

The White House issues national rent control plan

The new cap on annual rent increases will apply to a million Low-Income Housing Tax Credit (LIHTC) apartments according to *The Washington Post*.



2020

Senator Sanders (Vt.) contends that federal control of the multi-family housing rental market would make housing more affordable. His *Housing for All* plan, which also includes a national 2 percent property tax on vacant units and steep curbs on evictions, would set the course to nationalizing housing in America.



2023

The White House releases an even better branded *Renters' Bill of Rights* to "strengthen tenant protections and encourage rental affordability." It empowers the Federal Housing Finance Agency (FHFA) to "limit egregious rent increases" at properties with a Fannie- or Freddie-backed mortgages.

2024

Acting HUD Secretary Adrianna Todman's department has proposed a 10 percent cap on annual rent increases on Low-Income Housing Tax Credit (LIHTC) properties. It is worth noting that LIHTC property rents are already constrained, limiting rents to 30 percent of a resident's income.

SOURCE: BIDEN ADMINISTRATION TO CAP RENT INCREASES FOR SOME AFFORDABLE HOUSING UNITS, AND RENT IS DRIVING INFLATION, BUT THERE'S SOMETHING OFF IN THE DATA. RACHEL SIEGEL, THE WASHINGTON POST; APARTMENT LIST RENT ESTIMATES; BUREAU OF LABOR STATISTICS, APARTMENT LIST INDEXES ARE NOT SEASONALLY ADJUSTED

Inflation and supply converge in rents

Rents fell for six consecutive months before ticking up slightly in February. Costs on leases are **down 1 percent** compared y/y, with over half of the nation's largest cities seeing drops.



Wait for it, wait for it...

For months the Fed bet that rent inflation would break its way. It's "in everyone's forecast," Powell said. "We think that it's coming... we know it's coming. It's just a question of when and how big it'll be," Powell said at a January news conference.



Supply and demand 101

In a hypothetical scenario where market rent growth stops completely, it would still take another two years of flat readings to drag down the entire shelter index to a more normal 2 percent, according to Orphe Divounguy, senior economist at Zillow. "That's how strong the forces of undersupply are," Divounguy said.

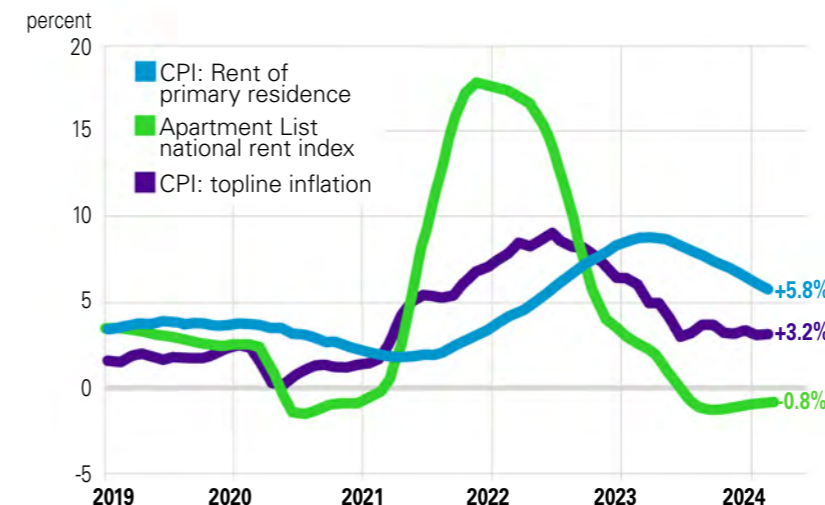
Looking for affordability in all the wrong places



Research suggests that the Administration's new regulations will limit new housing construction. "Price controls prevent the market from efficiently allocating scarce resources and discourage the investments needed to expand affordable housing," wrote Harvard University's Jeffrey Miron and Pedro Aldighieri in a post published by the Cato Institute. The administration dismisses these findings.

As rent inflation recedes, overall inflation stagnates

y/year change in Apartment List rent index v. CPI (rent) v. CPI (overall)



Short supply, long lag

It typically takes market rent about three quarters to show up in government statistics. That timeline may be stretched given trends such as the historic amount of money infused into the economy in the last few years, pushing models off as a result. "The way the CPI looks at housing in general," said Jay Lybik, national director of multifamily analytics at CoStar, "just doesn't seem to match reality."