Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

FEDERAL HOUSING FINANCE AGENCY

12 CFR Part 1282

RIN 2590–AB34

2025–2027 Enterprise Housing Goals

AGENCY: Federal Housing Finance Agency.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Agency (FHFA) is issuing a proposed rule and requesting comments on the housing goals for Fannie Mae and Freddie Mac (the Enterprises) for 2025 through 2027 as required by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. The housing goals and subgoals include separate categories for single-family and multifamily mortgages on housing affordable to low-income and very low-income families, among others. The proposed rule also includes criteria for when housing plans would be required for 2025–2027, and it makes several technical changes to enhance clarity and conform the regulation to existing practice.

DATES: FHFA will accept written comments on the proposed rule on or before October 28, 2024.

ADDRESSES: You may submit your comments on the proposed rule, identified by regulatory information number (RIN) 2590–AB34, by any one of the following methods:

- *Agency Website: https://www.fhfa.gov/regulation/federal-register?comments=open.*
- *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments. If you submit your comment to the Federal eRulemaking Portal, please also send it by email to FHFA at *RegComments@fhfa.gov* to ensure timely receipt by FHFA. Include the following information in the subject line of your submission: Comments/RIN 2590–AB34.
- *Hand Delivered/Courier:* The hand delivery address is: Clinton Jones, General Counsel, Attention: Comments/RIN 2590–AB34, Federal Housing Finance Agency, 400 Seventh Street SW, Washington, DC 20219. Deliver the package at the Seventh Street entrance Guard Desk, First Floor, on business days between 9 a.m. and 5 p.m. EST.
- *U.S. Mail, United Parcel Service, Federal Express, or Other Mail Service:* The mailing address for comments is: Clinton Jones, General Counsel, Attention: Comments/RIN 2590–AB34, Federal Housing Finance Agency, 400 Seventh Street SW, Washington, DC 20219. Please note that all mail sent to FHFA via U.S. Mail is routed through a national irradiation facility, a process that may delay delivery by approximately two weeks.

FOR FURTHER INFORMATION CONTACT: For general questions, please contact *MediaInquiries@FHFA.gov.* For technical questions, please contact Ted Wartell, Associate Director, Housing & Community Investment, Division of Housing Mission and Goals, (202) 649–3157, *Ted.Wartell@fhfa.gov;* Padmasini Raman, Supervisory Policy Analyst, Housing & Community Investment, Division of Housing Mission and Goals, (202) 649–3633, *Padmasini.Raman@fhfa.gov;* or Carey Whitehead, Assistant General Counsel, (202) 649–3630, *Carey.Whitehead@fhfa.gov.* These are not toll-free numbers. The mailing address is: Federal Housing Finance Agency, 400 Seventh Street SW, Washington, DC 20219. For TTY/TRS users with hearing and speech disabilities, dial 711 and ask to be connected to any of the contact numbers above.

SUPPLEMENTARY INFORMATION:

I. Comments

FHFA invites comments on all aspects of the proposed rule and will take all comments into consideration before issuing a final rule. Comments will be posted to the electronic rulemaking docket on the FHFA public website at *https://www.fhfa.gov,* except as described below. Commenters should submit only information that the commenter wishes to make available publicly. FHFA may post only a single representative example of identical or substantially identical comments, and in such cases will generally identify the number of identical or substantially identical comments represented by the posted example. FHFA may, in its discretion, redact or refrain from posting all or any portion of any comment that contains content that is obscene, vulgar, profane, or threatens harm. All comments, including those that are redacted or not posted, will be retained in their original form in FHFA's internal rulemaking file and considered as required by all applicable laws. Commenters that would like FHFA to consider any portion of their comment exempt from disclosure on the basis that it contains trade secrets, or financial, confidential or proprietary data or information, should follow the procedures in section IV.D. of FHFA's *Policy on Communications with Outside Parties in Connection with FHFA Rulemakings,* see *https://www.fhfa.gov/sites/default/files/documents/Ex-Parte-Communications-Public-Policy_3-5-19.pdf.* FHFA cannot guarantee that such data or information, or the identity of the commenter, will remain confidential if disclosure is sought pursuant to an applicable statute or regulation. *See* 12 CFR 1202.8, 12 CFR 1214.2, and the FHFA *FOIA Reference Guide* at *https://www.fhfa.gov/about/foia-reference-guide* for additional information.

II. Background

A. Statutory and Regulatory Background for Enterprise Housing Goals

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) requires FHFA to establish several annual housing goals for both single-family and multifamily mortgages purchased by the Enterprises.[1] The annual housing goals are one measure of the extent to which the Enterprises are meeting their public purposes, which include ''an affirmative obligation to facilitate the financing of affordable housing for low- and moderate-income families in a manner consistent with their overall public purposes, while maintaining a strong financial condition and a reasonable economic return.''[2]

Since 2010, FHFA has established annual housing goals for Enterprise purchases of single-family and multifamily mortgages consistent with the requirements of the Safety and Soundness Act. The structure of the housing goals and the parameters for determining how mortgage purchases are counted or not counted are defined in the housing goals regulation.[3] The most recent amendments to the housing goals regulation were a final rule published in 2021 to establish benchmark levels for the 2022–2024 single-family housing goals and the 2022 multifamily housing goals, and a final rule published in 2022 to establish benchmark levels for the 2023–2024 multifamily housing goals.[4] This proposed rule would establish benchmark levels for the single-family and multifamily housing goals for 2025–2027.

Single-family housing goals. The single-family housing goals defined under the Safety and Soundness Act include separate categories for home purchase mortgages for low-income families, very low-income families, and families that reside in low-income areas.[5] For purposes of the single-family housing goals, families that reside in low-income areas[6] include: (1) families in low-income census tracts, defined as census tracts with median income less than or equal to 80 percent of area median income (AMI);[7] (2) families with incomes less than or equal to 100 percent of AMI who reside in minority census tracts (defined as census tracts with a minority population of at least 30 percent and a tract median income of less than 100 percent of AMI);[8] and (3) families with incomes less than or equal to 100 percent of AMI who reside in designated disaster areas.[9] The Enterprise housing goals regulation also includes subgoals, within the low-income areas housing goal, that focus on single-family housing occupied by families in low-income census tracts and moderate-income families in minority census tracts.[10] Performance on the single-family home purchase goals and subgoals is measured as the percentage of the total home purchase mortgages purchased by an Enterprise each year that qualify for each goal or subgoal. There is also a separate goal for single-family refinance mortgages for low-income families, and performance on the refinance goal is determined in a similar way.

Under the Safety and Soundness Act, the single-family housing goals are limited to mortgages on owner-occupied housing with one to four units. The single-family goals cover first lien, conventional, conforming mortgages, meaning mortgages that are not subordinate to other mortgage liens, that are not insured or guaranteed by the Federal Housing Administration or another government agency, and that have principal balances that do not exceed the conforming loan limits for Enterprise mortgages.

Two-part evaluation approach for single-family housing goals. The Enterprises' performance on the single-family housing goals is evaluated using a two-part approach that compares the goal-qualifying share of each Enterprise's mortgage purchases to two separate measures: a benchmark level and a market level. To meet a single-family housing goal, the percentage of mortgage purchases by an Enterprise that qualifies for credit under each goal must equal or exceed either the benchmark level or the market level for that year. The benchmark level is set prospectively by rulemaking based on various factors set forth in the Safety and Soundness Act.[11] The market level is determined retrospectively for each year, based on the actual goal-qualifying share of the overall market as measured by the Home Mortgage Disclosure Act[12] (HMDA) data for that year. The overall market that FHFA uses for setting both the prospective benchmark level and the retrospective market level consists of all single-family, owner-occupied, conventional, conforming mortgages that would be eligible for purchase by either Enterprise. It includes loans purchased by the Enterprises as well as comparable loans held in a lender's portfolio. It also includes any loans that are part of a private label security (PLS), although few such securities have been issued for conventional conforming mortgages since 2008. Since 2018, several new HMDA data fields have become available. FHFA continues to monitor reporting of these new fields to consider potential adjustments to the way FHFA measures the overall market. Because FHFA's econometric market models use past years' data to construct the models, a potential transition to incorporate any new data variables will require time to obtain an adequate input data series.

While the retrospective market levels measure mortgage originations in a particular year, the performance of the Enterprises on the housing goals includes all Enterprise purchases in that year, regardless of the year in which the loan was originated. This includes any loans that are originated in one year and purchased by an Enterprise in a later year.

Multifamily housing goals. The multifamily housing goals defined under the Safety and Soundness Act include separate categories for mortgages on multifamily properties (properties with five or more units) with rental units affordable to low-income and very low-income families. The Safety and Soundness Act also requires reporting on smaller properties, and the Enterprise housing goals regulation includes a small multifamily low-income subgoal for properties with 5–50 units. The multifamily housing goals include all Enterprise multifamily mortgage purchases, regardless of the purpose of the loan. The multifamily housing goals evaluate the performance of the Enterprises based on the share of affordable units in properties backed by mortgages purchased by an Enterprise. The Enterprise housing goals regulation does not include a retrospective market level measure for the multifamily housing goals, due in part to a lack of

[1] 12 U.S.C. 4561(a).

[2] 12 U.S.C. 4501(7).

[3] 12 CFR part 1282.

[4] *See* 86 FR 73641 (Dec. 28, 2021), 87 FR 78837 (Dec. 23, 2022). The 2021 final rule departed from historical FHFA practice of establishing single-family and multifamily housing goals at three-year intervals. As stated in the preamble to the 2021 final rule, this choice was motivated by the unique market conditions created by the COVID–19 pandemic.

[5] 12 U.S.C. 4562(a)(1).

[6] *See* 12 U.S.C. 4502(28); 12 CFR 1282.1 (definition of ''families in low-income areas'').

[7] 12 CFR 1282.1 (par. (i) of definition of ''families in low-income areas'').

[8] 12 U.S.C. 4502(29); 12 CFR 1282.1 (par. (ii) of definition of ''families in low-income areas'' and definition of ''minority census tract'').

[9] 12 U.S.C. 4502(28); 12 CFR 1282.1 (definition of ''designated disaster area'' and par. (iii) of definition of ''families in low-income areas'').

[10] 12 CFR 1282.12(f).

[11] *See* 12 U.S.C. 4562(e).

[12] 12 U.S.C. 2801 *et seq.*

comprehensive data about the multifamily market. As a result, FHFA currently measures Enterprise multifamily housing goals performance against the benchmark levels only.

The Safety and Soundness Act requires that affordability for rental units under the multifamily housing goals be determined based on rents that ''[do] not exceed 30 percent of the maximum income level of such income category, with appropriate adjustments for unit size as measured by the number of bedrooms.'' [13] The Enterprise housing goals regulation considers the net rent paid by the renter, *i.e.,* the rent is decreased by any subsidy payments that the renter may receive, including housing assistance payments.[14]

B. Adjusting the Housing Goals

If, after publication of the final rule establishing the Enterprise housing goals for 2025–2027, new information indicates that any of the single-family or multifamily housing goals are not feasible in light of market conditions or the safety and soundness of the Enterprises, or for any other reason, FHFA may take any steps that are necessary and appropriate to respond, consistent with the Safety and Soundness Act and the Enterprise housing goals regulation.

For example, under the Safety and Soundness Act and the Enterprise housing goals regulation, FHFA is permitted to reduce the benchmark levels in response to an Enterprise petition for reduction for any of the single-family or multifamily housing goals in a particular year based on a determination by FHFA that: (1) market and economic conditions or the financial condition of the Enterprise require a reduction; or (2) efforts to meet the goal or subgoal would result in the constraint of liquidity, over-investment in certain market segments, or other consequences contrary to the intent of the Safety and Soundness Act or the purposes of the Enterprises' charter acts.[15]

The Safety and Soundness Act and the Enterprise housing goals regulation also consider the possibility that achievement of a particular housing goal may or may not have been feasible for an Enterprise. If FHFA determines that a housing goal was not feasible for an Enterprise to achieve, then the statute and regulation provide for no further enforcement of that housing goal for that year.[16]

If FHFA determines that an Enterprise did not meet a housing goal and that achievement of the housing goal was feasible, then the statute and regulation provide FHFA with discretionary authority to require the Enterprise to submit a housing plan describing the specific actions the Enterprise will take to improve its housing goals performance.

FHFA is proposing in § 1282.22 new criteria that would apply in assessing whether a housing plan would be required for certain single-family housing goals during the 2025–2027 housing goals period. The purpose of these ''Enforcement Factors,'' discussed below, is to encourage the Enterprises to focus on meeting the market levels rather than focusing exclusively on the housing goals benchmark levels in the event of unexpected disruptions to the market that occur after publication of the final rule.

C. Housing Goals Under Conservatorship

On September 6, 2008, FHFA placed each Enterprise into conservatorship. Although the Enterprises remain in conservatorship, they continue to have the mission of supporting a stable and liquid national market for residential mortgage financing. FHFA has continued to establish annual housing goals for the Enterprises and to assess their performance under the housing goals each year during conservatorship.

III. Summary of Proposed Rule

A. Benchmark Levels for the Single-Family Housing Goals and Subgoals

This proposed rule would establish the benchmark levels for the single-family housing goals for 2025–2027 as follows:

Goal or subgoal	Criteria	Proposed benchmark level for 2025–2027 (percent)
Low-Income Home Purchase Goal	Home purchase mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 80 percent of area median income (AMI).	25
Very Low-Income Home Purchase Goal.	Home purchase mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 50 percent of AMI.	6
Low-Income Refinance Goal	Refinance mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 80 percent of AMI.	26
Minority Census Tracts Home Purchase Subgoal.	Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 100 percent of AMI in minority census tracts [1].	12
Low-Income Census Tracts Home Purchase Subgoal.	(i) Home purchase mortgages on single-family, owner-occupied properties to borrowers (regardless of income) in low-income census tracts [2] that are not minority census tracts, and (ii) home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes greater than 100 percent of AMI in low-income census tracts that are also minority census tracts.	4

[1] Census tracts that have a minority population of at least 30 percent and a median income of less than 100 percent of AMI.
[2] Census tracts where the median income is no greater than 80 percent of AMI.

The low-income areas housing goal benchmark level is not included in this proposed rule. Under the existing regulation, the benchmark level will be the sum of the benchmark levels for the minority census tracts subgoal and the low-income census tracts subgoal established above, plus an additional amount that will be determined separately by FHFA by notice that takes into account families in disaster areas with incomes no greater than 100 percent of AMI.[17]

[13] *See* 12 U.S.C. 4563(c). The 30 percent test for measuring affordability traces back to the ''Brooke Amendment,'' which amended the United States Housing Act of 1937 to cap public housing rents (Pub. L. 91–152). For purposes of the multifamily housing goals, to be affordable at the 80 percent of AMI level, the rents must not exceed 30 percent of the renter's income which must not exceed 80 percent of AMI. *See https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html* for a description of the Brooke Amendment and background on the notion of affordability embedded in the housing goals.

[14] *See* 12 CFR 1282.1 (par. (i)(B) of definition of ''rent'').

[15] *See* 12 CFR 1282.14(d).

[16] *See* 12 U.S.C. 4566(b); 12 CFR 1282.21(a).

[17] *See* 12 CFR 1282.12(e). The benchmark level for 2024 is 19 percent. The notices setting this benchmark level can be found on FHFA's website at *https://www.fhfa.gov/sites/default/files/2024-06/2024-Low-Income-Areas-Goal-Fannie-Mae.pdf* and *https://www.fhfa.gov/sites/default/files/2024-06/2024-Low-Income-Areas-Goal-Freddie-Mac.pdf.*

B. Proposed Benchmark Levels for the Multifamily Housing Goals and Subgoal and Clarification on Terminology

The proposed rule would establish the benchmark levels for the multifamily housing goals and subgoal for 2025–2027 as follows:

Goals and subgoal	Criteria	Proposed benchmark level for 2025–2027 (percent)
Low-Income Goal	Percentage share of all goal-eligible units in multifamily properties financed by mortgages purchased by the Enterprises in the year that are affordable to low-income families, defined as families with incomes less than or equal to 80 percent of AMI.	61
Very Low-Income Goal	Percentage share of all goal-eligible units in multifamily properties financed by mortgages purchased by the Enterprises in the year that are affordable to very low-income families, defined as families with incomes less than or equal to 50 percent of AMI.	14
Small Multifamily Low-Income Subgoal.	Percentage share of all goal-eligible units in all multifamily properties financed by mortgages purchased by the Enterprises in the year that are units in small multifamily properties affordable to low-income families, defined as families with incomes less than or equal to 80 percent of AMI.	2

This proposed rule also would revise the current regulation to refer to the multifamily very low-income housing benchmark level as a housing goal, instead of referring to it as a subgoal. The Safety and Soundness Act requires FHFA to establish additional requirements for units affordable to very low-income families when it establishes the goal for mortgages on multifamily properties that finance dwelling units affordable to low-income families.[18] Revising the text of the Enterprise housing goals regulation to refer to the multifamily very low-income housing goal as a ''goal'' is consistent with the Safety and Soundness Act, with the reference to the single-family very low-income home purchase benchmark level as a goal and not a subgoal, and with FHFA's own practice of referring to ''multifamily housing goals.''

C. Enforcement Factors

FHFA is proposing new criteria for the 2025–2027 housing goals period that clarify when housing plans would be required. Section 1282.22 would establish Enforcement Factors that FHFA will apply in determining whether to require a housing plan if an Enterprise fails to meet certain single-family housing goals in 2025 through 2027. FHFA expects that this proposal will provide guidance to the Enterprises should the market for the single-family low-income home purchase, very low-income home purchase, or low-income refinance segment turn out to be significantly lower than what is forecasted in this rule. FHFA is seeking public comment on all aspects of these Enforcement Factors.

FHFA is proposing this change because the mortgage market has experienced unexpected challenges that continue to produce uncertainty. Interest rates increased in 2022 and 2023, home prices remained elevated, and housing supply remained constricted, resulting in low mortgage loan volumes. Lender competition for the smaller number of loans escalated, and the Enterprises struggled to manage their acquisition mix to meet the benchmark levels for the low-income home purchase and very low-income home purchase housing goals. The 2022–2024 housing goals, which were designed to be ambitious in the rule that was finalized in 2021, were set in advance of these recent, unexpected market changes.

There remains a great deal of uncertainty with respect to the overall volume and composition of the mortgage market in 2025–2027. FHFA is proposing Enforcement Factors that would be considered when determining whether an Enterprise would be required to submit a housing plan if it fails to meet certain single-family housing goals in 2025–2027. FHFA expects that this will allow the Enterprises to focus on meeting or exceeding the expected market level as opposed to the benchmark level in the event that market levels are significantly below the benchmark level established in the regulation. Additionally, the Enforcement Factors should encourage the Enterprises to focus on estimating and forecasting the market levels for the different housing goals. Specifically, FHFA is proposing that for 2025–2027, if the benchmark level for a single-family housing goal is higher than the market level for the goal, an Enterprise that fails to meet the goal will not be required to submit a housing plan if the Enterprise's performance meets or exceeds: (i) the market level minus 1.3 percentage points for the low-income home purchase goal; (ii) the market level minus 0.5 percentage points for the very low-income home purchase goal; or (iii) the market level minus 1.3 percentage points for the low-income refinance goal. To ensure that an Enterprise does not rely entirely on these Enforcement Factors, if an Enterprise fails to meet one of the applicable goals in both 2025 and 2026, the Enforcement Factor would not apply to that goal in 2027.

D. Proposed Technical Changes

The proposed rule would make minor technical changes intended to better conform the regulation to statutory text and existing FHFA practices and procedures, as further discussed below. FHFA welcomes comments on these technical changes and any other technical changes or corrections that are necessary. FHFA may include additional technical changes or corrections in the final rule based on comments received.

The proposed rule would amend the definition of ''designated disaster area'' to reflect that major disasters are designated (declared) by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*).

The proposed rule also would make technical changes to consistently reference goals and subgoals. For example, in the current regulation, § 1282.11(a)(1) refers to the various housing goals, including one single-family subgoal, one multifamily special affordable housing goal, and two multifamily special affordable housing subgoals. The proposed rule would modify that paragraph to reference the two single-family, owner-occupied, purchase money mortgage housing subgoals. The proposed rule also would modify that paragraph to remove the words ''special affordable'' in each

[18] 12 U.S.C. 4563(a)(2).

reference to a multifamily housing goal or subgoal.

In addition, the proposed rule would make other, non-substantive changes to the enforcement provisions located at §§ 1282.20 and 1282.21 of the current Enterprise housing goals regulation. Section 1282.20 currently addresses both preliminary and final determinations of housing goals compliance and would be divided into two distinct sections: § 1282.20 would address preliminary determinations of housing goals compliance; and § 1282.21 would address final determinations of housing goals compliance. As proposed, these sections would include revised wording that conforms to FHFA's established practices.

Current § 1282.21 addresses housing plans and would accordingly be redesignated as § 1282.22 and amended to include the proposed Enforcement Factors provisions described above in paragraph (b). The provisions in current § 1282.21(b) through (e) would be relocated to proposed § 1282.22(c) through (f). Paragraph (f) would include technical changes to clarify that if a proposed amended housing plan is not acceptable to the Director, the Director may afford the Enterprise 15 days to submit additional amendments to its proposed plan for approval or disapproval, rather than requiring a ''new'' proposed plan.

Finally, the proposed rule would include a new provision at § 1282.22(g) that incorporates the housing plan enforcement provisions contained in the Safety and Soundness Act. This would provide that if the Director requires an Enterprise to submit a housing plan and the Enterprise refuses to submit such a plan, submits an unacceptable plan, or fails to comply with the plan, the Director may issue a cease and desist order in accordance with 12 U.S.C. 4581, impose civil money penalties in accordance with 12 U.S.C. 4585, or take any other action that the Director determines to be appropriate. While FHFA has authority to enforce the housing plans under the statutory authority in the Safety and Soundness Act whether or not these specific references are incorporated into the Enterprise housing goals regulation, incorporating the enforcement provisions would provide a more complete description of FHFA's enforcement authority. This would support the goal of transparency and make it easier for anyone unfamiliar with the Safety and Soundness Act to understand the potential consequences if an Enterprise fails to submit an acceptable housing plan or fails to comply with the plan as required.

IV. Single-Family Housing Goals and Subgoals

A. Factors Considered in Setting the Proposed Single-Family Housing Goal Benchmark Levels

The Safety and Soundness Act requires FHFA to consider the following seven factors in setting the single-family housing goals:

1. National housing needs;
2. Economic, housing, and demographic conditions, including expected market developments;
3. The performance and effort of the Enterprises toward achieving the housing goals in previous years;
4. The ability of the Enterprises to lead the industry in making mortgage credit available;
5. Such other reliable mortgage data as may be available;
6. The size of the purchase money conventional mortgage market, or refinance conventional mortgage market, as applicable, serving each of the types of families described, relative to the size of the overall purchase money mortgage market or the overall refinance mortgage market, respectively; and
7. The need to maintain the sound financial condition of the Enterprises.[19]

FHFA has considered each of these seven statutory factors in setting the proposed benchmark levels for each of the single-family housing goals and subgoals.

In setting the proposed benchmark levels for the single-family housing goals, FHFA typically relies on statistical market models developed by FHFA to evaluate many of these statutory factors, including national housing needs, the size of the market, and expected market developments. These market models generate a point forecast for each goal as well as a confidence interval for the point forecast. FHFA then considers other statutory factors, including the need to maintain the sound financial condition of the Enterprises, in proposing a specific benchmark level.

Market forecast models. The purpose of FHFA's market forecast models is to forecast the market share of the goal-qualifying mortgage originations for the 2025–2027 period. The models are intended to generate reliable forecasts rather than to test various economic hypotheses about the housing market or to explain the relationship between variables. Therefore, following standard practice among forecasters and economists at other federal agencies, FHFA estimates a reduced-form equation for each of the housing goals and fits an Autoregressive Integrated Moving Average (or ARIMA) model to each goal share. The models look at the statistical relationship between (a) the historical market share for each single-family housing goal or subgoal, as calculated from monthly HMDA data, and (b) the historical values for various factors that may influence the market shares, such as interest rates, inflation, home prices, home sales, the unemployment rate, and other factors. The models then project the future value of the affordable market share using forecast values of the model inputs. Separate models are developed for each of the single-family housing goals and subgoals.

FHFA has employed similar models in past Enterprise housing goals rulemaking cycles to generate market forecasts. The models are developed using monthly series generated from HMDA and other data sources, and the resulting monthly forecasts are then averaged into an annual forecast for each of the three years in the goal period. The models rely on 19 years of HMDA data, from 2004 to 2022, the latest year for which public HMDA data was available at the time of model construction. FHFA will update the models with HMDA data for 2023 when developing the final rule. Additional discussion of the market forecast models can be found in a research paper, available at *https://www.fhfa.gov/research/papers/2025-2027-enterprise-single-family-housing-goals.*[20]

Current market outlook. There are many factors that impact the affordable housing market, and changes to any of them could significantly impact the ability of the Enterprises to meet the goals. In developing the market models, FHFA used Moody's forecasts as the source for macroeconomic variables where available.[21] In cases where Moody's forecasts were not available (for example, the share of government-insured/guaranteed home purchases and the share of government-insured/guaranteed refinances), FHFA generated and tested its own forecasts as in past rulemakings.[22] Variables that impact the

[19] *See* 12 U.S.C. 4562(e)(2)(B).

[20] Details on FHFA's single-family market models will be available in the technical report ''The Size of the Affordable Mortgage Market: 2022–2024 Enterprise Single-Family Housing Goals.'' Available at *https://www.fhfa.gov/research/papers/2025-2027-enterprise-single-family-housing-goals.*

[21] *Ibid.*

[22] This refers to the mortgages insured or guaranteed by government agencies such as the

Continued

models and the determinations of benchmark levels, including interest rates, home prices, and the supply of affordable housing, are discussed below.

Interest rates are important determinants of the trajectory of financial markets, including the mortgage market. As Moody's notes in its February 2024 forecasts, the Federal Reserve has signaled that it may be at the end of its current tightening cycle. At its January 2024 meeting, the Federal Open Market Committee (FOMC) further signaled that it would consider rate cuts once inflation is moving sustainably towards the Federal Reserve's 2.0 percent inflation target. Moody's baseline scenario in February 2024 assumed that this will occur in mid-2024 and expected a 25 basis point cut in May, June, July, and December 2024. After that, Moody's baseline scenario expects that further rate cuts will be spread out over a longer period so that the Federal Funds rate for 2025, 2026, and 2027 will be 4.0 percent, 3.2 percent, and 2.9 percent, respectively. Thus, Moody's assumes that the FOMC will adjust monetary policy slowly as inflation eases slowly. The Consumer Price Index (CPI), which stood at 4.1 percent for 2023, is projected to be 2.7 percent in 2024, and is projected to decline to 2.2 percent by 2027. The unemployment rate is expected to gradually rise to 4.0 percent by the end of 2024, before peaking just above that in mid-2025. It is forecast to be 4.1 percent for 2025, before declining to 4.0 percent for 2026 and 2027.[23]

Home prices increased rapidly in 2021 and 2022 as indicated by FHFA's purchase-only House Price Index (HPI), due to a combination of high demand for housing resulting from demographic trends and limited supply of homes for sale.[24] The rapid rise in mortgage rates through 2022 and their stabilization at new elevated levels in 2023 slowed down the pace of house price growth. However, in 2023, the HPI remained high, with median existing home prices rising in 171 of 177 metro areas in the second quarter of 2023, and prices in the typical metro area increasing 9.0 percent during the quarter.[25] For future years, Moody's baseline scenario calls for a much more modest increase, with an annual rate of increase of 0.7 percent in 2024, followed by a slightly negative rate of growth of 1.0 percent in 2025, then modest increases (0.3 and 1.8 percent annual rates of increases in 2026 and 2027, respectively).[26]

The rise in the effective Federal Funds rate from 0.08 percent in January 2022 to 5.33 percent in July 2023 contributed to rapid increases in mortgage rates: for instance, the average 30-year fixed rate mortgage rate increased from 3.1 percent to 6.6 percent over the same period.[27] [28] Loan origination volume in mortgage markets declined as the demand for refinances decreased in the second half of 2022 and in 2023, along with significant declines in home purchase loan volume. For example, sales in August 2023 were down 15 percent from the previous year and more than 30 percent below peak levels in 2021.[29] Even though mortgage interest rates are forecast to decline modestly, many households are locked into low interest rates and are less likely to refinance. Hence, Moody's baseline scenario forecasts a slight decline in the refinance share between 2023 and 2024, before increasing gradually thereafter, reflecting the expectation that the average 30-year fixed rate mortgage rate will continue to be in the 5.9–6.1 percent range over 2025–2027.[30]

Taken together, the elevated mortgage interest rates and high home price levels likely will continue to impact the ability of low- and very low-income households to purchase homes. The median home price to median household income ratio, which is often used to measure affordability, rose to 5.6 in 2022, the highest point since the early 1970s. Since the beginning of the pandemic, the rise of home prices has been rapid in all parts of the country and especially so in metro areas. For example, in 2022, among the 100 largest metro areas in the county, 48 metro areas had home price to income ratios exceeding 5, compared to 2019 where only 15 markets had ratios above 5.[31] Additionally, this rise in home prices has been more rapid than the rise in median household incomes. Further indication of worsening affordability in the housing market can be seen in the second quarter of 2023, where monthly payments on median priced homes hit new record highs in 159 of the 177 markets that the National Association of Realtors (NAR) tracks for typical 30-year fixed rate mortgages obtained by first-time homebuyers.[32] As a result, between 2019 and 2021, the number of cost-burdened homeowners increased by 2.3 million households.[33] Housing affordability in 2023, as measured by Moody's forecast of NAR's Housing Affordability Index (HAI), was at its lowest level since 1989. This is projected to improve incrementally in 2025–2027.[34] [35]

The supply of affordable housing has not kept pace with the growth of demand.[36] This has led to a shortage of homes, which became more acute during the pandemic. According to a report by the Urban Institute, listings have fallen 44.7 percent since 2019, with the supply of homes under $200,000 (representing lower priced homes that are likely to be more affordable to low- and very low-income

Federal Housing Administration, Department of Veterans Affairs, and Rural Housing Service.

[23] Moody's Analytics, ''Economic Data and Forecasts,'' February 2024.

[24] FHFA, ''FHFA House Price Index Report—Monthly Report,'' July 2024, *available at https://www.fhfa.gov/sites/default/files/2024-07/FHFA-HPI-Monthly-07302024.pdf.*

[25] Daniel McCue, ''Home Prices and Interest Rates Still Rising, Shutting out More Potential Homebuyers'' Joint Center for Housing Studies of Harvard University, September 28, 2023, *available at https://jchs.harvard.edu/blog/home-prices-and-interest-rates-still-rising-shutting-out-more-potential-homebuyers.*

[26] Moody's Analytics, ''Economic Data and Forecasts,'' February 2024.

[27] ''Effective Federal Funds Rate—FEDERAL RESERVE BANK of NEW YORK,'' Federal Reserve Bank of New York, *available at https://www.newyorkfed.org/markets/reference-rates/effr.*

[28] ''Mortgage Rates,'' Freddie Mac, *available at https://www.freddiemac.com/pmms.*

[29] Daniel McCue, ''Home Prices and Interest Rates Still Rising, Shutting out More Potential Homebuyers,'' Joint Center for Housing Studies of Harvard University, September 28, 2023, *available at https://jchs.harvard.edu/blog/home-prices-and-interest-rates-still-rising-shutting-out-more-potential-homebuyers.*

[30] Moody's Analytics, ''Economic Data and Forecasts,'' February 2024.

[31] Alexander Hermann and Peyton Whitney, ''Home Price-To-Income Ratio Reaches Record High,'' Joint Center for Housing Studies of Harvard, January 22, 2024, *available at https://www.jchs.harvard.edu/blog/home-price-income-ratio-reaches-record-high-0.*

[32] Daniel McCue, ''Home Prices and Interest Rates Still Rising, Shutting out More Potential Homebuyers,'' Joint Center for Housing Studies of Harvard University,'' September 28, 2023, *available at https://jchs.harvard.edu/blog/home-prices-and-interest-rates-still-rising-shutting-out-more-potential-homebuyers.*

[33] ''The State of the Nation's Housing 2023,'' Joint Center for Housing Studies of Harvard University, 2023, p.6, *available at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.*

[34] Moody's Analytics, ''Economic Data and Forecasts,'' February 2024.

[35] NAR's HAI is a national index. It measures, nationally, whether an average family could qualify for a mortgage on a typical home. A typical home is defined as the national median-priced, existing single-family home as reported by NAR. An average family is defined as one earning the median family income. The calculation assumes a down payment of 20 percent of the home price and a monthly payment that does not exceed 25 percent of the median family income. An index value of 100 means that a family earning the median family income has exactly enough income to qualify for a mortgage on a median-priced home. An index value above 100 signifies that a family earning the median family income has more than enough income to qualify for a mortgage on a median-priced home. A decrease in the index value over time indicates that housing is becoming less affordable.

[36] Moody's Analytics, ''Economic Data and Forecasts,'' February 2024.

families) falling 74.5 percent.[37] The inventory of homes as a share of home sales, or months' supply of existing homes, remains lower than pre-pandemic levels, at 2.9 in February 2024 compared to 3.1 in February 2020.[38] Single-family housing starts, or the measure of new one-to-four-unit residential construction, dropped 10.8 percent from 2021 to 2022, and continued to decline in 2023.[39] For example, the Mortgage Bankers Association (MBA) estimates housing starts to have decreased about 8.8 percent from 1.55 million in 2022 to 1.42 million in 2023. MBA forecasts housing starts to decline about 1.5 percent in 2024, before rising about 2.8 percent in 2025.[40]

The combination of high home prices and elevated mortgage rates along with continued limited housing supply has also contributed to a sharp decline in purchase loan origination volumes, as new homes are less affordable and existing homeowners are less likely to give up their low interest rate mortgage. For example, in 2022 lenders reported a 51 percent decrease in closed-end site-built single-family mortgage originations from 2021 volumes.[41] Home prices grew by 43 percent between 2019 and 2022, while incomes grew by just 7 percent over the same time.[42] Moody's baseline scenario for February 2024 has single-family purchase mortgage originations similarly down in 2023, when originations totaled $1.341 trillion, compared to 2021, when originations totaled $1.864 trillion.[43]

Furthermore, Moody's notes that, "Life events such as divorces, deaths, and the birth of children along with moderating interest rates will prompt more homeowners to list their homes in 2024 than in 2023, but the rise in existing home sales is expected to be limited." [44] NAR predicts that 2024 will see only a 13.5 percent increase from 2023 in existing home sales.[45] This economic outlook is largely consistent with the outlook provided by other forecasters.

FHFA continues to monitor how these changes in the housing market, as well as other market conditions, may impact various segments of the market, including those targeted by the housing goals.

Post-model adjustments. While FHFA's models can address and forecast many of the factors referenced in the statute, including increasing interest rates and rising property values, some factors are not captured in the models. FHFA, therefore, considers additional factors when selecting the benchmark level within the model-generated confidence interval for each of the single-family housing goals.

Demographic trends. Specific demographic changes, such as the housing demand patterns of millennials or the growth of minority households, are not included explicitly in the market forecast models. Millennials have continued to make up the largest share of home purchase mortgage applications for the past eight years.[46] This generation's share of mortgage purchase applications appears to have peaked at 54 percent in 2022 before declining to 53 percent in 2023 with the entry of Generation Z into the homebuying market.[47] Furthermore, the number of minority households is projected to grow by 22 percent, or 9.3 million, from 2018 to 2028.[48]

Enterprises' share of the mortgage market. The Enterprises' overall share of the mortgage market is subject to fluctuation as well. In the years preceding the 2008 financial crisis, the Enterprises' share of the market dropped to about 44 percent. As shown in Graph 1, that share rose to about 65 percent in 2012, but declined to about 55 percent in 2015. The Enterprises' share remained relatively stable until 2019, then jumped to 67 percent in 2020 as the Enterprises continued to acquire mortgages even as others in the market stepped back. Since then, this share has declined as the shares of government-guaranteed and government-insured loans, and well as other market participants, have grown.

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[37] "Housing Finance: At a Glance Monthly Chartbook February 2024," Urban Institute Housing Finance Policy Center, February 27, 2024, p.23, *available at https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-february-2024.*

[38] "Existing Home Sales: Months Supply," National Association of Realtors, FRED, Federal Reserve Bank of St. Louis, available at *https://fred.stlouisfed.org/series/HOSSUPUSM673N.*

[39] "Exploring 2023's Housing Trends and Challenges | Housing Matters," Urban Institute, January 31, 2024, available at *https://housingmatters.urban.org/research-summary/exploring-2023s-housing-trends-and-challenges.*

[40] "Housing Finance: At a Glance Monthly Chartbook, February 2024," | Urban Institute Housing Finance Policy Center, Urban Institute," Urban Institute, February 27, 2024, p. 21, *available at https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-february-2024.*

[41] "Data Point: 2022 Mortgage Market Activity and Trends," Consumer Financial Protection Bureau, 2023, p.8, available at *https://files.consumerfinance.gov/f/documents/cfpb_data-point-mortgage-market-activity-trends_report_2023-09.pdf.*

[42] Alexander Hermann and Peyton Whitney, "Home Price-To-Income Ratio Reaches Record High," Joint Center for Housing Studies of Harvard University," January 22, 2024, *available athttps://www.jchs.harvard.edu/blog/home-price-income-ratio-reaches-record-high-0.*

[43] Moody's Analytics, "Economic Data and Forecasts," February 2024.

[44] Edward Friedman, "U.S. Macroeconomic Outlook Baseline and Alternative Scenarios," *Moody's Analytics,* 2024.

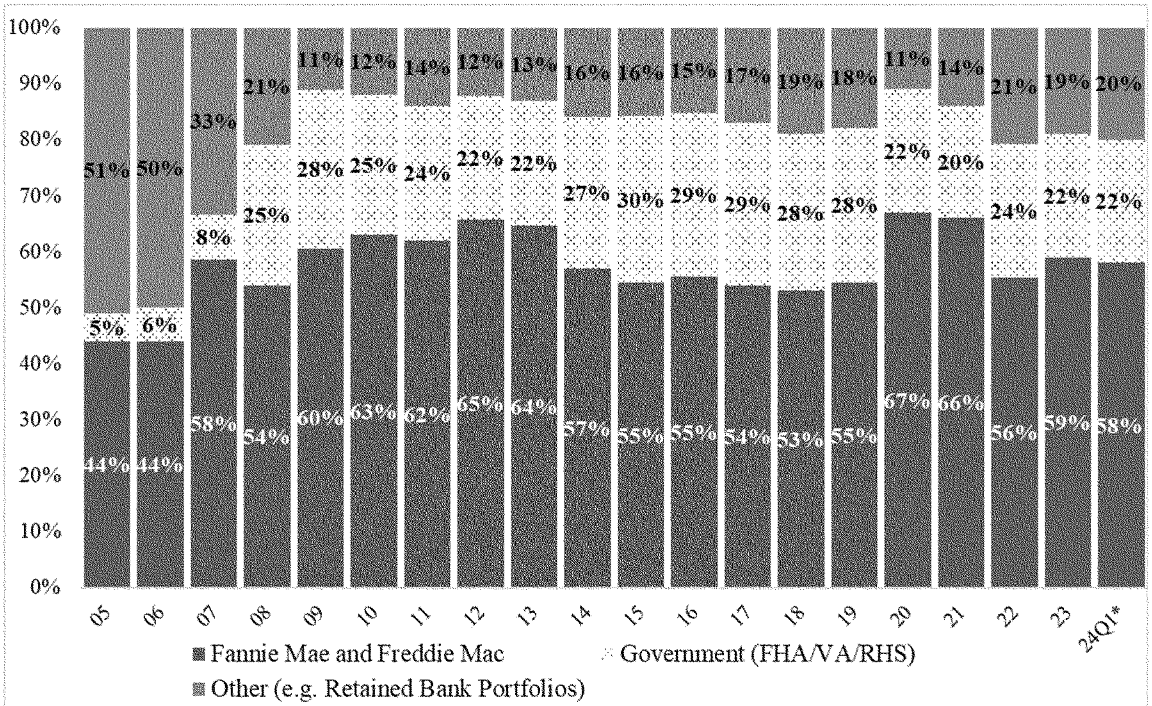
[45] Lauren Cozzi, "NAR Forecasts 4.71 Million Existing-Home Sales, Improved Outlook for Home Buyers in 2024," National Association of Realtors, December 13, 2023, *available at https://www.nar.realtor/newsroom/nar-forecasts-4-71-million-existing-home-sales-improved-outlook-for-home-buyers-in-2024.*

[46] Archana Pradhan, "Millennials Continued to Lead the Homebuyer Pack in 2023," February 2024, CoreLogic Blog accessed on April 7, 2024 at *https://www.corelogic.com/intelligence/millennials-continued-lead-homebuyer-pack-2023/.*

[47] *Ibid.*

[48] Daniel McCue, "Number of U.S. Households Projected to Increase by 12.2 Million in the Next Decade," Joint Center for Housing Studies of Harvard University, December 20, 2018, *available at https://www.jchs.harvard.edu/blog/number-of-u-s-households-projected-to-increase-by-12-2-million-in-the-next-decade.*

Graph 1: Shares of the Conforming Mortgage Market



Source: National Mortgage Database
*2024 data through Q1

As shown in Graph 1, the Enterprises' share of the conforming mortgage market returned to pre-pandemic levels in 2022 and rose slightly in 2023. Over the same period, the total Government share of the mortgage market (including the Federal Housing Administration, Department of Veterans Affairs, and Rural Housing Service) and the Other share (such as retained bank portfolios) expanded.

Past performance of the Enterprises. Table 1 provides the annual performance of both Enterprises on the single-family housing goals between 2010 and 2023. FHFA has made preliminary determinations of the Enterprises' 2023 housing goals performance and will make final determinations later in 2024.

Table 1: Enterprise Single-Family Housing Goals Performance (2010-2023)

Low-Income Home Purchase Goal	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actual Market	27.2	26.5	26.6	24.0	22.8	23.6	22.9	24.3	25.5	26.6	27.6	26.7	26.8	26.3
Benchmark	27.0	27.0	23.0	23.0	23.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	28.0	28.0
Fannie Mae Performance	25.1*	25.8*	25.6	23.8	23.5	23.5*	22.9	25.5	28.2	27.8	29.0	28.7	27.4	26.1*
Freddie Mac Performance	27.8	23.3*	24.4	21.8*	21*	22.3*	23.8	23.2*	25.8	27.4	28.5	27.4	29.0	28.5
Very Low-Income Home Purchase Goal	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actual Market	8.1	8.0	7.7	6.3	5.7	5.8	5.4	5.9	6.5	6.6	7.0	6.8	6.8	6.5
Benchmark	8.0	8.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0
Fannie Mae Performance	7.2*	7.6*	7.3	6.0*	5.7	5.6*	5.2*	5.9	6.7	6.5	7.3	7.4	6.9	6.0*
Freddie Mac Performance	8.4	6.6*	7.1	5.5*	4.9*	5.4*	5.7	5.7*	6.3	6.8	6.9	6.3	7.1	6.8
Low-Income Areas Home Purchase Goal	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actual Market	24.0	22.0	23.2	22.1	22.1	19.8	19.7	21.5	22.6	22.9	22.4	19.1	28.0	28.1
Benchmark	24.0	24.0	20.0	21.0	18.0	19.0	17.0	18.0	18.0	19.0	18.0	14.0	20.0	20.0
Fannie Mae Performance	24.1	22.4	22.3	21.6	22.7	20.4	20.2	22.9	25.1	24.5	23.6	20.3	29.6	28.1
Freddie Mac Performance	23.8*	19.2*	20.6	20*	20.1	19.0	19.9	20.9	22.6	22.9	21.8	18.0	28.7	29.5
Low-Income Census Tracts Home Purchase Subgoal	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actual Market	-	-	-	-	-	-	-	-	-	-	-	-	9.7	9.8
Benchmark	-	-	-	-	-	-	-	-	-	-	-	-	4.0	4.0
Fannie Mae Performance	-	-	-	-	-	-	-	-	-	-	-	-	9.3	9.3
Freddie Mac Performance	-	-	-	-	-	-	-	-	-	-	-	-	9.1	9.4
Minority Census Tracts Home Purchase Subgoal	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actual Market	-	-	-	-	-	-	-	-	-	-	-	-	12.1	12.5
Benchmark	-	-	-	-	-	-	-	-	-	-	-	-	10.0	10.0
Fannie Mae Performance	-	-	-	-	-	-	-	-	-	-	-	-	13.5	12.6
Freddie Mac Performance	-	-	-	-	-	-	-	-	-	-	-	-	12.8	13.2
Low-Income Refinance Goal	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actual Market	20.2	21.5	22.3	24.3	25.0	22.5	19.8	25.4	30.7	24.0	21.0	26.1	37.3	40.3
Benchmark	21.0	21.0	20.0	20.0	20.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	26.0	26.0
Fannie Mae Performance	20.9	23.1	21.8	24.3	26.5	22.1	19.5*	24.8	31.2	23.8	21.2	26.2	34.7	38.4
Freddie Mac Performance	22.0	23.4	22.4	24.1	26.4	22.8	21.0	24.8	27.3	22.4	19.7*	24.8	37.1	43.2

**Numbers marked with an asterisk indicate that the Enterprise failed to meet the goal.*
2023 performance is as reported by the Enteprises and preliminary. Official performance on all goals in 2023 will be determined by FHFA later in 2024.

B. Proposed Benchmark Levels for the Single-Family Housing Goals for 2025–2027

FHFA is proposing to establish the following benchmark levels for the single-family housing goals and subgoals for 2025–2027.

1. Low-Income Home Purchase Goal

The low-income home purchase goal is based on the percentage share of all single-family, owner-occupied home purchase mortgages purchased by an Enterprise that are made to low-income families, defined as families with incomes less than or equal to 80 percent of AMI.

Table 2. Single-Family Low-Income Home Purchase Goal

	Historical Performance				Projected Forecast			
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Actual Market	27.6%	26.7%	26.8%	26.3%				
Benchmark	24.0%	24.0%	28.0%	28.0%	28.0%	25.0%	25.0%	25.0%
Current Market Forecast					27.0% +/- 4.3%	27.2% +/- 5.5%	26.6% +/- 6.5%	26.1% +/- 7.3%
Fannie Mae Performance								
Low-Income Home Purchase Mortgages	374,376	375,569	278,799	189,439				
Total Home Purchase Mortgages	1,288,806	1,306,459	1,016,371	726,139				
Low-Income % of Home Purchase Mortgages	29.0%	28.7%	27.4%	26.1%				
Freddie Mac Performance								
Low-Income Home Purchase Mortgages	280,561	329,426	264,118	209,432				
Total Home Purchase Mortgages	982,888	1,201,540	911,037	735,932				
Low-Income % of Home Purchase Mortgages	28.5%	27.4%	29.0%	28.5%				

Between 2020 and 2023, the low-income purchase market level, as measured by HMDA data, declined from 27.6 percent to 26.3 percent. FHFA's current model forecasts that the annual market average over 2025–2027 will be 26.6 percent. As noted previously and in the accompanying market model paper, this forecast is based on the 2022 HMDA data and Moody's forecasts as of February 2024. As of July 2024, the interest rate cuts in the Moody's forecast have not materialized. FHFA will update this and the other forecast models before the release of the final housing goals rule.

FHFA's 2022–2024 housing goals final rule established a benchmark of 28 percent for the low-income home purchase goal to serve as a ''stretch goal'' to encourage the Enterprises to continue their efforts to promote safe and sustainable lending to low-income families. However, during that period, larger than expected increases in mortgage rates and home prices, and the continued shortfall in affordable housing supply, have disproportionately impacted lower-income borrowers' mortgage eligibility and lowered the number of low-income loans in the market to well below the Agency's initial expectations. Those factors, which are outside the Enterprises' control, continue in the market today along with great uncertainty about when conditions will change. Further, by statute, in setting new goals FHFA considers the Enterprises' past efforts to meet the housing goals as well as the impact of those efforts on the Enterprises' financial condition. During 2023, FHFA observed that many competing actions taken by the Enterprises designed to help them meet the stretch benchmark (which exceeded the level of low-income loans being produced in the market) did not benefit low-income borrowers, risked constraining liquidity in the overall market, and potentially impacted the Enterprises' financial condition.

Considering current and foreseeable market conditions, FHFA is proposing a benchmark level for the low-income home purchase goal of 25 percent. This proposed benchmark level is below the benchmark level for 2022–2024, but above the 24 percent benchmark level that was in place from 2015 through 2021. FHFA expects this proposed benchmark level to encourage the Enterprises to continue to find ways to support low-income borrowers without compromising safe and sound lending standards during a period of affordability challenges and increased uncertainty around market conditions.

2. Very Low-Income Home Purchase Goal

The very low-income home purchase goal is based on the percentage share of all single-family, owner-occupied home purchase mortgages purchased by an Enterprise that are for very low-income families, defined as families with incomes less than or equal to 50 percent of AMI.

Table 3. Single-Family Very Low-Income Home Purchase Goal

	Historical Performance				Projected Forecast			
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Actual Market	7.0%	6.8%	6.8%	6.5%				
Benchmark	6.0%	6.0%	7.0%	7.0%	7.0%	6.0%	6.0%	6.0%
Current Market Forecast					6.5% +/- 1.9%	6.6% +/- 2.4%	6.7% +/- 2.8%	6.6% +/- 3.2%
Fannie Mae Performance								
Very Low-Income Home Purchase Mortgages	93,909	97,154	69,919	43,792				
Total Home Purchase Mortgages	1,288,806	1,306,459	1,016,371	726,139				
Very Low-Income % of Home Purchase Mortgages	7.3%	7.4%	6.9%	6.0%				
Freddie Mac Performance								
Very Low-Income Home Purchase Mortgages	68,216	75,945	64,850	50,244				
Total Home Purchase Mortgages	982,888	1,201,540	911,037	735,932				
Very Low-Income % of Home Purchase Mortgages	6.9%	6.3%	7.1%	6.8%				

Between 2020 and 2023, the very low-income purchase market level, as measured using HMDA data, declined from 7.0 percent to 6.5 percent. FHFA's current model forecasts that the market for this goal will remain around 6.6–6.7 percent for 2025–2027. This forecast is based on the 2022 HMDA data and Moody's forecasts as of February 2024 and will be updated before the release of the final housing goals rule.

Like the low-income home purchase goal, FHFA's 2022–2024 housing goals final rule established a ''stretch'' benchmark of 7 percent for the very low-income home purchase goal, also designed to encourage the Enterprises to continue to promote safe and sustainable lending to very low-income families. However, the same adverse market conditions described in the previous section have also disproportionately impacted very low-income borrowers' mortgage eligibility, reducing the number of very low-income loans in the market to well below FHFA's earlier expectations. During 2023, the Enterprises deployed the same actions described above in their efforts to reach the very low-income benchmark, and those actions also failed to benefit very low-income borrowers, risked constraining liquidity in the overall market, and potentially impacted the Enterprises' financial condition. Those market conditions continue today along with great uncertainty about when conditions will change. Therefore, FHFA is proposing a benchmark level for the very low-income home purchase goal of 6 percent. FHFA expects this proposed benchmark will encourage the Enterprises to continue to find ways to support low-income borrowers without compromising safe and sound lending standards during a period of affordability challenges and increased uncertainty around market conditions.

3. Minority Census Tracts Home Purchase Subgoal

The minority census tracts subgoal is based on the percentage share of home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 100 percent of AMI in minority census tracts. The Safety and Soundness Act defines minority census tracts as those with a minority population of 30 percent or more and median census tract income of less than 100 percent of AMI. The proposed rule would raise the annual benchmark level for this subgoal for 2025–2027 to 12 percent from its previous level of 10 percent.

Table 4. Single-Family Minority Census Tracts Home Purchase Subgoal

	Historical Performance				Projected Forecast			
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Actual Market	*9.2%*	*9.5%*	12.1%	12.2%				
Benchmark	*N/A*	*N/A*	10.0%	10.0%	10.0%	12.0%	12.0%	12.0%
Current Market Forecast					12.5% +/- 2.3%	12.4% +/- 2.9%	12.3% +/- 3.4%	12.4% +/- 3.9%
Fannie Mae Performance								
Minority Census Tracts Home Purchase Mortgages	*129,996*	*143,340*	137,474	91,202				
Total Home Purchase Mortgages	*1,288,806*	*1,306,459*	1,016,371	726,139				
Minority Census Tracts % of Home Purchase Mortgages	*10.1%*	*11.0%*	13.5%	12.6%				
Freddie Mac Performance								
Minority Census Tracts Home Purchase Mortgages	*89,998*	*111,691*	116,223	97,378				
Total Home Purchase Mortgages	*982,888*	*1,201,540*	911,037	735,932				
Minority Census Tracts % of Home Purchase Mortgages	*9.2%*	*9.3%*	12.8%	13.2%				

The numbers in italics refer to FHFA's tabulations of the market and Enterprise performance had this goal been in place before 2022.

FHFA's 2022–2024 housing goals final rule established the minority census tracts home purchase subgoal as a new subgoal within the broader low-income areas goal to encourage the Enterprises to fulfill their statutory duty to facilitate the financing of affordable housing for all low- and moderate-income families, including families of color. The final rule forecast for the new subgoal averaged 8.9 percent over the 2022–2024 period, and the final rule set the annual minority census tracts subgoal benchmark for each of those years at 10 percent to ensure Enterprises focus on the needs of communities of color. The preamble also emphasized that FHFA would carefully monitor the performance of Fannie Mae and Freddie Mac on this new subgoal.

Table 4 shows the implied market levels and Enterprise performance in 2020 and 2021 (before FHFA established the subgoal) as well as market levels and Enterprise performance since the subgoal was established. Both Enterprises exceeded the benchmark and market levels for this subgoal in 2022, the year this subgoal was introduced. Based on preliminary data, both Enterprises exceeded the benchmark level for this subgoal in 2023. The table also shows a pronounced increase in the market levels and both Enterprises' performance on this subgoal beginning in 2022. FHFA notes that 2022 was the first year of new census tract boundaries based on the 2020 Census, which could have contributed to the change. The Agency is continuing to analyze the issue and plans to publish more information in the final rule.

FHFA's current model forecasts the market for this subgoal will remain around 12.3–12.4 percent for 2025–2027. This forecast is based on the 2022 HMDA data and Moody's forecasts as of February 2024, and will be updated before the release of the final housing goals rule. FHFA is proposing to increase the benchmark for this subgoal from 10 percent to 12 percent, which is slightly lower than the midpoint of the market forecast. FHFA believes that this level emphasizes the importance of providing access to mortgage credit for borrowers who reside or seek to reside in minority census tracts.

4. Low-Income Census Tracts Home Purchase Subgoal

The low-income census tracts home purchase subgoal is based on the percentage share of home purchase mortgages that are either: (1) single-family, owner-occupied properties to borrowers (regardless of income) in low-income census tracts that are not minority census tracts; and (2) home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes greater than 100 percent of AMI in low-income census tracts that are also minority census tracts. The proposed rule would set the annual benchmark level for this subgoal for 2025–2027 at 4 percent.

Table 5. Single-Family Low-Income Census Tracts Home Purchase Subgoal

	Historical Performance				Projected Forecast			
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Actual Market	*8.5%*	*9.6%*	9.7%	9.8%				
Benchmark	*N/A*	*N/A*	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Current Market Forecast					10.1% +/- 1.0%	10.0% +/- 1.3%	9.9% +/- 1.5%	9.9% +/- 1.7%
Fannie Mae Performance								
Low-Income Census Tracts Home Purchase Mortgages	*106,362*	*122,177*	94,864	67,844				
Total Home Purchase Mortgages	*1,288,806*	*1,306,459*	1,016,371	726,139				
Low-Income Census Tracts % of Home Purchase Mortgages	*8.3%*	*9.4%*	9.3%	9.3%				
Freddie Mac Performance								
Low-Income Census Tracts Home Purchase Mortgages	*78,436*	*104,401*	82,883	69,459				
Total Home Purchase Mortgages	*982,888*	*1,201,540*	911,037	735,932				
Low-Income Census Tracts % of Home Purchase Mortgages	*8.0%*	*8.7%*	9.1%	9.4%				

The numbers in italics refer to FHFA's tabulations of the market and Enterprise performance had this goal been in place before 2022.

Table 5 shows the implied market levels and Enterprise performance in 2020 and 2021, along with market levels and Enterprise performance since the subgoal has been established. As shown above, both Enterprises exceeded the benchmark level for this subgoal in 2022, the first year of this subgoal. Based on preliminary data, both Enterprises also exceeded the benchmark level in 2023.

Prior to 2022, the subgoal structure included both low-income census tracts and minority census tracts in a single subgoal. As FHFA noted in the preamble to the 2022–2024 housing goals proposed rule, the performance of the Enterprises on that subgoal was heavily influenced by Enterprise purchases of loans for higher income families (over 100 percent of AMI) rather than for families at or below 100 percent of AMI. FHFA adopted the current subgoal structure, with separate subgoals for low-income census tracts and minority census tracts, to ''refocus Enterprise efforts towards minority census tracts and families at or below 100 percent of AMI.'' [49] In 2022, FHFA set the benchmark level for the new low-income census tract home purchase subgoal at 4 percent to address concerns around gentrification and displacement of low-income families and the potential that the Enterprises may seek to meet the goal by purchasing loans to higher-income borrowers in lower-income areas.

FHFA's current model forecasts that the market for this subgoal will remain around 9.9–10 percent for 2025–2027. This forecast is based on the 2022 HMDA data and Moody's forecasts as of February 2024, and will be updated before the release of the final housing goals rule. FHFA is proposing a benchmark level for this subgoal of 4 percent, which is lower than recent and forecast performance, to be cognizant of concerns about gentrification and the displacement of low-income families in these areas.

FHFA believes that this 4 percent benchmark level addresses concerns about the potential that the Enterprises may seek to meet the goal by purchasing loans to higher-income borrowers in lower-income areas. In addition, this 4 percent benchmark level is intended to encourage the Enterprises to continue to provide access to mortgage credit in low-income census tracts.

5. Low-Income Refinance Goal

The low-income refinance goal is based on the percentage share of all single-family, owner-occupied refinance mortgages purchased by an Enterprise that are for low-income families, defined as families with incomes less than or equal to 80 percent of AMI. The proposed rule would set the annual benchmark level for this goal for 2025–2027 at 26 percent.

[49] *See* 86 FR 47408 (Aug. 25, 2021).

Table 6. Single-Family Low-Income Refinance Goal

	Historical Performance				Projected Forecast			
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Actual Market	21.0%	26.1%	37.3%	40.3%				
Benchmark	21.0%	21.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Current Market Forecast					40.4% +/- 5.0%	42.1% +/- 6.5%	41.3% +/- 7.7%	39.1% +/- 8.7%
Fannie Mae Performance								
Low-Income Refinance Mortgages	663,667	809,452	279,020	60,682				
Total Refinance Mortgages	3,133,931	3,089,529	803,634	157,984				
Low-Income % of Refinance Mortgages	21.2%	26.2%	34.7%	38.4%				
Freddie Mac Performance								
Low-Income Refinance Mortgages	490,176	658,845	254,332	54,906				
Total Refinance Mortgages	2,485,748	2,651,858	686,394	127,043				
Low-Income % of Refinance Mortgages	19.7%	24.8%	37.1%	43.2%				

Measured as a percent, annual performance in the overall market and by the Enterprises on low-income refinance mortgages tends to be inversely proportional to the volume of low-income refinance loans the market produces and the Enterprises purchase during a given year. For example, during the refinance boom of 2020, low-income refinance volume in the overall market soared to over 1.3 million loans, but the volume of all refinances in the market reached over 6.3 million.[50] Measured as a percent, the low-income refinance percentage share of the market was 21 percent. Compare that performance to 2023, when due to higher interest rates low-income refinance volume in the overall market contracted to roughly 160 thousand loans and refinance volume overall fell to about 397 thousand.[51] Measured as a percent, the low-income refinance percentage share of the market was 40.3 percent. The Enterprises' performance on the low-income refinance goal has followed the same pattern. Refinance share for both Enterprises has increased significantly during this period, even as the volume of their purchases of low-income refinance mortgages has fallen.

FHFA is proposing to maintain the current benchmark level of 26 percent for this goal for 2025–2027. FHFA is proposing this benchmark level in recognition of the fact that FHFA's model cannot forecast low-income refinance levels in the market for 2025–2027 with great confidence, due to the high degree of unpredictability of future interest rates and the strong sensitivity of refinance originations to interest rates. Additionally, many current mortgage holders are ''locked-in'' and are unlikely to refinance without a substantial reduction in mortgage rates. FHFA is not aware of any long-term data series that captures this impact that can be used in the forecast model. FHFA also recognizes that if interest rates were to decline significantly, the proposed benchmark level of 26 percent could be difficult for the Enterprises to achieve based on market conditions. FHFA will continue to monitor the performance of the Enterprises and will take appropriate steps, after adoption of the final housing goals rule, to adjust the benchmark level if necessary.

V. Multifamily Housing Goals and Subgoal

A. Factors Considered in Setting the Proposed Multifamily Housing Goal Benchmark Levels

The Safety and Soundness Act requires FHFA to consider the following six factors in setting the multifamily housing goals:

1. National multifamily mortgage credit needs and the ability of the Enterprises to provide additional liquidity and stability for the multifamily mortgage market;
2. The performance and effort of the Enterprises in making mortgage credit available for multifamily housing in previous years;
3. The size of the multifamily mortgage market for housing affordable to low-income and very low-income families, including the size of the multifamily markets for housing of a smaller or limited size;
4. The ability of the Enterprises to lead the market in making multifamily mortgage credit available, especially for multifamily housing affordable to low-income and very low-income families;
5. The availability of public subsidies; and
6. The need to maintain the sound financial condition of the Enterprises.[52]

Unlike the single-family housing goals, performance on the multifamily housing goals is measured solely against benchmark levels set by FHFA in the regulation, without any retrospective market measure. The absence of a retrospective market measure for the multifamily housing goals results, in part, from the lack of comprehensive data about the multifamily mortgage market. Unlike the single-family mortgage market, where HMDA provides a reasonably comprehensive dataset about single-family mortgage originations each year, the multifamily mortgage market (and the affordable multifamily mortgage market segment) has no comparable single, unified source with coverage extending across many years. As a result, it is difficult to correlate different datasets that rely on different reporting metrics.

The lack of comprehensive data for the multifamily mortgage market is even more acute with respect to the segments of the market that are targeted to low-income families, defined as families with incomes at or below 80 percent of AMI, and very low-income families, defined as families with incomes at or below 50 percent of AMI.

Another difference between the single-family and multifamily housing goals is that while there are separate single-family housing goals for home purchase and refinance mortgages, the multifamily housing goals include all Enterprise multifamily mortgage purchases, regardless of the purpose of the loan.

In consideration of public comments and to improve the responsiveness of the multifamily housing goals to market conditions, FHFA changed its process starting in 2023 for setting the multifamily benchmark levels from a numeric benchmark for units to a percentage of affordable units in multifamily properties financed by mortgages purchased by the Enterprise each year. This ensures that the multifamily housing goals remain

[50] FHFA's tabulation of HMDA data.

[51] *Ibid.*

[52] 12 U.S.C. 4563(a)(4).

meaningful in different market conditions and enables the Enterprises to respond to those conditions while continuing to serve affordable segments.[53]

FHFA has considered each of the six statutory factors in setting the proposed benchmark levels for each of the multifamily housing goals. Five of the factors relate to the multifamily mortgage market and the Enterprise role in that market. Those factors generally have similar impacts on each of the multifamily housing goals and are discussed below. The past performance of the Enterprises is discussed separately for each of the multifamily housing goals.

Multifamily mortgage market. FHFA's consideration of the multifamily mortgage market credit needs addresses the size and competitiveness of the overall multifamily mortgage market as well as the subset that is affordable to low-income and very low-income families. In January 2024, MBA forecasted that multifamily mortgage originations would increase from the $271 billion estimated in 2023 to $339 billion in 2024, then to $404 billion in 2025.[54] However, MBA noted that while this baseline scenario is an improvement from 2023 levels, the outlook remains uncertain and it believes borrowing and lending in 2024 will be below the levels in 2017.[55]

According to the National Multifamily Housing Council's tabulation of American Community Survey microdata, in 2022, about 47 percent of renter households (21 million households) lived in multifamily properties with the remaining renter households living in one-to-four-unit single-family structures.[56] [57]

Affordability in the multifamily mortgage market. In the *State of the Nation's Housing Report 2023,* Harvard University's Joint Center for Housing Studies (JCHS) found that year-over-year rent growth in the professionally managed segment of the apartment market moderated significantly after rising 15.3 percent year-over-year in the first quarter of 2022, a 25-year high. By the end of the first quarter of 2023, rent growth had slowed to 4.5 percent annually.[58] However, rents still rose ''23.9 percent between the first quarter of 2020 and the first quarter of 2023.'' [59] In comparison, the average annual rent increase in the pre-pandemic years of 2015–2019 was only 3.6 percent.[60] These trends point to the continued stress on renters, with the share of cost-burdened renters continuing to remain elevated.

For purposes of the Enterprise housing goals, the Safety and Soundness Act requires FHFA to determine affordability based on whether rent levels are affordable. The Safety and Soundness Act defines a rent level as affordable if a family's rent and utility expenses do not exceed 30 percent of the maximum income level for each income category, with appropriate adjustments for unit size as measured by the number of bedrooms.[61] The JCHS report found that the share of cost-burdened renters, particularly among low-income and very low-income households, continues to grow.[62] A household is considered cost-burdened if it spends more than 30 percent of its income on housing, or severely cost-burdened if it spends more than 50 percent of its income on housing. The JCHS report shows that the share of cost-burdened renters across all income segments rose from 43.6 percent in 2019 to 49.0 percent in 2021.[63] The share of cost-burdened renters earning between $45,000 and $74,999 increased the most, rising 3.5 percentage points from 30.8 percent in 2019 to 34.3 percent in 2021.[64]

The JCHS report also notes the significant rise in new rental supply from 2021 to 2023. In 2022 alone, 342,000 multifamily units were added.[65] However, this growth has started to slow as overall housing starts in the multifamily sector decreased 37.9 percent in January 2024 compared to the volume in January 2023, according to the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau.[66] While the addition of units may limit rent growth, the JCHS report found that new units are primarily targeted towards the upper end of the market, with rents unaffordable to low-income households.[67] The JCHS report states that the share of newly completed units with asking rents of $2,050 or more doubled from 19 percent in 2015 to 38 percent in 2022, while the share of new units that rent for less than $1,050 declined from 22 percent in 2015 to only 5 percent in 2022.[68]

Role of the Enterprises. In proposing the multifamily housing goal benchmark levels for 2025 through 2027, FHFA has considered the ability of the Enterprises to lead the market in making multifamily mortgage credit available. The Enterprises' share of the overall multifamily mortgage origination market increased in the years immediately following the 2008 financial crisis but has declined more recently in response to growing private sector participation. The Enterprises' share of the multifamily mortgage origination market was over 70 percent in 2008 and 2009,

[53] 12 CFR 1282.13.

[54] ''CREF Forecast: Commercial/Multifamily Borrowing and Lending Expected to Increase 29 Percent to $576 Billion in 2024,'' Mortgage Bankers Association, January 23, 2024, available at *https://www.mba.org/news-and-research/newsroom/news/2024/01/23/cref-forecast-commercial-multifamily-borrowing-and-lending-expected-to-increase-29-percent-to-576-billion-in-2024.*

[55] *Ibid.*

[56] Single-family properties are defined as structures with one to four units. Multifamily properties are defined as structures with five or more units.

[57] ''Review of Household Characteristics, (n.d.),'' National Multifamily Housing Council, *available at https://www.nmhc.org/research-insight/quick-facts-figures/quick-facts-resident-demographics/household-characteristics.*

[58] ''The State of the Nation's Housing 2023,'' Joint Center for Housing Studies of Harvard University, 2023, p.1, *available at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.*

[59] ''The State of the Nation's Housing 2023,'' Joint Center for Housing Studies of Harvard University, 2023, p.13, *available at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.*

[60] *Ibid.*

[61] 12 U.S.C. 4563(c).

[62] ''The State of the Nation's Housing 2023,'' Joint Center for Housing Studies of Harvard University, 2023, Table A–1, *available at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.*

[63] *Ibid.*

[64] *Ibid.*

[65] *Ibid.* p. 34.

[66] ''Housing Market Indicators Monthly Update,'' U.S. Department of Housing and Urban Development, February 2024, p. 1, *available* at *https://www.huduser.gov/portal/sites/default/files/pdf/Housing-Market-Indicators-Report-February-2024.pdf.*

[67] ''The State of the Nation's Housing 2023,'' Joint Center for Housing Studies of Harvard University, 2023, p. 34, *available* at *https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.*

[68] *Ibid.* p. 34–35.

compared to 36 percent in 2015.[69][70] The total share was 40 percent or higher from 2016 to 2020. However, in 2021and 2022, when multifamily origination volume was relatively robust, the combined Enterprise share was estimated to be below 30 percent before increasing to 38 percent in 2023.[71] If interest rates drop in 2024 and 2025, multifamily origination volume are likely to rise in those years.[72]

FHFA recognizes that the multifamily housing goals are just one measure of how the Enterprises contribute to and participate in the multifamily market. Other Enterprise multifamily activities include their Duty to Serve Underserved Markets Plans, Equitable Housing Finance Plans, Low-Income Housing Tax Credit (LITHC) equity financing, and the mission-driven elements of FHFA's Conservatorship Scorecard. Together with the housing goals, these programmatic activities provide support to renter households, including low-income families spending more than 30 percent of their income on housing. FHFA will continue to monitor these initiatives and priorities to ensure appropriate focus by the Enterprises, including compliance with the Enterprises' charter acts and safety and soundness considerations.

FHFA expects the Enterprises to continue to demonstrate leadership in supporting affordable housing in the multifamily market by providing liquidity for housing for tenants at different income levels in various geographies and market segments. This support should continue throughout the economic cycle, even as the overall size of the multifamily mortgage market fluctuates.

Availability of public subsidies. Multifamily housing assistance is primarily available in two forms—demand-side subsidies that either directly assist low-income tenants (*e.g.,* Section 8 vouchers) or provide project-based rental assistance (*e.g.,* Section 8 contracts), and supply-side subsidies that support the creation and preservation of affordable housing (*e.g.,* public housing and LIHTCs). The availability of public subsidies impacts the overall affordable multifamily housing market, and significant changes to historic programs could impact the ability of the Enterprises to meet the housing goals. The Enterprises also provide liquidity to facilitate the preservation of public subsidies through their purchase of mortgages that finance the preservation of existing affordable housing units (especially for restructurings of older properties that reach the end of their initial 15-year LIHTC compliance periods) and for refinancing properties with expiring Section 8 Housing Assistance Payment contracts.

The need for public subsidies persists as the number of cost-burdened renters remains high, at over 21.6 million renter households in 2021.[73] The Center on Budget and Policy Priorities estimates that only one in four eligible households currently receive Federal housing assistance.[74]

In 2024 and beyond, there should continue to be opportunities in the multifamily mortgage market to provide permanent financing for properties with LIHTCs and to preserve existing affordable units, as described above.

Maintaining the sound financial condition of the Enterprises. In proposing multifamily housing goals benchmark levels for 2025–2027, FHFA must balance the role of the Enterprises in providing liquidity and supporting various multifamily mortgage market segments with the need to maintain the Enterprises' sound and solvent financial condition. The Enterprises have served as a stabilizing force in the multifamily mortgage market across economic cycles, and their loans on affordable multifamily properties have experienced low levels of delinquency and default that are similar to those of market rate properties.

FHFA continues to monitor the activities of the Enterprises in this market. As discussed above and consistent with the authorities described in the Enterprise housing goals regulation, FHFA may take any steps it determines necessary and appropriate after adoption of the final housing goals rule to address the multifamily housing goals benchmark levels to ensure the Enterprises' continued safety and soundness.

B. Proposed Multifamily Housing Goals Benchmark Levels

Based on FHFA's consideration of the statutory factors described above and the past performance of the Enterprises under the multifamily housing goals, the proposed rule would establish benchmark levels for the multifamily housing goals, as further discussed below. Before finalizing the benchmark levels for the multifamily housing goals in the final rule, FHFA will review any additional data that becomes available about the performance of the Enterprises with regard to multifamily housing goals and any developments in the multifamily mortgage market, as well as any comments on the proposed multifamily housing goals benchmark levels.

1. Multifamily Low-Income Housing Goal

The multifamily low-income housing goal is the percentage share of all goal-eligible units in multifamily properties financed by mortgages purchased by the Enterprises that are affordable to low-income families in any given year. Low-income families are defined as those with incomes less than or equal to 80 percent of AMI.

[69] "The GSE's Shrinking Role in the Multifamily Market," Urban Institute, April 2015, p. 4, *available at https://www.urban.org/sites/default/files/publication/48986/2000174-The-GSEs-Shrinking-Role-in-the-Multifamily-Market.pdf.*

[70] "Multifamily Business Information Presentation," Fannie Mae, May 2024, p. 3, *available at https://multifamily.fanniemae.com/media/9131/display.*

[71] *Ibid.*

[72] "CREF Forecast: Commercial/Multifamily Borrowing and Lending Expected to Increase 29 Percent to $576 Billion in 2024." Mortgage Bankers Association, January 23, 2024, *available at https://www.mba.org/news-and-research/newsroom/news/2024/01/23/cref-forecast-commercial-multifamily-borrowing-and-lending-expected-to-increase-29-percent-to-576-billion-in-2024.*

[73] "The State of the Nation's Housing 2023," Joint Center for Housing Studies of Harvard University, 2023, p. 36, *available at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.*

[74] Sonya Acosta, "Final 2023 Funding Bill Should Support, Expand Housing Vouchers. Center on Budget and Policy Priorities", December 2022, *available at https://www.cbpp.org/blog/final-2023-funding-bill-should-support-expand-housing-vouchers.*

Table 7. Multifamily Low-Income Housing Goal

	Historical Performance							
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Low-Income Multifamily Benchmark	315,000	315,000	415,000	61%	61%	61%	61%	61%
Fannie Mae Performance								
Low-Income Multifamily Units	441,773	384,488	419,361	317,032				
Total Multifamily Units	637,696	557,152	542,347	415,513				
Low-Income % Total	69.3%	69.0%	77.3%	76.3%				
Freddie Mac Performance								
Low-Income Multifamily Units	473,338	373,225	420,107	231,968				
Total Multifamily Units	664,638	540,541	567,249	345,702				
Low-Income % of Total Units	71.2%	69.0%	74.1%	67.1%				

Table 7 shows the annualshare of goal-qualifying low-income multifamily units in properties backing mortgages acquired by each Enterprise from 2020 through 2023.[75] In addition, the historical performance share average for the pre-pandemic years of 2017–2019 would have been 65.1 percent for Fannie Mae and 67.3 percent for Freddie Mac.[76] Starting in 2023, the benchmark metric for this goal changed from the number of low-income units to the share of low-income units. Based on preliminary data, both Enterprises exceeded the benchmark level of 61 percent for this goal in 2023.

Higher interest rates are continuing to contribute to the increasing costs of acquiring low-income multifamily units, and expected declines in affordable originations and increases in rents are likely to cause fewer units to qualify as affordable for low-income families.[77] These challenges are expected to persist in 2025–2027, as rent increases and insufficient supply of affordable housing are likely to result in more low-income families paying greater than 30 percent of their incomes for rent.[78] In light of these factors, FHFA proposes to maintain the current benchmark level for this goal at 61 percent for both Enterprises for 2025–2027. The proposed benchmark takes into account the elevated interest rate environment and the additional challenges the Enterprises currently face in the competitive market, without diminishing the Enterprises' focus on affordability.

2. Multifamily Very Low-Income Housing Goal

The multifamily very low-income housing goal is the percentage share of all goal-eligible units in multifamily properties financed by mortgages purchased by the Enterprises that are affordable to very low-income families in any given year. Very low-income families are defined as those with incomes less than or equal to 50 percent of AMI.

Table 8. Multifamily Very Low-Income Housing Goal

	Historical Performance							
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Very Low-Income Multifamily Benchmark	60,000	60,000	88,000	12%	12%	14%	14%	14%
Fannie Mae Performance								
Very Low-Income Multifamily Units	95,416	83,459	127,905	77,509				
Total Multifamily Units	637,696	557,152	542,347	415,513				
Very Low-Income % of Total Units	15.0%	15.0%	23.6%	18.7%				
Freddie Mac Performance								
Very Low-Income Multifamily Units	107,105	87,854	127,733	71,217				
Total Home Purchase Mortgages	664,638	540,541	567,249	345,702				
Very Low-Income % of Total Units	16.1%	16.3%	22.5%	20.6%				

Table 8 shows the number and share of goal-qualifying very low-income multifamily units as a percentage of the total goal-eligible units in properties backing mortgages acquired by each Enterprise. In addition, the historical performance share average for the pre-pandemic years of 2017–2019 would have been 13.1 percent for Fannie Mae and 15.6 percent for Freddie Mac.[79] Starting in 2023, the benchmark metric for this goal changed from the number of very low-income units to the share of very low-income units. Based on preliminary data, both Enterprises exceeded the benchmark level of 12 percent for this goal in 2023.

Considering the multifamily mortgage market conditions described above, FHFA is proposing to set the benchmark level for this goal at 14 percent for 2025–2027, an increase from the benchmark level of 12 percent for 2023–2024. FHFA proposes to set this benchmark at a higher level to ensure that the Enterprises continue to adequately serve very low-income families while accounting for the challenges associated with elevated interest rates, lower volume of loan transactions, and the lack of affordable units in the multifamily market, as well as continued uncertain economic conditions.

FHFA believes that this proposed increase is appropriate and achievable for the Enterprises considering the past performance of the Enterprises on this housing goal.

[75] 12 CFR 1282.16 (Special Counting Requirements).

[76] *See* 87 FR 50800 (Aug. 18, 2022).

[77] *See* 12 U.S.C. 4563(c).

[78] *See* "The State of the Nation's Housing 2024," Joint Center for Housing Studies of Harvard University, June 2024, *available at https://www.jchs.harvard.edu/state-nations-housing-2024.*

[79] *See* 87 FR 50801 (Aug. 18, 2022).

3. Small Multifamily Low-Income Housing Subgoal

The current Enterprise housing goals regulation defines a small multifamily property as having 5 to 50 units. The small multifamily low-income housing subgoal is based on the share of units in small multifamily properties affordable to low-income families as a percentage of all goal-eligible units in all multifamily properties financed by mortgages purchased by the Enterprises in a given year. Low-income families are defined as those with incomes less than or equal to 80 percent of AMI.

Table 9. Small Multifamily Low-Income Subgoal

	Historical Performance							
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Fannie Mae Small Low-Income Multifamily Benchmark	10,000	10,000	17,000	2.5%	2.5%	2.0%	2.0%	2.0%
Freddie Mac Small Low-Income Multifamily Benchmark	10,000	10,000	23,000	2.5%	2.5%	2.0%	2.0%	2.0%
Fannie Mae Performance								
Small Low-Income Multifamily Units	21,797	14,409	21,436	13,241				
Total Small Multifamily Units	637,696	557,152	542,347	415,513				
Low-Income % of Total Small Multifamily Units	3.4%	2.6%	4.0%	3.2%				
Freddie Mac Performance								
Small Low-Income Multifamily Units	28,142	31,913	27,103	14,006				
Total Small Multifamily Units	664,638	540,541	567,249	345,702				
Low-Income % of Total Small Multifamily Units	4.2%	5.9%	4.8%	4.1%				

Table 9 shows Enterprise performance on this subgoal, including the previous numeric benchmark levels applicable through 2022 and the percentage-based metric that began in 2023. FHFA recognizes that the Enterprises have different business approaches to the small multifamily market segment, and that each Enterprise sets its own credit risk tolerance for these products. As a result, each Enterprise has performed very differently on this subgoal. Since 2020, Freddie Mac has acquired more units than Fannie Mae, both in terms of percentage share of total units and volume of small low-income units. Based on preliminary data, both Enterprises exceeded the benchmark level of 2.5 percent for this subgoal in 2023.

While FHFA has observed increased private sector financing for small multifamily properties in recent years, elevated interest rates have resulted in fewer multifamily transactions and therefore less activity among secondary mortgage market participants more broadly. Taking these factors into account, FHFA proposes to set the benchmark level for this subgoal at 2 percent for 2025–2027, which would be lower than the benchmark level of 2.5 percent applicable for 2023–2024. FHFA believes that this proposed benchmark level will ensure that the Enterprises support this market when needed without crowding out other sources of financing for small multifamily properties.

VI. Paperwork Reduction Act

The proposed rule would not contain any information collection requirement that would require the approval of the Office of Management and Budget (OMB) under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). Therefore, FHFA has not submitted the proposed rule to OMB for review.

VII. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) requires that a regulation that has a significant economic impact on a substantial number of small entities, small businesses, or small organizations must include an initial regulatory flexibility analysis describing the regulation's impact on small entities. Such an analysis need not be undertaken if the agency has certified that the regulation will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b). FHFA has considered the impact of the proposed rule under the Regulatory Flexibility Act. FHFA certifies that the proposed rule, if adopted as a final rule, will not have a significant economic impact on a substantial number of small entities because the rule applies to Fannie Mae and Freddie Mac, which are not small entities for purposes of the Regulatory Flexibility Act.

VIII. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website under section 206(d) of the E-Government Act of 2002 (44 U.S.C. 3501 note) (commonly known as *Regulations.gov*). FHFA's proposed rule and the required summary can be found at *https://www.regulations.gov.*

List of Subjects in 12 CFR Part 1282

Mortgages, Reporting and recordkeeping requirements.

For the reasons stated in the preamble, under the authority of 12 U.S.C. 4511, 4513, and 4526, FHFA proposes to amend part 1282 of title 12 of the Code of Federal Regulations as follows:

PART 1282—ENTERPRISE HOUSING GOALS AND MISSION

■ 1. The authority citation for part 1282 continues to read as follows:

Authority: 12 U.S.C. 4501, 4502, 4511, 4513, 4526, 4561–4566.

■ 2. Amend § 1282.1 by revising the definition of ''Designated disaster area'' to read as follows:

§ 1282.1 Definitions.

* * * * *

Designated disaster area means any census tract that is located in a county designated by the President as adversely affected by a declared major disaster administered by FEMA under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*), where housing assistance payments were authorized by FEMA. A census tract shall be treated as a ''designated disaster area'' for purposes of this part beginning on the January 1 after the major disaster declaration of the county, or such earlier date as determined by FHFA, and continuing through December 31 of the third full calendar year following the major disaster declaration. This time period may be adjusted for a particular disaster area by notice from FHFA to the Enterprises.

* * * * *

■ 3. Amend § 1282.11 by revising paragraph (a)(1) to read as follows:

§ 1282.11 General.

(a) * * *

(1) Three single-family owner-occupied purchase money mortgage housing goals, two single-family owner-occupied purchase money mortgage housing subgoals, a single-family refinancing mortgage housing goal, two multifamily housing goals, and a multifamily housing subgoal;

* * * * *

■ 4. Amend § 1282.12 by revising paragraphs (c)(2), (d)(2), (f)(2)(ii), (g)(2), and (h)(2) to read as follows:

§ 1282.12 Single-family housing goals and subgoals.

* * * * *

(c) * * *

(2) The benchmark level, which for 2025, 2026, and 2027 shall be 25 percent of the total number of purchase money mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

(d) * * *

(2) The benchmark level, which for 2025, 2026, and 2027 shall be 6 percent of the total number of purchase money mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

* * * * *

(f) * * *

(2) * * *

(ii) The benchmark level, which for 2025, 2026, and 2027 shall be 4 percent of the total number of purchase money mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

(g) * * *

(2) The benchmark level, which for 2025, 2026, and 2027 shall be 12 percent of the total number of purchase money mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

(h) * * *

(2) The benchmark level, which for 2025, 2026, and 2027 shall be 26 percent of the total number of refinancing mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

■ 5. Revise § 1282.13 to read as follows:

§ 1282.13 Multifamily housing goals and subgoal.

(a) *Multifamily housing goals and subgoal.* An Enterprise shall be in compliance with a multifamily housing goal or subgoal if its performance under the housing goal or subgoal meets or exceeds the benchmark level for the goal or subgoal, respectively.

(b) *Multifamily low-income housing goal.* The percentage share of dwelling units in multifamily residential housing financed by mortgages purchased by each Enterprise that consists of dwelling units affordable to low-income families shall meet or exceed 61 percent of the total number of dwelling units in multifamily residential housing financed by mortgages purchased by the Enterprise in each year for 2025, 2026, and 2027.

(c) *Multifamily very low-income housing goal.* The percentage share of dwelling units in multifamily residential housing financed by mortgages purchased by each Enterprise that consists of dwelling units affordable to very low-income families shall meet or exceed 14 percent of the total number of dwelling units in multifamily residential housing financed by mortgages purchased by the Enterprise in each year for 2025, 2026, and 2027.

(d) *Small multifamily low-income housing subgoal.* The percentage share of dwelling units in small multifamily properties financed by mortgages purchased by each Enterprise that consists of dwelling units affordable to low-income families shall meet or exceed 2 percent of the total number of dwelling units in all multifamily residential housing financed by mortgages purchased by the Enterprise in each year for 2025, 2026, and 2027.

■ 6. Amend § 1282.15 as follows:

■ a. In paragraph (b)(2) remove the first instance of ''subgoal'' and add in its place ''subgoals'';

■ b. Revise the heading and the first sentence of paragraph (c);

■ c. In paragraphs (d)(1), (3), and (4) and (e)(3), remove the phrase ''housing goal and subgoals'' wherever it appears and add in its place the phrase ''housing goals and subgoal'';

■ d. Revise the heading to paragraph (e); and

■ e. In paragraph (e)(2) remove the phrase ''housing goal or subgoals'' and add in its place the phrase ''housing goals or subgoal''.

The revisions read as follows:

§ 1282.15 General counting requirements.

* * * * *

(c) *Calculating the numerator and denominator for multifamily housing goals and subgoal.* Performance under the multifamily housing goals and subgoal shall be measured using a fraction that is converted into a percentage. * * *

* * * * *

(e) *Missing data or information for multifamily housing goals and subgoal.** * *

* * * * *

■ 7. Revise § 1282.20 to read as follows:

§ 1282.20 Preliminary determination of compliance with housing goals; notice of preliminary determination.

(a) *Preliminary determination.* On an annual basis, the Director will evaluate each Enterprise's performance under each single-family housing goal and subgoal and each multifamily housing goal and subgoal. The Director will make a preliminary determination of whether an Enterprise has failed, or there is a substantial probability that an Enterprise will fail, to meet each housing goal or subgoal established by this subpart.

(b) *Notice of preliminary determination.* The Director will provide written notice to each Enterprise of the preliminary determination of performance under each housing goal and subgoal established by this subpart, the reasons for such determination, and the information on which the Director based the determination.

(c) *Response by Enterprise.* Any notification to an Enterprise of a preliminary determination under this section will provide the Enterprise with an opportunity to respond in writing in accordance with the procedures at 12 U.S.C. 4566(b). Relevant information in a timely written response from an Enterprise will be included in the information the Director considers when making a final determination of housing goals compliance under § 1282.21.

■ 8. Redesignate § 1282.21 as § 1282.22, and revise and republish newly redesignated § 1282.22 to read as follows:

§ 1282.22 Housing plans.

(a) *General.* If the Director determines that an Enterprise has failed, or that there is a substantial probability that an Enterprise will fail, to meet any housing goal or subgoal, and that the achievement of the housing goal or subgoal was or is feasible, the Director may require the Enterprise to submit a housing plan for approval by the Director.

(b) *Enforcement factors for 2025–2027.* (1) Except as provided in paragraph (b)(3) of this section, the Director will not require an Enterprise to submit a housing plan based on the Enterprise's failure to meet the single-family low-income families housing goal, the single-family very low-income families housing goal, or the single-family refinancing housing goal for the years 2025, 2026, or 2027, if:

(i) The share of the market as defined in § 1282.12(b) for the applicable goal is lower than the benchmark level for the goal; and

(ii) The Enterprise's performance meets or exceeds the share of the market minus the enforcement factor for the applicable goal as defined in paragraph (b)(2) of this section.

(2) The following enforcement factors apply for the years 2025, 2026, and 2027:

(i) For the single-family low-income families housing goal, 1.3 percentage points;

(ii) For the single-family very low-income families housing goal, 0.5 percentage points; and

(iii) For the single-family refinancing housing goal, 1.3 percentage points.

(3) The enforcement factor in this paragraph (b) will not apply to a goal in 2027 if the Enterprise failed to meet that goal for each of the previous two years.

(c) *Nature of plan.* If the Director requires a housing plan, the housing plan must:

(1) Be feasible;

(2) Be sufficiently specific to enable the Director to monitor compliance periodically;

(3) Describe the specific actions that the Enterprise will take in a time period determined by the Director to improve the Enterprise's performance under the housing goal; and

(4) Address any additional matters relevant to the plan as required, in writing, by the Director.

(d) *Deadline for submission.* The Enterprise shall submit the housing plan to the Director within 45 days after issuance of a notice requiring the Enterprise to submit a housing plan. The Director may extend the deadline for submission of a plan, in writing and for a time certain, to the extent the Director determines an extension is necessary.

(e) *Review of housing plans.* The Director shall review and approve or disapprove housing plans in accordance with 12 U.S.C. 4566(c)(4) and (c)(5).

(f) *Resubmission.* If the Director disapproves an initial housing plan submitted by an Enterprise, the Enterprise shall submit an amended plan for approval or disapproval not later than 15 days after the Director's disapproval of the initial plan; the Director may extend the deadline if the Director determines an extension is in the public interest. If an amended plan is not acceptable to the Director, the Director may afford the Enterprise 15 days to submit additional amendments to its plan for approval or disapproval.

(g) *Enforcement of housing plans.* If the Director requires an Enterprise to submit a housing plan and the Enterprise refuses to submit such a plan, submits an unacceptable plan, or fails to comply with the plan, the Director may issue a cease and desist order in accordance with 12 U.S.C. 4581, impose civil money penalties in accordance with 12 U.S.C. 4585, or take any other action that the Director determines to be appropriate.

■ 9. Add new § 1282.21 to read as follows:

§ 1282.21 Final determination of compliance with housing goals; notice of final determination.

(a) *Final determination.* On an annual basis, the Director will make a final determination of each Enterprise's performance under each single-family housing goal and subgoal and each multifamily housing goal and subgoal. The final determination will address whether an Enterprise has failed, or there is a substantial probability that an Enterprise will fail, to meet any single housing goal or subgoal and whether the achievement of that housing goal or subgoal was or is feasible.

(b) *Notice of final determination.* The Director will provide each Enterprise with written notification of the final determination. If the Enterprise fails to meet any housing goal or subgoal, the notification will specify whether the Enterprise is required to submit a housing plan for approval under § 1282.22.

Sandra L. Thompson,

Director, Federal Housing Finance Agency.

[FR Doc. 2024–19261 Filed 8–28–24; 8:45 am]

BILLING CODE 8070–01–P

TENNESSEE VALLEY AUTHORITY

18 CFR Part 1304

RIN 3316–AA25

Floating Cabins

AGENCY: Tennessee Valley Authority.

ACTION: Proposed rule.

SUMMARY: The Tennessee Valley Authority (TVA) is proposing to amend its regulations that govern floating cabins located on the Tennessee River System.

DATES: Written comments must be received on or before September 30, 2024.

ADDRESSES: You may send comments, identified by RIN 3316–AA25, by any of the following methods:

Mail/Hand Delivery: David B. Harrell, Program Manager, Floating Cabins, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 11A–K, Knoxville, TN 37902.

Email: fc@tva.gov.

FOR FURTHER INFORMATION CONTACT: David B. Harrell, 865–632–1327, *dbharrell@tva.gov.*

SUPPLEMENTARY INFORMATION:

Legal Authority

These proposed amendments are promulgated under the authority of the TVA Act, as amended, 16 U.S.C. 831 *et seq.* and OMB Circular No. A–25. Under Section 26a of the TVA Act, no obstructions affecting navigation, flood control, or public lands or reservations shall be constructed, operated, or maintained across, along, or in the Tennessee River System without TVA's approval. TVA has long considered nonnavigable structures such as floating cabins to be obstructions that require its approval. In addition, Section 9b of the TVA Act (16 U.S.C. 831h–3) provides that TVA may require floating cabins to be maintained by the owner to reasonable health, safety, and environmental standards.

Background and Proposed Amendments

TVA is a multi-purpose federal agency that has been charged by Congress with promoting the wise use and conservation of the resources of the Tennessee Valley region, including the Tennessee River System. In carrying out this mission, TVA operates a system of dams and reservoirs on the Tennessee River and its tributaries for the purposes of navigation, flood control, and power production. Consistent with those purposes, TVA uses the system to improve water quality and water supply and to provide a wide range of public benefits including recreation.

To promote the unified development and regulation of the Tennessee River System, Congress directed TVA to approve obstructions across, along, or in the river system under Section 26a of the TVA Act. ''Obstruction'' is a broad term that includes, by way of example, boat docks, piers, boathouses, buoys, floats, boat launching ramps, fills, water intakes, devices for discharging effluents, bridges, aerial cables, culverts, pipelines, fish attractors, shoreline stabilization projects, channel excavations, and floating cabins. TVA also owns, as agent for the United States, much of the shoreland and