

August 12, 2024

The Honorable Sandra L. Thompson
Director
Federal Housing Finance Agency
400 Seventh Street, S.W., 9th Floor
Washington, DC 20219

Subject: Duty to Serve 2025-2027 RFI

Dear Director Thompson,

On behalf of cooperative businesses across the United States, thank you for the opportunity to submit comments on the proposed 2025-2027 Duty to Serve (DTS) Underserved Markets Plans prepared by Fannie Mae and Freddie Mac (The Enterprises). The [National Cooperative Business Association CLUSA International \(NCBA CLUSA\)](#) has served as the apex association for cooperative businesses in the U.S. for over 108 years by representing and promoting the interests of cooperatives across all sectors of the economy, including housing cooperatives and financial service organizations such as credit unions and community development financial institutions (CDFIs). The recommendations below are to ensure that the federal government, through all its agencies and programs tasked with addressing the housing crisis and wealth gaps, and the GSEs recognize affordable housing cooperatives as a proven, shared equity model that should be eligible to the same extent as other models of homeownership for financing and other federal support.

Affordable housing cooperatives are a shared equity housing model collectively owned and controlled by their residents. To join a housing co-op, members purchase a share in the cooperative corporation and obtain the exclusive right to occupy a unit. The owners' gain in value appreciation is limited upon resale due to restrictions while ensuring subsidies are enjoyed between successive generations of low-income homeowners. With more than 190,000 Limited Equity Cooperative (LEC) home units across the US, LECs provide permanently affordable housing for current and future residents who would otherwise be priced out of the market¹. Housing co-ops empower people with limited incomes with homeownership and responsibility in their housing community.

As a shared equity model, housing cooperatives provide benefits that other options, such as rental housing, cannot provide, including building wealth, increasing agency, advancing economic well-being and health, and achieving generational affordability. For example, Acolin et al. (2021) reported the first study to compare wealth accumulation over the previous two decades for participants in different types of shared equity housing (SEH) programs with outcomes of renters and homeowners with similar characteristics². The researchers found "SEH homeowners accumulate significantly (statistically and economically) more home equity than renters accumulate wealth."

¹ [Cooperative Development Foundation "Creating and Preserving Affordable Housing through Co-op and Community Land Trust Models," April 18, 2024](#)

² Acolin A, Ramiller A, Walter RJ, Thompson S, Wang R. Transitioning to Homeownership: Asset Building for Low- and Moderate-Income Households. *Hous Policy Debate*. 2021;31(6):1032-1049. doi: 10.1080/10511482.2021.1949372. Epub 2021 Aug 9. PMID: 34866882; PMCID: PMC8635301.

The GSE 2025-2027 DTS Plans recognize that shared equity housing provides an essential tool to help preserve and create permanently affordable housing that is inclusive of very-low, low- and moderate income communities. These models provide individuals with a clear path to homeownership for whom it would be otherwise unattainable. The following recommendations help advance the goals of the GSEs and inform FHFA's role in regulatory oversight.

Include Cooperatives as Eligible and Available Shared Equity Models The GSEs should ensure that Limited Equity Cooperatives and Cooperative Housing are explicitly listed as eligible entities within Shared Equity Programs, Promotion of Model Documents, and supported through technical assistance to establish or originate mortgages for shared equity housing.

In "Activity G", Fannie Mae details actions to address "Affordable Housing Preservation through Shared Equity Programs".³ Included in these actions are simplifying the loan delivery process, a list of certified shared equity programs and updating the selling guide for conforming changes. While the most recent [Selling Guide](#)⁴ lists "Limited or Shared Equity Co-ops" as a recognized Shared Equity Model, they are listed as ineligible entities for financing or subject to burdensome requirements. "Activity 2" outlines actions proposed by Freddie Mac Plan to Support Shared Equity Programs and Provide Technical Assistance to Facilitate Origination of Shared Equity Mortgages. The GSEs simultaneously acknowledge LECs and SECs as tools to create permanently affordable housing and yet fail to provide the necessary support for them to thrive as an option in many communities. In fulfilling their duties, Fannie and Freddie should consistently include cooperatives in the list of potential models for Shared Equity Housing.

We appreciate the GSEs acknowledgement of resident owned manufactured housing community (ROC) cooperatives as a recognized strategy to address the affordable housing crisis across the country, particularly in rural areas. In these communities, homeowners of the manufactured home community (MHC) form a nonprofit cooperative as owners of the land. Each household is a member of the cooperative, which owns the land and manages the community while residents own their own homes individually and an equal share of the land. To eliminate ambiguity and confusion, we urge the GSEs to include "cooperative housing" when mentioning "shared equity housing" to ensure uniformity across resources. MHCs are a critical piece of the solution to our national affordable housing crisis and need to be preserved, as the median cost for a HUD-code Manufactured Home is less than half the median cost for a site-built single-family home.

ROCUSA, a network of resident owned cooperative communities and its affiliates, identifies 326 resident-owned communities in 21 states in their network, with more than 22,000 homes preserved. These communities are an essential source of low-income housing in rural areas, with 75% of homebuyers earning less than 80% of Area Median Income, and they experience a zero-foreclosure rate. Given the national affordable housing crisis, the federal government should be supporting ROCs and all other affordable housing cooperatives by making them eligible to access all low-income housing programs.

³ Fannie Mae "[2025-2027 Duty To Serve Proposed Underserved Market Plans](#)" May 10, 2024

⁴ Fannie Mae "[Selling Guide: Fannie Mae Single Family](#)" August 7, 2024

Ensure Access to Help Build Capacity for Affordable Cooperatives Groups engaged in cooperative housing development have seen a surge of interest across the country. As the demand for these affordable housing models increases, co-ops and groups that support them need more capacity to meet the demand. If affordable housing cooperatives were clearly and consistently included across the GSEs' various resources such as the [Fannie Mae Shared Equity Landing Page](#) and [the Freddie Mac Shared Equity FAQ](#), funds to help with operating and capacity building could help preserve and create new units of *permanently* affordable housing. While Co-op Share Loans are ineligible under the GSEs programs, Fannie and Freddie state "An increasing number of localities and non-profit organizations are recognizing the importance and benefits of shared equity homeownership...More technical assistance is needed to facilitate growth." A lack of awareness or education about cooperatives as a shared equity model limits the ability of policymakers and communities to access the full range of proven solutions to address the housing crisis. The GSEs can play a critical role in filling this gap to help build capacity for public and private partners to connect with co-ops and the groups that support them for expert technical assistance on alternative financing options.

Increase Access to Data and Engage with Shared Equity Stakeholders The GSEs detail plans to conduct analysis and identify challenges for shared equity lenders. Currently there is little to no publicly available data on cooperatives or other shared equity models. Communities, and the groups that represent them, need to have access to more information about the experiences of these entities and their residents in order to help inform where and how they focus their work. The Administration has repeatedly highlighted the relevance and importance of data, including demographic data, in order to help inform decision making and identify where TA and other support should be directed. The cooperative model provides increased resilience in business and housing due to their democratic governance structure. The GSEs should support public access to this data for experts and stakeholders who are all working to address our nation's housing crisis. Finally, we urge more outreach to and participation of affordable housing cooperative and other shared equity housing experts as part of the Regulatory Activities for Shared Equity Housing⁵ during the national outreach campaign in 2025⁶ to help these models gain more understanding and support.

We appreciate your consideration of these comments. If you have questions, please contact me or NCBA CLUSA's Director of Government Relations, Aaliyah Nedd, at anedd@ncba.coop.

In cooperation,



Doug O'Brien
President and CEO
NCBA CLUSA

⁵ Freddie Mac "[2025-2027 Duty To Serve Proposed Underserved Market Plans](#)" May 10, 2024

⁶ Fannie Mae "[2025-2027 Duty To Serve Proposed Underserved Market Plans](#)" May 10, 2024