

NAR Issue Summaries

Housing / Multifamily Housing Development & Insurance

NAR Committee:

Federal Financing and Housing Policy Committee

What is the fundamental issue?

FHA's multifamily loan programs provide insurance that assists both the private and public sectors to finance the construction, purchase and rehabilitation, or the refinancing of rental housing projects, condominiums, and cooperatives.

I am a real estate professional. What does this mean for my business?

Affordable rental housing is the first step on the housing ladder for many Americans.

NAR Policy:

NAR recognizes the need to maintain the viability of federal multi-family housing programs and to increase the availability and affordability of rental housing. Without federal involvement, such financing can be difficult to find in the private market. Especially for low-income renters, and in communities experiencing economic distress, such financing is often unavailable in the private market. We encourage the removal of policy and program disincentives that inhibit owner participation in the development of new rental housing or the preservation of existing safe and affordable rental housing.

Opposition Arguments:

Opponents of NAR policy believe the private market is well positioned to serve the rental housing needs of American families. They also believe that federal resources are not necessary to provide access to financing for these programs.

Legislative/Regulatory Status/Outlook

The need for affordable rental housing continues to be great. In recent years, FHA's role in the multifamily market has increased dramatically – nearly 4 times its size from just several years ago. As lenders remain slow to provide financing for construction loans, FHA is the primary source of construction for multifamily developers and owners. FHA has implemented a number of new procedures and requirements for its multifamily loans. They have strengthened underwriting by changing ratios and increasing documentation. They have also implemented a number of oversight and risk-management provisions. NAR strongly supports the role that FHA plays in multifamily mortgage markets, and opposes any proposals to limit it.

Current Legislation/Regulation (bill number or regulation)

No actions at this time.

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