

2024 Affordable Housing Preservation Outreach

ACTIVITY:

J. Additional Activity: Residential Economic Diversity (RED) Activity (12 C.F.R. §§ 1282.32 (d)(3) and 1282.36(c)(3)).

OBJECTIVE:

2. Introduce a pilot product to accept Housing Choice Vouchers (HCVs) in markets without source of income (SOI) protections.

INFEASIBILITY:

☐ Check here if the Enterprise is submitting an infeasibility request for the objective.

SUMMARY OF RESULTS:

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
<input checked="" type="checkbox"/> Continue outreach activities to increase loan purchases.	Fannie Mae launched the Expanded Housing Choice (EHC) pilot on April 4, 2022, and expanded it on October 15, 2024. Detailed below are the specific steps taken to expand the pilot and assess impact.	
<input type="checkbox"/> Roll out standard HCV quote option to pilot expansion areas, if feasible.		
<input checked="" type="checkbox"/> Continue product trainings and marketing communications for lenders and borrowers, updating content as needed.	We launched the EHC expansion with an updated website, collateral, and earned press coverage. Detailed below are the specific steps taken to promote the pilot expansion.	
<input checked="" type="checkbox"/> Conduct research activities to assess first-year results of security deposit study.		
<input checked="" type="checkbox"/> If feasible, assess first-year results of security deposit study.		



SELF-ASSESSMENT RATING OF PROGRESS:

- ☒ Target met
- ☐ Target exceeded
- ☐ Target partially completed
- ☐ No milestones achieved

IMPACT:

- ☐ 50 – Very Large Impact
- ☒ 40
- ☐ 30 – Meaningful Impact
- ☐ 20
- ☐ 10 – Minimal Impact
- ☐ 0 – No Impact

IMPACT EXPLANATION:

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?

On April 4, 2022, Fannie Mae launched the EHC initiative, which offers multifamily borrowers a pricing incentive to accept HCVs as an SOI. While the program initially focused on North Carolina and Texas, the pilot was expanded on October 15, 2024, to all jurisdictions without SOI protections. An additional provision was also introduced to support housing providers in jurisdictions where SOI protections are being rescinded.

As part of the expansion launch, we updated our EHC website and collateral as well as leveraged earned press coverage. Notable website and collateral updates include a training primer for Property Management Staff, links to resources such as HUD's SOI mapping tool, and an eligibility checklist. To market the pilot's expansion, we released a press release, featured EHC in a LinkedIn campaign focused on building awareness of social impact products, and included EHC in our products campaign to bring viewers of ads to the EHC web page to learn more. These marketing efforts will continue into 2025 and will include an in-person presence at industry conferences.

During the program expansion, we took the opportunity to make product and process enhancements. To enhance the sustainability of the program, the percentage of affordable units was increased from 20% to 40% of the units within the applicable HUD Fair Market Rent or Small Area Fair Market Rent. We also addressed a process pain point raised around the submission of ongoing rent rolls. The new process removes the requirements that rent rolls are submitted via the Fannie Mae Rent Roll Digitizer, which requires technology onboarding. The new process creates a better customer experience while enabling us to collect key program data. We are continuing to engage with HUD to discuss our Accelerated Housing Choice concept that aims to expedite part of the housing journey for HCV renters.

Since the program's inception, eight loans have delivered as part of the EHC initiative. Delivered loan properties were located in Texas and North Carolina. Due to the timing of the expansion launch, we have not yet financed a deal in the expanded markets but will continue to market the program in 2025 with a focus on the key industry conferences in early 2025. After the launch of the expansion in October, we hosted a lender and borrower training with over 300 attendees, and our team presented EHC as part of Equitable Housing Finance Plan borrower engagement session in December 2024.

In November 2023, we launched the Security Deposit Research study in partnership with Related Companies, the NYU Furman Center, and Esusu. As part of the study, the impacts of returning security deposits to existing residents and not collecting security deposits from new residents will be tested. The study is being conducted at 88 of Related's affordable properties in 17 states that are part of our Multifamily book of business. As of December 2024, Related has rolled out the program at 68 properties, representing 10,699 units.



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

The expansion of the EHC program and the programmatic changes have been well received by the market. To better support property management staff as they seek to understand their Fair Housing responsibilities under the HCV and EHC programs, we developed a training resource. The resource outlines the requirements that must be included in a property management agreement, and it contains links to additional reading material created by Fannie Mae and HUD as well as a self-guided quiz for participants to test their knowledge.

While the pilot has been well received, adoption remains low, and some housing providers have expressed reluctance to commit to the HCV program for the life of their loan through the EHC product. In 2024, we continued conversations with HUD to determine whether there were opportunities to expedite the housing process for HCV renters.

For the Security Deposit Research study, the overall adoption rate for existing residents at the 68 participating properties is 32%.

3. Optional: If applicable, why was the Enterprise unable to achieve the Plan target?

N/A