

3. A special affordable goal, directed to very low-income families and low-income families in low-income areas.

Congress also expressed concern in 1992 about an "information vacuum" with regard to the activities of Fannie Mae and Freddie Mac. Thus, FHEFSSA required the GSEs to submit loan-level data to the Secretary about their mortgage purchases, including detailed information on borrower, property, and mortgage characteristics. It also required HUD, after taking proprietary considerations into account, to make the loan-level data submitted by the GSEs available to interested parties in the form of a public use database. The studies to be funded under this NOFA will further this mission of providing state-of-the-art research on the affordable lending efforts of Fannie Mae and Freddie Mac.

*Previous and Ongoing PD&R Research.* The Financial Institutions Regulation Division of the Office of Policy Development and Research (PD&R) has conducted considerable internal research on affordable lending in recent years, and it has contracted for or provided grants for additional research.

Specifically, the Division inaugurated a series of studies, *Working Papers in Housing Finance*, which has resulted in the publication of 16 reports to date. The most recent papers are "The GSEs' Funding of Affordable Loans: A 2000 Update," by Harold L. Bunce, and "Black and White Disparities in Subprime Mortgage Refinance Lending," by Randall M. Scheessele, both published in April 2002, and "Goal Performance and Characteristics of Mortgages Purchased by Fannie Mae and Freddie Mac, 1998–2000," by Paul B. Manchester, published in May 2002.

In 1997, the Division funded grants for 11 studies on various aspects of the GSEs' mortgage purchase activities. These studies provided useful background information for the reconsideration of the housing goals in 2000. Five of these studies were published in PD&R's journal *Cityscape*, Volume 5, Number 3 (2001), and four more were published in *Cityscape*, Volume 6, Number 1 (2002). The other two studies have been published in professional journals.

Examples of recent contract studies funded by the Financial Institutions Regulation Division include three studies by the Urban Institute: *A Study of the GSEs' Single Family Underwriting Guidelines* (February 1999); *Subprime Markets, the Role of the GSEs, and Risk-Based Pricing* (March 2002); and, *An Analysis of the Effects of the GSE Affordable Goals on Low- and*

*Moderate-Income Families* (May 2002). In addition, Abt Associates wrote *A Study of Multifamily Underwriting and the GSEs' Role in the Multifamily Market* (August 2001). Additional studies are underway.

(4) *Background on Relevant Data Sources.* HUD anticipates that a variety of mortgage and housing market data sources may be used, including the 1990 and 2000 censuses, Home Mortgage Disclosure Act (HMDA) data, American Housing Survey, Panel Survey of Income Dynamics, Survey of Consumer Finance, Survey of Residential Finance, and databases on mortgages insured by the Federal Housing Administration and mortgages purchased or securitized by Fannie Mae and Freddie Mac, among others. For example, the Census 2000 long-form data on family incomes and housing characteristics provide an important data source for examining issues covered by this solicitation. HUD anticipates that these studies will be among the first to utilize these newly available Census data to examine issues related to homeownership and affordable lending. The American Housing Survey offers a consistent longitudinal sample to study homeownership and affordable lending issues through 2001.

The GSEs have provided HUD with loan-level data on each of their mortgage transactions since the beginning of 1993. From this database, HUD has extracted a Public Use Data Base for each calendar year from 1993 through 2001. The single-family component of the Public Use Data Base is structured as three separate loan-level data files including fields such as the loan amount, the census tract location of each property backing a GSE mortgage acquisition, demographic characteristics of these tracts, loan-to-value ratio, degree of affordability, demographic information on the borrower, loan purpose (refinance/purchase), and whether the property is owner-occupied.

#### (B) *Eligible Activities.*

Below you will find a listing of major topics and questions on which HUD seeks information. HUD is interested in high-quality research that offers a unique contribution to the literature on affordable lending and homeownership.

- Your study may combine descriptive and analytical approaches.
- Your study may identify or measure the factors associated with particular outcomes and the underlying causes of particular outcomes.
- You may describe and analyze the impacts of existing policies, and in this case your proposal should highlight the policy implications of the potential

findings of your proposed research, particularly with respect to affordable lending and homeownership policies that have been successful in underserved markets.

- Your methodology may include statistical techniques, econometric estimation, application of geographic information systems (GIS) techniques, case studies, or critical review of the present state of knowledge and meta-analysis of existing studies. In each case, the methodology must reflect the state-of-the-art in the respective discipline.

- If your study is empirical, your final report must include a succinct discussion of the literature related to the issue being analyzed that provides background for the methodology of the study and a useful context for identifying the analytical and policy contributions of the study.

#### (1) *Studies on Homeownership.*

(a) *Changes in Homeownership Rates.* The release of the 2000 Census data (short and long form data) now presents an opportunity to study changes in homeownership over the past decade (1990–2000), at both the national and local levels. Similarly, the recent release of the 2001 American Housing Survey offers the opportunity to study homeownership changes over the past 10–15 years with that database as well. The 1990s was a decade that saw a great emphasis on promoting homeownership. Significant housing policy measures such as the setting of quantitative goals for GSE purchase activity were implemented in this decade. There was a greater emphasis in the 1990s on promoting homeownership among first-time homebuyers, low-income families, minority families, and families living in underserved areas. Research under this sub-topic includes, but is not limited to, the following:

(i) What are the general policy implications of the changes in homeownership rates in the decade 1990–2000 and specific implications arising from the pattern of changes across regions, locations, income groups, racial and ethnic groups, groups such as the elderly and the disabled, and household types?

(ii) Are there significant differences in the homeownership rates of recent immigrant groups compared with non-immigrants? What is the pattern of homeownership rate changes for particular immigrant groups? What factors influence the greater likelihood of homeownership among certain recent immigrant groups compared with other recent immigrant groups?

(iii) What factors are responsible for the changes in homeownership rates