evernorth
Investing in communities. Building possibilities.

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 Federal Housing Finance Agency's proposed modifications to the Duty to Serve Underserved Markets regulation for the 2028-2030 Duty to Serve Plan cycle.

Evernorth respectfully urges FHFA to retain a distinct rural housing requirement within the Duty to Serve framework. Based on more than three decades of experience financing affordable housing throughout Northern New England, we believe eliminating the Rural Market Regulatory Activity for High-Needs Rural Populations requirement could reduce the flow of capital to rural communities, weaken the affordable housing development pipeline, undermine progress made in addressing persistent rural housing shortages, and ultimately result in fewer affordable homes being developed and preserved in the communities the Duty to Serve statute was designed to support.

Evernorth is a mission-driven Low-Income Housing Tax Credit (LIHTC) syndicator serving Maine, New Hampshire, and Vermont. For more than 35 years, we have raised and invested capital for affordable housing developments with a particular focus on rural communities and other underserved markets that face significant barriers to attracting investment. During that time, Evernorth has raised and invested more than $1.6 billion in affordable housing and more than $300 million in community and economic development initiatives. These investments have helped create or preserve more than 17,000 affordable homes, support more than 5,000 quality jobs, and expand access to critical services for more than 125,000 people across Northern New England.

Evernorth strongly supports FHFA's efforts to ensure that the Enterprises fulfill their statutory Duty to Serve underserved markets. In our experience, the Duty to Serve framework has played an important role in expanding Enterprise participation in rural LIHTC investments, helping direct private capital to developments that might otherwise struggle to secure equity financing.

Our experience provides a unique perspective on the challenges facing rural housing markets. Across Northern New England, rural communities contend with small development scales, limited access to financial institutions, aging housing stock, workforce shortages, and rising construction costs. They are also often overlooked by traditional sources of affordable housing capital. As a result, policies that encourage sustained capital investment in rural housing remain essential to meeting housing needs for working families, older adults, and people with low and moderate incomes.

FHFA has stated that the proposed change is intended to provide the Enterprises with greater flexibility in meeting their Duty to Serve obligations. We appreciate FHFA's efforts to reduce administrative burden while encouraging the Enterprises to respond to the evolving needs of underserved markets. At the same time, we are concerned that removing the existing rural regulatory activity could have the unintended consequence of reducing investment in the rural markets the Duty to Serve statute was designed to support.

As FHFA has recognized, rural housing markets differ fundamentally from metro-urban markets. Rural developments are typically smaller; fixed transaction costs consume a greater share of project budgets, construction costs remain elevated, and financing options are often limited. Without a clear regulatory expectation, the Enterprises may reasonably prioritize investments in larger, less complex transactions where capital can be deployed more efficiently. Such an outcome could reduce investment in rural communities, where financing challenges are greater, and alternative sources of capital are limited.

This concern is especially significant because many rural communities receive comparatively little private investment. Affordable housing equity markets are heavily influenced by Community Reinvestment Act obligations, which direct bank investment toward designated assessment areas. Many rural communities fall outside those areas, leaving Enterprise investments as one of the few reliable sources of equity capital available. The Duty to Serve has helped fill an important market gap by encouraging Enterprise participation in rural housing markets and ensuring that these communities remain an intentional investment priority.

Enterprise investments serve as anchor investments in Evernorth's Housing Credit funds, helping attract participation from banks and other institutional investors. Because investors typically participate proportionally in these funds, Enterprise investments have a multiplier effect, increasing the overall amount of private capital available for affordable housing. Since 2019, Enterprise investments have represented approximately 25% of Evernorth's Housing New England funds, helping finance nearly **1000 additional affordable homes** in rural communities across New England.

A reduction in Enterprise participation would not only decrease the amount of capital available for rural housing but would also diminish our ability to leverage additional private investment, resulting in fewer affordable housing developments moving forward in communities where alternative sources of capital are limited.

While Evernorth supports FHFA's objective of providing the Enterprise with greater operational flexibility, we believe that flexibility should be balanced with a continued regulatory expectation that rural housing markets remain an important priority under Duty to Serve. Rural housing transactions often require additional effort, specialized expertise, and a greater willingness to invest in smaller markets. Explicit expectations remain necessary to ensure these communities continue to receive meaningful attention and investment.

For these reasons, Evernorth respectfully urges FHFA to retain a distinct regulatory expectation related to rural housing investment. If FHFA determines the current regulatory activity should be streamlined or modernized, we encourage the Agency to revise and strengthen the requirement rather than eliminate it altogether. Maintaining a clear expectation that the Enterprises continue to dedicate resources, develop products, and invest in rural housing markets will preserve the significant progress achieved under Duty to Serve while advancing FHFA's objective of providing the Enterprises with additional flexibility.

Thank you for the opportunity to comment on this important proposal. We would welcome the opportunity to discuss the unique challenges facing Northern New England's rural housing markets and the critical role Enterprise investment continues to play in addressing those needs.

Respectfully,

Nancy Owens,
President, Evernorth