FACT SHEET: 2025 MULTIFAMILY LOAN PURCHASE CAPS FOR FANNIE MAE AND FREDDIE MAC

Highlights of 2025 Multifamily Loan Purchase Caps

- The 2025 volume caps for multifamily loan purchases by Fannie Mae and Freddie Mac (the Enterprises) will be $73 billion for each Enterprise, totaling $146 billion for the calendar year.

- FHFA anticipates the 2025 cap levels will be appropriate given current market forecasts. FHFA will closely monitor the multifamily mortgage market and may increase the caps if necessary. Should the actual size of the 2025 market be smaller than initially projected, FHFA will not reduce the caps.

Mission-Driven, Affordable Housing Requirements

- To maintain a strong emphasis on affordable housing and underserved markets, FHFA will continue to require that at least 50 percent of the Enterprises' multifamily businesses be mission-driven, affordable housing in accordance with the definitions in Appendix A of the Conservatorship Scorecard.

- To further promote affordable housing preservation, loans classified as supporting workforce housing properties in Appendix A will remain exempt from the volume caps. All other mission-driven loans will still be subject to the volume caps.

Provision for Workforce Housing

- Starting in 2024, FHFA has allowed the exclusion of workforce housing loans from the volume caps to expand Enterprise support for affordable housing preservation.

- Introduced in 2023, the workforce housing mission-driven category in Appendix A captures loans that preserve rents at affordable levels, typically without the use of public subsidies.[1]

- Fannie Mae's Sponsor-Initiated Affordability (SIA)[2] and Sponsor-Dedicated Workforce (SDW)[3] programs, and Freddie Mac's Workforce Housing Preservation[4] and Tenant Advancement Commitment[5] programs all support eligible workforce housing loans.

- Workforce housing loans may include financing from corporate-sponsored housing funds and initiatives that support affordable housing creation and preservation.

- Through the third quarter of 2024, the Enterprises have financed over $4.5 billion in workforce loans, more than doubling their combined total in 2023.

- FHFA anticipates continued growth in workforce business as conditions in the multifamily market improve.

BACKGROUND

- Since 2015, FHFA has set caps on the Enterprises' conventional (market-rate) multifamily businesses.

- The purpose of the caps is to ensure the Enterprises support liquidity in the multifamily market, particularly for affordable housing and underserved segments, without crowding out private capital.

- To encourage Enterprise financing in affordable housing and underserved markets, FHFA initially excluded several categories of business from the caps.

- In September 2019, FHFA revised the cap structure to apply to all multifamily business and removed previous exclusions.

- For 2024, FHFA set a $70 billion volume cap for each Enterprise with a 50 percent mission-driven minimum percentage. FHFA also allowed workforce housing loans to be exempt from the caps.

- In 2025, FHFA will set a $73 billion volume cap for each Enterprise and maintain the 50 percent mission-driven minimum.

- Workforce housing loans will continue to be exempt from the volume caps in 2025.

Workforce Housing Properties Supported by the Enterprises

Fannie Mae

The Mill at First Hill
Seattle, Washington

Local developer SRM Development, LLC purchased The Mill at First Hill and converted the 358-unit market-rate apartment complex into affordable housing this past year. This deal ensures the permanent affordability of the housing through financing from Amazon's Housing Equity Fund, Shelter America Group, the Washington State Housing Finance Commission, and Fannie Mae. Fannie Mae's SIA program encourages multifamily owners to voluntarily preserve rents at affordable levels for the life of the loan. Half of the units at The Mill at First Hill will be affordable to residents who earn at or below 60 percent of AMI and the other half to those who earn at or below 80 percent of AMI for a period of 99 years.

Freddie Mac

Walden Lake
Plant City, Florida

Funded by Bridge Investment Group, Wells Fargo, and Freddie Mac, Walden Lake features 352 units with various amenities and an on-site resource center, which offers human services for tenants. Freddie Mac's Tenant Advancement Commitment, initiated in 2018, encourages owners to create affordable units while providing social services. This program has financed multiple workforce properties, including Walden Lake, ensuring that over half of its units remain affordable to households earning at or below 80 percent of AMI for the life of the Freddie Mac loan.

[1] Affordability thresholds are defined as 80-120 percent of area median income (AMI), depending on the specific market.
[2] See https://multifamily.fanniemae.com/financing-options/conventional-products/sponsor-initiated-affordability.
[3] See https://multifamily.fanniemae.com/financing-options/conventional-products/sponsor-dedicated-workforce.
[4] See https://mf.freddiemac.com/docs/workforce-housing-preservation.pdf.
[5] See https://mf.freddiemac.com/docs/product/tenant_advancement_commitment.pdf.