DUTY TO SERVE

and What it Means for Rural America
DUTY TO SERVE

• 2008 Housing and Economic Recovery Act
• GSEs (Fannie Mae and Freddie Mac)
• Duty to Serve “Underserved Markets”
• Increase liquidity and investment capital in these markets
• Federal Housing Finance Agency (FHFA)
DUTY TO SERVE

July 30, 2008
HERA Enacted
Established
Duty to Serve

Sept 7, 2008
GSEs enter conservatorship

June 7, 2010
Duty to Serve
Proposed Rule

Sept 18, 2009
Duty to Serve
Advanced Notice of Rule Making
Proposed

Dec 18, 2015
Duty to Serve
Proposed Rule Reissued

March 17, 2016
Comments Due to FHFA on Duty to Serve
Proposed Rule
DUTY TO SERVE

• THREE SPECIFIC UNDERSERVED MARKETS

1. Rural Housing
2. Housing Preservation
3. Manufactured Housing
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• RURAL MARKET CORE ACTIVITY

• “define eligible activities for the rural market as Enterprise activities that facilitate a secondary market for mortgages on residential properties for very low, low-, or moderate income families in rural areas.” (section 1282.35(b)).
USDA-RD Eligible Areas

109 Million Population*
*estimate

USDA RD Eligible Area Population

USDA RD Eligible, 34%
USDA RD Non Eligible, 66%
Census Defined Rural Areas

59 Million Population

Source: Housing Assistance Council (HAC) Tabulations of Census Data
CFPB Rural Area

- Adjacency to OMB Metropolitan Areas
- Urban Influence codes
- Rural “Blocks”
FHFA Proposed Duty to Serve Rural Area

- "RURAL AREA" Definition (Section 1281.1)
  - Census Tract outside of Metropolitan Area (OMB)
  - Census Tract in Metropolitan Area, outside of an Urbanized Area, or Urban Cluster (USDA-ERS RUCA Code)
FHFA Proposed Duty to Serve Rural Area

77.1 Million Population

Legend
- Proposed Rural Area

Source: Housing Assistance Council (HAC) Tabulations of Census Data
FHFA Proposed Duty to Serve Rural Area

Legend
- Exurban
- Suburban
- Proposed Duty To Serve

Source: Housing Assistance Council (HAC) Tabulations of Census Data
FHFA Proposed Duty to Serve Rural Area

GSE Activity 2012-2014

Legend

GSE Loans 2012-2014
- 0
- 1 - 199
- 200 - 399
- 400 - 699
- 700 - 2357

Source: Housing Assistance Council (HAC) Tabulations of Census Data
FHFA Proposed Duty to Serve Rural Area

Legend
- Orange: Proposed Duty To Serve
- Green: Rural
- Green: Small Town

Source: Housing Assistance Council (HAC) Tabulations of Census Data
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Census Tract Look-up Resource
http://arcg.is/1LvvzqV

FFIEC:
https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx
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• Requests for Comments

• 70. Would one of the four definitions discussed above better serve Duty to Serve objectives, and if so, why?

• 71. How could operational concerns about Enterprise implementation under each of the definitions be addressed?
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• REGULATORY REQUIREMENT: HIGH NEED RURAL AREAS

• “Middle” Appalachia
• Lower Mississippi Delta
• Colonias
• Native American Lands
• Migrant and Seasonal Farmworkers
Legend

"Middle" Appalachia

Source: Housing Assistance Council (HAC) Tabulations of ARC Data
Colonias

Legend

- **Texas' Colonias**
- **Border Colonias Region**

Source: Housing Assistance Council (HAC) Tabulations of Census Data
Federally Recognized Indian Tribe Located in an Indian Area

Legend

Federal Indian Lands

Source: Housing Assistance Council (HAC) Tabulations of Census Data
Migrant and Seasonal Farmworker

• Department of Labor (DOL) Definition

• “Migrant” Agricultural Workers
  • Generally absent overnight

• “Seasonal” Agricultural Workers
  • Not absent overnight, but transported by day-haul operation
High Need Rural Areas and Populations

Legend
- Lower Mississippi Delta
- Middle Appalachia
- Border Colonias
- Federal Indian Lands

Source: Housing Assistance Council (HAC) Tabulations of Census Data
High Need Rural Areas and Populations

Legend
- Persistent Poverty County
- Lower Mississippi Delta
- Middle Appalachia
- Border Colonias
- Federal Indian Lands

Source: Housing Assistance Council (HAC) Tabulations of Census Data
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• Requests for Comments
• 72. Should Enterprise support for housing for high-needs rural regions and high-needs rural populations be a Regulatory Activity?

• 73. What activities could the Enterprises undertake to provide liquidity and other support to high needs rural regions and high-needs rural populations?

• 74. How should FHFA define “colonia” for Duty to Serve purposes?
DUTY TO SERVE

• Requests for Comments

• 75. How should FHFA define “member of an Indian tribe,” “Federally recognized Indian tribe,” and “Indian Area” for Duty to Serve purposes?

• 76. What specific actions could the Enterprises take to assist the needs of migrant and seasonal agricultural workers?

• 77. Are there high-needs rural regions and/or high needs rural populations in addition to those identified above that should be included in this section, and, if so, how should they be defined to receive duty to serve credit?
DUTY TO SERVE

• Requests for Comments

• 78. How might loan sellers and the Enterprises collect data establishing that housing to be financed would specifically benefit migrant and seasonal agricultural workers?

• 79. Should FHFA define “high-needs populations” to include other categories of agricultural workers with high-needs housing issues in addition to seasonal and migrant agricultural workers? Should FHFA include agricultural workers in permanent annual employment in the definition?
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