

October 17, 2022

*By Electronic Delivery Through the Federal rulemaking Portal*

Mr. Clinton Jones  
General Counsel  
Federal Housing Finance Agency  
Eighth Floor  
400 Seventh Street, SW  
Washington, DC 20219

**Re: Proposed Rulemaking on 2023-2024 Multifamily Enterprise Housing Goals/RIN 2590-AB21 (MF Enterprise Housing Goals)**

Dear Mr. Jones:

Freddie Mac appreciates the opportunity to provide comments on the Federal Housing Finance Agency's proposed rule regarding the 2023-2024 Multifamily Enterprise Housing Goals (the "Proposed Rule"). Freddie Mac is committed to our statutory mission to provide liquidity, stability, and affordability to the U.S. housing market in all economic environments.

Under the Proposed Rule, FHFA would establish housing goals for both 2023 and 2024 using a methodology that would measure housing goal performance as a percentage of affordable units in multifamily properties financed by mortgages purchased by the Enterprises rather than measuring performance based on an absolute number of affordable units in the properties. FHFA also proposes the following goals for 2023 and 2024:

- Low-income ("LI") goal of 61 percent of the total number of dwelling units in multifamily purchases,
- Very low-income ("VLI") goal of 12 percent of the total number of dwelling units in multifamily purchases, and
- Small Multifamily Low-Income subgoal of 2 percent of the total number of units in small multifamily properties.

We support FHFA's thoughtful approach to redesigning the multifamily goals over the next two years. We also support the targets contained in the Proposed Rule.

In a dynamic market with fewer affordable units to support each year, rising price per unit and market conditions that vary, a relative target mitigates the risk of either Enterprise sacrificing credit and/or pricing discipline to meet potentially infeasible regulatory goals. This methodology is straightforward, has a more direct correlation to low and very low-income households served, naturally encourages financing in support of lower-cost, lower property value markets and smaller properties, and allows the goals to be aligned with changing market conditions on an annual basis.



Freddie Mac also supports the levels FHFA proposed for the multifamily goals. They represent a strong commitment to affordability without being so ambitious that they would unintentionally constrain the Enterprises' ability to support the market in times of distress when, per our Charter, we are charged with stabilizing the market by providing liquidity.

Setting goals based on a share of business could create some risk of market disruption if the goals are too ambitious. It could encourage the Enterprises to reduce their total loan volume to ensure compliance with the share-of-business goal. It could also reduce liquidity and stability in the market and limit the Enterprises' abilities to cross-subsidize affordable properties.

FHFA's proposed goals are more ambitious than prior years (2018-2021) when calculated as a share of eligible units. The LI goal of 315,000 units was under 50% of eligible units funded each year, with the exception of 2021 when it was 58%. The VLI goal of 60,000 units was under 10% except in 2021 and the 5-50 LI goal of 10,000 units represented 1-2% of the total eligible units funded.

While these goals are generally more ambitious than in the past, we believe these levels are appropriate, and will ensure we have a sustained focus on affordability and an ability to maintain our commitment to liquidity and stability, which support affordability over the near and long term.

We look forward to executing against these goals and continuing to fulfill our longstanding mission of making home possible for millions of renters and homeowners across the nation.

Sincerely,

A handwritten signature in black ink that reads "Kevin Palmer".

Kevin Palmer  
Head of Multifamily Business