

Study Overview

This study by Lee Seltzer (2024) analyzes how rent stabilization policies impact landlords' ability to maintain properties, using data from New York City and 45 other U.S. cities. The findings reveal that rent stabilization policies impose financial constraints on landlords, leading to deferred maintenance and declines in housing quality.

Key Findings

1. Reduced Maintenance and Increased Code Violations:

- Rent stabilization policies that limit rent increases reduce landlords' cash flow, leading to deferred maintenance and higher rates of housing code violations.

2. Impact of High Loan-to-Value (LTV) Ratios:

- Properties with high LTV ratio mortgages are particularly vulnerable, as landlords cannot generate sufficient income to cover both debt obligations and property upkeep.

3. Broader Evidence Across U.S. Cities:

- Data from 45 U.S. cities confirms that rent stabilization policies consistently result in reduced property maintenance and higher rates of code violations, impacting housing quality nationwide.

Implications for Legislators

1. Housing Quality Declines:

- Rent stabilization undermines housing quality by creating financial disincentives for landlords to invest in maintenance and repairs.

2. Economic Burden on Landlords:

- Financially constrained landlords face untenable economic pressure, which can lead to property abandonment or conversion to non-rental uses, further reducing housing supply.

3. Harm to Tenants:

- While intended to protect tenants, rent stabilization results in deteriorating housing conditions, disproportionately harming those it aims to help.

Policy Recommendations

- Do Not Enact Rent Stabilization: Evidence shows that rent stabilization creates long-term harm by reducing housing quality and supply.
- Focus on policies that expand housing supply, such as zoning reforms and incentives for new construction.
- Provide targeted rental assistance directly to low-income tenants instead of implementing blanket rent controls that harm the broader rental market.

Relevance

This study demonstrates the negative consequences of rent stabilization policies and offers strong evidence that such measures exacerbate housing crises rather than solving them. Legislators should reject rent control and stabilization in favor of policies that protect tenants while preserving housing quality and encouraging investment.



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