

Policy Advocacy 2023 - 2024 Wins

Fighting Regulation that would Drive Housing Providers from the Market

- **Mobilizing Housing Providers** - NAR informed the [Federal Housing Finance Agency's \(FHFA\)](#) that its consideration of tenant demands where Fannie Mae and Freddie Mac cap rent increases on the multifamily properties they underwrite could force small housing providers out of the market, limiting housing options for consumers. NAR spearheaded a call for action of housing provider members and joined a [coalition letter](#) to emphasize the adverse impact of such a dramatic administrative action on housing providers.
- **Educating on Consumer Protections** - NAR provided [feedback to the Consumer Financial Protection Bureau and the Federal Trade Commission on tenant screening practices](#), emphasizing their role in supporting safe and healthy housing communities and NAR's commitment to ensuring that members carry these out in a way that complies with all CFPB regulations and the Fair Housing Act.
- **Opposing Rent Stabilization Policies** - NAR, the Mortgage Bankers Association, the National Association of Homebuilders, and the National Apartment Association, filed an [amicus brief](#) in support of the Supreme Court's review of two cases challenging a New York rent control law to stop government actions that exacerbate existing housing shortages and affordability problems.
- **Protecting Rental Housing Providers:** In addition to advocating in Congress and with the Federal Agencies against over-regulation of rental housing providers, NAR also advocates for them in the courts. In 2023 NAR submitted an [amicus brief](#) to the U.S. Court of Appeals for the Federal Circuit in the case of *Darby Development Company, Inc. v. United States (Darby)*. This case centered around whether rental housing providers who lost the use of their properties due to the CDC's eviction moratorium from 2020 – 2021 could sue the government for that loss as a taking. A lower court had ruled that since the Supreme Court found the CDC's actions to be unauthorized (in another case NAR played a role in, *Alabama Ass'n of REALTORS® v. HHS*), those same actions could not be the base of a takings suit – so, only authorized actions by the government can be a taking. The Court of Appeals agreed with NAR's arguments and held that first, a government action need not be authorized to be considered a taking, and second, that the eviction moratorium does indeed qualify.

Amplifying Housing Accessibility & Affordability

- **ADU Support** - NAR supported recent action by the Administration to [update policies on Accessory Dwelling Units \(ADUs\)](#) as a means to create additional housing inventory and more opportunities for homeowners. The Federal Housing Administration (FHA) will now allow buyers to use actual or potential rental income of an ADU when qualifying for an FHA-insured loan.
- **Facilitating More Rental Housing** - NAR advocated for a recent change made by the FHA that [increased the threshold dollar amount for "Large Multifamily Loans"](#) from \$75 million to \$120 million. This change will increase the number of multifamily loans that are eligible for standard underwriting for FHA insurance, facilitating the cost-effective creation of more rental housing.

- **Elimination of Problematic Mortgage Fees on Consumers** - This spring, NAR repeatedly voiced concern regarding proposed hikes to upfront fees ("Loan-Level Price Adjustments" or "LLPAs") by the Federal Housing Finance Agency (FHFA). NAR testified before the House Financial Services Committee in May on the impact on borrowers. As a result of NAR's advocacy, the FHFA rescinded a problematic fee on borrowers with a high debt-to-income ratios.
- **Improving the FHA Rehabilitation Mortgage Insurance Program** - The FHA 203(k) Rehabilitation Mortgage Insurance Program assists homeowners and homebuyers by helping to finance their mortgage to repair, improve, or upgrade their home. In 2024 the FHA announced long sought-after updates to the program which NAR has long been pushing for. These include increasing the maximum cost under the program from \$35,000 to \$75,000, extending the rehabilitation period for the property to 12 months, and increasing the number of months of financeable mortgage payment reserves.
- **Lowering the Mortgage Insurance Premium (MIP)** - As a result of NAR's advocacy, the FHA reduced mortgage insurance premiums (MIPs) by 30 basis points, significantly helping new and low- to moderate-income buyers.
- **Reduce Rising Interest Rates** - In an effort to address the historically high mortgage rates, NAR and coalition partners urged the National Economic Council, Department of Treasury, Federal Reserve, and FHFA to take action to reduce the spread between 30-year mortgage rates and 10-year Treasuries (30/10 spread); actions to address the decline in demand for mortgage backed securities (MBS); and to enact other efforts to tame inflation.
- **Preserve Market Stability** - NAR and coalition partners also asked the Federal Reserve take action to stabilize the market for MBS through clear guidance that would ease the upward pressure on long-term mortgage rates. This would provide the market with greater certainty about the Fed's rate path and its plans for the MBS portfolio, reducing volatility.
- **Fighting Costly & Onerous Bank Rules** - NAR joined a coalition of consumer and mortgage finance groups to warn the bank regulators of the adverse impact the proposed Basel III revisions could raise the cost of borrowing in high-cost areas, harm new programs for underserved groups, and weigh on housing supply.
- **Affordable Housing Funding** - NAR supported the Department of Housing and Urban Development's (HUD) increased funding for the Housing Choice Voucher (HCV) program, which in 2023 provided \$30.3 billion to public housing authorities— a \$2.9 billion increase over 2022. HUD announced it will also award \$50 million for new vouchers for homeless veterans, and \$50 million for flexible new housing vouchers.

Incentives to Increase Housing Supply

- **Raise the Capital Gains Exclusion** - NAR successfully advocated for the introduction of the "More Homes on the Market Act" (H.R. 1321), a bipartisan bill that would incentivize more owners to sell their homes by doubling the maximum amount of capital gains a homeowner can exclude on the sale of a principal residence and annually adjusting it for inflation. This would unlock a significant segment of inventory previously unavailable to prospective buyers.
- **Expand Housing Development** - NAR has been a strong advocate for the "Neighborhood Homes Investment Act" (NHIA) and for the "Affordable Housing Tax Credit Improvement Act"

(AHTCIA), both of which are designed to significantly increase the number of homes available for lower- and middle-income families. The NHIA would attract private investment for building and renovating as many as 500,000 owner-occupied homes through tax credits. The AHTCIA would improve the Low-Income Housing Tax Credit Program to allow for the creation of over 2 million additional affordable homes over the next 10 years.

- **Remove State & Local Development Barriers** - NAR educates state and local partners about HUD's Pathways to Removing Obstacles to Housing (PRO Housing) grant program that supports communities removing barriers to new and affordable housing, including updating zoning and land use policies, improving permitting efficiencies, and decreasing threats from natural hazards.

Fair Housing and Homeownership Opportunity

- **Increasing Borrower Eligibility** - After decades of NAR advocacy, the Federal Finance Housing Agency (FHFA) committed to evaluating and adding additional credit scoring models for borrower eligibility. The new models will incorporate positive rental and utility history, opening opportunities for otherwise-qualified borrowers with "thin" credit files, and giving borrowers credit for making reliable payments on other credit commitments.
 - FHFA also announced a new requirement that only two credit reports need be considered for eligibility, versus the traditional three. This will reduce costs for lenders and encourage competition and innovation in the credit scoring market.
- **Special Purpose Credit Programs** - The final rule on the Community Reinvestment Act (CRA) established that Special Purpose Credit Programs, endorsed by NAR, are eligible for CRA credit. These programs allow banks to create targeted programs that serve economically disadvantaged groups. The three federal agencies overseeing the CRA committed to a "living" rulemaking process that will continue to examine who and where banks are serving, reassessing strategies to provide credit opportunities in more communities while truly evaluating the commitments from depository institutions in the communities they serve. The rule also adds flexibility and takes into account the move from a branch-lending model to a digital approach.
- **Affirmatively Furthering Fair Housing** - NAR mobilized a coalition of real estate groups including the National Association of Real Estate Brokers, the National Association of Hispanic Real Estate Professionals, the Asian Real Estate Association of America, and the LGBTQ+ Real Estate Alliance to issue a statement in support of HUD's Affirmatively Fair Housing Rule. The proposed rule, which encourages data-driven local solutions to housing segregation, includes a new emphasis on homeownership opportunity.
- **Heirs' Property Rights** - Since NAR urged state associations to support due process protections for owners of "heirs' property" in 2022, the Uniform Partition of Heirs' Property Act has been adopted by three additional states and the District of Columbia, bringing the total number of enactments up to 22. Seven additional states introduced bills in 2023.
- **State Fair Housing Requirements** - NAR and its state association partners have championed state-level reforms to advance property rights and fair housing. Since NAR urged state associations to strengthen fair housing licensure requirements, 6 states have added new fair housing education requirements to their licensing regime, including California, Missouri, Wisconsin, Texas, West Virginia, and Wyoming.

Preserving Homeownership, Property Rights, & Wealth Accumulation

- **Protecting Veteran Home Loan Benefits** – NAR successfully fought to protect veterans' ability to have a REALTOR® assist them in purchasing a home through the VA Home Loan Benefit, following the announcement of the settlement agreement regarding buyer-broker compensation rules. Under the VA Home Loan guaranty program, VA buyers were barred from compensating their buyer brokers directly. NAR worked with the Veterans Affairs Administration to get [a temporary policy](#) in place allowing VA buyers to compensate their buyer brokers directly, and the agency is determining when a formal rulemaking will take place.
 - NAR further pressed Congress to take action to protect this important benefit to our country's veterans. As a result, legislation was introduced to codify the changes to the Home Loan guaranty program: [H.R. 8647](#) (Rep. Alford, R-MO)
 - Additionally, NAR supports the "[VA Housing Loan Forever Act](#)," which gives descendants of veterans with unused entitlements (who served between 1944 – 1977) the ability to use their VA Home Loan. This bill was reintroduced in the 118th Congress in June.
 - Finally, NAR supports policies that keep veterans informed of their home loan benefit. NAR supported the introduction of [S.3068, the VA Home Loan Awareness Act](#) (Sens. Braun (R-IN) and Brown (D-OH)), which passed the Senate in July 2024, and in the House [H.R. 4335, the VALID Act](#) (Rep. Kilmer (D-WA)).
- **Reducing Foreclosures** - NAR advocated for and supported [FHA's forty-year loan modification](#) to help avoid foreclosures. Under [FHA's final rule](#), lenders can provide an extended loan modification to borrowers in distress by lowering their monthly payments over time.
- **Protecting Land Development** - NAR is part of a large coalition that has been [challenging the overreach of federal environmental regulation](#) on the rights of owners to use and develop private land. The pending Waters of the U.S. ("WOTUS") litigation is currently stayed in light of the recent Supreme Court decision (*Sackett v. EPA*), which provided needed clarity under the Clean Water Act and the ability to build on land subject to this law.
- **Legal Clarity on Home Equity** - The Supreme Court issued a decision in June [upholding a property owner's entitlement to their surplus equity](#) in their home, as advocated for by NAR in an amicus brief with the American Property Owners Alliance and the Minnesota REALTORS®. (*Tyler v. Hennepin County*)

Supporting Commercial Real Estate

- **Encourage Commercial to Residential Conversions** - Thanks to NAR and its coalition partners, Reps. Mike Carey (R-OH) and Jimmy Gomez (D-CA) introduced the "[Revitalizing Downtowns and Mainstreet Act](#)," which incentivizes converting underutilized commercial properties to residential units via a tax credit. Such a tax credit would be a triple win for REALTORS® and consumers by shoring up the commercial sector, increasing housing supply, and boosting the economy.
- **SAFER Banking Act** – NAR supported the Secure and Fair Enforcement Regulations (SAFER) Banking Act when it was considered and passed by the Senate Banking Committee. This legislation would create a safe haven for businesses which derive income from state-legalized cannabis sales (which includes income from sales of property to a cannabis business, property management fees, etc.) in that state, allowing them to bank with FDIC-backed financial

institutions. This will improve transparency in the legalized-cannabis industry, make it easier to track and prevent money laundering, and improve the safety of the neighborhoods these businesses are in.

- **SEC Climate Disclosure Rule** – In 2022 the SEC released a proposed climate disclosure rule for publicly traded companies, charging them with providing investors with disclosures relating to their climate impact, including “downstream” impacts that are difficult to measure and burdensome to calculate. The impact on commercial real estate companies would have been immediate and extreme. [NAR sent a comment letter](#) in response to the proposal detailing concerns with the proposal. In March 2023 the SEC released a final rule which eliminated Scope 3 of the proposal, which contained nearly all of the provisions NAR objected to, including emissions disclosures (including indirect emissions from upstream/downstream activities). Further, a safe harbor within the rule was expanded and the compliance deadline was extended, both in line with NAR’s comments.

Shaping Congressional & Administrative Action

- **Reauthorizing the National Flood Insurance Program (NFIP)** - NAR successfully pressed Congressional leaders to successfully extend NFIP through September 30, 2024. NAR estimates that 1,300 real estate transactions are affected each day of an extended NFIP lapse.
- **Ensuring Safety with New AVMs** - NAR sent a [response](#) to the joint banking and finance regulators on their proposed a joint rule to set rules for the use of automated valuation models (AVMs). AVMs are increasingly being used as an alternative to traditional appraisers and NAR urged regulators to set sound standards, apply them to all market participants, and to ensure that consumers receive the AVM estimates used to grant them an appraisal waiver.
- **Prioritizing Commercial to Residential Conversions** - NAR continues to encourage incentivizes for the conversion of unused commercial buildings to residential and mixed-use properties with a tax credit for qualified property conversion expenditures to better suit the needs of communities and create job opportunities, including adding multifamily and affordable housing, and mixed-use spaces. The Administration’s October 27th announcement recognized this necessary housing supply solution, and we encourage a legislative fix to further incentivize such conversions.
- **Strengthening Lead Regulations** - NAR, in coalition with other real estate stakeholders, submitted [comments on the EPA's proposed regulations](#) to strengthen requirements for the removal of lead-based paint dust in homes and childcare facilities built before 1978. The comments focus on concerns that the proposed rule will have significant negative impacts on all aspects of the housing and real estate market, including affordable housing that would have direct negative health impacts.
- **Support for Small Businesses** - NAR [spearheaded the introduction of new bipartisan legislation](#), the “Direct Seller and Real Estate Agent Harmonization Act,” (H.R. 5419) to harmonize federal statutes to reduce uncertainty and minimize regulatory burdens for independent contractor real estate professionals. [NAR also supports expanded access to association health plans \(AHPs\)](#) for more Americans, including self-employed real estate professionals. This NAR supported bill was included in the “CHOICE Arrangement Act,” which passed the House on June 21, 2023.