

**2025**  
**Affordable Housing Preservation**  
**Loan Purchase**

**ACTIVITY:**

H. Residential Economic Diversity Activity (12 C.F.R. §§ 1282.32 (d)(3), and 1282.36 (c) (3)).

**OBJECTIVE:**

1. Purchase loans financing 4,100 residential economic diversity (RED)-eligible units in high opportunity areas secured by low-income housing tax credit (LIHTC), Section 8, and/or properties supported by state or local affordable housing programs.

**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"/> Purchase loans financing 4,100 RED-eligible units in high opportunity areas secured by LIHTC, Section 8, and/or properties supported by state or local affordable housing programs.	In 2025, Fannie Mae purchased 42 loans that financed 42 properties in high opportunity areas that supported RED, representing 7,611 units.	

**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?**

Rent burden continues to be a major challenge for low- and moderate-income households across the United States. In 2023, more than 21 million renter households — nearly half of all renters nationwide — spent over 30% of their income on housing costs.<sup>1</sup> This level of rent burden limits families’ ability to save, invest in education, and access opportunities for upward mobility. The problem is compounded by rising rental costs: for the first time in a decade, rents grew faster than home values, with the real

<sup>1</sup> U.S. Census Bureau. “Nearly Half of Renter Households Are Cost-Burdened.” Press Release CB24-150, September 12, 2024. <https://www.census.gov/newsroom/press-releases/2024/renter-households-cost-burdened-race.html>.



median gross rent increasing 3.8% in 2023, compared to 1.8% growth in home values.<sup>2</sup> This was the largest annual increase in rental costs since 2011. As rents rise and incomes remain stagnant, families face even greater difficulty finding affordable housing in neighborhoods with strong schools, reliable transportation, and access to jobs. These are the very areas that can help improve long-term economic outcomes. Properties that promote RED address this challenge by providing affordable housing in FHFA-defined High Opportunity Areas — locations that offer these critical resources. By purchasing loans that finance RED-eligible properties, we help preserve and expand affordable housing in high-opportunity neighborhoods. This liquidity ensures that developers can complete projects that might otherwise stall due to rising costs and complex financing needs. In doing so, we not only provide immediate relief for rent-burdened families but also lay the foundation for greater economic mobility by keeping affordable options available in communities where they are needed most.

In 2025, Fannie Mae purchased 42 loans that financed 42 RED-eligible properties, supporting a total of 7,611 units and exceeding our goal of 4,100 units by 85.6%. This is an increase from our 2024 volume of 36 loans financing approximately 3,635 units. The properties we financed made use of a mix of different affordability programs:

- 28.6% were LIHTC properties.
- 7.1% were Section 8 properties.
- 38.1% were supported by state or local programs.
- 21.4% combined LIHTC and state or local programs.
- 4.8% combined LIHTC, Section 8, and state/local programs.

Properties financed under this loan purchase goal were located in 16 states, with the largest concentrations in California, Texas, and New York, ensuring broad geographic coverage. Importantly, 19% of loans supported properties in rural communities, areas that often face the greatest challenges in attracting capital investment for affordable housing. These projects also varied in size, from 1,238 to 24 units, reflecting our ability to serve both small-scale developments and larger communities. The affordability impact is significant: 31.2% of the units financed are affordable to very low-income households earning 50% of area median income (AMI) or below, and 88.4% are affordable to low-income households earning 80% of AMI or below. This means thousands of low-income families will have access to stable, affordable homes in close proximity to jobs, schools, and transportation. By financing these properties, we not only preserved affordability where it is most needed but also helped maintain economic diversity in communities where rising rents could otherwise displace low-income residents.

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

Through our work with key affordability programs, including LIHTC, Section 8, and State or Local subsidies, we observed the following 2025 trends:

- **Complex deals with layered financing:** Many properties we financed relied on multiple funding sources, reflecting the growing need for additional capital to cover higher construction costs and elevated debt financing costs in a high-interest rate environment. While subsidy availability depends on state and local budgets, we observed increased attention from states and localities on housing programs in response to regional supply shortages and affordability challenges.
- **Interest rate trends:** In the first half of 2025, sustained high interest rates continued to slow deal progress, with longer timelines to rate-lock as borrowers waited for potential rate cuts. Conditions shifted in the second half of the year, and deals began moving through the pipeline more quickly.
- **Competitive market:** Opportunities to finance LIHTC, Section 8, and other state/local program properties remain highly competitive because they provide deep affordability and support enterprise mission. We worked closely with our Delegated Underwriting and Servicing (DUS<sup>®</sup>) Lenders to identify opportunities and structure offerings that balance responsiveness with safe and sound lending practices.

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

N/A

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<sup>2</sup> U.S. Census Bureau. “Nearly Half of Renter Households Are Cost-Burdened.” *American Community Survey*, September 12, 2024. <https://www.census.gov/library/stories/2024/09/acs-rent-burden.html>.