

July 12, 2024

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

RE: Request for Input: Federal Home Loan Bank Core Mission Activities and Mission Achievement

Dear Director Thompson:

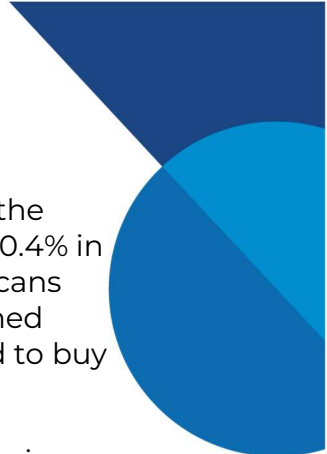
On behalf of the 1.5 million members of the National Association of REALTORS® (NAR), we submit this letter in response to the Request for Input: *Federal Home Loan Bank Core Mission Activities and Mission Achievement*. NAR appreciates the work the Federal Housing Finance Agency (FHFA) has done regarding updates to the Federal Home Loan Bank (FHLBank) system and its commitment to housing.

By way of background, 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®. NAR represents a wide variety of housing industry professionals, including approximately 25,000 licensed and certified appraisers, committed to the development and preservation of the nation's housing stock, along with its availability to the widest range of potential homebuyers.

Homeownership is a central part of the fabric of the American dream and the FHLBanks play an important role in helping achieve that dream. Unfortunately, the country is facing a housing affordability crisis. Home prices reached another record high in May with the median home sale price coming in at \$419,300.¹ A lack of housing supply and high demand has pushed home prices higher and higher, while the current high interest rate environment has compounded the hurdle for consumers looking to purchase a home.

Even more troubling, these challenges have been felt the hardest by low-income and minority borrowers. [According to NAR's Snapshot of Race and Homebuying](#)

¹ "Existing-Home Sales Edged Lower by 0.7% in May as Median Sales Price Reached Record High of \$419,300" <https://www.nar.realtor/newsroom/existing-home-sales-edged-lower-by-0-7-in-may-as-median-sales-price-reached-record-high-of-419300>



[in America](#), while the U.S. homeownership rate increased to 65.5% in 2021, the rate among Black Americans lags significantly (44.0%), has only increased 0.4% in the last 10 years, and is nearly 29 percentage points less than White Americans (72.7%). Additionally, Black homeowners and renters are more cost-burdened than any other racial group where less than 10% of Black renters can afford to buy the typical home.

Weathering the higher mortgage payments due to the rise in interest rates is one issue. Another issue that hampers homeownership is down payments and associated closing costs. While many lending programs allow borrowers to have low down payments, the burden can still be difficult to overcome.


FHFA's *FHLBank System at 100* initiative has been an important first step in evaluating the current role of the FHLBanks. As FHFA noted in its review, the FHLBanks' activities shifted over the years. Unfortunately, these changes drifted the FHLBanks further and further from a connection to housing and community development. REALTORS® agree with FHFA that the FHLBanks were founded to support institutions originating mortgages and providing liquidity to banks, which would then be used to provide affordable mortgage loans for their communities.

To this end, we believe a formal commitment to housing for banks entering the system as well as a standard to maintain membership should be included in any updates to the mission statements at the FHLBanks and for any potential new members. This should include an expanded commitment to affordable housing. We applaud the changes the FHLBanks already made, including a commitment to use 15% of their income for affordable housing and community development initiatives. However, given the housing crisis and historical underfunding, a higher commitment of 20%, as suggested recently by the U.S. Treasury Department², would be a major step in helping the current market.

NAR agrees with FHFA's measurements for mission achievement and believes that these activities and evaluations will be important in registering true impact in communities. Other aspects of their mission could also include support for programs aiding consumers who historically faced discrimination.

The joint approval given from banking, housing, and finance regulators along with the Consumer Financial Protection Bureau (CFPB) for the creation and execution of special purpose credit programs (SPCPs) has given groups who historically faced discrimination the opportunity at homeownership. Down payment and closing cost assistance SPCPs ease the burdens of sourcing a large amount of capital prior to buying a home. Other alternatives, such as interest rate

² "Treasury Secretary Janet L. Yellen to Announce New Housing Efforts as Part of Biden Administration Push to Lower Housing Costs." <https://home.treasury.gov/news/press-releases/jy2424>



buydowns, can also assist potential buyers in this high-rate environment. We believe a dedicated commitment to providing funds for SPCPs would play an important part in righting historical wrongs while also furthering the FHLBanks commitments to affordable housing.

We thank you again for your commitment and attention to reform of the FHLBank system. Given the current under-investment in housing, the lack of housing supply, the lack of affordable housing units, and this higher-rate environment, the need to assist borrowers and communities has never been higher. We look forward to working with the FHFA on continued FHLBank reforms as we all strive to end the affordability crisis and make meaningful strides in closing the homeownership gap. FHFA's reform efforts will play a vital role in this effort, and we thank you for your strong commitment. If you have any questions or comments, please feel free to reach out to Matt Emery, NAR's Senior Policy Representative for Financial Services, at MEmary@NAR.Realtor.

Sincerely,



Kevin Sears
2024 President
National Association of REALTORS®