Frequently Asked Questions – updated 6.20.18

Q1. What is The Sustainable Communities Innovation Challenge (The Challenge)?

Fannie Mae launched The Challenge to generate innovative ideas that will help us address the affordable housing crisis in America and further support our broad mission to create housing opportunities that are safe, sustainable, and affordable, while managing risk to protect lenders, homeowners, and taxpayers.

Specifically, The Challenge is a $10 million investment by Fannie Mae to generate affordable housing solutions that will help Fannie Mae address the nation’s affordable housing issues by advancing sustainable communities—those providing residents opportunities for employment, health and wellness, and education. For more information, please visit www.fanniemae.com/thechallenge.

Q2. When is The Challenge?

The Challenge, announced December 18, 2017, is a three-phase initiative. Fannie Mae accepted proposals for the first phase from December 18, 2017 through February 23, 2018. The three Phase 1 contract awardees who will be awarded contracts were announced on June 20, 2018. Timing for Phase 2 will be announced later this year.

Visit www.fanniemae.com/thechallenge for more information.

Q3. Who are the finalists for Phase 1?

Visit www.fanniemae.com/thechallenge for more information on each contract awardee.

Q3. How does The Challenge work?

In each of the three phases, The Challenge will solicit proposals addressing a specific affordable housing challenge. Proposals will go through multiple rounds of review. Fannie Mae will make all final contract award decisions.
The first phase of The Challenge invited proposals for two types of projects: 1) research and design, and 2) idea development. In later phases, Fannie Mae may invite proposals for marketing/scaling. Fannie Mae may work with other industry partners to support scaling projects. Applicants are welcome to submit multiple proposals for distinct scopes of work. Only domestic (U.S.) projects are eligible for contracts.

Contract award sizes and lengths vary by eligible proposal types. For example, Phase 1 research and design contract awards will be up to $250,000 for up to 24 months, and idea development awards will be up to $500,000 for up to 24 months.

We anticipate that contract awardees will generate valuable learnings and gain new insights while they develop, implement, and scale projects. Therefore, awardees will regularly share progress and lessons learned with Fannie Mae and their fellow contract awardees.

**Q4. Why did Fannie Mae launch The Challenge?**

Fannie Mae launched The Challenge to seek new ideas to help us increase access to affordable housing by focusing on the advancement of sustainable communities – those that provide residents with access to quality healthcare, education, and job opportunities.

By illuminating affordable housing problems and generating creative solutions, we can generate new business and opportunities that support our goals as defined by our regulator, the Federal Housing Finance Agency (FHFA), in our annual Scorecard, such as:

- Increasing access to single-family mortgage credit for creditworthy borrowers by conducting research to assess new opportunities, and developing pilots and initiatives that address the changing needs of homebuyers and homeowners.
- Expanding liquidity in multifamily affordable housing by conducting research and analysis and exploring new opportunities – especially in the areas of workforce housing, affordability in high-cost and very-high cost areas, and targeted affordable housing – so renters have more quality, affordable housing options.

We understand that the affordable housing crisis is inextricably linked to other adjacent sectors, and that is why it is critically important to seek ideas from outside of Fannie Mae and our traditional housing industry partners. Together, through The Challenge, we can uncover and explore new ways that Fannie Mae can help address our nation’s affordable housing needs.
Q5. Who can submit proposals for The Challenge?

The Challenge is open to public, nonprofit, and private sector organizations as well as individuals and cross-sector teams from the U.S. only. Proposals from cross-sector teams that combine and integrate experience from multiple sectors are particularly encouraged. For additional information on eligibility and proposal submission, please see the Request for Proposals (RFP), which is accessible through www.fanniemae.com/thechallenge.

Q6. How will top proposals be selected?

For each phase, The Challenge review committee will first screen all proposals for eligibility and then review eligible proposals for competitiveness against pre-established selection criteria. Next, the Expert Advisory Panel will review semi-finalist proposals. Finally, the Fannie Mae Selection Committee will review the Expert Advisory Panel’s recommendations to make final contract award decisions. For more information about the selection criteria, please see the Request for Proposals (RFP), which is accessible through www.fanniemae.com/thechallenge.

Q7. Who is on the Phase 1 Expert Advisory Panel that reviewed proposals?

The Phase 1 panel is comprised of experts in economic development/employment and innovation, and represents the public, private, and nonprofit sectors. Its role is to provide guidance and impartial reviews of the proposals.

Members of the Expert Advisory Panel were announced in a press release on January 16, 2018 and are available on The Challenge website at www.fanniemae.com/thechallenge.

Q8. What are the details for Phase 1 of The Challenge?

The first contract award phase of The Challenge focused on the intersection of affordable housing with economic development/employment. Fannie Mae is seeking ideas to:

- Expand access to affordable housing in sustainable communities where strong employment opportunities are typically accompanied by high housing costs; and
- Improve access to quality employment opportunities for residents of existing affordable housing, while making sure housing is affordable to more people.
See the Phase 1 Summary below for additional details:

### Phase 1 Summary

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<th>Theme</th>
<th>Affordable housing and employment/ economic opportunity</th>
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| **Contract award size and lengths of eligible proposal type** | • Research & design: for up to $250,000 and up to 24 months  
  • Idea development for up to $500,000 and up to 24 months |
| **Application period**                      | December 18, 2017 – February 23, 2018                  |

For additional Phase 1 details including eligibility requirements for applicants, projects, and use of funds, please see the Request for Proposals (RFP) document at sustainablecommunities.skild.com.

**Q10. How does Fannie Mae define sustainable communities? [New1/26/18]**

Sustainable communities are safe, stable, thriving, and vibrant communities that provide residents from diverse backgrounds and socioeconomic levels with integrated access to quality affordable housing and opportunities for employment, health and wellness, and education. Fannie Mae also uses the terms “high-opportunity communities” or “high-opportunity markets” to describe sustainable communities.

**Q11. Is Fannie Mae making grants through The Challenge? [New1/26/18]**

No. Fannie Mae is not making grants. All Challenge awards will be deliverable-based contracts.