



## Appendix A: Multifamily Definitions

### *1. Volume caps and review of market size*

The 2025 Scorecard establishes a \$73 billion cap on the multifamily purchase volume of each Enterprise, for a combined total of \$146 billion applicable for calendar year 2025. Within this cap, certain loans in affordable and underserved market segments are considered “mission-driven.” The 2025 Scorecard requires that a minimum of 50 percent of an Enterprise’s multifamily loan purchases be mission-driven in accordance with the definitions herein. FHFA anticipates the \$73 billion cap to be appropriate given current market forecasts. However, FHFA will continue to review its estimates of market size and mission-driven minimum requirements throughout the year. To prevent market disruption, if FHFA determines that the actual size of the 2025 market is smaller than initially projected, FHFA will not reduce the caps.

The following sections explain how FHFA will treat mission-driven loans for purposes of the 2025 Scorecard.

### *2. Loans on targeted affordable housing properties*

Targeted affordable housing loans are loans on properties encumbered by a regulatory agreement or a recorded use restriction under which occupancy for all or for a portion of the units is reserved for tenants with limited incomes, and which restricts the rents that can be charged for those units. FHFA will classify as mission-driven a proportionate amount of each loan for properties in the targeted affordable category, depending on the percentage of units that are restricted by a regulatory agreement or recorded use restriction. FHFA will classify as mission-driven 50 percent of the loan amount if the percentage of restricted units is less than 50 percent of the total units in a project, and 100 percent of the loan amount if the percentage of restricted units is equal to or more than 50 percent.

The following are examples of loans on targeted affordable housing properties that FHFA will classify as mission-driven:



- Loans on properties subsidized by the Low-Income Housing Tax Credit (LIHTC) program, which limits tenant eligibility based on income levels required by LIHTC program rules;
- Loans on properties developed under state or local inclusionary zoning, real estate tax abatement, loan or similar programs, where the property owner has agreed to: (a) restrict a portion of the units for occupancy by tenants with limited incomes in accordance with the requirements of the state or local program and restrict the rents that can be charged for those units to rents affordable to those tenants; and (b) enforce these restrictions through a regulatory agreement or recorded use restriction;
- Loans on properties covered by a Section 8 Housing Assistance Payment contract where the contract limits tenant incomes to 80 percent of area median income (AMI) or below. FHFA will not consider a unit that is occupied by a Section 8 certificate or voucher holder as a targeted affordable housing unit unless there is also a contract, a regulatory agreement, or a recorded use restriction; and
- Loans on properties where a Public Housing Authority (PHA), or a nonprofit development affiliate of a PHA, is the borrower and where the regulatory agreement or recorded use restriction restricts all or a portion of the units for occupancy by tenants with limited incomes and/or restricts the rents that can be charged for those units.

On a case-by-case basis, FHFA will consider Enterprise requests to classify other loans as mission-driven that meet affordable housing and mission goals but do not meet the exact definition of targeted affordable housing. Requests may be submitted for consideration only after meeting with FHFA to discuss the request.

### *3. Loans to preserve affordability at workforce housing properties*

Loans to preserve affordability at workforce housing properties may be exempt from the caps and classified as mission-driven if the property has units that are subject to either rent or income restrictions codified in loan agreements. FHFA will exempt from the volume cap the full loan amount of all loans where the loan agreements require a sponsor to preserve affordability, for at least 10 years or the term of the loan, at the “other affordable” market levels outlined below or that adhere to the standard of a state or local housing affordability initiative. Eligible loans on workforce housing properties may include those with financing from corporate-sponsored housing funds and initiatives that support affordable housing preservation. FHFA will classify as mission-driven 50 percent of the loan amount if the percentage of restricted units is less than 20 percent of the total units in a project, and 100 percent of the loan amount if the percentage of restricted units is equal to or more than 20 percent.



#### 4. *Loans on other affordable units*

FHFA will classify as mission-driven those units — including conventional, small 5-50 unit, and seniors housing — whose rents are affordable to tenants at various income thresholds but that are not subject to a regulatory agreement or recorded use restriction. FHFA will count as mission-driven the *pro rata* portion of the loan amount based on the percentage of units with affordable, unsubsidized/market rents, as described below.

##### a. *Loans on affordable units in standard markets*

Standard markets are those that are not located in designated cost-burdened or very cost-burdened renter markets. For properties located in these markets, the income threshold for affordability is 80 percent of AMI or below.

##### b. *Loans on affordable units in cost-burdened or very cost-burdened renter markets*

In cost-burdened renter markets as designated by FHFA, the income threshold for affordability is 100 percent of AMI or below. In very cost-burdened renter markets as designated by FHFA, the income threshold for affordability is 120 percent of AMI or below.

#### 5. *Loans on properties located in rural areas*

Rural areas are those areas designated as such in the Duty to Serve regulation. FHFA will classify as mission-driven, the *pro rata* portion of the loan amount based on the percentage of units affordable at 100 percent of AMI or below.



## 6. *Manufactured housing community blanket loans*

Loans to manufactured housing communities are blanket loans secured by the land and the rental pads. FHFA will classify as mission-driven the share of the loan amount of a manufactured housing community blanket loan that reflects the share that receives credit under the Duty to Serve regulation.

FHFA strongly encourages the adoption of tenant pad lease protections that meet or exceed those listed in the Duty to Serve regulation in all manufactured housing communities.

## 7. *Loans to finance energy or water efficiency improvements*

Loans to finance energy or water efficiency improvements are loans funded by the Enterprises under their own specialized financing programs for this purpose. For loans under the Fannie Mae Green Rewards and Freddie Mac Green Up and Green Up Plus loan programs, 50 percent of the loan amount will be classified as mission-driven if at least 20 percent but less than 50 percent of the unit rents are affordable at or below 80 percent of AMI, and 100 percent of the loan amount if the percentage of affordable units is equal to or more than 50 percent.

The renovations under the program (including subsequent program enhancements, as approved by FHFA) must project a minimum 15 percent reduction in annual whole property energy consumption and a minimum 15 percent reduction in annual whole property water and/or energy consumption. (Thus, a property projecting 30 percent energy consumption reduction would qualify for mission-driven credit, as would a property projecting 15 percent energy and 15 percent water consumption reduction, or 20 percent energy and 10 percent water consumption reduction.)

In addition, prior to Enterprise purchase, all Fannie Mae Green Rewards and Freddie Mac Green Up and Green Up Plus transactions must have a third-party data collection firm engaged for ongoing data collection for the life of the loan to receive mission-driven credit. This third-party firm can be funded by the borrower, the lender, or the Enterprise. FHFA will require specific data elements on all transactions where energy or water efficiency improvements are made for both Enterprises to determine the effectiveness of the programs in achieving policy outcomes, on an annual basis.

For loans funded under the Fannie Mae Green Building Certification program or the Freddie Mac Green Certified program, FHFA will classify as mission-driven 50 percent of the loan amount if at least 20 percent but less than 50 percent of the unit rents are affordable at or below 80 percent of AMI, and classify 100 percent of the loan amount if the percentage of affordable units is equal to or more than 50 percent.



## *8. Other Scorecard requirements*

For purposes of reporting on loan and commitment activity under the 2025 caps, the Enterprises must: (a) use the definitions for determining unit affordability of seniors housing assisted living units, coop units, and shared living arrangements, including student housing, that are included in the housing goals regulation at 12 CFR 1282.1; (b) use affordability data as of the loan acquisition date; (c) report monthly to FHFA on their acquisition and commitment volumes using a reporting format defined by FHFA; and (d) report quarterly on their acquisition volumes under the caps including detail on mission-driven loan purchases using a reporting format to be determined by FHFA.