

The Effects of Rent Control: Evidence from New York City

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Introduction

Research question: **How did the Rent Act of 2011 of New York influence the tenants and landlords in New York City?**

Rent Act of 2011: some amendments that further protect tenants

For example,

- Frequency of vacancy increases: Landlords cannot increase the rent upon vacancy more than once in any calendar year.
- Less rent increase if apartment improvements were made: the landlord can permanently increase the legal regulated rent by $\frac{1}{60}$ of the cost of the improvements if the buildings has more than 35 apartments (was $\frac{1}{40}$ under the prior Rent Law).

Theory

- Literature and models about the housing market.
- Diamond, Rebecca, Tim McQuade, and Franklin Qian. 2019. **"The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco."** American Economic Review, 109 (9): 3365-94.
- This paper studies the effect of a 1994 law change in San Francisco that changed the rent control system based on when each building was built.

Models for reference

Models in the Diamond et al. paper:

- To study the effect on tenants:

$$Y_{iszt} = \delta_{zt} + \alpha_i + \beta_t T_i + \gamma_{st} + \epsilon_{it}$$

- To study the effect on landlords:

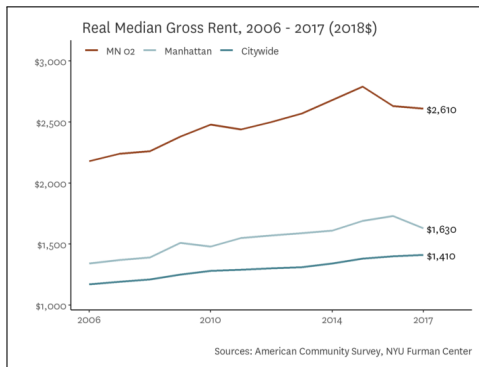
$$Y_{kzt} = \delta_{zt} + \lambda_k + \beta_t T_k + \epsilon_{kt}$$

Data

- Sources of data to be examined:
 - [New York City Housing and Vacancy Survey \(NYCHVS\)](#)
 - [Coredata.nyc](#) (NYU Furman Center)
 - [Housing New York Units by Building](#) (Department of Housing Preservation and Development (HPD)) and other available data on [NYC Open Data](#)
 - Data from real estate agencies such as [StreetEasy](#)

Data Figure

Figure: Rent in Greenwich Village/Soho (Code: MN 02)



Source: <https://furmancenter.org/neighborhoods/view/greenwich-village-soho>

Some Computational Methods to be Considered

- Logistic regression
- Cross-validation
- Interpolation to improve the data
- SVM to categorize and predict
- Simulation: what would happen if all landlords respond in a certain way to the rent control measures?

Some Hypothesis to be Studied

- With more rent control measures, tenants may tend to stay in the same address.
- landlords may be pushed to redevelop the building or find other measures to mitigate the impact of rent control.

Possible Contribution

- Develop methods that are applicable to other regions with similar datasets
- Policy implications: In 2019, New York passed [new rent laws](#).

Summary

- This project aims at study the effect of rent control using evidence from New York City.
- Build on and extend existing studies (Diamond et al.)
- Computational methods