

2025 Rural Housing Investment

ACTIVITY:

E. Invest in Low-Income Housing Tax Credit (LIHTC) properties to facilitate the provision of affordable multifamily housing in rural areas (12 C.F.R. § 1282.35 (d)).

OBJECTIVE:

1. Invest in LIHTC properties in rural areas.

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"/> Make equity investments in 20 to 30 LIHTC projects in rural areas.	In 2025, Fannie Mae made LIHTC equity investments in 65 rural properties, significantly exceeding the target.	

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?

We achieved the 2025 Duty to Serve Plan target with investments in 65 rural LIHTC properties. These investments were impactful in addressing the rural underserved market’s needs by supporting the creation or preservation of 3,114 Duty to Serve-eligible affordable LIHTC units.

Of these units, 100% were affordable to low-income households earning at or below 80% of area median income (AMI); and approximately 34% of the units were affordable to very low-income households at or below 50% of AMI. This level of affordability represents a substantial contribution to rural markets where constrained incomes, aging housing stock, and limited financing options often leave communities with persistent and unmet housing needs. These rural properties are in 27 states and one territory demonstrating broad reach across a variety of rural geographies that historically receive limited investment. Our



investment activities delivered capital to areas where private investment is frequently insufficient, helping stabilize rural housing infrastructure and strengthen long-term community resilience. Overall, our 2025 investments played a meaningful role in expanding affordability, improving quality, and enhancing housing security across some of the most underserved rural communities in the country.

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

LIHTC equity investments remain one of our most effective tools for increasing the supply of affordable housing nationwide. These investments provide a reliable source of capital and enable us to support communities that often struggle to attract development resources.

Over the course of Fannie Mae's 2025 engagement with the Rural LIHTC market, several themes around market challenges emerged:

- Higher development costs: Building affordable housing in rural areas often costs more than in urban or suburban settings due to the need to transport materials over longer distances and the difficulty attracting laborers willing to travel to remote sites.
- Limited economies of scale: Lower population density restricts the feasibility of large-scale projects in rural areas. While some large rural transactions exist — including those that combine multiple buildings across municipalities — most rural LIHTC developments remain small, which reduces the overall pool of financially viable rural LIHTC projects.
- A limited pipeline of experienced rural developers: The shortage of rural developers with deep LIHTC expertise further constrains the supply of viable rural LIHTC projects.

Despite these challenges, our investment activity continues to strengthen our support of rural markets and helps us strategically to channel LIHTC capital into underserved areas and advance our ability to meet rural Duty to Serve LIHTC investment targets.

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

N/A