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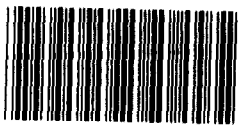
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548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STATEMENT OF
J. DEXTER PEACH, DIRECTOR
RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ON

THE FIRST TIME HOMEBUYER
ASSISTANCE ACT OF 1983

Mr. Chairman and Members of the Committee:

We appreciate being asked to comment on S-1598, the "First Time Homebuyer Assistance Act of 1983". We previously discussed the costs and benefits of the mortgage revenue bond program under which States and localities sell tax-free bonds and use the proceeds to fund lower-interest rate mortgages to first time homebuyers, and certain alternatives in our April 18, 1983, report to the Chairman and then subsequently during two hearings held by your Subcommittee on Taxation and Debt Management and by the House Committee on Ways and Means. On those occasions we concluded that a homebuyer tax credit program which would provide income tax reductions to subsidize mortgage interest payments could be much more efficient as a subsidy mechanism than the existing mortgage revenue bond provision.

We believe that S. 1598 which would allow States and localities to substitute the use of tax credits for mortgage

revenue bonds would be a positive step in improving the cost-effectiveness of subsidies for first time homebuyers. Depending upon how it is implemented by States and localities, the structure of the tax credit being proposed could allow the mechanism to reach more households who could not otherwise afford to purchase homes. These tax credits can provide a greater degree of flexibility to State and local governments in terms of selecting participants in accordance with need, achieving geographic targeting and controlling the timing of assistance.

As in our previous testimony, we are not commenting on the policy question of whether or not subsidies should be made available to facilitate homeownership for first-time homebuyers. Our statement today will be confined to commenting on certain key features of the tax credit proposal and suggesting some additional provisions which we believe Congress should consider as it takes up this legislation.

In brief, we believe that a variable tax-credit subsidy as contained in this bill will allow States and localities to match the subsidy amount to household need. In addition, we also support the refundability provision which allows households with limited tax bills to benefit from the program. Both of these provisions enhance the potential for income targeting. We think that the amount of the tax credit subsidy will adequately approximate the aggregate amount of subsidy provided by revenue bonds and that it should be sufficient to result in some States trading revenue bond authority for the use of tax credits. Its structure will allow it to be used effectively regardless of the level of interest rates, and rapid fluctuations in interest rates will not

degrade its effectiveness as has sometimes been the case with revenue bonds. All in all, it should prove administratively simple to implement and it will provide State and local governments with a much greater ability to achieve specific policy goals such as targeting assistance to low- and moderate-income households or geographic areas or perhaps providing countercyclical economic stimulus.

To strengthen the proposal and help overcome what we believe were shortcomings in the underlying mortgage revenue bond program, Congress should also consider some additional legislative provisions.

--Explicit guidance on who should benefit from homeownership assistance could enhance program effectiveness. This could be accomplished by a rule tying eligibility to area median income and by stipulating that assistance should only be provided to households who could not afford to purchase homes without assistance. Such explicit legislative guidance may be needed because Federal purchase price limits and State and local income limits have proven ineffective in targeting benefits to those in need as intended by Congress.

--Households receiving assistance should probably be allowed to shop the market for the most affordable financing and housing rather than being required to deal with a specific lender or to buy specific properties to obtain the subsidy. The underlying mortgage revenue bond legislation is silent on this point.

--A sunset provision which would require reauthorization of the tax credit (and the underlying mortgage revenue bond legislation) 2 to 3 years after passage would allow Congress to reevaluate the success of the proposal and debate the need for providing continued assistance.

--To facilitate Congressional oversight tax credit issuers might be required to collect certain basic information (e.g., income and family size) on assisted homebuyers in a standardized format specified by the Treasury.

BACKGROUND

In a typical mortgage revenue program, State or local governments issue tax-exempt bonds, thereby providing funds for below interest rate mortgage loans for single-family homes. The State or local agency's primary role is to issue the bonds and establish eligibility guidelines for mortgage loans. Mortgage loans are most often made through lending institutions which process applications, check the borrower's credit worthiness, and ensure that borrowers meet legislative restrictions. The bonds are repaid from the mortgage payments collected from individual homeowners. Federal law sets a limit on the volume of bonds each state can issue ($200 million per year or more depending on the private lending activity in the State).

Under an annual tax credit program for homebuyers, borrowers would receive a certificate which would allow them a tax credit to offset their tax bills equivalent to a given percentage reduction of their mortgage interest expense each year. Recipients could increase their income tax withholding exemptions, thereby helping them make monthly mortgage payments. Under S-1598, State and

local governments could elect to exchange all or a part of their mortgage revenue bond authority to issue a comparable amount of tax credit certificates. The tax credit option results in yearly Federal revenue losses as do mortgage revenue bonds.

COST-EFFECTIVENESS

In our April report, we calculated that had tax credits been used in 1982 the long-term revenue loss to the Treasury could have been roughly 25 percent of the costs incurred using revenue bonds and that this lower cost would have been roughly equal to the cash value of the tax credit to homebuyers. The major reason for these lower costs is that the tax-credit option eliminates the large tax-savings provided to revenue bond investors as well as the profits provided to many financial and legal intermediaries.

We calculated, for example that the present value of lost tax revenues for a homebuyer tax-credit in 1982 would have been about $3,500 based on an average mortgage of $43,300 (Exhibit 1). By contrast, the same benefit to homebuyers under the mortgage revenue bond program would have a present value cost of approximately $13,300 per loan. Thus, the $10 billion raised with revenue bonds for home loans in 1981 and 1982 could result in a tax revenue loss of $2.66 billion (present value) while a tax-credit program providing the same loans could have been funded for about $680 million--a savings of approximately $2 billion. We also concluded that even greater savings (or improved benefits) could have been achieved if loans had been granted only to those low- and moderate-income households that needed assistance to purchase homes.

Although the interest rate subsidy provided to homebuyers by revenue bonds can fluctuate substantially from month to month and is therefore subject to some uncertainty, we believe that over the long run the value of the subsidy averages between 10 and 15 percent of the market interest rate. Thus an average subsidy of 14.35 percent as provided by this bill should be ample to approximate the revenue bond subsidy and make its use attractive, resulting in savings to the Treasury while increasing the overall assistance available to homebuyers (See Exhibit 2). As an example, applying the proposed 14.35 percent credit to the average market interest rate in 1982, the subsidy provided buyers on a $43,300 mortgage would be about $5,300 as compared to a revenue bond subsidy of $3,500. The tax credit cost would equal the same $5,300 as compared to a revenue loss under mortgage revenue bonds of $13,300. Exhibits 3 through 5 show the Federal costs and homebuyer interest savings resulting from increasing or decreasing the level of a tax-credit under a variety of market interest rates.

FLEXIBILITY

Compared to the revenue bond structure, the proposed homebuyer tax credit provides much greater flexibility to State and local governments to select among loan applicants and to adjust the subsidy level based upon financial need. In addition, the tax-credit will not be adversely affected during periods of fluctuating interest rates and market instability. Specifically:

--Tax credits would provide greater opportunity for the administering agencies to screen households to select participants with the greatest need and then allow

participants to pick and choose among lenders to shop for the best mortgage interest rates available. Such flexibility is not generally available under revenue bond programs which often leave the selection of potential homebuyers up to a limited number of lenders who take applicants on a first-come, first-served basis.

--Tax credits can provide subsidies in accordance with financial need. Administrating agencies could provide larger subsidies to qualified purchasers with relatively low incomes and smaller subsidies for purchasers in less financial need. The tax credit proposal also makes the credit "refundable" for those whose income tax bills are too low to fully utilize a tax credit. In contrast, since the interest reduction is the same for all buyers and higher income buyers buy more expensive homes, revenue bonds have provided smaller benefits to lower income households and larger benefits to higher income households. For example, in 1982, for a household earning $20,000 annually, we estimate that the bond subsidy was worth about $450 per year while a household earning $40,000 received a yearly interest reduction of about $820.

--Tax credits would function smoothly during periods of fluctuating interest rates and market instability. Unlike revenue bonds, the tax credit can allow States and localities to set a predetermined reduction of the mortgage interest rate effective at the time of home purchase. In contrast, the revenue bond mortgage rate is set when the

tax-exempt bonds are sold to investors, but the value of the subsidy to buyers fluctuates with the mortgage market interest rate. For example, a decline in interest rates following the sale of bonds can drive conventional interest rates below those of bond financed mortgages. Such a drop in rates occurred in late 1982 and left many housing agencies with bond proceeds that they could not lend to homebuyers. As a result, many agencies were forced to call portions of their bonds or blend unusable proceeds with those from lower cost bond issues, thus failing to provide the full amount of lending anticipated, or degrading the impact of the lower cost bond issues.

INCOME TARGETING

While the Congressional intent was to target revenue bond subsidies to low- and moderate-income households who could not otherwise afford homeownership, the program was structured in a way that did not facilitate the achievement of this objective. Our research shows that most 1982 revenue bond homebuyers were above median income (See Exhibits 6 through 8 for information on revenue bond homebuyer incomes) and at least half, and perhaps as many as about three-quarters could have purchased the same homes without subsidy (Exhibit 9). In our April report we also concluded that Federal purchase price limits and the first-time homebuyer eligibility requirements which were used as proxies for income targeting under the mortgage revenue bond program were largely ineffective in targeting benefits to those low- and moderate-income households in need of assistance (See Exhibits 10

and 11 which show the purchase price limits and the level of income needed to purchase the maximum priced house allowed by Federal regulations). Had program benefits been more fully targeted to low- and moderate-income people, the proportion of loans going to households which could not otherwise afford homeownership would have been much greater.

Better income targeting could be achieved, for example, by setting explicit income limits which (1) precluded households above median income from receiving assistance (See Exhibit 12 for some examples of local limits based on median income), and (2) stipulating that only households who could not otherwise afford to buy homes could use these tax credits. To determine need, an applicant's income must be compared to the incomes of households of the same size residing in the same geographic area. It is likely that with some exceptions, households with income above the median (adjusted by family size) for their locality could buy a house in their community, although it might not be the house they most desire. This conclusion is based on the fact that a HUD subsidized homeownership program which proved very popular, used income limits set just below the median for each locality and on two sets of calculations we performed. We estimated that (1) as many as three-quarters of revenue bond subsidized homebuyers could have met the income standards for an unsubsidized loan (See Exhibit 9) and that (2) roughly the same proportion of these households were above median income adjusted for family size (See Exhibit 6).

Although data was not readily available on the assets of mortgage revenue bond homebuyers Congress might also wish to consider excluding households with substantial assets from receiving subsidies. Such households have the ability to provide larger down payments and thus decrease their monthly mortgage payments enough to quality for an unassisted loan. We do know that a small percentage of revenue bond homebuyers did make substantial down payments (See Exhibits 13 and 14).

In order to provide subsidies to as many lower income households as possible, it might also make sense to require that purchasers be allowed to shop for the most affordable housing in the area. This would argue against reserving some block of credits for new houses or particular developments which has been done frequently under mortgage revenue bonds. New homes are generally more expensive than comparable existing homes. Consequently, we believe the Congress should consider requiring that households receiving tax-credits be allowed to shop the market rather than being required to buy certain properties to obtain the assistance.

SUNSET/PROGRAM EVALUATION

With regard to how long the proposed legislation should be in effect, we believe that establishing a sunset date and including program evaluation provisions in the Act would be appropriate. The homebuyer tax-credit program contains many theoretically desirable characteristics but is, like all new ideas, untried. It is therefore an ideal candidate for re-evaluation after 2 or 3 years. The effectiveness of the mortgage revenue bond program is still subject to argument and if it is extended beyond 1983 we

believe it should also be periodically reevaluated and reauthorized especially in light of the creation of a homebuyer tax credit alternative as proposed in this legislation. To facilitate program evaluation and Congressional oversight, Congress should consider requiring that issuers collect certain standardized information on tax credit beneficiaries. Without this data base, data collection and analysis to support Congressional decisions is time consuming and unnecessarily expensive. In fact, lenders generally collect all or most of the information which would be useful as a part of determining whether prospective buyers qualify for mortgage loans.

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In conclusion, providing subsidies to households using homebuyer tax credits would be less costly than providing mortgage revenue bond financing and would provide greater flexibility to State and local governments in providing assistance. Requiring targeting to households whose incomes do not allow them to purchase homes without assistance would very likely increase program cost-effectiveness as compared to the present mortgage revenue bond program now being used by States and localities. Adding sunset and evaluation requirements to this and the underlying legislation would be desirable. And providing for free competition among lenders and homesellers would likely further the goals of making housing affordable to a greater number of households.

This completes my prepared statement. My colleagues and I will be happy to respond to any questions.

UNITED STATES GENERAL ACCOUNTING OFFICE

EXHIBITS TO ACCOMPANY TESTIMONY
PRESENTED BY J. DEXTER PEACH

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE
SEPTEMBER 13, 1983

LIST OF EXHIBITS

FEDERAL COST OF PROVIDING THE SAME BENEFIT TO HOMEBUYERS UNDER MORTGAGE REVENUE BONDS AND ALTERNATIVES

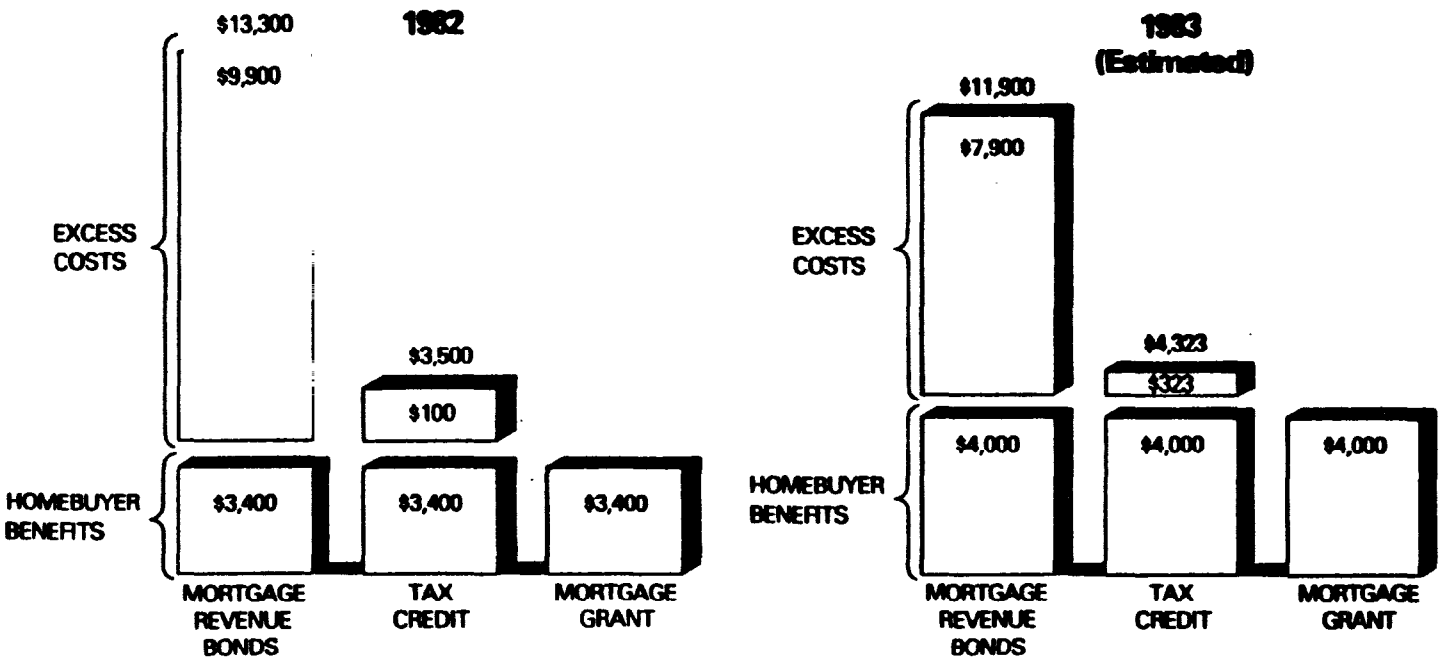

EXHIBIT 1

EXHIBIT 2

Average Life Cycle Cost and Monthly Subsidy Per Household

Mortgage revenue bond (actual 1982)

Income group ($000)	Percent of funds loaned	Percent of loans made	Mortgage amount	Life cycle cost per loan	Monthly subsidy
0-20	10	17	$ 29,100	$ 8,900	$ 33
20-30	40	45	41,900	12,900	48
30-40	28	24	53,400	16,400	61
40-50	15	10	68,000	20,900	78
Over 50	7	4	72,700	22,300	83
Total	100	100			

Hypothetical State tax-credit program providing a flat subsidy to all income groups

Income group ($000)	Credit percentage	Mortgage Amount	Life cycle cost per loan	Monthly subsidy
0-20	14.35	$ 29,100	$ 3,600	$ 53
20-30	14.35	41,900	5,300	76
30-40	14.35	53,400	6,500	97
40-50	14.35	68,000	8,300	123
Over 50	14.35	72,700	8,900	132

Hypothetical State tax-credit program incorporating a variable subsidy

Income group ($000)	Credit percentage	Mortgage Amount	Life cycle cost per loan	Monthly subsidy
10-15	50	$ 30,000	$ 12,800	$ 190
15-20	30	30,000	7,700	114
20-25	10	30,000	2,600	38

EXHIBIT 3

Total Federal Cost Per Unit For A Homebuyer Tax-credit Program a/

Tax credit as a percentage of mortgage interest paid	Conventional Mortgage Interest Rate			
	10 percent	12 percent	14 percent	16 percent
10.0	$ 3,000	$ 3,300	$ 3,600	$ 3,800
12.5	3,700	4,100	4,500	4,700
14.35	4,300	4,800	5,100	5,400
15.0	4,500	5,000	5,400	5,700
17.5	5,200	5,800	6,300	6,600
20.0	6,000	6,600	7,200	7,500

a/ These amounts represent the life cycle costs and benefits in present value terms on a $43,300 mortgage that is prepaid at the end of its 12th year.

EXHIBIT 4

Homebuyer Tax-credit Program: Effective Reduction In Average Homebuyer's Interest Rate a/

Tax credit as a percentage of mortgage interest paid	Conventional Mortgage Interest Rate			
	10 percent	12 percent	14 percent	16 percent
10.0	1.0	1.2	1.4	1.6
12.5	1.3	1.5	1.8	2.0
14.35	1.4	1.7	2.0	2.3
15.0	1.5	1.8	2.1	2.4
17.5	1.8	2.1	2.5	2.8
20.0	2.0	2.4	2.8	3.2

a/ For example, a 14.35 percent tax-credit as proposed in S-1598 would effectively reduce the mortgage interest rate by 2 percent from 14 to 12 percent.

EXHIBIT 5

First-year Average Interest Reduction Provided by a Homebuyer Tax-credit Program

Tax credit as a percentage of mortgage interest paid	Conventional Mortgage Interest Rate			
	10 percent	12 percent	14 percent	16 percent
10.0	$ 430	$ 520	$ 610	$ 690
12.5	540	650	760	860
14.35	620	740	870	990
15.0	650	780	900	1,040
17.5	760	910	1,060	1,210
20.0	860	1,040	1,210	1,380

EXHIBIT 6

Income Distribution of Mortgage Revenue Bond Homebuyers in Eight States as a Percent of Local Family Median Income

Income group as a percent of median income	Percent of Homebuyers: Before adjusting for family size		Percent of Homebuyers: After adjusting for family size	
0- 50	1		0	
50- 80	20		8	
80-100	28		17	
100-120	20		25	
120-200	27	51%	41	75%
Over 200	4		9	
Total	100		100	

EXHIBIT 7

INCOME DISTRIBUTION OF MRB HOMEBUYERS IN 40 JURISDICTIONS, BY PERCENT OF STATE FAMILY MEDIAN INCOME BY BOND-ISSUING AUTHORITY NUMBER OF PARTICIPANTS

Jurisdiction	Percent of State Family Median Income						
	0-50	50-80	80-100	100-120	120-200	200 and over	Total
Alaska	2	191	220	257	603	27	1,300
California							
Fairfield City	0	3	19	22	44	5	93
Fresno County	1	37	43	77	55	0	213
Newark City	1	6	8	37	159	41	252
Riverside County	1	7	32	55	58	0	153
Colorado							
Larimer County	2	22	52	67	3	0	146
Connecticut	37	803	962	222	115	1	2,140
Florida	6	25	25	22	31	0	109
Broward County	0	11	19	57	165	0	252
Dade County	0	4	6	25	100	0	135
Duval County	0	12	26	49	155	0	242
Hawaii	0	4	13	10	3	0	30
Idaho	3	70	141	129	15	0	358
Indiana	33	208	199	132	103	0	675
Kentucky	1	49	160	154	31	0	395
Louisiana	8	38	74	128	825	263	1,336
Maine	0	6	12	31	35	0	84
Maryland				0	0	0	
Montgomery County	3	89	208	295	13	0	608
Washington County	4	23	27	21	10	0	85
Michigan	0	6	18	48	0	0	72
Minnesota	0	7	12	18	1	0	38
Missouri	11	112	256	300	285	0	964
Montana	0	17	52	83	95	0	247

EXHIBIT 7

Jurisdiction	Percent of State Family Median Income						
	0-50	50-80	80-100	100-120	120-200	200 and over	Total
Nebraska	67	144	171	101	106	0	589
New Hampshire	0	1	0	1	0	0	2
New Jersey	2	25	30	22	37	0	116
New York	21	203	324	343	707	42	1,640
North Carolina	6	85	135	199	0	0	425
Oklahoma	1	24	72	121	705	308	1,231
Pennsylvania	196	506	475	402	271	0	1,850
Rhode Island	133	854	418	174	133	0	1,712
South Dakota	0	0	6	5	28	0	39
Tennessee	93	410	345	256	94	0	1,198
Texas	0	0	1	1	2	0	4
East Texas	0	2	7	8	28	2	47
Gregg County	17	20	24	22	17	0	100
Tarrant County	17	37	56	42	110	0	262
Utah	0	2	9	8	6	0	25
Virginia	4	92	258	306	173	0	833
Wyoming	0	13	39	76	342	1	471
Total participants	670	4,168	4,954	4,326	5,663	690	20,471
Percent of participants	3	20	24	21	28	4	100

EXHIBIT 7

EXHIBIT 8

INCOME DISTRIBUTION OF MRB HOMEBUYERS IN 40 JURISDICTIONS
BY BOND-ISSUING AUTHORITY
NUMBER OF PARTICIPANTS BY INCOME LEVEL
(in $10,000 intervals)

Jurisdiction	Homebuyer income in thousands						
	0-10	10-20	20-30	30-40	40-50	Over 50	Total
Alaska	0	34	317	407	358	184	1,300
California							
Fairfield City	0	1	36	22	24	10	93
Fresno County	0	16	107	86	4	0	213
Newark City	0	5	29	82	77	59	252
Riverside County	0	2	71	77	3	0	153
Colorado							
Larimer County	1	23	119	3	0	0	146
Connecticut	0	264	1,419	394	53	10	2,140
Florida	6	50	51	2	0	0	109
Broward County	0	30	222	0	0	0	252
Dade County	0	10	125	0	0	0	135
Duval County	0	38	150	54	0	0	242
Hawaii	0	0	19	11	0	0	30
Idaho	0	146	207	5	0	0	358
Indiana	8	266	319	77	5	0	675
Kentucky	3	271	121	0	0	0	395
Louisiana	9	111	469	747	0	0	1,336
Maine	0	14	70	0	0	0	84
Maryland							
Montgomery County	0	42	335	231	0	0	608
Washington County	0	13	50	21	1	0	85
Michigan	0	2	53	17	0	0	72
Minnesota	0	10	27	1	0	0	38
Missouri	6	238	696	24	0	0	964
Montana	0	44	187	16	0	0	247

EXHIBIT 8

EXHIBIT 8

Jurisdiction	Homebuyer income in thousands						
	0-10	10-20	20-30	30-40	40-50	Over 50	Total
Nebraska	53	250	257	29	0	0	589
New Hampshire	0	1	1	0	0	0	2
New Jersey	0	11	46	37	19	3	116
New York	6	124	555	557	286	112	1,640
North Carolina	6	220	199	0	0	0	425
Oklahoma	1	96	373	499	178	84	1,231
Pennsylvania	105	597	877	271	0	0	1,850
Rhode Island	58	929	617	105	3	0	1,712
South Dakota	0	7	26	6	0	0	39
Tennessee	134	790	274	0	0	0	1,198
Texas	0	0	4	0	0	0	4
East Texas	0	5	24	15	3	0	47
Gregg County	16	34	42	8	0	0	100
Tarrant County	13	76	107	66	0	0	262
Utah	0	2	21	2	0	0	25
Virginia	0	161	577	95	0	0	833
Wyoming	0	20	117	239	95	0	471
Total participants	425	4,953	9,316	4,206	1,109	462	20,471
Percent of participants	2	24	46	21	5	2	100

EXHIBIT 8

EXHIBIT 9

Percent of Mortgage Revenue Bond Homebuyers in Seven States Who Could Have Purchased in 1982 Without Subsidy

	Affordability Standard		
	Varies by State a/	33 percent housing costs to income b/	28 percent housing costs to income c/
Connecticut	87	63	28
Idaho	82	54	28
Indiana	90	80	60
Kentucky	87	77	48
New York	91	93	72
Oklahoma	92	92	67
Virginia	77	53	17
Weighted Average	88	76	48

a/ Based on housing costs to income standards that lenders actually used in approving MRB loans in the seven States. Using this criteria assumes that lenders did not apply more lenient loan qualification standards to MRB homebuyers than homebuyers who obtained market rate loans.

b/ Based upon a reasonable proxy for the standard used for conventionally insured and government insured loans granted in 1982. Conventionals would routinely have been granted at 30 percent with many exceptions possible for smaller households and FHA and VA loans would have generally allowed much higher debt to income ratios, given their methodology for qualifying buyers.

c/ Based on the most stringent standard used for market rate loans during 1982. Using this standard assumes that lenders applied a much stricter standard for market rate loans than for MRB loans.

EXHIBIT 10

Annual Income Required to Purchase the Maximum Priced House Allowed by Federal Regulations In Eight States During 1983 a/

State	Required incomes		Income as a Percent of State Family Median Income	
	New	Existing	New	Existing
Connecticut	$ 92,517	$ 90,279	239	211
New York	67,573	47,583	202	167
Oklahoma	55,900	44,646	244	195
Alaska	55,296	40,748	175	129
Idaho	50,696	41,312	233	190
Virginia	50,125	31,213	228	142
Kentucky	50,462	30,635	212	129
Indiana	47,135	33,281	183	129

a/ Based on an affordability standard allowing 25 percent of household income to go for mortgage principal and interest payments, excluding taxes and insurance. We made this computation based on information provided by the eight States pertaining to minimum required downpayments, mortgage interest rates, and maximum loan amortization periods. We then converted the required income to a percent of State family median income.

EXHIBIT 11

FEDERAL PURCHASE PRICE LIMITS FOR MORTGAGE REVENUE BOND SINGLE-FAMILY HOMES IN NON-TARGET AREAS

AREA	1982 NEW	1982 EXISTING	1983 NEW	1983 EXISTING
Alabama	$ 58,230	$ 50,490	$ 73,150	$ 57,970
Alaska	90,630	74,610	129,140	100,320
Arizona				
Phoenix	80,190	71,820	118,360	92,620
Tucson	74,880	59,670	92,840	74,140
Other	68,670	55,260	54,010	47,410
Arkansas				
Little Rock	55,890	55,260	a/	a/
Other	57,960	52,650	73,150	65,670
California				
Anaheim	104,760	110,430	150,040	124,850
Bakersfield	79,200	59,580	97,900	70,290
Fresno	81,540	52,020	106,260	64,790
Los Angeles	96,390	90,540	124,410	115,610
Oxnard-Simi Valley	97,740	86,580	132,890	116,820
Riverside	80,370	74,070	89,650	94,710
Sacramento	87,030	84,060	94,710	100,760
San Diego	96,930	88,200	115,060	100,210
San Francisco	114,210	96,660	149,380	119,790
San Jose	110,070	129,600	154,740	135,850
Santa Barbara	119,520	98,640	139,590	120,010
San Rosa	88,830	84,870	107,360	109,320
Stockton	60,030	55,980	71,500	65,340
Vallejo	83,520	75,960	102,740	91,410
Other	73,530	80,100	99,110	92,950
Colorado				
Denver	72,000	63,180	76,230	93,940
Other	70,650	49,410	89,540	62,920
Connecticut				
Bridgeport	66,330	75,600	82,830	97,570
Danbury	82,170	70,290	101,860	96,800
Hartford	75,420	59,580	99,330	72,710
New Haven	67,230	55,980	79,200	71,610
Norwalk	107,820	109,440	168,190	137,390
Stanford	127,800	128,340	163,350	164,120
Other	76,680	53,820	99,990	73,370
Delaware				
Wilmington	a/	a/	77,550	66,440
Other	67,680	52,290	60,060	58,410
Florida				
Daytona Beach	49,950	43,380	66,880	48,290
Fort Lauderdale	62,550	63,270	95,700	86,570

EXHIBIT 11

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AREA	1982 NEW	1982 EXISTING	1983 NEW	1983 EXISTING
Fort Myers	$ 65,700	$ 56,610	$ 92,180	$ 106,590
Lakeland	54,900	34,560	70,730	48,510
Miami	72,270	65,250	97,680	92,730
Orlando	55,890	43,200	76,120	54,670
Sarasota	61,110	62,640	94,380	75,130
Tampa	64,890	47,430	83,820	65,340
West Palm Beach	54,810	61,380	93,720	94,600
Other	59,580	45,180	76,450	63,140
Georgia				
Atlanta	79,920	60,300	98,120	73,700
Other	53,370	42,210	67,760	53,240
Hawaii				
Honolulu	105,300	98,910	a/	a/
Other	136,980	101,520	140,470	121,000
Idaho	70,650	60,390	100,430	81,840
Illinois				
Chicago	73,890	64,170	97,240	82,390
Other	66,060	39,060	78,540	52,800
Indiana				
Indianapolis	77,040	44,910	87,230	61,600
Other	50,850	41,490	68,860	39,380
Iowa	63,810	46,440	61,050	52,250
Kansas				
Wichita	64,710	45,540	73,700	86,020
Other	48,960	37,440	70,400	52,250
Kentucky				
Louisville	64,890	45,180	92,950	56,430
Other	52,560	39,870	72,490	54,560
Louisiana				
New Orleans	83,700	67,320	101,530	82,280
Other	69,210	50,580	81,290	63,360
Maine	66,150	52,380	61,600	59,620
Maryland				
Baltimore	76,050	52,830	85,800	83,930
Other	49,590	50,850	57,090	72,160
Massacusetts				
Boston	71,370	61,110	86,790	77,660
Other	58,230	48,780	71,170	56,430
Michigan				
Detroit	89,370	50,580	121,550	66,110
Other	69,750	40,500	80,410	56,980
Minnesota				
Minneapolis	83,880	61,920	103,070	81,620
Other	63,810	51,210	77,990	62,590
Mississippi	59,130	42,390	67,980	48,070
Missouri				
Kansas City	69,570	46,260	96,910	71,170
St. Louis	74,520	44,370	86,240	70,840

EXHIBIT 11

AREA	1982 NEW	1982 EXISTING	1983 NEW	1983 EXISTING
Other	$ 52,920	$ 42,390	$ 63,030	$ 49,390
Montana	71,370	56,070	70,950	66,880
Nebraska				
Lincoln	56,250	46,170	71,720	55,220
Other	45,630	36,000	57,090	45,980
Nevada	88,200	85,050	98,010	94,490
New Hampshire	56,070	48,960	62,700	63,690
New Jersey				
Long Branch	76,140	75,870	85,140	91,960
Newark	97,110	78,840	125,620	103,620
Other	69,750	63,900	86,680	74,360
New Mexico	58,410	41,760	91,960	57,530
New York				
Albany	61,920	42,930	78,430	51,480
Buffalo	63,000	44,730	82,500	51,260
Nassau	82,080	60,300	132,000	83,380
New York City	84,240	71,460	119,680	92,950
Rochester	63,450	42,390	76,340	56,540
Other	58,950	37,620	68,860	40,370
North Carolina				
Charlotte	69,750	53,370	81,400	69,190
Greensboro	79,920	41,220	84,480	51,370
Raleigh	66,150	43,920	87,340	47,630
Other	40,320	38,880	72,270	45,430
North Dakota	71,370	56,070	70,950	66,880
Ohio				
Cincinnati	68,850	52,740	92,400	56,980
Cleveland	77,580	53,640	117,370	71,280
Columbus	69,120	52,020	135,300	65,890
Dayton	76,140	39,960	103,070	49,280
Other	56,340	41,310	84,700	57,860
Oklahoma				
Oklahoma City	71,820	59,940	88,990	74,470
Tulsa	86,040	58,050	99,990	79,860
Other	60,840	41,580	88,110	60,720
Oregon				
Portland	68,850	55,620	99,660	80,520
Other	59,040	47,160	87,010	66,330
Pennsylvania				
Allentown	66,960	43,380	72,710	54,120
Harrisburgh	42,100	42,100	62,590	51,810
Northeast Counties	52,470	29,970	61,820	40,040
Philadelphia	63,270	46,890	86,570	59,950
Pittsburgh	69,390	52,020	99,660	60,500
Reading	63,090	36,810	75,240	44,000
Other	50,940	44,190	56,980	50,820

EXHIBIT 11

EXHIBIT 11

AREA	1982 NEW	1982 EXISTING	1983 NEW	1983 EXISTING
Rhode Island				
Providence	$ 64,620	$ 46,260	$ a/	$ a/
Other	66,150	52,380	76,890	53,130
South Carolina				
Columbia	72,450	58,050	88,440	73,700
Greenville	47,700	44,640	73,920	67,650
Other	61,470	48,510	80,960	56,870
South Dakota	71,370	56,070	70,950	66,880
Tennessee				
Chattanooga	53,100	54,270	74,800	62,590
Memphis	73,800	55,800	85,910	76,340
Nashville	60,030	56,610	74,030	62,810
Other	43,020	40,590	71,720	56,870
Texas				
Austin	70,200	63,720	95,370	81,180
Dallas	100,260	64,260	112,420	105,820
Houston	70,560	77,580	89,650	104,830
San Antonio	75,690	64,440	87,560	84,590
Other	57,780	45,450	80,410	55,990
Utah				
Salt Lake City	68,940	48,870	81,620	66,550
Other	82,530	49,410	68,090	60,610
Vermont	52,560	43,110	61,600	59,620
Virginia				
Norfolk	76,950	54,630	95,920	59,730
Richmond	60,750	54,360	77,220	58,410
Other	64,350	44,820	62,700	59,180
Washington				
Seattle	68,760	68,850	96,800	89,210
Other	65,340	51,660	85,030	62,810
West Virginia	50,400	45,810	61,600	55,990
Wisconsin	63,270	49,680	77,110	56,320
Wyoming	71,370	56,070	70,950	66,880
District of Columbia	90,090	83,880	120,010	112,090

a/ Not specified

EXHIBIT 12

Comparison of Mortgage Revenue Bond Income Limits and Median Income in Selected Localities (family of four)

Localities	1983 HUD Median Incomes	1982 Revenue Bond Income Limit a/
Austin, TX	27,900	38,000
Baton Rouge, LA	28,300	40,000
Boise City, ID	26,800	33,000
Buffalo, NY	25,700	Unlimited
Colorado Springs, CO	24,100	32,000
Great Falls, MT	25,300	31,500
Little Rock, AR	24,700	36,000
Oklahoma City, OK	27,600	47,300
Portland, ME	25,600	27,000
Wilmington, DE	28,900	37,500

a/ In many instances 1983 state mortgage revenue bond income limits have increased above the 1982 limits even though interest rates have declined. For data on this topic see GAO's June 15, 1983 testimony before the House Ways and Means Committee on The Costs and Benefits of Single-Family Mortgage Revenue Bonds, exhibit 18.

EXHIBIT 13

PERCENT OF DOWNPAYMENT FOR MRB HOMEBUYERS IN EIGHT STATES

Percent of down payment	Percent of Homebuyers									Number of homebuyers
	Alaska	Connecticut	Idaho	Indiana	Kentucky	New York	Oklahoma	Virginia	Total	
0 - 9	88	46	1	42	71	2	66	88	50	4,447
10 - 19	7	27	91	27	23	58	20	8	29	2,598
20 - 29	3	15	5	17	6	24	9	3	12	1,102
30 - 39	1	7	2	6	0	8	3	1	5	394
40 - 49	*	3	1	4	0	4	1	0	2	204
50+	*	2	0	4	0	4	1	0	2	159
	100	100	100	100	100	100	100	100	100	8,904

*Less than 1/2 percent.

EXHIBIT 13

EXHIBIT 14

AMOUNT OF DOWNPAYMENT BY MRB HOMEBUYERS IN EIGHT STATES

Downpayment amount	Percent of Homebuyers									Number of homebuyers
	Alaska	Connecticut	Idaho	Indiana	Kentucky	New York	Oklahoma	Virginia	Total	
0- 5,000	69	51	70	69	89	39	71	90	63	5,571
5,001- 10,000	23	23	25	17	10	28	15	6	20	1,801
10,001- 15,000	3	11	3	8	1	13	6	3	8	685
15,001- 20,000	2	7	1	3	–	10	3	1	4	395
20,001- 25,000	1	4	1	2	–	4	2	*	2	203
25,001- 30,000	1	2	*	1	–	2	1	–	1	100
30,001- 35,000	1	1	*	*	–	2	1	–	1	70
35,001- 40,000	*	1	–	*	–	1	*	–	*	30
40,001- 45,000	*	*	–	*	–	1	1	–	*	21
45,001- 50,000	*	*	–	–	–	*	*	–	*	10
50,001- 75,000	*	*	–	–	–	*	*	–	*	17
75,001-100,000	–	–	–	–	–	–	–	–	–	1
100,000+										
	100	100	100	100	100	100	100	100	100	8,904

* Less than 1/2 percent

EXHIBIT 14