



Housing Finance Reform Talking Points

Audience

Members of the Senate Banking and House Financial Services Committees

Requests

- Provide for access to credit and the availability of affordable housing options for all consumers and communities that at minimum matches the level of support for affordable housing provided under the current system.
- Preserve funding for the Housing Trust Fund and Capital Magnet Fund.
- Promote state Housing Finance Agency (HFA) administration of any new dedicated funding streams for affordable homeownership and rental lending.

An Affirmative Affordable Housing Obligation

- Nearly every finance reform proposal includes federal government backing for entities involved in the secondary housing market. Backing from taxpayers should carry with it a strong obligation for these entities to provide access to credit for working families and affordable housing options in all communities, not just high-end communities, so that the system serves all Americans.
- The various affordable housing mandates placed on Fannie Mae and Freddie Mac, including the firms' public missions, the Affordable Housing Goals, Duty-to-Serve requirements, and contributions to the Housing Trust Fund and Capital Magnet Fund, have prompted Fannie and Freddie to make substantial and critically needed investments in affordable housing. Any new reform should ensure that affordable housing obligations on secondary market entities provide a benefit at least comparable to the obligations currently placed on Fannie Mae and Freddie Mac.
- HFAs have successfully partnered with Fannie Mae and Freddie Mac to advance their affordable housing missions, both single family and multifamily. *Discuss how your HFA has specifically partnered with the GSEs to support affordable housing in your own states.*

Fund the Housing Trust Fund and Capital Magnet Fund

- Both the Housing Trust Fund and Capital Magnet Fund provide critical financing to needed affordable housing projects. With our nation facing an acute affordable housing shortage, it is more critical than ever that these programs be maintained and well-funded.
- Financing the funds through the housing finance system, rather than through the congressional appropriations process, ensures that they receive a consistent stream of funding each year.

- The Housing Trust Fund is a unique program targeted to meet our nation’s most acute housing needs, including for people with very low incomes and those experiencing homelessness. Through 2018, the fund has distributed \$658 million to HFAs and other state agencies. Many grantees are currently using the fund to help finance supportive housing for vulnerable populations. *Discuss how funding from the Trust Fund is being used in your state.*
- The Capital Magnet Fund provides competitive grants for state HFAs, Community Development Financial Institutions, and nonprofits to finance innovative affordable housing programs. HFAs have received awards to help finance and preserve affordable rental housing and to provide down payment assistance to help working families purchase their first homes.

HFAs and the Market Access Fund

- Many housing finance reform proposals include the establishment of a “Market Access Fund” which would be financed through fees charged on the volume of loans included in government-insured MBS. The fund would be used to finance affordable homeownership and rental housing lending.
- State HFAs are the natural choice to administer funding collected in a Market Access Fund. HFAs have a strong track record as responsible stewards of federal and state affordable housing resources.
- 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, the very activities the Market Access Fund is intended to support.
- HFAs also bring a critical statewide perspective and focus, along with a deep understanding of the needs of their local markets, which will help to ensure the funding is distributed efficiently and effectively to meet the nation’s diverse housing needs.
- For the Market Access Fund to effectively address the affordable housing shortage, it will need robust and consistent funding. HFAs and fund recipients should also be given maximum flexibility so that they can target the funding toward their most pressing needs.