

Housing burden rising across America

Report shows renters and homeowners paying more than 30 percent of income on housing rising across the country.

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NEW YORK (CNNMoney.com) -- American families across the nation are paying an increasingly large portion of their incomes on housing, putting a squeeze on household budgets, according to a published report.

The *New York Times*, in an analysis of data from the Census Bureau, reports that there has been an increase in the percentage of both home owners and renters who are paying at least 30 percent of their income on housing - a level that is widely seen as a limit of affordability.

The paper reports that the burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005. While high price areas such as New York City and Southern California have long seen housing putting the squeeze on middle class incomes, areas in the Midwest and suburbs across the nation are also being squeezed.

For example, San Diego, California suburb Temecula had 74 percent of renters paying at least 30 percent of income on housing, while another suburb in the region, Hemet, was second nationwide with 73 percent paying that level.

And there are places where renters and home owners are paying well above that level.

The paper reports that Boulder, Colo. had 47 percent of renters spending at least 50 percent of income on housing, while **College Station, Tex., had 46 percent spending at least half their earnings on housing.**

The paper said there were many areas that saw big jumps in families spending at least 30 percent of income on housing. It said the biggest jump was Olathe, Kan., a suburb of 114,000 southwest of Kansas City, although the paper did not cite the precise statistics there.

Other areas that saw a big jump in those at or over the 30 percent level included Wyoming, Mich.; Round Rock, Tex.; and Plymouth, Minn., according to the paper.

And it wasn't just booming middle-income areas seeing renters and home owners being stretched. Florence-Graham, California, an unincorporated area southeast of Los Angeles where more than a third of residents live in poverty, had 43 percent of renters paying at least 30 percent of income in rent, according to the paper, up from 17 percent in 2000.

While many of the increases cited by the paper were for renters, it also gave some examples of home owners whose budgets were being stretched.

In Clifton, N.J., the percentage of mortgage holders spending at least 50 percent of their income on housing rose to 27 percent in 2005 from 12 percent in 2000, the paper reported, while in New Britain, Conn., mortgage holders paying at least 30 percent of income rose to 57 percent from 27 percent in 2000.

"Housing prices have gone up much more than incomes have," Christopher Jones, vice president for research at the Regional Plan Association in New York, told the paper. "Clearly, you can't sustain that sort of imbalance over the long run. **There's only so long that housing prices can go up without sustained increases in income to support them.**"

The data was collected throughout 2005, and the housing market has softened considerably so far this year.

Last month the National Association of Realtors reported the first year-over-year [decline in median home prices](#) in more than 11 years in August, and a separate Census Bureau report also reported a [drop in new home prices](#) on that basis.

Leading home builders, such as [Pulte Homes \(Charts\)](#), [Centex \(Charts\)](#), [Lennar \(Charts\)](#), [KB Home \(Charts\)](#), [Toll Brothers \(Charts\)](#) and [Hovnanian Enterprises \(Charts\)](#), have all reported softer earnings outlook due to weaker pricing in the market.

But those price declines so far have been narrow, less than 2 percent from year-ago levels, after several years of strong housing price increases.