

PHIENIX



2024

**A Dialogue with
Homeownership Partners**

Panelists

Charles Lowery

Senior Policy Director | National Housing Conference

Lynn Alley

Director, Affordable Lending Account Team | Fannie Mae

Nena Dial

Senior Director, HFA Engagement | Freddie Mac

Discussion Leader

Lisa DeBrock

Homeownership Director | Washington State Housing Finance Commission

A Dialogue with Homeownership Partners

NCSHA Annual Conference 2024

Lynn R. Alley, Fannie Mae
Affordable Lending Team

October 1, 2024



Agenda

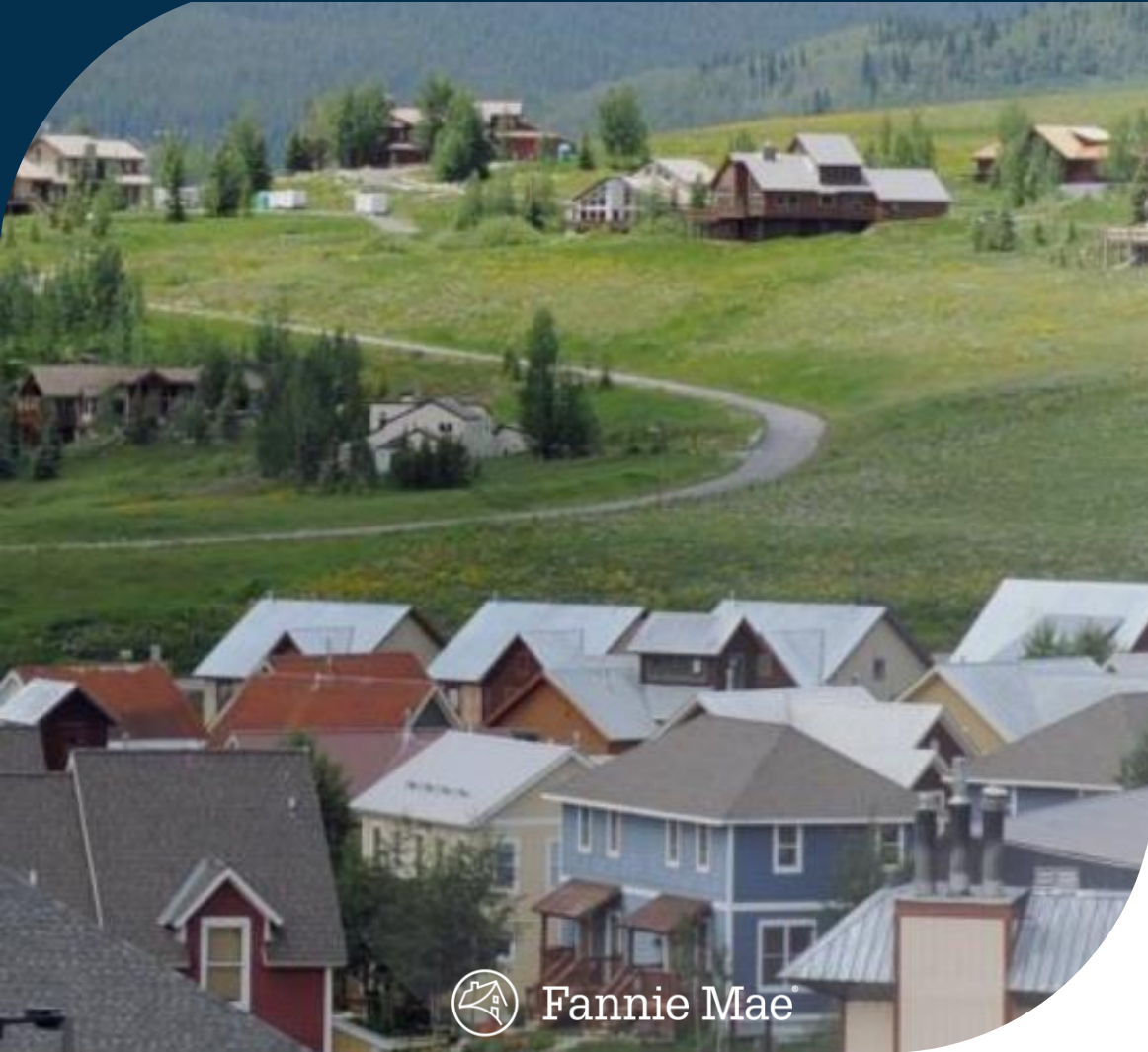
Duty to Serve Updates

Equitable Housing Finance Plan Updates

Enhancements



What is Duty to Serve?



The Duty to Serve rule, established in the **Housing and Economic Recovery Act of 2008 (HERA)**, reinforces our mission to facilitate equitable and sustainable access to homeownership and quality, affordable rental housing across America.

The rule focuses efforts on very low-, low-, and moderate-income families in three underserved markets:

- **Manufactured Housing**
- **Affordable Housing Preservation**
- **Rural Housing**



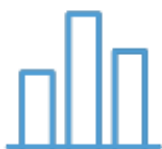
How we put our plan into action

Helping keep established properties available as low-cost housing



DTS Accomplishments & Impact

Impact by the numbers*



**\$382.3 billion total
liquidity provided to
housing market**



**3.4 million
multifamily units
financed**



**251,630 home loans
purchased**



**90+ research
initiatives**



**40+ product
enhancement**

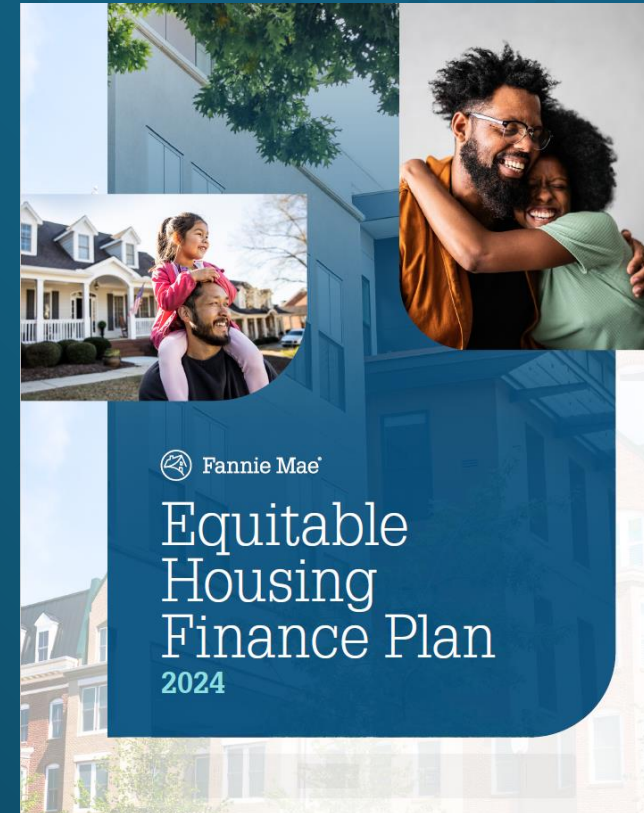
**Totals reflect 2018-2022. Data represents Fannie Mae's determination of qualifying Duty to Serve activities, and are subject to restatement or revision based on FHFA review. Fannie Mae's 2022 results have not been validated. In 2022, only purchase money mortgage single-family loans were included in total calculations.*



Equitable Housing Finance Plan

- **A three-year plan**, involving all aspects of our business, to affirmatively address housing disparities caused by past discrimination.
- **Understand obstacles** on the housing journey, then take steps to remove or reduce them.
- **Centerpiece of our corporate strategy** and regulatory oversight.
- **Measurable** progress and public accountability

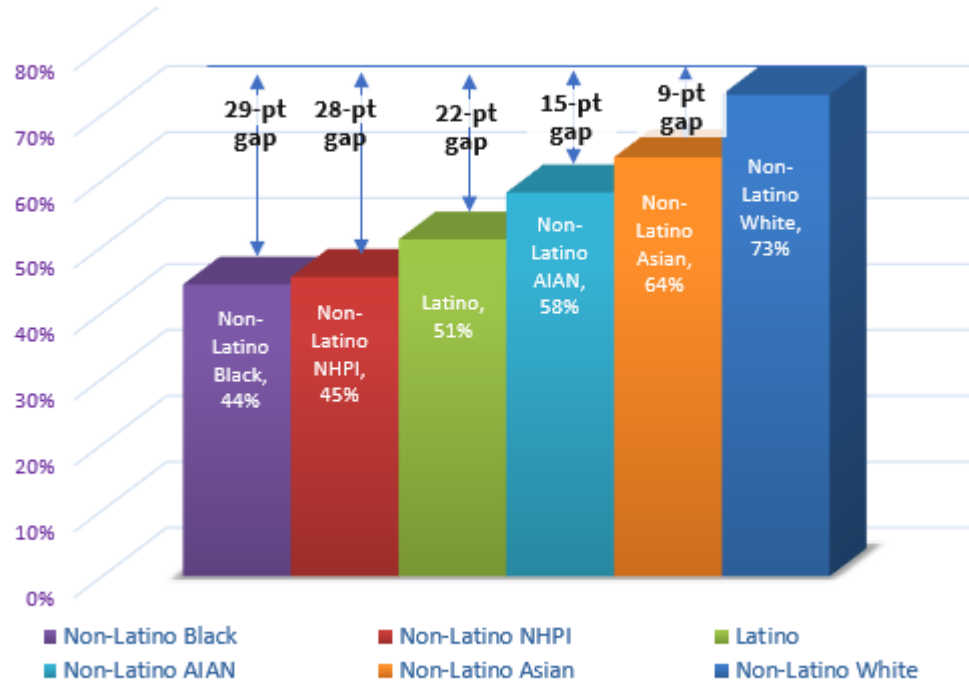
We are drafting the next three-year Equitable Housing Finance Plan for 2025-2027



The Homeownership Gap

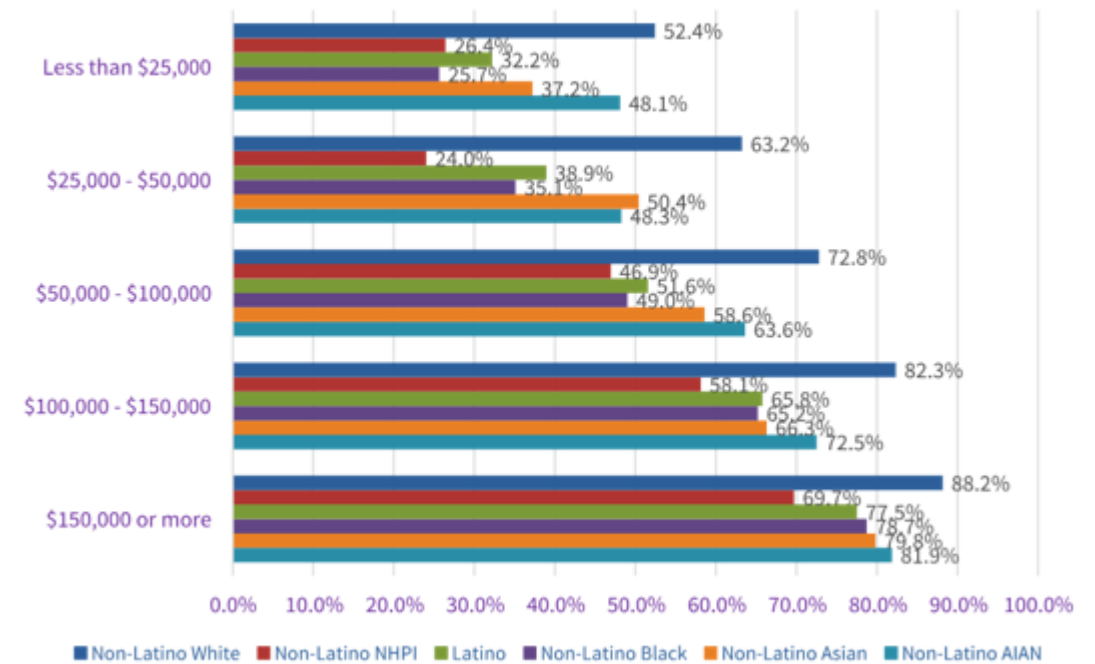
44% of Black and 51% of Latino consumers own homes compared to 73% of non-Hispanic white consumers – a gap of 29 and 22 percentage points.

U.S. homeownership rate by race (2022)



Source: Fannie Mae computations from American Community Survey PUMS 1-year estimates, 2022.
AIAN: American Indian and Alaskan Native; NHPI: Native Hawaiian and Pacific Islander.

Homeownership rate by household income (2022)



Source: Fannie Mae computations from American Community Survey PUMS 1-year estimates, 2022.
AIAN: American Indian and Alaskan Native; NHPI: Native Hawaiian and Pacific Islander.



Renters want to own

According to Fannie Mae's last National Housing Survey, renters across most demographic groups aspire to buy a home one day, and historically this aspiration is greatest among renters from underserved communities.

Lifetime Intention to Own



73% of renters
intend to buy at some
point in the future

**77% of SF Renters and
68% of MF Renters**
intend to buy at some
point in the future

Likely to buy at some point: Q31= Buy or Q50= Buy at some point in the future
Q31 - If you were going to move, would you be more likely to: Rent / Buy
Q50 - (IF Q31=RENT) In the future, are you more likely to: Always rent / Buy at some point in the future

Source: Q4 2023 National Housing Survey

Among Renters, by demographic group:



*Denotes Small sample sized (Asian renters n=34).
Results should be interpreted directionally.

W/B/H/A/: Letter next to data label denotes a % is
significantly higher than the segment that the letter
represents at the 95% confidence level

Source: Q4 2023 National Housing Survey



Household formations

From 2020 to 2030, it is expected 8.5 million new households will be formed, with 8.1 million being households from historically underserved groups.

4.1M

net new Hispanic
households

1.7M

net new Black
households

2.3M

net new AAPINH,
AIAN and
multiracial
households

.4M

net new white
households

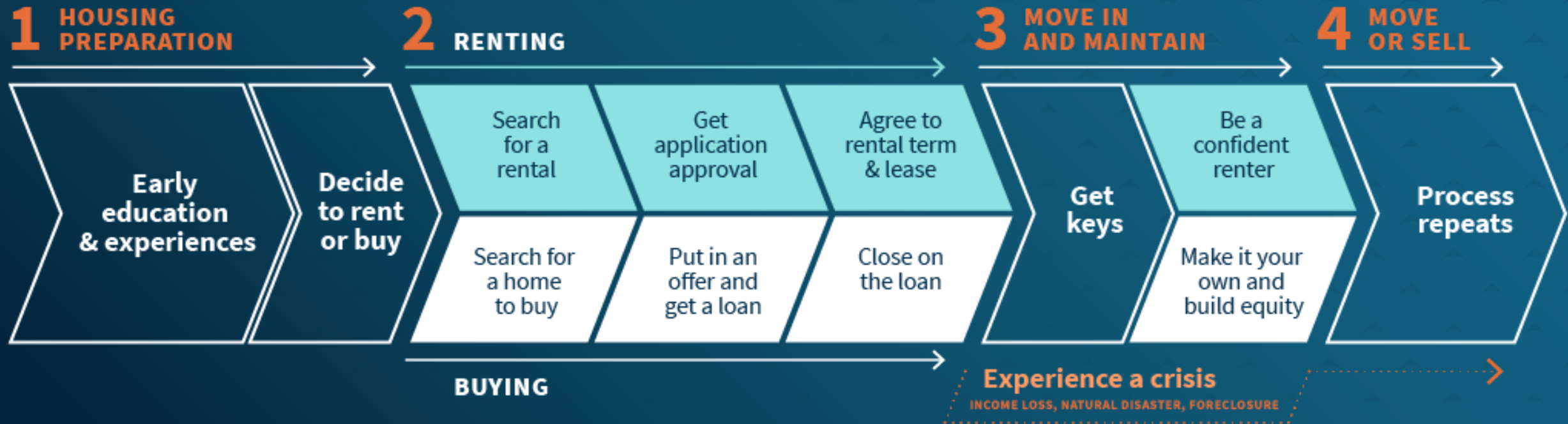
Connecting to and serving new renters, homebuyers, and homeowners, equitably and sustainably, presents growth opportunities for the housing and mortgage finance industries.



*Asian, American Indian, Alaskan Native, Native Hawaiian, Pacific Islander, and multiracial individuals.

The Consumer Housing Journey

In the following data-driven Housing Journeys, we identify obstacles renting and homeownership experiences — and tailored our solutions to help address those barriers every step along the way.



Our focus: Four primary obstacles



Limited credit history

Thin, lower, or no formal credit history can lead to higher costs or denial of housing or homeownership opportunities.



Burdensome up-front costs

Burdensome up-front housing costs makes it harder for consumers to access quality, affordable housing.



Lack of financial resilience

Lack of financial resilience may lead to housing instability when consumers are confronted with temporary financial hardships or unexpected expenses.



Lack of property resilience

Lack of property resilience may lead to temporary or prolonged housing instability when a property's condition, characteristics, or location create ongoing cost burdens, unexpected costs, or displacement.



Progress

Obstacle: Limited Credit History



Multifamily Positive Rental Payment Reporting

~386,000 residents reporting ~10% established credit histories



Single-Family Positive Rental Payment History

5,000+ applications benefiting; ~50% underserved applicants



LISC Financial Opportunity Centers

served ~2,400 consumers, helping 91 establish a credit score, 395 improve their credit score by an average of 6%, and overall realize a median increase in savings of ~\$500.



Single-Family Cashflow Assessment

Helping to qualify more borrowers with no credit score



Progress

Obstacle: Burdensome up-front costs



Valuation Modernization

\$88 million saved
through 2023 through
appraisal alternatives



HomeReady First

>5,600 HomeReady First
mortgages



Down Payment Assistance / Closing costs

350+ attorney opinion
letters and 600+ REO
closing cost concessions



Counseling

12,000+ post-purchase
counseling sessions in
2023 and launching pre-
purchase counseling
effort

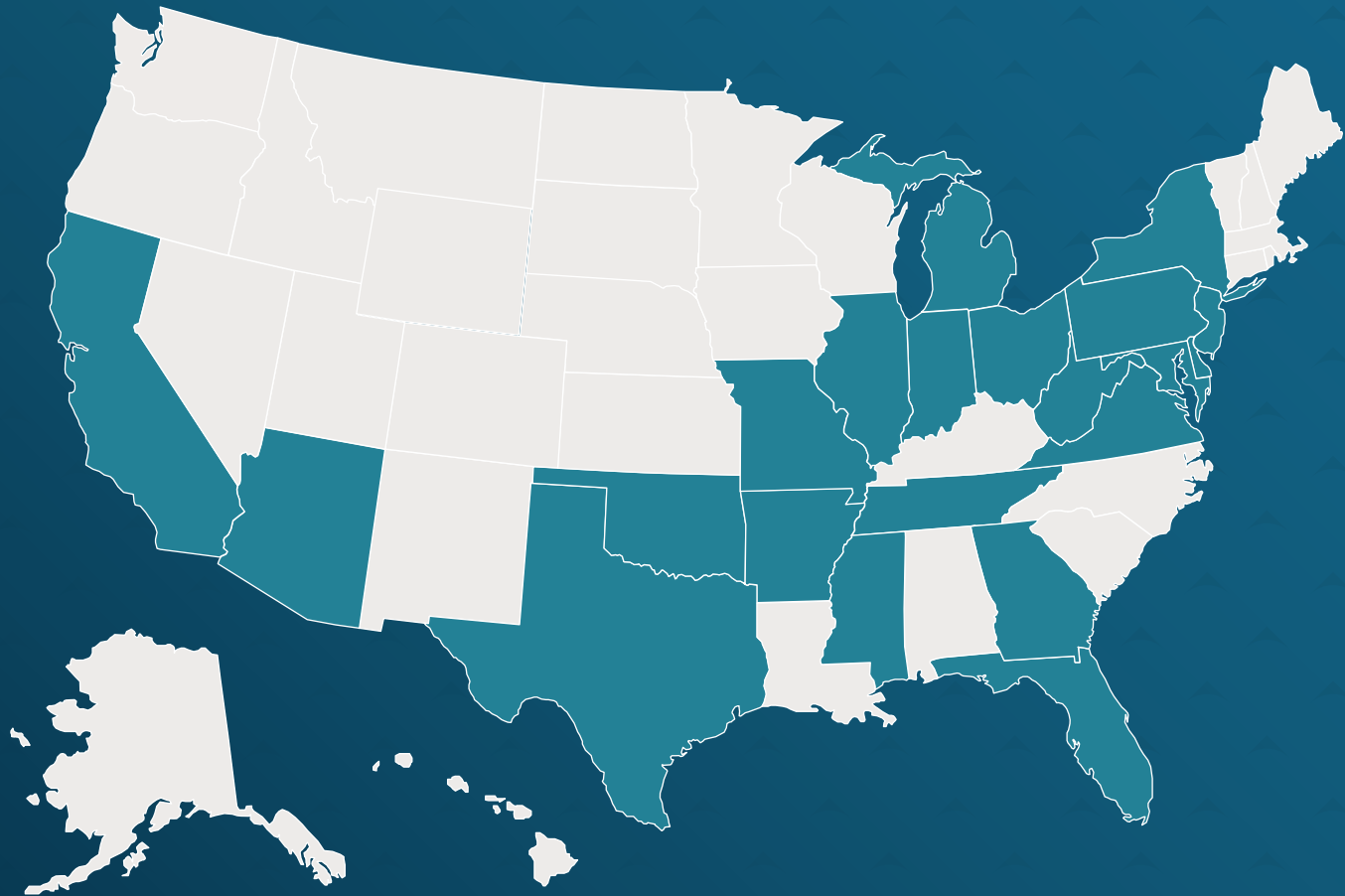


Special Purpose Credit Programs

In November 2023, we expanded access to HomeReady First, our **Special Purpose Credit Program (SPCP)** pilot, which provides down-payment assistance to eligible first-time homebuyers living in majority Latino, majority Black, or majority Latino/Black communities in 21 markets.

Borrowers must reside in an eligible census tract within the MSAs listed below:

1. Atlanta-Sandy Springs-Roswell, GA
2. Baltimore-Columbia-Towson, MD
3. Brownsville-Harlingen, TX
4. Chicago-Naperville-Elgin, IL-IN
5. Cleveland, OH
6. Dallas-Ft. Worth-Arlington, TX
7. Detroit-Warren-Dearborn, MI
8. Houston-Pasadena-The Woodlands, TX
9. McAllen-Edinburg-Mission, TX
10. Memphis, TN-MS-AR
11. Miami-Ft Lauderdale-West Palm, FL
12. New York-Newark-Jersey City, NY-NJ-PA
13. Oklahoma City, OK
14. Orlando-Kissimmee-Sanford, FL
15. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
16. Phoenix-Mesa-Chandler, AZ
17. Riverside-San Bernadino-Ontario, CA
18. San Antonio-New Braunfels, TX
19. St. Louis, MO-IL
20. Tampa-St. Petersburg-Clearwater, FL
21. Washington-Arlington-Alexandria, DC-VA-MD-WV



HomeReady First Early Results

HomeReady First early results are showing progress that we can effectively reach creditworthy historically underserved first-time homebuyers at all income levels.



Demographics Profile

Typical Credit Profile

Lender Feedback on Benefits

>5,600 loans

Program to-date

77%

Of borrowers self-identify as members of historically underserved groups

~90%

CLTV



Good FICO



Good DTI

~43%

Of borrowers would not have been approved without HomeReady® First



More Options, More Access

Latest digital and policy solutions to support lenders and responsibly expand opportunities for homeownership



First Generation Homebuyer Program

GSE Definition

A first-generation homebuyer loan is one in which each borrower meets the following requirements:

- Is purchasing the subject property
- Will reside in the subject property as a principal residence
- Has had no ownership interest (sole or joint) in another property during the last three years preceding the note date, and
- One of the following must also apply:
 - No parent of the borrower has owned a property in the last three years preceding the note date
 - The borrower has aged out of foster care
 - The borrower has become emancipated

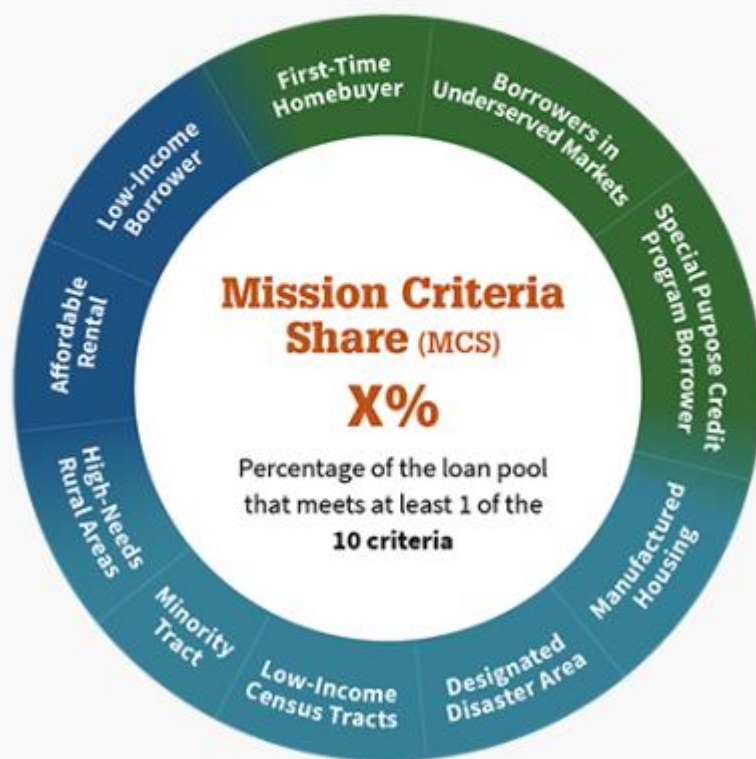


Mission Index

The Drivers of the Mission Index

Scoring Framework

The **10 criteria** and **overarching 3 dimensions** determine the mission-oriented scoring makeup of each pool of loans.



Other Enhancements

HomePath® HFA Incentive

- Fannie Mae REO properties available on www.homepath.com
- Up to 6% closing cost incentive to borrowers financing Fannie Mae properties using HFA Preferred

HomeStyle Renovation

- New online education course to help simplify process
- Outlines benefits of HomeStyle Renovation and HomeStyle Energy
- Test knowledge, gain tips, and learn to become an approved HomeStyle Renovation Lender
- [HomeStyle | Fannie Mae](#)





Fannie Mae[®]

**Thank you for your
continued partnership**



A Dialog with Homeownership Partners

Nena Dial

September 2024



Serving Our Mission

For families: responsibly creating more homeownership and rental opportunities

For customers: providing access to better tools and data to reduce costs and increase efficiency

For investors: producing attractive mortgage interest rate and credit risk investments

For taxpayers: reducing their exposure by shifting risk to private capital

New CEO – Diana Reid



Diana Reid is Freddie Mac's new CEO and member of our Board of Directors. Ms. Reid brings more than four decades of banking, real estate, capital markets, and affordable housing experience to Freddie Mac. This experience included:

- Leading PNC Financial Services Group's real estate business division
- Serving as an independent director and advisor to several organizations
- Founding Beekman Advisors, where she provided strategic advice and M&A execution to real estate company owners, CEOs, and Boards
- Working 20 years in Mortgage Trading, Dept Capital Markets, and Financial Institutions Advisory at the investment bank formerly known as Credit Suisse First Boston



HFA Strategy and Managing the Business



The HFA Engagement team is excited to continue the great work and progress made in 2024, into 2025 with the HFA Advantage[®] product which is exclusively available through HFAs. The team is focused on:

- Continue to grow and expand the partnership across the HFAs
- Balance housing goals, internal performance metrics, share, and credit profile
- Monitor market dynamics and program metrics
- Collaboration on NAQ and QC Repurchase requests
- Provide HFA resources through the [HFA Resource Center](#) and the [HFA Advantage product webpage](#)



Housing Finance Agencies: A Key Partner in Equitable Housing

Different stakeholders within the mortgage and housing industry play a role in decreasing barriers to homeownership. Casey Kier, Assistant Commissioner at Minnesota Housing, and Tameela Thurman, Director, Freddie Mac's Single-Family Equitable Housing Team discuss ways to address the array of complex issues communities of color face in attaining, sustaining and building wealth through homeownership.

[CHECK OUT THIS PODCAST EPISODE](#)

HOME STARTS HERE
PODCAST



DPA One[®] – Expanding Access to Down Payment Assistance



Over 5,500 loan officers currently registered on the platform to leverage more than 700 DPA programs across 49 states and the District of Columbia

As part of the Equitable Housing Finance Plan, Freddie is expanding our down payment assistance tool, DPA One.

As down payments remain a major barrier to homeownership for many, DPA One gives lenders and other housing professionals a free tool to help borrowers overcome this hurdle by finding and matching them with down payment assistance programs nationwide.

LPA ChoiceSM – Enhanced Messaging



New in
October!

Freddie Mac is implementing enhanced feedback messaging for new submissions in Loan Product Advisor[®] for loans that receive a Caution risk class.

[LPA ChoiceSM](#) feedback messages offers enhanced feedback messages to deliver unprecedented, actionable information for lenders to identify opportunities, make faster and informed decisions and from Caution to Accept.

Proposed 2025-2027 Strategy | Duty to Serve



Manufactured Housing

- Buy loans on MH titled as real property
- Roll out MH Developer curriculum; explore policy updates



Rural Housing

- Buy loans on homes in high-needs rural regions
- Buy loans from SFIs on rural homes
- Buy loans in tribal areas
- Assess all-rural market needs
- Expand DeveloperSM to rural areas
- Explore support for heirs' property rights resolution
- Explore enhancing HeritageOneSM
- Enhance support for CDFIs
- Host the Rural Research Symposium



Affordable Housing Preservation

- Develop tools to inform consumer EE-improvement decisions
- Buy loans on shared equity homes
- Facilitate CLTs; explore policy updates

Weave HFA partnerships into the Duty to Serve strategy to discover new ways to collaborate and drive innovation.



GSE Aligned Mission Index

The Mission Index and its associated criteria help Sellers identify potential mission-oriented lending opportunities underlying our mortgage-backed securities.

The index is designed to balance the market's desire for data to inform investment decisions with our obligation to protect the privacy of a borrower's personal information.

Collectively, our mission index activities drive more benefits for borrowers, build potential markets for Sellers, and expand homeownership opportunities in underserved communities.



Questions



National Housing Conference

Black Homeownership Collaborative

National Council of State Housing
Agencies

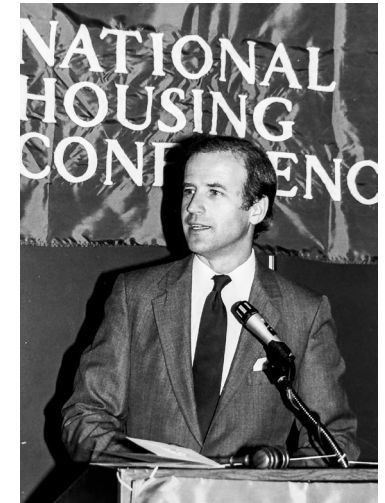
October 1, 2024

www.nhc.org

NHC is the Oldest and Broadest Housing Coalition in America

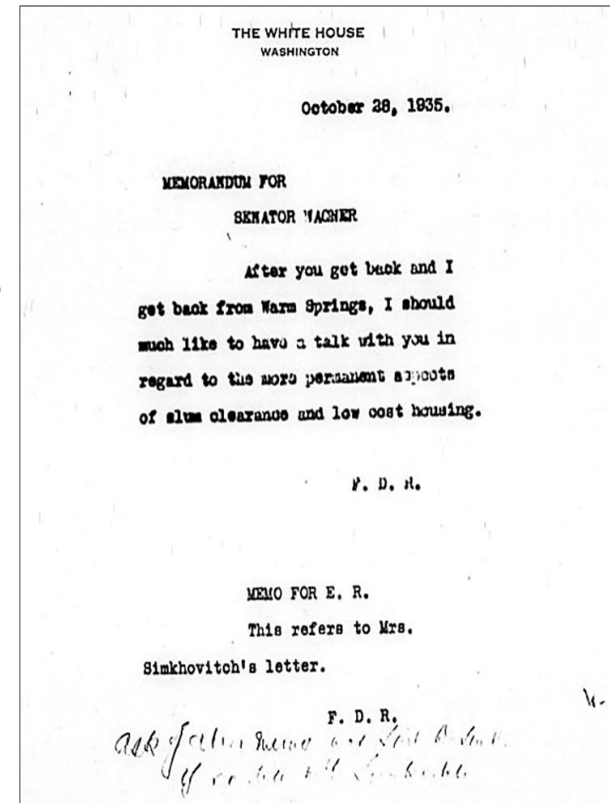
Mortgage Bankers Association
 National Alliance for Fair Housing
 National Association of Home Builders
 National Multifamily Housing Council
 National Low Income Housing Coalition
 National Association of REALTORS®
 JP Morgan Chase
 Wells Fargo Bank
 Bank of America
 Rocket Mortgage

Council of Federal Home Loan Banks
 Center for Responsible Lending
 Local Initiatives Support Corporation (LISC)
 Enterprise Community Partners
 National Association of Real Estate Brokers
 National Low Income Housing Coalition
 NCSHA
 Low Income Investment Fund
 Truist Bank
 ...and hundreds more!



What is NHC?

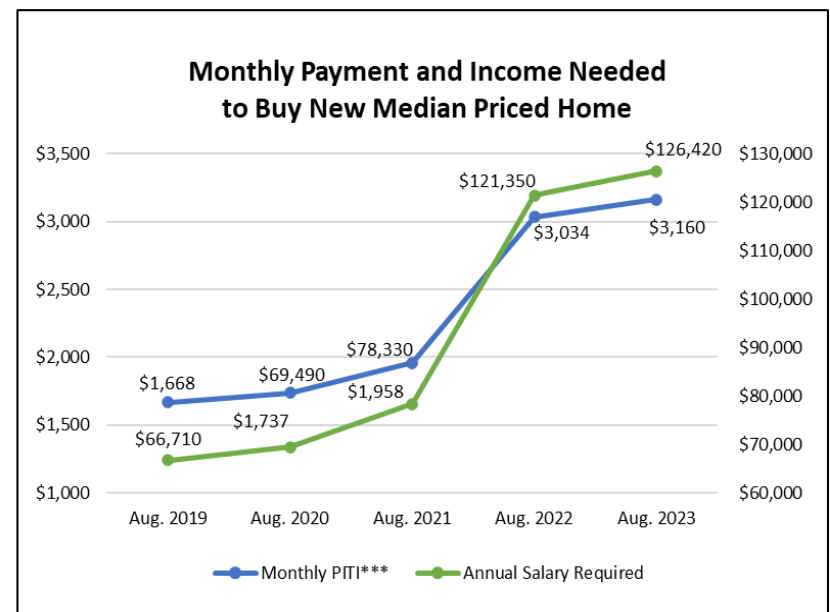
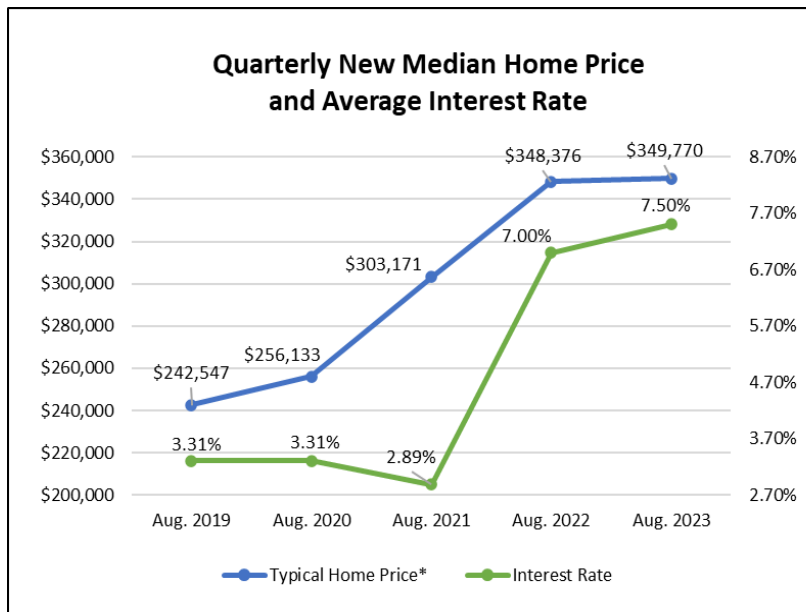
- NHC has been defending the American Home since 1931
- We are the oldest and most diverse coalition of housing advocates in the United States.
- We believe everyone in America should have equal opportunity to live in a quality, affordable home in a thriving community
- We have advocated for every major housing legislation since the creation of the FHA.

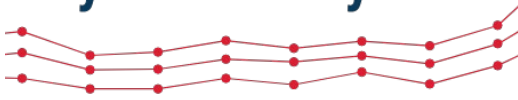


NHC Leadership on major national housing legislation

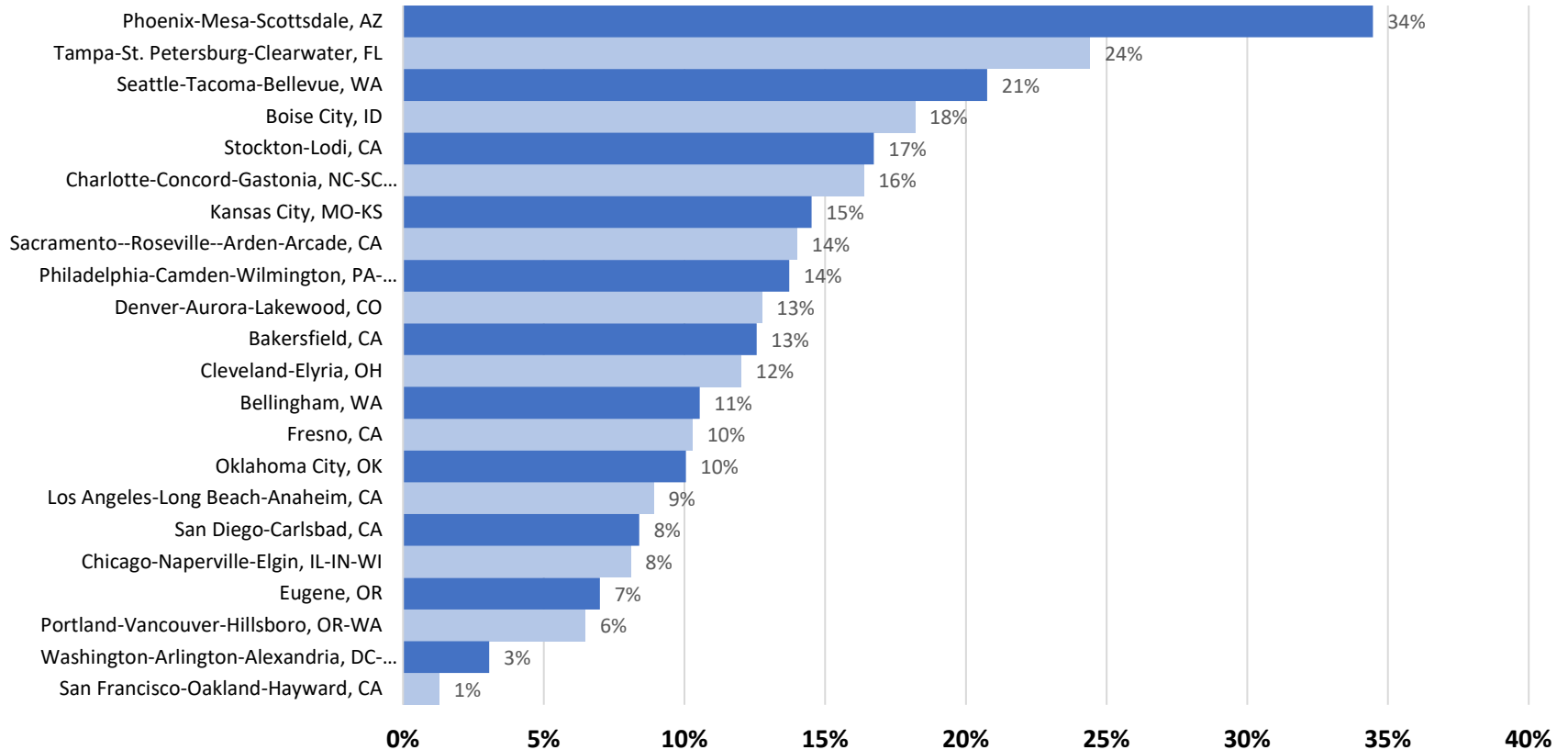
- 1933 – FDIC and HOLC
- 1934 – FHA
- 1937 – Public Housing
- 1938 – Fannie Mae
- 1946 – VA Loan Program
- 1949 – Urban Renewal
- 1965 – Dept. of Housing and Urban Development
- 1968 – Fair Housing Act, GNMA, TILA, HUD 235
- 1977 – Community Reinvestment Act
- 1987 – McKinney Homeless Assistance Act
- 1990 – Cranston-Gonzalez (HOME, HOPE)
- 2021 – Homeowner Assistance Fund

Cost of Homeownership Doubled

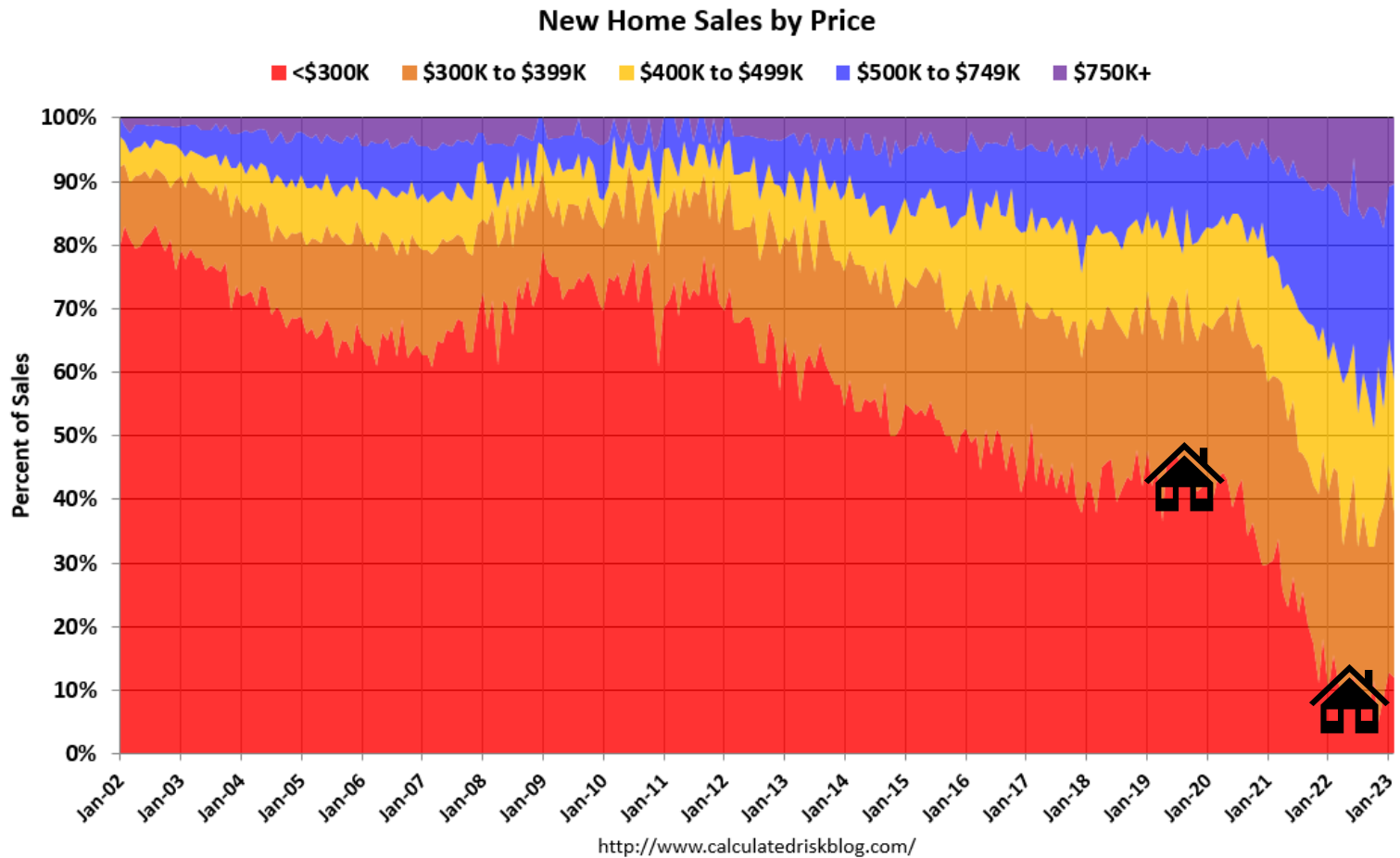




YoY change in income needed to rent a 1 BR apartment



First-time Homebuyer Market Disappearing



Housing Supply and homelessness

azcentral.

Jan. 5, 2023



Homelessness across the country increased by less than 1% between 2020 and 2022, the report showed. Yet **Arizona saw a 23% jump in its homeless population.**


Arizona was one of just four states where **more than two-thirds of unaccompanied youth under age 25 did not have a place to sleep.**

Arizona is likely an outlier because of its **dire shortage of affordable housing**, said Tom Simplot, director of the Arizona Department of Housing. While the state has experienced immense population growth in the past two years, its housing supply hasn't kept up. We can have all the money we could possibly use... **if we don't have the units to actually house people, that money is basically worthless,**" Simplot said.

 **Wind Advisory** from SAT 2:00 PM MST until SAT 11:00 PM MST, Lake Mead National Recreation Area



Sedona approves controversial plan to create space for workers to sleep in cars

By Brian Webb | **Published** March 14, 2024 6:07pm MST | [Housing](#) | [FOX 10 Phoenix](#) | 



NHC's Regulatory and Legislative Priorities



Regulatory

- CRA final rule and bank lawsuit
- Basel III Endgame Regs
 - High LTV loans
 - Mortgage Servicing Rights (MSRs)
 - Warehouse lines of credit
- Federal Home Loan Banks at 100 Report

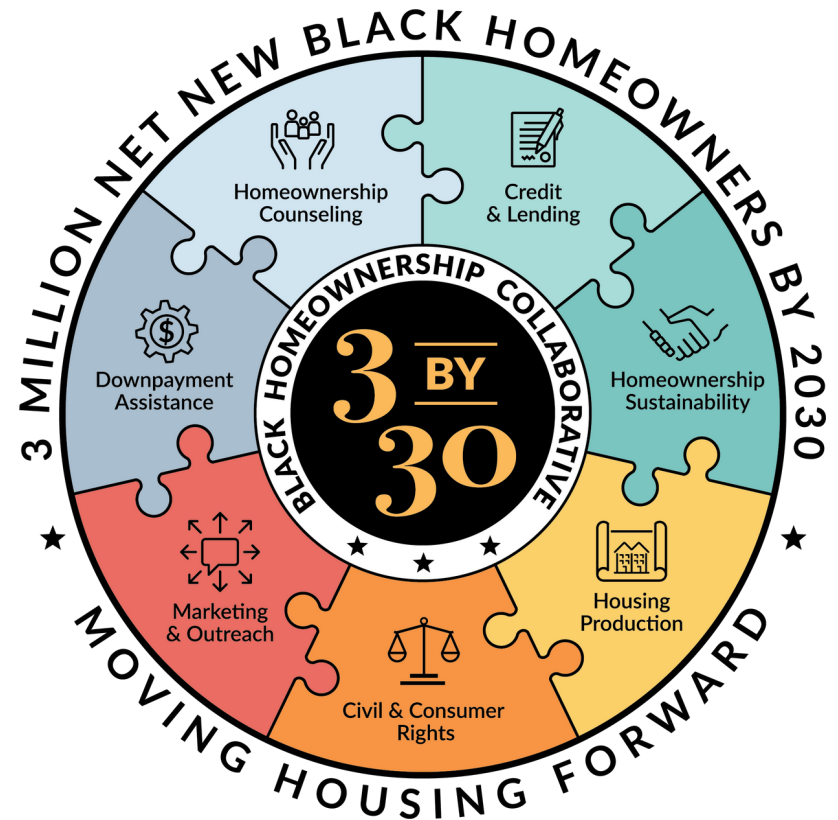
Legislative

- Affordable Housing Credit Improvement Act (AHCIA)
- Neighborhood Homes Investment Act (NHIA)

3 million net new Homeowners by 2030

THE BLACK HOMEOWNERSHIP COLLABORATIVE

3by30.org



Black Homeownership Collaborative




OUR HISTORY



At the end of 2019, the Black homeownership rate was at 42.0% compared to 72.1% homeownership rate for Whites.

The rate of Black homeownership was as low as it was in 1968, when the Fair Housing Act was signed.



What started as a working group to address the racial wealth-homeownership gap, the Black Homeownership Collaborative launched as a culmination of two years of work and hundreds of hours of meetings by the Steering Committee, as well as workstreams that specifically addressed the unique challenges and opportunities to expand homeownership for all.

MISSION

The 3by30 initiative is a seven-point plan lead by the Black Homeownership Collaborative to achieve a net of 3 million new Black American homeowners nationwide by 2030.

The 7-point steps are focused not only on bringing in new homeowners but also sustaining existing homeowners. They are complementary and need to be worked on simultaneously in order to increase the effectiveness.

7-POINT PLAN



Homeownership Counseling



Downpayment Assistance



Housing Production



Credit and Lending



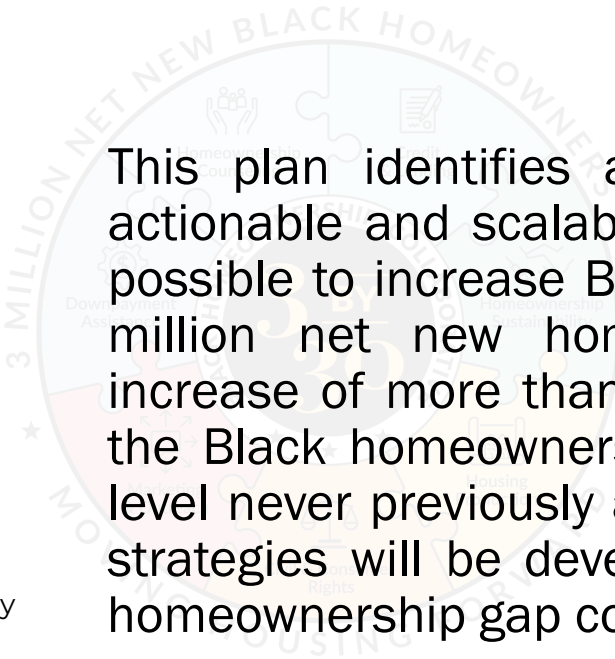
Civil and Consumer Rights



Homeownership Sustainability



Marketing and Outreach



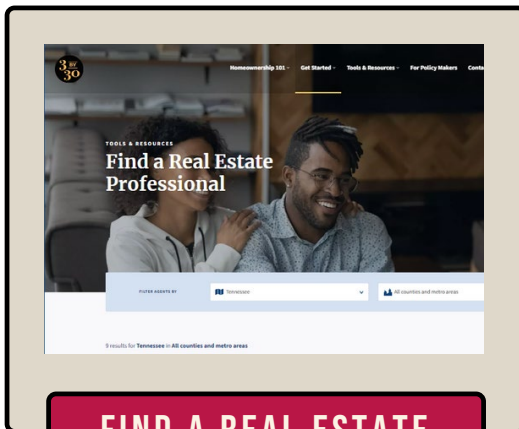
This plan identifies a set of seven tangible, actionable and scalable steps that will make it possible to increase Black homeownership by 3 million net new homeowners by 2030; an increase of more than 10 percentage points in the Black homeownership rate, bringing it to a level never previously attained. From there, new strategies will be developed to close the racial homeownership gap completely.



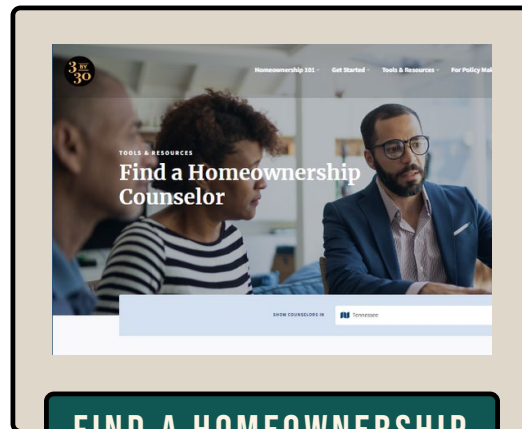
Black Homeownership Collaborative



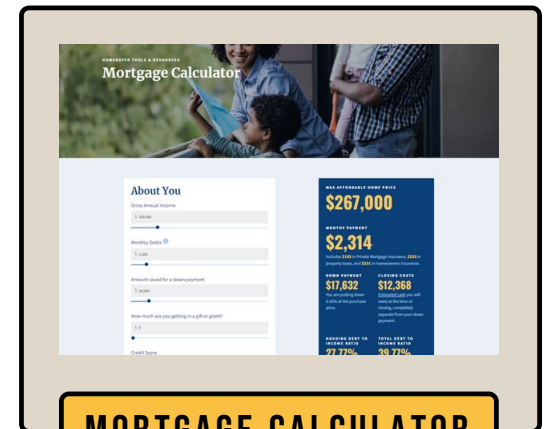
Expansion of resources as of June 2023



**FIND A REAL ESTATE
PROFESSIONAL**



**FIND A HOMEOWNERSHIP
COUNSELOR**



MORTGAGE CALCULATOR

The Black homeownership rate increased more from 2021 to 2022 than the national homeownership rate

Changes in the Homeownership Rate, by Race or Ethnicity, from 2021 to 2022

	Black	Latino	White	Asian	Total
ACS	0.1%	0.4%	-0.3%	0.6%	-0.2%
CPS/HVS	0.8%	0.2%	0.3%	1.1%	0.3%

From 2021 to 2022, the number of Black homeowners increased by **204.3 thousand** to reach **6.92 million Black homeowners**.

Source: 2021 and 2022 data from the ACS and the CPS/HVS.

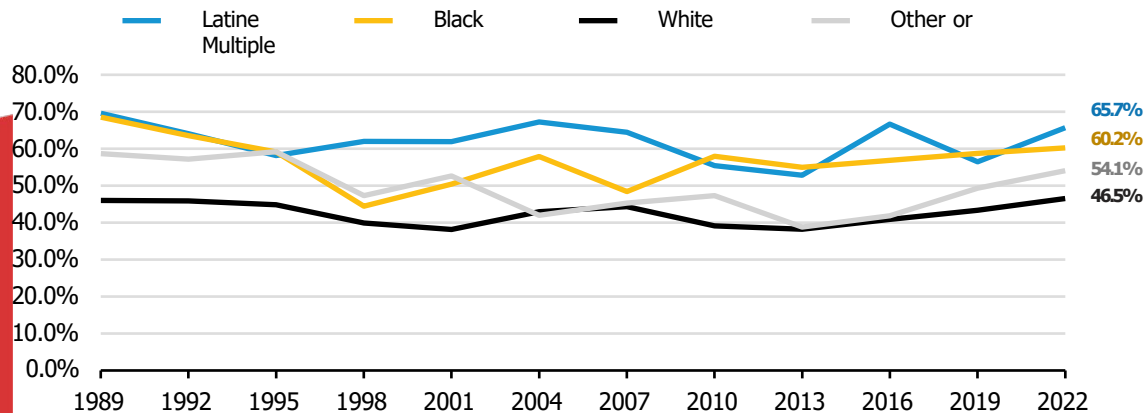
Notes: ACS = American Community Survey; CPS/HVS = Current Population Survey/Housing Vacancies and Homeownership Survey. For the CPS/HVS data, the authors calculated the annual homeownership rate by averaging the four quarterly numbers.

Goal: 3 Million Net New Black Homeowners by 2030 ("3by30")

= 9.457 Million Total Black Homeowners by 2030

Median Housing Equity as a share of Median Net Worth

for homeowners by race and ethnicity

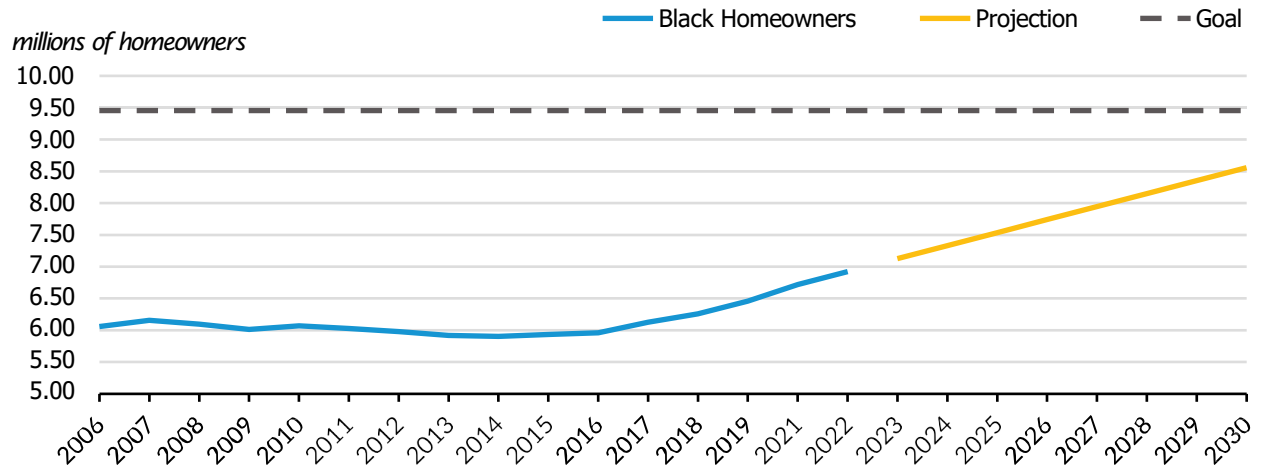


- Median housing equity makes up 60.2 percent of the median wealth held by Black homeowners.

The current rate of gains in Black homeownership is substantial. However, at this rate we will be 1 million homeowners short of the 3by30 goal.

Number of Black Homeowning Households

And projection based off recent gains



Source: American Community Survey 2006-2022 and Urban Institute Calculations.

Note: Projection based on annual gains from 2021 to 2022

Measuring new homeowners with homes lost to foreclosure allows us to unpack the factors for intervention.

1. New Entrants to Homeownership

Home Mortgage Disclosure Act (HMDA)

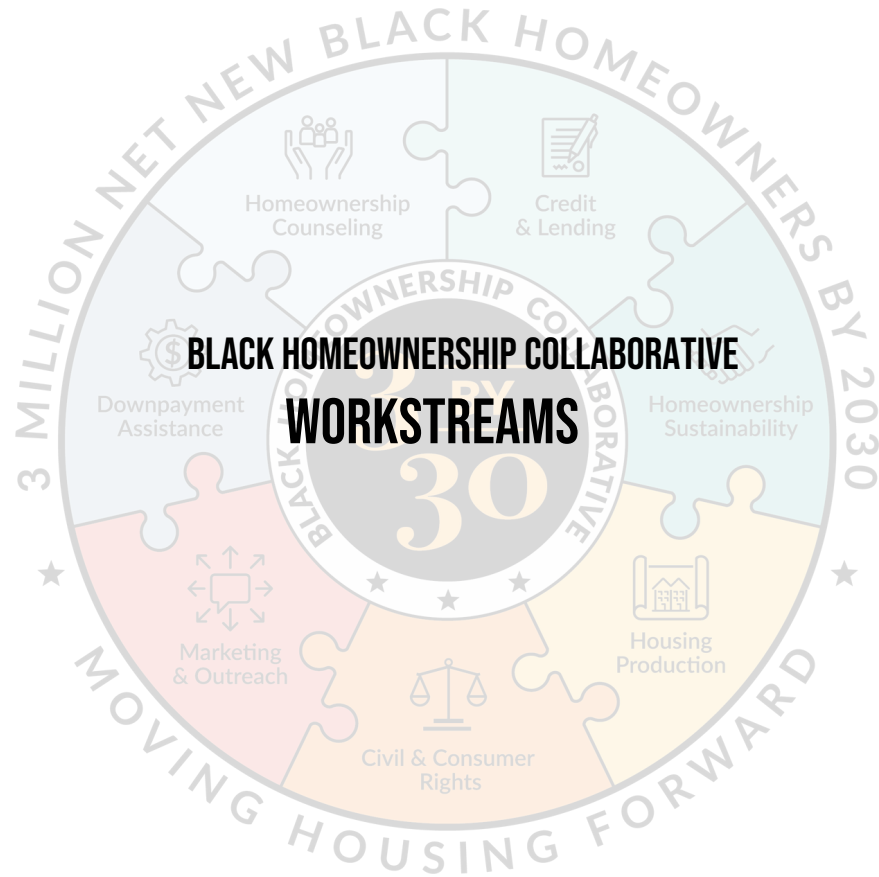
HMDA data allows us to identify new purchase mortgages to Black homebuyers. But we can't identify which of these are first-time buyers, and we miss people who inherit or buy with cash.

2. Homeownership Exits through Foreclosure

BlackKnight+HMDA

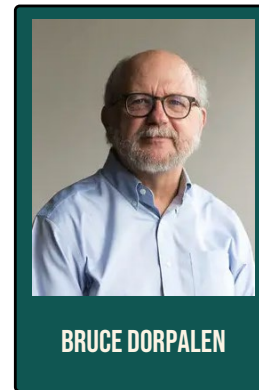
HFPC at Urban merged loan performance data from Black Knight with origination data from HMDA. With this merged dataset we can track loan performance by race and ethnicity at the loan level.

Dual challenges to increasing homeownership are lack of affordable housing supply in markets with high Black populations and high interest rates.



Black Homeownership
Collaborative

WORKSTREAMS

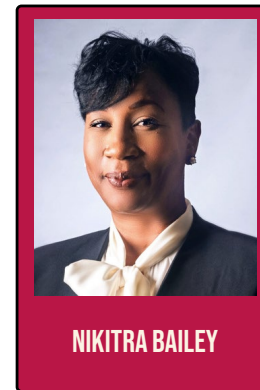
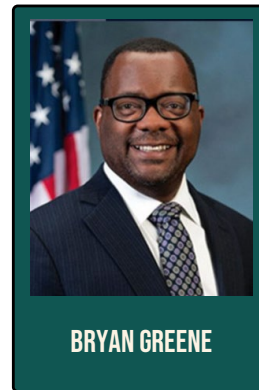


Credit, Lending, and Down
Payment Assistance

Homeownership Counseling,
Marketing, and Outreach

Black Homeownership
Collaborative

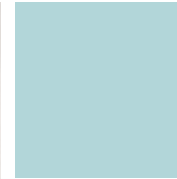
WORKSTREAMS



Housing Preservation and
Production

Civil and Consumer Rights

Upcoming Events: 2025 Anniversary Event Detroit, MI



Previous Events

- Launch Event Cleveland 2021
- One Year Anniversary Atlanta 2022
- Fair Housing Forum April 2022
- Second Year Anniversary Memphis 2023
- Third Year Anniversary Washington, DC 2024



BLACK HOMEOWNERSHIP COLLABORATIVE

SPONSORS



FHLBank
San Francisco



JPMORGAN
CHASE & CO.




BANK OF AMERICA



ROCKET
Mortgage



WELLS
FARGO



 **airbnb**



Panelists

Charles Lowery

Senior Policy Director | National Housing Conference

Lynn Alley

Director, Affordable Lending Account Team | Fannie Mae

Nena Dial

Senior Director, HFA Engagement | Freddie Mac

Discussion Leader

Lisa DeBrock

Homeownership Director | Washington State Housing Finance Commission