California 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. Speaking as one of the largest, California Community Reinvestment Corporation(CCRC), a multi-bank lending consortium in California which has produced $1 billion in commitments on 100% affordable multi-family rental housing just in California, the ongoing credit crunch has hindered our ability to finance additional rental housing. The current foreclosure crisis hasn't resulted in more affordable housing, just non-performing housing loans. Our shortage of safe, decent affordable housing continues to grow. In California, we need to produce some 225,000 units annually just to keep up with the growth of the state, and on a good day we fall woefully behind. The freezing of the credit markets has exacerbated this production shortfall, and your proposed rollback of the GSEs' multifamily Special Affordable goals further impacts that as well as undermines economic recovery. With limited appetite from commercial banks for increased lines of credit and the collapse of the secondary market, CCRC as one of the few lenders in the market willing to entertain permanent loans faces extinction if the markets don't open up. This will stop the overall production of affordable housing in California as investors will have no deals and construction lenders will have no take-out.

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 our liquidity crisis, limiting my ability to meet the housing needs of a growing number of families. I have a for-sale portfolio of $49.7 million in fully performing multi-family LIHTC loans in front of Freddie Mac at this very moment for consideration. While it is below their typical execution amount,

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they were willing to look at this back in February. Imagine what their appetite will be if their goals are rolled back! I have a credit facility request in front of Fannie Mae right now to provide a flow product to back up forward commitments over the next two years. Imagine how that will go if this goal gets rolled back.

Nonprofit lenders are blue-chip multifamily CDFIs serving areas as diverse as New York, Alabama, Massachusetts, California, and the Carolinas. For decades we 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. CCRC's investors have never taken a loss on a multi-family rental loan. We are not part of the problem, but we are now being impacted by the behavior of those who are.

Over $50 billion of these performing "community development loans" were originated annually in 2005, 2006, and 2007. The proposal to set the enterprises' 2009 bar at only $9 billion in affordable multifamily loans is a significant step backward. I have $100 million in performing seasoned loans that I could sell right now, if someone would listen.

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,

Mary Kaiser
President