2022 Housing Mission Report

Affordable Housing Activities of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks

April 2023

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Introduction

The Federal Housing Finance Agency (FHFA), as regulator and conservator of Fannie Mae and Freddie Mac (the Enterprises), and as regulator of the 11 Federal Home Loan Banks (FHLBanks), is responsible for their effective supervision, regulation, and mission oversight.

FHFA engages closely with the regulated entities as they work to fulfill their responsibilities to support affordable housing financing, targeted economic development financing, and underserved communities. This report provides a comprehensive look at the mission activities carried out by the regulated entities in 2022.

Rising interest rates and associated market volatility throughout 2022 resulted in an especially challenging environment for financing affordable housing across the single-family and multifamily business lines. The market saw higher home prices, fewer refinances and home purchase originations, continued rent growth, and ongoing housing supply constraints. When combined with high levels of inflation driving up the costs of daily life, many low- and moderate-income households encountered difficulties accessing affordable housing.

Despite these uncertain and changing market conditions, the Enterprises and FHLBanks completed a multitude of mission activities in 2022, all while operating in a safe and sound manner. For instance, in addition to overseeing the Enterprises' statutorily mandated mission programs (i.e., the Enterprise housing goals and Duty to Serve programs), FHFA required the Enterprises to explore how they could better protect tenants living in rental properties, focus on environmental safety issues such as radon, account for the risks associated with climate change, and address barriers to sustainable housing opportunities through their Equitable Housing Finance Plans and other initiatives. Similarly, FHFA oversaw the FHLBanks' statutorily mandated programs (i.e., Affordable Housing Program, Community Investment Program, and FHLBank housing goals), while also analyzing the FHLBanks' rural, manufactured housing, and Native American housing performance as described in this report.

Key takeaways from the following report include:

- The Enterprises continued to refine methods for assessing borrower income, such as accessory dwelling unit rental income and credit risk, including the use of positive rental payment history and borrower cash flow analysis. Such methods allow additional borrowers to be evaluated for mortgage credit using newer underwriting approaches. While facing reduced loan acquisitions and higher interest rates, these methods and approaches enabled the Enterprises to find ways to better meet their mission.

- In 2022, the Enterprises acquired 250,000 loans that qualified for the new single-family minority census tracts housing subgoal. In addition, just under 840,000 units and over 250,000 units in multifamily properties financed by mortgages purchased by the Enterprises were affordable to low-income and very low-income renters, respectively.

- Since the inception of the Duty to Serve program in 2018, the Enterprises have steadily increased their mortgage purchase activities in rural areas for both single-family and multifamily mortgages. Between 2018 and 2022, the Enterprises consistently increased their share of single-family mortgage purchases in rural census tracts as a share of all Enterprise mortgage acquisitions. Additionally, the Enterprises collectively increased the unpaid principal balance (UPB) of their multifamily mortgage acquisitions in rural areas every year between 2018 and 2022.

- In the Automated Underwriting Systems (AUS), Enterprise accept rates for Black and Latino borrowers declined throughout the year for refinance loans, while home purchase trends diverged for Fannie Mae and Freddie Mac. For Fannie Mae home purchase loans, accept rates trended lower, ending the year at 76.1 percent for Black borrowers and 83.2 percent for Latino borrowers. For Freddie Mac home purchase loans, accept rates trended higher, ending the year at 69.0 percent for Black borrowers and 74.9 percent for Latino borrowers.

- The Enterprises both exceeded FHFA's 2022 Conservatorship Scorecard mission-driven requirements of 50 percent for multifamily loan purchases. In 2022, 68 percent of Fannie Mae's and 69 percent of Freddie Mac's total multifamily volume, respectively, was classified as mission-driven.

- In 2022, the Enterprises invested over $2.2 billion in Low-Income Housing Tax Credit (LIHTC) equity. More than 90 percent, or $2 billion, of the Enterprises' LIHTC investments were made in targeted transactions, meaning investments that either support housing in Duty to Serve-designated rural areas or meet other affordable housing objectives defined by FHFA.

- The FHLBanks continue to support mission programs in low-income housing and targeted economic development, supporting over 15,000 units under the Community Investment Program (CIP) and over 25,000 units under the Affordable Housing Program (AHP) in 2022.

- The FHLBanks in 2022 also provided almost $3.2 billion in CIP housing advances, and over $1.4 billion in non-CIP Community Investment Cash Advances (CICA), which supported targeted economic development.

- In 2021 and 2022, the FHLBank provided over $18 million through the AHP to support Native American housing projects.

- In 2022, over $1.6 billion of FHLBank CIP advances supported rural projects.

- FHFA's FHLBank housing goals regulation establishes housing goals for single-family loans purchased by the FHLBanks from their members through their Acquired Member Assets (AMA) programs. In 2022, all FHLBanks that participated in AMA programs met their housing goals.

FHFA is committed to ensuring that the regulated entities meet their mission to support the responsible broadening of access to affordable housing financing nationwide, while promoting market stability and liquidity. The following report summarizes the mission activities completed by the regulated entities in 2022. Unless otherwise noted, all data are directly sourced from the Enterprises and the FHLBanks, and tabulated by FHFA.

Spotlight Issues

Before presenting the primary content of the 2022 Mission Report, the following section highlights two critical mission workstreams taking place at the Enterprises that cut across their single-family and multifamily business lines: rent reporting initiatives and rural financing support activities.

Rent Reporting Initiatives

The first spotlight section focuses on the Enterprises' rent reporting initiatives, which are essential in helping "credit invisible" renters build credit to better access homeownership and other financial opportunities.

Building Credit for Renters

Over the past two years, the Enterprises' multifamily businesses developed rent reporting initiatives that support improvements in the economic mobility of renters. As part of their Equitable Housing Finance Plans, Freddie Mac started its rent reporting program in 2021, while Fannie Mae began in 2022. Owners of Enterprise-backed rental properties are eligible to participate in programs in which they report on-time rental payments to credit bureaus through a third-party company. Through these programs, "credit invisible" renters may have credit profiles established while others may see improvements in credit scores. The establishment and improvement of credit scores creates greater financial opportunities for renters, including access to homeownership. See Figure 1 for Enterprise program adoption and impact information.

Figure 1: Enterprise Multifamily Rent Reporting Initiatives as of Year-End 2022

	Fannie Mae	Freddie Mac
Adopted Properties #	600	1,400
Adopted Units #	100,000	184,000
Credit Scores Established #	7,163[a]	27,000
Residents Saw Credit Score Improvement %	45%[a]	64%

[a] Fannie Mae data based on subset of adopted properties/units (200 properties, 36,000 units) due to data reporting lag.

Creating Homeownership Opportunities

The inclusion of rental payment streams by the Enterprises in their risk assessments may increase a borrower's ability to qualify for the loan. Fannie Mae started utilizing positive rental payment history in its risk assessment, where applicable, in September 2021, while Freddie Mac started doing so in July 2022. Applications represented in Figure 2 below indicate applications that have had a positive impact based on rental payment history inclusion.

Figure 2: Rental Payment History Inclusions

	Fannie Mae	Freddie Mac
PMM App. Data[a]	**Sept. 2021 - Year-end 2022**	**July 2022 - Year-end 2022**
Application # No Eligibility Impact[b]	24,646	11,137
Application # Eligibility Impact[c]	1,606	338
Total UPB	$531M	$125M
Avg UPB	$331K	$370K
WA FICO	692	721
WA TLTV	93%	93%
WA DTI	42%	44%
LIP	22.9%	25.4%
VLIP	3.1%	5.3%
FTHB	100%	100%

[a] Purchase mortgage market (PMM), unpaid principal balance (UPB), weighted average (WA), Fair Issac Corporation (FICO), debt to income (DTI), low-income program (LIP), very low-income program (VLIP), first-time homebuyer (FTHB), date timeframe of each respective Enterprise program.

[b] Applications where rental history inclusion did not affect eligibility.

[c] Applications where rental history inclusion affected eligibility.

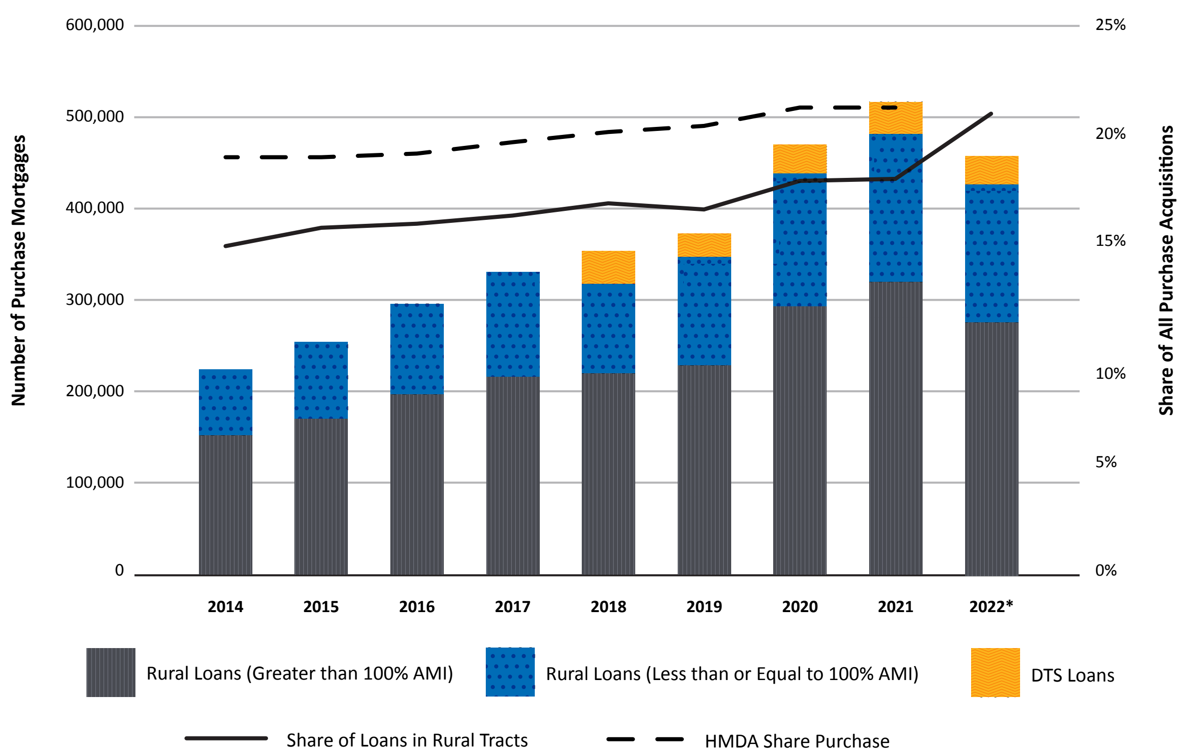
Enterprise Support for Rural Financing

The second spotlight section shows how the Enterprises' support for housing finance activities in underserved rural areas has increased over time since the start of FHFA's Duty to Serve (DTS) program.

Homeownership Loan Purchases

FHFA's mission and DTS activities include support for the financing of affordable homeownership for low- and moderate-income families in underserved rural communities. Figure 3 below shows that the share of single-family mortgage purchases in rural census tracts increased as a share of all Enterprise mortgage acquisitions from 16 percent before the implementation of the first Enterprise DTS plans in 2018 to 21 percent in 2022.[1] Loan purchases that fulfill DTS objectives to purchase single-family mortgage loans in the Enterprises' DTS plans are a fraction of all rural loans and are denoted as DTS loans in the following charts. Additionally, Figure 3 shows that the gap between Enterprise loan acquisitions in rural census tracts and the share of rural single-family loans in Home Mortgage Disclosure Act (HMDA) data has narrowed by 0.1 percentage point (3.4 percent to 3.3 percent) since the inception of the DTS program, even as the share of HMDA loans in rural areas increased from 19.6 percent to 21.2 percent in 2021.

Figure 3: Number and Share of Single-Family Purchase Money Mortgages in DTS Rural Tracts[2]



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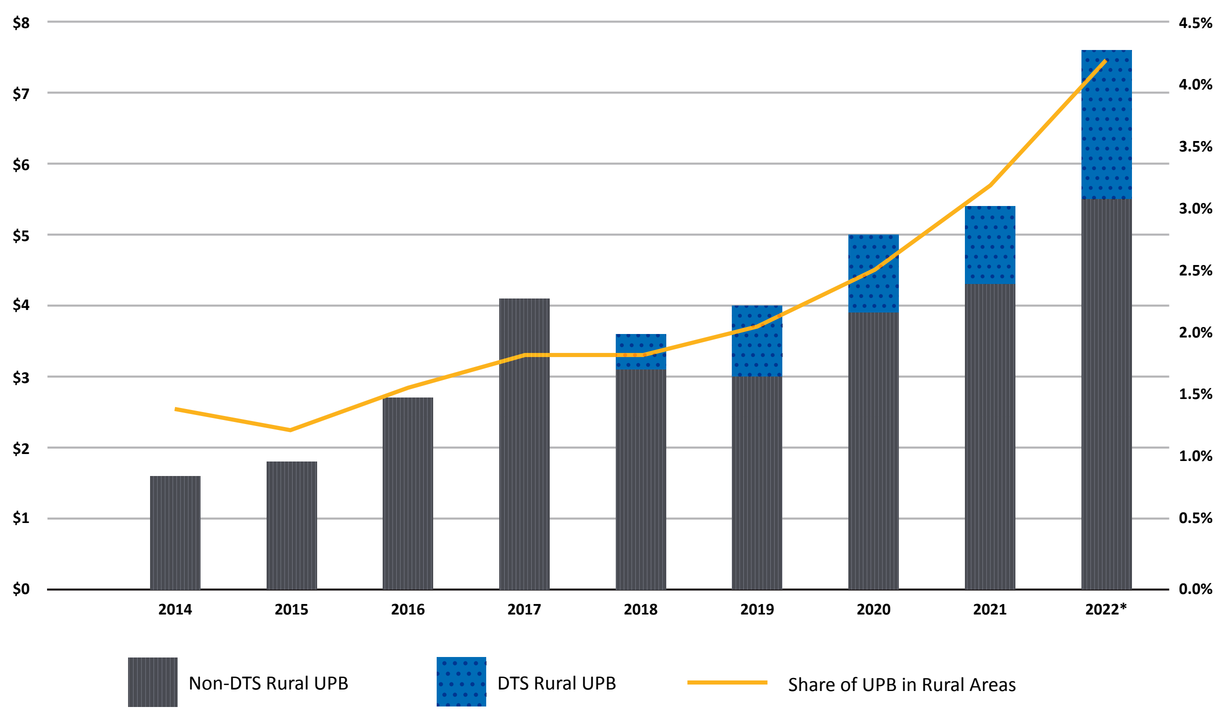
1 The sharp increase in the share of rural loans purchased in 2022 is largely attributable to FHFA and the Enterprises implementing a new rural file based on 2020 census tracts, which resulted in an increase in the number of rural census tracts. The increase in rural tracts is due to the method that FHFA used to crosswalk 2010 census tracts to 2020 census tracts in constructing the 2022 rural file. (*Preliminary 2022 data)

2 Ibid.

Rental Property Loan Purchases

Figure 4 below shows that the Enterprises collectively doubled the UPB of their multifamily mortgage acquisitions in rural areas from $3.5 billion in the first year of the DTS plans in 2018 to over $7 billion in 2022.[3] The share of the UPB of Enterprise acquisitions in rural areas that were DTS-eligible mortgage loans also doubled during that time from under 2 percent to over 4 percent. Enterprise multifamily loan purchases in rural areas also increased in the years prior to the first DTS plan cycle, increasing from $1.6 billion in 2014 to $4.4 billion in 2017.

Figure 4: Dollar Volume and Share of Multifamily UPB in DTS Rural Tracts (in Billions)[4]



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4 Ibid.

Enterprise Activities Supporting Homeowners

Supporting equitable and sustainable access to homeownership mortgage credit is a critical role the Enterprises play in the housing finance system. Through the housing goals and Duty to Serve programs, FHFA oversees the Enterprises' statutory obligations to improve the distribution and availability of mortgage financing to underserved households and communities. As conservator, FHFA requires the Enterprises to engage in activities that further affordable housing and fair lending to ensure that all borrowers have equitable access to long-term affordable housing finance opportunities.

The following section details the Enterprises' efforts to support access to homeownership opportunities in 2022.

Single-Family Housing Goals

Under the housing goals program, FHFA sets targets to ensure the Enterprise single-family business lines are providing homeownership opportunities to lower-income households and communities. FHFA published single-family benchmark levels for housing goals through rulemaking for 2022-2024. The Enterprises can meet the single-family housing goals by either meeting the lower of the benchmark or the retrospective market level that FHFA determines after HMDA data is available.

Loans eligible for housing goals credit are mortgages on owner-occupied housing with one to four units. The mortgages must be first-lien conventional conforming mortgages. To qualify for the very low-income purchase (VLIP) goal, borrowers must be at or below 50 percent of area median income (AMI). To qualify for the low-income purchase (LIP) goal, borrowers must be at or below 80 percent of AMI. To qualify for the low-income refinance (LIR) goal, borrowers must be at or below 80 percent of AMI.

Mortgage rates are key determinants of mortgage market trajectory. The year 2022 began with a weekly average 30-year fixed-rate mortgage rate of 3.2 percent in January that rose to over 7 percent at one point in the year and ended at 6.4 percent.[5]

5 *See* https://www.freddiemac.com/pmms/docs/historicalweeklydata.xls.

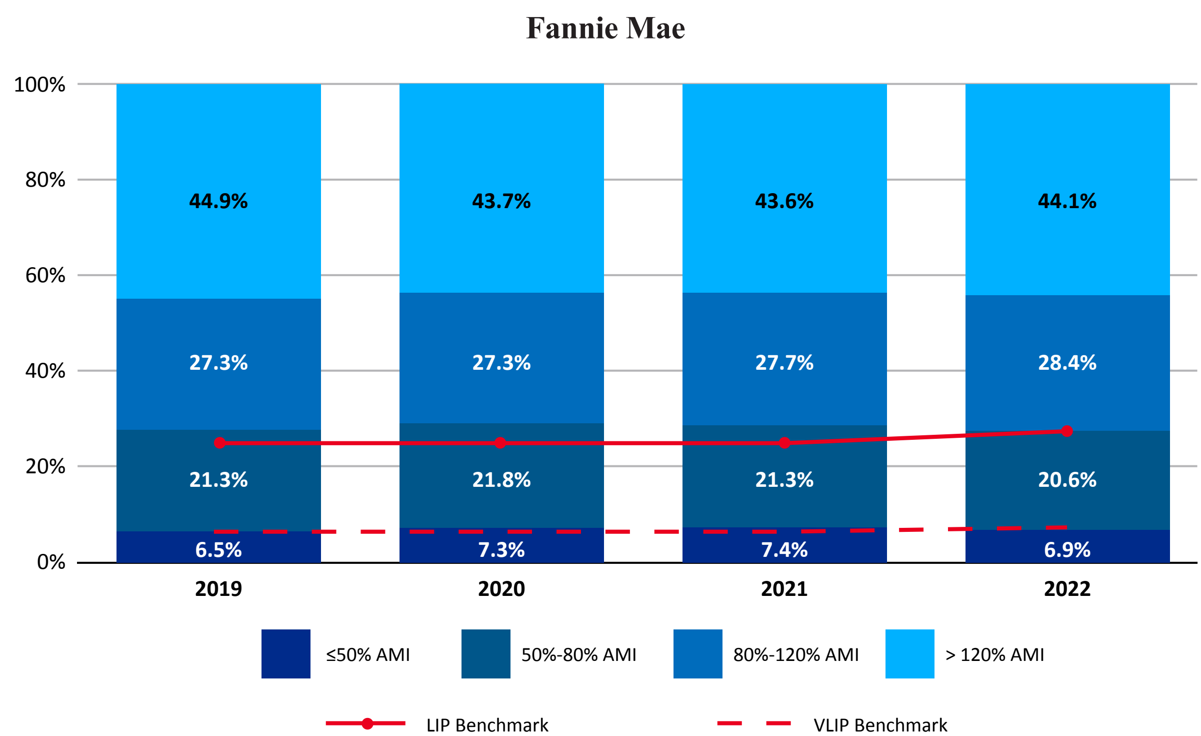
In addition, home prices rose by 8.4 percent in 2022.[6] The rapid rise in mortgage rates, coupled with higher home prices, resulted in a decline in single-family loan acquisitions relative to the previous year.

Single-Family Purchase Goal Performance

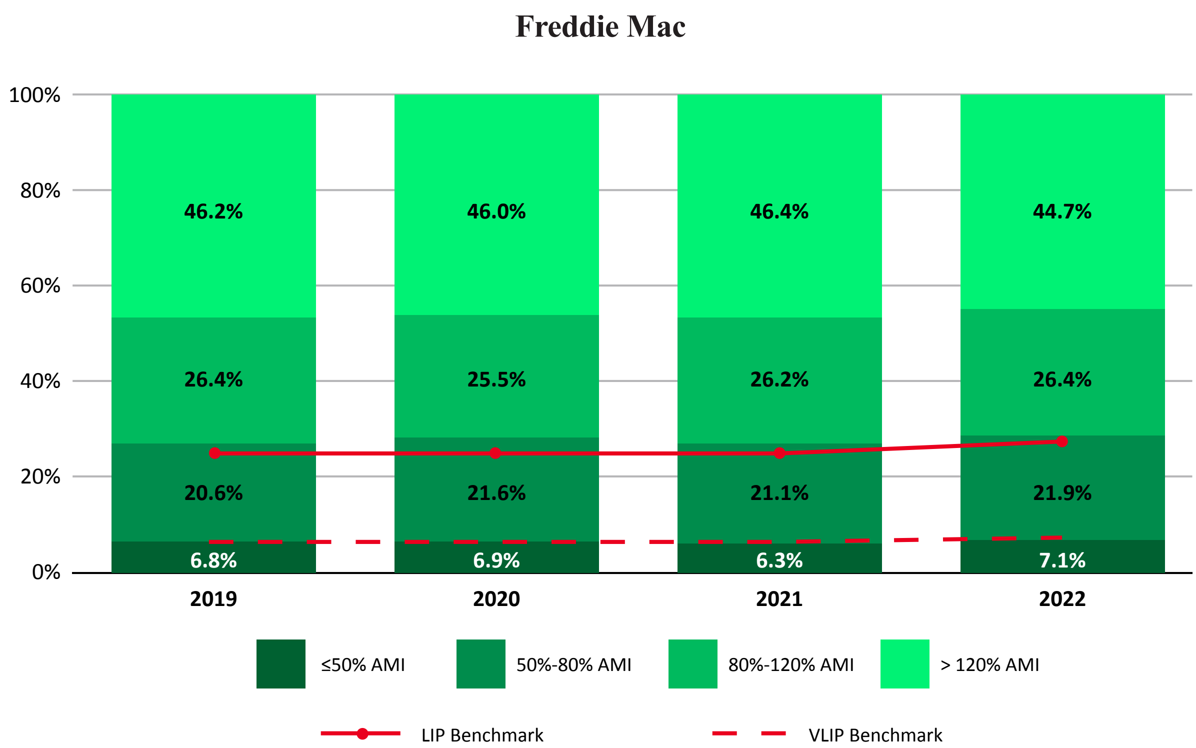
In 2022, the Enterprises, combined, acquired over 540,000 home purchase loans to low-income borrowers, a decline of over 160,000 loans relative to the previous year. The Enterprises acquired over 130,000 loans to very low-income borrowers, declining by almost 40,000 loans.

FHFA increased the single-family housing goals benchmark levels for 2022-2024. In 2022, Fannie Mae did not meet the LIP benchmark level of 28 percent or the VLIP benchmark level of 7 percent. Freddie Mac met the LIP and VLIP benchmark levels. FHFA will officially determine whether the Enterprises met the goals later in 2023, after HMDA data is released and FHFA can determine the official 2022 market levels for each of the single-family goals. To meet a single-family goal, an Enterprise must meet the lower of the benchmark level or market level for a given year.

Figure 5: Goal-Eligible Purchase Loans by Borrower Income



6 *See* https://www.fhfa.gov/AboutUs/Reports/Pages/US-House-Price-Index-Report-4Q2022.aspx

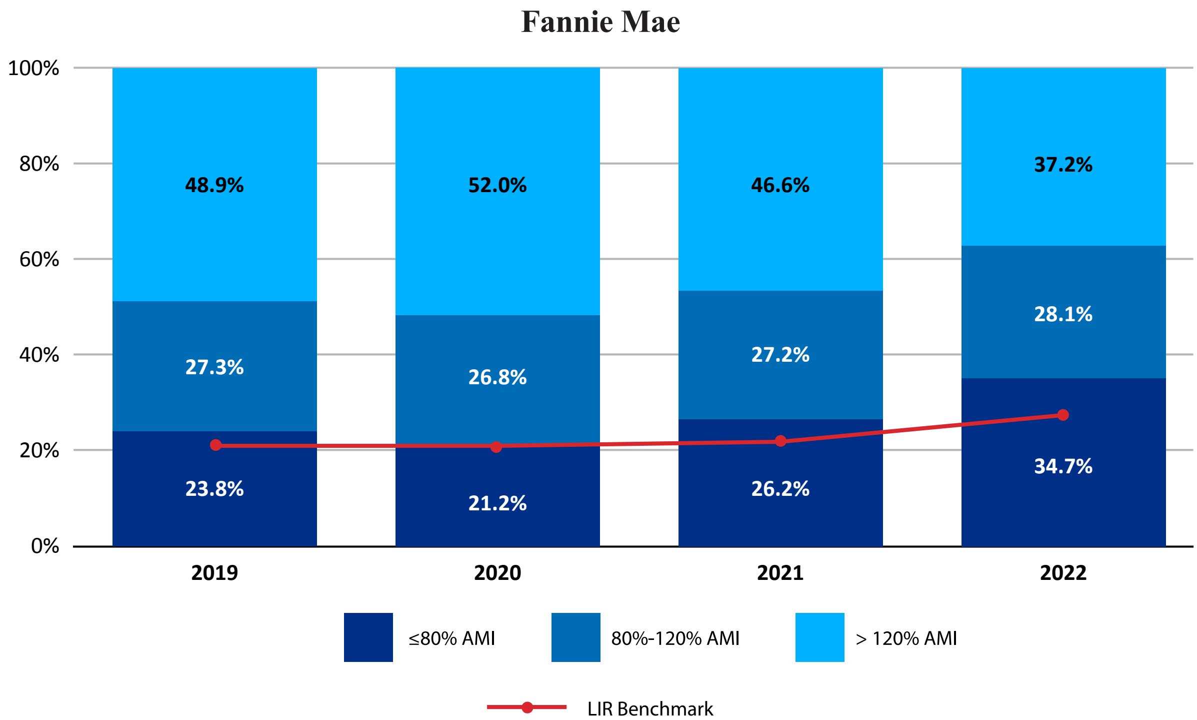


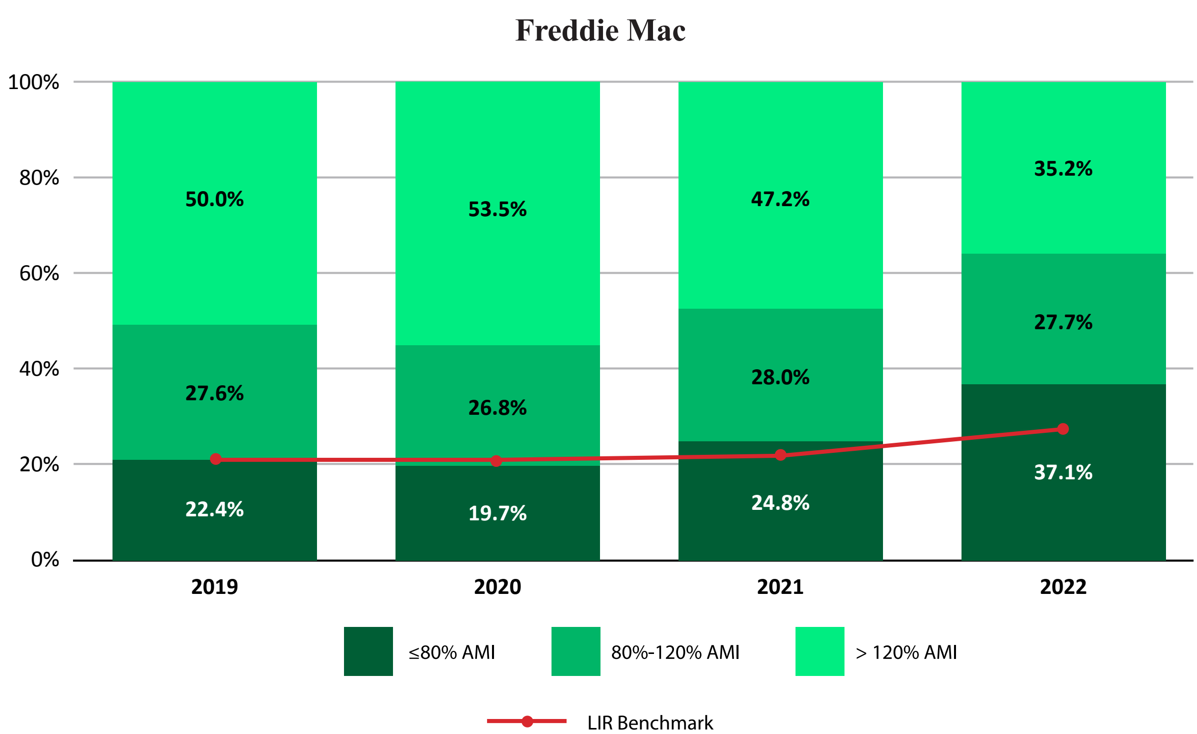
Single-Family Refinance Goal Performance

The sharpest decline in volume was seen in the refinance sector. In 2022, the Enterprises acquired about 530,000 refinance loans to low-income borrowers, a decline of over 930,000 of those loans relative to 2021, which was a particularly strong refinance year.

Both Fannie Mae and Freddie Mac met the LIR benchmark level of 26 percent in 2022.

Figure 6: Goal-Eligible Refinance Loans by Borrower Income





New Single-Family Housing Area-Based Subgoals for 2022-2024

The final rule establishing benchmark level for 2022-2024 also created two new area-based subgoals.[7] The minority census tracts (MCT) subgoal is defined as mortgages to borrowers with incomes no greater than 100 percent of AMI, located in minority census tracts. The low-income census tracts (LCT) subgoal is defined as mortgages to borrowers (regardless of income) located in low-income census tracts that are not minority census tracts, and mortgages to borrowers with incomes greater than 100 percent of AMI in low-income census tracts that are also minority census tracts. The MCT subgoal is designed to support affordable housing in communities of color.

In 2022, almost 180,000 loans acquired by the Enterprises qualified for the LCT subgoal and over 250,000 loans acquired by the Enterprises qualified for the MCT subgoal. In 2022, both Enterprises met the MCT benchmark level of 10 percent and the LCT benchmark level of 4 percent.

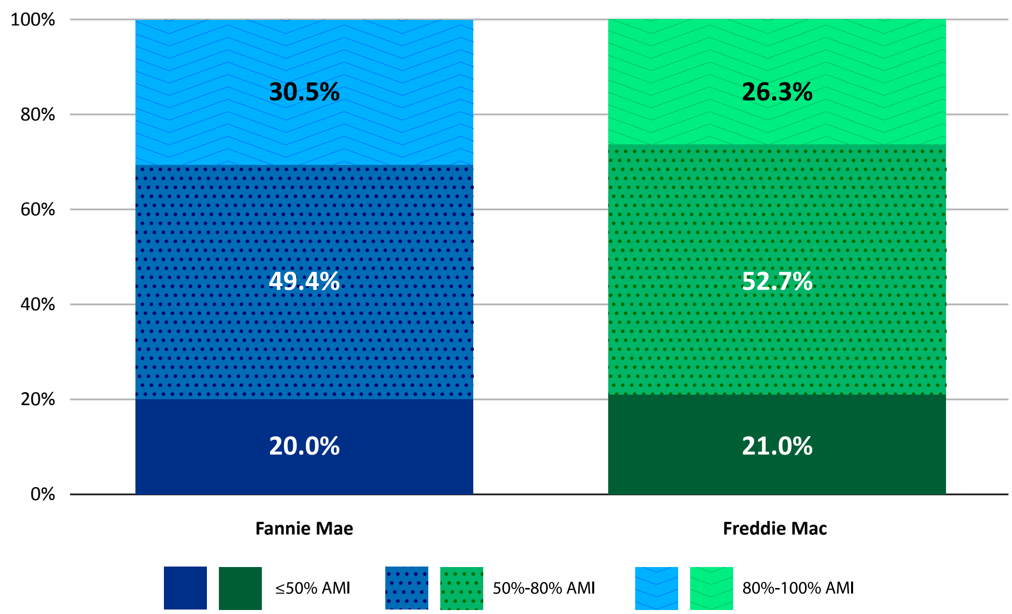
Figure 7: 2022 Area-Based Subgoals Performance

7 *See* https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Finalizes-2022-2024-Single-Family-and-2022-Multifamily-Housing-Goals-for-Fannie-Mae-and-Freddie-Mac.aspx

The MCT subgoal is also strongly focused on affordability. In 2022, over 50,000 MCT loans acquired by the Enterprises were to very low-income families, over 180,000 MCT loans were to low-income families, and over 70,000 MCT loans were to families between 80 percent of AMI and 100 percent of AMI.

In 2022, 69 percent of Fannie Mae MCT loans and 74 percent of Freddie Mac MCT loans went to low-income borrowers. Additionally, 20 percent of Fannie Mae MCT loans and 21 percent of Freddie Mac MCT loans went to very low-income borrowers.

Figure 8: 2022 Minority Census Tract Subgoal Loans by Borrower Income



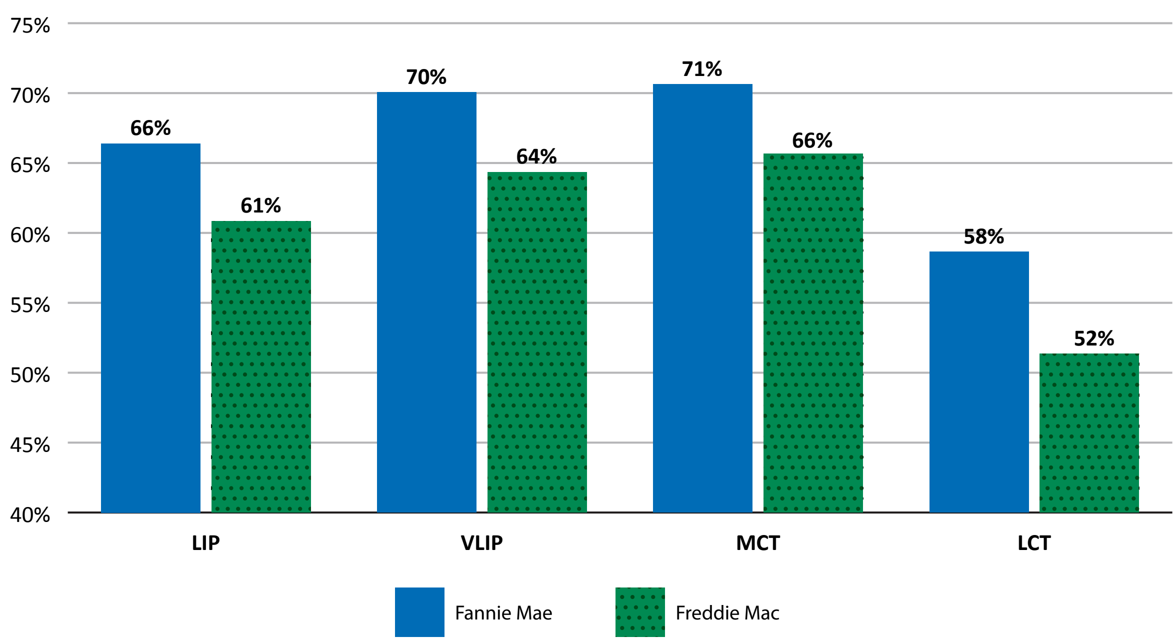
Single-Family Housing Goal Loans to First-Time Homebuyers

A significant number of loans that qualify for housing goals are to first-time homebuyers. In 2022, over 340,000 loans acquired by the Enterprises were for low-income first-time homebuyers while 90,000 of those loans were for very low-income first-time homebuyers. This means that about 63 percent of low-income loans were to first-time homebuyers while about 67 percent of very low-income loans were to first-time homebuyers.

In addition, nearly 100,000 first-time homebuyer loans acquired by the Enterprises qualified for the LCT subgoal and over 170,000 first-time homebuyer loans acquired by the Enterprises qualified for the MCT subgoal. In other words, about 55 percent of LCT-qualifying loans were to first-time homebuyers while about 69 percent of MCT-qualifying loans were to first-time homebuyers.

Figure 9 shows the percentage of acquired loans that qualified for each applicable single-family goal that was for first-time homebuyers at each Enterprise in 2022. The MCT subgoal had the largest share of first-time homebuyers at both Enterprises.

Figure 9: 2022 First-Time Homebuyer Shares by Housing Goal



Affordable Housing Programs

Fannie Mae's HomeReady and Freddie Mac's Home Possible programs each offer low down payment mortgages with a minimum of 3 percent down payment for borrowers with incomes at or below 80 percent of the AMI.

Housing Finance Agency (HFA) loan programs are a partnership between Fannie Mae, Freddie Mac, and state and local HFAs, where the state or local agency provides counseling and/or education and sometimes financial assistance to homebuyers. These benefits include a down payment as low as 3 percent of the purchase price, down payment assistance in the form of a loan or grant, lower monthly mortgage insurance premiums, and the ability to cancel private mortgage insurance (PMI) after a few years.

RefiNow from Fannie Mae and Refi Possible from Freddie Mac are affordable refinancing options aimed at making it easier and less expensive for qualifying homeowners to refinance. Available to borrowers at or below 100 percent of AMI, with debt-to-income (DTI) ratios up to 65 percent, RefiNow offers features that help to address some of the barriers to refinance and is a viable option for creditworthy borrowers who might not have qualified previously.

Figure 10: Affordable Housing Programs[a]

	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac
	Home Ready	Home Possible	HFA Loans	HFA Loans	Refi Now	Refi Possible
UPB (Billion)	$16.10	$15.30	$5.35	$1.34	$0.42	$0.16
Loan Count	76,486	71,305	23,629	6,044	2,006	645
First Time Homebuyer %	77%	80%	94%	88%	N/A	N/A
Wtd Avg LTV	90%	91%	94%	92%	57%	58%
Wtd Avg FICO	743	742	735	739	749	747
Wtd Avg DTI	42%	42%	41%	40%	49%	56%

[a] LTV/FICO/DTI are weighted average by UPB

2022 Loan Acquisitions

Total single-family acquisitions for 2022 numbered 3.8 million loans, representing $1.2 trillion worth of unpaid principal balance (UPB) at origination. Because of the market conditions, including mortgage interest rates that peaked near 7 percent in October 2022, acquisitions fell 57.6 percent when compared to 2021 counts. Overall credit metrics decreased 8 points for average FICO, debt-to-income nominally increased 2 percent, and loan-to-value nominally increased 4 percent from 2021 credit metrics.

Figure 11: Single-Family Acquisitions in 2022[a]

	Fannie Mae	Freddie Mac
	Total Portfolio	Total Portfolio
UPB (Billion)	$615	$543
Loan Count	2,036,629	1,816,651
First Time Homebuyer %	53%	49%
Wtd Avg LTV	75%	75%
Wtd Avg FICO	747	746
Wtd Avg DTI	37%	37%

[a] Weighted average by UPB; first-time homebuyer percentage is of purchase mortgages only.

Furthering Sustainable Homeownership

The Enterprises continued their efforts to prudently improve access to mortgage credit by incorporating new considerations, including alternative data, to identify creditworthy borrowers who have been historically overlooked by the mortgage market. In particular, the Enterprises have developed the technical ability to assess additional data to inform their automated underwriting system (AUS) risk assessment and expand mortgage credit access, especially for first-time homebuyers and borrowers with limited credit histories.

During 2022, Freddie Mac announced improvements to its AUS to enable consideration of a borrower's positive rental payment history. Fannie Mae had implemented this functionality in 2021. With the borrower's permission, existing asset verification tools access the borrower's financial accounts to identify recurring rental payments. A positive payment history can then be taken into consideration during the AUS risk assessment. The consideration of that payment history will allow more first-time homebuyers to transition to sustainable homeownership.

Also in 2022, both Enterprises implemented the ability to assess certain borrowers' cash flow information as an additional underwriting consideration. As with rental payment histories, existing asset verification tools allow the Enterprises to consider cash flow patterns. Lenders are prompted by an Enterprise's AUS to secure this information if the AUS determines that cash flow information could assist the borrower in qualifying for a mortgage. The newly incorporated information is only considered with the borrower's permission and if it might positively affect the underwriting decision.

Fair Lending

FHFA's fair lending activities include monitoring the regulated entities for fair housing risk and conducting fair lending examinations on their policies, programs, and activities. FHFA monitors loan application accept rates and trends for fair lending risk and compliance.

Application data for each Enterprise's AUS are transmitted to FHFA. Application data, in the case of the Enterprises, represents the AUS recommendation for the last transaction submitted to the AUS, excluding applications that were not scorable, applications for FHA/VA loans, and applications identified as test cases. The systems use neutral factors to assess borrower creditworthiness.

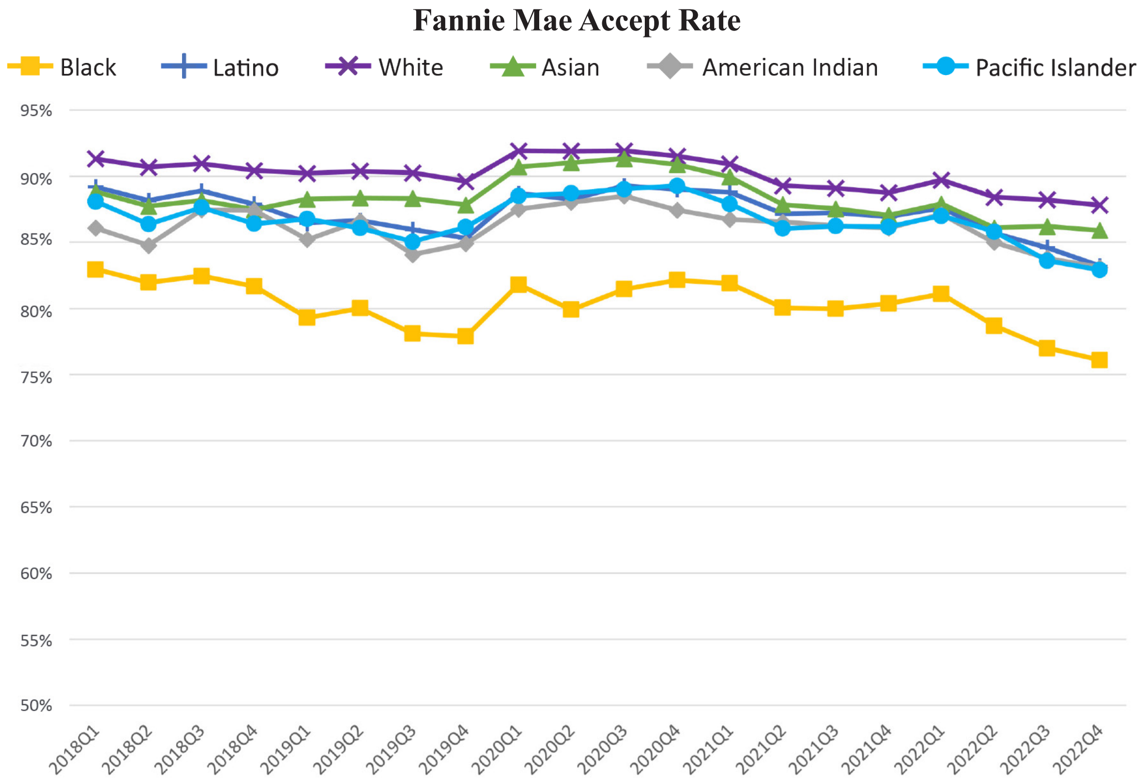
The accept rate represents the proportion of borrowers who were approved by the model and eligible for purchase based on credit characteristics of the loans. It does not represent final credit decisions concerning applicants, which are made by lenders. Fannie Mae uses Desktop Underwriter (DU), and Freddie Mac uses Loan Product Advisor (LPA). The accept rate is affected by numerous factors beyond Enterprise model and policy factors including market conditions. One factor is the population of borrowers applying for mortgage credit and submitted to the AUS. Additionally, lenders may use one or both AUS systems to assess an applicant.

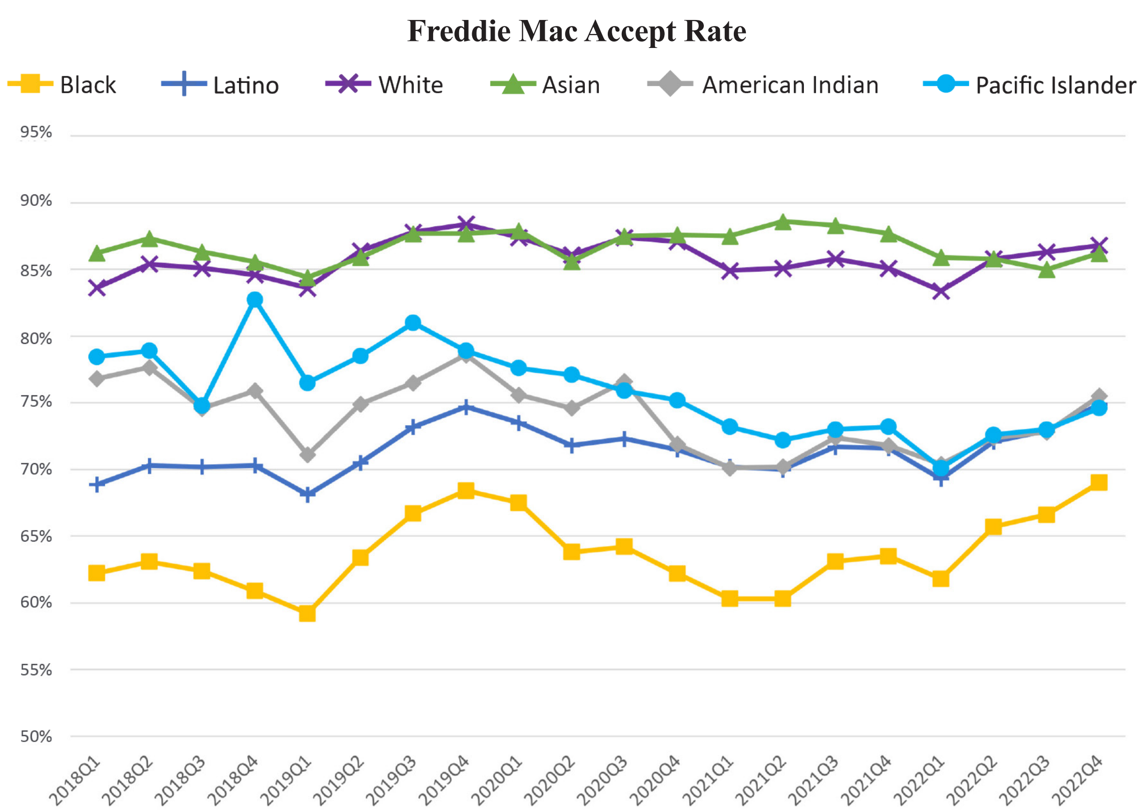
The data points below are provided for public transparency and to promote fair lending, but do not by themselves prove or disprove unlawful discrimination.

Application Accept Rates for Home Purchase Loans

Figure 12 shows the accept rate for home purchase loans submitted to the Enterprises' respective AUS. In the last quarter of 2022, Black borrowers had an accept rate of 76.1 percent for Fannie Mae and 69.0 percent for Freddie Mac. Fannie Mae and Freddie Mac loan applications for Latino borrowers were accepted at 83.2 percent and 74.9 percent, respectively. The accept rate for White borrowers was 87.8 percent for Fannie Mae and 86.8 percent for Freddie Mac in the fourth quarter of 2022.

Figure 12: Accept Rate for Home Purchase Loans by Race and Ethnicity

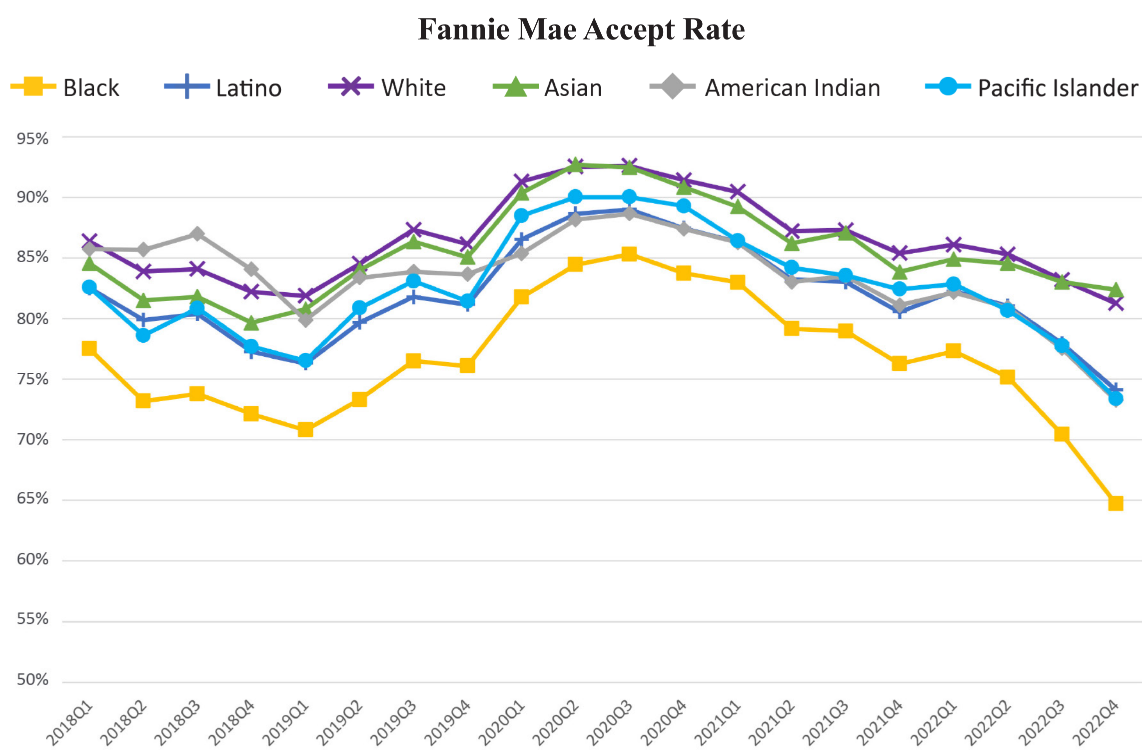


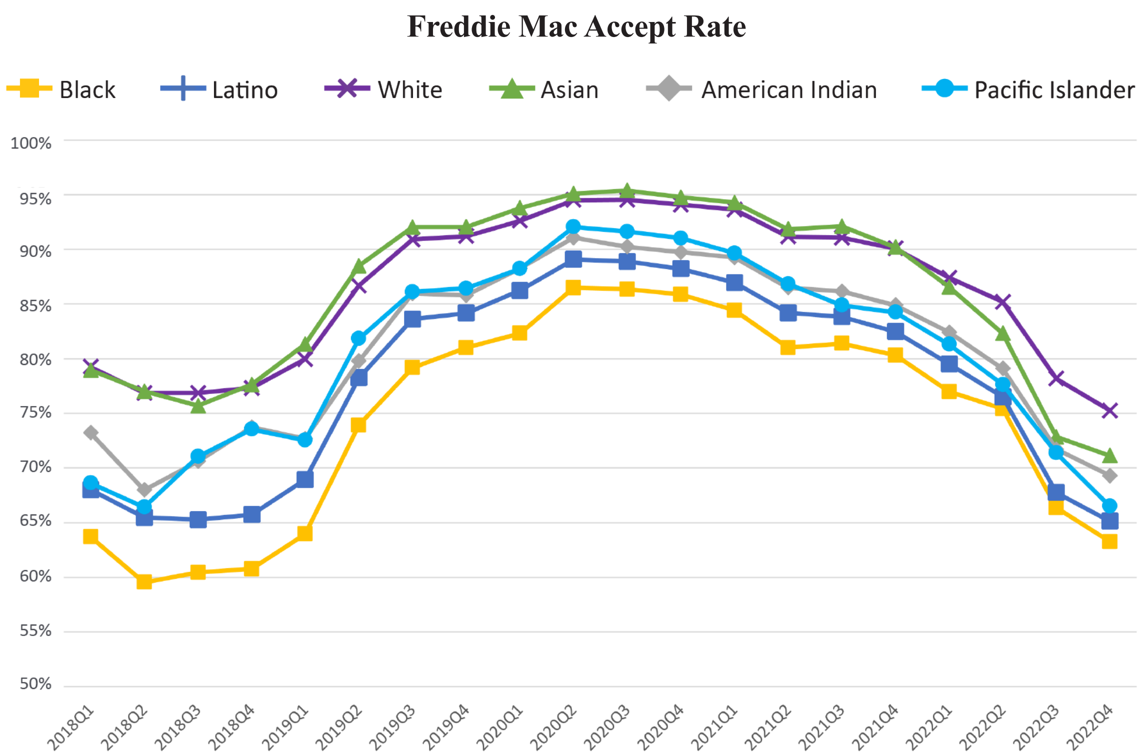


Application Accept Rates for All Refinance Loans

Figure 13 shows the accept rate for all refinance loans submitted to the Enterprises' respective AUS. In the last quarter of 2022, Black borrowers had an accept rate of 64.7 percent for Fannie Mae and 63.3 percent for Freddie Mac. Fannie Mae and Freddie Mac refinance applications for Latino borrowers were accepted at 74.1 percent and 65.1 percent, respectively. The accept rate for White borrowers was 81.3 percent for Fannie Mae and 75.3 percent for Freddie Mac in the fourth quarter of 2022.

Figure 13: Accept Rate for Refinance Loans by Race and Ethnicity





Enterprise Loan Acquisition Share by Race and Ethnicity

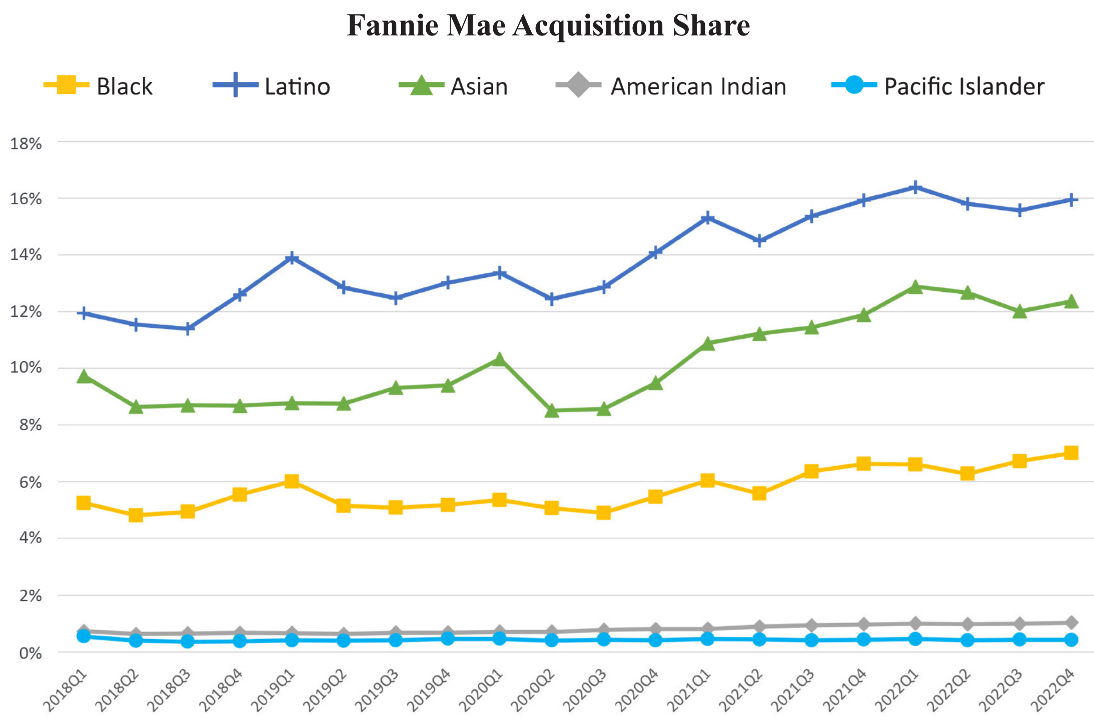
FHFA collects data on loan acquisitions through its Division of Research and Statistics (DRS). FHFA monitors loan acquisition trends by race, ethnicity, and other characteristics for fair lending risk and compliance. The Enterprises report loan-level data with a 2-month lag. The data excludes loans with missing race or ethnicity information, loans with missing unpaid principal balance, and government loans.

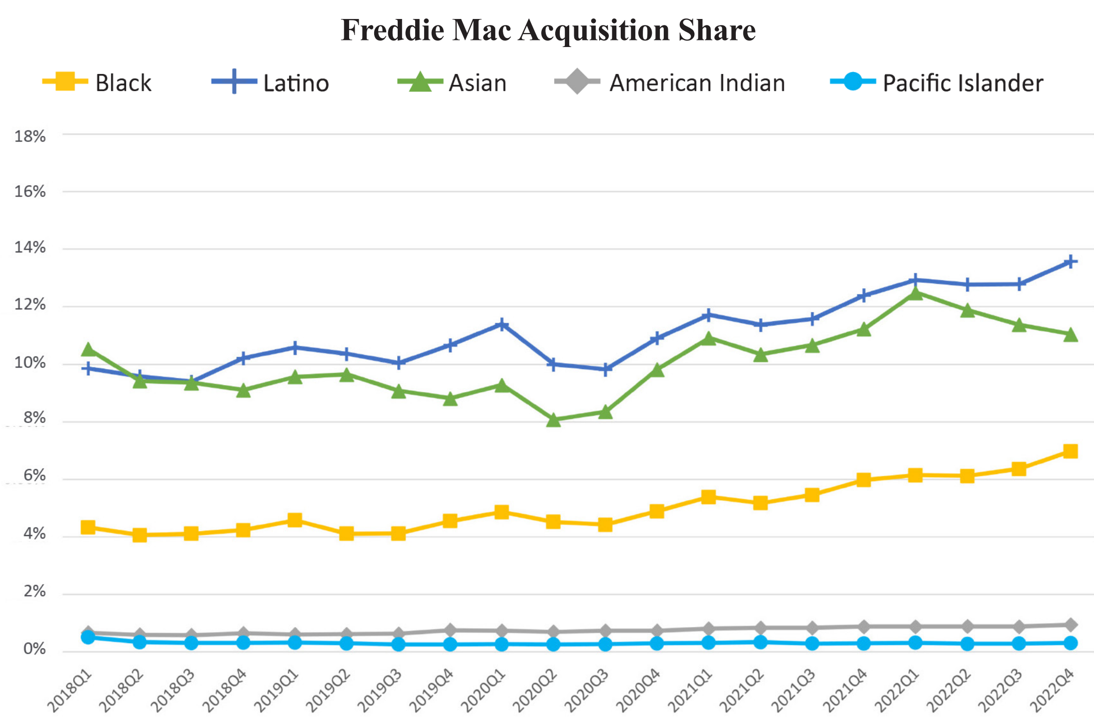
Loan acquisitions data are typically a subset of loan applications. Loans acquired represent a selection of borrowers based on loan characteristics, credit, pricing, and lender execution.

Home Purchase Loan Acquisitions

Figure 14 shows the share of home purchase loan acquisitions by race and ethnicity. In the fourth quarter of 2022, Black borrowers were 7.0 percent of home purchase loans for both Fannie Mae and Freddie Mac. Latino borrowers were 15.9 percent and 13.6 percent of home purchase loans for Fannie Mae and Freddie Mac, respectively. The share of Asian borrowers was 12.4 percent for Fannie Mae and 11.1 percent for Freddie Mac home purchase loans in the fourth quarter of 2022.

Figure 14: Acquisition Share for Home Purchase Loans by Race and Ethnicity

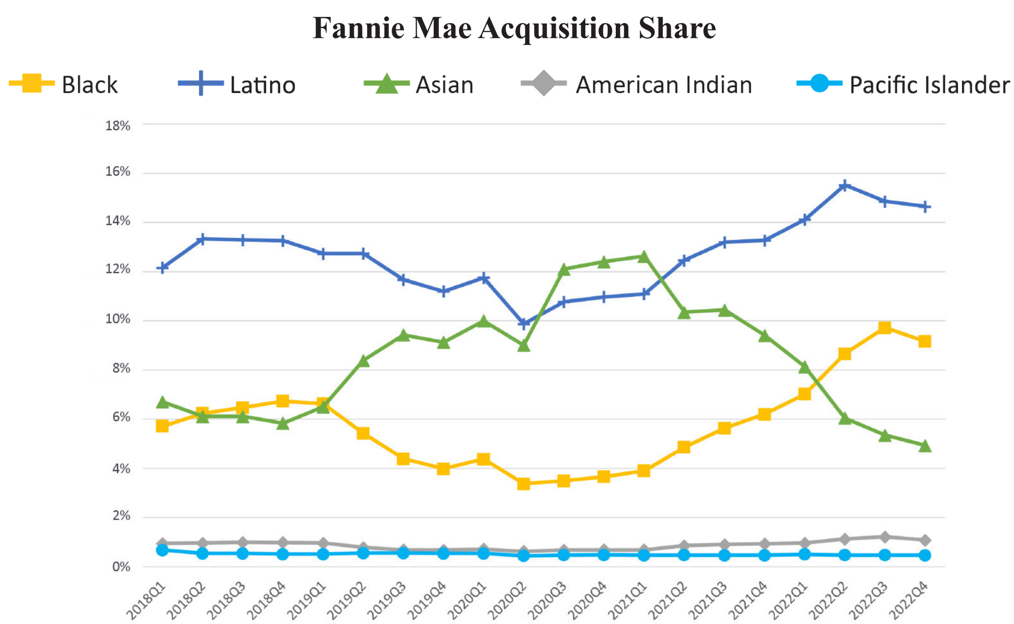


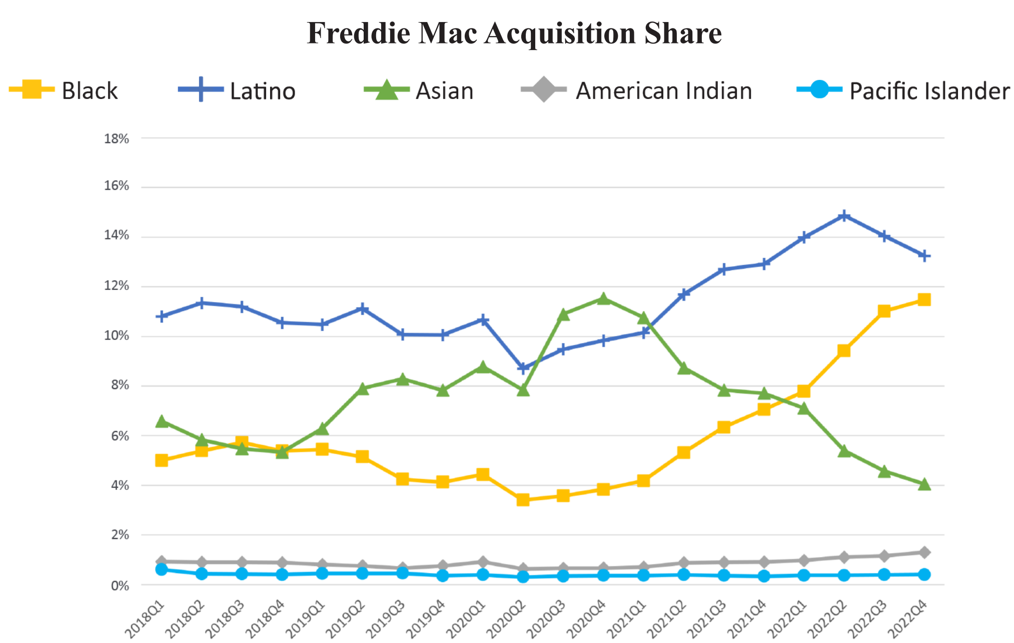


Refinance Loan Acquisitions

Figure 15 shows the share of borrowers by race and ethnicity among all refinance loan acquisitions, including cash-out and non-cash refinance transactions. In the fourth quarter of 2022, Black borrowers were 9.2 percent of all Fannie Mae refinance loans and 11.5 percent of all Freddie Mac refinance loans. Latino borrowers were 14.7 percent and 13.2 percent of refinance loans for Fannie Mae and Freddie Mac, respectively. The share of Asian borrowers was 4.9 percent for Fannie Mae and 4.1 percent for Freddie Mac refinance loans in the fourth quarter of 2022.

Figure 15: Acquisition Share for Refinance Loans by Race and Ethnicity





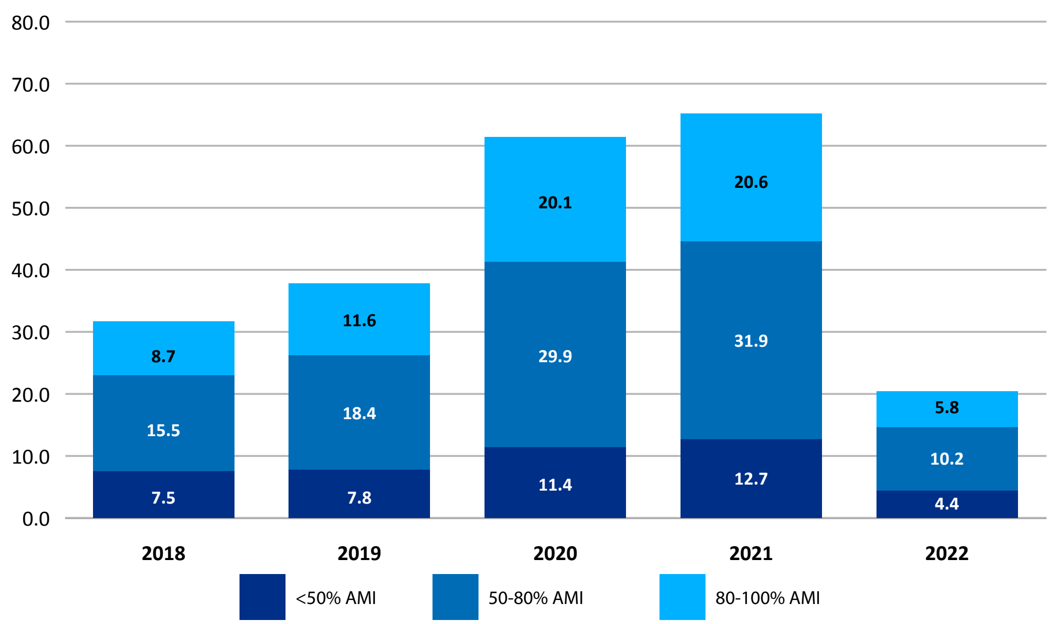
Duty to Serve

Under FHFA's Duty to Serve (DTS) regulation, the Enterprises are required to establish, for each underserved market, a three-year DTS Underserved Markets Plan that describes the activities and objectives each Enterprise will undertake in each underserved market: manufactured housing, affordable housing preservation, and rural housing. The following section summarizes the Enterprises' DTS homeownership-related activities in 2022.

Single-Family Loan Acquisitions

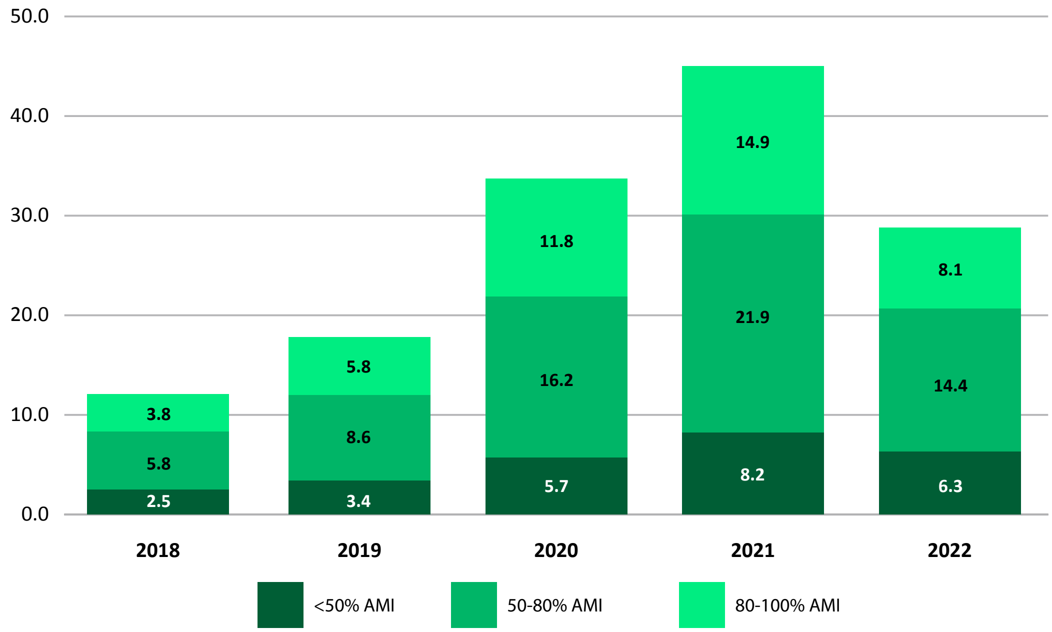
The Enterprises acquired 49,000 DTS-eligible single-family loans in 2022, bringing the total to more than 353,000 since the beginning of 2018 when the program commenced. Figures 16 and 17 below show the number of single-family units by borrower income as a percentage of AMI for each Enterprise. Of these DTS-eligible loans, more than 70,000 served borrowers with incomes at or below 50 percent of AMI.

Figure 16: Fannie Mae Number of Units by Borrower Income (in Thousands)[8]



8 FHFA analysis of Enterprise data. The number of objectives in the Enterprises' DTS Plans that receive DTS loan purchase credit changes year-to-year based on the activities in the Plans and the potential for certain objectives to be deemed infeasible and excluded from the annual evaluation. In 2022, Fannie Mae's single-family targets included only purchase-money mortgages (PMM), whereas Freddie Mac's targets included PMM and refinances, except for financing by small financial institutions of rural housing. Additionally, units may count in more than one underserved market.

Figure 17: Freddie Mac Number of Units by Borrower Income (in Thousands)[9]



9 Ibid.

Figures 18 and 19 below show the number of eligible single-family units for loans acquired in each of the three underserved markets: affordable housing preservation, manufactured housing, and rural housing. The majority of DTS single-family loan acquisitions in 2022 were in the rural housing market, where the Enterprises acquired more than 31,000 loans. While the Enterprises acquired fewer DTS single-family loans in the affordable housing preservation market over the first DTS Plan cycle, loan acquisitions in the manufactured housing market more than doubled during that time.

Figure 18: Fannie Mae Number of DTS Housing Units by Market[10]

Market	2018	2019	2020	2021	2022
Affordable Housing Preservation	8,396	6,354	4,904	-	180
Manufactured Housing	12,604	11,976	16,962	22,755	8,474
Rural Housing	13,921	20,743	41,275	44,465	12,627
All Duty to Serve	31,708	37,786	61,469	65,211	20,407

Figure 19: Freddie Mac Number of DTS Housing Units by Market[11]

Market	2018	2019	2020	2021	2022
Affordable Housing Preservation	-	-	-	126	135
Manufactured Housing	3,601	4,390	6,634	12,788	10,841
Rural Housing	8,914	14,014	27,919	33,375	18,737
All Duty to Serve	12,023	17,900	33,748	44,984	28,710

10 The following single-family activities in the affordable housing preservation market were included in some or all years: energy efficiency, shared equity, and distressed properties (Fannie Mae only). Manufactured housing market activities included manufactured housing titled as real property. Activities in the rural housing market included activities in high-needs rural regions and financing by small financial institutions of rural housing. In 2022, Fannie Mae's single-family targets included only PMM, whereas Freddie Mac's targets included PMM and refinances, except for financing by small financial institutions of rural housing. Additionally, units may count in more than one underserved market.

11 Ibid.

Enterprise Activities Supporting Renters

In addition to their homeownership activities, the Enterprises are essential participants in supporting the financing of the development and preservation of affordable rental housing. Such activities range from purchasing multifamily mortgage loans that qualify for housing goals and Duty to Serve credit, to multifamily mission-driven requirements in the Conservatorship Scorecard, to Low-Income Housing Tax Credit (LIHTC) equity investments.

The following section describes the Enterprises' contributions to the supply of affordable rental housing for low- and moderate-income households in 2022.

Multifamily Loan Purchases

The 2022 Conservatorship Scorecard established a $78 billion cap on each Enterprise's multifamily loan purchase volume, up from $70 billion in 2021. It further required that 50 percent of multifamily loan purchases be mission-driven (according to the definitions in Appendix A of the Scorecard[a]), and 25 percent be affordable at or below 60 percent of AMI. Both Enterprises complied with the multifamily volume cap and exceeded the mission-driven requirements for 2022. See Figure 20 for further information about the Enterprises' 2022 multifamily mission-driven loan purchase activities.

Figure 20: 2022 Mission-Driven Activities[a]

	Fannie Mae		Freddie Mac	
	$ Billion	# Units	$ Billion	# Units
Total multifamily volume	$69.2	597,906	$72.8	693,193
Total mission-driven volume	$47.0	476,815	$50.2	477,463
Total mission-driven volume @ 60% AMI[b]	$21.6	245,304	$23.9	223,674
Loans on manufactured housing communities	$1.9	46,911	$1.2	23,780
Financing for targeted affordable housing properties	$8.7	82,404	$11.8	111,879
Loans on small multifamily properties	$2.0	22,159	$3.0	29,617
Loans on properties located in rural areas	$2.5	29,085	$2.1	25,828
Loans on seniors housing	$0.5	2,326	$0.7	4,127
Loans on units affordable to those @ 80% AMI[c]	$33.8	334,889	$39.0	437,312
Loans on units affordable to those @ 100% AMI[c]	$6.6	51,919	$5.7	45,629
Loans on units affordable to those @ 120% AMI[c]	$1.3	9,444	$2.1	15,235
Loans to finance energy or water efficiency improvements[d]	$1.4	12,115	$0.4	4,242

	% Percent	% Percent
Final mission-driven percentage	67.9%	68.9%
Final mission-driven 60% AMI percentage	32.5%	33.4%

[a] For more information on mission-driven categories, see the 2022 Conservatorship Scorecard, Appendix A: Multifamily Definitions, p.5: https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/2022-Appendix-A-10132021.pdf. Dollar amounts in the mission-driven categories do not add to the totals for all mission-driven loans because some loans qualify under more than one category. Such double counting is permissible, but is not identified specifically in the total volume rows. In addition, some loans qualify for only partial mission-driven credit for some categories. Only the qualifying portion of a loan is included in the total for each category. If the loan qualifies for mission-driven under more than one category, the greatest portion of the loan that qualifies for any category is included in the total volume rows.

[b] Loan purchases that meet the mission-driven volume at 60% of AMI requirement may also meet the mission-driven volume requirement.

[c] FHFA classifies as "mission-driven" units whose rents are affordable to tenants at various income thresholds, based on each individual renter market. This entails classification as mission-driven financing for units affordable to household incomes at 80% of AMI or below in most areas, at 100% of AMI or below in cost-burdened areas, and at 120% of AMI or below in very cost-burdened areas. See the 2022 Conservatorship Scorecard, Appendix A: Multifamily Definitions, p. 5.

[d] FHFA classifies as "mission-driven" loans to finance energy or water efficiency improvements whose unit rents are affordable to household incomes at 60% of AMI or below. See the 2022 Conservatorship Scorecard, Appendix A: Multifamily Definitions, p. 5.

Transaction Spotlight: Fannie Mae Kime Apartments Deal

Source: Fannie Mae

Fannie Mae supported $4.2 million in debt financing to Kime Apartments, a Section 8 multifamily property affordable to low- and very low-income renter households. The property is located in Great Bend, Pennsylvania, an area designated as rural by the Duty to Serve regulation. The deal received FHFA credit for housing goals and Duty to Serve and was classified as mission-driven under the Conservatorship Scorecard due to its affordability levels and rural location.

Multifamily Housing Goals

Under the housing goals program, FHFA sets targets to ensure that the Enterprise multifamily business lines are supporting affordable rental housing for lower income households.

The 2022 multifamily Enterprise housing goals benchmark levels were set in units. Very low-income (VLI) units must be affordable to families at or below 50 percent of AMI, and low-income (LI) units must be affordable to families at or below 80 percent of AMI. Small multifamily units are affordable to families at or below 80 percent of AMI in properties with 5-50 units.

Despite a very strong start to the year, rising interest rates, uncertainty, and volatile market conditions led to a significant slowdown in borrowing and lending in the multifamily market in the second half of 2022, according to the Mortgage Bankers Association (MBA). As a result, MBA estimates that multifamily mortgage originations declined by about 10 percent from the 2021 record of $487 billion to $439 billion in 2022.[12]

However, with the increase in the multifamily goal benchmark levels in 2022, the Enterprises acquired just under 840,000 low-income units and over 250,000 very low-income units, increasing

12 *See* https://www.mba.org/news-and-research/newsroom/news/2022/10/03/commercial-multifamily-lending-expected-to-fall-in-2022-due-to-ongoing-economic-uncertainty and https://www.mba.org/news-and-research/newsroom/news/2023/01/05/total-commercial-and-multifamily-borrowing-and-lending-expected-to-fall-to-700-billion-in-2023.

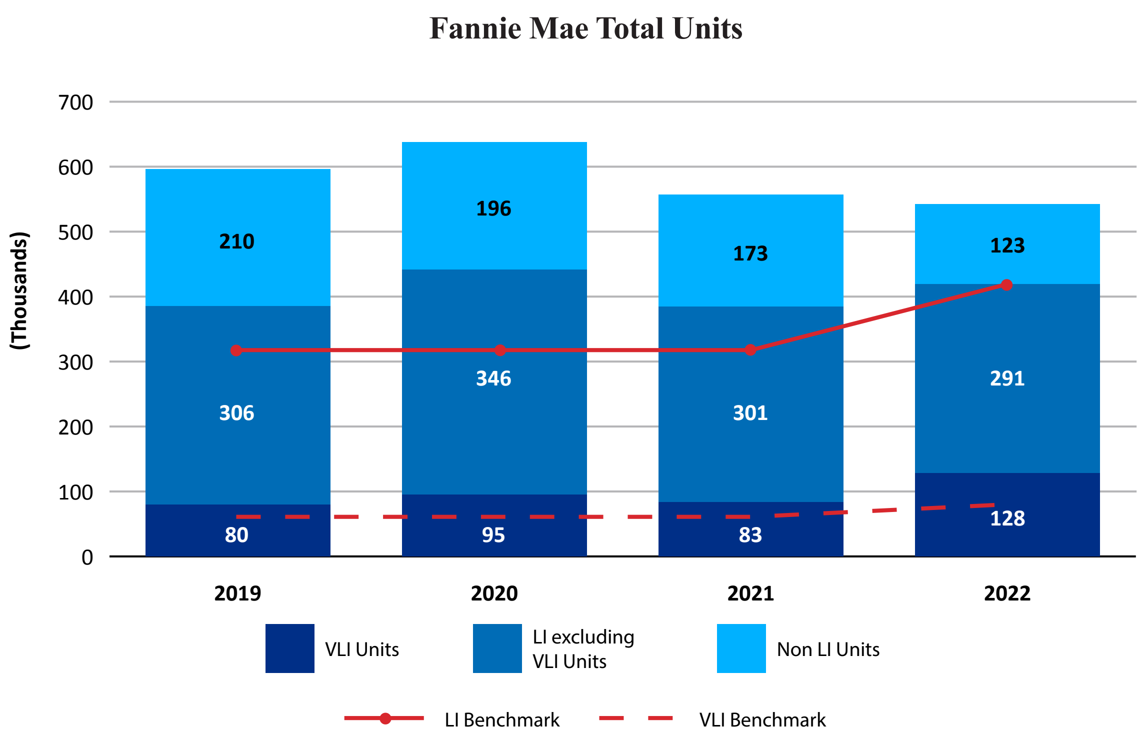
by about 11 percent and 49 percent respectively from 2021. This means that 76 percent and 23 percent of their goals-eligible financed units were affordable to low-income and very low-income renters, respectively.

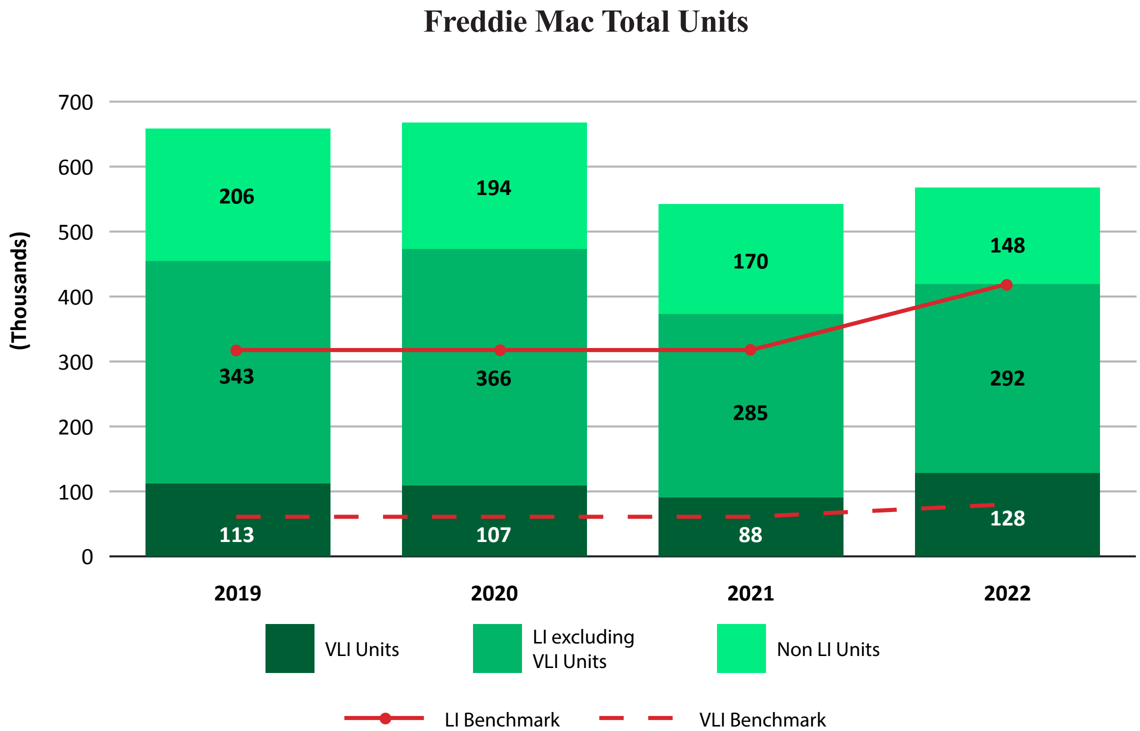
The Enterprises supported the financing of over 48,000 small low-income units in 2022, accounting for over 4 percent of their goals-eligible units.

Multifamily Housing Goals Performance

In 2022, Fannie Mae and Freddie Mac met the low-income benchmark level of 415,000 units and the very low-income benchmark level of 88,000 units.

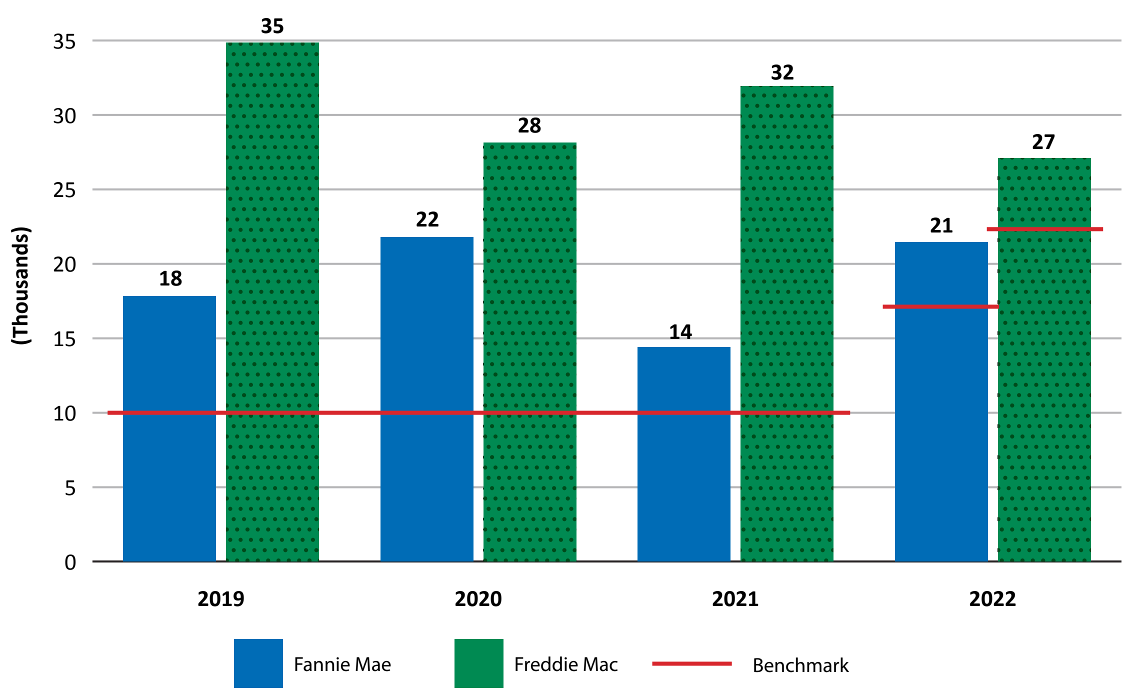
Figure 21: Total Multifamily Units by Renter Income





In 2022, Fannie Mae met its small multifamily low-income benchmark level of 17,000 units, and Freddie Mac met its small multifamily low-income benchmark level of 23,000 units.

Figure 22: Small Multifamily Goal Units



2022 is the last year that the multifamily housing goals for the Enterprises will include benchmark levels that are based on the total number of affordable units acquired by the Enterprises.[13] In December 2022, FHFA issued a final rule establishing benchmark levels for the multifamily housing goals for 2023 and 2024 based on the percentage of affordable units in multifamily properties financed by mortgages purchased by the Enterprise each year. The change was implemented to enable the Enterprises to respond better to rapid market changes while maintaining safety and soundness and retaining focus on affordability.[14]

The multifamily benchmark levels for 2023-2024 are as follows:

Multifamily Goal	Benchmark
Low-Income Goal	61%
Very Low-Income Subgoal	12%
Small Multifamily Low-Income Subgoal (5-50 units)	2.5%

To meet each of the multifamily goals, each Enterprise will be required to ensure that the percentage of units that are affordable meets or exceeds the applicable benchmark level.

Transaction Spotlight: Freddie Mac PACT Harlem River Deal

Source: Freddie Mac

Freddie Mac supported financing for the preservation of PACT Harlem River Houses I and II, a 693-unit housing complex in Harlem, New York. Through HUD's Rental Assistance Demonstration (RAD) program, all of the units are rent and income restricted with 614 units being Section 8 eligible. The redevelopment is part of New York City's comprehensive plan to preserve public housing. The deal received FHFA credit for housing goals and Duty to Serve under the State and Local objective, and was classified as mission-driven under the Conservatorship Scorecard.

13 *See* https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Finalizes-2023-2024-Multifamily-Housing-Goals-for-Fannie-Mae-and-Freddie-Mac.aspx

14 Ibid.

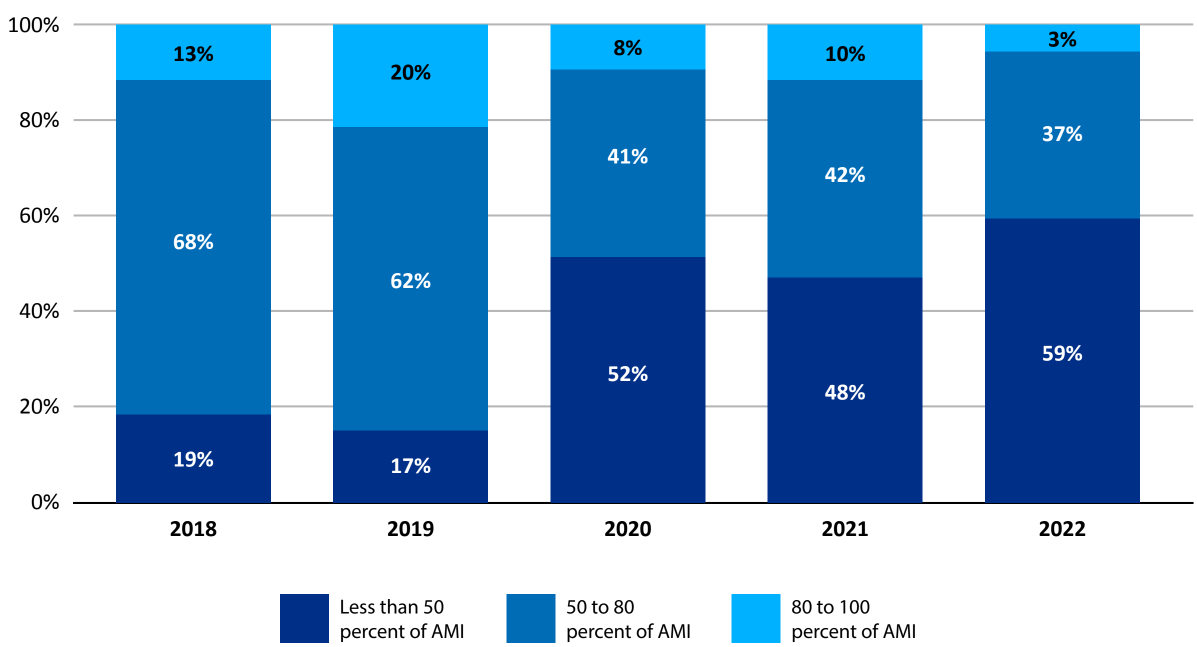
Duty to Serve

The following section describes the Enterprises' DTS activities related to affordable rental housing in the manufactured housing market, affordable housing preservation market, and rural housing market in 2022.

Multifamily Loan Acquisitions

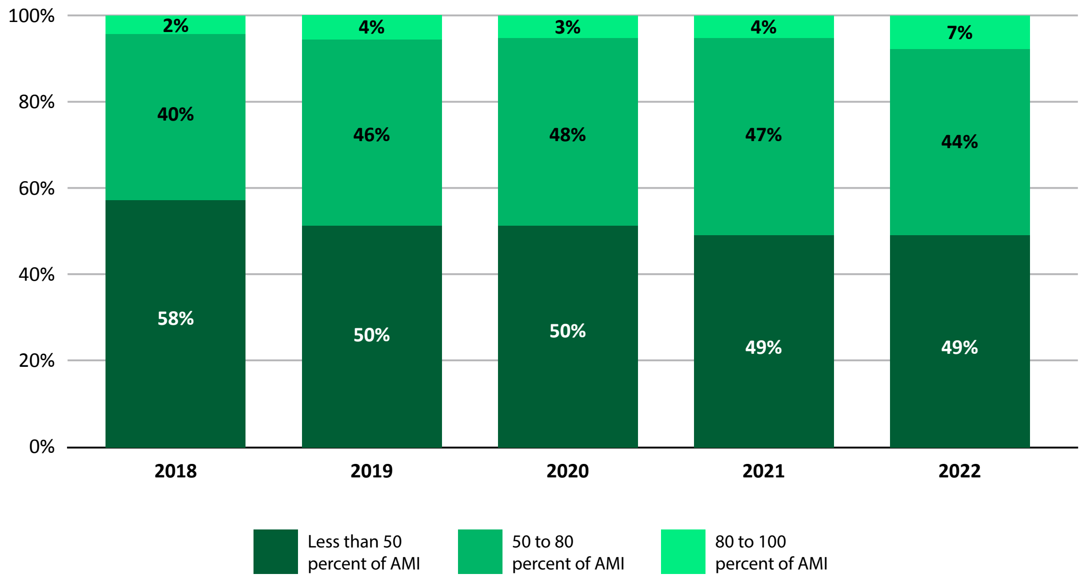
The Enterprises acquired loans on more than 247,000 DTS-eligible multifamily units in 2022, bringing the total to more than 1.2 million units since the start of the first DTS plans in 2018. Figures 23 and 24 show the share of units by renter income as a percentage of AMI for each Enterprise. In 2022, nearly 54 percent of units served households with incomes at or below 50 percent of AMI.

Figure 23: Fannie Mae Share of Units by Renter Income[15]



15 **Source:** FHFA analysis of Enterprise data. Manufactured housing communities (MHC) units are excluded from these charts since the total monthly housing costs of the residents are generally not known to the owners of the MHC or the loan sellers for MHCs. Units may count in more than one underserved market.

Figure 24: Freddie Mac Share of Units by Renter Income[16]



16 Ibid.

Figures 25 and 26 show the number of eligible multifamily units acquired in each of the three underserved markets: affordable housing preservation, manufactured housing, and rural housing. The Enterprises acquired loans on more than 176,000 units in the affordable housing preservation market in 2022. The greatest growth in rental units since 2018 was in the manufactured housing market, where the Enterprises significantly expanded support for financing for manufactured housing communities that adopted the DTS tenant pad lease protections.

Figure 25: Fannie Mae Number of DTS Renter Units by Market[17]

Market	2018	2019	2020	2021	2022
Affordable Housing Preservation	254,489	214,883	46,419	39,143	69,383
Manufactured Housing	-	3,502	12,860	21,266	48,928
Rural Housing	-	7,300	7,962	4,948	8,711
All Duty to Serve	254,489	221,494	65,824	64,383	123,921

Figure 26: Freddie Mac Number of DTS Renter Units by Market[18]

Market	2018	2019	2020	2021	2022
Affordable Housing Preservation	70,233	87,123	91,297	78,563	107,538
Manufactured Housing	-	-	1,238	13,968	19,860
Rural Housing	4,475	4,426	769	2,337	3,969
All Duty to Serve	70,233	87,283	92,535	91,785	123,429

17 Note: The number of objectives in the Enterprises' DTS Plans that receive DTS loan purchase credit changes year-to-year based on the activities in the Plans and the potential for certain objectives to be deemed infeasible and excluded from the annual performance evaluation. For example, in 2020, the energy efficiency objective was deemed infeasible and, therefore, was not included for 2020 and 2021. The following multifamily activities in the affordable housing preservation market were included in some or all years: energy efficiency, LIHTC debt, Section 8 Project-Based Rental Assistance, small multifamily rentals, Rental Assistance Demonstration (RAD), residential economic diversity, other state and local affordable housing programs, and Section 202. Manufactured housing market activities included manufactured housing communities with the DTS pad lease protections and government-, nonprofit-, or resident-owned manufactured housing communities. Activities in the rural housing market included activities in high-needs rural regions and small multifamily rental. Units may count in more than one underserved market.

18 Ibid.

Low-Income Housing Tax Credit Equity Investments

To support the development and preservation of affordable rental housing, FHFA permits the Enterprises to invest in the Low-Income Housing Tax Credit (LIHTC) market as equity investors. In 2022, each Enterprise was permitted to invest up to $850 million in LIHTC equity, in addition to any volume rollover from the previous year.

Within this $850 million limit, any investments above $425 million were required to be made in transactions that FHFA identified as "targeted" because of their difficulty in attracting investors. Targeted transactions include those that either support housing in Duty to Serve-designated rural areas, preserve affordable housing, support mixed-income housing, provide supportive housing, or meet other affordable housing objectives.

The following section describes the Enterprises' LIHTC equity investments in 2022.

Transaction Spotlight: Fannie Mae Low-Investment LIHTC Transaction

Fannie Mae's $51.6 million LIHTC equity investment financed the new construction of 7th and Brannan in San Francisco, California. The property will create 220 affordable apartments in a high-cost market that are near public transit options. The community will provide 120 apartments plus supportive services for individuals experiencing mental illness and for previously homeless households earning 30-50 percent of AMI. The remaining 100 apartments will be set aside for low-income families earning 50-60 percent of AMI.

Source: Fannie Mae

2022 LIHTC Totals

Figures 27 and 28 show LIHTC equity investments in 2022 for each Enterprise. The Enterprises made a combined total of $2.2 billion in LIHTC equity investments in 2022, bringing the total to $6.3 billion since they re-entered this market in 2018. Of these investments, $163 million were in unrestricted transactions, and $2.0 billion were in targeted transactions.

Figure 27: Fannie Mae LIHTC Equity Investments

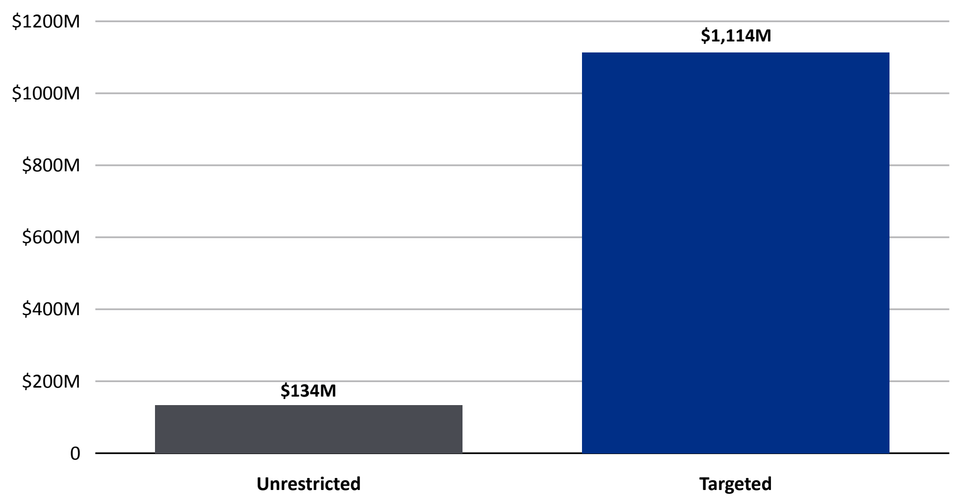
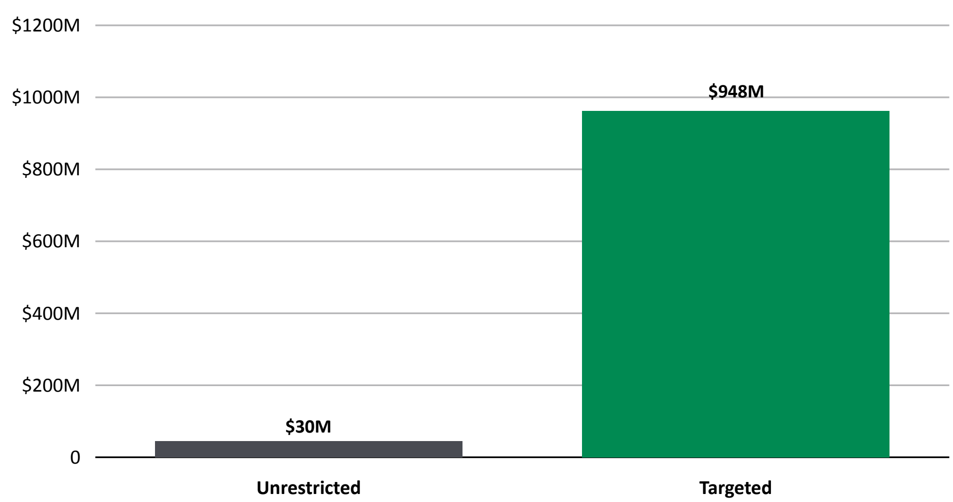


Figure 28: Freddie Mac LIHTC Equity Investments



The Enterprises, combined, closed $377 million in LIHTC equity investments in DTS rural areas in 2022, bringing the total to $1.4 billion since they re-entered this market in 2018. Figure 29 shows the number of DTS rural LIHTC equity investment projects by state for both Enterprises combined.

Figure 29: Top States – Enterprises Combined Duty to Serve Rural Projects

State	Duty to Serve Rural Projects by State (Combined)
California	12
Ohio	9
North Carolina	7
Kentucky	6
West Virginia	6
Texas	5
Virginia	5
Kansas	4
Minnesota	4
Vermont	4
Wisconsin	4

Transaction Spotlight: Freddie Mac Duty to Serve LIHTC Transaction

Source: Freddie Mac

Freddie Mac's $10.3 million LIHTC equity investment financed the rehabilitation of Citrus Gardens. Located in Orange Cove, California in the heart of the agricultural-rich San Joaquin Valley, the property will serve agricultural employees exclusively. The property's 29 units will be affordable to households earning 30-60 percent of AMI. The property also received soft loan financing by the Joe Serna, Jr. Farmworker Housing Program.

Federal Home Loan Bank Activities Supporting Homeowners and Renters

The Federal Home Loan Banks (FHLBanks) provide their member financial institutions with financial products and services that assist and enhance the financing of housing and economic development, serving consumers at all income levels. FHFA closely monitors these activities to ensure the FHLBanks are meeting their mission obligations.

The following section details the FHLBanks' efforts to support access to affordable housing and targeted economic development in 2022.

Affordable Housing Program

The FHLBank Affordable Housing Program (AHP) is mandated by the Federal Home Loan Bank Act of 1932 (Bank Act), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Each FHLBank is required by the statute to fund an AHP annually with at least 10 percent of its net earnings from the prior year. Each FHLBank establishes and implements its own program, subject to criteria established by FHFA in the AHP regulation at 12 CFR part 1291.

Under the statute, the FHLBanks are required to provide AHP funds through their member financial institutions to finance the purchase, construction, or rehabilitation of owner-occupied and affordable rental housing. The owner-occupied housing must be for households with incomes at or below 80 percent of AMI, and at least 20 percent of the units in the rental housing projects must be occupied by and affordable for households with incomes at or below 50 percent of AMI.

Member financial institutions apply to their FHLBanks for AHP grants or subsidized advances (i.e., loans with reduced interest rates) that the members pass on as grants or below market rate loans to eligible projects or apply for AHP grants that the members provide directly to eligible households. FHLBanks' programs may support affordable housing to address a number of housing needs, including but not limited to those experienced by older adults, persons experiencing homelessness, persons with disabilities, and other targeted populations.

The AHP has two components. The primary component is a mandatory competitive application funding program through which FHLBanks provide subsidies either as grants or as reduced interest rates on advances. The bulk of the AHP funding through this component takes the form of grants. Applications for subsidy for proposed projects are approved based on each FHLBank's individual scoring system established pursuant to the general scoring framework in the AHP regulation.

The second funding program is a discretionary homeownership set-aside program under which the FHLBanks provide grants through their members to eligible households for down payment, closing costs, counseling, or rehabilitation assistance in connection with the households' purchase or rehabilitation of owner-occupied units. Generally, access to set-aside program funds is on a first-come, first-served basis for FHLBank members and eligible households.[19]

Figure 30 below describes AHP total units and total awarded funds from 2018 to 2022. Ownership units as a percentage of total units generally rose during this time and was close to 49 percent in 2022. AHP total awarded funds and total units declined in the last few years as a result of monetary and economic conditions that reduced total FHLBank System earnings.

Figure 31 shows total AHP rental and ownership units by income level over the period from 2018 to 2022. During this time, the AHP consistently assisted low-income, very low-income, and extremely low-income units. These income brackets represent units serving households with incomes between 50 and 80 percent of AMI, 30 and 50 percent of AMI, and units serving households earning less than 30 percent of AMI respectively as shown. Figure 32 shows 2021 and 2022 AHP competitive application program rental and ownership units and funding that supported Native American housing. These figures include projects with units reserved for occupancy by Native Americans or those sponsored by a Native American Tribe, Alaskan Native Village, or the government entity for Native Hawaiian Home Lands.

The AHP competitive application program also supports rural housing. Figure 33 details the 2022 AHP competitive application program funding and units, including very low-income units, delineated by rental and ownership type. In 2022, the AHP competitive application program awarded aproximately $32.2 million to rural projects, which supported over 2,500 rural units.

The AHP competitive application program provides subsidy to various types of affordable housing projects. An example of one of the projects assisted by AHP competitive application program subsidy is Casa Indiana, in Philadelphia, Pennsylvania, shown in Figure 34.

Additionally, as mentioned above, the second of the AHP's two components is the discretionary homeownership set-aside program. The maximum share of AHP funding an FHLBank may allocate to its homeownership set-aside program per year is the greater of $4.5 million or 35 percent of its annual AHP statutory funding contribution.[20] The set-aside program can also support manufactured housing units, assisting 144 such units in 2022 System-wide.

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19 The AHP regulation requires the FHLBanks to establish allocation criteria for the disbursement of AHP set-aside funds to members and establishes a maximum AHP subsidy limit per household. FHLBanks generally limit the amount of set-aside funds that each member may receive, and adopt subsidy limits per household, pursuant to these regulatory requirements. See 12 C.F.R. § 1291.42(a), (c).

20 12 C.F.R. § 1291.12(b).

Figure 30: Total AHP Rental and Ownership Awarded Funds and Units (2018-2022)

	2018	2019	2020	2021	2022
Rental Units	27,259	25,898	22,688	17,658	13,076
Ownership Units	22,012	20,251	17,711	15,113	12,434
Total Units	49,271	46,149	40,399	32,771	25,510
Total Subsidy Awarded (in millions)	$457.9	$458.1	$392.7	$352.4	$266.9

Note: Data as of December 31 for each noted year.

Figure 31: Total AHP Rental and Ownership Units by Income Level (2018-2022)

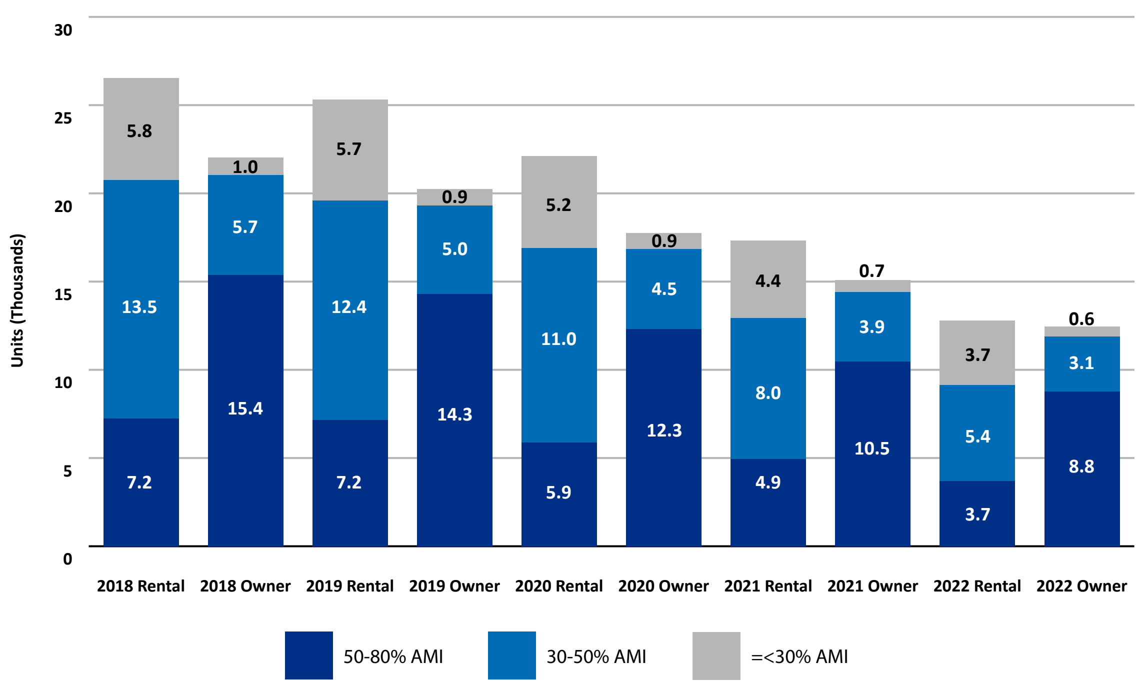


Figure 32: 2021- 2022 AHP Competitive Application Projects by Native Usage or Sponsorship

Unit Type	Number of Projects	Total Subsidy Awarded
Ownership	8	$3.0 Million
Rental	21	$15.1 Million
Ownership and Rental	29	$18.1 Million

Figure 33: 2022 AHP Competitive Application Program Rural Projects

	Rental Projects	Owner-Occupied	Total Projects
Number of Projects	44	13	57
Total Subsidy Awarded (in Millions)	$29.1	$3.1	$32.2
Number of Project Units	2,314	200	2,514
Average Number of Approved Units per Awarded Projects	53	15	44
Number of Very Low-Income Units	1,594	15	1,609

Note: Data as of December 31, 2022

Figure 34: Transaction Spotlight: Example of the AHP Competitive Application Program Project: Casa Indiana

Source: Federal Home Loan Bank of Pittsburgh

Casa Indiana

Casa Indiana received AHP competitive application program subsidy. The new construction project is in the Fairhill neighborhood of Philadelphia, Pennsylvania. The area serves as the city's center of Hispanic and Latino life and culture and has unmet affordable housing needs. The project created 50 affordable senior housing units.

Community Investment Program (CIP) Housing and Community Investment Cash Advance (CICA) Program

The Community Investment Program (CIP) is also mandated by the Bank Act. Under the CIP, each FHLBank is required to offer advances to its member financial institutions priced no higher than the cost of consolidated FHLBank obligations of comparable maturities, taking into account reasonable administrative costs, for the financing of housing for households with incomes at or below 115 percent of AMI.

Each FHLBank may also offer optional Community Investment Cash Advance (CICA) programs. Under these programs, FHLBanks may support the financing of targeted economic development projects by offering long-term regular or subsidized advances and grants through FHLBank members, as well as through housing associates such as state and local housing finance agencies and economic development finance authorities. CICA lending is targeted to specific beneficiaries, including small businesses and certain geographic areas. CICA funding in urban areas is for targeted beneficiaries with incomes at or below 100 percent of AMI and CICA funding in rural areas is for targeted beneficiaries with incomes at or below 115 percent of AMI.

Figure 35 details CIP housing units and funding from 2018 to 2022 as well as CICA advances over that time period, while the Figure 36 details rural 2022 CIP and CICA projects by type of project.[21] Lastly, Figure 37 shows that rural projects constituted approximately 36 percent of all CIP advances in 2022, which represents a far higher percentage of total projects than the program had in recent years.

21 Although the Banks are authorized to issue grants under CICA programs, only a negligible number of grants were issued in 2018-2022. Accordingly, the following figures do not include CICA grants.

Figure 35: CIP and CICA Units and Advances (2018-2022)

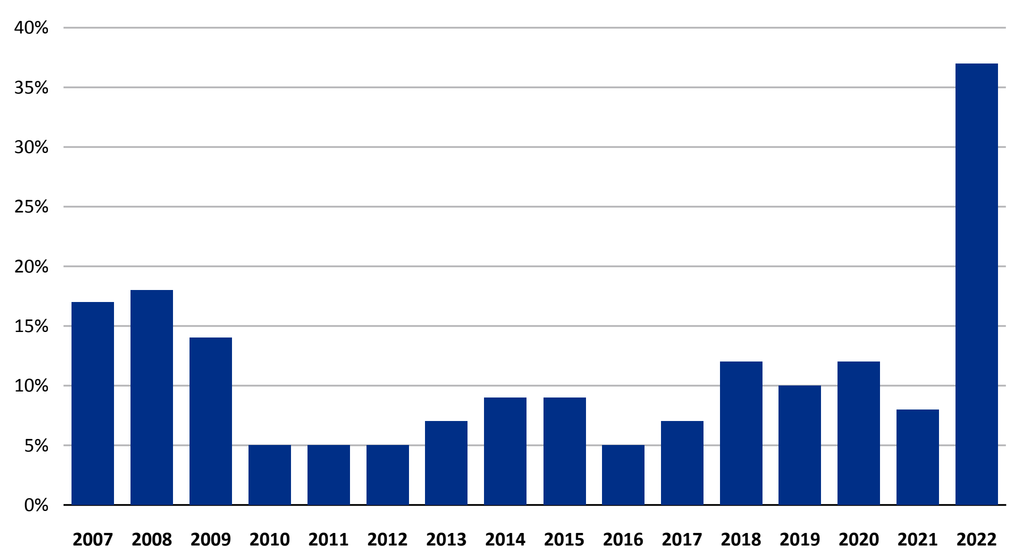
	2018	2019	2020	2021	2022
CIP Housing Rental Units	14,772	14,540	8,989	2,396	4,338
CIP Housing Ownership Units	11,001	12,956	13,258	5,671	15,682
Total Units	25,773	27,496	22,247	8,067	20,020
Total CIP Housing Advances (in Millions)	\$3,017	\$3,285	\$2,913	\$1,620	\$3,175
Total CICA Advances (in Millions)	\$3,102	\$3,075	\$3,630	\$1,036	\$1,409

Note: Data as of December 31 for each noted year.

Figure 36: 2022 CIP and CICA Programs Rural Projects

	Housing Projects	Economic Development Projects	Mixed-Use Projects	Total Projects
Total Awarded Projects	32	191	3	226
Total Advance Commitments (in Millions)	$1,258	$421	$8	$1,687
Total Number of Rental Housing Units Financed	131	-	17	148
Total Number of Owner-Occupied Housing Units Financed	9,744	-	4	9,748
Total Number of Housing Units Financed	9,875	-	21	9,896
Total Number of Jobs Created or Retained	-	3,904	74	3,978

Figure 37: Rural CIP Advances as a Percentage of Total CIP Advances (2007-2022)



Note: Data as of December 31, 2022

FHLBank Housing Goals

The Bank Act requires that FHFA establish housing goals with respect to the purchase of mortgage loans, if any, by the FHLBanks, and that these goals be consistent with those established for the Enterprises, considering the FHLBanks' unique mission and ownership structure. FHFA's FHLBank housing goals regulation establishes housing goals for single-family loans purchased by the FHLBanks from their members through their Acquired Member Assets (AMA) programs. The housing goals encourage the FHLBanks, through their AMA programs, to serve low- and very low-income families and families in low-income areas, as well as small members.

Under the regulation's mortgage purchase goal, at least 20 percent of a FHLBank's AMA mortgage purchases in any given year must be for some combination of low-income families, very low-income families, or families in low-income areas, provided that no more than 25 percent of the purchases that count towards achievement of this 20 percent be for families with incomes above 80 percent of AMI. The regulation also establishes a community-based AMA user goal under which, of all institutions that sell at least one AMA loan to a given FHLBank in a year, at least 50 percent – or, if the FHLBank failed to meet the 50 percent requirement in the prior year, at least three percent higher than that prior year's performance – must have assets not exceeding a limit subject to annual adjustment by FHFA.

FHFA has preliminarily determined that all FHLBanks that participated in the AMA program in 2022 met both the mortgage purchase housing goal and the community-based AMA user housing goal in 2022. See Figures 38 and 39 below. Later this calendar year, FHFA will make a final determination of each FHLBank's 2022 housing goals performance and publish these determinations.

Figure 38: 2022 FHLBank Mortgage Purchase Housing Goal Performance

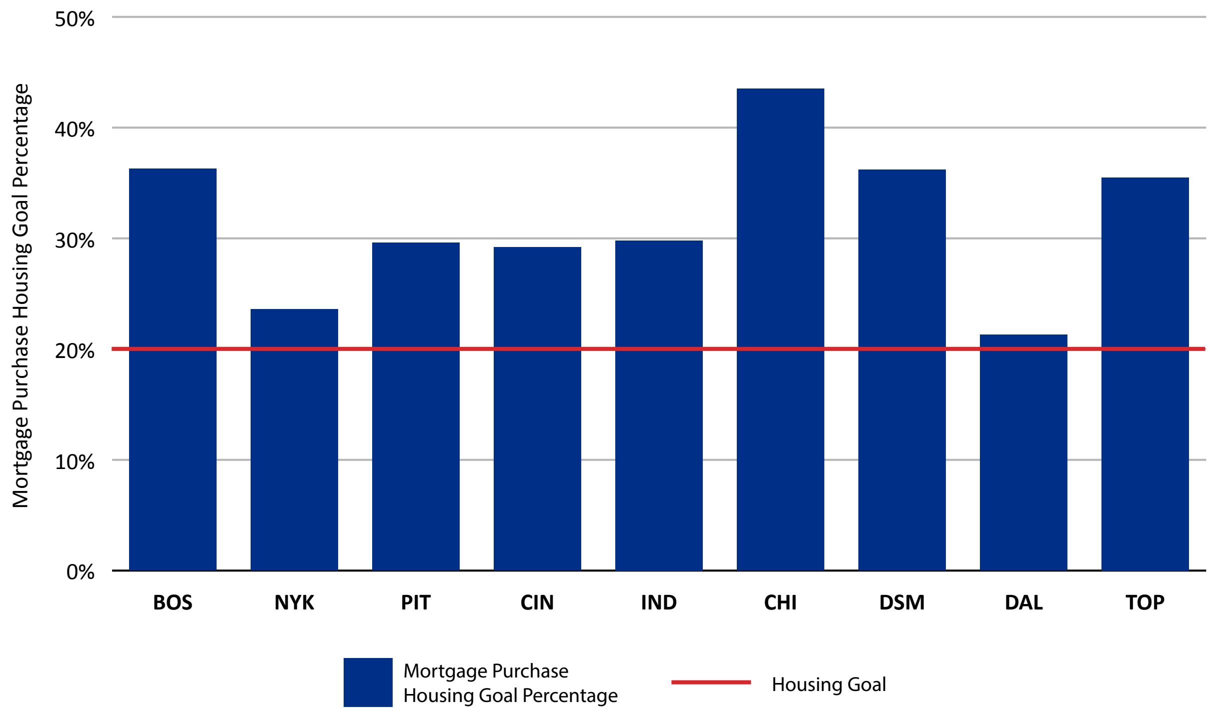
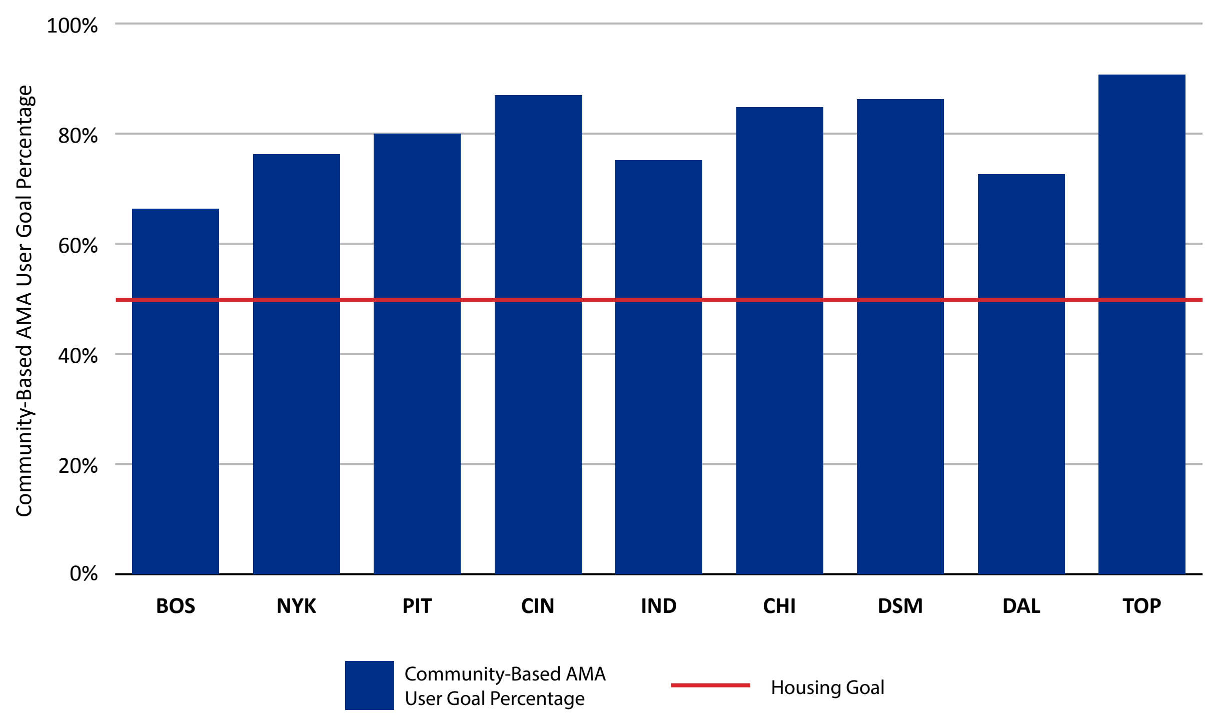


Figure 39: 2022 FHLBank Community-Based AMA User Housing Goal Performance



2023 Outlook

The market conditions that existed in 2022, which contributed to decreased business activities by the regulated entities, are expected to continue in 2023. Prior to the pandemic, house prices were growing at a moderate rate, mortgage interest rates were stable, yet housing inventory was low. Three years after the onset of the pandemic, house price growth has been historically high, fueled in part by low inventories of homes for sale and historically low mortgage rates during the pandemic. In 2022, mortgage rates increased rapidly, which dampened demand but did not resolve the supply challenges and raised affordability concerns for those who are looking to buy. Freddie Mac's weekly survey of lenders nationwide indicated that the average rate for 30-year fixed rate mortgages, including points, reached a peak of 7.08 percent during the weeks of October 27 and November 10, 2022, before declining to 6.42 percent at year-end.

A number of bank failures in March 2023 have led to further unpredictability in the market this year. Ten-year Treasury rates declined significantly, which brought down mortgage rates by 31 basis points during the month of March.[22] Additionally, regional banks have largely pulled out of the secondary multifamily mortgage market, leaving the Enterprises to play a countercyclical role.

Housing affordability for both homeowners and renters is an ongoing concern in 2023 for FHFA and the regulated entities. While growth in FHFA's Home Price Index (HPI) and in rents have slowed somewhat, supply constraints continue to negatively impact the availability of affordable housing. FHFA will continue to work closely with the regulated entities throughout the year to ensure they are meeting their missions to support the financing of affordable housing for underserved households and communities.

22 *See* https://www.freddiemac.com/pmms/docs/historicalweeklydata.xls

Appendix: Additional Program Information

Enterprises

The Enterprises fulfill their mission through activities that include the purchase, securitization, and guarantee of single-family and multifamily loans.

Housing Goals

Under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by HERA, FHFA sets annual affordable housing goals by regulation for the Enterprises. The housing goals applicable to the Enterprises' 2021 loan purchases consisted of four single-family owner-occupied housing goals with one single-family owner-occupied subgoal and one multifamily housing goal with two multifamily subgoals. FHFA's 2022-2024 Enterprise housing goals final rule, published in December 2021, replaced the low-income areas subgoal with separate area-based subgoals targeting the individual components of the low-income areas subgoal. The two new subgoals are the minority census tracts subgoal and the low-income census tracts subgoal.

The single-family housing goals are expressed as a percentage of the total number of eligible loans underlying the Enterprises' total single-family loan purchases, while the multifamily housing goals are expressed in terms of minimum numbers of units financed. The single-family housing goals and subgoals target purchase mortgage loans for low-income families, very low-income families, and families that reside in low-income areas. The single-family housing goals also include one goal that targets refinancing loans for low-income families.

Many loan purchases that qualify for housing goals credit are originated under programs such as HomeReady (Fannie Mae) and Home Possible (Freddie Mac), which offer down payment options as low as 3 percent and are designed to help qualified borrowers with limited savings to buy a home. Other programs, such as HFA Preferred and HFA Advantage, are also sources of housing goals loans. In addition, the Enterprises' refinancing loan purchase programs, RefiNow (Fannie Mae) and Refi Possible (Freddie Mac), provide more flexibilities to help low- and moderate-income borrowers take advantage of low interest rates by refinancing their mortgages and lowering their monthly mortgage payments.

In 2022, the multifamily housing goals targeted multifamily rental housing units affordable to low- and very low-income families, as well as units in small multifamily properties (5–50 units) affordable to low-income families.

FHFA's 2023-2024 Enterprise multifamily housing goals final rule, published in December 2022, replaced the units-based benchmarks for the three multifamily housing goals and subgoals with percentage-based benchmark levels.

Duty to Serve

HERA requires the Enterprises to serve very low-, low-, and moderate-income families in three specified underserved markets – manufactured housing, affordable housing preservation and rural housing – by providing outreach, loan products, loan purchases, and investments to support the financing of housing in these markets. Under FHFA's Duty to Serve regulation, the Enterprises are required to establish, for each underserved market, a three-year Duty to Serve Underserved Markets Plan that describes the activities and objectives each Enterprise will undertake in each of the three underserved markets.

Fair Lending

FHFA's fair lending activities include monitoring the regulated entities for fair housing risk and conducting fair lending risk assessments on their policies, programs, and activities. FHFA also conducts targeted fair lending examinations and other supervisory reviews pursuant to Advisory Bulletin 2021-04, Enterprise Fair Lending and Fair Housing Compliance, and FHFA's Fair Lending Policy Statement. In September 2021, FHFA, acting as conservator, instructed Fannie Mae and Freddie Mac to develop Equitable Housing Finance Plans. The Enterprises also were instructed to identify and address barriers to sustainable housing opportunities for homeowners and renters, including goals and actions to advance equity in housing finance for the next three years.

Conservatorship Scorecard

FHFA has acted as conservator of the Enterprises since September 6, 2008. Under conservatorship, the Enterprises are presented with annual Conservatorship Scorecards to ensure they continue to focus on their core mission responsibilities. Included in the 2022 Conservatorship Scorecard are activities related to FHFA's annual volume cap and mission-driven requirements for the Enterprises' multifamily business activities.

Appendix: Glossary Terms

Accept Rate	In the automated underwriting system, the percent of loan applications that are approved by the model and eligible to be acquired by the Enterprise. The lender ultimately renders a decision to approve or decline the application.
Affordable Housing Preservation Market	One of three Duty to Serve underserved markets in which eligible activities support financing for the preservation of the affordability of housing for very low-, low-, and moderate-income renters and homebuyers under specified programs enumerated in HERA and other comparable state or local affordable housing programs.
Affordable Housing Program (AHP)	A program mandated by the Bank Act, as amended by FIRREA, and as implemented pursuant to FHFA's AHP regulation, under which each FHLBank provides grants or subsidized advances through its member financial institutions to finance the purchase, construction, or rehabilitation of housing for very low- and low- or moderate-income households.
AMI	Area Median Income.
Appendix A	Appendix A of FHFA's Conservatorship Scorecard, which outlines details of the Enterprises' multifamily mission-driven requirements for a particular year.
Bank Act	Federal Home Loan Bank Act of 1932.
Capital Magnet Fund	A fund administered by the U.S. Department of the Treasury and funded by the Enterprises that competitively awards money to finance affordable housing activities.

CLTV Ratio	Combined Loan to Value Ratio, the ratio of all secured loans on a property to the value of the property.
Community Investment Cash Advance (CICA) Program	A discretionary program established by a FHLBank under which it offers advances or grants through its members for targeted economic development lending, pursuant to FHFA's CICA regulation.
Conservatorship Scorecard	A document issued annually by FHFA that communicates FHFA's priorities and expectations for the Enterprises and provides transparency to the public about these expectations.
Distressed Properties	A Duty to Serve activity for Enterprise support for lending programs for the purchase or rehabilitation of certain distressed properties.
Duty to Serve (DTS)	A program mandated by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by HERA, and as implemented pursuant to FHFA's DTS regulation, under which each Enterprise prepares and implements a three-year DTS Underserved Markets Plan that details its planned activities to serve the DTS manufactured housing, rural housing, and affordable housing preservation markets.
Enterprises	Fannie Mae and Freddie Mac, which are government-sponsored enterprises.
Equitable Housing Finance Plans	Plans submitted by the Enterprises to FHFA that identify and address barriers to sustainable housing opportunities, including the Enterprises' goals and action plans to advance equity in housing finance for the next three years.

Fair Lending	Fair lending activities by FHFA include oversight and enforcement related to Federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities.
FHFA	The Federal Housing Finance Agency, which is the regulator of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, and the Conservator of Fannie Mae and Freddie Mac.
FHLBanks	The 11 Federal Home Loan Banks, which are government-sponsored enterprises.
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act of 1989.
HERA	Housing and Economic Recovery Act of 2008.
HFA Loans	Loans offered through state Housing Finance Agency (HFA) programs that vary by state but are all aimed at promoting homeownership and increasing mortgage affordability for first-time homebuyers and low- and moderate-income households.
High-Needs Rural Region	The Duty to Serve regulation defines a “high-needs rural region” as any of the following regions located in a rural area: (i) Middle Appalachia; (ii) the Lower Mississippi Delta; (iii) a colonia; or (iv) a tract located in a persistent poverty county and not included in Middle Appalachia, the Lower Mississippi Delta, or a colonia.
Home Possible	Freddie Mac program that offers down payment options as low as 3 percent and is designed to help qualified borrowers with limited savings to buy a home.

HomeReady	Fannie Mae program that offers down payment options as low as 3 percent and is designed to help qualified borrowers with limited savings to buy a home.
Housing Goals, Enterprises	Annual affordable housing goals for the Enterprises set by FHFA in its Enterprise Housing Goals regulation, pursuant to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by HERA.
Housing Goals, Federal Home Loan Banks	Annual affordable housing goals for single-family loans purchased by the FHLBanks from their members through their Acquired Member Assets (AMA) programs, set by FHFA in its FHLBank Housing Goals regulation, pursuant to the Bank Act, as amended by HERA.
Housing Goals Eligible (Enterprise Single-Family)	Housing goals eligible purchase loans are home purchase mortgages on owner-occupied housing with one to four units. Housing goals eligible refinance loans are refinanced mortgages on owner-occupied, one-to-four-unit dwellings. They must be conventional, conforming mortgages, defined as mortgages that are not insured or guaranteed by FHA or another government agency and have principal balances that do not exceed the conforming loan limits for Enterprise mortgages.
Housing Trust Fund	A fund administered by the U.S. Department of Housing and Urban Development (HUD) and funded by the Enterprises which allocates funding annually to states for affordable housing activities.

LCT	Low-Income Census Tract. Refers to one of the single-family subgoals under the Enterprise housing goals program. LCT loans are goal-eligible home purchase mortgages to borrowers in low-income census tracts (defined as census tracts where the median income is no greater than 80 percent of AMI) that are not minority census tracts, or loans to borrowers with incomes greater than 100 percent of AMI in low-income census tracts that are also minority census tracts.
LIHTC	Low-Income Housing Tax Credit program, jointly administered by the Internal Revenue Service and state housing agencies.
LIHTC Debt	Debt financing provided by the Enterprises for Low-Income Housing Tax Credit transactions.
LIHTC Equity Investments	Equity investments made in Low-Income Housing Tax Credit transactions by the Enterprises.
LIP	Low-Income Purchase. Refers to one of the single-family goals under the Enterprise housing goals program. LIP loans are the subset of goal-eligible purchase loans acquired by the Enterprises where borrowers had incomes no greater than 80 percent of AMI.
LIR	Low-Income Refinance. Refers to one of the single-family goals under the Enterprise housing goals program. LIR loans are the subset of goal eligible refinance loans acquired by the Enterprises where borrowers had incomes no greater than 80 percent of AMI.
LLPA	A loan-level price adjustment is a risk-based fee assessed to mortgage borrowers using a conventional mortgage. Loan-level price adjustments vary by borrower, based on loan traits such as LTV, credit score, occupancy type, and number of units in a home.

Low-Income Borrower/ Household	Borrower/household whose income is 80 percent or less of AMI.
Low Investment Transactions	Targeted Low-Income Housing Tax Credit investments made by the Enterprises that preserve affordable housing, support mixed-income housing, provide supportive housing, or meet other affordable housing objectives.
LTV	Loan-To-Value ratio.
Market-Rate Affordable Housing	Multifamily properties that are naturally affordable at market rents without subsidy or public program involvement. Also referred to as “naturally occurring affordable housing” or “workforce housing.” Included in FHFA’s multifamily mission-driven categories for the Enterprises.
Manufactured Housing Community (MHC)	A tract of land under unified ownership where individual pads are rented for manufactured homes. Typically financed with a blanket loan.
Manufactured Housing Community with Tenant Pad Lease Protections	A manufactured housing community that adopts the tenant pad lease protections enumerated in the Duty to Serve regulation.
Manufactured Housing (MH) Market	One of three Duty to Serve underserved markets in which eligible activities support the financing of manufactured homes (titled as real property or personal property (known as chattel)) and specified categories of manufactured housing communities for very low-, low-, and moderate-income households.

MCT	Minority Census Tract. Refers to one of the single-family subgoals under the Enterprise housing goals program. MCT loans are goal-eligible home purchase mortgages to borrowers with incomes no greater than 100 percent of AMI in minority census tracts. Minority census tracts must have a minority population of at least 30 percent and a median income of less than 100 percent of AMI.
MF Energy Efficiency	Activities in the Duty to Serve regulation that support financing of multifamily energy efficiency improvements.
MI	Mortgage insurance.
Mission-Driven Requirements/Percentages	FHFA requires the Enterprises' multifamily businesses to meet annual mission-driven loan purchase requirements. The requirements are described in Appendix A of the Conservatorship Scorecard.
Moderate-Income Borrower/Household	Borrower/household whose income is at or below 100 percent of AMI.
Multifamily Housing	Rental properties with five or more units.
Planned Unit Development (PUD)	A planned unit development is a community built under flexible zoning with a mixture of different types of housing and commercial development. Common areas are managed by a homeowners' association (HOA) and funded collectively by residents through mandatory fees.

Race-Ethnicity Categorization	Race/ethnicity borrower categories are based on either the borrower or co-borrower(s) identifying as Hispanic or Latino, or a race other than white. Individual race and ethnicity categories are not mutually exclusive, and do not sum to 100 percent. For example, if there are two borrowers on a mortgage, one of whom identifies as Black and one as Asian, the loan information would be counted as part of both Black and Asian categories. Similarly, if a borrower identifies with more than one race or ethnicity, the borrower will be included in each group, except for borrowers who identify as non-Hispanic white. Borrowers who are missing race and ethnicity information are excluded from this analysis. For race and ethnicity categories, the following naming conventions and abbreviations are used: a. White — includes White non-Hispanic applicants or borrowers b. Black — includes Black and African American applicants or borrowers c. Latino — includes Hispanic or Latino applicants or borrowers of any race d. American Indian (AIAN) — includes both American Indians and Alaskan Native applicants or borrowers e. Pacific Islander — includes both Native Hawaiians and Pacific Islander applicants or borrowers f. Asian
RefiNow	Fannie Mae refinancing initiative that provides more flexibilities to help low- and moderate-income borrowers take advantage of low interest rates by refinancing their mortgages and lowering their monthly mortgage payments.
Refi Possible	Freddie Mac refinancing initiative that provides more flexibilities to help low- and moderate-income borrowers take advantage of low interest rates by refinancing their mortgages and lowering their monthly mortgage payments.

Rental Assistance Demonstration (RAD)	RAD is an affordable housing preservation initiative, administered by HUD, in which a property moves from its original regulatory platform to the project-based Section 8 platform.
Residential Economic Diversity (RED)	As defined in the Duty to Serve regulation, RED is affordable housing in a high opportunity area or mixed-income housing in an area of concentrated poverty.
Rural Areas	The Duty to Serve regulation defines "rural area" as: (1) a census tract outside of a metropolitan statistical area (MSA) as designated by the Office of Management and Budget (OMB); or (2) a census tract in an MSA but outside of the MSA's Urbanized Areas as designated by the U.S. Department of Agriculture's (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of more than 64 housing units per square mile in USDA's RUCA Code #2.
Rural Housing Market	One of three Duty to Serve underserved markets in which eligible activities support the financing of housing for very low-, low-, and moderate-income renters and buyers in Duty to Serve-defined rural areas.
Section 202	Section 202 is a HUD program that helps to expand the supply of affordable housing with supportive services for the elderly.
Section 8 Project-Based Rental Assistance (PBRA)	PBRA is a public-private partnership program administered by HUD to maintain affordable rental homes for low-income persons.
Seniors Housing Assisted Living	Assisted living properties for elderly persons. One of FHFA's multifamily mission-driven categories for the Enterprises.
SF Energy Efficiency	Activities in the Duty to Serve regulation that support financing of single-family energy efficiency improvements.

Shared Equity	Activities in the Enterprise regulation that preserve long-term affordable homeownership through shared equity programs.
Single-Family	Owner-occupied housing with 1–4 units.
Small Financial Institutions	Activities in the Enterprise Duty to Serve regulation that support financing by small financial institutions of rural housing, defined as financial institutions with less than $304 million in assets (for single-family activities).
Small Multifamily Property	A multifamily property with between 5 and 50 units. Included in FHFA's multifamily mission-driven categories for the Enterprises and a subgoal for the Enterprise multifamily housing goals.
State and Local Activities	Refers to activities in the Enterprise Duty to Serve Plans under comparable state and local affordable housing programs as referenced in the Duty to Serve regulation.
UPB	Unpaid principal balance.
Very Low-Income Borrower/Household	Borrower/household whose income is 50 percent or less of AMI.
Very Low-Income Purchase (VLIP)	VLIP refers to one of the single-family goals under the Enterprise housing goals program. VLIP loans are the subset of goal-eligible home purchase mortgages acquired by the Enterprises where borrowers had incomes no greater than 50 percent of the AMI.
Volume Cap	FHFA sets an annual volume cap on the multifamily purchase volume of each Enterprise through the Conservatorship Scorecard.