NATIONAL ASSOCIATION OF REALTORS®

ADVOCACY GROUP
Shannon McGahn
Chief Advocacy Officer

November 3, 2025

The Honorable William Pulte
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Director Pulte:

On behalf of the members of the National Association of REALTORS® (NAR), I submit this letter in response to the notice of proposed rulemaking (proposed rule), Enterprise Housing Goals (RIN-2590-AB59). The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,200 local associations or boards, and 54 state and territory associations of REALTORS.® REALTORS® consist of agents, brokers, builders, lenders, appraisers, and a host of trades all involved in the real estate business.

NAR appreciates the efforts of FHFA to revisit the housing goals in light of changing market dynamics and refined methodologies. The housing goals are critical to the Enterprises' ability to carry out their congressionally-chartered duty to support underserved markets. The administration is right to reevaluate the role of Fannie Mae and Freddie Mac (collectively, the "GSEs") in supporting this facet of their charter. The GSEs role in supporting underserved communities is also unique in that it leverages the private sector to bear this risk, injects innovation into this market segment, and brings an important private market check to government programs. It's also important that any adjustment to the GSE's goals support the President's efforts to reduce red tape, shorten permitting times, and put millions more people in homes.[1]

Homeownership is the cornerstone of the American Dream, and the GSEs play a central role in helping achieve that dream. The GSEs' congressionally-mandated duty of providing liquidity to real estate investment for homeownership and renting in underserved markets is a critical piece of the U.S. mortgage finance system. Homeownership for some communities lags the national average and more work must be done to identify the root causes of this trend and to create a framework that enables underserved communities to achieve sustainable homeownership. Housing goals provide an open and waiting door for those ready to step through it.

Statutory Requirement of Housing Goals

The Housing and Economic Recovery Act of 2008 (HERA), as amended, required the FHFA establish, monitor, and enforce single-family goals and a multifamily special affordable housing goal for low-income families and a subgoal for very low-income families. Specifically, HERA set forth that the single-family goals consider the following: (1) national housing needs; (2) economic, housing and demographic conditions; (3) the performance and effort of the GSEs toward achieving goals in previous years; (4) the ability of the enterprises to lead the industry in making mortgage credit available; (5) other reliable mortgage data; (6) market size; and (7) the financial condition of the GSEs. For purposes of establishing multifamily special affordable housing goals, HERA established six factors: (1) national multifamily mortgage credit needs; (2)

[1] https://www.realtor.com/news/real-estate-news/trump-vows-to-expand-homeownership-to-millions-more-american-families/

past performance of the GSEs; (3) the size of the multifamily market; (4) the ability of the GSEs to lead the market; (5) the availability of public subsidies; and, (6) the financial condition of the GSEs.

Revisiting Housing Goals

For the 2026 through 2028 housing goals, the FHFA proposes to replace the two area-based subgoals with a single low-income areas subgoal. In addition, the low-income home-purchase goal would be dramatically lowered from its current level of 25% to 21%, while the very low-income home purchase goal would be reduced from 6.0% to 3.5%. In addition, the FHFA proposes adjustment to civil penalties, as well as technical changes.

As in NAR's earlier comments on GSE goals, NAR continues to support ambitious, but reasonable, affordable housing goals for the GSEs that are consistent with sustainable homeownership. NAR believes the FHFA can fulfill safe and sound lending standards while supporting fair and affordable mortgages to a full range of qualified families in the market. To this end, only mortgages that meet the rebuttable presumption of compliance with the qualified mortgage rule should be eligible for housing goals. Compliance with the qualified mortgage rule should satisfy the statute's provisions for limiting "unacceptable business and lending practices."

Reducing Goals: Threading the Needle

In support of reducing the housing goals for both low and very low income families, FHFA points to the President's directive to improve efficiency, the desire to cede support for underserved communities to other agencies, anecdotes that suggest over-emphasis on goals shifts support from middle-class homebuyers, and the desire to cede market share to private label security (PLS) issuers and support the growth of that market. While NAR is sympathetic to the first three points, the last is not in statute and raises concerns about market stability and efficiency.

REALTORS® agree that efficiently delivering support for underserved and middle-class communities is a worthy goal. The GSEs are the engine for middle-class homeownership and their charters dictate they support liquidity for the national market for housing finance. Their charter goes farther to dictate support for underserved communities, as well. While the GSEs support the vast middle market, they also provide limited support for both ends of this housing finance spectrum, at times. During periods of market stress or agency retreat, the GSEs should be expected to wade into areas traditionally supported by the purely private market or the agencies to safely and soundly satisfy their national obligation. However, when private markets and agencies operate in a healthy manner, the GSEs can and should cede this ground. Pricing rather than caps should determine the extent of their reach, and de minimis competition helps to sharpen that price discovery. Furthermore, the GSEs are far more innovative than the agencies. Their long-term market orientation and safety and soundness obligations, unlike many private companies, make them ideal innovators in this space.

Likewise, REALTORS® believe that, should the housing goals negatively distort pricing in primary markets and shift GSEs' support from middle-class homebuyers to lenders or other primary market participants, the GSEs should check this behavior. REALTORS® applaud the FHFA for its commitment to a data-driven exploration of this issue in the future. However, changing the goals without such data or analysis in hand would be premature. Finally, to the extent that the FHFA's efforts do result in greater efficiency in loan pricing, the FHFA should proactively reduce pricing for middle class homebuyers, either upfront or as a rebate, rather than allow that support to accrue to GSE profits.

Support for the expansion of the PLS market is not in statute and, unlike other private sector participants, the PLS sector has not been fully reformed following the subprime crisis, which has hampered its expansion. Bank portfolio lending, another form of private capital, rebounded rapidly following the subprime crisis. Likewise, the GSEs' markets for mortgage-backed securities (MBS) and credit risk transfer (CRT), which attract trillions of dollars in private capital, were born and grew dramatically in the subsequent decade. In contrast, demand for PLS fell in the wake of the subprime crisis and remains anemic due to flaws in that market and investor concerns. Though the PLS channel has expanded in recent years, growth has been limited to borrowers with strong credit. If the PLS market is healthy and ready to support low and very low-income borrowers, then pricing will dictate a desire to enter this market. The Securities and Exchange Commissions (SEC) and the Structured Finance Association (SFA) are both engaged in reforms that will improve demand for PLS. These include reforming regulation AB and improving consistency and clarity of PLS contracts through greater adoption of RMBS 3.0.

From 2012 to 2014, the FHFA set goals unrealistically low. That period resulted in sharp growth of the FHA, and reduced private capital participation from PMIs, as the FHA and VA expanded. Setting the goals too low threatens to repeat this mistake. In addition, the GSEs funnel trillions of dollars in private capital into the market through highly efficient, safe and sound markets for PMI, MBS, and CRT markets. Leveraging this private market efficiently to improve affordability for the average American is vital to supporting the President's efforts, "to make that dream a reality for millions and millions of Americans,"

Conclusion

Thank you for your time and contributions to this important topic. NAR appreciates the opportunity to comment on housing goals and looks forward to working with the FHFA to reshape the Enterprises' goals to continue its robust housing mission. Please feel free to reach out Ken Fears (KFears@Nar.Realtor), Director of Conventional Financing and Valuation Policy if you have any questions.

Sincerely,

Kevin M Sears

Kevin Sears
2025 President, National Association of REALTORS®