

# Rational Eviction

## How Landlords Use Evictions in Response to Rent Control

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As housing prices rise, cities are turning to rent control policies, hoping to ensure long-term affordable housing. Typically, rent control policies require leases to be renewed at statutorily limited rent increases. Rent control policies reduce the returns from operating in the rental market, creating well-studied incentives for landlords to leave the rental market. Many rent control policies—including San Francisco’s—feature vacancy decontrol provisions, which allow landlords to reset rents to market rates when tenants move. These policies limit the reductions in returns to operating in the rental market but create incentives for landlords to induce tenant turnover, possibly through evictions. The more tenants move, the more often a landlord can raise rents to market rates.

We examined whether a rent control expansion led to more eviction notices and increased complaints about wrongful evictions in San Francisco. We exploited zip

code-level variation created by a 1994 ballot referendum that expanded rent control to small buildings built before 1980. We found substantial increases in both the number of eviction notices and the number of wrongful eviction claims filed with the San Francisco Rent Board because of the policy change.

We first documented a sharp increase in eviction notices reported to the rent board starting in 1995, when rent control was expanded. In San Francisco, under the rent ordinance, unless the tenant is in breach of the lease, legal evictions require the landlord or a member of the landlord’s immediate family to occupy the unit after the tenant leaves, remove all rental units from the rental market (per the Ellis Act), or demolish the rental unit. The increase in eviction notices we observed is concentrated in the types of evictions most related to rent control-based incentives: owner move-in evictions and Ellis Act evictions. These evictions remove units from the supply of rental housing, at least in the short



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term. We did not observe large increases in other types of evictions, such as evictions for nonpayment.

We also observed a sharp increase in claims of wrongful evictions. Wrongful evictions include a misrepresentation of the owner's plans to the tenant to convince the tenant to leave earlier, incorrect notice being given around an eviction, or a self-help eviction, where the landlord either removes the tenant directly or interferes with the habitability of the unit. While there are many ways for a landlord to legally evict, these legal evictions generally do not allow the landlord to receive the immediate benefit of resetting the rent to the market rate. For example, with an Ellis Act eviction, the owner must remove all units from the rental market. In contrast, wrongful evictions may enable the landlord to reset the rent.

We conducted a zip code-level analysis in which we compared the number of units within each zip code that became eligible for rent control based on the age and building size of the units after the 1994 referendum. We found that eviction notices filed with the rent board increased by 83 percent and that the number of wrongful eviction claims increased

by 125 percent in zip codes with the average level of new exposure to rent control. The increase in evictions occurred gradually over the five years after the policy change, likely due to market rents increasing over time (and therefore incentives to evict). The effects are largest when the difference between the growth in market rental prices and the allowed increases for rent-controlled units is largest.

Finally, we documented variation with respect to median income in each zip code. The increase in evictions in low-income zip codes was at least 60 percent higher than in high-income zip codes. This variation is important because the purported goal of rent control is to prevent lower-income tenants from being displaced from their homes when rents rise. Overall, our results highlight that landlords can use evictions to circumvent rent control policies.

## NOTE

This research brief is based on Eilidh Geddes and Nicole Holz, "Rational Eviction: How Landlords Use Evictions in Response to Rent Control," June 22, 2023.



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