



Washington Examiner

Bernie Sanders' dystopian plan for national rent control

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September 18, 2019

Local experiments in rent control have failed time and time again. But now, presidential aspirant Bernie Sanders' wants to force through socialist pricing controls at the national level.

The Vermont senator revealed a sweeping \$2.5 trillion "housing for all" plan on Wednesday to much liberal fanfare. The plan invokes the (very real) affordable housing crisis to push for expanding investment in the National Affordable Housing Trust Fund, increased construction of more public housing, and new state grants to fight homelessness. It's overly optimistic for sure: The public investment Sanders suggests is both incredibly expensive and uncertain to provide adequate returns.

But the most disturbing part of Sanders' plan is his proposal to have the federal government institute price controls on housing, with a national cap on annual rent increases at 3% or 1.5 times inflation, while giving localities more latitude to institute even stronger rent control restrictions. That's right: Sanders thinks bureaucrats in D.C. should help set rent prices nationwide.

The implementation of price controls at a national level is an awful idea. Rent control doesn't work, as even the most basic economic theory suggests.

Many economists believe price controls just restrict the supply of housing, because they discourage developers from building more housing by lowering potential profits. This, in the long-run, will send rents soaring in non-rent-controlled areas. Meanwhile, property owners who do face rent restrictions may convert their apartments to condos or otherwise stop renting them, rather than rent out their property at artificially low prices.

Put simply, most experts agree that big government interventions into the housing market make things worse.

I spoke with Cato Institute senior fellow Michael Tanner, author of *The Inclusive Economy: How to Bring Wealth to America's Poor*, who had this to say about Sanders' expansive plan:

Once again Sanders has correctly recognized a problem and then proposed exactly the wrong solution. High housing prices are the result of high demand and low supply. Sanders' plan would further increase demand and decrease supply.

It's hard to get it much more wrong. Far better would be to increase housing supplies by encouraging states and localities to remove barriers to new construction like zoning, land use restrictions, and other unnecessary regulations.

Tanner get this exactly right. Rolling back regulations that restrict the supply of housing is the way to improve the availability of affordable housing. More big-government intervention won't help, it would almost certainly make things worse.

As Christian Britschigi wrote for *Reason*, “Deregulating housing construction would ease affordability problems where they exist, and could be done without all the taxes and inefficiencies that will inevitably come with the federal government-led initiative Sanders is proposing.”

Sanders’ suggests his plan can be paid for with a wealth tax on the top one-tenth of the top 1% of income earners.

This is naive: A wealth tax is arguably unconstitutional, and such taxes have failed to raise projected revenues, harmed economic growth, and largely been abandoned in the countries that instituted them. From the funding to the implementation, this “housing for all” plan is a pie-in-the-sky fantasy completely detached from reality.

But maybe that’s the point.

Sanders is an intelligent man who knows full well that the research and real-world examples aren’t on his side when it comes to rent control. Yet the senator vacationed in the Soviet Union and proudly calls himself a socialist, so perhaps he just refuses to accept the fact that the best thing government can do to solve the housing crisis is to get out of the way.