Fannie Mae

Guide for Estimating Affordability and Mission-Driven Business for Deliveries (v2021.2)

This is a reference guide for how the percentage Mission-Driven business for an individual deal is calculated. The Multifamily Affordability Estimator (MAE)/Seniors Multifamily Affordability Estimator (Sr. MAE)/Manufactured Housing Community (MHC MAE) can estimate this percentage for prospective loan deliveries. Please contact your Fannie Mae Deal Team with any questions or Multifamily_Affordability_Estimator@fanniemae.com.

Special Business Segments with Defined Mission-Driven Criteria

Affordable Business Segment	Percentage of Loan Amount Mission-Driven	MAE Required as Part of Deal Submission?
Targeted Affordable Housing or property encumbered by a regulatory agreement or recorded use restriction – At least 50% of units have rent restrictions at <=80% AMI	100% of loan amount	Required
Targeted Affordable Housing or property encumbered by a regulatory agreement or recorded use restriction– Fewer than 50% of units have rent restrictions at <=80% AMI	50% of loan amount	Required

Definition of FHFA Targeted Affordable

- Targeted affordable housing loans are loans secured by properties encumbered by a regulatory agreement or a recorded use restriction under which all or a portion of the units are restricted for occupancy by tenants with incomes at 80% AMI or below and which restrict the rents that can be charged for those units.
- The following are **examples** of loans on targeted affordable housing properties that FHFA will classify as mission-driven:
    - Loans on properties subsidized by the Low Income Housing Tax Credit program, which limits tenant incomes at 60 percent of area median income (AMI) or below;
    - Loans on properties developed under state or local inclusionary zoning, real estate tax abatement, loan or similar programs, where the property owner has agreed to: a) restrict a portion of the units for occupancy by tenants with incomes at 80 percent of AMI or below and restrict the rents that can be charged for those units at rents affordable to those tenants; and b) enforce these restrictions through a regulatory agreement or recorded use restriction;
    - Loans on properties covered by a Section 8 Housing Assistance Payment contract where the contract limits tenant incomes to 80 percent of AMI or below. FHFA will not consider a unit that is occupied by a Section 8 certificate or voucher holder as a targeted affordable housing unit unless there is also a contract, a regulatory agreement, or a recorded use restriction; and
    - Loans on properties where a Public Housing Authority (PHA), or a non-profit development affiliate of a PHA, is the borrower, and where the regulatory agreement or recorded use restriction restricts all or a portion of the units for occupancy by tenants with incomes at 80% AMI of below and/or restricts the rents that can be charged for those units.

Rural Business Segment	Percentage of Loan Amount Mission-Driven	MAE Required as Part of Deal Submission?
Loans on Properties in FHFA defined Rural areas*	Pro Rata % (Based on % units at <=100% AMI)	Required

Rural Business Segment	Percentage of Loan Amount Mission-Driven	MAE Required as Part of Deal Submission?

Definition of Rural Areas

The Duty to Serve rule defines “Rural” areas as:

- A census tract outside of an MSA as designated by the Office of Management and Budget (OMB); or
- A census tract that is in an MSA as designated by OMB but outside of the MSA’s Urbanized Areas as designated by the U.S. Department of Agriculture’s (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA’s RUCA Code #2.

Users of the MAE will not be required to provide any additional information in order to determine a property’s “Rural” designation because the census tract entered is used to make the “Rural” determination.

**U.S. Department of Agriculture Rural-Urban Commuting Area (RUCA) codes* classify U.S. census tracts using measures of population density, urbanization, and daily commuting patterns.

Business Segment	Percentage of Loan Amount Mission-Driven	MAE Required as Part of Deal Submission?
Manufactured Housing Communities - FHFA will classify as mission-driven the share of the loan amount of a manufactured housing rental community blanket loan that reflects the share of units that receives credit under the Duty to Serve regulation.	Pro Rata % based on MHC units that receive DTS credit.	MHC MAE Required
Small Multifamily Properties (5 – 50 Units)	Pro Rata % (Based on % units at <=80% AMI)	Standard MAE Required
Seniors Housing	Pro Rata % (Based on % units at <=80% AMI)	Seniors MAE Required
Standard Conventional Properties	Pro Rata % (Based on % units at <=80% AMI)	Standard MAE Required

NOTE:

- Dedicated Student Housing transactions should be evaluated using the Conventional business segment criteria. Affordability is determined on a unit basis and not a per bed basis.
- Please contact the Structured Transactions team or Multifamily_Affordability_Estimator@fanniemae.com regarding estimating affordability and Mission-Driven business for Credit Facilities.
- Cooperatives should be evaluated using the Standard Conventional business segment criteria based on the rents from nearby comparable apartment properties. Lenders should use the Targeted Affordable Housing guidance above on Limited Equity cooperatives.