



# Federal Housing Finance Agency

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February 25, 2016

Ms. Carol Khalil  
Associate General Counsel  
Freddie Mac  
1551 Park Run Drive  
McLean, VA 22102

Dear Ms. Khalil:

The Federal Housing Finance Agency (FHFA) is providing this guidance on the appropriate treatment of certain types of group homes for people with disabilities under the housing goals for Fannie Mae and Freddie Mac (the Enterprises).

In the final rule establishing the Enterprise housing goals for 2015 through 2017, FHFA revised the definition of “dwelling unit” to require that each dwelling unit include plumbing and kitchen facilities. *See* 12 CFR 1282.1(b). However, FHFA indicated in the preamble to the final rule that it would consider providing further guidance on certain types of group housing for people with special needs. 80 FR 53392, 53422.

Group homes for people with disabilities are typically single-family homes with multiple residents, each living in a separate bedroom but sharing kitchen and/or plumbing facilities. Group homes are operated by a care provider, and residents of the group home typically receive room, board and supportive care.

FHFA has determined that these types of group homes for people with disabilities should be treated as rental housing with multiple units, despite the absence of separate kitchen and/or plumbing facilities for each bedroom. Each bedroom in a group home with a separate resident may be counted as a dwelling unit for purposes of the Enterprise housing goals to the extent that it otherwise meets the criteria for counting (e.g., separate beds in a communal or shared living arrangement would not be considered separate dwelling units under the regulation). Any rental units in group homes for people with disabilities counted under this guidance remain subject to the requirements of all other applicable provisions of the housing goals regulation.

In most cases group homes for people with disabilities are financed by a single loan on each property with financing provided under an Enterprise’s single-family financing program. While such loans would be eligible for purchase by an Enterprise, they would constitute single-family

rental housing and as such would not be eligible for consideration under the single-family housing goals, which are limited to owner-occupied single-family homes.

However, FHFA has determined that if an Enterprise purchases a single loan that is secured by multiple mortgages on multiple group homes for people with disabilities under a common financing agreement, the individual group homes may be aggregated and counted as a single multifamily property for purposes of the Enterprise housing goals. Due to the unique nature of transactions involving such group homes, the units in the group homes may not be counted toward achievement of the small multifamily low-income housing subgoal, regardless of the number of units associated with a single mortgage.

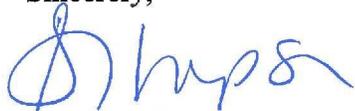
Whether a rental unit counts toward achievement of a housing goal is usually determined based on whether the rent is affordable to the income group targeted by the goal. Residents of a group home for people with disabilities typically do not pay a separate amount for rent. Instead, Supplemental Security Income (SSI) or Medicaid benefits pay for both the room and board of the resident. Residents may also receive care services from the provider and operator of the home. As a result, it is often impossible to determine the discrete rent for a unit in a group home for people with disabilities for purposes of determining affordability. FHFA expects that the Enterprises would rely on written certifications provided to the Enterprises by the lender that each resident receives SSI or Medicaid benefits that are used to pay for housing and care services provided by the group home, as those federal programs are means tested for which only very low-income individuals are eligible. Therefore, FHFA has determined that, if a resident of a group home has housing costs paid as part of his or her SSI or Medicaid benefits, the bedroom may be counted as a unit for both the low-income multifamily housing goal and the very low-income multifamily housing goal.

The guidance in this letter is limited to group homes for people with disabilities. This limitation includes both the treatment of multiple single-family rental properties securing a single loan as a multifamily property as well as determining affordability based on the receipt of SSI or Medicaid benefits.

To allow FHFA to monitor the impact of this guidance, FHFA expects Fannie Mae and Freddie Mac to identify in the loan level data reported to FHFA any group homes for people with disabilities that would be counted as dwelling units under this guidance.

If you have any questions, please contact Ted Wartell, Manager, Office of Housing and Community Investment, Division of Housing Mission & Goals, at [Ted.Wartell@fhfa.gov](mailto:Ted.Wartell@fhfa.gov) or 202-649-3157.

Sincerely,



Sandra Thompson  
Deputy Director  
Division of Housing Mission and Goals