

RIN 2590-AA27

**SUMMARY:** FHFA Affordable Housing Forum with FHLBank Advisory Council Chairs and Vice-Chairs on December 3, 2009

**PARTICIPANTS:**

**FHFA:**

Nelson Hernandez (Senior Associate Director)  
Charles McLean (Associate Director)  
Brian Doherty (Manager, Enterprise Housing Mission and Goals)  
Mike Price (Senior Compliance Specialist)  
Michael Groarke (Senior Compliance Specialist)  
Yeeleng Rothman (Senior Compliance Specialist)  
Janice Kuhl (Senior Compliance Specialist)  
Paul Manchester (Supervisory Economist)  
Ian Keith (Program Analyst)  
Jay Schultz (Program Analyst)  
Melissa Allen (Senior Program Analyst)  
Reggie Ellison (Senior Program Analyst)

**NEIGHBORWORKS<sup>®</sup> RURAL INITIATIVE:**

David Dangler (Director)  
Lee Anne Adams (Training Consultant)  
Hal DeCell (Senior Policy Advisor)

**FHLBANK ADVISORY COUNCILS:**

Glenn Brooks (Sr. VP, Leon N. Weiner & Associates, Inc.)  
Dan Buck (CEO, St. Patrick's Center)  
Robert Campbell (Rockford Area Affordable Housing Coalition)  
Terry W. Cunningham (Exec. Dir., Kingsport Housing and Redevelopment Authority)  
Jacquelyn Dodyk (Affordable Housing Corporation)  
Marcia Erickson (Chief Exec. Dir., NE South Dakota Community Action)  
Ren Essene (Policy Analyst, Federal Reserve Bank of Boston)  
Peter Hainley (Exec. Dir., CASA of Oregon)  
Charles Kalthoff (Exec. Dir., ACCORD Corporation)  
Ralph Lippman (California Community Economic Development Assn.)  
Bill Major (LIFE Senior Services)  
Harold Mast  
Mark K. Milligan (Passage Management)  
Roger Nadrchal (NeighborWorks Northeast Nebraska)  
Jane Provo (Exec. Dir., Denton Affordable Housing)  
John Ramiriz (VP, Chicanos Por La Causa, Inc.)  
Diane Randall (Exec. Dir., Partnership for Strong Communities)

Darryl Swinton (Dir., Black Community Developers, Inc.)  
Leonard S. Vaughan  
Brenda B. Wells (Dir., Western PA Region, Pennsylvania HFA)  
David Wood (Exec. Dir., Affordable Housing Education and Development, Inc.)

On December 3, 2009, the Office of Housing Mission and Goals (HMG) of the Federal Housing Finance Agency (FHFA) held a forum for the Chairs and Vice-Chairs of the Federal Home Loan Bank (FHLBank) Affordable Housing Advisory Councils (Advisory Councils). Each of the twelve regional FHLBanks has an Advisory Council comprising members from housing and community development organizations that advises the FHLBank on regional housing and community development issues. The forum participants were invited to present their personal views and experiences on affordable housing issues, rather than act as official representatives of their respective FHLBank Advisory Councils.

The forum agenda included an overview of FHFA, followed by open discussions of affordable housing issues, including discussions of rural housing and manufactured housing issues related to FHFA's duty to serve rulemaking. FHFA staff indicated that FHFA had issued an Advance Notice of Proposed Rulemaking (ANPR) pursuant to the provisions of the Housing and Economic Recovery Act of 2008 (HERA) that establish a duty for Fannie Mae and Freddie Mac (the Enterprises) to serve targeted income groups in three specified underserved markets – manufactured housing, affordable housing preservation and rural markets. FHFA stated that it received comment letters on the ANPR, and that a proposed rule would be issued in the future.

### Rural Housing

Participants indicated that some of the rural housing issues they have had to address in their work have been economies of scale, layered funding and lack of a consistent definition of "rural area." One participant stated that the lack of a consistent definition of "rural area" has impeded the development of rural housing. Another participant discussed four alternative definitions of "rural area," favoring the U.S. Department of Agriculture's definition. Another participant stated that the lack of comparables for appraisals has impeded lending in rural areas. One participant stated that affordable housing preservation in rural areas is unfunded. Another participant noted that his organization has received grants from Freddie Mac to work with employers on work force housing advocacy.

### Manufactured Housing

Chattel loans. FHFA asked whether chattel loans on manufactured homes should be considered towards the Enterprises' duty to serve the manufactured housing market. Participants stated that manufactured homes are a depreciating asset. One participant stated that it was not a service to get people into housing that will fall apart and lose value. Another participant stated that he heard that some borrowers have experienced

difficulties obtaining chattel loans. Participants involved in housing counseling stated that they would not recommend chattel loans to their clients. One participant stated that borrowers were not concerned about their real estate being encumbered. Another participant cited the advantages under Federal tax law as a reason to obtain a real estate loan. Participants also discussed the need for borrower protections similar to those under the Real Estate Settlement Procedures Act and Truth in Lending Act.

Manufactured home communities. FHFA noted that the ANPR solicited comment on whether the Enterprises should receive duty to serve consideration for purchases of loans on manufactured home communities, including whether investor-owned and resident-owned communities should be treated differently. One participant stated that manufactured home communities are a viable option for providing decent, affordable housing. Another participant indicated that Fannie Mae should buy loans on manufactured home communities with fewer than 50 lots.

Some participants indicated that resident-owned communities are more advantageous to residents than investor-owned communities, noting that it is beneficial for residents to have a say in how the community is operated and that residents should be empowered. Participants stated that there should be tenant protections if FHFA were to give duty to serve consideration for Enterprise support of investor-owned communities. Participants supported tenants having a “right of first refusal” where a community owner plans to sell the community.

Participants also discussed the relative merits of residing in a manufactured home community versus renting a unit in a multifamily property. One participant noted that a difficulty with tenants desiring to move to another manufactured home community is that there might only be a few such communities in the tenants’ vicinity. One participant stated that one of the big differences between being a tenant in a manufactured home community versus a multifamily property is that a multifamily tenant can move out more easily. One participant stated that a multifamily property is easier to maintain because all of the systems are together in one building.

Participants also discussed the differences between manufactured housing and modular housing, and the declining fortunes of the manufactured housing industry generally.

### Evaluation of Compliance

FHFA indicated that HERA requires FHFA to assess, among other things, the amount of the Enterprises’ investments and grants in projects that assist in meeting the needs of the underserved markets, but noted that the Enterprises are in conservatorship.

FHFA also noted that some comment letters on the ANPR suggested that the evaluation of the Enterprises’ duty to serve performance should be in proportion to the risks undertaken by the Enterprises.