

PRRAC

Poverty & Race Research Action Council

740 15th St. NW • Suite 300 • Washington, DC 20005 • 202/866/0703
www.prrac.org

March 7, 2022

Sandra L. Thompson, Acting Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, D.C. 20219

Re: Request for Input, FHFA Draft Strategic Plan

Dear colleagues,

Thank you for the opportunity to comment on FHFA's draft strategic plan. Our comments are primarily focused on the need to enhance the fair housing and racial equity elements of the plan, consistent with your agency's legal obligations, and your agency's recent commitments, including:

- > As a federal agency deeply engaged in U.S. housing markets, the FHFA is bound by the Affirmatively Furthering Fair Housing mandate of the Fair Housing Act, 42 USC 3608(d), which has been routinely interpreted by HUD and the federal courts to require affirmative efforts to reduce racial segregation and redress the harms of segregation. See "Restoring Affirmatively Furthering Fair Housing Definitions and Certifications," 86 Fed. Reg. 30779 (June 10, 2021)¹
- > These principles were reinforced by President Biden in his Executive Order on "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government" (January 20, 2021),² and in the President's January 26, 2021 Memorandum to the Secretary of HUD.³
- > On August 12, 2021, Director Thompson and Secretary Fudge signed a "Memorandum of Understanding" between FHFA and HUD, acknowledging the obligation to Affirmatively Further Fair Housing.
- > In September, 2021 FHFA released its "Enterprise Equitable Housing Finance Plans," which would require the GSEs to "include objectives, measurable goals, and planned meaningful actions" to "[r]educ[e] the racial or ethnic homeownership gap," and suggested that the GSEs include additional objectives consistent with the obligation to affirmatively further fair housing – e.g., "increasing the supply of affordable housing available in areas with access to educational, transportation, economic, and other important opportunities....increasing the supply of affordable housing available to families with children in areas with access to educational, transportation, economic, and other important opportunities....prohibiting source of income discrimination....and outreach to applicants of

¹ <https://www.govinfo.gov/content/pkg/FR-2021-06-10/pdf/2021-12114.pdf>.

² <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>

³ <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/26/memorandum-on-redressing-our-nations-and-the-federal-governments-history-of-discriminatory-housing-practices-and-policies/>.

a particular racial or ethnic group who are least likely to apply for certain housing opportunities.”⁴

Yet in spite of these legal obligations, and the FHFA’s own stated commitments to affirmatively further fair housing, the present “Draft FHFA Strategic Plan 2022-2026” is silent on the subject. Therefore, we recommend the following amendments to Strategic Goal 2:

- > In the opening paragraph to Strategic Goal 2, add a sentence acknowledging your agency’s statutory duty to affirmatively further fair housing.
- > In Objective 2.1, add a sentence committing the agency to “affirmatively mitigate the racial homeownership gap.”
- > In Objective 2.2, amend item 5 to include data on the racial homeownership gap: “Publish data and analysis on fair lending, fair housing, and equity topics, including the extent to which the Enterprises’ investments are reducing or perpetuating the racial homeownership gap.”
- > In Objective 2.3, add a strategy to track location and occupancy of Enterprise-backed rental units: “For multifamily properties, collect and publish data, by property, on racial/ethnic occupancy of Enterprise-backed rental units, and source of income of occupants, including receipt of federal housing assistance.” This type of data is essential for monitoring compliance with the affirmatively furthering fair housing obligation.
- > In Objective 2.4, amend the first strategy to comport with the Fair Housing Act: “Oversee Enterprises’ implementation of initiatives to increase the supply of housing affordable for low- and moderate-income households in a manner that does not increase or perpetuate racial/ethnic segregation.”
- > In Objective 2.4, add two new strategies, to “Take steps to incorporate affirmative marketing for Enterprise-backed multifamily developments for families least likely to apply,” and to “Take steps to prohibit discrimination against families with federal rental vouchers at Enterprise-backed multifamily developments.”

Adding these considerations in the final Strategic Plan would better align the Federal Housing Finance Agency with its obligations under the Fair Housing Act and support its sister agency HUD’s efforts to improve racial equity in affordable housing markets.⁵

Please feel free to contact us for further detail on any of the points raised in this letter.

Sincerely,



Philip Tegeler, Executive Director

Contact: ptegeler@prrac.org

⁴ <https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/Equitable-Housing-Finance-Plans-RFI.pdf>.

⁵ See also, Janneke Ratcliffe, Michael Stegman, and Kathryn Reynolds, “The FHFA’s Equitable Housing Finance Plans for Fannie Mae and Freddie Mac: Equity Should be a Primary Business Concern for the GSEs” (Urban Institute, November 2021), <https://www.urban.org/sites/default/files/publication/105185/the-fhfas-equitable-housing-finance-plans-for-fannie-mae-and-freddie-mac.pdf>.