



National Association of Residential Property Managers

December 5, 2023

The Honorable Patrick McHenry
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
House Committee on Financial Services
4340 O'Neill House Office Building
Washington, DC 20515

The Honorable Warren Davidson
Chairman
Subcommittee on Housing and Insurance
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Emanuel Cleaver
Ranking Member
Subcommittee on Housing and Insurance
4340 O'Neill House Office Building
Washington, DC 20515

Dear Chairman McHenry, Chairman Davidson, Ranking Member Waters, and Ranking Member Cleaver:

On behalf of the National Association of Residential Property Owners (NARPM®), thank you for holding the hearing entitled, "Housing Affordability: Governmental Barriers and Market-Based Solutions." We appreciate your attention to these important topics and your leadership on issues critical to our members and the American economy.

By way of background, the National Association of Residential Property Managers is an association of real estate professionals who know first-hand the unique problems and challenges of managing single-family and small residential properties.

Founded in 1988, NARPM provides a permanent trade organization for the residential property management industry. It continues to be the premier professional association of residential property managers, currently representing approximately 6,000 members comprised of real estate agents, brokers, managers, and their employees. Our organization promotes a high standard of business ethics, professionalism, and fair housing practice. NARPM also certifies its members in the standards and practices of the residential property management industry and promotes continuing professional education. Our members focus on managing single-family and small residential properties, an asset class overwhelmingly composed of small landlords.

As part of this hearing, we would ask you to consider the following on the legislation before you:

H.R. 802 – The Respect State Housing Laws Act

We strongly support H.R. 802, the Respect State Housing Laws Act.

The CARES Act established a temporary 120-day moratorium on evictions and late fees due to nonpayment of rent, which applied to federally backed and federally assisted housing. It also instituted what should have been a temporary notice procedure, requiring housing providers to notify covered residents 30 days before filing for eviction after the moratorium ended on July 24, 2020. During the height of pandemic uncertainty, its purpose was to provide covered residents with ample notice before housing providers filed for eviction when the CARES Act's stay on evictions was lifted. Because of the manner in which the bill was drafted, this federal "notice to vacate" requirement remains in place today, over two years after the end of the CARES Act moratorium.

The CARES Act requirement more than quadruples the notice procedure in some jurisdictions, which translates into more lost rent while housing providers wait for their day in eviction court. It is imperative to highlight that the eviction process is one that is usually measured in months, not weeks or days. In cases of nonpayment of rent, this process usually begins when the tenant is late (a 5-day grace period is a common practice). At that point, the landlord would file a notice to vacate (aka "pay or quit"). A note of explanation is needed here. A notice to vacate does not mean the tenant is required to leave within the number of days in the notice. It only means that the owner must wait that number of days before initiating action to regain their property in cases of nonpayment of rent. Following the "pay or quit" period, the landlord can institute court action to recover the property. Throughout this process, most property managers will work with their residents to access any available rental assistance. A sizeable number will also consider alternatives and diversion programs.

For professional owners and operators of rental housing, eviction is always a last resort. Their businesses always do better when units are occupied and when they can fully meet their obligations to their residents, employees, creditors, and the communities that they serve. COVID-19 highlighted housing providers' efforts to utilize all available resources and be as flexible as their circumstances allowed to help their residents remain stably housed. But, ultimately, the federal notice-to-vacate requirement is not a sustainable solution to prevent renter displacement in this new post-pandemic reality.

The rental housing industry cannot continue to manage their properties successfully with sustained losses of rental income that result from continued delays of legitimate evictions. Restrictions on a property owner's ability to remedy lease violations for non-payment of rent only place renters at greater long-term risk through the accumulation of higher debt, and they have a negative effect on many property owners in the form of lost rental income, an effect that is most acute for smaller property owners.

Studies show that the overwhelming majority of rent goes to property operations, maintenance and supporting the communities across the country that housing providers serve. For example, housing providers' property taxes finance schools, emergency services, and other

local needs. A rent payment is much more important than one might otherwise realize. As such, the inability to collect rent ultimately hurts the tens of millions of Americans who work in the industry, the nation's renters, and communities across the country.

As such, we strongly support H.R. 802, the Respect State Housing Laws Act.

H.R. 3507 – the Yes In My Backyard (YIMBY) Act

We also support H.R. 3507, the Yes In My Backyard (YIMBY) Act. Housing affordability is driven by a variety of factors including income levels, land and resource availability, population growth, and housing supply-demand imbalance. In addition, the regulatory and administrative barriers present in each jurisdiction play a significant role in housing's overall affordability. Research has shown that nearly one-third of housing development costs are derived from these barriers. They have the dual effect of artificially restricting the number of units developed and adding cost to those that are produced, a true double hit on American families looking for affordable housing.

Reducing such barriers can, and must, be a core strategy in addressing housing affordability challenges in communities around the country. The Yes In My Backyard (YIMBY) Act helps eliminate barriers to housing development by requiring certain Community Development Block Grant (CDBG) program recipients to submit to the Department of Housing and Urban Development information regarding their implementation of certain land-use policies, such as policies for expanding high-density single-family and multifamily zoning.

Thank you for your consideration of our views. If you have questions, please feel free to reach out to our legislative team at legislativeinfo@narpm.org or (800) 782-3452.

With kind regards, I am

Sincerely,

A handwritten signature in black ink that reads "Gail S. Phillips". The signature is written in a cursive, flowing style.

Gail Phillips, CAE
NARPM® CEO

cc: House Financial Services Committee Members