



RENT CONTROL PROPOSAL FOR SUBSIDIZED HOUSING MEETS OPPOSITION - THE MORTGAGE NOTE

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The Biden administration's move to cap rent increases for affordable housing units has split support in the industry.

Officials announced last week that the administration will impose a 10% cap on YOY rent increases for property owners who are part of the Low-Income Housing Tax Credit program.

Currently, LIHTC allows increases of 5% or double the percentage change in national median income, whichever is higher. The proposal would limit rent increases on these properties to no more than 10% annually, doing away with the income change option.

Proponents say the plan would help stabilize housing for low-income Americans reliant on subsidized housing.

"The decision to prevent egregious rent increases is an important win for the millions of renters living in tax credit-financed properties," Diane Yentel, President and CEO of the National Low Income Housing Coalition, said in a [statement](#).

But many housing experts have come out against it.

"You're discouraging the creation of supply," David Dworkin, president and chief executive of the National Housing Conference, [told](#) The Washington Post. "At a time when insurance costs are skyrocketing, and the fixed cost of building is already high ... how many different ways are we going to make it harder to build an affordable unit?"

Mortgage Bankers Association President and CEO Bob Broeksmit [excoriated](#) the proposal, arguing that rent control would hurt, not help, affordable housing.

"Rent control has consistently proven to be a failed policy that discourages new construction, distorts market pricing, and leads to a degradation of the quality of rental housing - the exact opposite of what is currently needed in markets throughout the country," Broeksmit said.

"If the Administration imposes unworkable rent caps on LIHTC programs, it will severely suppress - if not kill - the program. Such a move is puzzling and contradicts many of the Administration's other efforts to increase affordable rental housing."

Rents are currently 30% higher than before than pandemic, though they show signs of slow cooling.

Regardless of these debates, experts [say](#) the impact will be limited because very few properties under LIHTC would be eligible for rent increases of more than 10%.



This is the second recent proposal to tackle housing affordability issues from the White House. During the State of the Union address earlier this year, Biden [touted](#) a mortgage relief plan providing tax credits for first-time homebuyers and sellers.

He further asked Congress to pass legislation he says will encourage the renovation and construction of 2 million new homes, addressing crippling inventory shortages.