OCCH
671 S. High St.
Suite 600
Columbus, OH 43206
614.224.8446

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

Re: Enterprise Duty to Serve Underserved Markets Proposed Rule

Dear Mr. Jones:

On behalf of OCCH, I respectfully submit comments regarding the Federal Housing Finance Agency's proposed revisions to the Enterprise Duty to Serve (DTS) Underserved Markets regulation.

OCCH is a nonprofit, mission-driven affordable housing financial intermediary that is dedicated to advancing the preservation, production, and management of affordable housing through collaborative partnerships with developers, investors and lenders. Our work depends on a strong public-private community development ecosystem that brings together banks, investors, lenders, developers, government agencies, nonprofit organizations, Community Development Financial Institutions, community development corporations, public housing authorities, housing finance agencies and local partners to create and preserve housing for low- and moderate-income seniors and families. A significant amount of time at OCCH, is finding capital for rural and underserved markets to increase or preserve affordable housing.

OCCH has facilitated more than $7.5 billion in Low-Income Housing Tax Credit (LIHTC) investments and over $1 billion in loans that support the development and preservation of over 66,000 affordable homes in over 14 states. Since 1988 members have focused on attracting private capital to underserved and difficult-to-finance markets, including rural communities that often face significant barriers to affordable housing investment.

We commend FHFA for its continued focus on expanding housing opportunities in underserved communities and recognize recent efforts to strengthen Enterprise participation in the LIHTC market. In particular, the decision to increase the Enterprises' LIHTC investment capacity and dedicate a portion of that authority to difficult-to-serve markets reflects an important acknowledgment of the critical need for affordable housing investment in rural America.

At the same time, OCCH is concerned that certain elements of the proposed rule could unintentionally weaken incentives for Enterprise investment in rural LIHTC developments. As organizations that work directly with affordable housing developers in rural communities, our members routinely see the challenges that smaller markets encounter when attempting to attract capital. Enterprise participation through DTS has served as a meaningful counterbalance to these market limitations and has often been instrumental in making transactions financially feasible.

The affordable housing challenges facing rural communities differ significantly from those in larger metropolitan areas. Rural properties frequently contend with smaller project sizes, limited labor availability, aging housing stock, higher per-unit development costs, and reduced investor competition. In addition, many rural communities do not benefit from the level of Community Reinvestment Act (CRA)-motivated investment that drives pricing and demand in urban markets. As a result, rural LIHTC transactions often generate lower equity pricing and larger financing gaps than comparable urban developments. OCCH's portfolio represents both rural and urban units. Urban LIHTC units are between 26-40% higher in cost per unit to build versus rural LIHTC units. FHFA investments in rural markets are important and can stretch farther to build more units with less capital, equating to more units for the same dollars. The disparity between pricing and ability to secure financing between rural and urban markets and in our current portfolio, we've seen a 4.5 cent difference in pricing between the two market types.

Enterprise LIHTC investments have been critical in addressing these disparities. Beyond the direct capital provided, Enterprise participation fosters broader investor confidence and often encourages additional commitments from banks and institutional investors. The result is a multiplier effect that helps preserve and create affordable housing in places that otherwise struggle to compete for limited investment dollars.

For these reasons, OCCH strongly believes that the DTS framework should continue to include clear and measurable expectations for rural LIHTC activity. While we appreciate FHFA's interest in providing operational flexibility and streamlining regulatory requirements, eliminating or weakening minimum rural investment expectations could lead to a decline in capital directed to the communities Congress specifically intended DTS to serve. Without dedicated benchmarks, there is a significant risk that capital will concentrate in larger, more readily accessible markets where investor demand is already strong.

We also acknowledge the importance of preserving existing affordable housing and support efforts to encourage preservation-related investments. However, preservation objectives should complement—not replace—commitments to rural housing production and preservation. Given the varying levels of transaction complexity and market demand across different affordable housing activities, maintaining meaningful rural LIHTC investment requirements will remain essential to ensuring balanced outcomes.

Responses to Select Questions

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

OCCH understands FHFA's goal of creating broader definitions that allow the Enterprises greater flexibility in meeting DTS obligations. However, we are concerned that the proposed affordable housing preservation framework is sufficiently broad that it could permit DTS compliance without substantial investment in rural LIHTC developments.

As proposed, the revised definitions may inadvertently create incentives to focus capital in larger transactions and markets where investor demand is already robust. Such an outcome would reduce the emphasis on those areas where the need for Enterprise participation is greatest.

To better align DTS activities with the statute's intent, OCCH recommends that FHFA consider refining applicable definitions to emphasize markets with demonstrably limited access to private capital, particularly secondary and tertiary markets where CRA-driven investment activity is less prevalent. Ensuring a continued focus on areas with constrained investor demand would help preserve the Enterprises' role in addressing housing finance gaps that the conventional market does not effectively serve.

In addition, FHFA should retain measurable rural LIHTC benchmarks, including both investment volume and project participation metrics, to ensure that rural communities continue to receive meaningful support under the DTS program.

5. Are there additional summary reference tables that the Enterprises should include in their Plans to enhance transparency, comparability, and accountability?

OCCH strongly supports enhanced reporting and transparency as key components of an effective DTS program.

To assess whether Enterprise investments are reaching underserved communities and addressing market gaps, stakeholders should have access to meaningful information regarding rural LIHTC activities. FHFA should consider requiring regular reporting that identifies the geographic distribution of investments, total dollars committed, number of developments supported, and other relevant indicators of impact.

Clear and consistent reporting would improve accountability, facilitate comparisons across DTS plans, and help policymakers evaluate whether the Enterprises are fulfilling their mission in areas where private investment remains limited. Transparency is particularly important in rural markets, where the effects of reduced investment may not be immediately visible but can significantly impact long-term housing availability and affordability.

Conclusion

For decades, OCCH has served as mission-driven partner in expanding affordable housing opportunities across the country. OCCH was one of the first intermediaries that joined the LIHTC market when affordable housing investing was still emerging and uncertain, helping establish the track record that now attracts substantial private-sector participation. Through patient capital, local market expertise, and strong community partnerships, OCCH has consistently demonstrated how targeted investment can strengthen underserved communities and address persistent housing needs.

The Enterprises have become valuable partners in these efforts, particularly in rural markets where access to capital remains constrained. We encourage FHFA to ensure that any revisions to the DTS framework continue to prioritize and preserve meaningful Enterprise participation in rural LIHTC investments. Doing so will help maintain a critical source of housing capital, leverage additional private investment, and support the development and preservation of affordable homes in communities that too often remain overlooked.

Thank you for your consideration of these comments and for your ongoing commitment to expanding affordable housing opportunities across the nation.

Sincerely,

Catherine A. Cawthon

Catherine A. Cawthon
President & CEO, OCCH