



# Consumer Federation of America

May 11, 2010

Hon. Carolyn Maloney  
U.S. House of Representatives  
2332 RHOB  
Washington, DC 20515

Dear Rep. Maloney:

The Consumer Federation of America is pleased to support your proposed legislation to ensure that Fannie Mae and Freddie Mac can take housing goals credit only for investments in rental housing that are not likely to displace low and moderate income renters.

Consumers in America today face a critical shortage of affordable rental housing. According to the Components of Inventory Change (CINCH) report published by the Department of Housing and Urban Development (HUD), the net number of apartments with rents that are affordable to those at or below 50 percent of median income declined by 1.5 to 2 million units between 2005-2007. The report attributed 75 percent of this loss to the rise of rents in these units. The remainder became non-residential or owner-occupied.

Fannie Mae and Freddie Mac currently finance the vast majority of all residential multifamily housing, and the vast majority of this housing serves households with incomes at or below 100 percent of area median income. Investing in existing affordable rental housing is critical to maintaining its quality and availability for low and moderate income consumers. We support financing that enhances or maintains high quality rental housing. In some cases, however, these investments require rent increases that can make the apartments unaffordable to these same tenants. While this may be unavoidable and even desirable in some instances, it is not consistent with the intent of the legislative housing goals for the two companies to permit goals credit for the units in such cases. Your legislation would not prevent the companies from financing improvements that might lead to rent increases. It would, however, exclude such units from counting for the purpose of the housing goals if those increases lead to rents that are unaffordable to low and moderate income tenants and causes their displacement. This is both reasonable and consistent with the intent of the housing goals and the realities of our present housing market, where so many low and moderate income consumers have such great difficulty in finding and keeping decent and affordable rental homes.

Thank you for your leadership on this issue on behalf of low and moderate income housing consumers.

Sincerely,

Barry Zigas, Director of Housing Policy