

Exhibit H:
Annual Outreach Narrative Reporting Template

FREDDIE MAC
 AFFORDABLE HOUSING PRESERVATION
 2022
 OUTREACH

ACTIVITY:

5 - Support for Residential Economic Diversity: Additional Activity

OBJECTIVE:

C - Publish Research Assessing Alternative Methods of Identifying High Opportunity Areas

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.

In aid of our efforts to support housing in high opportunity areas (HOAs), in 2022 Freddie Mac published a white paper proposing a new approach to identifying areas most likely to support renters' economic mobility.

We examined two measurements of opportunity status: Opportunity Atlas, developed by Economist Raj Chetty, and Location Score, developed by Freddie Mac. The former focuses on intergenerational income mobility while the latter is a tool that scores areas based on factors that correlate with rental market performance. We derived a new way to identify if an area promotes economic mobility, with a focus on renters, using these two data sources. Our new methodology aligned well with the established one developed by the Federal Housing Finance Agency, but also identified other census tracts not captured by the traditional definition.

We found there is a higher rentership rate in our new methodology compared with the traditional definition of high opportunity areas. Our new methodology also found a higher share of subsidized rental units per census tract compared with the traditional definition. Taking this research a step further, this methodology allows us to look at economic opportunity as a spectrum. By adjusting the thresholds, the methodology can identify different levels of economic opportunity.

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions or deliverables</i>	<i>Any deviations from the Plan (if applicable)</i>
1. Identify criteria to be considered in a renter-focused high opportunity definition, leveraging economic mobility data from Harvard University's Opportunity Insights.	Complete In addition to traditional criterion, our research identifies two other measurements of determining opportunity status: Opportunity Atlas, developed by Economist Raj Chetty, and Location Score, developed by	n/a

	Freddie Mac. The former focuses on intergenerational income mobility while the latter is a tool that scores areas based on factors that correlate with rental market performance.	
2. Compare the Duty to Serve definition of high opportunity with a renter-focused approach at opportunity to analyze overlaps and gaps.	Complete Freddie Mac found that its new measure mostly aligned with the established definition of HOAs, as set by the Federal Housing Finance Agency. However, there are many census tracts that score well with our new measure but are not captured by the traditional and binary high opportunity definition. We found that the new methodology has a higher concentration of renter households than the traditional methodology, providing a more renter-focused approach to identifying high opportunity renters.	n/a
3. Assess the effectiveness of a renter-focused approach at allowing low-income renters for more efficient access to greater opportunity, considering factors such as the relationship of opportunities provided by a market with the availability of housing affordable to very low, low, and moderate income renters through subsidized rents or housing choice vouchers.	Complete We look at LIHTC and Section 8 housing and found that there is more subsidized housing in HOAs as determined by our new methodology compared with HOAs as currently defined.	n/a

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 actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

Supporting the housing needs of renters is a core part of our mission and success in that effort is predicated on a clear understanding of the market and its needs. Freddie Mac frequently pursues research that aids our efforts to better understand affordability challenges, and hopefully that learning is later translated to marketable lending products.

Freddie Mac is particularly interested in HOAs because of their ability to support economic mobility and a high quality of life for residents. In support of our efforts to foster affordable housing in these areas, we are exploring how they are defined.

Our research sought to identify criteria that the industry might use to strengthen how it thinks about opportunity, especially for renter households, by leveraging economic mobility data from Harvard University's Opportunity Insights and Freddie Mac's own location scoring methodology. We developed a new approach to measuring opportunity on a continuum rather than as a binary definition. We are now able to compare Duty to Serve HOAs against our new analysis, offering a clear understanding of where there are overlaps and gaps.

While we have a strong commitment to providing liquidity to foster Residential Economic Diversity and furthering opportunity, we also want to maximize the impact of our loans in other areas as well. This research would complement our existing efforts to further access to FHFA-defined HOAs. As policymakers consider their definitions of HOAs and how to incentivize development, this methodology can help inform their decisions and could increase the accessibility of areas that provide that provide opportunity to renters.

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

The goal in designating HOAs is to incentivize housing development in areas of the country that will provide residents with the best chance of improving their standard of living. Renter households are typically more cost burdened than owner households and would benefit from living in areas that provide economic and social opportunity. While the existing definition is effective at capturing areas with higher opportunity, researching additional drivers of economic or social opportunities, especially with a focus on renter households, is helpful in understanding how to serve households.

The novel matrix of Opportunity Atlas Scores and Location Scores we developed provides alternate measures of opportunity that can identify areas that have similar characteristics to currently defined HOAs and allow for a gradient approach based on threshold scores. We found that this measurement covers many areas that provide insight on areas of opportunity that we can build from as we seek to serve our housing mission. We found that 19.5% of census tracts nationwide are classified as high opportunity by FHFA. In these tracts, 75.1% of households are owners while 24.9% are renters. The concentration of renter households in our new methodology is much higher at 38.4%. Additionally, identified HOAs most commonly border existing high opportunity areas. In cases where they do not, the median distance away is only 1 mile.

We also found a higher share of subsidized units per census tract in our definition compared with the traditional definition. This could suggest that states are already allocating a large share of their tax credits to the areas that are providing socioeconomic opportunity to residents.

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

Not applicable.

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