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Housing Issues in the 118th Congress

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SUMMARY

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Housing affordability is a perennial policy issue, but it has become particularly salient in recent years in light of notable increases in house prices and rents, rising mortgage interest rates, and housing supply constraints in many housing markets. Although housing markets are local in nature, and housing market conditions vary across the country, concerns about housing affordability have been widespread.

Through hearings and proposed legislation, the 118th Congress has been considering the causes of, and potential solutions to, housing affordability issues. Bills to address housing affordability have included certain housing-related tax proposals and proposed modifications to existing housing assistance programs, among other things. In addition to considering housing affordability issues broadly, Congress has also taken an interest in the affordability of housing for specific populations or in specific areas. For example, there have been proposals in the 118th Congress specifically related to rural housing programs and Native American housing programs, and Congress has expressed ongoing concerns about housing issues on and around military bases.

In addition to considering new legislative proposals, there is ongoing interest in the status or implementation of funding that was provided for certain housing-related programs in previous Congresses. This includes emergency supplemental funding provided for housing programs in response to the COVID-19 pandemic, certain housing-related funding that was included in the Inflation Reduction Act in the 117th Congress, and funding for new initiatives provided through regular annual appropriations, such as a new competitive grant program for communities addressing regulatory barriers to housing.

Other issues that have been of ongoing interest to Congress include concerns related to the quality of the housing stock in general, and federally-assisted housing in particular; disaster response and recovery as it relates to housing; and fair housing issues, among others. In addition, the 118th Congress has been conducting oversight or considering legislation related to certain agency actions, such as certain mortgage pricing changes implemented by the government-sponsored enterprises Fannie Mae and Freddie Mac at the direction of their regulator, the Federal Housing Finance Agency and the Department of Energy's implementation of congressionally mandated energy standards for manufactured housing.

Housing issues of interest to the 118th Congress will likely continue to evolve as the Congress progresses; this report will be periodically updated to reflect that evolution.

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Introduction

While housing in the United States is primarily a private market enterprise, regulated at the state and local levels, federal policymakers play an important role in regulating housing finance, providing affordable housing resources to state and local governments or other public or private entities, and enforcing fair housing laws, among other functions. Congress establishes laws governing U.S. housing policy, funds housing policies and programs via the annual appropriations process and the federal tax code, and oversees policy and program implementation by various federal agencies. The House Financial Services Committee and the Senate Banking, Housing, and Urban Affairs Committee, in particular, play prominent roles in many of these functions as committees of jurisdiction over most federal housing policy and programs. Federal agencies involved in housing policy and programs include the Department of Housing and Urban Development (HUD), the Federal Housing Finance Agency (FHFA), the Department of the Treasury (Treasury), the U.S. Department of Agriculture (USDA), and others.

The 118th Congress has been considering a range of housing policy issues, including options to address growing concern about housing supply and affordability challenges, housing responses to natural disasters, and Native American housing programs and policy. Other issues of interest to the 118th Congress include the status or implementation of certain housing-related funding provided in previous Congresses and oversight of executive branch actions related to housing.

This report begins with an overview of certain housing market indicators to provide context for the policy issues discussed in the remainder of the report. It then provides a high-level overview of housing issues during the 118th Congress and, where applicable, refers to more in-depth CRS reports on the issues discussed. **Appendix A** lists housing-related legislation that has received committee or floor consideration in the 118th Congress and **Appendix B** lists this Congress's housing-related hearings. (The information in both appendixes is current as of January 2, 2024.) This report will be updated periodically.

Housing Market Conditions

There are about 130 million occupied housing units in the United States, of which 84.6 million (65%) are owner-occupied and 45.2 million (35%) are renter-occupied.[1] Of the total number of occupied housing units,

- 89 million (69%) are one-unit properties,[2]
- 24 million (19%) are units in buildings with five or more units,
- 10 million (7%) are units in two-to-four-unit properties, and
- 7 million (5%) are manufactured or mobile homes or another type of housing.

[1] Statistics in this section are from U.S. Census Bureau, *American Community Survey 2022 One-Year Estimates*, Table S2504, https://data.census.gov/table/ACSST1Y2022.S2504?q=s+2504.

[2] This includes both detached one-unit properties (properties with space on all sides) and attached one-unit properties (e.g., rowhouses/townhouses). For specific definitions of attached and detached units used in the American Community Survey, see U.S. Census Bureau, A*merican Community Survey and Puerto Rico Community Survey, 2022 Subject Definitions*, p. 43, https://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2022_ACSSubjectDefinitions.pdf.

While most homeowners (nearly 90%) live in one-unit properties,[3] the types of housing renters live in are more varied: nearly a third of renters live in one-unit properties, another 17% live in units in properties with 2-4 units, and about 46% live in units in properties with five or more units. About 4% of renters live in manufactured or mobile homes.

House prices and rents have both increased significantly in recent years. While house price and rent increases have more recently shown signs of moderating, concerns about housing affordability remain high. Local housing markets vary, but many markets have seen housing cost increases driven in part by a lack of available housing supply. Rising mortgage interest rates have also contributed to affordability challenges.

This first section of the report provides background on housing market conditions to provide context for the housing policy issues discussed in the remainder of the report; in most cases, the data presented reflect conditions at the outset of the 118th Congress. It focuses on selected indicators related to housing costs and supply. While the discussion of market conditions presented in this section is at the national level, local housing market conditions can vary significantly, and national housing market trends may not reflect the conditions in a specific area. Nevertheless, national housing market indicators can provide an overall sense of general trends in housing in the United States.

Housing Costs

This subsection provides selected indicators related to housing costs, including home sale prices, rents, and housing cost burdens.

Sales Prices for Single-Family Homes

Single-family homes may be purchased by owner-occupants, individuals or families seeking second homes or vacation properties, or investors of different types, including both individual and corporate investors of various sizes who may purchase homes to hold for renting or to sell at a later date.

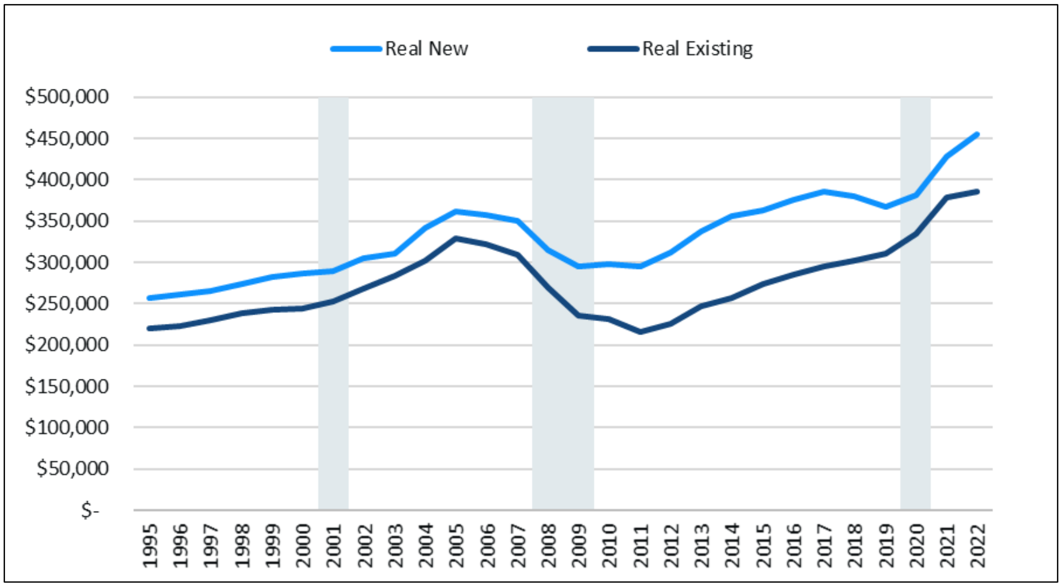
Figure 1 shows the trend in real (i.e., inflation-adjusted) median sales prices for both new and existing homes since 1995 in 2022 dollars. While the median sales price of new homes has been consistently above that of existing homes, prices for both new and existing homes have generally trended upward over the past two decades, with the exception of a decline in prices during and after the 2007-2009 financial crisis. In 2022, the median sales price for an existing home was $386,300 and the median sales price for a new home was $454,900.

Real median sales prices for both new and existing homes have increased since 2012, and both increased by nearly 25% between 2019 and 2022 (from $367,981 to $454,900 for new homes, and from $311,210 to $386,300 for existing homes). Between 2021 and 2022, the median sales price for new homes increased by 6%, while the median sales price for existing homes increased more slowly (2%).

[3] Another 6% of homeowners live in manufactured or mobile homes, 2% live in units in two-to-four-unit properties, and about 3.5% live in units in properties with five or more units.

Figure 1. Real (Inflation-Adjusted) Median Sale Prices for New and Existing Single-Family Homes

1995-2022



Sources: CRS calculations based on data from HUD's *U.S. Housing Market Conditions* reports, available at https://www.huduser.gov/portal/ushmc/home.html (which use data from the National Association of Realtors for existing home prices, and the U.S. Census Bureau for new home prices), and data from the Bureau of Labor Statistics for the consumer price index. Figures are in 2022 dollars.

Notes: Gray bars indicate recessions. Figures are adjusted for inflation using the Consumer Price Index for all Urban Consumers (CPI-U) with 2022 as the base year.

Mortgage Interest Rates

Many homebuyers take out a mortgage to purchase a home, especially when purchasing a primary residence.[4] The ability of prospective homebuyers to obtain mortgages, as well as the costs of those mortgages, impacts housing demand and affordability.

After several years of historical lows, mortgage interest rates rose notably in 2022, due in part to contractionary monetary policy.[5] As shown in **Figure 2**, mortgage interest rates had been consistently below 5% for about 12 years beginning in May 2010. Lower interest rates increase mortgage affordability and make it easier for some households to purchase homes or refinance their existing mortgages.

Mortgage interest rates began to increase in early 2022 and rose rapidly through much of 2022 and 2023. The rates averaged 3.45% in January 2022 and increased to 6.90% by October 2022 before falling somewhat. Rates began to increase again after the first few months of 2023 and

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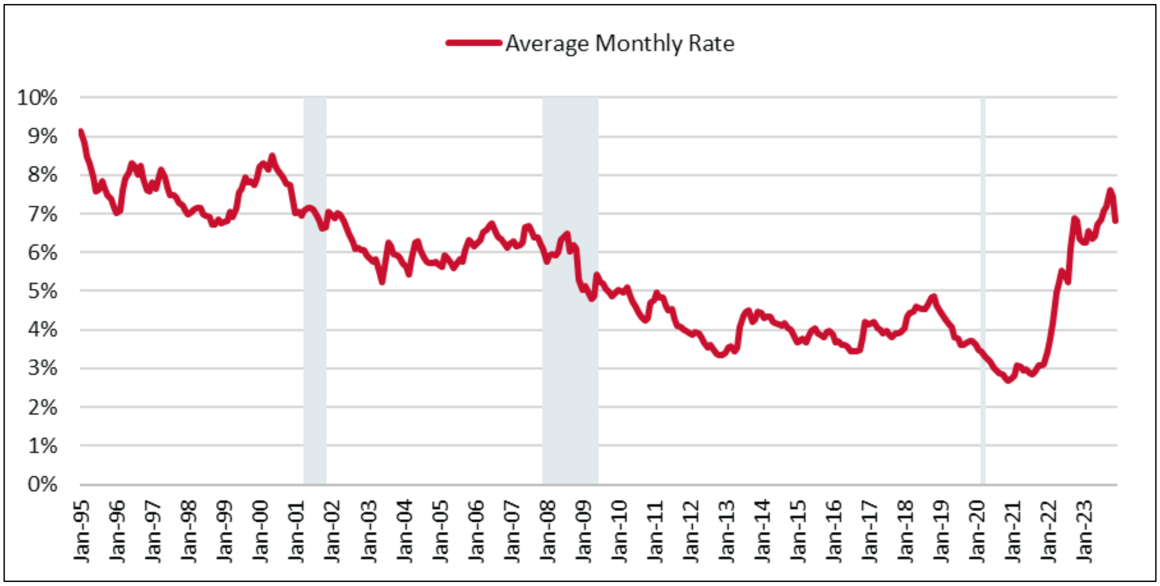
[4] According to the National Association of Realtors, about 78% of homebuyers who purchased a primary residence between July 2021 and June 2022 financed the purchase. See National Association of Realtors, *Highlights from the 2022 Profile of Home Buyers and Sellers*, November 2022, p. 8, https://www.nar.realtor/sites/default/files/documents/2022-highlights-from-the-profile-of-home-buyers-and-sellers-report-11-03-2022_0.pdf.

[5] When the Federal Reserve raises the target range for the federal funds interest rate, other interest rates in the economy, including mortgage interest rates, tend to increase as well. However, mortgage interest rates are not determined solely by monetary policy and are affected by other factors within the housing market. For more information on monetary policy, see CRS In Focus IF11751, *Introduction to U.S. Economy: Monetary Policy*.

reached an average of 7.62% during October 2023, the highest level since November 2000. Rates were somewhat lower by the end of the year, averaging 6.82% in December 2023.

Figure 2. Mortgage Interest Rates

January 1995-December 2023



Source: Created by CRS based on data from Freddie Mac's Primary Mortgage Market Survey (PMMS), 30-Year Fixed Rate Historic Tables, available at http://www.freddiemac.com/pmms/.

Notes: Gray bars indicate recessions. Data reflect average interest rates for conventional (i.e., not government-insured) conforming (i.e., conform to Fannie Mae/Freddie Mac standards, including loan limits) home purchase mortgages to borrowers with good credit and a 20% down payment. The actual interest rate paid by any given borrower will depend on a number of factors. In November 2022, Freddie Mac adjusted its methodology for the PMMS by replacing traditional survey methods with administrative datasets. Freddie Mac estimates that these changes would have only had a small impact on historical PMMS results. For more information, see https://www.freddiemac.com/research/insight/20221103-freddie-macs-newly-enhanced-mortgage-rate-survey.

Asking Rents

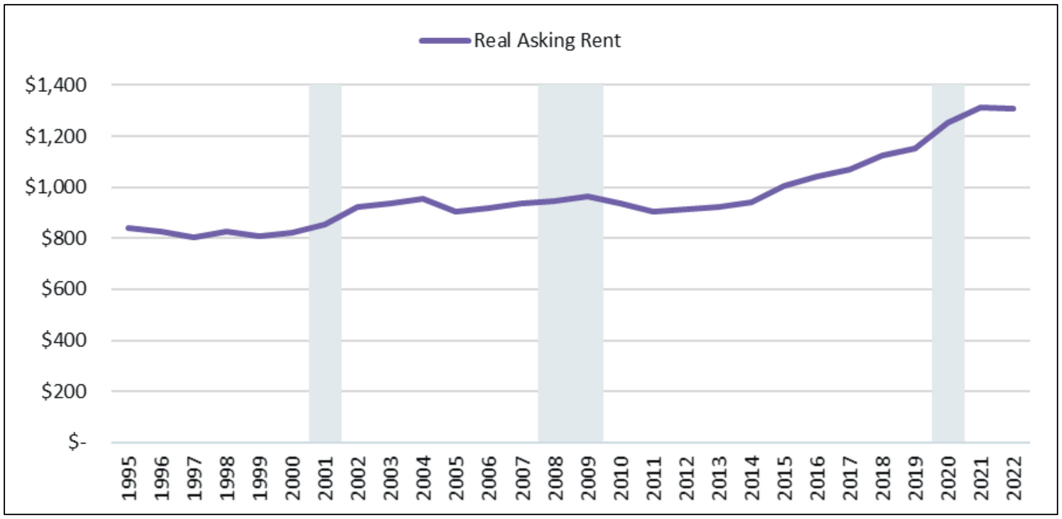
Figure 3 shows the trend in the average annual real median asking rent for vacant units in 2022 dollars. Asking rents are an indicator of potential costs for renters seeking to newly lease a rental unit, but do not include rents paid by current tenants or potential rent increases for currently occupied units.

Like home prices, asking rents have been increasing in general over the past decade, and at a faster pace in recent years. Real median asking rents increased by nearly 14% from 2019 to 2022, although they barely changed between 2021 and 2022.[6]

[6] In 2022, the nominal median asking rent rose by about 7.5%, but inflation rose by about 8%, leading to a slight decrease in real median asking rent between 2021 and 2022.

Figure 3. Real (Inflation-Adjusted) Median Asking Rent

1995-2022



Sources: Created by CRS using data from U.S. Census Bureau, Housing Vacancies and Homeownership Historical Tables, Table 11A, available at https://www.census.gov/housing/hvs/data/histtabs.html, and data from the Bureau of Labor Statistics for the consumer price index.

Notes: Gray bars indicate recessions. Figures are adjusted for inflation using the Consumer Price Index for all Urban Consumers (CPI-U) with 2022 as the base year.

Housing Affordability Challenges

Under widely used measures of affordability, households are generally considered cost-burdened if they pay more than 30% of their income for housing, and severely cost-burdened if they pay more than 50% of their income for housing.[7] Rising housing costs can contribute to housing cost burdens if these costs increase faster than household incomes.

The number and share of cost-burdened households have been increasing in recent years. In 2022, 22.4 million renter households, or nearly half of all renter households (49.5%), experienced cost burdens, an increase from 20.4 million cost-burdened renter households (46% of all renter households) in 2019. The number and share of cost-burdened homeowners also increased, to 19.7 million (23% of owner households) in 2022 compared to 16.7 million owner households (21%) in 2019.[8]

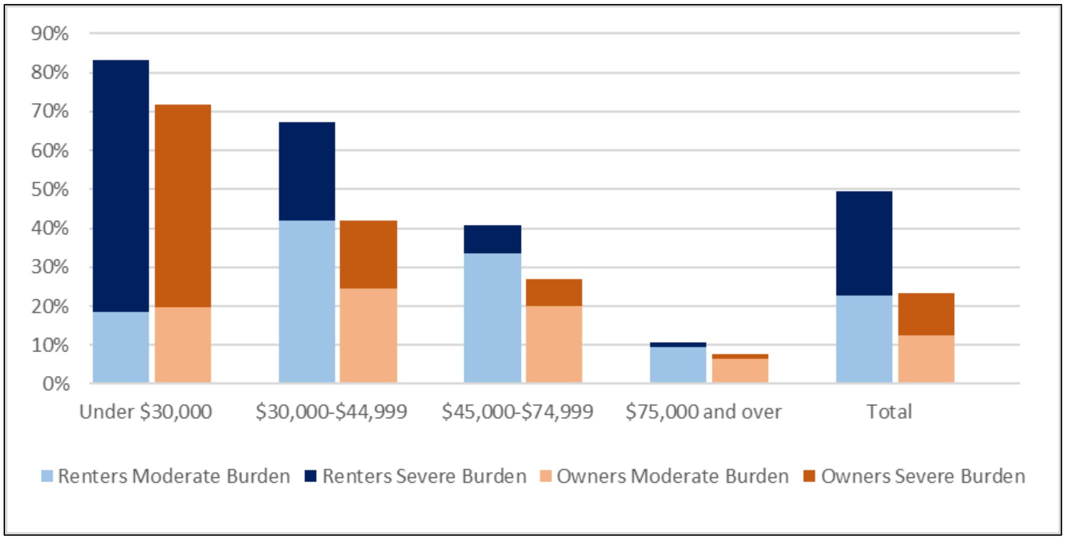
Figure 4 shows the shares of households with moderate or severe cost burdens by tenure (i.e., whether the household owns or rents their home) and household income. While housing cost burdens can affect both renters and homeowners as well as households of differing income levels, they are most prevalent among lower-income renter households.

[7] Although these measures of housing affordability and cost burden are widely used, they also have recognized shortcomings. For discussions of some of the limitations of these definitions, see HUD Office of Policy Development and Research (PD&R), "Rental Burdens: Rethinking Affordability Measures," *PD&R Edge* online magazine, https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html; and HUD PD&R, "Defining Housing Affordability," *PD&R Edge* online magazine, https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-081417.html.

[8] CRS calculations using the 2019 and 2022 American Community Survey 1-Year Estimates Public Use Microdata Sample available at https://www.census.gov/data/developers/data-sets/census-microdata-api.html.

Figure 4. Housing Cost Burdens by Tenure and Household Income

2022



Source: Figure created by CRS based on CRS calculations using the 2022 American Community Survey 1-Year Estimates Public Use Microdata Sample, available at https://www.census.gov/data/developers/data-sets/census-microdata-api.html.

In light of the greater prevalence of affordability challenges among lower-income renter households, Congress has directed HUD to regularly report on the number of very low-income renters with worst case housing needs, which HUD does in biennial reports.[9] Households are considered to have worst case housing needs if they (1) are very low-income renter households (i.e., households with incomes at or below 50% of area median income); (2) do not receive government housing assistance; and (3) pay more than half their income towards rent, live in severely inadequate housing, or both.

The 2023 report, which provides data from 2021, shows that in 2021 the number of renter households with worst case housing needs reached its highest level since HUD began reporting on it in the early 1990s. The report found that 8.53 million households experienced worst case housing needs in 2021, an increase from 7.77 million in 2019 and more than the previous high of 8.48 million households in 2011.[10] The share of very low-income renter households with worst case housing needs also reached a record high of 44.1%, surpassing the previous high of 44.0% in 2011, as the number of households with worst case needs grew faster than the number of very low-income renter households as a whole.[11] Most households with worst case housing needs have severe cost burdens rather than physically inadequate housing.[12]

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[9] HUD's Worst Case Housing Needs reports are available on HUD's website at https://www.huduser.gov/portal/AFWCN.html. As referenced in the HUD reports, language in S.Rept. 101-474, which accompanied the FY1991 HUD appropriation bill, directs HUD to report on worst case housing needs. See, for example, HUD, *Priority Housing Problems and "Worst Case" Needs in 1989*, A Report to Congress, June 1991, p. 1, https://www.huduser.gov/portal//Publications/pdf/HUD-5828_WorstCase1989_report.pdf.

[10] HUD, *Worst Case Housing Needs, 2023 Report to Congress*, May 2023, https://www.huduser.gov/portal//portal/sites/default/files/pdf/Worst-Case-Housing-Needs-2023.pdf.

[11] Ibid., p. viii.

[12] Ibid., p. ix.

Housing Supply

Housing costs are influenced, in part, by the supply of homes available for sale or rent. This subsection provides selected indicators on the available housing supply, including the number of homes for sale, rental vacancy rates, and single-family and multifamily housing construction activity.

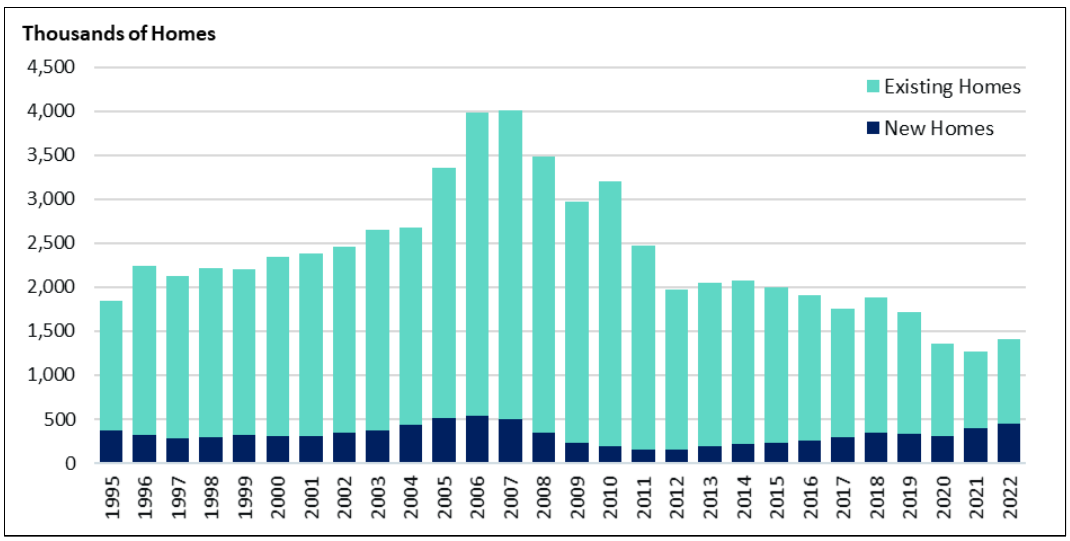
Inventory of Single-Family Homes for Sale

One indicator of housing supply is the number of homes for sale at a given point in time. Lower inventories of homes for sale can put upward pressure on house prices if demand is strong.

As shown in **Figure 5**, the number of single-family homes for sale has been relatively low in recent years. As of the end of 2022, there were about 1.4 million homes for sale (nearly 1 million existing homes and close to 500,000 new homes). This represented an increase over 2020 and 2021, but it was still low by historical standards. However, the number of *new* homes for sale was the highest since 2007.

Figure 5. Homes for Sale, New and Existing

1995-2022



Sources: Created by CRS using data from HUD's *U.S. Housing Market Conditions* reports, available at https://www.huduser.gov/portal/ushmc/home.html, which use data from the National Association of Realtors for existing home inventories and from the U.S. Census Bureau for new home inventories.

Notes: Annual inventory represents homes for sale as of the end of the year.

The supply of homes for sale affects the number of homes sold. Sales of existing homes generally number in the millions each year, while new home sales are usually in the hundreds of thousands. In 2022, there were about 5.7 million home sales (over 5 million existing homes and over 640,000 new homes).[13] This was the lowest level of combined home sales since 2014, when a total of 5.4 million homes were sold. Lower home sales may reflect a variety of factors, including low housing inventory and higher mortgage interest rates.

[13] See HUD's *U.S. Housing Market Conditions* reports, available at https://www.huduser.gov/portal/ushmc/home.html, which use data from the National Association of Realtors for existing home sales and from the U.S. Census Bureau for new home sales.

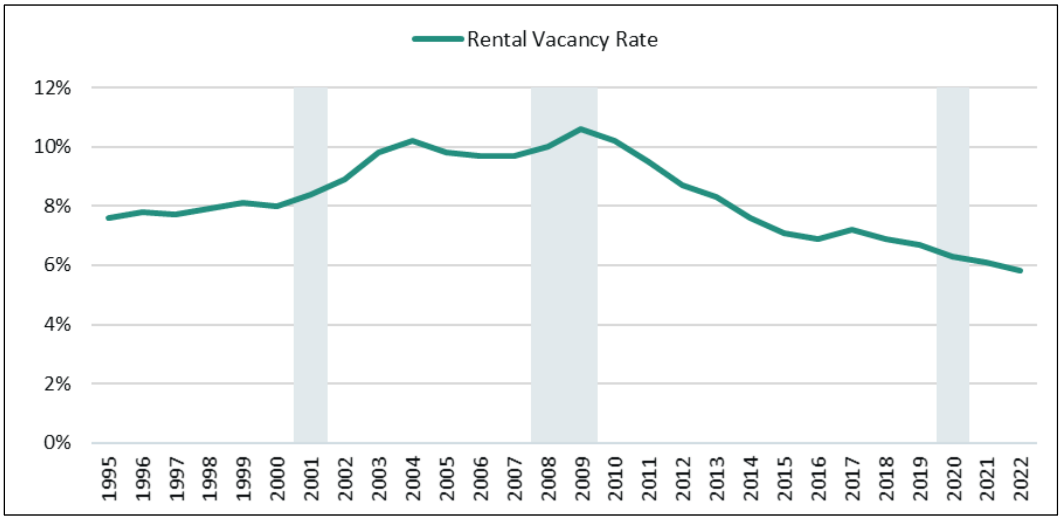
Rental Vacancy Rates

The rental vacancy rate is the share of rental units that are currently vacant for rent.[14] Low vacancy rates may put upward pressure on rents as renters compete for fewer available units.

As shown in **Figure 6**, the rental vacancy rate has generally been declining in recent years and was 5.8% in 2022. This was a decrease from 6.1% in 2021 and the lowest rental vacancy rate in several decades.[15]

Figure 6. Rental Vacancy Rates

1995-2022



Source: Figure created by CRS based on data from U.S. Census Bureau, Housing Vacancies and Homeownership Annual Tables, Table 1, "Rental and Homeowner Vacancy Rates by Area," https://www.census.gov/housing/hvs/data/prevann.html.

Notes: Gray bars indicate recessions. Because data collection procedures were affected by the COVID-19 pandemic during some quarters in 2020 and 2021, the Census Bureau urges caution in interpreting estimates from affected timeframes and in comparing those estimates to previous or subsequent estimates.

Housing Construction

While specific estimates vary, research suggests that the United States has a shortage of housing units needed to meet housing demand, due in part to years of underbuilding and declining construction of smaller, less expensive homes in particular.[16] These estimates suggest that new

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[14] U.S. Census Bureau, Housing Vacancies and Homeownership, "Definitions and Explanations," p. 6, https://www.census.gov/housing/hvs/definitions.pdf.

[15] Annual rental vacancy rate data are from U.S. Census Bureau, Housing Vacancies and Homeownership, Annual Statistics, Table 1, "Rental and Homeowner Vacancy Rates by Area," available at https://www.census.gov/housing/hvs/data/prevann.html. The rental vacancy rate of 5.8% in 2022 was the lowest since 1983, when the rental vacancy rate was 5.7%.

[16] For example, Freddie Mac estimated a housing supply shortage of 3.8 million units at the end of 2020. See Sam Khater, *One of the Most Important Challenges our Industry will Face: The Significant Shortage of Starter Homes*, April 15, 2021, https://www.freddiemac.com/perspectives/sam-khater/20210415-single-family-shortage. In December 2022 congressional testimony, Mark Zandi, Chief Economist of Moody's Analytics, estimated a shortfall of about 1.6 million units. See Written Testimony of Mark Zandi, Chief Economist of Moody's Analytics, for a House Financial Services Committee hearing entitled "Boom and Bust: The Need for Bold Investments in Fair and Affordable Housing (continued...)

construction is needed to help meet demand. A variety of statistics measure the amount of new housing construction underway, including housing permits, housing starts, and housing completions. Measures such as housing starts are often considered leading economic indicators that provide signals about the health of the economy.

Figure 7 and **Figure 8** show annual housing starts[17] and housing completions,[18] respectively. Starts and completions data are reported for three types of housing units: one-unit properties, units in two-to-four-unit properties, and units in properties with five or more units. The numbers of one-unit starts and completions are typically much higher than starts and completions of units in multi-unit properties, and the trends in starts and completions generally track each other fairly closely. In 2022,

- construction was *started* on about 1.6 million housing units, of which about 1 million were one-unit homes, 533,000 were in buildings with five or more units, and 16,000 were in buildings with two-to-four units; and
- about 1.4 million new housing units were *completed*, of which about 1 million were one-unit homes, 360,000 were in buildings with five or more units, and 9,000 were in buildings with two-to-four units.

After a precipitous drop starting in the mid-2000s, both housing starts and housing completions have generally been rising since about 2011, although starts of single-family homes fell in 2022 relative to 2021. Completions of single-family homes have continued to increase, while completions of units in multifamily properties have been relatively flat. Starts and completions of one-unit properties, however, have not returned to the levels seen prior to the 2007-2009 financial crisis, while starts and completions of units in properties with five or more units are higher than they were prior to the financial crisis.

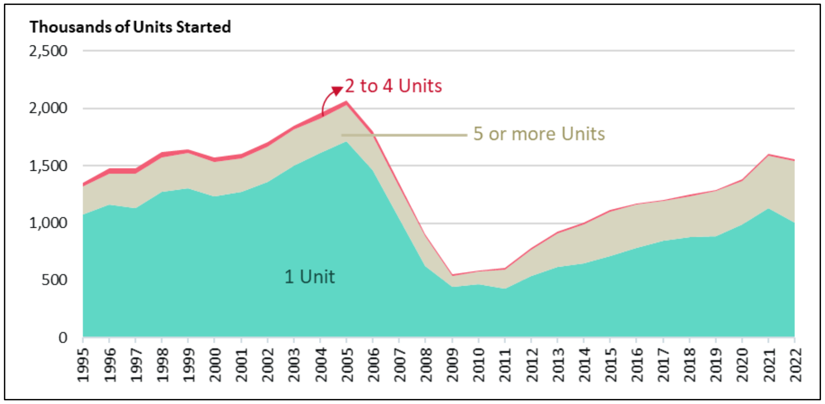
to Combat Inflation," December 1, 2022, https://democrats-financialservices.house.gov/uploadedfiles/hhrg-117-ba00-wstate-zandim-20221201.pdf.

[17] Census defines starts as occurring "when excavation begins for the footings or foundation of a building. All housing units in a multifamily building are defined as being started when this excavation begins. Beginning with data for September 1992, estimates of housing starts include units in structures being totally rebuilt on an existing foundation." See U.S. Census Bureau, "Survey of Construction Definitions," https://www.census.gov/construction/soc/definitions.html.

[18] According to the Census definition, "A house is defined as completed when all finished flooring has been installed (or carpeting if used in place of finished flooring). If the building is occupied before all construction is finished, it is classified as completed at the time of occupancy. In privately-owned buildings with two or more housing units, all of the units in the buildings are counted as completed when 50 percent or more of the units are occupied or available for occupancy." See U.S. Census Bureau, "Survey of Construction Definitions."

Figure 7. Housing Units Started

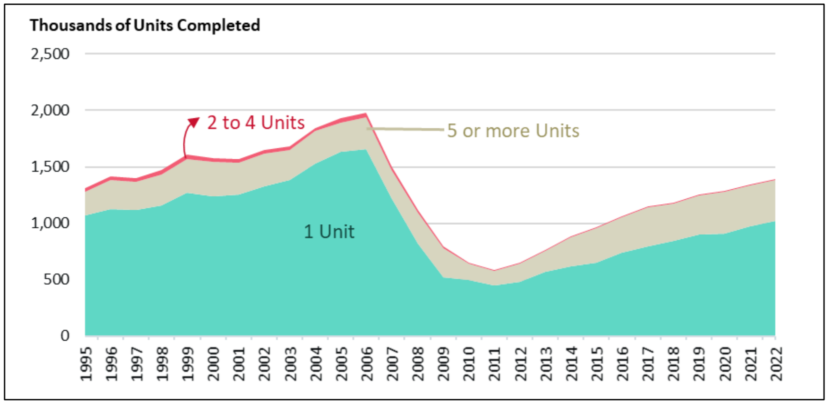
1995-2022



Source: Created by CRS using data from U.S. Census Bureau, New Residential Construction, Historical Data, available at https://www.census.gov/construction/nrc/historical_data/index.html.

Figure 8. Housing Units Completed

1995-2022



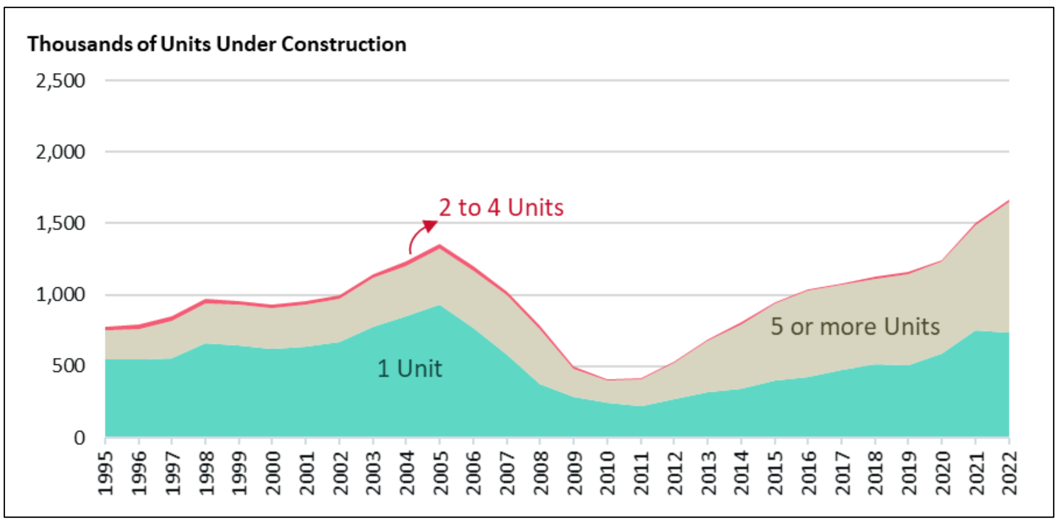
Source: Created by CRS using data from U.S. Census Bureau, New Residential Construction, Historical Data, available at https://www.census.gov/construction/nrc/historical_data/index.html.

Figure 9 shows the number of housing units under construction at the end of each year (i.e., started but not yet completed). There were about 1.7 million housing units under construction at the end of 2022, of which about 736,000 were one-unit homes, about 16,000 were units in two-to-four-unit properties, and nearly 918,000 were units in properties with five or more units.

Unlike starts and completions, where single-family units consistently outnumber multifamily units, the number of multifamily units currently under construction has been higher than the number of single-family units under construction for much of the past decade. In general, it takes longer to construct multifamily units than single-family units,[19] accounting for part of the reason that the number of multifamily units under construction is generally higher compared to single-family units than starts or completions data would suggest. Factors such as labor and material shortages that have contributed to construction delays for both single-family and multifamily properties have further impacted construction timelines.[20] Also, as noted above, new multifamily housing starts have exceeded their levels from prior to the 2007-2009 financial crisis in recent years, while single-family starts are below their levels from the late 1990s and early 2000s. As units under construction translate into completions, supply is expected to increase in the short term.

Figure 9. Housing Units under Construction

1995-2022



Source: Created by CRS using data from U.S. Census Bureau, New Residential Construction, Historical Data, available at https://www.census.gov/construction/nrc/historical_data/index.html.

Another metric to consider is spending on residential construction, as measured by residential fixed investment (described in greater detail in the following section). Residential fixed

[19] U.S. Census Bureau, "Annual Length of Time from Start to Completion of Buildings Started in Permit-Issuing Places," 1971-2022, https://www.census.gov/construction/nrc/pdf/avg_starttocomp.pdf.

[20] See, for example, National Multifamily Housing Council, "Multifamily Units Under Construction are Up, But Demand for Apartments Remains," August 11, 2022, https://www.nmhc.org/news/nmhc-news/2022/multifamily-units-under-construction-are-up-but-demand-for-apartments-remains/; and National Association of Home Builders, "Supply Chain Issues Continue to Slow Housing," February 17, 2022, https://www.nahb.org/blog/2022/02/supply-chain-issues-continue-to-slow-housing/.

investment has fallen in both real and nominal terms since the second quarter of 2022, which could be a contributing factor in the recent decrease in housing starts.[21]

Housing and the Broader Economy

The housing market plays an important role in the larger economy, as it accounts for a significant portion of economic activity. Housing contributes to GDP in two direct ways: residential fixed investment and spending on housing services. Residential fixed investment includes all spending on the construction of new single- and multi-family structures, residential remodeling, and brokers' fees. Housing services includes all spending on renters' utilities and rent and homeowners' imputed rent[22] and utility payments. In real (inflation-adjusted) terms, residential fixed investment has been decreasing each quarter since the second quarter of 2021.[23] Such slowdowns in residential fixed investment have been followed by periods of economic slowdown in the past, although the causal connection between the two is not certain.[24] On the other hand, real spending on housing services has been more robust than real residential fixed investment—while variable from quarter to quarter, real spending on housing services rose by 1.1% and 1.2% in 2021 and 2022, respectively.[25] (For further discussion of housing and economic growth, see CRS In Focus IF11327, *Introduction to U.S. Economy: Housing Market*.)

One of the ways in which housing has most notably affected the economy recently is in its contribution to inflation. As shown in **Figure 10**, shelter inflation accelerated notably in 2021 and 2022, and continued to increase in the first quarter of 2023 when many other expenditure inflation categories decelerated. Shelter inflation has come down in recent months, but remains elevated—most recently at 6.2% in December 2023, compared to overall inflation of 3.4% in the same month. Shelter inflation, which includes both rental and owner-occupied housing, is a measure of the changes in cost to rent a home (or what it would cost to rent an owner-occupied unit).[26] Shelter inflation is not a measure of new leases, but rather all leases, so new higher rents can take several months to filter into the calculation of shelter inflation.

[21] Bureau of Economic Analysis (BEA), National Income and Product Accounts (NIPA), Table 1.1.1, "Percent Change From Preceding Period in Real Gross Domestic Product" and Table 1.1.5, "Gross Domestic Product," https://apps.bea.gov/iTable/?reqid=19&step=2&isuri=1&categories=survey.

[22] *Imputed rent* is the estimate of the rent a homeowner would be willing to pay to live in their own house.

[23] BEA, NIPA, Table 1.1.1, Percent Change From Preceding Period in Real Gross Domestic Product, https://apps.bea.gov/iTable/?reqid=19&step=2&isuri=1&categories=survey#eyJhcHBpZCI6MTksInN0ZXBzIjpbMSwyLDNdLCJkYXRhIjpbWyJjYXRlZ29yaWVzIiwiU3VydmV5Il0sWyJOSVBBX1RhYmxlX0xpc3QiLCIxIl1dfQ==.

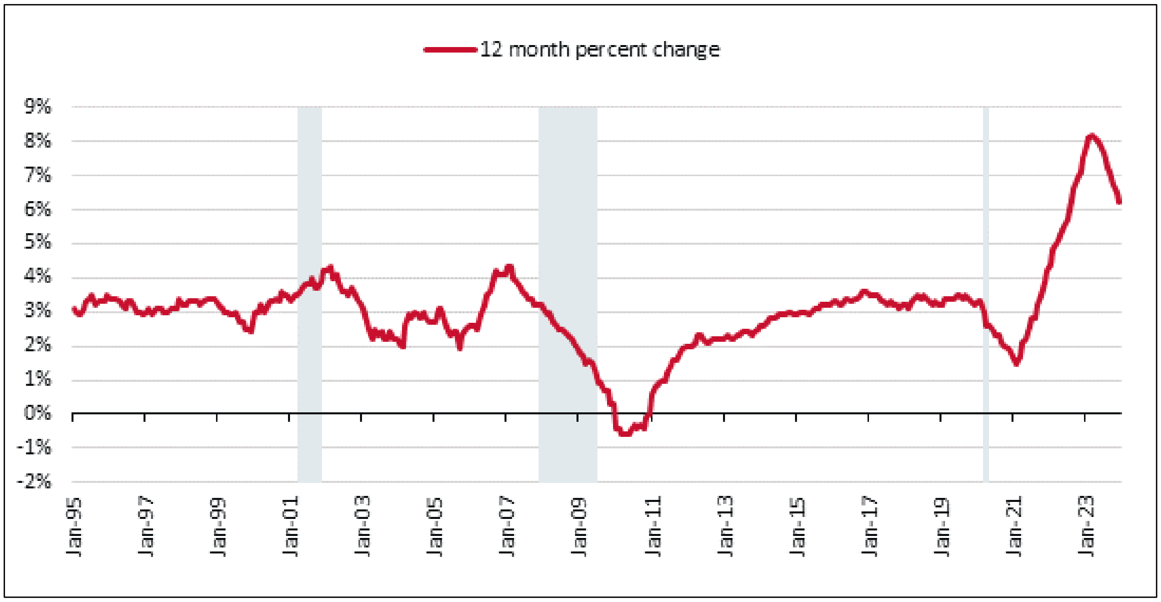
[24] For more information, see CRS Report R47479, *Common Causes of Economic Recession*.

[25] BEA, NIPA, Table 2.3.1, Percent change From Preceding Period in Real Personal Consumption Expenditures by Major Type of Product, https://apps.bea.gov/iTable/?reqid=19&step=2&isuri=1&categories=survey#eyJhcHBpZCI6MTksInN0ZXBzIjpbMSwyLDMsM10sImRhdGEiOltbImNhdGVnb3JpZXMiLCJTdXJ2ZXkiXSxbIk5JUEFfVGFibGVfTGlzdCIsIjYxIl0sWyJGaXJzdF9ZZWFyIiwiMjAyMCJdLFsiTGFzdF9ZZWFyIiwiMjAyMiJdLFsiU2NhbGUiLCIwIl0sWyJTZXJpZXMiLCJBIl1dfQ==.

[26] For details on how imputed rent is calculated, see CRS In Focus IF12164, *Housing and the Consumer Price Index*.

Figure 10. Consumer Price Index for All Urban Consumers: Shelter in U.S. City Average

January 1995-December 2023



Source: Created by CRS based on data from Bureau of Labor Statistics, Consumer Price Index, at https://www.bls.gov/cpi/data.htm.

Notes: Gray bars indicate recessions.

On average, spending on shelter is a large component of total expenditures for consumers. Increasing shelter costs, therefore, can add significant burden to households and potentially result in altered spending patterns, the need to change housing, or difficulties making ends meet, depending on the real incomes of each household in question. Additionally, the shelter component of inflation is weighted heavily to account for its large share of average expenditures.[27] As such, shelter inflation is watched closely by the Federal Reserve and other policymakers and can influence policy decisions, notably with respect to monetary policy. Changes to monetary policy can affect economic growth and employment, among other aspects of the economy. (For more information on monetary policy and its effects on the economy, see CRS In Focus IF11751, *Introduction to U.S. Economy: Monetary Policy*.)

Selected Current Issues

The remainder of this report provides a high-level overview of selected housing issues of interest to the 118th Congress.

Housing Affordability

While housing affordability is a perennial policy issue for Congress, in recent years the price increases and supply constraints described above in the "Housing Market Conditions" section

[27] Shelter generally has a *relative importance* in the Consumer Price Index of roughly 30%-35%. For example, in February 2023, the shelter expenditure category had a weight of 34.473. For the most recent relative importance weights, see BLS, Table 1. Consumer Price Index for All Urban Consumers: U.S. city average, by expenditure category, https://www.bls.gov/news.release/cpi.t01.htm.

have exacerbated housing affordability concerns. Affordability challenges can affect both owners and renters at varying levels of income; however, lower-income renter households are the most likely to face the highest housing cost-to-income ratios, placing them at the greatest risk for housing insecurity.[28]

In general, much of federal housing policy is focused on demand-side subsidies, which are intended to make existing housing more affordable for individuals and families. More than three-quarters of HUD's budget, for example, goes to rent subsidies for low-income households. However, funding for rental assistance is not sufficient to serve everyone who could qualify; estimates vary, but they generally show that the primary federal rental assistance programs reach roughly one in four eligible households.[29] During the 118th Congress, demand-side proposals to address housing costs include expanding rental assistance programs to serve more families,[30] creating new sources of down payment assistance funding for prospective homebuyers,[31] or establishing renter or homebuyer tax credits to help offset housing costs for qualifying households.[32]

While demand-side assistance can help make housing more affordable for those households who receive it, there are concerns it could contribute to further rent or home price increases in areas where supply is limited. Historically, housing supply has predominantly been driven by investment and development decisions of private market actors, subject to market conditions and state and local land-use and building regulation. However, there has been growing interest in identifying ways the federal government can help increase the supply of housing generally, and affordable housing particularly.

Housing Supply

Given widespread concerns that housing supply constraints are contributing to higher housing costs, both Congress and the Administration have taken actions or put forward proposals aimed at increasing supply. These have included proposals for additional funding for new or existing programs that support the development or maintenance of affordable housing, changes to program rules to better facilitate the use of existing resources to expand housing supply, and actions to encourage communities to address local regulatory barriers that may affect the supply or affordability of housing. An example of the latter approach in the 117th Congress was funding in the Consolidated Appropriations Act, 2023 (CAA; P.L. 117-328) for a new competitive grant program to help communities address local barriers to housing supply, including regulatory

[28] Joint Center for Housing Studies at Harvard University, *State of the Nation's Housing 2023*, pp. 36-38, https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.

[29] HUD, *Worst Case Housing Needs 2023 Report to Congress*, p. xi, https://www.huduser.gov/portal//portal/sites/default/files/pdf/Worst-Case-Housing-Needs-2023.pdf.

[30] For example, see the Ending Homelessness for All Act (H.R. 4232) and HUD's FY2024 Congressional Budget Justifications, which proposed mandatory funding for new vouchers, at https://www.hud.gov/sites/dfiles/CFO/documents/2024_Mandatory_Affordable_Housing_Programs.pdf.

[31] For example, see the Down Payment Toward Equity Act (H.R. 4231) and HUD's FY2024 Congressional Budget Justifications. The FY2024 budget justifications proposed new mandatory funding for down payment assistance for first-time, first-generation homebuyers as well as a set-aside of discretionary funds for down payment assistance in the HOME account; see https://www.hud.gov/sites/dfiles/CFO/documents/2024_Mandatory_Affordable_Housing_Programs.pdf and https://www.hud.gov/sites/dfiles/CFO/documents/2024_CJ_Program_-_HOME.pdf, respectively.

[32] For example, see the DASH Act (S. 680), discussed further in the "Housing Tax Proposals" section of this report.

barriers. HUD is currently implementing this program, as discussed further in the "Competitive Grants for Land Use and Zoning Reform (HUD PRO Housing)" section.

In the 118th Congress, legislative proposals related to housing supply include some tax-related proposals, such as the changes to the Low-Income Housing Tax Credit or establishment of a new Neighborhood Homes Investment Credit (both discussed in the "Housing Tax Proposals" section). The 118th Congress has also held hearings examining issues related to housing supply, including a September 2023 Senate Banking subcommittee hearing.[33]

In addition, the Biden Administration has been pursuing administrative actions related to housing supply. In 2022, during the 117th Congress, the White House released a Housing Supply Action Plan that discussed a number of actions the Administration was taking as well as proposals it was calling on Congress to enact.[34] Subsequent releases from the White House in both the 117th and 118th Congresses have highlighted additional actions or proposals to increase the supply of affordable housing or maintain existing housing.[35] Among other things, the Administration has undertaken activities to support the conversion of underused commercial properties, such as office buildings, to housing, including providing guidance and technical assistance on how existing federal funding sources could be used for such conversions.[36]

Appropriations for Housing Programs

The majority of federal housing assistance programs are funded by annual discretionary appropriations. The largest share of those appropriations is devoted to covering the costs of maintaining federal rental assistance programs. Federal rental assistance programs provide subsidies to the lowest income tenants, allowing them generally to pay 30% or less of their incomes towards their housing costs.

More than half of HUD's appropriations each year are devoted to maintaining the cost of continuing assistance to the more than 4 million households served by the Section 8 Housing Choice Voucher (HCV) and Section 8 project-based rental assistance programs. Funding for the HCV program and project-based rental assistance has been increasing in recent years, both because of increases in the number of people served, as well as the increased costs of maintaining assistance for households that are currently served by the programs due to rents increasing faster than tenant incomes.

Despite the large share of total HUD funding these rental assistance programs command, their combined funding levels only permit them to serve an estimated one in four eligible families,

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[33] U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development, *Housing Supply and Innovation*, 118th Cong., 1st sess., September 12, 2023, https://www.banking.senate.gov/hearings/housing-supply-and-innovation.

[34] The White House, *President Biden Announces New Actions to Ease the Burden of Housing Costs*, May 16, 2022, https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/16/president-biden-announces-new-actions-to-ease-the-burden-of-housing-costs/.

[35] See, for example, The White House, *Biden-Harris Administration Announces Progress in Implementing its Housing Supply Action Plan*, October 7, 2022, https://www.whitehouse.gov/briefing-room/statements-releases/2022/10/07/biden-harris-administration-announces-progress-in-implementing-its-housing-supply-action-plan/; and *Biden-Harris Administration Announces Actions to Lower Housing Costs and Boost Supply*, July 27, 2023, https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/27/biden-harris-administration-announces-actions-to-lower-housing-costs-and-boost-supply/.

[36] The White House, *Fact Sheet: Biden-Harris Administration Takes Action to Create More Affordable Housing by Converting Commercial Properties to Residential Use*, October 27, 2023, https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/27/fact-sheet-biden-harris-administration-takes-action-to-create-more-affordable-housing-by-converting-commercial-properties-to-residential-use/.

which results in long waiting lists for assistance in most communities.[37] A similar dynamic plays out in USDA's Rural Housing Service (RHS) budget. Demand for housing assistance exceeds the supply of subsidies, yet the largest share of RHS spending for rental housing programs is devoted to maintaining rental assistance for current residents.[38]

In a budget environment with limits on discretionary spending, as were adopted in the Fiscal Responsibility Act of 2023 (P.L. 118-5) in June 2023, pressure to provide increased funding to maintain current services for existing rental assistance programs competes with pressure from states, localities, and advocates to maintain or increase funding for other popular programs, such as HUD's Community Development Block Grant (CDBG) program, grants for homelessness assistance, and funding for Native American housing programs.

Housing Tax Proposals

Congress has considered changes to the tax code in efforts to help individuals secure affordable housing and to promote the production of affordable housing. In the 118th Congress, the Decent, Affordable, Safe Housing for All (DASH) Act (S. 680) contains the most comprehensive housing-related tax proposals. The DASH Act would, among other things,

- expand the low-income housing tax credit (LIHTC) program,[39] which is intended to encourage the development of affordable rental housing for low-income tenants;
- create a middle-income housing tax credit to encourage the development of affordable rental housing for middle-income tenants;
- create a renter's tax credit for property owners who reduce rents on eligible tenants;
- create a first-time homebuyers refundable tax credit of up to $15,000; and
- institute the Neighborhood Homes Investment Act (NHIA), which would create a tax credit intended to encourage the development of affordable homes for ownership in lower-income areas.[40] The NHIA is being proposed in standalone legislation (S. 657 and H.R. 3940) as well.

The Affordable Housing Credit Improvement Act of 2023 (S. 1557/H.R. 3238), also introduced in the 118th Congress, is an exclusively LIHTC-focused proposal. Similar to the DASH Act, the proposal would expand the LIHTC program by increasing states' per capita allocation authority up to $4.875 beginning in 2024 (not including a required annual inflation adjustment). It would also make a number of changes pertaining to tenant eligibility and credit determinations for projects. In addition, it would change the program's name to the "affordable housing tax credit." Versions of the Affordable Housing Credit Improvement Act have been introduced in every Congress since the 114th.

[37] See Figure 6 of Joint Center for Housing Studies of Harvard University, America's Rental Housing, 2017, p. 6, http://www.jchs.harvard.edu//research-areas/reports/americas-rental-housing-2017.

[38] The bulk of the RHS budget for rental housing is devoted to renewing existing Section 521 rental assistance contracts in Section 515 and Section 514/516 rental housing properties. For more information about USDA's rural housing programs, see CRS Report RL31837, *An Overview of USDA Rural Development Programs*.

[39] For more information, see CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*; CRS In Focus IF11335, *The Low-Income Housing Tax Credit: Policy Issues*; and CRS Insight IN12070, *The Low-Income Housing Tax Credit: Lowering the 50% Bond Threshold to 25%*.

[40] For more information, see CRS In Focus IF11884, *Neighborhood Homes Investment Act: Overview and Policy Considerations*.

Competitive Grants for Land Use and Zoning Reform (HUD PRO Housing)

A growing base of research indicates that laws and regulations that constrict housing supply—such as exclusionary zoning—might contribute to increased housing prices and construction costs.[41] Some studies suggest that these cost effects are more pronounced in large metropolitan areas on the east and west coasts of the United States.[42] Others have suggested a more complex relationship between land use restrictions and the cost of housing, depending on other factors that may drive demand, such as the relocation of a major employer to a particular jurisdiction.[43] Generally, it is difficult to measure the relative restrictiveness of land use controls at the national level, due in part to the wide range of methods used by local governments to control land use and development.[44]

The federal government has historically played a limited role in the development of zoning and land use standards. Instead, local governments, acting in accordance with the constitutional police powers[45] delegated to them by state governments, have been the primary developers of zoning and land use standards.[46]

Although land use controls are primarily driven by states and localities, some federal laws, programs, and regulations can affect the nature of local land use controls. The CAA (P.L. 117-328, Division L, Title II), for example, included $85 million in funds for a competitive grant program to remove and/or replace land use controls that limit the feasibility of affordable housing development (practices commonly referred to as *regulatory barriers to affordable housing*).[47]

The grant program derives its authority from Title I of the Housing and Community Development Act of 1974 (42 U.S.C. §§5301 et seq.), the statute that authorizes the CDBG program.[48] The CAA measure also provides the HUD Secretary with authority to grant waivers and allow alternative requirements, except in cases pertaining to fair housing, nondiscrimination, labor standards, the environment, and low- and moderate-income benefit requirements. In September

[41] Vicki Been, Ingrid Gould Ellen, and Katherine O'Regan, *Supply Skepticism: Housing Supply and Affordability*, NYU Furman Center, August 20, 2018, p. 4, https://furmancenter.org/files/Supply_Skepticism_-_Final.pdf.

[42] For example, see Joseph Gyourko and Jacob Krimmel, "The Impact of Local Residential Land Use Restrictions on Land Values Across and Within Single Family Housing Markets," *NBER Working Paper Series*, July 2021, p. 4; and Jenny Schuetz, "Build More Homes Where People Want to Live," in *Fixer Upper: How to Repair America's Broken Housing Systems* (Washington, DC: The Brookings Institution, 2022), pp. 23-24 (hereinafter, "Schuetz, *Fixer Upper*").

[43] Michael LaCour -Little and Weifeng Wu, "Density Control, Home Price Appreciation, and Rental Growth in the United States," *Cityscape: A Journal of Policy Development and Research*, vol. 23, no. 1 (2021), pp. 75-100.

[44] For example, see ibid., p. 77; Schuetz, *Fixer Upper*, pp. 22-23; and Joseph Gyourko and Raven Molloy, "Regulation and Housing Supply," *Handbook of Regional and Urban Economics, Volume 5B*, p. 1294, https://faculty.wharton.upenn.edu/wp-content/uploads/2017/05/Regulation-and-Housing-Supply-1.pdf.

[45] Anika Singh Lemar, "The Role of States in Liberalizing Land Use," *North Carolina Law Review*, vol. 97, no. 2 (January 1, 2019), p. 297.

[46] Ibid.; and "Addressing Challenges to Affordable Housing in Land Use Law: Recognizing Affordable Housing as a Right," *Harvard Law Review*, vol. 135, no. 4, February 2022, p. 1107, https://harvardlawreview.org/wp-content/uploads/2022/01/135-Harv.-L.-Rev.-1104.pdf.

[47] See Sen. Patrick J. Leahy, "Explanatory Statement Submitted by Mr. Leahy, Chair of the Senate Committee on Appropriations, Regarding H.R. 2617, Consolidated Appropriations Act, 2023," *Congressional Record*, daily edition, vol. 168 (December 20, 2022), p. S9340.

[48] For further information, see CRS Report R46733, *Community Development Block Grants: Funding and Allocation Processes*.

2023, HUD posted a Notice of Funding Opportunity (NOFO) associated with these funds, under the title of Pathways to Removing Obstacles to Housing (PRO Housing).[49]

Some Members of Congress have sought other options to influence local land use regulatory practices. For example, the Yes In My Backyard Act (S. 1688 /H.R. 4834), reintroduced in the 118th Congress, would expand reporting requirements for certain CDBG grantees on plans, adoption, or potential benefits of specific types of land-use policies.

For more information, see CRS Insight IN12271, *HUD Pathways to Removing Obstacles to Housing (PRO Housing) Competition*.

Rural Housing Programs

USDA's RHS administers several housing programs specifically for rural areas.[50] In the 118th Congress, there has been some interest in these rural housing programs in the context of the farm bill,[51] as well as in standalone legislative proposals.

Rural Housing and the Farm Bill

The 118th Congress has begun work on the farm bill, an omnibus law addressing agricultural and food issues that is enacted roughly every five years.[52] Prior to the 118th Congress, the most recent farm bill was the Agriculture Improvement Act of 2018 (P.L. 115-334).

Farm bills typically include a Rural Development title[53] that reauthorizes and amends programs administered by USDA's Rural Development (RD) agency. RHS, which administers the rural housing programs, is part of USDA RD. However, farm bills—which are drafted by the House and the Senate Agriculture Committees—do not typically include rural housing programs, as rural housing has historically been under the jurisdiction of the House Financial Services Committee and the Senate Banking Committee, respectively.[54]

While rural housing programs are not generally addressed in farm bills, there are past examples of farm bills including select provisions related to rural housing programs, including the following:

- past farm bills have amended the definition of *rural* that is used for the RHS rural housing programs (see Section 6208 of the Agricultural Act of 2014 [P.L. 113-79] and Section 6305 of the Agricultural Improvement Act of 2018 [P.L. 115-334]);
- the 2018 farm bill established a new grant program for eligible entities to provide shelter and housing assistance to domestic violence survivors and their pets or

[49] HUD, *Pathways to Removing Obstacles to Housing (PRO Housing)*, FR-6700-N-98, September 7, 2023, https://www.grants.gov/search-results-detail/350133.

[50] For more information on rural housing programs administered by RHS, see CRS Report R47044, *USDA Rural Housing Programs: An Overview*.

[51] See, for example, Caitlin Reilly, "Advocates eye farm bill to avert drop in affordable rural housing," *Roll Call*, April 11, 2023, https://rollcall.com/2023/04/11/advocates-eye-farm-bill-to-avert-drop-in-affordable-rural-housing/. See also a June 2023 letter to the Chairs and Ranking Members of the Senate Committees on Banking, Housing, and Urban Affairs and Agriculture, Nutrition, and Forestry signed by over 100 organizations at https://ruralhome.org/hacs-network-supports-improvements-to-usdas-rural-housing-service-in-letter-to-congress/.

[52] For more information on the farm bill in general, see CRS In Focus IF12047, *Farm Bill Primer: What Is the Farm Bill?*.

[53] For more information on the Rural Development title of the farm bill, see CRS In Focus IF12038, *Farm Bill Primer: Rural Development Title*.

[54] In addition to the rural housing programs, RHS also administers several community facilities programs. Unlike the housing programs, these community facilities programs are typically included in the farm bill.

emotional support animals (see Section 12502(b) of the Agriculture Improvement Act of 2018);[55] and

- the 2008 farm bill revised the definition of *eligible farm laborer* for purposes of the Farm Labor Housing program to include references to aquacultural workers (see Section 6205 of the Food, Conservation, and Energy Act of 2008 [P.L. 110-246]).

Rural Housing Program Reform Proposals

In recent Congresses, bills have been introduced to make changes to certain rural housing programs, with a particular focus on addressing concerns about USDA-assisted rental properties being lost from the affordable housing stock due to mortgage maturations or prepayments. One of these bills, the Strategy and Investment in Rural Housing Preservation Act, has been reintroduced in the 118th Congress (S. 1490). It would make several changes to rural housing programs in an effort to support the preservation of existing USDA-assisted rental properties and to expand rental assistance options to help maintain affordability for tenants in affected properties. One such change would be to provide USDA authority to decouple Section 521 rental assistance contracts from Section 515 and Section 514 loans, allowing properties to continue to receive rental assistance after their loan has matured.

Another bill that has been introduced in the 118th Congress is the Rural Housing Service Reform Act of 2023 (S. 1389, introduced in May 2023, and S. 2790, an updated version introduced in September 2023).[56] Introduced by the Chair of the Senate Banking Committee's Housing, Transportation, and Community Development subcommittee with bipartisan co-sponsors, these bills include identical or similar provisions to those of S. 1490 and would also make changes to several other rural housing programs. A companion bill (H.R. 6785) was introduced in the House in December 2023.

In May 2023, the Senate Banking Committee's Subcommittee on Housing, Transportation, and Community Development held a hearing on "Rural Housing Legislation" in which several of these proposals were discussed.[57]

For more information on USDA's rural housing programs in general, including background on rural rental housing preservation concerns and past policy proposals, see CRS Report R47044, *USDA Rural Housing Programs: An Overview*.

Native American Housing

American Indians and Alaska Natives living in tribal areas experience higher rates of many housing problems than the U.S. population as a whole.[58] In addition, factors such as the legal

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[55] This program is codified at 34 U.S.C. §20127.

[56] See *U.S. Senators Tina Smith, Mike Rounds Announce More Bipartisan Support for Legislation to Modernize and Reform Rural Housing Programs*, press release, September 19, 2023, https://www.smith.senate.gov/u-s-senators-tina-smith-mike-rounds-announce-more-bipartisan-support-for-legislation-to-modernize-and-reform-rural-housing-programs/.

[57] U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development, *Rural Housing Legislation*, 118th Cong., 1st sess., May 2, 2023, https://www.banking.senate.gov/hearings/rural-housing-legislation.

[58] Nancy Pindus, G. Thomas Kingsley, Jennifer Biess et al., *Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, prepared for HUD, Office of Policy Development and Research, January 2017,
(continued...)

status of trust lands or the remote locations of many tribal lands can pose challenges for housing.[59] Native Hawaiians often face similar housing challenges.[60] In the 118th Congress, several bills related to Native American housing have been active, including legislation to reauthorize the Native American Housing Assistance and Self-Determination Act (NAHASDA).

NAHASDA authorizes the Indian Housing Block Grant (IHBG), the largest federal program that provides housing assistance for tribes. Through the IHBG, HUD provides formula funding to federally recognized tribes and Alaska Native villages that can be used for a range of affordable housing activities. As amended, NAHASDA also authorizes the Native Hawaiian Housing Block Grant (NHHBG), which provides funding for affordable housing activities that benefit Native Hawaiians eligible to reside on the Hawaiian Home Lands.

The most recent authorization for most NAHASDA programs expired at the end of FY2013, although Congress has continued to fund NAHASDA programs in annual appropriations laws.[61] NAHASDA reauthorization legislation has been introduced and considered to varying degrees in every Congress since the 113th, but none has ultimately been enacted. In the 118th Congress, the Native American Housing Assistance and Self-Determination Act of 2023 (S. 2285) was ordered to be reported by the Senate Committee on Indian Affairs in July 2023. Shortly thereafter, language that was largely similar to S. 2285 was included in the Senate-passed version of the National Defense Authorization Act for Fiscal Year 2024 (NDAA; S. 2226). Both the standalone NAHASDA reauthorization bill and the language in the Senate-passed NDAA would reauthorize the IHBG and NHHBG for a number of years, make certain changes to the IHBG program, and include provisions related to certain other Native American housing programs.[62] The NAHASDA provisions were not included in the enacted version of the NDAA (P.L. 118-31).

Other bills focused on Native American housing have also been active during the 118th Congress, including the following:

- The Native American Direct Loan Improvement Act (S. 185), which would make changes to the Department of Veterans Affairs' Native American Direct Loan Program, was ordered to be reported by the Senate Committee on Veterans Affairs in February 2023.
- The Tribal Trust Land Homeownership Act (S. 70), which would require the Bureau of Indian Affairs (BIA) to produce title status reports for mortgages on trust land within certain timeframes and includes other provisions related to BIA procedures, was passed by the Senate in July 2023. An identical bill (H.R. 3579) has been introduced in the House.

https://www.huduser.gov/portal/sites/default/files/pdf/HNAIHousingNeeds.pdf. See, in particular, pages xviii-xxii and 63-73.

[59] Ibid., p. xv; and David Listokin, Kenneth Temkin, Nancy Pindus et al., *Mortgage Lending on Tribal Land*: *A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, prepared for HUD, Office of Policy Development and Research, January 2017, p. vii, https://www.huduser.gov/portal/sites/default/files/pdf/NAHSG-Lending.pdf.

[60] Kristen Corey, Jennifer Biess, Nancy Pindus et al., *Housing Needs of Native Hawaiians: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, HUD, Office of Policy Development and Research, May 2017, https://www.huduser.gov/portal/sites/default/files/pdf/HNNH.pdf.

[61] The NHHBG has not been reauthorized since its original authorization expired in FY2005, although it has generally continued to receive funding in appropriations acts.

[62] While the NAHASDA language in the Senate-passed version of the NDAA was largely similar to the committee-reported bill, there were some differences.

In addition, S. 1389 and S. 2790, both called the Rural Housing Service Reform Act of 2023 (discussed above), each include a provision that would formally authorize an existing USDA Rural Housing Service demonstration program that lends Section 502 direct loan funding to Native Community Development Financial Institutions (Native CDFIs) to relend to eligible homebuyers in tribal communities.[63] A standalone bill, the Native American Rural Homeownership Improvement Act of 2023 (S. 1941) would also formally authorize this program; like the Rural Housing Service Reform Act of 2023, this bill was introduced by the Chair of the Senate Banking Committee's Housing, Transportation, and Community Development subcommittee.

Status of COVID-19 Supplemental Funding for Housing

In response to housing-related concerns caused by the COVID-19 pandemic, the 116th and 117th Congresses provided supplemental funding for several new and existing housing programs, including in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, P.L. 116-136),[64] the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (Division M of P.L. 116-260), and the American Rescue Plan Act of 2021 (ARPA, P.L. 117-2).[65] Congress has expressed interest in the distribution, usage, and effectiveness of this funding, and the Fiscal Responsibility Act of 2023 (FRA; P.L. 118-5) rescinded a portion of unspent COVID-19 relief funding for several housing programs.[66]

Treasury Programs

Some of the COVID-19-related housing funding was provided to the Department of the Treasury for a new Emergency Rental Assistance (ERA) program and a new Homeowner Assistance Fund (HAF) designed to keep renters and homeowners, respectively, in their homes.

Treasury received two rounds of funding for ERA: ERA-1 ($25.0 billion) was funded in the FY2021 COVID-19 supplemental appropriations law and ERA-2 ($21.6 billion) was funded by ARPA. The obligation period for ERA-1 expired in the 117th Congress. Grantees have until September 2025 to obligate ERA-2 funding. Grantees with slow obligation and expenditure rates were subject to recapture and reallocation of their funding. As of the cover date of this report, two rounds of ERA-2 funding reallocation have taken place in the 118th Congress, in January and April 2023.[67] Through the second quarter of 2023, the date of the most recent program expenditure reports published by Treasury as of the cover date of this report, grantees had spent

[63] For more information on the Native CDFI Relending Demonstration Program, see USDA's website at https://www.rd.usda.gov/programs-services/single-family-housing-programs/native-community-development-financial-institution-relending-demonstration-program.

[64] For more information, see CRS Insight IN11319, *Funding for HUD in the CARES Act*.

[65] For more information, see CRS Insight IN11641, *Housing Funding in the American Rescue Plan Act of 2021*.

[66] Specifically, the FRA rescinded unobligated balances of funding that were provided in the CARES Act for Tenant-Based Rental Assistance (§25 of the FRA), Native American housing programs (§26), Housing for Persons with Disabilities (§27), Project-Based Rental Assistance (§28), and Housing for the Elderly (§29); funding that was provided in the 2021 Consolidated Appropriations Act for Emergency Rental Assistance (or ERA-1) (§36); and funding that was provided in the ARPA for Fair Housing activities (§30), Native American housing programs (§59), and certain rural housing programs (§63). The Congressional Budget Office (CBO) score did not include separate estimates of the amount of the rescissions for these housing programs, as they did not include estimates for accounts where rescissions were estimated to be under $50 million. See the CBO table at https://www.cbo.gov/system/files/2023-06/59225-Rescissions.pdf.

[67] Information about ERA reallocations can be found at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program.

more than $39 billion in ERA funds to make nearly 12 million payments to households.[68] (For more information about ERA, see CRS Report R46688, *Pandemic Relief: The Emergency Rental Assistance Program*.)

Treasury received $9.6 billion for HAF in ARPA. Grantees have until September 30, 2026, to use their funds to provide assistance to eligible homeowners. Through the second quarter of 2023, the date of the most recent program expenditure reports published by Treasury as of the cover date of this report, states and other eligible entities had obligated $6.0 billion and expended $5.5 billion providing assistance to nearly 392,000 homeowners.[69]

HUD Programs

Other pandemic-related funding was provided to HUD for a variety of programs and activities, including supplemental funding for CDBG, the HOME Investment Partnerships Program (HOME), Emergency Solutions Grants (ESG), Native American housing programs, and emergency housing vouchers. Some of this funding may receive attention in the 118th Congress because of expenditure deadlines or general oversight questions.

For example, HUD received $5 billion from ARPA for new *Emergency Housing Vouchers* (EHVs), which are HCVs for persons who are homeless or at high risk of housing instability. HUD used this funding to award 70,000 new vouchers to local public housing authorities (PHAs) across the country in May 2021. Some PHAs initially struggled to *lease-up* the vouchers (i.e., award them to eligible households who successfully locate a unit that will accept the voucher). In an attempt to improve leasing, HUD issued guidance to PHAs on how they can voluntarily return EHVs to HUD to be reallocated to other PHAs more likely to use them.[70] The agency also announced in 2022 a process by which it could revoke EHVs from PHAs that had not successfully leased any of their vouchers, and reallocate them to other PHAs, identifying up to 22 agencies at risk of revocation because they had leased none of their EHVs.[71] A second announcement in 2023 identified 38 PHAs potentially at risk of revocation because they had leased less than 75% of their EHVs.[72] As of November 2023, approximately 87% of EHVs were under lease.[73] As of September 30, 2023, PHAs may not reissue EHVs when a family receiving one leaves the program; never-leased vouchers can continue to be issued.

In addition, HUD's Office of Inspector General (OIG) has been conducting oversight related to HUD programs and COVID-19, including work on HUD's administration of supplemental

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68 According to Treasury data, ERA1 expenditures totaled $22.69 billion from Q12021-Q42022, and those funds served 3.9 million unique households with 6.8 million payments (https://home.treasury.gov/system/files/136/Q1-2021-Q4-2022-ERA-Demographic-Data.xlsx); ERA 2 expenditures totaled $16.6 billion from Q22021-Q22023, and those funds served 2.6 million unique households with 4.9 million payments (https://home.treasury.gov/system/files/136/Q2-2021-Q2-2023-ERA2-Reporting-Data.xlsx). Treasury data do not specify if the unique households figures from ERA-1 and ERA-2 include any overlap.

69 U.S. Department of Treasury, *HAF Quarterly Report Q2 2023*, available at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/homeowner-assistance-fund/reporting. In addition to the Treasury reporting, some states maintain public dashboards with data on HAF program activity. The National Council of State Housing Agencies provides links to state HAF program dashboards at https://www.ncsha.org/homeowner-assistance-fund/.

70 See HUD Notice PIH 2022-06, Emergency Housing Vouchers – Reallocation of Awards, March 10, 2022.

71 See HUD Notice PIH 2022-22, Revoke and Reallocation of Emergency Housing Voucher Awards, August 11, 2022.

72 See HUD Notice PIH 2023-31, Revocation and Reallocation of Emergency Housing Voucher Awards CY2024, October 13, 2023.

73 HUD Emergency Housing Voucher Dashboard, available at https://www.hud.gov/program_offices/public_indian_housing/ehv/dashboard.

funding provided in response to the pandemic.[74] For example, over the last few years, the HUD OIG has released reports discussing implementation challenges, or lack thereof, faced by grantees under certain programs.[75] It has also released inventories of potential fraud schemes that could affect supplemental COVID-19 funding to assist HUD in safeguarding pandemic relief funds.[76]

Homelessness

According to HUD point-in-time (PIT) count data, the number of people experiencing homelessness in 2023 reached its highest level since 2007. The PIT count, overseen by HUD and administered at the state and local level, is perhaps the most consistent and comprehensive measure of people experiencing homelessness. The PIT count is meant to capture the number of people experiencing unsheltered homelessness (living in places not meant for human habitation) and sheltered homelessness (living in emergency shelter or transitional housing) on one night in January each year. The number of people experiencing homelessness as measured in the 2023 PIT count was 653,104, an increase of 12% compared to 2022; in 2007, the PIT count was 647,258 people.[77]

Both the number of people who were unsheltered and sheltered increased in the 2023 PIT count compared to recent years. The unsheltered population began gradually increasing each year from a low of 173,268 in 2015 to 256,610 in 2023, an increase of 48% and the highest number captured in HUD reporting (exceeding 2007, when 255,857 people were unsheltered).[78] The number of people experiencing sheltered homelessness in 2023 was 396,494, an increase of nearly 14% from 2022, and the highest it has been since 2010, when 403,543 people were living in shelter.[79]

Prior to the 2023 PIT count, the overall reported number of people experiencing homelessness had remained relatively stable from 2013 through 2022 despite growing housing affordability

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[74] See the HUD OIG's website at https://www.hudoig.gov/priority-focus-areas/covid-19-oversight. See also the HUD OIG's list of ongoing work at https://hudoig.gov/library/ongoing-work, which includes some work related to COVID-19 funding.

[75] See, for example, HUD OIG, *HUD's Assistance and Grantee Challenges With the Office of Native American Programs' COVID-19 Recovery Programs*, 2023-LA-0005, July 28, 2023, https://www.hudoig.gov/reports-publications/report/huds-assistance-and-grantee-challenges-office-native-american-programs; HUD OIG, *Community Development Block Grant CARES Act Implementation Challenges*, 2022-LA-0003, September 28, 2022, https://hudoig.gov/reports-publications/report/community-development-block-grant-cares-act-implementation-challenges; *Emergency Solutions Grants CARES Act Implementation Challenges*, 2022-LA-0002, August 17, 2022, https://www.hudoig.gov/reports-publications/report/emergency-solutions-grants-cares-act-implementation-challenges; and *Public Housing Agencies' Experiences and Challenges Regarding the Administration of HUD's CARES Act Funds*, 2022-CH-0801, November 16, 2021, https://hudoig.gov/reports-publications/memorandum/public-housing-agencies-experiences-and-challenges-regarding.

[76] See, for example, HUD OIG, *Fraud Risk Inventory for the Tenant- and Project-Based Rental Assistance, HOME, and Operating Fund Programs' CARES and ARP Act Funds,* 2022-FO-0007, September 29, 2022, https://hudoig.gov/reports-publications/report/fraud-risk-inventory-tenant-and-project-based-rental-assistance-home; and *Fraud Risk Inventory for the CDBG and ESG CARES Act Funds*, 2022-FO-0801, October 12, 2021, https://hudoig.gov/reports-publications/report/fraud-risk-inventory-cdbg-and-esg-cares-act-funds.

[77] HUD notes 2007 as the year PIT count reporting began. See HUD, *The 2023 Annual Homelessness Assessment Report (AHAR) to Congress*, December 2023, p. 4, https://www.huduser.gov/portal/sites/default/files/pdf/2023-AHAR-Part-1.pdf (hereinafter, *2023 AHAR*). PIT counts also took place in 2005 and 2006. The reports can be found at https://www.huduser.gov/portal/datasets/ahar.html. But while PIT count data from 2007-2014 were adjusted with the release of the 2015 PIT count, data from the earlier reports were not adjusted. See *The 2015 Annual Homelessness Assessment Report (AHAR) to Congress*, November 2015, p. 8, https://www.huduser.gov/portal/sites/default/files/pdf/2015-AHAR-Part-1.pdf.

[78] *2023 AHAR*, p. 2.

[79] Ibid.

challenges (see the "Housing Market Conditions" section).[80] It is possible that resources made available due to the COVID-19 pandemic provided housing support for people who might otherwise have been at risk of homelessness.[81] Between the CARES Act and ARPA, Congress appropriated nearly $15 billion for HUD programs targeted specifically to assist people experiencing homelessness, and ERA and state and local fiscal recovery funds were also used to assist people at risk of housing instability and homelessness.[82] As these resources expire, the risk of homelessness for some people may be increasing.[83]

Leading into the 118th Congress, the U.S. Interagency Council on Homelessness (USICH) released *All In: The Federal Strategic Plan to Prevent and End Homelessness*.[84] This report is the most recent in a series of plans to prevent and end homelessness released by USICH, as required by statute.[85] On March 8, 2023, the Senate Banking Committee Subcommittee on Housing, Transportation, and Community Development held a hearing on the plan.[86]

Housing Quality

In committee reports accompanying appropriations measures, via targeted funding,[87] in requests for GAO reports,[88] and through oversight hearings,[89] some Members of Congress have expressed concern about the physical quality of federally assisted housing specifically, as well as health and safety problems present in the U.S. housing stock more broadly.

For federally assisted housing—much of which is subsidized through HUD programs—Congress directed HUD to develop a standardized protocol to be used to inspect HUD-assisted housing

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80 Between 2013 and 2022, the overall PIT count did not increase or decrease by more than 3% from one year to the next.

81 HUD, "Data Reports Show that Surge in Homelessness Was Averted During COVID-19 National Emergency," press release, August 22, 2023, https://www.hud.gov/press/press_releases_media_advisories/hud_no_23_178.

82 For more information on ERA, see CRS Report R46688, *Pandemic Relief: The Emergency Rental Assistance Program*. See also, National Council of State Housing Finance Agencies, *States Are Using Fiscal Recovery Funds for Affordable Housing*, https://www.ncsha.org/advocacy-issues/coronavirus-state-and-local-fiscal-recovery-funds/, accessed April 17, 2023.

83 See, for example, Katie Shepherd, "Local Md. officials plead for state aid as pandemic rent relief wanes," *Washington Post*, March 13, 2023, https://www.washingtonpost.com/dc-md-va/2023/03/13/pandemic-rent-relief-waning-maryland/.

84 U.S. Interagency Council on Homelessness, *All In: The Federal Strategic Plan to Prevent and End Homelessness*, December 2022, https://www.usich.gov/All_In.pdf.

85 42 U.S.C. §11313(a)(1). Previously, USICH released *Opening Doors, The Federal Strategic Plan to Prevent and End Homelessness* in 2010, and updated the report in 2011 and 2015. Another plan, *Expanding the Toolbox, The Whole of Government Response to Homelessness*, was released in 2020.

86 U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development, *The Federal Strategic Plan to Prevent and End Homelessness*, hearing, 118th Cong., 1st sess., March 8, 2023, https://www.banking.senate.gov/hearings/the-federal-strategic-plan-to-prevent-and-end-homelessness.

87 See, for example, special funding for radon mitigation and lead risk assessments discussed later in this section.

88 See, for example, U.S. Government Accountability Office (GAO), *Real Estate Assessment Center: HUD Should Improve Physical Inspection Process and Oversight of Inspectors*, GAO-19-254, March 21, 2019, https://www.gao.gov/products/gao-19-254.

89 See, for example, U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development, "Safe at Home: Preserving and Improving Federally Assisted Housing, Examining Threats in Housing and Especially Public Housing," hearing, 117th Cong., 1st sess., July 20, 2021, S.Rept. 117-570 (Washington, DC: GPO, 2023).

across programs to replace the agency's multiple inspection systems.[90] In response, HUD launched what it termed the National Standards for the Physical Inspection of Real Estate (NSPIRE) initiative to establish a new standardized inspection regime for HUD-assisted housing. The NSPIRE standards are more directly focused on health and safety concerns than previous inspections standards, and the initiative's protocols are designed to increase consistency across inspectors and allow for earlier intervention for properties in disrepair. NSPIRE was tested over several years and began its implementation in 2023.[91]

Additionally, Congress has approved several laws in recent years directing HUD to increase safety requirements for federally assisted housing, including as they pertain to carbon monoxide,[92] radon,[93] lead hazards,[94] and fire safety.[95] Some of these new requirements are included in the NSPIRE protocols, but in the response to comments on the NSPIRE final rule, HUD states that it will "continue to update and publish guidance on other environmental hazards that are not fully addressed by NSPIRE, such as radon, lead-based paint, carbon monoxide, and other environmental health hazards. The NSPIRE inspection is not intended to serve as the only way HUD assesses compliance with all environmental health laws and related requirements."[96]

In terms of unassisted private market housing, the federal government has historically provided resources to address residential lead-based paint hazards via grants to state and localities administered by HUD. Since 2018, Congress has not only increased the funding it provides for lead-based paint hazard reduction grants,[97] it has also provided HUD with additional funds to address other health and safety hazards in private, unassisted housing via the Healthy Homes Initiative.[98] Since FY2021, this has included funding for a new Older Adults Home Modification grant program, which provides funding via nonprofits and public agencies to make safety and functional home modification repairs and renovations for low-income elderly homeowners.

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[90] The history of congressional directives, beginning with the joint explanatory statement accompanying the FY2016 HUD appropriations act, is reviewed in the background section of HUD, "Notice of Continuation of Demonstration To Test Proposed New Method of Assessing the Physical Conditions of Voucher- Assisted Housing," 84 *Federal Register* 24416-24417, May 28, 2019.

[91] HUD published the final NSPIRE rule on May 11, 2023. It stated that public housing inspections using NSPIRE will begin on July 1, 2023, and multifamily and all other programs subject to inspections using NSPIRE will begin on October 1, 2023. HUD, "Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate (NSPIRE)," 88 *Federal Register* 30442, May 11, 2023 (hereinafter, "NSPIRE Final Rule"). HUD later extended the implementation date for programs other than public housing and multifamily housing (including the HCV program and HUD grant programs) to October 1, 2024.

[92] Section 101, Title I, Division Q of the Consolidated Appropriations Act, 2021 (P.L. 116-260) contained the text of Carbon Monoxide Alarms or Detectors in Federally Insured Housing, requiring CO alarms or detectors to be installed in certain HUD-assisted housing within two years of enactment.

[93] In each of FY2021-FY2023, Congress has funded a radon testing and mitigation resident safety demonstration. It was funded in the Public Housing Fund account in FY2021 and in the Lead Hazard Reduction account in FY2022 and FY2023.

[94] In FY2022 and FY2023, Congress funded a lead-based paint risk assessment demonstration in the Housing Choice Voucher program in the Lead Hazard Reduction account.

[95] Title VI, Division AA of the Consolidated Appropriations Act, 2023 (P.L. 117-328) contained the text of the Public and Federally Assisted Housing Fire Safety Act of 2022, which requires the installation of hard-wired smoke detectors in federally assisted housing.

[96] NSPIRE Rule, p. 30457.

[97] From FY2017 to FY2023, the amount of funding provided for Lead Hazard Reduction grants increased by 157%.

[98] From FY2017 to FY2023, the amount of funding provided for Healthy Homes Initiative grants increased by 183%.

Implementation of Housing-Related Provisions in the Inflation Reduction Act

The 117th Congress passed, and President Biden signed, budget reconciliation legislation known as the Inflation Reduction Act (IRA, P.L. 117-169). While earlier versions of FY2022 budget reconciliation legislation in the 117th Congress would have included significant new funding for affordable housing programs,[99] most of that proposed housing funding was not included in the IRA. However, the IRA did include a number of programs that affect housing. The implementation of these programs and their status may be of interest to the 118th Congress.

HUD Green and Resilient Retrofit Program

The IRA provided $1 billion in mandatory funding to HUD for a Green and Resilient Retrofit Program to fund certain types of improvements to existing HUD-assisted multifamily properties. Specifically, this funding can be used for loans or grants to finance projects that improve energy or water efficiency, enhance indoor air quality or sustainability, implement the use of certain technologies, or address climate resilience. Properties assisted through the Project-Based Section 8, Section 202, and Section 811 programs are eligible. HUD released an implementation notice and funding availability announcement in May 2023 and has begun accepting applications and making awards and will continue to do so, on a rolling basis, over a 10-month period.[100]

DOE Home Energy Rebate Programs

The IRA also included funding for two new home energy rebate programs[101] through the Department of Energy (DOE): $4.3 billion for Home Energy Performance-Based, Whole-House Rebates, also known as the HOMES (Home Owner Managing Energy Savings) rebate program; and $4.5 billion for a high-efficiency electric home rebate (HEEHR) program (of which $4.275 billion is for state energy offices and $225 million is for Indian tribes).[102]

- HOMES provides rebates for energy efficiency upgrades that improve the overall energy performance of single-family homes or multifamily properties, with larger rebates for households with incomes of less than 80% of area median income (AMI) or for dwellings in multifamily buildings occupied by such households. Multifamily buildings are eligible provided at least 50% of dwelling units are occupied by households with incomes less than 80% of AMI.
- HEEHR provides rebates for certain qualified electrification projects, such as purchase and installation of certain electrical appliances. The percentage of the rebate depends on whether the household has annual income below 80% of AMI, or from 80% to not greater than 150% of AMI, with lower percentages for the latter. Projects for households with

[99] For a description of affordable housing funding included in earlier versions of the legislation, see CRS Report R46916, *FY2022 Reconciliation: Title IV, House Financial Services Committee Provisions*.

[100] HUD Notice H 2023-05, Green and Resilient Retrofit Program for Multifamily Housing (GRRP), May 11, 2023, https://www.hud.gov/sites/dfiles/Housing/documents/H-2023-05_GRRP_Notice_issued_2023-05-11.pdf.

[101] Information on these rebate programs is available on DOE's website at https://www.energy.gov/scep/home-energy-rebate-programs-guidance and https://www.energy.gov/scep/tribal-home-energy-rebates. Frequently Asked Questions are at https://www.energy.gov/scep/home-energy-rebate-programs-frequently-asked-questions.

[102] Section 50121, Home Energy Performance-Based, Whole-House Rebates; and Section 50122, High-Efficiency Electric Home Rebate Program. The IRA also provided $200 million for training and education for contractors involved in these rebate programs; see Section 50123, State-Based Home Energy Efficiency Contractor Training Grants.

incomes above 150% of AMI are generally not eligible. Multifamily buildings are eligible provided at least 50% of the residents are households that satisfy the income eligibility criteria.

DOE announced allocations and program requirements in July 2023; it has subsequently updated its program requirements.[103] DOE is currently accepting states' applications for the funds on a rolling basis. Applications must be received by January 31, 2025, and states are to notify DOE by August 16, 2024, if they intend to decline the funds for one or both programs.[104] For the tribal HEEHR funding, DOE announced final tribal allocations[105] and program requirements[106] in November 2023. DOE will accept applications from Indian tribes for this funding on a rolling basis until May 1, 2025; tribes are to notify DOE by that date if they intend to decline the funds.[107]

For both rebate programs, DOE guidance specifies that states must set aside at least 10% of funds for eligible low-income multifamily housing. DOE has made multifamily affordable housing properties that are receiving assistance under the primary federal housing assistance programs categorically eligible for assistance under both programs. This includes public housing, Section 8 and other project-based rental assistance, LIHTC, and Housing Choice Vouchers (if at least 50% of units in that property are occupied by voucher holders).[108]

For more information, see CRS In Focus IF12258, *The Inflation Reduction Act: Financial Incentives for Residential Energy Efficiency and Electrification Projects*.

EPA Greenhouse Gas Reduction Fund

The IRA provided $27 billion to the Environmental Protection Agency (EPA) for a new Greenhouse Gas Reduction Fund (GGRF) to provide competitive grants to states, municipalities, tribal governments, and certain nonprofits.[109] The grants can be used to provide financial and technical assistance for projects that reduce greenhouse gas emissions, with a focus on projects that benefit low-income and disadvantaged communities.

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[103] Allocations and program requirements are available on DOE's website at https://www.energy.gov/scep/home-energy-rebates-application-guidance.

[104] DOE, *Inflation Reduction Act Home Energy Rebates, Home Efficiency Rebates Program (Sec. 50121) Home Electrification and Appliance Rebates Program (Sec. 50122), Program Requirements & Application Instructions*, v. 1.1, October 13, 2023, https://www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions_10-13-2023.pdf.

[105] DOE, *Home Electrification and Appliance Rebates Program for Indian Tribes (Sec. 50122): Allocations to Indian Tribes*, https://www.energy.gov/sites/default/files/2023-11/Tribal-Allocations-11.9-1.pdf.

[106] DOE, *Inflation Reduction Act Home Energy Rebates, Home Electrification and Appliance Rebates Program for Indian Tribes (Sec. 50122), Program Requirements & Application Instructions*, November 17, 2023, https://www.energy.gov/scep/articles/home-electrification-and-appliance-rebates-program-indian-tribes-program-requirements.

[107] DOE, *Inflation Reduction Act Home Energy Rebates, Home Electrification and Appliance Rebates Program for Indian Tribes (Sec. 50122), Program Requirements & Application Instructions*, November 17, 2023, https://www.energy.gov/scep/articles/home-electrification-and-appliance-rebates-program-indian-tribes-program-requirements.

[108] DOE, *Federal Programs Approved for Categorical Eligibility for DOE Home Energy Rebates ("Recognized Programs")*, v 1.1, October 13, 2023, https://www.energy.gov/scep/articles/ira-50121-50122-home-energy-rebates-categorical-eligibility-list.

[109] Section 60103, Greenhouse Gas Reduction Fund. More information is available on EPA's website at https://www.epa.gov/greenhouse-gas-reduction-fund.

While not focused on housing specifically, the GGRF may be used for some activities related to housing. For example, one of the three competitions through which EPA is making these funds available, Solar for All, will award funds to eligible entities to expand existing residential solar programs, or develop and implement new residential solar programs, in low-income and disadvantaged communities.[110] The other two competitions are a National Clean Investment Fund that will award grants to national nonprofits to provide financing for clean technology projects nationwide, and a Clean Communities Investment Accelerator that will award grants to nonprofits to provide funding and technical assistance to support clean technology projects in low-income and disadvantaged communities. Funds under both of these competitions could potentially be used for certain types of clean technology activities related to affordable and sustainable housing as well as other types of investments.[111] The deadlines to apply for all three of these competitions have passed, and EPA has indicated that it will announce grantees for all three competitions in spring 2024.[112]

For more information on the GGRF, see CRS In Focus IF12387, *EPA's Greenhouse Gas Reduction Fund (GGRF)*.

Additional IRA Housing-Related Provisions

Other housing-related provisions in the IRA included extensions and modifications of existing home energy tax incentives[113] and funding to assist states and local governments in adopting and implementing the latest building energy codes for residential and other buildings, including zero-energy stretch codes.[114] In addition, the IRA provided $150 million to BIA to provide assistance to tribes for zero-emissions home electrification purposes.[115] Applications for this BIA funding were due on December 22, 2023, and BIA indicates that it expects to make award announcements in spring 2024.[116]

Fair Housing

The evolving administrative and judicial interpretations of certain requirements of the Fair Housing Act, including rulemaking during the 118th Congress, have been of ongoing interest to Congress.

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[110] For more information, see EPA's website at https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all.

[111] See the Notices of Funding and Frequently Asked Questions at https://www.epa.gov/greenhouse-gas-reduction-fund/national-clean-investment-fund and https://www.epa.gov/greenhouse-gas-reduction-fund/clean-communities-investment-accelerator.

[112] See the Frequently Asked Questions on EPA's website for each competition at https://www.epa.gov/greenhouse-gas-reduction-fund/frequent-questions-about-national-clean-investment-fund, https://www.epa.gov/greenhouse-gas-reduction-fund/frequent-questions-about-clean-communities-investment-accelerator, and https://www.epa.gov/greenhouse-gas-reduction-fund/frequent-questions-about-solar-all.

[113] Section 13301, Extension, Increase, and Modifications of Nonbusiness Energy Property Credit; Section 13302, Residential Clean Electricity Credit; and Section 13304, Extension, Increase, and Modifications of New Energy Efficient Home Credit.

[114] Section 50131, Assistance for Latest and Zero Building Energy Code Adoption, provided $1 billion to DOE for this purpose. *Zero energy stretch codes* refers to the voluntary zero energy provisions of the 2021 International Energy Conservation Code or equivalent stretch code. A stretch code is one that exceeds the expected energy-efficiency performance of a building energy code. For more information on this funding, see DOE's website at https://www.energy.gov/scep/technical-assistance-adoption-building-energy-codes.

[115] Section 80003, Tribal Electrification Program. This section provided $150 million to BIA for this purpose.

[116] For more information, see BIA's website at https://www.bia.gov/service/electrification.

Congress enacted the Fair Housing Act "to provide, within constitutional limitations, for fair housing throughout the United States."[117] Congress passed the act in 1968 after years of private and government-sanctioned housing discrimination that resulted in racially segregated neighborhoods and unequal access to housing.[118] As amended, the act prohibits discrimination in the sale, rental, or financing of housing based on race, color, religion, national origin, sex,[119] familial status, and disability.[120]

The Fair Housing Act bars *intentional* discrimination, through which plaintiffs allege that a defendant made a housing decision based on "a discriminatory intent or motive."[121] In addition, HUD and courts had historically recognized that the act also bars *disparate impact* (also referred to as *discriminatory effects*) discrimination—"facially neutral [housing] decision[s]" that have "a disproportionately adverse effect on [a protected class] and [are] otherwise unjustified by a legitimate rationale."[122] However, the Supreme Court, in the 2005 decision *Smith v. City of Jackson, Mississippi*[123] (a case involving the federal Age Discrimination in Employment Act of 1967 [ADEA]), indirectly called into question past decisions that had held that disparate impact claims are cognizable (i.e., viable) under the Fair Housing Act.

In *Smith*, the Court held that the ADEA supports disparate impact claims in part because the law expressly prohibits actions that "adversely affect" a protected class.[124] Due to the absence of similar statutory language in the Fair Housing Act, various court decisions following *Smith* raised questions about whether the act supports disparate impact claims, and if it does, what test courts should apply to evaluate them.[125]

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[117] 42 U.S.C. §3601. The Fair Housing Act (42 U.S.C. §§3601-3631) was originally enacted as Title VIII of the Civil Rights Act of 1968 (P.L. 90-284).

[118] See NAACP v. HUD, 817 F.2d 149, 154-55 (1st Cir. 1987); Nat'l Fair Hous. All. v. Carson, 330 F. Supp. 3d 14, 24 (D.D.C. 2015). See also Thomas J. Sugrue, "From Jim Crow to Fair Housing," in *The Fight for Fair Housing: Causes, Consequences, and Future Implications of the 1968 Fair Housing Act*, ed. Gregory D. Squires (New York, NY: Routledge, an imprint of the Taylor & Francis Group, 2018), pp. 14-27.

[119] HUD has interpreted sex-based discrimination to include discrimination on the basis of gender identity and sexual orientation, in line with the Supreme Court's decision in Bostock v Clayton Cty., 140 S. Ct. 1731, 1737 (2020) (holding that Title VII of the Civil Rights Act of 1964, which bars workplace discrimination on the basis of sex also forbids employers from making employment decisions based on an employee's gender identity or sexual orientation). See HUD, "Housing Discrimination and Persons Identifying as Lesbian, Gay, Bisexual, Transgender, and/or Queer/Questioning (LGBTQ)," https://www.hud.gov/program_offices/fair_housing_equal_opp/housing_discrimination_and_persons_identifying_lgbt. For additional background on *Bostock's* potential application to the Fair Housing Act, see CRS Report R46832, *Potential Application of Bostock v. Clayton County to Other Civil Rights Statutes*.

[120] See P.L. 104-76 (authorizing certain housing for older persons); and P.L. 100-430 (adding protections for the disabled and families with children).

[121] Tex. Dep't of Hous. & Cmty. Affs. v. Inclusive Cmties. Project, 576 U.S. 519, 524 (2015) (internal quotation marks omitted). See generally, Bank of Am. v. City of Miami, 581 U.S. 189, 194 (2017).

[122] Metro. Hous. Dev. Corp. v. Vill. of Arlington Heights, 558 F.2d 1283, 1290 (7th Cir. 1977). There are two types of disparate impact discrimination: "The first occurs when that decision has a greater adverse impact on one [protected] group than on another. The second is the effect which the decision has on the community involved; if it perpetuates segregation and thereby prevents interracial association it will be considered invidious under the Fair Housing Act independently of the extent to which it produces a disparate effect on different racial groups." Ibid.

[123] 544 U.S. 228 (2005).

[124] Ibid. at 235-238.

[125] See, for example, Am. Ins. Assoc. v. U.S. Dep't of Hous. & Urban Dev., 74 F. Supp. 3d 30 (D.D.C. 2014) (interpreting the Fair Housing Act as only prohibiting intentional discrimination, not discriminatory effects, and vacating HUD's 2013 rule). The district court's decision was subsequently vacated and remanded for reconsideration in accordance with the Supreme Court's *Inclusive Communities* ruling. Am. Ins. Assoc. v. U.S. Dep't of Hous. and Urban (continued...)

The Supreme Court settled some of this uncertainty in a 2015 opinion, holding that disparate impact claims are cognizable under the Fair Housing Act while providing guidance to HUD and lower courts regarding how such claims should be assessed.[126] During the Obama, Trump, and Biden Administrations, HUD issued differing regulations to implement disparate impact liability post-*Smith*, which sparked litigation.[127]

In addition to prohibiting discrimination, the Fair Housing Act imposes a broad mandate on HUD and all other federal "executive departments and agencies [to] administer their programs and activities relating to housing and urban development ... in a manner affirmatively to further the purposes of [the Fair Housing Act]."[128] This mandate, known as affirmatively furthering fair housing (AFFH), is not further delineated in the statute, and the Obama, Trump, and Biden Administrations have implemented the mandate differently.

Disparate Impact Discrimination

Amidst the uncertainty regarding disparate impact discrimination under the Fair Housing Act following the Supreme Court's *Smith* opinion discussed above,[129] HUD, for the first time in February 2013 (during the Obama Administration), issued regulations to "formalize HUD's long-held interpretation of the availability of 'discriminatory effects' liability under the Fair Housing Act and to provide nationwide consistency in the application of that form of liability."[130] In 2014, a federal district court briefly vacated the 2013 disparate impact rule after holding that disparate impact claims are not cognizable under the Fair Housing Act and that HUD had exceeded its statutory authority in issuing the rule.[131] About a year later, a federal appellate court vacated the district court's decision and remanded proceedings for reconsideration in accordance with the Supreme Court's 2015 decision, *Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc.*[132] In *Inclusive Communities*, the Supreme Court held that disparate impact claims are cognizable under the Fair Housing Act.[133] The Court's decision did not expressly adopt the disparate impact test implemented by HUD's 2013 rule; rather, the Court adopted a three-step burden-shifting test using language similar, but not identical, to the 2013 rule

Dev., No. 14-5321 (D.C. Cir. Sept. 23, 2015) (per curiam). The Supreme Court also granted certiorari in two cases to address the question of whether disparate impact claims were cognizable under the Fair Housing Act, which signaled to many that the Court was likely to reverse the prevailing understanding that the act bars disparate impact discrimination. Twp. of Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc., 570 U.S. 904 (2013); and Magner v. Gallagher, 565 U.S. 1013 (2011). Both cases were dismissed before the Court heard any argument. Twp. of Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc., 571 U.S. 1023 (2013); Magner v. Gallagher, 565 U.S. 1187 (2012). See also Joshua Thompson and Ralph Kasarda, *Symposium: Just give the Court a Chance*, SCOTUSblog (January 6, 2015), https://www.scotusblog.com/2015/01/symposium-just-give-the-court-a-chance/.

[126] Tex. Dep't of Hous. & Cmty Affs. v. Inclusive Cmties. Project, 135 S. Ct. 2507576 U.S. 519, 545 (2015).

[127] See, for example, Mass. Fair Hous. Ctr. v. U.S. Dep't of Hous. & Urban Dev., 496 F. Supp. 3d 600, 603 (D. Mass. 2020), government appeal voluntarily dismissed, No 21-1003 (1st Cir. Feb. 18, 2021)); Am. Ins. Assoc. v. U.S. Dep't of Hous. & Urban Dev., 74 F. Supp. 3d 30 (D.D.C. 2014), vacated and remanded, No. 14-5321 (D.C. Cir. Sept. 23, 2015) (per curiam).

[128] 42 U.S.C. §3608(d).

[129] See supra n. 66-67 and surrounding text.

[130] HUD, "Implementation of the Fair Housing Act's Discriminatory Effects Standard," 78 *Federal Register* 11460, February 15, 2013, https://www.federalregister.gov/documents/2013/02/15/2013-03375/implementation-of-the-fair-housing-acts-discriminatory-effects-standard.

[131] Am. Ins. Assoc., 74 F. Supp. 3d at 32 (interpreting the Fair Housing Act as only prohibiting intentional discrimination, not discriminatory effects, and vacating HUD's 2013 rule).

[132] Am. Ins. Assoc. v. U.S. Dep't of Hous. & Urban Dev., No. 14-5321 (D.C. Cir. Sept. 23, 2015) (per curiam).

[133] 576 U.S. 519 (2015).

and outlined a number of limiting factors that lower courts and HUD should apply when assessing disparate impact claims.[134]

In September 2020, near the end of the Trump Administration, HUD issued a final rule intended "to better reflect the Supreme Court's 2015 [*Inclusive Communities*] ruling."[135] The 2020 rule would have significantly altered the 2013 rule by, among other things, imposing new pleading requirements on plaintiffs to maintain a prima facie disparate impact claim and establishing new defenses that a defendant could use to rebut disparate impact claims. Shortly after the rule's issuance, housing advocates filed a lawsuit in federal district court alleging that the 2020 rule should be set aside because it was an arbitrary and capricious interpretation of the law in violation of the Administrative Procedure Act (APA).[136] Before the 2020 rule went into effect, the district court issued a preliminary injunction enjoining HUD from implementing and enforcing that rule, which had the effect of keeping the 2013 rule in place.[137]

The court explained that the 2020 rule constituted a "massive overhaul" of the 2013 rule by "introducing new, onerous pleading requirements," "easing the burden on defendants of justifying a policy with discriminatory effect while at the same time rendering it more difficult for plaintiffs to rebut that justification," and "arm[ing] defendants with broad new defenses."[138] In the court's view, these alterations "weaken[ed], for housing discrimination victims and fair housing organizations, disparate impact liability under the Fair Housing Act."[139] HUD argued that these changes were justified because they brought the rule into alignment with *Inclusive Communities* and "provide[d] better clarity to the public."[140] The court concluded that these major changes, "which r[a]n the risk of neutering disparate impact liability under the Fair Housing Act, appear[ed] inadequately justified" and "accomplish[ed] the opposite of clarity."[141] Consequently, the court held that the plaintiffs demonstrated "a substantial likelihood of success on the merits as to their claim that the 2020 Rule [wa]s arbitrary and capricious under the APA."[142]

On January 26, 2021, President Biden issued a memorandum directing HUD to "take all steps necessary to examine the effects of the [2020 rule]."[143] HUD responded to this presidential directive by voluntarily dismissing its appeal of the federal district court's injunction[144] and proposing a regulation that would recodify the 2013 rule and effectively rescind the 2020 rule.[145] In the proposed rule issued on June 25, 2021, HUD expressed its belief "that the practical effect

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[134] Ibid. at 531-545.

[135] HUD, "Implementation of the Fair Housing Act's Disparate Impact Standard," 85 *Federal Register* 60288, September 24, 2020, https://www.federalregister.gov/documents/2020/09/24/2020-19887/huds-implementation-of-the-fair-housing-acts-disparate-impact-standard.

[136] Mass. Fair Hous. Ctr. v. U.S. Dep't of Hous. & Urban Dev., 496 F. Supp. 3d 600, 603 (D. Mass. 2020).

[137] Ibid. at 612.

[138] Ibid. at 606-608.

[139] Ibid. at 607.

[140] Ibid. at 610.

[141] Ibid. at 611.

[142] Ibid.

[143] The White House, "Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies," January 26, 2021, https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/26/memorandum-on-redressing-our-nations-and-the-federal-governments-history-of-discriminatory-housing-practices-and-policies/.

[144] Mass. Fair Hous. Ctr. v. U.S. Dep't of Hous. & Urban Dev., No 21-1003 (1st Cir. Feb. 18, 2021).

[145] HUD, "Reinstatement of HUD's Discriminatory Effects Standard," 86 *Federal Register* 33590, June 25, 2021, https://www.federalregister.gov/documents/2021/06/25/2021-13240/reinstatement-of-huds-discriminatory-effects-standard.

of the 2020 Rule's amendments [wa]s to severely limit HUD's and plaintiffs' use of the discriminatory effects framework in ways that substantially diminish that frameworks' effectiveness in accomplishing the purposes that *Inclusive Communities* articulated."[146] HUD further explained that "the 2013 Rule has provided a workable and balanced framework for investigating and litigating discriminatory effects claims that is consistent with the Act, HUD's own guidance, *Inclusive Communities*, and other jurisprudence."[147]

In March 2023, HUD issued a final rule reinstating the 2013 rule.[148]

Affirmatively Furthering Fair Housing

HUD has applied the AFFH requirement to formula grantees and public housing authorities (collectively called *program participants*) first through program guidance and then through regulations. At the beginning of the 118th Congress, the Biden Administration published a proposed AFFH rule in the *Federal Register*.[149] The proposed rule would replace an interim final rule that took effect in June 2021 after the Biden Administration repealed a final rule issued by the Trump Administration.[150] The first AFFH rule, issued by the Obama Administration in 2015,[151] had been replaced by the Trump Administration rule, which became final on September 7, 2020.[152]

AFFH rules have been controversial, and in past Congresses legislation has been introduced to curb their application.[153] In the 118th Congress, the House Appropriations Committee-passed version of the FY2024 Departments of Transportation, HUD, and Related Agencies Appropriations Act (H.R. 4820) includes a general provision that would prevent HUD from using funds from the bill to implement, administer, or enforce the Biden Administration interim or proposed AFFH rules.

The meaning of AFFH is not defined in statute, and various court decisions regarding HUD's obligations under the mandate have concluded that it means more than refraining from discrimination.[154] A 1987 federal appellate court decision examined the Fair Housing Act's

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146 Ibid. at 33594.

147 Ibid.

148 HUD, "Reinstatement of HUD's Discriminatory Effects Standard," 88 *Federal Register* 19450-19500, March 31, 2023, https://www.federalregister.gov/documents/2023/03/31/2023-05836/reinstatement-of-huds-discriminatory-effects-standard.

149 HUD, "Affirmatively Furthering Fair Housing," 88 *Federal Register* 8516, February 9, 2023, https://www.federalregister.gov/documents/2023/02/09/2023-00625/affirmatively-furthering-fair-housing.

150 HUD, "Restoring Affirmatively Furthering Fair Housing Definitions and Certifications," 86 *Federal Register* 30779, 30783, June 10, 2021, https://www.federalregister.gov/documents/2021/06/10/2021-12114/restoring-affirmatively-furthering-fair-housing-definitions-and-certifications.

151 HUD, "Affirmatively Furthering Fair Housing," 80 *Federal Register* 42353, July 16, 2015, https://www.federalregister.gov/documents/2015/07/16/2015-17032/affirmatively-furthering-fair-housing.

152 HUD, "Preserving Community and Neighborhood Choice," 85 *Federal Register* 47899, August 7, 2020, https://www.federalregister.gov/documents/2020/08/07/2020-16320/preserving-community-and-neighborhood-choice.

153 For example, in the 114th Congress, the Local Zoning Decisions Protection Act of 2015 (S. 1909) would have prohibited federal funds from being used to administer, implement, or enforce the AFFH rule (similar versions were introduced in the 115th Congress). In the 115th Congress, the Restoring Fair Housing Protections Eliminated by HUD Act of 2018 (H.R. 6220) would have reinstated the Obama Administration AFFH rule. In the 116th Congress, the Economic Justice Act (S. 5065) would have repealed the Trump Administration rule.

154 See, for example, NAACP v. HUD, 817 F.2d 149, 155 (1st Cir. 1987) ("Finally, every court that has considered the question has held or stated that Title VIII imposes upon HUD an obligation to do more than simply refrain from discriminating (and from purposefully aiding discrimination by others)."); Nat'l Fair Housing Alliance v. Carson, 330 F. Supp. 3d 14, 25 (D.D.C. 2015) (same).

legislative history and concluded that the "law's supporters saw the ending of discrimination as a means toward truly opening the nation's housing stock to persons of every race and creed."[155] With that goal in mind, the court stated:

> This broader goal suggests an intent that HUD do more than simply not discriminate itself; it reflects the desire to have HUD use its grant programs to assist in ending discrimination and segregation, to the point where the supply of genuinely open housing increases.[156]

The Biden Administration's proposed AFFH rule would apply some aspects of the Obama Administration rule, but the process is meant to be less onerous for program participants, which was a criticism of the Obama-era rule.[157] The proposed rule would define AFFH in a way that is similar to the Obama Administration rule. Under the Biden Administration proposed rule, AFFH is defined as:

> taking meaningful actions that, taken together, reduce or end significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into well-resourced areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws and requirements.[158]

Program participants would identify fair housing issues in their communities through an analysis consisting of answers to questions posed in the rule to identify both issues and underlying causes. An example of a fair housing issue would be segregation of a protected class in a particular neighborhood or area.[159] After determining relevant fair housing issues, program participants would establish fair housing goals to overcome the issues. An example of a fair housing goal would be reducing segregation by changing the location of newly developed affordable housing.[160] Program participants would submit an *Equity Plan* to HUD laying out their analysis, issues, and goals. HUD would provide data and technical assistance to help with the process, and program participants would be required to engage in a robust process to engage members of the community.[161] Program participants would report annually on progress toward their goals.

Comments on the Biden Administration's proposed rule were due April 24, 2023.[162]

For more information, see CRS Report R44557, *The Fair Housing Act: HUD Oversight, Programs, and Activities*.

Military Housing

All active-duty military servicemembers are entitled to either government-provided housing or a housing allowance that they can use to rent or purchase a home in the private housing market. Servicemembers who are more senior or who have dependents are entitled to larger housing

[155] NAACP v. HUD, 817 F.2d at 155.

[156] Ibid.

[157] 88 *Federal Register* 8517.

[158] 88 *Federal Register* 8557.

[159] 88 *Federal Register* 8562-8563.

[160] 88 *Federal Register* 8566.

[161] 88 *Federal Register* 8568.

[162] HUD, "HUD Announces Public Comment Period Extended by 2 Weeks Affirmatively Furthering Fair Housing (AFFH) Proposed Rule," press release, April 5, 2023, https://www.hud.gov/press/press_releases_media_advisories/hud_no_23_070.

benefits. In recent years, Congress has taken an interest in reported shortages of both on- and off-base housing in some areas.

In general, there are three primary forms of housing on which the Department of Department (DOD) relies to provide for U.S.-based servicemembers' housing entitlement:

- **Government Housing**: DOD uses military construction funds appropriated by Congress to build barracks and other housing facilities on military installations. Government housing is the primary form of housing provided to unaccompanied servicemembers.[163] In many instances, junior enlisted servicemembers who do not have dependents are required to live in on-base unaccompanied housing for a certain period of time. Installations provide maintenance services for government housing, funded through DOD Operation and Maintenance funds.
- **Privatized Housing**: DOD maintains business agreements with private housing companies to build, restore, maintain, and operate housing on leased military property.[164] Privatized housing is the primary form of family housing on military bases in the United States, according to the Government Accountability Office. Currently, about 99% of all family housing on U.S. military installations is operated under the privatized housing program, formally known as the Military Housing Privatization Initiative (MHPI).[165] There are currently about 211,000 privatized military housing units across all military installations.[166] The private housing companies provide and pay for maintenance at privatized housing projects.
- **Off-Base Housing**: The majority of servicemembers, about 64%, live outside military installations, either renting or purchasing homes in the private sector housing markets located in areas near the installations. For these servicemembers, DOD provides a Basic Allowance for Housing (BAH), which is a tax-free allowance intended to cover most of the servicemembers' housing costs.[167] Maintenance is provided by either a private landlord (in rental homes) or the servicemember (if he or she is the homeowner).

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[163] *Unaccompanied servicemembers* is the term DOD uses to describe servicemembers who are living by themselves and are not authorized to receive housing to accommodate dependents.

[164] Congress authorized these activities under Title 10 U.S. Code, Subtitle A, Part IV, Chapter 169, Subchapter IV, "Alterative Authority for Acquisition and Improvement of Military Housing," https://uscode.house.gov/view.xhtml?path=/prelim@title10/subtitleA/part4/chapter169/subchapter4&edition=prelim.

[165] GAO, "Military Housing: DOD Can Further Strengthen Oversight of Its Privatized Housing Program, GAO-23-105377, April 2023, p. 1, at https://www.gao.gov/assets/gao-23-105377.pdf.

[166] While most privatized housing is for family housing units, DOD does operate seven MHPI projects for unaccompanied housing. The Army maintains privatized housing projects for unaccompanied personnel at five locations: Fort Irwin, CA; Fort Drum, NY; Fort Liberty (formerly Fort Bragg), NC; Fort Stewart, GA; and Fort Meade, MD. The Navy maintains privatize housing projects for unaccompanied personnel at two locations: Naval Station Norfolk, VA; and Naval Station San Diego, CA. See GAO, *Military Housing: Information on the Privatization of Unaccompanied Personnel Housing*, GAO-14-313, March 2014, https://www.gao.gov/assets/gao-14-313.pdf. For the total number of privatized housing units, see DOD, Office of Inspector General, *Audit of Medical Conditions of Residents in Privatized Military Housing*, DODIG-2022-078, December 2022, p. 1, https://media.defense.gov/2022/Dec/12/2003130831/-1/-1/1/DODIG-2022-078.PDF.

[167] DOD provides BAH to servicemembers at locations in the United States. While family housing in the United States is usually provided in the form of privatized housing, family housing overseas is government-owned. Some servicemembers stationed overseas are permitted to live off-base; their housing costs are covered by the Overseas Housing Allowance (OHA) program.

It is DOD's policy to "rely on the private sector as the primary source of housing for accompanied and unaccompanied personnel normally eligible to draw a housing allowance."[168] One advantage to this policy is that it enables DOD in some situations to transfer large groups of servicemembers from one base to another or make other changes that affect the population of military installations without resulting in immediate excesses or shortages of housing infrastructure.

Basic Allowance for Housing

DOD provides a BAH for servicemembers who do not live in military-provided housing on a military installation. The BAH rates vary depending on location and are intended to align with the cost of the local rental housing markets for those servicemembers to obtain housing from the private market. About 58% of servicemembers receive a housing allowance to rent or buy a home off base.[169]

To calculate local BAH rates, the uniformed services have concurred in aggregating individual zip codes into groups called Military Housing Areas (MHAs). There are approximately 300 MHAs in the United States.[170] DOD collects data for each of these housing markets and the rental costs associated with various types of housing, including apartments, townhouses/duplexes, and single-family rental units with varying numbers of bedrooms. The different types of units are referred to as *housing profiles* and their rental costs are then linked with particular pay grades.[171] More than 98% of servicemembers assigned to military duty stations in the continental United States are in one of the MHAs.[172]

DOD, with input from Congress, sets policy for the BAH. The BAH policy typically sets BAH rates as a percentage of estimated housing costs. This policy has varied over the years. In the 1990s, the BAH was calculated and intended to cover about 80% of estimated average housing costs.[173] In the early 2000s, the policy called for the BAH to increase to cover 100% of estimated housing costs.[174] The current policy, in effect since FY2019, provides servicemembers with a BAH that intends to cover 95% of estimated housing costs.

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[168] Department of Defense Manual 4165.63, p. 1, https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodm/416563m.pdf?ver=2018-09-20-075812-223.

[169] Housing data for military populations were provided by the Office of the Assistant Secretary of Defense for Legislative Affairs to CRS, August 28, 2023, on file with author.

[170] BAH Data Collection, Defense Travel Management Office, https://www.travel.dod.mil/Allowances/Basic-Allowance-for-Housing/BAH-Data-Collection/.

[171] Basic Allowance for Housing Rate Lookup, Defense Travel Management Office, https://www.travel.dod.mil/Allowances/Basic-Allowance-for-Housing/BAH-Rate-Lookup/.

[172] For more information, see GAO, Military Housing: Actions Needed to Improve the Process for Setting Allowances for Servicemembers and Calculating Payments for Privatized Housing Projects, GAO-21-137, January 2021, https://www.gao.gov/assets/720/711967.pdf.

[173] See prepared statement of Paul Johnson, Deputy Assistant Secretary of the Army for Installations and Housing, contained in S.Hrg. 105-605, Part 3, p. 484.

[174] Congress removed the expectation that servicemembers would contribute to their housing costs in Section 605 of the FY2001 National Defense Authorization Act (P.L. 106-398), which changed the statute to authorize the Secretary of Defense to provide a BAH that was equal to the cost of adequate housing for civilians with comparable income levels in the same area. After a transition period, average out-of-pocket housing expenses were officially eliminated as of January 1, 2005.

Housing Shortages

At certain military installations at certain times, servicemembers face long waitlists to obtain on-base housing.[175] News reports have spotlighted the shortage in places like Las Vegas, NV, where some junior servicemembers were ordered to move off-base due to a shortage of on-base housing.[176] Some of those servicemembers faced financial hardships when forced to sign a lease—requiring a security deposit and first-month's rent—before they began receiving a BAH. In 2020, Congress revised statutes to allow DOD to provide a dislocation allowance to help those servicemembers cover such costs.[177]

Numerous news reports have also spotlighted the challenges servicemembers can face in search of affordable housing, especially in high-priced coastal real estate markets.[178] In September 2022, Defense Secretary Lloyd Austin acknowledged that there are housing concerns. He announced automatic increases in the BAH for servicemembers in 28 MHAs that experienced an average of more than 20% spikes in rental housing costs above the 2022 BAH rates.[179]

To ensure better visibility on potential housing shortages in military communities, the FY2023 National Defense Authorization Act (NDAA, P.L. 117-263) in the 117th Congress contained a provision that requires the military departments to conduct Housing Requirements and Market Analysis (HRMA) for each installation under their jurisdiction every five years.[180] The HRMA is a detailed study of housing demand and supply within a defined market area. These analyses help identify affordable housing shortages and support decisionmaking about how to best meet the needs of servicemembers and their families. Prior to the FY2023 NDAA, the frequency of HRMAs was dictated only by DOD policy.

The 118th Congress has taken an interest in military housing. For example, in the FY2024 NDAA, Congress enacted a slate of legislative reforms intended to improve the quality of unaccompanied housing on military bases.[181]

For more information on military housing, see CRS Report R47728, *Military Housing*.

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175 See, for example, Marine Corps Camp Lejeune Family Housing, accessed February 2023, showing wait times ranging from one to sixteen months for various housing complexes, at https://www.lejeune.marines.mil/offices-staff/family-housing-division/wait-times/.

176 Humberto Sanchez, "Defense Department to pay single junior service members dislocation housing funds," *The Nevada Independent*, May 23, 2022, https://thenevadaindependent.com/article/defense-department-to-pay-single-junior-service-members-dislocation-housing-funds. Also see Greg Hadley, "'Not a Good Situation': Off-Base Housing Crisis Has USAF Scrambling," *Air and Space Force Times*, July 9, 2021, https://www.airandspaceforces.com/not-a-good-situation-off-base-housing-crisis-has-usaf-scrambling/.

177 See the FY2020 National Defense Authorization Act (P.L. 116-92, §607). The provision extended dislocation allowance (DLA) to servicemembers without dependents and allowed DOD to issue a partial DLA when installations order servicemembers to vacate on-base housing. DOD exercised that authority and expanded DLA in May 2022. See Karen Jowers, "New allowance greenlit for troops ordered to move from barracks to off-base housing," *Military Times*, May 23, 2022, https://www.militarytimes.com/pay-benefits/2022/05/23/new-allowance-greenlit-for-troops-ordered-to-move-from-barracks-to-off-base-housing/.

178 See, for example, R. J. Rico, "Military families' housing benefits lag as rents explode," *The Associated Press*, August 21, 2022, https://www.militarytimes.com/pay-benefits/2022/08/21/military-families-housing-benefits-lag-as-rents-explode/.

179 DOD, "DoD Announces Immediate and Long-Term Actions to Help Strengthen the Economic Security and Stability of Service Members and Their Families," press release, September 22, 2022, https://www.defense.gov/News/Releases/Release/Article/3167769/dod-announces-immediate-and-long-term-actions-to-help-strengthen-the-economic-s/.

180 See 10 U.S.C. §2821.

181 For more information, see CRS Insight IN12229, *FY2024 NDAA: Military Construction and Housing Authorizations*.

Fannie Mae and Freddie Mac Loan Level Price Adjustments

Fannie Mae and Freddie Mac are two government-sponsored enterprises (GSEs) chartered by Congress to provide liquidity for the single-family and multifamily mortgage markets. After purchasing mortgages from originators, the GSEs guarantee the default risk associated with the mortgages. In the years following the housing and mortgage market turmoil that began around 2007, Fannie Mae and Freddie Mac experienced financial difficulty, and their regulator, the Federal Housing Finance Agency (FHFA), took control of them from their stockholders and management in a process known as conservatorship. Although their financial condition has improved since that time, and they are now being allowed to accumulate capital reserves to hold against mortgage default risks,[182] Fannie Mae and Freddie Mac remain in federal conservatorship.

In addition to base guarantee fees that Fannie Mae and Freddie Mac charge for guaranteeing mortgage default risks on their purchased mortgages, they also charge additional upfront fees, known as loan-level price adjustments (LLPAs),[183] for single-family mortgages. The amount of the LLPAs varies based on the characteristics of the mortgage. Fannie Mae and Freddie Mac publish matrices showing the LLPAs, which depend on features such as a borrower's credit score, the loan-to-value ratio, and other factors relating to certain types of mortgages or property types.

In January 2023, FHFA directed Fannie Mae and Freddie Mac to implement changes to the LLPAs. Following concerns regarding the policy objective for the new fee structure, the FHFA Director stated that the changes "will strengthen the safety and soundness of the Enterprises by enhancing their ability to improve their capital position over time" as well as facilitate "equitable and sustainable access to homeownership."[184] Under the new fee structure (as under the old fee structure), borrowers with low default risk will generally pay less than those with high default risk. When comparing the new and old fee structures, some low default risk borrowers may pay more under the new fee structure than they would have under the previous LLPA fee structure, and some higher default risk borrowers may pay less under the new fee structure than they would have under the previous fee structure.[185] Most of the LLPA changes went into effect on May 1, 2023, although one particular fee, based on debt-to-income ratios, was initially delayed and later rescinded.[186]

FHFA's LLPA pricing directive could arguably serve multiple policy objectives. For example, low-risk borrowers, who tend to have high credit scores, may subsidize some of the costs to insure against the default risk of borrowers with low credit scores, which may be one policy objective. In addition, a larger share of revenues collected from low-risk borrowers may expedite

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182 See FHFA, Senior Preferred Stock Purchase Agreements, https://www.fhfa.gov/Conservatorship/Pages/Senior-Preferred-Stock-Purchase-Agreements.aspx.

183 While these fees are often collectively referred to as *loan-level price adjustments*, technically, loan-level price adjustments is the term Fannie Mae uses for these upfront guarantee fees, while Freddie Mac refers to them as *credit fees*.

184 FHFA, "FHFA Announces Updates to the Enterprises' Single-Family Pricing Framework," press release, January 19, 2023, https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Updates-to-Enterprises-SF-Pricing-Framework.aspx.

185 See Fannie Mae's LLPA matrix incorporating the changes announced in January at https://singlefamily.fanniemae.com/media/9391/display.

186 FHFA, "FHFA Director Sandra L. Thompson's Statement on Upfront Fees Based on Certain Borrowers' Debt-to-Income (DTI) Ratio," press release, March 15, 2023, https://www.fhfa.gov/Media/PublicAffairs/Pages/Statement-from-FHFA-Director-Sandra-Thompson-on-Upfront-Fees-Based-on-Certain-Borrowers-DTI-Ratio.aspx; and FHFA, "FHFA Announces Rescission of Enterprise Upfront Fees Based on Debt-To-Income (DTI) Ratio," press release, May 10, 2023**,** https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Rescission-of-Enterprise-Upfront-Fees-Based-on-Debt-To-Income-Ratio.aspx.

the GSEs' ability to accumulate more retained earnings necessary to exit conservatorship, thus serving a different policy objective. Also, charging high-risk borrowers slightly lower premiums could potentially increase affordability and promote more stable payment behavior from this group, possibly increasing the amount of revenues that could also facilitate earlier exit from conservatorship. Given that fewer high-risk borrowers may qualify for as many or for mortgages as large as those obtained by low-risk borrowers, more of the revenues collected under the new LLPA schedule are likely to be applied toward improving the financial conditions of Fannie Mae and Freddie Mac.

The new fees went into effect on May 1, 2023. The Middle Class Borrower Protection Act of 2023 (H.R. 3564), passed by the House in June 2023, would require the FHFA Director to revert to the prior fee structure and would place certain restrictions on future fee changes. Also in May 2023, FHFA released a Request for Input (RFI) on Fannie Mae's and Freddie Mac's pricing framework for single-family mortgages.[187] In addition, the House Financial Services Committee's Subcommittee on Housing and Insurance held a hearing on the pricing changes,[188] and the full Financial Services Committee held a hearing on FHFA oversight shortly thereafter.[189]

For more information, see the following:

- CRS Insight IN12151, *Recent Mortgage Pricing Directive for Fannie Mae and Freddie Mac*
- CRS Report R44525, *Fannie Mae and Freddie Mac in Conservatorship: Frequently Asked Questions*
- CRS Report R46746, *Fannie Mae and Freddie Mac: Recent Administrative Developments*

Energy Standards for Manufactured Housing

Manufactured housing is a type of factory-built housing that is built on a permanent chassis and transported to a home site for installation. Unlike site-built housing and other types of factory-built housing (e.g., modular homes), which are subject to state and local building codes, manufactured housing is built in accordance with HUD's Manufactured Housing Construction and Safety Standards.[190] In general, manufactured homes tend to be more affordable than traditional site-built homes.[191]

Section 413 of the Energy Independence and Security Act of 2007 (EISA, P.L. 110-140) directed DOE to establish energy conservation standards for manufactured housing. Among other requirements, EISA directed DOE to base the standards on the most recent version of the

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[187] FHFA, "FHFA Requests Input on the Enterprises' Single-Family Pricing Framework," press release, May 15, 2023, https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Requests-Input-on-the-Enterprises-Single-Family-Pricing-Framework.aspx.

[188] U.S. Congress, House Committee on Financial Services, Subcommittee on Housing and Insurance, *The Current Mortgage Market: Undermining Housing Affordability with Politics*, hearing, 118th Cong., 1st sess., May 17, 2023, https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=408776.

[189] U.S. Congress, House Committee on Financial Services, *FHFA Oversight: Protecting Homeowners and Taxpayers*, hearing, 118th Cong., 1st sess., May 23, 2023, https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=408797.

[190] 42 U.S.C. §5401 et seq. and 24 C.F.R. Part 3280. For more information, see HUD's website at https://www.hud.gov/program_offices/housing/rmra/mhs/csp.

[191] See, for example, Chadwick Reed, *Comparing the Costs of Manufactured and Site-Built Housing*, Joint Center for Housing Studies of Harvard University, blog post, July 10, 2023, https://www.jchs.harvard.edu/blog/comparing-costs-manufactured-and-site-built-housing.

International Energy Conservation Code (IECC) unless the Secretary finds that the IECC is not cost-effective or that a more stringent standard would be more cost-effective. EISA also directed DOE to establish the standards after providing notice and opportunity for comment from manufacturers and other interested parties and after consultation with the Secretary of HUD, who the law specified may seek further counsel from the Manufactured Housing Consensus Committee.[192]

DOE published a final rule establishing energy standards for manufactured housing in May 2022.[193] It addresses certain aspects of manufactured homes that pertain to building thermal performance and mechanical systems, based on the 2021 IECC.[194] The rule adopts a tiered standard that applies somewhat different requirements to single-section and multi-section manufactured homes,[195] specifically with regard to the building thermal envelope requirements. DOE stated that it adopted this tiered standard in response to concerns raised by stakeholders, including HUD, about the potential impact on the affordability of manufactured homes.[196] Being smaller, single-section homes generally have lower purchase prices than multi-section homes, and the rule applies lower stringencies to the building thermal envelope requirements for single-section homes in order to limit cost increases for such homes.

The rule was initially scheduled to go into effect on May 31, 2023. However, in May 2023, DOE issued a final rule[197] delaying compliance until July 1, 2025, for multi-section manufactured homes and until 60 days after the issuance of enforcement procedures for single-section manufactured homes. DOE published a notice of proposed rulemaking to establish enforcement procedures in December 2023.[198] According to the notice, DOE proposes to determine compliance by reviewing certain manufacturer records rather than through testing or manufacturer certification requirements,[199] and it "tentatively concludes" that compliance costs for manufacturers will be minimal.[200]

Some stakeholders have questioned whether DOE should have pursued more energy efficiency for single-section manufactured homes.[201] Others have argued that the final rule will make

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[192] The Manufactured Housing Consensus Committee is an advisory committee established by statute that provides recommendations to HUD on revisions to the Manufactured Housing Construction and Safety Standards. For more information, see HUD's website at https://www.hud.gov/program_offices/housing/rmra/mhs/cc1.

[193] DOE, "Energy Conservation Program: Energy Conservation Standards for Manufactured Housing," 87 *Federal Register* 32728-32824, May 31, 2022, https://www.federalregister.gov/documents/2022/05/31/2022-10926/energy-conservation-program-energy-conservation-standards-for-manufactured-housing.

[194] 87 *Federal Register* 32730.

[195] Manufactured homes can be built in one or more sections that are attached at the home site. A manufactured home that consists of one section is a single-section home; a manufactured home that consists of two or more sections is a multi-section home.

[196] See the final rule at 87 *Federal Register* 32745-32746.

[197] DOE, "Energy Conservation Program: Energy Conservation Standards for Manufactured Housing; Extension of Compliance Date," 88 *Federal Register* 34411-34419, May 30, 2023, https://www.federalregister.gov/documents/2023/05/30/2023-11043/energy-conservation-program-energy-conservation-standards-for-manufactured-housing-extension-of.

[198] DOE, "Energy Conservation Program: Energy Conservation Standards for Manufactured Housing; Enforcement," 88 *Federal Register* 88844-88854, December 26, 2023, https://www.federalregister.gov/documents/2023/12/26/2023-27182/energy-conservation-program-energy-conservation-standards-for-manufactured-housing-enforcement.

[199] 88 *Federal Register* 88846.

[200] 88 *Federal Register* 88848-88849.

[201] For example, see American Council for an Energy-Efficient Economy (ACEEE), "Biden Standard for Manufactured Homes Will Leave Low-Income Households with High Energy Bills," press release, May 18, 2022,
(continued...)

manufactured housing less affordable for many consumers and that HUD, as the agency responsible for the Manufactured Housing Construction and Safety Standards, should have final authority over the adoption of any standards related to manufactured housing.[202] Multiple bills introduced in the 118th Congress would address the DOE energy standards for manufactured housing, including the following:

- The Affordable HOMES Act (H.R. 6421) would eliminate the DOE standards, striking the provision of EISA that required DOE to implement these standards and providing that the final rule shall have no force or effect. The bill was ordered to be reported by the House Energy and Commerce Committee in December 2023.
- The Manufactured Housing Affordability and Energy Efficiency Act of 2023 (H.R. 3327) would provide that the DOE standards would only become effective and enforceable if HUD adopted them into the Manufactured Housing Construction and Safety Standards.
- The House-passed DOE appropriations bill (H.R. 4394) includes a provision that would prohibit funds provided by the act from being used to carry out the final rule.[203]

Housing and Disaster Response and Recovery

The extent to which federal policies adequately and effectively address the housing needs of disaster survivors is of ongoing interest to policymakers. In the 118th Congress, concerns and questions have arisen regarding individual compensation for disaster-caused decreases in property value (even when a person's residence is not directly damaged or destroyed), options for simplifying the application process for disaster assistance, and considerations for addressing unmet needs. In addition, the location and frequency of natural disasters may be affecting the housing market, with the threat of natural disasters to housing stock increasing in recent years.[204] Nearly one-third of the U.S. housing stock—about 35 million homes—is considered to be at high risk of damage from a natural disaster.[205]

When disasters occur, the President may authorize an emergency or major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act; P.L. 93-288, as amended). The declaration can authorize the Federal Emergency Management Agency (FEMA) to provide short- and intermediate-term housing assistance for disaster survivors through the Individuals and Households Program (IHP).[206]

https://www.aceee.org/press-release/2022/05/biden-standard-manufactured-homes-will-leave-low-income-households-high.

[202] For example, see the written testimony of Bill Boor, CEO of Cavco Industries, Inc., on behalf of the Manufactured Housing Institute, at a July 14, 2023, House Financial Services Subcommittee on Housing and Insurance Hearing on "How Mandates Like ESG Distort Markets and Drive Up Costs for Insurance and Housing," https://docs.house.gov/meetings/BA/BA04/20230714/116212/HHRG-118-BA04-Wstate-BoorB-20230714.pdf.

[203] Section 622 of H.R. 4394.

[204] Howard Kunreuther, "Reducing losses from catastrophes: role of insurance and other policy tools," *Environment: Science and Policy for Sustainable Development*, vol. 58, no. 1 (January/February 2016), pp. 30-37.

[205] CoreLogic, "Risk Redefined: CoreLogic Climate Change Catastrophe Report Emphasizes Need to Address Increasing Frequency of Hazard Events," January 27, 2021, https://www.corelogic.com/press-releases/risk-redefined-corelogic-climate-change-catastrophe-report-emphasizes-need-to-address-increasing-frequency-of-hazard-events/.

[206] 42 U.S.C. §5174. See also 44 C.F.R. §206.110(a), and FEMA, *Individual Assistance Program and Policy Guide* (continued...)

In addition to disaster relief provided by FEMA, Congress may make supplemental appropriations of Community Development Block Grants for Disaster Recovery (CDBG-DR), allowing HUD to administer grants to states, localities, and insular areas for long-term recovery needs, including those of disaster survivors.

There are also some disaster assistance programs that may be available to individuals regardless of whether there is a declared disaster or congressional appropriation—for example, funding provided through the National Flood Insurance Program (NFIP) and some FEMA Hazard Mitigation Assistance programs.[207]

The following sections provide brief overviews and selected considerations related to housing assistance provided through FEMA's IHP and HUD's CDBG-DR program, including the interaction of these programs. There is also discussion of the role of flood insurance. The final section provides an overview of how the changing climate may affect housing.

FEMA's Individuals and Households Program (IHP) and HUD's Community Development Block Grant-Disaster Recovery (CDBG-DR)

FEMA may assist individuals with their recovery from disasters when the President authorizes the Individual Assistance (IA) program pursuant to a Stafford Act declaration of emergency or major disaster. The IHP is the form of IA through which FEMA may provide temporary financial and/or direct assistance for housing (referred to as Housing Assistance).[208] Examples of financial Housing Assistance include Rental Assistance and Home Repair Assistance, and examples of direct assistance include temporarily providing a person with a Manufactured Housing Unit or Direct Lease Assistance.

Despite the range of existing IHP financial and direct assistance options, concerns have arisen related to the IHP's ability to meet the needs of disaster survivors.[209] Because the program is generally authorized to address uninsured or underinsured damages caused by an emergency or major disaster, IHP housing assistance is structured to address survivors' disaster-caused housing needs when they are displaced or their homes are rendered uninhabitable. Moreover, FEMA does not have the statutory authority to provide temporary rental or mortgage payments when people experience disaster-caused financial hardship.[210] As an additional example, the IHP cannot

(IAPPG), FP 104-009-03, v. 1.1, May 2021, pp. 6, 41, https://www.fema.gov/sites/default/files/documents/fema_iappg-1.1.pdf (hereinafter, "FEMA, *IAPPG*"). For information on other forms of federal disaster relief, see CRS Report WMR10001, *CRS Guide to Federal Emergency Management*.

207 Building Resilient Infrastructure and Communities (BRIC), the Flood Mitigation Assistance Grant Program (FMA), and the Safeguarding Tomorrow Revolving Loan Fund Program (STRLF). For additional information, see CRS Report R46989, *FEMA Hazard Mitigation: A First Step Toward Climate Adaptation*.

208 The IHP is authorized under Stafford Act Section 408 (42 U.S.C. §5174); FEMA's IHP regulations are codified at 44 C.F.R. §§206.101 et seq. For additional information on the IHP, including the process by which it is authorized and the assistance that may be made available, see CRS Report R47015, *FEMA's Individuals and Households Program (IHP)—Implementation and Considerations for Congress*.

209 IHP assistance is limited (e.g., it is available for a limited period of time and financial housing assistance includes a funding cap).

210 This has not always been the case. Prior to May 2002, temporary mortgage or rental payments could be provided to or on behalf of individuals and families meeting certain criteria. Section 206 of the Disaster Mitigation Act of 2000 (DMA2K, P.L. 106-390), amended the Stafford Act to remove temporary mortgage and rental payments, and it also added the language predicating assistance on displacement. During a Senate hearing in 2003, the U.S. Department of Homeland Security Office of Inspector General (DHS OIG) cited the reason Congress eliminated the temporary mortgage and rental payments program as the fact that the program was seldom used, and also cited FEMA's program implementation challenges. Despite challenges with the program, the DHS OIG recommended that Congress consider (continued...)

compensate disaster survivors for all losses (e.g., it does not compensate disaster survivors for loss of property value resulting from disasters).[211]

Congress has also provided supplemental funding for long-term disaster recovery and other related purposes for selected incidents under the statutory authority of HUD's conventional Community Development Block Grant (CDBG) program—a usage commonly referred to as CDBG-DR.[212] Typically, CDBG-DR funds are directed to jurisdictions with the most impacted and distressed areas that have federal emergency or disaster declarations under the Stafford Act.[213] To that end, CDBG-DR can supplement federal recovery assistance provided through FEMA's IHP and has been used to address remaining unmet needs after FEMA's implementation of the IHP.[214]

Unlike IHP, which allocates funds directly to individuals, CDBG-DR funds are allocated to units of government such as states and localities. These entities have fairly broad flexibility in the use of CDBG-DR funds.

CDBG-DR is not a program with a standing authorization or regulations.[215] While CDBG-DR funds are subject to the CDBG program's statutory and regulatory requirements, each supplemental appropriation effectively establishes a new CDBG-DR program—meaning the rules that govern the funding use and oversight may vary with HUD guidance accompanying each allocation.[216] This process provides a certain amount of flexibility and allows Congress, the federal government, and HUD to adapt program requirements to the specific needs of affected communities. However, some analysis suggests that it may also contribute to protracted rulemaking periods, inconsistent administrative time frames, and funding delays, posing coordination and planning challenges.[217]

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reinstating it (U.S. Congress, Senate Committee on Environment and Public Works, Subcommittee on Clean Air, Climate Change, and Nuclear Safety, *Review of the General Accounting Office Report on FEMA's Activities After the Terrorist Attacks on September 11, 2001*, 108th Cong., 1st sess., September 24, 2003, S.Hrg. 108-364, pp. 253-254, https://www.govinfo.gov/content/pkg/CHRG-108shrg92386/pdf/CHRG-108shrg92386.pdf).

211 Congress has provided assistance to compensate losses associated with selected incidents. For example, through the Hermit's Peak/Calf Canyon Fire Assistance Act (Division G of P.L. 117-180), allowable damages related to loss of property included "a decrease in the value of real property" (see §104(d)(4)(A)(ii)). Notably, the U.S. Forest Service assumed responsibility of the Hermit's Peak/Calf Canyon Fire, and it was determined that the United States should compensate the victims (see Section 102(a), which details the congressional findings). More recently, there was no Stafford Act declaration for the February 2023 incident in East Palestine, OH, when a Norfolk Southern freight train derailed and 20 of the affected cars contained hazardous materials (U.S. Environmental Protection Agency, "East Palestine, Ohio Train Derailment," last accessed May 2, 2023, https://www.epa.gov/east-palestine-oh-train-derailment). Concerns have included the potential loss in property value resulting from the train derailment (see, for example, Anna Bahney and Chris Isidore, "Norfolk Southern balks at compensating homeowners in East Palestine," *CNN*, March 14, 2023, https://www.cnn.com/2023/03/12/homes/norfolk-southern-east-palestine-home-values/index.html).

212 42 U.S.C. §5301.

213 CDBG-DR funding allocations are based on availability of funding, as well as HUD assessments of disaster impact and needs unmet by other forms of federal assistance.

214 HUD, "Fact Sheet: Community Development Block Grant Disaster Recovery (CDBG-DR)," p. 1, https://files.hudexchange.info/resources/documents/CDBG-DR-Fact-Sheet.pdf. For example, see the CDBG-DR-funded recovery work in Puerto Rico, which was authorized to support the Commonwealth's recovery from Hurricanes Irma and María. For additional information, see CRS Report R46609, *The Status of Puerto Rico's Recovery and Ongoing Challenges Following Hurricanes Irma and María: FEMA, SBA, and HUD Assistance*.

215 HUD, *CDBG-DR Overview*, https://www.hudexchange.info/programs/cdbg-dr/overview/.

216 HUD, *Community Development Block Grant Disaster Recovery: CDBG-DR Overview*, January 30, 2023, p. 9, https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-Disaster-Recovery-Overview.pdf.

217 GAO, *Disaster Recovery: Better Monitoring of Block Grant Funds is Needed*, GAO-19-232, March 2019, p. 66, https://www.gao.gov/assets/gao-19-232.pdf.

Interaction Between FEMA's IHP and HUD's CDBG-DR

Recovery Assistance Timeline

When funded, CDBG-DR grantees may continue or expand upon recovery work initiated with FEMA IHP assistance.[218] Unlike the IHP, which assists with short- and interim-term housing needs of individuals (e.g., housing assistance is generally limited to a period of 18 months from the date of the disaster declaration, unless extended),[219] some communities may choose to use CDBG-DR to address ongoing, outstanding unmet needs and provide long-term recovery support.[220] However, without a standing authorization, CBDG-DR funds are provided on a supplemental basis at the discretion of Congress, and funding is not assured for all disaster-affected areas. Additionally, some analysis indicates that CDBG-DR implementation may take place over an extended timeline, which, among other issues, can pose a potential risk of duplication of benefits (this is discussed in more detail below).[221]

Both HUD's Office of Inspector General (HUD OIG) and GAO have recommended authorization and codification of federal investments in long-term disaster recovery for unmet needs, such as CDBG-DR or a similar program.[222] Recently, HUD has taken steps to enhance CDBG-DR standardization and HUD administrative capacity. These steps include (1) issuing a consolidated notice and guidance on CDBG-DR grant processes,[223] (2) seeking input on establishing a universal CDBG-DR notice,[224] and (3) establishing two formal offices focused on disaster

[218] See, for example, the CDBG-DR-funded recovery work that is ongoing in Puerto Rico, which was authorized to support the Commonwealth's recovery from Hurricanes Irma and María. Additional information on the transition of recovery assistance in Puerto Rico from the FEMA IHP to HUD CDBG-DR can be found in the "Assistance to Individuals and Households—Ongoing Housing Recovery Through HUD's CDBG-DR Program" section of CRS Report R46609, *The Status of Puerto Rico's Recovery and Ongoing Challenges Following Hurricanes Irma and María: FEMA, SBA, and HUD Assistance*.

[219] 42 U.S.C. §5174(c)(1)(B)(iii); 44 C.F.R. §206.110(e); and GAO, *Disaster Assistance: Additional Actions Needed to Strengthen FEMA's Individuals and Households Program*, GAO-20-503, September 2020, p. 10, https://www.gao.gov/assets/710/709775.pdf. The period of assistance may be extended—by the President according to 42 U.S.C. §5174(c)(1)(B)(iii), or the FEMA Assistant Administrator for the Disaster Assistance Directorate according to 44 C.F.R. §206.110(e)—if it is determined that "due to extraordinary circumstances an extension would be in the public interest."

[220] HUD, *Fact Sheet: Community Development Block Grant Disaster Recovery (CDBG-DR)*, https://files.hudexchange.info/resources/documents/CDBG-DR-Fact-Sheet.pdf.

[221] GAO, *Disaster Block Grants: Factors to Consider in Authorizing a Permanent Program*, GAO-21-569T, May 19, 2021, https://www.gao.gov/products/gao-21-569t; Carlos Martin et al., *Housing Recovery and CDBG-DR: A Review of the Timing and Factors Associated with Housing Activities in HUD's Community Development Block Grant for Disaster Recovery*, HUD, April 2019, pp. 51-61, https://www.huduser.gov/portal/sites/default/files/pdf/HousingRecovery_CDBG-DR.pdf.

[222] HUD Office of Inspector General (OIG), "HUD's Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program," Audit Report Number: 2018-FW-0002, July 23, 2018, https://www.hudoig.gov/reports-publications/report/final-audit-report-huds-office-block-grant-assistance-had-not-codified; and GAO, *Disaster Recovery: Better Monitoring of Block Grant Funds is Needed*, GAO-19-232, March 2019, https://www.gao.gov/products/gao-19-232.

[223] HUD, "Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG–DR Consolidated Waivers and Alternative Requirements Notice," 87 *Federal Register* 6364, February 3, 2022; and HUD, "CDBG Consolidated Notice Guidebook," July 2022, https://files.hudexchange.info/resources/documents/CDBG-DR-Consolidated-Notice-Guidebook.pdf.

[224] HUD, "Request for Information for HUD's Community Development Block Grant Disaster Recovery (CDBG–DR) Rules, Waivers, and Alternative Requirements," 87 *Federal Register* 77864, December 20, 2022.

recovery and management with increased staffing levels.[225]Although HUD has taken some steps to standardize CDBG-DR processes to the extent practicable within the current framework, Congress may wish to consider permanently authorizing CDBG-DR or establishing a similar program, in order to enhance certainty in the grant process and timeliness in funding disbursal.[226] In May 2023, the Reforming Disaster Recovery Act (S. 1686) was introduced in the Senate. Among other things, the bill would

- establish the Office of Disaster Management and Resiliency within HUD;
- establish the Long-Term Disaster Recovery Fund; and
- authorize CDBG-DR as a program, with directions to the HUD Secretary to establish standing regulations.

Substantially similar bills were introduced in the 117th Congress (H.R. 4707 and S. 2471). In December 2021, the Senate Committee on Banking, Housing, and Urban Affairs conducted a hearing to consider authorization of CDBG-DR as a standing program.[227] In the 116th Congress, a substantially similar bill, H.R. 3702, was passed by the House under suspension of the rules by a vote of 290-118 in November 2019.

Another bill introduced in the 118th Congress would authorize similar forms of federal assistance for disaster recovery, outside of the CDBG-DR structure. The Expediting Disaster Recovery Act (H.R. 6084) would authorize the provision of assistance for unmet needs by FEMA. A version of this bill introduced in the 117th Congress (H.R. 5774) was passed by the House under suspension of the rules by a vote of 406-20.

Duplication of Benefits

The Stafford Act and CDBG-DR supplemental appropriations acts prohibit the duplication of benefits from other sources of disaster assistance.[228] Disaster survivors may have access to a number of resources to assist their recovery process, including insurance, charitable donations, and government assistance.[229] FEMA seeks to avoid duplicating benefits by following the "delivery sequence"[230] in its regulations that lists the order in which assistance is to be provided to disaster survivors.[231] While the regulations specify selected forms of assistance, including FEMA Housing Assistance and Small Business Administration (SBA) disaster loans, the delivery

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[225] HUD, "HUD Announces Overhaul of Disaster Recovery Program to Better Deliver for Impacted Communities," press release, March 15, 2023, https://www.hud.gov/press/press_releases_media_advisories/hud_no_23_052.

[226] HUD OIG, *Top Management Challenges: Facing the U.S. Department of Housing and Urban Development in FY2023*, November 8, 2022, p. 41, https://www.hudoig.gov/sites/default/files/2022-11/FY%202023%20Top%20Management%20Challenges.pdf.

[227] U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, *Disaster Recovery Assistance - Authorization of the Community Development Block Grant – Disaster Recovery Program*, hearing, 117th Cong., 1st sess., December 15, 2021, https://www.banking.senate.gov/hearings/disaster-recovery-assistance_-authorization-of-the-community-development-block-grant—disaster-recovery-program.

[228] 42 U.S.C. §5155; HUD, "Updates to Duplication of Benefits Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees," 84 *Federal Register* 28837, June 20, 2019.

[229] 44 C.F.R. §206.191; FEMA, *IAPPG*, p. 10.

[230] The order of the sequence of delivery is emergency assistance (voluntary agencies), insurance, housing assistance, other needs assistance which is not income-based, Small Business Administration (SBA) disaster loans, other needs assistance which is income-based, and unmet needs (voluntary agencies). See FEMA, *Order and Components of the Sequence of Delivery*, https://emilms.fema.gov/is_0403/groups/29.html.

[231] 42 U.S.C. §5155; 44 C.F.R. §206.191; FEMA, *IAPPG*, pp. 10, 78, 145, 176-178.

sequence does not list HUD's CDBG-DR program.[232] When a duplication of benefits occurs, the IHP recipient must typically repay the duplicated benefit, unless conditions require FEMA to waive recoupment.[233]

HUD similarly requires CDBG-DR state or local grantees to prevent duplication of benefits and ensure reasonable expenditures, and to establish compliance monitoring and funding recapture processes.[234] Some grantees have indicated that a lack of consistent rules and streamlined interagency coordination contributes to the administrative burden of calculating and documenting potential duplications, by subrecipients.[235] Further standardization of the CDBG-DR process could potentially address these concerns.

HUD and FEMA have an agreement to share information to complete duplication of benefits checks.[236] Historically, HUD has considered whether the provision of CDBG-DR may constitute a duplication of previously provided FEMA assistance.[237] Still, disaster survivors seeking assistance from multiple sources may face challenges related to duplication of benefits, including because of the cascading timelines and availability of federal assistance. An additional challenge is that the different forms of federal disaster assistance each have separate application processes, which may confuse and frustrate some disaster survivors. To redress such challenges, Members of Congress have introduced bipartisan legislation, including in the 118th and 117th Congresses, to help simplify the application process to receive federal disaster assistance.[238]

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232 44 C.F.R. §206.191(d)(2); FEMA, *IAPPG*, p. 10.

233 42 U.S.C. §5155(b)(1) and (c); 44 C.F.R. §206.191; and FEMA, *IAPPG*, pp. 51, 78, 176-182. FEMA reclaims funds constituting a duplication of benefits through a process known as recoupment (FEMA, *IAPPG*, p. 178). There are some circumstances when FEMA may not pursue recoupment. Section 5602(a) of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263) amended Section 1216(a) of the Disaster Recovery Reform Act of 2018 (Division D of P.L. 115-254) to require FEMA to waive recoupment of IHP assistance in two situations, provided the debt does not involve fraud, a false claim, or misrepresentation by the debtor or party having an interest in the claim: (1) "if the covered assistance [i.e., IHP assistance] was distributed based on an error by the Agency [i.e., FEMA] and such debt shall be construed as a hardship"; and (2) "if such assistance is subject to a claim or legal action."

234 HUD, *Duplication of Benefits: Case Studies*, p. 9, https://files.hudexchange.info/resources/documents/CDBG-DR-Duplication-of-Benefits-Slides.pdf.

235 Carlos Martin et al., *Housing Recovery and CDBG-DR*, p. 50, https://www.huduser.gov/portal/sites/default/files/pdf/HousingRecovery_CDBG-DR.pdf.

236 HUD, "Privacy Act of 1974; Matching Program," 87 *Federal Register* 7859-7862, February 10, 2022, https://www.govinfo.gov/content/pkg/FR-2022-02-10/pdf/2022-02966.pdf (hereinafter, HUD, "Matching Program").

237 HUD, "Matching Program." See, for example, Puerto Rico's implementation of CDBG-DR-funded programs following Hurricanes Irma and María in 2017 (Puerto Rico, *Puerto Rico Disaster Recovery Action Plan: For the Use of CDBG-DR Funds in Response to 2017 Hurricanes Irma and María*, Amend. 10, February 17, 2023, pp. 20, 102, 105, 130, https://cdbg-dr.pr.gov/en/download/action-planamendment-10-nonsubstantial-effective-on-february-16-2023/?ind=1676677455854&filename=ADM_POLI_Action%20Plan_Amendment%2010%20-%20NONSUBSTANTIAL_EN.pdf&wpdmdl=35213&refresh=640b4a0a61f9a1678461450).

238 In the 118th Congress, Senators Gary Peters, Rand Paul, and James Lankford cosponsored the Disaster Assistance Simplification Act (S. 1528) to simplify the application process itself by creating a consolidated application for federal disaster assistance. Previously, during the 117th Congress, Senators Peters and Lankford cosponsored the Disaster Assistance Simplification Act (S. 4599); see also U.S. Senate Committee on Homeland Security and Governmental Affairs, "Peters and Lankford Bipartisan Bill to Simplify Application Process for Federal Disaster Assistance Advances in Senate: Legislation Would Create Universal Application for Disaster Survivors," press release, August 5, 2022, https://www.hsgac.senate.gov/media/dems/peters-and-lankford-bipartisan-bill-to-simplify-application-process-for-federal-disaster-assistance-advances-in-senate/. Similarly, in the 118th Congress, Representatives Dina Titus, Garrett Graves, Troy Carter, and Marcus Molinaro, and Resident Commissioner Jennifer González-Colón, cosponsored the Disaster Survivors Fairness Act of 2023 (H.R. 1796), which includes a universal application for individual assistance.

FEMA's National Flood Insurance Program (NFIP)

The National Flood Insurance Program (NFIP) is authorized by the National Flood Insurance Act of 1968 (Title XIII of P.L. 90-448, as amended; 42 U.S.C. §§4001 et seq.) and is the primary source of flood insurance coverage for residential properties in the United States.[239] In a community that participates or has participated in the NFIP, owners of properties in the mapped Special Flood Hazard Area (SFHA)[240] are required to purchase flood insurance as a condition of receiving a federally backed mortgage. Congress established certain limits on the availability of federal disaster assistance dependent on whether individuals had flood insurance, as set out by the Flood Disaster Protection Act of 1973 (FDPA; P.L. 93-234; 87 Stat. 985). In addition to requiring property owners with federally backed mortgages to have flood insurance, the FDPA restricts access to federal financial assistance for acquisition or construction purposes[241] in the SFHA unless covered by flood insurance.[242] Since the end of FY2017, 27 short-term NFIP reauthorizations have been enacted, and the NFIP is currently authorized until February 2, 2024.[243] Unless reauthorized or amended by Congress, the authority to provide new flood insurance contracts will expire on February 2, 2024.[244] Under such circumstances, borrowers would not be able to close, renew, or increase loans secured by property in an SFHA until the NFIP is reauthorized (unless they were able to buy private flood insurance). This could have an impact on housing markets in SFHAs. For example, when the NFIP lapsed for the whole of June 2010, estimates suggest that over 1,400 home closings were canceled or delayed each day, representing over 40,000 sales per month.[245]

The effects of flooding on disaster survivors, including on their ability to receive further disaster assistance, has been of ongoing congressional interest.[246] Individuals and households who receive federal financial assistance for flood-related damage—including IHP assistance for Home Repair, Home Replacement, Permanent Housing Construction, or Personal Property Assistance—are required to buy and maintain flood insurance for future flood damage to insurable real and personal property as a condition of future IHP eligibility.[247] This requirement to obtain and

239 For additional information on the NFIP, see CRS Report R44593, *Introduction to the National Flood Insurance Program (NFIP)*.

240 An SFHA is defined by FEMA as an area with a 1% or greater risk of flooding every year.

241 *Financial assistance for acquisition or construction purposes* is defined at 42 U.S.C. §4003(4) and means "any form of financial assistance which is intended in whole or in part for the acquisition, construction, reconstruction, repair, or improvement of any publicly or privately owned building or mobile home, and for any machinery, equipment, fixtures, and furnishings contained or to be contained therein, and shall include the purchase or subsidization of mortgages or mortgage loans but shall exclude assistance pursuant to the Disaster Relief and Emergency Assistance Act [42 U.S.C. §§5121 et seq.] (other than assistance under such Act in connection with a flood)."

242 42 U.S.C. §4012a(a).

243 P.L. 118-22. For further information on NFIP reauthorizations, see CRS Insight IN10835, *What Happens If the National Flood Insurance Program (NFIP) Lapses?*

244 42 U.S.C. §4026.

245 Alexander P. Casadonte and John G, Nevius, "Insurance for Insurance: Adapting the National Flood Insurance Program to the Challenges of the Present and the Future," *Environmental Claims Journal*, vol. 24, no. 4 (November 5, 2012), https://www.tandfonline.com/doi/full/10.1080/10406026.2012.730931.

246 See, for example, Testimony of Carolyn Kousky, Environmental Defense Fund, in U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, *Reauthorization of the National Flood Insurance Program: Improving Community Resilience*, hearing, 118th Cong., 1st sess., May 2, 2023, https://www.banking.senate.gov/imo/media/doc/Kousky%20Testimony%205-2-23.pdf.

247 44 C.F.R. §206.110(k)(3) and FEMA, *IAPPG*, p. 63. Section 582 of the National Flood Insurance Reform Act of 1994 (P.L. 103-325) prohibits the provision of federal financial assistance for repair, replacement, or restoration of damaged personal or real property if the receipt of financial assistance was conditioned on obtaining and maintaining flood insurance and the homeowner failed to do so.

maintain flood insurance applies to any structure at that address, even if the damaged building is replaced by a new one. In addition, if the property is sold, the new owners must maintain flood insurance on that address for as long as it exists and for at least the assistance amount awarded for flood-damaged, NFIP-insurable losses. Applicants who do not purchase and maintain flood insurance will be ineligible for IHP assistance for flood-damaged real or personal property in future disasters with flood-related damage.[248] Similar requirements apply to CDBG-DR funding for repairs, rehabilitation, or construction.

Housing and Climate Impacts

The impacts of natural hazards are expected to increase during the useful lifetime of much existing and new U.S. property and infrastructure,[249] placing an increasing burden on federal, state, and local governments, as well as individuals and businesses. In the United States, as in many countries, this increasing risk can be attributed to a combination of factors: rapid expansion of population into areas that are susceptible to natural disasters, rising property values in hazardous areas, inadequate building codes, and climatological and environmental changes. Many extreme weather and climate-related events are expected to become more frequent and more intense in a warmer world.[250] These risks are exacerbated as population increases in hazardous locations; for example, in floodplains or at the wildland-urban interface (WUI).[251] Some 60 million housing units are located in areas under at least a moderate threat of annual losses from natural disasters.[252]

Housing economists face challenges in predicting housing price changes in areas likely to be affected by natural disasters, particularly those that may be exacerbated by climate change.[253] A recent study estimated that annual expected losses from weather-related damage to residential property are currently around $59 billion—roughly equivalent to 2% of annual household expenditure on housing—and could rise to over $72 billion in 2050, an increase of nearly 22%.[254]

Some studies suggest that more than 14.6 million properties in the United States face at least a 1% annual probability of flooding, with expected annual damages to residential properties exceeding $32 billion. The increasing frequency and severity of flooding under climate change is predicted by 2050 to increase the number of properties exposed to flooding by 11% and average

[248] FEMA, *Flood Insurance and FEMA Assistance*, September 30, 2022, https://www.fema.gov/fact-sheet/flood-insurance-and-fema-assistance.

[249] Multihazard Mitigation Council, National Institute of Building Sciences, *Natural Hazard Mitigation Saves*, 2017 Interim Report, Washington, DC, December 2017, p. 17, https://www.fema.gov/sites/default/files/2020-07/fema_ms2_interim_report_2017.pdf.

[250] A.R. Crimmins, C.W. Avery, D.R. Easterling et al., *Fifth National Climate Assessment: Report-in-Brief*, U.S. Global Change Research Program, Washington, DC, November 14, 2023, pp. 35-41, https://nca2023.globalchange.gov/downloads/NCA5_Report-In-Brief.pdf.

[251] The WUI is the zone where structures and other human development meet or intermingle with undeveloped wildland or vegetative fuels. See U.S. Fire Administration, *Wildland Urban Interface (WUI)*, https://www.usfa.fema.gov/wui/.

[252] Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2023*, June 26, 2023, p. 7, https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.

[253] Sean Becketti and Brock Lacy, *Life's A Beach*, Freddie Mac, Economic and Housing Research Insight, April 2016, p. 6, https://www.freddiemac.com/research/insight/20160426-lifes-a-beach.

[254] Nicole Hildebrandt, Dimitrios Lagias, Prashant Mehotra et al., *How Physical Climate Risk Is Shaping the Future of US Housing*, Boston Consulting Group, Inc. and CoreLogic, White Paper, June 2023, p. 1, https://media-publications.bcg.com/How-Physical-Climate-Risk-Is-Shaping-the-Future-of-US-Housing.pdf.

annual losses by at least 26%.[255] Recent research also suggests that approximately 71.8 million properties, almost half of the total number of properties in the United States, have some level of wildfire risk in 2023; this could grow to 79.8 million by 2053.[256]

In particular, the increasing risk of flooding under climate change has led to concerns that housing markets are mispricing these risks, and a number of studies suggest that risks associated with sea level rise are not fully reflected in home prices.[257] There are already indications of reductions in property prices in homes subject to recurring flooding,[258] with some studies suggesting that residential properties exposed to flood risk in the United States may be overvalued by $121 billion-$237 billion.[259]

In the event of property price deflation, many homeowners would be at risk of losing value in their largest asset—their home—with low-income property owners potentially at greater risk of losing home equity from price deflation.[260] Freddie Mac economists suggest that although the economic losses due to sea level rise may happen gradually, they are likely to be greater in total than those experienced in the 2007-2009 housing crisis and Great Recession.[261] As climate impacts grow over time, the mortgages on affected properties may become riskier.[262] Recently, there has been some concern that financial institutions could deliberately sell off mortgages in high-risk areas to Fannie Mae and Freddie Mac, with taxpayers guaranteeing the risk rather than private lenders.[263] There is some evidence that this is already starting to occur.[264] In a recent report, CBO looked at potential losses to homes with federally backed mortgages which are at risk of flooding, in two 30-year periods, one centered on 2020 and one centered on 2030. They

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[255] Jesse D. Gourevitch et al., "Unpriced Climate Risk and the Potential Consequences of Overvaluation in U.S. Housing Markets," *Nature Climate Change*, February 16, 2023, https://www.nature.com/articles/s41558-023-01594-8.

[256] Testimony of Matthew Eby, Chief Executive Officer and Founder of the First Street Foundation, in U.S. Congress, Senate Committee on the Budget, *Rising Seas, Rising Costs: Climate Change and the Economic Risks to Coastal Communities*, hearing, 118th Cong., 1st sess., March 1, 2023, p. 8.

[257] See, for example, the review by Laura A. Bakkensen and Lint Barrage, *Flood Risk Belief Heterogeneity and Coastal Home Price Dynamic: Going Under Water?*, National Bureau of Economic Research, Working Paper 23854, Cambridge, MA, February 2021, pp. 8-10, https://www.nber.org/papers/w23854.

[258] See, for example, Benjamin J. Keys and Philip Mulder, *Neglected No More: Housing Markets, Mortgage Lending, and Sea Level Rise*, National Bureau of Economic Research, Working Paper 27930, Cambridge, MA, October 2020, p. 3, https://www.nber.org/system/files/working_papers/w27930/w27930.pdf; and Stephen A. McAlpine and Jeremy R. Porter, "Estimating Recent Local Impacts of Sea-Level Rise on Current Real-Estate Losses: A Housing Market Case Study in Miami-Dade, Florida," *Population Research and Policy Review*, vol. 27 (2018), pp. 871-895.

[259] Jesse D. Gourevitch, Carolyn Kousky, Yanjun (Penny) Liao et al., "Unpriced Climate Risk and the Potential Consequences of Overvaluation in US Housing Markets," *Nature Climate Change*, vol. 13 (February 16, 2023), pp. 250-257.

[260] Miyuki Hino and Marshall Burke, *Does Information About Climate Risk Affect Property Values?* National Bureau of Economic Research, Working Paper 26807, Cambridge, MA, February 2020, p. 4, https://www.nber.org/papers/w26807.

[261] Sean Becketti and Brock Lacy, *Life's A Beach*, Freddie Mac, Economic and Housing Research Insight, April 2016, p. 6, https://www.freddiemac.com/research/insight/20160426-lifes-a-beach.

[262] Lael Brainard, Member of the Federal Reserve Board of Governors, "Financial Stability Implications of Climate Change," speech at "Transform Tomorrow Today," Ceres 2021 Conference, Boston, MA, March 23, 2021, https://www.federalreserve.gov/newsevents/speech/brainard20210323a.htm.

[263] See, for example, Zack Coleman, "How Climate Change Could Spark the Next Home Mortgage Disaster," *Politico*, November 30, 2020, https://www.politico.com/news/2020/11/30/climate-change-mortgage-housing-environment-433721; and Jodi Helmer, *Climate Change Floods North Carolina's Housing Market*, Natural Resources Defense Council, October 6, 2020, https://www.nrdc.org/stories/climate-change-floods-north-carolinas-housing-market.

[264] See, for example, Miyuki Hino and Marshall Burke, *Does Information About Climate Risk Affect Property Values?*, National Bureau of Economic Research, Working Paper no. 26807, February 2020, http://www.nber.org/papers/w26807.

estimated that the current expected annual damage of $9.4 billion would rise to about $12.8 billion in the 2050 period, with total expected damage projected to increase from $190 billion in the 2020 period to $258 billion in the 2050 period.[265]

Such declines in property values due to climate risk are unlikely to be temporary, particularly for properties affected by sea level rise,[266] where the risk is predictable and quantifiable.[267] A recent report estimated that nearly 650,000 properties will be at least partially submerged by 2050.[268] Most mortgages in the United States are 30-year loans. In areas where sea level rise may make homes uninhabitable within 30 years, lenders may become reluctant to offer 30-year mortgages.[269] Homeowners may be less likely to continue to repay mortgages if their homes are literally underwater.[270]

Housing and Insurance

In recent years, many homeowners and rental property owners have experienced rising insurance prices and decreases in coverage, largely driven by macroeconomic factors (such as inflation and interest rates) and increasing losses from natural disasters. The increase in severe weather-related losses has led a number of insurance companies to withdraw from offering homeowners insurance in areas at high risk of wildfire (such as California) or hurricanes (such as Florida, Louisiana, and Texas).[271] Wind and wildfire coverage are included as covered perils in homeowners' insurance policies sold by private insurance companies and, as such, are regulated by states rather than the federal government. However, if insurers' withdrawal from markets leads to the inability of homeowners to obtain insurance and increased uninsured losses, this may shift the risk to individuals, lenders, taxpayers, or the government. This industry reaction is not new—the NFIP was created in 1968 following widespread insurer withdrawals from offering coverage for flooding.[272] However, the scale of recent withdrawals from the market has increased

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265 CBO, *Flood Damage and Federally Backed Mortgages in a Changing Climate*, Publication 59379, Washington, DC, November 13, 2023, https://www.cbo.gov/publication/59379. Note that CBO estimates account only for changes in flood risk. The underlying housing stock, housing values, flood protection infrastructure, insurance prices, population, and economic variables are fixed at their 2020 levels.

266 Asaf Bernstein, Matthew T. Gustafson, and Ryan Lewis, "Disaster on the horizon: The price effect of sea level rise," *Journal of Financial Economics*, vol. 134, no. 2 (November 2019), pp. 253-272.

267 Stephen A. McAlpine and Jeremy R. Porter, "Estimating Recent Local Impacts of Sea-Level Rise on Current Real-Estate Losses: A Housing Market Case Study in Miami-Dade, Florida," *Population Research and Policy Review*, vol. 27 (2018), pp. 871-895.

268 Climate Central, *Sinking Tax Base: Land and Property At Risk From Rising Seas*, September 8, 2022, p. 4, https://www.climatecentral.org/report/sinking-tax-base.

269 Testimony of Dr. Sean Becketti in U.S. Congress, Senate Committee on the Budget, *Rising Seas, Rising Costs: Climate Change and the Economic Risks to Coastal Communities*, hearing, 118th Cong., 1st sess., March 1, 2023, p. 1.

270 Sean Becketti and Brock Lacy, *Life's A Beach*, Freddie Mac, Economic and Housing Research Insight, April 2016, p. 6, https://www.freddiemac.com/research/insight/20160426-lifes-a-beach.

271 See, for example, Christopher Flavelle, Jill Cowan, and Ivan Penn, "Climate Shocks Are Making Parts of American Uninsurable. It Just Got Worse," *New York Times*, May 31, 2023, https://www.nytimes.com/2023/05/31/climate/climate-change-insurance-wildfires-california.html; Chris Isidore, "Florida's Home Insurance Market Was a Mess Before Ian. It's About To Get Worse," *CNN Business*, September 30, 2022, https://www.cnn.com/2022/09/30/business/florida-homeowners-insurance-ian/index.html; Michael R. Blood, "California Insurance Market Rattled by Withdrawal of Major Companies," *AP News*, June 5, 2023, https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f; Jon Schuppe, "Louisiana Faces an Insurance Crisis, Leaving People Afraid They Can't Afford Their Homes," *NBC News*, September 16, 2022, https://www.nbcnews.com/news/us-news/louisiana-homeowners-insurance-crisis-hurricanes-rcna46746; and Thomas Frank, "Growing Insurance Crisis Spreads to Texas," *E&E News*, April 17, 2023, https://www.eenews.net/articles/growing-insurance-crisis-spreads-to-texas/.

272 Kristina Garcia, "The Risky Business of Homeowners Insurance," *Penn Today*, June 12, 2023, https://penntoday.upenn.edu/news/risky-business-homeowners-insurance-climate-change-fire.

congressional interest, with a number of hearings[273] and investigations by the 118th Congress and the Administration.[274]

Rising insurance costs and decreasing coverage also affect multifamily housing, including affordable housing.[275] Substantial increases in insurance costs, along with rising costs of other components of construction,[276] add to the costs of housing development and may make it more difficult for some projects to get built. For existing multifamily properties, substantial increases in insurance costs can pose challenges for property owners and may lead owners to take actions such as increasing rents or deferring property maintenance, among other actions. Rising costs may be particularly challenging for owners of federally assisted housing properties, which may face restrictions in their ability to increase rent.

For more information on rising insurance costs, see CRS Testimony TE10087, *The Factors Influencing the High Cost of Insurance for Consumers*.

[273] See, for example, U.S. Congress, Senate Committee on the Budget, *Risky Business: How Climate Change is Changing Insurance Markets*, 118th Cong., 1st sess., March 22, 2023, https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets; U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, *Perspectives on Challenges in the Property Insurance Market and the Impact on Consumers*, 118th Cong., 1st sess., September 7, 2023, https://www.banking.senate.gov/hearings/perspectives-on-challenges-in-the-property-insurance-market-and-the-impact-on-consumers; and U.S. Congress, House Committee on Financial Services, Subcommittee on Housing and Insurance, *The Factors Influencing the High Cost of Insurance for Consumers*, 118th Cong., 1st sess., November 2, 2023, https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=409012.

[274] See, for example, Senate Committee on the Budget, "Budget Committee Launches Investigation into Climate Change-Fueled Insurance Crisis," press release, November 2, 2023, https://www.budget.senate.gov/chairman/newsroom/press/budget-committee-launches-investigation-into-climate-change-fueled-insurance-crisis; and U.S. Department of the Treasury, "Treasury's Federal Insurance Office Advances First Insurer Data Call to Assess Climate-Related Financial Risk to Consumers," press release, November 1, 2023, https://home.treasury.gov/news/press-releases/jy1867.

[275] See, for example, Nam D. Pham, Ph.D and Mary Donovan, *Increased Insurance Costs for Affordable Housing Providers*, NDP Analytics, October 2023, https://www.nmhc.org/globalassets/research—insight/research-reports/insurance/ndp-nlha-housing-provider-insurance-costs-report-oct-2023.pdf.

[276] See, for example, Joint Center for Housing Studies of Harvard University, *State of the Nation's Housing, 2023*, p. 39,https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.

Appendix A. Housing Bills in the 118th Congress

This appendix lists housing-focused bills that have received committee or floor action during the 118th Congress as of January 2, 2024. Given limitations of the search parameters used, it should not be considered exhaustive. In addition, appropriations bills and broader bills that contain some housing-related provisions are not included.

Table A-1. Housing Bills in the 118th Congress that Received Committee or Floor Action as of January 2, 2024

(ordered by chamber and bill number)

Bill Number	Bill Title	Latest Action
S. 2285	Native American Housing Assistance and Self-Determination Reauthorization Act of 2023	Committee on Indian Affairs. Ordered to be reported with an amendment favorably.
S. 1528	Disaster Assistance Simplification Act	Committee on Homeland Security and Governmental Affairs. Reported by Senator Peters with amendments. With written report (S.Rept. 118-39).
S. 735	A bill to strengthen the United States Interagency Council on Homelessness	Committee on Banking, Housing, and Urban Affairs. Hearings held.
S. 185	Native American Direct Loan Improvement Act of 2023	Committee on Veterans' Affairs. Ordered to be reported without amendment favorably.
S. 70	Tribal Trust Land Homeownership Act of 2023	Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development. Hearings held. Committee on Indian Affairs. Reported by Senator Schatz without amendment. With written report (S.Rept. 118-33).
S. 32	Choice in Affordable Housing Act of 2023	Committee on Banking, Housing, and Urban Affairs. Hearings held.
H.R. 6421	Affordable HOMES Act	Committee on Energy and Commerce; Ordered to be Reported by the Yeas and Nays: 24-20.
H.R. 3579	Tribal Trust Land Homeownership Act of 2023	Committee on Natural Resources, Subcommittee on Indian and Insular Affairs. Subcommittee hearings held.
H.R. 3564	Middle Class Borrower Protection Act	Passed/agreed to in House.
H.R. 1796	Disaster Survivors Fairness Act of 2023	Committee on Transportation and Infrastructure. Ordered to be Reported (Amended) by Voice Vote.

Source: The bills in this table are based on a CRS search conducted on https://www.congress.gov on January 2, 2024.

Notes: The search was limited to bills that had received committee or floor action and were (1) classified with the policy area "Housing and Community Development," or (2) classified with the policy area "Finance and Financial Sector," "Native Americans," or "Emergency Management" and certain housing-related subject terms. Bills where the only committee action as of the date of the search was committee referrals are excluded; bills where hearings were held are included. Some housing-related bills may not be captured by this search and therefore do not appear in this table; selected bills that were not captured by these search terms but are discussed in the report have been added to the table at CRS analyst discretion. Some of the standalone measures shown in this table, or similar provisions, may be included in broader bills that receive additional action, but such broader bills would not be reflected in this table unless they are primarily housing-related.

Appendix B. Housing Hearings in the 118th Congress

This appendix lists hearings that have been held during the 118th Congress as of January 2, 2024, and have been primarily focused on housing-related issues.

Table B-1. Housing-Related Hearings in the 118th Congress as of January 2, 2024

(ordered by chamber and date)

Title	Committee	Date
Senate Hearings		
Examining Competition and Consumer Rights in Housing Markets	Senate Committee on the Judiciary, Subcommittee on Competition Policy, Antitrust, and Consumer Rights	October 24, 2023
How Community Development Financial Institutions Promote Housing and Economic Opportunity	Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development	October 17, 2023
Housing Supply and Innovation	Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development	September 12, 2023
Perspectives on Challenges in the Property Insurance Market and the Impact on Consumers	Senate Committee on Banking, Housing, and Urban Affairs	September 7, 2023
Laying the Foundation: Housing Accessibility and Affordability for Older Adults and People with Disabilities	Senate Special Committee on Aging	July 20, 2023
State of Native American Housing	Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development	June 13, 2023
Rural Housing Legislation	Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development	May 2, 2023
Building Consensus to Address Housing Challenges	Senate Committee on Banking, Housing, and Urban Affairs	April 26, 2023
The Federal Strategic Plan to Prevent and End Homelessness	Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development	March 8, 2023

Title	Committee	Date
Tax Policy's Role in Increasing Affordable Housing Supply for Working Families	Senate Committee on Finance	March 7, 2023
The State of Housing in 2023	Senate Committee on Banking, Housing, and Urban Affairs	February 9, 2023
House Hearings		
Housing Affordability: Governmental Barriers and Market-Based Solutions	House Committee on Financial Services, Subcommittee on Housing and Insurance	December 6, 2023
How Mandates Like ESG Distort Markets and Drive Up Costs for Insurance and Housing	House Committee on Financial Services, Subcommittee on Housing and Insurance	July 14, 2023
HUD Oversight: Testimony of the HUD Inspector General	House Committee on Financial Services, Subcommittee on Housing and Insurance	June 21, 2023
FHFA Oversight: Protecting Homeowners and Taxpayers	House Committee on Financial Services	May 23, 2023
The Current Mortgage Market: Undermining Housing Affordability with Politics	House Committee on Financial Services, Subcommittee on Housing and Insurance	May 17, 2023
All Hands on Deck: Ending Veteran Homelessness in San Diego	House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity	May 4, 2023
Oversight Hearing – Tribal Perspectives on Housing and Transportation	House Committee on Appropriations, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies	April 28, 2023
Office of Inspector General, Department of Housing and Urban Development; Office of Inspector General, Department of Transportation	House Committee on Appropriations, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies	March 28, 2023

Source: The hearings in this table are those that were identified by a CRS search conducted on ProQuest Congressional on January 2, 2024, and additional hearings that are discussed in this report.

Notes: The search was limited to hearings that included certain housing-related terms in the hearing title. Hearings focused on the President's budget requests and those to consider specific bills were excluded. Some relevant hearings may not be captured by this search because their titles did not include the search terms used or because they were not yet available on Proquest Congressional as of the date of the search.

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