Regional Plan Association

Attention: Comments / RIN 2590-AA65 October 28, 2014
Alfred M. Pollard, General Counsel
Federal Housing Finance Agency, Eighth Floor
400 7th St. SW
Washington, D.C. 20024

Dear Mr. Pollard:

This letter comments on your Agency's proposed Enterprise Annual Housing Goals for 2015-2017 as published in the Federal Register Vol. 79 No. 176, 12 CFR Part 1282 Proposed Rule September 11 2014.

The Regional Plan Association (RPA) is America's oldest independent urban research and advocacy organization. RPA works to improve the prosperity, infrastructure, sustainability and quality of life of the New York-New Jersey-Connecticut region. Some of the region's most significant public works, economic development and open space projects have roots in RPA ideas and initiatives, from the location of the George Washington Bridge to revitalization of downtown Brooklyn, Stamford and Newark, to preservation of open space and development of parks throughout the region, and numerous public transit improvements. RPA pursues its goals via thorough and independent research, planning, advocacy and vigorous public-engagement efforts. Every year, the most pressing challenges facing the region are debated at RPA's spring conference, the annual Assembly, which draws leaders and professionals from government, business, civic groups and the media. A cornerstone of our work is the development of long-range plans and policies to guide the region's growth. Since the 1920s, RPA has produced three landmark regional plans and is now advancing a fourth plan to address urgent current challenges, such as climate change, fiscal uncertainty, declining economic opportunity and severe pressures on the housing market. The latter prompts this response.

RPA led the HUD-funded New York-Connecticut Sustainable Communities Initiative and is participating in the parallel Together North Jersey program. In these efforts and many other ways, RPA has worked with both public and private sector leaders to create more vibrant and livable neighborhoods in urban, suburban and rural contexts. As also noted in our recent award-winning diagnostic of the New York metropolitan region, Fragile Success, both suburbs and older cities face mounting challenges of stagnant growth, rising poverty, anemic housing production and fraying community fabric. In particular, quality rental housing is in short supply outside of major cities, even as changing demographics fuel increasing demand. A major impediment to addressing these needs is the difficulty in financing the type of small scale and often mixed-use projects that are appropriate in these settings and now most in demand.

That current housing finance programs are not fully aligned with these needs is, we believe, a central constraint to the development of rental housing, especially in settings where there is an opportunity to meet the needs of residents for all ages, races and ethnicities. Specifically, there are particular barriers to revitalizing existing neighborhoods – in urban and suburban settings – where there is the opportunity to build affordable rental units in low rise buildings (e.g., 3 to 4 stories). Given our focus on social and environmental goals, our concern is to see "walkable" and relatively dense neighborhoods sustained and created. These settings are most usually mixed use in nature, with buildings often having ground floor non-residential elements (commercial or non-profit). Unfortunately, the various financing programs limit the share of non-residential to as little as 20 percent, which means a mixed use building needs to be 5 stories or more. The types of neighborhoods and housing with growing demand are too frequently deemed "unconforming" to the housing finance programs.

Your request for comments outlines specific numeric goals. We appreciate the need for such measures but unless the framework of the housing programs is modified to better support production in a broader range of neighborhoods, the best results will be discouraged. Quality as well as quantity needs to be addressed. With the current non-residential limits, satisfactory results – however measured – will continue to be exceedingly hard to build. If a building must be taller than is appropriate for the neighborhood, planning boards object. Also, taller buildings are often more expensive, requiring elevators for example. Large parcels also spawn large parking areas, which destroy urban fabric. Sadly, fostering single use housing for lower income people also fosters concentrated poverty. We will be pleased to provide further information supporting these views.

Thus, we believe that while FHFA can and should establish goals that can increase the share of middle and lower income housing that the housing programs support, this needs to done with revisions that modify the non-residential maximums to perhaps 35 percent, so that three story buildings can be conforming. Relaxing the commercial restrictions will help the market do what it does best… provide the housing that people want. With the housing market increasingly unaligned with those restrictions, specific goals for more low and moderate income housing will help, but might also create further distortions. Achieving the social and environmental results that Federal and local government policies seek requires a broader approach. Essentially, we seek to have more good projects be viable. Our research suggests that goals for stable, mixed-use, mixed-income, mixed age, mixed size development are all compatible – if financing is framed appropriately.

Thank you for the opportunity to provide these comments.

Sincerely,

Thomas K. Wright
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