

Request for Research Proposals: Apartment Stock Filtering

The NMHC Research Foundation seeks proposals for one or more research studies examining what happens to the apartment stock as it ages. In particular, apartment properties can filter downward, gentrify upward, or be removed from the housing stock entirely.

Project Content. As the problem of housing affordability has grown in severity, so too has the search for ways to increase the stock of housing affordable to low- and moderate-income households. In most parts of the country, the all-in cost of construction is too high for new market-rate apartment homes to be affordable for these households.

Most apartments affordable to families with incomes at or below the area median are homes that have “filtered” down from the high end of the market, as the combination of aging plus delivery of newer units (often with more, or at least updated, amenities) causes apartments to move from class A to class B to class C, with a corresponding shift away from the high end of the rent spectrum toward the middle (or below).

There are reasons to think the filtering process may have shifted in recent years. Renters, like homeowners, are moving less, which could slow the filtering process. Location may have increased in importance; owners of properties in class A locations may have greater incentive to prevent their units from filtering down. Value-add investment seemingly has become more widespread than in the past, which may cause more apartments to “filter up” (gentrify). Other factors that could affect the filtering process include changes in construction quality and technology – which could affect the ability of a building to withstand neglect/downgrading – and stricter enforcement of building codes.

The goal of this study is to provide a comprehensive assessment of filtering in the apartment stock currently. In particular, the study should estimate the extent to which apartment homes currently affordable to low- and moderate-income households are the result of filtering down, along with how long the filtering process took. The study should also examine current trends and dynamics and assess whether filtering has changed in any significant way. In a nutshell: Does the filtering process still work to provide more apartment homes affordable to low- and moderate-income households? And what does this suggest about apartments being completed in today’s market?

The dynamics likely differ according to location, hence examination of how filtering differs among metro areas should be a key part of this study.

In addition—either as part of this study or a separate one—the NMHC Research Foundation is interested in the dynamics of a related issue, namely the loss of apartment units due to deterioration and decay, which may perhaps be viewed as filtering down too far. Proposals are welcome on either issue, as well as on both together.

The NMHC Research Foundation values creativity in study design and execution. Those submitting proposals are encouraged to consider additional/alternative approaches.

Data. Proposals should indicate what data set(s) they intend to use for the analysis. In addition to publicly-available databases, the NMHC Research Foundation may be able to assist in gaining access to some private databases.

Funding. The size of the grant will depend on the scope of the proposal chosen. Research Foundation grants are typically in the \$15,000 to \$25,000 range, but commensurate with project scope and depth, both higher and lower grants will be considered. Funding schedule is 50 percent upon acceptance of the proposal and 50 percent upon completion to the satisfaction of the Board of Directors of the NMHC Research Foundation.

Grant Terms and Conditions. The NMHC Research Foundation retains ownership of all funded research and will have unlimited rights to the use of the deliverables from the study. Researchers can request to reuse, repackage and/or republish the research in other projects or reports after the research has been completed and submitted to the NMHC Research Foundation. Any such use will be accompanied by an acknowledgement of the NMHC Research Foundation as the source of funding for the research.

Submittal Instructions. Submissions should include: (i) one-page resume of all researchers involved; (ii) concise description of issues to be investigated and methodology; (iii) description of data sets to be used; (iv) research

timeline; and (v) budget, including projected cost of any data required. Proposals should be addressed to: mobrinsky@nmhc.org no later than September 15, 2018. Contact Mark Obrinsky, NMHC SVP of Research and Chief Economist, with any questions at 202.974.2329 or mobrinsky@nmhc.org.

About Us. The NMHC Research Foundation is a (501(c)(3)) non-profit organization created to promote high-quality research of value to the apartment industry. Based in Washington, DC, the National Multifamily Housing Council (NMHC) is the leadership of the trillion-dollar apartment industry. We bring together the prominent owners, managers and developers who help create thriving communities by providing apartment homes for 38 million Americans. NMHC provides a forum for insight, advocacy and action that enables both members and the communities they help build to thrive.