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Mr. Alfred M. Pollard, General Counsel  
Federal Housing Finance Agency  
400 Seventh Street, SW., Eighth Floor,  
Washington, DC 20024  
Attention: Comments/RIN 2590-AA65

October 27, 2014

RE: RIN 2590-AA65 2015-2017 Enterprise Housing Goals

General Counsel Pollard:

Homes on the Hill CDC (HOTH) believes that safe and affordable housing is the cornerstone to a vibrant community. For 22 years, HOTH has been developing affordable homes in the southwestern corner of Franklin County and has been a HUD certified housing counseling agency for residents in Central Ohio for over 15 years. We have developed over 125 homes and assisted over 10,000 households through our direct services. HOTH has served over 1,200 Hispanic households through offering its education and counseling services in Spanish. In addition, we are also a member of the National Community Reinvestment Coalition (NCRC).

As the demographics of the United States continue to shift toward lower-income households and a more racially and ethnically diverse population, eliminating barriers to homeownership, stimulating mortgage choice, and generating opportunities in the conventional mortgage market are critical issues for these communities, the housing industry, and the well-being of the nation's economy overall.

While our organization commends the Federal Housing Finance Agency (FHFA) for recognizing that the Enterprises must lead the market in purchase and refinance opportunities for these consumers, the proposed 2015-2017 Housing Goals fail to take the right steps to ensure that Fannie Mae and Freddie Mac will do their part to eliminate access barriers and liquidity challenges for loans made to our communities. The FHFA, through its policies and rulemakings, simply cannot continue to ignore the fact that, in the future, low- and moderate-income borrowers and people of color will no longer be a niche market, but likely the mortgage industry's core consumers. Therefore, we urge the FHFA to address the concerns raised in the National Community Reinvestment Coalition's comment letter and adopt NCRC's recommendations in the final rule.

Specifically, NCRC's comment letter identifies concerns and offers recommendations regarding the following areas:

*"Providing decent, affordable housing for low and moderate income individuals and families and helping to strengthen their neighborhoods."*

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- (1) The legal validity of FHFA's three alternately proposed evaluation methods,
- (2) the Agency's estimated size of the low- and moderate- income (LMI) mortgage market and market for communities of color,
- (3) the absence of demographic considerations in the financial model used to calculate FHFA's market projections for LMI and communities of color; and
- (4) the Agency's conclusion that the included data in the existing financial model supports the conclusion that the LMI borrowers and borrowers choosing to live in communities of color will significantly decline over the next three years.

We believe that the final 2015-2017 Enterprises Housing Goals rule can only be strengthened by addressing NCRC's concerns and adopting the coalition's recommendations.

There is an urgent need for affordable rental housing. Half of all current renters are "cost-burdened," meaning they pay more than 30 percent of their gross income for rent, and more than a quarter spend over 50 percent of their income on rent.<sup>1</sup> One-to-four unit homes, which supply more than half of all occupied rental units, are a critical segment of the rental housing market.<sup>2</sup> Single-family rental units provide affordable housing for lower-income households, supplying three-quarters of unsubsidized rental units with rents below \$400 a month and nearly 60 percent of unsubsidized units with rents between \$400-599.<sup>3</sup> Accordingly, we support affordable housing goals for one-to-four unit rentals and encourage FHFA to track owner-occupied and investor-owned properties separately.

Owner-occupied two-to-four unit housing is an important segment of the housing market and one where there is a need for increased access to credit for qualified buyers. When well underwritten and combined with quality housing counseling, owner-occupied two-to-four unit properties are an important opportunity for affordable homeownership for lower-income borrowers, with rental income supporting mortgage payments and building maintenance. Accordingly, we support a bonus credit valued at 1.25 for two-to-four unit buildings that are owner-occupied, and where the owner has completed housing counseling with a HUD-approved housing counseling agency, which includes landlord counseling for owner-occupants of two-to-four unit buildings.

Over the past 10 years, the affordable housing goals have helped 941,550 households in Ohio become homeowners or benefit from affordable rental housing. As a result, families were able to realize real economic gains from their housing options and build savings. We firmly believe that the affordable housing goals are far too important to preserving and building the wealth of working-class people to allow regulatory policies to marginalize or minimize their effect.

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<sup>1</sup> Harvard Joint Center on Housing Studies, "America's Rental Housing" (2013)

<sup>2</sup> Harvard Joint Center on Housing Studies, "America's Rental Housing: Rental Housing Supply," (2013).

<sup>3</sup> Harvard Joint Center on Housing Studies, "America's Rental Housing: Rental Housing Stock," (2011).

We would like to thank FHFA for this opportunity to share our views on the proposed rule. If you have any questions or would like additional information regarding this comment, please do not hesitate to contact Executive Director, Stephen Torsell, (614) 275-4663 x103, [executivedirector@hoth-cdc.org](mailto:executivedirector@hoth-cdc.org).

Sincerely,

Belkis Schoenhals

Homes on the Hill CDC