NATIONAL LOW INCOME HOUSING COALITION

July 24, 2026

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Federal Housing Finance Agency
400 Seventh Street, SW
Washington, D.C. 20219

Re: Enterprise Duty to Serve Underserved Markets – RIN 2590-AB64

The National Low Income Housing Coalition (NLIHC) submits the following comments regarding the Notice of Proposed Rulemaking, "Enterprise Duty to Serve Underserved Markets" (Proposed Rule).[1]

NLIHC is an organization whose members include state and local affordable housing coalitions, residents of public and assisted housing, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, faith-based organizations, public housing agencies, private developers and property owners, local and state government agencies, and concerned citizens. While our members include the spectrum of housing interests, we do not represent any segment of the housing industry. Rather, we work on behalf of and with low-income people who receive or need federal housing assistance, especially extremely low-income people and people who are homeless.

The statutory Duty to Serve (DTS) requires the government-sponsored Enterprises (GSEs) to "provide leadership to the market in developing loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages for very low-, low-, and moderate-income families" regarding three underserved markets: manufactured housing, affordable housing preservation, and rural markets.[2] To implement the DTS, the statute mandates the creation of regulations to ensure that the GSEs comply with their DTS obligations, and to

[1] 91 Fed. Reg. 37,848 (June 24, 2026).
[2] 12 U.S.C. § 4565.

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evaluate GSE performance.[3] Given the DTS' statutory emphasis on providing housing opportunities for underserved markets and populations – including low- and very low-income families – it is imperative that FHFA regulations facilitate meaningful GSE compliance and accountability regarding the DTS, as Congress intended.

GSEs have been implementing the DTS for the past 8 years, finding ways to do business in hard-to-reach markets. Based on performance reports, GSEs are making an impact by finding ways to serve underserved markets – developments NLIHC applauds. FHFA must continue to build upon this foundation of work in such markets, not abandon these efforts.

In the following comments, NLIHC articulates several important concerns regarding the Proposed Rule's approach.

I. Overarching Concerns About the Proposed Rule

A. FHFA Should Retain Its Existing AMI Methodology, Except in High Needs Rural Areas

The Proposed Rule seeks to adopt a new methodology for using area median income (AMI) to determine eligibility for Duty to Serve's very low-, low-, and moderate-income thresholds. FHFA states that the current methodology may disadvantage high poverty communities, specifically citing High Needs Rural Regions, including Puerto Rico.[4] In areas with persistent poverty, adjusting the AMI methodology may expand access to housing for low-income households. However, outside these areas, expanding eligibility could lead to the GSEs focusing on households that are easier to serve, which is contrary to the purpose of Duty to Serve. NLIHC would therefore support changes to the current methodology *only* in High Needs Rural Regions, but not in other areas. The High Needs Rural Regions[5] designation should capture areas for which the current methodology created unintended consequences. For urban areas and rural areas *not* included in High Needs Rural Regions, FHFA should continue to use the current methodology to ensure that the GSEs are serving truly underserved households.

FHFA is also proposing that all manufactured housing communities (MHCs) meet the definition of "affordable," rather than keeping the current methodology of using the AMI of the Census tract in which the MHC is located. NLIHC opposes this change. According to the Proposed Rule's preamble, FHFA will retain the discretion to determine if an MHC is a "luxury" or "lifestyle" community and to exclude such loan purchases. While FHFA states that the current methodology is generally administratively intensive, the preamble acknowledges that current requirements have not prevented "either Enterprise from purchasing manufactured housing

[3] 12 U.S.C. § 4565(d).
[4] 91 Fed. Reg. at 37,865.
[5] "High Needs Rural Region" includes "persistent poverty" counties, which allows for Duty to Serve eligible activities in areas outside of the defined geographic regions, and would include Puerto Rico.

community blanket loans."[6] The AMI of a Census tract is readily available to determine eligibility under the current methodology, as well as the ownership structure of an MHC. NLIHC urges FHFA to continue using the current methodology to determine whether activities for an MHC are eligible for DTS credit to ensure much-needed investment is not focused on luxury or lifestyle MHCs.

B. FHFA Should Retain the Current Activities Framework and Keep References to Statutory and Regulatory Activities in FHFA Regulations

The Proposed Rule preamble explains that a significant proposed change is "removal of the Activities framework," including eliminating the list of Statutory and Regulatory Activities.[7] NLIHC opposes removal of the Activities framework as well as the removal of Statutory and Regulatory Activities from regulatory text. First, the DTS statute has not changed, so FHFA must continue to require the GSEs to conduct activities that serve the statutorily specified programs in the Affordable Housing Preservation market.[8] Second, the existing DTS rule includes several Regulatory Activities that were created as the result of extensive public input from experts and practitioners in each underserved market. FHFA is proposing to eliminate the requirement for the GSEs to undertake any prescribed activities, stating that this will allow the GSEs to focus on what the Proposed Rule characterizes as "innovative, high-impact initiatives."[9] However, FHFA does not provide justification for the GSEs to stop doing currently prescribed activities, such as by arguing these activities are no longer needed. Third, under the Proposed Rule, the GSEs "may take any action that would be consistent with carrying out the Enterprise's duty to serve and has not been deemed ineligible."[10] We are very concerned that this "any action" standard is simply too amorphous to meaningfully promote GSE DTS accountability.

If any Regulatory Activities need to be changed to better meet the needs of underserved markets, FHFA should conduct extensive research and market outreach before making these changes via an entirely new rulemaking process. In sum, FHFA should maintain the current list of Statutory and Regulatory Activities and reject the proposed "any action" standard.

C. FHFA Must Require Robust GSE Duty to Serve Performance Evaluation and Enforcement

Given recent FHFA's recent repeal of its Fair Lending, Fair Housing, and Equitable Housing Finance Plans (EHFP) regulation, [11] the Proposed Rule further raises concerns about the degree to which GSE performance will be evaluated regarding expanding housing opportunities

[6] 91 Fed. Reg. at 37,852.
[7] 91 Fed. Reg. at 37,853.
[8] 12 U.S.C. § 4565(a)(1)(B) ("The enterprise shall develop loan products and flexible underwriting guidelines to facilitate a secondary market to preserve housing affordable to very low-, low-, and moderate-income families, including housing projects subsidized" under programs enumerated in the statute).
[9] 91 Fed. Reg. at 37,853.
[10] Proposed 12 C.F.R. § 1283.3(c).
[11] Fair Lending, Fair Housing, and Equitable Housing Finance Plans, Final Rule, 91 Fed. Reg. 5278 (Feb. 6, 2026).

to underserved communities. In its justification for rescinding the EHFP requirement, FHFA stated that the disparities at issue are addressed in part by Duty to Serve, which is subject to "rigorous performance evaluation and enforcement mechanisms."[12] With the DTS Proposed Rule, by proposing changes such as removing prescribed Activities from FHFA regulations and proposing an amorphous "any action" standard for DTS, FHFA undercuts a justification for repealing EHFPs. NLIHC is very concerned that these recent FHFA actions will result in the continuation of the disparities these requirements were designed to address.

D. FHFA Should Require a Minimum 60-Day Comment Period for DTS Plans

FHFA regulations afforded 60 days for public comment on the initial Underserved Markets Plans ("Duty to Serve Plans"), with subsequent plans open for comment "pursuant to the timeframe and procedures established by FHFA."[13] A 60-day comment period reflects current practice, yet the Proposed Rule does not codify a particular comment period length in regulation, simply stating in the preamble that FHFA believes "that a 45-day period would be appropriate and effective because public stakeholders and FHFA have gained familiarity with the Duty to Serve Program since 2016."[14] While stakeholders may have increased familiarity with the DTS program, this does not, on its own, justify a 45-day comment period. Despite any familiarity, stakeholders still have competing demands on their time and should have as much time as practicable to gather as much information as needed to weigh in effectively. Furthermore, given the changes proposed in this rulemaking, stakeholders will need time to adjust. Sixty days is a minimum benchmark for a public comment period on DTS Plans. Thus, FHFA should include a minimum 60-day comment period for the DTS Plans in any finalized regulatory text for this rulemaking.

E. FHFA is Providing Insufficient Time for Public Comment for this Rulemaking

The DTS obligation is an important statutory mandate that has implications for underserved communities, including people with the lowest incomes, and markets across the country. Given the importance of DTS, the substantial changes FHFA seeks to make to existing DTS regulations, and the range of stakeholders at issue, a 30-day comment period is wholly insufficient. NLIHC urges FHFA to reinitiate an additional comment period to provide more time and stakeholder consideration of the proposed changes.

II. Market-Specific Concerns About the Proposed Rule

NLIHC prioritizes the needs of extremely low-income (ELI) households, due to our decades of research showing that ELI households are most severely impacted by the affordable housing crisis. ELI households comprise part of all three DTS markets: the rural market, the manufactured housing market, and the affordable housing preservation market. Therefore,

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[12] 91 Fed. Reg. at 5281.
[13] 12 C.F.R. § 1282.32(g)(3).
[14] 91 Fed. Reg. at 37,859.

changes to how the GSEs serve these markets will inevitably impact ELI households. When resources are scarce and the housing market faces challenges, ELI households are hit the hardest; these households need consistent support to address existing disparities. NLIHC has highlighted areas of concern in these markets, specifically in the multifamily market.

A. The Proposed Rule Changes Will Harm Rural Communities With the Greatest Housing Challenges

High development costs and barriers to housing in rural areas make GSEs investment in rural areas more critical. Rural communities face higher barriers to housing development (e.g., lower wages, higher development costs, and a lack of federal investments),[15] yet FHFA fails to provide adequate evidence that removal of the Regulatory Activities, combined with changes to or elimination of certain definitions, would address these barriers. Indeed, FHFA acknowledges that removing some Regulatory Activities "could appear to negatively impact the populations addressed"[16] and fails to explain in concrete terms how these specific negative impacts would be avoided. Instead, FHFA opts for an approach of rearranging definitions that would result in confusion, not clarity. Importantly, GSEs have had success in the High Needs Rural Regions, and should continue this work. Fannie Mae purchased 50 multifamily loans in high-needs rural regions in 2025, supporting 4,417 units.[17] This represents a critical financing source, as Fannie previously explained, noting that it offered "an important liquidity source while some other market participants retreated in the second half of 2025."[18]

FHFA's proposal would weaken such investments and risk abandoning rural communities with the greatest needs. Accordingly, NLIHC opposes FHFA's proposal to revise the definition of "rural area" to include "high-needs rural regions."[19] And, as noted in Part I, *supra*, NLIHC opposes the removal of the Regulatory Activities from FHFA regulations. The changes within the Proposed Rule, taken together, would make it unclear when GSEs are investing in rural communities with persistent poverty and greater housing needs or simply investing in luxury housing in rural areas. The preamble language confirms the shift in focus, noting that "[b]y eliminating [ ] Regulatory Activities and revising the definition of *rural area,* FHFA aims to direct the Enterprises' efforts towards the rural market as a whole."[20] Yet, FHFA's approach would allow rural communities with the greatest housing challenges to be effectively ignored in favor of easier to serve areas.

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[15] 91 Fed. Reg. at 37,855 n.58.
[16] 91 Fed. Reg. at 37,853.
[17] Fannie Mae, "2025 Rural Housing Loan Purchase," https://www.fhfa.gov/document/d/dtsp/rural_hn_regions_1_nr_2025.pdf
[18] Fannie Mae, "2025 Rural Housing Loan Purchase," https://www.fhfa.gov/document/d/dtsp/rural_hn_regions_1_nr_2025.pdf
[19] 91 Fed. Reg. at 37,855.
[20] 91 Fed. Reg. at 37,855.

By eliminating Regulatory Activities that serve High Needs Rural Populations, including farmworkers and Native Americans, FHFA is proposing to water down the GSEs' duty to serve rural populations facing persistent housing challenges. Clearly defined prioritization increases the likelihood that resources are routed to communities most in need; without such guidance, there is little incentive for investment in these areas. The Proposed Rule states that "FHFA encourages the Enterprises, who have made investments of $132 million supporting 829 units for agricultural workers in rural areas,[ ] to continue to work to increase housing opportunities for the lowest-income rural populations, including agricultural workers."[21] To further such opportunities, FHFA must retain Regulatory Activities and refrain from harmful definitional changes.

B. FHFA Should Retain Current Regulatory Activities that Promote Tenant Protections and Non-Traditional Ownership Models in Manufactured Housing Communities

NLIHC opposes removal of current Regulatory Activities in the context of manufactured housing communities, including the pad lease protections. Doing so removes an important floor for tenant protections in current regulations at a time when so many families across the country are simply trying to stay housed. The minimum pad lease protections outlined in current regulations include one-year renewable lease term absent good cause for nonrenewal; written thirty-day notice of rent increases; five-day grace period for rent payments; and a 60-day notice of planned sale or closure of a manufactured housing community, among other protections.[22] These protections promote a foundation of stability for manufactured housing tenants, many of whom have low incomes, in a market where manufactured housing communities are being increasingly purchased by private equity.

Such tenant protections have been successfully implemented and have become the standard for GSE loans. As a 2025 Fannie Mae evaluation noted, since 2019, Fannie has extended site lease protections "to over 205,061 pad sites across the country."[23] The same evaluation noted that Fannie was able to have "an outsized impact on the lives" of manufactured housing community residents who receive pad lease protections as a condition of Fannie financing.[24] In this rulemaking, FHFA fails to consider the negative impacts of moving away from including these important protections in regulation, and does not specifically explain why removal of these pad lease protections was necessary given evidence of the effectiveness of these Regulatory Activities.

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[21] 91 Fed. Reg. at 37,853.
[22] 12 C.F.R. § 1282.33(c)(4).
[23] Fannie Mae, "2025 Manufactured Housing Loan Purchase," https://www.fhfa.gov/document/d/dtsp/mh_tplp_1_nr_2025.pdf
[24] Fannie Mae, "2025 Manufactured Housing Loan Purchase," https://www.fhfa.gov/document/d/dtsp/mh_tplp_1_nr_2025.pdf

Furthermore, NLIHC also opposes removal of currently Regulatory Activities that promote non-traditional ownership models with respect to manufactured housing communities. The Regulatory Activities specifically reference manufactured housing communities owned by governmental entities, nonprofits, or residents.[25]All too often, private equity companies purchase manufactured housing communities and implement policies that place residents at risk of displacement. As the current administration has observed, large institutional investors have had a detrimental effect on the housing market.[26] Retaining Regulatory Activities that reference non-traditional means of ownership in regulation conveys to the GSEs the importance of such ownership models to manufactured housing residents.

C. FHFA Should Maintain the Statutory Activities Provision in Current Regulations Regarding the Affordable Housing Preservation Market

While much of the national discourse around housing is focused on new supply, preserving our existing affordable housing stock is equally important. Such preservation is crucial to preventing higher tenant rents, loss of habitability, and tenant displacement.[27] According to NLIHC and Public and Affordable Housing Research Corporation's 2024 *Picture of Preservation* report, "while an estimated 104,088 federally assisted homes were added to the federally assisted rental stock in recent years, 71,096 homes were lost," and these "losses resulted in a net gain of only 32,992 new affordable homes in this period."[28] *Picture of Preservation* identifies three main preservation risks for federally-assisted affordable housing: exit risk – the loss of affordability restrictions; depreciation risk – declining physical and financial condition of properties; and appropriations risk – insufficient funding that does not "keep pace with program needs or inflation."[29]

Federally assisted housing depends on "sustained or renewed funding commitments to ensure future affordability and habitability as buildings age and existing rent restrictions and tenant eligibility requirements expire or come up for renewal."[30] Affordable financing provided by the GSEs is an essential piece of preserving the nation's federally assisted housing stock. The DTS statute identifies the major federal programs that provide financing and other subsidies to affordable housing development (e.g., Section 8 project-based and tenant-based rental assistance, the Low-Income Housing Tax Credit program, among others)[31] and requires actions to address the preservation needs of properties under these programs.[32] Current FHFA regulations list the Statutory Activities for affordable housing preservation, stating that GSE activities related to the

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[25] 12 C.F.R. § 1282.33(c)(3).
[26] *See generally* E.O. 14376, "Stopping Wall Street from Competing with Main Street Homebuyers" (Jan. 20, 2026).
[27] PAHRC, NLIHC Picture of Preservation, at 10 (Dec. 2024).
[28] *Picture of Preservation*, at 17.
[29] *Picture of Preservation*, at 10.
[30] *Picture of Preservation*, at 4.
[31] 12 U.S.C. § 4565(a)(1)(B).
[32] *See* 12 U.S.C. § 4565(a).

housing programs listed in the DTS statute "are eligible to receive duty to serve credit under the affordable housing preservation market."[33]

We oppose removing the current list of Statutory Activities from the affordable housing preservation market regulation (12 C.F.R. 1282.34), which FHFA seeks to do in the Proposed Rule. NLIHC strongly believes that GSEs must maintain their commitment to supporting critical affordable housing programs and the residents served by them. Removing this language from FHFA conveys a retreat from that commitment.

III. Conclusion

NLIHC remains concerned that, as outlined above, many of the proposed changes would weaken meaningful implementation of the statutory DTS obligation. We urge FHFA to commit to a robust DTS framework that ensures GSEs are focused on meaningfully expanding opportunities to underserved markets.

Thank you for your consideration of these comments.

Sincerely,

David Gonzelez Rice, PhD
Senior Vice President for Public Policy

[33] 12 C.F.R. § 1282.34(c).