The Community Preservation Corporation
220 East 42nd St, 16th Floor
New York, New York 10017

March 11, 2022
Clinton Jones, General Counsel
Federal Housing Finance Agency
Eighth Floor, 400 Seventh Street, S.W.
Washington, D.C. 20219

Re: Request for Input: Federal Housing Finance Agency (FHFA) Draft Strategic Plan 2022-2026

Dear Mr. Jones,

The Community Preservation Corporation (CPC) is a Community Development Financial Institution (CDFI) focused on affordable multifamily housing and the only nonprofit, mission-based Seller/Servicer for Freddie Mac and Fannie Mae (the Enterprises). We are pleased to have the opportunity to comment on FHFA's Strategic Plan for years 2022-2026.

CPC recommends a strategic focus on a four main pillars, which can help guide FHFA to create a more affordable – and equitable – multifamily housing market:

1. Reverse the inherent bias that the Enterprises show towards larger multifamily loans.
    a. Given the cap imposed on each Enterprise with respect to multifamily loan purchase volume, there exists a natural bias towards buying larger loans.
    b. Because of this, the Enterprises naturally tend to focus their limited resources on large loans, rather than similar quantity smaller loans.
2. Reverse the economic bias that the Enterprises show towards larger multifamily Seller/Servicers
    a. The Enterprises need to set reasonable annual volume goals that can be realistically achieved by their smaller multifamily lenders; there is a valid perception that larger multifamily lenders have easier to achieve volume goals and receive better than average pricing and/or economics for their loans.
    b. Exacerbating this is that failure to reach annual volume goals often leads to probation status and/or financial penalties for smaller multifamily lenders
3. Serve the liquidity needs of Community Development Financial Institutions (CDFIs)
    a. Efforts to serve CDFI's in the Enterprises' "Duty to Serve" goals have historically fallen far short of success
    b. While each Enterprise does purchase a small % of their multifamily volume from Sellers that do not have Optigo or DUS licenses, these bulk purchases tend to be in amounts that are far beyond the scope of what CDFI's could reasonably assemble in any given period of time, and so do not end up actually helping the CDFI's.
    c. CDFI's need the certainty of execution and ongoing liquidity for Multifamily lending that only the Enterprises can provide. The Enterprises should therefore be directed to establish and appropriately resource departments whose main goal will be to work with smaller lenders and small loan transfer activity - free of loan size and other minimums that have been put in place for the primary benefit of large lenders
4. Provide more forward funding commitments for to-be-built LIHTC (and other otherwise affordable) projects

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a. This will allow developers of affordable housing the ability to lock in long term interest rates prior to the start of construction
b. Typically the Enterprises only do a limited amount of this business, preferring “immediate funding” loans instead
c. The increased availability of this forward funding product will have an immediate/positive impact on the nationwide stock of affordable housing, both LIHTC and non-LIHTC

Thank you for your review and consideration. We would welcome the opportunity to provide further information and assistance if needed. Please do not hesitate to contact me with questions.

Sincerely,

Rafael E. Cestero
Chief Executive Officer
The Community Preservation Corporation
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