

Don't Let GSEs Off the Goals Hook, Advocates Say

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The Federal Housing Finance Agency recently proposed lowering the affordable housing goals of Fannie Mae and Freddie Mac to 2004-2006 levels – which Fannie and Freddie have suggested they may not be able to meet. But housing goal advocates implored the GSEs' regulator for more support from the companies, not less.

“Your proposal to reduce the [GSEs'] 2009 affordable housing goals to their 2004-2006 levels only exacerbates our liquidity crisis, limiting my ability to meet the housing needs of a growing number of families,” lamented Mary Kaiser, president of the California Community Reinvestment Corp. in a comment letter send to the FHFA recently.

“I have a for-sale portfolio of \$49.7 million in fully performing multifamily Low-Income Housing Tax Credit loans in front of Freddie Mac at this very moment for consideration,” she pointed out. “While it is below their typical execution amount, they were willing to look at this back in February. Imagine what their appetite will be if their goals are rolled back!”

She also said she had a credit facility request before Fannie to provide a flow product to back up forward commitments over the next two years. “Imagine how that will go if this goal gets rolled back,” Kaiser said.

The folks at the National Association of Affordable Housing Lenders have similar concerns and have long complained that Fannie and Freddie have left a lot of good business on the table for years. “FHFA's proposal perpetuates the GSEs' ‘absence without official leave’ from this increasingly important market,” said NAAHL President and CEO Judy Kennedy in her group's comment letter.

Kennedy went on to urge the FHFA to withdraw its proposal “and reconsider how the GSEs can better support the recovery.”