

Exhibit F:
Annual Investments Narrative Reporting Template

FREDDIE MAC
 RURAL HOUSING
 2022
 INVESTMENT

ACTIVITY:

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

OBJECTIVE:

B - Engage in LIHTC Equity Investment

INFEASIBILITY:

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

If applicable, provide a concise summary of the underserved market conditions or other extenuating circumstances outside of the Enterprise’s control that substantially interfered with accomplishment of the objective.

SUMMARY OF RESULTS:

Provide a concise summary of the volume of investments made under this objective and how they compare to the Plan targets. Include the baseline in the summary.

If there are other relevant results under this objective beyond the investments themselves, provide a concise summary of those results here. Include in the summary a list of any non-investment actions or deliverables specified in the objective that were not completed.

<i>Objective’s components detailed in the Plan</i>	<i>Corresponding actions or deliverables</i>	<i>Any deviations from the Plan (if applicable)</i>
2 transactions	Completed 4 transactions	

In 2022, we exceeded our target of two Low-Income Housing Tax Credit (LIHTC) equity investments for high needs rural populations. Our four investments in California, Minnesota, North Dakota, and New Mexico totaled more than \$36.8 million. We exceeded our High-Needs Population (HNP) and High-Needs Regions (HNR) goals, by 2 and 3 investments, respectively. Three transactions counted for both the HNR and HPN goals based on their location—a unique occurrence since our re-entry to LIHTC equity investment in 2018.

Despite our success in meeting our objective, we faced significant headwinds. The post-pandemic market for LIHTC developments is limited by persistent Rural Development (RD) financing delays, supply chain and labor shortages, elevated construction prices, and interest rate fluctuations. To overcome these market issues, Freddie Mac has aggressively pursued eligible transactions. We have been successful in locating and closing these deals each year.

SELF-ASSESSMENT RATING OF PROGRESS:

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

- Target met
- Target exceeded
- Objective partially completed:
- No milestones achieved

IMPACT:

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

- 50 – Very Large 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?

Freddie Mac’s LIHTC equity investments helped provide safe, decent and affordable housing for high-needs rural populations. Despite market challenges and the inherently limited size of this market, we supported four high impact transactions, meeting vital housing needs and yielding increased competition for LIHTCs in areas that are often overlooked. Here are two examples that demonstrate the impact of our investments:

Property	Turtle Mountain Homes #10	Citrus Garden
Region	Belcourt, ND	Orange Cove, CA
LIHTC Units	52	29
Details	Turtle Mountain 10 will involve the new construction of a 52-unit property in Belcourt, North Dakota. All units are restricted to households earning no more than 30% to 60% of Area Median Income (AMI) and 100% of the units will benefit from a tribal subsidy. This partnership with the Turtle Mountain Band of Chippewa Indians will include 11 units set aside for homeless households and 11 units set aside for special needs households.	Citrus Garden will involve the rehabilitation of a 30-unit property in Orange Cove, California. The property will exclusively serve agricultural employee tenants. The Joe Serna, Jr. Farm Working Housing Grant Program provides a soft loan to the property. Orange Cove sits in the San Joaquin Valley which is responsible for 12.8% of California’s agricultural production.

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

Freddie Mac has learned that housing development for high needs rural populations is challenging due to the limited support available for this work in state Qualified Allocation Plans (QAPs). Where set asides are not available, projects in high needs rural populations face stiff competition for tax credits from urban and suburban projects that more closely align with state priorities for LIHTC development.

Based on our research and outreach, tribal housing set asides are available in just seven states. Two states provide some form of QAP investment incentive for tribal housing.

A separate limitation we discovered in meeting our objective is that a significant share of LIHTC properties for high needs rural populations are not considered rural. This issue is detailed in our 2018 paper “LIHTC in Indian Areas”^[1]. We have found a similar challenge exists for properties supporting agricultural workers.

We have also learned that tribal and agricultural housing often relies on state tax credits in addition to federal credits, as is the case in Washington, Oregon and California. Freddie Mac is precluded from investment in state tax credits. Separately, housing on tribal lands is often dependent on funding made available through HUD from the Native American Housing Assistance and Self Determination Act (NAHASDA).

The complicated nature of LIHTC equity investments that support high needs rural populations makes these transactions heavily dependent on having a seasoned development team in place. For example, we completed four investments with Travois, Inc. (Travois), which focuses exclusively on promoting housing and economic development for American Indian, Alaska Native and Native Hawaiian communities. Travois leveraged its expertise to ensure each of our transactions closed in a timely manner, demonstrating the value of our investments and replicability of our process when supported by strong partners.

^[1] https://mf.freddiemac.com/docs/LIHTC_in_Indian_Areas.pdf

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

Not applicable.