NCSHA
National Council of State Housing Agencies

September 26, 2025

Mr. Clinton Jones
General Counsel
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20219

Dear Mr. Jones:

The National Council of State Housing Agencies (NCSHA),[1] on behalf of the nation's state housing finance agencies (HFAs), appreciates the opportunity to comment on the Federal Housing Finance Agency's (FHFA) July 26 proposed rule to repeal FHFA's May 2024 rule codifying the Fair Lending, Fair Housing, and Equitable Housing Finance Plan requirements for the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac and the Federal Home Loan Banks (FHLBs).

HFAs are at the center of the nation's affordable housing system and are focused on meeting the affordable mortgage finance needs of the low- and moderate-income (LMI) homebuyers and renters in their states. In total, HFAs have funded homeownership loans for more than 4 million working families.

In 2024 alone, state HFA programs provided more than $35.7 billion to nearly 141,000 homebuyers. This includes an estimated 42,667 loans guaranteed by Fannie Mae or Freddie Mac. Seventy-one percent of HFA program homebuyers earned at or below area median income (AMI) in 2024, including 46 percent who earned at or below 80 percent AMI. Thirty-nine state HFAs funded GSE-guaranteed home purchase loans last year.

State HFAs generally are required under state law to serve the full range of low- and moderate-income housing needs of their states. As a result, HFAs exist in significant measure to help the housing system reach borrowers and areas that are underserved. For every agency that mission includes first-time homebuyers. For most it encompasses residents of rural or Tribal communities or other geographic areas. For many it involves engagement with private sector organizations and community-serving groups to make financing available to minority households whose access to housing opportunity has demonstrably been limited in that state, for whatever reasons.

In the proposed rule, FHFA notes that "the Enterprises remain subject to longstanding statutory obligations to support access to credit in underserved markets, *primarily* through the Affordable Housing

[1] NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

Goals, their duty to serve underserved markets, and affordable housing allocation requirements" (emphasis supplied). We agree with the clear implication that Fannie Mae and Freddie Mac's obligations are not limited solely to activities under those mechanisms. The agencies can and should do more.

We recommend then that FHFA instruct Fannie Mae and Freddie Mac to make additional efforts to reach underserved markets and, as their charter states, "underserved areas." Their industry partners, including HFAs, should be encouraged to present objective evidence that specific markets or areas in their states or business footprints are underserved and to propose specific opportunities for Fannie Mae and Freddie Mac to reach them, in a safe and sound manner consistent with their other requirements. Such process would not require the companies to develop equitable housing finance plans or take any other actions beyond their charters or regulations. It would instead create an objective, transparent basis for Fannie Mae and Freddie Mac to promote access to credit in all the areas, and for all the borrowers, of the nation that are underserved.

In closing we would observe that Fannie and Freddie have compelling business reasons to expand their outreach and impact to underserved markets. State HFAs are among the partners that can help them realize the benefits for the good of their bottom line, the federal government, and the U.S. economy.

Sincerely.

Garth Rieman
Director, Housing Advocacy and Strategic Initiatives