

2023 Rural Housing Outreach

ACTIVITY:

B. Housing for high-needs rural populations (12 C.F.R. § 1282.35 (c) (2))

OBJECTIVE:

1. Support technical assistance programs that enhance the development capacity of organizations serving high-needs rural populations.

SUMMARY OF RESULTS:

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
<input checked="" type="checkbox"/> Partner with nonprofit organizations working to develop or preserve housing for agricultural workers or Native American communities. The organization working to support Native American housing will deliver TA to 10 organizations through HUD funding allocated for tribal housing and/or LIHTC. Work with nonprofit partners to:	Target met through 2023 actions; see subsequent implementation steps	
<input checked="" type="checkbox"/> Assess the results of TA performed in 2022 and incorporate opportunities and strategies to strengthen the program's effectiveness and increase its scale in 2023.	Fannie Mae reviewed and assessed our 2022 technical assistance (TA) under this objective at the project level. We identified certain projects that were primed for continued engagement in 2023.	
<input checked="" type="checkbox"/> Plan the 2023 TA program and identify organizations for TA delivery (Native American housing).	Our 2023 Native American TA plans sought to support at least 10 Native American communities for an average of at least 80 hours per organization, with at least half completing applications for funding multifamily housing.	
<input checked="" type="checkbox"/> Execute the 2023 TA program.	Our 2023 TA resulted in 11 organizations applying for state funding for multifamily housing.	



<p><input checked="" type="checkbox"/> Analyze results of the 2023 TA program at the property level to determine success of the program and inform future work.</p>	<p>All TA provided under this Objective was tracked at the property level, each with documented next steps for 2024, if applicable.</p>	
<p><input checked="" type="checkbox"/> Initiate meetings between farmworker housing experts and Fannie Mae Multifamily staff to discuss the current conditions in the farmworker housing finance market - including USDA Section 514/516 and other common sources of funding - and to inform future marketplace action by Fannie Mae.</p>	<p>Farmworker housing experts met with Fannie Mae Multifamily staff on at least six occasions to develop outreach strategies, gather market perspectives, and synthesize data to educate future strategies supporting farmworker housing.</p>	
<p><input checked="" type="checkbox"/> Gather feedback from farmworker housing owners and operators on the viability of a secondary market loan product, which could aid renters and borrowers, and necessary loan features and terms, which could best support this specialized market.</p>	<p>We developed and deployed a survey of farmworker housing providers that gathered information on current housing conditions and challenges, and we catalogued the needs and desired characteristics of a potential secondary market loan product suitable to this market.</p>	
<p><input checked="" type="checkbox"/> If a secondary market loan product can materially benefit this market, explore opportunities to connect farmworker housing owners and operators with Fannie Mae lenders.</p>	<p>Research and product development on a new secondary market product has not progressed to the point where Fannie Mae DUS® lenders should begin to socialize it with potential borrowers, though this remains a consideration for the future. Fannie Mae continues to offer executions via its Guaranteed Rural Rental Housing program, which may be applicable for this market.</p>	
<p><input checked="" type="checkbox"/> Investigate avenues to support this market in the long-term, in addition to the existing model of supporting TA.</p>	<p>Fannie Mae gathered market feedback for potential complements to existing financing options for farmworker housing. As U.S. Department of Agriculture (USDA) Section 514/516 remains the most familiar option to providers of farmworker housing, we continued supporting TA that can result in completed applications for funding upon the resumption of these programs.</p>	



<input checked="" type="checkbox"/> Summarize outreach findings in a written report by end of 2023.	Farmworker housing outreach findings were summarized in an internal report that has been shared with various deal and product developments teams within Fannie Mae. These findings will be used for planning actions in 2024 and future years.	
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SELF-ASSESSMENT RATING OF PROGRESS:

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

IMPACT:

- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

1. How and to what extent were actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

Native American Housing

Early in 2023, promotion of the Native Housing Developers Guide, previously published with support from Fannie Mae in 2021, immediately led to new connections with potential TA recipients that ultimately resulted in three new grant awards for Native American housing. Beyond this, TA focused on leveraging the Homekey Tribal set-aside in the state of California, which will fund \$75 million for tribal affordable housing projects in the state. This funding for multifamily development tackling homelessness and those at-risk of homelessness had been available in previous rounds but was under-subscribed by tribes. Fannie Mae-funded TA directly supported 11 out of the 13 Native communities who applied for Tribal Homekey in the state of California in 2023, totaling over \$81 million in requested funds.

Farmworker Housing

As the Notice of Solicitation of Applications (NOSA) for Section 514 loans and Section 516 grants was not published by the USDA in 2023, TA did not result in completed applications for these programs as previously envisioned. Despite the funding gap from USDA, Fannie Mae’s TA partner conducted four separate trainings for a total of over 200 potential sponsors interested in pursuing future funding for farmworker housing. With the limitations placed on technical assistance without a published NOSA, Fannie Mae and its TA partner pivoted from an exclusive focus on completed applications to a market research strategy intended to inform potential future product development at Fannie Mae. Ultimately, this took the form of a custom market outreach survey. Detailed responses to this survey from 28 different farmworker housing market participants revealed sponsor perceptions into market gaps that could be addressed by a secondary market product. These direct market perspectives will support Fannie Mae as we consider refining or developing new strategies to best address the rural farmworker housing market, particularly given gaps created by interruptions in USDA Section 514 and Section 516 loan and grant funding.



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

Native American Housing

A housing development project involves months or years of pre-development work, understanding of project financing, confidence in making decisions about the site and infrastructure, and navigating between the guidelines in the state's NOSA and the tribe's stated housing goals. The entire process of applying to access state funding was new to many tribes that received 2023 TA and is an intimidating process. In California, where a sizeable tribal set-aside was available in 2023 as part of the Homekey program and on which much of the 2023 TA focused, tribes face several obstacles to housing development. There are over 100 federally recognized tribes in the state, but many of them are very small, scattered in remote areas, and receive a limited number of Indian Housing Block Grant dollars each year. Some tribes are still fighting for recognition or have no land. The hope is that tribes supported with TA through this application can use the tools presented and skills acquired in their next housing development.

TA was most effective when it supported the tribe with tools to translate the housing goals of the tribe into the format of the required application — templates were often critical. Ultimately, however, because each TA recipient faces unique obstacles and comes to the TA engagement in various phases of pre-development, each project must be assessed according to its own plans and needs. Feedback from tribes receiving TA resulted in a number of recommendations to improve future engagements of this kind, including:

- Producing a one-page document for distribution to tribes clarifying the role and value of a TA provider.
- Standardizing more templates for required portions of the application.
- Coordinating meetings where multiple TA providers are present and can share insights together.

Farmworker Housing

Though the lack of a NOSA by USDA in 2023 limited TA from Fannie Mae's partner in the farmworker housing market to four events, recipients of assistance commonly shared that they wanted to better understand specific conditions of the USDA 514/516 programs, including restrictions on developer fees, excess cash flow, and opportunities to access gap funding to address rising construction costs. In general, TA recipients also sought technical support on site assessments, initial project evaluation, and completing applications for loans and grants.

New insights about targeted financing opportunities serving rural farmworkers stemmed largely from a market research survey of 28 potential farmworker housing developers located in nine states. Respondents to the survey shared that current Rural Development funding options impose potentially onerous regulatory requirements on funding, which may inhibit demand for funds and reduce the effectiveness of existing funds to farmworker communities. Such requirements included strict minimum thresholds on income from agricultural work, legal immigration or residency status for all members in a household, and mandatory minimum one-year leases. These regulations present challenges to renters who do not meet requirements, such as retired farmworkers, multi-earner households or households that supplement their income from non-agricultural work, and seasonal workers. Market participants informed Fannie Mae and the TA provider that USDA 514/516 loans and grants remain the primary option for farmworker housing finance, but that they would welcome loan options that complement or supplant these sources if they offered comparable interest rates, extended loan terms, and fewer regulatory eligibility restrictions.

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

N/A