

# NHC Urges Policymakers to Strengthen the Nation's Multifamily Housing Finance System

## Ten Key Principles for Supporting Multifamily Finance Released Today

**Washington, DC (October 4, 2010)** The National Housing Conference (NHC) today issued a policy statement underscoring the importance of the nation's multifamily housing finance system. "As Congress debates the future of Fannie Mae and Freddie Mac, we urge them to ensure that Americans will continue to have a strong and stable supply of multifamily rental housing," stated NHC President and CEO Maureen Friar. "Multifamily housing finance must be addressed directly and separately from single family finance," she added. "That is the only way to ensure that renters have an adequate supply of multifamily properties with affordable rents."

Some 15 million U.S. households live in multifamily rental housing, defined as rental housing with five or more units. These households represent more than 13 percent of all U.S. households and nearly 43 percent of U.S. renters. A stronger multifamily finance system would help address the nation's shortage of affordable rental housing. (See <http://www.nhc.org/media/files/RentalHousing.pdf> for background on the nation's rental housing affordability challenges.)

NHC's policy statement on multifamily finance is based on the results of a report NHC commissioned from Recap Real Estate Advisors to analyze the current state of multifamily housing financing. The report found that Fannie Mae and Freddie Mac have provided essential liquidity for multifamily housing during the financial crisis and that government support will be needed to ensure the availability of credit for multifamily rental housing during any future economic downturns.

The NHC policy statement outlines ten key points for strengthening the nation's system for financing multifamily rental housing, which are summarized below. The full policy statement may be accessed at [http://www.nhc.org/media/files/New\\_NHC\\_Multifamily\\_principles\\_Final\\_2010-09-28.pdf](http://www.nhc.org/media/files/New_NHC_Multifamily_principles_Final_2010-09-28.pdf).

1. Any restructuring of the nation's housing finance system must ensure the ongoing availability of capital to preserve and develop multifamily rental housing.
2. Multifamily housing finance must be addressed directly, not as an afterthought to the larger debate that will focus primarily on single-family housing.
3. Private capital is indispensable for funding multifamily rental housing, but private capital without some sort of government backing is not sufficient. Government backing is needed to ensure the ongoing availability of long-term fixed rate mortgages and provide countercyclical liquidity so financing is available when private credit retreats during downturns.

4. Government support for multifamily lending should be provided through multiple channels to meet the diverse range of multifamily housing needs and ensure that a competitive marketplace exists.
5. A government guarantee wrap of the mortgage-backed securities that are backed by one or more multifamily loans underwritten by the Government Sponsored Enterprises (GSEs) or their successors is the most effective way to provide the backing needed to ensure continued access to capital for multifamily housing.
6. The government's principal interest is to guarantee loans for housing at rent levels affordable to low- to middle-income households throughout the United States.
7. Strong government regulation is necessary and desirable to ensure the safety and soundness of the multifamily financing activities of the GSEs or their successors. This regulation should also ensure that credit is available for underserved market segments, including small multifamily loans and rural, lower-income and other underserved markets.
8. The GSEs or their successors have important roles to play in supporting the financing of affordable housing.
9. The GSEs or their successors will need a limited portfolio capacity for multifamily housing to support many of their core functions. However, the large majority of their multifamily activities should involve packaging loans directly for sale to the capital markets.
10. It could take several years to transition to a new housing finance system. During this interim period, the existing GSE channels for supporting multifamily lending should be maintained to ensure the ongoing availability of credit for multifamily rental housing.