

## 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.

President Trump has also outlined an executive housing agenda for 2026, and his proposals appear to prioritize lower borrowing costs over lower home prices, arguing that affordability should improve without eroding existing homeowners' equity. The Trump administration has directed Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage-backed securities in an effort to push mortgage rates lower and issued an executive order that curbs the acquisition of single-family properties by large institutional investors aiming to preserve the supply of homes for owner-occupants. Other proposals being debated include 50-year mortgage options that reduce monthly payments and allowing 401(k) retirement funds to be used for down payments.

## Why It Matters

Housing affordability remains a significant economic challenge affecting consumers, communities, and the broader financial system. Elevated home prices, constrained inventory, and persistent supply-side barriers continue to limit access to homeownership and place pressure on household budgets. These conditions also affect lenders' ability to meet demand for sustainable mortgage credit and to support community development initiatives.

Addressing these challenges requires more than short-term rate or credit interventions. Durable affordability depends on expanding housing supply, modernizing zoning and regulatory frameworks, reducing construction and compliance costs, and strengthening financing channels that serve first-time, low- to moderate-income, and workforce borrowers. A coordinated, multi-year policy approach is essential to improving affordability, promoting market stability, and supporting banks' efforts to meet the housing needs of the customers and communities they serve.

## Recommended Action Items

**Update federal standards to enhance the accessibility of affordable, factory-built housing.** These include—(i) amending 203(k) program to include all types of ADUs; (ii) eliminate permanent chassis requirement for manufactured homes.

**Create HUD pilot program to expand access to FHA-backed mortgages under \$100,000.** In addition, require CFPB to evaluate impact of points and fees restrictions for qualified mortgage loans.

## Promoting Affordable Housing

Rod J. Alba | ralba@aba.com | 202-663-5592

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**Raise the cap on bank public welfare investments, including affordable housing and community development projects, from 15% to 20%.** Require OCC and FRB to report every two years on public welfare investments made by banks.

**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.

**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 recalibrate 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.

**The current TRID tolerance regime should be eliminated and replaced with a “single tolerance” standard of 10%.** Any non-credit fees not subject to the 10% tolerance would continue to be regulated under RESPA's “Good Faith” standard. Fixing the rigid tolerance provisions would greatly streamline operations and add savings that would be passed on to consumers.

**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.