NMHC **Apartment Wire** Newsletter

Where We Stand Ahead of the 2024 Election

Read Time: 7 minutes

With just three weeks remaining until Election Day, the political landscape is charged with uncertainty and anticipation. As Washington faces new developments and looming challenges, here is a comprehensive analysis of what is at stake and what to expect.

The Lame Duck Session: A Difficult Path Ahead

Following the recent continuing resolution to fund the government until December 20, difficult negotiations are all but certain, regardless of the election outcome. Key factors shaping this period include:

1. Budget Battles: Negotiations over federal spending with a pre-Christmas deadline.
2. Leadership Transition: Senator Mitch McConnell's upcoming departure as Republican Senate leader adds to the uncertainty of the coming months.
3. Critical Legislation: Several crucial bills including funding the National Flood Insurance Program, annual defense policy legislation, the Farm Bill renewal, and potential disaster relief packages all hang in the balance.

House Control Up for Grabs

The fight for House control depends on thirteen critical rematches. With Republicans currently holding a slim majority, even a small shift could flip control. Key races in California and New York may have a large impact, as well as redistricting in states like North Carolina and Ohio. The outcome of these races will shape the incoming President's ability to implement their platform.

McConnell's Final Moves

As Senator Mitch McConnell prepares to step down, the end of his near two-decade run marks a shift in Senate dynamics regardless of which party ultimately controls the Senate. While his decisions have recently earned him criticism from the more conservative members of his party, he may continue pursuing bipartisan deals in his final months to take the heat off his successor. The choice, which currently seems to be between John Thune (R-S.D.), John Cornyn (R-Texas) and Rick Scott (R-Fla.), will signal different paths the Republican party may take.

Introducing the NMHC Advocacy Action Program

NMHC launched the NMHC Advocacy Action Program to empower NMHC members to educate elected officials on important issues facing housing providers and their residents. NMHC advocates will also have the opportunity to participate in education sessions, advocate on behalf of the broader industry, and make a direct impact on policy outcomes when it matters most.

Click the button below to join the program and opt-in to your engagement preferences. Be sure to take a few moments to fill out the "Advocacy In Action" section of the preferences form so we know how best to communicate with you about this program.

Join Today!

Industry Topic Updates

Some articles linked within this section of the newsletter are exclusively available to NMHC members. Gain access to these resources, and more, by becoming a member. Click here to learn more about joining NMHC.

- **HUD Teases EBT for Rental Vouchers:** On August 29, NMHC led a coalition of trade groups in responding to a Request for Information (RFI) from the Policy Development & Research (PDR) office of the U.S. Department of Housing and Urban Development (HUD) on how to test a “direct rental assistance” model that would provide a rental housing subsidy directly to the renter, rather than providing it via a public housing authority (PHA) to the housing provider. PDR does not have funding and only limited authority to implement such a test but wants to hear from interested stakeholders on how such a test could be implemented.

- **NMHC Research Notes - Do Apartment Returns Drive New Housing Supply?:** Coming out of COVID, record-high rent growth in late 2021 and early 2022 was followed by the highest level of multifamily construction since the late 1980s. A logical conclusion would be that this rent growth fueled developer interest in the asset class, causing construction to increase. This conclusion is also reinforced by the fact that in many metro areas where a lot of development has been occurring, starts have begun to decrease significantly. Yet, developers are incentivized not just by current rents but also by the expectation of future net operating income (rents minus operating expenses) – as well as by the cost of debt and equity capital – all of which get reflected in the price of apartment properties.

NMHC Research Corner: The Relationship Between Vacancy and Rent Growth in Apartments

Apartment operators face a tradeoff between the rents they set and occupancy. Higher rents can cause lower apartment occupancy rates, all else being equal, as some potential tenants seek cheaper accommodation elsewhere. Operators must decide, then, if an increase in rent is worth the cost of having more of their units sit vacant without collecting rent. But how much vacancy do apartment operators tolerate, and how has this changed over time?

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- **DOE Distributes Funds for Energy Code Compliance and Decarbonization:** Last month, the U.S. Department of Energy (DOE) released funds for the implementation of updated energy codes and research, development and demonstration (RD&D) of building technologies in pursuit of energy efficiency, respectively.

- **Treasury and IRS Issue Proposed Regulations on Alternative Fuel Vehicle Refueling Property Credit:** The Treasury Department and Internal Revenue Service on September 18 issued proposed regulations on the Alternative Fuel Vehicle Refueling Property Credit. Amended by the Inflation Reduction Act, a 6 percent (30 percent if prevailing wage and apprenticeship requirements are satisfied) tax credit is available through 2032 to multifamily businesses that place such property in service within a low-income community or non-urban census tract. The credit is limited to $100,000 in the case of any single item of qualified property.

- **Treasury and IRS Propose Clean Electricity Regulations:** The Treasury Department and Internal Revenue Service (IRS) on August 30 issued proposed regulations regarding the program to allocate clean electricity low-income communities bonus credit amounts established under the Inflation Reduction Act for 2025 and succeeding years. The 1.8 gigawatts allocated annually would increase base credit amounts available under the Clean Electricity Investment Credit.

- **[Federal Reserve Cuts Interest Rate:](#)** The Federal Reserve Board on September 18 announced a 50 basis point decrease in the interest rate, the first rate cut since 2020.

- **FinCEN Publishes Beneficial Ownership Toolkit:** The U.S. Department of the Treasury's Finance Crimes Enforcement Network (FinCEN) on September 19 issued a toolkit to assist and educate business owners on beneficial ownership reporting requirements. These requirements were part of the Corporate Transparency Act (CTA) of 2021 and enforce the establishment of a national database of the beneficial owners of entities such as LLC's and partnerships.

- **FHFA Issues Proposed 2025-2027 Housing Goals for Fannie Mae and Freddie Mac:** On August 22, The Federal Housing Finance Agency (FHFA) issued the proposed 2025-2027 housing goals for Fannie Mae and Freddie Mac. The agency is requesting comments on all aspects of the proposed housing goals during a 60-day comment period, ending October 28, 2024. The multifamily housing goals prescribe the percentage of overall qualified units that the Enterprises purchase that meet the proposed benchmark levels.

Stay in the Loop

Don't wait for the newsletter to stay in the loop on topic updates. NMHC posts regular updates to our website on a number of critical advocacy and research topics. Click here to explore additional topics and bookmark the pages that are of interest to you.

Second Edition of NMHC President Sharon Wilson Géno's New Blog Series: One Nation, Underhoused

"This seems like an obvious statement: It costs money to build housing, including the cost of construction materials, labor, land, permits and fees and a host of other things...In recent political debates about how to resolve our national housing crisis—putting the blame on 'greedy corporate landlords,' pushing for 'top down' solutions or advocating for additional costly regulations—so many ignore the fact that housing costs money. Where the money comes from is often an afterthought or given virtually no thought at all."

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Upcoming NMHC Events and Webinars

Open Events

2024 Q4 State of the Multifamily Market Webinar | Oct. 18

2024 NMHC OPTECH Conference & Expo | Oct. 21-23

2025 NMHC Apartment Strategies Conference | Jan. 28, 2025

NMHC Members-Only Events

2024 NMHC Government Affairs Update Webinar Series – Webinar 3 | Dec. 10

2025 NMHC Women's Event | Jan. 27, 2025

NMHC Members: The list doesn't stop here—log in to your member account and access other exclusive, member-only meeting and registration details.

More to Explore

NMHC Special Report: Surveying a Strong Student Housing Market

NMHC Research Corner: Unequal Burdens: Exploring Effective Property Tax Variation and the Regressive Nature of Apartment Property Taxes

Rental Housing Construction Experiences Gradual Improvement

“Panelists speaking at the first day of the National Multifamily Housing Council’s 2024 Student Housing conference took stock of the industry’s relatively strong performance in the face of persistent economic headwinds. While fundamentals around occupancy, rent growth and transactions have posted declines through 2024, record freshman enrollment numbers at some of the nation’s largest universities as well as interest from many mainstream capital sources have made student housing a persistently strong asset class.”

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"Property taxes serve as a major operating expense for housing providers as well as a dominant revenue stream for local government. All else equal, higher effective apartment property taxes increase overhead costs for housing providers; this translates into providers being forced to raise rents to offset the cost, impacting the project’s viability and/or affordability levels. Differences in effective tax rates between jurisdictions, as well as any preferences given to homesteads, are thus one important determinant of new housing development and affordability."

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The September 2024 NMHC Quarterly Survey of Apartment Construction & Development Activity determined that the construction market is gradually improving, with a notable decline in reported delays, although most respondents still report delays as well as additional project requirements unrelated to actual construction.

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