

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 provide additional liquidity for FHA-HFA Risk-Sharing loans.

Support the FHA-HFA Risk-Sharing Program

Congress should provide additional liquidity for FHA-HFA Risk-Sharing loans. House Financial Services Committee members should support the FHA-HFA Risk-Sharing program and the Federal Financing Bank and Risk-Sharing Program Act of 2020 (H.R. 8824), introduced by Representative Velazquez (D-NY) in the 116th Congress to revive the Federal Financing Bank initiative. Members of Congress should also support legislation to authorize Ginnie Mae securitization of FHA-HFA Risk-Sharing loans.

- 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 generated substantial savings, improved affordability, and made possible deals that would not have gone forward without FFB financing.
- HUD and Treasury ended the FFB initiative on December 31, 2018.
- Without FFB financing, the FHA-HFA Risk-Sharing program is once again at a disadvantage, making it more difficult to advance affordable housing deals across the country.
- The FHA-HFA Risk-Sharing program allows state housing finance agencies 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.