July 24, 2026

Mr. Clinton Jones
General Counsel
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20219

RE: Comments/RIN 2590-AB64, Enterprise Duty to Serve Underserved Markets Proposed Rule

Dear Mr. Jones:

The undersigned members of the Underserved Mortgage Markets Coalition (UMMC) thank you for the opportunity to comment on the "Enterprise Duty to Serve Underserved Markets" proposed rule.

UMMC is a coalition of more than 40 organizations dedicated to supporting access to affordable and sustainable homeownership and housing opportunities through Fannie Mae and Freddie Mac (the Enterprises). We work to ensure that the Enterprises fulfill their duty to support access to mortgages throughout the nation, including in underserved mortgage markets, safely and soundly. The views expressed in this comment letter are only those of the undersigned UMMC members.

UMMC appreciates the Federal Housing Finance Agency's (FHFA) commitment to the Duty to Serve (DTS) statutory mandate established by Congress as a way to meet the needs of very low-, low-, and moderate-income families in three underserved markets: manufactured housing, rural housing, and affordable housing preservation.

Over the past 10 years, the DTS Underserved Markets rule that implements the statutory mandate has driven Enterprise innovation to better support renters and homeowners in housing markets that have long been overlooked. Through DTS, the Enterprises have provided investments to create or preserve nearly 34,000 affordable rental units in rural communities, made homeownership possible for 269,000 families in high-needs rural regions, supported access to mortgage credit for 195,000 manufactured homeowners, and ensured that nearly 328,000 manufactured housing community residents have standard lease terms and protections.[1] Over this time, the Enterprises have also developed

[1] UMMC calculations of FHFA data. See Federal Housing Finance Agency, "DTS Multifamily Dashboard, 2025," accessed July 13, 2026, https://www.fhfa.gov/data/dashboard/dts/multifamily/2025; Federal Housing

innovative products that allow them to support access to credit in previously underutilized parts of the market, such as shared equity homeownership, and to expand access to more affordable housing options, including manufactured homes and manufactured housing communities.

UMMC appreciates FHFA's proposal to preserve some foundational elements of the current DTS framework, including a strategic planning process that incorporates public comment and FHFA review to drive more impactful solutions that meet market needs.

However, the proposal also eliminates much of the program framework and leaves the Enterprises with significant discretion to determine how and how much to invest in markets that have historically gone underserved. History has shown that, without strong guardrails, the Enterprises will gravitate toward easier-to-serve, higher-income markets, which is why Congress created DTS initially. The net effect will likely leave working families, seniors, and the most economically distressed rural communities – already underserved – even further behind.

Below, UMMC provides six key recommendations to further strengthen the DTS regulatory framework, align it with FHFA's stated objectives and the statute, and ensure regulatory consistency across DTS Plan cycles.

I. **Maintain a robust strategic planning process to ensure the Enterprises are fulfilling their statutory DTS obligations.**

   A. ***Retain both the three-year planning process and the 60-day public comment period.***
   B. ***Retain the seven elements that FHFA has proposed for DTS plans and specify which parts of each underserved market are chronically underserved.***
   C. ***Maintain the requirement that the Enterprises identify measurable actions they will take to address market needs.***
   D. ***Require documentation of public engagement and clarify that the Enterprises must publicly respond in writing to commenters on proposed Plans.***

II. **Allow Plan modifications to encourage more ambitious and innovative plans but set target levels of support to avoid the need for frequent modifications and provide a period for public comment on substantive modifications.**

III. **Revise the area median income (AMI) methodology to ensure that the Enterprises serve the lower-income residents located in underserved**

Finance Agency, "DTS Single-Family Dashboard, 2025," accessed July 13, 2026, https://www.fhfa.gov/data/dashboard/dts/single-family/2025.

markets, and pair changes to the AMI calculation with a requirement for the Enterprises to take measurable action to meet the needs in rural areas.

IV. Maintain statutory and regulatory activities in each market to ensure the Enterprises serve the most underserved parts of the market, retain the requirement for a minimum number of activities, and require the Enterprises to provide explanations for how earlier Plan activities are reflected in the next Plan.

A. Retain statutory and regulatory activities for all markets to ensure that critical work continues.
B. Retain the activities that have made such a positive difference in the manufactured housing market.
C. Retain the regulatory activities related to Affordable Housing Preservation to ensure an adequate supply of affordable housing.
D. Require the Enterprises to engage in activities related to high-needs rural regions and high-needs rural populations.

V. Retain and improve a clear, robust evaluation system to ensure the Enterprises fulfill their statutory DTS obligation and engage in meaningful work.

VI. Continue data collection and public disclosure to measure the effects of the proposed changes and to ensure the Enterprises fulfill their statutory obligations.

Finally, UMMC notes that the significant revisions that FHFA has proposed to the DTS framework deserve thoughtful consideration and data analysis to inform the rulemaking process. Unfortunately, 30 days was not sufficient. While we have made every effort to provide the most thorough analysis we can in the time allowed, there is significant additional data analysis and outreach that we would conduct if provided additional time to comment on the proposal and we encourage FHFA to reopen the comment period to allow for additional analysis.

The appendix to this letter offers UMMC's responses to select questions posed by FHFA in its proposed rule, some of which echo comments from the full letter.

I. Maintain a robust strategic planning process to ensure the Enterprises are fulfilling their statutory DTS obligations.

A. Retain both the three-year planning process and the 60-day public comment period.

UMMC applauds FHFA for maintaining a three-year planning process with defined opportunity for public comment and subsequent FHFA review and non-objection prior to Plan implementation. This process has proven effective and should be retained in the final DTS rule. In developing these strategic plans, the Enterprises closely examine the needs in each of the three statutorily defined underserved markets, consider their current role in serving each of these markets, confer with experts who do reach those markets, and propose targeted solutions to address credit needs using the strengths of their business model.

However, because the formal opportunity for public input into the process is equally important to allow lenders and other organizations with first-hand experience in these markets to identify gaps and propose solutions to maximize the Enterprises' impact, UMMC strongly recommends that FHFA maintain the 60-day public comment period that has been FHFA's practice to date. [2] Providing meaningful comments based on market analysis and experience takes significant time and effort, particularly for the smaller lenders and nonprofits who are actively working in these underserved markets. Forty-five days does not allow for the robust data collection and analysis needed to be most useful.

B. Retain the seven elements that FHFA has proposed for DTS plans and specify which parts of each underserved market are chronically underserved.

The seven elements that FHFA has proposed for DTS Plans are critical elements for a successful strategic plan that fulfills statutory requirements and should be maintained in the final rule. A thorough needs and opportunities analysis drawing on public and Enterprise internal data is an essential foundation for the Enterprises to develop meaningful actions that address demonstrated needs. This analysis also provides a common understanding for the Enterprises and the public in assessing the Enterprises' proposed Plans, and UMMC appreciates FHFA's decision to add this analysis as a required Plan element. UMMC encourages FHFA to further specify the chronically underserved parts of each underserved market that the Enterprises must include in their analysis. Doing so will facilitate FHFA and stakeholders' review of their Plans and ensure their analysis does not overlook opportunities in each market.

C. Maintain the requirement that the Enterprises identify measurable actions they will take to address market needs.

UMMC supports FHFA's decision to maintain the requirement that the Enterprises identify measurable actions they will take to address market needs. As FHFA has acknowledged in both the current and proposed DTS rules, having measurable proposed actions with clear

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[2] The comment period for the 2018-2020 DTS Plan cycle ran from May 8, 2017, to July 10, 2017. The comment period for the 2022-2024 Plan cycle ran from May 18, 2021, to July 16, 2021. The comment period for the 2025-2027 Plan cycle ran from June 11, 2024, to August 12, 2024.

targets is essential for transparency and to facilitate FHFA's statutorily required evaluation of whether the Enterprises fulfilled their DTS each underserved market.[3] The list and summary tables required for each market are also helpful tools to track and assess the Enterprises' efforts to serve each underserved market.

D. Require documentation of public engagement and clarify that the Enterprises must publicly respond in writing to commenters on proposed Plans.

Public engagement is essential to meet the needs of underserved markets, especially because the Enterprises have, by definition, had limited experience in these markets. Requiring documented public engagement both strengthens the DTS program and adheres to the requirements of the statute.

UMMC also appreciates FHFA's clarification that the Enterprises must provide a reasoned response to substantial points raised by commenters on the Enterprises' proposed DTS Plans. To ensure that this expectation is implemented as FHFA intends, we encourage FHFA to clarify in revised 12 CFR 1283.4 that the Enterprises must publicly respond in writing to any substantial points raised by commenters on the proposed DTS Plans.

II. Allow Plan modifications to encourage more ambitious and innovative plans but set target levels of support to avoid the need for frequent modifications, and provide a period for public comment on substantive modifications.

UMMC recommends that FHFA continue to allow the Enterprises to submit Plan modifications under the revised regulation. As FHFA noted in its proposal, the Enterprises have requested multiple modifications to their DTS Plans each year, ranging from expediting the release of a new variance to changing loan purchase targets, many of which have been approved. These modifications serve an important purpose – they allow the Enterprises to set ambitious targets and propose innovative new products without the fear that they'll be penalized if everything doesn't go according to plan. FHFA's proposal to limit modifications to special circumstances that affect the entire market will likely deter the Enterprises from setting ambitious targets. Instead, the Enterprises are likely to propose only well-established activities and loan purchase levels that they are certain they can exceed, resulting in less innovation and less service to underserved markets.

To limit the number of times that the Enterprises need to request Plan modifications while still being responsive to market conditions, UMMC recommends that, in addition to developing DTS Plans, FHFA require the Enterprises to calculate an annual target level of

[3] The DTS statute requires FHFA to take into consideration "the volume of loans purchased in each of such underserved markets relative to the market opportunities available to the enterprise" and "the amount of investments and grants in projects which assist in meeting the needs of such underserved markets" in its evaluation. See 12 U.S.C. § 4565(d)(2) (2018).

support for loan purchases in each of the three underserved markets for each Plan year. The target level of support would be equal to at least 110% of the total capital that would be deployed if all of an Enterprise's action targets within an underserved market were achieved for that Plan year. If the Enterprise's capital deployed for loan purchases across all of the activities in that underserved market met the target level of support for that market for the year and the Enterprise demonstrated a reasonable effort to meet the target for each of its activities, FHFA could consider the Enterprise to have met all targets for that market, even if it did not achieve loan purchase targets for one or more of the activities, provided that it compensated with additional support for another part of that same underserved market. This would allow the Enterprises to shift the amount of capital they deploy for different activities within a target market based on market shifts, without triggering a formal modification request, while also providing a clear benchmark for FHFA to rate the Enterprises' performance.

Finally, UMMC recommends that FHFA provide a period for public comment on all substantive Plan modification proposals prior to FHFA's decision to approve or reject the proposal. While the current rule allows FHFA to seek comment on proposed modifications, FHFA has not consistently provided that opportunity. While public comment would not be needed for immaterial or procedural changes, such as shortening an outreach period or moving directly to implementing a loan product, instituting a regular practice of soliciting public comment on all substantive proposed modifications would add transparency and accountability, while ensuring FHFA has full information about the market before allowing a modification to proceed.

III. Revise the area median income (AMI) methodology to ensure that the Enterprises serve the lower-income residents located in underserved markets, and pair changes to the AMI calculation with a requirement for the Enterprises to take measurable action to meet the needs in rural areas.

UMMC strongly opposes FHFA's proposal to change the definition of AMI in metro areas to be the greatest of the metro AMI, the state median income including metro areas, or the national median income including metro areas. This new definition would allow the Enterprises to receive DTS credit for serving higher-income borrowers and renters, allowing them to shift to serving easier to serve, higher-income parts of the market while leaving currently eligible families behind. The result will reduce access to homeownership for police officers in Charleston, South Carolina; teachers in Little Rock, Arkansas; and firefighters in Boise, Idaho, who all qualify under Duty to Serve AMI limits today.[4]

[4] Occupation wage data based on the National Housing Conference's calculation of median wages in their "Paycheck to Paycheck" dataset. Median family incomes based on Federal Financial Institutions Examination Council data for 2024. National Housing Conference, "Paycheck to Paycheck," accessed July 21, 2026, https://nhc.org/paycheck-to-paycheck/; Federal Financial Institutions Examination Council, "Median Income," 2024 data, accessed July 21, 2026, https://www.ffiec.gov/data/census/median-income.

We appreciate FHFA's acknowledgement of the unique barriers facing rural areas of persistent poverty. Many UMMC members work in these communities, where extremely low AMIs can result in families with objectively low incomes failing to qualify as even moderate income by the traditional definition. This is a significant issue in rural persistent poverty counties and Indian areas, particularly in low-income states, and UMMC agrees that an adjustment to AMI calculations is appropriate for these areas.

However, the same dynamic does not exist in metro areas. While the proposed rule provides an explanation for the suggested change in calculation of eligible incomes for non-metro areas, the rule offers no corresponding explanation for the change in eligibility for metro areas. Analysis by the Urban Institute found that this change would increase the number of borrowers in metro and non-metro areas who qualify as low-income by nearly 10%, making it easier for the Enterprises to achieve their targets by serving higher-income borrowers. [5]

To maintain the Enterprises' service to the very low-, low-, and moderate-income borrowers who benefit from DTS today while also ensuring access to credit in high-needs rural regions, UMMC recommends FHFA revise its proposed determination of AMI to define area median income as:

- The median income for the metropolitan area, if the property which is the subject of the mortgage is in a metropolitan area;
- The higher of the median income for the county or the state non-metropolitan median income, if the property which is the subject of the mortgage is in a non-metropolitan area that is not a high-needs rural region; or
- The highest of the median income for the county, the state non-metropolitan median income, or the national non-metropolitan median income, if the property which is the subject of the mortgage is in a high-needs rural region.

Additionally, while changes to AMI calculations can expand eligibility for DTS credit for the Enterprises, they will not guarantee that that credit will reach underserved areas. To achieve the intended objective of increasing access to credit in underserved rural markets, FHFA should pair the proposed adjustment to AMI calculations in high-needs rural regions with a requirement for the Enterprises to take actions to serve high-needs rural regions and to collect and report data to assess the degree of that support.

IV. Maintain statutory and regulatory activities in each market to ensure the Enterprises serve the most underserved parts of the market, retain the requirement for a minimum number of activities, and require the Enterprises

[5] Jung Hyun Choi, Laurie Goodman, and John Walsh, "Changing the Area Median Income Calculations Will Imperil the FHFA's Affordable Housing Goals," Urban Institute, July 23, 2026, https://www.urban.org/urban-wire/changing-area-median-income-calculations-will-imperil-fhfas-affordable-housing-goals.

to provide explanations for how earlier Plan activities are reflected in the next Plan.

A. Retain statutory and regulatory activities for all markets to ensure that critical work continues.

FHFA has proposed eliminating all eligible activities, including statutory activities, from the rule. UMMC strongly recommends that FHFA retain the statutory and regulatory activities in each market. We share FHFA's desire for increased innovation by the Enterprises and a concentration on higher-impact activities to address these unmet needs. However, we are concerned that eliminating all mention of eligible activities in the regulation leaves significant discretion to the Enterprises on the scope of their review for market needs and consideration of whether to develop a program or product to better serve underserved portions of the market.

The current list of activities has allowed the Enterprises to lead the market in developing new products for parts of the market they'd previously not engaged, like manufactured housing communities with standard lease provisions and shared equity homeownership. They also include an emphasis on serving small financial institutions, as well as utilizing the capacity of community development financial institutions (CDFIs) to support underserved markets the Enterprises might otherwise struggle to reach. Without direction, the Enterprises may return to their practice before DTS was put in place of overlooking more difficult to serve portions of the market – such as high-needs rural regions, affordable rural rental housing, and manufactured homeowners with personal property loans – and neglecting valuable partnerships, instead focusing on easy activities that require little effort, innovation, or engagement.

UMMC also recommends against eliminating the requirement for the Enterprises to at least consider a minimum number of activities. That could result in an Enterprise choosing as little as a single activity to pursue in each market, which would almost certainly leave that market underserved, contrary to statutory intent.

Additionally, while FHFA states that the agency expects that the Enterprises will "iterate upon and scale high-impact activities from earlier Plan years," this expectation only appears in the preamble and is not tied to any regulatory text or guidance. UMMC recommends that FHFA expressly include a requirement for the Enterprises to provide explanations for how earlier Plan activities are reflected in the next Plan. For example, an activity may demonstrate a scaling up of loan purchases as a market develops, cessation of a specific activity within DTS as a product becomes mainstream, or a shift in approach to better serve an underserved market based on deeper understanding of the market and its needs gleaned through past efforts and public engagement.

In summary, UMMC strongly recommends that FHFA retain a list of activities developed through a public comment process, as well as the activities enumerated in the statute, in the final DTS rule. However, these activities should not act as a constraint on the Enterprises. FHFA's existing process allows the Enterprises to create and receive non-objection for "additional activities" within each market. This process has provided some of the innovation that FHFA, UMMC, and other housing stakeholders seek from the Enterprises. [6]

FHFA could streamline the process to propose and receive a non-objection for an additional activity, supporting more creativity from the Enterprises. A list of eligible activities, coupled with a more nimble "additional activities" approval process, can strike an appropriate balance between serving the most underserved parts of the market and encouraging innovation beyond the scope of what FHFA or stakeholders have previously considered.

We also urge FHFA to specify parts of each underserved market that the Enterprises must include in their needs and opportunities analysis within their DTS Plan, as outlined above, to ensure that their DTS Plans and activities, including additional activities, are informed by a thorough analysis, and that identified unmet needs are addressed through the Enterprises' Plans.

B. Retain the activities that have made such a positive difference in the manufactured housing market.

The current DTS rule defined four eligible activities to better serve the manufactured housing market. Using these activities as a springboard, the Enterprises have each launched a series of successful programs to serve manufactured homeowners with homes financed as real property and owners of manufactured housing communities. Yet the proposed framework eliminates references to all of these activities, threatening to set back the progress made over the past decade. Without regulatory direction, there is a risk that the Enterprises will step back from these markets at a time when market conditions and lack of both supply and affordability in broader housing markets suggests they should be engaging even more deeply. The following bullets outline work that is particularly

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[6] For example, in their modified DTS Plan, Fannie Mae includes activities in each underserved market that are not listed in the regulation, including investments in Low-Income Housing Tax Credits to support multifamily housing in rural areas, targeted deposits to support rural CDFIs, aligning single-family manufactured housing and multifamily manufactured housing community (MHC) executions to support the issuance of single-family mortgages in MHCs, outreach and loan product development to improve the quality of single-family homes through rehabilitation, and technical assistance to support multifamily properties in adapting to weather-related risks or preparing for disasters. See Fannie Mae, *2025–2027 DTS Underserved Markets Plan*, January 2026, https://www.fhfa.gov/document/d/dtsp/fm_dutytoserveplan_2025-2027_modified_09.30.2025.pdf.

Freddie Mac also includes support for community development financial institutions (CDFIs) serving the rural housing market in its Plan, which is not a regulatory or statutory activity. See Freddie Mac, *DTS Underserved Markets Plan for 2025–2027*, revised December 11, 2025, https://www.fhfa.gov/document/d/dtsp/freddie-mac-2025-2027-duty-to-serve-ump-dec2025.pdf.

important, especially given the boost to manufactured housing that could follow the passage of the 21st Century ROAD to Housing Act:

- *Manufactured housing communities with pad lease protections*. This activity addresses the fact that homeowners in MHCs own their homes but rent the lot underneath it, so homeowners face hardship and potential loss of their home if their community closes, if they are evicted, or if they face steep rent increases. Currently, FHFA's Tenant Site Lease Protections provide a thoroughly researched and vetted baseline of minimum protections appropriate for homeowners and renters in MHCs. If FHFA eliminates this regulatory activity as proposed, we are concerned that the MHC market will lose an important baseline standard that has been embraced by a variety of community owners.

- *MHCs owned by a governmental entity, nonprofit organization, or residents*. Promoting ownership of MHCs by governments, nonprofits, or residents is a promising strategy for preserving the affordability of this important housing stock, and we appreciate that the existing regulatory activity focuses the Enterprises' attention on serving these unique but important classes of MHC borrowers and owners. While efforts to serve government, nonprofit, and resident owned communities have not yet resulted in regular loan volume, there are promising and impactful ways the Enterprises can better serve these markets, including by supporting resident owned community refinances or making investments in CDFIs that provide these loans. UMMC member organization ROC USA's comment letter touches on this topic more deeply.

- *Manufactured homes titled as real property.* Both Enterprises have had strong success serving this market since the launch of the DTS program. Preserving this regulatory activity would ensure that the Enterprises will continue to innovate and lead in this market, including by supporting state laws that allow owners of manufactured homes to convert their titles from personal to real property. It would also help expand the market for modern manufactured homes as an affordable housing supply solution.

- *Manufactured homes titled as personal property (also known as home-only or chattel loans).* While UMMC commends the proposed rule's preamble language regarding the Enterprises entering the personal property loan market, preamble language in a proposed rule does not have the same force and effect as including this expectation in regulatory text. We urge FHFA to include service to the personal property loan market, along with the existing regulatory activities in the manufactured housing market, in the regulatory text to provide a clear and unambiguous statement of FHFA's expectation and a mechanism to hold the Enterprises accountable to meeting this expectation.

The lack of a secondary market for personal property loans has constrained the number of lenders and availability of credit, and consumers ultimately pay the price through shorter-term, higher interest rate loans. Well-structured, thoughtful Enterprise pilots (and eventually programs) can help transform the personal property market both by attracting additional lenders, lowering costs, and raising consumer and marketplace standards.

We are encouraged that FHFA plans to assess these initiatives based on *expanding liquidity, supporting sustainable credit, and enhancing consumer choice*. We also recommend that Enterprise personal property loan programs focus on *strengthening consumer protections*, in two important ways. First, these programs should aim to incorporate real estate-like lending and servicing standards, such as those afforded by the Real Estate Settlement Protections Act, to create a more level playing field for manufactured homeowners across the country.

Second, any personal property loan program should require a minimum lease standard for the borrower. For example, programs could be limited to communities with the tenant site lease protections in place or that are owned by a government, nonprofit, or resident entity. This would further FHFA's stated intention to support sustainable credit and also better protect the Enterprises from losses, as secure land tenure is a factor in determining a borrower's ability to make timely home loan payments.

- *MHC affordability.* FHFA also proposes to eliminate its current methodology for determining whether an MHC is affordable to very low-, low-, and moderate-income families, as required to qualify for DTS credit, and instead to presume all MHCs are affordable. In its explanation, FHFA notes that the current methodology has not impeded the Enterprises from financing communities, but FHFA believes that removing the requirement to determine MHC affordability will eliminate "compliance friction."

  While we understand FHFA's desire to eliminate any unnecessary burdens, FHFA's rationale for treating all MHCs as affordable does not align with our market experience and does not address a demonstrated burden. Implementing the existing affordability proxy poses virtually no administrative burden for the Enterprises, as it is based either on an MHC's ownership type or on an MHC's census tract and other publicly available data. This data is always known by the Enterprise and are widely used by FHFA and Enterprise staff. The proposed rule citations do not directly provide data about the share of MHC residents that are low- or moderate-income and so do not substantiate FHFA's contention that these communities are nearly exclusively home to residents at DTS-qualifying income levels.

Moreover, UMMC practitioners report that there are a meaningful number of MHCs that serve households well above the median income, predominately in coastal, vacation, or other highly desirable areas. Some of these MHCs primarily contain vacation homes, rather than primary residences. Allowing the Enterprises to receive DTS credit for activities involving these communities is a violation of the intended purpose of DTS to focus on low- and moderate-income households and undermines the spirit of FHFA's prohibition on providing DTS credit for loan purchases for secondary residences.

The Enterprises' existing MHC programs already lean away from many underserved MHCs due to the Enterprises' minimum property condition and other requirements. If all MHCs are allowed to qualify for DTS credit, regardless of location, ownership, or residency, this trend could be reinforced, allocating more credit towards wealthier households. Therefore, unless FHFA can generate a more reliable methodology for calculating the affordability of MHCs, we recommend that FHFA retain its current methodology. While relying on median incomes to proxy affordability is imperfect, FHFA's proposal to allow all MHC pad sites to qualify as affordable is misguided.

- *Factory Built Housing.* FHFA should not count other factory-built housing types (e.g., modular homes) as part of the DTS manufactured housing market, as outlined further in the appendix's answers to FHFA's specific questions.

C. Retain the regulatory activities related to Affordable Housing Preservation to ensure an adequate supply of affordable housing.

In eliminating all regulatory activities, the proposed rule eliminates seven regulatory activities that are crucial to affordable housing preservation. These include support for small multifamily properties—a crucial source of unsubsidized affordable housing[7] that is difficult to finance; preservation of units financed through USDA's 515 program; and HUD's Rental Assistance Demonstration Program (RAD). The loss of focus on the latter two is particularly challenging in light of the capital that will be needed to serve the increased RAD cap and the permanent authorization of the multifamily housing preservation and revitalization program, both of which became law through the recently enacted 21st Century ROAD to Housing Act.

With respect to affordable housing preservation, the statute is specific on requiring the Enterprises to support loan products and flexible underwriting guidelines to facilitate a secondary mortgage market serving a *minimum* of nine enumerated housing subsidy

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[7] See An, B. Y., Bostic, R. W., Jakabovics, A., Orlando, A. W., & Rodnyansky, S. (2022). Small and medium multifamily housing: affordability and availability. *Housing Studies*, *37*(7), 1274–1297. https://doi.org/10.1080/02673037.2020.1842339

programs.[8] While the current DTS regulation permits the Enterprises to select a smaller number of statutory programs to support in each Plan, the proposed rule eliminates the existing permissive guidance allowing a narrower focus on a smaller number of statutorily mandated activities. This leads us to conclude that the proposed rule anticipates the Enterprises will develop robust needs and opportunities assessments, specify the actions to be taken to address the identified needs, and set measurable targets for each of the nine statutorily mandated programs, in addition to any other underserved parts of the affordable housing preservation market they may choose to define and support.

The UMMC has long sought for non-rural LIHTC equity preservation transactions to be considered for DTS credit, but we have always been clear that we were seeking it as part of the affordable housing preservation underserved market and thus *separate from and in addition to* LIHTC equity investments in rural areas, which face separate financing challenges. We are concerned that the proposed rule's elimination of any LIHTC equity investment targets in rural areas will lead the Enterprises to pivot away from this already deeply underserved segment of the affordable housing market in favor of easier to serve properties in more urban areas. As median LIHTC equity pricing has declined in the past year, rural and other underserved markets are even more dependent on the LIHTC investment demand that the Enterprises provide.[9] Moreover, in the absence of any FHFA guidance distinguishing between truly underserved preservation needs and adequately capitalized markets where the Enterprises' market share might be small (potentially identifiable by credit pricing), we are concerned that the Enterprises might set targets and seek credit overwhelmingly based on investments they would have sought in the normal course of business.

Last year FHFA increased each Enterprise's annual LIHTC investment cap to $2 billion, at least half of which is reserved for difficult to serve markets, consistent with the permanent expansion of LIHTC enacted in the One Big Beautiful Bill Act. This increase gives the Enterprises sufficient capacity to support both underserved rural and affordable housing preservation markets. To promote access to capital for affordable housing in underserved markets that will benefit the most from the Enterprises' additional investment capacity, we urge FHFA to include rural LIHTC investments and LIHTC investments supporting affordable housing preservation as separate DTS activities, and to ensure that preservation investments are serving truly underserved preservation needs.

Through eliminating all regulatory activities, the proposed rule also eliminates the clarification that support for shared equity homeownership qualifies under the affordable

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[8] 12 U.S.C. 4565(a)(1)(B)(2018)

[9] Novogradac, "LIHTC Equity Pricing Trends: Equity Price Per Credit Averages History, January 2016 through June 2026," Novogradac, accessed July 24, 2026, https://www.novoco.com/resource-centers/affordable-housing-tax-credits/lihtc-equity-pricing-trends; Novogradac, "Regional and State-Level LIHTC Equity Pricing: Regional LIHTC Equity Pricing As of Q2 2026," Novogradac, accessed July 24, 2026, https://www.novoco.com/resource-centers/affordable-housing-tax-credits/regional-and-state-level-lihtc-equity-pricing.

housing preservation market. While the proposed rule states that subordinate liens related to eligible shared equity homeownership programs qualify for DTS, it does not clarify FHFA's view on whether support for the primary lien qualifies. The Enterprises currently support shared equity homeownership through helping to finance the primary lien, and the secondary market capacity they provide has added the capital to support this affordable homeownership model. We urge FHFA to clarify that support for financing the primary lien in eligible shared equity homeownership models (as currently defined in the proposed rule) remains eligible for DTS credit.

Eliminating regulatory activities also removes all references to financing for energy and water efficiency for single-family and multifamily housing within DTS, which are critical tools to support affordable homeownership and rental housing. Both household energy prices and total household utility bills rose 40% between 2020 and 2025, all contributing to the rise in overall housing costs and the growing share of homeowners who are cost-burdened.[10] Researchers with Fannie Mae have previously projected that utility costs are the third highest cost of homeownership for first-time low-income homebuyers.[11] Financing improvements that can help lower homeowners' monthly payments, including their utility bills, helps preserve affordable housing and makes homeownership more affordable and sustainable, especially for those lower-income families.

Similarly, updates to multifamily buildings can reduce utility costs, generating savings for both multifamily building owners and tenants and, ultimately, making the loans on those properties safer. One estimate found that making efficiency improvements in the top energy-using multifamily buildings could save $3 billion nationwide.[12] Not only do efficiency improvements make housing more affordable for very low-, low-, and moderate-income renters and homeowners in underserved markets, they yield a range of additional benefits for them and communities at large. These include safer indoor conditions and lowering the power demand during peak capacity periods to avoid blackouts.[13] We urge FHFA to continue to recognize this financing for DTS credit.

D. *Require the Enterprises to engage in activities related to high-needs rural regions and high-needs rural populations.*

[10] "Average Household Utility Costs Rise 41% in Last Five Years," JD Power, August 19, 2025, https://www.jdpower.com/business/resources/average-household-utility-costs-rise-41-last-five-years.
[11] Jaclene Begley and Mark Palim, "The Biggest Costs of Homeownership," Fannie Mae, March 9, 2022, https://www.fanniemae.com/research-and-insights/perspectives/biggest-costs-homeownership.
[12] American Council for an Energy-Efficient Economy, *Understanding Multifamily Home Energy Efficiency Potential* (October 2020), https://www.aceee.org/sites/default/files/pdfs/Multifamily%20Home%20Energy%20Efficiency%20Potential%20final%201-22-21.pdf.
[13] Rohini Srivastava, Emily Garfunkel, and Amber Wood, *Valuing Resilience Benefits in Utility Building Retrofit Programs* (Washington, DC: ACEEE, 2024), https://www.aceee.org/research-report/b2402.

The current DTS rule established a requirement for the Enterprises to consider activities to serve high-needs rural regions and high-needs rural populations. These two distinct groups are particularly underserved parts of the rural market and often lack access to the housing capital they need.

FHFA proposes to largely retain the definition of high-needs rural regions, with the addition of Indian areas. We agree that the areas included in the high-needs rural regions definition share unique barriers to accessing credit and support the definition as proposed. However, UMMC is deeply concerned that, by removing any reference to activities serving high-needs rural regions in the regulation, the proposed rule strips this designation of real meaning or impact and further constrains credit availability to rural Americans.

The preamble to the proposed rule explains that eliminating regulatory activities is intended to direct the Enterprises' efforts towards the rural market as a whole and to "balance the widespread need for liquidity in the rural market with the acute housing needs of households in high-needs rural regions." However, this broad bucket approach to defining rural areas is likely to result in a severe *imbalance* in access to housing for rural families. As FHFA notes, high-needs rural regions face unique barriers. Lending in high needs rural regions involves smaller loan volumes, more complex transactions, fewer bank assessment areas under the Community Reinvestment Act (CRA), and longer development timelines than mainstream rural lending. An evaluation framework oriented toward aggregate rural market volume risks systematically undervaluing this work.

Without published evaluation guidance or component-level standards, the Enterprises may rationally conclude that concentrating capital in larger, simpler rural markets is the surest path to a favorable rating. Simply put, absent any required programmatic or regulatory focus on high-needs rural regions, the Enterprises will likely draw back from these markets despite their disproportionate need. Therefore, we strongly urge FHFA to reconsider this approach and require at least one eligible activity chosen by each Enterprise to focus on high-needs rural regions.

UMMC also recommends FHFA retain the high-needs rural population designation within the DTS framework. The current DTS rule defines members of Federally recognized Indian tribes in Indian areas and agricultural workers as high-needs populations and includes activities to address the unique credit challenges these populations face as eligible regulatory activities.

The proposal would remove the definition of high-needs rural populations altogether. FHFA posits that, by reducing regulatory burdens, the proposed rule would increase access to credit for high-needs rural populations and all rural households. This rationale, however, fails to recognize the unique housing needs of these populations, which are distinct from those of the general low-income rural population.

- *Agricultural workers* may qualify as low-income rural residents, but they also face unique barriers to obtaining safe, stable, and affordable housing that make their needs distinct from other rural families. These workers often have seasonal or migratory work arrangements and unpredictable income streams, as their employment is tied to specific growing regions and harvest cycles, which can make it difficult for them to qualify for a traditional mortgage. These workers also have a greater likelihood of depending on employer-linked or temporary housing arrangements. These factors create housing barriers that are not fully captured by income status or rural geography alone.

- *Members of Federally recognized Indian tribes in Indian areas* also face unique housing barriers, including low incomes, high levels of poverty, and land titling challenges. UMMC endorses the comments of the National American Indian Housing Council on the need to maintain a meaningful regulatory framework supporting access to credit for members of Federally recognized Indian tribes, consistent with the United States' trust and treaty responsibility to Tribal Nations. While we support adding Indian areas to the definition of high-needs rural regions, the proposed changes also remove all requirements to consider activities serving these high-needs areas or high-needs populations. This means that there are no longer any references to serving Indian areas or members of Federally recognized tribes in the DTS framework. While the Enterprises have made significant progress in engaging and creating dedicated loan products to serve members of Federally recognized tribes as a result of DTS, this progress could all be lost without an explicit focus on these populations.

Further, by folding these two underserved populations into the broader low-income rural category, any data collection, assessment, or research by FHFA or the Enterprises will likely cease. This risks making the housing challenges facing these two distinct populations even more statistically and programmatically invisible. Retaining a high-needs rural population designation enables better data collection and monitoring and more accurate assessment of needs.

To ensure that the Enterprises do not draw back from serving the rural areas and populations that are most in need of affordable financing, we recommend that FHFA retain the definition of high-needs rural populations and the Enterprises each be required to undertake at least one eligible activity focused on high needs rural regions and at least one on high-needs rural populations in any final rule.

V. Retain and improve a clear, robust evaluation system to ensure the Enterprises fulfill their statutory DTS obligation and engage in meaningful work.

The Enterprises' Plans are the foundation of the DTS program, but a robust evaluation system is what drives the Enterprises to engage stakeholders, innovate, and fulfill their statutory obligation to serve homeowners and renters in each market. It is essential that the evaluation system clearly communicates FHFA's expectations to the Enterprises and stakeholders, and that the consequences of success or failure are meaningful. Without further clarification of FHFA's expectations and numerical targets by which the Enterprises' activities will be evaluated, the proposed framework is subject to regulatory discretion that could result in significant policy shifts.

The proposed evaluation and rating framework would be strengthened by clear metrics and a transparent explanation of how FHFA will determine an Enterprise's rating on each evaluation element. For the statutory activity categories (loan products, outreach, loan purchases, and grants and investments), FHFA should continue to evaluate an Enterprise's achievement of the activity targets established in its DTS Plan, subject to reasonable adjustments for market changes. Calculating a supplemental target level of support metric for each market as outlined above would allow FHFA to conduct a transparent, metrics-based assessment of the Enterprises' service to each underserved market while allowing flexibility to account for market disruptions beyond an Enterprise's control.

Also, the six elements of the evaluation framework reflect critical elements of a successful DTS program. Assessing the Enterprises' performance on each of the four statutory activity categories (loan product development, outreach, loan purchases, and grants and investments) remains an important part of any evaluation. Further, the success of any company's efforts requires buy-in from the entire organization, particularly senior management, and adding program management as an element of the evaluation is a meaningful step to ensure Enterprise-wide commitment to DTS. UMMC supports this addition to the regulatory framework.

UMMC has found that the existing statutory categories of DTS activities do not encompass the full range of activities that could meaningfully support underserved markets. For example, improvements to servicing requirements that support home retention for DTS-qualifying homeowners would not clearly fall under any of these four categories but could be a meaningful action. UMMC urges FHFA to clearly enumerate an additional activity category of "other activities" that can support an underserved market consistent with DTS.

With respect to the CAMELSO rating system, it could potentially add consistency to the DTS evaluation, since the Enterprises and FHFA are already familiar with this system. However, the weight of the CAMELSO system in financial regulation comes from the clearly defined expectations and regulatory and market consequences of a failing rating. For the CAMELSO rating system to have the intended effect for DTS, the change in ratings system should be paired with clear regulatory expectations and meaningful consequences for success or failure.

Additionally, FHFA should ensure that DTS activities are meaningful. Outreach and education are important, particularly in markets where the Enterprises have a limited footprint, but they are not a substitute for loan purchases, responsive products, and investments. As part of its evaluation, FHFA should also ensure that all underserved markets see not just outreach activities, but also activities that help expand access to capital.

Finally, the current evaluation guidance plays a critical role in shaping the Enterprises' DTS Plans and programs. The revised framework should include a similar document to increase transparency and support a meaningful program that fulfills FHFA and the Enterprises' statutory obligations. These clarifications could be issued as part of the regulation or through formal guidance but should be referenced in the final regulatory text and be both clear and public to ensure that the Enterprises and stakeholders understand FHFA's expectations prior to the beginning of any DTS Plan process.

VI. Continue data collection and public disclosure to measure the effects of the proposed changes and to ensure the Enterprises fulfill their statutory obligations.

Under the current DTS framework, FHFA collects and maintains public disclosures of the Enterprises' performance on each of the activities in their Plan, as well as a single repository of the Enterprises' support for key parts of the underserved markets. The data provided through these publications is not otherwise available from the Enterprises and is regularly used by stakeholders to understand the Enterprises' role in supporting manufactured housing, rural housing, and affordable housing preservation.

In order for stakeholders to assess the Enterprises' success on each of their enumerated activities and their level of support for underserved markets year over year, it is essential that FHFA continue to collect and publicly report all of the data currently reported, as well as data on any new activities by each Enterprise. Data for the rural market should further break out loan purchases, outreach, products, and investments and grants serving high-needs rural regions, high-needs rural populations, and the rural market as a whole to ensure that the most underserved parts of the market are being well-served under the revised framework.

Even if the Enterprises were to begin publicly disclosing their own data, variations in their reporting methods often make it impossible for stakeholders to compare the two.[14] This data is also vital to assess whether changes to the DTS regulatory framework result in changes to the Enterprises' support for underserved markets. We urge FHFA to continue to collect and publicly disclose this data in a uniform way.

[14] For example, Fannie Mae reports its LIHTC investment by units created or preserved, while Freddie Mac reports its LIHTC investment in dollars.

Conclusion

At a time where housing markets nationwide desperately need more supply and affordability, the DTS rule is more important than ever to support both homeowners and renters. UMMC commends the accomplishments of the Enterprises to date and believes that they can and should do more to support homeowners and renters in each of the three DTS markets. We appreciate FHFA's commitment to an impactful DTS program that fully realizes Congress's intent that the Enterprises serve all housing markets throughout the country.

Thank you for considering our views.

Sincerely,

American Council for an Energy-Efficient Economy
Center for Community Progress
Center for Responsible Lending
Consumer Federation of America
Earth Advantage
Enterprise Community Partners
Fahe
Grounded Solutions Network
Habitat for Humanity International
Hope Policy Institute
Housing Assistance Council
Institute for Market Transformation
Lincoln Institute of Land Policy
Local Initiatives Support Corporation
National American Indian Housing Council
National Association of Affordable Housing Lenders
National Community Stabilization Trust
National Consumer Law Center (on behalf of their low-income clients)
National Housing Conference
National Housing Trust
Neighborhood Partnership Housing Services, Inc.
New Hampshire Community Loan Fund
Next Step Network
Novogradac
Prosperity Now
ROC USA
South Dakota Native Homeownership Coalition
Stewards of Affordable Housing for the Future
UnidosUS

Appendix A – UMMC Response to Select “Enterprise DTS Underserved Markets” Proposed Rule Questions

(a) Definitions

1. Should FHFA consider changing the scope of the definitions for *affordable housing market, manufactured housing market,* or *rural housing market?*

No. The scope of the definitions for the affordable housing, manufactured housing, and rural housing markets is appropriate. As explained further in question 4, UMMC recommends that FHFA maintain the current scope of the manufactured housing market and consider recommending to Congress a fourth underserved market for modular and other innovative construction models if FHFA believes the barriers in these markets warrant additional Enterprise focus through DTS.

2. Should FHFA consider adding other US territories or areas to the proposed high-needs rural regions definition? If so, what areas should FHFA add, and how do those areas qualify as high-needs rural regions?

No. Currently eligible high-needs rural regions, including Middle Appalachia, the Lower Mississippi Delta, the Colonias, and rural persistent poverty counties, as well as Indian areas, which are added in the proposed high-needs rural regions definition, face many common economic challenges. These include chronic disinvestment, limited economic opportunities, infrastructure deficits, lower incomes, and significant housing quality challenges. Housing markets in these high-needs rural regions are characterized by:

- Shortages of safe, affordable housing;
- Aging and deteriorated housing stock;
- Higher incidence of incomplete plumbing and basic facilities;
- Housing cost burdens among renters despite lower nominal housing costs;
- Overcrowding in some communities;
- Limited access to mortgage credit and development capital; and
- Need for infrastructure investments including water, sewer, broadband, and transportation.

Considering these shared barriers to credit, UMMC supports the definition of high-needs rural regions as proposed. However, as noted above, the actual rule does not use the term high-needs rural region and provides no direction that the Enterprises should in any way consider the unique credit barriers in these communities. While the definition itself is appropriate, we are concerned it will have no practical benefit for the families who live in these communities. We urge FHFA to amend the proposed rule to require the Enterprises to undertake at least one activity serving high-needs rural regions in their DTS Plans.

4. Should FHFA change the definition of *manufactured home* to acknowledge the increasing importance to the manufactured housing market of other types of factory-built homes beyond HUD-code manufactured homes (such as modular homes)?

No. While UMMC shares FHFA's desire to support a variety of new construction methods to help boost housing supply, we recommend FHFA maintain the current scope of the manufactured housing market within the DTS program. FHFA should address the separate, unique barriers facing other factory-built housing types (e.g., modular homes) with a more targeted approach, either through DTS or other efforts.

Manufactured home was a clearly defined term at the time that Congress enacted the DTS statute. By using this term, Congress identified a statutorily defined market that faced unique barriers and that Congress wanted to ensure was better served. While modular homes also face financing barriers, such as those related to the timing of construction loan disbursements, these challenges are distinct from the financing challenges facing manufactured housing, many of which relate to titling or where a home is located. As such, we believe including other types of factory-built housing in the manufactured housing market would dilute the Enterprises' focus on manufactured housing market challenges, contrary to Congress's intent.

The DTS statute contains a provision (12 USC § 4565(c)) for the FHFA Director to submit recommendations for additional underserved markets to Congress. If FHFA wishes to address the challenges facing factory-built housing directly through DTS, we recommend that FHFA utilize this authority and identify other factory-built housing as a fourth underserved market in need of unique solutions. FHFA can also direct the Enterprises to research and address these markets using its conservatorship authorities. This research can both boost the Enterprises' knowledge of these markets and provide the data needed to define this market as underserved.

(b) DTS Plans

6. Should an Enterprise be allowed to request that FHFA permit it to modify its Plan based on a change in market conditions or other events or circumstances? Should FHFA be allowed to initiate a request that an Enterprise modify its Plan based on a change in market conditions or other events or circumstances? Under what circumstances?

Yes. Modifications serve an important purpose – they allow the Enterprises to set ambitious targets and propose innovative new products without the fear that they'll be penalized if everything doesn't go according to plan. Limits on the ability to make modifications will likely result in the Enterprises pursuing only well-established activities and loan purchase levels that they are certain they can exceed. We therefore recommend that FHFA continue to allow the Enterprises to submit Plan modifications under the revised regulation.

We also strongly recommend that FHFA seek public comment on all substantive modifications prior to approving or rejecting them. While the current regulation allows for FHFA to seek public comment, it does not consistently provide that opportunity. Minor or procedural changes can reasonably be processed more quickly and without public input.

But instituting a regular practice of soliciting public comment on all substantive proposed modifications would add transparency and accountability, while ensuring FHFA has full information about the market before allowing a modification to proceed.

7. Does the proposed timing for public feedback provide sufficient opportunity for the public to review the proposed Plans and submit comments, and for the Enterprises to incorporate such feedback into their Plans? If not, what should be the proposed timing for public feedback?

No. Serving underserved markets is complex. Providing meaningful comments based on market analysis and experience takes significant time and effort, particularly for smaller lenders and nonprofits who are actively working in these underserved markets. Forty-five days is not adequate for this purpose. UMMC recommends that FHFA maintain a public comment period of at least 60 days for proposed DTS Plans, consistent with the comment period for every proposed DTS Plan to date. [15]

8. Should the Enterprises be allowed to annually update loan purchase targets for future Plan years prior to that Plan year commencing? If yes, should these objects be subject to the modification review procedures and/or require FHFA non-objection?

Yes to both. As outlined above, UMMC believes that modifications play an important role in a DTS framework that supports innovation and ambitious goals and encourage FHFA to allow the Enterprises to submit Plan modifications, including updates to loan purchase targets, in response to demonstrated market variations or in response to Enterprise experience with a new program or product. Loan purchase changes are substantive changes that have a direct impact on the level of service the Enterprises provide to homeowners and renters in underserved markets and therefore should continue to be considered modifications.

Additionally, UMMC recommends that FHFA allow a public comment period for all substantive modifications, including changes in loan purchase targets, as part of its consideration process.

To limit the number of modifications needed while allowing for reasonable adjustments to loan purchase targets based on market changes, UMMC recommends that FHFA adopt an annual target level of support for each market (measured in capital deployed). The target level of support would be equal to at least 110% of the total capital that would be deployed if all of an Enterprise's action targets were achieved for that market. If an Enterprise met the target level of support for a market through the actions within its Plan and made an effort to achieve its action targets, FHFA could consider the Enterprise to have met all targets for

[15] The comment period for the 2018-2020 DTS Plan cycle ran from May 8, 2017, to July 10, 2017. The comment period for the 2022-2024 Plan cycle ran from May 18, 2021, to July 16, 2021. The comment period for the 2025-2027 Plan cycle ran from June 11, 2024, to August 12, 2024.

that market. This would make it easier for the Enterprises to be responsive to market shifts, without triggering a formal modification request, while also providing a clear benchmark for FHFA to rate the Enterprises' performance.

9. FHFA proposes to remove the restriction that permitted LIHTC equity investments only in rural areas, to expand eligibility for LIHTC equity investments to all underserved markets. Should the Enterprises also be permitted to invest in New Markets Tax Credits, to provide additional liquidity to increase housing supply?

Yes. UMMC has long supported providing DTS credit for Enterprise LIHTC investments for affordable housing preservation in all markets in addition to their current DTS-eligible LIHTC investments in rural markets. However, we have always been clear that we were seeking it as part of the affordable housing preservation underserved market and thus *separate from and in addition to* LIHTC equity investments in rural areas, which face separate financing challenges. We urge FHFA to clarify that LIHTC investments supporting affordable housing preservation outside of rural areas are eligible for DTS credit in addition to their baseline level of rural LIHTC investment, and to closely monitor and report on these levels of investment.

In addition to these vital LIHTC investments, the Enterprises should be permitted to earn DTS credit for investments in the New Markets Tax Credit (NMTC) program that support affordable housing development in underserved markets. Furthermore, the final rule should provide the Enterprises the operational flexibility to invest in future new tax credit programs established by Congress focused on affordable housing, including in underserved markets.

Why Additional Tax Credit Investment Matters for Housing Supply

The DTS statute recognizes that the Enterprises need a comprehensive toolkit, that includes investments, to effectively serve underserved markets across all market cycles. This is particularly true when housing supply is extremely constrained. Credit flowing solely to homebuyers through traditional mortgages cannot sufficiently expand physical housing supply on its own. While LIHTC is a vital tool for affordable rental housing, it is not structured to address the critical nationwide shortage of for-sale, single-family starter homes, especially in the underserved markets.

This emphasis on expanding supply-side tools aligns with the goals of the current administration. Executive Order 14394 (*Removing Regulatory Barriers to Affordable Home Construction*, March 2026) explicitly directs federal agencies—including the FHFA—to eliminate rules that constrain residential development and impede the construction of affordable single-family homes.[16] Crucially, Section 5 of the Executive Order explicitly calls for coordinating federal incentives with the New Markets Tax Credit under 26 U.S.C. 45D to promote single-family home construction in low-income census tracts. Permitting Enterprise investment in NMTCs would help FHFA deliver on this directive.

The Track Record and Future Potential of NMTCs

Historically, less than 2% of total NMTC financing has been used for the construction or rehabilitation of single- or multi-family housing. Over the past two decades, housing practitioners have found creative ways to stretch modest NMTC allocations, steadily building out strategies to fund affordable housing. Through the FY 2022 reporting period, the CDFI Fund reports that the NMTC program created 17,667 total affordable housing units across rental and homeownership. To date, a consortium of leading housing CDEs–including Community Housing Capital, the Housing Partnership Network, Habitat for Humanity International, and 23 partner organizations–has successfully deployed nearly $947 million in total Qualified Equity Investments (QEIs) to develop over 7,700 affordable homes across 34 states, Washington D.C., and Puerto Rico.

The critical need for these housing tools further underscored by the Treasury Department's historic calendar year 2024-2025 combined double allocation round announced on December 23, 2025. Although CDEs requested a staggering $19.2 billion in allocation authority against the record $10 billion pool available, only about $205 million was awarded to entities exclusively focused on affordable single-family and homeownership and for-sale housing projects. While affordable housing remains a small share of the overall NMTC market, Treasury announced in late 2025 that affordable housing would be a priority funding area for the 2026 NMTC application cycle, and further indicated that prioritization in roundtable Treasury hosted in March 2026.[17]

If the Enterprises are permitted to earn DTS credit for purchasing NMTCs that fund affordable housing, they will have a greater incentive to bring their unique market-making capabilities to this space. Just as they did historically with other asset classes, the Enterprises can introduce the standardization, investor diversification, and pricing stability needed in the NMTC for the housing market.

Flexibility for Future Tax Credit Tools

Finally, the FHFA should design the final rule with enough prospective flexibility to allow the Enterprises to invest in additional affordable housing tax credit programs that Congress may pass in the future.

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[16] Exec. Order No. 14394, "Removing Regulatory Barriers to Affordable Home Construction," March 13, 2026, https://www.whitehouse.gov/presidential-actions/2026/03/removing-regulatory-barriers-to-affordable-home-construction/.

[17] U.S. Department of the Treasury, "Treasury Pairs New Markets Tax Credit Awards with Program Reforms," December 23, 2025, https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit/award-announcement-step.

Congress has repeatedly recognized that robust federal investment is required to jumpstart the development of single-family starter homes. For example, the Neighborhood Homes Investment Act (NHIA), tax credit legislation that could boost starter home construction by 500,000 homes over 10 years, maintains the largest bicameral, bipartisan support of any supply-side housing legislation currently under consideration. When enacted, the Enterprises would be invaluable foundational partners in building out this new market. Because LIHTC took years of active institutional involvement to become standardized and attract a diverse pool of investors, early Enterprise involvement in emerging housing supply programs—even in modest initial investment amounts—will bring tremendous value, ensuring new supply comes online quickly for low-and-moderate-income (LMI) homebuyers.

(c) Requirements for Eligible Loan Purchases
10. Should any of the eligibility requirements for loan purchases (proposed § 1283.7(a)(2)) apply to any other evaluation area?

The limitation on considering HOEPA loans should apply to all evaluation areas. The current DTS regulation does not provide credit under any category for HOEPA loans, and UMMC strongly recommends that FHFA does not provide credit for them in any revised rule. While these high-cost mortgages can provide access to credit, the higher costs that borrowers pay can ultimately make homeownership less sustainable. This could make housing even less stable for very low-, low-, and moderate-income DTS borrowers who already face challenges accessing credit. Extending the prohibition on DTS credit for HOEPA loans to include loan products and investments or grants will help ensure that DTS provides access to affordable homeownership as Congress envisioned.

FHFA should also add manufactured housing communities that do not include the tenant site lease protections enumerated in the current DTS rule as ineligible loan purchases under proposed § 1283.7(a)(2). The tenant site lease protections that FHFA established and that the Enterprises have widely implemented have created a market standard and helped to level the playing field for manufactured homeowners whether their home is within or outside of a community. Any community the Enterprises finance and receive DTS credit for should maintain these basic standards.

11. Should FHFA classify micropolitan statistical areas and metropolitan statistical areas as urban for the calculation of median incomes? What would be the costs or benefits of the change?

UMMC members are examining this question but have not been able to conduct the necessary data analysis to understand the impact of this proposed change under the current and proposed methods of calculating area median income in this 30-day comment period. However, metropolitan and micropolitan statistical areas have distinct economic and housing market dynamics, including differing levels of credit availability. Therefore, UMMC would not support combining these two separate markets absent robust data analysis and public comment.

If FHFA is interested in pursuing this change further, we recommend that FHFA publish the necessary median income data and provide at least an additional 60-day public comment period so that stakeholders can analyze the data and better understand the impacts on underserved markets.

12. Are there impacts FHFA should consider if, in the future, the Agency aligns the median income calculation of the Enterprises housing goals and other income eligibility qualifying programs to match the DTS methodology?

There are significant negative impacts. UMMC does not support adopting the proposed median income calculation methodology for DTS in metro areas or in rural areas outside of persistent poverty counties, as it would allow the Enterprises to shift their DTS business to serving higher-income borrowers and renters in these areas without a demonstrated need, squeezing out the low- and moderate-income families that this program is designed to help. The same concern extends to applying the proposed median income calculation to the affordable housing goals.

Single-family housing goals are set as a percentage of the Enterprises' business.
If the revised AMI calculation was adopted, the Enterprises could then count loans to higher income, easier to serve borrowers – borrowers they're likely already serving in the normal course of business – towards their affordable housing goals total. By shifting their support farther and farther up the income spectrum, the Enterprises would leave large swaths of seniors and families behind.

Similarly, the revised calculations would allow apartments with higher rents to qualify for affordable housing goals credit, weakening the impact of the goals. At a time when we are all working to address the shortage of affordable housing for homeowners and renters, the Enterprises should be using their scale to serve the full spectrum of households and provide support to underserved parts of the market. The proposed adjustment in median income calculations would undermine that goal.

(d) Effective Date

13. Should FHFA adopt the proposed effective date of January 1, 2028, aligned with the commencement of the 2028 to 2030 DTS Plan cycle. If not, what alternative approaches, including a potential extension of the 2025 to 2027 Plans through 2028 or other options, should the Agency consider?

Yes, the effective date should be the start of a calendar year. Remaining on a calendar year cycle allows consistent comparison of performance across Plan years and will avoid the need to prorate activity targets for a shortened Plan year. However, FHFA should not rush to complete the rulemaking process or shorten the planning timeline to hit a January 1, 2028, deadline, and current Plans should be extended for one year or more to allow all parties to engage in a thoughtful rulemaking process.

More specifically, the effective date for a final rule should be determined after FHFA has had an opportunity to review and thoughtfully respond to all submitted comments and make any necessary revisions to the proposed rule. Once that process is complete, the effective date should be the start of a calendar year and no sooner than the date that is the number of days it will take to complete a full DTS planning, public input, and FHFA review cycle, plus 30 days, after the final rule and any supplemental guidance is issued. This timing will allow the Enterprises and stakeholders to fully review the final rule, understand the evaluation framework, and thoughtfully engage in the planning process. As noted above, this timing should include at least a 60-day public comment period on the proposed Plans.

14. Should FHFA use the new (proposed) evaluation methodology for assessing Enterprise 2027 DTS performance? Should FHFA evaluate Enterprise 2027 DTS performance using both the methodology of the existing regulation and the new (proposed) methodology?

Yes. To clearly communicate the expectations under both the current and proposed framework to stakeholders and the Enterprises, FHFA should evaluate the Enterprises under both the current and proposed evaluation frameworks for 2027. FHFA should also publish any regulatory text or formal guidance outlining its new evaluation methodology (as recommended in UMMC's comment letter above) in advance of or with the 2027 evaluations to further clarify FHFA's expectations. However, since the Enterprises established their 2027 targets and business operations based on the existing evaluation guidance, FHFA should continue to use the current evaluation system to generate its formal determination of the Enterprises' compliance with DTS for 2027.

If the Enterprises extend their 2025-2027 Plans through 2028 as they transition to the new regulatory framework, UMMC urges FHFA to evaluate both the 2027 and 2028 Plan years under both evaluation systems.