NATIONAL MULTIFAMILY HOUSING COUNCIL

AMERICAN NEEDS MORE HOUSING INVESTMENT TO MAKE HOUSING MORE AFFORDABLE.

Today 22.4 million renter households spend more than 30 percent of their income on rent[1], mostly those with lower income levels. We won't fix that without building more apartments and keeping the ones we have in good shape.

Housing costs are too high for too many Americans. Nearly everyone in Washington agrees on that. The bipartisan 21st Century ROAD to Housing Act was a good first step toward fixing it, and it made one thing clear: policymakers have realized the only way to bring rents down is to build more homes.

The Problem

Apartments have always been one of the most affordable places to live, and research shows that it is still less expensive to rent than own. But in many metro areas, demand for apartments has outpaced supply. Today 22.4 million renter households spend more than 30 percent of their income on rent[1], mostly those with lower income levels. We won't fix that without building more apartments and keeping the ones we have in good shape.

Who are Institutional Investors and Who's Actually Paying for These Apartments?

Building and preserving an apartment community requires significant money upfront, so much money that it requires funding from a variety of sources. In addition to places like banks, developers turn to what's often called "institutional investors capital," which is really just a name for money that comes from pooled investment funds that bring together investments from many people from a broad range of backgrounds, to help build apartment homes. That includes pension funds and life insurance companies that everyday Americans rely on for their savings and retirement.

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These investment funds are also connected to a broad range of Americans. Pension funds invest on behalf of teachers and firefighters to grow and protect their retirement savings. Life insurance companies invest premiums to fulfill their future responsibilities to policyholders, and millions of individuals across the country put their money together to invest in real estate through other investments focused on supporting workforce and other types of housing.

When these investors put money into an apartment development, they're not some outside force. They're funding the roof over someone's head, building communities, and helping to create a secure retirement for millions of hard-working Americans.

Political Context: Why This Matters Right Now

Some policymakers want to restrict how much institutional capital can go into rental housing. It might sound like it's protecting residents, but less housing investment would actually make housing less affordable.

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- Consider the numbers: 92.4 percent of new apartments delivered in 2024 were in buildings with 20 or more units.[2] Building more apartment homes requires significant funding, making access to pooled investors through institutional funding critically important. Recent experience also shows the broader impact: in areas where more new apartments have been delivered, rent increases have slowed and even gone down in some cases. Those are exactly the buildings that depend on this kind of financing. Cut off the capital, and you cut off the supply of needed new homes.

- Restricting pooled investments can also shrink the opportunities for the millions of Americans whose retirement savings, insurance benefits and other investments help them save for a secure future.

The Bottom Line

Institutional pooled investment is essential to making housing more affordable by building housing and helping Americans save for the future. It's not a threat to housing affordability. It's one of the main tools we have to help improve it. Limiting institutional investment in housing might make a good sound bite for some lawmakers, but it is not a sound policy for America.

[1] U.S. Census Bureau, American Community Survey, 2024, Table B25070, "Gross Rent As a Percentage of Household Income in the Past 12 Months," accessed via NMHC Housing Affordability Toolkit, p. 14, July 23, 2026.
[2] U.S. Census Bureau, Survey of Residential Construction, Table Q1, "New Privately Owned Housing Units Started in the United States by Purpose and Design," accessed July 21, 2026.