NAR Issue Summaries

Housing / Multifamily Housing Development & Insurance

NAR Committee:

Federal Financing and Housing Policy Committee

What is the fundamental issue?

The Federal Housing Administration (FHA) provides critical mortgage insurance for multifamily rental housing and cooperatives, enabling their development, rehabilitation, and refinancing. FHA serves as an important source of financing for developers and projects that are often underserved by private capital, including smaller developers, affordable housing projects, non-profit organizations, and properties in secondary markets. FHA also offers unique financing options such as longer loan terms and construction financing that fill important gaps in the private market.

I am a real estate professional. What does this mean for my business?

FHA multifamily programs provide financing options that can make rental housing transactions possible when conventional financing falls short. These programs are particularly valuable for deals involving smaller developers, affordable housing projects, properties in secondary markets, and buildings requiring substantial rehabilitation. Understanding FHA multifamily financing helps real estate professionals identify viable opportunities and serve clients who might otherwise struggle to secure adequate financing for their rental housing investments.

NAR Policy:

NAR supports federal multifamily housing programs that help increase and preserve our nation's rental housing supply. NAR opposes any proposals that would limit FHA's role in the multifamily market. These programs fill important gaps where private financing is limited, particularly for projects serving low-income tenants and properties in struggling communities. NAR also advocates for removing excessive regulatory barriers that discourage investment in both new rental housing development and the preservation of existing properties.

Opposition Arguments:

Opponents of NAR policy believe the private market is well positioned to serve our country's rental housing needs.

Legislative/Regulatory Status/Outlook

The need for affordable rental housing continues to grow while FHA's role in the multifamily market has expanded in recent years as private lenders remain cautious about construction lending. FHA has implemented several improvements to strengthen program effectiveness, including updated underwriting

standards, enhanced risk management provisions, and streamlined processing through the Multifamily Accelerated Processing (MAP) program. Recent 2025 regulatory updates include updated financing standards to serve moderate-income housing, eased lending requirements, and a proposed uniform insurance premium structure across all multifamily programs.

NAR has endorsed the bipartisan ROAD to Housing Act of 2025, which unanimously passed the Senate Banking Committee and includes important provisions for FHA multifamily programs. The legislation incorporates the Housing Affordability Act, which NAR also endorsed as a standalone bill, and would raise FHA's outdated multifamily loan limits (unchanged since 2003) and update how these limits are adjusted for inflation. The broader ROAD Act also includes other provisions to streamline housing development processes and enhance oversight and coordination of federal housing programs.

Current Legislation/Regulation (bill number or regulation)

- **ROAD to Housing Act of 2025 (S.2651)** : Comprehensive bipartisan housing legislation that includes provisions to increase FHA multifamily loan limits, streamline housing development processes, and enhance oversight and coordination of federal housing programs
- **Housing Affordability Act (S.1527)** : Bipartisan legislation that would raise FHA's outdated multifamily loan limits (unchanged since 2003) and update how these limits are adjusted for inflation

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