

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

**ACTIVITY:**

D. Other comparable State or Local affordable housing programs (C.F.R. § 1282.34 (c) (9)).

**OBJECTIVE:**

1. Finance 10,220 units belonging to properties under a Fannie Mae-approved State or Local affordable housing program.

**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 type="checkbox"/> Finance 10,220 units belonging to properties under a Fannie Mae-approved State or Local affordable housing program.	In 2025, Fannie Mae purchased 131 loans that financed 141 properties supported by State or Local affordable housing programs, representing 23,021 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?**

Across the country, demand for affordable rental housing continues to outpace supply. This shortage contributes to high rent burdens and increases the risk of displacement for low-income households. State and local governments have responded by creating programs that encourage development or preservation of affordable units for low- and moderate-income families. These programs often provide benefits such as tax relief, capital subsidies, gap funding (soft-pay subordinate loans, forgivable loans, grants), ground leases, or zoning flexibilities. In exchange, properties agree to income and rent restrictions that keep a portion of units affordable. By purchasing loans secured by properties that use these programs, we help maintain liquidity in this market and support projects that create or preserve rental supply targeted to populations most in need.

In 2025, we supported this market by purchasing 131 loans that financed 141 properties participating in a State or Local affordability program. These purchases supported 23,021 rental units, exceeding our objective of financing 10,220 units by



125.3%. This also represented a large increase of 61.7% over 2024, when we purchased 81 loans supporting more than 11,000 units at properties utilizing State or Local programs. Properties are located in 27 states, with the largest concentrations in California, Texas, Missouri, and New York. Our financing supported affordable housing in several metropolitan areas with rapidly increasing housing costs, such as Kansas City, MO and El Paso, TX. Projects ranged from 6 to 1,610 units, demonstrating our commitment to providing liquidity for a diverse range of property types and sizes. Properties also leveraged a mix of state or local program types, including tax exemptions or abatements (85.1%), capital subsidies (12.1%), and zoning flexibility (2.8%). In 13.5% of cases, properties made use of more than one type of program. These properties fill a critical need for affordable rental housing: 37.6% of the units financed are affordable to very low-income households at or below 50% of area median income (AMI), and 90.9% are affordable to low-income households at or below 80% of AMI.

Our loan purchases under this objective directly address affordability challenges by supporting properties that preserve or create housing for low- and moderate-income families. These units help reduce rent burdens and provide stability for households that might otherwise face displacement. By supporting properties that are recipients of state and local program benefits, we encourage continued investment in these initiatives and help maintain a pipeline of affordable housing projects. This liquidity is critical for developers and owners who rely on these programs to fill financing gaps and keep rents affordable.

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

Through our support for properties utilizing key affordability programs from State or Local governments, we have observed the following common trends in 2025:

- *Complex deals with layered financing:* Many properties we financed relied on multiple funding sources, reflecting the growing need for additional capital. While the low-income housing tax credit program is often utilized for this purpose, there is increasing need for additional subsidy to fill gaps in the capital stack due to higher development costs.
- *Increased focus from state & local governments:* Subsidy availability depends on state and local budgets, and we observed increased attention from states and localities on housing programs in response to regional supply shortages and affordability challenges. These creative solutions to incentivize housing development include things like payment-in-lieu-of-taxes (PILOT) programs, modernization of land use and zoning, and dedicated funds to support new projects.
- *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 beginning in the second half of the year, and deals began moving through the pipeline more quickly.

Public Facility Corporations (PFCs) in Texas have historically offered opportunities for Other State and Local loan acquisitions through structures typically requiring at least 50% of units to be affordable at 80% of AMI, with some deeper affordability mixes. New state legislation enacted in June 2023 introduced stricter requirements for PFC tax exemptions. In 2025, we have seen more instances of affordable housing projects in Texas accessing property tax exemptions through a housing finance corporation (HFC) structure, which requires sponsorship of a project by a city or county and their ownership in the general partner of the project.

The HFC program in Texas was similarly reformed in May of 2025 to tighten affordability criteria and limit the ability of the HFC to “travel,” or claim tax exemptions outside of their founding jurisdictions without approval from the local government. 44% of loans in Texas acquired in 2025 that were applicable to this goal utilized the HFC structure vs. 20% using the PFC structure. These reforms did not hinder our ability to source deals from Texas with a state or local subsidy component, however, which represented one of the top states in 2025.

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

N/A