Abstract

The paper investigates the effects of rent control expansion in San Francisco, utilizing quasi-experimental data to analyze its impact on tenants, landlords, and the rental market. The findings indicate that rent control significantly increased tenant stability, reducing mobility by 20%. However, it led landlords to decrease the supply of rentable properties by 15%, indirectly increasing city-wide rents by over 5%. The study suggests that while rent control benefits existing tenants, it may have adverse effects on overall housing market efficiency and supply.

Introduction

The report's purpose is to evaluate the effects of expanding rent control in San Francisco, specifically its impacts on tenants, landlords, and the rental market dynamics, to guide housing policy decisions.

Literature Review

The Paper focuses on how the research connects to existing theories regarding the impacts of rent control. It pinpoint specific gaps pertaining to measurement errors from research gaps

Methodology

The Paper analyzed used Difference-In-Difference analysis to interpret the causal effect of the rent control policy in 1994.

Findings

OLS Regression Results

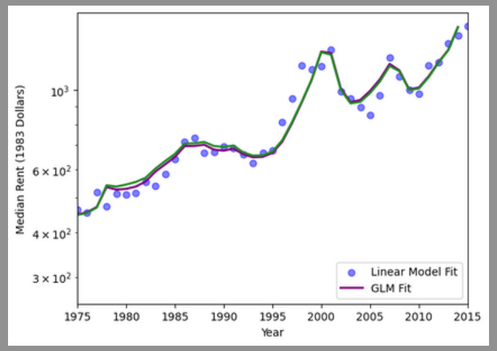
Dep. Variable:	np.log10(real84_median_rent)	R-squared:	0.951
Model:	OLS	Adj. R-squared:	0.947
Method:	Least Squares	F-statistic:	233.7
Date:	Mon, 26 Feb 2024	Prob (F-statistic):	1.20e-23
Time:	17:57:24	Log-Likelihood:	80.771
No. Observations:	40	AIC:	-153.5
Df Residuals:	36	BIC:	-146.8
Df Model:	3		
Covariance Type:	nonrobust		

	coef	std err	t	P>|t|	[0.025	0.975]
Intercept	-0.9019	3.863	-0.233	0.817	-8.736	6.932
np.log10(housing_units)	-2.4115	0.916	-2.632	0.012	-4.269	-0.553
np.log10(employment)	-0.3361	0.243	-1.382	0.176	-0.829	0.157
np.log10(total_wages / CPI)	1.8729	0.209	8.945	0.000	1.448	2.298

Omnibus:	8.262	Durbin-Watson:	1.268
Prob(Omnibus):	0.016	Jarque-Bera (JB):	7.753
Skew:	0.747	Prob(JB):	0.0207
Kurtosis:	4.556	Cond. No.	9.63e+03

- R-squared: 0.951: represents 95.1% of variance in the log transformed rent.
- Intercept: -0.9019
  - np.log10:-2.4155: for each one-unit increase in the log housing units, the median rent is expected to decrease by 2.4155
- Multicollinearity: The condition number (9.63e+03) is large, suggesting potential multicollinearity issues
- Omnibus/Prob(Omnibus): Tests the skewness and kurtosis of the residuals. A significant test (p = 0.016) indicates potential deviations from normality.

Findings



This graph reflects the difference in rent after implementation of the rent control policy. As we can observe, the effects did not occur until about 10 years after the intervention.

Conclusion

While rent control benefits existing tenants, it prompts landlords to reduce supply, either converting to condos or redeveloping properties, which exacerbates city-wide rents and contributes to greater inequality.