



November 3, 2025

Clinton Jones
General Counsel
Federal Housing Finance Agency
400 Seventh Street SW
10th Floor
Washington D.C. 20219

RE: 2026–2028 Enterprise Housing Goals

Dear Mr. Jones:

The National Council of State Housing Agencies (NCSHA),¹ on behalf of the nation’s state housing finance agencies (HFAs), is pleased to submit comments on the Federal Housing Finance Agency’s (FHFA) proposed affordable housing goals for the government-sponsored enterprises (Enterprises) Fannie Mae and Freddie Mac for 2026 through 2028 (RIN2590-AB59).

NCSHA is cognizant that, in setting the affordable housing goals, FHFA must balance the Enterprises’ public duty to support a liquid housing finance market that benefits all communities and housing types with the need to ensure the Enterprises operate in a financially healthy manner. Further, NCSHA does not hold a position on what the exact, optimal level for each goal is.

However, we are concerned that FHFA has proposed to lower the Enterprises’ single-family low-income and very low-income home purchase goals at levels below the current market share for such loans. Additionally, in its analysis of the proposed rule, FHFA suggests that the Enterprises should cede their leadership role in serving lower-income homebuyers, which would reduce the options available to low- and moderate-income families and neglect the Enterprises’ statutory duties.

Consequently, we ask that FHFA:

- Reexamine the role the Enterprises play in the housing market to account for their statutorily obligated public duty to support access to credit throughout the entire housing market, including underserved communities;

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.

- Revise the single-family goals to a level that will allow the Enterprises to maintain their role as affordable lending leaders; and
- Increase the multifamily low-income goal to better reflect recent Enterprise lending activity in that space.

Fannie Mae, Freddie Mac, and the HFAs: Long-Term Affordable Housing Partners

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) home buyers 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 home buyers. This includes an estimated 42,667 loans guaranteed by Fannie Mae or Freddie Mac. Seventy-one percent of HFA program home buyers 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. The Enterprises guarantee 20-30 percent of HFA program loans each year. Only the Federal Housing Administration (FHA) accounts for more HFA production.

Nearly all of HFAs' Enterprise lending is originated through each firm's HFA-only product. The products, HFA Preferred for Fannie Mae and HFA Advantage for Freddie Mac, include substantial pricing discounts, most notably the waiving of loan-level pricing adjustments (LLPAs). In addition, the products allow borrowers to purchase the "charter minimum" level of private mortgage insurance (PMI) of 18 percent, saving homeowners thousands in total insurance payments.

The products have been a resounding success in helping the HFAs and GSEs fulfill their affordable housing missions. Since Fannie Mae first launched its product in 2011 (Freddie Mac introduced its product in 2016). HFAs have utilized them to help nearly 350,000 households purchase a home. Fannie Mae estimates that 60-70 percent of its HFA Preferred mortgages originated each month serve households at or below 80 percent area median income (AMI). More than 10 percent of HFA Preferred mortgages qualify under the subgoal for loans for homes in low-income census tracts, a subgoal that has proven difficult for the Enterprises to meet. A notable share of the loans also help the Enterprises meet their Duty to Serve obligations.

HFAs are also leaders in funding the development and preservation of affordable multifamily housing. HFAs have financed the development of more than 3.8 million apartments, 85 percent of which are affordable to renters earning at or below 60 percent AMI. Most of these are financed through the allocation of Low-Income Housing Tax Credits (LIHTCs), which are the nation's primary means of funding affordable rental housing and funds the development of nearly 100,000 - 150,000 new apartments each year.

Since FHFA granted them permission to reenter the Housing Credit market in 2018, both Fannie Mae and Freddie Mac have been active participants, injecting critical liquidity into the market, particularly for projects in rural areas or other underserved communities with less investor interest. The Enterprises have made \$8.7 billion combined in Housing Credit investments since 2018 to support over 1,000 properties,

including more than 130 in high-needs rural regions. FHFA has continuously fostered such investments by increasing the annual Housing Credit investment cap for each Enterprise. We thank FHFA for doubling the Housing Credit investment cap for each Enterprise from \$1 billion to \$2 billion earlier this year.

HFAs also finance the development of affordable rental housing that would otherwise not have been built in the private market through tax-exempt Multifamily Housing Bonds. In total, state HFAs have financed more than 14,700 properties across the country using Multifamily Bonds, providing affordable rental housing to nearly 1.5 million families. The Enterprises support such financing by guaranteeing bonds. From 2020-2024, the Enterprises guaranteed \$3.7 billion in HFA multifamily bond issuances. Multifamily Bonds also help to support the construction of properties financed by Housing Credits, many of which would not be built without the bonds.

Reassess Single-Family Goals to Reflect the Enterprises' Market Role

The proposed rule would require that at least 21 percent of the single-family loans the Enterprises purchase each year be made to low-income consumers (those making 80 percent of AMI or below). In addition, at least 3.5 percent of Enterprise loan purchases would have to be made to very low-income consumers (those earning 50 percent of AMI or below). This represents a reduction from 25 percent and 6 percent, respectively, from the current goals in effect for 2025-27.

NCSHA has traditionally supported strong affordable housing goals. At the same time, we recognize the need for the goals to be set at levels that reflect current market dynamics, so as to ensure that the Enterprises don't feel required to support more risky loans. NCSHA did not object when FHFA proposed to reduce both the low-income home purchase and very low-income home purchases goals for 2025-27 because we recognized, and heard directly from HFAs, that that higher interest rates and a historically low supply of affordable for-sale homes had combined to severely limit home purchase options for low-income households. As FHFA, the Enterprises, and HFAs all understand well, the goal is not just to make working families homeowners, but to ensure they sustain homeownership.

However, the proposed goals for 2026-28 would be set at limits considerably below the market share for such loans. According to the market data FHFA used in setting the proposed goals, households earning 80 percent of AMI or below accounted for 26 percent of all home purchases from 2021 to 2023. Very low-income households accounted for 6.5 percent of home purchases during that same period.

In explaining its rationale for the new proposed goals, FHFA suggests it is inappropriate for Enterprises to be leaders in mortgage lending to low-income home buyers. On this, we respectfully disagree. Fannie Mae and Freddie Mac are publicly chartered corporations with public missions. Their purpose is not to simply establish a maximally efficient housing finance system but one that provides liquidity and supports affordable lending for all American families. As publicly chartered corporations, they enjoy several benefits that do not apply to private corporations, including exemptions from federal income tax and Securities and Exchange Commission registration requirements.

Further, the charters for both Fannie Mae and Freddie Mac specifically state each Enterprise's duty

to provide ongoing assistance to the market includes support for "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." The Enterprises are also assigned the specific responsibility to promote access to mortgage credit throughout the nation, "including central cities, rural areas, and underserved markets." In addition, when Congress mandated the affordable housing goals for the Enterprise, one of the factors it instructed FHA to consider when setting the goals was the Enterprises' ability to lead the market in supporting access to mortgage credit.

FHFA's analysis refers to several other sources of mortgage financing it suggests as alternatives for low-income households looking to purchase a home. One such source mentioned is HFA programs. HFA programs are certainly a critical source of funding for home mortgages for working families. However, it is important to note that HFAs generally self-fund their homeownership programs, making it necessary to access the secondary markets to operate their programs and expand them to provide assistance to as many families as possible. The vast majority of HFA program loans are sold on the secondary market, either through Ginnie Mae-backed securities or securities guaranteed by Fannie Mae or Freddie Mac. This ensures HFAs a steady stream of liquidity that can be used to finance loans to more home buyers. Reducing the Enterprises' role in the market could cut back on the financing HFAs can access to fulfill their housing missions.

The proposed rule also suggests the federal mortgage insurance programs administered by FHA, U.S. Department of Agriculture (USDA), and the Department of Veterans' Affairs (VA) as potential alternative sources of mortgage credit. While these programs are important, they do not have the same availability as products offered by the Enterprises. VA and USDA loans are not available to all borrowers. While FHA loans are available nationwide, they are offered by smaller number of lenders and, for many creditworthy working families, can be considerably more expensive than an Enterprise loan, due to the requirements that FHA borrowers pay mortgage insurance for the entire life of the loan. Finally, we would contend that low- and moderate-income home buyers are better served by a market in which there are multiple options for them to buy a home. Pulling back the Enterprises' presence in the market risks diluting their choices.

Given their public mission, statutory obligations, dominant market role, and considerable resources, the Enterprises are well-positioned to serve as market leaders in supporting lending to low- and moderate-income home buyers. We suggest FHFA revisit the proposed single-family housing goals to better incorporate the Enterprises' responsibility and current market conditions.

Elevate Multifamily Housing Goals

NCSHA thanks FHFA for proposing to keep the multifamily housing goals at elevated levels. The need for more affordable rental housing is well-documented and unfortunately growing. We have greatly appreciated the attention that FHFA Director Bill Pulte and the Trump Administration have brought to this issue. Now is not the time to allow the Enterprises to pull back from their strong record of supporting affordable rental housing options.

We suggest FHFA go a step further and consider increasing the low-income multifamily goal. While it is true that higher interest rates have had a deleterious impact on the multifamily mortgage market, both Enterprises' multifamily lending activity easily exceeded the 61 percent goal each year from 2020 to 2024. Just last year, with interest rates similar to what they are currently, 68 and 65.3 percent of all multifamily housing units financed by Fannie Mae and Freddie Mac, respectively, served low-income households. Given this track record, and the affordable housing crisis the nation faces, we suggest the multifamily low-income goal be increased.

Thank you for taking the time to read our recommendations. Feel free to reach out to me to discuss this further at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "Garth Rieman", with a long horizontal flourish extending to the right.

Garth Rieman

Director of Housing Advocacy and Strategic Initiatives