



Federal Housing Finance Agency

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March 19, 2013

Peter Zorn
Vice President
Housing Analysis and Research
Mission and Strategy Division
Freddie Mac
8200 Jones Branch Road
McLean, VA 22102

Dear Mr. Zorn:

On November 13, 2012 the Federal Housing Finance Agency (FHFA) published a final rule in the *Federal Register* establishing housing goals for 2012-14 for Freddie Mac.

The final rule provides that the overall low-income areas benchmark goal shall include the 11 percent benchmark for the subgoal plus an increment for families in disaster areas with incomes no greater than area median income (AMI). The disaster areas increment for 2013 is 10 percent, thus the overall low-income areas home purchase goal for 2013 is 21 percent.

The disaster areas increment to the low-income areas home purchase subgoal was calculated by determining all counties which were designated as being eligible for individual assistance during the 2010-12 period. This included 795 counties (or county-equivalents) in 31 states and 34 municipios in Puerto Rico. No counties were included in the other 19 states, and the District of Columbia was also not designated as being eligible for individual assistance during this period.

Home purchase mortgages to families in these areas with incomes no greater than 100 percent of area median income, but which were not already included in the low-income areas home purchase subgoal, were calculated as a share of all home purchase mortgages, based on FHFA analysis of Home Mortgage Disclosure Act (HMDA) data for 2009-11. This yielded the 10 percent disaster areas increment for 2013.

The Market Estimation Model published by FHFA with the 2010-11 final rule on September 14, 2010 provides additional detail on FHFA's method for calculating of the disaster areas increment. This Market Estimation Model is available on FHFA's website (<http://www.fhfa.gov>). In particular, Table 9 of that document gave the details of these calculations for 2010. The methodology is the same for these calculations for 2013, but the specific numbers differ from those for 2010. I have attached a spreadsheet showing these calculations for 2013.

If you have any questions, please contact me or Paul Manchester. We can be reached at Michael.Opsahl@fhfa.gov, (202) 649-3169, or Paul.Manchester@fhfa.gov, (202) 649-3115.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michael Opsahl", with a long, sweeping underline.

Michael Opsahl
Single-Family Policy Director
Office of Housing and Regulatory Policy

Attachment

Estimated Impact on the Low-Income Areas Housing Goal from Designated Disaster Areas (DDAs) for 2013

Low-Income Area Home Purchase Goal Categories ¹										
Percent of Area Median Income	Minority Population in the Census Tract	Designated Disaster Area	Borrower Income as a Percentage of the Area Median	Average 2008-2012 Loan Distribution	Percent by Borrower Income	2008-12 Average Tract Distribution ²	2013 DDA Tract Distribution ³	Percent Change in Tracts ⁴	Adjusted Average 2008-2012 Loan Distribution	Distribution Based on 2013 Market Size Estimates
<= 80%	n/a	n/a	<= 100%	6.0%	58.1%	18,615	22,439	-0.2%	6.0%	5.0%
			> 100%	4.2%	40.7%				4.2%	3.5%
			unknown	0.1%	1.2%				0.1%	0.1%
> 80%, but < 100%	>= 30%	n/a	<= 100%	2.8%	49.2%	5,710	6,967	0.2%	2.8%	2.4%
			> 100%	2.9%	50.8%				2.9%	2.5%
			unknown	4.9%	53.5%				5.0%	4.2%
> 100%	< 30%	No	<= 100%	4.1%	45.4%	8,533	7,662	4.1%	4.2%	3.6%
			> 100%	0.1%	1.1%				0.1%	0.1%
			unknown	3.0%	54.9%	4,268	3,172	-4.1%	2.8%	2.4%
>= 100%	n/a	Yes	<= 100%	2.4%	45.1%				2.3%	2.0%
			> 100%	13.2%	33.9%	17,413	22,348	7.4%	13.9%	16.9%
			unknown	25.3%	64.9%				26.8%	32.6%
Unknown	n/a	Yes	<= 100%	9.2%	31.4%	11,166	10,349	-7.4%	8.5%	7.1%
			> 100%	20.0%	68.6%				18.6%	15.6%
			unknown	0.0%	0.6%	267	734	8.3%	0.0%	0.0%
Unknown	n/a	No	<= 100%	0.0%	100.0%				0.0%	0.0%
			> 100%	1.2%	99.4%				1.2%	1.5%
			unknown	0.0%	21.8%	173	332	-8.3%	0.0%	0.0%
Unknown	n/a	Yes	<= 100%	0.0%	78.2%				0.0%	0.0%
			> 100%	100.0%		66,145	74,003		100.0%	100.0%
Totals										
Low-Income and High Minority Areas										
Additional from Designated Disaster Areas										
13.1%										
12.1%										
24,325										
29,406										
15,608										
13,853										
11.3%										
11.0%										
9.5%										

¹ Bold indicates operable categories that qualifies mortgages in the numerator of the goal.

² A combined three year census tract distribution is calculated for each of the three years (e.g. the 2007 distribution includes disasters declared in 2004, 2005 and 2006). The the 2008 through 2012 distributions are averaged together to obtain a "long-run" average.

³ The combined three year census tract distribution for 2013 includes disasters declared in 2010, 2011 and 2012.

⁴ Adjusted for changes in Census Tract numbering.