

## Overview of the GSEs' Housing Goal Performance, 1996-2002

The accompanying table describes the performance of Fannie Mae and Freddie Mac (two housing government sponsored enterprises or GSEs that operate in the secondary market for residential mortgages) relative to the affordable housing goals, which are established for the GSEs by the Department of Housing and Urban Development. It includes figures for 2002, which is the second year under the new housing goals specified in regulations issued by the Department in October 2000. The performance figures in this table are based on HUD's analysis of GSE loan-level data.

Each of the three housing goals – Low- and Moderate-Income, Special Affordable Housing, and Geographically-Targeted – is based on the number of dwelling units that *qualify* to count toward the goal (the numerator) as a percentage of the number of units *eligible* to count (the denominator). Eligible units are limited to properties where the mortgages are *conforming* (see table) and mostly *conventional* and which satisfy other counting rules.<sup>1</sup> The calculation includes mortgages that were originated either prior to or during the year of purchase by the GSE, and it is based on purchases of both refinance and home purchase loans as well as second mortgage loans. A dwelling unit may count toward more than one goal.

### Conforming Loan Limits One-Unit Properties\*

Year	Limit
1996	\$207,000
1997	214,600
1998	227,150
1999	240,000
2000	252,700
2001	275,000
2002	300,700

\*Except for Alaska, Hawaii, Guam and the Virgin Islands where the loan limits are fifty percent higher.

From 1996 through 2000, the counting treatment for units with missing data (e.g. borrower income or rent data) was different than currently permitted under HUD's new rule, which became effective in 2001. During the earlier period, all eligible units had to be included in the denominator, even where there was insufficient information to determine whether the unit qualified under a goal. Effective January 1, 2001, HUD's new rules allow some units with missing data to be excluded from the denominator as

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<sup>1</sup> Certain Federally insured or guaranteed loans are also eligible as set forth in sec. 81.16 (b)(3)(ii) of HUD's regulations. For example, purchases of Rural Housing Service (RHS) mortgages and FHA Home Equity Conversion Mortgages (HECMs) are eligible for goal credit.

well as the numerator, or to be included in both the numerator and the denominator based on estimation techniques.

Also, beginning in 2001 “bonus points” are applied for goal-qualifying units financed by GSE mortgage purchases in small (5- to 50-unit) multifamily properties and for units in 2- to 4-unit owner-occupied properties above a specified threshold level. That is, such units count as two units in the numerator (and one unit in the denominator) in calculating goal performance. In addition, as enacted by Congress, a 35 percent upward adjustment is made in the numerator to the number of goal-qualifying units in large (more than 50-unit) multifamily performance in properties financed by Freddie Mac’s mortgage purchases. The 2001 and 2002 performance data presented in the attached table reflect bonus point adjustments and the Freddie Mac multifamily adjustment. Because of these changes in counting rules, goal performance in 2001-02 is not strictly comparable with performance during 1996-2000.

## Overview of the GSEs' Housing Goal Performance, 1996-2002, and Goals for 1996-2003<sup>1</sup>

Goal <sup>2</sup>	1996	1997	1998	1999	2000	2001	2002	1996 Goals	1997-2000 Goals	2001-03 Goals
Low- and Moderate-Income:										
Fannie Mae	45.6%	45.7%	44.1%	45.9%	49.5%	51.5%	51.8%	40%	42%	50%
Freddie Mac	41.1%	42.6%	42.9%	46.1%	49.9%	53.2%	51.4%			
Ratio <sup>3</sup>	0.90	0.93	0.97	1.00+	1.01	1.03	0.99			
Geographically Targeted:										
Fannie Mae	28.1%	28.8%	27.0%	26.8%	31.0%	32.6%	32.8%	21%	24%	31%
Freddie Mac	25.0%	26.3%	26.1%	27.5%	29.2%	31.7%	31.9%			
Ratio <sup>3</sup>	0.89	0.91	0.97	1.03	0.94	0.97	0.97			
Special Affordable:										
Fannie Mae	15.4%	17.0%	14.3%	17.6%	19.2%	21.6%	21.4%	12%	14%	20%
Freddie Mac	14.0%	15.2%	15.9%	17.2%	20.7%	22.6%	21.4%			
Ratio <sup>3</sup>	0.91	0.89	1.11	0.98	1.08	1.05	1.00			
Special Affordable Multifamily <sup>4</sup> :										
Fannie Mae	\$2.37	\$3.19	\$3.53	\$4.06	\$3.79	\$7.36	\$7.57	\$1.29	\$1.29	\$2.85
Freddie Mac	\$1.06	\$1.21	\$2.69	\$2.26	\$2.40	\$4.65	\$5.22	\$0.99	\$0.99	\$2.11

Source: HUD analysis of data submitted by the GSEs. Some results differ from performance reported by the GSEs in their Annual Housing Activities Reports (AHARs).

<sup>1</sup> Percentages of dwelling units in properties whose mortgages were purchased by the GSEs that qualified for each goal in 1996-2002, based on the counting conventions in HUD's December 1995 rule (1996-2000 performance) and October 2000 rule (2001-2002 performance), and goals for 1996-2003.

<sup>2</sup> Abbreviated definitions of goals

Low- and Moderate-Income: Households with income less than or equal to area median income (AMI).

Geographically Targeted: Dwelling units in metropolitan census tracts with (1) tract median family income less than or equal to 90 percent of AMI or (2) minority concentration of at least 30 percent and tract median family income less than or equal to 120 percent of AMI; dwelling units in nonmetropolitan counties with (1) median family income less than or equal to 95 percent of the greater of state or national nonmetropolitan median income or (2) minority concentration of at least 30 percent *and* county median family income less than or equal to 120 percent of the greater of state or national nonmetropolitan median income.

Special Affordable: Households with income (1) less than or equal to 60 percent of AMI or (2) less than or equal to 80 percent of AMI and located in low-income areas.

For the low- and moderate-income and special affordable goals, AMI is median income for the MSA for borrowers in metropolitan areas, and the greater of county or state nonmetropolitan median income for borrowers outside metropolitan areas.

<sup>3</sup> Ratio of Freddie Mac goal performance to Fannie Mae goal performance.

<sup>4</sup> Performance and goals in billions of dollars. Goals for 1996-2000 were 0.8 percent of each GSE's total mortgage purchases in 1994; goals for 2001-03 are 1.0 percent of each GSE's total mortgage purchases in 1997-99.