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## U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES

– RANKING MEMBER MAXINE WATERS –

H.R. REVISED HOUSE VERSION

H. RES. AMENDING H.R. 6644, THE “21<sup>ST</sup> CENTURY ROAD TO HOUSING ACT”

### MYTH VS. FACT

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1. ***Myth: The House “21<sup>st</sup> Century ROAD to Housing Act” is an attempt to kill the Senate’s version of the bill.***

***Fact:*** The House version of the “21<sup>st</sup> Century ROAD to Housing Act” retains 88% or 38 of the 43 provisions in the Senate-passed bill. Ranking Member Maxine Waters and Chairman French Hill of the House Financial Services Committee recognized that more could be done to improve and strengthen the Senate’s legislation and worked together to restore and add numerous bipartisan, House-passed provisions to make the package more impactful and ensure families and communities have every tool possible to address the ongoing affordable housing and homeless crisis. Among these many provisions are a pilot to increase access to small-dollar mortgages; language to support participation of housing cooperatives, an affordable housing option; a provision to increase permitting of building types that allow for more family-sized affordable units; the removal of duplicative environmental reviews and the recognition of prior environmental reviews to expedite the construction of housing; and a study to increase awareness of available heirs property resolution tools and identify solutions to assist families of heirs properties. The updated language also revises the Senate’s language banning corporate ownership of single-family homes to protect the bill from constitutionality challenges and to close problematic loopholes included by the Senate.

2. ***Myth: The House “21<sup>st</sup> Century ROAD to Housing Act” guts the ban on institutional investors from the bill.***

***Fact:*** The House revised bill maintains a clear and strong prohibition on institutional investors, including private equity, from purchasing single-family homes, including continuing the Senate’s ban from owning more than 350 units. The House bill adds language to allow the continued construction and financing of critical new rental housing by removing a Senate provision that would force the sale of these homes, likely unconstitutional language that would also result in avoidable and unnecessary evictions of thousands of families. The House-revised bill would also create a Consumer Financial Protection Bureau-style renter complaint hotline and public website for reporting, require HUD to track and resolve renter disputes with corporate landlords and require annual reporting on these documented disputes, along with publishing a list of corporate landlords and the number and location of their properties.

The House revised bill also reins in several Senate exemptions to the private equity ban and offers more relief to and protections for tenants and homebuyers. The House eliminated the Senate’s harmful loophole that would allow corporate landlords to take advantage of renters with land contracts which aren’t subject to landlord-tenant laws. The House bill also adds First Look guardrails on federally-backed foreclosed properties, requiring servicers to provide individuals and approved nonprofits the first chance at buying the home before selling. The House revised bill also adds appropriate exceptions that were overlooked by the Senate, including exempting housing supported with Low-Income Housing Tax Credits (LIHTC) and other affordable housing programs with restricted affordable rent.

3. ***Myth: The House has gone rogue and insists on only taking up their own housing bill.***

***Fact:*** The House Financial Services Committee has made numerous requests to have formal or informal discussions with the Senate Banking Committee, but those requests have been rebuffed and unanswered. Conference Committees are a usual part of the legislative branch, often occurring on an annual basis such as the National Defense Authorization Act (NDAA) whereby multiple Committees coordinate across a bicameral basis to share input and find agreeable resolutions. Representatives from both chambers have a constitutional duty to weigh in and advocate for the needs of their constituents, especially on critical issues, including the most basic need—housing. Despite the Senate’s rejection of working with the House, Ranking Member Waters and Chairman Hill sought to retain as much of the Senate bill as possible, keeping 88% of the Senate’s bill and only including additional provisions from the House-passed bill from February, with an overwhelming vote of 390-9.

4. ***Myth: The House’s banking provisions represent a “Trojan Horse” that prioritizes deregulatory giveaways to Wall Street.***

***Fact:*** On the contrary, most of the House bill’s banking provisions **focus on the smallest banks**. For example, one threshold is updated to allow roughly the same portion of community banks to be eligible for an 18-month exam cycle. Large banks are excluded from such relief.

Furthermore, the House bill would **curtail** the ability for megabanks to grow bigger without competition in several ways:

- Deregulation during Trump’s first term led to three of the four largest bank failures in U.S. history when three regional banks, including Silicon Valley Bank (SVB) failed in 2023. Instead of further deregulating large banks, the House bill includes **new limitations to prevent megabanks from acquiring a failing bank when other bidders are available**, like when JPMorgan Chase purchased First Republic Bank in 2023 and grew bigger. The House bill would also provide transparency of other large bank failures, including if there was any bank mismanagement, if systemic risk tools are used again. *Similar reforms were included in the RECOUP Act and supported by nearly all Senate Banking Committee members.*
- The House bill would **codify and enhance a mentor-protégé program** where community banks – including community development financial institutions (CDFIs), minority depository institutions (MDIs), and rural banks – get advice and support from the largest banks to help the smaller ones grow and thrive.
- The House bill would **support the formation of new banks (called “de novo banks”)**, including new MDIs, CDFIs, and rural banks. On average, only 7 *de novo* banks were formed annually over the past decade, compared to about 150 *de novos* formed in the decade prior to the global financial crisis.

At a time when CDFI banks have come under attack by the Trump Administration, the House and Senate should be working together with reforms that support these critical institutions. That’s why groups like the Community Development Bankers Association, which represents CDFI banks, support these provisions.

5. ***Myth: The House’s community bank and credit union provisions don’t do much for housing and will undermine safety and soundness, encouraging banks to engage in risky behavior.***

***Fact:*** Community financial institutions have been disappearing and finding it challenging to compete for deposits, which they need to make loans. At the end of 2016, the U.S. had roughly 11,700 depository institutions. The U.S. has since lost more than 3,000 community banks and credit unions, or more than one out of every four. Meanwhile, megabanks have grown rapidly over the same time, increasing their

assets by more than 56% to nearly \$17 trillion. These dynamics were made worse when many small businesses moved their accounts to megabanks after the regional banks failed in 2023.

In response, the House bill **gives community financial institutions new avenues to compete for deposits that have moved to the megabanks.** This includes expanding reciprocal deposit options to allow community banks – including community development financial institutions (CDFIs), minority depository institutions (MDIs), and rural banks – to acquire more funding and enhance coverage beyond the FDIC’s current \$250,000 deposit insurance cap to small business, non-profits, and churches in their communities. These reforms are a good first step and complementary with the Ranking Member’s push for broader deposit insurance reform. **And with more deposits along with other reforms to expand public welfare investments, banks will be able to provide additional financing for homebuyers and housing developers.**