

**Oral Statement of Aryanna Royster, President, Borger
Residential**

On behalf of NAA and NMHC

**Before the House Financial Services Committee,
Housing and Insurance Subcommittee**

December 6, 2023

Chairman Davidson, Ranking Member Cleaver, and members of the subcommittee, thank you for the opportunity to testify today.

My name is Arianna Royster. I am the President of Borger Residential, a locally owned firm serving Washington, D.C., Maryland, and Virginia for over 50 years with 8,700 multifamily units under management. I am pleased to testify on behalf of the nearly 100,000 combined members of the National Apartment Association (NAA) and the National Multifamily Housing Council (NMHC).

I would like to share with you today the housing provider perspective on the affordability challenge, some of the obstacles we face in meeting this challenge and several potential solutions. My written statement contains greater detail in all these areas.

The nation's housing affordability challenge boils down to one simple fact: there simply are not enough rental units to meet the growing consumer demand. Decades of undersupply have set us back, and while some markets will make progress in the short-term, the nation needs 4.3 million new apartment homes by 2035. At the same time, our members report that economic and regulatory challenges are causing them to cut back significantly on development activities, in some cases, by as much as 50 percent.

Making matters worse is the increasing challenges in the operation of apartments. Industry data shows an average expense increase of 9.3% for the 12 months ending June 30, 2023, with insurance, repairs/maintenance, administrative and labor costs leading contributors. Insurance is especially troubling.

NMHC Research from June of 2023 showed that, on average, multifamily property insurance premiums soared 26 percent year-over-year.

Keep in mind that out of every dollar of rent collected, \$0.93 is allocated towards operational expenses. With such a slim margin, rising operating costs impact the sustainability of rental housing while placing additional upward pressure on rents.

The expanding Federal regulatory environment is a growing challenge as well. State and local laws already heavily regulate the relationship between a rental housing provider and their residents. Adding Federal requirements increases market uncertainty, confuses residents and housing providers, and disincentivizes investment in housing.

For example, the White House Blueprint for A Renters Bill of Rights issued earlier this year greatly concerns the rental housing industry. While well-intentioned, it contemplates sweeping changes to federal housing policy, including significant reach by the federal government into the relationship between residents and housing providers and even rent control for properties backed by Fannie Mae and Freddie Mac.

Of course, the most significant regulatory, administrative, and political barriers to the development of new rental housing are often imposed at the state and local levels of government. These must be addressed to expand access to housing.

With all of this in mind, we urge Congress to consider several strategies to address the housing affordability challenge.

First, redouble efforts to incentivize states and localities to remove or mitigate local barriers to development of rental housing, by passing the Yes In My Backyard or YIMBY Act, H.R. 3507. The industry thanks Representatives Flood and Kilmer for their leadership on this important bill.

Second, improve the Section 8 Housing Choice Voucher program which is the primary method for aiding 2.1 million low-income households pay their rent. Improvements are needed to encourage more voluntary private sector participation and streamline regulations so federal dollars are used effectively and efficiently.

The Choice in Affordable Housing Act - H.R. 4606 – addresses many of these issues. We appreciate the leadership of Ranking Member Cleaver and Representative Chavez DeRemer (duh-reamer) for their stewardship of this bill. We urge the Committee to consider this important legislation soon.

Third, Congress and the Administration must keep the housing provider/resident relationship where it belongs, at the state and local level. One-size-fits-all regulations do not account for, and may conflict with, the unique housing needs of individual real estate markets.

One proactive step is to support a bill sponsored by Representative Loudermilk HR 802, the Respect State Housing Laws Act, which ends the CARES Act 30-day notice-to-vacate requirement, returning eviction policy back to the state and local level where it belongs. **[IF HE IS IN THE ROOM** “THANK YOU Representative Loudermilk for your leadership on this bill.]

Finally, both Congress and the Administration must reject rent control as a viable solution to housing affordability. Decades of research and real-world case studies show that rent regulation devastates rental housing and harms affordability.

Ensuring an adequate supply of quality housing is critical to continued economic prosperity and household stability for Americans nationwide. Federal policymakers should focus on sustainable solutions and avoid any new policies that further exacerbate existing challenges and inadvertently harm consumers in the process.

I thank you for the opportunity to testify today. I look forward to your questions.