

Central Valley Business Times

California housing affordability slips from 2013

LOS ANGELES
February 12, 2015 11:15am



Local Guides

- But fourth quarter of 2014 sees it inching up from Q3
- Central Valley still most affordable



Kings County in the Central Valley is the California county with the highest home affordability, according to a limited survey of home prices and incomes by the California Association of Realtors.

The survey includes numbers from just six Central Valley counties and just 27 of the state's 58 counties.

Based on that, the Realtors say 64 percent of the residents of Kings County could afford to buy the median priced home there in the fourth quarter of last year, up from 63 percent a year earlier.

For neighboring Tulare County, and nearby Madera County, the percentage was 56 percent.

Outside the Central Valley, the Realtors say just San Bernardino County in Southern California at 57 percent is in the same price world as the Central Valley.

Statewide, housing affordability improved from third-quarter 2014 but dipped when compared to a year earlier, as lower interest rates failed to offset higher home prices, the Realtors say.

The percentage of home buyers who could afford to purchase a median-priced, existing single-family home in California in fourth-quarter 2014 edged up to 31 percent from the 30 percent recorded in the third quarter of 2014 but was down from a revised 32 percent in fourth-quarter 2013, according to CAR's Traditional Housing Affordability Index. This was the seventh consecutive quarter that the index was below 40 percent and is near the mid-2008

level of 29 percent. California's housing affordability index hit a peak of 56 percent in the first quarter of 2012.

The index measures the percentage of all households that can afford to purchase a median-priced, single-family home in California.

Home buyers needed to earn a minimum annual income of \$91,550 to qualify for the purchase of a \$452,140 statewide median-priced, existing single-family home in the fourth quarter of 2014. The monthly payment, including taxes and insurance on a 30-year, fixed-rate loan, would be \$2,290, assuming a 20 percent down payment and an effective composite interest rate of 4.2 percent. The effective composite interest rate in third-quarter 2014 was 4.23 percent and 4.43 percent in the fourth quarter of 2013.

The median home price was \$467,280 in third-quarter 2014, and an annual income of \$94,880 was needed to purchase a home at that price.

Other Central Valley counties in the report and their Q4 2014 affordability rates are:

- Fresno 53 percent
- Merced 53 percent
- Sacramento 49 percent

