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Biden Administration announces new housing policies: Three areas of primary interest to community associations - by C. Scott Canady

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In May the Biden administration announced policies to lower housing costs and increase the supply of homes for sale and rent. CAI has evaluated the announcement and identified three areas of primary interest to community association board members, managers, and business partners: Zoning reform; preserving existing housing; and limiting investor purchases of foreclosed homes.

Zoning Reform

The Biden administration links higher housing prices to a slowdown in home and apartment construction compared to prior decades. An estimated shortfall of 1.5 million new homes has left first-time homebuyers and rental households fewer and more expensive options, according to Moody's Analytics estimates.

Zoning requirements are singled out as a leading cause of the housing shortage. According to the White House announcement, single-family zoning, minimum lot sizes, and minimum parking requirements limit construction of mixed-use apartments, condominiums, and accessory dwelling units (ADUs).

The White House has called for zoning reforms by local governments to increase housing supply through ADU construction. The White House projects zoning reform by state and local governments will lead to 1 million new ADUs nationwide in the next five years.

CAI's newly adopted public policy on ADUs in Community Associations and public policy on Short-Term (Vacation) Rentals in Community Associations are based on the concept that community association homeowners are best positioned to manage their communities. This approach is consistent with our constitutional framework that limits federal government authority over state and local government land-use policy.

Because the federal government lacks direct authority over many state and local government land-use decisions, federal programs are sometimes used to persuade state and local officials to change zoning ordinances. The Biden administration's housing plan takes this approach. Land use and zoning requirements will now be considered by the U.S. Department of Transportation when awarding certain competitive transportation funds to state and local governments.

Preserving Existing Housing

The White House proposal seeks to preserve existing rental housing through federal loan guarantees to finance rental housing rehabilitation. CAI believes this priority must be extended to aging condominiums and housing cooperatives to preserve ownership housing.

CAI has called on the U.S. Department of Housing and Urban Development to support the Securing Access to Financing for Exterior Repairs (SAFER) in Condos Act. This legislation, introduced by Reps. Charlie Crist (D-Fla.) and Debbie Wasserman Schultz (D-Fla.), will help condominium homeowners afford special assessments related to building structural repairs.

CAI will meet with HUD officials in June to discuss the SAFER in Condos Act and federal loan guarantee proposals to support financing for condominium association and housing cooperative structural repairs. Condominiums and housing cooperatives are an affordable homeownership option for millions of households. Preserving this housing must be a national priority.

Limiting Investor Purchases of Foreclosed Properties

Corporations are acquiring homes at a higher rate than in previous years, accounting for 25% of all home purchases in the 3rd quarter of 2021. Corporate owners typically convert homes, including homes acquired in community associations, to rental housing. Homebuyers are left competing for fewer homes, which artificially increases home prices and limits homeownership opportunities. The Biden administration's housing plan levels the playing field for households seeking to purchase a foreclosed property as their primary residence.

The administration will require federal housing agencies, such as Fannie Mae and Freddie Mac, to offer foreclosed homes for sale to buyers who will live in the home as their primary residence prior to accepting bids from corporate buyers. The administration also will require federal housing agencies to offer foreclosed properties for sale to nonprofit organizations with a homeownership mission before accepting bids from corporations. Because federal housing agencies own, guarantee, or insure 70% of all outstanding mortgage debt, this policy change will allow homebuyers and housing nonprofits to submit offers on foreclosed properties without competing against cash offers from corporations.

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