



Fannie Mae 2020
Affordable Housing Preservation
Loan Purchase

ACTIVITY:

A. Statutory Activity: Section 8. The project-based and tenant-based rental assistance housing programs under Section 8 of the U.S. Housing Act of 1937, 42 U.S.C. § 1437f.

OBJECTIVE:

1. Purchase loans secured by properties served by the Section 8 program (Do What We Do Best).

SUMMARY OF RESULTS:

Following are the 2020 Actions under this Objective per the January 1, 2021 Duty to Serve Plan:

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
<input checked="" type="checkbox"/> Purchase 151 loans secured by Section 8 properties, representing an increase of approximately 20 percent over Fannie Mae's Baseline of 126 loans.	•Fannie Mae purchased 229 loans secured by Section 8 properties, representing an increase of 81.7 percent over Fannie Mae's baseline.	•N/A

SELF-ASSESSMENT RATING OF PROGRESS:

- Objective met
- Objective exceeded
- Objective partially completed: 75-99% (substantial amount)
- Objective partially completed: 50-74% (limited amount)
- Objective partially completed: 25-49% (minimal amount)
- Objective partially completed: 0-24% (less than a minimal amount)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

N/A

IMPACT:

- 50 – Substantial Impact
- 40 – Between Meaningful and Substantial Impact
- 30 – Meaningful Impact
- 20 – Between Minimal and Meaningful Impact
- 10 – Minimal Impact
- 0 – No Impact



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IMPACT EXPLANATION:

1. How and to what extent were actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

Fannie Mae had an exceptional 2020 when it came to Section 8 loans – our acquisition of 229 loans was a record-high for Section 8 loan acquisitions and financed nearly 28,000 affordable housing preservation units. Early in 2020, there was significant uncertainty about how the COVID-19 pandemic would impact affordable housing preservation, development, and finance, and the pandemic’s effects will continue to reverberate in the coming years. However, due to the ongoing operational subsidies provided to properties with Section 8 Housing Assistance Payment (HAP) contracts, and additional COVID-19 related HAP funding supplements, the Section 8 properties did not experience the same level of uncertainty or slow-down that impacted other affordable and market-rate properties.

As reported in 2019, over the past two years, Fannie Mae has worked to increase efficiencies and reduce processing time for all our affordable production. In January 2020, Fannie Mae underwent an organizational overhaul designed to ensure even the most complicated Section 8 transactions are completed quickly and with a high degree of expertise. The additional resources and investment in technological tools and solutions paid off as Fannie Mae was able to efficiently and expertly handle the volume of Section 8 loans looking for financing.

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

While Fannie Mae cannot control market conditions such as interest rates, we were pleased with our ability to respond to these conditions and efficiently handle large volumes of loan transactions. As noted previously, properties with Section 8 contracts are complicated, unique, and contain multiple financing and subsidy sources. Each of these funding sources comes with its own set of regulations and agreements, related to the funding itself and the property’s ongoing affordability and condition. Throughout the year, Fannie Mae navigated an ever-shifting patchwork of lockdowns and work stoppages, quarantines, a quick but uneven shift toward digital documentation and tools, and changes to financial assumptions and requirements. Simultaneously, navigating these factors amid a health and financial crisis required Fannie Mae to further increase our focus on outreach and communication, not only to lenders and borrowers, but also to counterparties such as the United States Department of Housing and Urban Development (HUD) and state or local governments.

Fannie Mae will reflect on these shifts and lessons learned. Our resilience in this crisis will undoubtedly lead to further ability to navigate future unknowns and uncertain housing landscapes in order to provide liquidity to the Section 8 market.

3. (Optional): If applicable, why were all components of this objective not completed?

N/A