

TO: Marcea Barringer of the Federal Housing Finance Authority
FROM: Wisconsin Housing and Economic Development Authority
DATE: July 21, 2023
RE: Duty to Serve Modification Request - Fannie Mae Spring 2023

The Wisconsin Housing and Economic Development Authority (WHEDA) is writing to share our concern that the proposed modification to Fannie Mae's Rural Housing Target in their Duty to Serve plan will result in fewer Low Income Housing Tax Credit (LIHTC) investments and exacerbate the acute rural housing crisis. LIHTC is one of the most powerful tools to combat the housing crisis in rural Wisconsin and similar communities across the nation. As such, Fannie Mae's investment in these credits through multi-investor funds are paramount to the overall success of rural LIHTC deals.

As the sole allocating authority of federal and state LIHTC in Wisconsin, we see firsthand how disinvestment and poverty forces rural Wisconsinites into substandard and unaffordable housing. The domino effect of the rural housing shortage has resulted in the stunted economic growth of Wisconsin-based business and displacement of families that have limited housing options and often cannot afford to live in the communities in which they work.

In the past three years alone, WHEDA has allocated federal and state LIHTC to 28 rural projects, creating 1,177 affordable housing units. Fannie Mae's participation in these projects through multi-investor funds offers a critical resource and helps ensure the success of these projects. Cutting the baseline and target investment from 59-70 to 20-40 rural LIHTC investments would have a detrimental impact to all rural projects by removing a key partner and reducing overall investor demand for rural projects. The loss will be most felt by the thousands of hard-working rural families who would suffer yet another blow.

WHEDA strongly recommends FHFA reconsider the proposed modification until the U.S. Department of the Treasury settles the issue prompting the modification. In the meantime, we encourage FHFA and Fannie Mae to explore solutions that result in the least impact to housing in rural areas and the low- to moderate-income families this housing serves.

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