



October 27, 2014

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
400 Seventh St. SW
Washington, DC 20024

Re: (RIN) 2590-AA65 - Proposed 2015-2017 Housing Goals for Fannie Mae and Freddie Mac

Dear General Counsel Pollard:

Thank you for the opportunity to provide comments on the Federal Housing Finance Agency's (FHFA) proposed rule regarding the housing goals for Fannie Mae and Freddie Mae.

SAHF represents eleven high capacity mission-driven not-for-profit members who acquire, preserve and are committed to long-term, sustainable ownership and continued affordability of multifamily rental properties for low-income families, seniors, and disabled individuals. Since 2003, SAHF has promoted its members' shared notion that stable, affordable rental homes are critically important in people's lives. Together SAHF members provide homes to over 100,000 low-income households across the country.

According to the Harvard Joint Center for Housing Studies, 11 million renters in the United States—more than one in four renter families—pay at least half of their monthly income on rent. The primary reason for this issue is a lack of quality, affordable rental options for low-income families. For example, the Joint Center estimates that there are 11.5 million extremely low-income renters competing for just 3.3 million rental units that are affordable and available to them.

The GSE affordable housing goals—and specifically the multifamily goals—will be an essential tool in combatting America's growing housing affordability crisis. With that in mind, we urge FHFA to take the following steps to strengthen and improve the proposed goals for 2015-2017:

Raise the Low-Income and Very Low-Income Multifamily Goals

We appreciate the proposed rule's recognition of the importance of the GSEs' multifamily business, a change compared to previous iterations of the housing goals. However, as the proposed rule points out, both Fannie and Freddie have often surpassed their low-income and very low-income multifamily goals since 2010, depending on market conditions. For example, Fannie Mae's low-income multifamily goal for 2013 was 265,000 units, but the company actually financed 326,597 units. Freddie Mac's low-income multifamily goal was 215,000 units in the same year, but the company actually financed 255,057 units.

The GSEs' strong performance reflects the increasing supply of multifamily housing. According to the Joint Center, multifamily construction had its third consecutive year of solid growth in 2013, up fully 25 percent (62,000 units) to 307,000 units and FHFA and industry experts anticipate that multifamily property values will continue to grow. At the same time, the scope of the rental affordability crisis continues to grow. More than one in four renters (27 percent) were severely housing cost burdened in 2012 and just 29 affordable and available rentals were available for every 100 lowest-income households.

Given these trends, FHFA should raise the GSEs' low- and very low-income multifamily housing goals to incentivize them to take a more active role in helping to provide financing for affordable multifamily housing and spur them to play "a critical ongoing role in the multifamily sector, particularly for affordable multifamily properties and underserved market segments," as FHFA's Strategic Plan explicitly states.

FHFA should also work with the GSEs to develop new products to support new construction and rehabilitation of affordable multifamily properties. FHFA also should encourage the GSEs to consider more flexibility when working with experienced, mission-driven developers who are focused on preserving existing affordable rental housing.

Low-Income Housing Subgoal for Small Multifamily Properties

We commend FHFA for including a new sub-goal for lending to affordable small multifamily properties. As the proposed rule explains, roughly a third of the country's rental homes are in buildings with between 5 and 50 units, and small multifamily properties are a critical source of naturally affordable housing. However, these properties are not particularly well served by the secondary mortgage market, which limits an owner's ability to access long-term, fixed-rate financing. We hope the proposed sub-goal will encourage both GSEs to develop the products and relationships necessary to better serve this segment of the market.

Other Recommendations

Promoting energy efficiency and long-term sustainability in multifamily housing

There are tremendous economic benefits to investments in energy and water for multifamily buildings, including the existing affordable housing stock. FHFA should look for ways to support financing to improve the energy and water efficiency of multifamily buildings, with a particular focus on affordable multifamily properties.

Reliance on Subsidy Program Requirements for Determining Affordability of Rents

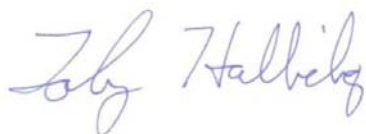
FHFA's proposed rule would allow the GSEs to determine the affordability of a property's rents based on affordability restrictions imposed by local, state, or federal affordable housing subsidy requirements. We support this proposed new counting rule, as it would enable Fannie Mae and Freddie Mac to receive goals credit for any units they finance that are deemed to be affordable by the applicable subsidy program. We hope this will further encourage the GSEs to support local, state, and federal affordable housing subsidy programs and invest in affordable housing preservation.

Expanding a broader strategy supporting affordable and underserved segments

The affordable housing goals must be part of a broader strategy for meeting FHFA's goal of supporting the "affordable and underserved segments" of the multifamily market, including rural. Such a strategy must also include lifting the suspension of Fannie's and Freddie's legal obligations to fund the National Housing Trust Fund and the Capital Magnet Fund, finalizing the long-delayed Duty to Serve regulations and working with the GSEs to develop innovative new products for meeting the needs of low- and very low-income renters.

Thank you for your consideration of these comments. Please do not hesitate to contact Clare Duncan (cduncan@sahfnet.org or 202-737-5974) with any questions or concerns.

Sincerely,



Toby Halliday
Executive Vice President