



July 10 2017

Mr. Jim Gray
Duty to Serve Program Manager
Federal Housing Finance Agency
400 7th Street SW
Room 10276
Washington, DC 20219

RE: Fannie Mae and Freddie Mac Proposed Underserved Market Plans

Dear Mr. Gray:

On behalf of Preservation of Affordable Housing, Inc. (POAH), thank you for the opportunity to comment on the proposed Underserved Markets Plans (UMPs) submitted by Fannie Mae and Freddie Mac (the Enterprises). POAH appreciates the stakeholder engagement efforts by FHFA, Fannie Mae and Freddie Mac as they developed the proposed plans and we look forward to working with FHFA and the Enterprises as they finalize and implement the plans.

POAH is a national nonprofit specializing in the acquisition, rehabilitation or redevelopment, and long-term preservation of at-risk affordable housing. Since its founding in 2001, POAH has successfully preserved or built nearly 9,000 units of affordable rental housing in 9 states and the District of Columbia at more than 75 properties.

POAH is a member of Stewards of Affordable Housing (SAHF), a nonprofit collaborative of thirteen multi-state nonprofit affordable housing providers who own more than 130,000 affordable rental homes, and we fully endorse SAHF's comments on the proposed UMPs. We submit these separate comments to underline four issues in SAHF's comment which we feel are particularly critical to the Enterprises' duty to serve the multifamily affordable preservation market:

1. **Create more aggressive loan purchase targets.** We feel the Enterprises' loan purchase targets are unduly conservative. Fannie Mae proposes only marginal increases from current levels and Freddie Mac actually proposes a major decrease in volume, based on assumptions regarding federal appropriations and tax rate changes which are probably not reasonable. We

strongly urge FHFA to require the Enterprises to create more aggressive loan purchase targets to increase their impact in the multifamily affordable preservation market.

2. **Expedite implementation of improved S8/LIHTC products.** We applaud the Enterprises' proposals to develop or refine preservation loan products for Section 8 and LIHTC properties. We strongly support Fannie Mae's proposal to modify underwriting guidelines and credit standards for these properties, including those pertaining to (a) above market Housing Assistance Payment contracts, (b) large re-stabilization reserves, (c) Congressional appropriations risks, and (d) Section 8 tenant vouchers. Like SAHF, we feel that Fannie Mae should be able to move ahead with these improvements on a more accelerated timetable than has been proposed in its UMP, and that Freddie Mac should propose equivalent improvements to its preservation loan products.
3. **Ensure long-term affordability in Enterprise LIHTC investments.** We believe the Enterprises' duty to serve the multifamily affordable preservation market encompasses an obligation to promote the long-term affordability of properties assisted by Enterprise LIHTC investments. As SAHF notes, in some cases, Enterprise investments in LIHTC properties have led to complicated negotiations over disposition at the end of the tax credit compliance period. We urge FHFA to require that whenever practicable, the Enterprises transfer their partnership interests in LIHTC properties to nonprofit owners with the mission and experience to maintain these properties as affordable housing for the long term.

Thank you for the opportunity to provide these comments. If you have any questions, please contact me at (617) 449-1016 or aspofford@poah.org.

Sincerely,



Andrew Spofford
Chief of Staff

Preservation of Affordable Housing, Inc.