N A A H L

NATIONAL ASSOCIATION OF AFFORDABLE HOUSING LENDERS

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Affordable Housing Lenders Welcome New FHA Financing Initiative

WASHINGTON, July 16, 2015 – The nation's leading affordable housing lenders applaud HUD/FHA's announcement today that it will expand financing for affordable apartments through partnerships with experienced private lenders.

"HUD/FHA's initiative is especially timely in light of the worsening shortage of affordable apartments. One-third of all American households are renters and more than one-half of them are now rent burdened, meaning they spend more than 30 percent of their income on rent," said Benson F. "Buzz" Roberts, President and CEO of the National Association of Affordable Housing Lenders (NAAHL). NAAHL represents America's leading lenders and investors in low- and moderate-income communities, including banks and mission-driven capital providers.

"The Small Building Risk Sharing Initiative is the most promising policy innovation to provide smaller loans for affordable apartments in recent memory. For the first time, the local entrepreneurs who own most of the apartment buildings in many communities will have access to long-term, fixed-rate FHA mortgages that have generally been available only to large real estate investment companies," Roberts said.

"For many years NAAHL has sought more equitable financing for smaller rental properties," said NAAHL Board Chairman Jack Markowski, who heads the Community Investment Corporation (CIC), the Chicago area's leading lender for affordable rental housing. "This new initiative is a real breakthrough for building owners and renters in communities that lost many sources of affordable housing capital in the wake of the financial crisis."

"Affordable rental housing lenders like CIC have performed remarkably well even in distressed communities facing the worst economic conditions in generations. But until now we have never had a practical way to access FHA programs," Markowski said.

"Risk Sharing is smart policy because it harnesses private sector expertise, discipline, and capital to produce and preserve affordable housing," Roberts added. "As the term suggests, private lenders will absorb one-half of any losses that might occur. Only proven and well capitalized lenders will participate. They will have every incentive to underwrite loans prudently and monitor them vigilantly, reducing the likelihood of default and minimizing losses if defaults do occur. That's why the federal Office of Management and Budget expects HUD's revenue from the program to exceed its costs."