

November 3, 2025

**RE: RIN 2590-AB59
2026-2028 Enterprise Housing Goals**

The Center for Responsible Lending appreciates this opportunity to comment on the Federal Housing Finance Agency’s Notice of Proposed Rulemaking on the 2026-2028 Enterprise Housing Goals.¹ We agree with the Agency on the importance of acting intentionally and swiftly to positively address this nation’s housing challenges but believe that the proposed rule will not have the desired effect. Specifically:

- by reducing the low-income purchase goal by 4 percentage points (25% to 21%) for the next three years,²
- nearly cutting the very low-income purchase goal in half (6% to 3.5%) for the next three years,³ and
- consolidating two, uniquely important subgoals into one—diluting the effectiveness of both—for the next three years,⁴

the FHFA is actively taking steps to make it harder, not easier, for Americans to buy homes any time soon.

CRL urges the Agency to revisit these actions not just by restoring— but increasing—the single-family purchase goals for both Fannie Mae and Freddie Mac in 2026-2028. Since the goals represent minimum requirements, if the FHFA will not, we urge the Enterprises to self-impose a higher standard of service than the upcoming goals require due to our nation’s critical housing needs.

¹ The Center for Responsible Lending (CRL) is a non-profit, non-partisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices, including predatory small dollar lending. CRL’s views on buy-now, pay-later products are informed by its affiliation with Self Help, one of the nation’s largest nonprofit community development financial institutions. Self Help has provided more than \$12 billion in financing to help more than 174,000 borrowers buy homes, start and grow businesses and strengthen community resources. It also serves more than 235,000 members through 80 retail credit union branches in California, Connecticut, Florida, Georgia, Illinois, North Carolina, South Carolina, Virginia, Washington and Wisconsin.

² Federal Register at 47640.

³ Id.

⁴ Id.

1. The Enterprises' single-family housing goals are about supporting middle-class families and those working to join them.

At its core, the mission of the Enterprises' housing goals is to help everyday Americans — the middle class and those working to join it — build stability through homeownership. Yet, FHFA's proposal appears to lose sight of that purpose. In explaining its decision to reduce single-family purchase goals for the next three years, FHFA makes several statements tied to its concern for America's middle-class, such as:

"To address the concern that middle-class borrowers are penalized by benchmarks that are too high... the Agency believes that a recalibration of the Enterprise housing goals is warranted."⁵

"FHFA, in carrying out this policy priority, is assessing the impact of the housing goals on the cost of housing, particularly to middle-class borrowers, who may be turned away or receive higher prices than they would in the absence of overly aggressive housing goals."⁶

The agency's statements hint at a fundamental misunderstanding of both the goals and who they serve.

For example, though it is certainly true that the single-family, affordable housing goals focus on both "low" and "very-low income" categories, these programs are specifically targeted to people earning at or below 50%, 80%, 100%, and, in some cases, 120% of area median income. Compare those categories with accepted definitions of America's middle class.

Though estimates may differ at the margins, middle America is usually defined as having a household income that ranges between two-thirds to double the median household income,⁷ meaning 66% - 200%.⁸ If you place those numbers alongside the Enterprises' requirements, it's clear that in shrinking the Enterprises single-family, affordable housing

⁵ Federal Register at 47640.

⁶ Id.

⁷ Rakesh Kochar, The State of the American Middle Class: Who is in it and key trends from 1970-2023," Pew Research Center, May 2024. See also, The middle class may be defined as "those earning between two-thirds and twice the median American household income" (McNair, 2023)

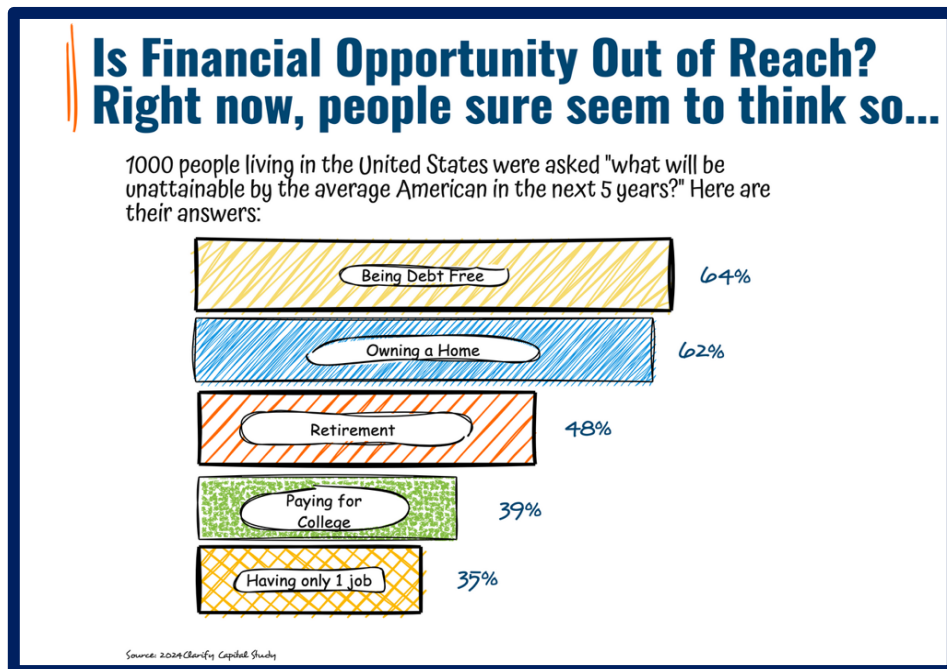
⁸ Others, like Dr. Alan Krueger, have suggested that the middle-class income range is more appropriately 50 – 150% of median income. See <https://www.americanprogress.org/events/the-rise-and-consequences-of-inequality/>.

goals, FHFA is sharply reducing the Enterprises' obligations to help the very same middle-class communities and households the proposal purports to protect.

The decision to do so could not come at a worse time.

2. Middle and working-class families are already struggling to keep the dream of homeownership within their reach.

A 2024 study by Clarify Capital found that 62 percent of people polled think buying a home



will no longer be possible for the average American in the next five years.⁹ There are valid reasons why so many people feel this way.

Income Stagnation, Inflation, and Economy Woes.

Middle- and working-class people simply do

not proportionally make what they used to in America, and, when added to current inflationary pressures, the money they do make is not going as far. Both the pace of income growth and total overall share of income held by working and middle-class America have taken significant hits over the past few decades.¹⁰ Between 1979 and 2023, the average earnings of the bottom 90% grew **43.7%**, while the top 5% grew **135.4%** and the top 0.1% jumped **353.9%**.¹¹ Decades of this reality has wreaked havoc on every aspect of current U.S. homeownership policy by:

⁹ Clarify Capital, Redefining the American Dream, available at <https://clarifycapital.com/redefining-the-american-dream>.

¹⁰ Pew Research Center, May 2024, "The State of the American Middle Class."

¹¹ Gould, Elise, and Jori Kandra. 2024. "Wage Inequality Fell in 2023 Amid a Strong Labor Market, Bucking Long-Term Trends: But Top 1% Wages Have Skyrocketed 182% Since 1979 While Bottom 90% Wages Have Seen Just 44% Growth." Working Economics Blog (Economic Policy Institute), December 11, 2024.



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- shrinking the buying power of wages relative to home prices,
- making down payments harder to accumulate,
- pushing mortgage payments higher relative to income, and ultimately
- contributing to a 10–15% drop in ownership rates among young and middle-income households.¹²

Since 2000, home prices have risen over **160%**, while median household income has grown only about **70%** in the same period.¹³ In the last 3 years alone, home prices rose by ~40%, but wages increased only ~12–15%.¹⁴ That gap means homes are simply less affordable for average earners—even if mortgage rates were not rising.

Interest Rates, Supply Issues, and Rental Affordability Challenges.

Add to wage challenges the fact that existing interest rates, though down, are still roughly double their 2021 low of 3 percent.¹⁵ As FHFA knows, the current high rates **then** decrease existing housing stock turnover **while also then** making the creation of any new housing more expensive.¹⁶ **These factors** are, in turn, aggravated by the recent adoption of employment layoff, tariff and immigration policies at the federal level that have only increased market uncertainty, construction costs, caused unnecessary income volatility in working and middle-class households, and added to overall inflation woes. And we have not even begun to **then consider the additional factor** that rent also continues to far outpace income—triggering alarming increases in the number of people who are both rent burdened and severely rent burdened by paying 30 to 50 percent or more of their income each month.¹⁷ The result is a perfect cyclical storm that is intensifying this nation’s homeownership crisis.

¹² Laura Feiveson, Arik Levinson, Sydney Schreiner Wertz, “Rent, House Prices, and Demographics” — U.S. Department of the Treasury, available at <https://home.treasury.gov/news/featured-stories/rent-house-prices-and-demographics>.

¹³ *Id.*

¹⁴ *Id.*

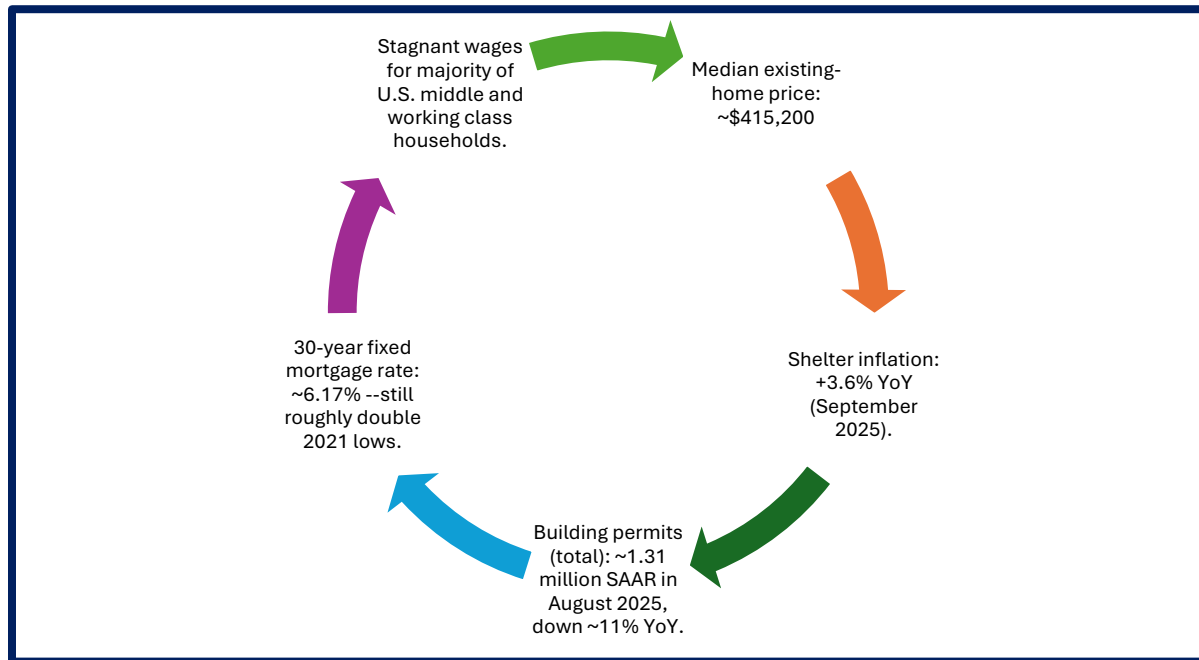
¹⁵ Freddie Mac, Primary Mortgage Market Survey, available at <https://www.freddiemac.com/pmms>.

¹⁶ Harvard University Joint Center for Housing Studies, State of the Nation’s Housing Report (2025), available at <https://www.jchs.harvard.edu/state-nations-housing-2025>

¹⁷ *Id.*

CRL Figure 2: The Perfect Storm

Factors Driving Homeownership Unaffordability



Here's a real-time example of how this all plays out. The current median cost of a U.S. home is approximately \$415,200.¹⁸ A family putting down 20% and paying typical closing costs would need to spend approximately \$95,500 up front just to buy the home. In the nation's most costly places to live, the upfront costs are much higher.

CRL Figure 3:

Estimates of Upfront Costs of Homeownership in Most Expensive Metro Areas

Metro Area	2025 Median Home Price	20% Down Payment Estimate	Approx. Closing Costs (3%)	Total Up-Front Cash Estimate
San Jose–Sunnyvale–Santa Clara, CA	~\$1,626,041	~\$325,200	~\$48,800	~\$374,000
San Francisco–Oakland–Berkeley, CA	~\$1,181,211	~\$236,200	~\$35,400	~\$271,600

¹⁸ <https://www.nar.realtor/newsroom/nar-existing-home-sales-report-shows-1-5-increase-in-september>.

Metro Area	2025 Median Home Price	20% Down Payment Estimate	Approx. Closing Costs (3%)	Total Up-Front Cash Estimate
Los Angeles–Long Beach–Anaheim, CA	~\$975,475	~\$195,100	~\$29,300	~\$224,400
San Diego–Chula Vista–Carlsbad, CA	~\$894,777	~\$178,900	~\$26,800	~\$205,700
Boston–Cambridge– Newton, MA–NH	~\$723,079	~\$144,600	~\$21,700	~\$166,300

And even in the more affordable metro areas in the U.S., the upfront amounts required are still significant.

CRL Figure 4:

Estimates of Upfront Costs of Homeownership in More Affordable Metro Areas

Metro	Typical/Median Home Value	20% Down Payment	~3% Closing Costs	Total Up-Front (Est.)
Cleveland, OH	\$112,348	\$22,469.60	\$3,370.44	\$25,840.04
Detroit, MI	\$78,807	\$15,761.40	\$2,364.21	\$18,125.61
Pittsburgh, PA	\$235,082	\$47,016.40	\$7,052.46	\$54,068.86
Oklahoma City, OK	\$203,240	\$40,648.00	\$6,097.20	\$46,745.20
Birmingham, AL	\$132,921	\$26,584.20	\$3,987.63	\$30,571.83

Yet, according to the Federal Reserve’s most recent data, the median transaction account balance (checking + savings + call accounts) for U.S. households that have those accounts is only **about \$8,000**.¹⁹ Savings are even lower for U.S. individuals under the age of 35; the group we would expect to be entering the housing market has a median transaction account balance of **about \$5,400**.²⁰ Accordingly, the upfront costs to become a homeowner are many times higher than what typical first-time or middle-income wannabe buyers can muster. That’s why it is no surprise that 75% of those polled in the previously referenced Clarify Capital survey said the high cost of living has made it impossible for them to save for a down payment.

¹⁹ Experian, Average Savings by Age: How Americans Compare (November 2024) (based on analysis of Federal Reserve’s 2022 Survey of Consumer Finances), available at https://www.experian.com/blogs/ask-experian/average-savings-by-age/?utm_source=chatgpt.com

²⁰ *Id.*

3. The loan flexibility of the Enterprises' housing goal programs is increasingly critical for middle- and working-class families who still dream of buying their own home.

By offering low down-payment products (3% down), allowing income flexibility, and supporting borrowers with downpayment assistance, the Enterprises' housing goal programs increase the number of home loans made to both middle and working-class families in the United States. And through geographic sub-goals in minority and "low-income" census tracts, they do the same for working and middle-class communities. Purchasing these mortgages allows the Enterprises to give originating lenders more incentives to offer these affordable products and, as a result, provide more people with less expensive ways to buy a home.

4. Contrary to FHFA's claim, reducing affordable mortgage targets would disserve middle- and working-class borrowers and undermine the Enterprises' statutory mission.

FHFA suggests that there is no harm in reducing the Enterprises' goals since other government programs and bank balance sheets can fill any gap in originations. First, there is significant reason to doubt the conclusion that the gap would be entirely filled by these programs. VA and USDA are important governmental programs but by statute restrict eligibility to certain groups, Veterans, and rural residents, so FHA is the primary relevant government program that would be tapped to fill gaps. Often based on outdated information, however, many house sellers in desirable locations prefer buyers who are obtaining conventional rather than FHA mortgages. They believe that conventional loans are more likely to close and to do so timely, so borrowers who need to make offers with FHA rather than Enterprise financing in choice locations are often uncompetitive.

Nor can bank balance sheets be expected to make up the difference. To begin with, banks already get full CRA credit for loans that they sell to the Enterprises and can do so while still preserving their liquidity to make other loans. Banks have no reason to keep these loans on their balance sheet to meet their CRA obligations and so we know of no reason to believe that if the Enterprises were to reduce their purchases of goal-qualifying loans, banks would increase the share of those loans that they choose to hold on balance sheet to compensate. Thus, an Enterprise pull-back will harm low- and moderate-income families unable to buy homes where their opportunities for wealth creation and better schooling for their children are best served.

In any event, beyond the impact on individual homebuyers, the Enterprises have an independent obligation to serve all populations and geographies regardless of the existence of any other government lending program. The Enterprises have a unique public charter from which they derive significant benefit, and the "grand bargain" under which they operate is that they can ultimately be private companies implicitly backed, and explicitly supported, by the government in return for serving all markets at all times. Their charters are clear on this point; their purposes are to:

“[P]rovide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and...to promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) . . .” (12 U.S.C. § 1716)

FHFA does not dispute this point and states that its proposed goals meets these charter obligations. However, the reason the goals, as well Duty to Serve, were created was because the Enterprises were not serving the entire market adequately, so Congress required the Enterprises to do more and “to lead the industry in making mortgage credit available.” (12 U.S.C. § 4562). Fundamentally, given the lack of consistency provided in the Regulatory Assessment to back up reducing the goals, we do not believe that the significant roll-back of the affordability goals is consistent with this obligation.

Purely private lending, such as that funded by private label securities, is cyclical and generally funds mortgages to higher-income borrowers; the one exception to that was the disastrous PLS subprime lending boom that preceded the financial crisis. FHA has an explicit full faith and credit government guarantee, while the Enterprises lie in between these two poles.

While it is important that the Enterprises maintain credit standards to support their safety and soundness, they represent a quasi-private, quasi-public option that should be incented to serve low- and moderate-income borrowers that do not need the degree of assistance provided by fully government programs. Enterprise loans protect the government fisc compared with FHA since private capital backstops losses in the form of

private mortgage insurance, credit risk transfer sales to investors, and capital accumulated to this point through retained earnings on earnings. Additionally, the Enterprises, as more private entities, have significantly more leeway than FHA to experiment on sustainable innovations to serve low- and moderate-income borrowers and communities, while FHA is constrained by its statutory framework.

5. The Rationale That FHFA Has Put Forward for Reducing the Affordability Goals Is Also Internally Inconsistent and Lacks Evidentiary Support.

In its discussion of the “Factors Considered in Setting the Single-Family Housing Goal Benchmark Levels,” FHFA sets forth the considerations that it claims support the significant reduction in affordability goals that it has proposed. In multiple respects, however, that discussion is internally inconsistent and inconsistent with the accompanying “Regulatory Action Assessment.” As a result, we believe that FHFA should conduct additional analysis to square the inconsistencies before finalizing the rule.

- The NPRM states that “the commensurate supply of available and affordable housing is insufficient to meet the needs of low- and moderate income-segments” and that “[e]levated housing goals, if unaligned with the realistic capacity of the market to deliver affordable units, possess the potential to exacerbate existing affordability pressures.” 90 FR at 47638. Yet the FHFA’s Regulatory Action Assessment (hereinafter, Regulatory Assessment) (at p. 14) states that “the Non-Enterprise market could absorb the gap, if any, left by the Enterprises in the goal-eligible and goal qualifying mortgage market”. But if the Non-Enterprise market were to absorb any gaps, that would mean that the Rule would not alleviate the “affordability pressures.” Indeed, the Assessment asserts (at p. 19) that the proposed rule would have no effect on LMI borrowers but would produce large benefits—in the form of a larger number of mortgages—for moderate-income borrowers. If so, that would add to asserted affordability pressures.
- The NPRM describes a competitive market in which multiple players—including the Enterprises, FHA, banks seeking to meet their CRA obligations, state housing finance agencies, and private capital—are all competing to make loans to a limited pool of creditworthy LMI borrowers. 90 FR at 47642-43. Yet FHFA also claims, based solely on “anecdotal discussions,” that the incentives the Enterprises offer to meet their housing goals—including reducing the upfront and ongoing guarantee fees charged on goal-qualifying loans and offering pay-ups to lenders who originate and

sell such loans to the Enterprises—are “not passed to the borrower” but rather “benefit[] lenders.” *Id.* at 47639. However, without data or an explanation to contradict economic theory, in such a competitive market one would expect Enterprise lenders to need to provide a better deal to borrowers compared with other capital sources by passing on pricing benefits from Enterprise incentives.

- The NPRM expresses especial concern over the impact of the affordability goals on the PLS market which “has not robustly returned following the 2008 financial crisis,” 90 FR at 47643—a crisis that to a large extent was caused by the PLS market’s demand for high-risk, unsustainable mortgages.²¹ Yet the NPRM elsewhere finds that “housing goal loans generally earn a lower return relative to non-housing goal loans.” 90 FR at 47645. Given that, it seems unlikely that private capital is champing at the bit to make goal-qualifying loans. At the same time, the NPRM and the Regulatory Assessment both posit that the Enterprises are engaging in denominator management, artificially constraining the number of non-qualifying loans the Enterprises purchase in order to achieve the desired ratio of qualifying to non-qualifying loans. But to the extent that the Enterprises are leaving good business on the table to manage their denominator, that should actually open an opportunity for the PLS market, yet the NPRM fails to address that potential benefit of the current rule.
- The NPRM acknowledges that “there is a risk of a decrease in liquidity and outreach to low- and moderate-income borrowers if market participants are not sufficiently incented to provide mortgage liquidity” but lists “several countervailing reasons why this is unlikely,” ultimately concluding that “the Enterprises would not pull back from providing liquidity if the goals were lowered.” 90 FR at 47644. This conclusion, too, is difficult to square with the NPRM’s finding that goal-qualifying loans are less profitable than other loans, and its concern that the goal-qualifying loans “make it harder for the Enterprises to generate sufficient retained earnings” to meet FHFA’s Enterprise Regulatory Capital framework. *Id.* at 47645. And, if FHFA believes that modifying the goals will not result in a pull back, then it is difficult to understand how the modifications will avoid the supposed “distortive impacts,” *id.* at 47643 on other segments of the market that the current goals are supposedly

²¹ See generally Levitin & Wachter, *The Great American Housing Bubble* (Harvard University Press 2020).

having or how the modifications will advance the Enterprises' safety and soundness.

- The NPRM posits that the lower profitability of qualifying loans interferes with the Enterprises' ability to operate in a safe and sound manner. *Id.* at 47645. Yet FHFA elsewhere has acknowledged that the Enterprises "earnings and net worth can absorb potential losses that arise from credit risk and earnings volatility."²² And, the most recent Enterprise stress tests show that even in a "severely adverse scenario"—defined to include an 8.5% drop in the GDP and an unemployment rate reaching 10% over nine quarters—the Enterprises still would have positive net income without establishing a deferred tax assets reserve, which would not be required.²³ The Enterprises continue to make significant progress year-over-year in accumulating the capital required by the ERC framework even while meeting or exceeding the affordability goals.

The accompanying Regulatory Assessment also has internal inconsistencies and its findings undermine reasoning of the NPRM in ways that neither document addresses.

- To begin with, the Regulatory Assessment finds (at pp. 11, 14), that since the 2022 goals took effect, non-Enterprise lenders have "provided a more favorable market interest rate, 20-35 basis points lower, to the low-income homeowner as compared to loans acquired by the Enterprises. The Regulatory Assessment attributes this to the fact that these loans "are valuable for federally insured banks and savings associations to meet their Community Reinvestment Act (CRA) requirements" and to the fact that "a smaller share of the market was available to Non-Enterprises market segments to meet their CRA requirements" as a result of the "increase in Enterprises housing goal thresholds in 2022." To the extent that is true, that necessarily means that LMI borrowers have derived an indirect benefit from the increase in the affordability goal thresholds in 2022—a benefit not taken into account in the NPRM or Regulatory Assessment.
- The Regulatory Assessment finds that the Enterprises' share of goal-eligible mortgages declined from 2022 to 2024 and views this (at p.12) as "surprising." To

²² 2024 Annual Report to Congress.

²³ 2024 Dodd-Frank Act Stress Tests Results Severely Adverse Scenario (August 14, 2025).

explain this result, the Assessment posits (at p.13) that this may be attributable to “a form of denominator management.” But it is hardly surprising that there would be a shift in market share from the Enterprises to the non-Enterprise segment since the Assessment finds that non-Enterprise sources of financing were cheaper for homebuyers than Enterprise financing. This shift in share simply reflects the competitive market described in the NPRM and does not provide a reason to reduce the goals thresholds.

- The Assessment finds that reducing the affordability goals would have no quantifiable impact on LMI borrowers. But if FHFA is correct in concluding that the increase in the Enterprises’ housing goal thresholds led to a reduction in bank and FHA mortgage rates relative to the rates for Enterprise loans, then it stands to reason that a reduction in the GSEs’ housing goals would impact mortgage rates in the opposite direction as banks and the FHA would feel less competitive pressure from the Enterprises. Thus, the Regulatory Assessment’s assertion (at p.15) that “the effect of the proposed change in the three single-family purchase-only goals on low-income families and certain underserved borrowers is likely to be positive if these loans are originated by FHA/VA/RHS or acquired by Non-Enterprises market segment” is inconsistent with the implied expectation that Enterprise mortgage rates on goal-eligible loans will revert to below bank and FHA mortgage rates.
- In a similar vein, the Assessment suggests that reducing the affordability goals will lead to a reduction in the Enterprises’ share of goal-qualifying loans, and that there will be an “anticipated shift in low-income borrowers receiving Enterprise to FHA/VA/RHS supported liquidity.” But if, as the Assessment implies, Enterprise mortgage rates on goal-eligible loans will revert to below bank and FHA mortgage rates, it follows that the share of goal eligible loans underwritten through the bank and FHA/VA/RHS channels will fall. That will naturally require the Enterprises to *increase their share of goal-qualifying* if the amount of available credit is to remain unchanged. If the Enterprises do not increase their share of such loans, future homebuyers, whether low-income, underserved, or middle-income borrowers in low income areas, who are unable to secure an Enterprise loan due to the reduction in housing goal thresholds would be harmed because they would have to accept a bank or FHA mortgage with a higher mortgage rate.

Conclusion

Under the current Administration, the FHFA has stated that its strategic vision for 2026-2030 is to help restore the American dream of homeownership for all Americans.²⁴ The Center for Responsible Lending believes that, in order to do that, today's homeownership affordability crisis will require coordinated action on multiple fronts: supply acceleration, sensible credit policy, down-payment/insurance support, increased enforcement of fair lending and consumer protections, along with watchful eyes on both interest rates and income growth. Under no circumstances will weakening requirements or commitments in any of these areas lead to a stronger housing market.

For these reasons, we respectfully urge the Federal Housing Finance Agency to either: (1) restore the Enterprises' proposed 2026-2028 single-family housing goals to their existing levels, or alternatively, (2) properly take in account the enumerated factors for consideration, leading to a determination that would increase those goals beyond existing levels of support. Only these results would be consistent with a commitment to improving homeownership challenges in today's financial market. Thank you for the opportunity to share our thoughts on these important issues. We stand ready to work with both FHFA and the full Administration as we continue to navigate these difficult issues.

Sincerely,

Center for Responsible Lending

²⁴ FHFA STRATEGIC PLAN: FISCAL YEARS 2026–2030, available at <https://www.fhfa.gov/document/fhfa-strategic-plan-2026-2030.pdf>.