CINNAIRE.COM

July 24, 2026

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

Dear Mr. Jones:

Thank you for the opportunity to comment on the “Enterprise Duty to Serve Underserved Markets” proposed rule.

Cinnaire is a mission-driven affordable housing financing partner that has worked for more than three decades to raise equity capital through the federal Low-Income Housing Tax Credit (LIHTC) for affordable housing developments, especially in underserved rural and urban markets. As a mission-driven LIHTC syndicator, Cinnaire has raised $5.7 billion in total investments, supporting the creation or preservation of more than 76,000 affordable housing units.

Cinnaire's history and mission are deeply tied to serving rural communities. Cinnaire was founded to bring access to capital for affordable housing developments in underserved markets, including rural communities in Michigan, where we are still headquartered. Cinnaire has since expanded to fourteen states, including the Midwest and Mid-Atlantic region. By building strong local partnerships over decades, we continue to prioritize driving investment to desperately needed housing options in markets that are often overlooked, especially rural markets.

Cinnaire strongly supports the Federal Housing Finance Agency’s (FHFA) efforts to encourage the Government-Sponsored Enterprises (Enterprises) to better serve the needs of very low-, low-, and moderate-income households and appreciates FHFA’s desire to reduce administrative burdens when appropriate. Duty to Serve (DTS) regulations provide critically needed accountability and oversight to help ensure that the Enterprises meet these objectives. In our experience, DTS has directly supported the creation and preservation of affordable housing in rural communities we serve by driving investment into LIHTC properties that would otherwise struggle to attract investment capital.

We appreciate FHFA’s efforts to encourage innovation, promote efficiency, and ensure that the Enterprises are responsive to the needs of underserved communities. As an organization focused on bringing investment to rural communities, we are concerned that

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two changes in the proposed rule could inadvertently result in a reduction of investment by the Enterprises in rural affordable housing development and preservation. To prevent such a reduction and instead encourage greater investment in rural affordable housing, we strongly recommend retaining minimum rural LIHTC investment metrics for the Enterprises in DTS regulations, including total dollars invested and projects supported.

We have provided general comments below. We also endorse the comments provided by the National Association of State and Local Equity Funds (NASLEF), including its direct responses to select specific questions posed by FHFA.

Responding to the urgent need for rural affordable housing

We applaud FHFA's focus on rural markets, including its announcement last year to double the Enterprises' LIHTC investment caps with a significant focus on rural areas. The LIHTC program remains our nation's most proven and effective tool for creating and preserving affordable rental housing. Increasing LIHTC investments in rural areas will help increase affordable housing supply and help preserve rural communities' aging housing stock. Further increasing these caps and indexing them to inflation will help provide predictable investment capital for LIHTC properties.

As FHFA knows, rural affordable housing developments face unique challenges compared to other markets. In addition to typically unfavorable economic conditions, rural developments are often smaller in scale and can struggle to secure local suppliers and contractors. These challenges are compounded by weaker investor demand: rural LIHTC projects typically receive lower equity pricing because fewer financial institutions have Community Reinvestment Act (CRA) obligations in many rural areas. That weaker demand creates larger financing gaps, disadvantages rural housing projects, and can threaten project feasibility. In Cinnaire's experience, non-CRA projects typically receive about four cents per credit less than CRA-driven pricing.

This lack of investor demand is an unfortunate side-effect of the "lack of robust banking infrastructure" in rural areas that FHFA correctly identified in the proposed rule. To fill this gap, we believe that the Enterprises should play a substantial and direct role in addressing the need for robust demand for rural LIHTC investment.

Elimination of prescribed activities and minimum activity requirements could inadvertently reduce rural LIHTC investment by the Enterprises

We appreciate FHFA's desire to encourage greater innovation, reduce administrative burden, and incentivize activities with meaningful market impact. Without minimum activity requirements through DTS regulation, however, we are concerned that the Enterprises will focus their LIHTC investments on easier to reach markets instead of responding to the uniquely challenging conditions in rural markets that FHFA accurately described in the proposed rule.

Currently, Fannie Mae includes investment in LIHTC properties to facilitate the provision of affordable multifamily housing in rural areas as an Additional Activity in its Underserved Markets Plan. In Fannie Mae's 2025-2027 plan, for example, Fannie Mae targeted 20-30 investments in 2025, 28-45 investments in 2026, and 32-55 investments in 2027. To reach these rural markets, Fannie Mae works with Cinnaire and similar multi-investor fund syndicators with deep relationships in rural communities. In addition to long-standing relationships, we provide robust underwriting and asset management for Fannie Mae's rural LIHTC investments, helping ensure these activities are consistent with the safety and soundness of the Enterprise.

We have seen firsthand the impact of Fannie Mae's investments in the communities we serve, especially in rural areas. To date, Fannie Mae has invested $491 million in Cinnaire's funds, supporting projects in Michigan, Indiana, Illinois, Wisconsin, Minnesota, Delaware, Maryland, New Jersey, Pennsylvania, Maine, and Virginia. These investments have had a clear impact.

Earlier this year, Fannie Mae invested in Cinnaire Fund for Housing 45, our spring multi-investor fund. Fannie Mae's participation enabled Cinnaire to provide equity investment to multiple rural affordable housing developments throughout our footprint. In northwest Wisconsin, for example, we were able to work with a local developer and nonprofit to bring investment to St. Croix County to support the new construction of two developments that combined will add 80 units of new affordable housing stock to the local market. In northeast Wisconsin, Cinnaire worked with a Wisconsin-based developer to bring investment to the City of Manitowoc, supporting the creation of 59 units of affordable housing. With Fannie Mae's support, we also worked with the Evart Housing Commission to renovate and preserve 65 units of public housing by leveraging private investment in Evart, Michigan, a small rural community in central Michigan. Combined, these projects represent more than 200 units of affordable housing in underserved rural markets that were made possible through Fannie Mae's investment.

We know from our experience that supporting these types of projects in rural communities becomes much more challenging without Fannie Mae's transformative rural LIHTC investment capital in our funds. When Fannie Mae temporarily exited our funds a few years ago due to the lack of clarity on its tax-exempt status, we saw equity investment decrease, resulting in financing gaps that threatened project feasibility.

We are concerned that the removal of minimum activity requirements could reduce incentives for the Enterprises to meaningfully invest in rural LIHTC projects, especially in harder-to-serve markets and communities with smaller scale developments. Without clear metrics for rural investment levels, it is possible that the Enterprises could reduce these activities.

Expansion of LIHTC eligibility to preservation will have a positive impact, but cannot reduce rural LIHTC investment

As noted above, we strongly appreciate FHFA's clear understanding of the affordable housing preservation challenge facing our country. With more than three decades of investment through the LIHTC program and a mission to work with our local partners and investors to preserve affordable housing, we are grateful for FHFA's leadership in acknowledging this urgent need and encouraging the Enterprises to play a meaningful role in meeting the challenge.

In the proposed rule, FHFA proposes the removal of the restriction that permitted LIHTC equity investments only in rural areas and thus expand eligibility for LIHTC equity investments to all underserved markets. FHFA notes that it has "observed the continued need for investment in older LIHTC properties in non-rural areas, especially outside of the largest cities that are in the CRA footprints of multiple bank investors."

We agree that there is an urgent need for increased investment in LIHTC preservation and support FHFA's approach. At the same time, it is essential that any expansion to preservation does not reduce rural LIHTC investment. Because the Enterprises operate within FHFA-set investment caps, larger preservation projects—which may be easier to execute than small-scale rural projects—could become a higher priority and divert attention from the rural markets DTS is intended to reach.

Recommendation

Given the factors outlined above, we strongly encourage FHFA to maintain minimum rural LIHTC investment levels, including dollars invested and projects supported, in the DTS regulatory framework. Doing so would ensure that the Enterprises are held accountable for prioritizing high impact, effective investments that fill clear gaps in rural markets, even while making important LIHTC preservation investments. Retaining minimum LIHTC investment levels in DTS regulation would also complement and reinforce FHFA's goal of providing a significant portion of the recently doubled LIHTC caps for the Enterprises for Duty to Serve Rural Communities. These activities should be closely monitored by FHFA and reported publicly.

Thank you again for your commitment to underserved markets. We appreciate the opportunity to comment and would be happy to provide additional information or clarification. Please contact Chris Neary (cneary@cinnaire.com) with any questions.

Sincerely,

Josh Ghena

Joshua Ghena
President
Cinnaire Equity Partners