HAWAII COMMUNITY REINVESTMENT CORPORATION

May 14, 2009

Alfred M. Pollard
General Counsel
Attention: Comments/RIN 2590-AA25
Federal Housing Finance Agency
Fourth Floor
1700 G Street, NW
Washington, DC 20552
RegComments@fhfa.gov

Dear Mr. Pollard:

The nation's leading nonprofit lenders play a significant role in financing affordable rental housing in the United States. The ongoing credit crunch has unfortunately hindered lenders' ability to finance additional rental housing, right when such housing is most needed. Your proposed rollback of the GSEs' multifamily Special Affordable goals undermines economic recovery.

Fannie Mae and Freddie Mac – still the largest sources of mortgage finance capital in the United States – should be part of the solution to stabilizing communities by purchasing the performing, seasoned multifamily mortgages now held in portfolio by conventional lenders. With a new supply of capital, the lenders could finance thousands more affordable rental units. Your proposal to reduce the enterprises' 2009 affordable housing goals to their 2004-2006 levels only exacerbates the lenders' liquidity crisis, limiting their ability to meet the housing needs of a growing number of families.

The state of Hawaii consistently ranks in the bottom in terms of housing affordability. According to the 2006 U.S. Census study, Hawaii ranked 48th in the nation in homeownership and came in 51st in terms of housing affordability. Sadly, the situation has not improved in the three years since the study. Many families cannot afford to own decent, quality homes, and our mission to create and preserve affordable housing allows the work force to rent and live in safe and secure communities. However, we can only continue to provide financing if the credit market remains open and available to nonprofit lenders such as ourselves and for affordable projects that do not fit the mold.

Nonprofit lenders are blue-chip multifamily CDFIs serving areas as diverse as New York, Alabama, Massachusetts, California, and the Carolinas. For decades they have made mortgages on buildings that low and moderate income (LMI) families are proud to call home. With no troubled assets and most never suffering a loss on a loan, the lenders have very successful track records of pooling private capital to finance affordable rental housing.

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Since 1991, Hawaii Community Reinvestment Corporation, like many of its counterparts, has provided technical and financial assistance to alleviate the acute shortage of affordable housing by making loans and investments in solid, quality housing projects. Nationally, over $50 billion of these performing "community development loans" were originated annually in 2005, 2006, and 2007. To date, we have been very fortunate to have all of our loans in good standing. The proposal to set the enterprises' 2009 bar at only $9 billion in affordable multifamily loans is a significant step backward.

We urge you to reconsider your proposal regarding the enterprises' 2009 affordable housing goals, and look forward to working with you to increase the flow of private capital to low- and moderate-income individuals and underserved communities, on fair terms.

Sincerely,

Elizabeth Ji
Vice President