NATIONAL MULTIFAMILY HOUSING COUNCIL

Weekly Must-Read News for Multifamily Leaders

APARTMENT WIRE

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CARRIED INTEREST TARGETED IN LATEST RECONCILIATION BILL

After a year of starts and stops, this week Senate Majority Leader **Charles Schumer** (D-N.Y.) and Senator **Joe Manchin** (D-W.V.) surprised policymakers by releasing a new reconciliation bill that includes a problematic provision that would change the tax treatment of carried interest.

What This Means: This reconciliation package would raise $14 billion by tightening rules on carried interest. It also includes energy efficiency provisions of interest to the multifamily industry.

Bottom Line: The legislation would require a carried interest stemming from a real property trade or business to be held for three years, instead of the one year in current law, to receive long-term capital gains tax treatment.

NMHC's Take: We're closely engaged with lawmakers as they develop the final package. NMHC's VP of Tax and Student Housing **Matthew Berger** has developed an FAQ document to help members navigate what these provisions could mean for the multifamily industry.

Learn more about the certain provisions impacting our industry.

Multifamily Markup

THIS WEEK IN WASHINGTON: *Industry Applauds Biden Administration's Affordable Housing Plan, New ERAP Disbursement Data Available*

As if the reconciliation package wasn't enough to keep Washington busy... the Administration was also hard at work this week.

Following the May Housing Supply Action Plan announcement, the Administration issued new guidance this week to make it easier for state and local governments to use their American Rescue Plan (ARP) funding to boost the supply of affordable housing. NMHC and NAA issued a statement of support following this critical step forward for housing affordability.

Treasury also released new ERAP disbursement data which indicates that both ERA1 and ERA2 are nearing full allocation. Housing providers can check out NMHC's ERAP homepage to find out how much funding remains in their area.

To learn more about NMHC advocacy priorities and activities, visit NMHC's advocacy page.

RENT CONTROL IS WHAT'S ON THE MENU

2022 has certainly seen an increased appetite for rent control, to say the least. From Maryland to California – and numerous states in between – we're tracking a number of harmful rent control proposals in communities nationwide. This week, NMHC's **Jim Lapides** provides an overview of what's on our radar.

NEW NMHC/NAA RESEARCH: U.S. FACES 4.3M APARTMENT DEFICIT

New industry research commissioned by NMHC and NAA reveals the U.S. needs 4.3 million more apartments by 2035 to address demand, deficit and affordability.

Key findings include:

- 4.7 million affordable units (monthly rents below $1,000 per month) were lost from 2015-2020 as demand outstripped supply, which leads to increasing rents.
- The number of affordable units declined by 4.7 million from 2015 to 2020.

How You Can Use It: Visit WeAreApartments.org to explore state and metro level findings. While there, you can use our economic impact calculator to calculate the economic contribution of an apartment community nationally, in your state or metro area.

Bonus: This research comes at the helm of Up for Growth's recently released Housing Underproduction report, which cites: Housing underproduction has more than doubled from 2012 through 2019, reaching a deficit of 3.8 million needed homes across 47 states and Washington, D.C.

HIGHER INTEREST RATES BEGINNING TO IMPACT APARTMENT SALES VOLUME, DEMAND

The Federal Reserve raised the short-term interest rate by 75 basis points this week in response to persistent inflation, marking the fourth round of tightening this year.

Why It Matters: Continued interest rate hikes from the Fed have translated into higher longer-term rates and a ***higher cost of capital*** for apartment investors. As a result, sales volume has started to fall.

We're also seeing some indication that **slower GDP growth may be contributing to a softer market**—dive deeper to learn more.

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