

## Getting Housing Finance Reform Right

NCSHA calls on Congress to support a strong secondary market system with a duty to provide affordable housing opportunities for all communities at all times and that engages HFAs as preferred affordable housing partners in meeting the needs of low- and moderate-income families.

- **A strong secondary market is an essential component of our country's housing finance system.** Federal government support of the secondary market is necessary to ensure the constant and stable flow of capital to all housing markets, both single-family and multifamily, at all times, including periods of economic downturn. Representatives from all sectors of the industry, and most outside experts, support a federal backstop.
- **Secondary market entities should have an affirmative affordable housing mission.** Federal government support for secondary market entities must carry with it a powerful and commensurate duty on the part of those entities to provide access to credit for working families and affordable housing options in all communities, not just high-end markets. This includes traditionally underserved consumers and markets, including low- and moderate-income families, low-income communities, rural areas, minority borrowers, and populations with special needs.
- **Support for the Housing Trust Fund and other programs, while critical, will not provide sufficient support for affordable housing alone.** Some policymakers have suggested that the new housing finance system should support affordable housing solely by having secondary market entities allocate contributions to the Housing Trust Fund and other affordable programs. While such programs are critical, and NCSHA fully supports efforts to sustainably fund the Trust Fund, they cannot by themselves match the current level of support for affordable housing provided by Fannie Mae and Freddie Mac through obligations such as the affordable housing goals and Duty to Serve requirements. Any new reform should ensure that affordable housing obligations on secondary market entities in a new system provide a benefit at least comparable to the obligations currently placed on Fannie Mae and Freddie Mac.
- **State HFAs are the natural choice to partner with future secondary market entities to advance affordable housing.** Providing HFAs with preferred access to the new affordable housing system will provide a responsible means for ensuring that the new housing finance system provides opportunities for all Americans. In strong and weak economies, HFAs have been a constant, responsible, and reliable source of flexible, affordable mortgage money for low- and moderate-income first-time home buyers, as well as a critical source of capital for much-needed affordable housing developments. HFAs also bring a critical statewide perspective and focus, along with a deep understanding of the needs of their local markets.