GROUNDED SOLUTIONS NETWORK
strong communities from the ground up

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July 24, 2026

Clinton Jones
General Counsel
Attention: Comments/RIN 2590-AB64
Federal Housing Finance Agency
Eighth Floor, 400 Seventh Street, S.W.
Washington, D.C. 20219

Dear Mr. Jones:

Grounded Solutions Network is the nation's leading nonprofit on housing with lasting affordability, including limited equity cooperatives, inclusionary housing, community land trusts, and other shared equity housing models. Access to housing finance both for shared equity homebuyers and developers to scale housing with lasting affordability is critical. Fannie Mae and Freddie Mac have developed shared equity programs as part of their Duty to Serve plans. The continuation and growth of these programs are critical to preserving affordable homeownership, as directed by the Housing and Economic Recovery Act of 2008.

Grounded Solutions Network appreciates the opportunity to comment on the Federal Housing Finance Agency's proposed rule on the Enterprise Duty to Serve Underserved Markets. As an organization with nearly three hundred nonprofit and public sector members, we rely on their experiences to inform our comments.

We will focus on the components of the proposed rule and FHFA's questions that are specifically relevant to the housing with lasting affordability field. Grounded Solutions Network's absence of comments on a particular issue raised in the regulation or its preamble does not indicate support for or opposition to that section of the rule.

Universal Issues

Comment Period

FHFA's 30-day window to accept comments on such a consequential change to the implementation of HERA's statutory requirements for the Enterprises is too brief. Coupled with the field's expectation of a fourth quarter release of the proposed rule, many interested parties will not have the opportunity to comment on the proposal. FHFA should extend the deadline of July 24, 2026.

References to Statutory and Regulatory Activities

FHFA proposes eliminating all references to statutory and regulatory activities that the regulator previously determined were eligible to receive DTS credit. In some cases, such as in the case of the purchase of first lien shared equity mortgages, this eliminates all regulatory references or benchmarks to activities that benefit the communities and families HERA aims to serve.

As per the proposal, the Enterprises will have full discretion to choose the number and type of actions they will take to meet their obligations under HERA. This will leave substantial discretion to FHFA about whether the plans are sufficient, leaving practitioners, lenders, and communities few parameters on how to provide plan input. Some readers may interpret the proposed rule as obligating the Enterprises to address all nine statutory activities, which they have never done in any previous plan.

Therefore, we recommend that the rule keep the statutory and regulatory activities in each market to ensure the Enterprises serve the most underserved parts of the market and retain the requirement for a minimum number of activities.

In the document, FHFA states that the Enterprises should build on successful/impactful activities in current and past DTS programs. We agree. However, the proposal is unclear about how FHFA will measure the impact of scaling these activities and other activities related to existing work. Third-party engagement and outreach are critical to successful DTS programs. The rule should explicitly detail that such activities are creditable.

The rule should state that previously approved activities will continue to earn credit if maintained or expanded. The Enterprises should detail how earlier activities are reflected in the next plan.

FHFA's existing process allows the Enterprises to create and receive non-objection for "additional activities" within each market. This process has led to the Enterprises' innovation that Grounded Solutions Network and our members see as critical and should be retained.

Income and Related Measures

The proposal makes considerable changes to how to determine income levels that qualify for Duty to Serve credit. As written, the proposed rule could lead to qualifying income levels, in some cases substantially, particularly in high-poverty and rural areas. While such changes could address the needs of high-poverty areas, these could lead to more credit for transactions serving higher-income borrowers and renters.

Finally, the proposed rule states that manufactured housing communities are presumed affordable. FHFA should revisit this, as this will inevitably direct capital to communities that do not currently face challenges in capital markets, likely resulting in DTS credit for communities charging higher rents and/or housing higher-income households. The current standard of mission-driven communities is a better safe harbor.

Shared Equity and Affordable Housing Preservation

The proposed rule, like the current rule, identifies GSE support of shared equity programs as a critical component of affordable housing preservation strategies. We agree.

However, unlike the existing regulation, the proposed rule is silent on the GSEs and the single-family shared equity first mortgage market, a critical component of housing preservation. Currently, the rule explicitly supports shared equity mortgage market development. Both Fannie and Freddie have shared equity programs that they have worked to scale.

In the proposed rule, § 1283.7(c)(7)(i)(B) states that "(s)ubordinate liens on single-family properties…(including) shared appreciation loan programs administered by community land trusts, other nonprofit organizations…" are eligible for credit. The section then details parameters for eligibility, which we agree are widely accepted in the field.

While the texts on shared equity mortgages in the proposed rule and the existing one are similar, the proposed rule only identifies DTS credit for subordinate liens for shared equity. The proposed rule makes no reference to first lien shared equity mortgages. The current rule discusses shared equity in the affordable housing preservation section (§ 1282.34(d)(4)), and in "General requirements for credit," which details what does not qualify for DTS credit (§ 1282.37(b)(4)).

Our understanding is that the Enterprises do not purchase subordinate liens for shared equity. Both Enterprises are growing their first lien shared equity purchases, which FHFA rulemaking should continue to support. This component needs clarification. Without clarification, FHFA risks that lenders would interpret the rule as not allowing for first lien purchases or that the FHFA is, at most, unsupportive.

FHFA Questions

(a) Definitions

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

The definitions are generally acceptable to Grounded Solutions Network.

(b) Duty To Serve Plans

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?

FHFA should explicitly include the timing for each stage of the process, including 60 days for public input in the regulation, as has been customary, adding that FHFA can extend (but not shorten) the public input period.

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?

As written, these proposed changes could, without limits on the types of projects or market conditions, redirect needed capital to projects and markets that already have access to resources. FHFA should develop parameters to ensure capital reaches underserved markets.

FHFA should explicitly permit Enterprise investment in New Market Tax Credits in all areas to support the underserved market plans. FHFA should require these are targeted as well, including in support of other underserved markets.

(d) Effective Date

13. Should FHFA adopt the proposed effective date of January 1, 2028, aligned with the commencement of the 2028 to 2030 Duty to Serve 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?

The effective date of any new rule should align with the commencement of a new plan cycle. However, FHFA should not rush to complete the rulemaking process or shorten the planning timeline to meet the January 1, 2028, deadline. Current plans should be extended for one year or more to allow all parties to engage in a comprehensive rulemaking process.

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

FHFA should evaluate the Enterprises using both the existing and the revised methodologies.

Thank you in advance for your consideration of our comments. Grounded Solutions Network and its members welcome any questions you have about this letter and how we can work with FHFA to advance the Enterprises' duty to serve underserved markets. Please contact Doug Ryan, Vice President of Housing Policy, at dryan@groundedsolutions.org.

Sincerely,

Doug Ryan
Vice President of Housing Policy