

Exhibit F:

**Annual Investments Narrative Reporting Template**

FREDDIE MAC

RURAL HOUSING

2021

INVESTMENT

**ACTIVITY:**

2 - Support for High-Needs Rural Populations: Regulatory Activity

**OBJECTIVE:**

E - Engage in LIHTC Equity Investment

**SUMMARY OF RESULTS:**

	<i>Transactions</i>			
<b>Baseline (2018-2019)</b>	0			
<b>2021 Target</b>	2			
<b>2021 Volume</b>	2			
<b>Incomes Targeted</b>	<i>VLI units (0-50% AMI)</i>	<i>LI units (0-80% AMI)</i>	<i>MI units (0-100%AMI)</i>	
<b>Units</b>	95	95	95	

In 2021, we met our target of 2 LIHTC equity investments for high needs rural populations.

Our LIHTC investment business in our third year totaled \$27 million over two investments, representing Washington and California. We did all of this in a year of substantial market disruption due to COVID-19. After decreasing their activity in 2020 due to the pandemic, banks re-entered the market in 2021. Although their renewed involvement helped stabilize the market, we still faced several headwinds in 2021. The most notable challenges stemmed from delays with government debt, high lumber prices, and General Contractors' difficulty finding contractors/labor. Overall, construction prices remained the greatest hurdle.

**SELF-ASSESSMENT RATING OF PROGRESS:**

Select the category that best describes your 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)

Providing housing for high needs rural populations is extremely difficult, and financial incentives through the LIHTC program are limited. Based on our research and outreach, few state QAPs provide initiatives for tribal or farmworker LIHTC development. For tribal housing, the most powerful form of QAP assistance – set-asides – exists in seven states. For farmworker housing, only two states provide some form of QAP investment incentive.<sup>1</sup> While Oregon and California have State Tax Credits to support farmworker/agricultural housing, Freddie Mac does not and cannot invest in state tax credits. To our knowledge, only Florida has a farmworker/fishing set-aside.

Our investments helped provide safe, decent, affordable housing in a very small market. Despite the small market, Freddie Mac was able to support two very high impact transactions meeting vital housing needs and increase competition in this segment of the market. One of these investments supported agricultural workers in Washington state, where harvests became more labor intensive and the need for agricultural workers grew, increasing demand for this specialized housing. The other supported members of the Yurok tribe.

<b>Property</b>	Mattawa II	Yurok Homes #3
<b>Region</b>	Mattawa, WA	Arcata, CA
<b>Units</b>	59	36
<b>Details</b>	Mattawa II was a Freddie Mac investment in Mattawa, Washington where all 59 of the LIHTC were designated for and must be occupied	Freddie Mac’s investment in Yurok Homes #3 supports the new construction of 36 units of multifamily housing located 10 miles

<sup>1</sup> The Texas QAP includes farmworkers in their Special Needs housing for up to 3 points in the scoring rubric; however, farmworkers are listed among many other groups that qualify: a household where one or more residents “have alcohol or drug addictions, is a Colonia resident, a Person with a Disability, has Violence Against Women Act Protections (domestic violence, dating violence, sexual assault, and stalking), HIV/AIDS, homeless, veterans” (56). Florida has farmworker/fishing set-aside.

	<p>by farmworker households. This High Needs Rural, new construction property was our second farmworker investment with Catholic Charities Housing Services. The subject is in Grant County, WA which has a regional economy, based in the agriculture, manufacturing and food processing industries. The City of Mattawa is a smaller community with an economic focus on agriculture. A recent change from row crops to fruit trees and vineyards, which are more labor-intensive, has resulted in more demand for farm laborers causing significant population growth and corresponding demand for affordable housing, recreation, shopping, and services.</p>	<p>from Eureka, California on land owned by the Yurok Indian Housing Authority (YIHA). The development will include 12 two-story structures featuring flats, townhomes and rental homes. The property will target families earning no more than 30% to 50% of AMI. All 36 units will benefit from a tribal subsidy allowing tenants to pay 25% of their income toward rent. Social services will be provided at no cost to tenants. A neighborhood park equipped with a playground is located nearby and the subject site will be connected to the park via a to-be-built pedestrian bridge.</p>
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2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

Since 2018, Freddie Mac has made LIHTC equity investments in two properties supporting agricultural workers and three properties supporting members of a federally recognized Native American Tribe. The first two of the three investments supporting federally recognized Native American Tribes were not located in a DTS rural area. In 2021, we completed the first investment located in a DTS rural area. We learned through our outreach and research that a significant share of LIHTC properties in Indian Areas are not rural, which we describe in our 2018 paper “LIHTC in Indian Areas.”<sup>2</sup> In a market with few LIHTC set asides, the ability to build or rehabilitate tribal housing with LIHTC is limited. Where set asides are not available, projects in these areas tend to be unable to compete with urban and suburban projects that more closely align with state priorities for LIHTC development. This same challenge exists for properties supporting agricultural workers. Both types of housing are often also reliant on other public subsidy. Housing for agricultural workers is sometimes supported by state tax credits in addition to federal credits, as is the case in Washington and Oregon. Housing on tribal lands is often dependent on funding made available through HUD from the Native American Housing Assistance and Self Determination Act (NAHASDA).

Our experience has also reinforced the importance of working with strong and experienced syndicators, developers and development partners. The successful transactions we completed all had these factors in common.

In addition to our direct experience and outreach, we hosted two episodes of the Freddie Mac Multifamily Podcast, titled “Indian Areas with Travois and RBC” and “Farmworker Housing in Central Washington,”

<sup>2</sup> [https://mf.freddiemac.com/docs/LIHTC\\_in\\_Indian\\_Areas.pdf](https://mf.freddiemac.com/docs/LIHTC_in_Indian_Areas.pdf)

published in 2020 and 2021. Featuring LIHTC syndicators and developers/developer partners for both tribal housing and agricultural worker housing, these episodes—which are publicly available on major podcast streaming platforms—showcased both broad markets developments and specific projects, helping bring attention to the needs of the communities served by LIHTC investments.<sup>3</sup>

3. **Optional:** If applicable, why were all components of this objective not completed?

Not applicable.

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<sup>3</sup> [https://mf.freddiemac.com/research/podcast/20220222\\_tribal\\_lands\\_podcast.html](https://mf.freddiemac.com/research/podcast/20220222_tribal_lands_podcast.html) and [https://mf.freddiemac.com/research/podcast/20201215\\_farmworker\\_housing\\_in\\_central\\_washington.html](https://mf.freddiemac.com/research/podcast/20201215_farmworker_housing_in_central_washington.html)