Opinion: Rent control not an answer for affordable housing

By Joe Mathews

Rent control won't solve California's enormous housing problems. But that's not stopping Californians from pursuing rent control policies in their hometowns.

2016 threatens to become the Year of Rent Control, with the topic white-hot in the Bay Area, home to California's most expensive housing. Rent control refers to laws that put limits on how much landlords may raise rents.

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Last summer, Richmond became the first city in California in 30 years to pass a new control law (though the law was later suspended, and the issue likely will be decided on the ballot). And in recent months, rent control has become a top issue in the state's biggest cities.

In San Jose, multiple proposals to tighten rent controls, perhaps by tying them to inflation, are being debated in the city council, and some could go to the ballot. A ballot initiative to cap rent increases was just filed in Oakland. L.A. is considering a new registry of all apartment rents. And in San Diego, a tenants' movement wants to establish new controls.

Such attention to rent control is understandable but unhelpful. Rent control is a policy that, as libraries full of research and California's own experience demonstrates, doesn't do much to accomplish its avowed purpose: to make more affordable housing available.

As the state's nonpartisan Legislative Analyst's Office made clear in a 2015 report, the heart of California's housing problem is that we Californians have long failed to build anywhere close to enough new housing to accommodate the number of people who live here. The office said we'd need an additional 100,000 units a year to mitigate the problem. The reasons for the lack of building are many and related: community resistance, environmental policies, a lack of fiscal incentives for local governments to approve housing, and the high costs of land and construction.

Given all those barriers, today's debate over rent control seems beside the point.

If rent control really lowers prices and produces stability for tenants, as its supporters claim, why are cities with rent control—among them Beverly Hills, Los Angeles, Palm Springs, San Francisco, Santa Monica, San Jose, Thousand Oaks, and West Hollywood—so expensive? On the other side of the question, opponents of rent control sound ridiculous when they warn that it discourages new construction, especially since state law exempts new construction from rent control laws. The vast majority of California cities have no rent control—and they have housing shortages, too.

The real import of the rent control debate is as a reminder of California's civic disease: our long history of embracing complicated formulas as ways to dodge the hard work of democratically solving tough problems. Rent control laws often include complicated formulas for allowing rents to be raised by different percentages or in different ways depending on different conditions (like whether a landlord made capital

improvements).

It’s instructive that rent control’s California history is deeply intertwined with the ultimate dodgy California formula, Proposition 13. That constitutional amendment, approved by voters in 1978, provided the foundation upon which two generations of California fiscal formulas have been built.

One false promise of Proposition 13 was that saving property owners money on their taxes would lead to lower home prices and rents. So when home prices and rents soared after the amendment passed, liberal cities began to install rent control ordinances that, like Proposition 13, didn’t lower rents or housing prices either.

And, just as Proposition 13 keeps taxes lower the longer you stay in your home, rent control grants special privileges to the older and more stable among us, regardless of their actual financial need. That is the maddening tragedy of 21st-century California: A place that once cherished and defined the new is now organized around the imperative of favoring the old and the established. It is infuriating, and odd, that people who think of themselves as progressives defend, and even seek to extend, such fundamentally conservative policies.

The people who need protection in California are poor people who cycle through housing. The best approach here is not more housing incentives—decades of housing incentives both to developers and renters have produced very little housing here—but developing robust support structures (via transportation, health, child care, jobs, and cash) that follow poor people wherever they can find opportunity. And, of course, more housing.

In a state devoted to anti-tax formulas that don’t keep taxes low and education funding guarantees that don’t guarantee enough money for education, it’s no surprise that rent control laws don’t make housing affordable. But let’s not pretend that

rent control is anything other than just another way of pretending to address our housing problems.

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