

Dear Editor,

America is at a crossroads with our housing policy, and the potential for serious unintended consequences is high for the millions of Americans who live in apartments.

The single-family housing bubble exposed serious flaws in our housing finance system. Stakeholders from both sides of the political aisle agree that the private market should play a much larger role in providing credit for future housing construction.

However, lost in the rush to implement a solution is one critical fact: Our current housing finance system, as represented by Fannie Mae and Freddie Mac, serves two very distinct markets—the single-family sector and the multifamily rental sector. And the solutions to those markets are very different.

Unlike the single-family sector, the multifamily rental sector's capital needs cannot be met only by the private market. A continued federal credit backstop is essential. While private capital may well serve higher-end properties and top-tier markets, it has not shown the same interest in and support for workforce housing or housing in smaller markets.

A private-only solution would not serve the housing needs of millions of Americans in many markets. As evidence, fully 90 percent of the apartments financed by Fannie and Freddie over the past 15 years—10 million units—were affordable to families at or below their community's median income.

Fortunately, providing that backstop has cost taxpayers nothing. Fannie and Freddie's multifamily rental programs were not part of the housing finance meltdown. Their default rates remain below one percent—a tenth of those in the single-family sector. Even during conservatorship, they have earned more than \$2 billion in net revenues.

Given their successful track record and a lack of private-sector capital to finance workforce housing, it is critical that policymakers not eliminate federal credit support for the multifamily rental sector until they can conclusively prove that this action will not jeopardize shelter currently relied on by 17 million U.S. households. The costs of doing so are too high given the rising demand for apartments. In this decade alone, renters could make up half of all new households. That's more than seven million new renter households.

The aftershock from the single-family tragedy has driven more people to rental housing, a trend that is likely to continue for years. However, while an estimated 300,000 apartments need to be built this year to meet expected demand, it is likely that fewer than half that number will be constructed. That's not even enough to replace the units lost to demolition and old age.

There is no question that our housing finance system must be reformed. Yet as policymakers craft solutions to fix the single-family housing problems, it is critical they do not do so at the expense of the apartment sector and America's renters.

INSERT YOUR SIGNATURE