

This responds to your request for input on how the GSEs could reduce its multifamily business by 10% relative to 2012. I have two comments relating to GSE multifamily housing programs that tend to appear under the banner of “housing affordability.”

First, the GSEs offer a number of programs in which at least one layer of government subsidy or guarantee is already provided in connection with the origination of a multifamily loan. Broker-dealers and other institutional buyers already have experience in analyzing and pricing certain of these multifamily loans. In the past, such buyers have been willing to buy this agency product without a more comprehensive GSE guarantee to the extent that the underlying agency loan default and claims paying process was transparent. Over the years, I have worked on a number of transactions in which broker-dealers or other institutional investors have purchased interests in FHA insured or FHA risk sharing loans; and USDA/RD/RHS Section 538 guaranteed loans. For this reason, I believe that these are relatively easy programs to eliminate from the GSE multifamily menu.

Second, may I suggest that FHFA identify the GSE multifamily programs that duplicate or overlap existing specialized multifamily programs offered by HUD or other Federal agencies. Senior housing and small loans come to mind. Those duplicative or overlapping programs should be eliminated from the GSE menu. Now it may be that the GSE has created the better mousetrap in program design for one of more of the programs that fit this category. Difficult as it may be, FHFA, the GSEs and HUD (or other applicable Federal agency) should attempt to work together with the goal of improving each surviving program. Improvements to the surviving program may be possible without any statutory or regulatory changes.

Thanks for the opportunity to provide some input.

Mary Martell, Esq.
Martell & Associates
1718 Connecticut Avenue NW Suite 201
Washington, DC 20009