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[New Review Spotlights the Unintended Consequences of Rent Control](#)

MULTIFAMILY POLICY RESEARCH

New Review Spotlights the Unintended Consequences of Rent Control

0 Paul Emrath September 9, 2024

Although rent control policies do, in fact, produce lower rents in the controlled units as intended, these policies also have a number of unintended and undesirable consequences, according to a recently published review of the academic literature. Among the unintended consequences are a reduced supply of housing, higher rents in uncontrolled units, reduced quality in the controlled units, and reduced residential mobility.

The review is titled "[Rent Control Effects Through the Lens of Empirical Research: An Almost Complete Review of the Literature](#)," authored by Konstantin Kholodilin and published in the March 2024 issue of the peer-reviewed [Journal of Housing Economics](#). The review covers 112 empirical rent control studies based on a wide range of data sources and published between 1963 and 2023. The table below summarizes the theoretic rent control effects analyzed in more than six of the studies.

**Summary of Results Reported in
"Rent Control Effects Through the Lens of Empirical Research"**

Theoretic Effect of Rent Control	Findings Reported in the Empirical Studies
Lower rents in the rent-controlled units	53 of 60 studies find that this effect is statistically significant. Rent control policies do effectively lower rents in the controlled units as intended—on average, by 9.4%
Higher rents in the uncontrolled units	16 of 17 studies find that this effect is statistically significant. Rent control tends to increase rents in the uncontrolled units—on average, by 4.8%.
Reduced construction of new housing	11 of 16 studies find a statistically significant negative effect of rent control on new housing construction. The author suggests more of the studies might find this result if they were able to distinguish construction of rental housing and analyze it separately.
Reduced supply of housing overall	12 of 16 studies find a statistically significant negative effect of rent control on the overall supply of housing (stock of existing housing units).
A higher home ownership rate	13 of 22 studies find a statistically significant positive effect of rent control on the homeownership rate, conventionally taken as a sign that there is an insufficient number of units available for rent. However, 5 of the 22 studies find a significant negative effect.
Reduced quality of rent-controlled units	13 of 15 published studies find a statistically significant, negative effect of rent control policies on the quality of the rent-controlled units. In addition, there are 5 unpublished papers reporting mixed results on this topic.
Reduced residential mobility	24 of 26 studies find a statistically significant negative effect of rent control on residential mobility, usually considered undesirable due to the implication that some tenants are being inhibited from pursuing better job opportunities.

In addition, there were thirteen studies that all find that rent control resulted in misallocations of resources of various types.

Policymakers should be particularly concerned with the findings that rent control results in a reduced supply of housing and higher rents in the uncontrolled units. Builders, of course, are likely to focus on the depressing effect rent control has on new construction, which is consistent with [research](#) NAHB undertook jointly with the [National Multifamily Housing Council](#) (NMHC) in 2022. In that research, NAHB and NMHC asked multifamily developers if they avoid building in jurisdictions with rent control. Over 85% said yes.

Do Multifamily Developers Avoid Building in Jurisdictions with Rent Control?



Source: Regulation: 40.6 Percent of the Cost of Multifamily Development, NAHB and NMHC, June 2022.

Kholodilin's review concludes that rent control leads to a wide range of adverse effects, and that policymakers should take these effects into account when trying to design an optimal policy. Readers interested in the full review can obtain it from [sciencedirect.com](https://www.sciencedirect.com).

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