

## IMPLICATIONS FOR RENT CONTROL:

This comprehensive analysis highlights systemic challenges in the rental housing market. Rent control policies exacerbate these issues by discouraging investment in new development and undermining the financial sustainability of existing rental stock. The result is a cycle of declining quality, reduced availability, and worsening affordability for renters.



LINK TO STUDY

## Broader Housing Market Trends and the Role of Rent Control

# KEY FINDINGS:

### 1. Rising Rental Costs and Affordability Challenges:

- National rents increased **26% since early 2020**, outpacing income growth and leaving half of all renters cost-burdened.
- Severe cost burdens (spending more than 50% of income on rent) reached a record **12.1 million households** in 2022, up 14% since 2019.

### 2. Erosion of Low-Cost Rental Stock:

- Between 2012 and 2022, 2.1 million units priced below \$600/month were lost, leaving just 7.2 million affordable units nationwide.
- Rising operating costs, demolitions, and conversions contributed to the loss of **6.1 million units priced below \$1,000/month**.

### 3. Financial Strain on Housing Providers:

- Operating costs for multifamily properties rose by **7.1% year-over-year**, led by surging insurance premiums (+27.7%) and maintenance costs (+8.8%).
- High expenses paired with slower rent growth led to declining net operating income and diminished resources for property upkeep.

### 4. Declining Multifamily Construction:

- Multifamily housing starts dropped **46% in 2023**, reflecting high borrowing costs and reduced developer confidence due to economic uncertainty.
- With fewer new units in development, long-term housing supply constraints will worsen.



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