Exhibit H:

Annual Outreach Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2022

OUTREACH

ACTIVITY:

1 - Low Income Housing Tax Credits (Debt): Statutory Activity

OBJECTIVE:

B - Publish Research Analyzing LIHTC Properties at Risk of Exiting the Program and Develop Loan Offering Parameters to Preserve Their Affordability

INFEASIBILITY:

☐ Check here if the Enterprise is submitting an infeasibility request for the objective.

If applicable, provide a concise summary of the underserved market conditions or other extenuating circumstances outside of the Enterprise's control that substantially interfered with accomplishment of the objective.

SUMMARY OF RESULTS:

Provide a concise summary of the actions undertaken under this objective.
Include in the summary a list of any actions or deliverables specified in the objective that were not completed, or actions or deliverables that deviated from the Plan.

To support our efforts to preserve the affordability of units at properties benefiting from Low-Income Housing Tax Credits (LIHTC), Freddie Mac published a white paper in July 2022 analyzing how affordability is affected as properties exit the program.

LIHTC is the federal government's primary vehicle for incentivizing affordable housing development. Since the program's inception in 1986, it has been responsible for the vast majority of affordable rental units in the market. Participation in the program typically requires that properties remain income and rent restricted for a 30-year period. As many LIHTC properties reach their 30-year affordability term, there is concern that these properties will exit the program, resulting in increasing rents to levels that are no longer accessible to very-low-, low-, and moderate-income renters. There is also concern that properties will exit the program earlier than their restricted rent period using a qualified contract, which could also lead to higher rents that are out of reach for many lower income renters.

This research provided quantitative analysis of the factors that contribute to LIHTC properties leaving the program and the impacts of their exit on affordability levels. Our analysis considered factors that are correlated with properties leaving the program and examined what happens to units once they are no longer subject to LIHTC affordability restrictions. A key finding of this work indicates that properties exiting the program often remain more affordable than corresponding market rate units. The research also sheds light on important future considerations for preserving affordable housing, including how public subsidies can be leveraged and what strategies can be deployed to preserve affordable housing and protect vulnerable renters.

Objective's components detailed in the Plan	*Corresponding actions or deliverables*	*Any deviations from the Plan (if applicable)*
Freddie Mac will analyze the magnitude of LIHTC property affordability loss as well as where and when it is most likely to occur through research and outreach. While other research has been conducted on this topic, our work will provide a more market-specific assessment of risk to affordability of units when restrictions expire.	**Complete** We found various factors influence the propensity to leave the LIHTC program, including ownership type, resyndication history, property size, the state in which the property is located and local housing market conditions. However, the degree and direction of influence is not always clear.□ We analyzed properties that exited the LIHTC program and found that many properties that exit the program remain affordable as workforce housing; however, deeply affordable units (30% AMI) are typically lost due to higher market rents.	
We will publish the results of this research in a paper that identifies markets where LIHTC properties are at greater risk of lost affordability and examines these findings in the context of available public subsidy such as private activity bond and state-level LIHTC allocations.	**Complete** We analyzed several state-level factors that may influence the rate of properties exiting, such as the length of the extended use period. We also examined several metro factors, such as strength of the local housing market in the propensity to leave the program as well as metro level analysis to what happens once a property exits the program	
This research will inform loan offering development in 2023 and help us to focus our efforts on the markets that need it most. This will help us to maximize the impact of the incentives we provide and direct them to properties at risk of losing affordability.	**Complete** Freddie Mac is considering this research as it pursues future offerings.	

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the year.

☒ Target met
☐ Target exceeded
☐ Objective partially completed:
☐ No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

If the self-assessment above indicated that the objective was partially completed, briefly explain the basis for the share of the objective that was completed. In the explanation, include a discussion of the level of effort expended for the completed actions compared to the level of effort required to complete the entire objective.

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

☐ 50 – Very Large Impact
☐ 40
☒ 30 – Meaningful Impact
☐ 20
☐ 10 – Minimal Impact
☐ 0 – No Impact

IMPACT EXPLANATION:

Answer the following questions.

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

   Freddie Mac is focused on preserving affordability in the multifamily housing market. Given that LIHTCs are the primary vehicle used by the federal government to support affordability, Freddie Mac is interested in learning what happens to properties when they exit the program. Our research considered factors correlated with properties leaving the program and examined what happens to units once they are no longer subject to LIHTC affordability restrictions.

   Given the intricacies of the program, disparate and incomplete data, and the inherent unpredictability of future housing market conditions, evaluating the level of risk is an inexact science. However, our goal was not to estimate the number of exiting properties but to instead paint a picture of the general risk that currently exists in the market.

   Through this research, we were able to identify the percentage of LIHTC properties still participating in the program, the distribution of LIHTC properties across high opportunity areas, the risk factors associated with properties exiting the program and the mechanisms by which they might exit, and the impacts that exiting the program has had on rental prices. This analysis provides robust, quantifiable data on trends associated with LIHTC properties that have already exited the program, allowing us to better understand what future trends may look like. It also lays the groundwork for future considerations related to LIHTC properties and maintaining affordability across the rental market.

   Understanding where and how this issue is developing will provide valuable insight on where and how states can most effectively prioritize limited resources for LIHTC, private activity bonds, and other subsidy programs. This greater understanding also allows Freddie Mac to better leverage and develop our loan offerings to help maintain affordability in properties that exit LIHTC. Based in part on this research, Freddie Mac intends to address the risk of properties leaving the LIHTC program and becoming unaffordable by exploring and developing loan offering parameters that incentivize developers to preserve the affordability of at-risk LIHTC properties, whether or not they receive new LIHTC.

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

   A key finding from our research is that LIHTC properties that exit the program often remain more affordable than conventional market rate properties that were never subsidized, even if they are not resyndicated. However, extremely affordable units, at 30% AMI, are generally lost when the properties exit the program.

   Our research found that LIHTC properties that have left the program generally have higher rents compared with LIHTC-restricted units, but lower rents compared with conventional market rate units. In this way, formerly LIHTC properties (typically referred to as non-programmatic properties) commonly transition to workforce housing, remaining affordable to tenants that earn below the area median income (AMI). The most common path for a non-programmatic LIHTC unit is to remain affordable at 60% AMI, which happens roughly 61% of the time.

However, we also found that the conventional market is generally unable to support deeply affordable units, which is why programs like LIHTC are critical. For LIHTC units that were priced well below the 60% AMI maximum, conversion to market rate can cause a dramatic increase in rents.

In our analysis, 86.8% of LIHTC properties are programmatic, meaning that they are still in the program and are still subject to rent restrictions. High opportunity areas have a relatively high share of programmatic LIHTC properties, which, given the elevated rental costs, can be particularly beneficial for these areas. These findings allow us to understand current LIHTC market conditions and strategize ways to utilize subsidy and preserve affordability in the future as more LIHTC properties age out of the program.

3. **Optional**: If applicable, why was the Enterprise unable to achieve the Plan target?
   Not Applicable