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Workforce or Middle-Income Housing: Analysis and Policy Considerations

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Henry G. Watson

Analyst in Housing Policy

Workforce housing is generally understood to be housing that is affordable and available for a population distinct from either low-income or upper-income households, though the term is not defined in federal statute or regulation. Proposed workforce housing definitions have generally considered at least one of three factors: household income, the occupation of a household member, and housing cost.

Congress may consider a beneficiary household's income in the definition and design of a workforce housing program. Several income eligibility thresholds are defined in federal statute for low-income, very low-income, and extremely low-income families. However, an income eligibility limit, or range, for middle-income or workforce-income families is not clearly defined in federal statute. Compared to low-income households, middle-income households tend to have lower rates of housing *problems*, such as high housing costs relative to income, but they may experience difficulties affording housing that meets their housing *preferences*, such as location, size, or tenure (owning versus renting).

In addition to, or in place of, income-eligibility limits, policymakers may consider designing a workforce housing program with occupation-based eligibility. Several existing federal housing programs limit eligibility to households containing individuals employed as farmers, police, teachers, firefighters, and emergency medical technicians. Existing federal programs also provide housing benefits to federal employees in some cases. Occupation-based eligibility criteria and income-based eligibility criteria do not perfectly align due to substantial variation in wages.

Congress may also consider the cost of housing in the definition and design of a workforce housing program. Existing federal housing programs generally base maximum housing costs on either individual household incomes, area median incomes, or area housing costs.

To the extent Congress seeks to expand support for workforce or middle-income housing, policy options include supply-side subsidies (e.g., grants to subsidize construction), demand-side subsidies (e.g., down payment assistance to homebuyers), and incentivizing or supporting land use reforms, including facilitating *missing middle* housing. Other policy issues for Congress may include geographically targeting these policy interventions and facilitating *filtering* by increasing the supply of market-rate housing.

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Introduction

Congress has demonstrated interest in federal programs that would support workforce or middle-income housing.¹ *Workforce housing* is generally understood to be housing that is affordable and available for a population distinct from either low-income or upper-income households, though the term is not defined in federal statute or regulation.² Proposed workforce housing definitions have generally considered a household's eligibility in terms of household income or the occupation of a household member. Some definitions also consider a housing unit's eligibility in terms of cost, alone or in combination with household eligibility criteria.

The federal government has historically targeted limited housing resources to low-income households who experience a shortage of affordable and available housing in the private market.³ Broadly speaking, most households that do not qualify as low-income under federal policy can generally afford shelter that is decent, safe, and sanitary. Households earning more than the low-income threshold can afford fair market rents (the 40th percentile of rental housing costs) with 30% or less of their income in most areas, and approximately 95% of “middle-income households,” as defined in the U.S. Department of Housing and Urban Development's (HUD's) *Worst Case Housing Needs* (WCHN) report, did not experience severe housing problems in 2023.⁴ However, some households that do not qualify as low-income may be unable to afford housing that matches their housing *preferences*, such as neighborhood amenities, proximity to jobs, and tenure (owning versus renting). Congress has, at times, supported such housing preferences for middle-income households, particularly homeownership.⁵

To the extent Congress seeks to expand support for workforce or middle-income housing, policy options include supply-side subsidies (such as grants to subsidize construction), demand-side subsidies (such as down payment assistance to homebuyers), and incentivizing or supporting land use reforms, including facilitating *missing middle* housing.⁶ Other policy issues for Congress may include geographically targeting these policy interventions and facilitating *filtering* by increasing the supply of market-rate housing.⁷

This report begins by addressing three factors often considered when defining and designing a potential workforce housing program: income-based eligibility, occupation-based eligibility, and housing costs. Their use in existing federal programs is discussed. Additionally, data are

¹ See **Appendix B** for a non-exhaustive list of related legislation introduced in the 118th and 119th Congresses.

² Some scholars have criticized the term *workforce housing* for marginalizing and stigmatizing lower-income households, many of whom participate in the workforce. See, for example, Alexander Hermann et al., *Subsidizing the Middle: Policies, Tradeoffs, and Costs of Addressing Middle-Income Affordability Challenges*, Joint Center for Housing Studies, July 2024, <https://www.jchs.harvard.edu/research-areas/working-papers/subsidizing-middle-policies-tradeoffs-and-costs-addressing-middle>.

³ U.S. Department of Housing and Urban Development (HUD), Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>.

⁴ See **Figure 1** and **Table 2**.

⁵ For more information, see CRS In Focus IF11305, *Why Subsidize Homeownership? A Review of the Rationales*, by Mark P. Keightley.

⁶ The term *missing middle* housing describes housing types such as duplexes and townhouses that are more dense than detached single-family homes but less dense than apartment buildings. Opticos Design, “Missing Middle Housing,” <https://missingmiddlehousing.com/about-2/> (accessed December 30, 2025).

⁷ Filtering describes the process by which some households move into more expensive housing units, reducing demand and prices for the more affordable units they vacated. See Evan Mast, “JUE Insight: The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market,” *Journal of Urban Economics*, vol. 133 (January 2023).

presented on topics such as housing problems by tenure and relative income, the relative incomes of selected occupations, and the relationships between different measures of housing costs. The final sections of the report discuss several policy options for Congress. **Table A-1** in the Appendix provides a non-exhaustive list of legislation introduced in the 118th and 119th Congresses that contains examples of provisions that may qualify as workforce or middle-income housing policies.

List of Acronyms

ACS: American Community Survey
AMI: Area Median Income
DDA: Difficult Development Area
EAH: Employer-Assisted Housing
FHA: Federal Housing Administration
FMR: Fair Market Rent
GNND: Good Neighbor Next Door
GFH: Government-Furnished Housing
HAMFI: Department of Housing and Urban Development (HUD) Area Median Family Income
HRMA: Housing Requirements and Market Analysis
HUD: U.S. Department of Housing and Urban Development
LIHTC: Low-Income Housing Tax Credit
MSA: Metropolitan Statistical Area
OMB: Office of Management and Budget
SAFMR: Small Area Fair Market Rent
USDA: U.S. Department of Agriculture
WCHN: Worst Case Housing Needs
ZCTA: Zip Code Tabulation Area

Household Income

Congress may consider a beneficiary household's income in the definition and design of a workforce housing program. That is, only households that satisfy a household income criterion would be eligible to benefit from a workforce housing program. An income eligibility limit, or range, for middle-income or workforce-income households is not clearly defined in federal statute. If *middle-income* is defined relative to metropolitan- or county-area incomes, middle-income households tend to have lower rates of housing *problems*, such as high housing costs relative to income, compared to low-income households. Middle-income households may experience difficulties affording housing that meets their housing *preferences* such as location, size, and tenure.

Income Eligibility Limits

An income eligibility limit restricts participation in a program to individuals or households who have an income no more than (and in some cases no less than) a specified threshold. Income eligibility thresholds in existing housing programs are typically set at a percentage of an adjusted measure of area median income (AMI) known as HUD Area Median Family Income (HAMFI). The methodology of HAMFI is discussed in the box below. In this report, AMI is used to refer to the generalized concept of area median income, whereas HAMFI is used to refer to the specific, HUD-calculated measure.

HUD Area Median Family Income (HAMFI)

AMI is widely used in federal housing policy to determine income eligibility limits and maximum housing costs, accounting for geographic differences in wages and the cost of living. HUD is directed in statute to calculate the “median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower ... on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes” (see 42 U.S.C. §1437a(b)(2)). HUD’s calculation of AMI is referred to as HAMFI. The same methodology underlies Multifamily Tax Subsidy Project Income Limits (“area median gross income”) used for projects financed with tax exempt bonds or the Low-Income Housing Tax Credit (LIHTC).

The geographies for HAMFIs are metropolitan areas and non-metropolitan counties. The metropolitan areas used for HAMFI generally align with Office of Management and Budget (OMB) definitions of Metropolitan Statistical Areas (MSAs), but HUD has diverged from the OMB-defined areas over time.⁸

HAMFI is based on median household income as reported by the American Community Survey (ACS), with several adjustments applied:⁹

- If statistically reliable estimates are not available for an area in recent years, HUD may use estimates from the next largest encompassing geography.
- ACS data are adjusted for inflation based on Congressional Budget Office projections of national per capita wages and salaries.
- HAMFI-based income limits are adjusted upward for areas where rental housing costs exceed a certain threshold, relative to incomes.¹⁰
- HAMFI-based income limits are adjusted downward for areas where incomes exceed a certain threshold, relative to rental housing costs and the U.S. median family income.¹¹
- HAMFI-based income limits are adjusted to be no lower than the State Non-Metropolitan Median Family Income (or the national non-metro median in states without non-metropolitan counties).
- A HAMFI may not decrease more than 5% year-over-year and may not increase by the greater of 5% or twice the annual change in national median family income, up to 10% year-over-year.

Baseline estimates of HAMFI are used for income limits for four-person households. Income limits for other family sizes are calculated by applying percentage adjustments. The one-person family income limit is 70% of the four-person income limit, the two-person limit is 80%, the three-person limit is 90%, the five-person limit is 108%, the six-person limit is 116%, the seven-person limit is 124%, the eight-person limit is 132%, and an additional 8% is added per person for family sizes larger than eight persons.

⁸ U.S. Department of Housing and Urban Development, Office of Economic Affairs, Office of Policy Development and Research, *Assessment of Small Area Median Family Income Estimates*, May 2018, <https://www.huduser.gov/portal/sites/default/files/pdf/Assessment-of-Small-Area-Median-Family-Income-Estimates.pdf>.

⁹ For more information, see U.S. Department of Housing and Urban Development, *Methodology for Determining FY 2025 Section 8 Income Limits*, April 1, 2025, <https://www.huduser.gov/portal/datasets/il/il25/IncomeLimitsMethodology-FY25.pdf>.

¹⁰ In FY2025, HUD applied this adjustment to the HAMFIs of 10 non-metro counties (out of 1,958) and 25 metropolitan areas (out of 684). See U.S. Department of Housing and Urban Development, *Methodology for Determining FY 2025 Section 8 Income Limits*, April 1, 2025, <https://www.huduser.gov/portal/datasets/il/il25/IncomeLimitsMethodology-FY25.pdf>.

For an example, see the FY2025 Very Low (50%) Income Limit calculation for the New York, NY, HUD Metro FMR Area, available at https://www.huduser.gov/portal/datasets/il/il2025/select_Geography.odn.

¹¹ In FY2025, HUD applied this adjustment to the HAMFIs of 2 non-metro counties (out of 1,958) and 0 metropolitan areas (out of 684). See U.S. Department of Housing and Urban Development, *Methodology for Determining FY 2025 Section 8 Income Limits*, April 1, 2025, <https://www.huduser.gov/portal/datasets/il/il25/IncomeLimitsMethodology-FY25.pdf>.

For an example, see the FY2025 Very Low (50%) Income Limit calculation for Los Alamos County, NM, available at https://www.huduser.gov/portal/datasets/il/il2025/select_Geography.odn.

Several income eligibility thresholds used in many federal housing programs are defined in statute at 42 U.S.C. §1437a(b):

- Low-income: “families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.”
- Very low-income: “families whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes.”
- Extremely low-income: “families whose incomes do not exceed the higher of—

(i) The poverty guidelines updated periodically by the Department of Health and Human Services under the authority of [42 U.S.C. §9902(2)] applicable to a family of the size involved (except that this clause shall not apply in the case of public housing agencies or projects located in Puerto Rico or any other territory or possession of the United States); or

(ii) 30 percent of the median family income for the area, as determined by the Secretary, with adjustments for smaller and larger families (except that the Secretary may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes).”

There is no similarly established income eligibility threshold for *workforce housing* or *workforce income* in federal statute. However, the Community Development Block Grant program (which can be used for some affordable housing activities) defines “persons of moderate income” as “families and individuals whose incomes exceed 50 percent, but do not exceed 80 percent, of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families.”¹² This population would be included under the definition of “low-income” noted above that is used for other federal housing programs. Additionally, HUD’s 2025 WCHN report defines “middle-income” as 80%-120% of HAMFI.¹³

Existing state and local workforce housing programs commonly set a maximum income eligibility of 120% of AMI, with some variation.¹⁴ Several state and local workforce housing programs additionally employ a *minimum* income eligibility threshold, commonly set at 60% or 80% of AMI. Income eligibility minimums may be used to target benefits to households with

¹² 42 U.S.C. §5302(a)(20). Similar to the definitions at 42 U.S.C. §1437a(b), this section permits the HUD Secretary to “establish percentages of median income for any area that are higher or lower than the percentages set forth ... if the Secretary finds such variations to be necessary because of unusually high or low family incomes in such area.”

¹³ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, p. 103, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>.

¹⁴ Alexander Hermann et al., *Subsidizing the Middle: Policies, Tradeoffs, and Costs of Addressing Middle-Income Affordability Challenges*, Joint Center for Housing Studies, July 2024, <https://www.jchs.harvard.edu/research-areas/working-papers/subsidizing-middle-policies-tradeoffs-and-costs-addressing-middle>.

incomes too high to qualify for existing housing programs.¹⁵ Existing housing programs predominantly target “low-income” families, as defined above.

Table 1 shows selected active federal housing programs with income eligibility limits greater than the federal low-income limit (80% of AMI, as adjusted). **Appendix A** shows selected *legacy* federal housing programs with income eligibility limits greater than the federal low-income limit.

Table 1. Selected Active Federal Housing Programs with Income Eligibility in Excess of 80% of Area Median Income (AMI)

Program Name	Maximum Income Eligibility	Other Eligibility Limits	Type of Assistance	Source
Capital Magnet Fund	120% of AMI	No more than 50% of funds may be used to serve households with incomes greater than 80% of AMI.	Financing for developing, preserving, or purchasing rental or homeownership housing	12 U.S.C. §4569 12 C.F.R. Part 1807
Federal Home Loan Bank Community Investment Programs	115% of AMI	NA	Financing for purchase or rehabilitation of rental or homeownership housing	12 U.S.C. §1430
Mortgage revenue bonds	115% of AMI up to 140% of AMI in high housing cost areas	Maximum acquisition costs	Private activity bonds to finance mortgages for homebuyers	26 U.S.C. §143
Rural Housing Service guaranteed loans (§§502 and 538)	115% of AMI ^a	NA	Loan guarantees to finance the construction, acquisition, and rehabilitation of single- and multi-family housing	42 U.S.C. §1472(h)(3) 42 U.S.C. §1490p-2(d)(2)
Rural Housing Service multifamily rental programs (§§514, 515, 516, and 521)	80% of AMI + \$5,500	Some programs prioritize assistance for very low-income families.	Farm labor housing direct loans and grants; rural multifamily rental housing direct loans; and rural rental assistance	42 U.S.C. §1484 et seq. 7 C.F.R. Part 3560.11

Source: CRS analysis of federal housing programs, based in part on U.S. Department of Housing and Urban Development, Office of Economic Affairs, Office of Policy Development and Research, *Assessment of Small Area Median Family Income Estimates*, May 2018, <https://www.huduser.gov/portal/sites/default/files/pdf/Assessment-of-Small-Area-Median-Family-Income-Estimates.pdf>.

- a. In the regulations for Section 502, “moderate income” is defined as the greater of (1) 115% of the U.S. median family income, (2) the average of the statewide and state non-metro median family income, or (3) 115/80ths of the low-income limit for the county or metropolitan statistical area where the housing is located (7 C.F.R. §3555.10).

In addition to the programs listed in **Table 1**, some federal programs subsidize and incentivize homeownership for households of any income, including the mortgage interest deduction and Federal Housing Administration (FHA)-insured single-family mortgages. The FHA also insures mortgages to support the purchase, construction, rehabilitation, repair, or refinancing of multifamily rental properties. Most FHA multifamily programs do not have explicit income

¹⁵ Rebecca Lazarovic et al., “Approaches to workforce housing in London and Chicago: from targeted sectors to income-based eligibility,” *Housing Studies*, vol. 31, no. 6 (September 2016), pp. 651-671.

limits. However, a recent FHA Mortgagee Letter established more favorable loan terms for “middle-income projects” (defined as projects with at least 50% of units targeted to households earning up to 120% of AMI) under the Section 221(d)(4) multifamily program.¹⁶

Housing Problems by Tenure and Relative Income

In determining income eligibility limits for a potential workforce housing program, Congress may be interested in how current rates of housing problems—such as cost burden and physical housing deficiencies—vary by household income and tenure. The analysis in this section focuses primarily on the 26.3 million owner and renter households with incomes between 80%-120% of HAMFI. This income band is referred to as “middle income” in HUD’s 2025 WCHN report,¹⁷ aligns with typical state and local workforce housing programs, and definitionally excludes low-income households. Four-person household incomes in this band can range from \$51,850 to \$241,080 depending on the area, based on FY2025 HUD Income Limits.¹⁸

Approximately 28% of all households with incomes between 80%-120% of HAMFI (adjusted for family size) had *housing problems* in 2023, according to data from the 2025 WCHN report.¹⁹ A household is considered to have housing problems if housing costs exceed 30% of household income; if the housing has one or more moderate physical problems related to plumbing, heating, upkeep, or the kitchen; or if the housing is “overcrowded” (more than one person per total rooms). About one-fifth of this group—approximately 5% of households with incomes between 80%-120% of HAMFI—had *severe housing problems* in 2023. A household is considered to have severe housing problems if housing costs exceed 50% of household income or if the housing has one or more serious physical problems related to heating, plumbing, electrical systems, or upkeep. Since the late 1980s, rates of housing problems have been predominantly driven by housing costs rather than physical problems or overcrowding.²⁰

As shown in **Figure 1**, in 2023 approximately 7.4 million homeowner and renter households, earned 80%-120% of HAMFI and experienced housing problems, accounting for approximately 32% of renter households and 26% of homeowner households in this income range.²¹ By

¹⁶ U.S. Department of Housing and Urban Development, “Mortgagee Letter 2026-1: Creating a Middle Income Housing option for 221(d)(4),” January 22, 2026, <https://www.hud.gov/sites/dfiles/hudclips/documents/2026-01hsgml.pdf>.

¹⁷ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>, page 103.

¹⁸ For example, in the Morehouse Parish, LA, HUD Metro FMR Area in FY2025, 80% of HAMFI was equal to \$51,850 and 120% of HAMFI was equal to \$77,760. In the San Jose-Sunnyvale-Santa Clara, CA, HUD Metro FMR Area in FY2025, 80% of HAMFI was equal to \$159,550 and 120% of HAMFI was equal to \$241,080. See <https://www.huduser.gov/portal/datasets/il.html>.

¹⁹ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>.

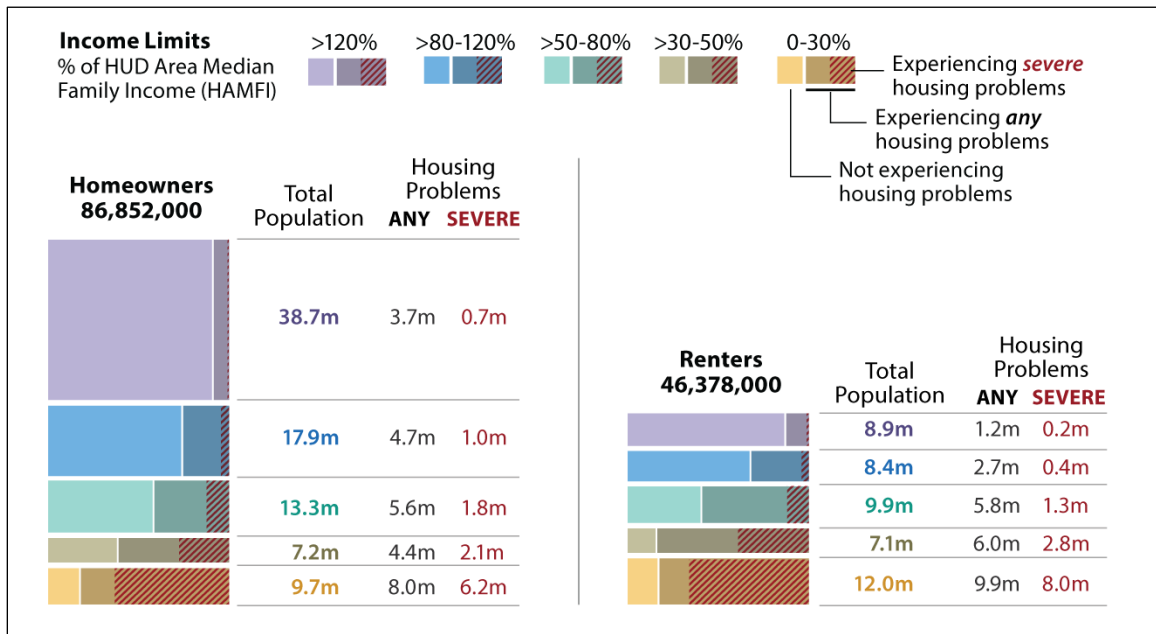
²⁰ Among all households with housing problems in 2023, approximately 90% experienced housing cost burdens. Some households experienced both housing cost burdens and physical problems or overcrowding. See U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, Appendix Tables A-1A and A-1B, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>. For historical trends, see U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Trends in Worst Case Needs for Housing, 1978-1999*, December 2003, p. 8, <https://www.huduser.gov/portal/publications/affhsg/worstcase03.html>.

²¹ These statistics include households that report receipt of housing assistance (“assisted households”). HUD’s WCHN report excludes assisted households from its count of households with worst case housing needs. If assisted renters (continued...)

comparison, approximately 39.7 million households earned less than 80% of HAMFI and experienced housing problems in 2023, accounting for approximately 75% of renter households and 59% of homeowner households in this income range.²² In **Figure 1**, households that earned less than 80% of HAMFI are represented by the bottom three categories: 0-30%, >30-50%, and >50-80%.

Approximately 1.4 million homeowner and renter households earned 80%-120% of HAMFI and experienced severe housing problems, accounting for approximately 4.9% of renter households and 5.5% of homeowner households in this income range.²³ By comparison, approximately 22.2 million households earned less than 80% of HAMFI and experienced severe housing problems in 2023, accounting for approximately 42% of renter households and 33% of homeowner households in this income range.²⁴

Figure 1. Housing Problems for Households by Tenure and Relative Income, 2023
(income categories are relative to HAMFI)



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, Appendix Tables A-1A and A-1B, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>.

Notes: Tenure describes whether a household owns or rents their housing. Data are HUD Office of Policy Development and Research tabulations of the 2023 American Housing Survey. A household is considered to have a housing problem if housing costs exceed 30% of household income; if the housing has one or more moderate physical problems related to plumbing, heating, upkeep, or the kitchen; or if the housing is

were excluded, approximately 0.1 million fewer households in this income band would be classified as having housing problems, and the share of renter households with housing problems would be 31%.

²² If assisted renters were excluded, approximately 4.3 million fewer households in this income band would be classified as having housing problems, and the share of renter households with housing problems would be 60%.

²³ If assisted renters were excluded, approximately 0.02 million fewer households in this income band would be classified as having severe housing problems, and the share of renter households with severe housing problems would be 4.7%.

²⁴ If assisted renters were excluded, approximately 2.5 million fewer households in this income band would be classified as having severe housing problems, and the share of renter households with severe housing problems would be 33%.

“overcrowded” (more than one person per total rooms). A household is considered to have a severe housing problem if housing costs exceed 50% of household income or if the housing has one or more serious physical problems related to heating, plumbing, electrical systems, or upkeep. In this figure, households that report receipt of housing assistance (“assisted households”) are categorized as either “not experiencing housing problems”, “experiencing any housing problems”, or “experiencing severe housing problems” based on the previously listed definitions. HUD’s Worst Case Housing Needs report excludes assisted households from its count of households with worst case housing needs.

Housing cost burdens, as estimated by a 30% of income standard,²⁵ are a major component of the WCHN measure of housing problems, and are not necessarily comparable between households of different incomes. A housing cost burden based on a fixed 30% of income does not account for the possibility that high-income households may require a lower percentage of their income to afford necessities compared to low-income households. For that reason, the 30% of income standard may produce higher estimates of cost burden among middle-income households compared to estimates produced by alternative methodologies.²⁶

The 2025 WCHN report also found a nationally sufficient number of affordable and available units for renter households with incomes greater than or equal to 100% of HAMFI, although some units may not be physically adequate, and the geographic distribution of units may not align with the distribution of renters.²⁷

These data can inform whether households live in housing units that are decent, safe, sanitary, and affordable (using the benchmark of 30% or 50% of income spent on housing costs). However, these data *cannot* show whether households live in housing that aligns with their *preferences*, which policymakers may wish to account for.²⁸ Households make intentional decisions on where to live, balancing the cost of the housing against factors such as proximity to schools, jobs, and community. For example, a household may choose a housing unit they can afford over a more expensive unit closer to their job; this would not be a housing problem accounted for by the WCHN data. Individuals may also form larger households than they would prefer—by, for example, living with roommates—due to high housing costs. Provided that the housing is not overcrowded (more than one person per total rooms), this would not be defined as a housing problem either. Households may also rent housing when they would prefer to own. The homeownership rate among households earning 80%-120% of HAMFI declined from 73% in 2003 to 68% in 2023.²⁹ It is unknown what share of this decline, if any, can be attributed to

²⁵ For more information on housing cost burdens, see CRS Report R48450, *Housing Cost Burdens in 2023: In Brief*, by Maggie McCarty, Mark P. Keightley, and Mary Daniels.

²⁶ Christopher Herbert et al., *Measuring Housing Affordability: Assessing the 30 Percent of Income Standard*, Joint Center for Housing Studies of Harvard University, Cambridge, MA, September 2018, pp. 14-15, https://www.jchs.harvard.edu/sites/default/files/media/imp/Harvard_JCHS_Herbert_Hermann_McCue_measuring_housing_affordability.pdf.

²⁷ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, p. 35, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>.

²⁸ Some researchers have proposed alternative measures of housing affordability to address some of the limitations discussed in this paragraph. See, for example, Daniel Shoag et al., *Affordability for Whom? Introducing an Inclusive Affordability Measure*, Terner Center for Housing Innovation, May 2024, <https://ternercenter.berkeley.edu/wp-content/uploads/2024/05/Affordability-for-Whom-May-2024-.pdf>; and Matthew M. Brooks, “Measuring America’s Affordability Problem: Comparing Alternative Measurements of Affordable Housing,” *Housing Policy Debate*, vol. 33, no. 6 (2023), pp. 1293-1312.

²⁹ In 2023, HUD reported 17,918,000 owner households with incomes between 80% and 120% of HAMFI, compared to 8,429,000 renter households. U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, Appendix Tables A-1A and A-1B, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>.

(continued...)

changes in the affordability of homeownership, as opposed to other factors such as delayed family formation and shifting preferences regarding housing tenure.

Occupation

In addition to, or in place of, income-eligibility limits, policymakers may consider designing a workforce housing program with occupation-based eligibility. That is, only households that satisfy an occupational or employment criteria would be eligible to benefit from the workforce housing program. A small number of federal housing programs limit eligibility to households containing individuals employed in certain occupations, such as police, teachers, firefighters, and emergency medical technicians. Existing federal programs also provide housing benefits to federal employees in some cases. Occupation-based eligibility criteria and income-based eligibility criteria do not perfectly align due to substantial variation in wages across both occupations and locations.

Occupation-Based Eligibility

A workforce housing program could restrict eligibility to households containing individuals employed in certain occupations so as to capture positive economic spillovers,³⁰ incentivize residency for certain municipal employees,³¹ ease the burden of occupations with existing residency requirements,³² or offset an influx of workers.³³ A program could restrict eligibility to heads of households, or it could include any household with at least one member employed in a qualifying occupation.

A limited number of existing federal housing programs consider occupation as an eligibility factor. The Section 514 and Section 516 Rural Housing Service programs prioritize eligibility to persons (and their families) employed in “domestic farm labor.”³⁴ In the case of diminished need for farm labor housing, Section 514- and Section 516-supported housing may be made available to retired or disabled farm laborers³⁵ or other elderly, disabled, and low-income families not connected to domestic farm labor.³⁶

In 2003, HUD reported 14,281,000 owner households with incomes between 80% and 120% of HAMFI, compared to 5,416,000 renter households. U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Affordable Housing Needs: A Report to Congress on the Significant Need for Housing*, January 22, 2006, Appendix Tables A-1a and A-1b, <https://www.huduser.gov/portal/publications/affhsg/affhsgneed.html>.

Freddie Mac has stated that Q4 2003 was the end of a “stable period” in the housing market; see <https://www.freddiemac.com/research/insight/housing-supply-still-undersupplied>.

³⁰ Nicky Morrison, “Securing Key Worker Housing through the Planning System,” in *Making Housing More Affordable: The Role of Intermediate Tenures*, ed. Sarah Monk and Christine Whitehead (Oxford: Wiley-Blackwell, 2010), pp. 120-133.

³¹ Daniel Villa, “Measuring the Impact of Residency Requirements and the Relationship with the Citizens in the Community,” (Ph.D. Dissertation, DePaul University, 2021).

³² Peter K Eisinger, “Municipal Residency Requirements and the Local Economy,” *Social Science Quarterly*, vol. 64, no. 1 (March 1, 1983).

³³ Wannakuwatte Mitiwaduge Felix Nirmal Fernando, “Economic and Social Impacts of Rapid Shale Oil Development in Western North Dakota,” (Ph.D. Dissertation, North Dakota State University, 2016).

³⁴ 42 U.S.C. §1484(f)(3).

³⁵ 42 U.S.C. §1484(f)(3)(C).

³⁶ 42 U.S.C. §1484(i).

The Good Neighbor Next Door (GNND) Sales Program provides discounts on a limited number of HUD-owned single-unit properties in HUD-designated revitalization areas³⁷ for persons working in several defined occupations: law enforcement officers, teachers of students in grades pre-kindergarten through 12, firefighters, and emergency medical technicians.³⁸ The GNND program followed several similar HUD programs targeted to public safety employees,³⁹ full-time law enforcement officers,⁴⁰ and teachers.⁴¹ HUD also permits local Public Housing Agencies to allow otherwise ineligible police officers to reside in public housing dwelling units for the purpose of increasing security in the development.⁴²

Some federal employees receive government-furnished housing or housing benefits. The U.S. Department of Defense⁴³ provides housing benefits to active-duty servicemembers as a component of service agreements and compensation packages.⁴⁴ Additionally, all executive agency heads may provide housing to federal civilian employees and employees of government contractors, under certain conditions.⁴⁵ Government-Furnished Housing (GFH) is generally only provided for civilian employees when duty stations are in remote locations with inadequate private housing.⁴⁶ The Secretary of the Interior, acting through the Director of the National Park Service, is separately authorized to lease and newly construct housing for rent to field employees.⁴⁷

Income Eligibility of Public Service Employees

Occupation- and income-based eligibility criteria do not perfectly align due to substantial variation in wages across both occupations and locations. This analysis will focus primarily on *public service occupations* in line with the existing GNND program and several pieces of introduced legislation.⁴⁸

Each point in **Figure 2** represents the median wage for one occupation in one MSA as a percentage of the relevant one-person HAMFI. The state-level minimum wage for a full-time employee is also shown.⁴⁹ Not every occupation has a measured wage in every MSA; missing

³⁷ See 12 U.S.C. 1710(h)(3) for the definition of “revitalization area.”

³⁸ 24 C.F.R. §291.510.

³⁹ U.S. Department of Housing and Urban Development, “Single Family Property Disposition Sales Program for Public Safety Employees,” 59 *Federal Register*, September 20, 1994.

⁴⁰ This program was initiated through the issuance of HUD Notice H-97-51. For more information, see U.S. Department of Housing and Urban Development, “Single Family Property Disposition Officer Next Door Sales Program,” 63 *Federal Register* 1886, January 12, 1998.

⁴¹ U.S. Department of Housing and Urban Development, “Teacher Next Door Initiative; Notice,” 64 *Federal Register* 68370, December 7, 1999.

⁴² 42 U.S.C. §1437a(4), 24 C.F.R. §960.505.

⁴³ The Department of Defense is “using a secondary Department of War designation,” under Executive Order 14347 dated September 5, 2025.

⁴⁴ For more information, see CRS Report R47728, *Military Housing*, by Andrew Tilghman.

⁴⁵ 5 U.S.C. §5911.

⁴⁶ OMB Circular A-45 sets policies and administrative guidance for rental and construction of non-military GFH.

⁴⁷ 54 U.S.C. §§101331 et seq.

⁴⁸ See **Appendix B** for related bills.

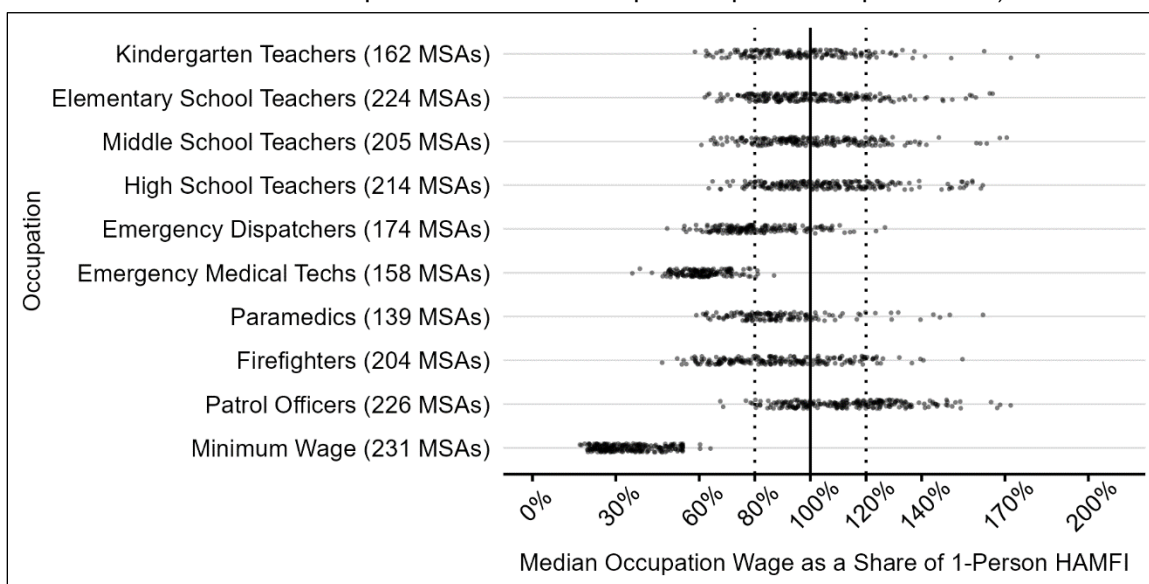
⁴⁹ For the purposes of this figure, the minimum wage for the state identified by the Bureau of Labor Statistics as the “primary state” for each MSA is used. If a state does not have a minimum wage, or has a minimum wage lower than the federal minimum wage (\$7.25), the federal minimum wage is used. A full-time annual minimum wage is calculated by multiplying the hourly minimum wage by 2,080. This is a high-end estimate for minimum-wage earners, who may not necessarily work 2,080 hours per year.

data are omitted, and the number of sampled MSAs for each occupation is provided in parentheses.

These data show substantial variation in wages as a share of HAMFI by occupation and by MSA. Teachers, paramedics, police officers, and firefighters earn a median wage between 80% and 120% of HAMFI in a majority of sampled MSAs. Emergency medical technicians and emergency dispatchers earn a median wage less than 80% of HAMFI in a majority of sampled MSAs. A full-time minimum-wage earner would earn less than 80% of HAMFI in all sampled MSAs. The median wages presented here do not capture within-MSA variation in wages for these occupations.

Figure 2. Metropolitan Area Median Wages for Selected Public Service Occupations, Relative to HUD HAMFI, in 2024

(Each point represents the median wage for one occupation in one MSA as a share of the relevant HAMFI. The number of sampled MSAs for each occupation is provided in parentheses.)



Source: Median wages for occupations by MSA are sourced from U.S. Department of Labor, Bureau of Labor Statistics (BLS), *Occupational Employment and Wage Statistics (OEWS)*, May 2024, <http://www.bls.gov/oes/>. Minimum wages are sourced from U.S. Department and Labor, *Changes in Basic Minimum Wages in Non-Farm Employment Under State Law: Selected Years 1968 to 2024*, January 2025, <https://www.dol.gov/agencies/whd/state/minimum-wage/history>. One-person HAMFIs for 2024 are sourced from U.S. Department of Housing and Urban Development, Office of Policy Development and Research, “Income Limits,” updated April 1, 2025, <https://www.huduser.gov/portal/datasets/il.html>.

Notes: HAMFI = Department of Housing and Urban Development (HUD) Area Median Family Income. MSA = Metropolitan Statistical Area. This figure includes data from 225 MSAs in the 50 U.S. states and the District of Columbia that appear in both the BLS and HUD datasets. Not every MSA has sufficient data for every listed occupation; missing data are omitted and the total number of MSAs for each occupation is listed in parentheses. OEWS estimates combine six semiannual panels of survey data over a three-year period; the May 2024 dataset includes data from November 2021, May 2022, November 2022, May 2023, November 2023, and May 2024. Wage inflation over that period is accounted for by adjusting wages from prior panels using the Employment Cost Index (ECI). BLS assigns a “primary state” to each MSA, including cross-state MSAs, which is used to match to state-level minimum wage data from 2024. Hourly minimum wage data is multiplied by 2,080 to calculate a full-time, full-year minimum wage.

Housing Costs

Congress may additionally consider the cost of housing in the definition and design of a workforce housing program. That is, housing units subsidized, purchased, or rented as part of a workforce housing program would be subject to a maximum housing cost. Existing federal housing programs generally base maximum housing costs on either individual household incomes, AMI, or area housing costs. These different metrics can be directly related. Fair market rents (FMR), a measure of area rental housing costs, vary from less than 30% of 30% of HAMFI to almost 30% of 90% of HAMFI, depending on the area. Area median sales prices, a measure of area homeownership housing costs, vary from less than three times to greater than six times HAMFI, depending on the area.

Maximum Housing Costs

Existing federal housing programs set maximum costs based on individual household incomes, AMI, or area housing costs. However, the specific methodologies differ for rental housing and for homeownership housing.

Rental Housing

Income-based maximum rents are typically based on the concept of *housing cost burden*: that housing is affordable if it costs no more than 30% of a household's income.⁵⁰ Federal tenant-based rental assistance programs generally set a maximum tenant contribution toward rent at the greater of 30% of the tenant's adjusted family income or an alternative minimum rent.⁵¹ Other programs set a maximum rent at 30% of a percentage of AMI, even if that rent would require more than 30% of the actual household income of some eligible tenants.⁵² For example, in the Low-Income Housing Tax Credit (LIHTC) program a unit is "rent-restricted" if the rent does not exceed 30% of the *maximum* income eligibility for the unit.⁵³ Congress could, alternatively, disconnect income eligibility from maximum housing costs such that some eligible households would pay less than 30% of their income toward the maximum rent. For example, if a program were to have a maximum housing cost of 30% of 80% of HAMFI and an income eligibility range of 80%-120% of HAMFI, eligible households would pay between 20% and 30% of their income toward the maximum rent for an assisted unit.⁵⁴

Other rental housing production programs base maximum rents on area housing costs, such as the area FMR. The FMR is the 40th percentile rent for a metropolitan area or a non-metropolitan county, as adjusted by HUD. For example, in the HOME Investment Partnerships program, the maximum rent for a rental housing unit is the lesser of 30% of 65% of HAMFI *or* the area FMR.⁵⁵ HUD also sets Small Area FMRs (SAFMRs) at the level of Zip Code Tabulation Areas

⁵⁰ For more information, see CRS Report R48450, *Housing Cost Burdens in 2023: In Brief*, by Maggie McCarty, Mark P. Keightley, and Mary Daniels.

⁵¹ The maximum rent for all federal rental housing assistance programs was increased from 25% of adjusted family income to 30% of adjusted family income by the Housing and Community Development Amendments of 1981 (P.L. 97-35) and the Housing and Urban-Rural Recovery Act of 1983 (P.L. 98-181).

⁵² U.S. Department of Housing and Urban Development, Office of Economic Affairs, Office of Policy Development and Research, *Assessment of Small Area Median Family Income Estimates*, May 2018, <https://www.huduser.gov/portal/sites/default/files/pdf/Assessment-of-Small-Area-Median-Family-Income-Estimates.pdf>.

⁵³ 26 U.S.C. §42(g)(2).

⁵⁴ 30% of 80% of HAMFI is equal to 20% of 120% of HAMFI.

⁵⁵ 42 U.S.C. §12745(a).

(ZCTAs) for certain metropolitan areas for use in the administration of the Housing Choice Voucher program.⁵⁶ Congress could set maximum housing costs based on SAFMR to allow for higher program rents (or a higher payment standard) in neighborhoods with higher market rents.⁵⁷

Homeownership Housing

Most federal homeownership programs set maximum housing costs in reference to area housing costs. In the HOME program, for example, assisted homeownership units have a maximum initial purchase price of 95% of the area median purchase price for a similar unit.⁵⁸ Similarly, FHA-insured mortgages cannot exceed 115% of area median home prices, within the bounds of a national floor and ceiling.⁵⁹ Some middle-income housing proposals would limit housing sale prices to a multiple of household income. For example, the proposed Neighborhood Homes Investment Act (H.R. 2854/S. 1686) defines an “affordable sale” in part as a qualified residence with a price that does not exceed four times the area median family income.

Some federal programs have subsidized homeownership based on the cost of a mortgage payment relative to household income. For example, the U. S. Department of Agriculture’s (USDA’s) Section 502 direct loan program (which is limited to low-income households) provides payment subsidies to eligible borrowers such that their monthly mortgage payment is the greater of 24% of adjusted income or the equivalent of a loan payment based on a 1% interest rate, plus taxes and insurance.⁶⁰ A similar model was used in the Section 235 program, a legacy program that no longer provides assistance to new households.⁶¹

Other Issues

Maximum housing costs need not apply to every housing unit in a multiunit project. Existing programs such as LIHTC and HOME permit *mixed-income* and *mixed-use* projects where qualifying units account for less than 100% of the project. However, federal funds generally may only contribute to the development costs of the units that meet program requirements.

Policymakers may consider designating a *period of affordability* for maximum housing cost requirements. In existing federal housing programs, maximum housing cost requirements (as well as income restrictions) commonly expire after a number of years, rather than being enforced in perpetuity. Maintaining maximum housing cost requirements over time requires an enforcement mechanism, including requirements for the resale of an assisted homeownership unit.⁶²

⁵⁶ 24 C.F.R. §888.113. The definition of FMR was changed from a 45th percentile rent to a 40th percentile rent by HUD in 1995 “as a cost saving measure” for the Section 8 Existing Housing program; see U.S. Department of Housing and Urban Development, “Fair Market Rents for Section 8 Existing Housing; Amendments to Method of Calculating,” 60 *Federal Register* 42222, August 15, 1995.

⁵⁷ This policy option is discussed in the following memo: U.S. Department of Housing and Urban Development Office of Economic Affairs, Office of Policy Development and Research, *Assessment of Small Area Median Family Income Estimates*, May 2018, p. 11, <https://www.huduser.gov/portal/sites/default/files/pdf/Assessment-of-Small-Area-Median-Family-Income-Estimates.pdf>.

⁵⁸ See, for example, 42 U.S.C. §12745(b).

⁵⁹ 12 U.S.C. §1709(b)(2).

⁶⁰ 42 U.S.C. §1472.

⁶¹ 12 U.S.C. §1715z(c)(1).

⁶² See, for example, 42 U.S.C. §12745(b)(3).

Relationship Between Housing Cost Measures

The relationship between different measures of housing cost may be of interest to Congress when considering the definition and design of a workforce housing program. The relationship also provides some indication of whether area housing costs—FMRs and area median sales prices—are affordable to middle-income households.

Rental Housing

FMRs vary in value from less than 30% of 30% of HAMFI to almost 30% of 90% of HAMFI. **Table 2** shows that the annualized two-bedroom FMR is less than 30% of 80% of the four-person HAMFI in all but five counties. In other words, a maximum housing cost of 30% of 80% of HAMFI would be a higher cost limit than FMR in most parts of the country.

Table 2. Annualized 2025 FMRs Compared to 2025 HAMFIs

Number of Counties and Share of U.S. Population

Two-Bedroom FMR Relative to Four-Person HAMFI	Number of County Equivalents	Share of Population ^a
FMR ≤ 30% of 30% of HAMFI	2	<1%
30% of 30% of HAMFI < FMR ≤ 30% of 40% of HAMFI	523	3%
30% of 40% of HAMFI < FMR ≤ 30% of 50% of HAMFI	1,882	22%
30% of 50% of HAMFI < FMR ≤ 30% of 60% of HAMFI	1,571	28%
30% of 60% of HAMFI < FMR ≤ 30% of 70% of HAMFI	610	41%
30% of 70% of HAMFI < FMR ≤ 30% of 80% of HAMFI	32	5%
30% of 80% of HAMFI < FMR ≤ 30% of 90% of HAMFI	5	2%

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, “Fair Market Rents (40th Percentile Rents),” updated April 27, 2025, <https://www.huduser.gov/portal/datasets/fmr.html>; and U.S. Department of Housing and Urban Development, Office of Policy Development and Research, “Income Limits,” updated April 1, 2025, <https://www.huduser.gov/portal/datasets/il.html>.

Notes: HAMFI = Department of Housing and Urban Development (HUD) Area Median Family Income. FMR = Fair Market Rent. Two-bedroom FMRs are compared to four-person HAMFIs, both of which are the default version of their respective measure, before bedroom ratio or family size adjustments are applied. Four-person HAMFIs are calculated as two times the four-person Very Low-Income Limit (VLIL) for metropolitan areas and non-metropolitan counties. The four-person VLIL is based on 50% of the median family income, and cross-references the two-bedroom FMR in its calculation (see the text box “HUD Area Median Family Income (HAMFI)”). Data are at the county level except for Connecticut, for which data are at the county-town level. Population data are from 2022 and are sourced from HUD’s FMR data file.

a. Column may not add to 100% due to rounding.

This result is partially a function of how HAMFI and FMR are interrelated. Methodologically, HAMFI is adjusted upwards in areas with a high FMR (see the discussion of HAMFI in the “Income Eligibility Limit” section). Furthermore, HAMFI reflects the incomes of households who are currently residing in a particular area, rather than the incomes of households who may prefer to live in that area but cannot afford to.

Rental housing costs may vary within metropolitan areas. A household that can afford the metropolitan area Fair Market Rent may still be unable to afford housing in specific neighborhoods within their metropolitan area. For that reason, Congress may be interested in the relationship between metropolitan area HAMFIs and Small Area Fair Market Rents, which are calculated for every zip code tabulation area in HUD-defined metropolitan areas. (HUD does not

calculate Small Area Fair Market Rents outside of HUD-defined metropolitan areas.) In zip code tabulation areas representing 87% of people who live in metropolitan areas, the Small Area Fair Market Rent for a two-bedroom unit costs less than 30% of the low-income limit for a family of four (80% of HAMFI). In zip code tabulation areas representing over 99% of people who live in metropolitan areas, the Small Area Fair Market Rent for a two-bedroom unit costs less than 30% of 120% of the four-person HAMFI.⁶³ In other words, a maximum housing cost of 30% of 80% of HAMFI would be a higher cost limit than the Small Area Fair Market Rent for the majority of the metropolitan population, and a maximum housing cost of 30% of 120% of HAMFI would be a higher cost limit than the Small Area Fair Market Rent for almost the entire metropolitan population.

Homeownership Housing

The area median sales price, as used by FHA to calculate maximum mortgage amounts, varies from less than three times to greater than six times HAMFI. As shown in **Table 3**, the area median sales price is less than or equal to four times the four-person HAMFI in counties representing approximately 53% of the U.S. population. In other words, a maximum housing cost of four times HAMFI would be a higher cost limit than the area median sales price in counties representing the majority of people in the United States.

Table 3. 2025 Area Median Sales Prices Compared to 2025 HAMFIs

Number of Counties and Share of U.S. Population

Area Median Sales Price Relative to Four-Person HAMFI	Number of Counties	Share of Population ^a
Sales Price <= 3 Times HAMFI	2,077	25%
3 Times HAMFI < Sales Price <= 4 Times HAMFI	580	28%
4 Times HAMFI < Sales Price <= 5 Times HAMFI	242	21%
5 Times HAMFI < Sales Price <= 6 Times HAMFI	114	10%
6 Times HAMFI < Sales Price	122	16%

Source: U.S. Department of Housing and Urban Development, “FHA Mortgage Limits,” <https://entp.hud.gov/idapp/html/hicostlook.cfm>; and U.S. Department of Housing and Urban Development, Office of Policy Development and Research, “Income Limits,” updated April 1, 2025, <https://www.huduser.gov/portal/datasets/il.html>.

Notes: HAMFI = Department of Housing and Urban Development (HUD) Area Median Family Income. Unadjusted median price estimates, which are calculated by HUD for the high-price county within defined metropolitan areas, are compared to four-person HAMFIs, which are calculated as two times the four-person Very Low-Income Limit (VLIL) for metropolitan areas and non-metropolitan counties. The four-person VLIL is based on 50% of the median family income. Population data are from the 2020 Census and are sourced from the Missouri Census Data Center.

a. Column may not add to 100% due to rounding.

How this result corresponds to *affordability* depends on several assumptions, including down payment amounts, interest rates, and costs of mortgage insurance, homeowner’s insurance, property taxes, and other sources of debt. A typical homebuyer may be able to afford a mortgage

⁶³ SAFMRs are sourced from U.S. Department of Housing and Urban Development, Office of Policy Development and Research, “Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs),” <https://www.huduser.gov/portal/datasets/qct.html>.

on a home with a sales price approximately four times the homebuyer's household income.⁶⁴ However, a household making a lower down payment may only be able to afford a mortgage on a home valued closer to three times its income, and a household making a higher down payment may be able to afford a mortgage on a home valued above four times its income.⁶⁵

Policy Options

Congress could pursue several policy options to increase the affordability and availability of workforce or middle-income housing, as defined by some combination of the three factors discussed above: household income, occupation, and housing cost. Major categories of policy options include supply-side subsidies, demand-side subsidies, and land use policies. **Appendix B** contains a selection of recently introduced bills containing provisions that could qualify as workforce or middle-income housing policies.

Supply-Side Subsidies

Congress may consider providing grants, loans, or tax credits to subsidize the development, acquisition, or rehabilitation of housing targeted to workforce or middle-income households. Congress could fund grants to private developers or block grants to states and localities. It could also incentivize workforce or middle-income housing investment through the tax code. LIHTC, Opportunity Zones, and the New Markets Tax Credit provide existing models for incentivizing housing development.⁶⁶ Additionally, Congress could consider incentivizing private sector businesses to invest in Employer-Assisted Housing (EAH).⁶⁷

As shown in **Table 1**, several active federal housing programs can already be used to provide supply-side subsidies to households above the low-income threshold. These programs, such as the Capital Magnet Fund, could be expanded or modified by Congress. Congress could also modify the eligibility and housing cost requirements of other existing housing programs that currently target low-income households, such as the LIHTC and HOME programs. Modifying eligibility criteria for existing low-income programs would necessarily subsidize workforce or middle-income housing projects at the expense of projects affordable to low-income households.

Congress may also consider providing new supply-side subsidies specifically to address short-term housing needs resulting from an influx of workers. Most existing federal housing programs, such as the LIHTC and HOME programs, are designed to produce long-term affordable housing. As such, they have income limits, building code requirements, and long-term affordability

⁶⁴ Per the National Association of Realtors' Housing Affordability Index, the qualifying annual income for a median priced existing single family home in 2025 (\$103,728) was approximately one-fourth of the price for such a home (\$419,500); see <https://www.nar.realtor/research-and-statistics/housing-statistics/housing-affordability-index>.

⁶⁵ CRS analysis suggests that a homebuyer could afford a home valued between 3.15 and 4.25 times the household's annual income based on various assumptions: a monthly cost-to-income ratio of 30%; an income of \$81,604; a low down payment of 3.5%; a high down payment of 20%; an interest rate of 6.11%; a 30-year mortgage term; a 0.85% mortgage insurance payment (with a low down payment only); monthly real estate taxes of \$250; and monthly homeowner's insurance payments of \$108. The latter two figures are based on median reported costs from the 2023 American Housing Survey.

⁶⁶ For more information, see CRS Report R48373, *Connecting Constituents to Information on Federal Funding for Affordable Rental Housing Development*, by Alyse N. Minter and Henry G. Watson; and CRS Report R48611, *Tax Provisions in P.L. 119-21, the FY2025 Reconciliation Law*, coordinated by Anthony A. Cilluffo.

⁶⁷ For more information and state and local examples of EAH, see National Housing Conference, *Employer-Assisted Housing: The Basics: Program Profiles*, <https://nhc.org/policy-guide/employer-assisted-housing-the-basics/program-profiles-4/>.

requirements that are not well-suited to providing short-term housing for high-wage workers. These existing federal programs may be used in this context to house new permanent workers or prevent displacement of long-term residents.⁶⁸ In practice—such as in the case of North Dakota’s Bakken Oil Field boom—this type of workforce housing need has typically been met through a mix of manufactured housing (including EAH), recreational vehicle parks, and informal camps.⁶⁹

Targeting

Policymakers may be interested in targeting supply-side workforce or middle-income housing subsidies to geographic areas where such housing is particularly challenging to construct without subsidy. Targeting could take into account several different indicators. High rental housing costs could be indicated by high SAFMRs relative to HAMFI, a calculation used in the LIHTC program to identify difficult development areas (DDAs).⁷⁰ A shortage of housing relative to jobs could be measured based on a jobs-to-housing units ratio or a jobs-housing growth ratio.⁷¹ A lack of market investment in housing could be accounted for by identifying areas with low home values and low incomes. The need for workforce or middle-income housing in a community could be assessed using metrics similar to Department of Defense Housing Requirements and Market Analyses (HRMAs), which compare current and projected military housing requirements for an installation to the private housing market in the surrounding community.⁷² In addition, Congress could also consider targeting supply-side subsidies to areas with unique market conditions—including areas in need of short-term housing—through a competitive grant program.

Demand-Side Subsidies

Congress could provide resources directly to eligible workforce or middle-income households as demand-side subsidies. These subsidies for homebuyers could include down payment assistance, homebuyer tax credits, or subsidized mortgage payments.⁷³ Demand-side subsidies for renters could include tenant-based rental assistance and renter tax credits.⁷⁴

Homebuyer assistance, including down payment assistance, is an eligible use of several existing federal grant programs, including the HOME program. Congress could modify program requirements to accommodate workforce or middle-income housing, or create a set-aside for that

⁶⁸ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, “Employee Housing Improves Affordability in Watford, North Dakota,” July 11, 2016, <https://www.huduser.gov/archives/portal/pdredge/pdr-edge-inpractice-071116.html>.

⁶⁹ William R. Caraher et al., “The North Dakota Man Camp Project: The Archaeology of Home in the Bakken Oil Fields,” *Historical Archaeology*, vol. 51 (2017), pp. 267-287.

⁷⁰ For more information on the calculation of DDAs, see 89 *Federal Register* 73113.

⁷¹ See, for example, Robert Cervero, “Jobs-Housing Balancing and Regional Mobility,” *Journal of the American Planning Association*, vol. 55, no. 2 (Spring 1989), pp. 136-150; Jerry Weitz, *Jobs-Housing Balance*, American Planning Association, November 2003, p. 10, https://planning-org-uploaded-media.s3.amazonaws.com/publication/download_pdf/PAS-Report-516.pdf; and National Association of Realtors, “Housing Shortage Tracker,” December 2024, <https://www.nar.realtor/research-and-statistics/housing-statistics/housing-shortage-tracker>.

⁷² For more information, see CRS Report R47728, *Military Housing*, by Andrew Tilghman.

⁷³ For further discussion, see CRS In Focus IF12220, *Homeownership: Tax Policy Options and Considerations*, by Mark P. Keightley.

⁷⁴ For an example of a workforce housing renter tax credit proposal, see Novogradac and Bipartisan Policy Center, *Renter Tax Credit to Support Essential Workers: A Pilot Demonstration Proposal*, January 15, 2025, <https://bipartisanpolicy.org/report/renter-tax-credit-to-support-essential-workers-a-pilot-proposal/>.

purpose.⁷⁵ Congress could also expand the mortgage revenue bond program, which currently finances mortgages for homes with purchase prices not exceeding 90% (110% in targeted areas) of the area average purchase price for borrowers with incomes not exceeding 110% (140% in targeted areas) of AMI.⁷⁶

Congress could also consider a workforce or middle-income tenant-based rental assistance program. Such a program may consider a higher payment standard than current programs, or require a lower percentage of household income, as FMR typically requires less than 30% of the income of households earning above the low-income threshold (see **Table 2**). This could also present a policy tradeoff; at current funding levels, one in four eligible households receives federal rental assistance, and there are waiting lists for assistance in most communities.⁷⁷

Land-Use Policies and *Missing Middle* Housing

In markets where workforce or middle-income housing would be profitable to develop without government subsidy, the supply of housing may yet be impeded by state and local land use policies such as zoning and building codes.⁷⁸ State and local land use policies can be a particular barrier to *missing middle* housing: housing types such as duplexes and townhouses that are more dense than detached single-family homes but less dense than apartment buildings.⁷⁹ While many factors affect the cost of housing, missing middle housing types tend to be associated with workforce housing due to their relative affordability compared to detached single-family homes. Permitting missing middle housing types may also increase local housing supply due to increased housing density. All else equal, research suggests that increased housing supply is associated with lower housing costs.⁸⁰

State and local governments set land use policies, but the federal government has several policy options available to incentivize and facilitate policy change. One option for Congress is to add reporting requirements for land use policies to existing federal grants.⁸¹ HUD currently requires recipients of certain HUD formula grant programs to submit to it a Consolidated Plan containing, among other information, an analysis of barriers to affordable housing.⁸² Another option for Congress is to provide technical assistance or funding to states and localities to facilitate adoption of certain land use policies. The Housing and Community Development Act of 1992 (P.L. 102-550, Title XII) created the Regulatory Barriers Clearinghouse within HUD to “receive, collect, process, and assemble information” regarding state and local land use policies.⁸³ In recent years,

⁷⁵ For example, the American Dream Downpayment Initiative (ADDI) was a set-aside funded in the HOME account from FY2003 through FY2008. For more information, see CRS Report R40118, *An Overview of the HOME Investment Partnerships Program*, by Henry G. Watson.

⁷⁶ 26 U.S.C. §143.

⁷⁷ For more information, see CRS In Focus IF12824, *Federal Rental Assistance and Affordability*, by Maggie McCarty.

⁷⁸ For more information, see CRS Report R47617, *U.S. Housing Supply: Recent Trends and Policy Considerations*, by Lida R. Weinstock.

⁷⁹ Opticos Design, “Missing Middle Housing,” <https://missingmiddlehousing.com/about-2/> (accessed December 30, 2025).

⁸⁰ Vicki Been et al., “Supply Skepticism: Housing Supply and Affordability,” *Housing Policy Debate*, vol. 29, no. 1 (January 2, 2019), pp. 25-40. See also Anthony Damiano, “Supply Skepticism or Supply Realism?,” *Housing Policy Debate*, November 11, 2024.

⁸¹ See, for example, provisions in S. 1688.

⁸² For more information, see CRS Report R48073, *HUD’s Consolidated Planning Process: An Overview*, coordinated by Joseph V. Jaroscak.

⁸³ The law also included grants to states and units of general local government for the costs of developing and implementing strategies to remove regulatory barriers to affordable housing.

Congress has also funded the Pathways to Removing Obstacles to Housing (PRO Housing) Competition: a competitive grant for communities to identify and remove barriers to affordable housing development and preservation. Congress could also condition new or existing federal grants to states and localities on changes to land use policy or increased housing production.⁸⁴

Filtering

Increasing the supply of workforce or middle-income housing may increase the affordability and availability of housing for low-income households through *filtering*. Filtering describes the process by which some households move into more expensive housing units, reducing demand and prices for the more affordable units they vacated. For example, a household with an income of 120% of HAMFI may move from a housing unit costing 30% of 80% of HAMFI to one costing 30% of 120% of HAMFI, making the more affordable housing unit available to another, lower-income renter. Some research has suggested that increasing the supply of market-rate rental housing may encourage the filtering process, and that a lack of market-rate rental housing may increase competition for affordable rental units.⁸⁵ According to the 2025 WCHN report, “the occupancy of a considerable proportion of the most affordable housing stock by renters who could afford to spend more but do not choose to do so worsens the paucity of affordable and available units.”⁸⁶

Data suggest a potential undersupply of rental housing affordable only to non-low-income renters. In 2023, there were 17.3 million renters with incomes greater than 80% of HAMFI and 14.2 million rental units that cost more than 30% of 80% of HAMFI, of which 10.1 million cost less than 30% of 110% of HAMFI.⁸⁷ On the other hand, data also suggest that the market supply of rental housing at this price point has increased over time. The number of rental units that cost more than 30% of 80% of HAMFI has more than tripled over the past 20 years, and the number of rental units that cost between 30% of 80% of HAMFI and 30% of 110% of HAMFI has more than quadrupled over the same time period.⁸⁸ The supply of units in a given price band can change based on several factors, including new construction, substantial rehabilitation, demolition, changes in a unit’s rent, changes in an area’s median income, and a property shifting in tenure between ownership and rental.

⁸⁴ For examples of proposals of this type, see S. 2651 Sections 206, 209, and 211.

⁸⁵ Evan Mast, “JUE Insight: The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market,” *Journal of Urban Economics*, vol. 133 (January 2023).

⁸⁶ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, p. 35, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>.

⁸⁷ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, Appendix Tables A-12 and A-13, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>.

⁸⁸ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Affordable Housing Needs: A Report to Congress on the Significant Need for Housing*, January 22, 2006, <https://www.huduser.gov/portal/publications/affhsg/affhsgneed.html>, Appendix Tables A-12 and A-13; and U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Worst Case Housing Needs: 2025 Report to Congress*, July 2025, <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2025-Report-to-Congress.html>, Appendix Tables A-12 and A-13.

Appendix A. Selected Legacy Federal Housing Programs

Table A-1. Selected Legacy Federal Housing Programs with Income Eligibility in Excess of 80% of AMI

(the programs listed below no longer support new housing units or households)

Program Title	Maximum Income Eligibility	Other Eligibility Limits	Type of Assistance	Source
Section 235	95% of AMI	Maximum mortgage amounts	Subsidized mortgage interest rates for individual homeowners	12 U.S.C. §1715z
Section 221(d)(3) Below Market Interest Rate (BMIR)	95% of AMI	Maximum rental housing costs	Low-interest loans to developers of multifamily housing	12 U.S.C. §1715l
Housing and Economic Recovery Act (HERA), Title III: Neighborhood Stabilization Program	120% of AMI	At least 25% of funds must be used to serve households with incomes less than 50% of AMI	Acquisition and redevelopment of foreclosed and vacant properties to be sold or rented	42 U.S.C. §5301 note

Source: AMI = Area Median Income. CRS analysis of federal housing programs, based in part on U.S. Department of Housing and Urban Development, Office of Economic Affairs, Office of Policy Development and Research, *Assessment of Small Area Median Family Income Estimates*, May 2018, <https://www.huduser.gov/portal/sites/default/files/pdf/Assessment-of-Small-Area-Median-Family-Income-Estimates.pdf>.

Appendix B. Selected Introduced Legislation

The following is a non-exhaustive list of legislation introduced in the 118th and 119th Congresses that contains examples of provisions that may qualify as workforce or middle-income housing policies.⁸⁹ The list is organized by characteristics of the legislation. Within sections, bills are presented in reverse chronological order by introduction date.

Supply-Side Workforce Housing Subsidies

Housing for the 21st Century Act, Section 201: HOME Reform (H.R. 6644, 119th Congress)

- Policy: formula grant, rental and homeowner housing.
- Income Eligibility Limit: 100% of HAMFI for homeowners, 80% of HAMFI for renters.
- Housing Cost Limit: 110% of area median purchase price for homeowner housing, lesser of 30% of 65% of HAMFI or FMR for rental housing.

ROAD to Housing Act of 2025, Section 212: Revitalizing Empty Structures into Desirable Environments (RESIDE) Act (S. 2651, 119th Congress)

- Policy: competitive grant, rental and homeowner housing.
- Income Eligibility and Housing Cost Limit: housing may serve households with incomes up to 100% of AMI if a majority of the units are affordable to households with incomes up to 80% of AMI; housing may serve households with incomes up to 120% of AMI if a majority of the units are affordable to households with incomes up to 60% of AMI.

Housing for US Act (H.R. 4266, 119th Congress)

- Policy: formula grant, rental and homeowner housing.
- Income Eligibility Limit: 165% of HAMFI.
- Housing Cost Limit: for rental housing, 30% of 165% of HAMFI with a minimum cost of 30% of 80% of HAMFI; for homeowner housing, affordable for income-eligible households as determined by the HUD Secretary.

Neighborhood Homes Investment Act (H.R. 2854/S. 1686, 119th Congress)

- Policy: tax credit, homeownership housing.
- Income Eligibility Limit: 140% of AMI.
- Housing Cost Limit: four times 100% of AMI.
- Targeting: high poverty, low incomes, low home values.

American Housing and Economic Mobility Act of 2025, Section 102(g): Middle Class Housing Emergency Fund (H.R. 2038/S. 934, 119th Congress)

⁸⁹ This list is drawn in part from a search of the legislative text of bills introduced in the House or Senate in the 119th or 118th Congresses for the following terms: ~("workforce housing") ~(w/3(middle housing)) ~(w/3(moderate housing)) ~(w/3(missing middle)) ~("area median purchase price") ~("fair market rent") ~(+housing +(allowance ~downpayment ~"down payment" ~"rental assistance" ~mortgage ~"new construction")) teacher* "emergency dispatch*" "emergency medical" paramedic* firefighter* "law enforcement" police) ~(+housing +("90 percent" ~ "95 percent" ~ "100 percent" ~ "105 percent" ~ "110 percent" ~ "115 percent" ~ "120 percent" ~ "125 percent" ~ "130 percent" ~ "135 percent" ~ "140 percent" ~ "145 percent" ~ "150 percent") +W/3(median income)).

- Policy: competitive grant, rental and homeownership housing.
- Housing Cost Limit: 30% of 120% of AMI.
- Targeting: housing shortages, rising housing costs relative to incomes.

The Farmhouse-to-Workforce Housing Act of 2025 (S. 686, 119th Congress)

- Policy: grants for accessory dwelling units in rural areas.
- Income Eligibility Limit: 150% of AMI.

Working Families Housing Tax Credit Act (H.R. 893, 119th Congress)

- Policy: tax credit, rental housing.
- Income Eligibility Limit: up to 180% of AMI if the average of imputed income limitations for “working families” units do not exceed 100% of AMI.
- Housing Cost Limit: 30% of the income eligibility limit.

New Homes Tax Credit Act (S. 5196, 118th Congress)

- Policy: tax credit, homeownership housing.
- Income Eligibility Limit: 120% of AMI.
- Housing Cost Limit: satisfies requirements under 12 C.F.R. §1807.402(a)(1).

Housing Supply Fund Act of 2024 (S. 3928, 118th Congress)

- Policy: competitive grant, rental and homeownership housing.
- Income Eligibility Limit: 120% of AMI for homeowners, 80% of AMI for renters.

Workforce Housing Tax Credit Act (H.R. 6686/S. 3436, 118th Congress)

- Policy: tax credit, rental housing.
- Income Eligibility Limit: 100% of AMI.
- Housing Cost Limit: 30% of the income eligibility limit. At least 20% of building units must *not* qualify under the Low-Income Tax Credit program.

Workforce Housing Development Act (H.R. 5733, 118th Congress)

- Policy: competitive grant, homeownership housing.
- Housing Cost Limit: total housing costs do not exceed 30% of the income of the buyer; units are affordable to buyers with incomes not more than 100% of AMI.

Rebuild Rural America Act of 2023 (H.R. 4239/S. 2155, 118th Congress)

- Policy: block grant.
- Housing Cost Limit: 30% of 120% of HAMFI.

Demand-Side Workforce Housing Subsidies

Housing for the 21st Century Act, Section 201: HOME Reform (H.R. 6644, 119th Congress)

- Policy: formula grant, renter and homeowner assistance.
- Income Eligibility Limit: 100% of HAMFI for homeowner assistance.

- Housing Cost Limit: 110% of area median purchase price for homeowner assistance.

American Housing and Economic Mobility Act of 2025, Section 201: Down Payment Assistance Program for First-Time Homebuyers (H.R. 2038/S. 934, 119th Congress)

- Policy: down payment assistance.
- Income Eligibility Limit: 120% of AMI, up to 140% in high-cost areas.

DASH Act, Section 215: First-Time Homebuyer Refundable Credit (H.R. 6970, 118th Congress)

- Policy: refundable tax credit for first-time homebuyers.
- Income Eligibility Limit: credit is reduced if the taxpayer's modified adjusted gross income exceeds \$100,000 or \$150,000 for a head of household or \$200,000 for a joint return.
- Housing Cost Limit: credit is reduced if the purchase price of the residence exceeds 110% of the conforming loan limit.

Occupation-Based Eligibility

Revitalizing America's Housing Act (H.R. 4856, 119th Congress)

- Policy: expanded police officer exception to public housing occupancy (§202), expanded Good Neighbors Next Door Sales Program to include properties outside of revitalization areas (§203), deduction in annual income for the purposes of determining income eligibility for Department of Agriculture Single Family Housing Guaranteed Loan Program (§204).
- Eligible Occupations: police officers, firefighters, and emergency medical technicians (§202), members of the Armed Forces, firefighters, and law enforcement officers (§203), qualified volunteer first responders (§204).

Defense Shipyard Workforce Housing Act of 2025 (H.R. 3772, 119th Congress)

- Policy: study.
- Eligible Occupations: civilian workers at covered naval shipyards.

Land Manager Housing and Workforce Improvement Act of 2025 (S. 1083, 119th Congress)

- Policy: modify housing and workforce programs of federal land management agencies.
- Eligible Occupations: field employees of covered federal agencies.

HELPER Act of 2025 (H.R. 2094/S. 978, 119th Congress)

- Policy: insurance for mortgages with no down payment and an up-front mortgage insurance premium.
- Eligible Occupations: first responders, including law enforcement officers, firefighters, paramedics, emergency medical technicians, and K-12 teachers.

Tim's Act (H.R. 743/S. 279, 119th Congress)

- Policy: housing allowances.
- Eligible Occupations: federal wildland firefighters deployed to a location more than 50 miles from their primary residence.

Educator Down Payment Assistance Act of 2024 (H.R. 8285/S. 4261, 118th Congress)

- Policy: down payment assistance.
- Eligible Occupations: public elementary or secondary school teachers, principals, paraprofessionals, school leaders, or other staff.
- Income Eligibility Limit: 120% of AMI, up to 180% of AMI in high-cost areas.

Addressing Teacher Shortages Act of 2024 (H.R. 7680/S. 2417, 118th Congress)

- Policy: competitive grants, which may be used for housing allowances for teachers.
- Eligible Occupations: teachers in their first or second year of teaching, student teachers.

Land Use Policies and *Missing Middle* Housing

Housing for the 21st Century Act (H.R. 6644, 119th Congress)

- Policy: guidelines and best practices for land use policies (§101), competitive grants to adopt pattern books (§102), guidelines for single-stair reforms (§103), land use policy reporting requirements for Community Development Block Grant grantees (§202), competitive grants for planning and implementation activities (§203).

ROAD to Housing Act of 2025 (S. 2651, 119th Congress)

- Policy: guidelines and best practices for land use policies (§203), conditioning of Community Development Block Grant funding on housing production (§206), competitive grants based on housing supply growth (§209), competitive grants to adopt pattern books (§210), conditioning of Capital Investment Grant funding on adoption of certain land use policies (§211).

American Housing and Economic Mobility Act of 2025, Section 101: Local Housing Innovation Grants (H.R. 2038/S. 934, 119th Congress)

- Policy: competitive grant to reform local land use restrictions and remove unnecessary barriers to building affordable units.

Studies

Housing for the 21st Century Act, Section 107: GAO Study on Workforce Housing (H.R. 6644, 119th Congress)

- Policy: requires a Government Accountability Office (GAO) study of workforce housing, including a definition of the term.

Housing Innovation Act (H.R. 855, 119th Congress)

- Policy: establishes an Office of Housing Innovation in HUD.

Author Information

Henry G. Watson
Analyst in Housing Policy

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