

# Equitable Housing Finance Plan 2023

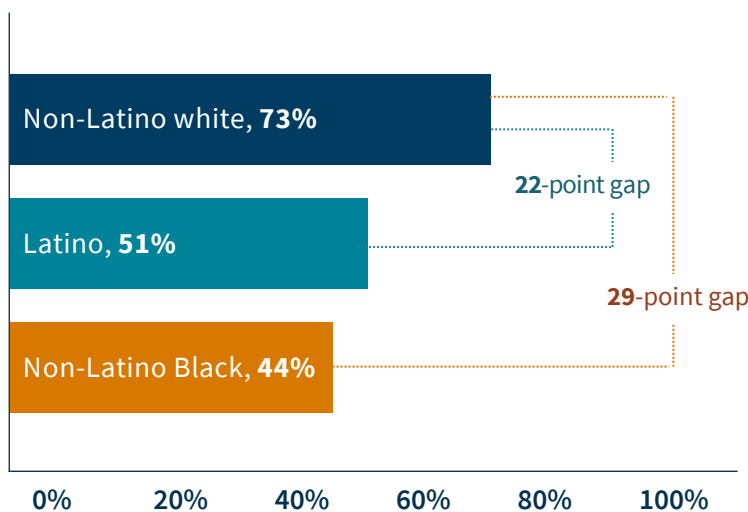
Fannie Mae’s Equitable Housing Finance Plan (EHFP) is an actionable, three-year road map designed to overcome inequities in the U.S. housing market. In its second year, the Plan outlines new actions and adaptive changes. The goal remains the same: to knock down the barriers to affordable rental housing and homeownership for historically underserved populations.

## A snapshot of this year’s key objectives

- 1 Reduce up-front rental and homeownership costs and eliminate outdated barriers.
- 2 Support improved opportunities for long-term success for underserved renters and borrowers.

## Always our North Star: closing the housing gap

U.S. homeownership rate by race (2021)



**Source:** Fannie Mae computations from American Community Survey PUMS 1-year estimates, 2021

## WHAT’S NEW IN 2023

- **The Latino Housing Journey:** Created a new data-based consumer journey that informs our actions, building on the insights from the Black Housing Journey.
- **New actions:** Stretched our ambitions with new actions developed specifically to improve equitable access to rental housing and financially empower renters.
- **An innovation portfolio:** Supported five new community-based approaches to sustainable housing for Black people in communities of opportunity.
- **Closed actions:** Two actions from last year were deemed completed, unviable, and/or ineffective and removed to focus on more efficient efforts.
- **Revised actions:** Most existing actions were updated and improved based on early test-and-learn programs, research, or consumer and stakeholder input.



## The Black and Latino Housing Journeys

The EHFP focuses on the three main phases of this journey:



### STEP 1

#### Housing Preparation

Promoting credit building and financial education to help underserved households increase access to affordable rental housing and prepare early for sustainable homeownership.



### STEP 2

#### Renting or Buying

Removing unnecessary obstacles consumers face in shopping for, acquiring, renting, or financing a home.



### STEP 3

#### Move In and Maintain

Improving the housing infrastructure so renters and homeowners can withstand disruptions and remain sustainably housed.

## Along the journey: an overview of obstacles

Extensive research revealed that consumers who identify as Black and/or Latino experience many of the same obstacles. These are the main areas where our actions can have the most impact on both consumer groups.



### Financial realities

Financial profiles show higher housing cost burdens, thin credit, higher debt-to-income ratios, and other financial disparities that create barriers to savings and limited funds for housing costs.



### Bias and unequal access

Black and Latino consumers experience racial steering, mortgage and denial at higher levels, higher relative costs and fees for rent or mortgages, and lower home appreciation.



### Lack of affordable housing

Rising home prices coupled with income inequities place affordable housing further out of reach for Black and Latino consumers.



### Housing vulnerability

Households show higher rates of repair needs and disproportionate exposure to climate crises yet have smaller savings to cover maintenance, natural disasters, and unexpected financial shocks.

## What can you do?

1

Download the [full Plan](#)

2

Download [last year's Plan](#)

3

Download the [2022 Performance Report](#)



## Appendix: 25 actions that address these obstacles (and more)

The updated Plan includes 25 solutions and initiatives that address these obstacles and many more throughout the stages of the Consumer Housing Journey.

### Housing Preparation

---

- Pilot rental payment reporting across the multifamily industry to help renters with no credit score establish a credit history and help those with low credit scores to increase them
- Support financial capabilities coaching to build credit and savings in targeted markets
- Support the implementation of a positive rent reporting program for Black renters to help them establish and/or improve credit using on-site financial coaching programs at rental properties (Innovation Challenge)
- Support the expansion of a comprehensive financial coaching and HUD-approved counseling and planning for development of affordable housing in rural Virginia (Innovation Challenge)

### Renting or Buying

---

- Expand access for borrowers with insufficient credit through automated underwriting enhancements to support consumers
- Expand access to credit for first-time homebuyers through an automated underwriting enhancement that considers a borrower's positive rent payment history as part of the credit risk assessment
- Continue pilot of special purpose credit programs (SPCPs) to help support the expansion of homeownership and availability of down payment assistance (DPA), while exploring ways to reduce SPCP participation hurdles for lenders
- Pilot options to defray and/or decrease the cost of renter security deposits to help Black and Latino renters qualify for quality rental housing and increase savings
- Close the knowledge gap for consumer audiences with targeted outreach and expanded homeownership curriculum to create more confident consumers along the housing journey
- Explore the potential to derive value from Social Index-related mortgage-backed securities issuance to promote access to credit and borrowing cost reduction for underserved borrowers
- Valuation modernization to support an equitable appraisal process for Black and Latino households and communities of color
- Expand Appraiser Diversity Initiative to attract new entrants to the residential appraisal field by reducing barriers to entry (such as education, training, and experience requirements), and fostering diversity, which we believe will help to reduce the instances of appraisal bias
- Reduce closing costs for consumers to help remove the barrier of lack of sufficient funds for closing (down payment plus closing costs)
- Pilot a multifamily borrower diversity program to reduce barriers for property owners from historically underserved groups
- Launch a Delegated Underwriting and Servicing (DUS<sup>®</sup>) correspondent diversity program
- Develop and launch Sponsor-Dedicated Workforce (SDW), a Fannie Mae Multifamily loan incentive initiative for use by multifamily borrowers and lenders
- Continue to advance Sponsor-Initiated Affordability (SIA), a Fannie Mae Multifamily loan incentive initiative for use by multifamily borrowers and lenders
- Support the revitalization and expansion of housing opportunities in a historically Black neighborhood through rehabilitation and infill housing (Innovation Challenge)
- Support the creation of locally owned modular construction facilities in urban communities of color (Innovation Challenge)
- Support the development of a locally controlled special purpose credit program to increase Black homeownership (Innovation Challenge)
- Connect diverse college students to career opportunities in housing and real estate finance via the expansion of Fannie Mae's Future Housing Leaders<sup>®</sup> program

### Move In and Maintain

---

- Pilot homeownership sustainability services, such as post-purchase counseling and mortgage reserve accounts, as a feature of special purpose credit programs (SPCPs) to strengthen borrower housing stability over time
- Promote awareness of fair servicing best practices to address borrower loss mitigation disparities
- Expand counseling services for renters and homeowners facing hardship
- Provide climate analytics to empower communities with data, enabling them to make a stronger case for change and resources