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Rent control policies were introduced to protect tenants from exploitation by property owners. The rent controls prohibited the rapid increases in rent at a time where there were artificial scarcities of housing units. Over the years, housing affordability has been a major problem facing renter households. As a result, rent control policies were also introduced to ensure that housing was more affordable to people (Turner, 4). The state of New York, for example, has rent controls that are in operation in close to 55 municipalities and cover approximately 1.2 million housing units. The rent controls in New York have been in operation since 1943 and were mainly used for the purposes of rent stabilization (Short, 162). Rent control policies are now common in many places around the world and they dictate the maximum rents that can be charged for living units. Though these laws were introduced to protect tenants and reduce the effects of inflations, they have had negative effects, both on the tenants and the property owners.

Desired Benefits of Rent Control

The desired benefits of rent control include protection of tenants from exploitation by the property owners. The rent controls limit the levels of rent that a landlord can charge as compared to what would have been achieved in the event of a free market (Short, 162). For example, due to the incidence of unequal bargaining power between the property owners and the tenants, property owners often have many alternatives while job placement and convenience may limit the choices available to the tenant. As a result, the property owner has the ability to charge rent depending on his view as opposed to what the prevailing market circumstances are. Rent controls place a price ceiling on the rent that a landlord can charge. In placing a

ceiling for the maximum rent chargeable for a unit, the law seeks to protect the tenants from exploitation. For the maximum rates to be applicable and practical, they have to be below the market rates. For example, it would be unpractical and useless to have a maximum value placed at a value where the tenants would not afford. Rent control is a way of regulating the housing market and placing a price ceiling to protect tenants from the exploitation by the landlords (Barr, 51).

The rent control policies also desire to eliminate the incidence termination of tenancy. Rent policies ensure the security of tenure for the sitting tenants for a fixed or an indefinite period of time (Jones, White & Dunse, 269). For example, there have been instances whereby the property owners have terminated the existing tenancy without informing the tenants of the reasons behind the termination. On other instances, the property owners have changed the terms of tenancy as they desire without any concrete reasons. As a result, the rent control policies require the landlords to provide alternative accommodation at similar or lower prices before they terminate the tenancy. A desired benefit of the rent control policies is protection of the tenants from abrupt and unreasonable termination of tenancy.

In addition, the rent regulation laws are intended to protect the tenants and the property owners from misuse of property. The tenant is obligated to pay for any intentional or avoidable damage to the housing unit during the duration of tenancy. In addition, the laws protect the tenants from abandonment of the property by the property owners during their stay. For example, due to the low prices in the units controlled by rent control laws, property owners may neglect to repair the property or pay for routine maintenance such as painting or necessary repair. The law protects the

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tenants from such incidences.

In addition, rent control laws are intended to protect the tenants from abnormal changes in prices. Rent controls ensure subsequent “cost based” increases in rent only rather than the abnormal rates (Jones, White & Dunse, 269). For example, the rate of inflation has been increasing over the years. Therefore, under the terms of tenancy, when a person rents a unit and agrees on the rate in rent increment, the rates cannot be changed by the property owner, even when the market forces dictate bigger changes. As a result of the global recession in 2008, there were significant increases in rent. The state of New York, which has elaborate rent controls, protected the tenants from having to pay increased rental charges. The result is that tenants who have lived in the same houses for a long time pay significantly less rent compared to the market prices of similar units.

Real effects of rent control on tenants and the society

There are many effects of rent control on tenants and the society. Some of the effects demonstrate that the regulations have worked the way they were intended to work. For example, a person who has lived in the same place for a long time pay rent at a rate significantly lower than the local market prices. In New York, for example, the tenants who have lived in a unit for a longer period of time enjoy good terms of tenancy compared to the tenants who just move in to the city. New tenants are always subjected to the inflationary price adjustment and other cost based changes that may be prevailing at that time. The case demonstrates that in reality, the rent control laws have benefited tenants who have lived in the same place for a long time at the expense of the property owners. Therefore, rent control has benefited the

tenants provided they have lived in one place for a long time.

Rent control policies have played a role in ensuring housing affordability in many parts of the world. As a result of the prevailing economic circumstances such as inflation and global recession, housing units have become too expensive to an extent that a huge population cannot be able to afford them. The issue of housing affordability has been a major problem in many parts of the USA. As a result of the rent control policies, the prices of these housing units have been regulated to ensure that a majority of the population can be able to afford them. Rent controls continue to hold the promise of ensuring housing affordability to many people in most parts of the world (Short, 162). The rent controls have managed to protect the low income earners from having to pay high rent.

In addition, rent control increases the demand for property by lowering the prices. The effects of the increased demand are a higher level of demand and consequently, shortage of living units. Economic theory indicates that, in the long run, any substantial price effect (rent control) would yield a supply effect (fewer housing units or low quality housing units) (Turner, 8). As a result of the effect of rent control policies on rent, there has been a significant effect on the value of properties and property appreciation. Property owners are scared of investing in renting units because rent controls are likely to limit their income and therefore, limited new units are constructed. Many states in the USA have experienced the issue of housing deficiencies as a result of the rent controls. New York, for example, has seen a huge demand for housing units and yet the supply is not efficient. This scenario can be attributed to the effect of rent controls.

In addition, the increased demand and shortage of living units results in

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people living in substandard units. The rent controls have discouraged landlord from making repairs and upgrading their housing units, which has resulted to substandard housing units. The landlords have continually argued that increases in rent would have catered for an upgrade of the housing units or their maintenance. Despite their substandard nature, the units continue to charge fairly high rents mainly because of the increasing demand. As a result of the rent control laws, there has been a laxity in the maintenance of housing units by the property owners, which is a negative effect.

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