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The last thing Michigan needs is rent control for mobile home parks

Discouraging supply is not the way to make housing more affordable

By James M. Hohman | March 2024

Lawmakers in Michigan are considering bills that would impose rent control on mobile home operators. Five bills before the Senate create many new regulations, including restrictions on owners of manufactured housing communities. Instead of determining their rental rates independently, they would have to submit any rent increases above the inflation rate to a state board for approval.

Controlling prices is the wrong way to get affordable housing. Supporters of rent control want to make it easier for low-income families to afford rent. The best way to achieve that goal is through competitive markets. Markets, not state rules, are what allow people get better products at lower prices.

There is already a lot of market intervention that substitutes political priorities for the priorities of customers.

Manufactured housing parks already have to receive a license from the state and are subject to state regulation. All housing is subject to state rules about

safe construction, inspections and practices like the requirement to have a surety bond.

The legislation would add another layer on top of existing regulation. Senate bills 486 through 490 give a state board power to control every aspect of a manufactured housing community, including its construction, layout and business practices. It also prohibits construction

workers from building or repairing mobile home parks without first meeting state qualifications and training. This would be regardless of whether they are already licensed to perform this work.

All of these requirements are in addition to the requirement that rent increases above inflation be pre-approved. There are also bills in the House that would create other and different regulations of manufactured housing communities.

It's understandable that people want to make sure that trailer park owners treat their customers well. The better approach, however, is competition. When the customer is king, people profit by finding ways to

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give customers what they want better and cheaper. The prices of computer software, toys, clothing and cellphone services are all lower than they were in 2000 — not because of government price limits but through competition. Bad landlords create profit opportunities for better landlords.

Competition coordinates the resources of society to get people what they want efficiently and effectively. It is not from the benevolence of the butcher that we expect our dinner, as the old lesson from economics demonstrates. Nor is it from state regulation. Making it harder or less lucrative to compete with bad landlords makes it more difficult for people to get better options. It also limits the competitive pressure that can force bad landlords to be better to the people who rent from them.

This is seen in reviews of the economic effects of rent control policies like the one Michigan’s Senate is considering. A 2024 review of the literature concluded, “Rent controls appear to be quite effective in terms of slowing the growth of rents paid for dwellings subject to control. However, this policy also leads to a wide range of adverse effects affecting

the whole society.” These include decreased mobility, lower wages, and fewer options for the people looking for low-income housing.

Rent controls will hurt even the people who would pay lower rent. Owners are less likely to offer improvements to units and have more incentive to let them wear out.

The people renting in manufactured housing communities may not feel like kings. But there are people trying to make an honest buck by giving them good deals. The bills in the Michigan Senate would make it harder to build new market-rate housing for low-income families. That’s not what lawmakers ought to want to do.

Available online at: www.mackinac.org/v2024-07



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