

SENATE BANKING DISCUSSES HOUSING AFFORDABILITY SOLUTIONS

EXECUTIVE SUMMARY

On March 12, the Senate Banking Committee held a [hearing](#) entitled “Examining Proposals to Address Housing Affordability, Availability, and Other Community Needs.” The hearing featured testimony from three witnesses with expertise in housing policy and offered lawmakers their recommendations for remedying the housing affordability issue. Notably, the discussions featured broad bipartisan agreement on the need to address housing affordability. Lawmakers used the opportunity to promote a litany of legislation they have crafted or are supportive of, such as those pertaining to rental assistance, various tax credits, housing vouchers, and other federal programs.

While lawmakers agreed on the need to confront the issue, they largely promoted different prospective solutions. Republicans on the panel advocated for greater efficiency of existing federal housing programs and a loosened regulatory environment. In contrast, Committee Democrats critiqued the growing share of single or multifamily homes owned by institutional investors and called for greater focus on rental assistance initiatives.

OPENING STATEMENTS

Chair Sherrod Brown (D-OH) ([statement](#)) highlighted the nationwide housing affordability issues, emphasizing how high interest rates are pushing up home prices and keeping supply low. He discussed the bipartisan efforts to address housing costs and expand housing options for renters and homeowners, including proposals to improve rural housing programs, enhance HUD's housing voucher program, and support affordable homeownership initiatives. Chair Brown emphasized the need for solutions to tackle the housing costs and ensure that vulnerable consumers have access to safe and affordable housing.

Ranking Member Tim Scott (R-SC) ([statement](#)) discussed challenges facing consumer in achieving homeownership due to rising housing costs, limited supply, and regulatory barriers. He emphasized the importance of financial literacy and reducing “red tape” to make homeownership more accessible. Ranking Member Scott attributed the current state of housing to the current administration's economic policies. He proposed the [Road to Housing Act](#) as a solution to address these challenges, stressing the need for bipartisan collaboration on the issue.

WITNESS TESTIMONY

Mr. Matt Joseph ([testimony](#)), of LISC, emphasized the need for more housing supply to address affordability challenges faced by consumers, particularly renters and aspiring homeowners. He

highlighted the importance of legislative action, including enacting bills such as the [Affordable Housing Credit Improvement Act](#) and the [Neighborhood Homes Investment Act](#), which could create millions of affordable housing units. Additionally, he called for support for programs like the [Rural Housing Reform Act](#) and continued funding for initiatives such as the Low-Income Housing Tax Credit (LIHTC), home, and the Capital Magnet Fund to address housing affordability and promote community development.

Mr. E.J. Antoni ([testimony](#)), of the Heritage Foundation, attributed rising housing costs to various public policy choices, including increased federal expenditures and regulations. He highlighted the impact of inflation and systemic interest rate risk, exacerbated by large federal deficits financed by the Federal Reserve. Mr. Antoni suggested several actions Congress could take to address the housing affordability crisis, including reducing spending, “reining in” the Fed, and implementing regulatory reform to increase flexibility and lower costs in the housing market.

Ms. Peggy Bailey ([testimony](#)), of the Center on Budget and Policy Priorities, emphasized the disproportionate impact on low-income renters, particularly people of color. She urged Congress to improve federal rental assistance programs to make them more accessible and effective, recommending measures such as prohibiting voucher discrimination and providing flexibility in the inspection process. Ms. Bailey also advocated for solution including direct rental assistance to tenants and allowing families to save a portion of rent increases to build savings, emphasizing the importance of government intervention to address market limitations and ensure housing stability.

DISCUSSION AND QUESTIONS

- **Sen. Jon Tester (D-MT)** asked what role the federal government could play in encouraging investment into more housing supply. Mr. Josephs suggested encouraging greater utilization of the low-income housing tax credit (LIHTC) by passing the Affordable Housing Credit Improvement Act in addition to the Neighborhood Homes Investment Act.
- **Sen. Mike Rounds (R-SD)** pressed Mr. Josephs to discuss how the Rural Housing Reform Act might help alleviate housing affordability issues, echoing similar sentiment from **Sen. Tina Smith (D-MN)**. Mr. Josephs stated that it would help preserve Section 515 affordable housing.
- **Sens. Cynthia Lummis (R-WY)** and Rounds inquired about how certain housing regulations, such as those implemented by the Department of Labor (DOL), might have increased regulatory compliance costs. Mr. Antoni asserted that it has resulted in increased costs for home builders, which he suggested is then passed on to the consumer.
- Sen. Smith asked what lessons could be learned from changes made to federal housing assistance programs during the COVID-19 pandemic. Ms. Bailey highlighted the increased flexibility provided to jurisdictions in how they implement the programs as a key lesson. She also encouraged greater pay incentives for housing authorities.
- **Sen. Jack Reed (D-RI)** prompted Mr. Josephs to discuss how Title I manufactured homes increase housing affordability. Mr. Josephs argued that by raising loan limits in the program, it keeps up with the cost for builders.

- Sen. Reed inquired about how the Family Self-Sufficiency (FSS) program aims to make housing more affordable for low-and-moderate-income (LMI) individuals. Ms. Bailey explained that the program allows families receiving assistance to save for purchases such as homes or cars.
- Ranking Member Scott touted his legislation — the Road to Housing Act — as a potential solution to alleviate housing affordability concerns. Mr. Antoni suggested that many existing housing programs seek to address the issue by stimulating demand, which suggested only exacerbate to problem. Further, he applauded efforts to expand qualification requirements for certain housing assistance programs.
- **Sen. Bob Menendez (D-NJ)** asked if the lack of adjustments to the Federal Housing Administration’s (FHA) multifamily loan limits has contributed to housing affordability. Ms. Bailey asserted that it is a contributing factor, adding that the various housing assistance programs are not interoperable, making other financing options difficult to utilize.
- Sen. Menendez wondered about the need for greater focus on constructing new affordable housing units near mass transit. Mr. Josephs agreed on the benefits of such an initiative, arguing that it will help reduce other costs associated with home ownership or renting.
- **Sen. Thom Tillis (R-NC)** expressed concern over recent Federal Housing Finance Agency (FHFA) rulemaking, arguing that it will increase the cost of mortgages for borrowers with good credit while decreasing the cost for borrowers with otherwise little or poor credit history. Mr. Antoni agreed, asserting that it will lead to greater housing costs throughout the economy. Further, he argued that it provides a disincentive for borrowers with good credit for purchasing homes.
- **Sen. Catherine Cortez Masto (D-NV)** raised the prospect of doubling the Federal Home Loan Bank’s (FHLB) required contribution to the Affordable Housing Program (AHP). Mr. Josephs welcomed the idea, adding that it would aid in addressing issues surrounding gap financing for rental housing.
- Sen. Cortez Masto asked how making improvements to the Home Investment Partnership Program (HIPPP) might address affordable housing concerns. Mr. Josephs suggested that the program is important to increase housing affordability and provides borrowers with greater flexibility regarding the use of funds. He also offered his support for Sen. Cortez Masto’s [legislation](#) on the matter.
- Sen. Cortez Masto prompted Mr. Josephs to comment on the importance of the Preservation Reinvestment Initiative for Community Enhancement (PRICE) program, raising the prospect of making the program permanent. Mr. Joseph stated that the program’s importance can be attributed to the flexibility it provides for manufactured housing.
- **Sens. J.D. Vance (R-OH) and Raphael Warnock (D-GA)** asked Ms. Bailey to comment on the trend of institutional investors purchasing family homes, expressing their concern over the issue. Ms. Bailey agreed that it is an issue that is increasing home prices and encouraged localities to examine the issue. Mr. Josephs offered Chair Brown’s legislation as a potential solution as well as the Neighborhood Homes Investment Act.
- **Sen. Elizabeth Warren (D-MA)** pressed Ms. Bailey on how the federal government’s perceived “failure” to adequately fund tribal housing programs has affected tribal communities. Ms. Bailey explained that housing-related issues are exacerbated in tribal

communities and encouraged greater funding for such initiatives. Sen. Warren called for support of her legislation on the matter.

- Citing his legislation — the [HELPERS Act](#) — Chair Brown asked what challenges public servants face as first-time homebuyers. Mr. Josephs asserted that there are enough “mortgage-ready” borrowers that meet credit qualifications but lack the funds for a down payment. He suggested that this bill would address the issue by providing a zero down payment mortgage option for public servants.
- Chair Brown inquired how the Eviction Crisis Act would help cut down on unnecessary evictions and their associated costs. Ms. Bailey contended that it would provide funding for rental assistance, providing a more stable housing situation.
- Chair Brown asked how to encourage owners of affordable housing to make necessary investments to preserve their properties. Ms. Bailey suggested examining the prospect of providing landlords with funds to make these improvements. However, she acknowledged that more robust oversight is needed to ensure landlords are acting in good faith.
- **Sen. John Fetterman (D-PA)** wondered what types of repairs are and are not covered by existing federal programs, citing the need to pass the [Whole-Home Repairs Act](#). Mr. Josephs suggested there is no “one stop shop” for home repair federal funding and expressed concern over the aging housing stock. Ms. Bailey added that the aging housing stock is also contributing to the purchase of family homes by financial institutions due to the previous owner’s inability to afford repairs.
- **Sen. Chris Van Hollen (DMD)** prompted Mr. Josephs to comment on the [Family Stability and Opportunity Act](#) (FSO) to establish new Choice Housing Vouchers aimed at boosting family mobility. Mr. Josephs stated that this would grant LMI families with small children greater mobility in choosing the communities they raise their children in. Ms. Bailey agreed, adding that there has not been sufficient focus on LMI families in discussions around housing.
- Sen. Warnock asked Ms. Bailey who might benefit from his [Down Payment Toward Equity Act](#), which would provide down payment assistance to first-time first-generation homebuyers. Ms. Bailey insisted that it would predominantly benefit minority homebuyers.