

7. Conclusion

The Secretary has determined that the goals of 21 percent in 1996 and 24 percent in 1997 and thereafter are necessary and feasible.

Appendix C—Secretarial Considerations To Establish the Special Affordable Housing Goal

A. Introduction

1. Establishment of the Goal

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (FHEFSSA) requires the Secretary to establish a special annual goal designed to adjust the purchase by each GSE of mortgages on rental and owner-occupied housing to meet the unaddressed needs of, and affordable to, low-income families in low-income areas and very-low-income families (the Special Affordable Housing Goal).

In establishing the Special Affordable Housing Goal, FHEFSSA requires the Secretary to consider:

- (1) Data submitted to the Secretary in connection with the Special Affordable Housing Goal for previous years;
- (2) The performance and efforts of the GSEs toward achieving the Special Affordable Housing Goal in previous years;
- (3) National housing needs of targeted families;

(4) The ability of the GSEs to lead the industry in making mortgage credit available for low-income and very-low-income families; and

(5) The need to maintain the sound financial condition of the enterprises.

2. The Goal

The final rule provides that the Special Affordable Housing Goal for 1996 is 12 percent of the total number of dwelling units financed by each GSE's mortgage purchases. The goal for 1997 and subsequent years is 14 percent. Of the total Special Affordable Housing Goal for each year, each GSE must purchase multifamily mortgages in an amount at least equal to 0.8 percent of the total dollar volume of mortgages purchased by the GSE in 1994.

Approximately 20–23 percent of the conventional conforming mortgage market would qualify under the Special Affordable Housing Goal as defined in the final rule. Using the final rule's conventions for what will count toward the goal, 16.7 percent of Fannie Mae's 1994 business and 11.4 percent of Freddie Mac's would have qualified toward the goal.

Units that count toward the goal: Subject to further provisions specified below, units that count toward the Special Affordable Housing Goal include units occupied by low-income

owners and renters in low-income areas, and very-low-income owners and renters. Low-income rental units in multifamily properties where at least 20 percent of the units are affordable to families whose incomes are 50 percent of area median income or less or where at least 40 percent of the units are affordable to families whose incomes are 60 percent or less of area median income count toward the goal.

B. Underlying Data

In considering the factors under FHEFSSA to establish the Special Affordable Housing Goal, HUD relied upon data gathered from the American Housing Survey, the Census Bureau's 1991 Residential Finance Survey, the 1990 Census of Population and Housing, other government reports, Home Mortgage Disclosure Act (HMDA) data and reports, and the GSEs. Among other new data resources, full-year 1994 data from the GSEs, as well as HMDA data for 1994, became available to HUD since publication of the proposed rule. Appendix D discusses in detail how these data resources were used and how the size of the conventional conforming market for this goal was estimated.

Section C discusses the factors listed above, and Section D provides the Secretary's rationale for establishing the special affordable goal.