



Affordable Housing Policy Agenda

CONVERGENCE
UNITING FOR HOUSING AFFORDABILITY

MBA[®]

MORTGAGE BANKERS ASSOCIATION

Introduction

The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, with a membership that includes mortgage companies, commercial banks, credit unions, thrifts, real estate investment trusts, life insurance companies, mortgage brokers, and others in both the single-family and multifamily mortgage lending fields.

Our nation faces an affordable housing crisis. The gap between what families and individuals can afford and prevailing housing costs is growing, whether for rent or purchase. The ongoing housing challenges are felt most acutely by low- to moderate-income households and communities of color.

In response to these challenges, MBA launched the Affordable Housing Initiative, which focuses exclusively on housing affordability. By leveraging the expertise of the real estate finance industry, and the unique perspectives of members that provide private capital to support housing finance, MBA can contribute to effective workable solutions.

This *Affordable Housing Policy Agenda* (Policy Agenda) captures ways in which public policy can advance these solutions. This Policy Agenda identifies policies to promote housing affordability across a wide range of incomes for both rental housing and homeownership. It also can enable MBA members to serve this objective more effectively.

The Policy Agenda includes policy reforms that improve market incentives, remove friction or barriers, and reduce costs for low- to moderate-income families, meaning households making 80% or less of Area Median Income (AMI). These reforms can be implemented by regulatory and/or legislative action at the federal, state, and local levels.

Recognizing that the issues underlying our nation's housing affordability challenges are constantly changing, this Policy Agenda will be a dynamic document — it will be updated as circumstances and priorities change. This is the second iteration of the Policy Agenda; the first was published in early 2020, prior to the COVID-19 pandemic.¹

MBA will continue to work with other stakeholders to advocate for policies consistent with the objectives of the Policy Agenda.

¹ MBA published an addendum to the 2020 Affordable Housing Policy Agenda to incorporate our COVID-19 emergency housing response strategies.

Framework

MBA's *Affordable Housing Policy Agenda* is based on the following framework:

KEY OBJECTIVE

- **All Americans should have access to safe, decent, and affordable housing for rent or homeownership.**

KEY POLICY STRATEGIES

- **Production of more housing:** Policies that foster and facilitate the construction of affordable housing to address supply shortages and keep up with household growth.
- **Preservation of affordable housing:** Policies that foster and facilitate the preservation and maintenance of affordable housing stock — both subsidized and unsubsidized.
- **Consumer education:** Policies that help aspiring homeowners and renters have access to quality financial coaching, homebuyer education, and housing counseling services.
- **Access to credit:** Policies that help ensure that all qualified borrowers are able to obtain sustainable mortgage credit for a home purchase.
- **Cost assistance:** Policies that help bridge the gap between the cost of housing and the income and assets of renters and aspiring/current homeowners.
- **Sustainability of affordable housing:** Policies that help sustain and maintain housing for homeowners and renters.

KEY TOOLS

- **Incentives and subsidies:** Policies that increase the availability and efficient delivery of housing subsidies for affordable rental and homeownership programs, including the prioritization and targeting of such resources.
- **Regulatory policy:** Policies that address regulatory impediments to housing production, such as land use, zoning, program requirements, approval processes, administration of labor requirements and environmental standards, fees, and cross-agency coordination.
- **Resource allocation:** Policies that ensure sufficient allocations for key housing agencies, programs, and activities.
- **Financing options:** Policies that support financing options for affordable rental housing and homeownership.
- **Coordination:** Activities that enhance the organization of affordable housing programs in underserved areas, and align and coordinate various efforts to maximize housing affordability.

Policies to Promote Affordable Homeownership

MBA will work with policymakers to strengthen the housing finance system to deliver equitable, sustainable, and responsible financing to meet the ever-changing challenges to homeownership. MBA promotes policies that support sustainable homeownership as an essential means of creating and maintaining generational wealth for households of color.

In addition, MBA established an Advisory Council on Affordable Homeownership to guide these efforts. This Advisory Council is focused on challenges and potential innovative solutions to advance homeownership opportunities for all,

provide fair and sustainable access to credit, and support homeownership preservation to enhance wealth building. The table below identifies policies to improve the affordability of homeownership.

POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<p>Direct Government Support to Homeowners</p> <p>Providing direct assistance through state and local housing finance agencies to help homeowners, including those with COVID-19 hardships, by supporting mortgage payments; providing funding for deeper loan modifications; assisting with utility payments, property tax and insurance payments, and homeowner association dues; and offering other support to prevent the loss of home equity, mortgage delinquency, default, or foreclosure.</p>	<p>Supports and prevents the loss of home equity, mortgage delinquency, default, or foreclosure.</p>	✓	✓		✓
<p>Increase Access to Affordable Financing Options to Expand the Pool of Minority Borrowers</p> <p>Expand existing offerings through the GSEs' Duty to Serve programs and HomeReady and Home Possible products, as well as increase the use of special purpose credit programs.</p> <p>Reduce or eliminate unnecessary Loan Level Price Adjustments (LLPA) on Government-Sponsored Enterprises products.</p>	<p>More borrowers — with a focus on minority borrowers — can qualify for sustainable mortgage products that limit their required down payment or provide other favorable terms to reduce the cost of credit.</p> <p>Increases access to affordable financing options to expand the pool of minority borrowers eligible for GSE financing.</p>	✓		✓	

POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<p>Increase Funding for Housing Counseling</p> <p>Increase funding for financial education and housing counseling services, to help encourage successful long-term homeownership and help borrowers at risk of foreclosure.</p> <p>These funds will augment the successful outreach already underway by mortgage servicers and housing counseling agencies nationwide, supplementing existing communications efforts and virtual events for homeowners needing assistance.</p>	<p>Housing counselors throughout the country can provide advice on buying a home, renting, managing equity, refinancing, defaults, forbearances, foreclosures, and credit issues.</p>	✓	✓	✓	
<p>Leverage Emerging Technologies</p> <p>Leverage emerging technologies and implement process improvements with respect to appraisals</p>	<p>Improves appraisal transparency and consistency, reduces bias in valuations, lowers consumer costs, and fosters greater confidence in valuations.</p>	✓	✓	✓	✓
<p>Support Neighborhood Homes Investment Act</p> <p>Revitalizes distressed urban, suburban, and rural neighborhoods by offering tax credits to cover the gap between development costs and sales prices.</p>	<p>Stimulates communities with an adequate supply by creating safe and affordable housing options.</p>	✓			✓
<p>Update Standards for Manufactured and Cross-Modular Housing</p> <p>Update standards for manufactured housing and cross-modular housing to better align with “stick-built” standards and zoning requirements where appropriate.</p>	<p>Increases the supply of available affordable housing. Reduces impediments to construction and maintenance.</p>	✓	✓	✓	
<p>Standardize Requirements for Vacant/Abandoned Properties</p> <p>Standardize requirements for vacant and abandoned properties and incentives for land use and zoning reform.</p>	<p>Increases the supply of available affordable housing and minimizes the market pressures stemming from a lengthy process time and high costs.</p>		✓	✓	
<p>Modernize DPA Core Components</p> <p>Modernize and standardize core components among down payment assistance programs (DPA) offered through state and local Housing Finance Agencies (HFA)</p>	<p>Identifying and streamlining standardized core components among DPA products would improve borrowers’ access to HFA programs while simplifying the origination process for lenders that offer products that support down payment and closing cost assistance.</p>		✓		

Policies to Promote Affordable Rental Housing

MBA's Commercial/Multifamily members provide debt capital to finance multifamily rental housing. There is an unprecedented level of new multifamily housing being added to the nation's housing stock, and debt capital to support additional multifamily housing is generally available at historically favorable terms. Nevertheless, there is not enough rental housing that lower-income families can reasonably afford, particularly in high-cost communities.



To help address this situation, we identify in the following tables some policy areas that could improve on the affordability of multifamily rental housing, including

1. policies that could improve the supply of affordable rental housing;
2. policies that could reduce the cost of developing affordable rental housing; and
3. policies that could provide assistance for renters.

MBA's Commercial/Multifamily members can support policies that improve the supply of affordable housing. MBA members already provide financing under programs implemented under such policies. While assistance to renters is less closely related to MBA members' debt financing of multifamily properties, we also identify policies that support renters.

In addition, MBA established an Advisory Council on Affordable Rental Housing focused on exploring the challenges and possible innovative solutions to provide adequate and affordable multifamily housing credit and opportunities across the country.

The table below identifies policies to improve the affordability of rental housing:

POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<p>Support Affordable Housing Credit Improvement Act (AHCIA) The AHCIA can expand and strengthen our nation's primary tool for developing and preserving affordable housing.</p>	Increases the supply of affordable multifamily housing units for low- and moderate-income families.	✓			✓
<p>Create Governmental Incentives to Increase, Maintain, and Conserve the Supply of Rental Housing Government programs can provide subsidies or incentives to build or maintain affordable multifamily rental housing that might not otherwise occur, such as Low-Income Housing Tax Credits, FHA programs, local government bond issuances, GSE Affordable Housing Goals, and Duty to Serve.</p>	Fosters an increase in the supply of affordable rental housing and lowers the cost of development.	✓	✓		✓
<p>Eliminate or Reduce Other Regulatory Barriers Applications, approvals, fees, and the processes necessary to develop, maintain, or preserve affordable multifamily rental housing should be revised and streamlined.</p>	Removes unwarranted barriers to increasing the supply of affordable rental housing.	✓	✓	✓	
<p>Align Zoning and Land Use with Affordable Housing Needs Zoning and land-use policies should encourage additional multifamily rental housing to address a community's housing needs.</p>	Removes unwarranted barriers to increasing the supply of affordable rental housing.		✓	✓	
<p>Streamline the Application of Environmental Standards The application of environmental standards, e.g., for FHA-insured new construction and rehabilitation projects should be streamlined to remove unwarranted procedural or substantive barriers to conserving or developing multifamily rental housing.</p>	Removes unwarranted barriers to increasing the supply of affordable rental housing available to renters.	✓		✓	✓
<p>Work with HUD to Reduce/Remove Roadblocks Support the creation of more affordable rental housing by working with HUD to reduce or remove roadblocks and create more efficiencies in the utilization of its multifamily program.</p>	Creates efficiencies in the HUD process that can lead to the creation of more affordable rental housing available to renters.			✓	

Policies related to providing support for renters:

POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<p>Provide Direct Support for Renters Government programs can address affordability at the individual level, including providing direct assistance to individuals and families living in multifamily rental housing, particularly in the wake of COVID-19. Examples include, but are not limited to, Emergency Rental Relief, Section 8 vouchers, Project-Based Section 8, and Rental Assistance Demonstration (RAD) projects.</p>	<p>Makes market-rate rent more affordable and accessible for lower-income families. By reducing the pandemic's adverse impacts on housing affordability, such public policies can lay the foundation for the success of future aspirational efforts to increase housing affordability post-pandemic.</p>	✓	✓		✓
<p>Scale and Replicate Renter Counseling as a Tool to Mitigate Evictions Elevating scalable and replicable best practices and standardization for renter counseling, especially during and after the COVID-19 pandemic, examining available activity metrics/tracking where feasible, and supporting implementation will provide a more robust rental counseling system.</p>	<p>Rental counseling services can help renters avoid immediate and sustained rental instability and/or financial distress.</p>		✓		✓

Complementary Housing Affordability Activities

As part of its affordable housing initiative, MBA will continue to lend its brand and resources to certain efforts that align with the broader goal of enhancing housing affordability.

MBA may sometimes address issues that are outside the direct scope of MBA's Policy Agenda if the goals of an initiative promote housing affordability and the interest of MBA's members. (See Appendix A for a list of efforts that MBA currently supports.) In doing so, MBA can help promote solutions that complement our policy goals and enhance overall affordability. We will use the following criteria in assessing whether to support various coalition efforts.

MBA's CONVERGENCE PLACE-BASED INITIATIVES

CONVERGENCE is a collective impact initiative to increase minority homeownership and help close the racial wealth gap. CONVERGENCE leverages the strength and resources of local stakeholders, including lenders, real estate professionals, housing counselors, nonprofit developers, local government, and national partners in the housing ecosystem to close the homeownership gap for households of color. CONVERGENCE works to close the information, trust, market, and resource gaps that create barriers to homeownership. There are currently two CONVERGENCE place-based locations: Memphis, TN, and Columbus, OH. MBA will launch the third location, Philadelphia, PA, in early 2023.



MBA's BUILDING GENERATIONAL WEALTH CAMPAIGN

MBA's Building Generational Wealth through Homeownership initiative harnesses internal and external resources to help more Black and Hispanic families become homeowners and close the racial homeownership gap.

Through advocacy, partnerships, and connections within the industry, MBA raises awareness of homeownership opportunities, secures policy and program changes to expand homeownership readiness to future borrowers, and helps current homeowners maintain and maximize the benefits of homeownership. Under this initiative, MBA led advocacy efforts to clarify regulatory questions regarding Special Purpose Credit Programs (SPCP) and provided a toolkit with educational resources to help MBA members develop SPCPs.



MBA's HOME FOR ALL PLEDGE

In 2022, MBA launched the Home for All Pledge, representing a long-term commitment by our industry to address the barriers to sustainable housing for persons and communities of color. MBA recognizes and values the opportunities for wealth creation and stability that come from homeownership and affordable rental housing and believes these opportunities must be significantly expanded.

Pillars of the pledge include:

- Promote and support public policies and industry practices that advance minority homeownership and affordable rental housing
- Support market-based solutions through MBA's place-based CONVERGENCE programs
- Champion Diversity, Equity, and Inclusion (DEI) in our workplaces and our industry
- Support inclusion in single-family and/or multifamily housing with similar actions that are not listed under the above three commitments

Conclusion

MBA is committed to advocating for public policies that promote housing affordability and access options for both renters and homeowners. We will also support policy coalitions that align with our core housing affordability goals. We recognize that there are no quick fixes or easy solutions, but we believe engaging with a constellation of stakeholders can improve housing affordability. Our affordable housing policy agenda is a key part of our commitment to that goal.

Appendix A: Affordable Housing Coalitions/Partnerships

A core operating principle underlying the Affordable Housing Initiative's approach to the affordable housing crisis is the need to build new partnerships in the policy and practice arenas. In doing so, MBA will leverage its core strengths and those of its members. MBA brings high-level competencies in research, analysis, engagement and convening, education and training, and public affairs and advocacy. Its members bring market insights, business, and operational expertise, widespread commercial relationships, and, most notably, credit and capital to the housing sector.

To date, MBA supports the following coalition efforts in some form:

- Up for Growth Coalition
- Black Homeownership Collaborative
- A Call to Invest in Our Neighborhoods (ACTION) Campaign
- The Affordable Housing Coalition
- Multifamily Impact Council

“Empower today’s renters,
tomorrow’s homeowners, and
the everyday communities
in which we live.”

MATT ROCCO

2023 MBA Chairman

Chairman of the Board and Chief Executive Officer
Grandbridge Real Estate Capital

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