



NATIONAL  
MULTIFAMILY  
HOUSING  
COUNCIL



October 27, 2017

Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
400 Seventh Street, SW, 8<sup>th</sup> floor  
Washington, DC 20019

Dear Mr. Pollard,

The National Multifamily Housing Council (“NMHC”) and the National Apartment Association (“NAA”) appreciate the opportunity to respond to the request for public input on the proposed FHFA Strategic Plan: Fiscal Years 2018-2022. The multifamily industry plays a key role in serving the housing needs of nearly 39 million Americans, including a commitment to supporting and improving the housing finance markets. We applaud the FHFA for promoting stability in the housing markets through its stated commitment “to provide a reliable, stable and liquid housing finance system through its regulation and conservatorship of Fannie Mae and Freddie Mac (“Enterprises”)”.

The U.S. is experiencing fundamental shifts in our housing dynamics. Delayed marriages, an aging population and international immigration are just some of the factors leading to an increasing and pressing need for new apartments, according to a new study conducted by Hoyt Advisory Services and commissioned by the NMHC and the NAA. In the past five years, an average of one million new renter households were formed every year, which is a record amount. This increased apartment demand will require 4.6 million new apartments at all price points by 2030. According to the research, meeting projected demand means building more than 325,000 new apartment homes each year on average — a number the industry has not been able to hit for decades. From 2012 through 2016, the apartment industry built, on average, only 244,000 new apartment homes per year.

As both regulator and conservator of the Enterprises, FHFA will play a key role in meeting the current and growing demand for multifamily housing. NMHC-NAA supports FHFA’s stated goal of requiring the Enterprises to “maintain a critical ongoing role in the multifamily sector, particularly for affordable multifamily properties and underserved market segments.” This is particularly important, given the need to preserve and build new rental housing to serve residents across all income levels now, and in future years. Further, we support FHFA’s framework for encouraging a focus on these critical areas by excluding these mission-related purchases from the annual production cap.

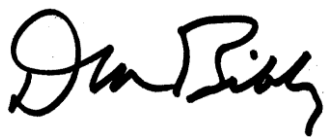
The Enterprises provide a stable source of capital to the apartment industry, serving all sectors, in all areas of the country, and throughout all economic cycles. FHFA has demonstrated a recognition of this important role by seeking out industry input on the availability of credit, monitoring and evaluating the Enterprises role in the market during the Plan years, and making adjustments as necessary.

We encourage FHFA to continue their policy of transparency and open communication with stakeholders, so FHFA policy can best reflect market conditions and valuable industry research. We support FHFA's efforts to solicit "feedback from market participants and stakeholders on priority issues," and appreciate the opportunity to provide updates on market conditions, trends and capital sources relative to the multifamily industry through our quarterly meetings and similar opportunities.

Private capital plays a critical role in providing funding to multifamily borrowers and protecting taxpayers, so we support FHFA's continued efforts to expand and improve risk sharing at the Enterprises. We further agree it is critical to maintain the Enterprises' business models during this period, while building on the strong and proven foundation at both Enterprises in the multifamily businesses. As policymakers move closer to housing finance reform in Congress, we believe the demonstrated success of the multifamily businesses at Fannie Mae and Freddie Mac should serve as a cornerstone for any future system, and not be destabilized in the interim.

One in three Americans rent, and 19 million of those households live in apartments, Many factors influence the apartment industry's health and its ability to meet the nation's growing demand for rental housing, but the availability of consistently reliable and competitively priced capital is the most essential. We look forward to working with you and to your support of multifamily housing finance that broadly serves rental housing needs. If you have any questions, please contact David Borsos (NMHC) at 202-974-2336.

Sincerely,



Doug Bibby,  
President  
National Multifamily Housing Council



Robert Pinnegar, CAE  
President & CEO  
National Apartment Association