



**National
Urban League**

*Empowering Communities.
Changing Lives.
For An Equitable Future.*

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Clinton Jones, General Counsel
Attention: Comments/RIN 2590-AB59
Federal Housing Finance Agency
400 Seventh Street SW
Washington, DC 20219

Subject: Comments on Proposed Rule—2026–2028 Enterprise Housing Goals (RIN 2590–AB59)

To Whom it May Concern:

On behalf of the National Urban League, thank you for the opportunity to comment on the proposed rule establishing the 2026–2028 Enterprise Housing Goals for Fannie Mae and Freddie Mac.¹

The National Urban League is the largest historic civil rights and urban advocacy organization serving more than 3.8 million people annually through a network of 93 affiliates in 300 communities nationwide. Across our programs, homeownership remains one of the most critical pathways to economic mobility. We view housing not as a luxury, but as a fundamental right, and we are deeply invested in ensuring that federal housing finance policy expands, rather than constraints, access to equitable homeownership opportunities.

We are aware that the Affordable Housing Goals are typically established every three years, following extensive market analysis by FHFA. During this past three-year cycle in 2024, the National Urban League, alongside many other advocacy groups, contributed to the comment process.

We appreciate FHFA's statutory duty to ensure the safety and soundness of the Enterprises while promoting equitable access to affordable housing finance. However, the proposed 2026–2028 housing goals risk undermining this dual mandate by reducing key single-family benchmarks and merging distinct subgoals that have historically supported transparency in serving minority and low-income borrowers. We respectfully offer the following comments and recommendations:

1. Re-Establish GSEs as Market Leaders for Single-Family Benchmarks

We are deeply concerned by the proposed reduction of the Low-Income Home Purchase Goal (from 25% to 21%) and the Very Low-Income Home Purchase Goal (from 6% to 3.5%) for the 2026–2028 Enterprise Housing Goals. This proposed reduction of low income and very low-income borrowers would limit affordable homeownership for lower-income households. This decrease would mean there are an estimated 177,000 fewer affordable home purchase loans based on FHFA's 2024 Fannie Mae and Freddie



Mac purchase numbers² and 500,000–750,000³ people would be potentially excluded from access to homeownership.

The Affordable Housing Goals were designed to keep the Enterprises focused on their mission as a chartered GSE that has a unique role in our housing system. Through the housing goals set by FHFA, Congress intended the Enterprises “*lead the market*” in providing access to affordable credit, and to keep innovating product mix, and help expand sustainable, safe access to mortgages for credit-worthy borrowers⁴. Lowering these benchmarks runs counter to that intent and would disproportionately harm Black, Latino, and first-generation homebuyers. FHFA’s stated rationale appears to rely on anecdotal evidence about pricing behavior rather than rigorous empirical analysis. Without empirical data and analysis, FHFA cannot state that there is less of a need for mortgages within these communities nor justify the proposed reduction in Affordable Housing Goals.⁵

Recommendation: Before finalizing such substantial reductions, FHFA should publish quantitative modeling showing:

1. The projected impact on the volume of goal-qualifying loans;
2. How reductions align with national housing needs and affordability metrics; and
3. Whether lower goals will reduce overall access for minority and underserved borrowers.

Preserve Distinct Subgoals for Minority and Low-Income Census Tracts

The National Urban League also strongly opposes the proposed merger of the Minority Census Tract Home Purchase Subgoal and the Low-Income Census Tract Home Purchase Subgoal into a single benchmark. This consolidation would erase the ability to evaluate how effectively Fannie Mae and Freddie Mac serve communities of color—particularly Black households⁶. While simplifying reporting may appear efficient, collapsing these measures erases the ability to track performance in historically excluded communities. The merger of subgoals will make it impossible to track progress serving minority census tracts, and eliminates the ability to track Black homeownership, or homeownership for any specific racial or ethnic demographic. This differential is needed to monitor homeownership and FHA mortgages among different ethnic groups and low-income populations to understand how to better serve the respective communities. Moreover, it is important to note that minorities are not synonymous with low-income populations. Disaggregating these subgoals is essential for evaluating both racial equity and economic inclusion.

The Low-Income Census Tract subgoal previously was also kept low due to concerns about potentially fueling gentrification, which is defined as the process whereby the character of a poor urban area is changed by wealthier people moving in, improving housing, and attracting new businesses, and typically displacing current inhabitants in the process. Disaggregated census tract data is necessary to avoid skewed reporting



that would inadvertently mask the displacement of low-income inhabitants and mischaracterize gentrification as progress.

Recommendation: We urge you to maintain separate subgoals for Minority Census Tracts and Low-Income Census Tracts. Distinct benchmarks ensure transparency and accountability for racial equity outcomes and mitigate the risk of gentrification masking displacement within minority communities.

3. Maintain Data Integrity and Analytical Rigor in Goal Setting

FHFA has historically relied on extensive statistical models, grounded in both historical trends and forecasting, to come up with thoughtful benchmarks. The governing statute, Federal Housing Enterprises Financial Safety and Soundness Act of 1992, requires FHFA to consider seven factors when setting benchmarks when proposing changes to its rules⁷. These factors include: national housing needs; economic, housing, and demographic conditions; the Enterprises' prior performance; their ability to lead industry credit expansion; other reliable mortgage data; the size of the relevant conventional market; and the need to maintain the sound financial condition of the Enterprises. In this rulemaking, however, FHFA appears to have departed from that data-driven approach, relying instead on anecdotes and industry sentiment to justify setting benchmarks well below expected market levels. The agency's own proposal acknowledges that it "is not aware of a data source that would quantify" some of the industry feedback it cites⁸. This represents a departure from prior practices in which the Enterprises were expected to meet either FHFA's benchmark or market levels, whichever was lower, to account for forecast uncertainty.

Analysis of FHFA's Stated Rationale

1. **Housing Supply Constraints:** FHFA argues that a tight housing supply warrants lower goals. Yet the agency's previously used forecasting models already incorporate supply and price pressures. Setting benchmarks lower than those data-informed projections effectively means retreating from the mission rather than adjusting for real deficits.
2. **Impact on Middle-Class Borrowers:** The proposed rule claims that affordable-housing goals raise costs for middle-income borrowers. Yet FHFA admits it lacks data to substantiate these claims, relying only on qualitative industry feedback. That renders the argument weak, especially when many "lower-income" borrowers are teachers, police officers, and nurses, which most Americans consider middle class. Research by the Urban Institute shows that racial homeownership gaps remain as wide today as they were in 1968, despite modest gains during pandemic recovery.⁹ Lowering benchmarks will not relieve burdens on middle-class borrowers but will further restrict access to underserved communities.



3. Redundancy with FHA/VA/CRA Programs: FHFA suggests that other mission-lending channels may reduce the need for GSE goals. But market analysis confirms that Enterprise activity complements and does not duplicate these programs. CRA-eligible loans can be sold to Enterprises, and both efforts work together to expand credit.

4. Private-Label Securitization (PLS) Market: The emphasis on reviving private-label securitization appears aligned with calls to shrink the GSE footprint. However, the pre-2008 housing crisis demonstrated that private capital alone does not reliably serve low- and moderate-income borrowers and is highly cyclical. The GSE charters exist precisely because private markets cannot guarantee universal access to mortgage credit.

5. “Self-Executing” Mission Claim: FHFA contends that because the Enterprises’ statutory charters already mandate affordable lending, separate goals can be lower. Yet a mission on paper does not ensure performance in practice—hence Congress’s explicit requirement for goal setting and oversight.

6. Cost and Safety-and-Soundness Arguments: Assertions that mission-focused lending undermines safety and soundness are overstated. While default rates may be marginally higher for low-income borrowers, the incremental losses are negligible relative to the GSEs’ multibillion-dollar capital needs. Prioritizing recapitalization over equitable access contradicts the public-interest standard at the heart of their charter.

Overall, FHFA has not provided transparent, quantitative evidence that current market conditions justify materially lower benchmarks. Absent such modeling, the proposed goals appear inconsistent with both congressional intent and FHFA’s statutory obligations.

Recommendation: FHFA should withdraw or substantially revise the proposed reductions until it produces transparent, data-based modeling and a comprehensive impact assessment on minority and underserved borrowers.

Conclusion

We recognize FHFA’s responsibility to balance market stability and safety with mission-driven access. Yet, reducing benchmarks and merging subgoals during an unprecedented housing affordability crisis risks reversing decades of progress toward equitable credit access.

With the nation facing a shortage of more than 4 million affordable units¹⁰, now is the time for bold leadership, not retrenchment. The National Urban League urges FHFA to maintain or strengthen the current housing goals, restore separate subgoals for minority



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and low-income census tracts, and ensure the Enterprises continue to lead the market in promoting equitable and sustainable homeownership.

Respectfully submitted,



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