



## Targeted Affordable Housing

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## Targeted Affordable Housing: Bringing Our Big 'A' Affordable Game

2021 was an extraordinary year where we made a big investment — but an even bigger impact.

We helped meet or exceed all three Multifamily affordable housing goals and the 11 Duty to Serve goals, including goals for very low-income (VLI) units, affordable housing in high opportunity areas, and Low-Income Housing Tax Credit (LIHTC) equity investments in some of the hardest to serve rural markets.

I'm especially proud we created or rehabilitated more new affordable housing units through our forward business than ever before. That's safe, secure affordable supply — something that's critically important at this time in the housing crisis. And while we're talking supply, we can't forget to mention we closed roughly \$675 million in LIHTC equity transactions — a record level of investment that also delivered exceptional results across all mission-goal categories.

Our team financed unique, often highly complex transactions to provide and protect housing for the people hit hardest by the country's affordable crisis. And each step of the way, we worked closely with our Optigo® lenders, affordable borrowers and developers, investors, and our partners at

federal/state/local agencies to deliver the right execution at the right time — where the market needed it most.

But make no mistake, 2021 was not easy. Indeed, the new funding cap meant we had to develop a new strategy to identify, pursue and secure those affordable transactions that represented the best use of capital. This required a balanced approach to risk and economics, not to mention excellent alignment across our internal and external partners. Sometimes this meant making difficult decisions — leading to a little less focus on larger deals in favor of smaller, more deeply affordable transactions. Despite the many challenges, we kept to the strategy, maintained discipline and delivered the right balance of highly affordable transactions to move the needle.

## 2021 Retail Business

- Financed \$5.9 billion with 483 Targeted Affordable Housing (TAH) Loans/bonds.
  - 2021 is TAH's second largest year on record — quite extraordinary when you consider that the volume cap was reduced by \$8 billion. And remember, this funded number does not include TAH carryover into 2022.
  - Despite slightly lower volume corresponding to a lower cap, we made close to the same number of loans as the year before — our average loan size moved from about \$12 million in 2020 to around \$8 million in 2021.
- Funded 72,290 affordable units, including 31,077 VLI.
- Nearly 90% of retail volume counts toward Multifamily's 60% area median income (AMI) goal.
- 43% of eligible units were affordable to those who make 50% AMI or less.
- We created new housing supply with record forward conversions: more than 11,000 new units — over half for VLI renters. It's safe to say our [Tax-Exempt Loan](#) is here to stay.

Forward rate-locks don't count toward annual volume but are nonetheless a critical component of our strategy. We rate locked over \$2 billion in forwards in 2021 — that makes \$5 billion in forwards in the last two years. This volume represents meaningful, typically deeply affordable supply in the next three to four years. But we're not stopping there as we intend to further drive forward volume in 2022 and beyond.

- We preserved affordable housing through our [cash preservation loan](#); 60,000 units including 25,000 VLI.

And if those facts weren't enough, here are a few other affordable achievements to note:

- In cities like [Los Angeles](#) and New York City, we financed transitional housing with supportive services for those who are homeless. The Neptune Avenue project in Brooklyn, New York, for example, provides housing and resources for homeless women and their children.
- In [rural communities like Kaysville, Utah](#), we partnered to preserve vital, at-risk housing with critical resident services.
- Our team saw the entrance of interested and highly motivated non-real estate firms, and helped pioneer their work to improve housing for their employees and the community — starting with the Amazon Housing Equity Fund.

## LIHTC Equity Investments

2021 was a record for our LIHTC equity investments. Nearly \$675 million will help provide affordable housing — about 5000 units. Here are just a few ways we made a difference in diverse, underserved communities nationwide:

- [Farmworkers](#) in rural Washington and the Yurok Indian Tribe in Northern California will benefit from new, desperately needed affordable rental homes.

- Just outside the fire-ravaged areas of Central California, we're investing in a new apartment community of deeply affordable housing on a previously vacant lot.
- In urban areas like Tulsa, Oklahoma and Los Angeles, we're bringing affordable units to these markets to boost social and economic mobility for renters.
- We expanded our investments in properties that include set asides for special needs households: homeless families or homeless youth, young people aging out of foster care, survivors of domestic violence, people with disabilities, or people with HIV or AIDS.

## Our Structured Platform

We continue to be a source of liquidity for financial institutions that support investments in affordable low-income rental housing. Through innovative securitization executions (Q, M, ML), our structured business ensures financial institutions have the capacity to pursue affordable investment opportunities.

- More of our business in 2021 — above 65% — supported renters with 60% AMI. That's a jump of 6% from the year before. In a year of fierce competition, this is a significant increase in affordable investment.
- We made more loans through our Housing for the Intellectually and Developmentally Disabled (HIDD) effort. This offering directly serves disabled people by allowing care providers to focus time and resources on the needs of residents, while the HIDD sponsor/borrower takes responsibility for owning and operating the homes.
- Our structured business supports innovative, mission-focused borrowers such as Comunidad Partners — named this week [Multifamily's inaugural Impact Sponsor of the Year](#) for 2021.

## 2022 in Focus

Looking ahead in 2022, we'll be even more laser focused on deeply affordable housing and underserved markets. We'll expand our support to make home

possible for those with special housing needs — like people who are homeless, or disabled, and need supportive resident services.

We aim to grow affordable housing in support of our goals with the Federal Housing Finance Agency. If you missed it, you can read about our business framework: [our cap, goals and new market definitions](#). TAH plays a critical role in Freddie Mac's equity efforts and will continue to help develop unique solutions for complex affordable problems.

We've started the year strong, carrying over a strong pipeline of affordable-rich loans we're eager to close. We look forward to seeing new deals from our Optigo network and syndicator partners. And we'll continue our important partnership with federal, state and local housing agencies. Whether it's in our immediate or forward rehab/supply business or within our specialty areas, expect our growing TAH team to be creative and focused on solutions — to help provide quality, affordable rental housing nationwide.

