



July 18, 2013

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

The National Multi Housing Council (NMHC) and the National Apartment Association (NAA) are writing to thank you for the Committee's commitment to housing finance reform in the 113th Congress, and the opportunity to provide comment on the Protecting American Taxpayers and Homeowners Act (PATH Act) as part of the July 18, 2013, hearing entitled, "A Legislative Proposal to Protect American Taxpayers and Homeowners by Creating a Sustainable Housing Finance System."

NMHC/NAA represent the nation's leading firms participating in the multifamily rental housing industry. Our combined memberships engage in all aspects of the apartment industry, including ownership, development, management and finance. NMHC represents the principal officers of the apartment industry's largest and most prominent firms. NAA is a federation of 170 state and local apartment associations comprised of approximately 60,000 multifamily housing companies representing more than 6.6 million apartment homes throughout the United States and Canada.

NMHC/NAA support housing finance reform efforts to achieve the following goals:

1. Ensure mortgage liquidity in all markets at all times;
2. Ensure capital availability for the wide range of properties, sponsors and renters;
3. Expand private capital participation;
4. Limit/mitigate market disruptions; and
5. Insulate the taxpayer from losses.

While policymakers are understandably focused on reforming the GSEs' single-family programs, they must avoid a "one size fits all" approach to housing reform. The distinctions between single-family and multifamily, which include private capital participation, underwriting (including legal framework, term, rate, borrower requirements, and servicing), risk sharing, and loan performance, underpin the essence of real estate finance, and require that reform to each market be approached separately.

The July 11, 2013, draft of the PATH Act contains dramatic changes for residential real estate finance. However, the bill does not distinguish between targeted reforms or anticipated outcomes for the wide variety of residential real estate groups, including single family, multifamily, student housing, seniors housing, affordable housing and military housing. These distinctions are noteworthy, particularly for

the multifamily segment, which uses commercial mortgage debt products. The absence of dedicated references to multifamily real estate in Title I (GSE Wind-Down) or Title III (New Market Structure) has the effect of imposing all single-family market reforms on the multifamily market as well as other classes of residential real estate.

The “square peg, round hole” dynamic endangers a well-functioning market that did not contribute to the housing crisis and performed well through the recent recession. If reform efforts are to succeed in their stated mission, policymakers must give dedicated, thoughtful and separate consideration to the multifamily finance system. Legislative reform solutions that only address the challenges or structural failures in one real estate class would make the multifamily industry collateral damage.

We encourage policymakers to continue to engage with the multifamily industry to develop workable solutions to the issues the PATH Act seeks to address as the Committee advances consideration of housing finance reform. To further clarify the need for a separate multifamily title, we are including an attachment that outlines in more detail the reasoning. We thank you again for the opportunity to participate and provide comment on this critical issue.

Sincerely,



Douglas M. Bibby
President
National Multi Housing Council



Douglas S. Culkin, CAE
President
National Apartment Association

Attachment: Reasons for Including a Multifamily Title in PATH Act