



Toward ■  
■ a More  
Balanced  
Housing  
Policy ■

National Multi Housing Council  
National Apartment Association

## **A SMARTER HOUSING POLICY SATISFIES THE FOLLOWING PRINCIPLES**

- IT ENSURES THAT EVERYONE HAS ACCESS TO DECENT AND AFFORDABLE HOUSING, REGARDLESS OF WHETHER THEY RENT OR OWN.
- IT RESPECTS THE RIGHTS OF INDIVIDUALS TO CHOOSE THE HOUSING THAT BEST MEETS THEIR FINANCIAL AND LIFESTYLE NEEDS WITHOUT DISADVANTAGING, FINANCIALLY OR OTHERWISE, THOSE WHO CHOOSE APARTMENT LIVING.
- IT PROMOTES HEALTHY AND LIVABLE COMMUNITIES BY ENCOURAGING RESPONSIBLE LAND USE AND PROMOTING THE PRODUCTION OF ALL TYPES OF HOUSING.
- IT RECOGNIZES THAT ALL DECENT HOUSING, INCLUDING APARTMENTS, AND ALL CITIZENS, INCLUDING RENTERS, MAKE POSITIVE ECONOMIC, POLITICAL AND SOCIAL CONTRIBUTIONS TO THEIR COMMUNITIES.
- IT BALANCES THE EXPECTED BENEFITS OF REGULATIONS WITH THEIR COSTS TO MINIMIZE THE IMPACT ON HOUSING AFFORDABILITY.

Cheryl left a single-family house in favor of an apartment home in order “to be free of the maintenance and to have a nice, secure place to live. Apartment living offers ease, security and all the amenities in one handy location.”

CHERYL BARRAZA  
DEPARTMENT STORE MANAGER  
PHOENIX, AZ



## TOWARD A MORE BALANCED HOUSING POLICY

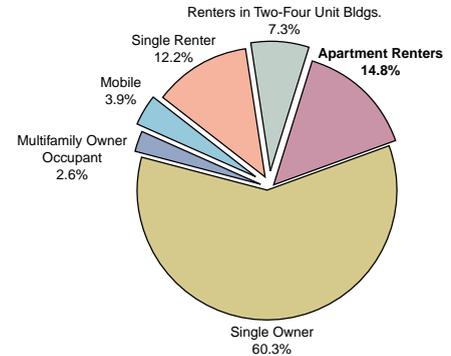
As America's population has become more diverse, so too has its housing needs and preferences. Despite the carefully nurtured bias toward homeownership, a growing number of Americans now say they prefer apartment living. In fact, nearly 40% of renters surveyed by Fannie Mae in 1999 said that buying a home was either not an important priority or not a priority at all. Many of these renters prefer the conveniences and amenities available in an apartment, while others value the flexibility it offers. Whatever the reason, apartment living is clearly becoming more popular.

Homeownership is an important part of our American ethos. For many who have never owned their own home, homeownership is a worthwhile and desirable goal. But the goal of homeownership may no longer be as universal as it once was. A housing policy focused almost exclusively on homeownership overlooks the need and desire for rental housing. It ignores the many advantages apartments offer communities, and it disadvantages renters without clear evidence that owners make better citizens. Perhaps most importantly, it downplays the potential social costs, associated with homeownership, such as decreasing labor market mobility and increasing financial risk.

Instead of directing all of our housing resources toward raising homeownership rates even higher, the nation would be better served by a more balanced housing policy – one that seeks to provide all Americans with good, quality housing, regardless of whether that home is one they own or rent.

**A HOUSING POLICY FOCUSED EXCLUSIVELY ON HOMEOWNERSHIP OVERLOOKS THE NEED AND DESIRE FOR RENTAL HOUSING.**

### Apartment Living Is Becoming More Popular



Fully 34% of American households rent, and 15% rent apartments (structures with 5 or more units)

**FULLY 28% OF RENTERS SURVEYED SAID THEY RENT OUT OF CHOICE AND NOT ECONOMIC NECESSITY.**

## **THE IMPORTANCE OF HOUSING CHOICE**

Contrary to conventional wisdom, the preference for homeownership is not universal. In the same 1999 survey, fully 28% of renter respondents said they rent out of choice and not economic necessity. Apartment living is no longer the housing of last resort. For the past two years households earning \$50,000 or more have been the fastest growing segment of the apartment market. Why? Because apartments offer:

### **Hassle Free Living**

Time-pressed young professionals looking to shorten their commutes and empty nesters looking to simplify their lives are helping fuel apartment demand.

### **Financial Incentives**

Many households want to be able to move to pursue career opportunities without paying a huge financial penalty. Others opt to rent so they can invest their money in the stock market and other financial assets. Over the decade of the 1990s, the Standard and Poor's 500 gained 338%, while the median price of a home rose only 44%.

### **Superior Amenity Package**

Apartment living is changing. New amenities, new technologies, new designs and a renewed emphasis on customer-service are helping to attract new renters. Today's apartments look and feel more like single family homes. They include finishes such as attached garages, private alarm systems, granite counter tops, crown molding, oversized soaking tubs and gas fireplaces.



**"I feel safer in an apartment, because other people are around and I like the planned social activities, which are on-site so I don't have to drive."**

Tracey Harper  
Elementary School Teacher  
Atlanta, GA

Through a single call to a concierge, many of today's renters can arrange babysitting, housekeeping, pet care or grocery shopping. They can take advantage of on-site fitness centers, business centers and movie screening rooms. Or they can use their high-speed Internet access to work from home.

The customer is key to today's long-term, often publicly-held, real estate firms. They back up their commitment to resident satisfaction with 30-day no risk trial periods, 24-hour maintenance guarantees, flexible lease times and even rent-to-own programs.



“We wanted to be free of the responsibility of a homeowner and to be able to invest all of our money in the business. Apartment living is ideal because it is maintenance-free, convenient and worry-free.”

Rose and Gary Trousdale  
Sports Management Business Owners  
Phoenix, AZ

**HOUSEHOLDS EARNING  
\$50,000 OR MORE WERE  
THE FASTEST GROWING  
SEGMENT OF APARTMENT  
MARKET RENTERS IN 1998  
AND 1999.**

“Multifamily housing has been, and remains, an essential thread in America's real estate fabric. [It] provides a home to millions of Americans, and indeed, the residents of multifamily housing are as diverse as the United States itself. . . . The most successful communities of tomorrow. . . will need to offer the choice of multifamily housing.”

**Oliver Jerschow  
Urban Land Institute**

**APARTMENTS MAKE IT EASIER TO PRESERVE OPEN SPACE, CREATE PEDESTRIAN-FRIENDLY NEIGHBORHOODS AND REVITALIZE NEGLECTED NEIGHBORHOODS.**



“We are at a point in our lives where we want less and less responsibility and more and more service.”

Beverly and Ralph Shearer  
Atlanta, GA

## **APARTMENTS HELP CREATE MORE LIVABLE COMMUNITIES**

Across the nation, responsive governments are actively seeking ways to accommodate growth without compromising quality of life. Many are learning that apartments are an important part of the solution to this dilemma.

Higher-density housing, such as apartments, make it easier to preserve open space and create pedestrian-friendly neighborhoods. Apartments help revitalize neglected neighborhoods, create new jobs, and provide local, state, and federal tax revenues. They also use municipal infrastructure more efficiently and place less burden on local schools and regional roads. Apartment households generate 30% to 40% fewer vehicle trips than single-family units, and fewer apartment households have school-aged children than single-family houses.

Apartments have an immediate and long-lasting effect on a community's prosperity. Research indicates that the ongoing, annual effect of 100 new apartment households in a local economy is 46 local jobs, \$308,000 in local taxes and fees, and \$1.8 million in local wages and business receipts.

Communities that preclude or limit renters risk losing vital customers and employees for local businesses. In today's tight labor market, communities that offer a wide range of housing options and a diversified work force have a competitive advantage in recruiting new employers and helping existing ones grow.

A housing policy that fails to appreciate these advantages contributes to land use decisions that disadvantage both renters and owners.

## APARTMENT RESIDENTS MAKE GOOD CITIZENS

Federal housing policy generally provides benefits to homeowners that are not available to renters, reflecting and furthering a perception that owners are better citizens. But there is no clear evidence of striking community or national advantages from ownership. Many of the presumed differences between owners and renters are actually nonexistent. Other differences are small and often not attributable to ownership per se but to other characteristics that distinguish owners from renters, like age, education and income.

NMHC research, based on data from the General Social Survey (a nationally representative household survey conducted by the National Opinion Research Center at the University of Chicago), shows that compared to owners, apartment residents are generally more socially engaged, equally involved in community groups and similarly attached to their communities and religious organizations. They are also comparably interested in national affairs and active in local politics.

Furthermore, the disadvantages of homeownership tend to get swept under the rug. Research indicates that high rates of homeownership may retard national economic growth by locking workers into stagnant or declining labor markets. They may also put low-income households, in particular, at risk of defaulting on their mortgages.

Without clear evidence of the social benefits of homeownership, the national price tag for our homeownership bias seems awfully steep. In 1999, owners received \$78 billion in tax advantages in 1999 through deductibility of mortgage interest and property tax alone. This is more than the combined federal spending on education, roads, mass transit, and national parks.

**COMPARED TO OWNERS, APARTMENT RENTERS ARE GENERALLY MORE SOCIALLY ENGAGED, SIMILARLY ATTACHED TO THEIR COMMUNITIES AND RELIGIOUS ORGANIZATIONS AND COMPARABLY ACTIVE IN LOCAL POLITICS.**



## CONCLUSION



"I have owned three homes previously and dislike the typical owner headaches, such as mowing the lawn, painting, replacing roofs, etc. I like the sense of family, friendly surroundings and professional atmosphere associated with apartment living."

Don Grainger  
Account Executive  
San Antonio, TX

Apartment demand is likely to continue to grow, particularly as the number of traditional American families – married couples with children – declines even further. Between now and 2010, the fastest growing household types are those most likely to select apartment living – childless couples and single person households.



In recognition of our changing demographics and community needs and the fact that homeownership is not a panacea for all that ails individuals and their communities, the time has come for a smarter, more balanced housing policy. Our resources and energies should be directed at providing every American with access to quality housing, without worrying about whether they own or rent that housing.

**IN RECOGNITION OF OUR CHANGING  
DEMOGRAPHICS AND COMMUNITY NEEDS,  
THE TIME HAS COME FOR A SMARTER, MORE  
BALANCED HOUSING POLICY.**

## WHAT OTHERS ARE SAYING ABOUT THE NEED FOR A BALANCED HOUSING POLICY

“Changing demographic patterns, changing lifestyles, and high housing costs have created demand for a variety of housing choices, and, in particular, for multifamily housing. . . . Today’s housing market demands a wide variety of housing choices.”

**Urban Land Institute**

“We give too much social significance to ownership. . . . Our institutions and practices continue to embody and perpetuate the property bias, particularly in the tax system – in the subsidies given to owners but denied to renters and in many of the property tax laws that deny that renters are stakeholders in their communities. . . . We need federal and state housing policies that seek a balance of tenure choices. . . . We need a tax system that treats equally all of those who call the United States their home.”

**Donald A. Kreuckeberg**  
**Rutgers University**

“Promoting homeownership also limits mobility which may impose costs that far exceed any benefits from better citizenship.”

**Edward L. Glaeser, Harvard University**  
**and Denise DiPasquale, University of Chicago**  
in “Incentives and Social Capital: Are Homeowners Better Citizens”

“The more we value homeownership, the less we value renting. . . . If the quest for higher and higher rates of homeownership means we fail to account for the range of housing needs in a community, then we actually are furthering inequality with a two-tiered housing system.”

**Sheila Crowley**  
**National Low Income Housing Coalition**

## APARTMENTS AS SMART HOUSING POLICY

PROBLEM: SUBURBAN SPRAWL

SOLUTION: MULTIFAMILY HOUSING

PROBLEM: URBAN DECAY

SOLUTION: MULTIFAMILY HOUSING

PROBLEM: UNAFFORDABLE HOUSING

SOLUTION: MULTIFAMILY HOUSING

PROBLEM: HOUSING OUR PARENTS

SOLUTION: MULTIFAMILY HOUSING

PROBLEM: BORING, HOMOGENOUS DEVELOPMENT

SOLUTION: MULTIFAMILY HOUSING (IN MIXED-USE,  
TRADITIONAL DEVELOPMENT)

SOURCE: NILES BOLTON, 1998

“Multifamily homes serve an important role in consumers’ housing choices. A wide variety of people choose to live in multifamily homes. . . . The construction and occupancy of multifamily homes generates jobs, economic growth and revenues for the local governments. Multifamily homes tend to place lower demands on the fiscal costs and infrastructure needs of the communities where they are located.”

**National Association of Home Builders**

The case made here is simple: housing can and should be developed at higher densities than is now standard practice.

**Karen Danielsen, Robert E. Lang and William Fulton**  
in *Housing Policy Debate* (Vol. 10, No. 3)

“A decent home in a suitable environment is a basic tenet of American life, yet our housing policy does not support this promise for working families of moderate income. The federal government should provide a menu of flexible housing resources.”

**The Center for Housing Policy**



"A key to more livable communities is compact and mixed-use development, with amenities and open spaces supported by appropriate transportation infrastructure."

**U.S. Department of Housing and Urban Development**

"The research on the impact of homeownership suggests that these benefits may not accrue to all homeowners. . . . The possibility of these negative impacts [reduced mobility and default] suggests that those involved in promoting homeownership should be careful not to oversell homeownership."

**William M. Rohe, George McCarthy and Shannon Van Zandt  
Center for Urban Studies, University of North Carolina  
in "The Social Benefits and Costs of Homeownership: A Critical  
Assessment of the Research"**

"To be fair, renters should be able to deduct some of their rent, or homeowners should pay taxes on mortgage payments."

**James R. Follain  
Syracuse University Center for Policy Research**



"The evidence for the social benefits of homeownership is not as conclusive as often presented in public dialogue and debate. . . . Insufficient attention has been paid to potential social costs associated with homeownership, particularly for lower-income households."

**The Research Institute for  
Housing America  
Washington, DC**

## APARTMENT RENTER PROFILE

	APARTMENT RESIDENTS	US TOTAL
<b>AGE OF HOUSEHOLDER</b>		
Under 30	29.1%	13.6%
30-44	33.7%	33.6%
45-64	20.6%	31.8%
65 and over	16.6%	21.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HOUSEHOLD TYPE</b>		
Single male	21.7%	10.7%
Single female	25.5%	14.9%
Husband/wife only	9.2%	21.3%
Husband/wife with children	12.0%	25.9%
Single parent	14.3%	9.1%
Roommates and others	17.3%	18.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
<b>PERSON IN HOUSEHOLD</b>		
1	47.4%	25.7%
2	26.4%	32.2%
3	12.8%	16.9%
4	13.4%	25.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: NMHC tabulations of 1998 U.S. Commerce Department data.



NATIONAL MULTI HOUSING COUNCIL  
 1850 M STREET, N.W., SUITE 540  
 WASHINGTON, DC 20036  
 PHONE (202) 974-2300  
 FAX (202) 775-0112  
 E-MAIL: [INFO@NMHC.ORG](mailto:INFO@NMHC.ORG)  
 HOME PAGE: [WWW.NMHC.ORG](http://WWW.NMHC.ORG)



NATIONAL APARTMENT ASSOCIATION  
 201 NORTH UNION STREET, SUITE 200  
 ALEXANDRIA, VIRGINIA 22314  
 PHONE: (703) 518-6141  
 FAX: (703) 518-6191  
 HOME PAGE: [WWW.NAAHQ.ORG](http://WWW.NAAHQ.ORG)