

Policy Advocacy 2023 Wins

Fighting Regulation that would Drive Housing Providers from the Market

- **Mobilizing Housing Providers** - NAR informed the [Federal Housing Finance Agency's \(FHFA\)](#) that its consideration of tenant demands where Fannie Mae and Freddie Mac cap rent increases on the multifamily properties they underwrite could force small housing providers out of the market, limiting housing options for consumers. NAR spearheaded a call for action of housing provider members and joined a [coalition letter](#) to emphasize the adverse impact of such a dramatic administrative action on housing providers.
- **Educating on Consumer Protections** - NAR provided [feedback to the Consumer Financial Protection Bureau and the Federal Trade Commission on tenant screening practices](#), emphasizing their role in supporting safe and healthy housing communities and NAR's commitment to ensuring that members carry these out in a way that complies with all CFPB regulations and the Fair Housing Act.
- **Influencing Litigation** - NAR, the Mortgage Bankers Association, the National Association of Homebuilders, and the National Apartment Association, filed an [amicus brief](#) in support of the Supreme Court's review of two cases challenging a New York rent control law to stop government actions that exacerbate existing housing shortages and affordability problems.

Amplifying Housing Accessibility & Affordability

- **ADU Support** - NAR supported recent action by the Administration to [update policies on Accessory Dwelling Units \(ADUs\)](#) as a means to create additional housing inventory and more opportunities for homeowners. The Federal Housing Administration (FHA) will now allow buyers to use actual or potential rental income of an ADU when qualifying for an FHA-insured loan.
- **Facilitating More Rental Housing** - NAR advocated for a recent change made by the FHA that [increased the threshold dollar amount for "Large Multifamily Loans"](#) from \$75 million to \$120 million. This change will increase the number of multifamily loans that are eligible for standard underwriting for FHA insurance, facilitating the cost-effective creation of more rental housing.
- **Elimination of Problematic Mortgage Fees on Consumers** - This spring, NAR repeatedly voiced concern regarding proposed hikes to upfront fees ("Loan-Level Price Adjustments" or "LLPAs") by the Federal Housing Finance Agency (FHFA). NAR [testified before the House Financial Services Committee](#) in May on the impact on borrowers. As a result of NAR's advocacy, the FHFA rescinded a problematic fee on borrowers with a high debt-to-income ratios.
- **Lowering the Mortgage Insurance Premium (MIP)** - As a result of [NAR's advocacy](#), the FHA reduced mortgage insurance premiums (MIPs) by 30 basis points, significantly helping new and low- to moderate-income buyers.

- **Reduce Rising Interest Rates** - In an effort to [address the historically high mortgage rates](#), NAR and coalition partners urged the National Economic Council, Department of Treasury, Federal Reserve, and FHFA to take action to reduce the spread between 30-year mortgage rates and 10-year Treasuries (30/10 spread); actions to address the decline in demand for mortgage backed securities (MBS); and to enact other efforts to tame inflation.
- **Preserve Market Stability** - NAR and coalition partners also [asked the Federal Reserve take action to stabilize the market for MBS](#) through clear guidance that would ease the upward pressure on long-term mortgage rates. This would provide the market with greater certainty about the Fed's rate path and its plans for the MBS portfolio, reducing volatility.
- **Fighting Costly & Onerous Bank Rules** - NAR joined a coalition of consumer and mortgage finance groups to warn the bank regulators of the adverse impact the proposed Basel III revisions could raise the cost of borrowing in high-cost areas, harm new programs for underserved groups, and weigh on housing supply.
- **Affordable Housing Funding** - NAR supported the Department of Housing and Urban Development's (HUD) increased funding for the Housing Choice Voucher (HCV) program, which in 2023 provided \$30.3 billion to public housing authorities– a \$2.9 billion increase over 2022. HUD announced it will also award \$50 million for new vouchers for homeless veterans, and \$50 million for flexible new housing vouchers.

Incentives to Increase Housing Supply

- **Raise the Capital Gains Exclusion** - NAR successfully advocated for the introduction of the "[More Homes on the Market Act](#)" (H.R. 1321), a bipartisan bill that would incentivize more owners to sell their homes by doubling the maximum amount of capital gains a homeowner can exclude on the sale of a principal residence and annually adjusting it for inflation. This would unlock a significant segment of inventory previously unavailable to prospective buyers.
- **Encourage Commercial to Residential Conversions** - Thanks to NAR and its coalition partners, two House Ways & Means Committee members will introduce [a bipartisan bill](#) to incentivize the conversion of underutilized commercial property to residential units by offering a tax credit. Such a tax credit would be a triple win for REALTORS® and consumers by shoring up the commercial sector, increasing housing supply, and boosting the economy. A bipartisan Senate bill is in the works.
- **Expand Housing Development** - NAR has been a strong advocate for the "Neighborhood Homes Investment Act" (NHIA) and for the "Affordable Housing Tax Credit Improvement Act" (AHTCIA), both of which are designed to significantly increase the number of homes available for lower- and middle-income families. The NHIA would attract private investment for building and renovating as many as 500,000 owner-occupied homes through tax credits. The AHTCIA would improve the Low-Income Housing Tax Credit Program to allow for the creation of over 2 million additional affordable homes over the next 10 years.
- **Remove State & Local Development Barriers** - NAR educates state and local partners about HUD's Pathways to Removing Obstacles to Housing (PRO Housing) grant program that supports communities removing barriers to new and affordable housing, including updating zoning and land use policies, improving permitting efficiencies, and decreasing threats from natural hazards.



Fair Housing and Homeownership Opportunity

- **Increasing Borrower Eligibility** - After decades of NAR advocacy, the Federal Finance Housing Agency (FHFA) committed to evaluating and adding additional credit scoring models for borrower eligibility. The new models will incorporate positive rental and utility history, opening opportunities for otherwise-qualified borrowers with “thin” credit files, and giving borrowers credit for making reliable payments on other credit commitments.
 - FHFA also announced a new requirement that only two credit reports need be considered for eligibility, versus the traditional three. This will reduce costs for lenders and encourage competition and innovation in the credit scoring market.
- **Special Purpose Credit Programs** - The final rule on the Community Reinvestment Act (CRA) established that Special Purpose Credit Programs, endorsed by NAR, are eligible for CRA credit. These programs allow banks to create targeted programs that serve economically disadvantaged groups. The three federal agencies overseeing the CRA committed to a “living” rulemaking process that will continue to examine who and where banks are serving, reassessing strategies to provide credit opportunities in more communities while truly evaluating the commitments from depository institutions in the communities they serve. The rule also adds flexibility and takes into account the move from a branch-lending model to a digital approach.
- **Affirmatively Furthering Fair Housing** - NAR mobilized a coalition of real estate groups including the National Association of Real Estate Brokers, the National Association of Hispanic Real Estate Professionals, the Asian Real Estate Association of America, and the LGBTQ+ Real Estate Alliance to issue a statement in support of HUD’s Affirmatively Fair Housing Rule. The proposed rule, which encourages data-driven local solutions to housing segregation, includes a new emphasis on homeownership opportunity.
- **Heirs’ Property Rights** - Since NAR urged state associations to support due process protections for owners of “heirs’ property” in 2022, the Uniform Partition of Heirs’ Property Act has been adopted by three additional states and the District of Columbia, bringing the total number of enactments up to 22. Seven additional states introduced bills in 2023.
- **State Fair Housing Requirements** - NAR and its state association partners have championed state-level reforms to advance property rights and fair housing. Since NAR urged state associations to strengthen fair housing licensure requirements, 6 states have added new fair housing education requirements to their licensing regime, including California, Missouri, Wisconsin, Texas, West Virginia, and Wyoming.

Preserving Homeownership, Property Rights, & Wealth Accumulation

- **Reducing Foreclosures** - [NAR advocated for and supported FHA's forty-year loan modification](#) to help avoid foreclosures. Under [FHA's final rule](#), lenders can provide an extended loan modification to borrowers in distress by lowering their monthly payments over time.
- **Protecting Land Development** - NAR is part of a large coalition that has been [challenging the overreach of federal environmental regulation](#) on the rights of owners to use and develop private land. The pending Waters of the U.S. (“WOTUS”) litigation is currently stayed in light of the recent Supreme Court decision (Sackett v. EPA), which provided needed clarity under the Clean Water Act and the ability to build on land subject to this law.



- **Legal Clarity on Home Equity** - The Supreme Court issued a decision in June [upholding a property owner's entitlement to their surplus equity](#) in their home, as advocated for by NAR in an amicus brief with the American Property Owners Alliance and the Minnesota REALTORS®. (*Tyler v. Hennepin County*)

Shaping Congressional & Administrative Action

- **Reauthorizing the National Flood Insurance Program (NFIP)** - NAR successfully pressed Congressional leaders to successfully extend NFIP through November 17th, following our launch of an all-member call for action activating thousands of members to make tens of thousands of contacts with members of Congress. NAR's estimates that 1,300 real estate transactions are affected each day of an extended NFIP lapse.
- **Ensuring Safety with New AVMs** - NAR sent a [response](#) to the joint banking and finance regulators on their proposed a joint rule to set rules for the use of automated valuation models (AVMs). AVMs are increasingly being used as an alternative to traditional appraisers and NAR urged regulators to set sound standards, apply them to all market participants, and to ensure that consumers receive the AVM estimates used to grant them an appraisal waiver.
- **Prioritizing Residential to Commercial Conversions** - NAR continues to encourage incentivizes for the conversion of unused commercial buildings to residential and mixed-use properties with a tax credit for qualified property conversion expenditures to better suit the needs of communities and create job opportunities, including adding multifamily and affordable housing, and mixed-use spaces. The Administration's October 27th announcement recognized this necessary housing supply solution, and we encourage a legislative fix to further incentivize such conversions.
- **Strengthening Lead Regulations** - NAR, in coalition with other real estate stakeholders, submitted [comments on the EPA's proposed regulations](#) to strengthen requirements for the removal of lead-based paint dust in homes and childcare facilities built before 1978. The comments focus on concerns that the proposed rule will have significant negative impacts on all aspects of the housing and real estate market, including affordable housing that would have direct negative health impacts.
- **Support for Small Businesses** - NAR [spearheaded the introduction of new bipartisan legislation](#), the "Direct Seller and Real Estate Agent Harmonization Act," (H.R. 5419) to harmonize federal statutes to reduce uncertainty and minimize regulatory burdens for independent contractor real estate professionals. [NAR also supports expanded access to association health plans \(AHPs\)](#) for more Americans, including self-employed real estate professionals. This NAR supported bill was included in the "CHOICE Arrangement Act," which passed the House on June 21, 2023.

