

## Talking Points: Rising Rents

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These talking points are meant to be used during conversations with lawmakers, potential allies and the media on questions related to rising rents.

- ◆ Housing prices – both rents and for-sale housing – are historically high for basic supply and demand reasons. Rents were up nearly 11 percent in late 2021, but for-sale house prices rose even faster at nearly 19 percent [according to the Harvard Joint Center for Housing Studies](#).

### SUPPLY SHORTAGE

- ◆ The U.S. has a serious shortage of housing across all price points. That shortage is the result of decades of failed housing policy at all levels of government. And it was exacerbated by the housing bust that followed the Great Recession of 2008 when new apartment construction plummeted.
  - Various sources estimate that we are short millions of housing units.
  - The U.S. needs to build an average of 328,000 new apartments every year by 2030 to meet expected future demand.
  - It's just in the past few years that we've begun producing that much. But that only helps meet existing demand, it doesn't make up for all the years of undersupply.

### DEMAND SPIKE

- ◆ Unfortunately, our supply shortage is occurring at a time of historic demand for apartments.
- ◆ Beginning in the mid-2000s, the nation started experiencing the greatest renter wave in our history, as the number of households who rent rose by 7-10 million.
- ◆ That wave continues to grow. In 2021, net increase in demand for market-rate apartments totaled more than 673,000 units – 66% higher than the previous high set in 2000.
- ◆ And it is expected to continue to grow as households that didn't form during the pandemic have started looking for somewhere to live.
- ◆ The supply shortage is further exacerbated by rapidly rising for-sale housing prices that are preventing would-be first-time house buyers from moving out of apartments.
- ◆ In some areas, the supply/demand mismatch is even more pronounced because the pandemic changed where a lot of people wanted to live in a very short time. The recent influx of residents to the Sun Belt and the Mountain West is overwhelming those markets even though they lead the nation in new apartment construction.
- ◆ All this means there are more people than ever competing for a limited supply of housing, which drives up rents.

### OBSTACLES TO CONSTRUCTION

- ◆ There are many reasons why we don't have enough housing, but key among them are the thousands of zoning laws throughout the country that explicitly prevent the construction of high-density and/or rental housing or limit it to small areas.

- ◆ Even where it is allowed, NIMBY (not-in-my-backyard) opponents routinely derail proposed housing projects. This NIMBY opposition causes the development timeline to stretch even longer, and increases costs for developers so that the amount of rent needed to be charged to make the development profitable must be raised as well.
- ◆ And when it is finally allowed to be built, higher land, labor and construction costs drive up rents as to regulations. Regulations account for 32 percent of new apartment development costs, and up to 42 percent in some areas, according to a survey by the National Association of Home Builders and the National Multifamily Housing Council. Some regulations are necessary to protect life and safety, but many are unrelated to those goals and instead focused on design and aesthetics

## **SOLUTIONS**

- ◆ We need to build more housing – for sale and for rent – of all types and at all price points to meet our nation’s demand.
- ◆ Much of the obstacles occur at the state and local level. Those policymakers need the political will to stand up to NIMBY objections, to reform zoning and to fast-track permitting of new housing.
- ◆ We need to identify ways for the federal government to incentivize and support those efforts, such as tying land-use reform to federal funding.
- ◆ We need regulatory reform at all levels of government to bring down the cost of the housing that does get built.
- ◆ We also need more and expanded housing subsidies to help the families who do not earn enough to pay market rate housing costs. Fully funding the Section 8 program, and reforming it to make it more market-friendly, should be a top priority. Currently only one in four households who qualify for a federal housing voucher actually receive one.

## **NOT JUST A HOUSING PROBLEM**

- ◆ Everyone should care about the housing shortage even if they are securely housed. Households unable to afford housing aren’t the only ones impacted by our housing shortage. It is also holding back our overall economy.
- ◆ Housing restrictions cost the American economy tens of [billions of dollar per year](#). If we want to ensure the American economy continues to grow, we should make addressing our housing shortage a higher priority.