September 28, 2018

Today we are announcing that we will be extending our Multifamily risk-sharing initiative with the Federal Financing Bank (FFB) for eligible Housing Finance Agencies (HFAs) through December 31, 2018. The initiative was originally scheduled to cease accepting new applications for commitments from HFAs on September 30, 2018, but will now accept new applications for commitments under this initiative through the end of the year, up to the current program maximum of $3 billion.

FHA intends to review the program’s effectiveness, and whether market conditions justify its continued operation. The results of this review will determine whether and in what form FHA would continue the program beyond December 31, 2018. If the program is extended for a limited time period beyond 2018, HUD would identify the parameters under which it would be phased out.

The FFB Risk Share Initiative was started in 2015 to stimulate affordable housing production in response to tightening bond markets and lack of private sector funding and liquidity that followed the financial crisis. The initiative is designed so that FHA and HFAs share in the risk of the mortgage, and works as follows:

- Participating HFAs enter into contracts with HUD that provide for reimbursement to HUD for a portion of any insured loss;
- HFAs use their own underwriting standards and assume at least 50 percent of the risk of loss; and
- “A” rated HFAs have access to capital funds provided by the FFB, a government corporation that purchases the obligations of federal agencies. The HFAs then lends those funds to private developers for projects that meet certain affordability criteria.

Get more Federal Housing Administration announcements and information:

Connect with us at “Federal Housing Administration” on LinkedIn
Follow @FHAgov on Twitter