

A Few Words from NMHC President Doug Bibby



While you may be aware that we spent in excess of \$75 million in California, the industry has spent millions more to stop the spread of rent control across the country – quite literally from Portland to Portland.

We will continue to face these costly, counterproductive fights unless our industry can propose concrete solutions acceptable to policymakers and their constituents. We intend to have a wide-ranging discussion not only on housing affordability, but on related issues like displacement and evictions as well. Our goal will be to determine if there are policy options palatable to the industry and identify new steps for NMHC to take going forward.

To aid our discussion, this briefing book provides detailed information on the work done to date and the threat moving forward.

Policymakers continue to search for solutions to ease housing concerns. Unfortunately, lawmakers at the federal, state and local levels continue to pursue ideas that treat the symptoms of affordability and which are counter-productive and punitive to our industry:

- Rent control – both expanding and making it more draconian
- Expensive affordable housing mandates like mandatory inclusionary zoning
- Requiring all landlords to accept housing vouchers
- Eviction/displacement protections, including paying relocation costs

Since 2017, dozens of legislative and ballot initiative efforts attempted to expand rent control in California, Washington State, Oregon, Hawaii, Illinois, Minnesota, Maine, Connecticut, Massachusetts, Maryland, New York, New Jersey and the District of Columbia. Legislation to expand rent control in the 2019 session is already active in Oregon, Illinois and New York.

Capitol Hill has also started weighing in on rent control. Four Members of Congress from California endorsed Proposition 10 (Representatives Maxine Waters, Barbara Lee, Karen Bass and Ro Khanna), along with Senator Bernie Sanders – highlighting rent control as a progressive cause. Beyond rent control itself, Congress recently introduced legislation with titles like “The Landlord Accountability Act”, “The Rent Relief Act” and “The Fair Housing Improvement Act” on eviction protections, criminal screenings, source of income protection and new enforcement mechanisms against landlords.



NMHC has not sat idly by. In 2017, NMHC, partnering with NAA, rolled out an aggressive advocacy initiative on affordability focusing on the supply-demand imbalance nationwide. The “Vision 2030” program included a new policy platform, lobbying effort, seven-figure advertising campaign and a 50-city media push to highlight the demand for 4.6 million new apartments by 2030.

The campaign also augments many of NMHC’s other advocacy efforts on affordability. Some recent successes include:

- Congressional testimony from Clyde Holland, Sue Ansel, Jim Schloemer and Bob DeWitt discussing rental housing affordability
- Preservation and expansion of the Low-Income Housing Tax Credit; Working to enact a Middle-Income Housing Tax Credit (MIHTC)
- Streamlining the Section 8 Housing Choice Voucher Program
- Working with FHFA on numerous fronts, including amending their Duty to Serve requirements and promoting additional resources through the Federal Home Loan Banks

This is in addition to numerous other efforts on tax reform, regulatory reform and other issues that support housing affordability by making it easier for the industry to build and operate multifamily communities.

NMHC is also developing a toolkit with HR&A to help the industry engage with local stakeholders on cost drivers behind development, the benefits of multifamily housing and tools cities can use to help address housing affordability.

On rent control specifically, NMHC is working on a resource center to provide editorials, talking points, fact sheets and other tools to help the industry push back against new rent control initiatives. More information about these and other efforts are detailed in the attached briefing book.

Despite all of these efforts, the threat is not going away. Our goal with our January 31 discussion is to examine a full range of proactive steps the industry can take to forge a new path forward to ultimately head off these expensive, counterproductive fights. I hope you will join us.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Bibby".



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MEETING RESOURCE | JANUARY 31, 2019

Housing Affordability Special Session Toolkit

2019 NMHC Annual Meeting

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Press Release: NMHC Officers Testify Before Congress Regarding the Cost of Regulations

Sue Ansel, President and Chief Executive Officer, Gables Residential and Jim Schloemer, Chief Executive Officer, Continental Properties Company, Inc. testified before the Housing and Insurance Subcommittee.

Bob Dewitt Testifies Before Congress Regarding Sustainable Housing Finance

Bob Dewitt, Vice Chairman, President and CEO of GID Investment Advisers testified before the House Committee on Financial Services Housing and Insurance Subcommittee.

Urban Institute Submission on GSE Reform and Affordability

NMHC President Doug Bibby and NMHC Chairman Bob Dewitt joined industry leaders in commenting on GSE reform through the Urban Institute, addressed affordability challenges and importance of access to capital.

Low-Income Housing Tax Credit (LIHTC) Fact Sheet

The LIHTC program provides critical support to the nation's affordable housing production. Given that there are currently just 45 affordable

units for every 100 very low-income apartment households, lawmakers should strengthen the program

Middle-Income Housing Tax Credit (MIHTC) Fact Sheet

Although LIHTC should be provided with significant additional resources, middle-income households are also facing severe cost burdens that cannot be addressed without a new, dedicated resource. The MIHTC program is necessary to construct workforce housing that working households can afford.

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NMHC ANNUAL MEETING | JANUARY 31, 2019

Meeting Materials

Housing Affordability Special
Session Toolkit

Program Agenda

2019 NMHC Annual Meeting – Affordability Special Session

Thursday, January 31, 2019 | San Diego, CA

Meeting location: Manchester Grand Hyatt, Harbor Ballroom G

11:45 am – Lunch

Enjoy a selection from the lunch buffet and join your peers at the discussion roundtables.

12:00 pm – Welcome & Opening Remarks

Welcoming members, Doug Bibby, President, NMHC, will frame the day's discussion goals and objectives while several NMHC experts provide context for the political landscape.

12:20 to 2:30 pm - Group Discussion

Doug will lead open discussion with attendees addressing wide-ranging topics from housing affordability to related issues like displacement and evictions. NMHC intends to use this time to gain as much information as possible from our membership, to identify the challenges of greatest importance to the industry, and to gain perspective on how potential solutions to these problems may impact your business. Please feel free to share your views and examples of success or opposition to developing housing.

2:30-3:00 pm – Closing Discussion: Where the Rubber Hits the Road

Closing out the meeting, Doug will recap a summary of insights and observations shared in the course of the open dialogue. The goal will be to establish what policy options may be palatable to the industry.

3:00 pm – Program concludes.

NMHC counts on the role of its members, through sharing perspectives and experiences, to help determine the best policy option and next steps to take on behalf of the industry. Thank you for joining NMHC and your member peers in this special session.

NMHC ANNUAL MEETING | JANUARY 31, 2019

NMHC Resources, Programs and Initiatives

Housing Affordability Special
Session Toolkit

Beck Research Memo

To: NMHC
From: Beck Research, ClearPath Strategies
Date: September 17, 2018
Re: Housing Affordability Research Findings

Most Americans understand the lack of affordable housing is a serious and urgent issue nationally and voters want actions to stabilize the housing market and control housing costs. As a result, when rent control is presented as the sole solution to this problem and without additional information, the broad concept has strong support. However, when rent control is one of a larger set of housing market fixes, its support drops dramatically, ranking far behind Public-Private Partnerships (PPP) and building a wider range of housing.

This key finding has important implications for advocates of a more holistic and comprehensive approach to meet America’s housing needs. Absent an actual proposition or legislation, if the debate is limited to “yes” or “no” on rent control writ large, voters will try something, even if it is flawed, over nothing. But, the debate might not even get to a fight on rent control if housing affordability advocates can reshape the debate on more favorable terms by presenting alternative approaches to rent control in a visible and credible way. Rent control’s power comes from being a simple idea that its advocates apply everywhere. So, undermining this position requires offering alternative approaches tailored to each state and community having this debate.

The following memo is based on national qualitative and quantitative research conducted in July and August 2018.ⁱ The following are the key findings from our research:

- **Without an alternative, a majority of Americans favor rent control.** In a vacuum, rent control has appeal. Three out of five voters (62%) support the broad concept of rent control and 38% oppose. However, a plurality of voters is open to changing their minds, as only 15% are strong supporters of rent control and almost half (47%) are soft supporters.

The persuadable rent control supporters include moderate Democrats, middle income Americans, Millennials, college women, non-white men, and those from smaller metro areas. The strongest rent control opponents are conservative Republicans, older voters (60% are over 50), white men, married college men, and have a higher income. Opponents disproportionately live in exurban areas or are from in the Deep South. In

contrast, vocal supporters are more likely to be Democrats, younger (under 50), non-white, and lower income. Proponents are more likely to reside in large metro areas and the Pacific states.

- **When rent control is presented with other alternative solutions, voters do not see it as the best first step for solving the lack of affordable housing.** Out of four options to address housing affordability, rent control ranks third, by a good margin. PPP between states and local governments and the private sector to create more housing is the top choice with 62% (respondents were allowed to select two of the four choices). A majority (56%) also backs building more housing and reducing barriers to increase supply. Enacting rent control (38%) and increasing direct assistance to renters (35%) receive much lower levels of support. Even among those who initially support rent control in a vacuum, when presented with other possibilities, rent control is no longer their preferred first step, losing out to the PPP approach.
- **There are no disqualifiers or a silver bullet about rent control specifics which cause wide opposition to rent control.** Cost-centered proposals which pass savings back to renters are the most popular elements of rent control, including limiting rent percentage increases (58% support) and capping rent increases at 5% of the previous year's rent (57% support). Voters are most troubled by the establishment of a rent control board; with 45% opposing this specific measure to just 38% supporting. Two other specific measures only receive a plurality of support: Applying rent control to all types of housing (46% support) and capping rent increases at 60% of the previous year's inflation (48% support).

While support for these specifics are below the 62% who initially support rent control broadly, still more voters support these elements than are opposed to them. Without a specific proposal garnering a majority opposition, an attempt to undermine rent control by focusing on an inherent poison pill is not the best way to drive down overall support.

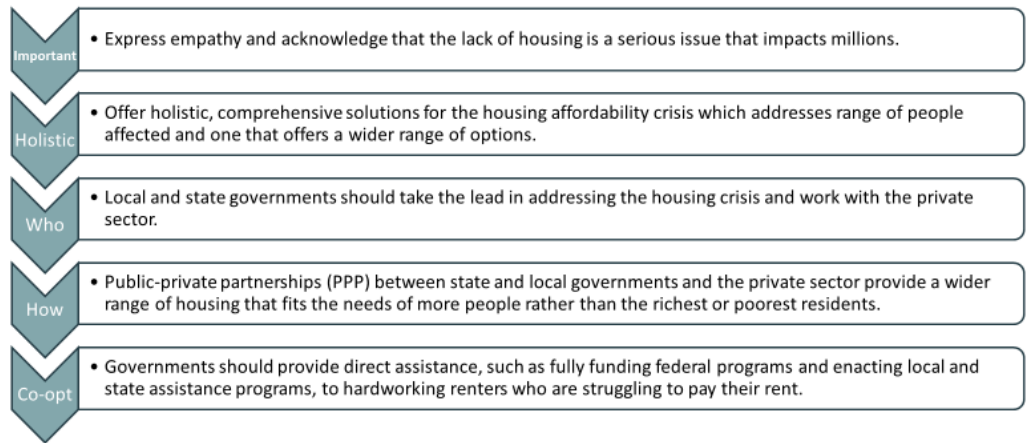
- **Instead voters respond to messages present a better way to address the housing affordability problem.** The top message, displayed below, presents a holistic approach solving housing affordability by building a wider range of housing options, encouraging the right kind of growth, and providing more direct assistance to rents with a demonstrated need (60% provide a positive rating; mean score of 6.3). Voters also are receptive to a PPP solution whereby local and state governments work with the private sector to lead the way. These messages are the strongest overall and among persuadable voters because they present proactive and comprehensive alternative paths to reshape what housing is available rather than just put restrictions on an already insufficient housing stock.

BEST WAYS TO ADDRESS THE HOUSING AFFORDABILITY PROBLEM

	Mean	6-10 out of 10
We need a holistic solution for the housing affordability crisis for all the different people affected. That means building a wider range of options , from small houses, such as apartments and duplexes, to large ones, like single-family homes and townhouses. And, for those in need, provide direct assistance to renters with demonstrated need rather than setting a price control on rental units.	6.4	60%
Local governments need to take the lead in addressing the housing crisis by finding solutions that work for their specific situations . Instead of one-size fits all, each community should adopt policies that incentivize their communities to build more by expediting approval for affordably priced apartments, reducing parking requirements, and offering the ability to build extra floors or units in proposed communities.	6.3	63%
Local governments should harness the power of the private sector through public private partnerships to build more and a wider range of housing that fits the needs of more people rather than the richest or poorest residents. Concurrently, governments should provide direct assistance to hardworking renters who are struggling to pay their rent.	6.0	58%

Given these findings, we propose an alternative path to better address the lack of housing. This approach acknowledges the seriousness of the issue and then presents a comprehensive set of solutions, bringing in all relevant actors, to adequately address the housing crisis. In contrast with a one-size-fits-all rent control restriction, this path lays out what should be done to improve the situation, who should take ownership of the issue, and how real progress can be achieved.

THE ALTERNATIVE PATH



If NMHC proactively presents an alternative set of comprehensive housing solutions and moves quickly to take advantage of the undefined issue, support for rent control will drop as voters recognize it is a flawed approach.

¹ Six focus groups among likely voters were conducted between July 9-16, 2018. In Seattle, Washington, one group focused on renters by force (based on lower income levels and some debt) while the second was comprised of renters by choice (based on higher income levels). In Denver, Colorado, we conducted research among Democrats and among Republicans. Finally, we held two groups in Chicago, Illinois among longtime residents of the city and progressives. A national multi-modal survey was fielded between August 8-14, 2018 among 800 likely voters. Interviews were conducted via landline telephone, mobile telephone, and online.

Rent Control Resource Center



NMHC is developing a rent control website and resource center under the campaign name, ***Growing Homes Together***. The online repository will support a variety of materials related to rent control, including fact sheets, sample Op-Eds and Letters-to-the-Editor, talking points, articles, graphics and more.

Vision 2030



NMHC/NAA Joint PR Campaign

A multi-year, multi-million-dollar effort to create a more favorable public policy environment at all levels of government.

Vision 2030 Initiative

With a strategy to reorient the conversation away from rent costs to the long-term need for more apartments, the initiative launched in June 2017 that included:

- Vision 2030 report that outlines the cause of the affordability challenge and practical solutions for all levels of government
- Nationwide outreach to generate positive news stories about the industry
- Seven-figure “inside-the-beltway” advertisement campaign targeting policymakers and key influencers in the Washington Post, Politico, Fox News and others

- Digital campaign hub with tools to promote apartment development at WeAreApartments.org

Highlights from the new NMHC/NAA joint PR campaign since June 2017

- 250 radio, print, TV and online placements
- 300 million Total Reach
- 600+ placements since campaign inception
- 30,000 “page views” of the campaign’s policy recommendations
- 32,000 uses of the economic impact calculator

These Are the U.S. Cities Where It Costs Too Much to Build – Bloomberg

“A new report published by the National Multifamily Housing Council and the National Apartment Association—two trade groups for landlords—seeks to quantify just how much rental housing is really needed in cities across the U.S.—as well as how difficult it is for real estate developers to actually deliver.”

Housing in America: Movin' on Up – Nasdaq

“Demographics suggest demand for apartments will only continue to increase in the coming years. Some 4.6 million MORE apartments will need to come online between now and 2030.”

Build, Build, Build – San Francisco Weekly

A new national study says S.F. needs to construct 71,668 apartments by 2030 to keep up with demand.

“While 71,668 rental apartments in total need to be built in this seven-by-seven city, construction could happen at an average rate of 5,119 per year to meet demand, says the report. That’s just about 100 per week.”

More Rental-Unit Construction Must Be Encouraged – Los Angeles Daily News

“Studies like these point to the need to encourage house and apartment construction by removing excessive zoning, land-use rules, and environmental and labor regulations.”

Hard-to-build housing – Portland Tribune

“Regardless of where each metro area ranks, the U.S. needs to build at least 4.6 million new apartments by 2030 to meet the expected increase in demand — otherwise, the affordability problems that exist today will only get worse across the board.”

San Diego Desperately Needs New Apartments; Can It Keep Up with Increasing Demand?

– San Diego Community News

“The growing demand for apartments – combined with the need to renovate thousands of apartment buildings across the country – will make a significant and positive impact on our nation’s economy for years to come,” explained NMHC chair Bob DeWitt. “If plans for more construction and renovations come through, jobs are sure to follow.”

[LEARN MORE AT WEAREAPARTMENTS.ORG](http://WEAREAPARTMENTS.ORG)

Sample Headlines from more than 250 news stories

Honolulu Named Nation's Most Difficult City to Build New Apartments

STUDY SAYS NEW RENTAL PROPERTIES FACE GREATER BARRIERS HERE THAN ANYWHERE ELSE.

This is why your rent will keep going up in San Diego

Dallas Builders Can't Keep Up With Demand for Apartments

NYC will see demand for 279K new apartments by 2030

Report shows city is among top 10 most difficult cities to build in

San Diego desperately needs new apartments; Can it keep up with increasing demand?

INDUSTRY NEWS > CAREER & WORKPLACE

7 things to know today and Orlando among hardest metros to add new apartments

Jul 11, 2017, 7:27am EDT

Solving affordable housing: Creative solutions around the U.S.

Report: North Carolina will need 220,000 more apartments by 2030

Study: U.S. must add 4.6M new apartments by 2030 to meet rising demand

Inventory is a key contributor to the affordability crisis, and construction is falling behind.
BY PATRICK SISSON | JUN 12, 2017, 4:58PM EDT

Twin Cities needs nearly 71,000 apartments by 2030 to keep up with demand

Boston faces many barriers to new apartment construction: Report

Boston is the second most difficult market in the country in which to build new apartment housing.

Rent too high? Los Angeles housing crunch may not ease anytime soon as demand pushes costs up

Build, Build, Build

A new national study says S.F. needs to construct 71,668 apartments by 2030 to keep up with demand.

Why the DC Area Needs 127,000 More Apartments in the Next 13 Years

Seattle area needs 98,000 new units by 2030: NMHC

By JOURNAL STAFF

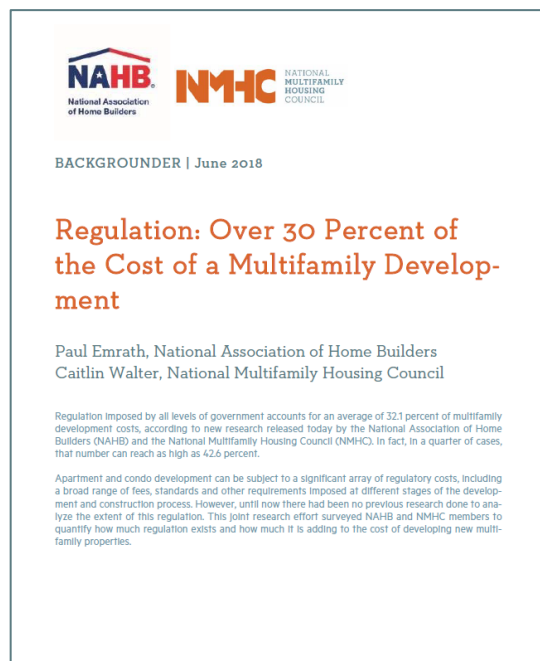
HR&A Toolkit

The HR&A toolkit **will be released mid-2019** and will deliver the following:

1. **The State of Housing Affordability** | An overview of the economic, demographic, and policy trends that are driving housing affordability issues at the national level and how they are playing out in local markets.
2. **Housing Cost Drivers** | A framework describing the different factors that determine the costs to develop housing and how local policies impact these costs.
3. **Benefits of Multifamily Housing** | A synthesis of the benefits of multifamily housing for cities, residents, and communities.
4. **Housing Affordability Tools** | A description of how different housing tools close the gap between what a household can afford in housing costs and the cost to develop and operate that housing.
5. **Housing Affordability Discussion Guide** | A summary of the key issues framing advocacy for affordable housing and how to engage with housing stakeholders.
6. **City Case Studies** | Eight case studies of cities across the country focusing on different levels of growth and affordability.

**CONTACT COLIN DUNN (CPDUNN@NMHC.ORG) OR
KIMBLE RATLIFF (KRATLIFF@NMHC.ORG) FOR
MORE INFORMATION.**

NMHC/NAHB Cost of Regulations Research



Many Industry experts have become concerned about affordability of rental housing in America, and how difficult it has become to address the problem through new construction. According to the report on America's Rental Housing 2017 published by the Joint Center for Housing Studies at Harvard University, "The lack of new, more affordable rentals is in part a consequence of sharply rising construction costs, including labor and materials." The Harvard report goes on to say, "Tight land use regulations also add to costs by limiting the land zoned for higher-density housing and entailing lengthy approval processes."

Recently, the National Association of Home Builders (NAHB) and the National Multifamily Housing Council (NMHC) undertook a joint research effort to find out how much government regulation adds to the cost of building new multifamily housing. Results show that well over 90 percent of multifamily developers typically incur hard costs of paying fees to local jurisdictions,

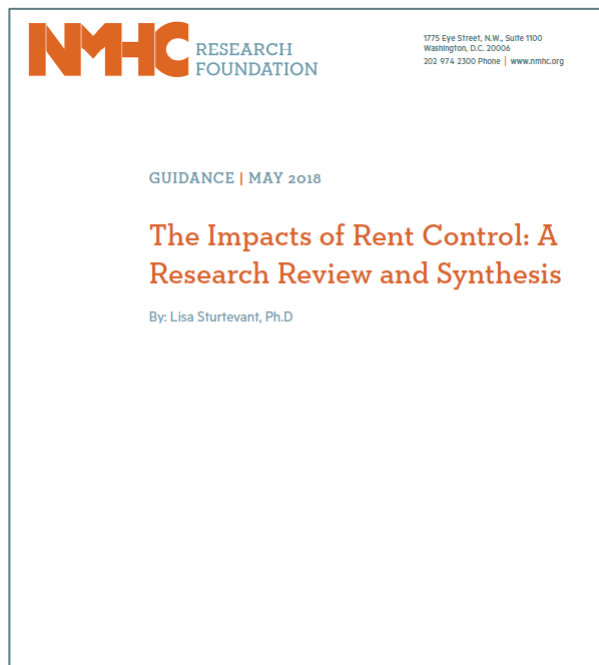
both when applying for zoning approval, and again when local jurisdictions authorize the construction of buildings.

However, government regulation can impose costs in other ways as well. Over 90 percent of multifamily developers also incur costs of delays caused by sometimes lengthy approval processes, development standards that go beyond what would ordinarily be done, changes to building codes over the past decade, and OSHA requirements. Other regulations, such as requiring developers to dedicate land to the government, are somewhat less common, but can be quite costly when they are encountered. The bottom line is that regulation imposed by all levels of government (whether local, state or federal) accounts for 32.1 percent of the cost of an average multifamily development.

A substantial amount of regulation is well intentioned and some of it undoubtedly serves a worthwhile purpose. Few would argue, for example, that basic safety standards for structures and workers are unnecessary. But regulation that exceeds 30 percent of a project's development costs raises questions about how thoroughly governments are considering the consequences of their actions. Are they aware of how much regulation currently exists? Do they realize how multiple regulations with conflicting standards can cause delays and increase costs? And do they understand the extent to which these increased costs translate into higher rents and make it difficult to build new housing that families with modest incomes can afford?

[LEARN MORE AT NMHC.ORG/COST-OF-REGULATIONS-RESEARCH](https://nmhc.org/cost-of-regulations-research)

Rent Control Literature Review



Rent control policies are laws that cap rents and are usually implemented with the stated purpose of improving housing affordability. In fact, they may do just the opposite, according to an in-depth review of academic research on the issue conducted by Dr. Lisa Sturtevant. Among the conclusions Dr. Sturtevant’s review found are that:

- Rent control and rent stabilization laws lead to a reduction in the available supply of rental housing in a community;
- Rent control policies generally lead to higher rents in the uncontrolled market;
- Rent control and rent stabilization policies do a poor job at targeting benefits;
- Rent control can cause renters to continue to live in units that are too small, too large or not in the right locations to best meet their housing needs;
- There are significant fiscal costs associated with implementing a rent control program;

- Rent-controlled buildings can potentially suffer from deterioration or lack of investment; and,
- Rent control policies can hold rents of controlled units at lower levels but not under all circumstances.

Dr. Sturtevant's literature review examined research published from 1972 to 2017 and includes case studies of programs in single markets, such as New York, Boston, Los Angeles, San Francisco, Santa Monica and Washington, D.C., as well as studies that take a cross-sectional approach across markets. It synthesizes the empirical research on the effects of rent control and rent stabilization on individual renters and communities, building on prior evaluations of the rent control literature.

LEARN MORE AT [NMHC.ORG/THE-IMPACTS-OF-RENT-CONTROL](https://nmhc.org/the-impacts-of-rent-control)

Election Memorandum: Rent Control Moving Forward



The midterm elections are finally behind us. While the greatest change is that the Democratic party gained control of the U.S. House of Representatives, many elections and ballot initiatives at the state level were also of great consequence.

Most notably, California's Proposition 10 ballot initiative seeking to loosen rent control restrictions failed by a significant margin. Based on our ongoing assessment of the political landscape and the results of the November 6 elections, however, several state governments are primed to pursue similar measures to overturn preemptions in the coming year – the likeliest being Oregon and Illinois, followed by Washington State and Colorado.

Rent control is nothing short of an existential threat to the multifamily housing industry, posing a greater risk than any other the industry has faced in decades.

In the following pages, we provide greater detail on California’s Prop 10 outcome along with a deeper dive into some of the states where we expect rent control measures to play out.

OVERVIEW

The “blue wave” was not contained to the U.S. House of Representatives. Democrat governors will now lead 23 states, up from 16, with one race still undecided (Georgia). Multiple state legislative bodies also flipped to Democratic control: Colorado (Senate), Connecticut (Senate), Maine (Senate), Minnesota (House), New Hampshire (Senate and House) and New York (Senate). Alaska is the only state with a Republican pick-up, with a changeover in its House chamber.

California’s Proposition 10 ballot initiative was rejected by a margin of 62% to 38%. Prop 10 aimed to repeal the Costa Hawkins Rental Housing Act, a state law that currently restricts the scope of rent control policies. The measure threatened to usher in new and aggressive rent control regulations.

Though the California fight was won, the multifamily housing industry is still at risk of rent control measures in other parts of the country, particularly given the election outcomes. Many localities are also struggling with decreasing housing affordability, especially for renters. As they search for solutions, they are increasingly seeing rent control as a potential easy fix. Among high-threat states:

- In [Colorado](#), Democrats picked up control of the General Assembly and now lead both chambers of the legislature as well as the governor’s office. State officials have signaled that they will focus on affordable housing in 2019, one of the primary challenges facing this rapidly growing state. While state and municipal leaders have launched innovative programs to address the cost of housing, activist groups in Colorado are aggressively pushing for rent control.
- [Illinois](#) also moved to a Democratic trifecta, with J.B. Pritzker’s defeat of Republican incumbent Bruce Rauner to assume the governor’s office. Pritzker has expressed support for lifting of rent control preemption, and state legislators have already begun to hold hearings on rent control measures they intend to introduce in 2019. Elections are not over in Illinois, though, as Chicago gears up for a spring 2019 mayor’s race and city council elections where housing affordability is sure to be a contentious issue.
- In [Oregon](#), Democrats built on their majority in the state legislature and retained control of the governor’s office. Rent control has been a hot-button issue throughout the state. In 2017 legislative session, the State House of Representatives passed a measure to repeal preemption (the bill did not make it through the Senate). This election season, one Democratic incumbent lost his primary, due in large part to his position against rent control.

- Both chambers of the [Washington](#) state legislature as well as the governor's office are controlled by Democrats. For the first time since 1981, preemption repeal bills were introduced in the State House and the Senate in 2018. Though the measures did not move past the hearing stage, housing affordability remains a major challenge in the state and lawmakers are expected to make another push to end preemption. Furthermore, the Seattle City Council has adopted resolutions urging the state legislature to repeal preemption and will continue its very vocal efforts to position rent control as a viable solution.

LEARN MORE AT [NMHC.ORG/RENT-CONTROL-MOVING-FORWARD](https://nmhc.org/rent-control-moving-forward)

NMHC/NAA 2019 Policy Priorities

The apartment sector is a vibrant and robust industry that helps 39 million renters and contributes \$1.3 trillion to the U.S. economy annually. The industry's future health and competitiveness is impacted by the overarching, critical issues of housing affordability and regulatory reform in addition to singular policy priorities.

NMHC and NAA Primary Policy Priorities and Goals

- **Flood Insurance:** Reform the National Flood Insurance Program to support more effective coverage for the apartment housing industry including a long-term reauthorization and private market solutions.
- **Fair Housing:** Clarify and update fair housing compliance requirements related to occupancy standards, emotional support animals and other areas of fair housing law and regulation.
- **Data Security:** Ensure federal data security and breach notification laws are structured appropriately for rental housing providers and do not impose overly burdensome compliance obligations.
- **Housing Finance Reform:** Ensure the continuation of a federal guarantee and preserve the ability of Fannie Mae and Freddie Mac to provide necessary capital financing to the apartment industry.
- **Consumer Reporting:** Preserve necessary resident screening tools and ensure that consumer reporting reforms do not unnecessarily hinder business operations for apartment providers.
- **Tax:** Enact beneficial tax provisions such as a fix to the floating rate of the Low-Income Housing Tax Credit, FIRPTA reform and a Middle-Income Tax Credit and ensure proper implementation of the Tax Cuts and Jobs Act, especially on depreciation, pass-through income and opportunity zones.
- **Section 8 Rental Assistance:** Modernize the program to remove obstacles to participation by apartment providers and expand affordable housing options for low- and moderate-income Americans.
- **Accessibility:** Seek protections from costly, frivolous ADA and Fair Housing design and construction lawsuits.

- **Construction and Development:** Establish federal incentives for local governments to eliminate barriers to greater new apartment development through infrastructure investment and financial rewards.
- **Music Licensing:** Clarify and streamline federal music licensing requirements for apartment providers.

Significant Policy Issues

Construction & Development

- Clean Water Act
- Building Codes / Sustainability
- Land Use
- Infrastructure

Finance & Capital Markets

- Dodd-Frank and Basel III
- HVCRE Loans
- HUD Multifamily Programs
- Community Reinvestment Act
- Foreign Investment in Real Property Tax Act (FIRPTA)
- Middle Income Housing Tax Credit (MIHTC)

Fair Housing

- Disparate Impact

Risk Management

- Lead Paint Requirements
- TRIA

Housing Policy

- RAD
- FMRs & SAFMRs
- American Community Survey
- Violence Against Women Act (VAWA)

Labor & Employment

- Labor Overtime Rule
- Davis-Bacon Wages
- NLRB Joint Employer Rule
- OSHA

Immigration

- E-Verify
- EB-5 Visa Program
- H2-B Worker Progra

Energy Policy

- ENERGY STAR
- Energy Benchmarking

Operations

- U.S. Postal Reform
- Short-term Rental Services
- Telecommunications
- Evictions

Military Housing

- Military Housing Privatization

Notable Housing-Related Legislative Proposals

- **Landlord Accountability Act** introduced in 116th Congress by **Nydia Velazquez (D-NY)**
 - Makes source of income a protected class under the Fair Housing Act
 - Establishes fines for landlords who intentionally disqualify units from federal housing programs.
 - Establishes new Multifamily Housing Complaint Resolution Program to investigate and resolve landlord/tenant disputes.

- **Eviction Protection Act (Formal Title TBD) Senator Michael Bennet (D-CO)**
 - Creates a national database to standardize and track evictions,
 - Expands use of community course and mediation to avoid eviction,
 - Increases funding for counseling and legal services for tenants

In past Presidential elections, housing issues have been absent from the debate. In anticipation of the 2020 Presidential race, a number of declared candidates have already released housing affordability proposals:

- **The American Housing & Economic Mobility Act by Elizabeth Warren (D-MA)**
 - Expands the Fair Housing Act to include source of income as a protected class
 - Creates new incentives for local governments to reduce barriers that drive up housing costs.
- **The Rent Relief Act of 2018 by Kamala Harris (D-CA)**
 - Renter's tax credit for taxpayers who pay 30% of their income on their rent including utilities.
- **The Housing, Opportunity, Mobility and Equity (HOME) Act by Cory Booker (D-NJ)**
 - Renter's tax credit for taxpayers who pay 30% of their income on their rent including utilities.
 - Encourages inclusionary zoning as a means to increase supply of affordable housing and reduce housing discrimination based on race and income.

Housing Affordability Fact Sheet

NMHC/NAA Viewpoint A growing number of working families are struggling to find housing they can afford. Federal, state and local governments must reduce barriers to developing more rental housing and leverage the strength of the private sector to both produce new housing and preserve existing apartments.

Apartment homes have long provided people a flexible and inherently affordable housing option. However, as the number of renters has reached an all-time high, the surge in demand has placed significant pressure on the available apartment supply. This has made it difficult for millions of families nationwide to find quality rental housing that is affordable across the income spectrum.

The widespread lack of affordable rental housing is holding our economy back. Over one-third of American households paid more than 30 percent of their income on housing costs in 2017, and the problem grows worse every year as supply fails to keep up with demand. The apartment industry stands ready to help meet the rising need for workforce housing, but we cannot do it alone. Even in communities that want and desperately need new apartment development, the numerous hurdles that must be overcome include: entitlement expenditures; zoning rules; environmental site assessments; impact fees; mandates such as inclusionary zoning or rent control; labor expenses; and building code requirements. Recent research found that on average, regulations comprised 32 percent of total development costs.

At the local level, state and local governments can use a number of tools to meet the growing demand for rental homes. They can streamline and fast-track the entitlement and approval process; provide density bonuses and other incentives for developers to include workforce units in their properties; enable “by-right” zoning and create more fully entitled parcels; defer taxes and other fees for a set period of time; lower construction costs by contributing underutilized buildings and raw land; create incentives to encourage higher density development near job and

transportation hubs, and address NIMBYism as an obstacle to solving the affordable housing challenge. Ultimately, a public-private partnership is essential to addressing this shortage.

At the federal level, Congress can take steps to incentivize more development and preservation. They can expand the Low-Income Housing Tax Credit and enact a comparable Moderate-Income Housing Tax Credit. They can preserve and increase funding for subsidy programs that address housing affordability, including HOME, Section 8, FHA Multifamily and CDBG. And they can provide regulatory relief to reduce development and operating costs.

NMHC/NAA believe that when both the public and private sectors bring all their tools and assets into play, there will be a greater likelihood of finding viable solutions to meet the growing demand of the rental housing stock.

[LEARN MORE AT NMHC.ORG/HOUSING-AFFORDABILITY-FACT-SHEET](https://nmhc.org/housing-affordability-fact-sheet)

Rent Control Fact Sheet

NMHC/NAA Viewpoint Rather than improving the availability of affordable housing, rent control laws exacerbate shortages, cause existing buildings to deteriorate and disproportionately benefit higher-income households. NMHC/NAA urge lawmakers to reject price controls and pursue alternatives such as voucher-based rental assistance to better address critical affordable housing shortages.

It is difficult to find any issue where economists on both sides of the political spectrum agree, except for rent control. Forbes lists the antiquated idea as one of the 10 worst economic ideas of the 20th century, saying: “Here we have a policy initiative that has done huge damage to cities around the globe. It is very hard today to find an economist supporting rent control.” It’s little surprise that finding supporters for rent control is difficult. A survey by the American Economic Association found that 93 percent of U.S. economists agreed that rent control reduces the quality and quantity of available housing.

Rent control or rent stabilization laws set a ceiling on rents and severely limit or prohibit property owners from raising rents, particularly if vacancy controls are part of the law as well. Most of the nation’s existing rent control laws were first instituted in the post-war era, when America struggled to find enough housing for returning soldiers. Today, rent control is seen as a method to improve affordability in the face of stagnant household incomes. While the goal of rent control is positive, numerous studies demonstrate that rent control creates unintended consequences that harm property owners/managers, their residents and the greater community. Among the findings of these studies:

- Rent control laws lead to a reduction in the available supply of rental housing in a community;
- Rent control policies generally lead to higher rents in the uncontrolled market;
- Rent control and rent stabilization policies do a poor job at targeting benefits, leading to a lottery-like system as to who is able to move into rent-controlled units;
- Rent control can cause renters to continue to live in units that are too small, too large or not in the right locations to best meet their housing needs, when they otherwise likely would have moved to a unit more suitable for their situation;
- There are significant fiscal costs to jurisdictions associated with implementing and maintaining a rent control program;

- Rent-controlled buildings can potentially suffer from deterioration or lack of investment since owners may not collect enough rents to keep up with repairs; and,
- Rent control policies can hold rents of controlled units at lower levels but not under all circumstances.

Rent control can also disincentivize new development or property sales in these jurisdictions in favor of areas without rent control.

NMHC/NAA encourage lawmakers to promote proven alternatives to rent control that address the critical affordable housing shortage, making rents more affordable to lower-income residents and encouraging development of new housing at a variety of rental levels. Voucher-based rental assistance programs, for example, are a more effective way to promote affordable housing in a manner that benefits both the renter and the housing provider.

LEARN MORE AT [NMHC.ORG/RENT-CONTROL-FACT-SHEET](https://nmhc.org/rent-control-fact-sheet)

Workforce Housing Advocacy Efforts

The following pages describe a series of policy topics related to housing affordability where NMHC is already moving the needle.

From tax policies, including preservation and expansion of LIHTC and establishment of a Middle Income Housing Tax Credit (MIHTC), to capital markets through GSE reform, to preservation efforts through programs like RAD, and even improvements to the largest federal programs for rental housing like the Section 8 Housing Choice Voucher Program – NMHC is engaging with policymakers on a number of fronts to help address housing affordability challenges at the local level.

Bob DeWitt Testifies Before Congress Regarding Sustainable Housing Finance

“The apartment sector is a competitive and robust industry that helps nearly 39 million people live in homes that are right for them. We help build vibrant communities by offering housing choice, supporting local small businesses, creating millions of jobs and contributing to the fabric of communities across the country. Today, we are experiencing fundamental shifts in our housing dynamics, as more people are moving away from buying houses and choosing to rent apartments. More than one in three Americans rent, and 19 million of those households are building their lives in apartments. In the past five years, an average of 600,000 new renter households were formed every year. This increased demand will generate a need for 4.6 million new apartments -- at all price points -- by 2030. To meet that demand, we will need to build an average of at least 325,000 new apartments every year; yet, on average, just 244,000 apartments were delivered from 2012 through 2016. The apartment industry is extremely capital intensive. Therefore, it is critical that housing finance reform provide consistent access to debt capital across geographies, markets, and product types if we are to meet the current and future demand for rental housing in America.”

[READ MORE AT NMHC.ORG/ADVOCACY/BOB-DEWITT-ORAL-TESTIMONY-SUSTAINABLE-HOUSING-FINANCE](https://www.nmhc.org/advocacy/bob-dewitt-oral-testimony-sustainable-housing-finance)

Urban Institute Submission on GSE Reform and Affordability

NMHC’s President Doug Bibby and Chairman Bob DeWitt, vice chairman, president and CEO of GID, authored an essay on behalf of the multifamily industry that recognized the unique and positive characteristics of the multifamily structures that work in the housing finance system. In the essay, Bibby and DeWitt stressed that the multifamily model can provide lawmakers and stakeholders with core principles as they strive to craft a long-term solution for today’s related challenges.

[READ MORE AT NMHC.ORG/NEWS/BIBBY-AND-DEWITT-MULTIFAMILY-MODEL-OFFERS-HOUSING-FINANCE-REFORM-SOLUTIONS](https://www.nmhc.org/news/bibby-and-dewitt-multifamily-model-offers-housing-finance-reform-solutions)

Press Release: NMHC Officers Testify Before Congress Regarding the Cost of Regulations



September 05, 2018

WASHINGTON, D.C. — Statement from the National Multifamily Housing Council (NMHC) and National Apartment Association (NAA) on today’s Congressional testimony before the Housing and Insurance Subcommittee by Sue Ansel, President and Chief Executive Officer, Gables Residential and Jim Schloemer, Chief Executive Officer, Continental Properties Company, Inc.

Government regulation accounts for an average of 32.1 percent of multifamily development costs, according to [research](#) by NMHC and the National Association of Home Builders (NAHB). In fact, in a quarter of cases, that number can reach as high as 42.6 percent. Today’s hearing was an important opportunity to highlight the significant costs driven by rules and regulations and explain to lawmakers how such barriers lead to higher rents and can even forestall development of affordable housing altogether.

“It’s not easy to build apartments,” explained Ansel. “It can take up to a decade to just break ground. Outdated zoning laws, unnecessary land use restrictions, arbitrary permitting requirements, inflated parking requirements, environmental site assessments, and more, discourage housing construction and raise the cost of those properties that do get built.” “During my career I have experienced widespread and recurrent impediments to cost-conscious apartment development and am all-too-familiar with the consequences of needless delay and regulation,” said Schloemer. “It is important to note that some commonplace hurdles are deliberately intended to deter multifamily development and further NIMBY (“Not In My Back Yard”) policies, which explicitly oppose new apartment development in many communities.”

The National Multifamily Housing Council and National Apartment Association estimate that we need to build 4.6 million new apartments by 2030 to meet demand. Meeting that demand will require both revamping how we build apartments and the courage of policymakers at the federal, state and local levels to implement inventive policy ideas, provide incentives and reduce impediments.

[LEARN MORE AT NMHC.ORG/COST-OF-REGULATIONS-TESTIMONY-PRESS-RELEASE](https://www.nmhc.org/cost-of-regulations-testimony-press-release)

Low-Income Housing Tax Credit Fact Sheet

NMHC/NAA Viewpoint The LIHTC program provides critical support to the nation's affordable housing production. Given that there are currently just 45 affordable units for every 100 very low-income apartment households, lawmakers should strengthen the program by: (1) making permanent the increased credit authority enacted in March 2018 to enable the production of new units; and (2) establishing a minimum 4 percent credit rate.

The Low-Income Housing Tax Credit (LIHTC) is a public/private partnership that leverages federal dollars with private investment to produce affordable rental housing and stimulate new economic development in many communities. Since its inception in 1986, the LIHTC program has financed over 3 million apartments and served 7 million households. According to the National Association of Home Builders, in a typical year LIHTC development supports approximately 95,700 jobs, \$3.5 billion in federal, state and local taxes and \$9.1 billion in wages and business income.

Under the program, state housing agencies issue credit allocations to developers who then sell the credits to investors. Investors receive a dollar-for-dollar reduction in their federal tax liability over a 10-year period, and developers invest the equity raised to build or acquire apartments. This equity allows apartment firms to operate the properties at below-market rents for qualifying families. LIHTC-financed properties must be kept affordable for at least 30 years.

The LIHTC has two components:

- A 9 percent tax credit that subsidizes 70 percent of new construction and cannot be combined with any additional federal subsidies.
- A 4 percent tax credit that subsidizes 30 percent of the unit costs in an acquisition of a project and can be paired with additional federal subsidies.
-

Given the nation's severe shortage of affordable housing, Congress in March 2018 rightly increased LIHTC authority by 12.5 percent for 2018-2021. Congress also sensibly authorized income averaging so that LIHTC could serve a wider array of households.

Congress should continue to invest in the LIHTC's success by making permanent the increase in program authority. Further increases may well be warranted as well given the reduction in the corporate tax rate to 21 percent and the resulting loss of equity the program generates. Additionally, Congress should establish a minimum 4 percent tax credit rate, akin to current law's minimum 9 percent credit rate -- so that investors may derive its full value. Under current law, the 4 percent credit rate floats and is worth considerably less due to low interest rates.

The LIHTC has enjoyed broad partisan support over the years, and Congress sensibly preserved it in the 2017 tax reform bill. It should now be strengthened to meet the continued need for affordable housing.

LEARN MORE AT [NMHC.ORG/LOW-INCOME-HOUSING-TAX-CREDIT-FACT-SHEET](https://www.nmhc.org/low-income-housing-tax-credit-fact-sheet)

Middle-Income Housing Tax Credit Fact Sheet

NMHC/NAA Viewpoint The proposed Middle-Income Housing Tax Credit (MIHTC) would complement the successful Low-Income Housing Tax Credit (LIHTC). Although LIHTC should be provided with significant additional resources, middle-income households are also facing severe cost burdens that cannot be addressed without a new, dedicated resource. The MIHTC program is necessary to construct workforce housing that working households can afford.

The Middle-Income Housing Tax Credit (MIHTC) is a proposal to establish a public/private partnership that leverages federal dollars with private investment to produce rental housing affordable to our nation's workforce.

Designed to complement the successful Low-Income Housing Tax Credit (LIHTC), the MIHTC program would enable state housing agencies to issue credit allocations to developers that would subsequently be sold to investors. Investors would receive a dollar-for-dollar reduction in their federal tax liability over a 15-year period, and developers would invest the equity raised to build apartments. The equity raised would cover 50 percent of the cost of constructing of qualifying units. A development project eligible for MIHTC would have to set aside 60 percent of units for households earning 100 percent or less of Area Median Income (AMI) and must be kept affordable for at least 15 years.

Housing affordability is a significant challenge facing many American families. The number of households renting their homes stands at an all-time high, placing significant pressure on the apartment industry to meet increased demand. In order to keep up with demand, 300,000 to 400,000 new apartment homes need to be built each year. However, the nation has hit that mark only once since 1989. The shortage of available units is making it challenging for millions of households nationwide to find quality rental housing that is affordable at their income level.

Affordability challenges are not unique to households receiving federal subsidies. In fact, solidly middle-income households are facing constraints. The median asking rent for an apartment constructed in 2016 was \$1,479. For a renter to afford one of those units at the 30 percent of income standard, they would need to earn at least \$59,160 annually. Thus, this issue impacts those supporting the very fabric of communities nationwide, including teachers, firefighters and nurses.

The Middle-Income Housing Tax Credit would help build housing that is affordable to a wide range of income levels at a time such housing is increasingly difficult to afford.

[LEARN MORE AT NMHC.ORG/MIDDLE-INCOME-HOUSING-TAX-CREDIT-FACT-SHEET](https://www.nmhc.org/middle-income-housing-tax-credit-fact-sheet)

Community Reinvestment Act Fact Sheet

NMHC/NAA Viewpoint The existing CRA rules are outdated, lack transparency and do not reflect the modern-day banking industry. Any updates to the Act should ensure that the borrowing and investment needs of the multifamily industry continue to be served.

In 1977, the Community Reinvestment Act (CRA) was crafted to ensure that banks meet the needs of their local communities, with a particular focus on those with low and moderate income. CRA reform is one of the issues that NMHC/NAA identified in 2017 when the new Administration took office. A recent report issued by the Treasury Department recommended many changes to CRA, some of which could help address the growing need for more housing that is affordable.

Taking into account how significantly banking has changed since CRA was first enacted, Treasury’s recommendations focused on four main areas:

- Assessment Areas - Update the assessment areas for banks to include not only the physical footprint of its branches, but other areas that are served but have no branch networks.
- Evaluation Clarity and Flexibility - Make changes to CRA eligibility determinations, including: expanding the types of loans, investments and services eligible for CRA credit; establishing more transparent standards for CRA credit; ensuring better consistency and predictability across the regulators; and simplifying record-keeping.
- Evaluation Process - Standardize CRA examination schedules and improve timing of the release of reports within and between regulators.
- Performance - Incorporate more incentives for banks to meet CRA guidelines.
-

Banking regulators are expected to issue new proposed regulations to CRA throughout 2018, and it is expected that their focus will fall in these four areas.

NMHC/NAA will closely monitor the release of the regulators’ updated CRA guidelines and will submit comments to ensure that multifamily borrowing and investment activities are fairly represented.

[LEARN MORE AT NMHC.ORG/COMMUNITY-REINVESTMENT-ACT-FACT-SHEET](http://NMHC.ORG/COMMUNITY-REINVESTMENT-ACT-FACT-SHEET)

Press Release: In a Critical Victory for the Multifamily Industry, California Voters Defeat Prop 10

November 07, 2018

WASHINGTON, D.C. — Statement from National Multifamily Housing Council (NMHC) CEO Doug Bibby on California Ballot Initiative Proposition 10:

“California voters sent a resounding message yesterday that rent control is not the answer to solving the housing affordability crisis. Rent control exacerbates the very problem it attempts to solve—results nearly universally recognized in academic literature.

“While it is clear rent control is the wrong path, more needs to be done to alleviate housing affordability challenges across the country. Addressing this crisis will require a three-pronged approach. First, we must address the tremendous shortage of homes and remove barriers to adding more supply. Without doing so we will never meet the demand for 4.6 million new apartments by 2030. Second, local governments must take the lead and find innovative, public-private partnership opportunities to bring the price point down to create more affordable housing. Third, we must use targeted subsidies to help the neediest families today.

“Proposition 10 was an example of short-term, wrongheaded policy. However, it also highlights the very real affordability problems that families are facing. NMHC will continue to work to put forward creative, unique ideas and policies while remaining vigilant against proposals like Proposition 10 that would inhibit growth and deepen the affordability crisis.”

[LEARN MORE AT NMHC.ORG/RENT-CONTROL](https://www.nmhc.org/rent-control)

NMHC ANNUAL MEETING | JANUARY 31, 2019

News

Housing Affordability Special
Session Toolkit

Housing Affordability News Catalog

Velázquez Starts 116th Congress with Slate of Bills
January 07, 2019 | Office of Congresswoman Velazquez

<https://velazquez.house.gov/media-center/press-releases/velazquez-starts-116th-congress-slate-bills>

See How Landlords Pack Section 8 Renters Into Poorer Neighborhoods
January 09, 2019 | City Lab

<https://www.citylab.com/equity/2019/01/section-8-housing-government-low-income-vouchers-renters/579496/>

De Blasio creates new tenant protection office, says city will seize buildings from “the worst landlords”
January 10, 2019 | The Real Deal

<https://therealdeal.com/2019/01/10/de-blasio-creates-new-tenant-protection-office-says-city-will-seize-buildings-from-the-worst-landlords/>

The Mayor Is Betting That Less Required Parking Will Mean More Housing
January 06, 2018 | Voice of San Diego

https://www.voiceofsandiego.org/topics/government/the-mayor-is-betting-that-less-required-parking-will-mean-more-housing/?fbclid=IwAR0WQrJr7bRAuda_th0vXVs2E4vRzIbOWPXQO1dYf67yGhCDtvpXeEF4O7I

Minneapolis Confronts Its History of Housing Segregation
December 07, 2018 | Slate

<https://slate.com/business/2018/12/minneapolis-single-family-zoning-housing-racism.html>

Employer taxes, rent caps, and more in big, bold Bay Area housing plan
December 12, 2018 | The Mercury News

https://www.mercurynews.com/2018/12/12/employer-taxes-rent-caps-and-more-in-big-bold-bay-area-housing-plan/amp/?utm_medium=social&utm_campaign=socialflow&utm_content=tw-mercnews&utm_source=twitter.com&__twitter_impression=true

Oregon to Consider Statewide Ban of Single-Family Zoning

December 15, 2018 | PLANETIZEN

<https://www.planetizen.com/news/2018/12/102010-oregon-consider-statewide-ban-single-family-zoning>

Workforce Housing Forecasted to Outperform Multifamily

January 03, 2019 | GlobeSt.com

<https://www.globest.com/2019/01/03/workforce-housing-forecasted-to-outperform-multifamily/?kw=Workforce%20Housing%20Forecasted%20to%20Outperform%20Multifamily&set=editorial&bu=REM&cn=20190103&src=EMC-Email&pt=National&slreturn=20190023103329>

NMHC ANNUAL MEETING | JANUARY 31, 2019

Appendix

Housing Affordability Special Session Toolkit



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Housing Affordability Special Session

2019 NMHC Annual

January 31, 2019



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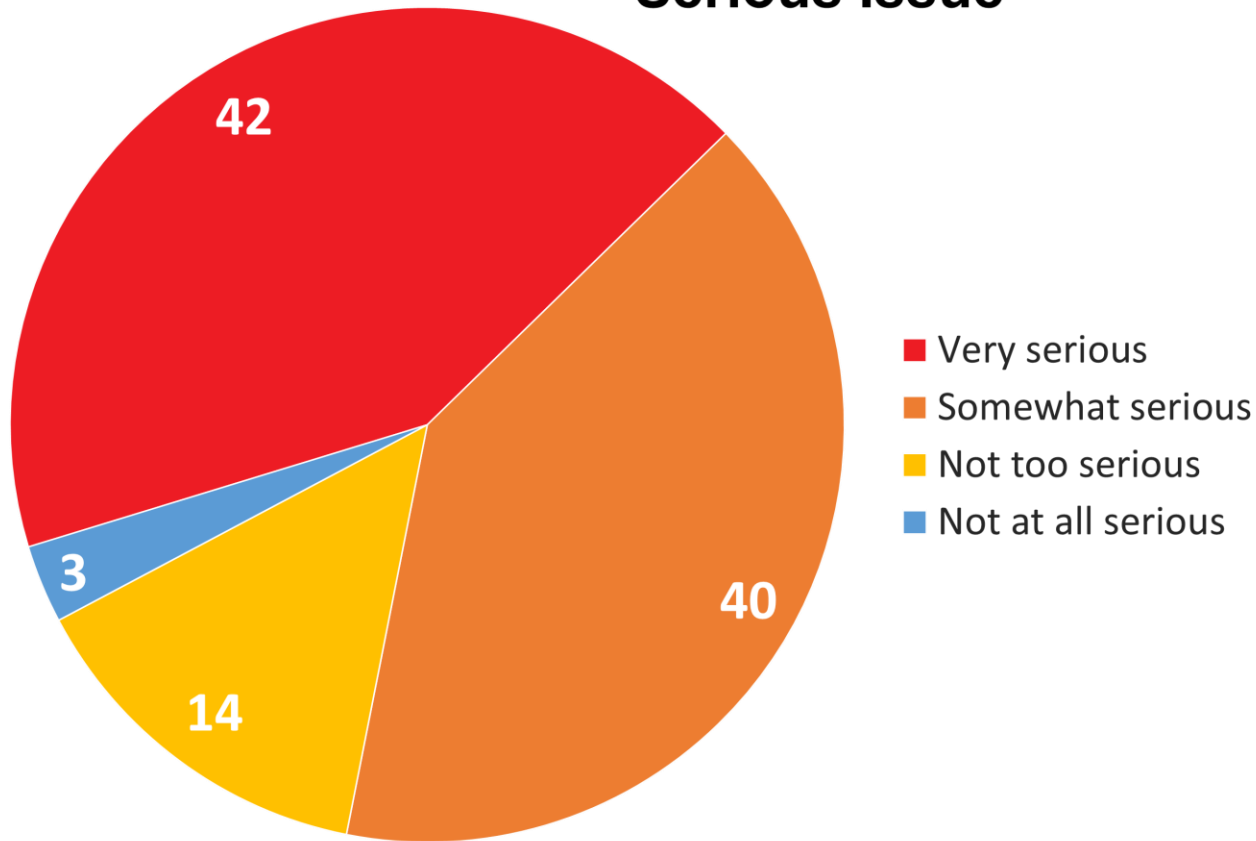
Housing Affordability and Rent Control Research

Methodology

- 2018 National Likely Voter Survey, n=800 adults, Fielded August 8-14, 2018
 - Interviews conducted via landline telephone, mobile telephone, and online
 - Margin of Error +/-3.5%
- 6 focus groups among Likely Voters between July 9-16, 2018.
 - Seattle: Renters by force (based on lower income levels and some debt) and renters by choice (based on higher income levels)
 - Denver: Moderate Democrats/Independents who Lean Democratic and Moderate Republicans/Independents who lean Republican.
 - Chicago: Longtime residents of the city and Progressives



Four out of Five See the Lack of Affordable Housing as a Serious Issue; Key Targets Are More Likely to Perceive Very Serious Issue



Disproportionately Very Serious

Renters
Democrats
Lib/Prog Dems
West
Women
College women
Millennials
African-Americans
Hispanics
Unmarried women
Income up to \$75K

Disproportionately Not Serious

Conservative Republicans
Independent men
Republican men
South
Married men

Based on what you know, how serious is the lack of affordable housing in America? Would you say that it is a....?



@ApartmentWire

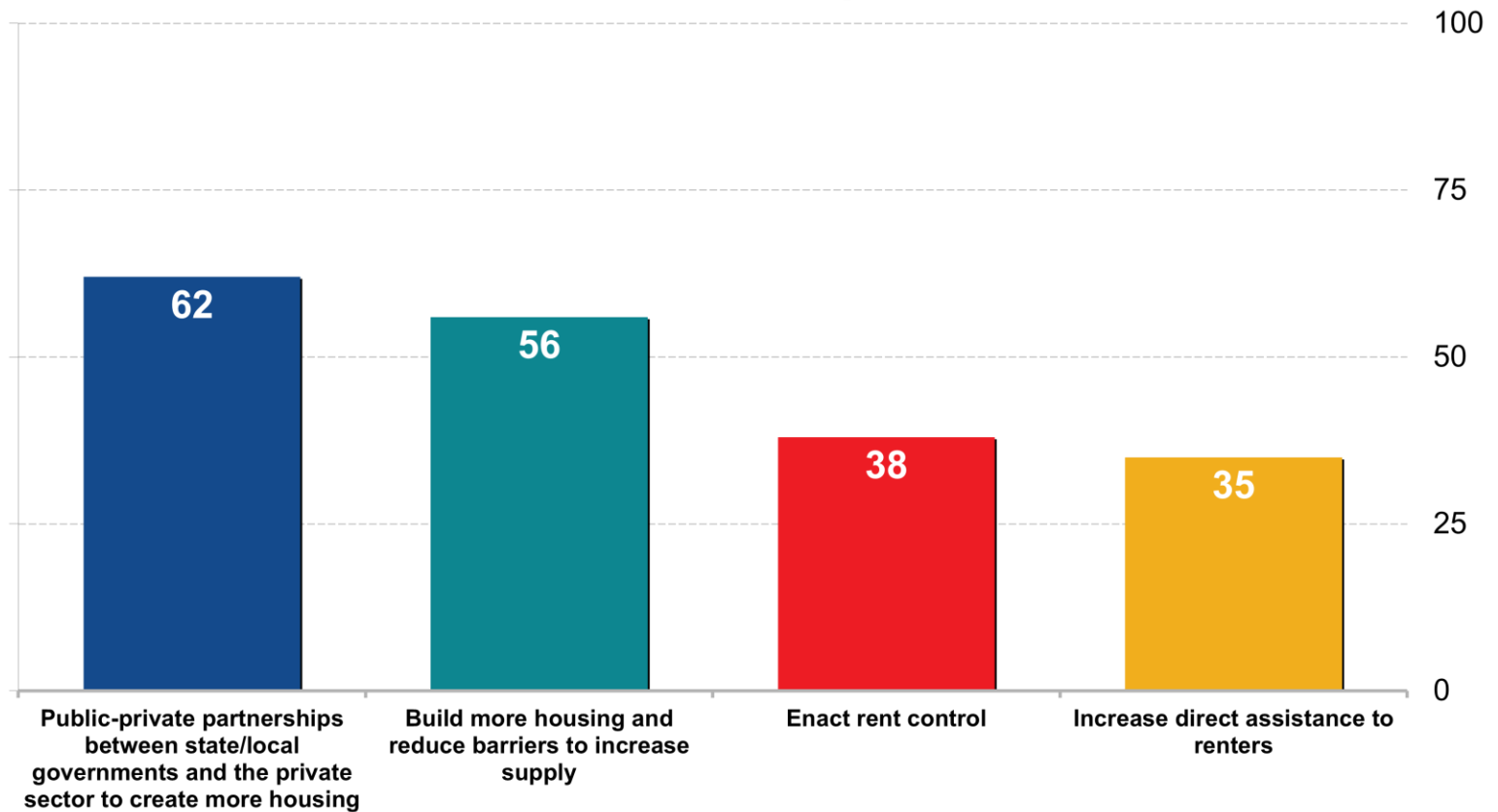
#NMHCannual

Does Development Help or Hurt? Depends Who You Ask...

- **Renters** are more likely to say development brings jobs and housing, **owners** split.
- **Low income** think development brings housing/jobs, **higher income** see strain.
- Little consensus by **political party**; both Liberal Democrats and Liberal/Moderate Republicans are more likely to say it causes congestion. Conservative Republicans disproportionately say it brings jobs and ensures housing for everyone.
- **Whites** and **Hispanics** say development brings jobs and housing while **African-Americans** say it causes congestion.
- A majority of **Silent Generation** voters (52%) think development brings jobs and housing while other generations are divided.
- More say development helps in **Central** and **West**, split in **Northeast** and **South**.
- Strain felt by plurality living **in large metros** (and ex-urban), but development means more jobs/housing to **small metros, suburbs, and rural areas**.



Rent Control is Not Top Preference



Now I will read you a list of solutions to address housing affordability. Which TWO solutions do you think will have the most positive impact to address this problem?



Rent Control is Not the First Choice, Even Among Supporters

	PPP	Build More	Rent Control	Direct Assistance
All	62	56	38	35
Support RC Concept	57	46	52	38
Oppose RC Concept	69	73	14	30
Own	66	56	37	30
Rent	52	54	45	43
Democrat	59	49	47	40
Independent	65	54	38	37
Republican	64	70	29	26
White	65	57	35	32
African-American	49	55	51	45
Hispanic	57	52	34	44

Thinking more about promoting public-private partnerships between state and local governments and the private sector, which of the following would you be MOST likely to support?



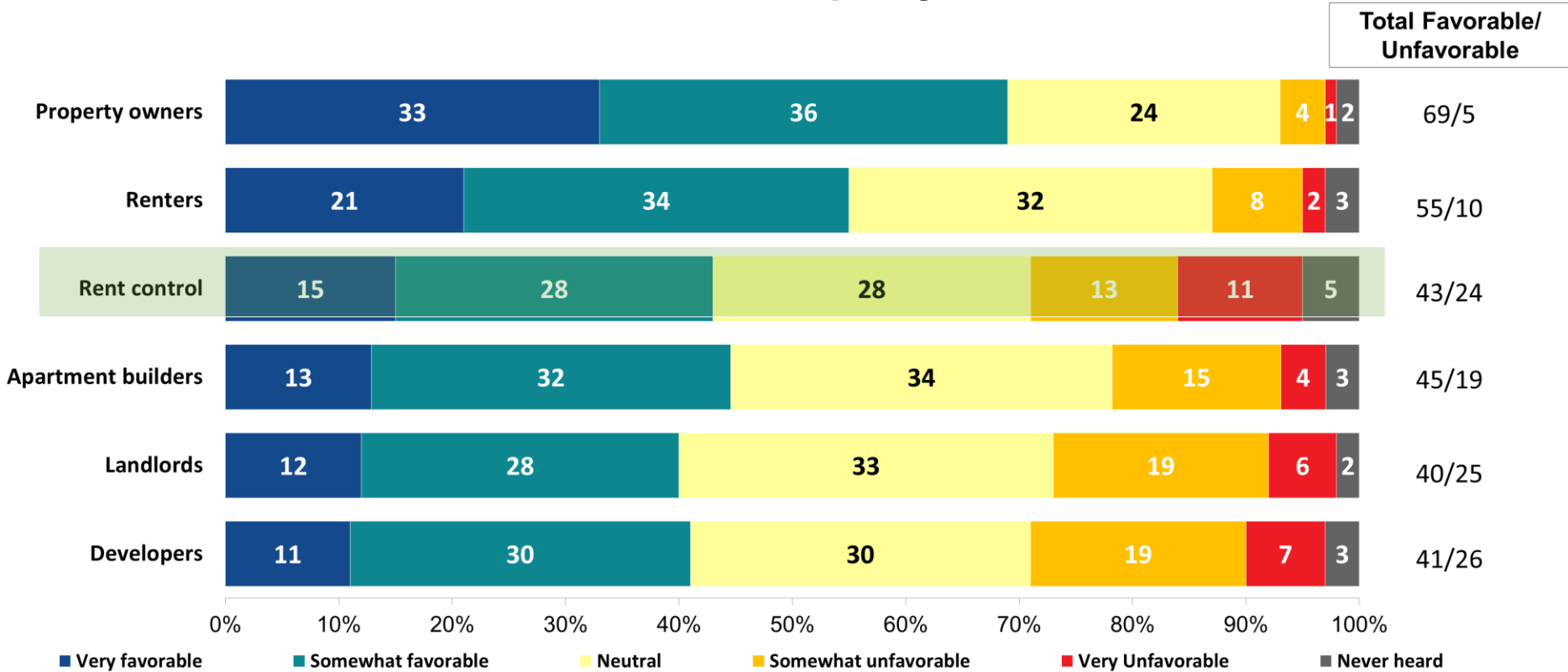
Western Voters Prefer Other Solutions

	PPP	Build More	Rent Control	Direct Assistance
All	62	56	38	35
Northeast	65	58	38	36
Central	61	54	38	35
South	61	54	40	34
West	61	59	33	36
College men	79	64	23	30
Non-college men	61	59	38	29
College women	60	47	48	39
Non-college women	48	55	43	40
Large metro	57	59	39	37
Small Metro	63	50	37	36
Suburban	64	61	38	32

Thinking more about promoting public-private partnerships between state and local governments and the private sector, which of the following would you be MOST likely to support?



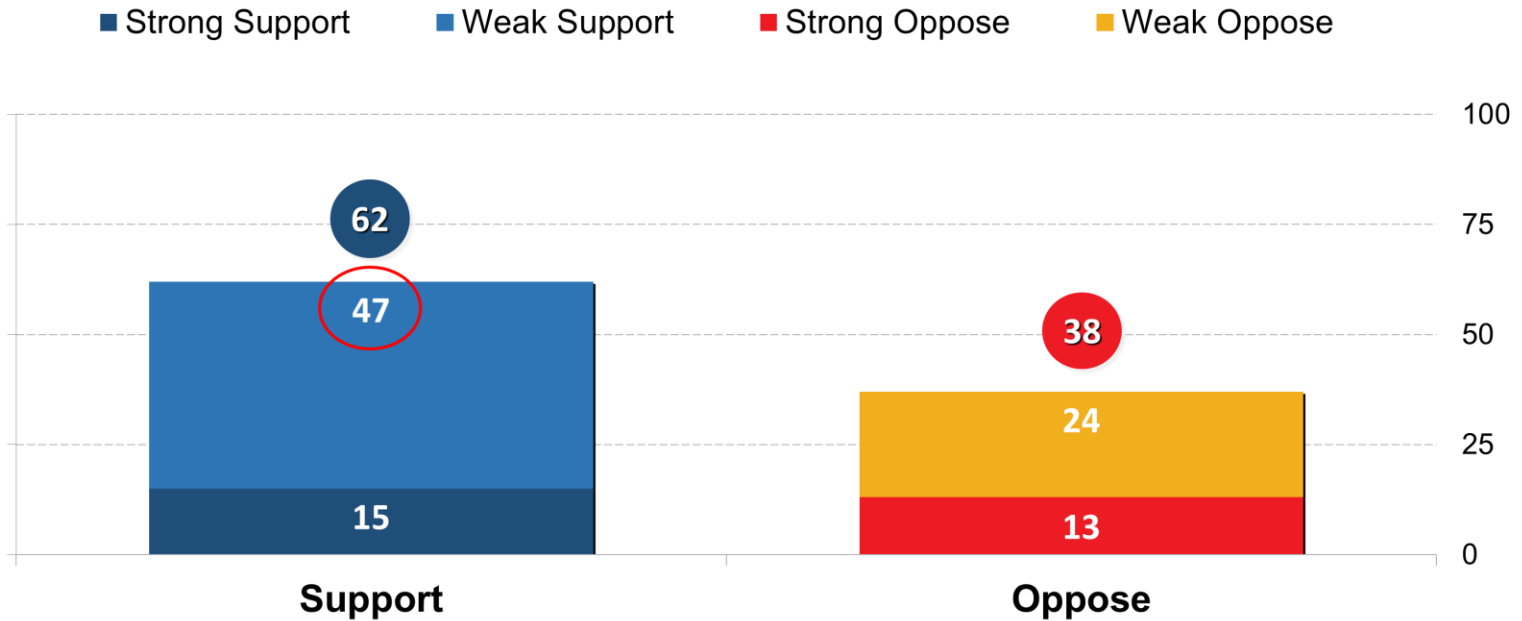
Voters Have Positive Views of Property Owners and Renters



2016 Elite and Government Official Research: Voters are more critical of developers than elites (46% favorable) or government officials (47% favorable), but government officials have more negative view of landlords (31% favorable, **35% unfavorable**). Voters and elites have similar perceptions of renters (56% favorable, 15% unfavorable) but government officials hold less favorable views (48% favorable, 18% unfavorable).

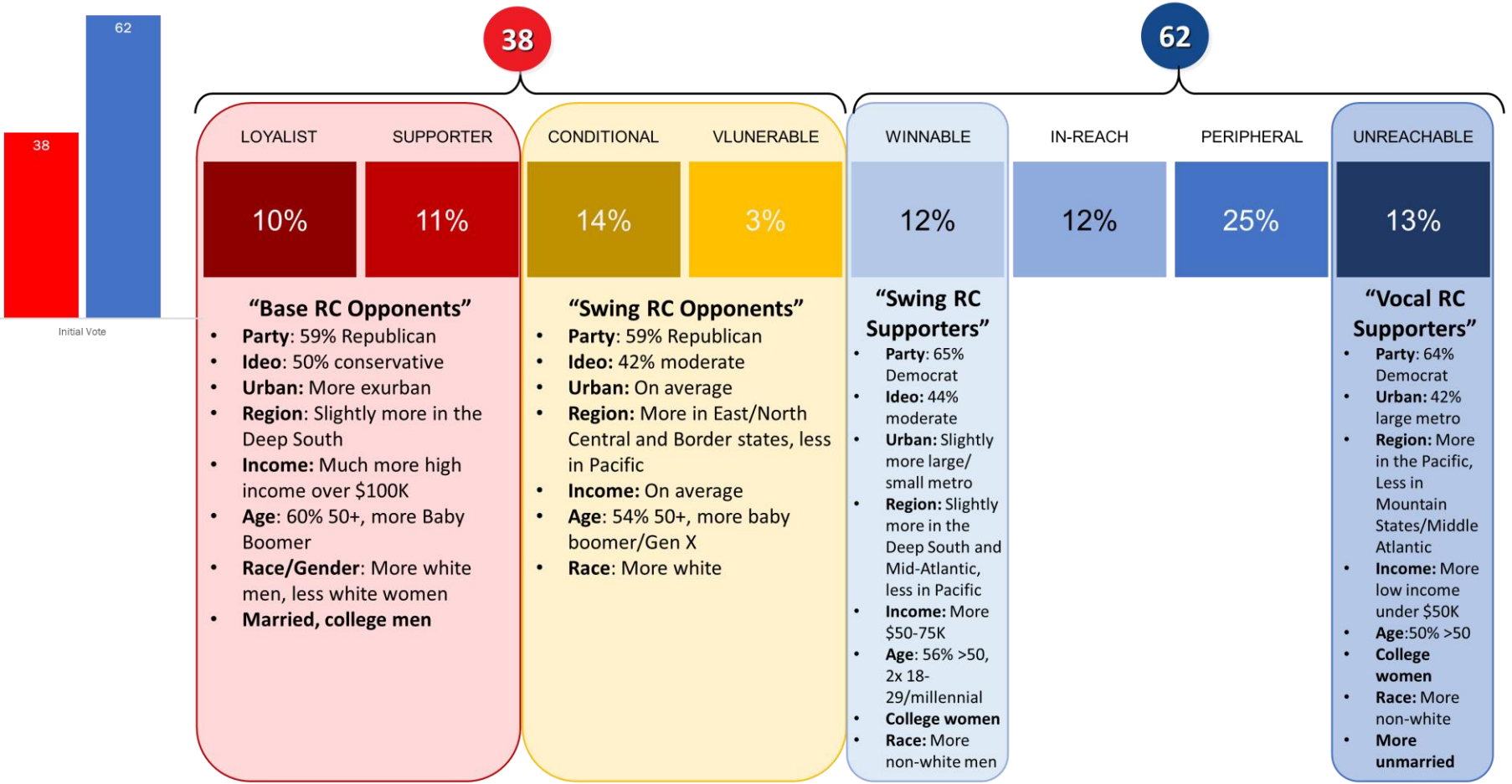


In Up and Down Set Up, Voters Yield to Rent Control; Three out of Five Voters Back Broad Concept



Generally speaking, would you say you favor or oppose rent control? How certain are you of your support for this position?

Rent Control Voter Segmentation



Messages by VCS

	Total (6-10)	Loyalist/ Supporter (6-10)	Cond/ Vulnerable (6-10)	Winnable/ In-Reach (6-10)	Unreach- able (6-10)
Smart Local	63	55	55	68	66
People-Focus, Holistic Solution	61	50	57	72	57
Public Private	58	45	33	78	58
Better First Step	53	31	43	70	64
Laws to Build	44	51	44	45	35
Unintended Consequences	43	56	49	45	26

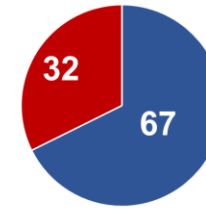
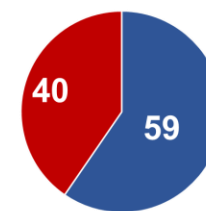
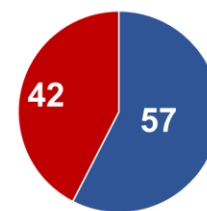
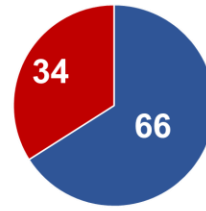
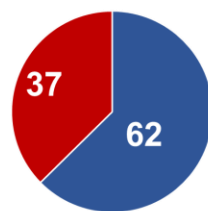
- To beat rent control, our approach must be multi-faceted and touch on a few key messages:
 - *Our current supporters want to hear about a local government-led, PPP solution, and the base has most pronounced fears over rent control's unintended consequences (our red meat amongst friends).*
 - *Our expansion target responds strongest to a public-private partnership solution.*
 - *Our core opposition likes our top messages too, but flatly reject scare tactics and a bureaucratic solution.*



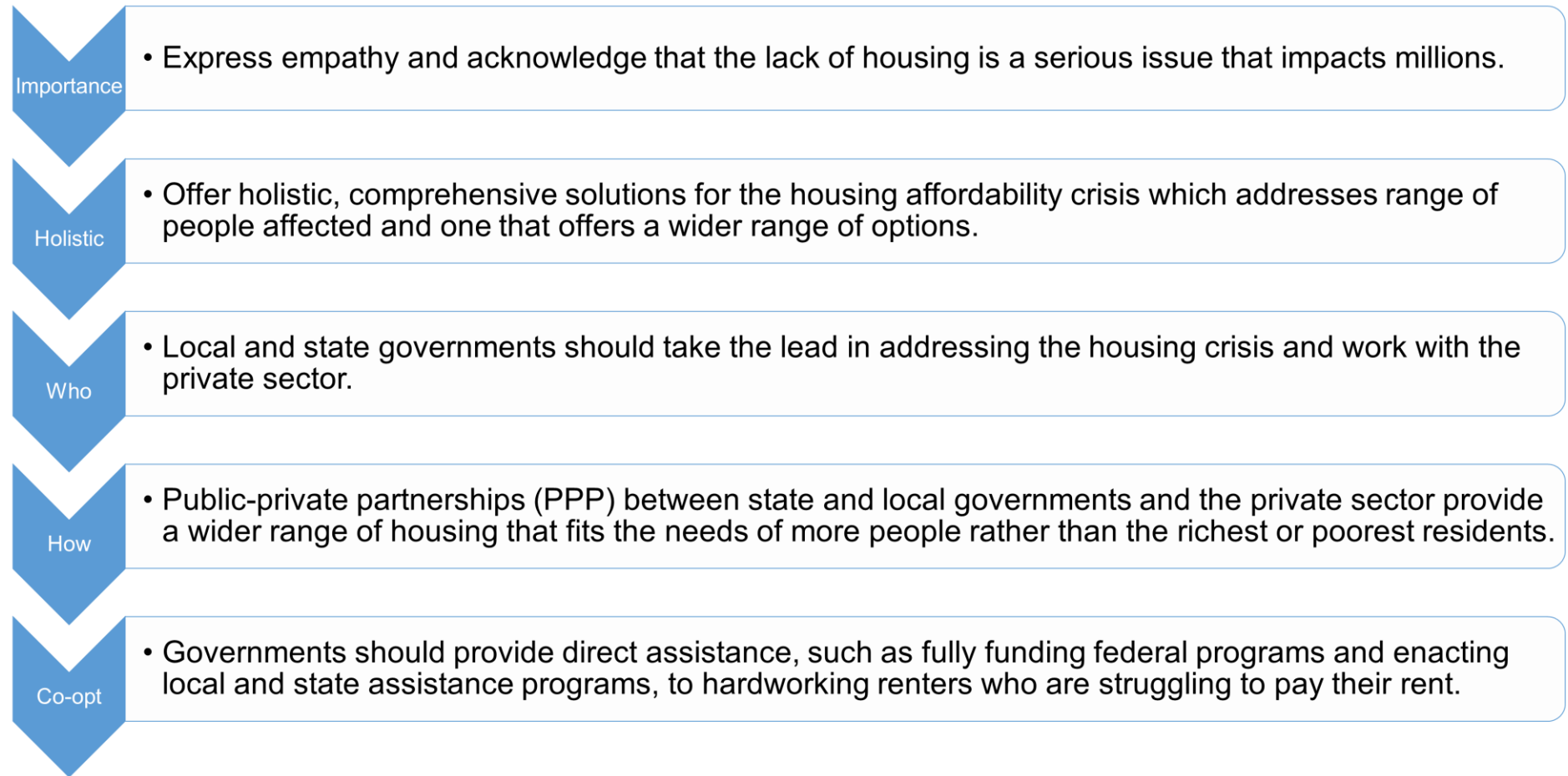
Local Context for Region Determines Effective Messaging, Not Starting Position on Rent Control

	Total (6-10)	Northeast (6-10)	Central (6-10)	South (6-10)	West (6-10)
Smart Local	63	76	53	61	68
People-Focus, Holistic Solution	61	52	56	63	70
Public Private	58	60	55	54	66
Better First Step	53	53	49	54	54
Laws to Build	44	55	35	45	43
Unintended Consequences	43	43	36	42	54

Initial Support for Rent Control:



The Alternative Path



Message Box

US ON US:

We need a holistic approach to meet America's housing needs; we need to build a wider range of housing, have local/state governments take the lead to promote PPP financing and give some direct assistance to hardworking Americans. A comprehensive effort where every player contributes will have the biggest impact.

THEM ON THEM:

Rents are too (damn) high and rent control is a good first step. Something needs to change. Rent control is a fair and effective way to stabilize the market.

Improving Housing Affordability

US ON THEM:

Renters are paying sky-rocketing rents and need relief. We need a comprehensive effort will help more people and help them now, not a short-term first step. We should move to provide relief to those who are doing everything right and still fall behind. And, our local governments should harness the power of the private sector through public private partnerships to build more and a wider range of housing that fits the needs of more people rather than the richest or poorest residents.

THEM ON US:

Landlords and developers don't pay their fair share and their primary interest is making money. They take advantage of the Americans who need the most help.



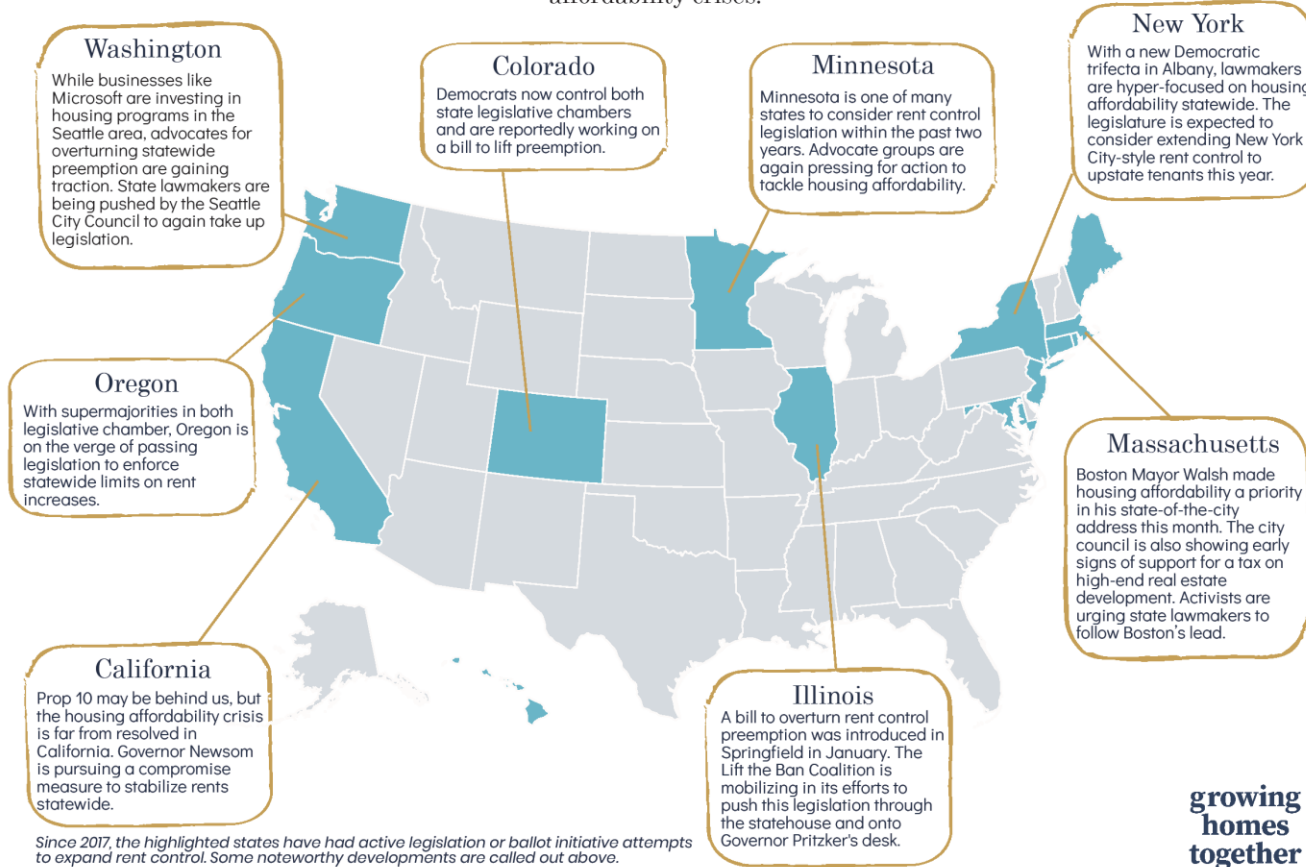
Say This, Not That

- **Don't** say “build more.” **Do** say “build a wider range of housing”
- **Don't** say the market will correct the problem. **Do** say apartment builders, local/state governments, and citizens need to come together for a solution.
- **Don't** say we need to cut red tape or cut regulations. **Do** say we need to encourage the right kind of housing construction.
- **Don't** be defined as landlords and developers. **Do** say “apartment builders” and “property owners”.
- **Don't** use scare tactics and attack rent control and say it doesn't work. **Do** say we propose a better, more comprehensive alternative.



Rent Control is Heating Up

Throughout the country, policymakers are looking to rent control as a solution to their housing affordability crises.



ELECTED OFFICIALS AT THE FEDERAL LEVEL ARE WEIGHING IN

- “As far too many families scramble to afford the cost of living, we must keep working to find solutions to our affordable housing crisis” – Senator Maggie Hassan (D-NH)
- “Everywhere I go I hear about rising housing costs in our communities. These costs hold back not only individuals but also entire communities looking to revitalize their economies, retain young families, and recruit new businesses” – Senator Cory Gardner (R-CO)
- “For people across Maine, the need to find affordable housing isn’t just about keeping a roof over your head – it’s about building a foundation for every other aspect of your life. For someone without safe, decent and affordable housing, every other challenge becomes more difficult, whether it’s pursuing an education, taking care of your health, or seeking out new economic opportunities. This isn’t a partisan issue, or one that is limited to just large cities or small rural towns – it affects everyone, and requires a strong bipartisan effort to identify how we can improve quality of life for people across the nation” – Senator Angus King (I-ME)
- “A home is often the foundation for a family, yet the affordable housing crisis has left too many Virginia families struggling to find acceptable housing” – Senator Tim Kaine (D-VA)



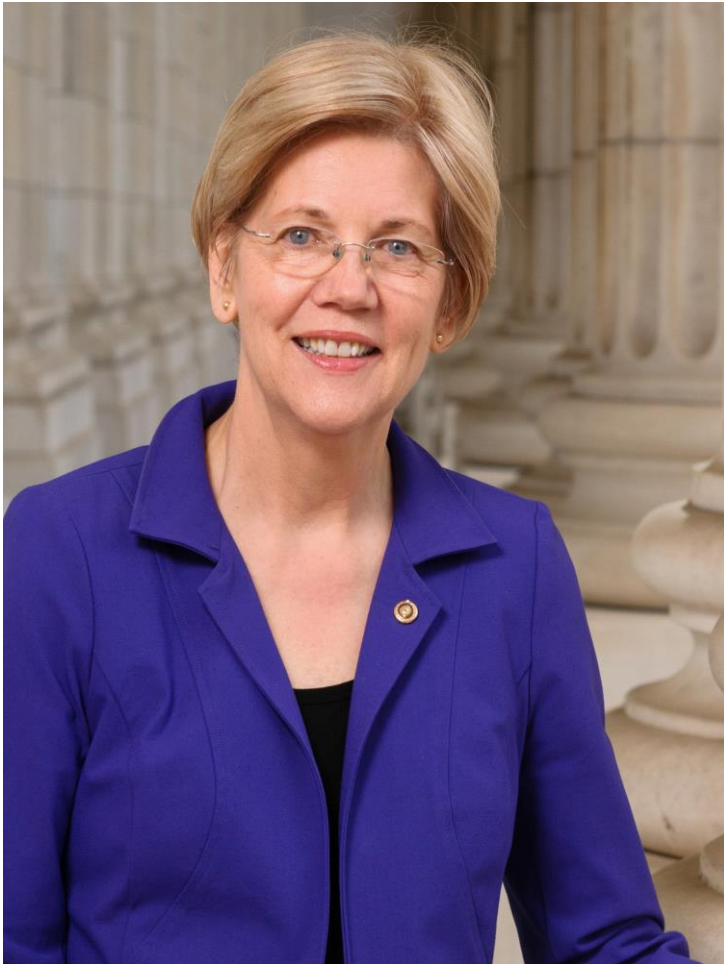


SENATOR KAMALA HARRIS (D-CA) THE RENT RELIEF ACT OF 2018

- Introduced July 19th 2018
- Creates a refundable tax credit for renters paying more than 30% of gross income on housing
- “America’s affordable housing crisis has left too many families behind who struggle each month to keep a roof over their head... This bill will ensure no family is priced out of the basic security of a place to live. Bolstering the economic security of working families would strengthen our country and increase opportunity”
- “I’ve heard from businesses across our state that one of their most pressing challenges is a shortage of affordable housing for their prospective employees”

3





SENATOR ELIZABETH WARREN (D-MA) THE AMERICAN HOUSING AND ECONOMIC MOBILITY ACT

- Introduced September 26th 2018
- Provides \$445b for the Housing Trust Fund to create 2.17 million homes, \$25b for the Capital Magnet Fund to create 835k new housing units, \$\$ set aside for urban and rural development and down payment assistance
- "Housing is the biggest expense for most working families - and costs for everyone, everywhere are skyrocketing"





SENATOR CORY BOOKER (D-MA) THE HOUSING, OPPORTUNITY, MOBILITY AND EQUITY (HOME) ACT

- Introduced August 1st, 2018
- Provides \$3.3 billion to CDBG, requires local jurisdictions to develop strategies to reduce barriers to housing development and economic opportunity
- “America’s affordable housing crisis has left too many families behind who struggle each month to keep a roof over their head... This bill will ensure no family is priced out of the basic security of a place to live. Bolstering the economic security of working families would strengthen our country and increase opportunity”

WAVE OF LEGISLATION INTRODUCED TO ADDRESS HOUSING AFFORDABILITY & INSECURITY

The Fair Housing Improvement Act of 2018

- Introduced by Senator Orrin Hatch (R-UT) and Senator Tim Kaine (D-VA) on November 13th, 2018
- Expands the Fair Housing Act to prohibit discrimination based on source of income or veteran status

The Landlord Accountability Act

- Introduced by Congresswoman Nydia Velazquez (D-NY) on January 7th, 2018
- Expands the Fair Housing Act to prohibit discrimination based on source of income, creates new enforcement requirements for property managers to include fines for unit neglect

Eviction Protection Act (Formal Title TBD)

- Outline introduced by Senator Michael Bennet (D-CO) on November 28th, 2018
- Create a national database to standardize and track evictions, expand use of community course and mediation to avoid eviction, increase funding for counseling and legal services



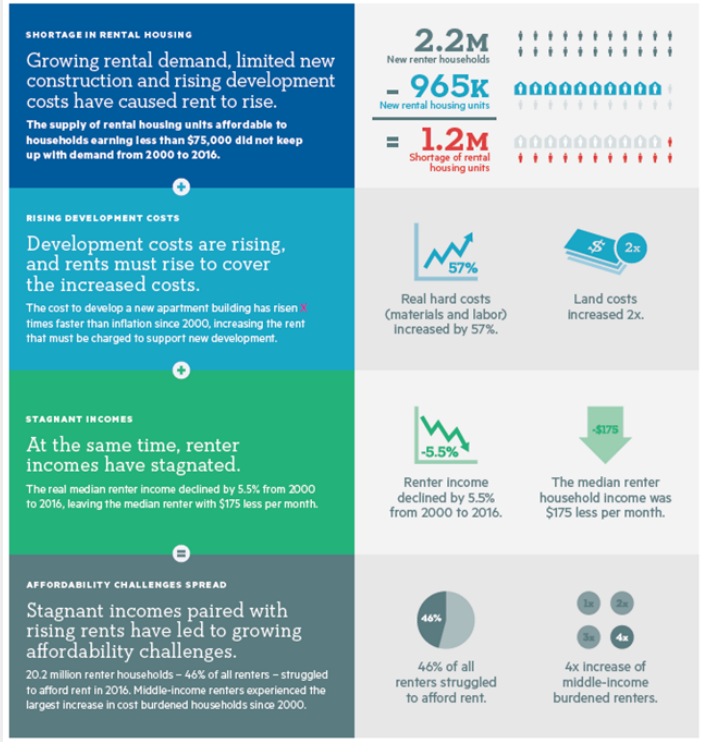
HR&A TOOLKIT

1. **The State of Housing Affordability** | An overview of the economic, demographic, and policy trends that are driving housing affordability issues at the national level and how they are playing out in local markets.
2. **Housing Cost Drivers** | A framework describing the different factors that determine the costs to develop housing and how local policies impact these costs.
3. **Benefits of Multifamily Housing** | A synthesis of the benefits of multifamily housing for cities, residents, and communities.
4. **Housing Affordability Tools** | A description of how different housing tools close the gap between what a household can afford in housing costs and the cost to develop and operate that housing.
5. **Housing Affordability Discussion Guide** | A summary of the key issues framing advocacy for affordable housing and how to engage with housing stakeholders.
6. **City Case Studies** | Eight case studies of cities across the country focusing on different levels of growth and affordability.



National Trends

The combination of a **shortage in rental housing, rising development costs and stagnant incomes** are driving the growing housing affordability crisis affecting U.S. cities.



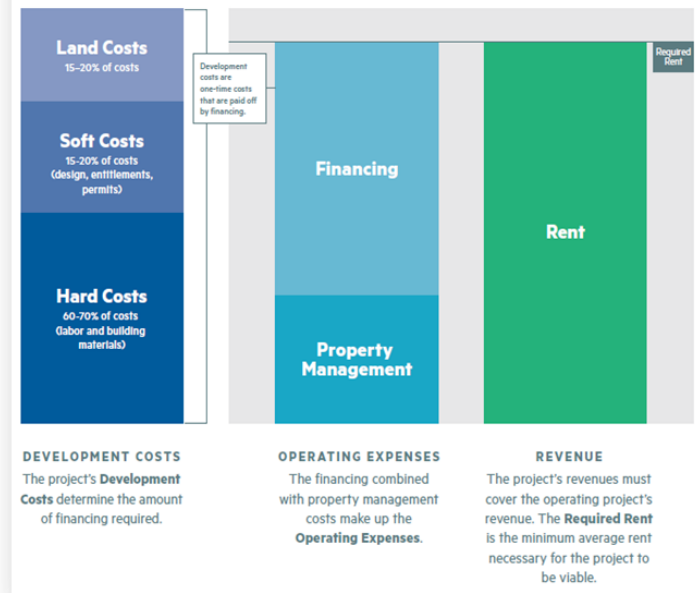
Apartment Development Framework

Development costs influence the operating costs for a property, which determine the rent required to make the project feasible.

Constructing new apartments incurs development costs that are paid for with financing. The greater the development costs the more financing is needed. As the amount of financing increases (decreases) it raises (lowers) the operating cost for the apartments. As operating costs rise (fall) the required rent must rise to generate sufficient revenue to cover the higher operating expenses and maintain the apartments viability.

SIMPLIFIED APARTMENT DEVELOPMENT FRAMEWORK

The framework below is a simplified representation of the apartment development process, illustrating the relationship between costs and rents



The State of Housing Affordability

Housing Cost Drivers

The Benefits of Multifamily Housing

In any market, multifamily housing exhibits three fundamental characteristics that allow it to yield a far-reaching set of benefits.

Increased Density

Multifamily housing allows for more housing units to be built on any given parcel of land. Increasing the density of households can quickly expand the tax base and commercial vitality of an area. It also allows for more much-needed housing to be built in desirable areas with greater employment, easier access to transit, and generally a higher quality of life, as these areas typically are more land-constrained and expensive to build in.

AVERAGE NUMBER OF UNITS PER ACRE BY HOUSING TYPE¹



Wide Variety

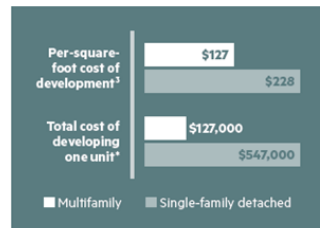
Multifamily housing serves a wide range of household types and needs. The wide range of available unit types, locations, and price points allows multifamily housing to accommodate a unique variety of household types, income levels, and lifestyle preferences.

🏠 Multifamily rental housing offers a powerful tool to increase residential density in downtown and suburban locations, while also accommodating a socio-demographically diverse population.

— Journal of Housing Studies²

Greater Efficiency

Multifamily housing is cost-effective and efficient to both build and operate. Development costs for multifamily housing are far lower on a per-unit basis than single-family. Multifamily housing also makes more efficient use of utilities and other infrastructure.



Benefits of Multifamily Housing

Local Housing Policy Guide

State and local governments have the policy and regulatory authority to improve housing affordability in their communities. Historically, local housing policies have been narrowly focused on how to best allocate federal subsidies to create, or preserve, income-restricted housing. As the pool of funding for federal housing subsidies continues to shrink and affordability challenges grow, state and local governments are increasingly turning to their own policy and regulatory authority to improve affordability.

The Local Housing Policy Guide describes how six common local housing policies work and provides recommendations for how localities can tailor them to their unique market conditions.

Housing policies that are not designed to fit with the local market conditions are likely to be ineffective or harmful. Local housing policies improve affordability by addressing market failures. It is impossible to establish effective local housing policy without an understanding of the drivers of a market failure. Too often, localities adopt housing policies without establishing an understanding of whether they are appropriate for their market. They may also misdiagnose the cause of affordability challenges, blaming high rents on new development instead of symptomatic failures in the housing market.

Housing Affordability Tools



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Property Tax Incentives

Property tax incentives improve affordability by directly lowering rents or increasing the supply of rental housing.

What are Property Tax Incentives?

Property tax incentives are state or local policies designed to reduce the tax burden on properties in order to support a public policy goal. The specific mechanisms vary by state and local municipality, but often fall under three broad categories: **tax abatements, tax rebates, and tax exemptions**. All three mechanisms have similar results – a net reduction in property taxes paid and lower operating costs.



TAX ABATEMENTS

Direct reduction in the amount of taxes owed.



TAX REBATES

A reduction in taxes applied after taxes are paid.



TAX EXEMPTIONS

A reduction in the appraised value of a property—thereby reducing overall taxes owed.

“ Tax incentives can enhance development feasibility by allowing operators to reduce their operating costs.

– Urban Land Institute

How Tax Incentives Work

Tax incentives can work in two ways – a direct approach that provides incentives in exchange for rents at a certain affordability level, and a supply approach that focuses on increasing the overall supply of rental housing to reduce the demand pressure on existing units.

DIRECT APPROACH

A well-run direct incentive program can increase affordability by requiring a reduction in rent in exchange for a commensurate reduction in property taxes. These incentives can be achieved either through negotiations between the developer and the municipality or through established government programs.

SUPPLY APPROACH

A well-run supply incentive program focuses on increasing the overall supply of housing by providing an incentive for an overall property, which would reduce the market rents required for new development and make more development feasible. Increased supply in a market can stabilize or reduce rents and decrease the likelihood that existing residents are displaced.

Effective Policies:



1. Define a clear and feasible approach



2. Balance affordability requirements with incentives



3. Enable simple administration and developer participation

The Housing Affordability Toolkit is a valuable tool for engaging with local housing stakeholders.

Housing stakeholders – lawmakers, developers, community advocates, local residents, etc. – must be equipped with materials that allow them to effectively and productively advocate for local housing policies in diverse communities across the nation. This requires a thorough understanding of national and local market trends, a working knowledge of various local policies and their impact on housing costs and development, and a compelling benefits case for multifamily housing.

The Housing Affordability Toolkit is structured in such a way to help NMHC members guide local, policy-based conversations. The Toolkit is comprised of four sections, which can be used in a variety of combinations to inform and guide a multitude of conversations.

Housing Affordability Discussion Guide



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Atlanta, GA

Atlanta is experiencing strong population growth and worsening affordability challenges, affecting the ability of low- and middle-income renters to afford to live in the city.

Growth has been accommodated through the construction of new multifamily housing and the densification of neighborhoods where housing had not been developed in decades. However, much of this housing is targeted at higher-income households.

\$53,800
MEDIAN HOUSEHOLD INCOME

\$37,400
MEDIAN RENTER HOUSEHOLD INCOME

113,800
TOTAL RENTER HOUSEHOLDS

78,100
TOTAL MULTIFAMILY RENTAL UNITS

DRIVERS

Greater Demand for Rental Housing

Between 2000 and 2016, the number of renter households in Atlanta has grown on net by nearly 19,000, or 20%. On average, these new renters have higher incomes than the city's existing renters, leading to more households with greater resources competing for rental housing in Atlanta.

Rising Development Costs

Increases in construction costs (76% since 2000) and land prices (720% since 2012) have raised the cost to develop—and the rents necessary to support—new rental housing.

Emerging Affordability Challenges for Middle-Income Renters

Atlanta is struggling to attract and retain both new and existing low- and middle-income renters, who are disproportionately locating in lower-cost communities in the surrounding metro region.

Relevant tools

For more information on relevant housing tools, programs, and policies, see the following pages:

- Public Land
- Tax Abatement
- By-Right
- Inclusionary Zoning

IMPACTS

Reduced Supply of Lower-Rent Housing

Greater demand for rental housing has increased competition and raised rents for existing housing. As a result, the availability of rental units priced under \$800 a month is declining rapidly. The number of these units fell by 34%, or 17,000, between 2000 and 2016.

High Rents for New Rental Housing

Rents for newly built units rose 24% between 2000 and 2016. The market built almost no new market-rate rental housing affordable to the median renter in 2016 or 2017 due to high development costs and competition from higher-income renters.

Cities Facing Similar Challenges

Cities facing similar housing affordability challenges include:

- Houston, TX
- Irving, TX
- Columbus, OH
- Columbia, SC

Atlanta Case Study

Pittsburgh, PA

Pittsburgh is home to a large number of low-income renters who are vulnerable to even modest increases in rent. However, the city's cost of rental housing is still relatively low.

Much of the city's existing lower-rent housing is becoming obsolete. The housing developed in recent years has primarily been for newer, high-income renters. This housing is out of reach for low-income residents and cannot replace the loss of existing lower-rent housing.

\$44,700
MEDIAN HOUSEHOLD INCOME

\$32,000
MEDIAN RENTER HOUSEHOLD INCOME

72,000
TOTAL RENTER HOUSEHOLDS

29,000
TOTAL MULTIFAMILY RENTAL UNITS

DRIVERS

Widening Gap in Renter Incomes

A majority of Pittsburgh's renter households are low-income (53% in 2016, down from 60% in 2000). At the same time, the city has experienced a small, but meaningful influx of high-income renters, who have heightened competition for rental housing.

Aging Housing Stock

Much of Pittsburgh's stock of single-family and multifamily rental housing was built before World War II, and is increasingly obsolete and uninhabitable.

Moderately Rising Development Costs

Hard costs have risen by 62% since 2000, slightly above the national average of 57%. Land costs have been volatile and largely fell throughout this period, reflecting the higher rates of vacant and underutilized land throughout the city.

Growing Housing Affordability Challenges for Low-Income Renters

Though still relatively affordable to middle-income renters, the number of low-income households in the city has actively decreased, as they are unable to access quality housing at their price point.

Relevant tools

For more information on relevant housing tools, programs, and policies, see the following pages:

- Public Land
- Tax Abatement

IMPACTS

Rising Rents for Existing Rental Housing

Between 2000 and 2016, the real gross median rent for units built before 2000 increased by 26%, double the nationwide growth rate of 13%. This increase has had a significant impact on the many low-income renters who rely on the city's low cost of living. The availability of rental units priced under \$800 has fallen by over 15,000, or 32%, since 2000.

New Rental Housing Unaffordable for Low-Income Renters

Due to higher development costs and greater renter competition, only 4% of the units built in 2016 and 2017 were priced to be affordable to low-income renters.

Cities Facing Similar Challenges

Cities facing similar housing affordability challenges include:

- St. Louis, MO
- Kansas City, MO
- Norfolk, VA
- Indianapolis, IN

Pittsburgh Case Study



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