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## **2023 Advocate – Lobby Day Script & Talking Points**

### **Introductory Remarks**

- *Thank the Member of Congress and staff for meeting with you.*
- *Have each member of your party briefly share where you work, and how many units you own, manage, or have under construction in the state or Congressional district.*
- *Give the member or staffer the leave-behind folder of information which highlights the industry's overall impact in the member's district or state and more background on our Lobby Day issues.*
- *Give the overall goals for the meeting:*
  - *This year, we are asking for your support of responsible and sustainable solutions to solve housing affordability challenges in [your state] and to help us fix a federal eviction requirement that Congress intended to be temporary during the pandemic; it is being interpreted as a permanent change to state laws.*
  - *We also want to highlight our concerns about the White House's plans to advance renters' bill of rights policies through federal agencies.*

### **Individual Issue Remarks**

- *See individual talking points for each issue below.*

### **Closing Remarks**

- *Thank the Member of Congress and staff for meeting with you during NAA's Lobby Day.*
- *Encourage them to use you and NAA as a resource.*
- *Tell them you will follow up with the office as there are changes in the status of any of NAA's priority legislation or advocacy efforts.*

## ***Revitalize the Section 8 Housing Choice Voucher (HCV) Program***

**ASK: Co-sponsor the *Choice in Affordable Housing Act* ([S. 32](#)) and support enhancements to the Section 8 HCV program that encourage more robust housing provider participation and improve housing outcomes for low- and moderate-income renters.**

### General Talking Points

- The apartment industry strongly supports the Section 8 HCV Program as the nation's most important rental subsidy program and a central part of the solution to our housing affordability crisis.
- However, improvements are critically needed to relieve inefficiencies, eliminate burdensome regulatory requirements, and increase funding to attract more housing provider participants.
- HUD estimates that each year, 10,000 housing providers leave the program and those who withdraw do so because of bureaucratic frustrations, challenges with the inspection process and inconsistent support from their local Public Housing Authority (PHA).
- NAA also supports increased funding for vouchers and PHAs' administrative fees to maximize the effectiveness of the Section 8 HCV program and its ability to serve renters in need.

### Senate Meetings

- **We urge your co-sponsorship of [S. 32](#), the *Choice in Affordable Housing Act*, to increase housing provider participation and improve outcomes for low- and moderate-income renters.**
- This legislation:
  - Empowers PHA program administrators to offer incentives for housing providers that operate in areas of opportunity and for new participants.
  - Creates security deposit assistance to cover repairs and damages, easing the financial burden on participating renter households and helping housing providers manage their risk.
  - Provides administrative fee bonuses for PHAs to hire "landlord liaisons" who serve as a dedicated resource for program participants.
  - Establishes inspection reciprocity so that owners and operators who are already subject to other federal inspection protocols satisfy HCV requirements.
  - Expedites the inspection process so that a new participating housing provider could request an inspection of a unit(s) now to enable the leasing of that unit to a future voucher holder.
  - Expands HUD's 2016 rule requiring the use of Small Area Fair Market Rents to calculate fair rents in certain metro areas, but with a hold harmless provision to prevent rent decreases.

### House Meetings

- **We urge you to support for Section 8 HCV program enhancements that attract more housing provider participation and improve housing outcomes for low- and moderate-income renters.**
- In the 117<sup>th</sup> Congress, NAA supported H.R. 6880, the *Choice in Affordable Housing Act*, which included a number of industry-endorsed solutions. We expect its reintroduction this year.

#### **PRO TIPS**

*Review the list of cosponsors for S.32 and thank your Senator if they are on that list.*

*Discuss challenges you have encountered participating in the Section 8 HCV Program and explain how the solutions supported by NAA would address those.*

*Use the "Section 8 Leasing" infographic in the leave-behind folder to demonstrate how the complicated leasing process compared disincentivizes participation in the Section 8 program.*

## *Reduce Barriers to Development*

**ASK: Urge support for the Yes In My Backyard Act which encourages government entities to eliminate barriers to housing development.**

### General Talking Points

- Housing affordability is driven by a variety of factors including income levels, land and resource availability, population growth and housing supply-demand imbalance.
- The physical, regulatory and administrative barriers present in each jurisdiction play a significant role in housing's overall affordability.
- Research has shown that nearly one-third of housing development costs derive from these barriers.
- Reducing such barriers can be a core strategy in addressing housing affordability challenges in communities around the country.
- The Yes in My Backyard (YIMBY) Act helps eliminate barriers to housing development by encouraging jurisdictions to:
  - Identify and reduce exclusionary land-use policies;
  - Promote thoughtful zoning and development strategies; and
  - Periodically report on their efforts to encourage greater housing development.

### Senate Meetings

- In the 117<sup>th</sup> Congress, the YIMBY Act was introduced as S. 1614 by Senators Brian Schatz (D-HI) and Todd Young (R-IN)
- **We expect the legislation to be reintroduced in the 118 Congress soon and urge you to support it.**

### House Meetings

- In the 117<sup>th</sup> Congress, the YIMBY Act was introduced as H.R. 3198 by Congressman Derek Kilmer (D-WA-06) and former-Congressman Trey Hollingsworth (R-IN-09).
- **We expect the legislation to be reintroduced in the 118 Congress soon and urge you to support it.**

#### **PRO TIP**

*Talk about local barriers to development in your community and why they slowed down, stopped, or increased the cost of new or repositioned housing.*

## 2023 Advocate Hot Topics – Talking Points

**\*\*Please refer to these talking points *only if* these topics come up during Lobby Day meetings.\*\***

### **Rising Rents**

- Rents rising are a response to market forces and are in large part fueled by a severe supply/demand imbalance.
  - Three generations are choosing/occupying rental housing (Boomers who are downsizing, millennials and recent Gen Z graduates).
  - The metros seeing the largest rent increases are the ones seeing the largest net migration (i.e. Florida, Austin, Texas).
- Typically, rent growth calculations don't include renewal leases, only new ones:
  - With occupancy at an all-time high, renewal leases are very common.
  - Renewal rents typically grow at 1/3 of new lease rents. This widens the "loss to lease" ratio for many companies.
  - Keeping renewal rents in the equation reveals that rent growth is really 3.6% YOY, according to RealPage.
- The U.S. needs to build 4.3 million apartments by 2035 to meet future demand and address the current apartment deficit (600,000 units short).
  - That's 266,000 new apartments per year, but that number can drastically increase if languishing immigration returns to historical norms.
  - Limited supply = more competition = higher rents.
  - The data is clear – there is a current shortage of housing and we are not building enough to meet future demand.
- Climbing home prices have in-the-moment implications for housing providers in the form of mandatory operational expenses like property taxes and insurance premiums.
  - Long-term home equity doesn't address skyrocketing costs that an owner must pay to keep their properties operating like property taxes, insurance premiums and utilities.
  - Coupled with severe undersupply, labor shortages, inflationary pricing and supply chain delays, housing providers face rapidly rising costs just to keep rental housing on the market.
  - As the rental market stabilizes post-pandemic, owners who obtained new properties may need to bear the burden of raising rents to keep up with operational expenses and overdue capital improvements not addressed by the previous owner.
- A shortage of all housing types – both rental and owner-occupied – is fueling a white hot housing market.
  - Mortgage growth is substantially outpacing rents. Pre-pandemic, mortgages averaged \$387 higher than apartment rents; but as of 2022, that gap soared to \$1,002. (Marcus & Millichap, August 2022)
  - The tight for-sale market increases costs for new apartment development, acquisitions of existing units and undertaking major capital improvements – all of which place upward pressures on rents.
- The industry advocates for responsible policies that will address the underlying issues placing upward pressures on rent – the nation's supply/demand imbalance.
- This is the unfortunate reality that none of us want, however affordability issues are nothing new – we need to build more housing to meet demand, which will take pressure off of rising rents and a stressed rental market.

## Private Equity/Institutional Investors

- Institutional investors are regularly characterized as faceless and uncaring corporate behemoths. This ignores the simple fact that investment in rental housing comes from a variety of sources, which includes public pensions and 401(k) plans that teachers, firefighters and countless other Americans rely on for retirement.
  - Every sector of the economy is incredibly complicated and includes businesses of all sizes – this isn't unique to rental housing.
  - Institutional investors are not inherently bad, nor does the type of housing provider negate consequences for bad actors.
    - There are state/local laws in place to protect renters and bad actors should face consequences and penalties.
    - Removing institutional investment from rental housing doesn't eliminate bad actors.
    - Driving investment out of the industry doesn't fix the problem but contributes to it.
  - Institutional investment is not always a case of the "rich getting richer" – the money invested through public pensions and 401(k) plans funds retirements for average Americans and public servants.
- Our nation faces a severe housing supply shortage, at all price points and types of housing. Projects that will substantially address this shortage requires large amounts of capital that mom-and-pop and smaller firms do not have access to.
  - We need to build 328,000 more apartment homes annually – mom-and-pop housing providers alone do not have the capital to fund that amount of development.
    - Only hit that number 4 times since 1989, does not take into account pandemic losses.
  - Development is a complex, lengthy and expensive process; in addition to the money required to purchase property and rehabilitate and/or construct housing, there are costs associated with holding the property in addition to fees, etc.
    - Missing middle in development world; smaller firms may complete a handful of projects a year, institutional investors regularly navigate the process and have capital to engage in numerous projects.
  - Anti-development and detrimental housing policies (NIMBY, zoning regulations, labor shortages/costs, local fees, rent control) make many markets inaccessible to anything other than institutional investment, and in some cases outright discourage investment.
    - It takes capital, knowledge of the local/legal process and capacity to complete projects in adverse environments.
- There is room for everyone in the rental housing industry – though mom-and-pops play a very important role particularly by supplying naturally-occurring affordable housing, that does not negate the positive impact and stability that institutional investors bring to markets.
  - America's housing stock is not only insufficient, but it's also aging. Nearly half of the nation's stock was built before 1980, meaning substantial repairs, renovations and even rehabilitation may be required.
    - Dedicated capital is needed to take on many projects due to sheer size, cost and timeline.
    - Institutional investors decrease unemployment in local markets and bring job growth, particularly in the construction-sector ([Philadelphia Federal Reserve Bank](#)).
  - Investment can revitalize neighborhoods for all residents and provide stability by improving local economies (increasing employment, property taxes, etc), quality of life for residents and ensuring units remain within the rental pool.
  - The goal is not to push out current residents, but to ensure housing at all price points remain within the housing stock and quality of life is improved for the community.

## LINGERING CHALLENGES WITH THE CARES ACT EVICTION MORATORIUM

The CARES Act established a temporary 120-day moratorium on evictions due to nonpayment of rent, applicable to federally-backed and federally-assisted housing. This section of the CARES Act also instituted what should have been a temporary notice procedure, requiring housing providers to notify covered residents 30 days before filing for eviction after the moratorium ended on July 24, 2020.

Because of a drafting error, this federal “notice-to-vacate” requirement remains a contested issue in courts today, long after the moratorium itself ended. It supersedes states’ established eviction laws—exceeding required notice procedures and further delaying the start of the eviction court process.

### *NAA Viewpoint*

We urge Congress to correct lingering challenges with the CARES Act eviction moratorium by striking subsection (c) from Section 4024 of the CARES Act (15 U.S.C. 9058), making clear that this emergency notice procedure for housing providers has ended.

Backlogs in the courts are stretching from weeks or months to more than a year in some jurisdictions. Meanwhile, owners and managers face even more lost rent while they wait. This is particularly challenging for operators of subsidized housing and mom and pop landlords and ultimately hurts the tens of millions of Americans who work in the industry as well as the nation’s renters.

For professional owners and operators of rental housing, eviction is a last resort. Their businesses always do better when units are occupied and when they can fully meet their obligations to their residents, employees, creditors and the communities that they serve.

**We urge Congress to strike subsection (c) from Section 4024 of the CARES Act (15 U.S.C. 9058), making clear that this emergency requirement for housing providers has ended.** The CARES Act notice-to-vacate requirement was intended to be a temporary, emergency extension of notice during the height of pandemic uncertainty, and not a permanent change to states’ eviction laws.

NAA is a strong supporter of the Respect State Housing Laws Act (H.R. 802 introduced by Congressman Barry Loudermilk (R-GA-11)) which eliminates the CARES Act notice requirement and returns eviction policies back to the states. We need Congress’ support of H.R. 802’s passage to ensure that property owners can effectively manage their properties and continue to provide quality, affordable housing to their communities.

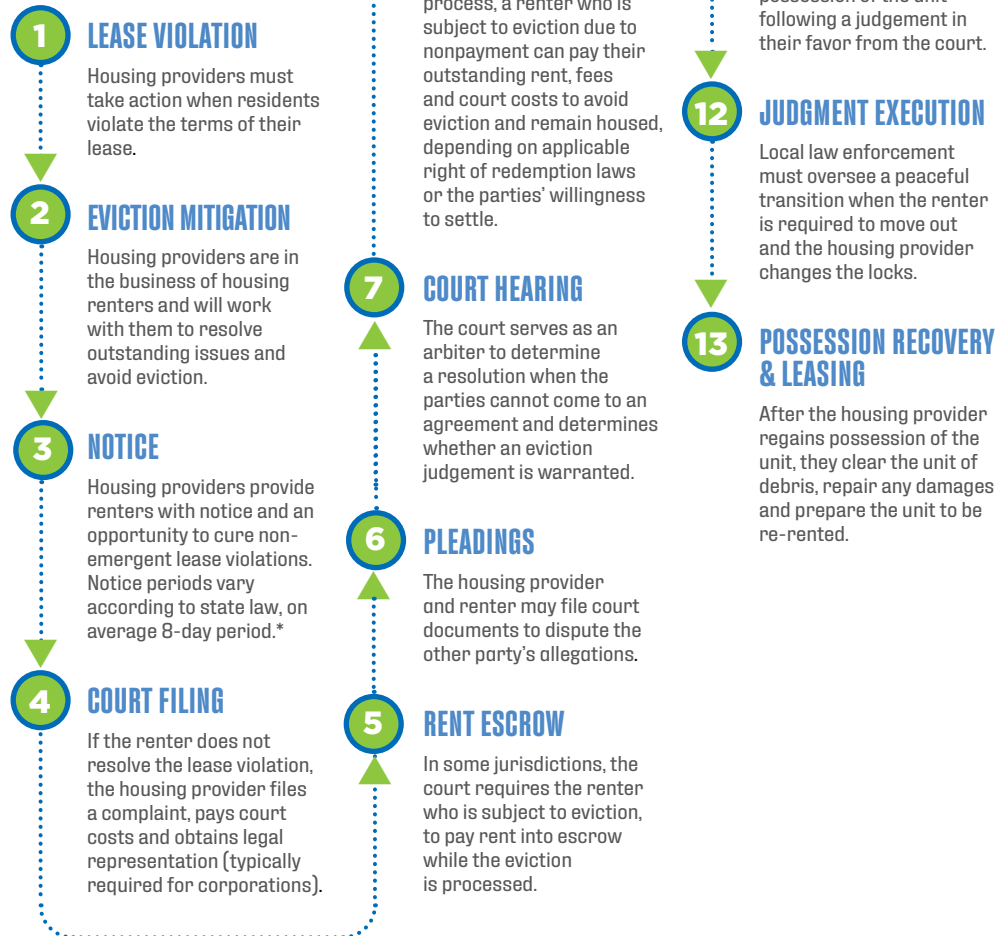
# The Eviction Process for Nonpayment of Rent

Evictions are costly and difficult for all parties involved. Yet, the eviction process is critical for resolving landlord and tenant disputes and for housing providers to legally recover possession of their property when a renter violates the lease agreement. The eviction process varies widely by jurisdiction.

## THE PANDEMIC

Court backlogs are stretching the eviction process from a number of weeks or months to more than a year in some jurisdictions, while housing providers remain unpaid. Housing providers are utilizing all available resources to keep their residents housed throughout the pandemic and being as flexible as their circumstances allow.

However, housing providers cannot continue to operate their businesses and maintain the housing for their renters with sustained losses in rental income.



Learn more about the breakdown of a dollar of rent at: [www.naahq.org/dollarofrent](http://www.naahq.org/dollarofrent)



## Housing Affordability

Housing affordability is a complex issue driven by diverse factors including income levels, land and natural resource availability, population growth and housing supply-demand imbalance. To remedy these issues, lawmakers at all levels of government must prioritize solutions that increase the supply and availability of rental housing at all price points.

Barriers to development remain a significant impediment to increasing the supply of rental housing. NAA conducted a national survey to better understand these factors and what constraints they place on the supply of rental housing. This research suggests that physical, administrative and regulatory barriers contribute to the rising cost of development and halt the delivery of quality affordable rental housing.

NAA strongly urges members of Congress to support passage of bipartisan legislation – the Yes in My Backyard Act (YIMBY) Act – which encourages localities to eliminate discriminatory land-use policies, increase thoughtful and inclusive development practices, and requires periodic reporting of local efforts to reduce barriers to development. This legislation, which passed the House in 2019 with overwhelming bipartisan support.

### *NAA Viewpoint*

Housing affordability is a complex issue that is best remedied by solutions that increase the supply and availability of rental housing at all price points.

In addition to reducing barriers to development, lawmakers must prioritize enhancements to the Section 8 Housing Choice Voucher (HCV) program. The HCV program has long served as America's primary method of rental assistance. This public-private partnership has the potential to be the nation's most effective, short-term solution to address housing affordability, but only if the red tape associated with the program can be reduced. Housing provider participants experience inconsistent support from public housing authorities (PHAs) to manage programmatic challenges, inspection delays, and prescribed rents and rent increases, which do not keep pace with market rates. This creates uncertainty in their operations and undermines the ability of owners to properly manage risk.

NAA is a proud supporter of the Choice in Affordable Housing Act (S. 32 introduced by Senators Chris Coons (D-DE) and Kevin Cramer (R-ND)) and calls on Congress to pass this bipartisan legislation immediately. This bill would to improve housing affordability nationwide by

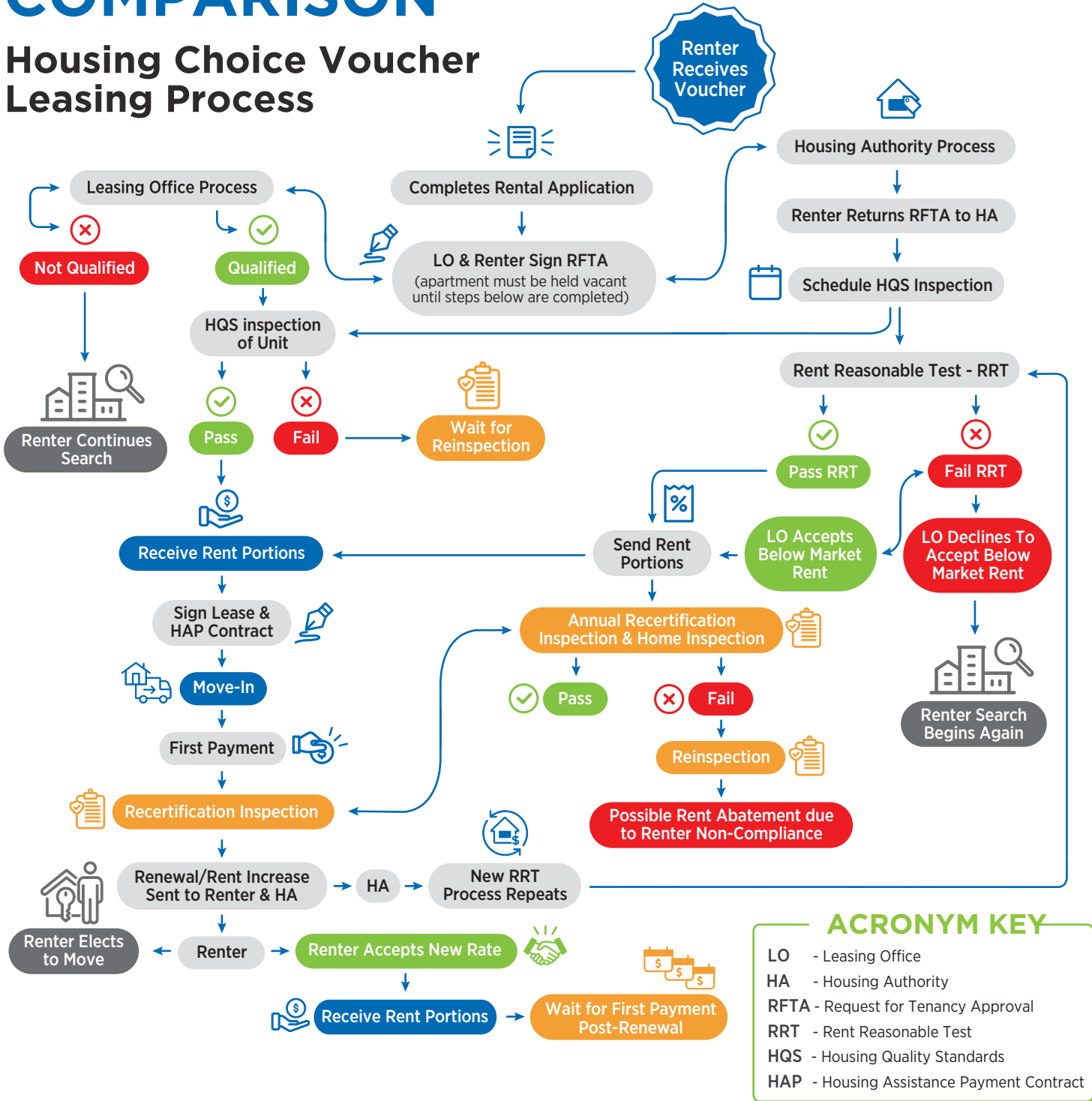
- Creating grants to incentivize housing provider participation in the HCV program;
- Providing security deposit assistance for low- and moderate-income renters and protect owners' investments;
- Allowing greater flexibility in the scheduling of unit inspections; and
- Establishing a fund for PHAs to hire staff as dedicated "landlord liaisons".

The Choice in Affordable Housing Act would encourage greater housing provider participation and improve outcomes and access to areas of opportunity for low- and moderate-income renters.

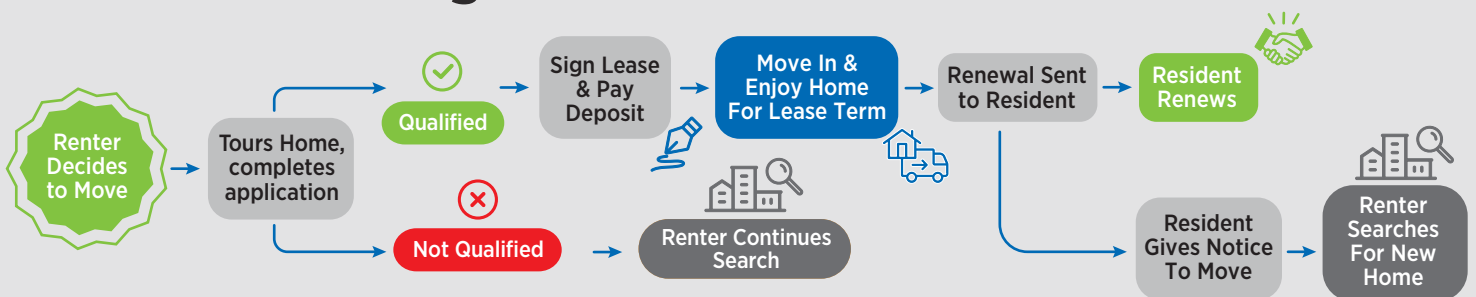


# LEASING PROCESS COMPARISON

## Housing Choice Voucher Leasing Process



## Standard Leasing Process



## Housing Supply Bills in the 117<sup>th</sup> Congress

- Housing is Infrastructure Act – H.R. 4497 (117<sup>th</sup>). Introduced by Congresswoman Maxine Waters (D-CA). Reintroduction TBD.
- Yes In My Back Yard Act (YIMBY) – H.R. 3198, S. 1614 (117<sup>th</sup>). Introduced by Congressmen Killmer (D-WA) and Hollingsworth (R-IN) and Senators Schatz (D-HI) and Young (R-IN). Reintroduction Expected.
- Better Planning and Land-Use for Accessible Neighborhoods Act (BETTER PLAN Act) – S. 768 (117<sup>th</sup>). Introduced by Senator Cortez-Masto (D-NV). Reintroduction Expected.
- Build More Housing Near Transit Act H.R. 2483, S. 3237 (117<sup>th</sup>). Introduced by Congressman Peters (D-CA) and Senator Schatz (D-HI). Reintroduction Expected.
- Housing Supply and Affordability Act – H.R. 2126, S. 902 (117<sup>th</sup>). Introduced by Congresswoman Blunt-Rochester (D-DE) and Senator Klobuchar (D-MN). Reintroduction Expected.
- Affordable Housing Credit Improvement Act – H.R. 2573, S. 1136 (117<sup>th</sup>). Introduced by Congresswoman DelBene (D-WA) and Senator Cantwell (D-WA). Reintroduction Expected.
- Middle Income Housing Tax Credit – S. 3365 (117<sup>th</sup>). Introduced by Senator Wyden (D-OR). Reintroduction Expected.
- Revitalizing Housing, Economies, and Business (REHAB) Act – H.R. 1483 (117<sup>th</sup>). Introduced by Congressman Blumenauer (D-OR). Reintroduction Expected.