



## **Building Our Future: Increasing Housing Supply in America**

**Testimony of**

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**Before the**

**Subcommittee on Housing and Insurance**

**of the**

**Housing Committee on Financial Services**

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## Introduction

Chair Flood, Ranking Member Cleaver, and other distinguished members of the House Financial Services Subcommittee on Housing and Insurance, thank you for the opportunity to testify during the subcommittee's hearing entitled, *Building Our Future: Increasing Housing Supply in America*. I am Nikitra Bailey, Executive Vice President of the National Fair Housing Alliance® (NFHA™). NFHA leads the fair housing movement and works to eliminate housing discrimination and ensure equitable housing opportunities for all people and communities through its education and outreach, member services, public policy, advocacy, housing and community development, tech equity, enforcement, and consulting and compliance programs. NFHA represents over 200 local non-profit fair housing enforcement agencies throughout the U.S.

Our nation is in the throes of a fair and affordable housing crisis impacting millions and the actions of President Trump issuing executive orders attempting to ban diversity, equity, inclusion, and accessibility; punitively and haphazardly throwing together a federal funding freeze; and canceling almost half of the funding grants for local non-profit fair housing agencies throughout the U.S. have caused chaos, fear, insecurity, and dysfunction around the country. Instead of providing everyday people of our nation with practical solutions while they are struggling with skyrocketing housing costs, a lack of affordable housing supply, increased complaints of housing discrimination, and technology's growing role in determining housing decisions with solutions, steps on the ladders of opportunity are being removed for frontline workers-police officers, certified nursing assistants, teachers, firefighters, hospitality workers, and construction workers who risked their lives to keep the economy afloat during the COVID-19 crisis. These haphazard executive actions will cause serious economic and personal injuries that will undermine our already fragile housing market and our nation.

Housing is fundamental to the American Dream and people want elected leaders to quickly implement solutions to ensure they can fairly access opportunity and share in the nation's prosperity. Housing was a top concern for voters during the November election. People are seeking solutions that will drive down the rising costs of housing and provide fair market rents, expand fair access to mortgage credit in underserved communities, reduce homeowners' insurance costs, and produce the development of over five million affordable housing units. Voters supported initiatives nationally that would provide them the fair and affordable housing opportunities they deserve and that are essential to achieving the American Dream.

Diversity, equity, inclusion, and accessibility are synonymous with hard work, fairness, merit, and standards of excellence. They are a cornerstone of our nation's Constitution and civil rights laws and help to ensure compliance with our nation's robust anti-discrimination laws.

Despite recent efforts to spread misinformation and intentionally ignore the progress of civil rights in this country, here are the facts:

- Diversity, equity, inclusion, and accessibility initiatives are designed to create opportunities where none previously existed.
- Our country's fair housing laws, as well as our framework for civil and equal rights, are grounded in providing rights to people that have always made up this nation and contributed significantly to building and defending the nation.

- Inclusion guarantees everyone has the right to the promises and protections of our laws and that no one is omitted because of their protected class status.
- Accessibility ensures people can actually take advantage of the vital opportunities needed to thrive.

In fact, many of these concepts are codified in our civil rights laws and regulations as well as the Constitution.

Congress established fair housing as a national policy of the U.S. with the passage of the Fair Housing Act of 1968. The landmark legislation provides two promises:

- The right for all people to access housing free of discrimination; and
- The creation of inclusive and vibrant communities with life affirming amenities everyone needs to thrive.

The President cannot upend our country's national policy, the Constitution or civil rights laws via executive orders.

Congress must act quickly to make equitable housing investments that promote financial inclusion and stimulate economic growth for everyone as housing continues to drive inflation. The Federal Reserve Board lacks the power to lower housing inflation.<sup>1</sup> A housing market in which all people cannot participate fairly, without regard to race, color, national origin, religion, gender, familial status, or disability, is a broken market both economically and morally.

The Housing Crisis Response Act sponsored by Ranking Member Waters provides a sensible path forward. It includes \$150 billion in relief for the nation's fair and affordable housing crisis to ensure people living in urban, rural, and suburban communities' housing needs are met. Increased support and intervention from our federal government is needed, not a withdrawal from basic civil rights.

We welcome the Subcommittee's commitment to promoting fair and affordable housing for all.

My testimony draws heavily from previous testimonies<sup>2</sup> and highlights the following issues driving the fair and affordable housing crisis as well as describing necessary and practical solutions:

1. The Trump Administrations executive actions are worsening the fair and affordable housing crisis.
2. Segregation and discrimination continue to be part of the U.S. housing market.

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<sup>1</sup> Samantha Delouya, [What's Propping Up Inflation? Blame Housing](#), CNN (Feb. 11, 2025).

<sup>2</sup> See, e.g., [Testimony of Nikitra Bailey, National Fair Housing Alliance](#), Hearing before the House Financial Services Subcommittee on Housing and Insurance entitled, [The Characteristics and Challenges of Today's Homebuyers](#) (March 20, 2024); [Testimony of Nikitra Bailey, National Fair Housing Alliance](#), Hearing before the House Committee on Financial Services, entitled, [Boom or Bust: The Need for Bold Investments in Fair and Affordable Housing to Combat Inflation](#) (Dec. 1, 2022); [Testimony of Nikitra Bailey, National Fair Housing Alliance](#), Hearing before the House Select Committee on Economic Disparities and Fairness in Growth, entitled, [Promoting Economic Disparity and Fair Growth through Access to Affordable and Stable Housing](#) (March 1, 2022).

3. Appraisal discrimination continues to undercut wealth-building opportunities for households of color.
4. Many communities remain underserved because of the lack of small dollar loans.
5. Zoning can be a barrier to fair and affordable housing.
6. Institutional investors are exacerbating the fair and affordable housing crisis.
7. LIHTC and other tax credits are needed to provide consumers with housing options.
8. Some housing policies risk gentrification and displacement.
9. Climate-related disasters are causing rising homeowners insurance costs.
10. The GSEs need to fulfill their mission mandates and Congress should not allow the Trump administration to override Fannie Mae and Freddie Mac's congressional charters with privatization.
11. The Federal Home Loan Banks continue to reap private benefits rather than promote fair and affordable housing.
12. CDFI Fund investments support wealthy developers instead of potential homebuyers.
13. Artificial intelligence related to housing and lending offers both promise and peril.

## **Background: People in America Are Facing a Dire Fair and Affordable Housing Crisis**

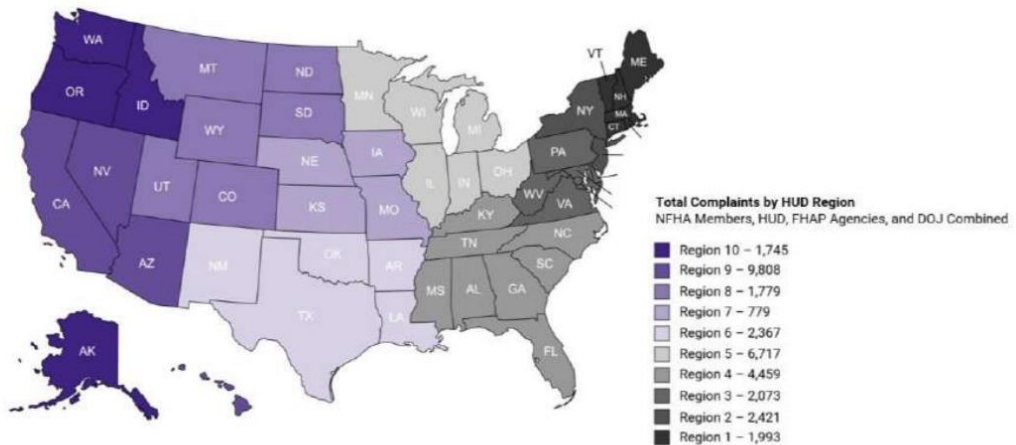
The people of America are facing a dire fair and affordable housing crisis that impacts every aspect of their lives. In this country, place is inextricably linked to opportunity: where we live determines our access to fresh air, clean water, well-resourced schools, healthcare facilities, reliable transportation, good jobs, quality internet service, and much more. In the U.S., too many people are stuck in places that impede rather than promote their ability to thrive. Following is a description of how the housing crisis is both a "fair" and "affordable" housing crisis.

## THE FAIR HOUSING CRISIS

### Housing Discrimination Complaints Are at an All-Time High

#### Housing Discrimination Complaints by Region

Total Fair Housing Complaints by HUD Region  
Fair Housing Trends Data, 2023



Throughout America, people are facing a dire fair housing crisis, which severely restricts their ability to access housing opportunities. At this moment, we are seeing the largest number of fair housing discrimination complaints ever.<sup>3</sup> Every year, there are over 4 million instances of housing discrimination, with most going unreported. Discrimination based on disability accounted for the majority of complaints, while complaints of harassment increased by 66 percent and complaints based on color increased by 35 percent. The largest increases in complaints based on color originated from rental complaints and harassment complaints. There was also an uptick in “other” complaints based on age or student status, sexual orientation, gender identity or gender expression, and victims of domestic violence. The continued increase in domestic violence complaints is especially concerning, as it doubled in size from 2020 to 2021 and has continued to rise each year since.

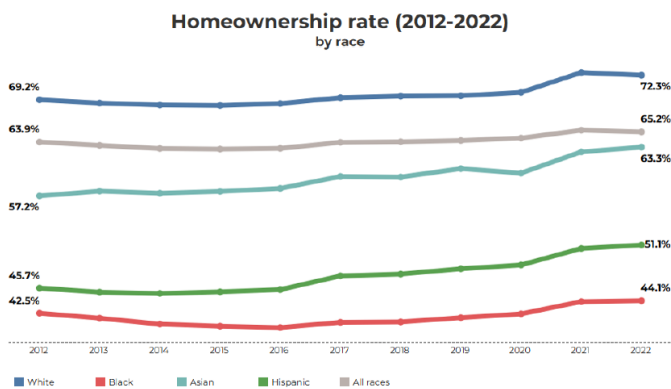
Although private nonprofit fair housing organizations continued to process over 75 percent of these complaints, the Trump administration’s so-call Department of Government Efficiency (DOGE) abruptly issued letters canceling the Fair Housing Initiatives Program (FHIP) funding awards of these local non-profit fair housing agencies on the night of February 27, 2025. The FHIP was created in 1987 under the Reagan administration to establish and support a network of highly experienced private fair housing enforcement organizations throughout the nation to foster compliance with the Fair Housing Act and state and local fair housing laws through enforcement and education. Despite the FHIP being one of the U.S. Department of Housing and Urban Development’s (HUD) most efficient and effective programs, HUD sent notices terminating 78 grants effective immediately. These terminations included 37 Education and Outreach Initiative (EOI) grants, including EOI-Sexual Orientation and Gender Identity, EOI-

<sup>3</sup> NFHA, [2024 Fair Housing Trends Report](#) (2024).

Advancing Racial Equity, and EOI-Targeting Fair Housing grants; 34 Private Enforcement Initiative grants; and seven Fair Housing Organizations Initiative Continued Development Component grants representing a total of \$12.1 million. These organizations have effectively assisted vulnerable communities, including people with disabilities, people of color, religious minorities, families with children, survivors of domestic violence, seniors, and LGBTQ+ people, with being made whole after experiences with housing discrimination. These organizations also reformed sexual harassment, racial steering, and redlining practices in housing. If anything, these private nonprofits need substantially more resources to address these critical problems and ensure fair housing opportunity for all.

## The Black-White and Latino-White Homeownership Gap Remains Wide and Persistent

Homeownership Trends by Race in the Last Decade



Source: NAR Snapshot of Race and Home Buying in America

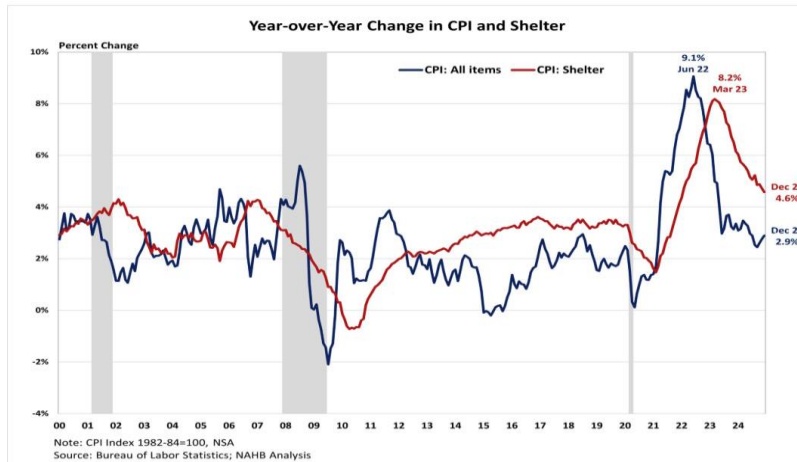


The homeownership gap remains wide and persistent. Currently, the homeownership rate is about 72 percent for White households, 51 percent for Latino households, and 44 percent for Black households. That means that the White homeownership rate is 64 percent higher than the Black homeownership rate, 41 percent higher than the Latino homeownership rate, and 14 percent higher than the Asian homeownership rate. In 1960 (before passage of the Fair Housing Act in 1968), there was a 27-percentage point gap between Black homeownership (38 percent) and White homeownership (65 percent).<sup>4</sup> So, the current Black-White homeownership gap of 28-percentage points is **higher** than it was when housing discrimination was legal.

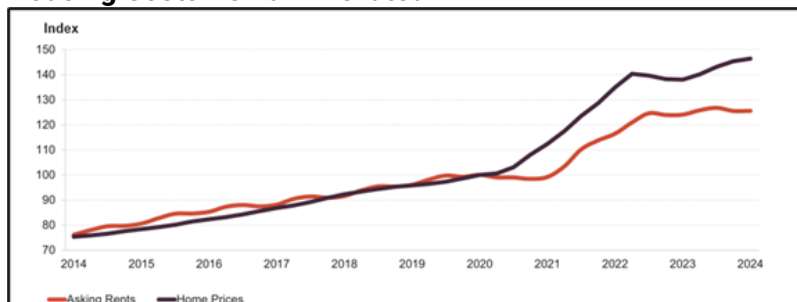
<sup>4</sup> National Association of REALTORS® Research Group, [2024 Snapshot of Race and Homebuying in America](#) (2024); Urban Institute, [Reducing the Racial Homeownership Gap](#).

## THE AFFORDABLE HOUSING CRISIS

### Housing Costs Are at Record Highs

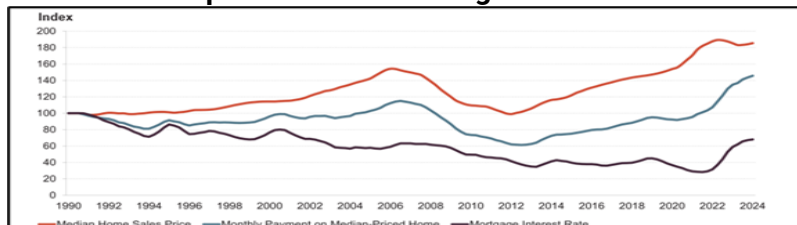


### Housing Costs Remain Elevated



Source: JCHS tabulations of US Census Bureau, ACS 1-Year Estimates

### Homeownership Costs at Record Highs



Source: JCHS tabulations of US Census Bureau, ACS 1-Year Estimates

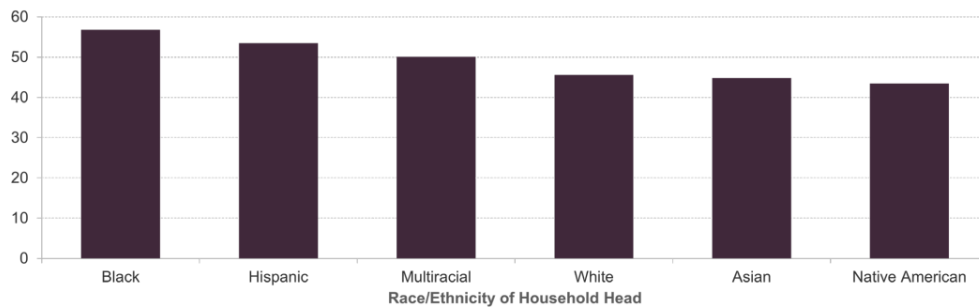
The people of America are facing a dire affordable housing crisis, which severely restricts their ability to access housing opportunities. Housing costs are a key driver of inflation and consumers in America are feeling the squeeze. In the U.S., the "shelter" category in the Consumer Price Index (CPI) includes housing costs like rent and homeownership. Currently,

shelter costs are the largest contributor to headline inflation.<sup>5</sup> As of December 2024, the index for shelter was the largest contributor to the monthly increase in all items index, accounting for nearly 37 percent of the total increase. In addition, home prices continue to rise, with the median sale price in January 2025 increasing almost five percent year-over-year, which is the 19th consecutive month of annual growth.<sup>6</sup>

## More Than Half of Renters of Color Are “Cost-Burdened”

PERSISTENT DISCRIMINATION HAS LEFT MORE THAN HALF OF BLACK AND HISPANIC RENTER HOUSEHOLDS COST BURDENED

Share of Renter Households with Cost Burdens (Percent)



Notes: Black, multiracial, white, Asian, and Native American householders are non-Hispanic. Hispanic householders may be of any race. Cost-burdened households spend more than 30% of income on rent and utilities.

Source: JCHS tabulations of US Census Bureau, 2023 American Community Survey 1-Year Estimates.

The number of cost-burdened renter households has reached record highs, further deepening the housing affordability challenge. As of 2023, 22.6 million renter households were “cost-burdened,” meaning they spent more than 30 percent of their income on rent and utilities.<sup>7</sup> Black and Latino renters were more likely than White renters to be cost-burdened. More than half of Black renters (57 percent) and Latino renters (53 percent) were cost-burdened, while about 45 percent of White renters were cost-burdened. These disparities make it more difficult for Black and Latino renters to build wealth and save for down payments for homeownership.

## Issues and Recommendations: Congress Should Promote Equitable Housing Solutions to Address the Nation’s Fair and Affordable Housing Crisis

### Issue #1: The Trump Administration’s Executive Actions Are Worsening the Fair and Affordable Housing Crisis

The Trump administration has engaged in a series of executive actions that are only worsening the fair and affordable housing crisis. The actions turn the basic definition of fairness and civil

<sup>5</sup> National Association of Home Builders, [Housing Inflation Moderates among Higher Energy Costs](#) (Jan. 15, 2025).

<sup>6</sup> National Association of Realtors, [Existing-Home Sales Decreased 4.9% in January. But Increased Year-Over-Year for Fourth Consecutive Month](#) (Feb. 21, 2025).

<sup>7</sup> Joint Center for Housing Studies of Harvard University, [Deteriorating Rental Affordability: An Update on America’s Rental Housing 2024](#) (Dec. 2024).



rights upside down to protect the powerful and undermine those merely seeking fair access to their opportunity to achieve the American Dream. These executive actions include:

- Planning to cut the U.S. Department of Housing and Urban Development’s (HUD’s) workforce by 50 percent.<sup>8</sup> Some of the most drastic reductions impact areas that support highly vulnerable people, including seniors, homeless veterans and families, and people with disabilities, and provide billions of dollars to cities and counties across the country. Without sufficient staff to run these programs, community and economic development projects, disaster recovery efforts, and housing development across the country could come to a grinding halt.
- Canceling nearly half of the signed grant agreements of local fair housing organizations assisting people with disabilities, seniors, families with children, victims of domestic violence, and others in dire situations that all rely on these vital services to ensure they have safe, affordable, and accessible homes.<sup>9</sup> The stories of affected people and organizations are included at [Appendix A](#).
- Attacking civil rights under the guise of terminating “‘diversity, equity, inclusion, and accessibility’ (DEIA) mandates, policies, programs, preferences, [positions], and activities in the Federal Government.”<sup>10</sup>
- Suspending the activities and staff of the Consumer Financial Protection Bureau (CFPB) and its ability to fully enforce the Equal Credit Opportunity Act; removing its ban on medical debt in credit reporting; and allowing Elon Musk’s so-called DOGE to access its highly confidential data without background screens, ethics training, or oaths required by federal employees.<sup>11</sup>
- Suspending the activities of the U.S. Department of Justice (DOJ) Civil Rights Division and reassigning leadership to prosecute officials from sanctuary cities that protect immigrants.<sup>12</sup>
- Terminating LGBTQ+ people’s rights by limiting the definition of “sex” to two unchangeable sexes (male and female), terminating civil rights protections on the basis of sexual orientation and gender identity, and preparing to repeal HUD’s Equal Access Rule.<sup>13</sup>
- Increasing the cost of housing supplies and labor during the nation’s fair and affordable housing crisis by imposing tariffs.<sup>14</sup>

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<sup>8</sup> Courtney Rozen, [US Housing Department to Shed Half Its Workers, Union Chief Says](#), Bloomberg (Feb. 13, 2025).

<sup>9</sup> Jesse Bedayn, [Trump Administration to Slash Funding for Enforcement of Fair Housing Laws](#), Chicago Tribune (Feb. 28, 2025).

<sup>10</sup> Trump Administration, [Ending Radical and Wasteful DEI Programs and Preferencing](#) (Jan. 20, 2025).

<sup>11</sup> Hugh Son, [Trump Administration, Musk’s DOGE Plan to Fire Nearly All of CFPB Staff and Wind Down Agency, Employees Say](#), CNBC (Feb. 28, 2025).

<sup>12</sup> Chloe Atkins and Daniel Barnes, [Trump Is Reversing the Justice Department’s Civil Rights Policies](#), NBC News (Jan. 31, 2025).

<sup>13</sup> Trump Administration, [Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government](#) (Jan. 20, 2025); HUD, [Secretary Scott Turner Halts Enforcement Actions of HUD’s Gender Identity Rule](#) (Feb. 7, 2025) (“It means getting government out of the way of what the Lord established from the beginning when he created man in His own image”).

<sup>14</sup> Erica York, [Trump Tariffs: Tracking the Economic Impact of the Trump Trade War](#), Tax Foundation.org (Feb. 13, 2025).

- Attacking, detaining, and deporting immigrants who perform much-needed housing construction and engage in other housing-related professions.<sup>15</sup>
- Delaying projects that improve communities by pausing the disbursement of funds appropriated through the Inflation Reduction Act or the Infrastructure Investment and Jobs Act.<sup>16</sup>
- Unleashing artificial intelligence and other automated systems on the housing market without the guardrails of a safe, secure, and trustworthy auditing framework.<sup>17</sup>
- Engaging in performative actions that will not lower costs, such as ordering agencies to deliver emergency housing price relief (without any authorization or funds to do so).<sup>18</sup>

**Recommendation: Congress should—**

- Lead the way in protecting congressionally mandated civil rights gained through people’s blood, sweat, tears, and lives sacrificed; demonstrating an unwavering commitment to racial equity; promoting anti-discrimination measures; and recognizing the many ways that diversity, equity, inclusion, accessibility, and fair housing benefit American society.
- Fight for a fully-staffed and fully-funded HUD, CFPB, and DOJ as well as reinstatement of FHIP and FHAP grants to the private, non-profit organizations on the frontlines working to assist people with being made whole from potential discrimination.
- Pass the Housing Crisis Response Act, including provisions for first-generation down payment assistance, housing choice vouchers, rural rental housing, and housing for seniors and persons with disabilities.

**Issue 2: Segregation and Discrimination Continue to Be Part of the U.S. Housing Market**

The roots of discrimination in housing are deep, pernicious, and persistent. Thousands of race-conscious housing, banking, and other policies created systems and structures that were highly inequitable. Unfair laws and policies also produced a dual market—a separate and unequal housing system that rewarded White households while simultaneously debilitating Black, Latino, Asian American/Pacific Islander (AAPI), and Native American households.

The Homestead Act of 1862,<sup>19</sup> which President Lincoln signed into law during the Civil War, provided more than 1.6 million land grants comprised of 270 million acres of Native American territory West of the Mississippi River (10 percent of all the land on the U.S. at the time and 14 percent of the land area of the lower 48 states) to White male settlers to encourage western expansion of the U.S. The land grants excluded Native Americans, Black Americans, and other people of color, and displaced many Native Americans from their ancestral lands. Twenty percent of the recipients, around 46 million adults, can trace their families’ wealth to this single piece of legislation.<sup>20</sup>

<sup>15</sup> See, e.g., Trump Administration, [Protecting the American People Against Invasion](#) (Jan. 20, 2025).

<sup>16</sup> Trump Administration, [Unleashing American Energy](#) (Jan. 20, 2025).

<sup>17</sup> Trump Administration, [Initial Rescissions of Harmful Executive Orders and Actions](#) (Jan. 20, 2025).

<sup>18</sup> Trump Administration, [Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis](#) (Jan. 20, 2025).

<sup>19</sup> Act of May 20, 1862 (Homestead Act), Public Law 37-64 (12 STAT 392).

<sup>20</sup> Dedrick Asante-Muhammad, et al., [The Road to Zero Wealth: How the Racial Wealth Divide Is Hollowing Out America’s Middle Class](#), at 15 (Sept. 2017).

Even laws that appeared to be racially neutral were implemented with racialized policies. For example, in the 1930s, the New Deal's federal Home Owners' Loan Corporation (HOLC) developed one of the most harmful policy decisions in the housing and financial services markets by creating a system that included race as a fundamental factor in determining the desirability and value of neighborhoods.<sup>21</sup> The HOLC also created maps that were color-coded to indicate the desirability of neighborhoods. Communities of color were coded as "hazardous" as signified by red shading on the map and were assigned a lower value—even when the residents could afford mortgage loans. Areas that contained even small numbers of Black residents were coded as "hazardous" and shaded red. This approach led to the modern-day term "redlining," which refers to restricting access to credit in communities of color.

The federal government developed other explicitly discriminatory policies that perpetuated the unfounded association between race and risk into the nation's housing and financial markets. For example, the Federal Housing Administration (FHA) encouraged the use of racially restrictive covenants and required them in exchange for supporting the new housing developments built throughout the nation's suburban communities. Even after the Supreme Court declared in 1948 that racially restrictive covenants were not enforceable,<sup>22</sup> the FHA gave preferential treatment to developers that adopted them. From 1934 to 1962, the federal government backed over \$120 billion in mortgages, but the FHA's race-based policies meant that 98 percent of these loans went to White Americans with only two percent of loans going to Black, Latino, Asian American and Pacific Islander, and Native American individuals. Similarly, the U.S. Department of Veterans Affairs (VA) instituted the use of discrimination in the administration of the GI Bill loan programs enacted by Congress in 1944.<sup>23</sup> In the state of Mississippi alone, just two out of 3,229 VA-insured mortgages went to Black servicemembers seeking to finance a home, business, or farm in the first three years of the program.<sup>24</sup>

Even after passage of the Fair Housing Act in 1968 and Equal Credit Opportunity Act in 1974, policies of the federal government and private actors continued to perpetuate segregation and discrimination. Explicitly race-based policies were replaced by subtler "race-neutral" methods of excluding people of color. For example, in the 1960s and 1970s, the federal government began the urban renewal program and transportation projects in which cities often used eminent domain to condemn and raze housing, businesses, and churches and displace residents of Black communities.<sup>25</sup> In addition, exclusionary zoning policies have made it difficult for low- and even moderate-income households to live in many well-resourced communities.<sup>26</sup> Moreover, Home Mortgage Disclosure Act data reveals each year that Black and Latino borrowers are

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<sup>21</sup> The Home Owners' Loan Act of 1933 established the HOLC as an emergency agency under the Federal Home Loan Bank Board. 12 U.S.C. § 1461 *et seq.* See also University of Richmond, Virginia Tech, University of Maryland, and Johns Hopkins University, [Mapping Inequality](#) (documenting the maps and area descriptions created by the HOLC between 1935 and 1940); Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (2017).

<sup>22</sup> See *Shelley v. Kraemer*, 334 U.S. 1 (1948).

<sup>23</sup> See, e.g., Alex Horton, [Racial Discrimination by Veterans Affairs Spans Decades, Lawsuit Says](#), Washington Post (Nov. 28, 2022).

<sup>24</sup> Dedrick Asante-Muhammad, et al., [The Road to Zero Wealth: How the Racial Wealth Divide Is Hollowing Out America's Middle Class](#), p. 15 (September 2017).

<sup>25</sup> See Troy McMullen, [More Cities Seek to Redress Widespread 20th-century Destruction of Black Neighborhoods](#), Washington Post (Feb. 10, 2022).

<sup>26</sup> See Margery Austin Turner and Solomon Greene, [Causes and Consequences of Separate and Unequal Neighborhoods](#), Urban Institute.

denied home mortgages at rates higher than the whole market.<sup>27</sup> Finally, technology can often be used to perpetuate discrimination instead of preventing it, for example, by using tenant screening or lending algorithms with built-in biases. Researchers found that algorithmic systems overcharge Black and Latino mortgage borrowers by \$765 million yearly,<sup>28</sup> and Automated Valuation Models<sup>29</sup> perpetuate discrimination against homeowners of color.

To combat segregation and discrimination embedded in the U.S. housing market, the “Affirmatively Furthering Fair Housing” provision of the Fair Housing Act, which became law as a memorial to Dr. Martin Luther King Jr. following his horrific assassination in 1968, requires HUD to administer its programs in a way that affirmatively furthers fair housing (AFFH). The law requires jurisdictions to take actions that undo historic patterns of segregation and other types of discrimination as well as promote fair housing choice and foster vibrant and inclusive communities. However, on February 26, 2025, HUD terminated a rule requiring local jurisdictions to provide an analysis of the barriers to fair housing.<sup>30</sup> Instead, HUD will be satisfied with a jurisdiction’s certification that it has affirmatively furthered fair housing, with no further analysis.

During the Trump administration’s first term, it focused heavily on dismantling important civil rights protections. The administration’s current actions are a continuation of that effort. Despite claims from President Trump that he wants to enforce the nation’s civil rights laws, he and his Administration are busy eviscerating civil rights rules and protections. The administration’s Interim Final Rule<sup>31</sup> repeals the Biden administration’s 2021 Interim Final Rule, which reversed the Trump administration’s devastating rollback of the Fair Housing Act’s AFFH provision. The Biden Rule was in no way onerous and established a definition for AFFH that aligned with the intent of the law. It required jurisdictions to certify that they were taking meaningful steps to Affirmatively Further Fair Housing. The Trump administration’s Interim Final Rule removes requirements for jurisdictions to take meaningful steps to comply with the law and returns us to the days when jurisdictions could sponsor poster contests at a local school to fulfill their fair housing obligations.

Jurisdictions who are serious about helping their residents do not want to host poster contests to address their communities’ fair and affordable housing crises; what they want is technical support, expert guidance, resources, and assistance from HUD to fix critical issues, like a lack of fairly-priced homes, poor access to fresh water, crumbling infrastructure, rising home insurance premiums, unfair appraisal practices, exclusionary zoning policies, and neighborhoods that cannot withstand natural disasters. With too many people living paycheck to paycheck, AFFH is critically important, opening the door for more people to live in healthy, viable, well-resourced neighborhoods with living wage jobs, clean air for our children to breathe, safe water in our homes, schools that provide our children with great educational opportunities, and adequate affordable and accessible housing.

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<sup>27</sup> Jacob Channel, Dan Shepard, Xiomara Martinez-White, [Black Homebuyers in 50 Largest US Metros 1.6 Times More Likely to Be Denied for Mortgage Than Overall Population](#), LendingTree (July 24, 2023).

<sup>28</sup> Robert Bartlett, Adair Morse, Richard Stanton, and Nancy Wallace, [Consumer-Lending Discrimination in the FinTech Era](#), University of California, Berkeley, (Nov. 2019).

<sup>29</sup> Linna Zhu, Michael Neal, and Caitlin Young, [Revisiting Automated Valuation Model Disparities in Majority-Black Neighborhoods](#), Urban Institute (May 19, 2022).

<sup>30</sup> Jeff Andres, [Trump Administration Ends Affirmatively Furthering Fair Housing Rule](#), Housing Wire (Feb. 26, 2025).

<sup>31</sup> HUD, [Affirmatively Furthering Fair Housing Revisions](#), 90 Fed. Reg. 11020 (March 3, 2025).

**Recommendation: Congress should vigorously protect the Affirmatively Furthering Fair Housing (AFFH) provisions of the Fair Housing Act, including by:**

- Conducting oversight of HUD's efforts to ensure that local jurisdictions engage in meaningful action to affirmatively further fair housing and promote inclusive communities.
- Opposing any anti-AFFH budget riders.
- Ensuring all federal agencies' housing and community development programs, including the U.S. Departments of Treasury, Transportation, and Environmental Protection Agency, comply with the obligation to AFFH.

**Issue #3: Appraisal Discrimination Continues to Undercut Wealth-Building Opportunities for Households of Color**

Appraisal discrimination continues to pose barriers to households of color seeking to build wealth through homeownership. Research shows that homes in White neighborhoods are appraised at values nearly 250 percent higher than similar homes in similar Black neighborhoods and at values nearly 278 percent higher than similar homes in similar Latino neighborhoods, depriving households of color of opportunities to build wealth.<sup>32</sup> Overall, White communities have access to over \$15 trillion more in capital because of racialized appraisal practices, and appraisal bias caused homes in Black neighborhoods in 113 metro areas throughout the U.S. to be devalued by \$162 billion.<sup>33</sup>

As of January 2025, the Trump Administration had taken down the website for the Interagency Task Force on Property Appraisal and Valuation Equity, but several states continue to engage in appraisal reform.<sup>34</sup>

**Recommendation: Congress should continue to promote appraisal reform, including by:**

- Encouraging the Federal Housing Finance Agency (FHFA) to release property-level appraisal data;
- Encouraging Fannie Mae and Freddie Mac to reduce discretion in appraisals and increase quality control and monitoring to ensure fair and consistent outcomes;
- Encouraging lenders and appraisal management companies to implement sound methods to identify and prevent appraisal discrimination, and to implement fair automated valuation models;
- Encouraging The Appraisal Foundation to require fair housing training developed by fair housing experts and to remove discriminatory barriers to the appraisal profession (including the supervisory appraiser requirement); and
- Encouraging the real estate industry to develop alternatives to the sales comparison approach.

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<sup>32</sup> Junia Howell and Elizabeth Korver-Glenn, [Appraised: The Persistent Evaluation of White Neighborhood as More Valuable Than Communities of Color](#), Eruka (2022).

<sup>33</sup> Jonathan Rothwell and Andre M. Perry, [How Racial Bias in Appraisals Affects the Devaluation of Homes in Majority-Black Neighborhoods](#), Brookings Metro (Dec. 5, 2022).

<sup>34</sup> See, e.g., [Maryland Task Force on Property Appraisal and Valuation Equity](#).

#### Issue #4: Many Communities Remain Underserved Because of the Lack of Small Dollar Loans

Rising home prices and lack of availability of small dollar mortgage loans have impacted entire cities and regions of the nation that have not fully recovered from the housing crisis. The pandemic worsened this reality as the focus of mortgage originations shifted to the wealthiest borrowers leaving many credit worthy families in the Midwest and South with limited mortgage access. Similarly, cities like Detroit are credit-starved leaving families with only exploitative credit availability.<sup>35</sup> Estimates show that small dollar mortgage lending fell by nearly 70 percent between 2004-2021.<sup>36</sup> Federally-insured banks often cite a lack of profitability in their decision not to issue small balance mortgages while their investment arms benefit substantially from their vanishing presence in the single-family market.<sup>37</sup>

**Recommendation: Congress should act to ensure consumers can fairly access small dollar mortgages by:**

- Ensuring our nation's fair lending and consumer protection laws are fully enforced, including in land contracts and rent-to-own agreements;
- Encouraging FHFA to continue eliminating fees that place homeownership out of reach for underserved borrowers while continuing to balance safety and soundness;
- Encouraging the CDFI Fund to promote the use of Special Purpose Credit Programs for CDFIs;
- Encouraging regulators to promote technological solutions to improve the experience of borrowers to reduce barriers; and
- Supporting the use of positive rental payment and cash flow data in underwriting.

#### Issue #5: Zoning Can Be a Barrier to Fair and Affordable Housing

Project 2025 urges Congress to prioritize legislative support for the single-family home zoning.<sup>38</sup> However, single-family zoning has been used to effectively lock out renters, low-income individuals, and people of color from certain neighborhoods.<sup>39</sup> While zoning and land use reforms are often discussed as a tool to improve rental housing affordability, certain reforms, such as upzoning and minimum lot sizes, can also be used to support the creation of more affordable, entry-level homeownership opportunities. For example, zoning reforms can help promote missing middle housing, such as condos in triplexes, quadplexes, and a range of other options beyond typical single-family detached homes and high-rises that help reduce the cost of construction and home prices.<sup>40</sup>

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<sup>35</sup> Ben Eisen, [Dearth of Credit Starves Detroit Housing Market](#), Wall Street Journal (Oct. 29, 2020).

<sup>36</sup> Alex Horowitz and Tara Roche, [Small Mortgages Are Too Hard to Get](#), The Pew Charitable Trusts (July 3, 2023).

<sup>37</sup> Inside Mortgage Finance, [A Stunning Year for Warehouse Lenders](#) (March 4, 2021).

<sup>38</sup> Heritage Foundation, [Project 2025 Policy Agenda](#) at 511 (2023).

<sup>39</sup> Joint Center for Housing Studies of Harvard University, [The State of the Nation's Housing](#) (2023).

<sup>40</sup> National Association of Realtors, [Promoting Affordable Housing Via Zoning Reform](#) (Nov. 8, 2023).

Some states are using legislation to reduce local zoning barriers.<sup>41</sup> In 2023, Montana and Washington passed sweeping reforms allowing other types of housing on parcels previously zoned exclusively for single-family homes, joining California, Oregon, and Maine in zoning reform. And in Massachusetts, communities served by public transit must now designate at least one zoning district that permits multifamily housing. Colorado also offers communities grants for affordable housing development as an incentive to reform zoning and expedite approval processes. Although these reforms do not guarantee increased construction, they remove substantial barriers to developing more housing types that may also be more affordable to produce.

***Recommendation: Congress should ensure no federal funding for housing and community development is utilized by jurisdictions that continue exclusionary zoning practices.***

#### **Issue #6: Institutional Investors Are Exacerbating the Fair and Affordable Housing Crisis**

Investor purchases put homeownership further out of reach for first-time homebuyers and prevent families from generating wealth that could be invested in education or small businesses or passed on to the next generation. Investors have cash on hand to outbid owner-occupants and developers are selling newly-built homes to investors because consumers face stiff barriers in accessing mortgage loans. In 2021, one in 7 homes sold in 40 major metro areas were bought by investors, driving up purchase prices by record highs.<sup>42</sup> This trend also has a disparate impact on communities of color hardest-hit by the Great Recession in the Midwest and South and who suffered unnecessary foreclosures after being steered into risky mortgages even when they qualified for loans on safer and more affordable terms. In 2021, 30 percent of home sales in majority Black neighborhoods were to investors, compared with only 12 percent in other zip codes. Moreover, research has shown that many renters living in investor-owned properties report subpar housing conditions, unexpected fees, and unresponsive management staff.

***Recommendation: Congress should take action to remedy the challenges posed by institutional investors by:***

- Passing the Housing Crisis Response Act, Neighborhood Homes Investment Act with fair housing principles, Downpayment Toward Equity Act, and LIFT Act;
- Directing the GAO to conduct an analysis of this issue and provide recommendations;
- Urging the GSEs and FHA to make every effort to sell REO assets to owner-occupants;
- Supporting lenders and other entities in developing Special Purpose Credit Programs; and
- Providing additional Community Development Block Grant (CDBG) funding strictly to allow municipalities to purchase poorly-maintained homes owned by investors, renovate them, and sell them to owner-occupants who are first-generation homebuyers.

#### **Issue #7: LIHTC and Other Tax Credits Are Needed to Provide Consumers with Housing Options**

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<sup>41</sup> Joint Center for Housing Studies of Harvard University, [The State of the Nation's Housing](#) (2023).

<sup>42</sup> Kevin Shaul and Jonathan O'Connell, [Investors Bought a Record Share of Homes in 2021. See Where](#), Washington Post (Feb. 16, 2022).

The Low-Income Housing Tax Credit (LIHTC) plays a significant role in determining where families with low incomes are able to reside. Often LIHTC properties are located in communities that are severely under-resourced and racially segregated. Rarely are LIHTC properties developed in communities that have the amenities that all residents need to thrive. LIHTC properties must be equitably developed in all communities to ensure residents have fair housing options. Further action must be taken to ensure the benefits of the LIHTC reach residents and not just wealthy developers.

***Recommendation: Congress should ensure the U.S. Treasury Department's housing and tax credit programs dismantle residential segregation, offer real choice in housing, and create thriving communities by:***

- Increasing the number of LIHTC developments that are located in well-resourced communities.
- Encouraging the Treasury Department to embed fair housing principles in Treasury's housing related and tax credit programs; and
- Encouraging federal agencies to require meaningful fair housing impact analyses in every effort to fill the nation's affordable housing shortage. Reporting requirements are a critical step, but are not sufficient to change the location, types, and cost of housing units available to households in the U.S.

#### **Issue #8: Some Housing Policies Risk Gentrification and Displacement**

The Neighborhood Home Investment Act can provide much-needed investment in underserved areas, but risks displacing people of color residing in neighborhoods of color. The bill would:

- Establish a new federal tax credit to incentivize the construction and rehabilitation of affordable homes in distressed neighborhoods;
- Allocate \$16 billion for building and rehabilitating an estimated 400,000 homes; and
- Include \$10 billion in down payment assistance for home buyers.

But historically, investment in underserved communities has led to displacement of current residents, disproportionately affecting people of color.

***Recommendation: Congress should revise and pass the Neighborhood Homes Investment Act to avert displacement of people of color and better comply with the Fair Housing Act.***

To this end, Congress should add a "Statement of Policy" that reads:

Congress –

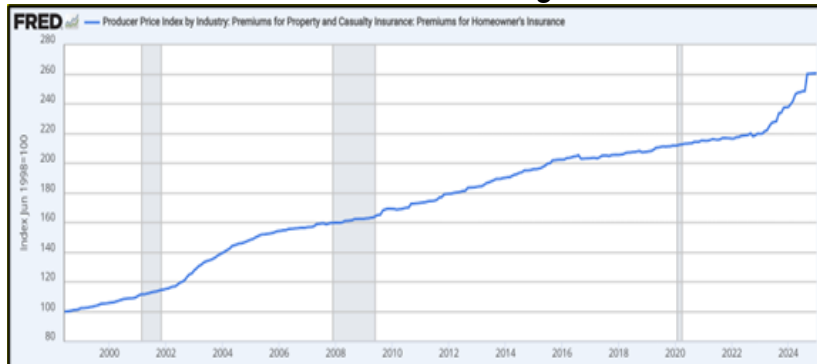
- (1) Supports continuing homeownership for current residents of distressed neighborhoods as part of the revitalization of those neighborhoods;
- (2) Seeks to minimize displacement of current residents of distressed neighborhoods; and
- (3) Expects that the Departments of Treasury and Housing and Urban Development will work together cooperatively, including through development of a



Memorandum of Understanding if appropriate, to assure that implementation of this legislation is consistent with the provisions of the Fair Housing Act.

## Issue #9: Climate-Related Disasters Are Causing Rising Homeowners Insurance Costs

### Homeowner's Insurance Costs Are Rising



Source: U.S. Bureau of Labor Statistics via FRED, Shaded areas indicate U.S. recessions

Homeowners' insurance costs are rapidly rising with increased climate-related disasters. The financial burden of insurance expenses continues to escalate dramatically. Premiums increased by 20 percent between January 2022 and January 2025, compared to a two percent increase between January 2020 and January 2022. Moreover, the people disproportionately impacted by climate-related disasters reside in formerly redlined communities, such as neighborhoods in Altadena, California. Altadena's Black residents built thriving lives there as redlining laws prevented them from purchasing homes elsewhere. Prior to the recent wildfires, 81 percent of Altadena's Black residents owned their homes, and the community was hardest-hit with property losses and several of its residents lost their lives.<sup>43</sup> Like Black victims of the Great Recession, many of Altadena's residents are seniors who lost generations of their families' wealth in the California wildfires. They must be able to successfully rebuild.

#### **Recommendation: Congress should:**

- Avoid playing politics in natural disasters funding decisions.
- Promote the adoption of equitable homeowners' insurance underwriting and pricing to adapt to climate change and to preserve access to fairly priced insurance in all communities.

## Issue #10: The GSEs Need to Fulfill Their Mission Mandates and Congress Should Not Allow the Trump Administration to Override Fannie Mae and Freddie Mac's Congressional Charters with Privatization

Discrimination in the mortgage market is by no means a relic of the past and continues to manifest in multiple ways. For Fannie Mae and Freddie Mac (the Government-Sponsored

<sup>43</sup> Gloria Oladipo, [For Black Families in Altadena, History and Community Burned alongside Homes](#), The Guardian (Jan. 18, 2025).

Enterprises or GSEs), their fair housing and lending mandate begins with their [charters](#), put in place by Congress. The charters stipulate the GSEs must:

- a. Provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities)...; and
- b. To promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas)...

The GSEs' [charters](#) make clear they have a Congressionally mandated obligation to advance fair housing and lending practices by providing credit liquidity and assistance for all market segments, including underserved areas.

In the bipartisan [Housing and Economic Recovery Act of 2008](#), Congress mandated important measures for the whole of the housing market, including the mandate to serve the broad market, even at a lower rate of return; the affordable housing goals; the duty to serve under-reached markets; and the affordable housing funds.

In addition, the GSEs are subject to the fair housing and lending laws, including the [Fair Housing Act](#), the [Equal Credit Opportunity Act](#), the [Federal Housing Enterprises Financial Safety and Soundness Act](#), and the [Wall Street Reform and Consumer Protection Act](#). This means that FHFA has a responsibility to review the GSEs' policies, programs, activities, and lending outcomes for compliance with fair housing and fair lending laws, and take appropriate supervisory or enforcement actions, when necessary. In addition, FHFA is subject to the "[Affirmatively Furthering Fair Housing](#)" provision of the Fair Housing Act, which requires FHFA to administer its programs in a manner that furthers fair housing and promotes inclusive and vibrant communities.

***Recommendation: Congress should conduct oversight of FHFA and the GSEs to ensure that they help build racial equity in homeownership, including by:***

- Fully implementing their robust Equitable Housing Finance Plans that focus on addressing the racial homeownership gap;
- Encourage the elimination of the Loan Level Pricing Adjustments<sup>44</sup> (LLPAs) as well as addressing barriers such as biased credit scores, lack of collateral and appraisal issues, and discrimination which can all restrict access to credit for underserved groups;
- Insert fair housing protections into the eligibility guidelines of all their affordable housing programs, including the Low-Income Housing Tax Credit, State Housing Finance Agency, and other programs;

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<sup>44</sup> The GSEs updated their Loan Level Pricing Adjustments grid which helped address concerns that the LLPAs presented a discriminatory impact against borrowers of color. However, the GSEs should eliminate LLPAs, which were added during the financial crisis to help the GSEs repay their tax-payer bailout and are disproportionately impacting Black and Latino consumers forcing them to pay for a future potential bailout when they were not the culprits of the Great Recession. Also, research shows that GSE lenders are not using LLPAs to insure against risk; rather, they are using the risk-based pricing to drive profits. See, Michelle Aronowitz Edward L. Golding Jung Hyun Choi, [The Unequal Costs of Black Homeownership](#), MIT Golub Center for Finance and Policy (Oct. 1, 2020).

- Including in their financing contracts an affirmative obligation for developers to build housing in accordance with the accessibility requirements mandated by fair housing laws as well as an affirmative obligation to further fair housing;
- Facilitating the widescale use of Special Purpose Credit Programs; and
- Ensure the Trump administration does not try to override Fannie Mae and Freddie Mac's congressionally-created charters with privatization.

### **Issue #11: The Federal Home Loan Banks Continue to Reap Private Benefits Rather Than Promote Fair and Affordable Housing**

Generally, the Federal Home Loan Bank (FHLBank) System and the member institutions benefit from tremendous public subsidies and private benefits while providing comparatively little in public benefits. The FHLBank System benefits from substantial public subsidies and privileges, including exemption from federal, state, and local taxes (except real estate taxes); the ability to borrow cheaply because of an implicit federal guarantee; and the ability to generate significant revenue by lending out the funds they acquired at below-market rates to their member institutions at a higher rate than they borrowed. Despite their public purpose, however, the FHLBanks return relatively little to support affordable housing. For example, in 2021, the FHLBanks paid out more than \$1 billion in dividends to their members, which was more than three times the amount they contributed to the Affordable Housing Program that year (\$314.7 million).<sup>45</sup>

#### ***Recommendation: Congress should take action to reform the FHLBank System, including:***

- Requiring the FHLBanks to direct substantially more of their net income to affordable housing, with a substantial portion of that amount dedicated to affirmatively furthering fair housing;
- Expanding the purpose of the Affordable Housing Program to include funding for climate resiliency;
- Requiring the FHLBanks to submit comprehensive Equitable Housing Finance Plans;
- Requiring the FHLBanks to ensure that member advances are not used to promote source of income discrimination in multi-family rental housing; and
- Requiring the FHLBanks to add more public interest independent directors, including those with experience in fair housing and fair lending.

### **Issue #12: CDFI Fund Investments Support Wealthy Developers Instead of Potential Homebuyers**

Despite a unique history rooted in the work of racial justice and community development advocates, research shows that the majority of Community Development Financial Institutions' (CDFIs) investments have gone to real estate developments in low-income communities, which are not necessarily communities of color. According to the Hope Policy Institute analysis of CDFI Fund recipients, White-led CDFIs held approximately \$13 billion, or 72 percent, of the total assets reported in FY2014 despite having a lower asset size than minority controlled CDFIs.<sup>46</sup>

<sup>45</sup> See [Testimony of Director Sandra L. Thompson](#), FHFA, before the House Committee on Financial Services (July 20, 2022); FHLBanks Office of Finance, Lending, and Collateral [Q&A](#) (March 25, 2022).

<sup>46</sup> Hope Policy Institute, [Closing the CDFI Asset Gap](#), (April 21, 2020).

The average asset size for White-led CDFIs increased from \$58.1 million to \$169.7 million from FY2014-FY2017, while the average asset size of minority-led CDFIs was relatively stagnant, remaining at near \$71 million. Moreover, as of 2017, only two to six percent of CDFI funds have been used to support the activities of minority depository institutions despite Section 308(b) of FIRREA directing the Federal Deposit Insurance Corporation to act in preserving minority ownership of minority financial institutions.

***Recommendation: Congress should conduct oversight of Treasury and CDFIs, including by ensuring that Treasury:***

- Develops a fair housing and fair lending oversight program that is more consistent with the oversight structure of the other federal financial regulators;
- Provides CDFIs with guidance on the use of less discriminatory alternatives to traditional credit scoring;
- Requires fair housing and fair lending training for CDFI boards, executive staff, and staff;
- Audits CDFI Community Reinvestment Act (CRA) activities for compliance with the CDFI Fund principles and fair housing and fair lending obligations;
- Allows First-Generation Downpayment Assistance and Special Purpose Credit Programs (SPCPs) to count as eligible financial products and services, including SPCPs that are designed to remove the over-reliance on discriminatory credit scoring systems or designed to consider positive rental housing payments;
- Encourages CDFI investments in investors of color;
- Requires CDFI Venture Funds seeking certification to provide data transparency and data collection to ensure compliance with our nation's fair housing and fair lending laws;
- Requires each CDFI certified by the CDFI Fund to collect and publish board and executive staff demographic information; and
- For CDFIs with assets greater than \$1 billion:
  - Requires them to enter into Community Benefits Agreements in their Target Markets to make sure their missions remain a focus of their work and loans are not just flowing to high-wealth developers;
  - Permits CDFI product innovation that better transmits the benefits of their subsidies directly to consumers;
  - Requires CDFIs to provide automatic interest rate reductions every 24-36 months for mortgage borrowers who perform well; and
  - Requires more direct mortgage lending, including to Black and female consumers through first-generation down payment assistance, Special Purpose Credit Programs, and small dollar pilot initiatives.

**Issue #13: Artificial Intelligence Related to Housing and Lending Offers Both Promise and Peril**

Artificial Intelligence (AI) holds great promise for improving systems, democratizing opportunities, lowering costs, and increasing productivity. Yet, it also holds great dangers for perpetuating bias as AI models are developed using historical data, which can exacerbate historical discrimination. AI and automated systems are already used extensively in the housing

and finance sectors, including in credit scoring, tenant screening, automated underwriting, risk-based pricing, dynamic rental pricing systems, marketing, and automated valuation models.<sup>47</sup>

Despite rental housing supply outpacing demand, the gap between rental supply and demand has widened since 2020 but rent growth has not slowed proportionally. In January, the Department of Justice expanded its lawsuit to include six large landlords in its complaint against Real Page accusing it and dozens of property management companies of colluding with raising prices.<sup>48</sup> The outcome of this case is being closely watched.

On January 20, 2025, the Trump Administration rescinded an Executive Order for the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence,<sup>49</sup> but many states are passing legislation to protect their state's consumers and advance responsible AI.<sup>50</sup>

***Recommendation Congress should advance legislative actions for safe, secure, and trustworthy use of AI to address the fair and affordable housing crisis, and so the U.S. can remain a leader in Responsible AI.***

## Conclusion

Voters want their elected leaders to provide solutions to the nation's fair and affordable housing crisis, not gamble with the health of the housing system. The Great Recession is not a distant memory. People in America continue to grapple with the devastation in their lives caused by the housing and financial crisis of 2008 where trillions were lost, including \$1 trillion in Black and Latino communities. Intentionally inclusive policies created from 2019 through the end of 2023 helped Black homeownership grow by 13 percent and Latino homeownership grow by 7.5 percent. However, the administration's actions, which we believe are unlawful<sup>51</sup> and put people in harm's way, are driving up the cost of housing and leaving millions exposed to discrimination, harassment, and retaliation with no structure for protection. The actions will not make housing cheaper. 'Out of Many, One' is our national motto – any effort to divide, stoke fear, and treat people unfairly is not in line with our nation's founding principles. America is best when united and relentlessly pursuing a country where everyone, regardless of their background, has a fair chance at reaching their American dreams. Congress must pass comprehensive housing legislation with critical equitable investments to increase the supply of fair and affordable housing in urban, rural, and suburban communities. Fulfilling fair housing laws improves

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<sup>47</sup> See [Testimony of Lisa Rice](#), President and CEO of the National Fair Housing Alliance before the U.S. House Financial Services Committee in a hearing entitled, *AI Innovation Explored: Insights into AI Applications in Financial Services and Housing* (July 23, 2024).

<sup>48</sup> Alyssa Fowers, Szu Yu Chen, Steven Rich and Rachel Lerman, [Landlords Are Accused of Colluding to Raise Rents. See Where.](#), Washington Post (Jan. 8, 2025).

<sup>49</sup> Trump Administration, [Initial Rescissions of Harmful Executive Orders and Actions](#) (Jan. 20, 2025).

<sup>50</sup> See, e.g., Colorado SB24-205, [Consumer Protections for Artificial Intelligence](#) (May 17, 2024).

<sup>51</sup> NFHA Press Release, [Civil and Human Rights Organizations Sue Trump Administration over Executive Orders Banning Diversity, Equity, Inclusion, and Accessibility and Erasing Trans People](#) (Feb. 19, 2025).

people's lives and the communities in which they live. They also strengthen our economy and make the nation more prosperous.<sup>52</sup>

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<sup>52</sup> See, Citigroup, *In Pursuit of Equity: Why America's Future Depends on Closing the Racial Wealth Gap* (2021); Jeff Cox, *Morgan Stanley Says Housing Discrimination Has Taken a Huge Toll on the Economy*, CNBC (Nov. 13, 2020); and Dana Peterson and Catherine Mann, *Closing the Racial Inequality Gaps: The Economic Cost of Black Inequality in the U.S.*, Citi Global Perspectives and Solutions 3 (Sept. 1, 2020).

## Appendix A – Impact of Fair Housing Grant Cancellations

On February 27, 2025, HUD abruptly canceled the funding for nearly half of the private fair housing nonprofits across the United States.

Fair housing has enjoyed bipartisan support for over half a century. The Fair Housing Initiatives Program (FHIP) was created in 1987 under the Reagan administration to establish and support a network of highly experienced private fair housing enforcement organizations throughout the nation to foster compliance with the Fair Housing Act and state and local fair housing laws through enforcement and education. The Fair Housing Assistance Program (FHAP) was established as part of the landmark Fair Housing Act of 1968, which passed seven days after the horrific assassination of Dr. Martin Luther King, Jr., and fosters cooperation between HUD and state and local agencies that enforce state and local fair housing laws that are substantially equivalent to the Fair Housing Act. The FHIP and FHAP are key to enabling HUD to carry out its obligation and Congressional mandate to enforce the Fair Housing Act and ensure fair housing policy is the national policy of the United States.

### Fair Housing Client Testimonials

As mentioned, halting grant funding means that direct assistance cannot be provided to vulnerable populations and people who are facing potential discrimination. Hear from several clients of the **Fair Housing Center of Washington in Tacoma, WA** and the impact the organization has had on their lives:

*“It is really disappointing that the federal government is doing this. It’s really disappointing and dehumanizing when people in positions of power treat housing services clients as if it’s a little add-on accessory to their life that isn’t necessary enough to keep funding. These services matter because people’s living situations and essential needs when it comes to their housing are the foundation of anyone’s life. When an organization steps in, that’s when justice is served and that is when things actually get done, and taking that way from people is not just taking away a housing service, it’s taking away their chance not to be discriminated against. I hope that these services are not cut because they are the only thing that has been able to actually help me get the results I was looking for and now that being taken away is just not only massively inappropriate but completely cuts all the progress I was working toward.”*

– **FHCW Client, Western Washington**

*“This office has helped me out greatly. Rental people just do not care and without this I would have had to move as I own my trailer, and it cannot be moved. They got the issues fixed and it was so easy. The most help I have ever had with [Americans with Disabilities Act] and service dog issues. Please do not take them away, we so need people out there to help us.”*

– **FHCW Client, Western Washington**

### Implications for Fair Housing

The National Fair Housing Alliance’s (NFHA) [2024 Fair Housing Trends Report](#) shows that housing discrimination complaints reached an all-time high, with discrimination based on disability accounting for the majority of the complaints filed. The report also highlighted that private fair housing agencies investigate most of the complaints filed by consumers – over 75

percent of complaints are handled by local fair housing organizations working in communities throughout the nation and funded by the FHIP. Halting funding of these grants means that direct assistance cannot be provided to people who are facing potential discrimination. For example, hear from **some of the local fair housing organizations**:

*"Due to the lack of local funding for fair housing in our 29 counties service area, the withdrawal of federal support would completely curtail our services. With most of our counties being classified as rural, with large elderly populations of nearly 11 percent or more, counties listing at least 17 percent of their residents as disabled, and with a large community of disabled veterans, there is a real need for funding for fair housing. This population represents at least 75 percent of the complaints we receive, most of which are denials for reasonable accommodations. The Fair Housing Center of Northern Alabama averages 12 to 15 inquiries per day of residents who are seeking assistance. With a current roster of at least 20 active cases remaining to be investigated, not including cases currently under investigation, the lack of funding would be devastating. Cases would remain unresolved, and citizens of our service area would encounter housing discrimination with little to no recourse. The denial of a reasonable accommodation would jeopardize the health and welfare of vulnerable persons."*

– **Lila E. Hackett, Executive Director, Fair Housing Center of Northern Alabama (Birmingham, AL)**

*"If the freeze on federal grants and loans is allowed to move forward, more than half of our funding could be in jeopardy. This will have devastating and wide-reaching impacts, halting vital programs and services, including impacting our ability to continue to provide fair housing assistance, support victims of racial discrimination by prospective landlords, support victims of sexual harassment by their housing providers, and support people with disabilities who are seeking reasonable accommodations. Without continued funding, our ability to continue protecting fair housing rights and fight housing discrimination in our communities will be severely limited."*

– **Carrie Pleasants, Executive Director, Fair Housing Center for Rights and Research (Cleveland, OH)**

The freeze and cuts also mean that these organizations, for whom a substantial portion of their organizational budgets come from HUD grant programs, will face difficult decisions, including halting vital programs and services, laying off staff, or being forced to shut down and close. For example, hear from **some of the local fair housing organizations**:

*"Ninety-eight percent of the funding for the Fair Housing Resource Center (FHRC) comes from HUD. The entirety of services FHRC provides are at risk of closure due to the payment freeze. FHRC is still waiting for payment of \$175,000 that is owed to FHRC for work completed under multiple grants. A specific example is the FHRC's HOME grant, which currently provides rental subsidies for 21 households comprised of seniors and persons with disabilities. Without access to the funds, these households are at risk of becoming homeless. The FHRC provides a myriad of other programs and serves an average of 325+ households per month in the Lake, Geauga, and Ashtabula Counties of Ohio. These households include families, seniors, veterans, and persons with disabilities. The FHRC has provided these services for more than 25 years."*

– **Patricia Kidd, Executive Director, Fair Housing Resource Center, Inc. (Painesville, OH)**

*"The Northwest Fair Housing Alliance (NWFHA) has unpaid expenditures of \$128,729 for grant activities already conducted, pre-paid out of our own operating expenses pursuant to reimbursement agreements with HUD. This is about three months of salaries, taxes, and benefits (e.g., health insurance) for 5 full-time employees and 1 part-time employee. The unlawful efforts to*



*stop payment on grant funds already earned threaten NWFHA's ability to serve our community or even exist. For over two decades NWFHA has been awarded competitive performance-based HUD grants to fund our work in Eastern and Central Washington State. Currently, NWFHA has HUD grant applications pending which are essential to the continuation of our services after current grants end on June 14, 2025. Freezing already appropriated and awarded Federal grant funds is against the law, cruel, reckless and dangerous for families and vulnerable people. Without continued federal support NWFHA will be unable to assist the hundreds of people who seek our help accessing and retaining housing."*

**- Marley J. Hochendoner, Executive Director, Northwest Fair Housing Alliance (Spokane, WA)**

*"I am appealing to do whatever is in your power to ensure our agency and others like us are able to remain in business. We work with community members, tenants, lawyers, and others to try to understand the rights and responsibilities of everyone under the Fair Housing Act, including helping housing providers limit their liability and individuals with disabilities get the resources that they need. Our agency is proud of the work that we do to advance these issues. But this is all in jeopardy now. We get 80 percent of our funding from competitive grants that we write to the federal government. We are proud to be able to receive these funds over the last 30 years. Right now, this funding could be lost if we are unable to draw down the funds from the grants that we've been approved for. It means rethinking how to make it all work, and being an agency that can still function, including reduced operations and reduced staff in order to be able to continue to provide service. We are relying on the government to keep to their word on the funds they've appropriated. There are so many people who are relying on us."*

**- Adria Buchanan, Executive Director, Fair Housing Center of Washington (serving 23 counties in Western and Central Washington)**