



December 1, 2023

The Honorable Janet Yellen
Secretary
United States Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

The Honorable Marcia L. Fudge
Secretary
United States Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Dear Secretary Yellen and Secretary Fudge:

On behalf of its state Housing Finance Agency (HFA) members, the National Council of State Housing Agencies (NCSHA)¹ urges you to make permanent the US Treasury Federal Financing Bank (FFB) – HUD Federal Housing Administration (FHA) Multifamily Loan Risk-Sharing Program or extend it for as long as possible.

The FFB Risk-Sharing initiative is a successful program that stimulates affordable housing production and preservation. It complements the HUD FHA-HFA Risk-Sharing program by providing low-cost capital for states and localities seeking to finance affordable multifamily housing and ensures the availability of competitive financing to underserved segments of the market often served by HFAs, such as smaller and/or more affordable properties in minority neighborhoods and rural communities. Compared to traditional FHA insurance, the program reduces risk to the U.S. Government and relieves administrative staffing pressures.

This proven program allows for efficient financing, which leads to more affordable housing, lower rents, more renovations, and increased housing preservation. It has leveraged almost \$5 billion to finance the development of tens of thousands of affordable homes nationwide. It generates substantial economic activity, including jobs, associated with the housing development.

¹ NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

This program is vital in light of the affordable housing crisis gripping our country today. Rising home prices and rents have pushed housing cost burdens to historical highs for many families throughout the country. High interest rates make financing housing development difficult. The Biden-Harris Administration's Housing Supply Action Plan includes many welcome and necessary proposals to address this crisis by increasing housing production and preservation, including through its support for the FFB Risk-Sharing program.

However, under the existing agreement, HUD will no longer accept applications for new transactions and associated FFB financing after September 30, 2024—less than a year from now. The looming specter of the program's expiration and lead time required for multifamily financing mean HFAs already must look for other options for transactions in HFA lending pipelines now. These alternatives will likely be significantly more expensive, and some transactions may not be possible without FFB financing.

Since the Biden-Harris Administration reinstated the FFB program, HFAs in Connecticut, New Mexico, Ohio, and Utah have been approved for the program, bringing the total number of approved HFAs to 22. We believe more HFAs are interested in the program and would like to apply for approval to administer it if it were extended. For many of these HFAs to launch their state programs, however, the federal program must be authorized for a sufficient period to give HFAs enough time to set up and implement their programs.

Extending the FFB Risk-Sharing program is a substantial and concrete step the Administration can take now to support additional affordable housing production and preservation to address the current housing crisis. We urge you to announce a permanent or long-term extension as soon as possible.

Thank you for your consideration of this urgent issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Garth Rieman", with a long horizontal flourish extending to the right.

Garth Rieman
Director of Housing Advocacy and Strategic Initiatives