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Mamdani's socialist housing experiment begins

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On Thursday, shortly after his slate of socialist candidates swept Democratic Party primaries in congressional and state House races, New York Mayor Zohran Mamdani secured his first big socialist policy victory when the Rent Guidelines Board approved a rent freeze on 1 million apartments in the city. New York residents voted for socialism, and now they are getting it, good and hard.

Mamdani won on an explicit promise to "freeze the rent," and after appointing six of the board's nine members, he engineered that outcome. His supporters are ecstatic. Activists chanted, sang, and cried after the vote. Their jubilation is understandable. A rent-controlled apartment is a valuable property right in New York, even if it comes at the expense of millions of other residents not lucky enough to have one.

Before the 2019 Housing Stability and Tenant Protection Act, the city's rent stabilization program included income and asset tests for prospective tenants. Now it does not. Obtaining a rent-stabilized apartment in New York has become a matter of luck and political connections. Before he became mayor, Mamdani lived in a rent-stabilized apartment. Some 30% of households in rent-stabilized apart

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ments make six-figure incomes. These apartments are immensely valuable property rights held by tenants and involve a huge transfer of wealth from owners to renters.

But the transfer comes at a cost to everyone else. The most immediate cost is worse building maintenance. When owners cannot raise rents, repairs are the first thing they cut back on. Work on leaky pipes, broken boilers, faulty elevators, rotting roofs, pest infestations, damaged doors, and worn common areas gets delayed. What begins as a rent freeze for tenants leads to deterioration of the buildings themselves. Market forces work, even if Mamdani does not want them to. When prices are fixed, the quality of the product declines to meet that artificially low price. Many buildings are a mix of free-market and rent-stabilized units, which means that when rents are frozen, everyone suffers.

The long-term costs are worse. Rent control tells developers and landlords that housing is a bad investment, so fewer apartments are built and more existing units are converted, sold, or left off the market. Protected tenants benefit, but everyone else faces fewer apartments and higher prices. A Stanford study of San Francisco found that rent control reduced rental housing supply by 15%.

After the board's vote Thursday, Samantha Magistro, the chief executive of Bronx Pro, a development and property management firm, told the New York Times that half of her company's portfolio of rent-stabilized buildings just breaks even or loses money. "The city's really going to have to get creative on how to help these underwater properties," she said. "I don't know how long they can keep going in this direction."

None of this is new. Rent control has a long record of failure, from deteriorating buildings to shrinking rental supply. But Mamdani's coalition may be less familiar with that history than older New Yorkers who lived through it. In New York, 44% of rent-stabilized apartments are occupied by people born outside the United States, many of whom may know rent regulation chiefly as a promise of immediate relief, not as a policy with decades of proven damage and failure.

Mamdani's rent freeze is the first dividend of his socialist takeover of the Democratic Party, and a warning of what his allies will try to export elsewhere. The politics are easy: promise relief, demonize landlords, and hand favored constituents a valuable benefit. The economics are harder. Rent freezes punish maintenance, discourage investment, and make housing scarcer. New York voted for socialism. Now it will pay the bill.