

What a Government Shutdown Means For Real Estate

Congress was unable to reach a funding deal, and as of October 1, the federal government has shut down. During a government shutdown, many real estate programs are impacted, including the National Flood Insurance Program (NFIP).

The National Flood Insurance Program (NFIP) Lapses with Shutdown:

- The federal shutdown took effect on October 1, and NFIP authority to issue new policies has expired.
- This threatens an estimated **1,400 property transactions per day**.
- Existing policies remain valid for 30 days and can be transferred to new owners, but uncertainty grows the longer the lapse continues.

Housing Market at Risk:

- Every day the shutdown continues, potential real-life impacts will be felt in America's housing market, which accounts for **nearly 20% of the U.S. economy**.
- Beyond NFIP, government shutdowns often delay IRS income verification, FHA and VA loan processing, and federal housing program funding—slowing or halting transactions nationwide.
- In total, shutdown-related disruptions could touch **hundreds of thousands of homebuyers, sellers, and renters**, adding uncertainty to a market already struggling with affordability and supply challenges.

NAR Advocacy Push:

- NAR [sent a letter to Congress urging NFIP extension](#) and activated a coordinated advocacy campaign with Federal Political Coordinators nationwide.
- NAR continues pressing lawmakers to reauthorize NFIP and end the shutdown immediately.

Statement from Shannon McGahn, NAR Executive Vice President and Chief Advocacy Officer:

“According to NAR research, the NFIP supports roughly half a million home sales annually, generating 1 million jobs and contributing \$70 billion to the U.S. economy,” said McGahn. “Each day that passes during the shutdown, potential real-life impacts will be felt in America's housing market, which accounts for nearly 20% of the U.S. economy. That is why NAR urges Congress to reach a funding agreement to reopen the government, while we also continue to advocate for a stable, long-term reauthorization of the NFIP so that families, businesses, and markets can move forward with more certainty.”

We have a memo available for our members that outlines how key agencies and programs are expected to operate during a shutdown.

<https://narfocus.com/file/7484.pdf>