

When Regulation Backfires: The Hidden Cost of Bad Housing Policy



Research Shows That Certain Regulations Directly Translate Into Higher Rents

A February 2025 report, Behind the High Cost of Rent, showed that certain housing regulations raise the cost of providing multifamily housing. But do these same regulations result in higher rents compared to jurisdictions that operate without them?

According to this latest report, Regulation and Rents, the answer is yes. This comes amid a national affordability crisis driven by limited housing supply and restrictive zoning and permitting rules.

Low-income renters and residents of small multifamily buildings are disproportionately impacted by overly burdensome regulations.

- Lower-income renters saw the largest increases in rent across all policies
- Smaller buildings (2–4 units) had the highest increases

Report Findings

Regulation	Average Rent Increase (%)*	Annual Average Rent Increase (\$)*
Source of Income	5.3% - 5.2%	\$876 - \$1,104
Just-Cause Eviction Laws & Right-to-Counsel Statutes	5.9% - 6.5%	\$1,092 - \$1,224
Criminal & Resident Screening	3.4% - 1.5%	\$252 - \$708

Implications

While well-intentioned, some regulations ultimately harm the individuals they seek to help. Renters need sustainable solutions that boost housing supply, lower costs and improve affordability long-term.

* Using rent data from CoStar (391 metros, 2000–2024) and the American Community Survey (307 metros, 2005–2023), the research analyzes four regulation types: Source-of-income protections, resident screening limits, eviction rules and state preemption laws.