HOME 2.0: MODERN SOLUTIONS TO THE HOUSING SHORTAGE

HEARING

BEFORE THE

SUBCOMMITTEE ON HOUSING AND INSURANCE

OF THE

COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

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Wednesday, July 16, 2025

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HOME 2.0: MODERN SOLUTIONS TO THE HOUSING SHORTAGE

Wednesday, July 16, 2025

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND INSURANCE,
COMMITTEE ON FINANCIAL SERVICES
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m., in room 2128, Rayburn House Office Building, Hon. Mike Flood [chairman of the subcommittee] presiding.

Present: Representatives Flood, De La Cruz, Rose, Timmons, Fitzgerald, Lawler, Downing, Cleaver, Tlaib, Pressley, Garcia, Williams of Georgia, Pettersen, and Bynum.

Also present: Representative Liccardo.

Chairman FLOOD. The Subcommittee on Housing and Insurance will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any time.

This hearing is titled, "Home 2.0: Modern Solutions to the Housing Shortage."

Without objection, all members will have 6 legislative days within which to submit extraneous materials to the chair for inclusion in the record.

I would remind all members and witnesses we do have an open vote on the floor at this time, so the committee reserves the right to recess for purposes of that, but we are convening this hearing today in a spirit of bipartisanship.

I recognize myself for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. MIKE FLOOD, CHAIRMAN OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM NEBRASKA

First, I would like to thank all of our witnesses for being with us today. I very much look forward to hearing your testimony on the Department of Housing and Urban Development's HOME Investment Partnership Program. For those who are not familiar with it, the HOME program was created in 1990 with a passage of the Cranston-Gonzalez National Affordable Housing Act. The HOME program provides block grant funding to States and municipalities for the purpose of building and rehabilitating affordable housing. In practice, HOME is often used as a gap financing tool for housing projects often in conjunction with LIHTC, the Low-Income Housing Tax Credit. Since the early 1990s, the program has continued to be funded without many statutory changes and without a reauthorization. In other words, the HOME program is ripe for a remodeling itself, a fresh look from this committee.

Our work in this subcommittee this year has been focused on one thing, and that is addressing rising housing costs in this country. The one way to curb rising housing costs is to increase housing supply. No amount of rental assistance, down payment assistance, or other demand-side subsidies will get us out of our housing cost problem. We need to build more housing in this country, and that is the only solution that will move the needle. The underlying supply problem is what made me so interested in the HOME program to begin with. HOME is a program within our jurisdiction that is specifically geared toward building housing supply. I figured it would make sense to take a closer look at HOME and figure out what works with the program, what does not work with the program, and what we could change.

To that end, I am proud to say that I have been working very closely with my colleague, Ranking Member Cleaver, to get to the bottom of those questions. In April—you might have seen it—the two of us released a video requesting comments from States, cities, nonprofits, and developers on the HOME program. We received over 140 letters from organizations across the country in response. In May, the two of us sat together in a room for 6 hours, meeting with different requesters and asking them questions about how they would change the HOME program. Now, finally, we have a public hearing on this topic.

In the comments we received from a diverse set of stakeholders, there were four themes that up repeatedly as pain points that drive up housing costs in the HOME program. They are what I call the four horsemen of the housing apocalypse. The environmental review requirements, that is the first one. These delay a project start and often drive up its costs; number two, the Build America, Buy America requirements that drive up the cost of critical construction materials; number three, the Davis-Bacon requirements that, from what I have heard, are much more costly due to the associated reporting requirements than they are for the actual cost of paying the prevailing wages; and Section 3 requirements that make it more difficult to find contractors to do the job, particularly in rural areas with some of the workforce challenges I mentioned. We all agree that individually, each one of these requirements has a noble purpose, but when you put them all together, it makes it harder to address the supply problem in a less costly way.

The legislation attached to this hearing intends to address each of these four factors that drive up costs in the HOME program. Additionally, it seeks to provide a little more flexibility for jurisdictions to use funds to build more supply rather than for the permissible demand-side uses of the program. I expect in our conversation today; members and witnesses may raise things they would like challenged within this draft. That is okay. In fact, it is more than okay. That is why we are here.

As I close, I want to thank Ranking Member Cleaver for working in such good faith with me over the last several months. It has been a pleasure to develop a closer relationship with him through this process. With that, I am excited to hear testimony from our witnesses on the HOME program and housing supply, and with that I yield back.

I now recognize the ranking member of the subcommittee, Mr. Cleaver, for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. EMANUEL CLEAVER, RANKING MEMBER OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM MISSOURI

Mr. CLEAVER. Thank you, Mr. Chairman. Let me thank you also for creating a very wholesome atmosphere to work on some very serious pieces of legislation, and I thank the witnesses and some of the advocates who are concerned about the HOME program who joined us here today.

I would like to begin by describing for the American public the process for the legislation being considered. My colleague has already outlined some of it, but at the beginning of this Congress, Chairman Flood and I sat down and discussed our priorities around housing and insurance. Increasing the supply of safe, decent, and affordable housing is a challenge across this Nation. Tomorrow, I will join the National Low-income Housing Coalition to release the 2025 Out of Reach report. The report will highlight the urgent need for more housing supply. The high cost of housing is a function of limited supply. In Missouri, my home State, a minimum wage worker needs multiple jobs to afford a 1-bedroom rental home at fair market rate. In April, the chairman and I put out a national request on how to improve the Department of Housing and Urban Development (HUD's) HOME program. HOME is HUD's largest program dedicated exclusively to supporting affordable housing. The program is often used with the low-income tax credits. Every $1 of HOME leverages nearly $5 in additional private investment, and HOME has built more than 1.4 million affordable houses. It is also operating on an expired authorization and in need of modernization.

After soliciting feedback, Chairman Flood and I invited organizations to discuss their needs, their ideas. We came to an agreement on key areas to be addressed and continue to work on that legislation. There are a massive number of rules placed on nonprofits on thin margins, and on low-income housing providers who are building safe, decent, and affordable housing. Many rules add little to the goals of the program or are outright counterproductive. This includes rules that prevent low-income populations from participating in Federal projects. Low-income housing programs have also been tasked with complying with uncoordinated rules across different programs and agencies that make the goals of providing safe, decent, and affordable housing more difficult. This is something that Ezra Klein and Derek Thompson wrote at length in their book, "Abundance." I advise everybody to read that book. It will make you happy or, as it did with me, convicted me.

We saw a HOME rulemaking last year that addresses some of the issues of the program, but Congress is needed as well. All the witnesses today report that the HOME program can be improved and that the program is critical to housing supply, and I agree. Anyone who knows housing agrees. The witnesses today are more than 100 organizations, and what they have provided us in terms of invaluable feedback. The Fiscal Year 2026 Appropriation Subcommittee bill this week would not provide new homes for the HOME program and would eliminate many of the HOME programs. This is wrong. I disagree with it. The White House presented it. It is something we disagree with strongly.

No matter what we do on HOME, this hearing today is not occurring in a vacuum. I am committed to working with you on HOME and on the many issues facing American families. I look forward to my continuing work with the chairman, and I look forward to being with him when we cross the line on this extremely important piece of legislation.

Chairman FLOOD. Thank you, Representative Cleaver. I now welcome the testimony of Ms. Alison George, the Director of the Colorado Division of Housing Department of Local Affairs, here on behalf of the Council of State Community Development Agencies as board president. We also welcome Mr. Eric Oberdorfer, Director of the Policy and Legislative Affairs at the National Association of Housing and Redevelopment Officials; Mrs. Ellen Woodward Potts, the Executive Director of Habitat for Humanity of Tuscaloosa, here on behalf of Habitat for Humanity International; and Ms. Tiffany Bohee, President of Mercy Housing in California. We thank each of you for taking the time to be here. Each of you will be recognized for 5 minutes to give an oral presentation of your testimony.

Without objection, your written statements will be made part of our official record.

Ms. George, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF ALISON GEORGE, DIRECTOR, COLORADO DIVISION OF HOUSING, DEPARTMENT OF LOCAL AFFAIRS, ON BEHALF OF THE COUNCIL OF STATE COMMUNITY DEVELOPMENT AGENCIES (COSCDA) AS BOARD PRESIDENT

Ms. GEORGE. Thank you. Good afternoon, Chair Flood, Ranking Member Cleaver, and members of the subcommittee. Thank you for this opportunity to testify today. I am Alison George. I am the Board President of the Council of State Community Development Agencies, COSCDA. We represent States that administer vital programs doing housing, community development, homelessness programming, and disaster recovery work. I am from the great State of Colorado and the director of the Division of Housing at the Colorado Department of Local Affairs. I am here today on behalf of State housing leaders across the country who administer the HOME Investment Partnership Program and to share how these funds are making a difference in Colorado, an example from Representative Pettersen's district, Harvest Hill in Broomfield.

Broomfield is a suburban area between Denver and Boulder housing over 74,000 residents. Through a $2.6 million HOME award, we are helping build 152 affordable homes for families earning between 30 and 70 percent of the area median income. This income range is $42,000 to $94,000 for a 4-person household in Broomfield. I particularly want to highlight the eight 30-percent area median income (AMI) units at Harvest Hill because these units, at a deeply affordable rate, are not possible without essential gap funding. In partnership with Broomfield FISH, a local nonprofit, residents will have access to food security programs and long-term stability services, and that is just one piece of the broader ecosystem. HOME is often the first funding source in and the last piece that keeps a project together.

Now I will share with the committee what HOME makes possible in Colorado. In Fiscal Year 2025, we received over $16 million through HOME, $5 million to my department and $11 million directly to our local governments. Public data from HUD shows that since 1993, Colorado has assisted over 29,000 households, invested over $280 million of HOME funds in over 60 cities and towns, and contributed to over 500 projects. That funding goes a long way in a tight housing market. Nationwide, the success of the HOME program is clear: the program is a great investment. HUD estimated that with $1 billion in FY 2024 funding, the HOME program would leverage about $6 billion in additional investments. Since 1992, HOME has generated 2 million jobs and over $140 billion in local economic activity.

To strengthen the HOME program, though, COSCDA has outlined several key priorities. From COSCDA's national network of State agencies, we fully support modernization and respectfully offer the following suggestions to improve HOME's efficiency and impact. First, ease administrative burdens where possible. We recognize the importance of accountability, but overlapping requirements, like Section 3, Davis-Bacon, Build America, Buy America (BABA), and environmental reviews, have become especially difficult for our small and rural communities to manage. We encourage consideration of ways to streamline or better align these requirements to keep projects moving. Second, support stronger administrative capacity. Many States, including Colorado, are doing a lot with very limited resources. We would welcome consideration of increasing the administrative cap, eliminating the commitment deadline, and revisiting the Community Housing Development Organization (CHDO) set-aside to today's operating realities. Third, preserve flexibility in how States use HOME. The ability to adapt the program to local conditions is one of HOME's greatest strengths. We hope any updates to the program maintain the flexibility while allowing improvements that simplify implementation.

In closing, HOME is working in Colorado and across the country. We appreciate the subcommittee's thoughtful efforts to modernize the program. At the same time, we are concerned about the House Appropriations proposal that plans to eliminate HOME funding. The one-time HOME Investment Partnerships American Rescue Plan (HOME-ARP) program is entirely separate and distinct from the annual HOME program. We urge this subcommittee to continue emphasizing the importance of the HOME program as funding negotiations continue.

On behalf of COSCDA and the Colorado Department of Local Affairs, thank you for your leadership and for keeping housing front and center. I will be glad to answer any questions you have.

[The prepared statement of Ms. George follows:]

COSCDA
Council of State Community Development Agencies

Alison George, Director
Colorado Division of Housing, Department of Local Affairs (DOLA)
On behalf of the **Council of State Community Development Agencies (COSCDA)**
As the **President of its Board of Directors**

Testimony before the House Committee on Financial Services
Subcommittee on Housing and Insurance

"HOME 2.0: Modern Solutions to the Housing Shortage"

Wednesday, July 16, 2025
2128 Rayburn House Office Building

Good afternoon, Chair Flood, Ranking Member Cleaver, and Members of the Subcommittee. Thank you for the opportunity to testify today. I'm Alison George. I am the Board President for the Council of State Community Development Agencies (COSCDA). We represent states that administer vital programs related to housing, community development, homelessness assistance, and disaster recovery. I am from the great state of Colorado—currently serving as the Director of the Division of Housing within the Colorado Department of Local Affairs (DOLA).

I am here today on behalf of state housing leaders across the country who administer the Dept. of Housing and Urban Development's HOME Investment Partnerships Program (HOME), and to share how these funds are making a difference in Colorado. COSCDA appreciates the subcommittee's thoughtful approach to modernizing the HOME program, which is HUD's only grant program dedicated solely to the preservation and development of affordable housing.

I hope you take the following from my testimony today:

1. HOME is a vital program boosting much needed affordable housing in states like Colorado given the flexibility and ability to address the specific needs in our communities.
2. Understand how HOME dollars translate into real impact for the people in our state.
3. Modernization is key – specifically to ease administrative burden, support increased administrative capacity and preserve HOME's flexibility.

HOME's Impact in Colorado

HOME has a proven track record of helping states like Colorado address affordable housing needs through funding for new construction, home renovations, and assistance for renters and homeowners. The HOME program is flexible and allows states to respond to local conditions and housing priorities. State agencies such as Colorado's Department of Local Affairs (DOLA) connect communities around the state with HOME funding opportunities.

Colorado received a total of $16.7 million in Fiscal Year (FY) 2025 HOME funding, including $5.3 million allocated directly to DOLA. Public data from HUD shows that, since 1993, Colorado has successfully used the HOME program to:

- Assist over 29,000 housing units and households
- Invest over $286 million of HOME funds in over 60 cities and towns
- Contribute to over 500 projects and programs

Project Example: Harvest Hill

Harvest Hill is a HOME-sponsored development in Broomfield—a suburb of Denver. Through a $2.65 million HOME award, DOLA is building 152 affordable homes for families earning between 30 and 70 percent of the area median income (AMI). The 30 percent AMI units at Harvest Hill are especially meaningful, because developing such deeply affordable housing units would *not be possible* without the gap financing provided through HOME. In fact, HOME is often the first funding source secured for a project and the last piece that holds a project together.

The impact of Harvest Hill extends beyond its housing units. Harvest Hill is a transit-accessible development with a range of unique amenities, including access to food security programs in partnership with Broomfield FISH (a local nonprofit organization) and other critical social services. Housing supported through the HOME program provides a platform for low-income residents to find stability and work toward self-sufficiency.

Project Example: Lakota Ridge Senior Apartments

Lakota Ridge Senior Apartments in New Castle, Colorado, is a strong example of how HOME funds support both rural communities and underserved populations. Located in Garfield County—an expansive, largely rural area on the Western Slope—this development provides safe, stable housing for older adults in a region where affordable options are extremely limited.

The Colorado Division of Housing (DOH) awarded $495,165 in HOME funding to support the construction of Lakota Ridge, which includes 40 one-bedroom and 10 two-bedroom units for residents aged 55 and older. Since opening six years ago, the community has maintained nearly 100% occupancy, demonstrating strong demand for senior housing in rural Colorado.

Seniors are often overlooked when it comes to housing solutions, especially in rural areas with fewer resources and limited development incentives. Projects like Lakota Ridge help fill a critical gap—allowing older adults to age in place, stay connected to their communities, and live with dignity.

How to Modernize the HOME Program

COSCDA's national network of state agencies fully supports the subcommittee's efforts to modernize the HOME program. We respectfully offer the following recommendations to improve HOME's efficiency and impact.

Ease Administrative Burdens Where Possible

The greatest challenge of the HOME program in recent years has been the increase in regulatory requirements. While COSCDA recognizes the importance of accountability, HUD's requirements have become more burdensome than ever before. We encourage consideration of ways to streamline or better align these requirements to keep HOME projects moving forward.

Build America, Buy America (BABA)

Congress enacted the Build America, Buy America Act (BABA) as part of President Biden's Infrastructure Investment and Jobs Act (IIJA) of 2021. COSCDA supports the intent of BABA, but the requirement for most HOME projects to use American-made products—or to prove these products are not sufficiency available for use—is overly burdensome and has led to increased costs both in terms of materials and administration.

COSCDA members expect developers' administrative costs to increase by approximately 8 – 10 percent of the total project cost due to BABA. There are also serious concerns regarding the length of time BABA will add to project completion. For these reasons, COSCDA urges the subcommittee to exempt HOME-funded housing projects from BABA requirements.

Davis-Bacon and Section 3

Davis-Bacon Act and Section 3 labor requirements are, like BABA, well-intentioned but overly burdensome under current operating realities. Under Davis-Bacon, every contractor on a job site must submit complete payroll records *weekly* to ensure correct wages are paid. These requirements increase administrative costs and deter contractors from bidding on HUD-funded projects. The Section 3 program, established by the Housing and Urban Development Act of 1968, requires recipients of HUD funding to direct employment, training, and contracting opportunities to low-income individuals and businesses. Section 3 reporting requires labor hour tracking, working income verification, and contractor compliance monitoring.

Compliance with Davis-Bacon and Section 3 requirements is particularly challenging for small and rural HOME grantees for several reasons: limited contractor pool and local workforce, project scale, training gaps, and administrative capacity. COSCDA members would prefer to fully exempt HOME projects from Davis-Bacon and Section 3 requirements. However, if full exemption is not possible, COSCDA recommends increasing the threshold under which both requirements apply to HOME to 50 units. Increasing the threshold would streamline the administrative burden for smaller projects while keeping these labor requirements in place for larger projects that require a larger workforce.

Environmental Review (NEPA)

HUD's National Environmental Policy Act (NEPA) regulations contribute to project delays, especially when projects involve minimal land disruption. Until the environmental review process is complete, HUD regulations prohibit all participants in the development process from taking any "choice-limiting actions," such as acquisition of property. Environmental clearance often takes a year or longer to complete and achieve HUD certification.

The environmental review adds significant time to the development process in the HOME program, leading to unnecessary costs. NEPA requirements also put affordable housing developers at a market disadvantage for acquiring land and undertaking predevelopment activities. COSCDA members recommend several changes to the environmental review requirements for the HOME program, including:

- Only require one environmental review per project.
- Allow developers to incorporate federal resources into the capital stack after a project has completed an environmental review *without* triggering a duplicative review.
- Amend HUD's "choice-limiting action" regulations by allowing developers to undertake certain activities prior to the completion of the environmental review.

Support Stronger Administrative Capacity

Many states, including Colorado, are stretched thin as they manage a complicated program with very limited administrative resources. The subcommittee should consider providing sufficient administrative funding, aligning the HOME program better with development timelines, and revisiting the Community Housing Development Organization (CHDO) set-aside to reflect today's operating realties.

Administrative Funding Cap

The 10 percent administrative funding cap makes it difficult for HOME's Participating Jurisdictions (PJs) to recruit and retain qualified staff, keep up with rising operational costs, and invest in training. COSCDA recommends increasing HOME's administrative funding cap from 10 percent to at least 15 percent. States would then have the *option* to access additional administrative funding if they need it to manage an effective HOME program.

Commitment Deadline

There is a 24-month (2 year) commitment deadline for HOME funds. The housing development pipeline often takes at least two years or more. If the 24-month deadline passes while HOME grantees are still involved in the development process, it is not possible to move funding to another viable project under current HOME requirements. COSCDA recommends removing the 24-month commitment deadline. Removing the commitment deadline would add more flexibility to the program and prevent grantees from losing funding to support worthwhile projects. HUD would still maintain oversight over the timeliness of HOME projects through the 4-year completion deadline and 5-year expenditure deadline.

Community Housing Development Organizations (CHDOs)

CHDO participation has declined significantly in some states since the pandemic. The CHDO regulations are very complicated, and many CHDOs struggle to maintain their status throughout the affordability period (often 20 years). COSCDA would prefer the removal of CHDO-specific requirements from the HOME program. However, if Congress is unable to remove the CHDO requirement, then we would recommend simplifying this part of the HOME program wherever possible. For example, allow CHDOs to maintain continuous designation as a CHDO for a period (i.e., 3 years) without the need to re-qualify.

Preserve Flexibility in How States use HOME

The ability to adapt the program to local conditions is one of HOME's greatest strengths. COSCDA recommends preserving all of HOME's eligible activities, as states prefer to reserve maximum flexibility when designing their programs to respond to current needs. We hope that any updates to HOME will maintain the program's flexibility while allowing for technical improvements to simplify implementation.

Colorado uses the flexibility of the HOME program to meet the State's most urgent housing challenges. While the program's structure has remained relatively consistent, the Colorado Division of Housing (DOH) continues to adjust its approach to match evolving local needs and capacity.

Currently, HOME dollars are primarily used in Colorado's Front Range, where housing partners have the staffing and experience to manage the program's complex compliance and long-term monitoring requirements. These funds help build or acquire housing for low-income individuals and families—often in fast-growing areas where affordability is out of reach for many residents.

At the same time, DOH uses HOME to support smaller-scale projects in rural and mountain communities. These areas face unique barriers to development, such as high construction costs and limited local funding. HOME is one of the few sources flexible enough to support these communities, and it plays a vital role in ensuring that affordable housing is built where it otherwise wouldn't be.

HOME is working in Colorado, and across the country, but it could be even more effective with thoughtful updates and long-overdue modernization. COSCDA members have a wealth of experience administering the HOME program at the state level. As the subcommittee continues its work, COSCDA is available to provide additional input on how to improve the HOME program for the future.

Chairman FLOOD. Mr. Oberdorfer, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF ERIC OBERDORFER, DIRECTOR OF POLICY AND LEGISLATIVE AFFAIRS, NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS (NAHRO)

Mr. OBERDORFER. Thank you. Good afternoon, Chairman Flood, Ranking Member Cleaver, members of the subcommittee, and thank you for this opportunity to comment on the HOME Investment Partnerships Program. My name is Eric Oberdorfer, and I am the Director of Policy and Legislative Affairs for the National Association of Housing and Redevelopment Officials, or NAHRO. NAHRO's 26,500 members play a vital role in providing homes for more than 8 million people nationwide. NAHRO members include public housing agencies and community development organizations serving rural, suburban, and urban areas across the United States.

NAHRO members use the HOME Program to help expand the supply of housing and provide essential funding to support local housing needs. Housing professionals rely on HOME funds to make affordable housing projects financially viable, often using HOME dollars to fill critical financing gaps, including low-income housing tax credit deals. HOME funding has become increasingly important to affordable housing creation, having produced and preserved 1.4 million homes since the program began. Further, since 1992, HOME investments have supported over 2 million jobs and generated approximately $135 to $140 billion in local income. By modernizing and streamlining the HOME Program, we can help reduce project costs and stretch HOME dollars further to create more affordable housing.

Although well intentioned, certain requirements, including Davis-Bacon, Build America, Buy America, or BABA, and the environmental review process impact the effectiveness of the HOME Program. Davis-Bacon requires federally assisted construction projects to pay prevailing wages and benefits to laborers, and while NAHRO supports fair and adequate wages, the current threshold of 12 units that triggers Davis-Bacon makes lower-volume construction projects more difficult by driving up costs and adding significant administrative burden. This can put these smaller but important projects out of reach. As such, NAHRO recommends increasing the number of units that trigger the Davis-Bacon threshold to 50 units. NAHRO also recommends increasing the construction contract threshold for Davis-Bacon to $250,000, adjusted annually for inflation, so that HOME remains economically viable with other funding streams.

Build America, Buy America, or BABA, requires the use of domestically produced materials for projects that use HOME funds, and while NAHRO supports American manufacturing, BABA makes it more difficult to build and preserve affordable homes. Currently, demand for housing materials far outweighs the supply. The extra costs, increased timelines, and confusing requirements connected to BABA make it harder for contractors and private developers to take on federally funded projects. Exempting HOME and other housing and community development programs from BABA would ensure funding could be used quickly and efficiently to address our current housing supply crisis. Cumbersome environmental reviews can also make HOME dollars less effective. These reviews often cause delays, leading to unnecessary costs. NAHRO recommends improving the environmental review process by shortening the time it takes to complete and ensuring that only one review is required per project, no matter how many funding sources are involved.

Beyond streamlining, we also see opportunities to make the HOME Program itself more effective. Specifically, NAHRO recommends broadening the list of eligible activities to include rehabilitating public housing units and supporting projects that have previously received HOME funds. These changes would help communities better meet local housing needs. By allowing HOME to be used for the rehabilitation of public housing units, the program would provide much-needed support to units in distress. Using funding for projects previously assisted with HOME funds, grantees can restore projects that need modernization.

Lastly, authorizing adequate funding amounts for the HOME Program would ensure that funds match increasing costs and need. Providing HOME funding at levels that keep pace with inflation and rising operating and construction costs would ensure the program remains effective in our current economic climate. Proposals to eliminate funding for the program would be devastating and would significantly decrease our country's ability to construct affordable housing. The gap financing provided by HOME is critical to making affordable housing deals work.

NAHRO thanks the chair and ranking member of the subcommittee for their efforts to improve the HOME Investment Partnerships Program. Your commitment to expanding affordable housing for all Americans is greatly appreciated. Thank you, and I look forward to your questions.

[The prepared statement of Mr. Oberdorfer follows:]

NAHRO
building communities together

National Association of Housing and Redevelopment Officials
630 I Street NW, Washington DC 20001-3736
Phone: (202) 289-3500 Toll Free: (877) 866-2476 Fax: (202) 289-4961

Written Testimony of the National Association of Housing and Redevelopment Officials
Eric Oberdorfer, Director of Policy and Legislative Affairs

U.S. House of Representatives, Committee on Financial Services, Subcommittee on Housing and Insurance Hearing Titled "HOME 2.0: Modern Solutions to the Housing Shortage Hearing Testimony"

July 16, 2025

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

e-mail: nahro@nahro.org website: www.nahro.org

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.

Chairman FLOOD. Mrs. Potts, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF ELLEN WOODWARD POTTS, EXECUTIVE DIRECTOR, HABITAT FOR HUMANITY OF TUSCALOOSA, ON BEHALF OF HABITAT FOR HUMANITY INTERNATIONAL

Mrs. WOODWARD POTTS. Chairman Flood, Ranking Member Cleaver, and members of the subcommittee, thank you for this opportunity to testify and share Habitat for Humanity's recommendations for deepening the impact of HUD's HOME Investment Partnerships Program. My name is Ellen Woodward Potts, and I have served as Executive Director of Habitat for Humanity of Tuscaloosa, Alabama since 2013. I am here on behalf of Habitat Tuscaloosa and on behalf of Habitat for Humanity's U.S. network of over 900 affiliates in all 50 States, D.C., and Puerto Rico.

Our country is facing a record shortage of entry-level homes, which has driven up prices and pushed the dream of homeownership out of the reach of millions of families nationwide. Throughout the United States, Habitat affiliates are working directly with essential members of the workforce—teachers, home health aides, military personnel, and many others—who earn at or below the 80th percentile of AMI and struggle to find homes that they can afford to purchase. As one of the few builders in the starter HOME market, Habitat is working diligently to create and preserve homeownership opportunities, but both financial and regulatory barriers make it difficult to construct affordable starter homes. Habitat makes it work by leveraging corporate partnerships, private donations, volunteer labor, low-cost public land and other means, but public resources are essential pieces of the solution.

The HOME Program's crucial resources have helped create homeownership opportunities for thousands of households in rural, urban, and suburban communities nationwide. We received HOME funds as a community housing development organization, or CHDO, from the city of Tuscaloosa, which supported the construction of more than 30 homes for homeownership during my tenure. These local families would not have been able to purchase a safe and affordable home otherwise. However, the scale of our Nation's housing crisis requires us to modernize the program and make HOME as effective as possible. We are grateful to see the interest by members of this subcommittee to modernize the HOME Program and are honored to share the highest priority recommendations from our written testimony.

First of all, we believe homes should be consistently available for homeownership purposes. We are fortunate to have a great relationship with our participating jurisdiction. However, that is not the case throughout the country, as shown by the steep declines over the last 10 years, documented by the Congressional Research Service. We recommend creating a floor for participating jurisdictions (PJs) to make assistance available for homeownership activities. We also recommend the statute make it explicit that the preemptive purchase option may be used by community development corporations, such as Habitat affiliates, which have the ability and capacity to preserve the affordability of for-sale homes for low-to moderate-income families. This should not be limited to community land trusts or entities using a shared equity model.

Third, we understand the need for environmental reviews. However, the expensive process frequently creates significant delays and complications. Habitat recommends offering categorical exclusions for new constructions of homes up to 20 units, exempting home repair projects altogether, and allowing the reuse of ERs. We are pleased to see language in the draft legislation that would provide categorical exemptions for several types of projects. Also, as included in the draft legislation, we recommend easing Davis-Bacon compliance burdens. Habitat believes in fair pay for workers, but the challenge lies in the profuse documentation, especially for our small contractors. We recommend increasing the exemption from 12 to 50 units. Lastly, as in the draft legislation, we recommend exempting the development of private homes from Build America, Buy America requirements.

In closing, I would be remiss if I did not mention the importance of providing robust annual funding for the HOME Program alongside these wonderful modernization efforts. The program plays a critical role in expanding housing supply and pathways to homeownership. With improvements, it will only become more impactful. I appreciate the opportunity to share my experience and Habitat's recommendations. I am happy to answer any questions. Thank you so much.

[The prepared statement of Mrs. Woodward Potts follows:]

Statement for the Record of Ellen Woodward Potts
Executive Director of Habitat for Humanity of Tuscaloosa
Speaking on behalf of Habitat for Humanity
House Financial Services Committee
Subcommittee on Housing and Insurance
Hearing on "HOME 2.0: Modern Solutions to the Housing Shortage"

Introduction

Chairman Flood, Ranking Member Cleaver and members of the Subcommittee, good afternoon and thank you for the opportunity to testify and share Habitat for Humanity's experience with the Department of Housing and Urban Development's HOME Investment Partnerships Program and our recommendations for deepening the program's impact, especially in addressing the nation's severe shortage of affordable homes for homeownership. My name is Ellen Woodward Potts, and I am the Executive Director of Habitat for Humanity Tuscaloosa in Alabama. I'm honored to be joining you all today to talk with you all from the perspective of my affiliate, but also the broader Habitat network in the United States.

Habitat for Humanity is a movement of people working in all 50 states, the District of Columbia, Puerto Rico, and countries around the world to make sure everyone has a safe, affordable place to call home. Since our founding in 1976 as a Christian organization, together we have helped more than 62 million people globally build their futures on their own terms through access to decent housing. We've done that by working alongside people of all walks of life to build, repair and finance their homes, by innovating new ways of building and financing, and by advocating for policies that make constructing and accessing housing easier for everyone.

With nearly 1,000 affiliates across the U.S., Habitat for Humanity is consistently among the top 30 largest home builders in the country, and we're the largest nonprofit provider of home repairs for low-income households nationwide. In Fiscal Year 2024, Habitat organizations built, rehabbed, or repaired more than 15,600 homes across the nation.

Habitat leverages federal resources, like the HOME program, along with private and philanthropic dollars to build, rehab and repair affordable homes across the country, including in Tuscaloosa. The HOME program has long been a critical resource for Habitat affiliates and other nonprofit developers building affordable homes for homeownership. But the scale of our nation's housing crisis demands that we take a fresh look at the program and renew our commitment to making HOME as effective and efficient as possible. At Habitat Tuscaloosa, we have been serving our local community since 1987. Since 2013 we have partnered with the City of Tuscaloosa as a Community Housing Development Organization, or CHDO, and have received HOME funds which have supported the construction of more than 30 homes for homeownership. These funds have enabled us to serve dozens of local families who otherwise would not have been able to purchase a safe, decent, and affordable home and achieve the American dream of becoming a homeowner. However, the scale of our nation's housing crisis demands that we take a fresh look at the program and renew our commitment to making HOME as effective and efficient as possible, both in Tuscaloosa and across the country.

Housing shortages heavily impact access to homeownership

A record shortage of entry-level "starter" homes has driven up home prices and pushed the dream of homeownership out of reach for millions of families nationwide over the past few years. Harvard's Joint Center for Housing Studies reports that fewer than 20% of renters can afford to purchase a median priced home. At the heart of the problem is years of underbuilding. The supply shortage is especially acute for modest-sized homes, whose numbers have dwindled dramatically since the late 1970s.

In varied communities across the U.S., where Habitat for Humanity operates, local Habitat affiliates are working directly with essential members of the workforce – including teachers, nurses, business managers, home health aides, military personnel, and others - who earn at or below 80% Area Median Income, or AMI, and are struggling to find homes they can afford to purchase. This persistent lack of affordable homeownership opportunities limits access to jobs, weakens local economies, and pushes millions of would-be homebuyers into an already strained rental market, further exacerbating the affordable housing crisis.

We cannot make homeownership attainable again and rein in overall housing costs until we start rebuilding our nation's supply of affordable, starter homes. Federal support through programs like HOME is critical, as data show that the private sector alone cannot meet this need.

What gets in the way of building starter homes

A mix of financial and regulatory barriers makes it difficult, and often impossible, to construct or rehabilitate affordably priced starter homes in the many communities that need them. Most builders don't build starter homes anymore because they simply don't "pencil out." Here's what's driving the math:

The rising cost of land

According to the American Enterprise Institute's *Land Price and Land Share Indicators*, the price of a standardized quarter-acre lot for existing single-family homes has more than tripled since 2012 and rose 62% between 2019 and 2023 alone. Over the past four years, this increase has added on average more than $100,000 to the cost of development, right from the start. High land costs impact most communities where we work — and not just the most expensive markets. For instance, in the Kansas City region, Johnson County land costs have become prohibitive for building affordable homes for homeownership absent creative partnerships with faith communities and local government, which have been essential partners for our local affiliate in acquiring property.

Expensive and scarce construction financing

Higher interest rates have increased capital costs for all types of builders, posing another significant challenge. In the Urban Land Institute's 2024 survey of real estate developers, 94% cited the cost of capital as a key concern – higher than for any other issue. For Habitat, higher financing expenses add to our overall development costs while increasing the need for assembling multiple layers of financing. This adds to the complexity of deals as well as the time it takes to build, further increasing the cost of producing an entry-level home.

Elevated labor and materials costs

The continued shortage of skilled construction workers, including roofers, plumbers, masons, electricians and framing crews, has increased labor costs for builders like Habitat and related subcontractors. Meanwhile, prices for materials such as lumber remain higher than before the pandemic.

Overly restrictive land use regulations

Too many cities and towns have outdated zoning regulations that pose unnecessary restrictions on the development of starter homes and other types of housing. In many communities, local governments have effectively made it illegal to build attainable starter homes through restrictions like excessively large minimum home sizes, large minimum lot sizes, prohibitions on attached housing like duplexes and townhomes, and zoning rules that disallow homes on underdeveloped commercial sites or land held by schools or religious institutions. These restrictions lead to builders competing for a dwindling inventory of buildable land, driving up land costs, decreasing production, and ultimately requiring developers to build at the higher end of the market to make the numbers pencil out. For Habitat, rigid zoning restrictions simply limit the number of homes we can build and the number of families we can serve.

High impact fees and permit fees

For a typical Habitat affiliate, for example our Habitat affiliate in DuPage, Illinois, permit and impact fees run about $20,000-$30,000 per home. Other affiliates report much higher fees. These fees further impede starter home construction.

Extended timelines for permit approvals and environmental reviews

Drawn-out, discretionary approval processes and environmental reviews add to our capital costs, soft costs and the time it takes to bring affordable homes to market. They also make it harder still to juggle multiple sources of public financing, as these sources have strict timelines for completing construction.

Increased competition from investors for single-family homes

For many of our affiliates, competition from investors increases the price of acquiring existing homes so that they can be rehabilitated and made suitable and available for low- and moderate-income homebuyers. Investor purchases impact many communities acutely. For example, in the Omaha suburb of La Vista, which has many modest single-family homes, 50% of all properties are owned by investors. In the Kansas City metro area, nearly 25% of all single-family homes are held by non-owner-occupants and offered for rent.

The bottom line: in many markets, hardworking low-, moderate- and even middle-income homebuyers are unable to afford the cost of a home, even when built at no profit to the developer. In middle-of-the-road markets, we find this "affordability gap" can range from $30,000 per home to upwards of $130,000 or greater. However, in other, more distressed markets, homes can cost more to build than the value of the completed home, so the developer cannot recoup its costs on sale even if the price of the home is more affordable.

At Habitat, we help close these gaps by leveraging corporate partnerships, private donations, volunteer labor, low-cost public land, and other creative means. But financial resources from localities, states and the federal government are, and will continue to be, essential pieces of the solution for us and others building starter homes for the U.S. workforce.

How HOME helps

The federal government can help close financial gaps impeding affordable starter home development by investing strategically in federal housing production programs that work. HUD's HOME program is one of those key programs that work.

The HOME program plays a crucial role in Habitat's work to build affordable new homes, rehabilitate existing properties, revitalize neighborhoods, and make homeownership more attainable for families of all backgrounds. HOME resources have helped Habitat address critical housing shortages and create homeownership opportunities for thousands of low-income households in rural, suburban and urban communities nationwide.

The HOME program is one of the most commonly used federal housing programs by the Habitat network. In a recent survey, more than half of polled affiliates reported receiving HOME funding in recent years.

Assistance from the HOME program, whether for development, rehabilitation, or down payment assistance, helps Habitat affiliates leverage so much more in local, state, and private resources, completing the equation to make home construction and homeownership possible for more hardworking families.

But the HOME program presents various challenges and has become more difficult to use in recent years, especially for homeownership activities. To make it more useful and available in a wider range of communities, we need to ***simplify and improve the process of using HOME funding in all communities, and especially for homeownership.***

Recommendations for modernization

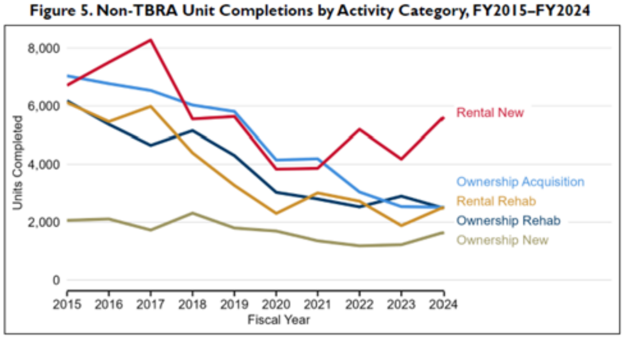
Various HOME regulatory and statutory burdens add significant costs and time that make it hard and time consuming for Habitat affiliates to use HOME resources for new construction, home rehabilitation and home repair activities. These challenges have led to some Habitat affiliates avoiding the use of HOME funds altogether. Furthermore, the Habitat affiliate network reports fewer participating jurisdictions making HOME funding available for homeownership projects, despite the growing need for affordable starter homes.

Habitat's work on the ground has given us broad insight into what works and what obstacles remain for expanding our nation's housing supply and making homeownership attainable nationwide. Here are some recommendations for streamlining and modernizing the HOME program to make it less costly, more usable, and more available for affordable homeownership purposes.

- **Ensure HOME funds are more consistently available for homeownership purposes**
  Many Habitat affiliates have seen a significant decline in PJs directing HOME funding to homeownership projects in recent years. States such as Wyoming and multiple local jurisdictions no longer make HOME funds available for affordable homeownership uses at all. Administrative burdens—and lack of clarity about regulatory requirements—are among the chief reasons Habitat affiliates have reported for why PJs are backing away from using HOME to support affordable homeownership activities.

  These experiences are matched by recent data from the Congressional Research Service, which shows that HOME support for homeownership activities has declined steeply over the past 10 years. This was especially evident for rehabilitation of owner-occupied housing ("Ownership Rehab") and direct homebuyer assistance ("Ownership Acquisition"). HOME support for new construction of owner-occupied housing has also declined and remains far below support for new rental construction.

Figure 5. Non-TBRA Unit Completions by Activity Category, FY2015–FY2024



Source: Congressional Research Service, *An Overview of the HOME Investment Partnerships Program,* April 25, 2025, https://www.congress.gov/crs-product/R40118.

HOME investment in homeownership also shows similar declines:

Table D-1. HOME Nominal Project Funding Completions, FY2015 and FY2024

Activity	Funding for Completed Units (or TBRA households assisted)		
	FY2015	FY2024	Percentage Change
Ownership Acquisition	$115,692,018	$70,753,119	-39%
Ownership New Construction	$128,724,971	$120,860,822	-6%
Ownership Rehabilitation	$229,258,598	$143,617,995	-37%
Rental New Construction	$529,527,970	$607,179,996	15%
Rental Rehabilitation and Acquisition	$297,506,956	$218,009,822	-27%
TBRA	$37,481,353	$81,690,455	118%
Total	**$1,338,191,866**	**$1,242,202,209**	**-7%**

Source: Congressional Research Service, *An Overview of the HOME Investment Partnerships Program,* April 25, 2025, https://www.congress.gov/crs-product/R40118.

Recommendations:

- **Create a floor for PJs making assistance available for affordable homeownership.**
- **Provide increased training for PJs on using HOME funds for affordable homeownership.** HUD should take further steps to encourage PJs to make HOME funding available in their communities for affordable homeownership construction, rehabilitation, repair and land acquisition. One step would be to increase targeted training for PJs on the use of HOME for homeownership projects. This could include the promotion of best practices used by PJs and partnering affordable homeownership providers engaged in impactful and compliant activities creating lasting affordable homeownership opportunities.

- **Expand the availability of the preemptive purchase option for Community Development Corporations**
Current HOME regulations impede the use of preemptive purchase rights for most Community Development Corporation (42 U.S. Code § 9802) homeownership providers, including Habitat for Humanity. This impedes our efforts to maintain the affordability of the home from one homebuyer to the next. And it thus prevents many affiliates from using the program altogether.

Presently, only Community Land Trusts, or CLTs, can exercise preemptive purchase rights, such as a first right of refusal, to facilitate the resale of affordable homeownership housing units to subsequent income-eligible homebuyers and preserve the affordability of the assisted housing. The FY2016 final appropriations bill included language (pg. 638) allowing CLTs to hold and exercise purchase options, right of first refusal or other preemptive rights to purchase the housing to preserve affordability, including but not limited to the right to purchase the housing in lieu of foreclosure. Additionally, the Senate Report language (page 124-125) expressly recognized the importance of preserving affordable homeownership opportunities, especially when change in ownership is initiated, and explains that CLTs exercise these rights to ensure affordability is maintained through ownership changes. We believe non-CLT, mission-driven nonprofit organizations also can and do continue to preserve affordable homeownership opportunities and similarly use preemptive purchase rights to do so. They do this whether the homes are formally subject to resale restrictions, or by otherwise repurchasing them from the initial homeowner and reselling them through their affordable homeownership programs to subsequent, income eligible buyers.

Non-profit developers like Habitat that are not CLTs have the unique ability to provide and preserve the affordability of for-sale homes for low- and moderate-income families over a long period of time. Because many PJs do not want to expend the time or resources to repurchase properties, they should be able to allow non-profit developers to use a preemptive purchase option, either directly or by assignment of the PJ's preemptive purchase options to non-profit developers to ensure the long-term affordability requirement of the HOME program is satisfied by facilitating the resale to another eligible homebuyer.

Furthermore, CDCs should also be able to exercise preemptive purchase rights when a recapture mechanism is used to satisfy HOME's long-term affordability requirement, so long as the mechanism establishes a repurchase price that is designed to reasonably approximate the fair market value of housing unit. This facilitation allows the selling homeowner to realize the same return it would be selling directly to another homebuyer, but preserves the affordability of the home for low-income homebuyers that could not afford the market price.

Recommendation:

- **Include language in the reauthorization statute explicitly allowing CDCs to be able to hold and exercise purchase options, rights of first refusal, or other preemptive rights to purchase HOME-assisted housing to preserve its affordability and provide a fair return to the selling homeowner.** We believe that the ability to continue affordability should not be limited to a CLT, shared equity model, or a limited cooperative and the preemptive purchase rights should be exercisable when either a resale restriction or recapture instrument is used to meet the long-term affordability requirement.

- **Bring price limits up to date**
  The HOME statute requires the home being sold for homeownership to have an initial purchase price that does not exceed 95% of the median purchase price for the area, as determined by the HUD Secretary. HUD has been using a methodology that is not timely, nor accurate, and the 95% HOME price limit hinders both developers and homebuyers from accessing high opportunity neighborhoods. The housing industry has made many attempts to urge HUD to utilize a timelier method, to little success. As a result, developers like Habitat are forced to price homes lower than the actual median home prices for the area, undervaluing homes and inadvertently impacting surrounding property values.

Recommendations:

- **We recommend that the sales price limit be increased to 110% of the median area purchase price, and we were grateful to see this included in the discussion draft released on June 30.** We believe this approach is the most timely and effective route for improvement.
- **HUD or Congress should improve HUD's methodology for calculating price limits so that they are timelier and more accurate at the time of sale.**

- **Provide appropriate flexibility in the timing of income determination**
  Homeownership assistance programs like those offered by Habitat affiliates often include program requirements designed to increase the likelihood of success of their participants, such as homeowner education and financial coaching and counseling, as well as "sweat equity" and other "self-help" requirements. In addition, participants in these programs are often selected before construction begins on the home. Once the participant is qualified, satisfaction of program requirements and construction can take much longer than six months to complete — sometimes up to 2 years, particularly if there are permitting, environmental review, contracting or inspection delays.

Currently, HOME regulations (at 92.203(e)(2)) do not require the PJ "to reexamine the family's income at the time the HOME assistance is provided, unless more than six months has elapsed since the participating jurisdiction determined that the family qualified as income eligible." If program requirements take longer than 6 months to complete, sub-grantees may be required to re-determine the household's income prior to the provision of HOME assistance, and if the homebuyer's income has increased above the qualification threshold, they are no longer eligible to purchase the HOME-assisted housing unit.

Recommendation:

- **Allow providers to determine a homebuyer's income eligibility either at the time of entering into an agreement to purchase a home, *or at the point of qualifying for homebuyer assistance to purchase the home* – whichever is earlier.**

- **Enable USDA income qualification to be reused also for the HOME program**

Recommendation:

- **Improve the ability to couple HOME funding with USDA Section 502 direct loans.** To increase the amount of HOME dollars supporting affordable homeownership opportunities in rural communities, HUD should explicitly allow families using a USDA section 502 direct loan to purchase their home to qualify for HOME funding based on the low-income limits of the section 502 direct loan program. The section 502 program uses HUD income limit data but adjusts it to account for the impact of persistent poverty on rural area median incomes through a method called "income-banding." Income banding is a two-tier income limit structure for USDA's single family housing programs, which bands together 1-4 person households using the 4-person income level set by HUD, and 5-8 person households using the 8-person income level. This method of income qualification has enabled more meaningful homeownership opportunities to those who would otherwise be denied, recognizing the economic realities of rural communities.

  HUD set a precedent for this type of cross-departmental waiver with the Self-Help Homeownership Opportunity Program (SHOP), which permits the suggested approach:

  > FR-6700-N-19, p. 21 III(F)(11)
  > When an individual or family participating in the SHOP program uses financing provided by the United States Department of Agriculture's 502 Homeownership Direct Loan Program, a grantee may use the low-income limits developed for that program to determine that individual or family's eligibility.

  This language should be applied to HOME as well.

- **Improve the Environmental Review Process**
  Some level of environmental review (ER) is required for virtually all housing activities performed by Habitat affiliates utilizing assistance from the HOME program, including home repairs that make minor safety and health improvements to existing homes. The review process frequently creates significant delays and added costs that can make new construction, home rehabilitation, and repairs very difficult.

  Added costs undercut the federal assistance provided. And when this assistance is small to start with, these costs can quickly make projects infeasible for our network and many other nonprofit developers. Delays caused by the ER process can be equally impactful. Just establishing an exemption can take up to 3 months. Completing an "Environmental Assessment" or a more extensive "Environmental Impact Statement" can take a full year or longer to complete. For some Habitat affiliates, these delays are the biggest hurdle to timely completion of projects through the program, jeopardizing use of the funds themselves. Ultimately, undue delays caused by ERs slow the performance of critical home repairs that are frequently time sensitive. They also erode community confidence in federally supported home repair programs and reduce these programs' overall impact.

Recommendations:

Opportunities exist for Congress and HUD to reduce administrative burden and unnecessary delays while remaining consistent with the language and intentions of the National Environmental Protection Act, or NEPA, and related statutes. We were grateful to see in the draft legislation categorical exemptions for i) new construction housing units on infill lots with existing developed neighborhoods that are already served by public infrastructure, ii) acquisition of real property for affordable housing purposes, iii) rehabilitation projects, and iv) new construction projects of 20 units or less.

The following improvements would lower costs and speed the delivery of urgently needed home repairs and new housing units while stretching federal investment farther.

- **Exempt all forms of home repair from NEPA and most other applicable Federal environmental laws and authorities listed in § 58.5.** Repairs to existing, occupied properties that do not increase the building footprint should not have to undergo the exhaustive list of reviews currently associated with ERs. Repair activities of any scale typically have a minimal effect on the environment, particularly when they involve limited changes to site conditions or the structure as a whole. Treating these activities like more substantial rehabilitation or new development adds unnecessary administrative burden that can prevent needed health and safety modifications that improve the homeowner's living environment—the opposite of NEPA's intent.

  While exceptions do exist for certain repair activities deemed "maintenance," our affiliates report that interpretations vary widely for what qualifies, and the scope of maintenance remains relatively narrow.

  The better approach would be to broadly exempt repair projects from environmental review, regardless of unit count, as long as these activities don't increase the footprint of the property.

- **Offer categorical exclusion from NEPA for new construction of modest-scale single-family homes of up to 20 units.** Presently, "categorical exclusion" from just NEPA is only available for projects of 4 units or fewer. An "Environmental Assessment" and/or "Environmental Impact Statement" is needed for projects of 5 or more units. This unit threshold should be increased to at least 20 units—or altogether waived—for single family homes that remain within the scope of the residential building code, i.e., single homes, duplexes, accessory structures, and townhomes no higher than 3 stories.

- **Allow the reuse of ERs.** If a project is required to have an environmental review and is seeking assistance from more than one federal agency, the applicant should be allowed to reuse the first ER in connection with all other federal assistance programs for that project.

- **Ease Davis-Bacon Compliance Burdens for Smaller Projects**
  Habitat believes in fair pay for workers. The requirement to pay prevailing wages is a fair expectation of federal assistance recipients. The challenge lies in the process documenting compliance. The amount of paperwork, payroll processes, and administrative systems needed to comply with the Davis Bacon Related Act requirements deters many of our affiliates from using certain federal housing assistance altogether.

Compliance burdens can be prohibitive for smaller contractors who don't have the scale to set up the necessary paperwork systems, and who don't need to engage with federally supported projects when there is more than enough demand for their work from market-rate builders. As a result, Habitat affiliates cannot find contractors willing to bid on projects receiving federal support. This leads to affiliates no longer participating in federal programs when their projects would trigger Davis Bacon requirements. This includes two of Habitat largest affiliates that do not use HOME or CDBG funds for new construction or home rehabilitation solely because of the impact that Davis Bacon paperwork requirements have on contractor availability.

Recommendation:

- **Raise the unit trigger for Davis Bacon.** We believe projects of up to 50 units should be exempt (up from the current threshold of 12 units for HOME). We appreciate seeing this change proposed in the draft legislation. Projects of 50 units or fewer are still likely to work with smaller contractors unable to meet compliance requirements.

- **Exempt HOME from BABA**

The Build America Buy America Act, which was included in the Infrastructure Investment and Jobs Act (IIJA), established a domestic content procurement requirement for all federally assisted infrastructure projects. All iron, steel, manufactured products and construction materials used in covered infrastructure projects must be produced in the United States. HUD has now implemented BABA restrictions for most of its programs including HOME and CDBG, despite OMB's guidance focusing BABA applicability on "public" projects and the fact that private homes were not considered infrastructure under the IIJA. But neither the IIJA nor HUD has made additional resources available to mitigate higher homebuilding material costs that stem from these limitations, and the waiver process for materials that are unavailable or cost-prohibitive is overly burdensome and would result in unnecessary delays.

Permitting the use of conventional construction materials for affordable housing programs is critical for addressing the supply shortage and the timely execution of HUD-funded affordable programs. As non-profit affordable housing developers, Habitat affiliates are already struggling to keep costs low and meet strict funding timelines while working to increase the supply of affordable homes. At a time when the shortage of affordable homes has reached a crisis level, BABA requirements threaten to undermine efforts to close the housing supply gap.

Recommendation:

- **Exempt development of private homes from the Build America Buy America requirement**. We are grateful to see activities assisted by HOME funding exempt from being required to comply because we believe that a private home should not be considered infrastructure within the confines of the Build America Buy America requirement.

Closing

Thank you for putting a spotlight on HUD's HOME program as well as the valuable role it plays in building needed housing supply and expanding paths to homeownership. We appreciate the opportunity to share our recommendations for improvements that would help grow its impact.

Modernizing the HOME program is an essential part of an effective, multi-pronged strategy to address our nation's critical housing needs and provides an excellent avenue for Congress to act on some of the ideas shared here today.

Thank you again for the opportunity to testify today. Habitat for Humanity stands ready to partner with members of the Housing and Insurance Subcommittee and all others in the federal government to get these solutions implemented.

Chairman FLOOD. Ms. Bohee, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF TIFFANY BOHEE, PRESIDENT, MERCY HOUSING CALIFORNIA

Ms. BOHEE. Chairman Flood, Ranking Member Cleaver, and other distinguished members of the House Financial Services Subcommittee on Housing and Insurance, thank you for the opportunity to testify before the subcommittee's hearing today. My name is Tiffany Bohee, and I am honored to address you on this important modernization effort. I will speak from my experience as President of Mercy Housing California, the largest regional affiliate of Mercy Housing and a frequent user of the HOME Program.

Mercy Housing is a national nonprofit, multifamily housing developer, owner and manager with a portfolio of 346 rental communities, including more than 25,000 affordable homes across 21 States serving 40,000 people with low incomes. We are committed to creating affordable homes and thriving communities. Our development efforts have leveraged the HOME Program in high-cost urban areas as well as suburban and rural areas to develop homes for families, veterans, seniors, and people exiting homelessness.

Nationally, Mercy Housing has leveraged HOME dollars to produce 111 multifamily rental communities inclusive of almost 8,000 affordable homes in 10 States. Just last year, we leveraged a HOME award of $700,000 to recapitalize Timber Creek Apartments in Omaha, Nebraska, renovating the homes of 180 working families and ensuring that the apartment homes remain affordable for the long term. In Savannah, Georgia, HOME dollars helped us redevelop a public housing site into 484 modern homes where hundreds of families and seniors can thrive. In California, over the next few years, we will leverage committed HOME dollars to create new, dignified homes for seniors in the small town of Davis as well as the service enriched housing for seniors in Oakland.

The HOME Program is one of the only Federal sources dedicated to providing gap funding for shovel-ready affordable housing. While Mercy Housing's projects catalyze a great deal of private investment, including financing made possible by the housing credit, these Federal HOME dollars still make up a critical piece of our funding stack. HOME is often the gap funding that makes affordable housing deals feasible, helps us break ground, and lease up our homes in less time. We are encouraged by the expansion of the housing credit in the recent tax and spending bill and wish to emphasize that this expansion will be even more impactful for working families and other low-income people if programs such as HOME are strengthened, fully funded, and streamlined.

Because HOME funding is rarely the only source of funding for an affordable housing development, we recommend the subcommittee consider sensible streamlining reforms that make HOME dollars work more seamlessly with other kinds of funding. Firstly, save time by aligning the environmental review process. The use of HOME dollars often triggers an environmental review process per National Environmental Policy Act (NEPA) that is duplicative with existing environmental review and adds time without achieving environmental goals. Secondly, reduce complexity by using one set of regulations focused on tenants. Finally, address building requirements that make HOME dollars hard to use. Accepting HOME awards often triggers Build America, Buy America rules as well as Davis-Bacon regulations, which adds cost and complexity to the construction process and drives up the cost of producing more affordable housing.

In conclusion, it is our hope that advancing commonsense reforms to the HOME Program does not come at the expense of maintaining adequate funding for this transformational program. We respectfully urge the committee to work with your colleagues and stakeholders to support and adequately fund this critical program. We stand ready to work with your committee to find meaningful bipartisan solutions. The Federal Government must partner with our States and municipalities to address housing shortages and recognize the importance of high-quality multifamily rental housing for people who are not high earners. HOME, again, is the only Federal block grant focused exclusively on providing housing for people with low and moderate incomes. It is absolutely essential that this resource be maintained. Thank you, and I look forward to continuing the discussion.

[The prepared statement of Ms. Bohee follows:]

HOME 2.0: Modern Solutions to the Housing Shortage

Testimony of

Tiffany Bohee
President
Mercy Housing California
1256 Market Street
San Francisco, CA 94102

Before the
U.S. House Committee on Financial Services
Subcommittee on Housing and Insurance

July 16, 2025

Introduction: Leveraging the HOME Program to Address Our Housing Shortage

Chairman Flood, Ranking Member Cleaver, and other distinguished members of the U.S. House Committee on Financial Services' Subcommittee on Housing and Insurance, thank you for the opportunity to testify during the Subcommittee's hearing entitled, "HOME 2.0: Modern Solutions to the Housing Shortage." My name is Tiffany Bohee, and I am honored to address you today on this important modernization effort. I will speak from my expertise as the President of Mercy Housing California, the largest regional affiliate of Mercy Housing, and a frequent user of the HOME Investment Partnerships Program to build new homes. In my two decades of community development experience in the public and private sectors, I have seen countless homes constructed and lives changed through this instrumental program. We are so grateful to Representatives Flood and Cleaver and to this committee for advancing bipartisan solutions to the housing crisis, which impacts every community across our country.

Mercy Housing is a national multifamily housing developer, owner, and manager with a portfolio of 346 rental communities including more than 25,000 affordable homes across 21 states. Mercy Housing is among the largest nonprofit developers of affordable housing in the United States, serving more than 40,000 people with low incomes. We are committed to creating affordable homes and thriving communities by developing, financing, and operating affordable, program-enriched housing. Our development efforts have leveraged the HOME program in high-cost urban areas as well as suburban and rural areas, to develop homes for families, veterans, seniors, and people exiting homelessness.

It is my privilege to share more about the lives that have been changed through the HOME Investment Partnerships Program, as well as voice Mercy Housing's recommendations to modernize and streamline this vital program while preserving its power and impact on rental housing. Nationally, Mercy Housing has leveraged HOME dollars to produce 111 multifamily rental communities inclusive of almost 8,000 affordable homes in 10 states. Just last year, we leveraged a HOME award of $700,000 to recapitalize Timbercreek Apartments in Omaha, Nebraska, renovating the homes of 180 working families and ensuring that the apartment homes remain affordable for the long term. In Savannah, Georgia, HOME dollars helped us redevelop a 440-acre rental housing site into 484 modern homes where hundreds of families and seniors can thrive. In California, over the next few years, we will leverage committed HOME dollars to create new dignified homes for seniors to age in place in the small town of Davis, as well service-enriched housing for seniors in Oakland.

As a mission-driven organization focused on building communities where all residents can thrive, Mercy Housing shares this Subcommittee's goal of addressing our nationwide shortage of affordable housing. Modernizing and funding this critical program gives Congress a bipartisan opportunity to do just that. We were pleased to see the initial proposed changes to the HOME program released on July 2nd, focused on streamlining compliance requirements, bringing down costs, and making the program easier to use. We look forward to continued refinements to ensure that HOME can be used for those most in need.

The HOME Investment Partnerships Program is one of the only federal funding sources dedicated to providing gap funding for shovel-ready affordable housing. While Mercy Housing's multifamily affordable housing projects catalyze a great deal of private investment, including financing made possible by the Low-Income Housing Tax Credit (or "Housing Credit"), these federal HOME dollars still make up a critical piece of our funding stack. HOME is often the "gap funding" or "topper" that makes affordable housing deals feasible and helps us break ground and lease up our new homes in less time. We are encouraged by the expansion of the Low-Income Housing Tax Credit in the recent tax and spending bill and wish to emphasize that this expansion will be all the more impactful for working families and low-income people if programs such as HOME are strengthened and streamlined.

Because HOME funding is rarely the only source of funding for an affordable housing development, we recommend that this Subcommittee consider sensible streamlining reforms that make HOME dollars work more seamlessly with other kinds of funding. As a nonprofit, Mercy Housing does not take on this challenging work to enrich our staff or shareholders. Still, it is in the interest of the residents we serve, the communities in which we operate, and the taxpayers whose dollars we leverage to keep costs as low as possible while maintaining the quality and sustainability of our properties.

People often ask why affordable housing has gotten expensive to build, and the answer lies mostly in the complexity of our funding stack. Each affordable housing deal has six to eight sources of private and public funding, which adds significant time and cost. In fact, a recent study from the Terner Center demonstrates that adding an additional source of public funding adds $20,000 per unit and four months to the timeline of being able to start construction of an affordable multifamily development. Modernizing the HOME program can help to reduce these inefficiencies, making deals less complicated and bringing much-needed housing to life in less time and for less cost.

To this end, we respectfully submit the following recommendations:

- **Save time by aligning the environmental review process.**

Use of HOME dollars triggers an environmental review process as dictated by the Code of Federal Regulations, Part 58, per the National Environmental Policy Act (NEPA). Conducting a thorough environmental review is a necessary step preceding all housing development, and for Housing Credit-financed affordable housing, there is a clear, standardized process for assessing environmental impact. This means that for developments primarily funded through Housing Credits, but which use HOME dollars to fill small funding gaps, the NEPA review process can be duplicative with existing environmental review and can add months to the development process without achieving any additional environmental goals.

At Mercy Housing, we also leverage HOME dollars to preserve existing federally subsidized housing, which can currently trigger a new round of NEPA review for properties that have already been assessed.

Additionally, the Choice Limiting Action rule means that potential subgrantees cannot proceed with certain necessary predevelopment activities such as acquisition, grading, or demolition while their HOME application is under consideration. We request that you consider revising this clause so that developments may proceed with certain choice limiting actions prior to commitments from Federal Housing Administration (FHA) lending programs and HUD programs such as HOME. Shortening the process so that NEPA can be completed more quickly would also make the NEPA prohibition on choice limiting actions less burdensome and reduce the impact that NEPA currently has on project progress and feasibility.

We appreciate the proposed changes that exempt some HOME-funded developments from NEPA review, so that we can align to one set of environmental regulations and use this funding more seamlessly.

- **Reduce complexity by using one set of regulations focused on tenants.**

As a mission-based organization focused on housing stability, Mercy Housing supports policies that give renters more choice and agency in their homes. We do, of course, comply with all federal regulations governing income eligibility, income recertification, tenant relocation, and other operational rules. As the program is currently structured, however, accepting even a modest HOME award triggers a different set of regulations for HOME-funded units than for the other apartment homes in our multifamily buildings.

This creates operational challenges, as residents living side by side are subject to different rules. A more effective approach would be to require that property owners follow a single set of regulations based on the primary funding source, such as Housing Credit regulations, for each multifamily community.

- **Address building requirements that make HOME dollars hard to use.**

A multifamily housing development using HOME funds for twelve or more units is currently subject to Build America, Buy America (BABA) as well as Davis-Bacon regulations. These regulations add more cost and complexity to the development of affordable housing. Requirements that slow down housing production and drive up the cost of building multifamily rental homes are ultimately counterproductive to our nation's broader economic goals.

Unlike units financed solely with Housing Credits, which are exempt from BABA requirements, the use of federal funds such as HOME triggers BABA's domestic procurement requirement. For projects primarily funded through Housing Credits but with supplemental funding from HOME, these BABA requirements can increase the construction cost and thus require additional Housing Credits in order to cover the increase to the project budget. Participating Jurisdictions have reported that the existing requirements are confusing to interpret and would require clarification from the federal government to enforce.

As an example of the challenges we face, Mercy Housing is currently working to address a funding gap for a planned housing development serving working families and people with special needs in the Midwest. Our local Participating Jurisdiction has $1 million in HOME funds that could be utilized for this development, but aligning to BABA requirements could increase construction costs so significantly it may not make mathematical sense to apply for these HOME funds. Similarly, we have determined that for a California development, compliance with BABA could add almost two million dollars to the total project cost. When we apply for HOME funds but need exemptions for some materials that are very hard to procure from American vendors, that entails relying on a waiver system, which introduces uncertainty and risk into the project and makes financing even more challenging. While we strive to support local businesses and use American-made products when possible, this can be cost-prohibitive. We appreciate the proposed statute change that would exempt HOME funding from BABA.

In terms of Davis-Bacon, we are stalwart in our support of labor and are committed to paying prevailing wages to partners in the trades in both high-cost and more rural areas. As a national organization, we have found that the application of Davis-Bacon has different impacts in different states and is particularly challenging in high-cost areas where communities are already rent-burdened. In some areas where we develop, there is not sufficient union participation to comply with Davis-Bacon at our construction sites. We support the proposed statute change to apply Davis-Bacon to buildings over 50 units, which will make HOME dollars flow more seamlessly into our developments.

Conclusion

In conclusion, it is our hope that advancing common-sense reforms to the HOME Investment Partnerships Program does not come at the expense of maintaining adequate funding and staffing for this transformational program. Countless lives have been changed for the better thanks to HOME dollars. As states and municipalities work hard to address housing shortages, we strongly urge the federal government to step up to support this goal, and to recognize the importance of high-quality multifamily rental housing for people who are not high-earners. Unlike Community Development Block Grant funds, which can be applied to a wide range of needs and are not often invested in workforce housing, HOME is the only federal block grant exclusively focused on providing housing for people with low and moderate incomes. It is absolutely essential that this resource be maintained.

Thank you for inviting me and I look forward to your questions.

Chairman FLOOD. I now recognize myself for 5 minutes for questions.

Every witness with us today is either someone who interacts directly with HOME funding or someone who represents an organization whose membership interacts directly with HOME funds, so I am going to direct the next three questions to each of our four witnesses. I am short on time, so I would appreciate it if you would be concise with your answers. The first question is, due to the environmental review requirements in the HOME Program, do these requirements increase the cost of housing construction? Give me a "yes" or "no," and then briefly explain why. Ms. George?

Ms. GEORGE. Thank you, Chair Flood. The quick answer is yes. It is yes because of the uncertainty of the number of times at this moment that an environmental review might be required, so there are many different triggers, and so limiting the environmental review to one per project is critical.

Chairman FLOOD. Mr. Oberdorfer.

Mr. OBERDORFER. Yes. Thank you for that question, Mr. Chairman. I would agree it does increase both time and cost. I think, to Ms. George's point, what is really important is making sure that there is just one environmental review process throughout. Otherwise, it can lead to delays, which then will lead to increased costs and challenges with finishing the development.

Chairman FLOOD. Mrs. Woodward Potts.

Mrs. WOODWARD POTTS. Yes. It increases the cost for new homeownership by several thousand dollars, but then also with our HOME repair programs. For instance, we have an elderly couple now who are without heating and air conditioning. We are trying to replace their HVAC unit, but we cannot do that until we get an environmental review done just to replace an HVAC unit.

Chairman FLOOD. How hot is it right now in Alabama?

Mrs. WOODWARD POTTS. I do not want to say anything ugly.

Chairman FLOOD. All right.

[Laughter.]

Mrs. WOODWARD POTTS. Very warm. Warmer than here.

Chairman FLOOD. We will be fair for them, yes.

Mrs. WOODWARD POTTS. Yes.

Chairman FLOOD. Ms. Bohee.

Ms. BOHEE. Yes, Chairman, it does increase the cost and time to construct. As other folks have articulated, there is a duplicative nature to a number of these regulations currently in the statute. It adds cost and administrative burden.

Chairman FLOOD. Okay. Next round of questions, back to Ms. George, do Davis-Bacon requirements increase the cost of housing construction using HOME dollars? Again, "yes" or "no," and a very brief why.

Ms. GEORGE. A quick answer is yes, and the reasoning is, I would like to focus on the rural areas of our State where we do not see the consistency, and oftentimes with States, States have their own requirements for wages, and so there are conflicting requirements, and then that also drives up the administrative burden in reviewing both State and Federal requirements.

Chairman FLOOD. Mr. Oberdorfer.

Mr. OBERDORFER. Yes, Davis-Bacon comes with a significant number of administrative requirements that are attached to it. What can be especially difficult is, in smaller rural communities, local contractors or developers may not be willing to meet Davis-Bacon requirements for a variety of reasons, meaning that grantees using HOME funds need to go further afield to get contractors or developers, which then adds additional cost as well.

Chairman FLOOD. Mrs. Woodward Potts.

Mrs. WOODWARD POTTS. Yes, and part of the problem is that even in a community our size, we have 220,000 people living in our county. We have trouble getting people to bid at all, for electricians, plumbers, things like this, and it is even more difficult to find them if they have to comply with Davis-Bacon. Most of these people are small businesses. It is maybe an electrician with one helper and a bookkeeper, and so trying to do all of the Davis-Bacon requirements when you are a really small business is very difficult, and we like to support our small businesses.

Chairman FLOOD. Sure. Ms. Bohee.

Ms. BOHEE. Mr. Chairman, yes. We certainly are stalwart supports of our friends in labor and are committed to paying prevailing wage in the trades in both high-cost and rural areas. However, as a national organization, we have found that the application of that particular statute has really different impacts in different States, and for us, we have seen particularly challenges in these high-cost areas where communities are already rent burdened.

Chairman FLOOD. Thank you to each of you. I have more of those kinds of questions, but my time is limited, but let us just observe what we just saw. We have Democrat and Republican witnesses get asked the same questions with mostly the same answers. This is one of those unique issues in America where we are on the right side because everybody up here wants to see more affordable housing. I bet we could do this with Section 3 requirements. We could do the same thing with some of the other issues relating to BABA. With that, my time is up, so I am going to recognize the ranking member for his opportunity to question you all for 5 minutes.

Mr. CLEAVER. Thank you, Mr. Chairman. I have pastored a church almost all my adult life, and we have a panel and probably members who agree on things better than a church meeting and sometimes church—I should not have brought that up—church meetings can be difficult, but I am appreciative of all of the energy that has been put into this effort that we are laying out. Putting aside my disagreement with appropriators about the amount of funding currently spent, Ms. Bohee, do you think that providing new funding, along with some creative things that we are able to get into legislation, could ignite a program like those who created this program way back anticipated?

Ms. BOHEE. Thank you, Congressman. Yes, absolutely. We believe the HOME Program, with the modernization proposals that have been proposed, will absolutely help to streamline and build affordable housing cost effectively and faster.

Mr. CLEAVER. Thank you. Last night, I had dinner with a labor leader, the American Federation of Labor and Congress of Industrial Organizations (AFL–CIO) leader, here in D.C., and talked about the HOME Program, and I raised the question if Davis-

Bacon was created in 1931 and we are now in 2025, and 2,000 was the key number in 1931—I actually think it was a little higher than that; I think it went back down—I am asking all of you, what number would you suggest as the trigger number on Davis-Bacon?

Ms. GEORGE. Thank you, Congressman.

Mr. CLEAVER. Considering 1931 until today.

Ms. GEORGE. Thank you for that question. One of the biggest challenges I see is with our rural communities and making sure that we have enough bids to actually do the work that needs to be completed in our rural communities; and so, what we are recommending, COSCDA, is that the threshold be increased to 50 units to ensure that we are able to get those projects moving in our rural communities throughout Colorado.

Mr. CLEAVER. Units instead of dollars.

Ms. GEORGE. Focus on units, yes.

Mr. OBERDORFER. Thank you for that question, Ranking Member. For the HOME Program, NAHRO would agree that 50 units is an appropriate trigger for Davis-Bacon requirements. Again, this will help especially smaller communities but also smaller projects in larger cities and suburban areas be able to build more units more quickly, which will make those HOME dollars go further.

Mr. CLEAVER. Miss Ellen.

Mrs. WOODWARD POTTS. I completely agree. Fifty units are what we also recommend. We agree with my colleagues here.

Mr. CLEAVER. Ms. Bohee.

Ms. BOHEE. Congressman, we do agree that 50 units is an appropriate threshold. It does work in both our rural areas as well as in a number of our urban areas.

Mr. CLEAVER. Is there greater difficulty in getting workers in rural areas, even if we were doing a larger project? I have a town in my district, Marshall, Missouri, 12,000 people, but they are having difficulty, and I think they might even have difficulty with 50 units because in a lot of these small towns, they are going to build 10 under. I would like to conduct a survey to find out how many 50-unit projects we have in rural areas. Any of you see that as an impediment?

Ms. GEORGE. Thank you, Congressman. By increasing the threshold, that means that in rural areas where they might be focusing on a project that is less than 50 units, they would not be doing the administrative paperwork for Davis-Bacon. That is the idea of increasing that threshold.

Mr. CLEAVER. Thank you.

Chairman FLOOD. The gentlewoman from Texas, Ms. De La Cruz, is now recognized for 5 minutes.

Ms. DE LA CRUZ. Thank you so much, Mr. Chairman. Thank you to all of our witnesses for being here today, and I would like to talk a little bit about this important topic that I know is so important to my community. I serve a largely rural community, a Hispanic community, in fact, one of the most Hispanic communities in the entire Nation in deep South Texas. Many of my constituents are impacted by key HUD programs, like HOME, and it makes me happy to serve as vice chair of this subcommittee as we work to enhance these programs, making them more impactful and sustainable, and I know my constituents feel the long-term benefits. I have represented South Texas here in Washington, DC. for 2-and-a-half years. I have learned that change here in Washington can come more slowly than what I am used to as a small businesswoman. A good example of this is with the HOME Program, what we are discussing here today and what has not been reauthorized since 1992. It is just incredible when I say it out loud. It is as if the world has not changed in 30 years, and we know it has changed quite a bit since then.

I appreciate the subcommittee's continued focus on housing issues as many of our constituents continue to struggle to purchase a home or make the rent. It is in the strategic interest of our Nation and our constituents back home for us to use the resources available to bring high-quality units to the market as quickly and effectively as possible. The positive reforms to the HOME Program included in the draft text notice for this hearing will do just that: shorten timeliness and increase effectiveness. Looking at this panel before us today, I see a great slate of witnesses comprised of policy experts and people with real boots on the ground. I would like to give each of you the opportunity to share with us one positive reform included in the HOME Reform Act, and for you to explain to our constituents watching today how that change will help enhance the supply of affordable housing. Let us start with Ms. George.

Ms. GEORGE. Thank you, Congresswoman. I love being first because that does not give me a lot of time to think about that. There are a lot of modernization aspects that we are looking at now that are important. I think I want to focus on the flexibility that the HOME Program has, and it is one of my many hopes as you are looking at this modernization that you keep because we have been able to pilot new ideas with HOME that have grown across our State because of the flexibility that it has. I want to stress maintaining that flexibility, not necessarily a change, because I think testimony thus far has already touched on several of those, so I will let others go from there. Thank you.

Ms. DE LA CRUZ. Flexibility. Thank you.

Mr. OBERDORFER. Thank you for that question, Congresswoman. I think what is most important is that the bill does is exempt HOME from certain requirements, like Build America, Buy America, increases the threshold to Davis-Bacon, as well as streamlines environmental review processes. HOME does a lot of things, and the flexibility in HOME is critical to the program, but one thing that is incredibly important about HOME is it acts as gap financing often for low-income housing tax credit deals. When HOME is applied to make the low-income housing tax credit work, which we just saw a significant increase in the tax credit come from Congress, those HOME requirements then fall onto the low-income housing tax credit, making it more difficult to move forward.

Ms. DE LA CRUZ. Now, when you said, "exempt homes from certain requirements," which requirement were you specifically speaking of?

Mr. OBERDORFER. Build America, Buy America.

Ms. DE LA CRUZ. Build America, Buy America.

Mr. OBERDORFER. Then also just the changed thresholds for Davis-Bacon and the environmental review processes.

Ms. DE LA CRUZ. Thank you. Yes, ma'am?

Mrs. WOODWARD POTTS. I would agree that the best thing is to reduce the amount of burdensome paperwork and regulations associated with using this very critical funding.

Ms. DE LA CRUZ. Good job. Yes, our last witness.

Ms. BOHEE. Thank you, Congresswoman. Yes, the streamlining of environmental regulations, the exemption provided for under NEPA and certainly making it easier to build so we can deliver these homes faster for those in need.

Chairman FLOOD. The gentlewoman's time has expired. Thank you.

Ms. DE LA CRUZ. I yield back.

Chairman FLOOD. The gentlewoman from Texas, Ms. Garcia, is now recognized for 5 minutes.

Ms. GARCIA. Thank you, Mr. Chairman, and I am going to try, frankly, to contain myself because I just cannot believe some of the words that I am hearing. I agree with the Chairman: we all want more housing, especially affordable housing, but I do not think I want to see affordable housing being built in an old landfill. I do not think I want affordable housing to be built by young people that are getting meager wages or by subcontractors and contractors that are not even meeting the minimum wage. I do not want to see housing built that, frankly, is goods or lumber or nails that are coming from another country and not the good old USA, that are going to fall apart after 2 years of people living in it. I just cannot believe you all are, basically, wanting us to toss out all the kinds of protections that we need to make sure that we only not be able to have affordable housing, but good-quality housing.

I will be honest with you. I have been around for a long time in local government, State government, and I have never seen a panel actually talk about tossing all the rules out because we want to build anywhere, anytime, any way we want, because that is what I am hearing from you all. I mean, have not you all heard about how great it is to support American manufacturing and products and buy American? We have all been talking about that for years, but you want an exemption from that? I mean, really, you all do? I mean, I am disappointed in all of you, especially Habitat. I mean, Habitat is Jimmy Carter's group. I mean, he was as American as they got. He is probably rolling in his grave, poor dear, right now.

I ask you first, ma'am, you say you want to protect small business from Davis-Bacon, but yet you do not want to support small U.S. businesses by buying American. Can you help me reconcile that?

Mrs. WOODWARD POTTS. We support our local contractors. We only hire electricians, plumbers, HVAC contractors, and brick masons, people like that. All of these people are making above the prevailing wage for Davis-Bacon. Most of our labor is provided either by our construction crew, who are all paid fairly with health insurance, or it is provided by volunteer labor.

Ms. GARCIA. But you are asking us to do away with the Buy American Act. You want an exemption.

Mrs. WOODWARD POTTS. Our issue with it is that it is very difficult to determine when we are going to 84 Lumber in Tuscaloosa, Alabama, where did those nails come from where did the——

Ms. GARCIA. Have you tried just asking the seller?

Mrs. WOODWARD POTTS. It is very difficult for a local business in Tuscaloosa, Alabama, to know tens of——

Ms. GARCIA. Ma'am, just like I said, I am completely baffled by this panel. I can walk into Home Depot, and they will tell me what is American made or not. I remember one time going to four stores just trying to find a button-down shirt that was made in America. It is hard, but you have to just ask. I am having trouble reconciling your positions, and you, sir, you talk about the prices and Davis-Bacon and costs. Do you not realize that the tariffs alone are going to cost about 40 percent more in building the home? At least that is what the home builders told us in another hearing about 4 weeks ago, and then with a lack of immigrant labor, it is going to raise it another 30 percent.

Mr. OBERDORFER. Yes, I appreciate——

Ms. GARCIA. You would not just build any damn thing you want to any damn place you want to?

Mr. OBERDORFER. No, I appreciate the question, and I want to reiterate that NAHRO supports American-made products and manufacturing. The problem is the industry just is not set up for that yet. We have been working——

Ms. GARCIA. Which industry, sir?

Mr. OBERDORFER. The construction industry, manufacturing, all of the things that we would need to meet the Build America, Buy America requirements. It is incredibly difficult.

Ms. GARCIA. Sir, we have been talking about that since I was a county commissioner about 15 lives ago.

Mr. OBERDORFER. Although the Build America, Buy America requirements have just come into compliance——

Ms. GARCIA. It is not that hard.

Mr. OBERDORFER [continuing.] a couple of months ago, and so the system is just not set up at this point for developers or for contractors to find those products they need——

Ms. GARCIA. Do you really want to build on a landfill? Do you really want to build on a site that is flood prone? Do you really want to build in a place that has contamination of oil or gas or some toxic waste because you do not want to go through an environmental?

Mr. OBERDORFER. No, absolutely not, ma'am, and our recommendation is not to prohibit environmental reviews, but rather, to make sure there is one environmental review per project as opposed to having to go through duplicative——

Ms. GARCIA. Sir, I have built a lot of things. I was a county commissioner. I remember one time, one road that took me almost 3 years to build because not only did I have to face environmental, once they started digging, they found a gas pipe, so then we had to do that review, and then we went further down the road, and they found an archeological site. They had to do that review. Those things——

Chairman FLOOD. The gentlewoman's time has expired. The gentleman from New York, Mr. Lawler, is now recognized for 5 minutes.

Mr. LAWLER. I want to thank Chairman Flood for having this hearing and prompting us to begin to really take a look at the programs at HUD. In many ways, the HOME Program exemplifies the larger problems with many of our housing programs. Despite its status as HUD's second largest block grant program and seventh largest program overall, the HOME Program has not been reauthorized since 1992. We have continued to pump money into this program while program outcomes have diminished under outdated regulatory frameworks, administrative burdens, and inconsistent project tracking.

One of the most common refrains I hear in the 17th District of New York is concerns about the affordability of housing. This is a basic supply and demand issue. We are 7-and-a-half million units underbuilt nationwide. We need to build more housing, period. With mortgage rates near their highest since the turn of the millennium, it is perhaps the most difficult time to purchase a home in our Nation's history. However, so much of the crisis comes back to the fact that we are not building enough. The HOME Program, like other programs at HUD and other Federal policies, needs targeted modernization for the housing needs of the 21st century. We need to be structuring these programs to enable Federal, State, and local partners to work together to incentivize to growing our supply.

Ms. George, Mrs. Potts, and Mr. Oberdorfer, how would you describe the cumulative regulatory burden of the HOME Program on participating jurisdictions and developers?

Ms. GEORGE. Thank you for that question, Congressman. Time is money. I have actually worked as a developer doing affordable housing and at the State, and then represent, of course, the Council of State Community Development Agencies. The regulatory items that we have talked about are not the wholesale elimination of these rules but really trying to target where they have the most need, and so, like with BABA, in particular, we are in full agreement. We want things built and purchased that are made in America, absolutely agree. The challenge is the uncertainty, and coming from a developer's perspective, when you are uncertain that you are going to be able to get the financing or you will get in trouble for something that you meant to do correctly, you might choose not to do that deal, and that is a problem because we need more housing. We are here to talk about doing more housing more rapidly, and so the proposals that we are considering today are what we believe from practitioners as ways that we can achieve something that is better for all of us.

Mr. LAWLER. Mrs. Potts.

Mrs. WOODWARD POTTS. After the April 27, 2011, tornado in Tuscaloosa destroyed a sixth of the city in about 5 minutes, hundreds and hundreds of houses were destroyed. Habitat wanted to buy 33 lots on Juanita Drive in the heart of the tornado zone, and it took more than 2 years, nearly 3 years to complete the environmental reviews and build homes for homeownership for Tuscaloosans who had lost everything they owned, and many of them had lost family members.

Mr. LAWLER. Yes.

Mrs. WOODWARD POTTS. That is the kind of regulatory burden that I would like to see eased. It is not that we want to do away with environmental reviews.

Mr. LAWLER. A thousand percent. Mr. Oberdorfer, what reforms would best support new single-family construction through the HOME Program, especially in areas with acute homeownership demand?

Mr. OBERDORFER. Thank you for that question, Congressman. I think what makes the HOME Program so critical and important is the flexibilities that are included within that. What that allows is for grantees to determine what makes sense on the ground for them. For areas where single-family homeownership or single-family building makes sense, HOME would allow them to do that. I think what is most critical about the HOME Program is that flexibility that allows communities to do what makes sense for their local needs.

Mr. LAWLER. Look, this is one of the biggest issues facing the country, the issue of affordability and access to housing, and the sheer fact is we just do not have enough housing. There needs to be greater cooperation between the Federal Government, our State and local partners, and developers to actually incentivize the construction of new housing——

Chairman FLOOD. The gentleman's time has expired.

Mr. LAWLER [continuing.] or the affordability crisis will worsen.

Chairman FLOOD. The gentlewoman from Georgia, Ms. Williams, is now recognized for 5 minutes.

Ms. WILLIAMS of Georgia. Thank you, Chairman Flood and Ranking Member Cleaver, for this hearing today, and thank you to all of our witnesses for being here to talk about such an important issue across the board for all Americans.

Today, my Republican colleagues are holding this hearing because they want people back home to think that they will boost the HOME Program to address the affordable housing shortage, and that will be noble if only my Republican colleagues' actual actions lined up with this premise. You know what is not noble? Republicans saying nothing while the President continues to push an anti-affordable housing agenda, including eliminating the HOME Program in his Fiscal Year 2026 budget proposal. Before we can talk about expanding the HOME Program, we need to make sure there is a HOME Program left to even expand. I have always worked with my colleagues on the other side of the aisle in this subcommittee, and now I am calling on my Republican colleagues to do the same: work with Democrats and hold the Trump administration accountable for what they are doing in the housing space to make it more unaffordable for Americans.

In the span of just 6 months, we have seen the Trump administration fire 700 HUD staff. We saw Trump give his once bestie, now frenemy, whatever you want to call him, Elon Musk, his Department of Government Efficiency (DOGE) passion project: access to sensitive housing discrimination data. We have watched this administration slash and cancel fair housing funding grants, and we all know why this is happening. It is because housing investments are meant to help low-income families and individuals. It is meant for those who struggle to afford a roof over their head, and clearly, these are not the people that Donald Trump has shown us that he fights for because they are not billionaires, and they are not lining his pockets. In fact, he does not fight for me or the constituents that I serve. In my district alone, we have the widest racial wealth gap in the country and housing prices that continue to skyrocket, and in the Atlanta area, Trump's plans to gut housing investments will only make homeownership a more harder reality for so many people already struggling. If Republicans want to say today that they truly care about housing supply, which I think that they actually do, I need them to understand exactly how important the HOME Program is before they allow President Trump to totally gut that, too.

Ms. Bohee, HOME Program funds can be used to finance a wide variety of affordable housing activities that generally fall into six categories: new construction of homeowner-occupied housing, rehabilitation of owner-occupied housing, assistance to homebuyers, new construction of rental housing, rehabilitation of rental housing, and tenant-based rental assistance. Are there investments the HOME Program can make that are not eligible activities under any other Federal program?

Ms. BOHEE. Thank you for the question, Congresswoman. We do believe one of the greatest tools is streamlining, eliminating duplicative requirements, absolutely. This program must absolutely be preserved. It is, again, the only source of Federal block grant funding specifically targeted to low-and moderate-income households.

Ms. WILLIAMS of Georgia. You all, the HOME Program is very flexible. It provides funding dedicated exclusively to increasing the availability of adequate, affordable housing for low-and very low-income households. The program places a particular emphasis on giving States and localities flexibility in how they achieve their affordable housing goals and funds and can be used for a variety of activities related to both the rental and owner-occupied housing. Ms. Bohee, can you discuss instances in which HOME funds were used effectively on any project? Just give me an example of a project on how it was used effectively.

Ms. BOHEE. Absolutely. Recently in Savannah, Georgia, we did use HOME dollars to redevelop a public housing site into 484 modern homes. These are multifamily, affordable housing for families, seniors, and folks exiting homelessness. We leveraged those HOME dollars in conjunction with housing tax credits. The layering of those funding sources often takes many, many multiple funding sources to get affordable housing built, so the streamlining of those regulations associated with all of the funding sources is critically important to building those housing faster.

Ms. WILLIAMS of Georgia. So, it is the streamlining that made this be more effective for you said over 400 people for affordable housing in Savannah, Georgia.

Ms. BOHEE. Over 400 families, yes.

Ms. WILLIAMS of Georgia. Thank you, Ms. Bohee. You all, the HOME Program is just one of the many things in President Trump's proposed budget that he is looking to eliminate. House Republicans and this administration are pretending that the private market can fix the affordable housing crisis. We must do something about this together, Chairman Flood. Thank you, and I yield back.

Chairman FLOOD. The gentlewoman yields back. The gentleman from Montana, Mr. Downing, is now recognized for 5 minutes.

Mr. DOWNING. Thank you, Mr. Chair. Thank you for holding this important hearing. Thank you to the witnesses.

Housing is obviously on all of our minds in solving problems. I really see it as the basis of the American Dream as being able to own your own home and finding solutions, especially for those that have barriers. The United States is over $36 trillion in debt, and taxpayer dollars are precious. I support efforts to make sure they are used responsibly, so it is important that we do think very strongly about how we get the most bang for our buck. The HOME Investment Partnerships Program created in 1990 is HUD's largest block grant program dedicated exclusively toward affordable housing, and the program receives over a $1 billion in funding annually.

I am going to start with Mrs. Potts. Can you share examples of how HOME Program funds have been used to attract additional private or philanthropic capital and what barriers remain in maximizing that leverage?

Mrs. WOODWARD POTTS. We have lots of corporate partners, but many of them are not able to fully fund a house. For instance, Public Supermarket Charities gives us $50,000 a year. That will not fully fund a house, but we can pair that with HOME dollars and provide a home, build a home for a family with that paired funding. We also can build handicap-accessible housing for families, which they would never be able to even find, much less afford otherwise.

Mr. DOWNING. Do you see barriers to this type of investment, these philanthropic or private investments?

Mrs. WOODWARD POTTS. There is only so much philanthropic and private investment available, especially in communities like mine, which are not huge communities. It is a wonderful thing. Maybe 20 percent of our funding in terms of new homeownership comes from HOME, and then the other 80 percent comes from private funders, whether it is foundations, businesses, faith-based organizations, churches, and others.

Mr. DOWNING. Thank you. My district, the 2nd District of Montana, is very rural. In fact, it is the largest congressional district by landmass, other than Alaska. We have very long roads, a lot of dirt, small communities, very rural. Very rural. I am going to move to Ms. George here. Can you describe any differences you have noticed in the HOME Program's success in suburban areas versus rural areas?

Ms. GEORGE. Absolutely. Thank you, Congressman. We administer the program for the State, and what we find is that the developers that are prepared to administer the HOME Program and meet the requirements of both the environmental review, Section 3, the four horsemen. As the chairman says——

Mr. DOWNING. Right

Ms. GEORGE [continuing.] they need to be prepared, and so the number of people or developers that can respond to an RFP, request for proposals, is smaller because they do not have that experience to actually administer the program. So, what we find in our rural communities is we limit the number of contractors that can actually apply and carry out a construction project, which is a challenge because you are trying to get as much competition——

Mr. DOWNING. Right.

Ms. GEORGE [continuing.] in the community as possible to get the best product.

Mr. DOWNING. How else could this be reformed to better serve these municipalities in rural or under-resourced participating jurisdictions?

Ms. GEORGE. Thank you, Congressman. What we are proposing is that the threshold for these requirements be lifted to 50 units. That way, we can ensure that we are getting the most people applying to rural projects so that we can actually complete these projects in a timely way.

Mr. DOWNING. Thank you. What additional performance metrics or public reporting would you recommend HUD publish to give Congress and the public clearer insight into the HOME Program's cost effectiveness?

Ms. GEORGE. Thank you, Congressman. That is a good question. That is actually one that I would like to come back with information on at your request.

Mr. DOWNING. Anybody else would like to respond to that last one?

Mr. OBERDORFER. Just to make sure I understood, so the question is, what could HUD provide to make sure that these dollars are going as far as possible?

Mr. DOWNING. Exactly.

Mr. OBERDORFER. I think what we have seen with the HOME Program, especially when you are looking at the economic benefits, both to the number of new units that have been constructed as well as the impacts to the local economy, those are two really critical points that are helpful to understand.

Mr. DOWNING. Thank you very much. I have run out of time, Mr. Chair. I yield.

Mr. DOWNING. The gentlemen yields back. The gentlewoman from Michigan, Ms. Tlaib, is now recognized for 5 minutes.

Ms. TLAIB. Thank you so much, Mr. Chair, and my colleagues and the witnesses here today. It excites me to actually talk about affordability and housing, some of the most real issues for my residents back home in the 12th congressional District in Michigan. However, it is hard to sit here and have detailed policy discussion when the President of the United States has called for eliminating the HOME Program entirely, in addition to cutting rental assistance by 43 percent in the middle of a housing crisis. I am not here to blame anybody because it existed under the previous President, and now it is here in the current President, but to cut rental assistance by such a drastic amount is immoral. Already, this administration has repealed much of the fair housing protections that many of my residents—disabled, Lesbian, Gay, Bisexual, Transgender, and Queer/Questioning (LGBTQ), Black, Latino, moms, the children—all of it. They canceled grants to organizations that help enforce fair housing laws and fired hundreds of HUD staffers, but I do want to take this opportunity, though, to discuss how we can improve the "only" Federal block grant focused exclusively on affordable housing for our low-income households, not just in Detroit, in all of our districts.

Under current program requirements, for example, the funds must be committed within 24 months, or they expire; so, organizations in my district, for instance, have said that this makes it very hard for them, for smaller, emerging, affordable housing developers without mature, what we call capital stacks, to access funding. Ms. George or Mr. Oberdorfer, do you know of early stage projects or emerging developers who have experienced similar difficulties accessing HOME funds? If so, what are some of those challenges that they face?

Mrs. GEORGE. Thank you, Congresswoman, for that question. It is an excellent question because 24 months, it sounds good.

Ms. TLAIB. Yes.

Mrs. GEORGE. The challenge is the development timeline for a multifamily development takes a while to get all of the approvals for the funding. In Colorado, we have been trying to expedite the processes and the approval processes throughout the timeframe of when you have an idea through when you start construction and complete construction. The challenge is, it still takes 24 months if everything works perfectly, so what we are proposing from COSCDA is to extend that time or to eliminate that commitment period for the HOME Program.

Mr. OBERDORFER. Yes. Thank you for that question, Congresswoman, and I would agree. The 24-month commitment makes it very difficult to make development deals, and especially when you are already dealing with layered subsidy and layered funding streams, which are challenging to do in the first place. That 24-month commitment makes it very hard to get everything in line. We would agree with COSCDA to eliminate that 24-month commitment, especially knowing that there is a 4-year deadline to complete projects with HOME dollars——

Ms. TLAIB. Yes.

Mr. OBERDORFER [continuing.] so you know that things would move forward anyway.

Ms. TLAIB. I agree. Turning to some of the other proposed changes I appreciate in the HOME Reform Act, it does aim to address the housing affordable crisis. I enjoy the intent, but sometimes implementation, well, all the time implementation matters. However, I am worried that in expanding the eligibility up to 100 percent of AMI, the funding will not go where it is most needed; and so, in the Detroit area, for instance, the wealthier suburbs push up the AMI, the average medium income, so you can see already the disparities in that regard. To any of our panelists, how do we ensure that the funds are going through where the greatest need is?

Mr. OBERDORFER. Thank you for that question, Congresswoman, and I think we can all agree that there is a real need for affordable housing across the board right now. One of the things that is so important about HOME is the fact that it does provide affordable housing for lower-income families. I would recommend if there were conversations or discussions about potentially increasing the AMI, that would also need to go hand in hand with an increase to the program. Additional funding could ensure that you could grow the HOME Program to potentially have the eligibility go up to 100 percent AMI while still being able to serve those families, but that funding would be critical to make that work.

Ms. TLAIB. I do not have much time, but I can tell you, if anybody has any other remarks, but I just caution my colleagues, the HOME Program is irreplaceable. It works well when we implement it the right way, and so I just urge my colleagues to please reconsider in supporting elimination of the HOME Program. Thank you.

Chairman FLOOD. The gentlewoman yields back. The gentleman from South Carolina, Mr. Timmons, is now recognized for 5 minutes.

Mr. TIMMONS. Thank you, Mr. Chairman, and thank you to our witnesses for committing to testifying today, even with our fun schedule changes. Today's hearing topic is a piece of a much larger problem: government efficiency and contradicting regulatory requirements. As I examined the HOME Program, I discovered that many policies, though often well intentioned, frequently contradict one another, making it much harder to solve our Nation's housing supply problems. This creates unnecessary challenges and places a heavier burden on those working within the system. Given these complexities, it is essential to clarify the expectations placed on participating jurisdictions. To better understand these obligations and how participating jurisdictions manage program requirements, it is important to hear from people in the field who work with the program day in and day out.

Ms. George, what are the core responsibilities of participating jurisdictions that receive HOME Program funds?

Ms. GEORGE. Thank you, Congressman. That is a very broad question, and so I would say the ultimate responsibility is ensuring affordable housing is built and is serving the intended constituents of that State or jurisdiction; and so, it would be initially ensuring that there is competition in application, and then it is ensuring and reviewing that there is a viability of a project that is being done, and then as you go to contracting, ensuring that people are following through with what they committed to do through their application and their contract, and then the long-term viability and ensuring that into the future, that people are actually being housed as was the commitment in the original contract.

Mr. TIMMONS. Thank you for that. Can you walk through the flow of HOME Program funds from HUD to participating jurisdictions and then developers or project sponsors, how the money flows through the system. Am I stretching it here?

Ms. GEORGE. Thank you, Congressman. Okay. I believe that Congress would appropriate the funds, and we are hopeful that Congress appropriates the funds because there is a tremendous benefit to people throughout the country for these dollars. Once they are appropriated to HUD, HUD then goes through an assessment of how those funds should be divided up throughout the country.

Mr. TIMMONS. Is that based off of the Census and population densities and costs of different areas?

Ms. GEORGE. That is correct. It is based on need, based on the statutes that you all create. Once the funds come to, whether they are the State or through a participating jurisdiction, a local jurisdiction, we would know what our allocation would be. From there, we would have a competitive process where applicants, whether they are a developer, a nonprofit like Habitat or Mercy Housing, would apply for those funds because they have a great idea or they have a pilot of how they want to serve people, and so from there, they would apply. They would compete with other applicants. Then that jurisdiction, whether it be State or a local jurisdiction, would award those funds. In the State of Colorado, we do that through our State Housing Board in a public meeting. From there, we contract for those funds, and so the recipient developer would actually administer those dollars, whether it be a project or a program, and then people would move in once the housing is built.

Mr. TIMMONS. I would imagine there is continual verification that they are indeed eligible for the assistance. I am running out of time. I will finish with this. Ultimately, it is our responsibility in Congress to streamline government operations and improve the efficiency of all Federal programs. We are literally running out of money. We have $37 trillion in debt, we got a $1.8 trillion annual deficit, and we must carefully review each agency and program to eliminate waste, reduce duplication, and ensure that the American people can easily and fairly access the services the government provides. I look forward to continuing the discussion on the HOME Program and working across the aisle to find practical solutions during this Congress. Thank you, Mr. Chairman. I yield back.

Chairman FLOOD. The gentleman yields back. The gentlewoman from Massachusetts, Ms. Pressley, is now recognized for 5 minutes.

Ms. PRESSLEY. Thank you, Chairman Flood and Ranking Member Cleaver, for this hearing today. Thank you to our witnesses for joining us today and for your work in our communities.

Our seniors are being displaced from homes that they have lived in for decades. Young families cannot afford to buy, and low-income renters have barely enough to get by. Too many families are one missed paycheck away from eviction. The HOME Program was created to give cities and States the tools to build and preserve affordable housing, but for decades, Congress has underfunded it, and now the Trump administration wants to eliminate the HOME Program completely. This is the same administration that has already fired 780 housing agency staff, slashed half of all fair housing programs, or grants rather, repealed critical housing discrimination enforcement, and proposed a budget that guts nearly every rental assistance program. Make it make sense. You cannot. It is unconscionable. When we say housing is a human right, I know some people think that is like a bumper sticker slogan, what we mean is no child sleeps in a car, no senior is pushed into a shelter, no survivor is trapped in an unsafe home. We do not lack the resources to make this vision a reality, simply the empathy and the political will.

Ms. Bohee, we hear a lot about streamlining the HOME Program. I agree that excessive red tape can drive up costs and slow down urgently needed housing. Where do you see the most opportunity to reduce burdens and delays without weakening tenant protections or environmental standards?

Ms. BOHEE. Thank you for the question, Congresswoman. For example, in markets where we develop high-cost markets, for example, in California, it often takes six to eight different funding sources in order to build that affordable housing. The Terner Center in California cited a study in which they examined LIHTC housing credit projects and found that for every additional funding source, it adds 4 months to the start of construction and an additional $20,000 per residential unit to develop, so the streamlining there would be to align regulations upfront. For example, housing credits are exempt from BABA, but often we use the HOME Program as a topper and an essential gap financing in order to make those projects happen and to target deep affordability for residents; so, aligning the regulatory requirements to the primary funding source would be absolutely important.

Ms. PRESSLEY. All right. Thank you, Ms. Bohee. I want to get one more answer on the record here. Under current HUD regulations, survivors protected under the Violence Against Women Act must get jurisdictional approval for external transfers when survivors request to move to a different property. From your experience, how long do these transfers typically take, and have there been instances where this delay in endangered survivors or prevented them from accessing safe housing?

Ms. BOHEE. That is an excellent question, Congresswoman. I am actually not prepared to speak on that particular topic today, but I would be glad to follow up in writing.

Ms. PRESSLEY. Anyone else?

[No response.]

Ms. PRESSLEY. Okay. All right. I want to be unequivocal: the affordable housing crisis did not just happen on its own. It is the result of decades of disinvestment in our housing programs. In Boston and surrounding areas, the average monthly rent for a 2-bedroom apartment has skyrocketed to over $3,600, and in the Massachusetts 7th, more than 27 percent of renters are severely cost burdened, paying over half of their income in rent. The HOME Program is one of the few Federal tools we have to change that, but instead of strengthening it, the Trump Administration wants to do away with it altogether. This is the moment to increase investments in housing, not defund housing agencies and programs that are making a difference. This is deeply consequential for our survivors of domestic violence and so many more. Thank you, and I yield back.

Mr. TIMMONS. [presiding.] Thank you. The gentlewoman from Colorado, Ms. Pettersen, is now recognized for 5 minutes.

Ms. PETTERSEN. Thank you, Mr. Chairman, and thank you all for being here today to discuss such an important issue. A special thank you to Ms. George, who has faithfully served Colorado and the Department of Local Affairs for over 15 years and has spent the last 10 years as the director of the Division of Housing. Alison is set to retire this fall and will be sorely missed, so thank you so much for your service to Coloradans.

In our State, housing affordability is the number one pain point that we hear from constituents. Their inability to afford to put a roof over their head, the number one most basic necessity, is becoming harder and harder. According to the report from the National Low-Income Housing Coalition, Colorado is now the sixth most expensive State in the country, and the median sale of a home in Colorado roughly doubled over the past 10 years. People are experiencing homelessness at an increased rate. Low-income renters and aspiring homeowners are feeling the pressure of these rising costs, and the HOME Program has served as a vital lifeline for communities and families in Colorado by providing homebuyer assistance, housing rehabilitation grants, and direct rental assistance.

I am grateful to the chair and the ranking member of the subcommittee for bringing us together in a bipartisan way to improve the HOME Program, but I am deeply concerned that the very program we are discussing has been proposed to be cut by Trump's budget. I hope that we can continue to show bipartisan support for this program as it goes through the appropriation process. Unfortunately, with housing, like so many complicated issues, there is no silver bullet, and it really needs to be an all-hands-on-deck approach, and investing in expanding programs like HOME is a critical step forward. With that, I have a few questions.

Ms. George, as you know, one of the many reasons that the State and local localities target HOME funds is that the program is quite flexible to meet the needs of the community, and I would love to hear from you on how Colorado has explored different uses for the HOME Program to meet community needs.

Ms. GEORGE. Thank you, Congresswoman, and I appreciate you. What I would really like to highlight is that flexibility that you mentioned. We have been able to pilot things in Colorado that we would not have been able to do but for the Federal HOME Program. Tenant-based rental assistance is something that we use that HOME allows. We actually piloted a program, first in Mesa County where we were partnered with the local school district. In the school district, children were identified as being homeless. With the HOME funding we were able to work with the local housing authority, the local school district to partner that family and provide the housing assistance to ensure that child had a place to call home. We have been able to expand that program because of the seed funding from the HOME funds throughout Colorado, so thank you, and thank you for your support of the program.

Ms. PETTERSEN. I love that innovative way of how you are helping to support families and being able to identify them through the schools and the education system and making sure that they get the support that they need; so, thank you for that. Ms. Bohee, similarly, to our State in Colorado, California has been confronted with astronomical housing prices that have priced out not only low-income families but working-and middle-class families who are now struggling to pay rent and keep food on the table. How does the current structure of the HOME Program limit your ability to connect working-and middle-class families to resources like tenant-based rental assistance, and how can we expand the income thresholds to meet that need?

Ms. BOHEE. Thank you, Congresswoman, for the question. We do believe aligning the regulations, really focused on the tenants, would be very beneficial. For example, often, our projects across the Nation, and certainly in California, will utilize tenant-based vouchers, which have a certain level of income restriction. On the one hand, the HOME Program has a different level of income restriction. There is a lot of back-and-forth with the agencies to really figure out how to implement that, all the while you have residents living side by side with different sets of requirements in which they live in their homes, and it creates operational challenges.

Ms. PETTERSEN. Thank you all for this discussion. I know that we need to streamline some of these processes. We are not doing our job if we are directing dollars and trying to help support communities and they are unable to actually take advantage of these dollars to meet the need because of the barriers that they are facing at the local level. I appreciate the discussion today and look forward to working with all of you on addressing one of the most important issues that we need to focus on here in Congress.

Mr. TIMMONS. Thank you. The gentlewoman from Oregon, Ms. Bynum, is now recognized for 5 minutes.

Ms. BYNUM. Thank you to all the witnesses for your testimony and thank you to Chairman Flood and Ranking Member Cleaver for convening this important meeting.

As you can guess, in Oregon, we, too, are struggling with a lack of housing supply, which has created, of course, a housing crisis, and buying a home has become out of reach for far too many Oregonians, and that has become a top priority of mine in Congress. One area that I am interested in is modular construction, particularly for multifamily developments, Unfortunately, many of our housing programs currently do not support modular construction; and so, the idea behind modular construction is that, instead of building the entire house at the location, large sections are built offsite and transported to the location. Imagine if you wanted to buy a new car but you had to coordinate with a mechanic, an automotive engineer, an electrician, a welder, and six other contractors to come to your driveway to design it. The cost would be astronomical, so the question really remains is, why would we do that to housing? So instead, modular housing would potentially bring down home costs by making building a house easier, quicker, and cheaper.

My question is for Mrs. Potts. You are on the hot seat. Currently, HUD programs, including those supporting multifamily housing, do not explicitly permit or facilitate offsite modular construction, despite its potential power to lower housing costs. Given your experience, how do you view the role of modular and offsite construction in addressing the affordable housing shortage, and what specific barriers—regulatory, financial, or otherwise—need to be addressed in order to make it scalable through HUD programs?

Mrs. WOODWARD POTTS. Thank you for your question. I would say that modular construction is one of our tools in our toolshed. In Tuscaloosa, we are very fortunate that we can build year round outside and on our build sites, but I know that our friends who live in colder climes in the winter, they often build their homes inside and then move them out to the build site. I think that is an important tool. It is not necessarily for everybody, but I do believe that it could increase the supply of affordable housing, and it needs to be one of the tools that is allowed by HOME funding.

Ms. BYNUM. Thank you. I yield back.

Mr. TIMMONS. Thank you. The gentleman from California, Mr. Liccardo, is now recognized for 5 minutes.

Mr. LICCARDO. Thank you. I appreciate, Mr. Chair, and I am sorry that Chair Flood is not here to hear me praise him, but I do want to thank Chair Flood for his leadership and convening this as collaborative efforts and working with Ranking Member Cleaver, and I am grateful for ranking member's collaboration as well on this issue and on many others. We are not seeing enough of it in Congress these days, and it is refreshing to see it happening here. I also want to thank you for allowing me to waive on.

Chairman Flood asked me about my experience as a Mayor in San Jose with HOME funding, and I did not have a lot to say, and the reason why I did not have a lot to say, and I think a lot of other large-city mayors would have said the same, is that it is just not enough money. We do not really see HOME as being a major mover. At times it provides gap funding in a very complex stack of financing in projects. According to the Urban Institute, maybe 20 percent of low-income housing tax credit projects use HOME funding as a gap source of funding, but for the most part, there are just not enough dollars there, and so I join my colleagues in saying we cannot be cutting this. We certainly cannot. We have already seen HOME funds decline since 2011. In absolute terms, in real terms, they have been declining for decades, inflation-adjusted terms. Now, we have a proposal from this President to cut the funding by 43 percent, and right now, we know there is not nearly enough funding to address the housing crisis we have.

All that being said, let me just say I really thank the chair for the HOME Reform Act. The proposal that we see here, I think, gets a lot right. I certainly support exemptions on the Build America Act, eliminating duplicative reviews under NEPA. I probably would have even gone farther than that to explore categorical exclusions for infill affordable housing. I would like to see the greater flexibility of the definition of "community housing development organization," lengthening the 24-month commitment deadlines, the expansion of the use of funds for utilities. I was a little hesitant to support lifting the threshold in Davis-Bacon, but I think Ms. Bohee's testimony was persuasive to me, and I know that Mercy does great work. We have worked with them many times in my neck of the woods.

The one concern I have, though, is the change in the income ceilings, and I hope that perhaps we can talk about this further before this bill reaches us for markup. The bottom line really comes back to what I said at the beginning, which is there is not enough money. There is not enough Federal money for everyone. HOME funding, I have already described, has dropped in several different ways in the last decade and a half, and the free market is going to provide options for some families. We know that. If they are at 95 percent, 100 percent of area median income, those options may be limited, but there are options. My concern is that for families at 60 percent of area median income, there are no options except subsidized housing, except for obviously very, very poor ones, poor options, I should say.

Right now, we have 9 million extremely low-income families in this country who qualify for Section 8 funding or vouchers, and about one-quarter of them actually get vouchers. We have millions of families without, and that is just extremely low income. If we go to the very low-income and low-income categories, now we are into tens of millions of families who desperately need help with very poor housing options that they cannot afford; and so, I am very concerned about diluting this limited pool and expanding it to 100 percent of area median income when we know that there are developers who can profitably build in many jurisdictions, not all, but many jurisdictions to address that market segment.

So my question, I guess I will start with you, Ms. George, since you have a big portfolio in Colorado, are you finding that, hey, there is a problem, we do not have enough proposals for sub–80 percent AMI housing, that we should expand the eligibility for HOME funds well above 80 percent?

Ms. GEORGE. Thank you, Congressman. I will answer the first question, which is do we have a limited supply or number of applications for below 60 percent AMI. Absolutely not. There is a tremendous need for affordable housing. That said, I think the beauty of HOME is the flexibility of HOME, and so it is a matter of responding to the local needs of your community. It might be that first-time homebuyer, and then it also could be that 30-percent AMI and below. The example that I used, Harvest Hill in Broomfield, I am most enthusiastic. It is 152 units, which is fantastic, but it is those 30-percent AMI units. I am, as a houser, excited about the expansion of the tax credit program, but the HOME Program provides the essential gap funding in order to achieve that lower AMI.

Mr. LICCARDO. Thank you. I yield, and I look forward to working with my colleagues on the side of the aisle on this issue.

Ms. DE LA CRUZ. [presiding.] The chair now recognizes from Tennessee, Mr. Rose, for 5 minutes.

Mr. ROSE. Thank you and want to thank Chairman Flood and Ranking Member Cleaver for convening today's hearing and thank you to our witnesses for your time today and for being with us.

I would like to applaud Chairman Flood and Ranking Member Cleaver for their work on the discussion draft of the HOME Reform Act of 2025, which is attached, of course, to today's hearing. It has been over 30 years since the last time the HOME Program was reauthorized by Congress. The world has changed a lot in that time, but, unfortunately, many of the HOME Program's outdated requirements have lived on. These outdated requirements can increase costs and needlessly add time to completing housing projects. I am pleased that today's discussion draft includes commonsense changes to the HOME Program, including exempting National Environmental Policy Act mandates, and it creates a small project exemption that will ease Davis-Bacon workforce requirements as well. The Nation's shortage of homes is at a crisis level in many parts of the country, and I think we are all aware of that. I look forward to working with Chairman Flood as well as Ranking Member Cleaver to successfully reauthorize the HOME Program, which is an important step Congress can take right now to help alleviate our Nation's housing shortage.

Mrs. Potts, one theme that this subcommittee has heard over and over again is the unaffordability of starter homes in so many areas around our country. I was really happy to see that you had an entire section of your prepared testimony devoted to barriers to constructing or rehabilitating affordable starter homes. Could you describe your personal experiences with barriers to affordable starter homes?

Mrs. WOODWARD POTTS. I would be happy to. Thank you for your question. We have a local developer who is a partner, and they have been building affordable starter homes in the Cherry Stone neighborhood for six iterations. They had another area adjacent that they were going to develop. They started with the infrastructure, but by the time they got three-quarters of the way through the infrastructure, they realized that what was going to be affordable housing, because of the increase in interest rates and the increase in building materials and things, they were not going to be affordable houses for the starter market, so they approached Habitat for Humanity. They donated some of the 32 lots and they sold others to us, and we are able to develop those homes for first-time homebuyers. These are people who work in environmental services, people who work in food service, our Tuscaloosa City school bus driver for special needs children. These are people who would never be able to afford homes otherwise to purchase a home.

Mr. ROSE. Mrs. Potts, if Congress, working in partnership with State and local governments, were to begin removing some of the barriers to affordable starter homes that you identified, could this help enhance the effectiveness of the HOME Program, particularly if Congress is able to successfully reauthorize the program?

Mrs. WOODWARD POTTS. Yes. It would decrease the amount of time from when we get to our concept through the environmental review process, all of those things. It would decrease the time. It would also actually increase the number of contractors that we have who want to bid on projects because some of our contractors just do not want to have to deal with the Federal regulations, for instance, Davis-Bacon. It is not that they are not paying those wages. They are, but it is just the amount of paperwork required to comply. Many of our really small contractors just do not have the staff to make that happen.

Mr. ROSE. Thank you. Mr. Oberdorfer, your testimony focuses on the significant burdens housing projects face as a result of the HOME Program's required environmental reviews. You specifically highlighted that, in many cases, if projects receive additional funding, they are required to undergo a second environmental review. Can you discuss the compliance burdens that environmental reviews place on housing programs and the importance of environmental review reform in any reauthorization of the HOME Program? In 30 seconds.

Mr. OBERDORFER. Yes. Thank you for that question, Congressman, and obviously, we need to find the right balance with environmental reviews, but what typically occurs, especially with HOME funds, is that it adds to delays to the project, and there are two things I would point out. The first is that, oftentimes, when you are using HOME financing to fill a financial gap in a project, that means you have other timelines that you need to meet as well that could slow down the process. The second is you have oftentimes already done an environmental review for either of the projects that you are working on. It is just once you add that additional gap financing through the HOME Program, because of the requirements, you need to do that second environmental review, so it becomes duplicative.

Mr. ROSE. Thank you. Our time has expired. I yield back.

Ms. DE LA CRUZ. I would like to thank all of the witnesses for their testimony today.

Without objection, all members will have 5 legislative days to submit additional written questions for the witnesses to the chair. The questions will be forwarded to the witnesses for their response. Witnesses, please respond no later than August 21, 2025.

[The information referred to can be found in the appendix.]

Ms. De La Cruz. This hearing is adjourned.

[Whereupon, at 3:40 p.m., the subcommittee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

July 16, 2025

The Honorable Mike Flood
Chair
House Committee on Financial Services
Subcommittee on Housing and Insurance
U.S. House of Representatives
Washington, DC 20515

The Honorable Emanuel Cleaver
Ranking Member
House Committee on Financial Services
Subcommittee on Housing and Insurance
U.S. House of Representatives
Washinton, DC 20515

Dear Chairman Flood, Ranking Member Cleaver and Members of the House Committee on Financial Services Subcommittee on Housing and Insurance:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 67 chapters representing more than 23,000 members, I welcome the opportunity to comment on today's hearing, "HOME 2.0: Modern Solutions to the Housing Shortage."

ABC appreciates the subcommittee's efforts to investigate ways to improve the HOME Investment Partnership Program, whose regulatory hurdles have resulted in significant delays to building critical affordable housing units. ABC recommends that, through the Home Reform Act of 2025, the committee remove onerous Davis-Bacon requirements associated with the HOME Program that would alleviate red tape and assist in delivering these projects on time and on budget.

The Davis-Bacon and Related Acts require contractors to pay administratively determined minimum wage rates, or "prevailing wages," for construction labor on projects exceeding $2,000 in cost to the federal government. The U.S. Department of Labor determines prevailing wages for construction projects through surveys that often reflect union rates, as unionized contractors are more likely to report uniform wage data. This can result in standardized union-level wages being applied across projects, regardless of whether contractors are unionized. As a result, the DBRA functions as a multibillion-dollar taxpayer subsidy for unionized construction contractors and, as the Congressional Budget Office estimates, will cost the federal government $24.3 billion through 2032.

Additionally, labor classification rules based on collective bargaining agreements—often not publicly accessible—can cause unintentional violations and create burdensome compliance challenges, even for contractors who already pay competitive wages. This directly impacts small businesses who do not have the lawyers and compliance teams available to their larger counterparts. For this reason, the DBRA presents a significant barrier to entry for the vast majority of the construction industry.

Most relevant to this hearing, independent investigators consistently document significant inflationary effects arising from prevailing wage requirements. For example, researchers at the University of California, Berkeley found prevailing wage requirements increased costs by up to 37% on multifamily residential projects funded by federal Low Income Housing Tax Credits between 1996 and 2022, preventing construction of 3,100 housing units per year under mid-range estimates.

When this subcommittee issued a request for public input on the HOME and Community Development Block Grant programs, ABC members from around the country provided feedback on the difficulties that Davis-Bacon requirements pose to contractors performing work for the U.S. Department of Housing and Urban Development. One comment expressed concerns about paperwork requirements, specifically that the work categories do not consider IT jobs and specialty contractors that perform work on a job site. Essentially, the existing categories are limited to trades that were standard in the industry 40 years ago, excluding those that are performed in the modern day.

ABC urges the subcommittee to prioritize practical, data-driven reforms that will enable more efficient delivery of affordable housing under the HOME Program. Removing outdated and burdensome Davis-Bacon requirements through the Home Reform Act of 2025 would eliminate unnecessary regulatory delays, reduce costs and expand opportunities for a broader range of qualified contractors—including small businesses and specialty trades vital to today's construction landscape.

We appreciate your continued commitment to addressing the housing shortage and stand ready to work with the subcommittee to support solutions that deliver timely, cost-effective results for American communities.

Sincerely,

Kristen Swearingen
Vice President, Government Affairs

440 First St., N.W., Suite 200 | Washington, DC 20001 | (202) 595-1505 | abc.org

COSCDA
Council of State Community Development Agencies

Striving to Build Better Communities
630 Eye Street, NW Washington, DC 20001
T: (202) 293-5820 W: www.coscda.org

Questions for the Record
Subcommittee on Housing and Insurance
Hearing, titled: HOME 2.0: Modern Solutions to the Housing Shortage
July 16, 2025

Ms. Alison George
Director, Colorado Division of Housing, Department of Local Affairs
On behalf of the Council of State Community Development Agencies (COSDCA) as Board President

---

From Rep. Fitzgerald:

1. What reforms would help ensure the HOME program is more effectively utilized, where HUD approval delays, complex administrative requirements, and limited local capacity often make it difficult to deploy funds efficiently and at scale?

   COSCDA recommends several reforms to improve the HOME program. In response to the challenges identified here:

   - **HUD Approval Delays – COSCDA does not have a recommendation specifically in response to HUD approval delays. However, *we note that the greatest challenge of the HOME program in recent years has been the increase in regulatory requirements*. While COSCDA recognizes the importance of accountability, HUD's requirements have become more burdensome than ever before. We encourage consideration of ways to streamline or better align these requirements to keep HOME projects moving forward.**

   - **Complex Administrative Requirements – *Congress should address four overly burdensome requirements to streamline the HOME program: BABA (Build America, Buy America), Davis-Bacon, Section 3, and environmental review*. For example, we recommend adopting the USDA's definition of infrastructure and exempting HOME's housing projects from BABA requirements.**

   - **Limited Local Capacity – Many states, including Colorado, are stretched thin as they manage a complicated program with very limited administrative resources. The subcommittee should consider providing *sufficient administrative funding, aligning the HOME program better with development timelines, and revisiting the CHDO set-aside to reflect today's operating realties.***

From Ranking Member Waters:

1. Which of the following options best describes your self-identified race?
   a. **White or Caucasian**

2. Which of the following options best describes your gender identity?
    a. **Woman**

<u>From Rep. Bynum</u>:

1. Community banks are the lifeblood of many small communities across the country and especially in my home state of Oregon. They know best what their communities need, and how to support them. While the largest multifamily lenders build massive buildings in large cities, what small towns in my Oregon district need are not skyscrapers, but smaller multifamily buildings to increase the supply and bring down housing costs for owners and renters in my district.

   As we consider different avenues to increase housing supply, one idea would be to expand Fannie Mae and Freddie Mac's DUS/Optigo programs. Would you support Fannie Mae and Freddie Mac creating a new DUS/Optigo license specifically for community banks and other small lenders? We can strengthen our community banks and attack housing affordability at the same time.

   COSCDA focuses on the administration of HUD grants at the state level. We do not have a position on community banks or DUS/Optigo programs at this time. Instead, I would like to highlight the fact that the HUD's HOME Investment Partnerships Program is flexible and that the reforms I propose in my written response would make HOME more useful in small and rural communities. HOME works well as a financing tool for a variety of affordable housing approaches.

National Association of Housing and Redevelopment Officials
630 I Street NW, Washington DC 20001-3736
Phone: (202) 289-3500 Toll Free: (877) 866-2476 Fax: (202) 289-4961

Dear Representative Fitzgerald,

Please find my responses to your questions for the record from the July 16, 2025 hearing titled "HOME 2.0: Modern Solutions to the Housing Shortage" below. The National Association of Housing and Redevelopment Officials (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. Thank you for the opportunity to submit responses to your questions on this important hearing. Please feel free to reach out if you have additional questions.

Thank you,

Eric Oberdorfer
Director of Policy and Legislative Affairs
NAHRO
eoberdorfer@nahro.org
202-580-7213

Questions and Responses:

Question:

The HOME Program was originally designed to give states and local governments the flexibility to address working family housing needs, but today it is operating under decades-old regulations that may be doing more harm than good. As we have heard, since its creation, the program has been formally reauthorized only once in 1992.

Can you speak to how the layers of federal requirements tied to the HOME Program impact the ability of local governments and developers to efficiently deliver housing?

Response:

The current environmental review process, along with related federal requirements like Davis-Bacon, Build America, Buy America (BABA), and Section 3, significantly slows the delivery of housing through the HOME program. While these policies are well intentioned – ensuring fair wages, supporting American manufacturing, and creating local job opportunities – they add layers of administrative reporting, compliance checks, and procurement challenges that consume time and resources, particularly for smaller agencies. Davis-Bacon increases costs and burdens small-scale projects; Section 3's implementation creates compliance hurdles; and BABA's sourcing rules make materials harder to find, more expensive, and slower to procure. Combined, these requirements extend project timelines, drive up costs, and limit the program's ability to efficiently deliver affordable housing to families in need.

e-mail: nahro@nahro.org website: www.nahro.org

Contractors and developers in the private sector are not subject to these requirements, which makes it harder to attract them to projects funded through HOME. All of these considerations make it more difficult for local governments and developers to efficiently deliver housing.

Question:

Can you walk us through how the current environmental review process, particularly NEPA requirements, has impacted the program's ability to deliver housing efficiently?

Response:

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 and funding streams are used. 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.

Question:

Do you believe these reviews contribute to project delays or increased development costs, and how might targeted reforms improve transparency, accountability, and overall outcomes for taxpayers and families in need?

Response:

Yes. In any housing development, longer timelines result in increased costs. Duplicative environmental reviews for projects that have already completed a qualifying review add unnecessary costs and delays to affordable housing developments funded through HOME. Waiving these duplicative reviews would streamline the process, ease administrative burdens, and allow construction to begin sooner – ultimately lowering costs and delivering housing more quickly to families in need. Similarly, reducing the public comment period from 30 days to 10–15 days would maintain opportunities for community input while shortening timelines. Targeted reforms like these would improve transparency and accountability while ensuring taxpayer dollars are used efficiently to produce timely, cost-effective housing outcomes.

Question:

Across the country, communities are struggling to meet the demand for affordable single-family homes, especially in areas where homeownership opportunities are increasingly out of reach.

What policy adjustments to the HOME Program would maximize its impact on expanding single-family homeownership, and how can Congress address those?

Response:

To maximize the HOME Program's impact on expanding single-family homeownership, Congress should preserve its availability for low-income households while modernizing it to reflect today's housing market realities. Homeownership remains one of the most effective pathways for asset building and creating generational wealth, but rising prices, limited supply, and tighter lending standards have made market entry more difficult for lower-income families. Congress can strengthen access to homeownership by encouraging down payment assistance, integrating robust housing counseling, and tailoring supports to ensure families are positioned for long-term success. These adjustments would not only help more families achieve homeownership, but also ensure they can sustain it and build wealth over time.

NAHRO
building communities together

National Association of Housing and Redevelopment Officials
630 I Street NW, Washington DC 20001-3736
Phone: (202) 289-3500 Toll Free: (877) 866-2476 Fax: (202) 289-4961

Dear Ranking Member Waters,

Please find my responses to your questions for the record from the July 16, 2025 hearing titled "HOME 2.0: Modern Solutions to the Housing Shortage" below. The National Association of Housing and Redevelopment Officials (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. Thank you for the opportunity to submit responses to your questions on this important hearing. Please feel free to reach out if you have additional questions.

Thank you,

Eric Oberdorfer
Director of Policy and Legislative Affairs
NAHRO
eoberdorfer@nahro.org
202-580-7213

Question:

Which of the following options best describes your self-identified race? (you may choose more than one)

a. **White or Caucasian**
b. **Black or African American**
c. **Hispanic/Latinx**
d. **Asian**
e. **Middle Eastern/North African**
f. **Choose not to answer**
g. **Prefer to self-describe (please specify)**

Response:

A. White or Caucasian.

Question:

Which of the following options best describes your gender identify?

a. **Woman**
b. **Man**
c. **Non-binary**

d. Transgender man
e. Transgender Woman
f. Choose not to answer
g. Prefer to self-describe (please specify)

Response:

B. Man.

National Association of Housing and Redevelopment Officials
630 I Street NW, Washington DC 20001-3736
Phone: (202) 289-3500 Toll Free: (877) 866-2476 Fax: (202) 289-4961

Dear Representative Bynum,

Please find my responses to your questions for the record from the July 16, 2025, hearing titled "HOME 2.0: Modern Solutions to the Housing Shortage" below. The National Association of Housing and Redevelopment Officials (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. Thank you for the opportunity to submit responses to your questions on this important hearing. Please feel free to reach out if you have additional questions.

Thank you,

Eric Oberdorfer
Director of Policy and Legislative Affairs
NAHRO
eoberdorfer@nahro.org
202-580-7213

Questions and Responses:

Question:

Community banks are the lifeblood of many small communities across the country and especially in my home state of Oregon. They know best what their communities need, and how to support them. While the largest multifamily lenders build massive buildings in large cities, what small towns in my Oregon district need are not skyscrapers, but smaller multifamily buildings to increase the supply and bring down housing costs for owners and renters in my district.

As we consider different avenues to increase housing supply, one idea would be to expand Fannie Mae and Freddie Mac's DUS/Optigo programs. Would you support Fannie Mae and Freddie Mac creating a new DUS/Optigo license specifically for community banks and other small lenders? We can strengthen our community banks and attack housing affordability at the same time.

Response:

Affordable housing of all sizes is essential to addressing the housing crisis, including smaller multifamily buildings that serve rural and suburban areas. With fewer funding opportunities in rural communities, the HOME program plays an especially critical role, making efficiency and effectiveness a top priority. Lending programs and initiatives like HOME should work in communities of every size.

e-mail: nahro@nahro.org website: www.nahro.org

NAHRO does not currently have a position specifically on creating a new DUS/Optigo license for community banks and other small lenders and would need additional information and member feedback to assess how such a change could improve their ability to provide safe, secure housing. However, anything that can be done to encourage more banks to engage in lending for affordable housing development would help. This includes finding mechanisms to increase the ability of community banks and small lenders to underwrite and service loans that increase affordable housing.

Question:

Sec. 3 of the draft HOME 2.0 legislation before us notes that participating jurisdictions are not restricted from using qualified funds for a variety of different kinds of spending (rehabbing old housing, building new, etc.). These funds and the regulatory relief we are proposing in this bill are designed to increase the maintenance of affordable housing and the construction of new housing. I applaud the ability to strike the balance of funds and regulatory relief to make a sizable difference to our affordable housing supply. However, I believe in order for the legislation to be successful, we should encourage jurisdictions to ensure we are not undercutting such progress with rules that restrict development. For example, there is research showing that restrictive rules related to short-term rentals actually prevent the development of housing units, as do complicated zoning restrictions and other permitting fees.

In your opinion, and given the research, would you agree jurisdictions possessing less restrictions, such as those who do not impose restrictions on short term rentals, would fair better under this legislation in accomplishing the goal of increasing housing production?

Response:

The HOME Investment Partnerships Program's greatest strength is its flexibility, allowing communities to tailor resources to their specific needs. NAHRO believes local communities are best positioned to determine how to address housing challenges, including setting zoning requirements that reflect local realities to help maximize HOME's impact. Section 3 of the HOME 2.0 legislation enhances this flexibility by removing preferences for rehabilitation, making it easier to direct HOME funds toward new construction when that makes sense for the community—a vital tool for communities facing severe housing shortages that limit affordability and drive up costs. Balancing local strategies with the effective use of federal programs like HOME is essential to expanding access to affordable housing.

Habitat for Humanity®

August 18, 2025

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Ranking Member Waters,

Please find below our response to the questions for the record. This is in response to the Subcommittee on Housing and Insurance hearing titled HOME 2.0: Modern Solutions to the Housing Shortage held on July 16, 2025. If you require any additional information, please don't hesitate to reach out.

Sincerely,

Ellen Potts
Executive Director
Habitat for Humanity of Tuscaloosa

Questions from Ranking Member Waters

1. Which of the following options best describes your self-identified race? (you may choose more than one)

a. **White or Caucasian – Selected**

b. Black or African American

c. Hispanic/Latinx

d. Asian

e. Middle Eastern/North African

f. Choose not to answer

g. Prefer to self-describe (please specify)

2. Which of the following options best describes your gender identity?

a. **Woman – Selected**

b. Man

c. Non-binary

d. Transgender Man

e. Transgender Woman

f. Choose not to answer

g. Prefer to self-describe (please specify)

cc: Chairman French Hill

Habitat for Humanity®

August 18, 2025

The Honorable Janelle Bynum
U.S. House of Representatives
Washington, DC 20515

Dear Representative Bynum,

Please find below our response to the question for the record. This is in response to the Subcommittee on Housing and Insurance hearing titled HOME 2.0: Modern Solutions to the Housing Shortage held on July 16, 2025. If you require any additional information, please don't hesitate to reach out.

Sincerely,

Ellen Potts
Executive Director
Habitat for Humanity of Tuscaloosa

Question from Rep. Bynum

1. Community banks are the lifeblood of many small communities across the country and especially in my home state of Oregon. They know best what their communities need, and how to support them. While the largest multifamily lenders build massive buildings in large cities, what small towns in my Oregon district need are not skyscrapers, but smaller multifamily buildings to increase the supply and bring down housing costs for owners and renters in my district.

As we consider different avenues to increase housing supply, one idea would be to expand Fannie Mae and Freddie Mac's DUS/Optigo programs. Would you support Fannie Mae and Freddie Mac creating a new DUS/Optigo license specifically for community banks and other small lenders? We can strengthen our community banks and attack housing affordability at the same time.

Habitat for Humanity works closely with community banks to finance affordable homes and homeownership in many of the communities we serve across the nation. Many Habitat affiliates operate mortgage lending programs of their own. Habitat is broadly supportive of making it easier and less burdensome for smaller, community lenders to become Fannie Mae and Freddie Mac approved. As part of this, we would support Fannie Mae and Freddie Mac creating a new DUS/Optigo license specifically for community banks and other small lenders.

However, while some of our local affiliates are building small-scale multifamily housing, most are predominantly building single-family homes for ownership. We would, therefore, be particularly interested in extending the scope of new DUS/Optigo licensing to include smaller, community banks providing mortgages for single-family homes.

cc: Chairman French Hill
Ranking Member Maxine Waters

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....
(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. ______

To amend the Cranston-Gonzalez National Affordable Housing Act to encourage expansion of the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. FLOOD introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To amend the Cranston-Gonzalez National Affordable Housing Act to encourage expansion of the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "HOME Reform Act of 2025".

SEC. 2. DEFINITIONS; ASSISTANCE FOR WORKFORCE-INCOME FAMILIES.

(a) DEFINITIONS.—

(1) COMMUNITY HOUSING DEVELOPMENT ORGANIZATION.—Section 104(6)(B) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(6)(B)) is amended—

(A) by striking ", through significant representation on the organization's governing board and otherwise,"; and

(B) by striking "low-income" each place it appears and inserting "low-income and workforce-income".

(2) WORKFORCE-INCOME FAMILIES.—Section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704) is amended by adding at end the following new paragraph:

"(26) The term 'workforce-income families' means families whose incomes do not exceed 100 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 100 percent of the median income for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.".

(b) ASSISTANCE FOR WORKFORCE-INCOME FAMILIES.—Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended—

(1) in section 203—

(A) in paragraph (1), by striking "and low-income" and inserting ", low-income, and workforce-income"; and

(B) in paragraph (7), by striking "low-income" and inserting "low-income and workforce-income";

(2) in section 214(2), by inserting "or workforce-income" after "low-income";

(3) in section 215—

(A) in subsections (a)(1)(C), (b)(2), and (b)(3)(A)(ii), by inserting "or workforce-income" after "low-income"; and

(B) in subsection (a)(3), in the second sentence, by inserting "or workforce-income" after "low-income"; and

(4) in section 271(c), in paragraphs (1)(B) and (2)(A), by inserting "or workforce-income" after "low-income".

SEC. 3. CHOICES MADE BY PARTICIPATING JURISDICTIONS.

Section 212(a)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742) is amended to read as follows:

"(2) LIMITATION ON RESTRICTIONS.—The Secretary shall not restrict a participating jurisdiction's choice of rehabilitation, substantial rehabilitation, new construction, reconstruction, acquisition, or other eligible housing use unless such restriction is explicitly authorized under section 223(2).".

SEC. 4. USE OF AMOUNTS BY CERTAIN JURISDICTIONS FOR INFRASTRUCTURE IMPROVEMENTS.

(a) USE OF INVESTMENTS FOR HOUSING USES.—

(1) IN GENERAL.—Section 212(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) INFRASTRUCTURE IMPROVEMENTS IN NONENTITLEMENT AREAS.—In accordance with regulations to be issued by the Secretary, funds provided under this subtitle may be used for infrastructure improvements, including the installation or repair of water and sewer lines, sidewalks, roads, and utility connections, in any jurisdiction that does not receive assistance under title I of the Housing and Community Development Act of 1974 (42 U.S.C.

5301 et seq.), if such improvements are directly related to, and located within or immediately adjacent to—

"(A) a housing project assisted under this subtitle; or

"(B) a housing project under section 42 of the Internal Revenue Code of 1986.".

(2) ISSUANCE OF RULES.—Not later than 360 days after the date of enactment of this Act, the Secretary shall issue such rules as the Secretary determines necessary to carry out the amendment made by paragraph (1).

(b) PER UNIT INVESTMENT LIMITATIONS.—Section 212(e)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(e)(1)) is amended by striking the second sentence.

SEC. 5. AFFORDABLE HOUSING QUALIFICATIONS.

(a) RENTAL HOUSING.—Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(a)) is amended by adding at the end the following new paragraph:

"(7) EXCEPTION FOR HOUSING CHOICE VOUCHERS.—Notwithstanding paragraph (1)(A), a rental unit shall be considered to qualify as affordable housing under this title if—

"(A) the unit is occupied by a tenant receiving tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

"(B) the tenant's contribution toward rent does not exceed the amount permitted under such section 8 assistance; and

"(C) the total rent for the unit does not exceed the amount approved by the public housing agency administering the assistance under that program.".

(b) HOMEOWNERSHIP.—Section 215(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(b)) is amended—

(1) in paragraph (1), by striking "95 percent" and inserting "110 percent";

(2) in paragraph (3)—

(A) in subparagraph (A)(ii), by striking "or" at the end;

(B) in subparagraph (B), by striking "and" at the end and inserting "or"; and

(C) by adding at the end the following new subparagraph:

"(C) maintain long-term affordability through a shared equity ownership model, a community land trust, a limited equity cooperative, or other mechanism approved by the Secretary, that preserves affordability for future eligible homebuyers and ensures compliance with the purposes of this title; and".

SEC. 6. DELAYED EXPIRATION OF RIGHT TO DRAW HOME INVESTMENT TRUST FUNDS.

Section 218(g) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12748(g)) is amended, in the first sentence, by striking "24 months" and inserting "36 months".

SEC. 7. ADJUSTED RECAPTURE AND REUSE OF SET-ASIDE FOR COMMUNITY HOUSING DEVELOPMENTAL ORGANIZATIONS.

Section 231(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12771(b)) is amended to read as follows:

"(b) RECAPTURE AND REUSE.—If any funds reserved under subsection (a) remain uninvested for a period of 36 months, the Secretary shall make such funds available to the participating jurisdiction for any eligible activities under this title without regard to whether a community housing development organization materially participates in the use of funds.".

SEC. 8. ASSET RECYCLING INFORMATION DISSEMINATION EXPANSION.

Section 245(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12785(b)(2)) is amended by striking "95 percent" and inserting "110 percent".

SEC. 9. SMALL-PROJECT EXEMPTION TO LABOR REQUIREMENTS EXPANSION.

Section 286(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12836(a)) is amended by striking "12 or more units" and inserting "50 or more units".

SEC. 10. ENVIRONMENTAL REVIEW REQUIREMENTS.

(a) CATEGORICAL EXEMPTIONS; REMOVING DUPLICATIVE REVIEWS.—Section 288 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12838) is amended by adding at the end the following new subsections:

"(e) CATEGORICAL EXEMPTIONS.—The following categories of activities carried out under this title shall be statutorily exempt from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and shall not require further review under such Act—

"(1) new construction housing units on infill lots with existing developed neighborhoods that are already served by public infrastructure;

"(2) acquisition of real property for affordable housing purposes;

"(3) rehabilitation projects carried out pursuant to section 212(a)(1); and

"(4) new construction projects of 20 units or less.

"(f) REMOVING DUPLICATIVE REVIEWS.—

"(1) IN GENERAL.—To the extent practicable and permitted by law, the Secretary shall ensure that a project that has undergone an environmental review under this section shall not be subject to a duplicative environmental review solely due to the addition, substitution, or reallocation of other sources of Federal assistance, if the scope, scale, and location of the project remain substantially unchanged.

"(2) COORDINATION OF ENVIRONMENTAL REVIEW RESPONSIBILITIES.—The Secretary shall, by regulation, provide for coordination of environmental review responsibilities with other Federal agencies to streamline inter-agency compliance and avoid unnecessary duplication of effort under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and other applicable laws.

"(3) RECOGNITION OF PRIOR REVIEWS BY RESPONSIBLE ENTITIES.—A project shall not be subject to an environmental review under this section if a substantially similar review has already been completed by an entity designated under section 104(g)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(g)(1)) or by another entity the Secretary determines to have equivalent authority, if the scope, scale, and location of the project remain substantially unchanged.".

(b) ISSUANCE OF RULES.—Not later than 360 days after the date of enactment of this Act, the Secretary shall issue such rules as the Secretary determines necessary to carry out the amendment made by this subsection.

SEC. 11. APPLICATION OF OTHER SPECIFIED STATUTORY REQUIREMENTS.

Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended by adding at the end the following new sections:

"SEC. 291. APPLICATION OF BUILD AMERICA, BUY AMERICA REQUIREMENTS.

"The Build America, Buy America Act (41 U.S.C. 8301 note; subtitle A of title IX of Public Law 117–58), and any implementing regulations or guidance, shall not apply to activities assisted under this title.

"SEC. 292. NONAPPLICABILITY OF CERTAIN REQUIREMENTS FOR SMALL PROJECTS.

"Notwithstanding any other provision of law, the requirements of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and any implementing regulations or guidance, shall not apply to any activity assisted under this title that involves rehabilitation, construction, or other development of housing if the total number of dwelling units assisted under the activity is 50 or fewer.".

SEC. 12. TECHNICAL AMENDMENTS.

The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 et seq.) is amended—

(1) by striking "Stewart B. McKinney Homeless Assistance Act" each place it appears and inserting "McKinney-Vento Homeless Assistance Act"; and

(2) by striking "Committee on Banking, Finance and Urban Affairs" each place it appears and inserting "Committee on Financial Services".