Fannie Mae

Multifamily Affordability Estimator (MAE) v2022.2

Frequently Asked Questions

This document highlights frequently asked questions about the Multifamily Affordability Estimator process and serves as a quick user reference guide.

Q1. **What is the Multifamily Affordability Estimator?**

The Multifamily Affordability Estimator (MAE) is a tool to provide Fannie Mae and Lenders with information on the affordability profile of prospective transactions. This tool leverages Census Tract affordability data and Lender submitted information on the property location and rents to estimate the affordability profile, FHFA Mission-Driven, and Duty to Serve (DTS) eligibility for a prospective transaction.

Q2. **What is new in the Multifamily Affordability Estimator v2022.2?**

v2022.2 incorporates the following changes:

- incorporates 2022 FHFA Area Median Incomes (AMI)
- updates to 2020 Census geographies

Q3. **Why are standard utility allowances automatically added to rents in the Multifamily Affordability Estimator?**

Over 90% of Fannie Mae Multifamily loans do not include utility payments in rents. In order to calculate affordability, FHFA requires that the standard utility allowance be added to unit rents where all utility payments are not included. FHFA provides Fannie Mae with the standard utility allowance amounts. Current FHFA Standard Utility Allowances are:

Utility Allowances	
0 Bedroom Unit (Efficiency/Studio)	$ 50.00
1 Bedroom Unit	$ 77.00
2 Bedroom Unit	$ 110.00
3+ Bedroom Unit	$ 149.00

Q4. **How are “all utilities” defined for the purposes of applying standard utility allowances to contract rents?**

FHFA defines “all utilities” as charges for electricity, piped or bottled gas, water, sewage disposal, fuel (oil, coal, kerosene, wood, solar energy, or other), and garbage and trash collection. Utilities do not include charges for subscription-based television, telephone or internet service.

Q5. **How are affordability/FHFA Mission-Driven business estimated in the Multifamily Affordability Estimator?**

The MAE’s estimations are based on a prescribed FHFA formula for determining the affordability of units based on the geographic location of the property as well as the rent and unit mix within the property. The MAE then converts the affordability information into the percentage of the loan that is considered Mission-Driven business. Various measures of “affordability” can be found as they relate to the multifamily market. However, Fannie Mae is required to apply this prescribed FHFA formula to its loans. Differences in MAE affordability results and other industry affordability measures may be caused by several factors including, but not limited to, affordability formula used, application of affordability formula, precision of geographic level used, accuracy of property location, accuracy of unit and rent data used, and/or vintage of reference data used.

The MAE's Mission-Driven business estimates are rooted in the affordability scores for properties. However, based on FHFA guidance, certain markets and segment types are treated as Mission-Driven business at different rates. The MAE takes into account this guidance and provides these estimates.

Here is an example of how percentage of affordability is calculated per FHFA's formula:

[Annualized Rent + Utilities] / [AMI * Bedroom Factor] = Unit Percent Affordability

Q6. **How Are "Rural" Areas Defined?**

Rural areas are defined by the FHFA Duty to Serve (DTS) rule. The rule defines a "rural" area 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.

High-Needs Rural Areas are defined by the FHFA Duty to Serve rule. These areas are specific to the Lower Mississippi Delta and Middle Appalachia. Border Colonias areas, as related to Duty To Serve, are not currently defined.

Users are not required to provide any additional information in order to determine a property's "rural" or "high-needs rural" designation because the census tracts entered (as in prior versions of the MAE) are used to make the determination. The Multifamily Affordability Estimator will automatically account for "rural" and "high-needs rural" designations in determining Mission-Driven business rates and Duty to Serve eligibility estimates.

Q7. **Why is Fannie Mae Requiring this Additional Information?**

The Multifamily Affordability Estimator will provide Fannie Mae and Lenders with information needed to evaluate the affordability profile and related Mission-Driven business for prospective loan deliveries. The vast majority of Fannie Mae's multifamily financing currently supports rental housing that is affordable to households earning at their area's median income level.

Q8. **Are Lenders required to submit the Multifamily Affordability Estimator with each submission?**

Lenders are required to enter the Multifamily Affordability Estimator results in the appropriate fields within DUS Gateway® for the following property/segment types:

- Conventional Multifamily;
- Small Multifamily Properties (5-50 Units);
- Targeted Affordable Housing;
- Dedicated Student Housing;
- Cooperative Properties;
- Seniors Housing (Sr. MAE use required);
- Manufactured Housing Communities (MHC MAE use required).

All completed MAE files must be emailed to (or uploaded in Deal Documents within DUSG Gateway Deals):

multifamily_affordability_estimator@fanniemae.com

Q9. **How should Lenders complete and submit the Multifamily Affordability Estimator?**

Lenders should return to Fannie Mae a completed and saved affordability estimate file for each individual subject property.

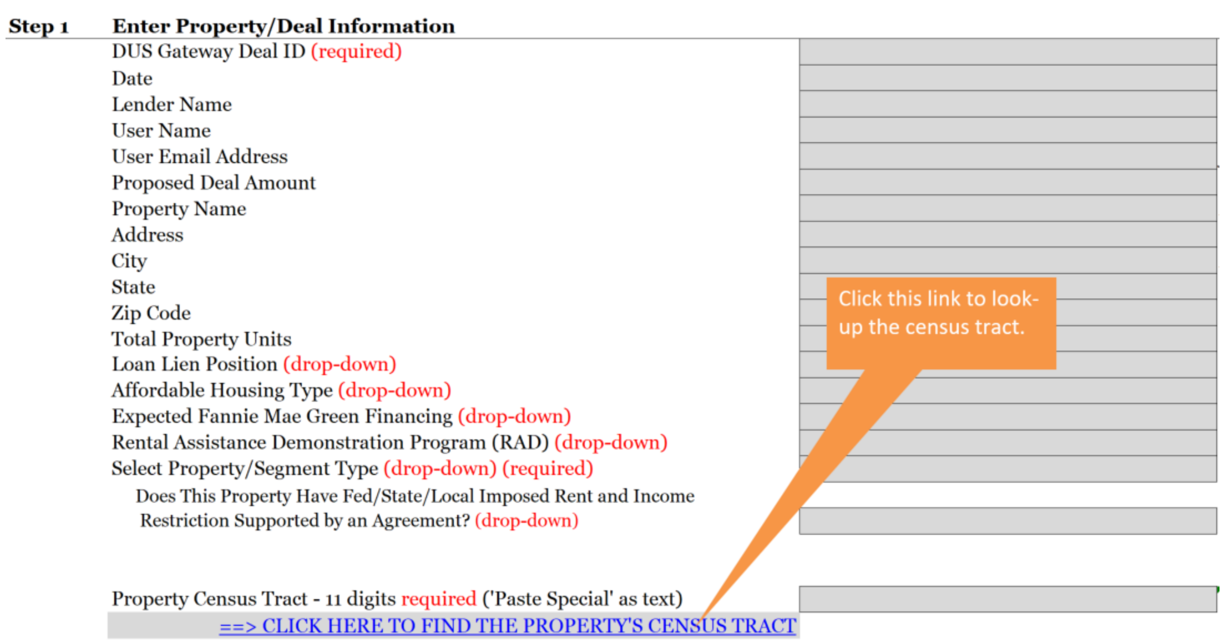
Lenders need three types of information for each property in order to run the estimate:

- property/segment type;
- property address (census tract); and
- bedroom type by rent unit counts (rent roll).

Lenders will complete four steps in order to review the results returned in Step 5.

a. Tips on Step 1 – Enter Property Location Information

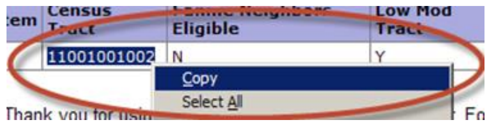
Lenders will fill out the gray areas with property information including the subject property's type/segment and physical census tract. Lenders may use the link provided to find the census tract:



Step 1	Enter Property/Deal Information	
	DUS Gateway Deal ID (required)	
	Date	
	Lender Name	
	User Name	
	User Email Address	
	Proposed Deal Amount	
	Property Name	
	Address	
	City	
	State	
	Zip Code	
	Total Property Units	
	Loan Lien Position (drop-down)	
	Affordable Housing Type (drop-down)	
	Expected Fannie Mae Green Financing (drop-down)	
	Rental Assistance Demonstration Program (RAD) (drop-down)	
	Select Property/Segment Type (drop-down) (required)	
	Does This Property Have Fed/State/Local Imposed Rent and Income Restriction Supported by an Agreement? (drop-down)	
	Property Census Tract - 11 digits required ('Paste Special' as text)	
	==> CLICK HERE TO FIND THE PROPERTY'S CENSUS TRACT	

The link will take the Lender to the Fannie Mae Property GeoCoder. Users are required to register with the Property GeoCoder one time. Lenders will submit the property street address, city, state, and zip code. The GeoCoder results will provide the census tract. Lenders should then "copy" and "paste special" as "unformatted text" the full 11-digit census tract from the GeoCoder into the appropriate cell in the estimator. Note: some census tracts begin with a zero. Make sure you enter the leading zero:

GeoCoder Results



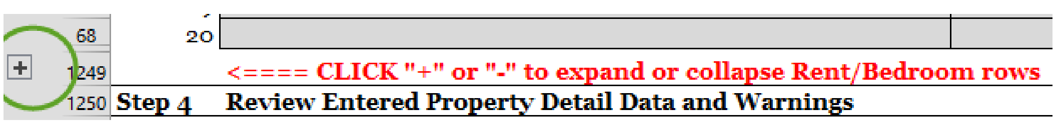
Paste Special as Text into Census Tract cell

b. Tips on Step 2 - Review Results Based on Entered Information

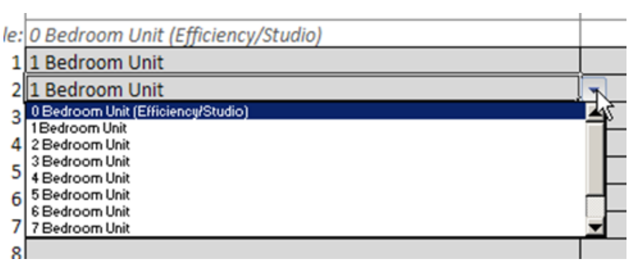
Once the appropriate, valid 11-digit census tract is entered in Step 1, MSA and Income results will display in Step 2 based on the census tract entered.

c. Tips on Step 3 - Enter Detailed Rent and Bedroom Type Data

Lenders should enter the rent roll for the subject property. The estimator provides the ability to submit a summarized version of the rent roll or a detailed unit-by-unit rent roll. If the Lender wishes to enter detailed rent roll data (in excess of 20 bed/rent combinations) the "+" sign in the margin between row 68 and 1249 will expand the section to allow for as many as 1,200 bedroom/rent combinations.



In Column A, Lenders should select the bedroom type information from the drop down menu in each bedroom type cell. Note: if entering multiple bedroom types, the Lender may "copy" and "paste special" as "unformatted text" from previously selected drop down items. The format used in Column A must be exactly as available in the drop down menu.



In Column B, Lenders should enter the respective rent per month for the bedroom type in Column A. Note: if you have the rent data in another spreadsheet, you may "copy" and "paste special" as "unformatted text" into Column B.

Note on entering rents: If a unit is occupied, the tenant-paid portion of rent should be entered in the MAE. This includes subsidized units such as (but not limited to) portable Section 8 vouchers. For example, if the market rent of a unit is $1,500 and the tenant received federal, state, or local subsidy in the amount of $700, the tenant-paid portion would be $800. Therefore, $800 should be entered in the MAE. If a unit is unoccupied, the market rate rent should be entered in the MAE. If a unit is occupied by an employee of the property and the rent is based on their employment, the tenant-paid portion of that unit should be entered. For example, if the market rate of a unit is $1,500 and the property employee pays $100 per month as part of their employment contract, $100 should be entered in the MAE.

In Column C, Lenders should enter the number of units associated with the bedroom type and rent entered in Columns A and B. For example, if you have detailed, unit-by-unit rent roll data, Column C should be filled with “1”.

d. Tips on Step 4 - Review Entered Property Detail Data and Warnings

If the number of units entered by the Lender in Step 1 does not match the sum of units entered in Step 3, a warning message will be provided. Other bedroom type/rent information is returned for review.

e. Tips on Step 2 - Review Results Based on Entered Information

Step 5 returns the results based on all entered data. The green area (5.A) contains the estimated percent of units qualifying at ≤ 80%, ≤ 60%, ≤ 50%, and percent Mission-Driven. Step 5.B estimates Duty to Serve eligibility for five objectives. 5.C provides estimates at various affordability and Mission-Driven business levels. 5.D and 5.E provide maximum rents at various bedroom type and % AMI levels. If no units entered qualify for affordability measures, a notice will be displayed to the right of the green area indicating such.

Step 5 **Results - Use "Save As..." to save your file**

A) Submit Estimated Results With Deal in DUS Gateway	Percent Units
Estimated Qualifying Units <= 80% AMI ("Low" Income)	46.4%
Estimated Qualifying Units <= 60% AMI (Mission sub-requirement)	46.4%
Estimated Qualifying Units <= 50% AMI ("Very Low" Income)	10.7%
Estimated % Mission-Driven	46.4%

B) Estimated Duty to Serve (DTS) Eligibility	
LIHTC	Not Eligible
Section 8	Not Eligible
Green Financing (Multifamily Energy/Water Efficiency)	Not Eligible
Rental Demonstration Program (RAD)	Not Eligible
High Needs Rural Area	DTS Eligible
5-50 unit in Rural Area	DTS Eligible

C) Estimated Detailed Results	Unit Count	Percent Units
Estimated Units <= 120% AMI	13	46.4%
Estimated Units <= 100% AMI	13	46.4%
Estimated Units <= 80% AMI	13	46.4%
Estimated Units <= 60% AMI	13	46.4%
Estimated Units <= 50% AMI	3	10.7%

D) Maximum Area Rents - "Low" Income Units - <= 80% AMI	Max Rent Limit	Utility Allowance
Maximum Low Income Rent for Area - 0 Bedroom Unit	$750	$50
Maximum Low Income Rent for Area - 1 Bedroom Unit	$804	$77
Maximum Low Income Rent for Area - 2 Bedroom Unit	$965	$110
Maximum Low Income Rent for Area - 3 Bedroom Unit	$1,115	$149

E) Maximum Area Rents - "Very Low" Income Units - <= 50% AMI	Max Rent Limit	Utility Allowance
Maximum Very Low Income Rent for Area - 0 Bedroom Unit	$469	$50
Maximum Very Low Income Rent for Area - 1 Bedroom Unit	$503	$77
Maximum Very Low Income Rent for Area - 2 Bedroom Unit	$603	$110
Maximum Very Low Income Rent for Area - 3 Bedroom Unit	$697	$149

Q10. **Whom should Multifamily Lenders contact with questions?**

Please contact your Fannie Mae Deal Team with any questions on what transactions should be included.
Technical questions regarding the Multifamily Affordability Estimator should be sent to:
multifamily_affordability_estimator@fanniemae.com

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