

September 3, 2024



Dear Members of Congress and State Attorneys General,

We, the undersigned organizations and individuals, are writing in opposition to all efforts to establish price controls on housing in the United States. History has a short memory. In recent weeks, as Vice President Harris’s policy proposals sparked a national conversation about price controls, that phenomenon is on full display.

As most economists understand, price controls have disastrous effects on the housing market: namely, shortages and diminished housing quality. Even the socialist Swedish economist Assar Lindbeck once [said](#), “In many cases rent control appears to be the most efficient technique presently known to destroy a city – except for bombing.”

Still, the Harris campaign has introduced several price control proposals as “solutions” to inflation.

Harris has [promised](#) to cap “unfair rent increases,” echoing support for a Biden-Harris administration proposal to limit rent increases to 5 percent for landlords with over 50 units.

Additionally, under the Biden-Harris Administration, Attorney General Merrick Garland’s Department of Justice [has filed](#) a lawsuit that, if successful, would limit free market pricing in the housing industry through an effective ban on the use of algorithmic software. This could impose a federal prohibition of certain software that housing providers use because it helps them more accurately calculate a fair market value. Some members of Congress are also seeking to ban this technology with legislation (S. 3692, the misnamed Preventing the Algorithmic Facilitation of Rental Housing Cartels Act).

To be clear, while the focus of this letter is the housing industry, Harris’s affinity for price controls can also be found in her [support](#) of price controls on pharmaceutical drugs and her recent [support](#) of a federal ban on “price gouging” grocery products, evoking (justified) fears of breadlines and food shortages.

Rather than taking accountability for her own hand in causing inflation, Harris has – without evidence – accused landlords of raising their prices simply because they are “greedy” for more profits. In reality, excessive government spending, high interest rates, and harsh regulations/taxes discouraging new builds are to blame.



Price Controls on the Housing Industry Will Cause Shortages

The government is incapable of setting prices efficiently. In a free market, prices are determined by supply and demand: a balance of how much customers are willing to pay for a product and how much product manufacturers are willing to supply. This results in an equilibrium market price. This price shifts constantly due to many visible and invisible factors – there is no possible way for the government to keep up with these rapid changes.



Because the government is incapable of determining the equilibrium market price, the price they set will always be too high or too low. Certainly, the government is not equipped to tell private entities *how* they should determine their prices.



Shortages occur when the government establishes a price ceiling below the equilibrium price, increasing consumers' demand for the product, and causing manufacturers to supply less of the product. Under the current regime and under a regime with Harris at the helm, shortages are a real risk.



Nationwide rent control and further restrictions on housing providers will cause a sharp decrease in new housing, affordable rentals being converted to AirBnBs/sold as condos, millions of higher-risk tenants being refused any housing (likely worsening the problem of homelessness in cities), and overall rent rate *increases*.



[An NBER study](#) revealed that the 1994 rent-control expansion in San Francisco led to landlords converting their properties to condos or tenancies in common. Instead of encouraging affordable housing, the government incentivized converting away from it.



This [study](#) also found that, because of rent control, there was a city-wide rent price increase of 5.1 percent. Because of existing tenants' depressed rents, many stay in apartments for longer than they otherwise would. This reduces the supply of rent-controlled properties for potential tenants, thus increasing the prices of other, non-controlled properties.

In Cambridge, Mass., where rent control was abolished, [economists found](#) that direct dollar investments in housing units doubled over just a few years.



Price Controls Will Diminish the Quality of Rentals

Another prominent effect of price controls is that regulated products are often transformed to consumers' detriment.



For those who get their hands on a price-controlled unit, their quality of life has still been diminished. To make up for massive losses, providers must find ways to reduce costs.



Notoriously, caps make it harder for landlords to keep up with apartment maintenance, remodel their units, and include perks like parking or furnished amenities.



One [study](#) found that, when the number of rent-controlled units double in an urban area, there is a “16.2% increase in severely inadequate housing units and a 14.7% increase in moderately inadequate housing.”



Nationwide rent control and price controls (like banning pricing algorithms) will further inflate housing costs. Despite the mountain of evidence against the use of price controls, politicians cannot resist telling voters that they can simply lower prices without any consequence. We urge lawmakers and state attorneys general to oppose and fight these dangerous efforts in the housing industry.



Onward,

Grover Norquist
President, Americans for Tax Reform



John Shelton
Policy Director, Advancing American Freedom

Bob Calstrom
President, Amac Action



Thomas Kingsley
Director of Housing and Financial Services Policy, American Action Forum

Phil Kerpen
President, American Commitment

Richard Manning
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