RHAWA
Rental Housing Association of WA

Behind the High Cost of Rent:

How Local Rules and Regulations are Increasing Expenses for Multifamily Operators

STUDY #22

Source: Summary of Research by Daniel Shoag, Ph.D., & Issi Romem, Ph.D. (February 2025) | Published by the National Apartment Association (NAA) & National Multifamily Housing Council (NMHC)

LINK TO STUDY

Study Overview

Housing affordability challenges have expanded nationwide, with rising regulatory burdens contributing to higher operating costs and suppressed new multifamily development. This research examines the financial impact of rental regulations from 2004 to 2019, using proprietary data from the NAA to assess four key categories of laws.

Key Findings

Source-of-Income Laws (e.g., mandatory acceptance of Section 8 vouchers)

- Increased vacancies by 10.4%
- Raised utility expenses by 9.4%
- Increased collection losses by 12.5%

Eviction Laws (e.g., just-cause requirements, right-to-counsel)

- Increased legal fees and eviction timelines
- Raised marketing, salary, and utility expenses
- Increased collection losses by 37.5%

Resident Screening Laws (e.g., restrictions on criminal & credit history checks)

- Increased repair and maintenance expenses by 12.8%
- Led to higher capital expenditures (+17.2%)
- Reduced property owners' ability to assess financial reliability

State Preemption Laws (laws preventing local regulations from exceeding state standards)

- Increased total revenues and capital reinvestment (+19.2%)
- Reduced compliance and administrative costs
- Created a more stable investment environment for multifamily housing

Policy Implications

- **Unintended Consequences:** While well-intentioned, tenant protection laws increase operational costs, reducing housing supply and driving rent hikes.
- **Preemption as a Solution:** Standardizing regulations at the state level encourages reinvestment, protects housing supply, and stabilizes costs.
- **Balanced Approach Needed:** Effective policy must consider both resident protections and the economic realities of housing providers to maintain affordability.

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