

Congress of the United States

Washington, DC 20515

June 3, 2021

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

Hon. Marcia 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:

We write to you today to urge the Treasury Department and the Department of Housing and Urban Development (“HUD”) to reestablish Federal Financing Bank (“FFB”) funding for HUD-insured multifamily risk sharing mortgages, which was a successful partnership between the Treasury Department, HUD, and state and local Housing Finance Agencies (HFAs) around the country.

Initiated by the Obama Administration in 2015 following the Great Recession in order to stimulate affordable housing production and preservation in response to tightening bond markets and the lack of private sector funding and liquidity, FFB funding proved to be an excellent source for state and local HFAs to access long-term financing to construct and preserve affordable multifamily rental housing.

Under the Program, the FFB, a government corporation accountable to the Treasury Department, used its authority to fund mortgages insured by HUD’s Federal Housing Administration (“FHA”) at low interest rates in order to support the construction and preservation of rental housing. This innovative model significantly reduced the interest rate for affordable multifamily apartment buildings and posed little risk to the federal government. Moreover, the Program’s efficiency enabled HFAs to provide the low-balance mortgages needed for smaller and more affordable properties, including those in minority neighborhoods and rural communities.

Despite helping fourteen state and local HFAs commit \$2.4 billion in financing for over 24,000 units nationwide, after a brief extension, the Trump Administration terminated new commitments under the Program at the end of 2018.

Even prior to the start of the COVID-19 pandemic there was little, if any, doubt that America was in the midst of an affordable housing crisis. Unfortunately, the COVID-19 pandemic has only exacerbated this crisis. According to the National Low-Income Housing Coalition, 7.2 million more affordable housing units are needed for extremely low income families, and more than 500,000 people are experiencing homelessness on any given night.¹

Restarting 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 helping to fuel economic activity and job creation in communities around the country. It is urgent that you act now so that HFAs and borrowers can take advantage of historically low interest rates and thereby maximize affordability. We also urge you to permit community development financial institutions to access the Program on terms substantially equivalent to those available to HFAs.

At a time when we are facing an acute affordable housing shortage in every state, Treasury and HUD should reestablish the program and allow new loan authority 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.

Sincerely Yours,

Sincerely,

_____/s/_____
Nydia M. Velázquez
Member of Congress

_____/s/_____
Kirsten Gillibrand
United States Senator

¹ National Low Income Housing Coalition., The Problem. *NLIHC*. (Last Accessed: March 28, 2021). <https://nlihc.org/explore-issues/why-we-care/problem>.

_____/s/
Alex Padilla
United States Senator

_____/s/
Dianne Feinstein
United States Senator

_____/s/
Sheldon Whitehouse
United States Senator

_____/s/
Amy Klobuchar
United States Senator

_____/s/
Patrick Leahy
United States Senator

_____/s/
Bernard Sanders
United States Senator

_____/s/
Ritchie Torres
Member of Congress

_____/s/
Brad Sherman
Member of Congress

_____/s/
Carolyn B. Maloney
Member of Congress

_____/s/
Adriano Espaillat
Member of Congress

_____/s/
David N. Cicilline
Member of Congress

_____/s/
Stephen F. Lynch
Member of Congress

_____/s/
Grace Meng
Member of Congress

_____/s/
Kathleen M. Rice
Member of Congress

_____/s/
Betty McCollum
Member of Congress

_____/s/
Jake Auchincloss
Member of Congress

_____/s/_____
Katherine Clark
Member of Congress

_____/s/_____
Yvette D. Clarke
Member of Congress

_____/s/_____
Jerrold L. Nadler
Member of Congress

_____/s/_____
Jamaal Bowman
Member of Congress

_____/s/_____
Hakeem Jeffries
Member of Congress

_____/s/_____
Gregory W. Meeks
Member of Congress

_____/s/_____
Barbara Lee
Member of Congress

_____/s/_____
Jimmy Panetta
Member of Congress

_____/s/_____
Juan Vargas
Member of Congress

_____/s/_____
Judy Chu
Member of Congress

_____/s/_____
Peter Welch
Member of Congress