

October 25, 2021

Attn: Acting Director Sandra L. Thompson
Federal Housing Finance Agency
400 Seventh Street, SW, 10th Floor
Washington, DC 20219

Re: Request for Input Regarding the Enterprises' Equitable Housing Finance Plans

Dear Acting Director Thompson,

These comments are submitted on behalf of the Poverty & Race Research Action Council (PRRAC). PRRAC is a 31-year-old civil rights policy organization based in Washington, DC. In addition to our federal research and policy advocacy on housing, education, and environmental justice issues, in the past three years PRRAC has provided technical assistance to numerous state and local governments and public housing authorities on civil rights best practices and compliance with federal civil rights mandates (including compliance with HUD's affirmatively furthering fair housing mandate).

We find it admirable that the Federal Housing Finance Agency (FHFA) is requiring Fannie Mae and Freddie Mac (the Enterprises) to implement plans for the advancement of equity in housing finance. It is always the goal of our organization to advocate for measures to "affirmatively further fair housing" in accordance with the AFFH mandate of the Fair Housing Act.¹ The AFFH mandate refers to the requirement that "HUD and recipients of federal funds from HUD to affirmatively further the policies and purposes of the Fair Housing Act."² As the Enterprises seek to identify and deconstruct barriers to housing equity, we advise the Enterprises to acknowledge the impact of segregation on fair housing. We present the brief comments below with that in mind.

The non-exclusive list of objectives for the Equitable Housing Finance Plans includes the following goals:

- Reducing racial or ethnic disparities in servicing, loan modifications, and loss mitigation;
- Reducing racial or ethnic disparities in tenant screening, repayment options, and evictions;
- Increasing the supply of affordable housing available in areas with access to educational, transportation, economic, and other important opportunities;
- Increasing sustainable housing opportunities for individuals in the mortgage market, such as by expanding the number of qualified borrowers of a particular racial or ethnic group, or making policy changes to promote fair lending;

¹ 42 U.S.C. 3608(d); 42 U.S.C. 3601 et seq.

² https://www.hud.gov/program_offices/fair_housing_equal_opp/affh.

- Increasing sustainable housing opportunities for renters living in multifamily properties financed by the Enterprise’s loan purchases, such as by prohibiting source of income discrimination, providing other tenant protections, requiring reporting of on-time payments to credit bureaus, and facilitating accessibility for persons with disabilities.³

In keeping with the goals named by the FHFA and provided to the Enterprises, we suggest the Enterprises consider incorporating the following measures into any plans to create housing opportunity that does not replicate the disparities of past practices:

1. **The prohibition of source of income discrimination against families with Housing Choice Vouchers (HCVs) in Fannie Mae and Freddie Mac supported housing.** Discrimination against HCV tenants perpetuates systems of inequity in housing and exacerbates housing insecurity in vulnerable populations.⁴
2. **Investments into single-family mortgage loans for the middle class should be prioritized.** The investment into single-family mortgages for current residents of low-income neighborhoods is a positive thing, however it is also important to target investments into mortgage loans for people with low-to-moderate incomes. The middle class – especially the Black middle class – has suffered greatly from gentrification, discriminatory and predatory lending practices, and economic upheaval.⁵ The Enterprises can work toward their goal of closing the racial wealth gap by helping African Americans homebuyers secure and retain ownership of their homes.
3. **Income restrictions on single-family housing should be linked to location in order to promote choice.** Families should not be restricted to buying homes exclusively in high poverty areas in order to attain assistance. This de-stabilizes efforts to create an equitable home buying landscape where buyers have the freedom to live in communities of their choice.
4. **In regards to multi-family housing, expanding the supply of housing in areas of opportunity is imperative.** Providing access to diverse, well-resourced communities is essential to creating equity across class stratum, repairing the damage left by segregation, and building thriving communities where everyone can enjoy public goods.
5. **Inclusive tenant selection policies and affirmative marketing should be employed to allow all of those who need affordable housing an opportunity to find placement.** An emphasis on affirmative marketing, rather than first-come, first-served tenant selection policies can help alleviate disparities in housing by removing yet another inequitable aspect of the housing procurement process.⁶
6. **The Enterprises should track and report loan distribution for single-family (and multi-family) properties.** Tracking loan type and price, along with the original address

³ <https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/Equitable-Housing-Finance-Plans-RFI.pdf>.

⁴ Ahmad-Abu Khalaf & Steven Swann, *Utilizing HCVs to Address Racial Inequities in Rental Housing*, Enterprise Community Partners, <https://www.enterprisecommunity.org/blog/02/21/utilizing-hcvs-to-address-racial-inequities-in-rental-housing>.

⁵ Anne Helen Petersen, *The Mirage of the Black Middle Class*, Vox (2021), <https://www.vox.com/the-goods/22245223/black-middle-class-racism-reparations>.

⁶ Megan Haberle, Ebony Gayles, & Philip Tegeler, *Assessing Opportunity: Affirmative Marketing and Tenant Selection in the LIHTC and Other Housing Programs*, PRRAC (2012), <https://www.prrac.org/pdf/affirmativemarketing.pdf>.

of the mortgagor and location of the new home can indicate the extent to which enterprise programs are contributing to wealth building and housing integration. Tracking locations of multifamily properties and any affordability/income restrictions will help FHFA and fair housing advocates assess the extent to which enterprise programs are furthering fair housing.

7. **The Enterprises should release annual reports that detail their compliance with the AFFH mandate.** Transparency around the Enterprises' efforts to comply with fair housing regulation reflects a commitment to furthering fair housing.

The legacy of segregation is evident throughout the housing finance sector, and it is important that Enterprises make clearly defined strides against that legacy in developing these equitable plans. This can be accomplished if the Enterprises, under the guidance of the FHFA, implement plans that comply with the overarching goal of the Fair Housing Act and the AFFH mandate: “to reverse both the deliberate exclusion of households of color from “affluent areas” and the deliberate segregation of people of color in “neighborhoods marked by substandard housing and blight.”⁷

Sincerely,

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⁷ *Texas Dep't. of Hous. & Community Affairs v. Inclusive Communities Project Inc.*, 135 S.Ct. 2515-16 (2015).