

2nd (HOUSE 2) Rent Control 35/8
OFFICE OF PRICE ADMINISTRATION
Division of Information

FACT SHEET # 27

FOR COMMUNITY SERVICE MEMBERS

RENT CONTROL

The Federal Government's wartime rent control program, the constitutionality of which was recently upheld by the United States Emergency Court of Appeals, was begun in June 1942.

There are now 370 official OPA rent control areas, embracing 11 million rented homes and 350,000 hotels and rooming houses. Average rents throughout the country dropped from the peak reached in the spring of 1942, and have leveled off at the point where they were when the war began.

During 1941 and 1942, rising rent levels threatened to interfere seriously with labor, supply and production centers, and with the construction of military and naval establishments. High rents made it difficult for workers to obtain dwellings in centers of war activity, and even more difficult to keep them working there. Rent control is also directed toward relieving war workers of worry over problems of residence and the danger of dislocated home life.

Federal rent control, it is estimated, prevented a rise in the Nation's rent bill of \$300,000,000 during 1942 and will save a billion dollars during 1943. Plant managers, Government officials, and military authorities have reported to the Office of Price Administration a reduction of labor turn-over and improvement in the morale and efficiency of workers due in large part to the reduction and stability of rent.

Rent control is administered locally by an Area Rent Office whose jurisdiction sometimes crosses county or even state lines. Uniform rent regulations prevail in all areas under rent control. This is the way they work:

1. At the time the area is declared under rent control, the maximum legal rent that may be charged for a dwelling is set according to a "base" date. Generally, maximum rents for hotels and rooming houses are determined according to the rates charged in a 30-day period, ending on a "base" rent date.
2. All landlords in controlled areas must file a statement with the area rent office stating the rent on the maximum rent date or during the base period, a description of the premises, and of the services furnished.
3. Tenants of rental houses and apartments are sent a copy of this statement so that they may check the facts and report any disagreement to the Area Rent Office. Those occupying a rent controlled home at the time of registration receive a copy. Landlords must show new tenants a copy. Legal rates must be posted in rooming houses and hotels. A tenant should not pay more than the legal rent.
4. Rent may not be increased except for certain reasons such as major improvement involving substantial capital outlay or increased service. All rent increases must be approved by the rent director.

5. Tenants should receive the same essential services as are listed in the registration statement and other services should not be substantially less. However, wartime restrictions may sometimes make it impossible for the owner to furnish all services in the quantity formerly supplied. Such cases will receive consideration by rent officers.

6. Tenants are protected against unwarranted eviction. A landlord must give ten days notice to the area rent office and to the tenant before starting proceedings to evict from a house or apartment except in cases of non-payment of legal rent, where a minimum of three days notice generally is required. Refusal to pay more than the legal maximum rent, or the reporting of a complaint to the Area Rent Office, is not cause for eviction.

7. A landlord may repossess his property for his own occupancy or for extensive remodeling, which cannot be done practically with the tenant in possession.

8. In the event the property is sold, a tenant may not ordinarily be evicted for occupancy by the purchaser unless the tenant is given 3 months' notice, and the purchaser has paid at least one-third of the purchase price. The Area Rent Director may relax this provision where the property must be sold- as in the case of an owner going into military service or where equal quarters are available for rent into which the tenant can move without substantial hardship or loss.

9. Tenants and landlords should consult the Area Rent Office on questions of eviction for any cause and for adjustments, complaints, details of rent regulations, etc. They may be advised to write giving all the facts instead of telephoning or calling in person.

Recent studies of actual business records, including a survey of 40,000 dwelling units in 20 large cities under rent control showed that net operating income increased between 1939 and 1942 by more than 31% for the average apartment house unit and 45% for the average small structure.

Behind the landlords' improved position is the fact that any increase in operating costs has been more than offset by more stable tenancy, better collections, an almost complete elimination of vacancies and the absence of "competitive" decoration.

Tenants on their part should be encouraged to care for their rented homes as if they owned them, and in view of the shortage of labor and materials, to keep the necessity for repairs to a minimum.

The U. S. Emergency Court of Appeals' decisions of July 15, 1943, dismissing complaints from San Francisco, Chicago and Cleveland, Ohio, reaffirm three important rent control principles as follows:

1) Rent regulations are valid if they are generally fair and equitable to landlords, even though an individual landlord may not be able to obtain a fair return on his rental property.

2) The Administrator is not required to grant rent adjustments on the basis of the individual cost increases.

3) Landlords whose rentals are lower than rents for comparable properties are not entitled to increases on this basis alone.