MORTGAGE BANKERS ASSOCIATION

November 3, 2025

The Honorable William J. Pulte
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

RE: 2026-2028 Enterprise Housing Goals Proposed Rule

Dear Director Pulte,

The Mortgage Bankers Association[1] (MBA) thanks the Federal Housing Finance Agency (FHFA) for the opportunity to comment on the proposed rule outlining the 2026-2028 housing goals for Fannie Mae and Freddie Mac (the Enterprises). The goals specify benchmark percentages of the Enterprises' purchases of single-family and multifamily mortgages serving low- and very-low-income borrowers and other underserved populations. They are intended to drive the Enterprises' efforts to achieve their mission of supporting liquidity for affordable homeownership and rental housing.

The 2026 – 2028 housing goals comprise single-family and multifamily goals consistent with the Federal Housing Enterprises Financial Safety and Soundness Act. MBA recognizes that the approach to the proposed housing goals for 2026 – 2028 considers several factors, including ongoing market conditions, expected forecasts, the ability of other housing agencies to support affordable lending, and the Enterprise's financial safety and soundness. These factors, paired with a desire to streamline and simplify the housing goals, resulted in reductions in the single-family low-income home purchase goal and very low-income home purchase goal, as well as the removal of the recently approved measurement buffers.

Lowering some targets for the housing goals to more attainable levels should have the intended benefit of reducing the risk of market distortions. MBA believes it is important to

[1] The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 275,000 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 more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

strike an appropriate balance between making the Enterprise Housing Goals both achievable and effective. Further, there are foundational issues and other areas for improvement with the housing goals framework that warrant consideration.

Single-Family Housing Goals

The proposed single-family low-income and very low-income home purchase goals are noticeably lower than the previous goals and are set at the lower end of the expected forecast range. FHFA states that these lower benchmarks are intended to more appropriately balance the Enterprises' support for affordable lending while also allowing for liquidity from other secondary market sources. The lower goals should also reduce competing actions taken by the Enterprises seen in recent years, which led to unintended consequences for lenders, borrowers, and the Enterprises. While the lowering of these targets is intended to eliminate harmful market distortions and unintended incentives, MBA encourages FHFA to actively monitor these levels to ensure they continue to support the Enterprises' affordable housing mission.

The single-family low-income refinance goal remains unchanged from the prior goals at 26 percent. The proposal notes that this level is below the most recent forecast for this goal and accounts for the Enterprises' past performance, the unpredictability of future interest rates, and other factors that make it challenging to forecast the low-income refinance market with a high degree of confidence. FHFA also recognizes the inverse relationship between the percentage of low-income refinance loans acquired by the Enterprises and the total overall volume of refinance loans in the market.

FHFA should consider reducing the single-family low-income refinance goal as it did with other goals. While we understand the desire to ensure the Enterprises remain focused on providing liquidity to this portion of the market, we have serious concerns that this goal may not be attainable due to its sensitivity to various market forces. The current administration has stressed its desire to lower interest rates, which would spur refinance activity, driving up the denominator for the low-income refinance goal calculation and driving the achieved percentage lower. Additionally, we have heard concerns that a potential increase in the volume of higher balance loans in Q1 2026 could also impact the denominator for this goal, as a result of how goals are applied to lenders. Further, the proposed removal of the measurement buffers makes adjusting to market levels more challenging should there be any significant market shifts. We encourage FHFA to revisit this benchmark.

Multi-Family Housing Goals

The proposed 2026–2028 Multifamily Enterprise Housing Goals align with the requirements of the Federal Housing Enterprises Financial Safety and Soundness Act (the Act), which directs Fannie Mae and Freddie Mac to support affordable rental housing for low- and very low-income families. Under the proposal—similar to the 2024–2025 goals—the FHFA would continue to measure success as a share of each Enterprise's annual multifamily loan acquisitions (in units) that are affordable to each income category.

MBA supports FHFA's proposed benchmark levels for 2026 through 2028:

- 61% of annual acquisitions for the low-income goal (≤80% AMI),
- 14% for the very low-income subgoal (≤50% AMI), and
- 2% for the small multifamily low-income subgoal (≤80% AMI).

These benchmarks strike an appropriate balance—ensuring the Enterprises fulfill their mission to promote affordability while continuing to provide liquidity across the broader multifamily market. MBA especially supports the 2% subgoal for small multifamily properties, given that this segment already benefits from robust private capital participation.

At the same time, MBA remains concerned about the decline in market-rate lending volume by the Enterprises in recent years. The reduction in market-rate financing risks weakening overall market liquidity. A healthy multifamily ecosystem depends on both affordable and market-rate production—since turnover in market-rate units often opens up opportunities for lower-income renters.

MBA therefore urges FHFA to ensure the Enterprises maintain a balanced approach—meeting affordability targets while continuing to provide vital liquidity for market-rate multifamily housing.

<u>Measurement Buffers</u>

The proposal removes the recently finalized measurement buffers, which were intended to encourage the Enterprises to meet market levels in situations where the targets were set higher than the market level. FHFA believes the measurement buffers are no longer needed, as proposed benchmarks have been set at the low end of expected model forecasts. While we understand the new goals should be more attainable, MBA urges FHFA to retain the measurement buffers.

We continue to receive feedback regarding the lag of data inputs used to calculate the housing goals. While FHFA considers various factors when setting benchmark levels for 2026 - 2028, their forecast models produce values using historical HMDA data through 2023, and the current method for benchmark calculation may not reflect key market data. The housing industry is very sensitive to a variety of market factors, and lenders must consistently adjust to these changes. Striving to meet a static goal partially determined by a model using data that is likely at least a year old can be challenging given interest rate shifts, changes in origination and refinance volumes, macroeconomic conditions and housing supply levels.

The single-family low-income refinance goal specifically could benefit from the use of measurement buffers. As noted in the proposal, there is currently no data series available that can be used in a forecast model for low-income refinance loans, and the percentage of low-income refinances is inversely proportional to the level of refinances in the overall market. Preserving the measurement buffers would also be helpful as the approach to the Enterprise Housing Goals shifts over time. We have seen goals range from “stretch goals” to targets at the low end of forecasts, as in the current proposal. Preserving measurement buffers will mitigate market distortions whenever goal levels and market production are misaligned due to unforeseen economic conditions.

When the goals are misaligned with market conditions, as has happened in recent years, the Enterprises force those goals down on individual lenders in ways that significantly distort the market, especially given the limited population of goals eligible originations. MBA has previously raised this issue in meetings with the Enterprises and FHFA. Per the Safety and Soundness Act and the Enterprise Housing Goals Proposed Rule, the FHFA may take necessary steps after publication of the final rule if new information indicates that any of the housing goals are not feasible for various reasons. These flexibilities, while helpful, are a retroactive solution to managing the housing goals and are too late to the market to mitigate distortions. Measurement buffers can serve as an effective tool to mitigate this issue.

<u>Limited Goals Eligible Loan Population</u>

MBA appreciates FHFA’s holistic view of the housing market when considering the proposed goals. As we have mentioned in prior letters, affordable housing is an industry-wide effort that cannot be solved with a silver bullet, and as a result, we see requirements related to affordability and underserved borrowers in several regulatory frameworks. The proposed reductions in the single-family low-income purchase and very low-income purchase goals may provide some relief from the “tug of war” dynamic we have seen in recent years, which can cause market disruption and may ultimately raise costs for some borrowers.

MBA members have also expressed a need for more focus on increasing the population of goals-eligible loans. Affordable lending has been a significant challenge, particularly in the current interest rate environment. The fact remains that even during high volumes, a limited number of these loans can be produced each year. While some progress has been made through existing programs, more can be done to increase lending in this space by further exploring avenues such as cash flow underwriting and rental payment history. An enhanced focus on expanding the population of these loans sustainably would help satisfy the demand of both Enterprises as well as other competing agencies and initiatives. To expand the population of affordable lending, the industry must first have an aligned understanding of what the total addressable market is for affordable lending, and we recommend that FHFA explore options for creating transparency on the total population of goals-eligible loans.

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MBA appreciates FHFA's consideration of our comments regarding the 2026-2028 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. Should you have questions or wish to discuss these comments, please contact Megan Booth at mbooth@mba.org with respect to the multifamily goals or Sasha Hewlett at shewlett@mba.org with respect to the single-family goals.

Sincerely,

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