JPMorganChase PolicyCenter

# Federal opportunities to build housing supply and advance affordable homeownership

JPMorganChase recognizes that our business is only as strong as the communities we serve and the economies we support. Today, a shortage of housing supply and a costly mortgage financing system are major barriers to a thriving housing market and economy. The nation is grappling with a severe underproduction of between 1.5 million to 5.5 million homes, limiting access to both rental and for-sale housing opportunities and driving up housing costs across the country. Homeownership is also increasingly out of reach for many families, exacerbated by mortgage rates reaching a 20-year high. Even existing homeowners face heightened instability due to rising hazard and flood insurance costs, escalating home repair costs driven by labor and material prices, and other financial pressures that strain household budgets.

As part of JPMorganChase's dedication to help power local economies, we recognize that fostering an affordable and resilient housing market for low- and moderate-income (LMI) families is crucial for driving economic growth and expanding opportunity. Our extensive engagement in communities across the nation has consistently highlighted the potential for collaboration between the public and private sectors to fortify the housing economy and significantly enhance household well-being. JPMorganChase is committed to advancing an affordable and stable housing market through our business lending and equity investments, research and policy expertise, and philanthropic capital

The following comprehensive and evidence-based policy reforms can help reduce construction and regulatory barriers, boost housing supply, and increase affordability for American households:

- Expand financing to increase the supply of rental and for-sale housing opportunities
- Ensure robust and sustained support for proven programs that produce and preserve homes
- Leverage federal incentives to reduce local barriers to housing production
- Promote inter-departmental collaboration to advance solutions to supply challenges
- Increase availability of affordable, sustainable mortgages
- Strengthen property rights to ensure families can realize the full benefits of homeownership

## By the numbers

**250,000+**

Affordable housing units JPMorganChase helped create or preserve since 2021

**$1.4B**

Produced in New Markets Tax Credit (NMTC) Quality Investments since 2021

**$400M**

Philanthropic capital committed in 2021 as part of a five-year initiative to improve housing affordability and stability

**$43.1M**

Deployed through Chase's $5,000 Homebuyer Grant, provided to 8,600 customers since 2021

# Addressing the Nation's Rising Housing Costs by Increasing Housing Supply

*Recommendations for Congress*

## Expand Financing to Increase the Supply of Rental and For-Sale Housing Opportunities

- **Enact the Affordable Housing Credit Improvement Act (AHCIA) to strengthen and expand the Low Income Housing Tax Credit (LIHTC) program:**

  LIHTC is the largest and most productive mechanism for financing the construction of affordable rental housing. This federal program pairs local knowledge and housing development capacity with private capital to support the construction of rental homes affordable to households earning up to 80 percent of the area median income (AMI). Since its creation in 1986, LIHTC has financed the construction of 4 million affordable rental homes and driven economic growth by creating 6.6 million jobs, generating over $746.5 billion in wages and business income, and contributing more than $268.1 billion in tax revenue. LIHTC has been instrumental in creating affordable housing in neighborhoods with access to jobs, schools, transit, and other amenities that improve a household's ability to achieve economic mobility and build wealth. This is especially true in rural areas, where LIHTC accounts for more than 25 percent of the multifamily market and prominently serves the needs of veterans and seniors. However, demand for the program far outpaces the availability of credits, limiting its potential to meet affordable housing needs. The bipartisan AHCIA aims to expand and enhance LIHTC to produce an additional 1.6 million affordable housing units over the next decade.

- **Enact the Neighborhood Homes Investment Act to finance the construction of 500,000 homes for purchase in under-resourced communities:**

  The bipartisan Neighborhood Homes Investment Act (NHIA) would unlock affordable homeownership opportunities by filling a longstanding gap in housing markets: financing the acquisition and rehabilitation of single-family homes in economically distressed neighborhoods where rehabilitation costs exceed a property's sale value. While LIHTC has had tremendous success in producing affordable rental housing, no comparable federal homeownership program exists, limiting financing opportunities for the construction of for-sale homes. If enacted, NHIA would add an estimated 500,000 starter homes in under-resourced communities.

- **Enact the New Markets Tax Credit Extension Act to make New Markets Tax Credits a permanent neighborhood investment tool:**

  According to the U.S. Department of the Treasury's Community Development Financial Institutions Fund, New Markets Tax Credits are proven to stimulate economic growth in low-income and rural communities by successfully attracting billions of dollars in private investments. Through innovative investments and intentional public-private partnerships, the program has successfully created affordable housing units in mixed-use developments, helping revitalize neighborhoods, increase property values, and improve local economies. This bipartisan bill would expand and enhance the New Markets Tax Credit program by increasing its allocation of tax credits for greater impact, embedding additional flexibilities for a broader range of qualifying projects that could include housing, and introducing targeted support to benefit the communities that are most in need.

- **Enact the Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Act to create a permanent financing source for manufactured housing improvements:**

  Manufactured housing is a leading source of unsubsidized affordable homeownership for LMI households across the country. Because the homes are built in a factory and designed to standard specifications, there are significant efficiencies—such as standardized use of materials and labor that can support economies of scale—in the development process that ultimately reduce the cost to purchase the home. Manufactured homes are an essential source of housing in rural communities, with more than half of all manufactured homes located in rural areas around the country. In 2022, Congress enacted the PRICE grant program, which established a new $225 million grant program at the Department of Housing and Urban Development (HUD) to construct, reconstruct, or repair manufactured housing and to improve or build facilities serving manufactured home communities that aim to protect the health and safety of residents. PRICE applications totaled more than $3 billion in capital requests, outpacing the availability of $225 million in one-time funds. The PRICE Act (S. 943) would make HUD's PRICE grant program permanent and provide $225 million to finance the program annually.

- **Enact the Rural Housing Service Reform Act to support affordable housing in rural communities:**

  The U.S. Department of Agriculture (USDA) operates housing programs that increase the supply of for-sale and rental homes in rural areas where high rates of concentrated poverty and an increasingly older housing stock exacerbates housing affordability and stability challenges. USDA's Section 515 Rural Rental Housing Loan program provides financing for affordable rental housing in rural areas that serve LMI tenants, the elderly, and persons with disabilities. The bipartisan Rural Housing Service Reform Act (S. 1260) would decouple Section 521 rental assistance from Section 515 maturing mortgages to allow rental assistance to continue after the mortgage is paid off. This is a critical step to support the continuation of multifamily housing construction in rural communities.

- **Support outcomes-based metrics to encourage affordable housing investments within the Opportunity Zones tax incentive:**

  Recent research found that the Opportunity Zones tax incentive, enacted in 2017, has spurred $89 billion in investment across eligible communities nationwide and has generated more than 313,000 new residential addresses between 2019 and 2024—roughly doubling the number of new housing units added in LMI neighborhoods during this period. As Congress considers a potential extension or expansion of the Opportunity Zones incentive, there is a valuable opportunity to incorporate outcomes-based housing metrics in the program's design. JPMorganChase encourages Congress to ensure Opportunity Zone investors track housing development in eligible communities and incent affordability for working households.

## Ensure Robust and Sustained Support for Proven Programs that Produce and Preserve Homes

- **Support Community Development Financial Institutions:**

  Community Development Financial Institutions (CDFIs) are important housing supply partners that assemble public and private financing sources to help build and preserve affordable housing. The Community Development Financial Institutions Fund (CDFI Fund), housed within the U.S. Department of the Treasury, administers a number of programs that enable CDFIs to scale their work in LMI communities. This includes the CDFI Fund Program, which provides Financial Assistance and Technical Assistance awards to help CDFIs grow and sustain their work, and the Capital Magnet Fund, which provides competitively awarded grants to CDFIs and eligible nonprofit housing organizations to finance affordable housing and related economic development activities. These and other CDFI Fund programs have successfully helped scale CDFI capacity, increase access to capital for LMI borrowers, and accelerate neighborhood revitalization initiatives. The CDFI Fund enjoys significant bipartisan support, including a bipartisan Senate Community Development Finance Caucus. JPMorganChase supports efforts to meet the demand for CDFI Fund programs.

- **Support Effective HUD Programs that Boost Supply:**

  HUD administers several longstanding and proven housing programs that provide funding to help build and preserve homes that are affordable to LMI families. For instance, the HOME Investment Partnerships Program (HOME Program) provides grants to states and localities to support affordable housing activities—including building or rehabilitating single-family and multifamily homes—and the Community Development Block Grant (CDBG) program provides flexible grant funding to states, cities, and counties that can be used to support a range of housing activities for LMI people. Both the HOME Program and CDBG Program are often used as complementary funding sources in LIHTC projects and help deepen rental affordability by further offsetting development costs.

## Leverage Federal incentives to Reduce Local Barriers to Housing Production

- **Enact the Housing Supply Frameworks Act to support states and localities with resources and best practices to confront barriers to housing development:**

  Congress can support targeted solutions that reduce barriers to housing production at the local level. Land use and zoning decisions have long been identified as a major barrier to housing production across the country, yet many of these decisions fall within the purview of state and local governments. The bipartisan Housing Supply Frameworks Act would direct HUD to establish frameworks for best practices on zoning and land-use policies. The frameworks would provide states and localities with guidance to consider pro-growth housing laws, ordinances, and regulations that spur housing construction.

## *Recommendations for the Executive Branch*

### Promote Inter-Departmental Collaboration to Advance Solutions to Supply Challenges

- **Establish an Interagency Working Group to Advance Housing Supply:**

  The scale of existing housing supply and affordability challenges requires concerted regulatory and legislative solutions with ample coordination across federal agencies and programming. To do so, the federal government could create and align interagency programs and funding streams to maximize resources and impact at the community level. Establishing an interagency working group focused specifically on addressing the nation's housing supply shortage would leverage the federal government's broad expertise and authority to drive housing production, affordability, and stability in the long-term.

- **Leverage Federally-Owned Land:**

  A growing area of focus is the strategic use of federally owned land to address insufficient supply and alleviate demand pressures for affordable housing in various regions across the country. By repurposing surplus or underutilized federally owned land where there is acute housing need and land is suitable for development—such as developable land near transit, jobs, healthcare, and educational opportunities—regions could reduce the high costs associated with land acquisition and increase the economic viability of housing construction. This approach could significantly increase the supply of housing affordable to residents in areas with acute housing needs.

- **Leverage Federal Housing Finance Agency Entities:**

  There are also opportunities to increase attention on housing supply challenges through the Federal Housing Finance Agency (FHFA) and the entities it regulates. For example, Fannie Mae and Freddie Mac continue to explore how to help increase liquidity for housing supply in hard-to-serve segments of the market, such as manufactured housing, affordable housing preservation, and rural housing. Similarly, each of the 11 regional Federal Home Loan Banks (FHLBanks) is required to contribute a minimum 10 percent of their prior year's earnings to their respective Affordable Housing Programs (AHP), which are used to finance the purchase, construction, or rehabilitation of affordable housing, as well as fund homeownership for households earning below 80 percent AMI. In 2023, the FHLBanks all voluntarily committed to increase their AHP support to 15 percent of their earnings, exceeding the statutory requirement. JPMorganChase supports the FHLBank's AHP initiative and encourages FHFA to continue supporting the FHLBanks' contributions to affordable housing and community development.

- **Align Housing and Transportation Incentives:**

  Another opportunity for alignment could be supporting housing production and transportation development which are two mutually reinforcing issue areas that, through a coordinated approach, could result in stronger neighborhood outcomes. Research shows that current and prospective federal funding for transportation far outpaces that for housing production. In partnership with HUD, the Department of Transportation could give additional preference to discretionary grant applicants that implement local-level regulatory and zoning reform to increase housing development. Through intentional inter agency coordination, the federal government can more holistically and effectively advance solutions to meet the scale of housing supply and affordability challenges.

- **Expand Federal Incentives that Encourage Localities to Increase Housing Supply:**

  Accessory dwelling units (ADUs)—also often referred to as backyard cottages or granny flats—help increase supply, utilize innovations in construction techniques, and generate wealth building opportunities for existing homeowners. Reforming local land use and zoning policies to allow for the construction of ADUs has been a successful and viable approach to increasing housing supply at the local level. California has passed 17 bills related to ADUs since 2016, which has resulted in a substantial increase in ADU permitting—from approximately 1,000 ADU permits in 2016 to more than 20,000 ADU permits in 2021. To further facilitate the adoption of ADUs, the Federal Housing Administration (FHA) implemented policy changes to allow projected ADU rental income to qualify for FHA-insured financing in 2023. Aligning GSE and VA income qualification standards for ADU rental income with the changes adopted by FHA would make it easier for homeowners to finance and build ADUs, thereby increasing housing supply and household wealth building opportunities.

## Advancing Affordable, Sustainable Homeownership

### Increase Availability of Affordable, Sustainable Mortgages

- **Reduce costs and complexity of mortgage origination and closing services:**

  Reforming policies to increase access to sustainable mortgage credit and simplify overly complex regulations can reduce closing and mortgage costs, therefore removing unnecessary barriers to homeownership for American families. To reduce the costs and complexity of mortgage origination and closing processes, JPMorganChase encourages**:**

  - Coordinated intergovernmental policies to eliminate unnecessary complexity and costs of regulatory compliance.
  - Practical solutions to address rising closing costs and hazard insurance costs.
  - Allocation of needed resources to VA's home loan program to ensure effective and efficient policy and technology development, a critical step to ensure a higher-quality homeownership experience for the nation's veterans and their families.
  - Recalibration of bank capital standards commensurate with observable risk and clarification of rules to broaden banks' ability to distribute mortgage risk.
  - Continued support for affordable products and services, such as community-based investment programs—both public and private—which have proven to deliver affordable homeownership opportunities for LMI households.

- **Develop a path to responsible, non-disruptive release of Fannie Mae and Freddie Mac from conservatorship:**

  JPMorganChase supports thoughtful and comprehensive solutions that aim to remove the GSEs from conservatorship while ensuring safety, soundness, and sustained access to responsible mortgage credit for single-family and multifamily real estate markets. These include bipartisan solutions that appropriately tackle administrative and statutory reforms to preserve a stable secondary mortgage market, ensuring that such reforms are mindful of countercyclical liquidity needs across the system. Additionally, there is an increased role for private capital, which can take on a greater share of GSE risk and deepen the market for mortgages—an action that would reduce risk for U.S. taxpayers. We underscore the importance of preserving the futures market for mortgage-backed securities and clarifying guaranty provisions. Finally, reforms should appropriately price and support affordable mortgage products and services, including by encouraging products or services that sustain and expand mortgage activity and rental housing finance—for example, the Capital Magnet Fund and Housing Trust Fund.

- **Prioritize solutions that create stable, affordable, and accessible home insurance options for all homeowners:**

  A home is the single largest financial asset that most families own, and properly priced home insurance is essential to protecting this physical and financial investment. However, private home insurance is becoming increasingly costly and inaccessible across the country. According to the U.S. Department of the Treasury, "average homeowners insurance premiums per policy increased 8.7 percent faster than the rate of inflation in 2018-2022... some consumers faced substantially larger premium increases than the national average." Recent trends in private home insurance markets have reached a point where coordinated federal action is necessary. JPMorganChase encourages the federal government to mobilize an interagency task force that can work with public and private partners to develop effective solutions to the nation's urgent home insurance challenges without dampening the value of accurate risk pricing.

- **Simplify and harmonize loan servicing rules across GSE and government programs, product types and geographies:**

  Current mortgage servicing complexities across GSE and government programs result in avoidable costs, longer timelines, and inefficiencies. JPMorganChase supports efforts by the agencies and GSEs to enhance and automate servicing processes to mitigate risk, improve efficiency, and reduce consumer costs. This involves aligning FHA, VA and USDA programs with GSE standards and making necessary revisions to adjust compensation structures to better align the needs of servicers, investors, and homeowners. By promoting consistent servicing across different loan types and geographies, the federal government can help reduce the cost of servicing a home loan, lower origination costs, and support sustainable mortgage credit—all while providing a more consistent customer experience that lowers risk for U.S. taxpayers.

- **Reform False Claims Act (FCA) to address liability protections for well-regulated financial institutions operating in housing finance:**

  The False Claims Act is intended to prohibit any person from making a false claim for payment to the government or avoiding an obligation to make a payment to the government, among other prohibitions. Violators are liable to the government in an amount equal to triple the government's damages plus a penalty that is linked to inflation. Today, FCA liability applies broadly to "knowing" false claims without specific intent to defraud and can apply to unintentional and technical errors. This broad application discourages lenders from participating in government loan programs, which may result in a claim for payment from lenders to the government, due to disproportionate FCA risk associated with unintentional acts or omissions. Congress can reform FCA to attach liability only to intentionally wrongful acts to facilitate lender return to a robust market for government guaranteed and insured mortgages.

- **Increase opportunities for private capital to play a larger role in the mortgage market:**

  Private capital can increase innovation and liquidity in the mortgage market, help reduce the GSEs' footprint, and reduce risk to U.S. taxpayers by bearing a preponderance of mortgage credit risk. This increases competition, expands the availability of mortgage credit, and lowers costs to consumers. JPMorganChase supports revisions to Reg AB II that broaden the ability to attract private capital in mortgage markets through public securitization and increased risk sharing. Incenting additional private capital ultimately increases competition that benefits consumers and reduces U.S. taxpayer exposure to mortgage risk.

- **Ensure non-bank mortgage companies have adequate servicing capacity, capital availability, and servicer oversight:**

  The shift of mortgage lending outside the heavily regulated banking system to nonbank mortgage companies has risks for U.S. taxpayers, consumer protection, and homeowner stability. Currently, nonbank mortgage companies are responsible for over two-thirds of mortgage originations and 54 percent of servicing, with even higher percentages for Ginnie Mae loans which carry the full faith and credit of the United States. Despite the risks to U.S. taxpayers, nonbank mortgage companies are subject to significantly less rigorous supervisory, capital, and liquidity requirements compared to banks, and lack clear resolution requirements. Updating non-bank capital and servicing requirements would strengthen oversight of this large segment of the mortgage market.

## Strengthen Property Rights to Ensure Families Can Realize the Full Benefits of Homeownership

- **Establish inter-agency coordination to promote the transfer of property across generations:**

  Homeownership is the primary vehicle for building and transferring wealth from one generation to the next. For many families, particularly those with low levels of income or wealth, inheriting property is a precarious time. Without the resources and tools to navigate probate, families may end up losing ownership of the property—the family home—and the associated wealth accrued through the asset. Heirs property arises most often when a homeowner dies without a will or other formal estate plan and several people gain rights to indivisible shares in the same home or piece of land, or when an owner has a will that equally distributes the property among multiple descendants. It is one of the most unstable and insecure forms of real property ownership, greatly increasing the risk of property loss due to deed fraud, land speculation, property partition sales, or tax default. According to Fannie Mae and the Housing Assistance Council (HAC), there are an estimated 5.45 million acres of heirs properties across the United States, with an estimated value of $41 billion. HUD has an opportunity to lead inter-agency coordination that ensures all homeowners are equipped with the knowledge, tools, and resources necessary to transfer their property and preserve wealth across generations.

- **Enact the HEIRS Act:**

  The Heirs Estate Inheritance Resolution and Succession (HEIRS) Act of 2025 aims to create a new HUD grant program to equip states and community organizations with financial and technical resources to address and resolve existing cases of heirs property. If passed, the HEIRS Act would help heirs property owners clear title to their property and, as a result, increase their ability to access needed public resources like disaster recovery programs. The HEIRS Act is a strong complement to the existing USDA Heirs Property Relending Program (HPRP), which provides loans through eligible CDFIs to help resolve heirs property cases for owners of agricultural land. The Heirs Education and Investment to Resolve Succession of Heirs Property Act of 2024 would also reauthorize the HPRP and direct USDA to incorporate pro-bono legal support for eligible heirs property owners. In 2023, JPMorganChase outlined additional recommendations to further strengthen HPRP to preserve property ownership for farmers and agricultural landowners.

- **Reintroduce and enact the Good DEED Act:**

  The Good Documentation and Enforcement of Estate Deeds (Good DEED) Act, introduced in the 117th and 118th Congress, aims to combat deed fraud and title theft by establishing a $10 million annual grant program through HUD. This program would assist in the prevention and investigation of these crimes, identify best practices to reduce their occurrence, and add deed fraud to the Uniform Crime Reporting System to better track and understand the scale of the issue. Additionally, the Good DEED Act would support victims in reclaiming title to their property, thereby strengthening both preventative and remedial measures to preserve homeownership. If passed, this bill would be a significant step forward in safeguarding property rights and ensuring homeownership stability for all Americans.

The housing market is at an inflection point, and concerted efforts by the public and private sectors can meaningfully advance a housing economy that works for all Americans. JPMorganChase is committed to leveraging the strength of our business, philanthropic investments, data expertise, and community partnerships to advance policies that increase housing supply, reduce housing costs, and promote access to homeownership.