

Rent stabilization: It's time

200 U.S. cities have successful programs that could serve as models for Portland

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In the face of the housing crisis confronting Portland and much of the state, the Legislature should lift the 35-year ban on Oregon localities hoping to enact rent stabilization policies to put the brakes on astronomical rent increases.

Rent stabilization laws in over 200 U.S.

cities have slowed the displacement of families with children, seniors, people of color and lower-income households,

preserving the "right to the city" for a diverse community.

Portland and other cities are pursuing other useful strategies to increase the supply of affordable housing, but these can't work quickly enough, or create enough units, to slow rent increases nearly as effectively as rent stabilization policies, at least well into the next decade.

And no housing initiative, including rent control, can take the place of the big, federal investments in public housing for low- and moderate-income families that were slashed by the Reagan administration in the 1980s. Growth in homelessness has tracked the precipitous national decline in public housing funding.

Portland's soaring prices

Nearly half – 45 percent – of Portland households are renters, facing impossible rent increases. Over the last six years, Portland rents for one-bedroom apartments rose 82 percent – nearly doubling – and 63 percent for two bedrooms, even after adjusting for inflation. The Portland Housing Bureau reports that average monthly rents for one-, two- and three-bedroom apartments rose between 12 percent and 18 percent just from 2015 to 2016.

Median house prices hit \$412,000 in February, up 11 percent in one year alone. The State Economist's Office estimated that price was affordable for less than one-third of Portland households. They also showed that younger Oregonians are paying more of their income for housing than those born 10 years earlier, who are themselves paying more than those born another 10 years earlier, and so on, as far back as the analysis reached.

At the same time, incomes are rising far more slowly than housing prices. Median household income in Oregon has yet to recover from the financial crisis of 2008. The purchasing power of wages has averaged only 1.2 percent growth a year since 2007 in Oregon.

The result is that more than half of Portland renters are "cost-burdened," paying more than 30 percent of their incomes on rent. More than one-quarter of renters statewide pay more than half of their incomes in rent, which is untenable. Child hunger is on the rise, not because food is expensive by historical standards, but because rent is so high.



People are being pushed out of the city by gentrification, losing access to good schools, libraries, parks, public transportation, sidewalks, bike paths and cultural activities. Segregation is on the rise, by income, race and ethnicity, and household type.

Don't believe the hype

Over 200 cities in the U.S. are successfully relying on newer forms of rent stabilization to slow skyrocketing rental prices. Most of these programs were created in the 1970s but continue to emerge in communities like ours, struggling with housing affordability. Just last November, two-thirds of voters in Richmond, Calif., voted to approve the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, after a major community organizing campaign.

Termed "second generation" rent control programs, rent stabilization policies are not the bogeymen of frozen rent ceilings that opponents conjure, relating exaggerated tales from the worst outcomes of World War II rent controls designed to shift resources from housing to war production.

Richard Arnott, distinguished professor of

economics at University of California-Riverside, reports that "many of the claimed (negative) effects of second-generation controls are imperceptible."

Contemporary rent stabilization policies allow for annual rent increases in line with inflation and landlords' expenses for major improvements or repairs.

Landlords must maintain their properties in order to raise rents, and tenants can report negligent landlords. Tenants' complaints are investigated, and landlords are prevented from implementing annual rent hikes until units are brought up to code.

Between tenants, when units are empty, some cities allow rent increases higher than the regular annual rent hikes only if landlords demonstrate that they are not making a fair rate of return. Other policies allow unlimited rent increases between tenants.

Maintaining controls during vacancies keeps rents lower, and both strategies provide peace of mind for current

tenants, who need not fear sudden big rent increases.

To encourage ongoing construction of new housing, many cities exempt new construction from rent stabilization policies for a period of time, such as five years.

Other housing initiatives

Local bonding for housing construction, inclusionary zoning, community land trusts and other efforts are well worth pursuing, but even combined won't result in enough new affordable housing to slow rising rents. Public banking might provide financing for public housing on a larger scale but will take some time to develop.

Meanwhile, our biggest housing subsidies by far benefit the highest-earning households most, through the federal and state mortgage interest tax deductions. Oregon's state deduction is effectively one of the highest in the country, estimated to cost \$1.1 billion in tax revenues next biennium. Paring back the deductions available to the wealthiest 5 percent of Oregonians could make a real difference for underfunded but successful programs to provide shelter to the houseless, rental assistance to struggling families, and help with down payments for moderate-income households.

But the single best, quickest-acting intervention we could make in Portland's overheated housing market would be to implement a rent stabilization policy, ensuring the "right to the city" for as much of our community as possible.

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