

Exhibit H:
Annual Outreach Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2019

OUTREACH

ACTIVITY:

9 - Support for Residential Economic Diversity: Additional Activity: Regulatory Activity

OBJECTIVE:

D - Conduct and Publish Three Research Projects on Housing in Areas of Concentrated Poverty (QCTs and R/ECAPs)

ACTIONS:

In 2019, Freddie Mac published a white paper describing four case studies in different communities that have undertaken deliberate efforts to promote residential economic diversity in Areas of Concentrated Poverty (ACP). Per our research, there are currently over 61 million people living in ACPs, representing 19% of our nation’s population. In addition, 51.4% of all subsidized housing stock across the country is located in ACPs. In this paper, we explored 1) how states, localities, communities and developers have attempted to spur economic revitalization in areas of concentrated poverty, 2) how residential economic diversity has other economic and social impacts on communities outside of housing, and 3) how mixed-income housing can feasibly be developed in areas of concentrated poverty.

Objective’s components detailed in the Plan	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
Identify and analyze three properties in three different areas of concentrated poverty for which Freddie Mac has provided financing, that are approaching economic diversity, comparing their approaches and their use of housing as a tool to further economic opportunity.	Complete We exceeded our goal and identified four properties in four different Areas of Concentrated Poverty. We conducted case study analysis of the properties and communities, examining the factors that help these areas contribute to economic mobility. Through our case study analysis, we compare distinct methods and programs states use to create and preserve affordable housing in areas of concentrated poverty and further residential economic diversity. The four case studies included in our report are Walker House in Newark, New Jersey, Capital Lofts in Hartford, Connecticut, The Aspire in New Brunswick, New Jersey, and Regency Pointe in Forestville, Maryland.	
Draft a report on these three case studies. Report will include analysis of the approaches taken by each community, the role of housing and housing programs used to promote	Complete As part of our Spotlight on Underserved Markets series, we published our report titled: Furthering Opportunity in Areas of Concentrated Poverty. The report examines the role of these properties in	

<p>Residential Economic Diversity, the methods of financing used, and the relationship between the specific housing and a selection of measures of opportunity identified in different definitions of areas of concentrated poverty. This report will also identify factors that successfully enabled mixed-income housing to be developed and financed so that these factors may be replicated elsewhere.</p>	<p>providing residential economic diversity to the markets. This includes a discussion of factors that challenge the promotion of residential economic diversity in the various markets. For example, Hartford, Connecticut has struggled as a result of disinvestment, high unemployment and high poverty. New revitalization efforts such as mixed-income properties have positively impacted the market and furthered economic development and mobility. Mixed-income housing can aid in deconcentrating poverty in an area while also expanding the availability of quality affordable housing throughout a metropolitan area. This report demonstrates replicable methods of using public subsidy and revitalization efforts through existing structures to provide mixed-income housing that increases the supply of affordable units in ACPs while improving living standards for low income residents in our first three case studies. We added a fourth case study to explore how targeted efforts at the property level, such as resident education or health services information, can promote economic mobility without public subsidy.</p>	
<p>Publish a report on our website, promote it with a press release, and share it on social media so that research organizations, advocacy organizations, and lenders have access to the work</p>	<p>Complete The paper was published on December 20, 2019 and promoted with a press release. It received 244 web page views and 107 downloads as of 1/31/20. This paper was picked up by the online publication DS News on 12/23/2019. https://dsnews.com/daily-dose/12-23-2019/freddie-mac-mixed-income-housing-helpful-not-always-feasible</p>	
<p>Engage with at least two leading research areas on concentrated poverty to review or discuss our research</p>	<p>Complete We met with two leading researchers from the National Housing Trust and National Low-Income Housing coalition to review and discuss our research.</p>	

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the year.

- Objective met
- Objective exceeded
- Objective partially completed:
 - 75-99% (substantial amount)
 - 50-74% (limited amount)
 - 25-49% (minimal amount)
 - 1-24% (less than a minimal amount)

No milestones achieved

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

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

IMPACT EXPLANATION:

Answer the following questions.

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? (limit: 3,000 characters, including spaces)**

Our research identifies successful approaches to furthering residential economic diversity in areas of concentrated poverty through the development of mixed-income housing. This type of development can increase the tax base of a market through the influx of higher income residents while at the same time creating new, high quality affordable housing for residents in the area. The increased tax revenue can be used to improve other aspects of the market, such as quality of education or job opportunities. Our research provides a template for developers and localities to work together. Our case studies demonstrate economically feasible mixed-income affordability parameters in ACPs.

Each of the transactions studied in this paper were in markets that are not typically thought of as mixed-income areas. Our success with these projects demonstrates that our financing tools can support projects regardless of whether or not they are in markets typically thought of as suitable for mixed-income projects. A key impact of our paper is that policymakers can use these concrete examples in our research to encourage deconcentrating poverty through the creation of mixed-income housing. Once created, Freddie Mac can provide liquidity to support additional mixed-income housing. Our research is a critical part of this cycle as we call out the various sources of state and federal funding that work together to make a deal work in areas with high poverty and incomes below the national average.

2. **What did the Enterprise learn from its work about the nature of underserved market needs and how to address them? (limit: 1,500 characters, including spaces)**

Our research demonstrates two key lessons for furthering opportunity in ACPs:

- a. Developing mixed-income housing in ACPs can be economically feasible depending on the percent of affordable units required. In each case study, the affordable housing component of the property was 20%, and the market-rate portion was 80%. A higher percentage of rent-restricted units on each property would likely not have been economically feasible, and a lower percentage of higher rent units would also be infeasible as the annual cashflow would be insufficient to cover debt service and maintain the property. Either the rents on the unrestricted units would have to be above market rate, which would likely lead to unsustainable vacancy rates, or even more public subsidy, which is a limited resource, would be required.

b. Developing mixed-income housing is not the only way to increase the opportunity for low-income residents. Socially conscious investment firms, such as Turner Impact Capital, have found innovative ways to preserve affordable housing without public subsidy through enrichment programs facilitated by residents such as teachers, health care workers and law enforcement professionals as well, in exchange for reduced rent. The Enterprises should be encouraged under the Duty to Serve to preserve affordable housing without a public subsidy to increase the impact of DTS on the market.

3. **Optional: If applicable, why were all components of this objective not completed? (limit: 1,500 characters, including spaces)**

Not applicable

Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.

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ACTIVITY:

9 - Support for Residential Economic Diversity: Additional Activity: Regulatory Activity

OBJECTIVE:

E - Conduct and Publish Three Research Projects on States that Prioritize or Could Prioritize RED in QAPS

ACTIONS:

In 2019, Freddie Mac published a white paper presenting three case studies in markets identified by state LIHTC QAPs as high opportunity areas. The goal of the paper was to deepen understanding in the market so stakeholders could consider what is needed to (1) create more affordable housing in high opportunity areas, (2) leverage replicable solutions, and (3) enhance an area’s ability to foster opportunity for residents.

Objective’s components detailed in the Plan	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
Identify and analyze three properties financed by Freddie Mac in high opportunity areas that are approaching economic diversity in different ways and conduct individual case studies for each community and property, comparing their approaches and their use of housing as a tool to further economic opportunity.	Complete We identified three properties financed by Freddie Mac in three distinct markets that approach economic diversity in different ways. We conducted case study analysis of the properties and communities, examined the factors that help these areas contribute to economic mobility. Through our analysis, we compare distinct methods and programs that states use to create and preserve affordable housing in high opportunity areas.	
Draft a report on these three case studies. Report will include analysis of the approaches taken by each property in each community, the role of housing and housing programs used to promote Residential Economic Diversity, and the relationship between the specific housing and a selection of measures of opportunity identified in different definitions of high opportunity areas. This report will identify factors that successfully enabled affordable	Complete As part of our Spotlight on Underserved Markets series, we published our report titled: Affordable Housing in High Opportunity Areas Defined in State LIHTC QAPs. The report examines the role of these properties in providing residential economic diversity to the markets. This includes a discussion of factors that challenge the promotion of residential economic diversity in the various markets. For example, San Francisco faces job growth that is outpacing housing production, and that housing production is concentrated in the higher price range. San Francisco is working to mitigate these challenges with an intentional focus on affordable housing creation using tools including bond issuances and	

<p>housing to be developed and financed so that these factors may be replicated elsewhere. We will also identify factors that inhibit or make more difficult the promotion of Residential Economic Diversity and pathways to avoid or mitigate these challenges.</p>	<p>building on municipality-owned land. The report describes the local programs used to support affordable housing in each high opportunity area and discusses the replicability of the approaches used. It also assesses each market against the five opportunity indicators we identified from our 2018 analysis of opportunity incentives in LIHTC QAPs, and assesses the strength of each indicator in the market.</p>	
<p>Report will be published on our website, promoted with a press release, and shared on social media so that research organizations, advocacy organizations, and lenders have access to the work.</p>	<p>Complete The paper was published and promoted with a press release on 12/12/19, and on social media. It received 1,808 LinkedIn impressions. On our website we received 238 web page views and 13 downloads as of 1/31/20.</p>	
<p>Engage with at least two leading researchers on Residential Economic Diversity to review or discuss our research.</p>	<p>Complete We met with two leading researchers from the National Housing Trust and National Low-Income Housing Coalition to review and discuss our research.</p>	

(Character limit: 3,000 characters, including spaces)

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the year.

- Objective met
- Objective exceeded
- Objective partially completed:
 - 75-99% (substantial amount)
 - 50-74% (limited amount)
 - 25-49% (minimal amount)
 - 1-24% (less than a minimal amount)
- No milestones achieved

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

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

IMPACT EXPLANATION:

Answer the following questions.

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? (limit: 3,000 characters, including spaces).**

Our research increases focus on the need for local support for the creation of affordable housing in high opportunity areas and describes replicable solutions. A key impact of our paper is that developers can use these concrete, real world examples to spur development of in high opportunity areas and other affordable housing projects across the nation. Once created, Freddie Mac can provide liquidity to support additional affordable housing. Our research is a critical part of this cycle.

Developing affordable housing in high opportunity areas is an important component of furthering residential economic diversity and creating economic mobility. Some research has demonstrated these areas generally increase opportunity for residents of various income levels and socioeconomic backgrounds to achieve positive life outcomes. Further, low- and moderate-income residents often form the economic backbone of communities but are frequently priced out of the very communities they serve.

In the first two years of our Duty to Serve plan, Freddie Mac has supported affordable housing in high opportunity areas in 31 different MSAs, providing \$2.36 billion of debt financing covering 8,380 renter households. 20% of this was in census tracts identified in LIHTC QAPs.

Our ability to continue—and increase—our support for affordable housing in high opportunity areas, however, is dependent upon the support of localities for individual multifamily transactions, demonstrated through specific regulatory programs. Our research increases focus on both these aspects and provides important insights that can be leveraged by policymakers. By examining specific markets against the five indicators of opportunity and identifying replicable financing solutions, we illustrate to localities (1) what features they could emphasize and invest in to create more opportunity for residents and turn areas that are not high opportunity today into areas of high opportunity in the future, and (2) how to leverage local regulatory programs in addition to federal resources to enable affordable housing development and preservation.

2. **What did the Enterprise learn from its work about the nature of underserved market needs and how to address them? (limit: 1,500 characters, including spaces)**

There are two major lessons from our research:

- a. In order to create or preserve affordable housing in high opportunity areas, localities can promote both housing programs and invest in the five different factors of opportunity, which include (1) access to education, (2) economic growth/jobs, (3) income levels, (4) access to healthcare, and (5) access to transportation.
- b. Local actions on both fronts vary by the needs of the market, the priorities of policymakers, and the resources available. This variety can be both a strength and a weakness. It is a strength in terms of meeting specific local needs, but, if the funding structure is too complex, it can be a weakness in aligning with national funding sources necessary to supplement local programs.

A locality's ability to balance these priorities, maximize their regulatory programs and limited funding sources, and attract national capital (i.e. via Freddie Mac debt or LIHTC equity) is central to creating and preserving affordable housing in high opportunity areas.

Our case studies demonstrate that supporting multiple priorities and populations is both feasible and replicable. In our examples we show that multiple goals were effectively supported while furthering opportunity: housing for the disabled, such as in Owing Mills, or low-income seniors, such as in Champlin, Minnesota; or rehabilitating public housing and supporting low income seniors, such as in San Francisco.

3. **Optional: If applicable, why were all components of this objective not completed? (limit: 1,500 characters, including spaces)**

Not applicable

Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.

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ACTIVITY:

9 - Support for Residential Economic Diversity: Additional Activity: Regulatory Activity

OBJECTIVE:

C - Conduct and Publish Three Research Projects on Housing in High-Opportunity Areas

ACTIONS:

In 2019, Freddie Mac conducted research and published a report focusing on three properties in high opportunity areas that were also in difficult to develop areas. Impediments such as high land and construction costs, lack of buildable land, and zoning restrictions all contribute to the lack of affordable housing development in high opportunity areas, and act as a barrier for lower-income families to access housing in these communities. In this paper, we explored 1) the subsidy or financing that allowed these properties to operate at below-market rate rent and 2) how to overcome challenges to create more economic diversity that will advance opportunity for all residents.

Objective's components detailed in the Plan	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
Identify and analyze three properties financed by Freddie Mac in high opportunity areas that are approaching economic diversity in different ways and conduct individual case studies for each community and property, comparing their approaches and their use of housing as a tool to further economic opportunity.	Complete We met our goal and identified three properties that are located in markets that meet the criteria for high opportunity areas based on the difficult development area (DDA) criteria as outlined in the DTS regulation. We analyzed how each property contributes to furthering economic opportunity in each designated area. The three properties we focused on were: Kalani Gardens in Mililani, Hawaii, Studio 819 in Mountain View, California, and Teal Pointe in Clark County, Washington.	
Draft a report on these three case studies. Report will include analysis of the approaches taken by each property in each community, the role of housing and housing programs used to promote Residential Economic Diversity, and the relationship between the specific housing and a selection of measures of opportunity identified in different	Complete As part of our Spotlight on Underserved Markets series, we published a report titled: Affordable Housing in High Opportunity Areas- Examining Three Properties that Showcase the Efficacy of Providing Affordable Housing in High Opportunity Areas. This report examines how affordable properties in high opportunity areas attempt to create more economic diversity that will advance the opportunity of all	

<p>definitions of high opportunity areas. This report will identify factors that successfully enabled affordable housing to be developed and financed so that these factors may be replicated elsewhere. We will also identify factors that inhibit or make more difficult the promotion of Residential Economic Diversity and pathways to avoid or mitigate these challenges.</p>	<p>residents. In all three case studies we observed that some combination public subsidy, soft debt, and/or state and local support are essential to the creation and preservation of affordable housing in difficult development areas. All units in our case studies were affordable to households making 60% AMI, with even greater affordability margins for specific properties. For example, Studio 819 in Santa Clara, CA contains units restricted to 30%, 40% and 45% AMI only. We also identified inhibiting factors of difficult development areas that made financing these properties more difficult to achieve, as well as exploring solutions to these issues.</p>	
<p>Report will be published on our website, promoted with a press release, and shared on social media so that research organizations, advocacy organizations, and lenders have access to the work.</p>	<p>Complete The paper was published on December 3, 2019 and promoted with a press release. It received 80,383 Twitter impressions, and 1,988 LinkedIn impressions. On our Freddie Mac MF page we received 646 web page views and 215 downloads as of 1/31/20.</p>	
<p>Engage with at least two leading researchers on Residential Economic Diversity to review or discuss our research.</p>	<p>Complete We met with two leading researchers from the National Housing Trust and National Low-Income Housing coalition to review and discuss our research.</p>	

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SELF-ASSESSMENT RATING OF PROGRESS:

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- No milestones achieved

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

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

IMPACT EXPLANATION:

Answer the following questions.

- 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? (limit: 3,000 characters, including spaces)**

Our research demonstrates the need for increased focus on the need for local support of affordable housing creation in high opportunity areas and describes replicable solutions. Policymakers can use these concrete examples to spur development in high opportunity areas. Once available, Freddie Mac can provide liquidity to support additional affordable housing. Our research is a critical part of this cycle.

In order to understand how these properties achieve affordability in high opportunity DDAs, it was essential to obtain insight regarding property financing. Properties in DDAs can operate at below-market rate rents due to a variety of subsidies. The subsidies included in the financing for such properties detailed in our report included LIHTC, tax abatement, project based Section 8, Section 236 and state and local support through subordinate loans. Where public state and local funding was not available, innovative financing was used. Teal Pointe in Vancouver, Washington showcased the importance of innovative financing as this property received a mezzanine loan (provides higher loan-to-value financing) from Freddie Mac. This example of alternative financing demonstrates that loans like this lessen the need for public subsidy. Although this Freddie Mac pilot is no longer available, other financial institutions can follow our example and provide mezzanine financing.

Through our report, Freddie Mac demonstrated the importance of smaller loans that make properties work in high cost areas. Smaller loans that larger lenders may typically shy away from have proven to be instrumental to providing liquidity to the market and can be used as a key strategy going forward. For example, Studio 819 in Santa Clara County received a permanent loan of \$475,000 in 2017 by the California Community Reinvestment Corporation (CCRC), a leading Community Development Financial Institution (CDFI), that proved to be a critical source of financing for the property. This small loan made affordability possible for this property in one of the most expensive areas of the country.

Our research also demonstrates the necessity of working with lenders of all sizes, given that Small Financial Institutions (SFIs), including CDFIs, are uniquely positioned to provide the small loans required for financing properties in difficult development areas. This report informs our future planning as we finalize our 2021-2023 Duty to Serve plan. Through our seasoned pool securitization capabilities we are able to support CDFIs and other SFIs. These capabilities can be further leveraged to provide more liquidity in support of affordable housing in high opportunity areas.

- 2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them? (limit: 1,500 characters, including spaces)**

Our research indicates that public subsidy and alternative financing are needed for properties in difficult development areas to operate at below-market rate rents. The most common and useful types of subsidies included soft debt funding, public subsidies, and state and local support. Freddie Mac has been instrumental in providing financing for difficult development areas in high opportunity areas as this aligns with our mission to further economic opportunity for all residents.

We also learned that Small Financial Institutions, including CDFIs, are instrumental in financing affordable housing properties in DDAs. CDFIs play an important role because they can serve the smaller-loan segment of the market that other lenders may shy away from. By providing liquidity to CDFIs, we enable continued activity in support of LIHTC properties whose regulatory restrictions ensure they will remain affordable over time. In conjunction to our research—and our efforts with our seasoned pool offerings for SFIs, we have also built new

relationships and learned how to identify SFIs and CDFIs that are able to work with us based on analyzing the institutions total capital and increases greater than 50% of outstanding real estate loan portfolio balance.

3. **Optional: If applicable, why were all components of this objective not completed? (limit: 1,500 characters, including spaces)**

Not applicable

Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.