

July 5, 2017

Mr. Jim Gray, Program Manager
Duty to Serve Monitoring
Federal Housing Finance Agency

(Submittal on FHFA.gov)

Re: Fannie Mae and Freddie Mac Duty to Serve Comments

Dear Mr. Gray:

I am writing you after having worked twelve years developing financing structures supporting small affordable housing projects across the country. I commend the FHFA in their proposed reviews of Fannie Mae and Freddie Mac's ("Enterprises") Duty to Serve obligations. Both Enterprises benefit extensively from the Federal Government's role providing significant competitive advantages to private capital.

On the whole, I felt both Enterprise's Duty to Serve submittals regarding affordable housing lacked appropriate analysis regarding the need for their involvement, the benefit provided and why/if private capital outside Enterprise involvement is not meeting the proposed financing need. Furthermore, I found most of the Enterprise's proposals focused on volume metrics rather than actual impact. In particular, I believe it would be more beneficial for each Enterprise to **pursue new underserved investment types not adequately supported by the private market rather than primarily growing their current affordable housing products.**

There is great need in this country for the Enterprises to be involved in community development. However, fitting products into the Enterprises' current Non-Duty to Serve business lines that are marketed by mostly non-mission oriented mortgage banking companies appears how a decent amount of their Proposals would be pursued. For example, expanding generic affordable housing production, including even standard smaller balance affordable housing loans, can actually do more long-term harm than good by drowning out private market solutions to community development. Instead, the Enterprises' Duty to Serve obligations should pursue projects that are NOT adequately financed today by the private market nor have any possibility of becoming profit centers. That means new community development products and financing channels must be created, and likely specialized teams at each Enterprise should be assigned to work directly with community development lenders.

Working in community development and affordable housing, I was particularly disappointed in not seeing more specific proposals regarding:

- Significant investments in Community Development Financing Institutions (“CDFI’s”) who have expertise in financing the neediest community investments throughout the country;
- Specialized product development with CDFI’s and other community development organizations rather than “general” lending proposals that these CDFI’s and organizations already receive from financial institutions;
- Subordinate loans or grants to underserved community development projects;
- Financing projects with significant supportive services;
- Supporting scattered site projects in low income census tracts;
- Developing products for Assisted Living Communities with large Medicaid populations.

All of the above suggestions are initiatives currently needed in affordable housing and would generate deep impacts on communities throughout the country. Standard guidelines could be created by community development professionals experienced in each product type to mitigate placing undue risks on the Enterprises from their involvement.

Even though I have concern over the affordable housing impact of the Duty to Serve Proposals as discussed above, I support the Enterprises’ proposed involvement in manufactured housing and rural housing as long as the risk of losses are adequately mitigated. I believe both rural housing and manufactured housing remain underserved market segments that are not always adequately addressed by private capital. I am also positively inclined to Fannie Mae mentioning outreach to institutions with asset sizes of less than \$10 billion. However, I have some concern with the implementation of Fannie Mae’s proposal since it is at first attempted through its non-mission oriented DUS channel. I would instead recommend that the proposal should immediately be pursued through a few mission oriented affordable housing lenders who can better support and develop impactful community development products.

Thank you for your time in reviewing my general comments and I would be happy to discuss in further detail. Please note this comment letter solely reflects my views and does not necessarily reflect the views of my employer or any other association I am involved with.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Blair". The signature is fluid and cursive, with the first letter of each name being significantly larger and more stylized.

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