Manufactured Housing
2024

Regulatory Activity: A. Support manufactured homes titled as real property (MHRP) (12 C.F.R. § 1282.33 (c) (1))

Objective #7: Support the use of manufactured housing in shared equity programs

Technical Edit:

We are proposing a technical edit which revises the phrase "research report" to "appraiser resource" to better reflect the breadth of appraisal data available to Fannie Mae.

Justification:

In the existing implementation steps, Fannie Mae commits to analyze property appraisals of manufactured homes in a community land trust and develop a "research report" based on those findings.

As Fannie Mae has only purchased five MH loans in a community land trust, a research report would be inconclusive based upon a small sample size of appraisals. As such, we are proposing a technical edit which changes the phrase "research report" to "appraiser resource."

With the required appraisal analysis complete as of Q2, we are planning to develop and release an appraiser resource which will offer best practices for appraising MH loans subject to a CLT leasehold and should prove valuable as additional CLTs begin to turn to manufactured housing as a viable option for their homeownership portfolios.

Activities and Objectives

A. Regulatory Activity: Support manufactured homes titled as real property (MHRP) (12 C.F.R. § 1282.33 (c) (1)).

In the Manufactured Housing market, most buyers rely on chattel, or personal property, loans to finance their homes.[1] Buyers leverage these loans when they do not own, or otherwise cannot mortgage, the land on which the manufactured home is located.[2] Personal property loans provide fewer origination and servicing consumer protections than do traditional mortgages and typically charge higher interest rates over shorter terms. Due to the dominance of personal property loans in the Manufactured Housing market, some homebuyers face difficulties obtaining real property manufactured home loans. Fannie Mae has sought to address these difficulties in recent years by clarifying its manufactured housing loan products to lenders in a position to serve the market, by making loan product changes in response to industry feedback, and, ultimately, by increasing the number of loans it finances that are secured by manufactured housing.

7. Objective: Support the use of manufactured housing in shared equity programs.

While not a new concept, shared equity homeownership models are being discussed and leveraged in communities across the country as a viable tactic for preserving affordable housing stock, particularly in those communities dealing with displacement of low-income residents or communities responding to natural disasters. Such communities often have the need to deliver quality housing stock on a short timeframe while keeping construction and labor costs as low as possible. Given the inherent efficiencies in the manufactured housing production model, combining manufactured housing with shared equity homeownership models such as community land trusts and affordability-based deed restriction programs present the opportunity to quickly deliver affordable housing stock to communities across the country and preserve the affordability of those units over time. Additionally, many of the nonprofit or government entities tasked with providing stewardship of the homes in a shared equity program's portfolio may already be familiar with manufactured housing but lack awareness about the availability of conventional financing for these homes. As market stakeholders continue to seek ways to efficiently subsidize single-family housing stock in markets across the country, Fannie Mae proposes to conduct outreach and product development efforts aimed at promoting and simplifying the use of manufactured housing under shared equity arrangements.

Year	Target and Implementation Steps	Evaluation Area
2024	Fannie Mae will promote the use of manufactured housing to shared equity program practitioners across the country by undertaking the following tactics: • Based on 2022 loan purchase activity, analyze property appraisals and develop an ~~research report~~appraiser resource ~~on~~ for best practices for appraising MH subject to a CLT leasehold. • Assess opportunity to increase lender and shared equity program administrator capacity, such as by building out internal approval processes for projects incorporating MH subject to community land trust affordability restrictions. • Develop marketing approach tailored for shared equity program practitioners highlighting cost-effectiveness of MH and socialize with all shared equity providers currently engaged through Fannie Mae's shared equity program certification system.	Loan Product

[1] Laurie Goodman and Bhargavi Ganesh, "Challenges to Obtaining Manufactured Home Financing," Urban Institute, June 2018, urban.org/sites/default/files/publication/98687/challenges_to_obtaining_manufactured_home_financing_0.pdf (accessed April 24, 2020).

[2] "Manufactured Homes Provide Housing for Working People," Manufactured Housing Institute, manufacturedhousing.org/affordablehousing (accessed April 24, 2020).

Year	Target and Implementation Steps	Evaluation Area
	• Assess opportunities to expand existing CLT and MH variance to additional lenders and/or community land trusts based on industry engagement. • Based upon learnings from engagements described above, produce one programmatic change broadening eligibility for manufactured homes subject to shared equity program restrictions by end of year.	

Fannie Mae

Manufactured Housing
2024

Regulatory Activity: Manufactured housing communities (MHCs) with certain pad lease protections (12 C.F.R. § 1282.33 (c) (4)).

Objective #1: Increase the number of loan purchases of MHCs with tenant site lease protections.

Proposed Modification:

For 2024, reset the target to between $800,000,000 and $1,000,000,000 in financing of MHC properties with tenant site lease protections in accordance with a reduction in overall Multifamily lending volume in 2024.

Justification:

While Fannie Mae has had significant impact in the marketplace by achieving its target for two consecutive years and financing $4.8 billion in MHC loans providing over 100,000 pads with pad lease protections, the heightened interest rate environment has curtailed overall transaction volume relative to the highs observed in prior years.

Pricing strategies have been updated to attract and win MH business, but these adjustments are unlikely to meet the existing baseline or target while maintaining prudent credit standards and asset diversification within the overall Multifamily portfolio.

In addition to asset quality constraints, heightened interest rates have increased the cost of new debt funding for even well-situated borrowers and high-quality assets. Lenders have shared that higher interest rates are straining deal economics thereby reducing investor appetite in the MHC asset class. We have observed this trend within the financial disclosures made by publicly traded MHC investment companies through the first and second quarters of 2024. At least three of the top ten companies, as measured by total pad sites under management, indicated in their Q1 and Q2 SEC filings that neither had acquired any communities in 2024. Instead, these companies have opted to wait for interest rate dynamics to improve before pursuing additional community acquisitions and using the cash proceeds of community sales to pay down existing corporate lines of credit instead of acquiring additional MHCs.

C. Regulatory Activity: Manufactured housing communities (MHCs) with certain pad lease protections (12 C.F.R. § 1282.33 (c) (4)).

Residents of MHCs can either own or rent their homes, but they do not own the land on which their homes sit. The property where the manufactured home stands, known as the pad or site, is rented by the owner from the MHC. Tenant site lease protections preserve the affordability and stability of MHCs across the country and are an important means to safeguard tenants from predatory practices. Some states have laws that provide mandatory site lease protections for tenants, but some do not.

Fannie Mae worked with consumer advocates, industry leaders, and lenders to design and launch the first program to encourage manufactured housing community borrowers to voluntarily provide additional consumer protections for the residents of their communities. In 2019, Fannie Mae launched a product enhancement to incentivize MHC borrowers to voluntarily implement FHFA's regulatory criteria for tenant site lease protections (TSLPs). The program has proven to be successful — the industry has been engaged, and we have met our unit targets for the previous two years. Fannie Mae recognizes the importance of protecting MHC residents, and our goal is to standardize tenant site lease protections across the manufactured housing industry.

1. Objective: Increase the number of loan purchases of MHCs with tenant site lease protections.

Over the course of the first three-year Duty to Serve Plan, Fannie Mae conducted outreach and market research to develop a product enhancement, which launched in early 2019. In this next Plan cycle, Fannie Mae is committed to increasing the number of properties we finance that provide these additional consumer protections to their residents and further signaled this commitment by mandating tenant site lease protections on 100% of the tenant sites for each MHC loan purchased by Fannie Mae beginning in 2022.

While we remain committed to ensuring that our TSLP program supports and serves the needs of residents in the manufactured home communities we finance, we are cognizant of the fact that our 100% mandate may cause certain market participants to pursue other financing options, which have fewer consumer protections. Additionally, most of this business to date has come in through our Credit Facility channel, a channel which requires greater internal capacity and resources to manage. As we progress with the implementation of this Objective, we will monitor the execution mix to determine whether it aligns with our more standard flow business.

Baseline: As 2021 was the first year in which we saw relevant levels of adoption of the tenant site lease protection program, we initially sought to establish a baseline based on 2021 attainment. Our modified baseline is reflective of market headwinds experienced in 2022 and initial market adoption of our mandatory TSLP product. To illustrate this, we adopt a baseline based on the average monthly Mission-adjusted UPB of MHC loans purchased between March to August 2022 — a time frame representative of the first six months of loan deliveries under the mandatory TSLP requirement. When taking the monthly average of these six months and projecting it across the year, we arrive at a modified baseline of $1,800,000,000 in Mission-adjusted UPB.[1]

[1] Note that Fannie Mae erroneously listed its modified loan purchase targets in the redlined version of this Objective in its 2022 Proposed Modifications and Justification document published with the Request for Input on FHFA's website as follows:
2022 Target: $1.95 billion
2023 Target: $2.05 billion
2024 Target: $2.115 billion

Year	Target and Implementation Steps	Evaluation Area
2022	Increase the purchase of MHC loans that include tenant site lease protections meeting the FHFA Mission criteria to $1,900,000,000 delivery UPB, reflecting an approximate 5% increase from the baseline.	Loan Purchase
2023	Increase the purchase of MHC loans that include tenant site lease protections meeting the FHFA Mission criteria to $2,000,000,000 delivery UPB, reflecting an approximate 10% increase from the baseline.	Loan Purchase
2024	~~Increase the purchase of~~Purchase MHC loans that include tenant site lease protections meeting the FHFA Mission criteria ~~to $2,100,000,000~~financing between $800,000,000 and $1,000,000,000 delivery UPB, reflecting ~~an approximate 15% increase from the baseline.~~ meaningful financing of MHCs amidst significant market contraction.	Loan Purchase

Manufactured Housing
2024

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

Objective #1: Increase the purchase of MHC loans benefiting from Manufactured Housing Rental flexibilities.

Proposed Modification:

Revise the Duty to Serve eligibility criteria for loans counted towards this Objective to include MHCs with a percentage of park-owned homes between 25% and 35%. This request coincides with heightened credit risk and operational constraints observed amongst MHC deals with a park-owned home concentration of 35% or greater, upon which our prior targets and attainment have been based. Our proposed modification indicates Fannie Mae's willingness to continue providing flexibility to well-situated borrowers regarding the percentage of park-owned homes in eligible communities, while ensuring that providing this flexibility does not drive undue credit risk for the company.

Justification:

Fannie Mae has extended rental flexibilities within the MH market through each year of the current Duty to Serve plan. Market trends in 2023 and 2024 have revealed credit and operational risk in the portfolio of loans benefitting from Manufactured Housing Rental flexibilities. As a result, credit guidance in 2024 focuses on MHC deal submissions that fit within published Multifamily Guide requirements for park-owned homes. The Multifamily Guide identifies 25% park ownership as the threshold at which credit teams require the Borrower’s business plan to demonstrate a strategy to convert manufactured homes to tenant ownership, and more accurately represents reasonable flexibility in the current market environment.

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

Objective: Increase the purchase of MHC loans benefiting from Manufactured Housing Rental flexibilities.

Traditionally, Fannie Mae's investment in manufactured housing communities (MHC) has been limited to financing manufactured housing pads. However, as MHCs in many rural markets are aging and may be dealing with reduced occupancy and associated cashflow constraints, certain community owners and operators would benefit from more flexible financing options to add new affordable housing units to their communities and attract new tenants. Additionally, certain borrowers may operate MHCs with a high percentage of homes owned by the manufactured home community operator, which would historically render them ineligible for Fannie Mae financing.

Manufactured Housing Rental (MHR) broadens our MHC underwriting standards to account for diverse market trends by selectively allowing for a higher percentage of park-owned homes (POH) and underwriting the additional income generated from rental manufactured housing units. These enhancements within our MHC execution will afford community owners and operators attractive financing options or even potentially additional loan proceeds to purchase new manufactured housing rental units or otherwise improve the infrastructure and amenities in their communities. Extending this financing for new rental units and other improvements has the dual benefit of increasing the health of the loan collateral while adding new, high-quality housing supply to undersupplied communities.

Note that loans purchased under this objective will necessarily be included under the tenant site lease protection goal as well, due to the revision of the tenant site lease protection guidance from FHFA, which extends those protections to renter-occupied homes in addition to owner-occupied homes.

Baseline: After almost a full year of building out internal procedures and capacity, Fannie Mae began its foray into expanded underwriting for MHR transactions in 2020 by completing three MHR deals totaling $8.8M, 676 pads, and 251 new rental units.

In its first full year of implementation, Fannie Mae closed four MHR transactions in 2021, financing $207M UPB, 7,670 pads, and 1,708 new rental units, meeting the Mission Driven business definition for MHCs, which serves as our baseline. When this Objective was first introduced into our 2022-2024 DTS Plan, Fannie Mae identified eligible properties as those with a percentage of POH at 35% or greater. In connection with a 2024 Plan modification and in response to heightened credit risk and operational constraints observed amongst this loan cohort, we revised the target to count only properties with a percentage of POH between 25% to 35%. These transactions have been highly specialized and involved a select few counterparties who were interested in leveraging these additional flexibilities to finance new rental units. Therefore, Fannie Mae believes more industry outreach is needed in the first year of the Plan to understand the overall market opportunity and appropriately scale our offering for this emerging market segment.

Year	Target and Implementation Steps	Evaluation Area
2022	Purchase MHR loans on MHC properties to finance an estimated 1,900 new rental units, representing an approximate 10% increase over the baseline. • Develop and execute a plan to solicit feedback on MHR financing from manufactured housing lenders and community operators.	Loan Purchase
2023	Purchase MHR loans on MHC properties to finance an estimated 2,100 new rental units, representing an approximate 23% increase over the baseline.	Loan Purchase

2024	Purchase MHR loans on MHC properties to finance an estimated 2,300 new rental units, representing an approximate 35% increase over the baseline.	Loan Purchase

Affordable Housing Preservation
2024

Regulatory Activity: G. Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3)).

Objective #1: Reduce homeowner utility costs through loan product enhancements that allow homeowners to finance or refinance energy and water improvements.

Technical Edit:

We are proposing several changes to the implementation steps of this Objective. We are adding two new implementation steps, making an edit to an existing implementation step, and removing an implementation step that was achieved earlier in the Plan cycle.

New Implementation Steps:

- Design and launch a marketing campaign to promote a suite of resources created to make it easier for lenders to originate, sell, and service HomeStyle loans.
- Complete the Energy Savings Program Finder testing with housing counselors in the pilot states and expand the tool nationally.

Technical Edit:

Current implementation step language: Implement one policy change or variance that streamlines energy and/or water improvement financing.

Proposed implementation step language: Identify one policy change or variance offering that streamlines energy and/or water improvement financing and, if feasible, implement in 2024.

Remove:

In 2022, we fulfilled this 2024 implementation step: Include DTS-eligible loans in at least one green, social, or sustainable bond offering. We are proposing that implementation step be removed from the 2024 Plan since it has already been reported on in 2022.

Justification:

We are adding new implementation steps which reflect significant bodies of work that support loan products directly or provide tools to borrowers to help them make energy- or water-saving improvements. Additionally, we are recommending changes to the Plan language that reflect the feasibility challenges of product development and policy changes. Furthermore, we want to update the Plan to indicate what area we will report impact on. Since we already achieved implementation step involving the green bond, we are recommending removing that step.

A. Regulatory Activity: Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3)).

Families across the nation spend more than $230 billion each year on energy to heat, cool, light, and live in their homes. As a result, residential energy consumption accounts for more than 20% of the nation's total energy consumption.[1] Addressing energy and water efficiency is particularly important for low- and moderate-income homeowners, as utility bills constitute a large portion of these families' monthly expenses.

1. Objective: Reduce homeowner utility costs through loan product enhancements that allow homeowners to finance or refinance energy and water improvements.

Understanding of energy- and water-efficient products and their financial impact is limited for both homeowners and homebuyers. Utility companies and state and local energy offices lead programs to address energy and water usage in homes to increase conservation and reduce monthly costs. Retailers also develop energy-efficient and affordable products to help homeowners increase monthly cost savings. Despite these offerings, there remains a significant opportunity to increase program participation and product awareness for homebuyers and homeowners. Fannie Mae is well-positioned to bridge the divide between buyers and energy efficiency programs and products.
By connecting low- and moderate-income buyers and owners to existing energy and water conservation programs, Fannie Mae can promote a reduction in energy costs and lower monthly expenses for families.

Additionally, there are communities across the country where preserving existing housing stock is not a prudent strategy or a viable option. Rural areas, especially areas of persistent poverty or ones affected by natural disasters and severe storms that have increased in frequency and intensity as of a result of climate change, have affordable housing stock that cannot be repaired or improved; it must be replaced. Without replacement, affordable housing will be lost in these areas. Fannie Mae will work with housing partners and community members to replace this housing stock with highly energy-efficient, resilient, and affordable homes. Fannie Mae will work to ensure financing is available to these borrowers; however, we cannot guarantee that these loans will be delivered to Fannie Mae.

Based on stakeholder feedback, we have added details to the proposed implementation steps of this objective while also adding a test-and-learn for high energy burden areas. Our approach in this objective is two-fold: create better financing products, programs, and new tools to help reduce the utility costs of low- and moderate-income homebuyers and homeowners while also providing the needed support and guidance to preserve affordable housing in very low-income communities.

Year	Target and Implementation Steps	Evaluation Area
2022	Develop or launch a product enhancement and work with industry partners to decrease homeowner energy and water costs while increasing Duty to Serve AHP Energy loan purchases. • Based on feedback from lender and non-lender stakeholders, develop and/or enhance loan product(s) for homeowners that reduce energy and water costs and address health hazards. • Engage at least 10 lenders to promote loan products for financing energy and water improvements.	Loan Product

[1] *Energy Efficiency in Affordable Housing* (Washington, D.C.: U.S. Environmental Protection Agency, 2018), p. 1.

Year	Target and Implementation Steps	Evaluation Area
	• Evaluate use cases of the 2021 energy cost estimator project where we modeled the energy consumption and utility bills of approximately 990,000 homes in Fannie Mae's portfolio. • Identify five underserved high energy burden markets to test new approaches to reach high energy burdened populations that are currently not well-served with access to energy-efficient, safe, and healthy green housing. • Based on stakeholder feedback, work with energy industry partners to develop a database of cost-effective home improvement recommendations and local, state, and utility incentives for low- and moderate-income households. • Conduct marketing activities that promote the benefits of energy efficiency improvements to lenders and key industry stakeholders. Educate lenders on upcoming product enhancements. • Work with a design-build nonprofit and industry partners, develop and implement plan that will build a pipeline of 20 high efficiency, resilient, and affordable homes in rural areas, to be funded and permitted in 2023. The rural areas of focus will be areas where preservation options are limited due to housing conditions.	
2023	Launch programs and create product enhancements to increase DTS Energy loan purchases. • Evaluate the effectiveness of new products and/or product enhancement(s) launched in 2022 and share results. • Engage 10 new lenders to promote products for energy and water improvements. • Launch a pilot or initiative in at least two high-energy burden markets to offer the benefits of green mortgages and/or existing income-eligible energy-saving programs. • Create and launch a web-based consumer tool for LMI and other households that will provide information on local, state, and utility energy incentives, and location-based types of cost-effective home improvements. • Continue marketing initiatives to promote awareness of a recent loan product enhancement, a new consumer tool, and consumer education on energy and water efficiency improvements. • Participate in at least two key industry events to promote web-based consumer tool, new product(s), and/or product enhancements. • Continue to work with nonprofit and industry partners to build a pipeline of an additional 25 high-efficiency homes for low-income buyers in rural areas where preservation is limited due to housing conditions, to be funded and permitted in 2024.	Loan Product
2024	Leverage lessons learned from test-and-learn(s) and/or product enhancements to increase DTS Energy loan purchases. ~~• Include DTS-eligible loans in at least one green, social, or sustainable bond offering.~~ • If high energy budget pilot is successful, expand pilot to additional geographies or migrate to a standard offering. • ~~Implement~~ Identify one policy change or variance offering that streamlines energy and/or water improvement financing and, if feasible, implement in 2024. • Engage 10 lenders to inform them of new product(s) and/or enhancement(s). • Evaluate 2022 and 2023 progress toward implementing the pipeline of high-efficiency homes for low-income buyers in rural areas to determine next steps for the initiative. • Design and launch a marketing campaign to promote a suite of resources created to make it easier for lenders to originate, sell, and service HomeStyle loans.	Loan Product

Year	Target and Implementation Steps	Evaluation Area
	• Complete the Energy Savings Program Finder testing with housing counselors in the pilot states and expand the tool nationally.	

Baseline: Throughout 2018 – 2021, Fannie Mae engaged utility companies and manufacturers of energy-efficient products to promote energy efficiency programs and home improvements. Utility companies in Massachusetts, Minnesota, and New Jersey have collaborated with Fannie Mae on incentive programs for borrowers. We plan to continue these efforts and expand to additional markets and utilities through 2021. In addition, we formed partnerships to increase the adoption of smart thermostat products among low- and moderate-income families. Fannie Mae plans to explore partnerships with retailers to provide low- and moderate-income families access to products and enhance energy and water consumption in their homes while reducing the upfront cost of these improvements.

Affordable Housing Preservation
2024

Additional Activity: Residential Economic Diversity (RED) Activity (12 C.F.R. §§ 1282.32 (d)(3) and 1282.36(c)(3)).

Objective #2: Introduce a pilot product to accept Housing Choice Vouchers (HCVs) in markets without source of income (SOI) protections.

Proposed Technical Edit:

Technical edit to target "Conduct research activities to assess results of security deposit pilot." and associated implementation steps to clarify that the work is being completed under a three-year research study that was launched in 2023 that is not considered a pilot. The goal of the research study remains the same which is to analyze the impact to renters and property operations when a security deposit is not collected by the property owner.

Justification:

Fannie Mae's work to explore security deposit alternatives has taken the form of a research study that is not considered a pilot and therefore a technical edit is requested. While this is considered research, the scope of work includes testing the impact of removing the requirement of a security deposit. This is a critical step to address the cost burden created by security deposit requirements for individuals and families that are voucher-holders, because security deposits are not covered by the voucher and can be prohibitively high, the equivalent of one month's rent at market rates or more in some cases. Encompassing approximately 100 multifamily affordable properties totaling approximately 15,000 rental units, the study is designed to identify incremental impact to renters and the property's operating costs if security deposits are returned to renters who opt in and if no requirement of producing a security deposit is imposed on future renters. The study is conducted by New York University's Furman Center and will examine the effects of this construct on both renter behavior and property performance, providing critical insight into the viability of alternatives to traditional requirements.

J. Additional Activity: Residential Economic Diversity (RED) Activity (12 C.F.R. §§ 1282.32 (d)(3) and 1282.36(c)(3)).

Fannie Mae will conduct activities within the Affordable Housing Preservation market that contribute to the residential economic diversity of communities. Economic diversity in the form of housing choice vouchers (HCVs) enable people with low incomes to afford modest rents in the private market. Additionally, increasing the acceptance of HCVs has positive effects on the overall supply of affordable housing units in a given market.

1. Objective: Introduce a pilot product to accept Housing Choice Vouchers (HCVs) in markets without source of income (SOI) protections.

The Housing Choice Voucher Program, run by the U.S. Department of Housing and Urban Development (HUD), helps provide housing for very low-income families, seniors, historically underserved populations, and people with disabilities. Renters use a voucher to cover a set portion of their rent and pay the remaining amount out of pocket, which is usually around 30% of their income. Federal housing vouchers are a protected source of income (SOI) in 13 states and 90 localities, meaning renters cannot be rejected because they are using vouchers as a form of payment. Even so, enforcement is not robust, and landlords continue to deny voucher holders across the country.

To address this need for greater acceptance of vouchers, Fannie Mae has created a pricing incentive pilot that will encourage the adoption of HCVs in financed properties. To be eligible for this pricing incentive, a property must 1) be located in Texas or North Carolina, 2) the mortgage loan must not already require the acceptance of HCVs as a financing condition (e.g., LIHTC), 3) borrowers must accept HCVs as a source of income for the life of the loan, and 4) at least 20% of unit rents, with a representative unit mix, are within HUD Fair Market or Small Area Fair Market Rent at acquisition.

Fannie Mae considers landlord acceptance of HCVs a first step toward expanding housing access for voucher holders. The second step is supporting voucher holders who are required to pay security deposits, which are not covered by the voucher and can be one month’s rent at market rates or more in some jurisdictions. This can be a prohibitive cost and sizable financial outlay for voucher-holding individuals and families. To that end, Fannie Mae will conceptualize, develop, and launch a ~~pilot~~ research study designed to test alternatives that could ease the security deposit burden for voucher holders.

Widespread adoption of our pricing incentive among multifamily property owners and exploration of security deposit alternatives will expand housing access for families and individuals with vouchers, easing their ability to find an affordable place to live. In addition to promoting economic diversity, greater voucher acceptance and security deposit relief could help make the rental housing market more inclusive and equitable.

Baseline: There is no baseline, as this activity is in the pilot stage.

Year	Target and Implementation Steps	Evaluation Area
2022	Conduct outreach and implementation activities in pilot year to assess market adoption. • Provide a standard quote option for all HCV eligible loans quoted in the cities of Dallas, Austin, and Charlotte regardless of whether borrower asks for an HCV quote option. Limiting the jurisdictions in the first year will provide the opportunity to manage volume in order to assess the risk and return impacts. • Establish partnership with Public Housing Authorities (PHAs) and other housing advocates to create a proactive working relationship and position the product for launch. • Conduct at least three (3) lender and borrower trainings to introduce product enhancement and offer forum for questions. • Conduct five (5) lender and borrower meetings to develop a formal assessment of launch activities and develop best practices. Conduct Research activities to collect information and insights into security deposit landscape and alternatives. • Construct a research plan to evaluate options available to reduce upfront security deposit costs for HCV renters and the effectiveness of those options. Fannie Mae does not yet have insight into the depth or breadth of security deposit alternatives that serve the very low-income renters who have HCVs. • Evaluate conventional housing security deposit alternatives to identify obstacles specific to HCV renters, including cost, reach, and consumer safety. • Research market to gather data on best practices that defray the upfront security deposit costs specifically for HCV renters.	Outreach
2023	Conduct outreach and implementation activities to assess pilot expansion into new markets and determine impact towards residential economic diversity. • Assess the impact of standard HCV quote option on adoption and ability to manage to our risk and return metrics. Expand HCV quote to entire states of TX and NC as assessment confirms. • Continue product trainings and marketing communications for lenders and borrowers, updating content as needed. • Conduct five (5) lender and borrower meetings to determine progress toward goals, using information gathered to inform potential product into more markets. • Launch Fair Housing Testing to monitor borrower compliance. Conduct research and pilot launch activities to reduce upfront security deposit costs for HCV renters. • If feasible and pending results from research conducted in 2022, construct and launch a pilot to evaluate options available to reduce upfront security deposit costs for HCV renters and the effectiveness of those options. Develop a research plan with 1 – 2 vendors and 3 – 5 multifamily landlords who accept HCVs targeting a sample group of properties to participate. • Build our ability to track rates of renter and landlord usage of security deposit alternatives and magnitude of renter savings afforded by use of the alternatives, relative to traditional security deposits.	Outreach
2024	Continue outreach activities to increase loan purchases. • Roll out standard HCV quote option to pilot expansion areas, if feasible. • Continue product trainings and marketing communications for lenders and borrowers, updating content as needed. Conduct research activities to assess first-year results of security deposit ~~pilot~~study. • If feasible~~ and pending launch in 2023~~, assess first-year results of security deposit ~~pilot~~study. ◦ ~~Based on quantitative and qualitative findings, we will assess the viability of scaling the program and if viable, design an offering.~~	Outreach

Fannie Mae

Rural Housing Market
2024

Regulatory Activity: A. Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

Objective #2: Acquire single-family purchase money mortgage (PMM) loans in high-needs rural regions.

Proposed Modification:

Modify target from "Purchase 8,700 single-family mortgage loans in high-needs rural regions, which represents approximately a 33% increase over the baseline." to "Purchase 6,100 single-family mortgage loans in high-needs rural regions."

Justification:

Sustained macroeconomic challenges have reduced the opportunities to finance PMM loans, as compared to the time period when these targets were initially set. As highlighted in the March 2024 working paper by FHFA, home sales activity has been impacted by high interest rates, historically high home prices and the associated "lock-in" effect for existing homeowners. FHFA notably concluded that a one percentage point increase in market interest rates decreases the likelihood of a home being sold by 18%. With 2024 interest rates hovering 300 basis points above the low interest rates experienced in 2020 and 2021, this estimate suggests that the resale market has been constrained by over 50% in recent years.

The revised target is based on an in-depth analysis of year-to-date loan purchases and statistically modeled forecasts of loan purchase opportunities remaining in 2024 given expected housing market conditions. The proposed modification is about 6% less than the total number of loans purchased under this objective in 2023. For context, when comparing Fannie Mae's overall Single-Family loan purchases made during the first six months of 2023 versus those made during the first six months of 2024, PMM loan purchases are about 7% lower in 2023. In other words, based only on broader single-family mortgage market trends since 2023, one would expect that the target would need to be revised to about the level of this proposal.

According to qualitative research done with lenders in 2023, drivers necessitating this modified target include housing supply issues, low inventory of affordable homes, and interest rates, all of which limit opportunities for first-time homebuyers. Lenders also note that competition is strong, including pay ups by aggregator investors for servicing released loans. They also note demand from some borrowers with credit profiles that do not meet Fannie Mae's underwriting standards and are better suited for government programs.

A. Regulatory Activity: Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

In the Final Duty to Serve Rule, FHFA identified four specific high-needs rural regions that experience severe economic challenges and affordable housing obstacles: Middle Appalachia, the Lower Mississippi Delta, colonias, and rural tracts in persistent poverty counties.

Households in high-needs rural regions have lower incomes than those of their urban counterparts. According to the ACS 2015 – 2019 five-year data, the median renter household income in high-needs rural regions is $24,878, approximately $16,000 lower than the national median renter income; homeowner income in high-needs rural regions is $48,555, approximately $31,000 lower than the national median homeowner income.[1] In addition, more rural households live below the poverty line than in the U.S. as a whole.[2] Lower incomes lead to higher cost burdens for renters: In the rural areas of Middle Appalachia, for example, almost 49% of renter households are cost-burdened, compared to 29% of owner households.[3]

Commercial lenders are less likely to provide meaningful debt capital to properties in high-needs rural regions due to the smaller project sizes, lower renter incomes, less density, and valuation challenges because of the lack of comparable properties. Significant subsidy or rental assistance is required for multifamily deals to be viable. These challenges limit the affordable housing supply for renters. As a result, multifamily properties in the high-needs regions are typically older and in greater need of maintenance and renovation. These properties, many built through the USDA Direct Rural Loan Program — Rural Development (RD) Section 515 — are in dire need of preservation resources to ensure affordability for tenants.

1. Objective: Acquire single-family purchase money mortgage (PMM) loans in high-needs rural regions.

Borrowers in high-needs rural regions experience challenges in securing financing for home purchases. The number of lenders serving high-needs rural regions has declined significantly in recent decades. As described above, lenders that do operate in high-needs rural regions often retain the loans they originate in their portfolio instead of selling them into the secondary market, thereby limiting liquidity and availability of mortgage financing. There is an opportunity to increase liquidity by increasing loan purchases in high-needs rural regions.

FOCUSING ON PURCHASE MONEY MORTGAGE (PMM) PURCHASES

Unlike in the prior Plan cycle, we have excluded refinance loans from our loan purchase targets, focusing exclusively on PMM loans. Fannie Mae will continue to support refinance loans for LMI borrowers in this market. However, these loans will not be included in our three-year Plan because of the inherent volatility of the refinance business in a shifting interest rate environment, which may place more weight on market forces beyond our control.

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[1] Computations from the ACS 2015 – 2019 five-year estimates at the census tract level.

[2] 26% poverty rate in high-needs rural regions compared to 13% in the U.S. overall; computations from the ACS 2015 – 2019 five-year estimates at the census tract level.

[3] Tatyana Zahalak, "Multifamily Challenges and Opportunities in Middle Appalachia," Fannie Mae, October 2018, www.fanniemae.com/media/23401/display.

IDENTIFYING A GROWTH TARGET

We believe that continued growth over the next three years is reasonable, even amid shifting market conditions. As with the baseline, we considered the circumstances within each market to select appropriate growth targets. In high-needs rural regions, recent average annual growth has been 19%, and each year of the first Duty to Serve Plan resulted in higher loan purchases than the year prior. Moving into this plan cycle, macroeconomic trends such as increasing housing prices and interest rates suggest that sustained growth in these markets may prove difficult to achieve. However, we recognize that Duty to Serve consumers are likely to be impacted greatly by these broader economic challenges. As a result, we have made what we believe to be a meaningful commitment to this market in the form of an enhanced loan purchase target in Year One, which is 23% higher than the baseline. While we do not have the data to feel confident in making annual increases of this size to later years in the Plan, we will commit to working with FHFA to responsibly adjust our targets should market conditions change.

Baseline: The 6,526-loan baseline represents the four-year average of the number of loans purchased by Fannie Mae from 2017 – 2020. Fannie Mae has set the below targets for 2022 – 2024. Similar to our approach when setting a baseline in the prior iteration of the Duty to Serve Plan, we reference actual loan purchases from a recent period.

Single-Family High-Needs Rural Regions Loan Purchases	2017	2018	2019	2020
Loans	5,039	5,942	6,619	8,505

Year	Target and Implementation Steps	Evaluation Area
2022	Purchase 8,000 single-family mortgage loans in high-needs rural regions, which represents approximately a 23% increase over the baseline.	Loan Purchase
2023	Purchase 5,400 single-family mortgage loans in high-needs rural regions.	Loan Purchase
2024	Purchase ~~8,700~~6,100 single-family mortgage loans in high-needs rural regions~~,~~ ~~which represents approximately a 33% increase over the baseline.~~.	Loan Purchase

Rural Housing Market
2024

Regulatory Activity: A. Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

Objective #4: Conduct outreach in high-needs rural regions to improve knowledge of local market conditions.

Proposed Modification:

Modify the second target under this objective and all related implementation steps. Specifically, remove language that states:

“Pilot a new product, an update to an existing product, or a variance with potential to promote increased liquidity to high-needs rural regions.

- Launch a test and learn product variance.
- Execute variance while managing risks.
- Prepare a plan to assess the results of the variance, including criteria for expanding availability in future years.”

Replace with an updated target and implementation steps that state:

“Engage with experts in the heirs’ property market to inform a loan product strategy.

- Establish a project plan and associated timeline to launch a pilot, a variance, or an enhancement to an existing product in 2025, if feasible.
- Meet regularly with practitioners to identify interventions that are currently being utilized to resolve heirs’ property issues.
- Determine which mortgage product features would be beneficial to heirs’ property homeowners and whether those features could be incorporated into a Fannie Mae loan product.”

Justification:

The intent for this target, when drafted, was for extensive research on heirs’ property conducted in 2022 and 2023 to inform new product development in 2024.

While that intention has been met, it is likely to result in an heirs’ property product or variance in 2025, rather than in 2024. 2024 loan product efforts have been extensive and include:

- Convening a large group of heirs’ property researchers, practitioners, and lenders to discuss a host of potential product features including, among other things, Servicing Guide clarifications and homebuyer education curricula that could prepare more heirs’ property owners to successfully attain and maintain a mortgage.

- Subsequent to the convening, holding regular meetings with heirs' property practitioners to gather input on potentially valuable product features; this has led to a focus on ensuring funds are available for necessary home repairs and clearing title.
- Contractual partnership to support an organization in resolving heirs' property cases to observe current best practices.

This modification request captures the meaningful loan product development efforts conducted in 2024, replacing the target and implementation steps established three years ago.

A. Regulatory Activity: Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

In the Final Duty to Serve Rule, FHFA identified four specific high-needs rural regions that experience severe economic challenges and affordable housing obstacles: Middle Appalachia, the Lower Mississippi Delta, colonias, and rural tracts in persistent poverty counties.

Households in high-needs rural regions have lower incomes than those of their urban counterparts. According to the ACS 2015 – 2019 five-year data, the median renter household income in high-needs rural regions is $24,878, approximately $16,000 lower than the national median renter income; homeowner income in high-needs rural regions is $48,555, approximately $31,000 lower than the national median homeowner income.[1] In addition, more rural households live below the poverty line than in the U.S. as a whole.[2] Lower incomes lead to higher cost burdens for renters: In the rural areas of Middle Appalachia, for example, almost 49% of renter households are cost-burdened, compared to 29% of owner households.[3]

Commercial lenders are less likely to provide meaningful debt capital to properties in high-needs rural regions due to the smaller project sizes, lower renter incomes, less density, and valuation challenges because of the lack of comparable properties. Significant subsidy or rental assistance is required for multifamily deals to be viable. These challenges limit the affordable housing supply for renters. As a result, multifamily properties in the high-needs regions are typically older and in greater need of maintenance and renovation. These properties, many built through the USDA Direct Rural Loan Program — Rural Development (RD) Section 515 — are in dire need of preservation resources to ensure affordability for tenants.

1. Objective: Conduct outreach in high-needs rural regions to improve knowledge of local market conditions.

In many respects, lending in high-needs rural regions (HNRRs) can differ from lending outside of HNRRs. The needs of the potential borrowers in those communities and the lenders serving them may require tailored solutions. In response to feedback from mortgage professionals specializing in these regions, Fannie Mae intends to engage with a variety of HNRR stakeholders in a sustained manner and to conduct research to better understand market dynamics in each of the three geographic regions.

Specifically, Fannie Mae commits to working with lenders, Housing Finance Agencies, CDFIs, and nonprofit organizations to better understand local market conditions and lending opportunities in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias.

Additionally, Fannie Mae will embark upon at least one research project that will ultimately conclude in a product development pilot in 2024 that responds to and is informed by the preceding research and outreach. We may explore whether and how CDFIs serving HNRRs tailor their products and tactics to the needs of their local communities. This is important because stakeholders in HNRRs note that CDFIs often provide innovative solutions that might inform our product offerings. We may also explore title clouds or gaps in heirs' property, which can preclude sale or financing and oftentimes require extensive legal assistance. That assistance can be prohibitively expensive and scarce, especially in rural areas. Many organizations, including law schools and other nonprofit organizations, have established a variety of local programs that assist

1 Computations from the ACS 2015 – 2019 five-year estimates at the census tract level.

2 26% poverty rate in high-needs rural regions compared to 13% in the U.S. overall; computations from the ACS 2015 – 2019 five-year estimates at the census tract level.

3 Tatyana Zahalak, "Multifamily Challenges and Opportunities in Middle Appalachia," Fannie Mae, October 2018, www.fanniemae.com/media/23401/display.

families by providing free or low-cost legal and estate-planning assistance as well as general education about the importance of clear property title and estate planning. In furtherance of these efforts, Fannie Mae could survey the landscape of existing organizations and programs and identify those initiatives or opportunities where Fannie Mae could provide additional support. This is important because many LMI households with title clouds or gaps are prevented from accessing mortgage financing which reduces the financial benefits of their homeownership.

Ultimately, the intention of this Objective is to drive policy innovation that recognizes and responds to these unique dynamics in the HNRRs.

Baseline: Under the Duty to Serve 2018 – 2021 Plan, Fannie Mae conducted significant outreach and research in HNRRs, including proposing a definition for Colonias Investment Areas and sponsoring homebuyer education targeted at residents of HNRRs. This Objective builds upon and expands that targeted outreach.

Year	Target and Implementation Steps	Evaluation Area
2022	Conduct outreach to local housing experts specializing in high-needs rural regions. • Engage at least five lenders specializing in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias, to promote relevant lending products and resources and to continue to gather information about local market conditions. • Engage at least one Housing Finance Agency and/or CDFI specializing in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias, to promote HFA Preferred and HomeReady and to continue to gather information about local market conditions. • Engage at least one nonprofit organization specializing in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias to continue to gather information about local market conditions.	Outreach

Year	Target and Implementation Steps	Evaluation Area
2022	Conduct research to explore opportunities for and challenges to lending in HNRRs. • For example, research may focus on the performance of loans originated by CDFIs with regional expertise; or research may focus on titling issues encountered by homeowners who inherited property as heirs. In the example of heirship, we might conduct outreach with subject matter experts, nonprofits, and other organizations that play a key role in addressing heirs' property legal issues to determine how Fannie Mae can have an impact in high-needs rural regions. That research might result in a white paper that we publish to the public in 2022. We would develop a plan informed by our outreach and analysis to identify opportunities for the following two years.	Outreach

Year	Target and Implementation Steps	Evaluation Area
2023	Conduct outreach to local housing experts specializing in high-needs rural regions. • Engage at least five lenders specializing in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias, to promote relevant lending products and resources and to continue to gather information about local market conditions. • Engage at least one Housing Finance Agency and/or CDFI specializing in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias, to promote HFA Preferred and HomeReady and to continue to gather information about local market conditions. • Engage at least one nonprofit organization specializing in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias to continue to gather information about local market conditions. Analyze information gathered through 2022 research to identify appropriate loan product parameters with potential to increase borrower and/or property eligibility. • Continue research, as needed. • Expand awareness around issues. • Identify potential lender outreach, borrower outreach, or changes to credit and/or collateral requirements that would increase lending potential.	Outreach
2024	Conduct outreach to local housing experts specializing in high-needs rural regions. • Engage at least five lenders specializing in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias, to promote relevant lending products and resources and to continue to gather information about local market conditions. • Engage at least one Housing Finance Agency and/or CDFI specializing in each of Middle Appalachia, Lower Mississippi Delta, and the Colonias, to promote HFA Preferred and HomeReady and to continue to gather information about local market conditions. • Engage at least one nonprofit organization specializing in each of Middle Appalachia, Lower Mississippi Delta, the Colonias and to continue to gather information about local market conditions. Engage with experts in the heirs' property market to inform a loan product strategy. ~~Pilot a new product, an update to an existing product, or a variance with potential to promote increased liquidity to high-needs rural regions.~~ • Establish a project plan and associated timeline to launch a pilot, a variance, or an enhancement to an existing product in 2025, if feasible. • Meet regularly with practitioners to identify interventions that are currently being utilized to resolve heirs' property issues.	Loan Product

Year	Target and Implementation Steps	Evaluation Area
	• Determine which mortgage product features would be beneficial to heirs' property homeowners and whether those features could be incorporated into a Fannie Mae loan product.~~Launch a test and learn product variance.~~ • ~~Execute variance while managing risks.~~ • ~~Prepare a plan to assess the results of the variance, including criteria for expanding availability in future years.~~	

Rural Housing Market
2024

Additional Activity: E. Invest in Low-Income Housing Tax Credit (LIHTC) properties to facilitate the provision of affordable multifamily housing in rural areas (12 C.F.R. § 1282.35 (d)).

Objective #1: Invest in LIHTC properties in rural areas.

Proposed Modification:

Modify target from "Make equity investments in 70 LIHTC projects in rural areas." to "Make equity investments in 30 - 50 LIHTC projects in rural areas."

Justification:

Fannie Mae is off-track to meet the year-end goal of making equity investments in 70 Low-Income Tax Credit (LIHTC) projects in rural areas. Our records[1] reflect that during the second quarter of 2024, we closed one investment in rural LIHTC property and an aggregate of three investments in rural LIHTC properties since January 1. These numbers are low because of the residual effects on our LIHTC Equity investments pipeline from the tax-exempt controlled entity (TECE) issue that arose in 2022.

At the end of 2022, Fannie Mae ceased multi-investor fund investment commitments due to a concern by a number of LIHTC equity market participants that Fannie Mae could be considered a TECE under the Internal Revenue Code due to Treasury's ownership of our preferred stock. Other investors saw this potential interpretation as a regulatory threat to their anticipated economic return, causing them to be unwilling to invest in multi-investor funds in which Fannie Mae is a member. As soon as the issue escalated and throughout 2023, Fannie Mae worked to develop a solution to address the TECE issue which was implemented this year.

Multi-investor funds are the primary source of our rural LIHTC investments, and many of their project investments, including rural project investments, close in the years after the fund closes. As a result, although Fannie Mae implemented the TECE solution at the beginning of 2024, the absence of our multi-investor fund channel last year severely reduced the number of our rural LIHTC investments we will count this year. Accordingly, our current activities focus on restoring our presence in the multi-investor fund market and rebuilding our pipeline of multi-fund investment projects. As we reenter the multi-investor fund market, it remains uncertain how the TECE solution will be received and if we can achieve a return to historical investment levels.

Due to these challenges, Fannie Mae will be unable to meet the 2024 initially projected 70 LIHTC investments in rural areas and is requesting this plan modification.

[1] Some investments that closed toward the end of the current quarter are not yet reflected in our records, so we will update these numbers in our next quarterly report.

E. Additional Activity: Invest in Low-Income Housing Tax Credit (LIHTC) properties to facilitate the provision of affordable multifamily housing in rural areas (12 C.F.R. § 1282.35 (d)).

The LIHTC program is a critical tool in creating and preserving affordable housing in the U.S. The affordable rural rental housing industry recognizes the LIHTC program as the most meaningful tool to develop and preserve affordable multifamily housing in underserved rural markets.

Projects supported by the LIHTC program placed nearly 10,000 low-income units in rural communities annually from 2005 – 2014. The non-metro share of all LIHTC projects placed in-service averages between 15% and 25%. Non-metro LIHTC projects have averaged between 40 and 45 units between 2005 and 2014.[2] LIHTC is prevalent in projects serving high-needs rural regions and populations and can be paired with the Loan Guarantee programs from USDA RD to obtain financing on rural properties. It is one of the few affordable rental housing programs to realize increased funding over the past few years.[3]

In 2018, Fannie Mae re-established our LIHTC investment business. We engaged with syndicator partners, developers, and HFAs to better understand the needs and challenges of rural properties relying on tax credits. We partnered with HAC to perform research on the effectiveness of the LIHTC program across the country. As a result, we provided significant equity investments to the development and preservation of affordable multifamily projects in rural markets.

1. Objective: Invest in LIHTC properties in rural areas.

Fannie Mae will invest in LIHTC properties in rural areas. Fannie Mae is committed to remaining a reliable and consistent source of equity.

Baseline: We have two distinct baselines for 2022 and for 2023, respectively. This distinction is driven by a material change in market conditions beyond Fannie Mae's control. Specifically, in the few years that Fannie Mae has been active in the LIHTC equity market, the large majority of its activity by property count has been through multi-investor fund investments, as opposed to proprietary fund investments. However, we no longer have the ability to invest in multi-investor funds due to a concern by a growing number of LIHTC equity market participants that Fannie Mae could be considered a tax-exempt controlled entity (TECE) under the Internal Revenue Code, due to Treasury's ownership of our preferred stock. Other investors see this possible interpretation as a regulatory threat to their anticipated economic return, causing them to be unwilling to invest in multi-investor funds in which Fannie Mae is a member. Due to these external circumstances outside of Fannie Mae's control, we were forced to cease our multi-investor fund investment activity at the end of 2022. This issue will also impact the 2024 plan year as well as LIHTC investment activities going forward.

Rural LIHTC Equity Investments	2020	2021
Investments (all channels)	65	52

[2] Andrew M. Dumont, "Rural Affordable Rental Housing: Quantifying Need, Reviewing Recent Federal Support, and Assessing the Use of Low Income Housing Tax Credits in Rural Areas," Finance and Economics Discussion Series 2018-077, Board of Governors of the Federal Reserve System, July 19, 2018, doi.org/10.17016/FEDS.2018.077 (accessed April 24, 2020).
[3] Donna Kimura, "LIHTC Increase Included in Spending Bill," Affordable Housing Finance, March 22, 2018, housingfinance.com/policy-legislation/lihtc-increase-included-in-spending-bill_o (accessed April 24, 2020).

2023 Baseline

Our baseline for 2023 is 20 – 40 investments. The baseline for plan year 2023 is based upon the number of rural LIHTC equity investments acquired through proprietary investment funds in the past two years, as well as the number of rural LIHTC equity investments acquired by multi-funds that Fannie Mae committed to prior to 2023.

Rural LIHTC Equity Investments	2023
Investments (proprietary funds and multi-funds)	20 – 40

Year	Target and Implementation Steps	Evaluation Area
2022	Make equity investments in 78 LIHTC projects in rural areas. • Plan and execute a balanced portfolio and investment strategy that effectively manages risk. • Work with our syndicator partners to achieve the goal by investing equity in both proprietary and multi-investor funds. • Continue industry engagement through a presence in key networks by exploring new relationships or expanding existing relationships. • Maintain support for investments located in high-needs rural regions and high-needs rural populations when opportunities arise.	Investment
2023	Make equity investments in 20 – 40 LIHTC projects in rural areas. • Given the change in market conditions due to the TECE issue, we have directionally shifted from a multi-investor fund and proprietary fund strategy to proprietary fund only strategy. • Strengthen syndicator partnerships to achieve the goal by investing equity in proprietary funds. • Continue industry engagement through a presence in key networks and explore new relationships or expand existing relationships, if feasible. • Maintain support for investments located in high-needs rural regions and high-needs rural populations if opportunities arise.	Investment
2024	Make equity investments in ~~70~~ 30 – 50 LIHTC projects in rural areas. • Evaluate portfolio and investment strategy based on lessons learned from 2023 and market conditions. • Continue to strengthen syndicator partnerships to achieve the goal by investing equity in proprietary funds. • Continue industry engagement through a presence in key networks and explore new relationships or expand existing relationships, if feasible. • Maintain support for investments located in high-needs rural regions and high-needs rural populations, when opportunities arise.	Investment