



**NATIONAL
ASSOCIATION OF
REALTORS®**

April 26, 2023

The Honorable Sherrod Brown
Chairman
U.S Senate Committee on Banking,
Housing, and Urban Affairs
503 Hart Senate Office Building
Washington, DC 20510

The Honorable. Tim Scott
Ranking Member
U.S Senate Committee on Banking,
Housing, and Urban Affairs
104 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Scott:

On behalf of the more than 1.5 million members of the National Association of REALTORS® (NAR), thank you for your leadership in addressing the challenges the country currently faces in today's housing market. Chairman Brown, NAR especially appreciates your dedication and commitment to supporting fair and affordable housing and working to close the homeownership gap. Ranking Member Scott, thank you for your efforts in exploring sensible, innovative, and bipartisan solutions to housing through normal order. Together, we can solve some of the greatest challenges facing all homeownership.

As background, the National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,200 local associations or boards, and 54 state and territory associations of REALTORS®. NAR represents a wide variety of housing industry professionals, including approximately 25,000 licensed and certified appraisers, committed to the development and preservation of the nation's housing stock, along with its availability to the widest range of potential homebuyers.

Homeownership is a central part of the American dream. Yet, as we know all too well, housing has been unattainable for a large portion of Americans, from Ohio to South Carolina. And with interest rates rising heavily over the last year, this dream has gotten even further out of reach for many. REALTORS® believe the time is now to act on real and meaningful solutions to the housing affordability crisis. NAR is especially heartened to see your dedication and support for a number of legislative priorities that we know will help improve access to affordable housing across the country.

As we look at bipartisan solutions, NAR believes there are many places we can work together. We're encouraged again to see an emphasis on the promotion of down payment assistance programs, including the *LIFT Act*, to help credit-worthy borrowers afford down payments. REALTORS® believe federal, state, local, and privately-funded programs can help Americans with overcoming one of the largest hurdles to purchasing a home.

Additionally, new solutions for housing must be explored, and NAR is encouraged to see the inclusion of the *Choice in Affordable Housing Act*. Housing Choice Vouchers (HCVs) provide affordable housing opportunities for families across the country, and the *Choice in Affordable Housing Act* provides funding to incentivize participation from housing providers. REALTORS® are also encouraged at the inclusion of bills that would support creating innovative ways for localities to preserve land for development purposes, such as the *HOME Investment*

Partnerships Reauthorization and Improvement Act of 2023. More, Local Housing Innovation Grants are a novel way to provide funding for states and localities that reform unnecessary land use restrictions that may be driving the higher costs for housing units.

Other valuable reforms can be carried out by the Department of Housing and Urban Development (HUD) and the Federal Housing Agency (FHA). REALTORS® applaud the discussion of FHA Multifamily Loan Limits. This bill raises the individual FHA multifamily unit loan limit. Every year HUD publishes a per-unit maximum which is indexed for inflation. This creates a lag time not equal to the costs to build or the value of the property. This bill essentially limits those and keeps it indexed for inflation. Further, NAR supports the *Family Stability and Opportunity Vouchers Act*. We believe this solution would help transition Americans out of poverty and provide stable housing.

REALTORS® also believe that leveraging current programs and expanding them can help alleviate problems across the housing ecosystem, including work on the low- and moderate-income sections. NAR is pleased to see the inclusion of the *Federal Home Loan Banks Mission Implementation Act* that would raise the Affordable Housing Program assessment at the Federal Home Loan Banks from 10% to 20%. Additionally, Ranking Member Scott's plans to address issues related to low loan balance loans may incentivize lenders to prioritize loans for entry-level and rural buyers.

Expanding access to affordable housing across the spectrum is important, and REALTORS® applaud the reforms related to manufactured housing, including these units to qualify for the USDA RHS program and the details within the *Renewing Opportunity in the American Dream (ROAD) to Housing Act* that would update HUD's definition of manufactured housing. NAR also supports increasing FHA's Title 1 Loan limits in order to facilitate financing of these homes. to include modular and other innovations in the space. New building technologies will allow builders to produce units much more cheaply than traditional housing. Finding avenues to expand lending to these units and for consumers to create ADUs on their existing property will open even more entry-level and affordable housing.

While new solutions are needed and vital, making sure that current policies on the books at the regulatory agencies is a critical piece to easing the burdens in this high-rate environment. In January, the Federal Housing Finance Agency (FHFA) announced a new pricing framework¹. Included in the change was a modification to the loan level price adjustments (LLPAs) on certain segments of the market. While NAR applauds the lowering of LLPAs for some low- and moderate-income buyers, we believe raising the LLPAs on high-quality borrowers only makes affording a home even more difficult in an already tightened market. REALTORS® believe that the profits Fannie Mae and Freddie Mac (collectively, the GSEs) are strong enough to lower LLPAs for all participants across the market without creating safety and soundness issues while fulfilling their Congressionally-mandated duties. Now is not the time to make housing more unaffordable, no matter the homebuyer's credit profile.

NAR strongly opposes policies to implement rent control measures on the federal level. At a time when renters are facing the effects of a limited housing supply, rent control places an added stress on local housing markets, further hampering the development of housing and driving up costs. Federal policy should not impose on already-complex state and local laws

¹FHFA Announces Updates to the Enterprises' Single-Family Pricing Framework
<https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Updates-to-Enterprises-SF-Pricing-Framework.aspx>

and lease agreements, and it would be beyond the FHFA's charter to impose restrictions on buildings backed by the GSEs.

NAR once again thanks you for your leadership in finding solutions to America's housing problems. Together, we can all find ways to support homeownership and once again make the American dream a reality for all Americans. If you have any questions or comments, please feel free to reach out to Matt Emery, Senior Policy Representative, at MEmary@NAR.REALTOR.

Sincerely,



Kenny Parcell
2023 President, National Association of REALTORS®