



Fannie Mae 2021
Affordable Housing Preservation
Outreach

ACTIVITY:

C. Statutory Activity: The rural rental housing program under Section 515 of the Housing Act of 1949, 42 U.S.C. § 1485.

OBJECTIVE:

2. Sponsor technical assistance programs that support and facilitate the preservation of Section 515 properties (Analyze, Partner and Innovate).

SUMMARY OF RESULTS:

Following are the 2021 Actions under this Objective per the [January 1, 2021 Duty to Serve Plan]:

| <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"/> Partner with non-profit organizations to deliver Technical Assistance (TA) to 20 organizations working to preserve the affordability of Section 515 properties, by providing TA in the transfer analysis, negotiation, underwriting, and application process, and by working with the organizations to identify and secure funding from other sources. Work with non-profit partners to: | Fannie Mae partnered with both Enterprise Community Partners (Enterprise) and Housing Assistance Council (HAC) to provide direct technical assistance to support a total of 25 organizations pursuing potential Section 515 preservation activities. | N/A |
| <input checked="" type="checkbox"/> Assess the results of TA performed in 2020 and incorporate opportunities and strategies to strengthen the program's effectiveness and increase its scale in 2021. | Both Enterprise and HAC built on the foundation of their 2020 work to perform Section 515 TA on behalf of Fannie Mae in 2021. | N/A |
| <input checked="" type="checkbox"/> Plan the 2021 TA program through collaboration with state and federal agencies and other private sector mission-driven partners. | The 2021 TA program incorporated input and participation from multiple USDA staffers as well as representatives from Oregon Housing and Community Services, the Washington State Department | N/A |



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| | of Commerce, HUD’s Western Region Multifamily office, Network for Oregon Affordable Housing (NOAH), Washington State Housing Alliance, Housing Oregon, Washington State Housing Finance Commission, Washington Community Reinvestment Association, Washington Low Income Housing Alliance, and Craft 3. | |
| <input checked="" type="checkbox"/> Identify organizations for TA delivery (owners of 515 properties at risk of exiting the program and mission-oriented entities seeking to preserve 515 properties, such as state housing finance agencies, housing authorities, non-profits, community development corporations, and affordable developers). | HAC and Enterprise collectively selected 25 organizations as 2021 TA recipients based on their experience in multifamily development and capacity for potential 515 preservation activities. | N/A |
| <input checked="" type="checkbox"/> Execute the 2021 TA program. | Our partners provided TA to more than the required number of recipients, which resulted in a variety of outcomes. | N/A |
| <input checked="" type="checkbox"/> Analyze results of the 2021 TA program at the property level to determine success of the program and inform future work. | Planned 2022 TA and loan purchase efforts have been and will continue to be informed by lessons learned from the 2021 TA program. | N/A |



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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?

Between activities led by Enterprise and by HAC, Fannie Mae’s partners’ actions provided direct and tailored Technical Assistance (TA) to a total of 25 organizations.

The Pacific Northwest (PNW) Preservation Academy incorporated key aspects Enterprise’s 2020 Colorado Preservation Academy. Using this successful framework, Enterprise selected a group of 11 organizations with a demonstrated interest in and capacity to pursue preservation activities to participate in the program. Activities included 14 web-based training sessions, a webinar with representatives from USDA and two U.S. Senate offices, and numerous hours of direct TA. Enterprise also maintained support for ten additional organizations that it worked with in 2020.

HAC sought to identify participant organizations with an identified USDA multifamily preservation project, a moderate level of development experience (though not necessarily multifamily preservation experience), and organizational capacity, as well as a genuine need for technical assistance to advance the project. HAC incorporated learnings from similar efforts in 2020 and ultimately provided TA to four organizations on topics such as working with state and federal agencies and layering funds.

These activities resulted in over 500 hours of direct TA. Across the 25 recipients of TA:

- Three successfully completed projects in 2021 (preserving a total of 11 distinct properties)
- At least four made substantive progress towards projects that they expect to be completed in 2022 or 2023,

The vast majority of the remaining organizations communicated that they intend to pursue future opportunities in the preservation market.

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



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Recipients of TA across the board said their biggest challenge was acquiring additional financing (state, local foundation, LIHTC) to fund gaps and to align with the timing of USDA funds/agreements. This included determining whether projects were a good fit for USDA's Multifamily Preservation and Revitalization loans (MPR) (to the extent that that is available), eligible for prepayment incentives, etc. Many groups who own or are interested in purchasing Section 515 housing are unsure of how to proceed. TA providers helped groups assess projects for viability and, in several cases, actively worked on the Section 515-transfer process.

Some groups reported they were new to USDA multifamily programs, while others are actively pursuing Section 515 preservation projects. The most important common factor among all recipients was a true desire and commitment to keep affordable housing in rural communities. In 2022 and beyond, it will be critical to continue clarifying best practices for engaging with USDA RD to ensure TA recipients can make good on this commitment.

Enterprise reports that its model, a combination of cohort and training, helped it to ensure the level-setting is done at the group level, while the individualized TA helps it conduct deeper dives on active projects. This model helped meet the needs of groups that had not yet identified a project or who were considering whether the acquisition of loans with USDA debt was right for them. We may consider replicating this model in the future.

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

N/A