



July 16, 2025

The Honorable Mike Flood
Chair
House Committee on Financial Services
Subcommittee on Housing and Insurance
U.S. House of Representatives
Washington, DC 20515

The Honorable Emanuel Cleaver
Ranking Member
House Committee on Financial Services
Subcommittee on Housing and Insurance
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Flood, Ranking Member Cleaver and Members of the House Committee on Financial Services Subcommittee on Housing and Insurance:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 67 chapters representing more than 23,000 members, I welcome the opportunity to comment on today's hearing, "[HOME 2.0: Modern Solutions to the Housing Shortage](#)."

ABC appreciates the subcommittee's efforts to investigate ways to improve the HOME Investment Partnership Program, whose regulatory hurdles have resulted in significant delays to building critical affordable housing units. ABC recommends that, through the Home Reform Act of 2025, the committee remove onerous Davis-Bacon requirements associated with the HOME Program that would alleviate red tape and assist in delivering these projects on time and on budget.

The Davis-Bacon and Related Acts require contractors to pay administratively determined minimum wage rates, or "prevailing wages," for construction labor on projects exceeding \$2,000 in cost to the federal government. The U.S. Department of Labor determines prevailing wages for construction projects through surveys that often reflect union rates, as unionized contractors are more likely to report uniform wage data. This can result in standardized union-level wages being applied across projects, regardless of whether contractors are unionized. As a result, the DBRA functions as a multibillion-dollar taxpayer subsidy for unionized construction contractors and, as the [Congressional Budget Office](#) estimates, will cost the federal government \$24.3 billion through 2032.

Additionally, labor classification rules based on collective bargaining agreements—often not publicly accessible—can cause unintentional violations and create burdensome compliance challenges, even for contractors who already pay competitive wages. This directly impacts small businesses who do not have the lawyers and compliance teams available to their larger counterparts. For this reason, the DBRA presents a significant barrier to entry for the vast majority of the construction industry.

Most relevant to this hearing, independent investigators consistently document significant inflationary effects arising from prevailing wage requirements. For example, researchers at the [University of California, Berkeley](#) found prevailing wage requirements increased costs by up to 37% on multifamily residential projects funded by federal Low Income Housing Tax Credits between 1996 and 2022, preventing construction of 3,100 housing units per year under mid-range estimates.

When this subcommittee issued a request for public input on the HOME and Community Development Block Grant programs, ABC members from around the country provided feedback on the difficulties that Davis-Bacon requirements pose to contractors performing work for the U.S. Department of Housing and Urban Development. One comment expressed concerns about paperwork requirements, specifically that the work categories do not consider IT jobs and specialty contractors that perform work on a job site. Essentially, the existing categories are limited to trades that were standard in the industry 40 years ago, excluding those that are performed in the modern day.

ABC urges the subcommittee to prioritize practical, data-driven reforms that will enable more efficient delivery of affordable housing under the HOME Program. Removing outdated and burdensome Davis-Bacon requirements through the Home Reform Act of 2025 would eliminate unnecessary regulatory delays, reduce costs and expand opportunities for a broader range of qualified contractors—including small businesses and specialty trades vital to today's construction landscape.

We appreciate your continued commitment to addressing the housing shortage and stand ready to work with the subcommittee to support solutions that deliver timely, cost-effective results for American communities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kristen Swearingen', written in a cursive style.

Kristen Swearingen
Vice President, Government Affairs