Rent Control and Protections: Finding a path forward

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Rent control debate is polarized

Many vulnerable populations continue to experience steep rent increases....

...but “strict” forms of rent control could lead to unintended consequences

- “Significant reductions in construction of new housing”.....“Reductions in revenue from taxes on property values, rental income, & capital gains are very likely and potentially significant”
  - Legislative Analyst’s Office, December 2017

Is there a better path forward?
Finding a path forward

How can we craft thoughtful policy solutions that:

1. *Extend greater and meaningful price control protections to tenants*

2. *Without reducing supply/raising costs of existing housing or suppressing construction of new housing*
Finding a path forward

Terner Center brief proposed compromise policies to expand protections and encourage more affordable housing

• *Adopt a statewide “Anti Gouging” cap*

• *Encourage affordable housing through incentives*

• *Expand rent control eligibility*
“Anti Gouging” Cap

Enact a cap on rent increases; an increase above a set amount would be subject to legal actions

- Limits the size of a rent increase over the previous year
- Apply to all rental units, regardless of type or year built
- Modeled after current disaster-related “anti-gouging” laws
## Annual Changes in the Consumer Price Index in California

<table>
<thead>
<tr>
<th>Year</th>
<th>% Change in CPI from Prior Year</th>
<th>CPI + 5%</th>
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<tbody>
<tr>
<td></td>
<td>State of California</td>
<td>San Francisco Region</td>
</tr>
<tr>
<td>2017</td>
<td>2.9%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2016</td>
<td>2.3%</td>
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<tr>
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<td>3.3%</td>
</tr>
<tr>
<td>2006</td>
<td>3.9%</td>
<td>3.2%</td>
</tr>
</tbody>
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*Source: Terner Center analysis of Bureau of Labor Statistics Data on All Urban Consumers*
Increasing affordable supply through tax incentives

Adopt a tax incentive policy to encourage creation of Below Market Rate units (e.g., similar to Washington state)

- In exchange for providing a certain percentage of units at BMR, developers could apply for an ad valorem tax abatement for a specified number of years

- Policy in Seattle has led to over 7,600 BMR units since 2008
Increased protections gaining traction

Oregon Looks Increasingly Ready to Pass Statewide Limits on Rent Increases
Top lawmakers and Gov. Kate Brown are haggling over how fast rent should increase.

By Rachel Menahan I Published January 2 - Updated January 2

No U.S. state currently places statewide limits on how much landlords can increase rent.
Thank you!