



Equitable Housing Finance Plan

2022 – 2024



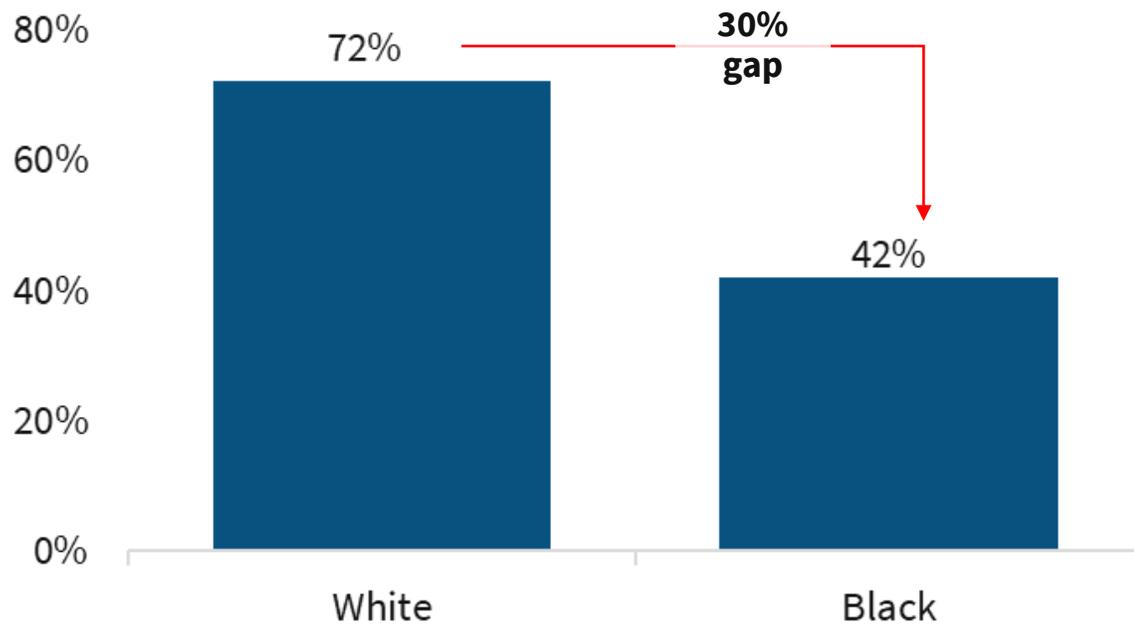
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Homeownership rate gap between white and Black consumers

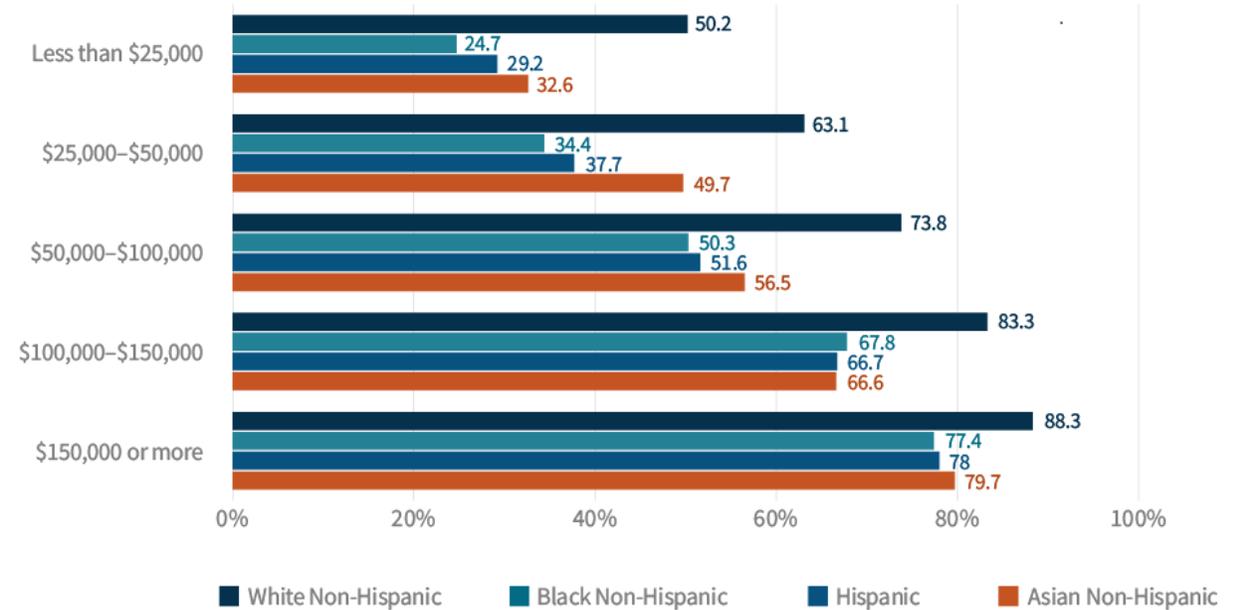
- 42% of Black Americans own homes compared to 72% of non-Hispanic white Americans – a gap of 30%, which translates to 4.7 million Black households, and the Black homeownership gap is persistent across all household income levels.

US homeownership rate by race (2019)



SOURCES: 2019 American Community Survey and the 2019 Current Population Survey/Housing Vacancies and Homeownership Survey.

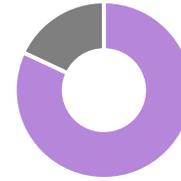
Homeownership rate by household income (2019)



SOURCE: Fannie Mae computations from 2019 American Community Survey PUMS data



The aspiration to own a home is almost universal, but slightly higher among historically underserved renters



83% of renters intend to buy at some point in the future

- Renters across most demographic groups aspire to buy a home one day.
- The percentage for renters who desire to own a home is the highest for historically underserved groups.
- Research has shown nearly 90% of Black renters desire to own a home yet face the most obstacles.

Among renters, by demographic group:



Source: Fannie Mae Q4 2021 National Housing Survey
% Buy at some point data showing for Q4 2021

The housing journey identifies the stages all homeowners or renters experience.

The first use case was to apply this journey to Black consumers. The Plan was informed by extensive research into the Black housing journey, which chronicles the major housing challenges Black people face throughout their housing journey.

Key Obstacles



Renters carry higher shares of housing cost burdens, creating barriers to savings.



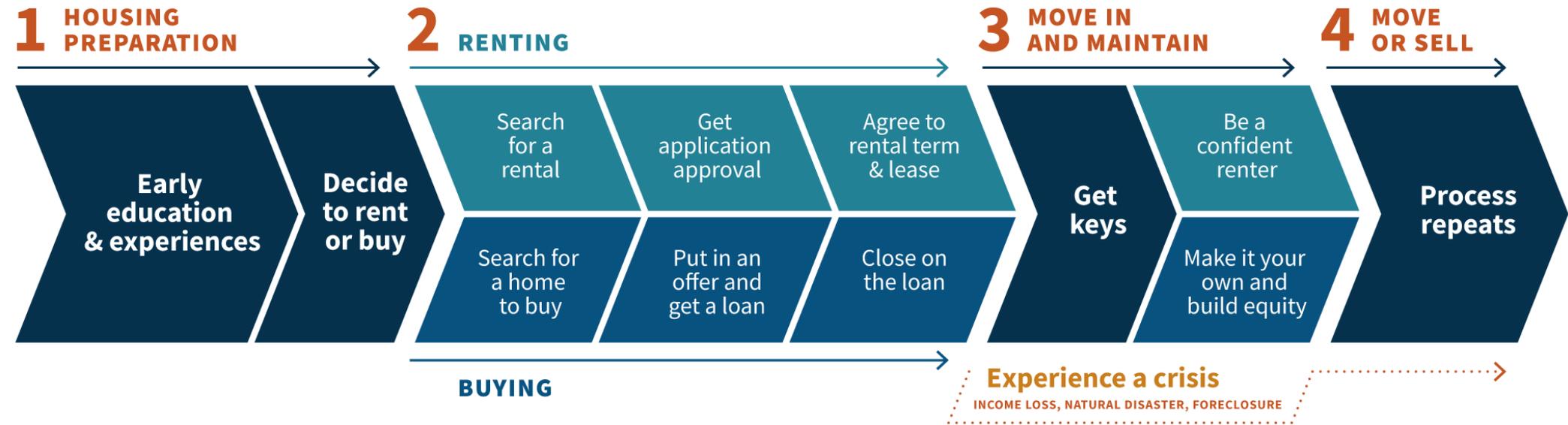
Lack of money for security deposits, down payments, closing costs.



Lower credit scores and credit invisibility.



Smaller savings for post-purchase maintenance, natural disasters, or income disruptions.



What's in the Plan

Fannie Mae's three-year Equitable Housing Finance Plan seeks to knock down barriers faced by Black homeowners and renters through piloted solutions that remove unnecessary obstacles to first-time homeownership and access to affordable, quality rental housing.



17 actions

The three-year Plan includes efforts to enhance homebuyer education, credit eligibility innovations, and housing stability programs.



Special Purpose Credit Programs

Proposes creating Special Purpose Credit Programs (SPCPs) to serve specific areas of need and opportunity, such as down payment assistance.



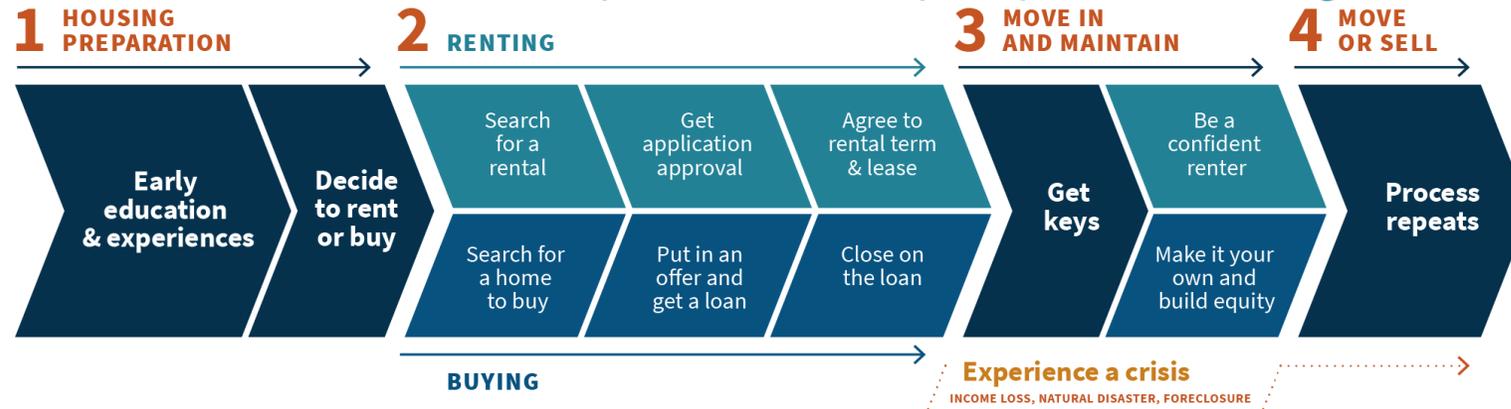
Three focus areas

- **Housing preparation:** Helping Black consumers prepare early for sustainable homeownership and access to quality rental housing through credit building and financial education.
- **Buying or renting:** Knocking down barriers Black people face in shopping for, acquiring, renting, or mortgaging a home.
- **Moving in and maintaining:** Improving the infrastructure of sustainable homeownership so homeowners and renters can withstand disruptions or hardships and remain stably housed.



Actions Centered in Progressing Equity

The **Equitable Housing Finance Plan** includes **17 actions** across the Housing Journey that enable sustainable access to homeownership & affordable, quality rental housing



1 Housing Preparation

1. Pilot and Expand Multi-Family Rental Payment Reporting
2. Pilot Options to defray / decrease Security Deposits

2 Renting or Buying

- Access To Mortgage Finance**
 3. Pilot Special Purpose Credit Programs (SPCPs) through DPA, Expanded Eligibility
 4. Pilot SPCP – Reduce Closing Costs
 5. Execute Valuation Modernization
- Addressing Insufficient Credit**
 6. Launch Cash-flow Underwriting Model
 7. Expand use of rental reporting in DU
 8. Execute CDIA efforts
- Enabling Diversity**
 9. Expand Appraiser Diversity Initiative
 10. Expand Future Housing Leaders
- Education**
 11. Build and Launch HomeView
 12. Launch Closing Cost Calculator Tool

3 Move In And Maintain

13. Pilot SPCP – post purchase education /counseling
14. Pilot SPCP – Add-on features
15. Provide Climate Analytics
16. Expand counseling services
17. Provide Ongoing Oversight of Servicer Forbearance / Home Retention Efforts

4 Move or Sell

And the housing journey starts over with electing to Rent or Buy

A central component of our Equitable Housing Finance Plan: Special Purpose Credit Programs.

Through a phased approach, our strategic plan will help tackle many of the homeownership obstacles facing Black consumers in these pilot markets as identified in the Equitable Housing Finance Plan and Black Housing Journey.



Provide **Down Payment Assistance**



Reduce **Closing Costs**



Test add-on features via **appraisal products, reimbursements, and/or title products**



Expansion of **homeownership eligibility via HomeReady®** or similar program



New education content & experience to strengthen borrower housing stability over time



Test add-on features such as **mortgage reserve accounts, home warranty products, or flood insurance**



We're focused on knocking down barriers across the Black renter and homeowner journey

Over the last few years, we introduced innovative solutions and policy changes to progress equity in the housing finance ecosystem. This is just the beginning.

Using the journey as a roadmap, we can drive an aligned view and greater understanding of the housing obstacles facing Black renters and homeowners and determine where we can drive actions or partnerships across the industry that can have the greatest impacts to reduce or eliminate the obstacle.



1 Housing Preparation

Address broader challenges through **education**

- Early Financial Capability Training
- HomeView™

2 Renting Buying

Access to **quality rental & opportunities for homeownership**

- Positive Rent Payment History in Desktop Underwriter®
- Expanded Housing Choice Vouchers
- Down Payment Assistance Standardization
- Desktop Appraisals

3 Move In And Maintain

Ensure housing **stability**

- RefiNow™
- Know Your Options™

4 Move or Sell

Provide **support** in the next step of the housing lifecycle

- Future Housing Leaders®
- Appraiser Diversity Initiative



Next steps

Track our progress on Racial Equity at fanniemae.com.

Reach out to your Fannie Mae relationship contact to ask questions.

Identify actions where you can partner with us to implement and evolve this Plan.

Research

- [Appraising the appraisal](#): Disparities in appraisal values between Black and white borrowers.
- [Barriers to entry](#): Closing costs are an obstacle to sustainable homeownership for first-time and low-income homebuyers, including Black and Hispanic borrowers.

Perspectives

- [The Journey to a More Efficient and Fair Home Valuation Process](#) by Jake Williamson
- [Facing Black History with Courage](#) by Jeff Hayward
- [Complacency is Never an Option](#) by Kenneth Imo
- [Expanding Equitable Homeownership Opportunities, Starting with Education](#) by PJ McCarthy

Resources

- [Knocking Down Barriers Blog](#) by Jeff Haward
- [Equitable Housing Finance Plan](#)
- [ESG](#)





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