

Memorandum

To: RIP2 file

From: Morgan Tracy, Project Manager, Bureau of Planning and Sustainability

Date: March 22, 2022

Subject: Calculating the MFI required to afford the typical home value in Portland

According to Zillow.com, as of March 22, 2022 the Zillow home value index was \$574,291. This value is seasonally adjusted and only includes the middle price tier of homes.

To determine the MFI of a household that can purchase a \$574,291 house, an online calculator was first used to find the monthly payment. This assumed a 5% down payment (\$28,715) and a 30-year fixed FHA loan at 4.575% interest, for a credit score rating between 680-699. Since less than 20% down is paid, private mortgage insurance is required (\$355/month). The loan total was 545,576, which does not include closing costs. Property tax and home insurance rates were zeroed out to focus on the specific loan payment for the dwelling. No HOA fees were included.

The total monthly payment was \$3,144

Next, PHB maintains a table of income and rent limits by MFI. The 2021 table notes that the maximum rent for a household of three in the Portland-Vancouver-Hillsboro MSA earning 100% of the median income is \$2,519 per month. Note that this maximum represents a housing cost burden of 30% of the household income and includes utilities. For this calculation, utilities were not included, so the actual monthly cost to the household considering utilities, insurance, and property tax would be greater than what has been calculated here.

The monthly loan payment of \$3,144, divided by the \$2,519 monthly max equals 124.8%. Therefore the income required for a three person household required for a \$545,576 loan is approximately 125% of the median.

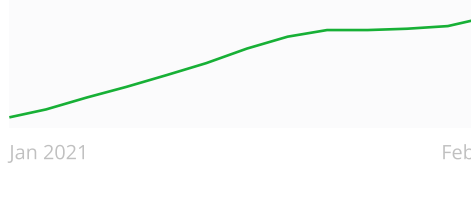
(Attachments)

Portland Home Values

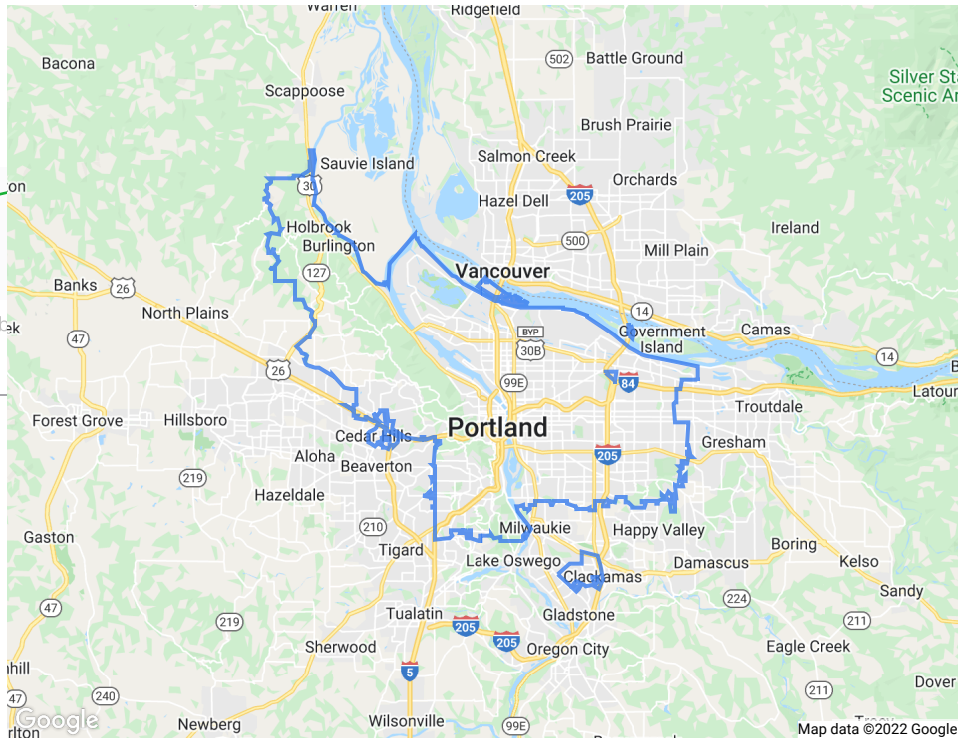
ZILLOW HOME VALUE INDEX

\$574,291

13.0% 1-year change



The typical home value of homes in Portland is \$574,291. This value is seasonally adjusted and only includes the middle price tier of homes. Portland home values have gone up 13.0% over the past year.



Portland Market Overview

Data through Feb 28, 2022

\$574,291 ZHWI

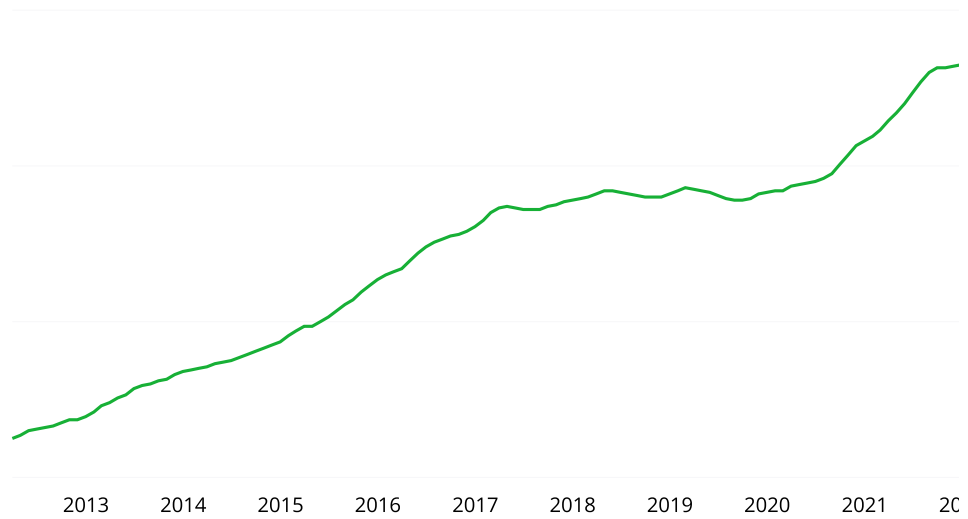
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Zillow Home Value Index

All homes

1-yr 5-yr Max

Feb 2022 Portland \$574K



Portland

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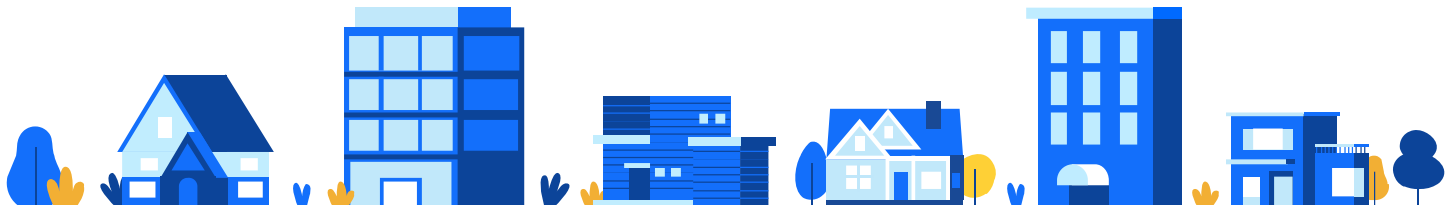
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Mortgage loan Overview Rates Process Calculator Refinance Relief
United States

Calculator

Monthly payment | Purchase budget

Include taxes & fees

Home price \$ 574,291

Down payment \$ 28,715 5 %

Loan term 30-yr fixed FHA Interest 7 %

State Oregon Credit score 700 - 719

Property tax (yearly) \$ 0

Home insurance (yearly) \$ 0

Private mortgage insurance (monthly) \$ 355

Homeowners association (monthly) \$ 0

Total monthly payment

\$ 3,985

Loan \$3,630

Taxes & fees \$355

About

A mortgage is an agreement between you and a lender that allows you to borrow money to purchase or refinance a home and gives the lender the right to take your property if you fail to repay the money you've borrowed. consumerfinance.gov

Key terms

Popular terms Interest rate

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Amortization

Annual Percentage Rate (APR)

Appraisal fee

Credit score

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Mortgage loan

United States

Overview Calculator Rates Refinance Relief Purpose

Rates

Average rates

Mar 21, 2022

Loan amount: \$300K | Down payment: 20% | State: Oregon | Credit score: 680 - 699

30-yr fixed FHA **4.575%**

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History: 5.00%, 4.50%, 4.00%, 3.50%, 3.00%

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A mortgage is an agreement between you and a lender that allows you to borrow money to purchase or refinance a home and gives the lender the right to take your property if you fail to repay the money you've borrowed. [consumerfinance.gov](https://www.consumerfinance.gov)

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- Amortization
- Annual Percentage Rate (APR)
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FHA Loan Rates for March 2022 | NextAdvisor with TIME

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Mar 9, 2022 — 30-year **FHA Fixed-Rate Loan**: An **interest rate** of 4.125% (5.449% APR) is for the cost of 2.00 Point(s) (\$3,927.52) paid at closing. On a \$196,376 ...

Relative Interest Rate: Rates are comparable ... Loan Limits: \$647,200 in most areas; up to ... Mortgage Insurance: PMI if down payment is 1... Interest Structure: May be fixed or variable

<https://www.quickenloans.com> › Home Loans

FHA Home Loans | Rates and Requirements 2022

FHA Mortgage Rates ; FHA 30 Year Fixed, 3.625%, 4.616% ; FHA 25 Year Fixed, 3.625%, 4.742% ; FHA 15 Year Fixed, 3.25%, 4.452% ...

Who Are FHA Loans Best For? ▼

What Are The Qualifications For An FHA Loan? ▼

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FHA loan rates



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FHA Mortgage Rates - Today's FHA Loan Interest Rates

As you can see in the table below, the average **FHA loan rate** for a 30-year fixed loan is 3.266% today. This is a 0.254% increase from yesterday and a 0.19% ...

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FHA loan rates





Portland Housing Bureau

The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for assisted housing programs. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county.

The 2021 Median Income for a Family of Four in the Portland-Vancouver-Hillsboro MSA is: **\$96,900**

Median Income Percentages 2021 (effective 4/1/2021)

Household Size	30%	40%	45%	50%	55%	60%	65%	80%	100%	120%
1	\$20,300	\$27,080	\$30,465	\$33,850	\$37,235	\$40,620	\$44,005	\$54,150	\$67,830	\$81,396
2	\$23,200	\$30,960	\$34,830	\$38,700	\$42,570	\$46,440	\$50,310	\$61,900	\$77,520	\$93,024
3	\$26,100	\$34,840	\$39,195	\$43,550	\$47,905	\$52,260	\$56,615	\$69,650	\$87,210	\$104,652
4	\$29,000	\$38,680	\$43,515	\$48,350	\$53,185	\$58,020	\$62,855	\$77,350	\$96,900	\$116,280
5	\$31,350	\$41,800	\$47,025	\$52,250	\$57,475	\$62,700	\$67,925	\$83,550	\$104,652	\$125,582
6	\$35,580	\$44,880	\$50,490	\$56,100	\$61,710	\$67,320	\$72,930	\$89,750	\$112,404	\$134,885
7	\$40,120	\$48,000	\$54,000	\$60,000	\$66,000	\$72,000	\$78,000	\$95,950	\$120,156	\$144,187
8	\$44,660	\$51,080	\$57,465	\$63,850	\$70,235	\$76,620	\$83,005	\$102,150	\$127,908	\$153,490

Notes:

(1) 2021 Income levels have increased based on HUD's calculations for the Portland-Vancouver-Hillsboro, OR-WA MSA. The income schedule above is to be used for projects that DO NOT qualify for the HERA and are not funded with CDBG or HOME.

(2) Other 2021 MFI levels are based on the 4-Person Income Limit of \$96,900. The 1-Person family Income Limit is 70% of the 4-Person Income Limit, the 2-Person family Income Limit is 80% of the 4-Person Income Limit, the 3-Person family Income Limit is 90% of the 4-Person Income Limit. Each family size larger than four (4) is calculated by an 8% increase per HH member to the 4-Person Income Limit. (i.e., 5-Person = 108%; 6-Person = 116%; 7-Person = 124%; 8-Person = 132%, and so on.

(3) The incomes limits listed above are based on income limits published by HUD effective April 1, 2021.

2021 Housing Affordability: Maximum Monthly Rent Including Utilities by Median Income With a Housing Burden of 30% (effective 4/1/2021)

# of Bedrooms	Household Size	30%	40%	45%	50%	55%	60%	65%	80%	100%	120%
0	1	\$507	\$677	\$761	\$846	\$930	\$1,015	\$1,100	\$1,353	\$1,695	\$2,034
1	1.5	\$543	\$725	\$816	\$906	\$997	\$1,088	\$1,178	\$1,450	\$1,816	\$2,180
2	3	\$652	\$871	\$979	\$1,088	\$1,197	\$1,306	\$1,415	\$1,741	\$2,180	\$2,616
3	4.5	\$754	\$1,006	\$1,131	\$1,257	\$1,383	\$1,509	\$1,634	\$2,011	\$2,519	\$3,023
4	6	\$889	\$1,122	\$1,262	\$1,402	\$1,542	\$1,683	\$1,823	\$2,243	\$2,810	\$3,372
5	7.5	\$1,059	\$1,238	\$1,393	\$1,548	\$1,702	\$1,857	\$2,012	\$2,476	\$3,100	\$3,720

Notes:

(1) Portland-Vancouver-Hillsboro, OR-WA MSA = Clackamas, Clark, Columbia, Multnomah, Skamania, Washington & Yamhill Counties

(2) Rents can be set below the median family income % threshold. For instance a residential unit may be restricted to households at or below 50% MFI, but have one-bedroom rents (and utilities expenses) that are below \$906/month.

(3) The rent limits listed above are based on the income limits published by HUD effective on April 1, 2021. Utility allowances must continue to be deducted from rents to achieve the maximum tenant rents allowed. Please note that all definitions and explanations herein may be subject to change upon later IRS and/or HUD clarification.