords most interested in making a profit and most intent on offering a bad service, and to bring down housing prices, “resulting in more people buying when they needed to and fewer looking to rent unless they wanted to”. In addition, as Christophers (2018) has demonstrated with reference to the UK, supply and demand analyses are wholly inadequate in explaining the problems of affordable housing because of the significant matters of land value and, especially, land ownership. Land value now constitutes nearly three quarters of the cost of a house in the UK. Approximately 70% of the land is owned by 0.66% of the population. Just 6000 or so landowners – large institutions, aristocrats and the Royal Family – own about 40 million acres, or 2/3 of the UK. Cramming the population into a small%age of the land – and hoarding/speculating on urban land that is available – creates an artificial land shortage that pushes up land values (land now constitutes 51% of the UK’s entire net worth, almost double the%age in Germany). This makes house prices astronomically high, and ever more divorced from stagnant wages.
As Friedrich Engels presciently observed long ago, the housing question is deeply embedded in the structures of capitalism. A large and vibrant critical literature on the financialization of housing – the integration of financial and real estate markets – offers a much more convincing explanation than supply-and-demand for why urban housing has become so grotesquely expensive in multiple societies (Aalbers, 2016; Garcia-Lamarca & Kaika, 2016; Fields, 2017; Rolnik, 2019). There is very substantial evidence that rent control brings down rents and, when acting in tandem with other progressive policies that are geared towards tenants and the use values of homes and land (not the exchange values preferred by landlords and the housing industry), it makes a serious dent in the high cost of housing more broadly.

V. TOWARDS “A CORNERSTONE FOR HOUSING JUSTICE”

At the time of writing, there are some exciting things happening in terms of struggles for housing justice – with rent control a crucial battleground – in many cities across the globe. These struggles are hardly surprising given the global crisis of affordable housing. The slogan, ‘The rent is too damn high’ is so familiar these days that it unusual to find an urban context where it is not uttered verbatim or in some linguistic variant. But the tide seems to be turning. In 2019, the Berlin city government took action to stop soaring housing costs and rampant gentrification when it approved a five-year (2020-2025) freeze on rents, following which there will be rent increases limited to 1.3% per year, in line with inflation. This comes in the context of a forthcoming referendum on whether the government should expropriate nearly 250,000 private apartments in the city rented out by ‘mega-landlords’ (corporations with 3000 apartments or more) (The New York Times, 2020). In the US, Oregon enacted a state-wide law in February 2019 which means no household will see a rent increase of more than 7% per year (plus the annual change in the consumer price index). In Florida, Colorado, Illinois, and Nevada, state legislators have recently introduced bills to lift bans against rent control. In the summer of 2019, the state of New York expanded rent control from 1 million to 2.4 million housing units (The New York Times, 2019). In California, despite the 2018 defeat of Proposition 10 – which would have enabled the comprehensive statewide expansion of rent control – the Tenant Protection Act began in January 2020, a law that makes it illegal for any residential landlord in the state to raise rents more than 5%, plus the local rate of inflation, in one year. This law is designed to prevent the most “egregious” rent hikes and contains an end to evictions without ‘just cause’ (Curbed LA, 2020). Also in 2019, a collaborative report produced by PolicyLink, the Centre for Popular Democracy and the Right to the City Alliance (2019), entitled Our Homes, Our Future: How Rent Control Can Build Healthy, Stable Communities, pulled together a remarkable range of qualitative and quantitative evidence from across the US to present a compelling case for nationwide rent controls (of the second-generation variety). Four points in particular were made: that controls increase housing stability and affordability for current tenants (serving especially to...
stabilise communities from the ravages of gentrification); that they are unrivalled in their speed and scale; that they are cost-effective relative to other housing policies; and that they protect low-income households that are disproportionately seniors, people of colour, women with young children, and the sick and disabled. It is difficult to imagine a more convincing call for rent control as “a cornerstone of housing justice” (2019, 40), not least because the report relied first and foremost on the expertise of people working with tenant organisations at ground level in order to promote rent control programs where tenants play a central role in their design and implementation.

In Scotland, the Living Rent campaign was formed in the aftermath of the Scottish Independence Referendum in 2014 (Saunders, Samuels, & Statham, 2018). Its initial leadership was comprised entirely of students in their twenties: a cohort hit particularly hard by high rental housing costs. Living Rent set out to accomplish a very simple mission: to bring back the words ‘rent control’ to the political debate, where it had been erased for so long. The campaign began by reaching out to existing organisations, particularly labour unions and student unions, and to the general public, notably through a large number of weekend street stalls and online activism. Living Rent also organised marches and public protests to deliver completed petitions, and a major campaigning intention was to push the ruling Scottish National Party (SNP) to be more progressive about housing issues. Within six months of beginning their campaigning, Living Rent had affiliations with organisations representing more than a million people in Scotland, from trade unions and student associations’ to women’s organisations, faith and youth groups and more. It was able to articulate the intersection of housing precarity with other social problems – how housing affects many different marginalised groups in particularly acute ways. These organisations backed the campaign because ‘rent control’, quite simply, resonated with them all, as a common-sense solution to an increasingly pressing problem: the high cost of housing dominating people’s lives.

Living Rent organises and campaigns for the following:

- For initial rents to be set against a ‘points’ system to reflect the quality of the property (using rent regulation in the Netherlands as a model);
- For rent increases to be part of a rent affordability index to ensure increases do not push tenants into hardship;
- For a move towards indefinite tenancies as default, away from short-term contracts;
- For all tenants to be entitled to a hardship defence in relation to evictions;
- For the creation of a Scottish Rent Commission, to oversee these recommendations and to serve as a centre of expertise for the Scottish Private Rental Sector.

The achievements so far are impressive, given over three decades of the rampant neoliberalisation of housing in Scotland and the UK more broadly. Under pressure, the Scottish Government announced the end of the right of landlords to reclaim their properties from tenants without any reason. Achieving this security of tenure was a huge victory, as indeed is just getting the question of rent control on the political agenda in Scotland.
Living Rent continues to campaign for rent controls that link rent levels to the quality and safety of a home; to make the campaign more grassroots (including more direct action); and to build a tenants’ union to shift the power balance away from landlords and towards the question of the human need of shelter.

Rent controls work best when they are paired with tenant security measures (such as just cause evictions), and when are implemented without any loopholes or any free-for-all when units under control become vacant for any reason (what is termed “vacancy decontrol”). The abovementioned evidence-based testimony by J. W. Mason (2019) concluded with what I think is an exceptionally convincing set of “design principles” for what contemporary, progressive rent controls could look like in the U.S. (table 1).

Table I – Principles for rent control.
Quadro I – Princípios para o controlo de rendas.

1. Rent control needs to be combined with other measures to create more affordable housing. The main goals of rent regulation are to protect renters’ legitimate interest in remaining in their homes; to advance the social interest in stable, mixed-income neighborhoods; and to curb the market power of landlords. Other measures, including subsidies and incentives, reforms to land-use rules, and public investment in social housing, are needed to increase the supply of affordable housing. These two approaches should be seen as complements.

2. There are good reasons that most existing rent control focuses on rent increases rather than the absolute level of rents. Rent control structured this way allows new housing to claim the market rent, giving the developer a chance to recover the costs of construction. Rent increases many years after the building is finished are more likely to reflect changes in the value of the location, rather than the costs of production. From the point of view of allowing existing tenants to remain in their homes, it is also makes sense to focus on increases, rather than the absolute level of rents.

3. Since rent regulation is aimed at the monopoly rents claimed by landlords, it should allow for reasonable rent increases to reflect increased costs of maintaining a building. At the same time, there is a danger that landlords will engage in unneeded improvements if this allows them to raise rents more than they would otherwise be allowed to. A natural way to balance this is to adjust the allowable rent increase each year based on some measure of average costs or a broader price index.

4. For rent control to be effective, tenants also need to be protected from the threat of eviction or other pressure from landlords. To give renters genuine security in their homes, they need an automatic right to renew their lease, unless the landlord can demonstrate non-payment of rent or other good cause.

5. Rent control is more likely to have perverse effects when the controls are incomplete. When rent regulations do reduce the supply of affordable rental housing, this is typically because they have loopholes allowing landlords to escape the regulations. In particular, vacancy decontrol or allowing larger rent increases on vacancy significantly reduces the impact of rent control and may encourage landlords to push out existing tenants. There is also some evidence that landlords seek to avoid rent regulation by converting rental units into units for sale. To avoid these kinds of unintended consequences, rent regulations should be as comprehensive as possible, and options to remove units from the regulated market need to be closed off wherever possible.

Source: Mason (2019)

In other contexts, these may need adjusting vis-à-vis institutional and historical circumstances, but as a set of principles to protect tenants from the agony of evictions, they are a most excellent point of departure for housing justice. Perhaps the key lesson is that rent control is just one policy among many that can and should be implemented in order
to reframe the debate around housing away from assets and profit and investments to community, family, home and shelter. Furthermore, the history of rent strikes teaches us that when landlords, the housing industry and profit-driven state legislation refuse to concede any ground, tenants always fight back, and they often win (Gray 2018; Hua 2018). The production of ignorance about rent control will continue – there are enormously powerful vested interests behind it – but so will the struggles for adequate and affordable housing. Tenants massively outnumber landlords.

REFERENCES


PolicyLink, the Centre for Popular Democracy and the Right to the City Alliance (2019). Our Homes, Our Future: How Rent Control Can Build Healthy, Stable Communities. Retrieved from https://
The use of the word "artificially" is revealing: neoclassical economists are especially prone to viewing a competitive market as a natural evolution that is best left alone if equilibrium and growth is to be achieved.

I am grateful to Elvin Wyly for pointing this out.

This discussion of rent control myths and realities draws upon and extends an earlier essay I wrote with Hamish Kallin (Kallin & Slater, 2018), from whom I always learn so much about housing issues.


