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S&P U.S. Public Finance Housing 2026 Outlook: Stable Footing And Strong Management Withstand Federal Policy Shifts

Sector View: Stable

- Demand for affordable housing will remain high, with elevated home prices (somewhat balanced by marginally lower mortgage rates) and sustained rental cost burdens. Housing affordability will continue to be a key policy issue and we expect that it will retain broad bipartisan support.
- Management strength across the issuers and programs we rate is key to our assessment of credit stability, with leadership teams demonstrating resilience amid federal policy, funding, and economic uncertainty.
- The expansion of the low-income housing tax credit (LIHTC) program could increase affordable housing development, with housing finance agencies (HFAs), local municipalities, community development financial institutions (CDFIs), public housing authorities (PHAs), and nonprofit developers filling in gaps resulting from less tax-exempt bond financing per transaction.

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