

METHODOLOGY FOR ESTABLISHING DESIGNATED DISASTER AREAS

For the purpose of establishing the Low-Income Areas Home Purchase Goal, U.S. Federal Housing FHFA (“FHFA”) defines a Designated Disaster Area (DDA) as any census tract in a county designated by the President as adversely affected by a declared major disaster administered by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, where housing assistance payments were authorized by FEMA.¹ In response to these major disaster designations, FEMA can make payments to homeowners for the purposes of repairing or replacing disaster-damaged homes. Such census tracts are included as DDAs for the period beginning on January 1 of the year following the FEMA designation and continuing through December 31 of the third full calendar year following the FEMA designation.

2025 Designated Disaster Areas

The disasters that are applicable to the 2025 housing goals are disasters that occurred during 2022, 2023, and 2024. FHFA determined that 43.8 percent of the census tracts that are in declared disaster counties already qualify for the Low-Income Areas Home Purchase Goal, as they are either low-income census tracts or high-minority census tracts. The following table illustrates the process used to estimate the impact of designated disaster areas on the goal. The process begins with the average number of census tracts and average share of mortgage originations in each category for the 2019 to 2023 period. Those distributions are shown in columns 1 and 2 in the table. The estimated number of census tracts in each category for 2024 is

¹ FHFA obtains this data from OpenFEMA at <https://www.fema.gov/openfema-data-page/fema-web-declaration-areas-v1> and <https://www.fema.gov/openfema-data-page/disaster-declarations-summaries-v2>

shown in column 3. This distribution incorporates declared disasters applicable for 2024 (based on the 2021 to 2023 period). The estimated share of mortgage originations in each category for 2024 is provided in column 4. This distribution results from the change in DDAs and area median incomes from the previous 5-year averages. The estimated number of census tracts in each category for 2025 is shown in column 5. This distribution incorporates declared disasters applicable for 2025 (based on the 2022 to 2024 period). The estimated share of mortgage originations in each category for 2025 is provided in column 6. This distribution results from the change in DDAs and area median incomes.

FHFA estimates that an additional 5.0 percent of the single-family owner-occupied home purchase mortgage market will qualify for the Low-Income Areas Home Purchase Goal due to loans originated in DDAs in 2025. The disaster area increment is rounded to the nearest whole percent when calculating the Low-Income Areas Home Purchase Goal benchmark. Under FHFA's final rule establishing housing goals for 2025-2027, published in the *Federal Register* on December 30, 2024, the Low-Income Areas Home Purchase Goal for 2025 is the sum of the Minority Census Tracts Subgoal (12 percent) and the Low-Income Census Tracts Subgoal (4 percent), plus this disaster areas increment of 5 percent. Thus, the Low-Income Areas Home Purchase Goal benchmark for 2025 is 21 percent.

**Estimated Impact on the Low-Income Areas Housing Goal
from Designated Disaster Areas (DDAs) for 2025**

Low-Income Area Home Purchase Goal Categories ¹				(1) ²	(2)	(3)	(4)	(5)	(6)
Percent of Area Median Income	Percent Minority Population in the Census Tract	Designated Disaster Area	Borrower Income as a Percentage of the Area Median	2019 - 2023		2024		2025	
				Average Census Tracts ³	Average Originations ⁴	Census Tracts	Estimated Originations	Census Tracts ⁵	Estimated Originations
<= 80%	n/a	n/a	<= 100%	26,128	9.2%	25,186	6.4%	25,015	7.3%
			> 100%		6.1%		4.2%		4.8%
			unknown		0.2%		0.1%		0.1%
> 80%, but < 100%	>= 30%	n/a	<= 100%	8,514	3.9%	9,734	3.2%	9,951	3.8%
			> 100%		4.2%		3.4%		4.0%
	< 30%	No	<= 100%	9,549	5.7%	8,181	6.2%	7,682	5.3%
			> 100%		5.4%		5.8%		5.0%
		Yes	<= 100%	1,665	1.0%	1,697	0.7%	2,339	1.1%
			> 100%		1.1%		0.8%		1.3%
>= 100%	n/a	No	<= 100%	27,598	15.6%	24,680	17.6%	26,161	17.0%
			> 100%		31.0%		35.0%		33.8%
		Yes	<= 100%	10,056	4.0%	13,503	3.8%	11,800	3.8%
			> 100%		11.0%		10.6%		10.6%
Unknown	n/a	No	<= 100%	1,255	0.1%	1,367	0.1%	1,671	0.1%
			> 100%		0.1%		0.2%		0.2%
			unknown		0.5%		0.7%		0.8%
		Yes	<= 100%	632	0.0%	1,049	0.0%	778	0.0%
			> 100%		0.1%		0.1%		0.1%
Totals				85,397	100.0%	85,397	100.0%	85,397	100.0%
Low-Income and High Minority Areas					19.4%		14.0%		16.0%
Additional from Designated Disaster Areas					5.0%		4.6%		5.0%
Low-Income Areas					24.4%		18.6%		21.0%

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

² The 2019 through 2023 disaster area designations and origination distributions are averaged together to obtain a 'long-run' average.

³ A combined three year census tract distribution is calculated for each of the five years (e.g., the 2023 distribution includes disasters declared in 2020, 2021, and 2022).

⁴ Due to rounding, component percentages may not add up precisely to the totals.

⁵ The combined three year census tract distribution for 2025 includes disasters declared in 2022, 2023 and 2024.