

Commercial/Multifamily Policy Dashboard – May 2025

Category	Summary
FHFA and GSEs	<ul style="list-style-type: none">• Multifamily Caps. The 2025 multifamily caps are \$73 billion each, with a requirement that 50% be “mission-driven,” and recognition of cost-burden areas and some green lending. Also, loans classified as supporting workforce housing properties with self-imposed restrictions by the borrower are exempt from the caps.
	<ul style="list-style-type: none">• Affordable Housing Goals. In December 2024, FHFA finalized the multifamily housing goals for 2025 through 2027 for Fannie Mae and Freddie Mac. The benchmark levels recommended for each of the three years are 61% of annual loan acquisitions (in units) for the low-income goal (80 AMI), 14% for the very low-income subgoal (50 AMI), and 2% for the small multifamily low-income subgoal (80 AMI). This is a slight change from the 2023 and 2024 goals (61% for 80 AMI, 12% for 50 AMI, and 2.5% for small multifamily).
	<ul style="list-style-type: none">• Radon Rules. In late March 2025, FHFA rescinded their radon testing directive. This removes the enhanced requirements that the GSEs had to adopt and implement on their radon testing requirements. MBA previously recommended several steps FHFA should take before implementing the requirements, citing the need for a full analysis of testing protocols to determine the most cost effective and least disruptive policies to protect resident health. Freddie and Fannie have since published less burdensome requirements.

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FHFA and Federal Home Loan Banks	Expanding Access to Liquidity for FHLB. In January 2025, FHFA published a final rule to improve access to liquidity for the Federal Home Loan Bank (FHLBank) System by adjusting the treatment of certain short-term FHLBank investments. Currently, overnight federal funds are excluded from the more restrictive “general limit” on unsecured credit to a single counterparty and are limited by the higher “overall limit.” To provide additional liquidity, this final rule adds interest-bearing deposit accounts (IBDAs) and other authorized overnight investments to that exclusion, which may provide greater flexibility and improved cost to yield than overnight federal funds. This rule will become effective in mid-April 2025. MBA continues advocate for the responsible expansion of FHLB membership eligibility to better reflect today’s diverse providers of single-family and multifamily housing finance and community investment activities throughout the country
Property Insurance	Availability and Cost of Insurance. The availability and cost of property insurance are becoming increasingly difficult across many states. FHFA held a multifamily insurance symposium in 2024. The discussion at the symposium centered around the new reality of elevated insurance costs, challenges in availability (particularly for affordable housing), and possible solutions to help ease some of the burden of rising costs. Later in 2024, HUD held an Insurance Summit to discuss the impacts of rising insurance costs on housing. Acting Secretary Adrienne Todman spoke of the need to develop solutions, as the impact on rental housing is high, because needed repairs and maintenance on properties are being deferred because the funding must be used on insurance. MBA will hold its annual Insurance Conclave in October 2025 to discuss solutions like blanket policies, liability insurance, and state incentive programs. MBA will continue to work with interested parties on solutions to insurance affordability and availability and will advocate for changes from FHFA and HUD related to insurance requirements.
Tax Policy	Tax policy. The tax provisions implemented as part of the Tax Cuts and Jobs Act of 2017 will expire in 2025. MBA has convened a task force to focus MBA’s priorities. MBA stands ready to respond to any possible future changes to tax policies that may impact our members.

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FHA/HUD

- **Underwriting Criteria.** Following vigorous advocacy by MBA, in January 2025, HUD published two mortgagee letters to roll back the DSCR and LTV requirements for some FHA multifamily loans. HUD's first proposal would lower the DSCR and the Loan to Value (LTV) and Loan to Cost (LTC) ratios for 221(d)(4)s and 223(f)s. The second proposal would reduce underwriting standards for middle-income housing. It provides new underwriting for 221(d)(4) properties where at least 50% of units are rent restricted at up to 120% of AMI and have a use restriction monitored by a state or local governmental entity. The use period must be up to 10 years, but waivers can be sought for restrictions from 5-10 years. These loans will have the DSCR reduced from 1.176x to 1.11x and the loan-to-cost ratio is increased from 85% to 90%.
- **232 Healthcare Loans.** In April 2025, HUD restored the ability to include critical repairs, non-critical repairs and capital expenditures when refinancing a healthcare property with a 232 loan. Non-critical repairs are not unnecessary repairs, and skilled nursing facilities (SNFs) provide valuable care for our nation's seniors and those with disabilities. MBA had worked with other industry partners to urge HUD to restore provision, which helps ensure long-term viability for these properties.
- **Floodplains/Flood Insurance.** Beginning January 1, 2025, HUD's final rule to significantly increase the Minimum Property Standards for Flood Hazard Exposure; and the Building to the Federal Flood Risk Management Standard went into effect. MBA has strongly urged HUD and the Administration to withdraw the proposal, which significantly increases elevation requirements in expanded floodplain areas. On January 20, President Trump rescinded an Executive Order that created the FFRMS. In February, the rule was withdrawn for single-family homes, but the multifamily requirement is still in place. MBA will continue to fight this proposal, which has a significantly negative impact on new construction and rehabilitation of existing properties.
- **Subdivisions for Rent.** In May 2025, HUD rescinded its Administrative Memo on Subdivisions for Rent from 2021. While HUD works on a new notice, eligibility of subdivisions for rent type projects will be determined on a case-by-case basis pursuant to departmental requirements. The demand for rental homes continues to grow. Successful developments containing single-family homes, as well as townhomes and duplexes, are under development nationwide. However, HUD has been unwilling to finance them. MBA and its members have been urging HUD to expand eligibility for these projects and is hopeful this is the first step in that direction.

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FHA/HUD	<ul style="list-style-type: none">Disbursements Waiver. In December 2024, HUD published the final rule on disbursing multifamily mortgage proceeds. Previously, HUD regulations required that borrower equity be fully disbursed before the disbursement of any mortgage proceeds. Following MBA advocacy, HUD published the final rule to permit 1 percent of mortgage proceeds to be drawn before equity is exhausted, allowing the loan to be securitized by Ginnie Mae. However, MBA will continue to advocate for mortgage proceeds to be utilized on any construction draw proportional to the amount of debt relative to total cost. This change would promote multifamily rental housing supply by reducing interest rates on construction loans without increasing HUD’s risk because the agency already has control of the equity escrow.Green MIP. It is likely that the Trump Administration will repeal the Green MIP program. This HUD initiative allowed for a lower MIP (25 basis points) for properties that certify under a Green Building program. Most construction loans have used this provision to increase housing supply. MBA quickly mobilized members to provide examples of the importance of this program, and how its removal would hurt housing supply. HUD is considering that even if the Green requirement is removed, the lower MIP would remain.Energy Efficient Building Codes. In March 2025, HUD delayed implementation of HUD’s final rule requiring new energy efficiency building standards for new construction of HUD-insured or assisted properties for 6-months pending its review. The Rule requires that all buildings be built to IECC 2021 and ASHRAE 90.1-2019 standards. The 2021 IECC has only been adopted in a handful of states and is a significant increase over the building codes required in most jurisdictions.FHA Statutory Limits. In May, Senators David McCormick (R-PA) and Ruben Gallego (D-AZ) introduced S.1527, the Housing Affordability Act, a bill designed to increase Federal Housing Administration (FHA) multifamily statutory loan limits. These limits have not been changed since 2003. The bill amends the National Housing Act to raise the multifamily statutory loan limits and updates the inflationary adjustment index from the Consumer Price Index (CPI) to the Price Deflator Index of Multifamily Residential Units Under Construction (published by the Census Bureau). Increasing FHA multifamily loan limits will ensure costs accurately reflect individual market costs and speed up FHA processing times to support enhanced multifamily housing construction.

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State and Local Advocacy Efforts	<ul style="list-style-type: none">State and Local Rent Control. MBA continues to track closely and develop advocacy efforts to address state and local proposals to implement rent control measures. In addition, MBA has joined a coalition effort on rent control with several other trade associations. The group will conduct research, develop messaging, and identify alternative solutions to rent control, including federal and state short and long-term solutions.New York. In April 2024, in collaboration with the New York MBA, the MBA achieved significant wins on several housing bills in New York State. These new laws extend existing tax incentives and introduce new ones for affordable housing, while also establishing "good cause eviction" policies, albeit with notable restrictions compared to the initial proposals.California. MBA partnered with the California MBA on a successful campaign to stop Proposition 33, which was on the November ballot, and would have allowed rent control throughout the state.
Banking Agencies	<ul style="list-style-type: none">Increased Capital Requirements. In July 2023, the banking agencies issued interagency proposed changes to capital requirements for banks with assets of \$100 billion or more. The so-called “end game” proposed rules complete U.S. regulators’ implementation of the Basel III standards and make changes in response to the recent large bank failures. The comment period ended on January 16, 2024, and MBA submitted comments that focused on the numerous negative impacts these proposed rules would have on the commercial real estate market and the housing finance ecosystem. This provision was eventually withdrawn.

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Climate/ESG	<ul style="list-style-type: none">○ SEC. In March 2024, the SEC issued final rules requiring increased reporting around climate-related risks, and disclosure of greenhouse gas emissions. The final rules require disclosure of Scope 1 and/or Scope 2 greenhouse gas (GHG) emissions on a phased-in basis by certain larger registrants when those emissions are material; the filing of an attestation report covering the required disclosure of such registrants’ Scope 1 and/or Scope 2 emissions, also on a phased-in basis; disclosure of material climate-related risks; and disclosure of the financial statement effects of severe weather events and other natural conditions including, for example, costs and losses.<ul style="list-style-type: none">• 19 state attorney generals and other trade groups have filed lawsuits against the SEC claiming the final rules are beyond the scope and power of the SEC. All of the suits have been consolidated and will be heard in the 8th Circuit. Implementation of the rule has been paused until the case is resolved.○ California. In October 2023, California Governor Gavin Newsom signed Senate Bill 253, the Corporate Climate Data Accountability Act, which requires companies who do business in California to report various points of climate impact including Scope 3 greenhouse gas emissions. Scope 3 includes items that are outside of MBA members’ control and are duplicative considering the sources within the value chain are likely already required to disclose under Scopes 1 and 2. This new type of data tracking will be costly to comply with because it is not based on known data and will instead be based on unknown industry averages or unreliable secondary sources.<p>In January 2024, various business groups filed a lawsuit against California and the proceedings continue. In July 2024, Newsom released a proposal to extend the implementation dates to 2028 for Scope 1 and 2 emissions (originally 2026) and 2029 for Scope 3 emissions (originally 2027). In September, the California legislature passed a 6-month extension to the implementation dates.</p><p>In March 2025, MBA and the California MBA (CMBA) responded to a request for comment from the California Air Resources Board (CARB) on implementing the carbon emissions disclosures. CARB proposes requiring companies doing business in California to meet certain thresholds to report on their Scope 1, 2, and 3 emissions, climate risks, and voluntary carbon offsets. MBA and CMBA’s response urged flexibility in reporting requirements, and for limited requirements for Scope 3 emissions.</p>

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CFPB	<ul style="list-style-type: none">• Small business reporting. In separate court filings in March and April, the CFPB stated that they will no longer enforce 1071 small business loan reporting requirements and will be issuing a Notice of Proposed Rulemaking that could diminish the existing regulations. MBA has been urging the CFPB to simplify these requirements.• HMDA. In October 2022, a US District Court ruled that the HMDA reporting threshold should be decreased from 100 to 25 closed-end loans. In December 2022, the CFPB provided guidance, updating the threshold to 25 closed-end loans. MBA continues to argue that business to business loans should not be part of the Home Mortgage Disclosure Act.
	<ul style="list-style-type: none">• Community Reinvestment Act. In March 2025, the Trump administration announced that it intends to withdraw the 2023 Community Reinvestment Act final rule (provisions of which were scheduled to come into effect in stages over the next several years). It is unknown if they will publish a further proposed rule.