Council for **A**ffordable and **R**ural **H**ousing
Serving the Affordable Housing Needs of Rural America

October 13, 2020

VIA EMAIL: www.fhfa.gov/open-for-comment-or-input
RegComments@fhfa.gov

FHFA, Division of Housing Mission and Goals
Eighth Floor
400 7th Street, SW
Washington, DC 20219

Re: Notice of Proposed Rulemaking Re 2021 Enterprise Housing Goals
RIN 2590-AB04

To Whom It May Concern:

The Council for Affordable and Rural Housing ("CARH") provides its comments to the Notice of Proposed Rulemaking regarding the 2020 Enterprise Housing Goals ("Proposed Rule") that would establish the 2021 benchmark levels for Federal Housing Finance Agency's ("FHFA") annual housing goals (the "Goals") for mortgages purchased by Fannie Mae and Freddie Mac (the "Enterprises").

CARH represents for-profit and non-profit companies providing affordable rural rental housing throughout America. For over 40 years, CARH has served as the nation's premier association for participants in the affordable rural housing profession, including builders, owners, developers, managers, non-profits, housing authorities, syndicators, accountants, architects, attorneys, bankers, and companies that supply goods and services to the industry. CARH is the only association that solely represents the needs of the entire rural affordable housing industry.

The need for affordable housing persists and it cannot be adequately addressed except through continuation and expansion of current delivery mechanisms. These mechanisms have been developed and made more efficient over decades of providing affordable housing. In rural areas throughout the country, there continues to be an even more acute need for affordable and decent housing. Rural renters are more than twice as likely to live in substandard housing compared to people who own their own homes. With lower median incomes and higher poverty rates than homeowners, many renters are simply unable to find decent housing that is also affordable. While the demand for rental housing in rural areas remains high, the supply, particularly of new housing, has decreased. Rural housing rental properties tend to be smaller than in other parts of the country. Apartment complexes will typically be much fewer than 50 units, and 50 units is typically considered to be small. As such, rural rental housing often has difficulty securing capital for construction or rehabilitation of existing properties.

America's elderly, working families, civil servants, and working poor seek to live in or near their jobs, families and communities. In most of America this need cannot be met. Homeownership is out of reach or not financially viable. Indeed, the cost of providing any new housing or rehabilitating existing housing to current standards without public-private assistance is too expensive for most low-income Americans. Therefore, it is vital that the Enterprises continue with credit availability in rural areas in an amount at least as much as in recent years. We also refer you to the Duty to Serve rules and procedures. The FHFA has been very focused on implementing Duty to Serve and we encourage as much support of Duty to Serve as is possible.

116 South Fayette Street • Alexandria, Virginia 22314 • (703) 837-9001 • (703) 837-8467 Fax
carh@carh.org • www.carh.org

As we expressed in our response to the Request for Input related to Fannie Mae's proposed modifications for its 2018-2020 Duty to Serve Underserved Markets Plan (the "DTS Response"), rural areas, particularly those with high needs, have traditionally struggled to attract private investment. This struggle is increasingly more difficult in non-Community Reinvestment Act ("CRA")-eligible geographic areas. Our members report Housing Credit equity pricing in rural areas not covered by the CRA are often about 10 cents per credit dollar below non CRA non rural areas. Due to these market conditions, we support future benchmarks at or above the 2018-2020 levels to encourage continued involvement of the Enterprises in low-income communities, and particularly rural LIHTC properties to stabilize Housing Credit equity pricing in high-needs rural communities. Investment by the Enterprises has provided much needed capital to advance the creation and preservation of decent, safe, and sanitary affordable housing in rural communities. Although there are various mechanisms to incentive Enterprise investment in these communities, like the previously mentioned Duty to Serve program, we believe that the Goals are a critical tool because of their focus on deeply-affordable units and small properties, both of which play significant roles in meeting the unique needs of underserved rural communities.

We are encouraged by the data supporting the Enterprises' ability to meet and exceed the current benchmark levels, and we support FHFA's commitment to reevaluating the benchmarks after 2021. As we expressed in our DTS Response, incorporation of increased secondary markets for the USDA Section 538 Guaranteed Rural Rental Housing Program and loans senior to existing Section 515 loans would greatly improve access to affordable housing in rural communities. We submit that Section 538 is another federal affordable housing program that the Enterprises could support that is not currently included in the Goals or the Duty to Serve program. Section 538 of the Housing Act of 1949, as amended, authorizes the Secretary of Agriculture to guarantee loans on multifamily properties. This program has consistently been budgeted at $230 million, including FY 2019. USDA's Rural Development ("RD") office has not been able to fully utilize prior year program budgets. Expanding the secondary market support for the Section 538 program will help facilitate full program use to meet demand for affordable credit and increase the production and preservation of affordable housing in rural areas. Additionally, by providing goals related to the purchase of loans related to Section 515 properties, the Goals could reach even more low- and very-low income residents of rural communities living in existing Section 515 properties. We are concerned that by excluding Section 515 loans, these existing properties may not be able to secure the resources needed to remain affordable.

We support setting future benchmarks at or above current levels and we encourage FHFA to continue to evaluate and address ways to reach high-needs rural communities. We respectfully submit the foregoing comments, and we appreciate your time and attention to this matter.

Sincerely,

Colleen M. Fisher

Colleen M. Fisher
Executive Director