

Rent control in Cambridge: An experiment in socialism

Landlords – large and small alike – must be alarmed at the shift to far-left policies in many parts of the country. How this big-government socialist agenda will turn out is unclear.

But we do have an “experiment” in socialism, the 25 years of rent control in Cambridge that began in 1969 and ended in 1994. The city created a new bureaucracy and centralized control of rents, evictions, and larger repairs on a substantial portion of Cambridge’s multifamily housing. It took away a landlord’s most important decisions and reduced landlords to janitors and small-repair persons. It attacked private property.

The city soon had one of the most stringent rent control systems in the country. But it went off its rails, resisted all change, and crashed in a statewide referendum that outlawed rent control – by popular vote in one of the nation’s most liberal states, birthplace of the American Revolution and of the world’s oldest constitutional democracy.

Rent control and cultural elites

This socialist experiment developed in the hub of the nation’s cultural elites, the home of Harvard, MIT, research laboratories, and politically progressive professors, scientists, artists, and other high-salaried professionals. They dominated city politics through the Cambridge Civic Association (CCA), associated with West Cambridge, the city’s wealthiest sector. The CCA began in the 1940s as a “good government” group – but took up the cause of rent control. For every election, it produced a slate of pro-rent-control city council candidates. Tenant activists openly called themselves socialists, as they still do. For Democratic Socialists of America, a top agenda item today is nationwide rent control.

Cambridge’s cultural elites allied with the city’s tenants, a “rich-poor” alliance against middle-class small landlords (though the tenants were seldom truly poor). As the city’s tight rent control took hold, news stories soon spread across the state of grievously harmed small landlords. Stories also circulated about well-off tenants living in rent-controlled apartments: for example, the city’s mayor-attorney, a Supreme Judicial Court judge, and a real estate mogul who used his rent-controlled apartments for guests. The socialist experiment was doomed.

Cambridge’s small landlords formed the Small Property Owners Association, asked for reforms, got none, tried a lawsuit claiming rent control was unconstitutional but a judge dismissed it. Then they launched the 1994 statewide referendum that ended rent control. Ten years later, the Cambridge Civic Association was dead.

The parallels: rent control and socialism

Like other forms of socialism, the foundation of Cambridge’s rent control was an ideology of oppression. The oppressed were poor tenants forced to pay high rents for low-quality apartments. Their oppressors were “greedy corporate” landlords. But ideology is not reality. The only corporate ones were large landlords who, with lawyers, easily got rent increases at the rent board. Small landlords, however, could not afford lawyers and failed. These small landlords were middle-class and working-class families, often new immigrants or descendants of immigrants, many of them minorities. They ranged from liberal Democrats to conservative Republicans and everything in between – but not the hard left or hard right. Demonized as the oppressors, small landlords suffered most – yet were completely ignored.

Like other forms of socialism, Cambridge’s rent control aimed to transfer wealth. Cleverly, it did not have high-income taxpayers – those West Cambridge cultural elites – pay for it. Instead, small landlords – middle-class, working-class – paid for it as the city forced a chunk of their market-rate income to go directly to their tenants in below-market rents. A fundamentally

cooperative relationship – rent in exchange for maintained housing – was turned into hate and fights.

Like other forms of socialism, rent control aimed to micromanage a significant sector of the economy. It controlled rents, evictions, and larger repairs in all the city’s rental housing except owner-occupied two- and three-family properties. It utterly failed to manage the properties well. The main tool was keeping rents low, which degraded every aspect of how the housing was managed. When landlords sought rent increases for larger repairs and improvements, the hearings pitted landlords against their own tenants. Hearing examiners, always tenants, heard tenant complaints of “shoddy workmanship” or “gold-plating” (more than code-minimum) and found the complaints “credible” with no physical inspection. Thus, many of the landlord’s receipts documenting repairs were tossed. When word spread that small landlords never got even their out-of-pocket expenses reimbursed, larger repairs stopped everywhere. And rent-controlled properties steadily deteriorated into what were affectionately called “rent control wrecks” – easily spotted.

The assessed valuation of rent-controlled properties dropped by \$1.9 billion, including **non-controlled** properties devalued by proximity to the “wrecks” [MIT study*]. To recover the lost property tax revenue, the city socked all the city’s **non-controlled** property owners with higher tax bills. At the same time, crime increased in heavily rent-controlled areas.

[*Based on two MIT studies: “Housing Market Spillovers: Evidence from the End of Rent Control in Cambridge, Massachusetts,” 2014, and “Ending Rent Control Reduced Crime in Cambridge, Massachusetts,” 2019.]

Like other forms of socialism, rent control failed to help the target population that justified it – the poor and minorities, the elderly and disabled. To the contrary, rent control kicked them out. When rent control ended on January 1, 1995, the state legislature gave one or two extra years of rent control to moderate- and low-income, elderly, or disabled households. But in the state’s three rent-control cities (Boston, Cambridge, Brookline), **only 6% of all rent-controlled tenants qualified for it** (based on city data).

Studies showed that most Cambridge rent-controlled tenants were white, middle-class, well-educated, and often single-person households (space was cheap), the sons and daughters of cultural elites. This outcome happened because landlords with low rents chose tenants who would most reliably pay the rent and because middle-class tenants could afford the finder’s fees paid to departing tenants to get prized rent-controlled apartments.

Despite a stated goal of stopping gentrification, then, rent control gentrified to the max. When anyone suggested that rent control should end, the quick reply was always: “Where will the poor go?” But the poor were long gone!

Like other forms of socialism, rent control was, above all, a way to get power and stay in power, using one way only – give people money or free services to get them to vote favorably. In rent control’s case, for pro-rent-control officials. Over rent control’s 25-year duration, the Cambridge city council was always 8-to-1 pro-rent-control.

Towards rent control’s end, Cambridge made another power move. The city council enacted an ordinance that required condos, after their **next** sale, to be **tenant-occupied only** and **rent-controlled**. The loss of value for condo owners was steep – but its obvious goal was to expand the tenant voter base. Today, single-family owners could face a similar danger if they want to move and rent their home in the new sub-industry of single-family rentals. Being non-owner-occupied, however, single-family rentals could easily get put under rent control.

Recently, Boston’s new mayor Michelle Wu was against rent control as a city councilor but switched to supporting “rent stabilization” to win the mayoral race, as she did last November. “Rent stabilization” suggests a mild form of rent control. But beware! Rent control’s irresistible power dynamic is to grow and strengthen the tenant voter base. Tenant activists will push hard to

expand rent stabilization, and city councilors, to keep their seats, will vote for it. So, keeping rent control mild, as in mayor Wu's "rent stabilization" idea, would be difficult or impossible.

Like other forms of socialism, rent control did not solve any problems, it only created them. It never addressed the real cause of high rents – not enough housing and lack of new construction. To the contrary, it stopped all new rental construction – no one builds housing in rent-controlled areas. It pushed very-low-rent housing off the market from deterioration. And the existing supply shrank when single persons, instead of families, rented whole apartments for themselves.

But, if rent control had really solved the problem of high rents, the city's elected officials would have put themselves out of power. This problem is potentially widespread – that government officials have an interest in NOT solving the problems for which they were elected or appointed. Their personal interest, their job security, depends on keeping problems in existence. All government bodies need regular, independent, objective measures of their success or failure that are made public.

Like other forms of socialism, rent control fails by any reasonable measures.