FACT SHEET: 2022 MULTIFAMILY CAPS FOR FANNIE MAE AND FREDDIE MAC

HIGHLIGHTS OF 2022 MULTIFAMILY CAPS

The 2022 volume caps applicable to multifamily loan purchases by Fannie Mae and Freddie Mac (the Enterprises) are $78 billion for each Enterprise, for a total of $156 billion during the calendar year of 2022.

To ensure the Enterprises continue to provide sufficient liquidity and support for the multifamily mortgage market, FHFA will continue to monitor impacts of COVID-19 on the multifamily mortgage market and will update the multifamily caps and mission-driven requirements if adjustments are warranted. However, to prevent market disruption, if FHFA determines that the actual size of the 2022 market is smaller than was initially projected, FHFA will not reduce the caps.

MISSION-DRIVEN REQUIREMENTS

To ensure a strong focus on affordable housing and traditionally underserved markets, FHFA is requiring that at least 50 percent of the Enterprises' multifamily business be mission-driven affordable housing in accordance with the definitions in Appendix A of the Conservatorship Scorecard. (Link to 2022 Appendix A)

FHFA is also requiring that at least 25 percent of the Enterprises' multifamily business be affordable to residents at 60 percent of area median income (AMI) or below, up from 20 percent in 2021. This increased sub-requirement assures that the Enterprises have a strong and growing commitment to affordable housing finance, particularly for residents and communities that are most difficult to serve. Loan purchases that meet the 25 percent requirement also count as loan purchases toward the 50 percent requirement.

FHFA is revising certain multifamily requirements for mission-driven affordable housing in Appendix A. For 2022, FHFA is making the following changes:

- **Loans on affordable units in cost-burdened renter markets:** To address the critical shortage of affordable housing in specific high-cost markets, FHFA uses a data-driven approach to designate markets in which loans on units affordable to cost-burdened renters with incomes up to 100 percent of AMI or 120 percent of AMI (depending on the market) will be classified as mission-driven.

- **Loans to finance energy or water efficiency improvements:** FHFA allows mission-driven classification for multifamily loans that finance energy or water efficiency improvements through Fannie Mae's Green Rewards and Freddie Mac's Green Up/Green Up Plus programs. To qualify for mission-driven classification, units must be affordable at or below 60 percent of AMI. In addition, the loan must project a minimum 30 percent reduction in whole property energy and water consumption with a minimum of 15 percent of the reduction in energy consumption. The affordability and consumption reduction thresholds ensure that utility savings from green renovations are passed through to tenants who would benefit the most.

BACKGROUND

- In 2014, FHFA set a cap on the Enterprises' conventional (market- rate) multifamily business.
- The purpose of the cap is to support liquidity in the multifamily market, especially in affordable housing and traditionally underserved segments, without crowding out private capital.
- To encourage Enterprise financing in affordable housing and underserved market segments, in 2014, FHFA excluded several categories of business from the cap.
- On September 13, 2019, FHFA announced a revised cap structure that applied to all multifamily business (no exclusions) and implemented minimum mission-driven percentages.
- In 2021, FHFA set a $70 billion volume cap for each Enterprise and a 50% mission-driven minimum percentage with 20% at 60% AMI.
- In 2022, FHFA set a $78 billion volume cap for each Enterprise and a 50% mission-driven minimum percentage with 25% at 60% AMI.