



Press Release

FHFA Reverses Previous Housing Market Reform Progress

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The Federal Housing Finance Agency (FHFA) announced that the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac will once again be able to purchase “high-risk” mortgages. The agency also announced a proposal to reduce the amount of regulatory capital the GSEs would be required to hold. In a new insight, Director of Financial Services Policy Thomas Wade analyzes these actions, and concludes that the agency’s policy about-face not only reverses critical reforms, but exacerbates existing problems—all while failing to address the greatest obstacles to home ownership.

Key points:

- While clearly in line with the Biden Administration’s goals of expanding home ownership, mortgage availability does not represent the greatest threat to home ownership—house prices and housing inventory do.
- Expanding the GSE footprint and increasing the risk held in their portfolios would undo the rare progress made by the previous administration in the direction of housing market reform,
- Moreover, the actions come at the worst possible time, in an overheated housing market, amid the effects of the pandemic, and while the GSEs remain in conservatorship.

[Read the analysis](#)