

August 29, 2017

Mr. Ted Wartell
Housing & Community Investment
Division of Housing Mission at Goals
Federal Housing Finance Agency

(Submittal on FHFA.gov)

Re: 2018-2020 Enterprise Housing Goals

Dear Mr. Wartell:

I am writing you after having worked twelve years developing financing structures supporting small affordable multifamily housing projects across the country. Both Enterprises benefit extensively from the Federal Government's role providing significant competitive advantages to private capital. The Enterprises historically come out with specific Duty to Serve Proposals in response to FHFA's generic affordable housing goals ("Goals"). However, this mechanism only provides the Enterprises justification on why their continued involvement in housing is justified even if private capital could replace most of their current lending activities. Instead, I believe **the FHFA should depart from the generic Goal requirement and push very specific and targeted Goals on each Enterprise.**

Any Goal should have appropriate analysis regarding the need for the Enterprises' involvement, the benefit provided and why/if private capital outside of Enterprise involvement is not meeting the proposed financing need. Goals should be focused on actual impact rather than volume metrics. FHFA should, thus, require the Enterprises to **pursue new underserved investment types** not adequately supported by the private market and at the same time **shrink generic affordable housing products** that could be supported by private capital.

There is great need in this country for the Enterprises to be involved in community development. However, fitting products into the Enterprises' current business lines that are marketed by mostly non-mission oriented mortgage banking companies is how most of the Enterprise's activities are pursued. For example, the FHFA's proposal to expand generic affordable housing production, including even standard smaller balance affordable housing loans, can actually do significant long-term harm by drowning out private market solutions to community development. Instead, the Enterprises' Goals should be to pursue projects that have not historically been financed by the private market nor have any possibility of becoming profit centers.

Working in community development and affordable housing, I believe the FHFA should mandate more specific Goals including:

- *Significant* investments in Community Development Financing Institutions (“CDFI’s”) who have expertise in financing the neediest community investments throughout the country;
- Specialized product development with CDFI’s and other community development organizations;
- Subordinate loans or grants to underserved community development projects;
- Financing housing projects that provide nontraditional housing services to low income households including projects with significant supportive services and Assisted Living Communities;

All of the above suggestions are initiatives currently needed in affordable housing, not adequately addressed by private capital and would generate deep impacts on communities throughout the country. Standard guidelines could be created by community development professionals experienced in each product type to mitigate placing undue risks on the Enterprises.

Thank you for your time in reviewing my general comments and I would be happy to discuss in further detail. Please note this comment letter solely reflects my views and does not necessarily reflect the views of my employer or any other association I am involved with.

Sincerely,



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