

October 28, 2024

Director Sandra L. Thompson  
Federal Housing Finance Agency  
Constitution Center  
400 Seventh Street, SW  
Washington, DC 20219

Re: 2025-2027 Enterprise Housing Goals

Dear Director Thompson:

The National Fair Housing Alliance® (“NFHA”<sup>1</sup>) and the undersigned advocacy organizations appreciate the opportunity to comment on the Federal Housing Finance Agency’s (FHFA) proposed rule for housing goals for Fannie Mae and Freddie Mac (the Government-Sponsored Enterprises or GSEs) for 2025 through 2027 as required by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act).<sup>2</sup> For the reasons described below:

- 1. FHFA should increase the housing goals to incentivize the GSEs to lead the market in addressing the nation’s fair and affordable housing crisis.**
- 2. FHFA should greatly increase the Minority Census Tracts Purchase Subgoal.**
- 3. FHFA should not finalize the proposal to allow the GSEs to simply meet reduced market thresholds.**
- 4. FHFA should continue to pursue the initiatives designed to promote an equitable housing market.**

We commend FHFA for seeking input on this important topic and we hope that our comments below will help inform FHFA’s views.

\*\*

---

<sup>1</sup> The National Fair Housing Alliance® (NFHA<sup>™</sup>) leads the fair housing movement. NFHA works to eliminate housing discrimination and ensure equitable housing opportunities for all people and communities through its education and outreach, member services, public policy, advocacy, housing and community development, tech equity, enforcement, and consulting and compliance programs.

<sup>2</sup> FHFA, *Proposed Rule for 2025-2027 Enterprise Housing Goals*, 89 Fed. Reg. 70127 (Aug. 22, 2024), <https://www.fhfa.gov/news/news-release/fhfa-proposes-2025-2027-housing-goals-for-fannie-mae-and-freddie-mac>.

## **BACKGROUND**

An equitable housing goals framework is critical to fulfilling the FHFA and the GSEs' mission, fair housing obligations, safety and soundness requirements, and housing goals requirements, as well as critical to addressing the nation's fair and affordable housing crisis.

### **FHFA and GSE Obligations**

Setting equitable housing goals is consistent with the mission, fair housing obligations, safety and soundness requirements, and housing goals requirements of FHFA and the GSEs. The **mission** of the GSEs is expressly stated in their charters and includes:

- Providing ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities), and
- Promoting access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas).<sup>3</sup>

In addition, the GSEs must comply with their **legal obligations under the nation's fair housing and lending laws**, which include the Fair Housing Act,<sup>4</sup> the Equal Credit Opportunity Act,<sup>5</sup> and the Federal Housing Enterprises Financial Safety and Soundness Act.<sup>6</sup> Also, under the Fair Housing Act's Affirmatively Furthering Fair Housing provision, FHFA and the GSEs have an affirmative obligation to further fair housing and to create and maintain more equitable and affordable housing opportunities.<sup>7</sup>

Ensuring borrowers of color have access to fair and affordable mortgages is also critical to maintaining a **safe, sound, and thriving national housing finance system** as the vast majority of all projected future homebuyers will be borrowers of color.<sup>8</sup> One study estimated that improving access to housing credit would have resulted in an additional 770,000 Black homeowners and

---

<sup>3</sup> Fannie Mae Charter, 12 U.S.C. § 1716; Freddie Mac Charter, 12 U.S.C. § 1451 note (Statement of Purpose). Although communities of color do not necessarily consist of low- and moderate-income families, there can be overlap between these communities.

<sup>4</sup> 42 U.S.C. § 3601 *et seq.*

<sup>5</sup> 15 U.S.C. § 1691 *et seq.*

<sup>6</sup> 12 U.S.C. § 4501 *et seq.*

<sup>7</sup> 42 U.S.C. § 3608(d).

<sup>8</sup> See Laurie Goodman, Jun Zhu, *The Future of Headship and Homeownership*, Urban Institute (Jan. 22, 2021), [https://www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership\\_0.pdf](https://www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership_0.pdf).

\$218 billion in sales and expenditures.<sup>9</sup> Another study estimated that addressing racial disparities in homeownership could create nearly 800,000 jobs and generate \$400 billion in tax revenue.<sup>10</sup> This analysis found that by not addressing housing inequality, nearly five million people have been denied homeownership opportunities. Moreover, eliminating racial inequities in the United States could add \$5 trillion of growth to our GDP over the next five years.<sup>11</sup> The inequities in our markets and systems also stifle innovation, productivity, profitability, and economic progress.

Finally, the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act, 12 U.S.C. 4561 et seq.) requires FHFA to consider several **critical housing factors** in establishing the annual **housing goals** for both single-family and multifamily mortgages purchased by the GSEs. In determining the single-family housing goals, FHFA must consider the following factors:

- The national housing needs;
- The economic, housing, and demographic conditions, including expected market developments;
- The performance and effort of the GSEs toward achieving the housing goals under this section in previous years;
- The ability of the GSEs to lead the industry in making mortgage credit available;
- The size of the purchase money conventional mortgage market, or refinance conventional mortgage market, as applicable, serving each of the types of families described in the law, relative to the size of the overall purchase money mortgage market or the overall refinance mortgage market, respectively;
- Such other reliable mortgage data as may be available; and
- The need to maintain the sound financial condition of the GSEs.<sup>12</sup>

With respect to the multifamily housing goals, FHFA must consider the following:

- The national multifamily mortgage credit needs;
- The ability of the GSEs to provide additional liquidity and stability for the multifamily mortgage market;

---

<sup>9</sup> See Citigroup, *In Pursuit of Equity: Why America's Future Depends on Closing the Racial Wealth Gap* (2021), <https://www.nytimes.com/paidpost/citi/in-pursuit-of-equity.html>.

<sup>10</sup> See Jeff Cox, *Morgan Stanley says Housing Discrimination Has Taken a Huge Toll on the Economy*, CNBC (Nov. 13, 2020), <https://www.cnbc.com/2020/11/13/morgan-stanley-sayshousing-discrimination-has-taken-a-huge-toll-on-the-economy.html#:~:text=Morgan%20Stanley%20says%20racial%20inequality,five%20million%20from%20owning%20homes>.

<sup>11</sup> See Dana Peterson and Catherine Mann, *Closing the Racial Inequality Gaps: The Economic Cost of Black Inequality in the U.S.*, Citi Global Perspectives and Solutions 3 (Sept. 1, 2020), <https://www.citivelocity.com/citigps/closing-the-racial-inequality-gaps/>.

<sup>12</sup> See 12 U.S.C. § 4562(e)(2)(B).

- The performance and effort of the GSEs in making mortgage credit available for multifamily housing in previous years;
- The ability of the GSEs to lead the market in making multifamily mortgage credit available, especially for the multifamily housing described in the law;
- The size of the multifamily mortgage market for housing affordable to low-income and very low-income families, including the size of the multifamily markets for housing of a smaller or limited size;
- The availability of public subsidies; and
- The need to maintain the sound financial condition of the GSEs.<sup>13</sup>

## Fair and Affordable Housing Crisis

Consistent with the FHFA and the GSEs' legal obligations, FHFA must leverage the housing goals to address the nation's fair and affordable housing crisis. Under almost every metric, consumers are facing increasing headwinds to stable housing, and these hurdles are particularly acute for consumers and communities of color. Below is a brief overview of the current landscape, which highlights the dire need for proactive initiatives.

- Unaffordable rent. A record-high 22.4 million renter households are “cost-burdened,” meaning they spent more than 30% of their income on rent and utilities.<sup>14</sup> Black and Latino renters are more likely than White renters to be cost-burdened. More than half of Black renters (57%) and Latino renters (54%) are cost-burdened, while about 45% of White renters are cost-burdened. These disparities make it more difficult for Black and Latino renters to save for down payments for homeownership and its wealth-building opportunities.
- Housing availability. Research has estimated a housing shortage of up to 5.5 and 7.2 million units, which creates further obstacles to homeownership.<sup>15</sup>
- Housing discrimination. Organizations reported the highest number of fair housing complaints since NFHA began producing its Trends Report in the 1990s.<sup>16</sup> As in previous years, most complaints relate to housing discrimination on the basis of disability. In addition, complaints of harassment (including racial harassment) increased 66% and were the highest since recording that data.

---

<sup>13</sup> See 12 U.S.C. § 4563(a)(4).

<sup>14</sup> Joint Center for Housing Studies of Harvard University, *America's Rental Housing 2024* (Jan. 2024), [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_Americas\\_Rental\\_Housing\\_2024.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf).

<sup>15</sup> Daniel McCue, Sophie Huang, *Estimating the National Housing Shortfall*, Joint Center for Housing Studies of Harvard University (Jan. 29, 2024), <https://www.jchs.harvard.edu/blog/estimating-national-housing-shortfall>; Hannah Jones, *US Housing Supply Gap Grows in 2023; Growth Outpaces Permits in Fast-Growing Sunbelt Metros*, Realtor.com (Feb. 2024), <https://www.realtor.com/research/us-housing-supply-gap-feb-2024>.

<sup>16</sup> NFHA, 2024 Fair Housing Trends Report (2024), <https://nationalfairhousing.org/resource/2024-fair-housing-trends-report>.

- Discriminatory appraisals. Homes in White neighborhoods are appraised at values nearly 250% higher than similar homes in Black neighborhoods and at values nearly 278% higher than similar homes in Latino neighborhoods within the same metropolitan areas, depriving households of color of opportunities to build wealth.<sup>17</sup>
- Racial wealth gap. Since the Great Recession, the typical Black and Latino household has had between about \$10 to \$15 of wealth for every \$100 held by the typical White household.<sup>18</sup> The median wealth is \$285,000 for White households, \$61,600 for Latino households (20% of the typical White household), and \$44,900 for Black households (15% of the typical White household). Between 2019-2022, overall median wealth increased and the racial wealth gap actually grew totaling a difference of \$240,000 between median white households and median Black households.<sup>19</sup> The lack of funds for a down payment and closing costs is one of the greatest barriers to homeownership, especially for families without inherited wealth.<sup>20</sup>
- Racial homeownership gap. In 1960, when housing discrimination was legal, there was a 27-percentage point gap between Black homeownership (38%) and White homeownership (65%).<sup>21</sup> The racial homeownership gap is even wider now at 29 percentage points, representing another barrier to wealth-building for households of color. The homeownership rate is 73% for White households, 63% for Asian households (as low as 44% for Native Hawaiian and Pacific Islander households), 51% for Latino and Native American households, and 44% for Black households.

---

<sup>17</sup> Junia Howell and Elizabeth Korver-Glenn, *Appraised: The Persistent Evaluation of White Neighborhood as More Valuable Than Communities of Color*, Eruka (2022), [https://static1.squarespace.com/static/62e84d924d2d8e5dff96ae2f/t/6364707034ee737d19dc76da/1667526772835/Howell+and+Korver-Glenn+Appraised\\_11\\_03\\_22.pdf](https://static1.squarespace.com/static/62e84d924d2d8e5dff96ae2f/t/6364707034ee737d19dc76da/1667526772835/Howell+and+Korver-Glenn+Appraised_11_03_22.pdf).

<sup>18</sup> Aditya Aladangady, Andrew C. Chang, Jacob Krimmel, *Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances*, Federal Reserve Board FEDS Notes (2023), <https://www.federalreserve.gov/econres/notes/feds-notes/greater-wealth-greater-uncertainty-changes-in-racial-inequality-in-the-survey-of-consumer-finances-20231018.html>.

<sup>19</sup> Andre M. Perry, Hannah Stephens, and Manann Donoghoe, *Black Wealth Is Increasing, but So Is the Racial Wealth Gap*, Brookings Institute (Jan. 9, 2024), <https://www.brookings.edu/articles/black-wealth-is-increasing-but-so-is-the-racial-wealth-gap/>.

<sup>20</sup> Daryl Fairweather, *Nepo-Homebuyers: 40% Of Under 30s Received Family Money For Down Payment*, Forbes (Aug. 21, 2023), <https://www.forbes.com/sites/darylfairweather/2023/08/21/nepo-homebuyers-40-of-under-30s-received-family-money-for-down-payment/>.

<sup>21</sup> National Association of REALTORS® Research Group, *2023 Snapshot of Race and Homebuying in America* (2023), <https://www.nar.realtor/sites/default/files/documents/2023-snapshot-of-race-and-home-buying-in-the-us-03-02-2023.pdf>; Urban Institute, *Reducing the Racial Homeownership Gap*, <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/reducing-racial-homeownership-gap>.

## **COMMENTS**

### **1. FHFA should increase the housing goals to incentivize the GSEs to lead the market in addressing the nation’s fair and affordable housing crisis.**

FHFA should incentivize the GSEs to lead the market as the nation faces an urgent fair and affordable housing crisis. As noted in [Appendix A](#), most of the housing goals are set at or below current levels. Both the single-family housing goals and multifamily housing goals require the FHFA to consider the nation’s housing needs; we strongly urge FHFA to set higher goals for single-family housing, multifamily housing, or both. That is, given the housing crisis, FHFA should incentivize the GSEs to lead and move the market to give renters more opportunities in either fair and affordable multifamily housing or single-family housing or both. Indeed, FHFA correctly notes that “the elevated mortgage interest rates and high home price levels likely will continue to impact the ability of low- and very low-income households to purchase homes.” If that is the case, FHFA should, at a minimum, incentivize the GSEs to greatly increase fair and affordable multifamily housing or single-family housing, or both. At this point, the proposed single-family housing and multifamily housing goals do not convey any sort of urgency in addressing the fair and affordable housing crisis, which is stressing families across income levels throughout the U.S. and impacting their ability to meet their basic needs.<sup>22</sup>

### **2. FHFA should greatly increase the Minority Census Tracts Purchase Subgoal.**

The statutory definition of a “minority census tract” is very broad, so FHFA should greatly increase the subgoal to ensure the GSEs have appropriate incentives to close the Black-White, Latino-White, Asian-White, and Native American-White homeownership gaps. FHFA’s proposed rule would raise the Minority Census Tracts Purchase Subgoal (for low-income areas) from 10% to 12%. However, there are many types of mortgages that the GSEs could purchase to meet this goal and still do nothing to close the Black-White, Latino-White, Asian-White, and Native American-White homeownership gaps. The statute and regulation define a “minority census tract” as “a census tract that has a minority population of at least 30 percent and a median income of less than 100 percent of the area median income.”<sup>23</sup> Moreover, the regulation defines “minority” to generally cover all non-White races and ethnicities.<sup>24</sup> So, for example, a GSE could purchase a loan in a majority-White census tract (up to 70% White) or, for example, a census tract that has no Black or Latino households and still receive credit under the subgoal. This

---

<sup>22</sup> Jennifer Ludden, *As Millions Struggle with Home Prices, Housing Becomes a Top Issue for Voters*, NPR (June 24, 2024), <https://www.npr.org/2024/06/24/nx-s1-5015224/price-cost-election-housing-rent-voters-biden-trump>; Abha Bhattarai and Federica Cocco, *Housing Costs Are Rising Everywhere – but Especially in Swing States*, Washington Post (Oct. 20, 2024), <https://www.washingtonpost.com/business/2024/10/20/housing-cost-economy-swing-states-election/>.

<sup>23</sup> 12 U.S.C § 4502(29); 12 CFR § 1282.1.

<sup>24</sup> 12 CFR § 1282.1.

problem is particularly acute for GSE purchases of loans from community development financial institutions that provide a low number of mortgage loans to Black consumers.<sup>25</sup>

Finally, in setting this goal, FHFA admitted that it did not take into account demographics. FHFA stated that “[s]pecific demographic changes, such as...the growth of minority households, are not included explicitly in the market forecast models.”<sup>26</sup> This seems like a significant oversight as future household growth is predicted to be driven by households of color. Given the predicted demographic changes as well as the broad definition of “minority” and “minority census tract,” FHFA should greatly increase this goal to incentivize the GSEs to close the racial homeownership gaps and ensure the housing market’s stability as well as the stability of the economy.

### **3. FHFA should not finalize the proposal to allow the GSEs to simply meet reduced market thresholds.**

We do not support FHFA’s proposal to allow the GSEs to comply through reduced market thresholds. Specifically, FHFA is proposing that an Enterprise that fails to meet the goal will not be required to submit a housing plan if: (a) the benchmark level for a single-family housing goal is higher than the market level for the goal, and (b) the GSE meets or exceeds the market level minus certain percentage points.<sup>27</sup>

This proposal seems to contradict the purpose and text of the statute. The purpose of the law is to incentivize the GSEs to serve the whole of the market equally. The proposed approach seems circular and would act as a disincentive to perform. The GSEs would decide their market share, and then be measured against a lower threshold than even the market share. Moreover, the statute states that the GSE must “meet or exceed” the goal.<sup>28</sup> Given the GSEs’ dominance in the housing market (which returned only after taxpayer bailouts and through conservatorship), the GSEs should be able to meet and exceed the market metric at a minimum; the benchmark goals should remain as effective incentives.

### **4. FHFA should continue to pursue the initiatives designed to promote an equitable housing market.**

FHFA should continue with its groundbreaking initiatives that seek to ensure that the GSEs serve the whole of the housing market. The housing goals are a blunt instrument to incentivize the GSEs; real reform will come from FHFA continuing to promote equitable housing initiatives.

---

<sup>25</sup> Meir Rinde, *Major Changes Coming for CDFIs*, Shelterforce (Jan. 12, 2023), <https://shelterforce.org/2023/01/12/major-changes-coming-for-cdfis/>.

<sup>26</sup> 89 Fed. Reg. 70133.

<sup>27</sup> Proposed 12 CFR § 1282.22(b).

<sup>28</sup> See 12 U.S.C. § 4562(d).

For example, FHFA should continue to pursue credit score reform<sup>29</sup> as well as completely eliminate Loan Level Price Adjustments, which disproportionately impact consumers of color.<sup>30</sup> Finally, we strongly urge FHFA to work with the GSEs to fulfill the Equitable Housing Finance Plans,<sup>31</sup> including such critical programs as first-generation down payment assistance, the Equal Credit Opportunity Act's Special Purpose Credit Programs,<sup>32</sup> appraisal reform, small-dollar mortgage programs, and language access programs. Each of these programs is specifically designed to address the impact of historical discrimination and to close the wide and persistent homeownership gaps.

\*\*

Setting housing goals that promote an equitable national housing finance market is urgently needed to address the nation's fair and affordable housing crisis and is good for overall economic growth. We look forward to working with FHFA and other stakeholders to ensure that the housing goals are effective and beneficial for all consumers and communities.

Thank you for considering our views.

Sincerely,

National Fair Housing Alliance  
Long Island Housing Services, Inc.  
National Coalition for Asian Pacific American Community Development (National CAPACD)  
National Consumer Law Center (on behalf of its low-income clients)  
National Housing Law Project

---

<sup>29</sup> FHFA Policy Page, *Credit Scores*, <https://www.fhfa.gov/policy/credit-scores>.

<sup>30</sup> See, e.g., Michelle Aronowitz, Edward L. Golding, Jung Hyun Choi, *The Unequal Costs of Black Homeownership*, MIT Sloan (Oct. 1, 2020), <https://mitsloan.mit.edu/sites/default/files/inline-files/Mortgage-Cost-for-Black-Homeowners-10.1.pdf>.

<sup>31</sup> See FHFA Programs, *Equitable Housing Finance Plans*, <https://www.fhfa.gov/equitable-housing-finance>.

<sup>32</sup> See 12 CFR Part § 1002.8; Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau, Department of Housing and Urban Development, Department of Justice, Federal Housing Finance Agency, *Interagency Statement on Special Purpose Credit Programs Under the Equal Credit Opportunity Act and Regulation B*, (Feb. 22, 2022), <https://www.fdic.gov/sites/default/files/2024-03/fil22008a.pdf>.



**APPENDIX A - PROPOSED GSE HOUSING GOALS 2025-2027**

**SINGLE-FAMILY HOUSING GOALS**

Home Purchase Mortgage: Low Income Areas

	Historical (2022-2024)	Proposed (2025-2027)
<b>Benchmark</b>		
Low Income Tract	4%	4%
Minority Tract	10%	12%
Disaster Areas	19% (2024)	

Home Purchase Mortgage: Low Income Family

	Historical (2022-2024)	Proposed (2025-2027)
<b>Benchmark</b>	28%	25%

Home Purchase Mortgage: Very Low Income Family

	Historical (2022-2024)	Proposed (2025-2027)
<b>Benchmark</b>	7%	6%

Refinance: Low Income Family

	Historical (2022-2024)	Proposed (2025-2027)
<b>Benchmark</b>	26%	26%

**MULTIFAMILY HOUSING GOALS**

Low Income Family

	Historical (2022-2024)	Proposed (2025-2027)
<b>Benchmark</b>		
Low Income Family	61%	61%
Very Low Income Family	12%	14%
Small Multifamily Property	2.5%	2%