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Statement on Behalf of the National Multifamily Housing Council, the National Apartment Association, and the Real Estate Technology and Transformation Center
House Committee on Financial Services
Building Capacity: Reducing Government Roadblocks to Housing Supply
December 3, 2025

Chair Hill, Ranking Member Waters, and Members of the Committee:

My name is Julie Smith, and I am the Chief Administrative Officer of The Bozzuto Group. Since its founding in 1988, Bozzuto has developed, acquired, and built more than 62,000 homes and apartments. Celebrating 37 years of creating sanctuary, Bozzuto currently manages over 130,000 apartments and 4 million square feet of retail space across the U.S.

This morning, I am here on behalf of the over 95,000 combined housing providers and related businesses that are members of the National Multifamily Housing Council (NMHC),[1] the National Apartment Association (NAA),[2] and the Real Estate Technology and Transformation Center (RETTC).[3] I appreciate the opportunity to provide the views of the multifamily housing industry and note that the multifamily industry is committed to working together with Congress and the Administration to address America's housing supply crisis.

As the House Committee on Financial Services conducts this hearing, I would like to offer the apartment providers' perspective on efforts needed to promote workable and sustainable policies to address our nation's housing challenges. Our goal is to ensure that apartment providers can meet the long-term housing needs of the 40 million Americans who live in apartment homes[4] and continue to make significant contributions, currently $3.9 trillion annually, to the growth of our economy.[5] Our members build the communities where people build their lives.

[1] Based in Washington, D.C., NMHC is a national nonprofit association that represents the leadership of the apartment industry. Our members engage in all aspects of the apartment industry, including ownership, development, management, and finance, who help create thriving communities by providing apartment homes for nearly 40 affordable housing million Americans, contributing $3.4 trillion annually to the economy. NMHC advocates on behalf of rental housing, conducts apartment-related research, encourages the exchange of strategic business information and promotes the desirability of apartment living.

[2] The NAA serves as the leading voice and preeminent resource through advocacy, education, and collaboration on behalf of the rental housing industry. As a federation of 140 state, local, and global affiliates, NAA encompasses over 94,000 members representing more than 13 million apartment homes globally. NAA believes that rental housing is a valuable partner in every community that emphasizes integrity, accountability, collaboration, community responsibility, inclusivity, and innovation.

[3] The Real Estate Technology & Transformation Center (RETTCC), an affiliate organization of the National Multifamily Housing Council (NMHC), brings together real estate companies and technology providers to blaze a path forward for digital transformation in America. The Center serves as the preeminent advocacy, resource and networking platform for real estate and tech leaders as they navigate a long-term and complex technology-enabled transformation. This evolution will impact the renters and communities we serve, help address our nation's long-term housing challenges, improve business operations and enhance our ability to drive innovation across the economy.

[4] 2022 American Community Survey, 1-Year Estimates, U.S. Census Bureau, "Total Population in Occupied Housing Units by Tenure by Units in Structure".

[5] Hoyt Advisory Services, National Apartment Association and National Multifamily Housing Council, "The Contribution of Multifamily Housing to the U.S. Economy", https://weareapartments.org/pdf/Economic_Impact.pdf

The Housing Imperative

Challenges present themselves differently from community to community, but it will come as no surprise to Americans nationwide that we are facing a widespread housing affordability challenge. No wonder communities are feeling pinched—we simply do not have enough housing to go around. Today, in more and more communities, hard-working Americans are unable to rent homes due to increased costs driven by a lack of supply. Barriers to development, high construction and operating costs, and regulatory burdens all make it difficult, if not impossible, for developers to help remedy this problem. The total share of cost-burdened households (those paying more than 30 percent of their income on housing) increased steadily from 28.0 percent in 1985 to 37.3 percent in 2023, while others have been priced out of communities altogether.[6] This is not sustainable, particularly in a period of higher inflation. Barriers to new supply – for instance, onerous regulatory hurdles, antiquated and often discriminatory zoning and land use policies at the local level, and local opposition to development (also known as NIMBYism or "Not in My Backyard" opposition) – has led the nation to this juncture. It has taken many decades to get to this point, and it will take time to reverse these trends, but it is critical that we start now to enact new and innovative policies that will incentivize new housing production.

Significantly, continued economic instability poses a serious threat to the ability of housing providers to leverage the private-market capital necessary to generate needed housing. Higher interest rates have contributed to a period of economic volatility, which is driving up the cost of building new housing, discouraging new investment, and pushing some in our sector out of the market altogether. Indeed, according to CoStar, multifamily starts were down 32.0 percent year over year in the third quarter of 2025.[7] Unfortunately, the reduced construction starts will result in more housing shortages and higher prices in the coming year or two if we do not generate higher levels of production.

In addition to the increased construction, material, and labor costs that make development financially difficult, significant increases in insurance costs, state and local sales and property taxes, utility costs, and other items have made the current operating environment extremely challenging. Many of these expenses, including insurance, state and local taxes, and labor, are not within the control of our members and ultimately make it more difficult for housing providers to build housing at affordable price points for our residents.

In sum, our members are reporting that current economic and regulatory challenges are causing them to cut back significantly on development activities. This slowdown has very serious long-term implications.

Housing Affordability: Growing Demand vs. Supply Challenges

It is essential that we build housing at all price points to meet the wide range of demand. While we are at historic levels of apartment completions, this will provide only short-term relief for a long-term problem. According to research conducted by Hoyt Advisory Services and Eigen10 Advisors, LLC, and commissioned by NMHC and NAA, **the U.S. is facing a pressing need to build 4.3 million new apartment homes by 2035.**

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[6] NMHC tabulations of 1985 American Housing Survey microdata, U.S. Census Bureau; 2023 American Housing Survey, U.S. Census Bureau.
[7] CoStar CRE data.

Key findings include:

- **Shortage of 600,000 Apartment Homes.** The 4.3 million apartment homes needed includes an existing 600,000 apartment home deficit because of underbuilding after the 2008 financial crisis.
- **Loss of Affordable Units.** The number of affordable units (those with rents less than $1,000 per month) declined by 4.7 million from 2015 to 2020.
- **Homeownership.** Apartment demand also factors in a projected 3.8 percent increase in the homeownership rate.

Challenges and Opportunities Confronting the Multifamily Industry

Before describing legislative solutions Congress should adopt to address our nation's shortage of multifamily housing, we offer the following analysis of barriers and challenges our members face, along with some opportunities at hand. These provide context for the legislative proposals made below and rationale for why they are offered.

Operational Costs Continue to Rise

Operating apartments has become increasingly challenging, highlighted by rising expenses. Industry data show that operating expenses per unit nationally rose by an average of 5.1 percent annually over the last five years (3Q 2020 to 3Q 2025), with administrative (+6.9 percent) repairs/maintenance (+6.6 percent), and marketing (+5.8 percent) costs recording significant increases.[8]

One of the most challenging operational costs that has increased dramatically in recent years is insurance. Industry data from Yardi show that insurance costs increased by an average of 15.6 percent annually over the past five years while NAA's 2023 Income/Expense IQ reported that insurance costs for apartment operators rose 26.2 percent in 2023 alone, more than double the rate recorded in 2022 and outpacing all other expenses.[9] The lack of affordability and availability of insurance options for property owners, of all types, increasingly puts needed insurance coverage out of reach or limits the ability of property owners to make needed investments in their properties. Insurance and other rapidly rising "pass through" costs not controlled by housing providers -- state and local taxes, labor, and others -- have contributed greatly to the increased cost of rent.

For example, while 2024 brought some stabilization to the property insurance market – marking the first decline in rates since 2017 after 27 consecutive quarters of growth – levels remain elevated. NMHC released the State of Multifamily Risk Survey & Report[10] in June 2023 that looked across all types of multifamily housing and showed, on average, property insurance premiums soaring 26 percent year-over-year. Yet, it was common to hear of triple-digit property premium increases in certain parts of the country. More recently, liability lines continue to face significant headwinds, marked by rising claims costs and increasingly restrictive underwriting practices. These cost increases are especially daunting in the affordable and middle-income housing space. In a September 2023 survey and report commissioned by the National Leased

[8] Yardi Matrix.
[9] National Apartment Association Income/Expense IQ 2024.
[10] https://pages.nmhc.org/rs/676-UDD-714/images/NMHC_InsuranceReport_2023.pdf

Housing Association, most affordable housing providers indicated that they would take action to mitigate cost increases due to higher insurance premiums by increasing insurance deductibles, decreasing operating expenses, and being forced to increase rent.[11] Insurance costs remain one of the most volatile and unpredictable expenses for multifamily housing providers.

Especially given the challenges in the broader property insurance market, it is critical that the National Flood Insurance Program (NFIP) be reauthorized and reformed to ensure its long-term viability. Ensuring that the NFIP can continue to ensure that affordable flood insurance is always available, in all market conditions for every at-risk rental property is essential. We acknowledge that the NFIP comes with its challenges and agree that further reforms are necessary to protect the long-term financial viability of the program. NMHC and NAA provided recommendations to the House Financial Services Subcommittee on Housing and Insurance in March 2023, and we look forward to working with Congress on the future of the NFIP.

Additionally, we urge Congress to provide a long-term reauthorization of the program established by the Terrorism Risk Insurance Act of 2002 (TRIA) and its subsequent reauthorizations. TRIA has been, and remains, extremely effective in achieving its primary purpose, which was to stabilize the market following 9/11 and to ensure the continued availability of terrorism coverage for commercial policyholders in the future. Without TRIA in place, we believe the availability of terrorism risk coverage will diminish, or insurers will simply stop offering the coverage altogether. NMHC and NAA are members of the Coalition to Insure Against Terrorism (CIAT), which recently sent a letter to House Financial Services Subcommittee on Housing and Insurance Chairman Flood and Ranking Member Cleaver about the importance of TRIA and urging support for a long-term reauthorization.

It is critical that Congress and policymakers at all levels of government understand the significant financial headwinds facing housing operators that are negatively impacting housing affordability and explore consensus-driven solutions to alleviate these pressures.

The Regulatory Environment and Access to Capital Remain Challenging

At a time when housing providers are facing increasing pressure to meet booming demand, an overly burdensome regulatory framework is forcing financers, developers, and operators to manage numerous compliance hurdles and rising costs. Housing affordability, driven by a lack of supply, is a top issue plaguing communities nationwide. The only way out of this supply shortage crisis is to build more housing—but the current political and regulatory environment makes it incredibly hard to do so. In order to build more housing, we need private capital to see multifamily housing as a good investment. The additional risks caused by a strict regulatory environment, coupled with high interest rates, make this increasingly difficult.

Multifamily housing providers understand that smart regulation can play an important role in ensuring the health and well-being of the American public, but undue regulation is a disincentive to investors and increases the cost of transactions and impacts the viability of development. Housing providers, and particularly apartment owners and developers, must

[11] https://www.nmhc.org/globalassets/research--insight/research-reports/insurance/ndp-nlha-housing-provider-insurance-costs-report-oct-2023.pdf

balance a wide array of concerns regarding project viability and regulatory costs and compliance at all levels of government.

Imposing additional federal regulation on top of what is already an overly complicated set of regulations at the state and local level disincentivizes investors and further exacerbates the supply shortage, hurting our nation's renters.

NMHC and National Association of Home Builders (NAHB) research has found that many regulations can go far beyond the important goals of ensuring the health and well-being of the public and instead impose costly mandates on developers that drive housing costs higher. In fact, according to that research, regulations imposed by all levels of government account for an average of 40.6 percent of multifamily development costs.[12]

We strongly support current deregulatory efforts designed to break down barriers to new housing and improve property and business operations for housing providers and our residents. Federal policymakers are considering a multitude of regulatory and legislative proposals that can support housing development and affordability by improving and providing certainty in the regulatory landscape on a broad array of issues—including AI, land use, evictions, revenue management, broadband, resident screening, and building codes, just to name a few. Each of these could impact the investment, ownership, and operations of housing providers.

While Federal regulations increase costs and ultimately reduce supply, the same is true at the state and local levels. We urge the Committee to support efforts to incentivize states and localities to remove or mitigate local barriers to development of rental housing. Examples include:

- Streamlining the development process, including fast tracking the entitlement and approval process;
- Eliminating impact, infrastructure and other fees not directly related to a specific development project;
- Halting rent control, rent stabilization or any regulation that interferes with a property owner's ability to set appropriate rents;
- Rejecting costly, one-size-fits-all energy and environmental requirements including onerous building codes and standards;
- Providing density bonuses and other incentives for developers to include workforce units in their properties;
- Enabling "by-right" zoning and establishing more fully entitled parcels;
- Reevaluating lot size minimum, parking requirements, height restrictions, etc.;
- Deferring taxes and other fees for a set period of time, including providing tax abatements;
- Reducing construction costs by contributing underutilized buildings and embracing new technology driven construction advancements; and
- Encouraging higher density development near jobs and transportation.

[12] https://www.nmhc.org/research-insight/research-report/nmhc-nahb-cost-of-regulations-report/

The Role of Technology in Addressing our Nation's Long-Term Housing Challenges & Need to Avoid a Fragmented Regulatory Approach

Rental housing providers use emerging technologies, like AI, to reshape business operations, improve housing affordability and benefit millions of American renters. While commonly perceived to be new technologies, algorithmic data and other information have been used for decades to support rental housing, including in setting the Fair Market Rent for HUD's Section 8 program. Other related technologies in rental housing have already led to significant gains in meeting resident expectations and demand. Applications of this technology continue to grow rapidly but, to date, include virtual touring, enhanced resident screening and leasing, home automation, predictive maintenance, and even improved property level climate resilience.

These tools offer benefits to housing providers and residents alike, driving modernization of historic practices, maximizing operational efficiency, and reducing the cost of housing operations. When executed well, they are also subject to robust internal controls, existing legal protections, and regulatory requirements at the federal, state and local level that should be considered before overlaying any additional regulations.

Benefits of AI for Residents, Rental Housing Providers and Others

Below are some examples of how stakeholders in the multifamily space are utilizing AI and other technologies to improve operations and enhance renters' experiences:

- **Rental housing owners and lenders** leverage technology platforms to improve efficiency, underwrite lending, identify investment opportunities to meet growing rental demand and work towards improving housing affordability.

- **Rental housing developers** use new cutting-edge technologies to build and rehabilitate rental properties and have begun to cut costs by leveraging AI to navigate complex and antiquated zoning policies to identify workable land-use strategies to speed development and ultimately improve housing affordability.

- **Rental housing operators** use AI platforms for improved resident service; more transparent and accurate resident screening and leasing to improve housing opportunity and prevent rising rental housing fraud; home automation; and predictive maintenance.

- **Rental housing technology suppliers** are transforming the market with tools that improve the resident experience, enable property sustainability and resilience, enhance security for residents, and lower operational costs through risk management solutions.

As evidenced above, housing providers are turning to these new AI tools to combat rising operational threats that are difficult to address using traditional methods. When implemented properly, these technologies can greatly assist with management and other housing-related obligations and ensure residents receive the best living experience possible.

Strong Consumer Protections Already Exist: A Fragmented Approach Will Stifle Innovation

Because the relative availability of AI systems has changed recently, the public assumes that new rules and regulations are necessary to deal with them. This is not the case. The current legal landscape provides strong protection against risks posed by AI, machine learning and algorithmic decision making. Housing policy and the relationship between housing providers and renters are guided strongly by robust state and local laws that include protections for both renters and housing providers alike. The Federal Fair Housing Act provides a robust legal standard and enforcement mechanism that prohibits discrimination, and the Fair Credit Practices Act also protects applicants for housing, Additional consumer protections found under state privacy laws and regulations are also another important consideration.

As policymakers consider AI developments and their impact on housing and financial services, we urge you to support a balanced framework that safeguards innovation and prevents the growing patchwork of state-level regulations that could hinder economic growth and stifle innovation. As our organizations have consistently said in the past, a fragmented regulatory approach in data management, security and technology risks stifling innovation and increasing compliance costs. The existing legal landscape already offers strong protections, and any new regulations should build on that foundation without undermining technological progress that can aid in addressing our nation's long-term housing challenges.

Congress Must Clarify Law on Evictions

One critical area of concern that requires legislative action arises in the area of evictions. The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* established a temporary 120-day moratorium on evictions due to nonpayment of rent, applicable to federally backed and federally assisted housing. This section of the *CARES Act* also instituted what should have been a temporary notice procedure, requiring housing providers to notify covered residents 30 days before filing for eviction after the moratorium ended on July 24, 2020.

Throughout the pandemic, rental housing professionals worked to both help residents resolve their hardships and to advance policies to provide renters with essential resources to meet their housing needs. Nearly five years after being enacted, and contrary to Congressional intent, the temporary federal CARES Act's Notice to Vacate requirement remains in place. Though evictions are a measure of last resort, this necessary legal process is thoroughly regulated at the state and local levels, and the federal government's intrusion continues to cause confusion and operational challenges for housing providers and renters that are not without consequence. This prolonged disturbance to operations ultimately harms housing affordability and availability, as 93 cents of each rent dollar pays the expenses that keep communities running.[13]

Now that the Federal COVID-19 public health emergency is long terminated, it is time to acknowledge that the *CARES Act's* 30-day notice-to-vacate requirement ended and remove the ambiguous language from federal law.

[13] https://naahq.org/research/breaking-down-one-dollar-rent-2023?_gl=1%2Amky8p6%2A_gcl_au%2AODIwNjk2NjM5LjE3NTkzMzQ3Nzk.%2A_ga%2AMTUzMDk5ODYyMy4xNzU5MzM0Nzgw%2A_ga_70J0BCECMC%2AczE3NTk1ODk0OTckbzMkZzAkdDE3NTk1ODk1MDMkajU0JGwwJGg5MTU5NDE5MjQ

Rent Control is Not Fair and Hurts Renters

One particularly harmful proposal considered is rent control. Decades of academic research and real-world case studies from economics from all political persuasions show that rent regulation in various forms devastates rental housing and worsens housing affordability and access for renters. Indeed, rent control is fundamentally not fair to all renters. Moreover, rent regulation will not add a single new unit of housing. In fact, it has the opposite effect. Rent control distorts the housing market by discouraging the development of rental housing and investment in maintenance and rehabilitation.

A 2024 study by Dr. Arthur C. Nelson, Professor Emeritus at the University of Arizona, provides a comprehensive review of peer reviewed academic articles that examine various rent control and other rent regulation laws across the United States and abroad. This review reaffirms that these programs reduce the supply of housing in communities resulting in, among other things, increased housing costs.

Dr. Nelson's work reinforces an earlier 2018 paper following similar methodology by Dr. Lisa Sturtevant.[14] Since Dr. Sturtevant's literature review was conducted, additional research has been published that looks at the impacts of more recent rent regulation models that may not appear to be as restrictive as older rent control programs. Dr. Nelson finds that the results of these newer rent control efforts have harmful effects on renters and those seeking rental housing including:

- Disincentivizing investment in the rental community, resulting in fewer rental units;
- Inhibiting mobility, thus creating a barrier to entry for new renters seeking housing in rent-controlled communities;
- Distributing the limited benefits of rent regulation disproportionally to higher-income, older and white residents, respectively, to the detriment of people of modest means and communities of color;
- Substantially reducing the value of rent-regulated properties as well as nearby unregulated rental properties, thereby reducing real estate tax revenue to the locality; and
- Failing to address, if not negatively impacting, eviction prevention, renter well-being, renter educational attainment opportunities and neighborhood quality.

With little to no ability to earn a profit, developers and investors will shift their investments to other non-rent regulated jurisdictions—the NMHC/ NAHB cost of regulations report[15] indicated 88 percent of respondents avoid working in jurisdictions with rent control.

Furthermore, NMHC survey data shows that nearly six in 10 (58 percent) of surveyed multifamily firms indicate they are reducing or avoiding investment in rent-controlled markets, and another 15 percent of firms are considering cutting back in those markets.[16]

Additionally, academic research indicates that rent control leads to a decrease in housing quality. Dr. Andrew Hanson, from the Stuart Handler Department of Real Estate at the University of

[14] https://www.nmhc.org/globalassets/knowledge-library/rent-control-literature-review-final2.pdf
[15] https://www.nmhc.org/research-insight/research-report/nmhc-nahb-cost-of-regulations-report/
[16] https://www.nmhc.org/news/nmhc-news/2022/nmhc-rent-control-update-multifamily-firms-reconsider-investments-in-rent-control-markets/

Illinois Chicago conducted an empirical study sponsored by NAA. The study found a strong correlation between an increase in rent-controlled units in an area and a 16.2 percent rise in severely inadequate housing.[17]

We encourage this Committee and policymakers at all levels of government to promote proven alternatives to rent control that address the critical affordable housing shortage, making rents more affordable to lower-income residents and encouraging development of new housing at a variety of rental levels.

Pursuing federal rent control or other policies that inhibit efficient business practices and implementing additional layers of federal regulation on top of what is already an overly complicated set of regulations and landlord-tenant laws at the state and local levels will only disincentivizes investors further exacerbating the supply shortage, hurting our nation's renters.

Access to Capital: Fundamental to Addressing our Housing Supply Imbalance

Access to capital is the lifeblood of the multifamily industry, and it is critical that policymakers ensure that capital resources are available to finance construct preserve and operate quality housing. The multifamily industry depends on a variety of capital sources including banks, life companies, debt funds, the commercial mortgage-backed security (CMBS) market, Fannie Mae, Freddie Mac, the Department of Housing and Urban Development (HUD), FHA multifamily programs, and the United State Department of Agriculture's (USDA) rural housing programs. Each of these sources plays a critical role in supporting the debt capital needs of the multifamily housing market across America.

Any action – legislative or regulatory – that impacts access to capital such as releasing the Enterprises (Fannie Mae and Freddie Mac) from conservatorship, onerous bank capital standards or decreasing access to FHA's multifamily programs must be undertaken in a careful and analytical approach so as to not restrict capital to the rental housing industry or raise risk to taxpayers.

In its seventeenth year of conservatorship the narrative about having the Enterprises (Fannie Mae and Freddie Mac) exit conservatorship has become a topic of interest. We strongly believe it is critical to preserve the mortgage liquidity the Enterprises provide across all markets and through all economic cycles. This can be achieved through: (1) maintaining the existing Enterprise structure; or by (2) a reformed structure that preserves the high quality and market presence of the current multifamily businesses.

Through two recent major economic cycles the multifamily lines of business of the Enterprises produced strong financial results. They emerged from these two economic events without reporting a loss in any reporting quarter.

More than just performing well, the Enterprises' multifamily programs serve a critical public policy role. Even during normal economic times, private capital alone cannot fully meet the industry's financing demands. The Enterprises ensure that multifamily capital is available in all

[17] Hanson, Andrew, *Rent Control and Housing/Neighborhood Quality: An Analysis of American Housing Survey Data,* https://www.naahq.org/ripple-effect-rent-regulation-and-its-effects-housing-and-neighborhood-quality

markets at all times, so the apartment industry can address the broad range of America's housing needs from coast to coast and everywhere in between. This is especially true during economic downturns where many sources of capital dry up and the Enterprises play a critical countercyclical financing role.

We urge policymakers to recognize the distinct business of the multifamily industry. We believe the goals of a reformed housing finance system should be to:

- Maintain liquidity for multifamily-backed mortgages in all markets at all times;
- Require the GSEs to compensate the Federal government for guaranteeing the value of the securities they issue;
- Protect taxpayers by keeping the GSEs' existing multifamily private-market credit risk transfer models in place;
- Retain each of the existing GSE multifamily programs' financing platform, risk assessment, underwriting, securitization and asset management components;
- Have a strong and prudential regulatory framework that ensures market confidence and financial soundness; and
- Avoid market disruptions during any potential transition to a new status through a well-conceived and clearly communicated plan that ensures that the multifamily housing lines of business can continue to operate effectively.

Opportunity Abounds: Sustainable Solutions to Housing Affordability

The good news: There is a clear path to solving this challenge. Rental housing providers stand ready to help meet current and future demand, and we ask Congress to prioritize increasing our nation's housing supply and support pro-housing policies that will, in turn, ensure greater housing stability and affordability for renters at a variety of income levels for decades to come.

While there is no silver bullet, a multifaceted approach, including policies providing for development incentives, regulatory reform, and rental assistance, as well as leveraging technology to assist in lowering operational costs and enhancing the resident experience, can be effective in easing market constraints. Outlined below are policy proposals that would be particularly impactful in addressing our nation's housing supply challenge and improving affordability. Many of these are bipartisan, and a large number were also included in a letter sent to Members of Congress on September 2 by a group of 23 organizations, including NMHC, NAA, and RETTC. NMHC, NAA, RETTC, and four other organizations also sent a November 6 letter to members involved in negotiations on the National Defense Authorization Act for FY2026 requesting that a number of these measures be included in the final version of that bill.

HOME Reform Act of 2025: Representatives Flood (R-NE) and Cleaver (D-MO) have introduced the *Home Reform Act of 2025* (H.R. 5878) that would augment income eligibility, expand eligible uses of funds to include infrastructure, and reduce National Environmental Policy Act and Build America, Buy America Act requirements to speed and increase development of affordable housing. Notably, NMHC is championing a proposal to encourage that bill's authors to make tax abatements, as well as funds for studies to overcome local barriers to housing production and preservation, eligible activities for which jurisdictions could use HOME dollars.

Identifying Regulatory Barriers to Housing Supply Act: Bipartisan legislation sponsored by Representatives Flood (R-NE) and Pettersen (D-CO) (H.R. 4659) and Senators Young (R-IN) and Schatz (D-HI) (S. 2416) would help eliminate discriminatory land use policies and remove barriers that depress production of housing in the United States. By requiring Community Development Block Grant recipients to report periodically on the extent to which they are removing discriminatory land use policies, and promoting inclusive and affordable housing, the *Identifying Regulatory Barriers to Housing Act* will increase transparency and encourage more thoughtful and inclusive development practices.

Respect State Housing Laws Act: Legislation introduced by Representatives Loudermilk and Gonzalez (H.R. 1078) and Senator Hyde-Smith (S. 470) would strike the CARES Act's 30-day notice-to-vacate requirement and return eviction policies back to the state and local levels where they are more effectively administered in accordance with a community's needs.

Electronic Benefit Transfer (EBT) for Rental Housing Vouchers: We encourage Congress to establish a pilot program converting Housing Choice Vouchers (HCVs) to an electronic benefit transfer program without HUD lease and inspection requirements to make HCV recipients indistinguishable from other renters while better combatting waste, fraud, and abuse.

Build More Housing Near Transit Act: Bipartisan legislation led by Representatives Peters (D-CA) and Moore (R-UT) (H.R. 4576) and Senators Schatz (D-HI) and Banks (R-IN) (S. 2363) would direct the Department of Transportation (DOT) to incentivize local governments to promote housing development and regional growth in and around transit corridors.

Housing Supply Frameworks Act: Bipartisan legislation sponsored by Representatives Flood (R-NE) and Pettersen (D-CO) (H.R. 2840) and Senators Blunt Rochester (D-DE), Crapo (R-ID), Fetterman (D-PA), and Tillis (R-NC) (S. 1299) would direct HUD to publish guidelines and best practices for State zoning and local zoning frameworks.

Accelerating Home Building Act of 2025: Senators Blunt Rochester (D-DE) and Moreno (R-OH) have introduced legislation (S. 2361) to overcome local regulatory cost burdens to affordable housing development by encouraging the use of pattern books of pre-reviewed construction designs. Specifically, the bill would establish a HUD-administered grant program to fund the creation of pattern books with a focus on missing middle and infill construction and provide set asides for rural communities and prioritize high opportunity areas and localities working to reduce barriers to housing development.

Housing Affordability Act: Bipartisan legislation introduced by Representatives De La Cruz and Torres (H.R. 6132) and Senators Gallego (D-AZ) and McCormick (R-PA) (S. 1527) would increase the per-unit loan limits on certain FHA multifamily insured properties.

Choice in Affordable Housing Act of 2025: Bipartisan legislation introduced by Representatives Cleaver (D-MO) and Lawler (R-NY) (H.R. 1981) and Senators Coons (D-DE) and Cramer (R-ND) (S. 890) would address many overlapping and redundant programmatic procedures that have deterred owners and operators from participating in the Section 8 Housing Choice Voucher Program. The bill enjoys broad support from both housing advocates and housing providers.

Community Investment and Prosperity Act: Bipartisan legislation introduced by Representatives Lawler (R-NY), Kim (R-CA), and Beatty (D-OH) (H.R. 5913) and Senators Scott

(R-SC) and Blunt Rochester (D-DE) (S. 2464) to raise the cap on banks' public welfare investments (PWIs) from 15 to 20 percent. The bill is companion to the Community Investment and Prosperity Act (S.2464would increase to 20 percent from 15 percent the public welfare investment (PWI) cap applicable to banks for purposes of their investments in Low-Income Housing Tax Credit developments and other community development activities. Many banks have already or expect to soon reach their 15 percent PWI cap, which, therefore, is thwarting their ability to provide additional equity for affordable housing development. Increasing the cap would help ensure the increase in LIHTCs authorized as part of tax legislation enacted in July 2025 can reach its full potential.

Rural Housing Service Reform Act: Bipartisan legislation introduced by Representatives Nunn (R-IA) and Cleaver (D-MO) (H.R. 4957) and Senators Smith (D-MN) and Rounds (R-SD) (S. 1260), the *Rural Housing Service Reform Act*, would be instrumental in preserving the affordable multifamily housing stock in many rural communities throughout the country. The legislation would provide owners with tools they currently do not have and, at the same time, assure residents that they will continue to have an affordable place to call home. Provisions in the bill will allow the Rural Housing Service to more effectively address the housing needs of both the providers and residents who live in this vital housing.

Fully Fund and Reform Federal Housing Support & Affordability Programs: While increasing supply is critical to the goal of addressing the Nation's housing affordability crisis, it is equally critical to ensure that policymakers take the steps necessary to ensure assistance is available for those that simply cannot afford the housing they so desperately need. In that regard, we continue to advocate for funding for multiple critical programs that focus on housing affordability, such as the Section 8 Housing Choice Voucher Program (HCV), Project Based Rental Assistance (PBRA), Rental Assistance Demonstration (RAD), Homelessness Programs, HOME, Community Development Block Grants (CDGB), and Rural Housing programs. However, we believe that many of these programs would benefit from reform efforts to ensure the programs are operating in a cost effective and efficient manner.

TIFIA Reform: The Transportation Infrastructure Finance and Innovation Act (TIFIA) provided the Department of Transportation (DOT) $70 billion in below-market lending authority for, among other things, transit-oriented development, including for housing near public transit. TIFIA could be a significant tool to increase housing supply, but it currently requires transportation underwriting standards that are not applicable to housing development. TIFIA must be reformed to include housing underwriting standards to reach its full potential. Legislation introduced by Representatives Scholten (D-MI) and Bresnahan (R-PA) (H.R. 6228) would effectively address this issue.

Tax Policy Can Also Spur Housing Supply: The multifamily industry believes that tax policy also has a critical role to play in fostering housing supply. In this regard, we thank Congress for earlier this summer enacting legislation substantially enhancing the Low-Income Housing Tax Credit (LIHTC) by both permanently increasing LIHTC authority by 12 percent and reducing the private activity bond financing threshold to 25 percent from 50 percent, which is required to receive the full amount of 4 percent LIHTCs, beginning 2026. These provisions could help finance an additional 1.22 million units over the 2026-2035 period.[18] Congress should consider other tax policy initiatives, and we recommend Congress support the following proposals:

Workforce Housing Tax Credit Act: Bipartisan legislation introduced in the 118th Congress by Representatives Panetta (D-CA) and Carey (R-OH) (H.R. 6686) and Senators Wyden (D-OR) and Sullivan (R-AK) (S. 3425) would establish a new tax credit to produce affordable rental housing for households earning 100 percent or less of the area median income (AMI). The *Workforce Housing Tax Credit Act*, which is modeled on the successful Low-Income Housing Tax Credit, would address the housing shortage for individuals who comprise the very fabric of strong communities nationwide, including teachers, firefighters, nurses, and police officers whose wages are not keeping pace with costs.

Enhance Opportunity Zones to Incentivize Rehabilitation of Housing Units: The real estate industry is extremely grateful that Congress permanently reauthorized Opportunity Zones in recently enacted tax legislation. While Opportunity Zones are beneficial for new multifamily development, developers may find it difficult to use Opportunity Zone benefits to rehabilitate existing properties.

To qualify for Opportunity Zone benefits for rehabilitation, the basis of an existing asset must generally be doubled, excluding land. However, as part of tax legislation enacted in July, for Opportunity Zones in rural areas, the basis increase necessary was reduced to 50 percent, effective July 4, 2025. Although property that is added to and improves an asset can count toward this threshold, doubling the basis can still be a high hurdle.

To promote the rehabilitation and preservation of multifamily housing in all Opportunity Zones nationwide, Congress should reduce the basis increase necessary to qualify a multifamily rehabilitation project for Opportunity Zone purposes to no higher than 50 percent. This step would maximize the ability of Opportunity Zones to address the nation's housing supply shortage.

Conclusion

This is the bottom line: there is no silver bullet, but a multi-faceted approach to improving housing affordability and increasing housing supply is our best bet. The health and stability of the rental housing sector is paramount to that of our overall economy. And, importantly, the sufficient supply of quality housing is necessary in ensuring the continued economic prosperity and household stability for Americans nationwide. Without it, we put both at risk. Solving this challenge should be mission critical for Congress.

On behalf of the nation's rental housing providers and the nearly 40 million Americans we serve, NMHC, NAA, and RETTC applaud the House Committee on Financial Services for its commitment to finding solutions to the nation's most significant housing challenges.

[18] https://www.novoco.com/notes-from-novogradac/final-reconciliation-bill-permanently-expands-lihtc-nmtc-and-oz-incentive-but-does-not-include-htc-provisions#:~:text=Like%20the%20SFC%20version%20of%20the%20reconciliation,1.22%20million%20affordable%20rental%20homes%20over%202026%2D2035.