

## **AN OPEN LETTER TO THE ADMINISTRATION AND CONGRESS**

# A Defining Moment for Housing Finance: The Need to Preserve Access and Affordability

While the nation is in the midst of one of the longest economic expansions on record, the wounds of the 2008 financial crisis have not completely healed. Fannie Mae and Freddie Mac, the two government-sponsored enterprises (GSEs), remain mired in government conservatorship a decade later. And yet despite this limbo status, the housing market has recovered in many respects. Home prices have broadly recovered, the numbers of foreclosures and underwater borrowers have steadily fallen, and the multifamily market has responded to meet increased demand for rental housing.

Reforms put in place during conservatorship have better positioned the GSEs to continue to play a vital role in facilitating mortgage liquidity. Such reforms include pricing parity across lenders, the transfer of risk off of taxpayer shoulders, a new infrastructure for the single-family secondary market, and support for strong and sustained liquidity in the multifamily rental market. But none of these reforms are etched in stone, and thus the stability of the housing market is more illusory than appearances may initially indicate. The GSEs' long-term ability to support the housing market, without exposing taxpayers to excessive risk, depends on the outcome of efforts to permanently reform the structural problems that contributed to the crisis. Only with the certainty that comes from these reforms and the end of conservatorship will the private market be able to establish a more permanent and reliable presence in housing finance.

Indeed, as policymakers consider options to remove the GSEs from conservatorship, retain adequate capital to support GSE operations and foster a system that relies more heavily on private capital, there is a pressing need to ensure that the existing progress is cemented rather than cast aside. Any efforts to change the role played by the GSEs must contain safeguards against higher costs or other market disruptions that reduce access to mortgage credit in both the single-family and multifamily markets. They must also include enforceable mechanisms to serve the entire market of renters and qualified homebuyers, including underserved markets and manufactured housing.

The undersigned organizations believe that a well-functioning housing finance system should provide consistent, affordable credit to borrowers across the nation and through all parts of the economic cycle. This credit should be broadly available through responsible lenders operating in the single-family and multifamily markets. Lenders and other market participants should feel confident that they can access the secondary market on a level playing field with their competitors, through clear and transparent standards that do not discriminate based on charter type, asset size or loan volume. Investors should feel confident that channeling long-term capital into the housing market is sustainable. Consumers should feel confident that they can obtain affordable mortgage credit and that they can secure decent housing that meets their needs, whether they rent or own, in both high- and low-cost markets.

To achieve these goals, policymakers must take great care that further actions to reform the GSEs are prudently developed and implemented over a sensible time horizon. Moreover, reforms should reflect a pragmatic understanding of the market and the mechanisms by which credit is delivered. Housing is simply too important to our national economy and our local communities to risk disruption of the system by which it is financed.

Together, we urge policymakers to lock in recent reforms to the GSEs and complete the necessary additional reforms to protect taxpayers, provide liquidity and promote stability while taking care not to roll back aspects of the GSEs' operations that are supporting the foundation of the housing market. Only through such efforts can we ensure an affordable, accessible housing finance system that works for American homeowners and renters alike.

Sincerely,

Asian Real Estate Association of America  
Center for Responsible Lending  
Community Home Lenders Association  
The Community Mortgage Lenders of America  
Credit Union National Association  
Enterprise Community Partners, Inc.  
Habitat for Humanity International  
Housing Partnership Network  
Independent Community Bankers of America  
Leading Builders of America  
Local Initiatives Support Corporation  
Make Room  
Manufactured Housing Institute  
Mercy Housing Lakefront  
Mortgage Bankers Association

National Apartment Association  
National Association of Affordable  
Housing Lenders  
National Association of Home Builders  
National Association of REALTORS®  
National Council of State Housing Agencies  
National Housing Conference  
National Housing Trust  
National Multifamily Housing Council  
Real Estate Services Providers Council  
The Realty Alliance  
Stewards of Affordable Housing for the Future  
U.S. Mortgage Insurers  
United States Conference of Mayors  
Up for Growth Action