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MORTGAGE BANKERS ASSOCIATION

October 13, 2022

Sandra L. Thompson  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219

Dear Director Thompson:

The Mortgage Bankers Association (MBA)<sup>1</sup> thanks the Federal Housing Finance Agency (FHFA) for the opportunity to comment on the proposed rule pertaining to the 2023-2024 Multifamily Enterprise Housing Goals for Fannie Mae and Freddie Mac (the Enterprises).<sup>2</sup> The Enterprises are required by statute to promote access to mortgage credit throughout the nation and provide assistance to the secondary market to support housing for low- and moderate-income families, and the housing goals are an important component of the framework by which FHFA can measure the Enterprises' progress.<sup>3</sup>

The 2023-2024 Multifamily Enterprise Housing Goals contain affordable goals consistent with the Federal Housing Enterprises Financial Safety and Soundness Act (the Act).<sup>4</sup> The Act requires multifamily goals for low-income and very low-income families. Under the proposed rule, FHFA proposes a new methodology for measuring the Enterprise multifamily housing goals that will use the percentage of each Enterprise's annual multifamily loan acquisitions (in units) that are affordable to each income category rather than establishing the multifamily housing goals based on a fixed number of units.

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<sup>1</sup> The Mortgage Bankers Association is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,300 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, and others in the mortgage lending field. For additional information, visit MBA's Web site: [www.mba.org](http://www.mba.org).

<sup>2</sup> See Federal Register, 87 FR 50794. Available at: [Federal Register :: 2023-2024 Multifamily Enterprise Housing Goals](https://www.federalregister.gov/documents/2022/09/27/2022-19346/2023-2024-multifamily-enterprise-housing-goals)

<sup>3</sup> 12 U.S.C. § 4561(a); 12 C.F.R. part 1282.

<sup>4</sup> Federal Housing Enterprises Financial Safety and Soundness Act of 1992, H.R. 6094, 102<sup>nd</sup> Cong. (1992). [https://www.congress.gov/bill/102nd-congress/house-bill/6094/text](https://www.congress.gov/bills/102/congress-house/6094/text)

As outlined in the rule, the proposed benchmark levels for 2023-2024 are 61% of annual loan acquisition (in units) for the low-income goal (80 AMI), 12% for the very low-income subgoal (50 AMI) and 2% for the small multifamily low-income subgoal (80 AMI).

As outlined below, MBA provides comment to FHFA in the following areas:

- The proposed new methodology for measuring Enterprise performance on the multifamily housing goals, as well as the proposed benchmark levels for 2023 and 2024 under this new methodology.
- Other changes that are appropriate if a change to percentage-based multifamily housing goals is adopted in the final rule.

#### Are the new methodology and proposed level goals appropriate?

MBA applauds FHFA's proposal of the new methodology and supports the proposed benchmark levels for 2023 and 2024. Using the percentage of each Enterprise's annual multifamily loan acquisitions (in units) for measurement simplifies the affordable targets and will ease the management of these goals for the Enterprises. We especially appreciate the 2% subgoal for small multifamily low-income properties as this market is well served by other sources of private capital.

#### Are there any other changes?

We encourage FHFA to work towards more simplification of the various affordable and mission related goals of the Enterprises. The Enterprises currently manage several different affordable targets (housing goals, scorecard and PSPA (though currently suspended)), as well as Duty to Serve requirements and Equitable Housing Plan objectives. The Enterprises have a limited number of resources, and we urge FHFA to carefully balance the needs of the market while prioritizing the safety and soundness of the Enterprises.

In an effort to move closer to a simplified framework for affordable targets, MBA encourages FHFA to strongly consider eliminating the mission driven targets in the 2023 Scorecard. The Scorecard should simply set forth the lending caps and reiterate the housing goals as outlined in the proposed rule. The housing goals will help the Enterprises serve the needs of low-income and very low-income individuals and families and there is substantial overlap between the housing goals and mission driven targets.

Also, MBA encourages FHFA, in the near future, to support legislative action to update the Act to expand the definitions of "low-income", "very low-income" and the affordability measure to better serve individuals and families living in high-cost areas. There have been very few updates to the Act since its enactment in 1992 and the rise in housing costs has increased significantly over the last 30 years. In the 2022 Scorecard for the

Enterprises, FHFA has recognized the need for higher income thresholds for affordability in high costs areas.<sup>5</sup>

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MBA appreciates FHFA's consideration of our comments regarding the 2023-2024 Multifamily Enterprise Housing Goals and the broader objective of promoting market liquidity for affordable housing. We look forward to our ongoing efforts and collaboration with FHFA and the Enterprises on these important matters. We look forward to continuing to work with the FHFA and GSEs to create the most efficient and effective rental housing targets as possible.

Should you have questions or wish to discuss these comments, please contact Stephanie Milner ([smilner@mba.org](mailto:smilner@mba.org)).

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Flood', with a stylized flourish at the end.

Mike Flood  
Senior Vice President  
Commercial/Multifamily Policy & Member Engagement

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<sup>5</sup> See 2022 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions. Available at: [2022 Scorecard for Fannie Mae, Freddie Mac, and Common Securitization Solutions - November 2021 \(fhfa.gov\)](#)