



March 1, 2025

Hon. Warren Davidson, Chairman
Subcommittee on Housing and Insurance
House Committee on Financial Services
2219 Rayburn House Office Building
Washington, DC. 20515

Hon. Emanuel Cleaver II, Ranking Member
Subcommittee on Housing and Insurance
House Committee on Financial Services
2219 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Davidson and Ranking Member Cleaver II:

Thank you both for the opportunity to submit a letter for the record for the March 4, 2025, hearing, "Building Our Future: Increasing Housing Supply in America," hosted by the Subcommittee on Housing and Insurance of the House Financial Services Committee.

The Center for Responsible Lending (CRL) is an affiliate of Self-Help, a community development financial institution headquartered in Durham, NC. Since 1980, Self-Help has provided over \$11 billion in financing to 168,000 families, individuals, and businesses underserved by traditional financial institutions. Self-Help has accomplished that goal by financing hundreds of homebuyers each year and providing affordable financing for nonprofits, child-care centers, community health facilities, public charter schools, and other residential or commercial real estate projects. Through its credit union network, Self-Help also serves over 190,000 people by offering a full range of financial products and services in states nationwide—including North Carolina, South Carolina, California, Illinois, Florida, Georgia, Washington State, and Wisconsin.

Since 1969, the nonprofit [National Consumer Law Center® \(NCLC®\)](#) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services; and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness.

The lack of housing supply is a significant issue and presents a barrier to homeownership. The Urban Institute calculates that there is a supply shortage of 4.9 million housing units.¹ We are grateful that the Subcommittee is holding this hearing and recognizing the role these supply shortages play in the housing crisis.

However, housing supply is only one half of the housing crisis problem; the other half is affordability. Homeownership rates will not increase, no matter how many new homes are built, if these homes are too expensive for consumers to purchase. Several proposed policies and actions advanced both by members of the 119th Congress and by the second Trump Administration have the potential to increase unaffordability, thus undermining the positive effect an increase in housing supply will have in helping to relieve the housing crisis.

First, the Administration's tariffs and deportation policies will increase the costs of building these new homes. The proposed tariffs will increase construction costs by as much as 25% because the Administration has proposed 25% tariffs on all imports from Canada including lumber -- one of the most imported materials from Canada.² Other building materials like steel and aluminum are also expected to be taxed with tariffs, further increasing costs above this 25%. Labor is always the most expensive category in any construction project. The loss of skilled and unskilled labor through increased deportation policies will skyrocket labor costs. This labor shortage will also slow down the number of new homes that can be built because there will not be enough workers to meet the current supply demand. These additional costs will raise the price of these new homes, resulting in their being unaffordable to many consumers.

Second, affordability rests on consumers' ability to access credit at reasonable rates. The Administration's plan to significantly cut the federal workforce of the Consumer Financial Protection Bureau (CFPB) and the Federal Housing Administration (FHA) at the U.S. Department of Housing and Urban Development (HUD) will negatively impact access to credit.

The CFPB has created concrete standards like the qualified mortgage safe harbor to the ability-to-repay rule, which creates more predictability and certainty in the lending process and lowers financial institutions' litigation costs by barring some claims from being filed. The CFPB also provides stability to the mortgage marketplace through standardization of practices and forms, which lowers financial institutions' costs. These cost saving actions result in increased access to affordable credit for more consumers.

¹ Patel, Elena, Aastha Rajan, and Natalie Tomeh. "Make It Count: Measuring Our Housing Supply Shortage." Brookings Institution, 26 Nov. 2024, <https://www.brookings.edu/articles/make-it-count-measuring-our-housing-supply-shortage/>.

² "Trump lumber tariff threat is latest headache for homebuilders." Axios, 1 Mar. 2025, <https://www.axios.com/2025/03/01/trump-tariffs-lumber-homes>.

A significant cut to the FHA workforce will result in limiting the number of new homeowners. "In FY 2024, FHA insured more than 498,000 first-time homebuyers.... [p]roposed reductions would curtail FHA's ability to originate loan guarantees and manage assets. Without the ability to process and issue mortgage insurance in a timely fashion, lenders will decline to participate in FHA lending...and prospective homeowners find their home mortgage options increasingly limited. Further, the effects would have a disproportionate impact on working class families. FHA mortgages are often the debt products of "last resort" for borrowers whose credit scores or loan-to-value ratios disqualify them from more conventional options."³ At the same time, plans to cut staff at the FHA National Servicing Center in Oklahoma will prevent FHA homeowners from resolving problems with their mortgage servicers, resulting in unnecessary foreclosures and avoidable losses to the FHA insurance fund.

We understand that the Subcommittee has decided not to investigate affordability during this hearing. We urge the Subcommittee to give affordability equal weight when addressing the housing supply shortage. Failing to address affordability will exacerbate the housing crisis instead of alleviating it.

Thank you again for the opportunity to present our thoughts for the hearing record.

Sincerely,

The Center for Responsible Lending

National Consumer Law Center (on behalf of its low-income clients)

³ Up for Growth Staff. "What HUD Cuts Could Mean for Housing Supply." Up for Growth, 24 Feb. 2025, https://upforgrowth.org/news_insights/what-hud-cuts-could-mean-for-housing-supply/.