**California’s Proposition 10, explained**

**Supply is really what matters.**

**By Matthew Yglesias Oct 22, 2018**

***Ballot initiatives are a bad idea.***

***Part of that badness is there simply isn’t anywhere close to enough media bandwidth to properly cover the ins and outs of all the different issues that get put on the ballot in initiative-happy states like California.***

***But over the weekend, a bunch of people asked me to offer my view of Proposition 10, which broadly speaking would allow California’s more left-wing localities to expand both the scope and stringency of rent control.***

**Matt, perhaps you could show us where in the proposition,**

**it only allows left-wing localities to expand rent control:**

[**https://ballotpedia.org/California\_Proposition\_10,\_Local\_Rent\_Control\_Initiative\_(2018)**](https://ballotpedia.org/California_Proposition_10,_Local_Rent_Control_Initiative_(2018))

***For the full details, read Jenna Chandler’s explainer for Curbed LA.***

***I would start analysis with the observation that polling shows Proposition 10 is going to lose. And that’s about what you’d expect.***

**Matt, according to the link I just gave you ... you are wrong.**

**Latest update (10/19/18):**

***“41 percent in support, 37 percent in opposition,***

***and 21 percent undecided.”***

**Could you provide us with a link to support your assertion?**

***As Rebecca Diamond’s literature review on rent control for Brookings says, strong rent control measures are bad for homeowners who are a large majority of the electorate.***

**Matt, that statement is disputed by the facts:**

[**http://www.ppic.org/publication/californias-likely-voters/**](http://www.ppic.org/publication/californias-likely-voters/)

***“A strong majority of likely voters (67%) are homeowners,***

***while one-third (33%) are renters. In contrast, 70% of unregistered adults and 63% of infrequent voters are renters.”***

**Matt, your use of the word “electorate” was a poor choice:**

[**https://www.dictionary.com/browse/electorate**](https://www.dictionary.com/browse/electorate)

***“the body of persons entitled to vote in an election.”***

***Proposition 10 is bad for the homeowning majority in a pretty straightforward way because it would let cities impose rent control rules on single-family homes. That means that if you own a single-family home (and most California voters do), Proposition 10 devalues what’s probably your family’s single most valuable financial asset.***

**Matt ... as I just proved above, most California voters do not own a single-family home.**

***Sometimes in politics you can get something done that’s bad for most people’s financial interests. But it normally takes a lavishly funded special interest propaganda campaign to make it happen.***

**Matt, funny you should mention that.**

**If you go back to the first link I gave you and scroll down to campaign finance, what do you see?**

**Well looky there!**

**$25 million FOR – $64 million AGAINST.**

**And look at which party is for it (Democrats)**

**and which party is against it (Republicans)**

**No surprise there. The big surprise is how you wound up letting Donald Trump and his cronies manipulate you into supporting the wealthy.**

**That’s the surprise**

***And in the case of rent control, the special interest money (from landlords and, to a lesser extent, homebuilders) is on the other side.***

***So this seems like a basically doomed idea. But especially because it’s doomed, I very much sympathize if left-YIMBY politicians or activists want to come out for it as a matter of coalition politics.***

***And my view is that, ultimately, the appropriate role of rent control is to enact some form of stronger rent control as part of a larger housing initiative — one that mandates much less exclusionary zoning and much more homebuilding.***

***”Build more” is a pro-renter agenda, but it does relatively little to advance the short-term immediate interests of incumbent renters. So folding some rent control in can be smart politics and make sense on the merits.***

***Supply is really what matters***

***But what I want people to understand about rent control is that whatever happens with Proposition 10, rent control is not the answer — and certainly not the real answer — to America’s housing woes.***

**Matt, I’m sure Trump and his Republican cronies ...**

**couldn’t agree with you more**

***Rent control is, at its best, a regulatory policy that aims to manage scarcity. Many US cities developed housing scarcity during World War II as part of the legacy of the Depression-era collapse in homebuilding paired with wartime restrictions on civilian construction. A giant global war was a perfectly good reason to implement anti-building regulations, and rent control was a perfectly good response to the regulation-induced scarcity.***

***But modern-day scarcity-inducing regulations are not defeating Hitler. They are, at best, maintaining people’s privileged access to in-demand public schools.***

**Matt, when people’s arguments fly as far off the rails as yours just did, it’s a good sign that they are trying to avoid the issue.**

**Here is the issue you, and all the TV ads against Prop. 10 hide:**

**The wealthy hate rent control and the poor desperately need it.**

**It really is ... that simple.**

***The solution to the scarcity is to remove the regulations that create it, and then to go beyond that by investing money in creating additional subsidized social housing. (One good source of money would be the tax revenue unleashed by additional market-rate construction.)***

***After all, scarcity is still bad in a rent control universe.***

***Say the city of Palo Alto can’t hire any elementary school teachers because there are no affordable places to rent, so nobody wants to move there to teach elementary school. Rent controls means that the people who already live in Palo Alto rental housing will get a better deal, but that only makes it less likely that a prospective elementary school teacher is going to find a place to rent.***

***Similarly, when housing is plentiful landlords need to worry about developing a reputation for being terrible. And tenants whose landlords treat them terribly have the option of leaving and renting somewhere else. That’s the magic of competition.***

***But rent control doesn’t create more competition. (If anything it creates less.) So landlords suddenly have strong financial incentives to be as shitty as possible on non-price dimensions. If you can regulate rent you can also try to regulate away other forms of shitty landlord behavior, and it can all be subject to endless wrangling in landlord-tenant court.***

***But this is really just much worse than having plenty of houses to go around.***

***Rent control is a reasonable measure to temporarily relieve some of the most acute symptoms of housing scarcity. But scarcity itself is the problem, and all housing policy in high-cost areas should be directed at alleviating scarcity.***

**Keep fighting for the wealthy Matt.**

**They can use all the help they can get!**

[**https://www.vox.com/policy-and-politics/2018/10/22/18009478/californias-proposition-10-explained**](https://www.vox.com/policy-and-politics/2018/10/22/18009478/californias-proposition-10-explained)

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