

What is “rent control”?

Rent control is an area of policy that uses a lot of unfamiliar terms and those terms are not always used in the same way. This can be confusing.

As well as “rent control”, terms such as “rent regulation”, “rent stabilisation” and “rent caps” are all used to mean policies that try to control rents in some way. Sometimes they can mean the similar things, but they can also mean different things.

The term “rent control” can be used to mean any policy that applies legal regulations to influence private rents. But the policies can have different designs and aim to do different things.

For instance, some rent control policies might aim simply to stop rents rising too fast. These policies are not trying to improve affordability of existing rents. They are just trying to stop affordability problems getting worse.

Other rent control policies might try to fix rent levels where they are and then reduce them over time. The aim is to improve the affordability of private renting.

One way to think about rent control is that there are “harder” and “softer” rent control policies.

The hardest form of rent control is a “rent freeze” which fixes rents at their current values. Sometimes a rent freeze might also allow rents to rise in a small, controlled amount each year. Some people see rent control as meaning a rent freeze and any other policy needs to have a different label.

In contrast, the softest form of rent control would be a policy that sets a limit on the maximum annual increase that a landlord can make to the rents of their current tenants. This can also be known as “rent stabilisation” or a “rent cap”. The softest form of rent stabilisation only controls rents for current tenants. When that tenant moves out the landlord can relet the property at the market rent. Once the property is rented to someone else the rent stabilisation policy applies again.

A harder version of rent stabilisation means the policy continues to apply while the property is empty. This means that the next tenant’s rent at the start of their tenancy cannot be increased by more than the maximum rent increase set by the policy. This version of the policy is sometimes known as “rent regulation”.

What is rent control applied to?

This last example tells us that rent control can be applied only during a tenancy: a current tenant is protected from rent rises above the maximum but the landlord can reset the rent once the tenant leaves. However, rent control can also apply between tenancies. This means landlords cannot take advantage of the property being empty to set a new rent at a

much higher level. In the first case rent control only applies to the tenancy. In the second case rent control applies to the property itself.

Rent control can be applied to every private rented property in a city. This is the most comprehensive approach. It is probably the simplest to manage.

However, some rent control policies only apply to parts of the private rented sector. Which parts of the sector are included or excluded differs in different places. Some policies might not include student housing. Other policies might not include properties over a certain rent level or properties of a certain type.

Some rent control policies are focused only on particular neighbourhoods where high rents are seen as a particular problem. One version of this approach identifies what are called “Rent Pressure Zones”.

Whether they apply to all private rented properties or only some of them, some rent control policies set out how much rents can increase each year and those are the only rent increases the policy allows. In contrast, other policies also allow landlords to make the case that they should be allowed to charge a higher rent because they have made major changes to their property, such as investing in upgrading bathrooms or heating systems.

Designing rent control

There are lots of differences in the detail of rent control policies that operate around the world. Still, there are only three main elements to the design of a policy.

First, how is the **initial rent** for a tenancy set? The initial rent could be set at the market rent or it could be set on another basis. It might be linked to the market value of the property or to its characteristics (such as how many bedrooms it has or the quality of accommodation it offers). The rent could be linked to something unrelated to the property itself such as local average incomes or the income of the individual tenant living in it. Or the maximum level of rent increase allowed between one tenancy and the next could be fixed by the rent control policy. If that maximum is zero then we have a rent freeze.

Second, how are **rent increases during a tenancy** controlled? If no increases are allowed then again we have a rent freeze. But if increases are allowed then what should determine them? It could be a fixed percentage increase each year. Or it could be based on a rate of inflation. That is, the rent increase allowed could be linked to the amount that other prices are changing. The rate of inflation used might be something to do with housing, such as the rate of increase of house prices locally. Or it might be a broader rate of inflation or a different rate of inflation, such as the rate of increase of wages locally.

Third, does the policy allow for **one-off adjustments** to the rent to take account of changes to the property? What sort of changes might these be? One example might be if the landlord invests in much more energy efficient heating. Should they be allowed to put the rent up to help pay for the cost?

Why make things complicated?

Would a simple rent control policy applied to all private rented properties be the best approach? Then at least everyone would be clear what was happening.

Why might we do anything else?

Rent control policies are aimed at affecting rent levels. However, they can also have other effects on the housing market.

Policies often become more complicated because the policy designers are trying to reduce these other effects. For example, if we were worried that a rent control policy might discourage landlords from offering new properties for private renting then we might not include in our policy any properties that enters the market after a certain date. However, this rule could have its own side-effects.

Beyond design

As well as these issues of designing the rent control itself, it is necessary to think about how the policy is going to be implemented, monitored and enforced. It is not an effective policy if controlled rents are set by the policy but there is no way of making sure landlords charge the controlled rents instead of higher rents. This issue of compliance with the rules is a major challenge for many rent control policies.

Find out more

A lot has been written about rent control. If you want to read more detail you can find more information in these publications. They discuss the design of rent control, the evidence of its effects on the housing market, and examples of rent control policies in other countries.

- Wilson (2022) [Private rented housing: the rent control debate](#)
- New Economics Foundation (2019) [Getting rents under control: how to make London rents affordable](#)
- Gibb and Marsh (2022) [Rent control: principles, practicalities and international experience](#)