Commercial/Multifamily Policy Dashboard – January 2025

Category	Summary
FHFA and GSEs	• **Multifamily Caps/PSPA.** 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.
	• **Affordable Housing Goals.** In August 2024, FHFA proposed the multifamily housing goals for 2025 through 2027. The benchmark levels proposed for each of the three years are 61% of annual loan acquisitions (in units) for the low-income goal (80 Area Median Income [AMI]), 14% for the very low-income subgoal (50 AMI), and 2% for the small multifamily low-income subgoal (80 AMI). This is only a very slight change from the 2023 and 2024 housing goals. MBA supported the multifamily goals, and recommended that FHFA help the Enterprises balance their affordable housing goals with a focus on, and liquidity support for, market-rate units. MBA also expressed concern with the recent increase in processing times for quotes.
	• **Tenant Protections**. In February 2025, new FHFA resident-centered practices in new multifamily loan agreements backed by Fannie Mae and Freddie Mac (the GSEs) go into effect. The practices stop short of rent control or rent caps, but require multifamily borrowers to provide: 1) a five-day grace period for non-payment of rent before late fees can be charged; (2) a written notice of a rent increase at least 30 calendar days before said increase; and (3) a written notice of the scheduled expiration of the lease at least 30 calendar days before said expiration (provided that such notice is not required if the existing term of the lease is two months or less).

MBA®

Commercial/Multifamily Policy Dashboard – January 2025

Category	Summary
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 Adrianne 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 held its annual Insurance Conclave in October 2024 to discuss solutions like blanket policies, 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. Taxes will be a primary focus of President Trump’s agenda. MBA stands ready to respond to any possible future changes to tax policies that may impact our members.

Commercial/Multifamily Policy Dashboard – January 2025

	Summary
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 a 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 July 2024, HUD's Office of General Council internally circulated an opinion that has significant negative impact on 232 refinances. 232 loans financing nursing homes, skilled nursing facilities and assisted living facilities. For more than 30 years, the program has allowed the inclusion of critical repairs, non-critical repairs and capital expenditures when refinancing a property with a 232. OGC has prepared a decision stating that the statute limits 232 refinances to "retire the existing indebtedness and pay the necessary cost of refinancing". MBA worked with other industry partners to send a letter to HUD, reminding that just because a repair is deemed "non-critical" (ie, an urgent health and safety issue), does not mean it is unnecessary. OGC backed off the original decision. However, it is now being reconsidered. MBA will continue to fight this faulty interpretation of the law.
	• **Wind/Named Storm Deductibles**. In April 2024, after lengthy advocacy by MBA, HUD published a notice updating the Wind/Named Storm insurance deductibles to 5% (from 1%). This change will make is easier for property owners to obtain appropriate coverage without enormous expense or requiring a waiver.
	• **Floodplains/Flood Insurance**. Beginning January 1, 2025, HUD's In April, 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. MBA will continue to fight this proposal, which will have a significantly negative impact on new construction and rehabilitation of existing properties with the new Administration.

Commercial/Multifamily Policy Dashboard – January 2025

Category	Summary
FHA/HUD	• **Disbursements Waiver**. In December, 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. This presented a timing challenge because disbursing the equity as construction activity occurs will take up to two months and mortgage draw activity must be postponed in the meantime. It creates a conflict when a mortgage lender pools a loan into a mortgage-backed security. 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
	• **Build Near Transit.** DOT has two loan programs that can help provide much-needed housing near transit. These loans are meant to close funding gaps with low-cost, long-term financing and can be used for multifamily development. However, DOT has struggled to create parameters for the program. The requirements of DOT's loans and those of MAP loans are remarkably similar. These programs could easily synchronize and provide incentives for developers to expand housing opportunities for millions of Americans. MBA is strongly advocating that DOT work with HUD and accept HUD MAP underwriting in place of creating their own guidelines.
	• **Energy Efficient Building Codes.** In April 2024, HUD's final rule requiring new energy efficiency building standards for new construction of HUD-insured or assisted properties will go into effect. The proposal 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. MBA strongly opposes the requirements, which will cause delays in inspections, add significant costs to construction, and could result in delays in the availability of materials. MBA will continue to fight this proposal with the new Administration.

Commercial/Multifamily Policy Dashboard – January 2025

Category	Summary
State and Local Advocacy Efforts	• **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	• **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. However, it is expected that in 2025, we will see a re-proposal of the rule with significant changes from the original proposal.

Commercial/Multifamily Policy Dashboard – January 2025

Category	Summary
Climate/ESG	• **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. As a direct result of MBA's and others' successful advocacy, a proposed requirement for companies to report some indirect GHG emissions, known as Scope 3, was not included in the final rules. ○ 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. • **Building Performance Standards.** A growing number of states and localities are enacting laws to address climate change known as Building Performance Standards (BPS). One example is New York City's Local Law 97. These policies generally set mandates on residential and commercial buildings to meet annual "efficiency targets" limiting how much energy they can use, and "emissions targets" limiting how much greenhouse gases (GHGs) they can emit. BPS targets become increasingly stringent over time, with a general goal for buildings to approach "zero emissions" around the middle of this century. MBA is currently working with other trade organizations to develop and share a BPS advocacy primer to serve as a valuable tool to guide BPS development. We are also urging the U.S. Department of Energy to include the BPS primer on its webpage assembling resources for policymakers. This primer can help inform legislators, regulators, and stakeholders as they consider climate-related building performance mandates.

MBA®

Commercial/Multifamily Policy Dashboard – January 2025

Category	Summary
Climate/ESG cont'	• **California.** In October 2023, California Governor Gavin Newsom signed Senate Bill 253, the Corporate Climate Data Accountability Act, which requires companies operating in California to report various points of climate impact including Scope 3 greenhouse gas emissions. MBA and the California MBA opposed the legislation and urged Mortgage Action Alliance members in the state to tell the Governor to veto it. 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. In January 2024, various business groups filed a lawsuit against California and the proceedings are underway. 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). The Governor expressed concern that detailed regulations could not be drafted in time to meet earlier implementation timelines. In September, the California legislature passed a 6-month extension to the implementation dates. Note: Senate Bill 253 requires companies who do business in California and have an excess of $1 billion in revenue, defined as "reporting entities", to submit an annual report for Scope 1 and Scope 2 emissions. Senate Bill 261 requires companies that do business in California and have an excess of $500 million in revenue, defined as "covered entities", to submit a climate-related financial risk report.

Commercial/Multifamily Policy Dashboard – January 2025

Category	Summary
CFPB	• **Small business reporting.** On July 18, 2025, the CFPB small business loan reporting final rule that implements Section 1071 of the *Dodd-Frank Act* will go into effect. Under the rule, lenders who originate at least 100 small business loans in each of the preceding two years are required to report certain demographic information. A small business has gross revenue of $5 million or less in its most recent fiscal year and loans reportable under the Home Mortgage Disclosure Act will not need to be reported under the small business lending rule. MBA continues to advocate for removing business loans from the Consumer Protection Bureau's control. • **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.