



# Council for Affordable and Rural Housing

*Serving the Affordable Housing Needs of Rural America*

July 9, 2021

VIA E-MAIL: (DutytoServeStakeholders@FHFA.gov)

Attention: DTS Plan Modification RFI  
FHFA, Division of Housing Mission and Goals  
Eighth Floor  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219

Re: 2022-2024 Duty to Serve Plans  
Request for Input

To Whom It May Concern:

The Council for Affordable and Rural Housing (“CARH”) provides its input to the Duty to Serve Plan Modifications Request for Input (“RFI”) for Fannie Mae’s and Freddie Mac’s (the “Agencies”) 2022-2024 Underserved Markets Plans (the “Plans”).

CARH represents for-profit and non-profit companies providing affordable rural rental housing throughout America. For over 40 years, CARH has served as the nation’s premier association for participants in the affordable rural housing profession, including builders, owners, developers, managers, non-profits, housing authorities, syndicators, accountants, architects, attorneys, bankers, and companies that supply goods and services to the industry. CARH is the only association that solely represents the needs of the entire rural affordable housing industry

We greatly appreciate the efforts by the Agencies to facilitate secondary lending markets and increase Low-Income Housing Tax Credit (“LIHTC”) investment for rural communities. When we submitted comments to the proposed rule implementing the Duty to Serve (“DTS”) program, we strongly supported any effort to assist and support affordable housing preservation in rural areas, including facilitating a secondary market for mortgages. We reiterate this support and appreciate the opportunity to provide input on the Plans. The Plans take significant steps to increase affordable housing development and preservation in rural communities and we respectfully offer certain comments that could further the impact of the Plans.

## **1. Preservation of Section 515 Properties and Additional Rural Development Support:**

CARH appreciates the Agencies' efforts to coordinate with the United States Department of Agriculture ("USDA") Rural Development ("RD") to offer products to preserve properties with Section 515 loans. CARH also supports Fannie Mae's efforts to provide technical assistance to owners and developers to maintain RD rental assistance through the refinancing and transfer process. Given regulatory challenges, refinancing properties with Section 515 loans has faced significant barriers. With support and increased activity by Fannie Mae and Freddie Mac, properties with Section 515 loans can gain access to the capital necessary for preservation.

CARH supports the inclusion of loan purchases associated with Section 515 assisted properties, and requests similar support for Section 514 loans and participation in Section 538 loans also be included. Section 514 loans support properties that provide much needed housing to domestic farm laborers, a population with historic high-needs. Additionally, many developments in rural communities are not feasible without the support of Section 538 loan guarantees. Given the similar regulatory barriers that have impacted the Section 515 program, refinancing of properties with Section 514 loans and developments with Section 538 loan guarantees is challenging. These programs provide critical housing to high-needs communities and populations, and we strongly support inclusion of these programs into the Plans.

## **2. LIHTC Equity Investment:**

CARH supports the increased commitment to LIHTC investment and commends the Agencies for recognizing the impact that the CRA has on investment in rural markets. Given the 4% fix introduced in December of 2020, the contemplated LIHTC investment would provide much needed equity investment. As we have previously commented, the Agencies participation in LIHTC investment creates an additional option for affordable housing developers and lenders seeking additional, efficient investors, and will help to bring the LIHTC equity pricing in high-needs areas more in line with national averages.

Although the Plans represent increases in investment from the previous plans, the 4% flat rate enacted last year will potentially result in more investment opportunities than were available in prior years. Given the importance of LIHTC investment in rural communities, and especially in high-needs rural communities, CARH would support targets above the prior 3-year average to facilitate growth in these markets.

CARH has consistently spoken out in support of CRA modernization given the disparities in credit pricing for rural areas not covered by the CRA. The Agencies' involvement in LIHTC investment in these rural areas is critical to bridging these disparities. CARH encourages the Agencies to continue to work toward ways to increase investment in often over-looked communities.

### **3. Research and Outreach:**

CARH supports efforts to educate others on the hardships faced in rural communities. CARH and its members have vast knowledge on rural markets and CARH's members have been reporting extensively on how rural communities have been dealing with the pandemic, and we are encouraged by the introduction of Symposia to highlight the unique needs of these communities. CARH would support including in the 2022 Symposium topics related to the challenges facing multifamily properties, including the uncertainty of rent payments and the need for rental assistance.

CARH has previously commented in support of the Agencies' rural roundtable meetings and we reiterate our support for continuing and expanding these meetings. Meeting with stakeholders in rural communities is essential to understanding and overcoming the unique barriers that these communities face.

We appreciate your time and attention to this matter, and we appreciate the opportunity to submit these comments.

Sincerely,



Colleen M. Fisher  
Executive Director