Statement for the Record
House Financial Services Committee
"Building Capacity: Reducing Government Roadblocks to Housing Supply"
December 7, 2025

Dear Chairman Flood, Ranking Member Waters, and Members of the House Financial Services Committee,

We write today to thank you for holding the hearing on "Building Capacity: Reducing Government Roadblocks to Housing Supply," and appreciate the opportunity to submit a statement for the record on the need to increase housing supply throughout the nation. Both existing and prospective homebuyers struggle to navigate through a largely depleted housing stock, posing a particular challenge for low- and moderate-income (LMI) families. We welcome the House Financial Services Committee's (the Committee's) interest and commitment to better understanding affordability challenges faced by these households and look forward to exploring bipartisan pathways forward that work to increase supply and remove undue regulatory burdens.

The National Community Stabilization Trust (NCST) is a national nonprofit that supports families and communities by restoring distressed single-family homes, strengthening neighborhoods, and increasing attainable and affordable homeownership opportunities.[1] NCST offers a multifaceted approach to revitalize vacant and defaulted properties, further best practices for community development across the nation, and advance federal policies to support more equitable homeownership.[2]

To ensure NCST's policy recommendations are rooted in the practitioner perspective, the organization convenes a nonprofit-led advocacy coalition called the Homeownership Alliance.[3] Consisting of housing organizations and community development financial institutions (CDFIs) across the country, this collaborative ensures that NCST's policy recommendations reflect practitioner experience in the communities they serve.

NCST's Expansion of Affordable Owner-Occupied Supply

NCST focuses on how vacant, defaulted, and distressed homes can be rehabilitated to increase supply and create affordable homeownership opportunities. This is achieved through our collaboration with over 300 community buyers who purchase homes directly through NCST's property acquisition platform, as well as our newly-launched CDFI. NCST develops innovative methods to stabilize communities by ensuring distressed units are rehabilitated, brought into the market, and sold at an affordable price point to prospective LMI homebuyers.

Developing Affordable Starter Homes (DASH) Fund. The DASH Fund — a certified CDFI — provides flexible, well-priced capital to small entrepreneurs who acquire, renovate, and re-sell single-family homes to owner-occupants in neighborhoods suffering from disinvestment.[4] By supporting emerging developers through flexible financing and project management, DASH helps to accelerate the production of quality, affordable units made available for LMI households.

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[1] About, (December 2025). NCST.
[2] Property Acquisition, (December 2025). NCST.
[3] Established by NCST in 2021, the Homeownership Alliance is a practitioner-led coalition of 20 CFIs and nonprofit housing developers serving 16 states.
[4] Dash Fund, (2025). NCST.

To ensure DASH yields the intended outcome of affordable owner-occupancy, completed rehabilitation projects are limited to a maximum sales price of $350,000 to preserve affordability. The small developer receiving the funds is required to commit to homeownership as the intended outcome, and the program is designed to support an array of eligible developers by providing small dollar loans, as opposed to a handful of developers conducting this work with access to larger credit lines.

In 2021, NCST successfully partnered with the Neighborhood Impact Investment Fund and Baltimore City Department of Housing & Community Development to launch its DASH Program in Baltimore, Maryland. Since its inception, DASH has financed the acquisition and/or rehabilitation of eighteen projects equal to just over $2.3 million, with an average loan size of $133,000 and average resale price of $260,000. With additional capital, DASH has the potential to bring many more starter homes onto the market for homebuyers. NCST encourages the Committee to pursue policies that replicate this program at a larger scale, allowing CDFIs and lenders greater ability to support small, mission-driven developers in their crucial work of rehabilitating and developing dormant affordable housing supply.

Acquisition Bridge Fund (ABF). One avenue to create new homeowners and simultaneously counter predatory investors is our organization's launch of the Acquisition Bridge Fund. This initiative provides early mission-based bridge capital to support home seekers who have been pre-approved for conventional or portfolio mortgage financing for a home purchase. This bridge capital enables homebuyers to meaningfully compete in limited-supply markets that are otherwise controlled by all-cash buyers, including large institutional investors. Eligible properties include single-family properties with a purchase price at or below $250,000. Ensuring affordability for these homebuyers is crucial, particularly as home prices remain out of reach for many LMI families.

ABF is structured as a revolving fund using philanthropic investments to help homebuyers access early, flexible capital to purchase residential properties. Eligible ABF homebuyer clients can access this resource by working with NCST to identify an eligible property for the program, after which NCST acquires the property on the homebuyer's behalf utilizing ABF interim capital for the initial purchase. This structure allows the homebuyer to secure their preferred property quickly and subsequently finance their purchase of the property from NCST with the assistance of a lender.

Based on reports from on-the-ground practitioners, the ABF could not come at a more crucial time. One of our partners, National Faith Homebuyers, noted that during their administration of the city's down-payment assistance program, roughly 30-40% of the buyers they served lost out to cash buyers in their quest to find a home.[5] The ABF effectively combats this problem and levels the playing field for potential homeowners amid inflationary pressures, narrowing supply, and a severe lack of affordable units.

First Look. NCST's flagship property acquisition program, First Look, delivers real estate-owned (REO) inventory, as well as non-performing loans and re-performing loans, to nonprofits with affordable homeownership as central to their mission.[6] This tool gives our local community buyers the opportunity to

[5] National Faith Homebuyers is a nonprofit 501(c)(3) organization assisting people who need assistance purchasing and staying in a home. The organization serves homebuyers in Detroit, MI and Atlanta, GA.
[6] Property Acquisition, (2025). NCST.

obtain properties in their market areas before the units are marketed more broadly. In many cases, REO properties can be acquired at discounted rates to assist the financial feasibility for nonprofit buyers to rehabilitate these properties for new homeowners.

Our First Look approach has proven to be a best practice in making more single-family homes available to eligible households and nonprofits, as opposed to large investors. Over the past 15 years, this method has produced over 28,000 transactions totaling over $1.8 billion and provided over $325 million in savings to our community buyers.[7] Our success and experience in this field led NCST to be a natural partner to HUD for its National First Look Program, where we facilitated First Look REO sales under the Federal Housing Administration (FHA) from 2011 to 2016. In 2022, FHA issued a mortgagee letter improving the program's Claims Without Conveyance of Title (CWCOT) process as a means to expand affordable housing supply.[8] This regulatory action established a 30-day exclusive period, giving buyers (including owner-occupants, HUD-approved nonprofits, and government entities) an opportunity to bid on foreclosed properties ahead of investors. NCST viewed this action as a tremendous first step and continues to engage with the Department on additional recommendations to improve community outcomes amid the sale of distressed assets which are further detailed below.[9]

The State of Housing Supply in the United States

While NCST and its national partners are committed to reaching as many families and neighborhoods as possible with the tools we have at our disposal, supply remains extremely limited and there is an overwhelming need for more practical, cost-effective solutions to combat this housing crisis at the federal level.

The country is currently experiencing a housing-supply shortage of about 5.5 million homes.[10] Despite a surge in new construction in recent years, the pace is still well below what is needed to close the gap, with chronic underbuilding weighing heavily on affordability. This is particularly impacting first-time homebuyers, who dropped to a record low of 21% of the purchase market this year.[11] In addition to fewer first-time homebuyers purchasing properties, the average age of a homebuyer has continued to steadily increase to about 40 years old, a stark contrast to 15 years ago when the average age was 30.[12] As a result, many families — particularly younger ones taking steps to purchase a starter home — are locked out of homeownership, with rising prices and constrained inventory only exacerbating their ability to buy. These unprecedented statistics are a direct result of decreased affordability that continues to limit access for families and communities seeking to build long-term financial wealth.

Committee Action: Steps Taken to Increase Supply in the 119th Congress

We appreciate the Committee's commitment to reducing housing costs and building more supply, and are particularly grateful for the following actions taken by members within the last year alone:

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[7] About, (2025), NCST.
[8] Mortgagee Letter 2022-08, (May 2022). Department of Housing and Urban Development.
[9] NCST's Response to ML 2022-08, (June 2022). NCST.
[10] There is a wide range of estimates of the national housing shortfall, ranging from 1.5 million all the way up to 7.3 million, per a recent joint study conducted by the Urban Institute and Moody's Analytics.
[11] Highlights from the Profile of Home Buyers and Sellers, (November 2025). NAR.
[12] Top 10 Takeaways from NAR's 2025 Profile of Home Buyers and Sellers, (Nov. 3, 2025). National Association of Realtors.

Reform of the HOME Investment Partnerships Program: One of the most notable actions taken by members in this Committee was Reps. Flood (R-NE) and Cleaver's (D-MO) public input process for the reauthorization of the HOME Investment Partnerships (HOME) and Community Development Block Grant (CDBG) Programs.[13] These two programs — which have and continue to play a paramount role in housing and community revitalization efforts — have long lacked the necessary infrastructure to adequately meet the needs of today's housing landscape and are overdue for substantial reform.

By calling for stakeholder feedback and engaging with on-the-ground, mission-driven practitioners, Reps. Flood and Cleaver were able to successfully craft a comprehensive overhaul of the HOME program through legislative text. The HOME Reform Act of 2025 would provide greater flexibility for states and localities, cut red tape, and support the development and preservation of affordable housing.

In particular, the bill's proposal to raise the home value limit from 95% to 110% of the area median purchase price would further increase flexibility and access to homeownership. This provision modernizes an outdated threshold that has hindered production in markets where construction and rehabilitation costs have risen faster than HUD's historical limits and has also restricted eligible families to areas of limited opportunity. By aligning allowable sales prices with real market conditions, this change will enable participating jurisdictions (PJs) to produce and preserve more quality starter homes without compromising affordability for eligible buyers. NCST is proud to endorse this legislation and encourages the Committee to consider the power of collaboration at this caliber in its future endeavors.

Permanency of New Markets Tax Credits: One of the most meaningful wins occurred in September of this past year, when the One Big Beautiful Bill Act made permanent New Markets Tax Credits (NMTCs). Across the country, mission-driven developers are leveraging the NMTC program to close funding gaps, finance infrastructure, and make homeownership feasible in communities where traditional financing tools fall short. Over the last several years, NMTC for homeownership projects have helped build and preserve homes affordable to first-time and first-generation buyers, reduce development costs in neighborhoods facing disinvestment, stabilize communities by turning vacant, distressed, or underutilized land into homes, and support wealth creation for households historically locked out of homeownership.

Introduction of Critical Bills: In addition to the actions noted above, members of this Committee have taken meaningful steps to address the supply shortage by introducing bills intended to streamline regulatory burdens, preserve existing homes, and develop quality, affordable homes. These bills include but are not limited to:

- **Unlocking Housing Supply Through Streamlined Innovation Act.** Introduced by Reps. Flood and Liccardo, this bill places an emphasis on the streamlining of small-scale development projects by expanding categorical exclusions for a variety of housing-related activities — a feature that is crucial to both our Homeownership Alliance members and national partners who experience delays in environmental reviews for small-scale infill projects.
- **Whole Home Repairs Act.** Introduced by Reps. Williams (D-GA) and Downings (R-MT), this bill would serve as a one-stop shop of federal funding for essential repairs and upgrades. In addition to enabling

[13] Congressmen Flood & Cleaver Kick Off Public Input Process for HOME and CDBG Reauthorization, (April 7, 2025). Congressman Mike Flood.

the preservation and rehabilitation of existing homes, it would also provide grants to eligible LMI homeowners, including for manufactured homes — a tremendous win for the communities in which we serve.

- **Rural Housing Service (RHS) Reform Act.** Introduced by Reps. Nunn (R-IA) and Cleaver, the RHS Reform Act would increase the supply of rural housing by preserving existing homes, streamlining program administration, and making it easier to build and maintain new units in some of the nation's most rural and underserved areas.
- **Strengthening Housing Supply Act of 2025.** Introduced by Ranking Member Waters (D-CA), this bill would authorize affordable housing construction as an eligible activity under CDBG, which is otherwise restricted to rehabilitation and other community-based services. By expanding eligibility to include new, affordable housing construction, the bill would unlock additional funding sources for developers and local governments to invest in affordable housing development and accelerate the creation of new units, especially for LMI families.
- **Housing Supply Expansion Act.** Introduced by Rep. Rose (R-TN), the Housing Supply Expansion Act would modernize federal rules around manufactured housing by removing the longstanding requirement that these homes be built with a permanent chassis. By eliminating this outdated requirement, this bill has the potential to reduce construction costs, increase design flexibility, and make homeownership more accessible for LMI homebuyers.
- **Small Dollar FHA Loans Study [Draft Bill].** Authored by Ranking Member Waters (D-CA), this draft bill would require the FHA to establish a proposal for a pilot program that would incentivize the production of small-dollar mortgages (i.e. mortgages of $100,000 or less). By encouraging and making feasible small-dollar mortgages, the bill could expand homeownership opportunities for lower-priced homes — including in both rural and underserved areas — and make these homes more attainable for first-time homebuyers.
- **Unlocking Possibilities Grant Program [Draft Bill].** Authored by Ranking Member Waters (D-CA), this draft would establish a competitive grant program for states, local governments and Indian tribes to incentivize the elimination of exclusionary zoning and land uses to better support the creation of affordable housing. This bill would lower development costs and create more pathways to homeownership for LMI homebuyers.

Additional Recommendations to Increase Supply and Support Affordable Homeownership

Our organization offers additional suggestions for members to consider below, all of which are informed by Homeownership Alliance members with careful consideration to implementation across varying housing markets.

Maintain Critical Housing Programs via Appropriations Funding. Passing the FY26 Transportation, Housing and Urban Development (THUD) appropriations bill at full funding levels is essential to meeting the nation's urgent housing and homeownership needs. Congressional appropriators should work across party lines to finalize this bill and ensure that every key homeownership program is fully and robustly funded, so communities have the resources they need to expand affordable supply, support sustainable homeownership, and strengthen economic opportunity for families nationwide. NCST specifically calls for the HOME Program — the single largest federal block grant program dedicated solely to creating affordable housing for low-income households — to be funded at $1.25B for FY26.

Encourage Flexible Capital Through the Neighborhood Homes Investment Act. In addition to the aforementioned bills, we encourage Committee members to consider and ultimately support the Neighborhood Homes Investment Act (NHIA) as a meaningful way to increase affordable supply. NHIA, a bipartisan bill introduced by Reps. Kelly (R-PA) and Larson (D-CT), would create a federal tax credit to spur private investment in the construction and rehabilitation of affordable, owner-occupied single-family homes in distressed urban, suburban, and rural neighborhoods. By narrowing the "value-gap" between the cost to build/rehab a home and what it can be sold for, it helps make projects financially viable in places where home values are too low to support development otherwise.[14]

Work with the Administration to Reform a Number of Critical Housing Programs. In addition to our above recommendations, NCST urges members of the Committee to collaborate with the Administration in reforming a number of existing housing programs to better support opportunities for affordable supply and homeownership, including but not limited to:

- **CDFI Fund.** The CDFI Fund ensures that capital reaches communities and borrowers traditionally left out of mainstream finance, but its ability to deliver depends on robust staffing and timely deployment of resources. Persistent staffing shortages, processing backlogs, and delayed disbursement of already-appropriated funds have constrained the Fund's capacity to administer core programs – from certification and Financial Assistance awards to the NMTC and other place-based initiatives. Strengthening the Fund's workforce and directing the Administration to release congressionally approved funding without delay would provide the stability and efficiency CDFIs need to serve their markets, scale innovative models, and respond quickly to local housing and economic development needs.
    - **Capital Magnet Fund.** While NCST was pleased to see many of our initial recommendations incorporated into the revised Capital Magnet Fund (CMF) Interim Rule of June 2024,[15] we believe the Administration can and should go further to optimize this program by including additional flexibility in median home price limits and adjusting onerous leverage requirements that often fail to accurately reflect the investment strength of a project.[16] Moreover, developers across the country are still waiting for 2025 CMF awards to be dispersed. Congress should work with the administration to ensure this funding is deployed so it can be put to work to lower the cost of housing.
    - **New Market Tax Credits.** The CDFI Fund's New Market Tax Credit (NMTC) program remains a vital source of flexible capital for affordable developers seeking to expand affordable homeownership nationwide. The CDFI Fund has reported that the NMTC program has produced 7,073 homeownership units nationwide despite homeownership typically representing less than 2% of all NMTC activity.[17] Oversubscription of the program demonstrates the growing need to access flexible capital, as well as the desire for affordable single family housing providers to use the credits, engage community partners, and continue to combat the current deficit of starter homes and affordable supply. There is more that Treasury can do in its administration of NTMCs to bring desperately needed starter homes to market. For instance,

[14] Fact Sheet: The Neighborhood Homes Investment Act, (December 2025). The Neighborhood Homes Coalition.
[15] CDFI Fund Publishes Revisions to Capital Magnet Fund Interim Final Rule, (Jun 2024). U.S. Department of Treasury.
[16] NCST and Homeownership Alliance Response to CMF Interim Rule, (August 26,2024). NCST.
[17] CDFI Fund Public Data Release Summary Report, (July 2024). Community Development Financial Institutions Fund.

while the program serves a diverse set of developers for a variety of purposes, its application process is not well designed for single family housing-related projects. By making thoughtful enhancements to the NMTC application and encouraging more housing-focused submissions, the Administration can better leverage this program to address the nation's housing shortfall and ultimately increase owner-occupancy rates.[18]

- **FHA Title I Property Improvement Program.** The FHA Title I Property Improvement Loan Program provides affordable financing to help homeowners make necessary repairs and upgrades to single-family and manufactured homes. It's designed to broaden access to safe, flexible, government-insured loans that support essential home improvements, preserve housing quality, and help families maintain stable, livable homes. While the concept is encouraging, many of its core features (such as its underwriting and loan limits) haven't been meaningfully updated in decades, which has gravely limited its ability to serve today's homeowners and buyers. Congress and the Administration should work in tandem to address these outstanding issues through both legislative and regulatory action.
- **FHA Single Family Asset Disposition.** HUD created a devastating setback for nonprofits and qualified homebuyers in April of this past year, when it eliminated the 30-day exclusive sales period for owner-occupants, HUD-approved nonprofits, and government entities in the Claims without Conveyance of Title (CWCOT) process via Mortgagee Letter 2025-13.[19][20] Under the updated guidance, owner-occupants and nonprofits now have far less time to compete for these homes, while investors and other all-cash buyers gain streamlined access to the already limited inventory of homes sold through this process. In addition to this change, HUD abandoned critically important post-sale safeguards for distressed mortgage note sales when it waived the regulatory requirement that investors who purchase distressed mortgages through HUD and then foreclose on the properties offer owner occupants or non-profits an opportunity to purchase before selling to another investor.[21]
- **CDBG.** Our nonprofit partners report difficulties in accessing and effectively deploying CDBG funds due to inconsistent local implementation, administrative delays, and misalignment between allowable activities and current housing needs. In many jurisdictions, CDBG is overly concentrated on infrastructure or service delivery, leaving insufficient funding for critical homeownership-supporting strategies, such as acquisition-rehab and single-family rehabilitation.[22]

Reverse and/or Correct Harmful Actions Taken by the Administration to Improve Affordable Homeownership. Inconsistent messaging from federal departments on the availability of federal funding resources, the status of federal funding freezes, and new rules of compliance for certain contracts across housing programs has caused significant confusion among mission-driven developers who depend on federal financing to build affordable homes. Prior and ongoing cuts to HUD and USDA staffing also pose a major threat to the agencies' abilities to effectively disburse and monitor housing supply resources that are critical for underserved populations. Specifically, staffing cuts to HUD's Community Planning and Development Department have resulted in tremendous delays of important funding and guidance to grantees and

[18] NCST and Homeownership Alliance letter to CDFI Fund on NMTC Allocation Application Changes, (April 2024). NCST.
[19] Mortgagee Letter 2025-13, (April 28, 2025). The Department of Housing and Urban Development.
[20] NCST Response to FHA ML 2025-13 re. CWCOT Post Foreclosure Sales Period and HUD Real Estate Owned Properties Exclusive Listing Period, (May 30, 2025). NCST.
[21] Temporary Partial Waiver of 24 CFR §§ 291.609(a) and 291.615(a), (June 2025). Department of Housing and Urban Development.
[22] NCST and Homeownership Alliance Response to CDBG, Consolidated Plans and Indian Community Development Block Grant Program of Proposed Rulemaking, (March 11, 2024). NCST.

subgrantees, all of which have caused lockjams in housing organizations' ability to quickly deploy these dollars and bring more affordable homes to market. As such, we encourage the Committee to work with the Administration in reversing many of these harmful actions and instead implement the necessary tools and resources the Department was originally intended to provide to homebuyers and nonprofit organizations alike.

NCST appreciates the opportunity to submit a statement for the record, and we stand ready to further engage with the Committee on any of the items articulated herein. For any questions or points of clarification, please contact the NCST Policy Team at policy@ncst.org. We thank the Committee for prioritizing the importance of supply and affordable homeownership.

Sincerely,

The National Community Stabilization Trust (NCST)