

June 1, 2026

Stephanie Freeman
Finance and Loan Analyst
Single Family Housing Guaranteed Loan Division
Rural Housing Service, U.S. Department of Agriculture
STOP 0784, Room 2250
1400 Independence Avenue SW
Washington, DC 20250-0784

Re: Docket No. RHS-26-SFH-0100; RIN 0575-AD45; Single Family Housing Guaranteed Loan Program—Income Producing Accessory Dwelling Unit (ADU) Provisions (Proposed Rule, 91 Fed. Reg. 15914, March 31, 2026)

Dear Ms. Freeman:

The National Association of REALTORS® (NAR) appreciates the opportunity to comment on the Rural Housing Service's proposed rule to amend the Single Family Housing Guaranteed Loan Program to permit the financing of properties that include income-producing accessory dwelling units (ADUs) and properties with features designed to accommodate home-based business operations. NAR strongly supports these proposed changes, which represent a meaningful step toward expanding homeownership opportunities and increasing the supply of affordable housing in rural America.

NAR is the nation's largest trade association, representing more than 1.4 million members involved in all aspects of the residential and commercial real estate industries. NAR members work daily with homebuyers and sellers in rural, suburban, and urban communities across the country, and they have a firsthand understanding of the barriers families face in accessing affordable homeownership. We have long supported policies that expand the availability and affordability of housing, including programs administered through USDA's Rural Development mission area.

NAR Supports Financing of Income-Producing ADUs

NAR supports removing the existing prohibition on financing properties with income-producing ADUs. Under current rules, rural borrowers are barred from purchasing or improving homes that generate rental income from an ADU, including borrowers who have no intention of renting the ADU at all, simply because the property has previously generated rental income. This restriction has real consequences for rural borrowers in a housing market already under significant strain.

Rural America is facing a severe and growing housing shortage. A March 2025 Council of Economic Advisers brief found that real rural house prices rose 75.5 percent between 2000 and 2023, while median renter incomes grew by just 5.5 percent over the same period. That affordability gap is rooted in a fundamental supply problem. According to NAR research, between 2014 and 2024, the number of rural households grew by 19.6 percent while the rural housing stock grew by only 11.4 percent. Vacancy rates have declined significantly as a result, indicating that much of the excess inventory that once existed in rural America has been absorbed. This is not a small or isolated problem. Rural America

has more than 31 million housing units, representing roughly one in five homes nationwide. ADUs offer a practical and lower-cost pathway to expanding the housing supply in communities where land constraints and construction costs make traditional new development difficult, while also delivering direct benefits to the homeowners who need them most.

Beyond expanding supply, removing this prohibition will support more sustainable homeownership for rural families, whether by generating rental income that helps borrowers stay in their homes long-term or by enabling multigenerational arrangements that allow families to live together on the same property.

NAR Supports Clarification Regarding Home-Based Business Features

NAR also supports the proposed clarification that properties with design features accommodating home-based business operations remain eligible for the Guaranteed Loan Program. For many rural homeowners, the ability to run a small business from home is central to how they support themselves and their families. NAR has long held that property owners have a fundamental right to determine the highest and best use of their land, including the right to derive income from it. The existing regulatory silence on this issue has created unnecessary uncertainty for lenders and borrowers and may have discouraged financing of otherwise eligible properties. The proposed clarification corrects that without expanding the program beyond its residential mission.

Conclusion

NAR commends the Rural Housing Service for these proposed changes, which will expand homeownership opportunity and help address a growing housing shortage in rural America. Thank you for your consideration of these comments. If you have questions, please reach out to Senior Policy Representative Elayne Weiss at eweiss@nar.realtor.

Respectfully submitted,



Kevin Brown
2026 President, National Association of REALTORS®