



MORTGAGE BANKERS ASSOCIATION

October 28, 2024

The Honorable Sandra L. Thompson
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

Dear Director Thompson:

The Mortgage Bankers Association (MBA)¹ thanks the Federal Housing Finance Agency (FHFA) for the opportunity to comment on the proposed rule on the 2025-2027 Multifamily Enterprise Housing Goals for Fannie Mae and Freddie Mac (the Enterprises).² The Enterprises are required by statute to promote access to mortgage credit throughout the nation and provide assistance to the secondary market to support housing for low- and moderate-income families, and the housing goals are an important component of the framework by which FHFA can measure the Enterprises' progress.³

The 2025 through 2027 Multifamily Enterprise Housing Goals contain affordable goals consistent with the Federal Housing Enterprises Financial Safety and Soundness Act (the Act).⁴ The Act requires multifamily goals for low-income and very low-income families. In the proposed rule, similar to the goals in 2023 and 2024, FHFA proposes a percentage of each Enterprise's annual multifamily loan acquisitions (in units) that are affordable to each income category.

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 275,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

²<https://www.fhfa.gov/regulation/federal-register/proposed-rulemaking/2025-2027-enterprise-housing-goals>

³ 12 U.S.C. § 4561(a); 12 C.F.R. part 1282.

⁴ Federal Housing Enterprises Financial Safety and Soundness Act of 1992, H.R. 6094, 102nd Cong. (1992). <https://www.congress.gov/bill/102nd-congress/house-bill/6094/text>

As outlined in the proposed rule, the benchmark levels for 2025 through 2027 are 61% of annual loan acquisition (in units) for the low-income goal (80 AMI), 14% for the very low-income subgoal (50 AMI), and 2% for the small multifamily low-income subgoal (80 AMI).

In the sections below, MBA provides comments to FHFA in the following areas:

- Appropriateness of the proposed benchmark levels for 2025 through 2027.
- Continued liquidity support for tenants of all income levels and geographic locations.
- Process improvements at the Enterprises needed to continue to efficiently serve the market.
- Future changes to mission targets and housing goals to position the Enterprises to support all aspects of the multifamily housing market effectively.

Are the proposed level goals appropriate?

MBA supports the proposed benchmark levels for 2025 through 2027. These levels are consistent with the 2023 and 2024 goals and effectively balance the role of the Enterprises in supporting affordable housing and providing liquidity to the entire multifamily market. We particularly commend the 2% subgoal for small multifamily low-income properties, as this sector is well-supported by private capital sources.

Supporting the Multifamily Market

Liquidity. MBA is concerned about the low volume of market-rate units financed by the Enterprises in recent years. The Enterprises exceeded their 2022 and 2023 goals for affordable units, but a meaningful amount of market-rate liquidity is crucial for a healthy multifamily market. Market-rate units ultimately contribute to affordable housing availability by generating openings for lower-income renters. A recent Minneapolis Federal Reserve study found that for every 100 new market-rate apartments, approximately 70 new rental opportunities emerge in lower-income neighborhoods within five years.⁵ Thus, we recommend that FHFA help the Enterprises balance their affordable housing goals with a focus on, and liquidity support for, market-rate units. Every unit provides a home, and the need for rental housing continues to be acute.

Process. MBA is also concerned about the increased processing times for quotes. Freddie Mac is working to reduce its processing time, currently about one week, while Fannie Mae's times have extended to 2 to 4 weeks for both affordable and market-rate deals. This

⁵ <https://www.minneapolisfed.org/article/2024/how-new-apartments-create-opportunities-for-all>

delay is partly due to limited resources and the high pre-review volume. We recommend that FHFA encourage Fannie Mae to continue to increase resources and delegate more underwriting responsibilities to DUS lenders to streamline processing.

Target and Goals Simplification. We encourage FHFA to work towards simplifying the various affordable and mission-related goals of the Enterprises. The Enterprises currently manage several affordable targets (housing goals, scorecard, and PSPA (though currently suspended), as well as Duty to Serve requirements and Equitable Housing Plan objectives. The Enterprises have a limited number of resources, and we urge FHFA to carefully balance the needs of the market while prioritizing the safety and soundness of the Enterprises.

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MBA appreciates FHFA's consideration of our comments regarding the 2025 through 2027 Multifamily Enterprise Housing Goals and the broader objective of promoting market liquidity for affordable housing. We look forward to our ongoing efforts and collaboration with FHFA and the Enterprises on these important matters. We look forward to continuing to work with the FHFA and GSEs to create the most efficient and effective rental housing targets possible.

Sincerely,



Megan H. Booth
AVP, Commercial Multifamily Policy
Mortgage Bankers Association