

November 3, 2025

Clinton Jones
Federal Housing Finance Agency
Eighth Floor, 400 Seventh Street SW
Washington, DC 20219

Re: Comments/RIN 2590–AB59 Enterprise Housing Goals Proposed Rule

Dear Mr. Jones,

Prosperity Now¹ appreciates the opportunity to comment on the Federal Housing Finance Agency's (FHFA) proposed rule on the 2026–2028 Enterprise Housing Goals. For over 46 years, Prosperity Now has focused on supporting financial stability and long-term homeownership growth for American households.

Drawing on nearly five decades of policy and program experience, Prosperity Now combines national research, technical expertise, and on-the-ground partnerships to inform data-driven solutions that strengthen the housing finance system. Our network includes more than 86,000 practitioners, financial institutions, community organizations, and local leaders across all 50 states working to expand pathways to financial stability and sustainable homeownership. This broad perspective enables Prosperity Now to provide market insights that reflect both lender realities and consumer behavior, supporting FHFA's mission to maintain a safe, liquid, and transparent secondary market.

We commend FHFA for its commitment to safety, soundness, and homeownership within reach of working households. The focus on simplifying oversight and reinforcing operational efficiency reflects a strong understanding of the Government Sponsored Enterprises' (GSEs or Enterprises) role in maintaining liquidity and stability across the housing finance system.

We recognize FHFA's intent to align regulation with market realities while ensuring that Fannie Mae and Freddie Mac continue to operate safely and effectively. Based on available data, some proposed adjustments, particularly the consolidation of area-based goals and reductions in income-based benchmarks, could inadvertently constrain the flow of primary mortgage credit to qualified borrowers, especially those already managing higher costs and market uncertainty.² Limiting liquidity for these lenders may, in turn, reduce access to credit and dampen the broader economic activity tied to home purchases, including construction, renovation, and local services.

According to FHFA's own Regulatory Impact Analysis for the proposed rule, the Enterprises' affordable housing goals collectively represent an estimated \$500 million in annual cross-subsidization, with a

¹ <https://www.prosperitynow.org/>

² Farrell, Diana, Kanav Bhagat, and Chen Zhao. "Trading Equity for Liquidity: Bank Data on the Relationship between Liquidity and Mortgage Default." JPMorgan Chase Institute, 2019

substantial share of loans in low-income area categories made to borrowers at or above median income.³ This underscores the importance of maintaining transparent, data-driven benchmarks that help distinguish between risk-based pricing adjustments and the market segments where the Enterprises can strengthen liquidity most effectively.

The Enterprise Housing Goals were designed to ensure that Fannie Mae and Freddie Mac provide stable liquidity and secondary market support, enabling primary lenders to create a larger pool of qualified homeowners without introducing additional risk to taxpayers.⁴ Unless there is clear evidence that the existing goals compromise market efficiency or safety, reducing or consolidating them may limit access to valuable performance data that lenders and investors rely on to assess market conditions.

Recent private-market innovations have demonstrated that many first-time homebuyer loans perform as low-risk, high value assets under current pricing models.⁵ This suggests that the inefficiencies may lie not in the goals themselves, but how the Enterprises' underwriting and pricing frameworks capture and price that risk. Updating those frameworks could improve both safety and profitability while maintaining the goals that strengthen liquidity for lenders.

To ensure that the final rule aligns with both FHFA's statutory mission and market realities, Prosperity Now offers the following recommendations:

Maintain the Minority Census Tract Subgoal as a Distinct Benchmark

Maintaining the Minority Census Tract Subgoal supports both transparency and market efficiency. The current structure provides lenders and secondary market participants with valuable data that enable more accurate calibration of outreach and underwriting to qualified borrowers in markets where lending activity remains constrained.⁶ Consolidation could obscure this data, making it more difficult for lenders to identify viable loan opportunities and evaluate portfolio performance across market segments.

Keeping the subgoal distinct also provides a clear performance measure for both the Enterprises and the market. Rather than serving as a compliance metric, it functions as a business indicator, showing where liquidity is reaching qualified borrowers and where gaps remain. This insight helps lenders plan responsibly for growth. The same data also support sales and marketing strategies by identifying qualified first-time homebuyers and regions where credit demand is high but responsibly underwritten loans remain limited. Expanding, rather than reducing access to this macro-level data would strengthen alignment between the GSE's objectives and lenders' efforts to expand sustainable loan volume and market liquidity nationwide.

³ Federal Housing Finance Agency. [Significant Regulatory Action Assessment and Regulatory Impact Analysis for 2026-2028 Enterprise Housing Goals Proposed Rule](#), October 2025.

⁴ Federal Housing Finance Agency. [Strategic Plan: Fiscal Years 2026-2030](#).

⁵ Pang, D., Goodman, L., & Choi, J. H., [Including Rental Payment History in Underwriting and Credit Scores Could Expand Access to Credit](#). Urban Institute, April 2025

⁶ [VantageScore 4.0 Predicts More Defaults in Mortgages Than Classic FICO](#), VantageScore, August 2025

FHFA has not presented evidence that maintaining separate subgoals imposes material compliance burdens. The framework established in 2022 has enhanced transparency and improved lenders' ability to allocate resources efficiently. Removing this benchmark would reduce oversight into where capital is flowing and how effectively the Enterprises are leading the market, both of which are essential to sound housing finance policy.

Preserve the Single-Family Low-Income Home Purchase Goal at 25%

Maintaining the current 25% benchmark for low-income home purchase loans is consistent with market data and the Enterprises' statutory mission to provide liquidity across market cycles. Available evidence indicates that Fannie Mae and Freddie Mac have historically achieved or exceeded this target, even during periods of market volatility.⁷ Furthermore, existing research⁸ finds no measurable crowd-out effect between Enterprise and FHA lending, demonstrating that both channels serve distinct borrower segments and operate as complementary sources of credit rather than substitutes.⁹ This record suggests that the existing goal is attainable and aligned with production capacity, supporting both liquidity and stability without creating market distortions.

FHFA's *Annual Housing Report (2024)* noted that macroeconomic conditions and liquidity constraints affected performance on certain goals in 2023. These same factors underscore the importance of maintaining a steady benchmark to sustain countercyclical lending. The Congressional Budget Office has similarly observed that the Enterprises' housing goals contribute to market stability by ensuring a consistent flow of mortgage credit during downturns and complementing broader financial-system performance.¹⁰

Reducing this benchmark could restrict access to mortgage credit for qualified borrowers, particularly in periods of tightening credit. This would not only slow homeownership growth but could also constrain the construction, retail, and service sectors tied to housing activity. Every 1,000 first-time homebuyers generate approximately \$100 million in economic output through homebuilding, furnishing, and local services.¹¹ Lowering benchmarks, therefore, has measurable economic consequences beyond the mortgage market.

Reevaluate the Reduction in the Single-Family Very Low-Income Home Purchase Goal

Lowering the Single-Family Very Low-Income Home Purchase Goal from 6 percent to 3.5 percent may inadvertently weaken the Enterprises' leadership role in ensuring stable, responsible access to credit. Data indicate that borrowers served through GSE products differ substantially from those served through FHA or Housing Finance Agencies (HFAs) in terms of credit profile, loan-to-value ratio, and product structure.¹² As

⁷ Table 1, FHFA, Proposed Rule, 47641.

⁸ Bhutta, Neil, [GSE Activity and Mortgage Supply in Lower-Income and Minority Neighborhoods: The Effect of the Affordable Housing Goals](#). Journal of Real Estate Finance and Economics, Vol. 45, No. 1, 2012.

⁹ As FHFA itself notes, it "is not aware of a data source that would quantify the trends illustrated by these examples". Proposed Rule, 47639.

¹⁰ Congressional Budget Office. [The GSEs and the Federal Role in the Secondary Mortgage Market](#), 2023.

¹¹ National Association of Realtors. [Economic Impact of Real Estate Activity in the U.S. Economy](#), 2015.

¹² Tozer, T., & Goodman, L. [The FHA and the GSEs: Coordination to increase access to credit](#). Urban Institute, April 2025.

such, reducing the GSE target would not necessarily expand FHA participation; instead, it could create a credit gap for households on the margin of eligibility for both programs.

Rather than reducing expectations, FHFA could strengthen collaboration with HFAs to better align financing pipelines and broaden the reach of sustainable, data-supported lending. Maintaining performance-based goals while improving coordination would support both liquidity and safety.

Conclusion

The Enterprise Housing Goals are critical tools for ensuring that the U.S. housing finance system remains competitive, data-informed, and responsive to market needs. Our analysis suggests that the proposed reductions and consolidations could diminish transparency, constrain liquidity, and ultimately limit economic activity across related sectors. Maintaining distinct subgoals and data-driven benchmarks ensures that FHFA continues to have the tools to evaluate market performance accurately and adjust policy in real time. These goals strengthen the flow of capital to qualified borrowers, support liquidity for lenders, and sustain market stability across economic cycles. By maintaining distinct subgoals and data-driven benchmarks, FHFA can advance both market stability and efficient access to credit for working households.

Prosperity Now recommends that FHFA:

1. Maintain the Minority Census Tract Subgoal as a standalone measure to preserve transparency and market data integrity.
2. Retain the Single-Family Low-Income Home Purchase Goal at 25% to sustain liquidity and market participation.
3. Reconsider the proposed reduction of the Very Low-Income Home Purchase Goal and strengthen collaboration with HFAs to expand access to sustainable lending.

We appreciate FHFA's continued leadership in balancing market efficiency with affordability and look forward to supporting efforts that ensure a resilient, data-driven, and competitive housing finance system.

Sincerely,



Marisa Calderon
President & CEO
Prosperity Now