DCUC
DEFENSE CREDIT UNION COUNCIL

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The Honorable French Hill
Chairman
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Re: DCUC Support for H.R. 6644, the Housing for the 21st Century Act

Dear Chairman Hill and Ranking Member Waters:

On behalf of the Defense Credit Union Council (DCUC), I write to strongly support H.R. 6644, the *Housing for the 21st Century Act*, and to urge swift House passage ahead of the anticipated floor vote. DCUC is the leading voice for credit unions serving nearly 40 million servicemembers, veterans, DoD civilians, and military families worldwide.

Housing affordability is now a defining constraint on household financial health and upward mobility, and it is increasingly a barrier to workforce stability in communities across America. For the military and veteran community specifically, housing is not simply a cost-of-living concern, it is a quality-of-life and readiness concern. When families cannot find attainable housing near installations or cannot reliably use the tools designed to support housing stability and economic opportunity, the consequences ripple outward: reduced savings, higher debt stress, and growing disruption to family stability.

The root challenge is widely recognized: the United States does not have enough homes where people need them, at price points people can afford. Credible research underscores that, while estimates of the national "housing shortage" differ by methodology, they consistently point to a multi-million-unit gap. explains that housing shortage estimates vary depending on the definitions, targets, and assumptions used to measure "missing" units. Even within that range, the scale is striking has estimated an overall shortage of **3.7 million** housing units (as of Q3 2024 data) and has reported **3.9 million** "missing" homes nationally in its housing underproduction analysis. The policy implication is the same regardless of which estimate one prefers improving affordability requires expanding supply and improving the delivery systems that support housing production and access.

For military families, the housing crunch is intensified by the realities of service. Servicemembers often relocate every two to three years under Permanent Change of Station orders. On-base housing is limited, leaving most families reliant on the private market—but many installation-adjacent markets have not produced enough housing to keep pace. Out-of-pocket costs are increasingly common as local rents and prices exceed allowances. In fact, DCUC has reported that **77% of military families pay more than $200 monthly out-of-pocket beyond their housing allowance**, imposing ongoing strain on household budgets. This is not just frustrating—over time, it erodes savings and makes it harder for families to build financial resilience.

DCUC supports H.R. 6644 because it focuses on practical, supply-oriented reforms and program modernization. As the House Financial Services Committee's summary describes, the bill **expands housing supply by modernizing and streamlining federal and local housing processes** to reduce barriers to building homes; **improves federal housing and community development programs** with updated standards, better administration, and support for innovation in manufactured and factory-built housing; and **expands access to homeownership** by broadening financing pathways, including for manufactured homes and small-dollar mortgages. The bill also emphasizes **transparency, consumer protection, and protections for veterans and vulnerable households**, which DCUC views as essential to ensuring these program improvements translate into real stability for families.

Credit unions—especially defense credit unions—are part of the solution ecosystem. Many DCUC member credit unions are active VA lenders and serve borrowers whose circumstances do not always fit neatly into standardized lending pipelines: frequent relocations, deployment-related documentation complexities, and benefit-based income sources. Credit unions supplement mortgage lending with housing counseling, financial education, and safe, relationship-based credit that supports household stability. In tight housing markets, the ability to deliver financing efficiently can determine whether a family successfully competes for a home, completes a relocation without disruption, or becomes cost-burdened.

Credit union priorities included in H.R. 6644

DCUC is particularly encouraged that the suspension version of H.R. 6644 includes a new **Title VI -"Strengthening Community Banks' Role in Housing"**, reflecting the reality that local lenders' capacity and resilience are part of housing outcomes. Within Title VI, DCUC strongly supports **Sections 603, 604, and 605**, which provide much-needed supervisory and governance modernization for well-run institutions, while maintaining safety and soundness.

Section 603 ("Supervisory Modifications for Appropriate Risk-Based Testing") provides examination relief for **well managed and well capitalized insured credit unions** with **$6 billion or less** in consolidated assets. The credit union provisions establish two specific forms of relief:

First, **alternating limited-scope examinations**: after an insured credit union receives a full-scope, on-site examination from (NCUA), the next examination must be a **limited-scope examination**, as determined by NCUA.

Second, **combined examinations upon request**: if an insured credit union would otherwise be subject to separate safety-and-soundness, consumer compliance, and information technology/cybersecurity examinations, NCUA must—upon the credit union's request—combine two or three examinations and conduct them at the same time.

DCUC supports Section 603 because it is **risk-based tailoring**, not a blanket reduction in oversight. Congress included clear guardrails: this relief does not apply to any insured credit union currently subject to a formal enforcement proceeding or order. The bill also requires NCUA to issue rules within 12 months and to establish procedures for limited-scope exams, for reviewing institutions that experience material changes in condition or operational risk profile, and for balancing streamlining with "sufficient oversight" to ensure safety, soundness, and compliance. In other words, the bill preserves strong supervision where risk demands it, while reducing duplication for institutions that have earned streamlined treatment through performance.

Section 604 ("Tailored Regulatory Updates for Supervisory Testing") modernizes supervisory thresholds by raising specified statutory references from **$3 billion to $6 billion**. This threshold update is important because outdated supervisory cliffs can penalize safe growth and force mid-sized institutions into more burdensome supervisory treatment based on asset size rather than risk—especially after years of inflation and balance-sheet expansion across the industry.

Section 605 ("Credit Union Board Modernization") updates outdated board meeting requirements in the Federal Credit Union Act through a safety-focused framework. De novo federal credit unions must meet at least monthly during their first five years. Well-rated federal credit unions—those with composite ratings of 1 or 2 and management ratings of 1 or 2—must meet **not less than six times annually**, with at least one meeting in each fiscal quarter. Federal credit unions with weaker composite or management ratings (3, 4, or 5) must meet at least monthly. DCUC supports this modernization because it respects the realities of modern governance for well-run institutions while preserving heightened oversight expectations for new or troubled institutions.

Taken together, Sections 603–605 deliver **targeted relief** that helps credit unions redirect resources from repetitive supervisory mechanics to member service, lending throughput, and housing support for families—without undermining safety and soundness.

Request for final House–Senate negotiations

Because H.R. 6644 is expected to be part of broader negotiations with the Senate on housing legislation, DCUC respectfully requests that the House include two additional, high-priority credit union provisions in the final negotiated package:

First, **Central Liquidity Facility modernization** consistent with **S. 2545**, the *NCUA Central Liquidity Facility Enhancements Act*.

Second, the **Veterans Member Business Loan Act** (**H.R. 507 / S. 110**) to expand responsible access to capital for veteran entrepreneurs.

These additions are straightforward, bipartisan, and aligned with the broader goal of improving affordability and expanding economic opportunity—especially for the military and veteran community.

Central Liquidity Facility modernization

Liquidity risk is not theoretical. In a rapidly changing interest-rate environment, community-based financial institutions face intensified deposit competition and shifting funding conditions. NCUA has emphasized that "in the current economic environment of higher interest rates and heightened liquidity risks," the role of the Central Liquidity Facility (CLF) "as a liquidity backstop has assumed even greater importance." NCUA has also underscored that access to the CLF (or another federal liquidity backstop) should be part of a credit union's broader liquidity risk management plans "for a variety of contingencies," not merely during moments of acute crisis.

NCUA's 2024 Annual Report similarly reinforces why contingency funding readiness is a continuing supervisory concern. NCUA reported that uncertainty in interest rate levels and economic conditions heightened the need for credit unions to prepare for contingency funding needs, and it stated that high levels of interest-rate risk can increase credit unions' liquidity risks and put pressure on earnings and capital. These are not abstract observations—they reflect the real operational environment credit unions have had to navigate in recent years.

DCUC has long supported the CLF as an "important federal liquidity backstop during times of economic stress or market disruption." However, access to this backstop has been uneven because of statutory constraints around agent membership. When temporary statutory enhancements expired at the end of 2022, the effect was immediate and measurable: according to the Congressional Record, **3,322 smaller credit unions** were left without access to the CLF, and the facility's capacity contracted by **almost $10 billion**. This access contraction is precisely the kind of structural vulnerability Congress can and should address before the next market stress event tests the system.

DCUC therefore urges inclusion of S. 2545's agent-member fix. The bill's core approach is narrow but impactful: it amends the Federal Credit Union Act by striking "all those credit unions" and inserting "such credit unions as the Board may in its discretion determine." This restores durable flexibility for agent membership and helps ensure that smaller credit unions can incorporate CLF access into responsible contingency planning—strengthening resiliency without creating a new spending program.

As DCUC has emphasized in prior communications, this type of modernization would "bring the emergency liquidity toolkit for credit unions into the 21st century." DCUC respectfully requests the House include CLF modernization in the final housing negotiations so that the credit union system's liquidity backstop operates as Congress intended: broad-based, confidence-building, and available to the institutions that serve military families and other community-based populations.

Veterans Member Business Loan Act

DCUC also urges inclusion of the Veterans Member Business Loan Act in a final negotiated housing package. Veteran entrepreneurship is a critical pathway to economic mobility and successful transition to civilian life, and veteran-owned companies are meaningful contributors to local housing ecosystems: contractors, trades, suppliers, and service providers that build, maintain, and support housing stock.

Yet federal law has imposed a structural barrier since 1998: the credit union member business lending cap of **12.25%** of assets. This cap applies regardless of a credit union's capital strength and regardless of a veteran entrepreneur's creditworthiness. The American Legion has explained that the cap can block credit unions from fully helping veteran-owned businesses and can force credit unions to turn away deserving veteran borrowers once the cap is reached—even when the credit union is financially strong and eager to do more.

The Veterans Member Business Loan Act solves this problem with a targeted statutory change: it amends the Federal Credit Union Act to exclude loans made to veteran-owned businesses from the definition of a "member business loan," thereby exempting such loans from the cap while maintaining safety-and-soundness expectations. In testimony to the Senate Committee on Veterans' Affairs, DCUC explained that removing an "arbitrary lending cap that is now unnecessary" allows credit unions to lend more to veteran entrepreneurs "without undermining safety and soundness standards," calling it "a targeted change with outsized benefits." DCUC also emphasized that the reform comes at no cost to taxpayers because it involves "no new federal program or spending," only a statutory adjustment to allow more private-sector lending.

DCUC has likewise articulated the policy in clear terms: "We strongly support this bill—it's pro-veteran, pro-small business, and it doesn't cost taxpayers a dime." That is an unusually strong combination of attributes for bipartisan legislation: direct benefits to veteran communities, strong safety-and-soundness compatibility, and no new federal spending.

The bill is also explicitly endorsed by , which has described the proposal as "a prudent change" that maintains safety requirements while lifting a rigid ceiling that prevents veterans from getting fair access to capital. DCUC respectfully asks the House to carry this policy priority into the final housing negotiations, recognizing that expanding veteran-owned small business capacity is a practical contributor to stronger local economies and, by extension, stronger housing markets.

In closing, DCUC strongly urges swift House passage of H.R. 6644, the *Housing for the 21st Century Act*, and we respectfully ask you to preserve Title VI's credit union priorities—particularly Sections 603–605—through final enactment. We also respectfully request that the House, in anticipated negotiations with the Senate, include CLF modernization consistent with S. 2545 and enact the Veterans Member Business Loan Act. These two additions are targeted, bipartisan reforms that strengthen institutional resilience and expand access to responsible credit for the military and veteran communities credit unions are uniquely positioned to serve.

Thank you for your continued leadership and bipartisan engagement. DCUC stands ready to work with you and your staff as a resource as this legislation advances.

Sincerely,

Jason Stverak
Chief Advocacy Officer
DCUC

Cc: Members of the House of Representatives