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Rent Control Will Make the Housing Crisis Worse

The frequently proposed “solution” deepens the crisis by choking supply, deterring maintenance, and driving up prices for everyone else.

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America is in the midst of a housing crisis. [Homelessness](#) hit a record high last year, rising 18 percent in 2024. Meanwhile, [rent spiked by 50 percent](#) in the past decade, rendering the typical American consumer [‘rent burdened’](#) for the first time in decades. Americans are also struggling to purchase homes, as all across the country [the median-priced home is](#) out of reach for the average income earner. The lack of affordable housing disproportionately harms marginalized groups — especially Black Americans who are [twice as likely](#) to rent, and more likely to [suffer homelessness](#) or [eviction](#).

As a response, a growing number of cities and states are turning to rent control. In 2019, [Oregon](#) became the first in the nation to pass statewide rent control, and earlier this year, [Washington State passed a bill capping rent increases at ten percent annually](#). The likely next mayor of New York City, Zohran Mamdani, [has promised to freeze rent](#), expanding upon The Big Apple’s already [stringent rent stabilization laws](#). Rent control even made it to the national stage in 2024 through the platform of [Democratic Presidential candidate Kamala Harris](#). Although rent control is gaining political traction, it is a deeply flawed policy. Rent control reduces new development, [erodes housing quality, and raises rent in the long run](#), all while contributing to gentrification and inequality. Rent control would only worsen the housing crisis.

Rent control artificially sets the price of rent below market value, discouraging developers from investing in new buildings; incentivizing landlords to take their units off the rental market. After [St. Paul, Minnesota](#) capped rent increases to three percent annually, new building permits [decreased by 80 percent](#) within three months of the policy being passed. And [in San Francisco](#), rent control sparked a wave of rental units being converted to condos, causing renters in rent-controlled units to drop 25 percent. Choking supply leads to large rent increases in the long run as units become more scarce, especially in low-income areas where condominiums are unaffordable and development is sparse.

Rent control is successful at keeping tenants in their homes, but this comes at a cost: tenants are less likely to move out of [units that don’t fit their needs](#). In order to continue paying lower rent, tenants will

also remain in [deteriorating housing](#), caused by rent control disincentivizing landlords from adequately [maintaining units](#).

New renters are especially harmed by rent control, as when tenants stay put as it becomes almost impossible for new renters to find housing. Low housing mobility [causes prices in the uncontrolled sector](#) to balloon, as [renters compete for the shrinking share of market-rate housing through bidding up the price](#). But even in the controlled sector, price ceilings are not always successful in keeping rent stable. For instance, [a study of New York City's](#) housing stock found that the controlled sector actually *paid more* per month in rent than the uncontrolled sector. Rent control simply changed the timing of payment as opposed to causing a permanent decline in cost, as tenants merely exchanged higher rent in the long run for lower rent in the short run.

Proponents of rent control argue that it fights inequality, but in reality, rent control facilitates discrimination and leads to gentrification. If potential tenants are prevented from competing for housing on the basis of price, [the biases of landlords play a far greater role in the distribution of housing](#). It is far easier to deny housing to minority groups when they are kept from outbidding the majority. Rent control also shifts the housing stock towards ownership, as properties are shifted off the rental market and become unaffordable for economically disadvantaged people. This widens the geographic and economic barriers between the haves and have-nots.

Rent control's failure has been [well-known among economists for decades](#), but the policy survives because it benefits interest groups and politicians. Current tenants receive artificially cheaper housing, and politicians garner political points through posing as protectors of the common man from greedy landlords. Rent control's revival is representative of the increasingly populist political environment of America. The American public is losing faith in the market to provide solutions and is more willing to exchange individual liberty for quick fixes from central planners. Lowering housing costs will not come from shortcuts like rent control; it will come from allowing developers to build. Unleashing supply will lower rent, decrease homelessness, and reduce the cost-of-living burden working Americans carry every day.

Rent control has failed working Americans for decades. The new provisions from Mamdani and Washington State will be no different. Rent control in Washington State is [projected to cause 7,000 fewer units to be built in the next decade, combined with a \\$1.1 billion reduction in rental property values](#). Mamdani can blame capitalism for New York City's housing woes, and doing so has won him votes. However, his own policies are truly at fault. [Nearly half of the rental housing in New York City qualifies for rent control](#), and rent has been completely frozen in qualified units [four times in the past decade](#). Piling on even more rent control will [only reduce the financial viability of the rental housing stock](#), decreasing supply, and raising rent.

Rent control is an issue that capitalism cannot afford to lose; Americans cannot afford the costs of fewer homes, run-down housing, and higher rent. Rent control is a safety net for politicians, not working Americans.