[Toi Roberts]: Hello, and welcome to the Federal Housing Finance Agency's Duty to Serve listing session on the Enterprises' proposed 2022-2024 Undeserved Market Plans. I am Toi Roberts, a member of the Duty to Serve team, and I will be emceeing today's session and the session is being recorded. Today we will hear comments on Fannie Mae and Freddie Mac's proposed new Plans for the Affordable Housing Preservation market. So before we get started, I'd like to first introduce you to the lead of our Duty to Serve team, the Managing Director of Duty to Serve, Ms. Marcea Barringer.

[Marcea Barringer]: Good afternoon and welcome everyone. Thanks Toi. I'm Marcea Barringer and I'm the Supervisory Policy Analyst for the Duty to Serve program here at FHFA. Acting Director Sandra Thompson was originally scheduled to provide opening remarks this afternoon and she is very sorry that she is unable to do so. Instead it's my pleasure today to introduce Ted Wartell who certainly knows the Duty to Serve program very well and he will be providing our opening remarks. Ted is the Associate Director for the Office of Housing and Community Investment in the division of Housing Mission and Goals at FHFA. He oversees FHFA's regulation of the Enterprises Duty to Serve and Housing Goals as well as the Federal Home Loan Bank System's Housing and Community Development program. Ted.

[redacted]: Thanks Marcea. And good afternoon everyone. Welcome, and some of you, welcome back. This is now our second of the three listening sessions this week of the Enterprises draft plans. Let me start just relaying regrets from Sandra Thompson. I hope people noticed in (you know) her public statement the day that she was appointed (pause) her real emphasis on the importance of the affordable housing mission. Fannie Mae and Freddie Mac and the Federal Home Loan Banks. I think all of us will hear more of that, we are already hearing more of it internally. We talked to her a couple of days after that about these sessions. She was really very insistent about being able to kick off use of them but had a personal matter come up unexpected, you know, last week. We are hopeful she'll be back and be able to pick up tomorrow's session. That said, let me thank all of you for your time and for either attending or presenting this afternoon. I suspect most people in this call have been with us for quite some time but it doesn't hurt to reiterate how important these sessions are along with comments on the RFI on the plan and all kinds of less formal ways we have of communicating about Duty to Serve. I can guarantee just about guarantee everyone, both Freddie Mac and Fannie Mae will incorporate things that they hear today and this week into the next draft of their plans and I assure you that we will incorporate a great deal of what we learn today when they hear our informal comments on the plan. Just a reminder again, we've all been working on Duty to Serve together for a while. This is an exciting time, you know, Duty to Serve is not a start-up anymore. We've got well over three years of actual practical on the grounds experience with the plans and so I think it's really at a point now where what we talk about in the next couple days will really inform where to stay the course, where to make adjustments, what the priorities should be and so on as oppose to the initial plans, discussion we had in 2017. I would certainly say despite the challenges of the pandemic last year, both Fannie Mae and Freddie Mac had successes in Duty to Serve. A couple that come to mind: Freddie Mac's Rural Research Symposium, because it was available virtually, managed to reach I think twice as many people as the first session. I think Fannie Mae, off the top of my head, in terms of their training programs for rural CDFI's and native American CDFI's and both Freddie Mac and Fannie Mae were certainly very active in the LIHTC investments. So we're all very pleased with that but also in a place where we're encouraging Freddie Mac and Fannie Mae to incorporate much more into their plans and we appreciate their help and the info we'll get on that today. So, thanks very much, let me turn it back to Toi who will introduce the first speaker.

[redacted]: Thank you Ted. Alright, before we move forward with the remainder of the agenda, I do have a few important housekeeping remarks. As you know, we have organized this webinar in order to obtain your input on the Enterprises' proposed 2022-2024 Underserved Market Plans for the Affordable Housing Preservation market. During today's session, FHFA will not discuss the status or the timing of any potential rule making. If FHFA does decide to engage in a rule making on any matters discussed at today's session this session would not take the place of a public comment process. The rule making document would establish the public comment process as you would need to submit your comment, if any, in accordance with the submission instructions in that document. FHFA may summarize the feedback gathered at today's session in a future rule making document if we determine that a summary would be useful to explain the basis of our rule making. Also please keep in mind that nothing said in today's session would or should be construed as binding or a final decision by the FHFA Director or FHFA staff. Any questions you may have are focused on understanding your view, not to take a position of FHFA staff or the agency. Now, with that said, we do have a great lineup of speakers today. We will hear from thirteen guest speakers and mid-way through we will have a short ten-minute break. Each speaker will have up to ten-minutes to speak and we will try our best to stay on schedule and ask that everyone speaking help us do so as well. I will chime in to give speakers a one-minute warning as their time draws to a close. If someone does go over their time unfortunately I will have to interrupt you in order to keep us on schedule. Each speaker will have the ability to mute and un-mute their microphones throughout our session but we ask that you keep your microphones muted until it is your time to speak. We also ask that all speakers be prepared to turn on their video cameras during their speaking segments. Finally, as I mentioned earlier, we are recording today's session. FHFA will also prepare a transcript of today's session which will include the names of all speakers and organizations you represent. We will post the recording and transcript on FHFA's website and YouTube channel along with any materials being presented today. Now, before we begin to hear from our guest speakers, each Enterprise will give brief opening statements, and as we close they will also give closing remarks. First up, we will hear from Freddie Mac. Speaking from Freddie Mac's Duty to Serve team are Mr. Mike Dawson, Mr. Corey Aber, and Mr. Dennis Smith.

[Mike Dawson]: Well thank you. On behalf of Freddie Mac, welcome and thank you for taking the time to be here today. I'm Mike Dawson, Vice President in the single family organization at Freddie Mac and Client and Community Engagement Group. Now we have valued your support and your partnerships over the last several years and your dedication to preservation of affordable housing in the communities that you serve. We look forward to hearing from you today and continue to work with partnering with you and showing success in these challenging markets. Now with that, I do want to turn it over to Corey Aber and Dennis Smith as we're going through a little bit more detail about our plans.

[Corey Aber]: Thank you Mike and thank you to everybody else on the line today. We are really looking forward to everything you have to say and factoring that in as we finalize our next plan. In light of that, Duty to Serve is fundamental to our mission and fundamental to our business and fundamental to all we're doing here. It's an extension of both and as we look back on the last plan and at the same time look forward. For the next Plans there's a few things that stand out (and Toi if you could advance the slides). One is the key focus on liquidity to the market. We had that strongly in our first plan and we're focused both on how do we build a foundation, how do we learn more and attract more interest and investment in these markets but also how do we have an impact immediately where possible. And this time around, in the next plan, we're continuing that work, continuing that focus on liquidity and increasing our focus on immediate impact. There's also a clear focus on partnership with all of you. How can we build on that more to increase our impact and understand the needs better over time, and where possible, make a difference according to those needs. And if you could advance the slides one or two more, thank you very much. And again, thought, leadership, and research was a core part of our first plan and that’s continuing in this one as well. Ted mentioned the research symposium we had a lot of different research papers and two of them we came out in our first plan and we’re looking to build on that in this next one. But again, this is core to our business, core to our mission, and we’re going to continue on that. (If you could advance to the next slide). Just highlight a few things from our last plan cycle, you know almost twenty-three billion in loan purchases and investments in the Affordable Housing Preservation market, almost two-hundred thousand rental houses served. And a clear increase in our business from the beginning of the plan cycle to the end of the plan cycle. And you’ll see in this plan the continuing increase in our commitment in our targets versus the first plan. Then, these are some themes you’ll see throughout the plan. We hope to hear from you on how we can exercise those themes, how we can do better, and Dennis, I’ll turn it over to you.

[Dennis Smith]: Thank you Corey and thank you everyone for attending today. As Corey mentioned, we did a lot of foundation building in both multi-family and single family and that wouldn’t be possible without your input, your partnership, and your expertise. We don’t live in a vacuum and need all the markup participants to make certain we’re successful and that you’re successful. If you want to go ahead to the next slide Toi, please. Duty to Serve was established to help that long standing challenge in those markets and today we’re talking about Affordable Housing Preservation. And we’re making a difference but we’re also understanding we’re just scratching the surface. And we really look forward to hearing what you have to say today about our plan and about feedback you have coming from your unique position within the marketplace. So thank you for allowing us a few minutes to open the conversation and we look forward to hearing from you today and we’ll be back at the end so thank you. Back to you Toi.

[redacted]: Thank you. Alright so. And now we will hear from Fannie Mae, the speaker from the Fannie Mae Duty to Serve team is Ms. Sarah Edelman.

[Sarah Edelman]: Thanks Toi. Good afternoon everybody. My name’s Sarah Edelman and I’m Fannie Mae’s Senior Director for Engagement Impact. It’s my pleasure to share with you a quick overview of a few accomplishments in the Affordable Housing Preservation market in the first cycle as well as how we’re going to continue to build on our work in 2022-2024. Fannie Mae’s purpose and mission is to ensure there’s liquidity in the single family, multifamily market where there's markets everywhere across the country everyday while improving access to sustainable mortgage financing for low and moderate income borrowers. And our duty is to serve activities compliment this core mission by challenging us to increase access to mortgage credit beyond our current investments in three of the counties toughest markets. We have an excellent Duty to Serve team but we can't do this without you and your collaboration support so thank you for working with us throughout the first cycle as we test and learn, thank you for your guidance today on how we can strengthen the proposed Duty to Serve plan. Can you go to slide three please? So, I want to quickly review some of the key highlights from the first Duty to Serve cycle that we planned and built out in the next plan. On multi-family we brought significant new liquidity to the multi-family preservation market. We exceeded past record years for acquisition of loans and that finance section eight properties as well as life debt loan purchases. We also purchased loans for forty-eight rental demonstration properties over the first cycle. Prior to Duty to Serve, we only ever purchased a handful of these. In 2017 for instance, we only purchased three such loans. We massively grew these core Affordable Housing Preservation markets. In single family, we significantly improved our energy offerings for consumers and we worked with several utilities to set up a no cost smart thermostat program for LMI borrowers to begin saving on their housing costs. We also improved our renovation loan offerings and executed policy changes to improve our shared equity product. Now, looking forward over the next three years, and you can go to slide five please. So, we will be further expanding our energy efficiency work by building out the data capabilities to offer a green social or sustainable bond that includes Duty to Serve eligible homes. That is, existing properties where energy improvements have been made but can expand the long term affordability of the home. We'll also resume purchase targets for green single family loans starting in the second year of the plan. We're resuming our shared rate of equity loan purchase targets after a pause and rolling out new standardization documents as well as a new program certification program that we hope will make shared equity loans easier for loaners to originate and attract new loan originators to this business. Our aim here is really to make it just as easy to originate a loan in a community to land trust or a shared equity program as it is any other loan. And finally, we'll work with partners on place-based strategies to stabilize neighborhoods affected by distressed homes and to preserve the long term affordability of restored properties. Slide six please. On the multi-family side, we're going to continue to do much of the current work underway and that I explained in my previous comment and we're looking forward to expanding in a few key areas. So we want to build out our RAD work, we want to build that out more. We're aiming to build that out to close to 30% over the next cycle, the next plan cycle. We are looking forward to deepening our partnerships and increasing acquisitions from state and local affordable programs where we see new opportunity. And we're also expanding our role in the role of the preservation market by committing to buy loans that preserve maturing section five-fifteen properties. We'll be aiming to provide financing for the preservation for about fifteen percent of those maturing properties each year. So we look forward to ramping up this work in the new plan and we're eager today to hear your comments and where you think there are opportunities that we've missed. So thank you for your time and for participating today. Back to you Toi.

[Toi Roberts]: Thank you Ms. Edelman. Alright, so now without further ado, we will begin hearing from our guest speakers. And our first speaker we have is Mr. David Lipsetz from the Housing Assistance Council.

: Thanks Toi and good afternoon all. First I'd like to take a moment to thank the staff at FHFA recognizing their tremendous service on all of our behalf. Marcea, Ted, your colleagues, I can speak from experience that the families of people with benefits through your thoughtful approach and hard work can sometimes feel pretty far away from an office on seventh street but you deserve as much thanks and praise and recognition for helping people and communities as all the rest of us on the line. And I'd also like to express an appreciation for the staff at Fannie and Freddie. Mike and Corey at Freddie. Mike and Sarah at Fannie. Your effort to bend the work of these trillion-dollar corporations to the good of the public is much appreciated. You're really good partners. You listen often and are clearly committed to helping harness housing finance for rural folk. As I said, my name is David Lipsetz, President and COO at Housing Assistance Council and HAC is a national nonprofit established to improve conditions for the rural poor with an emphasis on the poorest of the poor in the most rural places. We provide below market financing, technical assistance training, information services, and everything we do is focused on building up the capacity of local organizations so that our local partners are there every day to help folks in need in rural communities prosper. For this session, HAC played one of his favorite roles. We love to provide this independent non-partisan research high quality analysis. We do it openly, freely, and supported agencies, Enterprises, and all the organizations on here and I think we all have that collective goal of wanting sound federal policy shaped by data and evidence. In my comments today, I'll focus on the two most powerful predictors in a rural community's success. One. Access to affordable and flexible capital for housing community development. And two. The capacity of community based organizations to use that capital. Before highlighting a couple of the recommendations, and HAC will include it all on its written comments, a much broader amount, I want to make a couple of general observations. As hard as it may be to admit at times, we all have to recognize the secondary housing market policy is and has historically been part of a system that locks in vastly different outcomes for people depending on the color of their skin and where they were born. I put it as bluntly as I can. Black, indigenous, persons of color and most folks living in markets that Fannie and Freddie's business models have never equitably served should know that the GSE's failing to offer fundamental big changes to their business models is going to continue to contribute to the likelihood that you're going to die earlier and more poor than the rest of America. And I know that sounds harsh. Please pardon me that but… and it's not an individual on this call's effort but for anyone paying attention to the extraordinary outcry of the last year since George Floyd was murdered or the decade of work my organization and others have been doing in BIPOC and rural communities, if you are not part of a new solution then you remain part of an old problem. In so many ways have become times for big thoughts and not for incremental actions and so I recognize that making that point and that the practitioners that are doing so on these calls, it's not easy right? HAC understands the complexities and difficulties of working in these communities. But HAC has been there with you every step of the way over the last decade working on the promise and possibility of Duty to Serve. It is a tool we all can agree can affect real, measurable change in these long overlooked and largely forgotten communities. We see Duty to Serve as a social justice issue. Our housing work is a social justice issue. In an era in which we are all leaning forward, I would hope to combat racial and economic inequities. We're making it a national priority we can use Duty to Serve to go past minimum promise levels of loan purchases and try to fundamentally shift outcomes. So, here's my overarching takeaway from reading the plans for the next three years. They fall short of meeting this moment in history. And I know that's a really high bar and not written at this moment but in the last months of the GSE's work. And the GSE staff working on Duty to Serve should be lauded. They're pushing the peak out the modest investments described in these plans against I'm sure remarkable forces and so I know how extraordinarily hard that must be but more broadly, the GSE's could do more to share data on DTS outcomes and continue to focus on strong local partnerships. Two, they can set purchase targets much higher to have at least a measurable effect on rural markets. And three, offer meaningful change to the core business models. On that first point by the way, the data and partnerships, GSE deserve lots of praise for their work in the last three years. And looking ahead, HAC would encourage FHFA to issue more detailed evaluations on the Enterprises work on Duty to Serve. Give us robust evaluations that will help policy makers and target markets understand the impact of this great tool, identify areas we can expand, improve, tailor. In respect to the partnerships, HAC would encourage both the agencies and the Enterprises to re-double the efforts to engage national and community-based practitioners. We’ve got the expertise, connections and trust in rural and other communities to make Duty to Serve work. I might get a little specific in my remaining time. Preservation of affordable rental housing in rural America remains an important piece of Duty to Serve right? So it’s pretty disappointing to see the generally low and inadequate purchase goals included in the plans. This is across the board and we’d encourage the Enterprises to increase these goals. At least maybe get them to the high water mark from the last several years. Please, no back sliding. We will make more detailed recommendations in our comment letter for this but let me put a fine point on this for the Enterprises purchase goals for five-fifteen properties. Most Enterprises have spent the last several years working towards a subordination agreement with USDA to allow for the purchase of loans secured by five-fifteen properties at risk of leaving the program. And according to the DTS plan, this was the reason for lack of progress on five-fifteen purchases. Freddie’s done. Corey, great to hear your announcement yesterday. And Fannie has written that an agreement on their side will be in place this year. So how on earth does that explain that Fannie proposes to purchase six loans in 2022? Six. Nine in 2023. And I got to say it was at this point that I hurled my dog eared copy of my plan across the room when it hit the wall when Freddie Mac proposed to purchase one loan in 2023 and one in 2024. We all know thousands of units are being lost every year. These commitments are woefully inadequate. HAC would encourage you to set the five-fifteen goals at least proportional to your market share. Please step up. Nobody can move the market like you all can. We’re in crisis. We need that help right now. And additionally the Enterprises can test the research that transforms five-fifteen. We can actually make it easier for all of us. Folks in the preservation community want that streamline just as much as you. There are design flaws in the program and USDA’s entire portfolio could hang in the balance because of this. You know it. Right? You just finished a couple of years trying to negotiate the subordination agreement for the purchase of five-fifteens. So let us encourage you to establish and independent council of rural preservation or call it whatever you want with a capacity to analyze the program, pull the experts together, develop solutions and best practices. Make it easier for all of us. The money spent of that would be extraordinarily valuable and have a great return on investment. And I would make a note that Fannie Mae’s commitment to support technical assistance programs that do facilitate five-fifteen has been great but that research work to pair with and build on the commitment but without research funding behind this effort, USDA preservation is going to continue to be really hard. So, additionally, the FHFA must allow the GSE’s to invest in CDFI’s. You’ve heard so many voices raised on this particular point. The Enterprises are not and never will be on the ground in these local communities. That’s okay right? They don’t need to be there if you have partners that are there with capital to do the hard work of producing quality loans for their purchase.

[Toi Roberts]: One minute remaining.

[redacted]: Thank you, I appreciate that five minute warning Toi. These CDFI’s do not have the capacity to go through the process of becoming seller servicers all the time. They need more capital in order to address the barriers that Enterprises can pivot to support the CDFI’s true direct investment. Simply put, FHFA is misinterpreting the law. You are preventing the public from receiving the full potential of Duty to Serve. You’re denying equity investments in CDFI’s and it is incumbent upon you to return to your interpretation of the law. We have several more comments. I just want to close with saying that in order to fulfill the promise of Duty to Serve, the Enterprises should re-evaluate your LIHTC investment goals. We acknowledge that 2020 was hard but in our opinion it’s unacceptable to set targets below previous year activity with such an immense amount of wealth and housing value increases is occurring in several US markets. LIHTC investments should be reported for high needs rural regions so we can see that impact in the places that need service the most. Thank you. Thank you for hosting the session, I really appreciate that. We truly appreciate the opportunity to speak to the yet untapped potential of, I believe Mike or as someone said from the Freddie team, that we’re just scratching the surface. The potential of Duty to Serve in rural communities is immense, let’s seize it.

[Toi Roberts]: Thank you Mr. Lipsetz. Our next speaker is Mr. Garth Rieman from the National Council of State Housing Agencies.

[Garth Rieman]: Thank you very much. And let me just say that I think David did a great job of leading these presentations. I would like to associate our organization with his remarks and I think he'll hear echoes of many of them in mine and other comments so that's great. Thank you for holding these listening sessions on Fannie Mae's and Freddie Mac's Underserved Market Plans and including NCSHA. We also thank FHFA and the Enterprises for their work on the Duty to Serve program and the new proposed plans. The National Council of State Housing Agencies is pleased to have this opportunity to deliver these remarks on behalf of the state housing finance agencies they represent. HFA's use tax exempt housing bonds, housing credits, home, the housing trust fund, section eight, and many other federal and state programs to support the production and preservation of affordable housing. NCHSA supports the Enterprises focus on preserving section eight and USDA rural properties and promoting energy efficiency. We think it's goals should be broader for preservation in many other geographic and market areas. We particularly think the Enterprises should build in a focus on long term affordability and ensuring that their debt products and investments require commitments of continued affordability for as long a period of time as possible. In awarding Duty to Serve credit for preservation, especially lending trade acquisition deals, FHFA should make sure that the Enterprises activities provide affordability for the longest possible time perhaps by providing more Duty to Serve credit for units or properties with commitments for longer affordability periods. In addition, we think FHFA should request that the Enterprises provide evidence that properties are at risk based on local market conditions and property documents in order to receive the greatest Duty to Serve credit for the debt or investment. In addition, we believe the Enterprises can and should do substantially more than their plans indicate they intend to do. Of particular relevance for our discussion today, HFA's are also leaders in supporting Affordable Housing Preservation through their lending programs and housing credit allocations so I want to focus on some of the tools that they use. The housing credit is the primary source of capital available for preserving affordable rental housing. Many HFA's have set aside some selection criteria in their housing credit allocations plans to encourage preservation and preservation related activities including rehabilitation. Because of the urgent need to preserve affordable rental housing and the vital role the housing credit plays in making preservation feasible, we urge FHFA to allow the Enterprises to receive Duty to Serve credit for housing credit equity investments in Affordable Housing Preservation transactions throughout the country in all the different markets in the area that need preservation support. And we encourage Fannie Mae and Freddie Mac to include in their plans robust commitment to make significant housing credit equity investments for preservation throughout the country. Housing bonds are also a valuable tool for preservation financing so we encourage FHFA to allow the Enterprises to purchase tax exempt housing bonds and to provide Duty to Serve credit for bond purchases or guarantees that support preservation. We support Fannie Mae’s and Freddie Mac's plans to increase their preservation activities including promoting preservation of properties financed with section eight project based assistance, HUDs rental assistance based demonstration, and USDA section 515 program. There are serious preservation issues and problems in all these areas that more robust GSE activity could really help. We also support the continued emphasis on small multifamily properties. These properties are important resources and have few debt and investment alternatives. Financing and preserving them is difficult and the Enterprises could help a great deal. We urge Fannie Mae and Freddie Mac to partner actively with HFA and their lending activities, working with them closely to offer the best possible lending terms including continuing to investigate ways to streamline an increase in affordable housing lending by delegating and underwriting servicing authority to qualified HFA’s. While all efforts to create such lending programs have been challenging and failed to succeed thus far, we still believe there is both the need to make them happen and the potential for them to succeed. Bond purchases and guarantees could help even if creating broader delegated underwriting and servicing programs continues to be challenging. To summarize, preservation is vital, and we believe the Enterprises can and should do more than their proposed plans contemplate both in the number and types of activities to help HFA’s and other stakeholders expand their preservation activities. Thank you for the opportunity to speak to you today.

[Toi Roberts]: Thank you Mr. Rieman. Our next speaker is Mr. Mark Kudlowitz from the Local Initiatives Support Corporation.

[redacted]: Hi thank you. I’m Mark Kudlowitz. Senior Director of Policy for the Local Initiatives Support Corporation or LISC. Thank you for the opportunity to provide comments today on Fannie Mae and Freddie Mac’s 2022-2024 Duty to Serve plans. Established in 1979, LISC was a national non-profit housing and community development organization dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity. LISC mobilizes corporate, government, and philanthropy support to provide local community development organizations with loans, grants, and equity investments as well as technical and management systems. Our organization has a nationwide footprint with local offices in thirty-seven cities and a rural network. We invest approximately around two-billion dollars each year in these communities and our work covers a wide range of activities. LISC will be submitting more specific written comments later this week so I’ll take this time to offer some overall feedback on the Duty to Serve plans today. We appreciate the part of FHFA’s Duty to Serve outreach includes the focus on what activities and objectives addressed from the relevant obstacles to liquidity and underserved markers and considerations Enterprises should consider adding to their plans to address challenges related to the COVID 19 pandemic. We think these are really critical questions and we offer the following for your considerations. As a housing industry, we do indeed face huge market challenges. But these challenges are also a symptom of something bigger that isn’t working. We know that in housing our systems have long been set up to disadvantage some but in disproportionate impact of Covid 19 in people of low incomes, in communities of color is showing us in real time just how deep the imbalances and inequalities are and so we’ve made progress in the housing industry to address some of these broken parts of the system and Duty to Serve certainly reflects some of the best of this progress but in moments like this we have to ask how can we do more? As financial institutions that are the backbone of the safety and soundness of the American housing industry, Fannie Mae and Freddie Mac teams support have been affected broadly. As we go forward, safety and soundness of the industry demands that every institution including the GSE’s work to address what’s not working at the systems level and the disproportionate impact that has on already underserved communities. Duty to Serve was authorized to create markets where there are gaps and LISC believes that Duty to Serve should focus primarily on supporting and expanding transactions that approve affordable housing opportunities in underserved geographies and for underserved populations. The efforts of the GSE’s pursuant to their Duty to Serve should be evaluated to the extent to which they facilitate more transactions to create or preserve these types of housing opportunities, particularly for households at the lowest end of the income spectrum. Unfortunately, many of the proposed activities fall short of that standard in the proposed plans. We strongly support efforts of congress and FHFA to expand the mission regulation of the GSE’s beyond the affordable housing goals that have been placed since 1992. And LISC has commented on previous Duty to Serve notices of proposal pool making and proposed Underserved Market Plans. We just like other peers on the call today have plotted thoughtful and creative approached to underserved markets that are reflected potentially to inclusion and Affordable Housing Preservation programs. We also believe that the outreach of the GSE’s and of FHFA’s and developing has been commendable. LISC believe that the type of transactions that will expand choice and opportunity for underserved areas and low income households are often smaller, more labor intensive and have different credit risk profiles than it’s typical and conventional mortgage underwriting. Community and development and financial institutions or CDFI’s such as LISC and others on the call today have worked and researched the industry for many years, have firsthand knowledge of local markets and partners. We are adept at mitigating the risks that are also inherent in investing in them. With our strong loan portfolios, CDFI’s are natural partners for leveraging the GSE’s liquidity and expanding responsible investment in these markets. So we suggest that beyond working with CDFI’s for loan purchase and technical systems activities, that LISC recommends that FHFA determines whether the GSE’s can make equity or equity like investment in CDFI’s to rid their Duty to Serve authority. Equity capital is critically important for CDFI’s to be able to tackle some of the most challenging affordable housing problems in our nation. LISC encourages FHFA to release to the public a legal determination on this issue and mandate that the GSE update their Duty to Serve as plans to include additional investment activities if FHFA determines it’s eligible. Investment activities currently are just a small portion of Duty to Serve activities although since 2017, FHFA has allowed each GSE to invest 500,000,000 annually in LIHTC projects. Any investments above 300,000,000 a given year required to be in areas that have been identified by FHFA as markets that have difficulty attracting investors. These investments are designed to preserve affordable housing, support mixed income housing, support housing or need other affordable housing objectives. LISC recommend that FHFA adjust the current GSE LIHTC cap out at least in reflationary factor and that an extra investment authority be dedicated to underserved LIHTC markets such as rural markets. These investments should also be eligible for Duty to Serve credit. This will allow the GSE’s to increase their investment activities for projects difficult to finance and is especially important as congress has recently expanded the low income housing tax cut program for the establishment of the four percent of poor finance deals and provided two billion dollars investor housing credits. In addition, congress is considering a further expansion of the program which will increase the need for additional investors. We do note that is challenging to review and make recommendations that FHFA under GSE’s Duty to Serve plans due to a lack of information on how activity is counted, a lack of standardized reporting between the GSE's, and insufficient public information on appropriate baselines. For instance, many LIHTC properties also have section 8 operating subsidy soft sources from state and local housing trust funds and include inclusionary zoning units. This is due to how affordable housing is financed since projects often require multiple capital and operating subsidies. For Duty to Serve purposes, it's unclear if a project would need multiple activities if it met certain Duty to Serve requirements or if only one activity is counted based on a GSE or FHFA determination. Related stakeholder is deniable to discern if FHFA only counts units supported by regular, relevant, programs of if it's a whole building that's counted if portions of a unit include relevant Duty to Serve activities. The Duty to Serve plans for the GSE's do not include standardized methodologies for their goals since some do use accounts while other use quantitative goals. It's difficult to understand what appropriate baseline's for which goal should be since public stakeholders aren't able to discern an overall market for many of the proposed activities. LISC recommends that FHFA explains to the public how Duty to Serve activities are accounted for in public reporting and standardize goals between the GSE's as much as possible and as appropriate. In addition, we recommend that plans include information on the current market for each activity so stakeholders are able to discern the appropriateness of the proposed baselines. Lastly, we encourage FHFA to release it's ratings of the GSE's previous Duty to Serve plan activities since I don't believe this information is currently available. We also note that some activities from the first Duty to Serve plan cycle are not included in the proposed three-year plan. This includes manufactured housing chattel loans, small multi-family loan purchases in rural communities and others. We believe that FHFA should require the GSE's to publicly state on their Duty to Serve reporting why activities from previous cycles are not included in future plans so the public has an understanding of the challenges and can work to address them. FHFA should also mandate the GSE's address how they will continue to support these underserved markets outside of the Duty to Serve program. Finally let's note that many if not all the Duty to Serve activities incorporate racial equity concerns due to the affordable housing problems the GSE's addressing, disproportionately impacting racial and ethnic minority households. While the authorizing statue of Duty to Serve does not require FHFA or the GSE's to address such issues, LISC encourages the FHFA to explicitly incorporate racial equity components in all relevant Duty to Serve activities and reporting. This should include providing the public with aggregated reporting research that shows how the Duty to Serve activities impacted racial and ethnic minorities. I thank you for the time to speak today and we look forward to continuing to engage with the Federal Housing Finance Agency and Duty to Serve. Thanks.

[Toi Roberts]: Thank you Mr. Kudlawitz. Our next speaker is Ms. Ellen Lurie Hoffman from the National Cap, I'm sorry, from the National Housing Trust.

[redacted]: Thank you, and I did have, I am the one person with slides. Thank you. That's, sort of in the middle of the slide deck. Thank you. Thank you so much for the opportunity to present comments today to the Federal Housing Finance Agency, Fannie Mae, Freddie Mac, on the Enterprises Duty to Serve plans for 2022-2024. Next slide please. I'm Ellen Lurie Hoffman, Senior Director of Federal Policy at the National Housing Trust. We are a national non-profit organization committed to preserving and improving affordable rental housing and we do that through policy, innovation, lending, real-estate development, and energy solutions. Next slide please. I first, before I start, I would like to associate myself with the previous speakers, with David Garth and Mark who covered a variety of topics and I have to say the National Housing Trust is in alignment with all the points that they made. So, for the record, I'd like to associate with that. I want to start by talking about the importance of the Duty to Serve itself. We really urge the federal housing finance agency to hold the Enterprises accountable for their performance and to encourage them to undertake difficult challenges. And on that note, I will say that we were disappointed with the proposed plans for 2022-2024. We feel they were inadequate and do represent a retreat from the incremental progress that the first plan cycle made. And this is happening just as the previous speakers have noted as the affordable housing crisis and the racial wealth gap have worsened. We think that the Enterprises should be held to a far higher standard for more ambitious plans to make more tangible progress to serving the underserved markets. Some examples of how they could do that would be to encourage pilots. For FHFA to encourage pilots to encourage longer affordability restrictions for preservation and to allow equity investments in each market. And as Mark noted, it would be very helpful for the public trying to evaluate the Enterprises performance and plans to have better data and access to that data. So we encourage FHFA to release all the Duty to Serve market level rating for the previous three years and the scores assigned to each objective to help encourage stronger plans as well as the share of the total number of loans in each underserved market that the Enterprises plan to purchase. That would help us evaluate how well they're doing. Next slide please. And on the note of the future plans not being ambitious enough, I will note that many of the marks that I am going to be making from here on are going to be very similar to the ones I made back in October because we have not seen progress on these points so we will continue to make them. As LISC did, we would support and we would encourage entity level support to community development financial institutions. CDFI’s provide flexible sources of pre-development funds and interim development funds for mission aligned development organizations to purchase, rehabilitate, and preserve affordable housing. CDFI’s are key partners in Affordable Housing Preservation because they can take small amounts of public funding and leverage it with private capital and we know that that dramatically increases the available funding for preservation. Next slide please. The national housing trust has it’s own CDFI and HTCDF which provides early stage acquisition and development funding for developers to secure permanent financing which is typically debt and low income housing tax credits. We lend to preserve or create about 2,000 units per year and the majority of our loans are taken out by the Enterprises. We know that CDFI’s like NHTCDF are the only ones that are providing the early stage capital needed for the Enterprises to deploy their products. Next slide please. But many CFDI’s despite the importance for preservation, they still lack the access to capital markets supported by the housing finance system which causes some CDFI housing lenders to experience liquidity challenges. And this is particularly problematic in the, in the aftermath of the pandemic. The Enterprises could provide CDFI’s with liquidity for their lending activities which would help spur affordable housing development and preservation, help address the needs of low income disadvantaged communities, and increase support for technical assistance and training to help build the capacity of these lenders working in difficult underserved markets. Next slide please. So we urge FHFA to approve entity level support in treasury certified CDFI’s that are working to preserve affordable housing and allow Duty to Serve credit for these activities. The Enterprises can provide capital or enhance the CDFI’s ability to raise or deploy capital. And Duty to Serve credit could be received by making direct investments in our loans to CDFI’s as they were previously authorized to do. Next slide please. I’m going to pivot now to talk about the low-income housing tax credit and the need for equity investments in Affordable Housing Preservation. Given the critical need to preserve affordable rental housing which is really greater than ever coming out of the pandemic, we urge FHFA to allow the Enterprises to be eligible for Duty to Serve credit for housing credit equity investments as well as mortgage purchases in the Affordable Housing Preservation transactions. As has been previously mentioned, housing credit has been the primary source of capital available for preservation and Duty to Serve credit for housing credit equity investments could provide greater liquidity for Affordable Housing Preservation. Next slide please. We also recognize the importance of non-housing credit equity investments. The ability to facilitate a more liquid secondary market for preserving affordable housing is heavily depending on the availability of equity investments so we urge FHFA to authorize the Enterprises to provide non-LIHTC equity investments which would help provide capital specifically for unsubsidized rental housing serving low and moderate income renters. Next slide please. And a few words about this unsubsidized housing stock. It is disappearing and this is more true than ever as we see our economy becoming more and more divided into sort of the haves and have-nots. Unsubsidized affordable units comprise a significant portion of the rental housing stock but they're being lost due to obsolescence or upgrading to higher rent. We've seen rent prices sky rocket in the aftermath of the pandemic and that could certainly accelerate these losses. But even before the pandemic, the markets were failing to produce new units that are affordable to low and moderate income households. Capital is needed to preserve this portfolio. It serves renters who are not eligible for federal rental assistance or housing creditors who are unable to access this assistance. Next slide please. Private equity vehicles and REETS are the current primary sources of equity capital addressing the needs of low and moderate income renters but both of these channels are limited in number and they're inconsistent in their commitment to long term affordability of rental properties. The Enterprises have a role to play in proving the reliability and the structure to respond to these needs. Next slide please. So, we encourage FHFA to provide more Duty to Serve credit for units that are affordable to lower income residents at 80% of area medium income or below an in providing non-LIHTC equity investments FHFA could require Enterprises to provide evidence that a property is at risk based on local market conditions and ownership structure in order to receive the greatest Duty to Serve credit for the investment. And I would add to that, long term commitment to affordability as well. Next slide please. Thank you for this opportunity to comment. We appreciate your consideration and look forward to continuing to work with FHFA and with both of the Enterprises. Thanks.

[redacted]: Thank you Ms. Lurie Hoffman. Our next speaker is Mr. David Sanchez from the National Community Stabilization Trust.

[David Sanchez]: Thanks Toi. Thanks for the opportunity to speak today and I want to associate myself with the comments of David Lipshetz and just my compliments to the FHFA and Fannie and Freddie's staff who are here who really make the hard work of Duty to Serve possible. My name is David Sanchez and I'm the Director of Research and Development at the National Community Stabilization Trust or NCST. We're a national non-profit that supports families and communities by restoring single family homes, strengthening neighborhoods and increasing access and sustainable affordable home ownership. We do this by facilitating the sales of destressed homes to community based partners by providing technical assistance and capital for single family rehab and by conducting federal policy that is grounded in our knowledge of distressed housing markets. Today I'm going to focus in detail on Fannie Mae's proposed distressed properties objective and Freddie Mac's corresponding locative objectives in the distressed properties market. However, I'd like to begin with broader remarks on the as yet fulfilled promise of Duty to Serve. While the Duty to Serve program is still in it's infancy, the Enterprises accomplishments during their first plan cycle demonstrate that increasing liquidity in investments in these underserved markets is indeed possible if difficult. Given today's housing supply shortages, rising home prices, and persistent racial and economic inequality, the Duty to Serve program is more important than ever. We believe FHFA needs to make Duty to Serve a central priority for the agency and for the Enterprises. Ultimately, FHFA needs to evaluate every policy decision through the lens of its impact on underserved markets affordable housing and community investment. Unfortunately, FHFA has made a series of policy decisions that make it much more difficult for the Enterprises to achieve their statutory Duty to Serve. We call on FHFA to immediately revisit three sets of policies. First, we encourage FHFA to revisit its pricing and capital policies. FHFA should start by eliminating or reducing the lower-level pricing investment or LLPA's which charge additional fees to lower out borrowers with less than pristine credit. FHFA should also reconsider its adverse market refinance fee and the unnecessarily large capital buffers in its 2020 capital rule both of which unnecessarily increase the cost of credit. Second, we urge FHFA to allow the Enterprises to make equity or equity like investments that support affordable housing mission. This could include both investments of high capacity CDFI's as well as investments in particular transactions that support the production or preservation of affordable housing. While certain limits on the GSE's investment authorities may be prudent, we encourage FHFA to be transparent about any limitations it placed on these activities. Third, FHFA must allow and encourage the Enterprises to pursue pilots that test new strategies for serving underserved markets in its upcoming new products rule. As FHFA reexamines these larger policy decisions, we also encourage the agency to continue to build on the transparency of the Duty to Serve program. First and foremost, we encourage FHFA to release it's 2018 and 2019 rating about the market and the objective levels. Second, we encourage FHFA to enhance the public use database to include low level flags of the objectives level. Third, we encourage FHFA to continue publishing the Enterprises quarterly and annual Duty to Serve reports as well as its own loan purchase dashboards. Finally, we encourage both FHFA and the Enterprises to consider ways to work with stakeholders in the underserved markets outside of these public listening sessions. While the Enterprises proposed plans contain a number of objectives that will positively affect underserved markets, the plans lack the ambition that were present in the Enterprise first year plans and they fail to meet the moment. Among the stronger proposed elements included in the proposed plans are commitments that both Enterprises to purchase loans that preserve properties supported by the USDA's section 515 program to purchase loans that provide technical assistance for high needs rural areas of populations and to purchase manufactured housing community loans with tenant pad lease protections however each of these activities would be stronger if the Enterprises set corresponding, higher corresponding loan purchase targets. While there are many shortcomings in the proposed plans, perhaps the most significant is that neither Fannie Mae nor Freddie Mac proposes objectives related to manufactured housing titles as chattel. Enterprise purchases in chattel loans would help low-income consumers access lower priced financing and critically could bolster the consumer protections available in this market. We believe that the Enterprises conserve the chattel market safely and that there's no excuse not to do so. Ultimately, we believe that the Enterprises should be required to revise their proposed plans substantially before they are approved by FHFA later this year. I'll now turn my attention to distressed properties markets which are NCST's primary policy focus. We applaud Fannie Mae's inclusion of two distressed property objectives in its proposed plans and we have encouraged Freddie Mac to reverse its decision not to include activities in this market. By providing liquidity in distressed properties market, each Enterprise can help prevent vacancy in neighborhood blight, strengthen cities and communities, and provide additional opportunities for affordable home ownership. These activities are particularly important given the impact of the pandemic on communities. Close to two million borrowers still remain delinquent of their mortgages and many communities of color including so called middle neighborhoods where many residents have GSE mortgages have been hard hit by both COVID and the virus's economic impact. Fannie Mae's proposed distressed property activities focus on research outreach or product development to encourage neighborhood stabilization and owner occupant purchases of distressed properties. Unfortunately, Fannie Mae's plan lacks detail on what the Enterprise intends to do over the next three years. This lack of detail makes it extremely difficult for the FHFA and outside stakeholders to judge the ambition and likely impact of these activities. As Fannie Mae revises and begins implementing its plans, NCSC urges Fannie to improve concrete access in three areas. The first is access to acquisition and renovation capital. Access to affordable and stable capital is a constant need for non-profits and other mission minded entities that acquire and rehabilitate distressed properties and has never been more important that during today's inventory crisis where rapid home price depreciation of lesions of cash buyers are making it harder than ever for these nonprofits to compete in the acquisition and rehab market. During its first plan, Fannie Mae piloted a product that would allow nonprofits to use Fannie Mae's acquisitions rehab mortgages but the pilot was ultimately unsuccessful for reasons that seem solvable. We urge Fannie Mae to try again. The second is REO property repairs. Fannie Mae reports that its initiative to repair a greater share of its REO properties are helpful in encouraging owner occupant purchases of these properties. We would appreciate more data that substantiates this claim. In addition, we encourage Fannie Mae to ensure that its property repair programs are making all needed upgrades to major systems that can reasonably be anticipated in the next few years because protecting first time home buyers and low and moderate income families from large capital outlays in the first few years of home ownership is critically important. Third, we encourage FHFA and Fannie Mae to closely monitor the success of Fannie Mae's community-first REO sales platform which provides a first look purchase opportunity to mission minded developers. AS NCST knows firsthand, the success of these first sales program depends on Fannie Mae's policy regarding property sales prices and the ability of perceptive purchasers to access or inspect properties. Another important ingredient is providing technical assistance to nonprofit rehabbers as well as carefully monitoring and tracking their work and outcomes. Finally, I would like to comment briefly on the Enterprises proposed residential economic diversity activities. While it is good that both Enterprises have committed to supporting loan purchases in this market, neither has proposed ambitious goals given their past purchase volumes and Freddie Mac's goals are especially weak. During the first plan cycle, the impacts of each

Enterprises residential economic diversity related policy enhancement and research were mixed. Unfortunately, the proposed plans are even less ambitious in this regard. While the existing Duty to Serve rules extra credit for residential economic diversity is well intentioned, it is clear that more should be done to incentivize Enterprises to equitably serve households and communities of color. In 2020, 3.06% of Fannie Mae's owner occupied loan purchases were to black borrowers. At Freddie Mac's, the percentage was 3.28%. This share has not exceeded five percent at either Enterprise in any year since conservator shift began. Federal law includes provision whereby the FHFA Director may recommend to congress additional underserved market Duty to Serve should apply and FHFA should consider asking congress for authority to focus on home ownership for communities of color in Duty to Serve. In the meantime, we hope that as the Enterprises revise their plans, they propose additional activities that meaningfully advance racial equity within the underserved markets. Thank you again for the opportunity to comment on the Enterprises proposed Duty to Serve plans.

[Toi Roberts]: Thank you Mr. Sanchez. Our next speaker is Mr. Andrew Spofford from Preservation of Affordable Housing.

[Andrew Spofford]: Thank you, can you hear me alright?

[Toi Roberts]: Yes.

: So my name is Andrew Spofford. I'm providing comments of behalf of Preservation of Affordable Housing or POAH, a national nonprofit affordable housing developer ,owner, and operator. I appreciate our opportunity to share our input on the Enterprises proposed 2022-2024 Duty to Serve underserved markets plans. Before I start my comments, I do want to state for the records as some of the previous speakers have done POAH support for the comments offered by all of the prior speakers especially for the calls made by David, Mark, and others for more explicit attention to the racial equity and act of the proposed Duty to Serve plans. POAH's primary mission is the preservation of affordable housing. Over the last twenty years we have preserved over a hundred affordable housing community totaling nearly twelve thousand affordable rental units. We make extensive use of the subsidy programs targeted by the Enterprises Duty to Serve plans. Notably the low-income housing credit, project based section 8 rental assistance, and state and local affordable housing programs and we are intensely focused on ensuring our communities are as energy efficient as possible. POAH values the Enterprises critical contributions in support of preservation efforts across the country and the role of the Duty to Serve infrastructure in that regard. And we appreciate the care with which they have crafted these proposed Duty to Serve plans. Within the context of that appreciation for the Enterprises role for our work, we do have a number of comments on the plan. I will touch on six major areas of comment. First, in general, like previous speakers, we support stronger loan purchase targets in nearly every project category and we could encourage the Enterprises to set their targets at at least at or above their three year averages. Even in light of recent strong performance in every category, the need for preservation work is growing in absolute terms especially as more and more low-income housing credit and rural development projects approach the end of their affordability restrictions each year and in the coming years. Second, we support the Enterprises continued focus for loan purchases for projects with project-based section 8 rental assistance. There increased competition from self-financed profit motivated buyers has challenged preservation purchasers relying on agency financing. In the current market, speed and flexibility are a premium and we encourage the Enterprises to continue to prioritize product enhancements in this market and to delegate more discretion and flexibility to their lender partners to reduce the delays associated with the need for waivers of rigid agency underwriting guidelines. Third, we also strongly support the Enterprises aggressive support for preservation work in the LIHTC inventory where preservation needs continue to grow. In this space, we support Fannie Mae’s intent to expand it’s targeting to deliver liquidity to LITCECH projects later in their life cycle including during the extended use period but we are concerned that this liquidity could actually support buyers who intend to convert to market after the extended use restrictions expire and we urge Fannie Mae and FHFA to consider how these loans can be targeted to support long term preservation factors. Separately, we also support both Enterprises continued participation in the LIHTC equity market and we would support much higher target for each Enterprise. Looking beyond the proposed Duty to Serve plan, we continue to hope FHFA will reconsider its current restriction to rural LIHTC investments to allow the Enterprises to support other LIHTC projects which may not be as well supported by other investors including projects that are smaller, more complex, or serve more challenging populations. On a related note, as the LIHTC market continues to evolve in the coming years, we urge FHFA to ensure that the Enterprises are able to play an appropriate role in ensuring there is adequate demand for LIHTC investment across all markets and project types. In particular, propose changes to the community reinvestment act regulations could have significant implications for investment demand for the credit and proposed legislative changes mentioned earlier by Mark could significantly increase the total volume of credit that’s available for investment which would result in lower demand expanded supply and reduce equity pricing which could warrant additional Enterprise participation to stabilize this crucial capital source. Beyond the LIHTC contacts, we strongly support the Enterprises support, expanded the Enterprises expanded focus over the preservation of the rural development housing portfolio including ongoing engagement with USDA. This part of the inventory is facing a looming tidal wave of affordability loss and it is crucial that all stakeholders including the Enterprises continue to work aggressively to develop preservation solutions. We would have liked to see loan purchase targets from some product types that were part of past Duty to Serve plans but don’t appear in the current proposed plans. In particular, we strongly support both Enterprises efforts to develop and promote products to support energy and water efficiency improvements in affordable multifamily properties and we would want to see measurable performance targets for those loans in addition to the proposed outreach and studies. Similarly, the Enterprises’ mezzanine debt products represent a potentially important source of debt financing including for projects now struggling with COVID related construction process relation. WE encourage the Enterprises to add plan activities relating, related to these gap financing programs including both product enhancement and quantitative performance targets. Finally, we support both Enterprises emphases preservation of affordable housing in so called opportunity areas within their residential economic diversity. In that context we would urge both Enterprises to do more to support the preservation of existing affordable but unrestricting housing otherwise referred to as NOAH or naturally occurring affordable housing. In particular, the Enterprises should expand these loan purchase goals to include loans for existing NOAH properties that adopt new affordability restrictions. And because the lack of affordable equity is perhaps the biggest barrier to successful NOAH preservation transactions, we continue to hope that FHFA will authorize the enterprise to provide equity investments in workforce housing as was proposed in Fannie Mae’s original 2018-2021 Duty to Serve plan. Thank you for the opportunity to provide these comments.

[Toi Roberts]: Thank you Mr. Spofford. So now this brings us halfway through our session and so we’ll begin our break session period right now. It’s 2:13, let’s resume back at 2:23.

[Toi Roberts]: Welcome back to the second half of comments from our speakers, our first speaker during this second half is Mr. Vince Wang from Grounded Solutions Network.

: Thank you Toi. I’d like to also thank FHFA for hosting these listening sessions and taking the feedback of stakeholders seriously. I'm Vince Wang from Grounded Solutions Network which is a national nonprofit membership organization with over two hundred members. Our members are nonprofits and local governments, all are committed to creating and distributing housing with lasting affordability hence, we predominately support shared equity programs including CLT's and below market rate programs. Our comments are going focus on shared equity activities proposed by the GSE's in their UMPs but before doing so we have some general comments to share. Generally speaking, these proposed plans fall very short from setting significant loan purchase goals and the proposed activities lack innovation, deeper and more intensive action, and the real investment that would be needed to meaningfully reach these unserved markets. Ultimately, FHFA needs to rescind these incentives which took place under the previous FHFA Director to enable those GSE's to pursue more aggressive Duty to Serve activities. This should include revising the capital regulation to encourage loan purchases in underserved markets and repealing loan level price adjustments on underserved markets which are antiquated. FHFA should also not finalize the new products role and instead equating the interim final role that it will encourage pilots to better serve underserved markets. And lastly, FHFA should honor the intent of the status and permit targeted equity investments to reach underserved markets. FHFA should not approve UMPs that resemble the current proposal and should act quickly to enable the GSE's to develop plans that would have meaningful and significant impact on the underserved markets including shared equity home ownership. Next, FHFA must require that final UMPs and the performance reports entail standardized measures across both GSE's for baseline metrics when possible as well as loan purchase goals. There are so many apples and oranges comparisons throughout the plans that it is impossible for stakeholders to understand the relative performance of each GSE. Finally, our last comments for FHFA is what happened to reevaluating activities for extra credit? Our understanding that for each UMP period, FHFA is to consider extra credit and we believe that stakeholders should have an opportunity to provide input. We believe that FHFA should consider addressing visual disparities in homeownership. Especially those caused by COVID-19 for extra credit should equity model be prioritized for advancing black homeownership. Next, I will comment on the GSE's proposed activities for shared equity homeownership. I will start with loan purchase goals. Fannie and especially Freddie's goals are way too low. Freddie's loan purchase objectives do not increase the liquidity and Freddie only plans to conduct other modest activities in the first year of the plan period which won't result in meaningful increased access to mortgages. This signals that Freddie is no longer planning to invest in addressing the liquidity challenges for this underserved market of shared equity borrowers which is unacceptable. Freddie should be setting goals of purchasing at minimum of 50% or more year over year and Fannie should increase their loan purchases goals to be 25 to 50% year over year. These goals are reasonable. For one, the historically low interest rates are resulting shared equity borrowers refinancing at far greater rates. Second, Freddie had an artificially low baseline because they needed to fix something in the faulty product offering which they recently did so that loans can be delivered. Fannie’s baseline was artificially low because they did not have a system to track loans that met the definition of shared equity so it's likely that more loans were delivered than reported. Third, the administration has signaled clearly that housing is getting into the infrastructure bill which would result in--which should result in substantial resources that will scale the shared equity fields providing greater opportunity for loan purchases. Now, let me comment on other proposal activities. We have worked with both GSE’s to develop the model data restricted documents referenced in their proposed UMPs because we agreed that providing model legal documents is a highly valuable activity to begin to standardize appeals and improve liquidity. The issues that adoption of the MDR is going to be very as we need to educate and convince local and state governments city attorneys and program staff about the benefits of the model and how it will enable best practices, optimize loan performance, and increase access to financing. The proposed activities by both GSE’s are insufficient to support even modest adoption of the MPR. The GSEs have supported the creation of MPR but they are falling very short on seeing these efforts through. They must invest in a comprehensive and effective strategy to get MPR adopted and implemented. Both GSE’s should invest the resources intensively during the entire UMP period to: one, conduct strategic outreach in education to a more diverse group of stakeholders such as consultants who work with cities to adopt inclusion zone policies and state to support organizations for below market rate programs. Two, develop training to broad array of stakeholders. And three, provides technical system to provide the programs adopting the model documents. Next, the GSE’s should incorporate into their UMPs clearer plans for updating their selling guides including making a separate section for shared equity programs using current leases and the other fee restrictions. Additionally, both GSEs issued incorporate activities that incentivize adoption of the MGR such as providing better pricing on loans adding a guarantor execution option for mortgage delivery or waiving particular guide requirements when using MGR. Turning now to the other proposed activities, we have worked with Fannie to develop the certification reference in the proposed plan. We strongly believe that this certification is addressing one of the most relevant obstacles to increasing liquidity for shared equity borrowers as lenders do not have the time or expertise to review aspects of their affordable housing programs or their legal documents. In fact, we support these activities so much that we believe that FHFA and the GSE’s should work together to find a way that the certification should be could be utilized by both GSE’s and lenders to minimize lender burden and streamline the lending. Freddie only proposes to accept a different certification that they helped to develop in Florida which will not increase liquidity in overall shared equity markets. Their only other activities is to publish a guide option and to add a guarantor exclusionary option for delivery of CLT mortgages. We support this, but these activities are widely insufficient to increase active access to mortgage financing for shared equity borrowers. We recommend we recommend a period of activities that would improve their Duty to Serve performance and advance to Duty to Serve goals. This should include finishing the research necessary to confidently size the market. Fannie worked with us to conduct an inclusion housing census and a document of shared equity homes in these types of programs. In this UMP, both GSE’s should support a census of shared equity programs that includes documenting the number of shared equity homes they have in portfolio for CLTs and other nonprofits. At that juncture, the universal single family shared equity homes in the US will be well estimated. This research is vital so GSE’s don’t set loan volume goals too low due to insufficient information on the scale of the market. Next, both GSE’s need to align these home appraisal methods. Fannie has a specific section of their selling guide that includes an explicit methodology for appraisers to use which provides clarity, standardization, and consistency across shared equity transactions. Freddie, unfortunately, leaves the approach to calculating the value of the leaseholder estates up to appraisers which does not work for the field. Freddie should align their selling guide on appraisals of this whole estates to Fannie’s selling guide. Additionally, both GSE’s supported the creation of two virtual trainings for practitioners, one on mortgage financing and the other on legal documents. Many practitioners do not understand what the second market is whether a loan offered by their planning lenders is conventional and why the terms in their legal documents matter to find financial institutions and GSEs. However, practitioners have a very critical role to play to increase lender participation and promote liquidity for their home buyers and homeowners. Grounded Solutions Virtual Training Institute has been attended by 650 practitioners to date this year so we can help the GSE's to develop entities and deliver these trainings. Also, the GSE's should support the updating of…

[Toi Roberts]: One minute remaining.

[Vince Wang]: -- thank you Toi. Also, the GSEs should support the updating of the model ground lease in 2023 based upon the learnings from the model is restriction adoption and the implementation. This will remove the burden of lenders needing to review this complex legal documents and streamline should equity prosperous and the receipts in data restricted models. Lastly, if FHFA does what it needs to do to permit equity investment and pilots, both should be used to expand shared equity opportunities and increase liquidity in the field. Thank you for your time and we look forward to working with FHFA and the GSE's to develop more robust GSE plans.

: Thank you Mr. Wang. Our next speaker is Mr. Greg Hawkins from the Rocky Mountains Institute.

[Greg Hopkins]: Thanks Toi. And thanks all for the opportunity to comment today. My name is Greg Hopkins, I'm a manager at RMI, formerly Rocky Mountains Institute, a fourty year old independent non profit working to secure clean, prosperous, and a zero carbon future for all. My comments today will focus on the Enterprises proposed Duty to Serve plans related to single family energy efficiency and green mortgages and why this is the moment they must think bigger and act more boldly with FHFA's leadership and support. You have and will hear many voices during these sessions calling for more ambition from the Enterprises in addressing the affordability crisis and systemic racial inequities and rightly so. We echo those calls. But there may be fewer voices speaking about another inner related and increasingly obvious challenge that will exacerbate those issues if we do not course correct and that is the climate crisis. As the most recent report from Harvard's Joint Center for Housing Studies notes, the climate crisis has made improving the energy efficiency and resiliency of American housing more urgent than ever. FHFA and the Enterprises have a fiduciary responsibility to facilitate these improvements at scale to better support and protect LMI families in underserved markets and beyond, in addition to protecting its own portfolio and protecting what may be its greatest exogenous threat. The climate crisis is intensifying and its impacts are already being felt across the housing market with 95 billion dollars in damages last year alone. At this very moment our country is experiencing record setting heat and droughts. We all watched two weeks ago as extraordinary climate driven heat waves scorched the pacific northwest causing nearly 200 deaths in Oregon and Washington as people struggled to stay cool inside their homes and elsewhere. These are not coincidences and these trends will get worse. We know these impacts disproportionately harm the underserved and vulnerable communities that Duty to Serve is designed to support. The UN's intergovernmental panel on climate change tells us that a failure to cut greenhouse gas emissions in half by 2030 will mean substantially increasing risk in the years ahead. We need to do much of the heavy lifting on this course correction in the next 8.5 years and so this next upcoming 3 year Duty to Serve period is a critical window for the Enterprises to get started. Inaction or even minimal action will only exacerbate these risks for the housing stock, the mortgage and insurance industries, the Enterprises, and particularly underserved communities. The scale and urgency of the challenge requires all hands on deck; every agency, institution, and market actor must do its part within its sphere of influence and for FHFA and the Enterprises, that sphere is enormous. Household energy accounts for 1/5th of all US emissions but it is not nearly on track to meet climate targets given a lack of information transparency, market signals and incentives, and scalable low-cost project financing solutions, much of which FHFA and the Enterprises can correct. Fortunately, the solutions at your disposal can create new marketing opportunities, while reducing energy burdens and improving health and safety outcomes for underserved populations. But the Enterprises Duty to Serve plans for 2022-2024 do not go nearly far enough. Duty to Serve offers a powerful mechanism to put LMI households and underserved markets first in this transition. Relative to the Enterprises 2018-2020 plans and outcomes, the new plans lack ambition on this front. Fundamentally, the next 3 years is not a time for emphasizing more research and analysis. It's the time to meaningfully commit resources to actually testing and implementing solutions on the ground that will provide needed access to capital that will provide for higher performing resilient homes for many LMI borrowers. To get more specific, our comments offer 5 high levels of feedback on the proposed plans for energy efficiency and single family green mortgages. First: unbiased data and automation. Both Enterprises emphasis on data collection and automation is encouraging and necessary but it would be concerning if this data is only captured for homes that already have improvements or green certifications as drafted which was biased towards higher end homes and wealthier borrowers. Existing tools like NRO's and stock database as mentioned in Fannie Mae's plans can be leveraged to auto populate baselines home specific energy data for all homes to trigger and streamline the adoption of green mortgage products where that product for improvement is most needed. The Enterprises should coordinate these data integration efforts with the UAD redesign and UMD efforts underway. We urge the Enterprises not to spend 3 more years researching and analyzing this data but rather to start testing its application and impact on driving product adoptions. Second, bolder green mortgage purchase targets. For context, as Fannie Mae's plan mentioned, there are estimated 36 million LMI households in the US. In the proposed plan, Enterprises each set green mortgage purchase targets on the order of 200-500 loans nationwide. In Fannie Mae's case, these new targets are no higher than 2019 targets. We urge FHFA to make concerted efforts to streamline the Duty to Serve reporting requirements in ways that will enable the Enterprises to achieve significantly more ambitious green mortgage purchase targets, at minimum, increasing to 5% of all loans to LMI borrowers by 2024 building our network to date and other proposed activities. Doing so can catalyze a much needed shift towards a market where green mortgages are a standard offering in all Enterprise backed transactions. Third, inclusive MBS and green bond frameworks. Both Enterprises recently launched single family green MBS programs which is commendable and their plans refer to these programs. The next Duty to Serve period offers an opportunity to expand the frameworks of these MBS programs beyond just new construction and solar financing to include Duty to Serve eligible loans for efficiency improvements on existing homes and these bond offerings. This would create pathways for more LMI borrowers to realize the benefits of improving their homes performance and tapping into a virtuous capital cycle in the secondary markets overtime. This expansion should not wait until 2024 as proposed in the plans. Fourth, launch equity driven pilots. As an example of how the Enterprises could shift focus and add resources for on the ground action they could design and execute a pilot or incentive program targeting a few of the highest energy burdened zip codes in the US where first time LMI home buyers are offered green mortgage products combined with down payment assistance and other services. Such a program should be designed in collaboration with community partners an could involve alternative credit scoring methods as well as counseling resources, leveraging the Enterprises outreach and relationship building activities over the last few years. Efforts like these can then inform scalable strategic initiatives to shrink the homeownership gap and support sustained homeownership. Fifth, and finally, expand Duty to Serve credit. FHFA should consider amending the Duty to Serve regulation mid-cycle to allow any and all types of upgrades financed by green mortgages to qualify for Duty to Serve credit given the many benefits for LMI borrowers. Doing so would better align with the

Enterprises existing product requirements and would facilitate their Duty to Serve reporting. Updated Duty to Serve criteria should increasingly important resilience upgrades and should explicitly add electrification upgrades given extensive new research on the direct health benefits of replacing combustion based equipment in homes with clean electric alternatives. Electrification upgrades can also offer immediate financial benefits of monthly costs in supporting mortgage payments especially for many rural households. To enable the Enterprises to produce more ambitious Duty to Serve plans this year, FHFA should not finalize depending new products rulemaking and instead should promulgate an interim final rule that encourages pilots which are essential in reaching underserved markets. FHFA should also promulgate an interim final rule that revises the capital regulation to encourage loan purchases in underserved markets and that repeals antiquated loan level price adjustments in underserved markets. And, lastly, we believe FHFA should hold the Enterprises to a far higher standard for making progress and should not approve the Duty to Serve plans resembling their current proposals later this year without incorporating greater ambition. In closing, FHFA and the Enterprises should be leading efforts to mitigate the disproportionate and increasing impacts of the climate crisis on LMI households and underserved communities across America, primarily by increasing access to capital for higher performing more resilient homes. The Enterprises' green mortgage products offers scalable existing tool to deliver this while improving affordability and health and safety outcomes. As part of the whole of government approach to addressing the climate crisis we urge FHFA and the Enterprises to take decisive action to meaningfully develop and scale this market at a critical time over the next few years serving the borrowers who need it most first. RMI and a diverse coalition of other experts including the DOE and its international laboratories stand ready and willing to support with technical and other assistance in this space however we can. Thank you for your time and thank you all for continuing your important work on Duty to Serve.

[Toi Roberts]:Thank you Mr Hopkins. Alright, our next speaker is Ms. Gerron Levi.

:Good afternoon. Thank you for convening this listening session on the Enterprises' Underserved Market Plans and specifically on Affordable Housing Preservation. The National Community Reinvestment Coalition and its grassroots member organizations are actively engaged in the conversations around affordable housing and access to homeownership and the wealth building opportunity it can create. At the outset, the Enterprises must exhibit greater market leadership than is reflected in their proposed underserved market plans. If they are to do so-- if they are going to indeed exhibit greater leadership around Affordable Housing Preservation it is critical that FHFA itself, revisit a number of the agency's policies in recent years that hamstring the companies have and will stymie the ability of the Enterprises to execute robust affordable housing programs, including those around portable housing preservation. Several of the agency's policies undermine the ability of the Enterprises to go beyond simply providing support to the underserved markets and living up to their charter mission, and to actually provide leadership quote unquote which the statue itself requires. Given the scale of portable housing challenges in the underserved markets, FHFA should fully consider and disclose of the agency's public policies as well as their interpretive guidances and other directions on the ability of the Enterprises to provide leadership in the underserved markets. It has become far more common to learn how FHFA policies are impacting the Enterprises affordable housing activities by reviewing the company's FCC filings. The December 2020 10K filing revealed, for example, that based on FHFA's interpretive guidance which aren't public, Fannie was out of compliance with the January 2020 amendments to their preferred stock purchase agreements that limit so called higher risk loans. Freddie also revealed that risk appetite constraints quote unquote may make it difficult for the company to meet their own affordable housing goals in the future. Another example is the restriction on the ability of the Enterprises to dispose of any accent below market value without prior consent. This also limits their ability to donate properties and partner with community groups that are undertaking critical revitalization work in distressed communities. In short, FHFA should take immediate steps to drop the program and product constraints in the January amendments to the Enterprises' PSPAs as well as other conservatorship policies and guidance's that inhibit safe and sound affordable housing activities. The agency should also immediately reopen and revisit and revise the bank-like capital requirements imposed by FHFA's December capital rule as well with other pricing policies in order to encourage loan purchases in the underserved markets, in particularly Affordable Housing Preservation. Revising these policies will also advance the overall goals of the Biden administration around racial equity and black homeownership. Some FHFA policies are having a disproportionate impact on access and affordability for borrowers and communities of color. I do want to note that we are encouraged by the Acting Director's recent announcements and the new policy statement on fair lending, as well as, the newly issued orders on fair lending reporting. It signals that the agency is moving in a direction that will fair it out how the agencies policy's and the activities are of the Enterprises are impacting communities of color and will take steps to address these issues. Overall, we have urged FHFA to provide more visibility into the agency's only impact analysis of its various capital, liquidity, pricing, and product policy's on borrowers and communities of color. We are also opposed to the agency finalizing a new products rule that limits the Enterprises ability to undertake pilot programs around Affordable Housing Preservation and the underserved market. It should be noted that the Enterprises have a strong history of developing safe and sound affordable loan products that respond to gaps in the market. The need to meet the market challenges around Affordable Housing Preservation could benefit from a number of these past products including the Homestay mortgage product, location efficient mortgage product, modifiable mortgages, working mortgages -- a long list of Native American mortgage products some of which the under prizes -- some of which the Enterprises are offering again. The Enterprises have also offered different construction lending products that can really aid Affordable Housing Preservation, including nonprofit developer renovation products, bridge loan products, acquisition development loan products, sweat equity products, developer lines of credit and credit enhanced municipal bond products. A stronger product portfolio of loan products and pilots at the Enterprises would aid Affordable Housing Preservation as well as more stronger and reasonable loan purchase targets. We also urge the agencies to permit more targeted equity investments to reach the underserved markets. This can permit greater and more consistent investments in tertiary , smaller cities, and legacy cities for example which lack sufficient investment in Affordable Housing Preservation. The Enterprises have also provided greater support for nonprofit capacity building than they are now including for CDFIs. For example, as early investors as a way to attract other investors, and in their stock as non-controlling owners. The Enterprises should undertake more targeted investments aimed at capacity buildings, capacity building than what is reflected in the current plans. Overall, we would like to see far more rigor in the Underserved Market Plans overall, and particularly with regard to Affordable Housing Preservation. We have been concerned that many of the baselines set for loan purchase targets have not been reasonable or realistic. We have seen the Enterprises far exceed some of these loan purchase benchmarks they have been set and that indicates that the baselines are not realistic. The Enterprises should do a better job of making their market forecast transparent so that stakeholders can better understand how benchmarks are being set. We would also like to see, with regard to Affordable Housing Preservation of the Enterprises, set reasonable and realistic loan purchase benchmarks that support purchase and rehabilitation financing of distressed properties. This is a significant area of need and rehabilitating existing inventory is is an area that could help it mitigate some of the affordability -- some of the affordable -- affordability crises in the country. Thank you for providing this opportunity to comment on Affordable Housing Preservation and that concludes my remarks.

[redacted]: Thank you Ms. Levi. Our next speaker is Althea Arnold from the Stewarts for Affordable Housing for the Future.

[Althea Arnold]: Good afternoon. My name is Althea Arnold and I'm the Senior Vice President of Policy for the Stewards of Affordable Housing for the Future or SAFE. Thank you for the opportunity to share some brief comments on Fannie Mae and Freddie Mac's proposed Duty to Serve plans. First, I want to just echo many of the other speakers and the need for more ambition in addressing racial equity in the plans and for more transparent and robust data on the impact of the Duty to Serve. SAFE is a collaborative of 13 exemplary multi-state nonprofits who collectively own, operate and manage 148 thousand affordable rental homes in over 2000 properties across the country. Even its members work together to advance the creation and preservation of healthy sustainable affordable rental homes that foster equity opportunity and wellness for people of limited economic resources. Loans purchased by Fannie Mae and Freddie Mac are just one important source of capital that they used to create and preserve homes that are affordable but SAFE’s members value not only that capital source but also the roles Enterprises can play in sparking innovation and changing how rental housing is financed. We also appreciate FHFA's planning process that reflects the importance of the Enterprises Duty to Serve, something that is even greater urgency as we recover from the economic fallout under the COVID-19 pandemic. This is where I wanted to begin my remarks, the recovery, how this is supported in the DTS plans through preservation activities and how the Enterprises can further contribute to an equitable future. As the evictions and forbearance moratoriums come to an end this summer and even as relief is distributed to some, there will be longer term impacts on Affordable Housing Preservation. Part of the Enterprises Duty to Serve is to meet properties where they are now and as the full economic consequences of the pandemic come to light, this will likely include acknowledging that some properties experienced deferred maintenance, higher receivables related uncollected rent, and higher services costs. These conditions and do not necessarily reflect the long term soundness of a borrower or an asset so, the Enterprises should ensure that they don't overvalue risk associated with these temporary conditions when considering underwriting and reserve requirements. The demand for affordable rental homes remains high and overly conservative requirements could impede access to capital when preservation capital is needed most. This could have a disproportionate impact on owners of naturally occurring affordable housing, including black and Hispanic landlords who have faced greater struggles from the pandemic including lost rent. I want to echo Ellen Lurie Hoffman's comments on allowing Enterprises to be eligible for Duty to Serve credit for having credit investment equity investments and Affordable Housing Preservation transactions as they are for mortgage purchases and such transactions. By allowing Duty to Serve credit for the housing credit investments, FHFA could help ensure liquidity for preservation financing. This could be an important role to play as communities elevate affordable housing in their recovery plans. The Enterprises should also be ready to meet the moment of an equitable recovery beyond targets bringing to bear their leadership to ensure that products are safe and sound but also adaptable for new programs and resources that may be enacted. I wanted to provide a few comments on some specific activities in the plans. Project based Section 8 can support healthy and equitable communities through production and preservation of existing rental homes where they are needed most. We are therefore pleased to see Fannie Mae’s projected increase over their three year baseline. Freddie Mac while noting that it significantly exceeded their 2018 through 2020 target however proposes a reduction over the three year baseline. While we acknowledge that a portion of the high volume is likely attributable to low interest rates and an attraction to the safety of Section 8 investments through the pandemic, the proposed reduction below the baseline beginning in 2022 seems overly conservative and could contribute to missed opportunities. Interest in Section 8 properties remains high and particularly for mission driven actors, the kind of creative products offered by Freddie Mac are key preservation tools. Given the volume of resources for housing in connection with COVID recovery and a strong possibility of additional resources through further legislation we believe that Freddie Mac should plan for continuation of high levels of activity in 2022 and potentially beyond. And while we understand the difficulties of creating new section 515 loan purchase products we’d also urge the Enterprises to revisit their relatively modest targets for USDA rural housing. Finally, actually not finally, one additional comment. SAFE supports the Enterprises increased targeting to residential economic diversity activities however, were concerned that the Enterprises plans only focused on affordable housing and high opportunity areas as opposed to also including mixed income housing in areas of concentrated poverty. SAFE members have for decades worked to make transformative investments in such areas beginning with quality homes. A singular focus on high opportunity areas risk capitulating patterns that don't invest in areas of concentrated poverty, often communities of color. We urge the Enterprises to allow to also conduct loan and outreach activities for mixed income communities. For research, this could further lift up learnings on mixed income housing and identify factors that can be leveraged for further investment. We also strongly support the Enterprises plan to report on sustainability and resiliency as this can be a valuable tool for practitioners and lenders seeking to preserve affordable rental homes. Increasingly frequent disruptions from climate related disasters and other events impact all communities. But affordable rental housing is often disproportionately impacted. SAFE would encourage Freddie Mac to not just look at state climate incentives in its report but also practices providing a more comprehensive approach. Thank you for the opportunity to speak with you today. We appreciate your efforts and look forward to working with you more.

[Toi Roberts]: Thank you Ms. Arnold. Our next speaker is Mr. Peter Lawrence from Novogradic.

: Thank you. My name is Peter Lawrence. I am the Director of Public Policy and Relations from Novogradic. Novogradic is a nationwide accounting and consulting firm that specializes in affordable housing community development, historic preservation, and renewable energy. And we are particularly excited at the opportunity to provide comments to further change and make the Enterprises Duty to Serve plans more robust given the tremendous need there is for affordable housing throughout the country. Novogradic has extensive practices within the low income tax credit HUD programs and in particular the rental assistance demonstration and we work with all of the major affordable housing stakeholders from the Enterprises themselves to other investors tax credits indicators, lenders for profit and nonprofit developers, and state and local allocating agencies. We have more than 600 employees in 28 offices in 16 states. We have a nationwide reach through a variety of markets. I'm going to focus my remarks mostly on the low income tax credit given our firm’s expertise. But I will before talking about our remarks on that and how they intersect with the Duty to Serve plans, I do want to make some just general remarks that I would associate with many of my colleagues that have spoken today and yesterday regarding reforming you know broad policies that affect the ability of the Enterprises to meet ambitious Duty to Serve requirements. You know the interim final rule on capital requirements, the new products in rulemaking that's in process as well as the interpretation of a Duty to Serve statute referring to targeted equity investments. Each of these major policies should be taking a look at again to in order to promote the ability for the Enterprises to reach more ambitious affordable housing goals and investments. I would like to associate my comments with my colleagues along those lines. I also just want to note that we do believe in general that many of the loan purchases goals in the outline in the Duty to Serve plans could be made more ambitious as well. I'm not going to comment in detail about those but again my colleagues have spoken about that and we largely agree with those remarks. What I would like to talk about is the low income tax credit. In particular I want to talk about the general overall size of the low income housing tax credit and the Enterprises participation in that overall market, and with that respect, the investment caps which I understand are not a part of the Duty to Serve plan but do impact them given that they are limit the ability the Enterprises to invest in low income housing tax credit equity. And like several others, my colleagues, I do want to spend a little bit of time to argue for revising the Duty to Serve plans to permit for Duty to Serve credit for low income housing tax equity investments that for preservation just as the statute expressly calls for loan purchases with respect to housing credit properties. So on with respect to the low income housing tax equity market I think it is important to place the Enterprises participation in context. When the annual $500 million caps were set in 2017 the size of the low income housing tax credit equity market according to our estimates and informed by a variety of industry participants was approximately just under $15 billion of equity. In the intervening four years the market has expanded quite considerably beyond just the statutory inflation and population increases and I just want to note a couple of changes that Congress has enacted since 2017. First of all in 2018 there was a 12 1/2 percent increase in nine percent housing credit allocations to states. So while that does expire at the end of this year, Congress is likely to consider at a minimum increase continuing that allocation increase in light of the tremendous demand for affordable rental housing. Secondly over the course of recent years twice Congress has allocated special allocations of housing credit of 40 for disasters. Almost a billion dollars were made available for California in 2020 and just last December Congress allocated another $1.25 billion dollars for 11 States and Puerto Rico so a combination of two and a half , I’m sorry $2.25 billion in additional allocations that much of which are intended to address disasters in rural areas which are a part of the Duty to Serve requirements. I realized that that was yesterday's session but I do want to mention that in the overall context. The final major change that Congress has enacted was the establishment of a 4% floor for properties that are financed with tax exempt private activity bonds, thus triggering 4% housing credit authority. That establishment increased the volume of 4% credits by a considerable amount. And our estimates when you could add all of these various changes together, we are estimating for 2021 allocations of just under $26 billion. Now the equity pricing for that those allocations have come down a little bit but it's a dynamic market, it's ever changing and we have noticed a slight increase in recent months after that sort of decrease at the beginning of the year. And so we're estimating at the end of the year the equity market is going to be somewhere around $22 to $23 billion in total. So given that overall increase from just under $15 billion to probably or somewhere of 22 or 23 billion that, if you are, if FHFA is intending to maintain the same overall percentage of the equity market for the Enterprises as they were in 2017, at a minimum the annual caps should be increased to approximately 800 million each as opposed to 500 million just to keep up the size. And now I would urge that if FHFA were to take that stage they could then enable a portion a greater portion of the requirements that they would urge the Enterprises to meet for respect to the rural as well as the Affordable Housing Preservation of the Duty to Serve requirements. I do understand that there would need to be a change to the Duty to Serve plans for Enterprises to accommodate that and I would urge you to do that. Equity is as important as debt to Affordable Housing Preservation for multifamily properties. In fact often equity is the more significant financing source so there and if there's a clean interpretation of the statue which we believe would permit FHFA to allow Duty to Serve credit for housing credit equity properties and it would be an important additional tool in the toolbox—

[Toi Roberts]: One minute remaining.

: --So I will stop there and urge and just to recap again on the housing credit urge FHFA to consider increasing the overall investment caps which do indirectly impact the ability of the Enterprises to meet their rural and preservation Duty to Serve requirements as well as a permit equity investment to be something eligible for Duty to Serve credit. Thank you.

[Toi Roberts]: Thank you Mr. Lawrence. So now we have our last guest speakers, Ms. Erin Burns-Maine and Sadie McKeown from the Community Preservation Corporation.

[Saddie McKeown]: Thanks, can you hear me?

[Toi Roberts]: Yes.

: Great. Good afternoon. My name is Sadie McKeown. I am the Executive Vice President in Lending and Initiatives at the Community Preservation Corporation, also known as CPC. I am joined today by my colleague, Erin Burns-Maine. She’s our Vice President in charge of policy and advocacy. We’re pleased to have the opportunity to comment on the Enterprises Duty to Serve and we’re appreciative that you’ve invited us to speak today. I want to echo our prior speakers comments in thanking all of you for the work that you do and thanking the GSE’s for digging deeper and reaching further trying to do more under Duty to Serve. CPC is a not for profit multi-family affordable housing lender. We’re a certified CDFI and we are the only CDFI in the country that actually has a mortgage bank under our not for profit umbrella called CPC Mortgage Company. We have two licenses with Fannie Mae, three with Freddie Mac, and two with FHA and so we are an active lender in the GSE world. CPC was formed in 1974 in direct response to property abandonment in Brighton, New York City, that New York City was facing at that time and over our forty-seven year history, we’ve financed the preservation and construction of nearly 220,000 units of residential housing, we’ve supported numerous downtime revitalizations and improved the quality, resilience, and energy efficiency of the multi-family stock across New York city and beyond. We are a recognized leader in the industry advancing underwriting energy performance in our first mortgages and we have deep expertise in working with small and affordable property owners. CPC lends in conjunction with every government source that’s out there to support affordable housing. We’ve deployed nearly twelve billion dollars in private and public capital for affordable housing and community development. And CPC finances affordable multifamily housing loans and we also lend in rural areas. We’re highly focused on supporting BIPOC developers in brown and black neighborhoods that are elevating entrepreneurs of color. Given CPC’s mission and our focus on lending in markets where traditional capital sources are often absent, our primary concern in any proposed rulemaking affecting Enterprises is that their products continue to provide long term flexible capital that reaches owners and developers of affordable housing and small properties. To better address the most relevant obstacles in the affordable housing markets, CPC recommends the following strategies to increase liquidity in the applicable underserved markets. CDFI’s, of which CPC is one, are all mission driven financial institutions that focus our resources and our expertise in the nations most underserved urban, suburban, and rural communities across the country. Non-profit CDFI’s possess a unique understanding of local community needs and work effectively with community based partners and government entities to create and preserve affordable housing. We also support the smallest owners and naturally occurring housing in the neighborhoods that we serve. As such, we believe that the FHFA should direct the Enterprises to target not less than 1.5% of their annual multifamily purchase value for loans exclusively originated by non-profit CDFI's. And along with that, provide the flexibility and the support required for those CDFI's to be able to do that. So we think that's really important, the CDFI's address a need in the market that the rest of the conventional mortgage bankers that are using GSE products do not meet. We work very uniquely with owners that need access to long term low rate capital that GSE's provide and that are not being served by the larger mortgage banks in the market. The FHFA should also direct the Enterprises to purchase more forward commitments on the low income housing tax credit projects and other projects that are subsidized for capital and affordable housing and lock interest rates out at the start of construction out up to 36 months because these projects, unlike conventional assets, do not have the ability to increase rents at the back end once construction is completed and properties are leased and seasoned for delivery, so they cannot bear any interest rate risk of waiting to find out what your interest rate is going to be at construction completion. The Enterprises can afford to take the interest rate risk but affordable housing cannot, so as an affordable housing construction lender, we find it critically important to be able to lock the interest rate at the time when we close the construction loan so that we have certainty upon take out that our constructions loans can be paid back because we know what the interest rate is going in. The interest rate risk associated with not being able to do that can't be born not only by the CDFI's that are doing the construction lending or other construction lenders for affordable housing, but we do believe that the GSE's can afford to take that risk. Next, building upon the Enterprises' successful green loan programs and their existing infrastructure to support energy efficiency, we believe that the FHFA should direct the Enterprises to elevate their game and to do more as it relates to changes in the climate and how it's impacting real estate across the county. Low and moderate income owners and low and moderate income families that live in distressed neighborhoods are already bearing the brunt of poor environmental outcomes and we really need Freddie Mac and Fannie Mae to address those through their lending by increasing and elevating their game and their standards around how a building should perform. So we believe the GSE's should increase their standards for building performance and alongside of that enhance the incentives that they provide with lower rates and more proceeds so that the proceeds can help pay for the increased cost of making those buildings high performance. As we think that the most aggressive threshold, the deepest interest rate reductions, should be for buildings that are converting to all electric or being built new with all electric and not using fossil fuels in any of their building systems or any of their equipment because we believe very deeply that this is consistent with the Biden administration’s 2030 greenhouse gas reduction pollution targets and in keeping with the transition to a clean energy economy. So Freddie Mac and Fannie Mae valuing and supporting and driving through their requirements more high performance building, more renewable energy, less buildings that rely on fossil fuels could be a leader in the industry to get us to where we need to go with respect to multifamily particularly affordable housing as it related to transitioning off of fossil fuels and onto renewable electric heating and cooling. Lastly, now more than ever there is a need for brining mission-driven capital to communities of color which have experience decades of disinvestment and are now disproportionately experiencing the effects of the Covid19 pandemic. The FHFA should actively work to reduce barriers to BIPOC owners, black and brown indigenous people of color accessing GSE sponsored debt. The Enterprises should conduct and audit of historical lending with respect to BIPOC borrowers and set baseline targets to ensure that they improve providing capital to that group of owners and operators. CPC has found that there has been, while there has been investment in brown and black neighborhoods, that investment has not necessarily been or intentionally been for people from the community, for BIPOC owners and developers who really need to access GSE capital, particularly as they are emerging. They typically lack the friends and family or support for generational wealthy that is bult up through real estate primarily by white owners and operators and they need significant support to generate that wealth for themselves and for their families and their futures. So given that affordable housing providers often cannot rely on rent increases to support property maintenance and operations, we believe that long term predictable capital is essential to a thriving and robust affordable housing market. The Enterprises have a unique opportunity to ensure such capital is available through their networks of seller servicers including CDFI’s with easily accessible loan products for developer owners who are not necessarily large enough to participate in programs such as the low income housing tax credit and other national initiatives. Our experience is that the GSE’s are very good at supporting seasoned and experienced developers that have been in the business for generations and for years but not necessarily at reaching through and trying to support and grow emerging developers and owners of smaller properties that are naturally occurring affordable housing and we think Freddie and Fannie need to do a better job at that. The housing market and community needs have changed significantly since the Enterprises initial plans were released and we think it's critical that you really evaluate this from a macro prospective, particularly given the continence of events that we're seeing with respect to climate change, global warming, and the racial reckoning that happened last year as a result of George Floyd's death, and we think it's very important that Freddie and Fannie elevate their game and enhance their products to support BIPOC developers affordable housing in our most distressed brown and black communities, and that's not just multifamily, that's also single family, and really with an eye towards making those units as energy--

[Toi Roberts]: Alright, one minute remaining.

[Sadie McKeown]: -efficient and converting to all electric as those building transition. So that will be the end of my comment. Thank you again for allowing CPC to participate, and we are happy to answer any questions.

[Toi Roberts]: Thank you Ms. Burns-Maine and Ms. McKeown. Before we begin our closing remarks from the Enterprises, I do want to reintroduce our head of the Duty to Serve team, Mr.Ted Wartell.

[Ted Wartell]: Thanks very much Toi. I just wanted to, on behalf of Marcea and our Duty to Serve team and FHFA, I really really want to say thank you again to everyone for their time this afternoon and their time putting together the comment letters on our RFI and we know those take a lot of time but we heard, we gathered a lot of extremely helpful suggestions and feedback today both for Fannie Mae and Freddie Mac and certainly for FHFA, we definitely heard those and we'll take those back as well. I also want to thank everyone for the passion on these issues which came through very clearly today and we appreciate. And lastly a thank you to the teams, the Duty to Serve teams at Freddie Mac and Fannie Mae. We don't work with them every day directly but maybe every other day. Certainly, at times it seems that way. Thank them, they work extremely hard as I think you all know and really they share that same passion. Thank you everyone. I hope all of you can return tomorrow at one o'clock for the last listening session on manufactured housing. So with that I will throw it back to Toi.

[Toi Roberts]: Thank you Ted. So now we will begin hearing closing remarks from the Enterprises and first up we will hear from Freddie Mac.

[Corey Aber]: Thank you Toi. And thank you to everybody for all the thought provoking comments and feedback on some really important themes today, themes that we really value and are focused on especially racial equity. This year we've appointed two Vice Presidents of Equity and Housing, Amanda Nunink in multifamily and Pamela Perry in single family, and we're actively working on ways we can leverage our platform to address these long standing issues. A lot of what was covered today and a lot of what Duty to Serve is all about is complex and nuanced and it requires a consistent focus over time in both broad ways and really specific ways and different components of these markets have different needs at different times. And like all of you, we're committed to working on these issues now and in the years to come and in evolving our plans when and where possible. So we'll take all of your feedback into account as we continue working on our plan this year. Thank you.

[redacted]: Thank you Mr. Aber. Closing remarks, we'll now hear closing remarks from Fannie Mae. Mr. Michael Hernandez?

[Michael Hernandez]: Got me. Thank you. Thanks again to everyone. It's been a very enlightening day. I just want to say it's important to be challenged to do more. We certainly heard that from all of you. That's how we learn, that's how we grow, and that's how we continue to do things that are going to stretch our organization and help the broadest market. I also want to assure you that everyone at Fannie Mae from our CEO to our summer interns, all of us come to work every day focused on how we create wealth for families, how we improve the lives of home owners and renters, and how we ensure equity across our initiatives. Duty to Serve is one critical component of all the efforts we have underway to serve our mission. Many of the speakers touched on some of these broader themes like our leadership in ESG, our green efforts, our disaster response efforts, and our racial equity efforts that we're deploying to fundamentally change not only our business but the business of housing across the county, and these are just some examples of how we're stretching to meet the moment that we have presented to us today. Most of that work is not captured in Duty to Serve but is part of what we're committed to everyday. So I welcome your specific feedback as you're providing your written comments, tell us how we can specifically implement some of the initiatives that you did. I know you shared some but thinking about this broader context how do we move in that direction? And then also, that'll help us prioritize this effort with FHFA as we move forward. It's critical that we continue to stretch and learn, it's critical that we meet and exceed our Duty to Serve objectives, and it's important that Duty to Serve is a component of every mission activity that we do, all our ESG activities and all of that is going to fundamentally change housing. Let me stop there and turn it over to Crystal and Sarah who are going to give you a bit more feedback from what we heard today. Thank you.

[Crystal Bergemann]: Hi, this is Crystal Bergemann with Fannie Mae and I’ve had the privilege of working on the Affordable Housing Preservation plan in multifamily for the last three years so I just want to echo what we’ve heard from FHFA, from Fannie Mae, and from Freddie Mac that we greatly appreciate your commitment and your passion and your coming to share your expertise with us. We know that you, that everyone here has dedicated their careers to these underserved markets and others so we really appreciate your insight and your thoughtfulness. Specifically, on multifamily, we look forward to continuing the conversation both with FHFA on this current plan and with you all to talk about how we can operationalize some of these ideas and suggestions to make sure we’re as impactful as possible. I wanted to just touch on a couple of things and you know we got some great helpful feedback on almost every aspect of the plan, the draft plan that we submitted, so that’s again very helpful. We heard from everyone on 515 and our liquidity and loan purchase goals on 515. We have come to an agreement with USDA on subordination issues so that’s very exciting. We look forward to talking with everyone here and figuring out how we can be most impactful on our 515 loan purchases as quickly as we can. We heard a lot about green. We consider ourselves a leader in the green finance market. We want to continue to be a leader in that area and we look forward to how we can make sure that we’re doing that. We heard a lot about low housing tax credits both on the equity side but also on the debt side. And we heard the feedback and we hear the feedback about ensuring that we’re preserving these properties and ensuring the preservation of these properties and were looking forward to digging in more on that. We heard more about naturally occurring affordable housing and thinking creatively about how we can make sure that we’re preserving that. And then areas of concentrated poverty within the residential economic diversity, so we agree, we certainly don’t want to be not working in those areas and that certainly wasn’t the point of the plan at all or the residential economic diversity work. So again, we are eager to take this feedback to heart and to take it back to our internal team and work externally as well to ensure we’re being as impactful as we can. And I’ll turn it back to Sarah.

[redacted]: Thanks so much Crystal and thanks so much everybody for all of your comments today on the plan. Just a couple of multifamily pieces, NCST thanks for your comments. Would love to talk a little bit more about how to add detail. We are planning to add some detail to our objective around partnerships and would love to talk about the right way to make commitments that we can be held accountable to while also creating some flexibility to meet the market needs that will be evolving over the next several months as we move out from the foreclosure moratoriums. I wanted to just say a couple things on shared equity, you know we are committed to making shared equity financing as simple as possible as I've mentioned at the top and I've enjoyed working with partners like Ryan Solutions and small programs across the country as we improve our offerings and to pursue standardization efforts like the model G restrictions Vince mentioned in his comment. Once the GSE and our partners finalize the model documents, we look forward to working together on the successful rollout to promote the adoption. We're committed to a strong rollout, to the guide changes that are needed to support the NDR, but we urge our partners to finalize the documents so that we can begin the next phase of work together. In terms of loan purchases, for the first year of the plan, we proposed purchasing a hundred and seventy-five shared equity loans. This is slightly short of the recommendation that Grounded Solution made at the October listening session of two hundred and that's partly because the size of the market. It is still very difficult to size as Vince mentioned and the lack of visibility into when additional units are coming online has made it difficult to set more ambitious targets there. During our first cycle of Duty to Serve work, we've also discovered that in many markets liquidity is often not the barrier. Demand for financing is largely met by local or regional banks who are choosing to hold these loans and portfolios rather than selling them to us. Our hope is that we start to see more subsidy in this space, as subsidy continues to grow, generating new units and when those new units come on we will have a simple execution ready to go to meet the increased demand. And in the meantime, we will continue to expand our footprint as much as we can and we'll also explore whether there is more ways to add value to the refinance space in the next cycle as you suggested Vince. So thank you everybody for your comment, looking forward to working together, as we finalize the plan. We'd love to follow-up with some of you as we execute the plan. So thank you very much.

[redacted]: Thank you Ms. Edelman. That concludes today's session. And, like Ted, I also just want to thank you all for your comments. We really appreciate them. Thank you for joining us today. The public comment period closes on July 17th so there is still time to submit your comments. Note that that date is on a Saturday however that does not mean that the deadline extends to Monday. Just want to point out that the deadline does close on July 17th so please submit written comments and we encourage you to visit our Duty to Serve website at www.FHFA.gov/DTS where you can find links to submit those comments. Thank you.