

Fannie Mae and Freddie Mac Multifamily Housing Policy

The Enterprises play a critical role in providing a reliable source of capital for the multifamily mortgage market and support the increase in supply of affordable rental housing.

BACKGROUND

The Enterprise Multifamily programs provide a financing platform for a variety of products, including conventional and affordable rental housing. FHFA, as regulator and conservator of the Enterprises, sets forth the parameters for the volume of multifamily business as well as the mix of affordable and “mission-driven” business required each year. Specifically, the Enterprises are subject to overall volume caps and requirements for mission-driven affordable business outlined in FHFA’s Conservatorship Scorecard. They are also subject to affordable housing goals prescribed by law, as well as multifamily caps in the Preferred Stock Purchase Agreement (although the PSPA caps are currently suspended).

KEY AREAS OF GSE MULTIFAMILY POLICY

2023-2024 Housing Goals. In December 2022, FHFA issued its final rule on 2023-2024 Multifamily Housing Goals for the Enterprises. The final rule established a new percentage-based methodology for two years based on the percentage of affordable units in multifamily properties financed by mortgages purchased by the Enterprises each year. The existing housing goals regulation through the end of 2022 was based on the total number of affordable units in multifamily properties. Relying, in part, on the data and forecasts of MBA, FHFA took into consideration various economic factors to determine the housing goals for 2023 and 2024. A summary of the Multifamily Housing Goals can be found in Appendix A.

Multifamily Volume Caps. The 2024 multifamily volume caps, set by FHFA, applicable to multifamily loan purchases by the Enterprises are \$70 billion each, for a total of \$140 billion during the calendar year of 2024. Also, loans classified as supporting workforce housing properties with self-imposed restrictions by the Borrower are exempt from the caps. FHFA will continue to monitor the multifamily mortgage market and will update the multifamily caps and mission-driven requirements if adjustments are warranted, but only if an increase in the caps is necessary. Also, FHFA requires that at least 50 percent of the Enterprises’ multifamily business be mission-driven affordable housing in accordance with the definitions set out in the Conservatorship Scorecard. MBA applauds FHFA’s flexibility should the caps and mission-driven requirements need to be adjusted and will continue to work with the Enterprises and FHFA to promote the increase of affordable rental housing supply. A summary of the volume caps can be found in the attached Appendix B.

For more information, visit mba.org
or call (202) 557-2700.

MBA
MORTGAGE BANKERS ASSOCIATION

Tenant Protections. On May 30, FHFA issued a Request for Input (RFI) on multifamily tenant protections. The RFI was intended to help FHFA collect information on the tenant experience and solicit ideas for improved data collection to “better quantify the size and scope of the issues identified by tenants.” MBA submitted a response in July 2023. The letter highlighted MBA’s significant concerns about including additional enhancements for tenants and urged FHFA to refrain from enacting new or expanded obligations, like rent control, that would disincentivize participation in the Enterprises’ multifamily programs. In January 2024, FHFA released a summary of the responses received from the RFI and stated that industry engagement will continue in 2024.

GSE Capital Rule. In November 2023, FHFA issued a Final Rule to modify certain provisions of the Enterprise Regulatory Capital Framework (ERCF). Most notably, to better reflect the risk profile of government-subsidized, the final rule sets forth a risk multiplier of 0.6 (40 percent reduction) for multifamily mortgage exposure collateralized by properties with certain government subsidies like Low-Income Housing Tax Credits and Section 8 project-based rental assistance.

March 2024

For more information, visit mba.org
or call (202) 557-2700.

MBA[®]
MORTGAGE BANKERS ASSOCIATION

Appendix A

GSE 2023-2024 Multifamily Affordable Housing Goals

Multifamily Goal	Benchmark Level 2023-2024	2022 Housing Goals (units)	2021 Housing Goals to Actual % (units)
Low-income (80% AMI)	61%	415,000 (% TBD)	315,000 (~69%)
Very low-income (50% AMI)	12%	88,000 (% TBD)	60,000 (~15%)
Small multifamily (5-50 units) low-income subgoal (80% AMI)	2.5%	Fannie Mae – 17,000 (% TBD) Freddie Mac – 23,000 (% TBD)	10,000 (Fannie ~2.6%; Freddie ~5.9%)

For more information, visit mba.org
or call (202) 557-2700.

Appendix B

Summary of Multifamily Volume Caps 2023 vs 2024

	2023	2024
Overall caps (each)	\$75 billion	\$70 billion
Mission-focused %	50%	50%
60 AMI %	N/A	N/A
Affordable standard	<p>Mission focused:</p> <ul style="list-style-type: none"> Targeted Affordable (LIHTC, Section 8 etc.) Workforce – affordability codified in loan agreements as rent or income restrictions (80AMI or 100/120 Cost-burdened and Very Cost Burdened) or obligated to adhere to a state/local affordability initiative Other – conventional, small loans, senior (80/100/120 AMI), and rural (100 AMI) Manuf. Housing – share of loan that receives credit under Duty to Serve requirements 	<p>Same as 2023 except:</p> <p>Workforce is also exempted from cap – affordability codified in loan agreements as rent or income restrictions (80AMI or 100/120 Cost-burdened and Very Cost-Burdened) or obligated to adhere to a state/local affordability initiative.</p>
Green	<ul style="list-style-type: none"> 50% mission-driven credit if 20-50% of units have rents affordable at 80 AMI 100% mission-driven credit if more than 50% of units affordable at 80 AMI 	Same as 2023