Rent Control Capitalization into Land Values:

Evidence from New Jersey's New Construction Exemption

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Abstract

Rent control ordinances impose regulatory costs on covered properties, but quantifying these costs is often difficult due to coverage being rarely separable from other property characteristics. This paper exploits New Jersey's New Construction Exemption (NCE), a state law enacted in 1987 that exempts newly constructed buildings with four or more units from local rent control. Because the NCE applies to fourplexes but not triplexes, and given that NJ municipalities set city-specific coverage thresholds, the exemption creates discontinuities in the regulatory burden across building sizes, vintages, and cities. Using a triple-difference design on 2024 assessed values from the NJ MOD-IV Historical Database, I compare land and improvement values of fourplexes and triplexes, built before and after the NCE, in rent-controlled and never-controlled cities. The NCE premium on land values is approximately 0.43 log points (54 percent) and is significant at all three legislative cutoffs (1987, 1992, 1997), as the exemption moved from temporary to permanent. I find that improvement values show no effect. The result survives leave-one-out city robustness, alternative threshold samples, and alternative treated group definitions. These findings indicate that the regulatory cost of rent control capitalizes primarily into land values, and that even partial exemptions generate substantial capitalization effects.

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1 Introduction

Rent control has been experiencing an increase in popularity as states such as California and Oregon both passed statewide rent control ordinances in 2019, while cities of St. Paul, Minnesota (2021); South Portland and Portland, Maine (2022) have enacted their own policies. Both states and cities are enacting these policies as a means to mitigate rising housing costs. While these policies may improve the wellbeing of those that live in those places there are significant costs as well. In theory, rent control constrains the income stream for covered properties and should reduce the market value of those properties relative to uncovered ones. Empirical evidence of this capitalization channel comes primarily from two settings: San Francisco, where Diamond et al. (2019) found that rent control reduced rental housing supply by 15 percent and shifted the housing stock toward condominiums and owner-occupied units, and Cambridge, Massachusetts, where Autor et al. (2014) documented $1.8 billion in assessed value gains following the removal of rent control in 1995.

Both of these studies utilize periods where rent control was either expanded or eliminated across an entire city. A different source of variation that has not been widely explored comes from exemptions within rent control ordinances (Kholodilin, 2024). Cities may exempt new construction from rent control to preserve development incentives. If theory is correct that rent control imposes significant costs to covered properties, then the value gap between exempt and covered units should reflect that cost.

Within New Jersey specifically, prior empirical work has reached the opposite conclusion. Gilderbloom and Ye (2007) along with the replication and extension by Ambrosius et al. (2015), compare rent-controlled and non-controlled NJ municipalities using 2000 and 2010 Census data and find no statistically significant effect of rent control on rents, housing quality, property values, or foreclosure rates. They interpret this as evidence that New Jersey's moderate ordinances do not meaningfully constrain local housing markets. Their identification, however, compares rent-controlled cities to non-controlled cities, a design that cannot separate the effect of rent control from the many other ways in which the two groups of municipalities systematically differ. The New Construction Exemption is a state law that overrides local ordinances at the four-unit boundary and generates within-city discontinuities in regulatory burden across building sizes. Non-controlled cities enter my design as a counterfactual for common vintage-by-size trends, but identification of the capitalization effect comes from variation that a municipality-level comparison cannot recover.

This paper studies New Jersey's New Construction Exemption (NCE), enacted in 1987 ("Newly Constructed Multiple Dwellings, Exemption from Rent Control", 1987). The NCE exempts newly constructed "multiple dwellings" with four or more units from local rent control ordinances. The exemption was initially temporary with five-year sunset, but was extended in 1992, and made permanent in 1997. New Jersey has roughly 112 rent-controlled municipalities, each with their own set of coverage thresholds. The NCE, being a state policy that overrides local ordinances, generates exogenous variation across building sizes, vintages, and cities.

My identification strategy utilizes this regulatory framework to estimate a causal effect. Because the NCE exempts buildings with four or more units, triplexes are therefore subject to rent control like the pre-1987 fourplexes but do not receive the exemption like the post-1987 fourplexes, making them a natural within-city control group (Section 2.2). I implement a triple-difference (DDD) design using 2024 assessed values from the NJ MOD-IV Historical Database (Rutgers Policy Lab, 2024), which reports land and improvement values for every parcel in the state. The three differences are: (1) construction vintage (pre- vs. post-1987), (2) building size (triplex vs. fourplex), and (3) city rent control status (rent-controlled vs. never-controlled). The triple interaction isolates the NCE premium on property values, netting out common vintage-by-size trends captured by the never-controlled cities.

The main finding is that the NCE capitalizes into land values at approximately 0.43 log points, roughly 54 percent. This effect is significant at all three legislative cutoffs, stable across NCE waves, and concentrated in land values. Improvement values show no significant effect which is consistent with rent control limiting the income stream and that physical structures are not invested in more or less than in the control group. The result is robust to leave-one-out city tests, alternative threshold samples, and definitions of the treated group.

The paper makes three contributions. First, it provides direct evidence on two of the least-studied outcomes in the rent control literature (Kholodilin, 2024): the capitalization into property values and the loss to the municipal property tax base. The land-improvement decomposition is not available in prior work. Second, my findings show that exemptions from rent control can create large capitalization effects implying that the regulatory cost of coverage is large. Third, it builds on the prior single-city studies by leveraging 48 rent-controlled cities within a single state, each with a different coverage threshold, providing within-state variation in regulatory intensity.

The remainder of the paper proceeds as follows. Section 2 describes the institutional background of rent control in New Jersey and the NCE. Section 3 describes the data. Section 4 presents the empirical strategy. Section 5 reports the main results. Section 6 presents robustness checks. Section 7 discusses the findings, and Section 8 concludes.

2 Institutional Background

2.1 Rent Control in New Jersey

New Jersey permits municipalities to adopt rent control ordinances individually. As of 2024, 112 municipalities have adopted some form of rent control and 82 adopted their ordinances by 1987, prior to the NCE being enacted. Each municipality sets its own coverage threshold, the minimum building size subject to rent control. A city with a threshold of 3, for example, subjects all buildings with three or more units to rent control, while buildings with fewer than three units are exempt. Section 3.2 describes how coverage thresholds are validated and the sample construction.

2.2 The New Construction Multiple Dwelling Law

In 1987, the New Jersey Legislature enacted the New Construction Multiple Dwelling Law (P.L. 1987, c.153), which exempts newly constructed multiple dwellings with four or more units from local rent control ordinances. The exemption lasts for 30 years or the life of the initial mortgage, whichever is longer. To claim the exemption, the building owner must file a notice with the municipality at least 30 days before the certificate of occupancy is issued ("Filing of Owner's Claim of Exemption", 1987). I do not explore whether a property owner claimed the exmemption.

A critical feature of the NCE is the discrepancy between the state's definition of multiple dwelling and the exemption's unit threshold. The Hotel and Multiple Dwelling Law ("Hotel and Multiple Dwelling Law", 1967), enacted in 1967, defines a multiple dwelling as a building with three or more units. The NCE, however, applies only to buildings with four or more units. The variation between these two laws means that triplexes are classified as multiple dwellings under state law but are never eligible for the NCE. This discrepency is additional identification for why triplexes serves as a natural within-city control. Triplexes are subject to the same rent control coverage as the fourplex but does not receive the construction exemption.

The NCE was enacted in three waves. In 1987, the exemption was temporary, with a five-year sunset. In 1992, P.L. 1992, c.206 ("Extension of Newly Constructed Multiple Dwellings Exemption", 1992) extended the exemption with a 15-year sunset. In 1997, P.L. 1997, c.56 ("Amendment Making NJNCMDL Exemption Permanent", 1997), removed the sunset clause and made the exemption permanent. The 4+ unit definition and the 30-year exemption period have not changed since 1987. Each wave of the NCE provide distinct cutoffs that can be tested to understand if each corresponding wave lead to increasing credibility of the exemption.

Table 1 summarizes the three NCE legislative events.

Table 1: NCE Legislative Timeline

Law	1987 P.L. 1987, c.153	1992 P.L. 1992, c.206	1997 P.L. 1997, c.56
Status	Enacted (temporary)	Extended	Permanent
Sunset	5 years	15 years	Removed
Definition	4+ units	unchanged	unchanged
Exemption	30 yr or mortgage	unchanged	unchanged

Notes: P.L. 1997, c.56 is a one-sentence law that deleted the sunset clause. The 4+ unit multiple dwelling definition and 30-year/mortgage exemption period have been unchanged since 1987.

3 Data

3.1 MOD-IV Assessed Values

The data source is the 2024 MOD-IV file from the NJ MOD-IV Historical Database, compiled by the Rutgers Policy Lab (Rutgers Policy Lab, 2024). The database contains parcel-level assessor records for every property in the state. The key fields are property class, number of dwelling units, year constructed, land value, improvement value, and calculated acreage.

A central feature of New Jersey's assessment system is that land and improvement values are reported separately for every parcel. If rent control constrains the income stream from a property we should find land values and the physical capital of the property decline.

I restrict the sample in several ways. First, buildings with a recorded construction year of zero or an improvement value of zero are excluded because they most likely represent vacant land or data errors and not residential structures. Second, buildings are classified into four types based on the number of dwelling units: duplexes (2 units), triplexes (3 units), fourplexes (4 units), and large multifamily (5 or more units, or NJ property class 4C). The Class 2 (residential) and Class 4C (commercial apartment) designations in New Jersey's assessment system create a natural boundary at four units: triplexes and fourplexes are nearly all Class 2, while five-plexes and above are nearly all Class 4C (Table 9). Third, the outcome variables are log land value, log improvement value, and log total assessed value to interpret the coefficients as percentage changes. Parcel size is measured as log acreage.

3.2 Coverage Thresholds

Of the 112 municipalities that have adopted rent control, 82 did so by 1987 (before the NCE). Coverage thresholds were validated through Open Public Records Act (OPRA) requests sent to all 82 pre-1987 cities. Twenty-one cities returned historical ordinance text, which I use as the primary source. For the remaining cities, I extract the coverage threshold from the oldest available modern ordinance text. Of the 21 cities with OPRA-verified historical ordinances, only 4 (19 percent) had a coverage threshold that differed from the modern ordinance text, suggesting that thresholds are generally stable over time.

Of the 82 pre-1987 cities, 8 have mobile-home-only ordinances or lack sufficient documentation for a residential coverage threshold, leaving 74 cities with validated thresholds. Three additional cities are excluded because their ordinances were repealed or never enforced, leaving 71 in the analysis sample. The threshold distribution across the 74 validated cities is: threshold 1 (20 cities), threshold 2 (5 cities), threshold 3 (21 cities), threshold 4 (18 cities), and threshold 5 or above (10 cities). At thresholds 1 through 3, both triplexes and fourplexes are covered by rent control. At threshold 4, fourplexes are covered but triplexes are not. At threshold 5 or above, neither triplexes nor fourplexes are covered. Figure 1 maps these across the state.

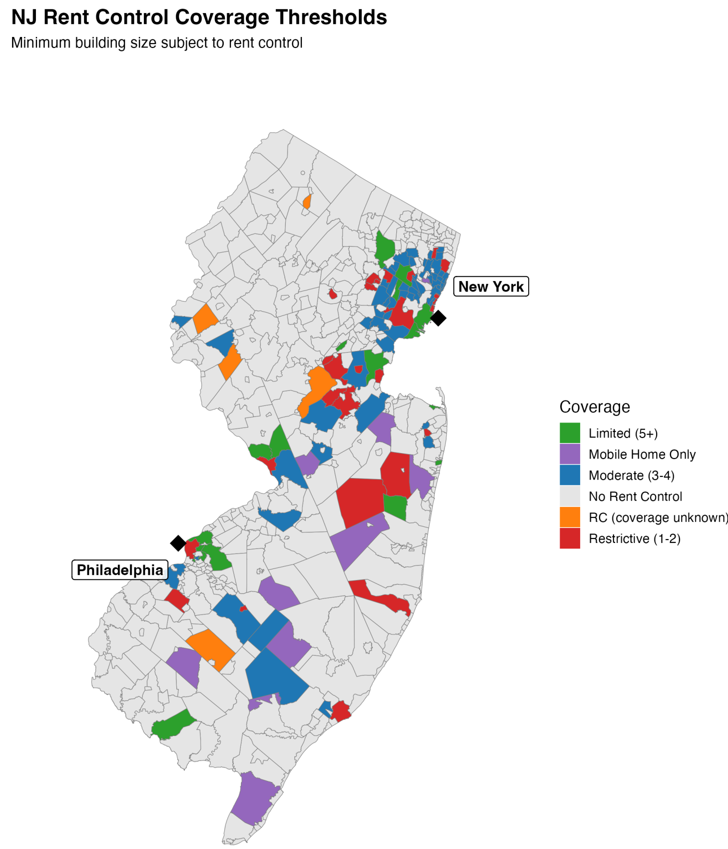

Figure 1: Rent Control Coverage Thresholds Across New Jersey Municipalities

3.3 DDD Sample

The DDD sample is constructed from the 2024 MOD-IV cross-section as follows. I restrict to rent-controlled cities at thresholds 1 through 3 and all never-controlled cities. Within these cities, I keep only triplexes and fourplexes, and drop observations with missing or infinite log acreage. The resulting sample contains 30,637 buildings across 424 cities (48 rent-controlled and 376 never-controlled).

The restriction to thresholds 1 through 3 is motivated by the identification strategy. At these thresholds, both triplexes and fourplexes are covered by rent control. The NCE exempts only fourplexes (4 or more units) constructed after 1987. The DDD therefore measures the value of the NCE exemption for fourplexes that would otherwise be under rent control, relative to triplexes that are also covered but do not receive the exemption. I do not include threshold 4 or above cities as triplexes are not covered by rent control, which breaks the within-city control identification. Figure 2 maps the analysis sample.

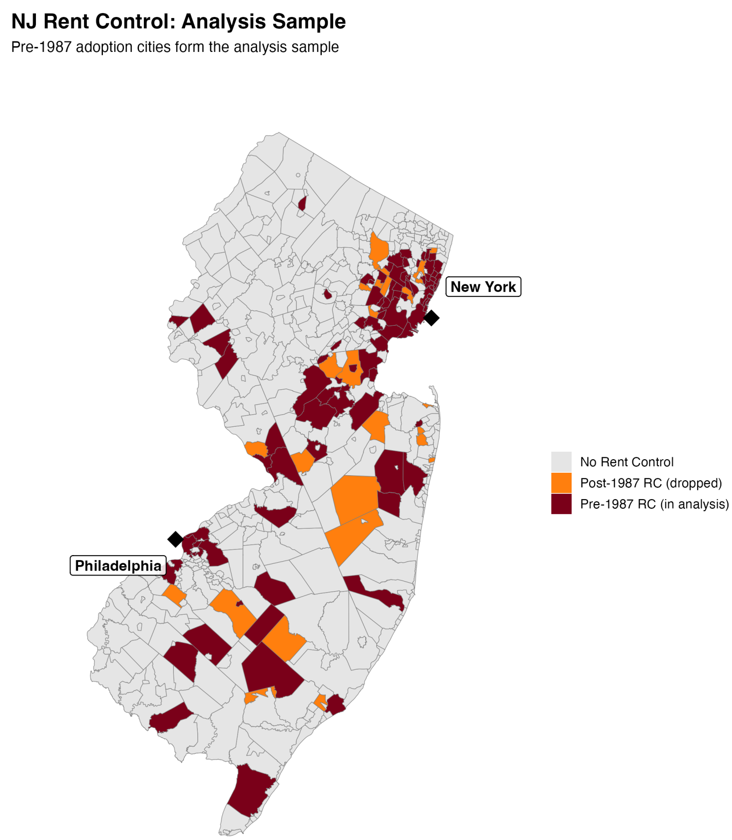

Figure 2: DDD Analysis Sample: Pre-1987 RC Cities and Never-RC Baseline

Figure 2 maps the cities by their adoption being before or after 1987. A city is classified as rent-controlled if it adopted its ordinance by 1987 and has a validated coverage threshold. A city is classified as never-controlled if it has never adopted a rent control ordinance. All other cities are excluded.

Table 2 reports the cell sizes for the DDD sample. The treated cell contains 141 post-1987 fourplexes across 17 rent-controlled cities, of which 137 in 16 cities survive the acreage filter required for the regression (see Appendix Table 11 for a breakdown by threshold). This is a small cell reflecting the rarity of fourplex construction in rent-controlled cities. Table 4 supports how rare fourplexes are as they account for only 1 to 2 percent of new multifamily construction at all coverage thresholds, and the placebo tests in Table 5 confirm that this gap predates the NCE, rent control adoption, and even the 1967 Hotel and Multiple Dwelling Law.

Table 2: DDD Sample: Cell Sizes (Threshold 1–3 RC + Never-RC)

		RC (thresh 1–3)	Never RC
Triplexes	Pre-1987	13,521 (46)	7,176 (356)
	Post-1987	2,465 (28)	251 (102)
Fourplexes	Pre-1987	4,488 (47)	3,616 (315)
	Post-1987	141 (17)	163 (80)

Notes: The DDD treated cell contains post-1987 fourplexes across RC cities at thresholds 1–3. At these thresholds, both triplexes and fourplexes are covered by RC. The NCE exempts only fourplexes (4+ units, post-1987), so the DDD measures the NCE premium: the value of exemption for fourplexes that would otherwise be under RC, relative to triplexes that are also covered but do not receive the NCE. The never-RC baseline provides the counterfactual vintage × size trend. Parentheses show number of cities contributing to each cell.

Table 3 reports summary statistics by cell. Post-1987 fourplexes in rent-controlled cities have mean land values of $193,994 on lots averaging 0.11 acres, built around 2001. Their never-RC counterparts have substantially higher land values ($584,486) but also much larger lots (77 acres). The DDD controls for lot size and vintage to prevent the level differences from biasing the estimate. Within the post-1987 cohort, triplexes and fourplexes are compositionally similar in both panels: small-lots and built around 2001–2004.

Table 3: DDD Sample: Summary Statistics

Group	Cell	N	Assessed Value ($) Mean Land	Assessed Value ($) Mean Imp	Mean Acres	Mean Yr
RC (threshold 1–3, 47 cities):						
	Pre-87 triplex	13,521	95,820	221,974	10.64	1913
	Post-87 triplex	2,465	76,702	323,736	1.81	2004
	Pre-87 fourplex	4,488	207,236	354,586	39.79	1917
	Post-87 fourplex	141	193,994	602,640	0.11	2001
Never RC (356 cities):						
	Pre-87 triplex	7,176	207,171	260,026	1.194	1916
	Post-87 triplex	251	568,331	936,092	1.975	2003
	Pre-87 fourplex	3,616	203,255	303,971	6.690	1907
	Post-87 fourplex	163	584,486	1,251,205	77.104	2001

Notes: 2024 MOD-IV assessed values. Cell sizes from the threshold 1–3 pooled sample (47 RC cities, 356 never-RC cities). The DDD controls for lot size via log(acres) and for vintage via piecewise year_constructed slopes.

Table 4 shows the post-1987 multifamily construction mix by coverage threshold. At thresholds 3 and above, duplexes dominate (84 to 94 percent) because they fall below the coverage threshold. At thresholds 1 and 2, where duplexes are also covered, triplexes hold approximately 30 percent of new construction. Fourplexes account for only 1 to 2 percent at all thresholds. Never-controlled cities show a similar mix to high-threshold cities (87 percent duplexes, 3 percent fourplexes), consistent with the threshold removing the regulatory deterrent.

Table 4: Post-1987 Multifamily Construction Mix by Coverage Threshold

Thresh	Cities	Dup	Tri	Four	5–10	11+	4C Apt	N
1	18	63.9%	32.2%	1.4%	0.2%	0.5%	1.8%	6,235
2	4	62.6%	28.6%	1.0%	0.7%	1.0%	6.1%	297
3	20	83.9%	10.7%	1.0%	0.7%	1.2%	2.5%	3,371
4	18	85.1%	8.8%	1.6%	0.6%	1.2%	2.8%	2,150
5	5	93.8%	3.3%	0.4%	0.1%	—	2.4%	4,760
Never RC		86.7%	4.3%	2.8%	1.0%	0.8%	4.5%	5,849

Notes: Share of new 2+ unit buildings constructed after 1987, from 2024 MOD-IV stock. 4C Apt = Class 4C apartment buildings (non-condo) with unit counts not recorded in MOD-IV, typically large complexes. Excludes condominiums.

Table 5 tests whether the fourplex share gap between rent-controlled and never-controlled cities shifts at pre-NCE cutoffs. The DDD identifies the NCE premium from the value gap between fourplexes and triplexes, not from changes in their relative occurrences. Nevertheless, if the composition of the building stock were shifting at 1987 in rent-controlled cities, it could confound the value estimates. Among three- and four-unit buildings, I regress a fourplex indicator on the interaction of a post-cutoff dummy and a rent control indicator, controlling for city fixed effects and log acreage. The coefficient is approximately -0.13 at every cutoff, including 1960, which predates both rent control adoption and the 1967 Hotel and Multiple Dwelling Law. The fourplex share gap is a persistent structural feature of these cities, not regulatory avoidance. The fourplexes that do exist in rent-controlled cities were built for the same reasons fourplexes are built anywhere. The DDD asks whether their land values reflect the NCE premium.

Table 5: Fourplex Share Gap: Placebo Cutoff Tests

Cutoff	$\hat{\delta}$	Context
1960	-0.159^{***}	Pre-RC, pre-55:13A
1965	-0.126^{***}	Pre-RC
1970	-0.125^{***}	Before most RC adoption
1975	-0.135^{***}	Early RC adoption
1980	-0.137^{***}	Most RC in place
1985	-0.136^{***}	Pre-NCE
1987	-0.147^{***}	NCE enacted

Notes: Each row reports $\hat{\delta}$ from a bunching specification among 3–4 unit buildings, all RC vs never-RC cities, at the given cutoff. City FE + log(acres). The coefficient is ≈ -0.13 at every cutoff, indicating the fourplex share gap is a persistent structural feature that predates the NCE, the RC ordinances, and even the Hotel & Multiple Dwelling Law (1967). $^{*}p < .1$, $^{**}p < .05$, $^{***}p < .01$.

4 Empirical Strategy

4.1 Triple-Difference (DDD)

If rent control coverage imposes a cost on covered properties, the NCE should raise the value of exempt buildings relative to covered ones. Post-1987 fourplexes in rent-controlled cities receive the exemption while triplexes in the same cities do not. The DDD compares this fourplex-triplex value gap across construction vintages (pre- vs. post-1987) and across city types (rent-controlled vs. never-controlled).

The three differences are: (1) vintage, comparing buildings constructed before and after each NCE cutoff; (2) building size, comparing triplexes (covered, never NCE-eligible) to fourplexes (covered at thresholds 1 through 3 and NCE-eligible after 1987); and (3) rent control status, comparing rent-controlled cities at thresholds 1 through 3 to never-controlled cities. The triple interaction isolates the RC-specific NCE premium, netting out any common vintage-by-size trends that may have occurred throughout New Jersey.

The never-controlled baseline is important because the fourplex-triplex value gap may shift at 1987 for reasons unrelated to rent control. For example, the Tax Reform Act of 1986 ("Tax Reform Act of 1986", 1986) changed depreciation rules for all rental buildings, potentially affecting fourplexes and triplexes differently. The DD on never-controlled cities captures any such common trends. The DD results are null at all three cutoffs (Table 6) and the DDD identifies only the rent-control-specific component of the value shift. Equation 1 below is the complete specification:

$$
\begin{aligned}
\ln(\text{Value}_i) = \alpha_c &+ \beta_1 \cdot \text{Post}_i + \beta_2 \cdot \text{Fourplex}_i + \beta_3 \cdot \text{RC}_i \\
&+ \beta_4 \cdot (\text{Post}_i \times \text{Fourplex}_i) + \beta_5 \cdot (\text{Post}_i \times \text{RC}_i) + \beta_6 \cdot (\text{Fourplex}_i \times \text{RC}_i) \\
&+ \delta^{DDD} \cdot (\text{Post}_i \times \text{Fourplex}_i \times \text{RC}_i) \\
&+ \phi \cdot \ln(\text{acres}_i) + \gamma_{\text{pre}} \cdot \tilde{Y}_i^{-} + \gamma_{\text{post}} \cdot \tilde{Y}_i^{+} + \varepsilon_i
\end{aligned}
\tag{1}
$$

The outcome is log assessed value (total, improvement, or land) for parcel i. α_c denotes city fixed effects. Post_i equals one if the building was constructed at or after an NCE cutoff (1987, 1992, or 1997), Fourplex_i equals one if the building has four units, and RC_i equals one if the city adopted rent control by 1987 with a validated coverage threshold of three or below. $\tilde{Y}_i^-$ and $\tilde{Y}_i^+$ are piecewise linear vintage slopes centered at the cutoff, allowing separate pre- and post-cutoff trends in construction year which is supported by the visuals of the binned estimates found in Appendix A. The coefficient β_4 is the DD on never-RC cities which is the change in the fourplex–triplex value gap at the cutoff in cities without rent control. This captures any common vintage-by-size trend and should be null. The sum $\beta_4 + \delta^{DDD}$ gives the DD on RC cities which is the change in the fourplex–triplex gap at the cutoff within rent-controlled cities. This is estimated separately and provided in the main results table (table 6). δ^{DDD} is the triple difference coefficient measuring how much more the fourplex–triplex gap shifts at the cutoff in RC cities relative to never-RC cities. This is the NCE premium on property values. Standard errors are clustered at the city level.

The DDD assumes no spillovers between NCE-exempt and covered buildings (SUTVA). If exempt fourplexes raise the values of nearby triplexes, as Autor et al. (2014) found for decontrolled units in Cambridge, the DDD would understate the NCE premium. The use of assessed values rather than market values introduces measurement error if municipalities revalue on different schedules. City fixed effects absorb cross-city differences in assessment practices.

A practical concern is the small number of clusters. The lead specification includes 48 rent-controlled cities at thresholds 1 through 3, of which only 16 contain post-1987 fourplexes in the regression sample. Cluster-robust standard errors over-reject in finite samples when the number of treated clusters is small (MacKinnon & Webb, 2018). Jackknife t-statistics (2.40 to 2.80 across cutoffs) account for the finite number of clusters, and the leave-one-out analysis in Section 6.2 demonstrates that the result is not driven by any single city.

5 Results

Table 6 reports the DDD estimates across all three NCE cutoffs and three outcome variables. The table has three coefficient columns. The first, DD (within-RC), reports the Post $\times$ Fourplex coefficient from a separate regression estimated on RC cities only, without the never-RC baseline. The second, DD (never-RC), reports the same coefficient from the full DDD model but evaluated at RC = 0, capturing the counterfactual vintage-by-size trend in cities without rent control. The third, $\hat{\delta}^{DDD}$, is the triple interaction: how much more the fourplex-triplex gap shifts at the cutoff in RC cities relative to never-RC cities. Full coefficient estimates for all three cutoffs are reported in Appendix C.

Table 6: DDD Results: Threshold 1–3 Cities (Lead Specification)

Cutoff	Outcome	DD (within-RC)	DD (never-RC)	$\hat{\delta}^{DDD}$
1987	log(Total)	0.104***	0.009	0.117
		(0.029)	(0.072)	(0.082)
	log(Imp)	0.124**	0.095	0.038
		(0.049)	(0.088)	(0.108)
	log(Land)	0.169*	−0.169	0.434***
		(0.087)	(0.104)	(0.152)
1992	log(Total)	0.102***	0.001	0.130
		(0.030)	(0.084)	(0.092)
	log(Imp)	0.143***	0.081	0.080
		(0.049)	(0.109)	(0.128)
	log(Land)	0.150*	−0.193	0.441**
		(0.089)	(0.137)	(0.180)
1997	log(Total)	0.124***	0.001	0.160
		(0.037)	(0.091)	(0.100)
	log(Imp)	0.176***	0.083	0.122
		(0.056)	(0.124)	(0.141)
	log(Land)	0.176	−0.185	0.439**
		(0.115)	(0.153)	(0.201)
Diagnostics				
N		19,769	30,603	
RC cities		43	48	
Never-RC cities		—	376	
Fixed Effects		City (43)	City (421)	
Clustering		City	City	
Within R^2		0.257 / 0.229 / 0.032	0.254 / 0.199 / 0.069	
Dep. var. mean		12.57 / 12.29 / 10.93	12.66 / 12.29 / 11.20	

Notes: DD (within-RC) reports the Post × Fourplex coefficient from a separate regression estimated on RC cities only (threshold 1–3, 43 cities, no never-RC baseline). DD (never-RC) and $\hat{\delta}^{DDD}$ are from Equation 1 estimated on RC cities pooled with all never-RC cities. DD (never-RC) is the Post × Fourplex coefficient where RC=0. $\hat{\delta}^{DDD}$ is the triple interaction Post × Fourplex × RC. All specifications include city FE, log(acres), and piecewise year_constructed slopes. Within R^2 and dep. var. mean reported as Total / Imp / Land (at 1987 cutoff). Standard errors in parentheses, clustered at city level. $^{*}p < .1$, $^{**}p < .05$, $^{***}p < .01$.

The within-RC DD on land is positive and larger than improvements value at all three cutoffs (0.169, 0.150, 0.176), marginally significant at 1987 and 1992 but not at 1997. This confirms that post-NCE fourplexes have higher land values than triplexes within RC cities. However, the estimate is less precise without the never-RC group. The within-RC DD on total value and improvements is significant at all cutoffs, reflecting the general fourplex premium within RC cities. The DD on never-RC cities is null at all three cutoffs and across outcome variables, confirming that the fourplex-triplex value gap does not shift at any of the cutoffs in cities without rent control. Also, the lack of a statistically significant difference between triplexes and fourplexes in never–RC cities highlights no added value between the two building types or location premium that either of them are built on.

The DDD on log land value is 0.434 at the 1987 cutoff, 0.441 at 1992, and 0.439 at 1997, significant at all three cutoffs and stable as the NCE moved from temporary to permanent. The market priced in the NCE premium immediately, even when the exemption had a five-year sunset. In levels, the coefficient implies an approximately 54 percent premium on land values. Figure 3 visualizes this result: the fourplex-triplex land value gap widens sharply at 1987 in RC cities (left panel) but remains stable in never-RC cities (right panel).

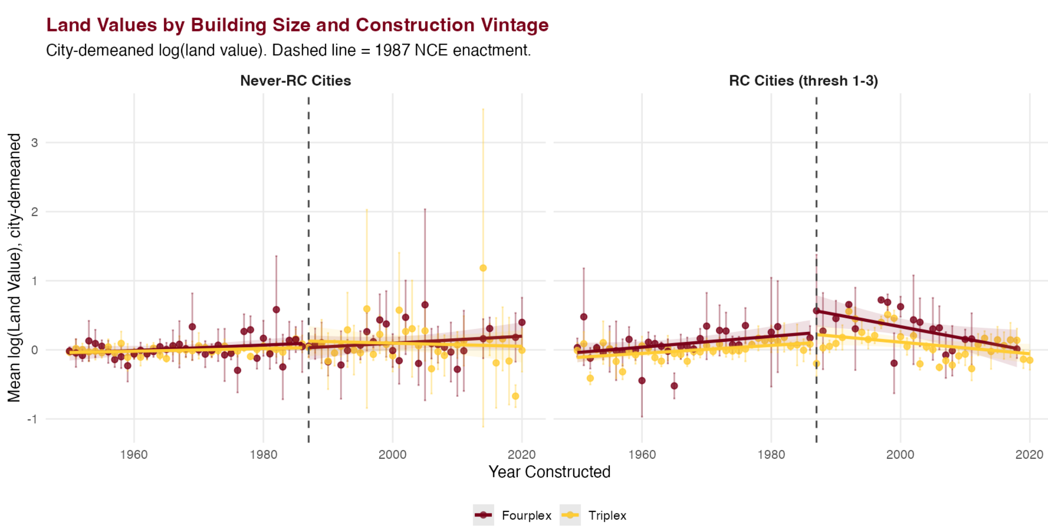

Figure 3: DDD Bin Scatter: Fourplex vs Triplex Land Values by Construction Year

Notes: City-demeaned log(land value) by individual construction year, buildings constructed 1950–2020. Points show annual bin means for triplexes (gold) and fourplexes (maroon) with 95% CI error bars. Separate linear fits pre- and post-1987. Dashed line marks 1987 NCE enactment. Binned estimates at the 1992 and 1997 cutoffs are in Appendix A.

Improvement values show no significant DDD effect (0.038 at the 1987 cutoff). The NCE does not change the physical structure's assessed value as it affects only the land component. This is consistent with the theory that rent control constrains the income stream thus capitalizes this into the land value rather than the structure. Figure 4 confirms this visually: the fourplex-triplex improvement gap is stable across the 1987 cutoff in both RC and never-RC cities. Total assessed values show a positive but insignificant DDD (0.117), consistent with the land effect being diluted by the null improvement component.

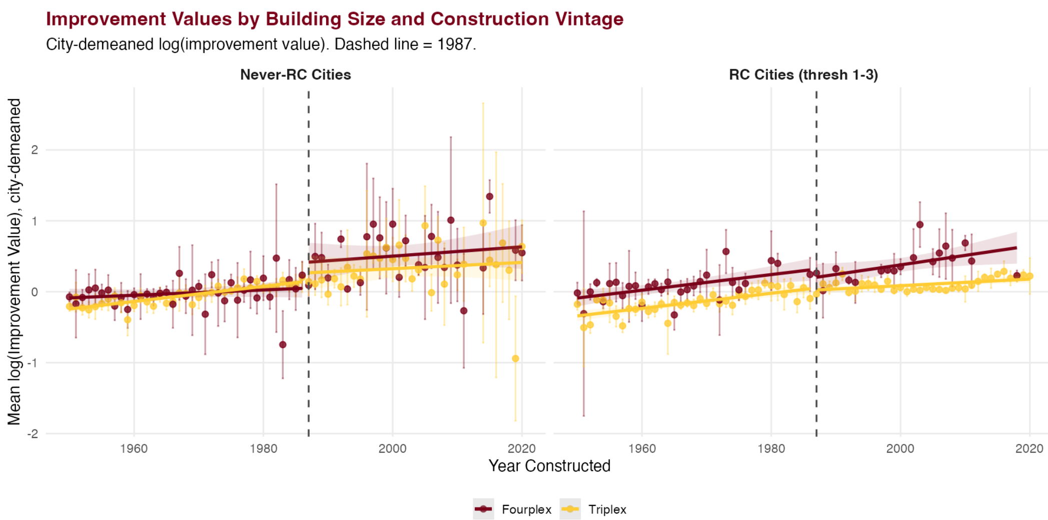

Figure 4: DDD Bin Scatter: Fourplex vs Triplex Improvement Values by Construction Year (1987 Cutoff)

Notes: City-demeaned log(improvement value) by individual construction year, buildings constructed 1950–2020. Same specification as Figure 3. The fourplex-triplex improvement gap is stable across the 1987 cutoff in both panels, consistent with the null DDD on improvement values. Binned estimates at the 1992 and 1997 cutoffs are in Appendix A.

6 Robustness

The main result relies on 48 rent-controlled cities at thresholds 1 through 3. This section tests the sensitivity of the DDD to each of these choices. I vary the threshold sample to test whether the result holds within subgroups and whether the premium tracks coverage intensity. I drop each rent-controlled city one at a time to verify that no single city drives the result. And I expand the treated group definition beyond fourplexes to test whether the NCE premium extends to larger buildings.

6.1 Threshold Group Robustness

Table 7 re-estimates the DDD on log(land) restricting the RC sample to individual threshold groups. The result is significant across all subsamples and all three cutoffs. At threshold 3 only (26 cities), the DDD is 0.382 at 1987, 0.413 at 1992, and 0.412 at 1997. At threshold 1 only (22 cities), the coefficient is larger: 0.518, 0.503, and 0.534. The gradient is monotonic: more restrictive coverage thresholds produce larger NCE premiums, consistent with the interpretation that the DDD measures the capitalization of a real and increasing regulatory cost.

Table 7: DDD Robustness: $\hat{\delta}^{DDD}$ on log(Land) Across Threshold Groups

Sample / Specification	1987	1992	1997
Thresh 1–3 pooled (lead, 48 cities)	0.434***	0.441**	0.439**
	(0.152)	(0.180)	(0.201)
Thresh=3 only (26 cities)	0.382***	0.413***	0.412**
	(0.141)	(0.158)	(0.176)
Thresh=1 only (22 cities)	0.518***	0.503**	0.534**
	(0.167)	(0.199)	(0.228)
Thresh 1–2 (27 cities)	0.518***	0.498**	0.520**
	(0.160)	(0.193)	(0.223)
Diagnostics			
Fixed Effects		City	
Clustering		City	

Notes: Each row reports $\hat{\delta}^{DDD}$ from Equation 1 on log(land value), pooling RC and never-RC cities. The lead specification (thresh 1–3 pooled, 48 cities) matches Table 6 (N = 30,603, within R^2 = 0.068). Thresh=3 only: N = 16,604, within R^2 = 0.220. Thresh=1 only: N = 24,310, within R^2 = 0.063. Thresh 1–2: N = 24,833, within R^2 = 0.062. All specifications include city FE, log(acres), and piecewise year_constructed slopes. Standard errors clustered at city level. $^{*}p < .1$, $^{**}p < .05$, $^{***}p < .01$.

6.2 Leave-One-Out City Robustness

Of the 48 rent-controlled cities at thresholds 1 through 3, only 16 contain post-1987 fourplexes that directly identify δ^{DDD}. The remaining 32 contribute to estimating the counterfactual through city fixed effects, the fourplex-triplex gap, and post-1987 triplex trends. I drop each rent-controlled city one at a time and re-estimate the DDD (Table 8).

Among the 16 treated cities, all 16 leave-one-out estimates are significant at 5 percent at the 1987 cutoff, and 15 of 16 are significant at the 1992 and 1997 cutoffs. The coefficient ranges from 0.304 to 0.500 at the 1987 cutoff. Dropping Newark, which contributes a large share of the sample, still yields a significant result. Among the 32 counterfactual-only cities, dropping any single city barely moves the coefficient (range of ± 0.015). Jackknife t-statistics, which account for the finite number of clusters, are 2.80 at the 1987 cutoff, 2.59 at 1992, and 2.40 at 1997.

Table 8: Leave-One-Out DDD Robustness: $\hat{\delta}^{DDD}$ on log(Land), Threshold 1–3

	1987	1992	1997
Baseline $\hat{\delta}^{DDD}$	0.434**	0.441**	0.439*
16 treated cities (have post-87 fourplexes):			
Sig at 5%	16/16	15/16	15/16
Range	[0.304, 0.500]	[0.294, 0.519]	[0.284, 0.525]
32 counterfactual-only cities:			
Sig at 5%	32/32	32/32	32/32
Range	[0.422, 0.448]	[0.428, 0.456]	[0.427, 0.456]
Jackknife t-stat	2.80	2.59	2.40

Notes: Each row drops one RC city at a time and re-estimates the DDD from Equation 1 on log(land value) at the threshold 1–3 pooled lead specification (48 RC cities + 376 never-RC). Treated cities contain post-1987 fourplexes that identify δ^{DDD}; counterfactual-only cities contribute to the lower-order interactions. Jackknife standard errors account for the finite number of clusters. $^{*}p < .1$, $^{**}p < .05$, $^{***}p < .01$.

6.3 Treated Group Definition

The lead specification defines the treated group as fourplexes only (Class 2 residential building with four units). This choice is due to the structure of New Jersey's property classification system where Class 2 buildings are generally limited to two through four units, while buildings with five or more units are mostly classified as Class 4C (commercial apartment). These two classes are fundamentally different property type and may have different assessment practices and market dynamics (Table 9).

Table 9: NJ Building Stock by Unit Size and Property Class (2024 MOD-IV)

	Class 2 (Residential)		Class 4C (Comm. Apt)	
Units	RC pre-87	RC post-87	RC pre-87	RC post-87
3	20,274	2,692	45	5
4	6,780	174	156	3
5	29	1	307	9
6	33	2	489	11
7	0	1	132	4
8	9	1	176	7
9	0	0	61	4
10	3	0	43	5

Notes: Pre-1987 RC cities with validated coverage thresholds (all thresholds), excluding condominiums. Class 2 buildings above 4 units are nearly nonexistent (29 five-plexes statewide pre-1987, 1 post-1987). The residential building stock has a natural boundary at 4 units.

Expanding the treated group to include five-unit buildings (adding Class 4C fiveplexes) weakens the coefficient to 0.271 ($p = 0.136$) at thresholds 1 through 3. Expanding to all buildings with four or more units yields 0.343 ($p = 0.047$). The fourplex-only result is strongest because fourplexes are likely the NCE-eligible building size, sitting directly at the four-unit boundary where the exemption begins. Larger buildings, while also NCE-eligible, are a different property type and may face different regulatory and market conditions.

Table 10 shows the DDD on log(land) with alternative treated group definitions.

Table 10: DDD Robustness: Alternative Treated Group Definitions

Treated group	Post-87 N	Thresh=3	Thresh 1–3
Fourplexes only (Class 2)	49 / 137	0.382***	0.434***
4–5 units (Class 2 + 4C)	91 / 247	0.130	0.271
4+ units (all, incl. 4C)	202 / 454	0.246	0.343**
Diagnostics			
Fixed Effects		City	
Clustering		City	

Notes: Each cell reports $\hat{\delta}^{DDD}$ from Equation 1 on log(land value) at the 1987 cutoff. Control group is triplexes in all specifications. All specifications include city FE, log(acres), and piecewise year_constructed slopes. Post-87 N shows the treated cell size at thresh=3 / thresh 1–3. Fourplexes only: N = 16,604 / 30,603, within R^2 = 0.220 / 0.068, dep. var. mean = 11.72 / 11.20. 4–5 units: N = 18,672 / 33,162, within R^2 = 0.399 / 0.206, dep. var. mean = 11.83 / 11.31. 4+ units: N = 21,445 / 36,594, within R^2 = 0.456 / 0.301, dep. var. mean = 11.97 / 11.45. Standard errors clustered at city level. $^{*}p < .1$, $^{**}p < .05$, $^{***}p < .01$.

7 Discussion

The DDD estimates a land value premium of approximately 0.43 log points, or 54 percent, for post-1987 fourplexes in rent-controlled cities relative to the counterfactual. This is a local average treatment effect for the types of fourplexes that were actually built in rent-controlled cities. The summary statistics point to these developments to be small-lot urban infill and located in cities with large coverage thresholds. The estimate may overstate the premium for the average fourplex because these building were built through a selected sample of particularly viable development sites.

The finding that the NCE premium is concentrated entirely in land values is consistent with my hypothesis of rent control as a drag on potential future income stream for a rental property. The null effect on improvement values confirms that the NCE does not change the physical characteristics of the building as assessed but instead changes only the value of the site beneath it.

The stability of the DDD across the three NCE cutoffs (0.434 at 1987, 0.441 at 1992, 0.439 at 1997) is notable. The market appears to have priced in the full NCE premium upon enactment, even when the exemption was temporary with a five-year sunset. The premium did not grow as the NCE moved from temporary to permanent, suggesting that the assessed value reflects the expected return of the property rather than the status of future updates to the NCE legislation.

I use the DDD coefficient to estimate the fiscal cost of rent control through property taxes inspired by the approach of Autor et al. (2014), who estimated the aggregate value gains from decontrol in Cambridge. Because New Jersey assesses land and improvement values separately, and because the DDD identifies the capitalization effect on land, the missing tax base attributable to rent control can be calculated directly.

In order to do this calculation, I take the 19,643 covered buildings from the DDD regression sample (triplexes and pre-1987 fourplexes in the 43 rent-controlled cities at thresholds 1 through 3) and sum their assessed land values, which total \$2.26 billion in 2024. Post-1987 fourplexes are excluded because they are NCE-exempt and their land values already reflect the exemption premium. Using the DDD coefficient from the lead specification ($\hat{\delta}^{DDD} = 0.422$), the implied counterfactual land value without rent control is $e^{0.422} - 1 = 52.5$ percent higher than what is currently assessed. The missing land assessed value is therefore \$2.26 billion $\times$ 0.525 = \$1.19 billion.

To convert this to lost tax revenue, I multiply each municipality's missing land value by its own 2024 general tax rate (New Jersey Division of Taxation, 2024). New Jersey's general tax rate applies directly to assessed (not market) values. Rates vary substantially across the 43 cities (assessed-value-weighted average: 2.54 per \$100). Summing across municipalities yields an implied lost annual property tax revenue of approximately \$30 million from land alone, or roughly \$1,500 per covered building per year. The five largest contributors are Newark (\$7.2 million), Hoboken (\$5.1 million), Union City (\$4.2 million), Elizabeth (\$3.0 million), and West New York (\$2.2 million).

This estimate is a lower bound on the total fiscal cost for several reasons. First, it reflects only the land component of assessed value. The DDD on total assessed value (land plus improvements) is positive (0.117) but not statistically significant, suggesting that the full fiscal cost is larger than what the land channel alone captures. Second, it covers only triplexes and fourplexes, excluding larger multifamily buildings that are also covered by rent control. Third, it uses assessed values, which may lag market values in municipalities that have not recently revalued. Fourth, it applies the DDD coefficient uniformly, whereas the threshold-group robustness (Table 7) shows that the capitalization effect is larger at lower thresholds where coverage is more comprehensive. The estimate does not account for general equilibrium effects of rent control on the broader tax base or on municipal expenditures.

These results can be compared to the existing literature on rent control capitalization. Diamond et al. (2019) found that rent control in San Francisco reduced rental housing supply by 15 percent, with landlords converting covered properties to condominiums or other uses. Autor et al. (2014) estimated \$1.8 billion in assessed value gains following the removal of rent control in Cambridge, Massachusetts. This paper complements these findings by showing that even a partial exemption, which removes rent control from new construction above a size threshold, generates substantial capitalization effects on land values. The magnitude of the fiscal estimate (\$30 million per year) is considerably smaller than the \$1.8 billion found by Autor et al. (2014), which is expected given that the present estimate reflects a partial exemption applied to a subset of building sizes across a mix of smaller and larger New Jersey cities, not a complete decontrol in a single high-value market.

These results also speak to the prior NJ-specific literature. Gilderbloom and Ye (2007) and Ambrosius et al. (2015) compare rent-controlled and non-controlled NJ municipalities at the city level and report null effects on rents, housing quality, and property values, concluding that the state's ordinances do not meaningfully constrain local housing markets. Several features of their design prevent a meaningful test of capitalization. First, their property value outcome is the percentage change in self-reported median home value between the 2000 and 2010 Censuses. Census self-reports coverage of owner-occupied housing, which is not subject to rent control and the population through which rent control should capitalize, covered rental properties, is most likely absent from the dependent variable. Second, nearly all NJ rent control ordinances were already in place by 2000. Any pre-existing capitalization is embedded in the baseline year, and differencing 2000 to 2010 mechanically nets it out. Their design most likely estimates differences in appreciation across the housing cycle, not capitalization due to rent control. Third, their treatment is either a city-level indicator or a ten-component ordinal index in which the coverage threshold ("multiple dwellings covered") receives one-tenth weight alongside features unrelated to which buildings the policy applies to, such as fuel passalongs, fair-return clauses, and CPI thresholds. The threshold gradient in Table 7 shows that capitalization varies sharply with coverage; pooling coverage with nine other features attenuates any signal. My DDD on total assessed value (0.117, insignificant) is broadly consistent with their null, but the land-improvement decomposition reveals a 54 percent capitalization effect on land that an aggregate which the owner-occupied and first-differenced outcome cannot detect.

There are several limitations to this paper. First, if rent-controlled cities zone against fourplexes but not triplexes, the DDD could capture zoning restrictions rather than rent control capitalization. City fixed effects and the never-controlled baseline help address this concern, but they do not fully rule it out. Verification would require historical zoning maps from the 1987 era, which are not currently available in digitized form. Second, New Jersey municipalities revalue property on different schedules. City fixed effects absorb cross-city differences in assessment practices, but within-city variation in assessment timing could introduce noise. Third, the 2022 *Willow Ridge* ruling ("Willow Ridge Apartments, LLC v. Union City Rent Stabilization Board", 2022) established that owners who fail to file for the NCE forfeit the exemption, introducing compliance risk that may depress post-1987 fourplex values and make the DDD estimate conservative. Filing status is not recorded in MOD-IV and would require additional OPRA requests to verify at the parcel level. Fourth, the DDD assumes no spillovers between exempt and covered buildings (SUTVA). Autor et al. (2014) found that decontrolled buildings in Cambridge raised the values of nearby properties that were never under rent control, implying positive spillovers from exemption. If NCE-exempt fourplexes similarly raise the values of nearby covered triplexes, the fourplex-triplex gap understates the true NCE premium, and the fiscal cost estimate is attenuated.

A related concern is selection of post-1987 fourplexes into the NCE. Because the exemption applies only to buildings with four or more units, developers may select into the fourplex size class precisely because of the exemption, in which case the DDD captures both the value of the exemption and the value of marginal projects shifted into compliance with the four-unit threshold. The placebo cutoff tests in Table 5 address the extensive margin argument in that the fourplex share gap between RC and never-RC cities is approximately -0.13 at every cutoff between 1960 and 1987, indicating that the structural deficit of fourplexes in RC cities predates the NCE and is not generated by post-1987 sorting. The intensive margin, whether the fourplexes that are built post-1987 in RC cities differ in unobserved quality from those built in never-RC cities, is not directly testable in the current design. A conditional logit of developer building-size choice (two, three, four, or five-plus units) conditional on parcel attributes, estimated separately pre- and post-1987 in RC and never-RC cities, would provide an explicit estimate of how the relative attractiveness of fourplexes shifted at the NCE cutoff which is left for possible future work.

8 Conclusion

This paper estimates the capitalization of rent control into property values using New Jersey's New Construction Exemption, which exempts newly built fourplexes from local rent control ordinances while leaving triplexes covered. A triple-difference design on 2024 assessed values shows that the NCE generates a 54 percent premium on land values for exempt fourplexes in rent-controlled cities. The effect is concentrated entirely in land, not improvements, and is stable across the three NCE legislative events from 1987 to 1997. The result survives leave-one-out city robustness, alternative threshold samples, and alternative treated group definitions.

The findings have implications for the design of rent control policy. The large land value premium implies that rent control coverage imposes a substantial cost on covered properties, even in a setting where coverage thresholds are relatively high and the regulatory regime is less restrictive than in cities like other cities. The concentration of the effect in land values, rather than improvement values, suggests that rent control operates primarily through the income channel rather than through physical deterioration of the housing stock. The stability of the premium across NCE waves indicates that property markets price regulatory exemptions quickly, even when the exemption's permanence is uncertain.

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A DDD Bin Scatters at Alternative Cutoffs

Figures 5–8 replicate the main bin scatter (Figure 3) at the 1992 and 1997 NCE cutoffs, for both land and improvement values. The pattern is consistent across cutoffs: the fourplex-triplex land value gap widens at the cutoff in RC cities but not in never-RC cities, while improvement values show no differential shift.

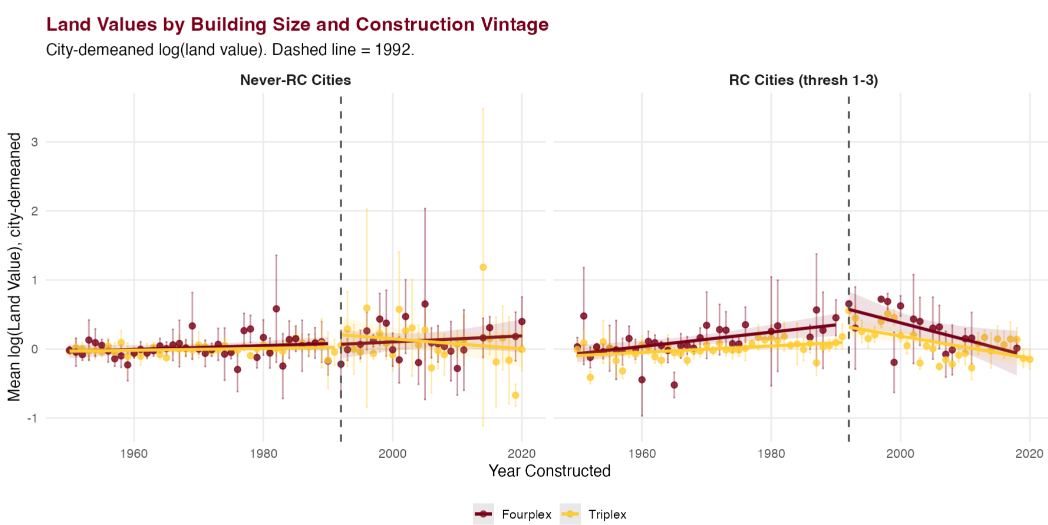

Figure 5: DDD Bin Scatter: Land Values, 1992 Cutoff

Notes: Same specification as Figure 3. Dashed line marks 1992, when the NCE was extended with a 15-year sunset.

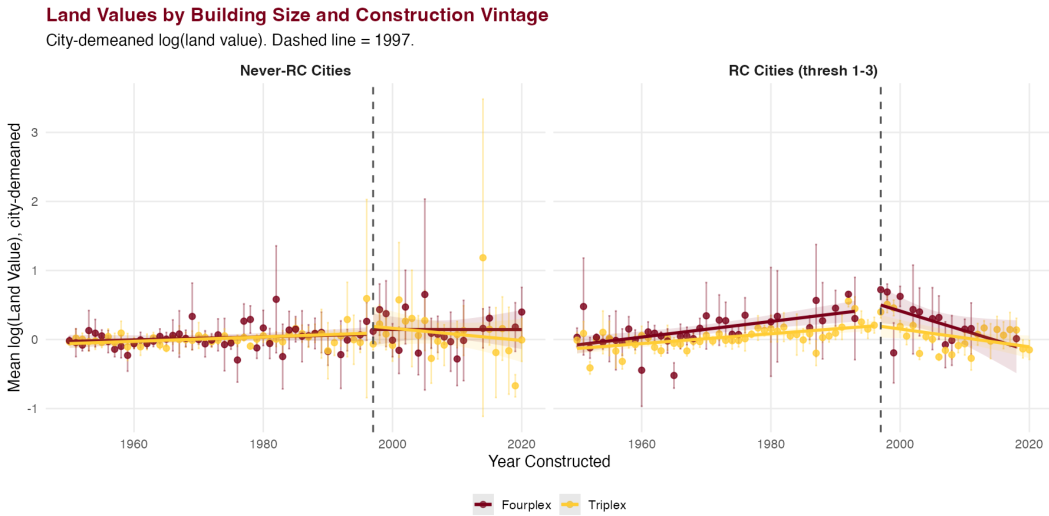

Figure 6: DDD Bin Scatter: Land Values, 1997 Cutoff

Notes: Same specification as Figure 3. Dashed line marks 1997, when the NCE was made permanent.

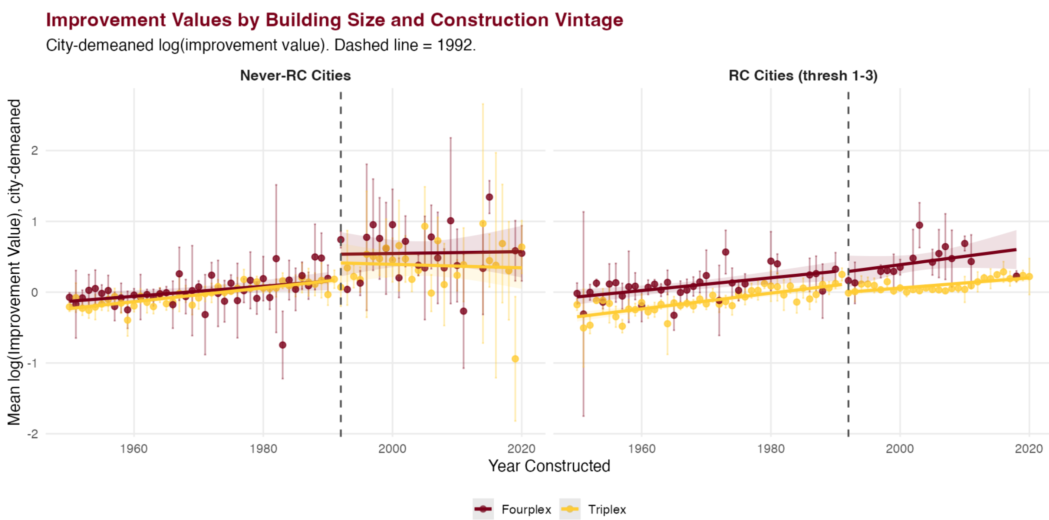

Figure 7: DDD Bin Scatter: Improvement Values, 1992 Cutoff

Notes: City-demeaned log(improvement value). Same specification as Figure 4. The fourplex-triplex improvement gap is stable across the 1992 cutoff.

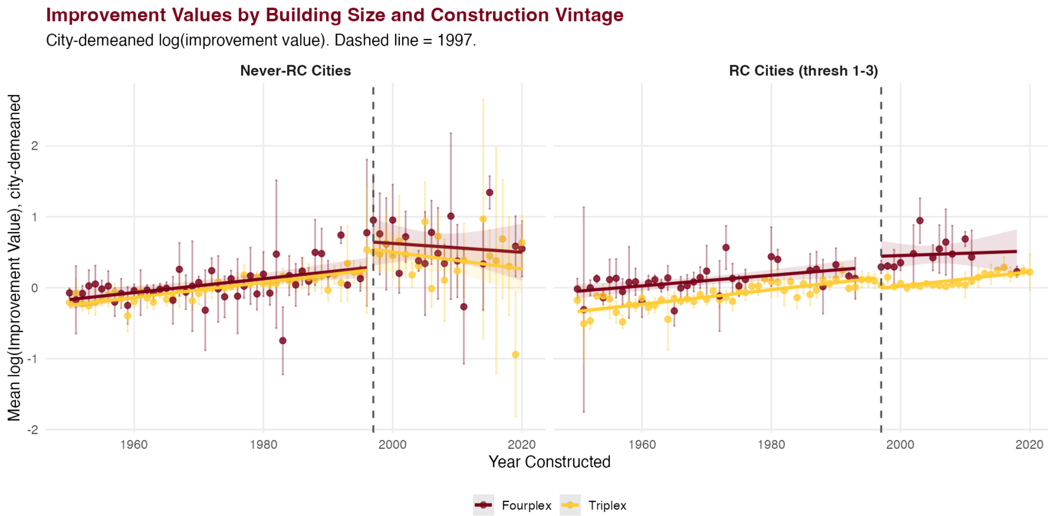

Figure 8: DDD Bin Scatter: Improvement Values, 1997 Cutoff

Notes: City-demeaned log(improvement value). Same specification as Figure 4. The fourplex-triplex improvement gap is stable across the 1997 cutoff.

B Fourplex Detail by Coverage Threshold

Table 11: Fourplex Treated Cell by Coverage Threshold

	N		Mean Land ($)		Mean Acres	
Thresh	Pre-87	Post-87	Pre-87	Post-87	Pre-87	Post-87
1	2,360	84	228,399	125,573	73.437	0.067
2	192	5	93,747	228,760	0.135	0.214
3	1,777	41	194,432	283,995	0.392	0.129
4	1,147	26	144,366	194,673	0.229	0.131
5	1,444	20	268,027	189,655	0.153	0.075

Notes: RC cities only. Threshold=1 pre-1987 fourplexes have anomalously large mean acreage (73.4 acres), driven by a few parcels with large lot assemblages. Post-1987 fourplexes are uniformly small-lot (<0.15 acres) at all thresholds. The DDD lead specification pools thresholds 1–3.

C Full DDD Coefficient Estimates

Tables 12–14 report all coefficients from Equation 1 at each NCE cutoff.

Table 12: Full DDD Estimates: 1987 Cutoff

	Total	Improvement	Land
δ^{DDD}: Post × Four × RC	0.130*	0.055	0.422***
	(0.079)	(0.098)	(0.140)
Post × Fourplex	0.024	0.113	−0.182*
	(0.068)	(0.083)	(0.105)
Post × RC	−0.117**	−0.247***	−0.047
	(0.049)	(0.055)	(0.073)
Fourplex × RC	0.046***	0.033*	0.046
	(0.017)	(0.020)	(0.033)
Post	0.365***	0.524***	0.318**
	(0.048)	(0.056)	(0.141)
Fourplex	0.115***	0.162***	0.034***
	(0.011)	(0.015)	(0.012)
log(acres)	0.158***	0.136***	0.167***
	(0.027)	(0.020)	(0.054)
$\tilde{Y}^{-}$	0.000	0.000	−0.000
	(0.000)	(0.000)	(0.000)
$\tilde{Y}^{+}$	0.008***	0.011***	−0.007
	(0.002)	(0.002)	(0.007)
Diagnostics			
N	30,603	30,603	30,603
R^2	0.834	0.670	0.859
Within R^2	0.254	0.199	0.069
City FE	Yes	Yes	Yes

Notes: All coefficients from Equation 1 at the 1987 cutoff. RC main effect absorbed by city FE. Standard errors clustered at city level. $^{*}p < .1$, $^{**}p < .05$, $^{***}p < .01$.

Table 13: Full DDD Estimates: 1992 Cutoff

	Total	Improvement	Land
δ^{DDD}: Post × Four × RC	0.137	0.092	0.425**
	(0.089)	(0.119)	(0.166)
Post × Fourplex	0.008	0.092	−0.208
	(0.081)	(0.105)	(0.140)
Post × RC	−0.152***	−0.299***	−0.106
	(0.056)	(0.063)	(0.074)
Fourplex × RC	0.043**	0.027	0.047
	(0.017)	(0.020)	(0.033)
Post	0.452***	0.615***	0.445***
	(0.058)	(0.063)	(0.149)
Fourplex	0.118***	0.166***	0.033***
	(0.011)	(0.015)	(0.012)
log(acres)	0.159***	0.137***	0.167***
	(0.027)	(0.020)	(0.054)
$\tilde{Y}^-$	0.000	0.000	−0.000
	(0.000)	(0.000)	(0.000)
$\tilde{Y}^+$	0.007***	0.011***	−0.014*
	(0.002)	(0.002)	(0.008)
Diagnostics			
N	30,603	30,603	30,603
R^2	0.832	0.667	0.859
Within R^2	0.249	0.192	0.071
City FE	Yes	Yes	Yes

Notes: All coefficients from Equation 1 at the 1992 cutoff. RC main effect absorbed by city FE. Standard errors clustered at city level. $^{*}p < .1$, $^{**}p < .05$, $^{***}p < .01$.

Table 14: Full DDD Estimates: 1997 Cutoff

	Total	Improvement	Land
δ^{DDD}: Post × Four × RC	0.156	0.115	0.446**
	(0.099)	(0.135)	(0.194)
Post × Fourplex	0.012	0.099	−0.203
	(0.089)	(0.120)	(0.154)
Post × RC	−0.165***	−0.314***	−0.154**
	(0.056)	(0.069)	(0.064)
Fourplex × RC	0.042**	0.025	0.047
	(0.017)	(0.020)	(0.032)
Post	0.477***	0.659***	0.388***
	(0.055)	(0.069)	(0.116)
Fourplex	0.117***	0.165***	0.032***
	(0.011)	(0.015)	(0.013)
log(acres)	0.159***	0.138***	0.167***
	(0.027)	(0.020)	(0.054)
$\tilde{Y}^-$	0.000	0.000	−0.000
	(0.000)	(0.000)	(0.000)
$\tilde{Y}^+$	0.008***	0.012***	−0.013**
	(0.001)	(0.002)	(0.006)
Diagnostics			
N	30,603	30,603	30,603
R^2	0.830	0.664	0.858
Within R^2	0.240	0.184	0.066
City FE	Yes	Yes	Yes

Notes: All coefficients from Equation 1 at the 1997 cutoff. RC main effect absorbed by city FE. Standard errors clustered at city level. $^*p < .1$, $^{**}p < .05$, $^{***}p < .01$.