	1993 HMDA (percent)	1994 HMDA (percent)	1987–91 [22] RFS (percent)	HUD's proposed rule (percent)
SF–O	94.3	92.0	80.4	88.0
SF 2–4	(Included above).		2.3	2.0
SF Investor	5.7	8.0	17.3	10.0
Total	100.0	100.0	100.0	100.0

Because HMDA combines the first two categories, the comparisons between the data bases must necessarily focus on the SF investor category. The RFS estimate of 17.3 percent is over twice HMDA's highest estimate. In its proposed rule, HUD projected a 10.0 percent share for the SF investor group, only two percentage points higher than the 1994 HMDA figure. In fact, HUD's projection appears quite conservative relative to the RFS estimate of 17.3 percent.

2. Urban Institute Analysis—Investor Market Share

HUD asked the Urban Institute to analyze the differences between the RFS and HMDA investor shares and determine which was the more reasonable. The Urban Institute's analysis of this issue is contained in a report by Dixie Blackley and James Follain.[23] Blackley and Follain provide reasons why HMDA should be adjusted upward as well as reasons why the RFS should be adjusted downward. One reason for adjusting HMDA's investor share upward is that the investor share of mortgage originations as reported by HMDA is much lower that the investor share of the single-family rental stock as reported by the AHS. The fact that investor loans prepay at a faster rate than other single-family loans suggests to Blackley and Follain that the investor share of single-family mortgage originations should be higher—not lower—than the investor share of the single-family housing stock. Follain and Blackley conclude that ''this brings into question the investor share based upon HMDA data'' (page 15).

The RFS's investor share should be adjusted downward in part because the RFS assigns all vacant properties to the rental group, but some of these are likely intended for the owner market, especially among one-unit properties. Blackley and Follain's analysis of this issue suggests lowering the investor share from 17.3 percent to about 14–15 percent.

Blackley and Follain note that a conservative estimate of the SF investor share is advisable because of the difficulty of measuring the magnitudes of the various effects that they analyzed.[24] They conclude that 10 percent and 12 percent are reasonable estimates of the investor share of single-family mortgage originations.[25] As noted earlier, HUD projected an investor share of 10 percent in its proposed rule. Blackley and Follain caution that uncertainty exists around these estimates because data bases needed to estimate these parameters do not provide precise measures of their size.

3. Single-Family Market in Terms of Unit Shares

The market share estimates for the housing goals need to be expressed as percentages of units rather than as percentages of mortgages. Thus, it is necessary to compare unit-based distributions of the single-family mortgage market under the alternative estimates discussed so far. The mortgage-based distributions given above in Section D.1 were adjusted in two ways. First, the owner-occupied HMDA data were disaggregated between SF–O and SF 2–4 mortgages based on RFS data, which show that SF 2–4 mortgages represent approximately 2 percent of all single-family mortgages. Second, the resulting mortgage-based distributions were shifted to unit-based distributions by applying the unit-per-mortgage assumptions in HUD's proposed rule. HUD assumed 2.25 units per SF 2–4 property and 1.35 units per SF investor property; both figures were derived from the 1991 RFS.[26]

[22] The year-by-year distributions from the RFS were not too different from the average distribution given in the text.

[23] Dixie M. Blackley and James R. Follain, ''A Critique of the Methodology Used to Determine Affordable Housing Goals for the Government Sponsored Housing Enterprises,'' October 1995.

[24] For example, they note that discussions with some lenders suggest that because of higher mortgage rates on investor properties, some HMDA-reported owner-occupants may in fact be ''hidden'' investors; however, it would be difficult to quantify this effect. They also note that some properties may switch from owner to renter properties soon after the mortgage is originated. While such loans would be classified by HMDA as owner-occupied at the time of mortgage origination, they could be classified by the RFS as rental mortgages. Again, it would be difficult to quantify this effect given available data.

[25] *Ibid.*, page 22.

[26] The unit-per-mortgage data from the 1991 RFS match closely the GSE purchase data for 1993 and 1994. Blackley and Follain show that an adjustment for vacant investor properties would raise the average units per mortgage to 1.4; however, this increase is so small that it has little effect on the overall market estimates.