Freddie Mac Announces Landmark Equitable Housing Finance Plan

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Multi-Year Plan Outlines Actions to Promote Equitable and Sustainable Access to Housing

MCLEAN, Va., June 08, 2022 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) today announced the company's first Equitable Housing Finance Plan designed to promote equity and increase sustainable homeownership and rental opportunities for traditionally underserved Black and Latino communities across the nation. The Plan is an important component of Freddie Mac's expansive, mission-driven work to responsibly provide liquidity, stability and affordability in all communities and across all market cycles.

Created in response to a 2021 request by the Federal Housing Finance Agency, the Plan includes a series of ambitious actions to advance equity in both the single-family and multifamily housing markets. Among the many initiatives is a commitment to fully explore the use of the Special Purpose Credit Program framework to expand access to mortgage funding for traditionally underserved minority communities.

The Plan also includes efforts to expand access to capital for diverse multifamily developers that benefits traditionally underserved owners and operators; measures to preserve and encourage the construction of single-family and multifamily affordable housing; an expansion of existing initiatives to incentivize reduced rents and standardize tenant protections; and a range of additional steps to mitigate disparities in credit scoring, underwriting and appraisals.

"Freddie Mac's Equitable Housing Finance Plan lays out meaningful actions designed to help make home possible and sustainable for more renters, buyers and homeowners, particularly in traditionally underserved communities," said Michael DeVito, CEO of Freddie Mac. "Our multi-pronged approach reinforces Freddie Mac's commitment to working across the housing industry to support opportunities for more Black and Latino families to access the American Dream. We are pleased to report that this work is already underway."

Freddie Mac's Plan, covering 2022-2024, seeks to advance equitable and sustainable housing and rental opportunities while ensuring safety and soundness. The Plan sets ambitious goals, outlines actions to achieve those goals, and includes annual progress reports.

The company is exploring actions in five key areas:

1. Addressing the homeownership gap. Freddie Mac will fully explore the use of the Special Purpose Credit Program (SPCP) framework to purchase loans originated through new or existing lender SPCPs. Under federal law, lenders may offer special underwriting or pricing for traditionally disadvantaged groups as part of a SPCP.

2. Strengthening investment within formerly redlined areas. Freddie Mac's Plan includes efforts to increase support for underserved renters and multifamily borrowers; expand financing for affordable housing developers; and help Community Development Financial Institutions, minority depository institutions and smaller banks with improved access to capital.

3. Financing the creation and preservation of affordable housing. The Plan seeks to leverage public and private investments to create and preserve single-family and multifamily housing. The company plans to expand utilization of its renovation products to preserve the aging stock of affordable single-family homes, which are particularly prevalent in communities of color.

4. Increasing opportunities for renters. Under the Plan, Freddie Mac will expand on the company's Multifamily tenant credit-building initiative with new tools aimed at encouraging financial empowerment and wealth-building. The company will also build on its efforts to leverage market-based incentives to preserve affordable rents and promote social services. This can help narrow the gaps in social and economic mobility that often impact renters, particularly Black and Latino households.

5. Helping to eliminate disparities among Black and Latino communities. The Plan introduces several new initiatives aimed at improving access to capital for emerging diverse multifamily developers to increase wealth-building opportunities and enhance the ability for people to invest in and grow their communities.

"Our Equitable Housing Finance Plan is the result of countless hours of research and analysis from across our company," said Michael Hutchins, President of Freddie Mac. "We plan to partner with lenders, investors and other stakeholders to make meaningful progress towards an equitable housing finance system that provides access to wealth, opportunity, and a sense of home to people and communities across the United States."

Freddie Mac has already begun implementation of its three-year Plan. For more information and details, Freddie Mac's Equitable Housing Finance Plan and Fact Sheet are available online. Learn more about Freddie Mac's diversity, equity and inclusion efforts.

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