

Occupational Licensing- Property Management

Occupational licensing requirements are typically enacted under the guise of improving quality or public safety, but this argument rarely holds up to scrutiny. Research has shown that tougher professional licensing regulations are not indicative of the quality of service being rendered.¹ Overall, licensure requirements drive up costs for consumers, act as a barrier to entry into the labor force and limit the mobility of individuals who possess a professional license.² Economists have found that licensing results in an estimated 2.8 fewer jobs and costs licensed professionals approximately \$203 billion per year.³

In the context of real estate, licensing requirements typically apply to agents and brokers who facilitate sales and purchases of property in exchange for a fee or commission. Some states extend these requirements to cover other real estate transactions, such as leasing, renting or managing rental property. Covered activities include advertising property for rent, showing apartments, negotiating leases or lease terms or collecting rent. If a residential rental property manager or leasing agent engages in these activities, this triggers licensing requirements, which could include fees, registration and mandated continuing education. These additional requirements could impact day to day business operations in a number of ways, as it drives up training costs and lengthens the onboarding time for employees.

Elected officials should reject the notion that imposing licensure requirements is necessary for consumer protection. Real estate groups that already are subject to licensure promote this idea, however such attempts represent nothing more than veiled efforts to affect the state of play amongst the various segments of the real estate industry.

For states that require licensure for apartment community staff, legislators should consider enacting exemptions for on-site staff, and consider voluntary certification for all property management and leasing staff. States that mandate licensure of apartment property managers and leasing agents should consider entering into reciprocity agreements with other states to ensure licensed professionals are not subject to duplicative requirements.

NAA Viewpoint NAA urges lawmakers to reject proposals that require licensing of property management or leasing staff, and instead consider less burdensome approaches such as encouraging voluntary certification.

¹ U.S. Department of Treasury-Office of Economic Policy, White House Council of Economic Advisors and US Department of Labor, The White House, *A Framework for Policymakers* and Morris M. Kliener, Brookings Institution-The Hamilton Project, *Reforming Occupational Licensure Policies*.

² U.S. Department of Treasury-Office of Economic Policy, White House Council of Economic Advisors and US Department of Labor, The White House, *A Framework for Policymakers* and National Conference of State Legislatures, *The State of Occupational Licensing: Research, State Policies and Trends*.

³ U.S. Federal Trade Commission, Bureau of Economics. *The Costs and Benefits of Occupational Regulation*