RENT DEREGULATION IN CALIFORNIA AND MASSACHUSETTS: POLITICS, POLICY, AND IMPACTS

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Executive Summary

In 1994, Massachusetts passed legislation restricting localities from enacting rent control. California followed suit in 1995. This paper examines the struggle over rent control in these two states. It begins with an overview of key concepts from the literature in political science, sociology, and public policy, focusing on the major institutional, political, and ideological factors necessary to analyze the mobilization of resources for and against public policy. This is followed by a brief history of rent control in the United States, focusing on the role of political mobilization by tenants, landlords, and their respective allies. A history of rent control and a description of the recent politics of deregulation in Massachusetts and California reveals the political calculations of tenants, landlords, and allies in these two states. The next section of the paper analyzes the major factors involved in the real estate industry's successful campaign to defeat or weaken rent regulations at the state level in these two states. It focuses on the various strategies used by the real estate industry and the
tenants' organizations, the mobilization of "third parties," the role of the media and public opinion, and other factors.

The final section reviews the consequences of deregulation in these two states. It is reasonable to argue that rent deregulation had already taken effect in California and Massachusetts by the late 1970s and early 1980s. The major cities in both states had already adopted vacancy decontrol policies (or no rent regulations at all). A key observation, therefore, is that the overall number of units subject to decontrol, compared with the private rental housing inventory in those metro housing markets and statewide, is quite insignificant. (This is in contrast to New York City, for example, where regulated units comprise a significant proportion of the city's and metro area's private rental housing inventory). Within the particular localities, however, deregulation will certainly increase hardship. The paper uses several kinds of data to indicate the possible short-term and long-term consequences. But because the laws in both states were designed to be gradually phased-in, it is impossible to make definitive statements about their consequences, either for sitting tenants or for the availability of affordable housing.

**Introduction**

In 1994, Massachusetts passed legislation restricting localities from enacting rent control. California followed suit in 1995. Both states limited localities to enacting vacancy decontrol, which allows apartment owners to raise rents to market levels when a tenant leaves. Vacancy decontrol is, in effect, a method of gradually eliminating rent control as tenant turnover eventually allows owners to increase rents to market levels. The Massachusetts law eliminates even vacancy decontrol after two years. In both cases, only a few cities were directly impacted. In Massachusetts, only Boston, Cambridge, and Brookline had any form of rent control; Boston and Brookline had already watered-down their laws to versions of vacancy decontrol. In California, only five cities -- Santa Monica, West Hollywood, Berkeley, East Palo Alto, and Cotati -- had rent control; nine others, including San Francisco, San Jose, Oakland, and Los Angeles, already had vacancy decontrol.

The real estate industry had been trying to pre-empt local rent regulations in both states since the 1970s, when cities in both states began to adopt rent controls. They had tried a number of strategies over the years, but had consistently fallen short. What accounts for this dramatic turnabout? This paper examines that question, focusing on the political maneuverings of both pro- and anti-rent control forces in both states, looking for differences and similarities in the two states. The paper also briefly examines the consequences of this policy shift in several housing market areas. A thorough analysis of the impacts of deregulation cannot be done until more time has elapsed. Implementation of the Massachusetts law began in January 1995, while implementation of the California law began in January 1996, although both laws phase-in the implementation.

**Key Concepts**

Formal and informal political institutions, rules, and players play a key role in shaping the outcome of public policy contests. Whether through the referendum or the legislative process, they have a major influence in who wins and loses in terms of society's distribution of benefits. Key features of our political system -- the parties, the courts, the system of checks and balances, the role of money in campaigns, the rules governing voter
registration, the ground rules for elections and ballot measures -- shape the outcome of public policy contests.4

Among western democracies, the United States relies most heavily on private market forces to house its population. In fact, despite our laissez-faire ideology, government is a powerful player in the housing market. This doesn't mean that the government is not involved in housing matters, but that American policy emphasizes bolstering market forces and minimizing assistance for the poor. Government's role dates primarily from two major turning points in our housing history. First, at the turn of the century, tenement reform laws set the precedent that local government would set standards and regulate housing safety. Second, during the 1930s, the public housing program and banking reforms established the federal role in expanding homeownership and providing subsidies to the poor.

One of the most important but often overlooked concepts for understanding the battle over rent control is the role of federalism -- the way responsibility for public policy is divided between federal, state, county, and local governments.5 Responsibility for implementing these policies is diffuse. Housing policy in the United States is made by a complex mosaic of federal, state, county, and municipal government. Government is quite involved in housing matters, including zoning, enforcing building code standards and health and safety standards, regulating rents and evictions, monitoring racial discrimination, insuring the banking system, operating a secondary mortgage market to promote homeownership, and providing tax and subsidy incentives for investors, owners, and consumers.

In the case of rent control, most (though not all) states require localities to seek permission (or "home rule" authority) to regulate rents and evictions. As a result, there is a wide disparity in terms of whether and how localities choose (or are allowed to) regulate rental housing. There are no federal mandates or requirements.6 States can pre-empt localities from regulating rental housing, but they cannot require it. Even the federal government plays a role, not only in terms of whether it allows localities to regulate housing that have federal subsidies, but also whether it seeks to reward, punish, or remain neutral toward cities that adopt rent regulations. Political interest groups that are adept at maneuvering within the federalist system -- in other words, that can mobilize its resources at different levels of government (often simultaneously) to gain the most leverage -- will have an advantage in influencing public policy.

In simple terms, the battle between tenants and landlords can be viewed as a contest between organized people and organized money. Although a democracy is supposed to operate on the principle of "one person, one vote," it is obvious that the political playing field is far from level. The distribution of wealth and income in the United States is highly unequal. The disparity in financial resources gives some groups disproportionate influence in getting their voices heard and gaining access to political decision-makers. This does not guarantee that they will get everything they seek, but it does mean that they have an advantage. The political system is generally skewed toward those with economic wealth.

In general, tenants significantly outnumber landlords. If sheer numbers alone accounted for political influence, renters would be a powerful political force. For a variety of reasons, explored in detail below, renters have generally not been able to take meaningful advantage of their numerical edge. In part this is because tenants are disproportionately poor, which is generally associated with low levels of political participation. It is also because tenants are typically not very well-organized while their opponents (at least on the issue of rent control and other regulations), the real estate industry, are very well-organized. Concentrated among the poor, tenant organizing has inherent limitations. They generally move a lot (often because of eviction for non-payment of rent), vote infrequently, live from crisis to crisis, and lack the disposable income to pay steady dues to a tenants' organization. Resources from government and liberal foundations usually last only as long as tenants
protest and disrupt "business as usual," but such activities are hard to sustain.

Sociologists have coined the phrase "resource mobilization" to explain how social injustice or even widespread discontent, on their own, do not inevitably lead to social protest or to changes in public policy. From this perspective, the key factor in explaining effective protest is not simply the level of discontent or the motivation to organize, but how well discontented groups create opportunities to change their situation. In other words, it is important to examine both the internal dynamics of self-help efforts by disadvantaged constituencies and the external environment and resources that these constituencies can draw upon to effect change in public policy. The resource mobilization perspective focuses particular attention on how groups marshal organizational resources. It looks at such issues as leadership, strategic thinking, recruitment of new members, raising money, and influencing the media. Success depends not only on mobilizing the "base" but also on building coalitions with allies and converting neutral "third parties" into allies or sympathizers. When the discontent is among people with few material resources of their own, they have to enlist external resources from "third parties" who help pressure the targets of protest to negotiate and/or make concessions to the protesters.

Disadvantaged groups have at least three strategic approaches or channels available to them. Some approaches are considered more "acceptable" than others in terms of whether they are primarily "inside" or "outside" the normal rules of political participation. Of course, definitions of acceptable political behavior ebb and flow over time. Generally, however, the three main approaches, in their order of acceptability, are: electoral, lobbying, and protest.

Groups can endorse candidates, recruit people to work in election campaigns, and mobilize people to vote as a "bloc" in elections, hoping that their numbers are adequate to be considered a key constituency by officeholders. Whether or not they participate in elections, they can lobby for legislation by attending and testifying at public hearings, meeting with office holders, writing articles and letters to newspapers, appearing on TV and radio shows, and trying to generate publicity and pressure for their cause. Finally, they can engage in a variety of protest tactics -- from rallies, to rent strikes, to civil disobedience. To be effective, however, protest must be seen as legitimate and "moral." Riots and spontaneous rebellions rarely elicit widespread public sympathy. But organized protest, including civil disobedience, can often invoke sympathy if participants are viewed as protesting for a "just" cause, particularly if the public thinks they have exhausted other means to have their voices heard.

Finally, all debates over public policy occur within an ideological climate. This climate sets the boundaries of public debate and discussion. Academics and journalists discuss this in terms of the public's "mood" about particular issues or about broader concerns such as the proper role of government in society. Public opinion plays an important role in some, though not all, public policy battles. If public opinion is indifferent or ambivalent about an issue, then the public policy battle will be fought out primarily by the groups directly affected by the policy.

The news media play a key role in shaping the ideological climate. The media helps set the agenda of public debate. It may not influence what people think, but it influences what people think about. In other words, it helps determine whether an issue is "hot," and therefore worthy of scrutiny and analysis. In some cases, however, the media does influence how people view an issue. While the media may not sway people with strong beliefs to change their views, they may influence the views of people who were indifferent or ambivalent to take sides.

Even if an issue is not salient to the broad public, it can be critical to key people and institutions who may be indirectly involved. In particular, by either ignoring or drawing attention to an issue, the media can influence how third parties -- government officials, elected officeholders, targets of protest, or potential allies -- respond to an issue. The cliche, "what if we organize a demonstration and no media come?" tells part of this story.
Equally important is how the media "frame" an issue in terms of what is considered "fair" and "reasonable" versus what is considered "extreme" or "radical." If protest demands appear foolish, trivial, or extreme when they are voiced, they are unlikely to be taken seriously by decision-makers. In other words, the media can influence whether a group's concerns are considered legitimate. ⁹

The ability to set the public agenda is not always visible to observers of the political scene. It often comes in the form of "non-decision making."¹⁰ This occurs when individuals or groups have the power to keep certain issues from emerging as public controversies -- to keep some matters off the agenda -- thus preventing challenges to the dominant values or interests. Non-decision making is a way to suffocate demands for change before they are even voiced. From this perspective, "doing nothing" is actually a form of political behavior with real consequences. Some political scientists argue that the entire political system is skewed to protect dominant interests, so that challenges to existing power arrangements are viewed as illegitimate or "extreme." This is sometimes called the "mobilization of bias" within the system, "a set of predominant values, beliefs, rituals, and institutional procedures...that operate systematically and consistently to the benefit of others."¹¹ In other words, some groups can maintain their privileged position in society without having to exert themselves. Only when disadvantaged groups disrupt "business as usual" and inject their concerns onto the agenda do powerful groups have to utilize their resources in the political arena to protect their position.

Political scientists have devoted substantial analysis to the ways that powerful groups exercise influence informally, through parallel institutions (sometimes called "shadow governments") and social networks. These include participation in the governance and funding of universities, think tanks, policy-planning organizations, foundations, journals, and other institutions that can help shape the public agenda.¹² If one side has access to research and the capacity to circulate ideas through the media, and the other side does not (or not to the same extent), this represents a political advantage in shaping the agenda, the ideological climate, and the outcome of public policy.

This does not mean that relatively powerless groups cannot influence public policy, but that doing so requires them to be better organized and jump through more hoops than is required of people with greater material resources. We will employ these concepts in examining the battle over rent control in California and Massachusetts.

The Battle Over Rent Control

Americans have long cherished home ownership as a key element of the "American dream." Being a propertyless tenant has never been part of that dream. In the United States, housing is symbolized by the freestanding single-family home. Furthermore, a deeply rooted national belief in the sanctity of the "unfettered marketplace" has an especially strong claim in the housing sector which, perhaps more than any other economic arena, is seen as embodying individual choice unrestrained by the hand of government. In theory (though not in reality), the government enters the picture only as a last resort.

Renters, unable to afford their own home, face many problems: the threat of eviction, unaffordable and rising rents, and poorly-maintained buildings. As a result, the struggle between tenant and landlord has been a persistent one in American history. But only occasionally has this conflict taken organized or political form -- from struggles to extend the franchise, to land seizures and protests over evictions, to campaigns for code enforcement and rent controls.

Modern tenant consciousness and activism began in the late 1800s with the rise of the industrial city and the emergence of tenants as a majority of the population in central
Tenant consciousness and activism reached peaks at the turn of the 20th century, after World War One and during the Depression — all periods of economic crisis and housing shortages.

From the 1870s through the 1960s, tenant activism was found primarily among the poor and working class crowded into tenements and slums in the large industrial cities. Most tenant groups dealt with immediate crises in their own buildings -- evictions, lack of heat, rent increases, dilapidation -- with the landlords as targets of protest. In 1908, New York City tenants organized a citywide rent strike, but it was short-lived because judges quickly evicted the participants. At times, these groups developed the stability and coherence to join together and direct tenant protest toward local government to force it to enact and enforce building codes and other reforms. Only in New York City, however, were tenants able to win rent control, which was initiated in 1920. There, citywide tenant groups aligned themselves with trade unions, radical political groups, and elected city officials who addressed working class problems.

Beginning at the turn of the century, tenant groups were also aided by middle-class reformers who worked on behalf of tenement dwellers. These reformers were not directly part of grassroots tenants groups, but their efforts -- conducting studies of slum conditions and lobbying for the establishment of city departments to inspect buildings and enforce codes -- helped to publicize tenants' grievances and legitimize their protests.

In the Depression, tenant groups were organized in most major cities by radicals as part of their efforts to mobilize and politicize industrial workers and the unemployed. One of their favorite tactics was to block evictions by bringing large crowds to confront landlords or the police at the doorstep, making it impossible to remove the tenants and their possessions. One of the largest rent strikes in the nation's history occurred in New York City in 1932.

During and immediately after World War 2, tenant activism slowed down. During the war, labor unions and other protest groups united behind the war effort and tempered their protests. Because of the wartime housing emergency, Congress enacted nationwide rent controls which lasted until 1947. When President Truman lifted rent controls, tenants in New York City fought to have the local government enact a rent control program of its own. For the next 20 years, it was the only city with rent control. Even there, tenants had to organize to keep the city from abandoning the program. In the rest of the country, however, there was a lull in tenant activism until the 1960s. Housing conditions for most Americans improved dramatically. The percentage of tenants in the population dropped from 56% in 1940, to 45% in 1950, to 38% in 1960. During this period of rising affluence, American homes got bigger and bigger, with more and more appliances, more patios and porches, more garden and lawn space. This upsurge in homeownership created a strong belief that all except the very poor would soon realize the dream. As a result, working class and middle class tenants had little stake in their roles as tenants. For the most part, they saw themselves as soon-to-be homeowners, so there was little incentive to organize around rent hikes or building problems. The tenants left behind in the cities during the postwar boom were disproportionately the poor and the minorities, but the nation showed little concern for the plight of these groups.

The 1960s saw another wave of tenant consciousness and activism. This period differed from previous ones in that it was not a period of economic crisis or of a severe housing shortage. It was a spill-over from the civil rights and poor people's movements, all of which developed in the context of "rising expectations." It was also a spillover of the student movement. Tenant organizations and rent strikes emerged in such college towns as Berkeley, Madison, Ann Arbor, and Cambridge, and in nearby cities (such as Boston and San Francisco) where student activists mixed with a low-income population. It was not until 1964 that the civil rights movement turned north and began to address problems like
housing discrimination and slum conditions. It was no accident that the revitalized tenant movement began with the Harlem rent strikes of 1964-1965. According to some accounts, the strikes involved more than 500 buildings and 15,000 tenants, led by charismatic Jesse Grey. They received nationwide attention and helped inspire tenant activism in other cities, primarily among low-income blacks. Out of these efforts developed the first nationwide group, the National Tenants' Organization (NTO). Formed in 1969, it had within two years affiliates in most large and medium-size cities. The NTO was concerned primarily with problems in public housing, but also with private slum housing. The NTO's heyday lasted only until the early 1970s, when internal conflict, declining foundation funding, and the waning of the civil rights movement undermined the organization's strength.

The activism of the 1960s focused on a number of issues: opposition to bulldozer-style urban renewal; code enforcement; and expanding tenants' rights law, such as state "warrant of habitability" law and protection against arbitrary evictions. Tenants in both private and government-subsidized housing mobilized to defend and expand their rights.

The 1968 report of the Kerner Commission found that housing problems among low-income tenants was the primary grievance behind the mid-1960s ghetto rebellions. Riots in most major cities led Washington to enact an anti-poverty program that included funds for organizers and legal services lawyers, housing rehabilitation and rent subsidies. These funds provided significant resources for tenant groups and helped fuel tenant activism. But the tenant activism of the 1960s failed to build on its successes. It developed few stable tenant organizations with active members. Concentrated among the poor, the tenants movement had inherent limitations. They moved a lot (often because of eviction for non-payment of rent), they voted infrequently, they lived from crisis to crisis, and they lacked the disposable income to pay steady dues to a tenants' organization. Resources from government and liberal foundations lasted only as long as tenants protested and disrupted business as usual.

The 1960s wave of tenant activism indicates some of the strengths and weaknesses of the tenants' movement. It also shows some of the ways that well-organized tenants can influence government. The tenants' movement then was primarily a protest movement among the poor, especially African-Americans. As in early periods, they were aided by middle-class reformers, primarily students and radical lawyers. Suspicious of direct involvement in electoral politics (such as running candidates and registering voters) the movement primarily engaged in public protest demonstrations and rent strikes. Despite this aversion to electoral politics, tenants played a role in the emergence of a growing number of black local officials, including mayors, during the late 1960s and early 1970s. To win office, they had to appeal to the problems facing the black poor, which included housing conditions.

The 1960s wave of tenant activism produced some important legacies. It improved housing and living conditions for many low-income tenants. Tenant-landlord law was reformed. These reforms represented the first significant change in tenant-landlord law since the turn of the century. Also, issues such as housing segregation, welfare rights, voting rights, rent subsidies, and tenant involvement in public housing management were placed on the political agenda and reforms were introduced, even if all the problems were not solved. Finally, this wave of activism developed a large nucleus of trained tenant organizers and advocate planners (such as Urban Planning Aid in Boston) who were ready and waiting when conditions would make another wave of activism possible.

Rent control was a key part of the tenant movement's agenda. By the 1970s and early 1980s, about 200 cities — in New York State (including New York City), Massachusetts (including Boston), California (including Los Angeles and San Francisco), New Jersey (about 100 communities), Maryland, and Washington, D.C. — had adopted some form of rent control. By the early 1980s, about 10 percent of the nation's renters were covered by
rent regulations, but they were concentrated in a few locations. New York City alone had 39% of all rent controlled units; Los Angeles had another 17%.

During those years, tenant activists and real estate groups fought brushfire battles at the local level. Landlords and their allies poured millions of dollars to pass referenda, or enact legislation, to stem the tide of municipally-sanctioned rent limits, but the battle ended in a stalemate. During the 1980s, tenant activists were unable to add many new cities to the localities that had already adopted rent control, but real estate groups couldn't beat back any of the existing laws either. In some big cities, progressive candidates like Ray Flynn in Boston, Art Agnos in San Francisco, and Anthony Cucci in Jersey City vaulted into the mayor's office as champions of tenants' rights and rent control. In smaller cities, such as Santa Monica, Berkeley, and Cambridge, pro-rent control electoral forces won majorities in city government and shaped the direction of broad public policy.

Tenant activism developed steadily, although unevenly, during the 1970s and 1980s. By the end of the 1970s, building-level tenant groups existed in every city and many suburbs. Citywide tenant organizations could be found in most localities with a significant renter population. In 1975, tenant leaders founded Shelterforce magazine, to report on and encourage tenant activism and to give the movement a sense of identity and coordination. By the early 1980s, statewide tenant organizations existed in New York, New Jersey, Massachusetts, Michigan, Illinois, and California.

In 1979, more than 100 tenant leaders from 50 cities and 17 states met in Newark. The initial impetus for the meeting was to prepare a response to the possibility of President Jimmy Carter imposing wage and price control to address the nation's skyrocketing inflation. Tenant leaders wanted to be ready with a package of rent and eviction regulations to incorporate into any federal legislation. Although the Carter administration backed down from price controls, the Newark meeting set the stage for a national network of tenant activists. A year later, at a conference in Cleveland, tenant activists formed the National Tenants Union (NTU), which was based at the Shelterforce office in New Jersey. For several years, the NTU helped coordinate tenant movement activities, primarily to fight Reagan Administration and Congressional attempts to pre-empt local and state rent control laws. NTU never developed a stable funding base or a cohesive coordinating strategy and collapsed by the mid-1980s.

In addition to neighborhood, citywide, statewide, and national groups devoted exclusively to tenant concerns, many of the grassroots community organizations that mushroomed in the 1970s and early 1980s in low-income and working-class neighborhoods embraced tenant organizing as part of their multi-issue agendas. Many of these local groups were linked to national organizing networks such as ACORN, Citizen Action, National People's Action, and the Industrial Areas Foundation, which provided training for organizers and leaders. These local multi-issue groups did not focus exclusively on tenants' issues, but their concern with the problems of older urban neighborhoods necessitated some interest in tenant issues. The 1970s and 1980s also saw an increase in organizing among senior citizens. Many activist senior-citizen organizations (such as the Gray Panthers, Massachusetts Senior Action, and others) made tenant problems one of their priorities, reflecting the worsening housing situation among older Americans on fixed incomes.\(^{17}\)

Tenant activism through the late 1970s focused primarily on renters in privately-owned apartment complexes. The issues primarily involved rent increases, condo conversion, and building conditions. During those years, many metropolitan areas had experienced some level of "condomania" -- the conversion of apartments to condominiums, leading to widespread displacement. Many tenants, unable to afford the price of condos, but with difficulty finding other housing in a tight rental market, mobilized to support laws to delay evictions by requiring a year or more notice, prohibit evictions or conversions altogether, or require tenant approval before conversions could proceed. By the early 1980s,
some form of tenant protection against condo conversion had been passed in 24 states and the District of Columbia.

During this period, landlords also developed greater cohesiveness and coordination to stem the tide (or the threat) of rent control and condominium conversion control laws around the country. Homebuilders, mortgage bankers and real estate agents have long been influential in local, state and national politics. But apartment developers and owners had been more fragmented. Not surprisingly, landlords have been particularly well organized in New York City (where rent control existed for decades) and have sought to weaken or abolish rent regulation. Where tenants have been most active, landlords have banded together, often under the aegis of the local Chamber of Commerce or Real Estate Board.

Increasingly, however, landlords developed their own networks and organizations. Real estate groups are among the largest contributors to both the national political campaigns. In 1978, the National Rental Housing Council was formed to provide local landlord groups with advice on media campaigns, legal tactics, and research and arguments against rent control and pro-tenant demands, as well as to lobby in Washington. In 1980, the NRHC changed its name to the National Multi-Housing Council (NMHC), reflecting the growing number of condominium developers and converters among the landlords' ranks. Although it has been the large apartment owners that have played the most important role, they have sought to broaden their appeal as defending property rights from government and tenant interference.

Unable to roll back rent control at the local level, landlords, led by the NMHC, tried to defeat rent control by looking to the federal and state governments for help. By 1993, 28 states (none of which already had any rent control laws) had passed legislation pre-empting local governments from enacting rent control. In contrast, housing activists in California, New York, and Massachusetts had thwarted several referenda, initiatives, and legislative efforts, bankrolled by apartment owners and real estate groups, to pre-empt local rent control laws.

When President Reagan was elected in 1980, the real estate industry moved the battlefield to Washington. His transition team recommended that HUD prohibit the use of federal housing funds in cities with rent control. In 1981 and 1982, Senator Alphonse D'Amato (R-N.Y.) introduced such legislation. D'Amato's own New York City would have been effected. After a bruising battle that included intense lobbying by tenant groups and help from then-Speaker Tip O'Neill (whose home city, Cambridge, Massachusetts, had a strong tenants movement and a strong rent control program), the D'Amato bill, backed by the Reagan Administration, went down to defeat. Many Republicans, though opposed to rent control itself, viewed the measure as unwarranted federal involvement in local affairs.

At the urging of the NMHC, Republicans in Congress continued to file legislation to punish cities with local rent regulations, including withholding federal housing funds. Jack Kemp, President Bush's HUD Secretary, reiterated the call to penalize cities with rent control. In May 1988, Sen. William Armstrong (R-Colorado) added a last-minute amendment to the bill reauthorizing funds for the homeless. Armstrong's measure required HUD to study how rent control laws might be causing homelessness and gave HUD until the following October to produce the report. Kemp's HUD staff released the much-anticipated report in September 1991 (two years after the deadline). Much to Kemp's chagrin, the study concluded that there was no conclusive evidence that rent control causes homelessness, but urged that "further study should be undertaken."

In 1989, when Congress proposed the first new major housing bill in 15 years, the National Affordable Housing Act, sponsored by Sen. Alan Cranston (D-Ca.) and Rep. Henry Gonzalez (D-Tex.), tenant activists were dismayed to find that the draft version included language to withhold federal funds to cities with rent control. Tenant activists were told that real estate lobbyists had persuaded Cranston, a former builder himself, to
incorporate the anti-rent control provision. Tenant groups and the National Low-Income Housing Coalition pushed hard to get the offending language removed, but it was the intervention of California State Senate President David Roberti, who was close to Cranston, that made the difference. The NMHC-sponsored language was watered down. When the bill was finally passed in 1990, it included an oblique (but still potentially harmful) reference to rent control: In applying for federal housing funds under the new program, cities and states were required to explain whether the cost of housing or the incentives to build or repair housing are "affected by public policies," including "policies that affect the return on residential investment." No city has been denied funding because it failed to adequately address that question.

**Rent Control in Massachusetts**

The Massachusetts tenants' movement of the late 1960s and early 1970s was a spillover of the student movement, the civil rights movements, and resistance to urban renewal. Community-based struggles to stop institutional expansion of hospitals and universities into residential neighborhoods, to stop a proposed federally-funded highway through residential areas, and to stop the urban renewal bulldozer had created an organizational infrastructure and a cadre of organizers and activists who took up the cause of tenants' rights and the empowerment of low-income and working class neighborhoods. Tenant organizations emerged and tactics like rent strikes increased. In Boston as well as in other nearby cities such as Lynn, Somerville, Cambridge, and Brockton, activists built tenant organizations in private and FHA-subsidized housing and helped enact rent control in Boston, Cambridge, Lynn, and Somerville in the early 1970s. Tenant activists formed "tenant unions" in apartment buildings or among tenants in buildings owned by the same landlord. They formed neighborhood-based and citywide tenant organizations. They engaged in various forms of protest, mass rallies, and civil disobedience, including "eviction blocking." They pushed local government officials to strengthen building code enforcement. They negotiated with landlords over maintenance and other matters. They lobbied government officials, registered voters, and campaigned for pro-tenant candidates. Once rent control was passed, they provided legal and political support for tenants before rent control boards and housing courts.

Since the late 1960s, major political battlegrounds in Boston, Cambridge, and Brookline have been the regulation of rents, evictions and condo conversions. It has become the litmus test for identifying political candidates as "conservative" or "liberal." In all three cities, rent control ordinances regulated rents (by limiting rent increases to the cost of increased expenses), evictions (by requiring "good cause" and by requiring hearings before landlords could go to court), and removals of units from the rental stock (by requiring permits before units could be demolished or converted to condominiums). The condominium conversion issue emerged in the late 1970s. By the time the three cities enacted laws to address this issue, and fought the legal battles in court to protect their authority to do so, a substantial portion of the rental inventory in these cities was lost, undermining some of the political base for tenants' rights and rent control.

In Massachusetts, cities do not have the authority, on their own, to enact rent control. Rather, they need to get the permission -- or enabling authority -- from the state government. In 1970, the state legislature enacted Chapter 842 of the Acts of 1970, enabling cities and towns with populations over 50,000 to control rents and evictions. This law was the result of several years of political protest and agitation by tenant organizations and their allies in the state, primarily in the urban areas in the eastern part of the state. Once Chapter 842 was enacted, tenants quickly pressured city governments in a number of cities -
- Boston, Cambridge, Brookline, Somerville, and Lynn, in particular -- to enact local rent regulations. In these cities, tenants comprised two-thirds to three-quarters of the residents. In 1975, Chapter 842 expired and tenant organizations and their allies lobbied the state legislature to extend it. The real estate industry exercised greater influence, however, and the legislature only extended the enabling law until March 31, 1976. After that, localities would have to go through a two-step process to have rent control -- first, they would have to pass a local law, and second, get it approved (through the vehicle of a home rule petition) by the entire state legislature. Boston, Cambridge, Brookline, and Somerville did so. Lynn had repealed its law in 1974. Somerville adopted rent control in 1970, adopted vacancy decontrol/recontrol in 1976, and completely repealed regulations in 1978, effective the following March. By 1979, only three cities still had rent control: Boston, Cambridge, and Brookline. Initially, the regulations in these three cities covered all units except government-subsidized developments, two- and three-unit owner-occupied buildings, and new construction.

Cambridge tenant groups initially tried to enact rent control through a citywide referendum. When that failed, they had more success enacting legislation through the City Council in 1970, the same route followed by the other cities. Cambridge’s law did not allow for vacancy decontrol. Brookline adopted rent control at a Town Meeting in September 1970. It was amended in 1991 when vacancy decontrol was introduced, permanently removing units from regulations. In the late 1970s both localities adopted additional protections from condominium conversions. By 1994, Brookline had 4,200 units subject to control, while in Cambridge about 14,500 to 16,000 units, half the city’s rental stock, was under rent control.

In Boston, Kevin White was elected mayor in 1968 as a pro-rent control candidate. One of his slogans was: "When landlords raise rents, Kevin White raises hell." Boston adopted rent control in 1970. Within a few years, however, Mayor White began cultivating the support of the real estate industry and changed his views. Rent control became a convenient scapegoat for housing abandonment and high property taxes on homeowners -- problems more accurately linked to the city's overall economic problems, the busing controversy, and its fiscal crisis. In 1975, Mayor White and the City Council adopted vacancy decontrol, which permanently removed an apartment from regulation after a tenant left, as of January 1976. As a result, once-regulated apartments were gradually exempted from rent control, declining from over 100,000 units to under 25,000 units by 1983. Only those tenants who had lived in their apartments since 1976 were protected by rent control. During the 1980s, the system was amended several times (particularly to deal with condominium conversions and to add a "rent grievance" system in the decontrolled units), but the city never reimposed full rent control.

In the late 1970s a huge wave of condominium conversions fueled tenant protest. In 1979, Ray Flynn (then a City Councilor) proposed a ban on condo conversions, a policy that had little support among his colleagues. A compromise was reached that provided tenants with advance notice before they could be evicted for condo conversion, along with some relocation expenses. The Massachusetts Tenants Organization was formed in 1981 to help coordinate and expand these local efforts, primarily around rent increases and condominium conversions. In that fall's City Council elections, an MTO affiliate, the Boston Tenants Campaign Organization, composed of neighborhood tenant groups, sent questionnaires to and interviewed all candidates. BTCO endorsed a "Tenant Ticket," distributed flyers in apartment buildings, registered tenant voters, organized a get-out-the-vote drive, and handed out "Tenant Ticket" poll cards on election day. Two of BTCO's candidates won, including incumbent Flynn, who -- thanks in part to the tenant vote -- topped the ticket. Two years later, MTO's endorsement and organizing efforts played a key
role in electing Flynn as Boston's mayor. A cornerstone of Flynn's platform was an overhaul of the tenant protection laws, a return to full rent control, and either a ban on evictions for condo conversion or a ban on conversion itself. During its ten years in office (1984-93), the Flynn administration brought tenant and housing activists into government, adopted stronger tenants' rights laws and provided funds to encourage tenant organizing.

In October 1984 the City Council rejected Flynn's plan to restore full rent control. In its place, the Council substituted a rent grievance system in the decontrolled units, banned condo evictions for low-income and elderly tenants, extended (up to three years) the notice period for other tenants facing condo conversion, and increased moving expenses (from $750 to $1000) for tenants displaced by conversion. The compromise measure accurately reflected the balance of political forces at the time, particularly the Greater Boston Real Estate Board's (GBREB) influence on the majority of Council members. Flynn continued to push for stronger tenant protections. In mid-1985 -- with the housing crisis worsening and condo conversions escalating (even outside the downtown neighborhoods) -- the City Council gave the rent board the authority to regulate condo conversions by requiring landlords to obtain a permit before a conversion could take place. The GBREB successfully challenged the policy in court but the city then got the state legislature to give it the authority to implement the law. By the mid-1990s, Boston had about 90,000 apartments under the jurisdiction of the Rent Equity Board, which regulated rents, evictions, and condominium conversions. Only about 20,000 units were under rent control; the rest were under the looser rent grievance system.

The Politics of Deregulation in Massachusetts

Massachusetts landlords organized a campaign for a statewide initiative (Question 9) to repeal rent control, by pre-empting localities' authority, that appeared on the ballot in November 1994. It passed with 51% of the vote. The three cities with rent control -- Boston, Cambridge, and Brookline -- voted "no." Implementation began January 1, 1995. Landlords had been unhappy about rent control for the 25 years of its existence. They had succeeded in repealing it in Lynn and Somerville, and watering it down in Boston and Brookline. Cambridge, like Santa Monica and Berkeley on the West Coast, was viewed as having an "extreme" or "radical" form of rent control. Cambridge's system would prove to be the battering ram which landlords used to attack rent control at the state level.

Tenant organizing in Cambridge had atrophied by the mid-1980s. A core of tenant activists continued to appear at City Council meetings and to advocate before the rent control board. This same core managed to regroup the fragile coalition of tenants, senior citizens and other constituencies at each election cycle. But the energy and organizational capacity of the tenant constituency had severely dwindled. This vacuum was filled by a new organization, the Small Property Owners Association (SPOA). SPOA was composed of homeowners and small landlords, but it quickly hitched its political wagon to more powerful real estate industry forces under the banner of the Massachusetts Homeowners Coalition (MHC). SPOA served, in effect, as the public face of the anti-rent control effort, while the money and strategies were controlled by the real estate industry trade associations and their hired campaign consultants.

SPOA's goal was the complete elimination of rent control. To the extent that its membership was composed of relatively small property owners -- homeowners and small-scale apartment owners -- they linked their personal and their property interests much more intimately than large developers and landlords. According to Cantor, they believed that "rent control violated their fundamental personal rights."
Moreover, SPOA engaged in somewhat militant tactics, more akin to groups like ACT-UP (gay rights) or Operation Rescue (anti-abortion) than to traditional real estate industry approaches. For example, they picketed and spoke out fervently at Cambridge City Council meetings. They projected an image of small property owners being abused by unresponsive government, the "People's Republic of Cambridge." They told "horror stories" of condo owners who were forbidden by the rent control law (or board decisions) from living in their own units, or being unable to convert room housings into single family homes where they wanted to live, or being unable to evict tenants who failed to pay rent, and of long delays in getting rent increases. MHC members held up signs at university graduations. They wrote letters to the editors of local papers. They frequently appeared on radio talk shows and found reporters and columnists who wrote sympathetic stories about their "plight." (Importantly, the radio shows and daily newspapers that covered Cambridge were part of the larger Boston media market, so this anti-rent control message extended beyond Cambridge). They argued that rent control forces landlords to subsidize tenants. "Providing affordable housing should be society's problem," MHC president Denise Jillson told the Boston Globe, "not the problem of the individual property owners." They compared the struggle of small property owners to overturn the "tyranny" of local rent control to the civil rights movement's efforts to get the federal government to overturn local segregation laws.

SPOA was not only well-organized, but also politically savvy. It made a point of showcasing only "small" property owners, even though much of their financial support came from large real estate interests. It focused attention on minority, immigrant, and senior citizen members. It highlighted examples of affluent tenants paying below-market rents in buildings owned by purportedly financially-strapped landlords. This reinforced the image they sought to project -- that rent control did not primarily help the poor. SPOA succeeded in persuading the Cambridge City Council to commission a study by a private consulting firm of who lived in rent controlled housing.

SPOA lost its first major political battle during the 1989 local elections. Three long-time rent control supporters on the City Council declined to run for re-election, making the City Council races a referendum on rent control. Also, landlords (primarily large property owners concerned about local restrictions on condo conversion) collected enough signatures to get "Proposition 1-2-3" on the local ballot and financed an expensive and sophisticated campaign to reach voters. It would have allowed landlords to convert apartments to condos if the tenants wanted to buy them, undermining the city's law which linked condo conversion to housing market indicators. If successful, Proposition 1-2-3 would have eliminated rental units and undermined the political base of support for rent control. However on election day, voters defeated the proposition by a two-to-one margin and elected an unprecedented 6-3 pro-rent control majority on the City Council.

Although angered by this defeat, SPOA viewed the 1989 elections as one battle in a longer war. Equally important, although real estate forces lost the local elections, they had helped set in motion a changing political climate by chipping away at the image of rent control as a policy that protected the most vulnerable people. They had begun to set the stage for a full-scale attack on rent control several years later. Over the next few years, SPOA spearheaded a constant media attack on rent control. It did a good job of identifying a few high-profile "undeserving tenants" -- primarily professionals with good incomes, including Cambridge's mayor and a state court judge -- who were used as the symbols of rent control's inequities.

During the summer of 1993, SPOA began preparing for a statewide initiative campaign to ban rent control. A majority of residents in Boston, Cambridge, and Brookline were renters. Statewide, however, owner-occupied units outnumbered rental units by 1.35

12
million to 980,000. Moreover, homeowners had higher levels of voter registration and turnout than tenants. Amidst much controversy, the state Attorney General in September 1993 ruled that the measure could appropriately be put before the state's voters, even though it only applied to a few localities. The Greater Boston Real Estate Board and its Rental Housing Association, which represented the big landlords, developers, and management firms, did not agree with this strategy. Its leaders were "frightened" of putting the issue before the voters. "What if the reverse happened and we lost?" They felt on safer ground working through city councils and the state legislature, where they had skilled lobbyists and political clout. But the GBREB recognized that the SPOA was going to move forward anyway, so it soon joined forces with the small property owners to push Question 9.

Soon after the Attorney General approved the ballot measure, Ed Shanahan, director of GBREB's Rental Housing Association, "got a frantic phone call from Denise Jillson," the head of SPOA, asking for RHA's help. "We put together a coalition called the Massachusetts Homeowners Coalition (MHC)," Shanahan explained. The steering committee included Jillson (representing SPOA), Shanahan, Ed Zuker (a major Boston area landlord), Doug Thayer (a Cambridge landlord), and a representative of the Massachusetts Realtors Association. It was this group that spearheaded the Question 9 effort, although they sought to identify the public face of the campaign with small property owners like Jillson who was, "the perfect poster girl" for their cause.

The campaign for and against Question 9 began in the summer of 1994 until election day, November 8. Using local realtors and paid canvassers, MHC began soliciting signatures to place the measure on the ballot in November 1994.

SPOA helped to chip away at support for rent control among people not directly affected by the policy -- third parties such as the media, homeowners, and others. Media accounts about rent control were generally unsympathetic. One Boston Globe reporter, writing about his experience selling his condominium, wrote about his "nightmare" dealing with the Cambridge Rent Control board. Three out of four Globe columnists supported Question 9; two of the opponents wrote several columns on the topic during the campaign, repeating SPOA's views about rent control "horror stories." Columnist David Nyhan called rent control a "yuppie subsidy, a middle-class loophole hurting small-time property owners." Columnist Jeff Jacoby claimed that "like socialists the world over, the rent radicals of Boston, Brookline and Cambridge operate on the principle that whatever they win is permanent and whenever they lose it's negotiable." Columnist Bella English claimed the big losers if rent control was abolished would be the "politicians, professors, judges, doctors, lawyers, Harvard students and businessmen, who have enjoyed cheap digs for years."

The reporters, columnists and editorial writers at the Boston Herald, the region's other major daily paper, consistently supported Question 9.

The Massachusetts Tenants Organization led the charge against Question 9. It formed an umbrella organization, Save Our Communities Coalition (SOCC), composed primarily of tenant activists in Boston, Cambridge, and Brookline, the three communities that would be directly affected. SOCC focused its measure on the harmful impact Question 9 would have on the elderly. It showcased elderly renters who would be hurt if rents were deregulated. In posters and bumper stickers, it advertised its slogan: "Bad for Elderly -- Bad for You." SOCC's rallies and protests, all in the Boston area, received minimal media attention. For example, no reporters showed up at a SOCC-sponsored October 12 rally on the steps of the State House. Various unions, the AARP, Boston Mayor Tom Menino, and a variety of community organizations and public interest groups endorsed the "No on 9" campaign. In contrast to much of its reporting and several of its columnists, the Boston Globe editorialized against Question 9 on the grounds that it interfered with the "home rule" authority of localities. Indeed, throughout the Question 9 campaign and the subsequent
legislative fight, rent control proponents emphasized the home rule principal as much, or even more, than the benefits of rent control.\textsuperscript{48} 

Rent control's supporters were clearly on the defensive. Even the director of the Massachusetts Tenants Organization acknowledged to the Boston Globe that "it's not a perfect system," arguing that only a handful of tenants in rent-controlled apartments are rich.\textsuperscript{49} 

The SOCC-led effort was completely outmaneuvered by the pro-Question 9 campaign. This was a classic example of the impact of money on elections. The campaign used rent control as an example of the undue influence of big government. Its logo showed a house with the words "Get Gov't Out" across it. Its TV and radio ads focused on rent control's "unfairness," primarily using examples from Cambridge, which had the strongest law among the three cities and which, despite its large low-income and minority population, was known outside the Boston area primarily as the home of Harvard, MIT, and its student/intellectual culture. The real estate forces hired several consultants to conduct studies which, not surprisingly, alleged to show that rent control in Cambridge disproportionately helped the non-poor.\textsuperscript{50} 

During the campaign, the media reported tenants' fears of huge rent increases as well as landlords' promises that rent increases would be fair and reasonable. The Globe quoted one large property management company official's prediction that it would not make "an immediate hike that would force people out." Another landlord said that "It should take a year to find out the market, and at that point we'll negotiate a new rent. In most cases, even if the rent should be $1,200, we'll agree to less to have a tenant stay rather than have a vacancy."\textsuperscript{51} 

The pro-Question 9 forces outspent their opponents by at least a seven-to-one ratio -- $1.06 million vs. $158,248. The proponents used this financial advantage to hire professional consultants to manage the campaign, to do polling, and to buy TV and radio advertisements. Proponents spent over $200,000 on paid TV ads. The "Yes" campaign received most of its money in $500-or-more contributions, many of them from out-of-state. Nineteen real estate firms contributed $510,022, more than half (53.9\%) of the "Yes" campaign's funds. The list of contributors reads like a "who's who" of the Boston area's major realtors, landlords, developers, and property management firms. The Greater Boston Real Estate Board alone contributed $168,878 to the "Yes" campaign, $118,878 in gifts and in-kind services plus a loan of $50,000. The next biggest source of funds for the "Yes" campaign came from the National Association of Realtors and the Institute of Real Estate Management, based in Chicago. They funneled their combined $75,000 contribution to BMC Strategies, a political consulting firm, to be used for TV ads. The "No" forces had one paid staff person. They had no money for TV ads. Only 11\% of the $158,249 it raised came from $500+ contributions.\textsuperscript{52} 

A Globe poll a week before the election found 34\% of likely voters supported Question 9, 37\% opposed it, and 29\% were undecided.\textsuperscript{53} The Question 9 campaign's financial resources helped sway enough undecided voters to bring victory. Question 9 won by a narrow margin: $51.3\% (1,034,594) to $48.7\% (980,723).\textsuperscript{54} An analysis of the vote reveals that voters in Boston, Cambridge, and Brookline -- where Question 9 would have direct impact -- voted substantially against the measure, although not by margins large enough to make a difference in the statewide outcome. In most cities and towns outside the Boston metropolitan area -- for example, in Springfield, Fall River, New Bedford, Lawrence, Holyoke, Fitchburg, on Cape Cod and in the Berkshires -- a majority of voters voted "no." Question 9's small margin of victory came from the Boston area suburbs, where the real estate industry's campaign concentrated its media efforts. One cannot also discount the sentiment toward rent control that had accumulated over the previous few years
aided by articles in the Boston area media market. The Question 9 campaign simply reinforced these views.

After the November elections, tenant activists in Boston, Brookline, and Cambridge pushed their city governments to file home rule petitions in the state legislature to reinstate a version of rent control.55 These local battles in each city were highly contentious, involving controversial public hearings and protests.56 The Cambridge version called for phasing out rent control over five years. The Boston and Brookline versions called for weaker versions of their vacancy decontrol systems. They had to get a bill through the lame-duck legislature before the session ended on January 3, 1995, since Question 9 would go into effect on January 1 and many landlords had announced that they were planning substantial rent hikes. The tenants and sympathetic local public officials knew, however, that whatever bill they could get through the two houses, both with a majority of Democrats, would be vetoed by Republican Governor William Weld, a Cambridge resident who had just won an overwhelming re-election victory and was strongly opposed to rent control. They didn't have sufficient support to override Weld's veto. SPOA lobbied the legislators to reject any home rule petition that continued any form of rent control. Weld announced that he would only approve a petition that SPOA could live with. "If they are satisfied, I am satisfied," Weld said disingenuously, "I am almost a spectator here."57

At this point, the years-long drumbeat of criticism about rent control bore fruit. Even rent control advocates realized that their only hope for protecting any form of regulation would require some kind of means-test. Mayor Menino pushed a home rule petition through the Boston City Council that would protect elderly, disabled and low- and moderate-income renters.58 But after lobbying legislators and Gov. Weld, Menino realized he'd have to water down the city's proposal.59 Real estate interests were able to win the argument, among legislators and the media, that even elderly and disabled tenants should be subject to a means test. Rep. Thomas Finneran, a Democratic from Boston and chairman of the powerful Ways and Means Committee, argued in favor of the "narrowest version possible," including vacancy decontrol, and a means test limited to the elderly and disabled.60 Weighing in on the subject, the Globe encouraged the legislature and Governor to approve home rule petitions that incorporate vacancy decontrol and a means test protecting only low-income renters, which it labeled a "decent compromise" and a "sensible compromise."61

In late November and early December, the House approved the three home rule petitions, but lacked the two-thirds majority necessary to override Weld's veto, while the Senate approved Cambridge's plan (ironically, the weakest of the three), amended Boston's (requiring it to be phased out in five years), and rejected Brookline's.62 In late December, the House and Senate approved a weaker version that extended rent control for two years, but only for elderly, disabled, and low-income renters.63 According to several sources, many Democratic legislators cast their vote in favor of the home rule petitions knowing that they lacked the votes to override a veto -- a safe way to tell voters they supported rent control without alienating the real estate industry.

The legislature defeated last-minute attempts by pro-rent control legislators to amend the law to include provide blanket protection for all disabled and elderly tenants (regardless of income), and to include a local option provision, which would allow Boston, Cambridge, and Brookline to revert to their existing rent control systems.64 Weld said he would veto the bill unless it was changed to incorporate amendments drafted by the Massachusetts Association of Realtors, which would extend rent control for two years, but only for low-income renters already living in rent controlled apartments. Even elderly and handicapped renters should be subject to a low-income means test.65 On January 3, Weld announced that he and the real estate industry had reached an agreement. With two minutes left in the session, on a voice vote, the legislature passed the bill on
January 3, 1995; Weld signed it the next day.\textsuperscript{66}

The new law, as one legislator put it, allowed rent control to "die with dignity."\textsuperscript{67}

The law immediately decontrolled all units which were not occupied by a tenant who met the new income eligibility guidelines. Eligible tenants were defined as those with incomes of 60\% or less than the median income for the Boston SMSA (at that time, $21,500 for a single person). An exception was granted for elderly tenants (62 years or more) and disabled tenants; for them, the eligibility limit was set at 80\% of median income ($27,950). The incomes of all residents of a unit (household income) was to be counted. Full-time students were not to be considered eligible for protection. Rent control for income-eligible tenants in buildings with up to 12 units would end on December 31, 1995, while those in larger buildings would no longer be protected at December 31, 1996. The law specified that for income-eligible tenants, landlords could raise rents in these rent controlled units by 5\% a year, or up to 30\% of the tenants income. Local rent control boards lost the authority to regulate evictions.\textsuperscript{68}

Interestingly, media coverage of the rent control issue expanded dramatically after Question 9 has passed. Most of the reporting focused on the personalities and maneuverings engaged in the home rule legislative battle, on the political maneuverings of Governor Weld, legislative leaders, and Boston Mayor Tom Menino over whether the legislature and Governor would approve local home rule petitions and, in effect, override the Question 9 vote. Yet at no time during the legislative phase of this issue did the media analyze the influence of the real estate lobby, including its campaign contributions, in the legislature. It covered the home rule debate as a matter of ideology and political in-fighting. Immediately after the Question 9 vote, a few stories focused on the fears of tenants worried about dramatic rent increases and the delight of landlords freed from regulatory abuse.\textsuperscript{69} These articles increased in 1995 and 1996 when the new law took effect, particularly as the phase-in period was coming to an end.

Several news accounts noted that the small property owners, led by the SPOA, were angered by the compromise that allowed the two-year phase-out of rent control. As the inside game within the legislature played itself out, Gov. Weld and the legislatures negotiated with the Greater Boston Real Estate Board and the Massachusetts Association of Realtors, and shut the SPOA out of the negotiations.\textsuperscript{70} They felt "sold out" by the big landlords.\textsuperscript{71} SPOA had laid the groundwork, served as the media spokespersons, and framed the ideological debate, but were viewed as too uncompromising when it came time for the endgame. In doing so, they helped the major real estate lobby groups appear to be moderates rather than the "heavies." The political center of gravity had shifted so far in the industry's favor that the bill to entirely phase-out 25 years of rent control was called a "compromise."

\textbf{Rent Control in California}

In the 1970s, California seemed an unlikely place for a broad movement for tenants' rights. As Heskin notes, "Aspiring tenant organizers considered the California tenant to be too individualistic and too mobile to be organized" and "the densities of renters too low for mass collective action."\textsuperscript{72} But a California tenants movement exploded in 1978 following passage of Proposition 13, the tax-cutting amendment. California had an upsurge of tenant activism in the late 1970s and early 1980s, and then -- with a few local exceptions -- experienced a lapse starting in the mid-1980s which continued into the 1990s.

During much of the 1960s, apartment vacancy rates in the state's urban areas were high; some landlords even complained of an "apartment glut."\textsuperscript{73} This began to change in the 1970s, as rental apartment construction fell, vacancy rates fell, and rents increased faster
than inflation. Moreover, skyrocketing housing prices shut out many middle-class households from homebuying. Except in Berkeley, however, there was little tenant activism in response to these changing market forces. In 1972, Berkeley voters passed a rent control charter amendment through the initiative process. The city began to implement the law, but landlords successfully challenged the amendment in court. In Birkenfeld v. Berkeley, the Alameda County Superior Court (in 1973) and the state Court of Appeal (in June 1995) held that the Berkeley law was unconstitutional on procedural grounds, but it found that cities had the right to adopt rent control without further state legislation.

In 1975, Senator David Roberti filed a rent control bill that died "quickly and quietly" in the Senate Judiciary Committee, a reflection of the weak political constituency at the time.74 In the mid-1970s, even before the upsurge of tenant activism, California's real estate industry recognized the potential for a wave of tenant protest and demands for rent regulations, especially in light of Birkenfeld v Berkeley. In 1976, the California Housing Council, a new coalition of the state's major apartment developers, owners, and managers, along with their allies among realtors and smaller landlords, pushed a bill (AB 3788) through both houses of the state legislature pre-empting localities from adopting rent control. A fledgling California Renters Coalition was too weak to effectively oppose the bill in the legislature or the media. But on the advice of his liberal housing department director, Arnold Sternberg, and with the support of his liberal constituency, particularly Jack Henning, the head of the state AFL-CIO, Gov. Jerry Brown vetoed the bill, angering the real estate community.75

Sensing that a battle was brewing, a handful of tenant organizers and legal aid attorneys recognized that they needed to be better organized and in 1977 250 activists met in Los Angeles to form the California Housing and Information Network (CHAIN) to serve as the umbrella coalition for tenants' rights.76 A few local groups, such as the Coalition for Economic Survival (CES) in Los Angeles, began to organize tenants around rent increases, evictions, and maintenance issues. In 1977, CES and the Gray Panthers, a radical senior citizens group, began pushing the Los Angeles City Council to adopt rent control, initially promoting ordinances against "rent gouging." Simultaneously, tenants in Santa Monica launched an effort to place a rent control initiative on the June 1978 ballot. These groups were able to mobilize hundreds of tenants for public hearings and rallies. Smaller efforts were underway in Santa Barbara, Santa Cruz, Long Beach, and San Diego, while tenants continued to push for rent control in Berkeley.

Gov. Brown's veto of the CHC's pre-emption bill proved fateful, because demand for rent control exploded across the state in the aftermath of Proposition 13. Proposition 13 was spearheaded by ultra-conservative political forces. The leader of the tax revolt was Howard Jarvis, chief executive of the Apartment Association of Los Angeles County, who sent a mailing to landlords urging them to "convince your tenants that lower property taxes mean lower rents."77 A month before election day, the California Apartment Association announced that landlords would pass property tax savings onto tenants if Proposition 13 passed. Recognizing the dangers of a tenant backlash if landlords failed to fulfill their promises, the CHC opposed Proposition 13.

On the same day that Proposition 13 won by a two-to-one margin statewide, rent control initiatives were defeated in Santa Monica (56-44%) and Santa Barbara (by roughly the same margin), even though tenants represented a majority in both communities. Real estate interests poured huge sums of money to defeat these referenda.78 An analysis of voting results revealed that precincts that favored Proposition 13 voted against rent control, often by a similar margin. Throughout the state, in fact, voters who opposed rent control thought that property taxes were the cause of high rents. They expected Proposition 13 to hold down rents.
The California Housing Council was the only major real estate industry group to oppose Proposition 13. After Prop 13 passed, the CHC sent a letter to its members across the state urging them to reduce rents. But the anticipated windfall of rent rollbacks did not materialize. In fact, many of California's 3.5 million tenants received notices of rent increases shortly after Proposition 13 passed. This set the stage for a significant tenant backlash. Throughout the state, tenants who had been hit by rent increases organized meetings to demand that landlords share their property tax savings. Newspapers were filled with stories of outraged renters, embarrassed landlords, and politicians jumping onto the bandwagon. For example, Los Angeles Mayor Tom Bradley, who had earlier lent his name to the anti-rent control campaign in nearby Santa Monica, called for a citywide rent freeze ordinance. As public clamor mounted, some landlords agreed to voluntarily reduce rents in order to avoid mandatory rollbacks and freezes.

Tenant pressure did not subside. Governor Brown established a renter "hotline" which, at one point, was receiving 12,000 phone calls a day to register complaints about rent hikes. When heavy real estate industry lobbying defeated a statewide bill requiring landlords to pass on Proposition 13 savings to tenants, the battle shifted to the local level. Groups like CES, the Gray Panthers, CHAIN, and Tom Hayden's statewide Campaign for Economic Democracy (which grew out of his unsuccessful bid for U.S. Senate in 1976) organized tenants and kept the anger about post-Prop 13 rent hikes in the news. Tenant groups began to mobilize in communities across the state, demanding rent control.

By 1981, more than 25 California communities, including Los Angeles and San Francisco, had passed some kind of rent control laws. By 1988, 78 communities in California had some form of rent control, although in 64 of these jurisdictions rent control was limited to mobile homes. In the 14 cities where rent regulations covered apartments, nearly one million units were covered. Eleven of those 14 laws were enacted by ordinance. In Berkeley, Santa Monica, and Cotati, they were put into place by voters through the initiative process. In nine of these jurisdictions, the rent regulations not only covered rents, but included "just cause" eviction, limiting landlords' ability to evict a tenant without due process and cause. Los Angeles, Palm Springs and Thousand Oaks exempted so-called "luxury units" from rent regulations. Several cities exempted single-family homes; some exempted condominiums. Twelve of the 14 jurisdictions (except Los Gatos and Cotati) exempted new construction from rent regulations. Nine of the jurisdictions provide for vacancy decontrol, allowing landlords to set rents at market levels when a tenant voluntarily vacates an apartment; in six of these jurisdictions, the law requires that the unit be placed back under rent regulation after the new tenant moves in and the landlord has set the market rent. Berkeley, Santa Monica, West Hollywood, East Palo Alto, Cotati, and Palm Springs did not allow vacancy decontrol. Local rent boards set rent levels each year, no matter how many times the units turn over. Jurisdictions vary in the formulas they use to set rent increases.

In response to tenant pressure, rent strikes, and steady news coverage about rent increases and angry tenants, especially seniors, the Los Angeles City Council passed a six-month rent freeze in August 1978. As the rent freeze was reaching its end, tenant forces and their allies pushed for a permanent and strict rent regulation law. The City Council adopted a somewhat watered-down version of regulation, including vacancy decontrol and an exemption for single-family homes, which went into effect May 1, 1979. This law was reviewed annually by the City Council, with minor changes. In 1981 the City Council made significant changes. The original law permitted a 7.6% rent increase annually. After 1981,
this was reduced to a 5.6% annual rent increase. From the beginning, landlords were allowed to raise rents more freely when an apartment became vacant, but then adjusted further rent increases for the new tenant. The original law allowed new rents to be set to market levels. The new law limited rent increases to 10%. Both laws exempted new construction, hotels, single family dwellings and so-called "luxury units" (those with rents above a specific level. Both laws contained "sunset" provisions which would end rent control if the vacancy rate in Los Angeles rental housing rose above 5%.  

The Los Angeles law did not apply to the unincorporated areas of Los Angeles County, including West Hollywood, where renters composed 80% of the population. Renters organized rent strikes and rallies with as many as a thousand demonstrators and successfully pressured the county Board of Supervisors to pass a rent control law that applied to unincorporated areas. The law included a "sunset" provision and in 1985 the Board of Supervisors did not extend it. Fear of this threat led activists in West Hollywood to seek to incorporate a new city. Soon after West Hollywood became a separate city, the city council adopted rent control in June 1985. Rent control was also the driving force behind the efforts to incorporate a new city in East Palo Alto. East Palo Alto, which had about 3,000 rental units and a large African-American community, was incorporated in 1983. It adopted rent control a few months later. Landlords were unsuccessful at repealing it with several city ballot measures, sponsored by the California Apartment Owners Association.

Rent control was the centerpiece of electoral activity in Berkeley and Santa Monica, where progressive coalitions won majority blocs on the City Council of each city. In the late 1960s, Berkeley was a hotbed of "radical" political activity, not only on the campus but also in the community. The Berkeley Tenants Union was formed in 1969. It formed part of a coalition of progressive activists who mobilized to gain a foothold in city government with rent control one of their key platforms. After the courts reversed the 1972 pro-rent control ballot measure on procedural grounds, the coalition tried again. Rent control supporters put another initiative on the April 1977 ballot. It lost 63% to 37%. Following Proposition 13, Berkeley voters approved a temporary rent freeze on the November 1978 ballot by 58% to 42%. Voters adopted permanent full rent control in a June 1980 initiative. The pro-tenant governing regime remained in power for almost two decades until the pro-tenant majority on the rent control board was defeated by voters in 1993. A court decision over the meaning of a "fair return" forced Berkeley to water-down its rent regulations in 1992, resulting in major rent increases. The Berkeley law regulated 21,000 of the 24,500 rental units in the City.

In Santa Monica, a coastal city of 90,000 adjacent to Los Angeles, the tenants movement formed the core of an ongoing governing coalition. As noted above, voters had defeated a rent control ballot measure in June 1978 by a 55.5% to 45.5% margin, even though renters comprised 80% of the city's residents. In the wake of Prop 13, activists regrouped. They formed a political coalition, Santa Monicans for Renters' Rights (SMRR), which drew on a wide group of senior citizen, consumer, Democratic Party, and housing activists. SMRR put another rent control measure, Proposition A, on the ballot in April 1979. Although SMRR was outspent $217,257 to $38,443, it effectively mobilized renters as campaign volunteers. Proposition A won by a 54.5% to 45.5%. A few months later, a pro-tenant slate, organized by SMRR was elected to the rent control board. The next November, SMRR forces defeated Proposition Q, a real estate industry-sponsored ballot measure to weaken the rent control law by adopting vacancy decontrol. In 1981, SMRR's slate won a majority of seats on the City Council and elected a SMRR leader as mayor. The campaign mobilized over 6,000 people to get involved in phone calling, door-to-door canvassing, and other electoral activities. Since 1981, SMRR has held a voting majority on
the City Council, with the exception of 1984 through 1988. All of SMRR's candidates supported rent control and tenants' rights, but they have included union leaders, a minister, a high school teacher, a cab driver, a disabled activist, a lesbian activist and others.

As a governing coalition, SMRR strengthened Santa Monica's rent control and condo conversion law -- key issues in an attractive beach city that was undergoing extremely strong development pressures. Indeed, Santa Monica's rent control law was perhaps the strongest in the country; for example, it did not automatically allow landlords to increase rents when they refinanced their properties. SMRR also elected a majority to the rent control board, guaranteeing that the law would be implemented effectively. Once in office, SMRR enacted a broad progressive agenda that went beyond tenant problems. But a dent in the SMRR coalition involved a controversy over the city's tolerance of homeless people in public places. Even in "the People's Republic of Santa Monica," as opponents called the city, political support for rent control was weakened in the early 1990s by two forces: a visible increase in homelessness, which landlords effectively linked to the city's rent control law, and the Northridge earthquake of January 1994. Complaints from businesses and other citizens led SMRR to toughen its policy by allowing police to remove homeless vagrants from public places and require them to move to a city-run shelter or day program.

Other cities joined the rent control list. The San Francisco Board of Supervisors passed rent control (with vacancy decontrol) in 1979 to head off a stronger initiative put on the ballot by community and tenant groups. San Jose's law went into effect in 1979. It was called the Rental Dispute Mediation and Arbitration ordinance.

Faced with all these local brushfire battles, and unable to get Gov. Brown to sign a local pre-emption bill, the real estate industry's strategy was to circumvent the liberal governor by putting the issue of pre-emption before the voters in a statewide initiative. Seeking to stop the rent control momentum, the CHC, the umbrella lobby group of the state's largest landlords, spearheaded the campaign for Proposition 10, which appeared on the ballot on June 3, 1980. Voters overwhelmingly defeated Proposition 10 by a 65% to 35% margin, despite the fact that the CHC outspent the opposition by an 80-to-1 margin. The landlord campaign used the usual arguments that rent control stymied new construction as well as maintenance and thus have a serious negative impact on the supply of rental housing. CHC polls showed that, as a group, "landlords" were not well-liked. (At the same time, San Diego Mayor Pete Wilson successfully led the opposition to a rent control initiative in that city).

During the 1980s, the statewide momentum for rent control slowed down. No new cities enacted rent control laws, but neither did local politicians seek to weaken rent control where it already existed. The real estate industry recognized in 1987 that "rent control may no longer be the single hot issue that it once was." While it was difficult to roll back existing local laws, the industry saw that "rent control no longer draws the overriding community concern that it once did." In 1987, for example, only one locality, Burlingame, sought to pass a rent control measure, and it was defeated. In 1988, the CHC helped defeat a citywide ballot initiative for full rent control. In 1991, Mayor Art Agnos, who had been elected as a rent control supporter, got the Board of Supervisors to pass full rent control, but the real estate industry got the issue on the ballot and orchestrated an expensive and successful campaign to repeal the Board's vote. Then in December 1991 the real estate industry helped police chief Frank Jordan, a foe of rent control, defeat Agnos for re-election. The ballot victory and Jordan's election, in a liberal city with a big tenant majority, led real estate interests to conclude that "rent control is not what it used to be" as a political issue.
The Politics of Deregulation in California

Beginning in 1983, Assemblyman Jim Costa (D-Fresno) annually introduced a bill on behalf of real estate industry (California Housing Council, California Association of Realtors, California Apartment Association, and California Building Industry Association) to weaken local rent regulation, or what they termed "radical rent control ordinances."\(^{106}\) The Costa bills included a requirement for vacancy decontrol, an exemption for new construction, and an exemption for single-family homes. In 1983 and 1984, his bills included mobile homes, but subsequent bills exempted mobile homes.

Typically, the Costa bill would whiz thru the Assembly, whose leaders were closely connected to real estate lobbyists, but bog down in the Senate, largely at the behest of Senator David Roberti. Roberti was majority leader and then president pro tem of the Senate. He represented part of Los Angeles's San Fernando Valley, as well as parts of Hollywood, and was a major fundraiser for his Democratic colleagues.\(^{107}\) Roberti would assign the Costa bill to the Senate Judiciary Committee, which had a strong liberal majority. Invariably, the committee would reject the Costa bill.\(^{108}\)

In fact, only Roberti's influence kept the state legislature from bowing to landlord pressure to dismantle local rent laws. The real estate industry, especially the California Housing Council, identified Roberti as their chief obstacle to eliminating rent control. "As long as Roberti was there, we couldn't win. So we focused our attention on the local level, just trying to keep the lid on," explained the CHC's lobbyist.\(^{109}\) By the early 1980s, tenant organizing in California had declined significantly. Only in Santa Monica, and to a lesser degree in West Hollywood, East Palo Alto, and Berkeley, did tenant organizations wield significant political influence. Roberti consistently warned tenant activists and cities with rent control not to get complacent, and encouraged them to organize, since he would not be in the legislature forever, but they did not heed his warnings. In the big cities like San Francisco, Los Angeles, and San Jose, tenant organizing was ineffective. But, according to CHC lobbyist Steve Carlson, "the rent control forces never had to assert themselves so long as Roberti was there. It was a slam dunk."\(^{110}\)

Over the years, apartment owners and other real estate interests invested millions in campaign contributions to support anti-rent control legislation. A 1987 report by the California Association of Realtors claimed that the industry had spent over $14.2 million to fight rent control. About $5.6 million was spent on Proposition 10 in 1980. A more recent estimate claimed that in the past 12 years, the industry spent an estimated $50 million to fight rent control -- pouring money into local rent control ballot initiatives, city council, legislative, and gubernatorial races, and efforts to unseat Roberti. A real estate lobbyist explained, "it is a small investment when you consider a billion dollars or more in apartment real estate values are at stake."\(^{111}\)

In some ways, rent control's fate was doomed in 1988, when California voters passed an initiative imposing term limits on state legislators. That meant that Roberti would have to leave the state Senate in 1995. In 1994, the real estate industry and the National Rifle Association (angered by Roberti's support for strong gun control) tried to evict Roberti from the legislature a year early by sponsoring a recall campaign in his new Senate district. The recall effort by NRA failed with Roberti garnering help from housing activists from Santa Monica and other cities outside his new district.\(^{112}\) Tenant activists from as far away as San Francisco came to the San Fernando Valley to campaign against the recall vote.\(^{113}\)

After the recall effort failed, but knowing that Roberti would be out of office after 1995, the real estate industry set the stage for the following year's battle. Again, Costa filed his legislation. Again, it sailed through the Assembly and wound up in the Senate Judiciary
Committee. A public hearing was held in June 1994. This time, however, the vote was closer than in earlier years. A number of Democrats who in the past had voted with Roberti broke ranks and others had to have their arms twisted by Roberti and labor leaders. A hearing was held in Sacramento in June. But they came within one vote of passing the bill in the Judiciary Committee. The deciding vote was cast by Sen. Art Torres, a liberal Democratic, who was also leaving office. Tellingly, Sen. Bill Lockyer, who would replace Roberti as president pro tem, abstained. In June 1994 the state Senate voted against the bill. According to CHC lobbyist Steve Carlson, "It seemed to us that we were getting closer." As president pro tem, "Lockyer wouldn't make this a life-or-death issue that way Roberti did." Defeated, Costa withdrew his bill on August 16, 1994, but it was already clear that Roberti's grip had weakened and that the real estate industry was flexing its muscles for the next legislative session.

Several factors changed the balance of forces. Roberti was forced to leave the Senate because of term limits; his final term ended in December 1995. Senator Bill Lockyer, no ardent fan of rent control, was elected president pro tem. Also, Costa was elected to the Senate. In 1995, the Republicans won control of the Assembly. The political center of gravity had shifted to the right. Governor Pete Wilson was re-elected in November 1994, defeating Kathleen Brown. A long-time opponent of rent control, going back to his tenure as San Diego mayor, he was certain to sign any anti-rent control bill.

In 1995, the San Jose Mercury-News described the Costa bill as "moving smoothly" through the legislature. Costa bill was approved by a 5-2 vote in Senate Judiciary Committee on April 4, 1995. Senator Nicholas Petris, a liberal Democrat who represented Oakland and Berkeley and was a member of the Judiciary Committee, as well as a long-time supporter of rent control, voted for the Costa bill in the Judiciary Committee, sending it to the Senate floor. The Senate passed the Costa bill on May 23, 1995 by 22 to 14 vote, one more than the majority required. Ironically, Petris voted against it once it reached the floor. The Assembly Housing and Community Development Committee approved the bill 6-2 on June 21, 1995. The bill was approved 10-7 by the Assembly Appropriations Committee in July, 1995. On July 24, 1995, the Senate (24-11) and Assembly (45-18) passed the Costa/Hawkins bill. To win Assembly passage, Democrats supported compromise provisions that phased in rent increases over 3 years, then allows full decontrol. Rents can go up 15% the first year. Wilson signed the bill on August 4, 1995, with the law to go into effect on January 1, 1996.

Opposition to the Costa/Hawkins bill was very feeble. Only Santa Monica, West Hollywood, Berkeley, East Palo Alto, and Cotati would be significantly affected, because the other cities with rent regulations already had vacancy decontrol. San Francisco and Los Angeles would lose their rent regulations on single-family homes, but this did not provide a broad enough political constituency to mobilize serious opposition. Tenant groups from these jurisdictions and city governments sent representatives to the public hearings in Sacramento, but were vastly outnumbered by representatives from the real estate industry, particularly so-called "Mom and Pop" landlords who were the public face of the industry campaign. The Western Center on Law and Poverty, an arm of legal services, led the opposition. It sought to piece together a coalition of local tenant groups, senior citizens groups, religious groups, and local governments. The cities of Santa Monica, Berkeley, and West Hollywood chipped in funds to hire a Sacramento lobbyist to orchestrate a lobbying and public relations effort to defeat the Costa bill. But Roberti's warnings had proven accurate. The pro-rent control forces lacked the organizational infrastructure and grassroots constituency to mount a serious opposition effort. It was easy for legislators to vote for a bill that would only significantly affect the small cities of Santa Monica, Berkeley, West
Hollywood, Cotati, and East Palo Alto, the only cities with even a modicum of grassroots tenant activism. According to one organizer of the pro-rent control coalition, they considered passage of the Costa/Hawkins bill a "done deal." Their efforts to stop it was viewed as a "last gasp." Seventeen years after the post Proposition 13 groundswell of pro-rent control tenant activism, the legislature was able to pass a statewide pre-emption bill with almost no political fallout.

**Mobile Home Rent Control**

Since 1985, bills to weaken rent control in California have carefully exempted mobile homes. This is no accident. In contrast to the tenants movement, residents of mobile homes have been well organized and able to defeat efforts to weaken protections. Mobile home park owners lack the political clout of their counterparts in the real estate industry. As a result, rent regulations affecting mobile homes is widespread and shows little signs of weakening.

Mobile home owners occupy an unusual status. They own their homes, but they rent the spaces in mobile home parks. Compared with apartment tenants, they are actually less mobile, because of the size and cost of moving their structures. Thus they have a major stake in opposing rent increases and organizing for rent control.

The number of mobile homes in California increased during the 1980s as a result of rising housing prices. There are 375,000 mobile homes in California parks with about one million residents. Mobile home owners pushed for local rent control. The first wave of mobile home rent control activity coincided with the general post Proposition 13 groundswell for rent regulation. For example, San Jose adopted rent control for mobile home rent control in 1979. But unlike the efforts of apartment tenants, the momentum for mobile home rent control persisted in the 1980s and early 1990s. Today, about 140,000 to 250,000 live in rent controlled parks. Eighty-nine cities and counties have adopted mobile home rent control in the state.

Mobile home owners are older and are "faithful voters." They have their own political lobby, the Golden State Mobilehome Owners League. It has 80,000 members statewide, from big cities to small towns. Led by Jeffrey Kaplan, the owner of several mobile home parks, park owners formed the CA Mobilehome Parkowners' Alliance in 1988. Over the years, they have mobilized local and statewide ballot measures, and worked through the legislature, to abolish rent control for mobile homes.

In 1995, Sen. Raymond Haynes (R-Riverside) filed a bill, on behalf of the Alliance, to exempt mobilehome parks from rent control. Haynes had received significant campaign contributions ($7,500) from park owners. The bill went nowhere. The Alliance then bankrolled the petition drive for the anti-rent control ballot measure in March 1996. Prop 199, on the March 26, 1996 ballot, would have voided and phased out local rent control laws for mobile homes. As one news report explained, "Owners went to the initiative after years of losing battles in the Legislature." The mobilehome park owners outspent the tenants by 3-1 in the Prop 199 battle: $1.6 million to $489,000, most of it in small $25 and $50 contributions from tenants. A later article put the figures at $2.1 million vs. $320,000. The mobile home residents were well-organized. They engaged in protest rallies, candidates nights, letters-to-editor of newspapers, guest columns, and other forms of protest and electoral mobilization. The residents personalized the opposition campaign by focusing on Kaplan.

A number of major daily newspapers, including the Los Angeles Times, San Jose Mercury News, and the Sacramento Bee, editorialized against Prop 199. The Bee's editorial reflected its ambivalence about rent control. "Rent control usually creates more problems
than it solves -- but there are compelling reasons why this measure should be defeated."

Supporters of Prop 199 included mobile home park owners groups, the state Republican Party and Republican legislators. Opponents included mobilehome owners groups, the AARP, the Congress of California Seniors, the state AFL-CIO, and the state Democratic Party. Opponents also included 14 counties and 85 cities. City Councils in small and large cities voted to oppose Prop 199. Prop 199 lost by 61% (3.1 million) to 39% (1.98 million.) Ironically, the spokesman for the Yes on 199 campaign, Denis Wolcott, which spent about $2.1 million, said "the money is simply not there," to run an effective campaign. During 1994 through 1996, anticipating the state law, a number of cities and some counties passed mobile home rent control laws.

**Comparative Analysis**

What are the key factors that explain the dramatic turnabout in the fortunes of rent control in Massachusetts and California? Changes in housing market dynamics in the two states cannot explain the change in policy, since there was no significant change during the period under discussion here. Rather the key factors are political and ideological.

**Influence of Real Estate Industry**

It is difficult to exaggerate the political influence of the real estate industry, fueled by a combination of political contributions and grassroots networks. For years, the various components of the industry -- apartment owners, developers, realtors, managers and lenders -- worked together to oppose rent control and other tenant protections. This persistence and unity eventually paid off. Even when the industry lost some battles, it persisted in fighting the long-term war over rent control, refining its ammunition and, when necessary, calling for reinforcements. These industry organizations and their staffs developed close ties to legislators at the state and local levels over the course of several decades. They have the staying power to persist in waging their efforts year after year. The deregulation victories in 1994 and 1995 should be seen as part of this long-term process, not a sudden reversal of fortune.

In both states, the real estate industry is one of the most powerful political lobby groups in the state legislature. In Massachusetts, it is one of the six more generous industries in terms of PAC campaign contributions and lobbyists' personal contributions to state legislators. In California, the California Real Estate PAC was the sixth largest contributor ($649,800) to legislative campaigns during the 1991-92 election cycle. From 1983 through 1993, the Real Estate PAC was among the ten largest PAC donors each year, ranking as high as third during the 1987-88 election cycle. Costa was one of the industry's favorite beneficiaries. Other industry trade associations and individuals are major donors. Still as one California real estate lobbyist noted, "If it had just been `juice,' we would have gotten rid of rent control a long time ago." Other factors opened a window of opportunity for the housing industry to get the Costa bill through the legislature.

In Massachusetts, the Greater Boston Real Estate Board played the role of coordinating the industry's activities, with strong support from the Massachusetts Association of Realtors and others. In Massachusetts, the emergence of the SPOA, representing small property owners, could have undermined the industry's unity, but quite early in the Question 9 campaign, SPOA and the GBREB joined forces, linking the ideologically-driven SPOA with the more pragmatic GBREB. In fact, the emergence of SPOA helped shape the public debate in ways that helped define the GBREB as "moderate"
and its legislative efforts as a "compromise." The SPOA's willingness to engage in protest tactics helped make the "abuses" of Cambridge's rent control a newsworthy story and draw attention to the issue. The fact that it was landlords, not tenants, engaging in protest was to journalists the equivalent of "man bites dog." The SPOA lacked the political resources to carry out a statewide strategy, so its fragile alliance with the major real estate industry proved useful, even though some of SPOA's members considered the legislative solution a "sell out."

In California, the California Housing Council, formed in the 1970s to represent the large apartment owners and managers, worked closely with the California Apartment Association (which represents smaller property owners), the Building Industry Association, and California Association of Realtors, and others. The lobbyists for these groups meet once a week "to compare notes." A split between CAA (representing small apartment owners) and CHC (large landlords) in California emerged in the late 1980s when there was little likelihood of defeating rent control, but this split was resolved in the mid-1990s when, according to a CHC lobbyist, "we realized it wasn't possible to get rid of it entirely" and CAA accepted the need to compromise. Echoed another lobbyist: "It took awhile for small owners to concede that we should settle for something short of the complete elimination of rent control."

The influence of the real estate industry goes beyond its campaign contributions to local and state public officials. The financial resources of the real estate industry have been used to constantly put its opposition on the defensive. As a result, tenants organizations have constantly had to organize to protect the status quo from further erosion of tenant protections. With their considerable financial resources, the CHC and the Greater Boston Real Estate Board sponsored ballot measures or introduced anti-rent control legislation at the state or local levels that kept tenant groups busy and in a reactive mode. They also kept filing lawsuits challenging the legality of various tenant protection laws and then appealing them if and when they lost in lower courts. This served to sap some of the strength and persistence of tenant organizations. It also turned so-called "tenants rights" struggles into complex legal, technical, and legislative maneuvers.

Moreover, the real estate industry is well-organized at the national level. State and local real estate organizations can draw on the experience, expertise, and resources of national bodies and each other. For example, in both states, national real estate industry trade associations and firms have contributed money to support anti-rent control ballot measures, including the Question 9 campaign. Also, national real estate groups have spent several decades hiring academics to conduct studies that criticize rent control as a public policy, while tenant groups generally lack the resources to sponsor comparable research, and disseminate these studies to state and local groups to use in their battles against rent control. The findings of this research, repeated often enough, becomes the "conventional wisdom" among academics. There is now a cadre of academic experts that the industry uses to testify before legislative bodies and to speak to the media. For example in the late 1980s, when the Los Angeles City Council was considering renewing (and even strengthen) its rent regulations, the CHC brought Brookings Institution's Anthony Downs, who had written a report against rent control sponsored by a coalition of national real estate industry groups, to Los Angeles to talk to Council members and staff, the media, and industry officials. In support of the Costa-Hawkins bill, the CAA and CHC brought several academics to Sacramento to testify against rent control, summarizing their studies that had been paid for by the industry. During the Question 9 campaign, the GBREB hired two academics to conduct studies to support the anti-rent control arguments.

Finally, the real estate industry was effective at mobilizing its constituency when its leaders thought doing so was necessary. As one real estate lobbyist explained, the realtors, landlords, and developers view this behavior as part of their business activities and
spending money for political influence as a business expense. Unlike some other highly-concentrated industries, real estate has many small- and medium-size firms among landlords, realtors, and developers. For example, the California Association of Realtors alone has over 100,000 members. The industry's professional lobbyists catalyze this constituency to write letters to newspapers and politicians, arrange group meetings with elected officials, and attend public hearings.

**Weakness and Fragmentation of Tenant Constituency**

Even in the best circumstances, the pro-rent control forces in both states faced overwhelming odds when facing off against the organized power of the real estate industry. If the tenant groups had any chance of preserving rent control, they would have had to mobilize their "natural" constituency of protected tenants and marshall strong support from their "natural" allies among seniors, labor, housing groups, and other "liberal" constituencies. In neither state did the tenant organizations achieve this level of self-organization. The tenant constituency was weak, fragmented, and politically isolated. By the 1990's, the pro-rent control forces were no longer a protest movement. They had become an interest group, and a narrow one at that.

Although renters represent a majority of the population in most major cities, they represent a minority in the larger population of both Massachusetts and California. Even more important, the number of tenants who would be directly affected by the loss of rent control was a relatively small subcategory of all tenants. In both states, rent control exempted public housing, private developments with project-based subsidies from federal and state government, and units with Section 8 vouchers and certificates. In Massachusetts, in particular, this represents a sizable proportion of the residents of rental housing. In the Boston area, too, the housing stock consists of many two- and three-unit owner-occupied buildings, whose tenants are also exempt from rent regulations. In Cambridge, for example, half of all renters were exempt from rent control. In California, the Costa-Hawkins bill carefully excluded mobile homes, thus eliminating another potential ally in the fight to preserve rent regulations.

One could reasonably argue that the real estate industry had already won the war against rent control when, during the 1970s, it used its political muscle to limit what it called "extreme" or "radical" rent control to a handful of cities in both states. Moreover, in California the Costa-Hawkins bill did not seek to abolish all rent regulations. It allowed cities to adopt or maintain vacancy decontrol provisions. As a result, tenants in the major cities which already had vacancy decontrol -- San Francisco, Los Angeles, Oakland, and San Jose, among them -- would not be directly affected. Only renters in the small cities of Santa Monica, West Hollywood, Berkeley, East Palo Alto, and Cotati stood to lose protections. In Massachusetts, Question 9 sought to wipe out all rent regulations and the subsequent legislation did the same. But only Boston, Cambridge, and Brookline would be affected by this change in policy, and, by 1994, only Cambridge still had full rent control. Landlords in buildings with decontrolled units in Boston and Brookline, which represented the vast majority of units, had already pushed rents to market levels when units became vacant. Although these tenants in Boston were still helped by the "grievance" system, it did not provide the same degree of protection as those handful of tenants who remained in rent controlled apartments. Tenants in those decontrolled apartments had little immediate stake in mobilizing to oppose the real industry's deregulation efforts.

The tenant organizations in Massachusetts and California had been seriously weakened by the 1990s. One Massachusetts tenant organizer explained that tenants had become "complacent" about the protections they had. A California housing activist used the
same word in describing the status of tenant organizing there. Since the demise of CHAIN, tenants groups were "very poorly organized" and "very fragile," he said. The handful of lobbyists in Sacramento that work for low-income housing groups are "disconnected" from any "organized base."

Effective tenant organizing would incorporate a combination of electoral work, lobbying, and protest activity. In both states, existing tenant organizations lacked the capacity to mount much more than token mobilization efforts. During the 1970s, tenant activists in both states had helped organize rent strikes, large rallies and demonstrations, and occasionally civil disobedience. These activities have two functions. They help solidify the morale and expand the base of the tenant constituency. They also can help catalyze support from third parties (such as the media), a topic discussed below. By the late 1980s, tenant groups in both states had ceased engaging in this kind of protest activity. Landlords did not feel sufficiently threatened to negotiate directly with tenants or indirectly through elected officials.

The Massachusetts Tenants Organization had turned into an advocacy organization rather than a organization capable of large-scale electoral mobilization and mass protest. Funded by foundation grants, with only a handful of staff, few volunteers, and high turnover among leadership, MTO primarily engaged in counseling tenants about their rights and testifying at public hearings. As noted above, tenant groups in Cambridge could mobilize around periodic crises and regular elections, but they relied on a handful of volunteer activists. They had no staff, no strong membership base, and no second-tier leadership. The Brookline Tenants Union, which during the 1970s and 1980s wielded substantial influence in town government, lost influence in the early 1990s when many of its endorsed candidates were defeated for Town Meeting and real estate forces in the town weakened the local rent regulations. In Boston, many of the neighborhood-based tenant organizations -- in the Fenway, Back Bay/Beacon Hill, Allston-Brighton, and elsewhere -- had ceased to exist or became empty shells, when key leaders withdrew and funding dried up. The situation in California was even more problematic. The statewide tenants group, CHAIN, had collapsed in the mid-1980s. So had the Campaign for Economic Democracy, Tom Hayden's statewide consumer group. The major tenants rights group in Los Angeles, the Coalition for Economic Survival, only had three or four staffpersons who devoted their work primarily to organizing residents of HUD-subsidized projects. Organizations of private housing tenants in San Francisco, Oakland, and other major cities had gone through a similar process of decline. Tenant organization in Santa Monica, Berkeley, East Palo Alto, and West Hollywood looked similar to that in Cambridge. Groups could mobilize around election cycles to preserve their regulations, but lacked strong leadership or mass membership.

The passage of Question 9 and the subsequent legislation in Massachusetts led to a flurry of tenant organizing and protest, including threats of rent withholding, but these efforts were episodic and politically ineffective.160 Ironically, it was the small property owners in Cambridge, through SPOA, that utilized these tactics to mobilize opposition to rent control.

In other words, by the time Question 9 and the Costa-Hawkins bill came along, the tenant constituency was already in a weakened state and unable to mount an effective opposition campaign. Both real estate industry leaders and pro-rent control activists share a common assessment of the state of tenant organizing in the 1990s. One California real estate lobbyist gives credit to Tom Hayden and others, who recognized rent control as an "excellent organizing issue" during the 1970s and 1980s. "He [Hayden] outworked the other side." But with David Roberti in a position to protect rent control, "the rent control forces never had to assert themselves" and became "complacent."161 The real estate industry strategists calculated that by the 1990s, "They [rent control forces] don't have a constituency
any more. It's just a few activists. Rent control used to be a good political organizing issue. That's going away now."162 A Massachusetts real estate lobbyist had a similar assessment: Tenant groups in the Boston area "don't have the army" they had in the 1980s.163

The deregulation efforts in 1994 and 1995 owe their success, at least in part, to the general decline of tenant organization during the prior decade. In addition, one can see, at least in hindsight, that the pro-rent control forces made some strategic errors in mounting their campaigns to preserve rent control in both states. In Massachusetts, the tenants made what one real estate lobbyist calls a "fatal mistake" to think that Boston, Cambridge and Brookline would deliver a 70% or 80% margin against Question 9. Another error was to organize much of their anti-Question 9 campaign as a defense of the principle of "home rule." "Our polling showed that this didn't resonate with voters."164 In California, according to one housing activist, the pro-rent control forces took Nick Petris' vote for granted, and were shocked when he cast a key vote in favor of Costa-Hawkins.

**External Resources: Money and Allies**165

From the "resource mobilization" perspective, a significant factor was the tenant organizations' inability to marshall external resources in the form of money, allies, and sympathetic media coverage. According to one former tenant organizer, now a lobbyist for low-income housing, explained, "We don't have the money to spend on organizing the base."166 A real estate industry lobbyist acknowledged the obstacles to organizing renters: "It's tough. How do you get a mailing list of tenants? It's difficult to do."167

Most tenants are low- or moderate-income. Real estate industry claims to the contrary, a majority of tenants living in regulated apartments fall into these categories. Even if they have the capacity to recruit members and collect dues -- itself a complex and labor-intensive task -- it is very difficult for organizations with low- and moderate-income constituencies to sustain themselves with dues from members. Thus, if tenant organizations are to hire staff, rent office space, publish and mail newsletters, and undertake the other tasks required of grassroots organizations, they have to attract money from "outside" sources. Since the early 1980s, this has proved increasingly difficult to do.

Many of the grassroots community and tenant organizations of the 1960s and 1970s received funds from a variety of federal programs, such as VISTA, CETA (the job training program), and others. When President Reagan took office in 1981, a top item on his agenda was to "defund the left" -- to withdraw federal funds from groups engaged in liberal advocacy and organizing. This had a direct affect on tenant organizing. A former leader of CHAIN, California's statewide tenant organization, acknowledged that the organization was "never terribly strong." Even in its post-Proposition 13 heyday, it was comprised primarily of a nucleus of activists but "no real membership base." It was always essentially a "letterhead organization" with only "one staffperson and some VISTAs." When, after the Reagan policies took affect, "the VISTAs ran out" and "CHAIN disappeared." The Reagan administration also eliminated the CETA program (which provided staffpersons for tenant and similar organizations) and cut the federal budget for the Legal Services Corporation (LSC). It also sharply restricted LSC's authority to engage in "advocacy" activities and work with grassroots organizations. LSC had been a key source of legal support for tenant organizations in both states. As their budgets was cut and their hands tied, agencies such as the Legal Aid Foundation of Los Angeles and Greater Boston Legal Services had a harder time providing the legal support for organized tenants in terms of negotiating with landlords, organizing tenant unions, appearing in housing court, and other activities.

To the extent that, during the Bush and Clinton administrations, the federal government funded tenant organizing, it was exclusively in federally-subsidized
developments, particularly under the various HOPE programs sponsored by HUD to help create resident management organizations and to help residents assume ownership of subsidized projects. Because there was money to be had for organizing (typically defined as "technical assistance"), a number of key tenant organizations in the two states shifted their priorities from organizing residents of private apartments (the constituency for rent control) to organizing the low-income residents of subsidized housing. In Massachusetts, the Boston Affordable Housing Alliance converted itself to the HUD Tenants Alliance. Massachusetts Tenants Organization shifted some staff resources to organizing residents in federally-subsidized "expiring use" projects. In California, the Coalition for Economic Survival, a major catalyst for rent control in the Los Angeles area, changed its priorities toward organizing residents of HUD-assisted buildings.

During the 1980s, the major philanthropic foundations concerned with the problems of affordable housing and urban poverty began to shift their grantmaking away from community and tenant organizing. Indeed, their ambivalence about funding groups involved in organizing and confrontational tactics goes back to the civil rights and anti-poverty movements of the 1960s. Starting in the early 1980s, as the shortage of low-income housing and the increasing visibility of homelessness became public issues, mainstream foundations began to expand their interest in these problems, primarily by funding non-profit community development corporations (CDCs) engaged in the development of low-income housing. Many of these CDCs grew out of tenant and community organizing groups. As foundations changed their grantmaking priorities, however, these organizing groups began to divert their attention toward "bricks and mortar" development and pay less attention to organizing. Most foundations did not consciously seek to "co-opt" grassroots activist in favor of development, but their funding priorities had that effect. Statewide groups such as CHAIN and the Massachusetts Tenants Organization, and local tenant groups such as the Symphony Tenants Organizing Project in Boston and the Coalition for Economic Survival in Los Angeles experienced the decline of foundation funding support for organizing activities.

Thus, when confronted with a major assault on rent regulations in the 1990s, the tenant organizations were organizationally unprepared to respond. To be effective, though would have had to dramatically expand their collaboration with their "natural" allies who could help mobilize the money, volunteers, and voters. Unfortunately for the tenant forces, these "natural" allies provided to be elusive and did not provide the resources that would have been necessary to mount a winning defense against the rent deregulation forces.

In both states, pro-rent control forces generated a long list of groups that officially opposed the Costa-Hawkins bill and the Question 9 ballot measure. These included what one housing activists called the "usual suspects" (housing groups, labor unions, senior citizens groups, liberal politicians, consumer groups, and others) as well as a few organizations and individuals who were not among the "usual suspects" crowd. "On paper, we had everybody and anybody," explained the sole staffperson of the anti-Question 9 campaign. But when it came to providing money or volunteers, "it was pretty sparse...Tenants were mainly on their own." In California, where geographic distance makes it difficult for groups across the state to work together in any event, the "allies" situation was even more problematic.

What could these allies have done? They could have sent mailings to members, lobbied state legislators through phone calls or letter writing, written letters to local newspapers, donated money, mobilized volunteers to do office work, staffed phone banks, participated in get-out-the-vote efforts, or participated in rallies and public hearings. Who were these potential coalition partners? They include the following:

- Tenants in Subsidized Housing and Mobile Homes. Heskin describes the emergence of "tenant consciousness" in California in the post-Proposition 13 period.
recent experience of tenant self-help efforts in California as well as Massachusetts suggests that, at least in the 1990s, "tenant consciousness" was highly segmented into narrow "interest group"-like politics. In California, residents of mobile homes have traditionally supported rent control not only for themselves, but for tenants in private apartments. As noted above, the GSMOL has been a well-organized and effective lobby for mobile home rent control. GSMOL officially opposed all the Costa bills and the Costa-Hawkins bill in 1995. But it failed to mobilize its members around this legislation. Groups working to organize tenants in HUD-subsidized and public housing projects -- which are exempt from local rent control -- also officially opposed Costa-Hawkins and Question 9, but did not mobilize these residents around these issues. Groups working with tenants in public housing also officially endorsed the pro-rent control efforts, but did not participate in mobilization efforts.

Housing and Homeless Advocacy Groups. In both states, groups that work on low-income housing issues could have been expected to join the battle to defend rent control. Few did so. In Massachusetts, for example, the most respected housing advocacy group, the Citizens Housing and Planning Association, which lobbies for state-funded housing programs, remained neutral on Question 9 because, according to one of its board members, its board included major developers and development attorneys. Organizations that advocate for the homeless -- such as the Massachusetts Coalition for the Homeless and the Los Angeles Coalition Against Homelessness, endorsed the efforts against Costa-Hawkins and Question 9, but did not actively participate on the steering committees or mobilize their constituencies. For the most part, the network of community development corporations (CDCs) in both states remained on the sidelines around rent deregulation. The major CDC trade associations, Massachusetts Association of CDCs and the Southern California Association for Non-Profit Housing, official endorsed the efforts to defeat Costa-Hawkins and Question 9, but their staffs did not actively participate in the campaigns. In Boston, two CDCs -- the Fenway CDC and the Allston-Brighton CDC -- played an active role in the anti-Question 9 campaign. Both groups had emerged out of tenant activism, their neighborhoods faced with gentrification and condo conversions in the 1980s, and their staffs and board members predisposed toward political activism. The West Hollywood CDC played a similar role in California, but the many CDCs in San Francisco and Los Angeles stayed on the sidelines.

Seniors, Unions, and Consumer Groups. Massachusetts Senior Action, the California Congress of Senior Citizens, both state AFL-CIO organizations, and many individual unions official endorsed the tenants' efforts to protect rent deregulation. The heads of the state AFL-CIOs testified at hearings and participated in press conferences. They did not, however, mobilize their unions' financial resources (except for token contributions) or their members to oppose Costa-Hawkins or Question 9. Similarly, community organizations in California, such as ACORN, the Industrial Areas Foundation network, and Concerned Citizens of South Central -- whose constituencies were composed primarily of low-income renters -- did not mobilize around the Costa-Hawkins bill. Neither did the consumer-oriented Public Interest Research Group in either state use their considerable lobbying networks.

In the case of the Massachusetts campaign against Question 9, more money alone might have made a critical difference, given the narrowness of the ballot measure's victory. As described above, the SOCC group operated on a shoestring budget with only one staffperson, no funds for TV commercials, no funds to sponsor research studies, and only limited funds to do polling and distribute literature. Had Question 9 been defeated, it is unlikely that SPOA and the GBREB would have had the political momentum to defeat rent control in the state legislature. In the case of the legislative fight over Costa-Hawkins in California, money alone for more staff probably would not have changed the outcome,
given the weakness of the tenant constituency compared with the real estate lobby.

Other factors involving allies played a role in the victories for the Costa-Hawkins bill and Question 9 and its legislative twin. For example, in California, rent control’s biggest political supporter, David Roberti, was forced to retire, while there was no doubt that a Republican Governor would sign any anti-rent control bill on his desk. In Massachusetts, rent control's biggest political supporter, Boston Mayor Ray Flynn, left office in July 1993 to become U.S. Ambassador to the Vatican, while Gov. Michael Dukakis, who lived in Brookline and would not have signed an anti-rent control law, had been replaced by libertarian Republican William Weld. In Massachusetts, rent control lost a crucial ally when Kirk Scharfenberg, the liberal editorial director of the Boston Globe who had kept the paper's reporting and editorializing sympathetic to tenant issues, died in September 1992. These personnel changes made a difference in the pragmatic political maneuvering that led to rent deregulation.

Legitimacy

Rent control supporters lost the Costa-Hawkins and Question 9 battles primarily because they were outgunned by the real estate industry's superior financial and political resources. There are no public opinion polls to gauge changes over time in rent control's favorable and unfavorable ranking, so it is impossible to say with certainty how the "public" feels about this policy. But there is little doubt that the real estate industry was successful in discrediting the very idea of "rent control" took a beating as a public policy to address housing problems -- if not among the general public, then at least among opinion leaders and elected officials.

Rent control has always been controversial, even during World War 2 when it was imposed to address the housing shortage and help the war effort. During the 1970s, however, rent control was viewed as a policy to protect vulnerable tenants from rising rents and arbitrary evictions perpetrated by "greedy" landlords. By the 1990s, the real estate industry had succeeded in repositioning, if not completely discrediting, rent control in the public debate. It argued that rent control had become a policy that protected undeserving affluent tenants and abused small property owners.

This did not occur overnight or by accident. It was part of a long-term effort by the real estate industry. Moreover, it occurred in a broader political environment in which "active government" itself came under assault. During the 1970s and 1980s, corporate America engaged in an ideological assault on government activism. This exacerbated and reinforced public skepticism about the capacity of government to solve social and economic problems. Indeed, it directly challenged the role that government had played in the private economy. Rent control was a weapon in this battle. It became a convenient symbol of the excesses of government regulation.

The Question 9 ballot measure took place on the same day in November 1994 as what one real estate lobbyist called the "Republican revolution in Congress" which brought a GOP majority in both Houses and led to the elevation of Cong. Newt Gingrich as Speaker of the House. The campaign around the Costa-Hawkins bill in 1995 occurred soon after Governor Pete Wilson had been re-elected and Californians had voted for Proposition 187 (to restrict illegal immigration) and defeated Proposition 186 (to enact "single-payer" health care reform).

In other words, the changing public mood toward government itself might be considered the "background noise" in the rent control battle. Real estate and tenant groups then sought to position or "frame" rent control in ways that would win public sympathy. In the current political climate, however, real estate groups had the ideological upper hand. Moreover, they were able to mobilize their substantial resources to take advantage of this
situation. As one tenant activist explained, the industry helped frame the issue so that "rent control was seen as the ultimate big government solution" in a period when "big government" was not a term of endearment.

As noted above, the real estate industry over the years has used a number of arguments to attack rent control, but most recently that have sought to emphasize their claim that it does not help -- in fact, it hurts -- the poor. The industry effectively co-opted the message of rent control advocates by arguing that it primarily benefits affluent renters at the expense of the poor, the elderly, and minorities. Beginning in the mid-1980s, the closely-knit network of conservative think tanks and publications promoted the notion that local rent regulations led to an increase in homelessness. This idea was not only picked by the mainstream media but used by conservative members of Congress and HUD Secretary Jack Kemp to back legislation to withhold federal HUD funds to localities with rent control. This persistent drumbeat of negativism toward rent control had a cumulative effect.

According to a California real estate lobbyist, "After 10 or 12 years of fighting rent control, I think we could make a compelling argument that this form of rent control did not fulfill its goals. In fact, it had negative impacts. We had studies and census data and experts who could tell this story."178 This public relations effort played up the image of affluent professionals -- "yuppies" -- monopolizing rent controlled units and living in "subsidized" apartments, while, in effect, shutting out more needy renters. The image of West Hollywood, Santa Monica, Cambridge, and Brookline as havens of yuppie affluence reinforced the real estate industry's propaganda. On the eve of the Costa-Hawkins and Question 9 showdowns, the California Housing Council and the Greater Boston Real Estate Board both sponsored studies that claimed to demonstrate that cities with rent control had seen a decline in the number of minority or low-income residents and/or that residents living in regulated apartments were not primarily low-income. Although these studies had serious methodological flaws, the real estate industry was able to widely disseminate their findings, while tenant advocates flailed away, trying to find academics to poke holes in the studies' statistical methods. Perhaps even more importantly, the real estate industry was able to "humanize" this point by identifying some high-profile individuals living in rent regulated apartments. In Massachusetts, the names of Cambridge Mayor Ken Reeves and Supreme Judicial Court Justice Ruth Abrams repeatedly appeared in the news media as examples of the "abuses" of rent control. "I'm forever grateful to Ken Reeves," said Ed Shanahan of the Rental Housing Association and the GBREB.179

Real estate interests were so successful at injecting this view into the public debate that news columnists and elected officials repeated it as if it were a truism. Sen. Ray Haynes (R-Riverside) was quoted as saying, "Rent control deprives the young and the old of affordable housing." Upon signing the bill, Gov. Wilson called it "a fundamental issue of fairness for both property owners and those who have artificially been denied access to quality housing." Even a Boston Globe editorial opposing Question 9 repeated the canard that in "Cambridge, the rent control ordinance has indeed been abused by middle-class tenants to can afford to pay market rents." In fact, those few newspaper editorials that opposed Costa-Hawkins, Question 9, and Proposition 199 (to abolish rent control for mobile homes) tended to echo the Globe's view that while rent control itself was problematic, this approach was too blunt an instrument. The tenant groups and their sympathetic politicians had no effective retort to these statements. Even the head of the MTO-led effort was reduced to the defensive posture that rent control is "not a perfect system" and that only a handful of tenants who live in regulated apartments are rich.

The real estate industry had learned to use the phrase "extreme" or "radical" rent control to describe the laws in Cambridge, Santa Monica, West Hollywood and
By this they meant that it did not allow vacancy decontrol and that it posed a particular hardship for small property owners, who were characterized as "Mom and Pop" landlords. Both the news media and many elected officials picked up this jargon. It helped to frame the issues so that "vacancy decontrol" became defined as the "moderate" or "compromise" version of rent control. The real estate industry cleverly anointed small property owners as the public face of the deregulation campaigns. When they needed people to testify at hearings, to appear on television, or to be interviewed by reporters, they had a battery of small property owners with "horror stories" to tell. Interviewees in both California and Massachusetts used the same word -- "poster child" -- to identify the individuals who became the representatives of the anti-rent control forces. One real estate industry lobbyist referred to SPOA's Denise Jillson as a "great poster girl." A California tenant activist acknowledged that the landlords had "good poster children" from Santa Monica, Berkeley, and West Hollywood.

In retrospect, some (though not all) housing activists acknowledge that the very strict rent control regulations in Cambridge, Santa Monica, West Hollywood, and Berkeley may have played into the hands of rent control's opponents. In particular, they cite regulations in Cambridge that prohibited some condominium owners from living in their own units, and regulations in Berkeley that allowed the rent board to require large rent rollbacks because small property owners had misunderstood some technical regulations. No doubt all of these examples can be justified legally and technically by rent board staff and rent control supporters. The point of the tenant activists is that these examples provided ammunition for their opponents -- examples of government "abuse" that ordinary people could identify with. One Massachusetts tenant activist acknowledges that during the Question 9 campaign, some Brookline and Boston tenant activists thought that "those Cambridge tenants ruined it for all of us" by failing to correct some of the more stringent aspects of that city's rent control law. He noted that it was no accident that the backlash against rent control was strongest among small property owners in Cambridge, not Brookline and Boston. A California tenant advocate acknowledged that Berkeley's strict rent control system "pissed off even some sympathizers," most importantly, Senator Nick Petris. None of these people favored eliminating full rent control in favor of vacancy decontrol. But they argued that by not treating "Mom and Pop" landlords (small property owners) differently, cities with strong rent control gave the real estate industry ammunition to use against rent control and helped ignite the SPOA rebellion in Cambridge. Also, as noted earlier, the real estate industry was able to stigmatize "radical" rent control by associating it with the unconventional reputations of Berkeley, Santa Monica, West Hollywood, and Cambridge.

As noted earlier, the news media, for the most part, framed the battles over rent control in ways that undermine the tenants' perspective. The controversy was a constant source of news in the local Santa Monica, Berkeley, Cambridge, and Brookline newspapers, but it was only irregularly covered in the major dailies such as the Boston Globe, Boston Herald, Los Angeles Times, San Jose Mercury-News, San Francisco Chronicle, and others. The Boston papers paid only sporadic attention to the Question 9 campaign until the last weeks. It then covered the battle in the state legislature as an "inside politics" fight, focusing on the roles of Governor Weld and the key legislators. The Globe did offer some "human interest" stories, equally balancing the hardships of tenants with those of small property owners. The Boston press paid no attention to the financial contributions of the real estate lobby, or the close connections between SPOA and the major real estate groups; indeed, it emphasized the split between SPOA and GBREB rather than their symbiotic relationship. In comparison, however, the major California media virtually ignored the battle over the Costa-Hawkins bill. As one housing activist noted, the issue was "not on their screen." By 1995, the mainstream media was "tired of rent control as an issue.
They viewed it as an 'old' issue." California's major newspapers reported the key votes on Costa-Hawkins, but did not cover the legislative maneuverings or the potential consequences of its passage. It was viewed almost entirely as a political story. Not surprisingly, most of the stories about the Costa-Hawkins battle emanated from their bureaus in Sacramento, the state capital, far from where deregulation would have the most impact. (Sacramento does not have any form of rent control). It is not surprising that the battle over rent control received more coverage in Massachusetts than in California. In Massachusetts, Boston is the state capital, the major media market, and the geographic area where all rent control battles have taken place.

**Consequences of Deregulation**

Rent deregulation began January 1, 1995 in Massachusetts and a year later in California. Too little time has passed to thoroughly analyze the impact of these policy changes on housing markets and on housing consumers. Moreover, both laws were designed to be gradually phased-in, so the full implementation and consequences of deregulation were postponed for several years. There has certainly been an increase in housing hardship in the localities that experienced rent deregulation. But there have been no systematic studies of housing conditions in either the Boston metropolitan or Los Angeles metropolitan areas, or in any of the submarkets in which rent deregulation took place. Even if such studies existed, however, it would be difficult to separate the impact of rent deregulation from other factors such as cuts in federal and state housing studies, state welfare reform, immigration, population growth or decline, and other demographic forces.

It is reasonable to argue that rent deregulation had already taken affect in California and Massachusetts by the late 1970s or early 1980s. In other words, the major cities in both states had already adopted vacancy decontrol policies. Los Angeles, San Francisco, San Jose, and Oakland adopted vacancy decontrol from the beginning. Boston had rent control for five years before it was changed to vacancy decontrol. Other major cities -- Worcester, Springfield, New Bedford, Fall River, San Diego, San Bernadino, and others -- and most suburbs and small towns never adopted any reform of rent regulations on apartments.

By the mid-1990s, only about 75,000 units out of 4.6 million rental units in California (in Santa Monica, West Hollywood, Berkeley, East Palo Alto, and Cotati) and about 40,000 units out of 915,617 rental units in Massachusetts (in Boston, Cambridge, and Brookline) were under rent control. This is a extremely small proportion of the rental housing stock in both states. The real estate industry had already won the rent control war. Question 9 and the Costa-Hawkins bill were the final battles in a war of attrition.

An examination of the "impacts of deregulation," therefore, must be viewed in this context. San Francisco, Los Angeles, and San Jose never adopted strong rent controls. Their vacancy decontrol laws meant that all apartment units would eventually reach market levels and that market forces, not government regulation, set rent levels. The impact will be small because the overall number of units affected is so small. For example, the real impacts of deregulation in Boston began in 1976, when vacancy decontrol initially took affect and the number of units under rent control fell from about 100,000 to 22,000 in less than a decade.

Former Boston Mayor Kevin White once compared rent control to a tourniquet. He viewed it as a response to an emergency situation -- in effect, to stop the bleeding and allow
the body (or the housing market) to heal itself. A Boston housing activist described the impact of deregulation with another metaphor about bleeding. He said:

"Some people expect the end of rent control to lead to blood in the streets. That won't happen. It won't happen all at once, so you won't see the pain. It will be a slow bleed. It won't be easy for reporters to write about, because it won't be dramatic, it won't happen to lots of people at the same time, it will be partly hidden from public view. But that doesn't mean it isn't happening. There will be lots of pain and suffering, but it will happen over months and years."

Whether or not this statement is exaggerated or melodramatic, it points to an important distinction in understanding the consequences of deregulation. Even if we could isolate the impact of deregulation from these other factors, any analysis of this question must separate (a) the immediate or short-term impact on existing or sitting tenants from (b) the longer-term impact on the housing market, particularly the availability of affordable housing.

**Immediate Impact on Sitting Tenants**

Most of the media coverage and public debate over deregulation focused on the potential hardship that would affect renters in regulated apartments once these regulations were lifted. In particular, media coverage and public debate focus on low-income and elderly renters. How high would landlords raise rents? Would tenants have much higher rent-to-income ratios? Would tenants face eviction and displacement? Was there a sufficiently high vacancy rate to absorb displaced tenants at reasonable rent-to-income ratios? Would tenants be able to remain with reasonable proximity to their previous apartments in order to maintain access to work, family, friends, health and social services, religious institutions and other networks. Would the prospect or reality of these changes affect the physical or emotional health of renters?

With the exception of Santa Monica and Berkeley, none of the cities with any form of rent control know very much about the characteristics of residents who live (or lived) in regulated apartments: age, income, rent-to-income ratio, health status, place of work, and other variables. None of these cities have conducted systematic surveys of how these renters were affected by deregulation to answer the questions posed above. Thus, we are left with indirect indicators and impressions to evaluate the short-term impacts on sitting tenants.

To some extent, both laws mitigate against dramatic impacts by phasing-in the implementation of deregulation. As noted earlier, this phasing-in was a matter of some controversy even within the ranks of the real estate industry groups. The large landlords and developers successfully argued for a phase-in period to avoid draconian consequences and media "horror stories."

**Massachusetts**

The Massachusetts law did not go into effect all at once. Some tenants lost protections immediately, while others had a one- or two-year delay. The impact in Boston, Cambridge, and Brookline differed depending on their age, income, physical disability, the size of their building, and whether they were in a rent controlled or decontrolled unit.

For example all tenants in Boston's 63,000 decontrolled units -- including elderly, low-income, and disabled -- faced an immediate end to rent regulations in January 1995. In these units, once renters moved out, the Rent Equity Board had regulated rent increases,
evictions for "just cause" and condominium conversion. The Rent Equity Board had no data on the number of low-income, elderly, or handicapped renters living in these units.

Low-income, elderly, and handicapped tenants in the 22,000 rent controlled apartments had one- or two-years worth of protections, depending on the size of their buildings. About 8,000 units lost rent control protections after the first year (as of January 1, 1996), and the remainder lost protections a year later.\textsuperscript{188} Rent control ended for all units on January 1, 1997.

There was no immediate political uproar after the law began to take effect. Informants attribute this to several factors. First, the law was phased-in gradually, so that regulations were not all lifted simultaneously. There were essentially three phases of the decontrol process -- starting with all tenants in decontrolled units and all tenants not in protected categories in rent controlled apartments (who lost all protections immediately), followed by elderly, low-income, and handicapped tenants in rent controlled units in small buildings, followed by elderly, low-income and handicapped tenants in large buildings. While many low-income and elderly renters in the 63,000 decontrolled units in Boston (and their counterparts in Brookline and Cambridge) lost protections right away, they were scattered in many buildings and neighborhoods. There was no critical mass of tenants facing immediate rent hikes and evictions under the same roof. Second, tenant groups were unable to mobilize tenants facing immediate rent hikes and evictions -- in part because the individuals were so spread out and in part because they lacked the resources to identify and organize them. Third, the local news media did not pay significant attention to the aftershocks of rent control until the first phase of deregulation, and then they focused primarily on the fate of specific elderly renters rather than the impact of deregulation on the overall housing market. Fourth, the GBREB and its RHA did an effective job of persuading the news media that landlords would hold the line on rent increases for vulnerable tenants\textsuperscript{189}. The RHA identified a few examples where landlords limited rent hikes for elderly tenants in the second and third phases of deregulation. The RHA recognized that Mayor Menino wanted to look as though he had convinced landlords to be reasonable and agreed to appeal to its members to "work with" tenants facing hardship. The RHA claimed it "worked closely with the Menino administration to weave a multi-layered safety net."\textsuperscript{190}

These factors allowed the real estate industry and its allies to claim that tenants' predictions of the dire consequences of deregulation were exaggerated. For example, in April 1996 Globe columnist Jeff Jacoby wrote, "It is 18 months since Question 9 was approved. Rent control is more than 95 percent phased out. There has been no crisis, no upheaval, no explosion of evictions."\textsuperscript{191} The Boston Globe provided anecdotal evidence of how landlords and tenants were reacting to the immediate or gradual phase-out of rent regulations. One story reported that, according to the head of the Massachusetts Tenants Organizing saying that its phone was "ringing off the hook lately with complaints about landlords raising rents."\textsuperscript{192} The paper reported landlords raising rents in various orders of magnitude: from $493 to $650\textsuperscript{193}; from $315 to $450 and from $179 to $700\textsuperscript{194}; from $425 to $900\textsuperscript{195}; from $469 to $572, from $465 to $575, and from $560 to $975\textsuperscript{196}; from $300 to $800\textsuperscript{197}; from $576 to $875, from $304 to $750, and from $158 to $150\textsuperscript{198}; and from $159 to $650\textsuperscript{199}. A Globe columnist recounted the tale of three senior citizens, between 85- and 87-years old, facing eviction by an absentee landlord from apartments they'd occupied for almost 50 years.\textsuperscript{200} Other stories, however, told of landlords limiting rent increase for affluent tenants or of landlords relieved to be able to raise rents on affluent tenants who had been paying rents far below the market level.

As the law went into effect, there was considerable confusion regarding who was and was not eligible under the new law. The city government, tenant organizations, and
local media tried to provide information. The city government had little to offer renters in the 63,000 decontrolled units facing rent increases and evictions. "They'd say, "what rights do I have?" and I'd say, "you don't have any rights," explained the director of Boston's rent control agency. "I had to deliver a lot of sad news. It's a terrible situation." 201

Boston's city government waited almost a year after the legislature passed the law to begin a telephone survey of the residents of rent controlled units. Many tenants, especially the elderly, were "in denial," according to several informants. They did not contact the city agency to have their income, age, and disability eligibility verified. 202 As of October 1995, only 700 of the 22,000 (3%) households had qualified for extended protections. 203 In contrast, 9% of Cambridge's 16,000 rent control households and 12% of Brookline's 4,200 households qualified, in part because both cities did more aggressive outreach to renters. 204 But most informants believe that even these figures significantly minimize the number of eligible renters in rent controlled units. 205

Housing groups in the three cities pushed local governments to develop a plan to assist tenants facing hardship. 206 Boston tenant groups proposed a plan to provide property tax abatements to landlords who agreed to limit rent increases and to provide city subsidies to tenants facing rent increases and eviction. Mayor Menino rejected this proposal. 207 He initially refused to direct any of the additional property tax revenues expected from deregulation to housing assistance. Instead, the city government's response was to give priority to low-income and elderly tenants facing eviction from deregulation in the allocation of 250 federal Section 8 certificates, to reorganize the Rent Equity Board into a counseling agency called the Rental Housing Resource Center, and to lean on the RHA to urge landlords to be reasonable with rent increases and evictions. 208 Right before the third phase of decontrol was to begin, and under pressure from senior citizen organizations and community groups, Menino pledged $2 million in city funds (from the city's Housing Trust Fund, a depository for linkage funds, which had been used to support affordable housing development) 209 to provide rent subsidies for poor elderly tenants about to lose their protections. 210

In Cambridge, the City Council voted to target a portion of the increased property tax revenue expected from deregulation to expand the stock of subsidized housing. City officials estimated that property tax revenues would increase by about $4 million; they allocated at least $2 million a year over five years towards housing programs. The funds would be used to help tenants purchase homes (with the city attaching resale restrictions to maintain long-term affordability) and for the city to purchase condominium units to add to the inventory of public housing. Cambridge housing officials decided not to use these funds to provide housing vouchers on the grounds that they would not add to the inventory of permanently affordable housing and because they feared that landlords would simply raise rents, forcing the city to spend even more money to subsidize tenants. In addition, the Cambridge Housing Authority is giving preference in its public housing units to eligible tenants displaced by deregulation.

There are some indirect indicators of hardship from the immediate deregulation faced by the majority of tenants, and during and after the two-year phase-in period facing the minority of tenants. These include the following:

- In 1996, Boston rents increased by 14%, from $880 to $912 for a typical apartment. 211
- During that year, the rental vacancy rate for market-rate apartments dropped to 1%; in Brookline it dropped to 0.7%. 212
- Boston's 1995 census of homelessness found 5,299 homeless people, a 10% increase from the previous year.
- In January 1995, the Boston Housing Authority had 21,600 applicants on its
waiting list as well as 14,000 applicants for 200 federal rental certificates. Both the BHA and the Cambridge Housing Authority closed their waiting lists because they were so long.

- Both the Boston and Cambridge housing authorities are finding it more difficult to place tenants with federal Section 8 vouchers and certificates in private apartments because market rent levels are now much higher than the Section 8 Fair Market Rents (FMRs) set by HUD.

- The number of tenants contacting the Massachusetts Tenants Organization seeking assistance increased "dramatically" after the law initially went into effect in January 1995 and jumped again after the full deregulation took effect in January 1997.

California

The Costa-Hawkins bill took effect in January 1996 but its implementation is phased in over three years. It permits cities to employ vacancy decontrol (with re-control). In other words, it deregulates rental housing gradually as tenants vacate apartments voluntarily or for non-payment of rent. (In contrast, the Massachusetts law deregulated all rental housing within two years. Also, unlike the Massachusetts law, Costa-Hawkins has no means-test provision). Under Costa-Hawkins, landlords will be allowed to increase rents, no more than twice between 1996 and 1999, but the greater of 15% above the then-existing Maximum Allowable Rent (MAR), as set by local rent control boards, or an amount such that the total rent does not exceed 70% of the Fair Market Rent (FMR) in Los Angeles County, as set by the U.S. Department of Housing and Urban Development. Beginning January 1, 1999, rent increases on vacated units will be deregulated. So long as tenants currently (as of January 1996) in rent controlled apartments remain in these units, they will continue to be subject to rent control -- in other words, landlords will be allowed to increase rents as approved by the Rent Control Board.

The Costa-Hawkins bill will not eliminate the re-control provisions in Los Angeles, San Francisco, and several other cities with vacancy decontrol, but it will primarily affect those cities with full rent control. These include Santa Monica (86,000 population, 68% rental units, 28,200 rent controlled units), West Hollywood (36,118 population, 88% rental units; 19,300 rent control units) Berkeley (102,724 population, 48% rental units, 21,000 rent controlled units), East Palo Alto (23,452 population; 53% renter units; 2,700 rent control units), and Cotati (6,455 population, 600 rent control units). From a statewide perspective, the overall number of units under rent control is quite small, but in each city the number represents a substantial proportion of its housing stock. The impact will not be felt, however, all at once. Tenants will be protected by rent control as long as they stay in their units.

One immediate consequence of Costa-Hawkins, at least in Santa Monica, is the decline in the number of rental units available for renters with Section 8 certificates and vouchers. Prior to Costa-Hawkins, landlords in Santa Monica were eager to accept Section 8s because the Fair Market Rents (FMR) were often higher than the allowable rents under rent control and units were exempt from rent control so long as they had Section 8s. Once Costa-Hawkins passed, the number of landlords willing to accept Section 8s has dwindled. In fact, some landlords are holding units vacant until January 1, 1999 (when all rent regulations are eliminated) rather than rent to new tenants, including Section 8 holders. Current FMRs for the Los Angeles/Long Beach area, which includes Santa Monica, are $675 for a one-bedroom apartment, $854 for a two-bedroom apartment, and $1153 for a three-bedroom apartment. If landlords are willing to forgo these rent revenues, it suggests that market rents in Santa Monica are even higher.

In terms of short-term impact, a major concern is the threat that landlords now have an incentive to encourage tenants to vacate units so they can be free of rent regulations.
Some tenant activists warned that the Costa-Hawkins bill will lead landlords to harass tenants to vacate their rent controlled apartments. Staff at the Santa Monica rent board and several legal services attorneys indicated that, indeed, they have knowledge of such increased harassment, but they were unable to quantify the magnitude of the increase. Santa Monica passed an anti-harassment law in July 1995 to address this threat.\(^\text{215}\)

The impact of deregulation in Santa Monica and other rent control cities depends on the rate of turnover of regulated units. Between January 1996 (when the law took effect) and May 5, 1997, landlords of over one-fifth (6,354) of the approximately 28,200 rent controlled units in Santa Monica had already registered a vacancy and applied for a vacancy rent increase. Of these, 790 were filing for their second vacancy.\(^\text{216}\)

A survey of Santa Monica households found the following:

"Average incomes of households in rent-controlled units are significantly lower than households in uncontrolled units and below those of tenants in rent-stabilized units in West Los Angeles. Median household income for tenants in rent-controlled units is $27,000, compared with a median of $42,500 in non-controlled units. In West Los Angeles in 1992, median income for households in rent stabilized units was $32,500. Adjusting for inflation, there has been a decline in real median income among households in controlled units between 1986 ($30,623 in 1994 $) and 1994 ($27,500)."\(^\text{217}\)

The survey found that almost three-quarters of the households in rent controlled apartments meet federal guidelines for low- and moderate-income. Tenants in Santa Monica's rent controlled units stay in their units longer than those in other units. They also have lower rent-to-income ratios. Even so, almost half (45%) of households in rent controlled units were paying more than 30% of their incomes for rent, despite the fact that their rents were considerably below the market level.\(^\text{218}\) Impressionistic evidence from knowledge sources in Boston and Cambridge suggest a comparable profile of tenant in rent controlled units and compared with renters in nearby cities.\(^\text{219}\) When these tenants move -- assuming their incomes do not dramatically increase and that they remain in the Los Angeles area -- it is very likely that they will pay higher rents and have higher rent-to-income ratios.

**Impact on Availability of Affordable Housing**

What will be the long-term impact of deregulation on the overall housing market, particularly the availability of housing affordable to low- and moderate-income households? It is a certainty that as deregulation takes effect, rents in the deregulated apartments will rise -- the only question is, how much? A related question is whether, as rents levels in the deregulated apartments increase, landlords will raise rents in the non-regulated sector to their "equilibrium" level? Another question is whether deregulation will trigger a significant increase in new rental construction and, should this take place, whether the addition of these new apartments will stabilize the rental market to some "equilibrium" level? These questions cannot be answered with much certainty, but we can identify some key trends, indicators, and impressions from informed sources that allow us to make some tentative forecasts.

During much of the 1980s, the Boston, Los Angeles, and San Francisco areas were among the hottest housing markets in the nation. Indicators include both the pace of price increases and the absolute price levels. The rental market paralleled the home sale market in these three metropolitan areas.\(^\text{220}\) During that decade, these areas consistently had among the highest rents in the country.\(^\text{221}\) These three areas were among the "least affordable" of all metro housing markets, measured by the gaps between median incomes (or wages) and
housing prices (and rents), such as the quarterly reports from the National Association of Realtors' housing affordability index. A 1987 analysis of wage/home price ratios in 49 metro areas found Boston the least affordable area, followed by Anaheim, Hartford, New York, Providence, San Francisco, San Diego, and Los Angeles. Ranking 44 metro areas in terms of the proportion of renters paying more than 30% of their income for housing in 1989, San Diego ranked first (57.7%), San Francisco ranked second (54.1%), Miami/Ft. Lauderdale (53.9%) ranked third, Los Angeles ranked fourth (52.8%), San Jose and Minneapolis/St. Paul (both 50.7%) tied for fifth, and Boston (49.8%) ranked seventh. One study in the late 1980s calculated that it would cost $106 million a year to provide every low- and moderate-income renter household in Boston with enough subsidy to bring the rent down to 30 percent of household income.

Case argues that the housing boom in these areas was due as much to psychological as economic factors -- sellers, buyers, and agents, along with the media, contributed to bidding wars for housing. Sooner or later this speculative bubble was bound to burst. Around 1989, in both the Boston and Los Angeles housing markets, prices began to decline. Even so, their absolute levels were still among the highest in the nation and during the housing recession, prices did not go back to pre-boom levels. Both regions experienced an economic recession that exacerbated the housing "bust." Housing prices in the Bay Area followed a similar pattern. Despite the recessions, housing affordability levels did not improve, because incomes for low- and moderate-income households fell along with rent levels. As a result, in 1990 Los Angeles and San Francisco central cities had among the highest proportions of low-income renters with severe rent burdens (defined as housing costs that are 50% or more of household income). The Boston figure was not among the top primarily because it had a very high proportion of federal- and state- subsidized housing apartments compared with other cities. Among those renters in nonsubsidized apartments, the proportion with severe rent burdens was considerably higher than most other cities.

By the mid-1990s, both Boston and Los Angeles emerged from recession and housing prices began to increase, while price levels in other California housing markets, including Bay Area and the Silicon Valley (San Jose area), began to rise significantly. A study of 1995 rent levels in major metro areas ranked San Francisco first, followed by Washington, Los Angeles, Boston, San Diego, and New York. The ranking of median home prices found San Francisco first, followed by Boston, New York, San Diego, and Los Angeles. A 1995 study of the least affordable metro area markets for single-family homes ranked San Francisco first, followed by Honolulu, Los Angeles, New York, Oakland/East Bay, Boston, San Diego, and San Jose. A 1996 study of rental affordability -- comparing median renter income with Fair Market Rents -- found that more than half of renters in the Los Angeles and San Francisco areas, and close to half in the Boston area, were unable to afford rental housing.

Immediately after deregulation in Massachusetts took effect -- between February 1995 and February 1996 -- average rents for market-rate units in Boston rose $100 (13%), from $802 to $903. Vacancy rates fell sharply, from 4.5% to 1.8% in the city of Boston and from 4.2% to 1.4% in the Boston metro area. Vacancy rates in private assisted apartments (with state or federal subsidies) was 0.7%. A year later, rents averaged $917, with the vacancy rate at 1.67%. In the metro Boston area, average rents were $940 and the vacancy rate was 1.34%. In other words, people uprooted by deregulation in Boston -- and, in general, low- and moderate- income households seeking rental housing -- had few places to look within the city or in the surrounding area. Comparable figures for Santa Monica and other rent control cities, or the Los Angeles and San Francisco metro areas, were not available. In 1996, rents in San Francisco rose 24% in the 15 months after January 1995. In
May 1996, the city’s rental vacancy rate was about 2%. Surveys revealed that San Francisco rents (an average of $1105 at the end of 1995) were the highest in nation except in Manhattan. Data from Los Angeles suggest that low-income households displaced from Santa Monica or West Hollywood will have difficulty finding affordable housing in Los Angeles, where overall vacancy rates are low, affordable housing is scarce and increasingly at risk, and rent-to-income ratios far exceed national averages.

A review of the state's housing market at the end of 1996 indicated that "rents went through the roof this year and by year's end there were few if any rooms at the inn, let alone apartment complexes." At least one California real estate official fears that there could be a renewed interest in rent control, especially in "hot" housing market areas like the Santa Clara Valley. Renters in Milpitas pushed the City Council for rent control. Tenants in Cupertino, where some rents increased 30% at once, started a tenants union and circulated a petition for rent control.

In this context, the deregulation of rental housing is likely to have a significant impact on the availability of affordable housing in the target cities and on the future demographic composition of these cities and their neighborhoods. This statement is based on some key facts. In general, residents of rent controlled and rent regulation apartments have lower incomes than residents of non-regulated apartments. Indeed, the majority of tenants in rent controlled units in California fall within the low- and moderate-income categories. Moreover, the profile of renters in these cities reveals a higher proportion of low- and moderate-income households, a lower median income, a higher proportion of seniors, and lower rent-to-income ratios than in adjacent cities without rent control. (For example, the average Santa Monica household in a rent controlled apartment pays 28% of household income for rent compared with 37% for households in uncontrolled units.

The apartments lost to the rent control inventory represent about 12% of Boston's housing stock, 37% of Cambridge's housing stock, and 20% of Brookline's housing stock. In Santa Monica, the 28,000 rent controlled units represent about 60% of the city's housing stock. One study estimates that by 2003, between one-half and three-quarters of Santa Monica's rent controlled stock will be decontrolled. Given projected rent increases, these will no longer be affordable to low- and moderate-income households. Among those units that do turn over once between 1996 and 1999, average rents are expected to increase between 23% and 25%. By 2003, cumulative rent increases are predicted to increase between 46% and 48%. Even within the remaining stock of rent controlled apartments, allowable rent increases under the Costa-Hawkins formula could reduce the proportion of units affordable to low-income households from 45% in 1995 to 24-30% by 2002. Apartments in East Palo Alto currently rent for about half what they cost in neighboring cities. According to a member of the East Palo Alto rent stabilization board, the Costa-Hawkins law "means East Palo Alto will be gentrified..." Within ten years, "East Palo Alto will look like Palo Alto," a much more affluent city.

Other factors suggest an intensification of competition for rental housing in the Boston area, the Los Angeles area, and the San Francisco area, a trend that will push rents higher. All three metro areas are experiencing population growth. Moreover, the supply of subsidized housing is at risk due to federal housing policy changes. Boston, in particular, has a large inventory of Section 8 developments and other developments facing expiration of low-income use restrictions. In both Massachusetts and California, state housing programs have been contracted since the late 1980s; state housing finance agencies are not sponsoring new rental housing construction in either state. At the same time, changes in federal welfare policy will reduce the incomes of many low-income households. Rising rent levels and the reduction of subsidized housing will make it even more difficult for low-income households to find affordable housing.
Some argue that a significant increase in new rental housing construction could offset these trends. Rent deregulation has seen an increase in rehabilitation and remodeling of existing rental units in Boston, Cambridge, and Santa Monica, but there has not been any significant increase in construction of rental housing since the deregulation laws took effect in both areas. According to the mayor's housing policy advisor in Boston, developers claim that they need rent levels of about $2,000 to make the investment sufficiently profitable and that, with the exception of a few downtown neighborhoods, the Boston housing market has not reached that level. Perhaps a rental housing construction boom will emerge, but it has not yet been seen. Moreover, what new construction is currently in the pipeline is almost entirely market-rate and luxury apartments. There is much debate among housing experts about the so-called "filtering" process -- whether an increase in rental housing at the upper tier of rents loosens the rental housing market in older units. There is considerable evidence that an increase in market-rate and luxury housing may have the opposite impact -- leading to "filtering up" (gentrification) rather than "filtering down."

The most likely scenario is that housing affordable to low- and moderate-income households will decline both in absolute numbers and as a proportion of the rental housing stock in cities where rent control has been or is in the process of being eliminated. As a consequence, rent-to-income ratios for existing and future renters will increase. This will have an importance beyond the household or the housing market; it will mean that renters, with less discretionary income, will spend less on other goods and services, including basic necessities such as food and clothing as well as other items. This will have a negative impact on the larger economy as the effective demand for non-housing goods and services declines. One can expect an increase in overcrowding as tenant households facing rising rent-to-income ratios and lower vacancy rates respond by doubling-up. Even with rising rent-to-income ratios and increased overcrowding, it is likely that the number of low- and moderate-income households will decline in absolute numbers and as a proportion of the populations of formerly rent controlled cities. These communities will lose some of their economic and social diversity. The bonds of "community" -- reflected in social ties -- may begin to diminish. It is impossible to put a price-tag or to quantify this aspect of a city's quality of life.

Appendix:
Arguments For and Against Rent Control

There is much debate about the short-term and long-term consequences of rent control. While advocates argue that rent controls are necessary to keep rent increases in line with tenants’ incomes, opponents counter that in the long run controls will contribute to the very crisis they seek to address. By lowering profits, it is argued, rent controls will ultimately lead to lowered investment in rental housing: new construction will cease, maintenance will decline, and even homelessness will result. Worse, it is argued, rent control does not even reach those lower-income tenants who need it most, primarily benefiting upper-income tenants. These arguments provide the principal rationale behind efforts to restrict the ability of localities to enact rent control -- to "pre-empt" local governments regulating rents.

There's much academic and political debate about these topics, most of which have been subject to empirical tests. Unfortunately, much of the debate around rent control is based on hypothetical arguments rather than empirical research that examines the experiences of communities that have enacted rent control programs. Thus, there are many myths about rent control that inhibit a healthy public discussion about its pros and cons. In fact, there has been considerable empirical research on the impact of rent control. Quite a
few of these studies have been sponsored by various real estate industry organizations. Studies conducted by independent researchers, however, conclude that rent control does not have adverse consequences for new construction, maintenance, and other measures of the level of investment in rental housing. But these studies do not diffuse the controversies, since the various sides appear to be talking past each other. Indeed, both sides tend to view these studies as "ammunition" to use in their lobbying and public relations efforts. Not surprisingly, the real estate industry has greater resources to invest in academic studies, so most of these reports emphasize the negative consequences of rent control.

Some people may support rent control as a "last resort," but believe that providing needy people with rent subsidies is a more efficient way to help house people who really need it. Unfortunately, less than one-third of all households eligible for federal rent subsidies receive them. Providing rent subsidies to all low-income households who are currently paying over 30% of their income in rent (the accepted "affordable" housing guideline) would cost at least an additional $50 billion. One study of Boston in the late 1980s found that providing subsidies to all low- and moderate-income households who were paying more than 30% of their income in rent would cost $150 million a year. Further, the real estate industry, the major opponents of rent control, have not been active supporters of efforts to increase federal housing subsidies for the poor. Moreover, rent control advocates argue that it is more cost-effective for taxpayers than providing direct subsidies. One recent study estimated that if Santa Monica, West Hollywood, and Berkeley abandoned their rent control program, it would cost the state's taxpayers about $160 million a year simply to maintain the existing levels of affordability provided by rent control.

Some people mistakenly believe that rent control freezes rents and makes it unprofitable to own rental housing. In fact, every rent control system provides for annual across-the-board rent increases tied to the cost of living or cost increases. They all also provide for individual rent adjustments to ensure landlords a "fair return" on their property, although definitions of "fair return" vary. These adjustments allow rents to keep pace with increasing costs and to allow landlords to make capital improvements. Landlords are assured of making a reasonable profit. Rent control, in this view, simply limits rent gouging and speculation.

Some argue that rent control leads landlords to defer maintenance. Experience reveals that it doesn't, because in order to receive a rent increase, local rent control laws require landlords to maintain their properties in accordance with health and safe code regulations. As a result, rent control actually encourages better maintenance. More of the tenants' rent goes toward building maintenance in cities with rent control than in cities without it.

Some argue that rent control lead landlords to abandon their buildings. Common sense and hard reality suggests otherwise. In California, for example, Santa Monica and West Hollywood have the strongest rent control laws in the state, but there are almost no abandoned apartment buildings in either city. Nor do these rent control cities have the blight of foreclosed apartment buildings owned by banks and federal government agencies (such as the FDIC and RTC) that is common in much of California. The same story was true in Cambridge and Brookline, Massachusetts, when these cities had very strong rent control regulations.

Real estate groups argue that rent control discourages builders and banks from investing in new rental housing. In fact, almost all rent control laws exempt new construction. No jurisdiction has suggested that it would ever reverse this commitment. Many cities with rent control have experienced an increase in apartment construction during the past decade. In Santa Monica alone, about 1,000 apartments were built between 1987 and 1993.

Rent control's critics claim that it mainly helps "yuppies" and other affluent tenants
who "hoard" the apartments. As a result, they say, rent control hurts the elderly, the poor, and people of color, who really need rental housing but are "locked out" of the rental market because units are occupied by those who do not need below-market housing. Some have even gone so far as to argue that rent control causes homelessness for these reasons. The real estate industry can certainly point to a few upper-income people living in these apartments -- anecdotes they use to make their point. But these are the exceptions, not the rule. And to focus on these exceptions is ironic, if not hypocritical, because it is landlords who decide who will rent their units. But, in fact, rent control encourages economic and social diversity. The vast majority of renters living in apartments covered by rent control laws are low- and moderate income and/or elderly households.

In the most recent analysis, Allan Heskin and his colleagues at UCLA carefully examined neighborhoods in East Palo Alto, Berkeley, Santa Monica, and West Hollywood (all cities with vacancy control) and compared them with comparable neighborhoods in adjacent cities without vacancy control. Their study demonstrates that in the four California cities with the strongest rent control laws, the mix of renters -- including the elderly, the poor, and people of color -- remained relatively constant between 1980 and 1990. Without rent control, low-income tenants, and people on fixed incomes, would face constantly rising housing costs. Many would face displacement. The most important implication of the UCLA report is that rent control promotes community stability and an economically, racially, and socially diverse population mix.

The real estate industry complains that rent control is complex to administer and gets mired in bureaucracy. In fact, with proper compliance by landlords, rent control is very simple to administer. With the advent of computers, rent control is even simpler to implement. In Santa Monica, for example, costs have not varied by more than $2/unit per month in the last five years. Most of the expense is due to landlords refusing to comply with the law or mounting extensive administrative and legal challenges to its operation. Even so, in Santa Monica, tenants pay the full cost of rent control. In West Hollywood and Los Angeles, tenants and landlords split the cost. In Santa Monica, landlords who want a rent increase beyond the annual general adjustment simply have to submit an application listing their expenses and income. Even the cost to landlords of getting professional help is included in the rent increase. Full pass-throughs for earthquake-related improvements have been put on a simplified fast track (30-60 days) basis.

Some argue that rent control is not needed because housing prices and rents are no longer escalating as they did in the 1980s. Indeed, during the early 1990s housing prices and rents in some housing markets actually declined and vacancy rates rose, making it easier for low-income renters to find affordable housing. In fact, the recession made things even worse. Lay-offs and unemployment make many families' housing situation even more precarious. Where rent levels declined, it was almost entirely at the high end of the rental market. Similarly, most vacant apartments were in the expensive units. Meanwhile, in the Boston, Los Angeles, and San Francisco are housing markets (even before the earthquakes that shook Los Angeles and the Bay Area), waiting lists for subsidized apartments were long and growing. Now, these waiting lists have expanded even more. One symptom of this shortage is the rise in homelessness, especially among families with children. Before the earthquake, an estimated 60,000 people were homeless in the Los Angeles area alone. Among Los Angeles' homeless population, an estimated 40% are families, as many as a third are employed, and over a third are veterans.
INTERVIEWS

Judy Allend, Metropolitan Area Planning Council (Boston)
David Booher, lobbyist, California Housing Council
Barbara Burnham, Fenway Community Development Corporation (Boston)
Patricia Canavan, housing advisor to Mayor Tom Menino (Boston)
Steve Carlson, executive director and lobbyist, California Housing Council
Ted Dientsfry, former director, Mayor's Office of Housing, San Francisco
Connie Doty, former director, Boston Rent Equity Board
Lew Finfer, Massachusetts Affordable Housing Alliance
Aaron Gornstein, Citizens Housing and Planning Association (Boston)
Jay Greenwood, California Secretary of State's Office
Matthew Henzy, Massachusetts Tenants Organization
Michael Herald, lobbyist, Housing California
Roger Herzog, Cambridge Community Development Department
Rick Laezman, California Association of Realtors
Peter Mezza, Santa Monica Housing Authority
Christine Minnehan, lobbyist, Western Center on Law and Poverty (Sacramento)
George Pillsbury, director, Money and Politics Project, Commonwealth Coalition (Boston)
Mary Roach, Massachusetts Secretary of State's Office
Marcia Rosen, director, Mayor's Office of Housing, San Francisco
Vivian Rothstein, Ocean Park Community Center (Santa Monica)
Ed Shanahan, Greater Boston Real Estate Board and Rental Housing Association
Harvey Tsuboy, California Secretary of State's Office
Calvin Welch, director, San Francisco Information Clearing House
Mary Ann Yurkonis, Santa Monica Rent Control Board

Author Bio

Peter Dreier is the Dr. E.P. Clapp Distinguished Professor of Politics, Professor of Sociology, and Director of the Public Policy Program, at Occidental College in Los Angeles. He joined the Occidental faculty in January 1993, after serving for nine years as the Director of Housing at the Boston Redevelopment Authority and senior policy advisor to Boston Mayor Ray Flynn.

A native of New Jersey, he received his B.A. degree in journalism and sociology from Syracuse University and his Ph.D. in sociology from the University of Chicago. From 1977 to 1983, he was on the faculty at Tufts University. During the 1980-1981 academic year he was awarded a Public Service Fellowship from the National Science Foundation.


He recently completed a two-year study with three colleagues on the relationship between regional economic development, community economic development, and poverty in greater Los Angeles. This study, Growing Together: Linking Regional and Community Development in a Changing Economy, was funded by the Haynes Foundation. His book, Struggling for the American Dream: Housing Politics and Policy, will be published in 1998.

In 1987, while serving in Boston's city government, Dreier drafted the Community Housing Partnership Act, legislation sponsored by Congressman Joseph Kennedy and Senator Frank Lautenberg, which became part of HUD's new HOME program, created under the National Affordable Housing Act of 1990. This legislation provides federal funds to community-based non-profit housing development organizations. He also worked on legislation to strengthen the Community Reinvestment Act and to provide additional federal funds for low-income and homeless persons.

In 1993, the Clinton administration appointed Dreier to the Advisory Board of the Resolution Trust Corporation (RTC), the Savings-and-Loan clean-up agency. He currently is a board member of the National Housing Institute, the Southern California Association of Non-Profit Housing, and the Pacific Housing Alliance, on the advisory board of the Liberty Hill Foundation and the Lewis Center for Regional Policy Studies at UCLA, and the editorial boards of Urban Affairs Review and Housing Studies. He has served as a consultant to the U.S. Department of Housing and Urban Development (HUD), VISTA, the Connecticut Conference of Mayors, the MacArthur Foundation, the Boston Foundation, Discount Foundation, ACORN, the Industrial Areas Foundation, Oxfam, and other government, community, and philanthropic organizations. He also served as chair of the Advisory Committee of the Spivack Program in Applied Social Research and Policy of the American Sociological Association. He served for almost a decade on the board of the National Low Income Housing Coalition.

Endnotes

1. Abbreviations: LAT (Los Angeles Times); SJMN (San Jose Mercury-News); SB (Sacramento Bee); BG (Boston Globe).

2. The California law not only allows landlords to raise rents for vacant apartments, but also bans controls on new dwellings and permanently exempts single-family homes and condominium from controls once tenants move out. It also bans rent controls on new construction. The single-family provision effects laws in Los Gatos, Oakland, San Francisco, and Los Angeles. In San Jose, rent control applies only to triplexes and apartment buildings. East Palo Alto, Cotati, and Los Gatos had imposed rent controls on new construction. The law phases-in the provisions over three years, allowing landlords to raise rents 25% every time a tenant moves out -- up to twice in three years. See Hallye Jordan, "Measure Eases 'Extreme' Rent Control Advancing," SJMN, July 13, 1995 and Edwin Garcia, "East Palo Alto Primed for Rent Hikes Bill," SJMN, July 26, 1995.

3. Rent regulations on mobile homes are not included in this discussion unless specifically noted.

4. See, for example, B. Guy Peters, American Public Policy: Promise and Performance, fourth edition, Chatham, New Jersey: Chatham House, 1996; Thomas Dye, Understanding


6. During national emergencies, such as World War 2, the federal government reluctantly imposed rent controls on localities. But even matters such as building codes and health and safety requirements are left to states, while matters such as land use, zoning, and enforcement are left to localities.


8. The best discussion of this topic is Michael Lipsky, Protest in City Politics, Chicago: Rand McNally, 1970.


16. In addition to pushing state governments to strengthen housing codes and eviction laws, and pressuring local inspection departments to enforce them, tenant activists fought to change the court system itself. Most judges are unfamiliar with complex tenant-landlord laws, so activists have worked to establish housing courts that specialize in the area. In New York City, Chicago, Boston, Worcester, and several other cities, housing courts became an important battleground for defending and expanding tenants' rights. In addition to having a more intimate knowledge of the law, housing court judges and their staffs -- overwhelmed by the large case load of tenants facing eviction or living in squalid conditions -- often became more sympathetic to their plight.

17. Owing its 1976 election in part to the low-income vote, the Carter Administration revitalized many programs that provided staff and support services to grassroots community and tenant groups. These include VISTA (Volunteers in Service to America), the CETA job training program and the Community Services Administration. Carter appointed a National Commission on Neighborhoods, and the Department of Housing and Urban Development added a division concerned with neighborhood issues and citizen involvement. While most of these programs were targeted to low and moderate-income groups, their presence has a spillover effect. Low-income tenant groups with CETA workers or VISTA volunteers would free resources that could be used for organizing middle-income tenants. Tenant newsletters or self-help manuals published by low-income tenant groups would find their way to middle-income groups as well. Also, the legal reforms concerning tenant-landlord law achieved during the late 1960s and early 1970s — particularly protection against retaliatory evictions — made tenant organizing easier and less risky. The cadre of
experienced organizers, advocate planners and poverty lawyers from the 1960s came out of the woodwork, eager to make the tenants' movement an effective political force.


22. Boston enacted a strong rent control law in 1970 that covered all private rental housing except owner-occupied two- and three-unit buildings. Subsidized and public housing also were exempted. In Boston, where about three-quarters of all residents were renters, rent control was a controversial issue that mobilized considerable political momentum. The Boston law, however, exempted many Boston renters -- those in public and HUD-subsidized housing and those in two- and three-unit buildings, which accounted for much of the city's rental housing stock.


24. Mayor White further demonstrated his opposition to rent control by appointing people who were against the policy as members of the five-person rent control board. He also kept the agency understaffed and underfunded.

25. A wave of condo conversions in the late 1970s and early 1980s fueled a movement to limit conversions and evictions that led to a mosaic of local ordinances and a statewide law. "Condomania," as the media labeled it, was a symptom of the state's hot housing market, triggered tenant protest across the state, leading to local -- and eventually statewide -- laws to protect tenants from arbitrary displacement. MTO also organized residents of mobile home parks. Many smaller cities and towns enacted laws to protect renters in mobile home parks from rent increases and evictions. Throughout the 1980s and early 1990s, MTO also mobilized tenants living in federal- and state-subsidized housing who were threatened with huge rent increases and possible eviction.

26. The same year, tenant mobilization helped elect tenant leader David Scondras, founder
of the Symphony Tenants Organizing Project, along with several other pro-tenant candidates, to the City Council.

27. Shortly after assuming office, the Flynn administration introduced comprehensive tenant protection legislation. From the outset, Flynn and his aides recognized that this was an uphill, perhaps impossible, fight. The 1983 City Council elections inaugurated a new system wherein nine members represented geographic districts and four were elected at large. Only three of the nine Council districts had strong tenant organizations, reflecting the location of the city's private rental housing stock. Only one of the at-large Councilors supported Flynn's plan, reflecting the power of the real estate lobby in the City Council. The tabloid Boston Herald was strongly opposed to rent control in its editorial and news pages. The Boston Globe offered mixed support. Progressive editorial writer Kirk Scharfenberg wrote supportive editorials and columns. To the Globe's news reporters, however, the rent control story was not about the housing crisis, or the power of the real estate lobby, but about whether the new Mayor could win his controversial proposal.

28. Tenants in de-controlled apartments (units previously covered by rent control) could initiate a grievance if annual rent increases exceeded 15% -- a rate substantially higher than the inflation rate. In addition, tenants could only be evicted for "just cause."

29. In this section, my account relies heavily on an unpublished paper and undated by Patricia Cantor, "Twenty Five Years of Rent Control in Massachusetts," which focuses on Cambridge. A short version of this study was published in Shelterforce, March/April 1995 under the title, "Massachusetts Defeats Rent Control."


31. This is the same epithet that opponents used to describe Santa Monica after tenant activists enacted rent control there.


34. "All my tenants are affluent, every one of them," one Cambridge landlord told the Globe. "There is not one of them that is needy." See Matthew Brels, "Landlords, Tenants Clash on Rent Control," BG, October 12, 1994. Another Globe article recounted the situation of a Cambridge landlord who owns a four-family house and has an $8-an-hour job managing a food pantry. See Matt Carroll, "Showtime for Rent Control," BG, October 23, 1994. This story repeated MHC's chief examples of well-off tenants living in regulated apartments -- Cambridge Mayor Ken Reeves and Supreme Judicial Court Justice Ruth Abrams. Rent control opponents used the fact that Reeves, who was part of Cambridge's pro-rent control majority on the City Council, lived in a rent controlled apartment, as a symbol of how the system was being abused. Reeves argued that he earned only $43,000 as mayor and that he served full-time, putting his law practice on hold. See Howard Manly, "Reeves' Calling to Community Service Fulfilled in Role as Cambridge Mayor," BG, May 22, 1994.

35. The study found that in 1987, 70% of the residents of rent controlled units had incomes below the Boston area media income ($37,400 for a family of four) and that only 9% had
incomes above 150% of the regional median income ($56,000 for a family of four). But in a classic case of selective perception, SPOA and much of the local media focused on the rent control glass being 30% empty rather than 70% full. SPOA focused on the study's findings that relatively few rent control tenants were elderly or families with children -- overlooking the obvious point that landlords select their tenants. (SPOA also claimed that the study was biased).

36. SPOA also sought to challenge Cambridge's rent control law in court, but in March 1993 its suit was dismissed.


41. In December 1993, the secretary of state ruled that they had not collected sufficient valid signatures. MHC went to court to overturn the decision. Tenant groups counter-sued (claiming widespread fraud and forgery). The Suffolk Superior Court ruled that MHC had met the minimum number of signatures by "at least 34." (See Pamela Ferdinand, "Legislature to Get Rent Control Petition," BG, May 1, 1994). The City of Cambridge filed suit claiming that the proposed ballot measure was unconstitutional. (See Jennifer Bloom, "City Joins Rent-Control Suit," BG, March 11, 1994; Jennifer Bloom, "Rent Control War Intensified," BG, March 30, 1994). The state Supreme Judicial Court rejected the argument in July 1994. (See Matthew Brelis, "SJC Rules on Rents; Voters May Settle Control Issue in Fall," BG, July 15, 1994).

42. Obviously, rent control advocates viewed SPOA's efforts as one-sided, as reflected in these observations by Patricia Cantor (p. 15):

   "Few, if any, stories reported the thousands of tenants able to afford to live in Cambridge only because rent control kept rents at reasonable levels, or how the rent board's rent adjustment formulas strongly favored landlords, or how because the removal permit ordinance removed the speculative drive from the rental market, Cambridge was saved from the 1980's real estate boom (and corresponding bust). No one read about how many of the SPOA landlords were able to buy their buildings because rent control kept property priced down, or how Cambridge retained its economic diversity (avoiding becoming only a place affordable to the rich or the very poor who benefitted from subsidized or public housing) because of rent control."


48. They typically asked, why should voters in the other 348 cities and towns in Massachusetts decide whether Boston, Brookline, and Cambridge can enact rent regulation? A number of Democratic legislators who acknowledged their ambivalence or even opposition to the rent control policy nevertheless supported the right of localities to adopt rent regulations on the principal of home rule. (See Don Aucoin, "Rent Control Pits Home Rule vs. Referendum," BG, November 22, 1994; Michael Kenney, "Coming: A Conflict of Absolutes," BG, November 27, 1994). The real estate industry's chief political operative believes that the tenants' emphasis on home rule was a "tactical error." The industry's polls showed that "this [home rule focus] didn't resonate with the voters." Moreover, they said, the tenants made a "fatal mistake" in focusing almost all their organizing on Boston, Cambridge, and Brookline, assuming that three-quarters or more of the voters would vote against Question 9; in fact, the margin of victory in these three cities was considerably smaller. (Interview with Ed Shanahan, April 28, 1997).


50. Real estate forces paid Boston University economist Jeffrey Miron $50,000 for a study, "The Economics of Rent Control," Prepared for the Massachusetts Homeowners Coalition, October 4, 1994. They also paid housing researcher Rolf Goetze $5,000 to produce a report, released in August, called "Rent Control: Affordable Housing for the Privileged, Not the Poor," which examined rent control in Cambridge. The tenants' force had no money to sponsor a study. They relied on the rent control agencies in the three cities, who could only guesstimate the demographic composition of regulated units. The Cambridge Rent Control Board hired Abt Associates to review Goetze's study; Abt criticized its methods, but by the time its review appeared, the MHC had put Goetze's findings to good use.


54. In fact, the total vote was 1,034,594 (46.3%) "yes," 980,723 (43.9%) "no" and 216,869 (9.7%) blank. Among those who cast ballots "yes" or "no," however, Question 9 received 51.3% of the vote.

55. During the legislative phase of the rent control fight, another battle was shaping up in the courts over the legality of Question 9 and other ballot measures. When voters went to the polls on November 8, there were no summaries of each ballot measures describing what a
"yes" or "no" vote meant. After the election, tenant advocates (as well as groups engaged in other ballot measures) sought to nullify the election in court on the grounds that it was unconstitutional because voters were not adequately informed. A Suffolk Superior Court judge and a state Appeals Court judge even issued temporary restraining orders against implementation of Question 9, but ultimately a higher court ruled that the measures were valid. See John Ellement and Chris Reidy, "Judge Orders a Halt to State's Enactment of 5 Ballot Measures," BG, November 30, 1994; John Ellement, "End of Rent Control Blocked; Judge OK's Early Sunday Shopping," BG, December 3, 1994; John Ellement and Don Aucoin, "Ballot Votes Validated; Rent Control Unresolved as SJR Rules, Beacon Hill Eyes Compromise for Tenants," BG, December 28, 1994; "Ballot Questions Upheld," BG, January 1, 1995; Paul Langer, "SJC Reaffirms Validity of Ballot Questions," BG, March 10, 1995.


58. Adrian Walker and Peter Howe, "Landlords Rail Against Moves to Undo Rent-Control Rejection," BG, November 11, 1994. Menino's role in the entire rent control debate reflects interesting political calculations. As a Boston City Council member from the predominantly white middle-class district of Hyde Park, Menino had not been a supporter of rent control and on several occasions had cast the deciding vote to weaken tenant protection laws. When Mayor Ray Flynn, a strong supporter of tenants' rights, left office in the middle of his third term to become U.S. Ambassador to the Vatican, Menino, the Council president, became acting Mayor and then was elected on his own. Initially cautious about defending the city's already weakened rent control system, Menino was pushed by tenant advocates to play a visible role in the campaign against Question 9 and in the subsequent legislative battle to preserve some local tenant protections. His situation parallels that of New York City's Mayor Rudy Giuliani, a Republican who has been cornered in supporting the city's rent control law against assaults by his party leadership in Albany.


64. Doris Sue Wong, "Rent Control Compromise is Approved," BG, January 4, 1995.


66. Not surprisingly, the Greater Boston Real Estate Board's Rental Housing Association gave Weld its "Excellence in Public Service Award" for his role in eliminating rent control. See Richard Kindleberger and Tina Cassidy, "Lots and Blocks," BG, December 3, 1995.


68. The Globe consistently misinterpreted the law, claiming that it provided temporary protections for elderly and low-income tenants, when in fact only a narrow group of elderly and low-income tenants (in Boston, those who had lived in their units since 1976 and were still under the city's old rent control law) were covered. See, for example, Geeta Anand, "City Readies Rent Control Survey," BG, October 21, 1995.

69. See, for example, Pamela Ferdinand, "Rent Vote Divides Landlords, Tenants," BG, November 10, 1994; Pamela Ferdinand, "Tenants Under Rent Control Receiving Word of Increases," BG, December 20, 1994; .


73. Heskin, p. 40.

74. Heskin, p. 41.


76. Information in this paragraph draws on Heskin and on articles from Shelterforce magazine.


78. In Santa Monica, landlords raised $250,000 and outs punked tenant groups by 20 to 1; in Santa Barbara, landlords spent $160,000 to the pro-rent control advocates' $21,000. See Heskin (p. 47-48) and Dreier, "The Politics of Rent Control," Working Papers, Vol. 6, No. 6, March/April 1979, pp. 55-63.

80. Heskin, p. 47.


82. Heskin, 50.


85. Rents were initially frozen at their May 1978 levels.


93. This account of Santa Monica draws primarily on Heskin; Capek and Gilderbloom; Dreier 1979; and interviews.


95. Heskin, p. 58.

96. These included increased police foot patrols and improved municipal services; increased fees on Shell Oil's underground pipeline; and pro-union policies, such as requiring a union label on all city stationery and negotiating a favorable contract with municipal unions. The
SMRR-affiliated City Council named citizen task forces on crime, women's issues and other problems. It appointed progressive activists to such critical positions as city attorney, city manager, rent control administrator, and other policy-making positions. SMRR also dramatically changed the city's development priorities, putting an emphasis on "human scale" development and on protecting the city's economic diversity by promoting affordable housing. Initially, Santa Monica required a developer to build a park, day care center and affordable housing units in order to obtain a permit to build a highly profitable hotel complex near the waterfront. This was later formalized into a linkage policy to collect a fee from real estate development, targeted to art, affordable housing and other projects. SMRR created a nonprofit community development corporation to undertake affordable housing. It passed an inclusionary housing policy, requiring housing developers to incorporate low-income housing. Under the SMRR administration, Santa Monica turned a seedy commercial area into a lively Third Street Promenade that became a cultural and retail mecca, including movie theaters, bookstores, restaurants, and street life. Santa Monica's planners change city laws to make it more accessible to people with physical handicaps. The SMRR governing coalition created numerous programs to feed and house the homeless, who were attracted to the city's parks and beaches.

97. Los Gatos copied San Jose's program in 1980, calling it the Rent Mediation Program. In San Jose, rents can be raised 8% a year. In Los Gatos, 5% plus costs of maintenance. San Jose's law covers all triplexes and larger buildings built before the ordinance took effect in 1979. It exempts new construction. See Larry Sokoloff, "Rent Control Laws are a Controversial Issue, But Not in South Bay," SJMN, August 19, 1995.

98. Interview with Steve Carlson, lobbyist for CHC, May 2, 1997.

99. This paragraph draws on a memo analyzing the Proposition 10 campaign by Gerson Bakar, a prominent Bay Area developer and president of the California Housing Council, entitled, "The Rental Housing Supply and Tenant Problems," dated June 12, 1980. It also draws on Heskin, Tenants and the American Dream.

100. According to Bakar's memo:

"All of our polls, prior to and throughout the campaign, indicated that a majority of the voters felt that the standards of Prop 10 were fair until they were told Prop 10 was an industry sponsored proposal. Finding out that the industry supported the proposal caused shifts of up to 20% in voter opinion. The near unanimous opposition by the press to Prop 10 reinforced this hostility to the industry. We didn't think we were loved, but we didn't know we were hated with such passion."


104. The CHC hired political consultant Clint Riley to run the ballot campaign and spent over $1 million on it. According to Steve Carlson, the CHC then kept Riley on its payroll and "loaned" him to Frank Jordan's mayoral race. Interview with Steve Carlson, May 2,
1997.

105. Interview with Steve Carlson, May 2, 1997. San Franciscans voted to strengthen rent control (to include single-family homes, among other things) in the November 8, 1994 elections by a vote of 50.9% to 49.1%. See "San Francisco Election Results," SJMN, Nov. 12, 1994.


107. Roberti was elected to the Assembly in 1966, representing central Los Angeles. He moved up to the Senate in 1971. He was elected Senate president pro tempore in 1980.

108. A various times, the real estate industry tried other approaches. In 1987, the CHC and other industry groups drafted legislation that would deny state housing assistance to any city with rent control or growth controls, which were deemed to have an adverse impact on the production or availability of low-income housing. State Senator John Seymour filed this legislation several times, but it met the same fate as the anti-rent control laws, also thanks to Roberti's influence. This strategy is discussed in "Rent Control at the Local Level: An Analysis and Update," California Association of Realtors, March 1988.


118. The Northridge earthquake shook Southern California in January 1994. Its aftershocks were not only physical, but political as well. It triggered controversy over rent control's impact on earthquake repairs in Santa Monica, West Hollywood, and Los Angeles. This controversy contributed to the anti-rent control sentiment. Most of the local press coverage focused on Santa Monica's reluctance to allow landlords to raise rents to cover earthquake repairs. This controversy undermined some support for rent control. In May 1994 the Santa Monica rent board passed a new law allowing pass throughs on earthquake-related capital repairs. (See "Housing: Northridge Earthquake, New Santa
Monica Rent Control Regulation," LA Times, May 19, 1994). Most landlords didn't have earthquake insurance. At one apartment complex (the 86-unit Charmont), the rent control board approved a $200/month rent increase. (See Jennifer Bowles, "City on the Mend; Northridge Quake Aftermath Still Rocking Santa Monica," SJMN, Jan. 17, 1995). The earthquake destroyed many apartments and cut into SMRR's political base. This hurt in the November 1994 local elections, when a leading tenant advocate, Tony Vazquez, was defeated. (See Nancy Hill-Holtzman, "Rent control Advocates Suffer Another Setback," LA Times, Nov. 10, 1994). The Los Angeles City Council debated abolishing rent control in mid-1994 and the issue of rent control's impact on earthquake repair became a major issue. (See Ted Rohrlich, "Officials Weight Abolishment of LA Rent Control," LA Times, June 16, 1994; and Ted Rohrlich, "No Plan to Drop Rent Control, Top Official Says," LA Times, June 17, 1994). Landlords complained that the process for getting rent increases was already cumbersome and was exacerbated by the need to increase rents in order to fix earthquake damage. Tenants had a different view. The LA City Council considered a law limiting rent increases for capital repairs for earthquake because tenants complained of gouging. (See Hugo Martin, "Chick Seeks to Cap Rent Hikes for Quake Repair," LAT, Nov. 8, 1995).

119. In 1996, Republicans had a majority of the Assembly seats, but lost their majority the following year.

120. During this entire period, Speaker Willie Brown was not supportive of rent control. Brown told the Sacramento Bee that he had "abandoned his idea of protecting rent control." (See John Jacobs, "Playing All Sides," SB, Jan. 11, 1994). Brown was also term limited out of office, leaving office in March 1995. During this time, he began his (eventually successful) campaign for mayor of San Francisco. Tenant activists hoped that his mayoral campaign would make him more sympathetic to protecting rent control there during his last term as Speaker. This turned out not to be the case and appeared to have no negative political consequences for his mayoral efforts. See also Nancy Hill-Holzman, "State Legislation Threatens Rent Control," LAT, May 22, 1995.


122. When Costa was elected to the Senate, Assemblyman Phil Hawkins (R-Artesia) became sponsor of the Assembly bill.

123. Petras' vote is difficult to explain. One tenant lobbyist suggested that for many years Petris had supported rent control but was critical of how the Berkeley rent board administered the law, particularly its inflexible regulations toward small landlords. Berkeley tenant activists took Petras pro-rent control vote for granted, failed to lobby him adequately before the 1995 vote, and were allegedly rude to him during meetings to discuss the Costa/Hawkins bill. Also, since Petras was in his last term in office due to term limits, his vote against rent control had no political repercussions.


133. For example, Fremont adopted mobile home rent control in 1987, and the issue was still hotly contested eight years later. (See Dennis Akizuki, "Tentative Mobile Home Pact Reached," SJMN, March 4, 1995). In June 1994, Folson residents voted on a initiative to adopt mobile home rent control. (See Ross Farrow, "Rent Control, Political Reform on Ballot," SB, Feb. 27, 1994). Mobile residents in Sunnyvale recently pushed the city council for rent control. (See Leland Joachim, "Sunnyvale's Action on Mobile Homes Called Weak," SJMN, May 25, 1994).


142. Carl Ingram, "Voters to Decide Fate of Rent Control in Mobile Home Parks," LAT.
March 12, 1996.


148. See, for example, Lesley Wright, "Council Urges Defeat of Mobile Home Issue," LAT, March 24, 1996.

149."Final California Election Returns/Propositions," LAT, March 28, 1996. It even lost in Orange County 53% to 47%.


152. Pillsbury, April 17, 1997. Data from Secretary of State's office.


154. Between April 1991 and October 1993, Costa received at least $70,386 from a variety of industry PACs, including the California Housing Council, the Apartment Association of Greater LA, the California Apartment Association, the California Real Estate PAC, and the Western Mobilehome Association. In 1986, and 1987 and 1989 he received honoraria totaling at least $3,000 from the California Housing Council. Source: Hopcraft Communications, March 23, 1994.


158. Interview with Steve Carlson, May 2, 1997.

159. Interview with Roger Herzog, Cambridge Community Development Department, May 5, 1997.

160. For example, the Globe reported in late January 1995 that "some 125 banner-carrying demonstrators marched through Cambridge yesterday in an effort to organize tenants against
rent increases and evictions," but these efforts have little effect. See Richard Saltus, "Tenants Protest Phaseout of Rent Control," BG, January 29, 1995. See also, Pamela Ferdinand, "Tenants Seek Strength in Numbers," BG, March 2, 1995; Alan Lupo, "Their Future Uncontrolled Rental Options; Grim News for Elderly." BG. August 6, 1995.

161. Interview with Steve Carlson.

162. Interview with David Booher.

163. Interview with Ed Shanahan.

164. Interview with Ed Shanahan.

165. This paper does not discuss the role of litigation and the courts. These obviously played a role in both states in shaping the rent control debate. In the mid-1980s, CHC spearheaded several unsuccessful legal initiatives -- including Pennel v. City of San Jose and Fisher v. City of Berkeley -- to attack rent control. The U.S. Supreme Court rejected their arguments, but the effort required these cities and tenant groups to spend time and resources defending rent control. More recently, in March 1994, apartment owners filed suit against the Santa Monica rent control board. It is one of a series of lawsuits bankrolled by more than $1 million in contributions from landlords. 15 cities have some form of rent regulation on apartments; about 100 cities have regulations on mobile homes. Apt. owners teamed up with the Pacific Legal Foundation. The owners funded a study of rent control cities, "trying to show that people who are most needy aren't benefited by rent regulations." "In the past two decades, disgruntled property owners have failed to convince the courts, the Legislature, local officials or voters to turn back existing rent control rules." In CA, the push for rent control began in late 1970s have period of soaring rents, fueled by Prop 13. All the cities that have controls enacted them within 5 years after Prop 13. CA appellate court rules against rent control in the case of Santa Monica LTD vs. Superior Court of L.A. While it didn't rule that rent control is unconstitutional, it sided with landlords about fair compensation and property rights. See Bradley Inman, "Court Overturns Rent Control Rule," SB, May 19, 1996. Also, Steve Carlson, "Twenty Years Later: A History of Rent Control in California," Sacramento: California Housing Council, Winter 1995-96.

166. Interview with Michael Herald, April 14, 1997.


The Ford Foundation was the first large philanthropy to focus its attention and resources on poverty and slum conditions in the Northern ghettos. Its first initiative was the Gray Areas Project, which devoted $12 million a year in the early 1960s to improve job training and education in several Northern black slums. The largest Gray Areas Project grant went to Mobilization for Youth (MFY), an anti-poverty organization on the Lower East Side of New York City. MFY not only offered training and educational services, it also hired organizers to mobilize low-income residents to take political action -- for example, to organize rent strikes against slum landlords. Critics charged that the Ford Foundation was financing radicalism. The support of the Ford Foundation gave MFY enough credibility to apply for, and receive,
funds from the federal government, which was then, under President Kennedy, launching a
cautious anti-poverty program, initially with the mandate to reduce juvenile delinquency in
the slums. Much of Kennedy's (and, more generously funded, President Johnson's) war on
poverty was based on the Ford-funded MFY model of "community action." But, as
Lemann notes, MFY faced a dilemma: "Confrontational tactics could imperil its existence,
because it was dependent on the largesse of the power structure it intended to confront"
Poverty had adopted the Gray Areas Project view that poverty was a symptom of social and
physical environments, not the personal failings of the poor themselves. Based on this
view, the solution was to improve the physical environment by improving the slums
-especially slum housing) and by mobilizing the poor to gain political power and to control
ghetto institutions, such as schools, businesses, and social agencies. The controversy
around the Gray Areas Project made the Ford Foundation somewhat cautious. Although it
has continued to support a variety of social movement organizations involved in voter
registration, civil rights, and other concerns, its primary urban focus for the past 30 years
has been attacking the physical deterioration of America's ghettos by supporting non-
profit, community-based development organizations.

169. See Peter Dreier, "Philanthropy and the Housing Crisis: The Dilemmas of Private


171. Allan Heskin, Tenants and the American Dream.

172. In Massachusetts a legal battle ensued over whether HUD-subsidized projects were
subject to local rent regulations after they were no longer subsidized. MTO had organized a
successful campaign in the 1980s to change the Boston rent regulations to incorporate
"expiring use" buildings upon expiration or termination of federal subsidies. Despite this,
tenants in HUD-subsidized developments were not mobilized around Question 9.

173. A major union exception were the building trades unions, which traditionally have
sided with developers and contractors.

Peter Dreier, "Capitalists vs. the Media: An Analysis of an Ideological Mobilization Among
Business Leaders," Media, Culture & Society, April 1982; Herbert Gans, "Deconstructing

175. Interview with Ed Shanahan.

176. Interview with Michael Herald.

177. For a discussion of this campaign, see Richard Appelbaum, Michael Dolny, Peter
Dreier, and John Gilderbloom, "Scapegoating Rent Control: Masking the Causes of

178. Interview with Steve Carlson.

179. Interview with Ed Shanahan.


185. According to the 1990 census, there were 4.6 million rental units of the 10.4 million occupied units in California, and 915,617 rental units of the 2.25 million occupied units in Massachusetts.

186. Even with vacancy recontrol, landlords set rents to market levels for incoming tenants when tenants vacate.

187. One Boston tenant activist called this a "stay of execution."


189. See, for example, Geeta Anand, "738 Needy Tenants Face Housing Loss; Landlords Join with City to Find Safety Net as Rent Control Ends," BG, September 24, 1996.

190. Interview with Ed Shanahan, April 28, 1997. In fact, according to the RHA's Ed Shanahan, most landlords raised rents to market levels during the first phase of deregulation, which affected about three-quarters of regulated units. He gave as an illustration a landlord raising rent from $300 to $1,200 a month. These increases provided landlords with enough increased cash flow that they were able to "ride out the storm" during the second and third phases by limiting rent increases and postponing evictions for some elderly and low-income tenants, who represented only one unit (or at most a handful of units) in their buildings. Worried about negative publicity about "greedy" landlords pushing out the poor and elderly, "we put out a please to owners to consider individual circumstances...The increased cash flow made it possible to discount some rents." According to Shanahan, "gave us some breathing room."

   Barbara Burnham, director of the Fenway CDC in one of Boston's downtown neighborhoods, noted that it was only political pressure and fear of media "horror stories" that pushed the RHA to act. Even so, she said, only a few landlords agreed to negotiate with the FCDC to provide some relief for elderly renters facing rent increases and eviction. The Fenway CDC alone identified over 300 elderly renters in one neighborhood facing imminent eviction. Interview with Burnham, April 28, 1997 and Geeta Anand, "Fenway Seniors Get SOS," BG, October 5, 1996.


197. Alan Lupo, "Their Future Uncontrolled Rental Options; Grim News for Elderly," BG, August 6, 1995

198. Geeta Anand, "Losing Control; Expiring Rent Limits Leave Poor and Elderly Wondering Where To Go," BG, October 12, 1995


202. The GBREB claimed that the city had no authority to certify eligibility. See Mary Sit, "Group Sues City, Says It's Skirting Rent-Control Law," BG, March 29, 1995. Brookline had a similar situation, in which many tenants eligible for extended protections failed to apply for certification. See "Rent Control Update," BG, April 23, 1995.

203. See Geeta Anand, "City Readies Rent Control Survey," BG, October 21, 1995). The city targeted its efforts toward renters in the 22,000 rent controlled units on the assumption that they housed mostly elderly tenants. About a year later, a city survey estimated the number of low-income and elderly tenants about to lose rent control protections at 738. See Geeta Anand, "Menino is Urged to Finance Help for Needy Tenants," BG, September 28, 1996. The city prioritized 250 Section 8 certificates for rent-controlled tenants facing eviction; it also allocated $2 million from city revenues for relocation assistance. The city did some outreach, especially to the elderly tenants, but these efforts were hit-and-miss. In the Fenway neighborhood, the local CDC did a door-to-door canvass to identify elderly tenants who would be facing rent increases and possible eviction, identified 300 of them, and sought to negotiate with landlords to give these tenants additional time, to limit rent increases, or to move them to smaller apartments. Fear of media stories and political pressure (including a renewed pressure for rent control) led some landlords to make "deals" with the CDC. According to several informants, there was increased harassment of tenants by landlords eager to remove tenants with rent control protections.

204. Geeta Anand, "City Readies Rent Control Survey," BG, October 21, 1995; Alan Lupo, "With Rent Control Off, Search On; Communities Seeking Spots for Folks
Affected," BG, January 21, 1996. According to Ed Shanahan of the Rental Housing Association, eventually 1,065 renters in Boston, 1,545 in Cambridge, and 482 in Brookline qualified for extended protections. The Boston city government claimed that 6,000 to 8,000 tenants were eligible but failed to come forward to be certified.

205. For example, the Fenway CDC did a survey of tenants in rent controlled apartments in its neighborhood and found that 62% were poor, elderly, or disabled; 58% were either elderly or disabled. The CDC did a door-to-door canvass of apartment dwellers and found more than 300 elderly persons in the Fenway neighborhood who were eligible for city assistance. They found the Rent Equity Board's list "almost useless," suggesting that the number of people eligible for assistance was far greater than those found in the REB survey and those who took the initiative to seek help. Interview with Barbara Burnham, April 28, 1997; Covenant of Care report, Fenway CDC, n.d.; "The Covenant of Care and the Save Our Seniors (SOS) Collaborative, report to the Fenway CDC, February 1997.

206. Irving Murphy, "Cambridge Groups Launch Affordable Housing Effort," BG, September 2, 1995; Geeta Anand, "Menino Is Urged to Finance Help for Needy Tenants," BG, September 28, 1996. A few politicians and tenant activists proposed filing state legislation to mitigate the impact of decontrol, but these proposals had no political momentum. The state's housing department and housing finance agency offered no additional resources. It was clear that the three cities were on their own in addressing the consequences.


208. "Programs to Assist Those Losing Rent Control Protections," draft, February 1997. This three-page memo was provided by the Mayor's office to explain the city's response to deregulation.


211. Industry Survey, Boston: Rental Housing Association, Winter 1997. The RHA survey does not identify apartments by size. See also, Tina Cassidy, "Boston Area Multi-Family Market heats Up; Rental Shortage is Fueling Sales," BG, June 1, 1996.


214. This paragraph draws on interviews with Vivian Rothstein, director of the Ocean Park Community Center in Santa Monica; Peter Mezza, coordinator of the Section 8 program for
the Santa Monica Housing Authority, and Mary Ann Yurkonis, director of the Santa Monica Rent Control Board.


216. Data supplied by Tracy Condor of the Santa Monica Rent Control Board.

217. Paul Silvern of Hamilton, Rabinovitz and Alschuler, Inc., "Results of the 1995 Santa Monica Apartment Tenants Survey," memo prepared for the City of Santa Monica Planning and Community Development Department, November 8, 1996.

218. Silvern, "Results of the 1995 Santa Monica Apartment Tenants Survey," Ibid.

219. Interviews with Connie Doty, former director, Boston Rent Equity Board; Roger Herzog, Housing Director, City of Cambridge.

220. See, for example, The State of the Nation's Housing 1990, Cambridge: Joint Center for Housing Studies, Harvard University, 1990.

221. The State of the Nation's Housing 1996, Cambridge: Joint Center for Housing Studies, Harvard University, 1996.


223. Rebecca Stevens, Peter Dreier, and Jeff Brown, From a Military to a Housing Buildup: The Impact in Boston of a Six Percent Shift in the Federal Budget from the Military to Housing, Boston: Boston Redevelopment Authority. August 1989.


226. Rents in the Silicon Valley/San Jose area were skyrocketing during 1996, the hottest since 1989. Average monthly rent in San Jose metro area is $1,441, the most expensive of 56 major metro areas. Renters have faced rent increases of 20 to 40% at one time. Owners not bound by San Jose's rent control law (which limits rents to 8%) are raising rents an average of 15%. Katherine Corcoran, Sandy Kleffman, Ed Popel, Connie Skipitares, and Maya Suryarama, "Location, Location Frustration Finding Affordable Shelter in Silicon Valley's Surreal Estate Market..." SJMN, Nov. 10, 1996. Asking rents in San Francisco rose 25.7% in 1996, reaching an average of $1,389/month. (See BRE, Bay Area Apartment Market Overview, n.d.)


229. Tracey L. Kaufman, Out of Reach: Can America Pay the Rent, Washington, D.C: National Low-Income Housing Coalition, May 1996. This study used the rule-of-thumb of 30% of household income for rent as its index of affordability.


239. Paul Silvern, "Results of the 1995 Santa Monica Apartment Tenants Survey."


242. See Over the Edge: Cuts and Changes in Housing, Income Support, and Homeless Assistance Programs in Massachusetts, Boston: John W. McCormack Institute of Public Affairs, University of Massachusetts at Boston, January 1997.

243. Interview with Pat Canavan, April 28, 1997. Also see Susan Diesenhouse, "Decontrol's Aftermath in Massachusetts," New York Times, n.d. In contrast, Ed Shanahan of the Rental Housing Association claimed that more than 2,500 new conventionally-financed market-rate apartment units were in construction or in the pipeline, a fact he attributed to the end of rent control. Interview with Shanahan, April 28, 1997.

244. Except those in rent controlled units in California who remain in their apartments.


247. For example, of the 70,572 rent controlled units in New York City, 4.4% are occupied by households with incomes $100,000 or more; of the 1,015 million apartments under rent stabilization, 5.3% have household incomes $100,000 or more. In contrast, 68.2% of the residents of rent controlled units, and 48.2% of residents of rent stabilized units have household incomes below $25,000. (Source: 1996 New York City Housing and Vacancy Survey, U.S. Bureau of the Census. See also, Deborah Sontag, "Off With Their Rents! Albany Aims at the Rich," New York Times, May 2, 1997).