

## Division of Housing Mission and Goals



## Duty to Serve – Overview of Program and Evaluation Guidance



# PROGRAM OVERVIEW

## KEY MILESTONES OF THE DUTY TO SERVE PROCESS



# UNDERSERVED MARKETS PLANS: PLAN DEVELOPMENT

# MENU OF ACTIVITIES

| Activities                   | Manufactured housing   | Affordable housing preservation   | Rural housing  |
|------------------------------|--|---|--|
| <b>Statutory Activities</b>  | None.  | <ul style="list-style-type: none"> <li>• Section 8</li> <li>• Section 236</li> <li>• Section 221(d)(4)</li> <li>• Section 202</li> <li>• Section 811</li> <li>• Homelessness assistance</li> <li>• Section 515</li> <li>• LIHTC-debt</li> <li>• Comparable state and local programs</li> </ul>  | None.  |
| <b>Regulatory Activities</b> | <ol style="list-style-type: none"> <li>1. Manufactured homes titled as real-estate</li> <li>2. Manufactured homes titled as personal property</li> <li>3. Manufactured housing communities owned by government instrumentalities, nonprofits, or residents</li> <li>4. Manufactured housing communities with specified tenant pad lease protections</li> </ol> | <ol style="list-style-type: none"> <li>1. Small multifamily rental properties financing</li> <li>2. Multifamily energy or water efficiency improvements financing</li> <li>3. Single-family energy or water efficiency improvements financing</li> <li>4. Affordable homeownership preservation</li> <li>5. HUD'S Choice Neighborhoods Initiative</li> <li>6. HUD's Rental Assistance Demonstration</li> <li>7. Purchase and rehabilitation financing of distressed properties</li> </ol> | <ol style="list-style-type: none"> <li>1. Housing in high-needs rural regions</li> <li>2. Housing for high-needs rural populations</li> <li>3. Rural small financial institution financing of rural housing</li> <li>4. Rural small multifamily rental properties</li> </ol> |
| <b>Additional Activities</b> | The Enterprises may propose Additional Activities for each underserved market.   |   |  |

# EXTRA CREDIT ELIGIBLE ACTIVITIES

| Activities                              | Manufactured housing  | Affordable housing preservation   | Rural housing  |
|---|---|---|--|
| <b>Extra Credit Eligible Activities</b> | <ul style="list-style-type: none"> <li>• <b>Manufactured homes chattel pilot initiative</b></li> <li>• <b>Manufactured housing communities with tenant pad lease protections</b> that are located in states without comparable consumer protections</li> <li>• <b>Residential economic diversity</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>Residential economic diversity</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>High-needs rural regions</b></li> <li>• <b>High-needs rural populations</b> (only very low-income families, income ≤ 50 percent of area median income)</li> <li>• <b>Residential economic diversity</b></li> </ul> |

# UNDERSERVED MARKETS PLAN STRUCTURE

## Underserved Markets Plan

Manufactured  
Housing

Affordable Housing  
Preservation

Rural Housing

*An Enterprise must consider, at least:*

**Four**  
Regulatory Activities

**Seven**  
Statutory or  
Regulatory Activities

**Four**  
Regulatory Activities

# UNDERSERVED MARKETS PLAN STRUCTURE

Statutory, Regulatory, or Additional Activity

Objective

Evaluation Area

“SMART” Criteria,  
including baseline, if applicable

Information on  
**impact** and **rationale**

# UNDERSERVED MARKETS PLANS: **PUBLIC INPUT**

Public input plays a critical role in Plan development by:

- Identifying the most relevant issues in each underserved market
- Offering the Enterprises ideas for what they may undertake through their Plans
- Providing insight on how the Enterprises should prioritize activities that should go in their first Plans
- Providing insight on the potential impact the Enterprises' objectives could have in an underserved market

# EVALUATION PROCESS

# EVALUATION PROCESS

The evaluation process:

- Occurs on an annual basis
- Produces a separate rating for each underserved market
- Follows a three-step process

Guiding principles for the evaluation process:

- Establish a rigorous and meaningful evaluation process that holds the Enterprises accountable for performance
- Encourage the Enterprises to undertake impactful objectives and activities
- Make clear to all stakeholders FHFA's expectations for Duty to Serve

# EVALUATION PROCESS

## Step 1

- **Quantitative assessment**
- Determines pass or fail

## Step 2

- **Qualitative assessment**
- Evaluates impact and implementation

## Step 3

- **Extra credit**
- Upward adjustment for certain eligible activities

## Rating

- **Final rating**
- Fails, Minimally Passing, Low Satisfactory, High Satisfactory, or Exceeds

# EVALUATION PROCESS: **PUBLIC INPUT**

Public input is especially important for Step Two, the Qualitative Assessment by:

- Providing insight on the impact objectives have in their underserved markets
- Providing information on how effectively objectives were implemented
- Providing insight on market conditions to FHFA

# DUTY TO SERVE PROGRAM TIMELINE

# PLANNING TIMELINE



*Dates subject to change. The blue boxes above indicate the months in which certain activities are expected to occur. They are not representative of the exact start and end date for the activity within a month or within months.*



# QUESTIONS

## Division of Housing Mission and Goals



## Duty to Serve – Overview of Program and Evaluation Guidance

