FEDERAL HOUSING FINANCE AGENCY

2023 HOUSING MISSION REPORT

Affordable Housing Activities of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks

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INTRODUCTION

The Federal Housing Finance Agency (FHFA) was established by the Housing and Economic Recovery Act of 2008 (HERA) and is responsible for the supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank (FHLBank) System, which includes 11 FHLBanks and the Office of Finance. FHFA's mission is to ensure its regulated entities fulfill their mission by operating in a safe and sound manner to serve as a reliable source of liquidity for equitable and sustainable housing finance and community investment throughout the economic cycle. Since 2008, FHFA has also served as conservator of Fannie Mae and Freddie Mac (collectively, the Enterprises).

FHFA oversees the Enterprises and the FHLBanks (regulated entities) as they work to fulfill their responsibilities to support affordable and sustainable housing finance, targeted financing for economic development, and underserved communities. This report provides a summary of the activities carried out by the regulated entities in pursuit of those objectives in 2023.

Elevated interest rates and strong home price growth throughout 2023 contributed to a challenging environment for housing affordability. While market optimism improved marginally by year-end 2023, homebuyers and renters alike faced difficulties in acquiring homes they could afford.

Despite these market conditions, the regulated entities provided a wide range of support for mission activities in 2023. These activities included financing affordable homeownership and rental housing, advancing equitable access to housing for underserved populations, and promoting resident-centered housing practices.

FHFA is committed to ensuring that the regulated entities meet their mission to support responsible access to affordable housing and targeted economic development financing nationwide, while promoting market stability and liquidity.

Key 2023 activities highlighted in this report include:

- Together, the Enterprises purchased over 136,000 single-family mortgages for low- and moderate-income borrowers through their core affordable housing programs, HomeReady and Home Possible. Both Enterprises also introduced enhancements to these programs, adding a credit of $2,500 for very low-income borrowers that lenders must pass through to borrowers by applying it to the down payment or closing costs.

- The Enterprises collectively purchased approximately 15,000 Special Purpose Credit Program (SPCP) loans through both lender-sponsored initiatives and their proprietary SPCPs, supporting homeownership for many borrowers in underserved communities.

- Pursuant to their Equitable Housing Finance Plans, the Enterprises partnered with vendors responsible for collecting rent payment data from participating multifamily housing property owners and formatting it for dissemination to credit bureaus.

- The Enterprises invested over $1.7 billion last year in Low-Income Housing Tax Credit (LIHTC) equity, including transactions that support housing in Duty to Serve-designated rural areas, preserve affordable housing, support mixed-income housing, provide supportive housing, or meet other affordable housing objectives.

- Under the FHLBanks' Affordable Housing Programs (AHP), LIHTC properties represented more than 43 percent of their total General Fund projects and 55 percent of their total General Fund rental projects.

- The FHLBanks awarded $446.9 million through their AHPs in 2023, almost $180 million more than in 2022. This funding supported more than 33,000 housing units. The FHLBanks also funded approximately $4.2 billion in Community Investment Program (CIP) housing advances in 2023, supporting almost 32,000 units, representing 11,000 more units than in 2022.

ACTIVITIES SUPPORTING HOMEOWNERSHIP

Providing Assistance for Underserved Homeowners

Through their Equitable Housing Finance Plans, both Enterprises purchased loans from eligible lender-sponsored SPCPs and developed their own SPCPs to expand access to mortgage financing for historically underserved communities. These programs generally assist underserved borrowers by offering closing cost and down payment assistance, particularly targeted at first-time homebuyers in designated census tracts. By providing liquidity to lender-sponsored SPCPs, the Enterprises foster the growth and scalability of these initiatives. The Equal Credit Opportunity Act (ECOA) and Regulation B provide financial institutions with the framework to create SPCPs that address the needs of economically disadvantaged individuals.[1]

In 2023, through its HomeReady First® SPCP, Fannie Mae acquired 921 loans, with over $5 million in down payment or closing cost assistance provided to borrowers. Significantly, 79 percent of participating borrowers self-identified as members of historically underserved groups. Furthermore, Fannie Mae purchased 4,747 loans through lender-sponsored SPCPs, where 81 percent of recipients self-identified as members of historically underserved groups. In total, 5,668 households benefited from these programs.

Through its BorrowSmart Access℠ SPCP, Freddie Mac acquired 2,472 loans with close to $4 million in down payment or closing cost assistance. In addition, Freddie Mac purchased 6,828 loans originated through lender-sponsored SPCPs. Around 57 percent of these loans were obtained by underserved borrowers. In total, 9,300 households benefited from Freddie Mac's program or its support for lender-sponsored SPCPs.

Several FHLBanks offer SPCPs that primarily support first-time homebuyers who self-identify as ethnic or racial minorities. The FHLBank of Indianapolis launched HomeBoost in September 2023 with $2.5 million in funds. Also launched in 2023, the FHLBank of Boston provided $2.5 million in down payment assistance through its Lift Up Homeownership program. Both programs were fully subscribed within a few months of their launch.

Expanding Affordable Housing Opportunities through the FHLBanks

In 2023, the FHLBanks allocated over $355.2 million to expand affordable housing opportunities through their AHPs.[2] This funding supports construction and rehabilitation of rental housing, as well as down payment assistance and homeowner unit rehabilitation assistance, for low-, very low-, and extremely low-income households.

1 Interagency Statement on SPCPs Under ECOA & Reg. B, 2022
2 See 12 U.S.C. 1430(j).

The AHP has two main components. The primary component is the mandatory General Fund, which enables the FHLBanks to provide subsidies either as grants or by reduced interest rates on advances through their members to sponsors for affordable housing projects.[3] Most General Fund subsidies are grants. Subsidy applications for proposed projects are approved based on each FHLBank's individual scoring system established pursuant to the scoring framework in the AHP regulation.

The other main funding component is a discretionary homeownership set-aside program under which the FHLBanks provide grants through their members to eligible households for counseling as well as down payment, closing cost, or rehabilitation assistance in connection with a household's purchase or rehabilitation of owner-occupied units.[4] An FHLBank's annual homeownership set-aside program funding allocation may not exceed the greater of $4.5 million or 35 percent of the FHLBank's annual required AHP statutory contribution.[5] Generally, access to set-aside program funds is on a first-come, first-served basis for FHLBank members and eligible households.[6]

An additional channel to dispense AHP funds is through Targeted Funds. An FHLBank may establish a Targeted Fund, in its discretion, to address specific and unmet affordable housing needs within its district that are either difficult to address through the FHLBank's AHP General Fund, or that align with objectives identified in its strategic plan. Targeted Fund awards must be made through a competitive application scoring process.[7]

In 2023, the FHLBanks awarded approximately $319 million through their General Funds, supporting 20,301 housing units, and about $124 million through their homeownership set-aside funds, supporting 12,571 housing units.[8]

The FHLBank of San Francisco offered a Nevada Targeted Fund in 2023. Five project applications received awards totaling approximately $3.9 million. This funding supported 221 units, all rental, located specifically in Nevada.[9]

3 See 12 C.F.R. part 1291.

4 The data that FHFA collects aggregates homeownership set-aside funds used for closing costs and down payments. The FHLBanks also separately submit data on home rehabilitation assistance.

5 12 C.F.R. § 1291.12(b).

6 The AHP regulation requires the FHLBanks to establish allocation criteria for the disbursement of AHP funds to members and establishes a maximum AHP set-aside subsidy limit per household, under the homeownership set-aside program. The FHLBanks limit the amount of set-aside funds that each member and household may receive pursuant to these regulatory requirements. See 12 C.F.R. § 1291.42(a), (c).

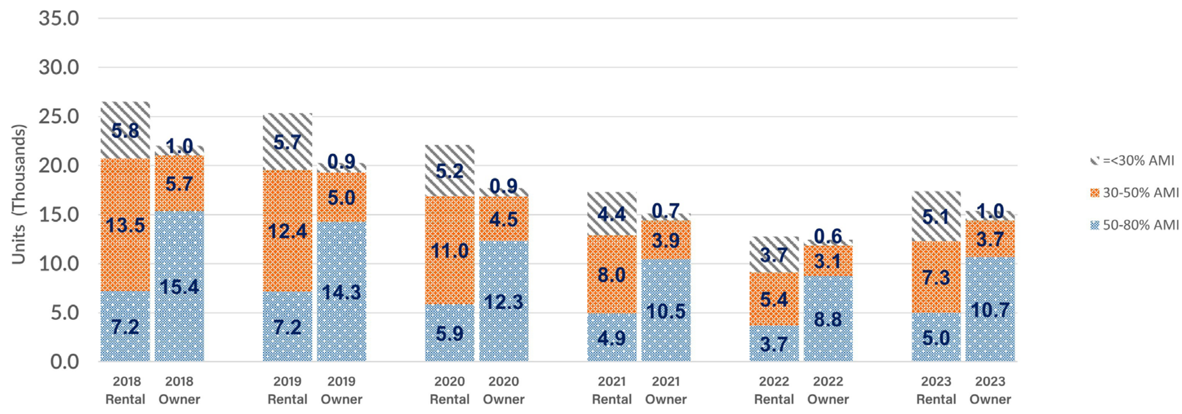
7 12 C.F.R. §§ 1291.1 (definition of "Targeted Fund"); 1291.20(b).

8 The amount of funds awarded annually may include awards returned from prior years or funds accelerated from future years. In these circumstances, an FHLBank's amount of awarded funds may differ from the statutorily required contribution of funds.

9 Six project applications were originally awarded funds through the FHLBank's Targeted Fund, totaling approximately $4.9 million in awards, but one project, which was awarded $1 million, withdrew its application.

Figure 1 below shows total AHP rental and ownership units by income level that received FHLBank AHP funds from 2018 to 2023. During this time, the AHP assisted low-income (50-80 percent of area median income (AMI)), very low-income (30-50 percent of AMI), and extremely low-income (less than 30 percent of AMI) households.

Figure 1: Total AHP Rental and Ownership Units by Income Level (2018-2023)



Data as of December 31 for each noted year. See Appendix for accessible figures.

Although the homeownership set-aside programs must target low- or moderate-income households (income at or below 80 percent of AMI), in a substantial number of cases the FHLBanks provide AHP set-aside grants to households with incomes significantly below the low- or moderate-income threshold. In 2023, the average income of households assisted by the set-aside programs, excluding rehabilitation assistance, was about $51,000 per year, or 61 percent of AMI.

Data on the number of households assisted, average household incomes, and average house prices under the homeownership set-aside programs for each FHLBank in 2023 are shown in Figure 2 below. The average house price for households assisted by the set-aside programs, excluding rehabilitation assistance, was approximately $164,000 in 2023.

Figure 2: Overview of Households Assisted Under 2023 AHP Homeownership Set-Aside Programs

FHLBank	Number of Households Assisted	Average Household Income	Average Household Income as a Percentage of AMI	Average House Price
Boston	199	$63,025	65	$251,318
New York	976	$63,525	58	$171,723
Pittsburgh	920	$49,390	60	$165,377
Atlanta	1,359	$58,877	64	$227,763
Cincinnati	1,662	$51,606	56	$151,530
Indianapolis	145	$44,530	64	$139,944
Chicago	3,473	$47,188	62	$142,375
Des Moines	699	$46,942	62	$141,459
Dallas	581	$42,516	60	$158,832
Topeka	1,219	$50,273	59	$138,388
San Francisco	269	$60,552	66	$311,176

Data as of December 31, 2023.

Under the CIP, each FHLBank is required to offer advances to its members priced no higher than the cost of consolidated FHLBank obligations of comparable maturities, taking into account reasonable administrative costs, for the financing of housing for households with incomes at or below 115 percent of AMI. Figure 3 below details CIP advances that supported housing units from 2018 through 2023.

In 2023, the FHLBanks' CIP housing advances increased by nearly $1 billion from 2022, which resulted in an approximately 58 percent increase in the number of housing units assisted.

Figure 3: CIP Housing Units and Advances (2018-2023)

	2018	2019	2020	2021	2022	2023
CIP Housing Rental Units	14,772	14,540	8,989	2,396	4,338	5,510
CIP Housing Ownership Units	11,001	12,956	13,258	5,671	15,682	26,165
Total Units	25,773	27,496	22,247	8,067	20,020	31,675
Total CIP Housing Advances (in Millions)	$3,017	$3,285	$2,913	$1,620	$3,175	$4,172

Data as of December 31 for each noted year.

In November 2023, FHFA released the "FHLBank System at 100: Focusing on the Future" Report ("FHLBank System at 100 Report" or "Report"), the culmination of more than a year of review, analysis, and extensive stakeholder engagements. The Report's recommendations detail how FHFA seeks to position the FHLBank System to continue serving as a source of stable and reliable liquidity while increasing support for housing and community development in a safe and sound manner.

Informing Consumers of the Legacy of Discriminatory Restrictive Covenants

Throughout 2023, FHFA and the Enterprises worked to better understand the extent to which discriminatory restrictive covenants may continue to be present in deeds or other recorded instruments, and potential steps to counter any long-lasting harmful effects to current homeowners.

In many parts of the country, discriminatory restrictive covenants were used by developers to create entirely white neighborhoods in the post-Civil War era. The covenants were often included in deeds to homes that bordered minority neighborhoods to prevent minority homebuyers from moving closer to white neighborhoods. A 1948 U.S. Supreme Court decision[10] held that restrictive covenants are unenforceable, but many such covenants remain in real property records throughout the country and cannot be easily removed.

Although discriminatory restrictive covenants are no longer enforceable, they continue to impact homeowners. The legacy of discriminatory restrictive covenants can be seen in

10 Shelley v. Kraemer, 334 U.S.1 (1948).

housing segregation patterns, higher property values and appraisals for homes located in formerly restricted areas, and property records that continue to contain overtly discriminatory language.[11]

In 2023, Fannie Mae[12] and Freddie Mac[13] published consumer resources on discriminatory restrictive covenants. The Enterprises' resource pages contain information to help educate the public on the historic practice of including discriminatory restrictive covenants in property records and explain options for consumers if discriminatory restrictive covenants are found in their property records. Many states have enacted statutes that void discriminatory restrictive covenants, while other states have rules that outline steps to remove or modify discriminatory language to provide additional context within the title chain. However, some states do not have statutes pertaining to discriminatory covenants. The Enterprises published an interactive map[14] that highlights the differences in statutes addressing discriminatory restrictive covenants. These resources are part of a growing body of research that aims to educate consumers on the history of housing discrimination.

Increased Access to Homeownership and Housing Opportunities for Native American Communities

In October 2023, as part of its 2022-2024 Equitable Housing Finance Plan and Duty to Serve Underserved Markets Plan (Duty to Serve Plan), Freddie Mac launched HeritageOne – an innovative product designed to overcome barriers faced by many members of federally recognized Indian tribes located in Indian areas.[15] This initiative aims to provide conventional mortgages on tribal lands, with the goal of expanding homeownership and credit access within these communities.

Tribal nations face significant barriers to accessing key wealth-building opportunities like homeownership. Historically, Native American consumers faced greater challenges than white consumers in obtaining mortgage loans, and this dynamic has contributed to an increasing wealth and homeownership gap for Native American borrowers. HeritageOne is expected to

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11 See, e.g., National Association of REALTORS. "You Can't Live Here: The Enduring Impacts of Restrictive Covenants." February 2018. Available at: https://www.nar.realtor/sites/default/files/documents/2018-February-Fair-Housing-Story.pdf; Nancy H. Welsh. "Racially Restrictive Covenants in the United States: A Call to Action." University of Michigan. Available at: https://deepblue.lib.umich.edu/bitstream/handle/2027.42/143831/A_12%20Racially%20Restrictive%20Covenants%20in%20the%20US.pdf; and Carol Rose. "Property Law and Inequality: Lessons from Racially Restrictive Covenants." 11 Nw. U. L. Rev. (2022).

12 See Restrictive Covenants | Fannie Mae.

13 See Discriminatory Restrictive Covenants (DRC) FAQ - Freddie Mac Single-Family.

14 See DRC_InteractiveMap | Tableau Public.

15 The HeritageOne product is available to homebuyers who are members of a federally recognized Indian tribe located in an Indian area as defined by the Duty to Serve regulation. FHFA annually posts an Indian Areas File which designates which areas qualify as "Indian areas" located in rural areas for purposes of the Duty to Serve program.

increase homeownership opportunities for Native American families.

Through HeritageOne, Freddie Mac has set a target in its Duty to Serve Plan to purchase 15-50 conventional loans to federally recognized tribe members in tribal areas in 2024. Freddie Mac has also developed training aimed at educating appraisers on evaluating homes in these regions. Some of the challenges that are addressed include issues related to the title process, limited access to development and financial resources, and the lack of comparable sales given many tribal areas are geographically remote.

Under their Duty to Serve Plans, the Enterprises also provide support for certain activities serving high-needs rural populations, including members of federally recognized Indian tribes located in Indian areas. One way the Enterprises have supported high-needs rural populations is through LIHTC equity investments. The transaction spotlight below highlights a 2023 LIHTC investment from Freddie Mac in the Lac Du Flambeau Reservation in Wisconsin.

Transaction Spotlight: LDF CHA LIHTC I Duty to Serve and Tribal by Freddie Mac

Source: Freddie Mac

In the third quarter of 2023, Freddie Mac made an $8.5 million LIHTC investment that is preserving a scattered site property, comprising 24 single-family homes located within the Lac du Flambeau Reservation in Wisconsin. Rents will be affordable to residents earning incomes at 30 percent to 60 percent of AMI. All units will receive a project-based subsidy through the Lac du Flambeau Chippewa Housing Authority (LDF CHA), with tenants paying no more than 30 percent of their adjusted gross income toward rents. This Freddie Mac transaction is eligible for FHFA credit under the Duty to Serve program.

Under the FHLBanks' AHP General Funds, the FHLBanks may fund projects sponsored by Native American Tribes, Alaskan Native Villages, or the government entity for Native Hawaiian Home Lands. From 2021 to 2023, the FHLBanks awarded over $29 million under their General Funds to Native American projects, supporting over 1,200 housing units. Additionally, the FHLBank of San Francisco's Nevada Targeted Fund, described above, awarded $800,000 to a project that supported 20 housing units in a Native American community.

Transaction Spotlight: Gimaajii Mino Bimaadizaan

Source: FHLBank of Des Moines

Gimaajii Mino Bimaadizaan in Duluth, Minnesota received an AHP General Fund subsidy for rental unit rehabilitation. The 29-unit project for families and individuals experiencing homelessness was developed by a provider of culturally specific housing services for Native Americans. The development provides residents with counseling, case management, advocacy, supportive services, and cultural activities.

Helping Meet the Needs of Rural Communities

In April 2023, FHFA published a final rule, effective July 1, 2023, that allows Fannie Mae and Freddie Mac activities in all census tracts that contain colonias (colonia census tracts) to be considered "high-needs rural regions" and eligible for Duty to Serve credit in the rural housing market, with the colonia census tracts serving as census tract-based proxies for the colonias.[16]

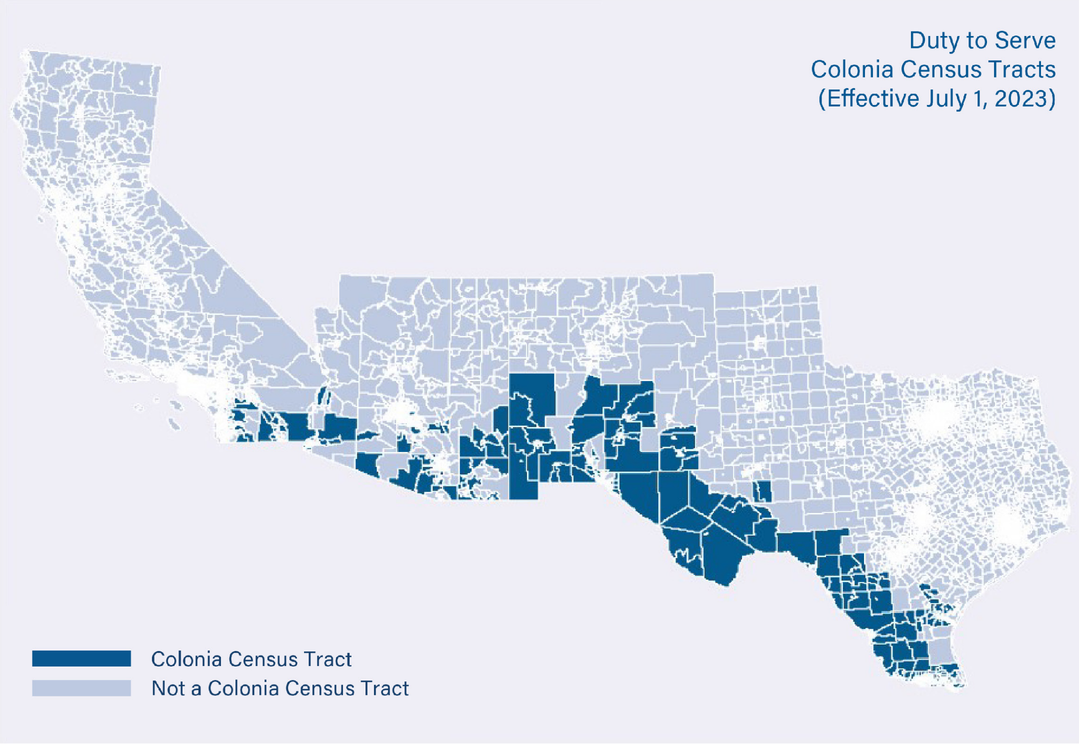
Colonias are communities in Texas, California, Arizona, and New Mexico near the United States-Mexico border characterized by high poverty rates and low housing density, which contribute to limited access to credit for households in those communities.

FHFA undertook the rulemaking to address several challenges to the Enterprises engaging in activities in colonias. Prior to the 2023 rule amendments, the Duty to Serve regulatory definition of "rural area" had unintentionally excluded a large share of colonias from eligibility for Duty to Serve credit. Further, the lack of a specific, uniform definition for colonias that could be easily operationalized and included in a public database made it difficult for the Enterprises and lenders to determine if a particular loan was located in an eligible colonia. The 2023 rule amendments facilitate the identification and verification of Duty to Serve-eligible loan purchase and outreach activities, enabling the Enterprises to better support multifamily and single-family lending to eligible households in colonia census tracts.

16 88 Fed. Reg. 23559 (April 18, 2023).

Figure 4 below depicts the Duty to Serve colonia census tracts, which, as noted above, are all located in Texas, California, Arizona, and New Mexico.

Figure 4: Map of Duty to Serve Colonia Census Tracts[17]



The FHLBanks support rural communities through their AHP General Fund and CIP and Community Investment Cash Advance (CICA) programs. Both the AHP and CIP programs are described above.

Under the CIP, an FHLBank is also required to offer advances to its members for the financing of commercial and economic development activities that benefit low- and moderate-income families or activities that are located in low- and moderate-income neighborhoods, which may be in rural areas.[18]

Under the CICA programs, which are discretionary, an FHLBank may support the financing of targeted economic development projects by offering standard or low-cost, long-term subsidized advances and grants through FHLBank members, as well as through housing associates such as state and local housing finance agencies (HFAs) and economic development finance authorities.

17 The Duty to Serve eligibility data page contains data sets on rural census tracts, including colonia census tracts: https://www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Eligibility-Data.aspx.

18 12 U.S.C. 1430(i); 12 C.F.R. part 1292.

CICA lending is targeted to specific beneficiaries, including small businesses and certain geographic areas.[19]

Figure 5 below shows the FHLBanks' 2023 AHP General Fund rural projects, and Figure 6 below shows the FHLBanks' 2023 CIP and CICA rural projects.

Figure 5: 2023 AHP General Fund Rural Projects

	Rental Projects	Owner-Occupied Projects	Total Projects
Number of Projects	66	9	75
Total Subsidy Awarded (in Millions)	$44.80	$4.00	$48.80
Number of Project Units	2,416	58	2,474
Average Number of Approved Units per Awarded Project	37	6	33
Total Number of Very Low-Income Units	1,596	13	1,609

Dollars are rounded.

19 See 12 C.F.R. part 1292.

Figure 6: 2023 CIP and CICA Programs Rural Projects

	Rural Housing Projects	Rural Economic Development Projects	Rural Mixed-Use Projects	Total Rural Projects
Total Awarded Projects	98	339	2	439
Total Advance Commitments (in Millions)	$1,157	$1,043	$3	$2,203
Total Number of Rental Housing Units Financed	1,715	-	23	1,738
Total Number of Owner-Occupied Housing Units Financed	10,263	-	2	10,265
Total Number of Housing Units Financed	11,978	-	25	12,003
Total Number of Jobs Created or Retained	-	7,383	9	7,392

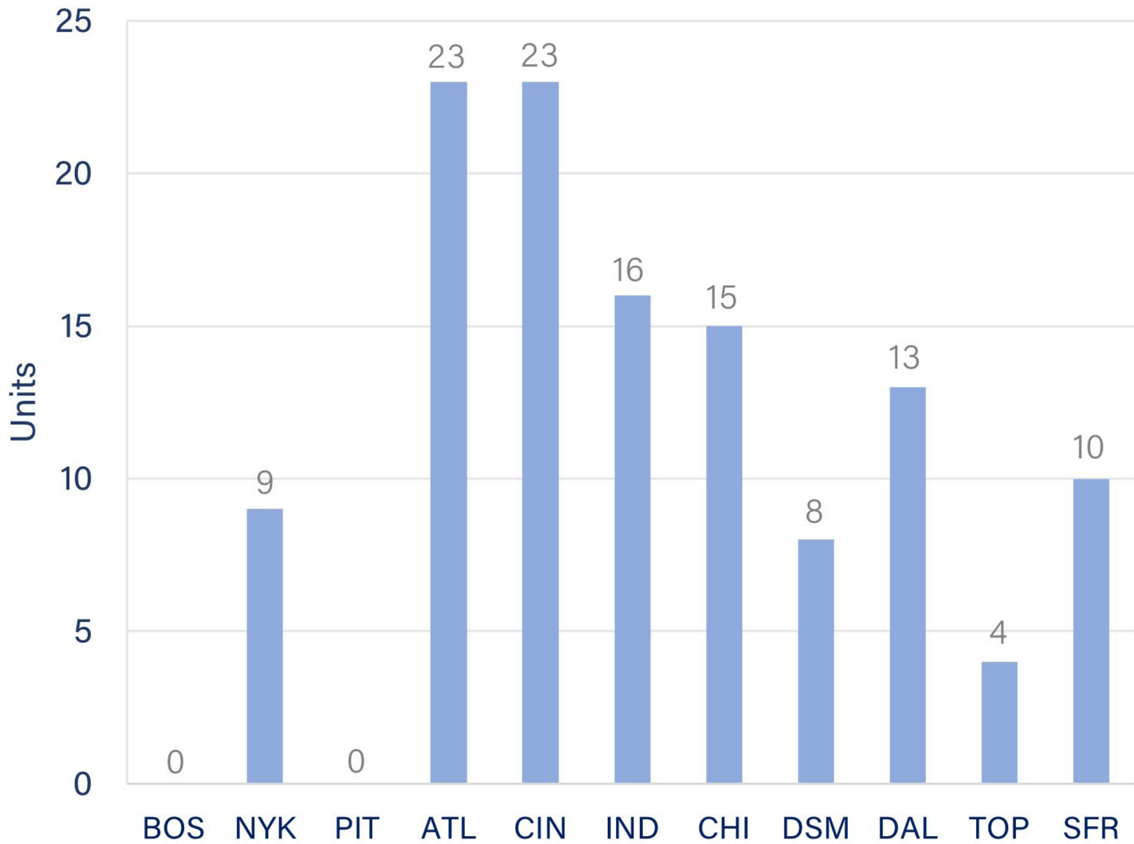
Manufactured Housing Initiatives

The Enterprises continue to seek ways to expand their ability to purchase more manufactured home loans titled as real estate. In 2023, Freddie Mac aligned with Fannie Mae in expanding its support for single-wide manufactured homes by removing the age of property requirement and allowing all lenders to sell these loans to Freddie Mac. The removal of the “10 years or newer” requirement will expand the pool of homes available for Enterprise financing.

As part of the Duty to Serve program, in 2023 the Enterprises continued to purchase loans on manufactured homes titled as real estate. The Enterprises also continued to purchase blanket loans on manufactured housing communities owned by government instrumentalities, nonprofits, or residents, and manufactured housing communities with specified tenant pad lease protections. In addition, Fannie Mae worked to encourage the construction of energy-efficient manufactured homes by developing new program and securitization standards. Freddie Mac provided clarification on several appraisal practices to help further expand access to credit for manufactured homes.

In 2023, the FHLBanks supported 121 manufactured housing units through their AHP homeownership set-aside programs, with almost $1.3 million in grants to households. Of these households, 22 received rehabilitation grants, and 99 received either down payment or closing cost grants. Manufactured housing units by FHLBank are illustrated in Figure 7 below.

Figure 7: 2023 AHP Set-Aside Manufactured Housing Units[20]



See Appendix for accessible figures.

20 BOS and PIT had no units.

Transaction Spotlight: Leisureville Mobile Home Park Supported by Freddie Mac

Source: Freddie Mac

In January 2023, Freddie Mac supported the financing of a resident-owned manufactured housing community in Woodland, California (outside of Sacramento) by purchasing a $4.6 million loan secured by the property. The community comprises 150 pads, and residents enjoy amenities including a recreation center, service kitchen, billiards room, and swimming pool. Rents on more than half of the pads are restricted to households with incomes at or below 65 percent of AMI. This Freddie Mac transaction is eligible for FHFA credit under the Duty to Serve program and mission-driven provisions of the Conservatorship Scorecard.

Increased Support for Homeowners facing Financial Hardship

In March 2023, FHFA and the Enterprises announced a payment deferral policy that expanded the Enterprises' COVID-19 payment deferral policy to allow other borrowers facing financial hardship to defer two to six months of missed mortgage payments and convert them to a non-interest-bearing balance, as part of the standard loss mitigation framework.

The addition of a payment deferral policy to the standard loss mitigation framework was informed by the success of the COVID-19 payment deferral, which was by far the most common solution to resolve hardships after the completion of COVID-19 forbearance plans. Payment deferral allowed borrowers to resume making their previous mortgage payment amount by deferring missed payments to a forborne non-interest-bearing balance that is generally not due and payable until the homeowner is ready to refinance or sell the home. Prior to the implementation of payment deferral, borrowers who could have resumed making their previous monthly payment, but could not afford a repayment plan, would have required a loan modification to cure their delinquency in response to a financial hardship.

Payment deferral is exclusively designed for a borrower who had a short-term hardship and can resume making their previous mortgage payment. In October 2023, mandatory adoption of the standard loss mitigation deferral policy took effect to promote sustainable homeownership and further support the safety and soundness of the Enterprises.

Supporting the Expansion of Sustainable Homeownership through Innovation

The Enterprises have continued to support affordability programs and enhancements to underwriting practices. These efforts, coupled with collateral modernization, technology integration, education, counseling, and increased support for state and local HFAs, collectively advance the overarching mission of expanding access to sustainable homeownership.

In 2023, the Enterprises continued to update their automated underwriting systems (AUS), refining the incorporation of alternative data for a more comprehensive risk assessment. Both Enterprises further enhanced their AUS capabilities by building on the success of positive rental payment histories as a factor in assessing borrower creditworthiness. This initiative contributes to the transition from renting to sustainable homeownership, particularly for first-time homebuyers.

Moreover, during the same period, both Enterprises improved their AUS' capabilities to evaluate specific borrowers' cash flow information. These enhancements integrate seamlessly with existing asset verification tools, allowing lenders to gather pertinent data when the AUS determines that doing so would positively influence the underwriting decision. The consideration of cash flow patterns, conducted with the borrower's explicit permission, provides for a responsible, risk-based broadening of mortgage credit access.

Two existing prominent affordability programs, Fannie Mae's HomeReady program and Freddie Mac's Home Possible program, play a pivotal role in supporting sustainable homeownership. These conventional mortgage programs serve low-income borrowers, allowing down payments as low as 3 percent with alternative sources of down payment funds, and feature reduced mortgage insurance premiums.

Figure 8: 2023 Affordable Programs

2023	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac
	Total Acquisitions	Total Acquisitions	HomeReady	Home Possible	HFA Loans	HFA Loans
UPB (Billion)	$316	$300	$13.82	$16.02	$6.51	$4.63
Loan Count	983,760	955,039	65,134	77,818	25,467	18,228
First Time Homebuyer[1]	53%	51%	72%	75%	92%	89%
Weighted Avg LTV Ratio	78%	78%	86%	88%	90%	92%
Weighted Avg Credit Score	755	751	751	741	744	735
Weighted Avg Debt-to-Income Ratio	38%	36%	43%	43%	41%	42%

[1] First-Time Homebuyers on Owner-Occupied Purchase Mortgages only

Between December 2023 and January 2024, Fannie Mae and Freddie Mac introduced nationwide Down Payment Assistance (DPA) features as part of their respective HomeReady and Home Possible programs. These enhancements include a $2,500 credit to lenders for loans to very low-income purchase (VLIP) borrowers that must be passed on and applied towards the borrower's down payment and/or closing costs on purchases of primary residences.[21] This credit may be used to satisfy the 3 percent minimum contribution for all loans secured by one-unit properties or loans secured by two- to four-unit properties with loan-to-value (LTV) ratios less than or equal to 80 percent.

In 2023, the HomeReady and Home Possible programs collectively assisted over 136,000 borrowers, 33 percent of whom were VLIP borrowers, in obtaining low down payment loans with lower mortgage insurance costs.

In addition to VLIP down payment assistance, each Enterprise also offers tools to match borrowers with other sources of down payment and closing cost assistance, through Fannie Mae's Down Payment Assistance Tool and Freddie Mac's DPA One tool, respectively.

In October 2023, Freddie Mac enhanced DPA One, its free online tool, to incorporate national down payment assistance program information. The tool allows lenders, loan officers, and housing counselors to find, understand, and match DPA programs that fit individual borrower

21 Borrowers may qualify for VLIP programs if they earn less than or equal to 50 percent of AMI.

characteristics. Program providers can use the tool to manage and edit information about their DPA programs in one standardized location. DPA One is included in Freddie Mac's Equitable Housing Finance Plan and is expected to support housing sustainability through improved access to information and funding for low-income borrowers and underserved Black and Latino borrowers.

To date, DPA One has fully launched in 13 states, with the goal of national coverage by the end of 2024. Over 3,100 loan officers and about 20 housing counseling agencies have adopted the tool. Freddie Mac continues to work with local and municipal providers to increase provider adoption.

Freddie Mac also enhanced its Condo Project Advisor tool™, streamlining project underwriting in designated affordable housing areas by introducing a "Project Certified" designation for Project Assessment Requests. This not only saves time and costs for lenders, but also facilitates smoother loan deliveries for condominiums, a critical source of affordable homes for first-time homebuyers.

In 2023, Fannie Mae made several enhancements to its Condo Project Manager™ (CPM™), including addressing property resiliency standards, and allowing correspondent lenders to access the tool. Fannie Mae's CPM™ is a free, web-based tool that enables lenders to certify a condominium project quickly and easily, providing streamlined access to a critical source of affordable housing.

Protecting Consumers by Providing Climate Risk Information

For several years, FHFA has collaborated with the Enterprises to explore the intersection of climate risk, housing finance, housing policy, and community development. Climate risk may have profound impacts on home valuation and household wealth, insurance costs, utility costs, and internal migration. Households in underserved communities are particularly disadvantaged due to existing wealth and income disparities that limit their ability to adapt, recover, and relocate. Additionally, historical patterns of resource allocation and infrastructure development have limited the ability of underserved communities to effectively prepare for natural disasters and the impacts of climate change.

In 2023, Freddie Mac embedded climate considerations into borrower- and renter-facing educational offerings such as CreditSmart, HomebuyerU, and Develop the Developer. Freddie Mac also worked to integrate climate information within impact bond reporting and its policy development process. Conservation and resiliency incentives from GreenCHOICE were incorporated within CHOICERenovation to scale sustainability efforts, and Freddie Mac created a working group in which climate data experts provided input on further information that can be added to enhance climate considerations within the Uniform Appraisal Dataset (UAD).

Fannie Mae conducted and updated its flood survey, which surveyed homeowners and renters in the United States to gauge consumer awareness and attitudes toward flood risk, flood insurance, and related resources over time. Flood-related content was expanded through consumer educational offerings like HomePath, and Fannie Mae assessed ways to expand sustainability efforts in its Homestyle Energy product. Fannie Mae also conducted a Fortified Roof pilot in its Real Estate Owned (REO) portfolio and leveraged its Disaster Response Network for loss mitigation and servicing disclosures.

ACTIVITIES SUPPORTING RENTAL HOUSING

Helping Renters Establish or Improve their Credit Scores

As part of their Equitable Housing Finance Plans, Fannie Mae and Freddie Mac took steps to assist renters in building and improving their credit scores. Because members of historically underserved communities are more likely to be both renters and credit invisible, these initiatives aim to reduce this demographic's gap in accessing traditional financing resources.

As part of these efforts, both Enterprises partnered with vendors who are responsible for collecting positive rent payment data from participating multifamily housing property owners and formatting the data for dissemination to credit bureaus. The impact of these efforts, as provided by the vendors, is presented below:

Figure 9: Multifamily Housing Credit Building (2023 Data)

	Fannie Mae	Freddie Mac
Properties Adopted	2,850+	2,454
Units Eligible for Reporting	510,925	477,384
Credit Scores Established	27,845	55,300
Residents with Increased Credit Scores	117,182	304,194

Supporting Workforce Housing

In alignment with the 2023 Conservatorship Scorecard and the Enterprises' Equitable Housing Finance Plans, the Enterprises implemented various strategies to enhance the affordable rental housing inventory. Specifically, their focus on workforce housing initiatives was directed at increasing the availability of affordable rental housing supply in multifamily properties. These measures are intended to encourage affordable rental housing without relying on public subsidies.

In 2023, Fannie Mae developed and launched its Sponsor Dedicated Workforce (SDW) program, where multifamily property owners who obtain Fannie Mae-backed loans commit to rent restrictions at affordable levels (80-120 percent of AMI depending on the market) on at least 20 percent of units for the life of the loan. At year-end 2023, the SDW program supported the preservation of 2,357 rental units with rent restrictions. Approximately 64 percent of the eligible properties are in census tracts where minority groups make up at least half of the population.

Fannie Mae also continued to advance its Sponsor Initiated Affordability (SIA) program, in which multifamily property owners who obtain Fannie Mae-backed loans commit to both rent and tenant income restrictions. At year-end 2023, SIA has supported approximately 2,110 units, 56 percent of which are located in census tracts where minority groups make up at least half of the population.

Freddie Mac's Workforce Housing Preservation program was launched in 2022 and gained traction during 2023. This program is available to multifamily property owners who commit to restrict the rents of at least 20 percent of units. Freddie Mac's Workforce Housing Preservation loans supported 3,241 units, more than half of which are located in census tracts where minority groups make up at least half of the population.

In November 2023, to support as many workforce loan purchases as possible, FHFA announced that any qualified workforce loan purchased by an Enterprise in 2024 would be exempt from the Enterprises' volume caps, which is further discussed below. This exemption, combined with possible market improvements in 2024, may result in expanded program participation in 2024.

Fannie Mae's Expanded Housing Choice Voucher Initiative

Fannie Mae developed an initiative to expand rental housing options for Housing Choice Voucher (HCV) holders. HCVs are provided to low-income families, seniors, underserved populations, and people with disabilities to support rental housing opportunities. HCVs are administered by local public housing agencies that receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the HCV program.[22] The population of renters who use HCVs is disproportionately comprised of Black and Latino families, as well as female-headed households.

Landlords are required to accept HCVs in only a handful of states,[23] creating substantial gaps across the country for renters that use the HUD program.

As a result of this market disparity, Fannie Mae developed an initiative in North Carolina and Texas to expand opportunities for renters who use HCVs. Fannie Mae's Expanded Housing Choice (EHC) initiative provides incentives for property owners to accept HCVs as a valid source of income and thereby increases housing options for underserved populations in the multifamily housing market. In the first two years of the initiative, a total of eight EHC transactions have closed in North Carolina and Texas, representing eight properties and over 1,500 housing units.

22 See https://www.hud.gov/topics/housing_choice_voucher_program_section_8.
23 See https://fm.fanniemae.com/media/5861/display.

For renters, the EHC initiative provides greater access to available housing units. For borrowers and property managers, it provides lower pricing and flexible loan terms, a larger pool of potential renters, decreased turnover and vacancies, and a stable stream of rental payments sourced from funds that public housing agencies receive from HUD.

Supporting Mission-Driven, Affordable Multifamily Housing

The 2023 Conservatorship Scorecard established a $75 billion cap on each Enterprise's multifamily loan purchase volume. It further required that 50 percent of multifamily loan purchases be mission-driven (according to the definitions in Appendix A of the 2023 Scorecard).[24] Both Enterprises complied with the multifamily volume cap and exceeded the mission-driven requirements for 2023. See Figure 10 below for further information about the Enterprises' 2023 multifamily mission-driven loan purchase activities.

Loans considered to be mission-driven generally include those secured by properties that are affordable to tenants with incomes at or below 80 percent of AMI (and up to 120 percent of AMI in certain areas), subsidized housing properties, manufactured housing communities, workforce housing properties, properties with energy/water efficiency improvements, and properties in rural areas.

In November 2023, FHFA announced that in 2024, 50 percent of all Enterprise multifamily loan purchases must be mission-driven affordable housing.[25] Additionally, any loans classified as supporting workforce housing properties will be exempt from the multifamily volume caps to promote the Enterprises' commitment to preserving affordable rental housing.

24 See Appendix A of the 2023 Conservatorship Scorecard: https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/2023-Scorecard.pdf.
25 See: https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-2024-Multifamily-Loan-Purchase-Caps-for-Fannie-Mae-and-Freddie-Mac.aspx.

Figure 10: 2023 Enterprise Multifamily Mission-Driven Activities

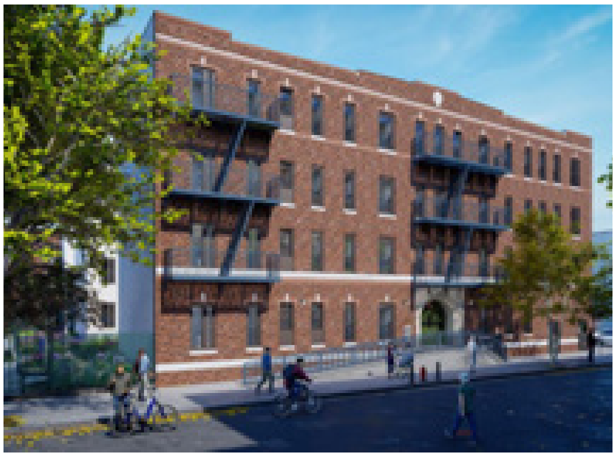
	Fannie Mae		Freddie Mac	
	$ Billion	# Units	$ Billion	# Units
Total multifamily volume[a]	$52.9	481,622	$48.4	446,955
Total mission-driven volume	$39.1	402,734	$31.8	294,543
Financing for targeted affordable housing properties	$5.8	51,723	$10.0	86,549
Loans to preserve affordability at workforce housing properties	$1.7	13,850	$0.6	3,239
Loans on units affordable to those at 80% AMIb	$27.4	278,619	$20.5	233,084
Loans on units affordable to those at 100% AMI[b]	$2.6	17,999	$2.1	16,697
Loans on units affordable to those at 120% AMIb	$4.1	31,023	$6.1	42,252
Loans on properties located in rural areas	$2.0	21,725	$0.9	11,566
Loans on manufactured housing communities	$2.9	61,862	$1.4	29,175
Loans to finance energy or water efficiency improvements	$3.6	28,437	$0.2	2,143
	% Percent		% Percent	
Final mission-driven percentage	73.9%		65.9%	

Source: Fannie Mae and Freddie Mac

a. For more information on mission-driven categories, see the 2023 Conservatorship Scorecard, Appendix A: Multifamily Definitions, p.6: https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/2023-Scorecard.pdf. Dollar amounts and percentages of the loans in the mission-driven categories do not add to the totals for all mission-driven loans because some loans qualify under more than one category. Such double counting is not included in the "Total mission-driven volume." In addition, some loans only partially qualify as mission-driven for some categories. Only the qualifying portion of a loan is included in the total for each category. If the loan qualifies as mission-driven under more than one category, the greatest portion of the loan that qualifies for any category is included in the "Total mission-driven volume."

b. FHFA classifies as "mission-driven" units whose rents are affordable to tenants (living in conventional, small, or seniors multifamily housing) at various income thresholds, based on each individual renter market. This entails classification as mission-driven financing for units affordable to household incomes at 80 percent of AMI or below in most areas, at 100 percent of AMI or below in cost-burdened areas, and at 120 percent of AMI or below in very cost-burdened areas, see the 2023 Scorecard, Appendix A: Multifamily Definitions, p. 6.

Transaction Spotlight: Reid Park Rock RAD Conversion Supported by Fannie Mae



Source: Fannie Mae

In 2023, Fannie Mae supported the financing of the conversion of the Reid Park Rock properties in Brooklyn, New York from public housing to Section 8 properties, through HUD's Rental Assistance Demonstration (RAD) conversion program. The 15-year loan includes more than $450 million in comprehensive repairs and upgrades to 1,696 units affordable to residents with very low incomes. This Fannie Mae-backed loan is eligible for FHFA credit under the Duty to Serve program, Housing Goals, and mission-driven provisions of the Conservatorship Scorecard.

Enhancing Multifamily Housing Asset Management Oversight

Throughout 2023, FHFA expanded and enhanced its oversight of property conditions of Enterprise-backed multifamily properties. It is crucial for the Enterprises to ensure that the properties they support are of decent quality and safe for residents. Strengthening multifamily housing asset management capabilities, including identifying and managing legal risk appropriately, is highlighted as a key priority in the 2024 Conservatorship Scorecard. FHFA will continue to review the Enterprises' asset management policies and monitor Enterprise responses to active property management issues.

Expanding Resident-Centered Practices in Multifamily Housing Properties

In 2023, FHFA established a process to engage with stakeholders to identify opportunities and challenges of adopting and enforcing multifamily housing tenant protections, including policies that limit excessive rent increases at properties with Enterprise-backed loans. This work has included leading a transparent stakeholder engagement process to explore the Enterprises' role in protecting the nation's tenants.

FHFA published a Request for Input (RFI) in May 2023, soliciting feedback from the public on the Enterprises' roles with respect to tenant protections and resident-centered practices. The purpose of the RFI was for FHFA to receive feedback from a diverse set of viewpoints on issues related to multifamily housing tenant protections. FHFA's primary goals were to:

- Collect information from tenant advocates, nonprofits, lenders, multifamily housing borrowers and housing providers, government officials, mortgage industry groups, and people with lived experience to explore perspectives, as well as to identify opportunities and challenges to address issues tenants are facing at multifamily housing properties.

- Identify opportunities for the industry to improve data collection to better quantify the size and scope of the problem.

FHFA received more than 3,000 comments from tenants and tenant advocates, nonprofits, lenders, multifamily housing borrowers/property owners, housing providers, developers, government officials, and mortgage industry groups. In 2024, FHFA will evaluate a range of policy solutions and identify foreseeable market, industry, and risk impacts of any policy changes.

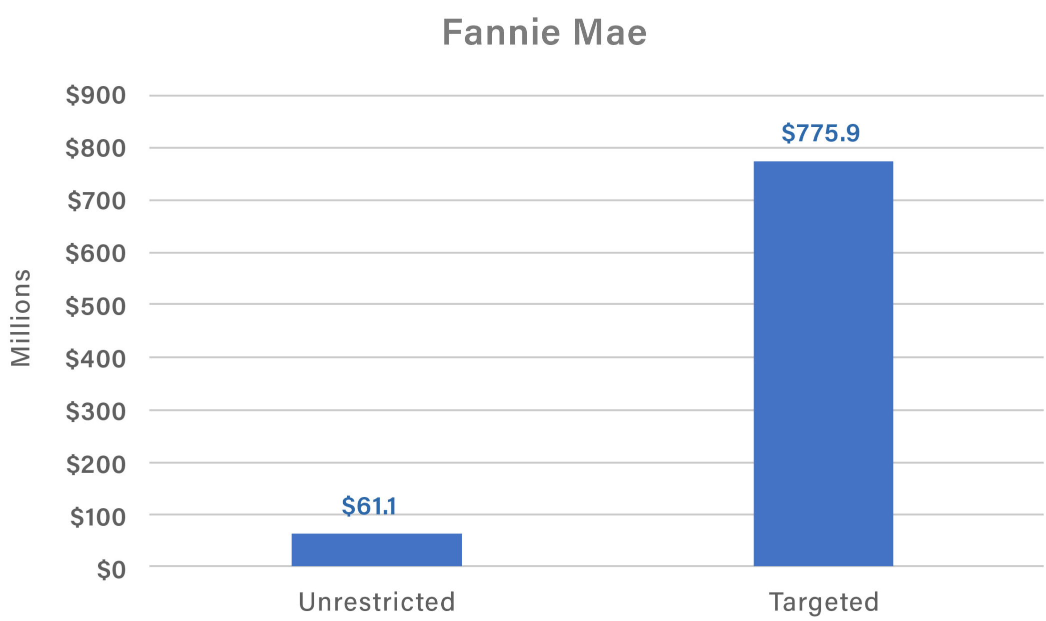
Increasing Investments to Preserve Affordable Housing in Underserved Areas through Low-Income Housing Tax Credits

In 2023, the Enterprises were authorized to invest up to $850 million each in the LIHTC market as equity investors. Any investments above $425 million were required to be in areas that have been identified by FHFA as having difficulty attracting investors. Such transactions either support housing in Duty to Serve-designated rural areas, preserve affordable housing, support mixed-income housing, provide supportive housing, or meet other affordable housing objectives.

In 2023, the Enterprises collectively invested over $1.7 billion in LIHTC equity.[26] More than 90 percent, or $1.6 billion, of the Enterprises' LIHTC investments were made in targeted transactions, meaning investments that either support housing in Duty to Serve-designated rural areas or meet other affordable housing objectives defined by FHFA. Figures 11 and 12 below show LIHTC equity investments in 2023 for Fannie Mae and Freddie Mac, respectively. In 2023, Fannie Mae LIHTC investments included $775.9 million in targeted transactions and $61.1 million in unrestricted transactions. Freddie Mac LIHTC investments in 2023 included $828.0 million in targeted transactions and $55.0 million in unrestricted transactions.

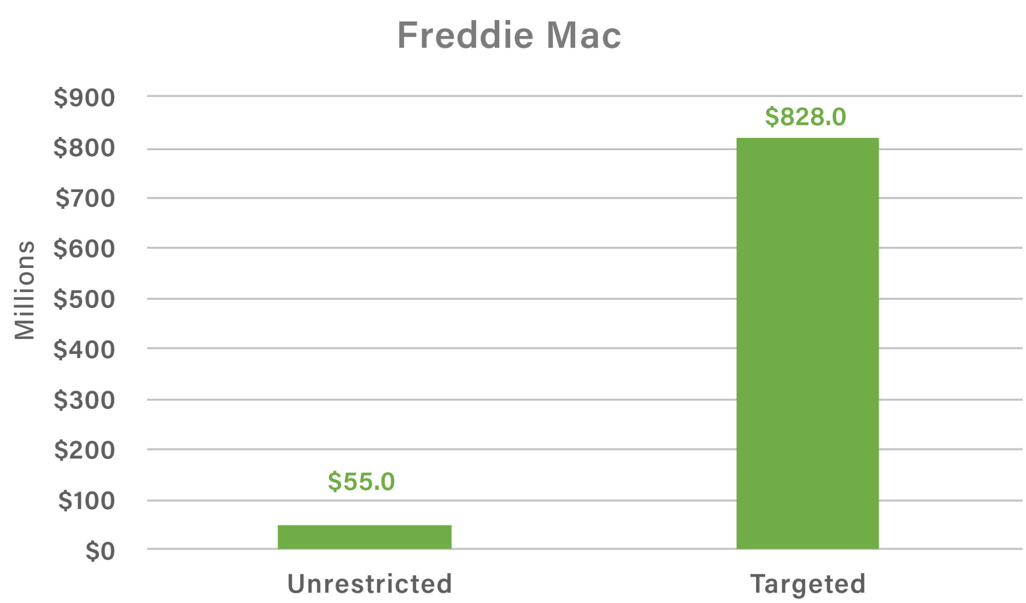
26 The Enterprises are permitted to roll over unused funds from the previous year.

Figure 11: 2023 Fannie Mae LIHTC Investments



See Appendix for accessible figures.

Figure 12: 2023 Freddie Mac LIHTC Investments



See Appendix for accessible figures.

Transaction Spotlight: Fifth and Seneca Permanent Supportive Housing Supported by Fannie Mae

Source: Fannie Mae

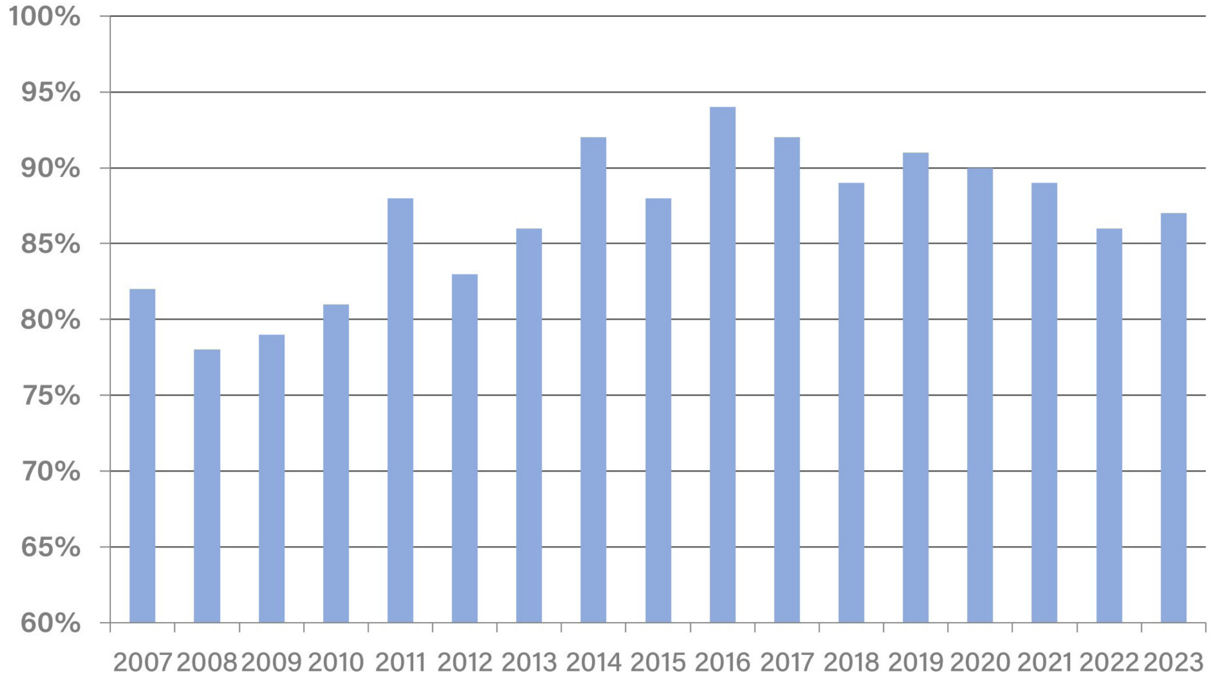
In the third quarter of 2023, Fannie Mae made a $36.8 million LIHTC investment that rehabilitated the former downtown Seattle YWCA and created 114 affordable studio and one-bedroom apartments. Rents will be affordable to residents earning incomes at 30 percent, 40 percent, and 60 percent of AMI. Eighty-six units will be set aside as housing for people who are at risk of homelessness or are currently homeless. Fifty three units will receive project-based HUD vouchers. Supportive services will provide case management, and will include referrals to employment services, transportation resources, food bank vouchers, clothing vouchers, assistance with applications for food and medical benefits, and assistance accessing mental health and other healthcare providers.

In December 2023, FHFA announced an increase in each Enterprise's LIHTC equity investment cap starting in 2024 from $850 million annually to $1 billion annually. Increasing the amount each Enterprise may invest in the LIHTC market, especially in areas that have difficulty attracting investors, will help expand the supply of affordable housing across the country to alleviate the affordable housing shortage.

Federal Home Loan Banks' Affordable Housing Program

Since the inception of the AHP General Fund in 1990 (referred to as the competitive application program prior to 2018), the FHLBanks have awarded approximately $6.3 billion in funding to approximately 19,800 projects supporting more than 800,000 units. The percentage of total units under the FHLBanks' AHP General Funds that are rental units has varied each year, from 78 percent in 2008 to 94 percent in 2016. In 2023, the FHLBanks awarded approximately $319 million through their General Funds and rental units constituted about 87 percent of total units under the General Funds, up from 86 percent in 2022 (see Figure 13). Additionally, the FHLBank of San Francisco's Nevada Targeted Fund supported only rental units.

Figure 13: AHP General Funds Percentage of Rental Units (2007 – 2023)



See Appendix for accessible figures.

CONCLUSION

Despite difficult housing market conditions in 2023, the Enterprises and FHLBanks engaged in numerous activities that helped provide financing opportunities for affordable housing, targeted economic development, and underserved households while maintaining safety and soundness. These activities increased support to homeowners and renters who face challenges in accessing quality, affordable housing.

With the release of the 2024 Conservatorship Scorecard[27] for the Enterprises and the FHLBank System at 100 Report,[28] FHFA has established an ambitious set of mission-oriented priorities for the Enterprises and the FHLBanks, respectively. FHFA is optimistic that these priorities may allow the Enterprises and the FHLBanks to provide even greater support to affordable housing in 2024.

27 See 2024 Conservatorship Scorecard: https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/2024-Scorecard.pdf.
28 See FHLBank System at 100 Report: https://www.fhfa.gov/PolicyProgramsResearch/Programs/Pages/FHLBank-Focusing-on-the-Future.aspx.

ADDITIONAL PROGRAM INFORMATION

Enterprises

The Enterprises fulfill their mission through activities that include the purchase, securitization, and guarantee of single-family and multifamily housing loans.

Housing Goals

Under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act), as amended by HERA, FHFA sets annual affordable housing goals by regulation for the Enterprises at 12 CFR part 1282, subpart B. The housing goals regulation applicable to the Enterprises' 2021 loan purchases consisted of four single-family owner-occupied housing goals with one single-family owner-occupied subgoal, and one multifamily housing goal with two multifamily housing subgoals. FHFA's 2022-2024 Enterprise housing goals final rule, published in December 2021, replaced the low-income areas subgoal with separate area-based subgoals targeting the individual components of the low-income areas subgoal. The two new subgoals are the minority census tracts subgoal and the low-income census tracts subgoal.

The single-family housing goals are expressed as a percentage of the total number of eligible loans underlying the Enterprises' total single-family loan purchases. The single-family housing goals and subgoals target purchase mortgage loans for low-income families, very low-income families, and families that reside in low-income areas. The single-family housing goals also include one goal that targets refinancing loans for low-income families.

Many loan purchases that qualify for housing goals credit are originated under programs such as HomeReady (Fannie Mae) and Home Possible (Freddie Mac), which allow down payment options as low as 3 percent and are designed to help qualified borrowers with limited savings buy a home. Other Enterprise programs, such as HFA Preferred and HFA Advantage, are also sources of housing goals-qualified loans. In addition, the Enterprises' refinancing loan purchase programs, RefiNow (Fannie Mae) and Refi Possible (Freddie Mac), which provide more flexibilities to help low- and moderate-income borrowers refinance their mortgages and lower their monthly mortgage payments, are also sources of housing goal-qualified loans.

The multifamily housing goals are expressed as a percentage of goal-eligible units backing mortgages acquired by the Enterprises.[29] The multifamily housing goal and subgoals target multifamily housing rental units affordable to low- and very low-income families, as well as units in small multifamily housing properties (5–50 units) affordable to low-income families.

29 FHFA's 2023-2024 Enterprise multifamily housing goals final rule, published in December 2022, replaced the previous units-based benchmark levels for the three multifamily housing goals with percentage-based benchmark levels.

In June 2024, FHFA will publish the Enterprises' preliminary 2023 performance results for all housing goals, as reported by the Enterprises in their 2023 Annual Housing Activities Reports, in FHFA's 2023 Annual Report to Congress. The Enterprises' official 2023 performance results for all housing goals, as determined by FHFA, will be published in the 2024 Annual Housing Report in October 2024.

Duty to Serve

The Safety and Soundness Act requires the Enterprises to serve very low-, low-, and moderate-income families in three specified underserved markets – manufactured housing, affordable housing preservation, and rural housing – by providing outreach, loan products, loan purchases, and investments to support the financing of housing in these markets. Under FHFA's Duty to Serve regulation at 12 CFR part 1282, subpart C, the Enterprises are required to establish a three-year Duty to Serve Underserved Markets Plan that describes the activities and objectives each Enterprise will undertake in each of the three underserved markets. The underserved markets ratings are published in FHFA's Annual Housing Report.

Fair Lending

Under the Fair Housing Act, all Federal agencies which have regulatory or supervisory authority over financial institutions, including FHFA, are required to administer their programs and activities relating to housing and urban development in a manner that affirmatively furthers the purposes of the Fair Housing Act, which includes providing for fair housing throughout the United States. FHFA's fair lending activities include monitoring the regulated entities for fair lending, fair housing, and unfair or deceptive acts or practices (UDAP) risk; and conducting fair lending risk assessments on their policies, programs, and activities. FHFA's regulated entities have significant impacts on consumers, and ensuring compliance with fair lending, fair housing, and UDAP have the related goals of consumer protection and fair practices in the mortgage market.

FHFA also conducts targeted fair lending examinations and other supervisory reviews pursuant to Advisory Bulletin 2021-04, Enterprise Fair Lending and Fair Housing Compliance, and FHFA's Fair Lending Policy Statement. In September 2021, FHFA instructed Fannie Mae and Freddie Mac to develop Equitable Housing Finance Plans. These Plans identify and address barriers to sustainable housing opportunities for homeowners and renters, including goals and actions to advance equity in housing finance.

Conservatorship Scorecard

FHFA has acted as conservator of the Enterprises since September 6, 2008. Under conservatorship, FHFA provides the Enterprises with annual Conservatorship Scorecards to ensure they continue to focus on their core mission responsibilities. Included in the 2024 Conservatorship Scorecard are activities related to the annual Enterprise multifamily mortgage purchase volume cap and mission-driven requirements for the Enterprises' multifamily housing business activities, among other topics.

Federal Home Loan Banks

Affordable Housing Program

The FHLBank Affordable Housing Program is mandated by the Federal Home Loan Bank Act of 1932 (Bank Act), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Each FHLBank is required by statute to fund an AHP annually with at least 10 percent of its net earnings from the prior year. Each FHLBank establishes and implements its own program, subject to criteria established by FHFA in the AHP regulation at 12 CFR part 1291.

Under the statute, the FHLBanks are required to provide AHP funds through their member financial institutions to finance the purchase, construction, or rehabilitation of owner-occupied and affordable rental housing. The owner-occupied housing must be for households with incomes at or below 80 percent of AMI, and at least 20 percent of the units in the rental housing projects must be occupied by and affordable for households with incomes at or below 50 percent of AMI.

Member financial institutions apply to their FHLBanks for AHP grants or subsidized advances (i.e., loans) that the members pass on as grants or below market rate loans to eligible projects or apply for AHP grants that the members provide directly to eligible households. The FHLBanks' programs may support affordable housing to address a number of housing needs, including but not limited to the housing needs of older adults, persons experiencing homelessness, persons with disabilities, and other targeted populations.

Community Investment Program and Community Investment Cash Advance Program

The Community Investment Program is also mandated by the Bank Act. Under the CIP, each FHLBank is required to offer advances to its member financial institutions priced no higher than the cost of consolidated FHLBank obligations of comparable maturities, accounting for reasonable administrative costs, for: (i) the financing of housing for households with incomes at or below 115 percent of AMI; and (ii) the financing of commercial and economic development activities that benefit low- and moderate-income families or activities that are located in low- and moderate-income neighborhoods.

Each FHLBank may also offer optional Community Investment Cash Advance programs. Under these programs, FHLBanks may support the financing of targeted economic development projects by offering regular or low-cost, long-term subsidized advances and grants through FHLBank members, as well as through housing associates such as state and local HFAs and economic development finance authorities. CICA lending is targeted to specific beneficiaries, including small businesses and certain geographic areas. CICA funding in urban areas is for targeted beneficiaries with incomes at or below 100 percent of AMI, and CICA funding in rural areas is for targeted beneficiaries with incomes at or below 115 percent of AMI.

Housing Goals

The Bank Act requires that FHFA establish housing goals with respect to the purchase of mortgage loans, if any, by the FHLBanks, and that these goals be consistent with those established for the Enterprises, considering the FHLBanks' unique mission and ownership structure. FHFA's FHLBank housing goals regulation establishes housing goals for single-family loans purchased by the FHLBanks from their members through their Acquired Member Assets (AMA) programs. The housing goals encourage the FHLBanks, through their AMA programs, to serve low- and very low-income families and families in low-income areas, as well as small members.

FHFA's FHLBank housing goals regulation, at 12 CFR part 1281, requires the FHLBanks annually to meet a single, combined, prospective mortgage purchase housing goal. The regulation requires that 20 percent of an FHLBank's AMA loan purchases be loans for some combination of low-income families, very low-income families, or families in low-income areas, provided that no more than 25 percent of the purchases that count towards achievement of this 20 percent level be for families with incomes above 80 percent of AMI. The regulation also includes a small member participation housing goal, referred to as the "community-based AMA user" goal. Of all institutions that sell at least one AMA loan to a given FHLBank in a year, at least 50 percent must have assets not exceeding a limit subject to annual adjustment by FHFA. Under the regulation, an FHLBank may propose different target levels for the mortgage purchase and small member participation housing goals, other than 20 and 50 percent, respectively, subject to FHFA approval.

FHFA is in the process of evaluating 2023 FHLBank housing goals performance on both goals.

GLOSSARY

Affordable Housing Preservation Market

One of three Duty to Serve underserved markets in which eligible Enterprise activities support financing for the preservation of the affordability of housing for very low-, low-, and moderate-income renters and homebuyers under specified programs enumerated in HERA and other comparable state or local affordable housing programs.

Affordable Housing Program (AHP)

A program mandated by the Bank Act, as amended by FIRREA, and as implemented pursuant to FHFA's AHP regulation, under which each FHLBank provides grants or subsidized advances through its member financial institutions to finance the purchase, construction, or rehabilitation of housing for very low- and low- or moderate-income households.

Appendix A

Appendix A of FHFA's Conservatorship Scorecard, which contains details of the multifamily housing mission-driven requirements for the Enterprises for a particular year.

Community Investment Cash Advance (CICA) Program

A discretionary program established by an FHLBank under which it offers advances or grants through its members or housing associates for targeted economic development lending, pursuant to FHFA's CICA regulation.

Conservatorship Scorecard

A document issued annually by FHFA that communicates FHFA's priorities and expectations for the Enterprises and provides transparency to the public about these expectations.

Duty to Serve (DTS)

A program mandated by the Safety and Soundness Act, as amended by HERA, and as implemented pursuant to FHFA's DTS regulation, under which each Enterprise prepares and implements a three-year DTS Underserved Markets Plan that details its planned activities to serve the DTS manufactured housing, rural housing, and affordable housing preservation markets.

Equitable Housing Finance Plans

Plans submitted by the Enterprises to FHFA that identify and address barriers to sustainable housing opportunities, including the Enterprises' goals and action plans to advance equity in housing finance.

Fair Lending

Fair lending activities by FHFA include oversight and enforcement related to Federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities.

HFA Loans

Loans offered through state and local Housing Finance Agency (HFA) programs that vary by state or locality but are all aimed at promoting homeownership and increasing mortgage affordability for first-time homebuyers and low- and moderate-income households.

High-Needs Rural Region

The Duty to Serve regulation defines a "high-needs rural region" as any of the following regions located in a rural area: (i) Middle Appalachia; (ii) the Lower Mississippi Delta; (iii) a colonia census tract; or (iv) a tract located in a persistent poverty county and not included in Middle Appalachia, the Lower Mississippi Delta, or a colonia.

Home Possible

Freddie Mac program that allows down payment options as low as 3 percent and is designed to help qualified borrowers with limited savings to buy a home.

HomeReady

Fannie Mae program that allows down payment options as low as 3 percent and is designed to help qualified borrowers with limited savings to buy a home.

Housing Goals—Enterprises

Annual affordable housing goals for the Enterprises set by FHFA in its Enterprise Housing Goals regulation, pursuant to the Safety and Soundness Act, as amended by HERA.

Housing Goals—Federal Home Loan Banks

Annual affordable housing goals for single-family loans purchased by the FHLBanks from their members through their Acquired Member Assets (AMA) programs, set by FHFA in its FHLBank Housing Goals regulation, pursuant to the Bank Act, as amended by HERA.

LIHTC

Low-Income Housing Tax Credit program, jointly administered by the Internal Revenue Service and state housing agencies.

LIHTC Debt

Debt financing for Low-Income Housing Tax Credit transactions.

LIHTC Equity Investments

Equity investments made in Low-Income Housing Tax Credit transactions.

LIP

Low-Income Purchase. Refers to one of the single-family goals under the Enterprise housing goals regulation. LIP loans are the subset of goal-eligible purchase loans acquired by the Enterprises where borrowers had incomes no greater than 80 percent of AMI.

LIR

Low-Income Refinance. Refers to one of the single-family goals under the Enterprise housing goals regulation. LIR loans are the subset of goal-eligible refinance loans acquired by the Enterprises where borrowers had incomes no greater than 80 percent of AMI.

LLPA/Credit Fees

A loan-level price adjustment/credit fee is a risk-based fee assessed to mortgage borrowers using a conventional mortgage. Loan-level price adjustments/credit fees vary by borrower, based on loan traits such as LTV ratio, credit score, occupancy type, and number of units in a property.

Low-Income Borrower/Household

Borrower/household whose income is 80 percent or less of AMI.

Manufactured Housing Community (MHC)

A tract of land under unified ownership where individual pads are rented for manufactured homes. Typically financed with a blanket loan.

Manufactured Housing (MH) Market

One of three Duty to Serve underserved markets in which eligible Enterprise activities support the financing of manufactured homes (titled as real property or personal property (known as chattel)) and specified categories of MHCs for very low-, low-, and moderate-income households.

MCT

Minority Census Tract. Refers to one of the single-family subgoals under the Enterprise housing goals regulation. MCT loans are goal-eligible home purchase mortgages to borrowers with incomes no greater than 100 percent of AMI in minority census tracts. Minority census tracts must have a minority population of at least 30 percent and a median income of less than 100 percent of AMI.

Mission-Driven Requirements

FHFA requires the Enterprises' multifamily housing businesses to meet annual mission-driven loan purchase requirements. The requirements are described in Appendix A of the Conservatorship Scorecard.

Moderate-Income Borrower/Household

Borrower/household whose income is at or below 100 percent of AMI.

Multifamily

Rental properties with five or more units.

RefiNow

Fannie Mae refinancing initiative that provides more flexibilities to help low- and moderate-income borrowers refinance their mortgages and lower their monthly mortgage payments.

Refi Possible

Freddie Mac refinancing initiative that provides more flexibilities to help low- and moderate-income borrowers refinance their mortgages and lower their monthly mortgage payments.

Rural Areas

The Duty to Serve regulation defines "rural area" as: (i) a census tract outside of a metropolitan statistical area (MSA) as designated by the Office of Management and Budget (OMB); or (ii) a census tract in an MSA as designated by OMB that is: (A) outside of the MSA's Urbanized Areas as designated by the U.S. Department of Agriculture's (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of more than 64 housing units per square mile in USDA's RUCA Code #2; or (B) a colonia census tract that does not satisfy paragraphs (i) or (ii)(A) of this definition.

Rural Housing Market

One of three Duty to Serve underserved markets in which eligible Enterprise activities support the financing of housing for very low-, low-, and moderate-income renters and buyers in Duty to Serve-defined rural areas.

Safety and Soundness Act of 1992

Legislation that established the Office of Federal Housing Enterprise Oversight (OFHEO). It also mandated that HUD set specific housing goals for the government-sponsored enterprises, Fannie Mae and Freddie Mac, related to low-income and underserved housing areas. It was amended under HERA, establishing the Federal Housing Finance Agency.

Single-Family

Owner-occupied housing with 1–4 units.

Small Multifamily Property

A multifamily housing property with between 5 and 50 units. The share of all units in small multifamily properties that are affordable to low-income families is a subgoal for the Enterprises.

Targeted Affordable Housing

A mission-driven category in Appendix A of the Conservatorship Scorecard. Targeted affordable housing loans are loans on properties encumbered by a regulatory agreement or a recorded use restriction under which all or a portion of the units are restricted for occupancy by tenants with limited incomes and which restrict the rents that can be charged for those units.

Very Low-Income Borrower/Household

Borrower/household whose income is 50 percent or less of AMI.

Very Low-Income Purchase (VLIP)

VLIP refers to one of the single-family goals under the Enterprise housing goals regulation. VLIP loans are the subset of goal-eligible home purchase mortgages acquired by the Enterprises where borrowers had incomes no greater than 50 percent of AMI.

Volume Cap

FHFA sets an annual volume cap on the Multifamily Housing purchase volume of each Enterprise through the Conservatorship Scorecard.

ACCESSIBLE FIGURES

Fig. 1: Total AHP Rental and Ownership Units by Income Level (2018-2023)

Income	2018 Rental	2018 Owner	2019 Rental	2019 Owner	2020 Rental	2020 Owner	2021 Rental	2021 Owner	2022 Rental	2022 Owner	2023 Rental	2023 owner
50-80% AMI	7,246	$15,379	7,166	14,301	5,876	12,326	4,940	10,458	3,694	8,774	5,044	10,677
30-50% AMI	13,495	$5,657	12,422	5,004	11,028	4,520	7,982	3,939	5,428	3,098	7,268	3,645
=<30% AMI	5,781	$976	5,718	946	5,205	865	4,395	716	3,660	559	5,139	952

Fig. 7: 2023 AHP Set-Aside Manufactured Housing Units

FHLBank	Units
BOS	0
NYK	9
PIT	0
ATL	23
CIN	23
IND	16
CHI	15
DSM	8
DAL	13
TOP	4
SFR	10
GRAND TOTAL	**121**

Fig. 11: 2023 Fannie Mae LIHTC Investments

Summary	Fannie Mae
Unrestricted	$61,084,901.0
Targeted	$775,875,771.6

Fig. 12: 2023 Freddie Mac LIHTC Investments

Summary	Freddie Mac
Unrestricted	$55,000,000.0
Targeted	$828,000,000.0

Fig. 13: AHP General Funds Percentage of Rental Units (2007-2023)

Year	Percentage
2007	82%
2008	78%
2009	79%
2010	81%
2011	88%
2012	83%
2013	86%
2014	92%
2015	88%
2016	94%
2017	92%
2018	89%
2019	91%
2020	90%
2021	89%
2022	86%
2023	87%

FEDERAL HOUSING FINANCE AGENCY