

Biden Announces Rent Cap Proposal that Puts America's Renters at Risk

Read Time: 6 minutes, 45 seconds

Today, President Biden [announced a proposal](#) that would implement a 5% rent cap by curtailing depreciation tax deductions for non-compliance.

If Congress were to choose to pass legislation enacting this proposal, it would:

- Apply to “corporate landlords,” as defined as housing providers with 50 units or more in their portfolio, covering more than 20 million units across the country.
- Cap rent increases to no more than 5% per year by denying faster depreciation write offs to non-compliant owners.
- Be in effect this year and for the two following years.
- Include an exception for new construction and substantial renovation or rehabilitation.

The announcement also includes two additional housing proposals that would focus efforts on repurposing public land and developing/rehabilitating affordable housing.

Promises Unkept—Proposal Fails to Protect Renters

This proposal simply misses the mark on fulfilling the President’s promise to improve affordability. Not only will it fail to deliver any new housing units, but it threatens to take currently available units off the market. Rent regulation hurts renters. Full stop.

In fact, [research shows](#) it:

- Disincentivizes investment in the rental community, resulting in fewer rental units;
- Inhibits mobility, thus creating a barrier to entry for new renters seeking housing in rent-controlled communities;
- Distributes the limited benefits of rent regulation disproportionately to higher-income, older and white residents, respectively;
- Substantially reduces the value of rent-regulated properties as well as nearby unregulated rental properties, thereby reducing real estate tax revenue to the locality; and
- Fails to address, if not negatively impacts, eviction prevention, renter well-being, renter educational attainment opportunities and neighborhood quality.
- Causes deterioration or lack of investment in rent-controlled buildings and, therefore, reduces the quality of housing.

Renters Deserve Real Solutions

As the [President acknowledged](#) via release of his Housing Supply Action Plan, he “believes the best thing we can do to ease the burden of housing costs is to boost the supply of quality housing.” While the basics of supply-demand economics have not shifted in the months since the President made that statement, the stakes of election-year politics certainly have. America’s renters deserve real solutions to combat this very real affordability crisis—not political rhetoric.

It's time to put aside politics and put the American people first. [The country needs to build 4.3 million more apartments by 2035 to get us out of this crisis](#). In addition, policymakers must take the steps necessary to provide actual assistance via proven subsidy programs to families in need while we work together to increase supply. Let’s focus on policies that open doors of opportunity, not shut people out.



Supreme Court Overturns Chevron Deference, Making Sweeping Changes to Regulatory Landscape:

The Supreme Court recently overturned the longstanding *Chevron* doctrine which granted deference to an agency's reasonable interpretation if a statute were deemed ambiguous. This decision will create a host of challenges for the Biden Administration's push on its regulatory agenda, impacting the way federal agencies regulate in different areas like energy efficiency, technology and AI, and leaving previous and future regulations open to a wealth of legal challenges.

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Industry Topic Updates

Some articles linked within this section of the newsletter are exclusively available to NMHC members. Gain access to these resources, and more, by becoming a member. [Click here to learn more about joining NMHC.](#)

TECHNOLOGY & CONNECTIVITY UPDATES

- **[NMHC Leads Real Estate Coalition in Comments on New Cyber Disclosure Rules:](#)** NMHC recently led a broad coalition of real estate stakeholders in submitting detailed comments to the Cybersecurity and

Infrastructure Security Agency (CISA) in response to the [agency's proposed rule regarding reporting requirements](#) set forth in the Cyber Incident Reporting for Critical Infrastructure Act (CIRCA). While remaining supportive of CISA in its efforts to create a unified regulatory framework for data security and incident notification, NMHC and the coalition expressed concern relating to specific provisions of the proposed rule.

- **[NMHC Weighs in on Federal Privacy in Anticipation of Congressional Markup](#)**: The House Committee on Energy and Commerce was scheduled to hold a markup of the American Privacy Rights Act (APRA). However, the hearing was ultimately postponed in response to growing concern from stakeholder groups and vocal opposition from some in House Republican leadership. In advance of the Committee markup [NMHC sent the Committee a letter outlining our concerns](#) and the implications of APRA for the multifamily housing sector.



HOUSING AFFORDABILITY UPDATES

- **[Biden Administration Announces NMHC-Supported Efforts to Increase Housing Supply and Lower Housing Costs](#)**: This effort, which was supported and encouraged by NMHC and other groups, will award \$85 million in grant funding for the Pathways to Removing Obstacles to Housing (PRO Housing) program. PRO Housing aims to identify and remove barriers to affordable housing production and preservation, and lower housing costs.
- **[Broad Housing Coalition Calls on Lawmakers to Address Rising Insurance Costs](#)**: A broad coalition of groups representing America's housing providers, lenders and residents [sent members of Congress and the Biden administration a letter](#) outlining a number of bipartisan policies to address the causes of rising insurance premiums across the nation's housing market. The letter focused in particular on the significant negative impacts such increases have had on all stakeholders, including, but not limited to, single-family, multifamily, and affordable housing developers, lenders, investors, owners and our nation's renters.
- **[Senators Introduce "Anticompetitive" Legislation](#)**: Several Democratic Senators recently introduced the *Housing Acquisitions Review and Transparency (HART) Act*, which would require corporations and private equity firms that purchase "large amounts of housing" to report those transactions to antitrust enforcers.



EMPLOYMENT REGULATION UPDATES

- **NMHC Urges DOL to Halt Implementation of the Overtime Final Rule:** NMHC, NAA, and nearly 100 other business organizations sent a letter to DOL's Wage and Hour Division requesting that DOL stay implementation of the overtime final rule to allow for judicial review.
- **Treasury and IRS Issue Final Regulations on Wage and Apprenticeship Requirements for IRA Tax Incentives:** The Treasury Department and Internal Revenue Service (IRS) recently issued final regulations regarding prevailing wage and apprenticeship requirements pertaining to enhanced energy tax incentives available under the Inflation Reduction Act (IRA). Under the Act, if taxpayers meet prevailing wage and apprenticeship requirements, they can generally claim a tax credit or deduction equal to five times the base amount.
- **Federal Court Partially Halts Noncompete Rule:** U.S. District Court Judge Ada Brown recently ruled against the Federal Trade Commission (FTC) and issued a preliminary injunction postponing the implementation of the agency's controversial rule banning noncompete clauses. The decision, in *Ryan vs. Federal Trade Commission*, is incredibly narrow, only applying to the named parties in the lawsuit.

Stay in the Loop

Don't wait for the newsletter to stay in the loop on topic updates. NMHC posts regular updates to our website on a number of critical advocacy and research topics. [Click here](#) to explore additional topics and bookmark the pages that are of interest to you.

The Achilles Heel of Solving America's Housing Affordability Crisis: Federal Over-Regulation

At a time when housing providers are facing increasing pressure to meet booming demand, an overly burdensome regulatory infrastructure is forcing financiers, developers and operators to manage numerous compliance hurdles and rising costs. Housing affordability, driven by a lack of supply, is a top issue plaguing communities nationwide.

Currently, policymakers are considering a multitude of regulatory and legislative proposals on a broad array of issues—ranging from artificial intelligence to energy efficiency. Click through for a detailed rundown from NMHC's Cindy Chetti on dozens of regulatory actions that could have an impact on the rental housing sector and the residents we serve.

[Read More](#)

What Congress Could Take on Ahead of the Election

While NMHC continues to work on legislative issues, including educating members of Congress on the implications of tax provisions expiring at the end of 2025, the legislative calendar remains relatively short in the run-up to the November 5 election. Most pressing on Congress' agenda will be ensuring the government is funded past the beginning of Fiscal Year 2025 on October 1. Click through for a rundown from NMHC's Matthew Berger on what we can expect ahead of the elections.

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Upcoming NMHC Events and Webinars

Open Events

[2024 Q3 State of the Multifamily Market Webinar](#) | July 22, 2024

[2024 NMHC Student Housing Conference](#) | Oct. 7-9

[2024 NMHC OPTECH Conference & Expo](#) | Oct. 21-23

NMHC Members-Only Events

[2025 NMHC Fall Board of Directors Meeting](#) | Sept. 11-13

NMHC Members: The list doesn't stop here—log in to your member account and access other exclusive, member-only meeting and registration details.

NMHC Leaders Advocate for Bulk Billing to the Hill and the FCC

Last week, NMHC brought leaders from across the rental housing industry to meet directly with several key members of Congress and FCC Commissioners. These meetings centered on the pro-consumer and pro-competition nature of bulk billing arrangements, and the negative impact that elimination or restriction would have on accessibility and affordability of broadband for millions of renters. Click through for a writeup from NMHC's Kevin Donnelly on the latest state of play.

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More to Explore

NMHC in the News

Why Building "Luxury" Apartments Brings Down Rent for All

Construction Delays and Economic Uncertainty Continue to Challenge Housing Providers

- [PoliticoPro: Biden pushes to cap rent growth at 5 percent for large landlords](#)
 - [CNN: Biden unveils plan to cap rent hikes](#)
- [Bloomberg: Biden Calls for National Rent Control on Corporate Landlords](#)
 - [Fox: Biden to propose capping national rent increases at 5%](#)

The U.S. built 438,500 new apartment units in 2023, according to data from the Census Bureau, up 22.1% from the previous year and marking the highest number of annual completions since 1987. But many [Americans remain skeptical](#) as to whether these new apartments - which tend to be more expensive than existing units and are often marketed as "luxury" - will aid affordability for households at the lower end of the income spectrum. Click through to access the latest Research Notes, where NMHC's Chris Bruen examines how increased completions of more expensive Class A and B apartments influenced rental costs for all apartments in 2023 - including more affordable, Class C units.

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The June 2024 edition of the [NMHC Quarterly Survey of Apartment Construction & Development Activity](#) found that 70% of respondents reported experiencing construction delays over the last three months. This marks the fourth consecutive quarter of decline in reported delays (down from 81% in March, 84% in December and 88% in September). Although this may suggest an improving environment, construction delays are still highly expected.

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