

WSJ 9/12/72

Creating a Housing Shortage

When the New York legislature finally passed a law last year lifting rent controls from New York City apartments vacated after July 1, 1971, its action amounted to recognition that despite all good intentions controls had merely helped worsen NYC's housing problems. Nevertheless, some NYC office holders still argue that rent controls are necessary.

It was the federal government that first imposed rent controls, adopting them as a wartime measure in 1943. But when it finally ended them in 1950, New York took over, continuing them on most dwellings built in the city before 1947.

For a time they seemed to have little adverse effect. But when politicians periodically hinted that they might be extended to include post-1947 housing—some 80% of NYC's dwelling units are occupied by renters, making tenants a far more powerful political bloc than landlords—new construction was sharply curtailed in the late 1960s. Despite a steady population decline over the past two decades, NYC has experi-

enced a continuing serious housing and apartment shortage.

It would be wrong to blame that shortage solely on rent controls and the threat of controls. Other factors, including zoning ordinances, high crime rates, bureaucratic obstacles and construction union featherbedding, all played their part. But certainly, the effect of controls worked not toward ending the shortage but toward perpetuating it.

In their effect on existing housing, indeed, controls worked to make the shortage increasingly acute. Rent controlled dwellings deteriorated because landlords, denied a reasonable return on their investment, began to eliminate even routine maintenance. Ultimately this led to large pockets of substandard housing and slums.

Like minimum wage rates, rent control is another example of misguided social legislation that actually magnifies the condition it is supposed to alleviate. In effect, it amounts to anti-social legislation of the most self-defeating kind.

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PEPPER and Salt

Gentlemen:

It is difficult to oppose popular
programs, isn't it.

John D. Sabhey

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Communication from John G. Sabby -
Creating a Housing Shortage.

September 18, 1972

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