



ENTERPRISE EQUITABLE HOUSING  
FINANCE PLANS  
REQUEST FOR INPUT

September 2021



Division of Housing Mission and Goals

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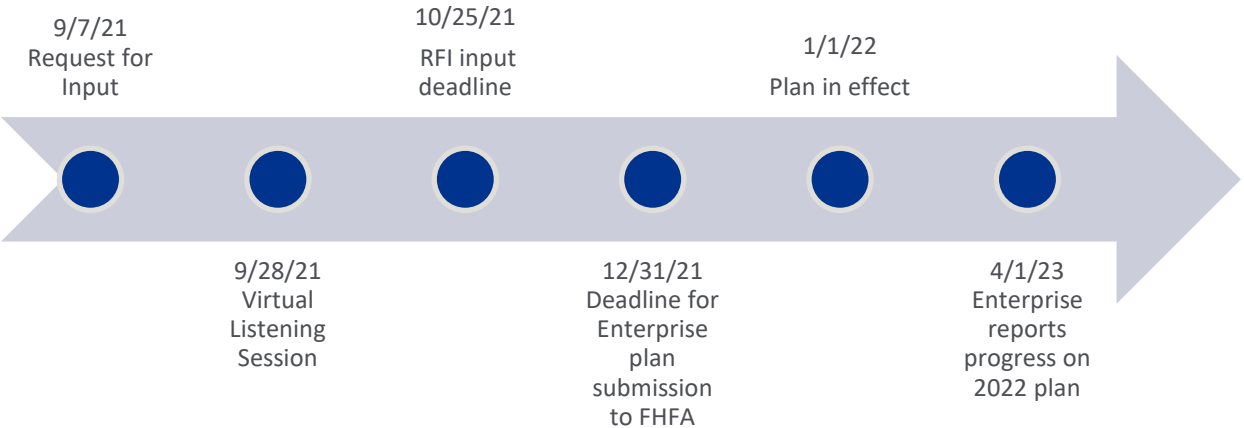
## Introduction

The Federal Housing Finance Agency (FHFA) is requiring Fannie Mae and Freddie Mac (the Enterprises) to prepare and implement three-year Equitable Housing Finance Plans that describe each Enterprise’s planned efforts to advance equity in housing finance. Under FHFA’s oversight, each Enterprise will identify barriers to sustainable housing opportunities, set goals to address those barriers, undertake meaningful actions to address those barriers, and report on its progress.

The Enterprises must submit these plans to FHFA by December 31, 2021. The plans will be effective in 2022, cover a three-year period, and be updated annually. FHFA is also requiring the Enterprises to report annually on their progress in implementing their plans, beginning in April 2023. FHFA intends to publish the plans and progress reports for public awareness after they are submitted. FHFA intends for this to be an ongoing requirement, with continuous opportunities for public input and awareness.

FHFA is seeking public input and information through this Request for Input (RFI) to aid the Enterprises in preparing their first plans and to aid FHFA in overseeing the plans. FHFA is also hosting a virtual listening session on September 28, 2021, to allow for additional public input.<sup>1</sup>

### FHFA Planned Timeline for 2022 Equitable Housing Finance Plans



<sup>1</sup> [Link to 9/28/2021 listening session.](#)



## Public Input Instructions

FHFA invites interested parties to provide written input, feedback, and information on all aspects of this RFI, including the questions below, no later than October 25, 2021. Public input may be submitted electronically using the response form at <https://www.fhfa.gov/AboutUs/Contact/Pages/Request-for-Information-Form.aspx> (select “Enterprise Equitable Housing Finance Plans” in the pull-down) or via mail to the Federal Housing Finance Agency, Office of the Director, 400 7th Street SW, 10th Floor, Washington, D.C. 20219. FHFA encourages interested parties to provide meaningful and detailed responses to the RFI and to make those responses public whenever possible to inform broader public discourse on these issues. Generally, all input received will be made public and posted without change to FHFA’s website, including any personally identifiable information that they may contain. However, FHFA encourages interested parties to contact FHFA if they seek to provide confidential or proprietary information as part of their responses and wish to request that the information not be made public.

## Background

### I. FHFA’s Safety and Soundness and Housing Equity Mission

Congress established FHFA to regulate the Enterprises to ensure that the purposes of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (“Safety and Soundness Act”), the Enterprises’ statutory charters, and any other applicable law are carried out.<sup>2</sup> In doing so, Congress recognized that the Enterprises have important public purposes reflected in their statutory charters, and that they need to be managed safely and soundly so that they continue to accomplish their public missions.<sup>3</sup> FHFA is also currently conservator of the Enterprises.<sup>4</sup>

With respect to the public purposes of the Enterprises, a number of statutory and regulatory authorities that apply to FHFA and the Enterprises speak to the need to advance equity for

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<sup>2</sup> 12 U.S.C. 4511(b)(1) and (2).

<sup>3</sup> 12 U.S.C. 4501(1) (Enterprises and Federal Home Loan Banks have important public missions), (2) (their continued ability to accomplish their public missions is important, and effective regulation is needed to reduce risk of failure), and (7) (Enterprises have affirmative obligation to facilitate financing of affordable housing for low- and moderate-income families consistent with their public purposes, while maintaining a strong financial condition and a reasonable economic return).

<sup>4</sup> <https://www.fhfa.gov/Media/PublicAffairs/Pages/Statement-of-FHFA-Director-James-B--Lockhart-at-News-Conference-Announcing-Conservatorship-of-Fannie-Mac-and-Freddie-Mac.aspx>; 12 U.S.C. 4617(b) (powers and duties of the conservator).





homebuyers, homeowners, and tenants in the housing market.<sup>5</sup> The Equitable Housing Finance Plan framework that FHFA has adopted as conservator is a tool for the Enterprises to undertake sustainable and meaningful actions to advance equity in the housing markets, while ensuring safety and soundness.

FHFA's principal duties include ensuring that the Enterprises operate consistent with safety and soundness and with the public interest.<sup>6</sup> FHFA and the Enterprises also have statutory and other commitments related to the selection of equitable solutions for borrowers and tenants in the housing market. The Enterprises' Charter Acts, for example, provide that one of the Enterprises' purposes is to promote access to mortgage credit throughout the nation (including central cities, rural areas, and underserved areas).<sup>7</sup> The Charter Acts require the Enterprises, as part of their annual housing reports, to assess their underwriting standards, policies, and business practices that affect low- and moderate-income families or cause racial disparities, along with any revisions to these standards, policies, or practices that promote affordable housing or fair lending.<sup>8</sup>

The Housing Goals and Duty to Serve requirements are critical elements for ensuring that the Enterprises fulfill their mission and charters and serve low- and moderate-income families and underserved populations.<sup>9</sup> The Safety and Soundness Act provides that, in meeting these requirements, the Enterprises are required to take affirmative steps to assist primary lenders to make housing credit available in areas with concentrations of low-income and minority families.<sup>10</sup> The Equitable Housing Finance Plans will serve as a supplement to existing FHFA and Enterprise requirements, programs, and plans, and are designed to ensure a continued focus

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<sup>5</sup> These include providing ongoing assistance to the secondary market for residential mortgages, including mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities, and promoting access to mortgage credit in central cities, rural areas, and underserved areas. 12 U.S.C. 1716(3) and (4) (Fannie Mae charter purposes); 12 U.S.C. 1451 note (b)(3) and (4) (Freddie Mac charter purposes). They also include Enterprise affordable Housing Goals, *see* 12 U.S.C. 4561(a), 4562, and 4563; 12 CFR part 1282, subpart B, and Enterprise Duty to Serve affordable housing needs of certain underserved markets, *see* 12 U.S.C. 4565; 12 CFR part 1282, subpart C. In addition, the Enterprises are required to report annually to Congress on, among other things, assessments of their underwriting standards and business practices that affect their purchases of mortgages from low- and moderate-income families, and revisions to their standards and practices that promote affordable housing or fair lending. 12 U.S.C. 1723a(n)(2)(G) (Fannie Mae charter), 1456(f)(2)(G) (Freddie Mac charter).

<sup>6</sup> 12 U.S.C. 4513(a)(1)(B)(i), (v).

<sup>7</sup> 12 U.S.C. 1716(4) (Fannie Mae charter); 1451(b)(4) (Freddie Mac charter).

<sup>8</sup> 12 U.S.C. 1723a(n)(2)(G), 1456(f)(2)(G).

<sup>9</sup> 12 U.S.C. 4561(a) (FHFA to establish annual housing goals by regulation), 4562 (establishment of required categories of single-family housing goals), and 4563 (establishment of required multifamily affordable housing goals); 12 U.S.C. 4565 (Enterprise duty to facilitate secondary mortgage market for very low-, low-, and moderate-income families in certain underserved markets).

<sup>10</sup> 12 U.S.C. 4565(b)(3)(A).



on housing equity that is aligned with other critical objectives including safety and soundness and other mission activities.

Under the Fair Housing Act, all Federal agencies having regulatory or supervisory authority over financial institutions, including FHFA, are required to administer their programs and activities relating to housing and urban development in a manner that affirmatively furthers the purposes of the Fair Housing Act, which includes providing for fair housing throughout the United States.<sup>11</sup>

In addition, on January 20, 2021, the President of the United States issued Executive Order 13985, entitled “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government.”<sup>12</sup> The Executive Order provides that “the Federal Government should pursue a comprehensive approach to advancing equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality.”

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<sup>11</sup> 42 U.S.C. 3608(d); 42 U.S.C. 3601 *et seq.*.

<sup>12</sup> 86 Fed. Reg. 7009 (Jan. 25, 2001).



II. Overview of Plan Framework

The Enterprises’ plans will include:

- An identification and summary of barriers to sustainable housing opportunity either directly related to the Enterprises’ actions or barriers in the housing market that can reasonably be influenced by the Enterprises’ actions;
- Objectives and specific measurable goals for Charter Act-compliant actions to address these barriers;
- A plan of meaningful actions for the next three-year period to address these barriers; and
- A summary of consultations conducted by the Enterprises with underrepresented and affected groups and communities in preparing their plans.

**Plan Summary**

Plan for three years

Update annually

Identify barriers

Set objectives

Set measurable goals

Identify meaningful actions

Describe consultations

Due to FHFA in December 2021

Report progress to FHFA in April (beginning 2023)

The first three-year plans are due to FHFA by December 31, 2021, and will be updated by the Enterprises annually thereafter. The Enterprises will be required to submit annual progress reports, beginning in April 2023, on the actions undertaken during the prior year to implement their plans.

FHFA is requiring the Enterprises to include objectives, measurable goals, and planned meaningful actions related to the following in their first plans:

- Reducing the racial or ethnic homeownership gap; and
- Reducing underinvestment or undervaluation in formerly redlined areas that remain racially or ethnically concentrated areas of poverty or otherwise underserved or undervalued.

Additionally, FHFA provided the Enterprises with the following non-exclusive list of objectives and goals that could be undertaken in the plans:

- Reducing racial or ethnic disparities in acceptance rates for the Enterprise’s automated underwriting system (AUS);



- Reducing racial or ethnic disparities in the share of loans acquired by the Enterprise compared to the overall mortgage market;
- Reducing racial or ethnic disparities in servicing, loan modifications, and loss mitigation;
- Reducing racial or ethnic disparities in tenant screening, repayment options, and evictions;
- Increasing the quality of the supply of affordable housing available in racially or ethnically concentrated areas of poverty;
- Increasing the supply of affordable housing available in areas with access to educational, transportation, economic, and other important opportunities;
- Reducing underinvestment or undervaluation in other (non-redlined) areas that remain underserved or undervalued;
- Increasing the supply of affordable housing that is accessible for persons with disabilities and available in the most integrated setting appropriate to the needs of an individual with a disability;
- Increasing the supply of affordable housing available to families with children in areas with access to educational, transportation, economic, and other important opportunities;
- Increasing sustainable housing opportunities for individuals in the mortgage market, such as by expanding the number of qualified borrowers of a particular racial or ethnic group, or making policy changes to promote fair lending;

**Equity Objectives**

REQUIRED FOR FIRST PLAN

Homeownership gap  
Formerly redlined areas

OPTIONAL OBJECTIVES

AUS disparities  
Acquisition share  
Servicing equity issues  
Tenant equity issues  
Housing quality and supply  
Opportunity areas  
Underinvestment or undervaluation  
Housing accessibility  
Housing for families with children  
Tenant protections  
Promoting fair lending compliance  
Research and data





- Increasing sustainable housing opportunities for renters living in multifamily properties financed by the Enterprise’s loan purchases, such as by prohibiting source of income discrimination, providing other tenant protections, requiring reporting of on-time payments to credit bureaus, and facilitating accessibility for persons with disabilities;
- Promoting or requiring improvements in fair lending standards and compliance, marketing, and outreach to applicants of a particular racial or ethnic group who are least likely to apply for certain housing opportunities, and promoting or requiring fair lending self-testing by primary lenders or other counterparties; and
- Conducting, and making available publicly, research and data on advancing equity and sustainable housing opportunities.

FHFA, as conservator, determined that developing and adopting the plan framework described in this RFI, and incorporating public input and feedback, would allow for an efficient way to implement this framework consistent with safety and soundness, transparency, and the public interest. This plan framework should also provide flexibility to adapt and learn from the experiences of the Enterprises, the public, and FHFA.



## Questions

FHFA is committed to public engagement throughout the Equitable Housing Finance Plan process. As a first step in this process, FHFA is requesting public input on the following questions to aid the Enterprises in preparing and FHFA in overseeing the first plans:

1. How should measurable goals be selected and set by the Enterprises? For example, is a pursuing a small set of focused goals or a wide portfolio of goals better?
2. What data, information, or analyses would be helpful for the Enterprises to consider or use to support their plans?
3. How should the Enterprises undertake setting objectives, measurable goals, and meaningful actions to sustainably address the racial and ethnic homeownership gap?
4. How should the Enterprises undertake setting objectives, measurable goals, and meaningful actions for formerly redlined areas? How should such areas be defined?
5. What other objectives and measurable goals should the Enterprises pursue in their plans?
6. What constitutes a “meaningful” action, and what kinds of meaningful actions should be taken by the Enterprises under their plans?
7. How can the Enterprises and FHFA ensure that actions taken under the plans provide sustainable housing opportunities and are consistent with safety and soundness?
8. What should FHFA consider in overseeing the Enterprises’ plans? Should FHFA provide a rating or some other public assessment? If so, how should the plans be assessed?
9. How should the plans interact with Duty to Serve, Housing Goals, or other requirements?
10. Could special purpose credit programs (as defined in 12 CFR 1002.8) be included in the Enterprises’ plans? How should such programs be structured?
11. Are there additional or different required objectives and goals that FHFA should consider for future Enterprise plans?
12. What communities and stakeholders should the Enterprises consult with in developing their plans?

