

# BREAKING DOWN \$1 DOLLAR OF RENT

There exists a misconception that rental housing owners enjoy large margins and can continue operating in the absence of rent payments.

With so much discussion around rent payments during COVID-19, the rental housing industry would like to explain the breakdown of \$1 dollar of rent.



Only **9 cents of every \$1** are returned to owners, including the many apartment owners who are themselves small businesses and rely on this revenue to make ends meet, and investors, which include public pensions and 401ks, on which many Americans rely—whether or not they reside in rental housing.

Approximately **39 cents of every \$1** pays for the mortgage on the property. Roughly two-thirds of the apartment industry has private lenders and are ineligible for federal mortgage forbearance via the CARES Act. This is a critical expense, as mortgage foreclosures put all residents at risk of losing their housing.

**10 cents of every \$1** is spent on capital expenditures, including roof and HVAC replacement and other important repairs that help ensure quality housing for America's 40 million rental housing residents.

**27 cents of every \$1** covers payroll expenses, including paying employees who operate and maintain the property, ongoing maintenance, utilities, insurance and the like.

**14 cents of every \$1** goes to property taxes, which in turn supports the community through financing for schools, teachers, emergency services and other important local needs.

*Between mortgage payments and investor returns, which help support many Americans' retirement plans, and dollars put back into the apartment community to ensure quality living for residents, a rent payment is much more important than one might otherwise realize.*

2023



# Apartment industry policy priorities



**The apartment industry provides homes for 38.9 million Americans from every walk of life, including seniors, teachers, firefighters, healthcare workers, families with children and many others who enrich our communities.**

The multifamily housing sector also supports 17.5 million jobs and generates over \$3.4 trillion in economic activity. Commensurate with the role our industry plays in delivering and maintaining our nation's housing, the policy and economic challenges we face are immense.

Developing the apartment homes needed to house our nation requires public/private partnership. Decades of underbuilding brought on by housing policy inaction at all levels of government, has resulted in affordable housing shortages for renters across the income spectrum, which has led to more than 35% of households being classified as "cost-burdened."

That means millions of Americans are being priced out of the communities in which they have historically lived or would like to move to because there is not enough housing to go around.

Rental housing providers stand ready to help meet the needs of our nation's renters.



However, we cannot do it alone. From finance and capital markets to construction and new development, the various challenges have impacted our ability to deliver and maintain the housing this country so desperately needs.

As the federal advocates for rental housing providers, NMHC and NAA focus on preserving efficient property operations and promoting more effective housing development.



This enables the industry to attract the capital investment needed to increase and improve the nation's housing stock for the long-term.



## For 2023, the industry's priorities reflect the critical need to build more apartments to ensure there is enough housing to go around and ease affordability issues that have only been exacerbated by the COVID-19 pandemic.

These priorities also address the broader need to maintain the health of the apartment industry so it can generate the private investment required to meet the booming demand for rental housing of all types and at all price points. To support our work in promoting housing affordability, stability and opportunity for the long-term we urge Congress and the Administration to:



Support credible and proven policies to address **housing affordability and stability** by providing flexible resources that can be used in public/ private partnerships to build and preserve housing that is affordable to renters at all price points. To be successful, policy makers should resist politically expedient, but flawed policies – such as rent control – that undermine the creation of necessary housing. Such policies will only exacerbate current affordability challenge by scaring away investment and unduly interfering with housing providers' relationship with their residents.



Maintain and expand **tax policy** that preserves and encourages investment in multifamily housing of all types and at all price points to help address the housing affordability challenges we face.



Promote strategies that **reduce barriers to new construction and rehabilitation** to address housing supply shortages by leveraging federal resources to incentivize better housing policy decision making and planning at the state and local level.



Provide much-needed, increased investments in vouchers and program administration of the **Section 8 Housing Choice Voucher Program** while making critical reforms that would enable greater housing provider participation and expand affordable housing options for low- and moderate-income Americans.



Support funding for unmet community development and **infrastructure** needs that directly impact housing and support future housing opportunity.



Better enable housing providers to navigate an expanding risk landscape through support of **operational risk coverages** related to natural disasters, cybersecurity and pandemics, while prioritizing the reauthorization and reform of the **National Flood Insurance Program (NFIP)**.



Ensure federal **fair housing** policy protects equal opportunity in housing while supporting housing providers' ability to develop, own and operate their properties without undue risk and compliance uncertainty.



Enact a federal **data privacy**, security and breach notification standard that pre-empts the patchwork of state laws that leave consumers vulnerable and impose burdensome compliance obligations.



Accelerate **broadband deployment** and modernization in multifamily communities across the country, while protecting the current partnership model between broadband providers and property owners that encourages digital infrastructure expansion and improves affordability and accessibility for residents.



Ensure the continued ability by Fannie Mae, Freddie Mac and the Federal Housing Administration to provide adequate **capital financing** to the apartment industry in all markets and at all times and avoid requiring needlessly complicated federal loan requirements that will deter investment in multifamily housing and worsen housing affordability.



Preserve necessary **resident screening** tools and promote advancements in tested and appropriate technology such as AI and property management practices that ensure apartment providers can properly manage risk and public safety, while supporting resident-facing priorities like consumer credit-building.



Advance **labor and immigration policy** that ensures an adequate workforce supply for all areas of the multifamily industry—from construction to maintenance and other property operations.



Support incentives for innovative, cost-effective **environmental performance and energy efficiency** strategies, while ensuring policies do not hinder apartment constructability, operations and affordability.



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## Roster of Cosponsors for Key Legislation in the 118<sup>th</sup> Congress

### S. 32 – The Choice in Affordable Housing Act

**Lead sponsors:** Sen. Chris Coons (D-DE) and Sen. Kevin Cramer (R-ND)

**Co-sponsors:**

Sen. Raphael Warnock (D-GA)  
Sen. Tina Smith (D-MN)

Sen. Jerry Moran (R-KS)  
Sen. Cynthia Lummis (R-WY)

**Cosponsors from the 117th Congress:**

**S. 1820 – The Choice in Affordable Housing Act of 2021**

Sen. Chris Coons (D-DE)  
Sen. Kevin Cramer (R-ND)  
Sen. Raphael Warnock (D-GA)

Sen. Tina Smith (D-MN)  
Sen. Jerry Moran (R-KS)  
Sen. Cynthia Lummis (R-WY)

**H.R. 6880 – The Choice in Affordable Housing Act of 2022**

Rep. Emanuel Cleaver (D-MO-5)  
Rep. Lance Gooden (R-TX-5)  
Rep. Lloyd Doggett (D-TX-35)  
Rep. Derek Kilmer (D-WA-6)  
Rep. Sharice Davids (D-KS-3)  
Rep. Julia Brownley (D-CA-26)  
Rep. Mike Levin (D-CA-49)

Rep. Alma Adams (D-NC-12)  
Rep. Dwight Evans (D-PA-3)  
Rep. Steve Chabot (R-OH-1)  
Rep. Jimmy Panetta (D-CA-20)  
Rep. Robin Kelly (D-IL-2)  
Rep. Haley Stevens (D-MI-11)  
Del. Eleanor Holmes Norton (D-DC-At Large)

### H.R. 802 – The Respect State Housing Laws Act

**Lead sponsor:** Representative Barry Loudermilk (R-GA-11)

**Co-sponsors:**

Rep. John Rutherford (R-FL-5)  
Rep. Andy Barr (R-KY-6)  
Rep. William Timmons (R-SC-4)

Rep. Jeff Duncan (R-SC-3)  
Rep. Mike Flood (R-NE-1)  
Rep. Ralph Norman (R-SC-3)

**Cosponsors from the 117th Congress:**

**H.R. 9062 – The Respect State Housing Laws Act**

Rep. Barry Loudermilk (R-GA-11)  
Rep. Ann Wagner (R-MO-2)  
Rep. Andy Barr (R-KY-6)  
Rep. Roger Williams (R-TX-25)  
Rep. Ralph Norman (R-SC-5)

Rep. Mike Flood (R-NE-1)  
Rep. John Rutherford (R-FL-4)  
Rep. Jeff Duncan (R-SC-3)  
Rep. William Timmons (R-SC-4)  
Rep. Vicente Gonzalez (D-TX-15)

[Please turn over for additional legislation](#)

## Roster of Cosponsors for Key Legislation in the 118<sup>th</sup> Congress

### Yes In My Backyard Act

Awaiting reintroduction in the 118th Congress

#### Cosponsors from the 117<sup>th</sup> Congress:

##### **S. 1614 – The Yes In My Backyard Act**

Sen. Todd Young (R-IN)

Sen. Brian Schatz (D-HI)

Sen. Raphael Warnock (D-GA)

Sen. Chris Van Hollen (D-MD)

##### **H.R. 3198 – The Yes In My Backyard Act**

Rep. Derek Kilmer (D-WA-6)

Rep. Gregory Meeks (D-NY-5)

Rep. Mike Quigley (D-IL-5)

Rep. Ed Case (D-HI-1)

Rep. Norma Torres (D-CA-35)

Rep. Virginia Foxx (R-NC-5)

Rep. Brian Fitzpatrick (R-PA-1)

Rep. Lucy McBath (D-GA-6)

Rep. Abigail Spanberger (D-VA-7)

Rep. Blake Moore (R-UT-1)

Rep. Joe Neguse (D-CO-2)

Rep. William Timmons (R-SC-4)

Rep. David Kustoff (R-TN-8)

Rep. Darren Soto (D-FL-9)

Rep. Roger Williams (R-TX-25)

Rep. Sanford Bishop (D-GA-2)

Rep. Maria Salazar (R-FL-27)

Rep. Madeleine Dean (D-PA-4)

Rep. Bryan Steil (R-WI-1)

Rep. Diana DeGette (D-CO-1)





December 16, 2022

The Honorable Joseph R. Biden, Jr.  
President  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500

Dear President Biden:

The undersigned national associations represent for-profit and non-profit owners, operators, developers, lenders, and property managers involved in the provision of rental housing, both affordable and conventional. We write to you as the Administration considers federal landlord and tenant requirements and to offer our industries' perspectives.

First, thank you for your leadership in the housing space—acknowledging the acute need for new housing supply and your continued efforts to improve housing affordability for our nation's renters and their families. As well, we are grateful for the Administration's commitment to working with stakeholders on all sides of the housing policy debate and the opportunities for dialogue with White House and agency officials about housing-related concerns, including resident-centered property management practices.

As representatives of the housing industry, we absolutely appreciate the importance of housing choice and access to quality, affordable housing, as we work to provide decent housing for residents, who are our customers. However, inherent in ensuring this stability for our nation's renters, is maintaining the current and future viability of the broader rental housing industry. As such, we urge the Administration refrain from recommending new or expanded federal obligations for private rental housing providers and instead focus on leveraging federal resources to bolster new housing supply, improve access to existing housing benefits for those renters in need and provide additional funding for federal housing support.

The relationship between housing providers and their residents, the community and the broader housing market is governed by layers of statutes, case law, regulations, and

private contractual agreements – all providing for specific protections and responsibilities. This includes extensive renter protections in building code, landlord and tenant, fair housing, eviction, consumer reporting and debt collection laws. Fundamentally, lease agreements outline the rights and responsibilities between residents and housing providers; leases are legally binding on all parties and enforced by state and local courts. Layering additional federal regulation on an already overly regulated industry will only further exacerbate housing affordability challenges, making it increasingly difficult for renters to navigate.

The Administration has referenced practices and requirements drawn from other housing sectors that could serve as a foundation for wider, resident-centered management practices under discussion. However, we encourage you to consider the diversity and unique needs of private rental housing providers on a national scale. The rental housing market is highly diverse. Senior housing, for example, is distinct from military housing which is different than student housing, and manufactured housing. Federally assisted housing, including urban and rural programs, has many if not more tenant protections than have been discussed. Rental markets vary widely across the country, which is why local solutions are most appropriate to be tailored to those individual markets. The courts have addressed and limited the federal government’s role in regulating non-federal rental housing and left this matter to the states and localities.

Although, well-intentioned, additional federal resident protection requirements would contribute to the already complex layers of federal, state, and local requirements that housing providers must currently comply with—negatively impacting housing outcomes and undermining our ability to provide quality service to our residents. State laws already protect renters’ rights to be notified of a rent increase or a change in the lease contract that may result from the sale, closure or foreclosure of their apartment community, and the right to cure lease violations prior to an eviction, as examples; some housing providers are subject to additional renter protections imposed at the local level as well.

Moreover, the proposed federal landlord and tenant requirements can circumvent or, in some cases, conflict with the lease agreement which predominantly governs rights and the responsibilities that both parties agree to during the lease term, in accordance with contract law. We are concerned that if new federal requirements are imposed, it will further discourage the use of federal resources, and cause disruption in the capital markets impacting the federal government’s ability to attain its housing goals. This is especially problematic now when we are facing increasing interest rates and general economic uncertainty.

We ask you to reconsider implementing added federal landlord and tenant requirements. Instead, we would like to work with you and federal policymakers on efforts to address the nation’s housing affordability challenges and keep renters stably housed, like the Housing Supply Action Plan.

The [White House rightly acknowledged](#) at the release of the Housing Supply Action Plan that “the best thing we can do to ease the burden of housing costs is to boost the supply of quality housing.” We wholeheartedly agree and stand ready to work with the Administration and Congress on strategies to achieve this goal. Implementing added federal landlord and tenant requirements, specifically if attached to federally-backed properties, will further discourage the use of federal resources, impacting the federal government’s ability to attain said housing goals. We also think it important to understand the interplay between any new federal requirements and existing state and local housing law. These proposals have the potential to fundamentally shift the role of the federal government in the private housing sector.

Housing stability, opportunity and affordability will expand through, among other things, execution of the Housing Supply Action Plan and robust funding of existing federal housing programs and reform of several key programs that would enable our nation’s renters to secure safe, stable housing that is affordable. In addition, strong and vocal support for common-sense and bipartisan funding and reform of many existing federal programs and resources is critical. Below we outline key policy opportunities that would benefit from your support and meet your ultimate goal of protecting renters and improving housing outcomes for millions of Americans.

### ***Expansion of Low-Income Housing Tax Credit***

The most effective way to ensure that all Americans have a safe and decent place to live at a price at which they can afford is to address our nation’s housing supply shortfall. Accordingly, we urge the Administration and Congress to expand the Low-Income Housing Tax Credit as it wraps up the 117<sup>th</sup> Congress.

Specifically, we call on the Administration and Congress to:

- Increase the Housing Credit by 50 percent or at a minimum to reinstate the 12.5 percent increase in credit authority available in 2018-2021 as adjusted for inflation.
- Enhance the use of existing private activity bond authority by reducing the bond financing threshold to maximize 4 percent Low-Income Housing Tax Credits to 25 percent from 50 percent.

These provisions, which have bipartisan support and would spur affordable housing production and help address affordability, should be enacted before Congress adjourns.

### ***Critical Need for Housing Choice Voucher Program Reform and Increased Funding***

The Section 8 Housing Choice Voucher Program has been the cornerstone of federal housing policy for many years and provides rental assistance to more than two million



families. Despite its relative success, the Housing Choice Voucher Program has enormous untapped potential to help address our nation's affordable housing needs. Unfortunately, a complex funding system coupled with duplicative and inconsistently applied requirements discourage private housing providers, particularly professional ownership entities from accepting vouchers.

Several practical but impactful program changes would go a long way to encourage the participation of additional providers, particularly in low poverty communities. Our groups, once again, call on policy makers to approve or explore the opportunity to incorporate provisions of the bipartisan and bicameral Choice in Affordable Housing Act into a larger package. This bill, introduced by Housing, Community Development, and Insurance Subcommittee Chairman Emmanuel Cleaver II (D-MO) and Congressman John Katko (R-NY) as well as Senator Chris Coons (D-DE) and Senator Kevin Cramer (R-ND), aims to implement common-sense reforms in future housing policy initiatives. Increasing housing supply is also critical to improving outcomes for renters in this program.

The legislation empowers Public Housing Authorities (PHAs) to offer incentive payments for housing providers that operate in areas of opportunity; creates security deposit assistance to cover repairs and damages and to help participants better manage their risk; enables PHAs to hire "landlord liaisons" to improve participants' experience with the program and finally, would importantly streamline the costly and time-consuming property inspection process.

### ***Sustaining Funding for Federal Housing Support & Affordability Programs***

Alongside inadequate funding and regulatory barriers in the Section 8 HCV program, federal funding for the other primary housing programs serving low-income households has been virtually flat or declining. This has translated into waiting lists for support that can last years, pushes too many Americans into substandard housing that only exacerbates housing and racial inequities, and harms the economic potential of individuals and their overall communities.

For decades, our groups have advocated for increased funding for multiple critical programs that focus on housing affordability, (in addition to the Section 8 HCV program), such as Project Based Rental Assistance (PBRA), Rental Assistance Demonstration (RAD), Homelessness Programs, HOME, and Community Development Block Grants (CDGB), the Housing Trust Fund, FHA Multifamily Programs, Rural Housing Programs, and others.

## ***In Closing***

We are committed to working with the Administration on the shared goal of addressing the nation's housing affordability needs. However, we ask you to reconsider implementing added federal landlord and tenant requirements as ultimately, they will hurt renters currently housed and those seeking housing in this tight market. Instead, we would like to work with you and federal policymakers on efforts like the White House Housing Supply Action Plan and others to address the nation's housing challenges and keep renters stably housed.

Thank you for your consideration of our views.

Sincerely,

CCIM Institute  
Council for Affordable and Rural Housing  
Institute of Real Estate Management  
Manufactured Housing Institute  
Mortgage Bankers Association  
National Affordable Housing Management Association  
National Apartment Association  
National Association of Home Builders  
National Association of REALTORS®  
National Leased Housing Association  
National Multifamily Housing Council

cc: The Honorable Marcia Fudge, Secretary, U.S. Department of Housing and Urban Development  
The Honorable Merrick Garland, Secretary, U.S. Department of Justice  
The Honorable Janet L. Yellen, Secretary, U.S. Department of the Treasury  
Mr. Rohit Chopra, Director, Consumer Financial Protection Bureau  
Mr. Brian Deese, Director, National Economic Council White House  
Ms. Susan Rice, Director, Domestic Policy Council White House  
The Honorable Sandra Thompson, Director, Federal Housing Finance Agency  
Mr. Gene Sperling, American Rescue Plan Coordinator & Senior Advisor to the President  
The Honorable Sherrod Brown, Chairman, U.S. Senate Committee on Banking, Housing Urban Affairs  
The Honorable Patrick J. Toomey, Ranking Member, U.S. Senate Committee on Banking, Housing and Urban Affairs  
The Honorable Maxine Waters, Chairwoman, U.S. House Committee on Financial Services  
The Honorable Patrick McHenry, Ranking Member, U.S. House Committee on Financial Services