



HPC Statement on 2022 Conforming Loan Limits

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Washington, D.C. – The Housing Policy Council (HPC) issued the following statement today in response to the Federal Housing Finance Agency’s announcement of increased conforming loan limits:

“FHFA announced today that in 2022, Fannie Mae and Freddie Mac will be able to purchase mortgages up to \$970,800 in certain high-cost areas in the United States and \$647,200 in the rest of the country. Given the recent rapid appreciation in home prices, it is no surprise that the 2022 maximum conforming loan limit has increased substantially. Yet, the stark reality of a loan limit approaching \$1 million in some areas highlights the need for Congress and the Administration to evaluate the level of support taxpayers should provide to the mortgage market.

Since Fannie Mae and Freddie Mac were placed into conservatorships thirteen years ago, taxpayer support for the mortgage market has increased significantly. Home price appreciation has facilitated this expansion, permitting Fannie Mae and Freddie Mac to serve a portion of the market traditionally covered by private capital. Meanwhile, with house prices rising faster than incomes, affordability continues to be a problem for many homebuyers. In the face of these trends, this latest increase in loan limits permits more mortgages made to higher income households to be eligible for sale to the GSEs. Taxpayer backing of mortgage securities results in slightly lower mortgage rates which, in turn, encourages people to buy more expensive homes. Ultimately, such backing feeds the runup in house prices, exacerbating the affordability challenges we face in today’s supply-constrained marketplace.

The question of the appropriate role of the government in the housing finance system has gone unanswered now for thirteen years. The Housing Policy Council urges Congress and the administration to take up this question soon.”

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