



Freddie Mac Multifamily White Paper Identifies Areas that Support Economic Opportunity

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MCLEAN, Va., Nov. 01, 2022 (GLOBE NEWSWIRE) -- A [new white paper](#) from Freddie Mac Multifamily introduces a different approach for identifying areas that could offer residents economic opportunity. Using two methodological approaches to analyze and plot every census tract within an opportunity matrix, the research provides a novel way to identify where affordable housing investments might benefit very low-, low- and moderate-income renters. The research, which is a component of Freddie Mac's Duty to Serve plan, aims to present a spectrum of high opportunity areas with a specific focus on renter households.

"The goal of our research is to build a deeper understanding of what makes an area high opportunity," said Steve Guggenmos, vice president of Research & Modeling for Freddie Mac Multifamily. "Supporting affordable housing in these areas can improve residents' economic and social mobility."

Freddie Mac's approach is a hybrid of two key measures: [Opportunity Atlas](#), established by Raj Chetty and his team at [Opportunity Insights](#), and a new proprietary Location Score, created by Freddie Mac Multifamily Research & Modeling team. "One score, Opportunity Atlas, identifies intergenerational income mobility while the other, Location Score, measures the quality of a location based on its correlation with rental property performance," said Guggenmos. "The combination of the two allows us to focus specifically on renter households' opportunity."

Freddie Mac found that its new measure overlapped significantly with the established definition of High Opportunity Areas, as set by the Federal Housing Finance Agency. The researchers identified other areas that are not considered high opportunity areas under the current definition even though they have similar characteristics. The new methodological-based approach also allows areas to be differentiated based on the level of opportunity they may offer renters.

"The key takeaway is that we should view the opportunity an area offers on a continuum and not as a binary choice," said Sara Hoffmann, director of Research & Modeling at Freddie Mac Multifamily. "Doing so can help ensure that the industry understands and targets areas that can best serve households."

Freddie Mac's white paper titled [Expanding our Understanding of High Opportunity Areas for Renters is available at FreddieMac.com](#).

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