Promoting Affordable Housing

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Issue Update

Policymakers are increasingly focused on addressing housing affordability challenges across markets. Housing prices remain elevated, placing sustained financial pressure on consumers by reducing affordability, limiting access to homeownership, and straining household budgets. Significant attention has been focused on boosting and improving housing supply across all jurisdictions. Bipartisan legislation such as the ROAD to Housing Act and the Housing for the 21st Century Act emphasizes zoning reform, regulatory streamlining, and expanded financing tools to accelerate construction, particularly for entry-level and workforce housing. At the same time, proposals like the Housing Supply Fund Act aim to channel capital through Community Development Financial Institutions and nonprofits to preserve affordable units and support underserved borrowers.

Importantly, on March 13, President Trump issued two separate Executive Orders (EO) that have the potential to broadly impact housing and mortgage finance. The EOs—"Promoting Access to Mortgage Credit" and "Removing Regulatory Barriers to Affordable Home Construction"—call for a comprehensive review of housing finance while initiating rulemaking and increased focus towards eliminating provisions that hamper mortgage efficiencies, especially for community banks. By stripping away administrative obstacles and disproportionate compliance burdens, these actions aim to lower borrowing costs for families and stimulate new housing construction across the country. Importantly, CFPB is advancing with Request for Information for recommendations on regulatory changes that would reduce unwarranted burdens and promote access to mortgage credit, including reforms to TRID, TILA rescission rights, and reverse mortgage disclosures. ABA will use this process to advance targeted changes that will reduce delays and compliance costs while preserving the transparency that TILA and RESPA were designed to provide.

Why It Matters

Housing affordability remains a critical economic challenge impacting consumers, communities, and the broader financial system. Persistent supply-side barriers, elevated prices, and constrained inventory continue to stifle homeownership and strain household budgets. ABA believes recent Executive Orders provide a vital opportunity to reform complex mortgage regulations. By simplifying and streamlining the regulatory framework, we can significantly reduce mortgage costs and expand credit access without compromising consumer protections. ABA will continue to advocate for a comprehensive review of current rules to ensure they are balanced, transparent, and conducive to lowering costs and reinvesting in all communities.

Recommended Action Items

The current TRID disclosure regime should be reformed to eliminate TRID's 10% tolerance category and revert to RESPA's good-faith estimate standard in order to eliminate disproportionate compliance costs without harming consumer protections or information to shop for loans.

The CFPB should revise the HMDA regulations so that only institutions that originate at least 200 closed-end mortgage loans in each of the two preceding calendar years must collect and report the data. Additionally, the Bureau should eliminate all requirements to collect and report data on home equity lines of credit (HELOCs), regardless of origination volume. Finally, to ensure community lenders can focus

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on serving local homebuyers rather than navigating costly administrative red tape, HMDA should be amended to eliminate burdensome reporting requirements for discretionary data points that exceed statutory mandates.

Regulators should reduce capital treatment for loans held in portfolio to encourage banks – and especially community banks that can be more responsive to local and smaller loan borrowers – to reenter the mortgage market and level a playing field that has been tilted toward the GSEs by letting them operate without sufficient capital for more than 18 years.

Regulators should advance with recalibrations to capital requirements for MSAs to reflect actual risk profile and economic importance. Better capital treatment for MSAs will encourage more banks to retain servicing, which benefits consumers, particularly those that incur financial hardship, and improved access to local financing for mortgages and other loan needs.

The CFPB should reexamine regulations under the Real Estate Settlement Procedures Act to ensure they achieve the statutory goals in today's digital marketplace. Modernizing anti-kickback provisions (Section 8)—such as clarifying the rules for marketing services agreements or desk rentals—would fix laws that are poorly suited to modern and digital markets.

Create HUD pilot program to expand access to FHA-backed mortgages under $100,000. In addition, as now required by ROAD to Housing Act legislation, CFPB should advance to evaluate impact of points and fees restrictions for qualified mortgage loans.

Advance expediently with ROAD to Housing Act orders to strengthen federal government's commitment to addressing housing needs through Opportunity Zones, a critical economic development tool aimed at incentivizing investments, spurring community revitalization, and creating jobs in distressed and low-income communities across the United States.