American Bankers Association

Kirsten Sutton
Executive Vice President
Congressional Relations & Legislative Affairs
202-663-5356
ksutton@aba.com

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The Hon. Tim Scott	The Hon. Elizabeth Warren
Chairman	Ranking Member
Committee on Banking, Housing, and Urban Affairs	Committee on Banking, Housing, and Urban Affairs
United States Senate	United States Senate
534 Dirksen Senate Office Building	534 Dirksen Senate Office Building
Washington, D.C. 20510	Washington, D.C. 20510

Dear Chairman Scott and Ranking Member Warren:

On behalf of the American Bankers Association,[1] I am writing to share our views on the ROAD to Housing Act of 2025, which is scheduled to be marked up by the Senate Committee on Banking, Housing and Urban Affairs on July 29, 2025. This important bipartisan legislation is intended to provide a needed boost to the nation's housing supply, as well as to improve housing affordability and regulatory oversight of federal housing programs.

Overview

ABA supports policy initiatives that create equitable, sustainable, and affordable housing opportunities, both homeownership and rental, in all communities through public-private partnerships and targeted community investments. We encourage policymakers to take a holistic approach to affordable housing by supporting measures that address a series of housing and development challenges to help build thriving, livable communities. ABA thanks the Committee for advancing a series of important policy goals in the Road to Housing Act, including increasing America's housing supply; expanding access to home ownership; addressing the dramatic increase in housing costs, removing regulatory barriers to housing development; increasing housing education and counseling for prospective homebuyers; and reducing appraiser shortages, among others.

ABA Supported Provisions

We commend the Committee for taking a comprehensive approach to solving our nation's housing problems. As noted below, we support a number of the initiatives outlined in the bill intended to increase financial literacy, build more affordable housing, reduce regulatory barriers to housing (including addressing the shortage of appraisers), address rural housing problems, provide more housing for the homeless and veterans, and make oversight of the housing regulators and GSEs more effective.

[1] The American Bankers Association is the voice of the nation's $24.5 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard $19.5 trillion in deposits and extend $12.8 trillion in loans.

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Section 101: Reforms to Housing Counseling and Financial Literacy Programs

This section will increase the effectiveness and impact of the Department of Housing and Urban Development's housing counseling and financial literacy programs. Improving financial literacy plays a critical role in equipping consumers with the financial skills necessary to make informed housing decisions, employ effective money management, mitigate financial risks, and take concrete steps toward economic security. This section provides an innovative portfolio-based funding mechanism that compensates housing counseling agencies based on the measurable value they deliver to stakeholders across the housing finance ecosystem. We also commend the bill's provision to support delinquency counseling for FHA, VA, and USDA borrowers through the FHA fund – an essential step toward sustainable homeownership and promoting financial stability for vulnerable households.

Section 202: Increasing Housing in Opportunity Zones

Section 202 strengthens the federal government's commitment to addressing housing needs through Opportunity Zones, a critical economic development tool aimed at incentivizing investments, spurring community revitalization, and creating jobs in distressed and low-income communities across the United States. This section enables the Secretary of Housing and Urban Development (HUD) to give added weight to applicants for competitive HUD grants that are located in, or primarily serve, designated Opportunity Zones to support housing preservation and construction.

By giving grant application preference to projects in Opportunity Zones, the legislation prioritizes funding for communities facing underinvestment, economic stagnation, and housing insecurity. In addition, the emphasis on prioritizing grants for these distressed areas incentivizes both the preservation of existing affordable housing stock and the construction of new units. This is particularly significant as many Opportunity Zones are experiencing market pressures that could otherwise lead to displacement without public investment safeguards. Further, Section 202 supports targeted development by enabling HUD to align its funding mechanisms with localized housing needs, channeling support where it will have the most impact. By creating opportunities for coordinated development, this policy encourages collaboration between governments, developers, nonprofits, and community leaders. Finally, Section 202 will drive broader economic and social benefits beyond housing by stimulating job creation, neighborhood revitalization, and improved community infrastructure. Affordable housing is a key platform for economic mobility. Families with stable homes are more likely to experience better health, educational outcomes, and long-term financial security.

In summary, Section 202 recognizes that housing is foundational to community stability and growth. By prioritizing Opportunity Zones in HUD grantmaking, it ensures that federal housing policy is intentionally aligned with efforts to rebuild and uplift low-income communities through targeted and meaningful investment.

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Section 205: The Community Investment and Prosperity Act

This section increases the Public Welfare Investment (PWI) cap for the Office of the Comptroller of the Currency (OCC) and the Federal Reserve from 15% to 20%. This provision will make it easier for banks to make critical investments, including for Community Reinvestment Act purposes, in much needed affordable housing, financial education, and other community needs.

Section 205 amends the National Bank Act and Federal Reserve Act to increase the cap under which banks are allowed to make Public Welfare Investments. Current law grants the OCC and Federal Reserve discretion to allow banks to make Public Welfare Investments up to 15% of the bank's capital stock actually paid in and unimpaired as well as the bank's unimpaired surplus. This section would give regulators discretion to increase that cap to 20%. Strategically increasing the PWI cap would allow banks to make more robust and meaningful investments that qualify as PWI activity under federal law, including:

- Investments in affordable housing
- Investments in entities receiving New Markets Tax Credits
- Investments in or support to entities that provide financial literacy, job training, or other similar assistance to low-to-moderate income (LMI) individuals or individuals in LMI areas
- Any investment or activity that would be a "qualified investment" under the Community Reinvestment Act

Even with these legislative changes, expanded public welfare investments may be inhibited by inconsistent regulatory approaches. The Board of Governors requires prior approval by the Board for certain public welfare investments – even though the OCC and FDIC do not. This additional regulatory step inhibits state member banks from making investments that they would otherwise make and could limit the effectiveness of the expanded cap included in this legislation. In addition to advancing today's legislation, ABA strongly urges the Board of Governors to update their regulatory approach and all regulators to review and revise their regulations in this area to ensure consistency and efficacy.

Section 401: Creating Incentives for Small Dollar Mortgage Loan Originators

This section requires the CFPB to assess the impact of mortgage loan officer (MLO) compensation restrictions on consumers, an analysis that will lead to much-needed improvements to the mortgage loan officer compensation regulation and expand credit options for borrowers seeking small dollar loans. By modernizing MLO compensation, this legislation would enhance consumer choice by ensuring that loan originators are properly incentivized and fairly compensated for originating smaller loans. These changes would provide more flexibility for customers and lenders, potentially lower the cost of credit for consumers, and ease overly restrictive limitations on compensation that hinder competition. Given the changes in the mortgage market over the last several years, a reevaluation of the MLO compensation restrictions is needed.

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Section 402: Small Dollar Mortgage Points and Fees

This section requires the CFPB to evaluate the impact of points and fees restrictions for qualified mortgage loans. These complex provisions discourage lending and should be evaluated to ensure they do not impose needless restrictions on small-loan products. Revising the existing 3% fee restrictions will benefit consumers by allowing lenders more leeway to offer profitable small-dollar mortgage loans while still assuring proper protections under these limits.

Section 403: The Appraisal Industry Improvement Act

This section addresses ongoing concerns about residential appraiser shortages across many U.S. markets, particularly in rural areas. Appraisals provide critical information for the home buying and selling process, but a shortage of licensed appraisers is delaying home purchases and raising costs. The reforms in this section would bolster the appraiser workforce, particularly in regions challenged by overly rigid experience requirements and other restrictions, while still protecting valuation accuracy through effective utilization of trainees and credentialed professionals. These commonsense measures would improve recruitment and retention of appraisers throughout the country and create a more robust and sustainable appraisal workforce, ensuring timely and accurate property valuations.

Thank you for your leadership in introducing this important legislation and your continued commitment to supporting America's housing needs.

Sincerely,

Kirsten Sutton

cc: Members of the United States Senate Committee on Banking, Housing, and Urban Affairs