



## **Fannie Mae Affordable Housing Preservation First Quarter Report: January 1 - March 31, 2019 Loan Purchase**

### **ACTIVITY:**

C. Statutory Activity: The rural rental housing program under Section 515 of the Housing Act of 1949, 42 U.S.C. § 1485.

### **OBJECTIVE:**

1. Work with the USDA and other stakeholders to adopt approach resulting in increased liquidity for preservation of Section 515 properties and purchase Section 515 loans (Partner and Innovate, Do What We Do Best).

### **SUMMARY OF RESULTS:**

Fannie Mae has continued to execute on the Section 515 work-plan developed during 2018, by conducting outreach and analysis with the goal of developing a product enhancement that will drive the preservation of properties of exiting the USDA Section 515 program. A number of preservation methods exist, including complimentary USDA programs, other federal and state subsidy programs, and technical assistance resources. Fannie Mae is targeting a loan product enhancement that would be attractive in the market and provide liquidity to deals in the market that previously would not have financing opportunities to rehab and preserve units. We are working with several partners including the USDA, Fannie Mae lenders, non-Fannie Mae lenders, and affordable developers to implement the most impactful solution.

Fannie Mae is partnering with a large national not-for-profit with vast rural rental finance expertise to provide capacity building workshops to not-for-profit community development corporations, to establish and drive forward a preservation pipeline for rural affordable housing stock that serves low-income rural households. The program also aims to connect non-profit housing organizations with current 515 owners and lenders, and to test the various preservation strategies aiming at stemming the loss of housing that serves some of the country's most vulnerable residents. These resources are planned for delivery in 2019 and 2020, with the goal of a long-term relationship.

Following are the 2019 Actions under this Objective:

- Continue to execute the Section 515 work-plan developed during 2018 by developing a product enhancement that will drive the preservation of properties at risk of exiting the USDA Section 515 program through refinancing and/or loan purchases. Obtain internal product development approval and FHFA approval as required.
- Conduct outreach to the three DUS and special affordable lenders identified in 2018 that have experience with Section 515 properties to market and train lenders on the product enhancement, and to obtain feedback on the product enhancement.
- Purchase at least six loans secured by Section 515 properties at risk of exiting the program.
- Confirm loan purchase goals for 2020.



**SELF-ASSESSMENT RATING OF PROGRESS:**

- 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):**