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Rent Control Makes a Comeback as Housing Crisis Grows



Rent control seemed to be on the ropes a few years ago. Some state laws were repealed, and economists on both the left and right agree that it is a counterproductive solution to the affordable housing problem. However, years of above-trend rent growth have led to a renewed push for states to set limits. Three states passed new laws in 2019 limiting rent increases, others are considering their own measures and housing is set to be on the agenda in the 2020 presidential election.

Unfortunately, what passes for action to alleviate the crisis is often short-sighted. Solutions that are more likely to have an impact—such as increased density, a streamlined entitlement process and additional subsidies—are difficult to implement in the current political climate.

The average rent for an apartment in the U.S. has risen by nearly one-third since January 2012, well above both the inflation rate and income growth. Rent gains are driven by the combination of strong demand from Millennials and downsizing Baby Boomers, while housing supply growth was sharply reduced for years in the wake of the Great Recession.