

The logo for MetroSight, featuring the word "Metro" in white on a blue rectangular background, followed by "Sight" in white on a black rectangular background.

MetroSight

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Regulation and Rents

Housing laws might be hurting
the very population they aim to help.

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Executive summary

In our February 2025 report, “[Behind the High Cost of Rent](#)”, we demonstrated that certain rental housing regulations raise the costs of providing multifamily housing. This follow-up study addresses a critical question: Do those same regulations also lead to higher rents?

Our analysis finds that, on average, they do, particularly for lower-income renters and residents of small multifamily properties.

This study comes amid an affordability crisis that is being felt nationwide, one driven by an insufficient supply of new housing and exacerbated by restrictive zoning and permitting policies.

We examined four categories of regulation: source-of-income protections, resident screening restrictions, rules governing evictions, and state preemption laws.

For each, we analyzed the impact on rents using two distinct and separate datasets. One, from CoStar Group, contains market-level rent data from 391 U.S. metros between 2000 and 2024. The other, from the American Community Survey, tracks rental data from 307 metros between 2005 and 2023.

Key findings

We found that certain rules governing multifamily housing providers increase rents.

Law	Average rent increase
Source-of-income laws	5.3% (CoStar), 5.2% (ACS)
Eviction regulations	5.9% (CoStar), 6.5% (ACS)
Resident screening laws	3.4% (CoStar), 1.5% (ACS)
State preemption laws	No statistically significant impact

While our models estimate percentage changes, we can illustrate approximate dollar amounts using national rent levels reported by CoStar and the ACS. Based on these calculations:

- Source-of-income laws are associated with rent increases of about \$1,104 per unit annually according to CoStar data and \$876 annually based on ACS data.
- Eviction laws correspond to increases of \$1,224 annually in CoStar data and \$1,092 per unit annually in the ACS.
- Screening laws are linked to increases of \$708 annually in CoStar data and \$252 per unit annually in the ACS.

These rent increases had disproportionate effects by income and property size.

- Lower-income renters experienced greater rent increases across all three categories of rental housing ordinances.
- Residents of properties with two, three, and four units consistently faced the largest rent increases.

Implications

This study reinforces the conclusion of our earlier work: certain rental housing policies can raise the cost of providing rental housing, which we show leads to higher rents, especially for lower-income households. While they offer critical safeguards for residents, they also raise the cost of providing rental housing, which we show leads to higher rents, especially for affordable units.

A balanced approach is essential. Policymakers should consider rental housing regulations in light of their adverse impact to affordability. Future research will explore how these laws affect the supply of rental housing over time.

Introduction

This study builds on our February 2025 report by asking a key follow-up question: Have regulations that govern multifamily housing operations contributed to higher costs for renters? Our analysis shows that, on average, they have.

This finding comes at a critical moment. Housing affordability challenges have become a nationwide concern, driven by several converging forces.

- Years of exceptionally low interest rates have fueled sustained growth in home prices. These rising prices likely contributed to higher rents by locking people out of homeownership and boosting rental demand.¹
- New housing supply, even of the traditional exurban greenfield variety, continues to fall short. The construction industry never fully recovered from the downturn of the 2000s.² For almost two decades, single-family residential building permits per capita have been far below the historical average, creating a shortage that persists even as the U.S. population continues to grow.^{3,4}
- Despite recent efforts by some communities to boost supply, state and local regulations continue to have an outsized and enduring negative impact on multifamily housing development. Zoning restrictions, permitting delays, and other procedural hurdles continue to raise barriers to development and discourage multifamily housing.⁵

As a result, housing affordability concerns that once were the preserve of a handful of high-cost, coastal metros now resonate in nearly every part of the country, affecting both renters and would-be homeowners.^{6,7}

Rental regulations take the problem a step further by raising the everyday cost of doing business for multifamily owners and operators. As we show in this study, this can lead to rent increases. Over time, these outlays also are likely to discourage new construction.

¹ This argument assumes some rigidity in the flow of housing units between the owner-occupied and rental segments.

² Romem, I. 2018. "The Scar from Which the Construction Workforce Has Yet to Recover." *MetroSight*, July 31. <https://www.buildzoom.com/blog/the-scar-from-which-the-construction-workforce-has-yet-to-recover>.

³ U.S. Census Bureau and U.S. Department of Housing and Urban Development. 2025. "New Privately-Owned Housing Units Authorized in Permit-Issuing Places: Single-Family Units." *FRED*, *Federal Reserve Bank of St. Louis*. <https://fred.stlouisfed.org/series/PERMIT1>.

⁴ Garcia, D., A. Kolachalam, L. MacArthur, and M. Wilkerson. 2024. *Housing Underproduction in the U.S.: 2024 Report*. Up for Growth. <https://upforgrowth.org/>.

⁵ Gyourko, J., J. Hartley, and J. Krimmel. 2019. *The Local Residential Land Use Regulatory Environment across U.S. Housing Markets: Evidence from a New Wharton Index*. NBER Working Paper No. 26573. National Bureau of Economic Research. <https://doi.org/10.3386/w26573>.

⁶ The high cost of homeownership has amplified pressure on the rental market. In 2022, the median price of a single-family home was 5.6 times the median household income—the highest ratio in data going back to the 1970s. Hermann, A., and P. Whitney. 2024. "Home Price-to-Income Ratio Reaches a Record High." *Joint Center for Housing Studies of Harvard University*, January 22. <https://www.jchs.harvard.edu>.

⁷ In 2023, more than 21 million renter households, almost half of all renters in the United States, spent more than 30 percent of their income on housing, according to Census Bureau data. <https://www.census.gov/newsroom/press-releases/2024/renter-households-cost-burdened-race.html>

We examine four categories of state and local housing regulation.

- Source-of-income rules
- Resident screening laws
- Eviction regulation
- State preemption statutes

We find that the first three categories each raise rents on average compared to what they would have been absent the laws, with the burden of higher rents falling heavily on lower-income households and residents of smaller multifamily buildings. The fourth category, state preemption statutes, does not appear to have a marked effect on rent levels. While this is consistent with the possibility that it may help prevent large swings in costs, the estimate is not statistically significant.

Our results are similar when estimated from two independently sourced datasets and using multiple measures of rent. They also are consistent with the findings of our earlier report.

In addition to the protections they aim to provide to renters, these laws significantly raise the cost of providing rental housing. This new analysis provides a clear answer to the next logical question: Do these regulatory constraints also result in higher rents? They do, and especially for more affordable units.

Together, this study and our previous report are intended to inform policy discussions of landlord regulations and preserving housing affordability. Lawmakers weighing efforts to initiate or expand rental housing requirements should consider how such policies might affect rents.

In a subsequent study, we intend to examine whether these laws discourage the development and supply of rental housing.

Findings

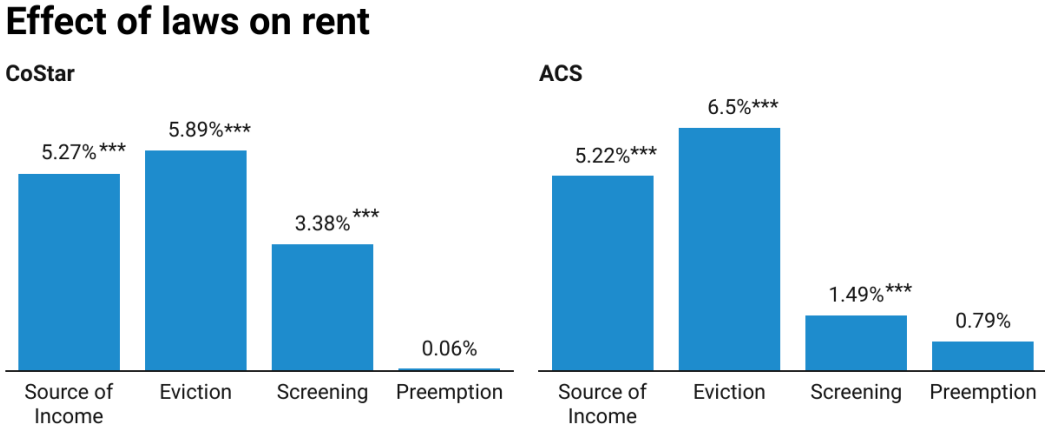
In a prior study, we found that properties subject to resident screening restrictions, eviction limitations, and source-of-income laws [reported higher costs](#) and lower revenue relative to gross potential rent. This follow-up analysis shows that these same categories of regulation also raised rents on average compared to what they would have been absent the laws.

To measure the size of these effects, we analyzed how rents changed over time in areas that adopted each type of law compared to areas that did not. We considered four categories of laws: source-of-income requirements, resident screening laws, certain eviction rules, and state preemption statutes meant to curtail local regulatory powers over housing matters.

We applied our analysis to datasets from two distinct, nationwide samples. CoStar Group, a leading provider of commercial real estate data, compiles detailed market-level rent information across U.S. metropolitan areas. American Community Survey data from the U.S. Census Bureau includes self-reported housing costs across a wide, representative demographic sample.

Across both datasets, the results were similar.⁸ All findings are statistically significant, with the exception of preemption laws, which were statistically indistinguishable from zero and therefore show little or no impact on rents.

Figure 1



Note: Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: CoStar Group, U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

⁸ The results were always similar directionally. The magnitudes were almost identical with respect to source-of-income laws and very close with respect to eviction laws, but less so with respect to screening laws. Whereas our data contain information on 166 source-of-income laws and 103 eviction laws, we have only 35 screening laws, of which only 12 occurred pre-pandemic. Since there is less information about these types of policies, it is unsurprising that the estimated impact of these laws is more variable across datasets. The effect of preemption laws was statistically indistinguishable from zero in both datasets.

Our analysis further revealed two patterns that strengthen the case that these regulations are not merely correlated with higher rents, but actively contribute to them.

- **Property type:** Residents of small multifamily properties, especially two- to four-unit buildings, were most likely to experience larger rent increases following the adoption of certain laws.
- **Income differences:** Rent increases associated with certain rental housing laws were larger for lower-income households than for higher-income ones.

Property type

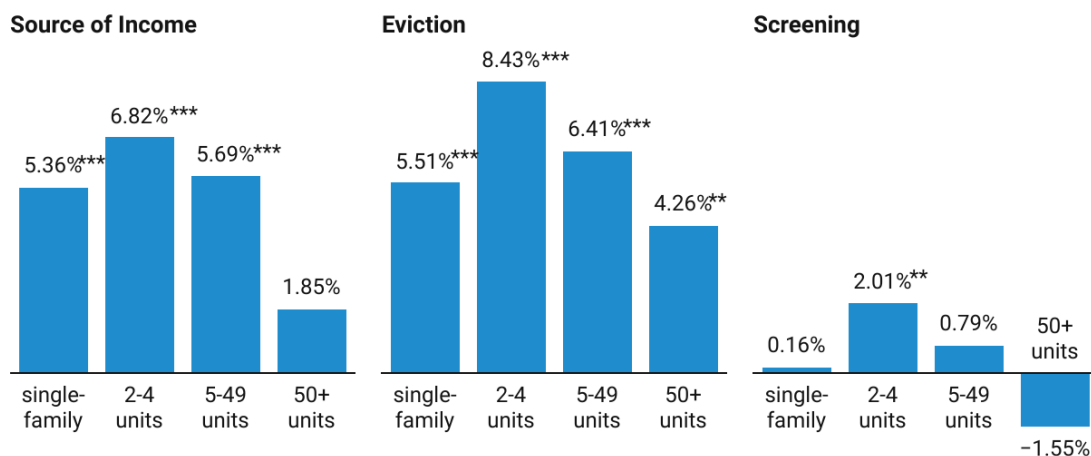
Residents of the smallest multifamily properties, those in two-, three-, or four-unit buildings, experienced the largest rent increases associated with each category of renter-protection laws.

This pattern parallels the income-level findings described above. Smaller multifamily buildings, which typically offer fewer amenities, tend to serve lower-income households, while larger apartment complexes more often cater to higher-income residents.

In addition, smaller properties frequently are owned and managed by operators with limited financial capacity to absorb increased operating costs. As a result, these operators might be more likely to pass the additional costs associated with regulatory compliance directly to renters in the form of higher rents.

Figure 2

Effect of laws on rent, by property type



Note: Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

Our empirical strategy—a difference-in-differences design with metro-area and year-fixed effects—controls for broad market trends and other time-invariant local factors, providing a strong basis for interpreting the estimated effects as causal.⁹

Income differences

Rent increases associated with certain rental housing requirements we analyzed—source-of-income rules, resident screening restrictions, and eviction-related regulations—were larger for lower-income households than for higher-income ones.¹⁰

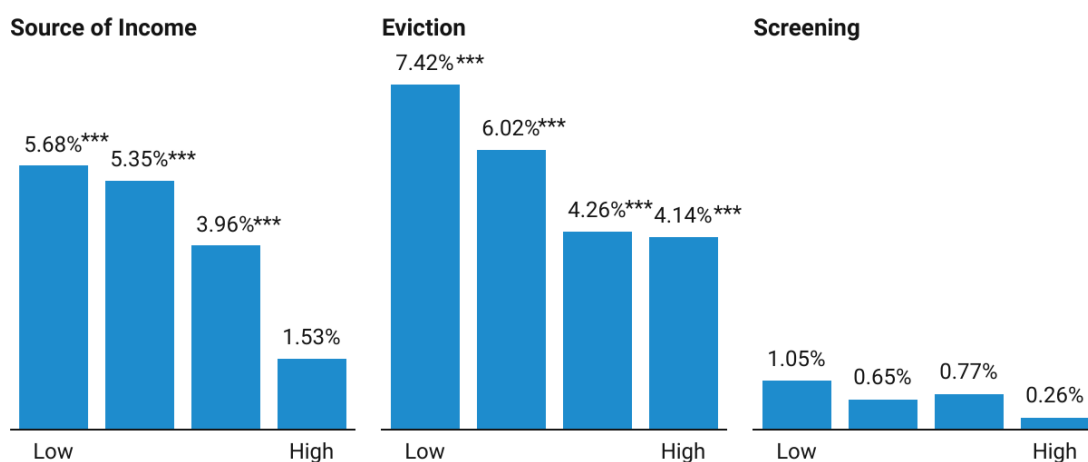
This pattern is consistent with the fact that these protections are more likely to apply to segments of the market serving lower-income residents, and therefore more likely to raise operating costs and rents in this segment.

This pattern further strengthens the causal interpretation of our results. If rising rents were being driven by unrelated market dynamics, we would expect rent growth to occur across income groups more uniformly. Instead, the concentration of rent increases among lower-income renters, precisely the group most affected by these regulations, makes a coincidental explanation less plausible.

In short, while these policies aim to support vulnerable households, they might have the unintended effect of burdening those very households with higher rents.

Figure 3

Effect of laws on rent, by income



Note: Bars correspond to household income quartiles. Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

⁹ Please see methodology and appendix for more information.

¹⁰ The results were similar when household income quartiles were drawn from household income distribution for the general population within each metro area, and when they alternatively were drawn from the household income distribution of only the renter population within each metro area.

Dollar impact

While our models estimate percentage effects, we can illustrate their approximated dollar impact by applying these percentages to national rent levels reported by CoStar and the ACS.¹¹

Using this approach, source-of-income laws are associated with annual rent increases per unit of about \$1,104 according to CoStar data and \$876 based on ACS data. Eviction laws correspond to increases of \$1,224 per unit per year in the CoStar data and \$1,092 in the ACS. Screening laws are linked to increases of \$708 per unit per year using CoStar figures and \$252 per year using the ACS.

These figures help communicate scale but should be understood as approximations. Our models use a log-level specification, which roughly estimates how policies affect rents in percentage terms rather than fixed dollar amounts. This form assumes multiplicative effects; that is, a regulation might raise rents by, say, 5 percent regardless of whether the baseline rent is \$900 or \$2,000.

This better reflects how housing costs tend to scale with market prices. Log-level models are widely used in housing economics because they offer clearer interpretation, better statistical properties, and a more realistic reflection of how regulations influence rents.

Applying these estimated percent effects to national rent levels—as we do here—offers a useful benchmark, particularly when communicating with broad audiences. Still, this approach does not account for local differences, nor does it directly estimate city-specific percentage effects.

Table 1 applies our estimated percentage impact to rent levels in selected metropolitan areas.

Table 1

Illustrative annual dollar effects per unit

Metropolitan Area	Source of Income		Eviction		Screening	
	CoStar	ACS	CoStar	ACS	CoStar	ACS
Boston, MA	\$1,824	\$1,248	\$2,028	\$1,560	\$1,164	\$360
Minneapolis, MN	\$960	\$900	\$1,080	\$1,128	\$624	\$264
New York, NY	\$2,052	\$1,092	\$2,280	\$1,368	\$1,320	\$312
Philadelphia, PA	\$1,128	\$912	\$1,260	\$1,140	\$732	\$264
Portland, OR	\$1,044	\$1,032	\$1,164	\$1,284	\$672	\$300
San Diego, CA	\$1,584	\$1,416	\$1,764	\$1,764	\$1,020	\$408
San Francisco, CA	\$1,992	\$1,488	\$2,208	\$1,860	\$1,272	\$432
Seattle, WA	\$1,296	\$1,224	\$1,440	\$1,536	\$828	\$348
Washington, DC	\$1,416	\$1,212	\$1,584	\$1,512	\$912	\$348
U.S.	\$1,104	\$876	\$1,224	\$1,092	\$708	\$252

Note: These figures illustrate the approximate impact of the laws by applying percentages estimated in log-level regressions to metropolitan rent levels reported by CoStar (asking rent per unit) and the ACS (median gross rent per unit). Metropolitan Areas refer to Core-Based Statistical Areas (CBSAs). See text for details.

Source: CoStar Group, U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

¹¹ ACS rent levels are drawn from the 1-year, 2023 edition of the ACS. CoStar rent level is the latest available as of May 2025.

As shown above, our statistical estimates are consistent across two independently-derived data sources.

In addition, we gauged the sensitivity of these estimates to differing measures of rent, differences in metro sizes, pandemic effects, regulatory environments as proxied by election outcomes, and the overlap of laws within jurisdictions. Results reported here are robust to each of these concerns across both data sources. (See appendix for details.)

Finally, we conducted robustness checks to address concerns about reverse causality, including differential pre-trends and policy anticipation effects. We found no evidence that observed rent increases preceded the adoption of renter protection laws, nor did we find that rent increases were driven by jurisdiction expectations of future rent growth.

Discussion

When property owners face higher costs, such as property taxes, maintenance, or regulatory compliance expenses, economic theory suggests they might pass some or all of these expenses to residents in the form of higher rents.

However, the degree to which these costs are passed to renters depends on the elasticities of supply and demand in the local market. In population segments where demand for rental housing is relatively inelastic, such as among lower-income households with limited housing options, property operators can shift more of the cost burden to renters. Conversely, in areas with more elastic supply where competition among housing providers is strong, operators are constrained from raising rents in response to cost pressures, as higher prices might prompt residents to seek lower-cost alternatives.

Unfortunately, the increase in costs identified in our previous study cannot be directly linked to the rental data examined here due to differences in sample periods and geographic coverage. As a result, we are unable to calculate a precise pass-through rate.

Nevertheless, our finding that regulatory cost increases are associated with higher rents is consistent with economic theory and supported by a substantial body of economic literature demonstrating significant cost pass-through in rental markets.¹²

Like much of the literature, we find that laws that strengthen renter power in eviction proceedings are associated with higher rents. While the literature on the rent effects of eviction-related laws is somewhat deeper than for the other types of regulation, it tends to focus narrowly on specific provisions.

¹² For example, Watson and Ziv (2024) study exogenous changes in taxes on multi-family buildings in New York. They find more than 100% pass-through of changes in owner costs to rents. Similarly, Lee (2024) demonstrates pass through of interest rate shocks at the property level. Others have reached similar conclusions about pass-through of costs into rent using cross-city variation (Tsoodle and Turner 2008). See Lee, J. (2024). *Asymmetric pass-through of interest rates to rental prices: Evidence from rental listings for multi-unit housing*. https://github.com/jaeyeon-lee12/jaeyeon-lee12.github.io/blob/main/jaeyeonlee_imp.pdf; Tsoodle, L. J., & Turner, T. M. (2008). Property taxes and residential rents. *Real Estate Economics*, 36(1), 63–80. <https://doi.org/10.1111/j.1540-6229.2008.00207.x>; and Watson, C. L., & Ziv, O. (2024). *A test for pricing power in urban housing markets*. <https://www.lincolnst.edu/app/uploads/2024/04/Watson-Test-for-Pricing-Power-in-Urban-Housing-Markets.pdf>

For example, a study using the staggered rollout of a free legal assistance program in New York City, estimated rent increases of about \$264 to \$456 per unit annually.¹³ Other studies report similar findings with respect to evictions.¹⁴ While direct comparisons between our estimates and those in the literature are challenging, rough calculations suggest ours are toward the upper end of the range reported in these prior works.

Given differences in regulatory design and market context across studies, we interpret our results as evidence of a meaningful policy impact, rather than a directly comparable or universally generalizable estimate.

Fewer comparable studies exist for laws outside the eviction context. Stewart (2023) finds source-of-income laws raising rents at magnitudes similar to ours, while Aliprantis, et al., (2018) suggest landlord aversion to voucher renters is worth more than \$3,000 per year, far exceeding our estimated impact. Again, though precise comparison is difficult, our findings, like most of the literature, support the conclusion that these laws increase rents.¹⁵

¹³ See Collinson, R., et al. 2024. *Equilibrium Effects of Eviction Protections: Evidence from New York City's Universal Access to Counsel Program*. <https://robcollinson.github.io/RobWebsite/rtc.pdf>; and Ambrose, B. W. and M. Diop (2018). *Information asymmetry, regulations and equilibrium outcomes: Theory and evidence from the housing rental market*. Real Estate Economics. https://www.researchgate.net/publication/327584392_Information_Asymmetry_Regulations_and_Equilibrium_Outcomes_Theory_and_Evidence_from_the_Housing_Rental_Market.

¹⁴ Clarke, Dylan R., and Daniel E. Gold. "The effects of residential landlord-tenant laws: New evidence from Canadian reforms using census data." *Journal of Urban Economics* 140 (2024): 103631.

Coulson, N. E., Le, T., Ortego-Marti, V., & Shen, L. (2025). Tenant rights, eviction, and rent affordability. *Journal of Urban Economics*, 147, 103762.

Bradford, Ashley C., and W. David Bradford. "The effect of state and local housing policies on county-level rent and evictions in the United States, 2004-2016." Available at SSRN 3623318 (2021).

¹⁵ See Stewart, A. 2023. *The Impact of Source-of-Income Antidiscrimination Laws on Rental Prices*. Senior project, University of Akron. <https://www.uakron.edu/economics/academics/senior-projects/2023/stewarteseniorprojectspring2023.pdf>; and Aliprantis, D., H. Martin, and D. Phillips. 2019. *Can Landlords Be Paid to Stop Avoiding Voucher Tenants?* Working Paper No. 19-02, Federal Reserve Bank of Cleveland. <https://www.clevelandfed.org/publications/working-paper/2019/wp-1902-can-landlords-be-paid-to-stop-avoiding-voucher-tenants>

Source-of-income laws

IMPACT

A **5.3 percent** and **5.2 percent** increase in rent

Source-of-income laws prohibit housing providers from rejecting applicants based solely on their lawful sources of income.¹⁶ Under these laws, property owners and operators cannot refuse to rent to applicants simply because they rely on non-traditional income streams such as federal or state housing vouchers, Social Security payments, child support, or disability benefits.

As of September 2022, the data we had available at the time of our research, our sample showed comprehensive source-of-income protections in place in 17 U.S. states and 106 municipalities, a number that has grown steadily over the past three decades. These laws are meant to expand housing access for lower-income renters and prevent discrimination based on income type.^{17,18}

While these laws are designed to promote housing equity, their practical impact is the subject of debate. For multifamily operators, compliance with source-of-income laws can come with increased administrative complexity and compliance costs. Participation in programs such as the Section 8 Housing Choice Voucher Program can introduce increased uncertainty, more paperwork, and delays in lease execution, factors that introduce costs and operational friction. As local governments layer new ordinances on top of existing rules, the compliance burden grows and costs to housing providers rise further.

These added costs, our analysis shows, translate into higher rents for residents.

IMPACT: Source-of-income regulations raised rents on average by **5.3 percent** in the CoStar dataset and by **5.2 percent** in the ACS data. Both findings are highly statistically significant.

The impact was most severe for lower-income renters.

- For the bottom quartile of earners, rents were **5.7 percent** above the baseline.
- Renters in the 26th to 50th percentile paid **5.4 percent** more.
- For the 50th to 75th percentile, the rent differential was **4.0 percent**.
- For the highest-income quartile, the difference was statistically insignificant.

The effect also varied by property type.

- Two to four units: **6.8 percent** higher rents
- Five to 49 units: **5.7 percent** higher rents
- Single-family rentals: **5.4 percent** higher rents
- Fifty or more units: No statistically significant rent difference

¹⁶ According to the National Apartment Association, the vast majority of source-of-income laws are intended to require housing providers to participate in the Section 8 Housing Choice Voucher Program, despite significant programmatic challenges that create a barrier to entry for housing providers who must navigate the unique requirements of each of the 2,100 public housing agencies that administer the program across the country. See the difference between a standard leasing process and a housing voucher leasing process at https://www.naahq.org/sites/default/files/2022-05/NAA%20Process%20Chart%204.21_revised.pdf.

¹⁷Knudsen, B. n.d. *Expanded Protections for Families with Housing Choice Vouchers*. Poverty and Race Research Action Council.. <https://www.prrac.org/pdf/soi-voucher-data-brief.pdf>.

¹⁸ Scott, M., et al. 2013. *Expanding Choice: Practical Strategies for Building a Successful Housing Mobility Program*. Appendix B. The Urban Institute and the Poverty & Race Research Action Council. Updated September 2024. <https://www.prrac.org/pdf/AppendixB.pdf>.

Eviction laws

IMPACT

A **5.9 percent** and **6.5 percent** increase in rent

Under just-cause or good-cause eviction regimes, a housing provider is permitted to evict a resident only for reasons explicitly stated in law. These laws eliminate a provider's right to end a lease upon its expiration without a legally recognized reason, while preserving the renter's right to remain in the unit indefinitely.

These laws have gained traction among policymakers in recent years as an intended safeguard against arbitrary or retaliatory evictions, particularly in markets where rising housing costs have increased renter vulnerability. But they also have led to increased costs for property owners and operators.

Under the typical just-cause framework, multifamily operators are permitted to initiate eviction proceedings only for specific, legally defined reasons. Commonly accepted grounds include:

- Nonpayment of rent
- Unresolved lease violations
- Criminal activity on the property
- Nuisance behavior or substantial property damage
- Interference with the safety or enjoyment of the owner or other residents
- Owner-initiated plans to demolish, renovate, or remove the unit from the rental market.

Notably, these reasons typically don't include the expiration of a lease term as a just cause, thus protecting a renter's right to remain in a unit while limiting the owner's right to end the lease.

In practice, just-cause frameworks typically require an owner to show cause and obtain a court order to terminate a lease. In court, owners and managers seeking to evict a disruptive renter must rely on evidence, such as resident testimony. Residents, however, might be unwilling to testify against dangerous or harassing neighbors out of fear of retaliation.

Several jurisdictions have added right-to-counsel provisions, which guarantee legal representation for renters facing eviction. New York City led the way in 2017, followed by San Francisco, Washington, D.C., and other cities.

Supporters of these laws argue that such measures help ensure due process for renters who might otherwise be unrepresented in legal proceedings. However, these regulations also add costs for property owners in the form of longer eviction timelines, additional legal expenses, increased vacancy-related losses and higher amounts of unpaid rent.

Our earlier report found that in jurisdictions where evictions were heavily regulated, multifamily operators reported significantly higher operating costs and lower revenues on average. This study finds a corresponding impact on rents.

IMPACT: Just-cause eviction laws raised rents on average by **5.9 percent** in the CoStar dataset and by **6.5 percent** in ACS data. Both results were highly statistically significant.

Again, the burden of higher rents was not evenly distributed.

- For the bottom quartile of earners, rents were **7.4 percent** higher than the baseline.
- In the 25th to 50th percentile, rents were **6.0 percent** higher.
- In the 50th to 75th percentile, rents were **4.3 percent** higher.
- For the top income quartile, rents were **4.1 percent** higher.

As with source-of-income laws, the effect was most pronounced in smaller properties.

- Two to four units: **8.4 percent** higher rents
- Five to 49 units: **6.4 percent** higher
- Single-family rentals: **5.5 percent** higher
- Fifty or more units: **4.3 percent** higher

Resident screening laws

IMPACT

A **3.4 percent** and **1.5 percent** increase in rent

Resident screening laws limit the public availability of consumer data or restrict what criteria housing providers can consider when evaluating rental applicants. These laws typically prohibit or limit the use of applicant information such as criminal history, credit scores, and eviction records. Their primary goal is to reduce systemic barriers to housing and promote fair access, particularly for individuals who have faced economic hardship or discrimination.

While the intent is to level the playing field for renters, these restrictions can limit the ability of property owners to mitigate foreseeable risk. Owners can lose important tools for assessing whether a prospective renter is likely to meet their lease obligations, including their ability to pay rent consistently and on time, and whether they pose a foreseeable safety risk or are likely to disturb neighbors.

Our earlier report found that jurisdictions with resident screening laws often reported higher operating, maintenance, and capital costs.

For residents, the cost of these increased operational risks can show up in the form of higher rents.¹⁹

IMPACT: Resident screening laws raised rents on average by **3.4 percent** in the CoStar dataset and by **1.5 percent** in ACS data. Both findings are statistically significant.

As with other regulations studied, the rent impact of screening laws was more pronounced for lower-income residents. However, in contrast to other rental housing requirements studied, the precision of the estimates for screening laws by income quartile fell short of statistical significance.²⁰

The effect also varied by property type. Households in two- to four-unit buildings experienced a **2.0 percent** increase in rents on average. No statistically significant change in rents was observed for larger multifamily properties or single-family rentals.

¹⁹ The analysis of the effect of resident screening laws on rents is less precise than other categorical analyses due to limitations in the available dataset. See methodology for details.

²⁰ Whereas our data contain information on 166 source-of-income laws and 103 eviction laws, we have only 35 screening laws, of which only 12 were adopted pre-pandemic. Since there is less information about these types of policies, it is unsurprising that the estimated impact of these laws is more difficult to detect with statistical precision.

Preemption laws

IMPACT	Little or no effect on rents
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Several state legislatures have enacted preemption laws to limit the regulatory authority of local governments. On housing matters, these laws typically prohibit cities and counties from adopting measures such as rent control, expanded eviction protections, or other ordinances that deviate from state-level regulations.

By establishing a predictable and more uniform business environment, preemption laws alleviate legal and operational uncertainty that can otherwise discourage housing development and other capital expenditures. They also lower compliance costs by establishing a consistent regulatory framework across jurisdictions.

However, unlike other types of housing regulation examined here, our analysis shows that preemption laws have little or no influence on rents. In both CoStar and ACS data, the estimated effect of preemption laws is minimal and statistically insignificant. While the improved business environment fostered by preemption might incentivize development and ease pressure on rents in the long run, these benefits don't result in measurable rent reductions for residents in our models.

IMPACT: Preemption laws had **no statistically significant impact** on rents on average. This finding holds across both CoStar and ACS datasets.

Conclusion

This study supports what some policymakers and housing experts might have suspected: Regulations intended to protect renters and promote housing stability might have unintended consequences that contribute to higher rents, particularly for lower-income households and the smaller multifamily properties that are most likely to serve this population.

Our analysis finds that source-of-income laws, eviction regulations, and resident screening restrictions each are associated with higher rents. These effects are statistically significant and especially pronounced among the most vulnerable renters.

These findings build on our previous work showing that such regulations also drive up operating costs and reduce revenue for property owners.

Together, the two studies illustrate a broader trade-off: While well-intentioned, certain rental housing protection requirements can erode housing affordability by increasing the cost of rental housing.

Not all regulation has this effect. Our examination of state preemption laws, which are designed to limit or standardize local housing rules, found no statistically significant impact on rents, consistent with the possibility that they can support rent stability.

As the housing affordability crisis deepens, especially in high-demand markets, these findings underscore the need to strike a careful balance between rental housing rules and policies that promote housing development and affordability.

Thoughtful regulation should safeguard renters from harm while avoiding undue burdens on multifamily operators that drive up costs and ultimately lead to higher rents.

When the cost of doing business becomes more difficult or time-consuming, multifamily operators face greater exposure to nonpayment, property damage, and prolonged vacancies, all of which reduce net operating income. To mitigate these risks, operators might raise rents preemptively or reactively to build a financial buffer or attract residents perceived as more financially stable or committed.

Laws that extend the eviction process can affect the entire lifecycle of tenancy. In response, housing providers might adopt more stringent screening criteria to minimize the risk of renting to applicants who have inconsistent rental or financial histories.

Future research will aim to quantify the effects of rent regulation on rental housing supply.

Methodology and appendix

Datasets

We obtained national rent data for U.S. metropolitan areas from CoStar Group and the U.S. Census Bureau's American Community Survey.

To identify statutes and ordinances related to evictions, source-of-income screening, and preemption, we consulted the End Rental Arrears to Stop Evictions ([ERASE](#)) database, a project of the National Low Income Housing Coalition.

The National Apartment Association compiled and provided information on resident screening laws.

CoStar Group

Rent data

CoStar Group is a leading provider of commercial real estate information and analytics. The company compiles data on a wide range of commercial properties across all 50 states. For this analysis, we used CoStar data specific to the multifamily rental sector.

The CoStar sample includes 2000 to 2024 data from [391 U.S. metropolitan areas](#). By the end of the observation period, this dataset had:

- 120 metros with resident screening laws on the books
- 170 metros with source-of-income laws
- 134 metros with eviction-related regulations
- 284 metros located in states with preemption laws

CoStar provides data on asking rent per unit and per square foot, as well as corresponding effective rents that account for certain concessions.²¹ The results reported in this study reflect asking rent per square foot. Corresponding estimates using asking rent per unit and both varieties of effective rent were almost identical.

²¹ Asking rent, also known as face rent, is the advertised or asking lease rate for a unit or building. It reflects the property operator's stated rent before any concessions or discounts and is typically reported as a monthly or annual figure, depending on the market. Effective rent is the average rent paid by a resident over the lease term after being adjusted downward for concessions such as free rent, moving expenses, or other allowances, and upward for costs that are the responsibility of the renter, such as operating expense pass-throughs.

American Community Survey

Rent data

The American Community Survey (ACS) sample covered 307 metros from 2005 to 2023. By the end of the observation period, this dataset had:

- 134 metros with resident screening laws on the books
- 119 metros with source-of-income laws
- 90 metros with eviction laws
- 222 metros located in states with preemption laws

The ACS provides data on contract rent and gross rent. The results reported in this study reflect gross rent.²²

Rent data scope, strengths, and limitations

The similarity of results derived independently from the CoStar and ACS datasets substantially strengthens the credibility of our findings. While both sources capture rental information, they differ in coverage and methodology. Their strengths and limitations complement each other in several respects:

- **Source of information:** The ACS collects data directly from residents through household surveys. CoStar obtains information on rent levels from a range of sources, including housing providers, property managers, leasing agents, and other real estate professionals, using proprietary data-gathering tools and verification processes.
- **Collection method:** The ACS is a government-administered survey designed to produce representative statistics. CoStar compiles and curates its data commercially, aggregating information for use within the real estate industry.
- **Housing stock covered:** CoStar's data are likely to better reflect professionally managed and larger multifamily properties. The ACS captures a broader cross-section of the rental housing market, including informal units, smaller properties, single-family rentals, subsidized housing, and rent-controlled units.²³
- **Available measures:** CoStar provides multiple rent measures such as asking rent and effective rent, both per unit and per square foot. The ACS data provides information on actual rent paid, as opposed to asking rent or effective rent. In addition, ACS data allows rents to be analyzed by household and housing characteristics, including income and structure size.

²² Contract rent is the monthly rent agreed upon between a resident and property owner or operator. Contract rent may or may not include resident-paid expenses such as utilities and fuels, depending on the lease agreement. Gross rent includes contract rent plus the cost of utilities and fuels. Because gross rent is consistent with respect to the inclusion of utilities and fuels, whereas contract rent is not, it is the preferred metric used in analyses.

²³ We do not have firsthand knowledge of CoStar's underlying collection methods or coverage. Rather, it is the fragmented and informal nature of smaller housing providers that is likely to render their coverage in this area more challenging.

National Low Income Housing Coalition National Apartment Association Statutes and ordinances

To identify statutes and ordinances related to evictions, source-of-income protections, and preemption, we consulted the End Rental Arrears to Stop Evictions ([ERASE](#)) database, a project of the National Low Income Housing Coalition.²⁴

The ERASE database classifies laws using tags that allow users to filter by categories such as source-of-income protections, state preemption, and eviction-related measures. The eviction measures include right to counsel provisions, just-cause standards, legal defense funds, and laws allowing payment to halt eviction proceedings. The database contains more than 760 of these housing-related laws, including 167 source-of-income protections, 38 preemption statutes, and 104 eviction safeguards.

The National Apartment Association compiled and provided information on resident screening laws. With four exceptions—Philadelphia, Seattle, and the Ohio cities of Toledo and Columbus—all resident screening laws are state-level statutes. We pooled laws that prevent screening based on prior criminal and eviction records.

State and local laws were grouped into four categories:

Laws that bar differential treatment based on income sources

Source-of-income laws aim to prevent discrimination against people who use government assistance programs. The ERASE database describes a representative example from Miami in 2009 as follows:

“Prohibits discrimination on the basis of source of income, including individuals who receive a portion of their income from any rental assistance program, homeless assistance program, security deposit program, or housing subsidy program.”

The ERASE database includes 29 of these ordinances, making them relatively common. Our CoStar sample contains 170 examples of these laws; ACS yields 119 examples.

Laws that raise the cost of evictions

Laws governing evictions are heterogeneous. They can include just-cause eviction requirements, legal defense funds for renters, right-to-counsel provisions, and laws that allow residents to halt eviction proceedings through payment. We estimated the impact of regulations that require housing providers to show a just cause for eviction, guarantee residents a right to counsel or legal funding in eviction cases, and permit a payment to stop an eviction process.

Though these laws differ, prior research has shown that they all make the eviction process more complex and costly for property operators and owners.

Our CoStar sample contains 134 metros with one or more eviction laws; the ACS dataset has 90 examples.

²⁴ A copy of the database as accessed on June 29, 2025, [can be downloaded here](#).

Laws that limit resident screening

Resident screening laws limit the criteria housing providers may use to evaluate applicants, often by limiting access to or the use of information such as an applicant's criminal history, credit scores, or eviction records. For example, data compiled by the National Apartment Association includes a 2010 California state statute that prevents consumer credit reporting companies from disclosing:

“Records of arrest, indictment, information, misdemeanor complaint, or conviction of a crime that, from the date of disposition, release, or parole, antedate the report by more than seven years. These items of information shall no longer be reported if at any time it is learned that in the case of a conviction a full pardon has been granted, or in the case of an arrest, indictment, information, or misdemeanor complaint a conviction did not result.”

Our CoStar sample contains 120 jurisdictions with resident screening laws; the ACS dataset yields 134 examples.

Laws that preempt local regulations

Finally, we analyze state statutes that restrict the regulatory authority of local governments over rental activity. These preemption laws grant the state exclusive jurisdiction in certain areas, effectively overriding any local ordinances.

Preemption laws generally favor property owners and operators. A representative example occurred in Georgia in 2018. It is described in the ERASE database as follows:

“Under this law, no county or municipal body may enact, maintain, or enforce any ordinance or resolution which would regulate in any way the amount of rent to be charged for privately owned, single-family or multiple-unit residential rental property.”

Our CoStar dataset contains 284 metros in states with preemption laws. In ACS data, 222 metros are in preemption states.

Identifying and tracking relevant laws

The goal of the statistical analysis was to determine the impact of four categories of laws on rents.

The primary outcome variable represents a rent measure measured in the natural log so that the impact represents an percent impact on rent. In other words, we estimate for each metro area i , and year t the following:

$$\ln(\text{rent})_{i,t} = \alpha_i + \alpha_t + \beta \times \text{law}_{i,t} + \varepsilon_{i,t} \quad (1)$$

When using CoStar data, the rent measure refers to the aggregate asking rent per square foot reported for each metro area and year. In ACS data, the rent measure refers to the median gross rent paid by households observed in each metro area and year, or the corresponding measure for subgroups such as income quartile and property type.

Standard errors in the model are clustered by metro. The estimates—showing the neutral impact of preemption laws and rent increases associated with source-of-income, retaliation, and eviction laws—are derived using the same statistical model. This consistency strengthens the confidence that our findings reflect real movements in the data rather than artifacts of the statistical approach.

This log-linear specification yields a log approximation of a law's estimated effects in percentage terms. As those effects deviate from zero, the approximation error increases. To account for this, we apply the Kennedy correction, which adjusts for the log approximation error.²⁵

The full set of estimation results for the individual categories of laws is provided in tables A1.1 and A1.2.

Overlapping laws

One challenge with this analysis is that regulations sometimes will overlap, which can make it difficult to isolate the effect of any given policy. To address this issue, we explore regression models that control for, or estimate, the impact of statutes and ordinances on the books in the same jurisdictions at the same time.

To estimate impacts jointly we estimate:

$$\ln(\text{rent})_{i,t} = \alpha_i + \alpha_t + \sum_L \beta_L \times \text{law}_L + \varepsilon_{i,t} \quad (2)$$

Again, the standard errors are clustered by metro. The estimated effects are highly similar in both direction and magnitude to our analysis that didn't control for jurisdictions with two or more sets of laws. The alignment of the two sets of estimates suggests that our approach estimates and attributes an effect of each law well, even when multiple laws are in place at the same time.

The full set of estimation results for overlapping laws is provided in appendix Table A4.

²⁵ The range of estimated effects is such that results using the alternative Halvorsen correction for log approximation are virtually identical. For more information on those corrections, see Li, W., and J. F. Nieberding. 2018. "When Is the 'Kennedy Correction' Appropriate in Estimating Overcharges?" In *Healthcare Antitrust, Settlements, and the Federal Trade Commission*, vol. 28, 423–431. Bingley, UK: Emerald Publishing. <https://doi.org/10.1108/S0193-589520180000028009>.

Main estimates

Tables A1.1 and A1.2 present the regression results underlying our main estimates.

Using the CoStar dataset, we estimated the effects of each law using each of the four available rent measures: asking rent per unit, asking rent per square foot, effective rent per unit, and effective rent per square foot. For each law, all four estimates were nearly identical.

Table A1.1

Effect of laws on rent, CoStar

Dependent variable: $\ln(\text{rent})$, for average asking rent per unit

	(1)	(2)	(3)	(4)
Source-of-income	0.0511*** (0.00775) [5.274%]			
Eviction		0.0565*** (0.00861) [5.887%]		
Screening			0.0345*** (0.00714) [3.376%]	
Preemption				0.001 (0.007) [0.061%]
Metro area FE	Yes	Yes	Yes	Yes
Year fixed FE	Yes	Yes	Yes	Yes
Observations	9,775	9,775	9,775	9,775
R-squared	0.983	0.983	0.982	0.982

Note: Standard errors in parentheses, and coefficients corrected for log-approximation via Kennedy correction in brackets. Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: CoStar Group, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

Similarly, we estimated the effects of the laws using both gross rent and contract rent from the American Community Survey. With the exception of screening laws, for which estimates using contract rent were directionally similar, but fell beneath standard thresholds for statistical significance, the estimates were similar for each of the laws.

Thus, our findings are not dependent on the specific choice rent measure used.

Table A1.2

Effect of laws on rent, ACS

Dependent variable: $\ln(\text{rent})$, for median gross rent per unit

	(1)	(2)	(3)	(4)
Source-of-income	0.0509*** (0.0104) [5.216%]			
Eviction		0.0630*** (0.0107) [6.497%]		
Screening			0.0148** (0.00733) [1.488%]	
Preemption				0.008 (0.015) [0.792%]
Metro area FE	Yes	Yes	Yes	Yes
Year fixed FE	Yes	Yes	Yes	Yes
Observations	4,983	4,983	4,983	4,983
R-squared	0.957	0.957	0.955	0.955

Note: Standard errors in parentheses, and coefficients corrected for log-approximation via Kennedy correction in brackets. Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

Estimates by income

Table A2 presents the regression results underlying our main estimates by household income quartile.

Table A2

Effect of laws on rent, by income

Dependent variable: $\ln(\text{rent})$, for median gross rent per unit. Key independent variables named in column headers.

Household income quartile	Source-of-income	Eviction	Screening
1	0.0553***	0.0716***	0.0105
(lowest)	(0.0117)	(0.0124)	(0.00861)
	[5.679%]	[7.414%]	[1.052%]
2	0.0522***	0.0585***	0.00650
	(0.0104)	(0.0118)	(0.00818)
	[5.353%]	[6.017%]	[0.649%]
3	0.0389***	0.0418***	0.00771
	(0.0108)	(0.0108)	(0.00906)
	[3.961%]	[4.263%]	[0.770%]
4	0.0153	0.0407***	0.00277
	(0.0134)	(0.0135)	(0.0115)
	[1.533%]	[4.144%]	[0.271%]

Note: Each coefficient reflects a separate regression specification. All regressions include metro area fixed effects and year fixed effects. Standard errors in parentheses, and coefficients corrected for log-approximation via Kennedy correction in brackets. Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

In the reported regressions, household income quartiles were drawn from the household income distribution for the general population of each metro area in each year. As a robustness check, we also examined household income quartiles from the corresponding renter-only population. The two approaches yielded very similar results.

Estimates by property type

Table A3 presents regression results underlying our main estimates by property type.

Table A3

Effect of laws on rent, by property type

Dependent variable: $\ln(\text{rent})$, for average gross rent per unit. Key independent variables named in column headers.

Property type	Source-of-income	Eviction	Screening
Single-family	0.0523***	0.0537***	0.00160
	(0.00973)	-0.00994	(0.00839)
	[5.364%]	[5.512%]	[0.157%]
2-4 units	0.0660***	0.0810***	0.0199**
	(0.0109)	(0.0110)	(0.00822)
	[6.816%]	[8.431%]	[2.006%]
5-49 units	0.0554***	0.0622***	0.00793
	(0.0125)	(0.0132)	(0.00891)
	[5.688%]	[6.408%]	[0.792%]
50+ units	0.0185	0.0419**	-0.0154
	(0.0203)	(0.0209)	(0.0192)
	[1.846%]	[4.256%]	[-1.546%]

Note: Each coefficient reflects a separate regression specification. All regressions include metro area fixed effects and year fixed effects. Standard errors in parentheses, and coefficients corrected for log-approximation via Kennedy correction in brackets. Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

Robustness checks

Joint estimate of overlapping laws

One potential concern is that the existence of multiple laws might be correlated, making it difficult to isolate the independent effect of each. In such cases, the effect associated with one regulation could be influenced by that of others.

Table A4

Effect of laws on rent, holding other laws fixed

Dependent variable: $\ln(\text{rent})$, for asking rent per unit (CoStar) and median gross rent per unit (ACS)

	CoStar	ACS
Source-of-income	0.0315*** (0.00726) [3.197%]	0.0241** (0.0119) [2.432%]
Eviction	0.0306*** (0.088) [2.709%]	0.0438*** (0.0125) [4.469%]
Screening	0.0154** (0.00649) [1.550%]	0.00547 (0.00687) [0.546%]
Preemption	0.00865 (0.00714) [0.866%]	0.00938 (0.0141) [0.932%]
Combined effect of all four laws	0.0862*** (0.0134) [8.988%]	0.0827*** (0.0204) [8.599%]
Metro area FE	Yes	Yes
Year fixed FE	Yes	Yes
Observations	9,775	4,983
R-squared	0.984	0.957

Note: The combined effect of all four laws reflects a linear combination of the individual laws' coefficients. Standard errors in parentheses, and coefficients corrected for log-approximation via Kennedy correction in brackets. Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: CoStar Group, U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

Table A4 presents the results of an alternative regression specification in which the effects of all four law categories are estimated jointly. This regression isolates the effect of each law while holding the effects of all others constant. The results are largely consistent with our primary findings across both the CoStar and ACS datasets. While the effects of some laws are attenuated, the overall patterns of impact and statistical significance remain intact.

Large metropolitan areas

Another potential concern is that certain rental housing regulations might be enacted more commonly in large metropolitan areas, where long-term rent trajectories can differ significantly from those of smaller markets. This disparity could weaken the effectiveness of our controls for time-fixed effects.

To address this concern, we re-estimated our models using CoStar and ACS samples limited to metropolitan areas above the median population size, areas where affordability concerns are most acute and where the vast majority of the U.S. population resides.

As shown below, the estimates are consistent with our main findings, suggesting that the observed effects are not driven by differences in rent trends across metropolitan areas of sharply varying population sizes.

Table A5

Effect of laws on rent, in large metro areas only

Dependent variable: $\ln(\text{rent})$, for asking rent per unit (CoStar) and median gross rent per unit (ACS)

	CoStar	ACS
Source-of-income	0.049*** (0.01) [5.017%]	0.052*** (0.013) [5.329%]
Eviction	0.064*** (0.01) [6.604%]	0.057*** (0.014) [5.855%]
Screening	0.032*** (0.008) [3.248%]	0.023** (0.011) [2.320%]
Preemption	-0.012 (0.011) [-1.199%]	0.02 (0.023) [1.993%]

Note: Sample limited to metro areas above median size. Each coefficient reflects a separate regression specification. All regressions include metro area fixed effects and year fixed effects. Standard errors in parentheses, and coefficients corrected for log-approximation via Kennedy correction in brackets. Asterisks indicate statistical significance levels: one asterisk () for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.*

Source: CoStar Group, U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

Regulatory environment

A further concern is that renter protections are more likely to be enacted in jurisdictions with certain regulatory and political environments. For example, regulations such as source-of-income protections, eviction restrictions, and resident screening laws are more commonly enacted in Democratic-leaning states. In contrast, preemption laws that constrain local regulation and align with the interests of property owners are more prevalent in Republican-leaning states.

As in the previous robustness check, if an area's rent trajectory correlates with its regulatory environment, that, too, could undercut the utility of our controls for time-fixed effects.

To address this concern, we re-estimated our models using CoStar and ACS samples limited to:

- Metro areas in states that voted for the Democratic presidential candidate in 2020 when analyzing renter-protection laws, and
- Metro areas in states that voted for the Republican presidential candidate in 2020 when analyzing preemption laws.

Once again, the results are consistent with our primary estimates, suggesting that the latter are not driven by differences in regulatory contexts.

Table A6

Effect of laws on rent, in prevalent regulatory environment only

Dependent variable: $\ln(\text{rent})$, for asking rent per unit (CoStar) and median gross rent per unit (ACS)

	CoStar	ACS
Source-of-income	0.064***	0.059***
(2020 blue states only)	(0.009)	(0.011)
	[6.605%]	[6.071%]
Eviction	0.06***	0.081***
(2020 blue states only)	(0.01)	(0.012)
	[6.178%]	[8.429%]
Screening	0.017***	0.013*
(2020 blue states only)	(0.006)	(0.007)
	[1.713%]	[1.306%]
Preemption	-0.012	-0.018
(2020 red states only)	(0.008)	(0.015)
	[-1.196%]	[-1.795%]

Note: Each coefficient reflects a separate regression specification. All regressions include metro area fixed effects and year fixed effects. Standard errors in parentheses, and coefficients corrected for log-approximation via Kennedy correction in brackets. Asterisks indicate statistical significance levels: one asterisk (*) for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.

Source: CoStar Group, U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

Pandemic effects

A final concern we addressed involves the exceptional effects of the Covid-19 pandemic on rental markets. In response to the emergency, jurisdictions implemented emergency housing measures, regulations, some of which fall outside the regulatory categories considered in this report. In addition, markets themselves experienced significant turbulence during that period. It is possible that the effect of the laws we estimate might be correlated with pandemic-related market trends.

To address this possibility, we estimated the impact of the laws on a sample limited to the years preceding Covid-19 to ensure that the results reflect conditions uninfluenced by pandemic disruptions.

Table A7

Effect of laws on rent, in pre-Covid years only

Dependent variable: $\ln(\text{rent})$, for asking rent per unit (CoStar) and median gross rent per unit (ACS)

	CoStar	ACS
Source-of-income	0.062*** (0.01) [6.391%]	0.039*** (0.014) [3.967%]
Eviction	0.091*** (0.009) [9.522%]	0.063*** (0.017) [6.487%]
Screening	0.052*** (0.006) [5.336%]	0.009 (0.008) [0.901%]
Preemption	-0.001 (0.005) [-1.196%]	-0.004 (0.014) [-1.795%]

Note: Sample limited to years before the Covid-19 pandemic. Each coefficient reflects a separate regression specification. All regressions include metro area fixed effects and year fixed effects. Standard errors in parentheses, and coefficients corrected for log-approximation via Kennedy correction in brackets. Asterisks indicate statistical significance levels: one asterisk () for results significant at the 10% level, two asterisks (**) for 5%, and three asterisks (***) for 1%. Bars without asterisks reflect estimates that are not statistically different from zero. See Methodology for details.*

Source: CoStar Group, U.S. Census Bureau American Community Survey, National Low Income Housing Coalition, National Apartment Association. Analysis by MetroSight. • Created with Datawrapper

The results, again, are consistent with our main findings, suggesting that our observed effects are not driven by pandemic effects.

Reverse causation

While our analysis accounts for the possibility that cities with higher rents are more likely to adopt renter-protection laws, it doesn't fully rule out concerns related to reverse causality. First, local governments might be acting preemptively, that is, responding to expected future rent pressures rather than past conditions. Second, if jurisdictions that adopted these laws already were on a steeper rent trajectory before the laws took effect, that would violate a key requirement, the parallel trends assumption, behind our difference-in-differences method. In that case, rent increases observed after the laws were passed might reflect a continuation of earlier trends, rather than being caused by the laws themselves.

We find little evidence supporting these reverse causality channels.

As documented earlier, renter-protection laws generally are associated with rent increases concentrated among lower-income households and in mid-sized structures. For forward-looking expectations that were later borne out to explain the timing of these laws, policymakers would have to have anticipated faster-than-trend rent growth specifically in these particular segments. It's not clear, however, that such precise forecasts existed or that they would plausibly influence legislation.

To formally test for differential pre-trends, we estimate regressions of the form:

$$\ln(\text{rent})_{i,t} = \alpha_i + \alpha_t + \alpha_t \times \text{eventual law} + \beta \times \text{law in effect}_{i,t} + \varepsilon_{i,t} \quad (\text{A1})$$

Here, the interaction between year-fixed effects and a dummy indicating eventual adoption of a law allows for flexible differential trends between cities that did and did not ultimately implement renter protections. These regressions yield estimates consistent with our main results: rent increases of 7.0 percent for source-of-income laws, 6.8 percent for eviction protections, 2.1 percent for screening laws, and no statistically significant effect for preemption laws.

Finally, we implement the heterogeneous difference-in-differences estimator with a regression adjustment from Callaway and Sant'Anna to produce event-study-like estimates.²⁶ These reveal no evidence of anticipation effects or elevated pre-trends. In fact, rent increases typically emerge only a few years after enactment. While these estimates are not directly comparable to our main two-way fixed effects results due to different weighting, they reinforce our conclusion.²⁷

Taken together, this evidence makes it unlikely that the rent increases observed after the adoption of renter protection laws are primarily driven by reverse causality.

Our findings are consistent with Abramson (2021), who analyzes the impact of eviction protections using an equilibrium model of the rental market.²⁸ He finds that, following the enactment of such laws, "landlords increase equilibrium rents." In his framework, policies that assist renters in avoiding delinquency—such as rental assistance—are more beneficial for overall welfare than policies aimed primarily at mitigating the consequences of delinquency, like eviction restrictions. This theoretical result aligns with our empirical observation that renter protection laws can lead to higher rents, particularly for more vulnerable households.

²⁶ Callaway, B., and P. H. C. Sant'Anna. 2021. "Difference-in-Differences with Multiple Time Periods." *Journal of Econometrics* 225 (2): 200–230. <https://doi.org/10.1016/j.jeconom.2020.12.001>.

²⁷ Goodman-Bacon, A. 2021. "Difference-in-Differences with Variation in Treatment Timing." *Journal of Econometrics* 225 (2): 254–277. <https://doi.org/10.1016/j.jeconom.2021.03.014>.

²⁸ Abramson, B. 2021. *The Equilibrium Effects of Eviction Policies*. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4112426.

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