



Fannie Mae 2020  
Rural Housing  
Investment

**ACTIVITY:**

E. Additional Activity: Invest in LIHTC properties to facilitate the provision of affordable multifamily housing in rural areas (12 C.F.R. § 1282.35 (d)).

**OBJECTIVE:**

1. Invest in LIHTC properties including housing associated with other Statutory and Regulatory Activities (Partner and Innovate, 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"/> Fannie Mae will make equity investments in 30 LIHTC projects, through either proprietary or multi-investor syndicated funds, in the rural areas that are eligible for Duty to Serve credit, as identified through 2018 - 2019 outreach and research efforts while taking into account safety and soundness considerations. This goal was determined based on an evaluation of Fannie Mae's current portfolio, current and expected deal pipeline and fund mix, and with consideration of investment targets and the regulatory investment limit. Since we were approved to invest in LIHTC equity, the progress made in developing relationships with our syndication partners and towards building an intrinsic rural focus within our LIHTC equity business are indicators that we will have a substantial impact in 2020, through investments in projects located in rural areas.	<ul style="list-style-type: none"> <li>Fannie Mae made equity investments in 65 Low-Income Housing Tax Credit (LIHTC) projects through either proprietary or multi-investor syndicated funds in Duty to Serve (DTS) rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>



Fannie Mae 2020 Rural Housing Investment

<input type="checkbox"/> Fannie Mae will conduct at least one meeting with the Rural Housing Advisory Council, as well as conduct a rural roundtable, to continue to identify challenges in rural areas with less investor demand, and work together to develop solutions, including the use of LIHTC.	<ul style="list-style-type: none"> <li>•The Fannie Mae Duty to Serve Rural Advisory Council met virtually twice in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>•A roundtable hosted by Fannie Mae, or external rural stakeholders, was not possible in 2020 due to COVID-19 travel restrictions.</li> </ul>
<input checked="" type="checkbox"/> Fannie Mae will review our experience with rural LIHTC investment during the term of the Plan and identify key lessons learned that will inform the next Duty to Serve Plan.	<ul style="list-style-type: none"> <li>•Fannie Mae identified lessons learned, as noted within our Impact Explanation, that will inform the next Duty to Serve (DTS) Plan.</li> </ul>	<ul style="list-style-type: none"> <li>•N/A</li> </ul>

**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



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0 – No Impact

**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?**

Since re-entering the LIHTC equity market, Fannie Mae has dedicated considerable resources to building syndicator relationships, training staff, and developing a high-quality investment platform and strategy. This strategy includes a focus on LIHTC equity investments in rural and high-needs rural markets. The total LIHTC equity market is about \$18 billion per year, and Fannie Mae’s total \$500 million investment cap comprises roughly 2.8 percent of that market. LIHTC equity is a critical need in rural and high-needs rural markets as many projects are unable to support larger amounts of conventional debt, or any at all. While many LIHTC investors are focused primarily on Community Reinvestment Act (CRA) markets, Fannie Mae is committed to maintaining a consistent presence in underserved markets, as a reliable source of capital.

In 2020, Fannie Mae invested in 65 rural LIHTC projects. These projects accounted for the preservation or new construction of 2,650 units affordable to households earning 60 percent of the area median income (AMI) or below; 96% of the units in our Duty to Serve eligible LIHTC Equity transactions were affordable at 60% of AMI.

Fannie Mae’s rural LIHTC investments provided financing to four properties in the Lower Mississippi Delta, 11 properties in Appalachia, and five properties in persistent poverty counties. Our rural LIHTC investments contributed to one project that supports Native American populations on tribal land and two projects that support agricultural worker populations. Finally, our investments helped recapitalize properties in the U.S. Department of Agriculture’s Rural Development Housing and Community Facilities Programs Office (USDA RD) Section 515 program, ensuring long-term affordability.

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

Fannie Mae partnered with the Housing Assistance Council to learn more about the impact of special provisions for rural properties within State Qualified Allocation Plans (QAPs). Rural point set-asides, basis boosts, and point allocations were useful for obtaining rural tax credit allocations to promote affordable housing for the country’s rural population. Regarding the industry as a whole, strategies exist for expanding LIHTC activity in rural markets. These include QAPs that meet rural needs (as discussed above), increased availability and improved access to debt and equity capital, expanded tax credit usage for preservation, legislative improvements, and additional research.

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

A roundtable hosted by Fannie Mae or external rural stakeholders, was not practical in 2020 due to COVID-19 travel restrictions. Previous roundtables hosted by Fannie Mae were in-person to facilitate more substantial conversations, sharing, and problem-solving.