

NMHC/NAA Viewpoint

It is critical to preserve the mortgage liquidity the GSEs provide across all markets and during all economic cycles. This can be achieved through: (1) the existing structure; or (2) a reformed structure that retains the high quality and market presence of the current multifamily businesses.

The GSEs are not the only source of debt capital for the multifamily market, with other sources serving over 60 percent of the market at the end of 2024.

HOUSING FINANCE REFORM

One in three Americans rent their housing, and nearly 22 million of those households are building their lives in apartments. Many factors influence the housing providers' ability to meet the nation's growing demand for rental housing, but the availability of consistently reliable and competitively priced capital is the most essential.

Through two recent major economic downturns the multifamily lines of businesses of the Government Sponsored GSEs (GSEs), Fannie Mae and Freddie Mac, provided capital critical for financing apartment homes while also producing strong financial results. In fact, the GSEs emerged from these economic events without reporting a loss in any quarter.

More than just performing well, the GSEs' multifamily programs serve a critical public policy role. Even during stable economic times, private capital alone cannot fully meet the sector's financing needs. The GSEs ensure that multifamily capital is available in all markets at all times, so rental housing providers can address the broad range of America's housing needs from coast to coast and everywhere in between. This is especially true during economic downturns where many sources of capital dry up and the GSEs play a critical countercyclical financing role. As we continue to face a national housing affordability crisis due a severe shortage of housing, it is more important now than ever that there is no disruption in the GSEs' ability to provide capital for multifamily housing.

As reforms to the housing finance system are considered, NMHC and NAA urge policymakers to recognize the critical role the GSEs play in meeting the housing needs of many households and the unique aspects of their distinct multifamily lines of business. We believe the goals of a reformed housing finance system should be to:

- Maintain liquidity for multifamily-backed mortgages in all markets at all times;
- Require the GSEs to compensate the Federal government for guaranteeing the value of the securities they issue;
- Protect taxpayers by keeping the GSEs' existing multifamily private-market credit risk transfer models in place;
- Retain each of the existing GSE multifamily programs' financing platform, risk assessment, underwriting, securitization and asset management components;
- Have a strong and prudential regulatory framework that ensures market confidence and financial soundness; and
- Avoid market disruptions during any potential transition to a new status through a well-conceived and clearly communicated plan that ensures that the multifamily housing lines of business can continue to operate effectively.