

San Diego sixth on least affordable list

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The California Building Industry Association became the latest group to highlight the lack of affordable housing in California when it released a finding Tuesday saying affordability continued to worsen in most California markets during the second quarter of 2006.

CBIA's analysis of the quarterly National Association of Home Builders/Wells Fargo Housing Opportunity Index found that during the second quarter of the year, affordability fell in 22 of the 27 California metro areas surveyed. **Adding to the grim picture, in 20 metro areas less than 10 percent of the homes could be afforded by families earning the median income there**, said Layne Marceau, a Bay Area homebuilder and CBIA's chairman for 2006.

San Diego was ranked sixth on the list, the same place it was in the first quarter. However, San Diego's share of homes affordable to the area's median income fell from 5.2 percent to a 4.6 percent. The national average in the second quarter was 40.6 percent. In the first quarter the national average was 41 percent.

The report paints an increasingly gloomy picture for California families trying to buy a home, particularly families trying to buy their first home. Marceau said. "In the entire nation, the 10 least affordable places to buy a home are here in California, as are 20 of the bottom 21."

The CBIA index calculated the percentage of homes in a metro area that were sold during a three-month period that could be afforded by a family earning the region's median income. The index assumes buyers will finance 90 percent of the purchase price with a 30-year fixed-rate mortgage, and takes into account prevailing interest rates, property taxes and insurance costs. Some industry watchers have taken issue with such an approach, saying many people pay as little as 5 percent down in today's market and use adjustable rate mortgages.

This report, however, came after a similar study from the California Association of Realtors released last week, which showed only 21 percent of first-time buyers could afford a home in San Diego. That study factored in variables like adjustable mortgages. This was below the state average of 23 percent. California's homeownership rate is 57 percent, according to CBIA, 13 points below the rest of the nation.

Los Angeles County continued to have the nation's lowest affordability of the 199 metro areas surveyed, with 1.9 percent of the homes sold affordable to the county's median-income family. Other metro areas in the nation's bottom five are Orange County (3.2 percent affordable), Monterey County (3.5 percent), Merced County (3.6 percent) and Stanislaus County (4.1 percent).

Send your thoughts and comments to Elizabeth.Malloy@sddt.com