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Congress of the United States
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November 16, 2023

The Honorable Marcia Fudge
Secretary
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, D.C. 20410

Dear Secretary Fudge,

I write today to highlight the need to modernize the Federal Housing Administration's (FHA) multifamily financing tools in the wake of a nationwide housing shortage. While I appreciate the important steps that the Department of Housing and Urban Development (HUD) took to reduce processing times and eliminate the Multifamily Accelerated Processing (MAP) backlog in 2022, more is needed to address the housing crisis facing cities and towns across the country, including in my home state of Arizona.

As you know, the FHA is a critical part of our nation's housing finance system, particularly for rental apartments, by providing much-needed financing to multifamily housing markets. FHA mortgages have consistently demonstrated low delinquency rates while also producing revenue for the government.

Arizona's affordable housing supply crisis is not a new phenomenon. From 2011 to 2020, only 240,000 new housing units were built in metro Phoenix. The economic fallout from the COVID-19 pandemic further compounded the Arizona housing crisis. Phoenix experienced a drastic 60% surge in the median sale price of homes from April 2020 to May 2022. The median monthly rent followed suit, increasing by 29% from March 2020 to March 2022, and evictions have also remained well above pre-COVID levels. In Maricopa County, eviction filings are on pace to exceed 82,000 in 2023, the highest annual count of renters in danger of eviction since 2007. The current housing crisis is an existential threat to tens of millions of hardworking Americans and their families, including Arizonans.

While housing providers have been working with local leaders to increase the supply of rental and single-family housing, greater action is needed to facilitate housing production. To that end, HUD must work with lenders to provide for the continued production of multifamily housing units, as FHA's production numbers for Fiscal Year 2023 (FY23) are nearly half of what were produced in FY22. At a time when the Administration has called for a significant increase in our housing supply, FHA must work with industry leaders to expand the production of quality rental housing.

A critical component to increasing the supply of affordable housing through FHA programming is having loan limits consistent with the current economic climate. Unfortunately, base allowable loan limits for HUD programs have fallen below multifamily property values, impeding growth in the affordable housing supply. I am concerned that the current methodology used by HUD does not adequately mirror housing construction costs nationwide.

To that end, I respectfully request answers to the following questions:

1. How can Congress adequately update multifamily financing limits that are outdated?
2. What steps are HUD and the FHA taking to ensure that federal lending programs keep pace with the needs of the housing market?
3. What is HUD doing to promote competitiveness for MAP lenders in the housing market?
4. How is HUD working to increase flexibility for applications already in progress to increase the supply of rental housing?

Thank you for your work to decrease housing costs around the country. I look forward to working with you towards our shared goal of safe, affordable housing for all Americans.

Sincerely,

A handwritten signature in blue ink that reads "Ruben Gallego". The signature is written in a cursive, flowing style.

Ruben Gallego
MEMBER OF CONGRESS