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**Research Report**

## The origins of rent control: From ancient Rome to Paris commune

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## Politikberatung kompakt

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# The Origins of Rent Control: From Ancient Rome to Paris Commune

Konstantin A. Kholodilin

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## **DIW Berlin: Politikberatung kompakt 183**

Konstantin A. Kholodilin

### **The origins of rent control: from Ancient Rome to Paris Commune**

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## Abstract

Urban areas are confronted with a chronic shortage of housing, especially in the low-rent segment. This precarious situation is further exacerbated by major challenges, like the destruction of housing by wars and natural catastrophes, rapid increase of demand, or a pandemic cutting incomes. In response, the authorities take advantage of rent control that slows down rent increases or even freezes rents. The hope is to guarantee the affordability of rental housing at least in the short run, until supply can expand and satisfy the demand for housing. Rent control became ubiquitous and has been used at a large scale since World War I. However, its roots lie in a far more remote past, the first documented examples stemming from the Ancient Rome. Despite social and technological differences between then and now, the solutions found more than 2000 years ago bear a striking similarity with modern policies. Rapidly rising housing costs, the COVID-19 pandemic, and the Ukrainian war pushed rent control back to the top of the political agenda. Therefore, diving into its origins can be a very instructive endeavor from the viewpoint of the current socioeconomic policy.

## 1 Introduction

Rent control is a ubiquitous and an ever-recurring policy, the first instance of it being documented already in the Antiquity. As a rule, urban areas are characterized by a chronic shortage of affordable housing. Relatively small shocks suffice to render the situation unbearable, especially for households with low or modest incomes. Oftentimes, this has led governments to intervene and to restrict market freedom. With landlords being accused of exploiting the supposed market failure and setting speculative rents, the government takes on the role of impartial arbiter. It sets the so-called fair rents, reduces the rents, and even exempts the tenants from paying rents.

This policy became very widespread and large-scaled during World War I (Kholodilin, 2020). Since 1914, virtually all countries, at some point, have taken advantage of rent control, sometimes covering an entire country, often combining it with protection from eviction and housing rationing.<sup>1</sup> However, this was by no means the origin of rent control. Willis (1950), in his neat overview, reports quite a few examples of such policies in the more remote past: in the ancient Rome, during the existence of Jewish ghetto in the Papal States, in medieval France and Paris during Franco-Prussian war, immediately after 1755 earthquake in Portugal, as well as in Spain in the 16th century.

Our purpose here is to provide a comprehensive overview of the early episodes of rent control, systematically examining and summarizing their properties, as soon as data availability allows it. Compared to Willis (1950), we can rely on a wider set of sources and extend the geography of rent control by including China under the Song dynasties, Malta, Kingdom of Sardinia, and Dukedom of Modena. In addition, the availability of new information allows us to rectify some of the analysis of this excellent scholar.

The next section defines the rent control policy. Section 3 presents specific cases covering different periods and places. Section 4 concludes.

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<sup>1</sup> By housing rationing I mean all measures aimed at redistribution of housing stock and sometimes also people in order to guarantee for the most efficient use of residential space. It includes such measures as prohibitions to demolish housing, merge dwellings to bigger ones, convert rental dwellings to condominiums, use residential premises for non-residential purposes, and so on. For more details, see Kholodilin (2020).

## 2 Rent control policy

Rent control is a specific case of price control. Its purpose is to restrict rent increases, either by freezing rents (no rent increases are allowed) or by capping the growth rates of rents (rents can be raised in line with overall cost of living increases or to compensate for improvements made by the landlord). In some cases, rents can even be reduced or exempted for certain period.

Rent control typically includes three elements: 1) rules regulating the setting of rent in newly concluded rental contracts (either for the very first time after the dwelling was completed or after the previous contract was over); 2) rules regulating updating of rent within the existing rental contracts; and 3) exceptions, which specify either dwellings that are not subject to the regulations or the segments of the housing market that are subject to stricter controls (Kholodilin, 2020).

**Setting rent.** The first element of rent control is basically about setting a fair rent. It is a hypothetical value that is free from a speculative component. As such, it is unobserved and, therefore, requires large intellectual efforts to be estimated, provided that it is supposed to be really fair.<sup>2</sup> There exist several methods of setting fair rents: 1) an amount paid at specific date (e.g., July 1914 before the outbreak of World War I); 2) a percentage of fiscal value of the property; 3) an average rent for comparable dwellings in the neighborhood; and 4) a specific amount of money (Willis, 1947).

**Updating rent.** The second rule determines, whether and in which cases, the rents could be increased. Basically, under rent freezes, no rent increases are allowed. However, sometimes certain exceptions from this rule are still possible. For example, rents can be raised, if the landlord substantially refurbished the property or the government increased property taxes. Moreover, if the fair rent is computed as a percentage of the fiscal value of the property or average rent for comparable dwellings, it can change as result of variation in the underlying values.

**Exceptions.** The sphere of application of rent control can be defined in various ways. In some cases, all dwellings can be subject to rent control. However, often regulators specify segments of rental housing market, persons, or regions that are either subject to stricter controls or are exempted from control. Typically, the former include low-cost dwellings or low-income households. In some cases, certain population groups (for instance, war veterans) can enjoy a

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<sup>2</sup> Fogelson (2013) provides a very detailed and interesting account on the difficulties that courts in New York City faced after World War I, when the first rent control laws delegated them the task of setting fair rents for dwellings.



special protection. Rent control can also cover specific cities and surrounding areas or settlements with tight housing markets. The exemptions from rent control can include newly built or luxury housing but also can be applied to specific types of landlords, for example, those who hold large housing stocks.<sup>3</sup> The exceptions can also be used as a discriminatory tool against certain ethnic minorities.<sup>4</sup>

### 3 Rent control episodes

A concise overview of rent control episodes is presented in Table 1, where the regulations are listed in chronological order. The rent control measures adopted prior to World War I were mostly local *ad hoc* regulations that covered individual cities or even neighborhoods. Here, I mention the most prominent examples.

Table 1  
**Chronology of early rent control episodes**

Period	Place (country)	Measure
48 BC	Rome (Roman Empire)	rent exemption for 1 year
253–260	Rome (Roman Empire)	rent increases during contract period prohibited
1075–1279	Hangzhou (Southern China)	rent exemption
1410	Rome (Papal States)	protection from eviction
1425	Poitiers (France)	rent increases prohibited
1549	Rome (Papal States)	rent increases prohibited
1480	Mdina (Malta)	rent increases prohibited
1531	whole island (Malta)	fair rents set
1564	Madrid (Spain)	rent increases prohibited
1592	Paris (France)	rent reduction by 25–50%
1619	Paris (France)	rent reduction
1640	Rome's Ghetto (Italy)	rent increases prohibited
1649–1652	Paris (France)	rent reductions
1692	Paris (France)	rent reductions by 33–75%
1755	Lisbon (Portugal)	rent reduction

<sup>3</sup> In Spain, during Corona crisis, rents were frozen only for big landlords, that is, those having at least 10 dwellings in urban areas or premises with built area exceeding 1500 square meters. Similarly, in New York City and neighbor counties, the *New York State Emergency Tenant Protection Act* of 1974 exempted accommodations in buildings containing less than six dwelling units from rent control.

<sup>4</sup> For instance, during the Nazi rule, in Germany and Romania, Jews were excluded from tenant protection: *Gesetz über Mietverhältnisse mit Juden* of April 30, 1939, and *Decret-lege nr. 693 pentru prelungirea contractelor de închiriere* of March 17, 1941, respectively.

1870–1871	Paris (France)	rent moratorium, rent reduction, and requisitions of vacant dwellings
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Source: own representation.

In most cases, rent increases were prohibited. Moreover, Malta provides the earliest known example of setting “a fair rent.” We also find at least six episodes of rent reductions, sometimes attaining three-fourths of the rental price. On some occasions, tenants were completely exempted from paying rents. Apart from rent control, several cases of implementing protection for tenants from eviction and housing rationing (requisition of vacant dwellings) are also found.

In what follows, I discuss separate rent control episodes in different countries. The narrative flows in both chronological and alphabetical order.

### 3.1 Ancient Rome

Tenant protection originated during the Antiquity. The first documented rental housing market regulations are known from the 40s B.C. (Rosillo-López, 2022). First, in 49 B.C., rent cancellation was implemented in the small town of Ostia near Rome (Rosillo-López, 2022, p. 182). Later, Julius Caesar freed the tenants who were paying up to 2000 sesterces in Rome and up to 500 sesterces in other Italian places from rent for one year (Suetonius Tranquillus, 1913, p. 38). According to Frier (1977), this happened in 48 B.C. In 41 B.C., Emperor Octavian again took advantage of rent control (Rosillo-López, 2022, p. 182). The rent of tenants who lived in the city of Rome and paid a rent not exceeding 2000 sesterces was entirely remitted; for those who dwelled in the rest of Italy, it was reduced to a one-fourth for one year (Dio, 1917, p. 239).

Another attempt to control rents in Ancient Rome was undertaken three centuries later. Between 253 and 260, the emperors Valerian and Gallienus prohibited rent increases within the contract period.<sup>5</sup> This inevitably led to landlords making very short-term contracts and, thus, undermining the intended effects of the policy.

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<sup>5</sup> *Legem quidem conductionis servari oportet nec pensionum nomine amplius quam convenit reposci* (Iustinianus 2007, Liber 4, Caput 65).

## 3.2 China

In China, the first known experiments with rent control were undertaken during most of both the Northern Song (960–1127) and the Southern Song (1127–1279) dynasties (Bí, 2013).

Strong imperial government controls on rent were realized through orders from the Chinese Emperor and became the norm of the Song dynasty. These rent regulations were mainly aimed at curbing the rising rental costs in order to ensure the affordability of rental housing. From 1006 to 1008, Emperor Zhenzong (968–1022) issued several orders to stabilize the rental housing market (Xú, 2014). In 1075, during Emperor Shenzong's reign (1048–1085), an imperial edict was passed to prohibit rent increases by landlords (Xú, 2014).

In 1127, after losing control of northern China to the Jin Dynasty, the Song court retreated south and established a new capital at Lin'an (currently, Hangzhou). The population of the city rapidly increased. As a result, housing costs as well as other consumer expenses skyrocketed. The focus of rent control policies shifted to a proportional reduction of rent. Throughout the Southern Song period (1127–1279), the central government implemented the Emperors' orders on rent reduction approximately every ten years and, in most cases, 30% of the current rent was remitted.

In addition, the Southern Song dynasty often exempted both public and private tenants in their capital city from paying rents (Hui, 2013, 98). Such temporary exemptions were granted in times of festivals, celebrations, famines, plagues, or wars. The first documented case of exempting housing rent took place in 1012 under the reign of Zhenzong of Song dynasty (Gāo, 1989). These exemptions ranged from days to years, according to the specific situations, and usually were carried out within specific localities and were revoked as soon as the situation returned to normality (Bí, 2013).

## 3.3 France

In France, rent control was employed as a means of combating rental inflation already during the Hundred Years' War and was used thereafter on many occasions, the most recent, prior to World War I, being the Franco-Prussian war. Below, I describe each of these episodes separately.

**The Hundred Years' War (1337–1453).** In 1418, when the North of France was occupied by British troops and the Duke of Burgundy took Paris, Dauphin Charles — the future king of

France Charles VII — was forced to move his Court to Bourges and the Parliament to Poitiers (Minois, 2010, p. 408). Some professors and students of the *Université de Paris* followed this move. Foreseeing that the inflow of wealthy officers and academicians could lead to a surge in the housing rents, already in 1418, Charles VII ordained that the rents be kept at a reasonable level (“*assez raisonnable pris*”, Guérin 1896, p. 420). At the very beginning, the owners of houses of Poitiers followed the order. However, around 1422–1423, local landlords started to increase rents. Moreover, the landlords wanted to be paid with golden ecus or moutons, unwilling to accept the weak currency of Charles VII. Therefore, on March 6, 1425,<sup>6</sup> Charles VII ordered the seneschal of Poitou to supervise that the landlords in Poitiers do not raise rents abusively by setting “reasonable rents,” implying the rents prevailing at the eve of transfer of the Parliament to Poitiers (Guérin, 1896, p. 419–422). In addition, the ordinance prohibited the landlords from evicting the royal counselors and officers. Thus, the regulation covered only one city and a narrow group of tenants.

**The Ligue (1592).** The next rent control episode in France takes place in the 1590s, during religious wars between Catholics (*Ligue catholique*) and Protestants. French King Henri IV, who at that time represented the Protestants (Huguenots), had to flee Paris in May 1588 due to a Catholic revolt. The Catholic Ligue seized the city. Subsequently, between 1589 and 1594, the king had to undertake two attempts to take it. During the sieges, Paris was cut from supplies of food. This caused price rise in the capital and an overall economic crisis. Thus, the tenants of Paris were hit from two sides: by a positive price shock and by a negative income shock. Therefore, on December 20, 1591, the French Court granted the merchants and bourgeois of Paris a temporary moratorium on rent payments (Grasilier, 1916a, p. 168). Then, on January 8, 1592, the Parliament of Paris decreed a rent reduction whose size depended on the time of concluding the rental contract. In particular, in the case of leases made prior to April 15, 1589, tenants would not have to pay more than one-fourth of the rent stipulated in the lease; for leases made between April 15, 1589 and August 31, 1590, the amount was reduced by one-half; while for leases made after the siege was lifted, two-thirds (Grasilier, 1916a, p. 168–169).

**The Plague (1619).** The outbreak of the plague in 1619, with its high mortality, led to a flight of the nobility from Paris to places where they believed they would be safe from contagion. This implied a large negative income shock that hit many craftsmen in the capital because the demand for their goods and services dropped substantially. The French Court wanted to support

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<sup>6</sup> *Mandement au sénéchal de Poitou de veiller à ce que les loyers des maisons habitées par les officiers du Parlement à Poitiers ne soient point enchéris de manière excessive par leurs propriétaires, X1<sup>a</sup> 8604, fol. 71 v<sup>o</sup>.*

the tenants suffering from the epidemic and economic crisis. However, it supposed that a general reduction of rents could cause abuse to the prejudice of landlords. Therefore, the Lieutenant Civil was commissioned to grant reductions and moratoria in individual cases (Grasilier, 1916a, p. 171–173).

**The Fronde (1652).** Between 1648 and 1653, France was shattered by a series of civil wars. During that period, King Louis XIV faced, first, an opposition of the parliaments (courts of appeal) to which later also joined the nobility. In August 1648, Cardinal Mazarin arrested the leaders of the parliament of Paris, and the city insurrected against the King. In January 1649, Paris was put under a siege by the Prince de Condé, who, at that time, was loyal to the King. As usual, this led to rising inflation and interruptions in economic activities, partly due to the obligation of craftsmen to participate in the city's defense. On April 10, 1649, upon a petition of the merchants of Paris, the Court exempted them from paying half of the quarter's rent due on Easter; four days later, on April 14, the whole rent was exempted (Grasilier, 1916b, p. 280–281). On May 19, 1649, Parliament passed a new decree relieving certain categories of merchants not covered by the prior decrees. Again, in April, 1652, a decree was issued that relieved many tenants from the Easter quarter's rent and also from the rent for the succeeding quarter (Grasilier, 1916b, p. 280–281). In September 1652, certain categories of merchants were exempted from paying one-fourth, while other categories were freed from paying one-third of the quarter's rent due on Easter, Saint John (June 22), and Saint Remigius (October 1) (Grasilier, 1916c, p. 47–48). Additional, similar, legal acts followed exempting the merchants of Paris from paying rent (Grasilier, 1916c, p. 49–50).

**Franco-Prussian war and the Paris Commune (1870–1871).** At the end of the Second Empire and at the time of the Commune, due to rapid industrialization, housing conditions of low-income Parisian households were deplorable. Like in many other European industrial centers, the workers' dwellings were, as a rule, small and unhealthy. The situation was aggravated by the urban transformations of Paris implemented by Baron Haussmann, which dramatically transformed the center of Paris by demolishing many houses and tracing new broad streets. As a result, many worker households were forced to move to peripheral districts, while rents increased more rapidly than the wages (Gaillard, 1997, p. 117). The war and the encirclement of Paris by the Prussians worsened the situation. Most workers found themselves unemployed. Moreover, some of them participated in the defense of the city, which prevented them from working and earning money. In September 1870, the Government of National Defense introduced a moratorium on rent payments, which was twice prolonged. However, on March 13, 1871,

the conservative National Assembly (*Assemblée nationale*), sitting in Bordeaux, that succeeded the Government of National Defense, ended the moratorium. This, together with other measures by the National Assembly, resulted in an outcry and revolt in Paris, where the Commune was proclaimed (Gaillard, 1997, p. 118). The Paris Commune almost immediately adopted rent control and housing rationing measures.<sup>7</sup> Thus, on March 29, 1871, rent payments were postponed for six months, whereas on April 25, 1871, all vacant premises were requisitioned and put at the disposal of the inhabitants of the districts that suffered from bombardments.

In a parallel way, the official government of France also adopted some rent control measures in those regions that had revolted. Thus, the law of rents of April 21, 1871, specifically covered the city of Paris and cantons of the *Département de la Seine*.<sup>8</sup> It created special commissions (*jurys spéciaux*) to settle conflicts between tenants and landlords as well as to set rent reductions. The tenants of residential premises were allowed to postpone rent payments and even to obtain rent reductions, if they were completely or partly prevented from using the premises. Moreover, the owners of housing, whose annual rent did not exceed 600 francs, could be provided compensation, its amount being equal to one-third of what, as a result of the moratorium, the tenants had not paid in the period between October 1870 and April 1871. However, this indemnity was only allowed in favor of those owners who had remitted to their respective tenants the entire debt formed as a result of the moratorium and had also allowed the tenants to remain in possession of the dwelling leased until July 1871.

### 3.4 Italy

In Italy, during the Middle Ages, restrictive rental housing market regulations were mainly, but not exclusively, employed by the Popes. Such regulations were used on the following three occasions. First, there was protection for tenants in Rome, typically during festivities that attracted many pilgrims and drew rental prices up. Second, there was protection of Jews living in special isolated quarters in very crowded conditions. Third, rent control was used in Kingdom of Sardinia in the mid-1750s and in Dukedom of Modena in the early 19<sup>th</sup> century.

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<sup>7</sup> *Décret de la Commune du 29 mars 1871* and *Décret sur la réquisition des logements vacants du 25 avril 1871*, correspondingly.

<sup>8</sup> *Loi sur les loyers du 21 avril 1871*; <https://argonnaute.parisnante.fr/ark:/14707/a011552401455SolMpW/e9ee82f0e8>.

**Rome.** The first rental market regulations in medieval Rome were introduced in 1410 and reiterated in 1510 and 1513.<sup>9</sup> They established protection from eviction (Vaquero Piñeiro, 1995). In 1549, the Pope Paul III adopted a decree that prohibited rent increases during the coming Holy Year or tenant evictions in case the landlords required the housing for their own use (Kleinlerer, 1944; Prato, 1918; Vuoli, 1914a).<sup>10</sup>

**Jewish ghettos.** In addition, Jews living in ghettos throughout Italy enjoyed special protection. Starting from the 15th century, Jews were prohibited from owning real estate and they were mostly confined to live in ghettos as tenants paying rent to the Christian landlords (Boccatto, 2007, p. 99).<sup>11</sup> In ghettos, the so-called *jus gazzagà* (or *ius cazacà* from Latin word *ius* that stands for “law” and Hebrew word *khazaka* that stands for “holding or property”) governed the relationships between the Christian landlords and their Jewish tenants. This institution can be defined as “*locazione ereditaria*” (hereditary tenancy), “*inquilinato perenne*” (perpetual tenancy), or “*quasi proprietà*” (quasi-property). The rent previously applied to real estate, now granted for residential use to Jews, was increased by one-third, with no further surcharges, and this was to guarantee against abuse and speculation to the detriment of the new tenants who could remain in the dwellings as long as they regularly paid the rent (Boccatto, 2007, p. 100). In the Rome’s Ghetto, this protection was introduced in 1562 by the bull *Dudum a felicitis recordationis* of the Pope Pius IV (Gasperoni, 2018, p. 567). In 1586, the papal bull *Christiana pietas* of the Pope Sixtus V allowed Jews to live in other cities of the Papal States and prescribed that “in the cities, castles and lands, where again they Jews will come to dwell, houses, dwellings and places comfortable and suitable for ritual” be assigned to them and “that the rents in the principle be honest according to the usual, nor ever again be increased or altered” (Laras, 1968, p. 36). In June 1604, it was confirmed by a breve of the Pope Clement VIII (Brechenmacher, 2005, p. 41). In particular, it provided that “Should you pay of said houses the rent which you have established..., you may not be driven out by the Christian owners of them, nor may the latter increase the rents, and only in the event that they make notable and obvious improvement may they perceive so much more” (Laras, 1968, p. 36). In 1764, the bull of the Pope Paul II specified that the rent under the *cazacà* contracts was to be 30% higher than the common rents (Laras, 1968, p. 45). This

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<sup>9</sup> *Decretum Camerae Apostolicae in fauorem inquilinorum* of the 21st of June 1513.

<sup>10</sup> Decree of April 29, 1549 *In favorem inquilinorum et subinquilinorum* (In favor of tenants and subtenants). The full title of the decree is *Decretum Camerae Apostolicae 29 Aprilis M. D. XLIX in favorem D.D. Domorum Inquilinorum et subinquilinorum factum, de non augendo pensione respectu Anni Sancti, ac de non expeliendo Inquilinos et subinquilinos durante locatione de forma obligationis fiendae per Dominos volentes domos pro suo usu habere, et de subinquilino non gaudente Privilegio Inquilini finita locatione sui Auctoris* (Guid. Asc. Sfor. S. Eustachii Diac. Card. De S. Flora S. R. E. Camerarius).

<sup>11</sup> The first ghetto was constituted in 1541 in Venice, followed in 1555 in Rome, and then in 1571 in Florence.

regulation prohibited the landlords both from evicting their tenants and from raising rents. As a result, the rents remained frozen until 1870, when the ghetto was dissolved. However, in case of sublettings, the rents for subtenants could often be increased (Gasperoni, 2018, p. 582–583).

**Kingdom of Sardinia.** Other Italian states also had their own rental housing market regulations. In Kingdom of Sardinia, rent control was introduced in the mid-18th century (Vuoli, 1914b). In 1749, 1750, and 1762 a series of legal acts were issued that established fair rents in Torino.<sup>12</sup> The 1750 edict, also regulated the rents for sublettings, determining that it should not exceed the rents paid by the principal tenants. This provision can sometimes be very important and its absence can lead to serious distortions.<sup>13</sup> In addition, the 1762 edict permitted rent increases accounting for a “just value increase” over time and substantial renovations. Moreover, it also introduced eviction protection by requiring the landlords to name a just reason for not prolonging the rental relationship at the end of the contract term. The edict recognized four just reasons: 1) non-payment of rent; 2) damage due to negligence; 3) dishonest lifestyle; and 4) conflicts with neighbors.

**Dukedom of Modena.** In 1815, Dukedom of Modena also implemented rent control.<sup>14</sup> The fair rent was set at 6% of the value of the rented property. This turned out to be an important novelty — similar designs were used in the 20th century in many countries, especially those with Romance languages.<sup>15</sup> Additionally, rent reductions to the allowed level were provided for in case the actual rent exceeded the fair one.

### 3.5 Malta

Malta has a long history of the government regulating housing market that can be traced back at least to the 15<sup>th</sup> century. Such regulations included not only rent restrictions, but also housing rationing, especially during the initial phases of governmental interventions. To a large

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<sup>12</sup> *Regie Patenti del 10 luglio 1749 colle quali S. M. commette al Vicario di Torino di conoscere e provvedere circa le differenze per eccessivo aumento di fitto tra li padroni di case poste in detta Città ed i loro affittavoli, e di procedere ove d'uopo alla tassa de' luoghi appigionati, Editto del 2 novembre 1750 di S. M. portante alcune provvidenze circa gli affidamenti delle case della Metropoli di Torino, e sobborghi, e sulla relativa giurisdizione del Vicario, and Editto del 24 aprile 1762 di S. M. portante diverse Provvidenze intorno agli affittamenti, e sublocazione delle case di Torino, con autorità al Vicario di conoscere inappellabilmente in tutte le cause relative, e di punire i contravventori.*

<sup>13</sup> See Mark (2013) on the case of Israel, where tenants abused of this gap in legislation by setting exorbitant rents for their subtenants, while paying a tiny frozen rent to the landlords.

<sup>14</sup> *Legge della vendita, e successiva locazione al venditore col patto della ricupera with unknown date.*

<sup>15</sup> For example, a similar way of fair rent setting was used in Argentina in 1959, Bolivia in 1939, Chile in 1925, Dominican Republic in 1945, and Luxembourg in 1920, among other.



extent it resulted from the country's strategic and, at the same time, exposed position in the middle of Mediterranean Sea. The few fortified towns Malta had needed defendants and, therefore, the housing had to be affordable and attractive for newcomers.

**Università.** In November 1461, Malta's local self-government (known as *Università*) issued two proclamations requiring the owners of houses located in the town of Mdina to reclaim them and to reconstruct them, if the houses were dilapidated, because otherwise the houses would be leased by the authorities to other people, especially those coming to the town from outside (Wettinger, 1993, p. 203). Proclamations containing similar housing rationing measures were issued in September 1473 (Wettinger, 1993, p. 515). Mdina was the capital of Malta until 1571 and served as headquarters for the *Università* and religious authorities. In September and October 1480, the *Università* prohibited increases of rent for houses and shops in Mdina (Wettinger, 1993, p. 762, 772). The motive behind "these proclamations was the defense of the City itself from possible assault by enemy invaders, a defense which could only be possible if the City had enough citizens to man the Bastions" (Mifsud-Bonnici, 2003, p. 253). This is in contrast to the typical application of housing rationing and rent control measures whose purpose is to make the housing affordable in the situation where the demand for housing substantially exceeds the supply of it.<sup>16</sup> In the case of Mdina, the authorities wanted to attract new inhabitants to the town using such measures.

**The Order of the Knights of Saint John.** The arrival of the Knights of St. John implied a deterioration of the housing situation. The demand for housing increased dramatically. In addition, the Knights were outsiders, which inevitably meant tensions with the local population, especially related to housing. The Knights were lodged in special reserved districts, known as *colacchio*. In late October or early November 1531, a Rent Tribunal (*Officio delle Case*) was established with the purpose of setting the fair rent of houses, shops, and stores (Borg Cardona, 1951).<sup>17</sup> All premises were subject to rent control, except for the newly built ones. Thus, this appears to be the first example of such an exemption in the world history of rent control. The Rent Tribunal was also empowered to take housing rationing measures, such as compulsory sale of houses that were left unoccupied. The Rent Tribunal and rent control legislation remained in

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<sup>16</sup> As a superficial frequency analysis of the legal acts published in Wettinger (1993) and encompassing the period between 1434 and 1499 shows, one of the most important topics discussed by the Maltese authorities in the 1450s and 1460s was the reconstruction of town walls that were threatening to collapse.

<sup>17</sup> The following discussion of the Malta's rent control laws is based almost exclusively on the excellent account of Borg Cardona (1951), who examines them minutiae and provides the original texts.

power, although with certain modifications,<sup>18</sup> until the end of the reign of the Knights of St. John in 1798, when it was abolished by Napoleon's military.<sup>19</sup> After assuming control, the British re-established laws concerning rent control, calling the office in charge the *Officio delle Case e delle Cause Delegate*,<sup>20</sup> only to be laid to rest by Governor Sir Thomas Maitland in 1814 (Mifsud-Bonnici, 2003, p. 254).<sup>21</sup>

### 3.6 Portugal

In Portugal, the first instance of employing rent control was related to a natural catastrophe known as the Great Lisbon Earthquake that happened on November 1, 1755. As if it was not enough, big fires and a tsunami followed. The catastrophe took a huge human death toll, with estimates ranging widely between 10,000 and 100,000 alone in Lisbon (Pereira, 2009, p. 468). Both population and housing stock in the city of Lisbon declined by around 40% (Pereira, 2009, p. 470). Despite a similar scale of human and capital losses, a housing shortage followed, leading to price increases. The government reacted by issuing a decree on December 3, 1755 that froze rents for dwellings, shops, and warehouses:<sup>22</sup> rental prices for houses that survived could not exceed the value they would have had without the earthquake, i.e., prices paid before the earthquake (Araújo et al., 2007, p. 220). The law, as is typical in the early legal acts, did not contain provisions on its period of validity. It is also unknown when and if it was revoked and lost its power.

### 3.7 Spain

In Spain, the emergence of rent control was related to the transfer of the capital from Toledo to Madrid, which took place in 1561 (Madrid Cruz, 2008; Argelich Comelles, 2017). The change in status of the formerly rather small town of Madrid led to dizzying population growth.

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<sup>18</sup> The acts confirming and modifying the 1531 *Ordinationes Domorum* were issued in during the following centuries: for example, *Sacra Capitula Generalia. Homedes*. 1548. *Tertia Melite* of May 26, 1548, *Sopra le Case* of May 24, 1555, and *Ordinationi Sopra le Case* of October 24, 1562.

<sup>19</sup> *Instruction de Regnaud de St. Jean D'Angely* on the 25 Messador, An VI of July 13, 1798.

<sup>20</sup> *Bando of Captain Ball* of September 13, 1800.

<sup>21</sup> *Proclamation No. XV* of the 25th May, 1814.

<sup>22</sup> *Lei, para que se não levantem os alugueres das casas que ficaram salvas do Terramoto do dia primeiro do mês*; Colecção da Legislação, I, 402, <https://legislacaoregia.parlamento.pt/Pesquisa>.

Between 1561 and 1597, the population of Madrid jumped from 20,000 to about 90,000 persons (López García, 1998, p. 77). As usual, this strained the very limited housing supply and caused dramatic housing price increases (Madrid Cruz, 2008, p. 56). The first in a long series of consequent regulations was the Resolution of the Royal Council of 1564.<sup>23</sup> Altogether, 14 special legal acts were adopted concerning restrictions on rental prices (Alonso and Nieto, 1956, p. 37).<sup>24</sup> These regulations remained in place for almost three centuries (on average, one legal act every 20 years) and were only removed in 1842.<sup>25</sup> The Spanish system was based on the assessment and setting of rents by a commission comprised of state and municipal officials representing the Court and the city of Madrid, respectively. At the very beginning, the assessments had to be conducted every year. In 1610, the assessment period was extended to every four years. In 1792, it was further increased to 10 years. Thus, the possibilities to raise rents had become increasingly restrictive over time.<sup>26</sup>

The 1620 act represents an exception from this sequence of laws and is a kind of historical curiosity, for it freezes rents not for dwellings but for balconies on the houses located around a central square of Madrid — Plaza Mayor — where many important events, including public executions, were carried out and attracted many people. During such events, the rents for balconies skyrocketed and the authorities intervened to restrict them.

## 4 Conclusion

As the historical evidence examined here shows, the introduction of rent control was typically a result of a large negative supply, positive demand, or negative income shock. The negative supply shock considered here is exemplified by the earthquake with consequent tsunami and fires in Lisbon that destroyed its housing stock. The examples of positive demand shocks include seasonal population movements related, for example, to religious festivals, or

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<sup>23</sup> *Resolución de Consejo Real de 27 de octubre de 1564.*

<sup>24</sup> *Resolución de Consejo Real de 25 de febrero de 1569; Resolución de Consejo Real de 15 de junio de 1576 sobre tasa de alquileres; Real Cédula de 19 de septiembre de 1601 sobre tasa de alquileres; Privilegio de 8 de mayo de 1610; Auto de 30 de junio de 1620; Real Cédula de 1680 (Pragmática); Decreto de 22 de septiembre de 1756; Provisión de 20 de diciembre de 1771; Real Orden de 26 de agosto de 1784; Real Orden de 8 de febrero de 1790; Auto estableciendo las reglas sobre los arrendamientos de las casas; Real Orden de 9 de noviembre de 1797; and Real Orden de 3 de junio de 1805.*

<sup>25</sup> *Ley sancionada sobre inquilinato de casas y otros predios de 9 de abril de 1842.*

<sup>26</sup> In a sense, it is reminiscent of the German *Mietspiegel* system, according to which the local reference rents (*ortsübliche Miete*) are estimated. They serve as a basis for limitation of rent levels. While initially, in 1982, the reference rent was to be estimated based on the contracts of the last three years, subsequently it had been extended several times to attain, in 2019, as period of nine years. During a phase of rising rents, this implies that the reference rents are updated more slowly and, thus, are stickier.

large population inflow to the settlements that obtained provisional or permanent status of capital cities. A case apart are the Jewish ghettos in Italy, where a constant supply of housing confronted a steadily growing population.

In all these cases, the widening gap between supply and demand led to strong rental price increases. These forced governments to take measures to protect tenants from rent increases and sometimes from eviction. Often, these measures focused on specific locations and were of an *ad hoc* or seasonal nature. For example, they were active during festivals, when demand increased dramatically due to the inflow of pilgrims. However, in Italy, Malta, and Spain, they became permanent and were kept for several centuries.

Apart from a rather isolated case in China, all other cases are concentrated in Southern Europe, mainly in countries with Romance languages or under strong influence of such languages. By some reason, be it economic liberalism or a lack of information, we find no cases of rent control prior to 20th century in Northern Europe. Countries with Germanic languages appear to have been immune to rent control, despite of the existence of relatively large and rapidly increasing cities already in the Early Modern period. In the few countries with Slavic languages that were independent states prior to World War I, the non-existence of rent control can be at least explained by low urbanization. At any rate, the question about the factors that led to introduction of rent control in Southern Europe deserves further research.

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