

# Equal Access To Housing Opportunities

2018 is the 50th anniversary of the Fair Housing Act. Fair housing is critical to our ability, as REALTORS®, to serve our clients, consumers and communities. We are committed to action and policies that support sustainable, inclusive communities without discrimination based on race, color, religion, sex, disability, familial status, sexual orientation, gender identity or national origin.

## Fair Housing

- For more than 100 years, REALTORS® have subscribed to a strict Code of Ethics. This Code includes a commitment to provide equal professional services regardless of race, color, religion, sex, disability, familial status, national origin and as of 2009, sexual orientation and in 2014, gender identity.
- REALTORS® are proud to lead the way toward greater equality in housing opportunities and urges Congress to adopt fair housing protections based on sexual orientation and gender identity.

### Congressional Action Needed

- Ask your House Member to support H.R. 1447, sponsored by Reps. Taylor (R-VA) and Schneider (D-IL), that will protect Americans from housing discrimination based on sexual orientation and gender identity.
- Ask your Senator to support S. 1328, sponsored by Sen. Tim Kaine (D-VA).

## What To Tell Your Representatives And Senators

- The LGBTQ Community continues to face discrimination in housing.
- NAR's Code of Ethics was amended in 2009 to include sexual orientation as a fair housing protection.
- The Code was amended to include gender identity as a fair housing protection in 2014.

## Implement Condominium Rules

REALTORS® secured a significant victory in Congress in 2016 with legislation to ease Federal Housing Administration's (FHA) condominium rules. However, the Department of Housing and Urban Development (HUD) has yet to implement these changes.

### Congressional Action Needed

- Congress must urge HUD to implement changes to FHA's condominium restrictions as mandated by the Housing Opportunity Through Modernization Act of 2016, Public Law No: 114-201.

### Congressional Actions To Date

- In July of 2016, Congress unanimously passed the Housing Opportunity Through Modernization Act Public Law No: 114-201.
- In October 2016, HUD published a proposed rule to implement the provisions of the Housing Opportunity Through Modernization Act Public Law No: 114-201, but the rules remain unfinished.

## What To Tell Your Representatives And Senators

### Congressional Intent Has Been Thwarted

- HUD has finalized only one condominium provision in Public Law No: 114-201 in the more than two years since Congress passed the law.

## Condominiums Are Often The Most Affordable Option For First-Time Buyers And Seniors

- Congress passed Public Law No: 114-201 to ensure first-time buyers are able to consider all their housing choices because FHA prohibits the purchase of most condominiums.
- Condominiums are often the first step on the housing ladder for first-time homebuyers.
- They also can be the most affordable and desirable option for single people, young families, urban dwellers and older people looking to downsize.
- Currently, less than 10 percent of all condominiums have FHA approval (according to the Community Associations Institute).

## Occupancy Ratios Remain Unchanged

- Public Law No: 114-201 requires HUD to lower the occupancy ratio to 35 percent. HUD retains 50 percent today.

## Recertification Streamlining

- Public Law No: 114-201 directed FHA to streamline the condominium recertification process, but today a recertification remains the same process as the original certification.

## Mixed-Use Buildings

- Public Law No: 114-201 required more flexibility for mixed-use buildings. HUD denies FHA mortgage insurance to popular mixed-use developments.

## FHA's Condo Rules Are Too Restrictive

Current FHA rules require that no less than 50 percent of condominium units are owner occupied. Freddie Mac and Fannie Mae have no such restriction when the home is being purchased as a principal residence, which all FHA borrowers are required to be. Since FHA reviews the financial health and reserves of the property to ensure they meet FHA requirements, owner occupancy ratios should be irrelevant. FHA also limits commercial space to 25 percent of the property. The popularity of "town center" developments and multi-use properties make many newer buildings ineligible for FHA. Under the current rules, parking garages count as commercial space and can greatly skew the ratio. FHA does allow waivers, but they are rarely granted. The current certification process is very time-consuming and expensive. Approval lasts two years and takes approximately six months to achieve. The current recertification process is NO different from the initial certification—requiring condominium associations to go through the laborious and expensive certification process every 18 months. This discourages many properties from applying for approval.

## Issue Background

Many first-time homebuyers and older Americans wishing to downsize turn to condominiums as a more affordable option for homeownership. Ninety percent of all condominiums are not eligible for FHA mortgage insurance. Congress unanimously passed legislation to ensure that FHA does not limit the often most affordable, appropriate choice for many families. However, HUD has yet to make those changes.

## Opposing/Supporting Views

**HUD has said** that they cannot finalize the FHA condominium rules until FHA Commissioner Nominee, Brian Montgomery, is confirmed by the Senate. **NAR strongly supports** the nomination of Brian Montgomery for FHA Commissioner.