Freddie Mac Multifamily White Paper Examines the Mixed-Income Housing Market in Areas of Concentrated Poverty

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MCLEAN, Va., Dec. 18, 2020 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) today released a white paper analyzing the market characteristics and pipeline activity of Mixed-Income housing, with a special geographic focus on Areas of Concentrated Poverty (ACPs). These properties integrate affordable units and market rate units in the same property with the goal of establishing a diverse community with the economic resources to provide income mobility for all residents. Over time, the impact of Mixed-income properties in ACPs can extend beyond the residents of these developments and improve the lives of others in the community by lifting economic and social conditions in the area.

The white paper, titled “A Study of Mixed-Income Housing in Areas of Concentrated Poverty”, is part of Freddie Mac’s three-year Duty to Serve plan to increase rental and homeownership opportunities in historically underserved markets throughout the nation. This is the second of three papers the Multifamily line of business will release this year.

“Mixed-income housing serves a critical role in decentralizing poverty, especially in Areas of Concentrated Poverty,” said Steve Guggenmos, vice president of Multifamily Research and Modeling at Freddie Mac. “The large pipeline of mixed-income properties, especially in Opportunity Zones, demonstrates the significant role these developments play in providing safe, affordable housing to people residing in ACPs across the country.”

Key Findings:

- Roughly 32.9% of mixed-income properties are located within ACPs, while nearly 36.2% of mixed-income pipeline properties are in ACPs, indicating that these areas may be ripe for mixed-income investment.
- There are 1,477 mixed-income properties located in ACPs as of September 2020. Mixed-income properties are slightly overrepresented in ACPs when compared with to properties that are not mixed-income.
- There are 763 mixed-income properties currently in the development pipeline in ACPs that will create almost 190,000 new units. The high levels of development activity compared with the existing stock is likely attributable to Opportunity Zone related construction activity.
- While California has, by far, the most mixed-income properties in the pipeline in ACPs, the properties can be found in almost all states.
- Within ACPs, mixed-incomed properties, both completed and in the pipeline, tend to be in areas where the renter-rate, income and income inequality are comparatively high.

Freddie Mac Multifamily is the nation's multifamily housing finance leader. Historically, more than 90% of the eligible rental units we fund are affordable to families with low-to-moderate incomes earning up to 120% of area median income. Freddie Mac securitizes about 90% of the multifamily loans it purchases, thus transferring the majority of the expected credit risk from taxpayers to private investors.

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders and taxpayers. Learn more at FreddieMac.com, Twitter @FreddieMac and Freddie Mac's blog FreddieMac.com/blog.

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