

Source: Rebecca Diamond, Tim McQuade, and Franklin Qian, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," National Bureau of Economic Research (2019)

## IMPLICATIONS FOR RENT CONTROL:

The NBER study underscores that rent control policies fail to create long-term affordability. Instead, they disincentivize rental housing, reduce supply, and increase rents citywide, leaving future renters worse off. Welfare losses highlight how rent control shifts costs to landlords and future tenants, amplifying inequality and gentrification rather than solving it.



LINK TO STUDY

## KEY FINDINGS: Rent Control's Ripple Effects on Supply, Prices, and Inequality

### 1. Rental Housing Supply Declines:

- Rent control led to a **15% reduction in rental housing supply** as landlords converted rental properties into owner-occupied housing or higher-end units to avoid regulations.
- The number of renters living in rent-controlled units dropped by **30%** due to landlords redeveloping buildings to exempt them from rent control.

### 2. Citywide Rent Increases:

- The reduction in rental supply caused a **5.1% increase in citywide rents**, further exacerbating affordability challenges for non-controlled units.



### 3. Landlord Responses Exacerbate Inequality:

- Landlords responded to rent control by converting units, demolishing buildings, or incentivizing tenants to leave through buyouts.
- These actions contributed to gentrification and increased income inequality, as new developments catered to higher-income residents.

### 4. Welfare Losses Disproportionately Hurt Future Renters:

- Welfare losses represent the reduction in economic well-being due to inefficiencies created by rent control.
- While current tenants in rent-controlled units benefited from lower rents, future renters bore **42% of the welfare losses**, experiencing higher market rents, reduced housing options, and fewer affordable choices.
- This imbalance worsened housing inequality, as future tenants paid the price for policies that prioritized incumbent renters.



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