

## **RECALUATING AFFORDABLE HOUSING BENCHMARK**

**ACTION ITEM** -- A motion was made, seconded and carried to submit to the Columbus REALTORS® Officers & Directors the committee's recommendation to raise the affordable housing benchmark to \$180,000 (from \$150,000) for this year and to optionally provide approval for annual adjustment or guidance for annual resubmission.

### **RATIONALE**

The committee discussed the rationale for increasing the affordable housing benchmark from \$150,000 to \$180,000, stating that to create the proposal, the committee looked at how much home can the typical central Ohio family purchase if they make 80% of the area median income.

Below are the parameters used (see additional reference detail on PDF) in determining the new benchmark:

Typical Family Size: 2.55 people (rounded to 3)  
Area Median Income: 53,550 (3-person household)  
Loan Type: FHA  
Rate: 4.03  
Qualifying Front Ratio: 31%

Backing into the calculation, it was determined this 'typical' family could qualify for 178,000. Although rates, taxes, and incomes are constantly changing, the proposal is to round this off to 180,000.

This new \$180,000 benchmark would serve as the 2018 threshold for the CAHR designation and for our committee's focus. The committee also proposed revisiting the amount annually at the first meeting of the year and recommending adjustment if inputs change the target amount by more than \$5,000.

The committee is seeking approval of the benchmark increase (\$180,000) for this year and optionally provide approval for annual adjustment or guidance for annual resubmission.

# 2018 AHC Target Home Price Proposal

Households whose income is at or below 80% of the area median income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD)  
 2017 HUD Income Guideline - 80% Area Median Income as of June 15, 2017  
 2017 Median Family Income - \$74,500 (family of 4)  
 2015 Average Columbus Household Size 2.55 (Columbus Foundation)

Purchase Price	\$ 138,000.00	\$ 140,000.00	\$ 158,000.00	\$ 160,000.00	\$ 178,000.00	<b>\$ 180,000.00</b>	\$ 198,000.00	\$ 200,000.00	
Down	\$ 4,830.00	\$ 4,900.00	\$ 5,530.00	\$ 5,600.00	\$ 6,230.00	<b>\$ 6,300.00</b>	\$ 6,930.00	\$ 7,000.00	
Financed MIP	\$ 2,415.00	\$ 2,450.00	\$ 2,765.00	\$ 2,800.00	\$ 3,115.00	<b>\$ 3,150.00</b>	\$ 3,465.00	\$ 3,500.00	
Loan Amt	\$ 135,585.00	\$ 137,550.00	\$ 155,235.00	\$ 157,200.00	\$ 174,885.00	<b>\$ 176,850.00</b>	\$ 194,535.00	\$ 196,500.00	
Pmt	\$ 649.65	\$ 659.07	\$ 743.80	\$ 753.22	\$ 837.96	<b>\$ 847.37</b>	\$ 932.11	\$ 941.52	
MIP	\$ 96.04	\$ 97.43	\$ 109.96	\$ 111.35	\$ 123.88	<b>\$ 125.27</b>	\$ 137.80	\$ 139.19	
Tax	\$ 258.75	\$ 262.50	\$ 296.25	\$ 300.00	\$ 333.75	<b>\$ 337.50</b>	\$ 371.25	\$ 375.00	
Insurance	\$ 66.70	\$ 67.67	\$ 76.37	\$ 77.33	\$ 86.03	<b>\$ 87.00</b>	\$ 95.70	\$ 96.67	
PITI	\$ 1,071.14	\$ 1,086.66	\$ 1,226.38	\$ 1,241.90	\$ 1,381.62	<b>\$ 1,397.14</b>	\$ 1,536.85	\$ 1,552.38	
Family Size	80% Median Income	<b>Upfront DTI \$ 140,000.00</b>	<b>Upfront DTI \$ 160,000.00</b>	<b>Upfront DTI \$ 180,000.00</b>	<b>Upfront DTI \$ 200,000.00</b>				
1	\$ 41,650.00	30.9%	31.3%	35.3%	35.8%	39.8%	40.3%	44.3%	44.7%
2	\$ 47,600.00	27.0%	27.4%	30.9%	31.3%	34.8%	35.2%	38.7%	39.1%
<b>3</b>	<b>\$ 53,550.00</b>	<b>24.0%</b>	<b>24.4%</b>	<b>27.5%</b>	<b>27.8%</b>	<b>31.0%</b>	<b>31.3%</b>	<b>34.4%</b>	<b>34.8%</b>
4	\$ 59,500.00	21.6%	21.9%	24.7%	25.0%	27.9%	28.2%	31.0%	31.3%

Current Rate 4.03% Bank Rate 30 yr FHA as of 2/9/2018  
 MIP Rate 0.85%  
 Tax Rate 2.25%  
 Insurance Rate 0.58%

## References

[https://www.columbus.gov/development/housing-division/American-Dream-Downpayment-Initiative-\(ADDI\)-Program\\_M/](https://www.columbus.gov/development/housing-division/American-Dream-Downpayment-Initiative-(ADDI)-Program_M/)

Columbus Foundation - 2016 Benchmarking Central Ohio Report (2015 data)

<https://www.bankrate.com/mortgage.aspx?type=newmortgage&propertyvalue=300000&loan=240000&perc=20&prods=1&fico=740&points=Zero&hp=1>

## NOTES

For discussion at the February 9, 2018 AHC Committee Meeting; will be presented to Columbus REALTORS for approval upon committee recommendation.