Comments on: "The Redistribution of Housing Wealth Caused by Rent Control"

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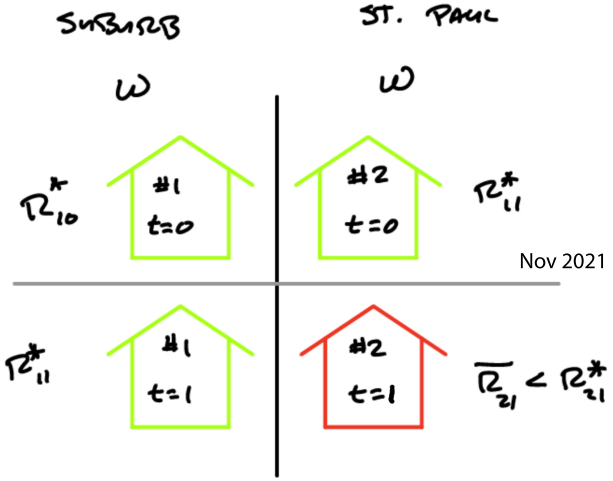
This paper asks whether rent control does what it is supposed to and redistributes housing rents from landlords to tenants. This happens in two main steps,

- Estimate the change in rent caused by rent control by zip code in St Paul.
- Evaluate this incidence of this decrease using census tract level information about the income and rent payments for owners and tenants.

Comments:

- If this is what you want to do, it should be clear how all of the different pieces contribute to this. I think you have some extra stuff.
- Can you compare the change in wealth distribution to those from other redistributive programs? How much SNAP spending wold have a similar effect?
- From the title, I thought the paper would be about the distribution of wealth. I think it is about the distribution of income. This is easy to fix.

A little theory. What is going on?



- Free mobility of people $\Longrightarrow \overline{u} = u(w - R^*) = u(c^*)$
- Rent control requires a transfer from the owner of house 2 to the tenant. $\overline{R} < R^* \Longrightarrow u(\overline{c}) > u(c^*)$.
- With free mobility, there is no effect for any untreated (owner occupied) house. Its price is pinned down by $\overline{u}$.
- Ignoring housing capital, $p^* = \frac{R^*}{i} > \frac{\overline{R}}{i} = \overline{p}$
- Putting this together,

$$\Delta R = i\left[(p_{21} - p_{11}) - (p_{12} - p_{11})\right]$$

is DiD estimate of change in rent.

Estimation I

$$\ln p_{ikt} = \text{tract}_{ikt} + \text{time}_{ikt} + \beta_k \text{treated}_{it} \times \text{post}_{ikt} + \eta_{ikt}$$

- DiD gives tract specific treatment effects, β_i, ... if no parallel trends. This is exactly to parameter you need.
- Averaging β_i to get TOT is primarily of descriptive value. You don't need it for your main exercise. Start with equation 4?
- Why controls?
- Why cluster?
- There should be no effect on owner occupied units. Check? Omit from sample?
- What problem is DDD solving? If you have parallel pre-trends, you don't need this. If you don't then you don't focus on DiD.

Estimation II

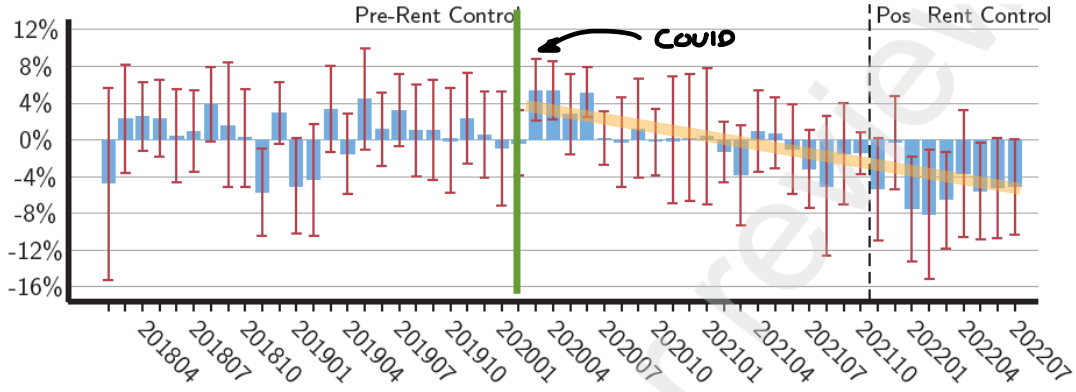


FIGURE 2. REAL ESTATE PRICES IN ST. PAUL VS. ITS SUBURBS BY MONTH

Notes: This figure presents coefficient estimates and their 95% confidence intervals from the interaction between dummy variables for year-months and a dummy variable for property located in St. Paul, controlling for property size, age, type, number of units, and ZIP code fixed effects. Confidence intervals are based on standard errors that are double-clustered by city and year-month. The benchmark month is 1/2018.

- Could this just be relative increase of suburban prices post-COVID? Is this a violation of parallel trends?
- Was rent control binding? Show me.
- Conventionally, omitted month is -1.
- I think rent control should only affect the prices of rental units. If so, pooling single family and multi-family will attenuate effect.

Wealth (re)distribution

- For tenants, post reform monthly income should be pre-reform plus monthly rent reduction. I can't tell if you are converting changes in sales prices to a flow.
- For landlords who own units purchased before reform, income should be income minus monthly rent reduction. I can't tell if you are converting to a flow.
- For landlords who own units purchased after reform, income is not affected. The whole loss should have been capitalized into sales price.

Comment: You are doing a complicated imputation here. Can you show me some math?