

October 17, 2022
Mr. Clinton Jones
General Counsel
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

Re: 2023-2024 Enterprise Multifamily Housing Goals Proposed Rule; RIN-2590-AB21

Dear Mr. Jones,

The American Bankers Association appreciates the opportunity to comment on the Federal Housing Finance Agency (FHFA) proposal to revise the multifamily affordable housing goals for Fannie Mae and Freddie Mac (the Enterprises).¹ Specifically, the ABA offers comment on the proposal to replace the current *numerical* goal with a goal based on the *percent* of affordable units in multifamily properties purchased by the Enterprises each year.

The proposed rule would amend the regulations to establish a new methodology applicable for 2023 and 2024, based on the percent of affordable units in multifamily properties financed by mortgages purchased by the Enterprises in each year. FHFA notes the proposed change is a response to prior comments from both trade association and advocates and notes that a percent based benchmark better reflects changes to the market than a fixed numerical goal. ABA supports the proposed change.

Historical performance shows that the Enterprises' purchase of affordable multifamily units was in excess of 64 percent of total units purchased from 2018 through 2021. For 2023 and 2024, FHFA proposes that the goal be set at 61% of total multifamily units purchased, so the proposed goal is within, and in fact slightly below, recent performance ranges.

We concur with FHFA's assessment that a percent-based benchmark better reflects ongoing changes to the market than a fixed numerical goal. Further, in a rapidly changing economic environment where rising interest rates and an acute shortage of affordable housing threatens to become chronic, a benchmark that is more reflective of changing conditions is both welcome and warranted.

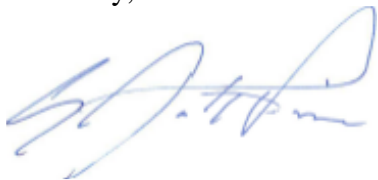
ABA also appreciates FHFA's acknowledgment of the Enterprises' potential to crowd out private market investors to the detriment of the long-term affordable multifamily market. Shifting to a benchmark more reflective of changing market conditions should help to alleviate some of those concerns. Previous hard and fast numerical goals encouraged crowding out as the Enterprises adjusted terms in order to meet their goals, sometimes to the detriment and discouragement of further engagement by private market participants in the development of affordable multifamily properties.

¹ 87 Fed. Reg. 50794 (Aug. 18, 2022)

The establishment of realistic, attainable goals for the Enterprises is an important piece of the puzzle in addressing the significant problem of affordable housing. Moving from a numerical to a percentage goal for the Enterprises' multifamily housing purchases is a positive step. ABA commends FHFA for this proposal and urges its enactment.

If you would like to discuss these comments in more detail, please do not hesitate to contact the undersigned at JPigg@aba.com or on 202-663-5480.

Sincerely,

A handwritten signature in blue ink, appearing to read "JPigg", is positioned above the typed name.

Joseph Pigg,
SVP, Sustainable Banking and Mortgage Finance