



## NATIONAL LOW INCOME HOUSING COALITION

*Sheila Crowley, President* July 26, 2012

*Board of Directors*

*Mark Allison, Chair  
Albuquerque, NM*

*Christine Allamanno  
Saint Petersburg, FL*

*William C. Apgar  
Cambridge, MA*

*David Bowers  
Washington, DC*

*Mary Brooks  
Frazier Park, CA*

*Maria Cabildo  
Los Angeles, CA*

*Delorise Calhoun  
Cincinnati, OH*

*Brenda J. Clement  
Boston, MA*

*Emma "Pinky" Clifford  
Pine Ridge, SD*

*Marcie Cohen  
Washington, DC*

*Lot Diaz  
Washington, DC*

*Chris Estes  
Raleigh, NC*

*Bill Faith (Honorary)  
Columbus, OH*

*Daisy Franklin  
Norwalk, CT*

*Matt Gerard  
Minneapolis, MN*

*Lisa Hasegawa  
Washington, DC*

*Moises Loza (Honorary)  
Washington, DC*

*Rachael Myers  
Seattle, WA*

*Marla Newman  
Baton Rouge, LA*

*Reymundo Ocañas  
Houston, TX*

*Ann O'Hara  
Boston, MA*

*Greg Payne  
Portland, ME*

*Tara Rollins  
Salt Lake City, UT*

*Martha Weatherspoon  
Clarksville, TN*

*Paul Weech  
Washington, DC*

*Leonard Williams  
Buffalo, NY*

*Founded in 1974 by  
Cushing N. Dolbeare*

Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
Eighth Floor  
400 Seventh Street SW  
Washington, DC 20024

Dear Mr. Pollard:

I write today on behalf of the National Low Income Housing Coalition (NLIHC) to comment on the Federal Housing Finance Agency's (FHFA) proposed housing goals rule published on June 11 in the Federal Register. The proposed rule would amend FHFA's existing housing goals regulation to establish housing goals for 2012, 2013 and 2014 for Fannie Mae and Freddie Mac, collectively, the "enterprises."

NLIHC is pleased to have the opportunity to respond. NLIHC is a nonprofit advocacy and research organization dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes. Our members include nonprofit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens.

Given our focus on the housing needs of extremely low income (ELI) people, our comments will focus on the portions of the proposed rule related to the multi-family housing goals. While we appreciate and agree with the intended purpose of the affordable housing goals, we remain convinced that the affordable housing goals have not been effective to the extent that they were intended to be. We must strengthen the goals, and work to implement them at the appropriate time, while remaining cognizant of the other pieces of FHFA's affirmative obligation to support housing affordable to low and very low and moderate income households. This is particularly important given the direct financial support provided to the enterprises by the federal government.

The lack of affordable housing for extremely low income households (ELI) is severe, and is worsening. According to NLIHC's research, the deficit of rental units that were affordable and available for ELI households in 2010 was 6.8 million—meaning that there were only 3 million units that were both affordable and available to the 9.8 million ELI renter households in the U.S. in 2010. This equals just 30 affordable and available units per 100 ELI renter households. This shortage is getting worse. In 2009, there were 33 affordable and available rental homes for every 100 ELI households and in 2007, there were 37 affordable and available rental homes for every 100 ELI households.

While the housing goals specifically focus on low income and very low income (LI and VLI) households, as opposed to a specific focus on ELI households, LI and VLI households do not experience the same deep level of housing shortage or severe housing cost burden in the United States. Housing goals specific to VLI and LI households do not address the nation's most significant housing challenges, those faced by ELI households.

This continuing shortage in part reflects the inadequacy of the enterprises' affordable housing goals to meet the growing need. NLIHC and many other observers are concerned that while well intentioned, the affordable housing goals have not been effective in addressing the affordable housing shortage for the people with the lowest incomes.

In July 2008, Congress enacted reforms for the enterprises and added a further affordable housing obligation including contributions to the National Housing Trust Fund (NHTF). The NHTF is specifically designed to address the shortage of rental housing for the lowest income people. However, these contributions were suspended before they ever started when Fannie and Freddie went into conservatorship in the fall of 2008. We urge FHFA to keep in mind its statutory obligation to fund the NHTF and actively seek opportunities to initiate contributions if possible. **Moreover, whatever form Fannie and Freddie take in the future, the obligation to contribute to the NHTF must be renewed and expanded.**

#### ***Specific Comments Related to the Proposed Goals for 2012, 2013, and 2014***

FHFA specifically asks for comments on whether “the housing goals regulation should be amended to address the possibility that an Enterprise would receive credit under the housing goals for the purchase of a multifamily mortgage that was intended to facilitate the conversion of the property securing the mortgage from affordable rents to market rate rents.” We urge that FHFA not award housing goals credit for the purchase of a multifamily mortgage that was intended to facilitate the conversion of the property securing the mortgage from affordable rents to market rate rents. Given the ongoing shortage of affordable housing that is worsening over time, it is not appropriate to award housing goals credit to efforts that would in fact worsen the problem for people with the lowest incomes.

We commend FHFA for proposing an increase in the minimum goals for low income multifamily and very low income multifamily housing for the enterprises for 2012, 2013, and 2014. However, as FHFA notes in the proposed rule, part of the context for the increase is that the enterprises easily surpassed the housing goals established for 2010. We ask that FHFA not only to look at past performance, but also the large and increasing need for affordable housing in establishing these goals.

FHFA notes that the proposed low and very low income goals “reflect the unusually high volume and market share the enterprises experienced in 2011” and that FHFA believes that this share will decrease in the future. As such, FHFA has taken a “conservative approach to setting the multifamily goals for 2012 to 2014 because of the difficulty in predicting the changes in the market. FHFA may adjust the levels of the multifamily goals at a later date if market conditions so require.”

We agree that it is reasonable that FHFA take an approach to setting the housing goals that reflects the current uncertainty of market conditions, but we strongly encourage FHFA to revisit and adjust the levels of the multifamily goals at a later date, if in fact the portion of the enterprises’ market share remains close to current levels. We believe the need will remain significant in 2014 and beyond, and that the benchmark will likely need to be moved upwards. We encourage FHFA to do so later in the year, or whenever new forecasting data are available.

Further, we are concerned that that the FHFA proposed benchmarks for the VLI family subgoal are somewhat modest as compared to the low income multifamily subgoal. Given that the shortage of affordable housing is more severe for extremely low and very low income households, we suggest that an increased focus be placed on serving households with lower incomes. While FHFA is not required to set benchmarks specific to ELI households, as previously stated, the data show that the shortage of affordable housing is most severe at this level. FHFA should expand the focus on the VLI income group while making a genuine effort to ensure that the enterprises’ affordable housing activities are matched to the real need.

Thank you for the opportunity to comment on these proposed goals which will no doubt have a great impact on rental housing affordability over the next few years. If you have any questions or would like to discuss our comments further please contact Sham Manglik of NLIHC’s staff at [sham@nlihc.org](mailto:sham@nlihc.org) or at 202.662.1530 x243.

Sincerely,

A handwritten signature in black ink that reads "Sheila Crowley". The signature is written in a cursive style and is positioned to the right of the word "Sincerely,".

Sheila Crowley  
President and CEO