



MORTGAGE BANKERS ASSOCIATION

May 2, 2023

The Honorable Bob Menendez
United States Senate
528 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Menendez:

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 Such outdated limits are inconsistent with HUD's goal of providing decent, safe, and sanitary housing.

Almost all communities – from Columbia, South Carolina to Cleveland, Ohio – 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 combine 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 inflation in residential construction going forward.

We appreciate your efforts on this critical housing issue during difficult budget circumstances. 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 defray the cost of other HUD programs. 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
National Association of Home Builders
National Association of REALTORS®
National Multifamily Housing Council
National Housing Conference
National Apartment Association
Institute of Real Estate Management
National Affordable Housing Management Association
National Leased Housing Association
Council for Affordable and Rural Housing
The Real Estate Roundtable
National Association of Housing Cooperatives
cc: All Members, Senate Banking, Housing & Urban Affairs Committee