(b) The civil money penalty for election sensitive reports that are filed late or not filed shall be calculated in accordance with the following schedule of penalties:

TABLE 2 TO PARAGRAPH (b)

If the level of activity in the report was:	And the report was filed late, the civil money penalty is:	Or the report was not filed, the civil money penalty is:
$1–$4,999.99 [a]	[$74 + ($14 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$748 × [1 + (.25 × Number of previous violations)].
$5,000–$9,999.99	[$150 + ($14 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$897 × [1 + (.25 × Number of previous violations)].
$10,000–24,999.99	[$224 + ($14 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$1,346 × [1 + (.25 × Number of previous violations)].
$25,000–49,999.99	[$478 + ($38 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$2,093 × [1 + (.25 × Number of previous violations)].
$50,000–74,999.99	[$716 + ($120 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$4,768 × [1 + (.25 × Number of previous violations)].
$75,000–99,999.99	[$952 + ($160 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$6,358 × [1 + (.25 × Number of previous violations)].
$100,000–149,999.99	[$1,431 + ($199 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$7,948 × [1 + (.25 × Number of previous violations)].
$150,000–199,999.99	[$1,908 + ($238 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$9,537 × [1 + (.25 × Number of previous violations)].
$200,000–249,999.99	[$2,385 + ($277 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$11,922 × [1 + (.25 × Number of previous violations)].
$250,000–349,999.99	[$3,576 + ($317 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$14,306 × [1 + (.25 × Number of previous violations)].
$350,000–449,999.99	[$4,768 + ($317 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$15,897 × [1 + (.25 × Number of previous violations)].
$450,000–549,999.99	[$5,961 + ($317 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$17,485 × [1 + (.25 × Number of previous violations)].
$550,000–649,999.99	[$7,154 + ($317 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$19,075 × [1 + (.25 × Number of previous violations)].
$650,000–749,999.99	[$8,346 + ($317 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$20,665 × [1 + (.25 × Number of previous violations)].
$750,000–849,999.99	[$9,537 + ($317 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$22,255 × [1 + (.25 × Number of previous violations)].
$850,000–949,999.99	[$10,729 + ($317 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$23,843 × [1 + (.25 × Number of previous violations)].
$950,000 or over	[$11,922 + ($317 × Number of days late)] × [1 + (.25 × Number of previous violations)].	$25,434 × [1 + (.25 × Number of previous violations)].

[a] The civil money penalty for a respondent who does not have any previous violations will not exceed the level of activity in the report.

(c) If the respondent fails to file a required report and the Commission cannot calculate the level of activity under paragraph (d) of this section, then the civil money penalty shall be $8,743.

* * * * *

§ 111.44 [Amended]

■ 4. In § 111.44, in paragraph (a)(1), remove ''$151'' and add in its place ''$160''.

Dated: December 21, 2021.

On behalf of the Commission,

Ellen L. Weintraub,

Commissioner, Federal Election Commission.

[FR Doc. 2021–28075 Filed 12–27–21; 8:45 am]

BILLING CODE 6715–01–P

FEDERAL HOUSING FINANCE AGENCY

12 CFR Part 1282

RIN 2590–AB12

2022–2024 Single-Family and 2022 Multifamily Enterprise Housing Goals

AGENCY: Federal Housing Finance Agency.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Agency (FHFA) is issuing a final rule on the single-family housing goals for Fannie Mae and Freddie Mac (the Enterprises) for 2022 through 2024, as well as the multifamily housing goals for 2022. 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 final rule establishes the benchmark levels for each of the single-family housing goals and subgoals for 2022 through 2024. The final rule also replaces 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). The final rule establishes the multifamily housing goals for 2022 only. For the small low-income multifamily subgoal, the final rule establishes separate benchmarks for Fannie Mae and Freddie Mac. Finally, the final rule makes several technical changes to definitions and other provisions to conform the regulation to existing practice.

DATES: The final rule is effective on February 28, 2022.

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. For TTY/TRS users with hearing and speech disabilities, dial 711 and ask to be connected to any of the contact numbers above.

SUPPLEMENTARY INFORMATION:

I. Background

A. Statutory and Regulatory Background for the Existing Housing Goals

The Safety and Soundness Act requires FHFA to establish annual housing goals for several categories of both single-family and multifamily mortgages purchased by Fannie Mae and Freddie Mac.[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] FHFA established housing goals levels for 2021 in a final rule published on December 21, 2020.[3] FHFA proposed housing goals for 2022–2024 in a proposed rule published on August 25, 2021.[4]

Single-family goals. The single-family goals as 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. 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 (FHA) or another government agency and with principal balances that do not exceed the loan limits for Enterprise mortgages.

The performance of the Enterprises on the single-family housing goals is evaluated using a two-part approach, which compares the goal-qualifying share of the Enterprise's mortgage purchases to two separate measures: A benchmark level established by FHFA regulation; and a market level that FHFA computes retrospectively based on Home Mortgage Disclosure Act (HMDA) data.

Multifamily goals. The multifamily goals as defined under the Safety and Soundness Act include separate categories for mortgages on multifamily properties (properties with five or more units) with rental units affordable to low-income families and for mortgages on multifamily properties with rental units affordable to very low-income families. FHFA has also established by regulation a small multifamily low-income subgoal for multifamily properties with 5–50 units. 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 regulation establishes benchmark levels for the multifamily goals and subgoals, but it does not include a retrospective market level measure for the multifamily goals and subgoals, due in part to a lack of comprehensive data about the multifamily market. Thus, in contrast to the single-family goals, FHFA currently measures Enterprise multifamily goals performance against the benchmark levels only.

B. Adjusting the Housing Goals

If, after publication of this final rule, FHFA determines that any of the single-family or multifamily housing goals should be adjusted due to market conditions that are beyond current expectations, 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 of any of the single-family or multifamily housing goal benchmark levels 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) 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.[5]

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.[6]

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.[7]

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.

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

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

[3] *See* 85 FR 82881 (Dec. 21, 2020).

[4] *See* 86 FR 47398 (Aug. 25, 2021).

[5] *See* 12 CFR 1282.14(d); 12 U.S.C. 4564(b).

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

[7] *See* 12 CFR 1282.21; 12 U.S.C. 4566(c).

II. Discussion of Proposed Rule and Public Comments

FHFA published a Notice of Proposed Rulemaking (NPRM or proposed rule) in the **Federal Register** on August 25, 2021 that proposed new benchmark levels for each of the single-family and multifamily housing goals. The NPRM also proposed the replacement of the existing single-family 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). The NPRM also included proposed technical changes to the regulation.[8] The public comment period on the proposed rule ended on October 25, 2021.

Overview. FHFA received 24 comment letters from 27 organizations and individuals in response to the proposed rule. Comments were submitted by both Fannie Mae and Freddie Mac, as well as by five nonprofit organizations, and ten trade associations representing lenders, home builders, credit unions, and other mortgage market participants. FHFA also received four comment letters from policy advocacy organizations, with one letter representing the views of three organizations and another representing the views of two organizations. Individuals submitted the remaining six comments. FHFA has reviewed and considered all of the comments. A number of comments raised issues unrelated to the housing goals or beyond the scope of the proposed rule, and those comments are not addressed in this final rule. Specific provisions of the proposed rule, and the comments received on those provisions, are discussed below and throughout this final rule.

Single-family benchmark levels. FHFA proposed increases to the benchmark levels for the single-family housing goals. FHFA also proposed establishing a new area-based subgoals structure, which divided the existing low-income area purchase subgoal into two subgoals (a minority census tracts subgoal and a low-income census tracts subgoal). A majority of commenters, including Fannie Mae and Freddie Mac, expressed overall support for the proposed benchmark levels for the single-family goals, including the area-based subgoals. Many of these commenters characterized their support for the proposed single-family benchmark levels as ''strong'' and ''enthusiastic.'' Several of these commenters specifically commended FHFA for proposing higher benchmark levels, which they described as in-line with the Enterprises' public missions and responsibilities to provide access to stable and affordable housing for all communities. Many of these commenters described the proposed increases in the benchmark levels as the type of concrete action necessary to address the affordable housing needs the country is facing, as well as to build a more equitable housing finance market. Several of them, including Fannie Mae, also described the proposed higher benchmark levels as reasonable, realistic, and achievable. Many of the commenters supporting the proposed benchmark levels described them as appropriately higher and necessary in order to support the Enterprises' mission to enable equitable and sustainable access to affordable housing. A number of these commenters focused on the critical role the goals play in providing credit for low-income and very low-income borrowers by ensuring that the Enterprises properly focus on this important aspect of their mission.

Several commenters noted that higher benchmark levels will incentivize Fannie Mae and Freddie Mac to marshal their considerable resources and market presence to address the nation's affordable housing crisis. A number of commenters found the proposed single-family benchmark levels to be reasonable in relation to the market forecast. One commenter specifically supported setting the proposed benchmark levels for the low-income and very low-income purchase goals slightly above the midpoint of the projected confidence interval in the market forecast, as discussed in the proposed rule, on the basis that this will encourage the Enterprises to expend significant effort and execute thoughtful strategies to meet meaningful, yet attainable, goals.

Single-family home purchase housing goals. Both Fannie Mae and Freddie Mac commented that the proposed increases in the benchmark levels for the single-family home purchase housing goals were substantial compared to the 2018–2020 and 2021 goals. Freddie Mac specifically noted that the proposed increases would set targets that exceed past performance by both Enterprises and the market as a whole in most of the past ten years.

Although Fannie Mae and Freddie Mac expressed support for the proposed increases to the single-family home purchase benchmark levels, both Enterprises expressed concerns about uncertainty in the housing and loan origination markets. Fannie Mae expressed cautious optimism regarding its ability to achieve the proposed single-family home purchase benchmarks based on historical performance, while Freddie Mac committed to making every effort to meet the proposed goals. However, both Fannie Mae and Freddie Mac emphasized that market factors and regulatory issues outside the Enterprises' control could pose risks to their ability to meet the proposed benchmark levels during the period covered by the final rule. Freddie Mac specifically requested a designated ''implementation period'' to adjust to the significant increases in the single-family benchmark levels in light of the current and foreseeable market conditions. Both Enterprises encouraged FHFA to consider how external factors could complicate their efforts to achieve the proposed benchmark levels given the current and forecasted conditions in the housing and origination markets. They emphasized how extreme home price appreciation, the shortfall in affordable housing supply, and disruptions in income and employment stability resulting from the COVID–19 pandemic could reduce demand and disproportionately impact lower-income borrowers' mortgage loan eligibility. The Enterprises also emphasized how secondary market dynamics, such as lender interest in holding loans in their portfolios rather than selling them, consumer demand, lender preference for conventional loans versus non-conventional loans, and the secondary market activities of other investors will influence the Enterprises' ability to achieve the proposed benchmark levels.

Area-based subgoals. The NPRM proposed establishing a new area-based subgoals structure by dividing the existing low-income areas purchase subgoal into two subgoals: A minority census tracts subgoal and a low-income census tracts subgoal. Most commenters offered strong support for the proposed area-based subgoals structure. Several commenters, including Freddie Mac, applauded FHFA for its focus on equitable housing finance and efforts to address the minority homeownership gap through these proposed subgoals. One commenter stated that the proposed minority census tracts subgoal is a necessary step toward ensuring the Enterprises fulfill their statutory duty to facilitate the financing of affordable housing for all low- and moderate-income families, including families of color. A number of commenters urged FHFA to increase the benchmark level for the minority census tracts subgoal above the proposed 10 percent. Two

[8] *See* 86 FR 47398 (Aug. 25, 2021).

commenters recommended an increase in the benchmark level for the proposed low-income census tracts subgoal above the proposed 4 percent. Two commenters suggested that restructuring the low-income areas subgoal as proposed might provide FHFA with data to determine ''whether the enterprise housing goals are unintentionally contributing to the displacement of low-income families.''

While no commenters objected to the proposed area-based subgoals structure, one commenter expressed concern that the proposed low-income census tracts subgoal would deter the Enterprises from purchasing loans in minority census tracts for moderate- to high-income minority borrowers who opt to live in minority census tracts. FHFA notes that the new subgoals would permit housing goals credit under at least one of the subgoals for many moderate- and high-income borrowers in minority census tracts. All loans to moderate-income borrowers (defined as having incomes no greater than 100 percent of area median income (AMI)) in minority census tracts would be eligible for credit under the minority census tracts subgoal, and in minority census tracts that are also low-income census tracts, loans to borrowers with incomes above 100 percent of AMI would be eligible for credit under the low-income census tracts subgoal. While it is true that loans to higher income borrowers in minority census tracts that are not low-income census tracts would not be eligible for credit under either subgoal, FHFA does not expect this to create a significant disincentive for Enterprise purchases of such loans.

Another commenter recommended future inclusion of race and ethnicity of borrowers into housing goal formulation and modification. FHFA will continue to monitor Enterprise performance on the housing goals and the demographics of borrowers with goals-qualifying loans. FHFA may explore avenues that may be permitted under applicable law in future housing goals rulemakings.

Single-family low-income refinancing goal. In addition to their support for the proposed increases in the benchmark levels for the single-family home purchase goals, a number of commenters specifically expressed support for the proposed benchmark level for the single-family low-income refinancing goal. Several of these commenters emphasized the crucial role that responsible and affordable refinance loans play in preserving homeownership and the important role the Enterprises play in ensuring that more borrowers can benefit from the current refinance boom to save money on mortgage payments. They expressed concern that, during the COVID–19 pandemic and a period of historically low interest rates, the current surge in refinancing is not adequately reaching lower-income families, lower-wealth families, and borrowers with smaller loan balances. To address these concerns, these commenters recommended that FHFA and the Enterprises help reduce the cost of refinancing by ensuring that rate-term refinances are more available, but not more costly, for lower-income families who would save greatly on mortgage payments. They also urged FHFA and the Enterprises to create a streamlined refinance program for low-balance mortgages to ensure that affordable refinances are more accessible to borrowers, and particularly those of color. One commenter that supported the proposed benchmark level for the single-family low-income refinancing goal expressed optimism that the proposed higher benchmark level would encourage the Enterprises to purchase refinance mortgages from credit unions and other financial institutions whose mission is to serve their local communities. Another commenter urged FHFA to increase the benchmark level for the low-income refinancing goal from the proposed 26 percent to 28 percent to help ensure that the Enterprises can respond to current market conditions and promote fair access to affordable housing effectively. One commenter recommended that FHFA increase the income level for mortgages eligible for the low-income refinance goal from 80 percent of AMI to 100 percent of AMI and provide more support to more low-income homeowners looking to refinance. FHFA notes that while this proposal would be beyond the scope of the current rule, FHFA will continue to consider the needs of moderate-income households that are seeking to refinance loans.

Several commenters expressed support for the higher proposed benchmark level while acknowledging that interest rates are forecast to increase in the years 2022–2024. Two of these commenters described the proposal, which set the low-income refinancing goal slightly below the midpoint of the confidence interval in the market forecast, as appropriate given the greater volatility in refinance projections and the sizable increase over the current benchmark level of 21 percent. One of these commenters endorsed FHFA's proposal to set the benchmark level lower than the projected market level due to fluctuations in interest rates.

Fannie Mae expressed concern over the proposed low-income refinance benchmark level, characterizing the proposed increase over the current benchmark level as significant. Fannie Mae stated that the unpredictability of future interest rates and refinancing volumes could have a significant impact on the low-income refinance share of the market. Fannie Mae further stated that this volatility makes it difficult to determine the likelihood of the Enterprises' ability to meet the proposed benchmark level, particularly in 2023 and 2024. Fannie Mae also stated that meeting the proposed benchmark level may be challenging if future refinance volume stalls because homeowners who have taken advantage of historically low interest rates will have less incentive to refinance their loans, especially those lower income borrowers with low loan balances. FHFA emphasizes that the Enterprises are required to meet the lower of the benchmark level or the market level for each single-family goal. Therefore, if the benchmark level that FHFA set is higher than the market level, then the Enterprise can still meet this goal by exceeding the market level, even if it falls short of the benchmark. However, if FHFA sets a low benchmark level in the context of an expected strong or high market level, then FHFA would be not be meeting its statutory obligation to set meaningful and robust goals to ensure that an appropriate share of Enterprise refinance acquisitions are loans made to low-income borrowers.

Multifamily benchmark levels. The NPRM proposed increases in the benchmark levels for all three multifamily goals. A significant number of commenters supported these proposed increases in the benchmark levels. The commenters characterized the proposed benchmark levels as reasonable and attainable, notwithstanding known market challenges, like the cost of materials, labor shortages and supply chain issues. Several of the commenters stated that the significant and growing need for affordable rental housing across the country aligns with the missions of the Enterprises and should be a priority in the near future. One commenter stated that while the proposed increases in the benchmark levels would be an improvement, FHFA should set the multifamily benchmark levels even higher, citing both the need for more affordable rental housing and the Enterprises' recent performance on these goals. Two commenters expressed concern that the proposed benchmark levels would be too high relative to previous levels.

Measuring multifamily goals. Several commenters suggested expressing the multifamily goals in percentages or dollar volumes instead of numbers of units. Those proposals are outside the scope of this rulemaking, and the final rule does not change how the multifamily goals are measured. FHFA may consider changes to the structure or measurement of the multifamily housing goals in future rulemaking to establish multifamily benchmark levels for 2023 and beyond.

Duration of goals. A number of commenters recommended that FHFA establish the housing goals more frequently than once every three years. Several of these commenters urged FHFA to set the multifamily goal benchmark levels annually, rather than for three years as set forth in the proposed rule. One of these commenters stated that because the 2022–2024 goals are subject to the lasting uncertainty in housing markets due to the COVID–19 pandemic, FHFA should issue one-year multifamily goal benchmark levels applicable to 2022. This commenter argued that a shorter goal duration could also mitigate the potential need for FHFA to adjust longer-term housing goal benchmark levels if unforeseen changes to market conditions arise. Other commenters also recommended a one-year multifamily goal duration, stating that the proposed increases to the benchmark levels may be too high and the three-year time frame too long and may cause the Enterprises to act irrationally if the market dynamics change during the three-year period. One commenter urged FHFA to set two-year benchmark levels for both the single-family and multifamily goals. The commenter reasoned that because forecasts are more accurate in shorter time frames, two-year goals could allow for more aggressive, but feasible, benchmark levels within the upper range of loan purchase forecasts.

Small multifamily subgoal. FHFA received several comment letters, including from Freddie Mac, supporting the proposed increase in the small multifamily housing goal benchmark level. Fannie Mae highlighted concerns around the proposed increase in the benchmark level and identified a potential need to change existing underwriting standards in order to meet the goal.

Other issues. A number of commenters raised concerns in response to the proposed rule that, while important to note, have limited implementation feasibility or relevance in the final housing goals rulemaking. Additionally, commenters recommended changes to the proposed rule that are outside the scope of the housing goals, such as issues related to the Enterprises' Senior Preferred Stock Purchase Agreements (PSPA) with the U.S. Department of Treasury, and recommendations for alignment with other regulatory requirements, such as the Community Reinvestment Act. These comments are further discussed below.

(i) PSPA amendments. A number of commenters expressed general concern over the impact of the covenants added to the PSPA in January 2021 on Enterprise housing goals performance. Several of the commenters recommended permanently suspending these covenants, which were temporarily suspended by the U.S. Department of Treasury in September 2021, to best support communities of color and bolster Enterprise performance. One commenter stated that while FHFA has important safety and soundness responsibilities, those responsibilities should be exercised using supervisory authority rather than as part of the PSPA.

(ii) Equitable Housing Finance Plans. Several commenters, including Fannie Mae, commended FHFA's efforts to support sustainable affordable housing—specifically, FHFA's requirement that the Enterprises prepare three-year Equitable Housing Finance Plans. The Enterprises' Equitable Housing Finance Plans, due by December 31, 2021, will identify barriers to housing opportunities, list measurable objectives and meaningful goals, and describe plans for meaningful actions to reduce the racial homeownership gap. FHFA expects that the Equitable Housing Finance Plans, together with the new housing goals area-based subgoals structure, will contribute to promoting equitable and wide-reaching credit opportunities.

(iii) Disaster-related and climate change considerations. One commenter recommended explicitly including indicators for climate change and environmental justice into the formulation of Enterprise housing goals. Citing apparent disproportionate effects of climate change on historically underserved communities, particularly those of color, the commenter pushed for consideration of environment-related risk into housing goal risk assessment. The commenter asserted that FHFA should take actions to support sustainable affordable housing initiatives in response to the risks posed by climate change to the housing finance market, and low- and moderate-income communities and communities of color in particular. FHFA has been actively engaging with industry stakeholders and working to evaluate climate and natural disaster risk management at the Enterprises and will continue to do so.[9]

(iv) Manufactured housing loans. The NPRM did not propose targets specific to the purchase of manufactured housing loans. One commenter urged FHFA to establish a new manufactured housing single-family subgoal based on the commenter's claim that the Enterprises' separate Duty to Serve plans and performance do not adequately support manufactured housing finance. Fannie Mae suggested that FHFA allow housing goals credit for rented units within manufactured housing communities.

FHFA recognizes the importance of manufactured housing as a significant source of affordable housing and homeownership. However, the final rule does not establish a new manufactured housing single-family subgoal and does not allow housing goals credit for rented units in manufactured housing communities. The multifamily Conservatorship Scorecard cap currently requires at least 50 percent of an Enterprise's multifamily loan purchases to be mission-driven, affordable housing, including manufactured housing communities. In addition, the Enterprises' proposed Duty to Serve plans include Enterprise manufactured home loan purchases for 2022–2024. FHFA will continue to evaluate the treatment of loans on manufactured housing communities and may consider changes in connection with the Enterprises' Duty to Serve efforts.

FHFA also will consider providing additional guidance to the Enterprises to permit blanket loans on manufactured housing communities that meet certain conditions to count towards the multifamily housing goals on a case-by-case basis. It is difficult to accurately determine a manufactured housing unit's affordability under the housing goals because bedroom count information on individual manufactured housing units in the communities is typically not collected by the Enterprises, and the pad rent alone does not include the full cost of housing for the residents, which includes paying for their unit financing. Therefore, the practical question of how to determine housing costs and affordability, including how to adjust household size for the number of bedrooms in a unit to accurately apply the rent estimation alternative, cannot be answered at this time given available data.

[9] *See https://www.fhfa.gov/Media/PublicAffairs/Documents/Climate-and-Natural-Disaster-RFI.pdf.*

(v) Multifamily workforce housing goal. One commenter suggested that FHFA establish a multifamily goal targeting support for multifamily properties rented to households with incomes from 60 to 120 percent of AMI (which is the common definition of incomes for workforce housing). The commenter recommended that FHFA give the Enterprises goals credit for purchasing mortgage loans on multifamily rental properties with a prescribed number of rental units that are affordable to moderate-income families with incomes between 60 and 120 percent of AMI. However, this proposal is outside the scope of this rulemaking. Therefore, the final rule does not change the structure of the multifamily housing goals to expand beyond the statutory requirements for establishing multifamily goals, which limit housing goals credit to households at or below 80 percent of AMI. FHFA acknowledges the importance of this market segment and may take workforce housing into consideration in future rulemakings.

(vi) Qualitative considerations. Fannie Mae and another commenter proposed incorporating qualitative goals in FHFA's final determinations for Enterprise annual performance. The commenters argued that analyzing the Enterprises' qualitative efforts in addition to their quantitative performance metrics will bolster FHFA's determination of appropriate remedies for Enterprise noncompliance with housing goals. The commenters recommended that FHFA give the Enterprises credit for participation in stakeholder efforts to promote affordable and sustainable housing. The commenters also suggested that FHFA explore opportunities for developing qualitative goals in conjunction with the Enterprises' development and implementation of their Equitable Housing Finance Plans and their efforts to advance equity in housing finance.

FHFA agrees that the implementation of qualitative measures plays an important role in the Enterprises' ability to achieve the quantitative housing goals. In particular, quantitative measures may not always reflect the impact of market developments outside the control of the Enterprises that may have a significant impact on the ability of the Enterprises to meet the housing goals. However, FHFA continues to believe that the establishment of quantitative benchmark levels provides clearly defined standards for objectively measuring the Enterprises' performance. FHFA notes that the qualitative efforts of the Enterprises in attempting to meet the housing goals are an appropriate consideration when assessing the feasibility of any housing goals that an Enterprise fails to achieve, as well as whether to require an Enterprise to submit a housing plan if the Enterprise fails to achieve a goal that was feasible.

III. Summary of Final Rule

A. Benchmark Levels for the Single-Family Housing Goals

The final rule establishes the benchmark levels for the single-family housing goals and subgoals for 2022–2024 as follows:

TABLE 1—SINGLE-FAMILY BENCHMARK LEVELS FOR 2022–2024

Goal	Criteria	Final 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 percent of AMI.	28
Very Low-Income Home Purchase Goal.	Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 50 percent of AMI.	7
Minority Census Tracts Subgoal ...	Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes 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
Low-Income Refinancing Goal	Refinancing mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 80 percent of AMI.	26

[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.

B. Multifamily Housing Goal Levels

The final rule establishes the benchmark levels for the multifamily goal and subgoals for 2022 as follows:

TABLE 2—MULTIFAMILY BENCHMARK LEVELS FOR 2022

Goal	Criteria	Final benchmark level for 2022
Low-Income Goal	Units affordable to families with incomes no greater than 80 percent of AMI in multifamily rental properties with mortgages purchased by an Enterprise.	415,000 units.
Very Low-Income Subgoal	Units affordable to families with incomes no greater than 50 percent of AMI in multifamily rental properties with mortgages purchased by an Enterprise.	88,000 units.
Small Multifamily Low-Income Subgoal.	Units affordable to families with incomes no greater than 80 percent of AMI in small multifamily rental properties (5 to 50 units) with mortgages purchased by an Enterprise.	Freddie Mac: 23,000 units. Fannie Mae: 17,000 units.

C. Other Proposed Changes

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

IV. Single-Family Housing Goals

A. Factors Considered in Setting the Single-Family Housing Goal Benchmark 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.[10]

FHFA considered each of these required statutory factors, as described in detail in the proposed rule, in setting the benchmark levels for the single-family housing goals.[11]

FHFA's analysis and goal setting process includes developing econometric forecast models for each of the single-family housing goal segments that explicitly take some of the statutory factors into account, and then considering the other statutory factors and variables that impact affordable homeownership in selecting the specific benchmark level.[12] Many of these factors indicate that low-income and very low-income households are facing, and will continue to face, difficulties in achieving homeownership or in refinancing an existing mortgage. These factors, such as rising home prices and stagnant household incomes, also impact the Enterprises' ability to meet their mission and facilitate affordable homeownership for low-income and very low-income households. Nevertheless, FHFA expects and encourages the Enterprises to work toward meeting their housing goals requirements in a safe and sound manner.

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 housing goals. FHFA will continue to monitor the affordable housing market and take these factors into account when considering the feasibility of the goals. In developing the market models, FHFA, as in past rulemakings, used Moody's forecasts as the source for macroeconomic variables where available.[13] 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.[14] Elements that impact the models and the determination of benchmark levels are discussed in FHFA's market paper and some of these elements are discussed below.[15]

Interest rates are very important determinants of mortgage market trajectory. Moody's September 2021 forecast projects that mortgage interest rates will rise gradually from 2.9 percent in 2021 to 3.7 percent by 2024.[16] Moody's forecast also projects that the unemployment rate will gradually fall from its April 2020 peak of 14.8 percent to 3.9 percent in 2024.[17] Moody's forecast also projects a modest increase in per capita disposable nominal income growth—from $52,800 in 2020 to $59,300 in 2024. Furthermore, Moody's forecast estimates that the inflation rate will be in the 2.3–2.8 percent range from 2022 through 2024.

The combination of low interest rates, high deferred demand, and low supply fueled by the COVID–19 pandemic drove house prices up by 18.5 percent in the third quarter of 2021 relative to the third quarter of 2020, based on FHFA's purchase-only House Price Index (HPI).[18] Moody's September 2021 forecast of the same HPI index expects house prices to increase at the annual rates of 4.0, 1.2, and 0.2 percent in 2022, 2023, and 2024, respectively.

Taken together, the expected increase in mortgage interest rates and house prices will likely 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 166.8 in 2020 to 151.6 in 2024. Lower values of the HAI imply that housing has become less affordable.[19] Further, the supply of affordable housing has not kept pace with the growth of the demographic demand for affordable housing, even before the COVID–19 pandemic.

In many ways, 2020 was an unusual year in its 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 increased from 28 percent in 2018 to 61 percent in 2020. Moody's forecasts this share to decline slightly to 59 percent in 2021, subsequently increase to 64 percent in 2022, and then decline to 51 percent and 38 percent in 2023 and 2024, respectively.

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[10] 12 U.S.C. 4562(e)(2)(B).

[11] *See* 86 FR 47398 (Aug. 25, 2021).

[12] *See http://www.fhfa.gov/PolicyProgramsResearch/Research/PaperDocuments/Dec2021_Market-Estimates-2022-2024.pdf.*

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

[14] 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.

[15] *See http://www.fhfa.gov/PolicyProgramsResearch/Research/PaperDocuments/Dec2021_Market-Estimates-2022-2024.pdf.*

[16] Refer to Exhibit 1 in the ''The Size of the Affordable Mortgage Market: 2022–2024 Enterprise Single-Family Housing Goals,'' available at *http://www.fhfa.gov/PolicyProgramsResearch/Research/PaperDocuments/Dec2021_Market-Estimates-2022-2024.pdf.*

[17] U.S. Bureau of Labor Statistics ''Labor Force Statistics from the Current Population Survey,'' available at: *https://data.bls.gov/timeseries/LNS14000000.*

[18] *See https://www.fhfa.gov/Media/PublicAffairs/Pages/US-House-Prices-Rise-18pt5-Percent-over-the-Last-Year-Up-4pt2-Percent-from-2Q.aspx.*

[19] 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.

B. Final Single-Family Housing Goal Benchmark Levels

The final rule sets each of the single-family housing goal benchmark levels at the same levels as in the proposed rule, which are higher than the corresponding levels that have been in place since 2018. Both Enterprise performance and the overall market shares generally have exceeded the benchmark levels in those years. FHFA recognizes that the new higher benchmark levels may require the Enterprises to expand their efforts to serve these markets in the future, particularly as market conditions continue to change. However, FHFA believes that the new benchmark levels are appropriate and feasible for the Enterprises to achieve in light of their past performance, FHFA's analysis of the market, and the statutory factors listed above. FHFA also notes that the Enterprises are required to meet the lower of the benchmark level or the market level for each single-family goal. Therefore, if the benchmark level in the final rule is higher than the market level, an Enterprise can still meet the goal by exceeding the market level, even if it falls short of the benchmark level.

FHFA continues to monitor the activities of the Enterprises, both in FHFA's capacity as regulator and as conservator. If necessary, FHFA will make appropriate changes in the benchmark levels for the single-family housing goals to ensure the Enterprises' continued safety and soundness.

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. Consistent with the proposed rule and FHFA's market model, the final rule sets the annual low-income home purchase housing goal benchmark level for 2022–2024 at 28 percent. Although the final benchmark level is significantly higher than the previous benchmark level of 24 percent and is above the midpoint of the confidence intervals of the market forecast, FHFA believes that the higher benchmark level is appropriate to ensure that the Enterprises fulfill their statutory duty to facilitate the financing of affordable housing for all low- and moderate-income families. Additionally, FHFA notes that setting the benchmark level above the midpoint of the confidence intervals in the market forecast will help ensure that the two-part benchmark/market level structure of the goal is meaningful even in a strong market for low-income borrowers.

Table 3. 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%	28.0%	28.0%	28.0%
Current Market Forecast				27.5% +/- 2.3%	26.6% +/- 3.9%	25.7% +/- 5.0%	25.5% +/- 5.9%
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%				

The current market forecast in Table 3 reflects a 90 percent confidence level for this goal.[20]

Recent performance and forecasts. As shown in Table 3, both Enterprises exceeded both the applicable benchmark and market levels for this goal in 2018, 2019, and 2020 while the low-income home purchase market levels were steadily increasing. FHFA's current model forecasts that the market level for this goal is expected to decline from the peak in 2020 and remain around 26 percent for each year from 2022–2024.

Proposed rule and comments. The NPRM proposed increasing the benchmark level for this goal for 2022–2024 from 24 percent, which had been in place since 2015, to 28 percent. At the time the NPRM was issued, using data through July 2021, the average market level forecast for 2022–2024 was 26.5 percent. Since the publication of the proposed rule, FHFA has updated the model using additional 2020 data from HMDA and Moody's forecasts as of September 2021. The updated FHFA model forecasts that the market level for this goal will be slightly lower, with the average forecast at 25.9 percent.

A majority of the commenters on the proposed rule supported the proposed higher benchmark levels for the single-family goals, including the low-income home purchase goal, and no commenters recommended lowering them. Commenters described the proposed benchmark levels as reasonable, realistic, and achievable. Both Enterprises expressed concern that market factors and regulatory issues outside of their control could pose risks to their ability to meet the proposed benchmark levels, including for the low-income home purchase goal, during the three-year term of the rule. FHFA will continue to monitor the market for this

[20] A 90 percent confidence interval suggests that there is a 90 percent probability that the market performance for a given year will be within the lower bound and upper bound as indicated in Table 3.

goal and take appropriate actions as needed.

One commenter recommended that FHFA raise all of the single-family benchmark levels and specifically suggested that the single-family low-income benchmark level be increased to 30 percent. The commenter stated that the recommended increase in the single-family benchmark levels would allow the Enterprises to better respond to the current market conditions and promote fair access to affordable housing effectively. The commenter further stated that an increase in the benchmark levels is necessary because the Enterprises have an even more pronounced responsibility to serve the entire market during times of crisis, including the current COVID–19 pandemic, through aggressively setting, or even surpassing, ambitious housing goals. Another commenter stated that because the Enterprises have routinely equaled or exceeded the single-family low-income benchmark levels during the last eleven years, this suggested that the benchmark levels have been too low. The commenter further noted that the single-family goals should be established at levels that would likely result in the Enterprises leading the market but did not specify what the increase to the proposed single-family low-income benchmark level should be.

FHFA determination. Consistent with the proposed rule, the final rule sets the benchmark level for the low-income home purchase housing goal at 28 percent. This is above the average market forecast for the three years, to encourage the Enterprises to continue to find ways to support low-income borrowers while not compromising safe and sound lending standards. Even though this benchmark level is slightly higher than the average market forecast for this goal, due to the two-part nature of the goals, the level that will be used to assess the Enterprises' year-end performance will be the lower of the market level or the benchmark level. Therefore, the 28 percent benchmark level is appropriate, reasonable, and supported by the current market forecast. FHFA recognizes that there may be challenges to meeting the goal, particularly in light of the recovery from the COVID–19 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. Consistent with the proposed rule and FHFA's market model, the final rule sets the annual very low-income home purchase housing goal benchmark level for 2022–2024 at 7 percent. While this benchmark level is above the previous benchmark level of 6 percent and is above the midpoint of the confidence intervals of the market forecast, FHFA has determined that the benchmark level will serve as an appropriate target that will channel Enterprise efforts in this market segment. FHFA recognizes that the various challenges to affordability highlighted above may require additional effort by the Enterprises to meet the benchmark level. As with the low-income home purchase goal discussed above, setting the benchmark level at a higher level will help ensure that the two-part structure of the goal is meaningful even in a strong purchase market for very low-income borrowers.

Table 4. 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%	7.0%	7.0%	7.0%
Current Market Forecast				6.7% +/- 0.8%	6.2% +/- 1.4%	6.1% +/- 1.8%	6.2% +/- 2.1%
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%				

The current market forecast in Table 4 reflects a 90 percent confidence level for this goal.

Recent performance and forecasts. As shown in Table 4, the market for very low-income home purchase loans has increased each year beginning in 2018 through 2020, as reflected in HMDA data. During this timeframe, both Enterprises exceeded the applicable benchmark level for this goal. Fannie Mae also exceeded the applicable market levels for this goal for 2018 and 2020 but fell slightly below the market level for 2019. Conversely, Freddie Mac fell below the applicable market levels for this goal in 2018 and 2020 but exceeded the market level for 2019. FHFA's current model forecasts that the market level for this goal is expected to remain around 6.2 percent for 2022–2024.

Proposed rule and comments. The NPRM proposed increasing the benchmark level for this goal for 2022–2024 from 6 percent, which had been in place since 2015, to 7 percent. At the time the NPRM was issued, using data through July 2021, the average market level forecast for 2022–2024 was 6.7 percent. Since the publication of the proposed rule, FHFA has updated the model using additional 2020 data from HMDA and Moody's forecasts as of September 2021. The updated FHFA model forecasts that the market level for this goal will be slightly lower, with the average forecast at 6.2 percent.

As noted in the low-income goal discussion above, a majority of the commenters expressed support for the proposed higher benchmark levels for the single-family goals, including the very low-income home purchase goal. Several commenters emphasized the importance of establishing more aggressive targets in order to improve access to credit for lower-income home buyers. One commenter stated that setting the proposed very low-income purchase goal slightly above the midpoint of the projected confidence interval in the market forecast will encourage the Enterprises to expend significant effort and execute thoughtful strategies in order to meet meaningful, yet attainable goals. As noted in the low-income home purchase goal discussion above, both Enterprises expressed concern that market factors and regulatory issues outside Enterprise control could pose risks to their ability to meet the proposed benchmark levels, including for the very low-income home purchase goal, during the three-year term of the rule.

As previously discussed, one commenter recommended that FHFA raise all of the single-family benchmark levels. The commenter further recommended that the single-family very low-income benchmark level be increased to 10 percent in order to better respond to current market conditions and to promote fair access to affordable housing effectively. Another commenter opted not to recommend a specific increase to the proposed very low-income goal benchmark level but encouraged FHFA to establish higher single-family benchmark levels that would likely result in the Enterprises leading the market.

FHFA determination. Consistent with the proposed rule, the final rule sets the benchmark level for the very low-income home purchase housing goal at 7 percent. This level should serve as a ''stretch goal'' to encourage the Enterprises to continue their efforts to promote safe and sustainable lending to very low-income families. As noted in the low-income home purchase goal discussion above, there are significant challenges to housing affordability that may be beyond the control of the Enterprises that could make this benchmark level a challenge for the Enterprises to meet. However, given the two-part nature of the goals, the level that will be likely to constrain the Enterprises will be the lower of the market level or the benchmark level. Thus, FHFA is persuaded that setting the benchmark level at 7 percent is appropriate, reasonable, and supported by the current market forecast. 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 very 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. Minority Census Tracts Subgoal

The minority census tracts subgoal is based on the percentage of home purchase mortgages on single-family, owner-occupied properties to borrowers with income no greater than 100 percent of AMI in minority census tracts. Consistent with the proposed rule and FHFA's market model, the final rule sets the annual minority census tracts home purchase subgoal benchmark level for 2022–2024 at 10 percent. While this benchmark level is above the midpoint of the confidence intervals of the market forecast, it is important that the Enterprises expand their focus on this segment of the market. FHFA has determined that the final benchmark level is reasonable, realistic, and achievable for the Enterprises.

Table 5. Minority Census Tracts Subgoal

	Historical Performance			Projected Forecast			
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	9.0%	9.2%	9.2%				
Benchmark					10.0%	10.0%	10.0%
Current Market Forecast				9.3% +/- 0.9%	9.2% +/- 1.4%	8.9% +/- 1.8%	8.7% +/- 2.1%
Fannie Mae Performance	11.0%	10.7%	10.1%				
Freddie Mac Performance	9.0%	9.5%	9.2%				

The current market forecast in Table 5 reflects a 95 percent confidence level for this subgoal.[21]

Recent performance and forecasts. Table 5 provides data on how both Enterprises would have performed had this new subgoal been in place during 2018–2020. Specifically, Fannie Mae would have exceeded the benchmark level each year by a small amount, and Freddie Mac would have missed the benchmark level each year by a small amount. FHFA's 2021 market forecast for this subgoal is at 9.3 percent, with projected decreases in 2022 (9.2 percent), 2023 (8.9 percent), and 2024 (8.7 percent). Because this is a new subgoal, the proposed rule did not include a forecast of the market levels for it. Based on the newly modeled forecasts using HMDA data and Moody's forecasts as of September 2021, the average forecast for this subgoal for 2022–2024 is 8.9 percent.

Proposed rule and comments. Commenters offered strong support for this proposed subgoal. Several commenters highlighted the positive impact the proposed subgoal would have on ensuring the Enterprises fulfill their statutory duty to facilitate the financing of affordable housing for all low- and moderate-income families, including families of color. A number of commenters urged FHFA to set a higher benchmark level for the subgoal than the proposed 10 percent to increase borrower assistance and address the

[21] A 95 percent confidence interval is used for the two new area-based subgoals, unlike the 90 percent confidence interval used for the previously established goals.

racial homeownership gap. Several commenters also cited the COVID–19 pandemic as a factor exacerbating racial disparities in homeownership and advocated for a higher benchmark level to address this issue. FHFA will continue to monitor data trends for this subgoal during 2022–2024 and will share additional data with the public as appropriate.

FHFA determination. Consistent with the proposed rule, the final rule sets the annual minority census tracts subgoal benchmark level for 2022–2024 at 10 percent. While this is above the average market forecast for the three years, the 10 percent benchmark level is appropriate for ensuring that the Enterprises target the needs of communities of color, as well as emphasizing the importance of improving access to mortgage credit in these communities. FHFA will continue to monitor the Enterprises in its capacities as regulator and as conservator, and if FHFA determines that the benchmark level for this subgoal 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.

4. Low-Income Census Tracts Subgoal

The low-income census tracts subgoal is based on the percentage of home purchase mortgages on: (1) Single-family, owner-occupied properties to borrowers (regardless of income) in low-income census tracts that are not minority census tracts; and (2) 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. Consistent with the proposed rule, the final rule sets the annual low-income census tracts home purchase subgoal benchmark level for 2022–2024 at 4 percent. FHFA recognizes that this benchmark level is significantly lower than both the midpoint of the confidence intervals of the market forecast and the recent performance of the Enterprises. However, FHFA has determined that a relatively low benchmark level for this subgoal is appropriate in light of the fact that the subgoal includes housing goals credit for higher income borrowers that may have ready access to mortgage credit even when purchasing homes in low-income census tracts.

Table 6. Low-Income Census Tracts Subgoal

	Historical Performance			Projected Forecast			
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	9.1%	8.9%	8.5%				
Benchmark					4.0%	4.0%	4.0%
Current Market Forecast				9.7% +/- 0.6%	10.0% +/- 1.0%	10.2% +/- 1.2%	10.3% +/- 1.5%
Fannie Mae Performance	9.1%	8.8%	8.3%				
Freddie Mac Performance	8.3%	8.5%	8.0%				

The current market forecast in Table 6 reflects a 95 percent confidence level for this subgoal.

Recent performance and forecasts. Table 6 shows FHFA's estimates of Enterprise performance had this new subgoal been in place during 2018–2020. Specifically, each of the Enterprises would have exceeded the benchmark level each year by a meaningful amount. FHFA's 2021 market forecast is at 9.7 percent, with projected increases in 2022 (10.0 percent), 2023 (10.2 percent), and 2024 (10.3 percent). Because this is a new subgoal, the proposed rule did not include a forecast of the market levels for this subgoal. Based on the newly modeled forecasts using HMDA data and Moody's forecasts as of September 2021, the average forecast for this subgoal for 2022–2024 is 10.2 percent.

Proposed rule and comments. Most commenters were supportive of the proposed low-income census tracts subgoal benchmark level. Two commenters encouraged FHFA to increase the benchmark level above the proposed 4 percent. Two other commenters urged FHFA to gather data and monitor potential displacement trends related to the proposed low-income census tracts subgoal to determine if it would unintentionally contribute to displacement of low-income families.

FHFA determination. Consistent with the proposed rule, the final rule sets the low-income census tracts subgoal benchmark level for 2022–2024 at 4 percent. As noted above, the benchmark level is set below historic Enterprise performance to address concerns around gentrification and displacement of low-income families and the potential that the Enterprises may seek to meet the goal by purchasing loans to higher-income borrowers in lower-income areas. Thus, while the benchmark level is lower than historic market performance, FHFA has determined that 4 percent is an appropriate level. Setting this lower benchmark level addresses concerns about incentivizing purchases of loans to higher-income borrowers in low-income census tracts. However, the 4 percent benchmark level is also intended to encourage the Enterprises to continue providing critically needed access to mortgage credit in low-income census tracts. In response to commenters' concerns about displacement, FHFA will continue to monitor data trends for this subgoal during 2022–2024 and will share additional data with the public as appropriate. FHFA will also continue to monitor the Enterprises in its capacities as regulator and as conservator, and if FHFA determines that the benchmark level for this subgoal 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.

5. Low-Income Areas Home Purchase Goal

The benchmark level for the overall low-income areas housing goal is set annually by FHFA notice based on the benchmark level for the low-income areas housing subgoal, plus an adjustment factor to include areas affected by disasters. FHFA will continue to set a benchmark level for the overall low-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.[22] The final rule defines the low-income areas housing goal to be the sum of (i) the benchmark level for the minority census tracts subgoal, (ii) the benchmark level for the low-income census tracts subgoal, and (iii) a disaster areas increment set in accordance with existing practice. Each year, FHFA notifies the Enterprises by letter of the benchmark level for the overall low-income areas housing goal for that year, and this practice will continue.

6. 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. Consistent with the proposed rule and FHFA's market model, the final rule sets the annual low-income refinancing goal benchmark level for 2022–2024 at 26 percent. FHFA has determined that, despite the various challenges associated with forecasting the low-income refinancing highlighted above, a 26 percent benchmark level will serve as an appropriate target that will channel Enterprise efforts in this segment.

Table 7. 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%	26.0%	26.0%	26.0%
Current Market Forecast				24.2% +/- 2.9%	22.3% +/- 5.0%	25.5% +/- 6.4%	29.1% +/- 7.4%
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%				

The current market forecast in Table 7 reflects a 90 percent confidence level for this goal.

Recent performance and forecasts. As shown in Table 7, the market for low-income refinancing has fluctuated during the period 2018 to 2020, as reflected in HMDA data. For example, the market level for low-income refinancing was 30.7 percent in 2018 (in a strong purchase market), 24.0 percent in 2019 (in a market that was transitioning away from being strongly purchase), and 21.0 percent in 2020 (notable refinance market). The performance of the Enterprises also fluctuated during the 2018–2020 timeframe as the market turned from a predominantly purchase money market to a refinance market. For example, Fannie Mae exceeded the market levels for this goal in 2018 and 2020, but not in 2019, and exceeded the benchmark level for each of the three years. Freddie Mac exceeded the benchmark but not the market level in 2019, exceeded both the market and benchmark levels for 2019, and fell short of both the benchmark and market levels for 2020.

Proposed rule and comments. The NPRM proposed increasing the low-income refinancing benchmark level for 2022–2024 from 21 percent, which had been in place since 2015, to 26 percent. FHFA noted that this proposed benchmark level was close to the market forecast and well within the confidence interval for each year during the period 2022–2024. At that time, using data through July 2021, the average market level forecast for 2022–2024 was 27.6 percent. Since the publication of the NPRM, FHFA has updated the model using 2020 data from HMDA and Moody's forecasts as of September 2021. The current model forecasts that the average market level for 2022–2024 for this goal will be lower, at 25.6 percent.

As previously noted, a majority of the commenters supported the proposed benchmark levels for the single-family goals, including the low-income refinancing goal. A number of these commenters stated that the proposed higher benchmark level for the low-income refinancing housing goal is necessary due to the crucial role the Enterprises play in ensuring that low-income homeowners are able to refinance their loans so they can save money on their mortgage payments. Several commenters acknowledged the challenges associated with establishing the benchmark level for the years 2022–2024 due to the volatility in refinance projections and the sizable increase over the current benchmark level. Nevertheless, none of the commenters recommended that FHFA lower the proposed benchmark level. One commenter recommended that FHFA increase the proposed benchmark level from 26 to 28 percent. Fannie Mae commented that it may be challenged to meet the proposed low-income refinance benchmark level if future refinance volume stalls due to changes in interest rates.

FHFA determination. Consistent with the proposed rule, the final rule sets the benchmark level for the low-income refinancing goal at 26 percent. This decision is supported by the Enterprises' year-to-date performance for 2021. While the low-income refinancing goal is difficult to forecast due to its sensitivity to interest rates, a 26 percent benchmark level is reasonable given the current forecast and the two-part goal structure allowing the Enterprises to achieve the goal by meeting either the benchmark level or the market level. For this reason, FHFA

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

encourages the Enterprises to carefully monitor market conditions in pursuing this goal. FHFA also notes that during periods of increased refinance activity, the market, without additional intervention, would typically refinance more higher balance transactions which also tend to be made to higher income borrowers. Thus, the low-income share of refinances, other things remaining the same, is lower in times of high refinance activity than in times when the market is a purchase money market. FHFA will also 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 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.

V. Multifamily Housing Goals

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

The Safety and Soundness Act requires FHFA to consider the following six factors in setting the multifamily housing goals:

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.

FHFA considered each of these required statutory factors, as described in detail in the proposed rule, in setting the benchmark levels for the multifamily housing goals.[23] The analysis below describes trends in the overall multifamily mortgage market as they apply to setting the final benchmark levels. Additional detailed analyses of the trends in the overall multifamily mortgage market can be found in the proposed rule's preamble.

Current market outlook. 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 2021 State of the Nation's Housing Report, the share of new multifamily completions of buildings with at least 50 units significantly increased from 30 percent in 2011 to a peak of 62 percent in 2018.[24] That share remained high and was at 56 percent in 2020.[25] The units in larger multifamily buildings tend to have higher median rents, as noted in the JCHS 2020 State of the Nation's Housing Report.[26] In addition, according to that JCHS Report, 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 within the same time period.[27]

The JCHS report of the rental market noted the growing presence of cost-burdened renters in certain income segments. According to the 2021 JCHS report, 19 percent of households earning $25,000–$34,999 reported being behind on housing payments in the first quarter of 2021. In higher income households, 16 percent of households earning $35,000–$44,999 and 11 percent for those earning $50,000–$74,999 reported being behind on housing payments in the first quarter of 2021.[28] However, many households were already cost-burdened prior to the COVID–19 pandemic. For example, close to 50 percent of renter households spent more than 30 percent of their incomes on housing in 2019. Specifically, almost 82 percent of renter households earning less than $25,000 and 58 percent of renter households earning $25,000–$49,999 spent more than 30 percent of their incomes on housing in 2019.[29] This is significant because while the Safety and Soundness Act defines affordability for the multifamily housing goals based on rents that are affordable at the 30 percent threshold, many low-income households are paying rents that are significantly above that level.[30]

FHFA's consideration of the multifamily mortgage market addresses the size of the multifamily mortgage market, as well as the subset of the multifamily mortgage market affordable to low-income and very low-income families. In August 2021, the Mortgage Bankers Association (MBA) estimated 2020 multifamily mortgage originations to be $360 billion, a slight decline of 1 percent relative to the previous year.[31] This was an upward revision from MBA's prior estimate (from February 2021) that 2020 multifamily originations had declined by 17 percent in dollar terms from the previous year.[32] MBA also forecasted in August 2021 that there would be a 13 percent increase in total multifamily mortgage originations to $409 billion in 2021 and a more modest increase of 3 percent to $421 billion in 2022.

Based on nationwide CoStar data that FHFA obtains, on a year-over-year basis, after rent growth slowed to 0.3 percent in 2020, it accelerated in 2021, growing by 10.6 percent as of the end of the third quarter compared to the end of the third quarter one year earlier.[33] Significant rent increases were apparent in all subsegments of the rental market based on building ratings defined by CoStar (*i.e.,* ''1, 2, 3, 4, & 5 Star'' property designations).[34] Rent increases were most significant for 4 & 5 Star properties, at 13.6 percent, while rents increased for 3 Star and 1 & 2 Star properties by 10.8 percent and 4.3 percent, respectively, according to CoStar data. After rising earlier in the COVID–19 pandemic, at 4.5 percent, vacancy rates are at historic lows as of the third quarter of 2021, according to CoStar data. Vacancies at 4 & 5 Star properties have declined from the COVID–19 pandemic high of 10.6

[23] *See https://www.govinfo.gov/content/pkg/FR-2021-08-25/pdf/2021-18008.pdf.*

[24] ''The State of the Nation's Housing 2021,'' Joint Center for Housing Studies of Harvard University, June 2021, p. 28, available at *https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf.*

[25] *Ibid.*

[26] ''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.*

[27] *Ibid.*

[28] ''The State of the Nation's Housing 2021,'' Joint Center for Housing Studies of Harvard University, June 2021, p. 30, available at *https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf.*

[29] ''The State of the Nation's Housing 2021,'' Joint Center for Housing Studies of Harvard University, June 2021, Figure 31, available at *https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf.*

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

[31] *See https://www.mba.org/2021-press-releases/august/mba-forecast-commercial/multifamily-lending-on-track-to-increase-31-percent-to-578-billion-in-2021.*

[32] *See https://www.mba.org/2021-press-releases/february/mba-forecast-commercial/multifamily-lending-to-increase-11-percent-to-486-billion-in-2021.*

[33] FHFA tabulations of CoStar data.

[34] CoStar building ratings definitions are available at *https://www.costar.com/docs/default-source/brs-lib/costar_buildingratingsystem-definition.pdf.*

percent to 6.2 percent in the third quarter of 2021. Vacancies in 3 Star properties also reached a historic low of 4.0 percent, as did vacancies at 1 & 2 Star properties, which are the tightest, at 3.8 percent.

Multifamily volume caps. As conservator for the Enterprises, FHFA has set a yearly cap under the Conservatorship Scorecard that limits the total amount by dollar volume unpaid principal balance of multifamily loans 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. In October 2021, FHFA announced the new multifamily loan purchase cap for the 2022 calendar year of $78 billion for each Enterprise, a combined total of $156 billion.[35]

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 2022 Conservatorship Scorecard requires that at least 50 percent of each Enterprises' multifamily loan purchases be mission-driven, affordable housing. In addition, 25 percent of their business must be affordable to households at 60 percent of AMI or below. Loans may qualify as mission-driven under the Conservatorship Scorecard even if the loans do not meet the criteria for counting units as affordable for purposes of the Enterprise housing goals. Details about the multifamily cap and the mission-driven requirements can be found in Appendix A of the 2022 Conservatorship Scorecard.[36]

B. Final Multifamily Housing Goal Benchmark Levels for 2022

This final rule establishes multifamily housing goal benchmark levels for 2022 only. FHFA considered comments recommending the establishment of benchmark levels for fewer than three years, and the differential impact of the COVID–19 pandemic on the various multifamily origination market segments, and FHFA has concluded that establishing multifamily housing goal benchmark levels for 2022 only is the prudent course of action at this time. Several commenters recommended annual multifamily goal benchmark levels, and one commenter encouraged two-year benchmark levels for both single-family and multifamily goals. By setting the multifamily goal benchmark levels for 2022 only, FHFA will be able to take more recent economic data and conditions into account when setting benchmark levels for the following year. FHFA plans to publish an NPRM in the **Federal Register** in 2022 with proposed benchmark levels for each of the multifamily housing goals. The NPRM will also request additional information about the Enterprises' role in the small multifamily market, along with any other issues that FHFA finds appropriate to address in the rulemaking.

This final rule sets the multifamily housing goals at benchmark levels intended to encourage the Enterprises to provide liquidity and to support various multifamily finance market segments in a safe and sound manner. The Enterprises have served as a stabilizing force in the multifamily market, particularly throughout the COVID–19 pandemic. Since 2008, the Enterprises' portfolios of loans on multifamily affordable housing properties have experienced low levels of delinquency and default, similar to the performance of the Enterprises' portfolios of loans on market rate properties. In light of this performance, the Enterprises should be able to sustain or increase their volume of purchases of loans on affordable multifamily housing properties without adversely impacting the Enterprises' safety and soundness or negatively affecting the performance of their total loan portfolios.

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. The final rule sets the multifamily low-income housing goal benchmark level for both Enterprises for 2022 at 415,000 units, consistent with the benchmark level that was proposed for 2022–2024. FHFA has determined that this benchmark level is reasonable and achievable for each Enterprise based on the multifamily volume cap for 2022, the comments received, and FHFA's consideration of the statutory factors discussed above.

Table 8. Multifamily Low-Income Housing Goal

	Historical Performance						
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Low-Income Multifamily Benchmark	300,000	300,000	315,000	315,000	315,000	315,000	415,000
Fannie Mae Performance							
Low-Income Multifamily Units	352,368	401,145	421,813	385,763	441,773		
Total Multifamily Units	552,785	630,868	628,230	596,137	637,696		
Low-Income % Total	63.7%	63.6%	67.1%	64.7%	69.3%		
Freddie Mac Performance							
Low-Income Multifamily Units	406,958	408,096	474,062	455,451	473,338		
Total Multifamily Units	597,399	630,037	695,587	661,417	667,451		
Low-Income % of Total Units	68.1%	64.8%	68.2%	68.9%	70.9%		

Recent performance. As shown in Table 8, both Enterprises have exceeded the applicable multifamily low-income goal benchmark levels by a significant amount each year since 2016. In most years, each Enterprise has also come close to or exceeded the new benchmark level of 415,000 units that will apply in 2022. Freddie Mac historically has

[35] FHFA Announces 2022 Multifamily Loan Purchase Caps for Fannie Mae and Freddie Mac, October 13, 2021: *https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-2022-Multifamily-Loan-Purchase-Caps-for-Fannie-Mae-and-Freddie-Mac.aspx.*

[36] *See https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/2022-Appendix-A-10132021.pdf.*

outperformed Fannie Mae on the multifamily low-income goal in terms of volume of low-income multifamily units.

Proposed rule and comments. A number of commenters, including Freddie Mac, supported the proposal to increase the multifamily low-income benchmark level, describing it as ambitious but attainable for the Enterprises. Overall, commenters supported FHFA making affordable rental housing a priority by setting higher multifamily housing goal benchmark levels. While one commenter advocated for higher multifamily goal benchmark levels than proposed, two commenters stated that the proposed benchmark levels were too high. Fannie Mae commented that the proposed multifamily low-income benchmark level would only be attainable if the Conservatorship Scorecard multifamily volume cap is maintained at or increased from $78 billion in 2022 and future years.

FHFA determination. Based on FHFA's consideration of the statutory factors for the multifamily housing goals, as well as the general support from some commenters for the proposed increase in the multifamily low-income housing goal benchmark level, FHFA has determined that benchmark level for this goal for both Enterprises for 2022 should be set at 415,000 units, consistent with the proposed rule. While this benchmark level is a significant increase from the benchmark level of 315,000 units for 2021, the increase reflects FHFA's commitment to ensuring that the Enterprises provide substantial support for affordable multifamily housing.

2. Multifamily Very Low-Income Housing Subgoal

The multifamily very low-income housing subgoal is based on the total number of rental units in multifamily properties financed by mortgages purchased by the Enterprises that are affordable to very low-income families, defined as families with incomes no greater than 50 percent of AMI. The final rule sets the multifamily very low-income housing subgoal benchmark level for both Enterprises for 2022 at 88,000 units, consistent with the benchmark level that was proposed for 2022–2024. FHFA has determined that this benchmark level is reasonable and achievable for each Enterprise based on the multifamily volume cap for 2022, the comments received, and FHFA's consideration of the statutory factors discussed above.

Table 9. Multifamily Very Low-Income Subgoal

	Historical Performance						
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Very Low-Income Multifamily Benchmark	60,000	60,000	60,000	60,000	60,000	60,000	88,000
Fannie Mae Performance							
Very Low-Income Multifamily Units	65,910	82,674	80,891	79,649	95,416		
Total Multifamily Units	552,785	630,868	628,230	596,137	637,696		
Very Low-Income % of Total Units	11.9%	13.1%	12.9%	13.4%	15.0%		
Freddie Mac Performance							
Very Low-Income Multifamily Units	73,030	92,274	105,612	112,773	107,105		
Total Home Purchase Mortgages	597,399	630,037	695,587	661,417	667,451		
Very Low-Income % of Total Units	12.2%	14.6%	15.2%	17.1%	16.0%		

Recent performance. As shown in Table 9, both Enterprises have exceeded the applicable multifamily very low-income subgoal benchmark levels by a significant amount almost every year from 2016–2020. In most years, one or both Enterprises have also come close to or exceeded the new benchmark level that will apply in 2022.

Proposed rule and comments. A number of commenters generally supported the proposed increased benchmark level for the multifamily very low-income housing subgoal, with some commenters describing it as reasonable and meaningful. Freddie Mac praised the proposed benchmark level as requiring Enterprises to maintain a strong and meaningful commitment to supporting affordable housing. While one commenter viewed the proposed benchmark level as too low, two commenters stated that the proposed benchmark level was too high. Fannie Mae expressed concern that the proposed benchmark level would be achievable only if the current Conservatorship Scorecard multifamily cap is maintained at or increased from $78 billion in 2022.

FHFA determination. Based on FHFA's consideration of the statutory factors for the multifamily housing goals, as well as the general support from some commenters for the proposed increased benchmark level for the multifamily very low-income housing subgoal, FHFA has determined that the benchmark level for this subgoal for both Enterprises for 2022 should be set at the same level as in the proposed rule, *i.e.,* 88,000 units. This benchmark level is a significant increase over the benchmark level in place since 2015. However, both Enterprises have overperformed the benchmark level by a wide margin since 2016. FHFA considers the increased benchmark level to be attainable for the Enterprises in 2022, and the increase reflects FHFA's commitment to ensuring that the Enterprises provide substantial support for affordable multifamily housing.

3. Small Multifamily Low-Income Housing Subgoal

A small multifamily property is defined for purposes of the housing goals 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. The final rule sets the small multifamily low-income housing subgoal benchmark level for 2022 at different levels for each Enterprise. The benchmark level for Freddie Mac will be 23,000 units for 2022, while the benchmark level for Fannie Mae will be 17,000 units for 2022. FHFA has determined that these benchmark levels are reasonable and achievable for each Enterprise based on the multifamily volume cap for 2022, the comments received, and FHFA's consideration of the statutory factors discussed above.

Table 10. Small Multifamily Low-Income Subgoal

	Historical Performance						
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Fannie Mae Small Low-Income Multifamily Benchmark	8,000	10,000	10,000	10,000	10,000	10,000	17,000
Freddie Mac Small Low-Income Multifamily Benchmark	8,000	10,000	10,000	10,000	10,000	10,000	23,000
Fannie Mae Performance							
Small Low-Income Multifamily Units	9,312	12,043	11,890	17,832	21,797		
Total Small Multifamily Units	15,211	20,375	17,894	25,565	36,880		
Low-Income % of Total Small Multifamily Units	61.2%	59.1%	66.4%	69.8%	59.1%		
Freddie Mac Performance							
Small Low-Income Multifamily Units	22,101	39,473	39,353	34,847	28,142		
Total Small Multifamily Units	33,984	55,116	53,893	46,879	41,275		
Low-Income % of Total Small Multifamily Units	65.0%	71.6%	73.0%	74.3%	68.2%		

Recent performance. As shown in Table 10, both Enterprises achieved the small multifamily low-income subgoal for the years 2016–2020. Freddie Mac has performed substantially above the benchmark level for this subgoal, significantly outpacing Fannie Mae's performance on the subgoal. For example, Freddie Mac's average performance on the subgoal over the past three years was 34,114 units, while Fannie Mae averaged 17,173 units during the same period. The Enterprises have different multifamily business models that complement one another and ensure continued liquidity in the multifamily market. Given these differences, each Enterprise must set its own credit risk tolerance for multifamily products. This produces variation in the number of affordable small units each Enterprise can support without crowding out private capital sources. Therefore, FHFA has decided to set different thresholds for each Enterprise for the affordable small multifamily subgoal that respond to these factors. These benchmarks should continue to encourage the Enterprises' participation in this market and ensure the Enterprises have the expertise necessary to serve this market should private sources of financing become unable or unwilling to lend on small multifamily properties.

Proposed rule and comments. Most commenters were generally supportive of the proposed increased benchmark level for the small multifamily subgoal. Freddie Mac expressed support for the proposed benchmark level, which it described as ambitious and requiring the Enterprises to maintain a strong and meaningful commitment to supporting affordable multifamily housing. However, Fannie Mae expressed concerns about its ability to achieve the proposed benchmark level. Fannie Mae also stated that substantial changes in the Enterprise's business mix, deal flow, and underwriting standards might be necessary in order to accommodate the proposed increase in the benchmark level.

FHFA determination. FHFA recognizes that the Enterprises have different approaches to serving this segment of the multifamily market and ensuring the safety and soundness of the Enterprises continues to be a fundamental priority for FHFA. Monitoring trends in the small multifamily market is challenging, and FHFA's non-public Enterprise reporting data suggests that loan performance for small multifamily properties were hit particularly hard in 2020 as a result of the COVID–19 pandemic. However, small multifamily properties are a key source of affordable rental housing, and maintaining consistent access to secondary market liquidity for such housing is critical.

At 23,000 units, the proposed small multifamily subgoal benchmark level for 2022 was a substantial increase from the 10,000-unit benchmark level that has been in place since 2017. In a departure from the proposed rule, the final rule establishes separate benchmark levels for the small multifamily low-income housing subgoal for each Enterprise. Although both Enterprises surpassed the small multifamily subgoal benchmark levels during this timeframe (from 2017–2020), Freddie Mac far exceeded the benchmark level. As a result, Freddie Mac is positioned to meet, if not exceed, the proposed small multifamily subgoal benchmark level for 2022. In light of historical performance on this subgoal, in addition to supportive comments on this proposed increase in the benchmark level, FHFA has determined that the proposed benchmark level of 23,000 units for 2022 is reasonable and meaningful for Freddie Mac. Accordingly, the final rule sets the final benchmark level for the small multifamily low-income housing subgoal at 23,000 units for Freddie Mac in 2022.

FHFA notes that the proposed small multifamily low-income benchmark level of 23,000 units for 2022 would have been a significant increase over Fannie Mae's historical performance under this subgoal, as well as a significant increase over the benchmark level of 10,000 units that has been in place since 2017. However, FHFA has determined that an increase in the benchmark level for Fannie Mae is reasonable and meaningful for Fannie Mae, and FHFA is setting the benchmark level for 2022 at 17,000 units for Fannie Mae. This benchmark level should continue to encourage Fannie Mae to provide necessary liquidity to this market segment while operating in a safe and sound manner.

VI. Section-by-Section Analysis of Other Changes

The final rule revises other provisions of the Enterprise housing goals regulation, as discussed below. These 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.

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

Consistent with the proposed rule, the final rule revises the definition of ''designated disaster area'' in § 1282.1 to refer to major disasters ''where housing assistance payments were authorized by FEMA.''

Comments on Proposed Rule. FHFA received one comment on this proposed revision. Fannie Mae supported the proposed revision based on its understanding that the intent of the proposal is to focus disaster-related housing goal credit on discrete and localized events rather than broad-based conditions like the COVID–19 pandemic response.

FHFA determination. 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 of counting only those census tracts where housing assistance payments were authorized by FEMA.

For those reasons, the final rule amends § 1282.1 to clarify the regulation with respect to FHFA's existing practice by revising 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—Removal of § 1282.15(i)

Consistent with the proposed rule, the final rule removes § 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.

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.[37] 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.

[37] *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.

Comments on Proposed Rule and FHFA determination. FHFA did not receive any comments on this change, and the final rule adopts the change as proposed.

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

Consistent with the proposed rule, the final rule removes § 1282.16(c)(10) as it is no longer necessary in light of the expiration of the Home Affordable Modification Program (HAMP) modification program.

Section 1282.16(c)(10) of the current Enterprise housing goals regulation provides that the permanent modification of a mortgage under 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.

Comments on Proposed Rule. FHFA received one comment on this proposed revision. Fannie Mae acknowledged the need to remove the reference to the HAMP modification program but suggested that FHFA modify the regulation to take into account that the Enterprises have had and will continue to have additional loan modification programs. Fannie Mae recommended that FHFA add the phrase ''in accordance with a loan modification program implemented by the Enterprise'' to the existing regulation.

FHFA determination. The final rule adopts the change as proposed. The final rule does not adopt Fannie Mae's recommendation to provide housing goals credit for other Enterprise loan modification programs. While FHFA supports the robust loss mitigation programs that the Enterprises have developed, treating all loan modifications as refinances for purposes of the housing goals would result in a misalignment between the Enterprise performance as measured and the benchmark level forecasts and market levels calculated by FHFA.

VII. Paperwork Reduction Act

This final rule does 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 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 this final rule under the Regulatory Flexibility Act. FHFA certifies that the 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.

IX. Congressional Review Act

In accordance with the Congressional Review Act (5 U.S.C. 801 *et seq.*), FHFA has determined that this final rule is a major rule and has verified this determination with OMB.

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 amends 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.* For the year 2022, 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 2022.

(c) *Multifamily very low-income housing subgoal.* For the year 2022, 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 2022.

(d) *Small multifamily low-income housing subgoal.* For the year 2022, the benchmark level for each Enterprise's purchases of mortgages on small multifamily properties affordable to low-income families shall be, for Freddie Mac, at least 23,000 dwelling units affordable to low-income families in small multifamily properties financed by mortgages purchased by that Enterprise in 2022, and for Fannie Mae, at least 17,000 such dwelling units.

§ 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.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2021–0874; Project Identifier AD–2021–00668–E; Amendment 39–21892; AD 2022–01–04]

RIN 2120–AA64

Airworthiness Directives; Rolls-Royce Corporation (Type Certificate Previously Held by Allison Engine Company) Turboprop Engines

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain Rolls-Royce Corporation (RRC) AE 2100D3 model turboprop engines. This AD was prompted by an in-flight shutdown (IFSD) of an engine and subsequent investigation by the manufacturer that revealed a crack in the 3rd-stage compressor wheel. This AD requires replacement of the affected 3rd-stage compressor wheel. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective February 2, 2022.

ADDRESSES: For service information identified in this final rule, contact Rolls-Royce Corporation, Rolls-Royce Meridian Center, 450 South Meridian Street, Indianapolis, IN 46225–1103; phone: (317) 230–1200; email: *defenseservicedesk@Rolls-Royce.com.* 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 (817) 222–5110. It is also available at *https://www.regulations.gov* by searching for and locating Docket No. FAA–2021–0874.