



Driving Liquidity Toward Equitable & Affordable Housing Ginnie Mae's Role in Fighting Housing Costs and Boosting Supply

August 10, 2022

Fact Sheet

The United States is facing a historic shortage of affordable housing. This crisis drives up inflation and burdens family budgets. Tackling inflation and rising costs for families is a top economic priority for the Biden-Harris Administration. In May, President Biden released a comprehensive [Housing Supply Action Plan](#) outlining administrative and legislative actions that will lower housing prices, close the housing supply shortfall in five years, and create hundreds of thousands of affordable housing units in the next three years. As noted below, the Housing Supply Action Plan taps Ginnie Mae to play an innovative role in increasing affordable housing by making the Risk Share Program permanent and moving its operations from the U.S. Department of Treasury to Ginnie Mae.

Building on the Administration's housing supply actions, on June 1, 2022, U.S. Department of Housing and Urban Development (HUD) Secretary Marcia L. Fudge launched HUD's [Our Way Home](#) (OWH) initiative to increase affordable housing supply in local communities. To tackle this housing supply crisis, OWH requires government working at all levels and in partnership with nonprofit and private organizations to find solutions.

Today, Ginnie Mae and HUD's Community Development Financial Institutions (CDFI) Task Force are exploring opportunities to connect the passion and knowledge of mission-driven lenders in underserved communities with the power and scale of the global markets that purchase Ginnie Mae securities. Below are highlights of how Ginnie Mae continues to facilitate affordable housing through its programs and expand its initiatives related to manufactured housing.

Ginnie Mae Mortgage-Backed Security (MBS) Program

Under the Ginnie Mae Mortgage-Backed Securities program, single- and multi-family loans insured or guaranteed by government housing finance programs are pooled and sold to investors, creating liquidity and lowering the cost of loans for borrowers.

Most home loans insured or guaranteed by the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture (USDA), and

HUD's Office of Public and Indian Housing are pooled into Ginnie Mae securities and then Ginnie Mae guarantees timely and full principal and interest payments to the investors purchasing the MBS.

Ginnie Mae's MBS program is the engine for government-backed mortgage programs that make affordable rentals and homeownership opportunities available to all American households and, especially, underserved communities. Today, there are more than \$2.2 trillion in outstanding MBS with the Ginnie Mae guaranty.

Ginnie Mae has served the unique role as a successful government-run corporation for over five decades, supporting and sustaining the financing of affordable single-family and multi-family housing for all Americans. There is no other entity like Ginnie Mae in the federal government.

Single-Family MBS Program

- Since the beginning of the Biden-Harris Administration, Ginnie Mae has guaranteed more than 3.8 million single-family mortgages, ensuring that millions of Americans benefit from affordable mortgage financing.
 - 1.2 million single-family mortgages went to first time homebuyers.
 - 1.6 million single-family mortgages went to military veterans.
 - 242,000 single-family mortgages went to Hispanic borrowers.
 - 229,000 single-family mortgages went to Black borrowers.

Multi-Family MBS Program

- Safe and affordable rental housing is essential for millions of individuals and families.
- Since the creation of the Ginnie Mae program in 1968, the organization has guaranteed more than \$302.4 billion in multi-family mortgage-backed securities.
- Ginnie Mae's mission of supporting affordable housing and promoting stable communities extends to ensuring that decent rental units remain accessible.
- A critical part of that effort is facilitating the construction and renovation of multi-family housing such as apartment buildings, hospitals, nursing homes, assisted-living facilities, and other housing options.
- By guaranteeing pools of multi-family loans that are sold to investors in the global capital markets, Ginnie Mae enables lenders to reduce mortgage interest rates paid by property owners and developers. In addition, these projects stabilize and bring jobs to communities across the country.

With its capacity and knowledge of housing markets, Ginnie Mae is well positioned to do more to help alleviate our nation's affordable housing crisis. To that end, Ginnie Mae must continue to explore new avenues for reaching underserved communities who need support in meeting their affordable housing needs.

Multi-Family Risk Share

- In September 2021, FHA and Treasury partnered to relaunch the Federal Financing Bank-Risk Share Initiative to expand access to capital for state and local housing finance agencies.
- In his Housing Supply Action Plan, the President, in conjunction with FHA and Treasury, has proposed making the Risk Share Initiative a permanent program at HUD within the Ginnie Mae MBS ecosystem.
- This move would enhance stability, increase liquidity for mortgage lending, provide the benefit of Ginnie Mae's guaranty, and ultimately increase housing supply.

Expanding Ginnie Mae's Securitization Guaranty to Mission-Driven Community Lenders

As the engine in the housing finance system that drives affordable homeownership and rental housing for federal housing programs, Ginnie Mae is always looking for ways to extend its reach to local community lenders such as Credit Unions, State Housing Finance Agencies (HFAs), and community development financial institutions (CDFIs). The goal is to develop innovative pathways for lenders in the heart of underserved communities to utilize the Ginnie Mae mortgage-backed securities program. Combining the localized expertise of small and mission-driven lenders with the power and scale of the global capital markets would have a significant impact on housing finance and supply.

That is why, in the first quarter of 2022, Ginnie Mae started a CDFI Working Group to engage with CDFIs across the country and learn more about their business model and challenges. In July 2022, in conjunction with Ginnie Mae, HUD launched a CDFI Task Force to develop recommendations on administrative actions to expand support and secondary market access through Ginnie Mae. To encourage and assist CDFIs to become FHA-approved lenders, FHA is increasing its trainings for CDFIs.

Last week, Ginnie Mae issued [All Participant Memorandum \(APM\) 22-08: Institution-wide Capital Requirements and Program Risk Parameters](#), amending its capital requirements for federally insured credit unions and HFAs. Ginnie Mae recognizes that capital requirements imposed by federal prudential regulators strengthen credit unions and ensure they are well capitalized. Ginnie Mae's exemption of HFAs from its capital requirements acknowledges the reduced risk that HFAs pose as instrumentalities of the states.

These changes to Ginnie Mae's institution-wide capital requirements accomplish two things: they harmonize Ginnie Mae's program requirements with standards enforced by federal credit union regulators and reflect the unique financial status of HFAs and credit unions who play critical roles in supporting community-based lending, particularly in underserved areas.

Ginnie Mae Title I RFI

- The Biden-Harris Administration’s Housing Supply Action Plan includes a commitment to “deploy new financing mechanisms to build and preserve more housing where financing gaps currently exist,” and calls out manufactured housing, including the portion of it financed by personal property loans.
- Ginnie Mae and FHA are considering policy enhancements for FHA’s Title I Manufactured Home Loan Program to encourage increased lender participation.
- To do so, Ginnie Mae and FHA have published a [Request for Information](#) (RFI). The purpose of this RFI is to solicit input from stakeholders to assist in the evaluation of current program policies and identify opportunities to implement adjustments that will better address housing shortage and affordability issues with respect to manufactured housing.

###