

# Equitable Housing Finance Plan 2024

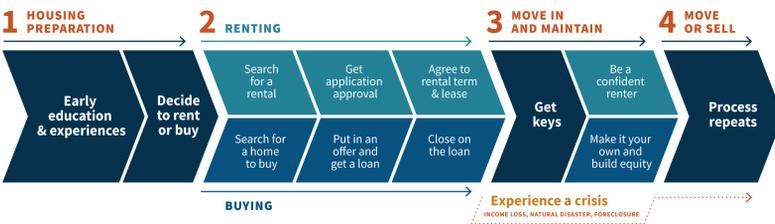
## Continued progress. Forward momentum.

Fannie Mae’s Equitable Housing Finance Plan (the Plan) is an actionable, three-year road map designed to address the key obstacles faced by historically underserved consumers, including Black and Latino renters and homeowners.

In the last two years, we established the groundwork for addressing housing equity and stability with a test-and-learn approach.

In our third year, we have outlined **23 specific actions** to expand upon the innovations and lessons learned from the first two years to address inequities and enable greater stability in the U.S. housing market.

Our focus and prioritization of actions are guided by a data-driven, evidence-based, consumer-centric framework referred to as the consumer housing journey. The Plan focuses on actions that promote more equitable and sustainable housing along three main phases of the research-based housing journey.



## Understanding the homeownership gap

At Fannie Mae, we have chosen to focus on four obstacles that disproportionately affect historically underserved consumers on their housing journeys: limited credit history, burdensome up-front housing costs, and lack of financial and property resilience with the goal of closing 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.

**Source:** Fannie Mae computations from American Community Survey PUMS 1-year estimates, 2022.

## WHAT’S IN THE PLAN

### 2024 Key objectives

- Reduce up-front rental and homeownership costs and eliminate barriers related to insufficient credit.
- Support long-term housing success for underserved borrowers and renters.

### New actions

Building on the momentum of the last two years, two new actions were developed for this year’s Plan:

- Expanding counseling support for near mortgage-ready homeowners.
- Creating a standard definition of loans to “first-generation homebuyers.”

### Revised actions

Most existing actions were updated and improved based on early test-and-learn programs, research, or consumer and stakeholder input.

### 2023 Performance Report

In our report, we provide an overview of the progress we have made toward our Plan goals in 2023. **Scan below to read full 2023 Performance Report.**





## Our actions: Solutions rooted in the consumer housing experience

For each stage of the consumer housing journey, Fannie Mae has sought to develop actions that could help to reduce or remove common barriers to accessing mortgage financing and long-term sustainable homeownership or rental housing for Black, Latino, and other historically underserved consumers.

### Housing Preparation

- Pilot rental payment reporting across the multifamily industry to help Black, Latino/Hispanic, and other underserved renters with thin or no credit history establish, maintain, and improve their credit scores
- Expand support for housing counseling agencies to increase access to pre-purchase counseling
- Expand financial capabilities coaching to build credit, savings, and financial resiliency in select markets
- **Innovation Challenge:** Support the implementation of a positive rent reporting program for renters in affordable housing to help them establish and/or improve credit using on-site financial coaching programs at rental properties
- **Innovation Challenge:** Support the expansion of comprehensive financial coaching and HUD-approved counseling, and planning for development of affordable housing in rural Virginia

### Renting or Buying

- Improve access to credit for borrowers with insufficient credit histories through an automated underwriting enhancement that considers a borrower's positive rent payment history as part of the credit risk assessment
- Enhance use of cash-flow assessment in automated underwriting for borrowers with insufficient credit histories
- Support efforts to expand equitable homeownership through mortgage products with down payment and/or closing cost assistance, and make it easier for lenders to create and adopt them
- Close the knowledge gap for Black and Latino consumer audiences with targeted outreach and expanded homeownership curriculum to create more confident consumers along the housing journey
- Develop and publish a definition of "first generation homebuyer" for broad use by mortgage market participants
- Leverage the value derived from labeled Single-Family Social Mortgage-Backed Securities issuance to promote access to credit and borrowing cost reduction for underserved borrowers
- Research options to defray and/or decrease the cost of renter security deposits to help historically underserved renters qualify for quality rental housing and increase savings
- Reduce closing costs for consumers to help remove the barrier of lack of sufficient up-front funds needed to purchase a home, including down payments
- Valuation modernization to support an equitable appraisal process for historically underserved consumers and communities
- Expand Appraiser Diversity Initiative to attract new entrants to the residential appraisal field and reduce barriers to entry
- Expand Future Housing Leaders® (FHL) to increase the representation of Black and Latino people in the housing industry to improve access to economic opportunities while creating an industry that better reflects the diversity of the nation
- Continue to advance Sponsor-Dedicated Workforce (SDW) for multifamily borrowers who elect to restrict the rents on a minimum of 20% of the units at 80% of AMI or less and up to 100% AMI and 120% AMI in cost- and very cost-burdened markets
- Continue to advance Sponsor-Initiated Affordability (SIA) for multifamily borrowers who elect to restrict the rents on a minimum of 20% of the units at 80% AMI or less
- **Innovation Challenge:** Support the revitalization and expansion of housing opportunities in a historically Black neighborhood through rehabilitation and infill housing
- **Innovation Challenge:** Support the creation of locally owned modular construction facilities in urban communities
- **Innovation Challenge:** Support the development of a locally controlled special purpose credit program to increase Black homeownership

### Move In and Maintain

- Expand access to counseling services for borrowers and renters in financial hardship
- Provide climate analytics to empower communities with data, enabling them to make a stronger case for change and resources



Read the full 2024 Plan by scanning the QR code.