

Exhibit H:  
**Annual Outreach Narrative Reporting Template**

FREDDIE MAC

RURAL HOUSING

2020

OUTREACH

**ACTIVITY:**

1 - Support for High-Needs Rural Regions: Regulatory Activity

**OBJECTIVE:**

H - Research the Use of and Opportunity for LIHTC in Support of Persistent-Poverty Counties not Included in Other High-Needs Rural Regions

**ACTIONS:**

In 2020 Freddie Mac published a white paper highlighting the role that Low-Income Housing Tax Credit (LIHTC) program serves in persistent-poverty counties (PPCs).

Objective's components detailed in the Plan	Corresponding actions taken	Explanation of any deviations from the Plan (if applicable)
1) Engage with at least one syndicator, lender, housing finance agency and developer who have expertise in persistent-poverty counties and LIHTC	<b>Complete</b> In 2020, Freddie Mac engaged with Boston Financial Investment Management (syndicator), Hallmark Companies (developer), Partners for Rural Transformation (developer). This informed our understanding of the market. We were able to leverage our learnings from outreach in prior years, as many of the challenges of supporting properties in areas with high poverty are consistent across PPCs in Middle Appalachia and Lower Mississippi Delta.	n/a
2) Leverage data aggregated and aligned in conjunction with the mapping tool described in Objective E above from a selection of the following and other sources we discover in our research in order to explore how LIHTCs are used in the persistent-poverty counties today and the possible gaps in the market: National Housing Preservation Database, data.gov, HUD, and Census Bureau	<b>Complete</b> Freddie Mac leveraged data from the National Housing Preservation Database, American Community Survey within Census Bureau, Yardi Matrix and HUD.	n/a
3) Engage with at least one leading researcher	<b>Complete</b>	

<p>on rural and/or affordable housing to review or discuss our research in this area.</p>	<p>Freddie Mac engaged with a leading researcher at the Federal Reserve Board</p>	
<p>4) Include information in the report on the following, based on available data:  a. Estimated market size  b. Geographic distribution of properties receiving LIHTC allocations  c. Percentage of properties receiving allocations in persistent-poverty counties that are in rural versus urban and suburban locations  d. Percentage of properties receiving allocations that also receive other major subsidies, such as USDA 515, 538, or Section 8</p>	<p><b>Complete</b>  Our paper establishes the following:  a. Estimated market size  b. Geographic distribution of properties receiving LIHTC allocations  c. Percentage of properties receiving allocations in persistent-poverty counties that are in rural versus urban and suburban locations  d. Percentage of properties receiving allocations that also receive other major subsidies, such as USDA 515, 538, or Section 8  These stats are a small subset of the overall statistical analysis completed in the paper.</p>	
<p>5) Publish a report on our website, promote it with a press release and share on social media so that research organizations, advocacy organizations, and lenders have access to the work.</p>	<p><b>Complete</b>  A press releases was issued, and the white paper was published 12/10/20. The paper was also promoted on social media and has received 1,494 LinkedIn impressions. On our FMMF page we received 189 web page views and 41 downloads as of 2/1/21.</p>	

*(Character limit: 3,000 characters, including spaces)*

**SELF-ASSESSMENT RATING OF PROGRESS:**

Select the category that best describes progress on this objective for the year.

- Objective met
- Objective exceeded
- Objective partially completed:
  - 75-99% (substantial amount)
  - 50-74% (limited amount)
  - 25-49% (minimal amount)
  - 1-24% (less than a minimal amount)
- No milestones achieved

**IMPACT:**

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

- 50 – Substantial Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact

0 – No Impact

**IMPACT EXPLANATION:**

*Answer the following questions.*

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? (limit: 3,000 characters, including spaces)

Our research on LIHTC in persistent poverty counties has three areas of impact on the market: (a) it focuses national attention on an underserved and under-studied market, (b) it highlights the importance of LIHTC investment and demonstrates how LIHTC supports over one third of multifamily properties in PPCs across the country, and (c) it helps us better understand the value of LIHTC equity investment efforts in PPCs.

- a. The findings in this report presented clarity regarding the market size and distribution of tax credits in the rural parts of PPCs and demographic characteristics of these areas that influence the LIHTC and overall rental housing market. While conducting research, data findings from National Housing Preservation Database (NHPD) indicate that around 1,500 multifamily properties supporting 60,833 units with an active LIHTC subsidy exist in rural PPCs. Our research explored the quality of LIHTC housing in rural PPCs, the substantial share of multifamily renters in the region that LIHTC supports, and the wide variety of developers in this market in order to demonstrate the tremendous impact LIHTC plays in the growth of the multifamily housing market in rural PPCs.
- b. Our research shows that multifamily properties in persistent poverty counties are supported by LIHTC at a higher rate than elsewhere in the country. LIHTC supports 40.1% of the multifamily housing market in rural PPCs, a rate that is more than three times greater than the national average and one and a half times greater than all rural areas. The market in PPCs needs subsidies in order to be economically viable. LIHTC and other subsidies allow for the creation of more affordable and higher quality units across rural PPCs throughout the country and particularly in Middle Appalachia and Lower Mississippi Delta where the greatest concentration of rural PPCs exist.
- c. Through our research, we understand that the need for subsidized housing in rural PPCs is critical, as an outsized share of renter households are rent burdened and living in inadequate housing. Development in these areas furthers economic development and mobility, bringing tremendous value to renters in this underserved market, which underscores the importance of private investment in the rental housing market by means of federal tax credits. Our research had a substantial impact on the market based on both (i) the unique nature of our analysis to provide new insight to the market and (ii) our ability to market this work to a broad audience in the industry. Because of this research, industry participants now have a more comprehensive understanding of the unique needs and opportunities in this market—particularly the inability of many properties to support first-lien debt. This understanding enables industry participants to focus their efforts on innovative solutions to deliberately support these communities and attract capital.

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them? (limit: 1,500 characters, including spaces)

Through our research and outreach, we gained more detailed understanding of the importance of LIHTC equity to support the development and rehabilitation of rental properties in PPCs across the country. This reaffirms our commitment to use LIHTC equity investment as our primary means of directly supporting this market. This is borne out by key findings:

- There are 7.9 million residents in rural PPCs. This represents 2.5% of the total U.S. population and 10.7% of the nation's rural population.

- Income in rural PPCs is about 43% lower than the national average and 28% lower than the rural average.
- Rental housing, and multifamily rental housing in particular, is relatively uncommon in rural PPCs. Only 32.6% of households are renters (compared with 36.2% nationally). Single-family housing is the primary form of rental housing.
- In rural PPCs, an average of 54 properties and 2,370 units have been supported by LIHTC annually since 2000, although the rate has declined in the past decade (consistent with national trend).
- LIHTC development faces many challenges, but still plays a vital role in addressing the rental housing needs for lower-income families in rural PPCs.

3. **Optional:** If applicable, why were all components of this objective not completed? (limit: 1,500 characters, including spaces)

Not applicable

*Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.*