

1. Address California and the Nation's Housing Crisis

House & Senate Action Requested: Congress must take bold, immediate, and comprehensive action to confront the nation's worsening housing crisis. Federal legislation should address chronic supply shortages, reduce barriers to affordable housing, and implement innovative policies that expand homeownership opportunities.

The U.S. housing market is under severe strain—and California is among the hardest hit. In 2025, the state is on track to see fewer than 300,000 home sales for the third consecutive year—over 30% below the level considered healthy. Meanwhile, the state's median home price is now above \$900,000 and affordability continues to deteriorate. This has pushed homeownership further out of reach for working families. Congress has a clear opportunity to enact pro-homeownership legislation that combines practical, bipartisan proposals already introduced. These include:

- **More Homes on the Market Act (H.R. 1340):** Reduces the “locked-in” effect by easing capital gains taxes for long-term homeowners, encouraging more housing inventory.
- **Revitalizing Downtowns and Main Streets Act (H.R. 2410):** Facilitates the conversion of vacant commercial buildings into residential and mixed-use developments.
- **Housing Supply and Affordability Act (H.R. 2840 / S. 1299):** Establishes a federal strategy to reduce regulatory barriers and boost housing production across the country.
- **Uplifting First-Time Homebuyers Act (H.R. 3526):** Increases the amount first-time buyers can withdraw from their IRAs without penalty from \$10,000 to \$50,000 to help with down payments.
- **Fair and Equal Housing Act:** Codifies equal housing protections for LGBTQ+ Americans by adding sexual orientation and gender identity to the Fair Housing Act.

Congress must act. Without swift and coordinated federal leadership, the housing challenges facing California—and the nation—will only deepen.

2. Independent Contractor Status

HOUSE & SENATE ACTION REQUESTED: Cosponsor H.R. 3495, the Direct Seller and Real Estate Agent Harmonization Act, which is crucial for addressing uncertainties stemming from the Final Rule, safeguarding real estate agents' freedom to choose their preferred business classification.

Federal law has long protected real estate agents' autonomy to choose their work classification as independent contractors. More than 40 years ago Congress codified real estate professionals' freedom to choose their status as independent contractors or employees in the U.S. tax code. Unfortunately, the Department of Labor ignored this carve-out, and California state law AB 5, in its Final Rule from two years ago on determining independent contractor or employee status. This has made the rules unclear for how real estate agents can ensure they are doing business as independent contractors.

The reintroduced bipartisan bill protects real estate agents' ability to work as independent contractors. It extends the protection in the tax code to the Fair Labor Standards Act, solidifying real estate agents' ability to determine their classification. This measure is vital in light of the Department of Labor's Final Rule.

3. Insurance

HOUSE & SENATE ACTION REQUESTED: Support and cosponsor, H.R. 1105, the Disaster Resiliency and Coverage Act, introduced by California Congressmen Mike Thompson and Doug LaMalfa, and other legislation aimed at incentivizing and facilitating property mitigation and hardening efforts through tax incentives and grants to combat the rising costs of insurance and make homeownership more attainable for Californians.

The escalating cost of insurance across California is worsening housing affordability challenges and hindering homeownership opportunities. Mitigation and property hardening initiatives have demonstrated their efficacy in reducing disaster risks and subsequently lowering insurance premiums. By supporting legislation that encourages these measures, policymakers can mitigate financial burdens on homeowners while fostering greater resilience against natural disasters. We encourage you to consider co-sponsoring or supporting existing bills or similar initiatives that promote these objectives when they come up for a vote.

Members of Congress may reach out to the offices of Doug LaMalfa and Mike Thompson, who have introduced H.R. 1105, the Disaster Resiliency and Coverage Act. The proposed legislation establishes a grant program to allocate up to \$10,000 per household in specified disaster-prone areas for designated resilience projects on their properties. The legislation also introduces a 30% tax credit for eligible disaster risk mitigation efforts undertaken by individuals or businesses.

4. The Future of Fannie Mae and Freddie Mac

HOUSE & SENATE ACTION REQUESTED: Congress must participate in the removal of the GSEs from conservatorship and protect the government backstop for Fannie Mae and Freddie Mac. Any release from conservatorship must include an explicit government guarantee to ensure mortgage capital remains available in all market conditions. If consensus cannot be reached, do no harm—the market is working.

For 90 years, the U.S. housing finance system has successfully balanced public purpose with private capital. Fannie Mae and Freddie Mac are central to this system, and California's housing market is particularly reliant on their stability. Any action to change the structure or oversight of the Enterprises must be grounded in preserving mortgage availability and affordability.

- The Administration and Congress should work together on any effort to remove Fannie Mae and Freddie Mac from conservatorship.
- A government guarantee is essential to keep the 30-year fixed-rate mortgage widely available—this enables buyers to lock in interest rates while transactions move through escrow.
- The current mortgage market is functioning well: qualified borrowers are accessing credit, underwriting is sound, and default rates remain low.
- Private capital alone cannot support the mortgage market in all conditions—both the 2008 financial crisis and COVID demonstrated the need for a government backstop.
- Loans without a guarantee are more expensive and less accessible: jumbo loans often have tighter standards, higher down payments, and interest rates 20 basis points above conforming loans.

For more insights and background on real estate issues and public policy, check out C.A.R.'s Government Affairs YouTube series, "Let Me Ask You This," here:

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