

Guide for Estimating Affordability and Mission-Driven Business for Deliveries (v2020.1)

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.

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>Definition of FHFA Targeted Affordable</p> <ul style="list-style-type: none"> 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. The following are examples of loans on targeted affordable housing properties that FHFA will classify as mission-driven: <ul style="list-style-type: none"> 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 limited incomes in accordance with the requirements of the state or local program 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 limited incomes 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	○ Required



Rural Business Segment	Percentage of Loan Amount Mission-Driven	MAE Required as Part of Deal Submission?
	≤ 80% AMI)	
<p>Definition of Rural Areas</p> <p>The Duty to Serve rule defines “Rural” areas as:</p> <ul style="list-style-type: none"> • 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. <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"> • % units at ≤ 80% AMI in Standard and Cost-Burdened Renter Markets • % units at ≤ 100% AMI in Very Cost-Burdened Renter Markets • % units at ≤ 120% AMI in Extremely Cost-Burdened Renter Markets 	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 or MultifamilyAffordabilityEstimator@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.

FHFA 2020 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.

FHFA 2020 County Cost Designation	MSA Name (2018)	MSA Code	County Name	County Code	Do all counties in MSA have same cost designation?
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Extremely Cost-Burdened Renter Market Designation

1	BOSTON-CAMBRIDGE-NEWTON, MA-NH	14460	SUFFOLK COUNTY, MA	25025	No
2	LOS ANGELES-LONG BEACH-ANAHEIM, CA	31080	LOS ANGELES COUNTY, CA	06037	No
3	NEW YORK-NEWARK-JERSEY CITY, NY-NJ-PA	35620	HUDSON COUNTY, NJ	34017	No
4			KINGS COUNTY, NY	36047	No
5			NASSAU COUNTY, NY	36059	No
6			NEW YORK COUNTY, NY	36061	No
7			RICHMOND COUNTY, NY	36085	No
8			ROCKLAND COUNTY, NY	36087	No
9			WESTCHESTER COUNTY, NY	36119	No
10	SAN FRANCISCO-OAKLAND-BERKELEY, CA	41860	MARIN COUNTY, CA	06041	No
11			SAN FRANCISCO COUNTY, CA	06075	No
12			SAN MATEO COUNTY, CA	06081	No

Very Cost-Burdened Renter Market Designation

1	BOSTON-CAMBRIDGE-NEWTON, MA-NH	14460	ESSEX COUNTY, MA	25009	No
2			MIDDLESEX COUNTY, MA	25017	No
3			NORFOLK COUNTY, MA	25021	No
4	BRIDGEPORT-STAMFORD-NORWALK, CT	14860	FAIRFIELD COUNTY, CT	09001	Yes
5	CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI	16980	COOK COUNTY, IL	17031	No
6	LOS ANGELES-LONG BEACH-ANAHEIM, CA	31080	ORANGE COUNTY, CA	06059	No
7	MIAMI-FORT LAUDERDALE-POMPANO BEACH, FL	33100	BROWARD COUNTY, FL	12011	Yes
8			MIAMI-DADE COUNTY, FL	12086	Yes
9			PALM BEACH COUNTY, FL	12099	Yes
10	NEW YORK-NEWARK-JERSEY CITY, NY-NJ-PA	35620	BERGEN COUNTY, NJ	34003	No
11			PASSAIC COUNTY, NJ	34031	No
12			PUTNAM COUNTY, NY	36079	No
13			QUEENS COUNTY, NY	36081	No
14			SUFFOLK COUNTY, NY	36103	No
15			UNION COUNTY, NJ	34039	No
16	RIVERSIDE-SAN BERNARDINO-ONTARIO, CA	40140	RIVERSIDE COUNTY, CA	06065	Yes
17			SAN BERNARDINO COUNTY, CA	06071	Yes
18	SAN DIEGO-CHULA VISTA-CARLSBAD, CA	41740	SAN DIEGO COUNTY, CA	06073	Yes
19	SAN FRANCISCO-OAKLAND-BERKELEY, CA	41860	ALAMEDA COUNTY, CA	06001	No
20			CONTRA COSTA COUNTY, CA	06013	No
21	SANTA MARIA-SANTA BARBARA, CA	42200	SANTA BARBARA COUNTY, CA	06083	Yes

**Cost-Burdened Renter Market Designation**

1	ATLANTA-SANDY SPRINGS-ALPHARETTA, GA	12060	FULTON COUNTY, GA	13121	No
2	BALTIMORE-COLUMBIA-TOWSON, MD	12580	HOWARD COUNTY, MD	24027	No
3	BARNSTABLE TOWN, MA	12700	BARNSTABLE COUNTY, MA	25001	Yes
4	BOSTON-CAMBRIDGE-NEWTON, MA-NH	14460	PLYMOUTH COUNTY, MA	25023	No
5	BOULDER, CO	14500	BOULDER COUNTY, CO	08013	Yes
6	BURLINGTON-SOUTH BURLINGTON, VT	15540	CHITTENDEN COUNTY, VT	50007	No
7	KAHULUI-WAILUKU-LAHAINA, HI	27980	MAUI COUNTY, HI	15009	Yes
8	NAPA, CA	34900	NAPA COUNTY, CA	06055	Yes
9	NEW YORK-NEWARK-JERSEY CITY, NY-NJ-PA	35620	BRONX COUNTY, NY	36005	No
10			ESSEX COUNTY, NJ	34013	No
11			HUNTERDON COUNTY, NJ	34019	No
12			MIDDLESEX COUNTY, NJ	34023	No
13			MONMOUTH COUNTY, NJ	34025	No
14			MORRIS COUNTY, NJ	34027	No
15			SOMERSET COUNTY, NJ	34035	No
16	ORLANDO-KISSIMMEE-SANFORD, FL	36740	ORANGE COUNTY, FL	12095	No
17	OXNARD-THOUSAND OAKS-VENTURA, CA	37100	VENTURA COUNTY, CA	06111	Yes
18	PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD	37980	PHILADELPHIA COUNTY, PA	42101	No
19	PORTLAND-VANCOUVER-HILLSBORO, OR-WA	38900	MULTNOMAH COUNTY, OR	41051	No
20	POUGHKEEPSIE-NEWBURGH-MIDDLETOWN, NY	39100	DUTCHESS COUNTY, NY	36027	Yes
21			ORANGE COUNTY, NY	36071	Yes
22	PROVIDENCE-WARWICK, RI-MA	39300	BRISTOL COUNTY, MA	25005	No
23			WASHINGTON COUNTY, RI	44009	No
24	SACRAMENTO-ROSEVILLE-FOLSOM, CA	40900	EL DORADO COUNTY, CA	06017	No
25			PLACER COUNTY, CA	06061	No
26			YOLO COUNTY, CA	06113	No
27	SALINAS, CA	41500	MONTEREY COUNTY, CA	06053	Yes
28	SAN JOSE-SUNNYVALE-SANTA CLARA, CA	41940	SAN BENITO COUNTY, CA	06069	Yes
29			SANTA CLARA COUNTY, CA	06085	Yes
30	SANTA CRUZ-WATSONVILLE, CA	42100	SANTA CRUZ COUNTY, CA	06087	Yes
31	SANTA ROSA-PETALUMA, CA	42220	SONOMA COUNTY, CA	06097	Yes
32	SEATTLE-TACOMA-BELLEVUE, WA	42660	KING COUNTY, WA	53033	No
33			SNOHOMISH COUNTY, WA	53061	No
34	VALLEJO, CA	46700	SOLANO COUNTY, CA	06095	Yes
35	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV	47900	DISTRICT OF COLUMBIA, DC	11001	No
36			PRINCE GEORGE'S COUNTY, MD	24033	No
37	WORCESTER, MA-CT	49340	WORCESTER COUNTY, MA	25027	No