

New York-Style Rent Controls Proposed Here

New York-style rent controls proposed by state Sen. David A. Roberti (Times, Feb. 24) will bring to California New York-style housing shortages.

Unlike most other cities, New York chose to continue with rent controls begun during World War II. And, unlike most other cities, New York has suffered from a continuing **housing shortage**.

Allowable rents did not fully cover repairs on numerous older buildings, many of which were subsequently abandoned. Over the years inadequate numbers of new apartments were constructed to meet the growing needs. Today, New Yorkers regularly scan the obituary columns to spot vacancies.

While a temporary holdup of rent increases is possible with controls, they are self-defeating in the long run. Financing, which normally would be put to work to relieve an impending housing shortage, will be diverted elsewhere. In practical terms, rent controls mean an increase in investment risks without a corresponding increase in profits. In the long, run, alternate investments such as government bonds, stocks, indus-

trial real estate, etc., become more attractive if only because they offer less comparable risks. In the short run, it is perhaps ironic that the threat of controls is causing some of today's rent increases. Current issues of real estate journals are urging apartment owners to be in a position to last several years if rents were to be frozen in the near future. Like automobile manufacturers, apartment owners can't afford to be caught with their base prices down.

Roberti should be applauded for his concern for the elderly and his desire to help them during this difficult economic period. However, other means such as tax reductions or rebates should be utilized rather than instituting controls.

Time and again political attempts to manipulate the economy have led to disruptive consequences and serious hidden side effects. Price controls on poultry led to the destruction of thousands of baby chicks. For much the same reason, price controls on rents will lead to the elimination of plans for thousands of apartment units. This kind of help everyone, including the elderly, can best do without.

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