NCST | Homeownership Alliance

July 24, 2026

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

Re: Enterprise Duty to Serve Underserved Markets Amendments (RIN 2590-AB64)

Dear Mr. Jones,

On behalf of the National Community Stabilization Trust (NCST) and the Homeownership Alliance, we appreciate the opportunity to submit comments on the Federal Housing Finance Agency's (FHFA) proposed amendments to the Enterprise Duty to Serve (DTS) Underserved Markets regulation.[1]

NCST is a national nonprofit organization that supports families and communities by facilitating the restoration of distressed single-family homes, strengthening neighborhoods, and expanding access to affordable homeownership opportunities. NCST takes a comprehensive approach to revitalizing vacant and defaulted properties, advancing best practices in community development, and informing federal policies that support accessible and sustainable homeownership.[2]

To ensure NCST's policy recommendations are informed by the experiences of practitioners and communities on the ground, we lead the Homeownership Alliance, a coalition of nonprofit practitioners committed to expanding access to homeownership, increasing the availability of long-term affordable housing, and revitalizing historically disinvested communities without contributing to displacement. Together, NCST and the Homeownership Alliance work to advance innovative solutions that create greater opportunities for low- to moderate-income (LMI) households and communities that have historically faced barriers to homeownership.[3]

We appreciate FHFA's continued commitment to fulfilling the Duty to Serve mandate and its efforts to modernize and streamline the DTS framework. NCST supports a number of aspects of the proposed rule, including the decision to retain the strategic planning process, the requirement to have three-year planning cycles for underserved markets, and the continued opportunities for meaningful public engagement. These elements have provided a critical foundation for transparency, accountability, and collaboration with stakeholders, while helping to ensure that the program remains focused on addressing barriers to affordable housing and mortgage access.

At the same time, we are concerned that several proposed changes could unintentionally weaken the framework that has enabled Duty to Serve to deliver meaningful progress in underserved markets over the past decade. As such, we encourage FHFA to preserve the core elements of the framework that have contributed to the program's success while incorporating the following recommendations to strengthen

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[1] Proposed Rule, Enterprise Duty to Serve Underserved Markets, (June 24, 2026). Federal Register.
[2] About, (2026). The National Community Stabilization Trust.
[3] The Homeownership Alliance, (2026). The National Community Stabilization Trust.

implementation, maintain meaningful oversight, and ensure Duty to Serve continues to effectively address the needs of underserved communities.

<u>Responses to FHFA's Specific Questions</u>

Should FHFA continue to identify specific activities and definitions through regulation, or should the Enterprises have greater flexibility to determine eligible activities for serving underserved markets?

The current Duty to Serve framework provides important clarity by identifying specific statutory and regulatory activities through which the Enterprises must demonstrate compliance. This structure has helped ensure that Enterprise efforts remain targeted, measurable, and responsive to the unique barriers facing underserved communities.

However, the proposed rule would significantly revise this approach by removing many of the existing activity requirements and related definitions and replacing them with a more flexible framework centered on Enterprise-identified eligible activities. While we recognize the value of allowing the Enterprises to develop innovative approaches to serving underserved markets, we are concerned that eliminating clearly defined activities and established regulatory terms could create uncertainty and make it more difficult for stakeholders to assess whether Enterprise efforts are effectively addressing the specific barriers facing underserved communities.

More importantly, reducing regulatory specificity risks shifting Enterprise attention toward activities that are easier to implement rather than those that address the greatest unmet needs. The existing framework has encouraged the Enterprises to develop new products and partnerships in markets that historically received little attention. Preserving a clear set of eligible activities ensures that innovation complements—not replaces—the Enterprises' responsibility to address persistent market gaps and serve the most challenging underserved markets. It also provides stakeholders and market participants with greater certainty regarding Enterprise priorities and opportunities for partnership over the planning cycle. FHFA could streamline the process for proposing and receiving non-objection for additional activities, allowing the Enterprises to pursue more innovative solutions. Maintaining a list of eligible activities, while establishing a more nimble approval process for additional activities, would strike an appropriate balance between ensuring focus on the most underserved segments of the market and encouraging innovation beyond currently recognized approaches.

How should FHFA evaluate Enterprise performance under the revised Duty to Serve framework?

We appreciate that FHFA's proposed rule maintains the Agency's responsibility to evaluate Enterprise performance and report on the Enterprises' compliance with the Duty to Serve obligation. Continued oversight and evaluation are essential to ensuring that the Enterprises remain focused on meaningfully serving underserved markets.

A transparent and credible evaluation framework is also critical because it shapes Enterprise priorities throughout the planning cycle. Clear expectations encourage meaningful stakeholder engagement, support innovation that addresses market gaps, and ensure that Duty to Serve remains focused on measurable outcomes rather than procedural compliance. A well-defined evaluation framework also provides stakeholders with confidence that Enterprise performance is being measured consistently across planning cycles and underserved markets.

However, the proposed changes to the evaluation framework could lead to reduced transparency over how Enterprise performance will be assessed. The current framework includes evaluation guidance that provides stakeholders and the Enterprises with clarity regarding scoring methodologies, performance expectations, and how specific activities contribute to overall evaluations. Conversely, the proposed rule would eliminate this guidance and instead establish seven broad evaluation areas with a one-to-five scoring system for each underserved market. Absent additional guidance, it remains unclear how the proposed approach will improve accountability or transparency.

NCST and the Homeownership Alliance recognize the potential value of a streamlined evaluation approach, but stakeholders urge greater clarity in the final rule regarding how FHFA will measure performance and how Enterprise efforts will be evaluated across underserved markets. Whether established through regulation or formal guidance, FHFA should publish sufficiently detailed evaluation criteria before the next planning cycle begins so that stakeholders and the Enterprises share a common understanding of how performance will be assessed.

How should FHFA define and evaluate Enterprise activities in rural markets?

The current Duty to Serve framework appropriately recognizes that rural communities are not all the same and that some face substantially greater barriers to affordable housing, mortgage credit, and economic opportunity than others. By distinguishing High-Needs Rural Regions and Populations, and encouraging targeted Enterprise activities within these communities, the existing framework helps ensure that Duty to Serve resources reach areas where market failures are most pronounced.

NCST and the Homeownership Alliance appreciate FHFA's acknowledgement of the serious economic challenges facing rural America. However, the rural market is not a single, uniform category; communities vary significantly in income, housing conditions, and access to mortgage credit. The current Duty to Serve rural definition captures communities with very different levels of need, including some comparatively well-resourced areas that do not face the same barriers as high-needs rural communities. For example, Loudoun County, Virginia, the wealthiest county in the nation, contains DTS-eligible rural tracts with median household incomes at or above $200,000, illustrating how the current definition can encompass rural communities with substantially different economic conditions and housing needs.[4] While Loudoun County is one example, similar variations exist across other states and regions. This underscores the importance of maintaining a focus on High-Needs Rural Regions and High-Needs Rural Populations to ensure Duty to Serve resources reach communities experiencing the greatest barriers to affordable homeownership.

The proposed rule changes the rural market framework by removing explicit emphasis on High-Needs Rural Regions and High-Needs Rural Populations. Although Indian Areas remain included within the High-Needs Rural regions definition, the proposal no longer directs the Enterprises to prioritize serving these areas. As a result, the Enterprises could satisfy their rural Duty to Serve obligations by concentrating activity in

[4] American Community Survey 5-Year Estimates, 2020–2024, Table B19013 (Median Household Income in the Past 12 Months), (2026). U.S. Census Bureau.

communities that are comparatively easier to serve rather than in rural areas facing the greatest barriers to mortgage credit and affordable homeownership. Historically, the Enterprises' rural activities have been concentrated in rural communities located on the outer edges of suburban areas.[5]

This shift away from prioritizing higher-need rural communities risks reducing Enterprise investment in the communities where market failures are most pronounced. Under the current framework, the Enterprises have meaningfully expanded their activities in higher-need rural areas because Duty to Serve provides both a requirement and an incentive to serve communities where investment is unlikely to flow without a regulatory focus. Removing that focus could result in a withdrawal of resources from the rural communities that have historically been left behind, including Native American communities, Appalachia, the Deep South, and the Colonias.

The proposal also revises the methodology for determining area median income (AMI) eligibility. We support FHFA's effort to better account for the unique economic realities of High-Needs Rural Regions—including persistent-poverty counties and Indian Areas in non-metropolitan areas—where extremely low local median incomes can unintentionally limit access to mortgage credit. Using a higher applicable AMI in these communities would better reflect local housing markets and expand access to mortgage financing for underserved borrowers. However, these adjustments should not be extended to metropolitan statistical areas. Applying this methodology in metropolitan markets could expand Duty to Serve eligibility to higher-income borrowers and communities that do not face the same market barriers as high-needs rural areas. It would also allow a greater share of Enterprise activity in metropolitan markets to qualify for Duty to Serve credit, diluting the program's focus on the very low-, low-, and moderate-income households and communities Congress intended it to benefit.

To preserve access to credit in high-needs rural regions while maintaining the Enterprises' focus on underserved borrowers, FHFA should adopt an AMI methodology that differentiates between metropolitan and non-metropolitan markets. Specifically, FHFA should continue to use metropolitan AMI in metropolitan areas, while providing targeted flexibility in non-metropolitan areas where local income measures may not accurately reflect economic need. For non-metropolian areas that are not designated as High-Needs Rural Regions, FHFA should define AMI as the higher of county median income or state non-metropolitan income. For High-Needs Rural Regions, FHFA should apply the highest of county median income, state non-metropolitan median income, or national non-metropolitan median income to better reflect economic conditions and ensure access to mortgage credit for underserved borrowers.

Maintaining explicit attention to the rural communities and populations facing the greatest housing and financing challenges is essential to fulfilling the Duty to Serve mandate. Adjusting AMI calculations alone will not ensure that Enterprise resources reach underserved rural communities. FHFA should therefore retain both the High-Needs Rural Regions and High-Needs Rural Populations designations within the Duty to Serve framework and require each Enterprise to undertake at least one activity serving each. Combined with a targeted AMI methodology limited to High-Needs Rural Regions, these changes would help ensure that Enterprise resources continue to reach the rural communities and populations Congress intended the program to serve.

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[5] Housing Assistance Council Comment Letter on Duty to Serve Underserved Markets for Enterprises; Proposed Rule. 12 CFR Part 1282, RIN 2590-AA27, (Mar 17, 2016). Housing Assistance Council.

NCST Homeownership Alliance

Should modular housing and other forms of prefabricated housing be included within the manufactured housing market?

NCST and the Homeownership Alliance strongly believe that manufactured housing should remain a distinct Duty to Serve market. Manufactured housing plays an important role in expanding affordable homeownership opportunities and faces unique financing challenges, ownership structures, and market barriers.These financing challenges are distinct from those associated with modular and other forms of prefabricated housing. Because manufactured housing is a statutorily designated Duty to Serve market, expanding the market definition to encompass other forms of factory-built housing could dilute Enterprise attention from the unique financing barriers and market challenges that Congress specifically intended the program to address.

While modular and prefabricated housing contribute to broader housing supply goals, they should be supported through separate policies rather than by broadening the manufactured housing market definition. Maintaining manufactured housing as a distinct Duty to Serve market preserves accountability and ensures the Enterprises remain focused on improving financing opportunities for the households and communities that rely on this critical source of affordable homeownership.

Should FHFA modify the circumstances under which Enterprises may amend their Duty to Serve plans?

We appreciate the importance of maintaining stability and accountability within the Enterprises' three-year Duty to Serve plans. However, the proposed limitations on plan amendments may be unnecessarily restrictive and could discourage ambitious goal setting.

Housing markets and community needs can change significantly during a three-year planning cycle. Enterprises should retain reasonable flexibility to adjust their plans in response to emerging challenges, new opportunities, or changing market conditions within individual underserved markets. FHFA already has the administrative authority to ensure that modifications are used appropriately by the Enterprises. As such, we encourage FHFA to maintain an appropriate process for targeted plan amendments while ensuring oversight, transparency, and opportunities for public engagement.

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?

To effectively address today's severe housing supply shortage, the GSEs need a comprehensive toolkit that extends beyond purchase and refinance mortgage credit alone. While LIHTC is vital for rental housing, it does not address the critical shortage of affordable, for-sale single-family starter homes. As such, FHFA should permit the Enterprises to earn DTS credit for investments in the New Markets Tax Credit (NMTC) program that support affordable housing in underserved markets. This approach directly aligns with Executive Order 14394,[6] which directs federal agencies to reduce barriers to affordable home construction and explicitly calls for

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[6] 91 FR 13207, (Mar. 13, 2026). Federal Register.

coordination with the NMTC program (26 U.S.C. § 45D) to promote single-family development in low-income census tracts.[7]

Historically, less than 2% of total NMTC financing has been used for the construction or rehabilitation of single- or multi-family housing.[8] 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 reported that the NMTC program created 17,667 total affordable housing units across rental and homeownership. To date, a consortium of leading housing Community Development Entities (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 DC and Puerto Rico.[9]

The intense demand for these tools was clearly demonstrated in Treasury's CY 2024–2025 combined double allocation round, where CDEs requested $19.2 billion against a $10 billion pool, yet only $205 million was awarded to entities focused exclusively on single-family homeownership.[10] Treasury subsequently announced that affordable housing will be a priority funding area for the 2026 NMTC application cycle—making Enterprise involvement particularly timely.[11]

However, barriers to growth remain within this market, including an investor base that is not yet sufficiently diversified. Permitting GSEs to earn Duty to Serve credit for purchasing NMTCs that fund affordable housing would create a strong incentive for them to bring their unique market-making capabilities to this space. Just as they did historically with other asset classes, the GSEs can introduce the standardization, investor diversification, and pricing stability required to scale the NMTC housing market.

FHFA should also design the final rule with sufficient prospective flexibility to allow the GSEs to invest in new affordable housing tax credit programs Congress may enact in the future. 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)—legislation that could support the construction and rehabilitation of 500,000 starter homes over 10 years—maintains the largest bicameral, bipartisan support of any supply-side housing bill currently under consideration.[12] If enacted, the GSEs will be invaluable partners in establishing this new market. Just as LIHTC required years of active institutional involvement to mature, early GSE participation in emerging programs would build market standardization and confidence, ensuring new affordable housing supply comes online rapidly.

Is the proposed 30-day public comment period sufficient for significant Duty to Serve rulemakings?

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[7] Removing Regulatory Barriers to Affordable Home Construction (Mar. 13, 2026); Exec. Order No. 14,394, 91 Fed. Reg. 18, 245 26 U.S.C. § 45D.
[8] New Markets Tax Credit Program Summary Report (FY 2003–2022 Data Release) (Feb. 2024) U.S. Department of the Treasury, Community Development Financial Institutions (CDFI) Fund.
[9] Consortium Impact Report on Qualified Equity Investments (QEIs) for Affordable Housing (2025) Housing CDE Working Group, (Community Housing Capital, Housing Partnership Network, & Habitat for Humanity International).
[10] Combined CY 2024–CY 2025 New Markets Tax Credit Program Award Announcement, (Dec. 23, 2025). U.S. Department of the Treasury, CDFI Fund.
[11] Treasury Department Priority Framework for New Markets Tax Credit Program Rounds, (Dec. 23, 2025). U.S. Department of Treasury, CDFI Fund.
[12] Neighborhood Homes Investment Act: Overview & Legislation Summary, (2026). Neighborhood Homes Coalition.

No. A 30-day public comment period does not provide sufficient time to respond to significant DTS rulemakings. Developing meaningful comments on Duty to Serve plans requires significant market analysis and engagement with practitioners working directly in underserved communities. This is particularly challenging for smaller nonprofit organizations and mission-driven lenders with limited staff capacity. Because the proposed rule substantially restructures the Duty to Serve framework, stakeholders require additional time to evaluate how the changes affect underserved markets and provide informed recommendations. Extending the public comment period to 60 days would better ensure that FHFA benefits from robust, evidence-based feedback before finalizing significant changes to the Duty to Serve framework.

The Duty to Serve program has created an important framework for encouraging Enterprise investment in manufactured housing, affordable housing preservation, and underserved rural communities, and the program's success has depended on clear expectations, transparent evaluation, and meaningful engagement with stakeholders. We appreciate FHFA's efforts to improve the program while retaining key elements of the current framework. However, modernization efforts should not reduce the transparency, accountability, and targeted focus that are essential to fulfilling the statutory purpose of Duty to Serve. By preserving the program's proven strengths while providing thoughtful flexibility for innovation, FHFA can ensure that Duty to Serve continues to expand homeownership opportunities and address persistent market failures in underserved communities.

We thank FHFA for considering these comments and appreciate the opportunity to participate in this critical rulemaking. If you have any questions or would like additional information, please contact NCST's Policy Department at policy@ncst.org. We look forward to continued engagement with FHFA.

Sincerely,

National Community Stabilization Trust

Homeownership Alliance