

FACT SHEET: HUD REDUCTION OF THE ANNUAL MORTGAGE INSURANCE PREMIUMS TO HELP ADDRESS DISPARITIES IN HOMEOWNERSHIP

February 22, 2023

Today, the Biden-Harris Administration announced an action that will save new homebuyers with FHA-insured mortgages an average of \$800 per year, lowering housing costs for an estimated 850,000 borrowers in 2023.

Homeownership is currently the principal source of wealth creation for most American households. But due to a nationwide shortfall in the supply of affordable homes and shifting demand for housing during the pandemic, first-time homebuyers have struggled in recent years to achieve homeownership. First-generation homebuyers and first-time homebuyers of color – who are less likely to have sufficient resources for a sizeable down payment due to a longstanding gap in intergenerational wealth transfers – have been particularly affected.

For many families, the savings announced today can make a difference in their ability to purchase a home of their choice. In addition to making homeownership more affordable, the reductions to the mortgage insurance premiums are also expected to allow more prospective homebuyers to qualify for a mortgage.

The nation’s homebuyers will see *immediate* savings through FHA’s mortgage insurance premium reductions, particularly borrowers of color who often rely on FHA-insured mortgages to attain homeownership.

The table below shows the savings that borrowers will experience as a result of FHA's pricing change when purchasing a home with the average sized FHA-insured mortgage for their county:

Forecasted Cost Savings from Annual Mortgage Insurance Premium Reduction in Selected Areas Where Homeowners of Color are Underrepresented

City	County	State	% Black Homeowners	% of Total Population	% Hispanic or Latino Homeowners	% of Total Population	FHA Avg. Original Mortgage	Annual Reduced MIP Savings
Washington	n/a	DC	21%	45%	10%	11%	\$306,893.16	\$920.68
Tampa	Hillsborough	FL	7%	22%	15%	26%	\$202,795.92	\$608.39
St. Louis	St. Louis	MO	10%	45%	2%	4%	\$133,371.10	\$400.11
San Juan		PR	7%	12%	54%	98%	\$135,433.75	\$406.30
San Francisco	San Francisco	CA	5%	5%	12%	15%	\$581,871.14	\$1,745.61
Riverside	Riverside	CA	6%	6%	40%	55%	\$302,627.29	\$907.88
Philadelphia	Philadelphia	PA	15%	41%	6%	15%	\$140,260.90	\$420.78
Orlando	Orange	FL	11%	24%	23%	34%	\$200,995.10	\$602.99
New Orleans	Orleans	LA	24%	58%	7%	6%	\$168,210.00	\$504.63

Minneapolis-St. Paul	Hennepin	MN	4%	18%	3%	10%	\$208,845.85	\$624.54
Miami	Miami-Dade	FL	14%	15%	38%	72%	\$247,173.94	\$741.52
Memphis	Shelby	TN	35%	65%	3%	8%	\$131,691.89	\$395.08
Los Angeles	Los Angeles	CA	5%	9%	29%	48%	\$394,624.60	\$1,183.87
Jacksonville	Duval	FL	15%	31%	7%	11%	\$176,596.90	\$529.79
Indianapolis	Marion	IN	8%	29%	4%	11%	\$137,558.91	\$412.68
Houston	Harris	TX	13%	23%	29%	45%	\$177,863.26	\$533.59
Detroit	Wayne	MI	14%	78%	3%	8%	\$123,404.92	\$370.21
Dallas-Ft. Worth	Dallas	TX	11%	24%	21%	42%	\$156,854.42	\$470.56
Cleveland	Cuyahoga	OH	11%	47%	4%	12%	\$120,165.74	\$360.50
Chicago	Cook	IL	11%	29%	15%	39%	\$199,808.09	\$599.42
Charleston	Charleston	SC	19%	20%	4%	6%	\$210,823.08	\$632.47
Boston	Suffolk	MA	4%	24%	5%	20%	\$499,308.98	\$1,497.93
Baton Rouge	East Baton Rouge	LA	26%	53%	3%	4%	\$156,211.37	\$468.63
Baltimore	Baltimore	MD	20%	62%	4%	6%	\$157,431.82	\$472.30
Atlanta	Fulton	GA	27%	48%	7%	5%	\$193,515.00	\$580.55

*The average mortgage and savings are based on projections by county.

* Population percentages are based on the 2020 census.

To find a housing counselor [Search the Map](#) or [Search by Zipcode](#), or call HUD's interactive voice system at: (800) 569-4287. [Consumers can also contact a HUD Approved National Housing Counseling Intermediary or State Housing Finance Agency.](#)

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