Housing / Rental Housing Issues

NAR Committee:

State and Local Issues Policy Committee
Commercial Federal Policy Committee

What is the fundamental issue?

The United States is facing a historic housing shortage, and the lack of access to affordable housing for potential homeowners to buy has created tension and higher demand for rental housing unites, driving up costs and reducing availability. This has led to higher scrutiny of rental housing policies, including by the federal government. Rental housing policies however are inherently localized, and thus regulation in this area is the purview of state and local governments, which are most attuned to the specific needs and conditions of their communities. Rent increases, eviction proceedings, and other aspects of rental housing practices have long been limited and regulated by state and local policies, with additional procedures in place via the judicial system. Adding additional layers of federal regulations on rental housing is not just overreach, but would lead to confusion for housing providers, renters, and the court system.

For housing providers of all sizes, but especially smaller ones, the right to collect rent on time and make reasonable rent increases to adjust for the changing market and additional costs is critical to providing those safe and healthy living environments for their residents, not to mention to support their own businesses and livelihoods. Proposals to place rent control or rent stabilization measures on rental properties backed by Fannie Mae and Freddie Mac – which represent a large share of the market - would have a hugely detrimental effect on rental housing in the country, including potentially exacerbating inequities in housing. Such policies, if implemented, will have many unintended consequences, including but not limited to driving many housing providers from the market – especially smaller, “mom-and-pop” landlords who are unable to absorb rising costs that increase at a rate higher than they can raise rents. Shifting the full burden of cost increases and inflation onto housing providers is harmful for renters and for the economy long-term and does not allow states and localities to make policy decisions that are best suited to the unique needs and demands of their communities. Further, rent control or rent stabilization measures will lead to lower property values and tax revenues due to a decline in the return on investment on rental housing.

Additionally, the ability to evict has long been limited by state and local regulators that prevent unreasonable actions against residents and provide further protections for residents within the judicial system. Eviction proceedings are generally the last resort of a housing provider, and may occur due to nonpayment or rent, but also unsafe behavior, property damage, or other activities that put the safety of other residents and their ability to enjoy their home at risk. Housing providers understand these limitations upon entering the business, including the responsibilities they have to insure and maintain their properties and to protect their tenants, when necessary, from other residents whose actions qualify them for eviction. Residents likewise recognize their rights and responsibilities under the law and within their lease contract. Placing an additional layer of federal regulation on top of the existing state and local requirements will lead to confusion for housing providers, residents, and the judicial system, and will disincentivize new housing providers from entering the market while potentially driving out those who are already in it.

500 New Jersey Avenue, NW
Washington, DC 20001
(800) 874-6500
nar.realtor

I am a real estate professional. What does this mean for my business?

Rental housing policies are set by state and local government policies designed to create a system that protects renters from unreasonable actions by housing providers while protecting the private property rights of the property owner and maintaining a safe and healthy environment for other residents. Overly burdensome regulations on housing providers that restrict their ability to evict tenants for nonpayment of rent, property damage, or unsafe behavior, as well as rent stabilization policies that shift the entire burden of higher costs and inflation onto the housing provider ultimately result in fewer rental housing providers in a community, less development of new housing, and general economic harm. Further, federal intrusion via national rental housing policies would create confusion and raise administrative costs across jurisdictions for housing providers, their residents, and the judicial system alike.

NAR Policy:

The National Association of REALTORS® (NAR) encourages and supports legislation as well as legal measures to prevent landlord-tenant ordinances injurious to the basic rights of private property ownership.

Local rent control ordinances, local moratoria on converting rental property to condominiums or cooperatives, costly and administratively burdensome regulations and restrictions are all examples of disincentives to initial investment in rental projects.

NAR) recognizes the need to produce new affordable rental housing and preserve the current rental housing stock through recycling and renovation. NAR calls on all levels of government to meet this demand by removing disincentives to the financing, production and improvement of rental housing for citizens of all income levels.

Owners of rental property should provide safe and decent housing for the needs of their rental occupants; rental occupants must recognize and accept their legal responsibility to maintain and care for the property and safety of their fellow occupants. The rights given each party under basic contract law should be enforced.

Opposition Arguments:

Many tenants' rights organizations argue that rent stabilization measures and other tenant protections are necessary to prevent excessive rental increases and unfair eviction proceedings that leave tenants with little notice or ability to correct past-due rent payments. Some policymakers argue that rental housing backed by federal loans (e.g., the GSEs, FHA, USDA) are thus able to be regulated in certain ways by the federal government, including limiting rent increases and establishing additional tenant protections.

Legislative/Regulatory Status/Outlook

Under the Biden Administration several federal agencies, including HUD, the FHFA, and the CFPB,

conducted "Requests for Information" (RFIs) on a variety of rental housing policy issues, including tenant screening practices, eviction practices, and rent increases. They also released a "Blueprint for a Renters Bill of Rights" which outlined various proposals and principals relating to tenant rights and protections. The ultimate result of these RFIs were three new policies announced by HUD relating to multifamily rental properties financed by the GSEs to be effective in 2025: 1) a mandatory 30-day written notice of a rent increase; 2) a 30-day written notice of a lease expiration; and 3) a 5-day grace period for late fees due to nonpayment of rent. In 2025, NAR and its rental housing provider partners requested that the Trump Administration pause and review these policies under the January 20, 2025 Regulatory Freeze Executive action, and, to ultimately rescind them. In the spring of 2025 the Trump Administration announced it was rescinding all three proposals.

Current Legislation/Regulation (bill number or regulation)

None.

Legislative Contact(s):

Erin Stackley, estackley@nar.realtor, 202-383-1150
Drew Myers, dmyers@nar.realtor, 202-383-1072

Regulatory Contact(s):

Erin Stackley, estackley@nar.realtor, 202-383-1150
Drew Myers, dmyers@nar.realtor, 202-383-1072