



MORTGAGE BANKERS ASSOCIATION

May 13, 2025

The Honorable Reuben Gallego  
United States Senate  
502 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable David McCormick  
United States Senate  
702 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senators Gallego and McCormick:

We write in strong support of your bipartisan legislation, S.1527 the Housing Affordability Act to update the Federal Housing Administration's (FHA) multifamily insurance programs to accurately capture the true cost of apartment construction. FHA's current base statutory limits reduce the number of housing units HUD will insure nationwide. The statutory limits have not been adjusted since 2003. They are now significantly below multifamily construction costs and serve as an unintentional regulatory barrier that constrains access to middle income housing nationwide. Such outdated limits are inconsistent with HUD's goal of providing decent, safe, and sanitary housing.

Almost all communities – from Columbia, South Carolina to Springfield, Massachusetts – are now treated as "high-cost areas" under the current limits. Rather than operating as intended to prevent HUD from providing coverage of high-end luxury housing, the statutory limits and inaccurate index have combined to strangle urgently needed workforce housing projects across the country. Changing the index used for future annual inflationary adjustment from the Consumer Price Index (CPI) to the Price Deflator Index of Multifamily Residential Units Under Construction (released by the Census Bureau) instead will help FHA accurately track the cost of residential construction going forward.

Updating the base statutory limits and using an accurate index for construction costs will immediately leverage significant private investment in housing to expand supply and bring additional payments into the FHA Mortgage Insurance Premium fund. It will free up federal resources consumed by FHA staff administering needless regulatory requirements imposed by the outdated statutory limitations. We look forward to working with you to encourage bipartisan support for your legislation – and to working with you to advance the legislation through the Senate.

Sincerely,

Mortgage Bankers Association  
Institute of Real Estate Management  
The Real Estate Roundtable  
National Association of REALTORS®  
National Housing Conference  
National Apartment Association  
CRE Finance Council  
National Affordable Housing Management  
Association

National Association of Home Builders  
National Leased Housing Association  
National Association of Housing Cooperatives  
National Multifamily Housing Council  
National Association of Affordable Housing Lenders  
Council for Affordable and Rural Housing  
American Land Title Association