



October 25, 2021

Mr. Clinton Jones
General Counsel
Federal Housing Finance Agency
Attention: Comments/RIN 2590-AB12
400 Seventh Street, SW, Eighth Floor
Washington, DC 20019

Re: 2022 – 2024 Enterprise Housing Goals (RIN 2590-AB12)

Dear Mr. Jones:

The Manufactured Housing Institute (MHI) is pleased to submit comments in response to the proposed rule establishing housing goals for Fannie Mae and Freddie Mac (the Enterprises) in the years 2022 to 2024. MHI supports the approach of increasing the numerical levels in the various housing goal categories. Manufactured housing loans are “goal-rich” so aggressive housing goals should have a positive impact on the Enterprises purchase of manufactured home loans. However, since there is nothing in the goal framework that requires the Enterprises to have any impact on manufactured housing, and because of the lack of meaningful progress within the Enterprises’ Duty to Serve responsibilities, MHI has come to the conclusion that the only way to ensure manufactured housing is supported by the Enterprises is to call for the goals to be more explicit with respect to manufactured housing.

Robust housing goals have historically been a critically important regulatory tool to ensure the Enterprises fully meet their statutory responsibility to purchase mortgage loans for low-income, underserved, and minority borrowers. An important group in these areas are borrowers seeking homeownership through manufactured housing. However, the primary reason Congress adopted a Duty to Serve requirement for manufactured housing in 2008 was that Fannie Mae and Freddie Mac were able to meet their housing goals without supporting manufactured home loans. Additionally, since manufactured home loans are not a high-volume product, establishment of strong housing goals do not by themselves provide sufficient financial incentives for the Enterprises to adequately serve manufactured housing. We are now in the fourth year of the Enterprises’ Duty to Serve compliance and our conclusion is that neither their performance, nor their proposed Duty to Serve Plans for 2022 to 2024, are adequate to meet the conventional mortgage credit needs of manufactured housing. Therefore, MHI recommends that the Federal Housing Finance Agency (FHFA) give serious consideration to establishing a manufactured home subgoal.

MHI and Manufactured Housing

MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include home builders, suppliers, retail sellers, lenders, installers, community owners, community operators, and others who serve the industry, as well as 48 affiliated state organizations. In 2020, our industry produced nearly 95,000 homes, accounting for approximately nine percent of new single-family home starts. These homes are produced by 34 U.S. corporations in 138

plants located across the country. MHI's members are responsible for close to 85 percent of the manufactured homes produced each year.

Manufactured housing is the largest form of unsubsidized affordable housing in the U.S. and the only type of housing built to a federal construction and safety standard. It is also the only type of housing that Congress recognizes as having a vital role in meeting America's housing needs as a significant source of affordable homeownership accessible to all Americans. Today, 22 million people live in manufactured housing.

As the nation continues to navigate an affordable housing shortage, exacerbated by the Coronavirus crisis, ensuring a robust manufactured housing market has never been more important. Studies have shown that COVID-19 has widened the income gap, magnifying the importance of manufactured housing as an affordable homeownership option, particularly for minority, underserved, and low-income borrowers. In addition, the demand for manufactured housing has increased dramatically as people are seeking a home of their own with a yard, no shared walls, no share ingress/egress to homes such as hallways and elevators, and no share HVAC systems.

Duty to Serve

MHI has concerns about the Enterprises' Duty to Serve Plans and performance with respect to the volume of manufactured home loan purchases. The proposed Fannie Mae and Freddie Mac Duty to Serve Plans propose real property manufactured home purchase targets for 2022 that are below last year's full year loan volume. We do not understand this proposed reduction.

With respect to chattel loans, Fannie Mae and Freddie Mac failed to meet their commitments explicitly included in their 2018 to 2020 Duty to Serve Plans. We suspect that a contributing factor to this are continuing concerns by some that these loans are too "risky." However, according to data MHI commissioned on loan performance of manufactured home loans over the last few years, not only do chattel loans perform well in terms of delinquency and foreclosure rates, but in some metrics they performed better than other real property loans.

MHI is appreciative that Fannie Mae and Freddie Mac have introduced new programs that provide conventional financing for manufactured homes that are titled as real estate and have certain site-built features. Qualifying home features for the Fannie Mae MH Advantage and the Freddie Mac CHOICE Home programs align closely with the industry's new CrossMod homes, and include higher roof pitches, and permanent and lower profile foundations, energy efficient features, garages or carports, and porches. Even here, though, we believe that more can be done to support increased availability of these homes for homebuyers. MHI has asked the Enterprises to make it a priority that appraisers be more broadly made aware of the new CrossMod appraisal guidelines, emphasizing how they differ from guidelines for traditional manufactured homes.

Creation of Manufactured Housing Subgoal


MHI has called on FHFA to require the Enterprises to revise their 2022-2024 Plans to adequately meet their statutory Duty to Serve. However, regardless of the provisions included in the final Duty to Serve 2022-2024 Plans adopted by Fannie Mae and Freddie Mac, our experience to date with the Enterprises' actual performance compared to their Plans leads us to call for more stringent measures.

In the absence of a transparent and stronger commitment to Enterprise purchase of manufactured home loans, we would ask FHFA to develop housing subgoals for manufactured

housing. Goals have proven to be an effective mechanism to ensure that the Enterprises meet their statutory responsibilities to provide affordable mortgage credit for low- and moderate-income borrowers. In recent years, FHFA has established subgoals to hone-in on objectives that are not being adequately addressed by the broader goals. Such action is called for here, with respect to manufactured housing. Therefore, in the absence of improved Duty to Serve plans and performance, we believe it is appropriate for FHFA to establish manufactured housing subgoals as early as the next annual promulgation of housing goals.

In closing, we appreciate the opportunity to submit these comments and ask for a robust commitment, accompanied by tangible results, by FHFA, Fannie Mae and Freddie Mac in the area of manufactured housing, which continues to be the most affordable homeownership option for Americans.

Sincerely,

A handwritten signature in black ink that reads "Lesli Gooch". The signature is written in a cursive, flowing style.

Lesli Gooch, Ph.D.
Chief Executive Officer