

Nevada Voices Against Rent Control Talking Points

While often promoted as a solution to housing affordability, rent control has been shown to create more harm than good. By artificially capping rent prices, these policies discourage new housing development, reduce incentives for property maintenance, and ultimately lead to local government budget deficits and housing shortages. Instead of helping renters, rent control often limits their choices and reduces overall housing quality.

Only six states allow for rent control while 34 states expressly prohibit local municipalities from enacting harmful rent control laws. Over 93% of economists agree that rent control is a failed experiment in addressing our housing crisis.

Rent control disproportionately increases wealth gaps for people of color

A 2022 study¹ showed that higher income residents gained the most from rent regulation, and they were more likely to be white. Residents who lost the most tended to be minorities and the intended transfer of wealth from higher- to lower-income households never occurred. In fact, the reverse occurred² at a time that it is much more difficult for black and brown renters to build generational wealth³.

On average, Black tenants in rent control-units receive \$150 less than average monthly rent discounts of white tenants. For Hispanics, that number is \$135 less per month and for Asian American Pacific Islanders, \$43 less⁴.

Similarly, a Brookings Institute study showed rapidly gentrifying areas are disproportionately affected by the consequences of rent control⁵. Minorities living in rent-controlled units might experience lower-quality housing as a result of a decline in property maintenance. This led to issues such as inadequate heating, poor sanitation and unsafe living conditions in countless cities including Boston, Washington, D.C., Los Angeles, and San Francisco⁶.

Rent control disincentivizes maintenance and is a threat to public safety and health

Studies show that rent control increases landlords' inability to keep up with repairs⁷.

A recent Census Bureau report found that one-third of rent-controlled apartments had rodents, double the figure for non-rent-controlled buildings⁸. Similarly, rent-controlled units had three times as much mold, twice as many toilet and elevator breakdowns, twice as many leaks and three times as many heating breakdowns as market-rate units⁹.

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<https://www.nmhc.org/news/press-release/2024/new-research-finds-rent-control-and-other-rent-regulation-laws-hurt-renters-seeking-housing-opportunity-and-affordability-and-disproportionally-benefit-higher-income-renters/>

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https://www.nmhc.org/globalassets/research--insight/research-reports/rent-regulation/rent_regulation_policy_in_the_united_states_2024.pdf

³ <https://news.ku.edu/news/article/2021/08/17/study-finds-renters-color-less-likely-become-home-owners>

⁴ <https://carey.jhu.edu/articles/research/research-examines-rent-regulation-implications-inequality>

⁵ <https://carey.jhu.edu/articles/research/research-examines-rent-regulation-implications-inequality>

⁶ <https://carey.jhu.edu/articles/research/research-examines-rent-regulation-implications-inequality>

⁷ https://www.researchgate.net/publication/24103806_The_Effect_of_Rent_Control_on_Housing_Quality_Change_A_Longitudinal_Analysis

⁸ <https://www.nyc.gov/assets/hpd/downloads/pdfs/services/2021-nychvs-selected-initial-findings.pdf>

⁹ <https://carey.jhu.edu/articles/research/research-examines-rent-regulation-implications-inequality>

In a 2011 study¹⁰ in the American Journal of Public Health, researcher Samiya Bashir wrote:

“Significant research demonstrates the harmful association of asthma, neurological damage, malnutrition, stunted growth, accidents, and injury with household triggers like poor insulation, combustion appliances, cockroach and rodent infestation, dust mites, hyper- and hypothermia, unaffordable rent, and dangerous levels of lead in soil and household paint. Furthermore, the culture of isolation ensures that the persons who are most vulnerable to these diseases — infants, children, the elderly, the chronically ill, and the immunocompromised — are also those who spend the most time indoors and alone.”

Rent control leads to displacement and mobility issues

Rent control leads to a decrease in rental options and ultimately drives costs up even further¹¹.

Rent control creates a misallocation of resources as tenants may not choose to leave their larger homes even when they don't need all the space because the rent is below current market rates. Growing families trying to move up, or families taking care of relatives, are then locked out of the rental market. This has been seen in cities like New York, San Francisco and, most recently, Portland, Oregon. Additionally, renters can become trapped and unwilling to relocate, even for a higher-paying job, for fear of not being able to get affordable housing¹².

Rent control affects jobs and economic output

Montgomery County, Maryland study found that imposing rent control over 70,900 jobs would be unrealized by 2025, resulting in a loss of \$10.4 B in County economic output and \$5.4 B in wages¹³.

Rent control curtails economic investment

Rent control reduces the incentive to build new apartments or make improvements to existing units¹⁴. For example, voters in St. Paul, Minnesota passed a rent control initiative in 2021. The next year, apartment construction permits dropped 48%¹⁵. Less than a year later, the St. Paul City Council repealed the law and construction soared.

After San Francisco enacted rent control in 1994, landlords began converting rental units into condos for sale or demolishing existing structures to build new ones. This shift led to a 6 percent reduction in the rental market, while rents increased by 5.1 percent citywide¹⁶. Landlords' substitution toward owner-occupied units not only lowered the supply of rental housing in the city, it also drove up the city's overall housing supply toward less affordable types of housing that damaged housing affordability.

¹⁰ <https://ajph.aphapublications.org/doi/full/10.2105/AJPH.92.5.733?role=tab>

¹¹ <https://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.20181289>

¹² <https://lasvegassun.com/news/2024/jun/04/what-nevada-needs-is-new-construction-not-rent-con/>

¹³ https://mgaleg.maryland.gov/cmte_testimony/2022/ent/8656_02152022_103043-363.pdf

¹⁴ <https://www.brookings.edu/articles/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/>

¹⁵ <https://www.twincities.com/2023/04/23/by-hud-counts-st-pauls-apartment-construction-permits-fell-48-after-rent-control-was-it-temporary/>

¹⁶ <https://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.20181289>

Diamon, McQuade and Qian's analysis of San Francisco's rent control policy led them to conclude that rent control leads to a long-term reduction in affordable rental units¹⁷.

An NJAA study¹⁸ assessed the economic impacts of rent control in NJ. The study estimated that rent control curtailed capital improvement investment in apartment communities by \$18 M annually; reduced annual maintenance expenditures in apartment communities by approximately \$23 M; and lowered the quality of living in apartment communities¹⁹.

A study by the National Apartment Association found that over 70% of housing providers reported that rent control negatively impacts their investment and development plans, leading to reduced investments, shifting plans to other markets, or canceling plans altogether.²⁰

Rent control depletes local government revenues

Rent control negatively impacts state and local government tax revenues by reducing property values²¹, and consequently, property tax revenues. Some examples:

- In St. Paul, Minnesota, property values dropped 6-7% instantaneously, and the city lost \$1.6 billion in revenue that paid for police, parks, roads and schools²².
- In New York, an estimated annual \$370 million in property tax revenue was lost due to reduced taxable assessed property values in rent-controlled properties²³.
- In New Jersey, over \$3.2 billion in local government revenue was lost²⁴.
- In Montgomery County, Maryland, the city and county's budget shortfall, which was \$46.1 million in 2020, is estimated to be \$101.3 million per year by 2025 in property tax loss alone. That doesn't include an additional direct loss of \$327.8 million in the same 10-year period due to unrealized sales tax and income tax²⁵. During the period Montgomery County had rent control policies in place, no new apartment units were constructed or planned for development, despite very low vacancy rates²⁶.
- In Washington, D.C., the D.C. Policy Center found that an estimated \$26 million to \$115 million would be lost per year in the District of Columbia alone, depending on growth scenarios²⁷.

¹⁷

https://www.nmhc.org/globalassets/research--insight/research-reports/rent-regulation/rent_regulation_policy_in_the_united_states_2024.pdf

¹⁸ <https://njaa.com/wp-content/uploads/2017/04/NJAA-Rent-Control-Bifold.pdf>

¹⁹ <https://njaa.com/wp-content/uploads/2017/04/NJAA-Rent-Control-Bifold.pdf>

²⁰ <https://naahq.org/examining-unintended-consequences-rent-control-policies-cities-across-america-may-2023>

²¹ Konstantin A. Kholodilin, Rent control effects through the lens of empirical research: An almost complete review of the literature, *Journal of Housing Economics*, Volume 63, 2024, 101983, ISSN 1051-1377, <https://doi.org/10.1016/j.jhe.2024.101983>.

²² <https://sites.duke.edu/thefinregblog/2022/10/03/the-impact-of-a-new-rent-control-law-on-tenants-and-owners/>

²³

https://www.nmhc.org/globalassets/research--insight/research-reports/rent-regulation/rent_regulation_policy_in_the_united_states_2024.pdf

<https://www.njaa.com/wp-content/uploads/2017/04/NJAA-Rent-Control-Bifold.pdf>

²⁵ https://mgaleg.maryland.gov/cmte_testimony/2022/ent/8656_02152022_103043-363.pdf

²⁶ https://mgaleg.maryland.gov/cmte_testimony/2022/ent/8656_02152022_103043-363.pdf

²⁷ <https://www.dcpolicycenter.org/publications/part-4-reclaim-rent-control-proposal/>

Removing rent control policies bolsters economies, housing

Autor, Palmer, and Pathak (2014) (APP), studies the impact of decontrolled properties' market values. They found that "newly decontrolled properties' market values increased by 45%²⁸". Some examples:

- When rent control was lifted in Cambridge, Massachusetts, newly decontrolled market values property values rose by 45%, which, in turn, increased the tax revenue for the jurisdiction and is used to make community-wide investments. Similarly, removing rent control boosted neighboring property values by 13%. Thus, the capitalized value of the Cambridge residential housing stock corresponded to a total increase of \$1.8 B by rolling back rent control policies.
- When studying whether or not to implement rent control in Washington, economists found a 7% rent cap would result in an estimated loss of 7,000 units, \$11 M per year in state and local tax revenue, a loss of \$16 M in maintenance spending per year, and a total income loss of \$57 M per year. The total reduction in property values from fewer units being constructed and the reduced value of existing rental properties was estimated to be \$1.1 B²⁹.
- This is also true internationally. In Argentina, after the government imposed rent control, 45 percent of landlords opted to sell their properties. Others listed them on short-term rental sites. In Buenos Aires, the number of Airbnb properties nearly tripled from 2019 to 2023. Unsurprisingly, rents soared.

Last November, Javier Milei won election as president of Argentina and scrapped rent control. As a result, rental supply in Buenos Aires has nearly doubled. In March, The Telegraph reported that rents had fallen by 20 percent³⁰.

²⁸ [Housing Market Spillovers: Evidence from the End of Rent Control in Cambridge Massachusetts | NBER](#)

²⁹

<https://www.forbes.com/sites/ikebrannon/2024/02/14/rent-control-doesnt-solve-housing-shortages/#:~:text=The%20total%20reduction%20in%20property,tax%20revenue%20from%20that%20diminution.>

³⁰

https://www.reviewjournal.com/opinion/editorials/editorial-rents-plummet-after-argentina-drops-rent-control-3147221/?utm_campaign=widet&utm_medium=topnews&utm_source=opinion&utm_term=EDITORIAL%3A%20Rents%20plummet%20after%20Argentina%20drops%20rent%20control