



**NATIONAL
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**Written Testimony of
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National Association of REALTORS®**

Before the House Committee on Financial Services

**Hearing Titled “Building Capacity: Reducing Government
Roadblocks to Housing Supply”**

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Introduction

Chairman Hill, Ranking Member Waters, Members of the Committee: Thank you for inviting me to testify at today's hearing.

I am Kevin Sears, the 2025 President of the National Association of REALTORS® (NAR), where I have served in numerous leadership roles for many years. I am also a Broker-Associate with Lamacchia Realty in Springfield, Massachusetts, where I have practiced real estate for over 30 years and have been deeply engaged in my local community, working to ensure affordable housing remains within reach for families who want to build their lives there.

Today I am testifying on behalf of nearly 1.5 million members of NAR, representing every zip code in the United States, who thank you for the opportunity to present NAR's views on this crucial issue of housing supply and affordability.

NAR is America's largest trade association, and our members engage in all aspects of the residential and commercial real estate industries.

The American Dream Is Slipping Away

Every day, REALTORS® across the country work with young families who have done everything right. They've saved for years, have stable jobs and good credit. But despite this, we watch them struggle to find a home that they can afford. We see teachers, nurses, and police officers priced out of the communities they serve. We help first-time homebuyers search for months, only to watch them get outbid by all-cash offers or find there's simply nothing available within their budget.

When we recently surveyed real estate firms across America, 56 percent identified housing affordability as their single biggest challenge—more than any other issue facing our industry.¹ This isn't anecdotal. It's not limited to a few hot markets. It's a systemic crisis that is locking an entire generation out of homeownership and threatening the foundation of middle-class wealth building in America. This is not a partisan issue. It's a generational one, and it's getting worse, not better. If we continue down this path, America risks becoming a nation where owning a home—the defining marker of stability and success—is reserved for the few, not the many.

By the Numbers: How Bad Has the Housing Crisis Grown?

The supply of homes available to purchase has collapsed. According to NAR data, there were more homes available to purchase in 1995 than today, despite 75 million more Americans living in the country today (figure 1).

¹ NAR, "[Real Estate Firms Cite Housing Affordability and Rising Costs as Biggest Challenges](#)," Nov. 19, 2025.

2023, 2024, and 2025 Looking Like...1995

Record High Home Price, but Worst Sales Since 1995		1995	2024
	Annual existing-home sales	3.85 million	4.06 million
	U.S. population	266.6 million	341.1 million
	Single-family inventory (December)	1.58 million	1.00 million
	Median annual existing-home sales price	\$114,600 (\$241k inflation adjusted)	\$407,500



Source: Flashback: 1995 in the Housing Market vs Today <https://www.nar.realtor/blogs/economistsoutlook/flashback-1995-in-the-housing-market-vs-today>

Figure 1

Today, inventory sits at just 1.52 million due to persistent underbuilding since the Great Recession (figure 2). Even before the pandemic, in February 2020, inventory had already fallen to 1.46 million homes. This isn't a temporary disruption. It's a long-term structural shortage that has been building for years.

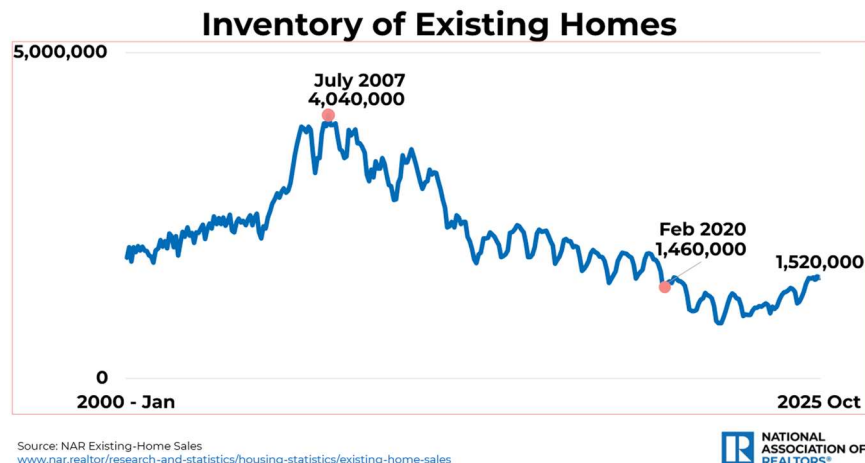


Figure 2

Housing construction peaked in 2005 at over 2 million starts, then plummeted during the Great Recession, bottoming out in 2009 at just 550,000.² While we have since recovered to building roughly 1.4 million homes annually, we experienced 14 years of severe underproduction. The result is a shortage of 4.7 million homes nationwide.³ Yet we are trying to house a growing population with a shrinking supply of available homes. The result is predictable: prices and rents have skyrocketed, competition for homes remains intense in many markets, and millions of families simply cannot find an affordable home to buy.

² NAR, "[Metro Areas Producing More Housing Than Their Historical Average](#)," June 18, 2024.

³ Id.

Indeed, even as current home sales remain depressed, prices continue to climb. In the third quarter of 2025, home prices rose in 77 percent of metro markets nationwide, with the national median existing single-family home price reaching \$426,800.⁴ For first-time buyers, the typical starter home now costs \$362,800, requiring them to spend over 37 percent of their income on monthly mortgage payments alone. And that's before accounting for the increases in property taxes and homeowners' insurance, particularly in higher risk areas around the country. The good news? In markets where robust new construction has occurred, primarily in southern states, we are seeing price declines and renewed affordability.⁵ This proves that increasing supply works. But we need it everywhere, not just in a few regions.

Alarming, this persistent shortage of housing is fundamentally changing who can become a homeowner. According to our latest data, the share of first-time home buyers has dropped to a record low of 21 percent.⁶ The historical norm of first-time buyers before the Great Recession was 40 percent. The typical age of a first-time buyer has climbed to an all-time high of 40 years old.⁷ Read that again: 40 years old. An entire generation is waiting more than a decade longer than their parents did to achieve homeownership, and many may never get there at all.

The housing supply crisis affects the entire housing continuum, not just homeownership. The shortage is both driving up home prices and pushing rental costs to record highs, making it harder for families to save for a down payment. Renters are caught in a vicious cycle: they can't afford to buy because home prices are too high, and they also can't save for a down payment because rent is consuming too much of their income. According to NAR data, 31 percent of first-time homebuyers reported that the most difficult step of their home buying process was saving for the down payment, compared to only 6 percent for repeat buyers, and 49 percent cited high rent as an expense that delayed saving for a down payment or home purchase.⁸

When young families are forced to wait until middle age to buy their first home, they lose years of wealth building. A 10-year delay in buying a typical first home can mean losing more than \$150,000 in potential equity growth⁹—equity that could have funded their children's education or their own retirement. They also miss years of stability and community roots that homeownership provides. This isn't just delaying the American Dream. For millions of families, it's denying it entirely.

What Is Driving Our Nation's Housing Supply Shortage?

The 4.7 million home shortage didn't happen by accident. It's the result of specific policy choices and market barriers that we can, and must, address.

- **Homeowners Are Locked in Place.** Current tax policy penalizes homeowners who have built equity and want to move. When a homeowner sells their primary residence, they

⁴ NAR, ["Home Prices Increased in 77% of Metro Areas in Third Quarter of 2025,"](#) Nov. 6, 2025.

⁵ Id.

⁶ NAR, ["First-Time Home Buyer Share Falls to Historic Low of 21%, Median Age Rises to 40,"](#) Nov. 4, 2025.

⁷ Id.

⁸ NAR, [2025 Profile of Home Buyers and Sellers](#), Nov. 2025.

⁹ NAR, ["First-Time Home Buyer Share Falls to Historic Low of 21%, Median Age Rises to 40,"](#) Nov. 4, 2025.

face capital gains taxes on appreciation above \$250,000 for individuals or \$500,000 for married couples. While once generous, these amounts have remained unchanged for over 27 years, despite significant home price inflation. For long-time homeowners in appreciating markets, this tax liability can be substantial enough to discourage them from selling, limiting housing inventory and creating more competition and higher prices for first-time homebuyers. What's more, millions of homeowners who locked in rates at 3 or 4 percent are financially trapped in homes that no longer meet their needs. This "lock-in effect" keeps existing homes off the market, further constraining already-low inventory.

- **State and Local Barriers Constrain New Construction.** Builders face a maze of regulatory obstacles at the state and local level. Restrictive zoning laws limit what can be built and where. Many communities prohibit “missing middle” housing, such as duplexes, accessory dwelling units, townhomes, and small apartment buildings. These are exactly the housing types that historically provide affordable options for first-time buyers. Lengthy permitting processes add months or years to projects. Impact fees, transfer taxes, density restrictions, and parking requirements drive up costs and reduce feasibility. Building codes often go beyond proven public health or safety needs to prescribe specific materials or methods, raising construction costs without meaningfully improving outcomes. These prescriptive requirements can also discourage innovation in construction techniques, such as modular or prefabricated housing, that could deliver homes faster and more affordably. In many communities, vocal opposition to new housing, particularly affordable or multifamily housing, blocks projects that would expand supply. Additionally, rent control policies, while intended to protect affordability, often discourage investment in new rental housing construction and rehabilitation of existing properties, ultimately reducing the supply of available units. These barriers don't just slow construction; they make it economically unviable in many markets where housing is needed most.
- **Federal Red Tape Slows Housing Production.** Projects involving federal funding or permits face layers of federal requirements that delay construction and drive up costs. Environmental reviews under the National Environmental Policy Act (NEPA) can take years to complete. Federal wage requirements, procurement rules, and other compliance mandates add complexity and expense. For developers trying to build affordable housing with federal resources, navigating this web of federal regulations has become a significant barrier to getting projects built quickly and cost-effectively.
- **Financing Constraints Limit Development.** The cost of borrowing to build new homes has become increasingly expensive for many developers.¹⁰ Small and mid-sized builders, who depend on construction loans to fund their projects, are particularly squeezed by rising materials costs and high interest rates that increase their monthly debt service. When projects encounter delays, a common occurrence in construction, interest costs

¹⁰ Elizabeth Nimmons, National Association of Hispanic Real Estate Professionals, “[Building Barriers: How Rising Construction Costs Impact the Housing Affordability Crisis](#),” Oct. 21, 2025.



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continue to accumulate and further erode profitability. Faced with these financial pressures, developers increasingly opt to build high-end homes where profit margins can absorb higher financing costs, leaving fewer options for families seeking affordable starter homes. Additionally, traditional financing structures create barriers for innovative construction methods and housing types that have the potential to expand supply.

- **The Construction Workforce Is Stretched Thin.** The construction industry lost hundreds of thousands of workers during the Great Recession, and many never returned.¹¹ Today, we face a critical shortage of skilled tradespeople—electricians, plumbers, carpenters, and framers—needed to build homes.¹² As the existing workforce ages toward retirement, more young workers entering the trades are needed to replace them. This labor shortage drives up construction costs, extends project timelines, and limits how quickly we can expand housing supply even when other barriers are removed.¹³
- **Riskier Construction Raises Costs.** Insurance costs are adding another layer of strain in markets most exposed to natural disasters. In the highest-risk areas, homeowners' insurance premiums are more than 80 percent higher than in the lowest-risk zones, according to a recent report by the U.S. Treasury's Federal Insurance Office.¹⁴ This is not a nationwide trend; it is concentrated where risk is greatest, driven by three factors: the rising cost of disasters, continued migration into vulnerable regions, and the growing expense of rebuilding homes.

REALTORS® Are Already Empowering Communities

NAR and our state and local associations are working to empower communities to address these barriers. Through grant programs that support smart growth policies and neighborhood revitalization, we help our members partner with state and local governments on housing solutions. Our state and local associations provide tools and resources to advance pro-housing policies in their communities, from advancing zoning reforms to streamlining permitting processes. NAR has also joined forces with the National League of Cities, the American Planning Association, the National Association of Home Builders, and the Mortgage Bankers Association to create the Housing Supply Accelerator Playbook, a menu of options that local communities can tailor to expand housing supply.¹⁵ Building on this momentum, NAR and partners recently launched America's Housing Comeback, a national initiative that elevates this work by bringing together local elected officials, planners, builders, and REALTORS® to accelerate implementation on the ground. The Comeback serves as a unifying platform to scale proven solutions, strengthen federal-local collaboration, and help communities translate the Playbook's recommendations into real, measurable progress on housing supply. Our members are putting these solutions into action.

¹¹ Joint Center for Housing Studies of Harvard University, "[Rebuilding the Construction Trades Workforce](#)," June 5, 2024.

¹² [Home Builders Institute](#), The Skilled Labor Shortage and America's Housing Crisis, June 2025.

¹³ Id.

¹⁴ U.S. Dep't of the Treasury, "[Report: Homeowners Insurance Costs Rising, Availability Declining as Climate-Related Events Take Their Toll](#)," Jan. 16, 2025.

¹⁵ National League of Cities & American Planning Association, [Housing Supply Accelerator Playbook](#), 2024.



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Spokane REALTORS® helped advance the city's Missing Middle Housing ordinance, enabling duplexes, triplexes, and fourplexes on residential lots. Utah REALTORS® secured passage of priority legislation to boost housing supply by developing excess state-owned infill parcels where infrastructure already exists. And in Oklahoma, Oklahoma City REALTORS® championed an urban core Accessory Dwelling Unit (ADU) ordinance that allows ADUs by-right reducing cost, complexity, and red tape for homeowners and builders.¹⁶

REALTORS® have a direct stake in solving this crisis. Our business depends on a healthy housing market where families can buy and sell homes. But more fundamentally, we believe in what homeownership represents: stability, wealth building, and community investment. That's why we're not waiting for federal action alone. We're working in our own communities to expand supply and improve affordability. But local action alone cannot close a 4.7 million home shortage. Federal leadership is essential.

Solutions for Reducing Government Roadblocks to Housing Supply and Affordability

Addressing the housing supply crisis requires federal action that incentivizes solutions at every level of government and across the private sector. NAR supports proposals that will boost supply and expand access to affordable housing for families at all income levels, whether they are seeking to buy their first home, find quality rental housing, or remain in homes they already own.

We urge Congress to advance policies that increase housing production and encourage rehabilitation and adaptive reuse of existing properties, and support innovation in construction methods and housing types. Many of these ideas have bipartisan support in both chambers, including provisions in the Senate's recently passed ROAD to Housing Act. We commend the bipartisan leadership of this Committee, particularly Housing and Insurance Subcommittee Chairman Flood and Ranking Member Cleaver, in championing these solutions. There is also an opportunity for administrative reforms that can be implemented now to make a meaningful difference. We look forward to working with Congress and the Administration to increase housing inventory and affordability.

Unlocking Existing Inventory

- **Remove the Tax Penalty on Moving.** By increasing the capital gains exclusion and indexing it for inflation, Congress can remove this disincentive for homeowners to sell, opening up inventory for prospective buyers and helping to stabilize the housing market. NAR supports **H.R. 1340, the More Homes on the Market Act**, a bipartisan bill that would update the capital gains exclusion thresholds for the first time in nearly 30 years. The legislation proposes to double the exclusion to \$500,000 for individuals and \$1 million for married couples and adjust the caps to reflect future inflation.
- **Reform FHA Rules That Restrict Buyer Choice.** FHA-insured loans are a critical tool for first-time and low-downpayment buyers, but outdated FHA regulations unnecessarily limit which homes these buyers can purchase. FHA's resale restrictions prevent buyers from purchasing recently renovated homes sold within 90 days, forcing them to compete

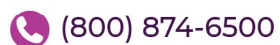
¹⁶ NAR, [REALTOR® Party Success Stories](#), accessed Nov. 22, 2025.

for a smaller pool of available properties or take on homes needing upfront costly repairs they may not be able to afford. FHA condominium restrictions exclude many otherwise suitable properties from FHA financing, particularly in urban areas where condos may be the most accessible homeownership option. While these rules were designed to protect both borrowers and the safety and soundness of the FHA Mutual Mortgage Insurance Fund, they now have the unintended effect of shrinking the inventory available to the buyers who need the most options. These restrictions should be modernized to expand homeownership opportunities for FHA borrowers while maintaining appropriate protections.

- **Improve Mortgage Assumability to Enhance Affordability.** Making it easier for qualified buyers to assume mortgages with lower interest rates would provide immediate affordability relief without requiring new federal resources. FHA and VA mortgages are already assumable, but the process is cumbersome and often takes months to complete. Streamlining FHA and VA assumption procedures would make this option more practical for buyers and sellers. For USDA rural housing loans, statutory language effectively prevents assumptions from happening, even though they are technically permitted. **H.R. 5728, the Rural Homeownership Continuity Act** would fix this problem and unlock rural housing inventory. Additionally, the FHFA should explore whether the GSEs could play a role in helping first-time buyers finance the gap between the home purchase price, their downpayment and the mortgage they assume.

Cutting Red Tape

- **Reform Federal Programs and Requirements to Cut Through Red Tape.** Federal programs designed to support housing development are hampered by outdated regulations and lengthy review processes that add years to projects without meaningfully improving outcomes. Several bipartisan bills would streamline these requirements. **H.R. 4660 / S.2390, the Unlocking Housing Supply Through Streamlined and Modernized Reviews Act**, would modernize NEPA review processes for HUD-funded developments, removing outdated requirements and clearing roadblocks to convert vacant office space, build infill housing, and complete repairs more quickly. **H.R. 4989 / S.2423, the Streamlining Rural Housing Act**, would require HUD and USDA to develop a joint environmental review and inspection process for rural housing projects, cutting red tape and making affordable rural housing easier to build. **H.R. 4810 / S.2391, the BUILD Housing Act**, introduced by Chairman Flood and Representative Liccardo, would allow HUD to delegate certain housing reviews to states and localities with the capacity to conduct them, and give HUD greater flexibility to expedite assistance. **H.R. 5878, the HOME Reform Act**, also introduced by Chairman Flood along with Ranking Member Cleaver, represents the first major overhaul of the HOME program since its creation in 1990. By streamlining regulations and strengthening public-private partnerships, this legislation will make it easier and faster to build affordable housing. Congress should review other federal housing programs to implement similar reforms. **H.R. 5429 / S.1695, the HUD-USDA-VA Interagency Coordination Act**, would improve collaboration and

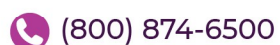


data sharing among HUD, USDA, and VA to enhance housing programs and services. **H.R. 5387, the Saving the American Dream Act**, introduced by the bipartisan Real Estate Caucus, would require federal agencies to coordinate on housing data and jointly develop policy recommendations addressing construction costs, regulatory barriers, and homeownership assistance. Right now, these agencies often work at cross-purposes. This coordination would align their efforts toward the same goal.

- **Incentivize State and Local Action to Unlock Housing Supply.** Several bills from this Committee take a smart approach in incentivizing communities to reduce regulatory barriers without mandating one-size-fits-all solutions. **H.R. 2840 / S.1299, the Housing Supply Frameworks Act**, introduced by Chairman Flood, would require HUD to create comprehensive best practice guides on zoning reform and land-use policies, giving states and localities proven strategies to increase housing supply while maintaining local control. **H.R. 4659 / S.2416, the Identifying Regulatory Barriers to Housing Supply Act**, would increase transparency by requiring Community Development Block Grant recipients to report on their efforts to remove discriminatory land use policies and promote inclusive, affordable housing. This reporting requirement will encourage more thoughtful development practices without imposing federal mandates. **H.R.5907 / S.2361, the Accelerating Home Building Act**, takes a different but equally valuable approach by providing grants to help communities create libraries of pre-approved building designs that have already cleared local code review, allowing developers to bypass lengthy design processes and break ground faster. These measures recognize that while housing challenges are national in scope, solutions must be tailored to local conditions. By providing resources, information, and financial incentives rather than top-down mandates, Congress can empower communities to make the reforms that work best for them.

Expanding Financing Options

- **Improve Financing for Housing, Including Innovative Housing Types.** Access to affordable financing remains a critical bottleneck for expanding housing supply, particularly for starter homes and alternative housing like manufactured, modular, and accessory dwelling units that can be built faster and more affordably than traditional construction. Several legislative proposals would address these gaps. **H.R.6132 / S.1527, the Housing Affordability Act**, would require FHA to update its multifamily loan limits to better reflect current market costs, ensuring financing keeps pace with construction realities. **H.R. 6293 / S.2414, the Housing Supply Expansion Act**, would modernize the federal definition of manufactured housing to include modular and prefabricated units not built on a permanent chassis, opening financing opportunities for innovative construction methods. **H.R. 6269 / S.2489, the Modular Housing Production Act**, would require FHA to assess and address barriers to FHA-insured lending for modular housing that currently make these projects difficult to finance. **S.964, the Property Improvement and Manufactured Housing Loan Modernization Act of 2025**, would expand FHA property improvement loans to include construction of accessory dwelling units, a



commonsense change that current statute prohibits. **H.R. 5990 / S.127, the Whole-Home Repairs Act** would establish a pilot program offering grants and forgivable loans to low- and moderate-income homeowners and small landlords for holistic home repairs, preserving aging affordable housing stock.

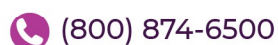
- **Leverage Suitable Public Lands for Housing Development.** The federal government owns vast amounts of underutilized land and properties that could be repurposed for housing, particularly in urban and suburban areas well-served by infrastructure and jobs. HUD and the Department of the Interior have launched a Joint Task Force on Federal Land for Housing to identify opportunities, and NAR stands ready to support this important work. Congress should provide the necessary legislative authority and resources to expand this effort across additional agencies managing surplus properties, including the General Services Administration, Department of Defense, Department of Energy, Department of Transportation, and the U.S. Postal Service. By strategically identifying and making federal land available for housing development with streamlined regulatory processes and clear timelines the federal government can unlock a significant pipeline of new housing supply in locations where it's needed most. This approach has proven effective: surplus federal properties have successfully been converted to affordable housing, schools, and community facilities. Expanding this model could make a meaningful difference in addressing our housing shortage.

Addressing Rising Property Insurance Costs

- **Encourage Local and State Governments to Mitigate Risk.** While insurance regulation remains a state matter under the McCarran-Ferguson Act, federal mitigation grants, tax incentives, and technical assistance can help state and local governments manage and reduce risk. Strengthening these programs can bring down costs and keep homeownership within reach for families living in high-risk communities. NAR also supports **the Reforming Disaster Recovery Act** that would permanently authorize the CDBG-Disaster Recovery program to help communities effectively rebuild while incorporating resilience measures to reduce repetitive losses and maintain insurability.

Housing Finance Reform

- **Use any proceeds from the potential sale or partial sale of Fannie Mae and Freddie Mac on housing initiatives.** Many questions are still yet to be answered as Congress and the administration consider the options for reforming Fannie Mae and Freddie Mac (the GSEs). One of these questions is what to do with the money that the government would receive from its stake after a sale. While there is debate about how much money the government would receive (estimates range from tens of billions to hundreds of billions of dollars), there is no debate about the impact this sum of money could make in solving the housing crisis. NAR supports using any proceeds from the sale, along with any additional guarantee fees implemented by FHFA or the GSEs, on housing initiatives, such as on housing construction or other policies to make housing more affordable.



Leveraging Tax Policy to Expand Supply

- **Provide Production Incentives. H.R. 2854 / S.1686, the Neighborhood Homes Investment Act**, would mobilize private investment to build or substantially rehabilitate an estimated 500,000 affordable homes for moderate- and middle-income homeowners over the next 10 years. NAR also supports exploring tax credits to encourage construction of starter homes, where supply has been most constrained, as well as tax incentives for construction projects that focus on lower-cost builds such as modular housing and accessory dwelling units.
- **Encourage Rehabilitation and Adaptive Reuse. H.R. 2410, the Revitalizing Downtowns Act**, would provide tax credits to incentivize the conversion of office and other commercial buildings to residential use. **H.R. 2725 / S.1515, the Affordable Housing Credit Improvement Act of 2025**, would strengthen the Low-Income Housing Tax Credit, the most important resource for creating affordable housing in the United States.
- **Help Address Cost Barriers.** Tax credits to alleviate labor shortages could support construction workers' training and hiring, allowing companies to hire untrained workers and pay for attendance at trade schools. Additionally, the federal government could enhance charitable contribution deductions for land donations to state or local housing agencies for affordable housing development, helping to lower land costs.

Conclusion

The housing supply crisis demands solutions at every level of government. The bipartisan legislation and policy ideas we've outlined today address critical barriers, from cutting federal red tape and state and local regulatory constraints to better financing for innovative housing types. These are practical solutions to expand supply and restore affordability.

NAR and our members stand ready to work with Congress to deliver real, lasting solutions. We bring unmatched nationwide reach, on-the-ground market expertise, and deep partnerships with the local communities who are prepared to build, invest, and act. The challenges ahead demand sustained focus and collaboration, but the opportunity to meaningfully expand housing supply and restore affordability has never been more within reach.

Thank you for holding this hearing and for your continued commitment and focus on housing supply, affordability, and solving this housing crisis we have before us. I welcome your questions.