

**STATEMENT OF POLICY AND RULES CONCERNING THE
DETERMINATION OF IHFA BORROWER INCOME LIMITATIONS FOR
CERTAIN SINGLE FAMILY MORTGAGE LOANS**

May 20, 2022

The ability to afford decent safe and sanitary housing in the single family market has become increasingly difficult for lower income Idahoans. Information on housing costs reflects a dramatic increase over the last 5 years with raises in incomes not keeping pace with the rise in prices.

Median home sales prices have increased a total of 84% since 2017, but incomes have not kept pace. There has been a total of a 16% increase to income limits compared to an 84% median sales price increase over the last 5 years.

For single family mortgage loans financed by tax exempt mortgage revenue bonds under the Internal Revenue Code of 1986 (the “Code”), IHFA is required to apply income limits promulgated by the IRS under the Code. Unfortunately, these limits are so outdated that few borrowers can qualify to purchase a median sales price home in Idaho due to the rapid increase in housing prices. IHFA will, as required, continue to apply the Code limits for these loans. Similarly, for single family mortgage loans financed under other federal programs, IHFA will use those limitations but those limits are also generally too low to allow a borrower to obtain housing.

For IHFA assisted single family mortgage loans not funded by federal sources or where there are no federal income limitations, IHFA is not able to use federal income limits as a reference point or standard since those limits are too low for borrowers to qualify to purchase a median priced house in Idaho. For these loans IHFA has had to apply the requirements of its statute and determine a method of calculating borrower income limits in the light of the rapid increases in median priced single family housing in Idaho.

IHFA staff has developed a methodology consistent with its statute, discussed below, to allow eligible income closer to what is needed to buy a median priced single family decent, safe and sanitary home in today’s housing market, assuming the unaided operation of private enterprise. This methodology provides:

- 1) Calculation of an estimated Idaho median sales price by referencing Multiple Listing Service (MLS) median sales prices from Idaho’s largest volume single-family markets and determining a weighted average amount.
- 2) Calculation of the monthly payment for a median priced home in the Idaho, using the current average interest rate and property taxes and insurance.
- 3) Determining the amount of annual income necessary to make such monthly payments, with the provision that such payment should not exceed 30% of such income as is the practice by lending and underwriting practices in Idaho. Since such practices do not consider family size, that is not included in this methodology.

- 4) The annual income derived in 3) above is to be the maximum permitted and IHFA may adjust this amount downwards for any reason, including but not limited to maintain IHFA's historical eligible market share of such loans at approximately 75% plus or minus.

Periodically, IHFA staff will perform the above calculations, and if the resulting income limit increases as a result, IHFA will post a statement to that effect on its website for a period of at least two weeks. Such statement will state the new income limitation and how it was calculated in accordance with the above. Along with other single-family loan product information, IHFA will ensure the household income limit is clearly and continuously identified on its website for all interested parties to review. IHFA will retain the underlying information used to determine such income limit(s) in its file to be available upon request.

Though enacted in 1972, the Idaho Housing and Finance Association ("IHFA") statute (Chapter 62, Title 67, Idaho Code) provides eligibility guidance for products and services offered by IHFA. Specifically, the statute indicates a "person of low income" for purposes of qualifying for IHFA assisted housing means persons deemed by the association to require assistance available on account of insufficient personal or family income, to pay the rents or carrying charges for the housing required due to the unaided operation of private enterprise in providing an adequate supply of decent, safe and sanitary housing for such persons. taking into consideration, without limitation, such factors as:

- (1) The amount of the total income of such persons available for housing needs;
- (2) The size of the family (if applicable);
- (3) The cost and condition of housing facilities available;
- (4) Standards established for various federal programs determining eligibility based on income of such persons (if applicable); and
- (5) The ability of such persons to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary housing.

As discussed above, IHFA staff and legal counsel consider factors (1), (3) and (5) as the basis for providing home ownership assistance to support the purchase of at least a median priced home within the state.

If there are any questions or comments regarding the above matters, they can be directed to Susan Semba, Executive Vice President, Home Ownership Lending at SusanS@ihfa.org or 208-331-4726.