



## FHA-HFA Risk-Sharing Program Talking Points

### **Audience**

Members of Congress serving on the Senate Banking Committee, House Financial Services Committee, and House and Senate Appropriations Transportation-HUD Subcommittees

### **Request**

Support the Federal Housing Administration (FHA) - Housing Finance Agency (HFA) Multifamily Loan Risk-Sharing program and authorize Ginnie Mae securitization of FHA-HFA Risk-Sharing loans.

### **Support the FHA-HFA Risk-Sharing Program**

- Congress should permanently authorize Ginnie Mae securitization of FHA-HFA Risk-Sharing loans. If Congress cannot complete action on a permanent fix this year, it should provide temporary authorization in the FY 2020 appropriations bill if that is enacted first.
- Despite its success, the FHA- HFA Risk-Sharing program is at a disadvantage because, unlike other FHA multifamily loans and without any clear programmatic reason, current statute prohibits Ginnie Mae from securitizing Risk-Sharing loans.
- While seeking a congressional remedy to this, HUD in 2014 announced an initiative with Treasury's Federal Financing Bank (FFB) to provide "Ginnie-like" long-term, competitively priced financing to Risk-Sharing deals. FFB financing played an important role in the Risk-Sharing program, reducing the cost of financing affordable rental developments by approximately one-half of a percent, which generates substantial savings, improves affordability, and made possible deals that would not have gone forward without FFB financing.
- HUD and Treasury in 2018 announced that they intended to end the FFB initiative despite these achievements and without a congressional remedy in place. After a temporary extension secured by NCSHA and other champions, HUD ended the initiative on December 31, 2018.
- Without FFB financing, the FHA-HFA Risk-Sharing program is once again at a disadvantage, putting at risk affordable housing deals across the country. It is critical that Congress act now to allow Ginnie Mae securitization of Risk-Sharing loans.
- Congress created the FHA-HFA Risk-Sharing program in 1992 to increase and speed up FHA's multifamily mortgage production. It allows state Housing Finance Agencies (HFAs) that meet rigorous financial standards to underwrite and service FHA multifamily loans in return for sharing the risk of losses on those loans. The program saves the government money, reduces risk to the FHA insurance fund, improves housing affordability, and decreases administrative demands on HUD staff.