Freddie Mac Research Shows States' Varying Approaches to Climate Resiliency for Low Income Housing Development

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MCLEAN, Va., July 21, 2022 (GLOBE NEWSWIRE) -- With the number and cost of weather and climate disasters rising, states have implemented a range of requirements and incentives aimed at mitigating the impact on properties that benefit from federal Low-Income Housing Tax Credits (LIHTC). In new research released today, Freddie Mac (OTCQB: FMCC) finds that 32 states (including Washington, D.C.) have measures aimed at protecting affordable housing properties from disasters and 27 states have provisions that aid recovery, including 17 states that have provisions in both categories. Nine states have neither. The measures, which are found in LIHTC Qualified Allocation Plans (QAPs), run the gamut from flood plain proximity requirements, to fire retardant window coverings and set asides for disaster recovery.

"Developing and rehabilitating affordable properties with resiliency in mind is important to mitigating disaster risk that can displace families," said Corey Aber, vice president of Mission, Policy & Strategy for Freddie Mac Multifamily. "Our research shows the varying approaches states are taking to make affordable housing more resilient and quick to recover. Our findings highlight a variety of property-level measures that may help multifamily properties mitigate disaster risk and improve recovery."

When allocating federal LIHTC, states have broad authority to set requirements, priorities and criteria, including those related to disaster resiliency and recovery, through their Qualified Allocation Plans. These plans have a substantial impact on affordable housing development in each state as LIHTC is the most popular vehicle for funding affordable multifamily housing nationwide. The LIHTC program provides multifamily property owners that restrict rents and incomes with dollar-for-dollar reductions in federal taxes via tax credits.

The research released today is part of Freddie Mac's Duty to Serve plan. It builds upon last year's report, Resiliency Efforts in Affordable Multifamily Housing, which examined the various public and private programs and initiatives designed to improve affordable housing resiliency.

Freddie Mac Multifamily is the nation's multifamily housing finance leader. Historically, more than 90% of the eligible rental units we fund are affordable to families with low-to-moderate incomes earning up to 120% of area median income.

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