

Regulation Increases Housing Costs

Understanding the Increased Financial Burden Due to Regulations For Renters and Housing Providers

While well-intentioned, regulations often lead to higher operational costs and discourage new construction, increasing the cost of housing and limiting its accessibility and availability.



Study Shows That Regulations Increase Financial Burden

Operating costs for rental housing rise annually, but properties subject to certain regulations face even greater expense increases, making operations more costly and less sustainable.

SOURCE-OF-INCOME

Financial Losses from Vacant Units

↑ 10.4%

Likely because of the Housing Choice Voucher's complex and duplicative leasing process.

Utility Costs

↑ 9.4%

Likely due to missed utility payments linked to unreliable income sources.

CRIMINAL & RESIDENT SCREENING

Capital Expenditures

↑ 17.2%

As housing providers are likely to upgrade properties and raise rent to mitigate higher compliance costs associated with resident screening laws.

Repair and Maintenance Expenses

↑ 12.8%

Likely due to higher incidences of property damage due to limited screening.

Utility Costs

↑ 9.8%

Likely resulting from higher apartment turnover rates and associated vacancy utility costs.

JUST-CAUSE EVICTION LAWS & RIGHT-TO-COUNSEL STATUTES

Collection Losses

↑ 37.5%

Likely due to a prolonged eviction process.

Insurance Costs

↑ 14.3%

Likely because of higher premiums from perceived risks and liability associated with residents remaining in the property after their lease expires.

Utility Costs

↑ 13.2%

Likely due to housing providers absorbing costs for renters who remain post-lease expiration without paying utilities.

Rental housing providers urge policymakers to resist flawed policies that undermine housing affordability, drive up costs and deter investment in new housing supply.

Instead, we encourage a focus on solutions that make renting easier for both renters and housing providers and increase access to quality, affordable housing.

Note: Each figure represents an additional cost or change compared to the baseline scenario, which is properties operating without regulatory impacts. This highlights the direct financial impact specific regulation has on operational expenses.

Access the full report and methodology on NAA's website:
<https://naahq.org/behind-high-cost-rent>

Sponsored by the National Apartment Association (NAA) and the National Multifamily Housing Council (NMHC), a Metrosight econometric study analyzed data from 2004 to 2019 across more than 2,100 properties, representing 600,000 to 800,000 units per year in 50 metropolitan areas. This research aimed to quantify the financial impact of housing regulations.

