

November 14, 2019

Federal Housing Finance Agency  
Division of Housing Mission and Goals  
400 Seventh Street, S.W., Seventh Floor  
Washington, D.C. 20219

RE: Request for Input on Fannie Mae and Freddie Mac Proposed Modifications to their 2018-2020 Duty to Serve Plans (October 2019)

To Whom It May Concern,

I am writing on behalf of the National Housing Conference (NHC) to offer comments concerning Fannie Mae and Freddie Mac Proposed Modifications to their 2018-2020 Duty to Serve (DTS) Plans. Duty to Serve is a vital component of the affordable housing responsibilities of Fannie Mae and Freddie Mac (the Enterprises), mandated by the Housing and Economic Recovery Act of 2008 (HERA).<sup>1</sup> The role of the Enterprises in serving these markets and communities is a foundational part of the mission, and an essential component of solving the growing crisis in housing affordability and the historic collapse of minority homeownership, particularly black homeownership, since the housing crisis.

NHC supports Freddie Mac's proposed modifications to eliminate all actions under its Affordable Housing Preservation Objectives A and B, pertaining to the USDA's Section 515 program. These modifications are necessary due to the failure of USDA to agree on how to engage with the Enterprises on this program.

Regarding Fannie Mae's proposed modifications to its Manufactured Housing Objectives under DTS, NHC recognizes that both of the Enterprises have made concerted efforts in the manufactured housing space, but we oppose the principle that benchmarks be changed to accommodate difficulty in reaching them. Manufactured housing is critical to ensuring access to affordable housing for both rural and underserved urban communities. Challenges in achieving what were arguably modest goals should prompt redoubled efforts rather than changes in goals targets. We have full confidence in both Enterprises ability to reach the existing benchmarks.

Finally, NHC feels strongly that the DTS goals should be expanded to include minority homeownership goals, with specific targets for individual racial and ethnic groups. This is consistent with the authority in HERA and would address a growing national crisis in minority homeownership. Successfully responding to this crisis requires that the Enterprises can play a significant role and adding this goal to DTS would allow them broader leverage to help lenders develop more targeted strategies to make tangible progress. It is important to address homeownership gaps for individual racial and ethnic groups, as each group faces unique challenges and requires unique solutions, as evidenced by the fact that the black homeownership

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<sup>1</sup> 12 U.S.C. 4565.

rate has continued to decline since the Great Recession, while the homeownership rates for other racial and ethnic groups have begun to recover.

We believe that longstanding concerns that the Equal Credit Opportunity Act (15 U.S.C. § 1691 et seq.) precludes explicit goals for specific racial and ethnic groups are mitigated by the fact that the Federal Housing Administration (FHA), created in 1934 and the Federal National Mortgage Association, chartered in 1938, are the progenitors of today's FHA, Fannie Mae, Freddie Mac and Ginnie Mae. We suggest that the original government agency role in making redlining a common practice in the purchase money mortgage market<sup>2</sup> up to 1968, and its subsequent lasting impact, is the harm that allows for a cure. The Enterprises can play a significant leadership role in crafting and leveraging sustainable, responsible strategies with high-quality data, risk mitigation tools, and a wealth of experience in helping lenders and housing finance agencies develop new products. FHFA is in a unique position to promote and enable these efforts and we hope that you will seriously consider and approve this approach. We look forward to working with FHFA leadership and other members of the National Housing Conference to develop a strategy for expanding the DTS rule to include closing the minority homeownership gap.

Thank you for taking our comments into consideration. Please contact me at [davidmdworkin@nhc.org](mailto:davidmdworkin@nhc.org) or (202)466-2121 x234 with any questions.

Sincerely,



David M. Dworkin  
President & CEO

NHC has been defending the American Home since 1931. Our core belief is that everyone in America should have equal opportunity to live in a quality, affordable home in a thriving community. NHC convenes and collaborates with our diverse membership within broader housing and community development sectors to advance policy, research and communications initiatives to effect positive change at the federal, state and local levels. Politically diverse and nonpartisan, NHC is a 501(c)3 nonprofit organization.

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<sup>2</sup> Rothstein, Richard. *The Color of Law: A Forgotten History of How Our Government Segregated America*. Liveright Publishing Corporation, 2017.