



Fannie Mae 2021  
Affordable Housing Preservation  
Outreach

**ACTIVITY:**

K. Regulatory Activity: Purchase or rehabilitation of certain distressed properties (12 C. F.R. § 1282.34 (d) (7)).

**OBJECTIVE:**

1. Increase affordable capital through industry outreach and developing loan financing solutions (Analyze, Partner and Innovate, Do What We Do Best).

**SUMMARY OF RESULTS:**

Following are the 2021 Actions under this Objective per the [January 1, 2021 Duty to Serve Plan]:

<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"/> Demonstrate industry leadership via research and partnership development that contributes to low- to moderate-income homeownership and neighborhood stabilization.	<p>Fannie Mae worked with May 8 Consulting and Reinvestment Fund to produce the research paper, "Evidence-Based Policy Making: An Analysis of Six Strategies to Stabilize Neighborhoods," and present at the annual NACCED conference and at the Center for Community Progress Cornerstone webinar.</p> <p>We also reached out to Nonprofits, municipalities, and shared-equity programs to promote Fannie Mae's Community First REO platform.</p> <p>Finally, we implemented a repair-all REO strategy and closing cost incentive initiative to drive owner-occupant purchases of our REO.</p>	N/A
<input checked="" type="checkbox"/> Leveraging partnerships and lessons learned in prior years, introduce one new process or product change focused on increasing purchases by, or reducing transaction costs for, purchases of Fannie Mae distressed properties by low- to moderate-	Throughout 2021, Fannie Mae iterated strategies to increase the repair rate of our REO based on evidence that repaired properties have a higher rate of sale to owner-occupants. In Q4 2021, we implemented a repair-all strategy that is projected to repair	N/A



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<p>income homebuyers and/or non-profit organizations.</p>	<p>approximately 90% of our REO properties.</p> <p>We also launched a national initiative offering 3% closing cost concession on Fannie Mae REO properties for owner occupants with incomes up to 100% AMI.</p>	
<p><input checked="" type="checkbox"/> Conduct research to identify neighborhood stabilization and recovery strategies documented to be effective, and publish results for use by partners and stakeholders.</p>	<p>Fannie Mae conducted research on 11 neighborhood stabilization strategies and published a white paper focused on the six most impactful strategies. We presented findings at the 10/26/21 NACCED conference as well as to the Center for Community Progress cornerstone webinar on 11/17/21.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Work with local partner(s) to pursue the implementation of at least one intervention evidenced to have been effective in stabilizing neighborhoods and leverage Fannie Mae products and/or resources to support the strategy.</p>	<p>Fannie Mae advised the University of Pittsburgh Medical Center from April to September 2021 on its strategy to facilitate a line of credit to develop or rehabilitate affordable housing and place properties into a community land trust.</p> <p>We are working with a CDFI to evaluate the viability of structured, occupied REO sale transactions, by testing a pool of approximately 20 occupied REO properties.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Continue industry outreach activities, including marketing of the Community First platform to nonprofit purchasers of distressed properties, collaborating with other stakeholders on at least one place-based strategy to address distressed properties and</p>	<p>On 10/26/21, Fannie Mae hosted a Distressed Property Roundtable in collaboration with NACCED member organizations.</p> <p>We hosted discussions about Community First REO sales in partnership with Grounded</p>	<p>N/A</p>



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<p>neighborhoods, and facilitating at least one distressed property roundtable.</p>	<p>Solutions Network on 7/21/21 and with NeighborWorks and Housing Partnership Network on 7/28/21.</p> <p>We participated in the MBA Convergence Initiative to establish a place-based initiative in Memphis, TN, or Columbus, OH.</p> <p>We launched a social media campaign to promote awareness of the Community First platform and to validate the value proposition of early access and preferential pricing on 10/18/21.</p>	
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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?**

The Fannie Mae-funded research paper, “Evidence-Based Policy Making: An Analysis of Six Strategies to Stabilize Neighborhoods,” provides new data and information useful to government practitioners and administrators of federally funded affordable housing, community development, and economic development programs that serve low- and moderate-income households. This new body of research is groundbreaking in that it examines the outcomes of varied policy-level interventions used to stabilize neighborhoods, providing local governments key information that will be helpful in their efforts to equitably protect and improve housing conditions in low- and moderate-income neighborhoods. Fannie Mae promoted the research paper at the NACCED conference in



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October 2021, where dozens of government housing practitioners were in attendance, and we published a link to the research paper in the October 27, 2021, edition of our Selling + Servicing News online newsletter, which was sent to over 34,000 people. The research findings will also be leveraged by Fannie Mae to develop place-based neighborhood stabilization initiatives over the coming years.

Fannie Mae's repair-all REO strategy is another impactful change to our processes by which we will repair as many properties as possible. We estimate this strategy will result in about 90% of our REO properties being repaired. As described in our previous reporting, sales data shows that repaired properties are much more likely to be purchased by owner-occupants as compared to properties sold as-is. Homebuyers may prefer repaired properties, as property renovations can be time-intensive, costly, and difficult for the typical homebuyer to manage. There also may be less competition from cash buyers for these properties. Furthermore, this strategy allows Fannie Mae to leverage our buying power and quality assurance through our extensive network of local and national repair contractors. Fannie Mae also uses a product selection process that standardizes the use of energy-efficient and water-savings products, supporting utility savings for the homebuyer. The dollars we invest in repairing these properties are a direct investment into the communities where our REO is located, benefitting not only the homebuyer but supporting and potentially helping to stabilize the surrounding community. The repair-all strategy is another tool, along with our Community First platform and First Look programs, that increases the purchase of our REO by owner-occupants, public entities, and housing focused non-profits, and results in increased investment in communities.

Our social media campaign for Community First targeted the community housing industry and non-profits. It was designed to generate awareness of Community First and drive traffic to the site. The campaign produced approximately half-a-million impressions and about 3,000 page views. Ads that focused messaging on exclusive access to our REO and price savings generated the most impressions and traffic to the campaign landing page and, as such, were prioritized as the campaign progressed.

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

Fannie Mae launched Community First in April 2020. Community First is a platform for approved, community-minded buyers like non-profits and public entities to search and purchase available properties through the program.

Since that time, Fannie Mae has focused on engaging additional buyers in markets not included in the Neighborhood Stabilization Initiative (NSI). Through a combination of branded virtual marketing events, partner referrals and targeted outreach in markets with REO volume and low buyer participation, 20 new buyers, including Community Land Trusts and shared-equity providers, were approved in 2021. This represents an increase of our buyer population by 10% over 2020. Additionally, Community First has now expanded to 21 states beyond the initial 14 state NSI footprint.

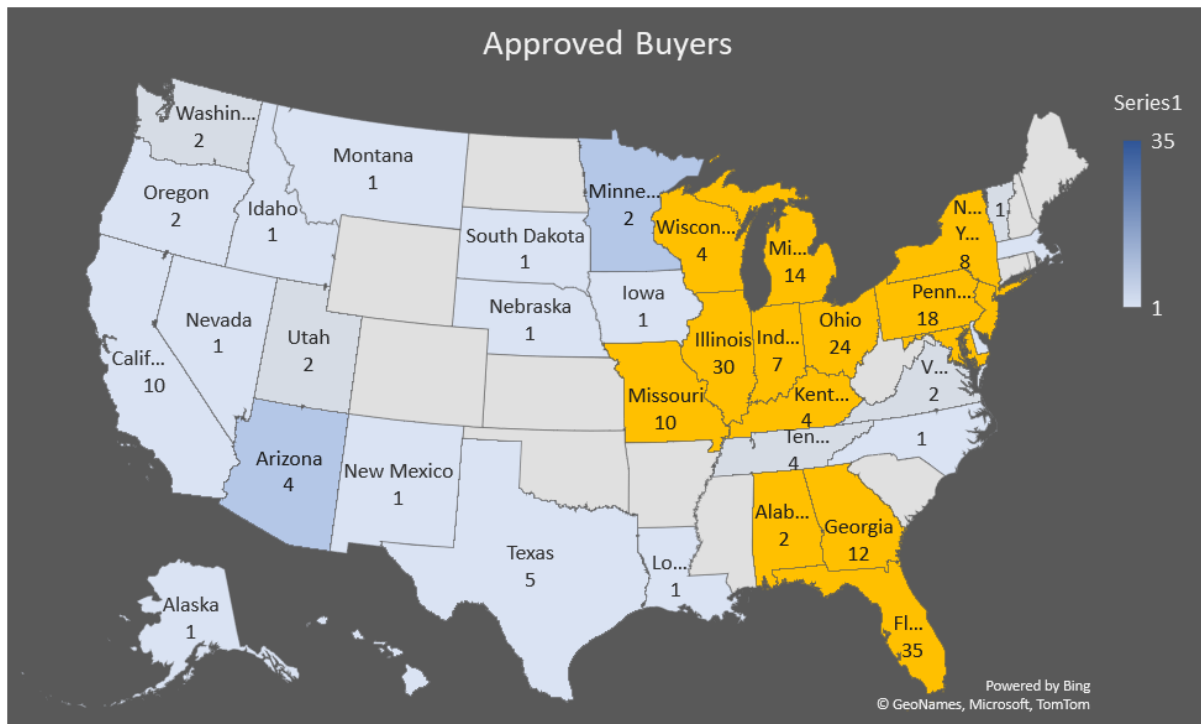
Fannie Mae's social media campaign for Community First effectively generated impressions and drove traffic to our HomePath® webpage where we house a searchable database of our REO listings and functionality to submit purchase offers. The campaign generated almost 3,000 web sessions. However, most webpage visitors did not



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create a HomePath account. We will leverage learnings from this campaign to inform future website design to improve the impact of marketing campaigns targeting potential Community First buyers.

Repairing Fannie Mae REO contributed to the growth of purchases by owner-occupants. Repaired properties are marketed as “move-in-ready,” and repairs can substantially increase financing options for owner occupant purchases. A higher purchase rate by owner-occupants means a lower rate of purchase by cash investors who may be inclined to purchase unrepaired REO, complete fast and low-cost superficial repairs, then flip the property for a profit or retain the property and draw rental income. Our repair-all strategy invests dollars directly into the community, supporting the creation of wealth for the homebuyer and the neighborhood by supporting property price growth.



\* Map represents the number of approved buyers in Community First. The NSI market states are shown in gold and the non-NSI states are shaded in blue.

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

N/A