

Just The Facts

Housing affordability is a crisis. The U.S. needs to build an average of 266,000 new apartments every year to meet surging demand.

- ◆ The U.S. needs to build 4.3 million more apartments by 2035 to meet the demand for rental housing. This includes 600,000 units (total apartments) to fill the shortage from underbuilding after the 2008 financial crisis. ([National Multifamily Housing Council/National Apartment Association](#))
- ◆ Housing underproduction in the U.S. reached 3.8 million homes 2019, up from 1.6 million in 2012. ([Up for Growth](#))
- ◆ Underproduction of housing has translated to higher housing costs – resulting in a decline of 4.7 million affordable apartments (monthly rents less than \$1,000) from 2015-2020. ([National Multifamily Housing Council/National Apartment Association](#))

The fundamental supply-demand imbalance is causing rents to rise at an above-average rate in some areas. Families are struggling and it's holding back our economy.

- ◆ More than half of apartment renter households paid more than 30 percent of their income on housing costs in 2019, and the problem may grow worse every year as housing supply fails to keep up with demand. ([U.S. Department of Housing and Urban Development/U.S. Census Bureau](#))
- ◆ Insufficient affordable housing in our most productive cities is making it difficult for employers to hire, impacting everything from schools and hospitals to small-to large-private businesses.

A wide variety of housing is the only way to ensure there is enough housing available to families of all income levels where they want to live.

- ◆ Vacancy rates [show](#) that there is still a supply and demand imbalance, and the COVID-related downturn financially harmed those that were already struggling the most, continuing to make it difficult for those at the lower end of the income spectrum to find an affordable unit.

Sound policies are needed to address both housing affordability and availability.

- ◆ Regulation imposed by all levels of government accounts for an average of 40.6 percent of multifamily development costs. Eliminating duplicative and unnecessary regulations will

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help spur development and drive down housing costs. ([National Association of Home Builders/ National Multifamily Housing Council](#))

- ◆ In many localities, the public and private sectors are coming together to develop and implement innovative solutions to help address the housing crisis. For example:
 - Amazon committed [\\$2 billion](#) to create and preserve affordable housing in Seattle, Arlington and Nashville.
 - Turner Impact Capital raised [\\$1.25 billion](#) to keep 10,000 apartments affordable for working families and individuals nationwide.
 - Google [committed](#) \$1 billion to create at least 20,000 homes in the Bay Area.
- ◆ Working together, the public and private sectors can bring all their tools and assets into play to implement viable solutions to meet the growing demand of the rental housing stock.

Rent control laws exacerbate shortages and represent an outdated concept that benefits the very few – and not necessarily those in greatest need – at the expense of the larger society.

- ◆ Currently, 37 states recognize that rent control has proven unsuccessful and have preempted local governments from adopting rent regulation laws. Only the District of Columbia, California, Oregon and a scattering of cities and towns in New York, New Jersey and Maryland have rent control or rent stabilization policies in place. ([National Multifamily Housing Council](#))
- ◆ An overwhelming 87.5 percent of developers avoid working in jurisdictions with rent control. This translates into housing not being built in many areas where it is so desperately needed. ([National Multifamily Housing Council](#))
- ◆ St. Paul, MN, instituted a 3 percent cap on rent increases May 1, 2022. The new measure has not only failed to mitigate the city’s housing crisis, but has resulted in a drastic cut of new housing supply. In anticipation of the new law, from December 2021 through the beginning of this year, the number of permits pulled by housing developers in St. Paul declined by more than 80 percent over the same period of time one year earlier. ([Twin Cities Pioneer Press](#))
- ◆ Recognizing that rent control is a failed policy, California voters resoundingly rejected ballot initiatives in 2018 and 2020 that would have broadened rent control across the state by margins of 62% to 38% and 60% to 40% respectively.
- ◆ Californians and New Yorkers have seen first-hand that rent control is not an effective way to lower rents in the uncontrolled market. We need to learn from the mistakes of cities like San Francisco and New York, whose antiquated rent control laws have helped create some of the highest rents in the country.

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- ◆ While the intent of rent control laws is to assist lower-income populations, numerous studies have since [shown](#) that rent control fails to improve the availability and affordability of housing.
- ◆ Princeton University economist Paul Krugman concludes that “almost every freshman-level textbook contains a case study on rent control, using its known adverse side effects to illustrate the principles of supply and demand.” ([The New York Times](#))
- ◆ A [Stanford University study](#) noted, “Rent control has a bad reputation among many economists, who often argue that it makes things worse.” The study found that “landlords treated by rent control reduced rental housing supply by 15%, causing a 5.1% city-wide rent increase.”

Editorial board at leading newspapers around the country have highlighted the dangers associated with rent control.

- ◆ “The effects of rent control would be far-reaching. It’s hardly a new idea. It’s been tried unsuccessfully for decades... Those who want to reduce housing costs should demand governments enact policies that encourage the development of more housing. Rent control does the opposite.” – [Las Vegas Review-Journal](#), July 2022
- ◆ “It’s reasonable to look at disparities in housing affordability and ask: If not rent control, then what? At their core, rents are a matter of supply and demand. Simply put, the Twin Cities area needs more housing supply, and rent control is a policy that defies that.” – [The \(Minnesota\) Star Tribune Editorial Board](#), October 2021
- ◆ Rent-control laws can be good for some privileged beneficiaries, who are often not the people who really need help. But they are bad for many others.” – [The Washington Post Editorial Board](#), September 2019
- ◆ “Economists are more or less unanimous in calling rent control destructive. The only short-term winners are people who’ve already locked in.” – [The Wall Street Journal Editorial Board](#), July 2019
- ◆ “Rent control would seem to be the easy fix. Just cap what landlords can charge. But it’s a superficial and ultimately counterproductive fix, as the experiences of other cities have shown.” – [The Chicago Tribune Editorial Board](#), March 2019
- ◆ “The prospect that a city may enact rent control in the future is enough to chill investment in rental property and could blow up countless pending deals for new construction. Trying to fix a housing crisis with rent control is like sending an oil tanker to put out a forest fire.” – [The Orange County Register Editorial Board](#), June 2018