

February 16, 2024

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 St., S.W.  
Washington, D.C. 20410

Ms. Lael Brainard  
Director  
Council of Economic Advisers  
1600 Pennsylvania Ave., N.W.  
Washington, D.C. 20502

Ms. Shalanda Young  
Director  
Office of Management and Budget  
725 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20503

Dear Secretary Yellen, Secretary Fudge, Director Brainard, and Director Young:

We are writing to urge the Biden Administration to indefinitely extend the Federal Financing Bank (FFB) funding for FHA multifamily risk-sharing mortgages (“FFB Risk-Sharing”), which has proven to be productive partnership between the Department of the Treasury and the Department of Housing and Urban Development (HUD). The FFB Risk-Sharing program provides affordable mortgage capital to Housing Finance Agencies (HFAs), which stand on the frontlines of fighting for affordability in America. To further its housing supply policy goals, the administration can **immediately extend FFB funding indefinitely under existing legislative authorities.**

Initiated by the Obama Administration in 2015, FFB funding proved to be an excellent source for state and local HFAs to access long-term, fixed-rate financing to construct and preserve affordable multifamily rental housing. Despite helping 14 state and local HFAs commit \$2.4 billion in financing for over 24,000 units nationwide, the Trump Administration terminated new FFB funding commitments at the end of 2018. Thanks to President Biden, the program was restarted in 2021 and is part of the president’s Housing Supply Action Plan. Since inception, the FFB Risk-Sharing program has closed or committed \$4.9 billion for 42,000 apartments. The program is making a hefty profit for the government -- \$462 million if the current *negative* credit subsidy rate of 7.83% is applied to the total volume.

Despite its record of creating and preserving tens of thousands of units of affordable housing, the program is set to expire in 2024. Unless administrative action is taken, HUD will no longer accept applications for new transactions after September 30, 2024.

Indefinitely extending this highly efficient and effective program now would help create and preserve affordable housing at a time when the need has never been greater, while also continuing to fuel economic activity and job creation in communities around the country. An indefinite extension would also provide more HFAs the security, stability and ability to effectively participate in FFB, thereby expanding the reach and benefits of this critical program to more communities across this nation.

We also urge the Administration to make other important improvements to the program, which also do not require additional Congressional authority.

- FFB should offer a forward rate lock option so that developers and their investors can know the permanent mortgage interest rate at the start of construction or substantial rehabilitation. This certainty is especially important for affordable housing, which has very limited capacity to absorb interest rate increases during the development period.
- FHA should admit Treasury-certified community development financial institutions (CDFIs) as lenders. CDFIs and HFAs share similar public missions, but they often serve different housing sponsors, and not all HFAs are active risk sharing lenders. Multiple CDFIs have the skills, experience, capacities, and relationships to be successful risk-sharing lenders.
- FHA should follow through with plans to update the regulations and administrative processes governing the risk sharing program. These changes would improve the program and provide a firm foundation for its continued success.

At a time when we are facing an acute affordable housing shortage in every state, Treasury and HUD must urgently move to indefinitely extend the FFB Risk-Sharing program to help finance the pipeline of affordable housing developments in need of this low-cost capital.

Thank you for your consideration of this pressing issue. We look forward to continuing to work with you and your teams to help ensure all Americans, have a safe, decent home they can afford. Please contact Sarah Brundage ([sbrundage@naahl.org](mailto:sbrundage@naahl.org)) at the National Association of Affordable Housing Lenders for more information.

Sincerely,

Council for Affordable and Rural Housing  
Enterprise Community Partners  
Housing Assistance Council  
Housing Partnership Network  
Local Initiatives Support Corporation  
Low Income Investment Fund  
National Association of Housing Cooperatives  
National Affordable Housing Management Association  
National Apartment Association  
National Association of Affordable Housing Lenders  
National Association of Local Housing Finance Agencies  
National Council of State Housing Agencies  
National Housing Conference  
National Leased Housing Association  
National Multifamily Housing Council  
Opportunity Finance Network