

# Guide for Estimating Affordability and Mission-Driven Business for Deliveries

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) can estimate this percentage for prospective loan deliveries. Please contact your Fannie Mae Deal Team with any questions. (v2019.3)

## 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	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	50% of loan amount	Required
<p><b>Definition of FHFA Targeted Affordable</b></p> <ul style="list-style-type: none"> <li>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 limited incomes and which may restrict the rents that can be charged for those units. Targeted affordable housing properties often use federal, state or local housing subsidies (such as tax-exempt bond funded mortgages or Low Income Housing Tax Credits).</li> <li>Properties developed under state or local inclusionary zoning, real estate tax abatement or similar loan programs, where the property owner has agreed to restrict a portion of the units for occupancy by tenants with limited incomes and to restrict the rents that can be charged for those units at affordable rents in accordance with the requirements of the state or local program, and which is enforced by a regulatory agreement or recorded use restriction, will qualify as targeted affordable housing. Examples of targeted affordable properties include: a Section 8 Housing Assistance Payment contract will qualify as a regulatory agreement and will qualify as targeted affordable housing if the contract limits tenant incomes to 80 percent of AMI or below. A unit that is occupied by a Section 8 certificate or voucher holder is not a targeted affordable housing unit unless there is also a contract or a regulatory agreement or a recorded use restriction. A unit that is occupied by a tenant whose income is at 60 percent of AMI or below, and where the market rent is affordable to that tenant, is not a targeted affordable housing unit unless there is also a regulatory agreement or a recorded use restriction which restricts that can be charged for those units.</li> </ul>		

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 ≤ 80% AMI)	Required



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<p><b>Definition of Rural Areas</b></p> <p>The Duty to Serve rule defines “Rural” areas as:</p> <ul style="list-style-type: none"> <li>• A census tract outside of an MSA as designated by the Office of Management and Budget (OMB); or</li> <li>• 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.</li> </ul> <p>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.</p> <p><i>*U.S. Department of Agriculture Rural-Urban Commuting Area (RUCA) codes</i> classify U.S. census tracts using measures of population density, urbanization, and daily commuting patterns.</p>		

Business Segment	Percentage of Loan Amount Mission-Driven	MAE Required as Part of Deal Submission?
Manufactured Housing Communities	100% of loan amount	Not required
Small Multifamily Properties (5 – 50 Units)	Pro Rata % based on: <ul style="list-style-type: none"> <li>• % units at ≤ 80% AMI in Standard and Cost-Burdened Renter Markets</li> <li>• % units at ≤ 100% AMI in Very Cost-Burdened Renter Markets</li> <li>• % units at ≤ 120% AMI in Extremely Cost-Burdened Renter Markets</li> </ul>	Required
Seniors Housing	Pro Rata % (Based on % units at ≤ 80% AMI)	Seniors MAE Required
Standard Conventional Properties in Standard Cost Markets*	Pro rata % (Based on % units at or below 60% AMI)	Required
Standard Conventional Properties in Cost-Burdened Renter Markets*	Pro rata % (Based on % units at or below 80% AMI)	Required
Standard Conventional Properties in Very Cost-Burdened Renter Markets*	Pro rata % (Based on % units at or below 100% AMI)	Required
Standard Conventional Properties in Extremely Cost-Burdened Renter Markets*	Pro rata % (Based on % units at or below 120% AMI)	Required
*Market Cost-Burdened as designated by FHFA. See table below.		

**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 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.

## FHFA 2019 Extremely, Very, and Cost-Burdened Renter Multifamily Markets

Certain Metropolitan Statistical Areas (MSA) contain counties that have been designated as Cost-Burdened, Very Cost-Burdened, or Extremely Cost-Burdened Renter Markets. The tables below provide a listing of all counties falling into these categories and their associated MSAs.

### Extremely Cost-Burdened Renter Market Designation

	County Name	County FIPS Code	Do all counties in MSA have same cost designation?
<b>Los Angeles-Long Beach-Anaheim, CA (31080)</b>			
1	Los Angeles County, CA	06037	No
<b>New York-Newark-Jersey City, NY-NJ-PA (35620)</b>			
2	Hudson County, NJ	34017	No
3	Kings County, NY	36047	No
4	Nassau County, NY	36059	No
5	New York County, NY	36061	No
6	Westchester County, NY	36119	No
<b>San Francisco-Oakland-Hayward, CA (41860)</b>			
7	Marin County, CA	06041	No
8	San Francisco County, CA	06075	No
9	San Mateo County, CA	06081	No

### Very Cost-Burdened Renter Market Designation

	County Name	County FIPS Code	Do all counties in MSA have same cost designation?
<b>Boston-Cambridge-Newton, MA-NH (14460)</b>			
1	Middlesex County, MA	25017	No
2	Norfolk County, MA	25021	No
3	Suffolk County, MA	25025	No
<b>Bridgeport-Stamford-Norwalk, CT (14860)</b>			
4	Fairfield County, CT	09001	Yes
<b>Chicago-Naperville-Elgin, IL-IN-WI (16980)</b>			
5	Cook County, IL	17031	No
<b>Los Angeles-Long Beach-Anaheim, CA (31080)</b>			
6	Orange County, CA	06059	No
<b>Miami-Fort Lauderdale-West Palm Beach, FL (33100)</b>			
7	Miami-Dade County, FL	12086	No
<b>New York-Newark-Jersey City, NY-NJ-PA (35620)</b>			



8	Bergen County, NJ	34003	No
9	Middlesex County, NJ	34023	No
10	Morris County, NJ	34027	No
11	Passaic County, NJ	34031	No
12	Queens County, NY	36081	No
13	Richmond County, NY	36085	No
14	Rockland County, NY	36087	No
15	Union County, NJ	34039	No
<b>Riverside-San Bernardino-Ontario, CA (40140)</b>			
16	Riverside County, CA	06065	Yes
17	San Bernardino County, CA	06071	Yes
<b>San Diego-Carlsbad, CA (41740)</b>			
18	San Diego County, CA	06073	Yes
<b>San Francisco-Oakland-Hayward, CA (41860)</b>			
19	Alameda County, CA	06001	No
20	Contra Costa County, CA	06013	No
<b>San Jose-Sunnyvale-Santa Clara, CA (41940)</b>			
21	San Benito County, CA	06069	Yes
22	Santa Clara County, CA	06085	Yes

## Cost-Burdened Renter Market Designation

	County Name	County FIPS Code	Do all counties in MSA have same cost designation?
<b>Atlanta-Sandy Springs-Roswell, GA (12060)</b>			
1	Fulton County, GA	13121	No
<b>Baltimore-Columbia-Towson, MD (12580)</b>			
2	Howard County, MD	24027	No
<b>Boston-Cambridge-Newton, MA-NH (14460)</b>			
3	Essex County, MA	25009	No
<b>Boulder, CO (14500)</b>			
4	Boulder County, CO	08013	Yes
<b>Denver-Aurora-Lakewood, CO (19740)</b>			
5	Douglas County, CO	08035	No
<b>Miami-Fort Lauderdale-West Palm Beach, FL (33100)</b>			
6	Broward County, FL	12011	No
7	Palm Beach County, FL	12099	No
<b>New York-Newark-Jersey City, NY-NJ-PA (35620)</b>			
8	Bronx County, NY	36005	No
9	Dutchess County, NY	36027	No
10	Essex County, NJ	34013	No
11	Putnam County, NY	36079	No
12	Somerset County, NJ	34035	No



13	Suffolk County, NY	36103	No
<b>Orlando-Kissimmee-Sanford, FL (36740)</b>			
14	Orange County, FL	12095	No
<b>Oxnard-Thousand Oaks-Ventura, CA (37100)</b>			
15	Ventura County, CA	06111	Yes
<b>Portland-Vancouver-Hillsboro, OR-WA (38900)</b>			
16	Multnomah County, OR	41051	No
<b>Sacramento-Roseville-Arden-Arcade, CA (40900)</b>			
17	Placer County, CA	06061	No
18	Yolo County, CA	06113	No
<b>Salinas, CA (41500)</b>			
19	Monterey County, CA	06053	Yes
<b>Santa Maria-Santa Barbara, CA (42060)</b>			
20	Santa Barbara County, CA	06083	Yes
<b>Santa Rosa, CA (42220)</b>			
21	Sonoma County, CA	06097	Yes
<b>Seattle-Tacoma-Bellevue, WA (42660)</b>			
22	King County, WA	53033	No
23	Snohomish County, WA	53061	No
<b>Vallejo-Fairfield, CA (46700)</b>			
24	Solano County, CA	06095	Yes
<b>Washington-Arlington-Alexandria, DC-VA-MD-WV (47900)</b>			
25	District Of Columbia, DC	11001	No
26	Prince George's County, MD	24033	No
<b>Worcester, MA-CT (49340)</b>			
27	Worcester County, MA	25027	No