

GUIDANCE DOCUMENT | JANUARY 2017

Housing Affordability: A Message Framework to Address Local Industry Challenges

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Positive perception of apartments and their residents is on an upswing. There is growing recognition that renters are a large and diverse group of Americans, including those who can afford to buy a house but instead choose to rent. Much of this shift is attributed to continued economic anxiety caused by the collapse of the housing market, but its origins are also based in the changing demographics and needs of the country. Apartments are a smart choice for many people because homeownership is not for everyone, and renting fits people's needs at various points in their lives.

With apartments now playing a greater role in housing Americans, political risk for the apartment industry stemming from a lack of supply and rising rents is even more significant. Housing affordability, an issue that previously held limited attention, has become a mainstream concern.

NAA and NMHC are working with Beck Research and SKDKnickerbocker to create a messaging framework to help persuade policymakers and local leaders that the country needs more apartments. Using this framework, public acceptance of specific solutions can be probed to address the affordability challenge. Across the nation, communities are increasingly looking for ways to make housing more affordable for low- and moderate-income Americans. Many of the solutions under discussion directly affect the apartment industry. Drawing from polling and focus group feedback from policymakers and political elites, this document presents recommendations for talking about the apartment industry overall, how to advocate for the construction of more apartments, including affordable housing, and which specific policy solutions are most palatable to decision-makers.

Executive Summary

Perceptions of apartments have improved, in part due to continued economic anxiety and the collapse of the housing market. Government officials (representing local, county or state governments and their staff) and political elites (defined as college graduates, likely 2016 voters, \$75,000-plus income and civically active Americans) understand that apartments are a smart choice for many people because not everyone should own a house, and also because renting fits people's needs at various points in their lives. Despite improved perceptions, apartments are not welcome in some communities.

The following recommendations are intended to help guide communications and advocacy efforts at the local level. Each situation, however, involves unique nuances that these recommendations cannot anticipate. NMHC and NAA members are encouraged to reach out to their local or state apartment association or to NAA or NMHC for assistance with their particular situation.

When talking about the industry overall, stress the following core elements:

- **Size:** *Rental housing serves millions of people.*
- **Individuality:** *Apartments give people the ability to find the right housing for each person or family.*
- **Options:** *Apartments are available at many different price points.*
- **Defensive:** *Homeownership isn't right for everyone.*
- **Vibrant:** *Apartments are part of strong, healthy communities and economies.*

The more people think that affordability is a serious issue or that there is a shortage of affordable rental apartments, the more open they are to all types of policy solutions – positive or negative. **It is important to proactively offer policies to leverage an environment hungry for ways to solve the issue.**

The strongest affordability messages involve tying the issue to the economy and couching solutions as reducing the cost of housing for more Americans. Elites recognize that this is an essential issue that impacts millions of Americans. Positioning an increased supply of housing as beneficial to the economy would be effective with these audiences. Moreover, once elites understand the current system is not helping most Americans, they are open to change. It is important to show how proposals work toward these goals and how negative (including some seemingly positive) policies work against them.

Perceptions of property owners (“landlords”) and developers are lower than renters or rental apartments, making them an easy target. **Emphasize the resident as the face of the effort being promoted.** Gather “stories” or examples of successful apartment communities to reflect the range and scope of the industry. Leverage emotion along with statistics to explain why the locality needs more apartments.

There is almost universal support for rehabilitating apartments or repurposing other buildings into apartments – even among people who do not like the general idea of apartments or affordable housing. Again, show how proposals work toward the overall goals and how negative policies work against them.

Introduction

Between December 2015 and April 2016, NMHC and NAA partnered with Beck Research and SKDKnickerbocker to conduct a series of six focus groups and two surveys among elites (defined as college graduates, likely voters and those with household incomes of \$75,000 or higher), local/state government officials and inside-the-beltway housing policy experts. This builds on similar work conducted in 2012 that examined overall perceptions and language about the apartment industry.

Table Setting: The U.S. has too few apartment units

Elites and government officials strongly agree that communities benefit from having a supply of apartment types at different rent levels. Elites agree by a strong 81% margin that a “variety of rental apartments at different price points help contribute to the development of dynamic and economically successful communities” over the 19% who believe “rental apartments cost communities because they lead to overcrowding and demands on local services.” Government officials also recognize apartments’ positive contributions although agreement is somewhat lower. Still, government officials say –by a strong 70% to 16% margin – that apartments contribute to successful communities. People understand that one-size-fits-all thinking does not work for housing; people from many walks of life and at many points in their lives choose to rent.

However, a disconnection emerged when respondents were asked about the need for more apartments. Elites are more likely than government officials to understand that more apartments are needed. A majority of elites (54%) say that the U.S. does not have enough rental apartments, but government officials lag with only 41% agreeing with that statement. The terms “renters,” “rental apartments” and “neighborhood apartments” were more appealing to respondents than “apartment units.”

MAJORITY OF ELITES THINK THE U.S. HAS TOO FEW RENTAL APARTMENTS

Based on what you know right now, would you say that the United States has too many, too few or the right amount of rental apartment units.		Based on what you know right now, would you say that your community has too many, too few or the right amount of rental apartment units.	
Elites	Total	Government Officials	Total
Too Few	54%	Too Few	41%
Too Many	14%	Too Many	14%
Right Amount	31%	Right Amount	43%
Too Few – Too Many	40%	Too Few – Too Many	27%

Democrats, older elites (those ages 50 and over), non-whites and unmarried elites are more likely to think there are too few apartments in the U.S. than Republicans, married elites or those who have never rented. Among government officials, the partisan trend is consistent as a majority of Democrats believe their community has too few apartments, while a majority of Republicans think there are too many. Local officials also disproportionately think their community has too many rental apartment units.

When affordable housing in particular is discussed, four out of five elites (81%) think the lack of affordable housing is a serious problem in America and a majority (58%) of government officials think it is a serious problem in their community. Traditional partisan stances impact the degree to which people think it is a

problem; Democratic elites (93% total serious, 43% very serious) are much more likely than Republican elites (66% total serious, 23% very serious) to see affordable housing as a serious issue. This trend is true among government officials as well; elected Republicans are less likely than their Democratic counterparts to perceive this as a serious issue (Independent elites are in the middle with 80% who think it is a serious problem, including 23% who think it is a very serious problem). In addition, elected officials (54% total serious, 14% very serious) are less likely than their staff (60% total serious, 22% very serious) to see this as a serious problem.

The partisan divide carries over beyond just affordable housing. Republicans also are less likely than Democrats to see a need for more apartments; 44% of Republicans say we have too few apartments, compared to 63% of Democrats. Republicans are more likely than Democrats to say “Apartments and their residents drain communities and don’t contribute.” Based on these findings, advocacy efforts may be better focused on Republicans, particularly Republican office holders, as they are less persuaded that the nation needs more apartments.

Importantly, the more people think that affordable housing is a serious issue or think there is a shortage of apartments, the more open they are to all types of policy solutions – positive or negative.

Describing the Apartment Housing Industry

Compared to political elites, government officials tend to hold a more negative perception of apartments, their residents and the industry. While the majority of elites are favorable toward residents (56%) and apartments (56%), these fall below majority support among local officials (48% for both). Within both groups, favorability of developers (46% elites; 47% officials) and landlords (44% elites; 31% officials) falls below majority support.

In 2012, a core industry message was developed based on focus groups and polling done at the time. Taking the latest industry perceptions into account, the conclusions from the previous research continue to be the strongest way to position the apartment industry. Below is updated language:

Apartment homes provide millions of people the ability to live in the right housing for them at the right time of their life. Providing rents at all price points gives people the chance to find the right apartment for them and their family, where they are able to live without the debt of a mortgage. Homeownership is not for everyone, and available apartments at a variety of rents helps ensure there are housing options for everyone. Apartments are one way for the market to meet the needs of different people, since healthy, vibrant communities have a mix of rental and ownership options.

The main elements of the message are:

- **Size:** Rental housing serves millions of people.
- **Individuality:** Apartments give people the ability to find the right housing for each person or family.
- **Options:** Apartments are available at many different price points.
- **Defensive:** Homeownership isn’t right for everyone.
- **Vibrant:** Apartments are part of strong, healthy communities and economies.

In addition, it is important to emphasize the apartment resident as the face of communications around the industry.

Affordability

At the outset, the term “affordable housing” was expected to be a difficult term with negative connotations. Many elites see affordability as a broad term that can apply to renting or owning and can apply to an apartment or a house. Often it is associated with very low-income housing, but other times, elites have a broader application of the term and apply it to a wider population.

To overcome these biases and educate elites about the need to address housing affordability, a multi-step approach to communication efforts is suggested. Elites and government officials need to understand the scope and the impact of the problem before they hear why increasing the supply is the best way to meet Americans’ needs.

Step 1: Rent burden is a well-known measurement that helps elites understand why more apartments are needed.

Elites understand that high rents cause hardship, but they are less familiar with how many Americans face these problems. Before diving into specific solutions, elites and government officials need to understand the impact of the shortage. This is not a problem facing a small slice of the population, but rather a wider and growing concern. Thus, the strongest argument for more apartments lays out the scope of the problem and highlights its impact on our economy. This is the top argument among elites and government officials:

The widespread lack of affordable rental housing is holding our economy back. Twenty-one million American households paid more than 30 percent of their household income on rental costs and the problem grows worse each year. Housing is the biggest monthly cost for most Americans, so some people are moving to less expensive places to live. Increasing the supply of affordable housing would help American families. (Among elites, mean of 6.5 out of 10, 38% give an 8-10 rating out of 10; among government officials, mean of 6.0 and 31% give an 8-10 rating)

Among government officials, state officials disproportionately find this argument persuasive, while local or city officials are more skeptical.

A second argument also does well among elites and focuses on America’s changing demographics and growing demand for apartments:

America’s changing economy and demographics mean more and more people are choosing apartments over a single-family house, but apartment owners and builders are struggling to keep up with the demand. Over the next decade, the number of renter households could rise by up to 4 million. (Among elites, mean of 6.3 out of 10, 34% give an 8-10 rating out of 10; among government officials, mean of 5.5 and 21% give an 8-10 rating)

This is the second ranking argument among government officials, earning a mean score of 5.5.

Step 2: More options and fewer obstacles are central to incentivizing the production of more apartments.

Next, more specific information on how to tackle the problem is helpful. The first message below connects apartments to neighborhoods. Highlighting “neighborhood apartments” rather than “affordable apartments” evokes positive associations with apartments. The message below highlights the need for

more housing options and demonstrates that a range of housing types is needed to meet individual needs:

If we had a wider range of housing options, we would be able to tackle the affordable housing problem. According to the U.S. Census Bureau, 63 percent of the nation's housing is detached homes. We need to move away from sprawling suburbia and instead nurture walkable, vibrant neighborhoods that provide a range of housing types from smaller options, such as apartments and duplexes, to larger choices, like single-family homes and townhouses. This would increase the supply of housing and make it more affordable. (Among elites, a mean of 6.5 out of 10, 39% give an 8-10 rating; among government officials, mean of 5.9 and 26% give an 8-10 rating)

A parallel statement focuses on removing obstacles to increase supply:

State and local governments need to work with developers to remove obstacles to building more affordable apartments. Harvard University estimated that there are only 58 affordable units for every 100 very low-income households in 2013. We need to do more to encourage the construction or renovation of affordable apartments. (Among elites, a mean of 6.5 out of 10, 32% give an 8-10 rating)

Key themes across these two messages are:

- Housing is a central economic issue.
- Additional choice and a wide range of housing options are necessary.
- State and local governments need to work with developers to remove obstacles and reduce construction costs.
- Policymakers should change the current system to reduce the cost of housing for more Americans.

This last theme is critical for positioning the apartment housing industry. There is an opportunity here to be more aggressive about casting affordable housing as an economic issue that impacts our communities and can be improved by increasing the supply of apartments. Improving housing in America is the best way to help the middle class.

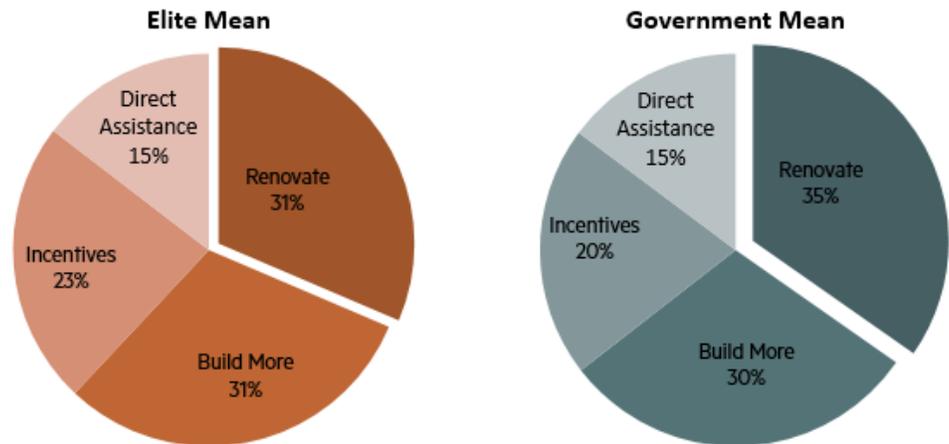
These more tailored messages by design overlap with the industry message outlined earlier in this guidance paper.

Specific Affordability Proposals

Throughout the research, elites supported building more apartments and rehabilitating existing stock over providing residents with direct assistance. They consider renovation a more environmentally friendly option that also results in units being located in desirable locations, often close to existing jobs.

As the charts below illustrate, elites disproportionately advocate for building more apartments (31%) or renovating existing apartments (31%) over increasing government incentives to housing providers for making more units affordable (23%) or increasing direct rental assistance to residents (15%).

 RENOVATE AND BUILD TOP CHOICES TO ADDRESS AFFORDABLE HOUSING



This suggests an expanded message beyond simply stating we need to build more; we also need to advocate for preservation and rehabilitation when appropriate. These proposals have strong support across the research.

Democrats are more likely than Republicans or Independents to advocate for direct rental assistance to apartment residents, but even among Democrats, building more and renovating existing apartments are the top two approaches.

A wide range of policies that address the affordability issue were explored. Together, these form a type of “menu” for local developers to offer their policymakers for their specific situation. Every proposal may not be appropriate in every scenario.

This menu of options confirms that elites and government officials prefer renovation and building more units over direct assistance to residents or more government involvement. The top proposals for both elites and government officials are “encouraging more private sector investment” (71% of elites and 68% of government officials support) and “encouraging re-purposing of existing real estate into rental apartments” (70% of elites and 63% of government officials support). Elites and government officials welcome efforts that focus on existing buildings (commercial or residential) or building in already-developed areas rather than enabling continued sprawl. In addition, elites and government officials prefer “creative” solutions, such as land swaps or land donations versus additional funding or other items that require additional funding. There is an understanding that additional costs must be offset with higher rents for other residents.

The top proposals have strong support across jurisdiction and political party; the intensity of support differs at some points. For example, Democrats are more supportive of tax rebates than Republicans, while Republicans are very supportive of increased private sector investment.

In addition, some of the most traditional or long-standing proposals, such as rent controls or set-asides, have the lowest levels of support. The following are some additional suggestions on affordable housing that informed the set of proposals that may be adopted:

- **Focus on creative solutions.** Elites are supportive of creating incentives or subsidies to reduce the cost of construction. Extending enterprise zones to residential housing or land swaps are popular (few people understand enterprise zones, while land swaps are logical and easy to figure out). In addition, people are open to encouraging more private sector reinvestment in affordable housing properties as part of their interest in rehabilitation.
- **Streamline the process for affordable units/expedite building.** Accelerating housing construction is a popular approach, but people are fearful of “loosening requirements,” which sounds like cutting corners or forfeiting safety. The changes need to fit the property and highlight flexibility in zoning. For example, people are fearful that parking will be limited in a place where a car is necessary. Promote these changes as a way to limit amenities and reduce rent as part of an acceptable tradeoff. (If you do not own a car, an urban apartment close to public transportation is the right fit for you.)
- **Avoid fads like micro-units.** Tiny houses or micro-units are seen as silly proposals or ideas that lack long-term staying power. However, some opposition to other structural revisions also exists. For example, reducing parking spaces or ground-floor commercial space to lower construction costs (and, ultimately, price points) raised many questions and worried participants that “fast tracking” this construction may have long-term impacts.
- **Avoid highlighting a specific population.** It is almost impossible to highlight incentives toward specific populations, such as teachers or first responders. People first see this as an area of fraud/working the system and do not think everyone should be able to live in the most desirable area. They want their children’s teachers to live nearby but do not want someone who is making less or working less to enjoy the same benefits as them.

Local Proposals

<p><i>The following are proposals for increasing the amount of affordable housing. For each proposal, please indicate if you strongly support, somewhat support, somewhat oppose or strongly oppose.</i></p>		
	Elites Total Support/ Strong Support	Government Officials Total Support/ Strong Support
Encourage more private sector investment in existing affordable housing properties, an area where federal funding has fallen short in recent years.	71/26	68/28
Encourage re-purposing of existing real estate into rental apartments.	70/12	63/26
Provide tax rebates or other incentives for apartment owners who voluntarily set aside a certain number of their existing apartments as affordable housing.	66/23	62/19
Expedite the often lengthy and costly permitting, review and approval process for any project with a significant percentage of affordable housing.	65/25	52/17
Sponsor more public land swaps or land donations so developers can build affordable housing on underutilized or vacant properties.	60/21	52/11
Increase federal funding for affordable housing so more people who qualify for subsidies would actually receive them.	57/21	46/12
Expand tax incentive programs that lower the cost of development by reducing or eliminating property taxes on new construction, rehabilitation or major improvements to affordable rental properties.	56/19	40/9
Adjust zoning requirements for parking, ground-floor commercial space and other requirements that raise construction costs, in exchange for building more affordable units.	55/18	45/13
Adjust zoning rules to allow density bonuses, which would incentivize the construction of affordable units in a property by allowing for an increase in the total number of units the developer could build than they could with the existing zoning without affordable units.	49/19	40/14
Expand rent controls or rent stabilization.	47/19	42/10
Allow developers to pay a fee into an affordable housing fund instead of providing affordable units in a newly constructed apartment building.	43/12	31/7

Require a percentage of all new apartment units to be affordable to low- and moderate-income households.	46/17	46/13
Change the voluntary affordable housing voucher program so that all apartment owners are required to accept these vouchers.	39/18	24/19

Conclusion

Housing affordability is an economic issue that has become a mainstream concern. Now, more than ever, elites recognize that renters are a large and diverse group of Americans that contribute to their communities. Millions of Americans rent by choice, but shortages of apartments drive rents up and impact a large slice of America. Elites and government officials back a wide range of affordable housing proposals to build more and rehabilitate current housing stock to better meet this challenge.

Methodology

Between December 2015 and April 2016, Beck Research and SKDKnickerbocker conducted a series of six focus groups and two surveys among elites.

Elites are defined as college graduates and likely November 2016 voters with household incomes \$75,000 or higher. They are civically active and follow news. The Lovers & Haters group was split between those with favorable and unfavorable opinions of the apartment industry and renters, using a series of agreement statements.

Focus groups were conducted in Fort Lee, N.J., among Republican elites and African-American and white Democratic elites. In Charlotte, N.C., the research focused on millennial elites and Lovers & Haters of apartments. Finally, two groups among D.C. Beltway Insiders employed in the housing and apartment industry were conducted.

The national elite survey included 800 elite interviews and was fielded March 12-16, 2016. The government officials and staff survey, fielded March 31-April 4, 2016, included 300 government officials and staff. All government officials represented local, county or state governments. Both surveys were conducted online.