



NATIONAL  
MULTIFAMILY  
HOUSING  
COUNCIL

# What Happens Next? Taking Care of Renters After the Crisis

---

New Housing Solutions LIVE  
July 16, 2020

# NMHC DISCLAIMER

---

This webinar is provided for informational purposes only. This content is not investment or legal advice. NMHC assumes no liability for the use of the information provided in this webinar. The views expressed during this webinar are those of the individual presenters and not NMHC as a whole. Please consult with your own counsel for legal advice.

# DISCUSSION OUTLINE

---



**Rent payment  
data & trends**



**Market deep  
dive**



**Policy  
considerations**



**Payment  
innovations**



NATIONAL  
MULTIFAMILY  
HOUSING  
COUNCIL

Part 1

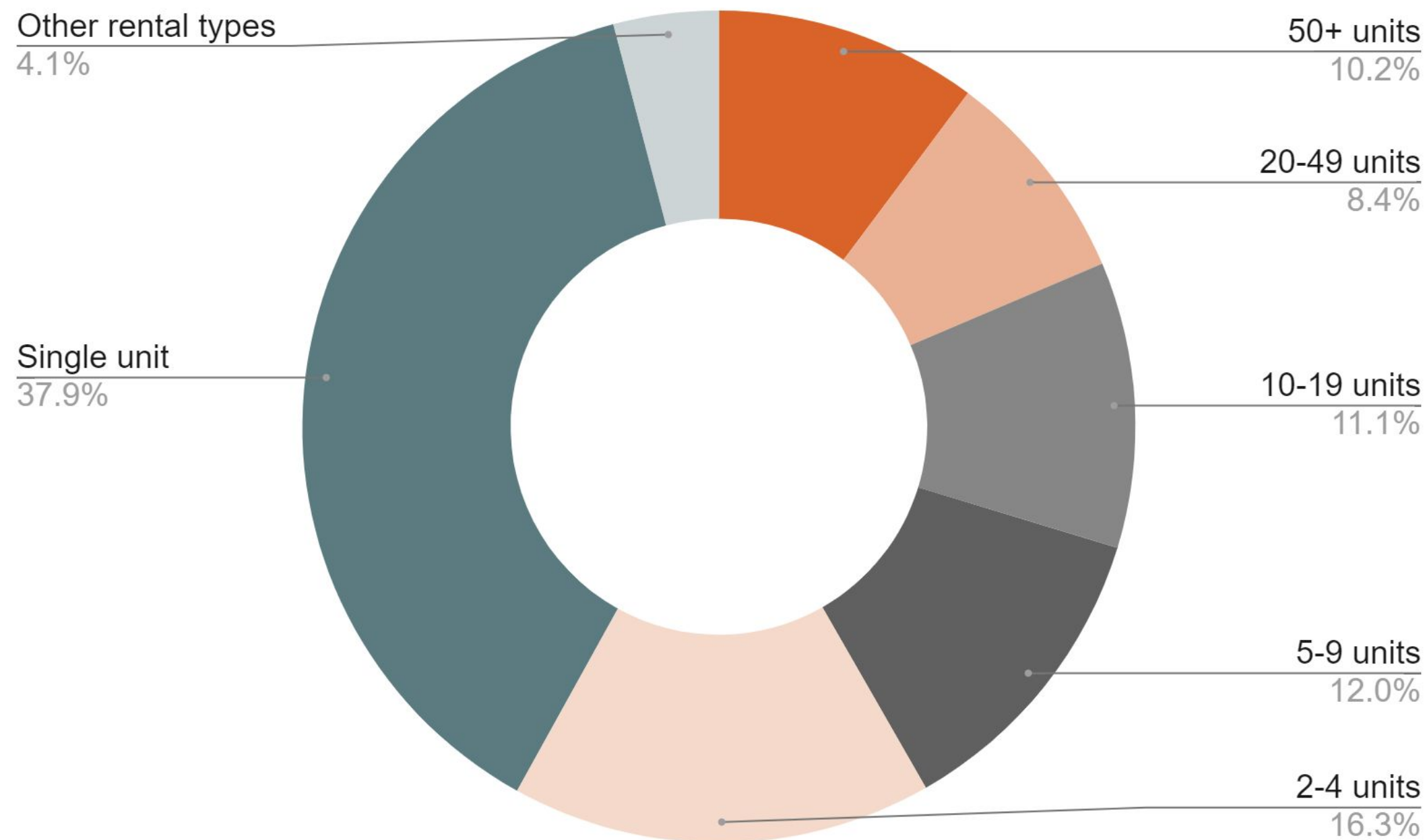
# Who Is Paying Rent?

---

Caitlin Walter, Ph.D. & Sarah Yaussi  
New Housing Solutions LIVE  
July 16, 2020

# THE RENTAL MARKET IS BIG AND DIVERSE

---



Source: U.S. Census Bureau American Housing Survey 2017

# NMHC RENT PAYMENT TRACKER

---

Powered by the  
**five leading property  
management software providers**  
and covering more than  
**11 million**  
professionally managed  
apartment units



**entrata**

**mri**  
REAL ESTATE SOFTWARE

**REALPAGE**  
OUTPERFORM

**ResMan**

**YARDI**

# METHODOLOGY

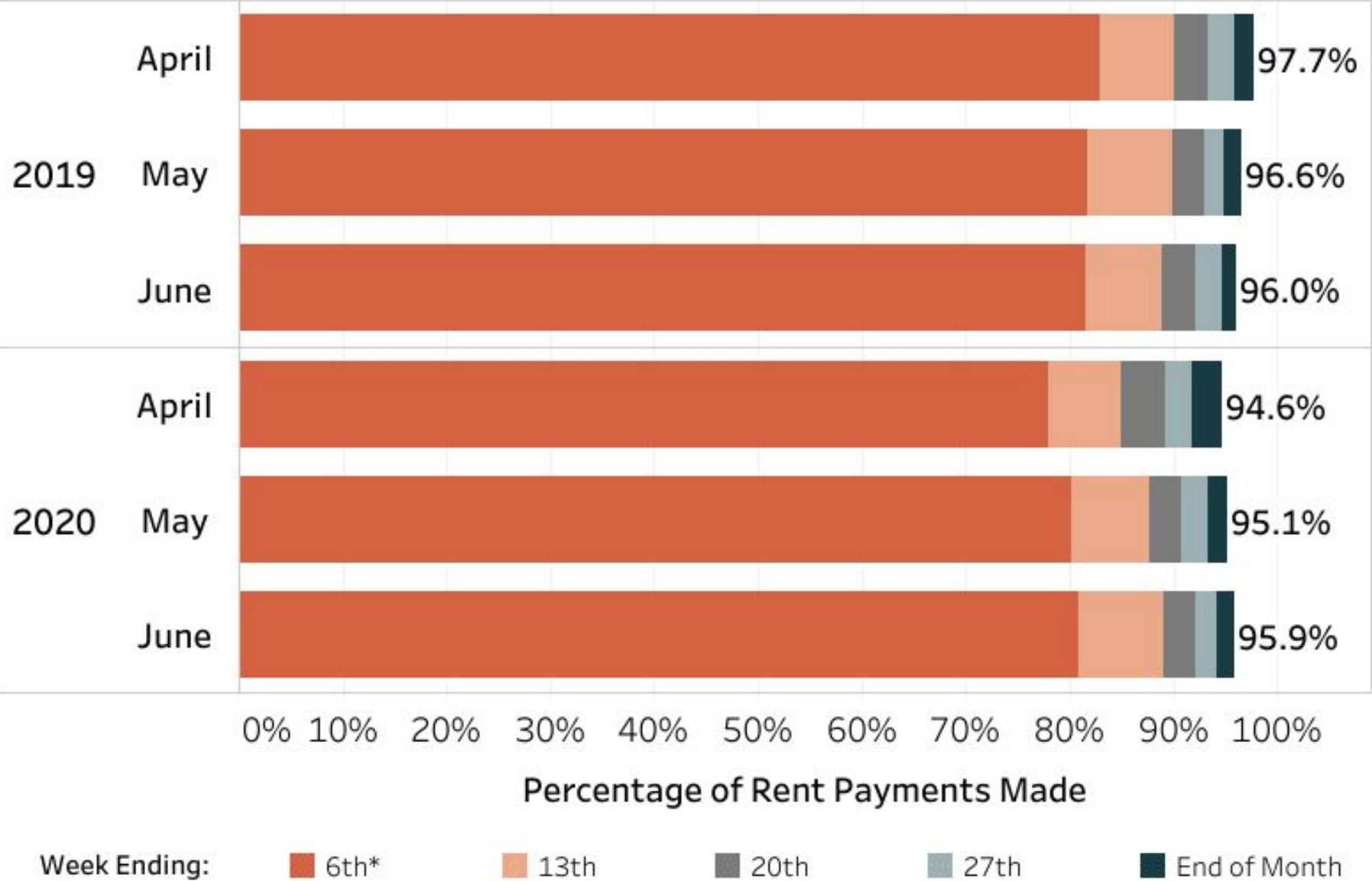
---

- 1** Includes occupied professionally managed apartments
- 2** Doesn't include subsidized housing, privatized military housing or purpose-built student housing
- 3** Includes partial or full payments (partial payments only counted once per month)
- 4** Units are located across the United States

# PAYMENT TRENDS DURING COVID-19

## Rent Payment Tracker: Full Month Results

\*\*Data collected from between 11.1 - 11.5 million apartment units in April, May, and June

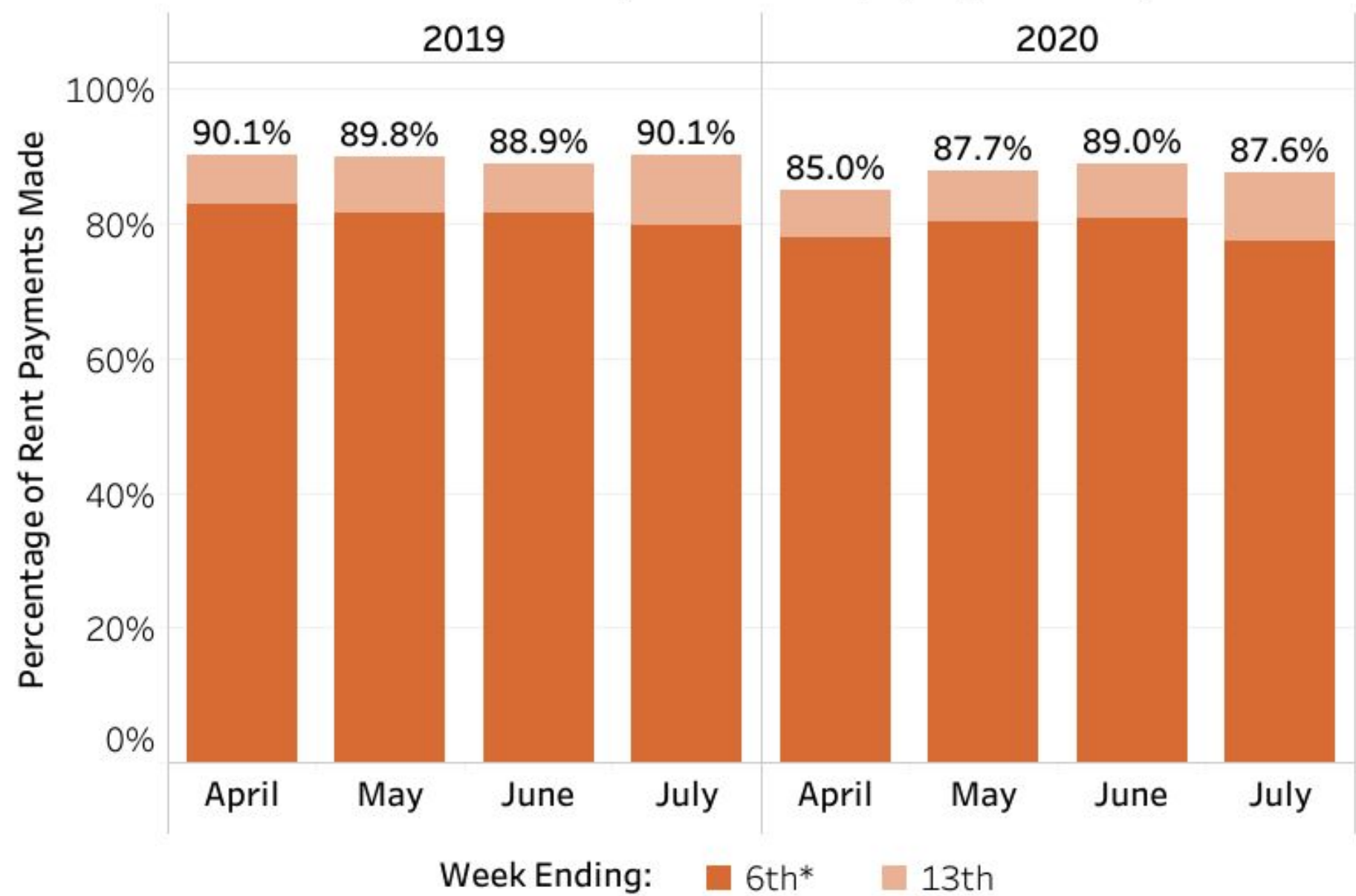




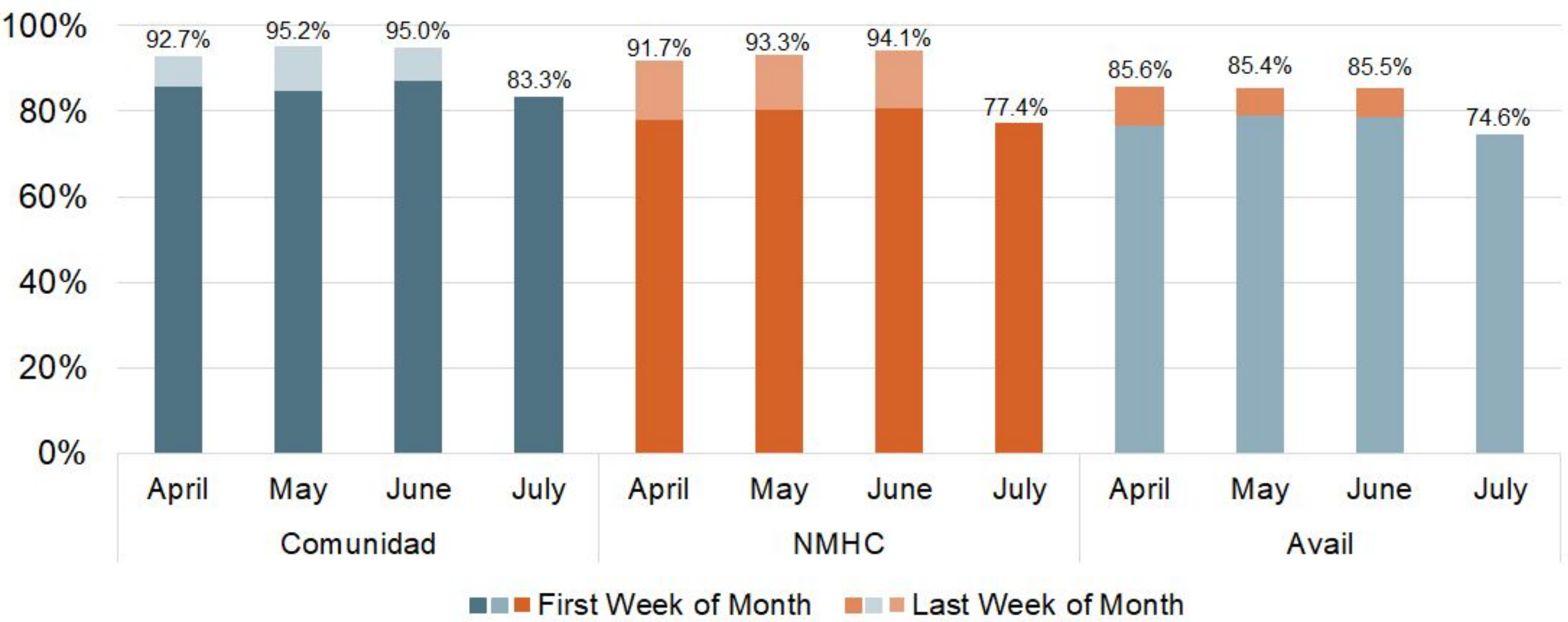
# LATEST PAYMENT RESULTS

## Rent Payment Tracker: Weekly Results

\*\*Data collected from between 11.1 - 11.5 million apartment units in April, May, June and July



# RENT PAYMENT TRACKER COMPARISONS



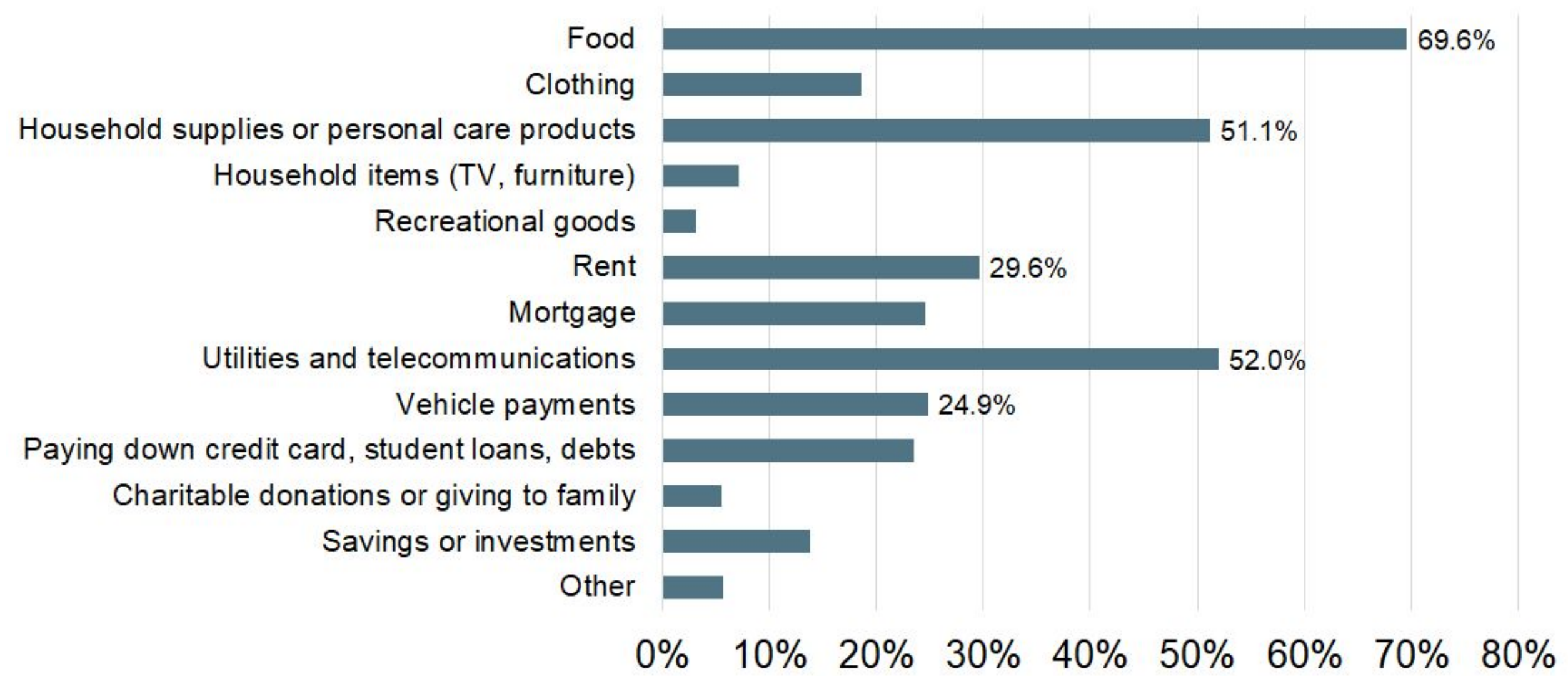
# GOOD QUESTION

---

**WE'RE IN A PANDEMIC AND A FINANCIAL CRISIS.  
WHY ARE RENT PAYMENT RATES THIS SOLID?**

# HOUSEHOLD STIMULUS USAGE OR INTENTION

(all households)



Source: U.S. Census Bureau, Household Pulse Survey

\*Totals will not add to 100%, respondents could select more than one answer

# RENT PAYMENT OPTIONS

---

1

## Flexible payment schedules

*Aligns rent payments with pay schedule*

2

## Deferred rent payment plans

*Breaks up owed rent into installments to be paid over time*

3

## Incentivized on-time payments

*Awards renter with a rent discount for paying rent on time and in full*

4

## Security deposit conversions

*Allows dependable renters to use security deposit for rent*

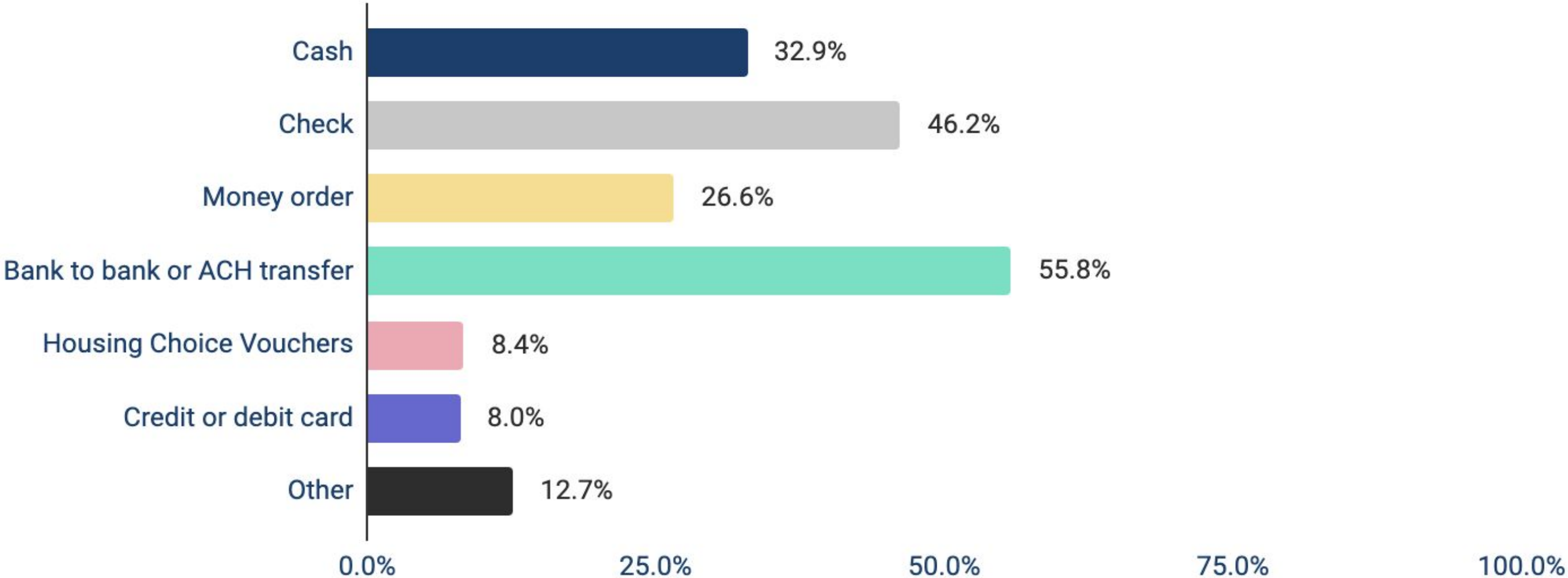
5

## Credit card payments

*Diversifies payment options for renter*

# PAYMENT METHOD (owner responses)

Select EACH method your tenant(s) use to pay rent.



# TRADITIONAL LEASING IS INFLEXIBLE

---



**one month's rent  
security deposit**



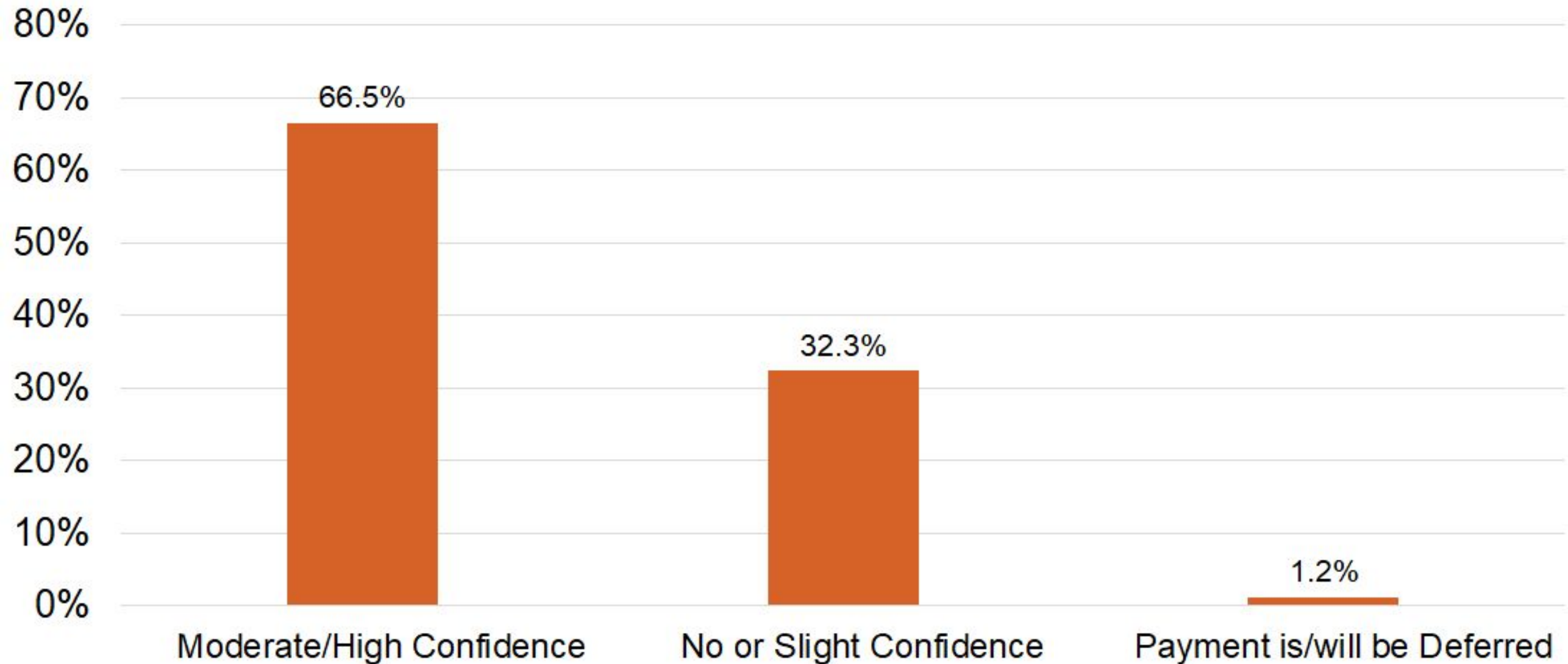
**12-month  
leases**



**rent paid once  
a month**



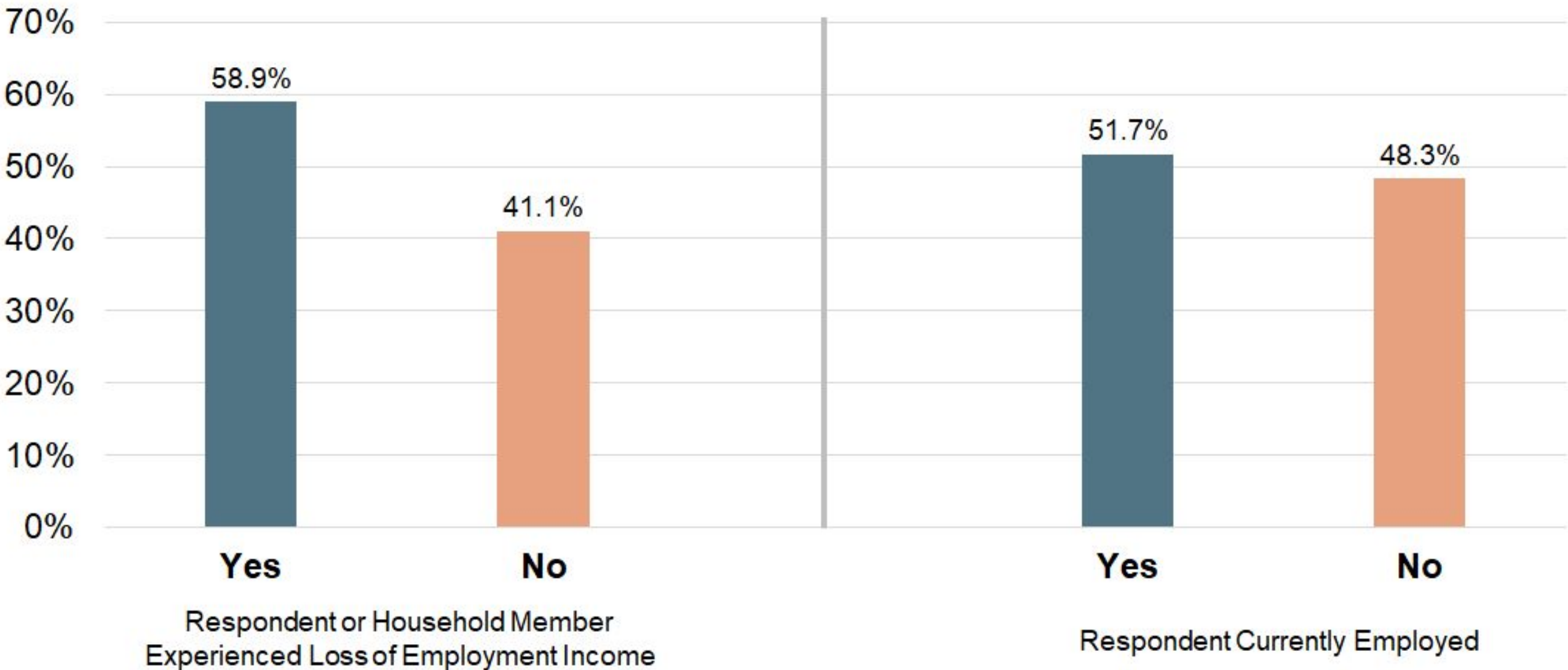
# WILL YOU BE ABLE TO PAY NEXT MONTH'S RENT?



Source: U.S. Census Bureau, Household Pulse Survey



# RENTER INCOME & JOB LOSS CHALLENGES



Source: U.S. Census Bureau, Household Pulse Survey



NATIONAL  
MULTIFAMILY  
HOUSING  
COUNCIL

Part 2

# What Else Is the Market Telling Us?

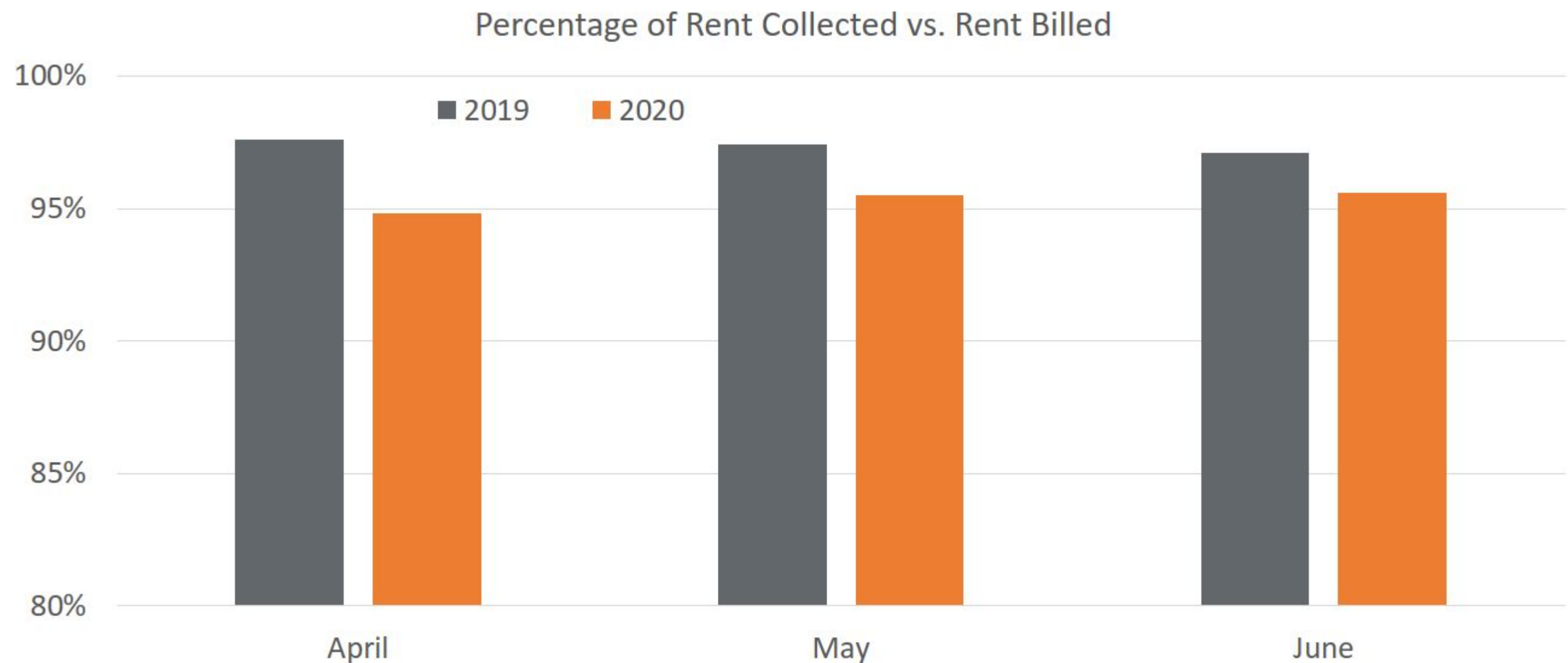
---

Jay Parsons, RealPage  
New Housing Solutions LIVE  
July 16, 2020

# About RealPage

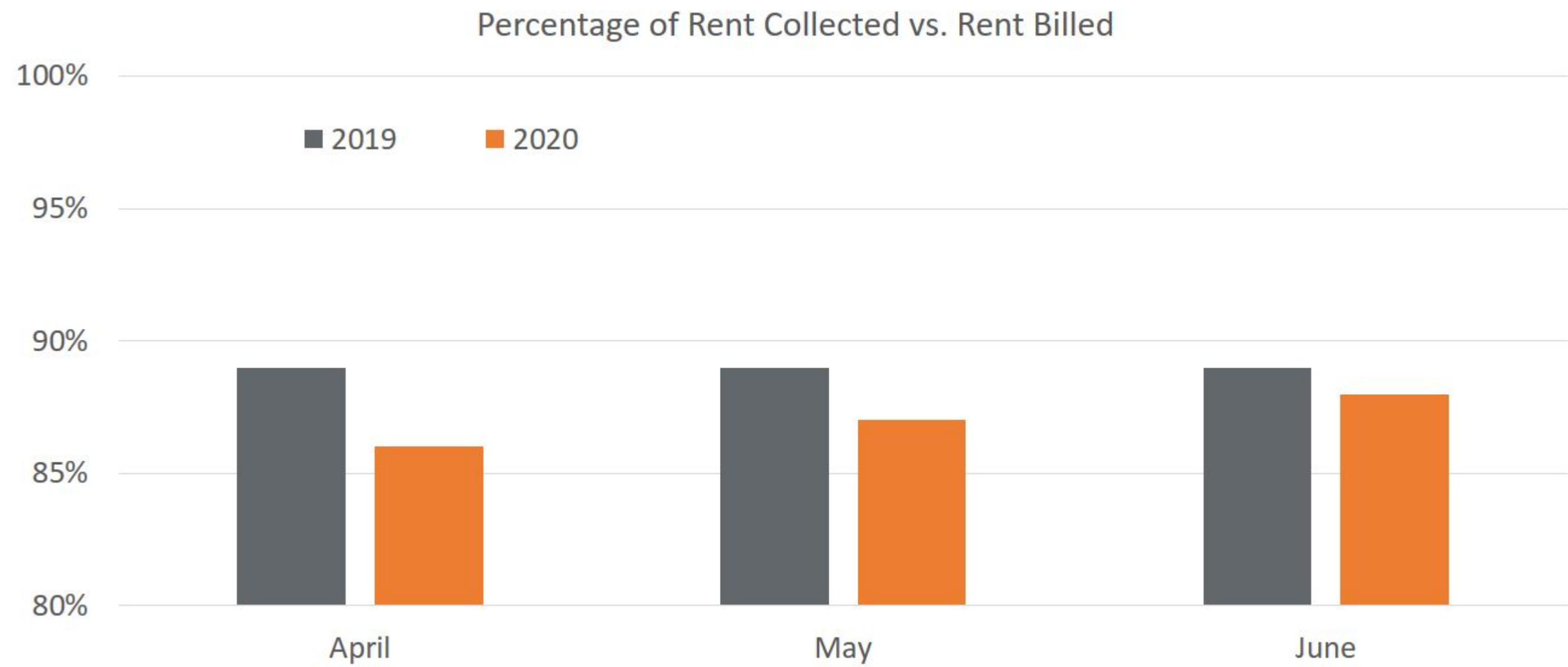
- Leading SAAS provider for rental housing property owners and managers
- Servicing 13.5M rental housing units in the U.S.
- Publicly traded (NASDAQ: RP) since 2010
- Based outside Dallas, TX
- >7,000 employees across the globe
- Leading team of housing economists leveraging actual rent roll data

# Rent Collections in Market-Rate Apartments



*\*Actual rent roll data based on millions of units running on RealPage systems*

# Rent Collections in Affordable Apartments



*\*Actual rent roll data based on millions of units running on RealPage systems*

# Rent Payment & Collection Trends

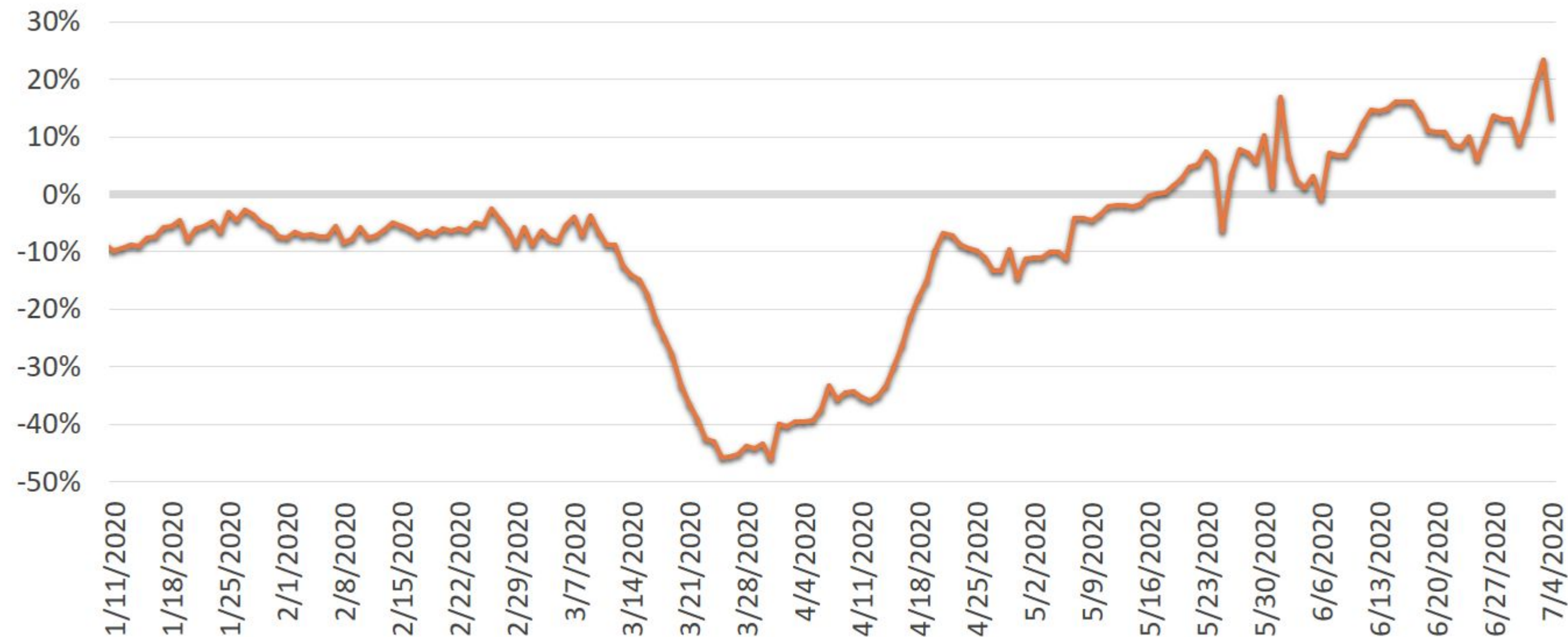
- Few signs of distress in professionally managed apartments
- Smaller, mom-and-pop rentals appear to be most challenged
  - Freddie: 75% of properties in forbearance are SBLs (usually mom and pop)
- Big Gateway cities showing relatively larger drops in rent collection
- Payment plans widely offered, but not widely utilized
- Evictions remain very rare – even where legally allowed
  - Princeton Evictions Lab: Evictions trending down even in cities without bans

## YoY DECLINES in Rent Paid through July 13

Rank	Metro	% Paid
1	New York, NY	-5.6%
2	Las Vegas, NV	-5.5%
3	Los Angeles, CA	-4.8%
4	Seattle, WA	-4.7%
5	West Palm Beach, FL	-4.3%
6	San Jose, CA	-3.8%
7	Fort Lauderdale, FL	-3.4%
8	Indianapolis, IN	-3.4%
9	Orlando, FL	-3.4%
10	Sacramento, CA	-3.3%
11	Anaheim, CA	-3.2%



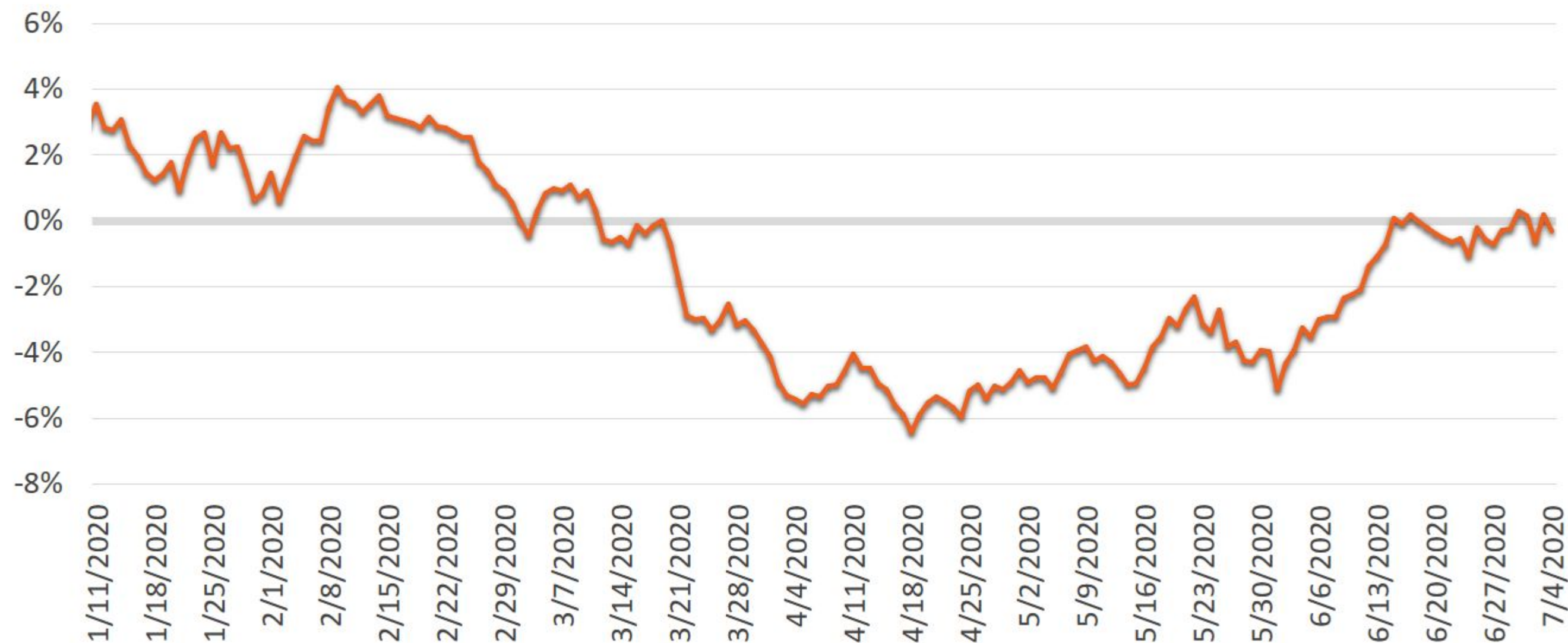
# New Lease Signings are Way Up in Market-Rate



*Rolling seven-day totals, same-store basis, sourced from RealPage systems*



# New Lease Signings are Way Up in Market-Rate



*Rolling seven-day averages, same-store basis, sourced from RealPage systems*

# JUNE EXECUTED NEW LEASE RENT CHANGE BY METRO

## Growth >3%

Columbus  
Greensboro  
Memphis  
Milwaukee  
Nashville  
Riverside  
St. Louis  
Tampa  
Virginia Beach

## Growth 1-3%

Anaheim  
Chicago  
Cincinnati  
Detroit  
Indianapolis  
Jacksonville  
Kansas City  
Phoenix  
Pittsburgh  
Salt Lake City  
West Palm Beach

## Flat

Baltimore  
Dallas  
Fort Worth  
Philadelphia

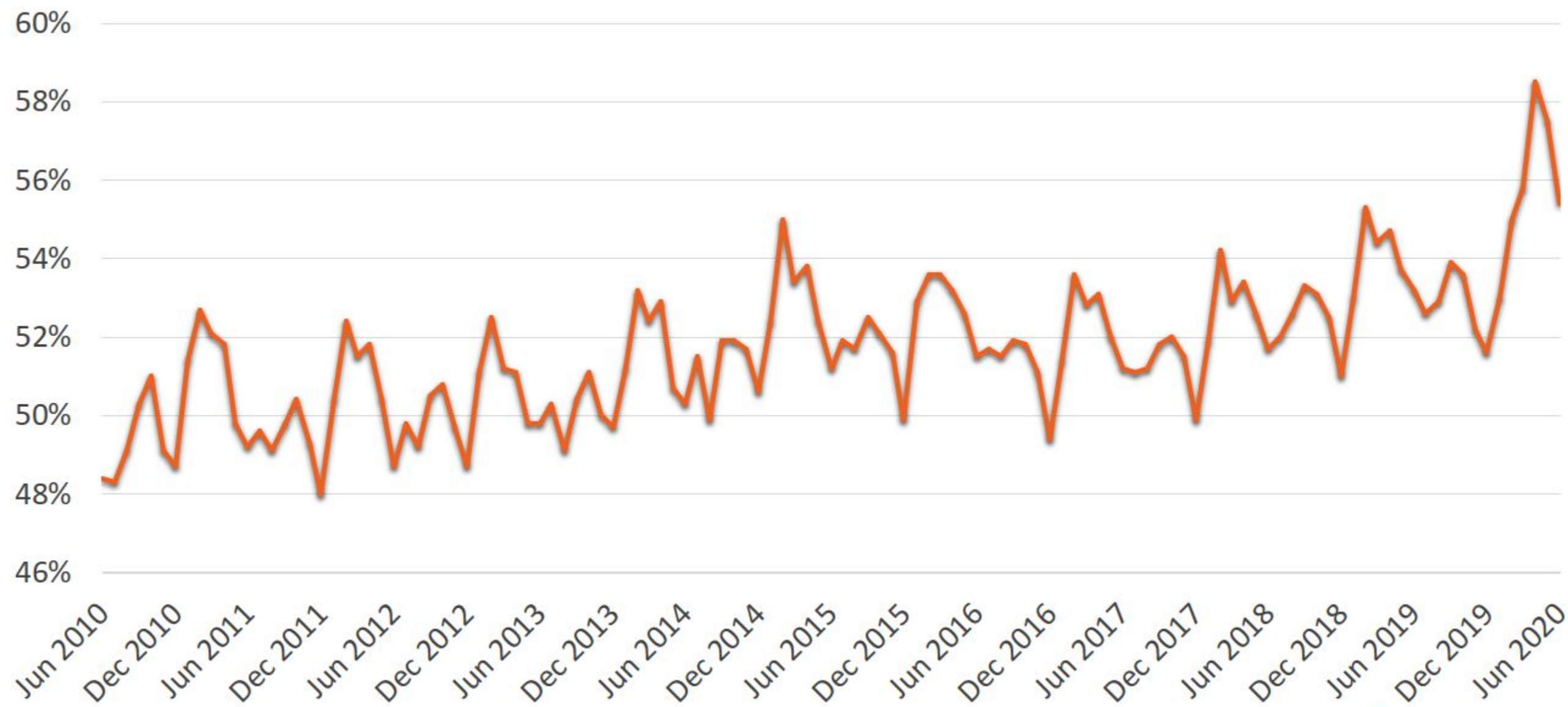
## Cuts 1-3%

Atlanta  
Austin  
Charlotte  
Cleveland  
Denver  
Fort Lauderdale  
Houston  
Las Vegas  
Miami  
New York  
Orlando  
Portland  
Raleigh/Durham  
Sacramento  
San Antonio  
San Diego  
Seattle

## Cuts >3%

Boston  
Los Angeles  
Minneapolis  
Newark  
Oakland  
Providence  
San Francisco  
San Jose  
Washington

# Apartment Retention at All-Time Highs



*\*Share of renters renewing leases in the same unit, sourced from RealPage systems*



# Renters Renewing Leases Getting Favorable Deals



*\*Rolling seven-day averages, same-store basis, sourced from RealPage systems*

# COVID-19 Altered Lease Term Lengths



*\*Leases signed in June by year, sourced from RealPage systems*

# Real Solutions for Real Challenges

## 1. The looming “Eviction Tsunami” is unlikely to arrive

- Housing challenges are very real, but bad data is shifting attention away from lasting solutions
- Widely cited study from Aspen Institute forecasting 20M evictions assumes 25-30% unemployment
- Widely cited study from Amherst was taken out of context in reports suggesting 28M renters at risk
- Rent collections remain healthy; delinquencies close to normal
- State and local moratoriums are widespread, particularly in the more challenged big coastal cities
- Evictions remain rare even where legally allowed; property managers very reluctant to evict
- Congress *\*should\** eventually figure out solution for expiring federal unemployment benefits

## 2. Rent affordability conversations must be focused on the true problems

- Targeted rent subsidies program could be win/win for short term, but doesn't solve structural problem
- Lack of designated affordable housing supply
- Lack of government support (local and federal) to increase affordable rental stock



NATIONAL  
**MULTIFAMILY**  
**HOUSING**  
COUNCIL

Part 3

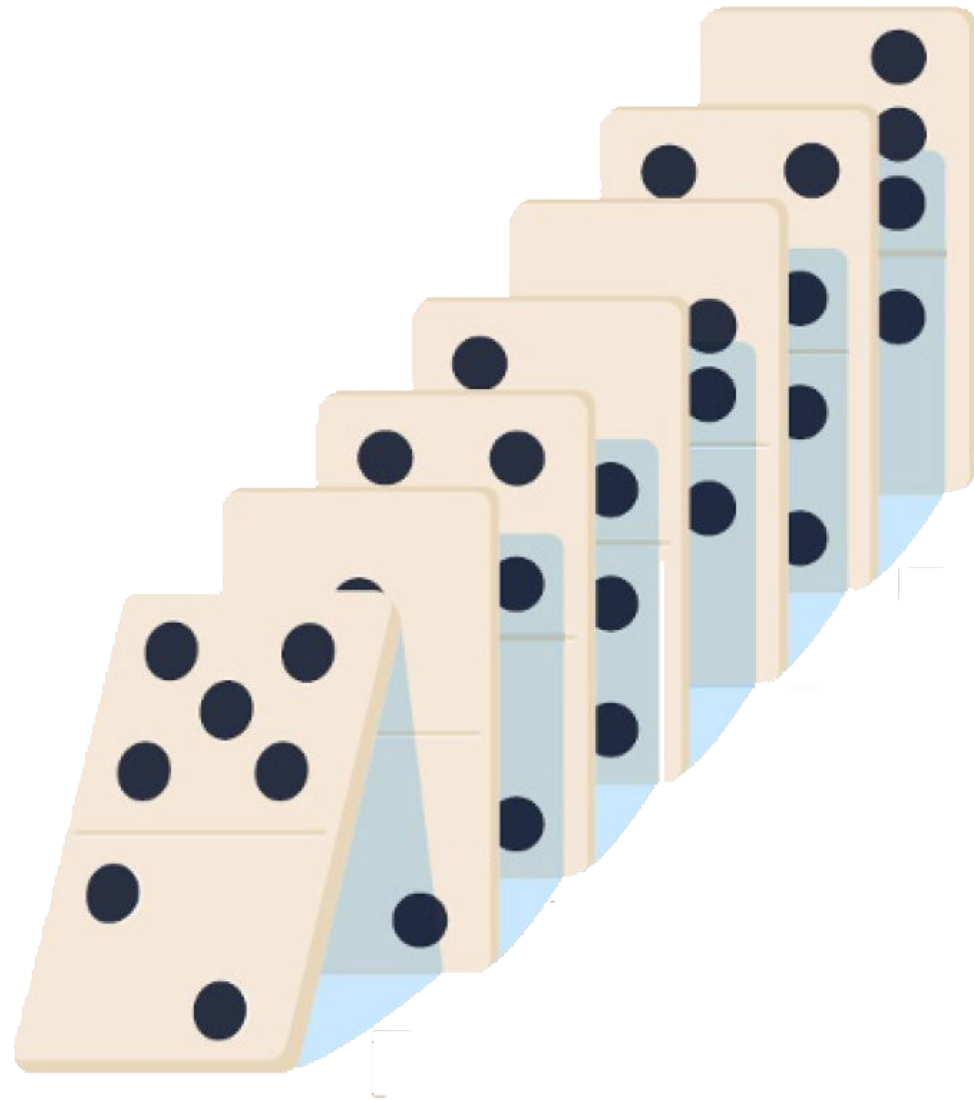
# Where Does Policy Fit In?

---

Kimble Ratliff, NMHC  
New Housing Solutions LIVE  
July 16, 2020

# DOMINO EFFECT: WHEN RENT PAYMENTS STOP, COMMUNITIES SUFFER

---



- 1 Rent Payments Stop
- 2 Property owner and manager companies can't afford safety & maintenance
- 3 Tens of thousands of apartment industry jobs lost
- 4 \$58 billion in property taxes dry up and government services like education, police and fire are cut
- 5 Property owners default on their mortgages, nearly \$1 trillion of which is backed by the federal government
- 6 The financial system begins 2008 Great Recession-style collapse
- 7 American taxpayers could be on the hook for more bailouts



# HOW THE FEDERAL GOVERNMENT HAS SUPPORTED RENTERS

---

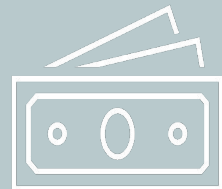
## CARES Act: \$2 Trillion COVID-19 Relief Package



Multifamily Mortgage Forbearance



Increased HUD Program Funding



Unemployment Assistance

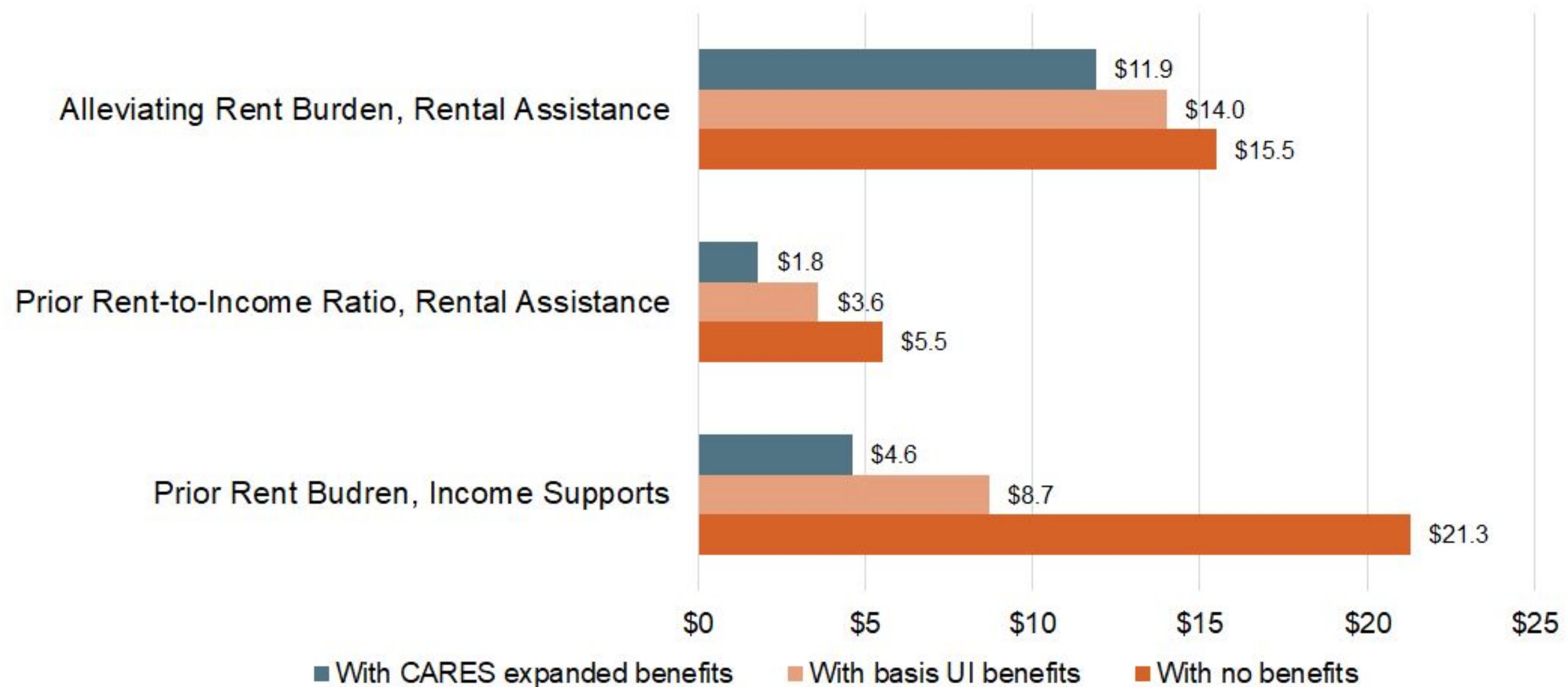


Recovery Rebates

Some of these assistance measures are set to expire, leaving many without the means to make ends meet.



# COST TO SUPPORT RENTERS THROUGH COVID-19 (\$ BILLIONS)



Source: Urban Institute



NATIONAL  
MULTIFAMILY  
HOUSING  
COUNCIL

Part 4

# Can Innovation Help?

---

Matt Hoffman, Housing Tech Ventures  
New Housing Solutions LIVE  
July 16, 2020

# 3 MASSIVE PROBLEMS FOR AFFORDABILITY

---

**REGULATION, REGULATION, REGULATION!**

# IT'S A HIGHLY RESTRICTIVE ENVIRONMENT

---



**Supply**



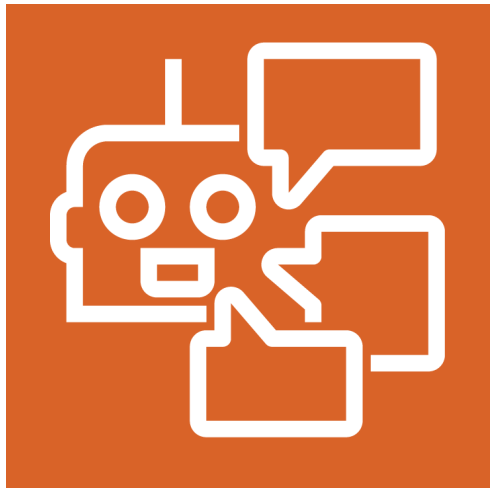
**Demand**



**Climate**

# 5 TECHNOLOGIES DRIVING INNOVATION

---



Machine  
learning & AI



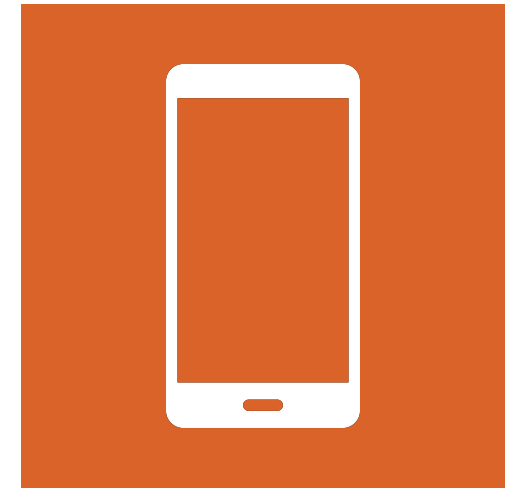
Big data



Cloud  
computing



Internet of  
Things



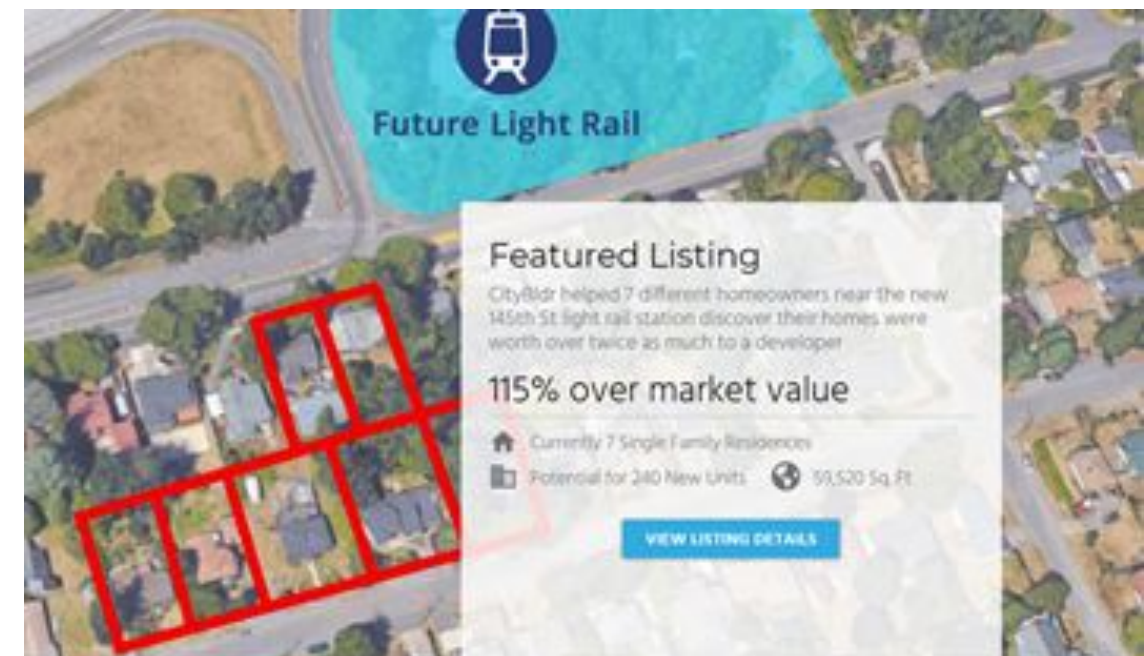
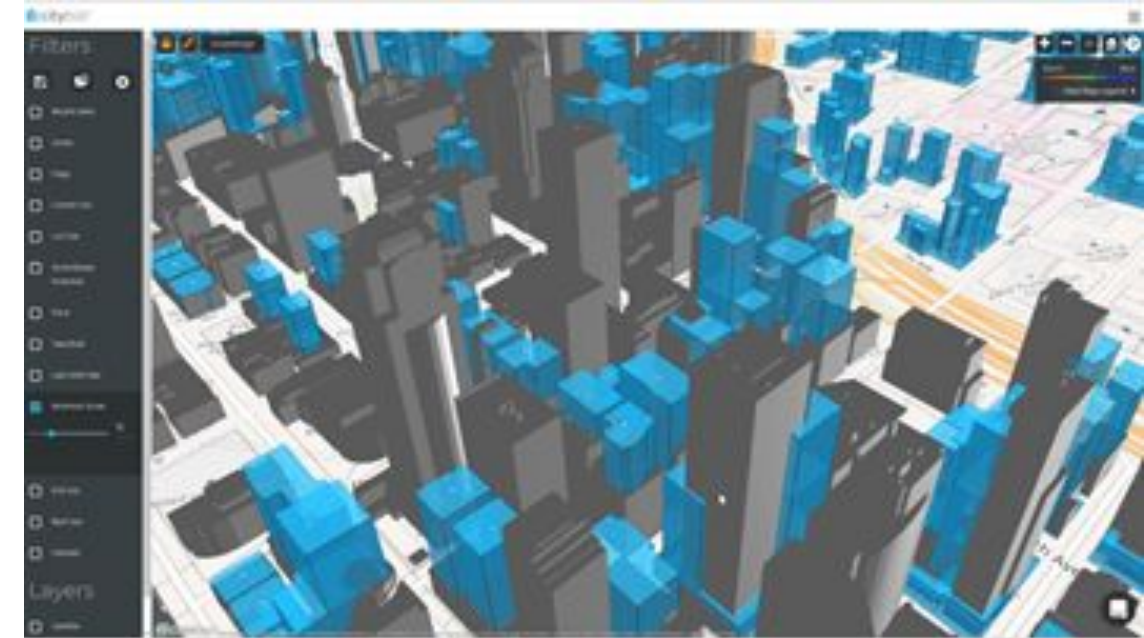
Mobile  
computing

# MACHINE LEARNING & AI

---



Develop by-right more  
densely and enable highest  
and best use

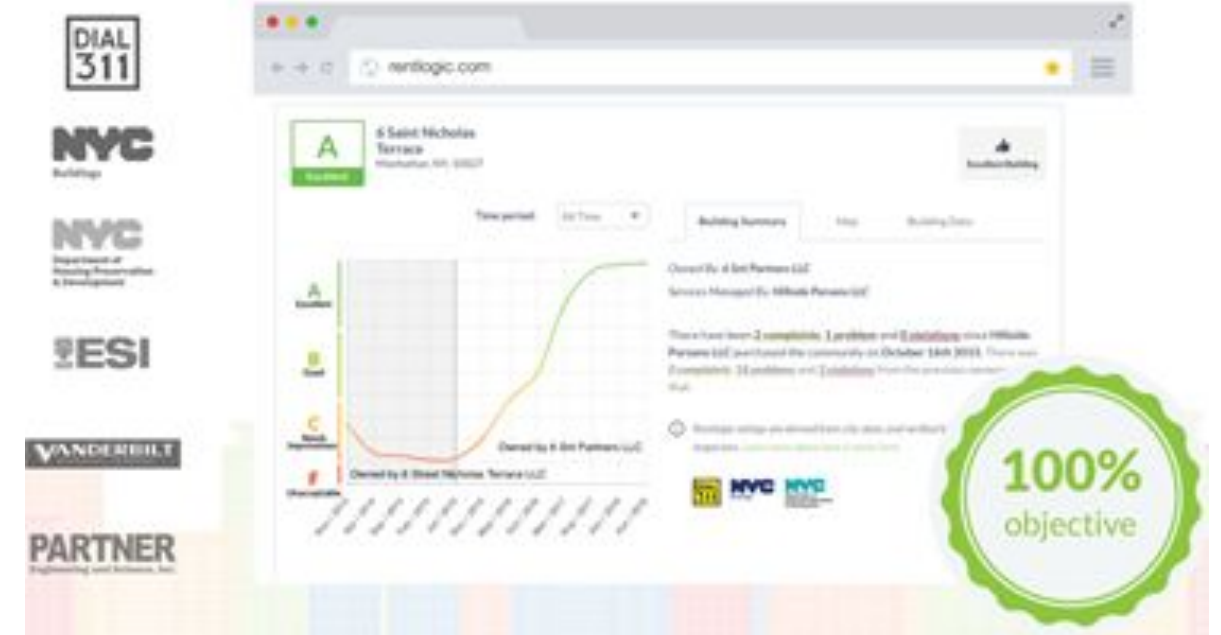




# BIG DATA



Better regulate  
the bad actors





# CLOUD COMPUTING



Enable renters to access fair loans to bridge cashflow issues



# INTERNET OF THINGS

---



Enable people to rent rooms  
safely and economically  
with strangers



# MOBILE COMPUTING

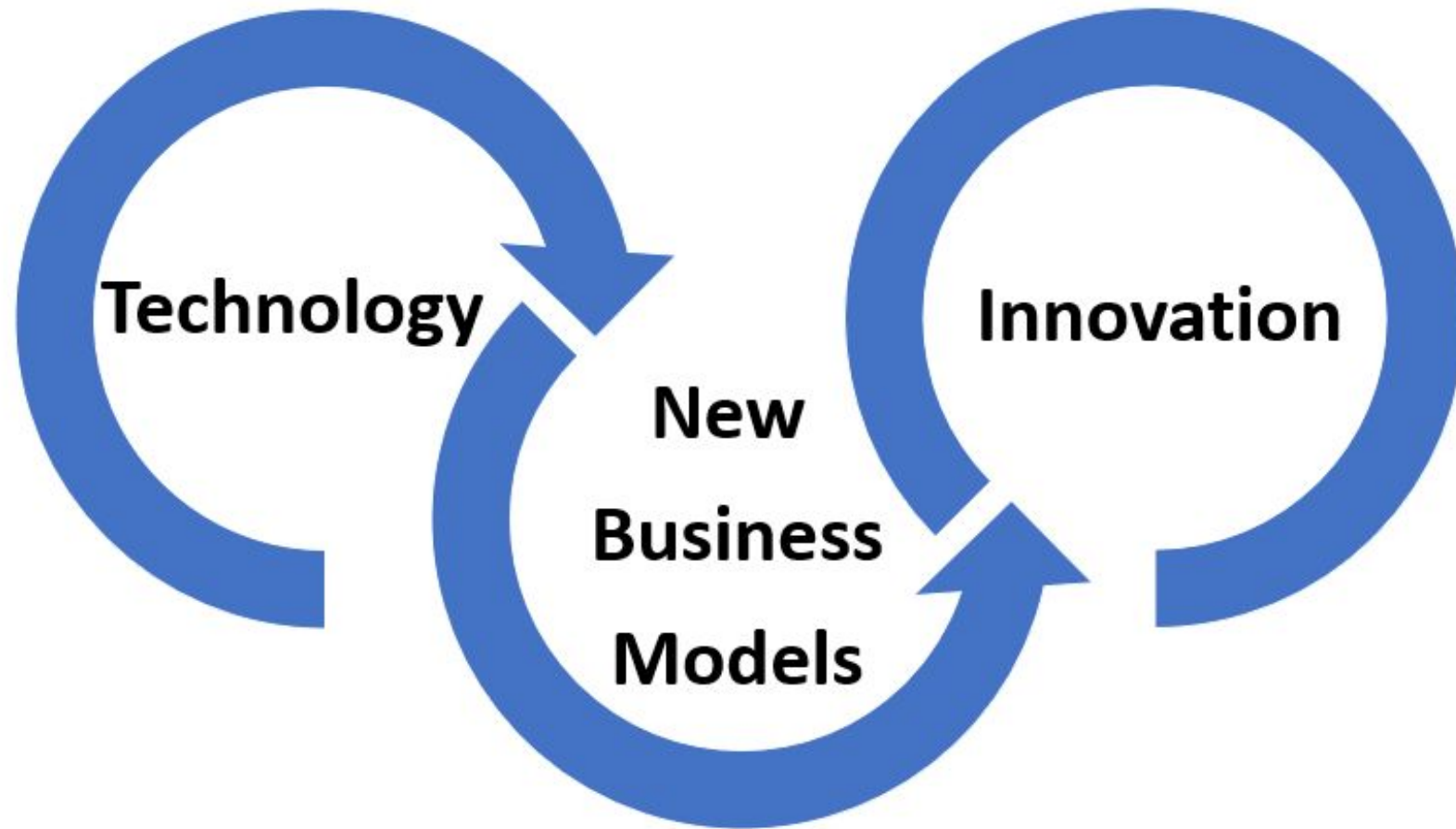
---



Increase value to  
resident and NOI









APARTMENT LEADERSHIP RESIDES HERE™

[www.nmhc.org](http://www.nmhc.org)