



# Expanding Affordable Rental Housing Opportunities

## **A STRATEGY FOR POLICIES, PROGRAMS, AND PRACTICES**

The Mortgage Bankers Association's (MBA) new Affordable Rental Housing Strategy expands upon the efforts of *MBA's Building Generational Wealth through Homeownership* initiative introduced under the leadership of MBA's 2021 Chair, Susan Stewart, and the affordable multifamily housing aspects of MBA's *Home for All Pledge*, launched under MBA's 2022 Chair, Kristy Fercho. Under the leadership of MBA's 2023 Chairman, Matthew Rocco, MBA's Affordable Rental Housing Strategy seeks to address the affordable rental housing crisis through policies, programs, and practices.

## What Is Known

Renters and homeowners face a growing number of critical affordability challenges. MBA has an opportunity to impact both markets by balancing our influential voice with the core strengths of our members to effect change. Our goal is to provide robust opportunities, resources, and education (including rental and financial counseling) to tenants; and to generate more well-informed and successful renters and, over time, a more stable group of homeowners and community members.

Coming out of the Global Financial Crisis, new home construction in the United States plummeted. New housing starts fell from 2.1 million units in 2005 to 554,000 in 2009. At the same time, continued demand from the baby boomer generation mixed with new demand from millennials created what was expected to be the largest increase in household demand in U.S. history. The result is that housing markets are now the tightest they have ever been, with the homeowner vacancy rate at the lowest level on record and the rental vacancy rate at the lowest level since the mid-1980s. Those tight conditions have fed directly into increased housing costs, with the rent of a primary residence increasing 6.3 percent between July 2021 and July 2022 — the fastest increase in 35 years.

Rising rents, strong demand, and limited supply of affordable housing have led to high shares of cost-burdened renters across the country. The ongoing housing challenges are felt most demonstrably by low-income households and communities of color. The challenges of housing affordability for minority households are greater than those for White households. According to the Joint Center for Housing Studies, in 2019, the share of Black renter households with cost burdens (defined as a household paying more than 30 percent of income on housing) was 54 percent, followed by Hispanic households at 52 percent, while the rates for White and Asian renter households were far lower at 42 percent.



## What Is Needed

In 2019, MBA established an Affordable Rental Housing Advisory Council to discuss the challenges and possible solutions to affordable multifamily housing. In 2021, MBA released an environmental scan on affordable rental housing that outlined the scope of the problem, detailed the challenges, presented innovative solutions designed to address the crisis, and proposed actions MBA and its members could take to address the concerns. To conduct the scan, MBA solicited the advice and guidance of affordable rental housing stakeholders, including our association members, industry practitioners, consumer advocates, and other thought leaders, regarding steps our industry can take to best address a set of identified priorities. One consistent theme of the scan was the necessity for collaboration and partnerships within the housing ecosystem to “move the needle” on providing opportunities to disenfranchised and underserved communities.

Prior to the creation of the scan, MBA's commercial real estate and multifamily policy team and members had been working to eliminate or reduce regulatory barriers to creating affordable multifamily housing and create more efficiencies in the utilization of the multifamily programs. The Strategy will elevate and expand on these existing solutions.

While an overall expansion of supply will alleviate some of these market conditions, an increase in housing stock in and of itself will not be enough to address all of our nation's affordable housing concerns. For example, in many markets, rents for existing, decent housing remain unaffordable for lower-income and working-class families. The rent needed to cover the costs of new housing development are often unaffordable to those same households.

Creating best practices for more robust opportunities, resources, and education to tenants, including renter and financial counseling, can generate more well-informed and successful renters and, over time, a more stable group of homeowners and community members.

MBA will work to address the barriers to sustainable housing for persons and communities of color and expand the opportunities for wealth creation and stability that come from homeownership and affordable rental housing.





## What Is Next

MBA and its members are committed to actions that may help to address this crisis by increasing the supply of affordable multifamily housing, expanding education opportunities for renters to become stable homeowners, providing industry clarity on the various definitions of affordable housing, and supporting minority industry practitioners.

MBA and its members will continue to work with private, public, and nonprofit partners to address the affordable rental housing crisis. Through advocacy, partnerships and connections within the industry, MBA has an opportunity to lead this effort by leveraging the core strengths of our association members and experts. Identifying strategic priorities and aligning our efforts with other stakeholders will be critical. There are no quick fixes, and the challenges are beyond the resource capacities of any individual organization. By working constructively and focusing on the right objectives, we can make a difference in ways that help renters, aspiring homebuyers, current homeowners, and our members in the communities in which they live and work.

## THE PILLARS OF THE STRATEGY ARE TO CONTINUE OR INITIATE EFFORTS TO:

- Increase the supply of housing in America through policies, programs, and practices
- Expand MBA's leadership in linking affordable rental housing to renter counseling and education
- Grow the ranks of minority professionals in multifamily housing lending and development
- Streamline definitions for affordable multifamily housing

## Key Areas of Focus

1

### **INCREASE THE SUPPLY OF MULTIFAMILY HOUSING IN AMERICA THROUGH POLICIES, PROGRAMS, AND PRACTICES**

- Support policies and advocacy efforts of MBA and our coalition partners to expand the supply of multifamily housing
- Support efforts to reduce construction costs and minimize regulatory burdens that increase the cost of production
- Continue laying the groundwork for broad support of an MBA-designed production concept to create more workforce housing, especially in high-cost rental markets

2

### **EXPAND MBA'S LEADERSHIP IN LINKING AFFORDABLE RENTAL HOUSING TO RENTER COUNSELING AND EDUCATION**

- Explore best practices for providing renters with financial literacy, credit counseling, and savings strategies and expand access to renter counseling to minimize evictions and create more informed tenants and potential homeowners
- Support policies that increase the funding for housing counseling
- Explore piloting local lease-to-own program models to provide renters with a bridge to homeownership or other ownership/equity-building opportunities

3

### **GROW THE RANKS OF DIVERSE PROFESSIONALS IN MULTIFAMILY HOUSING LENDING AND DEVELOPMENT**

- Host, support, and sponsor job fairs, internships, and other targeted strategies to recruit and maintain a more diverse workforce in commercial mortgage banking and housing development
- Collaborate with industry partners that are working to increase the number of minority practitioners in affordable multifamily housing
- Establish an affordable multifamily housing award for individuals who are working to advance equitable affordable housing solutions and support diversity and inclusion in the multifamily housing industry

4

### **STREAMLINE DEFINITIONS FOR AFFORDABLE MULTIFAMILY HOUSING**

- Work with industry partners to define and standardize the various and inconsistent definitions of affordable multifamily housing to increase targeted affordable housing investment

## **TO LEARN MORE ABOUT HOW YOU CAN GET INVOLVED, CONTACT:**

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**FOR MORE INFORMATION, VISIT [MBA.ORG/AFFORDABLERENTALHOUSING](https://mba.org/affordablereentalhousing)**