



EDITORIAL

# Hold Fannie Mae accountable for affordable housing

By The Editorial Board | OCTOBER 20, 2015

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NEW DEVELOPMENT is booming in Boston, but it can't keep pace with the demand for housing, putting an especially tight squeeze on middle- and low-income residents. What's more, an agency whose founding mission was to help avert such crises is actually contributing to it.

That agency is the Federal National Mortgage Association, better known as Fannie Mae, which was created during the Great Depression, as part of Franklin Roosevelt's New Deal, to increase the level of home ownership and the availability of affordable housing. It has since survived all manner of booms and busts in the housing industry – including the housing-mortgage crisis of 2007-'08, during which it was bailed out by the federal government to the tune of a \$116 billion – but its essential mission remains unchanged.

In Boston, however, Fannie Mae, has disregarded that mission and left residents – and neighborhoods – in the lurch. Over the summer, in a story reported by the Globe's Adrian Walker, five multifamily residential buildings in Dorchester owned by Fannie Mae were sold at auction to the highest bidder. This came despite the efforts of nonprofit agencies City Life/Vida Urbana and COHIF (Coalition for Occupied Homes in Foreclosure), which wanted to buy the properties and preserve them as affordable housing, as well as pleas from the office of Attorney General Maura Healey.

Fannie Mae's justification for selling its properties at market rate in an open auction is that it has "a responsibility to get a fair market price for the taxpayer," according to Walker. But Fannie Mae's multibillion-dollar debt to the federal government has been paid off since December 2014, and it is unclear how contributing to the destabilization of neighborhoods serves taxpayers.

Although Healey has been lobbying Fannie Mae hard, she has no authority over the agency, which is administered by the FHFA (Federal Housing Finance Agency). However, Congress does have authority, and can push the FHFA to revise priorities for Fannie Mae and Freddie Mac. Both Senator Elizabeth Warren and Congressman Mike Capuano have spoken out on the issue, including confronting the FHFA.

There are stopgap measures available to protect tenants. Housing advocates have submitted a proposal for a "just cause" eviction ordinance to the Boston City Council, similar to those now implemented in Lynn and Brockton. Statewide, a bill, "Preventing Unnecessary Vacancies in Foreclosed Homes," has been proposed by Senator James Eldridge of Acton. But advocates see these measures as less than air-tight. That's why it's urgent that Massachusetts' congressional representatives continue to press for action from the FHFA.

And there's more reason for urgency: last week, Fannie Mae posted another 69 lender-owned Massachusetts homes on auction.com, including properties in Lynn, Springfield, and Worcester. Building affordable homes and creating stable neighborhoods used to be what Fannie Mae was all about. The agency should be held to their original responsibility to the taxpayers.

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