Duty to Serve: Partnerships for Native Housing and Homeownership

NAIHC Legal Symposium, Las Vegas, NV
December 4, 2017
Congress: Fannie Mae and Freddie Mac have a duty to serve

Manufactured Housing | Rural Housing | Affordable Housing Preservation

Each year, the Federal Housing Finance Agency (FHFA) is required to evaluate and rate each Enterprise’s performance in each underserved market and report the results to Congress.
Program Overview

KEY MILESTONES OF THE DUTY TO SERVE PROCESS

- **START**
  - FHFA posts Evaluation Guidance
  - Enterprises submit Underserved Markets Plans

- **PLAN DEVELOPMENT** (every 3 years)
  - UMP

- **PLAN IMPLEMENTATION & EVALUATION** (yearly)
  - Enterprises implement Plans
  - FHFA evaluates Enterprises’ performance

- **Finish**
  - FHFA issues Non-Objections to Underserved Markets
  - Enterprises report on progress
  - FHFA submits evaluations to Congress
Why is Duty To Serve important?  
What does it mean for Indian Country?

- Brings investors in the areas of affordable housing and homeownership
- Opens up new possibilities for manufactured housing in tribal areas
- Provides new resources for homebuyer education
- Additional financing options for energy efficiency, rehabilitation, and preservation
Who and where are we trying to help?

- **Nationwide** – We’re serving very low- to moderate-income families (earning ≤ Area Median Income) in each of the three underserved housing markets.

- **Rural Housing Market** – We’re targeting specific high-needs populations and regions, including:
  
  - Middle-Appalachia, Lower Mississippi Delta, and colonias
  - Rural tracts in persistent poverty counties
  - Native Americans and agricultural workers
A *Better* Freddie Mac

…and a *better* housing finance system

For families
...innovating to improve the liquidity, stability and affordability of mortgage markets

For customers
...competing to earn their business

For taxpayers
...reducing their exposure to mortgage risks
Rural Housing

Challenges:

- Substandard housing & high cost burden
- High poverty rates
- Out Migration
- Lack of financial institutions

High Needs Rural – Population – American Indians in Tribal Areas

- Trust Land
- Various tribal governments
- Substandard housing & overcrowding
- Lack of financial institutions
Manufactured Housing

Challenges:

- Low supply compared to demand
- Limited number of lenders in market
- Appraisal comparable challenges
- Older units need of rehabilitation or replacement
Affordable Housing Preservation

Challenges:

- Limited awareness (borrowers and lenders)
- Nontraditional financing structures
- Lack of program standardization
- Deed restrictions
Duty to Serve: How can you help?

Look for opportunities to help us implement our plan in 2018 and beyond:

- Engage and innovate with Fannie Mae and Freddie Mac representatives and industry partners.

- Support future research, outreach, and pilots.
Where can you get more information?
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