

Biden-Harris Administration Announces Progress in Implementing its Housing Supply Action Plan

Today, the Biden-Harris Administration is announcing key progress on implementing its [Housing Supply Action Plan](#), which in May outlined a set of administrative and legislative priorities aimed at closing the housing supply shortfall in five years. The President believes that policies that boost the supply of affordable housing are critical to easing the burden of rising housing costs for renters and aspiring homeowners, and must be taken in combination with actions that address near-term housing affordability and promote fair housing.

The rising costs of housing, including extraordinary rent increases for many tenants, make it more challenging for Americans to afford other essentials like food, transportation, and health care. To close the supply gap and expand housing affordability, the Administration continues to urge Congress to act on a bipartisan basis to support the construction and preservation of affordable housing this year. In addition, Congress should expand rental assistance, assist aspiring homeowners with down payment assistance, and help create a more equitable housing market. The Administration also continues to urge state and local governments to reduce needless barriers to housing production, especially restrictive zoning and land use regulations.

In keeping with commitments made in the Housing Supply Action Plan, announced in May, federal agencies have taken action to reduce barriers to building and preserving affordable housing, including a set of new actions that the Administration is announcing today. At the same time, the Administration has acted where it can to directly address affordability, including for low-income renters. For example, just last week the Department of Housing and Urban Development (HUD) [announced](#) the awarding of more than 19,000 new Housing Choice Vouchers – the most expansive allocation of flexible new rental assistance in 20 years.

Today, the Administration is announcing several new steps that reduce barriers to affordable housing construction and preservation, and will make it easier to build affordable housing, including:

- Finalizing regulations that make it easier to build mixed-income housing, housing that includes very-low-income tenants, and housing in sparsely populated rural areas by reforming the income guidelines for the main source of financing for affordable housing - Low-Income Housing Tax Credits (LIHTCs).
- Extending LIHTC deadlines to ensure that affordable housing projects delayed by public health, economic, and supply-chain issues can be built as expeditiously as possible and still qualify for LIHTCs.
- Reforming and streamlining a financing program at Fannie Mae and Freddie Mac that will make it easier to build homes for rent by providing more affordable financing for multifamily housing construction.

- Continuing to promote more housing options near transit and other modes of transportation, coordination of transportation and housing planning, and rewarding jurisdictions that have removed barriers to housing development.

Improving Federal Financing for Affordable Housing Production and Preservation

Finalizing the LIHTC income averaging rule: LIHTCs are the largest federal incentive for affordable housing construction and rehabilitation. Today, the Department of the Treasury and the IRS are finalizing the LIHTC income averaging rule, which allows affordable housing projects to qualify for LIHTCs based on the average of the income limitations for rent-restricted units, rather than requiring a single income limitation for those units. This flexibility will enable the creation of more financially stable, mixed-income LIHTC projects and make LIHTC-supported housing more feasible in sparsely populated rural areas. It will also facilitate the production of additional affordable and available units for extremely low-income tenants by allowing for cross-subsidization within a project.

Extending deadlines for placed-in-service rules for LIHTC projects: In response to the COVID emergency, IRS provided an extension for the deadlines when an affordable housing project seeking to earn LIHTCs must be placed-in-service. Today, the IRS is announcing several additional deadline extensions to ensure that affordable housing projects delayed by public health, economic, and supply-chain issues can be built as expeditiously as possible and still qualify for LIHTCs.

Reforming Forward Commitment programs to facilitate the creation of more long-term affordable units: The Federal Housing Finance Agency (FHFA) has made policy changes to expand Fannie Mae's and Freddie Mac's Forward Commitment programs, which allow developers to secure financing to pay off a construction loan when construction has been completed and the housing project has been approved for occupancy. Specifically, each Enterprise will now be permitted to provide \$3 billion in Forward Commitments per year – above and beyond the multifamily purchase cap. In addition, FHFA has approved Freddie Mac's expansion of its non-LIHTC Forward Commitment program, requiring that financed projects are at least 20 percent affordable over the life of the loan. These projects often align with other state and local incentives (such as inclusionary zoning requirements, property tax abatements, or interest rate buy-downs) to create affordability without additional federal subsidies.

Enabling more affordable housing development and preservation with State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan: In July, Treasury took [new steps](#) to increase the affordable housing supply through American Rescue Plan funds. The expanded list of presumptively eligible uses of funds for affordable housing allows recipients to use SLFRF to make long-term loans to finance certain affordable housing projects, including projects expected to be eligible for LIHTCs. To further encourage state and local governments to make use of these increased flexibilities, Treasury and the Department of Housing and Urban Development (HUD) jointly published a [“How-To” Guide](#) to help governments use American Rescue Plan funds with other sources of federal funding. Since then, several cities, counties, and states have indicated that they expect to use additional funds for affordable housing development and preservation. For example, in New Hanover County, North Carolina, the revised guidance

permitting SLFRF to finance long-term loans allowed development of the stalled 278-unit Starway Village apartment complex to proceed, with tenant move-in tentatively scheduled for 2024.

Building more affordable rental housing with the Federal Financing Bank’s Risk Sharing program: Last September, the Administration announced that Treasury and HUD finalized an agreement to restart the Federal Financing Bank’s Risk Sharing program. The program provides loans at reduced interest rates to state and local housing finance agencies to create and preserve high-quality, affordable homes. Since the relaunch, HUD has committed more than \$1.6 billion to create and preserve more than 9,000 rental homes.

Promoting Transit-Oriented Development, Coordination of Transportation and Housing Planning, and Rewarding Jurisdictions That Have Reformed Zoning and Land-Use Policies

Expanding federal financing for transit-oriented development (TOD) and affordable housing: The Department of Transportation (DOT) provides low-cost financing for infrastructure projects through its Transportation Infrastructure Finance and Innovation Act (TIFIA) credit program. Earlier this week DOT announced [“TIFIA 49,”](#) which allows sponsors who are creating transit-oriented development projects (including public housing), transit and public infrastructure to borrow up to the maximum amount authorized in statute, 49 percent of total eligible costs, up from the 33 percent established by long-standing policy. Project sponsors can be public entities (e.g. governments or transit agencies) as well as private developers. The loans are long-term (up to 35 years and more) and low interest (Treasury rate) with favorable terms, providing developers incentive to build within a half-mile of transit locations, providing more housing and employment options accessible by transit. Financing with the Build America Bureau can save public project sponsors and their private sector partners between 20 and 40 percent in financing costs over the life of a loan.

Providing \$30 million in planning and project development funding that will increase housing supply: DOT and HUD are partnering to launch a new \$30 million Thriving Communities Program to help communities plan and develop transformative infrastructure projects. Through Thriving Communities, HUD and DOT will support technical assistance to improve the coordination of housing and transportation planning, increase housing supply, increase affordable transportation options, enhance economic opportunity, reduce environmental burdens, and improve access and quality of life. This week, both agencies released Notices of Funding Opportunities (NOFOs) to select technical assistance providers and capacity builders. This week, DOT will also issue a call for Letters of Interest from communities interested in receiving Thriving Communities technical assistance.

Increasing transportation investments in a manner that can connect and expand affordable housing supply: As the Administration highlighted in the Housing Supply Action Plan, earlier this year, the Administration began using federal transportation programs to encourage state and local governments to boost housing supply, where consistent with current statutory requirements. For example, this year, DOT released three funding applications for competitive grant programs totaling nearly \$6 billion in funding that reward jurisdictions that have adopted land-use policies to promote density and rural main street revitalization with higher scores in the grant process.

DOT has already begun awarding grants for some of those programs, including the following RAISE grant award recipients, where local governments are improving their transportation infrastructure and promoting a range of transportation, environmental, urban planning, and housing policy goals:

- *The 6th Street Bridge Construction Project (Rochester, MN)*: DOT has committed nearly \$20 million to this historic project that will build a multi-span bridge on 6th Street to connect the street and trail across the Zumbro River. The project will address the physical barrier of the Zumbro River and provides community members affordable transportation options that connect them to employment and essential services. Implementation of Planning 2 Succeed, Rochester’s 2040 Comprehensive Plan, calls for “a wider range of housing, business location, and transportation options in a series of mixed use, mixed density corridors and activity centers where more purposeful integration of land use and transportation occurs to meet the diverse needs expressed by residents and business interests.”
- *The Westward Three Project (Colorado)*: DOT has provided over \$24 million to this project that will construct three new mobility hubs in Grand Junction, Rifle, and Glenwood Springs. The project will increase the accessibility, condition, and service provided by the region’s bus system. The number of large vacant parcels directly next to the historic downtown presents an opportunity for new multi-family units. Rifle’s 2019 Comprehensive Plan designates the downtown as “High Density Residential” and “Neighborhood Commercial” and notes that the City’s “zoning standards and incentive policies should focus on encouraging affordability of housing,” including allowing accessory dwelling unit construction by-right use in residential zoning districts and incorporating manufactured housing as a viable affordable housing strategy.

Promoting Housing Innovation and Alternative Housing Types

Promoting housing innovation and alternative housing types: Consistent with the Administration’s commitment to accelerate innovation in homebuilding and promote new building techniques in order to lower costs and boost affordable housing production, the Economic Development Administration recently awarded \$41.4 million to the Oregon Mass Timber Coalition, led by the Port of Portland. The grant will enable the Coalition to become a national leader in using mass timber to accelerate affordable housing production, provide good jobs, and restore forest health. The grant also provides technical assistance funding to help Oregon jurisdictions revise their building codes. This builds on other recent actions taken across the Administration: HUD’s recent updates to the Manufactured Housing Code, which will enable more manufactured housing producers to use new and innovative building techniques, in addition to HUD’s Innovative Housing [Showcase](#) on the National Mall earlier this summer.

Supporting creative utilization of federal resources: Local and state governments can now access a “[Quick Guide to Using HUD’s Community Planning and Development Programs](#).” The Quick Guide assists state and local governments in the utilization of their HUD Community Planning and Development (CPD) funds to increase their supply of new affordable housing units.

It highlights various financing tools that can be used in conjunction with HUD's annual CPD programs, commonly used sources for affordable housing production, creative affordable housing models, and six project profiles of actual affordable housing developments that used CPD funds as part of the financing.

Preserving the Availability of Affordable Single-Family Homes for Owner-Occupants

Directing federally-held housing supply to owner-occupants and mission-driven entities instead of large investors: The Administration has taken steps to direct a greater share of the supply of FHA, Fannie Mae, and Freddie Mac defaulted asset dispositions to owner-occupants and mission-driven entities instead of large investors. In two recent sales of HUD Home Equity Conversion Mortgage notes secured by vacant properties, a total of 1,393 notes were awarded with 61 percent of the notes awarded to non-profit or non-profit joint venture bidders. For the July 27, 2022 sale, all purchasers, including for-profit purchasers, were required after foreclosure to market the property for sale and offer a thirty (30) day priority purchase period to owner occupant, government, and nonprofit buyers. As a result of these efforts, more single-family homes are expected to be restored to viable use as affordable homeownership and rental properties.

Convening experts to discuss the growing trend of institutional investor purchases: Later this year, HUD's Office of Policy Development and Research will feature the topic of "Institutional Investors in the Housing Market" as part of its upcoming PD&R Quarterly Update. Investor activity has increased since the start of the pandemic, driven by [investors with more than 1,000 properties](#). Their increased activity limits homeownership opportunities for prospective first-time homebuyers and contributes to the racial wealth and homeownership gaps. This event will highlight research on this issue and explore actions that various levels of government, along with nonprofits and other mission-driven entities, can take to drive supply to owner-occupants and mission-driven entities. For more information and to register for the event, click [here](#).