



## **NRHC Statement on House Financial Services Subcommittee Hearing**

**Washington, D.C. (June 28, 2022)** – Today, the House Financial Services Subcommittee on Oversight and Investigations held a hearing examining the role of the single-family rental housing market and its impact on the broader U.S. housing economy.

The National Rental Home Council (NRHC) submitted the following statement for inclusion in the hearing record.

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### About NRHC

The National Rental Home Council (NRHC) is the nonprofit trade association representing the single-family rental home industry. NRHC members provide families and individuals with access to high-quality, single-family rental homes that contribute to the vitality and vibrancy of neighborhoods and communities. For more information on NRHC or the single-family rental home industry visit [www.rentalhomecouncil.org](http://www.rentalhomecouncil.org)



**David Howard, Executive Director  
National Rental Home Council**

**Statement for the Record**

**“Where Have All the Houses Gone? Private Equity, Single Family Rentals,  
and America’s Neighborhoods”**

**Committee on Financial Services  
Subcommittee on Oversight & Investigations**

**U.S. House of Representatives**

**June 28, 2022**

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Chairman Green, Ranking Member Emmer, and Members of the Subcommittee, my name is David Howard, and I serve as the Executive Director of the National Rental Home Council (NRHC), the nonprofit trade association representing the single-family rental home industry. Thank you for this opportunity to provide a written statement for the record.

As a multitude of data consistently shows, the answer to the question posed in the title of this week’s hearing, “Where Have All the Houses Gone?” is *they were never built*. Simply stated, the supply of housing in the United States has not kept pace with demand:

- Existing homes for sale fell by roughly half during the pandemic and are down even more on a longer-term basis. At the beginning of this year, there was less than two months’ supply of existing homes for sale – a record low.
- At the same time, there are 18% more people – 6.6 million – aged between the prime household formation years of 25 and 34 in the United States today than there were in 2006.<sup>1</sup>
- Freddie Mac has estimated the undersupply of homes at nearly 4 million units<sup>2</sup>, a supply-demand imbalance that has been building for several decades.

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<sup>1</sup> Freddie Mac: <https://www.freddiemac.com/research/insight/20220609-what-drove-home-price-growth-and-can-it-continue>

<sup>2</sup> Freddie Mac: <https://www.freddiemac.com/research/insight/20210507-housing-supply>



- The problem is particularly acute in the market for entry-level homes. According to the Bipartisan Policy Center, the number of new entry-level homes built in the 1970s routinely surpassed 420,000 *every year*. By comparison, in 2020, just 65,000 new entry-level homes were built.<sup>3</sup>

The most visible consequence of this supply shortage is rising prices for all types of housing, including owner-occupied housing and both multifamily rentals and single-family rentals. This synchronized increase in housing costs is historically unusual and highlights the extreme supply-demand imbalance. The National Association of Home Builders (NAHB) has estimated 87.5 million American households are unable to afford a median-priced home.<sup>4</sup> The Case Shiller index set an all-time record in March of this year for annual home price appreciation at 20.6%.<sup>5</sup> Recent research by John Burns Real Estate Consulting shows it now costs \$839 more per month to own than rent, the greatest differential in at least the last 20 years.<sup>6</sup>

Rising interest rates and pandemic-related supply chain disruptions have also increased the upward pressure on housing prices. The Federal Reserve's recent interest rate hike – the largest in nearly 30 years – means that on the same \$300,000 mortgage, the monthly payment rose to \$1,800 in June 2022, up from \$1,265 in December 2021.<sup>7</sup> Further, NAHB data shows that building materials prices are up by 36% since the start of the pandemic, similar to the amount that home prices have risen<sup>8</sup>.

In this environment housing providers of all types – those in both the for sale and for rent markets – have a critical role to play in meeting this demand.

### **Facts About the Single-Family Rental Home Industry**

The National Rental Home Council (NRHC) and leading companies in the single-family rental home market have worked proactively with the Committee for more than two years to demonstrate the positive role the industry plays in providing quality, affordably priced housing options for millions of American families. We have been open and transparent in providing data, participating in briefing sessions, and offering opportunities for the Committee to understand more fully the single-family rental housing market and the important role of institutional investors in that market.

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<sup>3</sup> Bipartisan Policy Center: <https://bipartisanpolicy.org/explainer/homeownership/>

<sup>4</sup> NAHB: <https://www.nahb.org/news-and-economics/housing-economics/housings-economic-impact/households-priced-out-by-higher-house-prices-and-interest-rates>

<sup>5</sup> S&P CoreLogic Case Shiller Index: <https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-reports-annual-home-price-gain-of-206-in-march/>

<sup>6</sup> NRHC/John Burns Real Estate Consulting Single-Family Rental Market Index (SFRMI), 1Q 2022

<sup>7</sup> Housing Wire: <https://www.housingwire.com/articles/how-the-feds-rate-hike-will-affect-the-housing-market/>

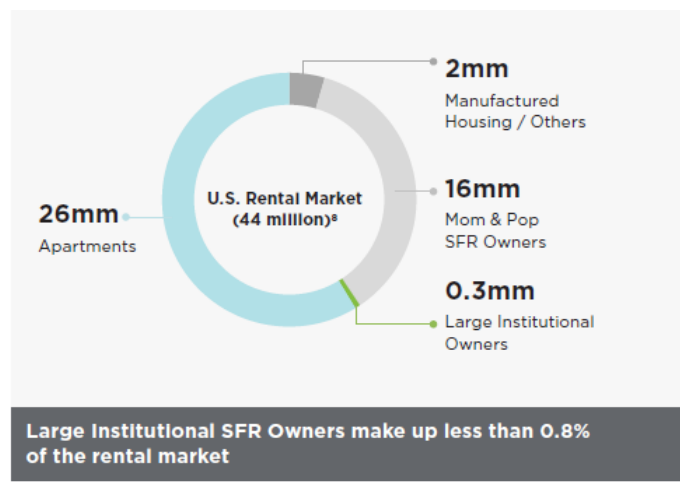
<sup>8</sup> NAHB: <https://eyeonhousing.org/2022/05/building-materials-prices-move-higher-up-19-year-over-year/>



## Dignity of Renting

NRHC strongly supports an approach to housing that promotes the dignity of rentership. Local housing markets should offer a range of options that accommodate the diverse needs and circumstances of both homeowners and renters. For far too long, in many communities across the country, individuals and families that choose to rent have been viewed as belonging to some second-tier citizenry often subjected to outright NIMBYism blatant forms of unwelcomeness.

## Housing Market Composition



Single-family rental home providers are not influencing local and national housing market dynamics, as data has clearly shown. The industry's five largest companies collectively owned 280,637<sup>9</sup> properties as of the third quarter of 2021, representing just a tiny fractional share of the nation's total housing and rental housing markets.<sup>10</sup>

	Total number of units	% Owned by 5 Largest SFR Companies
Housing in the U.S.	142,100,100	0.2%
Owner-occupied housing	82,948,000	0%
Rental housing	43,967,000	0.64%
Single-family rental housing	22,621,204	1.2%

While large providers of single-family rental homes have expanded their portfolios through acquisitions and new home-building activities in an effort to meet the unprecedented demand for single-family rental housing, it is unlikely that the share of homes owned by large companies

<sup>9</sup> HFSC hearing documents: <https://financialservices.house.gov/events/eventsingle.aspx?EventID=409520>

<sup>10</sup> U.S. Census Bureau: <https://www.census.gov/housing/hvs/data/histtabs.html>



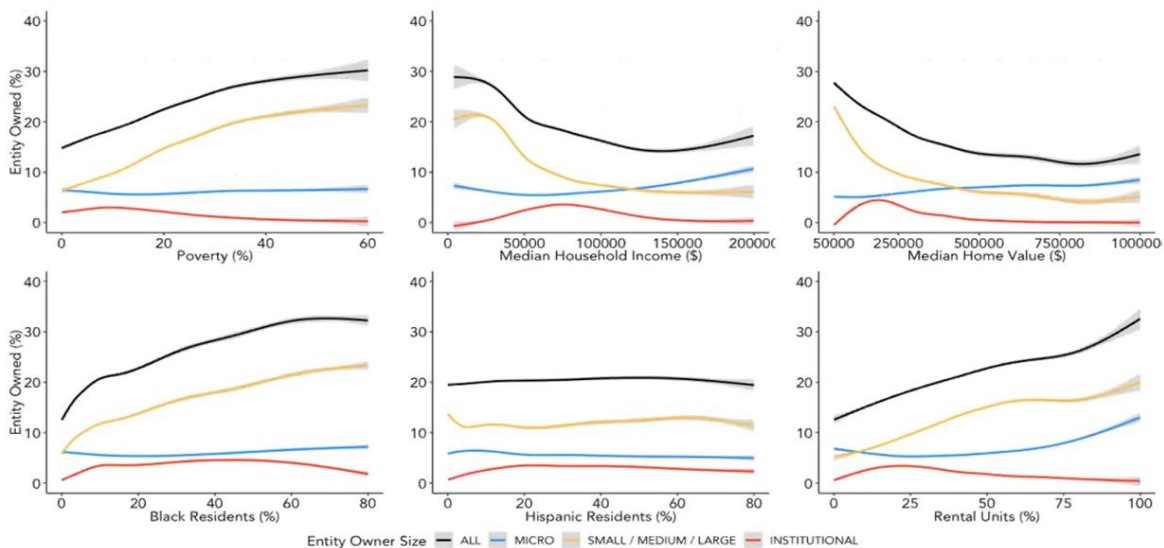
will change in any meaningful way in the years to come. According to the U.S. Census Bureau, during the five-year period between the first quarter of 2017 and the first quarter of 2022, the amount of owner-occupied housing in the U.S. increased more than 10%, or nearly 8 million units, while the amount of all rental housing increased just 2%, or 900,000 units.<sup>11</sup> The net effect of these growth disparities is that the share of the housing market accounted for by rental housing today, 30.9%, is actually less than it was five years ago when it was 31.8%.<sup>12</sup>

### Market Concentration

There is not one state in the country where NRHC member companies own more than 1% of the housing, and in 23 states NRHC large member companies don't own any properties at all. Even in metropolitan areas where NRHC member companies own higher numbers of properties, they still account for only a small share of the overall housing and rental housing: just over 1.5% of the housing in Atlanta, 2% in Charlotte, 1.3% in Houston, and 0.5% in Kansas City.<sup>13</sup>

Additionally, research presented by Harvard's Joint Center for Housing Studies in April 2022 shows large institutions (entities owning 1,000 or more properties) are not concentrating their portfolios or property acquisitions in minority communities.<sup>14</sup>

## Results: Neighborhood Context



<sup>11</sup> U.S. Census Bureau: <https://www.census.gov/housing/hvs/data/histtabs.html>

<sup>12</sup> Ibid.

<sup>13</sup> NRHC member-provided data.

<sup>14</sup> Harvard JCHS, Adam Travis: <https://www.jchs.harvard.edu/calendar/assessing-landscape-corporate-ownership-small-rental-properties-0>



## Homeownership

The homeownership rate in the United States rose from 63.6% in the first quarter of 2017 to 65.4% in the first quarter of 2022.<sup>15</sup> Markets with higher concentrations of single-family rental homes experienced even higher increases in homeownership. For example, according to U.S. Census Bureau data<sup>16</sup>, Charlotte has seen the rate of homeownership across the metro area increase from 65% to 75.5% between the first quarters of 2017 and 2022; the rate in Atlanta during that period increased from 64.4% to 67.6%; Nashville from 71.1% to 75.2%; and Phoenix from 62.7% to 67.2%. Furthermore, in terms of home prices, in seven of the ten states with the highest rates of home price appreciation in 2021 NRHC member companies don't own a single property.<sup>17</sup> There is simply no connection between local rates of homeownership and the activities of large providers of single-family rental homes.

## Significant Investments to Meet Demand

Providers of single-family rental homes are committing significant resources to local markets for one reason: demand. According to Harvard's Joint Center for Housing Studies, there are 870,000 more renter households today than there were at the beginning of the COVID health crisis in 2020.<sup>18</sup> The report, *America's Rental Housing 2022*, identified five reasons for the surge in rental housing:

- Large number of millennials moving through their 20s and 30s: ages where renting is most common;
- Rapid growth of older renters: baby boomers aging into their 60s and 70s;
- Sharp rise in rentership between 2009 and 2019 for younger and middle-aged households: signaling delayed transitions to homeownership;
- The growing popularity of renting among older households: contributing to increases in both the number and share of higher-income renters; and
- The increasing diversity of U.S. households: lifting demand for rental housing.

While these factors were likely present before the COVID health crisis, there's no question the pandemic contributed to a rise in demand for single-family rental homes. According to the NRHC/John Burns Real Estate Consulting Single-Family Rental Market Index (SFRMI) report

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<sup>15</sup> St. Louis Fed: <https://fred.stlouisfed.org/series/RHORUSQ156N>

<sup>16</sup> U.S. Census Bureau: <https://www.census.gov/housing/hvs/data/rates.html>

<sup>17</sup> FHFA US Home Price Index Report: <https://www.fhfa.gov/AboutUs/Reports/Pages/US-House-Price-Index-Report-2021-Q1.aspx>

<sup>18</sup> Harvard Joint Center for Housing Studies: <https://www.jchs.harvard.edu/blog/record-breaking-rental-market>



from the third quarter of 2020, nearly 60% of new single-family rental home residents relocated from urban multifamily properties. With a greater share of the American workforce spending more time working from home, either permanently or part-time, the desire for extra space has also contributed to the demand for single-family rental homes, 65% of which contain three or more bedrooms (compared to just 11% of multifamily units). Finally, there is the great migration: in 2020, one in ten Americans moved to a new market; and according to an April 2022 report by Redfin, one third of Americans are looking to relocate.<sup>19</sup> Migration patterns are highly correlated to rental housing demand.

To meet this demand, providers of single-family rental homes are investing in local staff, hiring local contractors and business partners, and bringing property management expertise to local markets all to ensure a positive experience for residents and families who choose a single-family rental home lifestyle. As testament to companies' commitment to residents, NRHC member companies invested nearly \$2 billion in home renovations, upgrades, and other property-level operations in 2021.

### Evictions

According to hearing documents, during 2021, the industry's five largest companies collectively filed 2,622 notices of eviction, with 138 resulting in residents departing the property. This represents an aggregated eviction filing rate across all owned properties (280,637) of 0.93% and a completed rate of just 0.05%.<sup>20</sup> For context, the Eviction Lab at Princeton University reported a total of 434,304 eviction filings in 2021 across the 31 cities included in the Lab's Eviction Tracking System (ETS).<sup>21</sup> Using ETS numbers, notices of eviction filed by the single-family rental home industry's five largest companies accounted for just 0.60% of all filings. Given that ETS data only includes eviction information for approximately one-quarter of all U.S. renters, the proportion of eviction filings of the single-family rental home industry's five largest companies must be significantly less than 0.60%, lending credence to the industry's position that evictions are only considered as a means of last resort.

### COVID Response

According to NRHC member-supplied data<sup>22</sup>, in 2021, companies collectively provided assistance to more than 80,000 resident households impacted by the COVID health pandemic. As evidence of companies' efforts to provide assistance for residents, data included in this week's hearing documents show that while the number of late payments received by the industry's five largest companies increased by more than 4,000 in 2021, the number of eviction proceedings

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<sup>19</sup> Redfin: <https://www.redfin.com/news/q1-2022-housing-migration-trends/>

<sup>20</sup> HFSC hearing documents: <https://financialservices.house.gov/events/eventsingle.aspx?EventID=409520>

<sup>21</sup> Eviction Lab: <https://evictionlab.org/us-eviction-filing-patterns-2021/>

<sup>22</sup> NRHC member-supplied data: <https://www.rentalhomecouncil.org/nrhc-member-companies-respond-to-covid-health-crisis-by-providing-assistance-to-over-80000-resident-households/>



completed *declined* by 46%.<sup>23</sup> NRHC member companies provided additional forms of assistance by introducing programs leading to the forgiveness of tens of millions of dollars in rent and other fees; creating flexible payment plans for residents in need; and offering a host of other accommodations designed to provide a safe and secure housing environment for individuals and families impacted by COVID-induced hardship.

## Conclusion

NRHC member companies are working diligently to provide leadership in an industry whose role has never been more important than it is today. That leadership is evident in the deep commitment companies have demonstrated to the neighborhoods, communities, and most importantly, the residents they serve:

- Three of NRHC's largest member companies – American Homes 4 Rent, Invitation Homes, and Tricon Residential – are publicly traded, providing full and complete financial and property level disclosure pertaining to their operations.
- In 2020, NRHC member companies expanded market-specific hiring initiatives across the country and partnered with over 8,000 local businesses and industry vendors.
- Like other responsible corporate citizens, NRHC member companies have invested in diversity and corporate responsibility programs. Over 43% of employees of NRHC's largest members are female, and more than 46% are people of color.
- NRHC member companies have implemented a range of sustainable business practices to manage the carbon footprint of managed portfolios, with some introducing formal programs tying financing activities to sustainability metrics and others experimenting with the roll-out of solar energy adoption across portfolios of homes.

There is a greater need for quality, affordably priced housing in the United States today than there has been in decades, and single-family rental home providers are an important part of the solution. By making long-term, innovative commitments to the communities in which we invest and build, single-family rental home companies – large and small – are providing a viable source of stabilized, long-term, single-family rental housing responsive to the needs and lifestyle preferences of today's housing consumer.

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<sup>23</sup> HFSC hearing documents: <https://financialservices.house.gov/events/eventsingle.aspx?EventID=409520>





Our industry welcomes the opportunity to work with bipartisan policymakers on meaningful solutions to the housing supply challenges that promote the dignity of rentership and preserve housing choice.

Thank you again for allowing me to share the perspective of the single-family rental home industry.