



LEGAL UPDATE Oct 15, 2021

FHFA Releases Multifamily Caps for Fannie Mae and Freddie Mac

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For those who may have missed it, the Federal Housing Finance Agency (FHFA) just released the 2022 multifamily loan caps for Fannie Mae and Freddie Mac (the Enterprises) increasing each Enterprise's multifamily cap to \$78 billion, for a total of \$156 billion for 2022. FHFA is requiring that at least 50% of the Enterprises' multifamily business be "mission-driven" affordable housing as defined in Appendix A of the Scorecard (this is consistent with the requirement for 2021). FHFA is also requiring that at least 25% of the Enterprises' multifamily business be affordable to residents at 60% AMI or below; this is an increase from 20% for 2021. FHFA also **expanded** the criteria for loans that will qualify as "mission driven", most notably:

1. Loans on affordable units in cost-burdened renter markets can qualify if rents are affordable at 100% AMI for cost-burdened markets or 120% AMI for very cost-burdened markets.
2. Loans under Fannie Mae's Green Rewards or Freddie Mac's Green Up/Green Up Plus programs will qualify as mission-driven if affordability and energy/water savings metrics are also satisfied.
3. Targeted affordable housing loans (loans on properties encumbered by a regulatory agreement or recorded use restriction) no longer have to comply with a general 80% AMI qualifier.

4. For (a) loans on properties whose rents are affordable to tenants at various income thresholds but which are not subject to a regulatory agreement or recorded use restriction and (b) loans on small multifamily properties (5-50 units), the income threshold for affordability is 80% of AMI in standard renter markets, 100% AMI in cost-burdened markets, and 120% AMI in very cost-burdened markets.

These changes align with the administration's focus on affordable housing and traditionally underserved markets and allow the Enterprises more flexibility in fulfilling their "mission driven" requirements.

FHFA stated that it would consider updating the multifamily loan caps and mission-driven requirements if adjustments are warranted, but FHFA stated that it would not reduce the caps if the 2022 multifamily market is smaller than initially projected.

The full announcement can be viewed here: [FHFA Announces 2022 Multifamily Loan Purchase Caps for Fannie Mae and Freddie Mac | Federal Housing Finance Agency.](#)

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