

Preserving Private Property Rights: The Threat of Rent Control

Imagine that you own a restaurant. You've dedicated years of hard work to establish and operate your business and create an environment where you are making enough money to pay the bills and yourself. Life is good! One day the local government decided that restaurants in your area are charging their patrons too much for the food they sell and introduced an ordinance that would cap what you sell your food for. This will wreck your business that you have worked so hard to develop! With your prices capped, how can you provide raises to your employees? How can you maintain and upgrade your restaurant when you're now struggling to make ends meet? While this may seem farfetched, this is exactly what is happening to property owners across the country.

What most elected officials don't realize is that rent control does more damage to a local economy than good. Swedish Economist Assar Lindback succinctly emphasized the detrimental effects of rent control, stating, "In many cases rent control appears to be the most efficient technique presently known to destroy a city – except for bombing." Economic studies have shown time and time again that rent control measures divert new investment and increase housing deterioration in cities.

Rent Control measures are often introduced with the belief that by regulating rent, more affordable housing options will become available. While it may make units more affordable, the number of units on the market will drop significantly. With the proposed rent regulations, why would anyone want to rent their property? Why would developers invest in large multifamily units when at the end of the day the government tells them how much they can charge for each unit? The answer is, they won't. Businesses will leave since there is not enough housing for their employees and citizens will leave to seek better work opportunities. This sets off a chain reaction that once initiated, becomes exceedingly difficult to reverse.

The best way to combat this is to make your voice heard. "The freedom to buy, sell, and utilize property, as protected in the 5th amendment, underlies all real estate transactions and markets. Any restrictions placed on a property owner from realizing the highest and best use of that property hinders economic growth and development and reduces freedoms inherent in our society." As REALTORS®, we must stand up for private property rights. Contact your legislators, explain the issues, and fight the good fight. REALTORS® can and do make a difference in their communities and I encourage you to do so in yours.

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