



NATIONAL LOW INCOME HOUSING COALITION

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October 8, 2013

Acting Director Edward DeMarco
c/o OHRP Multifamily Housing Policy
Federal Housing Finance Agency
400 7th Street SW, Washington, DC 20024

Re: Response to FHFA request for public input on reducing Fannie Mae and Freddie Mac multifamily business

Dear Acting Director DeMarco:

I write on behalf of the National Low Income Housing Coalition (NLIHC) to ask that the Federal Housing Finance Agency (FHFA) reverse its decision to further constrict Fannie Mae and Freddie Mac's ("the GSEs") multifamily business.

NLIHC is a non-profit policy 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. NLIHC works only on behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems.

Given this focus, we are very concerned about the ongoing and acute shortage of rental housing that is affordable and available to extremely low income households. All indicators continue to report that the most serious housing problem faced by Americans is the shortage of rental housing that extremely low income households can afford.¹ Today, there 10.1 million extremely low income renter households in our country and only 3 million housing units that are affordable and available to them. They remain the only income group for whom there is an absolute shortage of homes.

¹ http://nlihc.org/sites/default/files/HS_3-1.pdf

*Founded in 1974 by
Cushing N. Dolbeare*

The overall increase in demand for rental housing in the aftermath of the 2008 financial crisis has exacerbated the ongoing shortage of affordable rental homes. Multifamily financing needs are not adequately met by the private market, and the GSEs, given their public mission, have an obligation to help fill this gap. It is recognized by industry observers and Congress, among others, that the GSEs multifamily business remains profitable and did not play a role in the 2008 crisis. In fact, the GSEs' default rates are below 1%, a percentage that remained stable during the crisis. Further, the GSEs multifamily business, like their single family business, is profitable. NLIHC strongly believes that now is not the time to reduce the GSEs' multifamily footprint, given the increasing demand for rental housing and the strong performance of the GSEs multifamily business. It is unclear to us why FHFA would choose to reduce this business after previously choosing to reduce the GSEs multifamily business by 10% in 2013. If FHFA will not increase its multifamily business and affordable housing activities, it should at a minimum not take actions to hurt the multifamily market or lessen support for activities that will expand the supply of affordable rental housing.

FHFA should maintain its obligation to support affordable housing activities

As you know, NLIHC is of the position that the GSEs should be contributing to the National Housing Trust Fund now, as they are once again profitable. This obligation, which is embedded in statute and therefore supersedes any policy decision, only increases in importance if the GSEs' multifamily activities are reduced from current levels. The GSEs should also support other affordable housing activities, particularly those that will benefit extremely low income households, the only income group for which there is an acute shortage of housing affordable and available to extremely low income households.

Likewise, much like the congressionally mandated requirement that the GSEs contribute to the NHTF when they are in strong financial health, NLIHC is mindful that Congress is the body responsible for making major policy decisions such as whether the GSEs should be privatized. We are concerned that FHFA's decision to further reduce the GSEs' multifamily business verges into territory that is the responsibility of Congress—a message is particularly relevant now that Congress is taking meaningful steps to reform the GSEs and the current housing finance system.

Once again, given the high performance of the GSEs' multifamily business and the absolute need for more rental housing with those households with the lowest incomes, we urge you reconsider reducing the GSEs' multifamily business for 2014 and future years. We further ask you to reconsider the suspension on the GSE contributions to the NHTF and to support the funding of the NHTF as well as other affordable housing activities that will expand the supply of housing affordable to extremely low income households. Please do not hesitate to

contact Sham Manglik from NLIHC at 202.662.1530x243 or at sham@nlihc.org for more detail or to discuss these comments further.

Sincerely,

A handwritten signature in black ink that reads "Sheila Crowley". The signature is written in a cursive style and is positioned to the left of a vertical line.

Sheila Crowley
President and CEO