

## Overview of the GSEs' Housing Goal Performance, 1993-2001

The accompanying table describes the performance of Fannie Mae and Freddie Mac, government sponsored enterprises (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 2001, which is the first year of applicability of new housing goals specified in regulations issued by the Department in October, 2000. The performance figures in this table are based on HUD 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* (i.e., less than or equal to \$275,000 in 2001) and *conventional* and which satisfy other counting rules. 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 refinance as well as home purchase loans. A dwelling unit may count toward more than one goal.

From 1993 through 2000, the counting treatment for units with missing data was different than currently permitted under HUD's new rule which became effective in 2001. During the earlier period, eligible units had to be included in the denominator even though there was insufficient information to determine whether the unit qualified under a goal. In these instances, units were not included in the numerator. Effective January 1, 2001, HUD's new rules allow some units with missing data to be excluded from the denominator as 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 units financed by GSE mortgage purchases in small (5-50 unit) multifamily properties and for units in 2- to 4-unit owner-occupied properties above a specified threshold level. In addition, a 35 percent upward adjustment is made to the number of units in large (more than 50 units) multifamily properties financed by Freddie Mac mortgage purchases for purposes of calculating the Low- and Moderate-Income and Special Affordable Housing goals. The 2001 performance data described in the attached table reflect bonus point adjustments and the Freddie Mac multifamily adjustment.

## Overview of the GSEs' Housing Goal Performance, 1993-2001, and Goals for 1996-2003<sup>1</sup>

Goal <sup>2</sup>	1993	1994	1995	1996	1997	1998	1999	2000	2001	1996 Goals	1997-2000 Goals	2001-03 Goals
<b>Low- and Moderate-Income:</b>												
Fannie Mae	34.2%	44.8%	42.3%	45.6%	45.7%	44.1%	45.9%	49.4%	51.5%	40%	42%	50%
Freddie Mac	29.7%	37.4%	38.9%	41.1%	42.6%	42.9%	46.1%	49.9%	53.2%			
Ratio	0.87	0.83	0.92	0.90	0.93	0.97	1.00+	1.01	1.03			
<b>Geographically Targeted:</b>												
Fannie Mae	23.6%	29.5%	31.9%	28.1%	28.8%	27.0%	26.8%	31.0%	32.6%	21%	24%	31%
Freddie Mac	21.8%	25.2%	26.4%	25.0%	26.3%	26.1%	27.5%	29.2%	31.7%			
Ratio	0.92	0.85	0.83	0.89	0.91	0.97	1.03	0.94	0.97			
<b>Special Affordable:</b>												
Fannie Mae	9.7%	15.2%	14.1%	15.4%	17.0%	14.3%	17.6%	19.2%	21.6%	12%	14%	20%
Freddie Mac	7.0%	11.3%	12.8%	14.0%	15.2%	15.9%	17.2%	20.7%	22.6%			
Ratio	0.72	0.74	0.91	0.91	0.89	1.11	0.98	1.08	1.05			
<b>Special Affordable Multifamily<sup>3</sup>:</b>												
Fannie Mae	\$1.64	\$1.74	\$1.34	\$2.37	\$3.19	\$3.53	\$4.06	\$3.79	\$7.36	\$1.29	\$1.29	\$2.85
Freddie Mac	\$0.14	\$0.46	\$0.69	\$1.06	\$1.21	\$2.69	\$2.26	\$2.40	\$4.65	\$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 1993-2001, based on HUD's December 1995 rule (1996-2000 goals) and October 2000 rule (2001-2003 goals), 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> 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.