

Affordable Housing Data Guidance

This Job Aid and accompanying Excel spreadsheets for the [Acquisitions systems](#) provide a quick reference guide for Lenders to use when entering Multifamily Affordable Housing (MAH) data in the applicable Fannie Mae Acquisition system. The following information is addressed below:

- A. MAH Definitions.
- B. Multifamily Affordable Housing Preservation commitments.
- C. Relevant LIHTC Periods.
- D. General Delivery instructions for the Acquisition systems and the Underwriting Data Form (Form 4662).
- E. Tax Relief Programs.

Please refer to the Fannie Mae Multifamily Selling and Servicing Guide (“Guide”) for additional information.

A. Fannie Mae Multifamily Affordable Housing (MAH) definitions:

The following Properties qualify as an MAH Property under the Guide.

1. The Property is encumbered by a third-party regulatory agreement, land use restriction agreement, extended use agreement, or similar restriction or recorded restriction (an “Affordable Regulatory Agreement”) that limits rents, imposes maximum income restrictions on tenants, or places other affordability restrictions on the use or occupancy of the MAH Property that meet or exceed one of the following requirements:
 - "20% @ 50%": at least 20% of all units have rent or income restrictions in place making them affordable to households earning no more than 50% of Area Median Income (“AMI”) as adjusted for family size;
 - "40% @ 60%": at least 40% of all units have rent or income restrictions in place making them affordable to households earning no more than 60% of AMI as adjusted for family size (except for New York City, where at least 25% of all units have rent or income restrictions in place making them affordable to households earning no more than 60% of AMI as adjusted for family size); or
 - HUD Section 8 rental subsidy in the form of a Project-Based Housing Assistance Payment contract (HAP Contract) or a Project-Based Voucher Contract (PBV Contract): at least 20% of all units restricted at or below 80% AMI are subject to a project-based HAP contract.



2. Special Public Purpose (SPP): A Special Public Purpose Property:

- is subject to a recorded Regulatory Agreement imposed by a government entity, containing other rent and/or income restrictions;
- has rent or income restrictions that meet or exceed 20% @ or below 80% AMI: at least 20% of all units have rent or income restrictions in place making them affordable to households earning no more than 80% of AMI as adjusted for family size; and
- meets a noteworthy special public purpose.

An MAH Mortgage Loan secured by a Special Public Purpose Property:

- must be delivered with the “MAH Type” (Commitment Page in C&D) and “Affordable Housing Type” (Collateral Page in C&D) as “Other – Special Public Purpose”;
- requires Additional Disclosure; and
- must include the following Additional Disclosure comments:
 - Are there Rent and Income restrictions; or Rent or Income Restrictions. Please specify; and
 - Provide details on when the Property will be in compliance with the Regulatory Agreement, including, if compliance is phased in over time, the specific information on the timing:
 - 12 months or 36 months;
 - no deadline but is subject to the “Next Available Unit” rule; or
 - no deadline; it states that the Property must “reserve” its units for qualified residents. It does not require the units to be “rented” to qualified residents.

Use this [link](#) to access more information on Special Public Purpose.

3. Sponsor-Initiated Affordability (SIA): The Property is subject to voluntarily rent and income restrictions self-imposed by the Borrower to preserve or create multifamily affordable housing. These restrictions must:

- require the Property to have:
 - rent and income restrictions that meet or exceed 20% @ 80%: at least 20% of all units have rent and income restrictions in place making them affordable to households earning no more than 80% of AMI as adjusted for family size, and
 - rent not exceeding 30% of the adjusted AMI;



- be placed on record against the Property by executing the Sponsor-Initiated Affordability Agreement (Form 6490);
- be in place at the Property by the Mortgage Loan Origination Date;
- require that Property to comply with the Sponsor-Initiated Affordability Agreement (Form 6490) within 12 months after the Mortgage Loan Origination Date;
- remain in place during the Mortgage Loan term; and
- be certified annually by the Borrower and monitored by an Administering Agent for compliance with the Sponsor-Initiated Affordability Agreement (Form 6490).

These Properties should deliver with “MAH Type” and “Affordable Housing Type” as “Other – Sponsor-Initiated Affordability.” Use this [link](#) to access more information on Sponsor-Initiated Affordability.

B. Multifamily Affordable Housing Preservation Commitments - When to select the Multifamily Housing Preservation box under “Other Attributes” on the “Commitment” page of C&D:

Use the following guidance for “Multifamily Affordable Preservation” in the Guide (**Part III, Chapter 7, Section 701.01**) to decide whether to designate a transaction as “Multifamily Housing Preservation”:

- An Affordable Preservation Transaction is any transaction involving an MAH Property that:
 - currently has rent or income restrictions meeting the eligibility criteria of an MAH Property, but the Property is potentially at risk of being lost from the affordable housing inventory through conversion to market-rate housing;
 - is not receiving new LIHTC; and
 - is being acquired or refinanced but excludes a Mortgage Loan paying off the initial construction loan.
- As noted in the “Other Attributes” section of the C&D “Commitment” page, a transaction may have multiple Other Attributes. For example, both “Multifamily Housing Preservation” and “MAH” may be selected as “Other Attributes” on the same deal.

C. Relevant LIHTC Periods and Fields:

- Tax Credit Period: The time period over which an Investor Limited Partner is scheduled to claim the tax credit on its Federal income tax return. The tax credit period is normally 10 years or 120 months and begins the year the building is placed in service (PIS), unless the owner opts to begin the year after PIS. The first year of the compliance period is also the first year of the tax credit period.



The Tax Credit Period (≤ 120 months) is the value that should be entered in the field “*Remaining Credit Period for Tax Credits (months)*”.

- **Initial Compliance Period:** The compliance period is the prescribed timeframe an owner must comply with all LIHTC program requirements to achieve the allocated tax credits. The compliance period is 15 years and begins with the first year of its tax credit period. During this period, an owner is required to observe all program requirements mandated by the IRS and the applicable state Housing Finance Agency (HFA).

LIHTC that is in the Compliance Period is split into two categories for determining the Affordable Housing Type selection:

- LIHTC that has at least 8 years remaining in the original 15-year IRS Compliance Period is defined as “New” LIHTC; and
- LIHTC that has less than 8 years remaining in the original 15-year IRS compliance period.

The “LIHTC Initial Compliance Period End Date” field should contain the date the Initial Compliance Period expires.

- **Extended Use Period:** The extended use period (EUP) extends the compliance period for at least fifteen (15) extra years. During this period, an owner is required to observe all program requirements mandated by the applicable state Housing Finance Agency (HFA).

The “LIHTC Extended Use Period End Date” field should contain the date the date the Extended Use Period (EUP) expires.

D. General Delivery instructions and the Underwriting Data Form (Form 4662):

- **Land Use Restriction Agreement (LURA):** This category can include, but is not limited to, restrictions that are recorded against a Property under a tax relief program and/or Ground Lease.
- **Not MAH:** “MAH Type” and “Affordable Housing Type” should be entered as “Not MAH” in the following instances:
 - Property has income and/or rent restrictions that do not meet the Fannie Mae MAH definition above;
 - Property has income and/or rent restrictions required for approval of a tax relief program; or
 - Property has:
 - less than 3 years of rent or income restrictions remaining on the Affordable Regulatory Agreement and is expected to transition to market rents during the term of the Mortgage Loan; or
 - has 3 or more years of LIHTC restrictions remaining, but the Borrower intends to enter into the Qualified Contract Process (per Section 42 of the Internal Revenue Code) within 3 years after the Mortgage Loan Origination Date.



- Project-Based Section 8 Housing Assistance Program Contract “HAP Contract” and Section 8 Project-Based Voucher Contract “PBV Contract” (excluding tenant-based vouchers): The following fields should be populated when “MAH Type” and “Affordable Housing Type” is “Proj Based HAP (incl. Sec. 8)”:
 - Section 8 Occupancy (%): The percent of units that are subject to a HAP contract.
 - HAP Remaining Term (months): The number of months remaining in the HAP contract.
 - HUD Property Identifier: A unique number assigned by HUD (Housing and Urban Development) to each project-based Section 8 property for ongoing reporting and monitoring. This is a nine-digit number and is available on HUD’s website at https://www.hud.gov/program_offices/housing/mfh/exp/mfhdiscl.
 - A HUD Property Identifier may not be available for properties subsidized with a PBV Contract. In these cases, you may enter a default value of “999999999” to bypass the “Fatal – Waivable” edit.
 - HUD Contract Number: A unique number assigned by HUD to the Section 8 contracts for HAP (Housing Assistant Payments), PAC (Project Assistance Contract), or PRAC (Project Rental Assistance Contract). These are the rental subsidy agreements associated with project-based assistance, **NOT** tenant-based vouchers. This is an eleven-character alpha-numeric number; the datum is available in the HUD website at: https://www.hud.gov/program_offices/housing/mfh/exp/mfhdiscl.
 - A HUD Contract Number is also required for PBV Contracts; however, the number is typically assigned by the local housing authority entering into the PBV contract with the Borrower. Lender must enter this information in the system. If the PBV Contract number does not meet the alpha-numeric format required, the system will generate a “Fatal – Waivable” edit.
- Sponsor-Dedicated Workforce (SDW) Housing: When a Borrower agrees to restrict rents on a certain percentage of units at the Property for renters. “MAH Type” and “Affordable Housing Type” should be entered as “Other-Sponsor-Dedicated Workforce” as follows:
 - Minimum Threshold: 20% of units held at 80% AMI (up to 120% AMI in high-cost burdened markets);
 - Restrictions: Rent-only restrictions in place for the entire term of the Mortgage Loan; and
 - Additional Disclosure is required for “Other – Sponsor-Dedicated Workforce with Cost-Burdened and Very Cost-Burdened.” FHFA’s “cost-burdened” (100% AMI) and “very cost-burdened” (120% AMI) markets should be used to identify applicable geographies for eligible Properties:
 - “Additional Disclosure” field on the “Commitment” Page should be “Yes”; and
 - “Additional Disclosure Comments” should contain “Other – Sponsor-Dedicated Workforce with Cost-Burdened and Very Cost-Burdened.”



- Determination of “cost-burdened” and “very cost-burdened” markets:
 - FHFA will annually designate the United States counties that are “cost-burdened” or “very cost burdened:
 - In a “cost-burdened” market, the income threshold for affordability is at or below 100% of area median income (AMI).
 - In a “very cost-burdened” market, the income threshold for affordability is at or below 120% of AMI.

Current information related to Cost-Burdened and Very Cost-Burdened markets is available upon request from our Multifamily Product Management Team by emailing us at: mf_product_management@fanniemae.com.

- Restrictions not directly associated with affordability requirements (e.g., Land Use restrictions, Earthquake restrictions) must also be disclosed as **Additional Disclosure** because of the existence of an additional Event of Default.
- Total percent of all restricted units: This field cannot exceed 100.0%, and the combination of AMI restrictions cannot exceed 100.0%.

E. Tax Relief Programs - Entering data in the Tax Relief Fields located on the “Collateral” Tab in C&D:

1. Tax Relief? Y/N

- ✓ If “Yes”, then select the appropriate allowable value from the list:
 - Tax Exemption/Tax Abatement Full Amount;
 - Tax Exemption/Tax Abatement Partial Amount;
 - Payment in Lieu of Taxes (PILOT) Full Amount;
 - Payment in Lieu of Taxes (PILOT) Partial Amount;



- Tax Increment Financing (TIF) Full Amount; or
- Tax Increment Financing (TIF) Partial Amount.

✓ Otherwise, “No” is selected.

2. Is the Tax Relief Program in effect for the duration of loan? Y/N

Definition: An indicator identifying whether the tax relief program related to the Property is in effect from the Mortgage Loan Origination Date through the Maturity Date of the loan.

- ✓ “No” must be selected if the tax relief program commences after the Mortgage Loan Origination Date OR terminates prior to the Maturity Date. Additional Disclosure is required to describe the commencement and termination of the tax relief outside of the loan term.
- ✓ “Yes” must be selected only if the tax relief program is in effect the entire loan term (i.e., commences on or before the Mortgage Loan Origination Date and terminates on or after the Maturity Date).

3. Is there conventional loan affordability associated with Tax Relief Program? Y/N

Definition: An indicator identifying if there are income or rent restrictions associated with the tax relief program for a property in a conventional loan.

- ✓ “Yes” is selected for a Property securing a conventional Mortgage Loan that qualifies for a tax relief program in effect as of the Mortgage Loan Origination Date (Additional Disclosure is not required.)

When approval for a tax relief program is contingent upon the requirement of certain income and/or rent restrictions on the Property, then the following fields must be populated:

- “MAH Type” and “Affordable Housing Type” = “Not MAH”;
- “Units with Income or Rent Restrictions (%)”; and
- “Units with Income or Rent Restrictions (%) by AMI”.



- ✓ Otherwise, “No” is selected.

The following existing field in C&D should continue to be completed when a Tax Relief Program exists:

- “Is this Property subject to a Qualifying State or Local Government Affordable Housing Program?” should be “Yes”, Tax Exemption/Tax Abatement selected, and applicable “Program Name(s) and Type(s)” should be entered.

Tax Relief Program Helpful Hints:

- Property taxes do not include special assessments (i.e., school district, utilities, etc.).
- Even though a PILOT (i.e., shelter rent or similar programs) has a Tax Exemption or Tax Abatement associated with it it’s still a PILOT.
- **Additional Disclosure is required** when:
 - two or more tax relief programs exist; or
 - a tax relief program with or without affordability (included in underwriting or not) will become effective *post MBS issuance*. Tax relief data fields should be blank since the tax relief program does not exist at MBS issuance.
- “Is Tax Relief Program in effect for duration of Loan?” is “No” when:
 - Approval evidence for the tax relief program is not yet available as of MBS publication (2 days before the Book Entry Date (BED)). Additional Disclosure language will be added to provide details about the duration. For disclosure purposes, the tax relief program data disclosed must be accurate as of the issuance date of the security; OR
 - The Loan Agreement states a date by which the tax relief program must be in effect, or an escrow is required.
- If underwritten: Tax Exemption Riders are required when you include a tax relief program.
- If affordable: The Tax Exemption Rider is required whether you underwrite to the tax relief program or not (Guide: Part III, Section 704).

A Borrower considering adding a tax relief program during the Mortgage Loan term must submit a request and supporting documentation to Asset Management through the Multifamily Asset Management Portal (MAM) for review and approval.



Tax Relief Program Definitions

Tax Exemption/Tax Abatement Full Amount or Tax Exemption/Tax Abatement Partial Amount: A tax arrangement type where the Property benefits from a Tax Abatement or Tax Exemption. Full Amount = Full elimination of property taxes. Partial Amount = Reduction of property taxes.

Payment in Lieu of Taxes (PILOT) Full Amount or Tax Exemption/Tax Abatement Partial Amount: A tax arrangement type where the Property’s taxes are reduced or eliminated, but the Borrower is typically required to make a payment or payments to the local municipality/government. Full Amount = The Borrower makes no tax payment or payment in lieu of taxes under the PILOT program. Partial Amount = The Borrower makes no tax payment but makes a payment in lieu of taxes under the PILOT program.

Tax Increment Financing (TIF) (Full Amount) or Tax Increment Financing (TIF) (Partial Amount): A tax arrangement type generally used to promote economic development in a specified area where the local municipality/government agrees to refund all or a portion of the taxes on the Property derived from (or expected to be derived from) such economic development. Full Amount = Refund from the government can be the full amount of the property taxes. Partial Amount = Refund from the government can be an amount that reduces the property taxes.

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