

Federal Housing Finance Agency  
Attn: Clinton Jones, General Counsel  
400 7<sup>th</sup> Street SW  
Washington, DC 20219  
Re:2025-2027 Enterprise Housing Goals

Dear Mr. Jones,

The undersigned organizations appreciate the opportunity to offer this response to your request for input (RFI) on the Enterprises' 2025-2027 Housing Goals

All co-signing organizations are members of the Underserved Mortgage Markets Coalition (UMMC), but this letter is only on behalf of the undersigned organizations and has not been endorsed by all members of the UMMC.

The UMMC works with FHFA and the Enterprises to adjust their underwriting practices to better reach underserved markets in a safe, sustainable manner. The UMMC works primarily through FHFA's two mission-driven strategic planning requirements, the Duty to Serve and Equitable Housing Finance planning processes.

We acknowledge the challenges posed by rising interest rates in the housing market in recent years and the ongoing commitment to navigate the complexities of a high-interest environment while supporting racial equity initiatives. Additionally, we recognize that the previous Housing Goals were set as reasonable "stretch" targets based on the market conditions at that time. Therefore, it is vital to adopt new strategies to better address the current economic landscape.

In the past, a significant issue has been the ability of the GSEs to choose between focusing on "benchmark" or "forecast." The new proposed rule encourages the GSEs to prioritize current market conditions by emphasizing "forecast" over "benchmark." It introduces a revised process for assessing compliance with housing goals, incorporating an "enforcement factor" to manage the uncertainties associated with long-term housing market predictions. The "enforcement factor" proposal relaxing performance requirements could result in more instances in which the GSEs are lagging the market. Likewise, the FHFA's enforcement factor proposal would effectively reduce if not eliminate the benchmark aspect of the goal favoring a market-only approach in which the GSEs are allowed to trail the market before they are required to submit housing plans.

This shift aims to enhance the GSEs' responsiveness to market dynamics and improve their overall effectiveness. We encourage FHFA to continue to standardize forecasting and publicize all outcomes.

We encourage the GSEs to generate and widely share more data on loan purchases. The current lack of available data in various markets, particularly in multifamily, hinders the ability to make informed estimates about upcoming refinancing needs for mortgages backed by GSE securities. Providing this information would clarify future financing requirements and help stakeholders better understand market trends.

The proposed Enterprise housing goals reflect a growing commitment to equity in housing finance. While the “Minority Census Tract” goal isn’t directly aimed at encouraging the GSEs to better serve families of color, it serves as the closest measure available. Introduced in 2022, this goal was initially set conservatively, making it reasonable given the circumstances. However, since it was not a significant challenge for the GSEs, we are pleased to see this goal proposed as more ambitious.

Based on the Enterprises’ historical performance on the Multifamily Low-Income Housing Goal, with Fannie Mae exceeding the annual benchmark by anywhere from 25-40 percent and Freddie Mac exceeding it by 10-50 percent, we encourage FHFA to adopt a higher target percentage than proposed in the RFI, as was done with the 2-percentage point increase in the Very Low-Income Multifamily Benchmark. In addition, given the critical role that small multifamily properties play in supplying affordably priced homes to low-income households (typically without subsidy), a more complete picture of lending activity and purchase patterns, including capturing the share of all-cash transactions, would provide valuable data from which to calibrate and assess the Enterprises’ small multifamily low-income subgoals.

We remain concerned about the Enterprises acting as a vehicle for financialization of products that benefit equity investors, rather than homeowners. We encourage both GSEs to use their market power to create dynamic products that will expand home purchasing opportunities to individuals not traditionally served in the mortgage market. We encourage FHFA and the GSEs to avoid creating a secondary market for financial products that benefit non-owner investors.

Thank you for considering our comments. If you have questions about our comments, please contact Daniel Janzow at the Lincoln Institute of Land Policy.

Respectfully,

come dream. come build. (cdcb)

Enterprise Community Partners

Grounded Solutions Network

Housing Assistance Council

Institute for Market Transformation (IMT)

Local Initiatives Support Corporation

Neighborhood Partnership Housing Services Inc. (NPHS)

Next Step Network

Novogradac

Opportunity Finance Network

Lincoln Institute of Land Policy