



Affordable Housing Data Guidance

This Job Aid and accompanying Excel spreadsheets for the **Acquisitions systems** provide a quick reference guide for Lenders to use when entering Multifamily Affordable Housing (MAH) data in the applicable Fannie Mae Acquisition system. The following information is addressed below:

- A. MAH Definitions.
- B. Multifamily Affordable Housing Preservation commitments.
- C. Relevant LIHTC Periods.
- D. Details about Tax Exemption/Abatement.
- E. General Delivery instructions for the Acquisition systems and the Underwriting Data Form (Form 4662).

Please refer to the Fannie Mae Multifamily Selling and Servicing Guide (“Guide”) for additional information.

A. Fannie Mae Multifamily Affordable Housing (MAH) definitions:

The following Properties qualify as an MAH Property under the Guide.

The Property is encumbered by a third-party regulatory agreement, land use restriction agreement, extended use agreement, or similar restriction or recorded restriction (an “Affordable Regulatory Agreement”) that limits rents, imposes maximum income restrictions on tenants, or places other affordability restrictions on the use or occupancy of the MAH Property that meet or exceed one of the following requirements:

- "20% @ 50%": at least 20% of all units have rent or income restrictions in place making them affordable to households earning no more than 50% of Area Median Income (“AMI”) as adjusted for family size;
- "40% @ 60%": at least 40% of all units have rent or income restrictions in place making them affordable to households earning no more than 60% of AMI as adjusted for family size (except for New York City, where at least 25% of all units have rent or income restrictions in place making them affordable to households earning no more than 60% of AMI as adjusted for family size); or
- HUD Project-based Section 8 rental subsidy in the form of a Housing Assistance Payment contract (includes Project Based HAP contract and Project Based Vouchers): at least 20% of all units restricted at or below 80% AMI are subject to a project-based HAP contract.



3. Special Public Purpose (SPP): A Special Public Purpose Property:

- is subject to an Affordable Regulatory Agreement imposed by a government entity, containing other rent and/or income restrictions;
- has rent or income restrictions that meet or exceed 20% @ or below 80%: at least 20% of all units have rent or income restrictions in place making them affordable to households earning no more than 80% of AMI as adjusted for family size, and
- meets a noteworthy special public purpose.

An MAH Mortgage Loan secured by a Special Public Purpose Property:

- must be delivered with the “MAH Type” and “Affordable Housing Type” as “Other – Special Public Purpose”;
- requires Additional Disclosure; and
- must include the following Additional Disclosure comments:
 - Are there Rent and Income restrictions; or Rent or Income Restrictions. Please specify; and
 - Provide details on when the Property will be in compliance with the Regulatory Agreement, including, if compliance is phased in over time, the specific information on the timing:
 - 12 months or 36 months;
 - no deadline but is subject to the “Next Available Unit” rule; or
 - no deadline; it states that the Property must “reserve” its units for qualified residents. It does not require the units to be “rented” to qualified residents.

Use this [link](#) to access more information on Special Public Purpose.

4. Sponsor-Initiated Affordability (SAI): The Property is subject to voluntarily rent and income restrictions self-imposed by the Borrower to preserve or create multifamily affordable housing. These restrictions must:

- require the Property to have:
 - rent and income restrictions that meet or exceed 20% @ 80%: at least 20% of all units have rent and income restrictions in place making them affordable to households earning no more than 80% of AMI as adjusted for family size, and



- rent not exceeding 30% of the adjusted AMI;
- be placed on record against the Property by executing the Sponsor-Initiated Affordability Agreement (Form 6490);
- be in place at the Property by the Mortgage Loan Origination Date;
- require that Property to comply with the Sponsor-Initiated Affordability Agreement (Form 6490) within 12 months after the Mortgage Loan Origination Date;
- remain in place during the Mortgage Loan term; and
- be certified annually by the Borrower and monitored by an Administering Agent for compliance with the Sponsor-Initiated Affordability Agreement (Form 6490).

These Properties should deliver with “MAH Type” and “Affordable Housing Type” as “Other – Sponsor-Initiated Affordability”. Use this [link](#) to access more information on Sponsor-Initiated Affordability.

B. Multifamily Affordable Housing Preservation Commitments - When to select the Multifamily Housing Preservation box under “Other Attributes” on the “Commitment” page of C&D:

Use the following guidance for “Multifamily Affordable Preservation” in the Guide (**Part III, Chapter 7, Section 701.01**) to decide whether to designate a transaction as “Multifamily Housing Preservation”:

- An Affordable Preservation Transaction is any transaction involving an MAH Property that:
 - currently has rent or income restrictions meeting the eligibility criteria of an MAH Property, but the Property is potentially at risk of being lost from the affordable housing inventory through conversion to market-rate housing;
 - is not receiving new LIHTC; and
 - is being acquired or refinanced but excludes a Mortgage Loan paying off the initial construction loan.
- As noted in the “Other Attributes” section of the C&D “Commitment” page, a transaction may have multiple Other Attributes. For example, both “Multifamily Housing Preservation” and “MAH” may be selected as “Other Attributes” on the same deal.

C. Relevant LIHTC Periods and Fields:

- Tax Credit Period: The period of time an Investor Limited Partner is scheduled to claim the tax credit on its Federal income tax return. The tax credit period is normally 10 years or 120 months and begins the year the building is placed in service



(PIS), unless the owner opts to begin the year after PIS. The first year of the compliance period is also the first year of the tax credit period.

The Tax Credit Period (≤ 120 months) is the value that should be entered in the field “*Remaining Credit Period for Tax Credits (months)*”.

- **Initial Compliance Period:** The compliance period is the prescribed timeframe an owner must comply with all LIHTC program requirements to achieve the allocated tax credits. The compliance period is 15 years and begins with the first year of its tax credit period. During this period an owner is required to observe all program requirements mandated by the IRS and the applicable state Housing Finance Agency (HFA).

LIHTC that is in the Compliance Period is split into two categories for determining the Affordable Housing Type selection:

- LIHTC that has at least 8 years remaining in the original 15-year IRS Compliance Period is defined as “New” LIHTC; and
- LIHTC that has less than 8 years remaining in the original 15-year IRS compliance period.

The “LIHTC Initial Compliance Period End Date” field should contain the date the Initial Compliance Period expires.

- **Extended Use Period:** The extended use period (EUP) extends the compliance period for at least 15 extra years. During this period an owner is required to observe all program requirements mandated by the applicable state Housing Finance Agency (HFA).

The “LIHTC Extended Use Period End Date” field should contain the date the date the Extended Use Period (EUP) expires.

D. Details about Tax Exemption/Abatement:

Property tax exemptions reduce the Property’s assessed value or rate of taxation, resulting in a lower tax bill. Property tax abatements directly reduce the amount of taxes owed for a specified period. If the Property has either a Tax Exemption or Tax Abatement:

- the “Additional Disclosure” field on the “Commitment” Page should be “Yes”, and “Additional Disclosure Comments” should state that either a Tax Abatement and/or a Tax Exemption exists for the Property;
- the “Tax Exemption/Tax Abatement” field on the “Collateral” Page should be “Yes”, and the “Remaining Term of Tax Exemption / Abatement (months)” field should be completed; and
- the “Is this Property subject to a Qualifying State or Local Government Affordable Housing Program?” field should be “Yes”, and applicable “Program Name(s) and Type(s)” should be provided.



E. General Delivery instructions and the Underwriting Data Form (Form 4662):

- Land Use Restriction Agreement (LURA): This category can include, but is not limited to, restrictions that are recorded against a Property under a PILOT/Tax Abatement and/or Ground Lease.
- Total percent of all restricted units: This field cannot exceed 100.0%, and the combination of AMI restrictions cannot exceed 100.0%.
- Section 8 Units: Section 8 vouchers are NOT to be included in any of the “Affordable Data” fields; only Section 8 units subject to a project-based HAP contract should be reported as restricted units.
- Not MAH: MAH Type (Commitment Page in C&D) and Affordable Housing Type (Collateral Page in C&D and MSFMS) should be entered as “Not MAH” in the following instances:
 - Property has income and/or rent restrictions that do not meet the Fannie Mae MAH definition above; and
 - Property has:
 - less than 3 years of rent or income restrictions remaining on the Affordable Regulatory Agreement and is expected to transition to market rents during the term of the Mortgage Loan; or
 - has 3 or more years of LIHTC restrictions remaining, but the Borrower intends to enter into the Qualified Contract Process (per Section 42 of the Internal Revenue Code) within 3 years after the Mortgage Loan Origination Date.
- Please note that restrictions not directly associated with affordability requirements (e.g., Land Use restrictions, Earthquake restrictions) must also be disclosed as **Additional Disclosure** because of the existence of an additional Event of Default.
- Other – Sponsor-Dedicated Workforce (SDW) Housing (Note: A new allowable value is being added to the Affordable Housing Type and will be available in Acquisition system Q2 2023. Until then, continue to use “Not MAH” and Additional Disclosure for Properties with SDW): When a Borrower agrees to restrict rents on a certain percentage of units at the Property for renters. MAH Type (Commitment Page in C&D) and Affordable Housing Type (Collateral Page in C&D and MSFMS) should be entered as “Other-Sponsor-Dedicated Workforce” as follows:
 - Minimum Threshold: 20% of units held at 80% AMI (up to 120% AMI in high-cost burdened markets);
 - Restrictions: Rent-only restrictions in place for the entire term of the Mortgage Loan; and
 - Additional Disclosure is required for “Other – Sponsor-Dedicated Workforce with Cost-Burdened and Very Cost-Burdened”. FHFA’s “cost-burdened” (100% AMI) and “very cost-burdened” (120% AMI) markets should be used to identify applicable geographies for eligible Properties:



- “Additional Disclosure” field on the “Commitment” Page should be “Yes”; and
- “Additional Disclosure Comments” should contain “Other – Sponsor-Dedicated Workforce with Cost-Burdened and Very Cost-Burdened”.
- Determination of “cost-burdened” and “very cost-burdened” markets:
 - FHFA will annually designate the United States counties that are “cost-burdened” or “very cost burdened:
 - In a “cost-burdened” market, the income threshold for affordability is at or below 100% of area median income (AMI).
 - In a “very cost-burdened” market, the income threshold for affordability is at or below 120% of AMI.
 - Current information for the FHFA-designated “cost-burdened” and “very cost burdened” markets can be found on the [Fannie Mae Multifamily](#) website in two places:
 - On the [Fannie Mae Multifamily](#) home page, click on the “Learning Center” link at the top;
 - From the [Learning Center](#) page, click on “Learn More” under the [Resources by Loan Stage](#) banner to go to the [Resources By Loan Stage](#) page.
 - On the [Resources by Loan Stage](#) page, go to the “Affordability Estimator” section and click on either the:
 - (i) “[Guide to Estimating Affordability and Mission-Driven Business](#)” hyperlink to access the designated “cost-burdened” and “very cost-burdened” markets list and map; or
 - (ii) “Multifamily Affordability Estimator” hyperlink to download the “Multifamily Affordability Estimator (MAE)” Excel file; in the Excel file, click on the “2023 FHFA Mkt.” tab to see the current listing of “cost-burdened” and “very cost burdened” markets by county.

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