

## Talking Points for Meetings with Banking Committee Members

### Audience

Members of the Senate Banking and House Financial Services Committees, which are the committees of jurisdiction over all HUD programs, including the Federal Housing Administration (FHA) and Section 8. The committees also oversee the housing Government-Sponsored Enterprises (GSEs), including Fannie Mae, Freddie Mac, Ginnie Mae, and the Federal Home Loan Banks (FHLBs).

### Requests

#### FEDERAL HOUSING ADMINISTRATION SINGLE FAMILY

- Support a strong and active FHA and preserve its ability to offer affordable low-down-payment mortgages to responsible low- and moderate-income borrowers.
- Ensure any FHA or housing finance reform legislation does not impede FHA's ability to fulfill its homeownership mission.

#### Talking Points

- ✓ FHA's affordable homeownership program is vital to making homeownership a reality for first-time home buyers and lower income and minority families throughout the country.
- ✓ FHA's support for low-down-payment lending is critical to state Housing Finance Agencies' (HFAs) affordable homeownership lending. FHA should give legitimate governmental entities substantial flexibility in financing their down payment programs.
- ✓ While FHA did realize substantial losses during the financial crisis, through sound underwriting and good management, it has restored its capital ratio to the statutorily mandated ratio and its finances continue to improve.

#### FHA-HFA MULTIFAMILY LOAN RISK-SHARING PROGRAM

- Support legislation providing additional liquidity for FHA-HFA Risk-Sharing loans to help state HFAs finance affordable rental housing production and preservation. Specifically, support legislation to reinstate the Federal Financing Bank (FFB) Initiative or to authorize Ginnie Mae to securitize Risk-Sharing loans.

#### Talking Points

- ✓ The FHA-HFA Risk-Sharing program allows state HFAs that meet rigorous financial standards to underwrite FHA multifamily loans in return for sharing the risk of losses on those loans.

- ✓ The program has been a huge success, with 38 state HFAs financing more than 1,617 loans, totaling nearly \$11.2 billion in principal and supporting more than 180,700 affordable rental homes.
- ✓ Providing less expensive liquidity through FFB or Ginnie Mae will reduce the cost of financing rental housing developments, making it possible to achieve lower rents and reach even lower-income tenants.

## PERFORMANCE-BASED CONTRACT ADMINISTRATION

- Ask your elected office-holders to support the role of state HFAs as Performance-Based Contract Administrators (PBCAs) and to ensure HUD's procurement solicitation does not impede state HFAs from bidding on state-based contracts that recognize the importance of mission-oriented entities performing the PBCA work.

### Talking Points

- ✓ PBCAs are integral to HUD's efforts to be more effective and efficient in the oversight of the project-based rental assistance portfolio, maintaining and protecting the long-term historic federal investment in this affordable housing, which would be costly to recreate.
- ✓ For years, 33 state HFAs have acted as PBCAs, meeting and often exceeding performance expectations on a state-by-state basis.
- ✓ State HFAs have been successful PBCAs, in large part, because of their familiarity with their states' particular laws, regulations, and governance. State HFAs also possess valuable knowledge of local markets; cultivate strong working relationships with tenants, communities, owners, managers, and other housing policymakers and stakeholders within their states; and have access to other housing resources, including many they administer themselves, that they can bring to bear to support their PBCA portfolios.

## HOUSING FINANCE REFORM

- Enact comprehensive housing finance reform legislation that maintains federal backing for the secondary housing finance market.
- Require of the new housing finance system a strong commitment to ensuring the availability of affordable housing options for all consumers and communities.
- Direct any new federally backed secondary market entities to advance their affordable housing missions by engaging state HFAs as preferred affordable housing lending partners.
- Maintain in housing finance reform a dedicated funding stream for the Housing Trust Fund or any potential new "Market Access Fund" while allowing states maximum administrative flexibility.

### Talking Points

- ✓ The GSEs — Fannie Mae, Freddie Mac, the Federal Home Loan Banks, Ginnie Mae, and the Federal Housing Administration — play a critical role in our housing finance system, making affordable mortgage financing available to responsible borrowers and affordable rental home developments.
- ✓ HFAs have successfully partnered with the GSEs to advance their affordable housing missions, both single family and multifamily.
- ✓ Federal backing and a strong commitment to affordable housing are critical to ensuring that the housing finance system supports all borrowers and communities, not just the high-end market.
- ✓ The state HFAs' strong history of responsible affordable homeownership and rental housing lending, combined with their deep knowledge of their states' housing needs, makes HFAs the ideal affordable housing partners for the new housing finance system.