Proposed Rules

Federal Register

Vol. 86, No. 162

Wednesday, August 25, 2021

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–AB12

2022–2024 Enterprise Housing Goals

AGENCY: Federal Housing Finance Agency.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Agency (FHFA) is issuing a proposed rule with request for comments on the housing goals for Fannie Mae and Freddie Mac (the Enterprises) for 2022 through 2024. The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (the Safety and Soundness Act) requires FHFA to establish annual housing goals for mortgages purchased by the Enterprises. The housing goals include separate categories for single-family and multifamily mortgages on housing that is affordable to low-income and very low-income families, among other categories. The existing housing goals for the Enterprises include benchmark levels through the end of 2021. This proposed rule would establish new benchmark levels for the housing goals and subgoals for 2022 through 2024. The proposed rule would also replace the low-income areas subgoal with separate area-based subgoals targeting the individual components of the low-income areas subgoal (minority census tracts and low-income census tracts). Finally, the proposed rule would make several technical changes to definitions and other provisions to conform the regulation to existing practice.

DATES: FHFA will accept written comments on the proposed rule on or before October 25, 2021.

ADDRESSES: You may submit your comments on the proposed rule, identified by regulatory information number (RIN) 2590–AB12, by any one of the following methods:

- *Agency Website: www.fhfa.gov/open-for-comment-or-input.*
- *Federal eRulemaking Portal: http://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–AB12.
- *Hand Delivered/Courier:* The hand delivery address is: Clinton Jones, General Counsel, Attention: Comments/RIN 2590–AB12, 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.
- *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–AB12, 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: 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;* Kevin Sheehan, Associate General Counsel, Office of General Counsel, (202) 649–3086, *Kevin.Sheehan@fhfa.gov;* or Marshall Adam Pecsek, Assistant General Counsel, (202) 649–3380, *Marshall.Pecsek@fhfa.gov.* These are not toll-free numbers. The mailing address is: Federal Housing Finance Agency, 400 Seventh Street SW, Washington, DC 20219. The telephone number for the Telecommunications Device for the Deaf is (800) 877–8339.

SUPPLEMENTARY INFORMATION:

I. Comments

FHFA invites comments on all aspects of the proposed rule and will take all comments germane to the proposed rule into consideration before issuing a final rule. Copies of all such comments will be posted without change, including any personal information you provide such as your name, address, email address, and telephone number, on FHFA's public website at *http://www.fhfa.gov.* In addition, copies of all such comments received will be available for examination by the public through the electronic rulemaking docket for this proposed rule also located on the FHFA website.

Commenters are encouraged to review and comment on all aspects of the proposed rule, including the proposed single-family housing goals and subgoals benchmark levels, the proposed multifamily housing goals benchmark levels, and the other proposed changes to the regulation.

II. Background

A. Statutory and Regulatory Background for the Existing Housing Goals

The 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 rules for determining how mortgage purchases are counted or not counted are defined in the housing goals regulation.[3] The most recent rule established benchmark levels for the housing goals for 2021.[4]

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

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

[3] *See* 12 CFR part 1282.

[4] *See* 85 FR 82881 (Dec. 21, 2020). Prior to the rule establishing housing goals for 2021, the most recent rule establishing Enterprise housing goals applied to years 2018 through 2020. *See* 83 FR 5878 (Feb. 12, 2018). The 2020 final rule extended the housing goals benchmark levels applicable to 2018–2020 through 2021 only, a departure from historical FHFA practice of establishing goals at three-year intervals. As stated in the preamble to the 2020 final rule, this choice was motivated by the unique

This proposed rule would establish benchmark levels for 2022–2024.

Single-family goals. The single-family 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] The Safety and Soundness Act defines ''low-income area'' [6] to 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 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 a subgoal, within the low-income areas goal, that is limited to families in low-income census tracts and moderate-income families in minority census tracts.[10] FHFA is proposing a change to the structure of the low-income areas subgoal, as further discussed in Section III.A. below. Performance on the single-family home purchase goals 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 refinancing mortgages for low-income families, and performance on the refinancing 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 total. The single-family goals cover conventional, conforming mortgages, defined as mortgages that are not insured or guaranteed by the Federal Housing Administration or another government agency and with principal balances that do not exceed the conforming loan limits for Enterprise mortgages.

Two-part evaluation approach. The performance of the Enterprises on the housing goals is evaluated using a two-part approach, comparing the goal-qualifying share of the Enterprise's mortgage purchases to two separate measures: A benchmark level and a market level. In order to meet a single-family housing goal, the percentage of mortgage purchases by an Enterprise that meet 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 (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 very few such securities have been issued for conventional conforming mortgages since 2008.

While both the benchmark level and the retrospective market level are designed to measure the current year's mortgage originations, 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 providing housing goals credit when the Enterprises acquire qualified seasoned loans. (Seasoned loans are loans that were originated in prior years and acquired by the Enterprise in the current year.)

Multifamily goals. The multifamily goals defined under the Safety and Soundness Act include categories for mortgages on multifamily properties (properties with five or more units) with rental units affordable to low-income families and mortgages on multifamily properties with rental units affordable to very low-income families. The Enterprise housing goals regulation also 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 goals evaluate the performance of the Enterprises based on numeric targets, not percentages, for the number 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 goals, due in part to a lack of comprehensive data about the multifamily market. As a result, FHFA currently measures Enterprise multifamily goals performance against the benchmark levels only.

The Safety and Soundness Act requires that affordability for rental units under the multifamily 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.'' [12] The Enterprise housing goals regulation considers the net rent paid by the renter and, therefore, nets out any subsidy payments that the renter may receive, including housing assistance payments.

B. Adjusting the Housing Goals

If, after publication of the final rule establishing the housing goals for 2022–2024, FHFA determines that any of the single-family or multifamily housing goals should be adjusted in light of market conditions, to ensure the safety and soundness of the Enterprises, or for any other reason, FHFA will take any steps that are necessary and appropriate to adjust that goal such as reducing the benchmark level through the processes in the existing regulation. FHFA may take other actions consistent with the Safety and Soundness Act and the Enterprise housing goals regulation based on new information or developments that occur after publication of the final rule.

For example, under the Safety and Soundness Act and the Enterprise housing goals regulation, FHFA may 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)

market conditions created by the COVID–19 pandemic. 85 FR at 82881 (''Due to the severe nature of the COVID–19 pandemic and associated economic uncertainty, FHFA is establishing benchmark levels for the Enterprise single-family and multifamily housing goals for calendar year 2021 only.'')

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

[6] 12 U.S.C. 4502(28).

[7] 12 U.S.C. 4502(28); 12 CFR 1282.1 (par. (i) of definition of ''families in low-income areas'').

[8] 12 U.S.C. 4502(29); 12 CFR 1281.1 (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 1281.1 (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] *See* 12 U.S.C. 4563(c). This affordability definition is sometimes referred to as the ''Brooke Amendment,'' which states that 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.

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.[13]

The Safety and Soundness Act and the Enterprise housing goals regulation also take into account the possibility that achievement of a particular housing goal may or may not have been feasible for an Enterprise to achieve. 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.[14]

If FHFA determines that an Enterprise failed to 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.

C. Housing Goals Under Conservatorship

On September 6, 2008, FHFA placed each Enterprise into conservatorship. Although the Enterprises remain in conservatorship at this time, 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

This proposed rule would establish the benchmark levels for the existing single-family housing goals for 2022–2024 as follows:

Goal	Criteria	Current benchmark level for 2021 (percent)	Proposed benchmark level for 2022–2024 (percent)
Low-Income Home Purchase Goal	Home purchase mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 80 of area median income (AMI).	24	28
Very Low-Income Home Purchase Goal	Home purchase mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 50 of AMI.	6	7
Low-Income Refinancing Goal	Refinancing mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 80 of AMI.	21	26

The proposed rule would replace the existing low-income areas subgoal with two new area-based subgoals and corresponding benchmark levels. Implementation of the two new subgoals would modify the methodology for measuring the Enterprises' performance in these areas. The first of the proposed subgoals would establish a benchmark level for Enterprise purchases of mortgage loans on properties in minority census tracts, made to borrowers with incomes no greater than 100 percent of AMI. The second of the proposed subgoals would establish a benchmark level for Enterprise purchases of (i) mortgage loans on properties in low-income census tracts that are not minority census tracts, as well as (ii) mortgage loans on properties in low-income census tracts that are minority census tracts, made to families with incomes greater than 100 percent of AMI. The proposed rule would establish the new subgoal benchmark levels for 2022–2024 as follows:

Subgoal	Criteria	Proposed benchmark level for 2022–2024 (percent)
Minority Census Tracts Subgoal	Home purchase mortgages on single-family, owner-occupied properties to borrowers with income no greater than 100 percent of AMI in minority census tracts.[1]	10
Low-Income Census Tracts 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.

In addition, FHFA will continue to establish by notice to the Enterprises an annual benchmark level for the low-income areas housing goal that takes into account loans from disaster areas. The proposed rule would make one clarifying change to the definition of "designated disaster area," as described below.

B. Proposed Benchmark Levels for the Multifamily Housing Goals

The proposed rule would establish the benchmark levels for the

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

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

multifamily goal and subgoals for 2022–2024 as follows:

Goal	Criteria	Current benchmark level for 2021 (units)	Proposed benchmark level for 2022–2024 (units)
Low-Income Goal	affordable to families with incomes no greater than 80 percent of AMI in multifamily rental properties with mortgages purchased by an Enterprise.	315,000	415,000
Very Low-Income Subgoal	affordable to families with incomes no greater than 50 percent of AMI in multifamily rental properties with mortgages purchased by an Enterprise.	60,000	88,000
Small Multifamily Low-Income Subgoal	affordable to families with incomes no greater than 80 percent of AMI in small multifamily rental properties (5 to 50) with mortgages purchased by an Enterprise.	10,000	23,000

C. Other Proposed Changes

The proposed rule would make minor technical changes to some regulatory definitions and counting rules. These changes would be non-substantive changes intended to conform the regulation to existing FHFA practices in measuring the performance of the Enterprises under the housing goals.

D. Summary of Responses to the ANPR and Public Listening Session

In December 2020, FHFA published an Advance Notice of Proposed Rulemaking (ANPR) requesting public comment on several questions related to potential changes to the Enterprise housing goals regulation.[15] FHFA invited comments in the ANPR on four specific questions identified below, as well as on any other issues that commenters thought should be addressed as part of the rulemaking to establish the housing goals benchmark levels for 2022 and beyond.

FHFA also held a public listening session in March 2021 to solicit additional input on the Enterprise housing goals regulation. FHFA received 16 letters in response to the ANPR and heard from 12 external speakers during the listening session. The comments provided through the letters and by the speakers addressed a range of topics related to the Enterprise housing goals and access to mortgages for low-income borrowers. FHFA appreciates the time and effort that commenters put into responses and has incorporated elements of the feedback received into the proposed rule. Some of the topics raised in the comments require further research or analysis, and FHFA may consider these issues in future rulemaking cycles. A summary of the comments received is included below. All comments received, as well as the transcript of the public listening session, are available at FHFA's website.[16]

Question 1: Are there categories of loans that should be excluded from receiving housing goals credit under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) provisions on "unacceptable business and lending practices"?

Numerous commenters opposed excluding loans from receiving housing goals credit because of certain credit or underwriting features like loan-to-value or debt-to-income ratios. Several commenters stressed their belief that loans that meet safety and soundness standards and are eligible for purchase by the Enterprises should be eligible for housing goals credit. In addition, many of the commenters argued that loans that are eligible for Qualified Mortgage (QM) status should also be eligible for housing goals credit. Two commenters stressed that FHFA should not exclude particular categories of loans from receiving housing goals credit unless the performance of the loan products is unsustainable. Other commenters supported excluding certain loans from receiving housing goals credit. For example, one commenter argued that mortgages with loan-level pricing adjustments should not receive credit. Another commenter recommended that FHFA require the Enterprises to use a historical mortgage default rate matrix to limit certain types of acquisitions.

Several commenters expressed concerns about the January 2021 amendments to the Senior Preferred Stock Purchase Agreements between the Enterprises and the U.S. Department of the Treasury (PSPAs), which place new limits on risk-layering in loans eligible for purchase by the Enterprises. The commenters stressed the potential negative impact the amendments to the PSPAs could have on communities and borrowers of color and encouraged FHFA to evaluate the effect of the new restrictions on the housing goals. The commenters also requested that FHFA provide more data on the impact of the housing goals by income and race or ethnicity in light of the changes to the PSPAs. One commenter requested that FHFA conduct annual evaluations of how its policies, including the PSPAs, impact the ability of the Enterprises to meet the housing goals and satisfy their charter missions. Several commenters raised concerns about the Enterprises' ability to meet the housing goals in light of FHFA's recently adopted capital regulation, which they believe will increase mortgage costs and, in turn, decrease access to mortgage credit for lower-income or lower-wealth borrowers and borrowers of color.

Question 2: Are there ways to determine whether the low-income areas home purchase subgoal has resulted in the displacement of residents from certain communities, or to measure the extent of any such displacement? Should FHFA consider modifying the low-income areas home purchase subgoal to address such concerns? If so, how?

FHFA provided an analysis of whether the low-income areas home purchase subgoal has resulted in the displacement of residents from certain communities in the ANPR based on HMDA data. The data showed that both low-income areas and high-minority areas have increasing shares of borrowers with incomes at or above 100 percent of AMI.[17] The data also showed that the share of loans made to borrowers with incomes greater than 100 percent of AMI and residing in low-income census tracts increased from

[15] *See* 85 FR 82965 (Dec. 21, 2020).

[16] *See https://www.fhfa.gov/Videos/Pages/FHFA-Public-Listening-Session-Enterprise-Housing-Goals-ANPR.aspx.*

[17] Note that loans to borrowers with incomes over 100 percent of AMI do not qualify for the minority areas component of the subgoal.

40.7 percent in 2010 to 42.8 percent in 2016, but declined to a low of 37 percent in 2019. Numerous commenters broadly agreed with the description of trends provided in the ANPR and encouraged FHFA to continue to provide data on this issue. A few commenters requested that FHFA provide additional data pertaining to the race and ethnicity of borrowers for loans that meet this subgoal. Two commenters recommended that FHFA analyze Census Bureau data over the next five years in an effort to determine if displacement is occurring in certain communities. Another commenter recommended that FHFA, in coordination with other regulators, monitor home sales prices, resident incomes, and other data to determine the impact of the subgoal.

Although one commenter recommended leaving the subgoal in its current form, citing its benefits to socioeconomic diversity, several commenters expressed concern about the Enterprises receiving housing goals credit for loans to borrowers who meet no standard other than living in a low-income area. A number of commenters recommended that FHFA continue to monitor and analyze trends regarding whether the low-income areas home purchase subgoal has resulted in the displacement of residents. Other commenters suggested revising the subgoal to ensure that FHFA allows housing goals credit only for loans to borrowers at or below 80 percent of AMI. One commenter explicitly stated that the housing goals targets should be based only on income, not geography. Another commenter recommended allowing only a certain percentage of loans above 80 percent of AMI to qualify for the subgoal and encouraged FHFA to analyze the potential impact of different caps (*i.e.,* 100 or 125 percent of AMI).

Question 3: Should FHFA revise the low-income areas home purchase subgoal to consider loans on properties located in Opportunity Zones, and if so, how should such loans be treated?

Some commenters supported the idea of the Enterprises receiving housing goals credit for Opportunity Zone loans for low-income borrowers. For example, one commenter favored providing housing goals credit for loans in Opportunity Zones as a way to help encourage affordable housing investment but did not support giving the Enterprises extra or double credit for loans in Opportunity Zones. Other commenters opposed allowing housing goals credit for Opportunity Zone loans due to the relative newness of the program. One of these commenters encouraged FHFA to conduct more analysis on the types of housing developments found in Opportunity Zones before offering housing goals credit. Another commenter expressed concern about the ultimate beneficiaries of Opportunity Zones, as well as skepticism that low- or moderate-income households or communities would benefit from the program.

Question 4: Is there evidence that the Enterprise housing goals have helped expand low-income homeownership in the marketplace?

FHFA received a number of comments emphasizing the value of the housing goals over time and the importance of maintaining Enterprise focus on these segments of the market. Some commenters stated that there has been a positive impact on low-income homeownership and the housing goals have expanded access to low-income households. Other commenters noted that the housing goals are foundational to the mission of the Enterprises, as laid out in the statute and their charters. Another commenter argued for the importance of the housing goals in incentivizing lending to low-income borrowers.

One commenter stated that the housing goals have served as a catalyst for expanding banks' abilities to serve low- and moderate-income borrowers. Another commenter stated that the housing goals have contributed to increases in Latino home ownership. The commenter also described the benefits of the Enterprises' efforts to standardize eligibility criteria and underwriting factors, enabling more low-income households to obtain credit. The commenter also urged FHFA to monitor mortgage servicing standards and, if necessary, provide notice of any mortgage relief or loss mitigation options to ensure that servicers of Enterprise-backed loans proactively help homeowners who are struggling with payments.

Several commenters encouraged FHFA to establish higher or more rigorous housing goals. One of the commenters argued that the Enterprises could better serve the manufactured housing market segment through purchasing chattel home loans and homes settled as real estate. Another commenter encouraged FHFA to support manufactured home consumer lending through the Enterprise housing goals and the Duty to Serve program.

A number of commenters encouraged FHFA to review its policies to ensure there are no unnecessary barriers to meeting the housing goals and serving low-income households. One commenter specifically focused on the price of guarantee fees because pricing structures can impact whether a creditworthy borrower can afford a mortgage. The commenter highlighted the impact that guarantee fees have with respect to pooling risk, eliminating excessive risk-based pricing, and encouraging greater access to sustainable homeownership.

Although the majority of the commenters expressed support for the housing goals, one commenter argued that they have not been successful and that the rates of homeownership for low-income households have declined over the last 30 years. The commenter recommended that FHFA address risk-layering (*i.e.,* mortgages with multiple characteristics associated with higher risk) by limiting Enterprise acquisitions of mortgages for low-income borrowers to mortgages with a projected mortgage default rate of less than 14 percent and by encouraging 20-year instead of 30-year mortgages. Another commenter expressed the belief that the housing goals have had a minimal effect on low-income homeownership. The commenter argued that the mortgages captured by the housing goals are not excessively risky and would have been made in the absence of the housing goals. The commenter also argued that there is no evidence that the housing goals have created a lower-priced or more affordable mortgage.

Other Comments

There were additional topics that commenters raised in responses to the ANPR. For example, a number of commenters claimed that their responses to certain questions—specifically, those concerning whether there are categories of loans that should be excluded from the housing goals, the impact of the low-income areas home purchase subgoal, and the impact of the Enterprise housing goals over time—were affected by insufficient access to data. These commenters asserted that they would have been able to better respond to the questions in the ANPR if they had access to additional and more comprehensive data about the composition of housing goals loans and the historical performance of those loans. One commenter suggested supplementing existing reports like the Annual Housing Report with data on the risk characteristics and the performance of loans that receive housing goals credit.

Several commenters focused on the racial homeownership gap between White households and Black or Latino households and emphasized the importance of homeownership to family wealth. The commenters cited the persistently lower rates of homeownership for Black and Latino households and requested that FHFA try to address the gap through the housing goals. One commenter encouraged FHFA to specifically consider the impact that any changes or revisions to the housing goals would have on borrowers of color. Another commenter proposed the creation of a new housing goal to focus on the racial homeownership gap. A number of commenters also noted the disproportionate impact the COVID–19 pandemic has had on low-income households and people of color.

Several commenters expressed concern about whether low-income borrowers have adequate access to affordable refinancing options, particularly in light of the recent low interest rate environment. Two of the commenters suggested that the Enterprises create a streamlined refinance program in order to ensure that rate/term refinances are more available to lower-income households.

FHFA appreciates the thoughtful and thorough responses received on the ANPR and has analyzed the suggestions embedded in the comments. FHFA has taken these comments into account where relevant and possible in formulating the current proposed rule. Other comments or recommendations will require further analysis and the issues raised may be addressed in future rulemakings.

With respect to requests for additional data, FHFA understands the value of data in evaluating and assessing the performance of the Enterprises in achieving the housing goals and is exploring additional ways to provide data to the public. FHFA intends to provide additional data on Enterprise loan purchases on the FHFA website. In determining which data can be provided, FHFA must consider that some data from the Enterprises are confidential or proprietary and may not be disclosed.

In the rulemaking establishing the housing goals for 2021, FHFA did not publish the single-family model paper that it usually publishes for each housing goals rulemaking. FHFA received comments in response to the proposed 2021 housing goals rule and the ANPR that encouraged FHFA to publish the single-family model papers in future rulemakings. As with most previous housing goals rulemakings, FHFA has published the single-family model paper on its public website in conjunction with this housing goals proposed rule.[18]

In response to comments about the importance of access to refinancing options for lower income borrowers, FHFA notes that both Enterprises introduced new refinancing options in April 2021. Eligible borrowers must have incomes at or below 80 percent of AMI, and the lender must provide the borrower a savings of at least $50 per month and at least a 50-basis point reduction in the borrower's interest rate. FHFA estimates that borrowers who take advantage of this refinancing option could save an average of $1,200 to $3,000 per year.[19] In addition, in July 2021, FHFA announced the elimination of the Adverse Market Refinance Fee, to help families reduce their housing costs.[20]

In response to comments about the racial homeownership gap, FHFA has taken a number of actions. For example, FHFA held a listening session on June 29, 2021 to obtain public input on the topic of closing the gap in sustainable homeownership. FHFA is also publishing on its website additional data on the race and ethnicity of loans that are eligible and qualified for housing goals credit. The additional data should assist those interested in analyzing the current housing goals performance of the Enterprises. Finally, as noted earlier and described in greater detail below, FHFA is proposing the creation of new area-based subgoals that separately measure the Enterprises' purchases of mortgages in minority census tracts and low-income census tracts. FHFA is specifically requesting public comment on the proposed area-based subgoals, as well as all other aspects of this proposed rule.

IV. Single-Family Housing Goals

A. Factors Considered in Setting the Proposed Single-Family Housing Goal 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.[21]

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 to evaluate these statutory factors and generate a point forecast for each goal as well as a confidence interval for the point forecast. FHFA then considers other statutory factors, as well as other relevant policy issues, to select a specific point forecast within the confidence interval as the proposed benchmark level.

In proposing the benchmark levels for the single-family housing goals for 2022–2024, FHFA considered the statutory factors, including the current economic conditions, national housing needs, recent market developments, and the past performance of the Enterprises on the housing goals.

Market forecast models. The purpose of FHFA's market forecast models is to forecast the market share of the goal-qualifying mortgage originations in the market for the 2022–2024 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

[18] Details on FHFA's single-family market models are 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/PolicyProgramsResearch/Research/PaperDocuments/Market-Estimates_2022-2024.pdf.*

[19] *See https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-New-Refinance-Option-for-Low-Income-Families-with-Enterprise-Backed-Mortgages.aspx.*

[20] *See https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Eliminates-Adverse-Market-Refinance-Fee.aspx.*

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

factors that may influence the market shares, such as interest rates, inflation, house 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 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 16 years of HMDA data, from 2004 to 2019, the latest year for which public HMDA data was available at the time of model construction. FHFA will be updating the models with HMDA data for 2020 while developing the final rule. Additional discussion of the market forecast models can be found in a research paper, available at *http://www.fhfa.gov/PolicyProgramsResearch/Research/*.[22]

Current market outlook. There are many factors that impact the affordable housing market as a whole, and changes to any one 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.[23] 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.[24] Elements that impact the models and the determination of benchmark levels are discussed below.

Interest rates are very important determinants of the trajectory of the mortgage market. In an effort to continue its support of the U.S. economy and promote maximum employment and price stability, the Federal Reserve reiterated at its April 2021 meeting its commitment to seeking to achieve maximum employment and inflation at 2 percent in the long run by maintaining its target for the federal funds rate at between 0 percent and 0.25 percent until its goals are achieved.[25] The target was first lowered to this level in March 2020 to mitigate the effects of the COVID–19 pandemic.[26] Moody's July 2021 forecast assumes that this target is maintained until the third quarter of 2022, and then projects that mortgage interest rates—in particular the 30-year fixed rate, which is closely tied to the federal funds rate and the 10-year Treasury note yield—will rise gradually from the current historic low of 3.1 percent in 2020 to 4.3 percent by 2024.[27]

Moody's July 2021 forecast projects that the unemployment rate will gradually fall from its 2020 peak to 4.0 percent in 2024. Moody's also forecasts a modest increase in per capita disposable nominal income growth—from $53,081 in 2020 to $59,365 in 2024. Furthermore, Moody's estimates that the inflation rate will be in the 2.2–2.4 percent range from 2022 through 2024.

The combination of low interest rates, high deferred demand, and low supply fueled by the pandemic pushed house prices up by 18.0 percent in May 2021 relative to May 2020, based on FHFA's purchase-only House Price Index (HPI).[28] Moody's July 2021 forecast of the same HPI index expects house prices to increase at the annual rates of 4.0, 3.7, and 1.5 percent in 2022, 2023, and 2024, respectively.

Taken together, the expected increase in mortgage interest rates and house prices likely will impact the ability of low- and very low-income households to purchase homes. Housing affordability, as measured by Moody's forecast of the National Association of Realtors' (NAR) Housing Affordability Index (HAI), is projected to decline from an index value of 166.3 in 2020 to 135.4 in 2024. Lower values of the HAI imply that affordability has worsened.[29] The third leg of the housing affordability stool is the supply of affordable housing, but this had not kept pace with the growth of the demographic demand even before the advent of the COVID–19 pandemic.

In many ways, 2020 was an unusual year as it saw record volumes of both home purchase and home refinance loans. Low interest rates coupled with rising house prices created an incentive for many homeowners to refinance, resulting in a surge in refinance activity in 2020. The refinance share of overall mortgage originations since 2001 increased from a low of 28 percent in 2018 to 61 percent in 2020. Moody's forecasts this share to sharply decline to 42 percent in 2021, and continue to decline to 39 percent in 2022, and then to 31 percent and 24 percent in 2023 and 2024, respectively.

The economic forecast from Moody's described above is largely consistent with that provided by other forecasters. According to the Bureau of Economic Analysis (BEA), real Gross Domestic Product (GDP) grew by 33.4 percent in the third quarter of 2020, following two quarters of losses. GDP growth was strong in the subsequent quarters, including the second quarter of 2021 when it grew by 6.5 percent according to the advance estimate released by the BEA.[30] According to the most recent estimate published by the Congressional Budget Office (CBO), GDP is projected to grow by 7.4 percent in 2021, after which GDP growth is projected to decline to 3.1 percent in 2022, and then remain under 2 percent through 2031.[31]

According to the Bureau of Labor Statistics (BLS), the unemployment rate peaked at 14.8 percent in April 2020, and fell to 5.9 percent in June 2021.[32] CBO projects this number to be 4.6 percent in the fourth quarter of 2021 and that employment will surpass its pre-pandemic level in mid-2022.

FHFA continues to monitor how these changes in the housing market and recent legislation may impact various segments of the market, including those targeted by the housing goals.

[22] 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/PolicyProgramsResearch/Research/PaperDocuments/Market-Estimates_2022-2024.pdf.*

[23] The macroeconomic outlook described herein is based on Moody's forecasts as of July 2021.

[24] This refers to the mortgages insured or guaranteed by government agencies such as the Federal Housing Administration, Department of Veterans Affairs, and Rural Housing Service.

[25] *See https://www.federalreserve.gov/newsevents/pressreleases/monetary20210428a.htm.*

[26] *See https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm.*

[27] *See* Exhibit 1 in the technical report ''The Size of the Affordable Mortgage Market: 2022–2024 Enterprise Single-Family Housing Goals'' available at *https://www.fhfa.gov/PolicyProgramsResearch/Research/PaperDocuments/Market-Estimates_2022-2024.pdf.*

[28] *See https://www.fhfa.gov/AboutUs/Reports/Pages/US-House-Price-Index-July-2021.aspx.*

[29] 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.

[30] *See https://www.bea.gov/news/2021/gross-domestic-product-second-quarter-2021-advance-estimate-and-annual-update.*

[31] *See https://www.cbo.gov/publication/57339.*

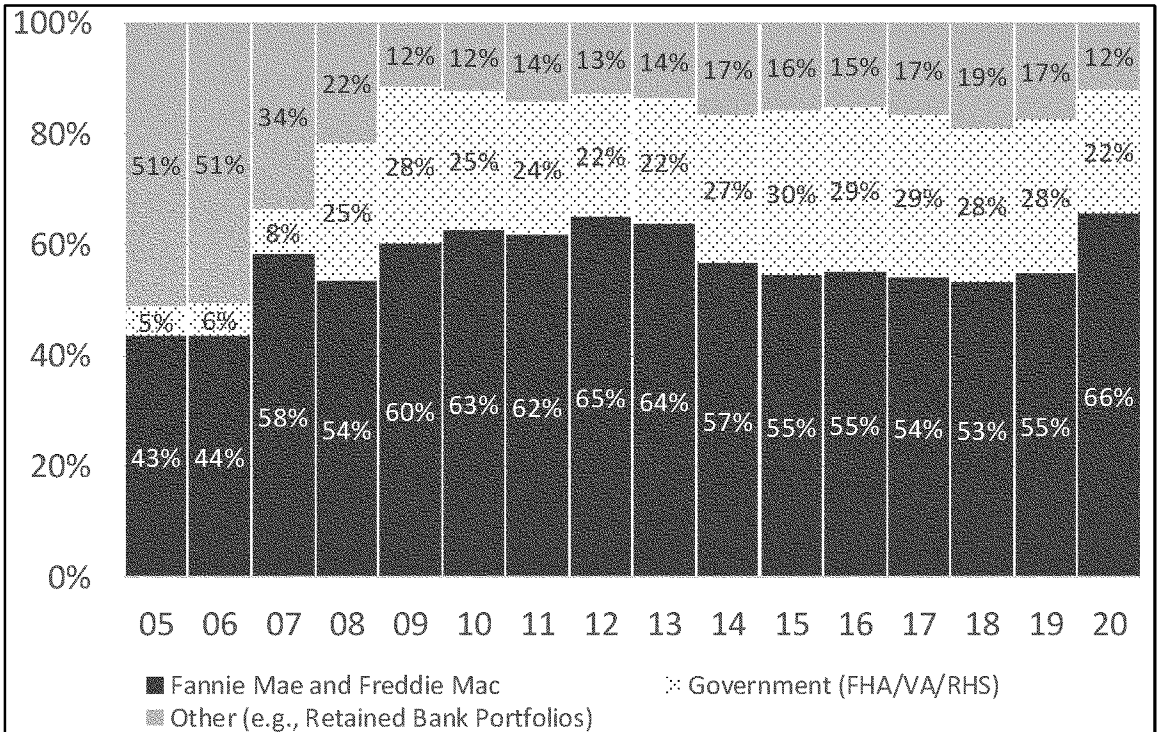
[32] Accessed on 7/29/2021 at *https://www.bls.gov/news.release/empsit.nr0.htm.*

Post-model adjustments. While FHFA's models can address and forecast many of the statutory factors that can make affordability for single-family homeownership more challenging for low-income and very low-income households, 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. Some of these additional factors may affect a subset of the market rather than the market as a whole. These factors include the effectiveness of COVID–19 vaccination efforts and the path of the virus, as well as other factors that might contribute to an uneven economic recovery, demographic trends, and the Enterprises' share of the mortgage market. Variability in these factors can also have a substantial impact on the ability of the Enterprises to meet the housing goals. Consequently, as discussed further below, FHFA will carefully monitor these factors and consider the potential impact of market shifts or larger trends on the ability of the Enterprises to achieve the housing goals.

Demographic trends. The impact that specific demographic changes, like the housing demand patterns of millennials or the growth of minority households, will have on the housing market is not included explicitly in the market forecast models. Millennials have made up the largest share of home purchase mortgage applications for the past five years.[33] This generation's share of mortgage purchase applications rose about 2 to 4 percentage points a year from 33 percent in 2014 to 47 percent 2019, but jumped dramatically in 2020 to 54 percent.[34]

Enterprises' share of the mortgage market. The Enterprises' overall share of the mortgage market is subject to fluctuation. During the mortgage market bubble, the Enterprises' share of the market dropped to about 43 percent in 2005. That share rose to about 65 percent in 2012, but declined to about 55 percent in 2015. This share remained relatively stable until 2019, then jumped to 66 percent in 2020, as the Enterprises continued to acquire mortgages even as other private market participants stepped back.

Graph 1: Shares of the Conforming Mortgage Market



Source: National Mortgage Database; 2020 data through Q3.

As shown in Graph 1, over the same time period, the total government share of the mortgage market (including the Federal Housing Administration, Department of Veterans Affairs, and Rural Housing Service) has generally been expanding, albeit with a recent contraction. In 2015, the total government share accounted for about 30 percent of overall mortgage originations, considerably up from about 5 percent a decade earlier. That share was relatively stable until 2019, then declined to 22 percent in 2020.

Past Performance of the Enterprises

Table 1 provides the annual performance of both Enterprises on the single-family housing goals between 2010 and 2020. Throughout this proposed rule, Enterprise performance data for 2020 is preliminary. FHFA will

[33] *See* Pradhan, Archana April 2021. ''Millennials Lead the Pack for Home Purchases,'' CoreLogic Blog accessed on 5/25/2021 at *https://www.corelogic.com/blog/2021/4/millennials-lead-the-pack-for-home-purchases.aspx.*

[34] *Id.* (''while half of the increase is consistent with the natural growth rate seen since 2014, the additional half of the 2020 jump was likely driven by the pandemic. In other words, the increase was accelerated by record low mortgage interest rate [sic] and flexibility to work remotely.'').

make final determinations on Enterprise performance later in 2021.

Table 1: Enterprise Single-Family Housing Goals Performance (2010-2020)

Low-Income Home Purchase Goal	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actual Market	27.2	26.5	26.6	24.0	22.8	23.6	22.9	24.3	25.5	26.6	27.6
Benchmark	27.0	27.0	23.0	23.0	23.0	24.0	24.0	24.0	24.0	24.0	24.0
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
Freddie Mac Performance	27.8	23.3*	24.4	21.8*	21.0*	22.3*	23.8	23.2*	25.8	27.4	28.5
Very Low-Income Home Purchase Goal											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actual Market	8.1	8.0	7.7	6.3	5.7	5.8	5.4	5.9	6.5	6.6	7.0
Benchmark	8.0	8.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0
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
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
Low-Income Areas Home Purchase Goal											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actual Market	24	22	23.2	22.1	22.1	19.8	19.7	21.5	22.6	22.9	22.4
Benchmark	24	24	20	21	18	19	17	18	18	19	18
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
Freddie Mac Performance	23.8*	19.2*	20.6	20.0*	20.1	19	19.9	20.9	22.6	22.9	21.8
Low-Income Areas Home Purchase Subgoal											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actual Market	12.1	11.4	13.6	14.2	15.0	15.2	15.9	17.1	18.0	18.1	17.6
Benchmark	13.0	13.0	11.0	11.0	11.0	14.0	14.0	14.0	14.0	14.0	14.0
Fannie Mae Performance	12.4	11.6	13.1	14.0	15.5	15.6	16.2	18.3	20.1	19.5	18.3
Freddie Mac Performance	10.8*	9.2*	11.4	12.3	13.6	14.5	15.6	16.4	17.3	18.0	17.1
Low-Income Refinance Goal											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actual Market	20.2	21.5	22.3	24.3	25.0	22.5	19.8	25.4	30.7	24.0	21.0
Benchmark	21.0	21.0	20.0	20.0	20.0	21.0	21.0	21.0	21.0	21.0	21.0
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
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*

**Numbers marked with asterisks indicate that the Enterprise failed to meet the goal.*

B. Proposed Benchmark Levels for the Single-Family Housing Goals for 2022–2024

FHFA is proposing to establish the following benchmark levels for the single-family housing goals and subgoals for 2022–2024.

1. Low-Income Home Purchase Goal

The low-income home purchase goal is based on the percentage of all single-family, owner-occupied home purchase 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 low-income home purchase goal benchmark level for 2022 through 2024 at 28 percent.

Table 2. Enterprise Low-Income Home Purchase Goal

	Historical Performance			Projected Forecast			
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	25.5%	26.6%	27.6%				
Benchmark	24.0%	24.0%	24.0%	24.0%			
Current Market Forecast				28.9% +/- 4.0%	26.9% +/- 5.1%	26.2% +/- 6.1%	26.4% +/- 6.9%
Fannie Mae Performance							
Low-Income Home Purchase Mortgages	294,559	298,702	374,376				
Total Home Purchase Mortgages	1,044,098	1,075,032	1,288,806				
Low-Income % of Home Purchase Mortgages	28.2%	27.8%	29.0%				
Freddie Mac Performance							
Low-Income Home Purchase Mortgages	199,429	235,811	280,561				
Total Home Purchase Mortgages	774,394	860,669	982,888				
Low-Income % of Home Purchase Mortgages	25.8%	27.4%	28.5%				

As shown in Table 2, both Enterprises exceeded both the benchmark and market levels in 2018 and 2019. Although FHFA will not officially determine the 2020 housing goals performance of the Enterprises until later in 2021, both Enterprises exceeded the benchmark level in 2020.

The low-income home purchase market levels have increased steadily since 2016. FHFA's current model forecasts that the market for this goal in 2020 will continue to increase and end up between 27 and 31.6 percent. From 2022 through 2024, the proposed goal period, the current forecast is expected to decline slightly from these peaks and stay around 26 percent for each of the three years. As noted previously and in the accompanying market model paper, this forecast is based on the 2019 HMDA data and Moody's forecasts as of July 2021 and will be updated before the release of the final housing goals rule.

FHFA is proposing a benchmark level for the low-income home purchase goal of 28 percent, which is above the middle point of the market forecast but well within the confidence interval for each year. This proposed benchmark level is significantly higher than the benchmark level of 24 percent that has been in place each year since 2015. FHFA is proposing a higher benchmark level for this goal in order to encourage the Enterprises to continue to find ways to support lower income borrowers without compromising safe and sound lending standards. FHFA recognizes that there may be challenges to meeting the goal, particularly in light of the recovery from the global pandemic. FHFA will continue to monitor the Enterprises in its capacities as regulator and as conservator, and if FHFA determines that the benchmark level for the low-income home purchase goal is not feasible for the Enterprises to achieve in light of market conditions, or for any other reason, FHFA will take appropriate steps to adjust the benchmark level.

2. Very Low-Income Home Purchase Goal

The very low-income home purchase goal is based on the percentage 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. The proposed rule would set the annual very low-income home purchase goal benchmark level for 2022 through 2024 at 7 percent.

Table 3. Very Low-Income Home Purchase Goal

	Historical Performance			Projected Forecast			
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	6.5%	6.6%	7.0%				
Benchmark	6.0%	6.0%	6.0%	6.0%			
Current Market Forecast				7.6% +/- 1.4%	6.8% +/- 1.8%	6.6% +/- 2.1%	6.6% +/- 2.4%
Fannie Mae Performance							
Very Low-Income Home Purchase Mortgages	69,952	70,214	93,909				
Total Home Purchase Mortgages	1,044,098	1,075,032	1,288,806				
Very Low-Income % of Home Purchase Mortgages	6.7%	6.5%	7.3%				
Freddie Mac Performance							
Very Low-Income Home Purchase Mortgages	48,823	58,136	68,216				
Total Home Purchase Mortgages	774,394	860,669	982,888				
Very Low-Income % of Home Purchase Mortgages	6.3%	6.8%	6.9%				

As shown in Table 3, both Enterprises exceeded the benchmark level in 2018 and 2019. In 2018, Fannie Mae exceeded both the benchmark and market levels, and in 2019, Freddie Mac exceeded both the benchmark and market levels. In 2020, both Fannie Mae and Freddie Mac exceeded the benchmark levels. FHFA will officially determine the 2020 market performance of the Enterprises later in 2021.

Like the low-income home purchase market levels, the very low-income home purchase market levels have increased steadily since a low in 2016 of 5.4 percent. FHFA's current model forecasts that the market for this goal in 2020 will continue to increase and end up between 6.5 and 8.1 percent. From 2022 through 2024, the proposed goal period, the current forecast is expected to decline slightly from these peaks and stay between 6.4 and 6.8 percent for each of the three years. This forecast is based on the latest data available and will be updated before the release of the final housing goals rule.

FHFA is proposing a benchmark level for the very low-income home purchase goal of 7 percent, which is close to the market forecast and well within the confidence interval for each year. This proposed benchmark level is an increase from the benchmark level of 6 percent that has been in place each year since 2015. FHFA is proposing a slightly higher benchmark level in order to encourage the Enterprises to continue to find ways to support very low-income borrowers without compromising safe and sound lending standards. FHFA recognizes that there may be challenges to meeting the goal, particularly in light of the recovery from the global pandemic. FHFA will continue to monitor the Enterprises in its capacities as regulator and as conservator, and if FHFA determines that the benchmark level for the low-income home purchase goal is not feasible for the Enterprises to achieve in light of market conditions, or for any other reason, FHFA will take appropriate steps to adjust the benchmark level.

3. Proposed Area-Based Subgoals

The proposed rule would establish two new area-based subgoals, each with its own benchmark level. The new minority census tracts subgoal would specifically assess the Enterprises' performance in minority areas with respect to loans for families with incomes no greater than 100 percent of AMI. The new low-income census tracts subgoal would assess the Enterprises' performance in low-income census tracts. The low-income census tracts subgoal would not include any loans that would qualify for the minority census tracts subgoal. In other words, the low-income census tracts subgoal would be limited to: (1) Loans in low-income census tracts that are not minority census tracts, and (2) loans to borrowers above 100 percent of AMI in low-income census tracts that are also minority census tracts. The two proposed subgoals would replace the existing low-income areas home purchase subgoal and address some of the issues that FHFA previously identified in the 2018–2020 proposed rule as well as in Question 2 of the recent ANPR (2020) discussed in Section III.D. above.[35]

The previous subgoal structure allowed the Enterprises to count all single-family, owner-occupied home purchase mortgages purchased that were either: (1) For families in low-income areas, defined to include census tracts with median income less than or equal to 80 percent of AMI; or (2) for families with incomes less than or equal to 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). As a result, borrowers could qualify under either or both conditions. Over the years, this has meant that many goal-qualifying loans purchased by the Enterprises were for higher income families (over 100 percent of AMI) rather than for families at or below 100 percent of AMI. The proposed rule would modify the previous structure and refocus Enterprise efforts towards minority census tracts and families at or below 100 percent of AMI. The new subgoal structure would require the Enterprises to achieve both of the new subgoal benchmark levels each year. FHFA will continue to establish the overall low-income areas housing goal on an annual basis by adding together the benchmark levels for the minority census tracts subgoal and the low-income census tracts subgoal, along with the disaster areas increment determined by FHFA each year.

The proposed rule would establish the benchmark levels for the new subgoals for 2022–2024 as follows:

Subgoal	Criteria	Proposed benchmark level for 2022–2024 (percent)
Minority Census Tracts Subgoal.	Home purchase mortgages on single-family, owner-occupied properties to borrowers with income no greater than 100 percent of AMI in minority census tracts.[1].	10
Low-Income Census Tracts 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
Minority Census Tracts Subgoal.	Home purchase mortgages on single-family, owner-occupied properties to borrowers with income no greater than 100 percent of AMI in minority census tracts.[1].	10

[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.

FHFA recognizes that, in the past, some loans acquired by the Enterprises were from locations considered both minority and low-income census tracts and, as a result, would have been counted under either criterion. The proposed rule would define the new subgoals so that a loan could not be counted under both of the new subgoals. Under the proposed rule, for loans purchased from areas that meet the criteria for both minority and low-income census tracts, the borrower's AMI would determine under which subgoal the loan would be eligible. If the borrower's income is less than or equal to 100 percent of AMI, the loan would be counted towards the minority census tracts subgoal, and if the borrower's income is above 100 percent of AMI, the loan would be counted towards the low-income census tracts subgoal. FHFA believes that requiring the Enterprises to specifically and separately target loans for families living in minority and low-income census tracts will result in better and more transparent reporting on both of these categories.

FHFA will continue to set a benchmark level for the overall low-

[35] *See https://www.fhfa.gov/SupervisionRegulation/Rules/Pages/Enterprise-Housing-Goals-Advance-Notice-of-Proposed-Rulemaking.aspx.*

income areas housing goal that will include mortgages to families with incomes less than or equal to 100 percent of AMI who are located in federally declared disaster areas.[36] The proposed rule would define the low-income areas housing goal to be the sum of (i) the benchmark level for the new minority census tracts subgoal, (ii) the benchmark level for the new low-income census tracts subgoal, and (iii) a disaster areas increment set in accordance with existing practice. Because the minority census tracts subgoal and the low-income census tracts subgoal are defined with no overlap between them, the proposed definition of the overall low-income areas housing goal is exactly equivalent to the current low-income areas housing goal. The disaster low-income areas housing goal benchmark level is set annually by FHFA separately from this rulemaking. Each year, FHFA notifies the Enterprises by letter of the benchmark level for that year, and this practice will continue.

The tables below provide recent performance of both Enterprises in these subgoal areas.

Minority census tracts subgoal	Recent performance (percent)		
	2018	2019	2020
Market	9.0	9.2	9.2
Fannie Mae Performance	11.0	10.7	10.1
Freddie Mac Performance	9.0	9.5	9.2

Source: FHFA's tabulation of Home Mortgage Disclosure Act (HMDA) and Enterprises' data.

Low-income census tracts subgoal	Recent performance (percent)		
	2018	2019	2020
Market	9.1	8.9	8.5
Fannie Mae Performance	9.1	8.8	8.3
Freddie Mac Performance	8.3	8.5	8.0

Source: FHFA's tabulation of Home Mortgage Disclosure Act (HMDA) and Enterprises' data.

The proposed rule would establish the benchmark level for the minority census tracts subgoal at 10 percent. This proposed benchmark level is slightly higher than the Enterprises' recent performance, when measured as if the proposed subgoal had been in place. FHFA is proposing this higher benchmark level to ensure that the Enterprises are targeting the needs of communities of color and to emphasize the importance of improving access to credit in these communities.

The proposed rule would establish the benchmark level for the low-income census tracts subgoal at 4 percent. This proposed benchmark level is lower than the Enterprises' recent performance, when measured as if the proposed subgoal had been in place. FHFA is proposing this lower benchmark level due to concerns about incentivizing purchases of loans to higher-income borrowers in low-income areas. However, this proposed benchmark level is intended to encourage the Enterprises to continue providing critically needed access to credit in low-income areas.

FHFA believes that the proposed benchmark levels for each of the new area-based subgoals are feasible and would not be disruptive to the market. FHFA specifically requests comments on the new proposed subgoal structure and the proposed benchmark levels.

4. Low-Income Refinancing Goal

The low-income refinancing goal is based on the percentage 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 low-income refinancing housing goal benchmark level for 2022 through 2024 at 26 percent.

[36] Disaster declarations are listed on the FEMA website at *https://www.fema.gov/disasters.*

Table 4. Low-Income Refinancing Goal

	Historical Performance			Projected Forecast			
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	30.7%	24.0%	21.0%				
Benchmark	21.0%	21.0%	21.0%	21.0%			
Current Market Forecast				25.5% +/- 4.7%	26.1% +/- 6.0%	28.0% +/- 7.1%	28.9% +/- 7.9%
Fannie Mae Performance							
Low-Income Refinance Mortgages	196,230	234,249	663,667				
Total Refinance Mortgages	629,816	985,932	3,133,931				
Low-Income % of Refinance Mortgages	31.2%	23.8%	21.2%				
Freddie Mac Performance							
Low-Income Refinance Mortgages	104,843	159,322	490,176				
Total Refinance Mortgages	384,593	712,376	2,485,748				
Low-Income % of Refinance Mortgages	27.3%	22.4%	19.7%				

As shown in Table 4, both Enterprises exceeded the benchmark level for the low-income refinancing goal in 2018 and 2019. In 2020, Fannie Mae exceeded the benchmark level, while Freddie Mac did not. Fannie Mae exceeded the market levels for this goal in 2018 and 2020, but not in 2019. Freddie Mac has trailed the market level each year from 2018 through 2020. As noted, 2020 data reflects FHFA's preliminary determination of Enterprise performance on this goal.

FHFA is proposing a benchmark level for the low-income refinancing goal of 26 percent, which is close to the market forecast and well within the confidence interval for each year. This proposed benchmark level is an increase from the current benchmark level of 21 percent, but on the lower end of the range of estimates for 2023 and 2024. FHFA is proposing a slightly lower benchmark level due to the unpredictability of future interest rates and refinancing volumes, which result in greater volatility in the low-income shares for refinancing mortgages than what is typical for the home purchase mortgage market. FHFA will continue to monitor the Enterprises in its capacities as regulator and as conservator, and if FHFA determines that the benchmark level for the low-income refinancing goal is not feasible, then FHFA will take appropriate steps to adjust the benchmark level.

V. Multifamily Housing Goals

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

In setting the proposed benchmark levels for the multifamily housing goals, FHFA has considered the statutory factors outlined in Section 1333(a)(4) of the Safety and Soundness Act. These factors include:

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.[37]

Unlike the single-family housing goals, performance on the multifamily housing goals is measured solely against a benchmark level set by FHFA, 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.

[37] 12 U.S.C. 4563(a)(4).

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 refinancing mortgages, the multifamily housing goals include all Enterprise multifamily mortgage purchases, regardless of the purpose of the loan. In addition, unlike the single-family housing goals, the multifamily housing goals are measured based on the total number of affordable units in properties financed by multifamily mortgage loans rather than on a percentage of affordable units in properties financed by multifamily mortgage loans. The use of total number of eligible units rather than percentages requires that FHFA take into account the expected size of the overall multifamily mortgage market and the affordable share of the market, as well as the expected volume of the Enterprises' overall multifamily purchases (in dollar terms) and the affordable share of those purchases.

Methodology. FHFA sets the multifamily benchmark levels by estimating the minimum number of affordable rental units in multifamily properties financed by mortgage loans purchased by each Enterprise that would be needed to ensure a strong focus on affordability by the Enterprises in the proposed goal period. FHFA achieves this by considering the required statutory factors, a number of which are related, as discussed below. For the proposed 2022–2024 goal period, FHFA also took into account the PSPA limit on each Enterprise's multifamily mortgage acquisitions, which is $80 billion over a trailing 52-week period and requires that 50 percent of that amount be mission-driven mortgages, as determined by FHFA.[38] Much of the analysis below describes trends in the overall multifamily mortgage market as they apply to setting the proposed benchmark levels. FHFA recognizes that these general trends may not apply to the same extent to all segments of the multifamily mortgage market.

Affordability in the multifamily mortgage market. There are several factors that make it difficult to accurately forecast the affordable share of the multifamily mortgage market. First, the portion of the overall multifamily mortgage market that provides housing units affordable to low-income and very low-income families may vary from year-to-year. Second, the competition between purchasers of mortgages within the multifamily mortgage market overall may differ from the competition within the affordable multifamily mortgage market segment. Finally, the volume for the affordable multifamily mortgage market segment also will depend on the availability of affordable housing subsidies.

FHFA determines affordability based on a family's rent and utility expenses not exceeding 30 percent of AMI.[39] Using this measure, affordability for families living in rental units has decreased in recent years for many families. According to the Joint Center for Housing Studies (JCHS), in its 2020 State of the Nation's Housing Report, prior to 2020, the composition of housing stock had already negatively affected affordability. For example, the report stated that while housing stock grew by 7.5 million units between 2004 and 2019, most of these additions were in single-family rentals or properties with 20 units or higher, whereas the number of units in two- to four-unit buildings declined by 38,000 units. The units in larger multifamily buildings tend to have higher median rents.[40] The supply of apartments with rents of $600 or lower declined by 2.5 million between 2004 and 2019, unlike apartments with rents of over $1,000, which increased by 10.4 million units within the same time period, according to the JCHS report.

The JCHS study of the rental market noted the growing presence of cost-burdened renters in certain income segments. Although, in 2019, the share of tenants that paid more than 30 percent of household income for rental housing decreased, at close to 50 percent, that number was still high. Specifically, the share of cost-burdened households with incomes between $25,000 and $74,999 increased between 2011 and 2019.[41] This is significant because the housing goals statute defines affordability at the 30 percent threshold.[42]

The supply gap in affordable units combined with the prevalence of cost-burdened renters has led to an erosion of affordability, with fewer units qualifying for the housing goals. This affordability gap is also reflected in the falling share of the low-income multifamily units backing loans purchased by the Enterprises. While 77 percent of the multifamily units financed by mortgages purchased by Fannie Mae in 2011 were low-income, that share dropped steadily in the intervening years to 64 percent in 2017, rising to 69 percent in 2020. At Freddie Mac, the low-income share also peaked in 2011 and 2012 at 79 percent, and decreased gradually to 65 percent in 2017, rising to 71 percent in 2020.

Financing for affordable multifamily buildings—particularly those that are affordable to very low-income families—often uses an array of state and federal housing subsidies, such as low-income housing tax credits (LIHTCs), tax-exempt bonds, Section 8 rental assistance, or soft subordinate financing.[43] Investor interest in tax credit equity projects of all types and in all markets has been strong in recent years, especially in markets in which bank investors are seeking to meet Community Reinvestment Act (CRA) goals. Consequently, there should continue to be opportunities in the multifamily mortgage market to provide permanent financing for properties with LIHTCs during the 2022–2024 period. Additionally, there should be opportunities for market participants, including the Enterprises, to purchase 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).

Availability of public subsidies. Multifamily housing assistance is primarily available in two forms—demand-side subsidies which either directly assist low-income tenants (*e.g.,* Section 8 vouchers) or provide project-based rental assistance (Section 8 contracts), and supply-side subsidies which 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 play a role in providing liquidity to facilitate the preservation of public subsidies, like expiring Section 8 Housing Assistance Payment contracts and LIHTC properties reaching the end of the use restricted affordability period.

The need for public subsidies persists as the number of cost-burdened renters remains high, at over 20 million renter households in 2019.[44] The Center for Budget Policy Priorities estimates that only one in four households eligible for federal housing assistance currently receives it.[45]

Certain public subsidies have been provided since March 2020 to help the affordable housing sector and low-income households during the pandemic. The CARES Act provided supplemental unemployment benefits to help people pay their rent, but those benefits expired on July 31, 2020. In December 2020, the Consolidated Appropriations Act, 2021 reinstated supplemental unemployment benefits through March 14, 2021. In March, the American Rescue Plan Act of 2021 extended those benefits through September 6, 2021.

[38] *See https://home.treasury.gov/news/press-releases/sm1236.*

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

[40] "The State of the Nation's Housing 2020," Joint Center for Housing Studies of Harvard University, December 2020, p. 32, available at *https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2020_Report_Revised_120720.pdf.*

[41] "The State of the Nation's Housing 2020," Joint Center for Housing Studies of Harvard University, December 2020, p. 1, available at *https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2020_Report_Revised_120720.pdf.*

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

[43] LIHTCs are a supply-side subsidy created under the Tax Reform Act of 1986 and is the main source of new affordable housing construction in the United States. LIHTCs are used for the acquisition, rehabilitation, and/or new construction of rental housing for low-income households. LIHTCs have facilitated the creation or rehabilitation of approximately 2.4 million affordable units since inception of the program in 1986.

[44] The State of the Nation's Housing 2020," Joint Center for Housing Studies of Harvard University, December 2020, p. 6, available at *https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2020_Report_Revised_120720.pdf.*

[45] *See https://www.cbpp.org/research/housing/more-housing-vouchers-most-important-step-to-help-more-people-afford-stable-homes.*

Multifamily mortgage market. FHFA's consideration of the multifamily mortgage market addresses the size of and competition within the multifamily mortgage market, as well as the subset of the multifamily mortgage market affordable to low-income and very low-income families. The pandemic has impacted the multifamily affordable housing market and renters across the country. In February 2021, the Mortgage Bankers Association (MBA) estimated that multifamily mortgage originations declined by 17 percent in 2020 relative to the previous year. The MBA also anticipated a partial recovery in 2021, with total multifamily mortgage originations projected to be $323 billion, a 7 percent increase from 2020 but still below the 2019 level of $364 billion.[46]

In addition, MBA's February forecast anticipated an economic rebound in 2021 that should bring stability to the market and projected that multifamily mortgage lending should almost fully rebound in 2022 to $358 billion, just shy of the 2019 level. Despite that overall expected rebound, recent multifamily housing trends point to likely prolonged and diverse impacts in subsegments. According to the National Multifamily Housing Council's tabulation of American Community Survey microdata, in 2019 about 45.4 percent of renter households (20 million households) lived in multifamily properties, defined as structures with five or more rental units with the remaining renter households living in 1–4 unit single-family structures.[47] Nationally, on a year-over-year basis, rent growth slowed during the pandemic to 0.3 percent in 2020, according to CoStar data. Growth accelerated in the first half of the year, with the second quarter of 2021 growing by 7.1 percent relative to one year earlier. Vacancy rates rose during the pandemic but have begun to decline in 2021.

Role of the Enterprises. In setting the proposed multifamily housing goal benchmark levels, 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 financial crisis, but their share has declined more recently in response to growing private sector participation. The Enterprises' share of the multifamily mortgage origination market was approximately 70 percent in 2008 and 2009, compared to 38 percent in 2015.[48] The total share has remained at around 40 percent since 2015, due for the most part to the cap imposed by FHFA in its role as conservator under the Conservatorship Scorecard, with the exception of 2017 and 2020 when that share was around 50 percent.

FHFA and the Enterprises have also taken numerous actions to support the multifamily housing market and provide relief to renters since March 2020. For example, on March 23, 2020, FHFA and the Enterprises announced that forbearance would be available to Enterprise-backed multifamily property owners on the condition that they suspend eviction of tenants struggling to pay rent due to the pandemic.[49] On June 29, 2020, FHFA announced that the Enterprises would offer extended forbearance agreements for multifamily property owners with existing forbearance agreements for up to three months, for a total forbearance of up to six months.[50] Under the terms of the Enterprise forbearance agreements, while mortgage payments are in forbearance, the landlord must suspend all evictions for renters unable to pay rent and offer other protections for renters. This forbearance program was extended several times, with the most recent extension through September 30, 2021.[51] [52] [53] On May 4, 2020, the Enterprises published online multifamily property lookup tools so that tenants could determine if the multifamily property in which they reside has an Enterprise-backed mortgage and fell under the CARES Act's 120-day eviction moratorium. On August 6, 2020, FHFA announced that multifamily property owners in new forbearance agreements must inform tenants in writing about tenant protections, and that the Enterprises are improving their online multifamily property loan lookup tools.

FHFA expects the Enterprises to continue to demonstrate leadership in multifamily affordable housing lending by providing liquidity and supporting housing for tenants at different income levels in various geographic markets and in various market segments.

Conservatorship limits on multifamily mortgage purchases (Conservatorship Scorecard cap) and other factors. Beginning in 2015, as conservator for the Enterprises, FHFA has set a yearly cap under the Conservatorship Scorecard that limits the total unpaid principal balance of multifamily loans that each Enterprise may purchase. The multifamily mortgage purchase cap furthers FHFA's conservatorship goals of maintaining the presence of the Enterprises as a backstop for the multifamily finance market while not impeding the participation of private capital. These targets for the Enterprise purchase share of the multifamily origination market reflect what is generally considered by FHFA as an appropriate market share for the Enterprises during normal market conditions. To encourage the Enterprises to participate in purchasing loans financing properties in underserved multifamily market segments, from 2015 through 2019, FHFA excluded several categories of multifamily business from the cap.

FHFA revised the cap structure in September 2019 by placing a cap on all multifamily loan purchases (no exclusions) and requiring a minimum amount of this capped amount to be for affordable and underserved market segments. The cap was set at $100 billion for each Enterprise, a combined total of $200 billion, for the five-quarter period from the fourth quarter of 2019 through the fourth quarter of 2020. In November 2020, FHFA announced the new multifamily loan purchase cap for the 2021 calendar year of $70 billion for each Enterprise, a combined total of $140 billion.[54]

The Conservatorship Scorecard cap applies to the entire multifamily business for each Enterprise without any exclusions. To ensure a strong focus on affordable housing and underserved markets, the 2021 Conservatorship Scorecard requires that at least 50 percent of each Enterprises' multifamily

---

[46] *See https://www.mba.org/2021-press-releases/february/mba-forecast-commercial/multifamily-lending-to-increase-11-percent-to-486-billion-in-2021; https://newslink.mba.org/cmf-newslinks/2020/november/mba-commercial-multifamily-newslink-nov-12-2020/mba-forecast-2020-commercial-multifamily-lending-down-34-from-2019-record-volumes/.*

[47] Accessed on 5/18/2021 at *https://www.nmhc.org/research-insight/quick-facts-figures/quick-facts-resident-demographics/household-characteristics.*

[48] Urban Institute, ''The GSEs' Shrinking Role in the Multifamily Market,'' April 2015, pg. 4: *https://www.urban.org/sites/default/files/publication/48986/2000174-The-GSEs-Shrinking-Role-in-the-Multifamily-Market.pdf.*

[49] *See https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Moves-to-Provide-Eviction-Suspension-Relief-for-Renters-in-Multifamily-Properties.aspx.*

[50] *See https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Provides-Tenant-Protections.aspx.*

[51] *See https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Extends-COVID-19-Multifamily-Forbearance-through-March-31-2021.aspx.*

[52] *See https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Extends-COVID-19-Multifamily-Forbearance-through-June-30-2021.aspx.*

[53] *See https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Extends-COVID-19-Multifamily-Forbearance-through-September-30-2021.aspx.*

[54] FHFA Announces 2021 Multifamily Loan Purchase Caps for Fannie Mae and Freddie Mac, November 17, 2020: *https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-2021-MF-Loan-Purchase-Caps-for-Fannie-and-Freddie.aspx.*

loan purchases be mission-driven, affordable housing. Multifamily loans considered to be mission-driven, affordable include: Subsidized/assisted affordable housing; manufactured housing communities; affordable units in small multifamily properties; affordable properties in rural areas; affordable units in seniors housing assisted living properties; and market rate units affordable to residents at or below 80 percent of AMI. Furthermore, the 2021 Conservatorship Scorecard requires that a minimum of 20 percent of Enterprise multifamily loan purchases be affordable to residents at 60 percent of AMI or below. Multifamily loan purchases that meet the minimum 20 percent requirement may also count as loan purchases that meet the minimum 50 percent requirement.[55] [56]

In addition to the Conservatorship Scorecard cap, FHFA also incorporated the January 2021 PSPA requirements when determining appropriate multifamily benchmarks for 2022–2024. These requirements include a PSPA cap of $80 billion over the prior 52-week period, which is greater than the current Conservatorship Scorecard cap for 2021 and places an upper bound on Enterprise share. FHFA will continue to review its estimates of market size and mission-driven requirements throughout the year. FHFA may take appropriate action to adjust the multifamily housing goals benchmark levels should changes to the Conservatorship Scorecard cap, the PSPAs, or other market conditions warrant an adjustment, whether in 2021 or in future years.

Maintaining the sound financial condition of the Enterprises. In setting the proposed multifamily housing goals benchmark levels, FHFA must balance the role that the Enterprises play in providing liquidity and supporting various multifamily mortgage market segments with the need to maintain the Enterprises in sound and solvent financial condition. The Enterprises have served as a stabilizing force in the multifamily mortgage market. During the conservatorship period, the Enterprises' portfolios of loans on multifamily affordable housing properties have experienced low levels of delinquency and default, similar to the performance of multifamily loans on market rate properties. The Enterprises, therefore, should be able to sustain or increase their volume of purchases of loans on affordable multifamily housing properties without impacting the Enterprises' safety and soundness or negatively affecting the performance of their total mortgage loan portfolios.

FHFA continues to monitor the activities of the Enterprises in FHFA's capacity as safety and soundness regulator and as conservator. If necessary, FHFA will make appropriate changes in 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 performance of the Enterprises described in this section, the proposed rule would establish benchmark levels for the multifamily housing goals for the Enterprises, as further discussed below. Before finalizing the benchmark levels for the low-income and very low-income multifamily goals in a final rule, FHFA will review any additional data that becomes available about the multifamily housing goals performance of the Enterprises through 2020, any additional information about the Conservatorship Scorecard cap for 2022 that is available, and any other information about the multifamily mortgage market or other factors, along with any comments on the proposed multifamily housing goals benchmark levels.

1. Multifamily Low-Income Housing Goal

The multifamily low-income housing goal is based on the total number of rental units in multifamily properties financed by mortgages purchased by the Enterprises that are affordable to low-income families, defined as families with incomes less than or equal to 80 percent of AMI.

Both Enterprises have exceeded the low-income multifamily housing goal by significant margins in recent years. Taking into account the Conservator Scorecard cap and PSPA limits, as well as the multifamily market conditions described above, FHFA is proposing to raise the multifamily low-income housing goal benchmark level to 415,000 units for 2022–2024. This proposed benchmark level would be a significant increase over the benchmark level that has been in place since 2018. FHFA believes that this proposed increase is appropriate and achievable for the Enterprise in light of the past performance of the Enterprises on this housing goal and the current loan purchase volumes that would be permitted for the Enterprises under the applicable Conservatorship Scorecard cap and PSPA limits.

---

[55] Appendix A: Multifamily Definitions to the 2021 Scorecard, November 17, 2020: *https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/2021-Appendix-A.pdf.*

[56] 2021 Scorecard for Fannie Mae, Freddie Mac, and Common Securitization Solutions, February 2021: *https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/2021-Scorecard.pdf.*

Table 5. Multifamily Low-Income Housing Goal

	Performance						
Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Fannie Mae Benchmark	250,000	300,000	300,000	300,000	315,000	315,000	315,000
Freddie Mac Benchmark	200,000	300,000	300,000	300,000	315,000	315,000	315,000
Fannie Mae Performance							
Low-Income Multifamily Units	262,050	307,510	352,368	401,145	421,813	385,763	441,773
Total Multifamily Units	372,072	468,798	552,785	630,868	628,230	596,137	637,696
Low-Income % Total	70.4%	65.6%	63.7%	63.6%	67.1%	64.7%	69.3%
Freddie Mac Performance							
Low-Income Multifamily Units	273,434	379,042	406,958	408,096	474,062	455,451	473,338
Total Multifamily Units	366,377	514,275	597,399	630,037	695,587	661,417	667,451
Low-Income % of Total Units	74.6%	73.7%	68.1%	64.8%	68.2%	68.9%	70.9%

2. Multifamily Very Low-Income Housing Subgoal

The multifamily very low-income housing subgoal includes units affordable to very low-income families, defined as families with incomes no greater than 50 percent of AMI.

Both Enterprises have exceeded the multifamily very low-income housing subgoal by significant margins in recent years. Taking into account the Conservator Scorecard cap and PSPA limits, as well as the multifamily mortgage market conditions described above, FHFA is proposing to raise the multifamily low-income housing subgoal benchmark level to 88,000 units for 2022–2024. This proposed benchmark level would be a significant increase over the benchmark level that has been in place since 2018. FHFA believes that this proposed increase is appropriate and achievable for the Enterprise in light of the past performance of the Enterprises on this housing subgoal and the current loan purchase volumes that would be permitted for the Enterprises under the applicable Conservatorship Scorecard cap and PSPA limits.

Table 6. Multifamily Very Low-Income Subgoal

	Performance						
Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Fannie Mae Benchmark	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Freddie Mac Benchmark	40,000	60,000	60,000	60,000	60,000	60,000	60,000
Fannie Mae Performance							
Very Low-Income Multifamily Units	60,542	69,078	65,910	82,674	80,891	79,649	95,416
Total Multifamily Units	372,072	468,798	552,785	630,868	628,230	596,137	637,696
Very Low-Income % of Total Units	16.3%	14.7%	11.9%	13.1%	12.9%	13.4%	15.0%
Freddie Mac Performance							
Very Low-Income Multifamily Units	48,689	76,935	73,030	92,274	105,612	112,773	107,105
Total Home Purchase Mortgages	366,377	514,275	597,399	630,037	695,587	661,417	667,451
Very Low-Income % of Total Units	13.3%	15.0%	12.2%	14.6%	15.2%	17.1%	16.0%

3. Small Multifamily Low-Income Housing Subgoal

The Enterprise housing goals regulation defines a small multifamily property as a property with 5 to 50 units. The small multifamily low-income housing subgoal is based on the total number of units in small multifamily properties financed by mortgages purchased by the Enterprises that are affordable to low-income families, defined as families with incomes less than or equal to 80 percent of AMI.

This subgoal was created in the 2015–2017 housing goals rulemaking, and initially set at 6,000 units in 2015, gradually increasing to 10,000 units in 2017. Monitoring trends in this multifamily market segment is challenging, and there is evidence that small multifamily properties were hit particularly hard in 2020 as a result of the pandemic. FHFA is proposing to raise the benchmark level for this subgoal to 23,000 units for 2022–2024. This proposed benchmark level would be a significant increase over the benchmark level that has been in place since 2018. FHFA believes that this proposed increase is appropriate and achievable for the Enterprise in light of the past performance of the Enterprises on this housing subgoal and the current loan purchase volumes that would be permitted for the Enterprises under the applicable Conservatorship Scorecard cap and PSPA limits.

Table 7. Small Multifamily Low-Income Subgoal

	Performance						
Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Small Low-Income Multifamily Benchmark		6,000	8,000	10,000	10,000	10,000	10,000
Fannie Mae Performance							
Small Low-Income Multifamily Units	6,732	6,731	9,312	12,043	11,890	17,832	21,797
Total Small Multifamily Units	11,880	11,198	15,211	20,375	17,894	25,565	36,880
Low-Income % of Total Small Multifamily Units	56.7%	60.1%	61.2%	59.1%	66.4%	69.8%	59.1%
Freddie Mac Performance							
Small Low-Income Multifamily Units	2,076	12,801	22,101	39,473	39,353	34,847	28,142
Total Small Multifamily Units	4,659	21,246	33,984	55,116	53,893	46,879	41,263
Low-Income % of Total Small Multifamily Units	44.6%	60.3%	65.0%	71.6%	73.0%	74.3%	68.2%

VI. Section-by-Section Analysis of Other Proposed Changes

The proposed rule would also revise other provisions of the Enterprise housing goals regulation, as discussed below. These proposed changes are non-substantive technical changes intended to conform the housing goals regulation text to FHFA's established practices and procedures in implementing the housing goals.

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 its final rule based on comments received.

A. Definition of ''Designated Disaster Area''—Proposed § 1282.1

Section 1282.1 of the current Enterprise housing goals regulation defines ''designated disaster area'' as ''any census tract that is located in a county designated by the Federal Government as adversely affected by a declared major disaster administered by FEMA, where individual assistance payments were authorized by FEMA.'' While this definition accurately reflects the types of disasters that FHFA counts for purposes of calculating the disaster areas increment for the low-income areas housing goal, the definition does not reflect FHFA's longstanding practice regarding the types of assistance covered. The proposed rule would revise the definition of ''designated disaster area'' to refer to major disasters ''where housing assistance payments were authorized by FEMA.''

This proposed change to the definition of ''designated disaster area'' would be consistent with longstanding FHFA practice. Each year, FHFA identifies the areas that are considered ''designated disaster areas'' for purposes of the Enterprise housing goals in a dataset published on FHFA's website that can be used in conjunction with other information to determine whether mortgages purchased by an Enterprise would meet the criteria for the low-income areas housing goal.[57] In practice, FHFA's identification of ''designated disaster areas'' for purposes of the Enterprise housing goals has been limited to areas that the Federal Emergency Management Agency (FEMA) has identified as eligible for ''housing assistance'' under FEMA's ''Individual and Households Program'' (IHP). ''Individual assistance'' is an umbrella term used by FEMA that encompasses a variety of types of assistance in addition to housing assistance under FEMA's IHP. ''Individual assistance'' includes other types of assistance under FEMA's IHP, as well as disaster case management, disaster legal services, and disaster unemployment assistance, among others.[58] If FHFA included all areas for which individual assistance payments were authorized by FEMA, it would result in areas being included as ''designated disaster areas'' where the relevant disaster did not have any significant direct impact on the physical housing stock. For example, if FHFA had included all areas that FEMA identified as eligible for ''individual assistance'' in 2020, every census tract in the United States would have been included as a ''designated disaster area'' for purposes of the housing goals in 2020 due to assistance related to the COVID–19 pandemic. That outcome would have been inconsistent with the purposes of the low-income areas housing goal and with FHFA's longstanding practice. To avoid this outcome and to clarify the regulation with respect to FHFA's existing practice, the proposed rule would revise the definition of ''designated disaster area'' for purposes of the low-income areas housing goal to refer specifically to ''housing assistance'' rather than to the broader category of ''individual assistance.''

B. Newly Available Data—Proposed Removal of § 1282.15(i)

Section 1282.15(i) of the current Enterprise housing goals regulation provides that an Enterprise is not required to use new data related to housing goals treatment of mortgages it purchases until the start of the quarter after it receives the data. This provision was adopted originally by the U.S. Department of Housing and Urban Development (HUD) in its 1995 final rule establishing housing goals under the Safety and Soundness Act.[59] However, this provision does not reflect FHFA's longstanding practice of independently calculating each Enterprise's housing goals performance on the basis of data provided to FHFA by the Enterprise. For example, FHFA determines the AMIs applicable to each census tract on an annual basis and provides that information to the Enterprises in the first half of each year. However, in calculating Enterprise housing goals performance for that year, FHFA applies the new data to all mortgage purchases in that year. Accordingly, the proposed rule would remove § 1282.15(i) to avoid any implication that the housing goals regulation requires a particular method of calculating or applying affordability data such as AMIs. This proposed change is non-substantive and does not reflect or require any change in any of

[57] These datasets can be accessed at: *https://www.fhfa.gov/DataTools/Downloads/Pages/Underserved-Areas-Data.aspx.*

[58] Individual Assistance Program and Policy Guide (IAPPG), Version 1.1, FP 104–009–03, May 2021, page 4, accessible at *https://www.fema.gov/assistance/individual/program-policy-guide.*

[59] *See* 60 FR 61846 (Dec. 1, 1995). Prior to the creation of FHFA in 2008, HUD was responsible for mission oversight of Fannie Mae and Freddie Mac, including the affordable housing goals.

the processes or standards that FHFA uses to determine Enterprise housing goals performance each year.

C. Loan Modifications—Proposed Removal of § 1282.16(c)(10)

Section 1282.16(c)(10) of the current Enterprise housing goals regulation provides that the permanent modification of a mortgage under the Home Affordable Modification Program (HAMP) is counted as a refinancing for purposes of the low-income refinancing goal. Permanent loan modifications under HAMP are the only type of loan modification eligible for counting for purposes of the low-income refinancing goal. The HAMP modification program expired at the end of 2016. The proposed rule would remove § 1282.16(c)(10) from the housing goals regulation as it is no longer necessary in light of the expiration of the HAMP modification program.

VII. 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.

VIII. 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.

List of Subjects in 12 CFR Part 1282

Mortgages, Reporting and recordkeeping requirements.

Authority and Issuance

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:

CHAPTER XII—FEDERAL HOUSING FINANCE AGENCY

SUBCHAPTER E—HOUSING GOALS AND MISSION

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 Federal Government as adversely affected by a declared major disaster administered by FEMA, 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 FEMA designation of the county, or such earlier date as determined by FHFA, and continuing through December 31 of the third full calendar year following the FEMA designation. This time period may be adjusted for a particular disaster area by notice from FHFA to the Enterprises.

* * * * *

■ 3. Amend § 1282.12 as follows:

■ a. Revise paragraphs (c)(2), (d)(2), (e)(2), and (f);

■ b. Redesignate paragraph (g) as paragraph (h);

■ c. Add new paragraph (g); and

■ d. Revise newly redesignated paragraph (h)(2). The revisions and additions read as follows:

§ 1282.12 Single-family housing goals.

* * * * *

(c) * * *

(2) The benchmark level, which for 2022, 2023, and 2024 shall be 28 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 2022, 2023, and 2024 shall be 7 percent of the total number of purchase money mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

(e) * * *

(2) A benchmark level which shall be set annually by FHFA notice based on the sum of the benchmark levels for the low-income census tracts housing subgoal and the minority census tracts housing subgoal, plus an adjustment factor reflecting the additional incremental share of mortgages for moderate-income families in designated disaster areas in the most recent year for which such data is available.

(f) *Low-income census tracts housing subgoal.* The percentage share of each Enterprise's total purchases of purchase money mortgages on owner-occupied single-family housing that—

(1) Consists of:

(i) Mortgages in low-income census tracts that are not minority census tracts; and

(ii) Mortgages for families with incomes in excess of 100 percent of the area median income in low-income census tracts that are also minority census tracts;

(2) Shall meet or exceed either:

(i) The share of such mortgages in the market as defined in paragraph (b) of this section in each year; or

(ii) The benchmark level, which for 2022, 2023, and 2024 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) *Minority census tracts housing subgoal.* The percentage share of each Enterprise's total purchases of purchase money mortgages on owner-occupied single-family housing that consists of mortgages for moderate-income families in minority census tracts shall meet or exceed either:

(1) The share of such mortgages in the market as defined in paragraph (b) of this section in each year; or

(2) The benchmark level, which for 2022, 2023, and 2024 shall be 10 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 2022, 2023, and 2024 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.

■ 4. Amend § 1282.13 by revising paragraphs (b) through (d) to read as follows:

§ 1282.13 Multifamily special affordable housing goal and subgoals.

* * * * *

(b) *Multifamily low-income housing goal.* The benchmark level for each

Enterprise's purchases of mortgages on multifamily residential housing affordable to low-income families shall be at least 415,000 dwelling units affordable to low-income families in multifamily residential housing financed by mortgages purchased by the Enterprise in each year for 2022, 2023, and 2024.

(c) *Multifamily very low-income housing subgoal.* The benchmark level for each Enterprise's purchases of mortgages on multifamily residential housing affordable to very low-income families shall be at least 88,000 dwelling units affordable to very low-income families in multifamily residential housing financed by mortgages purchased by the Enterprise in each year for 2022, 2023, and 2024.

(d) *Small multifamily low-income housing subgoal.* The benchmark level for each Enterprise's purchases of mortgages on small multifamily properties affordable to low-income families shall be at least 23,000 dwelling units affordable to low-income families in small multifamily properties financed by mortgages purchased by the Enterprise in each year for 2022, 2023, and 2024.

§ 1282.15 [Amended]

■ 5. Amend § 1282.15 by removing paragraph (i).

§ 1282.16 [Amended]

■ 6. Amend § 1282.16 by removing and reserving paragraph (c)(10).

Sandra L. Thompson,

Acting Director, Federal Housing Finance Agency.

[FR Doc. 2021–18008 Filed 8–24–21; 8:45 am]

BILLING CODE 8070–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2021–0690; Project Identifier MCAI–2020–01495–E]

RIN 2120–AA64

Airworthiness Directives; Rolls-Royce Deutschland Ltd & Co KG (Type Certificate Previously Held by Rolls-Royce plc) Turbofan Engines

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to adopt a new airworthiness directive (AD) for certain Rolls-Royce Deutschland Ltd. & Co KG (RRD) Trent 1000 model turbofan engines. This proposed AD was prompted by the manufacturer revising the engine Time Limits Manual (TLM) life limits of certain critical rotating parts and direct accumulation counting data files. This proposed AD would require the operator to revise the airworthiness limitation section (ALS) of their existing approved aircraft maintenance program (AMP) by incorporating the revised tasks of the applicable TLM for each affected model turbofan engine, as specified in a European Union Aviation Safety Agency (EASA) AD, which is proposed for incorporation by reference (IBR). The FAA is proposing this AD to address the unsafe condition on these products.

DATES: The FAA must receive comments on this proposed AD by October 12, 2021.

ADDRESSES: You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- *Federal eRulemaking Portal:* Go to *https://www.regulations.gov.* Follow the instructions for submitting comments.
- *Fax:* (202) 493–2251.
- *Mail:* U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.
- *Hand Delivery:* Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For material that is proposed for IBR in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: *ADs@easa.europa.eu;* website: *https://www.easa.europa.eu.* You may find this material on the EASA website at *https://ad.easa.europa.eu.* For RRD service information identified in this NPRM, contact Rolls-Royce plc, Corporate Communications, P.O. Box 31, Derby, DE24 8BJ, United Kingdom; phone: +44 (0)1332 242424 fax: +44 (0)1332 249936; website: *https://www.rolls-royce.com/contact-us.aspx.* You may view this service information at the FAA, Airworthiness Products Section, Operational Safety Branch, 1200 District Avenue, Burlington, MA 01803. For information on the availability of this material at the FAA, call (781) 238–7759. The EASA material is also available at *https://www.regulations.gov* by searching for and locating Docket No. FAA–2021–0690.

Examining the AD Docket

You may examine the AD docket at *https://www.regulations.gov* by searching for and locating Docket No. FAA–2021–0690; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the EASA AD, any comments received, and other information. The street address for Docket Operations is listed above.

FOR FURTHER INFORMATION CONTACT: Kevin M. Clark, Aviation Safety Engineer, ECO Branch, FAA, 1200 District Avenue, Burlington, MA 01803; phone: (781) 238–7088; fax: (781) 238–7199; email: *kevin.m.clark@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under **ADDRESSES**. Include ''Docket No. FAA–2021–0690; Project Identifier MCAI–2020–01495–E'' at the beginning of your comments. The most helpful comments reference a specific portion of the proposal, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend this proposal because of those comments.

Except for Confidential Business Information (CBI) as described in the following paragraph, and other information as described in 14 CFR 11.35, the FAA will post all comments received, without change, to *https://www.regulations.gov,* including any personal information you provide. The agency will also post a report summarizing each substantive verbal contact received about this NPRM.

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this NPRM contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this NPRM, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as ''PROPIN.'' The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this