



National Association of Housing and Redevelopment Officials

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The National Association of Housing and Redevelopment Officials, which was established in 1933, is a membership organization of approximately 26,000 housing and community development providers and professionals throughout the United States. The association's members create and manage affordable housing for low- and middle-income families and support vibrant communities that enhance the quality of life for all. Our members administer more than 3 million homes for more than 8 million people.

NAHRO's core mission is to advance the creation of strong, sustainable and affordable communities through advocacy, professional development, and empowerment of our numerous members. NAHRO does this by advocating for additional resources and common-sense solutions to existing housing and community development programs so that all Public Housing Agencies (PHAs) and community development agencies have the fundamental tools they need to support families. Ensuring that families across this country have access to safe, secure homes is the top priority for NAHRO and its members. We envision a future of thriving communities with affordable homes for all.

HOME Produces Results

Our nation is in the midst of a severe housing supply and affordability crisis. The HOME Investment Partnerships (HOME) program addresses this challenge by providing flexible funding to states and localities to develop and preserve affordable housing for low- and very low-income households, as well as to support homeownership initiatives. At its heart, the HOME program expands housing supply and helps communities meet their development needs by giving them the flexibility to choose the most effective strategies.

Participating jurisdictions can use HOME funds for a wide range of eligible activities, including for new construction and rehabilitation of owner-occupied and rental housing, assistance to homebuyers, and tenant-based rental assistance.

Since its inception in 1992, the HOME program has been a cornerstone of affordable housing production, producing and preserving approximately 1.4 million affordable housing units and providing tenant-based rental assistance to an estimated 415,000 households. Housing

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professionals consistently rely on HOME funds to make affordable housing projects financially viable, often using them to fill critical financing gaps in deals that include the Low-Income Housing Tax Credit (LIHTC). Without these funds, many LIHTC projects would struggle to close due to limited state resources.

Beyond housing, the HOME program delivers substantial economic benefits to communities nationwide. For every \$1 billion in HOME funding, about 18,230 jobs are created or sustained. Additionally, each dollar invested by Congress leverages nearly five dollars in other public and private funding. Since 1992, HOME investments have supported over two million jobs and generated approximately \$135 billion in local income.

HOME Reforms

The HOME program statute was last updated in 1994, over 30 years ago. Although the program has continued to receiving funding, program reforms are essential to secure its future and maintain support for this vital tool that expands housing supply and helps families access homeownership.

At a time of historically high housing costs, increasing homelessness, and a critical shortage of affordable housing, HOME is more important than ever. As Congress considers reforming the program, NAHRO recommends the following solutions to further strengthen and modernize HOME:

Streamline Federal Regulations

Numerous requirements impact the effectiveness of HOME funding. These include Davis-Bacon, Build America, Buy America (BABA), and Section 3 requirements.

Davis-Bacon requires that federal or federally assisted construction projects pay prevailing wages and fringe benefits to laborers. While the intent is to ensure fair compensation, Davis-Bacon also increases costs and creates significant administrative burdens for grantees. For instance, higher labor costs directly raise development expenses, which can reduce affordability, especially challenging during periods of inflation. Further, current Davis Bacon reporting requirements can deter some private developers from engaging with the program.

NAHRO supports fair wages for workers, but the current application of Davis-Bacon under the HOME program presents barriers to smaller-scale projects. Specifically, the threshold that triggers Davis-Bacon compliance—projects with 12 or more units—makes it difficult to move forward with smaller developments due to added costs and administrative complexity. NAHRO recommends raising this threshold from 12 to 50 units to make smaller-scale construction more viable.

In addition, many HOME projects combine funding sources with differing Davis-Bacon requirements, further complicating compliance. To modernize the law, NAHRO also recommends increasing the construction contract threshold from the current \$2,000, which has remained unchanged since 1931, to \$250,000, the Small Acquisition Threshold, with annual adjustments to reflect inflation.

Section 3 of the Housing and Urban Development Act requires recipients of HUD funding to ensure that employment, training, and contracting opportunities are directed toward low-income individuals and the businesses that employ them. While this goal is important and widely supported, the current implementation of Section 3 presents significant challenges for grantees.

Specifically, the program imposes extensive and complex reporting requirements that increase administrative workload and consume time and resources that many grantees, especially smaller agencies, simply do not have. These administrative burdens can divert staff capacity away from directly managing and delivering affordable housing projects.

To make Section 3 more effective and achievable, NAHRO recommends streamlining and reducing the number of reporting requirements or exempting HOME from meeting Section 3 requirements. This would allow grantees to focus more on creating real employment and contracting opportunities for low-income individuals, rather than being overwhelmed by paperwork.

Build America, Buy America (BABA), enacted as part of the Infrastructure Investment and Jobs Act, requires the use of domestically produced iron, steel, manufactured products, and construction materials in all federally funded infrastructure projects, including the construction and maintenance of affordable housing. NAHRO supports initiatives that increase demand for American-made products, strengthen domestic supply chains, and create American jobs.

However, current BABA requirements do not adequately account for the realities and challenges facing the affordable housing industry. Demand for construction materials already far exceeds supply,¹ leading to long delays – NAHRO members report that it can take months to source necessary materials. BABA requirements are likely to further extend project timelines and add costs, as American-made products can be both harder to source and significantly more expensive than alternatives produced overseas. In addition, it is often unclear where products were manufactured, complicating compliance. Determining what is made in America requires extensive and time-consuming procurement processes, further slowing down affordable housing production.

For HOME funds to be deployed quickly and effectively to address the nation's urgent housing supply crisis, NAHRO recommends that HOME-funded projects be exempt from BABA requirements until there is a broader, affordable, and clearly identified supply of American-made products available.

To further ease implementation challenges, Congress could also direct HUD to expand technical assistance and resources for grantees. This might include developing a comprehensive vendor directory of American-made products and detailed FAQs that clarify how to navigate specific compliance questions that arise in affordable housing projects.

BABA requirements also have significant unintended consequences for affordable housing projects where HOME is not the primary funding source but is used to close critical financing gaps. For example, projects funded primarily through the Low-Income Housing Tax Credit (LIHTC) program are not themselves subject to BABA requirements. However, when even a modest amount of HOME funding is layered into these projects, BABA compliance requirements extend to the entire development.

Because any project that receives federal financial assistance, including HOME, must ensure that all construction components meet BABA standards, many LIHTC deals risk being delayed, face increased costs, or ultimately being abandoned altogether. This undermines the effectiveness of

¹ Forbes: <https://www.forbes.com/councils/forbesbusinesscouncil/2025/01/03/revitalizing-american-manufacturing-the-pivotal-role-of-retailers/>

HOME as a gap financing tool and jeopardizes the production and preservation of affordable housing at a time of acute housing shortages.

Moreover, HOME is not the only program affected by BABA. Other affordable housing programs, including Public Housing and the Community Development Block Grant (CDBG) program, face similar challenges and should also be considered for exemptions. While NAHRO recognizes that addressing these issues fall outside the scope of the HOME program, it remains a critical priority to ensure federal housing resources can be deployed quickly and effectively to meet urgent local needs.

Improve the Environmental Review Process

The environmental review process can often be excessive, time-consuming, and complicated. This is because it requires extensive documentation, public notice requirements, and lengthy analysis. The environmental review process can also significantly slow down project construction and completion. NAHRO recommends improving the environmental review process by decreasing the time it takes to complete and only requiring one environmental review per project, regardless of which programs are involved. Projects that receive HOME funds later in development are often required to undergo a second environmental review, even if one was already completed at the outset. This duplicative requirement should be waived for projects that have already undergone a qualifying review. In addition, reducing the 30-day public comment period to 10 to 15 days would help limit the amount of time it would take to complete the process.

Allow for More Eligible Activities

The HOME Investment Partnerships Program has been highly effective in expanding the supply of affordable housing and creating opportunities for low-income families. To build on this success and to address the evolving needs of communities, NAHRO recommends broadening the range of eligible activities that can be supported with HOME funds.

Specifically, NAHRO urges Congress to allow HOME funds to be used for the rehabilitation of public housing and for the rehabilitation of projects that have previously received HOME assistance. Decades of chronic federal underfunding have contributed to a significant backlog of capital needs in public housing nationwide, leaving many units in dire need of modernization and repair. Permitting the use of HOME dollars for public housing rehabilitation would provide critical support to preserve and improve these essential units.

Additionally, allowing grantees to use HOME funds to rehabilitate projects that were previously assisted under the program would help communities maintain the long-term quality and viability of affordable housing. Many properties built or rehabilitated with HOME funds decades ago are now aging and require updates to remain safe, efficient, and affordable.

To ensure this flexibility is targeted appropriately, NAHRO recommends establishing a defined look-back period if HOME funds are allowed to rehabilitate projects previously assisted with HOME. This safeguard would prevent HOME funds from being used on projects that have been recently rehabilitated, ensuring that resources are directed where the need is greatest.

Expanding eligible uses of HOME funds in these ways would maximize the program's impact. This would help localities preserve existing affordable housing, modernize public housing stock, and continue addressing the affordable housing crisis.

Eliminate the HOME 24-Month Commitment of Funds Requirement

NAHRO recommends making permanent the provision that allows participating jurisdictions to retain HOME funds that would otherwise expire under the program's 24-month commitment requirement. Originally included in the 2017 Appropriations Act, this provision has since needed to be renewed each year through annual appropriations legislation, creating uncertainty for grantees.

The 24-month commitment requirement was intended to ensure timely use of funds; however, it has become an outdated and burdensome step in the development process. HOME projects are already subject to a four-year completion deadline, which effectively ensures accountability and timely progress. Retaining the 24-month requirement adds unnecessary administrative complexity and can force jurisdictions to rush decisions or forgo projects that may take longer to plan but would deliver significant community benefit.

Permanently eliminating the 24-month commitment requirement would provide much-needed consistency and predictability, allowing participating jurisdictions to plan, budget, and administer HOME funds more effectively. It would also help ensure that funds remain focused on supporting quality affordable housing development and preservation, rather than being lost due to an inflexible procedural hurdle.

Adjust HOME Funding to Keep Up with Inflation

Over time, funding for the HOME Investment Partnerships Program has steadily declined, even as the nation's affordable housing needs have grown. From the program's inception in the 1990s through 2011, annual funding levels typically ranged between \$1.5 billion and \$2 billion. However, since 2012, HOME funding has consistently fallen below that range. For fiscal years 2024 and 2025, Congress provided \$1.25 billion for the program.

NAHRO is grateful for this critical investment, but current funding remains insufficient to meet rising local demand and the worsening affordable housing crisis. Further, appropriated funding levels for HOME have never been adjusted to reflect inflation, despite the fact that development, rehabilitation, and operating costs continue to increase every year. As a result, the purchasing power and overall impact of HOME dollars have been significantly eroded over time.

To ensure the program remains effective in expanding and preserving affordable housing, NAHRO urges Congress to increase HOME funding to levels that better align with both inflation and today's urgent housing needs. Adequate and sustained funding will help local communities continue to address housing affordability challenges and support low-income families nationwide. Proposals to eliminate funding for the program would be devastating and would significantly decrease our country's ability to build additional affordable housing.

Conclusion

The HOME program has long served as a cornerstone of affordable housing production across the country. It provides critical resources that allow state and local governments to support a wide range of eligible activities, from new construction and rehabilitation to tenant-based rental assistance and homeownership initiatives. The program's flexibility is central to its success,

enabling communities to tailor strategies to their unique housing needs. Equally important is ensuring consistent and adequate funding to sustain its impact. Eliminating funding to the program would be devastating.

Grantees consistently identify HOME as an essential tool that their communities depend on to expand affordable housing options and enhance the overall quality of life, whether in rural areas, suburban neighborhoods, or urban centers. This support is especially vital today, as the nation faces an unprecedented crisis in housing affordability and supply.

Modernizing and strengthening the HOME program through targeted statutory reforms would reaffirm Congress's commitment to increasing affordable housing opportunities for all Americans. At the same time, it would preserve the program's flexibility, ensuring that critical community development decisions remain in the hands of state and local governments, who are closest to the needs of their residents.

Thank you again for the opportunity to submit testimony on this important program. NAHRO remains ready to work with Congress to support public housing agencies and community development organizations in their shared mission to expand affordable housing and homeownership opportunities nationwide.