



June 26, 2023

Clinton Jones
General Counsel
Federal Housing Finance Agency
400 Seventh Street SW
10th Floor
Washington D.C. 20219

RE: Fair Lending, Fair Housing and Equitable Housing Finance Plans, (RIN) 2590–AB29

Dear Mr. Jones:

The National Council of State Housing Agencies (NCSHA),¹ on behalf of the nation's state housing finance agencies (HFAs), thanks you for the opportunity to comment on the Federal Housing Finance Agency's April 26 proposed rule that would codify into regulation many of FHFA's existing policies and practices for supporting fair housing and an equitable housing finance market.

NCSHA strongly supports the proposed rule, which would ensure that the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac and the Federal Home Loan Banks (FHLBs) continue to take steps to address racial and ethnic inequities in the housing finance system by formalizing a series of policies FHFA has undertaken in recent years to require such activities.

As FHFA documents extensively in the proposed rule, disparities in housing opportunities between white and minority households continue to persist, increasing the need for the GSEs and FHLBs to explore new initiatives to address these disparities. Such activities align perfectly with the GSEs' and FHLBs' public missions to support a liquid housing market that serves all consumers. Moreover, meaningful actions by the GSEs and FHLBs are necessary to help HFAs and other affordable housing lenders advance their efforts to provide more equitable housing finance opportunities to underserved people and communities.

NCSHA urges FHFA to finalize the proposed rule, with some adjustments.

¹ NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

NCSHA especially supports FHFA's proposal to codify into regulation FHFA's directive requiring each of the GSEs to develop Equitable Housing Finance Plans that outline what efforts they intend to take over a three-year period to increase equity in housing finance. NCSHA strongly supported FHFA's 2021 directive to the GSEs to draft and implement such plans.

The directive has prompted the GSEs to explore additional substantive efforts they can undertake to improve access to housing finance, including by supporting Special Purpose Credit Programs, providing borrowers and lenders information about HFAs' and other entities' down payment assistance programs, increasing access to housing counseling, and improving credit reporting of rental payments. We believe the GSEs and FHLBanks can do more to help HFAs and other partners deliver more affordable housing opportunities to minority home buyers and underserved populations and communities.

We recommend FHFA strengthen the Equitable Housing Finance plan system by providing more transparency on the GSEs' performance in implementing their plans and how FHFA is evaluating the plans and the GSEs' performance under them. In this area, our thinking largely aligns with the Lincoln Institute of Land Policy and other members of the Underserved Mortgage Markets Coalition, which have advanced the following five suggestions for inclusion in the proposed rule:

- 1) Establish plan development guidelines that make it clear what constitutes success for GSE initiatives laid out in the Equitable Housing Finance Plan;
- 2) Provide explicit FHFA authority to reject plans that don't meet a minimum standard;
- 3) Include more information on the metrics for measuring whether a GSE succeeds in implementing its plan;
- 4) Make public FHFA's process for evaluating performance; and
- 5) Disclose success or failure at the goal level so the public can meaningfully contribute to the discussion.

We urge FHFA to consider incorporating these suggestions in the final rule.

Thank you again for the opportunity to comment. Please let us know if we can provide any additional information as you consider our recommendations.

Sincerely,



Garth Rieman

Director, Housing Advocacy and Strategic Initiatives