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The Golden Age Promised by President Trump May Improve Housing and Spur Investment Opportunities



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Shortly after being sworn in as the 47th president of the United States on Jan. 20, 2025, Donald Trump issued an executive order directing “the heads of all executive departments and agencies to deliver emergency price relief, consistent with applicable law, to the American people and ... lower the cost of housing.”¹ The executive order points to costly regulatory requirements as the primary culprit for pricing American consumers out of housing and other necessities.

With one stroke of a pen, Trump ordered executive agencies to explore ways to reduce administrative burdens, lower the cost of housing, and expand housing supply. The assistant to the president for economic policy is to report to the president every 30 days with the status of the implementation of the executive order. This early executive action, if wisely and diligently pursued, may result in meaningful housing reform at a time when shortages and prohibitive pricing in housing constitute a national crisis.

The timing of developments in federal tax law and the composition of government in 2025 may provide catalysts for effective housing reform at the federal level. Key parts of the Tax Cuts and Jobs Act of 2017 are set to expire in 2025. This presents an opportunity for omnibus tax legislation to be a vehicle for housing tax credits, potentially spurring housing-related investments and developments across the country.

Congressional support clearly exists for the president, whose party controls both chambers of Congress—albeit with slim majorities. With that control, the president is empowered to advance legislative agendas with relative speed, at least over the next two years. Measures requiring funding may be fast-tracked through the budget reconciliation process, and housing tax credits potentially

can be passed out of both chambers of Congress with simple majorities (and the vice president’s tiebreaking vote in the Senate if necessary). With the creation of a Department of Government Efficiency and support from both sides of the aisle in Congress, the potential for federal housing reform is greater today than in years past.

Even with tailwinds at the federal level, many view efficacious housing reform as possible only at state and local levels, where local and state regulatory compliance imposes costs on developers and home builders. President Trump “is right that the lack of supply is the root cause that is keeping home prices really high, so I feel like [the executive order] is really well intentioned, but the issue is that a lot of the regulatory burden in terms of cost of construction is not actually something the federal government can deal with, as most burdens are at the local level,” Chen Zhao, the head of economics research at Redfin, told *HousingWire*.²

In this article, I present two recommendations—both of which are well within the jurisdictional authority of federal regulators and policymakers—which, if pursued, would at the federal level most positively address the US housing crisis.

1. The Executive Order Must Trigger a Complete Rethink of Housing Policy

The first recommendation is that a collective rethink take place initially at the federal level, starting with the way the federal government interacts with state and local policymakers with respect to the housing crisis.

A new way to view the housing crunch (and the manner in which government at various levels should

1. President Donald J. Trump, “[Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis](#),” executive order, Jan. 20, 2025.
2. Brooklee Han, “[Trump’s Path to Lower Housing Costs Has to Navigate Local Concerns](#),” *HousingWire.com*, Jan. 21, 2025.

work collaboratively to address it) is to review how government at various levels responded to the terrorist attacks on Sept. 11, 2001.

When it comes to a governmental response to a national crisis, the way policymakers and private industry responded after 9/11 provides an applicable model for dealing with the current housing crisis. At the first public hearing of the National Commission on Terrorist Attacks Upon the United States, the director of civil aviation issues for the US Government Accountability Office (GAO) illustrated how government and private stakeholders should collaborate and interact to problem solve in a crisis:

“Since September 2001, federal, state, and local surface transportation agencies and the private sector have begun rethinking roles and responsibilities for transportation security. One challenge to achieving national preparedness hinges on the federal government’s ability to form effective partnerships among entities that implement security measures at the local level. Effective, well-coordinated partnerships require identifying roles and responsibilities; developing effective collaborative relationships with local and regional transportation, emergency management, and law enforcement agencies; agreeing on performance-based standards that describe desired outcomes; testing procedures that implement roles and responsibilities; and sharing intelligence information.”³

In its title, the executive order states the need for “defeating the cost-of-living crisis,” and the body of the order describes consumer costs, using crisis terminology, including an “assault” through “illegal regulatory demands” and “unprecedented regulatory oppression” and the need for “emergency price relief.”

Just as in government action following 9/11, federal, state, and local agencies need to work together with the private sector—with a sense that the country faces a national emergency—to address what should be viewed as a national crisis in homelessness, shortfalls in housing inventory, and the lack of housing affordability more generally. Roles and responsibilities need to be reconsidered in light of the housing crunch. Regulatory jurisdiction needs to be revisited. Regulatory turf battles need to be resolved. Successful public-private partnerships in housing need to be identified, and the most powerful federal tools in housing need to be enhanced. The first

step in this recommendation is to identify which tools in housing have worked in the past and then what can be done at the federal level to enhance those tools.

The most historically effective tool for incentivizing investment in affordable housing is the Low-Income Housing Tax Credit (LIHTC) program, which has created millions of homes since its inception in the Tax Reform Act of 1986. The LIHTC program is the largest source of federal assistance for affordable housing projects; LIHTCs account for the vast majority (approximately 90%) of all new affordable rental housing built in the US.

LIHTCs are straightforward, but federal oversight of this tool is surprisingly lacking. Developers submit project proposals to state housing finance agencies, and tax credits are awarded to successful developers, who couple credits with other sources of financing, including grants. Developers cede ownership interests to investors. Project owners collect rent—some of which is subsidized—and the development becomes profitable.

As tax credits, each LIHTC dollar reduces federal income tax liability on a dollar-for-dollar basis, and owners of qualifying developments may claim these credits over a ten-year period as long as the developments are constructed and operated in compliance with the Internal Revenue Code.

Federal oversight of LIHTCs is minimal. The two federal agencies closest to LIHTCs (the IRS and the Department of Housing and Urban Development [HUD]) today lack regulatory authority to collect project cost and other missing data, according to the GAO.⁴ The GAO has stated that currently no federal agency has authority to collect and report data on LIHTC project costs and tax credit efficacy.⁵ The GAO reports in 2015, 2016, and 2018 identified areas for improvements in oversight.

If HUD and the IRS lack the ability to collect data and assess effectiveness with respect to the largest source of affordable housing projects, how can the executive order’s directive result in robust policymaking?

The GAO concluded its most recent report with its

3. [Statement of Gerald L. Dillingham](#) to the National Commission on Terrorist Attacks Upon the United States, first public hearing of the National Commission on Terrorist Attacks Upon the United States, April 1, 2003.

4. “[Low-Income Housing Tax Credit: Opportunities to Improve Oversight](#),” US Government Accountability Office, GAO-24-107064, Dec. 14, 2023.

5. “[Low-Income Housing Tax Credit](#).”

recommendation “that Congress consider designating an agency to regularly collect and maintain specified cost-related data from housing finance agencies and periodically assess and report on the tax credit’s development costs. [It] also recommended that IRS encourage housing finance agencies and other tax credit stakeholders to collaborate on developing standardized cost data.”⁶

As the new Congress and Trump administration begin work following mandates arising out of the Jan. 20, 2025, executive order, federal policymakers should treat housing problems as a national crisis in need of a collective rethink with respect to housing finance and tax reform. Myriad new tax credit acts and proposals have been and will be the subject of lawmaking (e.g., the Preservation Affordable Housing Tax Incentive, the Neighborhood Homes Tax Credit [for backyard housing]; Workforce Housing Tax Credit [for workforce housing], and the Office Conversion Tax Credit [for bringing about conversion of office and commercial structures into housing]). Moving forward without a rethink on housing program efficacy and accountability would be a mistake in an era in which federal budget deficits are becoming politically untenable.

Following 9/11, the federal government created the Department of Homeland Security, the National Counterterrorism Center, the Office of the Director of National Intelligence, and the Terrorist Screening Center, as well as new commissions, but most important, new collaboration at the various levels of government arose out of the crisis.

So too must new housing policy bring about collaboration among local, city, county, state, and federal housing regulators and policymakers to directly address together the housing crisis, clarify jurisdictional authority, better supervise, and obtain data to increase federal support for housing programs that work well and end those programs that do not.

2. Increase Federal Support for Community Development Financial Institutions

The second recommendation is to increase the capacity of community development financial institutions (CDFIs) and enhance matching programs to finance housing through CDFIs.

As background, the Riegle Community Development and Regulatory Improvement Act of 1994 established a

corporation, the Community Development Financial Institutions Fund, as a vehicle for the delivery of federal funds for housing and other development needs.⁷ The CDFI Fund is a government corporation wholly owned by the executive branch and treated as a US agency with a board of directors comprising 15 members drawn from HUD and other agencies.

The US Department of the Treasury provides funding to CDFIs certified by the CDFI Fund for purposes of providing credit and financial services for housing and other initiatives in underserved markets and populations.

The CDFI Fund also provides competitive monetary awards to CDFIs and nonprofit housing developers for purposes of attracting private capital for affordable housing and economic development associated with affordable housing.

One program with funding that should be enhanced at the federal level is the Capital Magnet Fund (CMF), a competitive grant program designed to attract private capital for affordable housing. The CMF was created from the Housing and Economic Recovery Act of 2008 to provide public funds for purposes of attracting private investment to affordable housing through allocations from Fannie Mae and Freddie Mac based on new business purchases.

Today, the US has myriad pure grant programs for housing; the CMF is not one of them. The monetary awards made by the CMF are competitively awarded as grants to CDFIs certified by the CDFI Fund (as well as nonprofit housing organizations), all with the aim of supporting financing tools, such as loan loss reserves or loan guarantees for affordable housing. As a condition of the CMF award, each award must be leveraged, with a minimum of at least \$10 to \$1 funding from other sources.

CMF awards average slightly more than \$100 million annually, and the CMF has a record of success. To date, the fund has generated \$20 of additional investment for every \$1 of award funding and has created more than 63,000 affordable homes, including more than 55,600 rental housing units and 7,400 homeowner-occupied units.⁸

6. “Low-Income Housing Tax Credit.”

7. H.R. 3474, Public Law No. 103-325.

8. US Department of the Treasury, Community Development Financial Institutions Fund, [Capital Magnet Fund](#).



The 2024 CMF round awarded \$246.4 million to 48 organizations, with the combined efforts projected to develop more than 26,400 affordable homes nationwide, including rental and homeownership opportunities for low-income families. These grants will leverage nearly \$9 billion in public and private capital to expand housing affordability. Community Housing Partners (CHP), which provides affordable and sustainable housing throughout the Southeast and mid-Atlantic region, has been awarded a \$9 million grant from the CMF. CHP tied with several other organizations for the highest award amount in the fiscal year 2024 funding round, which ranged from \$1.5 million to \$9 million.⁹

Public-private housing initiatives are needed, and matching programs are fiscally attractive—and must be enhanced. Programs sponsored by the CDFI Fund have provided tremendous support for US housing, but further collaboration at the federal level between the president and Congress is urgently needed to build, rehabilitate, and lend other support to affordable US housing.

Conclusion

Almost immediately after Trump signed the executive order, the trade press generally welcomed the order but questioned the ability of regulatory changes at the federal level to improve the housing crisis. This questioning understates the power of the federal government to provide both leadership and incentives for investment to address housing affordability. Congress and the president are uniquely positioned to enact legislation to directly address the current crisis in housing,

but they must first begin a comprehensive rethink starting at the federal level to enable better collaboration among all levels of government and policymakers in the housing space. The housing industry generally, and federal tax and other incentives in particular, should be subject to greater congressional and regulatory oversight by the IRS and HUD at the direction of the president and with the support of his party's members in Congress.

In any event, regulators, members of Congress, and the president should all treat housing problems in the US with the same sense of urgency as other crises. Given federal budget deficits, great importance should be placed on public-private housing finance solutions, such as those presented by the CDFI Fund. This fund and other initiatives that attract private capital for housing should be enhanced in the new administration and Congress, which collectively have no time to waste in addressing the current pervasive US housing crisis. ■

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9. "CHP Awarded \$9 Million from Capital Magnet Fund, Tying for Highest Grant Amount," Community Housing Partners News, Nov. 19, 2024.