

Exhibit H:
Annual Outreach Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2018 REPORT

EVALUATION AREA: OUTREACH

ACTIVITY:

Activity 9 - Support Residential Economic Diversity: Additional Activity

OBJECTIVE:

Objective C: Conduct and publish three research projects on housing in high opportunity areas

ACTIONS:

In 2018, Freddie Mac published our industry- leading report on Affordable Housing in High Opportunity Areas as part of our “Spotlight on Underserved Markets” series¹. This paper exceeded our DTS plan in both depth and breadth of analysis, complexity of methods used, as well as the value of the insights presented. Through our research, we found that high opportunity areas account for just 7.5% of the country but are home to over 56 million people. Our research confirmed that there is a drastic shortage of affordable units in high opportunity areas and notes specific challenges for creating and preserving affordable housing in these areas. Through our comprehensive analysis, we laid a clear foundation not just for understanding, but for action by developers, localities, states and lenders, who are now well-positioned to be deliberate about placing and preserving both subsidized and unsubsidized affordable housing in high opportunity areas.

In our analysis, we compared and contrasted various definitions of high opportunity, used advanced analytical techniques to gather and process data from many disparate sources, and provided an overview of the market size (by number of properties) and geographic distribution of LIHTC, Section 8, and other housing subsidy programs in high opportunity areas. To help inform our research, we engaged with the National Housing Trust (NHT) and the Public and Affordable Housing Research Corporation (PAHRC). We found that these neighborhoods are often encumbered by high costs of living and dense populations. As a result, the supply of affordable housing is often unable to support the demand. There are an estimated 866,174 families earning 60% of AMI in high opportunity areas and only 788,666 rental units affordable to them. Of the 788,666 units, over 61% are without government subsidy and are at risk of unrestricted rent growth. Our paper demonstrates that: (1) there is a need for access to quality affordable housing for residents living in high opportunity areas and individuals who would like to move to these areas but are unable to afford current rents; and (2) this need can only be met by creating and preserving both subsidized and unsubsidized affordable and workforce housing. That being said, there are several challenges that may hinder the potential to preserve affordable housing in high opportunity areas. These are described in detail below.

To ensure a broader understanding of this topic, we marketed the paper aggressively by posting it to our website, promoting it with the media through a press release, to our OptigoSM network and syndicators via email (a distribution list that includes over 7,000 individuals), and on social media via Twitter and LinkedIn, which reach a broad range of industry participants and researchers. We received 19,704 Twitter impressions, 8,350 LinkedIn impressions, and the paper was downloaded 155 times.

¹ <https://mf.freddiemac.com/research/insight/20181023-duty-to-serve-series.html>

Planned Actions	2018 Actions
Compare and contrast various definitions of high opportunity areas	Opportunity is a complicated term without clear industry consensus on a definition. We looked at definitions from FHFA, Harvard's Opportunity Insights, and Opportunity360 to identify common themes and indications of opportunity. The result is a summarized table for research, policy, and state and local organizations to use as a reference point for indicators of opportunity so they may align over time.
Publish Report on housing in high opportunity areas	We published the paper in November 2018.
The report will include at least the following information: a. Comparison of definitions of high opportunity areas b. Analysis of the geographic distribution in high opportunity areas of LIHTC, Section 8, and other programs we may identify in our research, leveraging the data sources identified above c. Estimation of market size in high opportunity areas of LIHTC debt, Section 8, and other programs we may identify in our research, leveraging the data sources identified above	In this paper, we examined several leading definitions of high opportunity areas to identify commonalities of indications of opportunity. Additionally, we analyzed the current market of affordable housing in high opportunity areas as defined by the FHFA in the DTS regulation, including the geographic distribution of properties with LIHTC, Section 8, as well as those that are affordable without rent restrictions, and examined the market size in terms of number of properties in these areas. Our research required the use of advanced data analytics techniques to derive insight from a variety of data sources including Census, HUD, National Housing Preservation Database, and FHFA, and often had to combine datasets to achieve the intended results.
Report will be published on our website, distributed to research organizations, advocacy organizations, and the seller/servicer network, and will be promoted with a press release	To ensure a broader understanding of this topic, we marketed the paper aggressively. As of January 31, 2019, we received 19,704 Twitter impressions, 8,350 LinkedIn impressions, and 155 downloads in only a few months. Additionally, we promoted this report to our entire Optigo lender network and our LIHTC syndicators via email, reaching over 7,000 individuals.
Engage two leading researchers on Residential Economic Diversity to help inform and structure our research and identify communities we should focus on in our case studies	To help inform our research, we engaged with The National Housing Trust and the Public and Affordable Housing Research Corporation (PAHRC).

SELF-ASSESSMENT RATING OF PROGRESS:

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

- Objective met
- Objective exceeded
- Objective partially completed:
- 75-99% (substantial amount)
 - 50-74% (limited amount)
 - 25-49% (minimal amount)
 - 1-24% (less than a minimal amount)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

N/A

IMPACT:

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

- 50 – Substantial 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 actions under this objective impactful in addressing underserved market needs or laying the foundation for future impact in addressing underserved market needs? (*Character limit: 3,000 characters, including spaces*)

This paper has a substantial impact, both directly by increasing awareness and understanding of high opportunities area, and indirectly by laying the foundation for those involved to act deliberately to create and preserve affordable in these areas. It is only through a clear understanding of the needs and opportunities in these markets that the industry can intentionally act to meet these needs. We established this foundation in the following ways:

1. *Established a baseline for what it means for a community to be considered an area of opportunity*
 - a. *Opportunity is a complicated term without clear consensus across the industry. We looked at definitions from FHFA, Opportunity Insights, and Opportunity360 to identify common themes and indications of opportunity. The end result is a summarized table for researchers, policymakers, and state and local organizations to use as a reference so they may align over time.*
2. *Identified the shortage of supply in each state, which allows states and others to better address these needs*
3. *Identified that the challenge of meeting affordability needs is beyond the scope of public subsidy*
 - a. *Historically, the housing industry has largely relied on public subsidy to create and preserve affordable housing. In high opportunity areas, however, we find that, while public subsidy is necessary for new affordable units and the material rehabilitation of older properties and for supporting those of the lowest income, there is also a substantial portion of affordable housing stock without subsidy that is at risk of being lost. This finding demonstrates a clear need for the industry to coalesce around solutions to address the preservation of these properties as well as those with public subsidy and rent restriction.*

Finally, we aggressively marketed this paper to draw greater attention to this important market to spur future action. Since this paper was marketed as part of a larger series on underserved markets, each individual paper receives greater exposure to participants from each market:

1. *We created a branded series for all eight of our 2018 research papers to help attract greater attention*
2. *We hired a social media firm to promote all papers on Twitter and LinkedIn*
 - a. *The 8 paper series received 399,481 impressions on Twitter and 86,694 impressions on LinkedIn.*
 - b. *The series landing page on the Freddie Mac Multifamily website was visited a total of 3,942 times, of which 3,326 were unique views*
 - c. *There have been 834 file downloads for the 8-paper series.*
3. *We sent an email blast to our Optigo lenders and syndicators, a distribution to more than 7,000 individuals*
4. *We hosted 5 conference calls with various industry participants to discuss key findings of each paper*

2. **Optional:** How do actions under this objective support future actions detailed in the Plan for the underserved market? If there have been any changes in the planned next steps or timeline for work under or related to this objective, describe the changes and provide a brief explanation. (*Character limit: 1,500 characters, including spaces*)

This research establishes a greater market understanding of high opportunity areas and the primary challenges to creating and preserving affordable housing in these areas. With this knowledge, Freddie Mac is better positioned to utilize existing products and implement new ideas that will help create lasting affordability for communities deemed as high opportunity.

1. *This paper illustrated a need for affordable housing in high opportunity areas, but also highlighted the challenge of a lack of available housing subsidies. This knowledge ties directly to offerings Freddie Mac has made available to the market that support the creation and preservation of affordable and workforce housing. Our Workforce Mezzanine loan, Social Impact loan, and NOAH Preservation Loan all seek to enable property owners to preserve affordable rents on unsubsidized properties while achieving reasonable economic returns. And our LIHTC and non-LIHTC forward offerings aid in the construction of new affordable and workforce housing by offering take-out financing on new construction, thereby providing liquidity by giving certainty of execution to borrowers and construction lenders.*
2. *Our findings have directly informed our focus for our 2019 case studies on high opportunity areas. We will plan to evaluate not just a property with rent restrictions, but also a naturally occurring affordable property to compare how both properties are able to operate efficiently.*
3. **Optional:** Are there any market factors that adversely impacted the actions under this objective? If so, describe. (Character limit: 3,000 characters, including spaces)

The primary market factor that affected this activity is also one that demonstrates our impact: the absence of consolidated data and a lack of a consensus of what the industry means by “opportunity”. To combat this, we used advanced data analytics techniques to derive insight from a variety of data sources; we often had to combine datasets to achieve the intended results. Geocoding was performed to find exact coordinates for subsidized properties, which allowed for them to be geospatially joined to the high opportunity area classifications. This provided the ability to produce descriptive statistics that are more accurate than any conventional data analysis technique would allow. Demographic data was aggregated up from the census tract level to provide various stats on high opportunity areas and how their characteristics vary across the nation. We used American Community Survey data, combined with interpolation techniques used for the disaggregation of this data set, to estimate the shortage/surplus of affordable units.

Due to the release of this paper, many of the statistics that were not previously known to the market have been released and distributed broadly in an understandable manner so that the industry can act to address the affordability crisis in high opportunity areas and enable greater residential economic diversity.

4. **Optional:** How did the actions under this objective contribute to increased or future loan purchases for the underserved market? (Character limit: 1,500 characters, including spaces)

To be able to measure Freddie Mac’s ability to support a market, we first need to understand the size and scope of this market, which this research lays out. We can now inform our network of Optigo lenders and better direct them to properties in these areas. However, it should be understood that as a secondary market participant, our ability to support this market at scale, and facilitate solutions, is dependent upon the actions of many other participants from state and local government, developers, investors, primary lenders and communities themselves. Additionally, through our outreach to industry experts, we heard that developing and preserving housing in high opportunity areas can be difficult for the following reasons: zoning issues, local preference for affordable housing, high land and construction costs, lack of buildable land, and limited housing subsidies. Additionally, the abundance of unsubsidized housing presents a challenge to maintain affordable rents without incentive for the property owner. This research supports both the ability of the primary market to act deliberately to address these challenges, and our ability to leverage our offerings and develop lending solutions that can facilitate greater preservation efforts over time—something we have already begun with our Workforce and TAH Mezzanine Loan offerings, Social Impact Loan, NOAH Preservation Loan, TAH Express, Seasoned Small Balance Loan Pool offerings, and our many other TAH offerings.

Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.

Exhibit D:

Second Quarter Outreach Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2Q REPORT

EVALUATION AREA: OUTREACH

ACTIVITY:

Activity 9 - Support Residential Economic Diversity: Additional Activity

OBJECTIVE:

Objective C: Conduct and publish three research projects on housing in high opportunity areas

In recent years there has been increased focus in research, policy and affordable housing circles to increase investment in affordable housing in high opportunity areas. In completing this research effort, we are looking at current definitions of high opportunity areas, the current multifamily housing market within high opportunity areas, and avenues to better define high opportunity areas. Thus far, we have gathered data from a number of sources as well as conducted outreach to research and policy organizations to better understand the current state of the market. Our research will build upon the information collected by numerous other studies to provide a better understanding of high opportunity areas, and what can be done to create and preserve affordable housing in them. We will continue to build upon the data we have collect through the first half of the year and will publish a report prior to the end of the year.

ACTIONS:

Action Category	Action Reference – Activity 9; Objective C	Status
Actions	Action 1	Compare definitions of opportunity – Complete
	Action 2	Publish Report – Outstanding
	Action 3A-C	Gather information and data for Report – Complete
	Action 4	Publish and Distribute report – Outstanding
	Action 5	Engage two researchers – In process

SELF-ASSESSMENT RATING OF PROGRESS:

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

- On-target to meet or exceed the objective
- Progress delayed and/or partial completion of the objective expected
- Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

N/A

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