## House Affordability Survey: RBI

**Reserve Bank of India's** quarterly **residential asset price monitoring survey** (RAPMS) on housing loans has shown that **housing affordability** has worsened over the past four years as the House Price to Income (HPTI) ratio **increased** from 56.1 to 61.5 (from 2015 to 2019).

- The RBI has been conducting a quarterly Residential Asset Price Monitoring Survey (RAPMS) since July 2010 on housing loans disbursed by select banks and housing finance companies (HFCs) across 13 cities.
- Mumbai (with a HPTI of 74.4) remains the least affordable city in India, while Bhubaneswar (54.3) remains the most affordable city.
  - The concept of price-to-income ratio is used by lenders to measure affordability of residential property, essentially as a measure of purchasing power for home buyers.
- The LTV (loan to value) ratio moved from 67.7% to 69.6% (2015 to 2019) showing that banks are getting more risk-tolerant in housing loans and are willing to offer higher loans against the value.
  - LTV is the amount of loan a lender is willing to give and is calculated in terms of the percentage of the property value.
- **The loan to income** (LTI) ratio also confirms worsening housing affordability (3 in March 2015 to 3.4 in March 2019).
  - Loan to income ratio (LTI) is calculated by dividing the total monthly debt obligations, such as minimum credit card payments, auto loan, student loan by net monthly income.
  - The ratio is calculated on a **monthly basis** and helps lenders evaluate how much additional debt an applicant's financial situation will allow him to handle.
  - A low LTI value shows a good balance between debt and income.

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