

August 22, 2005

The Honorable Mayor and City Council  
200 E. Santa Clara Street  
San José, CA 95113

**RE: SUPPORT FOR THE AFFORDABLE HOUSING FUND PROVISIONS OF  
H.R. 1461 AND FULL SUPPORT FOR H.R. 2861.**

Dear Mayor and City Council:

On August 11, 2005, the Housing Advisory Commission considered the Housing Department's recommendation to support two federal bills (H.R. 1461 and H.R. 2861) related to affordable housing. The Commission considered these bills and voted to support Department's recommendations. Rules Committee also voted to support Housing's recommendation at its meeting on August 10, 2005, and the full City Council will consider on August 23, 2005 (Item # 3.2).

The first bill, H.R. 1461, was introduced in response to accounting irregularities at the nation's two Government-Sponsored Enterprises (GSEs): the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Corporation (Fannie Mae). This bill proposes creating a new independent regulator, changing the size of the GSEs' portfolios, and changing receivership authority and the way new programs are approved. In addition, amendments were recently made in Congress which would set aside a portion of Freddie Mac and Fannie Mae's profits for an Affordable Housing Fund. The Commission voted unanimously to recommend support for this provision in H.R. 1461 and also encourages the Mayor and City Council to proactively and publicly support the Affordable Housing Fund in H.R. 1461. Additionally, the Commission requested a copy of a letter from the Affordable Housing Network related to this bill go as an attachment to this letter.

The other measure, H.R. 2861, would double the amount of the per capita credit allowed for each State from \$1.85 to \$3.70 in 2006. This measure has the potential to provide a significant amount of money for affordable housing and was unanimously supported by the Housing Advisory Commission.

Please don't hesitate to contact me if you have any questions. Thank you for your time and consideration of this recommendation.

Sincerely,

**TOM FINK, Chair**