

Rent Control

By Walter Block



New York State legislators defend the War Emergency Tenant Protection Act—also known as rent control—as a way of protecting tenants from war-related HOUSING shortages. The war referred to in the law is not the 2003 war in Iraq, however, or the Vietnam War; it is World War II. That is when rent control started in New York City. Of course, war has very little to do with apartment shortages. On the contrary, the shortage is created by rent control, the supposed solution. Gotham is far from the only city to have embraced rent control. Many others across the United States have succumbed to the blandishments of this legislative “fix.”

Rent control, like all other government-mandated PRICE CONTROLS, is a law placing a maximum price, or a “rent ceiling,” on what landlords may charge tenants. If it is to have any effect, the rent level must be set at a rate below that which would otherwise have prevailed. (An enactment prohibiting apartment rents from exceeding, say, \$100,000 per month would have no effect since no one would pay that amount in any case.) But if rents are established at less than their equilibrium levels, the quantity demanded will necessarily exceed the amount supplied, and rent control will lead to a shortage of dwelling spaces. In a competitive market and absent controls on prices, if the amount of a commodity or service demanded is larger than the amount supplied, prices rise to eliminate the shortage (by both bringing forth new SUPPLY and by reducing the amount demanded). But controls prevent rents from attaining market-clearing levels and shortages result.

With shortages in the controlled sector, this excess DEMAND spills over onto the noncontrolled sector (typically, new upper-bracket rental units or condominiums). But this noncontrolled segment of the market is likely to be smaller than it would be without controls because property owners fear that controls may one day be placed on them. The high demand in the noncontrolled segment along with the small quantity supplied, both caused by rent control, boost prices in that segment. Paradoxically, then, even though rents may be lower in the controlled sector, they rise greatly for uncontrolled units and may be higher for rental housing as a whole.

As in the case of other price ceilings, rent control causes shortages, diminution in the quality of the product, and queues. But rent control differs from other such schemes. With price controls on gasoline, the waiting lines worked on a first-come-first-served basis. With

This line of reasoning holds not just for you, but for everyone else as well. As a result, the quantity of apartments for rent will be far smaller than otherwise. And not so amazingly, the preceding analysis holds true not only for the case where rent controls are in place, but even where they are only threatened. The mere anticipation of controls is enough to have a chilling effect on such investment. Instead, everything else under the sun in the real estate market has been built: condominiums, office towers, hotels, warehouses, commercial space. Why? Because such investments have never been subject to rent controls, and no one fears that they ever will be. It is no accident that these facilities boast healthy vacancy rates and relatively slowly increasing rental rates, while residential space suffers from a virtual zero vacancy rate in the controlled sector and skyrocketing prices in the uncontrolled sector.

Although many rent-control ordinances specifically exempt new rental units from coverage, investors are too cautious (perhaps too smart) to put their faith in rental housing. In numerous cases housing units supposedly exempt forever from controls were nevertheless brought under the provisions of this law due to some "emergency" or other. New York City's government, for example, has three times broken its promise to exempt new or vacant units from control. So prevalent is this practice of rent-control authorities that a new term has been invented to describe it: "recapture."

Rent control has destroyed entire sections of sound housing in New York's South Bronx and has led to decay and abandonment throughout the entire five boroughs of the city. Although hard statistics on abandonments are not available, William Tucker estimates that about 30,000 New York apartments were abandoned annually from 1972 to 1982, a loss of almost a third of a million units in this eleven-year period. Thanks to rent control, and to potential investors' all-too-rational fear that rent control will become even more stringent, no sensible investor will build rental housing unsubsidized by government.

Effects on Tenants

Existing rental units fare poorly under rent control. Even with the best will in the world, the landlord sometimes cannot afford to pay his escalating fuel, labor, and materials bills, to say nothing of refinancing his mortgage, out of the rent increase he can legally charge. And under rent controls he lacks the best will; the incentive he had under free-market conditions to supply tenant services is severely reduced.

The sitting tenant is "protected" by rent control but, in many cases, receives no real rental bargain because of improper maintenance, poor repairs and painting, and grudging provision of services. The enjoyment he can derive out of his dwelling space ultimately tends to be reduced to a level commensurate with his controlled rent. This may take decades, though, and meanwhile he benefits from rent control.

The negative consequences of rent legislation have become so massive and perverse that even many of its former supporters have spoken out against it. Instead of urging a quick termination of controls, however, some pundits would only allow landlords to buy tenants out of their controlled dwellings. That they propose such a solution is understandable. Because tenants outnumber landlords and are usually convinced that rent control is in their best interests, they are likely to invest considerable political energy (see RENT SEEKING) in maintaining rent control. Having landlords “buy off” these opponents of reform, therefore, could be a politically effective way to end rent control.

But making property owners pay to escape a law that has victimized many of them for years is not an effective way to make them confident that rent controls will be absent in the future. The surest way to encourage private investment is to signal investors that housing will be safe from rent control. And the most effective way to do that is to eliminate the possibility of rent control with an amendment to the state constitution that forbids it. Paradoxically, one of the best ways to help tenants is to protect the ECONOMIC FREEDOM of landlords.

Rent Control: It's Worse Than Bombing

NEW DELHI—A “romantic conception of SOCIALISM” ... destroyed Vietnam’s economy in the years after the Vietnam war, Foreign Minister Nguyen Co Thach said Friday.

Addressing a crowded news conference in the Indian capital, Mr. Thach admitted that controls ... had artificially encouraged demand and discouraged supply.... House rents had ... been kept low ... so all the houses in Hanoi had fallen into disrepair, said Mr. Thach.

“The Americans couldn’t destroy Hanoi, but we have destroyed our city by very low rents. We realized it was stupid and that we must change policy,” he said.

—From a news report in *Journal of Commerce*, quoted in Dan Seligman, “Keeping Up,” *Fortune*, February 27, 1989.

About the Author

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Further Reading

and Realities, Walter Block and Edgar Olsen, eds. (Vancouver: The Fraser Institute, 1981), p. 224.

⁴ Assar Lindbeck, *The Political Economy of the New Left* (New York: Harper and Row, 1972); cited in Sven Rydenfelt, "The Rise, Fall and Revival of Swedish Rent Control," in *Rent Control: Myths and Realities*, Walter Block and Edgar Olsen, eds. (Vancouver: The Fraser Institute, 1981), pp. 213, 230.

⁵ States New York "public advocate" Mark Green: "the number of rent-controlled apartments fell 18.2% between 1991 and 1993 and the new data we have analyzed shows an even greater decline—30%—from 1993 to 1996. Indeed, the total number of rent-controlled apartments has fallen by 75% from its peak of 285,000 in 1981" (<http://www.tenant.net/Alerts/Guide/papers/mgreen.html>). This is due to the fact that when rents reach a certain level (\$2,000 per month under certain conditions), apartments leave the controlled sector altogether. Inflation plus a "hot" New York City housing market have pushed many units above this level. See on this <http://www.housingnyc.com/html/resources/faq/decontrol.html>. Ken Rosenblum, Mike Golden, and Deborah Poole provided the above cites.

The Register-Guard

Opinion

Check the data: Herbicides no threat to water quality

By Jay Bozievich

Posted Jun 12, 2018 at 12:01 AM

I was troubled to read a June 5 opinion piece, "Forest herbicides threaten McKenzie River water quality," that took a statement of mine out of context, and then went on to spread unfounded fear about the quality of our drinking water. Contrary to the picture painted in that article, data collected by the Eugene Water & Electric Board continues to confirm the safety of our drinking water supply.

Even the use of the term "forest herbicides" is a falsehood used to invoke fear. Most herbicides used in forestry are available to homeowners at Jerry's, and those few that are not are used by agriculture also. There is no group of herbicides called "forest herbicides."

According to testing data available on the EWEB website (www.eweb.org), from 2014-17 the utility found no detections of tested-for herbicides in treated drinking water. The testing monitored for several herbicides commonly used in forestry, including; atrazine, 2,4-D and glyphosat e— yet had no detections of any of those compounds.

The 2012 EWEB study chronicling eight years of data from the pre-treated source water also tells a positive story. The study concluded that, "[N]o significant detections based on the common LRL (laboratory reporting level) of any pesticide compounds were observed at the drinking-water intake or any mainstem river site, indicating that concentrations in the McKenzie River itself were consistently low."

In fact, after testing for 175 different compounds for eight years, detections of herbicides used in forestry were rare and order of magnitude below any human health benchmarks.

drinking water for our entire community. But when it comes to forestry herbicide use, I agree with the eight-year EWEB study that concluded, "[F]orestry pesticide use is not considered a likely threat to drinking water quality at the present time."

Jay Bozievich represents the west Lane district on the Lane County Board of Commissioners.



ODF Fire History 1911-2017

Data from 1911-1998: Wolf, Gibson, Zybach Archives
Data from 1999-2017: ODF FiresDB
Large Fires labeled for reference: NIFC, Zybach @ NW Maps Co. 2014
PDO and Drought Data from ODF Meteorology/Smoke Mgmt

Protected Acres Burned

350,000

300,000

250,000

200,000

150,000

100,000

50,000

0

Number of Fires

2,000

1,800

1,600

1,400

1,200

1,000

800

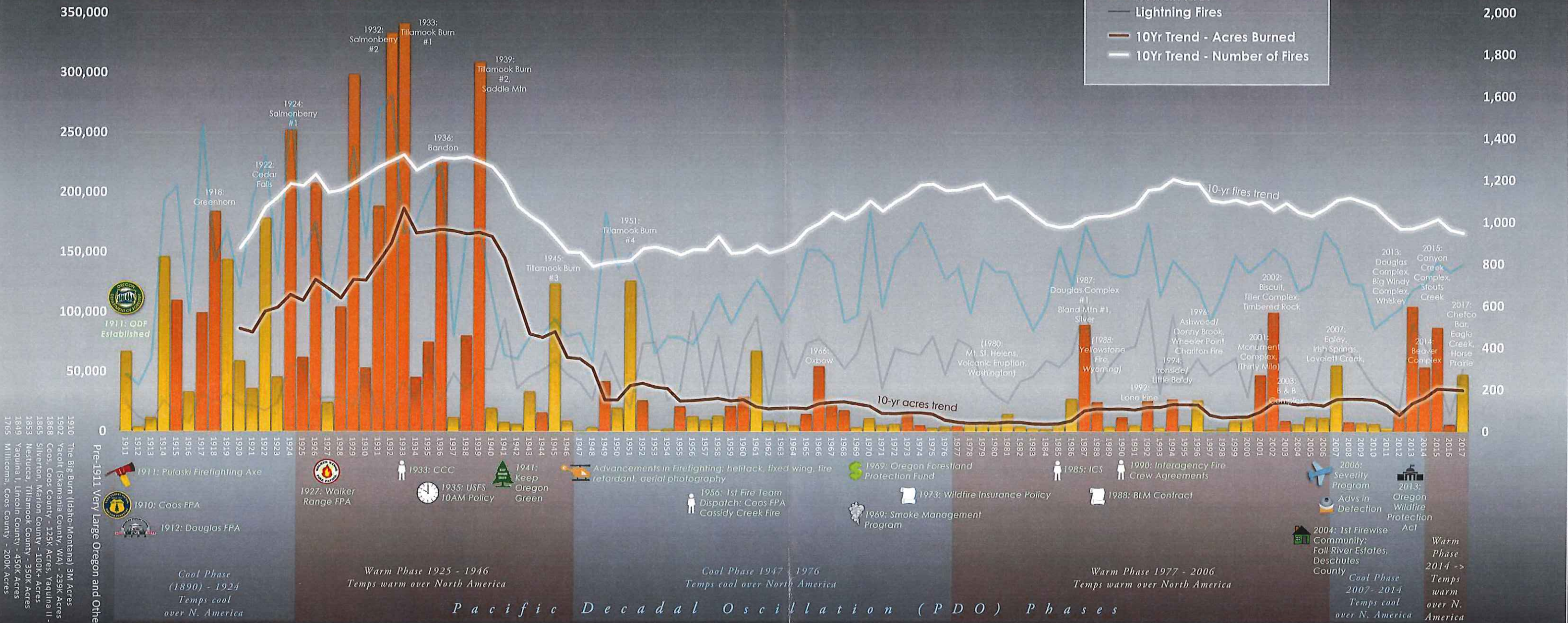
600

400

200

0

- Acres Burned
- Acres Burned - Drought Year
- Human Fires
- Lightning Fires
- 10Yr Trend - Acres Burned
- 10Yr Trend - Number of Fires



Pre-1911 Very Large Oregon and Other Fires

- 1910 The Big Burn (Idaho-Montana) 3M Acres
- 1907 Yacolt (Skamania County, WA) - 239K Acres
- 1868 Coos, Coos County - 125K Acres; Yaquina II - 300K Acres
- 1865 Silverton, Marion County - 100K+ Acres
- 1853 Nestucca, Tillamook County - 350K Acres
- 1849 Yaquina I, Lincoln County - 450K Acres
- 1765 Milllicoma, Coos County - 200K Acres

1911: ODF Established

1911: Putaski Firefighting Axe

1910: Coos FPA

1912: Douglas FPA

1927: Walker Range FPA

1933: CCC

1935: USFS 10AM Policy

1941: Keep Oregon Green

Advancements in firefighting: hellrack, fixed wing, fire retardant, aerial photography

1956: 1st Fire Team Dispatch: Coos FPA Cassidy Creek Fire

1969: Oregon Forestland Protection Fund

1973: Wildfire Insurance Policy

1969: Smoke Management Program

1985: ICS

1990: Interagency Fire Crew Agreements

2006: Severity Program

2013: Oregon Wildfire Protection Act

2004: 1st Firewise Community: Fall River Estates, Deschutes County

2006: Egleys, Irish Springs, Lovellett Creek

2007: Beaver Complex

2013: Douglas Complex, Big Windy Complex, Whiskey

2015: Canyon Creek Complex, Stouts Creek

2017: Chefoo Bar, Eagle Creek, Horse Prairie

2002: Biscuit, Tiller Complex, Timbered Rock

2001: Monument Complex, (Thirty Mile)

2003: B & B Complex

1992: Lone Pine

1994: Ironside/Little Baldy

1996: Ashwood/Dorothy Brook, Wheeler Point, Charlton Fire

1987: Douglas Complex #1, Bland Mtn #1, Silver

1988: Yellowstone Fire (Wyoming)

(1980) Mt. St. Helens, Volcanic Eruption, Washington

1966: Oxbow

1945: Tillamook Burn #3

1951: Tillamook Burn #4

1939: Tillamook Burn #2, Saddle Mtn

1936: Bandon

1933: Tillamook Burn #1

1932: Salmonberry #2

1924: Salmonberry #1

1918: Greenhorn

1922: Cedar Falls

Drought determination is based on Palmer Hydrological Drought index of 2.0 (moderate drought) or greater in 3 or more of 9 Oregon sub-regions in any given year. Fire data shown are **ODF-Protected Acres Burned** from Statistical fires where ODF was the primary protection agency. **Historical large Oregon fire names are shown for context above the year of occurrence.**

PDO: During a warm or "positive", phase, the west Pacific Ocean becomes cooler and part of the eastern ocean warms; temperatures warm over North America. During a cool or "negative" phase, the west Pacific Ocean becomes warmer and part of the eastern ocean cools; temperatures cool over North America.