



April 24, 2025

The Honorable Mike Flood
Chairman
Subcommittee on Housing and Insurance
U.S House Financial Services Committee
Washington, D.C. 20515

The Honorable Emanuel Cleaver
Ranking Member
Subcommittee on Housing and Insurance
U.S House Financial Services Committee
Washington, D.C. 20515

Dear Chairman Flood and Ranking Member Cleaver:

On behalf of the National Association of REALTORS® (NAR), thank you for the opportunity to provide feedback on modernizing the HOME Investment Partnerships (HOME) Program and Community Development Block Grant (CDBG) Program.

The housing affordability crisis continues to impact families nationwide, with NAR research indicating a shortage of 4.7 million homes in our country. These critical HUD programs serve as essential tools in addressing this significant housing shortage. The CDBG and HOME programs provide vital resources that help families overcome barriers to affordable rental housing and sustainable homeownership, the foundation of wealth building for most American households. At a time when inventory shortages have pushed housing costs to record highs, these programs are more important than ever in creating pathways to homeownership, revitalizing communities, and ensuring all Americans have access to safe, decent, and affordable housing opportunities.

We offer the following recommendations to streamline these programs, reduce administrative burdens, and empower local governments with the flexibility and resources needed to increase housing supply, expand homeownership, and address the unique challenges within their communities.

Community Development Block Grant program:

- **Allow CDBG funds to be used for new housing construction.** NAR supports allowing Community Development Block Grant recipients to use CDBG funds to support new housing construction. Generally, new housing construction is not eligible under the program except in very limited circumstances.¹ If lawmakers are concerned that such changes to the program will divert funds away from other critical needs, such as housing rehabilitation or infrastructure needs, an alternative approach can be taken to add new housing construction as an eligible activity under CDBG's Section 108 loan guarantee program. This approach maintains CDBG as a broad-based program while allowing grantees to address housing needs as part of a holistic community development strategy.
- **Establish economic development as a national objective.** NAR supports establishing economic development as a new national objective under the CDBG

program. Adding economic development as a standalone national objective would not only reduce administrative burden and streamline program implementation but provide grantees with greater flexibility in deploying CDBG funds to improve overall community well-being. Support for economic development can help provide public benefits that are not easily measured in terms of job creation, such as attracting new investment to communities and creating opportunities for community residents to operate businesses and afford housing.

- **Create a funding set-aside or bonus to support the adoption of pro-housing policies.** NAR has long advocated for local solutions to housing challenges, including zoning modernization, infrastructure investment, and incentives for affordable development. To assist local solutions, such as taking advantage of under-utilized vacant land and streamlining permitting processes, NAR supports creating a set-aside or bonus within the CDBG program to help state and local governments identify and overcome barriers to affordable housing production and ultimately lower housing costs
- **Include provisions from the Identifying Regulatory Barriers to Housing Supply Act.** NAR has long advocated for policies that reduce regulatory barriers that slow down development and add costs to new homes. That is why NAR supports the Identifying Regulatory Barriers to Housing Supply Act, formerly known as the YIMBY Act. This legislation will help eliminate discriminatory land use policies, such as excessive permitting and zoning requirements, and remove barriers that depress production of housing in the United States. The Act creates accountability by requiring CDBG recipients to report periodically on the extent to which they are removing these discriminatory policies. By implementing this reporting mechanism, the legislation will increase transparency and encourage more thoughtful and inclusive development practices that can expand housing options for all Americans. NAR would like to thank Chairman Flood for his leadership in introducing this important legislation that addresses one of the root causes of our nation's housing affordability crisis.
- **Permanently authorize the CDBG-Disaster Recovery program.** While the RFI requests comments on CDBG, NAR believes it is important to highlight the need to permanently authorize and reform the CDBG-Disaster Recovery (CDBG-DR) program, which currently operates on an ad hoc basis following disasters. Permanent authorization and reform would strengthen communities' ability to meet their housing needs after disasters through more consistent administration, standardized oversight procedures, and stronger fraud prevention mechanisms. This would help address the delays and inconsistencies that have hampered disaster recovery efforts in the past and ensure more efficient deployment of federal housing resources when disasters strike in the future. NAR stands ready to assist the Committee in a broader discussion about disaster housing, insurance, mitigation, resiliency, and recovery.



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HOME Investment Partnerships program:

- **Modernize HOME property value limits for homeownership activities.** NAR supports updating the HOME property value limits for homeownership activities to expand access to homeownership opportunities and enable critical home rehabilitation in high-cost markets. Current HOME regulations restrict homeownership support, including funding for home repairs and down payment assistance, to properties valued at no more than 95 percent of the area median sales price. This cap has made HOME funds effectively unusable for homeownership activities in many high-cost markets, despite the program already having income eligibility requirements that ensure assistance reaches low-income families who truly need it. NAR recommends raising the statutory limit for homeownership support to 110 percent of area median sales price, with additional discretionary authority provided to the HUD Secretary to increase this amount through notice. This change would allow HOME funds to effectively support low-income homebuyers across all markets while maintaining the program's focus on serving eligible low and very low-income families.
- **Simplify HOME program resale provisions.** NAR supports streamlining the HOME program's resale requirements, since current complex rules discourage many jurisdictions from using HOME funds for homeownership activities, particularly in high-cost markets. Congress should simplify these requirements to make them easier for grantees to implement, which would help more first-time buyers achieve homeownership through the HOME program.
- **Allow grantees to better leverage their HOME funding.** NAR supports expanding communities' ability to leverage their HOME funding to significantly increase affordable housing inventory. Creating a loan guarantee program within HOME would dramatically increase the program's impact by enabling grantees to access private capital markets, allowing them to finance larger projects and address housing shortages more effectively. This mechanism would function similarly to CDBG's Section 108 program, multiplying the impact of federal housing dollars without requiring substantial increases in appropriations.
- **Create a set-aside for down payment assistance for first-time homebuyers.** To help more families achieve homeownership and build wealth, NAR supports federally funded down payment assistance programs for qualified buyers. In 2003, NAR supported the American Dream Downpayment Initiative (ADDI) that created a set-aside within the HOME program to help low-income first-time homebuyers with down payment and closing costs; however, the authorization for ADDI expired in 2011. A new dedicated set-aside within HOME would ensure program funds are directed to helping lower-income families access homeownership.

NAR thanks you for your leadership in addressing America's housing challenges. Your commitment to modernizing essential HUD programs and removing barriers to housing development will help expand both affordable rental housing and homeownership opportunities for all Americans. We appreciate the opportunity to provide these recommendations and stand ready to work with you on implementing these important reforms. If you have any questions, please contact Elayne Weiss, Senior Policy Representative, at eweiss@nar.realtor.

Sincerely,



Kevin Sears
President, National Association of REALTORS®

