

Rent Stabilization as Effective Housing Policy

Presented by
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Mission

PolicyLink is a national research and action institute advancing racial and economic equity by Lifting Up What Works.®

Population

100 million residents economically insecure living at or below 200 percent of the national poverty level.

One Unifying Result

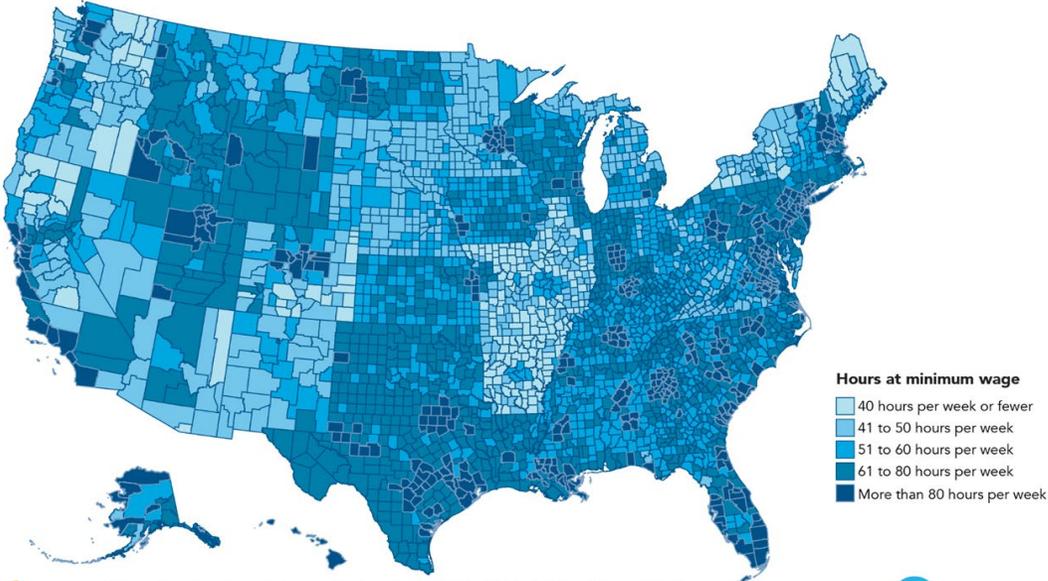
All people in America—particularly those who face the burdens of structural racism—participate in a just society, live in a healthy community of opportunity, and prosper in an equitable economy. We focus on advancing liberating policies for the 100 million people living in or near poverty, the majority of whom are people of color.

Challenges of the Rental Market



Stable Housing is Out of Reach for Many in the State

2021 HOURS AT MINIMUM WAGE NEEDED TO AFFORD A ONE-BEDROOM RENTAL HOME AT FAIR MARKET RENT



OUT of **REACH**
THE HIGH COST OF HOUSING

*Note: New England states are displayed with HUD Fair Market Rent Areas. All other states are displayed at the county level. This map does not account for sub-county jurisdictions with minimum wages higher than the standard state or federal minimum wage. No local minimum wages are sufficient to afford a one-bedroom rental home at the Fair Market Rent with a 40 hour work week. The geographic variation of Oregon and New York's state minimum wages are reflected at the county level.

NATIONAL LOW INCOME HOUSING COALITION
www.nlihc.org/oor
©2021 National Low Income Housing Coalition

Stable housing is out of reach for thousands of renters in Minnesota due to rising rents and stagnant wages. This means:

86 hours/week

2.2 full time jobs

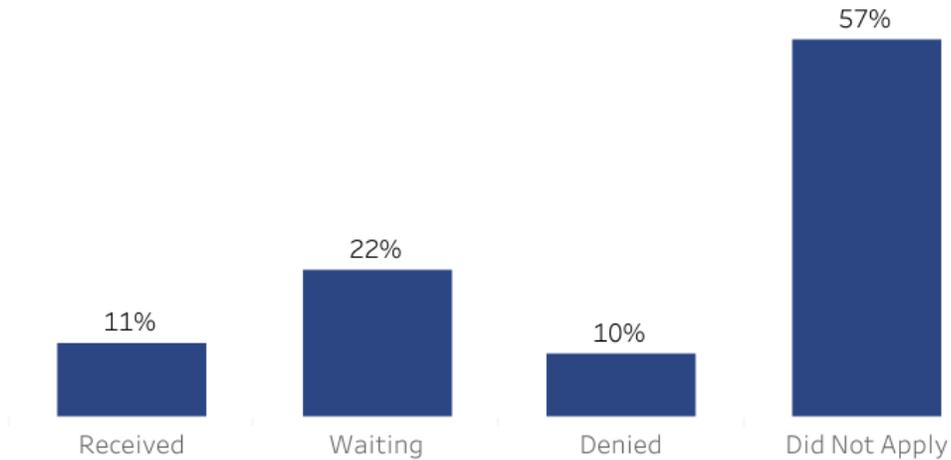
For a minimum wage worker to afford a typical two-bedroom*

*note: renting at the fair market rate Source: Out of Reach: the High Cost of Housing (2018), National Low Income Housing Coalition; PolicyLink

Renter Insecurity in Minnesota

Most renters with arrears have not yet applied for assistance or are waiting for a response.

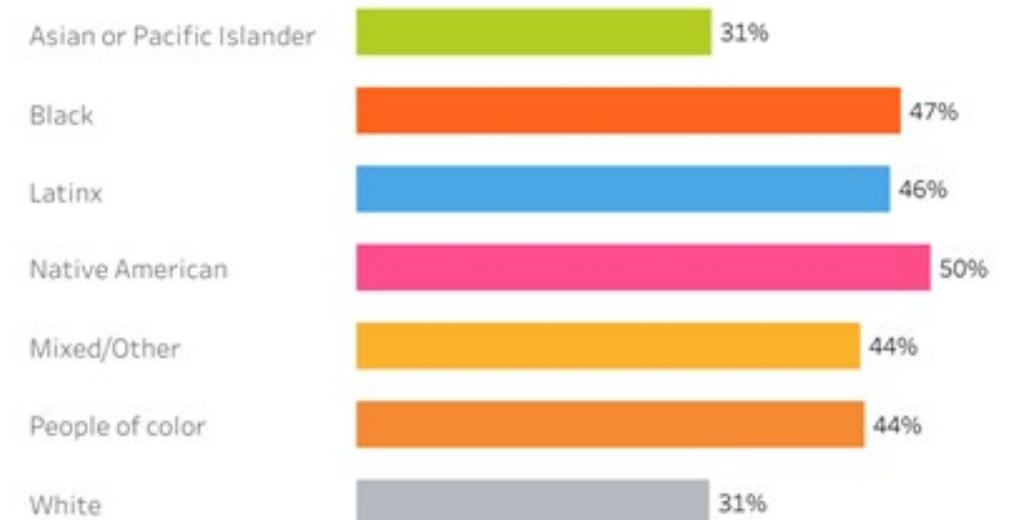
Status of Government Rental Assistance, Minnesota



Sources and notes: Census Household Pulse Survey Public Use File; 2019 5-Year data from the American Community Survey report. We use exponential smoothing to produce all estimates, incorporating Pulse data collected since mid-August select counties. Latinx includes people of Hispanic origin of any race and all other groups exclude people of Hispanic c spending more than 30 percent of income on housing costs. Economic insecurity is defined as having a family income Low-income is defined as 80 percent of the area median income. See full sources and methodology at <https://national>

Black, Latinx, Native American, and other renters of color were disproportionately housing insecure before the pandemic.

Renter Households that were Rent Burdened and Economically Insecure in 2019, Minnesota



Survey Integrated Public Use Microdata Series; Emergency Rental Assistance data from the US Treasury February 2021, with the most recent week weighted most heavily. Estimates of children in behind households only available for origin. Data for some racial/ethnic groups is unavailable due to inadequate sample size. Rent burdened is defined as below 200 percent of the federal poverty line, or about \$53,000 for a family of four or \$26,000 for a single individual. equityatlans.org/rentdebtmethodology.

Renter Insecurity in Minnesota

\$144,700,000

Estimated Total Rent Debt

75,000

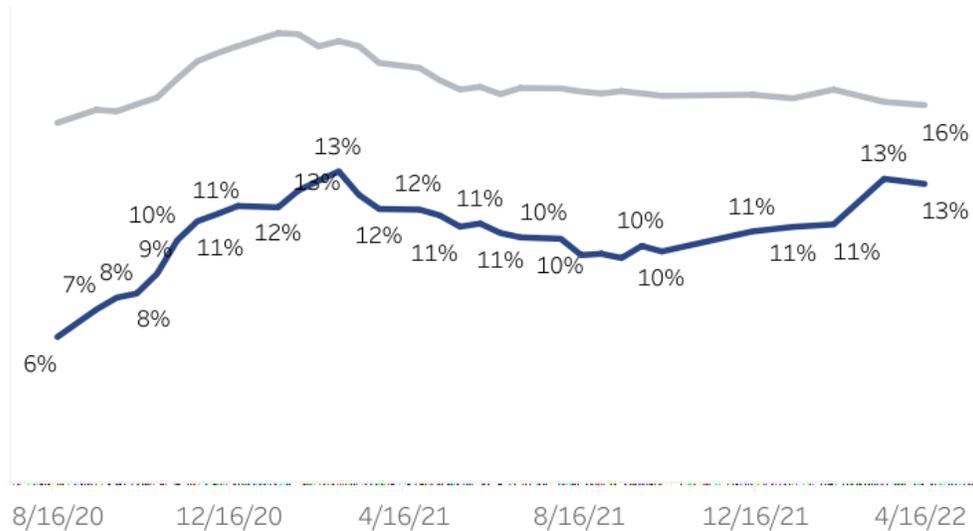
Households Behind on Rent

66,000

Children in Behind Households

Rent debt remains at crisis levels, placing millions of renters at risk of eviction.

Renter Households Behind on Rent..



Those behind on rent are overwhelmingly low-income households who experienced job and income losses during the pandemic.

Characteristics of Renters Behind on Rent, Minnesota

People of Color



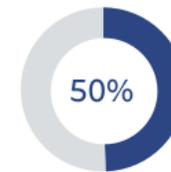
Low Income



Unemployed



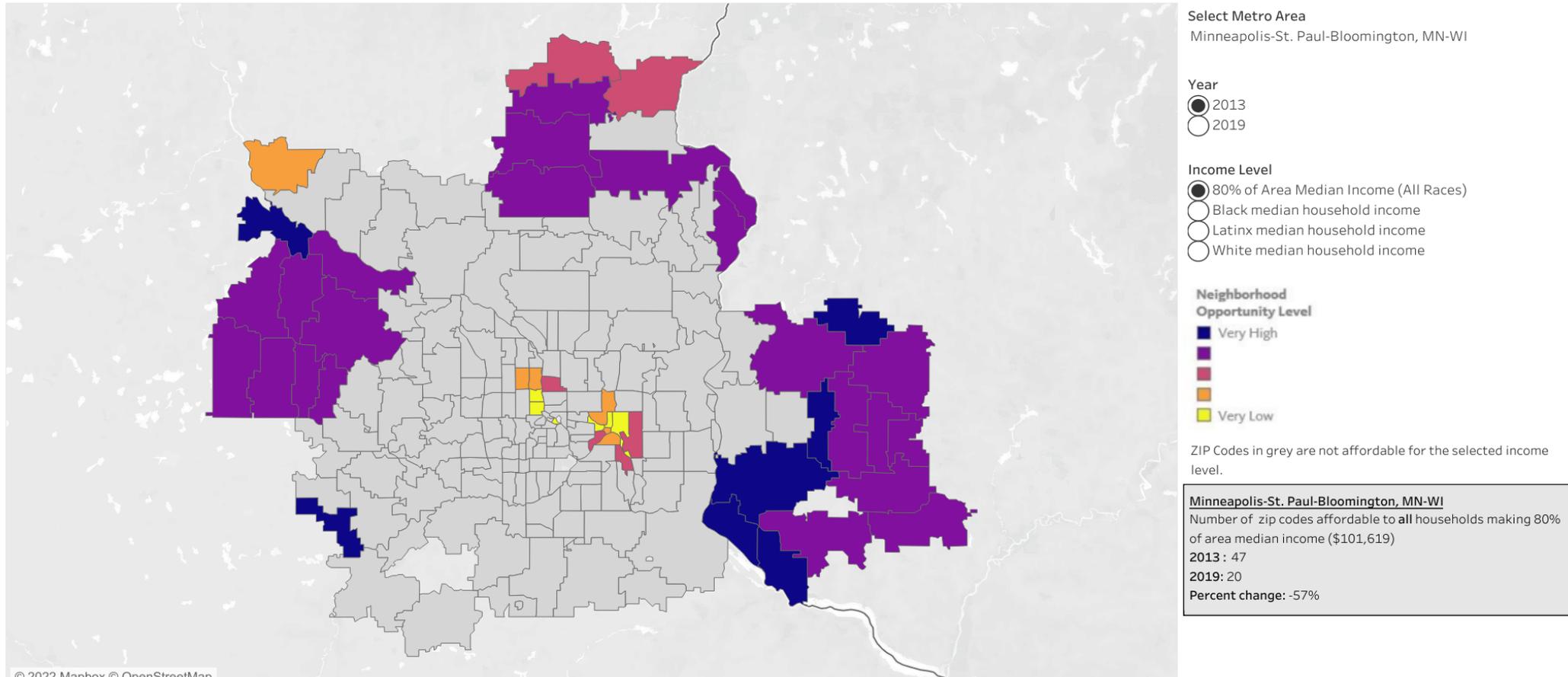
Households with Children



Metro Area Renters and Shrinking Affordability - 2013

Renters in Metro America Face Shrinking Access to Affordable Neighborhoods

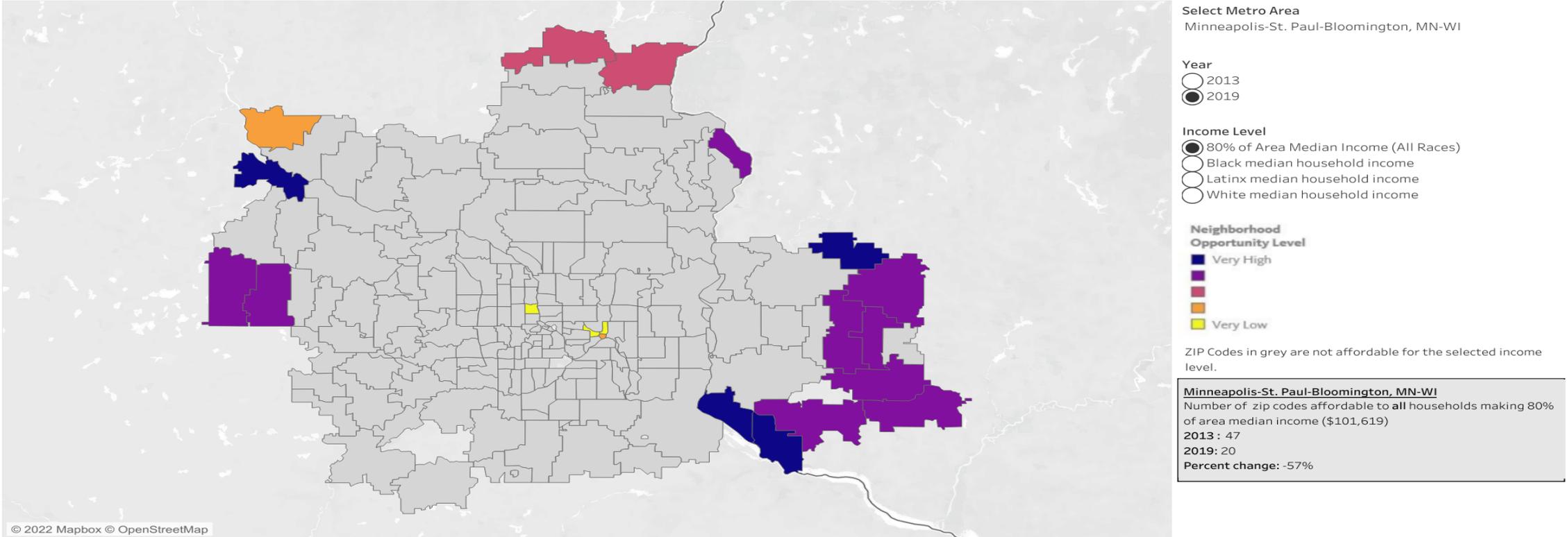
Neighborhood affordability by opportunity level for low-income households and select racial groups



Metro Area Renters and Shrinking Affordability - 2019

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Neighborhood affordability by opportunity level for low-income households and select racial groups



Sources: National Equity Atlas Analysis of 2013 and 2019 5-Year American Community Survey; 2013 and 2019 Zillow Rent Index; and Child Opportunity Index from diversitydatakids.

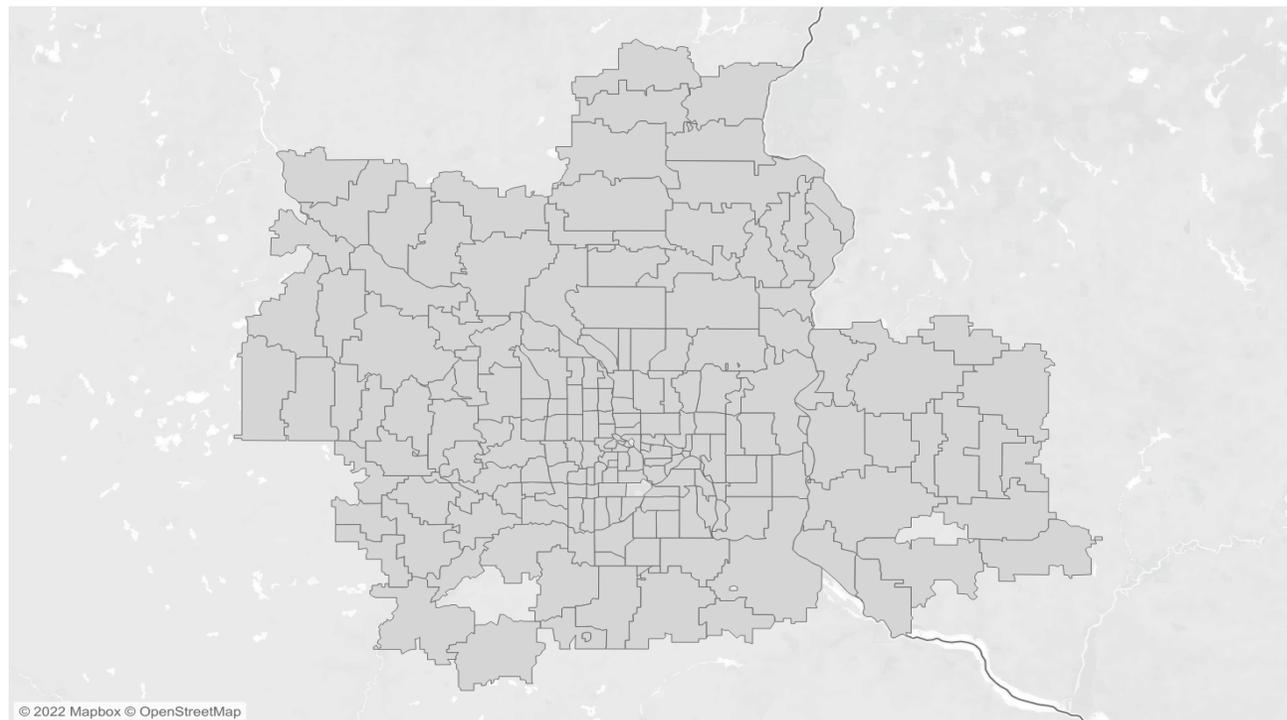
Notes: 80% of area median income level includes households of all racial/ethnic categories. Median income levels for racial/ethnic categories is defined as the median household income of that race/ethnicity for the selected geography. The Child Opportunity Index (COI) measures and maps the quality of resources and conditions that matter for children to develop in a healthy way in the neighborhoods where they live. Such factors include the availability of quality early education, low levels of air pollution, access t..

Black Metro Area Renters and Shrinking Affordability

2013

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Neighborhood affordability by opportunity level for low-income households and select racial groups



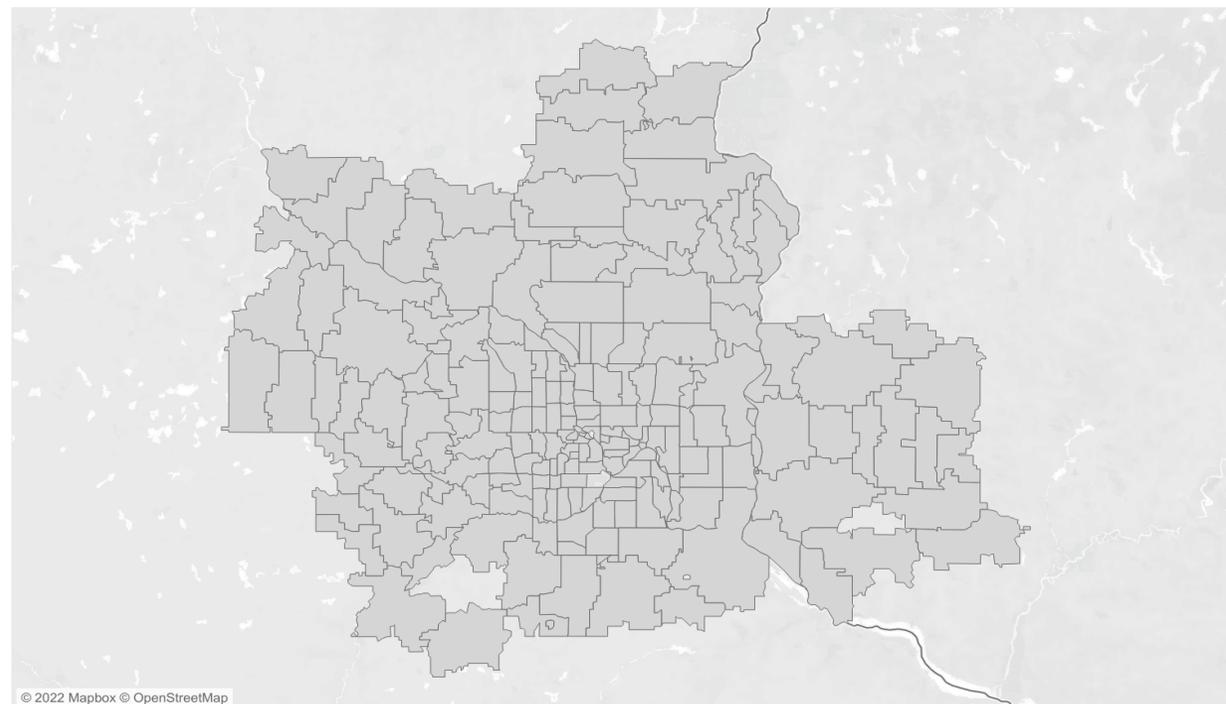
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2019

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Neighborhood affordability by opportunity level for low-income households and select racial groups



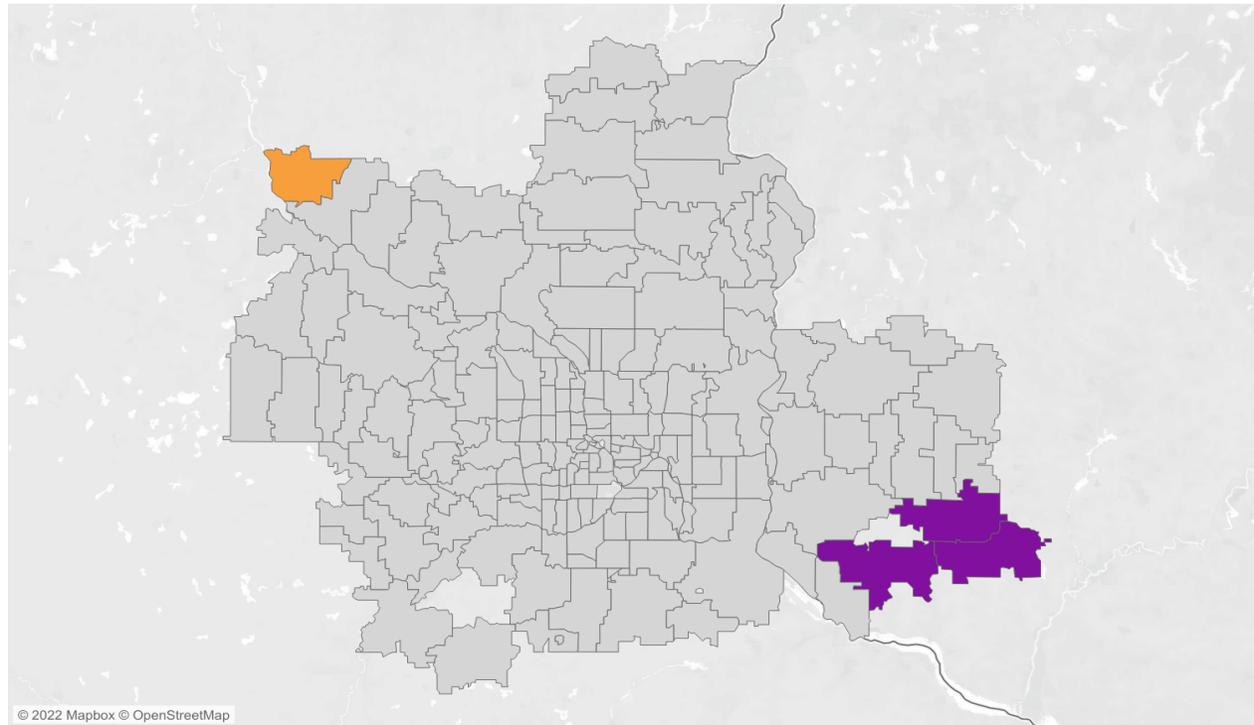
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Latino Metro Area Renters and Shrinking Affordability

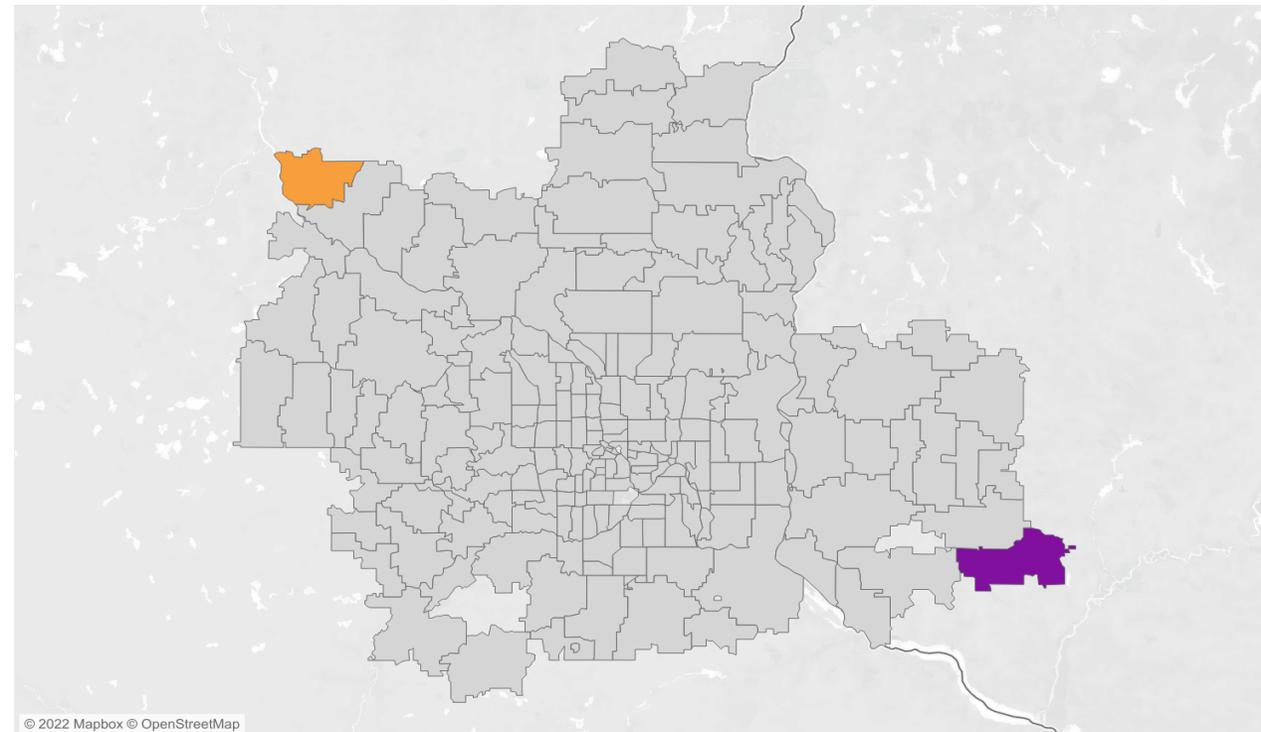
2013

Renters in Metro America Face Shrinking Access to Affordable Neighborhoods
Neighborhood affordability by opportunity level for low-income households and select racial groups



2019

Renters in Metro America Face Shrinking Access to Affordable Neighborhoods
Neighborhood affordability by opportunity level for low-income households and select racial groups



Sources: National Equity Atlas Analysis of 2013 and 2019 5-Year American Community Survey; 2013 and 2019 Zillow Rent Index; and Child Opportunity Index from diversitydatakids.

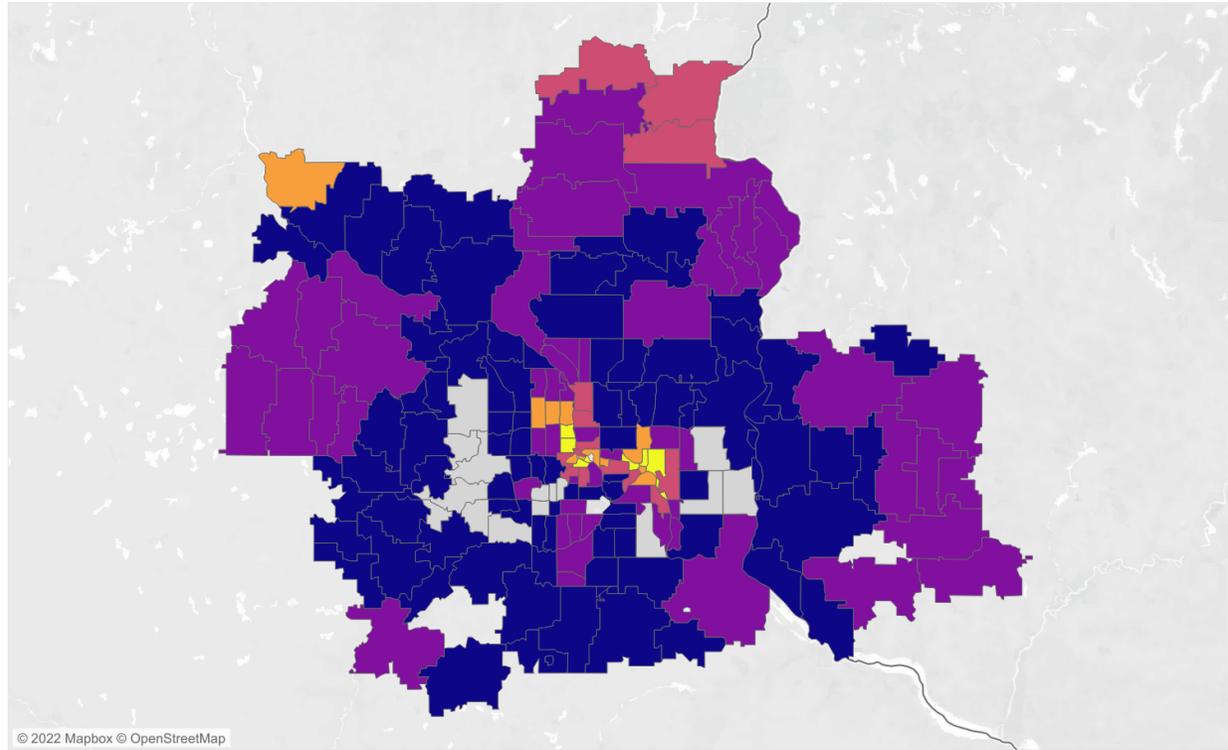
White Metro Area Renters and Shrinking Affordability

2013

2019

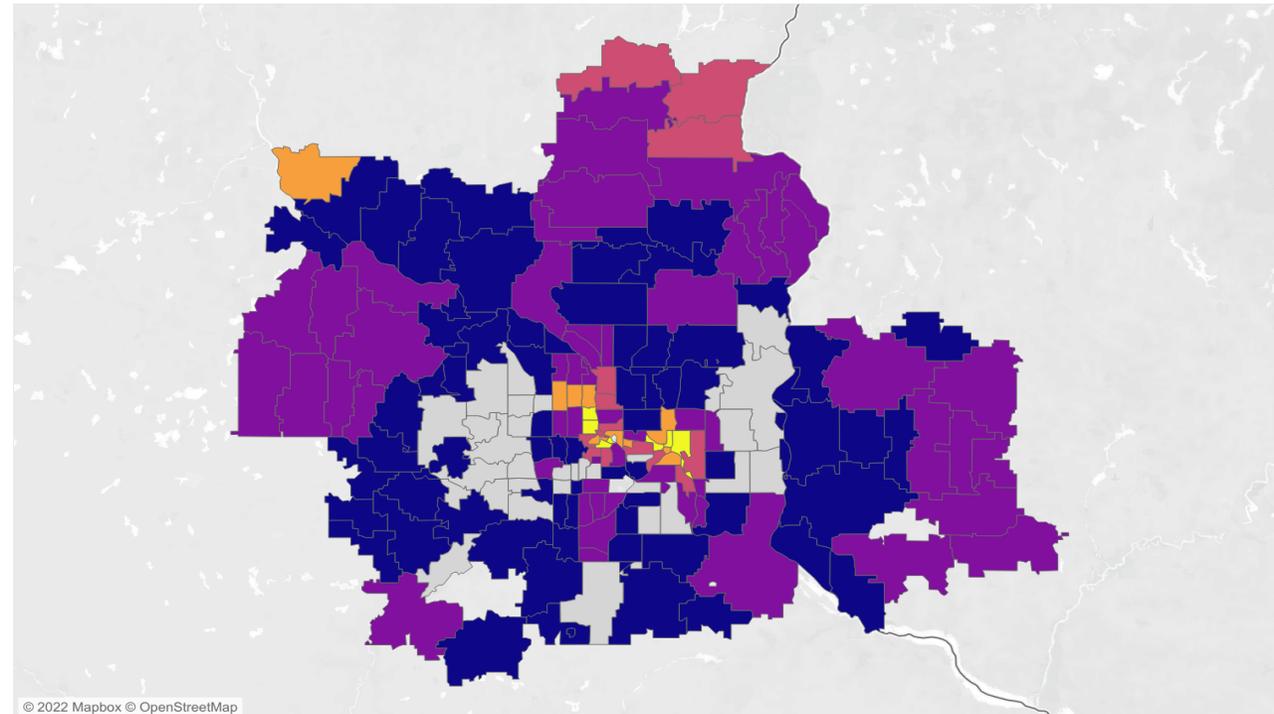
Renters in Metro America Face Shrinking Access to Affordable Neighborhoods

Neighborhood affordability by opportunity level for low-income households and select racial groups



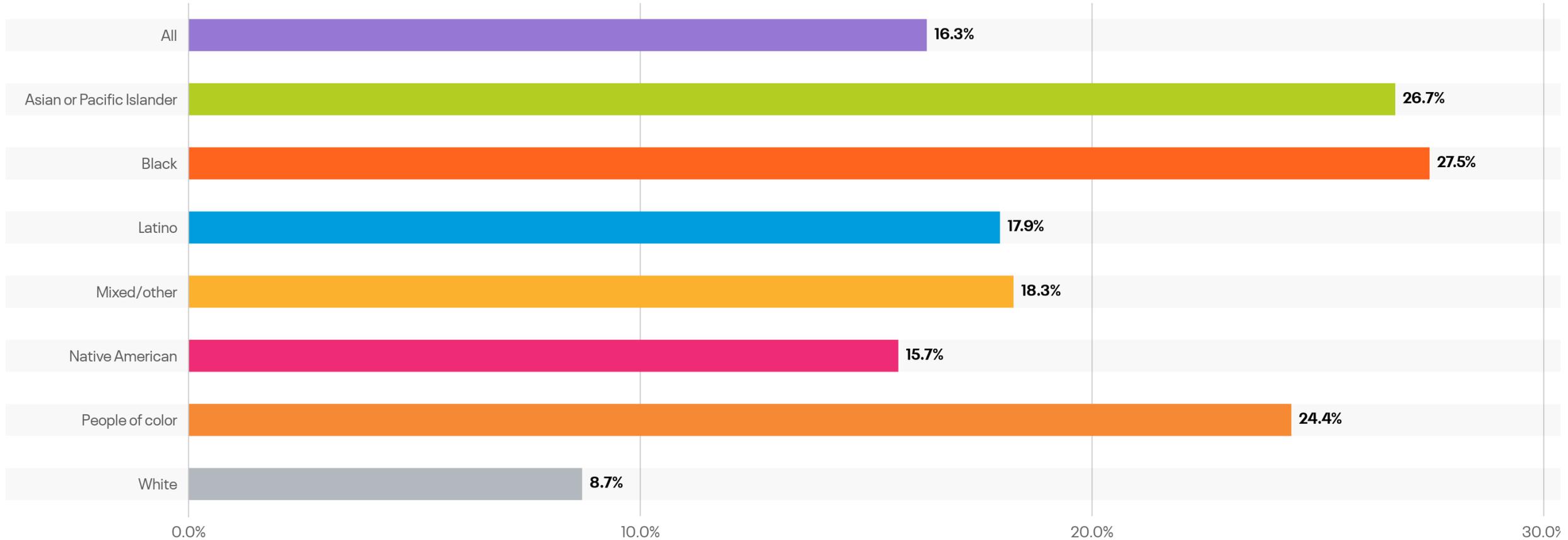
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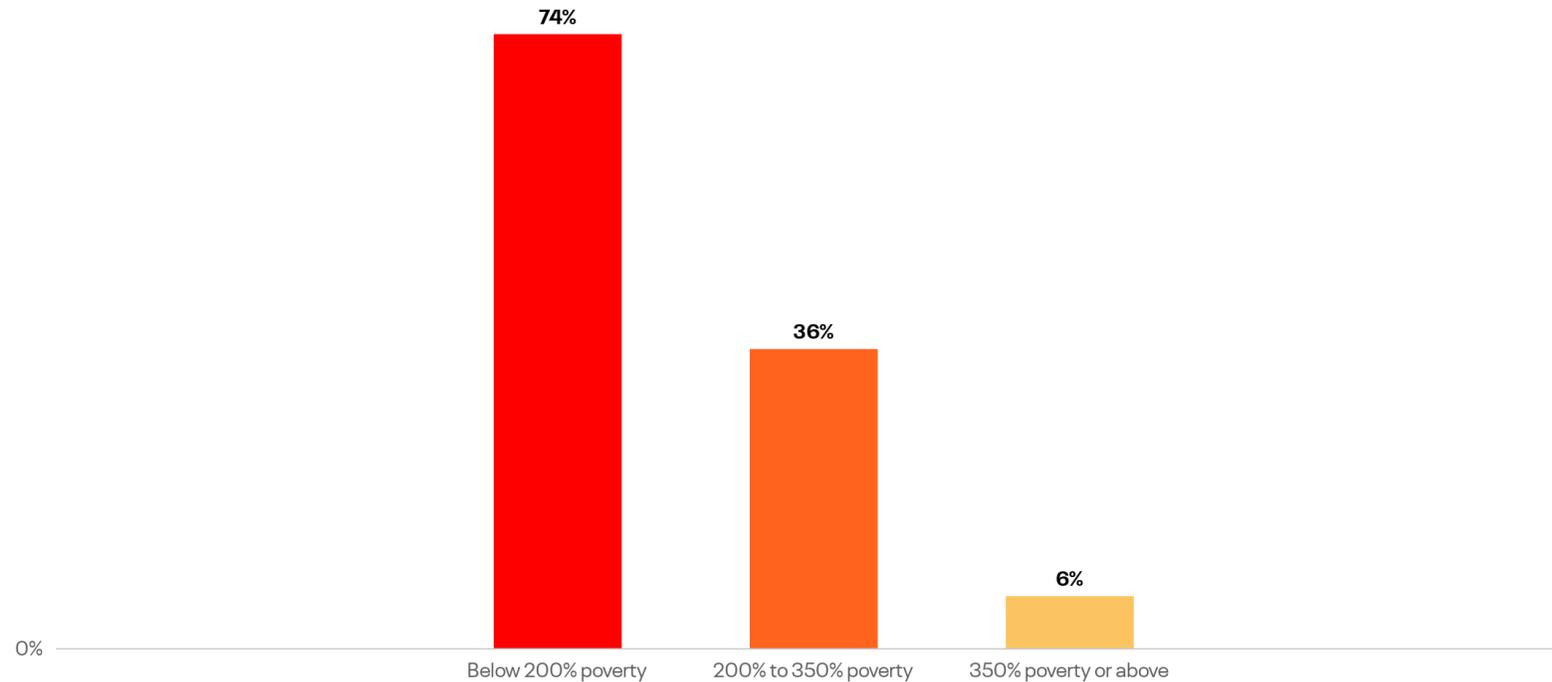
Saint Paul Neighborhood Poverty

Percent living in high-poverty neighborhoods by race/ethnicity: St. Paul, MN; Year: 2019



Housing Cost Burden in Saint Paul

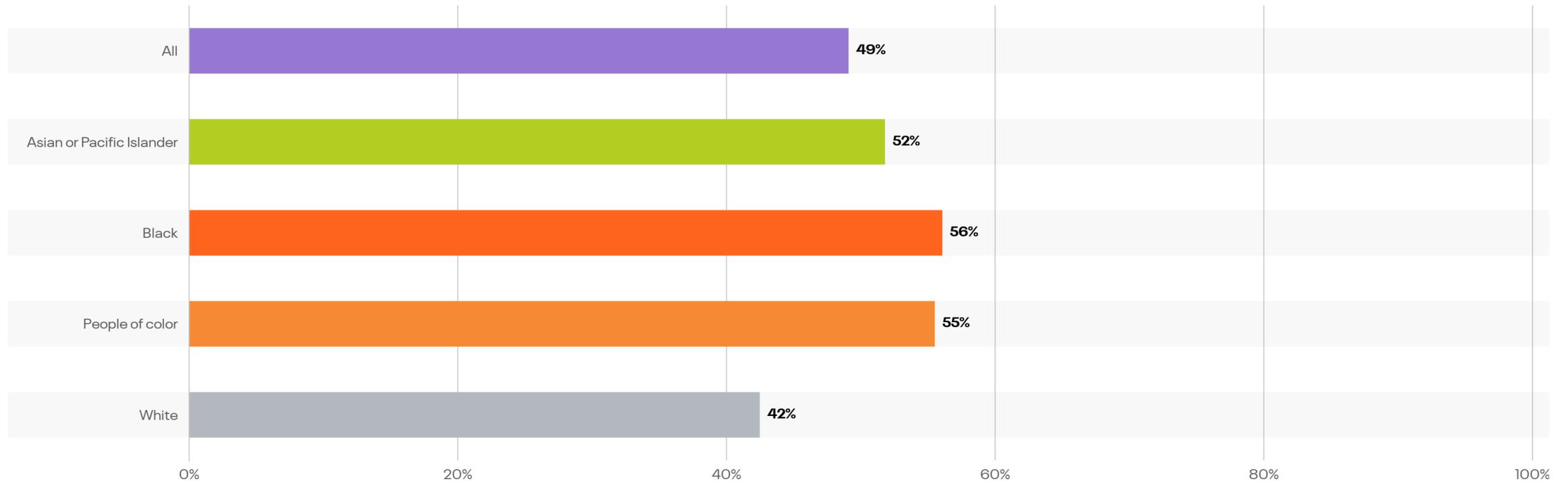
Housing burden by tenure, severity, and poverty: St. Paul, MN; **Tenure:** Renters; **Severity:** Burdened; **Year:** 2019



Data source: IPUMS USA | National Equity Atlas

Housing Cost Burden in Saint Paul by race

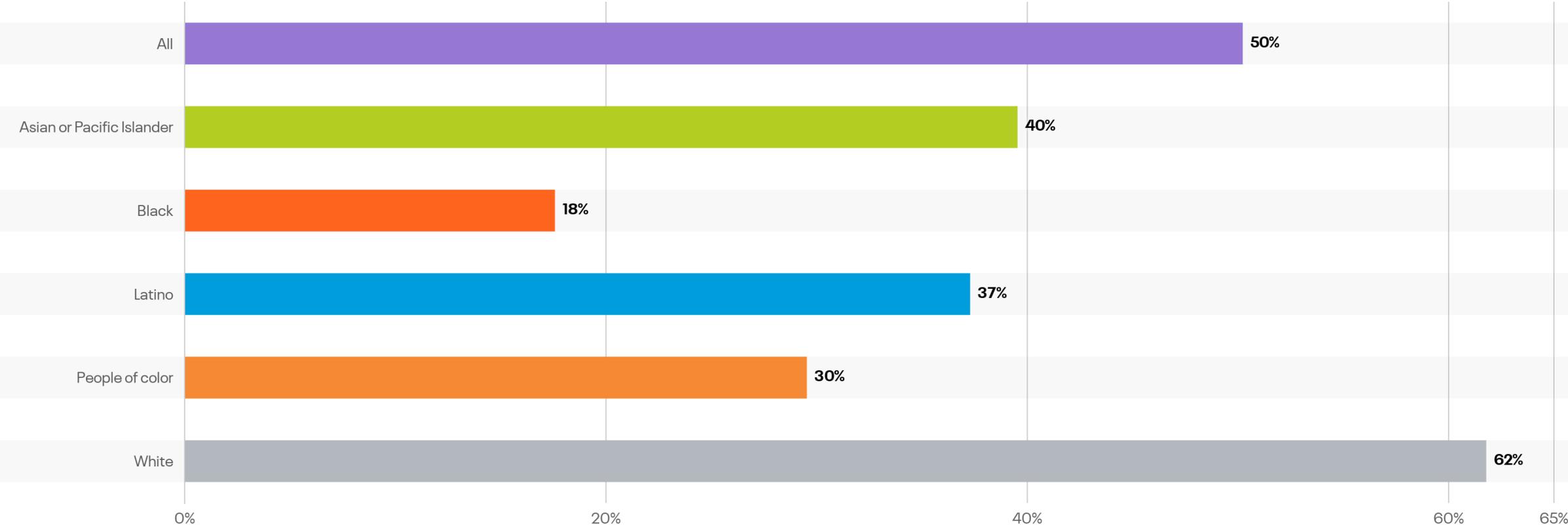
Housing burden by tenure, severity, and race/ethnicity: St. Paul, MN; **Tenure:** Renters; **Severity:** Burdened; **Poverty:** All income levels; **Year:** 2019



Data source: IPUMS USA | National Equity Atlas

Saint Paul Tenure by race

Percent owner-occupied households by race/ethnicity: St. Paul, MN; Year: 2019



Data source: IPUMS USA | National Equity Atlas

Benefits of a Well-Tailored Rent Stabilization Policy



What is Rent Stabilization?

- Sets maximum allowable rent increases to restrict price gouging, **stabilizing housing costs and granting greater ability to afford housing costs**
- Provides consistent and predictable rent increases, **protecting against destabilization and reducing sudden evictions and tenant turnover costs**
- Establishes rent boards that serve as mediators between landlords and tenants, **leveling the playing field in the landlord-tenant relationship**
- Creates rental registries to track compliance and enforce penalties, **maintaining housing habitability and greater transparency in the landlord-tenant relationship**



Why Rent Stabilization?

- Immediately addresses the crisis at scale
- Works to increase housing stability and affordability for current tenants and prevents displacement
- Cost-effective
- Protects low-income households and advances racial and gender equity
- Cascading benefits: economic, health, educational, climate-friendly development, civic participation, long-term housing affordability and stability

Principles for Effective Rent Stabilization

- Ensure maximum coverage of rental homes
- Pair rent control with robust tenant protections and systems to maintain safe, quality homes
- Maximize neighborhood stability

Benefits of Rent Stabilization



Economic Benefits of Housing Stability

If all renters paid only what they could afford on housing...

...they would have an extra \$124 billion to spend in the community each year, or

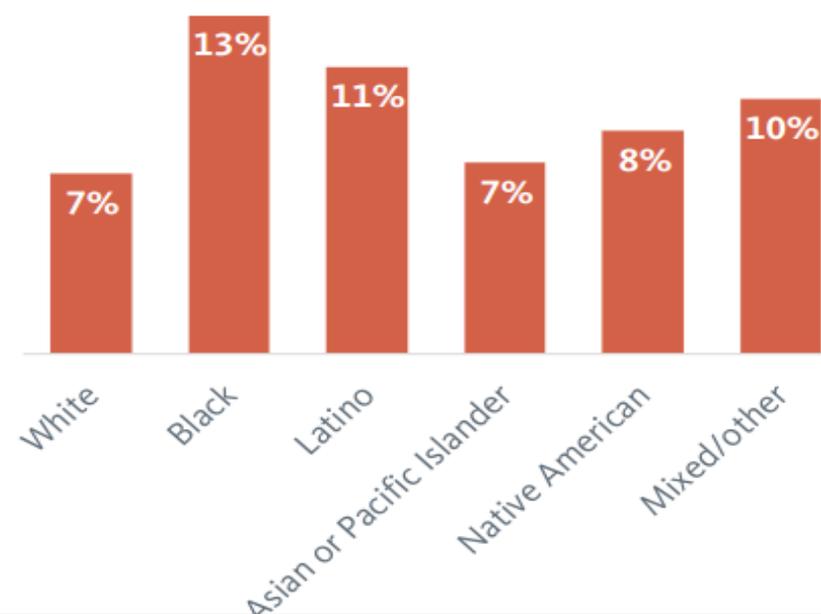
Everyone would be better off, and racial inequities would shrink.

\$6,200
per household^{***}

This would cover the basics for a three-person household, like:

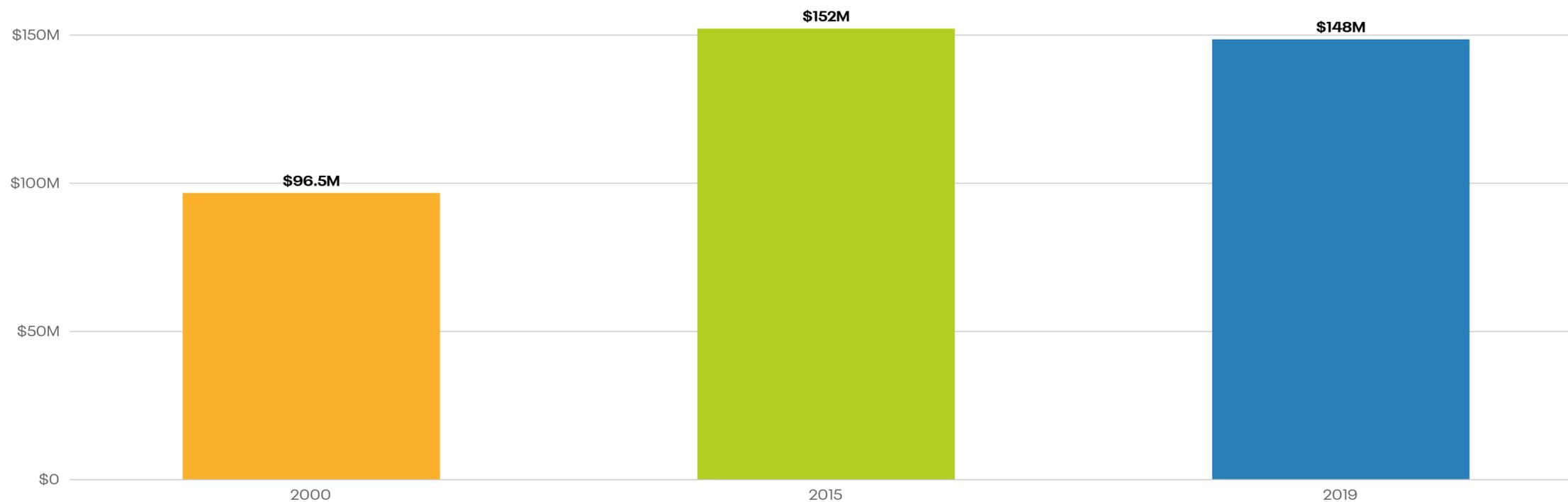
- 90% of an entire food budget,
- 63% of the cost of child care,
- nearly all transportation costs, or
- 66% of the cost of tuition at a public four-year university.

Increase in yearly disposable income by race:



Economic Benefits of Reasonable Rents

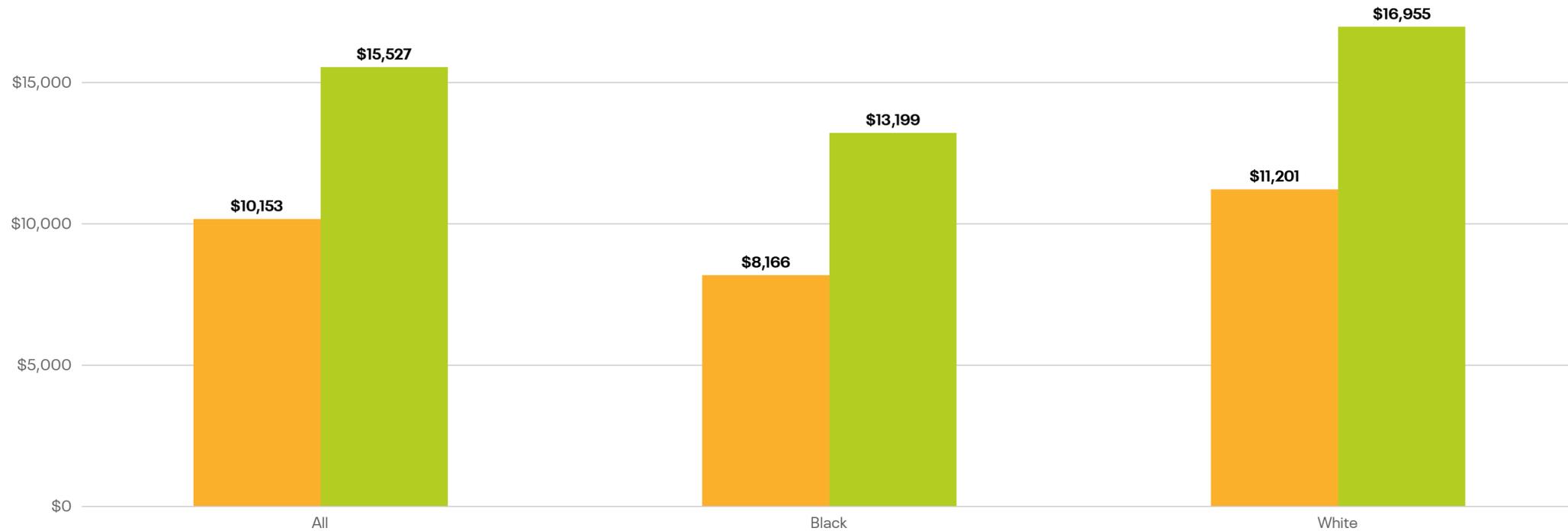
Total gain in disposable income for renters with no rent burden: St. Paul, MN; 2000–2019



Economic Benefits of Eliminating Cost-Burden

Average gain in disposable income per rent burdened household with no rent burden: St. Paul, MN; 2019

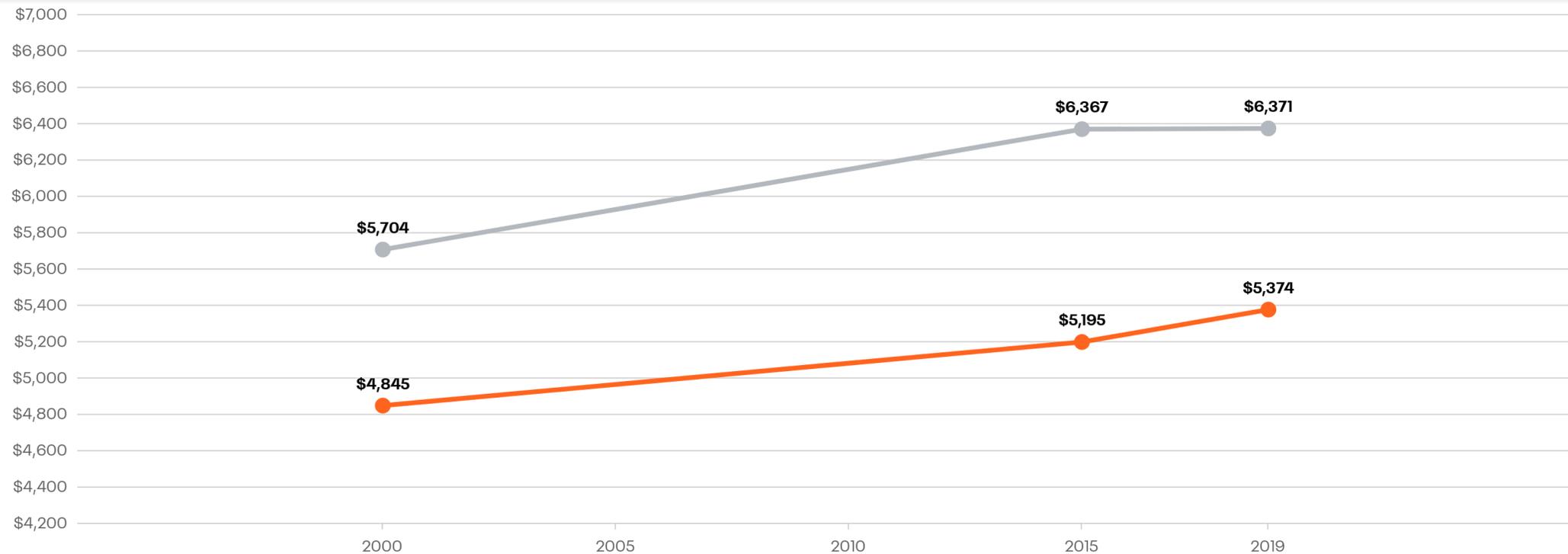
■ Average disposable income ■ Average disposable income with no rent burden



Economic Benefits of Reasonable Rents

Average gain in disposable income per rent burdened household with no rent burden: St. Paul, MN vs. United States; **Poverty:** All income levels; **Race/ethnicity:** All; 2000-2019

■ St. Paul, MN ■ United States



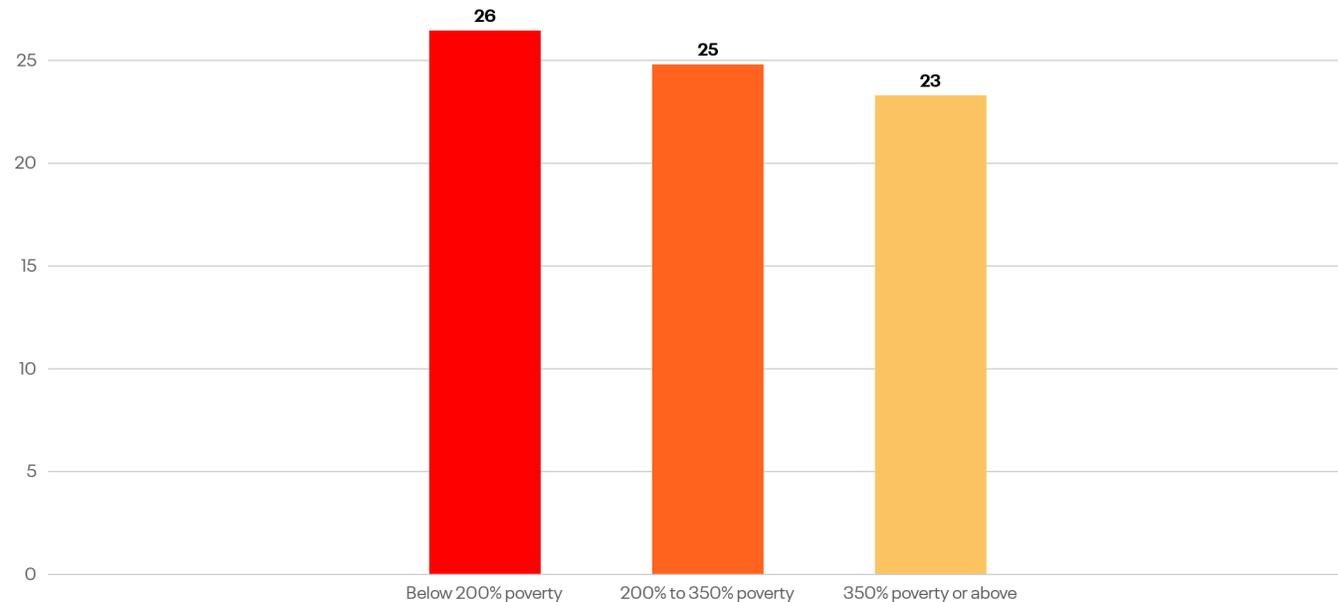
Environmental Benefits of Housing Stability

Rent control **reduces housing costs**, granting households the ability to **live in transit rich urban centers**, reducing the need to drive

Personal vehicle usage is the largest contributing factor of climate change.

St. Paul, MN: In 2019, workers living at below 200% poverty had the longest average commute time by all modes among all income groups.

Average travel time to work (minutes) by poverty: St. Paul, MN; **Mode:** All modes; **Year:** 2019



Source: TransForm, National Geographic.

Health Benefits of Housing Stability

Rent control and stabilization requires **proactive code inspections**, resulting in:

- **Safe Housing Conditions:** Stably housed residents are **20% less likely to experience housing problems** and be exposed to hazardous conditions
- **75%** of displaced households in San Mateo ended up in worse housing situations because they had **no other choice** and may be forced to live in **cramped conditions, homes with asbestos, lead, mold, and bug infestation, leading to illness**
- **Regular Access to Health Services**
Stably housed residents are **23% more likely to access health services.**
- Displaced households are more likely to*:
 - Visit the ER by **10%**
 - Be hospitalized by **30%**
 - Make a mental health related visit by **80%**

Source: Matthew Desmond “Eviction’s Fallout: Housing, Hardship, and Health; Fuller-Thomson, E., J. D. Hulchanski, and S. Hwang. 2000. “The Housing/Health Relationship: What Do We Know?” *Reviews on Environmental Health* 15 (1–2): 109–33; Justine Marcus and Miriam Zuk “Displacement in San Mateo County: California Consequences for Housing, Neighborhoods, Quality of Life, and Health”

Community Benefits of Housing Stability

Long term housing stability benefits all by facilitating **social capital** crucial for:

- Forming of social clubs and neighborhood institutions
- Sustaining voter blocs to pass initiatives, leverage resources, and elect representatives

Long term housing stability fosters a sense of **identity and culture** that is important to:

- The success local businesses, such as ones that offer culturally specific goods or niche services
- Newly settled immigrants or those with limited English proficiency
- Establish a home outside of the house: a community, shared memories, familiarity



Thank you!

Please contact Rasheedah Phillips, Director of Housing at Rasheedah@policylink.org with any questions or requests for additional materials.

