



# Affordable Housing Policy Agenda

**CONVERGENCE**  
UNITING FOR HOUSING AFFORDABILITY

**MBA**<sup>®</sup>

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.

MBA recognizes the critical affordable housing challenges in the United States. In response to these challenges, MBA has launched a new strategic initiative focused exclusively on housing affordability. By leveraging the expertise of the real estate finance industry, as well as the unique perspectives of members that provide private capital to support housing finance, MBA believes it can contribute to actionable, workable solutions.

This *Affordable Housing Policy Agenda* captures the policy aspects of such solutions. As such, the purpose of this Policy Agenda is to identify policies that can help promote housing affordability across a wide range of incomes and in both rental housing and homeownership. It can enable MBA members to more effectively serve this objective.

The Policy Agenda includes policy reforms that create incentives, remove friction or barriers, reduce costs, and can be implemented by regulatory and legislative action at the federal, state, and local levels.

Recognizing that the issues underlying our nation's housing affordability challenges are constantly evolving, this Policy Agenda will be a dynamic document — it will be updated as circumstances and priorities change.

MBA will also work with other stakeholders to advocate for policies consistent with the underlying objectives of the *Affordable Housing Policy Agenda*.

# Framework

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

## KEY OBJECTIVE

- **All Americans should have access to affordable housing:** Ensuring that quality affordable housing is available 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 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 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 homeowners.

## 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 Housing Homeownership

The table below identifies policies to improve the affordability of homeownership.

POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<b>QM Patch/ Appendix Q</b> Policies to ensure lenders verify a borrower's ability to repay should reflect the changing nature of borrower income sources, as well as innovations in how income is verified.	Provides more flexible underwriting for borrowers with nontraditional credit and income. Increases borrower accessibility to credit.	✓		✓	✓
<b>FHA Technology Upgrades</b> HUD should be provided with dedicated funding to improve outdated information technology and operating systems.	Improvements increase the efficiency and proficiency of the origination process, ultimately reducing operational costs that are passed on to borrowers.	✓		✓	
<b>FHA Condo Policies</b> HUD should create a database for pending FHA case numbers on projects that have not received FHA approval to assist lenders in determining existing (and potential) FHA concentration when requesting single-unit condo approvals.	Comprehensive policy provides lenders with the clarity needed to promote safe, sustainable, and affordable lending, while creating more financing options for first-time and low-to-moderate-income (LMI) borrowers.	✓		✓	
<b>FHA Condo Rule: New Construction</b> FHA should craft specific policy that addresses the requirements for new construction condominium project approvals.	A separate policy for new construction condo project approvals would provide lenders with the clarity needed to confidently offer FHA lending in new developments, increasing the affordable housing supply.	✓		✓	
<b>FHA Student Debt Policies</b> HUD should align the underwriting guidelines for borrowers enrolled in income-based repayment (IBR) programs to those used by the GSEs.	Otherwise qualified borrowers with student loan debt are denied FHA financing because of high DTI ratios directly attributed to FHA's student debt policy. Allowing the use of the actual monthly IBR payment or a more realistic representation of the debt increases borrowers' access to FHA financing.	✓		✓	

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<b>Neighborhood Homes Investment Act (H.R. 3316)</b> Revitalizes distressed urban, suburban, and rural neighborhoods by offering federal tax credits to cover the gap between development costs and sales prices.	Stimulates communities with inadequate supply by creating safe and affordable housing options for borrowers.	✓			✓
<b>Appraiser Shortages</b> FHA should revisit appraiser requirements that will allow FHA appraisers to be licensed and/or certified.	Promotes borrowers' accessibility to FHA-insured financing by increasing the number of FHA appraisers in certain markets. Lack of FHA-eligible appraisers results in higher appraisal fees and delayed closings.	✓		✓	
<b>Funding for homeownership counseling and improving consumer education regarding down payment requirements</b> Counseling services should be adequately funded to promote borrower education.	Informs borrowers and prepares them for sustainable, long-term homeownership. Adequate funding will increase borrowers' accessibility to education and counseling services. It also assists in the implementation of much-needed technological improvements including improved monitoring of borrowers' mortgage performance after closing.	✓	✓		✓
<b>Improvements to the FHA 203(k) Program</b> FHA should review the current consultant fee structure, consider extending the project completion deadline requirement, reinforce its support for the nonprofit 203K program, and offer additional training resources for lenders and consultants.	Facilitates preservation of housing stock. In high-cost areas with limited access to undeveloped land, the 203(k) program provides an affordable alternative to new construction. Addressing the deficiencies within the 203k program would offer borrowers a comparable government option to the Fannie Mae/Freddie Mac renovation suite of products.	✓		✓	
<b>Standardize state requirements for vacant and abandoned properties</b>	Increases supply of housing by moving vacant and abandoned properties back into use more quickly.		✓	✓	
<b>Update standards for manufactured housing to match "stick-built" standards and zoning requirements</b> The standards for manufactured housing should be revised to more closely match "stick-built" standards and zoning requirements by: <ul style="list-style-type: none"> <li>• Eliminating the one-time move restriction and replacing it with an inspection requirement following relocation;</li> <li>• Eliminating the Tiered Pricing structure and allowing for greater flexibility in the Mortgage Charge Rate;</li> </ul>	Increases supply of affordable housing.	✓	✓	✓	

POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<p><b>[CONTINUED]</b></p> <ul style="list-style-type: none"> <li>Streamlining the engineer's certification process;</li> <li>Requiring all manufactured home title evidence be a condition of closing; and</li> <li>Aligning flood elevation requirements for existing manufactured homes with other types of existing construction.</li> </ul>	Increases supply of affordable housing.	✓	✓	✓	
<p><b>Increase lender participation in the FHA single-family mortgage programs</b></p> <ul style="list-style-type: none"> <li>Reduce uncertainty for liability under the False Claims Act; and</li> <li>Update FHA technology systems to improve operational efficiencies</li> </ul>	<p>Greater lender participation in FHA enhances competition and lowers mortgage costs.</p> <ul style="list-style-type: none"> <li>Reducing exposure to liability for immaterial infractions during the mortgage process will encourage more institutions to participate in the FHA program.</li> <li>Updating FHA technology systems will streamline work processes and enhance FHA affordability.</li> </ul> <p>Ultimately, all communities benefit when institutions with national, regional, and local footprints are willing to offer FHA products.</p>			✓	
<p><b>Explore ways to modernize and standardize down payment assistance programs (DPAs) through state and local Housing Finance Agencies</b></p>	Identifying and streamlining 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><b>Explore model legislation to improve the efficiency of state foreclosure timelines</b></p>	Facilitates properties entering the market for new renters/owners.		✓		✓
<p><b>Housing Finance Reform</b></p> <p>Ensure that any affordable housing obligations and duty-to-serve requirements under housing reform are workable and beneficial to underserved borrowers/markets.</p>	Facilitate mortgage market liquidity for LMI borrowers and communities. Greater liquidity within the market allows lenders to offer financing to borrowers with greater confidence.	✓		✓	✓
<p><b>Reduce the cost of originating compliant mortgages</b></p>	Standardization and other measures that reduce the cost of originating mortgage loans will ultimately lower costs to consumers. For example, one clear way to do this would be clarifying what constitutes compliance with the CFPB's RESPA-TILA Disclosure Rule.	✓		✓	



# 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 certain communities.

To help address this situation, we identify in the following tables some policy issues that could have a positive impact on the affordability of multifamily rental housing, including: 1) policies that could improve the supply of affordable rental housing; and 2) policies related to assistance for renters.

MBA's Commercial/Multifamily members can support policies that can have a positive impact on 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 related to providing support to renters.



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

POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<p><b>Create governmental incentives to increase, maintain, and conserve the supply rental housing</b></p> <p>Government programs can provide subsidies or incentives to build or maintain affordable multifamily rental housing that might not otherwise occur. Examples include the Low-Income Housing Tax Credit (LIHTC) program, FHA programs, Opportunity Zones, local government bond issuances, GSE Affordable Housing Goals, and Duty to Serve.</p>	Fosters an increase in the supply of affordable rental housing.	✓	✓		✓
<p><b>Avoid disincentives to increasing, maintaining, or preserving the supply of rental housing</b></p> <p>Rent control and vacancy measures, for example, create disincentives to develop, maintain, and preserve multifamily rental housing, and so are inconsistent with an objective of increasing rental housing supply.<sup>1</sup></p>	Removes unwarranted barriers to increasing the supply of affordable rental housing.		✓		✓
<p><b>Streamline the application of labor requirements</b></p> <p>The overly complex application of Davis-Bacon labor requirements to FHA-insured multifamily rental construction and rehabilitation projects should be simplified to reduce the cost of and disruption to such projects.</p>	Removes unwarranted barriers to increasing the supply of affordable rental housing.	✓		✓	
<p><b>Streamline the application of environmental standards</b></p> <p>The application of environmental standards, e.g., for FHA-assisted 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.	✓	✓	✓	
<p><b>Eliminate or reduce other regulatory barriers</b></p> <p>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 available to renters.	✓	✓	✓	

<sup>1</sup> Some government programs that create incentives to develop, maintain, or preserve affordable housing include incentives to private owners of rental property who voluntarily agree to restrict rents in exchange for certain benefits (e.g., LIHTC and Rental Assistance Demonstration [RAD] programs). These programs do not create the same types of disincentives to develop, maintain, or preserve affordable housing.



POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<p><b>Treat property taxes on multifamily properties equitably</b></p> <p>Property taxation should be neutral as to multifamily rental housing (i.e., property tax treatment should not be disadvantageous to multifamily vs. single-family residential property).</p>	<p>Reduces disincentive to develop, maintain, and preserve multifamily rental housing, avoids shifting property tax burdens from homeowners to owners of multifamily properties — and ultimately to renters.</p>		✓		✓
<p><b>Align zoning and land use with affordable housing needs</b></p> <p>Zoning and land use policies should encourage additional multifamily rental housing to address a community's housing needs.</p>	<p>Removes unwarranted barriers to increasing the supply of affordable rental housing available to renters.</p>		✓	✓	✓

Policies related to providing support for renters:

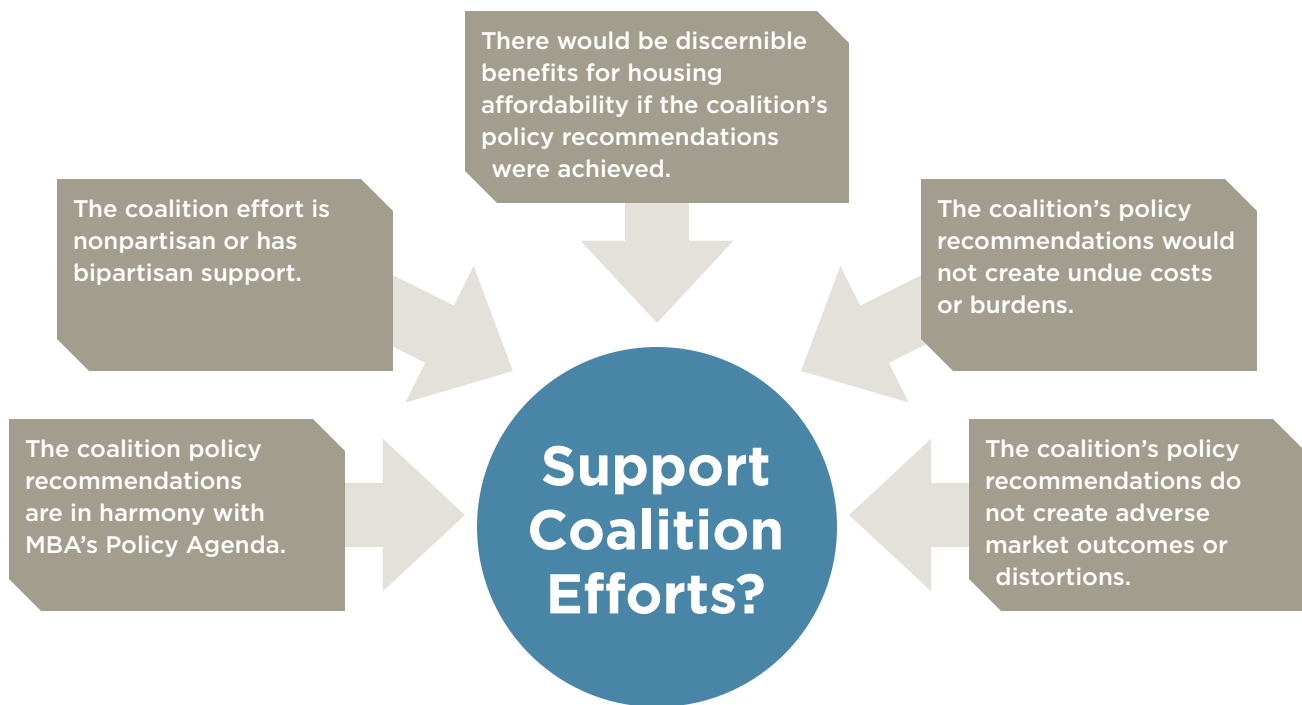
POLICY	BENEFITS	FEDERAL	STATE/ LOCAL	REGULATORY/ ADMINISTRATIVE	LEGISLATIVE
<p><b>Provide direct support for renters</b></p> <p>Government programs can address affordability at the individual level, including by providing direct assistance to individuals and families living in multifamily rental housing. Examples include, but are not limited to: Section 8 vouchers, Project-Based Section 8, and Rental Assistance Demonstration (RAD) projects.</p>	<p>Makes market-rate rental housing more accessible and affordable for lower-income individuals and families that rent.</p>	✓	✓		✓

# Complementary Housing Affordability Activities

As part of its affordable housing initiative, MBA will strategically 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 believes we 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:



## 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

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

COALITION/PARTNERSHIP	POLICY GOAL	ACTIONS/STATUS
<b>Up for Growth National Coalition</b>	Supports policies that promote affordable housing close to jobs, efficient transportation, and desirable local amenities.	<p>MBA joined the coalition in 2018.</p> <p>In September 2019, MBA joined a coalition letter with 11 groups in support of H.R. 4351 — the “Yes in My Backyard Act,” which requires CDBG recipients to report on efforts to support affordable housing.</p> <p>In September 2019, MBA joined a letter with 16 groups in support of the “Build More Housing Near Transit Act,” which requires recipients of 5309 Grants from the Federal Transportation Authority (FTA) to conduct certain housing feasibility assessments.</p>
<b>Habitat for Humanity’s “Cost of Home” campaign</b>	Promotes policy solutions to help 10 million individuals meet their most basic housing needs over the next five years.	MBA joined as a supporting organization in January 2019.
<b>Neighborhood Homes Investment Act</b>	Creates a new tax credit to encourage equity investment aimed at closing the “value gap” for the acquisition and renovation of 1-4 family housing in distressed communities.	MBA joined the coalition in 2018.
<b>National Community Reinvestment Coalition’s “Affordable Homeownership Coalition”</b>	Supports policies that promote affordable homeownership opportunities, including those related to credit scoring innovation, increased borrower education on down payment requirements, improved underwriting of student loan debt, and increased access to Acquisition, Development, and Construction financing.	MBA joined the coalition in 2018.

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