



November 6, 2024

MEMORANDUM

TO: NCSHA Members
FR: NCSHA Policy and Government Affairs Team
RE: Preliminary 2024 Election Analysis

Trump and a Senate Republican Majority Return After Election Victories

Defying political gravity, the once and future president Donald Trump will return to the White House in 2025, earning the political advantages that will come with a clear and convincing victory, carrying at least most — and perhaps all — of the swing states, adding substantially to his 2020 support throughout the country, and likely winning the popular vote for the first time in his three campaigns. He will have the tailwinds of a Republican Senate, though the size of the majority is still uncertain because of several races yet to be decided. Which party will control the House is unknown at this time and will not be determined until 50 currently uncalled races are resolved.

This memorandum outlines what we know now about the election results and their possible impact on housing in Washington. We will provide updates as we gain more information.

What to Expect from a Trump Administration

Despite a campaign surprisingly long on discussions about housing, we are still short on details about exactly what housing policies a Trump Administration is likely to pursue. The campaign said a Trump Administration would support affordable housing by:

- reducing mortgage rates through decreasing inflation,
- reducing demand and opening up housing by deporting illegal immigrants,
- promoting homeownership through tax incentives and support for first-time buyers,
- opening limited portions of federal lands to allow for new home construction, and
- cutting unnecessary regulations that raise housing costs.

If past is prologue, a new Trump Administration may return to some of the policies it pursued in 2017 – 2020, including proposing cuts in federal housing programs, eschewing FHA insurance premium reductions, considering changes to FHA's down payment and secondary

financing rules, overhauling the Obama Administration's Affirmatively Furthering Fair Housing rule (which the Biden Administration took steps to reinstate), and allowing the Federal Financing Bank support for the HUD Risk-Sharing program to expire. However, the campaign did not opine on these issues, so we don't know what a new Trump Administration will do, especially since "personnel is policy" and we don't know who Trump will appoint to key housing positions.

Senate Control Flips to Republicans

In the 119th Congress, the United States Senate will be controlled by the Republican party, which picked up at least two seats to secure a clear majority in the chamber. As of this writing, Republicans will control 52 seats and Democrats will control 43, with five races not yet decided. Current Republican Senate Leader Mitch McConnell (R-KY) has indicated he will cede that role, triggering a potentially contentious leadership fight. Senator Chuck Schumer (D-NY), on the other hand, will likely retain control of his caucus, albeit in a minority leader position.

House Majority Still Unclear

At the time of this writing, we do not know which party will win a majority of House seats. The announced results indicate the new House will have at least 201 Republicans and 184 Democrats, with 50 races yet to be determined. It is expected that the race for House control will be close and may not be known for weeks as mail ballots are counted for races in the western part of the country. There will be more than 50 new Representatives next Congress.

Senate Committee Outlook

Senate Finance Committee. With Republicans taking control in the Senate, current Finance Committee Ranking Member Mike Crapo (R-ID) will assume the role of chairman in the 119th Congress, and Senator Ron Wyden (D-OR), who currently chairs the committee, will become the ranking member. As chairman, Senator Crapo is expected to focus on efforts to extend provisions of the 2017 Tax Cuts and Jobs Act that expire at the end of 2025. He has expressed support for the Housing Credit, including efforts to expand and strengthen the program, such as those in the Affordable Housing Credit Improvement Act (though he has never cosponsored the legislation).

Finance Committee members Debbie Stabenow (D-MI), Tom Carper (D-DE), and Ben Cardin (D-MD) retire at the end of this Congress. Senator George Helmy (D-NJ), the interim replacement for former Senator Bob Menendez (D-NJ) who resigned from office earlier this year, always planned to be a temporary placeholder through the election, and thus also will not return to the Finance Committee. Seven Finance Committee members ran for reelection this year. Of those, Senator Sherrod Brown (D-OH) lost reelection, Senator Bob Casey's (D-PA) race is yet to be called, and the other five won reelection.

Senate Banking Committee. Ranking Member Senator Tim Scott (R-SC) will take over as chair of the next Congress, though he may be considered for a position in the Trump Administration.

Scott has expressed interest in pursuing legislation to improve housing affordability by reducing regulations. He has opposed recent efforts to increase spending for federal housing programs, which he says drives up housing costs. This year, he introduced legislation, the Renewing Opportunity in the American Dream to Housing Act (ROAD to Housing Act), that would enact a series of reforms to federal housing programs intended to make them more effective and accountable.

There will be a new top Democrat on the committee, as Chair Sherrod Brown (D-OH) lost his reelection bid. It is not yet known who will take over for Brown. Senators Jack Reed (D-RI) and Mark Warner (D-VA) are the most senior members but currently serve as the top Democrats on other committees and may not want to leave their posts. The most senior returning member after them is Senator Elizabeth Warren (D-MA).

Cynthia Lummis (R-WY) will likely take over as chair of the Housing, Transportation, and Community Development Subcommittee after serving as ranking member this Congress. Current Subcommittee Chair Tina Smith (D-MN) is expected to be ranking member. Lummis and Smith have worked together on rural housing issues.

In addition to Brown, three other committee Democrats will not be returning. Senator Jon Tester (MT) lost his reelection bid, while Senators Laphonza Butler (CA) and George Helmy (NJ) did not run for election after being appointed to fill vacancies that occurred mid-term. (Butler will leave the Senate soon, as her successor, Adam Schiff, was also elected to fill out the remainder of the term this Congress.) All committee Republicans, except Vance, will return next Congress, and more Republicans will be likely added to the committee now that they are in the majority.

Senate Appropriations Committee. Current Senate Appropriations Committee Chair Patty Murray (D-WA) and Vice Chair Susan Collins (R-ME) are likely to continue to lead the committee, albeit in opposite roles as a result of the flip in the chamber. Five committee Senators (Baldwin, Fischer, Heinrich, Tester, and Murphy) were up for reelection; among these, only Senator Tester (D-MT) lost his bid. Two Senators — Manchin (D-WV) and Sinema (I-AZ) — on the committee retired this cycle; replacements will be determined at a later date based on the overall composition of the Senate and party rules for committee assignments.

Neither Senate THUD Appropriations Subcommittee Chair Brian Schatz (D-HI) nor Ranking Member Cindy Hyde-Smith (R-MS) faced reelection this cycle; both are expected to retain their party leadership roles on the subcommittee, switching from ranking member to chair and vice versa.

Governors

Gubernatorial elections were held in 11 states and two territories. Of these states, eight will see new governors due to term limits that prevented incumbents from seeking re-election. Three incumbents successfully retained their seats in Montana, Utah, and Vermont. Republicans

secured governorships in Indiana, Missouri, New Hampshire, North Dakota, and West Virginia, while Democrats won in Delaware, North Carolina, and Washington. No governorships changed party. As for the territories, the election results for American Samoa and Puerto Rico have yet to be determined.

Federal Departments and Regulatory Agencies

While there is not much news about potential Cabinet appointments in a Trump Administration or likely changes at regulatory agencies, there are some preliminary rumblings.

Department of Housing and Urban Development (HUD). Some people being mentioned as leading contenders for HUD Secretary include former Trump HUD Secretary Ben Carson, former HUD Assistant Secretary for Housing-Federal Housing Commissioner Brian Montgomery, and Senate Banking Committee Ranking Member Tim Scott (R-SC).

Federal Housing Finance Agency (FHFA). A 2021 Supreme Court decision gave the President the authority to remove FHFA directors at will, giving Trump the ability to replace Sanda Thompson, whom President Biden appointed in 2021. One individual reportedly being considered is Jonathan McKernan, a Republican member of the Federal Deposit Insurance Corporation board who also worked for former Senator Bob Corker (R-TN). Some Trump advisors have urged him to take action to remove Fannie Mae and Freddie Mac from federal conservatorship, though Trump himself has been largely noncommittal.

Consumer Financial Protection Bureau (CFPB). As with FHFA, a recent decision from the Supreme Court gave Presidents more leeway to replace the CFPB director, which Trump is expected to do. Jonathan Gould, a partner at Jones Day who served in the first Trump Administration, is reportedly being considered.

Office of the Comptroller of the Currency (OCC). Because OCC does not have a Senate-confirmed Comptroller, Trump will be able to immediately appoint an acting Comptroller. Gould, the potential CFPB director, reportedly also is being considered to lead OCC.

Securities and Exchange Commission (SEC). Individuals reportedly being considered to serve as SEC Chair include former SEC Commissioner Dan Gallagher and former Commodity Futures Trading Commission Chair Christopher Giancarlo.

What Happens Now, and Soon

When Congress returns for a post-election session November 12, it will focus on disaster relief, appropriations, leadership elections, and other major issues it hopes to address before the end of the year — as well as preparing for rapid action on nominations, tax legislation, and Trump’s FY 2026 budget request as soon as President Trump is inaugurated January 20 and the Republicans control the Senate. The current continuing resolution (CR) allowing federal

programs to continue operating generally at FY 2024 funding levels expires December 20. By then, to keep the government running and open, Congress needs to pass another CR or enact appropriations legislation to fund the government for the remainder of FY 2025. In addition, Congress is expected to enact supplemental disaster appropriations legislation to provide relief for damages caused by recent hurricanes, which will likely take precedence over full FY 2025 appropriations. The most likely outcome therefore is a disaster supplemental coupled with a short-term CR extending the funding deadline to a new date early next year, likely in February or March.