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BUILDING CAPACITY: REDUCING GOVERNMENT ROADBLOCKS TO HOUSING SUPPLY

HEARING

BEFORE THE

COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

DECEMBER 3, 2025

Serial No. 119–47

Printed for the use of the Committee on Financial Services

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BUILDING CAPACITY: REDUCING GOVERNMENT ROADBLOCKS TO HOUSING SUPPLY

Wednesday, December 3, 2025

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:11 a.m., in room 2128, Rayburn House Office Building, Hon. J. French Hill [chairman of the committee] presiding.

Present: Representatives Hill, Sessions, Huizenga, Wagner, Barr, Williams of Texas, Loudermilk, Davidson, Rose, Steil, Timmons, Stutzman, Meuser, Kim, Garbarino, Fitzgerald, Flood, Lawler, De La Cruz, Nunn, McClain, Salazar, Downing, Haridopolos, Moore, Waters, Velázquez, Sherman, Meeks, Scott, Lynch, Green, Cleaver, Himes, Foster, Beatty, Vargas, Gonzalez, Casten, Pressley, Tlaib, Torres, Garcia, Williams of Georgia, Bynum, and Liccardo.

Chairman HILL. The Committee on Financial Services will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any time.

Today's hearing is entitled "Building Capacity: Reducing Government Roadblocks to Housing Supply."

Without objection, all members will have 5 legislative days within which to submit extraneous material to the chair for inclusion in the record.

I now recognize myself for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. FRENCH HILL, CHAIRMAN OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM ARKANSAS

Today's hearing will explore the various factors contributing to the high cost of housing and examine the tools the Federal Government might wield in order to alleviate some of that burden.

Over the last decade, housing affordability has rapidly become one of the main issues facing our American families, which have been primarily driven by a persistent lack of supply needed to meet a growing demand. The delta between supply and demand has resulted in an affordability challenge many Americans face in looking to purchase a home.

This committee has held numerous hearings on critical aspects of this issue, including barriers to building middle-class housing, better utilization of modular and manufactured housing to meet urgent needs, and the unique housing challenges that rural America faces.

More recently, our Housing and Insurance Subcommittee held a hearing reviewing the urgent need to modernize the Federal housing construction program, the HOME Program, to make it the most effective and responsive to today's market demands.

Each of these discussions has highlighted a severe, decades-long shortfall in housing inventory that has hindered many Americans' access to affordable homes. Our goal today is to chart a path toward greater development capacity and a more simplified regulatory framework.

Regulatory complexity, particularly those locally designed and approved rules, remains a significant obstacle for property owners and builders, complicating the development process and often resulting in delays and increased expenses.

Rather than helping development, overburdensome building regulations have made it nearly impossible for many housing providers to navigate a maze of Federal, State, and local rules, leading to less housing development across the Nation.

Likewise, homebuilders and hopeful homebuyers are being crushed by the tailwinds of the 40-year high in inflation brought about by trillions in new spending from the Biden Administration and excessive laxity on the part of the Federal Reserve in late 2020 and 2021.

This inflationary spike elevated the cost per square foot, pushed down real incomes, contributed to higher insurance premiums and, obviously, higher interest rates as the Federal Reserve (Fed), behind the curve, fought to overcome these errors. Inflation is down to 3 percent from its ugly peak of 9 percent in 2022.

In line with the committee's "Make Community Banking Great Again" agenda, committee Republicans have been working alongside the Trump Administration to ensure that community banks remain viable, competitive, and able to serve their local needs to combat rising housing costs. Greater capital, better deposit funding, and lower compliance costs mean greater credit availability by our banks for our construction industry.

We are committed to finding new ways to foster a homebuilding and buying environment that is conducive to supply growth and prudent lending practices. Our focus today is not about expanding government control; it is about how our government can work through to cutting red tape that is stifling innovation and discouraging investment in housing projects.

My Republican colleagues and I understand that the first step in creating a well-functioning housing market starts with streamlining regulatory processes and eliminating redundant layers of bureaucracy. By doing so, we can create a more predictable environment for builders, lenders, buyers, and renters.

After we take feedback from today's hearing, we plan to hold a markup later this month on a package of housing and banking reform solutions for our Nation's housing challenges.

I want to thank our witnesses, and I look forward to our discussion today.

I now recognize the ranking member of the committee, Ms. Waters, for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. MAXINE WATERS, RANKING MEMBER OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM CALIFORNIA

Ms. WATERS. Thank you very much, Mr. Chairman.

The cost of living is skyrocketing, and working-class families are struggling to pay their rent and mortgages and what is Donald Trump doing to solve this crisis? Raising housing costs.

He is imposing tariffs on lumber and other building materials, gutting the key civil-rights protections meant to end housing discrimination, and unleashing masked Immigration and Customs Enforcement (ICE) agents on American cities, wreaking havoc on families and communities and fueling labor shortages at places like home construction sites.

Now Trump wants to gut permanent supportive housing funding, which would force 170,000 people back onto the streets—a move that will significantly harm people with disabilities, veterans, survivors of domestic violence, and women with children.

Mr. Chairman, I do not have to tell you how severe the housing crisis has become. As it stands, nearly 800,000 people are experiencing homelessness, and most American families use the bulk of their paycheck for their rent or mortgage. This is a serious problem and requires serious solutions.

Federal Housing Finance Agency (FHFA) Director Bill Pulte, who spends more time launching baseless political witch hunts than solving the housing crisis, has proposed a 50-year mortgage. This is the most preposterous housing policy anyone has ever come up with. What is the next brilliant idea? A 100-year mortgage? We should not expect any progress on the housing crisis when people in charge are unserious and out of their depth.

Committee Democrats are serious about solving this crisis. Right after the administration proposed gutting funding for permanent supportive housing, I demanded the Housing and Urban Development (HUD) Secretary Scott Turner to reverse the decision in a letter that I led with 52 other House Democrats.

At the same time, my Democratic colleagues and I in the House and Senate have worked in a bipartisan manner to get the Renewing Opportunity in the American Dream (ROAD) to Housing bill included in the National Defense Authorization Act (NDAA), a commonsense legislative package that would chip away at the crisis while we all work in good faith to reach a deal.

I know there have been some concerns, and, Mr. Hill, I know that some of your concerns are my concerns and I know that you walked away from the negotiations. Well, while I am disappointed in that decision, I am encouraged that you want to work with me and committee Democrats to finally get something done on housing. What you just said this morning is very encouraging.

So I am looking forward to working with you to solve the problem that we all know exists. We must move quickly, because, while Congress bickers, rents are still going up, home prices are still rising, and mortgage rates are still too high.

I also encourage my friends on the opposite side of the aisle to not play around with the margins of housing policy. Let us go big.

While the ROAD is an important and incremental step, we need serious and substantial government intervention to build the hous-

ing units needed to end this crisis. The private sector cannot do it alone and certainly will not build housing for our lowest-income families, so we have to be bold with this.

My housing package is just that. It is the single-largest and most comprehensive investment in affordable housing in U.S. history and will finally tackle the affordable housing crisis, end homelessness, and eliminate the racial wealth and ownership gap.

So I look forward to today's conversation and working with my colleagues to get a bipartisan housing bill passed into law. It is going to cost some money. Please do not start telling me we are going to do it without paying for it. We have to pay for it.

I yield back.

STATEMENT OF HON. MIKE FLOOD, CHAIRMAN OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM NEBRASKA

Chairman HILL. The gentlewoman yields back.

I now recognize the chair of the Subcommittee on Housing and Insurance, Mr. Flood, for 1 minute for an opening statement.

Mr. FLOOD. Thank you very much, Mr. Chairman, and especially thank you for your leadership on housing.

Housing costs, as we have noted today, have been rising for the last several years, and this problem is taking its toll. Housing affordability affects everyone. For example, the American Dream of buying a home is out of reach for many of our country's young people. Did you know the median age of a first-time homebuyer today is, astoundingly, 40 years old?

The reason for this affordability problem is simple: We are not building enough homes in this country to meet the demand. We have a 5-million-unit shortage. This committee and the Housing and Insurance Subcommittee have been working on solutions that will cut costs, remove government barriers, and unleash more building across the country. This hearing today is the latest step in our work this year.

You will note that almost every hearing this subcommittee has had has been on housing this year. We have a wide range of bills that have been noticed today that will address different aspects of the problem.

I am excited and honored to be a part of this process and have enjoyed working with my colleague, Mr. Cleaver, from the great State of Missouri. I look forward to our markup at the end of this month.

With that, I yield back.

Chairman HILL. The gentleman yields back.

I recognize the ranking member of our Subcommittee on Housing and Insurance, Mr. Cleaver.

You are recognized for a 1-minute opening statement.

STATEMENT OF HON. EMANUEL CLEAVER, RANKING MEMBER OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM MISSOURI

Mr. CLEAVER. Thank you, Mr. Chairman.

I have been on this committee for over 20 years, and there are at least two things I have found to be unquestionably true. One,

housing affordability has worsened over the past two decades, and it creates an increased affordable housing supply need. Number two, there is always a reason for Congress not to work together to get something done.

Congress now has perhaps a once-in-a-generation opportunity to advance housing legislation of consequence. This includes ROAD to Housing, which includes House legislation such as my own and dozens of other bills under discussion today.

It is right to ask whether Congress can overcome harmful administrative action, but I have learned that the reasons not to work across the aisle will always be there, and so will the need.

I thank all the members of this committee who are working in a bipartisan manner and look forward to open debate on the legislation before us today.

Thank you, Mr. Chairman.

Chairman HILL. The gentleman yields back.

Today, we welcome the testimony of Mr. Kevin Sears, immediate past president of the National Association of Realtors; Ms. Julie Smith, chief administrative officer of Bozzuto, here on behalf of the National Multifamily Housing Council, the National Apartment Association, and the Real Estate Technology and Transformation Center; Mr. Tobias Peter, senior fellow and co-director at American Enterprise Institute's (AEI's) Housing Center; and Nikitra Bailey, executive vice president of the National Fair Housing Alliance.

We thank all of you for being with us today.

Each of you will be recognized for 5 minutes to give an oral presentation of your testimony.

Without objection, your written statements will be made part of the record.

Mr. Sears, we are going to start with you. You have 5 minutes for your presentation.

STATEMENT OF KEVIN SEARS, IMMEDIATE PAST PRESIDENT, NATIONAL ASSOCIATION OF REALTORS

Mr. SEARS. Chairman Hill, Ranking Member Waters, members of the committee, thank you for inviting me to testify today.

My name is Kevin Sears. I am the 2024–2025 president of the National Association of Realtors. I am also a practicing real estate broker in Springfield, Massachusetts, where I have worked for over 30 years helping families and individuals achieve the American dream of home ownership.

Today, I am here on behalf of our nearly 1.5 million Realtor members representing nearly every ZIP code across this great Nation.

Every day, Realtors watch families struggle to find homes that they can afford. These are families who have done everything right—they have saved for years, they have stable jobs, they have good credit—but buying a home is slipping out of reach because they cannot find one they can afford. We constantly see teachers, nurses, firefighters, police officers priced out of the very communities that they serve.

This is not anecdotal. We surveyed real estate firms from across America, and nearly 60 percent of them told us that housing affordability is their single biggest challenge. The lack of affordability in

the market is a systemic crisis locking entire generations out of home ownership.

At the root of America's affordability crisis is an undeniable fact: Our Nation has a severe lack of housing supply.

The numbers tell a stark story. There were more homes available for purchase in 1995 than there are today, although there are millions more Americans. After the Great Recession, we experienced 14 consecutive years of severe underproduction, creating a shortage, as Chairman Flood said, of nearly 5 million homes nationwide.

The impact on families is profound. First-time homebuyers have fallen to a record low of 21 percent of purchases. According to National Association of REALTORS's (NAR's) data, the median first-time homebuyer is now 40 years old.

Let that sink in. An entire generation is waiting more than a decade longer than their parents did to buy homes. Many may never get there at all and this 10-year delay translates to more than $150,000 of lost wealth—equity that could help them educate their children or support them in their retirement.

The housing shortage also drives rents to record highs, limiting ability for families to save for home ownership. According to NAR's 2025 analysis, the median net worth of a U.S. homeowner is approximately $430,000, while the median net worth of a renter is $10,000. So what that means is that a typical homeowner is 43 times wealthier than a typical renter.

This shortage is a result of specific policy choices and market barriers that we can and must address.

Homeowners are increasingly locked in place. The capital-gains exclusion, set in 1997 at $250,000 for a single owner and $500,000 for married couples, has never been updated, even as home prices have surged.

At the same time, rising interest rates mean that homeowners who secured a 3-to 4-percent mortgage rate just a few years ago may not be able to afford today's rates if they were to move.

Millions of households with Federal Housing Administration (FHA), United States Department of Agriculture (USDA), and Veterans Affairs (VA) loans are also staying put rather than giving up their low mortgage rates.

Improving buyers' ability to use existing assumable loans would allow them to take over a seller's lower mortgage rate, increase mobility, and unlock more homes on the market.

Builders face barriers at every level of government—restrictive zoning, unpredictable permitting and rent control at the local level, along with Federal red tape and high financing costs, all of which slow construction and limit supply of affordable and rental homes.

Realtors have taken action. We are working to empower communities to remove barriers, expand supply, and help our clients achieve the American dream of home ownership but local action alone cannot close the housing shortage. Federal leadership is essential.

We recommend the bipartisan leadership—we commend the bipartisan leadership of this committee, particularly Subcommittee Chair Flood and Ranking Member Cleaver, who have championed practical solutions.

We must build on this momentum by unlocking existing homes through modernizing the capital-gains policy, boosting new construction, Federal and State local reforms, and expanding financing for affordable and innovative housing.

My written testimony details the bipartisan legislation to do just that, including the More Homes on the Market Act, the Housing Supply Frameworks Act, and the HOME Reform Act, and other solutions this committee has championed.

The housing supply crisis demands action at every level of the government. This crisis is not a red or blue issue; it is a red, white, and blue issue. NAR and our members stand ready to work with Congress and the administration to deliver real solutions.

Thank you.

[The prepared statement of Mr. Sears follows:]

NATIONAL ASSOCIATION OF REALTORS®

ADVOCACY GROUP
Shannon McGahn
Chief Advocacy Officer

Written Testimony of
Kevin Sears
Immediate Past President
National Association of REALTORS®

Before the House Committee on Financial Services

Hearing Titled "Building Capacity: Reducing Government Roadblocks to Housing Supply"

December 3, 2025

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REALTORS® are members of the National Association of REALTORS®.

Introduction

Chairman Hill, Ranking Member Waters, Members of the Committee: Thank you for inviting me to testify at today's hearing.

I am Kevin Sears, the 2025 President of the National Association of REALTORS® (NAR), where I have served in numerous leadership roles for many years. I am also a Broker-Associate with Lamacchia Realty in Springfield, Massachusetts, where I have practiced real estate for over 30 years and have been deeply engaged in my local community, working to ensure affordable housing remains within reach for families who want to build their lives there.

Today I am testifying on behalf of nearly 1.5 million members of NAR, representing every zip code in the United States, who thank you for the opportunity to present NAR's views on this crucial issue of housing supply and affordability.

NAR is America's largest trade association, and our members engage in all aspects of the residential and commercial real estate industries.

The American Dream Is Slipping Away

Every day, REALTORS® across the country work with young families who have done everything right. They've saved for years, have stable jobs and good credit. But despite this, we watch them struggle to find a home that they can afford. We see teachers, nurses, and police officers priced out of the communities they serve. We help first-time homebuyers search for months, only to watch them get outbid by all-cash offers or find there's simply nothing available within their budget.

When we recently surveyed real estate firms across America, 56 percent identified housing affordability as their single biggest challenge—more than any other issue facing our industry.[1] This isn't anecdotal. It's not limited to a few hot markets. It's a systemic crisis that is locking an entire generation out of homeownership and threatening the foundation of middle-class wealth building in America. This is not a partisan issue. It's a generational one, and it's getting worse, not better. If we continue down this path, America risks becoming a nation where owning a home—the defining marker of stability and success—is reserved for the few, not the many.

By the Numbers: How Bad Has the Housing Crisis Grown?

The supply of homes available to purchase has collapsed. According to NAR data, there were more homes available to purchase in 1995 than today, despite 75 million more Americans living in the country today (figure 1).

[1] NAR, "Real Estate Firms Cite Housing Affordability and Rising Costs as Biggest Challenges," Nov. 19, 2025.

2023, 2024, and 2025 Looking Like...1995

Record High Home Price, but Worst Sales Since 1995

	1995	2024
Annual existing-home sales	3.85 million	4.06 million
U.S. population	266.6 million	341.1 million
Single-family inventory (December)	1.58 million	1.00 million
Median annual existing-home sales price	$114,600 ($241k inflation adjusted)	$407,500

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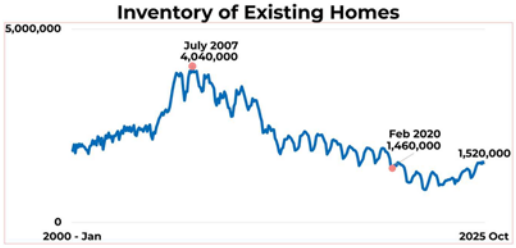
Source: Flashback: 1995 in the Housing Market vs Today https://www.nar.realtor/blogs/economists-outlook/flashback-1995-in-the-housing-market-vs-today

Figure 1

Today, inventory sits at just 1.52 million due to persistent underbuilding since the Great Recession (figure 2). Even before the pandemic, in February 2020, inventory had already fallen to 1.46 million homes. This isn't a temporary disruption. It's a long-term structural shortage that has been building for years.

Inventory of Existing Homes



Source: NAR Existing-Home Sales
www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales

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Figure 2

Housing construction peaked in 2005 at over 2 million starts, then plummeted during the Great Recession, bottoming out in 2009 at just 550,000.[2] While we have since recovered to building roughly 1.4 million homes annually, we experienced 14 years of severe underproduction. The result is a shortage of 4.7 million homes nationwide.[3] Yet we are trying to house a growing population with a shrinking supply of available homes. The result is predictable: prices and rents have skyrocketed, competition for homes remains intense in many markets, and millions of families simply cannot find an affordable home to buy.

[2] NAR, "Metro Areas Producing More Housing Than Their Historical Average," June 18, 2024.
[3] Id.

Indeed, even as current home sales remain depressed, prices continue to climb. In the third quarter of 2025, home prices rose in 77 percent of metro markets nationwide, with the national median existing single-family home price reaching $426,800.[4] For first-time buyers, the typical starter home now costs $362,800, requiring them to spend over 37 percent of their income on monthly mortgage payments alone. And that's before accounting for the increases in property taxes and homeowners' insurance, particularly in higher risk areas around the country. The good news? In markets where robust new construction has occurred, primarily in southern states, we are seeing price declines and renewed affordability.[5] This proves that increasing supply works. But we need it everywhere, not just in a few regions.

Alarmingly, this persistent shortage of housing is fundamentally changing who can become a homeowner. According to our latest data, the share of first-time home buyers has dropped to a record low of 21 percent.[6] The historical norm of first-time buyers before the Great Recession was 40 percent. The typical age of a first-time buyer has climbed to an all-time high of 40 years old.[7] Read that again: 40 years old. An entire generation is waiting more than a decade longer than their parents did to achieve homeownership, and many may never get there at all.

The housing supply crisis affects the entire housing continuum, not just homeownership. The shortage is both driving up home prices and pushing rental costs to record highs, making it harder for families to save for a down payment. Renters are caught in a vicious cycle: they can't afford to buy because home prices are too high, and they also can't save for a down payment because rent is consuming too much of their income. According to NAR data, 31 percent of first-time homebuyers reported that the most difficult step of their home buying process was saving for the down payment, compared to only 6 percent for repeat buyers, and 49 percent cited high rent as an expense that delayed saving for a down payment or home purchase.[8]

When young families are forced to wait until middle age to buy their first home, they lose years of wealth building. A 10-year delay in buying a typical first home can mean losing more than $150,000 in potential equity growth[9]—equity that could have funded their children's education or their own retirement. They also miss years of stability and community roots that homeownership provides. This isn't just delaying the American Dream. For millions of families, it's denying it entirely.

What Is Driving Our Nation's Housing Supply Shortage?

The 4.7 million home shortage didn't happen by accident. It's the result of specific policy choices and market barriers that we can, and must, address.

- **Homeowners Are Locked in Place.** Current tax policy penalizes homeowners who have built equity and want to move. When a homeowner sells their primary residence, they

[4] NAR, "Home Prices Increased in 77% of Metro Areas in Third Quarter of 2025," Nov. 6, 2025.
[5] Id.
[6] NAR, "First-Time Home Buyer Share Falls to Historic Low of 21%, Median Age Rises to 40," Nov. 4, 2025.
[7] Id.
[8] NAR, *2025 Profile of Home Buyers and Sellers*, Nov. 2025.
[9] NAR, "First-Time Home Buyer Share Falls to Historic Low of 21%, Median Age Rises to 40," Nov. 4, 2025.

face capital gains taxes on appreciation above $250,000 for individuals or $500,000 for married couples. While once generous, these amounts have remained unchanged for over 27 years, despite significant home price inflation. For long-time homeowners in appreciating markets, this tax liability can be substantial enough to discourage them from selling, limiting housing inventory and creating more competition and higher prices for first-time homebuyers. What's more, millions of homeowners who locked in rates at 3 or 4 percent are financially trapped in homes that no longer meet their needs. This "lock-in effect" keeps existing homes off the market, further constraining already-low inventory.

- **State and Local Barriers Constrain New Construction.** Builders face a maze of regulatory obstacles at the state and local level. Restrictive zoning laws limit what can be built and where. Many communities prohibit "missing middle" housing, such as duplexes, accessory dwelling units, townhomes, and small apartment buildings. These are exactly the housing types that historically provide affordable options for first-time buyers. Lengthy permitting processes add months or years to projects. Impact fees, transfer taxes, density restrictions, and parking requirements drive up costs and reduce feasibility. Building codes often go beyond proven public health or safety needs to prescribe specific materials or methods, raising construction costs without meaningfully improving outcomes. These prescriptive requirements can also discourage innovation in construction techniques, such as modular or prefabricated housing, that could deliver homes faster and more affordably. In many communities, vocal opposition to new housing, particularly affordable or multifamily housing, blocks projects that would expand supply. Additionally, rent control policies, while intended to protect affordability, often discourage investment in new rental housing construction and rehabilitation of existing properties, ultimately reducing the supply of available units. These barriers don't just slow construction; they make it economically unviable in many markets where housing is needed most.

- **Federal Red Tape Slows Housing Production.** Projects involving federal funding or permits face layers of federal requirements that delay construction and drive up costs. Environmental reviews under the National Environmental Policy Act (NEPA) can take years to complete. Federal wage requirements, procurement rules, and other compliance mandates add complexity and expense. For developers trying to build affordable housing with federal resources, navigating this web of federal regulations has become a significant barrier to getting projects built quickly and cost-effectively.

- **Financing Constraints Limit Development.** The cost of borrowing to build new homes has become increasingly expensive for many developers.[10] Small and mid-sized builders, who depend on construction loans to fund their projects, are particularly squeezed by rising materials costs and high interest rates that increase their monthly debt service. When projects encounter delays, a common occurrence in construction, interest costs

[10] Elizabeth Nimmons, National Association of Hispanic Real Estate Professionals, "Building Barriers: How Rising Construction Costs Impact the Housing Affordability Crisis," Oct. 21, 2025.

continue to accumulate and further erode profitability. Faced with these financial pressures, developers increasingly opt to build high-end homes where profit margins can absorb higher financing costs, leaving fewer options for families seeking affordable starter homes. Additionally, traditional financing structures create barriers for innovative construction methods and housing types that have the potential to expand supply.

- **The Construction Workforce Is Stretched Thin.** The construction industry lost hundreds of thousands of workers during the Great Recession, and many never returned.[11] Today, we face a critical shortage of skilled tradespeople—electricians, plumbers, carpenters, and framers—needed to build homes.[12] As the existing workforce ages toward retirement, more young workers entering the trades are needed to replace them. This labor shortage drives up construction costs, extends project timelines, and limits how quickly we can expand housing supply even when other barriers are removed.[13]

- **Riskier Construction Raises Costs.** Insurance costs are adding another layer of strain in markets most exposed to natural disasters. In the highest-risk areas, homeowners' insurance premiums are more than 80 percent higher than in the lowest-risk zones, according to a recent report by the U.S. Treasury's Federal Insurance Office.[14] This is not a nationwide trend; it is concentrated where risk is greatest, driven by three factors: the rising cost of disasters, continued migration into vulnerable regions, and the growing expense of rebuilding homes.

REALTORS® Are Already Empowering Communities

NAR and our state and local associations are working to empower communities to address these barriers. Through grant programs that support smart growth policies and neighborhood revitalization, we help our members partner with state and local governments on housing solutions. Our state and local associations provide tools and resources to advance pro-housing policies in their communities, from advancing zoning reforms to streamlining permitting processes. NAR has also joined forces with the National League of Cities, the American Planning Association, the National Association of Home Builders, and the Mortgage Bankers Association to create the Housing Supply Accelerator Playbook, a menu of options that local communities can tailor to expand housing supply.[15] Building on this momentum, NAR and partners recently launched America's Housing Comeback, a national initiative that elevates this work by bringing together local elected officials, planners, builders, and REALTORS® to accelerate implementation on the ground. The Comeback serves as a unifying platform to scale proven solutions, strengthen federal-local collaboration, and help communities translate the Playbook's recommendations into real, measurable progress on housing supply. Our members are putting these solutions into action.

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[11] Joint Center for Housing Studies of Harvard University, "Rebuilding the Construction Trades Workforce," June 5, 2024.
[12] Home Builders Institute, The Skilled Labor Shortage and America's Housing Crisis, June 2025.
[13] Id.
[14] U.S. Dep't of the Treasury, "Report: Homeowners Insurance Costs Rising, Availability Declining as Climate-Related Events Take Their Toll," Jan. 16, 2025.
[15] National League of Cities & American Planning Association, Housing Supply Accelerator Playbook, 2024.

Spokane REALTORS® helped advance the city's Missing Middle Housing ordinance, enabling duplexes, triplexes, and fourplexes on residential lots. Utah REALTORS® secured passage of priority legislation to boost housing supply by developing excess state-owned infill parcels where infrastructure already exists. And in Oklahoma, Oklahoma City REALTORS® championed an urban core Accessory Dwelling Unit (ADU) ordinance that allows ADUs by-right reducing cost, complexity, and red tape for homeowners and builders.[16]

REALTORS® have a direct stake in solving this crisis. Our business depends on a healthy housing market where families can buy and sell homes. But more fundamentally, we believe in what homeownership represents: stability, wealth building, and community investment. That's why we're not waiting for federal action alone. We're working in our own communities to expand supply and improve affordability. But local action alone cannot close a 4.7 million home shortage. Federal leadership is essential.

Solutions for Reducing Government Roadblocks to Housing Supply and Affordability

Addressing the housing supply crisis requires federal action that incentivizes solutions at every level of government and across the private sector. NAR supports proposals that will boost supply and expand access to affordable housing for families at all income levels, whether they are seeking to buy their first home, find quality rental housing, or remain in homes they already own.

We urge Congress to advance policies that increase housing production and encourage rehabilitation and adaptive reuse of existing properties, and support innovation in construction methods and housing types. Many of these ideas have bipartisan support in both chambers, including provisions in the Senate's recently passed ROAD to Housing Act. We commend the bipartisan leadership of this Committee, particularly Housing and Insurance Subcommittee Chairman Flood and Ranking Member Cleaver, in championing these solutions. There is also an opportunity for administrative reforms that can be implemented now to make a meaningful difference. We look forward to working with Congress and the Administration to increase housing inventory and affordability.

Unlocking Existing Inventory

- **Remove the Tax Penalty on Moving.** By increasing the capital gains exclusion and indexing it for inflation, Congress can remove this disincentive for homeowners to sell, opening up inventory for prospective buyers and helping to stabilize the housing market. NAR supports **H.R. 1340, the More Homes on the Market Act**, a bipartisan bill that would update the capital gains exclusion thresholds for the first time in nearly 30 years. The legislation proposes to double the exclusion to $500,000 for individuals and $1 million for married couples and adjust the caps to reflect future inflation.

- **Reform FHA Rules That Restrict Buyer Choice.** FHA-insured loans are a critical tool for first-time and low-downpayment buyers, but outdated FHA regulations unnecessarily limit which homes these buyers can purchase. FHA's resale restrictions prevent buyers from purchasing recently renovated homes sold within 90 days, forcing them to compete

[16] NAR, REALTOR® Party Success Stories, accessed Nov. 22, 2025.

for a smaller pool of available properties or take on homes needing upfront costly repairs they may not be able to afford. FHA condominium restrictions exclude many otherwise suitable properties from FHA financing, particularly in urban areas where condos may be the most accessible homeownership option. While these rules were designed to protect both borrowers and the safety and soundness of the FHA Mutual Mortgage Insurance Fund, they now have the unintended effect of shrinking the inventory available to the buyers who need the most options. These restrictions should be modernized to expand homeownership opportunities for FHA borrowers while maintaining appropriate protections.

- **Improve Mortgage Assumability to Enhance Affordability.** Making it easier for qualified buyers to assume mortgages with lower interest rates would provide immediate affordability relief without requiring new federal resources. FHA and VA mortgages are already assumable, but the process is cumbersome and often takes months to complete. Streamlining FHA and VA assumption procedures would make this option more practical for buyers and sellers. For USDA rural housing loans, statutory language effectively prevents assumptions from happening, even though they are technically permitted. **H.R. 5728, the Rural Homeownership Continuity Act** would fix this problem and unlock rural housing inventory. Additionally, the FHFA should explore whether the GSEs could play a role in helping first-time buyers finance the gap between the home purchase price, their downpayment and the mortgage they assume.

Cutting Red Tape

- **Reform Federal Programs and Requirements to Cut Through Red Tape.** Federal programs designed to support housing development are hampered by outdated regulations and lengthy review processes that add years to projects without meaningfully improving outcomes. Several bipartisan bills would streamline these requirements. **H.R. 4660 / S.2390, the Unlocking Housing Supply Through Streamlined and Modernized Reviews Act,** would modernize NEPA review processes for HUD-funded developments, removing outdated requirements and clearing roadblocks to convert vacant office space, build infill housing, and complete repairs more quickly. **H.R. 4989 / S.2423, the Streamlining Rural Housing Act,** would require HUD and USDA to develop a joint environmental review and inspection process for rural housing projects, cutting red tape and making affordable rural housing easier to build. **H.R. 4810 / S.2391, the BUILD Housing Act**, introduced by Chairman Flood and Representative Liccardo, would allow HUD to delegate certain housing reviews to states and localities with the capacity to conduct them, and give HUD greater flexibility to expedite assistance. **H.R. 5878, the HOME Reform Act**, also introduced by Chairman Flood along with Ranking Member Cleaver, represents the first major overhaul of the HOME program since its creation in 1990. By streamlining regulations and strengthening public-private partnerships, this legislation will make it easier and faster to build affordable housing. Congress should review other federal housing programs to implement similar reforms. **H.R. 5429 / S.1695, the HUD-USDA-VA Interagency Coordination Act**, would improve collaboration and

data sharing among HUD, USDA, and VA to enhance housing programs and services. **H.R. 5387, the Saving the American Dream Act**, introduced by the bipartisan Real Estate Caucus, would require federal agencies to coordinate on housing data and jointly develop policy recommendations addressing construction costs, regulatory barriers, and homeownership assistance. Right now, these agencies often work at cross-purposes. This coordination would align their efforts toward the same goal.

- **Incentivize State and Local Action to Unlock Housing Supply.** Several bills from this Committee take a smart approach in incentivizing communities to reduce regulatory barriers without mandating one-size-fits-all solutions. **H.R. 2840 / S.1299, the Housing Supply Frameworks Act,** introduced by Chairman Flood, would require HUD to create comprehensive best practice guides on zoning reform and land-use policies, giving states and localities proven strategies to increase housing supply while maintaining local control. **H.R. 4659 / S.2416**, **the Identifying Regulatory Barriers to Housing Supply Act,** would increase transparency by requiring Community Development Block Grant recipients to report on their efforts to remove discriminatory land use policies and promote inclusive, affordable housing. This reporting requirement will encourage more thoughtful development practices without imposing federal mandates. **H.R.5907 / S.2361, the Accelerating Home Building Act,** takes a different but equally valuable approach by providing grants to help communities create libraries of pre-approved building designs that have already cleared local code review, allowing developers to bypass lengthy design processes and break ground faster. These measures recognize that while housing challenges are national in scope, solutions must be tailored to local conditions. By providing resources, information, and financial incentives rather than top-down mandates, Congress can empower communities to make the reforms that work best for them.

Expanding Financing Options

- **Improve Financing for Housing, Including Innovative Housing Types.** Access to affordable financing remains a critical bottleneck for expanding housing supply, particularly for starter homes and alternative housing like manufactured, modular, and accessory dwelling units that can be built faster and more affordably than traditional construction. Several legislative proposals would address these gaps. **H.R.6132 / S.1527, the Housing Affordability Act,** would require FHA to update its multifamily loan limits to better reflect current market costs, ensuring financing keeps pace with construction realities. **H.R. 6293 / S.2414, the Housing Supply Expansion Act,** would modernize the federal definition of manufactured housing to include modular and prefabricated units not built on a permanent chassis, opening financing opportunities for innovative construction methods. **H.R. 6269 / S.2489, the Modular Housing Production Act,** would require FHA to assess and address barriers to FHA-insured lending for modular housing that currently make these projects difficult to finance. **S.964, the Property Improvement and Manufactured Housing Loan Modernization Act of 2025,** would expand FHA property improvement loans to include construction of accessory dwelling units, a

commonsense change that current statute prohibits. **H.R. 5990 / S.127, the Whole-Home Repairs Act** would establish a pilot program offering grants and forgivable loans to low- and moderate-income homeowners and small landlords for holistic home repairs, preserving aging affordable housing stock.

- **Leverage Suitable Public Lands for Housing Development.** The federal government owns vast amounts of underutilized land and properties that could be repurposed for housing, particularly in urban and suburban areas well-served by infrastructure and jobs. HUD and the Department of the Interior have launched a Joint Task Force on Federal Land for Housing to identify opportunities, and NAR stands ready to support this important work. Congress should provide the necessary legislative authority and resources to expand this effort across additional agencies managing surplus properties, including the General Services Administration, Department of Defense, Department of Energy, Department of Transportation, and the U.S. Postal Service. By strategically identifying and making federal land available for housing development with streamlined regulatory processes and clear timelines the federal government can unlock a significant pipeline of new housing supply in locations where it's needed most. This approach has proven effective: surplus federal properties have successfully been converted to affordable housing, schools, and community facilities. Expanding this model could make a meaningful difference in addressing our housing shortage.

Addressing Rising Property Insurance Costs

- **Encourage Local and State Governments to Mitigate Risk.** While insurance regulation remains a state matter under the McCarran-Ferguson Act, federal mitigation grants, tax incentives, and technical assistance can help state and local governments manage and reduce risk. Strengthening these programs can bring down costs and keep homeownership within reach for families living in high-risk communities. NAR also supports **the Reforming Disaster Recovery Act** that would permanently authorize the CDBG-Disaster Recovery program to help communities effectively rebuild while incorporating resilience measures to reduce repetitive losses and maintain insurability.

Housing Finance Reform

- **Use any proceeds from the potential sale or partial sale of Fannie Mae and Freddie Mac on housing initiatives.** Many questions are still yet to be answered as Congress and the administration consider the options for reforming Fannie Mae and Freddie Mac (the GSEs). One of these questions is what to do with the money that the government would receive from its stake after a sale. While there is debate about how much money the government would receive (estimates range from tens of billions to hundreds of billions of dollars), there is no debate about the impact this sum of money could make in solving the housing crisis. NAR supports using any proceeds from the sale, along with any additional guarantee fees implemented by FHFA or the GSEs, on housing initiatives, such as on housing construction or other policies to make housing more affordable.

Leveraging Tax Policy to Expand Supply

- **Provide Production Incentives**. **H.R. 2854 / S.1686, the Neighborhood Homes Investment Act,** would mobilize private investment to build or substantially rehabilitate an estimated 500,000 affordable homes for moderate- and middle-income homeowners over the next 10 years. NAR also supports exploring tax credits to encourage construction of starter homes, where supply has been most constrained, as well as tax incentives for construction projects that focus on lower-cost builds such as modular housing and accessory dwelling units.

- **Encourage Rehabilitation and Adaptive Reuse**. **H.R. 2410, the Revitalizing Downtowns Act,** would provide tax credits to incentivize the conversion of office and other commercial buildings to residential use. **H.R. 2725 / S.1515, the Affordable Housing Credit Improvement Act of 2025**, would strengthen the Low-Income Housing Tax Credit, the most important resource for creating affordable housing in the United States.

- **Help Address Cost Barriers**. Tax credits to alleviate labor shortages could support construction workers' training and hiring, allowing companies to hire untrained workers and pay for attendance at trade schools. Additionally, the federal government could enhance charitable contribution deductions for land donations to state or local housing agencies for affordable housing development, helping to lower land costs.

Conclusion

The housing supply crisis demands solutions at every level of government. The bipartisan legislation and policy ideas we've outlined today address critical barriers, from cutting federal red tape and state and local regulatory constraints to better financing for innovative housing types. These are practical solutions to expand supply and restore affordability.

NAR and our members stand ready to work with Congress to deliver real, lasting solutions. We bring unmatched nationwide reach, on-the-ground market expertise, and deep partnerships with the local communities who are prepared to build, invest, and act. The challenges ahead demand sustained focus and collaboration, but the opportunity to meaningfully expand housing supply and restore affordability has never been more within reach.

Thank you for holding this hearing and for your continued commitment and focus on housing supply, affordability, and solving this housing crisis we have before us. I welcome your questions.

Chairman HILL. The gentleman yields back.

Ms. Smith, you are now recognized for 5 minutes for your presentation.

STATEMENT OF JULIE SMITH, CHIEF ADMINISTRATIVE OFFICER, BOZZUTO, ON BEHALF OF THE NATIONAL MULTIFAMILY HOUSING COUNCIL, THE NATIONAL APARTMENT ASSOCIATION, AND THE REAL ESTATE TECHNOLOGY AND TRANSFORMATION CENTER

Ms. SMITH. Chair Hill, Ranking Member Waters, and members of the committee, my name is Julie Smith. I am the chief administrative officer of the Bozzuto Group. Founded in 1988, Bozzuto develops, builds, and operates over 130,000 apartments nationwide.

This morning, I am here on behalf of the 95,000 members of the National Multifamily Housing Council, the National Apartment Association, and the Real Estate Technology and Transformation Center.

Today, policymakers, housers, and, most critically, the residents we serve agree on two things: One, we do not have enough housing; and two, now is the time to address our Nation's housing crisis.

We are grateful for today's hearing, and we hope it will result in further consideration of legislation focused on stimulating housing supply.

Our goal is to ensure that apartment providers can meet the long-term housing needs of the 40 million Americans who identify as renters. It is time to take meaningful steps to ensure that everyone can have a safe and decent place to call home at a price they can afford.

Regrettably, the current economic and regulatory environment makes building incredibly difficult, and that is unlikely to change without action that makes production more economically viable. CoStar reports that multifamily starts were down 32 percent year over year in the third quarter of 2025.

On the economic front, continued instability poses a serious threat to our ability to leverage private capital markets necessary to finance new housing. Elevated interest rates have served to drive up the cost of building new housing and, additionally, operating expenses have risen by an average of 5.1 percent annually over the last 5 years.

The regulatory burden is also inhibiting housing production. Many regulations go far beyond ensuring the health and well-being of the public, and regulations imposed by all levels of government account for an average of 40.6 percent of multifamily development costs.

There is a clear path to solving this challenge. Rental housing providers stand ready to help and we ask Congress to prioritize and support pro-housing policies that will, in turn, ensure greater housing stability and affordability for renters of all income levels.

Congress took a strong step earlier this year by substantially enhancing the Low-Income Housing Tax Credit, but there is more to do. Several bills within the committee's jurisdiction would be particularly impactful in boosting housing supply and affordability, and while a full list is included in my written statement, I would like to highlight three.

Representatives Flood and Cleaver have introduced the HOME Reform Act of 2025 to make it easier and faster to build affordable housing. The bill would expand who qualifies for home assistance, allow funds to be used for infrastructure, and streamline the National Environmental Policy Act and "Build America, Buy America" requirements.

The National Multifamily Housing Council (NMHC) is also advocating for the bill to let communities use HOME dollars for tax abatements and for studies that help remove local barriers to building and preserving housing.

Representatives Flood and Pettersen have introduced bipartisan legislation through the Identifying Regulatory Barriers to Housing Supply Act, aimed at reducing discriminatory land-use rules that restrict housing production.

The bill would require Community Development Block Grant (CDBG) recipients to regularly report how they are addressing these barriers and advancing inclusive affordable housing. This added transparency is intended to encourage better, more equitable local development practices.

Three, legislation introduced by Representatives Loudermilk and Gonzalez through their Respect State Housing Laws Act would strike the Coronavirus Aid, Relief, and Economic Security (CARES) Act's 30-day-notice-to-vacate requirement and return eviction policies back to the State and local levels, where they are more effectively administered.

I would also like to address three other areas where the committee has a role to play.

One, while we have seen stabilization in the property insurance market this year, rates remain at historic highs after 27 consecutive quarters of rate hikes over the past 7 years and while insurance is generally State-regulated, we encourage Congress to provide long-term reauthorization of the National Flood Insurance Program and the Terrorism Risk Insurance Act of 2002.

Two, capital is the lifeblood of the multifamily industry. It is critical that policymakers continue to support Fannie Mae and Freddie Mac, which play a vital role in financial housing. Policymakers must maintain the liquidity they provide and retain at least an implicit guarantee; otherwise, there is significant risk that borrowing costs will increase.

Finally, emerging technologies are helping providers improve affordability, enhance resident experiences, and modernize operations. These innovations are governed by robust existing laws and consumer protections ensuring responsible use.

Thank you. I look forward to answering the committee's questions.

[The prepared statement of Ms. Smith follows:]

Julie A. Smith
Chief Administrative Officer, The Bozzuto Group
Statement on Behalf of the National Multifamily Housing Council, the National Apartment Association, and the Real Estate Technology and Transformation Center
House Committee on Financial Services
Building Capacity: Reducing Government Roadblocks to Housing Supply
December 3, 2025

Chair Hill, Ranking Member Waters, and Members of the Committee:

My name is Julie Smith, and I am the Chief Administrative Officer of The Bozzuto Group. Since its founding in 1988, Bozzuto has developed, acquired, and built more than 62,000 homes and apartments. Celebrating 37 years of creating sanctuary, Bozzuto currently manages over 130,000 apartments and 4 million square feet of retail space across the U.S.

This morning, I am here on behalf of the over 95,000 combined housing providers and related businesses that are members of the National Multifamily Housing Council (NMHC),[1] the National Apartment Association (NAA),[2] and the Real Estate Technology and Transformation Center (RETTC).[3] I appreciate the opportunity to provide the views of the multifamily housing industry and note that the multifamily industry is committed to working together with Congress and the Administration to address America's housing supply crisis.

As the House Committee on Financial Services conducts this hearing, I would like to offer the apartment providers' perspective on efforts needed to promote workable and sustainable policies to address our nation's housing challenges. Our goal is to ensure that apartment providers can meet the long-term housing needs of the 40 million Americans who live in apartment homes[4] and continue to make significant contributions, currently $3.9 trillion annually, to the growth of our economy.[5] Our members build the communities where people build their lives.

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[1] Based in Washington, D.C., NMHC is a national nonprofit association that represents the leadership of the apartment industry. Our members engage in all aspects of the apartment industry, including ownership, development, management, and finance, who help create thriving communities by providing apartment homes for nearly 40 affordable housing million Americans, contributing $3.4 trillion annually to the economy. NMHC advocates on behalf of rental housing, conducts apartment-related research, encourages the exchange of strategic business information and promotes the desirability of apartment living.

[2] The NAA serves as the leading voice and preeminent resource through advocacy, education, and collaboration on behalf of the rental housing industry. As a federation of 140 state, local, and global affiliates, NAA encompasses over 94,000 members representing more than 13 million apartment homes globally. NAA believes that rental housing is a valuable partner in every community that emphasizes integrity, accountability, collaboration, community responsibility, inclusivity, and innovation.

[3] The Real Estate Technology & Transformation Center (RETTCC), an affiliate organization of the National Multifamily Housing Council (NMHC), brings together real estate companies and technology providers to blaze a path forward for digital transformation in America. The Center serves as the preeminent advocacy, resource and networking platform for real estate and tech leaders as they navigate a long-term and complex technology-enabled transformation. This evolution will impact the renters and communities we serve, help address our nation's long-term housing challenges, improve business operations and enhance our ability to drive innovation across the economy.

[4] 2022 American Community Survey, 1-Year Estimates, U.S. Census Bureau, "Total Population in Occupied Housing Units by Tenure by Units in Structure".

[5] Hoyt Advisory Services, National Apartment Association and National Multifamily Housing Council, "The Contribution of Multifamily Housing to the U.S. Economy", https://weareapartments.org/pdf/Economic_Impact.pdf

The Housing Imperative

Challenges present themselves differently from community to community, but it will come as no surprise to Americans nationwide that we are facing a widespread housing affordability challenge. No wonder communities are feeling pinched—we simply do not have enough housing to go around. Today, in more and more communities, hard-working Americans are unable to rent homes due to increased costs driven by a lack of supply. Barriers to development, high construction and operating costs, and regulatory burdens all make it difficult, if not impossible, for developers to help remedy this problem. The total share of cost-burdened households (those paying more than 30 percent of their income on housing) increased steadily from 28.0 percent in 1985 to 37.3 percent in 2023, while others have been priced out of communities altogether.[6] This is not sustainable, particularly in a period of higher inflation. Barriers to new supply – for instance, onerous regulatory hurdles, antiquated and often discriminatory zoning and land use policies at the local level, and local opposition to development (also known as NIMBYism or "Not in My Backyard" opposition) – has led the nation to this juncture. It has taken many decades to get to this point, and it will take time to reverse these trends, but it is critical that we start now to enact new and innovative policies that will incentivize new housing production.

Significantly, continued economic instability poses a serious threat to the ability of housing providers to leverage the private-market capital necessary to generate needed housing. Higher interest rates have contributed to a period of economic volatility, which is driving up the cost of building new housing, discouraging new investment, and pushing some in our sector out of the market altogether. Indeed, according to CoStar, multifamily starts were down 32.0 percent year over year in the third quarter of 2025.[7] Unfortunately, the reduced construction starts will result in more housing shortages and higher prices in the coming year or two if we do not generate higher levels of production.

In addition to the increased construction, material, and labor costs that make development financially difficult, significant increases in insurance costs, state and local sales and property taxes, utility costs, and other items have made the current operating environment extremely challenging. Many of these expenses, including insurance, state and local taxes, and labor, are not within the control of our members and ultimately make it more difficult for housing providers to build housing at affordable price points for our residents.

In sum, our members are reporting that current economic and regulatory challenges are causing them to cut back significantly on development activities. This slowdown has very serious long-term implications.

Housing Affordability: Growing Demand vs. Supply Challenges

It is essential that we build housing at all price points to meet the wide range of demand. While we are at historic levels of apartment completions, this will provide only short-term relief for a long-term problem. According to research conducted by Hoyt Advisory Services and Eigen10 Advisors, LLC, and commissioned by NMHC and NAA, **the U.S. is facing a pressing need to build 4.3 million new apartment homes by 2035.**

[6] NMHC tabulations of 1985 American Housing Survey microdata, U.S. Census Bureau; 2023 American Housing Survey, U.S. Census Bureau.
[7] CoStar CRE data.

Key findings include:

- **Shortage of 600,000 Apartment Homes.** The 4.3 million apartment homes needed includes an existing 600,000 apartment home deficit because of underbuilding after the 2008 financial crisis.
- **Loss of Affordable Units.** The number of affordable units (those with rents less than $1,000 per month) declined by 4.7 million from 2015 to 2020.
- **Homeownership.** Apartment demand also factors in a projected 3.8 percent increase in the homeownership rate.

Challenges and Opportunities Confronting the Multifamily Industry

Before describing legislative solutions Congress should adopt to address our nation's shortage of multifamily housing, we offer the following analysis of barriers and challenges our members face, along with some opportunities at hand. These provide context for the legislative proposals made below and rationale for why they are offered.

Operational Costs Continue to Rise

Operating apartments has become increasingly challenging, highlighted by rising expenses. Industry data show that operating expenses per unit nationally rose by an average of 5.1 percent annually over the last five years (3Q 2020 to 3Q 2025), with administrative (+6.9 percent) repairs/maintenance (+6.6 percent), and marketing (+5.8 percent) costs recording significant increases.[8]

One of the most challenging operational costs that has increased dramatically in recent years is insurance. Industry data from Yardi show that insurance costs increased by an average of 15.6 percent annually over the past five years while NAA's 2023 Income/Expense IQ reported that insurance costs for apartment operators rose 26.2 percent in 2023 alone, more than double the rate recorded in 2022 and outpacing all other expenses.[9] The lack of affordability and availability of insurance options for property owners, of all types, increasingly puts needed insurance coverage out of reach or limits the ability of property owners to make needed investments in their properties. Insurance and other rapidly rising "pass through" costs not controlled by housing providers -- state and local taxes, labor, and others -- have contributed greatly to the increased cost of rent.

For example, while 2024 brought some stabilization to the property insurance market – marking the first decline in rates since 2017 after 27 consecutive quarters of growth – levels remain elevated. NMHC released the State of Multifamily Risk Survey & Report[10] in June 2023 that looked across all types of multifamily housing and showed, on average, property insurance premiums soaring 26 percent year-over-year. Yet, it was common to hear of triple-digit property premium increases in certain parts of the country. More recently, liability lines continue to face significant headwinds, marked by rising claims costs and increasingly restrictive underwriting practices. These cost increases are especially daunting in the affordable and middle-income housing space. In a September 2023 survey and report commissioned by the National Leased

[8] Yardi Matrix.
[9] National Apartment Association Income/Expense IQ 2024.
[10] https://pages.nmhc.org/rs/676-UDD-714/images/NMHC_InsuranceReport_2023.pdf

Housing Association, most affordable housing providers indicated that they would take action to mitigate cost increases due to higher insurance premiums by increasing insurance deductibles, decreasing operating expenses, and being forced to increase rent.[11] Insurance costs remain one of the most volatile and unpredictable expenses for multifamily housing providers.

Especially given the challenges in the broader property insurance market, it is critical that the National Flood Insurance Program (NFIP) be reauthorized and reformed to ensure its long-term viability. Ensuring that the NFIP can continue to ensure that affordable flood insurance is always available, in all market conditions for every at-risk rental property is essential. We acknowledge that the NFIP comes with its challenges and agree that further reforms are necessary to protect the long-term financial viability of the program. NMHC and NAA provided recommendations to the House Financial Services Subcommittee on Housing and Insurance in March 2023, and we look forward to working with Congress on the future of the NFIP.

Additionally, we urge Congress to provide a long-term reauthorization of the program established by the Terrorism Risk Insurance Act of 2002 (TRIA) and its subsequent reauthorizations. TRIA has been, and remains, extremely effective in achieving its primary purpose, which was to stabilize the market following 9/11 and to ensure the continued availability of terrorism coverage for commercial policyholders in the future. Without TRIA in place, we believe the availability of terrorism risk coverage will diminish, or insurers will simply stop offering the coverage altogether. NMHC and NAA are members of the Coalition to Insure Against Terrorism (CIAT), which recently sent a letter to House Financial Services Subcommittee on Housing and Insurance Chairman Flood and Ranking Member Cleaver about the importance of TRIA and urging support for a long-term reauthorization.

It is critical that Congress and policymakers at all levels of government understand the significant financial headwinds facing housing operators that are negatively impacting housing affordability and explore consensus-driven solutions to alleviate these pressures.

The Regulatory Environment and Access to Capital Remain Challenging

At a time when housing providers are facing increasing pressure to meet booming demand, an overly burdensome regulatory framework is forcing financers, developers, and operators to manage numerous compliance hurdles and rising costs. Housing affordability, driven by a lack of supply, is a top issue plaguing communities nationwide. The only way out of this supply shortage crisis is to build more housing—but the current political and regulatory environment makes it incredibly hard to do so. In order to build more housing, we need private capital to see multifamily housing as a good investment. The additional risks caused by a strict regulatory environment, coupled with high interest rates, make this increasingly difficult.

Multifamily housing providers understand that smart regulation can play an important role in ensuring the health and well-being of the American public, but undue regulation is a disincentive to investors and increases the cost of transactions and impacts the viability of development. Housing providers, and particularly apartment owners and developers, must

[11] https://www.nmhc.org/globalassets/research--insight/research-reports/insurance/ndp-nlha-housing-provider-insurance-costs-report-oct-2023.pdf

balance a wide array of concerns regarding project viability and regulatory costs and compliance at all levels of government.

Imposing additional federal regulation on top of what is already an overly complicated set of regulations at the state and local level disincentivizes investors and further exacerbates the supply shortage, hurting our nation's renters.

NMHC and National Association of Home Builders (NAHB) research has found that many regulations can go far beyond the important goals of ensuring the health and well-being of the public and instead impose costly mandates on developers that drive housing costs higher. In fact, according to that research, regulations imposed by all levels of government account for an average of 40.6 percent of multifamily development costs.[12]

We strongly support current deregulatory efforts designed to break down barriers to new housing and improve property and business operations for housing providers and our residents. Federal policymakers are considering a multitude of regulatory and legislative proposals that can support housing development and affordability by improving and providing certainty in the regulatory landscape on a broad array of issues—including AI, land use, evictions, revenue management, broadband, resident screening, and building codes, just to name a few. Each of these could impact the investment, ownership, and operations of housing providers.

While Federal regulations increase costs and ultimately reduce supply, the same is true at the state and local levels. We urge the Committee to support efforts to incentivize states and localities to remove or mitigate local barriers to development of rental housing. Examples include:

- Streamlining the development process, including fast tracking the entitlement and approval process;
- Eliminating impact, infrastructure and other fees not directly related to a specific development project;
- Halting rent control, rent stabilization or any regulation that interferes with a property owner's ability to set appropriate rents;
- Rejecting costly, one-size-fits-all energy and environmental requirements including onerous building codes and standards;
- Providing density bonuses and other incentives for developers to include workforce units in their properties;
- Enabling "by-right" zoning and establishing more fully entitled parcels;
- Reevaluating lot size minimum, parking requirements, height restrictions, etc.;
- Deferring taxes and other fees for a set period of time, including providing tax abatements;
- Reducing construction costs by contributing underutilized buildings and embracing new technology driven construction advancements; and
- Encouraging higher density development near jobs and transportation.

[12] https://www.nmhc.org/research-insight/research-report/nmhc-nahb-cost-of-regulations-report/

The Role of Technology in Addressing our Nation's Long-Term Housing Challenges & Need to Avoid a Fragmented Regulatory Approach

Rental housing providers use emerging technologies, like AI, to reshape business operations, improve housing affordability and benefit millions of American renters. While commonly perceived to be new technologies, algorithmic data and other information have been used for decades to support rental housing, including in setting the Fair Market Rent for HUD's Section 8 program. Other related technologies in rental housing have already led to significant gains in meeting resident expectations and demand. Applications of this technology continue to grow rapidly but, to date, include virtual touring, enhanced resident screening and leasing, home automation, predictive maintenance, and even improved property level climate resilience.

These tools offer benefits to housing providers and residents alike, driving modernization of historic practices, maximizing operational efficiency, and reducing the cost of housing operations. When executed well, they are also subject to robust internal controls, existing legal protections, and regulatory requirements at the federal, state and local level that should be considered before overlaying any additional regulations.

Benefits of AI for Residents, Rental Housing Providers and Others

Below are some examples of how stakeholders in the multifamily space are utilizing AI and other technologies to improve operations and enhance renters' experiences:

- **Rental housing owners and lenders** leverage technology platforms to improve efficiency, underwrite lending, identify investment opportunities to meet growing rental demand and work towards improving housing affordability.

- **Rental housing developers** use new cutting-edge technologies to build and rehabilitate rental properties and have begun to cut costs by leveraging AI to navigate complex and antiquated zoning policies to identify workable land-use strategies to speed development and ultimately improve housing affordability.

- **Rental housing operators** use AI platforms for improved resident service; more transparent and accurate resident screening and leasing to improve housing opportunity and prevent rising rental housing fraud; home automation; and predictive maintenance.

- **Rental housing technology suppliers** are transforming the market with tools that improve the resident experience, enable property sustainability and resilience, enhance security for residents, and lower operational costs through risk management solutions.

As evidenced above, housing providers are turning to these new AI tools to combat rising operational threats that are difficult to address using traditional methods. When implemented properly, these technologies can greatly assist with management and other housing-related obligations and ensure residents receive the best living experience possible.

Strong Consumer Protections Already Exist: A Fragmented Approach Will Stifle Innovation

Because the relative availability of AI systems has changed recently, the public assumes that new rules and regulations are necessary to deal with them. This is not the case. The current legal landscape provides strong protection against risks posed by AI, machine learning and algorithmic decision making. Housing policy and the relationship between housing providers and renters are guided strongly by robust state and local laws that include protections for both renters and housing providers alike. The Federal Fair Housing Act provides a robust legal standard and enforcement mechanism that prohibits discrimination, and the Fair Credit Practices Act also protects applicants for housing, Additional consumer protections found under state privacy laws and regulations are also another important consideration.

As policymakers consider AI developments and their impact on housing and financial services, we urge you to support a balanced framework that safeguards innovation and prevents the growing patchwork of state-level regulations that could hinder economic growth and stifle innovation. As our organizations have consistently said in the past, a fragmented regulatory approach in data management, security and technology risks stifling innovation and increasing compliance costs. The existing legal landscape already offers strong protections, and any new regulations should build on that foundation without undermining technological progress that can aid in addressing our nation's long-term housing challenges.

Congress Must Clarify Law on Evictions

One critical area of concern that requires legislative action arises in the area of evictions. The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* established a temporary 120-day moratorium on evictions due to nonpayment of rent, applicable to federally backed and federally assisted housing. This section of the *CARES Act* also instituted what should have been a temporary notice procedure, requiring housing providers to notify covered residents 30 days before filing for eviction after the moratorium ended on July 24, 2020.

Throughout the pandemic, rental housing professionals worked to both help residents resolve their hardships and to advance policies to provide renters with essential resources to meet their housing needs. Nearly five years after being enacted, and contrary to Congressional intent, the temporary federal CARES Act's Notice to Vacate requirement remains in place. Though evictions are a measure of last resort, this necessary legal process is thoroughly regulated at the state and local levels, and the federal government's intrusion continues to cause confusion and operational challenges for housing providers and renters that are not without consequence. This prolonged disturbance to operations ultimately harms housing affordability and availability, as 93 cents of each rent dollar pays the expenses that keep communities running.[13]

Now that the Federal COVID-19 public health emergency is long terminated, it is time to acknowledge that the *CARES Act's* 30-day notice-to-vacate requirement ended and remove the ambiguous language from federal law.

[13] https://naahq.org/research/breaking-down-one-dollar-rent-2023?_gl=1%2Amky8p6%2A_gcl_au%2AODIwNjk2NjM5LjE3NTkzMzQ3Nzk.%2A_ga%2AMTUzMDk5ODYyMy4xNzU5MzM0NzgwMg%2A_ga_70J0BCECMC%2AczE3NTk1ODk0OTckbzMkZzAkdDE3NTk1ODk1MDMkajU0JGwwJGg5MTU5NDE5MjQ

Rent Control is Not Fair and Hurts Renters

One particularly harmful proposal considered is rent control. Decades of academic research and real-world case studies from economics from all political persuasions show that rent regulation in various forms devastates rental housing and worsens housing affordability and access for renters. Indeed, rent control is fundamentally not fair to all renters. Moreover, rent regulation will not add a single new unit of housing. In fact, it has the opposite effect. Rent control distorts the housing market by discouraging the development of rental housing and investment in maintenance and rehabilitation.

A 2024 study by Dr. Arthur C. Nelson, Professor Emeritus at the University of Arizona, provides a comprehensive review of peer reviewed academic articles that examine various rent control and other rent regulation laws across the United States and abroad. This review reaffirms that these programs reduce the supply of housing in communities resulting in, among other things, increased housing costs.

Dr. Nelson's work reinforces an earlier 2018 paper following similar methodology by Dr. Lisa Sturtevant.[14] Since Dr. Sturtevant's literature review was conducted, additional research has been published that looks at the impacts of more recent rent regulation models that may not appear to be as restrictive as older rent control programs. Dr. Nelson finds that the results of these newer rent control efforts have harmful effects on renters and those seeking rental housing including:

- Disincentivizing investment in the rental community, resulting in fewer rental units;
- Inhibiting mobility, thus creating a barrier to entry for new renters seeking housing in rent-controlled communities;
- Distributing the limited benefits of rent regulation disproportionally to higher-income, older and white residents, respectively, to the detriment of people of modest means and communities of color;
- Substantially reducing the value of rent-regulated properties as well as nearby unregulated rental properties, thereby reducing real estate tax revenue to the locality; and
- Failing to address, if not negatively impacting, eviction prevention, renter well-being, renter educational attainment opportunities and neighborhood quality.

With little to no ability to earn a profit, developers and investors will shift their investments to other non-rent regulated jurisdictions—the NMHC/ NAHB cost of regulations report[15] indicated 88 percent of respondents avoid working in jurisdictions with rent control.

Furthermore, NMHC survey data shows that nearly six in 10 (58 percent) of surveyed multifamily firms indicate they are reducing or avoiding investment in rent-controlled markets, and another 15 percent of firms are considering cutting back in those markets.[16]

Additionally, academic research indicates that rent control leads to a decrease in housing quality. Dr. Andrew Hanson, from the Stuart Handler Department of Real Estate at the University of

[14] https://www.nmhc.org/globalassets/knowledge-library/rent-control-literature-review-final2.pdf
[15] https://www.nmhc.org/research-insight/research-report/nmhc-nahb-cost-of-regulations-report/
[16] https://www.nmhc.org/news/nmhc-news/2022/nmhc-rent-control-update-multifamily-firms-reconsider-investments-in-rent-control-markets/

Illinois Chicago conducted an empirical study sponsored by NAA. The study found a strong correlation between an increase in rent-controlled units in an area and a 16.2 percent rise in severely inadequate housing.[17]

We encourage this Committee and policymakers at all levels of government to promote proven alternatives to rent control that address the critical affordable housing shortage, making rents more affordable to lower-income residents and encouraging development of new housing at a variety of rental levels.

Pursuing federal rent control or other policies that inhibit efficient business practices and implementing additional layers of federal regulation on top of what is already an overly complicated set of regulations and landlord-tenant laws at the state and local levels will only disincentivizes investors further exacerbating the supply shortage, hurting our nation's renters.

Access to Capital: Fundamental to Addressing our Housing Supply Imbalance

Access to capital is the lifeblood of the multifamily industry, and it is critical that policymakers ensure that capital resources are available to finance construct preserve and operate quality housing. The multifamily industry depends on a variety of capital sources including banks, life companies, debt funds, the commercial mortgage-backed security (CMBS) market, Fannie Mae, Freddie Mac, the Department of Housing and Urban Development (HUD), FHA multifamily programs, and the United State Department of Agriculture's (USDA) rural housing programs. Each of these sources plays a critical role in supporting the debt capital needs of the multifamily housing market across America.

Any action – legislative or regulatory – that impacts access to capital such as releasing the Enterprises (Fannie Mae and Freddie Mac) from conservatorship, onerous bank capital standards or decreasing access to FHA's multifamily programs must be undertaken in a careful and analytical approach so as to not restrict capital to the rental housing industry or raise risk to taxpayers.

In its seventeenth year of conservatorship the narrative about having the Enterprises (Fannie Mae and Freddie Mac) exit conservatorship has become a topic of interest. We strongly believe it is critical to preserve the mortgage liquidity the Enterprises provide across all markets and through all economic cycles. This can be achieved through: (1) maintaining the existing Enterprise structure; or by (2) a reformed structure that preserves the high quality and market presence of the current multifamily businesses.

Through two recent major economic cycles the multifamily lines of business of the Enterprises produced strong financial results. They emerged from these two economic events without reporting a loss in any reporting quarter.

More than just performing well, the Enterprises' multifamily programs serve a critical public policy role. Even during normal economic times, private capital alone cannot fully meet the industry's financing demands. The Enterprises ensure that multifamily capital is available in all

[17] Hanson, Andrew, *Rent Control and Housing/Neighborhood Quality: An Analysis of American Housing Survey Data,* https://www.naahq.org/ripple-effect-rent-regulation-and-its-effects-housing-and-neighborhood-quality

markets at all times, so the apartment industry can address the broad range of America's housing needs from coast to coast and everywhere in between. This is especially true during economic downturns where many sources of capital dry up and the Enterprises play a critical countercyclical financing role.

We urge policymakers to recognize the distinct business of the multifamily industry. We believe the goals of a reformed housing finance system should be to:

- Maintain liquidity for multifamily-backed mortgages in all markets at all times;
- Require the GSEs to compensate the Federal government for guaranteeing the value of the securities they issue;
- Protect taxpayers by keeping the GSEs' existing multifamily private-market credit risk transfer models in place;
- Retain each of the existing GSE multifamily programs' financing platform, risk assessment, underwriting, securitization and asset management components;
- Have a strong and prudential regulatory framework that ensures market confidence and financial soundness; and
- Avoid market disruptions during any potential transition to a new status through a well-conceived and clearly communicated plan that ensures that the multifamily housing lines of business can continue to operate effectively.

Opportunity Abounds: Sustainable Solutions to Housing Affordability

The good news: There is a clear path to solving this challenge. Rental housing providers stand ready to help meet current and future demand, and we ask Congress to prioritize increasing our nation's housing supply and support pro-housing policies that will, in turn, ensure greater housing stability and affordability for renters at a variety of income levels for decades to come.

While there is no silver bullet, a multifaceted approach, including policies providing for development incentives, regulatory reform, and rental assistance, as well as leveraging technology to assist in lowering operational costs and enhancing the resident experience, can be effective in easing market constraints. Outlined below are policy proposals that would be particularly impactful in addressing our nation's housing supply challenge and improving affordability. Many of these are bipartisan, and a large number were also included in a letter sent to Members of Congress on September 2 by a group of 23 organizations, including NMHC, NAA, and RETTC. NMHC, NAA, RETTC, and four other organizations also sent a November 6 letter to members involved in negotiations on the National Defense Authorization Act for FY2026 requesting that a number of these measures be included in the final version of that bill.

HOME Reform Act of 2025: Representatives Flood (R-NE) and Cleaver (D-MO) have introduced the *Home Reform Act of 2025* (H.R. 5878) that would augment income eligibility, expand eligible uses of funds to include infrastructure, and reduce National Environmental Policy Act and Build America, Buy America Act requirements to speed and increase development of affordable housing. Notably, NMHC is championing a proposal to encourage that bill's authors to make tax abatements, as well as funds for studies to overcome local barriers to housing production and preservation, eligible activities for which jurisdictions could use HOME dollars.

Identifying Regulatory Barriers to Housing Supply Act: Bipartisan legislation sponsored by Representatives Flood (R-NE) and Pettersen (D-CO) (H.R. 4659) and Senators Young (R-IN)

and Schatz (D-HI) (S. 2416) would help eliminate discriminatory land use policies and remove barriers that depress production of housing in the United States. By requiring Community Development Block Grant recipients to report periodically on the extent to which they are removing discriminatory land use policies, and promoting inclusive and affordable housing, the *Identifying Regulatory Barriers to Housing Act* will increase transparency and encourage more thoughtful and inclusive development practices.

Respect State Housing Laws Act: Legislation introduced by Representatives Loudermilk and Gonzalez (H.R. 1078) and Senator Hyde-Smith (S. 470) would strike the CARES Act's 30-day notice-to-vacate requirement and return eviction policies back to the state and local levels where they are more effectively administered in accordance with a community's needs.

Electronic Benefit Transfer (EBT) for Rental Housing Vouchers: We encourage Congress to establish a pilot program converting Housing Choice Vouchers (HCVs) to an electronic benefit transfer program without HUD lease and inspection requirements to make HCV recipients indistinguishable from other renters while better combatting waste, fraud, and abuse.

Build More Housing Near Transit Act: Bipartisan legislation led by Representatives Peters (D-CA) and Moore (R-UT) (H.R. 4576) and Senators Schatz (D-HI) and Banks (R-IN) (S. 2363) would direct the Department of Transportation (DOT) to incentivize local governments to promote housing development and regional growth in and around transit corridors.

Housing Supply Frameworks Act: Bipartisan legislation sponsored by Representatives Flood (R-NE) and Pettersen (D-CO) (H.R. 2840) and Senators Blunt Rochester (D-DE), Crapo (R-ID), Fetterman (D-PA), and Tillis (R-NC) (S. 1299) would direct HUD to publish guidelines and best practices for State zoning and local zoning frameworks.

Accelerating Home Building Act of 2025: Senators Blunt Rochester (D-DE) and Moreno (R-OH) have introduced legislation (S. 2361) to overcome local regulatory cost burdens to affordable housing development by encouraging the use of pattern books of pre-reviewed construction designs. Specifically, the bill would establish a HUD-administered grant program to fund the creation of pattern books with a focus on missing middle and infill construction and provide set asides for rural communities and prioritize high opportunity areas and localities working to reduce barriers to housing development.

Housing Affordability Act: Bipartisan legislation introduced by Representatives De La Cruz and Torres (H.R. 6132) and Senators Gallego (D-AZ) and McCormick (R-PA) (S. 1527) would increase the per-unit loan limits on certain FHA multifamily insured properties.

Choice in Affordable Housing Act of 2025: Bipartisan legislation introduced by Representatives Cleaver (D-MO) and Lawler (R-NY) (H.R. 1981) and Senators Coons (D-DE) and Cramer (R-ND) (S. 890) would address many overlapping and redundant programmatic procedures that have deterred owners and operators from participating in the Section 8 Housing Choice Voucher Program. The bill enjoys broad support from both housing advocates and housing providers.

Community Investment and Prosperity Act: Bipartisan legislation introduced by Representatives Lawler (R-NY), Kim (R-CA), and Beatty (D-OH) (H.R. 5913) and Senators Scott

(R-SC) and Blunt Rochester (D-DE) (S. 2464) to raise the cap on banks' public welfare investments (PWIs) from 15 to 20 percent. The bill is companion to the Community Investment and Prosperity Act (S.2464would increase to 20 percent from 15 percent the public welfare investment (PWI) cap applicable to banks for purposes of their investments in Low-Income Housing Tax Credit developments and other community development activities. Many banks have already or expect to soon reach their 15 percent PWI cap, which, therefore, is thwarting their ability to provide additional equity for affordable housing development. Increasing the cap would help ensure the increase in LIHTCs authorized as part of tax legislation enacted in July 2025 can reach its full potential.

Rural Housing Service Reform Act: Bipartisan legislation introduced by Representatives Nunn (R-IA) and Cleaver (D-MO) (H.R. 4957) and Senators Smith (D-MN) and Rounds (R-SD) (S. 1260), the *Rural Housing Service Reform Act*, would be instrumental in preserving the affordable multifamily housing stock in many rural communities throughout the country. The legislation would provide owners with tools they currently do not have and, at the same time, assure residents that they will continue to have an affordable place to call home. Provisions in the bill will allow the Rural Housing Service to more effectively address the housing needs of both the providers and residents who live in this vital housing.

Fully Fund and Reform Federal Housing Support & Affordability Programs: While increasing supply is critical to the goal of addressing the Nation's housing affordability crisis, it is equally critical to ensure that policymakers take the steps necessary to ensure assistance is available for those that simply cannot afford the housing they so desperately need. In that regard, we continue to advocate for funding for multiple critical programs that focus on housing affordability, such as the Section 8 Housing Choice Voucher Program (HCV), Project Based Rental Assistance (PBRA), Rental Assistance Demonstration (RAD), Homelessness Programs, HOME, Community Development Block Grants (CDGB), and Rural Housing programs. However, we believe that many of these programs would benefit from reform efforts to ensure the programs are operating in a cost effective and efficient manner.

TIFIA Reform: The Transportation Infrastructure Finance and Innovation Act (TIFIA) provided the Department of Transportation (DOT) $70 billion in below-market lending authority for, among other things, transit-oriented development, including for housing near public transit. TIFIA could be a significant tool to increase housing supply, but it currently requires transportation underwriting standards that are not applicable to housing development. TIFIA must be reformed to include housing underwriting standards to reach its full potential. Legislation introduced by Representatives Scholten (D-MI) and Bresnahan (R-PA) (H.R. 6228) would effectively address this issue.

Tax Policy Can Also Spur Housing Supply: The multifamily industry believes that tax policy also has a critical role to play in fostering housing supply. In this regard, we thank Congress for earlier this summer enacting legislation substantially enhancing the Low-Income Housing Tax Credit (LIHTC) by both permanently increasing LIHTC authority by 12 percent and reducing the private activity bond financing threshold to 25 percent from 50 percent, which is required to receive the full amount of 4 percent LIHTCs, beginning 2026. These provisions could help finance

an additional 1.22 million units over the 2026-2035 period.[18] Congress should consider other tax policy initiatives, and we recommend Congress support the following proposals:

Workforce Housing Tax Credit Act: Bipartisan legislation introduced in the 118th Congress by Representatives Panetta (D-CA) and Carey (R-OH) (H.R. 6686) and Senators Wyden (D-OR) and Sullivan (R-AK) (S. 3425) would establish a new tax credit to produce affordable rental housing for households earning 100 percent or less of the area median income (AMI). The *Workforce Housing Tax Credit Act*, which is modeled on the successful Low-Income Housing Tax Credit, would address the housing shortage for individuals who comprise the very fabric of strong communities nationwide, including teachers, firefighters, nurses, and police officers whose wages are not keeping pace with costs.

Enhance Opportunity Zones to Incentivize Rehabilitation of Housing Units: The real estate industry is extremely grateful that Congress permanently reauthorized Opportunity Zones in recently enacted tax legislation. While Opportunity Zones are beneficial for new multifamily development, developers may find it difficult to use Opportunity Zone benefits to rehabilitate existing properties.

To qualify for Opportunity Zone benefits for rehabilitation, the basis of an existing asset must generally be doubled, excluding land. However, as part of tax legislation enacted in July, for Opportunity Zones in rural areas, the basis increase necessary was reduced to 50 percent, effective July 4, 2025. Although property that is added to and improves an asset can count toward this threshold, doubling the basis can still be a high hurdle.

To promote the rehabilitation and preservation of multifamily housing in all Opportunity Zones nationwide, Congress should reduce the basis increase necessary to qualify a multifamily rehabilitation project for Opportunity Zone purposes to no higher than 50 percent. This step would maximize the ability of Opportunity Zones to address the nation's housing supply shortage.

Conclusion

This is the bottom line: there is no silver bullet, but a multi-faceted approach to improving housing affordability and increasing housing supply is our best bet. The health and stability of the rental housing sector is paramount to that of our overall economy. And, importantly, the sufficient supply of quality housing is necessary in ensuring the continued economic prosperity and household stability for Americans nationwide. Without it, we put both at risk. Solving this challenge should be mission critical for Congress.

On behalf of the nation's rental housing providers and the nearly 40 million Americans we serve, NMHC, NAA, and RETTC applaud the House Committee on Financial Services for its commitment to finding solutions to the nation's most significant housing challenges.

[18] https://www.novoco.com/notes-from-novogradac/final-reconciliation-bill-permanently-expands-lihtc-nmtc-and-oz-incentive-but-does-not-include-htc-provisions#:~:text=Like%20the%20SFC%20version%20of%20the%20reconciliation,1.22%20million%20affordable%20rental%20homes%20over%202026%2D2035.

Chairman HILL. Thank you very much.

Mr. Peter, you are now recognized for 5 minutes for your oral presentation.

STATEMENT OF TOBIAS PETER, SENIOR FELLOW AND CO-DIRECTOR, AMERICAN ENTERPRISE INSTITUTE HOUSING CENTER

Mr. PETER. Chair Hill, Ranking Member Waters, members of the committee, thank you for the opportunity to testify today.

Housing and affordability are real and worsening. Home prices have been rising faster than incomes for years. Low-income households and today's first-time homebuyers now face record-high prices and much high interest rates, leaving many stuck renting instead of climbing the first rung of the housing ladder. This is stunting family formation and economic growth.

The causes are straightforward. Zoning rules often mandate large lots, banning multiple homes on a parcel and putting more land off limits, while regulations at every level of government add cost and adds complexity. In short, buildable land has become scarce and homebuilding expensive. As a result, we now face a nationwide shortage of several million homes.

The good news is that the problem is fixable with the right policies, but we must focus on solutions that truly move the needle, while avoiding costly unintended consequences.

The answer is to build more homes on smaller lots because land costs are costly, smaller lots mean smaller and more attainable homes, reducing costs and increasing the supply of family size starter homes.

Consider that, since 2000, the country has built about 12 million single-family homes in subdivisions. Had we built them on slightly smaller lots instead, we could have roughly 9 million more homes today, and those homes would be priced about 15 to 20 percent lower.

Smaller lots are essential to improving housing supply and affordability.

Zoning and land use that determine these outcomes are fundamentally State and local responsibilities, but many States have already begun to address these issues by changing minimum lot sizes, legalizing townhomes, and allowing homes to be built where jobs are.

I applaud Congress and the sponsors of the ROAD to Housing Act of 2025 for recognizing the urgency of housing affordability and for including some useful elements, such as that target at National Environmental Policy Act (NEPA) and manufactured housing reforms.

However, ROAD is too Federal, too subsidy-driven, and too apartment-centric. Instead, we need a greater focus on family size starter homes. ROAD also risks pushing the Federal Government deeper into State and local zoning decisions. Washington should not override or micromanage these reforms that are already underway in many States.

At the same time, the Federal Government does have powerful levers, several of which are squarely within this committee's juris-

diction, that can support, accelerate, and reward States and local reforms which have unintended consequences.

First, to spur new home construction, HUD should offer a bounty for States when they plat smaller lots, paying for results when they achieve this plain and simple goal. This would give States a strong incentive to reform while allowing them flexibility in how to use these funds.

HUD should also expand the supply of starter homes by adopting targeted FHA mortgage insurance pricing reductions tied to modestly sized new homes. These efforts should be funded from already-existing HUD grants and programs.

This committee can also help by accelerating efforts to sell underutilized Federal land.

Second, the committee can help unlock existing homes. HUD should phase out FHA's home retention options, partial claims in particular, which have ballooned to over 1 million borrowers today. Many of these borrowers could sell and walk away with an average of over $100,000 in cash while reducing risk to taxpayers and freeing up much-needed homes.

Beyond this committee's direct jurisdiction, Congress can further unlock existing homes through targeted tax changes, and I highlight several of them in my written testimony.

Third, Congress must avoid counterproductive approaches, so we do not repeat the mistakes of the past. Federal involvement in State and local zoning decisions, as proposed in several ROAD Act provisions, is counterproductive. It risks poisoning the bipartisan momentum underway in many States and pushing policy toward subsidy-driven, government-centric solutions that crowd out private and smaller builders.

Also, before expanding Federal housing programs, HUD should conduct a full audit of existing subsidies, so we understand what we are getting for the more than $100 billion a year we spend across HUD, Treasury, and USDA.

We should also resist demand-side gimmicks. We cannot fix a supply side problem by focusing on the demand side. We will only bid up the prices of the same limited number of homes.

In conclusion, each level of government should focus on what is properly within its purview to expand supply. The "Strong Foundations" playbook released by the AEI Housing Center and the U.S. Chamber of Congress provide practical, customized paths to affordability for over 6,000 jurisdictions. Across the Nation, by focusing on just four key plays, we could add more than 1.6 million additional homes a year without new subsidies or Federal micromanagement.

Over 30 of our case studies show that builders can overcome labor shortages and high interest rates, but they cannot overcome restrictive government regulations. If we legalize homebuilding by allowing more smaller lots, builders will deliver the attainable homes American families need.

Thank you.

[The prepared statement of Mr. Peter follows:]

Statement before the House Committee on Financial Services

Building Capacity: Reducing Government Roadblocks to Housing Supply

Unlocking Housing Supply: Federal Tools to Support State Reforms Without Federal Overreach

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Chairman Hill and Ranking Member Waters, and distinguished Members of the Committee, thank you for the opportunity to testify today.

Executive Summary:

Housing unaffordability is real, and it is worsening: home prices have been rising far faster than incomes for years. Lower-income households are increasingly priced out of homeownership—stunting family formation and economic growth (see Appendix 9 for more detail). Depending on methodology, the most credible estimates put the national shortage between 4 and 8 million homes.

The causes are straightforward:

- Buildable land has become scarce and homebuilding more expensive. Local rules often ban multiple homes on a parcel, mandate large lots, and put more land off limits.
- Regulations at every level of government add cost and complexity.
- Demand has been artificially boosted against a restricted supply.
- Federal monetary policy made it worse. The Fed kept rates too low for too long, fueling a historic price boom, then slammed on the brakes—doubling mortgage rates (see Appendix 7).

Today's first-time buyers face both record-high prices and record-high rates—a dual burden created in large part by the Federal Reserve—leaving many lower-income households stuck renting instead of climbing the first rung of the housing ladder.

The problem is fixable with the right policies, but we must focus on solutions that truly move the needle while avoiding costly unintended consequences. The answer is to build more homes on smaller lots. Because land is costly, smaller lots mean smaller, more attainable homes—reducing costs and increasing the supply of family-sized starter homes. Since 2000, the country has built about 12 million homes; had we built them on slightly smaller lots instead, we would have roughly 9 million more homes today, and those homes would be priced about 15-20 percent lower.

Zoning and land use are fundamentally state and local responsibilities, and many states—including Texas, California, Montana, Oregon, and Washington—have already begun to address these issues.

I applaud Congress and the sponsors of the ROAD to Housing Act of 2025 for recognizing the urgency of housing affordability. However, ROAD is too federal, too subsidy-driven, and too apartment centric. We need a greater focus on family sized starter homes. It is important that the federal government not override or micromanage these state-led reforms.

At the same time, the federal government does have powerful levers—several of which fall squarely within this Committee's jurisdiction—that can (1) spur more new homes, (2) unlock existing homes, and (3) avoid counterproductive approaches so we do not repeat past mistakes.

How this committee could incentivize more housing construction:

- HUD should offer a bounty for states when they plat smaller lots, paying for results when they achieve this plain and simple goal.
    - The bounty should be funded from already existing HUD grants and programs to states.
    - It should be structured as a performance incentive within HUD programs. Reward outcomes by directly addressing the causes of the affordability crisis.
    - Keep the program simple and targeted—focused on lot size and supply, without layering on new affordability mandates.

- HUD should expand the supply of starter homes by adopting targeted mortgage insurance pricing reductions and underwriting changes.
    - This would materially add to the supply of affordable, family-sized starter homes and be especially beneficial for working class households looking to buy their first home.
- Freeing up federal land – HUD/Interior task force
    - HUD's collaboration with Department of the Interior on facilitating the sale of federal Bureau of Land Management land. Auctioning off just 0.3% of such lands could be enough for 1 million housing units over a decade when coupled with smaller lots while resulting in revenue for the federal government. These efforts have been ongoing since March 2025 and at the AEI Housing Center, we have identified the land most suitable for sale. These efforts should be sped up.
- Pass the ROAD Act provision updating the definition of manufactured housing to allow removal of temporary chassis after installation.
    - This would lower costs for manufactured housing.
- Implement ROAD's 'Unlocking Housing Supply Through Streamlined and Modernized Reviews Act' (NEPA reform)
    - Speeds up the review process, which will lower costs to build.
- Reduce energy rules and related regulations
    - Rolling back, rather than delaying energy standards, would improve affordability, especially for working-class households.

There are several additional ideas, outside this Committee's direct jurisdiction, that would further incentivize more housing construction:

- Tax profits from newly built, for-sale developments as a long-term capital gain, not income.
- Lower or eliminate tariffs on construction materials and opening more areas in national forests for logging, which would bring down the cost of materials, a key construction input.

How this committee could unlock existing homes:

- HUD should phase out FHA's Home Retention options that keep delinquent borrowers with equity in their homes.
    - These borrowers could right-size their finances while walking with away with on average over $100,000 in cash, while reducing risk to taxpayers.

There are several additional ideas, outside this Committee's direct jurisdiction, that would further unlock existing homes:

- Exempt from federal income tax the rental income earned from newly rented rooms in owner-occupied single-family homes.
    - Millions of spare bedrooms sit unused; a tax exemption would encourage more homeowners to rent them out, expanding lower-cost housing options.
- Exempt from federal income tax all capital gains on the sale of a primary residence owned by someone 65+ for at least two years.
    - Many seniors exceed the current exclusion and hold onto homes—often waiting for the step-up in basis at death. A full exemption would remove this barrier and encourage downsizing, freeing up housing supply.
- End tax deductions for mortgage interest on second homes.
    - This deduction does not promote homeownership, in fact, it subtracts. This may lead to some owners selling or not buying a second home.
- Adopt a credible plan to lower the debt and fiscal deficit.

- Reducing runaway federal deficit spending would ease pressure on long-term Treasury rates, which are a key driver of mortgage rates.

How this committee could avoid counterproductive approaches so we do not repeat past mistakes:

- Federal involvement in state and local zoning decisions, as proposed in several ROAD Act provisions, is counterproductive.
  - It risks poisoning the bipartisan momentum underway in many states and reducing the urgency for states to act on their own. It also pushes policy toward subsidized housing, shifts authority from markets to bureaucrats, and invites federal micromanagement. A better approach is for Washington to step back and reward states based on outcomes rather than dictate local zoning decisions.
- Before expanding federal housing programs, HUD should conduct a full forensic audit.
  - Congressional housing subsidies—over $100 billion annually across HUD, Treasury (including LIHTC), and USDA—have long been layered, inconsistent, and poorly scrutinized. Many projects rely on multiple subsidies, only to need new ones years later. As Secretary Turner signaled in his confirmation hearing, fiscal transparency is essential and you should hold him to it.
  - The federal government's record on housing supply interventions is poor.
- Do not allow Fannie and Freddie to finance construction loans.
  - Under their federal charters, Fannie and Freddie have very limited authority to support homebuilders and subsidizing buyers of new homes would likely raise prices. Policy should focus on shrinking their footprint, not expanding it.
- Do not introduce 50-year mortgages and other demand side policies.
  - Longer-term mortgages would push prices higher. We have tried 40-year mortgages—and their close cousin, interest-only loans—before, and it did not end well.
  - We cannot fix a supply problem by focusing on the demand side; we will only bid up the price of the same limited number of homes.
- Do not ban corporate or institutional investors with large holdings of single-family rentals.
  - Their emergence was not a cause, but rather a reaction, to government regulatory failures. The market share of institutional investors is less than 1% nationally.
  - The solution is not to ban institutional investors but to allow more housing to be built, which institutional investors do support.
- Do not blame homebuilders for lack of housing construction.
  - While it is true that builders have access to land sufficient for about 2.5 million lots, only around a third of them are actually owned by builders, while only about 10% of this land is already platted and/or permitted.
  - Large builders have expanded their market share, but this ignores the fact that they outperform the rest of builders in terms of key affordability metrics and are competing with existing home listings.

In conclusion, each level of government should focus on what is properly within its purview to expand supply. The Strong Foundations Playbooks, released by the AEI Housing Center and the U.S. Chamber of Commerce, provide practical, customized paths to affordability (see Appendices 1 and 11). States and localities now need to implement these reforms at scale. Across the nation, by focusing on four key plays—smaller lots, by-right zoning, simpler rules, and lower costs—we could add up to 1.6 million additional homes a year.

Our 30 case studies (see Appendix 2) show that builders can overcome labor shortages and higher interest rates, but they cannot overcome restrictive government regulations. If we legalize homebuilding—by allowing more, smaller lots—builders will deliver the attainable homes American families need.

Supporting Policy Details:

How this committee could incentivize more housing construction:

1) **HUD should offer a bounty to states that legalize and plat smaller lots, paying for results when they achieve this plain and simple goal.**

Our research shows smaller lots are essential to improving affordability: land is expensive, and allowing smaller lots enables smaller, more attainable starter homes. This would expand homeownership opportunities and support family formation, especially for middle- and working-class households.

A per-lot bounty would give states a strong incentive to reform, and they could use the funds however they choose—whether for infrastructure upgrades, passing the money through to localities, or other priorities. We propose $25,000 for each new single-family detached home built on lots up to 5,000 square feet, and for each attached home on lots up to 2,000 square feet, when those lots are newly subdivided or multiple homes are built on that lot after the effective date. Additional bonuses could apply to homes platted near new manufacturing or technology sites, or on federal land sold for housing. The program should be kept simple and targeted—focused on lot size and supply, without layering on new affordability mandates.

At an average bounty of $37,500 per lot, the program would cost roughly $9 billion annually and help produce about 240,000 family-sized homes a year. The bounty should be funded through existing HUD grants and programs to states, without creating new federal spending streams.

Similar federal bounty schemes (such as seat belt laws, Race to the Top in education, Medicaid expansion) provide a clear precedent for this approach.

2) **HUD should expand the supply of starter homes by adopting targeted mortgage insurance pricing reductions and underwriting changes.**

The Secretary of Housing and Urban Development should take all sustainable steps to increase the production and purchase of family-sized starter homes through the following actions:

- Target FHA support to true starter homes.

Investigate limiting FHA 1–4 unit loans for new construction to homes ≤1,800 sq. ft., which is sufficient for four bedrooms and aligns the program with its mission of supporting modest, attainable housing.

- Streamline condo approvals for small infill projects.

Align FHA's condominium certification process with Fannie Mae's standards, which generally exempt 2–4 unit infill condo projects from large-project review requirements. Lenders would continue to ensure properties are safe, sound, and structurally secure.

- Offer improved MIP pricing for small new-construction homes.

For new construction of homes <1,800 sq. ft., FHA should adopt builder-paid upfront MIPs and a 0% annual premium:

- 30-year: 3% upfront
- 20-year: 2% upfront
- 15-year: 1.5% upfront

Together, these reforms would materially expand the supply of affordable, family-sized starter homes and especially benefit working-class first-time buyers. This policy would work best with an ample supply of smaller lots.

3) **Freeing up federal land for starter home construction through the HUD and Department of Interior joint task force**

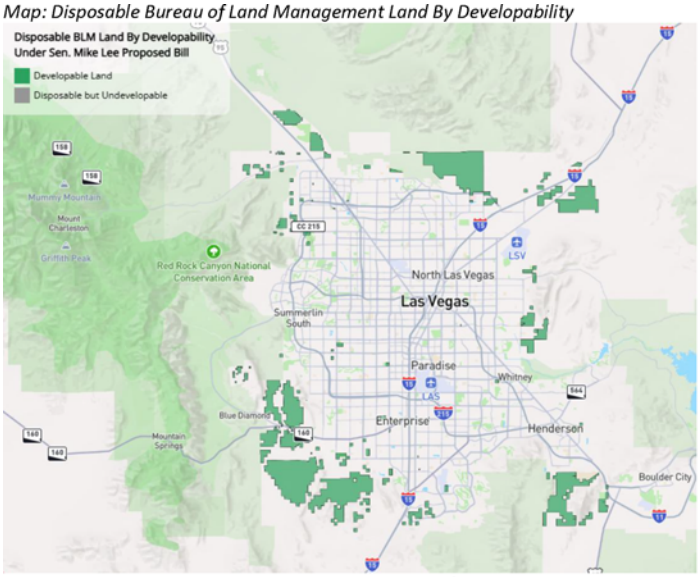
In March 2025, HUD created a task force with the Department of the Interior to identify and sell underutilized federal land. Despite the urgency of the housing shortage, no land has been sold yet. Auctioning off just 0.3% of federal Bureau of Land Management (BLM) land could be enough to build 1 million housing units over a decade while resulting in revenue for the federal government.

At the AEI Housing Center, we have identified the BLM land most suitable for sale, which could help speed up these efforts (see map below). Sen. Harry Reid set a precedent by freeing up federal land for the Las Vegas metro. These land sales have enabled 90,000 new homes in the region over the past 30 years, despite its slow pace of sales.

Infrastructure concerns can be overcome. Despite doubling its population over the past three decades, Las Vegas uses no more water now than it did in 1990. We have the technological capacity for expanding our western communities without draining the environment. Our proposal is designed to take advantage of existing infrastructure in an achievable and sustainable manner.

In addition, the sale of BLM land may yield $1.2 trillion dollars in home sales and $100 billion in proceeds from the land sales to the Treasury.

Map: Disposable Bureau of Land Management Land By Developability



Methodology: Land located within five miles of urban areas (defined as areas with at least 50 single-family homes on sewered lots of up to ¼ acre), with slopes of 15% or less, and excluding water bodies, protected federal lands, designated recreation areas, and parcels with valid existing rights (grazing, mining, etc.).
Source: BLM and AEI Housing Center.

For an interactive map of the entire United States:
https://aeihousingcenter.org/homesteading_2/analysis/reconciliation_bill/reconciliation_bill_2025-06-27_simple.html

Aerial view of Bureau of Land Management Land across the street from existing subdivisions: Las Vegas

Source: Google, BLM, and AEI Housing Center.

For more on this idea, see https://www.aei.org/homesteading-2-dot-0/.

4) Eliminate the chassis requirement for manufactured homes

Pass Section 301 ("Housing Supply Expansion Act") in the ROAD Act, which updates the federal definition of manufactured housing to include units "with or without a permanent chassis." The Housing Center recommends clarifying this language to: "on a chassis that is either permanent or temporary, and if temporary, is removed when the unit is installed at the place of occupancy." This refinement would encourage innovation in manufactured housing design and deliver significant cost savings for consumers.

5) Reform of the National Environmental Policy Act of 1969 (NEPA)

Implement ROAD's Section 208 (the "Unlocking Housing Supply Through Streamlined and Modernized Reviews Act") that directly amends NEPA procedure and eliminates or shortens federal environmental reviews for certain housing-related projects. However, it's important to point out that these reforms would generally not affect the construction of single-family starter homes, since NEPA applies only when there is a federal action—such as federal funding, insurance, or permitting—which most single-family starter homes do not involve.

6) Reduce energy rules and related regulations

HUD has extended compliance deadlines for new energy-efficiency standards, which National Association of Home Builder (NAHB) estimates add more than $30,000 to the cost of a new home. Rolling these standards back—rather than merely delaying them—would meaningfully improve affordability, especially for working-class households. In addition, appliance efficiency rules have added over $9,000 in household expenses per home, according to the Alliance for Consumers.

There are several additional ideas, outside this Committee's direct jurisdiction, that would further incentivize more housing construction:

7) Tax profits from newly built, for-sale developments as a long-term capital gain, not income.

Treating profits from homes sold directly to buyers as long-term capital gains would make more for-sale developments financially viable.

- Under current law, non-publicly traded homebuilders organized as LLCs can face tax rates up to 37% on profits from homes sold to individual buyers.
- The same project sold to a single investor as a rental community is taxed at just 21%, the corporate rate.
- This disparity gives a clear advantage to build-to-rent over build-to-own development, discouraging the construction of for-sale homes.

Correcting this imbalance would help expand the supply of affordable, family-sized starter homes and support working-class households seeking to buy their first home.

8) Miscellaneous other ideas

1. Reduce or eliminate tariffs on construction materials that add thousands of dollars to the cost of construction, which home builders pass on to consumers.
2. Expand responsible logging in national forests to increase domestic lumber supply. This would lower lumber costs – a key home construction input.
3. Eliminate Davis-Bacon prevailing wage requirements on residential construction, which raise labor costs for federally assisted projects.[1]
4. Remove other unnecessary regulatory burdens, including select Occupational Safety and Health Administration (OSHA) requirements that increase costs without meaningfully improving safety.[2]

[1] The Associated Builders and Contractors summarized the impact of prevailing wages as follows: "The Congressional Budget Office estimates that repealing the 1930s-era Davis-Bacon Act would save the federal government $24.3 billion in spending between 2023 and 2032. A May 2022 study found that the Davis-Bacon Act costs taxpayers an extra $21 billion a year, increases the price tag of construction projects by at least 7.2% and inflates construction workforce wages by 20.2%, compared to local market averages, if the DOL calculated prevailing wages using modern and scientific methodology via the U.S. Bureau of Labor Statistics." The Terner Center at the University of California Berkley found that "projects with prevailing wage requirements cost an average of $30 more per square foot than those without wage requirements, after controlling for whether or not a project was affordable, as well as project size, region, construction type, and the year construction started."

[2] The NAHB's single-family report states that particular standards attempt to regulate certain risks that don't exist in residential construction (e.g. beryllium), impos[e] costs significantly greater than needed to ensure worker safety (e.g. silica) or accomplishing little beyond driving up recordkeeping costs (e.g. Volks rule). According to the NAHB, OHSA standards add about 2.7% to the cost of multifamily and over 1% to the cost of single-family homes.

How this committee could unlock existing homes:

1) **HUD should phase out FHA's Home Retention options that keep delinquent borrowers with equity in their homes.**

The FHA's home retention programs (partial claims in particular) have ballooned to over 1 million borrowers (but also the GSEs and VA) diverting federal resources toward keeping borrowers in place rather than enabling the housing market to clear and free up units. Because most delinquent borrowers hold substantial equity (on average $126,000 even after accounting for arrearages and transfer taxes) and could sell, current policies trap homes that would otherwise return to the market, constraining supply and worsening affordability. By turning mortgage debt into a repeatedly tappable bailout mechanism, loss-mitigation programs slow necessary turnover, create risk for taxpayers, reduce mobility, and keep larger, family-sized homes off the market for prospective buyers.

These programs create an inherently unfair system in which borrowers who stop making payments remain in their homes and continue to benefit from home price appreciation, while would-be homeowners who play by the rules are stuck on the sidelines as homeownership moves further out of reach. For more see on this, see the analysis in Appendix 10.

There are several additional ideas, outside this Committee's direct jurisdiction, that would further unlock existing homes:

2) **Exempt from federal income tax the rental income earned from newly rented rooms in owner-occupied single-family homes.**

Tap into existing housing supply by exempting from federal income tax the rental income generated from newly rented rooms in primary, owner-occupied single-family homes. As household sizes have fallen, the number of spare bedrooms has surged to 32 million. These rooms already exist and represent an immediate, low-cost source of additional housing. This requires legislation.

3) **Exempt from federal income tax all capital gains on the sale of a primary residence owned by someone 65+ for at least two years.**

A full capital gains exemption for older homeowners would remove a major barrier to selling, encourage downsizing, and free up large family homes for younger households.

About 9 million seniors (31.6% of owners 65+) exceed the current capital gains exclusion, discouraging them from selling. Many also wait until death because their heirs receive a step-up in basis, eliminating the capital gains tax entirely—another strong incentive not to sell.

If even 2 million of these larger homes return to the market over ten years, that would add 200,000 move-up homes annually. Because these homes already exist, they can boost supply immediately, especially for growing families. This would set off a beneficial chain of moves—seniors downsize, families move up, and entry-level homes are freed for first-time buyers—better aligning supply and demand across the market.

The revenue cost is likely minimal, since most of these capital gains would be erased anyway through the step-up in basis at inheritance.

4) **Eliminate the mortgage interest tax deduction on second homes.**

Subsidizing second homes does not increase the homeownership rate, as second homeowners already own a primary residence. In fact, it detracts from homeownership by promoting increased competition for a limited number of homes.

Congress should eliminate the mortgage interest tax deduction on new second home purchases and phase out the mortgage interest tax deduction on prior second homes over 5-10 years. This may free up to 750,000 housing units over 10 years for owner-occupancy. This is the equivalent to adding several months of housing production. While this approach has not been tested, it has little downside and does not cost any money. For more, see the op-ed "End tax deductions for mortgage interest on second homes."

5) **Adopt a credible plan to lower the debt and fiscal deficit.**

Reducing runaway federal deficit spending would ease pressure on long-term Treasury rates, which are a key driver of mortgage rates. Because mortgage rates closely track the 10-year Treasury, lower deficits would help bring down borrowing costs for homebuyers. Lower rates would also reduce builders' and developers' cost of capital, enabling more projects to move forward and supporting greater housing supply.

How this committee could avoid counterproductive approaches so we do not repeat past mistakes:

1) **Federal involvement in state and local zoning decisions, as proposed in several ROAD Act provisions, is counterproductive.**

It risks poisoning the bipartisan momentum underway in many states and reducing the urgency for states to act on their own. It also pushes policy toward subsidized housing, shifts authority from markets to bureaucrats, and invites federal micromanagement. (For more, see Appendix 3.) A better approach is for Washington to step back and reward states based on outcomes rather than dictate local zoning decisions.

The ROAD Act contains several sections that are highly problematic. They include:

- Sec. 203
- Sec. 204
- Sec. 205
- Sec. 206
- Sec. 207
- Sec. 209
- Sec. 211
- Sec. 212
- Sec. 213

These bills are flawed for multiple reasons:

First, several sections direct HUD to provide "technical assistance," publish "best practices," and even develop a model state zoning code—crafted not by elected officials but by federal policy staff. This revives a century-old pattern in which Washington promoted zoning frameworks that entrenched single-family mandates and racial segregation. A new federal task force would also evaluate "best practices," yet its composition all but guarantees dominance by advocates of subsidy-driven, government-centric solutions rather than market-based reforms that expand supply.

Second, one provision would create a federal fund for "innovative" housing solutions, but such programs historically funnel money into projects burdened by affordability mandates that markets reject. HUD's own PRO Housing program, which awarded nearly $85 million in FY23, overwhelmingly backed jurisdictions such as Seattle, Philadelphia, and Minneapolis—places where local policies have suppressed private development or hindered market-driven revitalization. These programs push subsidized strategies that crowd out private builders while failing to evaluate whether the underlying state or local reforms actually produced more housing. In short, they offer no evidence of effectiveness and ignore unintended consequences. For the entire analysis, Appendix 4.

Third, publishing federal zoning guidelines is unnecessary. Market-oriented research from groups like the AEI Housing Center and Mercatus already provides this information at no cost—and without expanding the federal bureaucracy. Instead of creating another bureaucratic layer, policymakers should leverage existing research to craft effective housing solutions. For more, see Appendix 6.

Fourth, these proposals distract from the core issue: the need to allow more homes to be built. From 2000 to 2024, the U.S. added over 12 million single-family homes—but zoning kept lots far larger than needed. Had the median lot size been 5,500 instead of 8,000 square feet, and had just 20% of new homes been townhouses, the nation would have 9 million more homes today and prices roughly 15% lower. That is not speculation—it is simple arithmetic.

This brings us to a key misconception: the housing shortage is not a market failure but a government regulatory failure. Actions by federal, state, and local governments — restrictive zoning laws, discretionary planning reviews, environmental requirements, and layers of regulation — have made land artificially scarce and homebuilding excessively costly. These government-imposed barriers have prevented private developers from producing enough homes to meet demand.

Fifth, states and localities are already developing tailored solutions that reflect their unique markets. A one-size-fits-all federal framework would undermine this progress, stifling flexibility and innovation. States acting as "laboratories of democracy" have produced the most promising reforms.

Sixth, the ROAD Act imports elements of progressive central planning—public land control, mandatory below-market units, transit-adjacent high-rises, and California-style housing needs assessments. California has used RHNA since 1969 (and mandated it since 1980), yet it remains one of the least affordable housing markets in the country—hardly a model to emulate.

Finally, what the ROAD Act omits is just as telling: there is no focus on producing more entry-level, owner-occupied homes in the places where families want to live and grow. For a party that emphasizes wealth-building and family formation, this is a glaring oversight.

2) Before expanding federal housing programs, HUD should conduct a full forensic audit.

Congressional housing subsidies—over $100 billion annually across HUD, Treasury (including LIHTC), and USDA—are layered, inconsistent, and poorly scrutinized. Many projects receive multiple subsidies, only to need new ones years later. As Secretary Turner emphasized in his confirmation hearing, fiscal transparency is essential, and Congress should hold him to it.

Ultimately, Congress should require HUD to release data that would allow researchers to evaluate all subsidized housing programs, including public housing, section 8, section 236, and LIHTC. Such transparency is essential for rigorous cost-benefit analysis. Many properties are on their fourth or fifth round of federal subsidies, yet HUD does not track, on a parcel-by-parcel basis, the total development, renovation, and operating subsidies they have received over time.

HUD should be required to provide detailed information on each subsidized property's physical condition, capital-needs plan, the funding needed to replace core building systems, and any history of fraud or abuse. This reform would cost nothing, yet would finally allow the federal government to expand programs that deliver results and wind down those that do not.

Similarly, before implementing the Neighborhood Homes Tax Credit, Congress should reckon with the long history of federally subsidized rehabilitation efforts that suffered from cost overruns, failed projects, and corruption. No such rehab program has ever been successfully scaled — making transparency and evaluation indispensable before creating another.

Several sections of the ROAD Act contain expansive "Affordable Housing" language that future administrations will exploit. Subsidy-driven programs are costly, complex, hostile to private development, and prone to mission creep, with new pilot repair and conversion programs likely becoming permanent. The LIHTC program illustrates this failure: it suffers from the six Cs — cost, complexity, corruption, cartel, centralization, and crowding-out—and rigorous evidence shows most LIHTC projects would have been built without subsidies. Portable housing vouchers are a better temporary alternative until supply increases. Efforts like expanding the Workforce Housing Tax Credit (WFHTC) and expansion of the existing Low-Income Housing Tax Credit (LIHTC) will similarly fail.

The federal government's record on housing supply interventions is poor. Public housing has deteriorated under federal management, and FHA's expansion into high-risk lending in the 1960s and 1970s devastated entire communities. LIHTC, created in 1986 to boost affordable housing, has done little to expand supply and often limits mobility while crowding out smaller builders. For more on this, see Appendices 5 and 8.

3) Allow Fannie and Freddie to finance construction loans

Under their federal charters, Fannie Mae and Freddie Mac have strictly limited authority in the primary market. They are designed to operate in the secondary mortgage market, not to provide direct construction loans or subsidize homebuilders—activities that would require an act of Congress to authorize. Expanding the GSEs into construction lending would blur the line between government and private capital markets, distort competition, and likely raise home prices by subsidizing demand rather than increasing supply.

Policy should focus on shrinking the GSEs' footprint, not expanding it, consistent with their mission and taxpayer protections. For more on how to achieve this, see the Taxpayer and Home Buyer Protection Plan.

4) Introduce 50-year mortgages and other demand side policies.

Longer term mortgages would increase prices, we tried 40-year mortgages before and it didn't end well. We cannot fix a supply problem by focusing on the demand side, which includes:

- Reducing fees for smaller balance mortgages.
- Downpayment assistance
- First-Time Homebuyer Tax Credits
- Assumable mortgages
- Student Loan Forgiveness for Homebuyers
- Lowering underwriting standards
- Mortgage Interest Rate Buy-Downs
- Lower FHA mortgage insurance premiums (MIP)

Of this list, especially lower FHA MIPs is highly problematic. While it may seem beneficial in the short term, doing so now risks undermining the long-term stability of the Mutual Mortgage Insurance Fund (MMIF), especially amid rising housing-market uncertainties. FHA currently treats partial claims as fully collectible, which overstates the MMIF's true reserves, creates a misleading picture of fund strength, and encourages premature premium cuts. In reality, multiple HUD Inspector General reports show that FHA fails to collect on 25% to 50% of partial claims, and stagnating or declining home prices—particularly in lower-priced markets where FHA borrowers are concentrated—will further reduce the likelihood of repayment. A more responsible approach is to improve MMIF accounting by recognizing a loss at the moment a partial claim is executed and crediting funds back to the MMIF only when repayment actually occurs. For more on this, see Appendix 10.

Rather than lengthening mortgage terms, they should be reduced. An innovative new loan product (LIFT Home) offers the answer. By combining the shorter loan term of a 20-year mortgage with a reduced mortgage rate, this program fixes the mortgage payment at the rate of a traditional 30-year fixed-rate mortgage. It thus does not enhance buying power, which makes it ideally suited for any seller's market. It furthermore offers protection from default for the borrower, which creates a more stable housing finance system. The Low-Income First-time (LIFT) Home loan has already been introduced and it could be implemented expeditiously. The funds required to buy down the rate should be repurposed from other programs.

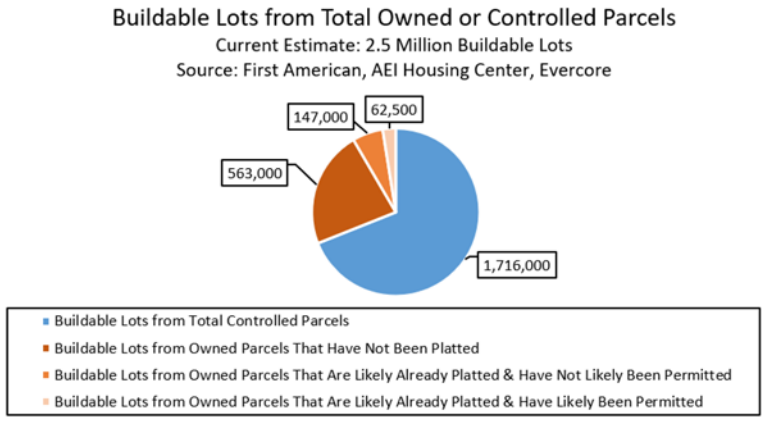
5) Do not ban corporate or institutional investors with large holdings of single-family rentals.

Their growth was a response—not a cause—of government regulatory failures that restricted housing supply, and their national market share remains below 1%. The solution is not to prohibit institutional investors, but to allow more housing to be built, which these investors generally support and help finance. (For more this topic, see our detailed analysis "Institutional Investors in the U.S. Housing Market: Myths and Realities".)

Likewise, junk fees, rent algorithms, Airbnb, foreign buyers, and vacant homes are not responsible for widespread housing unaffordability—the underlying issue is a chronic shortage of homes driven by land-use restrictions.

6) Do not blame homebuilders for lack of housing construction.

While it is true that builders have access to land sufficient for about 2.5 million lots, only around a third of them are actually owned by builders, while only about 10% of this land is already platted and/or permitted. Large builders have expanded their market share, but this ignores the fact that they outperform the rest of builders in terms of key affordability metrics and are competing with existing home listings. In most metros, the largest builders account for less than 5% of all home sales, making them too small a share of the market to drive widespread unaffordability.



Source: Ed Pinto and Arthur Gailes.

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Appendix 1: Strong Foundations: A Playbook for Housing and Economic Growth

This is the first resource of its kind, providing over 6,600 communities (including 570+ metro areas, 1,000+ counties, 4,600+ cities and places, 360 HUD continuums of care, and 50 states) with free, customized data on affordability, housing supply, migration, homelessness, and much more.

America faces a housing crisis decades in the making. An estimated shortage of six million homes is driving up prices, limiting economic growth, hindering family formation and child rearing, and placing the American dream of homeownership further out of reach for working families. Across the political aisle, there is agreement that something must be done; the challenge is knowing where to start.

Using human intelligence, not AI, we analyzed tens of terabytes of data and over two dozen case studies to develop four "housing abundance plays", each grounded in one simple principle: **smaller lots**. Smaller lots are the key to housing affordability and abundance because they unlock more homes on the same amount of land, lowering and costs and enabling builders to deliver starter homes at price points families can afford.

1. **Smaller lots in new residential subdivisions:** Our analysis of 12 million single-family homes built in subdivisions since 2000 shows that, with minimum lot sizes no larger than 1,200 square feet, the nation could add *414,400 new single-family homes each year*.
2. **Lot-splits and home type flexibilities resulting in smaller lots:** We examined 70 million single-family detached homes and found that legalizing lot splits, single-family 2-4s, five- to eight-unit multiplexes, and townhomes in existing single-family neighborhoods could add 4*82,000 new homes each year nationwide*.
3. **By-right residential development in commercial, light industrial, and mixed-use areas:** We analyzed 1.5 million multifamily units to discover how residential overlays could transform underused properties into vibrant, walkable communities and add *587,000 new homes annually*.
4. **Housing development on Bureau of Land Management (BLM) land:** Our analysis of over 170 million acres of BLM land identified 0.1% (110,000) of suitable land, upon which *146,000 homes could be built per year*, again using smaller lots.

Together the four plays could add more than **1.6 million homes per year nationwide**, all without costly subsidies or micromanagement. They are also what makes each playbook unique: because not every option is feasible everywhere, each community's playbook recommends a specific set of these plays with expected outcomes, ensuring that each solution is tailored to its needs and capabilities.
Here is the link *Strong Foundations: A Playbook for Housing and Economic Growth*.

The national playbook is attached in full in appendix 11.

Appendix 2: List of AEI Housing Center Housing Supply Case Studies

List of case studies that have quantified the supply response as a percent of the existing single-family housing stock in the same areas:

Area	Period Studied	Supply Response (per year)
Cherry Creek, CO	1970-2022	1.5%
Palisades Park, NJ	2000-2019	1.1%
Tokyo, Japan	1963-	1.5%
Seattle, WA	1994-2024	2.5%
McMansionization – nationally	1990-2024	Depending on the land share, we estimate that between 0.33% to 1.33% of economically viable single-family detached homes are converted to a McMansion each year. Similar percentages should apply to LTD infill conversion.[3]

List of case studies other case studies that have quantified the impact of LTD supply additions, but not as a percent of the existing single-family housing stock in the same areas (from AEI Housing Center unless otherwise noted):

Area	Period Studied
California	2000-2022
Nashville, TN	2010-2023
Philadelphia, PA	1980-2024
Sarasota, FL	1980-2023
Anaheim, CA	2005-2023
Charlotte, NC	2000-2020
City of Denver, CO	2000-2021
Houston, TX	2005-2018
McMansionization in Los Angeles Metro, CA	1950-2020
San Jose Metro, CA	2012-2022
Minneapolis, MN	1900-2023
Phoenix, AZ	2000-2023
San Diego, CA ADU Construction	2021-2023
Utah	2000-2023

[3] Note that if 1% of economically viable parcels are converted from a SF to 4 TH each year, the housing stock expands by 3% each year. If 0.5% are converted at a rate of 3:1, the housing stock expands by 1%.

List of other AEI Housing Center case studies:

Area	Period Studied
Fargo, ND	2000-2023
Filtering: Theory and Practice	1960-2022
Houston, TX Townhome Reforms	1998-2020
Institutional Landlords	2000-2021
Los Angeles, CA	1980-2024
Raleigh, NC	1960-2023
Short-Term Rentals	2015-2023
Single-Room Occupancy Units (SROs)	1910-2023
Traditional Housing Subsidy Programs and Inclusionary Zoning	2000-2023
Unleashing the Swarm	1990s-2023
Vienna, Austria	Pre-1919-2022

For the complete list, see https://www.aei.org/housing-supply-case-studies/.

Appendix 3: The ROAD Act Is a Dead End for Republicans

Tobias Peter is co-director of the AEI Housing Center.
Published in The Hill on 09/20/25

Congress is advancing the ROAD to Housing Act of 2025, a sweeping 325-page bill hailed as the most comprehensive federal housing package in a decade. It spans forty sections—from zoning reform to housing counseling. But beneath its bipartisan veneer, conservatives should look closer: the ROAD Act runs counter to Republican priorities—local control, market-based solutions, fiscal discipline, and homeownership.

To be fair, Republicans secured a few narrow wins: targeted housing exemptions from environmental reviews, support for modular housing, and expanded use of private capital in public housing upkeep. But these gains are minor compared to what Democrats secured.

Start with the budget. The President's FY2026 proposal rightly called for eliminating the HOME program and CDBG—two inefficient, poorly targeted programs. Yet the ROAD Act expands both. Senator Elizabeth Warren secured $1 billion for her long-sought Innovation Fund, first proposed in her 2020 presidential campaign. Democrats walked away with billions more for "affordable housing" programs, which are costly, complex, and hostile to private development. The bill also launches pilot programs for home repairs and conversions that could easily become permanent.

The ROAD Act also pushes the federal government deeper into local zoning and land use decisions. Two sections instruct HUD to provide technical assistance to local governments and publish a set of "best practices" and a model state zoning code, crafted by unelected policy experts. It's a modern echo of zoning practices first promoted by Washington over a century ago—policies that entrenched single-family zoning and racial segregation.

Predictably, the bill promotes staples of progressive planning: public land control, mandates for below-market units, and high-rise apartments near transit. HUD's PRO Housing pilot shows where this leads. Seattle was rewarded for zoning mandates that cut owner-occupied, family-sized homes, replacing them with a handful of costly rentals subsidized by developers. Minneapolis got federal dollars for reforms that looked bold but delivered little. Now, the ROAD Act seeks to scale these failed frameworks nationwide.

What the bill doesn't do is just as telling. Nowhere does it address how to build more entry-level, owner-occupied homes in places where families want to live and grow. For a party that claims to support wealth-building and family formation, that's a glaring contradiction. Instead, the ROAD Act risks cementing a new generation of permanent renters, that can be drawn in rent control and "social housing." This isn't a roadmap to the American Dream—it's a dead end of dependency.

Meanwhile, the bill directs taxpayer dollars into progressive advocacy networks. It expands housing counseling programs, mostly run by DEI-driven nonprofits. Its appraisal reform provisions mandate bias training and reporting requirements—opening the door to lawsuits, transaction delays, and added costs for buyers, all without addressing the real drivers of unaffordability.

The ROAD Act isn't compromise—it's a progressive housing agenda in bipartisan packaging. And it's unnecessary. We don't need to funnel taxpayer dollars into ideology and bureaucracy when the solution

is simple: let the market build more homes. From 2000 to 2024, the U.S. added over 12 million single-family homes—but zoning laws kept lots unnecessarily large. If the median lot size had been 5,500 instead of 8,000 square feet—and just 20% of new homes were townhouses—we'd have 9 million more homes today, with prices about 15% lower. That's not speculation—it's math.

States are already leading. In 2025, Texas gave builders the flexibility to use smaller lots in new subdivisions and convert underutilized commercial areas into housing—not mandates, just the freedom to respond to demand. Even California has made progress by streamlining infill development and environmental reviews. When states act, real reform follows. A heavy-handed federal approach—especially one tilted left—risks undermining that momentum, particularly in red states.

Instead of backing the ROAD Act, Republicans should pursue a two-tiered strategy rooted in markets and local control. Federally, the President's executive order should prioritize selling just 0.05% of public land—enough for 1 million homes—while implementing ROAD's few useful elements administratively, lowering energy mandates, easing housing regulations, and exempting key building materials from tariffs. At the state level, lawmakers should give builders in high-demand areas flexibility to use smaller lots. Texas has shown that pairing reform with grassroots support and rural exemptions can pass. The President should use the bully pulpit to promote this model and urge other states to follow.

The contrast couldn't be clearer. The ROAD Act is a dead end for Republicans—and for the country. Past federal housing bills promised prosperity but delivered public housing failures, inflated prices, and dependency. This one would do the same—entrenching bureaucracy instead of expanding opportunity. Republicans should reject it.

Appendix 4: HUD's Housing Misfire: When Bureaucrats Know Better Than Markets

By Edward J. Pinto | Tobias Peter

October 11, 2024

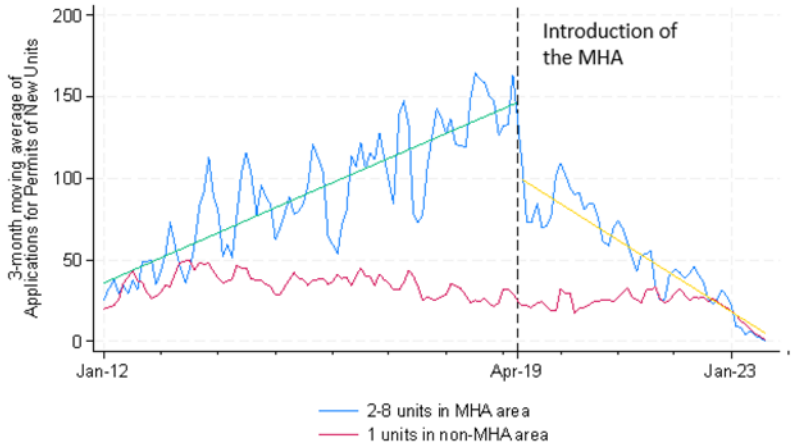
Kamala Harris's proposal for a $40 billion fund for local governments to explore "innovative" housing solutions will likely funnel money into projects burdened by self-defeating government-mandated affordability requirements, which HUD loves but markets abhor. By further empowering federal bureaucrats, it will do more harm than good.

The case in point is the Department of Housing and Urban Development's (HUD) Pathways to Removing Obstacles to Housing (PRO Housing), which awarded nearly $85 million in funding in FY23 promoting policy failures. This program is tilted irretrievably towards "affordable housing," which means by subsidy or cross-subsidy.

Here are a few examples of cities that received grants in FY 2023:

- Seattle received $5 million for its Mandatory Housing Affordability (MHA) program, which created hundreds of affordable units. However, HUD overlooked the thousands of units not built due to the constraints on small-scale townhome developers imposed by MHA regulations. After the imposition of the MHA program, townhome permits declined 80% over subsequent months.

Building Permit Applications: Pre- and Post-Mandatory Housing Affordability (MHA)



Source: City of Seattle, HUD, and AEI Housing Center, www.AEI.org/housing.

- Philadelphia was awarded $3.3 million for its $400 million bond program, the Neighborhood Preservation Initiative, despite the city reducing its successful tax abatement program that had revitalized the entire neighborhoods since 2000 without displacing residents. Instead of continuing this market-driven success, the city is now funding emergency repairs, down payment assistance, and security camera installations—drastically undermining the sustainable, long-term growth strategy that had proven effective for urban revitalization.
- Twin Cities received $4 million for several municipalities that removed barriers to building 2–4-unit homes in single-family zoned areas. Yet, Minneapolis failed to increase the allowable floor area ratio, resulting in hardly any new 2–4-unit homes being built despite the change in zoning.

These are just three cases where HUD willfully ignores research to push its agenda of more subsidized affordable housing production and preservation that invariably crowds out private developers.

Appendix 5: Housing Subsidy Programs Need a DOGE Audit

Tobias Peter and Edward Pinto, co-directors of the American Enterprise Institute's Housing Center.

Published in The Washington Examiner on 02/24/25

The federal government spends upwards of $100 billion per year on housing subsidies spread across numerous departments, including the Department of Housing and Urban Development, the Treasury Department (including the low-income housing tax credit, or LIHTC, historic, and energy tax credits), and the Department of Agriculture (rural housing subsidies), to name the largest.

These programs and their predecessors have existed for decades, yet there has never been a comprehensive, government-wide forensic audit to determine where this money goes, whether it improves housing outcomes, or to identify "waste, fraud, and abuse."

But that is about to change. The Department of Government Efficiency is now turning its watchful eye on HUD's sprawling network of subsidy programs. The audit must go beyond HUD, extending to non-HUD programs such as LIHTC and rural housing programs, which both operate as upfront capital subsidies and tenant assistance. Without this full accounting, taxpayers remain in the dark about whether these programs truly deliver on their promises or simply funnel billions into inefficiency and mismanagement.

A promising sign came when HUD Secretary Scott Turner called for a proper accounting of these subsidies during his confirmation hearing, insisting on fiscal transparency before expanding the programs further.

A proper forensic audit must go beyond surface-level reviews. It must trace every subsidy dollar from its initial disbursement to its ultimate effect on housing supply and affordability and be done site-by-site. Many housing projects are built with multiple layers of taxpayer-funded subsidies, only to be torn down and rebuilt with a new round of subsidies or to require additional government funding years later for rehabilitation while still receiving ongoing rent subsidies for tenants who cannot afford the units on their own.

Few examples illustrate the waste and inefficiency of the current system better than Andrews Terrace in Rochester, New York. Originally built in 1975 for $20 million, this 22-story, 526-unit complex was designed to attract middle-income residents back to downtown Rochester. Over time, it transitioned into HUD Section 8 housing for elderly and disabled residents. Today, nearly all the units are reserved for residents earning up to 50% of the area median income.

Like many publicly subsidized housing projects, Andrews Terrace fell into severe disrepair. Masonry deterioration forced the City of Rochester to revoke its certificate of occupancy, condemn the balconies, and impose sidewalk closures to protect pedestrians from falling debris. However, money was not put aside for such repairs.

To address these problems, Andrews Terrace is now being rehabilitated with funding cobbled together from various sources: LIHTC equity and construction loans, Fannie Mae financing, tax-exempt bonds, federal and state historic tax credits, state and local subsidies, and a new Section 8 contract providing tenants rent subsidies for another 20 years.

When factoring in Section 8 payments alongside the new $335 million investment, the total taxpayer burden from 1975 to 2045 will likely exceed $500 million — a staggering $1 million per unit.

Even more shocking is that this rehabilitation project does not create a single new housing unit. Meanwhile, in Rochester, a new single-family home currently lists for an average of $422,000 and an existing one for $150,000 — a fraction of what taxpayers are spending per unit on this so-called affordable housing project.

Andrews Terrace is not an outlier — it's the norm under LIHTC, where so-called affordable housing is created by stacking multiple layers of federal, state, and local subsidies, only to then require rental subsidies for nearly half of the tenants. The true cost of these developments is nearly impossible to track, buried under a maze of financing mechanisms. In California, LIHTC projects now routinely cost $1 million per unit to build, a shocking price tag that underscores just how inefficient and unsustainable this system has become, as even some on the left, such as Ezra Klein, will admit.

This system suffers from what can be called the five C's of housing failure.

- **Crowding Out**: LIHTC often displaces private-market housing rather than adding to supply. Studies show that for every 100 LIHTC units built, up to 100 private units are lost.
- **Cost**: The average LIHTC unit costs taxpayers $450,000, compared to $0 for a private development that it replaces.
- **Complexity**: LIHTC requires 2,060 pages of federal rules along with state-level red tape. The real winners? Lawyers and consultants.
- **Corruption**: A 2023 Government Accountability Office report found minimal federal oversight of LIHTC, leaving it rampant for fraud.
- **Cartel**: A small group of specialized developers and nonprofit organizations has mastered the LIHTC system, profiting handsomely while shutting out competition.

We need DOGE to conduct a full forensic audit of all these housing subsidies. Only by shining a light on the true cost of these programs can we build the case for reform. As the saying goes, sunlight is the best disinfectant.

Appendix 6: Calling DOGE: HUD's Costly Hunt for Answers the Market Already Has

By Tobias Peter

January 21, 2025

The Department of Housing and Urban Development's (HUD) new grant opportunity of $250,000–$500,000 for research on "Increasing Missing Middle Housing Supply" highlights yet another instance of government inefficiency and waste. While the country clearly needs more middle or light-touch density (LTD) housing, such as accessory dwelling units (ADUs), duplexes, and townhomes, the answers HUD seeks with the research grant are already available—and at no cost—from market-oriented organizations like the AEI Housing Center or Mercatus.

Unfortunately, HUD's approach is likely to result in more bureaucracy, subsidies, and government intervention, rather than addressing the root causes of the problem. This stands in direct opposition to the principles championed by DOGE (the Division of Oversight for Government Efficiency), which emphasize deregulation and market-driven solutions. Ultimately, HUD's efforts will fall short unless it shifts focus to empowering market forces as the primary driver of housing affordability and supply.

The root cause of housing scarcity lies in government regulatory failures. Restrictive zoning laws, originally implemented in the 1920s at the behest of the federal government, have effectively outlawed LTD housing types in many areas. Additionally, excessive regulations add layers of complexity and costs, further discouraging construction. According to the National Association of Home Builders, regulatory costs account for a staggering 24% of total single-family building costs. Small-scale builders—who are key to producing LTD housing—are disproportionately affected, as they often lack the resources and staff needed to navigate the labyrinth of permitting and compliance processes. This regulatory environment stifles innovation and prevents the development of much-needed housing in areas where demand is highest.

When governments have addressed these barriers, the market has responded by building more housing. We, along with others, have documented this through numerous case studies that cover a diverse set of cities across the country—from high-cost cities like Seattle and Denver to middle-tier ones like Houston and Nashville to recovering ones like Philadelphia. These examples demonstrate that when regulatory obstacles are removed, the private sector has the capacity to meet housing demand.

To unlock the full potential of market forces, governments should adopt what we call the Housing Abundance Success Sequence (HASS):

1. Increase Land Availability and Density:
    - Unlock underutilized land:
        - Release underutilized government-owned land for residential development.
        - Repurpose underutilized commercial/industrial zones by allowing residential mixed-use development thus transforming these areas into "Livable Urban Villages" that support walkability, jobs, and housing.
    - Use land more efficiently:
        - Allow smaller lot sizes and Light-touch Density (ADUs, -plexes, or townhomes) to increase the number of buildable lots, especially in single-family zones.
        - Allow greater density especially in walkable, amenity-rich areas.
    - Utilizing land at a higher and better use improves affordability.

2. Enable By-Right Zoning:
    - Allow development "by-right," meaning homes that meet zoning requirements can proceed without discretionary reviews or special approvals, thereby reducing delays and uncertainty for developers.
3. Apply the KISS Principle (Keep It Simple, Stupid):
    - Simplify land-use rules, permitting processes, and regulatory standards.
    - Avoid excessive micromanagement and complex regulatory frameworks that stifle development and discourage small-scale builders and developers.

The primary focus for governments should be on getting their own house in order. Yet, HUD appears to have its priorities misplaced, fixating in its grant on a perceived lack of financing options for light-touch density (LTD)—a supposed market failure. However, as our case studies demonstrate, financing has consistently emerged to meet demand without the need for government intervention. For those skeptical of the private sector's ability to address such needs, Seattle offers a compelling example. In that city, over 400 unique lenders arose to finance roughly 5,000 single-family-to-townhome conversions, with many specializing exclusively in these projects. Similarly, in California, nearly a quarter of new housing construction consists of ADUs, funded through a mix of private lenders specializing in ADU loans, shared equity agreements, and traditional construction financing.

These examples demonstrate that when barriers to housing development are removed, the market responds with increased light-touch density (LTD) construction. However, the reverse is also true: Imposing additional barriers undermines progress. Seattle's Mandatory Housing Affordability (MHA) program, which incorporated inclusionary zoning (IZ) requirements, serves as a cautionary tale. After successfully building 20,000 townhomes over 25 years, the program forced builders in 2019 to either set aside units for lower-income residents or pay significant fees. The result? An 80% reduction in townhome permits, stifling housing production and halting progress.

IZ mandates disproportionately harm small-scale builders—the key drivers of LTD housing. These builders often lack the financial resources to absorb the costs of meeting income limits or paying hefty fees. Additionally, small-scale builders primarily construct owner-occupied housing for middle- and higher-income buyers, rather than rental units that IZ policies often target. As a result, these regulations create insurmountable obstacles for small builders.

Inexplicably, HUD's Pathways to Removing Obstacles to Housing (PRO Housing) program, which claims to "supports communities who are actively taking steps to remove barriers to affordable housing" and offer best practices to others, awarded $5 million in fiscal year 2023 to Seattle specifically for its IZ program. Additionally, HUD distributed an additional $80 million to fund policies that are often ineffective or outright counterproductive, many of which also include IZ mandates.

HUD's misplaced priorities highlight a broader issue: a pervasive distrust of market-based solutions among many bureaucrats, coupled with an overconfidence in government-driven interventions. Unfortunately, this grant will do little to shift that perspective. Market-oriented organizations, which champion proven deregulatory measures, are effectively excluded from the process because they refuse government funding. Instead, these grants overwhelmingly favor left-leaning organizations that advocate for subsidies, inclusionary zoning (IZ), and top-down planning—approaches that, far from solving housing challenges, often exacerbate them by increasing costs and stifling private-sector innovation.

Ultimately, all levels of government must focus on removing barriers that hinder housing production. At the federal level, efforts should focus on reducing unnecessary regulatory burdens, such as Occupational Safety and Health Administration (OSHA) rules, prevailing wage mandates, tariffs on building materials, and restrictions on logging. For instance, HUD's recent energy code changes, which may add up to $31,000 to the cost of a new home, should be scrapped altogether.

Local governments should streamline permitting processes by enhancing efficiency within relevant departments or allowing third-party permitting. States should focus on injecting rigorous cost-benefit analysis into building codes, which are set by the International Code Council (ICC), an entity heavily influenced by special interests and environmental advocates. State and local leaders, including mayors and governors, must also elevate housing issues in their communities and build broad coalitions to implement effective solutions to increasing the housing supply.

While it may be too late to save taxpayer money on this particular grant, there is still hope. New HUD leadership or oversight from DOGE could redirect efforts toward stopping wasteful spending and reducing regulatory overreach. By embracing proven market-driven strategies, the government can finally remove the barriers it has imposed and allow the private sector to the housing Americans need.

Appendix 7: Powell's "We Could Have Stopped Sooner" Isn't Good Enough

Edward Pinto and Tobias Peter, co-directors of the American Enterprise Institute's Housing Center.

Published in Real Clear Markets on 10/27/25

When Jerome Powell recently reflected that "we could have—and perhaps should have—stopped asset purchases sooner," he understated one of the most consequential policy missteps of modern monetary history. His further claim that "the extent to which these [mortgage-backed securities] purchases disproportionately affected housing market conditions…is challenging to determine" simply doesn't hold up. The evidence is overwhelming: the Federal Reserve's massive pandemic-era MBS buying helped supercharge one of the largest housing booms on record.

From March 2020 through early 2022, the Fed bought more than $1.3 trillion in agency mortgage-backed securities—despite evidence that the home prices were already rising rapidly. Under its Zero Interest Rate Policy (ZIRP) and Quantitative Easing (QE), mortgage rates plunged below 3%, and national home prices soared over 38%, adding roughly $10 trillion in paper housing wealth. The Fed's balance sheet, doubled from about $4 trillion to about $8.5 trillion. If that's not "disproportionate," what is? Powell's defense—that "many factors" influence housing—ignores what his predecessors understood perfectly well. Former Chair Marriner Eccles warned in 1947 that when materials and labor are scarce, easy credit "produces a dangerously inflated market." William McChesney Martin, the Fed's longest-serving chair, famously said the central bank must remove "the punch bowl just as the party gets going." Powell's Fed, instead, kept refilling and spiking it.

By mid-2020, AEI Housing Center data showed home prices climbing at double-digit rates—long before inflation appeared. We warned then: Driven by ultra-low mortgage rates and limited supply, home price gains of 10% year-over-year are unsustainable. Still, the Fed kept buying $40 billion in MBS each month until March 2022. As a result, home prices jumped in virtually all markets, with many increasing by over 20% a year, outpacing wages and feeding inflation. Powell now concedes the Fed "perhaps should have stopped sooner." That "perhaps" carries trillion-dollar consequences.

The result was predictable: Artificially low rates inflated demand, tight supply channeled that demand into prices, and renters and first-time buyers were priced out. The Fed's policies not only stoked overall inflation—Fed researchers later estimated that house price growth accounted for roughly one-third of core CPI gains—but also deepened wealth inequality by transferring gains to existing homeowners. After the housing-driven Great Financial Crisis, the Fed should have known better. As Marriner Eccles warned Congress in 1947, "If [expanded credit] calls forth more production it will be desirable. If it only permits one borrower to bid against another would-be buyer for scarce goods & thus adds to upward pressure on prices, it is dangerous." With supply extremely tight, easy credit again inflated prices, not home construction. As pandemic stimulus amplified demand, the Fed kept buying QE and ZIRP going—an explicit credit boost to housing. The Fed's original mistake has now been compounded. Three percent mortgage holders won't sell, freezing supply and turning a rate-fueled boom into a new stalemate born of the same easy money.

In short, Powell's "we couldn't tell" defense is really a failure to understand market dynamics and follow the data. Real-time mortgage, home-price, supply, and credit data existed—and warned of overheating long before 2022. The Fed ignored it. The lesson is clear: MBS purchases should be used sparingly and only to restore market liquidity, not to goose demand. Monetary policy that treats housing as just

another asset class will keep distorting the market—and make future "perhaps we should have" apologies ring hollow. Easy money amid scarce supply only lifts prices. The Fed forgot that lesson—and Americans are paying the price.

Appendix 8: The federal government's track record on housing bills is poor

Many housing task forces and congressional actions have had many negative outcomes. This might serve as a warning for many of today's proposed policies.

The federal government's track record in housing supply interventions is poor. Just consider how public housing, which is overseen and regulated by the Department of Housing and Urban Development (HUD), is crumbling. Or how the Federal Housing Administration's (FHA) expansion into high-risk single-family and multifamily insured lending ended up devastating whole communities during the late-1960s and early-1970s.

Likewise, the Low-Income Housing Tax Credit (LIHTC), established in 1986 to combat the lack of affordable housing, has done next to nothing to increase the supply of housing. According to one study, almost all LIHTC development would have been built by the market without any subsidies.
If that's not enough, LIHTC also limits social mobility and the program is corruption-prone and complex, thus crowding out many smaller builders.

The federal government systematically implemented discriminatory policies that led to housing segregation. For example:

- the U.S. Commerce Department's role in implementing a zoning regime designed to keep Black and ethnic minorities out of single-family detached neighborhoods (see Chapter 1, AEI Light Touch Density E-Book),
- the 1949 Housing Act which resulted in the high-rise public housing and urban renewal programs, both of which worked to the great detriment of Black households and neighborhoods,
- the 1967 Presidential Task Force on Housing and Urban Development (headed by HUD Secretary Weaver), which proposed a 10-year housing program to eliminate all substandard housing in the U.S., which program was enacted in the 1968 Housing and Urban Development Act, the consequences of which led to HUD and FHA destroying many American cities, especially Black neighborhoods (Cities Destroyed Cash: The FHA Scandal at HUD),
- the Tax Reform Act of 1986, which created the Low Income Housing Tax Credit, which has perpetuated racial segregation (Chicago tax credit program mostly produces affordable housing in poor black areas, March 15, 2021),
- the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, which granted HUD the authority to set affordable housing mandates for Fannie Mae and Freddie Mac, and
- HUD's 1995 National Homeownership Strategy: Partners in the American Dream, which led to over 10 million foreclosures and did much to create the wealth disparities Blacks now face. All of these failures may be traced to HUD, or its predecessor agencies responsible for federal housing policy.

The core misconception is that affordable housing requires more subsidies. Not true. The problem is a government-created supply shortage, driven by restrictive zoning, discretionary planning reviews, environmental rules, and regulatory delays that make land scarce and construction expensive. Only state and local reforms—not new federal spending—can fix this. The evidence is clear: building more market-rate housing lowers rents and prices across the board through filtering, as higher-income households move into new units and free up existing ones.

For further reading, see for example:

On housing programs:

- Housing Subsidy Programs Need a DOGE Audit
- Low-Income Housing Tax Credit: A Massive Expenditure of Public Funds, But a Failure at Addressing the Root Cause
- Harris's Housing Plan and the Five C's That Will Derail It
- The Government Cannot Solve America's Housing Crisis
- Kamala Harris's Housing Plan Would Be Worse Than Doing Nothing
- Addressing the Flaws in Moody's Projections on the American Housing and Economic Mobility Act of 2024 and a Market-Driven Alternative

About expanding the LIHTC program to include Workforce/Middle-Income Housing:

- Congress, Don't Legislate a Takeover of the Nation's Rental Housing Market
- The Workforce/Middle-Income Housing Tax Credit (event page)

How to solve the housing shortage through deregulation that will unleash market forces:

- Achieving Housing Abundance Through State and Local Land Use and Zoning Reform
    - A Follow-Up on My Recent Testimony to the Joint Economic Committee on Policy Approaches to Increasing the Supply of Affordable Housing
- Market-Oriented Reform Principles and Policies That Would Help the Housing Market
- Expanding Housing Supply with Light-Touch Density
- Government Policies Are Responsible for the American Housing Crisis that is Crowding Lower Income Households Out of the Housing Market
- How the Federal Government's Policies Are Crowding out Lower Income Americans out of the Housing Market

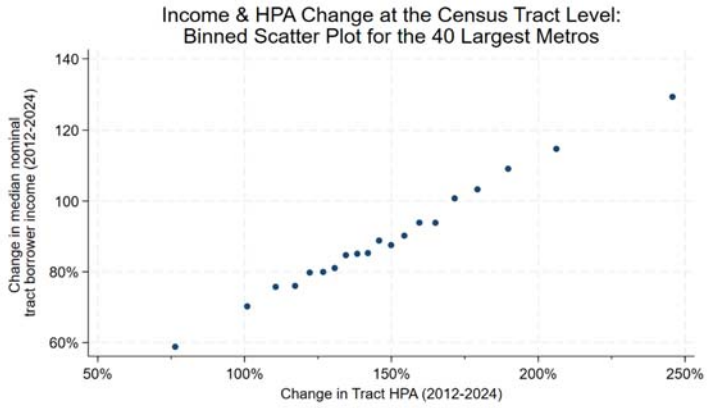
Appendix 9: The crowding out of low- and moderate-income borrowers and the breakdown of filtering

As new construction has failed to keep pace with demand, the normal filtering process has broken down—and in some markets even reversed—with higher-income households purchasing older homes once occupied by lower-income families. Federal housing and monetary policies, including the Fed's prolonged period of ultra-low interest rates during a seller's market, have fueled rapid home price appreciation and intensified competition for a shrinking supply of affordable homes.

As prices rise faster than incomes, lower-income and minority households are increasingly pushed to the sidelines, unable to compete with higher-income buyers moving down the price ladder. The result is clear: federal policy–driven price inflation, combined with a chronic lack of new supply, is crowding out entry-level buyers and limiting access to areas of opportunity.

Importantly, the housing shortage is not a market failure—it is a government regulatory failure, rooted in land-use restrictions that prevent enough housing from being built. The evidence is overwhelming that the most effective way to expand affordability is to build substantial amounts of market-rate housing, which lowers prices and rents across the board.

More supply also restores the filtering process: as higher-income households move into new homes, they vacate lower-priced units, which then become available to middle- and lower-income families—just as occurs in the new and used car markets. Removing regulatory barriers could unlock hundreds of thousands of additional homes each year and put homeownership back within reach for many households.



Note: Tracts are weighted by their respective loan counts. Binned scatter plot accounts for differences in metros. FHA and minority borrower shares are for 2024. HPA stands for constant-quality home price appreciation.
Source: HMDA and AEI Housing Center, www.AEI.org/housing.

Appendix 10: Research into various home retention programs

(see next page)

AEI Housing Center

AEI.org/housing | October 30, 2025

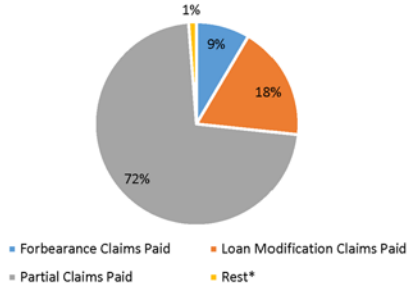
The Future of Loss Mitigation

Tobias Peter
Co-Director and Senior Fellow
(Tobias.Peter@aei.org)

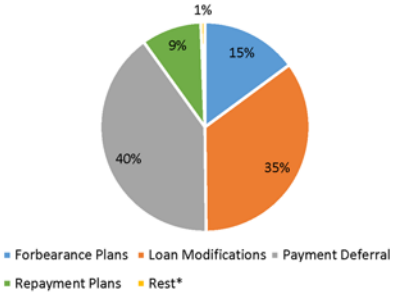
Loss Mitigation Uptake

- **In the past year alone, the Federal Housing Administration had over 610,000 loans benefit from loss mitigation—about 8% of its entire portfolio.** Partial claims account for 75% of this total - left chart.
  - Per HUD, as of Sep. 2024, over one million borrowers with FHA-insured mortgages have utilized partial claims – out of a book of 8 million loans or about 13%.
  - We hear that the total today may be up to 1.8m partial claims, with some borrowers having multiple claims.
- **Fannie Mae and Freddie Mac added another 209,000 loss mitigation cases.**
  - The majority are payment deferrals (40%) and loan modifications (35%) – right chart.
- The Department of Veteran Affairs has budgeted for 40,000 VA Servicing Purchase (VASP) Program loans, but servicers expected that the actual total will be higher. This program has now ended and replaced with a partial claims program.
- **The central questions is: With the pandemic behind us, unemployment under 4% and a strong economy, why do so many borrowers continue to need help?**

FHA Loss Mitigation - Incentive Claims Paid: October 2024 - September 2025



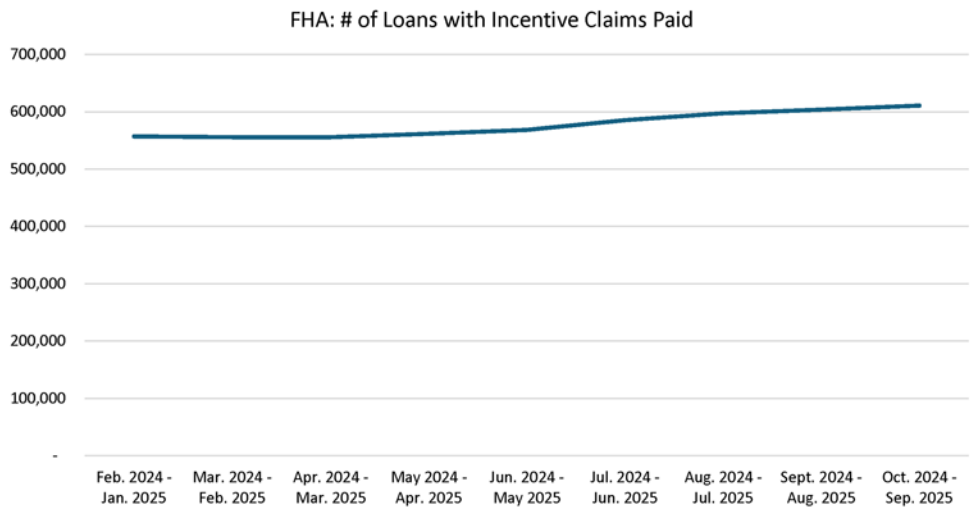
GSE Loss Mitigation Completed: July 2024 - June 2025



* For FHA loans, "Rest" includes HAMP Loan Modification Claims Paid, HAMP Partial Claims Paid, Deed-in-Lieu Claims Paid, Pre-Foreclosure Sale Claims Paid, and Total Conveyance Claims Paid; for GSE loans, Rest includes Charge-offs-in-lieu, Short Sales, and Deeds-in-lieu.
Source: FHA Neighborhood Watch, FHFA Foreclosure Prevention & Refinance Report, and AEI Housing Center, www.AEI.org/housing.

FHA Total Incentive Claims Paid Have Been on the Rise

- Each month, FHA publishes a running yearly total of loans that received one of the various loss mitigation efforts.
- Up until mid-2025, these totals were around 550k, but they have risen to over 600k over the last couple months.
  - This means that more borrowers are entering these programs than are leaving them and that that pace is quickening.



Source: FHA Neighborhood Watch and AEI Housing Center, www.AEI.org/housing.

FHA Failing to Track and Collect Partial Claims

- **Key Issue:**
  - HUD's Office of Inspector General (OIG) has repeatedly found that FHA's partial claim program lacks adequate tracking, controls, and collections—costing taxpayers billions.
- **OIG Findings (2008–2021):**
  - 2008: NSC lacked policies & follow-up procedures; 29 of 48 loans had servicing deficiencies.
  - 2015: Weak payment controls → $22M unsupported + $104K ineligible claims.
  - 2016: HUD failed to collect ~$21.5M in due partial claims; 27% of sampled loans uncollected.
  - 2018: Missed $6.8M in surplus proceeds; $6M in partial claims untracked.
  - 2019: OIG reopened prior recommendations due to unaddressed deficiencies.
  - 2021: Partial claims lose lien priority, increasing nonrecovery risk; prior audit recs still pending.
- **Recent Developments:**
  - Jan 2025: HUD issued draft Mortgagee Letter on Partial Claim recording & payoff.
  - Apr 2025: OIG launched new audit on NSC Partial Claims Tracking & Collection.
- **Fiscal Impact:**
  - ~1.3M partial claims since 2020; average $27,000 per claim.
  - If 25% uncollected → ~$6.75B taxpayer exposure (excl. pre-2020 claims).
- **Bottom Line:**
  - Years of OIG warnings indicate systemic failures in FHA's partial claim management. Evidence suggests these issues remain unresolved.

Note: Table refers to the maximum number of allowable days between the due date of the last paid installment and foreclosure sale date.
Source: HUD and AEI Housing Center, www.AEI.org/housing.

Serious delinquent borrowers have lots of equity, but they may not know it

- **For borrowers in serious delinquency, there's a simpler, common-sense option: selling the home.**
  - Of all serious delinquent GSE, FHA, and VA borrowers in June 2025, about 94% would hold positive equity after selling their homes — even after accounting for arrearages and transaction costs.
    - This is because most of these borrowers purchased their homes years ago and have benefited from home price appreciation, along with a steady principal pay down through amortization.
  - Among those with positive equity, the average cash they could walk away with is $149,000.
  - Recent data from Auction.com show that even after a foreclosure, over half of borrowers walk away with more than $50,000.

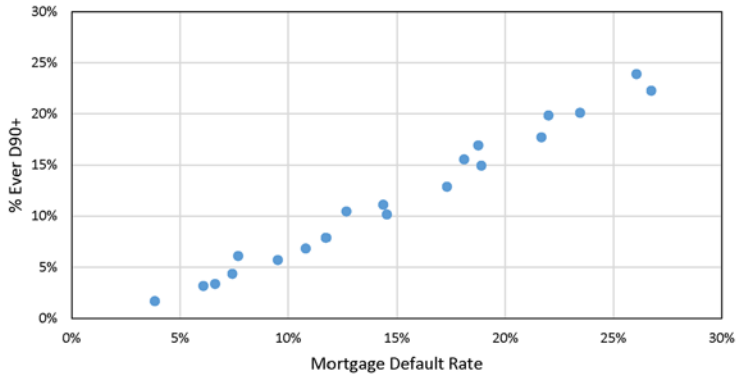
	Avg. Home Value at Origination	Avg. Tenure (in Years)	Avg. Home Price Appreciation since Origination	% with Positive Equity	Avg. Total Equity After Hypothetical Home Sale*
GSE	$341,000	5.2	51%	98%	$218,000
FHA	$239,000	4.8	57%	95%	$126,000
VA	$289,000	3.8	46%	82%	$109,000
GSE+FHA+VA combined	$275,000	4.8	54%	94%	$149,000

* For borrowers with positive equity.
Note: Analysis is for the outstanding book as of June 2025. The current equity position is calculated as the difference between the estimated current home value and the unpaid principal balance. We estimate the current home value by adjusting the original loan amount and loan-to-value (LTV) ratio using ZIP-level changes from the FHFA Home Price Index. From this, we subtract all missed interest payments — inferred from the loan term, note rate, loan age, and original loan amount — as well as assumed transaction costs equal to 7% of the current home value. The data exclude any equity that a borrower may have extracted previously through a home equity loan or a HELOC. Data are limited to loans that are in serious delinquency as of June 2025. This analysis is confirmed by FHFA's Foreclosure Prevention & Refinance Report, which shows that as of 2024:Q3, 88% of loans that went through loan modification had a Mark-to-Market (MTM) LTV <=80% at loan modification.
Source: McDash, FHFA, and AEI Housing Center, www.AEI.org/housing.

Higher defaults rate are correlated with loan characteristics at origination

- Ganong and Noel (2022) find that that 70% of US homeowners who defaulted between 2008 and 2015 were driven solely by negative life events (i.e., cash flow defaults), while 24% were driven by the interaction between negative life events and negative equity (i.e., double-trigger defaults).
- This is largely predictable using risk factors at origination and it highlights the inherent vulnerability of high-leverage lending strategies.

Stressed Mortgage Default Rate at Origination & Eventual Serious Delinquency Rate for GSE First-Time Buyers



Share of First-time Buyers with Less than 1 Months' Reserves	
FHA	79%
GSE	38%
VA	54%

Note: After subtracting out gifts, closing costs, and down payment.

Note: Chart is a binned scatter plot with 20 bins. Each bin contains the same amount of loans. The Mortgage Default Rate (MDR) takes all risk factors (credit score, CLTV, DTI, term, etc.) into account. It serves as a reliable predictor of a borrower's likelihood of default under adverse economic conditions. Although the specific stress events—such as the Great Financial Crisis (used to calibrate the MDR) and the COVID-19 pandemic (which affected recent loan performance)—differ in nature, the underlying relationship between the MDR and actual delinquency outcomes remains consistent. Higher MDR values consistently correspond to higher observed delinquency rates.
Source: Fannie Mae, Freddie Mac, ICE, and AEI Housing Center, www.AEI.org/housing.

Home retention or not - What's in the borrower's best interest?

Benefits of staying in the home:

- Moving is costly (transaction costs, uprooting life, and time).
- Ongoing home price appreciation.

On the other hand:

- Borrower may redefault depleting equity further.
- Selling might provide the opportunity to walk away with more cash.
- Selling might create the opportunity to right-size one's finances.

There are many uncertainties on the horizon:

- Home prices may not continue to go up.
  - For the next few years, home prices may be stagnating and could in some markets decline by 20% or more (peak to trough; see for example Cape Coral).
  - The low end of these markets, where FHA buyers are, could decline even more. Such instances make it less likely that FHA will collect at all.
- Inflation, unemployment, etc.

But there should be other considerations as well. Such as:

- What's in the taxpayer's best interest?
- Is fair to keep people in their homes that don't make mortgage payments when there are others wanting to buy?
- Are there the unintended consequences?

Source: AEI Housing Center, www.AEI.org/housing.

Loss mitigation relief and retention programs are fraught with moral hazard and unintended consequences

- **Turns mortgage lending into an entitlement program with enormous moral hazard.**
  - FHA and the GSEs treat the UPB as an account that the borrower can draw down as if a mortgage was a bank account.
  - A borrower can get multiple bites at the apple risk turning mortgage lending into a permanent bailout pipeline.
    - A 20-30% payment reduction may be too little or too much.
    - The VA Servicing Program (now ended) lowered the rate to 2.5% -- a huge benefit to anyone with high rates.
    - May leave little money for home maintenance.
  - Auto enrollment with no or little documentation required makes relief options easy to claim, including people who may not need help. The idea that most serious delinquent borrowers today need a government bailout is belied by the facts.
  - Some cite low foreclosure rates to justify even riskier lending. That's madness.
  - Increased risk of political interference, leading to expanding benefits and growing financial liabilities over time.
- **Kicks the can down the road and increases costs.**
  - The longer we wait, the greater the eventual losses will be.
    - Proponents argue that loss mitigation avoids the cost of foreclosure. But we've heard this before —federalizing student loans was supposed to save money and help fund Obamacare. Instead, we got ballooning balances, widespread defaults, and massive taxpayer-funded bailouts costing hundreds of billions of dollars.
- **Not necessarily effective / high rates of recidivism:**
  - GSE data show that about a quarter to one-third of loan mods redefault.
  - FHA servicer data show that 25% of FHA loans that came out of loss mitigation became 90+ days delinquent again.
- **Inherently unfair:**
  - Many aspiring first-time buyers are on the outside looking in. As they sit on the sidelines, home prices climb — putting homeownership further out of their reach, while delinquent borrowers, who could have sold their homes at a profit, continue to live in potentially appreciating homes that they no longer can afford thanks to government largess.
  - FHA is not properly tracking seconds liens from partial claims. The partial claim amount then becomes a gift to the borrower for not paying their mortgage for some time.
  - This socializes borrower losses and privatizes their gains. In a classic heads I win, tails the taxpayer loses as borrowers can walk away when prices drop.
- **Investors and services are generally made whole.**
  - Unwinding these programs may cause short-term pain, but consider the alternative. When the system cracks—as high re-default rates suggest it eventually will—servicers will be the first to be blamed, even if they didn't create the problem.

Source: AEI Housing Center, www.AEI.org/housing.

Home retention has become a band-aid for repeated government failures

The CFPB undermined its own safeguards. Dodd-Frank capped debt payments at 43% of income, but the CFPB widened the credit box anyway.

- In the past year, more than one in four government-backed purchase loans went to borrowers devoting at least half their income to debt.
- These borrowers, often with low credit scores and little savings, are barely able to stay afloat even in good times.

The Fed's pandemic-era money printing and the Biden administration's runaway spending.

- The result: inflation, shrinking household budgets, and high mortgage rates that have rendered traditional modifications ineffective.

In 2014, the Consumer Financial Protection Bureau (CFPB) required mortgage servicers to exhaust every possible loss mitigation option —loan modifications, forbearance, repayment plans, or short sales— before foreclosing on government-backed loans, which are about three quarters of all loans originated today.

- The intent was clear: Make foreclosure so slow and costly that servicers would avoid it entirely.
- As a result, foreclosure timelines, already long, have been lengthening adding costs.

A two-month foreclosure moratorium under the CARES Act stretched to nearly 17, and loss mitigation expanded dramatically. Borrowers on government-backed loans could defer missed payments to the end of the loan, often with reduced monthly payments and without interest.

- People got out of the habit of making regular mortgage payments.

Instead of expanding home retention programs, we should undo some of the policies that necessitate them.

Foreclosure timelines have been lengthening – which adds costs

- **Federal Housing Finance Agency (FHFA)**
  - Ed DeMarco introduced a 25 basis point fee in 2014, which applied to mortgages in certain states because foreclosure laws and timelines in those states resulted in significantly higher carrying costs for Fannie Mae and Freddie Mac compared to the national average.
  - FHFA under new leadership reversed the policy in May 2014.
- **Consumer Financial Protection Bureau's (CFPB)**
  - In 2014, the CFPB's Reg X required mortgage servicers to exhaust every possible loss mitigation option before foreclosing on government-backed loans.
  - The intent was clear: Make foreclosure so slow and costly that servicers would avoid it entirely. The data show this.
  - This adds costs.

State	Method of Foreclosure	Foreclosure Timeline (in days)				
		1990	2013	2016	2019	2025
Simple Average (50 States + DC)	**All**	**229**	**412**	**608**	**648**	**666**
Simple Average (22 States + DC)	**Judicial**	**281**	**531**	**757**	**797**	**815**
Kansas	Judicial	300	330	480	540	540
Delaware	Judicial	180	460	960	720	720
New York	Judicial	390	820	1110	1740	1740
New York City	Judicial			1140	2190	2190
Simple Average (28 States)	**Non-Judicial**	**180**	**304**	**470**	**508**	**524**
Wyoming	Non-Judicial	180	270	360	360	360
Texas	Non-Judicial	120	270	390	390	480
California	Non-Judicial	210	330	480	480	600
Oregon	Non-Judicial	210	390	1050	960	690

Note: Table refers to the maximum number of allowable days between the due date of the last paid installment and foreclosure sale date.
Source: HUD, FHFA, Fannie Mae, CFPB, and AEI Housing Center, www.AEI.org/housing.

Policy recommendations

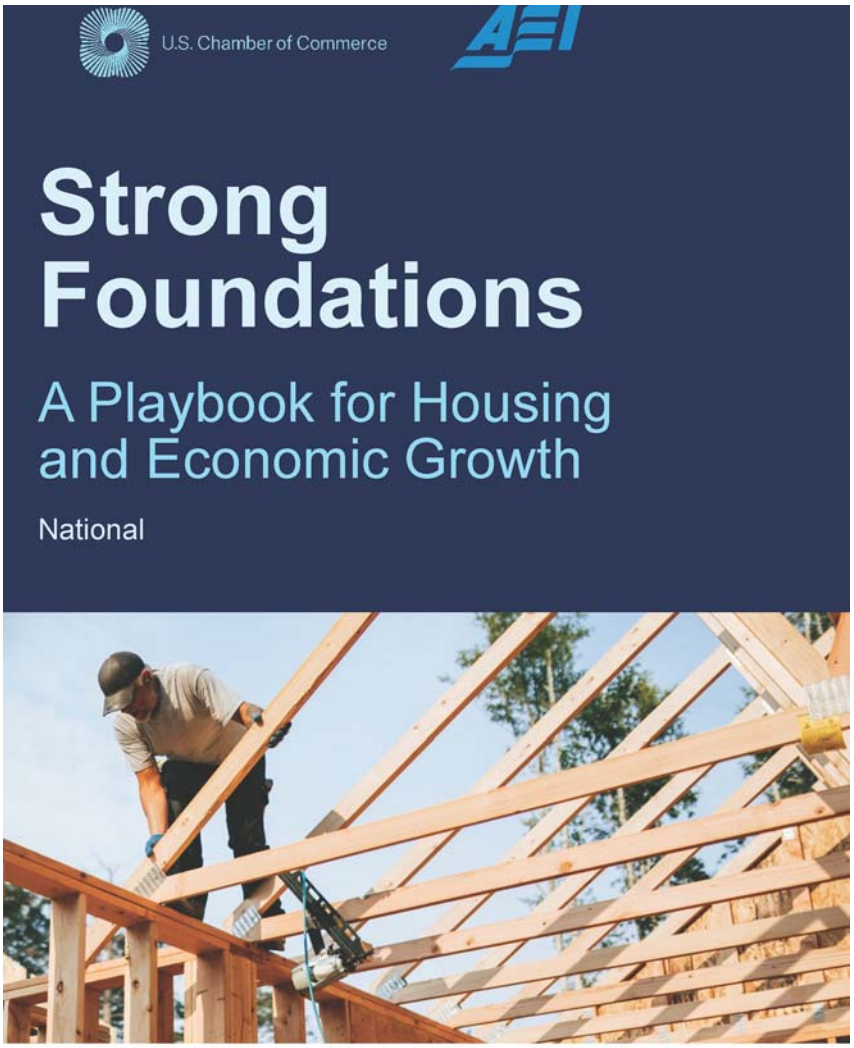
1) **Before putting a borrower into a home, the agencies should ensure the borrower has staying power:**
   a. Require financial reserves of at least 2 months so that the borrower can ride out short-term income disruptions.
   b. Lower maximum DTI threshold to 43% so that the borrowers can absorb a smaller permanent liquidity shock.
      a. Today, about two-thirds of FHA home buyers have a total debt ratio in excess of 43% (pre-tax).
      b. Implement, for example, DTI caps, residual income test, financial reserve requirements.
         a. RHS shows that it is possible to limit DTIs.
         b. Rather than lowering the DTI after a delinquency, set lower DTIs from the start.
   c. Impose certain overlays on borrowers with lower credit scores (perhaps an additional months of reserves, etc.).
   d. Inform borrowers of their likelihood to default under a stress and no-stress scenario (using the default rates of borrowers after the Great Financial Crisis and more recent time period)
   e. Crowd in shorter loan terms as a way of ensuring wealth building (even though this won't insulate a borrower from liquidity shocks).
2) **Once a borrower is in the home, the agencies should:**
   a. Proactively remind borrowers to get in touch with their servicers before they miss a payment.
   b. Inform the borrower of rate and term refinance options when current mortgage rates are significantly below his current rate.
      i. The agencies should lay out the benefits of refinancing into a shorter loan term, especially when the borrower can keep his current payment about stable.
   c. The agencies should not allow cash-out refinances other than for:
      i. home improvement or
      ii. borrowers with an MTM LTV < 70% & a credit score of >= 690.
3) **Once a borrower has missed a payment, the agencies should:**
   a. Urge him to get in touch with his servicers.
   b. Inform the borrower of all his options:
      a. Sale: the current equity position using an internal AVM.
      b. Stay in the home and access home retention programs under certain conditions:
         i. He'll have to document the nature of his liquidity shock and in some cases, verify his income/credit score.
         ii. Impact on his credit score from delinquency.
         iii. He may re-default.
         iv. His request may be denied.

Additional policy recommendations:

1. **Limit the number of home retention options to one over the lifetime of the loan.**
2. **Implement rigorous re-underwriting in case of loss mitigation:**
   - Pull a new credit file, which can be compared to the one at origination.
   - Require income documentation.
   - Recalculate DTI and rely on a residual income calculation
     - Deny the borrower's request if he would remain overleveraged.
3. **Phase out loss mitigation programs for homeowners with lots of equity**
   - The government agencies should begin phasing out loss mitigation options for delinquent borrowers who are sitting on significant home equity.
4. **Implement proper FHA Mutual Mortgage Insurance Fund (MMIF) accounting.**
   - FHA's practice of treating Partial Claims (PCs) as fully collectible overstates the MMIF's true reserves. This creates a misleading picture of fund strength and encourages premature premium cuts.
   - There are multiple reasons for this:
     - Per multiple HUD OIG reports, FHA doesn't collect on a quarter to half PCs.
   - A better alternative is to implement better accounting at the MMIF.
     - FHA should recognize an immediate loss to the MMIF at the time a PC is executed, rather than assuming full future repayment.
     - When the PCs are collected, they should be credited back to the MMIF.
5. **Implement LIFT Home (Low Income First Time buyer program)**
   - Rate buydown with 20 year term that keeps monthly P&I equivalent to a 30-yr mortgage to build equity faster.

Appendix 11: Strong Foundations: A Playbook for Housing and Economic Growth (National)

(see next page)


U.S. Chamber of Commerce
AEI
Strong Foundations
A Playbook for Housing and Economic Growth
National

Overview

Housing has long been a cornerstone of the American dream and the nation's economy, but a supply–demand imbalance has pushed the U.S. market into crisis, driving up prices and limiting workforce mobility. Addressing this shortage is essential to stabilize the market and sustain economic resilience, so the U.S. Chamber of Commerce and the AEI Housing Center* have released Strong Foundations: A Playbook for Housing and Economic Growth, a guide that gives state and local leaders actionable solutions. The playbook is backed by location specific data on affordability, net migration, and homeless displacement pressure. These data allow officials to make informed decisions to reinforce housing stability and spur growth.

We thank our data providers – First American, Intercontinental Exchange, U.S. Parcl Labs, Zoneomics, and Cotality – our analysis would be impossible without their data. We also acknowledge the use of data from Bureau of Labor Statistics, Bureau of Economic Analysis, SafeGraph, U.S. Census, Overture Maps, OpenStreetMap, ESRI Community Maps, Microsoft, Freddie Mac, U.S. Department of Housing and Urban Development, IRS, and the U.S. Geological Survey.

The Key to Housing Abundance

Small lots, small lots, small lots. Enabling small lots are essential to building more family-sized starter homes.

Key ways to unlock smaller lots and new housing supply

- **Lot size flexibility in new subdivisions:** allow the building of homes on small lots instead of only large lots. Small lots enable the construction of starter single-family homes and townhomes.
- **Home dwelling type and lot split flexibilities on existing lots:** allow the construction of a variety of dwelling types and sizes, including duplexes, triplexes, quadplexes, townhomes, and ADUs.
- **Flexibility to build homes near jobs:** allow for a residential overlay by-right in non-residential districts such as commercial/retail, bringing people closer to jobs and amenities.

Building in flexibility for lot size and density will help unleash new housing supply, restore affordability for buyers and renters alike, and reopen the path to ownership for working families.

* *AEI Housing Center scholars Edward Pinto, Tobias Peter, and Arthur Gailes.*

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Executive Summary

Options Communities Should Consider to Add Up to 1,629,400 Homes Annually in the Nation

While every community has differences in infrastructure such as road, schools, and sewer and water availability, and local laws vary, our Housing Playbook offers strategies to help add more housing supply to meet growing demand.

Option 1: Lot Size Flexibility in New Subdivisions

- Allow the option to build homes on small lots instead of only large ones. This enables the construction of starter single-family homes and townhomes. States, counties, and municipalities should consider establishing minimum lot sizes no larger than 1,200 square feet for lots in new residential subdivisions.

Projection: 414,400 additional single-family homes per year with a median value of $454,000, which is 11% below today's median value of the nation's single-family homes built in new subdivisions from 2000-2024.

Option 2: Home Dwelling Type and Lot Split Flexibilities on Existing Lots

- States, counties, and municipalities should consider allowing duplexes, other multiplexes, townhomes, or accessory dwelling units (ADUs) on single-family lots and allow lot-splits by setting a minimum lot size of no more than 1,200 square feet for new lots.

Projection: 482,000 net new homes annually with a median value of $486,000, which is 1.7% above today's median value of the nation's new SFD infill housing built from 2014-2024.

Option 3: Flexibility to Build Homes Near Jobs

- Allow for a residential overlay by-right in non-residential areas, which could include shopping areas or other appropriate commercial districts, bringing people closer to jobs and amenities.

Projection: 587,000 net new homes annually.

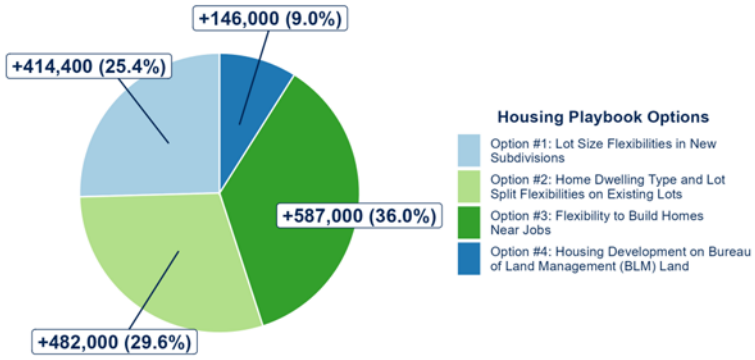
Option 4: Housing Development on Bureau of Land Management (BLM) Land

- Request sale of developable BLM land for residential use through public auction (Homesteading 2.0). Focus on by-right development of small-lot single-family detached homes and townhomes.

Projection: 146,000 homes annually, using just 230 sq. mi. of land out of BLM's 267,000 sq. mi. nationwide portfolio.

How the Nation Could Add 1,629,400 Homes Per Year

*Following the AEI Housing Success Playbook Would Increase New Homes by 125%**



* Compared to new homes built from 2010-2023.
Source: 2023 5-year ACS and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/playbook.

Impact of the Housing Shortage

Recent studies estimate that the national housing shortage ranges from around 4 to 8 million homes. In this shortage analysis, we use the mid-point of about 6 million homes.[1] The map below shows where that shortage lies.

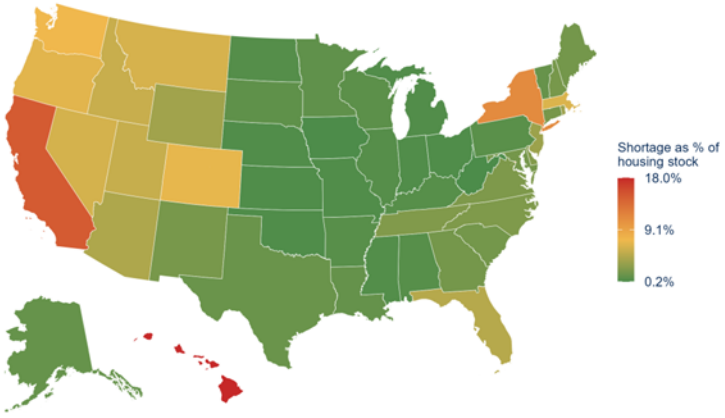
The nation is short **6.0 million** homes—roughly **4.1%** of its entire housing stock. That shortage is an invisible hand squeezing families out of home ownership, pushing rents higher, and forcing workers to commute farther from jobs and schools. Every year we fail to close it, prices climb faster than wages, overcrowding worsens, and the dream of a starter home slips further away.

Fixing the nation's housing shortage would:

- Bring home price growth in alignment with wage growth.
- Give renting families a path to home ownership.
- Relieve upward pressure on homelessness and displacement.

U.S. Housing Shortage by State in 2023

National shortage: 6.0 million homes



Source: 2023 1-Year American Community Survey (ACS) and
AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/housing_shortage.

[1] We assume a national housing shortage of 6 million homes - a midpoint between various studies estimating a shortage of between 4 and 8 million (see for example: Up for Growth, Zillow, Realtor.com, McKinsey). We then allocate that shortage to counties (or cities) using the ratio of median home price to income.

Why Allow for Lot Size and Location Flexibility?

This gives owners the right to build homes that most people can afford—whether in new neighborhoods, existing communities, or near jobs. It increases supply and affordability by allowing people to build starter homes on **smaller lots in new residential subdivisions**, and by **allowing duplexes, triplexes, fourplexes, townhomes, or ADUs** on single-family lots. It also refers to location – allowing **homes near jobs** and amenities in commercial and other non-residential areas.

It creates more affordable starter homes by using land more efficiently. This approach reduces sprawl, infrastructure costs, and energy use. By building smaller homes on smaller lots, we can significantly increase the supply of lower-priced, family-sized homes while freeing up existing housing stock.

It creates more workforce housing since single-family detached homes and townhomes average about 3.5 and 2.8 bedrooms respectively and are suitable for raising a family and naturally affordable shared living arrangements (42% of renters live in single-family homes).

What is the flexibility to build homes near jobs?

Legalizing single-family, multifamily, and mixed-use residential by right in all commercial, industrial, and mixed-use areas. This allows people to live near their jobs and amenities if they choose.

By-right housing can transform underused commercial and industrial properties into owner-occupied and rental homes, helping cities make better use of land and infrastructure. Combined with small lots, this helps give people of all incomes greater choice in where and how they choose to live.

The Housing Affordability Trifecta: Why Smaller Lots Mean Lower Home Prices

- **Smaller lots** → lower land costs
- **Smaller homes** with standard finishes → more affordable per home
- **More townhomes** → efficient land use, lower cost per square foot

Diving Deeper: Option 1: Lot Size Flexibility in New Subdivisions

Home values for single-family detached (SFD) and single-family attached (SFA) homes in new subdivisions vary significantly based on homes per acre (lot size). **As lot sizes shrink, home prices typically go down.**

From 2000-2024, **9.4% of new homes built in residential subdivisions in the nation have been townhomes (SFA)**—a form that uses land more efficiently, **requiring only 25% of the land** needed for a typical detached home (SFD).

The impact of restrictive zoning is clear in home prices: In the nation, the median price of a newly built SFD home in a subdivision is $520,000—well above the median sale price of financed homes at $375,000.

Allowing smaller-lot subdivisions and more homes in existing single-family areas would enable the construction of more homes at lower price points—helping to add supply and close the gap between what is built and what most working families can afford.[2] To achieve this outcome, the nation should set a minimum lot size of no more than 1,200 sq.ft. for newly constructed single-family homes.

[2] For more details, see As-Built & New Residential Subdivisions.

New Residential Subdivisions (2000-2024): Lot Size and Market Value in the Nation

Hypothetical Estimates for Single Family Detached (SFD) and Attached (SFA)

Note: There were 10,739,500 new SFD and 1,118,600 new SFA homes built in residential subdivisions from 2000-2024. Dots are sized by the ratio of SFD-to-SFA homes built. The chart shows the hypothetical case assuming that SFAs were built in the same locations as SFDs, and illustrates the expected influence that legalizing by-right residential zoning and lot size variations would have on SFD and SFA home affordability.
Source: First American, HMDA 2024, and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/playbook.

A common misconception is that developers prefer building big homes on large lots because it yields higher profits. In reality, local zoning codes and minimum lot size requirements often dictate the size of a home—not market preferences.

Consider a simple thought experiment: a builder would earn far more profit by mass marketing one hundred $300,000 townhomes on 1/20-acre lots than by building five $1 million custom homes on one-acre lots. Clearly, **total profit would be higher selling $30 million worth of townhomes compared to $5 million worth of homes.**

New Residential Subdivisions (2000-2024): Lot Size and Home Value Scenarios for the Nation

	SFDs Built (Actual)	SFDs Built at Slightly Smaller Lots (Estimated)			SFAs Built		Mix of SFDs and SFAs on the Same Land (Estimated)	
	At Median	At 7th Decile	At 8th Decile	At 9th Decile	At Median		80% at 5.5 homes/acre (median SFD) and 20% at 22.3 (median SFA)	80% at 8 homes/acre (9th decile SFD) and 20% at 22.3 (median SFA)
					Actual	Hypo		
Density (Homes/Acre)	5.5	6.3	7	8	22.3	22.3	8.9	10.9
Homes Built in Residential Subdivisions (2000-2024)	10,739,500	12,336,200	13,628,100	15,560,700	1,118,600	NA	17,243,600	21,100,600
Owner Occupied	9,206,000	10,574,800	11,682,200	13,338,900	716,100	NA	12,903,100	16,209,300
Extra Homes								
Cumulative	NA	**1,596,700**	**2,888,700**	**4,821,200**	NA	NA	**6,504,100**	**10,361,100**
Per Year	NA	**63,900**	**115,500**	**192,800**	NA	NA	**260,200**	**414,400**
Home Value in 2024								
Median	**$520,000**	$497,000	$483,000	$466,000	$445,000	**$406,000**	$497,000	**$454,000**
25th Percentile	$446,000	$426,000	$414,000	$400,000	$401,000	$366,000	$430,000	$393,000
Living Area in Sq. Ft.	2,300	2,130	2,050	1,960	1,720	1,670	2,190	1,910

Source: First American and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/playbook.

- If single-family detached homes had been built at 8 homes per acre (instead of 5.5), the nation could have added **193,000 more homes per year (4.8 million over 2000-2024).**
- If 80% of single-family detached homes had been built at 8 homes per acre and the remaining 20% had been converted to townhomes at 22.3 homes per acre, the nation could have added **414,400 more homes per year (10.4 million homes over 2000-2024).**

These two changes alone would have increased the number of family-sized residences built from 2000-2024 by 87% – from 11.9 million to 22.2 million.

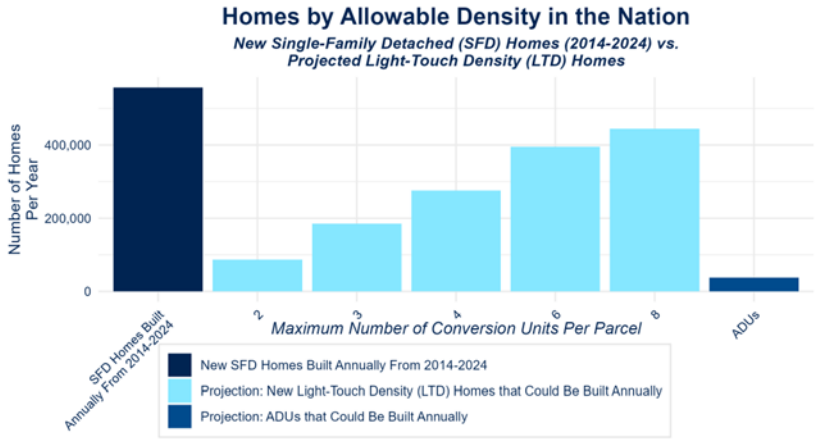
Going forward, building 80% of SFD homes at 8 homes per acre and converting the other 20% to townhomes at 22.3 homes per acre would increase the nation's recent single family permit levels by 42% **– from 994,000 to 1.4 million homes per year.**

Diving Deeper: Option 2: Home Dwelling Type and Lot Split Flexibilities on Existing Lots

Allowing home dwelling type and lot split flexibilities on existing lots in single-family neighborhoods in the nation could add 482,000 homes per year, or an increase of about 87% over the current rate of SFD construction in the nation.

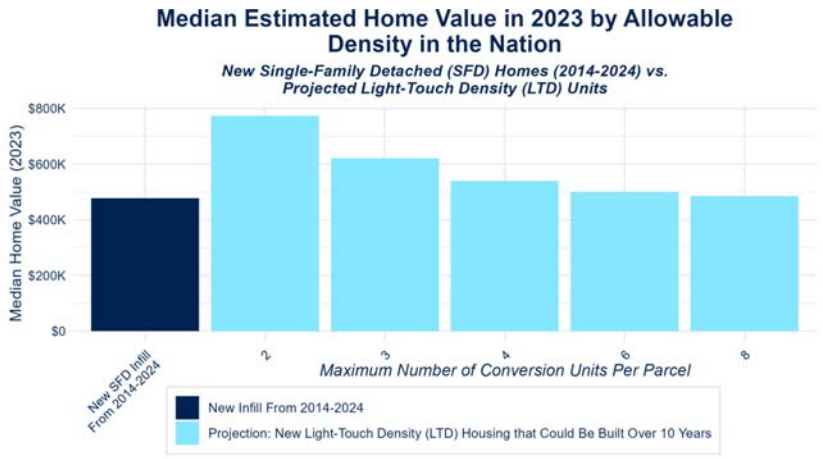
These new homes are created through the legalization of home dwelling types or by splitting existing lots into smaller parcels. They can take the form of smaller lot SFD homes, townhomes, 2–8 home multiplexes, and ADUs in neighborhoods currently restricted to single-family detached homes.[3] To achieve this outcome, the nation should set a minimum lot size of no more than 1,200 sq.ft. for new lots created through single-family lot splits.

This bar chart compares **the number of new SFD homes built in the nation from 2014-2024** (shown in dark blue) to the **potential number of homes** that could be created by these flexibilities.



Source: First American and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/ltd_chart.

[3] Projections for ADUs are given only in cases when they are the highest and best use of land. In areas with high land values, duplex, triplex, and townhome conversions are typically the higher and better land use. If both ADUs and small multiplexes make financial sense, we assume the option that produces the most homes on that lot. Light-Touch Density: Housing Supply and Affordability Estimates.



Source: First American and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/ltd_chart.

Diving Deeper: Option 3: Flexibility to Build Homes Near Jobs

Legalizing housing in commercial and other areas by allowing single-family, multifamily, and mixed-use residential homes to be built by right in non-residential areas.[4]

This allows for the transformation of underused land into vibrant walkable neighborhoods, without the need to expand into undeveloped areas or invest in new infrastructure.

This policy is a win-win-win:

- Residents can live closer to jobs, shops, and other amenities. This can be especially helpful for service workers working nearby.
- Cities can expand their tax base without increasing tax rates.
- Local businesses can gain more foot traffic and new customers.

Residential overlays help solve housing shortages, reduce commutes, cut transportation and housing costs, and make better use of existing infrastructure — easing costs for families, reducing strain on public services, and supporting healthier, more livable communities.

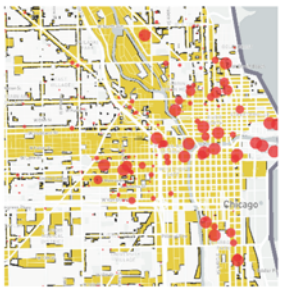
Option 3's estimate for additional homes per year is based on the subject city's current level of home production in its current commercial, industrial, and mixed-use areas as compared to best-in-class cities that are similar in size.

To explore residential overlay (Livable Urban Village) areas in your jurisdiction, click here. Here are two successful examples:

Livable Urban Village Successes and Opportunity: Miami built over 2,000 homes/year in residential overlay areas (yellow) from 2012-2024. Chicago only built 600/year, and has more opportunity to grow.[5]

Miami

Chicago



Source: First American, Zoneomics, Overture Maps, OpenStreetMap, ESRI Community Maps, Microsoft, and AEI Housing Center.

[4] The playbook does not include estimates for the supply benefits gained from adding more housing in adjacent residential areas within 1/4 mile of residential overlay areas as they are included in Option 2 estimates.

[5] Note: Each dot represents a multi-family home built from 2010-2024, sized by the number of units in the property.

For more, see: AEI Housing Center's Housing and Economic Analysis Toolkit (HEAT) Livable Urban Villages

Diving Deeper: Option 4: Home Sweet Starter Home: The Sale of Public Land Across The Western U.S. for Residential Development

Home Sweet Starter Home is a housing initiative focused on the sale of land managed by the Bureau of Land Management (BLM) that is suitable for residential development, with a focus on small lot, starter homes. The BLM currently oversees more than 247 million acres across the United States. Making just 0.1% of that land (approximately 200 square miles) available for private sector development has the potential to add **over one million homes over 10 years**, helping to address the home shortage of approximately 2.8 million homes out West and accommodate for future economic growth.

Under the Federal Land Policy and Management Act of 1976 (as amended), the BLM is directed to support economic growth, which includes making land that is suitable for residential use available for housing development and supporting infrastructure. This has not yet happened, therefore Home Sweet Starter Home leverages this authority to help address the nation's housing shortage.

Homesteading 2.0 - Making Housing Affordable Again

Homesteading 2.0 is a two-part initiative that has the potential to address the housing shortage in the West, both now and in the future. The first initiative, Home Sweet Starter Home, would add over one million homes over the next ten years. The second initiative, Freedom Cities, could add millions more over the next 40-50 years, while also adding the infrastructure and jobs needed to build new cities.

Home Sweet Starter Home (Homesteading 2.0 Initiative 1)

- Allows for up to 1.5 million homes over 10 years with less than 0.1% of BLM land (230 sq mi)
- Builds starter homes on small lots
- Targets land closest to city and sewer, where homes can be built immediately.

Freedom Cities (Homesteading 2.0 Initiative 2)

- Creates 20 new cities with less than 0.1% of BLM federal land (600 sq mi)
- Each city can grow 20,000 – 200,000 single-family homes at full capacity
- Build-out: 40–50 years
- Sites are near water, airports, highways, and within metros.

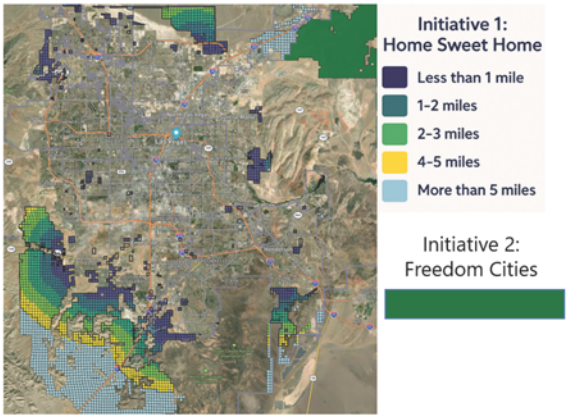
If implemented across the Western U.S., this initiative could support the construction of up to **1.5 million homes over the next 10 years**.

This approach would expand access to starter homes, particularly in states that are both among the least affordable and the fastest growing in the country.

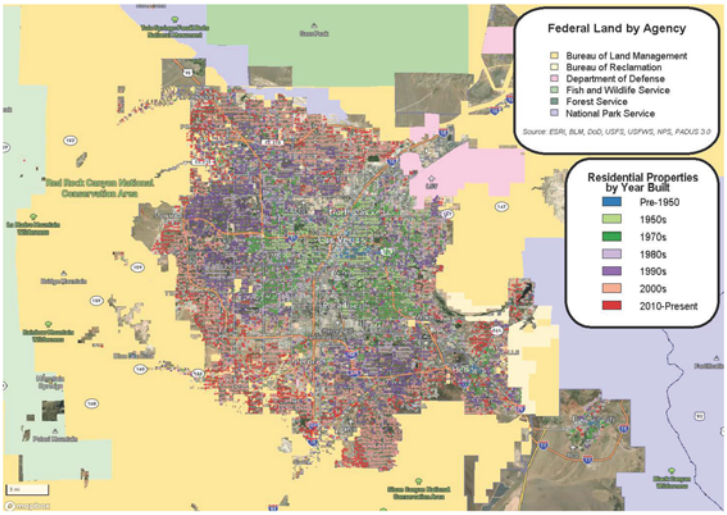
With a distribution of 80% single-family detached homes and 20% townhomes, roughly 80% of homes would be owner-occupied.

What's next? For this initiative to advance, the BLM would need to auction the designated land to the private sector. While federal action is required, strong local and state interest can help build momentum from the ground up. State and local leaders can engage with their local BLM offices to express support and explore potential opportunities.

Homesteading 2.0: Opportunity for new starter homes in the Las Vegas metropolitan area.



***Federal Constraint**: Like many metros in the West, Las Vegas's growth is constrained by federal land.*



Source: BLM, AEI Housing Center, https://www.aei.org/housing. To see the rest of Homesteading 2.0, explore our Homesteading 2.0 interactive map: https://heat.aeihousingcenter.org/toolkit/homestead_map.

A Path to Housing Abundance: Implementation Strategy

The three most important things in addressing housing abundance and affordability: **"small lots, small lots, small lots."** Smaller lots allow more homes to be built on the same amount of land. This reduces land costs, leads to smaller, but usually still family-sized homes, and promotes townhomes, which cost less to build than a similarly sized detached home. They also provide home-sharing opportunities for service workers.

Across the country—and around the world—case studies consistently reveal a formula for successful housing supply reform:

- **Allow small lot flexibility for new subdivisions, home dwelling type and lot split flexibilities on existing lots, and the flexibility to build homes near jobs** by adopting one or more of the reform options outlined above,
- **Enable by-right zoning**, so projects don't get delayed or killed by discretionary reviews,
- **Follow the Keep it Short and Simple (KISS) principle** instead of micromanaging the process.

How Does the KISS Principle Unlock Housing Supply?

The KISS principle refers to eliminating unnecessary complexity in the homebuilding process. Simplicity brings certainty, lowers costs, and makes small-scale infill and larger-scale development both feasible and attractive. See *Full List of KISS Reforms to Consider* for more details.

Others Are Doing it, and Model Legislation Is Available

Several states—including Texas, California, Montana, Vermont, Oregon, and Washington—have recently enacted legislation to support housing abundance.

The key to successful reform lies in adhering to the Housing Abundance Success Sequence while avoiding unnecessary micromanagement. A range of legislative templates and model bills are readily available to guide this process. Texas SB-15 (lot size flexibility for new residential subdivisions in larger cities) and Texas SB-840 (residential and mixed-use housing on all commercial and light industrial land in larger cities) were enacted in mid-2025. Taken together, these two bills implement Playbook Options 1 and 3. Implementation of Option 1 and 2 can be accomplished through a single model bill: the AEI Model Starter Homes Act, which sets minimum lot sizes for both residential subdivisions and home dwelling type and lot split flexibilities on existing lots. A second model bill, AEI Model Multifamily and Mixed-Use Residential in Certain Zoning Classifications, covers Option 3. It would allow for a residential overlay by-right in commercial, industrial, and mixed use zones.

Boosting Housing Supply Keeps Home Prices in Check – Especially in High Job Growth Markets

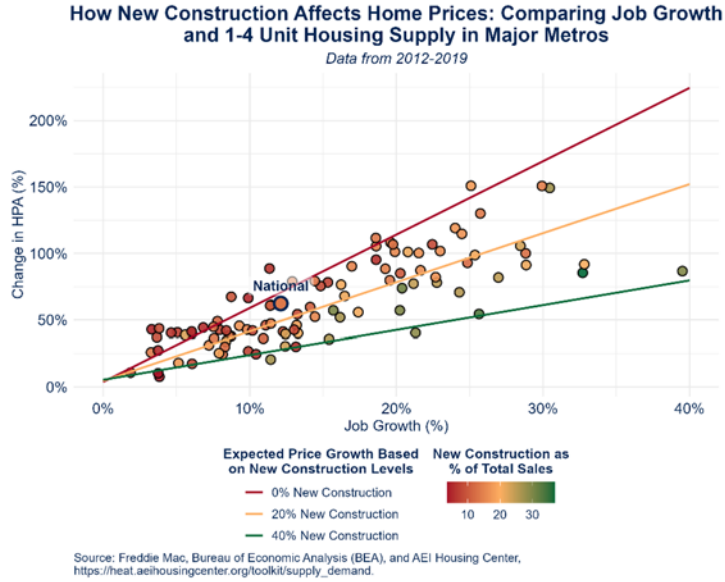
In fast-growing metros, home prices tend to rise sharply when housing supply doesn't keep pace with job growth.[6]

This graphic shows that metros with high employment growth, but low new construction shares, experienced the steepest increases in home prices between 2012 and 2019 (before the pandemic).[7]

This trend is measured by home price appreciation (HPA)—the percentage increase in constant-quality home values over time. When demand for housing rises but new construction lags behind, prices appreciate faster.

Building more homes in high job-growth areas helps slow home price increases, making housing more naturally affordable. This highlights how boosting supply can relieve affordability pressures.

From 2012-2019, the nation had an **average employment growth of 12%, share of new home construction of 14%, and home price appreciation of 62%.**



Source: Freddie Mac, Bureau of Economic Analysis (BEA), and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/supply_demand.

[6] AEI Housing Center's HEAT: Metro Supply & Demand.

[7] Although more recent data are available, we use data through 2019 to avoid the atypical market disruptions caused by the pandemic. This approach allows us to better capture the relationship between home prices, new housing supply, and job growth under more typical, pre-pandemic conditions.

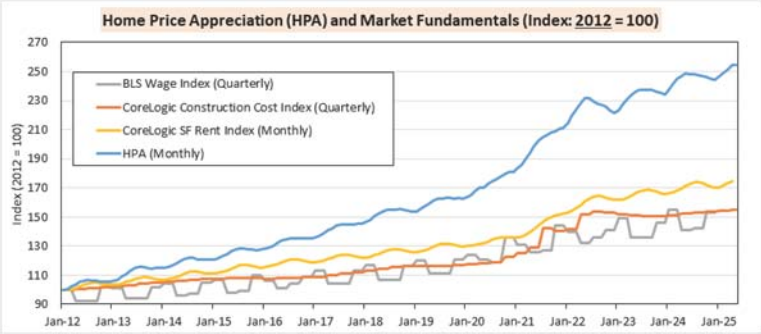
MSA	Job Growth	Home Price Growth	New Homes as % of 1-4 Unit Sales
National	12%	62%	14%

Source: Freddie Mac, Bureau of Economic Analysis (BEA), and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/supply_demand.

At the national level, home prices have become disconnected from fundamentals

- Home prices have nearly tripled since 2012, with many areas having risen much faster than incomes for decades.
- Wages, rents, and construction costs have risen much more slowly.

The growing disconnect between construction costs and home prices suggests the main force behind higher prices is regulation that makes land scarce and adds to building costs.



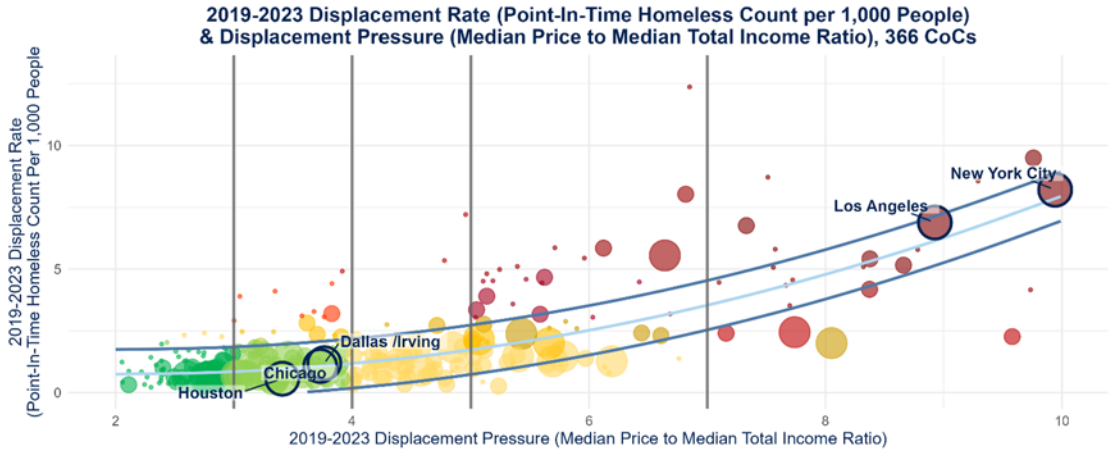
Source: Bureau of Labor Statistics (BLS), Cotality, and AEI Housing Center, https://www.aei.org/housing.

Rising Home Prices Drive Displacement and Homelessness

When home prices rise faster than incomes, displacement pressure increases—and with it the risk of homelessness. Communities that fail to keep housing supply in line with demand experience the steepest price hikes, making even modest apartments unaffordable and pushing out those on the margins.[8]

The solution is clear: **legalize and enable the construction of more homes in the middle price range** so that more older homes "filter down" to lower-income households over time. This is important as it provides more rapid rehousing opportunities for formerly homeless individuals and families.

The chart below shows that as housing becomes less affordable—measured by the ratio of home prices to income—homelessness tends to increase sharply, especially once that ratio exceeds 5.0. Communities that build too little housing face the highest displacement rates.



Note: The chart shows the New York, Los Angeles, Houston, Dallas, and Chicago CoCs.
Source: 2023 5-Year American Community Survey (ACS), HUD Annual Homeless Assessment Report (AHAR), and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/gni_toolkit.

[8] Of 54 variables tested, the ratio of median home price to median income had the greatest explanatory power. AEI Housing Center Good Neighbors Toolkit

Institutional Investors Own Less Than 1% of U.S. Single-Family Homes

Despite drawing widespread public condemnation, **institutional investors play only a minor role in most single-family housing markets.**[9] The data make this clear:

- Institutional investors—defined as those owning 100+ homes—make up just 1.0% of the national single-family housing stock.
- Nationally, mom and pop investors—defined as those owning less than 100 homes— own 12.4% of single-family housing stock. The vast majority of investor-owned homes are generally held by small, mom-and-pop landlords with portfolios of 2–9 homes.[10]
- In **96% of U.S. counties**, investor-owned homes account for less than 2% of all single-family homes.
- Just **14 metro areas**—including Atlanta, Dallas, Houston, Phoenix, Charlotte, and Tampa—account for half of all investor-owned homes nationwide.

Institutional investors capitalize on regulatory failures that have created a housing scarcity.

- They purchase homes in places where supply is constrained, betting on continued price and rent appreciation. Their focus is on markets with strong fundamentals, high demand, and limited new construction.
- They don't reduce housing supply; they shift homes from the owner occupied to the rental market. The total number of units remains the same.
- Most recently, low interest rates—especially during the pandemic—have fueled their activity.

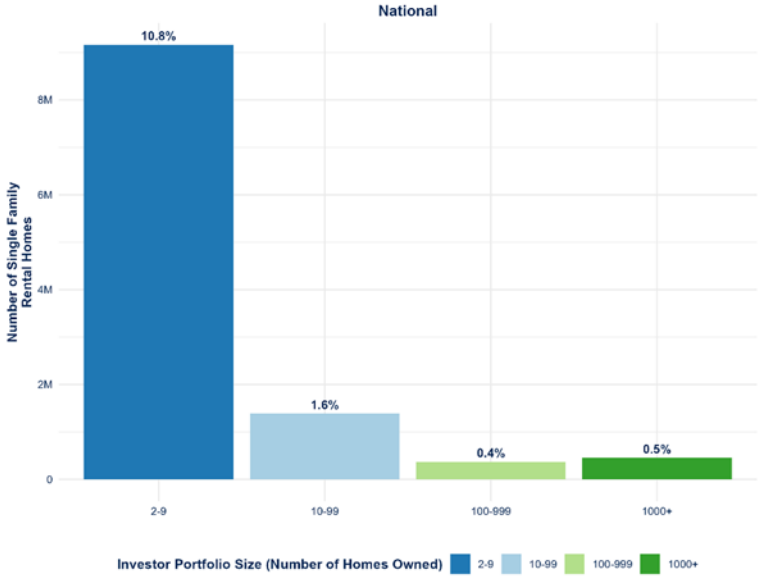
The bottom line: **Fix the supply problem, and investor influence will fade.**

[9] AEI Housing Center's HEAT: Investor Shares

[10] We define institutional investors as entities that own more than 100 units. Their combined shares are add to 1% (0.44% + 0.54%). According to the Census Bureau's American Community Survey (ACS), there are about 11.2 million long-term rental units in the US in 2023, about the same number of rental units in the Parcl Lab's data. However, Parcl Labs' definition of investor-owned homes includes second homes, since they track the count of properties owned by individuals or entities. According to the ACS, second homes account for about 4.5 million homes. Since we assume that most of these second homes are owned by small-scale investors, this can reduce their ownership share from 12.4% to 7.4%.

Investor-Owned Single-Family Rentals

Number and Share of Single-Family Rental Homes Owned in 2024



Note: Percentages represent the percent of the total single family stock held by investors in each portfolio size group in the nation.
Source: 2021 5-Year American Community Survey (ACS) Microdata, Parcl Labs, and AEI Housing Center, https://heat.aeihousingcenter.org/toolkit/investor_share.

Full List of KISS (Keep it Short and Simple) Reforms to Consider:

The KISS principle refers to eliminating unnecessary complexity in the homebuilding process. Simplicity brings certainty, lowers costs, and makes small-scale infill and larger-scale development both feasible and attractive.

- **Enable smaller lots by reducing minimum lots sizes and simplifying lot splits**
  - *Why?* Enables cost-effective infill development by reducing time and administrative hurdles.
- **Implement pre-approved design templates**
  - *Why?* Streamlines the permitting of ADUs and small-scale units like backyard cottages, giving builders and homeowners clarity and confidence.
- **Implement permitting "shot clocks" or allow third-party reviews**
  - *Why?* Permitting delays are a hidden tax on housing.
- **Clean up the zoning code**
  - Adjust standards so they are small lot friendly, like: Floor Area Ratios (FAR), setback and height limits, demolition fees, etc.
  - *Why?* It's illogical to legalize townhomes, for example, but then cap building heights at 1.5 stories.
- **Reduce parking mandates**
  - *Why?* Parking takes up space and drives up costs. Let the market decide how much parking is needed; and if parking is really at a premium, charge for curbside parking rather than requiring costly off-street parking.
- **Lower or waive impact fees**
  - *Why?* Increased property tax revenue from more housing will offset lost upfront fees.
- **Align energy and building codes with affordability goals:**
  - Lower energy standards for small or infill projects.
  - Apply the International Residential Code (IRC) to 3–6 unit buildings (as Memphis and North Carolina have done).
  - Allow single-staircase designs in multifamily projects.
  - Allow modular or off-site construction.
  - *Why?* These changes allow more developments to pencil out without sacrificing safety or livability.
  - Reform condo defect liability laws.
  - *Why?* Reduce frivolous lawsuits and revive the construction of entry-level ownership housing.

Note: Many of these steps are included in the AEI Housing Center's Light-touch Density Model Bill.

What is Micromanagement – and Why Does It Kill Housing?

Micromanagement in housing policy refers to layering complexity, red tape, or contradictory regulations on the building process. These rules often sound reasonable in isolation but together make new housing financially or logistically impossible to deliver.

Common Micromanagement Pitfalls:

- **Spot upzoning**
  - *Why?* Delivers windfalls to a few rather than enabling broad affordability.
- **Reliance on subsidies to add new supply**
  - *Why?* Subsidy pipelines are slow, complex, costly, corruption-prone, and crowd out private development, especially by smaller builders. They are insufficient to meet demand on their own.
- **Inclusionary zoning & income limits**
  - *Why?* Shrinks profitability, inflates rents on market-rate units, narrows the eligible tenant pool, and adds compliance headaches, especially for smaller builders.
- **Special treatment for subsidized housing only**
  - *Why?* Creates an uneven playing field that discourages unsubsidized supply. Market-rate builders face all the red tape, while only subsidized projects are streamlined. To solve the shortage, reform must apply to all housing—not just subsidized.
- **Special programs to "jumpstart" housing construction**
  - *Why?* They're politically driven, complex, expensive, corruption-prone, and hard to scale—distracting from broader reforms. If real needs exist, like financing for small builders, the market will respond, once it's legal and feasible to build.
- **Permit caps**
  - *Why?* Artificially suppress supply and create political gatekeeping that deters investment.
- **Owner-occupancy mandates**
  - *Why?* Restrict the ability to build or finance ADUs and reduce flexibility for homeowners and builders.
- **Rent control**
  - *Why?* Reduces the return on investment, discourages new construction, and encourages condo conversions or disinvestment.
- **Uneven regulations**
  - *Why?* Requiring more of infill housing than single-family homes undermines housing diversity.
- **Open space and landscaping minimums**
  - *Why?* They reduce buildable area, drive up costs, and make small-scale or infill housing financially and physically unviable. They also ignore that trees regrow over time.
- **Prevailing wage requirements for small-scale projects**
  - *Why?* Applies large-project labor standards to small infill efforts, significantly raising construction costs unnecessarily.
- **Basement granny flat height limits**
  - *Why?* Blocks natural conversions of many existing basements.

- **Growth boundaries**
  - *Why?* Artificially constrain land supply and increase land costs within the boundary, undermining affordability.
- **Housing needs assessments**
  - *Why?* Top-down, bureaucratic exercises that drain resources and delay action—measuring the shortage and leaning on subsidies instead of enabling real solutions.
- **Exclusive focus on Transit Oriented Development**
  - *Why?* Limits growth to narrow corridors while leaving most land off-limits. This results in small, high-cost units dominated by rentals, and in practice relies heavily on subsidies for affordability.

Find this playbook online

To read this playbook (and over 6,000 others for states, cities, metros, and more) online, visit https://aeihousingcenter.org/playbook, or scan the QR code below.

Background and Methodology

To read the background and methodology for this playbook, visit https://www.aei.org/strong-foundations-a-playbook-for-housing-and-economic-growth-methodology/, or scan the QR code below.

Chairman HILL. Thank you so much.

Ms. Bailey, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF NIKITRA BAILEY, EXECUTIVE VICE PRESIDENT, NATIONAL FAIR HOUSING ALLIANCE

Ms. BAILEY. Chair Hill, Ranking Member Waters, and other distinguished members of the United States Committee on Financial Services, thank you for the opportunity to testify during today's hearing.

I am Nikitra Bailey, executive vice president of the National Fair Housing Alliance (NFHA). NFHA leads the fair-housing movement by working to eliminate housing discrimination and ensure equitable housing opportunities for all people and communities. NFHA also represents over 200 community-based, nonprofit fair-housing agencies throughout the Nation.

Our Nation is in the throes of a fair and affordable housing crisis, and it is impacting millions of people. The actions of the current administration have caused chaos, fear, insecurity, dysfunction, and rising prices around the country.

Instead of providing everyday people with practical solutions to the housing crisis, the Trump Administration is removing rungs on the ladders of opportunity for essential workers, including police, teachers, firefighters, and others who dedicate their lives to serving their communities.

The administration's haphazard executive actions are causing serious economic and personal injuries that will undermine our already-fragile housing market and, ultimately, our Nation.

Housing is fundamental to the American Dream, and voters want elected leaders to quickly implement solutions to ensure they can fairly access opportunity and share in our Nation's prosperity.

People are seeking solutions that will drive down the skyrocketing cost of housing and provide fair market rents, expand fair access to mortgage credit in underserved communities, reduce homeowners' insurance costs, and produce the development of millions of desperately needed affordable housing units.

The Trump Administration's actions are leaving people seeking housing free of discrimination unprotected, including disabled veterans, seniors, people with disabilities, families with children, survivors of domestic violence, and more.

Congress established fair housing as a national policy of the United States with the passage of the Fair Housing Act of 1968 after the horrific assassination of Dr. Martin Luther King, Jr. Yet, the Trump Administration is dismantling our Nation's fair housing and fair lending infrastructure and making it costlier for everyday people to afford the American Dream despite demands for affordability.

The administration has failed to live up to its pledge to make housing cheaper and increase access to home ownership.

Prior to the start of the administration, home ownership was on an upward trajectory for all communities. The Black homeownership rate grew 14 percent. The Asian American and Pacific Islander homeownership rate grew nearly 9 percent. The Latino

homeownership rate grew nearly 5 percent, and White home ownership was up by 1.57 percent and those are homeownership rates.

This momentum is being reversed. The United States Department of Housing and Urban Development rolled back critical fair housing rules, eviscerated the Office of Fair Housing and Equal Opportunity, closed field offices, and fired whistleblowers. It is leaving renters everywhere vulnerable to discrimination, at a time when renters already face soaring rents and nowhere to go.

The Federal Housing Finance Agency has abandoned special-purpose credit programs that have provided $82 million in reduced costs to nearly 60,000 borrowers of all races and helped lenders circumvent systemic barriers that limit fair credit access for people of color.

The Consumer Financial Protection Bureau issued a proposal to gut a 50-year-old fair lending rule that ensures that women can get a loan without needing a male cosponsor.

The actions are injecting unnecessary risk, locking out the people that the health of the housing system depends on and over the next 10 years, all future net household growth will be from households of color. If they are locked out of the housing finance system, the system will fail.

The Fair Housing Act provides the blueprint to increasing our Nation's supply of affordable housing. It is key to reforming exclusionary zoning that locks out renters, low-income people, and people of color from certain neighborhoods. It can drive inclusionary practices that permit entry-level homeownership opportunities and missing middle housing, including condominiums and triplexes, quadplexes, and accessory dwelling units.

Fair housing laws improve people's lives. They also improve neighborhoods block by block. These vital protections also strengthen our economy and make the Nation more prosperous.

Now is the time for Congress to increase its oversight of the administration's actions so that more people in America do not end up homeless.

Congress must also pass comprehensive legislation with supply side and demand-side solutions like the ranking member's Housing Crisis Response Act and other measures to ensure that the housing needs of people living in rural, urban, and suburban communities are met. Only an all-of-the-above strategy can truly tackle the crisis.

Thank you, and I look forward to answering your questions.

[The prepared statement of Ms. Bailey follows:]

Building Capacity:
Reducing Government Roadblocks to Housing Supply

Testimony of

Nikitra Bailey
Executive Vice President
National Fair Housing Alliance
1331 Pennsylvania Ave., NW, Suite 650
Washington DC
www.nationalfairhousing.org

Before the
U.S. House Committee on Financial Services

December 3, 2025

Introduction

Chair Hill, Ranking Member Waters, and other distinguished members of the House Committee on Financial Services, thank you for the opportunity to testify during the committee's hearing entitled, *Building Capacity: Reducing Government Roadblocks to Housing Supply*. I am Nikitra Bailey, Executive Vice President of the National Fair Housing Alliance® (NFHA™). NFHA leads the fair housing movement and works to eliminate housing discrimination and ensure equitable housing opportunities for all people and communities through its education and outreach, member services, public policy, advocacy, housing and community development, tech equity, enforcement, and consulting and compliance programs. NFHA represents over 200 local non-profit fair housing enforcement agencies throughout the U.S.

Our nation is in the throes of a fair and affordable housing crisis impacting millions and the actions of the Trump Administration have caused chaos, fear, insecurity, dysfunction, and rising prices around the country. Instead of providing everyday people of our nation with practical solutions to the housing crisis, the administration is removing rungs on the ladders of opportunity for essential workers, including police officers, nurses, teachers, and firefighters, who dedicate their lives every day to serving their communities and helping to keep the economy afloat. The Trump Administration's haphazard executive actions are causing serious economic and personal injuries that will undermine our already fragile housing market and our nation.

Housing is fundamental to the American Dream and recent elections have shown us that people want elected leaders to quickly implement solutions to ensure they can fairly access opportunity and share in the nation's prosperity. Housing was a top concern for voters during the November election. People are seeking solutions that will drive down the rising costs of housing and provide fair market rents, expand fair access to mortgage credit in underserved communities, reduce homeowners' insurance costs, and produce the development of millions of desperately needed affordable housing units. Voters supported initiatives in recent state and local elections that would provide them the fair and affordable housing opportunities they deserve and that are essential to achieving the American Dream.

Despite the administration's efforts to spread misinformation and intentionally ignore the progress of civil rights in this country, here are the facts:

- Diversity, equity, inclusion, and accessibility initiatives are designed to create fair opportunities where none previously existed.
- Our country's fair housing and fair lending laws, as well as our framework for civil and equal rights, are grounded in providing rights to people that have always made up this nation and contributed significantly to building and defending the nation.
- Inclusion guarantees everyone has the right to the promises and protections of our laws and that no one is omitted because of their protected class status.
- Accessibility ensures people can actually take advantage of the vital opportunities needed to thrive.

Diversity, equity, inclusion, and accessibility are synonymous with hard work, fairness, merit, and standards of excellence. They are a cornerstone of our nation's Constitution and civil rights laws

and help to ensure compliance with our nation's robust anti-discrimination laws. In fact, many of these concepts are codified in our civil rights laws and regulations as well as the Constitution.

With respect to housing, Congress established fair housing as a national policy of the U.S. with the passage of the Fair Housing Act of 1968. The landmark legislation provides two promises:

- The right for all people to access housing free of discrimination; and
- The creation of inclusive and vibrant communities with life-affirming amenities everyone needs to thrive.

The Fair Housing Act has long enjoyed strong bipartisan support, and Congress must act quickly to fulfill its promises and those of other vital civil rights laws. And Congress needs to make equitable housing investments that promote financial inclusion and stimulate economic growth for everyone as housing continues to drive inflation. A housing market in which all people cannot participate fairly, without regard to race, color, national origin, religion, gender, familial status, or disability, is a broken market both economically and morally.

The Housing Crisis Response Act sponsored by Ranking Member Waters provides a sensible path forward. It includes $150 billion in relief for the nation's fair and affordable housing crisis to ensure people living in urban, rural, and suburban communities' housing needs are met. And the Ranking Member's Strengthening Housing Supply Act of 2025 can go a long way in incentivizing the development of affordable housing units. Increased support and intervention from our federal government is needed, not a withdrawal from basic civil rights.

We welcome the Committee's commitment to promoting fair and affordable housing for all.

My testimony draws heavily from previous testimonies[1] and highlights the following issues driving the fair and affordable housing crisis as well as describing necessary and practical solutions:

1. The Trump Administration's actions are worsening the fair and affordable housing crisis and driving up the cost of housing for everyone.
2. Segregation and discrimination continue to be part of the U.S. housing market.
3. Appraisal discrimination continues to undercut wealth-building opportunities for households of color.
4. Many communities remain underserved because of the lack of small dollar loans.

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[1] *See, e.g., Testimony of Nikitra Bailey, National Fair Housing Alliance*, Hearing before the House Financial Services Subcommittee on Housing and Insurance entitled, *Building Our Future: Increasing Housing Supply in America* (March 4, 2025); *Testimony of Nikitra Bailey, National Fair Housing Alliance*, Hearing before the House Financial Services Subcommittee on Housing and Insurance entitled, *The Characteristics and Challenges of Today's Homebuyers* (March 20, 2024); *Testimony of Nikitra Bailey, National Fair Housing Alliance*, Hearing before the House Committee on Financial Services, entitled, *Boom or Bust: The Need for Bold Investments in Fair and Affordable Housing to Combat Inflation* (Dec. 1, 2022); *Testimony of Nikitra Bailey, National Fair Housing Alliance*, Hearing before the House Select Committee on Economic Disparities and Fairness in Growth, entitled, *Promoting Economic Disparity and Fair Growth through Access to Affordable and Stable Housing* (March 1, 2022).

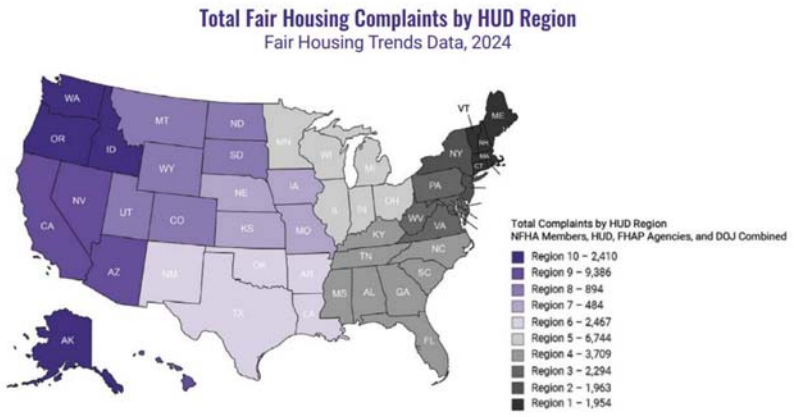
5. Local zoning ordinances with preferences for single family homes are a significant barrier to fair and affordable housing.
6. Institutional investors are exacerbating the fair and affordable housing crisis.
7. LIHTC and other tax credits are needed to provide consumers with housing options.
8. Some housing policies risk gentrification and displacement.
9. Climate-related disasters are causing rising homeowners insurance costs.
10. The GSEs need to fulfill their mission mandates.
11. The Federal Home Loan Banks continue to reap private benefits rather than promote fair and affordable housing.
12. CDFI Fund investments support wealthy developers instead of potential homebuyers.
13. Artificial intelligence related to housing and lending offers both promise and peril.

Background: People in America Are Facing a Dire Fair and Affordable Housing Crisis

The people of America are facing a dire fair and affordable housing crisis that impacts every aspect of their lives. In this country, place is inextricably linked to opportunity: where we live determines our access to fresh air, clean water, well-resourced schools, quality healthcare facilities, reliable transportation, good jobs, consistent internet service, and much more. In the U.S., too many people are stuck in places that impede rather than promote their ability to thrive. Following is a description of how the housing crisis is both a "fair" and "affordable" housing crisis.

THE FAIR HOUSING CRISIS

Housing Discrimination Complaints Are at Record Highs



Throughout America, people are facing a dire fair housing crisis, which severely restricts their ability to access housing opportunities. At this moment, we are seeing some of the largest numbers of fair housing discrimination complaints in two decades.[2] Recent trends include:

- Disability related discrimination accounted for the largest share of complaints at 54.6 percent, followed by race, national origin, sex, familial status, and religion.
- Complaints based on national origin rose 8.45 percent from the previous year, marking the highest number since 2018.
- Retaliation complaints more than doubled from the previous year to the highest recorded level.

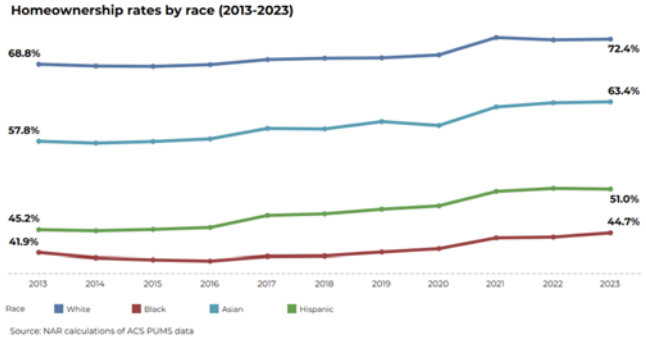
Although private nonprofit fair housing organizations continued to process nearly 75 percent of these complaints, the Trump Administration is attempting to de-fund HUD's Fair Housing Initiatives Program (FHIP), which funds these local non-profit fair housing agencies. The FHIP was created in 1987 under the Reagan Administration to establish and support a network of highly experienced private fair housing enforcement organizations throughout the nation to foster compliance with the Fair Housing Act and state and local fair housing laws through enforcement and education. These community-based organizations have effectively assisted vulnerable communities with being made whole after incidents of housing discrimination. And they serve veterans with disabilities seeking to get off the streets; families with children seeking a safe home; survivors of domestic violence fleeing physical and sexual abuse; Black, Latino,

[2] NFHA, *2025 Fair Housing Trends Report* (2025).

Asian American and Pacific Islander, and Native people seeking mortgage loans free of discrimination; and more. These organizations also reformed sexual harassment, racial steering, and redlining practices in housing. If anything, these private, community-based nonprofits need substantially more resources to address these critical problems and ensure fair housing opportunity for all. *See* Appendix A for testimonials from local fair housing groups regarding how the government shutdown and other funding disruptions have impeded their ability to serve their communities.

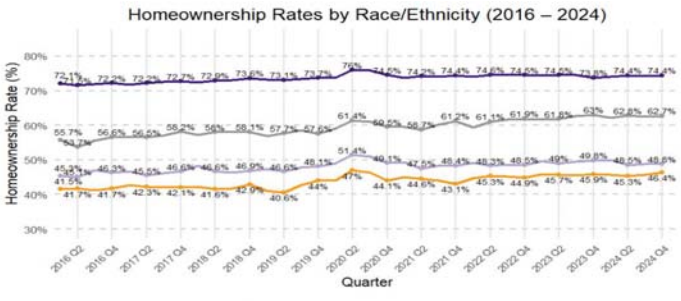
The near-record complaints and attacks on community-based fair housing groups come amid a steep decline in the ability to enforce civil rights protections. The administration has pushed drastic cuts to funding and staffing for the federal fair housing enforcement agencies, including the U.S. Department of Housing and Urban Development (HUD), the Consumer Financial Protection Bureau (CFPB), and the U.S. Department of Justice (DOJ). Most recently, the nation has faced the longest federal government shutdown in U.S. history, which the administration used to further eviscerate key agencies that support fair housing and civil rights. In sum, the administration has abandoned the people of America during the most dire fair housing crisis in decades.

The Black-White and Latino-White Homeownership Gap Remains Wide and Persistent



The homeownership gap remains wide and persistent. Currently, the homeownership rate is about 72.4 percent for White households, 51.0 percent for Latino households, and 44.7 percent for Black households. In 1960 (before passage of the Fair Housing Act in 1968), there was a 27-percentage point gap between Black homeownership (38 percent) and White homeownership (65 percent).[3] So, the current Black-White homeownership gap of 28- percentage points is ***higher*** than it was before passage of the Fair Housing Act in 1968.

[3] National Association of REALTORS® Research Group, *2025 Snapshot of Race and Homebuying in America* (2024); Urban Institute, *Reducing the Racial Homeownership Gap.*



Source: U.S. Census Bureau via FRED®

Race/Ethnicity	2019 Q2	2024 Q4	Percentage Point Difference	Percentage Increase	H/O Racial Gap 2019	H/O Racial Gap 2024
White	73.1	74.4	1.3	1.78%	NA	NA
Asian & NHPI	57.7	62.7	5.0	8.67%	26.69%	18.66%
Latino	46.6	48.8	2.2	4.72%	56.87%	52.46%
Black	40.6	46.4	5.8	14.29%	80.05%	60.34%

The Trump Administration's actions are undermining recent growth in homeownership rates for underserved communities, including people residing in rural neighborhoods. According to *The State of Equitable Homeownership 2025 Report*[4], from 2019 through 2024, homeownership rates were on an upward trend overall:

- The Black homeownership rate grew by 14.29 percent.
- The Asian American and Pacific Islander homeownership rate increased by 8.67 percent.
- The Latino homeownership rate rose by 4.72 percent.
- The White homeownership rate was up by 1.78 percent.

Since the Trump Administration reversed progress on the use of Special Purpose Credit Programs (SPCPs) that provided $82 million in reduced costs to 57,282 borrowers of all races from 2022 to 2024[5]; discontinued the Veterans Affairs Servicing Purchase (VASP) program, a key program assisting veterans and their families with obtaining affordable payments if their VA loans are delinquent[6]; reversed the CFPB's ban on using the inclusion of medical bills on credit reports and requiring credit reporting companies to remove medical bills and information from credit reports[7]; attempted to eliminate the longstanding use of a critical fair lending rule that has been upheld for more than 40 years as essential to enforcing equal lending opportunities and lenders rely on to remove unnecessary barriers[8]; and other actions, many of the gains are starting to decline.

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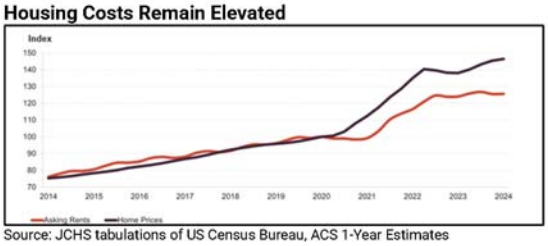
[4] Shanti Abedin, Laurie Benner, Jameel Khan, et. al., *The State of Equitable Homeownership 2025 Report* (June 25, 2025).
[5] *See*, FHFA, *Order Issuing Directive to Terminate Special Purpose Credit Programs*, Decision No. 2025-145 (March 25, 2025); https://www.govinfo.gov/content/pkg/FR-2025-07-28/pdf/2025-14183.pdf.
[6] *Veterans Affairs Servicing Purchase (VASP) Program Wind Down*, Circular 26-25-2 (4/23/2025).
[7] Ken Alltucker, *Medical Debt Remains on Credit Reports after Biden-Era Rule Tossed by Judge*, USA Today (July 15, 2025); *Federal Law Preempts State Law on Credit Reporting*, ABA Banking Law Journal (Oct. 28, 2025).
[8] Trump Administration, *Restoring Equality of Opportunity and Meritocracy* (April 23, 2025).

THE AFFORDABLE HOUSING CRISIS

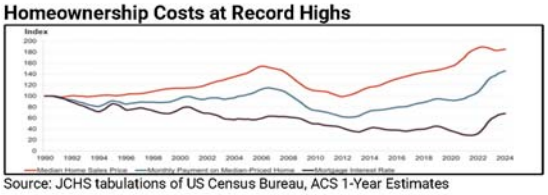
Housing Costs Are at Record Highs

Housing Costs Remain Elevated



Source: JCHS tabulations of US Census Bureau, ACS 1-Year Estimates

Homeownership Costs at Record Highs



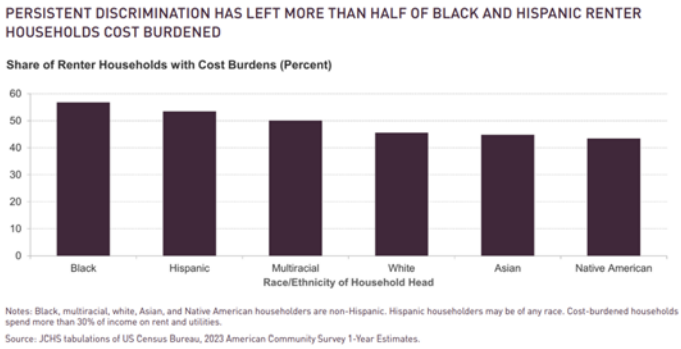
Source: JCHS tabulations of US Census Bureau, ACS 1-Year Estimates

The people of America are facing a dire affordable housing crisis, which severely restricts their ability to access housing opportunities. Housing costs are a key driver of inflation, and people in America are feeling the squeeze. In the U.S., the "shelter" category in the Consumer Price Index (CPI) includes housing costs like rent and homeownership. Currently, shelter costs are the

largest contributor to headline inflation.[9] As of December 2024, the index for shelter was the largest contributor to the monthly increase in all items index, accounting for nearly 37 percent of the total increase. In addition, home prices continue to rise, with the median sale price in January 2025 increasing almost five percent year-over-year, which is the 19th consecutive month of annual growth.[10]

Moreover, the housing affordability crisis is being felt across America, in all communities. When compared to housing prices prior to the pandemic, the income needed to afford a median-priced home at today's prices is up 105.8 percent in rural counties, 90.9 percent in suburban counties, and 87.5% in urban counties.[11] Furthermore, the rising costs of homes, high interest rates, student loan debt, and overall increased living expenses, are making homeownership unattainable for young individuals and families. At this time, the median age of a first-time homebuyer is at an all-time high of 40 years old.[12]

More Than Half of Renters of Color Are "Cost-Burdened"



The number of cost-burdened renter households has reached record highs, further deepening the housing affordability challenge. As of 2023, 22.6 million renter households were "cost-burdened," meaning they spent more than 30 percent of their income on rent and utilities.[13] Black and Latino renters were more likely than White renters to be cost-burdened. More than half of Black renters (57 percent) and Latino renters (53 percent) were cost-burdened, while

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[9] National Association of Home Builders, *Housing Inflation Moderates among Higher Energy Costs* (Jan. 15, 2025).
[10] National Association of Realtors, *Existing-Home Sales Decreased 4.9% in January, But Increased Year-Over-Year for Fourth Consecutive Month* (Feb. 21, 2025).
[11] Daniella Genovese, *Housing Affordability Crisis Hammering Rural America*, Fox Business (Nov. 2025), https://www.foxbusiness.com/real-estate/housing-affordability-crisis-hammering-rural-america.
[12] National Association of Realtors®, *First-Time Homebuyer Share Falls to Historical Low of 21%, Median Age Rises to 40* (Nov. 4, 2025).
[13] Joint Center for Housing Studies of Harvard University, Deteriorating Rental Affordability: An Update on America's Rental Housing 2024 (Dec. 2024).

about 45 percent of White renters were cost-burdened. These disparities make it more difficult for Black and Latino renters to build wealth and save for down payments for homeownership.

Issues and Recommendations: Congress Should Promote Equitable Housing Solutions to Address the Nation's Fair and Affordable Housing Crisis

Issue #1: The Trump Administration's Actions Are Worsening the Fair and Affordable Housing Crisis

The Trump Administration has engaged in a series of actions that track the destructive Project 2025 and are only worsening the fair and affordable housing crisis. *See* Appendix B for a list of the administration actions that are worsening the fair and affordable housing crisis. The actions turn the basic definition of fairness and civil rights upside down to protect the powerful and undermine those merely seeking fair access to their opportunity to achieve the American Dream. These actions generally fall into five categories and include:

1. **Increasing housing costs for the average renter, buyer, or homeowner**, including by imposing tariffs on key construction materials; and attacking, detaining, and deporting Latino immigrants who supply the skilled labor for construction trades.[14]

2. **Rolling back established housing rights for people of all backgrounds**, including by attacking basic civil rights protections under the guise of terminating diversity, equity, inclusion, and accessibility (DEIA) policies and erasing the existence of transgender people;[15] refusing to investigate cases alleging discrimination on the basis of sexual orientation and gender identity; restricting HUD's ability to implement the Violence Against Women Act;[16] and choking off the funding for community-based fair housing groups.[17]

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[14] *Testimony of Buddy Hughes, National Association of Home Builders*, Hearing before the House Financial Services Subcommittee on Housing and Insurance entitled, *Building Our Future: Increasing Housing Supply in America* (March 4, 2025).
[15] Trump Administration, *Ending Radical and Wasteful DEI Programs and Preferencing* (Jan. 20, 2025), https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/; NFHA, *Civil and Human Rights Organizations Sue Trump Administration Over Executive Orders Banning Diversity, Equity, Inclusion, Accessibility, and Erasing Transgender People* (Feb. 19, 2025), https://nationalfairhousing.org/civil-and-human-rights-organizations-sue-trump-administration-over-executive-orders-banning-diversity-equity-inclusion-accessibility-and-erasing-transgender-people/.
[16] Debra Kamin, *Trump Appointees Roll Back Enforcement of Fair Housing Laws,* NY Times (Sept. 22, 2025), https://www.nytimes.com/2025/09/22/realestate/trump-fair-housing-laws.html.
[17] Jennifer Ludden, *HUD Choked Funding to Enforce Fair Housing Laws. Legal Aid Groups May Not Survive,* NPR (March 15, 2025), https://www.npr.org/2025/03/15/nx-s1-5325936/hud-funding-fair-housing-laws-legal-aid-groups-scott-turner.

3. **Ignoring the threat to local communities from climate change**, including by cutting the staff and funding for the National Weather Service and no longer tracking the cost of extreme weather.[18]

4. **Eviscerating key agencies that provide people with access to fair and affordable housing**, including HUD,[19] the CFPB,[20] and the DOJ.[21]

5. **Jeopardizing people's data privacy and protection from unfair algorithms**, including by unleashing artificial intelligence and other automated systems on the housing market without the guardrails of a safe, secure, and trustworthy auditing framework.[22]

Recommendation: Congress should—

- Lead the way in protecting congressionally mandated civil rights gained through people's blood, sweat, tears, and lives sacrificed; demonstrating an unwavering commitment to racial equity; promoting anti-discrimination measures; and recognizing the many ways that diversity, equity, inclusion, accessibility, and fair housing and fair lending benefit American society.
- Provide oversight to ensure a fully-staffed and fully-funded HUD, CFPB, and DOJ as well as full funding of FHIP and FHAP grants to the community-based organizations on the frontlines working to assist people with being made whole from potential discrimination.
- Pass the Appraisal Modernization Act, American Housing and Economic Mobility Act, Housing Crisis Response Act, including provisions for first-generation down payment assistance, housing choice vouchers, rural rental housing, and housing for seniors and persons with disabilities, and Strengthening Housing Supply Act.

Issue 2: Segregation and Discrimination Continue to Be Part of the U.S. Housing Market

The roots of discrimination in housing are deep, pernicious, and persistent. Thousands of race-conscious housing, banking, and other policies created systems and structures that were highly inequitable. Unfair laws and policies also produced a dual market—a separate and unequal housing system that rewarded White households while simultaneously debilitating Black, Latino, Asian American and Pacific Islander, and Native American households.

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[18] Margaret Cooney and Cody Hankerson, Center for American Progress, *The Lasting Threat of Trump's Cuts to NOAA and NWS on American Communities* (July 10, 2025), https://www.americanprogress.org/article/the-lasting-threat-of-trumps-cuts-to-noaa-and-nws-on-american-communities/.
[19] Debra Kamin, *Trump Appointees Roll Back Enforcement of Fair Housing Laws*, NY Times (Sept. 22, 2025), https://www.nytimes.com/2025/09/22/realestate/trump-fair-housing-laws.html.
[20] Michael Stratford, *CFPB's Breaking Point*, Politico (Nov. 4, 2025), https://www.politico.com/newsletters/morning-money/2025/11/04/cfpbs-breaking-point-00634453.
[21] Ryan Lucas, *Trump's Push to Reshape the DOJ's Civil Rights Division Sparks Mass Exodus of Attorneys*, NPR (2025), https://www.npr.org/2025/05/12/nx-s1-5387495/trumps-push-to-reshape-the-dojs-civil-rights-division-sparks-mass-exodus-of-attorneys.
[22] NFHA, *NFHA President and CEO Lisa Rice Issues Statement on Trump Administration's AI Plan and Executive Orders* (July 5, 2025), https://nationalfairhousing.org/national-fair-housing-alliance-nfha-president-and-ceo-lisa-rice-issues-statement-on-the-trump-administrations-ai-plan-and-executive-orders/.

The Homestead Act of 1862,[23] which President Lincoln signed into law during the Civil War, provided more than 1.6 million land grants comprised of 270 million acres of Native American territory West of the Mississippi River (10 percent of all the land on the U.S. at the time and 14 percent of the land area of the lower 48 states) to White male settlers to encourage western expansion of the U.S. The land grants excluded Native Americans, Black Americans, and other people of color, and displaced many Native Americans from their ancestral lands. Twenty percent of the recipients, around 46 million adults, can trace their families' wealth to this single piece of legislation.[24]

Even laws that appeared to be racially neutral were implemented with racialized policies. For example, in the 1930s, the New Deal's federal Home Owners' Loan Corporation (HOLC) developed one of the most harmful policy decisions in the housing and financial services markets by creating a system that included race as a fundamental factor in determining the desirability and value of neighborhoods.[25] The HOLC also created maps that were color-coded to indicate the desirability of neighborhoods. Communities of color were coded as "hazardous" as signified by red shading on the map and were assigned a lower value--even when the residents could afford mortgage loans. Areas that contained even small numbers of Black residents were coded as "hazardous" and shaded red. This approach led to the modern-day term "redlining," which refers to restricting access to credit in communities of color.

The federal government developed other explicitly discriminatory policies that perpetuated the unfounded association between race and risk into the nation's housing and financial markets. For example, the Federal Housing Administration (FHA) encouraged the use of racially restrictive covenants and required them in exchange for supporting the new housing developments built throughout the nation's suburban communities. Even after the Supreme Court declared in 1948 that racially restrictive covenants were not enforceable,[26] the FHA gave preferential treatment to developers that adopted them. From 1934 to 1962, the federal government backed over $120 billion in mortgages, but the FHA's race-based policies meant that 98 percent of these loans went to White Americans with only two percent of loans going to Black, Latino, Asian American and Pacific Islander, and Native American individuals. Similarly, the U.S. Department of Veterans Affairs (VA) instituted the use of discrimination in the administration of the GI Bill loan programs enacted by Congress in 1944.[27] In the state of Mississippi alone, just two out of 3,229 VA-insured mortgages went to Black servicemembers seeking to finance a home, business, or farm in the first three years of the program.[28]

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[23] Act of May 20, 1862 (Homestead Act), Public Law 37-64 (12 STAT 392).
[24] Dedrick Asante-Muhammad, et al., *The Road to Zero Wealth: How the Racial Wealth Divide Is Hallowing Out America's Middle Class*, at 15 (Sept. 2017).
[25] The Home Owners' Loan Act of 1933 established the HOLC as an emergency agency under the Federal Home Loan Bank Board. 12 U.S.C. § 1461 *et seq*. *See also* University of Richmond, Virginia Tech, University of Maryland, and Johns Hopkins University, *Mapping Inequality* (documenting the maps and area descriptions created by the HOLC between 1935 and 1940); Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (2017).
[26] *See Shelley v. Kraemer*, 334 U.S. 1 (1948).
[27] *See, e.g.*, Alex Horton, *Racial Discrimination by Veterans Affairs Spans Decades, Lawsuit Says*, Washington Post (Nov. 28, 2022).
[28] Dedrick Asante-Muhammad, et al., *The Road to Zero Wealth: How the Racial Wealth Divide Is Hollowing Out America's Middle Class*, p. 15 (September 2017).

Even after passage of the Fair Housing Act in 1968 and Equal Credit Opportunity Act in 1974, policies of the federal government and private actors continued to perpetuate segregation and discrimination. Explicitly race-based policies were replaced by subtler "race-neutral" methods of excluding people of color. For example, in the 1960s and 1970s, the federal government began the urban renewal program and transportation projects in which cities often used eminent domain to condemn and raze housing, businesses, and churches and displace residents of Black communities.[29] In addition, exclusionary zoning policies have made it difficult for low- and even moderate-income households to live in many well-resourced communities.[30] Moreover, Home Mortgage Disclosure Act data reveals each year that Black and Latino borrowers are denied home mortgages at rates higher than the whole market.[31] Finally, technology can often be used to perpetuate discrimination instead of preventing it, for example, by using tenant screening or lending algorithms with built-in biases. Researchers found that algorithmic systems overcharge Black and Latino mortgage borrowers by $765 million yearly,[32] and Automated Valuation Models[33] perpetuate discrimination against homeowners of color.

To combat segregation and discrimination embedded in the U.S. housing market, the "Affirmatively Furthering Fair Housing" provision of the Fair Housing Act, which became law as a memorial to Dr. Martin Luther King Jr. following his horrific assassination in 1968, requires HUD to administer its programs in a way that affirmatively furthers fair housing (AFFH). The law requires jurisdictions to take actions that undo historic patterns of segregation and other types of discrimination as well as promote fair housing choice and foster vibrant and inclusive communities. However, on February 26, 2025, HUD terminated a rule requiring local jurisdictions to provide an analysis of the barriers to fair housing.[34] Instead, HUD will be satisfied with a jurisdiction's certification that it has affirmatively furthered fair housing, with no further analysis.

During the Trump Administration's first term, it focused heavily on dismantling important civil rights protections. The administration's current actions are a continuation of that effort. Despite claims from President Trump that he wants to enforce the nation's civil rights laws, he and his administration are busy eviscerating civil rights rules and protections. The administration's Interim Final Rule[35] repeals the Biden administration's 2021 Interim Final Rule, which reversed the Trump Administration's devastating rollback of the Fair Housing Act's AFFH provision. The Biden Rule was in no way onerous and established a definition for AFFH that aligned with the intent of the law. It required jurisdictions to certify that they were taking meaningful steps to

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[29] *See* Troy McMullen, *More Cities Seek to Redress Widespread 20th-century Destruction of Black Neighborhoods*, Washington Post (Feb. 10, 2022).
[30] *See* Margery Austin Turner and Solomon Greene, *Causes and Consequences of Separate and Unequal Neighborhoods*, Urban Institute.
[31] Jacob Channel, Dan Shepard, Xiomara Martinez-White, *Black Homebuyers in 50 Largest US Metros 1.6 Times More Likely to Be Denied for Mortgage Than Overall Population*, LendingTree (July 24, 2023).
[32] Robert Bartlett, Adair Morse, Richard Stanton, and Nancy Wallace, *Consumer-Lending Discrimination in the FinTech Era*, University of California, Berkeley, (Nov. 2019).
[33] Linna Zhu, Michael Neal, and Caitlin Young, *Revisiting Automated Valuation Model Disparities in Majority-Black Neighborhoods*, Urban Institute (May 19, 2022).
[34] Jeff Andres, *Trump Administration Ends Affirmatively Furthering Fair Housing Rule*, Housing Wire (Feb. 26, 2025); NFHA, *Leading Civil Rights, Consumer, and Housing Advocates Strongly Urge HUD to Withdraw Its Watered Down Affirmatively Furthering Fair Housing Rule* (May 13, 2025), https://nationalfairhousing.org/leading-civil-rights-consumer-and-housing-advocates-strongly-urge-hud-to-withdraw-its-watered-down-affirmatively-furthering-fair-housing-rule/.
[35] HUD, *Affirmatively Furthering Fair Housing Revisions*, 90 Fed. Reg. 11020 (March 3, 2025).

Affirmatively Further Fair Housing. The Trump Administration's Interim Final Rule removes requirements for jurisdictions to take meaningful steps to comply with the law and returns us to the days when jurisdictions could sponsor poster contests at a local school to fulfill their fair housing obligations.

Jurisdictions who are serious about helping their residents do not want to host poster contests to address their communities' fair and affordable housing crises; what they want is technical support, expert guidance, resources, and assistance from HUD to fix critical issues, like a lack of fairly-priced homes, poor access to fresh water, crumbling infrastructure, rising home insurance premiums, unfair appraisal practices, exclusionary zoning policies, and neighborhoods that cannot withstand natural disasters. With too many people living paycheck to paycheck, AFFH is critically important, opening the door for more people to live in healthy, viable, well-resourced neighborhoods with living wage jobs, clean air for our children to breathe, safe water in our homes, schools that provide our children with great educational opportunities, and adequate affordable and accessible housing.

States and localities are not allowing federal inaction to imperil their ability to create fair and affordable housing in their jurisdictions. States such as CA, FL, MA, MT, and TX are following NJ in requiring jurisdictions to create a version of its *Mt. Laurel Doctrine*, which requires municipalities to establish a "Fair Share Plan" for affordable housing units.[36] And cities like Boston are embedding AFFH in its planning process to ensure residents have access to well-resourced communities with the ability to thrive.[37]

Recommendation: Congress should vigorously protect the Affirmatively Furthering Fair Housing (AFFH) provisions of the Fair Housing Act, including by:

- Conducting oversight of HUD's efforts to ensure that local jurisdictions engage in meaningful action to affirmatively further fair housing and promote inclusive communities;
- Opposing any anti-AFFH budget riders; and
- Ensuring all new and existing federal agencies' housing and community development programs, including the programs of the U.S. Departments of Treasury, Transportation, and Environmental Protection Agency, comply with the obligation to AFFH.

Issue #3: Appraisal Discrimination Continues to Undercut Wealth-Building Opportunities for Households of Color

Appraisal discrimination continues to pose barriers to households of color seeking to build wealth through homeownership. Research shows that homes in White neighborhoods are appraised at values nearly 250 percent higher than similar homes in similar Black neighborhoods and at values nearly 278 percent higher than similar homes in similar Latino neighborhoods, depriving households of color of opportunities to build wealth.[38] Disparities tend

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[36] See, Jag Davies, *Mount Laurel at 50: New Jersey's Blueprint for Dismantling Residential Segregation*, The State Court Report (September 2, 2025); Roshan Abraham, *Fifty Years After Mount Laurel, Is Affordable Housing Finally Gaining Ground in New Jersey?*, Shelterforce (August 22, 2025).
[37] Mayor's Office of Housing, *Affirmatively Furthering Fair Housing (AFFH) Zoning* (November 12, 2025.
[38] Junia Howell and Elizabeth Korver-Glenn, *Appraised: The Persistent Evaluation of White Neighborhood as More Valuable Than Communities of Color*, Eruka (2022).

to be greatest in the South. One study found that six Southern states (GA, LA, SC, NC, MS, and AL) accounted for nearly 50 percent of the overvalued homes of White owners in majority-Black neighborhoods.[39] Overall, White communities have access to over $15 trillion more in capital because of racialized appraisal practices, and appraisal bias caused homes in Black neighborhoods in 113 metro areas throughout the U.S. to be devalued by $162 billion.[40]

The Trump Administration has rolled back several protections that would have ensured fair, consistent appraisal for people of all communities. In March 2025, HUD's FHA rescinded its policies that clarified the application of the Fair Housing Act to appraisal discrimination and established standards for FHA lenders to follow in connection with a consumer's request Reconsideration of Value (ROV).[41] In July 2025, the administration disbanded the Interagency Task Force on Property Appraisal and Valuation Equity[42] In September 2025, HUD withdrew guidance providing support for the Fair Housing Act's coverage of appraisal discrimination.[43] These actions will undermine consumers' ability to access the full benefits of homeownership.

Recommendation: Congress should continue to promote appraisal reform, including by:

- Passing the Appraisal Modernization Act, which would codify a consumer's right to appeal an appraisal through a standardized reconsideration of value process;[44]
- Requiring HUD to investigate complaints of appraisal discrimination;
- Encouraging the Federal Housing Finance Agency (FHFA) to release property-level appraisal data;
- Encouraging Fannie Mae and Freddie Mac to reduce discretion in appraisals and increase quality control and monitoring to ensure fair and consistent outcomes;
- Encouraging lenders and appraisal management companies to implement sound methods to identify and prevent appraisal discrimination, and to implement fair automated valuation models;
- Encouraging The Appraisal Foundation to require fair housing training developed by fair housing experts and to remove discriminatory barriers to the appraisal profession (including the supervisory appraiser requirement); and

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[39] Fannie Mae, *Appraising the Appraisal* (Feb. 16, 2022), https://www.fanniemae.com/research-and-insights/publications/appraising-the-appraisal.
[40] Jonathan Rothwell and Andre M. Perry, *How Racial Bias in Appraisals Affects the Devaluation of Homes in Majority-Black Neighborhoods*, Brookings Metro (Dec. 5, 2022).
[41] HUD, *Rescinding Multiple Appraisal Policy Related Mortgagee Letters,* Mortgagee Letter 2025-08 (March 19, 2025), https://www.hud.gov/sites/default/files/OCHCO/documents/2025-08hsgml.pdf.
[42] Lori Summerfield and Chris Willis, *HUD and OMB Effectively Disband the PAVE Task Force*, Consumer Financial Services Law Monitor (July 16, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/07/hud-and-omb-effectively-disband-the-pave-task-force/.
[43] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-guidance/.
[44] Senator Warnock Press Release, *Warnock Renews Efforts to Address Bias in Housing Appraisals, Help Families Build Generational Wealth Through Homeownership* (July 17, 2025), https://www.warnock.senate.gov/newsroom/press-releases/warnock-renews-effort-to-address-bias-in-housing-appraisals-help-families-build-generational-wealth-through-homeownership/.

- Encouraging the real estate industry to develop alternatives to the sales comparison approach.

Issue #4: Many Communities Remain Underserved Because of the Lack of Small Dollar Loans

Rising home prices and lack of availability of small dollar mortgage loans have impacted entire cities and regions of the nation that have not fully recovered from the financial and housing crisis of 2008. The pandemic worsened this reality as the focus of mortgage originations shifted to the wealthiest borrowers, leaving many creditworthy families in the Midwest and South with limited mortgage access. Similarly, cities like Detroit are credit-starved, leaving families with only exploitative credit availability.[45] Estimates show that small dollar mortgage lending fell by nearly 70 percent between 2004-2021.[46] Federally insured banks often cite a lack of profitability in their decision not to issue small balance mortgages while their investment arms benefit substantially from their vanishing presence in the single-family market.[47]

Recommendation: Congress should act to ensure consumers can fairly access small dollar mortgages by:

- Encouraging the HUD Secretary to issue a report on incentivizing the use of small dollar mortgages ($100,000 or less) in the Federal Housing Administration loan program.
- Ensuring our nation's fair lending and consumer protection laws are fully enforced, including in land contracts and rent-to-own agreements;
- Encouraging FHFA to continue eliminating fees (including Loan Level Price Adjustments or LLPAs) that place homeownership out of reach for underserved borrowers while continuing to balance safety and soundness;
- Encouraging FHFA, Federal Home Loan Banks, and the CDFI Fund to promote the use of Special Purpose Credit Programs;
- Encouraging regulators to promote technological solutions to improve the experience of borrowers to reduce barriers; and
- Supporting the use of positive rental payment and cash flow data in underwriting.

Issue #5: Local Zoning Ordinances with Preferences for Single Family Homes are a Significant Barrier to Fair and Affordable Housing

Project 2025 urges Congress to prioritize legislative support for single-family home zoning.[48] However, single-family zoning has been used to effectively lock out renters, low-income individuals, and people of color from certain neighborhoods.[49] While zoning and land use reforms are often discussed as a tool to improve rental housing affordability, certain reforms, such as upzoning and minimum lot sizes, can also be used to support the creation of more affordable, entry-level homeownership opportunities. For example, zoning reforms can help

[45] Ben Eisen, *Dearth of Credit Starves Detroit Housing Market*, Wall Street Journal (Oct. 29, 2020).
[46] Alex Horowitz and Tara Roche, *Small Mortgages Are Too Hard to Get*, The Pew Charitable Trusts (July 3, 2023).
[47] Inside Mortgage Finance, *A Stunning Year for Warehouse Lenders* (March 4, 2021).
[48] Heritage Foundation, *Project 2025 Policy Agenda* at 511 (2023).
[49] Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing* (2023).

promote missing middle housing, such as condos in triplexes, quadplexes, and a range of other options beyond typical single-family detached homes and high-rises that help reduce the cost of construction and home prices.[50]

Some states are using legislation to reduce local zoning barriers.[51] In 2023, Montana and Washington passed sweeping reforms allowing other types of housing on parcels previously zoned exclusively for single-family homes, joining California, Oregon, and Maine in zoning reform. And in Massachusetts, communities served by public transit must now designate at least one zoning district that permits multifamily housing. Colorado also offers communities grants for affordable housing development as an incentive to reform zoning and expedite approval processes. Although these reforms do not guarantee increased construction, they remove substantial barriers to developing more housing types that may also be more affordable to produce.

Unfortunately, a number of states such as AZ, FL, KS, TX, and WS preempt local jurisdictions from enacting inclusionary zoning practices, which limit the ability of local policymakers to effectively spur the development of more affordable housing in their communities.[52]

Recommendation: Congress should ensure federal funding for housing and community development is utilized by jurisdictions that implement inclusionary zoning practices and affirmatively further fair housing.

Issue #6: Institutional Investors Are Exacerbating the Fair and Affordable Housing Crisis

Investor purchases put homeownership further out of reach for first-time homebuyers and prevent families from generating wealth that could be invested in education or small businesses or passed on to the next generation. Investors have cash on hand to outbid owner-occupants, and developers are selling newly built homes to investors because consumers face stiff barriers in accessing mortgage loans. In 2021, one in 7 homes sold in 40 major metro areas were bought by investors, driving up purchase prices by record highs.[53] This trend also has a disparate impact on communities of color hardest hit by the Great Recession in the Midwest and South and who suffered unnecessary foreclosures after being steered into risky mortgages even when they qualified for loans on safer and more affordable terms. In 2021, 30 percent of home sales in majority Black neighborhoods were to investors, compared with only 12 percent in other zip codes. Moreover, research has shown that many renters living in investor-owned properties report subpar housing conditions, unexpected fees, and unresponsive management staff.

Recommendation: Congress should take action to remedy the challenges posed by institutional investors by:

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[50] National Association of Realtors, *Promoting Affordable Housing Via Zoning Reform* (Nov. 8, 2023).
[51] Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing* (2023).
[52] *See*, Local Solutions Support Center, State Preemption of Local Equitable Housing Policies; Grounded Solutions Network, Is Inclusionary Housing Legal?
[53] Kevin Shaul and Jonathan O'Connell, *Investors Bought a Record Share of Homes in 2021. See Where*, Washington Post (Feb. 16, 2022).

- Passing the Housing Crisis Response Act, Neighborhood Homes Investment Act with fair housing principles, and Downpayment Toward Equity Act;
- Directing the GAO to conduct an analysis of this issue and provide recommendations;
- Urging the GSEs and FHA to make every effort to sell REO assets to owner-occupants;
- Supporting lenders and other entities in developing Special Purpose Credit Programs; and
- Providing additional Community Development Block Grant (CDBG) funding strictly to allow municipalities to purchase poorly maintained homes owned by investors, renovate them, and sell them to owner-occupants who are first-generation homebuyers.

Issue #7: LIHTC and Other Tax Credits Are Needed to Provide Consumers with Housing Options

The Low-Income Housing Tax Credit (LIHTC) plays a significant role in determining where families with low incomes are able to reside. Often LIHTC properties are located in communities that are severely under-resourced and racially segregated. Rarely are LIHTC properties developed in communities that have the amenities that all residents need to thrive. LIHTC properties must be equitably developed in all communities to ensure residents have fair housing options. Further action must be taken to ensure the benefits of the LIHTC reach residents and not just wealthy developers.

Recommendation: Congress should ensure the U.S. Treasury Department's housing and tax credit programs dismantle residential segregation, offer real choice in housing, and create thriving communities by:

- Increasing the number of LIHTC developments that are located in well-resourced communities;
- Encouraging the Treasury Department to embed fair housing principles in Treasury's housing related and tax credit programs; and
- Encouraging federal agencies to require meaningful fair housing impact analyses in every effort to fill the nation's affordable housing shortage. Reporting requirements are a critical step, but are not sufficient to change the location, types, and cost of housing units available to households in the U.S.

Issue #8: Some Housing Policies Risk Gentrification and Displacement

The Neighborhood Home Investment Act can provide much-needed investment in underserved areas, but risks displacing people of color residing in neighborhoods of color. The bill would:

- Establish a new federal tax credit to incentivize the construction and rehabilitation of affordable homes in distressed neighborhoods; and
- Allocate $16 billion for building and rehabilitating an estimated 400,000 homes.

But historically, investment in underserved communities has led to displacement of current residents, disproportionately affecting people of color.

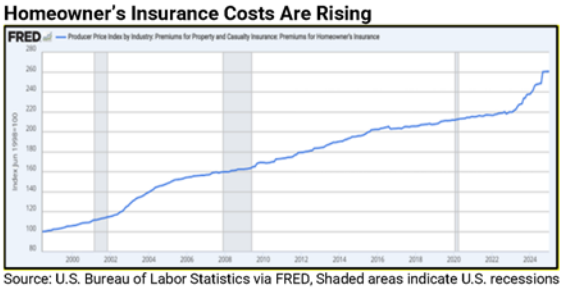
Recommendation: Congress should revise and pass the Neighborhood Homes Investment Act to avert displacement of people of color and better comply with the Fair Housing Act.

To this end, Congress should add a "Statement of Policy" that reads:

> Congress –
> (1) Supports continuing homeownership for current residents of distressed neighborhoods as part of the revitalization of those neighborhoods;
> (2) Seeks to minimize displacement of current residents of distressed neighborhoods; and
> (3) Expects that the Departments of Treasury and Housing and Urban Development will work together cooperatively, including through development of a Memorandum of Understanding if appropriate, to assure that implementation of this legislation is consistent with the provisions of the Fair Housing Act.

Issue #9: Climate-Related Disasters Are Causing Rising Homeowners Insurance Costs

Homeowner's Insurance Costs Are Rising



Source: U.S. Bureau of Labor Statistics via FRED, Shaded areas indicate U.S. recessions

Homeowners' insurance costs are rapidly rising with increased climate-related disasters, and the administration has worsened this crisis. For example, the administration cut the staff and funding for the National Weather Service and stopped tracking the cost of extreme weather,[54] leaving businesses and communities without the data to take proactive measures. Also, HUD terminated the $1 billion Green and Resilient Retrofit Program, which would have made HUD-assisted multifamily properties safer from natural disasters.[55] In addition, HUD removed requirements that grantees perform fair housing assessments and certify compliance with the Fair Housing Act and other federal civil rights law when administering $12 billion in long-term

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[54] Margaret Cooney and Cody Hankerson, Center for American Progress, *The Lasting Threat of Trump's Cuts to NOAA and NWS on American Communities* (July 10, 2025), https://www.americanprogress.org/article/the-lasting-threat-of-trumps-cuts-to-noaa-and-nws-on-american-communities/.

[55] Ashleigh Fields, *Trump Administration Halting $1B Affordable Housing Preservation Program,* The Hill (March 12, 2025), https://thehill.com/homenews/administration/5190958-hud-billion-green-resilient/.

disaster recovery funding.[56] Finally, the federal financial regulators have reversed policies that would have integrated a climate-related risk management framework into its existing enterprise risk management framework for financial institutions, putting our financial system at risk.[57]

As the administration abandons policies to protect the people of America from climate disasters, the financial burden of homeowners' insurance expenses continues to escalate dramatically. Premiums have risen dramatically, with some areas seeing double-digit growth.[58] Homeowners' insurance is now at a record high, with premiums accounting for about nine percent of typical homeowner payments. Moreover, the people disproportionately impacted by climate-related disasters reside in formerly redlined communities. For example, the Black residents of Altadena, California built thriving lives there as redlining laws prevented them from purchasing homes elsewhere. [59] Prior to the wildfires, 81 percent of Altadena's Black residents owned their homes; the community was hard-hit with property losses, and several of its residents lost their lives. Like Black victims of the Great Recession, many of Altadena's residents are seniors who lost generations of their families' wealth in the California wildfires. They must be able to successfully rebuild.

Recommendation: Congress should:

- Avoid playing politics in natural disasters funding decisions; and
- Promote the adoption of equitable homeowners' insurance underwriting and pricing to adapt to climate change and to preserve access to fairly priced insurance in all communities.

Issue #10: The GSEs Need to Fulfill Their Mission Mandates

Discrimination in the mortgage market is by no means a relic of the past and continues to manifest in multiple ways. For Fannie Mae and Freddie Mac (the Government-Sponsored Enterprises or GSEs), their fair housing and lending mandate begins with their charters, put in place by Congress. The charters stipulate the GSEs must:

a. Provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and
b. To promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas).

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[56] HUD, *Waivers and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees* (March 19, 2025), https://www.hud.gov/sites/default/files/CPD/documents/CPDUniversalnotice.pdf.
[57] Federal Reserve, *Agencies Announce Withdrawal of Principles for Climate-Related Financial Risk Management* (Oct. 16, 2025), https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251016a.htm.
[58] Daniella Genovese, *Homeowners Insurance Costs Could Spike Over Next Two Years*, Fox Business (Nov. 24, 2025), https://www.foxbusiness.com/real-estate/homeowners-insurance-costs-could-spike-over-next-2-years.
[59] Gloria Oladipo, *For Black Families in Altadena, History and Community Burned alongside Homes*, The Guardian (Jan. 18, 2025).

The GSEs' charters make clear they have a Congressionally mandated obligation to advance fair housing and lending practices by providing credit liquidity and assistance for all market segments, including underserved areas.

In the bipartisan Housing and Economic Recovery Act of 2008, Congress mandated important measures for the whole of the housing market, including the mandate to serve the broad market, even at a lower rate of return; the affordable housing goals; the duty to serve under-reached markets; and the affordable housing funds.

In addition, the GSEs are subject to the fair housing and lending laws, including the Fair Housing Act, the Equal Credit Opportunity Act, the Federal Housing Enterprises Financial Safety and Soundness Act, and the Wall Street Reform and Consumer Protection Act. This means that FHFA has a responsibility to review the GSEs' policies, programs, activities, and lending outcomes for compliance with fair housing and fair lending laws, and take appropriate supervisory or enforcement actions, when necessary. In addition, FHFA is subject to the "Affirmatively Furthering Fair Housing" provision of the Fair Housing Act, which requires FHFA to administer its programs in a manner that furthers fair housing and promotes inclusive and vibrant communities.

Despite these legal obligations, FHFA and the GSEs have rolled back important policies and protections that support fair and affordable housing for the people of America. In March 2025, FHFA issued an order requiring Fannie Mae and Freddie Mac to terminate Special Purpose Credit Programs supported by the Enterprises.[60] In July 2025, FHFA issued a Proposed Rule to repeal the regulation regarding the fair lending and equitable housing finance plans for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.[61] In October 2025, FHFA issued a proposed rule changing the Affordable Housing Goals for single family housing in a manner that will take away affordable mortgages for up to 177,000 lower- to moderate-income families over the next three years, worsening the housing affordability crisis and fueling deeper racial and socioeconomic inequalities in who can access credit and become a first-time homeowner.[62] Finally, FHFA has forced out staff in the following offices: Division of Public Interest Examinations (fair lending, UDAP, and consumer protection), Office of Minority and Women Inclusion, and Division of Research and Statistics, which means there is no one to monitor Fannie Mae's and Freddie Mac's compliance with fair lending laws to serve the whole of the housing market.[63]

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[60] FHFA, *Order Issuing Directive to Terminate Special Purpose Credit Programs,* Decision No. 2025-145 (March 25, 2025), https://x.com/pulte/status/1904621959213965690?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Etweet.

[61] FHFA, *Repeal of Fair Lending, Fair Housing, and Equitable Housing Finance Plans Regulation Proposed Rule*, 90 Fed. Reg. 35475 (July 28, 2025), https://www.govinfo.gov/content/pkg/FR-2025-07-28/pdf/2025-14183.pdf.

[62] FHFA, *Proposed Rule: 2026-2028 Affordable Housing Goals* (Oct. 2, 2025), https://www.federalregister.gov/documents/2025/10/02/2025-19428/2026-2028-enterprise-housing-goals.

[63] Eric Katz, *Housing Agencies Begin Closing Offices, Escorting Employees Out*, Government Executive (March 19, 2025), https://www.govexec.com/workforce/2025/03/housing-agencies-begin-closing-offices-escorting-employees-out/403903/.

Recommendation: Congress should conduct oversight of FHFA and the GSEs to ensure that they help build racial equity in homeownership, including by:

- Fully implementing the robust Equitable Housing Finance Plans that focus on addressing the racial homeownership gap;
- Encouraging the elimination of the Loan Level Pricing Adjustments[64] (LLPAs) as well as addressing barriers such as biased credit scores, lack of collateral and appraisal issues, and discrimination which can all restrict access to credit for underserved groups;
- Inserting fair housing protections into the eligibility guidelines of all their affordable housing programs, including the Low-Income Housing Tax Credit, State Housing Finance Agency, and other programs;
- Including in their financing contracts an affirmative obligation for developers to build housing in accordance with the accessibility requirements mandated by fair housing laws as well as an affirmative obligation to further fair housing;
- Facilitating the widescale use of Special Purpose Credit Programs; and
- Ensuring the Trump Administration does not try to override Fannie Mae and Freddie Mac's congressionally created charters with privatization or other initiatives.

Issue #11: The Federal Home Loan Banks Continue to Reap Private Benefits Rather Than Promote Fair and Affordable Housing

Generally, the Federal Home Loan Bank (FHLBank) System and the member institutions benefit from tremendous public subsidies and private benefits while providing comparatively little in public benefits. The FHLBank System benefits from substantial public subsidies and privileges, including exemption from federal, state, and local taxes (except real estate taxes); the ability to borrow cheaply because of an implicit federal guarantee; and the ability to generate significant revenue by lending out the funds they acquired at below-market rates to their member institutions at a higher rate than they borrowed. Despite their public purpose, however, the FHLBanks return relatively little to support affordable housing. For example, in 2021, the FHLBanks paid out more than $1 billion in dividends to their members, which was more than three times the amount they contributed to the Affordable Housing Program that year ($314.7 million).[65]

Recommendation: Congress should take action to reform the FHLBank System, including:

- Requiring the FHLBanks to direct substantially more of their net income to affordable housing, with a substantial portion of that amount dedicated to affirmatively furthering fair housing;

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[64] The GSEs updated their Loan Level Pricing Adjustments grid which helped address concerns that the LLPAs presented a discriminatory impact against borrowers of color. However, the GSEs should eliminate LLPAs, which were added during the financial and housing crisis of 2008 to help the GSEs repay their taxpayer bailout and are disproportionately impacting Black and Latino consumers forcing them to pay for a future potential bailout when they were not the culprits of the Great Recession. Also, research shows that GSE lenders are not using LLPAs to insure against risk; rather, they are using the risk-based pricing to drive profits. *See*, Michelle Aronowitz Edward L. Golding Jung Hyun Choi, *The Unequal Costs of Black Homeownership*, MIT Golub Center for Finance and Policy (Oct. 1, 2020).

[65] *See Testimony of Director Sandra L. Thompson*, FHFA, before the House Committee on Financial Services (July 20, 2022); FHLBanks Office of Finance, Lending, and Collateral *Q&A* (March 25, 2022).

- Expanding the purpose of the Affordable Housing Program to include funding for climate resiliency;
- Requiring the FHLBanks to submit comprehensive Equitable Housing Finance Plans;
- Requiring the FHLBanks to ensure that member advances are not used to promote source of income discrimination in multi-family rental housing; and
- Requiring the FHLBanks to add more public-interest independent directors, including those with experience in fair housing and fair lending.

Issue #12: CDFI Fund Investments Support Wealthy Developers Instead of Potential Homebuyers

Despite a unique history rooted in the work of racial justice and community development advocates, research shows that the majority of Community Development Financial Institutions' (CDFIs) investments have gone to real estate developments in low-income communities, which are not necessarily communities of color. According to the Hope Policy Institute analysis of CDFI Fund recipients, White-led CDFIs held approximately $13 billion, or 72 percent, of the total assets reported in FY2014 despite having a lower asset size than minority controlled CDFIs.[66] The average asset size for White-led CDFIs increased from $58.1 million to $169.7 million from FY2014-FY2017, while the average asset size of minority-led CDFIs was relatively stagnant, remaining at near $71 million. Moreover, as of 2017, only two to six percent of CDFI funds have been used to support the activities of minority depository institutions despite Section 308(b) of FIRREA directing the Federal Deposit Insurance Corporation to act in preserving minority ownership of minority financial institutions.

Recommendation: Congress should conduct oversight of Treasury and CDFIs, including by ensuring that Treasury:

- Develops a fair housing and fair lending oversight program that is more consistent with the oversight structure of the other federal financial regulators;
- Provides CDFIs with guidance on the use of less discriminatory alternatives to traditional credit scoring;
- Requires fair housing and fair lending training for CDFI boards, executive staff, and staff;
- Audits CDFI Community Reinvestment Act (CRA) activities for compliance with the CDFI Fund principles and fair housing and fair lending obligations;
- Allows First-Generation Downpayment Assistance and Special Purpose Credit Programs (SPCPs) to count as eligible financial products and services, including SPCPs that are designed to remove the over-reliance on discriminatory credit scoring systems or designed to consider positive rental housing payments;
- Encourages CDFI investments in investors of color;
- Requires CDFI Venture Funds seeking certification to provide data transparency and data collection to ensure compliance with our nation's fair housing and fair lending laws;
- Requires each CDFI certified by the CDFI Fund to collect and publish board and executive staff demographic information; and
- For CDFIs with assets greater than $1 billion:

[66] Hope Policy Institute, *Closing the CDFI Asset Gap*, (April 21, 2020).

- Require them to enter into Community Benefits Agreements in their Target Markets to make sure their missions remain a focus of their work and loans are not just flowing to high-wealth developers;
- Permit CDFI product innovation that better transmits the benefits of their subsidies directly to consumers;
- Require CFDIs to provide automatic interest rate reductions every 24-36 months for mortgage borrowers who perform well; and
- Require more direct mortgage lending, including to Black and female consumers through first-generation down payment assistance and other programs, Special Purpose Credit Programs, and small dollar pilot initiatives.

Issue #13: Artificial Intelligence Related to Housing and Lending Offers Both Promise and Peril

Artificial Intelligence (AI) holds great promise for improving systems, democratizing opportunities, lowering costs, and increasing productivity. Yet, it also holds great dangers for perpetuating bias as AI models are developed using historical data, which can exacerbate historical discrimination. AI and automated systems are already used extensively in the housing and finance sectors, including in credit scoring, tenant screening, automated underwriting, risk-based pricing, dynamic rental pricing systems, marketing, and automated valuation models.[67] On January 20, 2025, the Trump Administration rescinded an Executive Order for the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence,[68] but many states are passing legislation to protect their state's consumers and advance responsible AI.[69]

Recommendation: Congress should advance legislative actions for safe, secure, and trustworthy use of AI to address the fair and affordable housing crisis, and so the U.S. can remain a leader in Responsible AI.

Conclusion

Voters are demanding that their elected leaders provide solutions to the nation's fair and affordable housing crisis, not gamble with the health of the housing system. The administration's actions are putting people in harm's way, driving up the cost of housing, and leaving millions exposed to discrimination, harassment, and retaliation with no structure for protection. The actions are not making housing cheaper. And they threaten longstanding and transformative policies such as the Equal Credit Opportunity Act, landmark legislation passed to ensure that women could fairly obtain credit in their own name without their husband or male relative co-signing a loan. 'Out of Many, One' is our national motto – any effort to divide, stoke fear, and treat people unfairly is not in line with our nation's founding principles. America is best when united and relentlessly pursuing a country where everyone, regardless of their background, has a fair chance at reaching their American dreams. And housing is fundamental to people having the ability to do so. Congress must pass comprehensive housing legislation with critical

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[67] *See* Testimony of Lisa Rice, President and CEO of the National Fair Housing Alliance before the U.S. House Financial Services Committee in a hearing entitled, *AI Innovation Explored: Insights into AI Applications in Financial Services and Housing* (July 23, 2024).
[68] Trump Administration, *Initial Rescissions of Harmful Executive Orders and Actions* (Jan. 20, 2025).
[69] *See, e.g.,* Colorado SB24-205, *Consumer Protections for Artificial Intelligence* (May 17, 2024).

equitable investments in supply-side and demand-side solutions to support fair and affordable housing in urban, rural, and suburban communities. Fulfilling fair housing laws improves people's lives and the communities in which they live. They also strengthen our economy and make the nation more prosperous.[70] Every attempt to solve the lack of affordability alone has failed and resulted in kicking the can down the road. Now is the time to do what we all know works--enforcing our nation's robust fair housing and lending infrastructure to put the promises of the Fair Housing Act within everyone's reach and spur the development of increased affordable housing opportunities.

[70] *See*, Citigroup, *In Pursuit of Equity: Why America's Future Depends on Closing the Racial Wealth Gap* (2021); Jeff Cox, *Morgan Stanley Says Housing Discrimination Has Taken a Huge Toll on the Economy*, CNBC (Nov. 13, 2020); and Dana Peterson and Catherine Mann, *Closing the Racial Inequality Gaps: The Economic*
Cost of Black Inequality in the U.S, Citi Global Perspectives and Solutions 3 (Sept. 1, 2020).

Appendix A – Local Fair Housing Group Testimonials re: Impact of Funding Cuts

Lila E. Hackett, Executive Director
Fair Housing Center of Northern Alabama
Birmingham, Alabama
"The Fair Housing Center of Northern Alabama serves twenty-nine of the sixty-seven counties in the northern portion of the state, a majority of which are rural. We also cover the largest cities in population; Birmingham, Huntsville, Tuscaloosa, Anniston-Gadsden, and Decatur. Approximately 70 percent of our complaints come from people with disabilities, both elderly and families with children with disabilities. We also serve a large concentration of veterans in the Huntsville, Decatur, and Birmingham communities, many of which suffer from varying disabilities, such as PTSD and mobility issues. Any reduction in services during the government shutdown, such as a lack of access to housing or other needed amenities such as transportation and food, will greatly impact our most vulnerable citizens, resulting in homelessness for some. Due to the government shutdown, we were unable to receive our Fair Housing Initiatives Program (FHIP) voucher for the final payment on our Year-1 grant from HUD and will be unable to receive our FHIP voucher for our start up payment for Year-2. This will result in either closing or reducing services at a time when our clients need us the most. If unable to secure local funding, residents of our entire service area (29) counties will face issues without our services."

Jay Young, Executive Director
Southwest Fair Housing Council
Tucson, Arizona
"The Southwest Fair Housing Council (SWFHC) was established in 1986. We are a non-profit, tax-exempt fair housing organization based in Tucson, Arizona that provides services throughout Arizona. Our HUD PEI and EOI grants expired at the end of June 2025. We received awards for a new PEI and EOI on September 30th but have not been able to start work because of the shutdown. We have not had funding to provide fair housing enforcement services outside of the City of Tucson, Pima County, and the City of Yuma. Our HUD PEI grant funded our statewide fair housing enforcement efforts for over 20 years. We do not currently have funding to provide enforcement services to the Phoenix metro area or the rest of the state's smaller cities, towns, and rural areas. Due to the uncertainty of HUD FHIP funding, we laid off four out of our eight staff members at the end of June. Three out of the four staff members had been with SWFHC for three to four years and had received extensive fair housing training."

Ian Wilder, Executive Director
Long Island Housing Services, Inc.
Bohemia, New York
"The Long Island Housing Services, Inc., a fair housing and housing counseling nonprofit, is located in Bohemia, New York, and serves Suffolk and Nassau counties. We serve any resident of Long Island facing housing insecurity, including low-income tenants, homeowners facing foreclosure, people facing homelessness, and people being denied housing due to housing discrimination. Our programs advocate for Long Islanders using all legal means available including government programs that ensure that the law is being followed. The government shutdown is impacting our clients by denying them the enforcement of laws passed by Congress. For example, a housing counseling client had an open

escalation to HUD National Servicing Center with an FHA mortgage. We're urgently trying to stop a foreclosure sale because we have documented that the servicer dual-tracked the foreclosure by moving forward with the foreclosure while claiming to process our client for a loan modification. The bank never completed a proper loss mitigation review and moved to take the home through foreclosure. In the past, HUD would stop the sale until the client has had the legally required review of their loan modification application. The government shutdown prevented that from happening and the client needlessly and improperly lost their home."

DeAnna Eason, Executive Director
Housing Opportunities Made Equal, Inc. (HOME)
Buffalo, New York – Serving 8 counties of Western New York
"HOME investigates allegations of housing discrimination and provides landlord/tenant counseling, fair housing education and outreach, mobility services for housing choice voucher holders, trainings for homeowners, renters, buyers, and real estate professionals, as well as technical assistance to government officials and community-based organizations with fair housing inquiries. We serve all communities. The government shutdown has intensified existing barriers for our communities, especially those already impacted by previous federal office closures and staff reductions. Many individuals who filed discrimination complaints with HUD months ago remain without updates, and the current shutdown has only deepened this backlog. Vulnerable groups, including people with disabilities, families with children, and low-income renters, are left feeling frustrated and fearful as their cases go unresolved. Our organization continues to provide intake, investigation, and fair housing education, but our ability to connect clients with federal enforcement is severely limited. HUD is almost unavailable as a referral option, leaving many clients in limbo and undermining confidence in the fair housing process. Families relying on Housing Choice Vouchers are increasingly worried about funding cuts and the risk of losing their homes. At this time, HUD is not a useful resource for enforcing the Fair Housing Act, which further restricts our ability to protect those we serve."

Marlene Zarfes, Executive Director
Westchester Residential Opportunities, Inc. (WRO)
White Plains, New York
"My name is Marlene Zarfes and I am the Executive Director of Westchester Residential Opportunities, Inc. (WRO), a non-profit located in White Plains, in Westchester County, NY and serving clients in Westchester County and the lower Hudson Valley. Our services include fair housing, mortgage default counseling, independent living case management and housing, eviction prevention, first-time homebuying and affordable marketing services. We have a diverse clientele of people with low and low-to-moderate income including all ages, all races, people with disabilities, families with children, and senior citizens. As a result of the shutdown, we currently have no federal funding to investigate, uncover and enforce fair housing laws. This is particularly harmful to people with disabilities and people using housing vouchers (generally people of color) who often face housing discrimination. We have already expended all of our annual funding for eviction prevention so there will be an increase in homelessness. Federal layoffs will only add to the homelessness crisis. Clients come to us seeking various forms of relief including rental assistance, shelters and food pantries. We've seen a noticeable increase in people looking for food pantries and shelters since the shutdown. Food pantries are struggling to keep up with the demand and, if the shutdown reduces SNAP, we will see clients unable to feed their families."

Michelle Rydz, Executive Director
High Plains Fair Housing Center
Grand Forks, North Dakota
"High Plains Fair Housing Center is the only full-service fair housing organization serving North Dakota and South Dakota. Since opening our doors in 2016, we have worked to eliminate housing discrimination and ensure equal housing opportunities for all people through education, advocacy, enforcement, and outreach. From our base in Grand Forks and satellite offices in Fargo and Bismarck, we respond to housing concerns and provide critical support to underserved rural communities as well as urban areas. Seeing a gap in fair housing services across South Dakota, we expanded into the state in late 2024 to make sure that residents there, too, have access to the protections promised under federal law. Each year, High Plains receives more than 1,000 calls from individuals and families facing housing challenges. The majority of our clients are people with disabilities, and because of the large number of military bases in our region, many of the people we serve are veterans. Families with children also make up a significant number of the discrimination cases we see, as housing providers too often impose unlawful restrictions or barriers.

"Our staff works to resolve these issues, mediating disputes between housing providers and residents and finding equitable solutions so people can stay stably housed without resorting to lengthy administrative or legal complaints. These mediation and advocacy services continue despite the current government shutdown. But when mediation breaks down, and a case must be filed formally, our clients' rights are now being left unprotected. One of our clients is a young woman who was struck by a drunk driver and now uses a wheelchair. She lives in a federally-subsidized building, where her requests for reasonable accommodations— such as accessibility modifications that would allow her to remain in her home— have been ignored. Under normal circumstances, her case would be actively investigated. Instead, because of the shutdown, she is left waiting, vulnerable, and unable to secure the reasonable accommodations to which she is entitled under the law.

"If the government shutdown persists, people experiencing housing discrimination will be left without a path to justice. Fair housing laws exist to ensure that no one is denied the right to live in safe, stable housing because of who they are—but laws are only as strong as their enforcement. Every day of delay compounds the harm. For people with disabilities, for veterans returning home, for families raising children, this shutdown is not simply a matter of political stalemate. It abandons people at their most vulnerable moments and allows discrimination to go unchecked. Justice delayed is justice denied, and the real cost of this shutdown is measured in the lives of those left unprotected."

Patricia Kidd, Esq.
Executive Director, Fair Housing Resource Center, Inc. (FHRC)
Painesville, Ohio – Serving Lake, Geauga, Ashtabula, and Trumbull Counties
"As the Executive Director of FHRC, a qualified Fair Housing organization and HUD-Certified Housing Counseling agency, I see first-hand how the government shutdown is threatening to deepen the housing crisis in our community. FHRC primarily serves low-income families, seniors, veterans, individuals with disabilities, and victims of domestic violence—people already at heightened risk of housing instability and discrimination. The shutdown is directly harming the communities we serve by cutting off access to critical protections and resources at a time when families are struggling to remain housed. Tenants experiencing illegal evictions or discrimination now face longer delays in receiving help, and families seeking stable housing free from bias are left without timely assistance. Fear and uncertainty are

widespread, as many residents are unsure how housing benefits and other supportive services will continue without interruption.

"For FHRC, the shutdown is disrupting our ability to operate effectively. While our Year-2 FHIP enforcement grant remains active, HUD's delay in announcing the start date of newly awarded grants has created serious uncertainty. Our HUD-certified Housing Counseling grant expired on September 30th with no word on renewal, forcing us to close our Landlord-Tenant Hotline after 20 years of continuous operation. This hotline has been a trusted lifeline for thousands of households navigating evictions, unsafe housing conditions, and landlord-tenant disputes. FHRC has also had to suspend foreclosure prevention counseling, leaving families at risk of losing their homes without vital assistance. Without swift resolution and restored funding, FHRC and other local fair housing organizations will be unable to provide the essential protections families need to secure housing free from discrimination and remain in safe, stable homes."

Vincent B. Curry,
Executive Director, Fair Housing Advocates Association
Akron, Ohio - Serving various communities throughout Northeast, Central, and Southern Ohio
"The Fair Housing Advocates Association (FHAA) is a private nonprofit located in Akron, Ohio and serving various communities throughout Northeast, Central, and Southern Ohio. While our services are available to all, the majority of people that we serve are persons with disabilities, single mothers with children, veterans, many of whom are homeless or under the threat of being homeless, and women who are victims of domestic violence.

"In the Akron, Summit County, Ohio community, the shutdown will have the following impact:

- "Stopping Citizens from Receiving Vital Housing Assistance due to Agency Budgetary Constraints. Many of our local agencies like FHAA that provide housing counseling, housing referrals, etc. to people who are homeless, being subjected to discrimination, etc. will no longer be able to do so because the funding that they receive from the federal government to operate will not be available during the shutdown. For example, many victims of discrimination find much needed relief and direction when provided assistance by private non-profit organizations. Without support from these agencies, they will lack the necessary guidance and resources to proceed effectively and fight the discrimination they are subjected to. Housing discrimination damages communities and goes against the values and policy of the United States.

- "Exacerbating the Homelessness Crisis. Homelessness is an ongoing problem in our community, and the shutdown is only going to further exacerbate it. Our local agencies provide funding to help provide housing and shelter to hundreds of homeless people. These people will no longer receive this assistance because funds will not be available during the shutdown. One of our local agencies, which provides housing to homeless young people has indicated that it will no longer be able to provide rental assistance."

Adria Buchanan, Executive Director
The Fair Housing Center of Washington
Tacoma, Washington – Serving 23 counties in Washington State
"The Fair Housing Center of Washington serves 23 counties, helping individuals with disabilities, seniors, families with children, survivors of domestic violence, and others facing housing discrimination. For years, HUD was our partner in this work — issuing guidance, investigating cases, and supporting efforts to expand housing opportunity. But today, HUD is nowhere to be found. They've literally left the building. In their absence, discrimination has become the most reliable worker in housing — a tireless, unpaid employee who never takes a day off, eats the lunch of the fired staff, and roams the halls while Congress sleeps. Those of us who believe in a world free from discrimination must outwork it, so that the woman waiting a year for justice and the 95-year-old senior enduring harassment can finally live in peace. Because where people remain perpetually committed to justice, discrimination cannot thrive."

Marley Hochendoner, Executive Director
Northwest Fair Housing Alliance
Spokane, Washington – Serving 17 counties in Eastern and Central Washington State
"Northwest Fair Housing Alliance (NWFHA) is a 501(c)(3) non-profit based in Spokane, WA, serving 17 counties in Eastern and Central Washington State. Our mission is to support and promote equitable housing opportunities, eliminate housing discrimination, and ensure affordable and accessible housing in Washington State by providing education, outreach, counseling, research, advocacy, and consulting services about housing transactions, programs, and community development. Annually, thousands of households rely on NWFHA for fair housing advocacy and counseling, including pre-eviction support and challenges related to housing instability, inaccessibility, and unsafe living conditions. Most of the households we serve live below the poverty line and include senior citizens, families with children, veterans, and people with physical or mental disabilities. 75 percent of our fair housing cases involve assisting people with disabilities to request reasonable accommodation or modifications so they can access, maintain, or stabilize their housing. The government shutdown couldn't come at a worse time, in the middle of an affordable housing crisis. NWFHA has a HUD FY23 FHIP grant but there are no HUD FHEO staff working to approve developed materials or grant payments or conduct intake and investigation of housing discrimination complaints. The recent layoffs of more HUD FHEO staff are alarming – employees in Region X were already also working in Region IX to cover staffing shortages. After months of delay and reissuance of the FY24 FHIP NOFO, NWFHA was awarded a FY24 FHIP grant on the last day before the shutdown; but there are no HUD staff working to negotiate the grant agreement, delaying the start of needed services in our communities. HUD has not yet issued a FY25 FHIP NOFO; and so far, there is no FY26 HUD FHIP appropriation. The uncertainty of funding is demoralizing and distracting for our staff who need to be focused on helping people in need of securing housing. Our ability to share information with the public about how to avoid, identify, and report housing discrimination has also been hampered by HUD's ambiguous cease and desists notices relating to materials developed with HUD funds that include HUD's logo or name. Lack of clarity regarding use of existing materials, the absence of HUD staff to approve new materials, and the recent withdrawal of numerous HUD guidance documents has left us with nearly nothing to share with housing providers, local governments, and social service agencies that look to us for information on fair housing compliance. This is the first time in NWFHA's 30 years of existence that NWFHA has faced such prolonged uncertainty about whether HUD will fulfill its fair housing obligations in our communities."

Appendix B – Administration Actions Worsening the Fair and Affordable Housing Crisis

The Trump-Vance administration has engaged in a series of actions that are only worsening the fair[71] and affordable[72] housing crisis. Many of these actions are based on the Project 2025 plan authored by The Heritage Foundation. At this point, the Trump-Vance administration has implemented about 68 percent of Project 2025's housing actions. The actions turn the basic definition of fairness and civil rights upside down to protect the powerful and undermine those merely seeking a fair opportunity to achieve the American Dream of a safe, stable place to call home.[73] Generally, these harmful actions fall into the following five categories:

1. **Increasing housing costs for the average renter, buyer, or homeowner**
2. **Rolling back established housing rights for people of all backgrounds**
3. **Ignoring the threat to local communities from climate change**
4. **Eviscerating key agencies that provide people with access to fair and affordable housing**
5. **Jeopardizing people's data privacy and protection from unfair algorithms**

Following is a more detailed list of the administration's actions that are worsening the fair and affordable housing crisis. The Project 2025 page number that corresponds to the action is shown in [brackets].

1-Increasing housing costs for the average renter, buyer, or homeowner

- Tariffs. The administration increased the cost of housing supplies during the nation's fair and affordable housing crisis by imposing tariffs.[74] (first started on 2/13/2025)

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[71] NFHA, *2024 Fair Housing Trends Report* (July 2024), https://nationalfairhousing.org/resource/2024-fair-housing-trends-report/.

[72] Harvard Joint Center on Housing Studies, *The State of the Nation's Housing 2025* (June 2025), https://www.jchs.harvard.edu/state-nations-housing-2025.

[73] For more detail on how the administration's actions are hurting the renters and homeowners of America and practical solutions to address the fair and affordable housing crisis, *see* Testimony of Nikitra Bailey, EVP of NFHA, in a Hearing Titled, *Building Our Future: Increasing Housing Supply in America*, before the U.S. House Financial Services Subcommittee on Housing and Insurance (March 4, 2025), https://docs.house.gov/meetings/BA/BA04/20250304/117970/HHRG-119-BA04-Wstate-BaileyN-20250304.pdf. *See also* NFHA Press Release, *Fair Housing Months Begins Amid National Assault on Fair Housing* (April 3, 2025), *https://nationalfairhousing.org/fair-housing-month-begins-amid-national-assault-on-fair-housing/*.

[74] Robert Dietz, *Builder Sentiment at Third Lowest Reading Since 2012,* National Association of Home Builders (June 17, 2025), *https://eyeonhousing.org/2025/06/builder-sentiment-at-third-lowest-reading-since-2012*; Keith Griffith, *Trump's Tariffs Are Expected to Raise New-Home Costs $9,200*, Realtor.com (April 4, 2025), https://www.realtor.com/news/trends/trump-tariffs-new-home-prices-homebuilders/; Erica York, *Trump Tariffs: Tracking the Economic Impact of the Trump Trade War*, Tax Foundation.org (Feb. 13, 2025), https://taxfoundation.org/research/all/federal/trump-tariffs-trade-war/. *See also* Testimony of Buddy

- Immigrant Labor. The administration decreased the availability of labor by attacking, detaining, and deporting immigrants who perform much-needed housing construction and engage in other housing-related professions.[75] (first started on 1/20/2025) Immigrants make up one-third of the construction trades workforce and home builders are already facing an acute shortage.[76]
- Infrastructure Projects. The administration delayed projects that improve communities by pausing the disbursement of funds appropriated through the Inflation Reduction Act or the Infrastructure Investment and Jobs Act.[77] (1/20/2025)
- Performative Actions. The administration engaged in performative actions that will not lower costs, such as ordering agencies to deliver emergency housing price relief (without any authorization or funds to do so).[78] (1/20/2025)
- Tenant Protections. In its capacity as conservator, the Federal Housing Finance Agency (FHFA) issued an order rescinding a Directive titled, "Aligned Policies on Multifamily Rental Payment Flexibility and Lease Notices," which required Fannie Mae and Freddie Mac to include certain tenant protections, such as rental payment flexibility and lease notices, as a condition of new multifamily financing.[79] (3/24/2025)
- Consumer Protection. In its capacity as conservator, FHFA issued an order rescinding guidance titled, "Advisory Bulletin No. 2024-06: Regulated Entity Unfair or Deceptive Acts or Practices Compliance," which had articulated FHFA's expectations for the GSEs' and the FHLBanks' compliance with Section 5 of the Federal Trade Commission Act, which prohibits unfair or deceptive acts or practices (UDAP).[80] (3/24/2025) FHFA fired the UDAP examiners, which means that the regulator will no longer supervise Fannie Mae

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Hughes on Behalf of the National Association of Home Builders (NAHB Testimony), in a Hearing Titled, *Building Our Future: Increasing Housing Supply in America*, before the U.S. House Financial Services Subcommittee on Housing and Insurance (March 4, 2025), https://docs.house.gov/meetings/BA/BA04/20250304/117970/HHRG-119-BA04-Wstate-HughesB-20250304.pdf (stating that supply chain instability and tariffs on imported materials continue to create uncertainty for builders).

[75] *See, e.g.*, Trump Administration, *Protecting the American People Against Invasion* (Jan. 20, 2025), https://www.whitehouse.gov/presidential-actions/2025/01/protecting-the-american-people-against-invasion/.

[76] National Association of Home Builders, *Concentration of Immigration in Construction Trades*, https://www.nahb.org/advocacy/industry-issues/labor-and-employment/immigration-reform-is-key-to-building-a-skilled-workforce/concentration-of-immigration-in-construction-trades.

[77] Trump Administration, *Unleashing American Energy* (Jan. 20, 2025), https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/.

[78] Trump Administration, *Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis* (Jan. 20, 2025), https://www.whitehouse.gov/presidential-actions/2025/01/delivering-emergency-price-relief-for-american-families-and-defeating-the-cost-of-living-crisis/.

[79] FHFA, *Order Rescinding Directive on Multifamily Lease Policies*, Order Nos. 2025-OR-FNMA-13, 2025-OR-FHLMC-13 (March 24, 2025), https://x.com/pulte/status/1904282014582264283.

[80] FHFA, *Order Rescinding Advisory Bulletin No. 2024-06: Regulated Entity Unfair or Deceptive Acts or Practices Compliance,* Order Nos. 2025-OR-FNMA-2, 2025-OR-FHLMC-2, 2025-OR-B-2 (March 24, 2025), https://x.com/pulte/status/1904283306603982858.

and Freddie Mac for compliance with the UDAP law.[81] Each of the federal financial regulators has long supervised its regulated entities for compliance with UDAP, so this makes FHFA an outlier among the regulators and leaves everyday consumers without basic consumer protections.[82]

- GSE Privatization and Increased Lending Costs. Administration officials have discussed privatizing Fannie Mae and Freddie Mac, allowing them to exit conservatorship, and/or selling off stock in Fannie Mae and Freddie Mac.[83] Experts predict that privatization is likely to cause interest rates to rise and rate-lock agreements to evaporate as the explicit government backstop is rolled back, driving up housing costs for middle-class families.[84] [706]
- Foreclosure Protections for Veterans. The U.S. Department of Veterans Affairs (VA) discontinued the Veterans Affairs Servicing Purchase (VASP) program, the only VA mortgage assistance option that currently helps the vast majority of borrowers obtain an affordable payment when they are delinquent on their mortgage.[85] (4/23/2025) This action dramatically increases the risk of foreclosure for tens of thousands of veterans and their families.
- Medical Debt on Credit Reports. As of June 2023, 15 million people had more than $49 billion in outstanding medical debt on their credit reports.[86] The 15 million Americans disproportionately live in the South and low-income communities. Unlike other forms of debt, medical debt has little predictive value for a consumer's ability to repay their other financial debts. In January 2025, the CFPB issued a rule prohibiting the inclusion of medical bills on credit reports and requiring credit reporting companies to remove

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[81] Eric Katz, *Housing Agencies Begin Closing Offices, Escorting Employees Out*, Government Executive (March 19, 2025), https://www.govexec.com/workforce/2025/03/housing-agencies-begin-closing-offices-escorting-employees-out/403903/.

[82] *See, e.g.*, Board of Governors of the Federal Reserve and Federal Deposit Insurance Corporation, *Unfair or Deceptive Acts or Practices by State-Chartered Banks* (March 11, 2004), https://www.federalreserve.gov/boarddocs/press/bcreg/2004/20040311/attachment.pdf.

[83] Sylvan Lane, *Fannie, Freddie Chief Teases IPO*, The Hill (Oct. 20, 2025), https://thehill.com/newsletters/business-economy/5564325-fannie-freddie-chief-teases-ipo/.

[84] Erik J. Martin, Mortgages Under Trump: What Happens if He Privatizes Fannie Mae and Freddie Mac?, U.S. News, (May 22, 2025), https://money.usnews.com/loans/mortgages/articles/mortgages-under-trump-what-happensif-he-privatizes-fannie-mae-and-freddie-mac; Ronda Kaysen, What Will It Mean for Homebuyers If Fannie Mae and Freddie Mac Go Private, N.Y. Times (April 2, 2025), https://www.nytimes.com/2025/03/26/realestate/fannie-mae-freddie-mac-loans-pulte.html.

[85] VA, *Veterans Affairs Servicing Purchase (VASP) Program Wind Down*, Circular 26-25-2 (4/23/2025), https://www.benefits.va.gov/HOMELOANS/documents/circulars/26-25-02.pdf; NFHA Press Release, *Advocates, Members of House Committee on Veterans Affairs Respond to Housing Cuts for Veterans,* https://nationalfairhousing.org/advocates-members-of-house-committee-on-veterans-affairs-respond-to-housing-cuts-for-veterans/.

[86] CFPB, *CFPB Finds 15 Million Americans Have Medical Bills on Their Credit Reports* (Apr. 29, 2024), https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-15-million-americans-have-medical-bills-on-their-credit-reports/#:~:text=As%20of%20June%202023%2C%20about,below%203%25%20in%20June%202023.

medical bills and information from credit reports, as originally mandated by law.[87] In April 2025, the CFPB and two industry associations filed a joint motion in federal district court to vacate the rule, which the court granted.[88] (7/15/2025) After several states issued laws banning the reporting of medical debt on credit reports, the CFPB issued an interpretive rule stating that the Fair Credit Reporting Act preempts those laws.[89] (10/28/2025)

- GSE Affordable Housing Goals. Congress passed the Affordable Housing Goals in the 1992 Safety and Soundness Act, and updated them in the 2008 Housing and Economic Recovery Act, as a key tool to keep Fannie Mae and Freddie Mac focused on their public mission. In October 2025, FHFA issued proposed rule changing the Affordable Housing Goals for single family housing in a manner that will take away affordable mortgages for up to 177,000 lower- to moderate-income families over the next three years, worsening the housing affordability crisis and fueling deeper racial and socioeconomic inequalities in who can access credit and become a first-time homeowner.[90] (10/2/2025)
- Community Development Financial Institutions (CDFIs). The administration used illegal Reduction-In-Force procedures during the shutdown to terminate all of the Treasury Department's CDFI Fund staff. (10/10/2025) The CDFI Fund and the community financial institutions they serve are an essential and vital source of capital and financial services to underserved communities across the United States that traditional financial institutions historically don't serve as well, including in urban and rural communities.[91]
- Housing Counselors. In the past, HUD has funded, certified, and trained over 4,200 housing counselors who offer expert, confidential advice that is usually free or very low cost, to help consumers rebuild their credit or become more financially stable, prevent homelessness, avoid eviction or foreclosure, recover from disasters, or prepare for homeownership.[92] In October 2025, the administration ordered the layoffs of *all but one*

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[87] CFPB, *CFPB Finalizes Rule to Remove Medical Bills from Credit Reports* (1/7/2025), https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-to-remove-medical-bills-from-credit-reports/.

[88] Ken Alltucker, *Medical Debt Remains on Credit Reports after Biden-Era Rule Tossed by Judge*, USAToday (July 15, 2025), https://www.usatoday.com/story/money/2025/07/15/biden-medical-debt-rule-tossed-trump/85205733007/.

[89] *CFPB: Federal Law Preempts State Law on Credit Reporting,* ABA Banking Law Journal (Oct. 28, 2025), https://bankingjournal.aba.com/2025/10/cfpb-federal-law-preempts-state-law-on-credit-reporting/.

[90] FHFA, *Proposed Rule: 2026-2028 Affordable Housing Goals* (Oct. 2, 2025), https://www.federalregister.gov/documents/2025/10/02/2025-19428/2026-2028-enterprise-housing-goals.

[91] House Financial Services Committee Democrats, *Letter to Treasury and Office of Management and Budget regarding CDFI Fund Staff* (Oct. 27, 2025), https://democrats-financialservices.house.gov/uploadedfiles/10.27.2025_ltr_bandv_cdfi_rifs.pdf.

[92] Sharon Cornelissen, *Frontline Workers in a Housing Crisis: The Administration's Attacks on HUD Housing Counselors*, Consumer Federation of America Blog (Oct. 24, 2025), https://consumerfed.org/frontline-workers-in-a-housing-crisis-the-administrations-attacks-on-hud-housing-counselors/.

person (the statutorily mandated Director) in HUD's housing counseling program. [93](10/2025)

- Public Housing Limits. HUD has drafted rules to allow local housing authorities and landlords to impose time limits and work requirements for tenants under any of the four following programs: public housing, House Choice Vouchers, Project-Based Vouchers, and Project-Based Rental Assistance.[94] (9/2025) This action would weaken the social safety net amid record-high housing costs, causing hardship for millions of people across the country.

2-Rolling back established housing rights for people of all backgrounds

Rolling back established housing rights for people of color, women, people with disabilities, domestic violence survivors, & others

- Diversity, Equity, Inclusion, Accessibility. The administration attacked basic civil rights protections under the guise of terminating "'diversity, equity, inclusion, and accessibility' (DEIA) mandates, policies, programs, preferences, [positions], and activities in the Federal Government" while also erasing the existence of transgender people.[95] (1/20/2025) These actions will undermine housing and credit opportunities for the consumers of America. [561-562, 584, 586]
- Fair Housing Grants. Created in 1987 under the Reagan Administration and funded by Congress annually ever since, the Fair Housing Initiatives Program (FHIP) is a grant program that provides localized assistance to people who face housing and lending discrimination. Organizations receiving FHIP grants field and resolve over 75 percent of fair housing complaints—about three times as many as all state and federal agencies combined—and they are also the primary means by which the federal government educates the public about their fair housing rights and responsibilities. In February 2025, HUD abruptly terminated 78 grant contracts, adversely impacting these agencies' ability

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[93] Janie Har, *Judge Temporarily Blocks the Trump Administration from Firing Workers during the Government Shutdown,* Associated Press (Oct. 15, 2025), https://apnews.com/article/government-shutdown-layoffs-trump-unions-b312b3ca77cbdbc72e778ece3b2cbffc.

[94] Jesse Coburn, *Millions Could Lose Housing Aid under Trump Plan*, ProPublica (Sept. 29, 2025), https://www.propublica.org/article/trump-housing-reforms-aid-hud-immigration-homelessness.

[95] Trump Administration, *Ending Radical and Wasteful DEI Programs and Preferencing* (Jan. 20, 2025), https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/; NFHA, *Civil and Human Rights Organizations Sue Trump Administration Over Executive Orders Banning Diversity, Equity, Inclusion, Accessibility, and Erasing Transgender People* (Feb. 19, 2025), https://nationalfairhousing.org/civil-and-human-rights-organizations-sue-trump-administration-over-executive-orders-banning-diversity-equity-inclusion-accessibility-and-erasing-transgender-people/; NFHA, *Elimination of Federal Diversity, Equity, and Inclusion Programs Threatens Economic Stability and National Security* (Jan. 22, 2025), https://nationalfairhousing.org/elimination-of-federal-diversity-equity-and-inclusion-programs-threatens-economic-stability-and-national-security/; NFHA, *Civil and Human Rights Organizations Continue to Fight against Trump Administration's Anti-Equity and Transgender Erasure Executive Orders Despite Denial of Preliminary Injunction* (May 5, 2025), https://nationalfairhousing.org/civil-and-human-rights-organizations-continue-to-fight-against-trump-administrations-anti-equity-and-transgender-erasure-executive-orders-despite-denial-of-preliminary-injunction/.

to provide essential assistance to vulnerable populations, reinstating them a month later only after being sued.[96] (2/27/2025) Then HUD delayed awarding new grants and allowing existing grants to continue into the next year, continuing the funding crisis it inflicted on the nation's local fair housing organizations. After being sued again, HUD finally planned to announce a new round of grant funding to fair housing organizations on September 30, 2025, the last day of the fiscal year.[97] (9/30/2025) But because of HUD's unjustifiable delay in awarding the grants, HUD had no time to do the paperwork to start the grants before the government shut down in October, preventing fair housing organizations from beginning work. That means community-based fair housing groups cannot provide assistance to families fleeing domestic violence, disabled veterans looking for permanent housing, first-generation, first-time homebuyers seeking fair and affordable mortgages, and others who are protected from discrimination by the nation's fair housing laws. The future of these grants remains unclear. By eviscerating the federal agencies that oversee fair housing as well as jeopardizing the funding for community-based fair housing organization, the administration has decimated the promise of fair housing opportunities for all.[98]

- HUD Complaint Portal. Under the Fair Housing Act, HUD is required to provide a means for the members of the public to submit complaints of housing discrimination for administrative investigation and adjudication.[99] However, HUD will now only accept housing discrimination complaints submitted through its online portal.[100] Complaints will no longer be accepted via email, mail, telephone, or in-person submissions. Additionally, regional hotlines, intake numbers (available in both English and Spanish), and email addresses previously used for filing complaints have been discontinued. (3/15/2025) These changes are likely to severely impede the ability of people with disabilities, people with limited English proficiency, and people with limited internet access to secure their right to fair housing.

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[96] Rachel Siegel, *HUD Cuts Might Hamper Government Efforts to Stop Housing Discrimination*, Washington Post (April 6, 2025), https://www.washingtonpost.com/business/2025/04/06/fair-housing-enforcement-hud-cuts/; Jennifer Ludden, *HUD Choked Funding to Enforce Fair Housing Laws. Legal Aid Groups May Not Survive,* NPR (March 15, 2025), https://www.npr.org/2025/03/15/nx-s1-5325936/hud-funding-fair-housing-laws-legal-aid-groups-scott-turner.

[97] NFHA,*The Federal Government Shutdown Exacerbates Harm of HUD's Dismantling of Its Fair Housing Infrastructure* (Sept. 30, 2025), https://nationalfairhousing.org/the-federal-government-shutdown-exacerbates-harm-of-huds-dismantling-of-its-fair-housing-infrastructure/; NFHA, *Federal Judge Grants Temporary Restraining Order in Lawsuit against HUD for Withholding Fair Housing Funds* (July 29, 2025), https://nationalfairhousing.org/federal-judge-grants-temporary-restraining-order-in-lawsuit-against-hud-for-withholding-fair-housing-funds/.

[98] NFHA, *NFHA Denounces Trump Administration's Firing of Hundreds of HUD Employees during Government Shutdown* (Oct. 14, 2025), https://nationalfairhousing.org/nfha-denounces-trump-administrations-firing-of-hundreds-of-hud-employees-during-government-shutdown/.

[99] 42 U.S.C. § 3610.

[100] Jesse Coburn, *How the Trump Administration Is Weakening the Enforcement of Fair Housing Laws*, ProPublica (May 15, 2025), https://www.propublica.org/article/trump-hud-weakening-enforcement-fair-housing-laws.

- Affirmatively Furthering Fair Housing. The Fair Housing Act requires all federal agencies to administer their housing and urban development programs in a manner affirmatively to further fair housing (AFFH).[101] However, in March 2025, HUD issued a watered-down Interim Final Rule, which weakens the AFFH mandate and removes key tools from states and localities, despite many of them requesting HUD's guidance.[102] HUD Secretary Scott Turner stated, "We have to save our suburbs….We are taking the [AFFH Rule] down today so that we could restore our suburbs."[103] The Secretary's remarks seemed to harken back to a time of rigid residential segregation when all-White suburbs held the highest value regardless of the creditworthiness of the borrower or the condition of the home. The remarks also disregard the growing problem that the lack of affordable housing supply is causing in rural communities nationwide.
- Federal Lands. HUD and the Department of Interior created a Joint Task Force on Federal Land for Housing to identify federal lands for affordable housing.[104] (3/17/2025) HUD rescinded meaningful regulations to affirmatively further fair housing, so there is no framework to ensure that the affordable housing developments will be part of inclusive, thriving communities with good jobs, schools, and transportation or will further isolate the people who need access to affordable housing. [508]
- Appraisal Modernization. In May of 2024, Fannie Mae, Freddie Mac, and HUD's FHA published requirements for a consumer-initiated Reconsideration of Value (ROV) that promotes consistency for all consumers when a perceived appraisal issue and/or appraisal deficiency exists, including potential appraisal discrimination.[105] In March 2025, HUD's FHA rescinded its policies that clarified the application of the Fair Housing Act to appraisal discrimination and established standards for FHA lenders to follow in connection with a consumer's request Reconsideration of Value (ROV).[106] (3/19/2025) In September 2025, HUD withdrew guidance providing support for the Fair Housing Act's coverage of appraisal discrimination.[107] (9/16/2025) [558] This will make it harder for consumers to fairly access the full equity of their homes. [508]

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[101] 42 U.S.C. § 3608(d).
[102] HUD, Interim Final Rule, *Affirmatively Furthering Fair Housing Revisions*, 90 Fed. Reg. 11020 (March 3, 2025), https://www.federalregister.gov/documents/2025/03/03/2025-03360/affirmatively-furthering-fair-housing-revisions;
[103] HUD Secretary Scott Turner, Interview on Fox Business, *Secretary Turner Repeals Biden AFFH 'Zoning Tax'* (Feb. 26, 2025), https://www.youtube.com/watch?v=xzTT9cEM6fY.
[104] HUD, *HUD Secretary Scott Turner and DOI Secretary Doug Burgum Announce Joint Task Force to Use Federal Lands for Affordable Housing* (March 17, 2025), https://www.hud.gov/news/hud-no-25-042.
[105] Fannie Mae Selling Guide Announcement, SEL-2024-03 (May 1, 2024), https://singlefamily.fanniemae.com/media/39081/display; Freddie Mac Single Family Bulletin, 2024-06 (May 1, 2024), https://guide.freddiemac.com/ci/okcsFattach/get/1009248_7.
[106] HUD, *Rescinding Multiple Appraisal Policy Related Mortgagee Letters,* Mortgagee Letter 2025-08 (March 19, 2025), https://www.hud.gov/sites/default/files/OCHCO/documents/2025-08hsgml.pdf.
[107] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-

- Special Purpose Credit Programs (SPCP)/Down Payment Assistance. In its capacity as conservator, FHFA issued an order requiring Fannie Mae and Freddie Mac to "terminate SPCP Programs supported by the Enterprises."[108] (3/25/2025) SPCP's are authorized by law under the Equal Credit Opportunity Act and Regulation B.[109] This order does not (and cannot) ban lenders' ability to originate SPCPs but will severely restrict liquidity for SPCPs, which typically overcome historic barriers to homeownership by providing down payment assistance and flexible underwriting for certain underserved geographic areas. In September 2025, HUD withdrew guidance providing support for SPCPs under the Fair Housing Act.[110] (9/17/2025) In November 2025, the CFPB issued a proposed rule that would make it nearly impossible for lenders to issue SPCPs.[111] (11/13/2025) [558]
- Fannie Mae/Freddie Mac Equitable Housing Finance Plans. FHFA finalized the regulation for the Equitable Housing Finance Plans in 2024.[112] However, in March 2025, in its regulatory capacity, FHFA issued a regulatory waiver of the requirements for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks (GSEs) to submit and publish Equitable Housing Finance Plans.[113] (3/25/2025) The waiver does not require the GSEs to stop any of the initiatives started in connection with the Plans (e.g., appraisal modernization), except for SPCPs, but severely restricts the transparency and accountability needed for the public to determine whether the GSE's are fulfilling their statutory mandate to serve the whole of the housing market. In July 2025, FHFA issued a Proposed Rule to repeal the regulation regarding fair lending and equitable housing finance plans.[114] (7/28/2025) [561-562]
- REO Repairs. In its capacity as conservator, FHFA issued an order requiring Fannie Mae to end its "Repair All" strategy for its REO inventory and to return to a portfolio neutral

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guidance/. Withdrawn guidance includes: *Statement of Interest: Connolly v. Lanham* (March 13, 2023); *Appraisal Elements of Proof* (May 6, 2022).

[108] FHFA, *Order Issuing Directive to Terminate Special Purpose Credit Programs,* Decision No. 2025-145 (March 25, 2025), https://x.com/pulte/status/1904621959213965690?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Etweet.

[109] 15 U.S.C. § 169(c); 12 C.F.R. § 1002.8. *See also* National Fair Housing Alliance and Mortgage Bankers Association, *Special Purpose Credit Programs Toolkit*, https://spcptoolkit.com/.

[110] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-guidance/.

[111] CFPB, *Proposed Rule: Equal Credit Opportunity Act (Regulation B)*, 90 Fed. Reg. 50901 (Nov. 13, 2025), https://www.govinfo.gov/content/pkg/FR-2025-11-13/pdf/2025-19864.pdf.

[112] 12 C.F.R. Part 1293.

[113] FHFA, *Regulatory Waiver of Enterprise Equitable Housing Finance Planning Requirements*, 2025-W-4 (March 25, 2025), https://x.com/pulte/status/1904633180604481753.

[114] FHFA, *Repeal of Fair Lending, Fair Housing, and Equitable Housing Finance Plans Regulation Proposed Rule*, 90 Fed. Reg. 35475 (July 28, 2025), https://www.govinfo.gov/content/pkg/FR-2025-07-28/pdf/2025-14183.pdf.

approach.[115] (3/25/2025) This raises questions about whether Fannie Mae will repair homes in communities of color or create blight and drive down prices in certain communities.

- Redlining. This administration has repeatedly sent the message that it will no longer protect communities who are unfairly denied access to credit on the basis of race or ethnicity. In March 2025, the CFPB joined with a defendant (Townstone Financial) to ask a federal court to vacate the agency's own settlement that resolved allegations of redlining in Chicago and refund the civil penalty to the defendant; the case had been upheld by the Seventh Circuit.[116] (3/26/2025) The federal court denied the CFPB's motion.[117] (6/12/2025) In July 2025, another federal court rejected the administration's attempt to terminate a consent order holding a bank accountable for alleged redlining in Philadelphia.[118] (7/24/2025) In September 2025, HUD issued guidance stating that the Fair Housing Act only protects individuals, not groups, and rescinded its guidance on redlining.[119] (9/16/2025) In November 2025, the CFPB issued a proposed rule that would undermine the definition of "discouragement" under the Equal Credit Opportunity Act and make it nearly impossible to bring redlining cases.[120] [558]
- Disparate Impact. In April 2025, the administration issued an Executive Order instructing agencies to disregard the longstanding theory of disparate impact liability,[121] even though this theory was upheld by the Supreme Court in 2015 and remains the law of the

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[115] FHFA, *Order Issuing Directive Terminating "Repair All" REO Strategy*, Decision No. 2025-144 (March 25, 2025), https://x.com/pulte/status/1904621815563215008?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Etweet; NFHA Press Release, *NFHA Reaches Historic Settlement with Fannie Mae* (Feb. 7, 2022), https://nationalfairhousing.org/nfha-reaches-historic-settlement-with-fannie-mae/.

[116] Consumer Federal of America, *By Vacating Townstone, the CFPB Prolongs Its March Madness* (March 28, 2025), https://consumerfed.org/by-vacating-townstone-the-cfpb-prolongs-its-march-madness/.

[117] NFHA, *Judge Rejects Trump Administration's Effort to Abandon Redlining Settlement with Townstone Financial Inc.* (June 12, 2025), https://nationalfairhousing.org/judge-rejects-trump-administrations-efforts-to-abandon-redlining-settlement-with-townstone-financial-inc/; NFHA Press Release, *Civil Rights and Consumer Protection Groups Urge Court to Reject the Trump Administration's Unprecedent Attempt to Abandon Redlining Settlement with Townstone Financial, Inc.* (April 7, 2025), https://nationalfairhousing.org/civil-rights-and-consumer-protection-groups-urge-court-to-reject-the-trump-administrations-unprecedented-attempt-to-abandon-redlining-settlement-with-townstone-financial-inc/.

[118] NFHA, *Holding the DOJ Accountable to Remedy Alleged Redlining in Philadelphia, PA* (July 25, 2025), https://nationalfairhousing.org/holding-the-department-of-justice-accountable-to-remedy-alleged-redlining-in-philadelphia-pa/.

[119] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-guidance/.

[120] CFPB, *Proposed Rule: Equal Credit Opportunity Act (Regulation B)*, 90 Fed. Reg. 50901 (Nov. 13, 2025), https://www.govinfo.gov/content/pkg/FR-2025-11-13/pdf/2025-19864.pdf.

[121] Trump Administration, *Restoring Equality of Opportunity and Meritocracy* (April 23, 2025), https://www.whitehouse.gov/presidential-actions/2025/04/restoring-equality-of-opportunity-and-meritocracy/.

land.[122] (4/23/2025) In July 2025, a press report revealed that HUD was closing at least seven major housing discrimination investigations that relied in whole or in part on the disparate impact theory of discrimination, which requires use of the least discriminatory approach to achieve a business objective.[123] In August 2025, HUD sent to the Office of Management and Budget (OMB) a "Final Rule" entitled "HUD's Implementation of the Fair Housing Act's Disparate Impact Standard," which is likely to substantially weaken the rule.[124] (8/5/2025) HUD has withdrawn guidance regarding the use of disparate impact in Fair Housing Act cases and the use of arrest records in housing decisions where they may have an illegal disparate impact.[125] (9/16/2025) In November 2025, the CFPB issued a proposed rule that would eviscerate the definition of "disparate impact" under the Equal Credit Opportunity Act.[126] [72, 334-336, 583, 558]

- Domestic Violence Survivors. In recent years, HUD has protected survivors of domestic violence from being denied housing assistance when attempting to escape a stalker or abuser. About 500 women a year reach out to HUD to request help under the Violence Against Women Act, but now only two lawyers with experience with the law remain in HUD's fair housing office.[127] (9/2025) In addition, the administration has shuttered the DOJ's grant-making offices, furloughing employees who help provide federal support to organizations that aid victims of domestic violence.[128] (10/2025) The actions will imperil survivors, advocates, and law enforcement.

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[122] *Texas Department of Housing and Community Affairs v. Inclusive Communities Project*, 576 U.S. 519 (2015).

[123] Jesse Coburn, *Trump Administration Prepares to Drop at Least Seven Major Housing Discrimination Cases*, ProPublica (July 18, 2025), https://www.propublica.org/article/trump-hud-drop-housing-discrimination-cases-housing-pollution; NFHA, *Leading Civil Rights Organizations Urge HUD to Uphold Fair Housing Protections Against Disparate Impact Rollbacks* (Aug. 5, 2025), https://nationalfairhousing.org/leading-civil-rights-organizations-urge-hud-to-uphold-fair-housing-protections-against-disparate-impact-rollbacks/.

[124] NFHA, *Advocates Strongly Urge Trump Administration to Uphold Rule That Advances Justice and Fairness for All* (Sept. 11, 2025), https://nationalfairhousing.org/advocates-strongly-urge-trump-administration-to-uphold-rule-that-advances-justice-and-fairness-for-all/.

[125] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-guidance/. Withdrawn guidance includes: *Proving Disparate Impact in Fair Housing Cases After Inclusive Communities* (Aug. 1, 2016); *OGC Guidance Application of Fair Housing Act Standards to Use of Criminal Records* (April 4, 2016); *Guidance for PHAs and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions* (Nov. 2, 2015) *Memo – Use of Arrest Records of Tenants of Public and HUD-Assisted Housing* (April 8, 2015).

[126] CFPB, *Proposed Rule: Equal Credit Opportunity Act (Regulation B)*, 90 Fed. Reg. 50901 (Nov. 13, 2025), https://www.govinfo.gov/content/pkg/FR-2025-11-13/pdf/2025-19864.pdf.

[127] Debra Kamin, *Trump Appointees Roll Back Enforcement of Fair Housing Laws,* NY Times (Sept. 22, 2025), https://www.nytimes.com/2025/09/22/realestate/trump-fair-housing-laws.html.

[128] Eli Stokol, *DOJ Furloughs Could Impact Domestic Violence Grants, Some Fear,* Politico (Oct. 4, 2025), https://www.politico.com/news/2025/10/04/doj-furloughs-could-impact-domestic-violence-grants-some-fear-thats-the-point-00594256.

- Reasonable Accommodation. HUD withdrew guidance for cases involving reasonable accommodations for people with disabilities.[129] (9/17/2025) [558]

Rolling back established housing rights for LGBTQ+ individuals

- Sexual Orientation/Gender Identity. In January 2025, the administration terminated LGBTQ+ people's rights by limiting the definition of "sex" to two unchangeable sexes (male and female).[130] (1/20/2025) [451, 584, 586]
- Equal Access Rule. In February 2025, HUD issued an order to halt any pending or future enforcement actions related to HUD's 2016 Equal Access Rule,[131] which ensured equal access to HUD-assisted or HUD-insured housing without regard to actual or perceived sexual orientation, gender identity, or marital status. In the announcement, HUD Secretary Scott Turner stated that this approach "means getting the government out of the way of what the Lord established from the beginning when he created man in His own image."[132] (2/7/2025) HUD also has a proposed rule regarding the Equal Access Rule, which is pending at OMB and which could further erode the housing protections for LGBTQ+ people. [451, 584, 586]
- HUD Cases. HUD now turns away cases that allege housing discrimination on the basis of sexual orientation or gender identity, stating that HUD does not view those cases as covered by the Fair Housing Act.[133] (5/2025) HUD has deprioritized cases based on

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[129] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-guidance/. Withdrawn guidance includes: *FHEO Notice 2013-01: Service Animals and Assistance Animals for People with Disabilities in Housing and HUD-funded Programs* (April 25, 2013); *FHEO 2020-01: Assessing a Person's Request to Have an Animal as a Reasonable Accommodation Under the Fair Housing Act* (Jan. 28, 2020).

[130] Trump Administration, *Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government* (Jan. 20, 2025), https://www.whitehouse.gov/presidential-actions/2025/01/defending-women-from-gender-ideology-extremism-and-restoring-biological-truth-to-the-federal-government/; NFHA, *Civil and Human Rights Organizations Sue Trump Administration Over Executive Orders Banning Diversity, Equity, Inclusion, Accessibility, and Erasing Transgender People* (Feb. 19, 2025), https://nationalfairhousing.org/civil-and-human-rights-organizations-sue-trump-administration-over-executive-orders-banning-diversity-equity-inclusion-accessibility-and-erasing-transgender-people/; NFHA, *Elimination of Federal Diversity, Equity, and Inclusion Programs Threatens Economic Stability and National Security* (Jan. 22, 2025), https://nationalfairhousing.org/elimination-of-federal-diversity-equity-and-inclusion-programs-threatens-economic-stability-and-national-security/.

[131] 24 C.F.R. § 5.106.

[132] HUD, *Secretary Scott Turner Halts Enforcement Actions of HUD's Gender Identity Rule* (Feb. 7, 2025), https://www.hud.gov/press/press_releases_media_advisories/hud_no_25_026.

[133] Jesse Coburn, *How the Trump Administration Is Weakening the Enforcement of Fair Housing Laws*, ProPublica (May 15, 2025), https://www.propublica.org/article/trump-hud-weakening-enforcement-fair-housing-laws.

"gender identity," stating that it is a "novel and tenuous" legal theory and has withdrawn related guidance.[134] (9/16/2025) [558]

Rolling back established housing rights for immigrants

- HUD/ICE Collaboration. HUD and the Department of Homeland Security (DHS) entered into a Memorandum of Understanding to collaborate to identify undocumented immigrants who are ineligible for Federal housing assistance and take remedial actions, including referral for immigration enforcement action.[135] (3/24/2025) These and other DHS actions are designed to use agency data to target immigrants and erode their feeling of safety and security in their homes.
- FHA Mortgages for DACA Recipients. HUD eliminated the non-permanent resident category from FHA's Single Family Title I and Title II programs (which applied to DACA, pending asylum, pending refugee status, and H1-B immigrants).[136] (3/26/2025) Although HUD's Press Release framed this action as preventing undocumented immigrants from accessing FHA mortgage benefits, FHA has never allowed undocumented immigrants to access those loans. In fact, the non-permanent resident category was established under HUD Secretary Ben Carson, who was appointed by the Trump Administration.[137] [509]
- USDA Loans for Non-Citizens. USDA rescinded its policy that provided temporary eligibility for non-Citizens with social security numbers and work authorization to apply for its Single Family Housing Guaranteed Loan Program.[138] (3/18/2025) The temporary eligibility was provided in 2022 because the existing categories of eligible immigration statuses did not include some categories of immigrants who were authorized to live and work in the United States. [509]
- Language Access. After the administration issued an executive order designating English as the official language of the United States,[139] HUD announced it would only use

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[134] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-guidance/. Withdrawn guidance includes: *Implementation of Executive Order 13988 on the Enforcement of the Fair Housing Act* (Feb. 11, 2021) (implementing EO 13988: Preventing and Combating Discrimination on the Basis of Sexual Orientation and Gender Identity).

[135] HUD, *HUD Secretary Scott Turner, DHS Secretary Kristi Noem Establish Partnership to End Illegal Alien Exploitation of Housing Programs* (March 24, 2025), https://www.hud.gov/press/press_releases_media_advisories/hud_no_25_046.

[136] HUD, *HUD Cracks Down on Government-Backed Mortgages for Illegal Immigrants* (March 26, 2025), https://www.hud.gov/news/hud-no-25-048.

[137] FHA, *Eligibility Requirements for Certain Non-Permanent Resident Borrowers*, Mortgagee Letter 2021-12 (May 28, 2021), https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-12hsgml.pdf

[138] USDA, *Retraction of Non-U.S. Citizen Eligibility* (March 18, 2025), https://content.govdelivery.com/accounts/USDARD/bulletins/3d79381.

[139] White House, *Designating English as the Official Language of the United States* (March 1, 2025), *https://www.whitehouse.gov/presidential-actions/2025/03/designating-english-as-the-official-language-of-the-united-states/*.

English for official communications and withdrew translated materials, including disaster recovery materials, fair housing videos, and HUD leases.[140] (8/19/2025)

- HUD Mixed-Status Rule. Under long-standing HUD regulations, "mixed-status" families (where one or more members of the family are undocumented) are permitted to live in public housing or receive vouchers, but their benefits are prorated so that the ineligible members receive no assistance and the other family members pay a greater share of the rent. HUD has drafted a rule that would make everyone in a mixed-status family ineligible for assistance, unless the undocumented family member moves out.[141] The draft rule would also require U.S. citizens applying for or currently receiving housing assistance to provide documents proving their citizenship, such as birth or naturalization certificates. [509] (9/2025) The rule would affect thousands of families, the majority of whom are families with children.
- HUD Guidance. HUD has withdrawn guidance protecting people who may be denied housing on the basis of immigration status or English-language proficiency.[142] (9/16/2025) [558-559]

3-Ignoring the threat to local communities from climate change

- Green and Resilient Retrofit Program. HUD terminated the $1 billion Green and Resilient Retrofit Program, which would have made HUD-assisted multifamily properties safer from natural disasters.[143] (3/12/2025) Congress had approved the Green and Resilient Retrofit Program in 2022 as part of the Inflation Reduction Act, which included major investments in climate resilience.
- Community Development Block Grant – Disaster Recovery (CDBG-DR). HUD removed requirements that grantees perform fair housing assessments and certify compliance with the Fair Housing Act and other federal civil rights law when administering $12

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[140] Leading Age, *HUD Removes Translated Documents in New English-Only Policy* (Aug. 20, 2025), https://leadingage.org/hud-removes-translated-documents-in-new-english-only-policy/.

[141] Jesse Coburn, *Millions Could Lose Housing Aid under Trump Plan*, ProPublica (Sept. 29, 2025), https://www.propublica.org/article/trump-housing-reforms-aid-hud-immigration-homelessness; National Housing Law Project, *Trump's Cruel Directive to Take Away Federal Funding from Housing Authorities Who Protect Immigrants* (Aug. 28, 2025), *https://www.nhlp.org/press-release/national-housing-law-project-on-trumps-cruel-directive-to-take-away-federal-funding-from-housing-authorities-who-protect-immigrants-we-must-keep-families-whole-and-housed/*.

[142] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-guidance/. Withdrawn guidance includes: Immigr*ation Status and Discrimination FAQ* (March 1, 2022); *OGC Guidance Fair Housing Act Protections for LEP Persons* (Sept. 15, 2016); R*8 Legal Opinion – SSN Non-Citizen Legal Memo* (Aug. 15, 2013).

[143] Ashleigh Fields, *Trump Administration Halting $1B Affordable Housing Preservation Program,* The Hill (March 12, 2025), https://thehill.com/homenews/administration/5190958-hud-billion-green-resilient/. National Housing Law Project, *Tenant Advocates Urge Court of Appeals to Protect Tenants, Save Their Homes, and Uphold Preliminary Injunction* (Sept. 30, 2025), https://www.nhlp.org/press-release/tenant-advocates-urge-court-of-appeals-to-protect-tenants-save-their-homes-and-uphold-preliminary-injunction/.

billion in long-term disaster recovery funding.[144] (3/19/2025). CDBG-DR is the only federal long-term disaster recovery program and provides critical funds for housing repair and reconstruction in disaster-impacted communities across the country. These harmful changes undermine policies that were developed with direct input from disaster survivors across the nation and will make it harder for federal recovery resources to reach those most in need.

- Climate-Related Risk Management. In its capacity as conservator, FHFA issued an order rescinding FHFA's previously-issued guidance that required Fannie Mae and Freddie Mac to integrate a climate-related risk management framework into its existing enterprise risk management framework.[145] (3/25/2025) Similarly, the federal financial institution regulators (Board of Governors of the Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency) announced the withdrawal of interagency Principles for Climate-Related Financial Risk Management for Large Financial Institutions.[146] (10/17/2025) [740]
- Weather Predictions. The administration cut the staff and funding for the National Weather Service and stopped tracking the cost of extreme weather.[147] (7/2025) The cuts to programs, staff, funding, and data have made communities more vulnerable to weather events. [664]

4-Eviscerating key agencies that provide people with access to fair & affordable housing

- HUD Fair Housing Offices. HUD has eviscerated the Office of Fair Housing and Equal Opportunity (FHEO) as well as field staff, making it nearly impossible to enforce the Fair Housing Act and provide fair housing opportunity for all.[148] Administration actions

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[144] HUD, *Waivers and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees* (March 19, 2025), https://www.hud.gov/sites/default/files/CPD/documents/CPDUniversalnotice.pdf; National Low Income Housing Coalition, *Statement on CDBG-DR Universal Notice Modifications* (March 21, 2025), https://nlihc.org/resource/nlihc-statement-cdbg-dr-universal-notice-modifications.

[145] FHFA, *Order Rescinding Advisory Bulletin 2024-01: Climate-Related Risk Management,* 2025-OR-FNMA-4, 2025-OR-FHLMC-4 (March 25, 2025), https://x.com/pulte/status/1904618898537750553?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Etweet.

[146] Federal Reserve, *Agencies Announce Withdrawal of Principles for Climate-Related Financial Risk Management* (Oct. 16, 2025), https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251016a.htm.

[147] Margaret Cooney and Cody Hankerson, Center for American Progress, *The Lasting Threat of Trump's Cuts to NOAA and NWS on American Communities* (July 10, 2025), https://www.americanprogress.org/article/the-lasting-threat-of-trumps-cuts-to-noaa-and-nws-on-american-communities/.

[148] Raymond Fernandez, *Mass Layoffs at HUD's Fair Housing Office Could Cause Enforcement to Grind to a Halt,* NOTUS (Oct. 23, 2025), https://www.notus.org/housing/layoffs-housing-urban-development-fair-housing-office; NFHA, *NFHA Denounces Trump Administration's Firing of Hundreds of HUD Employees during Government Shutdown* (Oct. 14, 2025), https://nationalfairhousing.org/nfha-denounces-trump-

include removing about 65 percent of FHEO staff, closing field offices, firing whistleblowers, firing staff for insubordination for raising questions, imposing gag orders to prevent investigation communications, stripping career officials of authority to approve settlements or issue charges, removing longstanding precedent and guidance, freezing cases, and revoking settlements. [508, 512]

- DOJ Civil Rights Division. DOJ has suspended many of the activities of the Civil Rights Division and reassigned leadership to prosecute officials from sanctuary cities that protect immigrants.[149] (1/31/2025) The guidance for the DOJ Civil Rights Division's Housing and Civil Enforcement section does not mention the Fair Housing Act.[150] (4/2025) As of October 2025, 75 percent of the attorneys in the Civil Rights Division have left or been forced out.[151] (10/2025) [561-562, 569]
- CFPB. The CFPB has suspended the agency's activities and staff, including its ability to fully enforce the Equal Credit Opportunity Act and other consumer protection laws.[152] (2/10/2025) The administration plans to lay off about 90 percent of the CFPB workforce and the agency is likely to run out of money by the end of 2025.[153] (11/2025) [839]
- Federal Housing Finance Agency. FHFA forced out staff in the following offices: Division of Public Interest Examinations (fair lending, UDAP, and consumer protection), Office of Minority and Women Inclusion, and Division of Research and Statistics, which means there is no one to monitor Fannie Mae's and Freddie Mac's compliance with fair lending laws to serve the whole of the housing market.[154] (3/18/2025) FHFA no longer has an

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administrations-firing-of-hundreds-of-hud-employees-during-government-shutdown/; NFHA, *Civil Rights Coalition Denounces HUD's Abdication of Its Fair Housing Obligations* (Sept. 23, 2025), https://nationalfairhousing.org/civil-rights-coalition-denounces-huds-abdication-of-its-fair-housing-obligations/; Debra Kamin, *Trump Appointees Roll Back Enforcement of Fair Housing Laws*, NY Times (Sept. 22, 2025), https://www.nytimes.com/2025/09/22/realestate/trump-fair-housing-laws.html.

[149] Chloe Atkins and Daniel Barnes, *Trump Is Reversing the Justice Department's Civil Rights Policies*, NBC News (Jan. 31, 2025), https://www.nbcnews.com/politics/justice-department/trump-reversing-justice-departments-civil-rights-policies-rcna189657.

[150] Sam Levine, *Trump Ally Pushes DOJ Unit to Shift Civil Rights Focus, New Messages Show*, The Guardian (Apr. 18, 2025), https://www.theguardian.com/us-news/2025/apr/18/justice-department-civil-rights-division-trump.

[151] Ryan Lucas, *Trump's Push to Reshape the DOJ's Civil Rights Division Sparks Mass Exodus of Attorneys*, NPR (2025), https://www.npr.org/2025/05/12/nx-s1-5387495/trumps-push-to-reshape-the-dojs-civil-rights-division-sparks-mass-exodus-of-attorneys; The Justice Connection, *Urgent Message from Recent DOj Alumni Decrying Attacks on Justice Department* (Oct. 6, 2025), https://www.thejusticeconnection.org/wp-content/uploads/2025/10/An-Urgent-Message-from-Recent-DOJ-Alum.pdf.

[152] Chris Megerian, *Secrecy Preceded the Shutdown of The Consumer Protection Agency's Washington Headquarters*, AP (Feb. 10, 2025), https://apnews.com/article/cfpb-trump-musk-doge-7a62161f4ed6faf43ec62075b5844e57#:~:text=Vought's%20message%20followed%20one%20on,debts%2C%20compensation%20and%20reduced%20loans.

[153] Michael Stratford, *CFPB's Breaking Point*, Politico (Nov. 4, 2025), https://www.politico.com/newsletters/morning-money/2025/11/04/cfpbs-breaking-point-00634453.

[154] Eric Katz, *Housing Agencies Begin Closing Offices, Escorting Employees Out*, Government Executive (March 19, 2025), https://www.govexec.com/workforce/2025/03/housing-agencies-begin-closing-offices-escorting-employees-out/403903/.

internal watchdog as the website for the head of the Office of Inspector General (OIG) is labeled as "vacant."[155] (11/3/2025)

- Fannie Mae and Freddie Mac. FHFA fired a total of 14 members of the 25 board members at Fannie Mae and Freddie Mac; installed the FHFA Director as chair of both boards (in violation of law); installed FHFA's General Counsel, Clinton Jones, as a member on both boards; and fired Fannie Mae's entire audit committee.[156] (3/17/2025) FHFA fired most of the officers and staff in the Office of Minority and Women Inclusion at Fannie Mae and Freddie Mac; Freddie Mac's CEO (Diana Reid), COO, head of HR, and SVP of Mission and Community Engagement; and Fannie Mae's fair lending officers.[157] (3/18/2025) Fannie Mae's CEO (Priscilla Almodovar) stepped down unexpectedly and was replaced by the COO, and Fannie Mae's General Counsel (Danielle McCoy) was replaced by a deputy general counsel (Tom Klein).[158] (10/27/2025)

5-Jeopardizing people's data privacy and protections from unfair algorithms

- Unfair Algorithms. The administration rescinded the federal government's framework for responsible artificial intelligence (AI), allowing AI and other automated systems to experiment on the people of America in housing and financial services without the guardrails of a safe, secure, and trustworthy auditing framework.[159] (1/20/2025) [59-60]
- Personal Data. Without security clearances or training, Elon Musk and DOGE gained access to the personal, confidential data of the people of America through government

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[155] Cassandra Dumay, *Top Watchdog Out at FHFA*, Politico (Nov. 3, 2025), https://subscriber.politicopro.com/article/2025/11/top-watchdog-out-at-fhfa-00634168.

[156] Rachel Siegel, *Trump Team Shakes Up Mortgage Giants As It Weighs Their Futures,* Washington Post (March 19, 2025), https://www.washingtonpost.com/business/2025/03/18/fannie-mae-freddie-mac-fhfa-overhaul-mortgage/. Lew Sichelman, *Pulte Clanes House at GSEs*, National Mortgage Professional (March 18, 2025), https://nationalmortgageprofessional.com/news/pulte-cleans-house-gses.

[157] James Kleimann and Chris Clow, *ESG Team at Fannie Mae Has Been Terminated*, HousingWire (April 25, 2025), https://www.housingwire.com/articles/esg-team-at-fannie-mae-has-been-terminated-sources/; Katy O'Donnell, *Housing Regulator in Upheaval as Executives, Employees Put on Leave*, Politico (March 20, 2025), https://www.politico.com/news/2025/03/20/employees-placed-on-leave-at-top-housing-regulator-00240298.

[158] Keith Griffith, *Fannie Mae CEO Exits Abruptly as Trump Considers Taking the Mortgage Giant Public,* Realtor.com (Oct. 27, 2025), https://www.realtor.com/news/real-estate-news/fannie-mae-ceo-priscilla-almodovar/; Ryan Kingsley, *New Head of Single Family, General Counsel Named at Fannie Mae* (Oct. 27, 2025), https://www.scotsmanguide.com/news/new-head-of-single-family-general-counsel-named-at-fannie-mae/.

[159] Trump Administration, *Initial Rescissions of Harmful Executive Orders and Actions* (Jan. 20, 2025), https://www.whitehouse.gov/presidential-actions/2025/01/initial-rescissions-of-harmful-executive-orders-and-actions/; NFHA, *NFHA Outlines Key Considerations for OSTP Director Michael Kratsios* (April 1, 2025), https://nationalfairhousing.org/national-fair-housing-alliance-outlines-key-considerations-for-ostp-director-michael-kratsios/; NFHA, *NFHA President and CEO Lisa Rice Issues Statement on Trump Administration's AI Plan and Executive Orders* (July 5, 2025), https://nationalfairhousing.org/national-fair-housing-alliance-nfha-president-and-ceo-lisa-rice-issues-statement-on-the-trump-administrations-ai-plan-and-executive-orders/.

databases.[160] For example, DOGE gained access to HUD's Enforcement Management System which contains medical records, financial files, Social Security numbers, medical details, and addresses of domestic violence survivors. (2/26/2025)

- HUD Guidance. HUD withdrew guidance regarding the application of the Fair Housing Act to housing-related technology, such as tenant screening.[161] (9/2025) [558]

[160] Jesse Coburn, *DOGE Gains Access to Confidential Records on Housing Discrimination, Medical Details - Even Domestic Violence*, ProPublica (Feb. 26, 2025), https://www.propublica.org/article/doge-elon-musk-hud-housing-discrimination-privacy-domestic-violence.

[161] Lori Summerfield and Chris Willis, *HUD's New Direction in Fair Housing Act Enforcement and Rescission of Certain FHEO Guidance*, Troutman Pepper Locke Consumer Financial Services Law Monitor (Sept. 29, 2025), https://www.consumerfinancialserviceslawmonitor.com/2025/09/huds-new-direction-in-fair-housing-act-enforcement-and-rescission-of-certain-office-of-fair-housing-and-equal-opportunity-guidance/. Withdrawn guidance includes: *DOJ Press Release on AI Discrimination in Tenant Screening* (Jan. 9, 2023); *Louis et al. v. SafeRent et al. U.S. Statement of Interest (tenant screening algorithm)* (Jan. 9, 2023); *Guidance on Application of the Fair Housing Act to the Advertising of Housing, Credit, and Other Real Estate-Related Transactions through Digital Platforms* (Apr. 29, 2024).

National Fair Housing Alliance
Federal Grants Received During/Since FY2022

Grant No.	Amount	Time Period	Description
FHIP:			**All HUD Funded**
FPEI10050	$300,000	6/1/21 – 6/30/22	FHIP PEI MYFC YR 1
FPEI20055	$375,000	5/1/22 – 4/30/23	FHIP PEI MYFC YR 2
FEOI210077	$500,000	8/1/22 – 7/31/23	FHIP EOI – NMCC
FPE2I22009	$350,000	6/1/22 – 8/31/23	FHIP PEI – ARP
FPEI20055	$425,000	5/1/23 – 4/30/24	FHIP PEI MYFC YR 3
FEOI220002	$1,300,000	8/15/23 – 9/16/24	FHIP EOI – NMCC
FHOI220082	$434,863	9/1/23 – 8/31/24	FHOI ENOC YR 1
FPEI230090	$400,000	7/1/24 – 6/30/25	FHIP PEI MY YR 1
FHOI230075	$260,000	8/1/24 – 10/31/25	FHIP FHOI CDC
FHOI220082	$691,852	9/1/24 – 8/31/25	FHOI ENOC YR 2
FEOI230002	$1,300,000	9/2/24 – 9/2/25	FHIP EOI – NMCC
FPEI230090	$400,000	7/1/25 – 6/30/26	FHIP PEI MY YR2
Community Compass:			
C-18-TA-DC-0031	$250,000	7/1/19 – 12/31/24	Compass Technical Assistance
Cloudburst Consulting:			
Task Order No. NFHA-3599-601-001	$35,236	4/16/24 – 1/24/25	Subcontract under Community Compass
Task Order No. NFHA-5503-501-001	$53,133	4/16/24 – 1/24/25	Subcontract under Community Compass

Chairman HILL. Thank you so much.

We appreciate our panel's contributions to our hearing today.

We will now turn to member questions. I recognize myself for 5 minutes for questioning.

Across our country, families, as we have both, the ranking member and I, have noted and you have noted, our families are facing housing costs that have really climbed out of reach.

I outlined several of the macro reasons I believe that cost per square foot has gone up, and now they are confronted with higher financing costs as a result of the inflation I talked about but, also, government subsidies originally intended to support households have ended up helping prices rise faster than wages, while outdated and duplicative regulations, particularly at our State and local areas, have slowed development and created a bottleneck that actively prevents homes we need from getting built.

We got to do better, and I believe we can do better and I am committed to working with my colleagues across the aisle to advance these kinds of meaningful reforms that result in increasing supply and responsibly restore more attainable housing results in our communities.

Mr. Sears, you have your experience, your whole career in realty, so you know people at all price points in Springfield, and there is a supply gap in many communities. What does the data tell us about why this gap persists and how that is impacting existing inventories and home purchases?

Mr. SEARS. Thank you, Chairman Hill.

You asked two parts to the question: The lack in existing inventory, I can boil it down to three very specific reasons.

As I mentioned in my oral testimony, we have underbuilt significantly over the last decade and a half since coming out of the Great Recession. We also face significant regulatory and zoning barriers at the local and State level as well as a little bit at the Federal level but, also, higher interest rates, the construction costs, delays that can be impacting builders has also driven up costs, because there is a time value to money, and so when it takes longer, it is going to cost more.

You also asked about home purchasing, and you said something very significant. I purchased my first home in 1996 as a 24-year-old. I paid $83,000 for it. Yesterday, I received a text from my 25-year-old son, who is looking to buy a home in the Boston area, a starter home. The price? $850,000. Ten times as much, in 30 years.

What has happened in 30 years? A lot has happened, but there has also been some stagnation.

Over 30 years ago, I was a college athlete, a Division I athlete. I will not have you guess the sport, but I am going to tell you, I was a diver and what did I do with that skill set? In the summertime, I worked at a small amusement park, Riverside Park.

Chairman HILL. Yes.

Mr. SEARS. So that was Six Flags New England. I worked in the stunt and high-dive show. I used to do high dives from 75 feet, get lit on fire, and got paid for it.

I do not do that anymore. A lot has changed in 30 years, but what has not changed in 30 years is the fact that the capital-gains

exclusion has remained stagnant at $250,000 for a single person, $500,000 for a married couple. It was not indexed for inflation.

We have significantly underbuilt, as we said.

Chairman HILL. Thank you——

Mr. SEARS. You probably wonder why I talked about my diving career, because I used to get lit on fire and paid for it, as I said. What I can tell you is that taught me, getting lit on fire—you can never quite prepare yourself for the first time you get lit on fire, but what it taught me is not to panic. Athletics is a great training ground——

Chairman HILL. Thank you, sir.

Mr. SEARS [continuing]. for business, and I was able to help people solve these problems, but I have a great concern for my children, your children, my grandchildren, who might panic, and their inability to be able to purchase a home.

Chairman HILL. Thank you, Mr. Sears. Appreciate that and your views.

Mr. Peter, both in Ms. Smith's testimony—she talked about 40-percent-plus cost per unit comes from, essentially, rules, regulations, local zoning, land-use restrictions and you talked about that Federal policies spending too much time focusing on subsidizing demand instead of focusing on these supply constraints. I agree, and we all understand that is kind of how the system is built here but you talked about accelerating local competition and local change.

Can you name who you think is doing an outstanding job of, as you say, putting—if you have a traditional 50-foot lot maybe doing a fourplex instead of a single-family? Talk to me about who you think is doing a good job on that.

Mr. PETER. Yes. So we have done over 30 case studies where we have studied these examples and Texas just recently passed a bill, SB 15, where they are allowing in new residential subdivisions smaller lot sizes of 3,000 square feet. So that is number one.

Number two, another example is Seattle. So Seattle in 1994 allowed single-family, detached homes to be torn down and replaced with townhomes on the same parcels. So, over the last 20 and 30 years, they have torn down 5,000 single-family, detached homes and not replaced them with opulent McMansions, but they replaced them with four, five, six townhomes in the same parcel. As a result, because they have built more housing——

Chairman HILL. Thank you.

Mr. PETER [continuing]. the housing has been lower-priced.

Chairman HILL. I hope all of you will respond in writing with good examples of how that is working around the country.

Chairman HILL. With that, let me recognize the ranking member, Ms. Waters, for 5 minutes of questioning.

Ms. WATERS. Thank you. I wish I had 5 days for questions. I tell you——

Chairman HILL. Yes.

Ms. WATERS [continuing]. this is so exciting. You know, I am hearing testimony from witnesses brought here by Representatives on the opposite side of the aisle that I have never heard before.

Ms. Bailey, if local governments—today's hearing will consider my draft bill that would require local governments to keep a public, searchable database of undeveloped land that they own.

For far too long, communities have been left in the dark while public land sits unused. We should be putting that land to use. Without a clear accounting, local officials, developers, and the public are missing key opportunities to plan and build, and the housing advocates should not have to waste precious time trying to track down available housing locations that are right in front of them.

Ms. Bailey, if local governments that receive CDBG funds maintained these land databases, what specific opportunities could be unlocked for affordable housing production and what do we lose when this information is scattered, outdated, or never collected at all?

Ms. BAILEY. Thank you so much for the question.

It provides the opportunity to provide workforce housing so that we can ensure that teachers and police and firefighters can actually live in the communities where they work.

Oftentimes, local jurisdictions have a preference for single-family development, so we can see the development of quadplexes, we can see the development of triplexes, and we can see your legislation really solve the Nation's fair and affordable housing crisis and be a key solution as part of a broader package.

Your tremendous leadership on the Housing Crisis Response Act—$150 billion to address the Nation's fair and affordable housing crisis—would be complemented by that legislation, and they should move forward together.

Ms. WATERS. Thank you very much.

Now to Mr. Sears, Ms. Smith, and Ms. Bailey.

I appreciate our Senate colleagues who have introduced the bipartisan ROAD to Housing package to begin to address our Nation's affordable housing crisis. Of course, I urge my Republican colleagues to help us include it in NDAA and quickly pass it into law, but I believe Congress must do much, much more if we are serious about solving this crisis for the American people. For decades, HUD programs have chronically been underfunded and forced to make do with limited resources.

When I was chair of this committee, I introduced the Housing Crisis Response Act, along with my Ending Homelessness Act and the Downpayment Toward Equity Act. This package represents the single-largest, most comprehensive investment in affordable housing in history.

So let me ask you directly. In addition to the ROAD to Housing bill, can we address the affordable housing crisis comprehensively without substantial injection of Federal funding?

Mr. Sears, you first.

Mr. SEARS. Ranking Member Waters, thank you very much for the question.

We, the National Association of Realtors, support your bill. Obviously, what it would do is help to cut red tape and allow us to build more homes, which would open doors to home ownership for many more people.

You know, affordability is a key issue, and the housing supply is part of that. So we support any innovation that could be—that comes through this bill in order to help Americans get into home ownership.

Ms. WATERS. Okay.

I guess I am back to Ms. Bailey.

According to the Bloom-—well, did anyone else want to respond to that, about funding?

Ms. BAILEY. Sure, ma'am. If I could chime in here.

Ms. WATERS. Yes.

Ms. BAILEY. You are absolutely correct that we need a full and comprehensive package.

If this Congress would follow your leadership—this committee already passed meaningful legislation, originally the Build Back Better Act, which is now the Housing Crisis Response Act. You have put together a very comprehensive package, $150 billion, that will help prevent homelessness, that will provide the type of support to subsidized renders who need it today and increase the Housing Choice Voucher Program.

You have done intentional things to really solve our Nation's fair and affordable housing crisis and everything that you have proposed today will really help us ensure that we do not see additional families end up in homelessness.

Ms. WATERS. Thank you very much.

I only have a few minutes left, and I just want to say how important it is for all of you to be here today. When we talk about what is going on in this country—and we are certainly talking about healthcare and Medicaid and all of that—housing is the number one crisis in the country, and we need to do something substantial about it. Thank you for being here.

Chairman HILL. The ranking member yields back.

I now recognize the gentleman from Texas, Mr. Sessions, chair of our Oversight Committee. He is now recognized for 5 minutes.

Mr. SESSIONS. Mr. Chairman, thank you very much.

I really appreciate you having this hearing today. I think both you and Ranking Member Waters agree we have a problem. So the question is, what does this committee do to help us focus on that problem?

As a regular part of the National Association of Realtors, when they visit me, this is the conversation. When the homebuilders visit me, this is part of the conversation.

I think it has gone away from the problems that we had with supply chain to actual rules and regulations, as Mr. Sears has talked about, is the problem. Certainly, if you look at industry data, it says that government regulations add nearly $94,000 to the price of a new single-family home.

Being from Waco, Texas, I will remember, a few years ago, with cities that were struggling to add tax on top of what was required for them to prepare for new homes—roads, bridges, infrastructure, water pipes, and all these things.

I think that this panel has brought a country viewpoint of this, as opposed to just my viewpoint in Texas, where we have a huge housing problem and one that has been talked about—certainly, Mr. Peter talked about—it is across the country.

I think we ought to focus on getting more investment money into the pot and I do not think that is Federal money. I think that is looking at streamlining—and I have talked to Secretary Turner about this—streamlining the housing authorities, instead of them

holding the bulk of the money and them building buildings and them controlling the circumstances.

I think HUD should look at the rules and regulations about rebuilding, and what the rules are related to replacing existing housing. I tried to do this with Secretary Fudge to no advantage 3 years ago, when we suffered taking away current housing to build new housing rather than adding to that availability.

Mr. Sears, please tell us, what do you believe is the number one thing this committee should do on a bipartisan basis to stop the problems that we have with government regulations, whether they be Federal Government, State, or city government?

Mr. SEARS. Mr. Sessions, thank you. You nailed it on the head. When it costs $100,000, approximately, before the shovel gets in the dirt, that is a significant issue, and it leads to the affordability crisis.

The way that I believe this committee and Congress can help is by helping incentivizing localities, States, to streamline the red tape, their zoning. If there is anything you can do with funding, help with infrastructure costs.

One of the things—and you touched on this. Investors are a little reticent when there is a lot of red tape. They need certainty that projects are going to be approved and that the shovel is going to get in the ground to produce the housing.

So anything we can do to help with those issues would be welcomed by the National Association of Realtors and my 1.5 million Realtor members.

Mr. SESSIONS. In Texas, Mr. Sears—and I am sure Ms. Smith knows this—in Texas, there is this huge pent-up demand for housing. When interest rates that President Trump is attempting to get the Fed to lower—when interest rates fall to a level that they need to be, not are but should be, it is going to create—I think could create an investment opportunity to where, if we do our job here to support Chairman Hill, then that means that the investment community will come in and spend that money with streamlined opportunity for them.

I think it is off of a deal that you and the homebuilders understand better than I, but an opportunity to control that property, make it available today, streamline the red tape, and get people their housing today without the Federal Government or a housing authority getting in the way of that opportunity.

Ms. Smith, please tell me more about what you think we ought to be doing.

Ms. SMITH. Thank you for the question.

There are a lot of, sort of, proven strategies that have worked. I was talking with a developer who is working on a project in DC, right here where we are, last night, and DC has put together a lot of incentives to——

Chairman HILL. Ms. Smith, I am going to ask you to respond in writing, if I might.

Mr. SESSIONS. Mr. Chairman, thank you very much. I think that the opportunity for us to see this in writing will enable us to approach this on a bipartisan basis.

Mr. Chairman, I thank you for the time.

Chairman HILL. Thank you, Mr. Sessions.

Now the gentlewoman from New York, Ms. Velázquez, the ranking member of our House Small Business Committee, you are recognized for 5 minutes.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

So I heard from the other side that the Biden-era interest rate is responsible for the—one of the roadblocks to housing supply. Then I heard $60 billion in regulations.

I would like to add, $30 billion—and that is, the Trump tariffs. According to Brookings, is adding $30 billion to the cost of construction of residential homes, including multifamily. I did not hear any of the members of the panel mention or discuss the impact that tariffs are having on the construction of housing.

Ms. Smith, one of the issues that multifamily property owners in my district are currently struggling with is the rising cost of insurance premiums, whether they be for general liability insurance or for a specific peril.

For example, a HUD Section 236 property in my district was recently forced to increase rents by 6 percent in part because of these premium increases.

As insurance premiums continue to rise, more and more property owners are questioning the financial feasibility of participating in HUD's programs.

First, is this a problem HUD multifamily property operators have expressed to you? Second, what steps do you think this committee should take to reduce premiums and increase coverage specifically for HUD-backed property owners?

Ms. SMITH. We could spend a whole lot of time talking about insurance. You are absolutely right, insurance has become so, so expensive. Just to illustrate that, I can remember a time not too long ago when you might spend $300 on insurance per unit, and today it might be $1,300 per unit.

So the availability of insurance and the cost of insurance have been extremely high. So anything that the government could do to ensure or even subsidize the insurance on properties would be very helpful, but it has become a very large part of the operating-expense calculation.

Ms. VELÁZQUEZ. Thank you.

Mr. Sears, can you speak to the high cost of insurance, whether it be homeowners' insurance or insurance for a specific peril like fire or flood, acting as a barrier to home ownership?

Mr. SEARS. Certainly, Ms. Velázquez.

We have seen over the last 5 years—me personally, I have seen my own insurance double in cost. On the rental properties I own, It has more than doubled. We cannot pass along those increases to the tenants. We just cannot. So mom-and-pop landlords are really feeling the pinch and when insurance costs for homeowners equals or exceeds the cost of their mortgage, we know there is a fundamental problem.

Ms. VELÁZQUEZ. So, given the constraints of McCarran-Ferguson, what steps can we here on the Federal level take to reduce those premium costs in order to increase home ownership?

Mr. SEARS. Seeing as insurance is regulated at the State level, what I believe the Federal Government could do is offer incentives, grants, low-interest loans for homeowners to reinforce their homes,

strengthen their homes, and harden their homes against natural disasters. With this being done, interest rates—I am sorry—insurance rates should decline.

Ms. VELÁZQUEZ. Okay.

Well, Mr. Chairman, I have been a longtime supporter of our State-based system of insurance, but when it comes to HUD-backed multifamily properties, I think we need to do more here at the Federal level to regulate the cost of insurance.

The Federal Government has a vested financial interest in these properties and if the insurance premiums become too costly for landlords or, worse, if insurance becomes unavailable, we will lose our affordable housing stock. So I think that we need to look into that. Otherwise, we are going to be here again and again and again discussing this very same issue.

Thank you. I yield back.

Chairman HILL. I thank the gentlewoman. She yields back.

I now recognize the gentlewoman from Missouri, Ann Wagner, the chair of our Capital Market Subcommittee.

Ann, you are recognized for 5 minutes.

Mrs. WAGNER. Thank you, Mr. Chairman.

Welcome, witnesses.

Earlier this year, the National Association of Realtors, or NAR, released its "Housing Affordability and Supply" report, which found that, while housing inventory is increasing, middle-income buyers are still having difficulty finding affordable homes.

This difficulty was especially pronounced for prospective homebuyers making less than $75,000, who, according to this report, have seen little to no benefit from rising supply.

In 2024, the St. Louis Federal Reserve reported that the median household income in Missouri was $78,390, just over the threshold where affordable housing becomes nearly inaccessible. In fact, in the St. Louis metro area, NAR found that over 2,500 more affordable listings would be needed to meet demand for households making $75,000 or less.

Mr. Sears, as former president of NAR, you are aware that our housing supply problem is not just about building more housing; it is about building the right kind of housing that would give millions of Americans the opportunity to own their own home, a slice of the American Dream.

One issue that we have heard is that capital is increasingly flowing toward refurbishing existing housing stock rather than new construction. What incentives could redirect private investment toward the construction of new homes?

Mr. SEARS. In the last 5 years, construction costs have increased anywhere between 8 and 77 percent. So, what can we do to help with that?

The other thing is what I talked about earlier: Before a shovel goes in the ground, the red tape and regulations—approximately $100,000 in red tape costs, and for a single-family resident—that is about 25 percent of the cost; for multifamily units, it is about 40 percent of the cost.

What we need to be able to do is, with the median price of a home across country around $400,000, the typical buyer would

need six figures, $100,000, to afford that. So, based on the statistics you are citing, that means it is not affordable.

When builders' costs are increasing—red tape causes delays—they are going to focus more on high-end homes, where the profit margin is greater and they can absorb those costs. We need to incentivize them to build the starter homes and the missing middle—the townhomes, the duplexes.

Mrs. WAGNER. As I said to the extent that you can give us some ideas that either do legislatively or otherwise to somehow redirect private investment toward construction of new homes that are the right kind for that middle-income buyer, it would be great.

Again, Mr. Peter, let me ask you this. Middle-income homebuyers often fall through the cracks, making too much to qualify for assistance but also not making enough to compete in a hypercompetitive housing market. What reforms could expand attainable home ownership for middle-income buyers?

Mr. PETER. Excellent question. Small lots. The answer is very simple: smaller lot sizes.

HUD could incentivize States by bribing them, by offering a bounty to plat smaller lots, below 5,000 square feet, or even lower, townhomes below 2,000 square feet.

If you have smaller lots, you are going to be—the land is costly, but then also you are going to build commensurately smaller homes. If you are building smaller homes, the cost goes down.

Typically—and we found this across the whole country—if you are building on smaller lots, the price points drop by about 20 percent or more.

Mrs. WAGNER. Thank you very, very much. I appreciate that. We need to take that under advisement here.

For many families, home ownership remains the most reliable path toward wealth-building and long-term financial stability; let us just all be honest. Unfortunately, what has long been a core tenet of the American Dream has become harder for younger Americans to achieve, as recent data shows that the average first-time homebuyer is now 40 years old.

Mr. Sears, what role can Federal credit and lending policy play in helping responsible builders deliver more entry-level homes, like we just spoke about with Mr. Peter, for first-time buyers?

Mr. SEARS. As I mentioned with my own son, this is an issue, when we have seen the average age of a median homebuyer up to 40.

What can we do? Can we offer programs with downpayment assistance? Are there low-interest loans that we can give for these first-time homebuyers? Can we add incentives for mom-and-pop landlords, who might have some units that they would like to sell but are afraid of paying the capital-gains tax, and incentivize them to sell them to first-time homebuyers?

There are multiple different solutions, different ways to——

Mrs. WAGNER. My time is expired. Thank you, Mr. Sears. Any other ideas, please submit in writing.

Mr. Chairman, I yield back.

Chairman HILL. The gentlewoman yields back, and we recognize—the chair recognizes the gentleman from California, Mr.

Sherman, ranking member of our Capital Market Subcommittee. You are recognized for 5 minutes.

Mr. SHERMAN. Mr. Chairman, thank you for holding this important hearing. In fact, I think housing is so important that perhaps the name of this committee should be financial services and housing. Housing today is built very similar to the way that it was built 50 and 100 years ago. There is nothing or very few things in our society for which that is true. We face Not In My Back Yardism (NIMBYism). We need to have higher density where there is transit, and we need to have transit where there is density. Density without transit is a parking—is a parking disaster, but it is especially a traffic jam, and transit without some density is a bunch of unused transit.

I hope that I can find one or two members here to work with me on a bill to require insurance companies to identify what resiliency improvements will result in lower cost insurance. Right now, too many insurance companies, they just pick a ZIP code, they pick a rate. They should be looking at the individual property because it is their job not just to write a check but to be of assistance so that we do not—to make our properties more resilient. There are a host of small things we can do one at a time. The Appraisal Industry Improvement Act, the Yes in My Backyard Act, and the Supply Act so that you can finance additional auxiliary dwelling units, and I believe, Mr. Sears, you mentioned the importance of changing our tax laws. I used to be an estate planning attorney. I understand well how many of my former colleagues are telling people, "Boomers, you got to stay in the big house until you die or at least until one of you dies," We adopted last century a $250,000 exclusion on the sale of property, and we have not changed it since last century. So it was either bad policy then or it is bad policy now, because it is very different policy.

We—I want to build homes a built differently and focus on manufactured housing. The Manufactured Housing Standards Act would clarify that only HUD has the authority to establish energy efficiency standards, and the Housing Supply Expansion Act would eliminate the outdated permanent chassis requirement.

Mr. Sears, is manufactured housing a way to go to be able to build these units more efficiently and at lower cost?

Mr. SEARS. Mr. Sherman, great seeing you again. Thank you for what you had to say because we, as the realtors, support a lot of the bills and acts that you mentioned. As I mentioned you talk about the modular housing. Nineteen Seventy-Four was a long time ago, and we have seen a lot of technological advances since then, and so I think reforming that act for these types of housing is more efficient to build; it can be done quicker; and it will cost less. So anything we can do to encourage that we are for.

Mr. SHERMAN. Is there any purpose to requiring a fixed chassis?

Mr. SEARS. I am not an engineer. I am sorry.

Mr. SHERMAN. I think it is just there to be there from, again, last century.

Tariffs on building materials is something Ms. Velázquez brought up. I had the opportunity to confront the President face-to-face and in public on this. He promised he would at least consider exempting building materials, at least those that would be used in the

Palisades where we have to rebuild a town, from tariffs on building materials. Labor is already subject to a 14 and a half percent tariff. Now Trump wants to add another 39 percent.

Mr. Sears, what do tariffs on building materials do to housing availability and costs?

Mr. SEARS. Representative, tariffs are a 2025 issue. We have seen construction costs escalating almost unchecked and uncontrolled in the last 5 years, and so the lack of supply during the coronavirus disease (COVID) certainly has hurt and impacted the cost of construction.

Mr. SHERMAN. Mr. Peter, studies indicate that 24 percent of the costs of a single-family home, 40 percent of multifamily home is the result of regulatory costs. What regulations are most burdensome and add most to the cost?

Mr. PETER. I mean, for that I would have to—I would have to direct you to the national association of real—builders—homebuilders, who have the—who have compiled——

Chairman HILL. Thank you, Mr. Peter. I appreciate Mr. Sherman's good question, and I hope you will respond and share that index and the components of it with the full committee.

The chair now recognizes the gentleman from Kentucky, Mr. Barr, who chairs our Financial Institution Subcommittee. You are recognized for 5 minutes.

Mr. BARR. Thank you, Mr. Chairman. That is a good segue because my first question is for Mr. Sears, and it is about bank regulation.

Banks and credit unions play a critical role in providing access to affordable home ownership. In the aftermath of the 2008 financial crisis, regulatory burdens like Dodd-Frank disproportionately hammered these institutions, especially community banks and credit unions that are often the primary lenders for first-time homebuyers, low to middle income families, and local developers. You talk about the American Dream going away. We want the American Dream. We want that American Dream for home ownership, and we need lenders to create that American Dream.

In testimony to this committee yesterday, Federal Reserve Vice Chair for Supervision Michelle Bowman noted that, quote, the capital treatment of mortgages and mortgage servicing assets has resulted in banks reducing their participation in this important lending activity, potentially curtailing access to mortgage credit.

Mr. Sears, given your understanding of the mortgage market and local housing dynamics, I would like your perspective on whether reducing the regulatory burden on financial institutions would have a positive impact on competition in the mortgage lending market.

Mr. SEARS. Thank you, Mr. Barr. Good to see you again.

Mr. BARR. Good to see you.

Mr. SEARS. Anytime regulation can be streamlined, shrunk, or eliminated I think is a good thing for the capital markets. We have consumers right now that are struggling to find financing and opening it up to more credit unions, local banks, and the large national companies as well, gives a consumer choice, which is a good thing.

Mr. BARR. Well, thank you, and this is especially important regarding the regulatory capital requirements and the finalization of Basel III endgame. We are going to be watching the regulators to make sure that they improve on the previous version of the proposal where we saw punitive treatment of certain mortgages that would have reduced lending and access to mortgage credit.

Let me ask you all about, and, Mr. Peter, I will direct this at you, shared appreciation mortgages. This is an innovation that I think we ought to really consider. The median down payment for first-time buyers is 10 percent, the highest recorded level since 1989. Clearly, Americans need innovative solutions to finance a down payment, and one solution is a shared appreciation mortgage. Now, what is this? It is a type of home loan where the borrower agrees to give a lender or co-investors a portion of the future appreciation of the home's value in lieu of a said interest rate. Using a no-payment shared appreciation mortgage as down payment assistance can bridge the affordability gap and empower low income or working class borrowers to qualify for and can afford a conforming first mortgage.

I think we should incentivize private capital providers to invest in these shared appreciation mortgages to encourage this down payment assistance for new homebuyers. One way to do this is to make the returns attributed to pools of shared appreciation mortgages tax exempt. So this would be a tax change outside of our committee's jurisdiction, but do you agree that such a tax exemption that would encourage co-investing and sharing in the appreciation of mortgages is that a solution for affordability?

Mr. PETER. Yes, I think it is certainly a very innovative idea, and I do not—I know enough about it to be dangerous, but I do not know all the gory details, and to the extent that the shared—these mortgages can be used to go along with shorter loan terms, that would be very, very beneficial to borrowers, because then they buildup equity much faster, and they have to stay in power to stay in their homes even when home prices decline.

Mr. BARR. There is an innovative startup called Homium that I have become aware of and acquainted with, and they would use blockchain technology to actually aggregate co-investment capital to help with this down payment assistance and also unlock home equity in ways that are less or more consumer friendly than, say, a reverse mortgage. So I think we ought to explore that.

Let me finally get to the 10 year. Mortgages 30 or fixed, they are tied to the 10 year. It is not the Fed's fund rates. It is the 10 year. So, for my friends across the aisle who think we need to spend more money, more HUD money, more spending, the national debt is driving the 10 year up. If you want to—if you want to really achieve affordability on a 30-year fixed rate mortgage, let us send a virtuous signal to the bond market and start living within our means. Reduce the 10 year. That is going to improve housing affordability. Not blowing up the bureaucracy and spending more money but living within our means. Lower the 10 year. Can someone on the panel talk a little bit about this, and how does the Fed's interest rate policy and a rising 10-year treasury yield impact the availability and affordability of mortgages, especially for first time homebuyers?

Mr. PETER. Yes. We have seen it during the pandemic when the Fed lowered interest rates and then slammed the brakes, and now we have higher home prices, and people are dealing with higher mortgages. It is unsustainable and people cannot afford housing, but ultimately, the implicit guarantee is also providing competition to the 10-year treasury——

Chairman HILL. Thank you very much, Mr. Peter.

Mr. BARR. I yield back.

Chairman HILL. The gentleman yields back. I recognize the gentleman from Georgia, Mr. Scott. You are recognized for 5 minutes.

Mr. SCOTT. Thank you, Chairman.

Ladies and gentlemen, I want you to hear from me this morning. For more than 50 years, our Fair Housing Act has stood as a civil rights cornerstone meant to guarantee that where you live is not determined by the color of your skin, your disability, your family status, or your ZIP code but, under this rule, under what President Trump and his HUD Secretary—we are witnessing today a disturbing shift away from enforcement, away from any real accountability, away from the core mission of our distinguished HUD Department.

So, Ms. Bailey, let me come to you. One of the most troubling acts is this rollback of HUD's Affirmative Furthering Fair Housing rule. Please explain why this is the Achilles heel of this legislation.

Ms. BAILEY. Thank you so much for the question. The Affirmatively Further and Fair Housing Act provision of the Fair Housing Act simply requires that every dollar, Federal dollar, used for housing and community development is used to further fair housing, which is inclusive and thriving communities that all of us can live in. This is not spending money. This key piece of the Fair Housing Act can actually reform local exclusionary zoning laws. In fact, many of our home builder friends are using it in court to sue localities so that they can build more affordable units there, and I am so grateful for the question that we just had regarding the Federal Reserve. We knew for a long time that the Federal Reserve could not solve our Nation's housing crisis. During the pandemic, the Federal Reserve pumped in over $300 billion on a monthly basis into our housing market. Those funds were pumped in a way that was exclusionary, Black, Latino, Asian American, Pacific Islander, Native communities could not benefit from those funds, and as a result, we had people who could have at that time got in 2 percent interest rate mortgages, affordable housing and, stayed home. They were locked out. So many of the ways that our Fair Housing Act applies extend to the Federal Reserve and, if Congress provided oversight over those funds and made sure they were equitably distributed, part of the challenges that we see now today would not be the result. So it is very important that Congress continues to provide the oversight that it provides.

Mr. SCOTT. Absolutely. Ladies and gentlemen, I represent Gwinnett County and Clayton County, two of the very many, very prosperous, very exciting counties in this Nation, but are highly diversified in their populations. HUD's attack on this fair housing rule will ensure that there is nothing to stop a local jurisdiction from banning new apartment buildings near our schools and near our parks.

Now, this is very serious legislation, and we have to understand we are a Nation of many different types of people, and we need to be careful in Congress to stop this mongering but use our legislative abilities to pull our racial populations together. I am at the forefront of that. I represent, as I said, everybody in my district. I have even Republican minorities in my district. So I want us to use this legislation not to dismantle this vital civil rights measure. Let us use that. There is a time here, in the words of that great Apostle Paul, "I say to you finally, put on the whole garment of God," because we have to fight now in a difficult time. Thank you, Mr. Chairman.

Chairman HILL. Thank you, Mr. Scott.

Another gentleman from Georgia, chair recognizes the gentleman from Georgia, Mr. Loudermilk, for 5 minutes.

Mr. LOUDERMILK. Thank you, Mr. Chairman, and thanks everyone on the panel. I have been looking forward to this discussion for quite some time, especially about how Congress can actively remove barriers to increase our housing supply. One of the areas I have been focused on is the cost of onerous government regulations and preventing the Federal Government from encroaching in the areas which the States have traditionally and constitutionally held that primary jurisdiction.

Now, prior to the passage of the CARES Act in 2020, each State had different notices to vacate requirements for rental properties. While the Federal Government—Federal moratorium on evictions imposed in the CARES Act expired, as they were in intended to do, some activist attorneys have argued that section 4024C pertaining to the Federal 30-day eviction notice requirements remain in effect primarily due to an error in drafting.

Despite the expiration of the public health emergency on May 11, 2023, the Biden Administration extended this temporary provision thusly nationalizing an eviction process historically and constitutionally governed by the State and local laws. Continuing the temporary CARES Act notice-to-vacate provision bypasses Congress and undermines the clear intent that provision be temporary.

Now, I have a bill, entitled the Respect for State Housing Laws Act, that would strike this provision in the CARES Act that was never intended to be permanent and would return authority to—of notice to vacate back to the States where it had been prior to the COVID–19 pandemic.

Mr. Chairman, I would like to insert for the record a letter from the National Association of Residential Property Managers in strong support of my bill.

Chairman HILL. Without objection.

[The information referred to can be found in the appendix on page XX.]

Mr. LOUDERMILK. Thank you, Mr. Chairman.

It is important that Congress provides clarification here. The inability to collect rent ultimately hurts the tens of millions of Americans who work in the industry, renters and communities across the country.

Mr. Sears, the Iowa Supreme Court unanimously ruled earlier this year that the CARES Act's 30-day notice provision was temporary and expired in 2020 alongside the Federal eviction morato-

rium. From the National Association of Realtors' perspective, how has the continued uncertainty around this expired provision affected real estate markets and property owners?

Mr. SEARS. Thank you, Mr. Loudermilk. The National Association of Realtors supports your legislation, and my testimony is longer than what your actual bill is, but at the end of the day, anytime these mom-and-pop landlords, who are already, if they are taking someone to eviction, likely are owed money, but the Federal Government imposing an extra loss of rent for a month onto this, it can cause irreparable harm to these small property owners, and that is what we are seeing. I will just mention that, through the CARES Act the eviction moratorium was struck down by the U.S. Supreme Court.

Mr. LOUDERMILK. What impact do you expect H.R. 1078 would have on providing clarity on the housing market by formally repealing this expired penalty?

Mr. SEARS. It would give the States back the right to oversee the eviction process, which is currently the way that it should be.

Mr. LOUDERMILK. Thank you.

Ms. Smith, you represent organizations that manage millions of multifamily rental units across the country. Can you explain how the continued existence of this expired CARES Act provision has created operational challenges for multifamily property managers, particularly given that local courts may still be interpreting the provision as active?

Ms. SMITH. Well, I would agree. First of all, the National Multifamily Housing Council and NAA are very supportive of your bill, and I agree with Mr. Sears it would remove some of the confusion. Eviction is always an act of last resort. It is the last thing we want to do is to move someone out of their home, and there are so many discussions that take place before that actually happens. So adding that additional confusion of local laws, which are very, very clear on evictions, would really help, would make a big difference.

Mr. LOUDERMILK. So, based on your answer, this bill would help clarify.

Ms. SMITH. It would absolutely help clarify.

Mr. LOUDERMILK. Thank you. How would restoring these State and local governments' eviction procedures impact the supply of rental housing going forward?

Ms. SMITH. In our experience, we evict very few people. It might even be less than 1 percent a year. So I do not believe that would have a significant impact on supply of rental housing.

Mr. LOUDERMILK. Okay. Thank you.

Mr. Chairman, I yield back.

Chairman HILL. Thank the gentleman for yielding back.

The gentleman from Massachusetts, Mr. Lynch, who is the ranking member of our Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence, you are recognized for 5 minutes.

Mr. LYNCH. Thank you very much, Mr. Chairman.

To the ranking member, this is a really important issue, and I think it is probably one of our best opportunities to be bipartisan. This is affecting every one of our States and districts, and I think that the housing issue could really be a golden opportunity for us to work together.

I want to thank the panelists for all your testimony. I do believe that we need all-of-the-above sort of approach here in terms of what we support. I certainly support Mr. Sherman's idea on manufacturing housing. I have a bill on modular housing. I know Chairman Hill and Ranking Member Cleaver have bills as well that I support, but I do really think that there is a special amount of need here among first-time homebuyers.

You know, I bought my first home in 1983 for $14,000, and my cousin Sharon told me I overpaid. To call it a fixer upper would be generous, but now that same house I still own it. The city just assessed it at about $900,000, and I bought it for $14,000. It is ridiculous. So my girls do not have a shot at trying to buy a home with that type of burden on them, and so I really think that we need to focus on that first-time homeowner demographic and especially with them—they have to compete now with private equity firms and some of these real estate investment trusts that are actually, you know, they have more leverage than they are able to—they pay more, and they are driving up the costs.

You know, we had a situation in this country right after World War II where we had 16 million American servicemembers come home. There was not enough housing, and Congress and the White House leaned into that problem. They created the VA housing program. They created—well, they amped up the Federal Housing Administration. They created the GI bill. They created the National Housing Act of 1949, expanded it in 1954. They did a lot to make sure that people could—you know, these returning veterans could own homes, and they also leaned into the production of homes as well. I think that we need to do something like that.

I know that President Trump got a lot of heat because he suggested a 50-year mortgage. That alone will not work, but I think he was on the right track. I think we have to look at that mortgage product. You know, back after World War II, they created the 30-year fixed, which worked great for a lot of people for a long time, but that is not happening right now. We need to try to reengineer—I wish we had a mortgage broker on the panel, Mr. Chairman, but I think we have really got to look at that and try to find a way to maximize the number of subsidies that we are putting out there to help the most people that we can.

So, Mr. Sears, good to see you as a fellow Massachusetts resident. We will not need a translator, but could you possibly talk about areas where we might be able to reach more people and create a better opportunity for some of these young people, first-time homebuyers to get into the market.

Mr. SEARS. Yes. Thank you, Mr. Lynch. As you said, there is not one silver bullet to cure this. It has to be a comprehensive approach, and we need all of these different techniques and avenues to go down. You know, in the Commonwealth, we passed the Affordable Homes Act last year, which allows 80 accessory dwelling units (ADUs) by right. Accessory dwelling units, and this type of legislation will help with the housing inventory. We are seeing more multigenerational people looking to live multigenerational in their homes, and so this is just one example, but it is only one. We need a very comprehensive approach because it has taken us 20 to

30 years to get here and we are not going to get out of it overnight, but we need to start today.

Mr. LYNCH. Ms. Bailey, could you——

Ms. BAILEY. Yes, sir. We also need to pass the chairwoman's Down Payment Toward Equity Act that would provide $100 billion for first-generation homebuyers. This is money that would help people living in rural, suburban, and urban neighborhoods be able to beat out those all-cash investors who are coming in not only driving up costs for homeowners but for renters, too. So we need to do those innovative things together.

Mr. LYNCH. That is great.

Mr. Chairman, I yield back. Thank you.

Chairman HILL. Thank the gentleman.

The chair recognizes the gentleman from Texas, Mr. Williams, who is chair of the House Small Business Committee. You are recognized for 5 minutes.

Mr. WILLIAMS of Texas. Thank you, Mr. Chair, and thank you all for being here today.

Over the past several years, builders and multifamily developers have faced a financing environment that is increasingly difficult to navigate, and high interest rates and layers of Federal requirements have made it more expensive for lenders to extend credit, and those costs ultimately get passed down to the builders and the consumers.

Now, when bank capital standards are set too high, lenders are forced to pull away from housing projects that communities urgently need. At a time when the country is facing a serious housing supply shortage, we cannot afford policy to choke off private capital and stall new development. So, Ms. Smith, could you elaborate on how unnecessarily high bank capital standards prevent the flow of capital from lenders to builders for homebuyers?

Ms. SMITH. One of the challenges that we faced after the COVID pandemic was the reduction in lending that required so much more equity to go into projects, so getting loans back up to 65 percent, even 70 percent lowers actually the cost of the capital stack, which really makes a project that much more viable. So that would be one thing that I think is really important is to be able to provide just a greater amount of liquidity.

Mr. WILLIAMS of Texas. Thank you.

Mr. Peter, Federal energy mandates have introduced significant compliance costs to the home building process, especially for new single family builds. The cumulative effect of these standards can be substantial, often raising the price of homes by tens of thousands of dollars placing a steep burden on first-time homebuyers as we talked about today, and for many families, these added costs shut them out of the dream of home ownership. In addition to homebuyers, builders also report that the added complexity of these standards slows projects down, reducing the number of homes they can build. So, Mr. Peter, can you expand on how Federal energy efficiency mandates are affecting the production of affordable homes?

Mr. PETER. Yes, excellent question, sir. So there are studies out there that show that these new energy rules add about $30,000 to the cost of building a new house, and if the average house cost is

$400,000, that is a significant increase. On the margin, many more housing projects no longer penciled out. So the administration is already on the ball. They have paused the implementation of the new rules. They should just roll it back entirely and the same appliances rules where energy standards have increased the costs by $9,000 to build a new home, all these things, government just needs to get out of the way and let builders build more, and rolling back some of these regulations is certainly the right way.

Mr. WILLIAMS of Texas. Thank you.

Mr. Sears, small and midsized builders have historically delivered the majority of entry level homes. Yet they face disproportionate regulatory burdens and rising compliance costs that limit their participation in the market. So this contributes to fewer homes again being built and less competition. So how can Congress create an environment where small builders and private capital can reenter the entry level housing market?

Mr. SEARS. Anytime that the Federal Government can help the local and States in their zoning and permitting process would be beneficial. Eliminating red tape, as I mentioned earlier, we have the missing middle, and when the builders have the red tape and the delays often caused by burdensome permitting processes, they just avoid building the entry and the starter homes, that missing middle, the duplexes, and the townhomes that we so desperately need. So anything we can do to incentivize the local municipalities to streamline their permitting and zoning process I think would be beneficial.

Mr. WILLIAMS of Texas. Thank you for that, and I yield my time back, Mr. Chair.

Chairman HILL. The gentleman yields back.

The chair recognizes the gentleman from Missouri, Mr. Cleaver, who is the ranking member of our Housing and Insurance Subcommittee.

Mr. CLEAVER. Thank you, Mr. Chairman. Thank you for this hearing. I think it is extremely important.

For the first time in my political career, 8 years as mayor of Kansas City and my years here, there is no push by the government to assure that we practice in this country fair housing. Whistleblowers have accused HUD for halting major investigations, and HUD's Office of Fair Housing has reduced its staff by 70 percent, and in theology, there is a school of thought that deals with the human condition. What is the human condition? You know, we basically are good or basically evil. I may be—maybe I am a little polyarchy in my theology, but I believe that the overwhelming number of Americans are good and decent people and want to do the right thing. The other number 20 or 25 percent—this issue of the human condition is embraced by the monotheistic religions, all three of them: Christianity, Judaism, and Islam all embrace this human condition. It is disappointing, then, for me to know that on the issue of Federal housing—of fair housing that we are just going to abandon it.

Now, if there are those who may believe here that, well, that is something that happened in the 1950s or 1930s, or whatever, a couple of us were involved deeply in some issues in California where one of the largest credit unions in the world were practicing

bold discrimination in housing loans, and but for the fact that CNN went undercover and put—there is film on it, audio and visual. It happens every day, and we are abandoning it. We seemingly are abandoning it. I hate to—I do not want to run around accusing folks. I am telling you what the facts are. I am just interested from all four of you—I do not have much time, but is not that a problem that we ought to face as a Nation and you as influential Americans in the whole housing issue?

Ms. BAILEY. Thank you so much for your question, sir. Our Nation's fair housing laws are the bedrock to making sure that the promises of our Constitution reach everyone. By getting rid of housing discrimination, we ensure that children can live in communities with well-resourced and high-quality instruction. We ensure that people can have access to clean air and clean water. We ensure that people can live and get to work at wages that will help them sustain their families. We ensure that people of faith can actually practice their religion without being harmed. So our fair housing laws are fundamental to the promises of our Constitution, and they have allowed us to make substantial progress. It has always had strong bipartisan support.

It is very difficult in this moment, and my faith is of the Christian faith, and one of our principles is that we are to love our neighbors as we love ourselves, and when the Secretary of Housing sat before his confirmation, he pledged he would ensure that Dr. King's legacy, which is the Fair Housing Act, would be fully enforced. He has since allowed HUD under his leadership to do everything other than, and because of that, we are seeing people who are mixed status families being kicked out of homes. We are seeing the permission of coordinating with ICE to have human beings removed——

Chairman HILL. Thank you. Thank you, Ms. Bailey.

Gentleman's time is expired. I thank the gentleman.

Our Conference chair on the majority side, the gentlewoman from Michigan, Ms. McClain, you are recognized for 5 minutes.

Mrs. MCCLAIN. Thank you, Mr. Chairman, and thank you all for being here today. Obviously, housing is extremely important. It seems to be a bipartisan issue, which is—can I say that out loud? Which is a good thing, right?

I want to talk specifically, Mr. Sears, to you and talk about manufactured homes, modular homes—manufactured homes. For me, it seems like it has changed quite a bit in the past decade or so. Can you talk about the improvements on the manufactured home side and how those changes are really benefiting all of us?

Mr. SEARS. Thank you, Ms. McClain. Yes, in the last 50 years, we have seen significant technological advances in manufactured homes, and we have statistics that show that they are quicker to build. They cost less to build. They make them more affordable, and really what we need to do is cut the red tape of the regulation so that we can build more of these homes as part of an overall solution to the housing crisis and housing supply and affordability issue we have.

Mrs. MCCLAIN. It is amazing—we had an event on the mall, and I actually went and saw some of these manufactured homes, and I got to tell you they were not the manufactured homes, right, of

when I was growing up. They are beautiful. So I applaud that industry. One, manufacturing homes have changed, right? Two, do we have a housing shortage? Would you all agree on that? Especially low-income housing shortage, affordable housing shortage, right? Anyone disagree with that concept?

Panel.

[Nonverbal response.]

Mrs. MCCLAIN. Awesome. Look at us. Cats and dogs living together.

Okay. So improvements on manufactured homes, housing shortage that we all agree, especially low-income housing shortage. Let us talk a little bit about the regulations and the red tape. Can you talk a little bit? Red tape and regulations are estimated to increase the cost of a new home by maybe 60, $70,000. Am I accurate on that assessment that before I even put a shovel in the ground, the red tape is going to cost me about 60 to $70,000. Am I accurate on that?

Mr. SEARS. You may be accurate for your district. Nationally, it is around $100,000, about 25 percent of the cost for a single-family home. There are some areas where it is more. The Commonwealth of Massachusetts, it is more. So what can we do to streamline the process, cut the red tape, make permitting easier? I mean, I have had rehabilitation and new construction where we have dozens of inspectors that have to come in, and it just takes too long. We need to be quicker.

Mrs. MCCLAIN. So the time issue as well as a cost issue. If you are telling me it is $100,000 and we want to make sure that we have affordable housing, those two concepts are kind of working against each other. Anybody disagree with that?

Panel.

[Nonverbal response.]

Mrs. MCCLAIN. Okay. Great. So we are all on the same page. We got to figure out how to get the regulation down. We have got to speed up the permitting process, and we have to figure out a way to make sure that we have affordable housing, and manufactured housing may just be an answer to that.

What would be the downside of my legislation, the Modular Housing Production Act? What that piece of legislation says is let us qualify manufactured homes; let us stop the personal property so it is not classified as personal property, and you can go and get the same type of loan on a manufactured home that you could get on a modular home. What is the downside in doing that? Mr. Sears?

Mr. SEARS. I am all in favor because, ultimately, in modular homes, the construction is overseen by local building inspectors, and so anything we can do to open up availability for financing products to the American consumer is a good thing.

Mrs. MCCLAIN. I do not say that sarcastically. I am really truly trying to say, what is the down time? They are better. They are quicker. They are faster; They are cheaper, and they are beautiful. Sir?

Mr. PETER. Yes. So we need to produce more of those manufactured houses, absolutely agree, but, if we do not produce more

housing and we promote looser lending practices, we are going to drive up the price.

Mrs. MCCLAIN. How is it looser? I mean, you are having a manufactured home versus a regular home that is cheaper, more affordable, because you just—how is that looser?

Mr. PETER. Well, the loan terms are going to be extended. So, if you are extending the loan terms, you are bringing down the monthly payment, which often times gets capitalized at a higher price.

Mrs. MCCLAIN. Which is a good thing to bring down monthly payments, right? Because that affordability is kind of important.

Mr. PETER. We need to work in concert by increasing more supply.

Mrs. MCCLAIN. Would this not increase the supply?

Mr. PETER. If it ends up—if we end up reducing more like the chassis, removing the chassis requirement would be a good step in terms of getting——

Mrs. MCCLAIN. What is the downside on the lending side?

Chairman HILL. Thank you, gentlewoman.

Mrs. MCCLAIN. Thank you, sir.

Chairman HILL. The Gentlewoman's time is expired.

I now recognize the gentleman from Illinois, Dr. Foster, who is the ranking member on the Financial Institution Subcommittee, for 5 minutes.

Mr. FOSTER. Thank you, Mr. Chair.

To our witnesses. You know, on a typical night, there are 800,000 homeless people in America. On the other hand, there are 22 million empty nesters with a lot more than 20 million spare bedrooms. So there is no shortage of bedrooms in this country. We are somehow not allocating all the resources we have. So what can we do to encourage empty nesters to rent out that spare bedroom, not necessarily to a homeless person, but just, say, a hard-working single mom who can be a trustworthy person that you would be happy to have in your home and thereby free up a low-cost rental property that might be appropriate for curing homelessness.

I think one of you mentioned some sort of Federal tax benefit as a possible solution. You know, if you are willing to rent out that spare bedroom, you are doing something socially useful, and maybe you should get a tax break from the income from that. Was it you that you mentioned it, Mr. Peter?

Mr. PETER. Yes, I mentioned it in my written testimony. There are about 32 million spare bedrooms in this country, and if we allow 10 percent of those, we would have created a lot of additional housing. I personally—I lived with an empty nester couple when I first moved to DC, and I can attest to this, this is a viable option.

Mr. FOSTER. Yes. So just even a small preference in the Federal Tax Code for that kind of income might be enough. You do not need to get every empty nester to do their property. If we got 120th of them, that is enough to cure homelessness.

Mr. Sears, you mentioned mortgage lock-in as a big problem. There is a proven solution to that. You know, in Denmark, for more than 200 years, the Danish mortgage origination system has prevented interest rate lock-in and mortgages, and it does that by transferring the interest rate risk from the homeowner to the bond

market, and there was a serious consideration of that following the financial crisis as one of the only feasible proven ways that we could have actually have replaced Fannie and Freddie with some safer system for the taxpayer in terms of bailout. Is that something that has been looked at recently? I saw an article in Business Insider talking about the genius of the Danish system. Is that something that is getting a serious look these days?

Mr. SEARS. I am sorry, Mr. Foster, I cannot speak to that.

Mr. FOSTER. If you could—all of you, actually, for the record, just go have a look. There is a Wikipedia article on it. I know there was a lot of effort put into that, a lot written, and it was one of the only feasible ways of replacing Fannie and Freddie in ways that did not get us right back to the same point where you had a taxpayer-funded bailout necessary.

Ms. BAILEY. If I may, sir, one of the things that we have seen is that our 30-year fixed rate mortgage has really expanded home ownership in our Nation. It is the hallmark of opportunity for millions of families. Now, we did not do it as well as we could have, and we left behind a lot of people. Now we need to be very intentional to make sure those consumers for whom the health of the housing system will depend on can have access to that very affordable product. It allows for people to know what their monthly payment will be without having any risk of unforeseen costs associated——

Mr. FOSTER. I agree completely. I mean, the 30-year mortgage, and actually it was preserved under proposals to switch over to the Danish system. Have a look at it. It was a good idea 15 years ago when we looked at it, and it is still a good idea.

Mr. Peter, you repeatedly mentioned smaller lot sizes as a key to progress on this. So, first off, how much of the additional $100,000, or whatever, is just lot size, minimum lot size requirements?

Mr. PETER. Yes. I mean, it is, in Austin, for example, we have just studied this. In 2024 they put in place a new bill which allows you to put two or three homes in the same—on the same parcel. Now, it used to be that a home would cost a million dollars to build new, but anecdotally we are hearing now if they are putting two or three homes in the same parcel; they can sell each of those homes for $500,000.

Mr. FOSTER. That is right, and one way to encourage this is with the land value tax, which I presume you are familiar with. You know, this is very successful in countries that have implemented this. You transfer a lot, most of the tax load to the unimproved value of the land the property is on. So, if you do what they did in Austin or Seattle, then you take what used to be occupied by a big mansion and put six townhouses on it, you do not pay more taxes, because the tax is on the unimproved value of the land and so there are things we can do in the Federal Tax Code to encourage that sort of behavior at the State and local level.

If you looked at how States are changing their laws to evade the State and Local Taxes (SALT)—that whole issue there, we could structure the Federal Tax Code to encourage a land value based tax and do a whole lot of good to encourage but not mandate the

smaller lot sizes that you have identified. I now have negative 2 seconds.

Chairman HILL. The gentleman's time is expired.

The gentleman from Ohio, Mr. Davidson, who chairs our National Security Subcommittee, you are recognized for 5 minutes.

Mr. DAVIDSON. Thank you, Chairman.

Thanks to our witnesses for being here today for your testimony and for a critical issue. When we talk about affordability, housing is top of mind for families everywhere in our country, and when you talk about confronting the affordability crisis, I think it is one of the things that everyone is serious about from the most basic local government to Federal Government to President of the United States. We are talking about affordability.

When I hear some of my colleagues talk about, "Well, the solution to affordability is more subsidies for more people," my mind just wants to break. I am, like, does not compute. Do you understand why we have inflation? Clearly people struggle with this cause-and-effect relationship. We have $7 trillion worth of Federal spending, roughly. We have $5 trillion that comes out with revenue, and we put back in $7 trillion. So, if you think about it as something like a 10 gallon jug and you take 5 gallons of fluid out and you dump 7 gallons in, you change the level. You inherently inflated it. So it is not the house that you have lived in for the past 15 years massively got more valuable if you did not do any improvements in it. Fundamentally, what happened is the unit of measure, the dollar, got worthless. Our money is worth far less, and it is worth far less if you measure it in most commodities. It is getting hurt.

Where does the inflation hit the hardest? It hits the hardest in the things we subsidize the most. We have done the most subsidies for anything probably in healthcare. Look how unaffordable healthcare is. Maybe next would be education, and look at that. Federal Government took over lending, and now with no equity, no skin in the game, you get as much student debt as you can amass, regardless of what your degree is. Frankly, barely consideration what your GPA is. So we load these kids up with debt, and then say, "Well, let us go help them set up to buy a house," and they cannot afford it. They do not have any equity. It is all going to student loans.

So let us subsidize that and pretend that they have equity. Who is on the hook for it? The taxpayers. It was a terrible plan. You have to have equity in a loan. You have to do real underwriting, and you want the private sector to do that.

I think that is one of the reasons I like Mike Lawler and Joyce Beatty working on H.R. 5913. This lets banks do more lending that is capped at 15 percent right now. The Office of the Comptroller of the Currency (OCC) and the Federal Reserve can look at it and say, if you want to do more public welfare lending, community good, you could if you have a safe and sound bank, because you are taking some of the risk. You are not just transferring it on to taxpayers. This is why I think you have commonsense regulation like the no chassis bill that we have talked about a lot.

What I do like, when I talk with my homebuilders, they—I ask them, "Why do you build what you build," and it is not because we

need to maximize the number of bedrooms utilized in America. They build houses that people want to buy. You know, there was a time when Ford just cranked out black model Ts, right? Because they could make them faster and that met the market for a point, but people wanted to buy other things. They wanted colors. They wanted features and they are choosing to buy much more robust homes and, for people that have means, there is not a shortage at the high-end luxury market, right? At the low end, it is, like, well, how are we going to address it? So I am concerned that we have colleagues that their solution is that the government is going to tell you what you are going to build and how you are going to do it.

I was a little relieved when I hear some of my Democratic colleagues say, "We do not want to enforce it; we just want to incentivize it." And so, while I do not like the income tax because it is a massive invasion of privacy and it is used for coercion and control, it does motivate behavior. I think one of the useful things we do with the Tax Code is exempt capital gains, particularly for single-family homes when it is your primary resident. That is a commonsense thing. We have to go to Ways and Means to fix that, but I hope they get it fixed soon. It should either eliminate it if it is your primary residence or massively increase it and index it to inflation.

I think redevelopment of existing property is one of the biggest things. So historic and new market tax credits, I think that is a big win that we got this year. We made those permanent, and there are a lot of things that we do but I am concerned as we look at reprivatizing the Government-Sponsored Enterprises (GSEs) that we look at the administration, and I would just say, look, if the government is going to continue to own the risk, why would the government not own the cash-flow? But, if you are going to privatize the cash-flow and let the profit flow out, why are you going to socialize the risk? I do not think there is a massive demand for more risk in the market. So I would caution my decisionmakers there. I yield.

Chairman HILL. The gentleman yields back.

Also from the great State of Ohio, the chair recognizes the gentlewoman from Ohio, Ms. Beatty, who is our ranking member on the National Security Subcommittee, for 5 minutes.

Mrs. BEATTY. Thank you, Mr. Chairman, and thank you ranking member, and thank you to all the witnesses here today. Certainly, you have had a lot to digest, and you have heard a lot.

I am going to repeat what my ranking member said, that we have certainly heard a lot about bipartisanship, all the great things that we could do and some things, Mr. Chairman, that were very inspiring from you that we can do. Words like "new steps," "new ways," the fundamental being "housing fundamental to the American Dream," and all of that sounds great, but it is going to take us to do some of the things or undo some of the things, Ms. Bailey, that you said that this administration is doing. Let me thank you for being blatantly honest of painting the real picture for what so many of those Americans are seeing, and certainly Black Americans and Brown Americans and single women and rural Americans are seeing, because this administration has been blind to them. I say this with facts, not just words.

If we look at the great State of Ohio from where I am from, and I agree with some of the things that my colleague who just spoke about what we have to do to increase housing. Will it take money? Absolutely. Will it take other partnerships? Yes. The latest Gap Report shows that Ohio faces a shortage of some 264,083 affordable rental homes for extremely low income.

Now, some of my colleagues want to go straight to home ownership. Well, some of our districts we can tell you the dream is to put a roof over your head, because they cannot afford the mortgage. They cannot walk into a bank. So let us get in the real world. If we are going to fix affordable housing, yes, it is great to talk about homebuilders and to talk about all of those corporate giants, but the last time I checked, there are people who are in public housing, and yet this administration is doing away with some parts of Section 8 and public housing. This administration has fired HUD staffing at an unbelievable unprecedented rate of those folks who are actually doing the work to help us with no rhyme or reason.

In order to afford a fair market rent, two bedroom apartments in the Midwest in Columbus, Ohio, the capital, a household must earn at least $27 dollars an hour. As a matter of fact, $27.79 an hour, and we know that is not in existence for those who are living in poverty above or below by a few percentages and the administration has done absolutely nothing to improve these statistics or house more American families.

Now, let me just say this: While I know there is not a rule or law that allows—that mandates the HUD Secretary to come before us, we are almost at the end of the year, and we have not had Secretary Turner come to testify. I do applaud my Republican colleagues who have said we should change that and have them come as we beat the you know what out of Secretary Fudge, who had already sent us videos and a plan.

Now, I have been on this committee with housing since the inception of my being in Congress. I spent 20 years with HUD as a housing consultant. Not one response. Not one call from this Secretary. So I am just saying we have all kinds of problems within this administration that we need to deal with.

Let me now go to ask the question, Ms. Bailey. When I am back in my district, one of the primary concerns that I am hearing is directly from my constituents about the cost of housing, and so many of my colleagues on both sides of the aisle have addressed various legislative solutions today that would make minor technical changes to our housing policy framework without allocating any additional funds to tackling this nationwide crises. Can you tell me, in your opinion, as we look at solving the affordable housing crisis in America, can we do it without increasing resources? Can we do it with gutting the staff?

Ms. BAILEY. Absolutely not. Absolutely not. In fact, we are going to push more families into homelessness. You said it. There is not a town in this Nation where a person making minimum wage can afford a two-bedroom apartment.

Mrs. BEATTY. Thank you. I know my time is up. Can I ask the other members to send in writing to me what they think about gutting the staff and not having enough money, because it is in alignment with their testimony that was very favorable.

Chairman HILL. Thank you very much.

Mrs. BEATTY. Thank you.

Chairman HILL. The gentlewoman's time has expired, and the gentleman from Tennessee, Mr. Rose, is recognized for 5 minutes.

Mr. ROSE. Thank you, Chairman Hill, and thanks to Ranking Member Waters for holding the important hearing and thank you to our witnesses for taking time to be with us today.

Last week, I was proud to introduce H.R. 6293, the Housing Supply Expansion Act of 2025, along with my colleagues Housing and Insurance Subcommittee Chair Mike Flood, Subcommittee Ranking Member Emanuel Cleaver, Subcommittee Vice Chair Monica DeLaCruz, and Congressman Lou Correa, and Congressman Scott Peters. My legislation will remove a Federal chassis requirement that has served to unnecessarily raise the price of manufactured housing.

Since 1974, Federal law has required that manufactured homes include a permanently installed chassis. This has significantly reduced the ability of young and low-income families to buy their own homes. Removing the permanent chassis requirement from manufactured homes will lower construction costs, unlock modern design flexibility, and open far more locations for quality affordable housing. I want to thank the committee for attaching H.R. 6293 to today's hearing.

Mr. Chairman, I ask unanimous consent to enter into the record a letter from the Manufactured Housing Institute supporting the Housing Supply Expansion Act.

Chairman HILL. Without objection.

[The information referred to can be found in the appendix on page XX.]

Mr. ROSE. Mr. Sears, your written testimony states that H.R. 6293, the Housing Supply Expansion Act, would modernize the Federal definition of manufactured housing to include modular and prefabricated units not built on a permanent chassis opening financing opportunities for innovative construction methods. Could you expand on how H.R. 6293 would open new financing opportunities?

Mr. SEARS. Absolutely. Thank you very much, Mr. Rose. As I stated earlier, by updating old and outdated laws, we can certainly open up new housing opportunities for Americans, and by eliminating the chassis requirement of the permanent chassis requirement, as I stated earlier, prefab manufactured homes are cheaper; they are quicker to build, and so anything we can do to get more of these types of homes on the market would be better for American consumers.

Mr. ROSE. Could you elaborate, though, on financing in particular and how this might impact financing opportunities?

Mr. SEARS. Yes. So there is a prohibition on the financing of the modular homes, as Ms. McClain was talking about. So how can we modernize those rules and regulations to be able to allow for more financing products to be available for these types of homes, and that is what we need to do, change the existing rules.

Mr. ROSE. Thank you.

Mr. Peter, your prepared testimony recommends adding and clarifying language on temporary chassis to the Housing Supply

Expansion Act. However, the bill already expands the definition of a manufactured home to include those built with or without a permanent chassis, which I believe encompasses homes using a temporary chassis for transport since such a chassis would not qualify as permanent. While I remain open to technical refinements, I am really having a hard time seeing how the Housing Center's proposed language would enhance the bill given that its current text already permits manufactured homes with temporary chassis. Could you elaborate or explain, with respect to your testimony, explain why the Housing Center believes additional clarifying language might be necessary?

Mr. PETER. Yes, a very simple answer, sir. We were referring to the bill in the Senate, not to your particular bill.

Mr. ROSE. Okay.

Mr. PETER. So I have now—I have heard your bill. It already deals with a lot of these issues. Let me just say, from the studies that I have seen, or estimates that I have seen, removing the chassis requirement could save between $5,000 to $15,000. So that is a good chunk of money for a typical first-time homebuyer.

Mr. ROSE. Thank you. Thanks for clarifying.

Mr. Peter, how can Federal policy better align with local initiatives to expand housing supply without imposing new mandates or a one-size-fits-all regulatory environment?

Mr. PETER. Yes, that is also an excellent question.

So I think, at the Federal level, the best levers we have is to pay States for outcomes directly. So, if they plat smaller lots and a home is being built on that smaller lot, then you receive a bounty from the Federal Government that the State can spend to their liking.

What we have seen in our case studies that we have done: If the government gets out of the way, the private sector is going to build more housing. We have done 30 case studies. This would be a way of allowing builders—giving the builders greater access to smaller lots, where they can build housing at lower price points which are going to be attainable to first-time homebuyers.

Mr. ROSE. Thank you. I completely agree with that.

Mr. Chairman, my time has expired. I yield back.

Chairman HILL. Thank you, Mr. Rose.

I now recognize the gentleman from California, the ranking member on our Task Force on Monetary Policy.

Mr. Vargas, you are recognized for 5 minutes.

Mr. VARGAS. Thank you very much, Mr. Chairman. I appreciate the opportunity. I also want to thank the ranking member and all of the witnesses here today.

Yesterday, we did have a hearing, actually, for the Monetary Task Force, and I got to listen to my colleagues talk about the debt, which is a big deal. Obviously, it is. I agree with that.

But what they—and they preached about it, but what they did not say is they all voted for it last time. They all voted to raise it by $5 trillion in the "Big Ugly Bill." After it passed, they applauded and now there is amnesia, and somehow they forgot that they are the ones that created all of that debt. It is pretty interesting.

Today, we get to hear that $7 trillion is coming in and—we are spending $7 trillion, but only $5 trillion is coming in. Well, yes, you

voted for that. You voted for that. Why are you telling us? You voted for that.

Anyway, I hate to bring that up, but, boy, you keep hearing this, and there is some amnesia around here.

Now, about the housing.

Mr. Sears, I wanted to ask you more about diving; you were so excited about that but, instead, I do want to ask you about home sizes. Back in the 1920s, what was the average home size?

Mr. SEARS. That is a great question, Mr. Vargas. I do not have the answer.

Mr. VARGAS. About 1,048 square feet, according to AI. Today, the average house is 2,600 square feet. It has grown dramatically.

Also, the lot size, I agree with you completely on that. I mean, in San Diego, they are looking at this finally. They have 5,000-square-foot lot requirements, and you do not need that, especially near areas where you have transit. So I think that is a really good idea.

Again, I think the smaller lot sizes and smaller homes, I think, are something that is important.

However, in parts of San Diego, what they did before was this: They took a single-family home, they scraped it, and they put in what they called a "Huffman Six-Pack," and that is the ugliest thing you could possibly build in the cheapest way. They scraped the front of it, they made parking where the front yard was, and it became six units.

That is why everyone is afraid of density, because that is what they remember. They did this for a number of years until the city stopped it.

What can we do so that does not happen, so you do have some—at least some beauty in these homes? Because that is what people did not like, how ugly these damn buildings were.

Mr. Sears, what can you do?

Mr. SEARS. Yes, so we can talk about smart growth and density. You talk about housing near transit centers. That is very important for us, especially in the metropolitan areas. I am with Mr. Peter. Personally, I sold a lot of homes on 5,000-square-foot lots.

So density is important, but smart growth is as well. How do we do this so that it can maintain the fabric of the neighborhood without destroying it?

Mr. VARGAS. The other issue is this: We have all been talking about this red tape, $100,000. I was looking it up in AI. That also includes roads, sewers, parks in that—the infrastructure.

In California, you have to pay for all that because, for those of us that have owned a home for a long time, we do not pay that much in taxes. I mean, I bought a home in 1993. I paid $176,000. I pay less than $3,000 a year in tax for that home.

When a new home comes in, it has to pay for all the sewer, it has to pay for all the roads and the parks and everything else, and that really increases the cost dramatically.

At least, AI is saying that what you guys are considering red tape is infrastructure.

Mr. Peter, go ahead, sir.

Mr. PETER. Yes, I mean, I agree with you, and—but, in California, the problem is that you have distorted the market through

Prop 13. Of course, yes, new housing that gets built is going to be assessed at much higher rates and Prop 13 and other—in California, other impediments to building new housing has also led to a collapse in building.

Mr. VARGAS. But that is the case in many States where they are—I am sorry.

Go ahead, Ms. Bailey. I will give you some time.

Ms. BAILEY. One other mechanism that is included is building for weather-related impacts, which are increasing. Those costs are also part of making sure we have structures that can sustain the hardship of the weather-related impacts.

Mr. VARGAS. No, absolutely. I was talking about the codes here. The code, of course, if you are in places like California or certainly in Florida or even in Kentucky or Kansas now because of hail, other things like that—so I agree.

My time is about up, and I appreciate, again, the opportunity. I do think that the things that we are talking about are important, and we have to figure out how to do this together and quit talking about this spending when they are the ones doing it too.

Thanks.

Chairman HILL. The gentleman's time has expired.

The gentleman from South Carolina, Mr. Timmons, you are recognized for 5 minutes.

Mr. TIMMONS. Thank you, Mr. Chairman.

I want to thank the witnesses for being here today.

Over the past decade, housing affordability has become one of the most urgent challenges facing American families. The Nation has not built enough homes to meet demand and rising costs, combined with a complex web of Federal, State, and local regulations, have made it increasingly difficult for both builders and families.

As I continue to meet with Realtors, builders, and housing providers, I hear a consistent concern: a patchwork of zoning rules, permitting requirements, and development restrictions and they vary widely from one jurisdiction to another. This regulatory maze slows construction, increases costs, and limits the supply of attainable homes.

Without a more consistent and predictable framework, we risk deepening an already-severe shortage and placing even more families out of reach of home ownership or affordable rental options.

Mr. Sears, Realtors see these challenges on the ground every day. Regulations at every level of government now add an estimated $93,000, which is nearly one-quarter of the total price of a new single-family home.

From your perspective, how does this patchwork of local and State regulations affect housing affordability and access for first-time buyers and for members of the workforce?

Mr. SEARS. Thank you, Mr. Timmons. There is a lot to unpack there but let us start with the patchwork of regulations.

What we have seen is, there are builders who want to build and, because of the disparity in or continuity in these, they will walk away from projects, because they do not have the time, the money, the resources in order to go through the extensive permitting process that happens.

So—but we are—you know, the National Association of Realtors, we support the HOME Reform Act, which would cut the red tape and strengthen the public-private partnerships and that is something I think is very important and vital for us.

So anything we can do to streamline the process, to incentivize builders, especially the small and medium-size builders who can help us with entry-level and the missing middle homes, we need to do everything we can to help them and cutting red tape is certainly a good start.

Mr. TIMMONS. In my time as a small business owner, it is actually worse than just the patchwork framework. I think some bureaucrats abuse their authority, and they try to find reasons to not do a project that they think might not be appropriate but is perfectly legal.

Is that something you have experienced?

Mr. SEARS. One hundred percent.

Mr. TIMMONS. That has been very frustrating in my time.

One follow up question. If Federal incentives or standards are necessary, what specific actions would most effectively encourage States and localities to streamline their processes and expand the supply of housing?

Mr. SEARS. Well, I think part of it—and we were talking about it with Mr. Vargas—help with infrastructure costs, if the Federal Government were to be able to incentivize and help with that. Offering block grants in different communities, that could certainly help with buyers.

When it comes to building, it is how do we incentivize the local communities to streamline things. I know there are some examples from around the country. We actually worked with the American Planning Association (APA) and the League of Cities. We have a "Housing Accelerator" guidebook with nearly four dozen different success stories from around the country on how we can incentivize and streamline the processes and so, happy to supply that to you in writing.

Mr. TIMMONS. Thank you for that.

If good policies have the potential of positively impacting housing supply, I want to point out that bad policies do the opposite and in last 4 years, we saw trillions and trillions of dollars in spending that caused inflation to go up. They tried to run away from that, but we have unnecessary spending related to COVID, and that caused interest rates to go up.

I recently moved. I was in a wonderful home that I grew out of; I needed to get a new house. I had a 2.3-percent interest rate. Selling my 2.3-percent interest rate was one of the most painful things ever. You know what my interest rate is now? 6.8. You know what is even funnier? I have a 5-year adjustable-rate mortgage (ARM), because the cost of me locking in a 30-year note was going to be 8.5.

Again, we can facilitate positive outcomes from Congress, but we can also cause negative outcomes.

Ms. Smith, Bozzuto operates in many different regions, each with its own zoning codes, fee structures, and approval processes. What specific reforms in permitting, zoning, or Federal financing pro-

grams would most directly shorten timelines for producing new affordable housing?

Ms. SMITH. Thank you.

Well, certainly anything you could do to fast-track the approval process of permitting—you know, actually getting projects shovel-ready and in the ground. It can take up to 2 years to get a project in title today. So that adds a tremendous amount of cost just between the time you are planning it and the time you are building it. So cutting through some of that red tape would make a big difference.

One of the things that we really believe is a great opportunity for building more multifamily housing is modernizing the 221(d)(4) program. That is an excellent program. We have used it at Bozzuto repeatedly over the years. The problem with the program today is it just takes too long; it is too administratively burdensome——

Mr. TIMMONS. Thank you for that. I have run out of time.

Mr. Chairman, I yield back. Thank you.

Mr. HARIDOPOLOS [presiding]. He yields back.

Mr. Green, you have a unanimous consent request.

Mr. GREEN. I do, Mr. Chairman.

I would like to ask that I, with unanimous consent, indicate in the record that I will be introducing a statement such that I am supporting H.R. 4069, the Downpayment Toward Equity Act of 2025; the Ending Homelessness Act of 2025—that would be H.R. 4872; and finally, H.R. 4223, the Housing Crisis Response Act of 2023, all of which have been introduced by Hon. Maxine Waters.

I yield back. Thank you.

Mr. HARIDOPOLOS. Without objection, that is adopted.

Mr. HARIDOPOLOS. Next we go to the gentleman from Illinois, Mr. Casten.

You are recognized for 5 minutes.

Mr. CASTEN. Thank you very much.

I appreciate everybody being here today. It is an important issue.

It strikes me that we are having basically two of the three necessary conversations. If we want to lower the cost of housing, we can either increase supply, we can reduce the input costs, or we can lower demand. I do not think any of us are advocating for policies that would lower demand, but at least in theory that is another way to cause housing costs to go down.

On the supply side, I just make the observation that, if your goal was to destroy the labor force of the construction industry, you should adopt Trump's immigration policies—or if your goal was to destroy the labor force for agriculture or hospitality. It is going to take a long time to fix that.

I want to focus for now on the—at least initially, on the input costs. Would any of you argue that raising the price of bathroom vanities lowers the cost of a house?

Obviously, the President imposed tariffs on bathroom vanities and kitchen cabinets because—I do not know why.

I guess I would like to start with you, Ms. Smith, because you are the one that has the most direct construction experience, with Bozzuto, if I am following.

Ms. SMITH. Uh-huh.

Mr. CASTEN. I am wondering if you have been able to look—all of these tariffs, what impact are those tariffs specifically having on your input costs for new construction?

Ms. SMITH. Well, it is an excellent question and one we have been trying to answer ourselves.

The subs have, up until now, been sort of including their understanding of what the tariffs are going to be in their pricing, but it has been such a moving target that they are a little uncomfortable with those kinds of commitments.

There have been very few starts, and so we have not really seen how it is going to be priced in. Once we see demand really pick up, we expect to see construction costs go up as a result of the tariffs, but no one really knows how it is going to shake out right now because——

Mr. CASTEN. Okay.

Ms. SMITH [continuing]. it has been sort of moving around.

Mr. CASTEN. Because the National Association of Home Builders—and this was back in April, so I do not know if this is still current. They had surveyed their members, and I think they said about a $10,000 price per home but that was April. I think there have been more tariffs since then.

The Bureau of Labor Statistics' (BLS) data—which, of course, since BLS is not releasing data as much as they are supposed to anymore—in September, they were saying a 3.5-percent increase just because of tariffs.

I am curious if that feels right from your experience as a practitioner or if you just do not know.

Ms. SMITH. Well, costs are going up about 3 percent right now, but costs went up significantly over the past 5 years. Just by example, we would spend about $195,000 a unit on hard costs for a new apartment 5 years ago. Today, that is $240,000.

Mr. CASTEN. Yes, and—yes, obviously. I do think there is a—you know, we had global inflation during COVID that hurt everybody. Tariffs, by definition, are only affecting domestic inflation——

Ms. SMITH. Absolutely.

Mr. CASTEN [continuing]. right?

Ms. SMITH. We think——

Mr. CASTEN. So that is a choice, to have tariff-driven domestic inflation.

Ms. SMITH [continuing]. we expect costs to go up.

Mr. CASTEN. I do also just—I hope that all of us can—and this may sound dumb, but I hope all my colleagues will go home tonight and reread "The Three Little Pigs." Because some of this conversation is we can lower costs if only we did not have so many building codes, if only we did not have to build climate-resilient homes, if only we did not put efficiency codes in so that people could save money on energy. It is true, if you build a house out of straw, it is cheaper than building a house out of brick but there are big, bad wolves out there that we have to protect against.

My last question is for you, Mr. Peter, as our resident economist here. Oh, do not shake your head. Come on.

Mr. Barr had, I think appropriately, raised the point that the 30-year mortgage tracks the 10-year Treasury. I think a number of us on this committee have been concerned about the growing spread

between the overnight Fed funds rate and the 10-year Treasury. It is one thing that the 10-year Treasury is high; it is something else that we have this increasingly inverting yield curve.

Yes, we have long-term structural debt problems. Do you know when the yield curve started inverting?

Mr. PETER. You would have to tell me.

Mr. CASTEN. Well, it was essentially the start of the Trump Administration. That was not the start of the structural debt. Mike Konczal has famously described this as the "moron risk premium," because when you have so many companies who are now being told that contract law does not apply in the United States the way it used to—"You had a permit, but I am going to pull it away because," I do not know, "you had a minority CEO"—that is pulling investment. So we are seeing this premium that is in there.

I am out of time, but I guess I would just ask all of you to continue to fight for the rule of law, because the U.S. has an advantage, as a country, so long as we attract the best and brightest to our shores——

Mr. HARIDOPOLOS. The gentleman's time has expired.

Mr. CASTEN [continuing]. and because they know that we are going to follow the law.

Mr. HARIDOPOLOS. The gentleman from Wisconsin, Mr. Steil, chairman of the Subcommittee on Digital Assets, Financial Technology, and AI, is now recognized for 5 minutes.

Mr. STEIL. Thank you, Mr. Chairman.

Not easy right now. Costs of housing are up. People are struggling. How do you pay for this? Where are we at, and where do we need to go?

If we look back just at the median home, the median home has increased significantly for families and the cost structure for families is a huge challenge. So, if we look back a generation ago, in 1985, the share of households spending more than 30 percent of their income on housing was 28 percent. Now it is 37 percent, and we have an undersupply of housing of roughly 6 million homes.

Mr. Sears, if I can start with you. There are a number of, kind of bullet shots that we can take at this to chip away at the challenge we face. There is no one silver bullet, there is no one thing we are going to do where housing prices are immediately going to become affordable but in your testimony, you have some great nuggets in there—and, in particular, lot sizes. Could you comment on what that would do and how local leaders could engage to bring down the cost of housing?

Mr. SEARS. Thank you, Mr. Steil.

As Mr. Peter has talked about, lot sizes certainly have an impact and they allow for density and one of the things is, the denser we have for housing construction, the more units that come on the market. That does impact pricing and affordability.

Mr. STEIL. You also talk about the shot clock, where people go in, you want to get approval, and you find yourself gummed up in all sorts of red tape. How would that impact housing costs?

Mr. SEARS. Yes. By streamlining the red tape, the permitting process—you know, on average, we are looking at about $100,000 of costs before a shovel goes in the ground for a typical single-family home. So, if we can speed that up, there is a time value to

money, which would allow for more affordable housing to be produced.

Mr. STEIL. Could you do some pre-approval—Ms. Bynum, and I have looked at pattern books, ways that cities could be proactive to do this even on the front end—to further accelerate the timeline?

Mr. SEARS. Yes, anything that could be done in advance would be beneficial for housing production.

Mr. STEIL. So why would you not do that then? Why would municipalities not be doing that in advance today?

Mr. SEARS. NIMBYism, not in my backyard. As one of your colleagues talked about, bureaucrats getting in the way of projects that they might not particularly agree with even though they are legal to do.

Mr. STEIL. Let me shift gears. One of the solutions that we have heard talked about by some of my colleagues on the left is, why do you not just come in and control the costs? Rent controls in particular. We saw this with the mayoral race in New York City. That, a-ha, you can just come in, set a price, the government can dictate the price, and things will solve themselves.

Mr. Sears, you have examined and studied this. What happens when municipalities put in rent controls?

Mr. SEARS. In the early 2000s, I got my MBA at Western New England University, and, in fact, my economics professor was a tenant of mine at the time. He was a visiting professor. He took one session, one class, to talk about how rent controls flawed economics.

I think, universally, economists agree that rent control is flawed. Instead, what it does is it makes people stay put. Housing inventory shrinks. You have investors that will flee from those localities that implement rent control because of——

Mr. STEIL. It dramatically reduces investment in those communities that have rent controls, right?

Mr. SEARS. Yes.

Mr. STEIL. What are the long-term ramifications of that?

Mr. SEARS. Higher prices.

Mr. STEIL. So, by putting in these rent controls, what we really see is higher prices and lower-quality housing. Is that right?

Mr. SEARS. Yes, sir.

Mr. STEIL. All right.

Let me shift in the allotted time that I have left and come to you, Mr. Peter, if I can. Can you walk us through the Carpenter Index? I think this is a really helpful framework to understand the lay of the land and the challenges that we face in housing.

Mr. PETER. Yes. So the Carpenter Index is one of the metrics that we track affordability at the national level, and particularly we do it for the largest 100 metros.

The Carpenter Index asks a simple question: The carpenter, they build housing, but can they actually afford to live in an entry-level home?

Back in 2012, they found that the affordability was there in 74 metros out of the largest 100 metros, it was affordable for an average carpenter household. Today, that number has shrunk to about 21, 22 metros. So it has been deteriorating massively.

We lay the fault squarely at the foot of the Federal Reserve. By mid-2020, we were warning them that the housing market was overheating, and they ignored our calls. They maintained that the inflation was transitory. Of course, they had to slam the brakes in 2022, and at that point it was too late. The home prices were higher; now interest rates are higher.

But, at the same time, the Carpenter Index also shows that if we can build smaller lot sizes, housing is going to be affordable for——

Mr. STEIL. I am going to cut you off, because we are going to run out of time, but I appreciate all of you being here and your testimony. A huge challenge.

I yield back.

Mr. FLOOD [presiding]. The gentleman yields back.

The gentlewoman from Massachusetts, Ms. Pressley, is recognized for 5 minutes.

Ms. PRESSLEY. Thank you to our witnesses for joining us today.

Two-point-five million—Two-point-five million children. That is how many children are currently being raised in grand families or kinship households in the United States. In my home State, that which I share with Mr. Sears, over 100,000 children are raised in grandfamily or kinship households.

Now, these are the children of servicemembers and veterans that are living with a grandparent while their parent is deployed. These are the children whose parents have been impacted by the opioid epidemic and are struggling with substance use disorder. These are children who, were it not for their grandparents' intervention, perhaps they and their siblings would be separated or living in foster care. These are the children who are living with grandma while their parents are getting back on their feet after losing a job.

That is exactly why Representative Jim McGovern and I have introduced the Grandfamily Housing Act to provide resources to those households to help with schoolwork, after-school care, and home repairs. This affords us a chance to support those grandfamilies, our elders that are living on fixed incomes, who are struggling to take care of a child after they have already raised their children.

Ms. Bailey, some people are unaware of this family model, which has really quadrupled in the last decade. As the co-chair of the Task Force on Aging and Families, I am well aware, but do you mind just educating the public on why this is, in fact, an issue deserving of our attention? Can you discuss the unique types of challenges that elders face when trying to raise young children in senior residences?

Ms. BAILEY. Thank you so much for the question. It is very important and thank you for your legislation.

Grandparents living at home oftentimes need home modifications for safety so that they can remain there and maintain their families and help to keep their families whole. Without your legislation and full enforcement of our Fair Housing Act to make sure we are doing things to ensure that they are not being discriminated against, they are not able to stay in those homes. Then that means that we have family instability, which is not the outcome that we desire. We actually want to make sure we keep families together and that we empower them.

They also, in many ways, support people that might not be biologically family and I think that is something that we really have to talk about. They are very generous, taking in neighbors. So they are having to hold whole communities——

Ms. PRESSLEY. Whole communities.

Ms. BAILEY [continuing]. together.

Ms. PRESSLEY. Excellent. Thank you for that.

Ms. Bailey, across our country, more and more elderly people are becoming homeless. So we are talking about the role that they play in keeping families whole and providing stability to the community and to children, but it is also essential to their own stability. What we are seeing is a growing gray wave, where our elderly are representing the highest rising rate of homeless.

Could you speak to these challenges and what are you seeing and getting in terms of keeping elderly folks in housing they can afford to live in?

Ms. BAILEY. I think the administration's most recent actions on Continuum of Care really, really should be alarming because, as you stated, many older Americans are increasingly becoming homeless. Many people are being left without any support and what we see is that the recent actions could add to those numbers.

So we already have about 700,000-plus people in homelessness every day and the recent way that they have put out a proposal to redesign the program would only leave funding for about 30 percent.

Ms. PRESSLEY. Okay.

Ms. BAILEY. And the notice of funding opportunity literally cut the program's funding in half.

Ms. PRESSLEY. Thank you.

Ms. BAILEY. So we can actually grow more homelessness by almost an additional 200,000 families just with those changes.

Ms. PRESSLEY. My goodness. Deeply consequential—and preventable.

Ms. BAILEY. Yes, ma'am.

Ms. PRESSLEY. Thank you.

Recently, I joined Ranking Members Waters in urging the Department of Housing and Urban Development to avoid a gap in funding the Continuum of Care programs. In Boston, grantees rely on these funds to provide lifesaving housing assistance.

I am calling on the administration to treat housing like the essential priority that it is. It is why I have worked with my colleagues to introduce bills like the Innovation Fund Act to improve housing supply, the Eviction Helpline Act to create a national support hotline, and the Appraisal Modernization Act, which would allow homeowners to seek a second appraisal when they suspect their home's value is underrepresented.

These little-to no-cost bills help people remain housed and allow them to build wealth and maintain their homes, pass their homes down to their children, or move into new homes as their families expand.

I yield back.

Mr. FLOOD. The gentlewoman yields back.

The gentleman from Pennsylvania, Mr. Meuser, who is the chair of the Subcommittee on Oversight and Investigations, is now recognized for 5 minutes.

Mr. MEUSER. Thank you, Mr. Chairman.

Thank you all for being here.

So we are really trying to find solutions, not trying to come up with make-believe culpability.

The fact is that the housing shortage began back in 2008 in the so-called Great Recession.

Mr. Sears, you mentioned that there is a $100,000 cost before the shovel hits the dirt. Okay, that is not a tariff issue, right?

Lumber, by the way, as you well know, 3 years ago, during a different administration, was at $1,500. Today, it is at $545. Last year, it was at $550. So it has come down, to an extent. So, yes, most homes are built with lumber.

Inflation rose from 2021 to 2024 by 20 percent cumulatively. Cumulatively, over the last 10 months, with President Trump in office, inflation has gone up 2.4 percent. Okay?

So let us just get all that straight.

Interest rates were very, very high: went up quickly. That had a lot to do with people having a shock value of not buying homes and with the rapid inflation that took place, incomes did not keep up. So the idea of buying a home was very, very difficult.

The fact is that we are short about 4.5 million homes and we are building about 1.4 million a year. So we need answers, not finger-pointing.

So, Mr. Sears, from your perspective, here is just one thing I want to ask you, representing Realtors on the ground. When an American sells their home, $250,000 qualifies for capital gains, $500,000 for couples—in profit, that is. The rest is considered income. So 30 percent as opposed to, in capital gains, 33 percent.

Should we work on that? Should that be corrected? Would that help?

Mr. SEARS. I would encourage this committee and all of Congress to support the More Homes on the Market Act. That would take a first stab at the antiquated capital-gains exclusion from 1997 and raise it to $500,000 and $1 million for a married couple.

There is a proposal out there to eliminate taxes on home equity on your primary residence. We would support any of that but if we could get the More Homes on the Market Act approved, we would be very happy with that start.

Mr. MEUSER. Good. I agree, and I look forward to supporting that.

Ms. Smith, rent control, I know that has been discussed plenty already, but housing—I heard housing quality. What lessons should we learn from what has occurred in New York, for instance?

Ms. SMITH. You could look right at Montgomery County, Maryland, right here in this area, that enacted rent control a year ago, and there is absolutely no investor interest at all in that community. That had been a very robust department, a market with very positive results, but the investor community has hopped across the bridge over to Virginia.

Mr. MEUSER. Okay. Thanks.

Yes, while we were sitting here, I texted the Secretary, Scott Turner. When he was in his previous role, we worked on opportunity zones together. So I said, hey, why do we not try talking about some housing area, arena, opportunity zones? So creating that type of potential private-sector incentive.

Mr. Sears, back to you. It is nearly impossible, homebuilders have told us, to deliver a home under $250,000. Permitting, financing rules have big impacts here on limiting affordable starter homes. Thoughts on that?

Mr. SEARS. Yes. Anytime there is red tape, delays in construction, difficult permitting that cause delays in this, there is a time value to money. So the builders are unfortunately fleeing away from starter homes and the missing middle homes, and they are going for the higher-end homes, where the profit margins are a little larger, but they can absorb these additional costs.

I mean, listen, here is the thing: Housing represents nearly 20 percent of Gross Domestic Product (GDP). Every single transaction, residential transaction, that occurs generates approximately $90,000 of economic activity in every community across the country. So anything we can do to streamline it to get people into affordable homes will only be good for the economy.

Mr. MEUSER. Yes. I agree. I agree. Great multiplier effect, and very, very meaningful to quality of life and everything else.

You look online, and there are right-leaning proposals—well, we do not have to look online; we are Members of Congress. Everybody has different ideas and all, but this is important. It is something that we are really focusing on and we need to come up with. You have left-leaning proposals, you have centrist proposals—well, I am out of time.

I just look forward to hearing more of your ideas on what we can do to help solve this contemporary problem.

I yield back, Mr. Chairman.

Mr. FLOOD. The gentleman yields back.

The gentlewoman from Georgia, Ms. Williams, is now recognized for 5 minutes.

Ms. WILLIAMS of Georgia. Thank you, Mr. Chairman, and thank you, Ranking Member Waters, for holding this hearing today addressing the housing crisis that is impacting the entire country, y'all.

Thank you to all of our witnesses today for coming to testify to provide your perspective on solutions because that is what the American people want when addressing this housing crisis.

I know that we have had discussions in our Housing Subcommittee where we have had members mention their perspectives and their solutions to address housing affordability and the housing supply. While I am happy that most of my colleagues have talked about proposals to help build more housing, both for urban and rural communities, and creating more resources to make home ownership more affordable—I agree, as evidenced by legislation that I have introduced and co-led—I also think a crucial piece of the puzzle is ensuring that constituents have the tools to ensure that they can maintain and hold onto homes that are part of their family's legacy, which builds generational wealth.

And that is why I have introduced bipartisan legislation, the Heirs Estate Inheritance Resolution and Succession (HEIRS) Act, to keep homes and families for generations to come and build that generational wealth.

While I represent the Fighting Fifth District of Georgia, centered in Atlanta, which is a very urban area, y'all, I grew up in rural Alabama and so rural housing is important to me personally.

The home that I grew up in the big city of Smiths Station, Alabama, did not have indoor plumbing or running water. I am hopeful that we will continue to have conversations around the Whole-Home Repairs Act that I am co-leading with Mr. Downing. I hope that legislation can be discussed and adopted.

I also understand the need to tackle the housing crisis on multiple fronts.

Ms. Bailey, what have you found are some of the best practices for designing mortgage programs that work for rural communities that also tackle the racial wealth gap and homeownership gap?

Ms. BAILEY. Thank you so much.

I think your legislation, the HEIRS Act, is really critical for making sure we can preserve homeownership opportunities in rural communities.

I think we need to make sure we are also utilizing special-purpose credit programs. This is something that the Federal Housing Finance Agency removed liquidity for from the GSEs, and the Consumer Financial Protection Bureau (CFPB) just issued a proposal that would curb the use of special-purpose credit programs, despite them providing access to nearly 60,000 borrowers with $82 million in savings, particularly for people who live in the South.

What people do not realize is that people in the South have lower credit profiles than people across the Nation. What special-purpose credit programs allow lenders in those regions to do is to remove those unnecessary and arbitrary barriers and make sure they can create and design programs to well-serve those creditworthy consumers.

So making sure we put forward the HEIRS Property Act that you have led and really is critical to helping preserve Black wealth, but also advancing special-purpose credit programs, it is extremely important. These programs have been adopted by lenders throughout the Nation. They have made a huge impact, trillions of dollars in impact.

So we need to make sure we are providing the oversight over the CFPB and the Federal Housing Finance Agency to make sure these critical programs can continue.

Ms. WILLIAMS of Georgia. Thank you, Ms. Bailey.

Mortgage lenders serving residents living in rural communities and majority-Black areas know that some homes are not even eligible for traditional mortgage financing, so these programs are extremely important.

Many families in the Black community also face challenges with estate planning, leading to situations where property is inherited informally as heirs' property, as we have discussed. So that is why I am still hopeful, Mr. Chairman, that this legislation will be brought before the committee so that we can move it forward, because it is truly bipartisan.

I also understand, Ms. Bailey, that transformation of heirs' property into formal ownership can contribute to long-term wealth accumulation and financial security for marginalized communities and so I hope that we can continue to gain support from all of the people here, the experts here, because that is something that I have found that we all agree on.

Mr. Sears, recently, I introduced the Whole-Home Repairs Act with my colleague Representative Troy Downing, which would establish a pilot program to empower homeowners to make critical repairs, ensuring that homes are safe, efficient, and remain livable.

Can you explain why access to lower-cost financing for home repairs is essential for not only homeowner safety and stability but also to preserve affordable housing in our communities and prevent displacement?

Mr. SEARS. Ms. Williams, I am happy to say that the National Association of Realtors supports your legislation.

Ms. WILLIAMS of Georgia. Thank you.

Mr. SEARS. Here is the reality: If we do not assist these people to be able to maintain their home, we could lose another precious housing unit on the market.

So anything we can do to incentivize them to rehabilitate, to fix up their home, to make it stronger and can handle storms and natural disasters, the better off the entire community will be, and the homeowner.

Ms. WILLIAMS of Georgia. I agree, Mr. Sears.

My time is up. I have more questions for all of our witnesses that I will submit for the record.

Thank you so much.

Mr. FLOOD. The gentlewoman yields.

The gentleman from Wisconsin, Mr. Fitzgerald, is now recognized for 5 minutes.

Mr. FITZGERALD. Thank you, Chairman.

Thanks to the panel. Thank you for being here today. I know it is a long morning and early afternoon, I guess, so—and I apologize if some of the questions have some redundancy, but one of the biggest barriers to improving affordability is the sheer lack of developmental lots. That is something I see in the district all the time.

I have draft legislation to create a no-interest, revolving, mezzanine loan fund to help responsible developers overcome the upfront capital constraints that keep lot development out of reach, especially for projects with lot costs under $100,000.

Mr. Sears, I know we have talked about this in the past, but can you just—how would increasing the supply of just buildable lots through this type of, like, targeted and repayable financing impact the entry-level home prices?

Mr. SEARS. Simple economics, supply and demand. The more supply we have, the more of an impact it will have on the affordability.

So, if we can designate these lots and get them designated to be buildable and then get the builders in there, that will help with the missing homes that we are looking for, whether it is the entry-level or the missing middle.

Mr. FITZGERALD. It is very evident that the underground portion of any new subdivision just adds astronomical costs to the overall development.

Have you guys seen any strategies on municipalities working with developers or, kind of, any new ideas out there when it comes to just developing lots in general?

Mr. SEARS. Well, as I mentioned earlier, the coalition that we had for the "Housing Accelerator" playbook, where we have over four dozen examples of the way that municipalities have worked with builders and other governmental agencies in order to streamline the process.

I do not know for sure if we have an example about the infrastructure issue in there, but anything that can be done to reduce the cost of infrastructure or to assist in that would be greatly appreciated and will help with construction of more units.

Mr. FITZGERALD. Oh, very good.

I have been working on legislation to release GSE conservatorships, and the goal of a bill that I have right now is simply to protect taxpayers—codify the strong reforms that we have already had administratively, but take away the incentives to stray from their charter—by making Fannie and Freddie utilities and allow the GSEs to operate under the reforms.

So your members work directly, I know, with families to become homeowners. This legislation aims to build on the reforms already in place by moving Fannie and Freddie into utility-style entities. It also is preserving the limited and paid-for government backstop through the Preferred Stock Purchase Agreements (PSPAs).

How could this kind of utility model strengthen stability in the secondary mortgage market and ultimately help more families access affordable home ownership?

Mr. SEARS. Yes, I know that them coming out of conservatorship has been something we have talked about for a long time, but we would fully support the utility-type model.

With that said, what we would want to make sure is that the 30-year fixed-rate mortgage remains a bedrock of the financing that is available. We would also want to make sure that there is the government guarantee.

Finally, if there is any revenue that is generated from this, we would ask that we make sure that money is geared toward housing and used for public-private partnerships because, from what I understand, anytime there are these types of partnerships, the private sector will put in 10 times the amount of money as the Federal Government. So we could be talking about trillions of dollars of influx into the housing economy.

Mr. FITZGERALD. Just one more, kind of, tail question would be: From your vantage point, what are the most burdensome regulatory barriers that are actively preventing builders from actually moving forward?

I know they work with Realtors, kind of, in the marketing of some of these new developments but what still is, kind of, the hardcore thing that really needs to be repealed for this stuff to move forward?

Mr. SEARS. A universal one across the country that scares builders and investors is rent control.

Mr. FITZGERALD. Absolutely.

Thank you so much.

Mr. SEARS. Thank you.

Mr. FITZGERALD. I yield back.

Mr. FLOOD. The gentleman yields back.

The gentlewoman from Michigan, Ms. Tlaib, is now recognized for 5 minutes.

Ms. TLAIB. Thank you so much, Chairman.

We all have been talking about boosting our housing supply, but we know it is of little value to someone who cannot get a mortgage because of their skin color or cannot rent an apartment because they have a disability. I know people want to pretend it is not happening anymore, but it is.

The administration is deliberately undermining the enforcement of our fair housing laws. You know, this is incredibly important because we know that settlements against banks have been done in closed doors, from folks giving higher interest rates to folks coming in if they have an accent.

Was that not Wells Fargo, Ms. Bailey, that got sued for that, lost? They settled out of court because they did not want the public to know.

In May, ProPublica reported that the administration was halting their fair housing investigations, allowing hotlines to go unmonitored, preventing staff travel to identify witnesses, and ending compliance reviews to ensure housing developers' practices and policies are illegal.

In September, The New York Times reported that employees from the HUD's Office of Fair Housing, quote, said that "Trump political appointees had made it nearly impossible for them to do their jobs." A week later, the administration fired two HUD whistleblowers who spoke out about the administration's gutting of fair housing enforcement capacity.

We cannot sit here and act like this is not happening.

Ms. Bailey, is the Fair Housing Act being enforced right now?

Ms. BAILEY. No, ma'am.

Can I just say, it is not being enforced at a time when complaints of housing discrimination that are led by people with disabilities are up. So we are at near-record levels of complaints about housing discrimination, and complaints based on disability continue to lead. Complaints based on national origin are also on a significant rise.

Ms. TLAIB. Yes, I was going to ask you about trends right now, and I heard that was one of them.

Now I want to talk about CFPB, because I think that is also really important. We know that the CFPB recent proposed rule on Regulation B of the Equal Credit Opportunity Act was important.

Ms. Bailey, can you talk about some of the proposed changes and what did the proposed rule basically allow banks to redline again?

Ms. BAILEY. Yes, ma'am. Thank you so much for this question, because this is one where I think every woman in our country should be alarmed.

The Equal Credit Opportunity Act made it possible for women to get access to credit without needing a male cosigner. It is baby, in terms of the years of enforcement.

Ms. TLAIB. I just want people to know: We could not get loans without a man signing the loan with us. Just remember that.

I know, Ms. Smith. I cringe too.

Go ahead, Ms. Bailey.

Ms. BAILEY. So, for 50 years, we have had this legislation that has made credit more accessible, and it has allowed us to use fair lending practices that simply made lending fairer. It removed obstacles and made lenders help them to choose the less-discriminatory alternative and what they have since been able to do is design programs that are really profitable.

Ms. TLAIB. That is literally my next question. I would——

Mr. SEARS. Ms. Tlaib——

Ms. TLAIB. Yes?

Mr. SEARS [continuing]. could I just say for the record that what we are seeing statistically is that the largest growth sector for buyers here in the United States are single women. In fact, single women are three times more likely to buy a home than single men.

So we are going in the right direction. I would just like to say that.

Ms. TLAIB. Okay.

Well, Ms. Bailey, because you noted the Black-White homeownership gap. I mean, Michigan lost more Black home ownership during the last recession than any State in our Union, but it is higher now, the lack of Black home ownership is higher now, than before the passage of the Fair Housing Act and that just makes—is so unsettling, to hear that.

So simply reducing what they call "roadblocks" and supporting more of what they have been doing will not cut it. I wish my colleagues would understand that, even though they think everybody is alone—it is actually still happening through the banks and through these institutions and that is why we have to create laws to push back against it.

Ms. BAILEY. We were making tremendous progress.

Ms. TLAIB. Yes. Yes.

Ms. BAILEY. We increased Black home ownership for the first time since the Great Recession of 2008. It grew from 2019 through 2024. The Black homeownership rate grew 14.29 percent. That was incredible work that a whole group of us came together—this committee's leadership, leadership at the Federal Housing Finance Agency under Director Thompson, leadership at HUD under Secretary Marcia Fudge.

So we can do things that are going to give people fair opportunities, and they may ultimately benefit everyone. What we know for sure is that discrimination distorts and if we solve for discrimination targeted at Black communities alone, our entire economy will grow by $5 trillion over a 5-year period.

Ms. TLAIB. Yes. I know, for many of our families, it really does create a lot of economic stability to be able to own our own home.

Thank you. I yield.

Mr. FLOOD. The gentlewoman yields back.

The gentleman from Michigan, Mr. Huizenga, who is the vice chair of the entire full committee, is now recognized for 5 minutes.

Mr. HUIZENGA. Thank you, Mr. Chairman and there is a lot to unpack.

I actually have some personal involvement in the industry. When I graduated with my oh-so-employable political science degree—pause for chuckles from other political science majors—I went into real estate full-time. My family has been involved in construction for a very long time. I have done a number of single-family housing developments. Mostly recently, our family did a duplex/triplex/multifamily development—24 units, small but I have a lot of personal stories surrounding some of those barriers that exist.

Before I go into that, I do feel like I need to address a couple of the points that were made by my colleague from Michigan. Mr. Sears, you made one of those, and I believe Ms. Bailey actually buttressed that, which is heading in the right direction.

I know when I got my Realtor's license in the early 1990s, I was taught something very important: You do not look at color. You do not look at national origin. There is one standard, and it is green. Either people can afford it or they cannot afford it.

We have seen government policies both make it harder and, frankly, way too easy to get loans that people should not have gotten. I am not saying that they should not have gotten a loan, but that they got a loan that they could not afford and that has caused a significant part of that.

When my colleague is talking about the dip in home ownership in Michigan, which was across all races, that was part of the reason we had people that had ARMs that could not afford them. We have had to step in to tighten that up and that pains me, as someone who literally sold houses for a living and still develops housing and still is involved in construction at a level.

Ms. Smith, I am going to start with you. In your written testimony, you noted that regulatory burdens have been a major contributor to the slowdown in new housing production.

I had that. I have had where a township came in and said, "Oh, I am sorry, we know that this is not legal, but we are going to double-assess your property because it is on a corner."

Ms. Smith. Uh-huh.

Mr. HUIZENGA. "Oh, and you want to fight us? Do you know how much that is going to cost in court? So, tell you what. Why do you not just give us some extra money, and we will go away."

You want to know where those additional costs went? Right into the cost of the lots.

Ms. SMITH. That is correct.

Mr. HUIZENGA. Not to mention, "Oh, we think the sight lines are not good. So we would like you to spend tens of thousands of dollars to take down a road, a hill, so it is not as steep, so we have better sight lines." When I inconveniently pointed out that maybe that was the county road commission, the answer was, "Yes, but we think you ought to do it."

Ms. SMITH. Uh-huh.

Mr. HUIZENGA. All right?

Not to the mention when we are talking our values of insulation and all of the other requirements that have been put in place. There are some structural issues that have caused decline in home ownership that have to be addressed.

So I just wanted to point that out that I appreciated your take on this.

I only have a minute and 30 left, and I have to go through this very quickly.

I want to hit on one thing. When Secretary Fudge testified before our committee last Congress, I pressed her on a local housing project in Benton Harbor, Michigan, called Harbor Towers. Although it did get some immediate press and media attention, almost 2 years later, at the start of the multimillion-dollar project to rehab it, it continues to be stalled. We are working with this administration now to try to make that unstuck, but I can tell you firsthand that this housing complex is in dire need of immediate renovations.

It should not take an act of Congress to have Federal or any housing projects move forward, but what can Congress do to tackle some of these barriers at the Federal level?

Ms. SMITH. I think one of the things it can do is to make sure that there are incentives at the local level because so many of the regulations that you are talking about are done at local permitting departments and that sort of thing, and it can really vary depending on where you are.

So having, like, real incentives to be able to fast-track projects and be able to get them built quickly without a lot of onerous requirements would make a big difference.

We have also found that tax abatements are incredibly impactful, particularly when we are looking at, like, conversions from office buildings to residential, et cetera.

Mr. HUIZENGA. My time is expiring, and, Mr. Peter, I am going to have to go to you about the increase in private capital coming into this. I will take those as written.

I appreciate what you are doing. We have to tackle this issue as a Nation.

Thank you. I yield back.

Mr. FLOOD. The gentleman yields back.

The gentleman from New York, Mr. Torres, is now recognized for 5 minutes.

Mr. TORRES. Thank you, Mr. Chair.

The single greatest challenge confronting our country is the affordability crisis, a crisis so severe that it has become the death sentence for the American Dream.

If you were born in 1940, you had a 90-percent chance of outearning your parents but for Americans born since 1980, that fighting chance at the American Dream has collapsed to less than 50 percent. The American Dream is dying of cost disease, and the leading cause of death is the cost of housing.

For proof, look no further than America's largest city, New York, which has become dangerously unaffordable for working families. From 2005 to 2024, the population of New Yorkers ages 5 and under fell by one-third. From 2010 to 2020, 20 percent of Black children and teenagers disappeared from the New York City census count.

America is experiencing a reverse migration. In the early 20th century, African Americans fled the South for the North in order to escape Jim Crow. Now, in the 21st century, African Americans are fleeing the North in order to escape the affordability crisis.

The scale of the need for affordable housing in America, and especially in New York, cannot be overstated. When the New York City Housing Authority reopened the Section 8 waiting list in June 2024 for the first time in 15 years, a staggering 600,000 people rushed to apply.

In the Bronx, the East Clarke Place Senior Residence received a staggering 26,000 applications for just 84 units, a ratio of 300 to 1. When 300 families are left desperately chasing after a single unit, that is not a housing market; that is a humanitarian crisis, pure and simple.

Mr. Sears, what is the National Association of Realtors' latest estimate of the gap between housing supply and housing demand?

Mr. SEARS. Mr. Torres, the last 3 years, the National Association of Realtors reports that on average of around 4 million units have sold. The typical average year is 5.3 million. So just in the last 3 years there have been almost 5 million—I am sorry—almost 4 million units that have not been on the market for consumers to buy.

Mr. TORRES. So over 4 to 5 million units in the aggregate. Of course, when we speak about affordable housing, the question that my constituents often ask is, affordable for whom? Most of the affordable housing that we create is often unaffordable to the poorest families in America. The National Low-Income Housing Coalition estimates a housing gap of over 7 million units for the lowest-income families.

So, even though the United States has a deficit of more than 7 million deeply affordable rental homes, Federal spending on expanding the housing supply amounts to a mere fraction of a percent of the Federal budget—a mere fraction.

Ms. Bailey, do you think that housing should only receive a fraction of a percent of the Federal budget?

Ms. BAILEY. No, not at all. It is only getting less than 2 percent. Housing is a fundamental right. As we heard, it is accounting for nearly 20 percent of our Nation's GDP. Instability in the housing market means instability in the economy.

If you would permit me——

Mr. TORRES. Sure.

Ms. BAILEY [continuing]. there was a statement made earlier that people only see green. Our lending experiences and our housing experiences show that discrimination complaints are at record highs. People see people for who they are, how they show up, and they choose to treat them differently oftentimes based on their immutable characteristics but also, to your point, their source of income.

Mr. TORRES. I also think history flatly contradicts the notion that the free market was sufficient to abolish Jim Crow, but—you know. That is why we needed the Voting Rights Act and the Civil Rights Act.

But given the——

Ms. BAILEY. The Fair Housing Act and the Equal Credit Opportunity Act——

Mr. TORRES. Exactly right.

Ms. BAILEY [continuing]. and the Home Disclosure Mortgage—you know, we could go on.

Mr. TORRES. All of which are under assault.

Given the decades of disinvestment from affordable housing, do you think Congress has been part of the solution or part of the problem?

Ms. BAILEY. So Congress did something brilliant during the CARES Act and the American Rescue Plan. Congress put in an infrastructure—this committee, under the leadership of then-Chairwoman Waters and then when she was ranking member, put together an infrastructure that allowed us to maintain people at home.

During the COVID crisis, that funding was so critical that we maintain renters. It is so important because, as we know, most renters have little savings. So, if we do things like go in today and take back those CARES Act provisions that limit the ability to evict families, we are putting more people at jeopardy of homelessness. We are ultimately going to pay for that.

We did right by veterans, and now we need to take those same lessons and apply those to our lowest-income renters.

Mr. TORRES. I just want to end quickly. Look, I am all for regulatory reform, but we need regulatory reform in addition to reinvestment, not in the place of reinvestment. Let us not create a false choice where one needs not exist.

Mr. FLOOD [presiding]. The gentleman's time is expired.

Mr. TORRES. I yield back.

Mr. FLOOD. The gentleman yields back. The gentlewoman from California, Mrs. Kim, is now recognized for 5 minutes.

Mrs. KIM. Thank you, Chairman and Ranking Member, for hosting this hearing, and I want to thank all of you for joining us. We are almost done.

California's housing market is one of the worst in the Nation, and as a Member who represents California, it saddens me to say that, just last month, California earned an F rating for housing affordability. You know, since I got here as a Member, I have fought relentlessly for housing affordability at the Federal level, but there is only so much that we can do when Sacramento and Gavin Newsom are driving so many failed policies.

Earlier this year, as you know, when we were working on One Big Beautiful Bill, I secured four times increase in the SALT deductions to $40,000 to make home ownership in California more attainable.

Mr. Sears, as you know, I represent Orange, San Bernadino, and Riverside Counties. In my area, a family needs to make $367,000 to afford a medium-priced single-family home, and I want you to please discuss what the effects of increasing the SALT deduction to $40,000 means for housing affordability for constituents like mine.

Mr. SEARS. Thank you, Ms. Kim. Good to see you again.

Mrs. KIM. Good to see you.

Mr. SEARS. Yes, the increase in SALT from $10,000 to $40,000 is very important, as well as securing the mortgage interest deduction in the bill passed this year. These are very real costs, and I always find it ironic that citizens would have to pay taxes on taxes they have already paid. So anything that can be done to increase that. In 2017, when the Tax Cut and Jobs Act was put into place and the $10,000 limit was there, there was no indexing for infla-

tion. Again, unfortunately, I do not see an indexing for inflation now.

We do know, based on historical numbers, the cost of housing and housing ownership is going to go up. I would encourage the Congress to look at any tax measures like this to bring up to date, to put indexing in along with the capital gains exclusion that was set in 1997. Thank you.

Mrs. KIM. Thank you very much. You know, as tax filing season begins, I hope that Californians remember to utilize this key deduction to attain their dreams of home ownership and keep more of their hard-earned dollars in their pockets.

During the recent California fires, there are short-term rentals. They play critical role in providing emergency housing for displaced residents, fire responders, and relief workers. So a question to you, Ms. Smith, how can Congress better support and scale partnerships between State agencies, local governments, in short-term rental platforms to ensure that flexible housing options remain available during natural disasters?

Ms. SMITH. Yes, it is a very good question, Representative Kim. We, after the wildfires, we housed so many people in our Santa Monica communities, and Santa Monica had a 12-month lease requirement, and so we had to actually work around that to be able to have people sign leases and letting them know that they could break their lease so that they could have any lease term that they needed in addition to lowering any type of deposit or application fees or that sort of thing. One thing Congress could do would be to work with local jurisdictions, particularly on their lease length requirements, so, when there is a natural disaster or something like that, that would—that could be overridden so you could have shorter lease lengths and working with the short-term providers on streamlining access to housing so that they could get into housing very, very quickly. I think there are a lot of incentives that would be very, very impactful.

Mrs. KIM. Another incentive that I co-led with my colleague Representative Lawler is the Community Investment and Prosperity Act. This bill would increase the public welfare investment cap on banks from 15 percent to 20 percent. That would enable further investments into the LITC, low-income tax credit.

Mrs. Smith, again, to you, how would the passage of the Community Investment and Prosperity Act help address the shortage of affordable housing units that our country faces?

Ms. SMITH. I cannot speak directly to the act, but we have done a fair amount of low-income LITC work over the years, and one of the things that is very—it is a fantastic program. It has probably been one of the most effective programs in producing affordable housing, but one of the challenges is lining up all of the capital sources, because it all has——

Mr. FLOOD. The gentlewoman's time has expired. The gentlewoman's time has expired.

Mrs. KIM. Thank you very much.

Mr. FLOOD. The gentlewoman yields back. The gentlewoman from Texas, Ms. Garcia, is now recognized for 5 minutes.

Ms. GARCIA. Thank you, Mr. Chairman, and thank you to all the witnesses today, and I apologize I had to step out for a few min-

utes. I hope that some of the areas that I am going to cover are not going to be redundant, but I know my first words will not be redundant. Mi casa, su casa, a simple phrase that is used in my community to simply be proud of their home and make it a welcoming home. It simply says "my house is your house." In reality, we are currently facing a severe shortage of affordable homes, made worse by wages that have not kept up with skyrocketing rents.

Mr. Sears, you put it another way. You said the American Dream is slipping away. Our job, of course, is to make sure that we ensure that dream for everyone. So I could not agree more. Earlier this year, the Housing Subcommittee heard directly from the National Association of Home Builders on the impact that this administration's mass deportations and the very fear of deportations have on housing construction. Mr. Sears, you and I both agree the construction workforce is stretched thin. The construction trades agree, especially when 61 percent of plasterers and 61 percent of drywalling and ceiling installers in the workforce are immigrants. A recent survey found that 92 percent of construction firms cannot find enough workers.

As a district that has the distinction of having the most construction workers in the country, I am very concerned about this. So, Mr. Sears, do you think that this fear of deportation is an obstacle and a barrier to the supply chain, and should we not in housing also consider that?

Mr. SEARS. Here is the reality, Ms. Garcia. The average age of an American tradesperson is—they are in their 50s. We have not done a good job of developing the young people to get into the trade. So we need to do that, and what the—what we are all for is making sure that the skilled tradespeople that we need——

Ms. GARCIA. I did not ask about the trades. I am asking you specifically about the fear of deportation, work sites that do not have—that the workers there because they are afraid of coming to work. I know about work training. I have done this work for a lot for a long time.

Mr. SEARS. I am not in a position to speak about deportation. I am sorry, Ms. Garcia.

Ms. GARCIA. So you have not read that people are being raided at work sites?

Mr. SEARS. What I would encourage the administration to do is to allow skilled workers to be able to legally work here in the country, whatever that takes. If the Congress can do something, I would encourage them to do that.

Ms. GARCIA. Well, I am intrigued, because all of you all have been talking all morning, and you all have not faced up to the worker shortage, and if 91 percent of the workers are immigrants, it seems to me that it is an obstacle and an issue that we also need to address at some level here in this committee. I am on the subcommittee, as you know, on Housing and Insurance and you—we really should not dance around it. The reality is, if you do not have the builders, then you are not going to have the homes.

Mr. SEARS. One hundred percent.

Ms. GARCIA. Well, you do agree with that. Good. Sir, do you think that we should be looking at that?

Mr. SEARS. In order to keep skilled workers in the country? Absolutely.

Ms. GARCIA. No. In order to make sure that we can build homes.

Mr. SEARS. We need to build more homes, yes. How do we do that? We need the workforce. So any workforce that we have or can encourage to be here, we need to do that.

Ms. GARCIA. All right. Well, let me move on to another one that you all seem to be dancing around is this whole tariff issue, because we also had—I specifically asked the homebuilders this question too. Tax Policy Center found that tariffs would add roughly $30 billion, $30 billion to the cost of investment in rent additional structures or about $8,000 to $10,000 per home because, as we know, the white lumber that is used for framing most homes comes from Canada, and Canada, I believe, had the 10 percent and then plus another 20, 25 percent. I think Mr. Sherman went through a lot of this. Ms. Smith, since you represented multifamily housing, how are tariffs impacting your bottom line?

Ms. SMITH. Well, we are trying to figure that out. I did want to make a comment about the immigration because not only do we need people to build homes but we also need people to take care of homes. So, in the multifamily environment, we have teams of maintenance workers who are keeping up these communities and making sure that people's homes are well cared for, and it is very dependent particularly on legal immigrant labor.

Ms. GARCIA. All right. So let us get back to your bottom line. Tariffs have impacted the——

Ms. SMITH. We believe that they will have a significant impact, but like I said, the subs are having a hard time——

Ms. GARCIA. Do you agree that it is going to be between $8,000 and $10,000 per home?

Ms. SMITH. We do not know. We do not know because they move—they are moving around so much we do not really know.

Ms. GARCIA. Mr. Chairman, I would ask for more detail in that response from the witness.

Mr. FLOOD. Without objection.

Ms. GARCIA. Thank you. I yield back.

Mr. FLOOD. The gentlewoman yields back.

I now recognize myself for 5 minutes. We have heard a lot from our witnesses today about different policy ideas and regulatory barriers that hold back the development of more housing. I think at the core of many of these ideas is one basic fact: We need to build more housing. I mean, it is simple. There are many factors that have led to our current environment where housing supplies failed to keep up with demand. While some of those factors are beyond the remit of Congress, there is a universal—there is a universe of Federal barriers to housing supply that we are working on addressing in this committee. I want to spend my time today focusing specifically on one of those Federal barriers that I feel is worth some attention: Build America, Buy America, or BABA. These requirements were enacted as part of the Infrastructure Investment and Jobs Act signed by President Biden in 2021. The statute states that BABA applies to infrastructure, but a decision by the previous administration has applied Buy America requirements to Federal

housing projects in addition to hard infrastructure projects. Sadly, that decision has had disastrous effects.

While a hard and fast BABA requirement may make sense when building a bridge made of steel and concrete, it makes less sense when you think about all the different components that go into building a home. Fundamentally, this policy betrays a basic reality of Federal housing programs. If we are aiming to take finite Federal resources and use them to build housing, we need to be able to scale those dollars as efficiently as possible to make it work. In other words, in order to build more affordable housing, we must use Federal resources to build housing affordably.

I recently asked affordable housing groups to bring my office anecdotes demonstrating the effects of BABA on projects, and I would like to take a moment to share some of those stories. One developer in the southwestern United States had this to say about BABA costs, and I quote, For a 60-unit affordable housing development, we estimate these soft costs could be in upwards of $250,000. For example, each project will now need to hire a BABA consultant to manage the waivers. That is 50 to $100,000 a project. General contractors will need to increase their administrative time on projects to manage compliance, another $100,000, and architects and designers will have additional administrative time, another $50,000.

We heard the following about a project in Massachusetts related to BABA costs, and I quote: The BABA materials cost increase is estimated to be $193,000, a 17.7 percent increase or greater than one-fifth of the home HUD award that triggered the BABA requirement.

We heard this about a project in Wisconsin: For a 45-unit project with a construction budget of around $8.5 million, the BABA impact was estimated at over $400,000. The home award that would trigger BABA requirements was around $700,000. So more than half of the Federal home partnership program money would be used to pay for BABA compliance.

We heard this about a project in California. Quote: On one project in central California, 80 units, BABA requirements resulted in an increase of approximately $1.3 million, and we heard this about a project in Montana. Quote, A project to provide homes to families experiencing homelessness lost the opportunity to use $360,000 of a $1.3 million housing trust fund grant that expired on September 30, 2025. The contractor was unable to find products made in the U.S. to complete the utility work in time because U.S. products were on back order.

I have more of these. I could go on and on and on, but the reality is that, however well-intentioned it may be, BABA is driving up the cost of projects, wasting Federal dollars that could be going to building more housing. In some cases, it is even killing projects entirely.

With the little time I have, Mr. Sears, Ms. Smith, Mr. Peter, can you briefly please share with us your opinion on the costs associated with the Build American, Buy America requirements for affordable housing projects. Mr. Sears.

Mr. SEARS. Thank you, Mr. Flood. While the BABA rules were well-intended and I think meant for a larger infrastructure, the re-

ality is, is that, when builders get stuck waiting for waivers or searching for substitutes or having to pay higher prices, the impact goes right down to the end consumer.

Mr. FLOOD. Thank you very much.

Ms. SMITH.

Ms. SMITH. Yes. We have been talking to our subs, and we think that the increased premium would be somewhere around 4 to 5 percent.

Mr. FLOOD. Thank you.

Mr. PETER.

Mr. PETER. Yes, I agree. I mean, all the levels of government just need to get out of the way, and you highlighted a great example there.

Mr. FLOOD. Well, I appreciate everybody being here. I appreciate my colleagues on both sides of the aisle. While we may have disagreements on policy, this committee is functioning the way I had hoped Congress would work before I got here. So, with that, I yield back.

The gentleman from California, Mr. Liccardo, is now recognized for 5 minutes.

Mr. LICCARDO. Thank you, Mr. Chair. I want to thank the chair, both the subcommittee chair as well as the full committee chair, for their collaboration. We do not hear that word very often in this Congress, and I think, in this committee, there is some collaboration, and I really want to thank them for their leadership as well as the Ranking Member Waters and Ranking Member Cleaver for their very strong leadership.

In particular, we are taking this housing crisis like it is a crisis. Perhaps not all the ideas and solutions I would prefer are on the table. I understand that is how it works when you are not in the majority, but I appreciate the fact that we are actually seeing legislation that will be soon coming to markup. I am very eager to see that happen and hopefully very soon also to the floor, and I want to thank in particular Chair Flood for reaching out even to a rookie like me or very early on to say we are interested in all our committee's ideas. So, I appreciate that effort.

Obviously, I come from—I know we all probably come from a place that is affected by the housing crisis. I am from Silicon Valley. We consider ourselves sort of the ground zero of it, and there are many fingers to be pointed in different directions. We can all talk about supply and the urgency of more supply, and I will agree with everything everybody says about more supply.

I am still of the viewpoint that I have not seen an economist who thinks that, if we do everything right on supply, we are going to see rents fall by more than 10 or 15 percent over half a decade and we are still going to have 13 million households that are extremely low income that are never going to be able to afford market rate rents. So we have to do something about things like vouchers, which are badly underserving right now our country. I think only one out of every four families that actually qualifies gets a voucher. Yes, we do need some demand-side solutions as well, unfortunately, because the market is just not going to fix it all, and no matter how well we fix the market or allow the market to operate.

I do really want to thank and appreciate the fact that and thank leadership for the fact that we have several bills that I have been leading or co-leading that are in consideration. There are other additional bills I am hoping we can discuss in the future, including the Unlock Act, H.R. 5150, that Chair Flood and I introduced to better utilize existing Federal resources for housing construction, which really resulted from local response to a request for information (RFI) that the chair and Ranking Member Cleaver issued, and a city in my own community, city of Mountain View, responded and identified some challenges they have, barriers to CDBG, and we are trying to fix those. I appreciate the process they started, and I want to make sure we finish it. That is responding to local needs.

Coming soon, there is going to be a bill under draft now to incentivize conversions of office and commercial space to housing, and I look forward to working with my committee colleagues to make that happen, and I really want to appreciate, first, Ms. Smith, your company is my landlord. So I am hoping that you will let your colleagues and accounts receivable know that the check is in the mail.

I want to appreciate, Mr. Sears, realtors have been very supportive of a couple bills that Chairman Flood and I have worked on, H.R. 4810 and 4660, both to streamline reviews for affordable projects, federally assisted affordable projects. We appreciate that. I wanted to ask if you could go back to your colleagues over at the realtors and take a look at H.R.—I am sorry—H.R. 4568, the Supply Act. You might have guessed I introduced it with Congressman Garbarino, another bipartisan bill, and this is to expand FHA mortgage insurance to finance second lien loans for accessory dwelling units—comes from my experience as a former mayor of a large city in San Jose with a million folks, and we have a housing crisis, and we thought one solution might be to try to make it easier for homeowners to be able to get permits and build ADUs or granny flats, as they are often known, and what we discovered when we went to the private sector, and lots of prefabricated companies came forward with 20 different models. We put those models on our website, and we allowed homeowners to be able to get their permits in a day by going online because we streamlined in advance all the permitting and approvals so folks could get them. We saw a huge increase in permits that went from 15 a year to about 900 a year. We thought we are really on to something, and we were patting ourselves on the back, and then we discovered only about half of them got built because homeowners could not get financing, especially if they were modest income. They did not have enough equity.

We know that Fannie Mae and Freddie Mac get in this game, we could see a real opportunity and explosion that could enable many homeowners to become home providers, and I know that is something that the realtors might care about, and so I very much appreciate the realtors' engagement on this.

Mr. SEARS. Yes, sir.

Mr. LICCARDO. Thank you.

Mr. FLOOD. The gentleman yields back.

The gentleman from New York, Mr. Lawler, is now recognized for 5 minutes.

Mr. LAWLER. Thank you, Mr. Chairman.

Housing affordability is a serious crisis in our Nation right now and gets to the heart of the affordability concerns being felt by most Americans. For many, it is the most difficult time to purchase a home in a generation, and at the heart of this crisis is supply. We are probably over 8 million units underbuilt nationwide at the moment, and this is despite massive Federal spending to support housing. Over $1.2 trillion spent on programs run by HUD since 2000. It is going to take a serious reevaluation and reform of our Federal involvement in housing to actually focus on the substantive issue, which is supply. This has been a key priority of mine, and I am proud to have several bills that are attached to this hearing.

In focusing on unleashing construction to meet our needs, we need to be ensuring that we are taking a comprehensive review of housing policy and spending, hearing from the Secretary and looking not just at the critical programs that support low-income housing, but at middle class housing and workforce housing as well, housing for the elderly, housing for the Intellectual and Developmental Disabilities (IDD) community, housing in all communities across our country which have unique needs.

At this time of years—at a time in which we have seen raised rates, sustained affordability concerns in the ongoing battle to finish bringing down inflation, middle-income buyers face a unique challenge causing them to fall through the cracks: not poor enough for assistance, not wealthy enough to compete. I would echo Ms. Wagner's sentiment from earlier in the hearing that we need to pursue reforms that could expand attainable home ownership for middle-income buyers.

Mr. Peter, expanding beyond your earlier answer on minimizing lot sizes, how can we ensure we are incentivizing the financing and construction of starter homes?

Mr. PETER. Thank you for the question, sir. The short answer is, if we have smaller lots, the builders are going to build. That is what we are finding across the country, and we do not necessarily need Federal programs. In California, we just heard about it. ADUs came out of nowhere, and the people find the financing. The same in Seattle, where, back in the 1990s, zoning law was changed, and the private sectors filled a vacuum by providing financing for the builders.

Mr. LAWLER. How can Federal reporting or data collection help identify where regulatory barriers exist without implying that Washington should dictate how towns and counties plan their neighborhoods? New York is a home rule State. I support home rule. I support local control of zoning, but how do we take the data and actually utilize it in a constructive way?

Mr. PETER. Yes. So, from our case studies, we have distilled the lesson, what we call the housing abundance success sequence. It is very simple. You need to allow by right zoning; so take the discretion away. The second is you need to allow smaller lot sizes, and the third one is you need to allow faster permitting and keep it short and simple regulations. Once you make it complex and complicated, only the people—only the builders with large staff can navigate it. If you keep it short and simple, then small builders that may be lawn care professionals today might see the oppor-

tunity to get into the game and build housing. So we do not need a lot more research on this. We already know what works.

Mr. LAWLER. I appreciate that. One other measure that has had a disastrous impact in New York, for instance, that disincentivizes investment in housing and contributes to greater housing scarcity is rent control and the concept of freezing the rent, which seemingly is all the rage in New York City right now. We have seen, in New York City, for instance, 50,000 vacant units as a result of New York's rent control laws that were passed in 2019.

Mr. Sears, as we prepare for the Mamdani regime to take over New York City, can you speak to the impact rent control policies have on housing supply and affordability?

Mr. SEARS. It has a dramatic impact. Rent control units less frequently come on the market, which excludes people from moving into them. It also scares away potential investors and builders who would want to build in the community but not knowing if they will be able to get a return on investment, they will look elsewhere to build.

Mr. LAWLER. I appreciate that. Mr. Sears, in the 3-seconds I have left, did you appreciate the increase in SALT?

Mr. SEARS. Thank you, Mr. Lawler.

Mr. LAWLER. I yield back.

Mr. FLOOD. The gentleman yields back.

The gentleman from Texas, Mr. Gonzalez, is now recognized for 5 minutes.

Mr. GONZALEZ. Thank you, Mr. Chairman, and thank you for the committee, for our witnesses to be here today on such an important topic. I know we are talking about a lot of interesting and important policies that impact the housing shortage in America, but there seems to be an apprehension about talking about a root issue, which is the labor shortage, which is impacting the construction of new housing in this country. I think we cannot fix a problem if we do not admit we have a problem. Thirty percent of construction workers in America are immigrant labor. In Texas, it is 40 percent. Just recently I met with homebuilders in my district that showed me videos of job sites that looked like ghost towns, and we cannot fix this problem if we do not address it. I know, Mr. Sears, you talked about workforce training, and certainly that is something that we need to address in this country. It is a long-term solution, right? It is not something we are going to fix today. What are we doing today to talk about the labor shortage? We cannot build homes without people, hard-working people, which are immigrants. They are building America. It is not American labor force born and raised in America that is building this country. It is labor that is coming from other countries that are doing the hardest work in this country and building homes, and affordable housing as part of it.

Ms. Smith, are your members talking to you about this, and what are we doing?

Ms. SMITH. Yes, they certainly are, and I am experiencing it in my own company because it is not only just the immigrant labor that is used to build apartment communities, but, again, those that maintain them, our contractors that paint our apartments, that clean our buildings, that sort of thing. So it really does impact our

ability to be able to provide the kind of experience that we want for our communities. So it is a very big challenge that we face right now.

Mr. GONZALEZ. Yes. Also on affordability, I was told, after these ICE raids recently in the country that the square footage for framing in my district almost doubled because of the labor shortage. So that is putting a real squeeze on housing. Mr. Sears, we should not be shy about it. We should be honest and forthcoming and just tell people we have a labor shortage, and I do not know if they are documented or undocumented, but they are doing the work, and they are building our country. We have to admit it. We cannot be hiding from the issue because we cannot resolve it if we do——

Ms. SMITH. It will also increase costs.

Mr. GONZALEZ [continuing]. and it is okay, right?

Mr. SEARS. Thank you, because we do support immigration reform. We support having people come in to increase our workforce and including work visas. I mean, we need them.

Mr. GONZALEZ. We need more work visas, and we have been fighting for them for a long time but the ICE raids that are happening right now are having a direct economic impact on construction in this country, and we cannot hide from it. We have to admit we have this problem or we cannot solve it, right? Thank you.

Mr. Sears, thank you for joining us today, by the way. In the Rio Grande Valley, the district that I represent, the average home price is $200,000, which on paper looks far more affordable than many places in the country, but in this part of the district, people's medium income is $55,000. That means most families may never have a savings to buy a home with cash and, because these mortgages tend to be smaller, many lenders will not offer them since they are less profitable under the current market conditions. So, even in areas where housing is relatively affordable, too many working families are effectively iced out of home ownership from every angle. Mr. Sears, what steps can Congress take to help financial institutions incentivize them to offer smaller dollar mortgages in communities like mine and to keep them from shutting out of this market?

Mr. SEARS. The affordability crisis is everywhere across the country, and in markets that might seem more affordable, there is still sticker shock for your constituents, for example. So what we can do is open it up for community banks, smaller local banks or regional banks, and to incentivize them to make these loans. I will just say I have not heard a mortgage officer say, no, they do not want to do a loan because it is too small, because the bank will still make money, but it is a matter of how do they get access to that credit?

Ms. BAILEY. If I may, sir, I need to share that the liquidity programs in the equitable housing finance programs of Fannie Mae and Freddie Mac actually included support for small dollar mortgages. Unfortunately, the Federal Housing Finance Agency Director has taken away those equitable housing finance goals. So this is why your oversight is so critical because we actually had a mechanism for doing it and then the chairwoman has a bill where she is recommending that HUD actually conducts a study for how we can create more liquidity within the FHA program for small dollar

mortgages, because there are affordable homes throughout our Nation. To your point, without having access to safe and responsible financing, people are not able to access——

Mr. GONZALEZ. Thank you, and for the record, I am sponsoring a bill called the Save the American Workforce Act. I encourage you all to look at it. It will—it addresses——

Mr. FLOOD. The gentleman's time has expired.

Mr. GONZALEZ [continuing]. undocumented workers who are here that have not had any legal trouble. Thank you.

Mr. FLOOD. The gentleman yields back.

The gentleman from Indiana, Mr. Stutzman, is now recognized for 5 minutes.

Mr. STUTZMAN. Thank you, Mr. Chairman, and thank you all for being here.

I am happy to say that Indiana is one of the most affordable States for home ownership in the country, but the dream of owning a home is still far off for a lot of Hoosiers, especially today, because, during the Biden Administration, the median price of a home in Indiana increased by nearly $100,000.

Ms. Smith, I would like to start with you. During the Biden Administration, inflation increased the cost of construction materials, labor, and now insurance. It is clear that a big reason for our housing problem is a lack of supply. How have increased costs impacted the ability of developers to build new housing?

Ms. SMITH. Well, I think we are seeing it in the fact that our starts are down 35 percent. Just to give you some context, you would need about a 6 percent return on costs to get a project financed today with a, say, a pension fund or an insurance company. With the costs where they are and the land and the regulations, the soft costs, we just cannot get there, and so it is really just—it is a return-on-cost issue today.

Mr. STUTZMAN. Economics is playing a key role in this. To follow up on Mr. Lawler, while we are discussing new development, pointing out that the newly elected mayor of New York City and other far-left mayors in this country have endorsed things like rent control.

Mr. Peter, I would like to ask you, do you think rent control or rent stabilization policies encourage development?

Mr. PETER. No, they discourage development, and there is pretty robust economic literature, and that is one of the reasons where economists generally do not agree on anything except that, on rent control. They agree that it is uniformly bad, and there have been plenty of examples from internationally where rent control was implemented that shows that it had not the desired effect. In fact, in Argentina, The Wall Street Journal just wrote about this recently, once they repealed rent control, actually, more units came online because people were sitting on them not renting them because they could not make the costs work, and now they were returning them to the market.

Mr. STUTZMAN. Sure. Thank you. In addition to increased costs, it seems that government roadblocks are exacerbating this issue. That is why, in August, I introduced my Streamlining Rural Housing Act alongside Senator Moran, and so I am pleased to have bipartisan support along with our conference chair Ms. McClain as

well as Ms. Pettersen and Mr. Scott. My bill would require HUD and USDA to develop a joint environmental review and inspection process for rural housing projects, cutting red tape and making affordable rural housing easier to build. This is not only necessary—a necessary solution but an important step toward making it easier to build new homes.

Mr. Sears, I would ask, I am honored to have the realtors supporting this bill and others like this, but can you discuss a little bit how the overlapping rules and regulations across Federal agencies make it more difficult to construct new housing?

Mr. SEARS. I am very happy to say we support the bill as well. Anytime there are duplicative efforts, it takes longer, and it costs more. Streamline it. Have one review, and that will make things quicker, more affordable.

Mr. STUTZMAN. I know one thing coming from a business background, it is not that I am—would be frustrated with a regulation. It is often the speed of getting to a conclusion and getting that permit so you can move forward, and I think that is where this is really a key piece to letting the economy move quicker. Still having the same regulatory outcome, but just much quicker. I want to follow up to that. How do we target reforms like my bill, improve—how do these reforms improve the environmental review process while still maintaining the necessary environmental protections?

Mr. SEARS. Yes. I mean, as you said, we need to make sure that the protections stay in place, but having it streamline one inspection process, that is very important. That way, we make sure that we have the safety that is needed for the eventual occupants of the properties.

Mr. STUTZMAN. Yes. Anybody else want to comment on the idea of streamlining the regulations?

That is fine. I know that zoning laws are set at the State and local levels and the Federal Government has no business in micromanaging State and local officials, but I do think it is important to emphasize that housing affordability is not an issue that can be solely fixed at the Federal level and that we need buy in and smart policy from our State and local partners to help spur growth.

Mr. Peter, I am pleased to see you mentioned zoning in your testimony today. What are some places that have overtly restrictive zoning laws? Can you mention anything quickly?

Mr. PETER. I mean, in most of the country, that is the problem. If you ask me the other places that have less restrictive zoning laws, for example, Houston has done a great job. Back in the 1990s and the 2000s, they have rolled back minimum lot size requirements, and they had a big increase in home construction.

Mr. STUTZMAN. Thank you.

Mr. FLOOD. The gentleman yields back.

The gentleman from New York, Mr. Meeks, who is the ranking member of the House Foreign Affairs Committee, is now recognized for 5 minutes.

Mr. MEEKS. Thank you. I am thrilled that the chairman has convened this hearing giving us all an opportunity to discuss the housing affordability and supply issues as well as our—as well as share our proposals to address this crisis. This includes my bipartisan bill that I recently reintroduced with Congressman Sessions, known as

the Mortgage Insurance Freedom Act. The Mortgage Insurance Freedom Act is a straightforward and commonsense fix that will make a real difference for families across the country. It would end the FHA's lifetime mortgage insurance requirement and return to the system that existed before the financial crisis.

Under this bill, FHA loans would operate like those in the conventional market. Once a borrower has built enough equity, they would no longer be required to pay monthly mortgage insurance installments, immediately cutting their monthly expenses. So, also right now, the FHA borrowers who are often first-time homebuyers and young families, must continue paying mortgage insurance for the entire life of their loan, even after they have gained substantial equity. This policy has created or was created during the financial crises, when the mutual mortgage insurance fund was under significant strain. That is no longer the case.

According to last year's FHA annual report to Congress, the Mutual Mortgage Insurance (MMI) Fund is now more than five times above its required capital ratio. Conventional borrowers are not subject to a lifetime insurance requirement. Once they build sufficient equity, their mortgage insurance ends. My bill ensures that the FHA borrowers receive the same fair and reasonable treatment and are not burdened by unnecessary monthly costs long after they have demonstrated financial strength. In today's economy, that relief matters. Ending lifetime mortgage insurance means more money for groceries, childcare, college savings, and everyday expenses. It helps families build equity faster and strengthens their long-term financial stability.

This bill is endorsed by the Mortgage Bankers Association, the National Urban League, and the Broker Action Coalition, among others. These organizations understand the housing market and recognize that this reform will help families keep more of their hard-earned dollars. This legislation delivers greater fairness, boosts affordability, and accelerates wealth building for American families. By allowing mortgage insurance to end once borrowers build equity, we give FHA families the same pathway to financial stability that conventional homeowners already enjoy. So I look forward to talking to you and welcoming my colleagues to move this bill forward as we go forward.

I want to switch gears. I am just looking at my time at another important issue that I would like to discuss, because, back in March of this year, FHA Director Bill Pulte released a directive eliminating the GSE's participation in special purpose credit programs. These programs provide the down payment help, closing costs assistance, and other support that many first-time buyers and families in underserved communities rely on to get their foot in the door of home ownership. I immediately led a letter along with my colleagues to the Director urging him to reverse that decision.

For far too long, structural disparities in our housing and lending markets have kept too many low-income families like my parents and Rio residents and other historically marginalized communities, on the outside looking in. Every single day, it seems to me that the Trump Administration finds a way, a new way, to make life harder and more affordable for regular and average everyday Americans, from cutting off these credit programs to pulling back on the CDFI

fund to attempting to shut down the CFPB. Their actions are making it harder for families to get ahead and pushing people further behind.

Ms. Bailey, what are you hearing from lenders, housing counselors, and community groups on the matter of losing special purpose credit programs, and how does it impact families to get ahead and have the opportunity to home ownership?

Ms. BAILEY. Particularly for people who live in the South, where people have historically lower credit profiles than people in the rest of the Nation, there is deep concern that there will not be credit liquidity there. The GSEs have not always done a great job of ensuring for liquidity in every community at all times, including in the South. So special purpose credit programs in that region have really lifted credit opportunities for everyone and for people of color, who have a history of underservice, and it is important to note that these are the people that the health of the housing system depends on. So, if they are not able to get access to fairly priced loans, the system will fail.

Mr. MEEKS. Thank you. I yield back.

Mr. FLOOD. The gentleman yields back.

The gentlewoman from Texas, Ms. De La Cruz, is now recognized for 5 minutes.

Ms. DE LA CRUZ. Thank you, Chairman. I appreciate you and you holding this meeting today and thank you to all of the witnesses for being here.

Where I live, which is in deep South Texas, affordability, and specifically housing affordability, is at the top of their mind especially for young families and young adults that are getting to that age of beginning their life in a new family. Affordability is something that we must tackle and unfortunately, consumers looking to buy or rent are being hurt by all angles, and the primary driver to housing costs have been the decades of underdevelopment that has left us short 5 million housing units.

That being said, I am sure all of our witnesses would agree that the FHA multifamily insurance programs play a critical role in incentivizing housing construction nationwide. I have introduced the H.R. 6132, the Housing Affordability Act, to update FHA's multifamily insurance program for the first time in over 20 years. That is quite a bit of time. A lot has changed since then. And this is to ensure that they more accurately capture the true costs of construction.

So, Mr. Sears and Ms. Smith, I am proud to say that the organizations that you represent are supporting this legislation, and I would like you to explain how changes like these can leverage and incentivize private investment to expand the housing supplies. Mr. Sears, I will start with you first.

Mr. SEARS. Ms. De La Cruz, thank you very much, and, yes, the National Association of Realtors does support this effort. We see—have talked about too many rules and laws that have gone unchanged, and so 22 years is a long time. What we see is these outdated limits block the potential of financing for these projects, and when financing is blocked, that is going to prohibit the construction that is so desperately needed. So updating this, unlocking the pri-

vate investment, would be key to helping to solve the housing crisis.

Ms. DE LA CRUZ. Thank you so much.

Ms. Smith, would you agree with this?

Ms. SMITH. Absolutely. Like I mentioned earlier, the 221D4 program is really an excellent one for multifamily because costs have gone up so much over the 20 years, as you represented, we need to extend the loan limits. So, today, there are so many projects that are just—that cost so much more to build than would fit into the program today. So we think that, in addition to really expediting the process and really shortening the waiting period, will make a big difference in the use of this program, but we are very supportive of it.

Ms. DE LA CRUZ. Thank you.

Mr. Peter, to change topics, many people might be surprised to learn that most government housing programs focus primarily on stimulating demand while ignoring the supply constraints that we have. What role can government programs play in better incentivizing supply of new housing construction rather than just focusing on demand?

Mr. PETER. Yes. So government is very good at stimulating demand. It is very poor at bringing forth new supply and demand is relatively easy. All you have to do is lower underwriting standards, add down payment assistance, or lower interest rates, for example but if you do that against a limited supply, economics 101 tells you that you are going to end up driving prices higher, and that is bad for first-time homebuyers.

The supply side, there are certain levers that the Federal Government has. For example, you could free up Federal land, especially out in the western third that could, over 10 years, create 1 million single-family starter homes, and that is certainly a very potent option, smaller lot sizes as talked about before. There is a whole slew of things that the Federal Government can do.

Ms. DE LA CRUZ. Thank you so much.

Very quickly, in my short period of time, Mr. Sears, I will come back to you, another important cost driver for consumers and developers is the ability to access affordable lending. From your perspective, what are the key drivers in today's market that are increasing the consumers cost to borrow?

Mr. SEARS. Right off the top of my head, interest rates. That is one of the most significant. Also, insurance costs. That is part of the cost to own, and part of the borrowing cost has been significant as well.

Ms. DE LA CRUZ. Thank you.

With that, Mr. Chairman, I ask, by unanimous consent, that this support letter for H.R. 6132, cosigned by over a dozen housing groups, be entered into the record. Thank you.

Mr. FLOOD. Without objection.

[The information referred to can be found in the appendix of page XX.]

Ms. DE LA CRUZ. Thank you. I yield back.

Mr. FLOOD. The Gentlewoman yields back.

The gentlewoman from Oregon, Ms. Bynum, is now recognized for 5 minutes.

Ms. BYNUM. Thank you, Mr. Chair.

Thank you to all the witnesses for your testimony, and thank you to, Chairman Hill and Ranking Member Waters, for convening this important hearing, and, to Mr. Flood, for presiding.

In my home State of Oregon and across the country, we are struggling with a lack of housing supply, as has been mentioned, which of course has created a housing crisis. In a recent study of housing affordability and home building, led by the National Association of Realtors, Oregon earned an F ranking, ranking 45th out of the 50 States. I am really competitive, and I do not like that. It is estimated that Oregon will likely need to build over 140,000 single-family homes by 2030 in order to meet demand. Moreover, delays caused by complex and restrictive permitting processes and other regulatory burdens have resulted in a nationwide housing shortage of nearly 5 million homes.

In communities across the country, local governments are investing in a process called pattern zoning, in which architects and local governments develop pattern books full of preapproved standardized plans and designs. So, recently, I introduced H.R. 5907, the Accelerating Home Building Act, with my colleague Congressman Steil. H.R. 5907 would establish a grant program within HUD to fund the creation of these pattern books, speeding up the permitting and home-building process and lowering the costs for homebuyers.

It is clear that we need to be using every tool in our disposal to tackle the housing affordability crisis, and this bill is an example of how the Federal Government can cut red tape and provide local communities with the resources they need to get more housing built faster.

So my question is for Mr. Sears. The housing market is facing historically low inventory, especially for starter homes. How would a significant increase in the predictable supply of missing middle housing facilitated by H.R. 5907, the Accelerating Home Building Act, impact our market dynamics and create new opportunities for first time homebuyers?

Mr. SEARS. Ms. Bynum, thank you, I could not agree with your statement more about what we need to do. As a practitioner, I have seen how long it takes for housing projects to get approved, to get the permits, and we need to take advantage of any lever that can be pulled to unleash some of the housing inventory that is needed, especially that missing middle that you are talking about. We do support your bill, yes.

Ms. BYNUM. Okay. Well, I just have to be honest and humble here for a moment. I have a 24-year-old daughter and a 21-year-old son, and I am trying to get them off the payroll. Like, we are really working. You know, they are still in school, but when you think about it, what do our 21 and 24-year-olds have to look forward to? It used to be 38 was the average first time homebuyer age, and maybe it has pushed up to 41ish, something like that.

Mr. SEARS. Yes. The current median age is 40, and we have seen it increase. It had been between 27 and 30 for a very long time. So we are—an entire generation is missing this opportunity to work toward intergenerational wealth and home ownership.

Ms. BYNUM. So parents and grandparents out there are looking to us to make sure that we can get these kids off payroll and get them launched, right?

I think the other question that I have is realtors are seeing the direct relationship between housing supply and median crisis. How important is the bill's goal of accelerating the time to market for new units? How important is that goal in stabilizing and lowering the housing costs for Americans?

Mr. SEARS. There is a time value to money. So the faster that units can get on the market, the less they will cost to build. The less they cost to build, the more affordable they will be. I hate to say it, but very simple economics.

Ms. BYNUM. Thank you. All right. So thank you to all of the witnesses for your expertise and time, and I will leave the last 40 seconds if you want to share your story about getting them off payroll or any other interactions that you have had with young people or their parents in the community. Mr. Peter?

Mr. PETER. Oh, I am just a proud parent of a 1-year-old.

Ms. BYNUM. Well, we better solve this problem now, right?

Mr. PETER. I hope, by 20 years, we are going to have this problem under control, but it is probably going to take years until we get there.

Ms. BAILEY. I would say HUD's Affirmatively Furthering Fair Housing rule could really go a long way in making sure we are doing everything to create inclusionary zoning, so having oversight and community hearings, because jurisdictions are actually seeking the guidance. They want to give them the guidance.

Ms. BYNUM. Thank you. I yield back.

Mr. FLOOD. The gentlewoman yields back.

The gentleman from Iowa, Mr. Nunn, is now recognized for 5 minutes.

Mr. NUNN. I want to begin by thanking both the panel and the chairman for holding what I think is a very important hearing on housing. It is one of the most vibrant things that we talk about in a rural community like Iowa, and it is something that impacts this entire Nation coast to coast.

The challenge here is that everyone who has been doing this right, saving up, trying to buy that first home, or maybe transitioning from their last home to their final home, is having a harder and harder time doing this with interest rates up, with housing stock down. Currently, in the State of Iowa, nearly 40 percent of our renters are spending a third or more of their take-home salary just to be able to afford the rent while still trying to save on the side.

Look, folks in Iowa and across the Midwest, they are not asking for a handout. They are asking for a fair opportunity to become homebuyers and buy into the American Dream. Today I want to discuss five proposals that we have come up with to help particularly in rural communities like Iowa.

One, expanding access to inventory through accessory dwellings, this is the so-called mother-in-lawsuite, but giving people the opportunity to be able to stay on their own property and build a facility.

Two, increasing loan amounts for critical home repair programs that keep inventory vibrant.

Three, updating USDA's outdated technology process, which today still requires a mountain of paperwork just to be able to get in that first home.

Four, auditing the rural housing program and five, ensuring better reporting.

I think, in tandem, we are able to bring these together in a really meaningful way, because we have to face the reality that, candidly, there are just not enough homes on the market right now for a first-time homebuyer to be able to get into it.

I fully support the efforts to increase the housing supply, but we must also effectively ensure that U.S. Department of Agriculture's rural housing tools are modern and effective. In Iowa, these commonsense reforms can help, and I think it becomes a model for the entire Nation.

Now, Ms. Sears, I want to begin by saying we have several multigeneration farm families that need flexible housing options. One of the things we have highlighted here is what is called the ADU, or mother-in-lawsuite, and you can see it can be something that is an external building, or it can be for, as was noted earlier, a kid who just wants to live over the garage with a little bit of modification or providing another housing unit in an area that has already been platted for it.

ADUs are cheaper. They are quicker to build, and they are solutions that can immediately provide a solution for our housing stock necessity. My legislation clarifies the accessory dwelling units qualify for USDA loan guarantees. I would like to ask, do you think this would help address Iowa's housing shortage and increase the housing supply?

Mr. SEARS. Yes, Mr. Nunn. Very good seeing you again, but I need to let you know it would increase the supply across the country, not just Iowa. My home State of Massachusetts last year passed the Affordable Cares Act, which made ADUs by right, so people could put that in, but the financing is an issue, as some of your colleagues have talked about. So we strongly support your legislation to expand the opportunity for your constituents but also everyone across America to take advantage of these loan products when it comes to ADUs.

Mr. NUNN. Thank you, Mr. Sears, and thanks for what you are doing on this.

I would like to just ask the panel, by a show of hands, has anyone worked with rural housing before or had the opportunity? I would not discredit you for this because the challenge is we do not talk about it enough. I think we talk about great things that HUD does, but I also like to talk about the important role that USDA plays in this. Rural housing really has not been discussed, and whether you are living in Ringgold County, Adams County in Iowa or across America, there is—every community that has an opportunity to succeed here. The current system, candidly, is broken and needs a fix.

Ms. Smith, one of the things I would like to say thank you very much for our effort on our rural housing bill, the support that you have given to this, and the bipartisan effort that we have worked

with Mr. Cleaver on. This is not only endorsed by the Iowa Habitat for Humanity; it also is something that a lot of Iowans can take advantage of and Americans. Critical repairs would be increased by 100 percent. So this means repairs that would go to a septic system, a roof, electrical, all in order to improve the housing stock, means that we get to identify a home that might be on the brink of dilapidation now is on the market for development. We are not destroying rural America by asking a new builder to come in. We can keep what is already there.

To put all this in perspective, fixing a septic tank today in Iowa costs about $20,000 on a home that is worth $149,000. By being able to increase something we have not seen happen for over 20 years can start with this legislation. Do you think that these type of critical repairs are something that are in need of update, and would it improve the housing stock for America across the board? Ms. Smith.

Ms. SMITH. I would certainly hope so, yes.

Mr. NUNN. Here is what I want to do going forward. Right now, I also want to address the issue of bureaucracy. Right now, in Iowa, it takes about 12 months to get through the USDA process. We can update the system to make it digital, cleaner, more efficient, and get families into homes faster. Together, Mr. Chair, this is important legislation that America needs. I look forward to working with this committee in a bipartisan way to make it happen. Thank you. I yield my time.

Mr. FLOOD. The gentleman yields back.

At this time, I move for unanimous consent to enter the following statements into the record: a statement from the International Code Council, dated December 2, 2025; statement from the American Property Casualty Insurance Association, dated December 3, 2025; and a coalition statement from the National Taxpayers Union and other Conservative advocacy organizations, dated December 2, 2025.

[The information referred to can be found in the appendix on pages XX]

Mr. FLOOD. With that, the committee will stand at recess for 5 minutes, and we will reconvene at 2:14 p.m.

[Recess.]

Mr. FLOOD. The committee will come to order.

I appreciate our witnesses staying with us and doing such a good job today.

The gentleman from Montana, Mr. Downing, is now recognized for 5 minutes.

Mr. DOWNING. Well, thank you, Mr. Chair.

Thank you to the witnesses.

Montana has certainly not been immune from skyrocketing housing costs that are really pricing out more and more of my constituents. In fact, Montana, since 2018, has seen a 90-percent increase in the median home value, which is—you know, "Congratulations, here is your new property tax bill." It has been a struggle.

One of the things that I have heard from constituents of mine that are developing affordable housing is that a huge driver of costs is HUD's application of the Build America, Buy American, or BABA

Act, on federally backed housing projects from the 2021 Infrastructure Investment and Jobs Act.

I appreciate the comments that Chairman Flood made on this issue, but I am going to go a little deeper here.

I am going to start with Ms. Smith.

Can you please elaborate how BABA, while well-intentioned, makes housing less affordable?

Ms. SMITH. I mentioned earlier that we have not actually had to build a project using BABA, but we have been talking to a lot of our contractors about what they anticipate the additional costs will be, and they are saying anything from, like, 4 to 6 percent.

So that is just going to add more cost to building affordable housing, which is already very expensive. I think it is important to note that it is more expensive to build an affordable housing unit today than it is to build a luxury market-rate unit today.

Mr. DOWNING. Appreciate that.

Do you believe that the BABA provision was intended to apply to housing projects or only to hard infrastructure?

Ms. SMITH. I am sorry, but I really cannot—I really do not know.

Mr. DOWNING. Okay. Appreciate that.

Should Congress rescind this provision for federally backed housing projects?

Ms. SMITH. I think that Congress should rescind anything that is adding cost to building more affordable housing.

Mr. DOWNING. Thank you.

Ms. SMITH. Unnecessary cost.

Mr. DOWNING. Thank you.

Mr. Sears, part of solving the housing affordability crisis is ensuring that homeowners are able to stay in their current homes rather than move and compete with first-time homebuyers.

According to the Montana Department of Commerce, over 230,000 homes were built before 1980, and only 40 percent of existing homes are in good or better condition in Montana.

Can you please discuss how repairing and renovating the existing stock of homes is also an important part of the equation?

Mr. SEARS. Thank you very much.

It is very essential for us to maintain our existing housing stock. The last thing that we would like to see happen, as I said to Ms. Williams when she brought this legislation up, was that—we need to keep people in their homes. So, if there are any grants, low-interest loans that can be given so that necessary repairs are made, strengthen the property against natural disaster, we are in full support of that.

Mr. DOWNING. Do you see any disparities between urban, suburban, and rural areas in terms of aging housing or homes in disrepair?

Mr. SEARS. No, sir. It is equal opportunity when it comes to older homes and especially as the population ages, they might not be in a position to be able to make the necessary repairs.

Mr. DOWNING. What can Congress do to help with this issue?

Mr. SEARS. Well, this legislation, the Whole-Home Repair Act, is certainly a step in the right direction.

I know in the past there have been block grants that have been made for local municipalities to be able to assist lower-income folks

with maintaining their property. So any of those types of grants or access to low-interest loans would be great.

Mr. DOWNING. Well, thank you. Thank you for your comments.

I want to end my remarks by talking about communities that are often left out of these discussions—namely, Tribes.

Montana is home to seven federally recognized Indian reservations, and Indian Country faces many unique challenges that make housing affordability some of the worst in the Nation. In fact, Native Americans in Montana experience 12-percent lower home ownership compared to the rest of the State.

The primary law governing Federal support for Indian housing is the Native American Housing Assistance and Self-Determination Act of 1996, and this authorizes the Indian Housing Block Grant, among other critical programs. Authorization for these programs expired over a decade ago, and the law has not been updated since 2008.

This is simply unacceptable. I look forward to working with my colleagues to finally get these programs reauthorized and modernized.

I just want to thank you all for being here today and participating in this. This is an incredibly important topic, not just to us on this committee but to our constituents, to this country. So I appreciate you being here.

On that, Mr. Chair, I yield back.

Mr. FLOOD. The gentleman yields back.

The gentleman from North Carolina, Mr. Moore, is now recognized—when he walks in the door.

Mr. Moore is the former longtime speaker of the North Carolina House of Representatives. He joins us today as a member of the House Financial Services Committee.

Mr. Moore, you are recognized.

Mr. MOORE. Before my time starts, Mr. Chairman, I will say that down here at the bottom it is pretty tight quarters.

Mr. FLOOD. Turn your microphone on, Mr. Moore.

Mr. MOORE. Well, thank you, Mr. Chairman.

I just want to, first of all, thank our witnesses for being here.

I represent the 14th District of North Carolina. Our State is actually one of the fastest-growing States in the country, and the region that I represent is one of the fastest-growing regions in the State. Families are moving in, businesses are expanding, really because at the State level we have lowered taxes, we have cut red tape.

What we have also seen is, a lot of the pain with growth and prosperity are the limits in terms of housing—I mean, a lot of problems that have been talked about today and the housing supply simply has not kept up. As a result, housing costs have just climbed far beyond anything that a lot of working families can reasonably afford.

It is not regional. You all have testified already to how this is a national problem, probably because, I mean, the last 4 years—I will try not to be too political here, but the last 4 years were probably just out of control in terms of what happened with inflation but the problems that we have are longer and systemic and so

forth. So I think my understanding is, right now, nationwide, there is a shortage of as many as, what, 5.5 million homes.

I will start with Mr. Peter.

You have written extensively about the constraints created by zoning restrictions and land-use policies. In a nutshell, what tools do you think could encourage localities to modernize the outdated zoning frameworks?

Mr. PETER. Yes, that is an excellent question.

So, at the local level, it boils down to just getting out of the way. There are certain jurisdictions that are always going to be against building more housing, but in those instances the State preemption can play a role in overcoming some of these concerns.

We are seeing lots of movement from Washington, Oregon, California, Montana, Texas that have all moved in that direction.

Mr. MOORE. I will tell you, before I came here, I was a State legislator for 22 years. I was also an attorney and handled a lot of land-use and a lot of real estate work for folks. At one time, you used to have either commercial or residential, R4, R5 breakdowns.

Now, it seems like I have noticed more and more folks want to do all these UDOs, unified development ordinance. They want to do a, kind of special variance for this development or that development. I cannot help but imagine that is passing along significant costs that end up being borne on the taxpayer. Anybody wants to—or, excuse me, on the homebuyer.

Anybody want to comment on that?

Mr. PETER. I can make another point about this. From a city perspective, if you allow a little bit greater density—we call it "light-touch density"—you are going to be able to broaden your tax base.

In the jurisdictions that we studied, in some of them, they were able—because they have a broader tax base, they have more taxable value, they were able to lower the tax rate for the citizens. So that has resulted in positive externalities.

Mr. MOORE. In addition to zoning, I think my understanding is a lot of, like, permitting delays, zoning issues, environmental reviews, and outdated Federal requirements add cost and also years to projects and, of course, adding time adds cost.

Ms. Smith, I will ask you this question. Multifamily developers face multiple layers of environmental review at the Federal, the State, and at the local levels. How do these overlapping requirements impact the timing and the financial feasibility of large, multifamily projects?

Ms. SMITH. They obviously add tremendous cost. We had talked about that 40.6 percent of the cost of a multifamily dwelling unit is tied up in soft costs or regulations.

It also moves—it sort of moves development around too. I was going to mention that your State of North Carolina is getting a lot of attention from developers from this region because it is easier, it is faster, it is just a better development process. As a result, North Carolina is getting a lot more housing—high-quality rental housing.

Mr. MOORE. Yes.

Mr. Sears, a question for you. I hear Realtors often say that it is nearly impossible today to deliver a home for under $250,000, which blows my mind. What are the most common regulatory or

permitting obstacles that prevent builders from meeting that price point?

Mr. SEARS. Regulatory. It is the patchwork of zoning across municipalities and localities. Not knowing that they are going to have a streamlined process. Sometimes inspectors get in the way. There is a myriad of reasons why it can be more difficult to build and there is a time value to money. So anything that can be cutoff from the length of time before the shovel gets in the ground and then the final occupant moves in will make things more affordable.

Mr. MOORE. Thank you.

I had other questions. My time is nearly over. I do think it is important, and I appreciate these witnesses here today and my colleagues, frankly, on both sides of the aisle who acknowledge that affordability is a huge issue and that we need to find more ways to make home ownership the reality for more and more Americans. I appreciate the work.

Mr. Chairman, I appreciate your work, because I know this is something you and your subcommittee are working on very hard. So thank you on that. Count me as an ally in this whole process.

With that, I yield back.

Mr. FLOOD. The gentleman yields back.

The gentleman from New York, Mr. Garbarino, who is also the chairman of the full House Homeland Security Committee, is now recognized for 5 minutes.

Mr. GARBARINO. Thank you, Mr. Chairman and thank you to all the witnesses for being here today.

Access to housing is an increasing issue across the United States, especially in areas like where I am from on Long Island.

I was excited to see the SUPPLY Act, the bill I co-lead with my colleague Rep. Liccardo, attached to this hearing. This bill expands Federal Housing Administration mortgage insurance to finance certain second-lien loans for accessory dwelling units, also known as backyard cottages, granny flats, or in-lawsuites. This will provide government-backed, flexible financing options to help homeowners of modest means overcome what is often the last hurdle to breaking ground on an ADU.

Mr. Peter, how would ensuring second liens for ADU construction help homeowners who want to add housing units but face financing barriers?

Mr. PETER. Yes, for some homeowners, financing is certainly a hurdle but in other examples, in California, which has passed ADU laws, they were able to overcome—they were able to find financing without Federal guarantees or Federal lending programs.

So my concern with ADU financing through a Federal program is that it may encourage lower-income homeowners to take on more than they can—to bite off more than they can chew. It is one thing to be a homeowner, but to be a homeowner and a landlord can be somewhat dangerous to make the payments. Your renter may not pay, but you are stuck with the cost. So there are certain cost concerns to be considered.

Mr. GARBARINO. Absolutely. I mean, I actually have an accessory dwelling unit, accessory apartment at my house and there were initial costs. You know, you have to separate, get the—there are permit fees, there are construction fees to get that done, to actually

get the house built but I will tell you, having that extra—having that tenant there, as someone who is never home, is a nice—helps me have peace of mind. It also has income when they pay, and he always does pay but, again, it is something that definitely helps, especially with taxes keep going up.

So I do understand there are concerns about initial costs, but I think the financing, definitely, here—and government-backed financing—will help them with that initial cost. Yes, there are always bad actors. Tenants sometimes do not pay. I think in most of the cases, to address someone who cannot afford a full mortgage, having this access for someone who needs to live in an apartment is great for them but also for someone who is struggling to pay their mortgage, having an accessory apartment, that extra income could also be helpful.

So I think that will address—that could address the challenging shortage in a way that does not require a lot of investment but from your perspective, does this legislation complement existing HUD and FHA programs?

Yes, Mr. Peter?

Mr. PETER. Yes, there is another option that HUD and FHA, in particular, could do that we have not talked about. So the mortgage insurance premium is another way where HUD could crowd in more starter homes.

By rejiggering the mortgage insurance premium toward homes that are under, let us say, 1,800 square feet and lowering the premiums on these new constructions, HUD and FHA could play a role in getting more starter homes built.

Mr. GARBARINO. Thank you.

I was also excited to see my bill, the National Flood Insurance Program (NFIP) Extension Act, included in this hearing. Flooding has long been the most significant cause of property damage from natural disasters in the United States, and homeowners rely on the National Flood Insurance Program to protect their homes.

In districts like mine, many homeowners are required to purchase flood insurance to obtain a mortgage. However, since 2017, Congress has only extended the NFIP on a short-term basis, leading to lapses in the program, including a recent 43-day lapse during the government shutdown this year.

Mr. Sears, what did the lapse mean for people trying to purchase a home during that time?

Mr. SEARS. Thank you, Mr. Garbarino.

The lapse created uncertainty in the market, especially when the banks requiring the mortgagee to obtain flood insurance. Some of them were slow to realize that restriction had been lifted temporarily but even if the consumer closed, that would expose them to the potential liability without insurance coverage.

So we support your effort to extend the NFIP until September 30, because since 2017, as you said, there have been 34 short-term extensions, and that just causes too much uncertainty.

Mr. GARBARINO. Uncertainty and also extra cost to the homeowner if there is a lapse, with delay of closing and other things like that, which a lot of these homeowners—that extra cost they just cannot afford.

I thank you for your answer.

I thank you again, all, for being here.

I yield back.

Mr. FLOOD. The gentleman yields back.

I would like to thank all of our witnesses for their testimony today.

Without objection, all members will have 5 legislative days to submit additional written questions for the witnesses to the chair.

The questions will then be forwarded to the witnesses for your response. Witnesses, please respond no later than January 8, 2026.

[The information referred to can be found in the appendix.]

Mr. FLOOD. This hearing is adjourned.

[Whereupon, at 2:30 p.m., the committee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

NARPM™

National Association of Residential Property Managers

December 3, 2025

The Honorable French Hill
Chairman
House Financial Services Committee
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
4340 O'Neill House Office Building
Washington, D.C. 20515

Dear Chairman Hill and Ranking Member Waters:

On behalf of the National Association of Residential Property Owners (NARPM®), thank you for holding today's hearing entitled, "Housing Affordability: Governmental Barriers and Market-Based Solutions." We appreciate your attention to these important topics and your leadership on issues critical to our members and the American economy.

By way of background, the National Association of Residential Property Managers is an association of real estate professionals who know first-hand the unique problems and challenges of managing single-family and small residential properties.

Founded in 1988, NARPM provides a permanent trade organization for the residential property management industry. It continues to be the premier professional association of residential property managers, currently representing approximately 6,000 members comprised of real estate agents, brokers, managers, and their employees. Our organization promotes a high standard of business ethics, professionalism, and fair housing practice. NARPM also certifies its members in the standards and practices of the residential property management industry and promotes continuing professional education. Our members focus on managing single-family and small residential properties, an asset class overwhelmingly composed of small landlords.

From our perspective working with smaller housing providers and directly with tenants, our members witness daily the effect that constrained housing supply has on housing affordability and the number of quality housing choices available to consumers. To address this issue, we encourage an approach that focuses on the ability of smaller housing providers to enter and remain in the marketplace as well as regulatory barriers at all levels of government that artificially restrict the number of housing units being produced.

First and foremost, we would like to express our strong support for H.R. 1078 (Loudermilk), the Respect State Housing Laws Act. The CARES Act established a temporary 120-day moratorium on evictions and late fees due to nonpayment of rent, which applied to federally backed and federally assisted housing. It also instituted what should have been a temporary notice procedure, requiring housing providers to notify covered residents 30 days before filing for

eviction after the moratorium ended on July 24, 2020. During the height of pandemic uncertainty, its purpose was to provide covered residents with ample notice before housing providers filed for eviction when the CARES Act's stay on evictions was lifted. Because of the way the bill was drafted, this federal "notice to vacate" requirement remains in place today, years after the CARES Act moratorium and the pandemic ended.

The CARES Act requirement more than quadruples the notice procedure in some jurisdictions, which translates into more lost rent while housing providers wait for their day in eviction court. It is imperative to highlight that the eviction process is one that is usually measured in months, not weeks or days. In cases of nonpayment of rent, this process usually begins when the tenant is late (a 5-day grace period is a common practice). At that point, the landlord would file a notice to vacate (aka "pay-or-quit"). An explanation is warranted here. A notice to vacate does not mean the tenant is required to leave within the number of days in the notice. It only means that the owner must wait that number of days before initiating action to regain their property in cases of nonpayment of rent. Following the "pay-or-quit" period, the landlord can institute court action to recover the property. Throughout this process, most property managers will work with their residents to access any available rental assistance. A sizeable number will also consider alternatives and diversion programs.

For professional owners and operators of rental housing, eviction is always a last resort. Their businesses always do better when units are occupied and when they can fully meet their obligations to their residents, employees, creditors, and the communities that they serve. The federal notice-to-vacate requirement is not a sustainable solution to prevent renter displacement.

The rental housing industry cannot continue to manage their properties successfully with sustained losses of rental income that result from continued delays of legitimate evictions. Restrictions on a property owner's ability to remedy lease violations for nonpayment of rent only place renters at a greater long-term risk through the accumulation of higher debt, and they have a negative effect on many property owners in the form of lost rental income, an effect that is most acute for smaller property owners.

Studies show that the overwhelming majority of rent goes to property operations, maintenance, and supporting the communities across the country that housing providers serve. For example, housing providers' property taxes finance schools, emergency services, and other local needs. A rent payment is much more important than one might otherwise realize. As such, the inability to collect rent ultimately hurts the tens of millions of Americans who work in the industry, the nation's renters, and communities across the country.

As such, we strongly support H.R. 1078, the Respect State Housing Laws Act. In addition to H.R. 1078, there are other bills noticed for this hearing that we support:

- H.R. 2840, the Housing Supply Frameworks Act (Flood)
- H.R. 3774, the HUD Accountability Act of 2025 (Lawler)

Manufactured Housing Institute

November 20, 2025

The Honorable John Rose
2238 Rayburn House Office Building
Washington, DC 20515

RE: Manufactured Housing Institute Support for Housing Supply Expansion Act of 2025

Dear Representative Rose,

On behalf of the Manufactured Housing Institute (MHI) and our members, thank you for introducing the *Housing Supply Expansion Act of 2025*. This legislation, once enacted, will increase housing supply and reduce costs for consumers. Allowing manufactured builders the option to design single family construction code (the HUD Code) homes without a permanent chassis will enable modern, low-profile installations, multi-story designs, and urban-friendly housing while improving efficiency and reducing waste.

The current chassis mandate, rooted in decades-old definitions, limits HUD and the Manufactured Housing Consensus Committee from approving innovative designs. It also adds unnecessary costs for homeowners and serves as a zoning barrier in many communities. Eliminating this requirement aligns with Congress' original intent for the HUD Code: to ensure safety, affordability, and encourage innovation.

MHI represents every segment of the factory-built housing industry, including builders, lenders, retailers, and community owners. Our members produce over 90 percent of all manufactured homes in the U.S., delivering high-quality, attainable housing to thousands of families each year.

Again, we appreciate your leadership on this critical issue for addressing our nation's housing supply needs. We stand with you as you urge Congress to pass the Housing Supply Expansion Act of 2025 to modernize the definition of manufactured housing. MHI looks forward to working with you to advance this important legislation.

Sincerely,

Lesli Gooch, Ph.D.
Chief Executive Officer

1655 Fort Myer Drive, Suite 200, Arlington, VA 22209
(703) 558-0400 | info@mfghome.org | www.manufacturedhousing.org

- H.R. 4659, the Identifying Regulatory Barriers to Housing Supply Act (Flood)
- H.R. 4660, the Unlocking Housing Supply Through Streamlined and Modernized Reviews Act (Flood)
- H.R. 4810, the BUILD Housing Act (Liccardo)
- H.R. 4989, the Streamlining Rural Housing Act of 2025 (Stutzman)
- H.R. 5077, the Strengthening Housing Supply Act of 2025 (Waters)
- H.R. 5263, To require approval from the Secretary of Housing and Urban Development for any Federal manufactured home and safety standards, and for other purposes (Flood)
- H.R. 5577, the NFIP Continuation Act of 2026 (Garbarino)
- H.R. 5878, the HOME Reform Act of 2025 (Flood)
- H.R. 5907, To authorize the Secretary of Housing and Urban Development to award grants to eligible entities to select pre-reviewed designs of covered structures of mixed income housing for use in the jurisdiction of the eligible entity (Bynum)
- H.R. 6293, the Housing Supply Expansion Act of 2025 (Rose)
- H.R. ____, To amend the Housing and Community Development Act of 1976 to require grantees under such Act to maintain a database of land (Waters)
- H.R. ____, To require the Secretary of Housing and Urban Development to establish a grant program to assist in housing planning activities, and for other purposes (Waters).

Taken together, these bills will help lower costs and provide regulatory certainty and stability for housing providers and consumers as well as more well-built affordable housing choices for American families.

Thank you for the opportunity to share our views. If you have any questions, please feel free to reach out to our Governmental Affairs Director Tyler Craddock at tcraddock@narpm.org or at (202) 918-1135.

With kind regards, I am

Sincerely,

Troy Garrett
NARPM® CEO

cc: Members of the House Financial Services Committee

December 2, 2025

The Honorable Monica De La Cruz
United States House of Representatives
1415 Longworth House Office Building
Washington, D.C. 20515

The Honorable Ritchie Torres
United States House of Representatives
1414 Longworth House Office Building
Washington, D.C. 20515

Dear Representatives De La Cruz and Torres:

We write in strong support of your bipartisan legislation, HR. 6132, the *Housing Affordability Act*, which is designed to update the Federal Housing Administration's (FHA) multifamily insurance programs to more accurately capture the true cost of apartment construction. FHA's current base statutory limits reduce the number of housing units HUD can and will insure nationwide. The statutory limits have not been adjusted since 2003. They are now significantly below the baseline level of multifamily construction costs and serve as an unintentional regulatory barrier that constrains access to middle income housing nationwide. These current outdated limits are inconsistent with HUD's goal of providing decent, safe, and sanitary housing.

Almost all communities – from south Texas to the Bronx – are now treated as "high-cost areas" under the current limits. Rather than operating as intended to prevent HUD from providing coverage of high-end luxury housing, the dated statutory limits and inaccurate accompanying index have combined to constrain the production of urgently needed workforce housing projects across the country. Altering the index used for future annual inflationary adjustment from the Consumer Price Index (CPI) to the Price Deflator Index of Multifamily Residential Units Under Construction (released by the Census Bureau) will help FHA more accurately track the cost of residential construction going forward.

These changes will immediately leverage significant private investment in housing to expand supply and bring additional payments into the FHA Mortgage Insurance Premium fund. It will free up federal resources consumed by FHA staff administering needless regulatory requirements imposed by the outdated statutory limitations. We look forward to working with you to encourage bipartisan support for your legislation.

Sincerely,

Mortgage Bankers Association
Institute of Real Estate Management
The Real Estate Roundtable
National Association of REALTORS®
National Housing Conference
National Apartment Association
CRE Finance Council
National Affordable Housing Management Association
National Association of Home Builders
National Leased Housing Association
National Association of Housing Cooperatives
National Multifamily Housing Council
National Association of Affordable Housing Lenders
Council for Affordable and Rural Housing
American Land Title Association

INTERNATIONAL CODE COUNCIL®

December 2, 2025

The Honorable French Hill
Chairman
House Financial Services Committee
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
2217 Rayburn House Office Building
Washington, DC 20515

Re: Hearing Entitled: Building Capacity: Reducing Government Roadblocks to Housing Supply

Dear Chairman Hill and Ranking Member Waters:

The International Code Council applauds the Committee for holding this hearing on reducing government roadblocks to the critical issues of housing supply and access. As the Committee considers legislation to address this matter, we encourage Congress to adopt measures that support consensus-based, private-sector-developed building codes and standards and incentivize resilient, cost-effective, and reliable offsite construction.

With our membership of more than 60,000 building and fire officials, builders, architects, and engineers, the Code Council facilitates the development of model building, fire, and plumbing codes (the I-Codes) that communities across the country utilize to ensure safe, resilient, and affordable construction. Our founding strategic partners—the American Gas Association, National Multifamily Housing Council, National Association of Home Builders, Building Owners and Managers, and the American Institute of Architects—came together to support the Code Council's formation to streamline the development of construction codes and to enable consistency in construction across geographies, which allows economies of scale and faster and more efficient infrastructure development.

The Code Development Process: A Consensus-Driven Approach that Increases Resilience and Saves Taxpayer Dollars

Adopting and implementing modern building codes, such as the I-Codes, protects homes and families from extreme weather and other hazards and reduces the cost of living by curbing utility bills, insurance premiums, and repair and maintenance costs, all without impacting housing affordability. As a testament to the strength and versatility of the consensus-based code development process, the International Building Code, which governs high-rise multifamily housing, is used in every state, and the International Residential Code, which governs low-rise multifamily and single-family homes, is in use in 49 of the 50 states.

The International Code Council develops construction and public safety codes through a consensus process that adheres to both the NTTAA and OMB Circular A-119. This system of code development has provided the world's highest level of safety for more than 90 years. The Code Council's consensus-based method is rooted in openness, transparency, and the balancing of interests, and in ensuring due process for all interested parties. The resulting I-Codes reflect cutting-edge technical knowledge, real-world construction practices, and up-to-date innovations

in materials and methods. Simultaneously, this collaborative model balances practicality, cost, and safety while providing localities with models that they can further tailor to fit their unique circumstances. This process creates consistency, reduces complexity for builders working in multiple regions, and lowers costs for compliance, training, and enforcement.

The federal government's support for codes and standards developed by the Code Council and other standards development organizations (SDOs) is rooted in longstanding statutory authority—under the National Technology Transfer and Advancement Act (NTTAA) (P.L. 104-113) and as further outlined in OMB Circular A-119—that "directs agencies to use standards developed or adopted by voluntary consensus standards bodies rather than government-unique standards, except where inconsistent with applicable law or otherwise impractical." The U.S. standards model recognizes that SDO-developed standards enable economic growth and interoperability, better achieve industry consensus, and keep pace with technological advances while self-funding regular updates.

Numerous studies confirm that adopting and implementing the current editions of the I-Codes is one of the most effective mitigation strategies for reducing the impacts of natural hazards. The National Institute of Building Sciences (NIBS) – a Congressionally chartered building science organization – estimates that building to the I-Codes saves $11 for every $1 invested through earthquake, flood, and wind mitigation benefits, while retrofitting 2.5 million homes in the wildland urban interface to the Code Council-developed wildfire code could provide a benefit-cost ratio as high as $8 for every $1 invested.[1] FEMA projects that if all future construction adhered to modern I-Code editions, the nation would avoid more than $600 billion in cumulative losses from floods, hurricanes, and earthquakes by 2060.

In addition to its resilience and cost-of-living benefits, contemporary research continues to find that modern model building codes maintain housing affordability. For example, recent studies have found that adopting the I-Codes increased a home's purchase price by only about half a percentage point over 30 years. At the same time, the I-Code's flood resilient provisions reduce net monthly mortgage and flood insurance costs by around 5% and have been found to reduce post-disaster mortgage delinquency rates by as much as 50 percent.

The U.S. Department of Housing and Urban Development's (HUD) track record in standards development illustrates the benefits of the private-sector model. After multiple deaths from carbon monoxide poisoning in HUD housing, it took an act of Congress to force HUD to update its then three-decade-old housing code to require carbon monoxide detectors that the I-Codes had required for years.[2] Recommended updates to HUD's code for manufactured housing regularly remain pending for decades before HUD adopts them. Consequently, HUD's recent "update" to its manufactured housing code adopted wind maps that are already two decades old and a pre-2000 standard for smoke alarms.[3]

The Code Council applauds efforts by Secretary Turner of the Department of Housing and Urban Development and his leadership team to work with Congress to find innovative solutions to reduce

[1] Natural Hazard Mitigation Saves: 2019 Report. www.nibs.org/mitigationsaves.
[2] See Suzy Khimm & Laura Strickler, Carbon Monoxide Is Killing Public Housing Residents, but HUD Doesn't Require Detectors, NBC News (Mar. 1, 2019); Public Law No. 116-260 (2020).
[3] See Manufactured Home Construction and Safety Standards, 89 Fed. Reg. 62,045 (Sept. 16, 2024) (to be codified at 24 C.F.R. pt. 3280).

the regulatory and administrative burdens to increase our nation's housing supply. Rather than expanding outdated federal-specific standards, the Code Council encourages federal support for the growth of successful, consensus-based, private-sector-developed codes and standards that promote resilience and housing affordability.

Legislative Recommendations to Increase the Housing Supply: Supporting State, Local, Tribal, and Territorial Offsite Construction Efforts

The Code Council has worked to support the advancement of off-site construction, which involves building components or entire houses in a controlled factory environment and then assembling them on-site. This approach, also referred to as modular construction, delivers projects up to 50 percent faster than traditional methods at a cost savings of up to 20 percent.

To incentivize greater use of off-site construction, building regulatory programs must be designed to inspect and approve factory-built components effectively. To address the gap in consistency of current compliance processes, the International Code Council and Modular Building Institute (MBI) have developed the ICC/MBI Off-site Construction Standard 1200: Planning, Design, Fabrication ("1200"), and Assembly and ICC/MBI Off-site Construction Standard 1205: Inspection and Regulatory Compliance ("1205"), which cover the entire off-site construction process and capture best practices to support a consistent approach to verifying compliance. The standards apply to all componentized, panelized, and modularized elements in both commercial and residential buildings, except U.S. HUD-regulated manufactured housing.

The standards can be integrated with previously adopted building codes and include procedures for plan review, in-factory inspection, and approval. The standards reflect the previously outlined consensus-based process and were developed by a diverse committee of experts, including state program administrators, manufacturers, third-party agencies, and designers. They meet the requirements for private-sector developed standards as outlined in the NTTAA and OMB Circular A-119. These standards are intended to sit alongside existing building codes and standards to provide the verification process for off-site construction compliance with state or locally adopted building codes and standards. Widespread adoption of the standards was recently endorsed by the National Association of Home Builders[4], with supportive editorials published in The Seattle Times[5] and Governing Magazine.[6]

With these thoughts in mind, in the wake of the Senate's passage of the Road to Housing Act, the Code Council, in conjunction with our partners at MBI and Modular Home Builders Association, developed legislative recommendations (See Attachment A) to expedite offsite construction efforts and training for code officials to ensure their familiarity with manufactured and modular housing. This training will speed up installations and ensure future off-site construction efforts recognize and promote existing, industry-developed, consensus-based best practices for off-site and modular construction that several states (Colorado, Montana, Ohio, Rhode Island, Utah, and Virginia) have already adopted.

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[4] NAHB Resolution, *Facilitating Affordability, Sustainability and Regulatory Consistency through Standards for Off-site Construction* (June 10, 2023); A Unique Opportunity to Address the Affordable-Housing Crisis: Off-Site Construction, Governing (Aug. 15, 2023).
[5] Belcher, Matt, *To ease housing crisis, remove barriers to off-site construction (Opinion)*, The Seattle Times (Aug. 23, 2023).
[6] Belcher, Matt, *A Unique Opportunity to Address the Affordable-Housing Crisis: Off-Site Construction (Opinion)*, Governing (Aug. 15, 2023).

We encourage the Committee to adopt these legislative provisions as part of the package of proposals slated for markup later this month.

On behalf of ICC's members, we thank you again for working across the aisle to rectify our nation's housing shortage. We firmly believe that the government, the private sector, philanthropy, and codes-and-standards-developing organizations can work together to make housing more accessible and affordable while maintaining building safety, supporting code officials, and recognizing existing private-sector-led initiatives.

Thank you for your consideration.

Sincerely,

Aaron Levy

Aaron H. Levy
Vice President, Federal Relations

ICC Offices • 200 Massachusetts Ave NW 2nd Floor, Suite 250, Washington, DC 20001

Statement of the
American Property Casualty Insurance Association (APCIA)

To The House Financial Services Committee
Hearing Entitled "Building Capacity: Reducing Government Roadblocks to Housing Supply"

Wednesday, December 3, 2025

The American Property Casualty Insurance Association (APCIA) appreciates the opportunity to share our views on the H.R. 5577, the NFIP Extension Act of 2026 and provide insights on the property insurance market and the potential impact on overall housing affordability. APCIA is the leading national trade association representing home, auto, and business insurers. For 150 years, we have supported a competitive private insurance market to benefit both consumers and insurers. Our members include all sizes, structures, and regions, protecting families, communities, and businesses across the U.S. and globally.

Importance of Continuity of the National Flood Insurance Program

Since 2017, the National Flood Insurance Program's authority has been extended 34 times and allowed to briefly lapse on several occasions, including during the recent government shutdown. The NFIP's current authorization expires on January 30, 2026. APCIA strongly supports H.R. 5577, the NFIP Extension Act of 2026. This bill would extend the NFIP until September 30, 2026, to align with the end of the fiscal year. Extending the NFIP would ensure this vital program does not lapse or create additional challenges for residential and commercial property owners, buyers, managers, and tenants.

Another lapse of the NFIP would leave millions of Americans at risk and disrupt the purchase of flood insurance in more than 22,000 communities across the United States. Without an authorization extension, Americans' ability to purchase or renew their NFIP policies will encounter significant difficulties leading to an eventual lapse for policyholders. Without access to flood insurance, American families must rely on federal disaster aid, which is severely limited. Furthermore, property buyers who need flood insurance could lose financing or be forced to pay fees to hold interest rates. In fact, the National Association of REALTORS® estimates that lapses to the NFIP threaten the closing of 1,400 property sales each day. Additionally, some property owners could be subject to lender-placed insurance by their mortgage servicers, which is typically more costly than borrower-obtained insurance, resulting in even more cost burdens on American families. The risk of another unnecessary NFIP lapse could further impact affordable housing, create additional challenges for small businesses, unnecessarily further increase the cost of homeownership, and must be avoided.

Severe storms and flooding impact communities across the country. Americans deserve certainty and stability in the flood insurance marketplace so that they can protect their homes, businesses, and loved ones.

Mitigation – A Path Forward

The availability and affordability of insurance has become a concern in disaster prone areas due to demographic trends combined with record high costs of building materials and labor inflation

(impacting rising costs of home construction, replacement costs, and overall home values), more severe weather, and increasing regulatory and legal system abuse costs.

The property casualty insurance industry has worked for decades to prevent and reduce devastation from natural disasters. This includes creation of the Insurance Institute for Business and Home Safety (IBHS), a non-profit research organization funded by the U.S. insurance industry, which has developed standards that help homes and businesses withstand severe weather and disasters.

The federal government also plays a critical role in mitigation. Federal disaster research, infrastructure maintenance and improvement, disaster response, land-use management, and resiliency funding all help mitigate risk, saving lives and reducing losses. Federal support to the states and municipalities, including grant funding and federal tax parity for state efforts, can help scale mitigation efforts, ultimately leading to safer and stronger structures that benefit and protect homeowners.

Mitigation during new construction or reconstruction—through simple structural or landscape design modifications—presents the best opportunity to enhance community resilience. The National Institute of Building Sciences (NIBS) found that every $1 spent on natural hazard mitigation in new code construction saves $11 in disaster repair and recovery costs. The potential return on investment (ROI) should also be considered, such as increased property resale values, improved insurability, and reduced loss-related expenses, such as insurance deductibles. For the financial services industry and governments, this also might include reduced mortgage delinquencies, less disaster aid, and protection of tax bases and bond ratings.

Legal System Abuse

Legal system abuse has rapidly escalated across the country contributing to roughly 7% a year additional increase in economic inflation – costing the average family of 4 nearly $6,000 annually from the increased costs of goods and services. [1] This trend is fueled by excessive litigation, nuclear verdicts and third-party litigation funding.

Nuclear verdicts and median verdicts have skyrocketed. Americans have seen a 220% increase in typical personal injury awards between 2010 ($39,300) and 2020 ($125, 366).[2] In 2022, the costs to the U.S. tort system were over $529 billion, which represents 2.1 % of the U.S. GDP.[3] Despite the hundreds of billions of dollars being spent and extracted from our legal system, far more than any other country, nearly half of the legal expenditures in the United States go to lawyers, litigation funders, and court fees, rather than compensating injured parties.[4]

On the other hand, Florida's enactment of sweeping legal system abuse reforms in 2022 and 2023 highlight how meaningful lawsuit reforms can reverse affordability and availability challenges to homeowners insurance. Recent data from Florida's Office of Insurance Regulation[5] demonstrate that

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[1] The Perryman Group, The Economic Impact of Excessive Tort Costs on US Households, April 2025
[2] APCIA using Jury Verdict Research and Trends In Personal Injury Lawsuits, Insurance Information Institute, 2020
[3] https://www.uschamber.com/lawsuits/hidden-costs-lawsuits-grow
[4] US Chamber of Commerce ILR Tort Costs Study, 2022
[5] FL Office of Insurance Regulation's (OIR) Property Insurance Stabilization Report, July 2025

property litigation in the state has significantly decreased, seventeen insurance companies have entered the market and homeowners and auto insurance rates have flattened or decreased.[6] According to the OIR, Florida had the most stable property insurance rates in the country last year, with only a 1% increase, while most states saw double-digit increases in the same period.[7] The reduction in litigation, stabilization of rates and revitalization of the market are just a few indicators of a transformed insurance climate due to reining in legal system abuse. Legal system abuse contributes to higher costs and added financial pressure on all consumers and businesses, even those not directly involved in a lawsuit. The economic consequences of legal system abuse drive increases price and contribute to a reduction in housing affordability. As Congress continues to examine affordability, we encourage you to take a closer look at the significant increase in costs that abuses in our legal system are contributing to owning a home.

Conclusion

APCIA encourages Congress to pass H.R. 5577, the "NFIP Extension Act of 2026" to ensure homeowners that reside in flood prone areas of the country will not have a lapse in their flood insurance protection. In addition, Congress should prioritize mitigation and resilience by incentivizing investments that can help harden homes from natural disasters and help to increase insurance availability and affordability. We also encourage policymakers to make common sense reforms to our legal system that will provide transparency and prevent our court system from being abused by parties who are only focused on maximizing investor profits. Finally, federal and state regulatory agencies should continue to prioritize mitigation and resiliency building policies through incentivizing investments that can help harden homes from natural disasters and increase long-term availability and affordability. We look forward to working with Congress to address these issues and provide any support needed.

[6] https://floir.com/home/2025/07/29/florida-office-of-insurance-regulation-announces-lower-auto-insurance-rates-thanks-to-florida's-insurance-reforms
[7] https://floir.com/home/2025/06/27/insurance-commissioner-mike-yaworsky-announces-additional-growth-to-florida's-insurance-market

For further information, APCIA recommends the following additional links below:

- https://www.apci.org/research-papers/

  APCIA original research that examines property insurance markets, natural disasters and mitigation:

  - *APCIA Analysis of 2024 Insurance Financial Operating Results and Trends* (April 2025)
  - *Market of Last Resort: An Overview of Residual Market Plans in the U.S. and Factors Contributing to Their Growth* (Feb 2025)
  - *Build Back Smarter: Systemic Fixes Essential to Making California Insurable* (Feb 2025)
  - *Price Regulation and Its Effects on Insurance Markets: Analysis and Case Studies* (Jan 2025)
  - *Factors Influencing Insurance Availability and Affordability for Consumers* (Dec 2023)
  - *Hard Market Cycle Arrives - Inflation, Natural Disasters, and More Straining Property Insurance Markets* (Mar 2023)
  - *Nature-Based Solutions that Promote Resilience* (Dec 2022)
  - ***Wildfire Risk in the Wild, Wild, West*** (Nov 2022) is a three-part white paper series that identifies the challenges and opportunities affecting consumers and property insurance markets specifically in wildfire-exposed states.
    - *Increasing Wildfire Risk in the Wild, Wild, West: Part I*
    - *Managing Wildfire Risk in the Wild, Wild, West: Part II*
    - *Taming Wildfire Risk in the Wild, Wild, West: Part III*
  - *It's Not Just the Weather: The Man-Made Crises Roiling Property Insurance Markets* (Aug 2022)
  - *Property Insurers Challenged by Skyrocketing Inflation and Natural Disasters* (Feb 2022)
  - *U.S. Property Insurance Market Struggles to Balance Supply & Demand* (Jul 2021)
  - *Property Insurance: 2020 The Year in Review - U.S. Property Insurance Market Continues to Harden, Expected to Continue in 2021* (Jan 2021)

- Rampant Legal System Abuse is Contributing to Rising Costs and Impacting Business Viability
- https://ibhs.org/about-ibhs/ibhs-research-center/
- https://ibhs.org/stronger-la-rebuild/

December 2, 2025

The Honorable Todd Young
185 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Mike Flood
343 Cannon House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Brian Schatz
722 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Brittany Pettersen
348 Cannon House Office Building
United States House of Representatives
Washington, DC 20515

Dear Senators Young and Schatz and Representatives Flood and Pettersen,

On behalf of the undersigned organizations, representing a wide array of taxpayer, free market, consumer, and limited government advocates, we write to express our strong support for S.2416, the Identifying Regulatory Barriers to Housing Supply (IRBHS) Act. This legislation takes a common sense approach to meaningfully address the nation's affordable housing shortage by promoting transparency in local zoning and development policies.

America's shortage of affordable housing is rooted in exclusionary zoning and restrictive land-use policies. Enacted at the local level, these regulations stifle new home building and have created a persistent gap between housing supply and demand, and ultimately put financial pressure on the wallets of working class Americans. A report by Up For Growth revealed a nationwide housing deficit of 3.85 million units in 2022, more than twice the level seen in 2012. Until these barriers are addressed, millions of families will continue to suffer from the country's lack of affordable housing.

The IRBHS Act offers a practical approach to boosting the supply of affordable housing by shining a light on local policies that prevent the construction of new homes. Your legislation directs localities receiving Community Development Block Grant funding to report on their adoption of policies that affect housing supply. Instead of imposing specific reforms, the IRBHS Act leverages the power of transparency to give local communities the tools to confront the housing crisis proactively.

Importantly, this legislation encourages better use of existing taxpayer dollars instead of expending more federal resources to try to solve the problem.

By pinpointing burdensome practices that hamper the construction of new housing—such as onerous zoning restrictions, building fees, environmental laws, and excessive parking requirements—the IRBHS Act provides a structured framework for communities to increase the supply of housing in a manner that is consistent with their own local needs. Rather than just throwing more money at the problem, this legislation focuses on removing obstacles that prevent existing investments from achieving their full impact.

Families and communities nationwide depend on a housing market that is affordable, and this legislation is a practical and bipartisan step toward achieving that goal. We are proud to support your proposal and look forward to working with you to help it become law.

Sincerely,

National Taxpayers Union
Pete Sepp
President

60 Plus Association
James L. Martin
Chairman

American Association of Senior Citizens
Saulius "Saul" Anuzis
President

Bluegrass Institute
Caleb O. Brown
CEO

Americans for Prosperity
Brent Gardner
Chief Government Affairs Officer and Senior Vice President

Bullmoose Project
Aiden Buzzetti
President

Center for a Free Economy
Ryan Ellis
President

Center for Freedom and Prosperity
Daniel J. Mitchell
President

Consumer Action for a Strong Economy
Gerard Scimeca
Chairman

Consumer Choice Center
Stephen Kent
Media Director

Family Business Coalition
Palmer Schoening
Chairman

Frontier Institute
Kendall Cotton
President & CEO

Hispanic Leadership Fund
Mario H. Lopez
President

Illinois Policy Institute
Mailee Smith
Vice President of Policy and Litigation

Epcon Communities
Nanette M. Pfister
Vice President of Public Affairs

Independent Women Voice
Patrice Onwuka
Director of the Center for Economic Opportunity

The LIBRE Initiative
Sandra Benitez
Executive Director

Market Institute
Charles Sauer
President

Pinpoint Policy Institute
Eric Ventimiglia
Executive Director

Pioneer Institute
James Stergios
Executive Director

The Platte Institute
Jim Vokal
Chief Executive Officer

R Street Institute
Eli Lehrer
President

Rhode Island Center for Freedom and Prosperity
Mike Stenhouse
CEO

Rio Grande Foundation
Paul Gessing
President

Small Business & Entrepreneurship Council
Karen Kerrigan
President & CEO

Southwest Public Policy Institute
Patrick M. Brenner
President and CEO

Young Voices
Casey Given
President & Executive Director

December 3, 2025

The Honorable French Hill
Chairman, House Financial Services Committee
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member, House Financial Services Committee
Washington, D.C. 20515

Dear Chairman Hill and Ranking Member Waters:

Our country is experiencing a severe housing crisis that's impacting all Americans. Decades of underinvestment, rising building costs, and restrictive zoning have all limited development. Federal housing initiatives often use out-of-date administrative structures and bureaucratic procedures that not only slow the decision-making process but also impede policy implementation, delaying any real progress in addressing housing needs. Architects witness these challenges directly as complicated permitting, inconsistent code enforcement, and lengthy approval timelines undermine housing delivery and affordability.

Architects' Role:

Architects play an essential role in designing safe, resilient, and cost-effective housing solutions. We contribute to the effectiveness of federal programs by utilizing creative design solutions and best practices. Clear and streamlined processes from Congress would enable architects and partners to provide more houses efficiently while maintaining high quality and safety standards.

AIA Recommendations to Build Capacity and Reduce Roadblocks:

1. Streamline Federal Program Administration and Permitting

Congress should instruct HUD and other federal agencies to modernize and streamline the approval process for housing initiatives. Without sufficient approval, investors, developers, and municipal partners are unable to construct affordable housing and complete deals. These administrative burdens disproportionately affect the most needed projects in high cost underprivileged neighborhoods.

By updating environmental evaluations, implementing standardized digital reporting processes, and improving coordination between both federal and local authorities, the government can reduce unnecessary oversight and improve project delivery.

2. Encourage State and Local Zoning Reform Through Incentives

The AIA supports federal initiatives, like the proposed innovation fund, which incentivize cities and states to remove barriers to housing through forward-thinking projects and streamlined land use policies. By promoting local land use flexibility, Congress can help expand housing supply and improve affordability nationwide.

3. Strengthen and Modernize Core Housing Programs

Reauthorizing and modernizing the HOME Investment Partnership Program would aid in increasing flexible funding for affordable housing creation as well as leveraging greater investment, in both the private and public sector. In a similar vein, expanding Community Development Block Grants would allow local authorities to address housing shortages. CDBG introduces bonus payments that are provided to counties with above-median growth housing rates. These additional funds allow counties to address infrastructure improvements, code enforcement, and transitional housing in underserved areas.

Conclusion

The AIA strongly supports the Committee's efforts to identify and address government impediments to housing production. Architects will be able to provide affordable, resilient, equitable housing that our communities urgently need by streamlined processes, upgrading programs, and targeting incentives. We look forward to a continued partnership with the House Financial Services Committee as you all continue to advance policies that enhance the nation's housing infrastructure.

Thank you for your continued leadership on this critical issue.

Sincerely,

The American Institute of Architects (AIA)

GROUNDED SOLUTIONS NETWORK

Statement For the Record
House Financial Services Committee
"Building Capacity: Reducing Government Roadblocks to Housing Supply"
December 3, 2025

Dear Honorable Representative Waters,

Grounded Solutions Network is a national membership organization dedicated to promoting models of ownership with lasting affordability, commonly known as shared equity homeownership. Several issues were raised during the Hearing entitled "Building Capacity: Reducing Government Roadblocks to Housing Supply" that our members address every day.

Shared equity homeownership refers to owner-occupied housing made affordable through lower initial prices, which in turn leads to lower purchase prices for future homeowners. A homebuyer purchases a home at an affordable price made possible by a one-time subsidy, which could be from a variety of sources: a donation of land, philanthropic support, a public program, etc. In exchange for that affordability, they agree to sell it for an affordable price when they are ready to move on.

These models create a bridge to homeownership for households who find it out of reach, allowing more families to experience the benefits ownership provides and build wealth through equity in their home.

There are several points about shared equity homeownership that speak directly to the concerns voiced by several members of the committee.

Supporting first-time homebuyers. Shared equity homeownership programs are overwhelmingly used by first-time homebuyers, with nearly 90 percent of shared equity homeowners using the program to enter ownership for the first time.

Making homeownership accessible. As home prices rise, fewer households of modest means are able to make the transition from rental to ownership. Shared equity homeownership largely serves households making 80 percent or less of area median income. These households are also

GROUNDED SOLUTIONS NETWORK

able to take the equity in their homes to transition into traditional homeownership, something that 6 out of 10 shared equity homeowners do when they decide to move on.

Creating supply through preservation. The preservation of housing stock through rehabilitation is an important element of maintaining a supply of housing. This is reflected in the bipartisan support for the Whole Home Repairs Act. Shared equity homeownership complements this strategy by ensuring affordable owner-occupied units remain available through recycling subsidies.

We appreciate the Committee's engagement on this important topic and look forward to working with Members on creating more opportunities for affordable homeownership.

Brian Stromberg
National Policy Director

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Statement for the Record

Submitted to:
House Committee on Financial Services
U.S. House of Representatives

For the Hearing:
"Building Capacity: Reducing Government Roadblocks to Housing Supply"
December 3, 2025

Submitted by:
Habitat for Humanity International

Chairman Hill, Ranking Member Waters, and Members of the Housing Financial Services Committee,

Thank you for the opportunity to submit the following written statement for the record, and for your attention to this critical topic.

Founded in 1976, Habitat for Humanity is a global nonprofit housing organization working in all 50 states, the District of Columbia, Puerto Rico, and more than 60 countries worldwide, to help families build and improve places to call home. With Habitat for Humanity affiliates spanning rural, urban and suburban communities across the United States, together, we help families open the door to a better future on their own terms through access to decent housing.

Habitat's hands-on work, focus on bringing people together, and community-based action have helped us become one of the most trusted nonprofits, and a top private builder and nonprofit provider of home repair services in the United States. Working together with homebuyers, volunteers and supporters, we help grow our nation's supply of safe, affordable homes while expanding responsible homeownership opportunities for hard-working families and modest-income households.

Habitat's work on the ground has given us broad insight into what works and what obstacles remain for expanding our nation's housing supply and making homeownership attainable nationwide.

The housing shortage is heavily impacting access to homeownership

Record high prices have pushed the dream of homeownership out of reach for millions of families nationwide. In 2024, a homebuyer needed to earn more than 150% of median household income to afford the median home price, according to Harvard's Joint Center for Housing Studies. The National Association of Realtors reports that the median age of a first-time homebuyer is now 40.

The fundamental driver of unaffordable homes prices is the shortage of entry-level, "starter" homes. In the varied communities where Habitat works, we see growing shortages of homes affordable to hard-

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working families seeking to buy their first home, impacting teachers, business managers, nurses, home health aides, military personnel and other essential members of our workforce.

The causes of these shortages include a mix of financial and regulatory barriers that have made it very difficult to construct and rehabilitate starter homes in communities across the country. These barriers include the rising cost of land, expensive and scarce construction financing, elevated labor and materials costs, labor shortages, and overly restrictive zoning regulations and permitting processes.

Congress has an important role to play

The federal government can help in multiple ways to lower barriers to needed housing supply. This includes reforms to key federal housing programs to make them more efficient, effective and less costly to use, as well as support for local regulatory reform efforts.

Many of the bills noticed for this hearing would make significant improvements to core federal housing programs that Habitat uses to increase the supply of attainably priced homes, while others would empower reform-minded states and localities to remove regulatory roadblocks at the local level. We are especially supportive of the following legislation:

- **HOME Reform Act of 2025 (H.R. 5878)** – This bill would modernize and streamline the Department of Housing and Urban Development (HUD's) HOME program, easing various regulations that unnecessarily add to the cost to home construction.
- **Unlocking Housing Supply Through Streamlined and Modernized Reviews Act (H.R. 4660)** – This bill would streamline environmental reviews governed by the National Environmental Protection Act (NEPA) and other related laws for a broad range of housing-related activities—including small-scale construction, rehabilitation and infill development.
- **Rural Housing Regulatory Relief Act (H.R. ____)** – This bill would exempt infill home construction and repairs supported by USDA's Rural Housing Service programs from certain NEPA environmental review requirements, reducing the cost and time of creating or improving homes in settings already served by infrastructure.
- **Build Housing More Affordably Act (H.R. ____)** – This bill would exempt several HUD- and USDA-funded housing developments from the Buy American Act requirement, reducing materials costs.
- **Strengthening Housing Supply Act of 2025 (H.R. 5077)** – This bill would free up more resources for new home construction by enabling HUD's CDBG program to support development and home rehabilitation.
- **Unlocking Possibilities Grants (H.R. ____)** – This bill would establish a competitive grant program to incentivize and support localities in developing land use plans and zoning reforms that increase housing supply and affordability.

Office of Government Relations and Advocacy | 1310 L St. NW, Suite 350, Washington, DC 20005 advocacy@habitat.org

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- **Rural Housing Service Reform legislation** – HFSC lists five bills that would modernize specific elements of USDA's Rural Housing Service programs to improve their efficiency and effectiveness. While we believe the comprehensive reform envisioned in the Rural Housing Service Reform Act of 2025 would be even more beneficial, Habitat for Humanity supports each of these component bills:
    - (H.R. ____) This bill would amend the Housing Act of 1949 to make modifications to loans and grants for minor improvements to farm housing and buildings, and to make modifications to income eligibility for such loans and grants.
    - (H.R. ____) This bill would amend the Housing Act of 1949 to require an annual report on rural housing programs, including details on the health of Rural Housing Service programs.
    - (H.R. ____) This bill would require the U.S. Comptroller General to submit to the Congress a report on the use of technology by the Rural Housing Service.
    - (H.R. ____) This bill would amend the Housing Act of 1949 to clarify that leased accessory dwelling units qualify for certain loan guarantees under section 502 of such Act.
    - (H.R. ____) This bill would require the Secretary of Agriculture to submit to the Senate Committee on Banking, Housing, and Urban Affairs, and to the House Committee on Financial Services, a report with respect to the application process under sections 502 and 504 of the Housing Act of 1949.
- **Housing Supply Frameworks Act (H.R. 2840)** – This bill directs HUD to identify best-practice frameworks for zoning and land use planning to assist state and local governments ready to increase housing supply and housing affordability.
- **Identifying Regulatory Barriers to Housing Supply Act (H.R. 4659)** – This bill would require CDBG recipients to disclose their adoption of local policies impacting housing affordability and availability prior to receiving funding.
- **Helping More Families Save Act (H.R. 4385)** – This bill would create an escrow pilot program connected to the federal Financial Self-Sufficiency program to help more households receiving federal rental assistance save up for activities like purchasing a home.
- **FHA Small-Dollar Mortgages Study (H.R. ____)** – This bill would require the Secretary of HUD to submit to the Senate Committee on Banking, Housing, and Urban Affairs and the House Committee on Financial Services a report with respect to incentivizing small dollar mortgages, which are frequently difficult to obtain from banks.

Missing Bills Not Yet Discussed

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We build strength, stability, self-reliance *and* shelter.

We also encourage the Committee to consider other important, bipartisan pieces of housing legislation not noticed in the hearing, in particular:

- **The Whole Home Repairs Act** – This is a critical reform bill for preserving and improving the health, safety and affordability of our existing housing supply by consolidating existing funds from certain fragmented, federal repair programs into a single holistic program capable of performing needed repairs more efficiently and comprehensively.
- **The UNLOCK Act (H.R. 5105) –** This bill would give communities the flexibility to use CDBG dollars to directly address housing supply needs.
- **Legislation to authorize the CDBG-Disaster Recovery program** – We strongly encourage Congress to permanently authorize the CDBG-DR program to provide long-term recovery efforts with the stability they need to succeed.

The legislation listed above is an excellent place to begin for lowering the cost of building and preserving affordably-priced starter homes and enabling first-time homebuyers to attain homeownership.

We also recognize that this is just a start. Next, Congress needs to look at innovative ways to support investment in starter home construction to overcome financial barriers and build at greater scale.

Thank you for putting a spotlight on these critical challenges and for the opportunity to share our statement for the record. Habitat stands ready to partner with members of this Committee, and all others in the federal government, to get these solutions implemented.

Office of Government Relations and Advocacy | 1310 L St. NW, Suite 350, Washington, DC 20005 advocacy@habitat.org

Statement for the Record
House Financial Services Committee
"Building Capacity: Reducing Government Roadblocks to Housing Supply"
December 7, 2025

Dear Chairman Flood, Ranking Member Waters, and Members of the House Financial Services Committee,

We write today to thank you for holding the hearing on "Building Capacity: Reducing Government Roadblocks to Housing Supply," and appreciate the opportunity to submit a statement for the record on the need to increase housing supply throughout the nation. Both existing and prospective homebuyers struggle to navigate through a largely depleted housing stock, posing a particular challenge for low- and moderate-income (LMI) families. We welcome the House Financial Services Committee's (the Committee's) interest and commitment to better understanding affordability challenges faced by these households and look forward to exploring bipartisan pathways forward that work to increase supply and remove undue regulatory burdens.

The National Community Stabilization Trust (NCST) is a national nonprofit that supports families and communities by restoring distressed single-family homes, strengthening neighborhoods, and increasing attainable and affordable homeownership opportunities.[1] NCST offers a multifaceted approach to revitalize vacant and defaulted properties, further best practices for community development across the nation, and advance federal policies to support more equitable homeownership.[2]

To ensure NCST's policy recommendations are rooted in the practitioner perspective, the organization convenes a nonprofit-led advocacy coalition called the Homeownership Alliance.[3] Consisting of housing organizations and community development financial institutions (CDFIs) across the country, this collaborative ensures that NCST's policy recommendations reflect practitioner experience in the communities they serve.

NCST's Expansion of Affordable Owner-Occupied Supply

NCST focuses on how vacant, defaulted, and distressed homes can be rehabilitated to increase supply and create affordable homeownership opportunities. This is achieved through our collaboration with over 300 community buyers who purchase homes directly through NCST's property acquisition platform, as well as our newly-launched CDFI. NCST develops innovative methods to stabilize communities by ensuring distressed units are rehabilitated, brought into the market, and sold at an affordable price point to prospective LMI homebuyers.

Developing Affordable Starter Homes (DASH) Fund. The DASH Fund — a certified CDFI — provides flexible, well-priced capital to small entrepreneurs who acquire, renovate, and re-sell single-family homes to owner-occupants in neighborhoods suffering from disinvestment.[4] By supporting emerging developers through flexible financing and project management, DASH helps to accelerate the production of quality, affordable units made available for LMI households.

[1] About, (December 2025). NCST.
[2] Property Acquisition, (December 2025). NCST.
[3] Established by NCST in 2021, the Homeownership Alliance is a practitioner-led coalition of 20 CFIs and nonprofit housing developers serving 16 states.
[4] Dash Fund, (2025). NCST.

To ensure DASH yields the intended outcome of affordable owner-occupancy, completed rehabilitation projects are limited to a maximum sales price of $350,000 to preserve affordability. The small developer receiving the funds is required to commit to homeownership as the intended outcome, and the program is designed to support an array of eligible developers by providing small dollar loans, as opposed to a handful of developers conducting this work with access to larger credit lines.

In 2021, NCST successfully partnered with the Neighborhood Impact Investment Fund and Baltimore City Department of Housing & Community Development to launch its DASH Program in Baltimore, Maryland. Since its inception, DASH has financed the acquisition and/or rehabilitation of eighteen projects equal to just over $2.3 million, with an average loan size of $133,000 and average resale price of $260,000. With additional capital, DASH has the potential to bring many more starter homes onto the market for homebuyers. NCST encourages the Committee to pursue policies that replicate this program at a larger scale, allowing CDFIs and lenders greater ability to support small, mission-driven developers in their crucial work of rehabilitating and developing dormant affordable housing supply.

Acquisition Bridge Fund (ABF). One avenue to create new homeowners and simultaneously counter predatory investors is our organization's launch of the Acquisition Bridge Fund. This initiative provides early mission-based bridge capital to support home seekers who have been pre-approved for conventional or portfolio mortgage financing for a home purchase. This bridge capital enables homebuyers to meaningfully compete in limited-supply markets that are otherwise controlled by all-cash buyers, including large institutional investors. Eligible properties include single-family properties with a purchase price at or below $250,000. Ensuring affordability for these homebuyers is crucial, particularly as home prices remain out of reach for many LMI families.

ABF is structured as a revolving fund using philanthropic investments to help homebuyers access early, flexible capital to purchase residential properties. Eligible ABF homebuyer clients can access this resource by working with NCST to identify an eligible property for the program, after which NCST acquires the property on the homebuyer's behalf utilizing ABF interim capital for the initial purchase. This structure allows the homebuyer to secure their preferred property quickly and subsequently finance their purchase of the property from NCST with the assistance of a lender.

Based on reports from on-the-ground practitioners, the ABF could not come at a more crucial time. One of our partners, National Faith Homebuyers, noted that during their administration of the city's down-payment assistance program, roughly 30-40% of the buyers they served lost out to cash buyers in their quest to find a home.[5] The ABF effectively combats this problem and levels the playing field for potential homeowners amid inflationary pressures, narrowing supply, and a severe lack of affordable units.

First Look. NCST's flagship property acquisition program, First Look, delivers real estate-owned (REO) inventory, as well as non-performing loans and re-performing loans, to nonprofits with affordable homeownership as central to their mission.[6] This tool gives our local community buyers the opportunity to

[5] National Faith Homebuyers is a nonprofit 501(c)(3) organization assisting people who need assistance purchasing and staying in a home. The organization serves homebuyers in Detroit, MI and Atlanta, GA.
[6] Property Acquisition, (2025). NCST.

obtain properties in their market areas before the units are marketed more broadly. In many cases, REO properties can be acquired at discounted rates to assist the financial feasibility for nonprofit buyers to rehabilitate these properties for new homeowners.

Our First Look approach has proven to be a best practice in making more single-family homes available to eligible households and nonprofits, as opposed to large investors. Over the past 15 years, this method has produced over 28,000 transactions totaling over $1.8 billion and provided over $325 million in savings to our community buyers.[7] Our success and experience in this field led NCST to be a natural partner to HUD for its National First Look Program, where we facilitated First Look REO sales under the Federal Housing Administration (FHA) from 2011 to 2016. In 2022, FHA issued a mortgagee letter improving the program's Claims Without Conveyance of Title (CWCOT) process as a means to expand affordable housing supply.[8] This regulatory action established a 30-day exclusive period, giving buyers (including owner-occupants, HUD-approved nonprofits, and government entities) an opportunity to bid on foreclosed properties ahead of investors. NCST viewed this action as a tremendous first step and continues to engage with the Department on additional recommendations to improve community outcomes amid the sale of distressed assets which are further detailed below.[9]

The State of Housing Supply in the United States

While NCST and its national partners are committed to reaching as many families and neighborhoods as possible with the tools we have at our disposal, supply remains extremely limited and there is an overwhelming need for more practical, cost-effective solutions to combat this housing crisis at the federal level.

The country is currently experiencing a housing-supply shortage of about 5.5 million homes.[10] Despite a surge in new construction in recent years, the pace is still well below what is needed to close the gap, with chronic underbuilding weighing heavily on affordability. This is particularly impacting first-time homebuyers, who dropped to a record low of 21% of the purchase market this year.[11] In addition to fewer first-time homebuyers purchasing properties, the average age of a homebuyer has continued to steadily increase to about 40 years old, a stark contrast to 15 years ago when the average age was 30.[12] As a result, many families — particularly younger ones taking steps to purchase a starter home — are locked out of homeownership, with rising prices and constrained inventory only exacerbating their ability to buy. These unprecedented statistics are a direct result of decreased affordability that continues to limit access for families and communities seeking to build long-term financial wealth.

Committee Action: Steps Taken to Increase Supply in the 119th Congress

We appreciate the Committee's commitment to reducing housing costs and building more supply, and are particularly grateful for the following actions taken by members within the last year alone:

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[7] About, (2025), NCST.
[8] Mortgagee Letter 2022-08, (May 2022). Department of Housing and Urban Development.
[9] NCST's Response to ML 2022-08, (June 2022). NCST.
[10] There is a wide range of estimates of the national housing shortfall, ranging from 1.5 million all the way up to 7.3 million, per a recent joint study conducted by the Urban Institute and Moody's Analytics.
[11] Highlights from the Profile of Home Buyers and Sellers, (November 2025). NAR.
[12] Top 10 Takeaways from NAR's 2025 Profile of Home Buyers and Sellers, (Nov. 3, 2025). National Association of Realtors.

Reform of the HOME Investment Partnerships Program: One of the most notable actions taken by members in this Committee was Reps. Flood (R-NE) and Cleaver's (D-MO) public input process for the reauthorization of the HOME Investment Partnerships (HOME) and Community Development Block Grant (CDBG) Programs.[13] These two programs — which have and continue to play a paramount role in housing and community revitalization efforts — have long lacked the necessary infrastructure to adequately meet the needs of today's housing landscape and are overdue for substantial reform.

By calling for stakeholder feedback and engaging with on-the-ground, mission-driven practitioners, Reps. Flood and Cleaver were able to successfully craft a comprehensive overhaul of the HOME program through legislative text. The HOME Reform Act of 2025 would provide greater flexibility for states and localities, cut red tape, and support the development and preservation of affordable housing.

In particular, the bill's proposal to raise the home value limit from 95% to 110% of the area median purchase price would further increase flexibility and access to homeownership. This provision modernizes an outdated threshold that has hindered production in markets where construction and rehabilitation costs have risen faster than HUD's historical limits and has also restricted eligible families to areas of limited opportunity. By aligning allowable sales prices with real market conditions, this change will enable participating jurisdictions (PJs) to produce and preserve more quality starter homes without compromising affordability for eligible buyers. NCST is proud to endorse this legislation and encourages the Committee to consider the power of collaboration at this caliber in its future endeavors.

Permanency of New Markets Tax Credits: One of the most meaningful wins occurred in September of this past year, when the One Big Beautiful Bill Act made permanent New Markets Tax Credits (NMTCs). Across the country, mission-driven developers are leveraging the NMTC program to close funding gaps, finance infrastructure, and make homeownership feasible in communities where traditional financing tools fall short. Over the last several years, NMTC for homeownership projects have helped build and preserve homes affordable to first-time and first-generation buyers, reduce development costs in neighborhoods facing disinvestment, stabilize communities by turning vacant, distressed, or underutilized land into homes, and support wealth creation for households historically locked out of homeownership.

Introduction of Critical Bills: In addition to the actions noted above, members of this Committee have taken meaningful steps to address the supply shortage by introducing bills intended to streamline regulatory burdens, preserve existing homes, and develop quality, affordable homes. These bills include but are not limited to:

- **Unlocking Housing Supply Through Streamlined Innovation Act.** Introduced by Reps. Flood and Liccardo, this bill places an emphasis on the streamlining of small-scale development projects by expanding categorical exclusions for a variety of housing-related activities — a feature that is crucial to both our Homeownership Alliance members and national partners who experience delays in environmental reviews for small-scale infill projects.
- **Whole Home Repairs Act.** Introduced by Reps. Williams (D-GA) and Downings (R-MT), this bill would serve as a one-stop shop of federal funding for essential repairs and upgrades. In addition to enabling

[13] Congressmen Flood & Cleaver Kick Off Public Input Process for HOME and CDBG Reauthorization, (April 7, 2025). Congressman Mike Flood.

the preservation and rehabilitation of existing homes, it would also provide grants to eligible LMI homeowners, including for manufactured homes — a tremendous win for the communities in which we serve.

- **Rural Housing Service (RHS) Reform Act.** Introduced by Reps. Nunn (R-IA) and Cleaver, the RHS Reform Act would increase the supply of rural housing by preserving existing homes, streamlining program administration, and making it easier to build and maintain new units in some of the nation's most rural and underserved areas.
- **Strengthening Housing Supply Act of 2025.** Introduced by Ranking Member Waters (D-CA), this bill would authorize affordable housing construction as an eligible activity under CDBG, which is otherwise restricted to rehabilitation and other community-based services. By expanding eligibility to include new, affordable housing construction, the bill would unlock additional funding sources for developers and local governments to invest in affordable housing development and accelerate the creation of new units, especially for LMI families.
- **Housing Supply Expansion Act.** Introduced by Rep. Rose (R-TN), the Housing Supply Expansion Act would modernize federal rules around manufactured housing by removing the longstanding requirement that these homes be built with a permanent chassis. By eliminating this outdated requirement, this bill has the potential to reduce construction costs, increase design flexibility, and make homeownership more accessible for LMI homebuyers.
- **Small Dollar FHA Loans Study [Draft Bill].** Authored by Ranking Member Waters (D-CA), this draft bill would require the FHA to establish a proposal for a pilot program that would incentivize the production of small-dollar mortgages (i.e. mortgages of $100,000 or less). By encouraging and making feasible small-dollar mortgages, the bill could expand homeownership opportunities for lower-priced homes — including in both rural and underserved areas — and make these homes more attainable for first-time homebuyers.
- **Unlocking Possibilities Grant Program [Draft Bill].** Authored by Ranking Member Waters (D-CA), this draft would establish a competitive grant program for states, local governments and Indian tribes to incentivize the elimination of exclusionary zoning and land uses to better support the creation of affordable housing. This bill would lower development costs and create more pathways to homeownership for LMI homebuyers.

<u>Additional Recommendations to Increase Supply and Support Affordable Homeownership</u>

Our organization offers additional suggestions for members to consider below, all of which are informed by Homeownership Alliance members with careful consideration to implementation across varying housing markets.

Maintain Critical Housing Programs via Appropriations Funding. Passing the FY26 Transportation, Housing and Urban Development (THUD) appropriations bill at full funding levels is essential to meeting the nation's urgent housing and homeownership needs. Congressional appropriators should work across party lines to finalize this bill and ensure that every key homeownership program is fully and robustly funded, so communities have the resources they need to expand affordable supply, support sustainable homeownership, and strengthen economic opportunity for families nationwide. NCST specifically calls for the HOME Program — the single largest federal block grant program dedicated solely to creating affordable housing for low-income households — to be funded at $1.25B for FY26.

Encourage Flexible Capital Through the Neighborhood Homes Investment Act. In addition to the aforementioned bills, we encourage Committee members to consider and ultimately support the Neighborhood Homes Investment Act (NHIA) as a meaningful way to increase affordable supply. NHIA, a bipartisan bill introduced by Reps. Kelly (R-PA) and Larson (D-CT), would create a federal tax credit to spur private investment in the construction and rehabilitation of affordable, owner-occupied single-family homes in distressed urban, suburban, and rural neighborhoods. By narrowing the "value-gap" between the cost to build/rehab a home and what it can be sold for, it helps make projects financially viable in places where home values are too low to support development otherwise.[14]

Work with the Administration to Reform a Number of Critical Housing Programs. In addition to our above recommendations, NCST urges members of the Committee to collaborate with the Administration in reforming a number of existing housing programs to better support opportunities for affordable supply and homeownership, including but not limited to:

- **CDFI Fund.** The CDFI Fund ensures that capital reaches communities and borrowers traditionally left out of mainstream finance, but its ability to deliver depends on robust staffing and timely deployment of resources. Persistent staffing shortages, processing backlogs, and delayed disbursement of already-appropriated funds have constrained the Fund's capacity to administer core programs – from certification and Financial Assistance awards to the NMTC and other place-based initiatives. Strengthening the Fund's workforce and directing the Administration to release congressionally approved funding without delay would provide the stability and efficiency CDFIs need to serve their markets, scale innovative models, and respond quickly to local housing and economic development needs.
    - **Capital Magnet Fund.** While NCST was pleased to see many of our initial recommendations incorporated into the revised Capital Magnet Fund (CMF) Interim Rule of June 2024,[15] we believe the Administration can and should go further to optimize this program by including additional flexibility in median home price limits and adjusting onerous leverage requirements that often fail to accurately reflect the investment strength of a project.[16] Moreover, developers across the country are still waiting for 2025 CMF awards to be dispersed. Congress should work with the administration to ensure this funding is deployed so it can be put to work to lower the cost of housing.
    - **New Market Tax Credits.** The CDFI Fund's New Market Tax Credit (NMTC) program remains a vital source of flexible capital for affordable developers seeking to expand affordable homeownership nationwide. The CDFI Fund has reported that the NMTC program has produced 7,073 homeownership units nationwide despite homeownership typically representing less than 2% of all NMTC activity.[17] Oversubscription of the program demonstrates the growing need to access flexible capital, as well as the desire for affordable single family housing providers to use the credits, engage community partners, and continue to combat the current deficit of starter homes and affordable supply. There is more that Treasury can do in its administration of NTMCs to bring desperately needed starter homes to market. For instance,

[14] Fact Sheet: The Neighborhood Homes Investment Act, (December 2025). The Neighborhood Homes Coalition.
[15] CDFI Fund Publishes Revisions to Capital Magnet Fund Interim Final Rule, (Jun 2024). U.S. Department of Treasury.
[16] NCST and Homeownership Alliance Response to CMF Interim Rule, (August 26,2024). NCST.
[17] CDFI Fund Public Data Release Summary Report, (July 2024). Community Development Financial Institutions Fund.

while the program serves a diverse set of developers for a variety of purposes, its application process is not well designed for single family housing-related projects. By making thoughtful enhancements to the NMTC application and encouraging more housing-focused submissions, the Administration can better leverage this program to address the nation's housing shortfall and ultimately increase owner-occupancy rates.[18]

- **FHA Title I Property Improvement Program.** The FHA Title I Property Improvement Loan Program provides affordable financing to help homeowners make necessary repairs and upgrades to single-family and manufactured homes. It's designed to broaden access to safe, flexible, government-insured loans that support essential home improvements, preserve housing quality, and help families maintain stable, livable homes. While the concept is encouraging, many of its core features (such as its underwriting and loan limits) haven't been meaningfully updated in decades, which has gravely limited its ability to serve today's homeowners and buyers. Congress and the Administration should work in tandem to address these outstanding issues through both legislative and regulatory action.
- **FHA Single Family Asset Disposition.** HUD created a devastating setback for nonprofits and qualified homebuyers in April of this past year, when it eliminated the 30-day exclusive sales period for owner-occupants, HUD-approved nonprofits, and government entities in the Claims without Conveyance of Title (CWCOT) process via Mortgagee Letter 2025-13.[19][20] Under the updated guidance, owner-occupants and nonprofits now have far less time to compete for these homes, while investors and other all-cash buyers gain streamlined access to the already limited inventory of homes sold through this process. In addition to this change, HUD abandoned critically important post-sale safeguards for distressed mortgage note sales when it waived the regulatory requirement that investors who purchase distressed mortgages through HUD and then foreclose on the properties offer owner occupants or non-profits an opportunity to purchase before selling to another investor.[21]
- **CDBG.** Our nonprofit partners report difficulties in accessing and effectively deploying CDBG funds due to inconsistent local implementation, administrative delays, and misalignment between allowable activities and current housing needs. In many jurisdictions, CDBG is overly concentrated on infrastructure or service delivery, leaving insufficient funding for critical homeownership-supporting strategies, such as acquisition-rehab and single-family rehabilitation.[22]

Reverse and/or Correct Harmful Actions Taken by the Administration to Improve Affordable Homeownership. Inconsistent messaging from federal departments on the availability of federal funding resources, the status of federal funding freezes, and new rules of compliance for certain contracts across housing programs has caused significant confusion among mission-driven developers who depend on federal financing to build affordable homes. Prior and ongoing cuts to HUD and USDA staffing also pose a major threat to the agencies' abilities to effectively disburse and monitor housing supply resources that are critical for underserved populations. Specifically, staffing cuts to HUD's Community Planning and Development Department have resulted in tremendous delays of important funding and guidance to grantees and

[18] NCST and Homeownership Alliance letter to CDFI Fund on NMTC Allocation Application Changes, (April 2024). NCST.
[19] Mortgagee Letter 2025-13, (April 28, 2025). The Department of Housing and Urban Development.
[20] NCST Response to FHA ML 2025-13 re. CWCOT Post Foreclosure Sales Period and HUD Real Estate Owned Properties Exclusive Listing Period, (May 30, 2025). NCST.
[21] Temporary Partial Waiver of 24 CFR §§ 291.609(a) and 291.615(a), (June 2025). Department of Housing and Urban Development.
[22] NCST and Homeownership Alliance Response to CDBG: Consolidated Plans and Indian Community Development Block Grant Program of Proposed Rulemaking, (March 11, 2024). NCST.

subgrantees, all of which have caused lockjams in housing organizations' ability to quickly deploy these dollars and bring more affordable homes to market. As such, we encourage the Committee to work with the Administration in reversing many of these harmful actions and instead implement the necessary tools and resources the Department was originally intended to provide to homebuyers and nonprofit organizations alike.

NCST appreciates the opportunity to submit a statement for the record, and we stand ready to further engage with the Committee on any of the items articulated herein. For any questions or points of clarification, please contact the NCST Policy Team at policy@ncst.org. We thank the Committee for prioritizing the importance of supply and affordable homeownership.

Sincerely,

The National Community Stabilization Trust (NCST)

NATIONAL LOW INCOME HOUSING COALITION

Statement for the Record
Renee Willis
President and CEO of the National Low Income Housing Coalition
Presented to the U.S. House Committee on Financial Services
"Building Capacity: Reducing Government Roadblocks to Housing Supply"
December 3, 2025

Chair Hill, Ranking Member Waters, and members of House Committee on Financial Services, thank you for the opportunity to submit a statement for the record on the need to increase the nation's supply of affordable, available, and accessible rental housing, especially for extremely low-income households.

The National Low Income Housing Coalition (NLIHC) is dedicated to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice. NLIHC members include state and local affordable housing coalitions, residents of public and assisted housing, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, faith-based organizations, public housing agencies, private developers and property owners, local and state government agencies, and concerned citizens. While our members include the spectrum of housing interests, we do not represent any segment of the housing industry. Rather, we work on behalf of and with low-income people who receive, as well as those who need, federal housing assistance, especially extremely low-income people and people who are experiencing homelessness.

This statement highlights research and data looking at the root causes of the housing crisis, and solutions to address the shortage of affordable, available homes. NLIHC supports needed market-based solutions, like zoning reforms, which can increase the supply of housing available to middle-income households, but on their own are not sufficient to meet the needs of households with lower incomes. Only the federal government can provide the large-scale, long-term investments that are required to provide stable, affordable, accessible housing for those the private sector cannot serve its own: households with the lowest incomes.

Underlying Causes of the Affordable Housing Crisis

The United States is experiencing an affordable housing and homelessness crisis impacting every state and congressional district, and with sky-high rents, homelessness has increased in urban, rural, and suburban communities alike, reaching its highest level on record.

While many households are dealing with higher housing costs, extremely low income (ELI) households – those earning no more than 30% of the Area Median Income (AMI) or the federal poverty limit, whichever is greater – have the greatest, clearest needs: three

out of four ELI renters (75%) spend over half of their income on rent every month, compared to just 3% of middle-income renters.[i]
Our nation's affordable housing and homelessness crisis is primarily caused by two systemic challenges:

- The severe shortage of homes affordable and available to households with the lowest incomes; and

- The growing gap between incomes and housing costs.

The Shortage of Affordable Homes for ELI Households

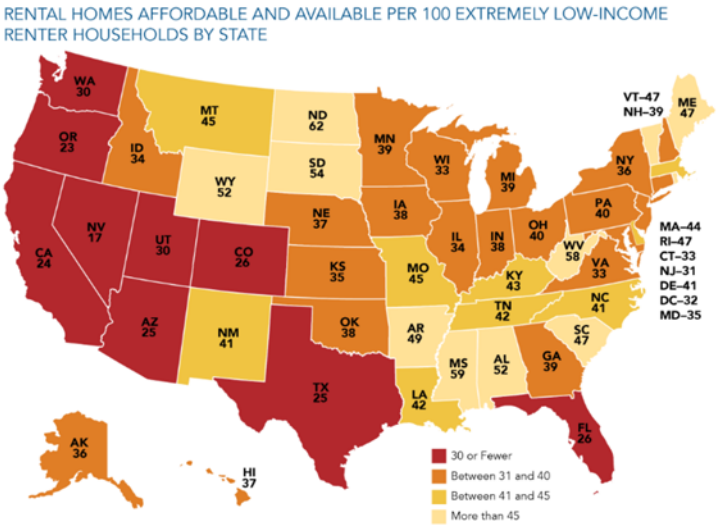
NLIHC's research shows there is a national shortage of 7.1 million affordable and available homes for our nation's lowest-income renters – for every 10 extremely low-income households, there are fewer than four affordable rental homes available to them.

Without affordable and available homes, 8 million of the nation's extremely low-income households pay at least half of their income on rent, leaving them one unexpected expense or financial emergency away from facing the risk of eviction and, in worst cases, homelessness. This shortage also contributes to the 770,000 people in the United States who experience homelessness on any given night – the highest number on record.[ii]

The shortage of affordable and available homes for the lowest-income renters ranges in severity depending on state and congressional district, but there is no state or district in the country with enough affordable, available homes for its lowest-income renters (Figure 1).

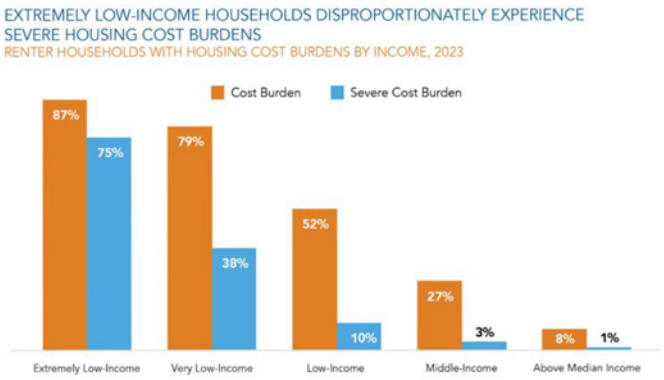
For example, Chair Hill's district is home to 22,045 renter households with extremely low incomes; for every 100 of these households, there are only 31 affordable, available rental homes in the district. Without sufficient affordable supply, or rental assistance to better afford the cost of market rate housing, 79% of extremely low-income renter households in the Chairman's district spend at least half of their income on housing costs every month. Ranking Member Waters' district is home to 28,067 extremely low-income renter households; for every 100 of these households, there are only 19 affordable homes, available homes in the district. Without sufficient affordable supply, or subsidies to help afford the cost of rent for existing units, 79% of ELI renter households in the district spend over half of their income on housing costs.

Figure 1:



Because of this severe shortage, housing cost burdens are concentrated among the lowest-income renters. Nationally, 87% of ELI renters are cost-burdened, paying over 30% of their income on housing, and 75% of ELI renters are severely cost-burdened, paying over half of their income on housing (Figure 2).[iii] With so much money going towards housing costs, renters with the lowest incomes spend less on other necessities, such as food, clothing, transportation, and healthcare, in order to maintain housing.

Figure 2:



The shortage of rental homes affordable to people with the lowest incomes represents a market failure that requires policy solutions. Federal investments that help fill in the gap between the cost of developing and operating rental homes and what households with the lowest incomes can afford to pay are an effective way of financing the development of deeply affordable rental homes. These investments also encourage important partnerships between the private market and government that will be needed to address the nation's affordable housing shortage at scale.

Federal subsidies, like the national Housing Trust Fund (HTF), Project-Based Rental Assistance (PBRA), and the Continuum of Care (CoC) program, play a vital role in ensuring affordable housing construction and preservation projects "pencil out" for communities. In addition, public housing is an important source of deeply affordable housing, providing millions of people with the lowest incomes a place to call home.

Despite the vital role federal investments play in housing construction and long-term housing stability, Congress has consistently underfunded these programs, including decades of divesting from public housing, resulting in the accrual of over $90 billion in significant unmet capital backlog needs.[iv] Our nation now loses 10,000 to 15,000 units of public housing every year to obsolescence or decay, while other units continue to fall into deep disrepair. This divestment leaves public housing residents routinely exposed to dangerous living conditions and health hazards, including lead, carbon monoxide, mold, asbestos, radon, and pests.[v] Federal investments in the construction of new and preservation of existing deeply affordable housing stock will be key to addressing the affordable housing crisis.

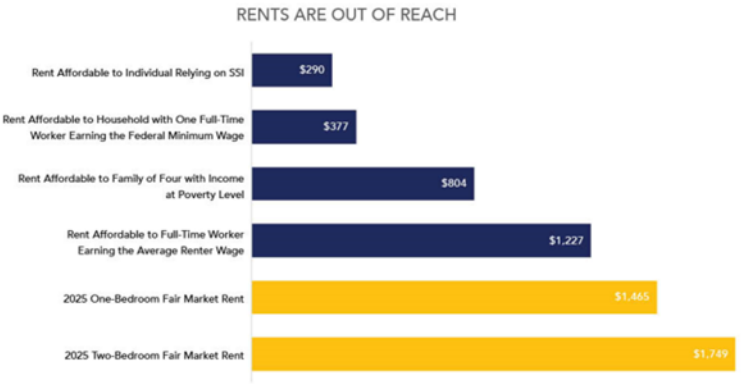
The Gap Between Incomes and Housing Costs

A second root cause of the affordable housing crisis is the fundamental mismatch between growing housing costs and comparatively stagnant incomes for people with the lowest incomes. The majority of extremely low-income renters are in the labor force (34%), seniors (33%),

people with a disability (18%), students (4%) or single-adult caregivers to young children or household members with a disability (2%).[vi]

Despite the fact most of the lowest-income renters in the labor force work more than 20 hours per week, they are still not able to reasonably afford the cost of rent. Nationally, the average monthly fair market rents for one-bedroom and two-bedroom rental homes are $1,465 and $1,749, respectively. These rents are much higher than what many renters can afford, and they significantly outpace the average income of low-wage workers and people who rely on Supplemental Security Income (SSI; Figure 3).

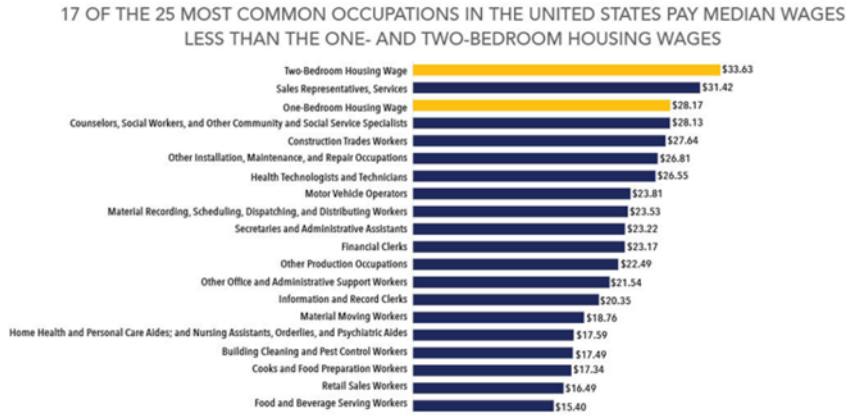
Figure 3:



NLIHC's *Out of Reach: The High Cost of Housing*[vii] annual report estimates each locality's "Housing Wage" – the hourly wage a full-time worker must earn to afford a modest one- or two-bedroom apartment at fair market rent without spending more than 30% of their income on housing. In 2025, the national Housing Wage was $33.63 per hour for a modest two-bedroom rental home, and $28.17 per hour for a modest one-bedroom rental home. Even in states with the least expensive rents, a renter working full time and earning less than $18 per hour is unable to afford a modest two-bedroom apartment.

Housing Wages are highest in traditionally high-cost states, like California, Hawaii, Massachusetts, and New York, but areas with lower Housing Wages also tend to have lower wages, so tenants in these areas still struggle to afford housing.
Fourteen of the 20 most common occupations in the U.S. pay a lower median hourly wage than the Housing Wage for a one- or two-bedroom rental home. Sixty-four million people, or 42% of the entire workforce, work in these 14 occupations, including retail and restaurant workers, health home aides and nursing assistants, building cleaners and repair workers, administrative assistants and those in the construction trades (Figure 4).[viii]

Figure 4:



Even after factoring in state and county-level minimum wages that exceed the federal minimum wage of $7.25 per hour, the average minimum wage worker must work 116 hours per week – nearly three full-time jobs – to afford a two-bedroom rental home, or 97 hours per week (2.4 full-time jobs) to afford a one-bedroom rental home at fair market rent.

In addition to federal investments to address the nation's severe shortage of affordable, available, accessible rental homes, investments in rental assistance, like HUD's Housing Choice Voucher (HCV) program, help households with extremely low incomes afford housing by bridging the gap between 30% of the household's income and the cost of rent in the private market. The HCV program also benefits landlords and housing providers by guaranteeing rent will be paid. Rental assistance is a critical tool for helping the lowest-income people afford decent, stable, accessible housing, and the HCV program has a proven record of reducing homelessness and housing poverty.[ix] A growing body of research finds that, by helping families better afford the cost of housing in neighborhoods of their choosing, rental assistance can improve health and educational outcomes, increase children's chances of long-term success, and advance racial equity.[x]

Federal investments play a vital role in expanding the supply of deeply affordable, accessible homes, and in helping households with low incomes afford the cost of rent in existing market rate units. However, Congress has consistently underfunded federal affordable housing and rental assistance programs, such that only one in four eligible households receive any kind of housing assistance.[xi] Because of this chronic underfunding, millions of families are placed on waitlists for housing assistance that are sometimes years long, if they are open at all; while these families wait, they struggle to pay rent and face eviction, overcrowding, and in worst cases, homelessness.[xii]

Immediate Threats to Essential Housing Programs

Developing and maintaining housing for the lowest income families depends on a stable policy and funding environment. While there are many ways to make the production and preservation of affordable housing more efficient and effective, sustained, consistent funding and sufficient staffing for HUD programs are essential to ensure resources reach those with the greatest needs. In addition to making needed reforms, NLIHC urges Congress and HUD to work together to fully fund and effectively administer HUD programs. These resources are vital to helping communities build, operate, and maintain safe, affordable, accessible housing, and helping families with low incomes afford the cost of housing on the private market.

Funding for Vital HUD Programs

As Congress works to finalize an FY26 spending bill, it is essential to provide the highest possible funding for HUD's programs. The House FY26 HUD spending bill would reduce HUD funding by $2.2 billion from last year, while the Senate bill would increase it by $3.3 billion over FY25. As rent and construction costs rise each year, increased funding is necessary to maintain assistance; funding that does not at least keep pace with the rate of inflation reduces the number of households that can be served.

Cuts to HUD funding also impact affordable housing developments financed with Low Income Housing Tax Credits (LIHTC), as these developments need additional sources of funding to pencil out and operate. HUD programs such as HOME Investments Partnership Program, the Indian Housing Block Grant, and Community Development Block Grant (CDBG) are important sources of development financing, and PBRA and CoC funding allows properties to serve renters with the lowest incomes and provide vital supportive services when needed for long-term housing stability.

Without adequate funding for vital federal affordable housing and homeless assistance programs, affordable housing construction and preservation projects will stall, and millions of the lowest-income and most marginalized households will continue to experience or remain at risk of homelessness.

To address the national affordable housing crisis, Congress must provide consistent, reliable funding for key HUD programs that target resources to households with the greatest needs. This includes providing the highest level of investment possible for federal affordable housing and homelessness programs through the annual appropriations process, and seizing any legislative opportunities to advance funding for HUD programs.

Cuts to HUD Staffing

Between January and June 2025, an estimated 2,300 HUD employees, or 23% of the agency's workforce, left the already understaffed department. These reductions strain remaining staff's ability to perform core functions efficiently. During the shutdown, HUD announced an additional 442 planned layoffs, which was temporarily paused by the recent continuing resolution (CR; H.R.5371). If allowed to proceed, the consequences of these additional layoffs will be far-

ranging, from slowed affordable housing pipelines to compromised inspections of the health and safety conditions in public and multifamily housing.

In particular, staffing at the Office of Fair Housing and Equal Opportunity (FHEO) would be drastically cut. If allowed to go forward, stakeholders are concerned that HUD will no longer have the capacity to enforce the Violence Against Women Act (VAWA), leaving domestic violence, sexual assault, and human trafficking survivors with nowhere to turn. HUD has also de-prioritized complaints of housing discrimination, removed fair housing protections, and weakened enforcement infrastructure. HUD has an obligation to uphold fair housing obligations under the Fair Housing Act, and Congress should ensure that HUD is doing so.

In addition, Congress must do everything in its power to protect affordable housing funds from being rescinded. For example, funding for HUD's Green and Resilient Retrofit Program (GRPP), used for resiliency and energy updates at HUD-assisted properties, saved money for both residents and operators, contributing to the property's long-term sustainability. Despite GRPP's success, unobligated funds appropriated by Congress for this program were eventually rescinded as part of the "One Big Beautiful Bill Act".

Policy Solutions to the Affordable Housing Crisis

Bipartisan Housing Legislation

NLIHC commends the committee for its bipartisan focus on housing priorities this session. The following bills introduced in the House show a broad consensus that the federal government must act to address the nation's growing housing affordability crisis:

- The "HOME Reform Act of 2025" (H.R. 5798), introduced by Representatives Mike Flood (R-NE) and Emanuel Cleaver (D-MO), who lead the HFSC Subcommittee on Housing and Insurance, includes several programmatic reforms that would make the HOME program easier and more efficient to use, including streamlining environmental reviews, and exempting HOME projects from Build America, Buy America (BABA) requirements. If enacted, these reforms would help make HOME funding more accessible to smaller developers and help communities develop more deeply affordable housing.

- The bipartisan "Reforming Disaster Recovery Act" provision (S.1686/H.R. 5940 in the 118th Congress) contains critical reforms proposed by NLIHC's Disaster Housing Recovery Coalition (DHRC) members to help ensure the federal government's long-term disaster recovery program, HUD's Community Development Block Grant–Disaster Recovery (CDBG-DR) program, better serves disaster survivors with the lowest incomes.

- The bipartisan "Rural Service Reform Act" (S. 1260/H.R. 4957) provision would help preserve affordable rental and homeownership opportunities for low-income people and families living in rural areas, cut red tape, and encourage public-private partnerships to increase investment in the country's rural housing supply. This provision is based on the bi-

- The bipartisan "Choice in Affordable Housing Act" (S. 890/H.R. 1981) contains provisions related to streamlining inspections for the HCV program, making it easier for families to successfully use their voucher on the rental market.

- The bipartisan "Housing Supply Frameworks Act" (S. 1299/H.R. 2840) and the bipartisan "Build More Housing Near Transit Act" (S. 2363/H.R. 4576), both endorsed by NLIHC, include provisions that would incentivize and provide best practices for zoning and land use reforms that would increase housing supply.

Finance Deeply Affordable Rental Homes with the National Housing Trust Fund

To address the shortage of affordable rental housing for renters with extremely low incomes, Congress must increase funding both to preserve the stock of existing affordable housing and increase the supply of deeply affordable homes. The best tool to add to the supply of deeply affordable housing is the national Housing Trust Fund (HTF).

The HTF is a federal resource primarily targeted for the construction, rehabilitation, preservation, and operation of rental homes for people with extremely low incomes. It is the most highly targeted federal rental housing capital and homeownership program. By law, at least 75% of HTF dollars used to support rental housing must serve extremely low-income households.

The HTF is funded through a slight fee on Freddie Mac and Fannie Mae activity, 65% of which goes to the HTF, and administered by states, allowing for flexibility to decide how best to use the resources to address states' most pressing housing needs. With the Administration considering substantial reforms to Freddie Mac and Fannie Mae, NLIHC urges Congress to ensure that the GSEs maintain their statutory obligation to the HTF.

NLIHC supports efforts to expand the HTF, either through appropriations or other sources. Some recent examples of legislation include the American Housing and Economic Mobility Act, which would invest over $44 billion in the HTF annually over 10 years, resulting in investments to build, repair, and operate nearly 2 million homes for households with low incomes; and the Housing Crisis Response Act of 2023, which would allocate $15 billion to the HTF. An expansion of the HTF would make a significant contribution to ending homelessness and housing poverty by addressing it at its root cause.

Preserve Existing Affordable Housing

Preserving existing affordable housing stock is foundational to any effort to expand the supply of affordable housing and alleviate the shortage for the lowest-income renters. Preservation prevents the displacement of current tenants, stops the loss of difficult-to-replace housing in desirable neighborhoods, mitigates disinvestment from distressed communities, and prevents further decline in the already limited federally subsidized housing stock, while also presenting opportunities to reduce greenhouse gas emissions through energy retrofitting.

Federally assisted rental homes provide a vital supply of housing that is affordable to the lowest-income renters, given the shortage of private market units affordable and available to them. These homes, however, require sustained or renewed funding commitments to ensure future affordability and habitability as buildings age and existing rent restrictions and tenant eligibility requirements expire or come up for renewal. The Housing Crisis Response Act of 2023 would provide $65 billion to repair the nation's public housing, preserving and improving more than 500,000 public housing units. This investment would begin to address the backlog of unmet capital needs for public housing, but even more is needed to address the backlog, and ensure sustained funding and the long-term affordability, quality, and financial viability of federally assisted homes. A 2010 national Public Housing Needs Assessment commissioned by HUD showed that $26 billion was needed to address the funding backlog. In a 2023 report, the National Association of Housing and Redevelopment Officials (NAHRO) found that this estimate would have increased to approximately $90 billion since the initial estimate.[xiii] Most recently, in October 2025, the Council of Large Public Housing Authorities (CLPHA) estimated that nearly $170 billion is needed to address the capital needs of the nation's public housing.[xiv] The authors of these studies used different methodologies to develop their estimates; it is clear that substantial investment is needed, and ongoing costs to preserve public housing properties can continue to be evaluated.

Reform the Low-Income Housing Tax Credit Program

While LIHTC is the largest source of financing for the construction and preservation of affordable rental housing, it is rarely sufficient on its own to build or preserve homes affordable to households with the lowest incomes.

Apartments built with the tax credit are typically too expensive for extremely low-income households, who make up almost half (49.1%) of LIHTC tenants.[xv] According to the National Council of State Housing Agencies, only a small share (18%) of new apartments built using 9% LIHTC are affordable to renters with extremely low incomes.[xvi] When the tax credit is used to preserve existing apartments, an even smaller share of these rental homes is affordable to extremely low-income households. The majority (58%) of extremely low-income renters living in developments financed with LIHTC who do not receive additional support through rental assistance are severely cost-burdened, paying more than half their limited income on rent.[xvii] Despite living in "affordable" homes, without additional federal assistance these households are always one unexpected expense or emergency away from falling behind on rent and facing eviction, and in worst cases, homelessness. These challenges, in turn, make it more difficult for communities to address homelessness.

The "One Big Beautiful Bill Act" (H.R. 1) expanded the LIHTC program by increasing the allocation of 9% credits by 12% and by lowering the "bond threshold test" for developments financed by tax-exempt private activity bonds and 4% credits. Novogradac estimates that these reforms will create or preserve an additional 1.22 million rental units over the next 10 years.[xviii] Any further expansion of LIHTC should be paired with key reforms included in the "Affordable Housing Credit Improvement Act" (S.1515, H.R.2725), a broad, bipartisan bill, introduced by Senators Maria Cantwell (D-WA)Todd Young (R-IN), Marsha Blackburn (R-TN), and Ron Wyden (D-OR) and Representatives Darin LaHood (R-IL), Suzan DelBene (D-WA), Claudia

Tenney (R-NY), Donald Beyer (D-VA), and Randy Feenstra (R-IA) in the 119th Congress. These reforms would allow the tax credit to better serve renters with the greatest need and those at risk of homelessness:

- The ELI Basis Boost offers additional tax credits to developers who agree to set aside at least 20% of apartments in a LIHTC-financed housing development for households with extremely low incomes. By providing a basis boost of 50%, federal policymakers can make it more financially feasible for developers to build apartments at rents that are affordable to households with the greatest needs. This reform is needed to better address and prevent homelessness.

- Designating Tribal and rural communities as "difficult to develop" would allow developers to access an automatic 30% basis boost for building rental homes in these communities. Indigenous people living on Tribal lands have some of the worst housing needs in the United States. They face high poverty rates and low incomes, overcrowding, lack of plumbing and heat, and unique development issues. Financing properties in these areas is particularly challenging. Likewise, rural communities face unique barriers to developing affordable rental homes, including lower incomes, higher poverty rates, and lack of access to private capital.

Additionally, many ELI renters in LIHTC development rely on rental assistance to make their rent affordable. Rental assistance not only closes the gap between a renter's income and the LIHTC rent, it can also help the property owner achieve sustainable rents to successfully operate the property. When considering the impacts of LIHTC expansion and reform, it is important to support the other programs that contribute to the success of LIHTC, including rental assistance as well as gap financing sources such as HOME.

Zoning Reforms

To increase the overall supply of housing, Congress should incentivize or require communities to reform restrictive local zoning ordinances that inhibit the supply of apartments and drive costs up for everyone. While local communities are best positioned to efficiently and effectively address issues related to restrictive zoning practices that limit the amount and types of new housing that can be built, the federal government can and should encourage communities to reduce unnecessary restrictions. The best opportunity at the federal level is to tie zoning and land use reforms to federal transportation, education, and infrastructure dollars – resources that are highly sought after by local communities and that could drive better practices.

While zoning reforms will help address the affordability challenges facing middle-income households, such reforms on their own will not be sufficient to address the housing needs of the lowest-income renters. Private developers and landlords cannot build or operate housing affordable to extremely low-income households without public subsidies; this market failure can only be addressed through expanded and targeted federal investments.

NLIHC has endorsed and urges Congress to enact legislation that would incentivize state and local zoning reforms that encourage the construction of low- and middle-income housing,

including the "Build More Housing Near Transit Act" and the "Housing Supply Frameworks Act."

Conclusion

Thank you again for the opportunity to submit a statement for the record for this hearing on solutions to the national shortage of affordable housing. By holding this hearing, the Committee is taking important steps to increase housing supply. We look forward to working with members of the Committee to enact policies that increase housing supply and target scarce resources to programs that serve households with the greatest needs.

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NATIONAL ASSOCIATION OF REALTORS®

ADVOCACY GROUP
Shannon McGahn
Chief Advocacy Officer

Kevin Sears' Responses to Questions for the Record
Full Committee Hearing "Building Capacity: Reducing Government Roadblocks to Housing Supply"
December 3, 2025

Responses to Rep. Foster's Questions

1. *Would shifting interest rate risk away from the homeowner, and onto the bond market, in this way reduce mortgage lock-in and increase the number of homes on the market?*

Response: Enabling homeowners to port their mortgage or to benefit from the value of their lower rate in some way, may ameliorate the rate lock issue. However, these options would be more expensive. Thus, they are a luxury good fit for some homebuyers but not well designed for first-time buyers or buyers limited by affordability.

2. *What challenges would adoption of this type of system pose in the current U.S. mortgage market?*

Response: Currently, investors purchase interests in pools of mortgages, not individual mortgages. This structure makes disentangling the owner's ability to repurchase the mortgage difficult, but not impossible. Tokenization or block chain technology could be helpful in improving these linkages.

However, investors understand that they will lose money if the mortgages in their pool are ported at a low rate. This extension risk results in the investor receiving lower interest payments than they otherwise would have if they reinvested at market rates. Likewise, if the owner has the right to repurchase their mortgage at a lower value when rates rise, the investor loses money. Thus, investors will demand to be compensated for this risk through higher initial interest rates. Consequently, implementing a system of portability or repurchase would push up rates in advance of any actual rate increase for all homebuyers. In short, portability is a premium option that will come with a cost, so it is not an affordability product.

Portability also entails a host of other mechanical issues such as how investors would view prepayment risk and pricing and how servicers would manage legal risks when a mortgage is ported from a property in a state with a low legal risk to a state with a high-level risk.

Furthermore, if the government were to retroactively impose portability on existing mortgage, investors would be harmed and likely sue. Even if they won the case, the long-held trust between investors and the US government, which has benefited the market through liquidity and lower cost, would be damaged.

For more in-depth discussion, we recommend consulting with academic scholars and market experts as well as the Structured Finance Association and Mortgage Bankers Association.

3. *Are there alternatives or adaptations of the Danish mortgage bond system that could be applied, immediately or incrementally, that would provide benefits to U.S. borrowers and the housing market as a whole?*

Response: Under the Garn-St Germain Act (GSGA), all mortgages, except those backed by federal agencies, have a due-on-sale clause, where the mortgage is extinguished upon sale of the property. This clause prevents subsequent homebuyers from assuming a mortgage or existing owners from porting their mortgage. During the 1980s, the due-on-sale clause helped protect banks and investors from rising rates on obligations when their assets were fixed at lower rates.

Over the long term, Congress might amend the GSGA to allow for some form of assumability or portability. This change could entail either an ex-ante condition that is priced in or the ability of the investor to negotiate with the mortgagee after a rate increase. By either route, this new feature will entail a cost to the consumer. Congress will need to decide whether it prioritizes subsidizing trade-up borrowers or whether it wishes to prioritize first-time and middle-class homebuyers.

Alternatively, some have proposed the use of defeasance to enable existing mortgagees to benefit from the lower value of their mortgage in a higher rate environment. In short, the value of an existing mortgage declines as rates rise. The homeowner with the existing mortgage could use the proceeds from the sale of their home to pay off the lower-price mortgage rather than the full remaining balance. They could then use the difference to buy down the rate on their next mortgage. In short, they would not port the mortgage but benefit from the difference in rates.

Some portfolio lenders might find the defeasance method an attractive way to retain high-worth borrowers and allow exemptions to their right under the due-on-sale clause. Likewise, it might be tractable in the agency space where FHA and VA mortgages are already assumable. However, for GSE-backed mortgages, legislation would be required to change the GSGA and this method would impose a loss on exiting mortgage investors and threaten market stability if imposed on existing mortgages as outlined above.

However, NAR believes that the least disruptive and most prudent course is to stimulate the market for existing FHA and VA mortgages which are currently assumable. Existing owners may not port their mortgage but would benefit from faster home sales at list price and potentially lower fees and interested party contributions which would save them money that could be used for their next purchase. Millions of these mortgages exist with rates below 4%. However, artificial caps on fees lenders can charge to originate these loans prevent lenders from being more active. In addition, most first-time buyers need second lien funding to bridge the gap between their down payment and the mortgage they would assume.

The government could help solve both issues. First, the FHA and VA should raise the allowable caps originators can charge for FHA and VA loans. In addition, the FHFA should explore whether the GSEs can provide second lien financing for use in conjunction with FHA and VA mortgages being assumed. If the FHFA cannot, the government could help negotiate collaborations between commercial banks and mortgage insurers to create a secondary market for these products.

Responses to Rep. Petterson's Questions

1. *Veteran homeownership rates have reached 78% this year- a remarkable feat. However, the VA Home Loan remains critically underutilized - only 10% to 15% of eligible veterans use this benefit. I, alongside Reps. Young Kim, Nikema Williams, and Harriet Hageman, introduced the Veteran Affairs Loan Informed Disclosure Act, the VALID Act, which would ensure that veterans are aware of the VA Home Loan rate available to them when they apply for a mortgage by ensuring that it is displayed alongside FHA and conventional home loan rates. Can you speak to the benefits of the VA Home Loan, and why it's crucial that your veteran clients are aware of the rates available to them during the home buying process?*

Response: The VA Home Loan program is one of the most powerful homeownership tools available to veterans, yet far too few take advantage of it. The benefits are substantial: no down payment requirement, no private mortgage insurance, competitive interest rates, and limits on closing costs. For a veteran purchasing a median-priced home, eliminating the PMI requirement alone can save hundreds of dollars per month compared to a conventional loan with less than 20% down.

Despite these advantages, only 10-15% of eligible veterans use the benefit, often simply because they're unaware it exists or don't understand how it compares to other options. Many veterans work with lenders who aren't familiar with VA loans or who steer them toward conventional products. The VALID Act addresses this directly by ensuring veterans see VA loan rates alongside conventional and FHA options when they apply for a mortgage, giving them the information they need to make an informed choice.

REALTORS® work with veterans throughout the homebuying process, and we see firsthand how transformative the VA loan can be—but only when veterans know about it. Transparency in lending disclosures is critical. Every eligible veteran deserves to understand the full range of financing options available to them, particularly a benefit they've earned through their service. NAR strongly supports the VALID Act and efforts to increase awareness and utilization of this vital program.

2. *We are in a national housing shortage. In my home state of Colorado, we are short more than 100,000 homes. Outdated and often exclusionary local zoning rules – including height limits, parking mandates, and retaining "neighborhood character" -- are often cited as barriers to housing for families. What incentives or reforms should the federal government consider to encourage cities to adopt policies that build more housing, rather than stand in the way?*

Response: Colorado's 100,000-unit housing shortage reflects a nationwide crisis. Outdated local zoning codes, including height restrictions, minimum lot sizes, parking mandates, prohibitions on multifamily housing, are blocking the construction of homes families need.

The federal government can encourage local reform without mandates. NAR supports both incentivizing pro-housing policies through federal funding and providing technical assistance to help communities implement reforms. Communities that allow accessory

dwelling units, reduce parking requirements, or streamline permitting could receive priority or additional funding in competitive grant programs.

NAR partnered with the National League of Cities and American Planning Association to develop the Housing Supply Accelerator Playbook, which provides proven strategies communities can implement—from pre-approved building designs to administrative review processes that speed housing production. Federal grants could help jurisdictions adopt these approaches through planning assistance and model ordinances.

This approach respects local control while creating clear federal incentives for removing barriers to housing. The housing shortage demands action at every level.

Questions for the Record

Full Committee Hearing

"Building Capacity: Reducing Government Roadblocks to Housing Supply"

December 3, 2025

From Rep. Foster:

Mortgage lock-in is problematic in the United States, in the sense that homeowners are disincentivized to purchase a new home if the interest rate on the new home will be higher than their current mortgage. These issues are less apparent in the Danish mortgage market where, at origination, each mortgage creates matching bonds that banks sell to investors. The bank gets cash to extend more loans, and the owners of these covered bonds receive payments from the people paying the mortgage. The value of the bond, and the underlying mortgage, rise and fall like any other traded asset. As interest rates for new mortgages rise, the value of lower interest-rate bonds goes down. If rates rise, rather than paying off the mortgage in full and buying a new home at a higher interest rate, Danish borrowers can buy back the bond associated with their mortgage at the depreciated price to satisfy their initial mortgage obligations. While they may have to finance their new home at a higher interest rate, the profit of paying back their loan at its market value gives them additional resources to do so.

1. Would shifting interest rate risk away from the homeowner, and onto the bond market, in this way reduce mortgage lock-in and increase the number of homes on the market?

2. What challenges would adoption of this type of system pose in the current U.S. mortgage market?

3. Are there alternatives or adaptations of the Danish mortgage bond system that could be applied, immediately or incrementally, that would provide benefits to U.S. borrowers and the housing market as a whole?

Response provided by:

Julie A Smith
Chief Administrative Officer; The Bozzuto Group

On behalf of the National Multihousing Council (NMHC), National Apartment Association (NAA) and the Real Estate Technology and Transformation Center (RETTC)

Congressman Foster, I very much appreciate your questions. However, Bozzuto neither builds nor sells single family homes. I also have no expertise regarding the Danish mortgage market. Accordingly, I do not believe I have informed answers to the questions you have posed. That said, I would be more than happy to include our Chief Finance Officer in a discussion about the current state of the multifamily mortgage finance market with you or your staff should that be helpful.

Questions for the Record

Full Committee Hearing

"Building Capacity: Reducing Government Roadblocks to Housing Supply"

December 3, 2025

From Rep. Pettersen:

1. In April 2025, the National Multifamily Housing Council noted that if the Trump Administration imposed tariffs on construction and other housing-related goods, housing providers could be impacted. Since this article, President Trump and his Administration have unveiled a series of tariffs that impact housing inputs including 232 tariffs on copper, vanities, wooden kitchen cabinets and lumber. In some consumer categories, tariffs now stack on top of one another. For instance, some kitchen sinks have a 50% tariff on steel content and a reciprocal tariff on the remaining content. Are you worried about this impact on your industry? Should tariffs on housing inputs be subject to tariffs, in an environment where affordability is a major concern?

Response provided by:

Julie A Smith
Chief Administrative Officer; The Bozzuto Group
On behalf of the National Multihousing Council (NMHC), National Apartment Association (NAA) and the Real Estate Technology and Transformation Center (RETTC)

NMHC, NAA, and RETTC welcome the bipartisan focus on the need for increased housing supply to create more affordability. While rental housing providers have dealt with a variety of tariffs that have been imposed by both Republican and Democratic administrations over the past decade, any additional costs or regulations will require higher rental rates in order for a property to be economically viable and financeable. We are hopeful that the Trump Administration will consider the impact that such tariffs have on the cost of materials necessary to build and rehabilitate housing. Rental housing providers require access to essential construction materials that will help us build the 4.3 million apartments needed by 2035.

When tariffs are imposed on construction and other housing-related goods, rental housing providers either pay higher prices for materials or find alternative-source countries. Our industry had experience with supply chain disruptions during the COVID lockdown where rental housing providers were forced to pivot due to a lack of available materials. During the Covid pandemic, 52% of all respondents to NMHC's June 2022 Quarterly Survey of Development and Construction Activity reported delays in development due to shortages of materials. Respondents experienced an average cost increase of 11% as materials were repriced. These material delays resulted in additional financial costs associated with the interest on construction loans when construction was delayed from material backlogs. In the short term, providers also were forced to pay higher costs to access the materials they needed. In the long term, providers were able to

adjust accordingly and identify different sources of materials, but not without impact to project cost and delivery schedules.

Development is already incredibly difficult -research from NMHC and the National Association of Home Builders (NAHB) found that an average of 40.6% of development costs are attributable to regulations. That and the higher-interest rate environment coupled with the persistent and heighted overall cost to build new apartments has made it very challenging to attract the necessary investors and financing in recent years. Any additional costs or new regulations could push that 40.6% higher, which would make it even harder to expand the supply of new housing our country needs.

Rep. Foster, thank you for your thoughtful question. I have testified before the HFS Committee twice, and I have always appreciated the depth and insight of your inquiries. I also valued your recent comments about how tax changes could help free up rooms in existing homes, creating more opportunities for people who need housing.

1. Would shifting interest rate risk away from the homeowner, and onto the bond market, in this way reduce mortgage lock-in and increase the number of homes on the market?

   A Danish-style system that allows borrowers to redeem their mortgage at market value when rates rise might meaningfully reduce lock-in when applied on a going forward basis.

   However, implementing this on the existing stock of agency-securitized loans would be difficult. In the agency MBS system, principal is passed through to investors at par (based on unpaid principal balance), and Fannie Mae and Freddie Mac guarantee timely payment of principal and interest. Allowing existing borrowers to extinguish their mortgages at below-par market value would therefore create a shortfall relative to the amount owed to the MBS trust; unless investor contracts were amended, the Enterprises (and ultimately their backstop) would have to absorb the difference. The precise mechanics would depend on the governing trust documents and guaranty provisions, but the basic constraint is that legacy MBS structures do not permit "market-value payoff" for borrowers without shifting losses elsewhere.

2. What challenges would adoption of this type of system pose in the current U.S. mortgage market?

   Implementing a Danish-style system would require a fundamental overhaul of the U.S. mortgage "plumbing." It would involve significant changes to banking regulation as well as to the roles and charters of the GSEs, which would need to determine whether, and how, they participate in issuing or guaranteeing matched mortgage bonds. New regulations and supervisory frameworks would have to be written to govern these instruments and ensure market stability.

   Transitioning to a Danish-style system has never been attempted with a market as large as the United States. Investors would demand compensation for bearing this two-sided interest-rate risk, so mortgage rates under such a system might be about 25–75 basis points higher. In other words, borrowers might pay more up front but have the potential to buy their loan back at a price below par if rates go up and they need to move. This is a tradeoff that benefits those planning to move, but disadvantages those who stay in their homes.

   In addition, existing industry participants—lenders, servicers, investors, and others who benefit from the current system—would likely resist a shift of this magnitude.

3. Are there alternatives or adaptations of the Danish mortgage bond system that could be applied, immediately or incrementally, that would provide benefits to U.S. borrowers and the housing market as a whole.

   There are other alternatives:

   - Portable mortgages are often sometimes mentioned in the policy world, but they are operationally messy in real life (the system around securitization is not built for them and the stars need to align to time sale and purchase on a home. They would also require higher rates up front to compensate investors for the added flexibility.
   - Allow prepayment penalties (or equivalent pricing) at origination for borrowers who opt in. In general, limiting the borrower's ability to refinance quickly can reduce the initial interest rate by reducing prepayment risk for investors. In the U.S., however, prepayment penalties on consumer mortgages are tightly restricted—typically capped and limited to the first three years for certain qualified mortgages—and many states further constrain them. Any policy aimed at reducing lock-in would need to balance the lower upfront rate against the risk of discouraging mobility for households that need to sell within the penalty window. Conceptually, the goal would be a declining prepayment fee that is large enough early on to discourage opportunistic refinancing, but small enough—particularly after the first few years—not to materially impede household mobility (for example, a sliding scale that phases out over time).
   - The most credible alternative is a shift away from 30-year FRMs towards 20-year ARMs with strong caps and collars. If combined with rate buydowns for lower-income borrowers as proposed by Sen. Warner, such products would help ensure that fewer borrowers end up holding extremely low fixed rates that become barriers to moving.

   Fundamentally, the best measures would target the root cause of today's lock-in problem. For that, we should not overlook the Federal Reserve's role. As early as July 2020, we warned that home price appreciation was accelerating and heading toward double digits, yet the Fed maintained an overly accommodative stance on the assumption that inflation was transitory. When it later became clear that inflation was more persistent, the Fed had to tighten aggressively, causing mortgage rates to spike and locking millions of borrowers into ultra-low-rate loans.

   Finally, increasing housing supply is essential. More supply helps bring down costs and provides families with more options, reducing the pressure created by rate lock-in. In my testimony, I outlined several ways to expand supply, including a bounty system for jurisdictions that allow smaller lot sizes and auctioning a minuscule share of federal land for new development, paired with state and local land-use reforms.

   We at the AEI Housing Center would be very happy to work with you and others on increasing housing supply and creating a more stable and equitable housing finance system.

NFHA NATIONAL FAIR HOUSING ALLIANCE™

Building Capacity:
Reducing Government Roadblocks to Housing Supply

U.S. House Committee on Financial Services

Response to Questions for the Record – Rep. Foster

Nikitra Bailey
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Question From Rep. Foster:

Mortgage lock-in is problematic in the United States, in the sense that homeowners are disincentivized to purchase a new home if the interest rate on the new home will be higher than their current mortgage. These issues are less apparent in the Danish mortgage market where, at origination, each mortgage creates matching bonds that banks sell to investors. The bank gets cash to extend more loans, and the owners of these covered bonds receive payments from the people paying the mortgage. The value of the bond, and the underlying mortgage, rise and fall like any other traded asset. As interest rates for new mortgages rise, the value of lower interest-rate bonds goes down.

If rates rise, rather than paying off the mortgage in full and buying a new home at a higher interest rate, Danish borrowers can buy back the bond associated with their mortgage at the depreciated price to satisfy their initial mortgage obligations. While they may have to finance their new home at a higher interest rate, the profit of paying back their loan at its market value gives them additional resources to do so.

1. Would shifting interest rate risk away from the homeowner, and onto the bond market, in this way reduce mortgage lock-in and increase the number of homes on the market?

2. What challenges would adoption of this type of system pose in the current U.S. mortgage market?

3. Are there alternatives or adaptations of the Danish mortgage bond system that could be applied, immediately or incrementally, that would provide benefits to U.S. borrowers and the housing market as a whole?

Response from NFHA:

America is facing a fair housing crisis as fair housing complaints skyrocket and the Black-White homeownership gap is as large as it was when the Fair Housing Act was passed. The people of America are also facing record-breaking housing costs. Lack of housing affordability continues to plague the nation's renters, homebuyers, and homeowners, putting safe, stable housing out of reach for many households. It is vital for the Government Sponsored Enterprises (GSE) to remain mission-focused to ensure affordable rental and home ownership opportunities are available in every community as well as for low- and moderate-income households. This includes contributing to the National Housing Trust Fund and Capital Magnet Fund. It also includes support for Special Purpose Credit Programs and First-Generation homebuyers. The GSEs should continue to serve the entirety of the housing market and ensure the uniquely U.S. 30-year fixed-rate mortgage continues in order to help make homeownership affordable for a broad range of people. The 30-year fixed-rate mortgage has made homeownership possible for millions of Americans.

Given the legal obligations and the current housing crisis, Fannie Mae, Freddie Mac, and FHFA must do more to address America's fair and affordable housing crisis. At this time, the GSEs' regulator, the Federal Housing Finance Agency (FHFA), Fannie Mae, and Freddie Mac are rolling back many of the initiatives that created modest gains in homeownership for underserved Black, Latino, Asian, and White borrowers. For instance, FHFA no longer allows the GSEs to support Special Purpose Credit Programs and issued a proposal to repeal the GSEs' Equitable

Housing Finance Plans despite the activities providing $82 million in reduced costs to 57,282 borrowers of all races from 2022 to 2024 and generating $17.2 billion in economic impact.[1] With net household growth expected to come from households of color, it is critical to ensure the housing market works for these households, and it is a fair lending obligation as well as a safety and soundness imperative.

Congress should provide oversight of the FHFA and ensure it:

- Restores the Division of Public Interest Examinations (fair lending and UDAP).
- Fully eliminates loan level price adjustments (LLPAs).

Congress should provide oversight of FHFA and ensure that the GSEs:

- Support Special Purpose Credit Programs and First-Generation Homebuyers.
- Ensure that their appraisal guidelines do not perpetuate bias.
- Provide liquidity for small dollar mortgages and shared equity programs.
- Ensure the responsible use of artificial intelligence.
- Implement non-discriminatory servicing and REO maintenance and marketing policies.

Fannie Mae and Freddie Mac are legally required to maintain a secondary housing finance market in support of all communities. In addition to purchasing and securitizing mortgage loans, the GSEs help build standards and confidence-building, increase uniformity and reduce risks for investors; stabilize mortgage interest rates; guarantee mortgages for multi-family housing developments; finance affordable rental housing for low- and moderate-income households; and play a critical countercyclical role to provide liquidity for the housing market at all times. It would not be appropriate to bifurcate the mortgage market to steer some borrowers to FHA based on income, credit score, or race, while others are steered to conventional mortgages purchased by the GSEs.

Recall that in return for their public interest missions, Fannie Mae and Freddie Mac receive substantial public subsidies. Fannie Mae and Freddie Mac are now worth trillions in assets and receive millions of dollars in public subsidies and benefits, including an implicit government guarantee, exemptions from most federal, state and local taxes, and exemptions from SEC registration and fees. In exchange for these benefits, Fannie Mae and Freddie Mac were created to provide liquidity, stability and affordability for the whole of the housing market. So, Fannie Mae and Freddie Mac should be accountable to serving the whole of the housing market.

The GSEs should provide support to the Federal Housing Administration (FHA) to ensure mortgages and affordable housing are available in every community and for a variety of consumers including low- and moderate-income households. To achieve this end, the GSEs should share information and resources with the FHA, and when possible, align guidance's with the FHA to alleviate confusion and disruption in the housing finance system.

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[1] See, 90 FR 35475 (proposed 07/28/2025), https://www.federalregister.gov/documents/2025/07/28/2025-14183/fair-lending-fair-housing-and-equitable-housing-finance-plans.

Building Capacity:
Reducing Government Roadblocks to Housing Supply

U.S. House Committee on Financial Services

Response to Questions for the Record – Rep. Pettersen

Nikitra Bailey
Executive Vice President
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Question From Rep. Pettersen:

1. Federal agencies often operate in silos, which can create significant barriers to expanding affordable housing supply. These siloed processes can slow down coordination, complicate funding streams, and hinder the implementation of comprehensive housing solutions. In your view, what steps should Congress take to ensure that federal policies are aligned, coordinated and structured in a way that truly supports boosting our nation's affordable housing supply?

Response from NFHA:

Improving federal coordination of affordable housing policy will require a multi-faceted approach. Providing enhanced coordination of housing policy involves implementing reforms that promote interagency collaboration and improve housing stability and affordability, while ensuring equitable access to affordable housing.

Recommendation: Steps Congress should take to ensure federal policies are aligned and coordinated, strengthening interagency coordination –

1. **Promote Inclusive Participation.** Engage diverse community members and local community-based organizations, including underserved community members, in the decision-making process to reflect the community's needs and preferences.

2. **Utilize Technology.** Leverage technology to facilitate communication and collaboration among policymakers, community organizations, and local residents.

3. **Establish Memoranda of Understanding.** Encourage federal agencies to establish a memorandum of understanding to share relevant housing-related research and market data and coordination of outputs.

4. **Require Reports to be Submitted to Congress.** Direct agencies to submit reports to Congress on recommendations for further collaboration and ways to increase coordination on existing priorities. Additionally, Congress should hold oversight hearings on the agencies' actions.

5. **Collaborate on Housing Programs.** Encourage intergovernmental coordination by requiring federal agencies to share housing-related data to facilitate evidence-based policymaking, including:

    a. Protecting congressionally mandated civil rights gained; demonstrating an unwavering commitment to racial equity; promoting anti-discrimination measures; and recognizing the many ways that diversity, equity, inclusion, accessibility, and fair housing and fair lending benefit American society.
    b. Providing congressional oversight to ensure a fully-staffed and fully-funded HUD, CFPB, and DOJ as well as full funding of FHIP and FHAP grants to the community-based organizations; and

c. Passing the Housing Crisis Response Act, Downpayment Toward Equity Act, Appraisal Modernization Act, and the Neighborhood Homes Investment Act (with fair housing principles).

These steps can help improve collaboration among federal agencies, ensuring that fair and affordable housing policies are developed and implemented effectively, addressing the needs and preferences of the community while maximizing the resources available. By fostering improved collaboration among federal agencies, Congress can create a more effective housing system that meets the needs of all the people of America. These efforts are essential for solving the nation's fair and affordable housing crisis and ensuring equitable access to affordable housing.

I

119TH CONGRESS
1ST SESSION

H. R. 638

To require owners of covered federally assisted rental dwelling units to install temperature sensors in such units, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 22, 2025

Mr. TORRES of New York introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To require owners of covered federally assisted rental dwelling units to install temperature sensors in such units, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Housing Temperature Safety Act of 2025".

SEC. 2. TEMPERATURE SENSOR PILOT PROGRAM.

(a) IN GENERAL.—The Secretary shall establish a temperature sensor 3-year pilot program to provide grants to public housing agencies and owners of covered federally assisted rental dwelling units to install and test the effi-

cacy of temperature sensors in residential dwelling units to ensure such units remain in compliance with temperature requirements.

(b) APPLICATION.—The Secretary shall, not later than 180 days after the date of the enactment of this Act, establish eligibility criteria for participation in the pilot program established pursuant to subsection (a) and such criteria shall be designed to ensure—

(1) the pilot program includes a diverse range of participants that represent different geographic regions, climate regions, unit sizes and types of housing; and

(2) the functionality of the temperature sensors that will be tested, including internet connectivity requirements.

(c) INSTALLATION.—Each public housing agency or owner of a covered federally assisted rental dwelling unit that receives one or more temperature sensors under this Act shall, after receiving written permission from the resident of a dwelling unit, install such temperature sensor and monitor the data from such temperature sensor.

(d) COLLECTION OF COMPLAINT RECORDS.—

(1) IN GENERAL.—Each public housing agency or owner of a covered federally assisted rental dwelling unit that receives one or more temperature sen-

sors under this Act shall collect and retain information about temperature-related complaints and violations.

(2) DEFINITIONS.—The Secretary shall, not later than 180 days after the date of the enactment of this Act, define the terms temperature-related complaints and temperature-related violations for the purposes of this Act.

(e) DATA COLLECTION.—

(1) IN GENERAL.—Data collected from temperature sensors provided to public housing agencies and owners of covered federally assisted rental dwelling units under this Act shall be retained until the Secretary notifies the public housing agency or owner that the pilot program and the evaluation of the pilot program are complete.

(2) PERSONALLY IDENTIFIABLE INFORMATION.—The Secretary shall, not later than 180 days after the date of the enactment of this Act, establish standards for the protection of personally identifiably information collected during the pilot program by public housing agencies, owners of federally assisted rental dwelling units, and the Secretary.

(f) PILOT PROGRAM EVALUATION.—

(1) INTERIM EVALUATION.—Not later than 12 months after the establishment of the pilot program under this Act, the Secretary shall publicly publish and submit to the Congress a report that—

(A) examines the number of temperature-related complaints and violations in federally assisted rental dwelling units with temperature sensors, disaggregated by temperature sensor technology and climate region—

(i) that occurred before the installation of such sensor, if known; and

(ii) that occurred after the installation of such sensor; and

(B) identifies any barriers to full utility of temperature sensor capabilities, including broadband internet access and tenant participation.

(2) FINAL EVALUATION.—Not later than 36 months after the conclusion of the pilot program established by the Secretary under this Act, the Secretary shall publicly publish and submit to the Congress a report that—

(A) examines the number of temperature-related complaints and violations in federally assisted rental dwelling units with temperature

sensors, disaggregated by temperature sensor technology and climate region—

(i) that occurred before the installation of such sensor; and

(ii) that occurred after the installation of such sensor;

(B) identifies any barriers to full utility of temperature sensor capabilities, including broadband internet access and tenant participation; and

(C) compare the utility of various temperature sensor technologies based on—

(i) climate zones;

(ii) cost;

(iii) features; and

(iv) any other factors identified by the Secretary.

(g) DEFINITIONS.—For the purposes of this Act:

(1) TEMPERATURE SENSOR.—The term ''temperature sensor'' means an internet capable temperature reporting device able to measure ambient air temperature to the tenth degree Fahrenheit and Celsius.

(2) COVERED FEDERALLY ASSISTED HOUSING.—The term ''covered federally assisted rental

dwelling unit'' means a residential dwelling unit that is made available for rental and for which assistance is provided, or that is part of a housing project for which assistance is provided, under—

(A) the program for project-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(B) the public housing program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(C) the program for supportive housing for the elderly under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q); or

(D) the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013).

(3) OWNER.—The term ''owner'' means—

(A) with respect to the program for project-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, having

the legal right to lease or sublease dwelling units;

(B) with respect to public housing program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), a public housing agency or an owner entity of public housing units as defined in section 905.108 of title 24, Code of Federal Regulations;

(C) with respect to the program for supportive housing for the elderly under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), a private nonprofit organization as defined under section 202(k)(4) of the Housing Act of 1959; and

(D) with respect to the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), a private nonprofit organization as defined under section 811(k)(5) of section 811 of the Cranston-Gonzalez National Affordable Housing Act.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary—

(1) such sums as may be necessary for the Secretary to provide grants to owners of covered federally assisted rental dwelling units participating in the pilot program established under this Act;

(2) such sums as may be necessary for the Secretary to administer the pilot program established under this Act; and

(3) such sums as may be necessary for the Secretary to provide technical assistance to owners of covered federally assisted rental dwelling units that are participating in the pilot program established under this Act.

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119TH CONGRESS
1ST SESSION

H. R. 1078

To amend the CARES Act to remove a requirement on lessors to provide notice to vacate, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2025

Mr. LOUDERMILK (for himself, Mr. VICENTE GONZALEZ of Texas, Mr. NORMAN, Mr. CLYDE, Mr. RUTHERFORD, Mr. BARR, Mr. KUSTOFF, Mr. MANN, Mr. OGLES, Mr. HUDSON, Mr. SCOTT FRANKLIN of Florida, Mr. WOMACK, Mr. GROTHMAN, Mr. LUTTRELL, Mr. TIMMONS, Mr. BIGGS of Arizona, Mr. STAUBER, and Mr. MCCORMICK) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the CARES Act to remove a requirement on lessors to provide notice to vacate, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Respect State Housing Laws Act".

SEC. 2. CLARIFICATION.

Section 4024 of the CARES Act (15 U.S.C. 9058) is amended by striking subsection (c).

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119TH CONGRESS
1ST SESSION

H. R. 2362

To require each enterprise to include on the Uniform Residential Loan Application a disclaimer to increase awareness of the direct and guaranteed home loan programs of the Department of Veterans Affairs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2025

Ms. DE LA CRUZ (for herself, Mr. GREEN of Texas, Mr. PFLUGER, Mr. LAWLER, Mr. GOODEN, Mr. FITZPATRICK, Mr. CRENSHAW, Ms. PETTERSEN, Mrs. BEATTY, Mr. GOTTHEIMER, Mr. HARDER of California, and Ms. ROSS) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To require each enterprise to include on the Uniform Residential Loan Application a disclaimer to increase awareness of the direct and guaranteed home loan programs of the Department of Veterans Affairs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "VA Home Loan Awareness Act of 2025".

SEC. 2. MILITARY SERVICE QUESTION.

(a) IN GENERAL.—Subpart A of part 2 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4541 et seq.) is amended by adding at the end the following:

"SEC. 1329. UNIFORM RESIDENTIAL LOAN APPLICATION.

"Not later than 6 months after the date of enactment of this section, the Director shall, by regulation or order, require each enterprise to include a disclaimer below the military service question on the form known as the Uniform Residential Loan Application stating, 'If yes, you may qualify for a VA Home Loan. Consult your lender regarding eligibility.'.".

(b) GAO STUDY.—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States shall conduct a study and submit to Congress a report on whether or not less than 80 percent of lenders using the Uniform Residential Loan Application have included on that form the disclaimer required under section 1329 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as added by subsection (a).

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119TH CONGRESS
1ST SESSION

H. R. 2840

To direct the Secretary of Housing and Urban Development, acting through the Assistant Secretary for Policy Development and Research, to publish guidelines and best practices for State zoning and local zoning frameworks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2025

Mr. FLOOD (for himself and Ms. PETTERSEN) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To direct the Secretary of Housing and Urban Development, acting through the Assistant Secretary for Policy Development and Research, to publish guidelines and best practices for State zoning and local zoning frameworks, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Housing Supply Frameworks Act".

SEC. 2. FINDINGS.

Congress finds the followings:

(1) As of 2022 in the United States, there was an estimated housing shortage of 3,850,000 homes. This housing supply shortage has resulted in a record number of cost-burdened households across regions and spanning the large and small cities, towns, and coastal and rural communities of the United States.

(2) Several factors contribute to the undersupply of housing in the United States, particularly workforce housing, including rising costs of construction, a shortage of labor, supply chain disruptions, and a lack of reliable funding sources.

(3) Regulatory barriers at the State and local levels, such as zoning and land use regulations, also inhibit the creation of new housing to meet local and regional housing needs.

(4) State and local governments are proactively exploring solutions for reforming regulatory barriers, but additional resources, data, and models can help adequately address these challenges.

(5) While land use regulation is the responsibility of State and local governments, there is Federal support for necessary reforms, and there is an opportunity for the Federal Government to provide support and assistance to State and local govern-

ments that wish to undertake necessary reforms in a manner that fits their communities' needs.

(6) Therefore, zoning ordinances or systems of land use regulation that have the intent or effect of restricting housing opportunities based on economic status or income without interests that are substantial, legitimate, nondiscriminatory and that outweigh the regional need for housing are contrary to the regional and national interest.

SEC. 3. DEFINITIONS.

In this Act:

(1) AFFORDABLE HOUSING.—The term ''affordable housing'' means housing in which the occupant is paying no more than 30 percent of gross income for housing costs.

(2) ASSISTANT SECRETARY.—The term ''Assistant Secretary'' means the Assistant Secretary for Policy Development and Research of the Department of Housing and Urban Development.

(3) FRAMEWORK-RELATED TERMS.—

(A) LOCAL ZONING FRAMEWORK.—The term ''local zoning framework'' means the local zoning codes and other ordinances, procedures, and policies governing zoning and land-use at the local level.

(B) STATE ZONING FRAMEWORK.—The term ''State zoning framework'' means the State legislation or State agency and department procedures, or such legislation or procedures in an insular area of the United States, enabling local planning and zoning authorities and establishing and guiding related policies and programs.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

SEC. 4. GUIDELINES ON STATE AND LOCAL ZONING FRAMEWORKS.

(a) ESTABLISHMENT.—Not later than 3 years after the date of enactment of this section, the Assistant Secretary shall publish documents outlining guidelines and best practices to support production of adequate housing to meet the needs of communities and provide housing opportunities for individuals at every income level across communities with respect to—

(1) State zoning frameworks; and

(2) local zoning frameworks.

(b) CONSULTATION; PUBLIC COMMENT.—During the 2 year period beginning on the date of enactment of this section, in developing the guidelines and best practices re-

quired under the previous subsection, the Assistant Secretary shall—

(1) publish draft guidelines in the Federal Register for public comment; and

(2) establish a task force for the purpose of providing consultation to draft guidelines published under the previous clause, the members of which shall include—

(A) planners and architects;

(B) advocates with experience in affordable housing, community development efforts, and fair housing;

(C) housing developers, including affordable and market-rate housing developers, manufactured housing developers, and other business interests;

(D) community engagement experts and community members impacted by zoning decisions;

(E) public housing authorities and transit authorities;

(F) members of local zoning and planning boards and local and regional transportation planning organizations;

(G) State officials responsible for housing or land use, including members of State zoning boards of appeals;

(H) academic researchers; and

(I) home builders.

(c) CONTENTS.—The guidelines and best practices required under subsection (a) shall—

(1) with respect to State zoning frameworks, outline potential models for updated State enabling legislation or State agency and department procedures;

(2) include recommendations regarding—

(A) the reduction or elimination of parking minimums;

(B) the increase in maximum floor area ratio requirements and maximum building heights and the reduction in minimum lot sizes and set-back requirements;

(C) the elimination of restrictions against accessory dwelling units;

(D) increasing by-right uses, including duplex, triplex, or quadplex buildings, across cities or metropolitan areas, including mechanisms, such as proximity to transit, to determine the jurisdictional level for rezoning and ensures de-

velopment that does not disproportionately burden residents of economically distressed areas;

(E) review of by-right development proposals to streamline review and reduce uncertainty, including—

(i) nondiscretionary, ministerial review; and

(ii) entitlement and design review processes;

(F) the reduction of obstacles to a range of housing types at all levels of affordability, including manufactured and modular housing;

(G) State model zoning regulations for directing local reforms, including mechanisms to encourage adoption;

(H) provisions to encourage transit-oriented development, including increased permissible units per structure and reduced minimum lot sizes near existing or planned public transit stations;

(I) potential reforms to the public engagement process, including—

(i) meaningful access for persons with limited English proficiency and effective

communication improvements for persons with disabilities;

(ii) leveraging of virtual meeting technologies; and

(iii) proactive outreach in communities;

(J) reforms to protest petition statutes;

(K) the standardization, reduction, or elimination of impact fees;

(L) cost effective and appropriate building codes;

(M) models for community benefit agreements;

(N) mechanisms to preserve affordability, limit disruption of low-income communities, and prevent displacement of existing residents;

(O) with respect to State zoning frameworks, a model for a State zoning appeals process, which would—

(i) create a process for developers or builders requesting a variance, conditional use, or zoning district change or otherwise petitioning a local zoning or planning board for a project including a State-defined amount of affordable housing to ap-

peal a rejection to a State body or regional body empowered by the State;

(ii) establish qualifications for communities to be exempted from the appeals process based on their available stock of affordable housing; and

(iii) establish a State zoning appeals board to consider appeals to a variance rejection and objectively evaluate petitions based on the potential for environmental damage and infrastructural capacity;

(P) with respect to State zoning frameworks, best practices on the disposition of land owned by State governments for affordable housing development;

(Q) with respect to local zoning frameworks—

(i) the simplification and standardization of existing zoning codes;

(ii) maximum review timelines;

(iii) differentiations between best practices for rural, suburban, and urban communities, and communities with different levels of density or population distribution; and

(iv) best practices for the disposition of land owned by local governments; and

(R) other land use measures that promote access to new housing opportunities identified by the Secretary; and

(3) consider—

(A) local housing needs, including ways to set and measure housing goals and targets;

(B) a range of affordability for rental units, with a prioritization of units attainable to extremely low-income, low-income, and moderate income residents;

(C) a range of affordability for homeownership units attainable to low-income and moderate-income residents;

(D) with respect to State zoning frameworks, distinctions between States providing constitutional or statutory home rule authority to municipalities and States operating under the Dillon rule, as articulated in Hunter v. Pittsburgh (207 U.S. 161 (1907));

(E) accountability measures;

(F) the long-term cost to residents and businesses if more housing is not constructed;

(G) barriers to individuals seeking to access affordable housing in growing communities and communities with economic opportunity;

(H) consistency with respect to fair housing and civil rights requirements;

(I) effects of adopting any recommendations on eligibility for Federal discretionary grants under the Department of Housing and Urban Development, the Department of Transportation, and the Department of Agriculture, and tax credits for the purpose of housing or community development;

(J) coordination between infrastructure investments and housing planning;

(K) with respect to State zoning frameworks, statewide mechanisms to preserve existing affordability over the long term, including support for land banks and community land trusts;

(L) with respect to State zoning frameworks, guidance to States on collecting and maintaining proactive data on the current rental housing market and rental registries;

(M) public comments described in subsection (b)(1); and

(N) other considerations as identified by the Secretary.

SEC. 5. REPORTING.

Not later than 5 years after the date on which the Assistant Secretary publishes the guidelines and best practices for State and local zoning frameworks, the Assistant Secretary shall submit to Congress a report describing—

(1) the States that have adopted recommendations from the guidelines and best practices, pursuant to section 4 of this Act;

(2) a summary of the localities that have adopted recommendations from the guidelines and best practices, pursuant to Section 4 of this Act;

(3) a list of States that adopted a State zoning framework;

(4) a summary of the modifications that each State has made in their State zoning framework; and

(5) a general summary of the types of updates localities have made to their local zoning framework.

SEC. 6. ABOLISHMENT OF REGULATORY BARRIERS CLEARINGHOUSE.

(a) IN GENERAL.—The Regulatory Barriers Clearinghouse established pursuant to section 1205 of the

Housing and Community Development Act of 1992 (42 U.S.C. 12705d) is abolished.

(b) REPEAL.—Section 1205 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705d) is repealed.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to the Secretary of Housing and Urban Development to carry out this Act $3,000,000 for each of fiscal years 2026 through 2030.

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119TH CONGRESS
1ST SESSION

H. R. 3774

To amend the Department of Housing and Urban Development Act to require the Secretary of Housing and Urban Development to testify on an annual basis before the Congress.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2025

Mr. LAWLER (for himself and Mr. CLEAVER) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the Department of Housing and Urban Development Act to require the Secretary of Housing and Urban Development to testify on an annual basis before the Congress.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "HUD Accountability Act of 2025".

SEC. 2. REQUIREMENT TO TESTIFY.

Section 7 of the Department of Housing and Urban Development Act (42 U.S.C. 3535) is amended by adding at the end the following new subsection:

"(u) ANNUAL TESTIMONY.—The Secretary shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate at an annual hearing and present testimony regarding the operations of the Department during the preceding year, including regarding the following topics:

"(1) The current programs and operations of the Department.

"(2) The physical condition of all public housing and other housing assisted by the Department.

"(3) The financial health of the mortgage insurance funds of the FHA.

"(4) Oversight by the Department of grantees and sub-grantees for purposes of preventing waste, fraud, and abuse.

"(5) The progress made by the Federal Government in ending the affordable housing and homelessness crises.

"(6) The capacity of the Department to deliver on its statutory mission.

"(7) Other ongoing activities of the Department, as appropriate.".

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119TH CONGRESS
1ST SESSION

H. R. 4385

To establish a pilot program to improve the family self-sufficiency program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 14, 2025

Mr. TORRES of New York (for himself and Mr. TIMMONS) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To establish a pilot program to improve the family self-sufficiency program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Helping More Families Save Act".

SEC. 2. FAMILY SELF-SUFFICIENCY ESCROW EXPANSION PILOT PROGRAM.

Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended by adding at the end the following:

"(p) ESCROW EXPANSION PILOT PROGRAM.—

"(1) DEFINITIONS.—In this subsection:

"(A) COVERED FAMILY.—The term 'covered family' means a family that receives assistance under section 8 or 9 of this Act and is enrolled in the pilot program.

"(B) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity described in subsection (c)(2).

"(C) PILOT PROGRAM.—The term 'pilot program' means the pilot program established under paragraph (2).

"(D) WELFARE ASSISTANCE.—The term 'welfare assistance' has the meaning given the term in section 984.103 of title 24, Code of Federal Regulations, or any successor regulation.

"(2) ESTABLISHMENT.—The Secretary shall establish a pilot program under which the Secretary shall select not more than 25 eligible entities to establish and manage escrow accounts for not more than 5,000 covered families, in accordance with this subsection.

"(3) ESCROW ACCOUNTS.—

"(A) IN GENERAL.—An eligible entity selected to participate in the pilot program—

"(i) shall establish an interest-bearing escrow account and place into the account an amount equal to any increase in the amount of rent paid by each covered family in accordance with the provisions of section 3, 8(o), or 8(y), as applicable, that is attributable to increases in earned income by the covered families during the participation of each covered family in the pilot program; and

"(ii) notwithstanding any other provision of law, may use funds it controls under section 8 or 9 for purposes of making the escrow deposit for covered families assisted under, or residing in units assisted under, section 8 or 9 of this title, respectively, provided such funds are offset by the increase in the amount of rent paid by the covered family.

"(B) INCOME LIMITATION.—An eligible entity may not escrow any amounts for any covered family whose adjusted income exceeds 80 percent of the area median income.

"(C) WITHDRAWALS.—A covered family shall be able to withdraw funds, including interest earned, from an escrow account established by an eligible entity under the pilot program—

"(i) after the covered family ceases to receive welfare assistance; and

"(ii)(I) not earlier than the date that is 5 years after the date on which the eligible entity establishes the escrow account under this subsection;

"(II) not later than the date that is 7 years after the date on which the eligible entity establishes the escrow account under this subsection, if the covered family chooses to continue to participate in the pilot program after the date that is 5 years after the date on which the eligible entity establishes the escrow account;

"(III) on the date the covered family ceases to receive housing assistance under section 8 or 9, if such date is earlier than 5 years after the date on which the eligible entity establishes the escrow account;

"(IV) earlier than 5 years after the date on which the eligible entity establishes

the escrow account, if the covered family is using the funds to advance a self-sufficiency goal as approved by the eligible entity; or

"(V) under other circumstances in which the Secretary determines an exemption for good cause is warranted.

"(D) INTERIM RECERTIFICATION.—For purposes of the pilot program, a covered family may recertify the income of the covered family multiple times per year, as determined by the Secretary, and not fewer than once per year.

"(E) CONTRACT OR PLAN.—A covered family is not required to complete a standard contract of participation or an individual training and services plan in order to participate in the pilot program.

"(4) EFFECT OF INCREASES IN FAMILY INCOME.—Any increase in the earned income of a covered family during the enrollment of the family in the pilot program may not be considered as income or a resource for purposes of eligibility of the family for other benefits, or amount of benefits payable to the family, under any program administered by the Secretary.

"(5) APPLICATION.—

"(A) IN GENERAL.—An eligible entity seeking to participate in the pilot program shall submit to the Secretary an application—

"(i) at such time, in such manner, and containing such information as the Secretary may require by notice; and

"(ii) that includes the number of proposed covered families to be served by the eligible entity under this subsection.

"(B) GEOGRAPHIC AND ENTITY VARIETY.—The Secretary shall ensure that eligible entities selected to participate in the pilot program—

"(i) are located across various States and in both urban and rural areas; and

"(ii) vary by size and type, including both public housing agencies and private owners of projects receiving project-based rental assistance under section 8.

"(6) NOTIFICATION AND OPT-OUT.—An eligible entity participating in the pilot program shall—

"(A) notify covered families of their enrollment in the pilot program;

"(B) provide covered families with a detailed description of the pilot program, including how the pilot program will impact their rent and finances;

"(C) inform covered families that the families cannot simultaneously participate in the pilot program and the Family Self-Sufficiency program under this section; and

"(D) provide covered families with the ability to elect not to participate in the pilot program—

"(i) not less than 2 weeks before the date on which the escrow account is established under paragraph (3); and

"(ii) at any point during the duration of the pilot program.

"(7) MAXIMUM RENTS.—During the term of participation by a covered family in the pilot program, the amount of rent paid by the covered family shall be calculated under the rental provisions of section 3 or 8(o), as applicable.

"(8) PILOT PROGRAM TIMELINE.—

"(A) AWARDS.—Not later than 18 months after the date of enactment of this subsection,

the Secretary shall select the eligible entities to participate in the pilot program.

"(B) ESTABLISHMENT AND TERM OF ACCOUNTS.—An eligible entity selected to participate in the pilot program shall—

"(i) not later than 6 months after selection, establish escrow accounts under paragraph (3) for covered families; and

"(ii) maintain those escrow accounts for not less than 5 years, or until the date the family ceases to receive assistance under section 8 or 9, and, at the discretion of the covered family, not more than 7 years after the date on which the escrow account is established.

"(9) NONPARTICIPATION AND HOUSING ASSISTANCE.—

"(A) IN GENERAL.—Assistance under section 8 or 9 for a family that elects not to participate in the pilot program shall not be delayed or denied by reason of such election.

"(B) NO TERMINATION.—Housing assistance may not be terminated as a consequence of participating, or not participating, in the

pilot program under this subsection for any period of time.

"(10) STUDY.—Not later than 8 years after the date the Secretary selects eligible entities to participate in the pilot program under this subsection, the Secretary shall conduct a study and submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on outcomes for covered families under the pilot program, which shall evaluate the effectiveness of the pilot program in assisting families to achieve economic independence and self-sufficiency, and the impact coaching and supportive services, or the lack thereof, had on individual incomes.

"(11) WAIVERS.—To allow selected eligible entities to effectively administer the pilot program and make the required escrow account deposits under this subsection, the Secretary may waive requirements under this section.

"(12) TERMINATION.—The pilot program under this subsection shall terminate on the date that is 10 years after the date of enactment of this subsection.

"(13) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—There is authorized to be appropriated to the Secretary for fiscal year 2026 $5,000,000—

"(i) for technical assistance related to implementation of the pilot program; and

"(ii) to carry out an evaluation of the pilot program under paragraph (10).

"(B) AVAILABILITY.—Any amounts appropriated under this subsection shall remain available until expended.".

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119TH CONGRESS
1ST SESSION

H. R. 4568

To amend the National Housing Act to direct the Secretary of Housing and Urban Development to establish a program to insure certain second liens secured against property for the purpose of financing the construction of an accessory dwelling unit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 21, 2025

Mr. LICCARDO (for himself, Mr. GARBARINO, Mr. CLEAVER, Mr. SHERMAN, Mr. THOMPSON of California, Mr. RUIZ, Mr. SOTO, Mr. PETERS, Mr. GARAMENDI, Mr. SWALWELL, Ms. MCBRIDE, Ms. GOODLANDER, Mr. FIELDS, Ms. ELFRETH, Mr. GRAY, Mr. CISNEROS, Mr. STANTON, Mr. HARDER of California, Mr. MEEKS, Ms. ANSARI, Mr. FOSTER, and Mr. COSTA) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the National Housing Act to direct the Secretary of Housing and Urban Development to establish a program to insure certain second liens secured against property for the purpose of financing the construction of an accessory dwelling unit, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Supporting Upgraded Property Projects and Lending for Yards (SUPPLY) Act''.

SEC. 2. INSURANCE WITH RESPECT TO THE FINANCING OF THE CONSTRUCTION OF ACCESSORY DWELLING UNITS.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following:

''SEC. 259. ACCESSORY DWELLING UNIT CONSTRUCTION INSURANCE.

''(a) IN GENERAL.—Not later than 2 years after the date of the enactment of this section, the Secretary shall establish a program to insure, in the discretion of the Secretary and under such terms and conditions as the Secretary may prescribe, certain second liens that are secured against properties for the purpose of financing the construction of accessory dwelling units.

''(b) MAXIMUM LOAN AMOUNT.—

''(1) IN GENERAL.—Except as described in paragraph (2), the Secretary may only insure a second lien under this section that has a principal obligation in an amount that is the lesser of—

''(A) 30 percent of the dollar amount determined under section 203(b)(2)(A) with respect to a one-unit residence; or

"(B) when combined with any outstanding amounts owed on any other loans secured by a lien against the same property as the second lien, 100 percent of the projected value of the property after the construction of the accessory dwelling unit, as determined by the Secretary.

"(2) RENTAL INCOME.—The Secretary may increase the amount described in paragraph (1) based on 50 percent of any projected rental income expected annually from an accessory dwelling unit to be financed using the second lien to be insured under this section.

"(c) APPLICATION.—The borrower seeking insurance for a second lien under this section shall submit an application for insurance at such time, in such manner, and containing such information as the Secretary may require, including a certification that the borrower is the owner of the property on which an accessory dwelling unit is to be constructed.

"(d) PREMIUM.—The Secretary shall fix a premium charge for insurance provided under this section in an amount that may not exceed, for each year, 1 percent of the principal amount insured under this section.

"(e) REPORT.—Beginning on the date that is 1 year after the date of the enactment of this section, and annu-

ally thereafter, the Secretary shall submit to the Congress a report that describes the activities carried out under this section.

"(f) RULEMAKING.—The Secretary may issue such rules as the Secretary determines appropriate to carry out this section.

"(g) ACCESSORY DWELLING UNIT DEFINED.—In this section, the term 'accessory dwelling unit' means a dwelling unit which—

"(1) is a—

"(A) modular or prefabricated unit constructed to at least 1 of the 3 most recent editions of a consensus-based building code adopted by the State, local jurisdiction, territory, or tribal entity;

"(B) manufactured unit (as such term is defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5402)); or

"(C) conversion of an existing structure on a property;

"(2) includes kitchen, sleeping, and bathroom facilities; and

"(3) is added to, created within, or detached from a single-family dwelling on a single property.".

SEC. 3. PURCHASE AND SECURITIZATION OF INSURED LOANS FOR THE CONSTRUCTION OF ACCESSORY DWELLING UNITS.

(a) IN GENERAL.—Except as provided in subsection (b), the Director of the Federal Housing Finance Agency (hereafter referred to as the "Director") shall permit the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation to purchase and securitize loans that are insured under section 259 of the National Housing Act.

(b) EXCEPTION.—The Director may prohibit the purchase and securitization of loans that are insured under section 259 of the National Housing Act—

(1) if there are market pressures which would pose an excessive and unmitigable risk to the lending market for such loans, as determined by the Director; and

(2) beginning on the date that the Director submits to the Congress a written notice with respect to such prohibition.

(c) REPORT.—The Director shall include in the annual report required under section 1319B(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4521(a)) information with respect

to the purchase and securitization of loans that are insured under section 259 of the National Housing Act.

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119TH CONGRESS
1ST SESSION

H. R. 4646

To clarify that whistleblower protections described in section 4712 of title 41, United States Code, apply to any contract funded from amounts appropriated to the Department of Housing and Urban Development, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2025

Ms. DE LA CRUZ (for herself and Ms. WILLIAMS of Georgia) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To clarify that whistleblower protections described in section 4712 of title 41, United States Code, apply to any contract funded from amounts appropriated to the Department of Housing and Urban Development, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Whistleblower Protection Act of 2025".

SEC. 2. WHISTLEBLOWER PROTECTIONS FOR DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CONTRACTS.

Section 4712 of title 41, United States Code, shall apply with respect to any contract, subcontract, grant, subgrant, or personal services contract funded from amounts appropriated to the Department of Housing and Urban Development, regardless of when the agreement concerned was executed.

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119TH CONGRESS
1ST SESSION

H. R. 4659

To require certain grantees under title I of the Housing and Community Development Act of 1974 to submit a plan to track overly burdensome land use policies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2025

Mr. FLOOD (for himself and Ms. PETTERSEN) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To require certain grantees under title I of the Housing and Community Development Act of 1974 to submit a plan to track overly burdensome land use policies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Identifying Regulatory Barriers to Housing Supply Act''.

SEC. 2. PURPOSE.

The purpose of this Act is to discourage the use of overly burdensome land use policies and remove barriers

to making housing more affordable in order to further the original intent of the Community Development Block Grant program.

SEC. 3. FINDINGS.

The Congress finds the following:

(1) The United States has a shortage of millions of homes, contributing to a record number of cost-burdened households across rural, urban, and suburban communities.

(2) The housing shortage is constraining the economy and costing Americans about $2 trillion per year in lost opportunities and lower productivity.

(3) Zoning and land use policy reforms are one part of the solution to addressing the rising cost of housing, alongside policies that invest in fair and affordable housing throughout the country.

(4) The Department of Housing and Urban Development should maintain adequate staffing levels to implement this legislation, assist communities in overcoming zoning and land use challenges unduly constraining housing, and support quality and affordable housing programs serving the most vulnerable of our nation.

SEC. 4. LAND USE PLAN.

(a) IN GENERAL.—Section 104 of the Housing and Community Development Act of 1974 (42 U.S.C. 5304) is amended by adding at the end the following:

"(n) PLAN TO TRACK AND REDUCE OVERLY BURDENSOME LAND USE POLICIES.—

"(1) IN GENERAL.—Prior to receipt in any fiscal year of a grant from the Secretary under subsection (b), (d)(1), or (d)(2)(B) of section 106, each recipient shall have prepared and submitted, not less frequently than once during the preceding 5-year period, in accordance with this subsection and in such standardized form as the Secretary shall, by regulation, prescribe, with respect to each land use policy described in paragraph (2) that is applicable to the jurisdiction served by the recipient, a description of—

"(A) whether the recipient has already adopted the policy in the jurisdiction served by the recipient within the preceding 5-year period;

"(B) the plan of the recipient to adopt and implement the policy in that jurisdiction; and

"(C) the ways in which adopting the policy will benefit the jurisdiction.

"(2) LAND USE POLICIES.—The policies described in this paragraph are as follows:

"(A) Expanding by-right multifamily zoned areas.

"(B) Allowing duplexes, triplexes, or fourplexes in areas zoned primarily for single-family residential homes.

"(C) Allowing manufactured homes in areas zoned primarily for single-family residential homes.

"(D) Allowing multifamily development in retail, office, and light manufacturing zones.

"(E) Allowing single-room occupancy development wherever multifamily housing is allowed.

"(F) Reducing minimum lot size.

"(G) Ensuring historic preservation requirements and other land use policies or requirements are coordinated to encourage creation of housing in historic buildings and historic districts.

"(H) Increasing the allowable floor area ratio by allowing a higher ratio of total floor area in a building in comparison to its lot size.

"(I) Creating transit-oriented development zones.

"(J) Streamlining or shortening permitting processes and timelines, including through one-stop and parallel-process permitting.

"(K) Eliminating or reducing off-street parking requirements.

"(L) Ensuring impact and utility investment fees accurately reflect required infrastructure needs and related impacts on housing affordability are otherwise mitigated.

"(M) Allowing off-site construction, including prefabricated construction.

"(N) Reducing or eliminating minimum unit square footage requirements.

"(O) Allowing the conversion of office units to apartments.

"(P) Allowing the subdivision of single-family homes into duplexes.

"(Q) Allowing accessory dwelling units, including detached accessory dwelling units, on all lots with single-family homes.

"(R) Establishing density bonuses.

"(S) Eliminating or relaxing residential property height limitations.

"(T) Using property tax abatements to enable higher density and mixed-income communities.

"(U) Donating vacant land for affordable housing development.

"(V) Enacting other relevant high-density single-family and multifamily zoning policies that the recipient chooses to report.

"(3) EFFECT OF SUBMISSION.—A submission under this subsection shall not be binding with respect to the use or distribution of amounts received under section 106.

"(4) ACCEPTANCE OR NONACCEPTANCE OF PLAN.—The acceptance or nonacceptance of any plan submitted under this subsection in which the information required under this subsection is provided is not an endorsement or approval of the plan, policies, or methodologies, or lack thereof.

"(5) PROHIBITION ON USE OF INFORMATION FOR ENFORCEMENT.—Information provided by a recipient to the Secretary under this subsection may not be used as the basis for any enforcement action.".

(b) EFFECTIVE DATE.—The requirements under subsection (n) of section 104 of the Housing and Commu-

nity Development Act of 1974 (42 U.S.C. 5304), as added by subsection (a), shall—

(1) take effect on the date that is 1 year after the date of enactment of this Act; and

(2) apply to recipients of a grant under subsection (b), (d)(1), or (d)(2)(B) of section 106 of the Housing and Community Development Act of 1974 (42 U.S.C. 5306) before, on, and after such date.

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119TH CONGRESS
1ST SESSION

H. R. 4660

To require the Secretary of Housing and Urban Development to reclassify the application of certain requirements under the National Environmental Policy Act of 1969 for housing-related activities.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2025

Mr. FLOOD (for himself and Mr. LICCARDO) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To require the Secretary of Housing and Urban Development to reclassify the application of certain requirements under the National Environmental Policy Act of 1969 for housing-related activities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Unlocking Housing Supply Through Streamlined and Modernized Reviews Act".

SEC. 2. DEFINITIONS.

In this Act:

(1) INFILL PROJECT.—The term ''infill project'' means a project that—

(A) occurs within the geographic limits of a municipality;

(B) is adequately served by existing utilities and public services as required under applicable law;

(C) is located on a site of previously disturbed land of not more than 5 acres and substantially surrounded by residential or commercial development;

(D) will repurpose a vacant or underutilized parcel of land, or a dilapidated or abandoned structure; and

(E) will serve a residential or commercial purpose.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

SEC. 3. NEPA STREAMLINING FOR HUD HOUSING-RELATED ACTIVITIES.

(a) IN GENERAL.—The Secretary shall, in accordance with section 553 of title 5, United States Code, and section 103 of the National Environmental Policy Act of 1969 (42 U.S.C. 4333), expand and reclassify housing-

related activities under the necessary administrative regulations as follows:

(1) The following housing-related activities shall be subject to regulations equivalent or substantially similar to the regulations entitled "exempt activities" as set forth in section 58.34 of title 24, Code of Federal Regulations, as in effect on January 1, 2025:

(A) Tenant-based rental assistance, as defined in section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)).

(B) Supportive services, including health care, housing services, permanent housing placement, day care, nutritional services, short-term payment for rent, mortgage, or utility costs, and assistance in gaining access to Federal Government and State and local government benefits and services.

(C) Operating costs, including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training, and recruitment and other incidental costs.

(D) Economic development activities, including equipment purchases, inventory financing, interest subsidies, operating expenses, and

similar costs not associated with construction or expansion of existing operations.

(E) Activities to assist homebuyers to purchase existing dwelling units or dwelling units under construction, including closing costs and down payment assistance, interest rate buydowns, and similar activities that result in the transfer of title.

(F) Affordable housing pre-development costs related to obtaining site options, project financing, administrative costs and fees for loan commitment, zoning approvals, and other related activities that do not have a physical impact.

(G) Approval of supplemental assistance, including insurance or guarantee, to a project previously approved by the Secretary.

(H) Emergency homeowner or renter assistance for HVAC, hot water heaters, and other necessary uses of existing utilities required under applicable law.

(2) The following housing-related activities shall be subject to regulations equivalent or substantially similar to the regulations entitled, (i) ''categorical exclusions not subject to section 58.5'' and (ii) ''cat-

egorical exclusions not subject to the Federal laws and authorities cited in sections 50.4'' in section 58.35(b) and section 50.19, respectively of title 24, Code of Federal Regulations, as in effect on January 1, 2025, if such activities do not materially alter environmental conditions and do not materially exceed the original scope of the project:

(A) Acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities and improvements (other than buildings) if the facilities and improvements are in place and will be retained in the same use without change in size or capacity of more than 20 percent, including replacement of water or sewer lines, reconstruction of curbs and sidewalks, and repaving of streets.

(B) Rehabilitation of 1-to-4 unit residential buildings, and existing housing-related infrastructure, such as repairs or rehabilitation of existing wells, septics, or utility lines that connect to that housing.

(C) New construction, development, demolition, acquisition, or disposition on up to 4 scattered site existing dwelling units where there is a maximum of 4 units on any 1 site.

(D) Acquisitions (including leasing) or disposition of, or equity loans on an existing structure, or acquisition (including leasing) of vacant land if the structure or land acquired, financed, or disposed of will be retained for the same use.

(3) The following housing-related activities shall be subject to regulations equivalent or substantially similar to the regulations entitled, (i) ''categorical exclusions subject to section 58.5'' and (ii) ''categorical exclusions subject to the Federal laws and authorities cited in sections 50.4'' in section 58.35(a) and section 50.20, respectively, of title 24, Code of Federal Regulations, as in effect on January 1, 2025, if such activities do not materially alter environmental conditions and do not materially exceed the original scope of the project:

(A) Acquisitions of open space or residential property, where such property will be retained for the same use or will be converted to open space to help residents relocate out of an area designated as a high-risk area by the Secretary.

(B) Conversion of existing office buildings into residential development, subject to—

(i) a maximum number of units to be determined by the Secretary; and

(ii) a limitation on the change in building size to not more than 20 percent.

(C) New construction, development, demolition, acquisition, or disposition on 5 to 15 dwelling units where there is a maximum of fifteen units on any 1 site. The units can be 15 1-unit buildings or 1 15-unit building, or any combination in between.

(D) New construction, development, demolition, acquisition, or disposition on 15 or more housing units developed on scattered sites when there are not more than 15 housing units on any 1 site, and the sites are more than a set number of feet apart as determined by the Secretary.

(E) Rehabilitation of buildings and improvements in the case of a building for residential use with 5 to 15 units, if the density is not increased beyond 15 units and the land use is not changed.

(F) Infill projects consisting of new construction, rehabilitation, or development of residential housing units.

(G) Buyouts, defined as the voluntary acquisition of properties properties located in a (i) floodway, (ii) floodplain, or (iii) other area, clearly delineated by the grantee, that has been impacted by a predictable environmental threat to the safety and wellbeing of program beneficiaries caused or exacerbated by a Federally declared disaster.

SEC. 4. REPORT.

The Secretary shall submit to the chairs and ranking members of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives an annual report during the 5-year period beginning on the date that is 2 years after the date of enactment of this Act that provides a summary of findings of reductions in review times and administrative cost reduction, with a particular focus on the affordable housing sector, as a result of the actions set forth in this Act, and any recommendations of the Secretary for future congressional action with respect to revising categorical exclusions or exemptions under title 24, Code of Federal Regulations.

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119TH CONGRESS
1ST SESSION

H. R. 4810

To designate an environmental review procedure for certain assistance administered by the Secretary of Housing and Urban Development.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2025

Mr. LICCARDO (for himself and Mr. FLOOD) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To designate an environmental review procedure for certain assistance administered by the Secretary of Housing and Urban Development.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Better Use of Intergovernmental and Local Development for Housing Act" or the "BUILD Housing Act".

SEC. 2. DESIGNATION OF ENVIRONMENTAL REVIEW PROCEDURE.

The Department of Housing and Urban Development Act (42 U.S.C. 3531 et seq.) is amended by inserting after section 12 (42 U.S.C. 3537a) the following:

"SEC. 13. DESIGNATION OF ENVIRONMENTAL REVIEW PROCEDURE.

"(a) IN GENERAL.—Except as provided in subsection (b), the Secretary may, for purposes of environmental review, decision making, and action pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and other provisions of law that further the purposes of such Act, designate the treatment of assistance administered by the Secretary as funds for a special project for purposes of section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994 (42 U.S.C. 3547).

"(b) EXCEPTION.—The designation described in subsection (a) shall not apply to assistance for which a procedure for carrying out the responsibilities of the Secretary under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and other provisions of law that further the purposes of such Act, is otherwise specified in law.".

SEC. 3. TRIBAL ASSUMPTION OF ENVIRONMENTAL REVIEW OBLIGATIONS.

Section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994 (42 U.S.C. 3547) is amended—

(1) by striking "State or unit of general local government" each place it appears and inserting "State, Indian Tribe, or unit of general local government";

(2) in paragraph (1)(C), in the heading, by striking "STATE OR UNIT OF GENERAL LOCAL GOVERNMENT" and inserting "STATE, INDIAN TRIBE, OR UNIT OF GENERAL LOCAL GOVERNMENT"; and

(3) by adding at the end the following:

"(5) DEFINITION OF INDIAN TRIBE.—For purposes of this subsection, the term 'Indian Tribe' means a federally recognized tribe, as defined in section 4(13)(B) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(13)(B)).".

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119TH CONGRESS
1ST SESSION

H. R. 4989

To require the Secretary of Housing and Urban Development and the Secretary of Agriculture to enter into a memorandum of understanding relating to housing projects, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 15, 2025

Mr. STUTZMAN (for himself, Ms. PETTERSEN, Mrs. MCCLAIN, and Mr. DAVID SCOTT of Georgia) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To require the Secretary of Housing and Urban Development and the Secretary of Agriculture to enter into a memorandum of understanding relating to housing projects, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Streamlining Rural Housing Act of 2025".

SEC. 2. MEMORANDUM OF UNDERSTANDING.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Housing

and Urban Development and the Secretary of Agriculture shall enter into a memorandum of understanding to—

(1) evaluate categorical exclusions (as defined in section 111 of the National Environmental Policy Act of 1969 (42 U.S.C. 4336e)) for housing projects funded by amounts from the Department of the Housing and Urban Development and the Department of Agriculture;

(2) develop a process to designate a lead agency among the Department of Housing and Urban Development and the Department of Agriculture and streamline the adoption of environmental impact statements and environmental assessments approved by the other agency to construct housing projects funded by amounts from both agencies;

(3) maintain compliance with environmental regulations under part 58 of title 24, Code of Federal Regulations, as in effect on January 1, 2025; and

(4) evaluate the feasibility of a joint physical inspection process for housing projects funded by amounts from the Department of the Housing and Urban Development and the Department of Agriculture.

(b) ADVISORY WORKING GROUP.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Housing and Urban Development and the Secretary of Agriculture shall establish an advisory working group for the purpose of consulting on the implementation of the memorandum of understanding entered into under subsection (a).

(2) MEMBERS.—The advisory working group established under paragraph (1) shall consist of rural and non-rural stakeholders, including—

(A) affordable housing nonprofit organizations;

(B) State housing and housing finance agencies;

(C) nonprofit and for-profit home builders and housing developers;

(D) property management companies;

(E) owners of multifamily properties, including nonprofit and for-profit owners and operators;

(F) public housing agencies;

(G) residents in housing assisted by the Department of Housing and Urban Development or the Department of Agriculture and representatives of those residents; and

(H) housing contract administrators.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Housing and Urban Development and the Secretary of Agriculture shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that includes recommendations for legislative, regulatory, or administrative actions—

(1) to improve the efficiency and effectiveness of housing projects funded by amounts from the Department of the Housing and Urban Development and the Department of Agriculture; and

(2) that do not materially, with respect to residents of housing projects described in paragraph (1)—

(A) reduce the safety of those residents;

(B) shift long-term costs onto those residents; or

(C) undermine the environmental standards of those residents.

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119TH CONGRESS
1ST SESSION

H. R. 5077

To authorize affordable housing construction as an eligible activity under the Community Development Block Grant Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 29, 2025

Ms. WATERS introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To authorize affordable housing construction as an eligible activity under the Community Development Block Grant Program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Strengthening Housing Supply Act of 2025".

SEC. 2. AFFORDABLE HOUSING CONSTRUCTION AS ELIGIBLE ACTIVITY UNDER COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.

(a) ELIGIBLE ACTIVITY.—Subsection (a) of section 105 of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is amended—

(1) in paragraph (25)(D), by striking ''and'' at the end;

(2) in paragraph (26), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following new paragraph:

''(27) the new construction of affordable housing, within the meaning given such term under section 215 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745).''.

(b) LOW AND MODERATE INCOME REQUIREMENT.—Paragraph (3) of section 105(c) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(c)(3)) is amended by striking ''or rehabilitation'' and inserting '', rehabilitation, or new construction''.

(c) APPLICABILITY.—The amendments made by this section shall apply with respect only to amounts appropriated after the date of the enactment of this Act.

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119TH CONGRESS
1ST SESSION

H. R. 5263

To require approval from the Secretary of Housing and Urban Development for any Federal manufactured home and safety standards, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2025

Mr. FLOOD (for himself and Mr. CLEAVER) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To require approval from the Secretary of Housing and Urban Development for any Federal manufactured home and safety standards, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PRIMARY AUTHORITY TO ESTABLISH MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS.

The Housing and Community Development Act of 1974 (42 U.S.C. 5401 et seq.) is amended—

(1) in section 603(7), by inserting "energy efficiency," after "design,"; and

(2) in section 604, by adding at the end the following new subsection:

"(i) PRIMARY AUTHORITY TO ESTABLISH STANDARDS.—

"(1) IN GENERAL.—The Secretary shall have the primary authority to establish Federal manufactured home construction and safety standards.

"(2) APPROVAL FROM SECRETARY.—

"(A) IN GENERAL.—The head of any Federal agency that seeks to establish a Federal manufactured home construction and safety standard on or after the date of the enactment of this subsection—

"(i) shall submit to the Secretary a proposal describing such standard; and

"(ii) may not establish such standard without approval from the Secretary.

"(B) REJECTION OF STANDARDS.—The Secretary shall reject the standards described in subparagraph (A)—

"(i) if the standards would significantly increase the cost of producing manufactured homes, as determined by the Secretary;

"(ii) if the standards conflict with existing manufactured home construction and safety standards established by the Secretary; or

"(iii) for any other reason as determined appropriate by the Secretary.

"(C) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to require the Secretary to establish new or revised Federal manufactured home construction and safety standards.".

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119TH CONGRESS
1ST SESSION

H. R. 5429

To require the Secretaries of Housing and Urban Development, Agriculture, and Veterans Affairs to submit to Congress a report on improving collaboration in housing programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2025

Ms. DE LA CRUZ (for herself and Mrs. BEATTY) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To require the Secretaries of Housing and Urban Development, Agriculture, and Veterans Affairs to submit to Congress a report on improving collaboration in housing programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "HUD-USDA-VA Interagency Coordination Act".

SEC. 2. MEMORANDUM OF UNDERSTANDING.

The Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Secretary of Veterans Affairs shall establish a memorandum of understanding, or other appropriate interagency agreement, to share relevant housing-related research and market data that facilitates evidence-based policymaking.

SEC. 3. INTERAGENCY REPORT.

(a) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Secretary of Veterans Affairs shall jointly submit to the Committee on Banking, Housing, and Urban Affairs, the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Veterans' Affairs of the Senate and the Committee on Financial Services, the Committee on Agriculture, and the Committee on Veterans' Affairs of the House of Representatives a report containing a description of opportunities for increased collaboration between the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Secretary of Veterans Affairs to improve efficiencies in housing programs.

(b) PUBLICATION.—The report required under subsection (a) shall, prior to submission under that sub-

section, be published in the Federal Register and open for comment for a period of 30 days.

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119TH CONGRESS
1ST SESSION

H. R. 5577

To amend the National Flood Insurance Act of 1968 to reauthorize the National Flood Insurance Program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2025

Mr. GARBARINO introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the National Flood Insurance Act of 1968 to reauthorize the National Flood Insurance Program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "NFIP Extension Act of 2026".

SEC. 2. EXTENSION OF THE NATIONAL FLOOD INSURANCE PROGRAM.

(a) FINANCING.—Section 1309(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) is

amended by striking ''September 30, 2023'' and inserting ''September 30, 2026''.

(b) PROGRAM EXPIRATION.—Program expiration.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking ''September 30, 2023'' and inserting ''September 30, 2026''.

(c) RETROACTIVE EFFECTIVE DATE.—If this Act is enacted after September 30, 2025, the amendments made by subsections (a) and (b) shall take effect as if enacted on September 30, 2025.

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119TH CONGRESS
1ST SESSION

H. R. 5878

To amend the Cranston-Gonzalez National Affordable Housing Act to encourage expansion of the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 31, 2025

Mr. FLOOD (for himself and Mr. CLEAVER) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the Cranston-Gonzalez National Affordable Housing Act to encourage expansion of the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "HOME Reform Act of 2025".

SEC. 2. DEFINITIONS; ASSISTANCE FOR LOW-INCOME FAMILIES.

(a) DEFINITIONS.—Section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704) is amended—

(1) in paragraph (6)(B), by striking "significant"; and

(2) by adding at end the following new paragraph:

"(26) The term 'infill housing project' means a residential housing project that—

"(A) is located within the geographic limits of a municipality;

"(B) is adequately served by existing utilities and public services as required under applicable law;

"(C) is located on a site of previously disturbed land of not more than 5 acres; and

"(D) is substantially surrounded by residential or commercial development, as determined by the Secretary.".

(b) ASSISTANCE FOR LOW-INCOME FAMILIES.—Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended—

(1) in section 214(2), by striking "households that qualify as low-income families" and inserting

"families with a household income that does not exceed 100 percent of the median family income of the area, as determined by the Secretary with adjustments for smaller and larger families";

(2) in section 215—

(A) in subsection (b)(2), by striking "whose family qualifies as a low-income family" and inserting "with a family income that does not exceed 100 percent of the median family income of the area as determined by the Secretary with adjustments for smaller and larger families"; and

(B) in subsection (b)(3)(A)(ii), by striking "low-income homebuyers" and inserting "homebuyers with a household income that does not exceed 100 percent of the median family income of the area, as determined by the Secretary with adjustments for smaller and larger families"; and

(3) in section 271(c)—

(A) in paragraph (1)(B), by striking "low-income" and inserting "families with a household income that does not exceed 100 percent of the median family income of the area as de-

termined by the Secretary with adjustments for smaller and larger families''; and

(B) in paragraph (2)(A), by striking ''low-income families'' and inserting ''families with a household income that does not exceed 100 percent of the median family income of the area as determined by the Secretary with adjustments for smaller and larger families''.

SEC. 3. CHOICES MADE BY PARTICIPATING JURISDICTIONS.

Section 212(a)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742) is amended to read as follows:

''(2) LIMITATION ON RESTRICTIONS.—The Secretary shall not restrict a participating jurisdiction's choice of rehabilitation, substantial rehabilitation, new construction, reconstruction, acquisition, or other eligible housing use unless such restriction is explicitly authorized under section 223(2).''.

SEC. 4. USE OF AMOUNTS BY CERTAIN JURISDICTIONS FOR INFRASTRUCTURE IMPROVEMENTS.

(a) USE OF INVESTMENTS FOR HOUSING USES.—

(1) IN GENERAL.—Section 212(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) INFRASTRUCTURE IMPROVEMENTS IN NONENTITLEMENT AREAS.—

"(A) IN GENERAL.—In accordance with regulations to be issued by the Secretary, funds provided under this subtitle may be used for infrastructure improvements, including the installation or repair of water and sewer lines, sidewalks, roads, and utility connections, in any jurisdiction that does not receive assistance under title I of the Housing and Community Development Act of 1974, if such improvements are directly related to, and located within or immediately adjacent to—

"(i) housing assisted under this subtitle; or

"(ii) housing assisted by section 42 of the Internal Revenue Code of 1986.

"(B) APPLICATION OF LABOR STANDARDS.—The labor standards and requirements set forth in section 110 of the Housing and Community Development Act of 1974 (42 U.S.C. 5310) shall apply to any infrastructure improvements assisted with funds provided under this subtitle.".

(2) ISSUANCE OF RULES.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall issue such rules as the Secretary determines necessary to carry out the amendment made by paragraph (1).

(3) RULE OF CONSTRUCTION.—Nothing in the amendment made by paragraph (1) shall be construed to impose any requirements of the HOME Investment Partnerships program on housing that benefits from the infrastructure improvements described in such amendment but otherwise does not receive any assistance from such program.

(b) PER UNIT INVESTMENT LIMITATIONS.—Section 212(e)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(e)(1)) is amended by striking the second sentence.

SEC. 5. AFFORDABLE RENTAL HOUSING QUALIFICATIONS.

Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(a)) is amended by adding at the end the following new paragraph:

"(7) EXCEPTION FOR HOUSING CHOICE VOUCHERS.—Notwithstanding paragraph (1)(A), a rental unit shall be considered to qualify as affordable housing under this title if—

"(A) the unit is occupied by a tenant receiving tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

"(B) the tenant's contribution toward rent does not exceed the amount permitted under such section 8 assistance; and

"(C) the total rent for the unit does not exceed the amount approved by the public housing agency administering the assistance under that program.".

SEC. 6. AFFORDABLE HOMEOWNERSHIP HOUSING QUALIFICATIONS.

Section 215 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(b)) is amended—

(1) in subsection (b),

(A) in paragraph (1), by striking "95 percent" and inserting "110 percent";

(B) in paragraph (3)—

(i) in subparagraph (A)(ii), by striking "or" at the end;

(ii) in subparagraph (B), by striking "and" at the end and inserting "or"; and

(iii) by adding at the end the following new subparagraph:

"(C) maintain long-term affordability through a shared equity ownership model, a community land trust, a limited equity cooperative, a community development corporation, or other mechanism approved by the Secretary, that preserves affordability for future eligible homebuyers and ensures compliance with the purposes of this title, including through the use of purchase options, rights of first refusal or other preemptive rights to purchase housing; and"; and

(2) by adding at the end the following:

"(c) PERMISSIBLE EXCEPTIONS RELATED TO HOMEOWNERSHIP QUALIFICATIONS.—

"(1) MILITARY MEMBERS.—A participating jurisdiction, in accordance with terms established by the Secretary, may suspend or waive the income qualifications described in subsection (b)(2) with respect to housing that otherwise meets the criteria under subsection (b) if the owner of the housing—

"(A) is a member of a regular component of the armed forces or a member of the National Guard on full-time National Guard duty, active Guard and Reserve duty, or inactive-duty

training (as those terms are defined in section 101(d) of title 10, United States Code); and

"(B) has received—

"(i) temporary duty orders to deploy with a military unit or military orders to deploy as an individual acting in support of a military operation, to a location that is not within a reasonable distance from the housing, as determined by the Secretary, for a period of not less than 90 days; or

"(ii) orders for a permanent change of station.

"(2) SUSPENSION OR WAIVER OF REQUIREMENTS FOR HEIR OR BENEFICIARY OF DECEASED OWNER.—Notwithstanding subsection (b)(3), housing that meets the criteria under that subsection prior to the death of an owner may continue to qualify as affordable housing if—

"(A) the housing is the principal residence of an heir or beneficiary of the deceased owner, as defined by the Secretary; and

"(B) the heir or beneficiary, in accordance with terms established by the Secretary, assumes the duties and obligations of the de-

ceased owner with respect to funds provided under this title.''.

SEC. 7. REMOVAL OF EXPIRATION OF RIGHT TO DRAW HOME INVESTMENT TRUST FUNDS.

Section 218 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12748) is amended—

(1) by striking subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

SEC. 8. ADJUSTED RECAPTURE AND REUSE OF SET-ASIDE FOR COMMUNITY HOUSING DEVELOPMENTAL ORGANIZATIONS.

Section 231(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12771(b)) is amended to read as follows:

''(b) RECAPTURE AND REUSE.—If any funds reserved under subsection (a) remain uninvested for a period of 24 months, the Secretary shall make such funds available to the participating jurisdiction for any eligible activities under title II of this Act without regard to whether a community housing development organization materially participates in the use of funds.''.

SEC. 9. ASSET RECYCLING INFORMATION DISSEMINATION EXPANSION.

Section 245(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12785(b)(2)) is amended by striking ''95 percent'' and inserting ''110 percent''.

SEC. 10. ENVIRONMENTAL REVIEW REQUIREMENTS.

(a) CATEGORICAL EXEMPTIONS; REMOVING DUPLICATIVE REVIEWS.—Section 288 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12838) is amended by adding at the end the following new subsections:

''(e) CATEGORICAL EXEMPTIONS.—The following categories of activities carried out under this title shall be statutorily exempt from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and shall not require further review under such Act—

''(1) new construction infill housing projects;

''(2) acquisition of real property for affordable housing purposes;

''(3) rehabilitation projects carried out pursuant to section 212(a)(1); and

''(4) new construction projects of 15 units or less.

''(f) REMOVING DUPLICATIVE REVIEWS.—

"(1) IN GENERAL.—To the extent practicable and permitted by law, the Secretary shall ensure that a project that has undergone an environmental review under this section shall not be subject to a duplicative environmental review solely due to the addition, substitution, or reallocation of other sources of Federal assistance, if the scope, scale, and location of the project remain substantially unchanged.

"(2) COORDINATION OF ENVIRONMENTAL REVIEW RESPONSIBILITIES.—The Secretary shall, by regulation, provide for coordination of environmental review responsibilities with other Federal agencies to streamline inter-agency compliance and avoid unnecessary duplication of effort under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and other applicable laws.

"(3) RECOGNITION OF PRIOR REVIEWS BY RESPONSIBLE ENTITIES.—A project may not be subject to an environmental review under this section if a substantially similar review has already been completed by an entity designated under section 104(g)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(g)(1)) or by another entity the Secretary determines to have equiv-

alent authority, if the scope, scale, and location of the project remain substantially unchanged.''.

(b) ISSUANCE OF RULES.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall issue such rules as the Secretary determines necessary to carry out the amendment made by this subsection.

SEC. 11. APPLICATION OF OTHER SPECIFIED STATUTORY REQUIREMENTS.

Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended by adding at the end the following new sections:

''SEC. 291. APPLICATION OF BUILD AMERICA, BUY AMERICA REQUIREMENTS.

''With respect to activities assisted under this title, requirements under the Build America, Buy America Act (41 U.S.C. 8301 note) and any implementing regulations or guidance, shall only apply to infrastructure improvements conducted under section 212(a)(4) using funds provided under subtitle A.

''SEC. 292. NONAPPLICABILITY OF CERTAIN REQUIREMENTS FOR SMALL PROJECTS.

''Notwithstanding any other provision of law, the requirements of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and any imple-

menting regulations or guidance, shall not apply to any activity assisted under title that involves rehabilitation, construction, or other development of housing if the total number of dwelling units assisted under the activity is 50 or fewer and if such assistance is provided to—

"(1) a State recipient pursuant to section 216; or

"(2) a participating jurisdiction that received a total allocation of less than $3,000,000 in the most recent fiscal year pursuant to section 216.".

SEC. 12. TECHNICAL AMENDMENTS.

The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 et seq.) is amended—

(1) by striking "Stewart B. McKinney Homeless Assistance Act" each place it appears and inserting "McKinney-Vento Homeless Assistance Act"; and

(2) by striking "Committee on Banking, Finance and Urban Affairs" each place it appears and inserting "Committee on Financial Services".

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119TH CONGRESS
1ST SESSION

H. R. 5907

To authorize the Secretary of Housing and Urban Development to award grants to eligible entities to select pre-reviewed designs of covered structures of mixed-income housing for use in the jurisdiction of the eligible entity, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 4, 2025

Ms. BYNUM (for herself, Mr. STEIL, Mr. FITZGERALD, and Mr. PAPPAS) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To authorize the Secretary of Housing and Urban Development to award grants to eligible entities to select pre-reviewed designs of covered structures of mixed-income housing for use in the jurisdiction of the eligible entity, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ACCELERATING HOME BUILDING ACT.

(a) DEFINITIONS.—In this section:

(1) AFFORDABLE HOUSING.—The term ''affordable housing'' means housing for which the total monthly housing cost payment is not more than 30

percent of the monthly household income for a household earning not more than 80 percent of the area median income.

(2) COVERED STRUCTURE.—The term ''covered structure'' means—

(A) a low-rise or mid-rise structure with not more than 25 dwelling units; and

(B) includes—

(i) an accessory dwelling unit;

(ii) infill development;

(iii) a duplex;

(iv) a triplex;

(v) a fourplex;

(vi) a cottage court;

(vii) a courtyard building;

(viii) a townhouse;

(ix) a multiplex; and

(x) any other structure with not less than 2 dwelling units that the Secretary considers appropriate.

(3) ELIGIBLE ENTITY.—The term ''eligible entity'' means—

(A) a unit of general local government, as defined in section 102(a) of the Housing and

Community Development Act of 1974 (42 U.S.C. 5302(a));

(B) a municipal membership organization; and

(C) an Indian tribe, as defined in section 102(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)).

(4) HIGH OPPORTUNITY AREA.—The term ''high opportunity area'' has the meaning given the term in section 1282.1 of title 12, Code of Federal Regulations, or any successor regulation.

(5) INFILL DEVELOPMENT.—The term ''infill development'' means residential development on small parcels in previously established areas for replacement by new or refurbished housing that utilizes existing utilities and infrastructure.

(6) MIXED-INCOME HOUSING.—The term ''mixed-income housing'' means a housing development that is comprised of housing units that promote differing levels of affordability in the community.

(7) PRE-REVIEWED DESIGNS.—The term ''pre-reviewed designs'', also known as pattern books, means sets of construction plans that are assessed and approved by localities for compliance with local

building and permitting standards to streamline and expedite approval pathways for housing construction.

(8) RURAL AREA.—The term ''rural area'' means any area other than a city or town that has a population of less than 50,000 inhabitants.

(9) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(b) AUTHORITY.—The Secretary may award grants to eligible entities to select pre-reviewed designs of covered structures of mixed-income housing for use in the jurisdiction of the eligible entity, except that such grant awards may not be used for construction, alteration, or repair work.

(c) CONSIDERATIONS.—In reviewing applications submitted by eligible entities for a grant under this section, the Secretary shall consider—

(1) the need for affordable housing by the eligible entity;

(2) the presence of high opportunity areas in the jurisdiction of the eligible entity;

(3) coordination between the eligible entity and a State agency; and

(4) coordination between the eligible entity and State, local, and regional transportation planning authorities.

(d) SET-ASIDE FOR RURAL AREAS.—Of the amount made available in each fiscal year for grants under this section, the Secretary shall ensure that not less than 10 percent shall be used for grants to eligible entities that are located in rural areas.

(e) REPORTS.—The Secretary shall require eligible entities receiving grants under this section to report on—

(1) the impacts of the activities carried out using the grant amounts in improving the production and supply of affordable housing;

(2) the pre-reviewed designs selected using the grant amounts in their communities;

(3) the number of permits issued for housing development utilizing pre-reviewed designs; and

(4) the number of housing units produced in developments utilizing the pre-reviewed designs.

(f) AVAILABILITY OF INFORMATION.—The Secretary shall—

(1) to the extent possible, encourage localities to make publicly available through a website information on the pre-reviewed designs selected and submitted to the Secretary by eligible entities receiving grants under this section, including information on the benefits of use of those designs; and

(2) collect, identify, and disseminate best practices regarding such designs and make such information publicly available on the website of the Department of Housing and Urban Development.

(g) DESIGN ADOPTION AND REPAYMENT.—The Secretary may require an eligible entity to return to the Secretary any grant funds received under this section if the selected pre-reviewed designs submitted under this section have not been adopted during the 5-year period following receipt of the grant, unless that period is extended by the Secretary.

(h) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to the Secretary such sums as are necessary to carry out this section.

(2) TECHNICAL ASSISTANCE.—The Secretary may set aside not more than 5 percent of amounts appropriated under paragraph (1) in a fiscal year to provide technical assistance to grant recipients under this section and pre-grant technical assistance for prospective applicants.

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119TH CONGRESS
1ST SESSION

H. R. 5913

To allow the Comptroller of the Currency and the Board of Governors of the Federal Reserve System to increase the aggregate amount of investments that a national banking association and a State member bank may make to promote the public welfare, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 4, 2025

Mr. LAWLER (for himself, Mrs. BEATTY, and Mrs. KIM) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To allow the Comptroller of the Currency and the Board of Governors of the Federal Reserve System to increase the aggregate amount of investments that a national banking association and a State member bank may make to promote the public welfare, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Community Investment and Prosperity Act".

SEC. 2. INVESTMENTS TO PROMOTE THE PUBLIC WELFARE.

(a) REVISED STATUTES.—The paragraph designated as the "Eleventh" of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended, in the fifth sentence, by striking "15" each place the term appears and inserting "20".

(b) FEDERAL RESERVE ACT.—The 23rd paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 338a) is amended, in the fifth sentence, by striking "15" each place the term appears and inserting "20".

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To modify the multifamily loan limits under title II of the National Housing Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. DE LA CRUZ introduced the following bill; which was referred to the Committee on _____

A BILL

To modify the multifamily loan limits under title II of the National Housing Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Housing Affordability Act''.

SEC. 2. MULTIFAMILY LOAN LIMITS.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended—

(1) in section 206A (12 U.S.C. 1712a)—

(A) in subsection (a), in the matter following paragraph (7), by striking "(commencing in 2004" and all that follows through the period at the end and inserting the following: ", commencing on January 1, 2026. The adjustment of the Dollar Amounts shall be calculated by the Secretary using the percentage change in the Price Deflator Index of Multifamily Residential Units Under Construction released by the Bureau of the Census from March of the previous year to March of the year in which the adjustment is made."; and

(B) by amending subsection (b) to read as follows:

"(b) PUBLICATION.—

"(1) IN GENERAL.—The Secretary shall publish in the Federal Register any adjustments made to the Dollar Amounts.

"(2) ROUNDING.—The dollar amount of any adjustment described in paragraph (1) shall be rounded to the next lower dollar.";

(2) in section 207(c)(3)(A) (12 U.S.C. 1713(c)(3)(A))—

(A) by striking "$38,025" and inserting "$167,310";

(B) by striking "$42,120" and inserting "$185,328";

(C) by striking "$50,310" and inserting "$221,364";

(D) by striking "$62,010" and inserting "$272,844";

(E) by striking "$70,200" and inserting "$308,880";

(F) by striking ", or not to exceed $17,460 per space";

(G) by striking "$43,875" and inserting "$193,050";

(H) by striking "$49,140" and inserting "$216,216";

(I) by striking "$60,255" and inserting "$265,122";

(J) by striking "$75,465" and inserting "$332,046"; and

(K) by striking "$85,328" and inserting "$375,443";

(3) in section 213(b)(2) (12 U.S.C. 1715e(b)(2))—

(A) by striking "$41,207" and inserting "$181,311";

(B) by striking "$47,511" and inserting "$209,048";

(C) by striking "$57,300" and inserting "$252,120";

(D) by striking "$73,343" and inserting "$322,709";

(E) by striking "$81,708" and inserting "$359,515";

(F) by striking "$43,875" and inserting "$193,050";

(G) by striking "$49,710" and inserting "$218,724";

(H) by striking "$60,446" and inserting "$265,962";

(I) by striking "$78,197" and inserting "$344,067"; and

(J) by striking "$85,836" and inserting "$377,678";

(4) in section 220(d)(3)(B)(iii)(I) (12 U.S.C. 1715k(d)(3)(B)(iii)(I))—

(A) by striking "$38,025" and inserting "$167,310";

(B) by striking "$42,120" and inserting "$185,328";

(C) by striking "$50,310" and inserting "$221,364";

(D) by striking "$62,010" and inserting "$272,844";

(E) by striking "$70,200" and inserting "$308,880";

(F) by striking "$43,875" and inserting "$193,050";

(G) by striking "$49,140" and inserting "$216,216";

(H) by striking "$60,255" and inserting "$265,122";

(I) by striking "$75,465" and inserting "$332,046"; and

(J) by striking "$85,328" and inserting "$375,443";

(5) in section 221(d)(4)(ii)(I) (12 U.S.C. 1715l(d)(4)(ii)(I))—

(A) by striking "$37,843" and inserting "$166,509";

(B) by striking "$42,954" and inserting "$188,997";

(C) by striking "$51,920" and inserting "$228,448";

(D) by striking "$65,169" and inserting "$286,744";

(E) by striking "$73,846" and inserting "$324,922";

(F) by striking "$40,876" and inserting "$179,854";

(G) by striking "$46,859" and inserting "$206,180";

(H) by striking "$56,979" and inserting "$250,708";

(I) by striking "$73,710" and inserting "$324,324"; and

(J) by striking "$80,913" and inserting "$356,017";

(6) in section 231(c)(2)(A) (12 U.S.C. 1715v(c)(2)(A))—

(A) by striking "$35,978" and inserting "$166,509";

(B) by striking "$40,220" and inserting "$188,997";

(C) by striking "$48,029" and inserting "$228,448";

(D) by striking "$57,798" and inserting "$286,744";

(E) by striking "$67,950" and inserting "$324,922";

(F) by striking "$40,876" and inserting "$179,854";

(G) by striking "$46,859" and inserting "$206,180";

(H) by striking "$56,979" and inserting "$250,708";

(I) by striking "$73,710" and inserting "$324,324"; and

(J) by striking "$80,913" and inserting "$356,017"; and

(7) in section 234(e)(3)(A) (12 U.S.C. 1715y(e)(3)(A))—

(A) by striking "$42,048" and inserting "$185,011";

(B) by striking "$48,481" and inserting "$213,316";

(C) by striking "$58,469" and inserting "$257,263";

(D) by striking "$74,840" and inserting "$329,296";

(E) by striking "$83,375" and inserting "$366,850";

(F) by striking "$44,250" and inserting "$194,700";

(G) by striking "$50,724" and inserting "$223,186";

(H) by striking "$61,680" and inserting "$271,392";

(I) by striking "$79,793" and inserting "$351,089"; and

(J) by striking "$87,588" and inserting "$385,387".

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Secretary of Housing and Urban Development to conduct a review of Federal Housing Administration construction financing programs to identify barriers to the use of modular home methods, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LYNCH introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Secretary of Housing and Urban Development to conduct a review of Federal Housing Administration construction financing programs to identify barriers to the use of modular home methods, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Modular Housing Production Act".

SEC. 2. MODULAR HOUSING PRODUCTION ACT.

(a) DEFINITIONS.—In this Act:

(1) MANUFACTURED HOME.—The term ''manufactured home'' has the meaning given the term in section 603 of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5402).

(2) MODULAR HOME.—The term ''modular home'' means a home that is constructed in a factory in 1 or more modules, each of which meet applicable State and local building codes of the area in which the home will be located, and that are transported to the home building site, installed on foundations, and completed.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(b) FHA CONSTRUCTION FINANCING PROGRAMS.—

(1) IN GENERAL.—The Secretary shall conduct a review of Federal Housing Administration construction financing programs to identify barriers to the use of modular home methods.

(2) REQUIREMENTS.—In conducting the review under paragraph (1), the Secretary shall—

(A) identify and evaluate regulatory and programmatic features that restrict participation in construction financing programs by

modular home developers, including construction draw schedules; and

(B) identify administrative measures authorized under section 525 of the National Housing Act (12 U.S.C. 1735f–3) to facilitate program utilization by modular home developers.

(3) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall publish a report that describes the results of the review conducted under paragraph (1), which shall include a description of programmatic and policy changes that the Secretary recommends to reduce or eliminate identified barriers to the use of modular home methods in Federal Housing Administration construction financing programs.

(4) RULEMAKING.—

(A) IN GENERAL.—Not later than 120 days after the date on which the Secretary publishes the report under paragraph (3), the Secretary shall initiate a rulemaking to examine an alternative draw schedule for construction financing loans provided to modular and manufactured home developers, which shall include

the ability for interested stakeholders to provide robust public comment.

(B) DETERMINATION.—Following the period for public comment under subparagraph (A), the Secretary shall—

(i) issue a final rule regarding an alternative draw schedule described in subparagraph (A); or

(ii) provide an explanation as to why the rule shall not become final.

(c) STANDARDIZED UNIFORM COMMERCIAL CODE FOR MODULAR HOMES.—

(1) AWARD.—The Secretary may award a grant to study the design and feasibility of a standardized uniform commercial code for modular homes, which shall evaluate—

(A) the utility of a standardized coding system for serializing and securing modules, streamlining design and construction, and improving modular home innovation; and

(B) a means to coordinate a standardized code with financing incentives.

(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such funds as may be necessary to carry out paragraph (1).

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To update the definition of manufactured home, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. ROSE introduced the following bill; which was referred to the Committee on _____

A BILL

To update the definition of manufactured home, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Housing Supply Expansion Act of 2025".

SEC. 2. UPDATING THE DEFINITION OF MANUFACTURED HOME.

(a) IN GENERAL.—Section 603(6) of the National Manufactured Housing Construction and Safety Stand-

ards Act of 1974 (42 U.S.C. 5402(6)) is amended by striking ''on a permanent chassis'' and inserting ''with or without a permanent chassis''.

(b) STANDARDS FOR MANUFACTURED HOMES BUILT WITHOUT A PERMANENT CHASSIS.—Section 604(a) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5403) is amended by adding at the end the following:

''(7) STANDARDS FOR MANUFACTURED HOMES BUILT WITHOUT A PERMANENT CHASSIS.—

''(A) IN GENERAL.—The Secretary shall issue revised standards for manufactured homes built without a permanent chassis and shall consult with the consensus committee in the development of such, using the process described in paragraph (4).

''(B) CREATING FINAL STANDARDS.—The Secretary shall, after consulting and conferring with the consensus committee, establish standards to include manufactured homes without a permanent chassis have—

''(i) a distinct label to be issued by the Secretary distinguishing manufactured homes built without a permanent chassis

from manufactured homes built on a permanent chassis;

"(ii) a data plate, as described in section 3280.5 of title 24, Code of Federal Regulations, distinguishing manufactured homes built without a permanent chassis from manufactured homes built on a permanent chassis; and

"(iii) a notation on any invoice produced by the manufacturer of a manufactured home that is distinguishable from the invoice for a manufactured home constructed with a permanent chassis.".

(c) MANUFACTURED HOME STANDARDS AND CERTIFICATIONS.—Section 604 of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5403) is amended by adding at the end the following:

"(i) MANUFACTURED HOME STANDARDS AND CERTIFICATIONS.—

"(1) IN GENERAL.—

"(A) INITIAL CERTIFICATION.—Subject to subparagraph (B), not later than 1 year after the date of enactment of the Housing Supply Expansion Act of 2025, a State shall submit to

the Secretary an initial certification that the laws and regulations of the State—

"(i) treat a manufactured home, including a manufactured home without a permanent chassis, in parity with a manufactured home (as defined and regulated by the State); and

"(ii) subject a manufactured home without a permanent chassis to the same laws and regulations of the State as a manufactured home built on a permanent chassis with respect to financing, title, insurance, manufacture, sale, taxes, transportation, installation, and other areas as the secretary determines, after consultation with and approval by the consensus committee, are necessary to give effect to the purpose of this section.

"(B) STATE PLAN SUBMISSION.—Any State plan submitted under subparagraph (C) shall contain the required State certification under subparagraph (A) or paragraph (3) and, if contained therein, no additional or State certification under subparagraph (A) or paragraph (3).

"(C) EXTENDED DEADLINE.—With respect to a State with a legislature that meets biennially, the deadline for the submission of the initial certification required under subparagraph (A) shall be 2 years after the date of enactment of the Housing Supply Expansion Act of 2025.

"(D) LATE CERTIFICATION.—

"(i) NO WAIVER.—The Secretary may not waive the prohibition described in paragraph (5)(B) with respect to a certification submitted after the deadline under subparagraph (A) or paragraph (3) unless the Secretary approves the late certification.

"(ii) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to prevent a State from submitting the initial certification required under subparagraph (A) after the required deadline under that subparagraph.

"(2) FORM OF STATE CERTIFICATION NOT PRESENTED IN A STATE PLAN.—The initial certification required under paragraph (1)(A), if not submitted with a State plan under paragraph (1)(B), shall contain, in a form prescribed by the Secretary, an attes-

tation by an official that the State has taken the steps necessary to ensure the veracity of the certification required under paragraph (1)(A), including, as necessary, by—

"(A) amending the definition of 'manufactured home' in the laws and regulations of the State; and

"(B) directing State agencies to amend the definition of 'manufactured home' in regulations.

"(3) ANNUAL RECERTIFICATION.—Not later than a date to be determined by the Secretary each year, a State shall submit to the Secretary an additional certification that—

"(A) confirms the accuracy of the initial certification submitted under subparagraph (A) or (B) of paragraph (1); and

"(B) certifies that any new laws or regulations enacted or adopted by the State since the date of the previous certification does not change the veracity of the initial certification submitted under paragraph (1)(A).

"(4) LIST.—The Secretary shall publish and maintain in the Federal Register and on the website of the Department of Housing and Urban Develop-

ment a list of States that are up-to-date with the submission of initial and subsequent certifications required under this subsection.

"(5) PROHIBITION.—

"(A) DEFINITION.—In this paragraph, the term 'covered manufactured home' means a home that is—

"(i) not considered a manufactured home under the laws and regulations of a State because the home is constructed without a permanent chassis;

"(ii) considered a manufactured home under the definition of the term in section 603; and

"(iii) constructed after the date of enactment of the Housing Supply Expansion Act of 2025.

"(B) BUILDING, INSTALLATION, AND SALE.—If a State does not submit a certification under paragraph (1)(A) or (3) by the date on which those certifications are required to be submitted—

"(i) with respect to a State in which the State administers the installation of manufactured homes, the State shall pro-

hibit the manufacture, installation, or sale of a covered manufactured home within the State; and

"(ii) with respect to a State in which the Secretary administers the installation of manufactured homes, the State and the Secretary shall prohibit the manufacture, installation, or sale of a covered manufactured home within the State.".

(d) OTHER FEDERAL LAWS REGULATING MANUFACTURED HOMES.—The Secretary of Housing and Urban Development may coordinate with the heads of other Federal agencies to ensure that Federal agencies treat a manufactured home (as defined in Federal laws and regulations other than section 603 of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5402)) in the same manner as a manufactured home (as defined in section 603 of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5402)), as amended by this Act.

(e) ASSISTANCE TO STATES.—Section 609 of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5408) is amended—

(1) in paragraph (1), by striking "and" at the end;

(2) in paragraph (2), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(3) model guidance to support the submission of the certification required under section 604(i).".

(f) PREEMPTION.—Nothing in this section or the amendments made by this section shall be construed as limiting the scope of Federal preemption under section 604(d) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5403(d)).

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Government Accountability Office to study and recommend a definition for workforce housing.

IN THE HOUSE OF REPRESENTATIVES

Mr. LAWLER introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Government Accountability Office to study and recommend a definition for workforce housing.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Housing for America's Middle Class Act of 2025".

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the lack of affordable housing in the United States is an issue impacting millions of middle-class, working American families;

(2) many of these families earn more annually than the income limits for certain Federal housing financing and benefits; and

(3) these families are often excluded from living in neighborhoods near their places of work, schools, shopping, and healthcare due to a lack of affordability.

SEC. 3. REPORT TO CONGRESS.

Not later than 180 days after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Congress a report that—

(1) identifies issues with housing affordability for America's middle-income homeowners and renters, including identifying geographically where housing is the most unaffordable for these populations;

(2) identifies Federal housing programs, including Federal tax credits, grants, credit programs, and other programs that currently benefit lower-income households, which are not available to middle-income households;

(3) identifies any gaps in the inclusion of middle-income households in Federal housing programs designed to promote affordability;

(4) sets forth recommendations for a definition of ''workforce housing'' based on income parameters in order to assist Federal agencies in including middle-income households under existing Federal programs; and

(5) analyzes how such a definition could relate to incentives for workforce housing development through Federal programs, policies, and other initiatives.

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To direct the Comptroller General of the United States to conduct a study that identifies options to remove barriers and improve housing for persons who are elderly or disabled.

IN THE HOUSE OF REPRESENTATIVES

Mr. LAWLER introduced the following bill; which was referred to the Committee on _____

A BILL

To direct the Comptroller General of the United States to conduct a study that identifies options to remove barriers and improve housing for persons who are elderly or disabled.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. IMPROVING HOUSING FOR THE ELDERLY AND DISABLED.

The Comptroller General of the United States shall, not later than 1 year after the date of the enactment of this section, conduct a study that identifies options to re-

move barriers and improve housing for persons who are elderly or disabled, including any potential impacts of providing capital advances for—

(1) the program for supportive housing for the elderly under section 202 of the Housing Act of 1959; and

(2) the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act.

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To direct the Comptroller General of the United States to conduct a study that identifies how many residential dwelling units, and how many dwelling units in public housing, are located within 1 mile of a superfund site.

IN THE HOUSE OF REPRESENTATIVES

Mr. LAWLER introduced the following bill; which was referred to the Committee on _____

A BILL

To direct the Comptroller General of the United States to conduct a study that identifies how many residential dwelling units, and how many dwelling units in public housing, are located within 1 mile of a superfund site.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. GAO STUDY TO DETERMINE PROXIMITY OF HOUSING TO SUPERFUND SITES.

(a) STUDY.—The Comptroller General of the United States shall carry out a study to identify how many residential dwelling units, and how many dwelling units in

public housing (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(B))), are located within one mile of a site that is included on the National Priorities List pursuant to section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605).

(b) REPORT.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress identifying, for each site referred to in subsection (a), how many residential dwelling units, and how many dwelling units in public housing, are located within one mile of such site.

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Inspector General of the Department of Housing and Urban Development to provide a report to the Congress on the non-compliance of the New York City Housing Authority, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LAWLER introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Inspector General of the Department of Housing and Urban Development to provide a report to the Congress on the non-compliance of the New York City Housing Authority, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Accountability for NYCHA Act of 2025".

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the New York City Housing Authority (in this Act referred to as the "Authority") is the largest housing authority in the United States, providing housing for over 520,000 residents in over 177,000 apartments in the City of New York (in this Act referred to as the "City");

(2) the Authority is a public housing agency that receives Federal financial assistance from the Department of Housing and Urban Development (in this Act referred to as the "Department") to administer its public housing program;

(3) the Authority is required to, among other things, provide decent, safe, and sanitary housing for the public housing residents of the City and comply with Federal law protecting children from the hazards of lead poisoning;

(4) on June 11, 2018, the United States filed a complaint in the United States District Court for the Southern District of New York (in this Act referred to as the "Complaint"); which set forth the findings of the United States investigation, alleging, among other things, that the Authority had—

(A) routinely failed to comply with lead-based paint safety regulations;

(B) failed to provide decent, safe, and sanitary housing, including with respect to the provision of heat and elevators and the control and treatment of mold and pests; and

(C) repeatedly misled the Department through false statements and deceptive practices;

(5) in a Consent Decree executed June 11, 2018, the Authority made admissions regarding, among other things, deficiencies in physical conditions with respect to lead, mold, heating, elevators and pests and made untrue statements to the Department regarding the conditions of the Authority's properties and practices with regard to Public Housing Assessment System inspections;

(6) based on the Authority's misconduct as detailed in the Complaint, on January 31, 2019, the Secretary of Housing and Urban Development (in this Act referred to as the ''Secretary'') declared that the Authority is in substantial default within the meaning of section 6(j)(3)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)(3)(A));

(7) the Department did not take possession of the Authority or appoint a receiver, but instead en-

tered into a voluntary agreement between the Authority, the Department, and the City on January 31, 2019, under which the Authority agreed to remedy noted deficiencies subject to the oversight of a Monitor appointed by the City;

(8) as of the date of the enactment of this Act, the Authority has still fully not complied with the agreement, including the remedying of deficiencies or compliance with its obligations under Federal law;

(9) the Department and the United States Attorney's Office for the Southern District of New York have sought to extend the term of a Monitor over the Authority for an additional five years beginning in 2024;

(10) the residents of housing provided by the Authority should not be required to wait five additional years for the Authority to provide decent, safe, and sanitary housing conditions, as is the Authority's most basic and necessary function under the law; and

(11) the Congress believes that it must provide additional oversight over the Authority, the Department, the City, and the Monitor in order to compel the Authority to fix the appalling conditions and other issues that lead to a declaration of substantial

default under section 6(j)(3)(A) of the United States Housing Act of 1937.

SEC. 3. INVESTIGATION AND REPORT TO CONGRESS.

(a) INVESTIGATION.—The Inspector General of the Department of Housing and Urban Development shall conduct an investigation of the Authority, which shall include at a minimum—

(1) determining the status of the New York City Housing Authority's compliance with the agreement entered into between the Authority, the Department, and the City on January 31, 2019, including specific areas of deficiency and progress towards compliance;

(2) conducting a review of actions taken by the Monitor over the Authority pursuant to such Agreement, including any gaps in oversight by the Monitor;

(3) conducting a survey of the physical conditions of housing provided by the Authority for the City's residents;

(4) conducting an examination of any waste, fraud, abuse and violations of Federal law committed by employees or contractors of the Authority; and

(5) identifying other priority issues and areas, as deemed necessary and appropriate by the Inspector General.

(b) REPORT.—Not later than the expiration of the 180-day period beginning on the date of the enactment of this Act, the Inspector General shall provide to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report setting forth the findings of its investigation, a summary of actions the Department may take to compel the Authority to remedy deficiencies, and any other recommendations of the Inspector General.

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Housing Act of 1949 to make modifications to loans and grants for minor improvements to farm housing and buildings, and to make modifications to income eligibility for such loans and grants.

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNN of Iowa introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Housing Act of 1949 to make modifications to loans and grants for minor improvements to farm housing and buildings, and to make modifications to income eligibility for such loans and grants.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. MODIFICATIONS TO LOANS AND GRANTS FOR MINOR IMPROVEMENTS TO FARM HOUSING AND BUILDINGS; INCOME ELIGIBILITY.

Section 504(a) of the Housing Act of 1949 (42 U.S.C. 1474(a)) is amended—

(1) in the first sentence, by inserting "and may make a loan to an eligible low-income applicant" after "applicant";

(2) by inserting "Not less than 60 percent of loan funds made available under this section shall be reserved and made available for very low-income applicants." after the first sentence; and

(3) by striking "$7,500" and inserting "$15,000".

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Housing Act of 1949 to require an annual report on rural housing programs.

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNN of Iowa introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Housing Act of 1949 to require an annual report on rural housing programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ANNUAL REPORT ON RURAL HOUSING PROGRAMS.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.), as amended by this Act, is amended by adding at the end the following:

"SEC. 546. ANNUAL REPORT.

"(a) IN GENERAL.—The Secretary shall submit to the appropriate committees of Congress and publish on the website of the Department of Agriculture an annual report on rural housing programs carried out under this title, which shall include significant details on the health of Rural Housing Service programs, including—

"(1) raw data sortable by programs and by region regarding loan performance;

"(2) the housing stock of those programs, including information on why properties end participation in those programs, such as for maturation, prepayment, foreclosure, or other servicing issues; and

"(3) risk ratings for properties assisted under those programs.

"(b) PROTECTION OF INFORMATION.—The data included in each report required under subsection (a) may be aggregated or anonymized to protect participant financial or personal information.".

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Comptroller General of the United States to submit to the Congress a report on the use of technology by the Rural Housing Service.

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNN of Iowa introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Comptroller General of the United States to submit to the Congress a report on the use of technology by the Rural Housing Service.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. GAO REPORT ON RURAL HOUSING SERVICE TECHNOLOGY.

Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report that includes—

(1) an analysis of how the outdated technology used by the Rural Housing Service impacts participants in the programs of the Rural Housing Service;

(2) an estimate of the amount of funding that is needed to modernize the technology used by the Rural Housing Service; and

(3) an estimate of the number and type of new employees the Rural Housing Service needs to modernize the technology used by the Rural Housing Service.

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Housing Act of 1949 to clarify that accessory dwelling units which are leased qualify for certain loan guarantees under section 502 of such Act, and for other purposes

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IN THE HOUSE OF REPRESENTATIVES

Mr. NUNN of Iowa introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Housing Act of 1949 to clarify that accessory dwelling units which are leased qualify for certain loan guarantees under section 502 of such Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LOAN GUARANTEES WITH RESPECT TO ACCESSORY DWELLING UNITS.

Section 502(h)(4) of the Housing Act of 1949 (42 U.S.C. 1472(h)(4)) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by striking ''Loans may be guaranteed'' and inserting the following:

''(A) DEFINITION.—In this paragraph, the term 'accessory dwelling unit' means a single, habitable living unit—

''(i) with means of separate ingress and egress;

''(ii) that is usually subordinate in size;

''(iii) that can be added to, created within, or detached from a primary 1-unit, single-family dwelling; and

''(iv) in combination with a primary 1-unit, single family dwelling, constitutes a single interest in real estate.

''(B) SINGLE FAMILY REQUIREMENT.—Loans may be guaranteed''; and

(3) by adding at the end the following:

''(C) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to prohibit the leasing of an accessory dwelling unit or the use of rental income derived from such a lease

to qualify for a loan guaranteed under this subsection—

"(i) after the date of enactment of this subparagraph; and

"(ii) if the property that is the subject of the loan was constructed before the date of enactment of this subparagraph.".

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Secretary of Agriculture to submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report with respect to the application process under section 502 and 504 of the Housing Act of 1949, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNN of Iowa introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Secretary of Agriculture to submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report with respect to the application process under section 502 and 504 of the Housing Act of 1949, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. APPLICATION REVIEW.

(a) SENSE OF CONGRESS.—It is the sense of Congress, not later than 90 days after the date on which the

Secretary of Agriculture receives an application for a loan, grant or combined loan and grant under section 502 or 504 of the Housing Act of 1949 (42 U.S.C. 1472, 1474), the Secretary of Agriculture should—

(1) review the application;

(2) complete the underwriting;

(3) make a determination of eligibility with respect to the application; and

(4) notify the applicant of determination.

(b) REPORT.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, and annually thereafter until the date described in paragraph (2), the Secretary of Agriculture shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report—

(A) detailing the timeliness of eligibility determinations and final determinations with respect to applications under section 502 and 504 of the Housing Act of 1949 (42 U.S.C. 1472, 1474), including justifications for any eligibility determinations taking longer than 90 days;

(B) that includes recommendations to shorten the timeline for notifications of eligi-

bility determinations described in paragraph (1) to not more than 90 days.

(2) DATE DESCRIBED.—The date described in this paragraph is the date on which, during the preceding 5-year period, the Secretary of Agriculture provides each eligibility determination described in paragraph (1) during the 90-day period beginning on the date on which each application is received.

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Secretary of Housing and Urban Development to require public housing agencies to disclose contracts entered into, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. TORRES of New York introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Secretary of Housing and Urban Development to require public housing agencies to disclose contracts entered into, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Contracting Accountability and Transparency Act" or the "CAT Act".

SEC. 2. DISCLOSURE REQUIRED.

The Secretary of Housing and Urban Development shall, not later than 1 year after the date of the enactment

of this Act, require each public housing agencies to publicly disclose, on the website of the public housing agency, with respect to each contract entered into by such public housing agency the following information—

(1) all material information about the contract, including the goods and service provided;

(2) the vendor;

(3) the date of the solicitation of the contract;

(4) the bids and quotes solicited; and

(5) and the official who solicited the contract.

.....

(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Secretary of Housing and Urban Development to establish Federal guidelines for point-access block buildings, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. TORRES of New York introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Secretary of Housing and Urban Development to establish Federal guidelines for point-access block buildings, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "_____ Act of 2025".

SEC. 2. FEDERAL GUIDELINES FOR POINT-ACCESS BLOCK BUILDINGS.

(a) IN GENERAL.—Not later than 18 months after the date of enactment of this section, the Secretary of Housing and Urban Development shall issue guidelines to provide States, territories, Tribes, and localities with model code language, best practices, and technical guidance that could be used to facilitate the permitting of point-access block residential buildings.

(b) CONTENTS.—When developing the guidelines under subsection (a), the Secretary shall consider—

(1) fire safety considerations, including sprinkler coverage, smoke detection, ventilation, and building egress performance;

(2) construction costs and impacts on housing affordability, including the potential for increasing housing supply in high-cost jurisdictions;

(3) flexibility for diverse consumer needs, including family sizes, unit configurations, and accessibility;

(4) examples from jurisdictions that have adopted or considered single-stair codes, including States, cities, and relevant international standards;

(5) research and model language produced by organizations focused on point-access block building design and building-code reform;

(6) consultation with experts, including developers, architects, fire marshals, researchers, economists, housing authorities, and officials in States that have enacted or piloted single-stair reforms; and

(7) alternative methods of compliance, incorporating options that utilize additional passive or active safety features.

(c) COORDINATION WITH THE INTERNATIONAL CODE COUNCIL.—The Secretary shall coordinate with the International Code Council to encourage the incorporation of provisions about point-access block buildings into the International Building Code.

(d) GRANTS.—The Secretary may award competitive grants to eligible entities to implement pilot projects that evaluate, demonstrate, or validate the safety, feasibility, or cost-effectiveness of point-access block residential buildings.

(e) RULE OF CONSTRUCTION.—Nothing in this section may be construed to preempt a State or local building code.

(f) DEFINITIONS.—In this section:

(1) POINT-ACCESS BLOCK BUILDING.—The term "point-access block building" means a Group R-2 occupancy residential structure, as such term is defined by the International Building Code, in which

a single internal stairway provides access and egress for all dwelling units in a building that is not greater than five stories in height.

(2) ELIGIBLE ENTITIES.—The term "eligible entity" means a State, unit of local government, Tribal government, public housing agency, nonprofit housing or community development organization, private developer or construction firm, qualified design or engineering firm, academic or research institution, or any partnership or consortium composed of 2 or more such entities.

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To require Federal monitors and receivers of public housing agencies to testify before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

IN THE HOUSE OF REPRESENTATIVES

Ms. VELÁZQUEZ introduced the following bill; which was referred to the Committee on _____

A BILL

To require Federal monitors and receivers of public housing agencies to testify before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FEDERAL MONITOR AND RECEIVER TESTIMONY.

Not later than October 1 of each year, any Federal monitor or receiver that has provided oversight of a public

housing agency (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))) in the previous year shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate and present testimony on management oversight of the Federal monitor or receiver.

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To exempt from the requirements of NEPA the provision of certain assistance for the construction or modification of residential housing on infill sites, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. VINDMAN introduced the following bill; which was referred to the Committee on _____

A BILL

To exempt from the requirements of NEPA the provision of certain assistance for the construction or modification of residential housing on infill sites, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Housing Regulatory Relief Act".

SEC. 2. APPLICABILITY OF NEPA TO THE PROVISION OF CERTAIN ASSISTANCE FOR THE CONSTRUCTION OR MODIFICATION OF RESIDENTIAL HOUSING ON INFILL SITES.

(a) EXEMPTION.—Providing assistance under section 501, 502, 504, 515, 533, or 538 of the Housing Act of 1949 (42 U.S.C. 1471, 1472, 1474, 1485, 1490m, or 1490p–2) for the construction or modification of residential housing located on an infill site may not be considered a major Federal action under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)).

(b) REPORT.—Not later than the date that is 5 years after the date of enactment of this section, the Secretary of Agriculture shall submit to Congress a report that—

(1) determines whether the implementation of this section—

(A) reduced the amount of time it takes to review an application for assistance described in subsection (a); and

(B) reduced the administrative cost of providing such assistance;

(2) describes how the implementation of this section affects the affordable housing sector in rural America; and

(3) includes any recommendations from the Secretary of Agriculture for future congressional action regarding revisions to categorical exclusions or exemptions from the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) related to the provision of assistance described in subsection (a).

(c) SAVINGS CLAUSE.—This section does not affect any requirement under any law other than the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(d) DEFINITIONS.—In this section:

(1) GREENFIELD.—The term ''greenfield'' means a site that has not been developed, including a woodland, farmland, and an open field.

(2) INFILL SITE.—The term ''infill site''—

(A) means a site that is served by existing infrastructure, including water lines, sewer lines, and roads; and

(B) does not include—

(i) a site that is served by existing infrastructure that only consists of a road;

(ii) a site within a census tract designated as very high or relatively high risk for wildfire, coastal flooding, and riverine

flooding under the National Risk Index of the Federal Emergency Management Agency pursuant to section 206 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5136); and

(iii) a greenfield.

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the National Housing Act to require that certain mortgagors be provided with a deed assurance document.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the National Housing Act to require that certain mortgagors be provided with a deed assurance document.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROTECTING HOMEOWNERS FROM SCAMS.

Section 203 of the National Housing Act (12 U.S.C. 1709) is amended by adding at the end the following:

"(z) PROTECTING HOMEOWNERS FROM SCAMS.—The Secretary shall require that each mortgagor of a mortgage insured under this section be provided a deed assurance document, on an annual basis, that describes

the status of the title of the property secured by the mortgage.''.

.....

(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Comptroller General of the United States to conduct a study that examines the cost and benefits of a Federal uniform residential building code.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Comptroller General of the United States to conduct a study that examines the cost and benefits of a Federal uniform residential building code.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. UNIFORM BUILDING CODE STUDY.

The Comptroller General of the United States shall, not later than 1 year after the date of enactment of this Act, conduct a study that examines the costs and benefits that could be associated with establishing a Federal uni-

form residential building code, including whether such a code could—

(1) lessen the time required for units of local government to approve new construction;

(2) affect the affordability of residential construction in the United States; or

(3) increase the quality of available and affordable residential housing stock in the United States.

.....

(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Secretary of Housing and Urban Development to submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report with respect to incentivizing small dollar mortgages, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Secretary of Housing and Urban Development to submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report with respect to incentivizing small dollar mortgages, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FHA SMALL-DOLLAR MORTGAGES STUDY.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report about small-dollar mortgages that—

(1) provides a proposal for a pilot program, to last not longer than 4 years, to increase access for individuals to small-dollar mortgages insured or guaranteed by the Secretary under title II of the National Housing Act to be established by the Federal Housing Administration that may include—

(A) authorizing direct payments to lenders to incentivize the origination of small-dollar mortgages;

(B) adjustments to the terms and costs the Federal Housing Administration requires with respect to such small-dollar mortgages;

(C) providing direct grants for mortgagors obtaining such small-dollar mortgages to cover costs associated with—

(i) down payments;

(ii) closing costs;

(iii) appraisals; and

(iv) title insurance; and

(D) technical assistance for lenders and financial institutions that originate such small-dollar mortgages and outreach to borrowers about the availability of such small-dollar mortgages;

(2) provides a detailed analysis and projections about—

(A) a methodology for tracking and evaluating the outcomes of small-dollar mortgages insured or guaranteed by the Secretary under title II of the National Housing Act to which access is provided through the pilot program, including the financial impact of such loans on the economic status of the mortgagors associated with such small-dollar mortgages;

(B) potential risks of the pilot program to the solvency of the Mutual Mortgage Insurance Fund;

(C) the amount of appropriations required to cover the costs associated with insuring, guaranteeing, and modifying small-dollar mortgages over the length of the pilot program; and

(D) the amount of appropriations necessary for the Secretary to administer and over-

see the pilot program, including amounts to be used for information technology, financial reporting, research and evaluations, fair housing and fair lending compliance, audits, and for such other activities the Secretary determines necessary to increase access to small-dollar mortgages; and

(3) includes data and analysis relating to small-dollar mortgages, including—

(A) the number of small-dollar mortgages originated in the 10-year period preceding the date of the enactment of this Act, including small-dollar mortgages insured or guaranteed by the Federal Government and small-dollar mortgages not insured by the Federal Government;

(B) the original principal balance of each small-dollar mortgage identified under subparagraph (A);

(C) demographic information about the mortgagors associated with each such small-dollar mortgages;

(D) the number of financial institutions that offer small-dollar mortgages;

(E) a description of the fixed costs that are associated with mortgages and the impact of such costs on the ability of lenders to earn a market rate return on small-dollar mortgages; and

(F) analysis by regions of the United States, including rural regions, that identifies regions with the greatest need for, and the highest likelihood of, the origination of small-dollar mortgages and regions that could benefit the most from increased availability of small-dollar mortgages.

(b) DEFINITIONS.—In this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(2) SMALL-DOLLAR MORTGAGE.—The term ''small-dollar mortgage'' means a mortgage that—

(A) has an original principal balance of $100,000 or less; and

(B) is secured by a 1- to 4-unit property that is the principal residence of the mortgagor.

.....

(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Housing and Community Development Act of 1976 to require grantees under such Act to maintain a database of land.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Housing and Community Development Act of 1976 to require grantees under such Act to maintain a database of land.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DATABASES OF PUBLICLY OWNED LAND.

(a) IN GENERAL.—Section 104(b) of the Housing and Community Development Act of 1976 (42 U.S.C. 5304(b)) is amended—

(1) in paragraph (5), by striking "and" at the end;

(2) in paragraph (6), by striking the period at the end and inserting "; and";

(3) by adding at the end the following:

"(7) the grantee maintains, on a publicly accessible website, a searchable database that identifies all parcels of undeveloped land owned by the grantee.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2026.

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Secretary of Housing and Urban Development to establish a grant program to assist in housing planning activities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Secretary of Housing and Urban Development to establish a grant program to assist in housing planning activities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. UNLOCKING POSSIBILITIES GRANTS.

(a) PLANNING GRANTS.—The Secretary of Housing and Urban Development (hereafter referred to as the "Secretary") shall, using selection criteria determined by the Secretary, award grants on a competitive basis to re-

gional planning agencies or consortia to use to assist planning activities, including—

(1) the development of housing plans;

(2) the substantial improvement of State or local housing strategies;

(3) the development of new regulatory requirements and processes;

(4) the reforming of zoning codes;

(5) increasing the capacity to conduct housing inspections;

(6) increasing the capacity to reduce barriers to housing supply elasticity and housing affordability;

(7) to develop local or regional plans for community development; and

(8) to substantially improve community development strategies, including strategies designed to—

(A) increase the availability of affordable housing and access to affordable housing;

(B) increase access to public transportation; and

(C) advance sustainable or location-efficient community development goals.

(b) IMPLEMENTATION AND LIVABLE COMMUNITY INVESTMENT GRANTS.—

(1) IN GENERAL.—The Secretary shall award implementation grants on a competitive basis to eligible entities to use to—

(A) implement and administer housing strategies and housing plans;

(B) implement and administer any plans to affirmatively further fair housing within the meaning of subsections (d) and (e) of section 808 of the Fair Housing Act (42 U.S.C. 608);

(C) fund any community investments that support goals identified in a housing strategy or housing plan;

(D) implement and administer regulatory requirements and processes with respect to reformed zoning codes;

(E) increase the capacity to conduct housing inspections;

(F) increase the capacity to reduce barriers to housing supply elasticity and housing affordability;

(G) implement and administer local or regional plans for community development; and

(H) fund any planning to increase—

(i) the availability of affordable housing and access to affordable housing;

(ii) access to public transportation; and

(iii) any location-efficient community development goals.

(2) DEFINITIONS.—In this subsection:

(A) ELIGIBLE ENTITY.—The term ''eligible entity'' means a State, insular area, metropolitan city, or urban county, as such terms are defined in section 102 of the Housing and Community Development Act of 1974.

(B) HOUSING PLAN.—The term ''housing plan'' means a plan to, with respect to an area within the jurisdiction of an eligible entity—

(i) increase the amount of available housing to meet the demand for such housing and any projected increase in the demand for such housing;

(ii) increase the affordability of housing;

(iii) increase the accessibility of housing for people with disabilities, including location-efficient housing;

(iv) preserve or improve the quality of housing;

(v) reduce barriers to housing development; and

(vi) coordinate with transportation-related agencies.

(C) HOUSING STRATEGY.—The term "housing strategy" means a housing strategy required under section 105 of the Cranston-Gonzalez National Affordable Housing Act.

(c) COORDINATION.—To the extent practicable, the Secretary shall coordinate with the Federal Transit Administrator in carrying out this section.

(d) USE FOR ADMINISTRATIVE COSTS.—Any entity that receives a grant under this section may use not greater than 15 percent of such amounts for administrative costs.

(e) RULES OF CONSTRUCTION.—

(1) IN GENERAL.—Except as otherwise provided by this section, amounts appropriated or otherwise made available under this section shall be subject to the community development block grant program requirements under subsection (a)(1).

(2) EXCEPTIONS.—

(A) HOUSING CONSTRUCTION.—Expenditures on new construction of housing shall be an eligible expense under this section.

(B) BUILDINGS FOR GENERAL CONDUCT OF GOVERNMENT.—Expenditures on building for the general conduct of government, other than the Federal Government, shall be eligible under this section when necessary and appropriate as a part of a natural hazard mitigation project.

.....

(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To exempt certain covered projects from the requirements of chapter 83 of title 41, United States Code, or any regulation or guidance issued for such chapter.

IN THE HOUSE OF REPRESENTATIVES

Mr. FLOOD introduced the following bill; which was referred to the Committee on _____

A BILL

To exempt certain covered projects from the requirements of chapter 83 of title 41, United States Code, or any regulation or guidance issued for such chapter.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Build Housing More Affordably Act".

SEC. 2. BUY AMERICAN ACT EXEMPTION.

(a) IN GENERAL.—Any covered project financed in any part by amounts provided under a covered program

is not subject to the requirements of chapter 83 of title 41, United States Code, or any regulation or guidance issued for such chapter.

(b) DEFINITIONS.—In this section:

(1) COVERED PROGRAM.—The term ''covered program'' means—

(A) the public housing program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(B) the program for rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(C) the HOME Investment Partnerships program under title II of the Cranton-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.);

(D) the program for supportive housing for the elderly under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q);

(E) the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013);

(F) the program for Native American housing under the Native American Housing

Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.);

(G) the program for housing assistance for Native Hawaiians under title VIII of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4221 et seq.);

(H) the Housing Trust Fund program under section 1338 of the Housing and Community Development Act of 1992 (12 U.S.C. 4568);

(I) the programs under title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360 et seq.);

(J) the AIDS Housing Opportunities program under subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12901 et seq.); and

(K) the programs for assistance for rural rental housing under title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.).

(2) COVERED PROJECT.—The term ''covered project'' means a project that the Secretary of Housing and Urban Development or the Secretary of Agriculture has determined is focused solely on the purchase, construction, or improvement of residen-

tial housing, excluding infrastructure projects located within or immediately adjacent to residential housing, such as the installation or repair of water and sewer lines, sidewalks, roads, and utility connections.

○