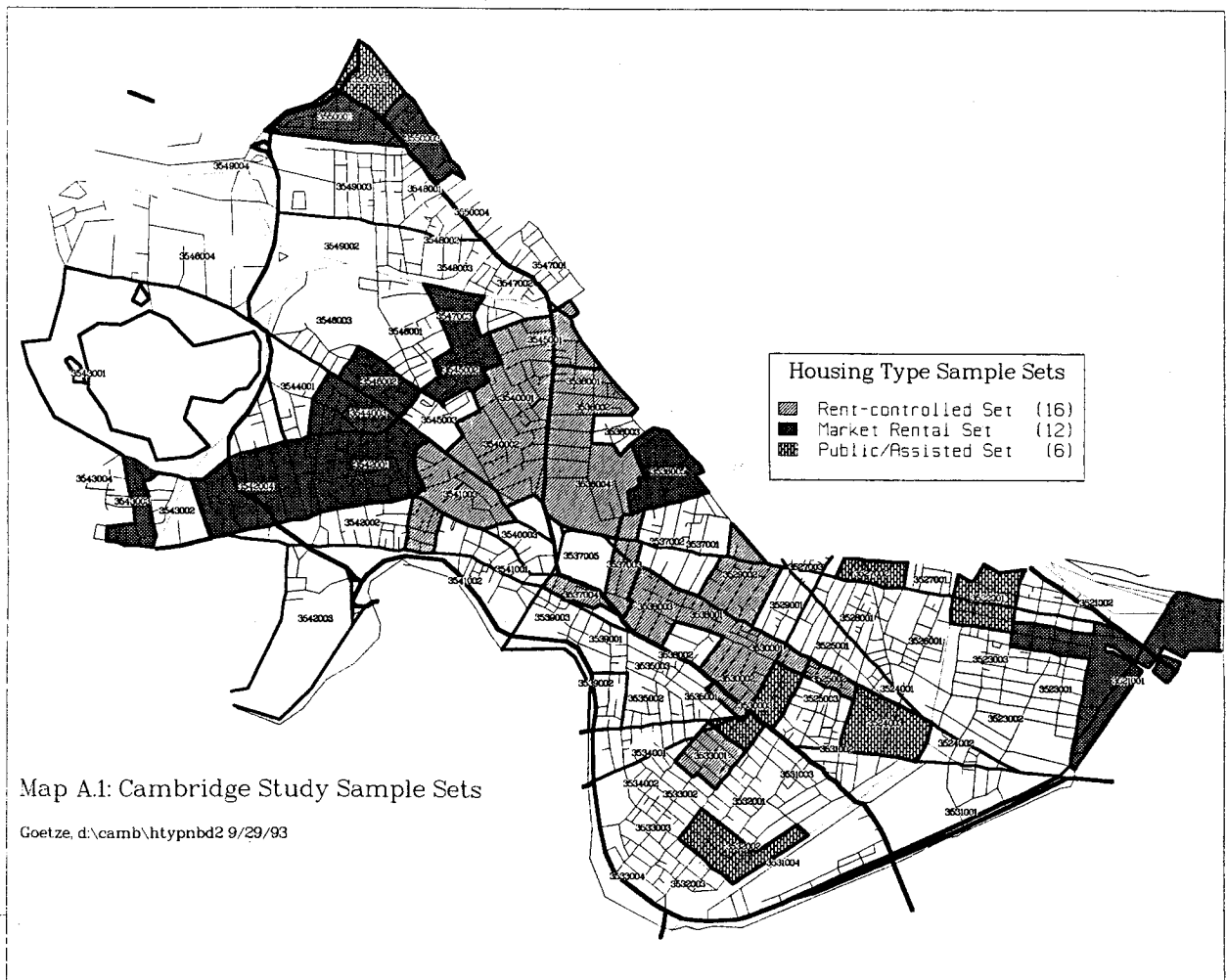


# Rent Control: Affordable Housing For The Privileged, Not The Poor

A Study of the Impact of Rent Control  
In Cambridge, Massachusetts

by  
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GeoData Analytics



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Incorporating New and Previously Published Findings

## About the Author

Rolf Goetze holds a Ph.D. in Housing and Social Policy from the Massachusetts Institute of Technology and an M.Arch. from the Harvard Graduate School of Design. He is a founding partner in GeoData Analytics, a consulting firm using desktop mapping and geographic information system (GIS) applications in both public and private sector housing studies. Since 1972 he has been a specialist in demographics and housing issues with the Boston Redevelopment Authority, where he currently is Senior Policy Analyst.

Since 1980 he has consulted with numerous Massachusetts cities and towns, including Arlington, Cambridge, Brookline, Watertown, Waltham, Chelsea, Groton, Mansfield, Norton and Taunton.

In 1990 he was commissioned by the City of Cambridge to review and update the 1987 Abt Study of rent control, resulting in the report Cambridge Housing Challenges. He is the author of several books and many reports on American neighborhoods and housing issues.

## **EXECUTIVE SUMMARY**

This study focuses on the socio-demographic impact of rent control. Contrary to its stated intent, restrictive rent control in Cambridge and Brookline decreased the supply of available rental housing during the 1980s and spurred gentrification -- the process by which a mixed-income diverse set of residents is supplanted by an influx of more advantaged newcomers. Although rent control is defended as a way to help lower-income, elderly and minority households remain within a community, this study shows it failed to do so. It corroborates the conclusions of the U.S. Department of Housing and Urban Development that rent control constitutes "a barrier to affordable housing" for those of limited financial means.

This study relies primarily on 1980 and 1990 U.S. Census data, comparing Cambridge and Brookline to all large Massachusetts communities, and examining the different housing sectors within Cambridge. This study found two basic trends directly related to rent control:

Trend 1: **Rent control intensified a housing shortage.**

Trend 2: **Advantaged, gentrified households replaced many lower-income, elderly, minority and family households in rent-controlled apartments.**

- The **shortage of rental apartments** in rent-controlled Cambridge and Brookline was revealed by comparative data showing:
  - a significant decline in the total number of rental apartments available;
  - underutilization -- a low number of tenants occupying each controlled apartment; and
  - unusually low vacancy rates.

Below-market rents increased the competition for controlled apartments as they discouraged the normal growth in number of rental units that occurred in virtually all communities without rent control. By a combination of forces, rent control intensified a tight housing market and displaced a significant percentage of tenants.

- The **gentrification of rent-controlled apartments** showed up in data comparing rent-controlled to market-rate households in Cambridge. By 1990, the rent-controlled households consisted of:
  - more professional and managerial occupations
  - a majority of single-person households
  - better educated tenants
  - higher per capita income tenants and fewer poverty-level households
  - fewer families,
  - fewer elderly, and
  - fewer minorities.

The effect of lower rents in rent-controlled apartments is that more and more affluent tenants came to rent them and now have remarkably light rent burdens. Instead of slowing gentrification, the data indicate that rent control does the opposite. It reduced diversity and accelerated gentrification in Cambridge, creating a group of privileged new tenants who might otherwise have chosen to live in condominiums in the city as property taxpayers -- easing the burden on all other taxpayers.

## Summary of Statistics

	<u>Cambridge</u>	<u>Brookline</u>	<u>Average of 10 Largest Other Metro Boston Communities</u>	<u>Source Tables</u>
<b>Housing Shortage Indicators:</b>				
<b>Change in total rental units, 1980 - 1990</b>	- 8.4%	-11.9%	+ 1.3%	censtemp
<b>Change in tenants/apartment, 1980 - 1990</b>	0.0%	- 5.3%	+ 3.2%	t18tmp2
<b>1990 Vacancy rate</b>	3.2%	2.7%	6.6%	t18tmp2

## Gentrification Indicators:

	<u>Cambridge, 1990</u>		
	<u>Rent-controlled households</u>	<u>Market-rate households</u>	
<b>Per capita income</b>	\$19,253	\$18,188	cp1740a
<b>% Single-person households</b>	57%	34%	cp1740a
<b>% College graduates</b>	66%	64%	cp060054
<b>% Employed professionals</b>	60%	60%	cp077078
<b>% Family households</b>	29%	48%	cp1740a
<b>% Elderly-headed households</b>	10%	18%	cp1624a
<b>% Minorities (non-whites)</b>	14%	19%	cp1410b

Data Sources: U.S. Census, 1980 and 1990; Cambridge Election Commission Residency List; Cambridge Rent Control Board records. Rent-controlled and Market-rate households are those living in census block groups with high concentrations of respective rental housing types.