2024
Manufactured Housing
Outreach

ACTIVITY:

D. Additional Activity: Additional Manufactured Housing Communities Activities (12 C.F.R. § 1282.33 (d)).

OBJECTIVE:

2. Supporting renters in manufactured housing communities through credit-building activities.

INFEASIBILITY:

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

SUMMARY OF RESULTS:

Objective's components detailed in the Plan	*Corresponding actions taken*	*Explanation of any deviations from the Plan (if applicable)*
☒ Develop and implement additional engagement tactics designed to promote adoption of rental payment reporting services amongst MHC property owners, necessarily considering the following:	Target met through 2024 actions; see subsequent implementation steps.	
☒ Assess outcomes of 2023 digital marketing campaign to determine next steps for campaign promotion.	Based upon adoption and impact metrics analyzed through 2024, Fannie Mae made the decision to extend our Positive Rent Payment pilot through year-end 2025. The program will continue to have the same incentive structure, with Fannie Mae covering the cost for one year of positive rent payment reporting services at approved properties.	
☒ Analyze MHC impact data collected through pilot implementation to identify communities which experienced the highest degree of resident impact.	When considering the extent of adoption, institutional-sized manufactured housing community (MHC) borrowers with properties in Arizona, Florida, and Texas showed the highest engagement with the pilot.	

SUMMARY OF RESULTS CONTINUED:

Objective's components detailed in the Plan	*Corresponding actions taken*	*Explanation of any deviations from the Plan (if applicable)*
☒ Engage with MH state association representatives in at least three distinct geographic markets identified as "high impact" areas as a result of the aforementioned impact analysis. Promote the benefits of rental payment reporting program adoption and collect additional feedback on opportunities and barriers to implementation.	We engaged with association representatives in the states noted above. Since implementing positive rent payment at a multifamily property depends on the property owner's technology and willingness, state association representatives and other manufactured housing (MH) industry stakeholders are not well-suited to meaningfully increasing adoption of credit-building services for residents.	Recognizing the need to extend outreach beyond traditional MH industry players, we also engaged with a host of other industry stakeholders to compare notes and discuss opportunities to expand adoption of credit-building products and services to harder-to-reach segments of the affordable market. Insights from these discussions are included in the impact section below.
☒ Participate in at least two industry conferences highlighting 2023 adoption and impact metrics for residents living in MHCs.	We promoted the benefits of positive rent payment adoption at prominent multifamily industry conferences, including the National Multifamily Housing Conference, the MBA Commercial Real Estate Finance Conference, and at our annual Delegated Underwriting and Servicing (DUS®) meeting.	

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?

Credit history remains the top reason for loan denial of MH purchase-money applications reported to the Consumer Financial Protection Bureau through the Home Mortgage Disclosure Act data, accounting for roughly 60% of application denials in 2023. By contrast, prospective buyers of 1- to 4-unit site-built properties are more likely to be denied for debt-to-income constraints.[1]

[1] Fannie Mae analysis of Home Mortgage Disclosure Act loan application data.

Therefore, any action that can be made in supporting the adoption of credit-building services by MHC property owners have the potential to have an outsized impact on MHC residents. In 2024, Fannie Mae continued our strategy of providing critical credit-building services to MHC residents by working with multifamily borrowers to increase the number of MHC properties participating in the Positive Rent Payment pilot; overall, 166 properties comprising over 14,000 participating residents took part in the pilot. Of participating MHC properties where tenants saw an improvement in their credit score while using the Positive Rent Payment services, roughly 63% of MHC tenants experienced an improvement — outpacing the rate observed in the non-MHC cohort. For MHC renters with an existing credit score, the average credit score improvement was 47 points — 10 points higher than the average improvement in the non-MHC cohort. In translating these numbers into the migration of MHC tenants into a prime credit score range, over 1,200 MHC tenants moved from a subprime to a prime credit score. This dramatically improved their ability to qualify for manageable financing terms for auto loans, education loans, or even eventually mortgage loans. By delivering outsized value to MH owners in direct response to their most pressing credit need, we believe this program has had demonstrable success in a relatively short amount of time.

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

While the benefits of positive rent payment reporting for tenants of multifamily properties are clear, benefits to property owners may or may not include a positive impact to the net operating income through an increase in on-time collections, decrease in delinquencies, and increased term of tenancy. Once the Fannie Mae subsidy ends in 2025, borrowers may choose not to absorb the cost of rent reporting, instead passing the cost through to the tenant who may not be able to afford that service. Given the impact metrics demonstrated above, however, we observe that the program is having such a positive impact on tenants' credit standing that it may be worth the expense even if it's not subsidized by Fannie Mae or an outside entity. Since it's not sustainable for Fannie Mae to subsidize the program in perpetuity, we plan to undertake additional borrower outreach activities in 2025 to continue promoting the benefits of positive rent payment adoption in the hope of encouraging additional uptake with new borrowers and in new markets.

We acknowledge that many of the property owners participating in this program, both MHC owners and owners of conventional multifamily apartment buildings, tend to be larger institutional property owners. This is consistent with the existing public literature regarding the extent of positive rent payment adoption with property owners nationwide.[2] In the context of MHCs, key missing components of the market include MHCs owned by nonprofits or by the residents themselves under a cooperative structure. While one would think that such mission-driven entities would want to incorporate positive rent payment reporting into their suite of resident services, we have found that such entities tend to be very resource- and time-constrained, and key decision-makers are not able to prioritize the implementation at their properties despite the known benefits. Further investments in resident ownership programmatic delivery structures, such as those contemplated in Fannie Mae's Single-Family MH activities for the 2025 – 2027 Duty to Serve Plan,[3] are needed to help resident-owned communities (ROCs) tap into available financial services and products.

While we believe the Positive Rent Payment pilot has been successful in serving the broader market and MHC tenants in particular, we spent some of the year analyzing the results of renter outreach conducted in 2023 to recalibrate future efforts relative to the most pressing needs and pain points experienced by renters nationwide.[4] Although credit-building remains a concern for renters, other issues, such as affording the up-front costs associated with renting, came to the forefront as more prominent issues in recent years. Relatedly, we introduced new commitments to our 2025 – 2027 Housing Access Strategy, which will enable Fannie Mae to better analyze the impact of reducing or waiving security deposits for renters and property owners alike.

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

N/A

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[2] Rent Reporting Can Help Build Credit. Why Aren't Smaller-Property Tenants Opting In? | Urban Institute
[3] https://www.fhfa.gov/sites/default/files/2024-12/Fannie-Mae-2025-2027-UMP.pdf
[4] https://www.fanniemae.com/research-and-insights/perspectives/research-identifies-renter-challenges