

House Financial Services Subcommittee on Housing and Insurance

Wednesday, July 24, 2024

The House Financial Services Subcommittee on Housing and Insurance held a [hearing](#) entitled, “Housing Solutions: Cutting Through Government Red Tape.” A summary is provided below and please reach out with any questions.

Key Takeaways

- Members throughout the hearing discussed the shortage of affordable housing and the increased costs associated with homeownership and focused on key issues including the International Energy Conservation Code (IECC); the Biden Administration’s corporate landlord rent cap proposal; and insurance costs.
- Republican members expressed their issues with federal, state, and local housing regulations for impeding the ability of the private sector to develop single and multifamily housing across the country. Specifically, Republican members took issue with environmental rules and high inflation as two factors that have contributed to a decrease in housing development. Democratic members highlighted how energy efficiency rules will lead to increased savings for individuals over time, as well as the rising costs of property insurance.
- In his opening statement, Subcommittee Chairman Warren Davidson (R-OH) criticized the Biden Administration’s proposal to create a federal rent control standard for apartment buildings, as well as Housing and Urban Development’s (HUD) International Energy Conservation Code (IECC) for adding costs and complexity.

Witnesses

- [Mr. Carl Harris](#), Co-Founder and President, Carl Harris Co., Managing Partner, Harris Homes, and Chairman, National Association of Home Builders (NAHB)
- [Mr. James H. Schloemer](#), Chief Executive Officer, Continental Properties Company, and Chair, National Multifamily Housing Council (NMHC), on behalf of NMHC and the National Apartment Association
- [The Honorable Paul Compton](#), Managing Partner, Compton Jones and Drescher LLP
- [Ms. Linda Couch](#), Senior Vice President, Policy and Advocacy, LeadingAge

Key Issues

Housing Affordability

- Chairman Davidson asked the witnesses what policies they would recommend Congress take up to lower the costs of housing and increase the development of affordable housing. Mr. Compton discussed the elimination of passive-activity losses generated by real estate depreciation from being claimed is a long-term fix but added that as reconsideration of the TCJA develops this is one element that could be worth “throwing into the mix.”
- Rep. Blaine Luetkemeyer (R-MO) discussed how HUD guarantees loans and noted his support for shifting that risk to the private sector and asked if this would help make loans more accessible/affordable. Mr. Compton responded that more risk-sharing with the private sector could be something worth exploring in a pilot program but did not fully endorse the idea.
- Rep. Scott Fitzgerald (R-WI) advocated for Rep. Barry Loudermilk’s (R-GA) legislation, the Portal for Appraisal Licensing Act, which would establish a central portal for real estate appraisers and real estate appraisal management companies to apply for and to renew certain licenses, certifications, and registrations.
- Rep. Steven Horsford (D-NV) expressed concerns about out of state corporations purchasing affordable housing options in Nevada at an increased rate by leveraging high interest rates and making all cash offers. Additionally, Rep. Horsford called on the Biden Administration to cut regulations to expedite permitting and to ease constraints that will allow for affordable housing to be developed on public lands.

International Energy Conservation Code

- Chairman Davidson asked if HUD is required to published updated standards, which Mr. Harris responded that he believed HUD was required to determine whether the introduction of an energy code into their program would affect both the affordability and the availability of HUD and USDA financed single-family homes.
- Rep. Sylvia Garcia asked why housing developers are not building more multifamily housing that are affordable to lower income households. Mr. Harris responded that if regulations were decreased, particularly environmental standards, would potentially incentivize developers to develop more affordable multifamily housing.

Biden Administration Corporate Rent Control Plan

- In her opening statement, Rep. Sylvia Garcia (D-TX) advocated for the Biden Administration's proposal to withhold tax benefits from corporate landlords that raise rent by more than 5% a year.
- Rep. Scott Fitzgerald (R-WI) criticized the Biden Administration's policy proposal and asked what some of the effects of a rent cap policy on housing affordability and availability. Mr. Schloemer responded that rent control policies have had a negative impact in areas that have adopted rent control.
- Rep. Andrew Garbarino (R-NY) asked if the proposed rent controls would result in less housing being developed. Mr. Schloemer reiterated his position that any rent control policies would result in less housing being developed.

Insurance

- Rep. Ritchie Torres (D-NY) expressed his concern about the cost of insurance, specifically property and liability insurance that he said has significantly increased in recent years and asked what can be done to address rising insurance costs.
- Rep. Nydia Velazquez (D-NY) asked what recommendations the witnesses have for the rising costs of insurance for homeowners. Ms. Couch said the Committee could look into authorizing HUD to establish an insurance product exclusively for its affordable senior housing programs.