

HOUSING FINANCE REFORM

NMHC/NAA Viewpoint

Preservation of the mortgage liquidity currently provided by the GSEs in all markets during all economic cycles is critical. This can be achieved either through: (1) the existing GSE structure; or (2) a reformed structure that preserves the high quality and value of the current multifamily secondary mortgage market's activities.

With private sector lending sources back in the market, Fannie Mae and Freddie Mac provided 45% of multifamily mortgage debt in 2018

One in three Americans rent, and 19 million of those households are building their lives in apartments. Many factors influence the apartment industry's health and its 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.

The bursting of the housing bubble exposed serious flaws in our nation's housing finance system. Yet, those shortcomings were confined to the single-family residential home mortgage sector. The Government-Sponsored Enterprises' (GSEs) (i.e., Fannie Mae and Freddie Mac), very successful multifamily programs, were not part of the meltdown and have actually generated over \$37 billion in net profits since the two firms were placed into conservatorship.

More than just performing well, the GSEs' multifamily programs serve a critical public policy role. Unfortunately, even during normal economic times, private capital alone cannot fully meet the industry's financing demands. The GSEs ensure that multifamily capital is available in all markets at all times, so the apartment industry can address the broad range of America's housing needs from coast to coast and everywhere in between.

NMHC/NAA urge lawmakers to recognize the unique needs of the multifamily industry. We believe the goals of a reformed housing finance system should be to:

1. **Maintain an explicit federal guarantee** for multifamily-backed mortgage securities available in all markets at all times and paid for by all users;
2. **Recognize unique multifamily risk management characteristics** when crafting reform legislation; and
3. **Retain the successful components of the existing multifamily programs** in whatever succeeds them.