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The new House bill will raise costs and give more power to regulators.

A Bipartisan Housing Fiasco

The House last week passed a big and unsightly housing bill, 396-13, that will do more to expand the federal bureaucracy than the supply of homes. Call this what it is—an expensive exercise in log-rolling, and one more sign that the White House is panicking as the midterm elections approach.

The legislation cobbles together some 50 bills sponsored by Members of both parties. While cutting red tape on some existing grant programs, the bill creates many new programs with regulations that will make building more costly.

Take a new grant to expand small multifamily buildings with apartments that can be accessed by a single staircase or elevator. Grant recipients will have to pay union-scale prevailing wages, which will raise costs. Such wage mandates will also apply to a new grant that pays public-housing agencies to install temperature sensors in apartments.

The program is a make-work project for unions. We reported several years ago that union wage mandates resulted in the New York City Housing Authority spending $1,973 per apartment to install LED bulbs. Expect similar markups on the sensor installations.

The bill also establishes grants for "planning and implementation associated with affordable housing"; supporting "attainable housing"; "prereviewed designs" of mixed-income housing; and converting abandoned buildings into housing. Wasn't the goal of DOGE to eliminate superfluous government programs? The White House proposed budget for this year eliminates several housing grant programs, but now Congress plans to add more.

All of these new grants come with stringent rules that a future Democratic Administration will be sure to add to. Housing shortages are the result of restrictive state and local zoning and permitting. Dangling money that comes with federal mandates won't help.

House Republicans also attached provisions that ease regulations on community banks at the margin. But in return, Democrats inserted a rule that lets the Federal Deposit Insurance Corp. waive its rule requiring it to resolve failing banks at the least cost. The change means the FDIC could block a large bank from acquiring an insolvent bank even if its bid is the least costly. Massachusetts Sen. Elizabeth Warren loves this one.

We've told you about the Administration's counter-productive demand for a ban on institutional investors acquiring homes. Maxine Waters, ranking Democrat on the Financial Services Committee, raised the ante by demanding that HUD set up a hotline for tenants to complain about investor landlords. The legislation directs HUD to resolve tenant "disputes to the extent practicable," and share possible federal law violations with other agencies like the Consumer Finance Protection Bureau to investigate.

You almost have to admire Ms. Waters for driving up the price for Republicans to get Democratic votes. Knowing the Trump team is desperate to pass a housing bill, she also insisted on the prevailing-wage requirements.

The White House urged the Senate to pass the revised House bill pronto because the President is eager to claim a victory on affordability, even if it's likely to be pyrrhic. But Ms. Warren and South Carolina Sen. Tim Scott say they want changes.

The House removed a requirement backed by Ms. Warren that investors divest "build to rent" homes within seven years because Republicans were rightly concerned it would suppress investment. But Ms. Warren wants the legislation entirely her way and thinks she can get the White House to pressure House Republicans to back down.

The best outcome would be for the bill to collapse under its own destructive weight.

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