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The High Cost of Rent Control in Providence

WHY CAPPING RENTS TODAY LIMITS HOUSING CHOICES TOMORROW

January 2026

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Executive Summary

In Providence, rising housing costs and tightening markets have led to a renewed interest in rent control as a mechanism for ensuring tenant stability. While price regulations are often advocated to protect incumbent residents from displacement, a robust body of economic evidence suggests that these interventions—specifically price ceilings—reduce housing supply, degrade property quality, and worsen overall affordability. Balancing the immediate needs of residents with long-term market health advises a policy focus on expanding housing production, implementing targeted rental subsidies, and utilizing tax stabilization agreements to facilitate commercial-to-residential conversions.

Key Findings

- **Rent control acts as a price cap rather than a reduction**. It offers no immediate relief for those already struggling with high monthly payments and can incentivize landlords to raise rents to the absolute legal maximum every year.
- **Rent control's benefits are untargeted,** which ties the largest subsidies to the most expensive housing. In a 3% rent cap scenario, a tenant paying rent of $3,000 per month would realize three times the annual savings ($1,584) of a tenant paying $1,000 a month ($528).
- **Price caps swiftly chill housing production.** St. Paul, Minnesota saw multifamily permits plummet 86.2% in a single quarter following its 2021 ordinance.
- **Revenue caps disincentivize maintenance and encourage condo conversions.** San Francisco's rent-controlled housing supply fell 15% as landlords avoided regulation through conversions, while 64% of controlled units in New York City were found to have maintenance deficiencies.
- **Rent control devalues the tax base, triggering a potential tax shift onto homeowners.** As rental property values plummet—evidenced by a 5.4% reduction in Portland, Maine's tax base—cities must either raise property tax rates or cut essential local services to offset the revenue gap.
- **Supply-side reforms and rental assistance outperform regulations.** Zoning changes in Austin, Texas cut rents by 22 percent, while Boston's rental assistance program surpassed Seattle's mandates in preventing displacement.
- **Tax stabilization agreements and commercial-to-residential conversions are essential for unlocking housing supply**. Boston and Philadelphia successfully use these incentives to make redeveloping underutilized commercial and industrial assets financially viable for developers.

Recommendations

Reject rent control

Aggressively expand housing production

Utilize representative, data-driven metrics for housing policy

Pursue targeted, means tested local rental assistance

Table of Contents

Section	***Page #***
I. Introduction	4
II. What is Rent Control?	7
III. What are the Effects of Rent Control?	9
Immediate Benefits: Prioritizing Tenant Tenure and Neighborhood Stability	9
Market Distortions: Unintended Long-Term Consequences of Rent Control	10
IV. Alternatives to Rent Control	18
Market Expansion: Increasing Production for Long-Term Affordability	18
Targeted Relief: Using Rental Assistance as an Immediate Safety Net	22
V. RIPEC Comments	24

I. Introduction

Rising housing costs and tightening markets have led to a renewed interest in rent control across the United States. Policymakers and community members frequently point to the disparity between rents and wages, advocating for price regulations to ensure stability for incumbent tenants and to address rising housing costs. While such interventions may be appealing given the urgency of the issue, a robust body of evidence suggests a complex reality regarding the long-term efficacy of price ceilings. Economic analysis indicates that while these policies provide immediate relief, they ultimately negatively influence housing supply, property quality, and broader affordability.

Despite these complications, rent control has moved to the forefront of legislative agendas, particularly in the northeastern United States. In Massachusetts, a coalition of housing organizations is pursuing a ballot initiative to repeal the statewide ban on rent control approved by voters in 1994.[1] Since 2022, Connecticut has utilized a decentralized regulatory model that allows municipalities to establish Fair Rent Commissions, bodies which possess the authority to mediate disputes and, in specific instances, review rent increases.[2] Further north, several Maine municipalities have enacted local ordinances to address these issues—most notably Portland and South Portland, which have implemented rent control measures tying allowable increases to the Consumer Price Index.[3] The debate is also active in New Hampshire, where the state legislature has seen an increase in bills aimed at authorizing municipal rent control.[4] Legislation in Vermont reflects a slightly different approach, integrating stabilization concepts into broader housing reforms, including provisions in recent housing bills that include tenant representation and funding mechanisms tied to rent stabilization commitments.[5]

In Rhode Island, advocacy groups such as ReclaimRI have championed rent control as a necessary response to housing instability.[6] At the same time, multiple bills have been introduced in Rhode Island's General Assembly that seek to repeal the state's preemption

[1] C. Lisinski, "Rent Control Advocates Clear Threshold for 2026 Ballot Question," WBUR News, November 20, 2025.
[2] Conn. Gen. Stat. § 7-148b; Connecticut General Assembly, "An Act Requiring the Establishment of Fair Rent Commissions," January Session 2025.
[3] City of Portland, Maine, *Code of Ordinances*, Chapter 6, "Housing," Art. XII, Rent Control and Tenant Protections.
[4] New Hampshire House Bill 1168 (2024), "An act enabling municipalities to adopt rent control ordinances."
[5] Vermont General Assembly, *S. 100 (Act 47)*, "An act relating to housing opportunities made for everyone," 2024-2025 Session.
[6] ReclaimRI, Housing Justice, accessed November 22, 2025.

on rent control or establish statewide caps.[7] Despite these efforts, state housing leaders have so far not embraced rent control as a viable policy to address housing affordability.[8]

In Providence, the push for market intervention is driven by a narrative of market failure, memorialized most prominently in the Providence City Council's 2025 Housing Crisis Task Force Report, which recommended the adoption of a rent stabilization ordinance.[9] This report—and the broader local debate—often rely on affordability benchmarks that show a widening gap between wages and the cost of housing.[10] For instance, a finding within the Council's report of double-digit spikes in asking rents has created a sense of urgency among local policymakers.[11] These metrics often rely on assumptions regarding household composition and further assume that the volatile asking prices for new vacancies reflect the broader market, rather than the more stable rents paid by longer term residents.[12] By relying on this data alone, the policy conversation risks ignoring the nuances of the more stable rents paid by most residents.[13]

Against the backdrop of real housing affordability pressures—the scale of which remain subject to debate—this report analyzes the long-term consequences of price ceilings. Balancing the immediate needs of residents with the long-term health of the housing market requires careful examination of the data and the unintended consequences

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[7] Rhode Island General Assembly, *House Bill 5264*, "Rent Stabilization Act," 2025 Session.
[8] R.I. Executive Office of Housing, Housing Myths vs. Facts: 2025.
[9] Providence City Council, Housing Crisis Task Force Report, October 2025.
[10] The National Low Income Housing Coalition's 2024 "Housing Wage" metric asserts a full-time Rhode Island worker must earn $28.27 per hour to afford a two-bedroom apartment, implying a minimum wage earner ($14.00 per hour) would need to work 87 hours per week for stability. National Low Income Housing Coalition, Out of Reach 2024: Rhode Island, June 2024.
[11] Data from HousingWorks RI indicates that 47 percent of Providence renters are cost-burdened, paying more than 30 percent of their income on housing. Additionally, the Providence City Council's 2025 Housing Crisis Task Force Report cited a 16 percent rent spike in 2024—the highest increase of any metro nationwide—and noted that Providence also experienced the second-highest increases in 2025 at 12.4 percent. HousingWorks RI, 2025 Housing Fact Book, October 2025; Providence City Council, Housing Crisis Task Force Report, October 2025.
[12] Common crisis metrics often assume a single wage earner bears the full cost of a unit, whereas Census data shows actual household compositions typically include more than one working adult. Furthermore, the 30 percent cost-burden standard was originally designed for federal public housing programs and does not necessarily reflect private market lending standards. U.S. Census Bureau, 2023 ACS 1-Year Estimates, 2024; Congressional Research Service, Housing Cost Burden: In Brief, March 2023.
[13] Reported double-digit spikes are typically derived from marginal listing data—asking prices for new vacancies—rather than the stable rents paid by existing tenants. According to the U.S. Census Bureau and analysis of regional inflation indices, the median gross rent in Providence is estimated to be approximately $1,489 for 2024. For a standard two-bedroom unit, the U.S. Department of Housing and Urban Development (HUD) Fiscal Year 2025 50th Percentile Rent for the Providence area is established at $1,795. Federal data indicates that sticky continuing rents for existing tenants are significantly less volatile than new market listings. U.S. Bureau of Labor Statistics, Disentangling Rent Index Differences; U.S. Census, 2023 ACS 1-Year Estimates, 2024; U.S. Department of Housing and Urban Development, FY 2025 50th Percentile Rent Estimates, September 2024.

experienced in other jurisdictions. This report explores research surrounding rent control policies in four sections following this introduction:

- **Section II** outlines the historical evolution of rent control policies in the United States.
- **Section III** reviews economic literature to determine the effects of rent control, weighing the benefits of increased current tenant stability against long-term impacts on housing supply and quality.
- **Section IV** discusses alternative policy solutions to address housing affordability challenges, including increased housing production and targeted rental assistance.
- **Section V** provides comments and recommendations for policymakers.

II. What is Rent Control?

Rent control is not a static policy, but rather has a dynamic history marked by shifts in economic thought and public sentiment. Its evolution is typically categorized into distinct generations, each defined by the stringency of its restrictions and the mechanisms used to balance tenant protection with landlord viability.

First Generation: Strict Rent Freeze

The earliest widespread adoption of rent regulations in the United States, known as first-generation rent control, functioned as a strict rent freeze.[14] These policies were not designed as permanent economic fixtures but as emergency measures enacted during World War I and II to prevent profiteering and ensure housing affordability for the nation's workforce. The defining characteristic of this generation was extreme stringency: laws fixed the rental rate at the level existing upon enactment, allowing for minimal upward adjustment regardless of inflation or rising operating costs.[15]

Second Generation: The Shift to Rent Stabilization

In response to persistent inflation and the negative consequences of rigid freezes, second-generation policies—commonly termed rent stabilization—emerged in the 1960s and 1970s. This structural shift moved away from static price freezes to a flexible system that limits the rate of increase, typically tying allowable hikes to the Consumer Price Index (CPI) to allow landlords a reasonable return on investment and encourage property maintenance.[16]

Third Generation: Modern Policies

In the 21st century, growing affordability challenges have sparked a resurgence of interest in rent regulation, often termed third-generation policies. The most critical feature differentiating this generation from the second is "vacancy decontrol"—meaning that limits

[14] R. Arnott, "Time for Revisionism on Rent Control," *Journal of Economic Perspectives*, 9:1, 1995. Arnott distinguishes first-generation controls as the strict rent freezes widely adopted not only adopted in the United States but across North America and Western Europe during World War II.

[15] A key aspect of first-generation controls was the treatment of unit turnover: rents generally remained controlled even after a tenant vacated. This meant the price ceiling applied to the unit itself indefinitely, not just the tenancy, leading to controlled rents becoming decoupled from true operating costs over time. Ibid; Urban Institute, "Rent Control: What Does the Research Tell Us About the Effectiveness of Local Action?," October 2018; R. Diamond, T. McQuade, and Franklin Qian, "The Effects of Rent Control on Tenants, Landlords, and Inequality: Evidence from San Francisco," *American Economic Review*, 109:9, 2019.

[16] Ibid; Brookings Institution, "Is rent control making a comeback?," July 2019.

on rent increases apply only to incumbent tenants, with landlords free to reset rents to market rates once a tenant voluntarily vacates the unit.[17] These ordinances are highly localized and attempt to blend stabilization principles with stronger tenant protections. Portland, Maine, for example, utilizes a stabilization model where annual allowable increases are tied to 70.0 percent of the change in the CPI. In contrast, St. Paul, Minnesota initially enacted a strict 3.0 percent cap in 2021 with no exemption for new construction but amended the ordinance to exempt housing built after 2004 following negative market feedback.[18]

[17] Vacancy decontrol was intended to inject market reality into the system, preventing the indefinite lock-in of below-market rents regardless of a tenant's income. To protect new supply and small owners, these policies also typically exempted new construction and owner-occupied buildings. This model has become the standard for major U.S. coastal cities, including San Francisco, Los Angeles, and Washington, D.C. R. Arnott, "Time for Revisionism on Rent Control?," *Journal of Economic Perspectives*, 9:1, 1995; Urban Institute, Rent Control: Key Policy Components and Their Equity Implications, August 2023.

[18] R. Arnott, "Tenancy Rent Control," *Policy Review*, 118:2, 2003; City of Portland, ME, Rent Control & Rental Housing Rights, accessed November 7, 2025; City of Saint Paul, MN, Rent Stabilization, accessed November 7, 2025.

III. What are the Effects of Rent Control?

The debate surrounding rent control is defined by a fundamental tension: the policy delivers immediate, tangible stability for incumbent tenants at the cost of complex, detrimental long-term consequences for the broader housing market. While regulation of rents serves as economic insurance for protected residents—preventing displacement and stabilizing neighborhoods—economic consensus indicates that price ceilings inevitably distort market dynamics. These distortions reduce the supply and quality of housing, create spillover costs for new renters, and can result in regressive wealth transfers.

Immediate Benefits: Prioritizing Tenant Tenure and Neighborhood Stability

The foundational appeal of rent control policies lies in their explicit promise to deliver housing stability and affordability to existing tenants in the face of volatile market forces.[19] By implementing limits on the frequency and magnitude of rent increases, these regulations serve as a form of economic insurance, protecting residents from the sudden, dramatic spikes in housing costs that can often lead to displacement.[20] Second and third-generation policies are designed to be more flexible, typically allowing landlords to increase rents to cover a substantial portion of inflation, property tax increases, and necessary maintenance costs, and are primarily centered on increasing tenant tenure, assuring affordability, and maintaining neighborhood integrity.[21]

Increased Tenant Tenure, Stability, and Affordability

The primary success of rent stabilization is its ability to increase tenant tenure by limiting rent hikes, effectively insuring tenants against market volatility. Research on San Francisco's rent control expansion found that protected renters were significantly less likely to move, receiving an estimated benefit equivalent to an annual transfer of between $2,300 and $6,600 per person.[22]

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[19] Urban Institute, Anti-Gouging Rent Regulations, accessed October 31, 2025.
[20] R. Diamond, T. McQuade, and F. Qian, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," *The American Economic Review*, 109:9, 2019.
[21] D. Imbroscio, "Rent Regulation and Housing Stability: A Review of the Research and Policy Options," *Lincoln Institute of Land Policy*, 2020.
[22] S. Zuber, "Rent Control and Housing Quality: A Review of the Evidence," *Terner Center for Housing Innovation*, 2018; R. Diamond, T. McQuade, and F. Qian, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," *The American Economic Review*, 109:9, 2019. The study estimates the welfare benefit to tenants as a range depending on the tenant's age and tenure, with aggregate annual benefits totaling over $214 million citywide. In this context, an annual transfer represents the total financial value shifted from landlords to tenants, comprised of both the direct savings from below-market rents and the insurance value of being protected against future price spikes.

Similar protections are evident in New York City, where regulated units were found to have a median monthly rent that was $425 lower than unregulated rentals. By comparison, a study of the Minneapolis market found that units in older, non-luxury buildings averaged approximately $300 less than the market median for equivalent units.[23]

Rent control advocates argue this "stability premium" generates positive externalities, including improved public health, educational stability, and civic cohesion.[24] Furthermore, because renters in Providence had a median income of $48,875 in 2023—significantly lower than the owner-occupied household median of $102,738—stabilization mechanisms disproportionately aid lower- and moderate-income households.[25] However, this stability premium for incumbents is not free; it is effectively subsidized by economic trade-offs affecting the broader rental market.

Market Distortions: Unintended Long-Term Consequences of Rent Control

Economic analysis reveals that rent control's primary mechanism—a price cap—creates profound long-term consequences that ultimately harm the housing market and undermine the goal of broad affordability. The constraints placed on revenue by rent caps diminish the financial incentive needed for new housing construction, lead to the deterioration of existing property quality, and accelerate the withdrawal of rental units from the regulated market. These long-term effects exacerbate the housing shortage, creating a two-tiered market that ultimately drives up rents for uncontrolled housing units.

The Price Cap Paradox: Why Caps Offer Little Relief to Struggling Renters

Rent control is structurally incapable of solving immediate housing affordability challenges because its mechanism is a price cap, not a price reduction. Policies typically apply a limit to future increases based on the current market price. Consequently, if a renter is already

[23] The New York data reflects the impact of active regulation, while the Minneapolis data illustrates the natural rent gap that often exists for non-luxury housing in a non-regulated environment. M. Pastor, V. Carter, and M. Abood, "Rent Matters: What are the Impacts of Rent Stabilization Measures?" *USC Equity Research Institute*, October 2018; D. Imbroscio, "Rent Regulation and Housing Stability: A Review of the Research and Policy Options," *Lincoln Institute of Land Policy*, 2020; M. Paul, Economists are Rethinking Rent Control, *PolicyLink*, July 2025; New York City Rent Guidelines Board, Income and Expense Study, Various Years; Center for Urban and Regional Affairs at the University of Minnesota, Minneapolis Rent Stabilization Study, February 2021.

[24] Urban Institute, Rent Control and the Supply of Affordable Housing, 2024; S. Zuber, "Rent Control and Housing Quality: A Review of the Evidence," *Terner Center for Housing Innovation*, 2018; M. Paul, Economists are Rethinking Rent Control, *PolicyLink*, July 2025; D. Threet, Rent Control, National Low Income Housing Coalition, accessed November 6, 2025.

[25] Urban Institute, Rent Control and the Supply of Affordable Housing, 2024; S. Zuber, "Rent Control and Housing Quality: A Review of the Evidence," *Terner Center for Housing Innovation*, 2018; M. Paul, Economists are Rethinking Rent Control, *PolicyLink*, July 2025; D. Threet, Rent Control, National Low Income Housing Coalition, accessed November 6, 2025; U.S. Census Bureau, ACS 5-Year Projections.

struggling with a high monthly payment, the policy provides zero immediate relief for their financial burden. Moreover, strict caps can create a self-fulfilling prophecy where landlords, restricted from adjusting to market fluctuations, raise rents to the absolute legal maximum every year. This creates a rent floor rather than a ceiling, potentially leading to higher accumulated rents than might occur in a fluctuating, non-regulated market.[26]

How Regulation Stifles New Housing Supply

One of the most widely documented negative effects of rent control is the suppression of housing supply. Price caps create a market disequilibrium: if the cost of building and operating a unit exceeds the capped rental income, the financial incentive for new construction disappears, and developers will choose not to build.[27]

The contrasting experiences of the Twin Cities—St. Paul and Minneapolis—demonstrate how these dynamics can result in a swift and profound destabilization of the housing market. In St. Paul, the 2021 passage of a strict rent control ordinance—which capped increases at three percent and included no exemption for new construction—caused an immediate collapse in the production of new housing. Academic analysis has confirmed that the policy caused a six to seven percent decline in residential property values, amounting to an aggregate loss of $1.6 billion in the city's taxable base, and effectively removing the investment incentive for new projects.[28] The impact was visible in real-time data. As depicted in Figure 1, multifamily permits crashed from 788 units in the quarter before the rent control vote to just 109 units in the first quarter of 2022, representing a precipitous 86.2 percent decline immediately following implementation.[29] While Minneapolis initially benefited from capital flight leaving St. Paul, the mere consideration of a similar policy by the Minneapolis City Council created a chill of regulatory uncertainty that eventually resulted in contraction of the housing supply in that community.[30] By 2023, permits in

[26] E.O. Olsen, "An Econometric Analysis of Rent Control", *Journal of Political Economy*, 80:6, 1972; J. Gyourko and P. Linneman, "The Economic Effects of Rent Control on Housing Supply", *Journal of Urban Economics*, 1989; R. Diamond, T.J. McQuade, and F. Qian, The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality, *American Economic Review*, 2019.

[27] R. Benfield, "What does economic evidence tell us about the effects of rent control?" *Brookings Institute*, October 18, 2018; E.O. Olsen, "An Econometric Analysis of Rent Control," *Journal of Political Economy*, 80:6, 1972.

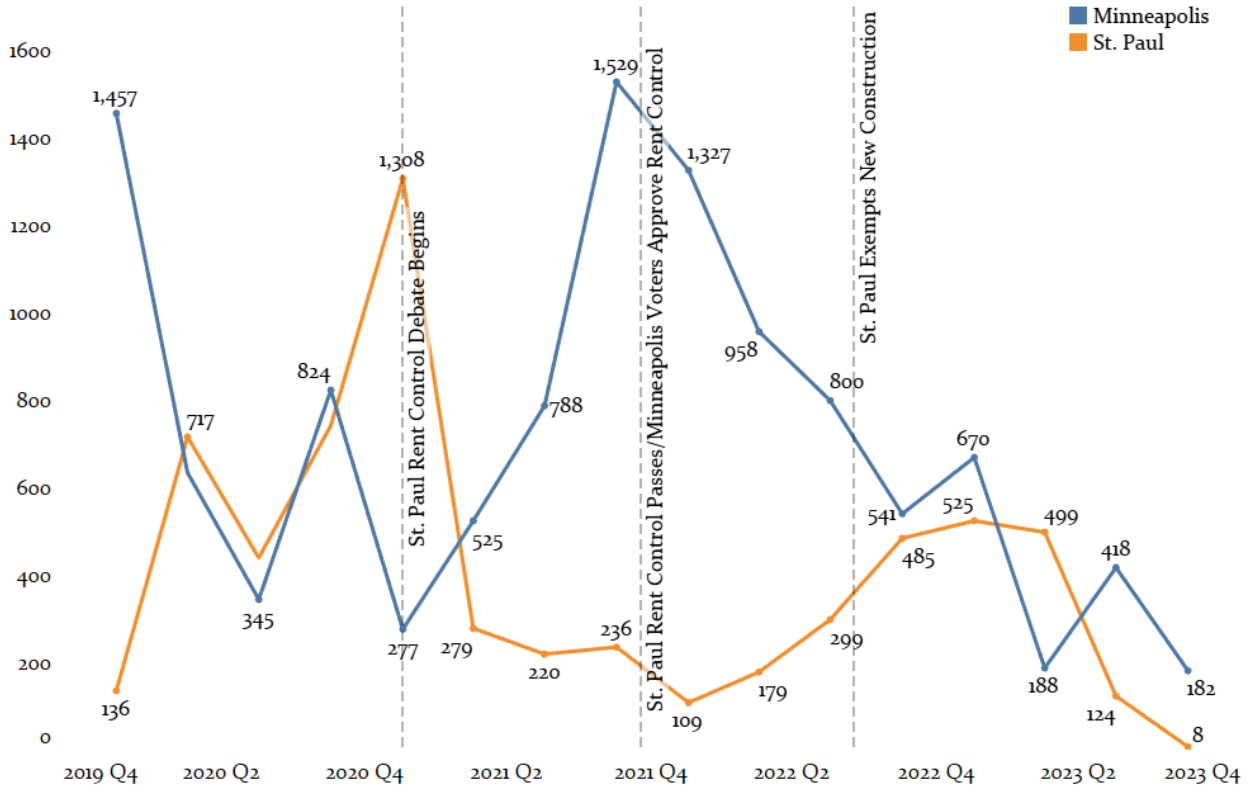
[28] St. Paul City Council, Resolution directing the City Clerk to Place Rent Stabilization initiative on the November 2, 2021 ballot, following the petition filed on June 22, 2021, accessed October 22, 2025; CBRE, Impact of Rent Control on Housing Investment in Minneapolis & St. Paul, January 2023; K. Ahern and M. Giacoletti, "Robbing Peter to Pay Paul? The Redistribution of Wealth Caused by Rent Control," *NBER Working Paper*, 2022; Shelterforce, What Happened to Rent Control in Minneapolis?, August 2023.

[29] U.S. HUD, SOCDS Building Permits Survey, accessed October 22, 2025.

[30] CBRE, Impact of Rent Control on Housing Investment in Minneapolis & St. Paul, January 2023; Minneapolis City Council, Minneapolis City Council vote effect ends rend control efforts, June 2023.

Minneapolis had fallen by 40.7 percent, demonstrating that the risk of restrictive regulation can hinder housing in a similar way to its full implementation.[31]

Figure 1
Multifamily Permits by Quarter, St. Paul vs. Minneapolis
Q1 2020 - Q4 2023



Note: Minneapolis never fully adopted rent control, the City Council ultimately rejected the policy after a year of debate.
Source: U.S. Census, Building Permits Survey; City of Minneapolis, Rent Stabilization; St. Paul City Council; K. Ahern and M. Giacoletti, The Redistribution of Wealth Caused by Rent Control; RIPEC calculations.

Deteriorating Assets: Property Conversions and Deferred Maintenance

Rent Control policies also shrink the existing rental pool as landlords, seeking to escape regulatory constraints, convert units to condominiums or sell to owner-occupiers of multi-family apartment buildings.[32] In San Francisco, rent-controlled properties were roughly ten percent more likely to convert to other uses, reducing the controlled rental supply by approximately 15 percent.[33] Similarly, Washington, D.C. saw a nearly 14 percent decline in

[31] U.S. HUD, SOCDS Building Permits Survey, accessed October 22, 2025.
[32] National Multifamily Housing Council, The High Cost of Rent Control, accessed October 23, 2025.
[33] D. Autor, C. Palmer, and P. Pathak. "Housing Market Spillovers: Evidence from the End of Rent Control in Cambridge, Massachusetts," *Journal of Political Economy*, 122:3, 2014; R. Diamond, T. McQuade, and F. Qian, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," *NBER Working Paper*, 2018.

controlled units over a multi-year period, while Cambridge, Massachusetts also demonstrated a significant decline in its rental stock after rent control policies were implemented.[34]

Beyond the loss of units, capped revenues often forces landlords to defer maintenance, affecting the quality of existing rental housing. When landlords cannot increase rents to fully cover rising operational costs, or to fund necessary renovations, there is a financial incentive to defer non-essential repairs and postpone major upgrades.[35] For example, in New York City, approximately 64 percent of rent-controlled units were found to have maintenance deficiencies, compared to 47 percent of unregulated units.[36]

Spillover Effects in the Unregulated Market

The price ceilings mandated by rent control policies create a two-tiered market in which benefits for incumbent renters result in significantly higher costs for newcomers. While the 5.1 percent increase in city-wide rents in San Francisco between 1994 and 2010 may appear modest over sixteen years, economic analysis reveals this was a targeted cost burden shifted specifically onto young workers and low-income movers. These residents were forced to compete for a dwindling supply of non-controlled units, which had been reduced as landlords converted or withdrew properties from the market. Crucially, research found that the $2.9 billion in savings enjoyed by rent-controlled tenants was entirely offset by the $2.9 billion in higher rents paid by future tenants in the uncontrolled market.[37]

Furthermore, the physical deterioration of rent-controlled housing generates negative externalities that depress the value of the surrounding non-controlled properties. As capped revenues force landlords to defer maintenance, the resulting blight—ranging from minor disrepair to abandonment—reduces the desirability of the entire neighborhood, creating a spillover effect that reduces the value of adjacent, unregulated homes.[38]

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[34] D.C. Policy Center, "What we know about rent control and its impacts on rental housing," August 2025; D. Autor, C. Palmer, and P. Pathak. "Housing Market Spillovers: Evidence from the End of Rent Control in Cambridge, Massachusetts," *Journal of Political Economy*, 122:3, 2014.

[35] Federal Reserve Bank of St. Louis, What are the Long-Run Trade-Offs of Rent-Control Policies?, 2024; Brookings Institute, What does economic evidence tell us about the effects of rent control?, October 2018.

[36] D.C. Policy Center, "What we know about rent control and its impacts on rental housing," August 2025; J. Gyourkno and P. Linneman, "Rent Controls and Rental Housing Quality: A Note on the Effects of New York City's Old Controls," *Journal of Urban Economics*, 27, 1990; J. Gilderbloom and L. Ye, "Thirty Years of Rent Control: A Survey of New Jersey Cities," *Journal of Urban Affairs*, 29:2, 2007.

[37] R. Diamond, T. McQuade, and F. Qian. "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco." *The American Economic Review,* 109:9, 2019.

[38] National Multifamily Housing Council (NMHC), The Impacts of Rent Control: A Research Review and Synthesis, 2018.

Misallocation of Resources and Regressive Wealth Transfer

Rent control leads to significant economic inefficiencies by disincentivizing "right-sizing"—the market function where households move to units that better fit their changing needs. Because tenants in controlled units pay below-market rates, they become sticky, refusing to move even when their housing needs change. This lock-in effect can create profound allocative inefficiency. Research on New York City's rent-controlled market found that this dynamic causes a significant misallocation of housing stock. For example, affluent tenants remained in rent-stabilized units long after their financial status had improved.[39]

Equity Disparities: How Untargeted Benefits Favor High-Income Units

A critical flaw in rent control policies is that they lack means testing and the benefits are not based on a household's actual financial need. Rather, rent control benefits are tied strictly to the rental unit, creating a regressive distribution of benefits driven by the mathematics of percentage caps: a tenant paying rent on a high-rent, luxury unit receives a significantly larger nominal dollar discount than a tenant in a more modest unit.[40]

This economic distortion frequently results in significant equity disparities. Recent analysis by the USC Dornsife Equity Research Institute and Johns Hopkins University found that white tenants in New York City's stabilized housing received, on average, a monthly rent discount significantly higher than Black or Hispanic tenants. This disparity occurs because wealthier households often possess the capital to secure and retain higher-value units, effectively locking in the largest subsidies.[41] The magnitude of the financial benefit is determined not by the renter's income, but by the price of the apartment. Wealthier households, which are more likely to occupy premium housing stock, effectively capture the largest monetary subsidies.

Illustrating the Distribution of Subsidies in Providence

To illustrate how this regressive dynamic—where benefits scale with housing costs rather than financial need—would manifest locally, RIPEC modeled the subsidy captured by five

[39] E. Glaeser and E. Luttmer, "The Misallocation of Housing Under Rent Control," The American Economic Review, 93:4, 2003. The authors estimate that this misallocation of apartments resulted in an annual welfare loss of $200 per apartment in New York City.
[40] R. Diamond, What does economic evidence tell us about the effects of rent control?, *Brookings Institute*, Oct. 18, 2018.
[41] L. Quintero et al., "Rent Regulation's Reversal of Fortune: Racial Equity and the Unintended Consequences of Rent Control," John Hopkins Carey Business School & USC Dornslife Equity Research Institute, 2022. This study utilized the New York City Housing and Vacancy Survey to demonstrate that the benefits of rent regulation have increasingly shifted toward white and higher-income households since the early 2000s.

distinct renter profiles in the Providence market. This model compares the financial outcomes for five households in a scenario where rent stabilization caps annual increases at 3.0 percent while the market rental rate grows at the five-year recent annual average of 7.4 percent.

As detailed in Figure 2, the data indicates that the financial benefit derived from rent control increases proportionally with the value of the unit. In this scenario, a household in a $3,000 per month unit receives an annual benefit of $1,584—exactly triple the $528 benefit realized by a household in a $1,000 per month unit.

Figure 2
Modeling the Annual Subsidy Under Rent Control

Renter Profile	Monthly Rent	Market Increase (Monthly)	Controlled Increase (Monthly)	Annual Subsidy
Tenant A	$1,000	$74	$30	$528
Tenant B	$1,500	$111	$45	$792
Tenant C	$2,000	$148	$60	$1,056
Tenant D	$2,500	$185	$75	$1,320
Tenant E	$3,000	$222	$90	$1,584

Note: The market increase represents the five-year average annual increase of 7.4 percent, the controlled increase represents 3.0 percent.
Source: RIPEC calculations

This outcome demonstrates an allocative inefficiency inherent in percentage-based price controls. The foregone rental revenue—which effectively functions as a market subsidy—is allocated based on the value of the unit occupied. Consequently, a tenant in a high-rent unit receives a far larger subsidy than a tenant in a more modest unit.[42]

[42] Empirical data from the San Francisco and St. Paul markets confirms that the financial benefits of rent control are frequently regressive. Because subsidies are tied to the unit rather than the tenant's income, higher-income households—who occupy more expensive housing on average—receive a larger nominal dollar discount under percentage-based caps. Furthermore, high-income tenants demonstrate higher stickiness, remaining in regulated units long after their financial status has improved, which prevents the housing stock from filtering to lower-income residents. R. Diamond, T. McQuade, and F. Qian, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," *The American Economic Review*, 109:9, 2019; K. Ahern and M. Giacoletti, "Robbing Peter to Pay Paul? The Redistribution of Wealth Caused by Rent Control," *National Bureau of Economic Research*, April 2022. This is compounded by the fact that housing cost burdens are not evenly distributed, while roughly 80 percent of low-income renters are cost-burdened (paying >30 percent of income), the majority of high-income renters spend less than 20 percent of their gross income on housing. Consequently, untargeted rent caps provide the largest financial transfers to the households with the most significant existing discretionary income. Joint Center for Housing Studies of Harvard University, America's Rental Housing 2024, 2024.

The Hidden Cost: Rent Control as an Implicit Tax

Economically, rent control functions as an implicit tax and transfer system that operates outside the transparency of the municipal budget. By mandating below-market prices, the policy effectively imposes a 100 percent tax on the differential between the market rent and the controlled rent, simultaneously transferring that revenue directly to the tenant as a subsidy.[43] Unlike a transparent tax and transfer system—such as a housing voucher funded by broad-based property taxes—where the cost is shared by the community and subject to appropriation—rent control concentrates the entire burden on rental housing providers. This creates an implicit fiscal transfer without legislative oversight or public scrutiny.[44]

Asset Devaluation and Tax Shifting

The financial health of local governments can suffer significantly due to rent control through asset devaluation and tax shifting.[45] By reducing the expected future net income of rental properties, rent control can severely diminish the market and assessed value of those properties. This reduction of rental revenue and reduced valuation directly translates into reduced municipal property tax revenues. Economic research on the 1995 repeal of rent control in Cambridge, Massachusetts, found that the policy had previously suppressed the city's total housing wealth by approximately $2.0 billion (in 2005 dollars).[46] Further evidence from St. Paul confirmed the scale of this potential impact, where rent control caused residential property values to decline an estimated $1.6 billion.[47]

Crucially, and particularly important for the City of Providence, this loss in commercial values creates a direct financial penalty for the city's homeowners. Because a municipality's local revenue requirement—the total revenue it must collect to fund schools and services—typically remains constant, the levy obligation does not disappear when rental property values decline; it simply shifts. As the assessed value of rent-controlled multi-family properties declines due to capped income potential, the city is faced with an unenviable trade-off. It must either raise the tax rate on the remaining property classes—primarily single-family homeowners—to make up the deficit or implement austerity measures that

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[43] E.O. Olsen, "An Econometric Analysis of Rent Control," Journal of Political Economy, 80:6, 1972.
[44] R. Diamond, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," *American Economic Review*, 109:9, 2019.
[45] R. Benfield, "What does economic evidence tell us about the effects of rent control?" *Brookings Institute*, October 18, 2018.
[46] D. Autor, C. Palmer, and P. Pathak, "Housing Market Spillovers: Evidence from the End of Rent Control in Cambridge, Massachusetts," *Journal of Political Economy*, 122:3.
[47] K. Ahern and M. Giacoletti, "Robbing Peter to Pay Paul? The Redistribution of Wealth Caused by Rent Control", *NBER Working Paper*, 2022.

reduce the quality of neighborhood services. This dynamic was quantified in an independent analysis of Portland, Maine's rent control ordinance, which found that the policy reduced the city's taxable base by as much as 5.4 percent, shifting approximately 63 percent of the additional tax burden onto residential homeowners.[48]

Squeezing Small Landlords: The Risk to Providence's Triple-Deckers

In Providence, the risks of rent control are further exacerbated by the city's unique reliance on the "triple-decker" three-family, or other small multi-family homes that serve as a primary source of naturally occurring affordable housing. Historically, these structures have provided a critical pathway to the middle class for local residents, who often occupy one unit while renting out the other two to subsidize the property mortgage.[49]

Rent control can disproportionately impact the financial viability of these small, independent landlords, often resulting in the consolidation of rental ownership. Nationwide, small landlords—those owning fewer than ten properties—provide the backbone of the residential rental market, representing over 90 percent of investor-held units.[50] Unlike large corporate entities, these owners operate on narrow margins and are highly sensitive to rising costs.[51] Surveys indicate that over 80 percent of small landlords experienced ownership cost increases in recent years.[52] When rent control policies limit revenue growth while operational costs rise, these landlords can be squeezed out of the market.[53] This can result in the transfer of housing stock to large institutional investors, which possess the capital reserves to weather regulatory constraints or convert properties to exempt uses.[54]

[48] Maine Policy Institute, New Study Shows Hidden Costs of Portland's Rent Control, October 2025.
[49] City of Providence, Woonasquatucket Vision Plan: Community Priorities & Implementation Strategies, 2018; The Blackstone Team, The History of Triple Decker Homes, December 3, 2025; R. Levitt, What Happened to the Three Decker?, MIT, 2006.
[50] L. Lambert, Mom-and-pop landlords still dominate the single-family rental market, September 26, 2025.
[51] Reason Foundation, Unintended Consequences of Rent Control, February 15, 2018.
[52] Urban Institute, Mom-and-Pop Landlords are Rasing Rents, Albeit Less Than Market Rates, October 2022.
[53] H. Husock, Why Rent Regulation Remains So Hard to Undo in NYC, *American Enterprise Institute*, December 29, 2024.
[54] D. Diamond, T. McQuade, and F. Qian, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," National Bureau of Economic Research, January 2018.

IV. Alternatives to Rent Control

While rent control is a commonly proposed solution to housing affordability pressures, a range of alternative policies are available to cities seeking to achieve similar goals without the negative distortions to the housing market. These alternatives focus primarily on increasing the overall housing supply, chiefly by enacting reforms to zoning and permitting processes and providing targeted financial relief to vulnerable residents. Together, these supply-side and bridge solutions can more effectively and sustainably lower overall rents, ease the cost burden on households, and reduce evictions by fostering a healthier, more competitive housing market.

Market Expansion: Increasing Production for Long-Term Affordability

The relationship between housing production and affordability is grounded in the basic law of supply and demand. By increasing the number of available units, new housing production helps to close the gap between demand and supply, imposing downward pressure on rental prices.[55] This foundational economic principle is supported by multiple studies that link building restrictions to higher housing costs.[56] As supply expands, renters have more options, which reduces the ability of landlords to charge high rents.[57] The impact of building restrictions on affordability is a key focus of economic research, with studies consistently showing that restrictive regulations reduce housing supply elasticity, making it harder for cities to adapt to growing demand and resulting in higher rents.[58]

Leveraging Vacancy to Drive Competition

The vacancy rate is a critical indicator of a housing market's health and a primary mechanism through which new supply affects rent prices. A healthy vacancy rate—typically considered to be between five and eight percent—indicates a balanced market where tenants have options and can negotiate prices. When the vacancy rate drops below this level, landlords face little to no competition for tenants, giving them the power to raise rents

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[55] E. Glaeser, and J. Gyourko, "The Impact of Building Restrictions on Housing and Rents," *The Review of Economics and Statistics*, 84:1, 2003.
[56] J. Weicher, "Urban Housing: An Overview," in *The American Housing Market: The Effects of Government Intervention*, edited by R. Arnott and M.E. Sharpe, 1999.
[57] M. Zandi, "Reforming the Housing Finance System: How to Create a More Stable and Equitable Housing Market," *Moody's Analytics*, 2019.
[58] J. Gyourko and R. Molloy, "Regulation and Housing Supply," In *Handbook of Regional and Urban Economics*, edited by G. Duranton and J. Vernon Henderson. Elsevier, 2015.

aggressively without fear of losing occupants.[59] A higher vacancy rate creates a more competitive environment among landlords, incentivizing them to either offer concessions or keep rent increases modest to attract and retain tenants. As the Urban Institute has demonstrated, even a small increase in the vacancy rate can have a significant dampening effect on the growth of rental prices.[60]

Academic Consensus: Linking Zoning and Production

A robust body of academic evidence links restrictive zoning—specifically limits on density and parking mandates—to housing shortages.[61] Upzoning, which changes rules to allow for higher density (such as duplexes and apartments), is the primary tool for unlocking supply; a major National Bureau of Economic Research paper found that allowing greater density substantially increases housing supply and lowers costs market-wide.[62] Mandatory parking minimums are also widely cited by economists as a major cost driver.[63] Analysis from the Brookings Institution—supported by robust academic literature—indicates that parking requirements can add tens of thousands of dollars to the cost of a single unit, suppressing development on small lots and inflating rents.[64] As discussed in more detail below, Providence recently has enacted a series of zoning ordinance changes, including upzoning, to increase supply. These changes should be given a chance to work.

The Filtering Effect: How New Production Creates Affordability

The development of new housing creates housing opportunities throughout the spectrum of units citywide through a mechanism known as the filtering effect; as higher-income households move into new units, they vacate older housing, initiating a migration chain that frees up existing inventory for moderate- and lower-income residents. This process preserves naturally occurring affordable housing by reducing upward pressure on prices, as high earners—lacking new options—compete for and inflate the price of older, lower-quality

[59] E. Glaeser and J.Gyourko. "The Impact of Local Growth Controls on Housing Prices," *Journal of Political Economy*, 112:5, 2004.
[60] R. Diamond and E. Mast, "The Housing Supply and Affordability Relationship," *Urban Institute*, 2022.
[61] J. Parilla and J. Barbecho. "The Most Important Step to Making Housing More Affordable Is Building More of It," *Brookings Institution*, 2021.
[62] R. Diamond, et al. "The Effects of Housing Supply on Displacement," *National Bureau of Economic Research*, 2020.
[63] C. Shu and P. Lewis. "The Cost of Parking: How Minimums Raise the Price of Housing," *Urban Institute*, 2023.
[64] J. Barbecho,"The Economics of Parking," *Brookings Institution*, 2024; P. Lewis, "Rethinking Parking Policy," *Lincoln Institute of Land Policy*, 2021; E. Erickson, "Parking Mandates and the High Cost of Housing," *Cato Institute*, 2022; E. Glaeser and J. Gyourko, "The Impact of Local Growth Controls on Housing Prices," *Journal of Political Economy*, 112:5, 2004.

stock. Research confirms that the benefits of production ripple through the entire economy, with new construction slowing rent growth most significantly for older units.[65]

The Austin Model: Achieving Lower Rents Through Increased Supply

The experience of Austin, Texas, offers a powerful empirical counter-narrative to the St. Paul rent control experiment, demonstrating how a supply-side surge can stabilize and reduce rents. Following a crisis in which median home prices jumped 60 percent and rents rose 25 percent in a single year, Austin implemented comprehensive reforms in 2023, including the "HOME" initiative to allow greater density and the elimination of parking minimums.[66] This sparked a massive production boom that triggered a sharp market correction.[67] By August 2023, Austin rents had plummeted 22.0 percent from their peak—the largest decline of any major U.S. city between 2023 and 2024—while the vacancy rate soared to 15.2 percent.[68] Crucially, the data validated the filtering effect: while Class A (luxury) rents dipped 1.8 percent, rents for Class B and C properties (older, middle income housing) fell by 6.8 percent and 13.2 percent, respectively.[69]

Expanding the Toolkit: Unlocking Production Through Adaptive Reuse and Fiscal Incentives

While the Austin model demonstrates the power of zoning-driven production, land-constrained cities in the Northeast often lack the vacant acreage for massive ground-up developments.[70] For these jurisdictions, expanding supply requires a "built-environment" strategy that prioritizes the conversion of underutilized structures and provides favorable tax treatments to make dense, complex projects financially viable.[71] Repurposing

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[65] B. O'Flaherty, *Housing Market Dynamics and Neighborhood Change*, University of Chicago Press, 1996; National League of Cities, What is Affordable Housing?, 2024; Mecklenburghousingdata.org, Housing & Homelessness Myths Busted: Naturally Occurring Affordable Housing, 2024; NLIHC, New Study Examines Filtering Dynamics in U.S. Housing Supply, 2024; Upjohn Research, The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market, 2019; S. Rosenthal, "Filtering and the Housing Market: An Empirical Analysis of House Price Dynamics." *The Review of Economics and Statistics*, 90:1, 2008; Pew Research Center, New housing slows rent growth most for older, more affordable units, 2025; AHURI, Examining filtering as a reliable source of housing in Australia for low-income households, 2022.

[66] D. Harriges, Austin's Bad Party: The Failure of CodeNEXT, *Strong Towns*, September 19, 2018; G. Carbonaro, America's Strongest Buyer's Market is in Texas, *Newsweek*, October 27, 2025; KUT, Construction boomed in Austin and rents went down. Now, some builders are dismantling the cranes, February 29, 2024; City of Austin, HOME Amendments, accessed November 19, 2025; The Texas Tribune, "Austin will now allow more homes to be built on single-family lots," December 7, 2023.

[67] Austin Housing Coalition, "Affordability Unlocked," October 9, 2020; KUT, Construction boomed in Austin and rents went down. Now, some builders are dismantling the cranes, February 29, 2024.

[68] W. Parker, "New Apartment Supply Crushes Rent Growth in Austin," The Wall Street Journal, August 24, 2023; J. Egan, "Austin Apartment Occupancy Drops to Lowest Level in a Decade," Austin Business Journal, December 7, 2023.

[69] RealPage Analytics, Austin Multifamily Market Report: Q3 2023, October 2023; E. Mast, "The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market," Upjohn Institute, 2019.

[70] National Trust for Historic Preservation, Making the Case for Adaptive Reuse, 2025.

[71] ICSC, States and Cities Turn to Adaptive Reuse Incentives to Expand Housing Supply, November 20, 2025.

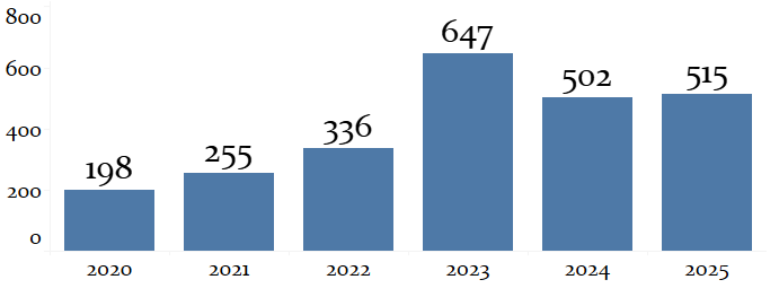
underutilized office, industrial, or retail space allows "built-out" cities to expand housing capacity within their existing footprint more quickly than traditional ground-up construction.[72]

In 2024, Boston launched a program offering property tax abatements of up to 75 percent for 29 years to owners who convert office space to residential use.[73] As of late 2025, this program has created a pipeline of over 1,517 new homes across 27 buildings, demonstrating how fiscal incentives can unlock supply in a high-density environment.[74] Similarly, Philadelphia has utilized a long-term property tax abatement on all new residential construction and substantial rehabilitations since 2000.[75] This policy helped the city add over 60,000 units by 2023, largely by revitalizing existing structures and vacant infill lots to fill "missing teeth" in aging urban blocks.[76]

Increasing Supply: Zoning Reform and the "Providence Tomorrow" Vision

Learning from these examples, Providence has recently seen a surge in development activity that the city aims to sustain through the "Providence Tomorrow" comprehensive plan, adopted in 2024.[77] The city has pursued strategic upzoning in transit corridors and, following recommendations from the City Plan Commission, moved to reduce or eliminate parking requirements to lower

Figure 3
Building Permits Issued for New Construction in the City of Providence
2020 - 2025



Note: 2025 figures are as of Oct. 1, 2025
Source: Providence Department of Planning and Development

[72] Housing Solutions Lab, Transforming spaces: Examples of adaptive reuse, January 17, 2025.
[73] City of Boston, Office to Residential Conversion Program Extended as it Surpasses 1,500 New Homes, December 12, 2025; Office to Residential Conversion Program: Application and Requirements, 2025.
[74] Connect CRE, Boston Extends Office-to-Residential Conversion Program, December 15, 2025.
[75] T. Peter, "Is Philadelphia's Revival at Risk?," The Philadelphia Citizen, September 16, 2025.
[76] Federal Housing Finance Agency, Capitalization of Property Tax Incentives: Evidence from Philadelphia, January 2024.
[77] The comprehensive plan is a continuation of the zoning reforms the City began in 2014. Providence executed a comprehensive zoning overhaul that modernized land use by eliminating downtown parking minimums and establishing transit-oriented development districts to promote density. In 2023, the City further amended these laws to align with Rhode Island state mandates, effectively legalizing the adaptive reuse of commercial buildings for residential use by right and preventing the restriction of unit counts on legally substandard lots. Providence City Council, Council Approves Transformative Amendments to the Comprehensive Plan, October 22, 2024; Providence Department of Planning and Development, Comprehensive Plan Update, accessed November 19, 2025.

construction costs.[78] This momentum is already visible; as illustrated in Figure 3, the Providence Department of Planning and Development issued 647 permits for new housing in 2023, nearly triple the volume seen in 2020.[79] While permits slightly moderated in 2024 and 2025, the pipeline remains robust, with activity more than 2.5 times greater than in 2020.

Targeted Relief: Using Rental Assistance as an Immediate Safety Net

While increased production is a long-term remedy for high prices, rental assistance provides an immediate bridge to tenant stability that avoids the market distortions of price controls. Unlike rent control, which often subsidizes high-income residents in perpetuity, rental assistance is means tested, ensuring that subsidies are directed to the households most in need.[80]

Beyond broad economic efficiency, rental assistance is effective for transitional populations, such as those exiting homelessness or domestic violence situations. For these groups, vouchers provide a pathway to stability that production alone cannot offer. This approach moves individuals directly from shelters into permanent homes—a model proven to be more cost effective and successful than transitional housing.[81] By providing a dedicated subsidy, communities can offer a reliable bridge from crisis to sustainable living, allowing vulnerable individuals to secure the stable footing necessary to focus on employment and health.[82] Data from the Eviction Lab at Princeton University confirms that even modest rental assistance programs have a significant, measurable impact on housing stability, preventing displacement without disincentivizing new supply.[83]

Subsidies vs. Mandates: Why Financial Supports Outperform Regulatory Limits

The recent post-pandemic period offers clear evidence that rental assistance solutions outperform regulatory ones in preventing displacement. To isolate the impact of these different policy approaches, this report utilizes a matched-pairs analysis to compare Boston

[78] Ibid.
[79] Data received from the Providence Department of Planning and Development. Permitting figures prior to 2020 were not readily available.
[80] E. Glaeser and E. Luttmer, "The Misallocation of Housing Under Rent Control," *American Economic Review*, 2023.
[81] J. Tsai, "Is the Housing First Model Effective?," *American Journal of Public Health*, 110:9, 2020.
[82] U.S. HUD, Effects of Housing Vouchers on Welfare Families, September 2006; B. Sard and D. Rice, "Realizing the Housing Voucher Program's Potential to Enable Families to Move to Better Neighborhoods," *Center on Budget and Policy Priorities*, January 12, 2016; D. Carlson et al., "The effect of housing assistance on student achievement," *Journal of Housing Economics*, 44, 2019.
[83] P. Hepburn et al., "U.S. Eviction Filing Patterns in 2021," Socius: Sociological Research for a Dynamic World," 9:1, 2023.

and Seattle, two cities that share distinct economic and housing market characteristics.[84] While both cities faced similar displacement pressures following the expiration of federal emergency aid in 2022, their divergent policy responses led to significantly different outcomes.

Boston utilized a subsidy-first infrastructure anchored by the Chapter 257 legal framework. Rather than banning evictions outright, this law pauses proceedings specifically to process rental assistance applications, effectively tethering the legal process to financial relief.[85] The result was a successful suppression of the eviction rebound: in the 2023-2024 period, eviction filings in Suffolk County remained approximately 35 percent lower than the pre-pandemic average.[86]

Conversely, Seattle relied on a rights-first regulatory framework, emphasizing strict Just Cause protections and a Tenant Bill of Rights, but lacking a comparable mechanism to provide financial assistance.[87] Without a financial bridge to resolve arrears, these regulatory protections were insufficient to stem the tide of displacement. As of 2024, eviction filings in King County surged approximately 60 percent above the pre-pandemic baseline, reaching historic highs.[88] This comparison suggests that regulatory protections alone are often insufficient to prevent instability. In contrast, durable, funded rental assistance successfully keeps tenants in their homes without distorting the housing market.

[84] Matched-pairs analysis is a social science method that pairs jurisdictions with similar economic and housing characteristics to isolate the impact of specific policy interventions. Boston and Seattle were selected as a pair because both meet the technical definition of "Superstar Cities"—a term coined by economists to describe markets where high demand from high-wage sectors interacts with inelastic housing supply to create permanent price premiums. By controlling for these powerful market forces, the analysis can more accurately attribute the divergence in eviction trends to the specific local policy choice: Boston's funded mandate versus Seattle's regulatory approach. E.A. Stuart, "Matching methods for causal inference: A review and a look forward," *Statistical Science*, 25:1, 2010; J. Gyourko, J. Mayer, & T. Sinai, "Superstar Cities," American Economic Journal: Economic Policy, 5:4, 2013.

[85] Massachusetts Legislature, Chapter 257 of the Acts of 2020; Massachusetts Executive Office of Housing and Livable Communities, Residential Assistance for Families in Transition.

[86] Eviction Lab, National Map: Suffolk County, MA; Massachusetts Housing Partnership, Housing Stability Monitor, 2024.

[87] Seattle Housing Authority, Housing Choice Vouchers; City of Seattle, Renting in Seattle: Renter's Handbook, 2024.

[88] The Eviction Research Network, Washington State Eviction Filings: King County Analysis, 2024.

V. RIPEC Comments

The resurgence of rent control as a central focal point for housing policy in Providence reflects a genuine and urgent need to address the affordability challenges facing many residents. Much of the local debate is currently defined by a tension between high-profile reports of rent volatility and the underlying stability of the broader, all-tenant market. Implementing rent control in this environment risks imposing significant long-term costs on the housing ecosystem for minimal short-term gains.

Economic research on price regulations indicates that while rent control offers immediate economic insurance to protected tenants, it creates profound long-term distortions that ultimately undermine housing affordability. The primary mechanism of the policy—a price cap—fails to solve the underlying housing shortage and instead discourages the production of new supply. Evidence from other jurisdictions demonstrates that these policies lead to a precipitous decline in permit activity and a significant devaluation of housing stock. Furthermore, price ceilings fundamentally alter the incentive structure for property owners, frequently leading to deferred maintenance and the conversion of rental units to owner-occupancy, which shrinks the rental pool.

These dynamics often create a dual market that protects established residents at the expense of newcomers, young families, and workers who are forced to bear the cost of higher rents in the uncontrolled market. Locally, these risks are magnified by Providence's unique reliance on triple-decker homes; rent control can squeeze the narrow margins of small, independent landlords, potentially forcing a consolidation of ownership into the hands of institutional investors. Finally, because these policies lack means-testing, they often result in a regressive wealth transfer where the largest monetary subsidies are tied directly to the market value of the unit. Under percentage-based price controls, high-rent units receive a significantly larger nominal discount than more modest units, effectively prioritizing the distribution of benefits toward those occupying the most expensive housing stock. This creates a fundamental allocative inefficiency where the greatest financial benefits are captured by occupants of premium units rather than being targeted toward residents with the greatest financial need.

Evidence regarding housing policy suggests that market expansion and targeted relief are far more effective at achieving long-term affordability without the negative externalities of price controls. Sustainable affordability is driven by a healthy vacancy rate—typically between five and eight percent—which fosters a competitive environment that forces landlords to keep rent increases modest to attract and retain tenants. The experience in other markets

demonstrates that a supply-side surge driven by comprehensive zoning reform can lead to dramatic market corrections and lower rents across all housing classes. For immediate needs, durable and means-tested rental assistance programs serve as a superior safety net. Unlike broad mandates, targeted vouchers keep vulnerable residents in their homes—particularly those transitioning from homelessness—without suppressing the investment incentives needed to build new housing.

Based on this analysis, RIPEC makes the following recommendations for policymakers:

The City of Providence should not enact a rent stabilization ordinance. The weight of economic evidence suggests that price caps risk stifling the development of the new housing supply that is essential for long-term affordability. Beyond hindering production, rent stabilization policies trigger negative externalities—including deferred maintenance and the conversion of rental stock to owner-occupancy—that ultimately harm the residents it intends to protect. Furthermore, policymakers must consider the broader fiscal implications: evidence demonstrates that rent control can significantly devalue housing stock, creating a permanent tax shift that increases the financial burden on homeowners or results in the deterioration of essential municipal services like schools and public safety.

The City should prioritize housing production to stabilize rents. Providence policymakers should continue to aggressively pursue zoning and permitting reforms that encourage density, such as upzoning transit corridors and eliminating parking minimums. Given Providence's limited vacant land, the City should also establish local tax stabilization agreements and property tax abatements specifically for commercial-to-residential conversions. By following the successful models of peer cities like Boston and Philadelphia—which pair fiscal incentives with expedited six-month permitting—Providence can transform underutilized office and industrial assets into vibrant residential communities.

The City should adopt a local rental assistance program. The City should explore all available local, state, and federal funding sources to establish a voucher program targeting the most vulnerable households. This program should be means-tested and targeted to support the City's most needy residents, including those transitioning from homelessness and low-income families on the verge of eviction. A localized voucher system would provide a necessary safety net while allowing the broader housing market to function efficiently.

Policymakers should use comprehensive, representative data when crafting housing legislation. The existing policy conversation is often constrained by decentralized data from varying government, private, and non-profit sources that frequently produce divergent

conclusions. A proactive and collaborative dialogue between all stakeholders is essential to harmonize these disparate datasets into a consistent, shared evidence base regarding rent and income gaps. By aligning on a unified set of reliable metrics rather than isolated data points, Providence can move toward informed, cooperative housing solutions that achieve lasting stability for all residents.

RIPEC

About the Rhode Island Public Expenditure Council

The Rhode Island Public Expenditure Council (RIPEC) is a nonpartisan and nonprofit public policy research organization dedicated to advancing fiscally responsible government, competitive tax policies, and economic opportunities for all in Rhode Island.

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