

In 1993, the special affordable purchases of mortgages on *owner-occupied housing*, including all refinancings, were:

	Fannie Mae		Freddie Mac	
	No. units	Percent units	No. units	Percent units
Low-income families in low-income areas <sup>5</sup> .....	25,130	0.9	19,870	0.9
Very low-income families <sup>6</sup> .....	129,622	4.6	95,056	4.4
Subtotal .....	154,752	5.5	114,926	5.3
Total eligible <sup>7</sup> .....	2,798,351	100.0	2,161,223	100.0

<sup>5</sup> Excluding very low-income families in low-income areas.

<sup>6</sup> Including very low-income families in low-income areas.

<sup>7</sup> Mortgages eligible to qualify as low- and moderate-income.

In 1993, the GSEs' purchases of mortgages on *rental units* affordable to very low-income families, including all refinancings, were:

	Fannie Mae		Freddie Mac	
	No. units	Percent units	No. units	Percent units
Units in 2-4 unit owner-occupied properties <sup>8</sup> .....	15,680	0.6	10,035	0.5
Rental units in 1-4 unit investor-owned properties .....	19,296	0.7	13,236	0.6
Rental units in multifamily properties .....	67,437	2.4	7,853	0.4
Subtotal .....	102,413	3.7	31,151	1.4
Total eligible .....	2,798,351	100.0	2,161,223	100.0

<sup>8</sup> Including owner-occupied units.

Thus in 1993, Fannie Mae's mortgage purchases financed 257,165 dwelling units that would have counted toward the goal, as proposed in this regulation—these units represented 9.2 percent of the total units financed by Fannie Mae in 1993.<sup>9</sup> And Freddie Mac's mortgage purchases financed 146,077 dwelling units that would have counted toward the goal, as proposed in this regulation—these units represented 6.8 percent of the total units financed by Freddie Mac in 1993.

Loan-level data for 1994 to date is not available for the special affordable goal as proposed to be redefined herein. However, data for the first three quarters of 1994 indicate that Fannie Mae's special affordable purchases were more than 14 percent of total purchases, and that Freddie Mac's special affordable purchases were more than 9 percent of total purchases—additional increases are likely as Freddie Mac further steps up its multifamily activities. Thus the 1994 purchase data make it likely that the GSEs will be able to meet the special affordable goals established by the Secretary for 1995 and 1996.

### 3. National Housing Needs of Low-Income Families in Low-Income Areas and Very Low-Income Families

Detailed analyses of the housing problems and demographic trends for lower income families were contained in Section C of Appendix A. This section focuses on very low-income families with the greatest needs.

#### a. Housing Problems Among Very Low-Income Families

Data from the 1990 Census and from the 1989 and 1991 American Housing Surveys demonstrate that housing problems and needs for affordable housing are more pressing in the lowest-income categories than among moderate-income families. Analyses of special tabulations of the 1990 Census prepared for use in developing Comprehensive Housing Affordability Strategies (the CHAS database) show clearly that sharp differentials by income characterized all regions of the nation as well as their city, suburban, and nonmetropolitan portions.<sup>10</sup> Nationally, approximately one-fourth of moderate-income renters and owners experienced one or more housing

problems, compared to nearly three-fourths of very low-income renters and nearly half of very low-income owners.<sup>11</sup> Severe cost burdens—paying more than half of income for housing and utilities—varied even more markedly by income, troubling fewer than 5 percent of moderate-income households, but more than half of the 7 million renters and 4 million owners with incomes below 30 percent of area median income.

Census counts of inadequate housing are incomplete, and the CHAS tabulations are based on HUD-adjusted median income for both owners and renters, rather than on unadjusted median income for owners, as the 1992 Act specifies.<sup>12</sup> But tabulations of the 1991 AHS using the GSE income definitions reveal the same pattern of problems for lower-income families. As the following table details, for both owners and renters, housing problems are much more frequent for the lowest-income groups.<sup>13</sup> Priority problems of severe cost burden or severely inadequate housing are even more noticeably concentrated among renters and owners with incomes below 30 percent of area median income.

<sup>9</sup> Low-mod eligible units have been used as the denominator because total units include cases with missing information, which are expected to be virtually eliminated in 1995 and subsequent years.

<sup>10</sup> Bogdon *et al.*, 1994.

<sup>11</sup> The problems covered by the Census include paying over 30 percent of income for housing, lacking complete kitchen or plumbing, and overcrowding. See Appendix Tables 18A and 19A of Bogdon *et al.*

<sup>12</sup> To determine eligibility for Section 8 and other HUD programs, the Department adjusts income limits derived from the median family income for household size. The "very low" and "low" income limits at 50 percent and 80 percent of median apply to 4-person households. Relative to the income limits for a 4-person household, the limit is 70 percent for a 1-person household, 80 percent for a 2-person household, 90 percent for a 3-person

household, 108 percent for a 5-person household, 116 percent for a 6-person household, etc.

<sup>13</sup> Tabulations of the 1991 American Housing Survey by HUD's Office of Policy Development and Research. The results in the table categorize renters reporting housing assistance as having no housing problems. Almost one-third of renters with incomes 0-30 percent of median and one-fifth of those with incomes 30-50 percent of median are assisted.