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July 10, 2017

The Honorable Melvin L. Watt  
Federal Housing Finance Agency  
400 7th Street SW Washington, DC 20024

RE: Enterprise Duty to Serve Underserved Markets

Dear Director Watt:

We are writing on behalf of CBRE to provide comments to the Federal Housing Finance Agency (FHFA) on its proposal to establish Duty to Serve responsibilities for Fannie Mae and Freddie Mac (the government-sponsored enterprises). CBRE is the world's largest commercial real estate company with over 77,000 employees worldwide and 120 offices in the United States. CBRE Affordable Housing is a specialty group within CBRE, and is the industry's largest integrated multifamily business focused exclusively on creating liquidity in affordable housing.

CBRE Affordable Housing is an active participant in facilitating the financing and investment in affordable and workforce housing. We have sold and/or financed over 1,100 properties totaling over \$14 billion in value. Through this experience, we have detailed knowledge of what is necessary to preserve and create affordable housing. Additionally, being the market leader, we are uniquely positioned to provide guidance on what is needed to incentivize the market players to create and preserve affordable rental housing.

**Affordable Housing Preservation:**

The focus of our response is associated with Affordable Housing Preservation. We believe the Preservation and creation of Affordable Rental Housing for low and moderate income families is imperative to the fabric of our communities. Currently, the resources available to develop or preserve affordable multifamily rentals is substantially less than the need. All markets – urban, suburban and rural – are underfunded for LIHTC investment. Allowing the GSEs to invest in LIHTC in all these markets would create a major boost for both the creation of affordable rental housing and preservation of existing rental stock. Only markets with the highest Community Reinvestment Act need currently rescue the most focus, yet even those are underfunded - they have the highest need.

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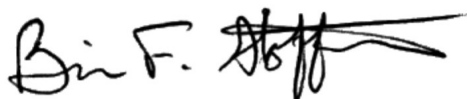
Subject: Enterprise Duty to Serve Underserved Markets

Page 2

Between the years of 2020-2029, over 1.5 million affordable rental units will have their affordable restrictions expire. If the affordable industry produces units at the same pace as today approximately 600,000 new affordable units would be developed over the same time frame, resulting in a potential net loss of 900,000 in affordable rental units. This potential future scenario is untenable: the population of low- to moderate-income residents is rising and forecasted to continue, and the current funding gap for creating adequate affordable rental housing is widening. These factors combined with the impending loss of existing affordable rental stock push our affordable housing crisis from one we need to address to a near term crisis. We believe if Freddie Mac and Fannie Mae are provided the latitude to invest in LIHTC and creatively pursue affordable mortgage debt structures, there is a high likelihood GSE leadership will spur further private capital partnerships that will leverage GSE preservation activities and help create new capital directed towards affordable housing creation and preservation.

**Conclusion:**

CBRE appreciates the opportunity to comment on FHFA's proposal to establish Duty to Serve responsibilities for both Fannie Mae and Freddie Mac. We fully support the Duty to Serve plans of both Agencies to invest in LIHTC in all markets, target the preservation of existing affordable stock and creatively pursue debt solutions to ensure the multifamily mortgage market can serve the needs of low to moderate income renters. Enabling Fannie Mae and Freddie Mac to lead the way should attract private capital and foster innovation to help mitigate our country's affordable housing crisis. Thank you for your time and consideration of this important issue. CBRE looks forward to working with you. If we may be of any assistance to you, please do not hesitate to contact either of us.



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