



## **Housing Affordability Falls by 8 Percentage Points**

The latest data released by the US Census Bureau's American Community Survey reveal a crisis of affordability that is deepening for both renters and homeowners in San Diego County. The U.S. Department of Housing and Urban Development (HUD) calls housing costs—rent plus basic utilities or mortgage, tax and insurance payments—affordable when they consume no more than 30% of a household's income.

Here are some insights into the deepening affordability crisis in San Diego County:

- 488,795 households in the County (48%) lived in unaffordable housing in 2005, meaning housing costs exceeded 30% of income. This is more people than in 2000, when 39.5% households lived in unaffordable housing.
- 57.5% of renters lived in unaffordable housing. This is 11 percentage points higher than in 2000.
- 49.6% of homeowners who pay mortgages lived in unaffordable housing in 2005. This is 8 percentage points higher than in 2000.

***The data indicate that household incomes have not kept pace with rising housing costs.*** CPI analyzed the August release of economic data to show that middle-income households are shrinking even as low-wage jobs are added to the San Diego economy.

Table 1: Historical Rise in Unaffordability in the County:

|             | Rental | Owner w/ mortgage | Owner w/o mortgage | Total |
|-------------|--------|-------------------|--------------------|-------|
| <b>2000</b> | 46.2%  | 41.4%             | 10.1%              | 39.5% |
| <b>2001</b> | 52.3%  | 41.8%             | 13.9%              | 42.7% |
| <b>2002</b> | 51.0%  | 41.5%             | 13.5%              | 41.7% |
| <b>2003</b> | 56.3%  | 43.6%             | 10.6%              | 44.3% |
| <b>2004</b> | 55.6%  | 47.3%             | 16.6%              | 46.6% |
| <b>2005</b> | 57.5%  | 49.6%             | 15.1%              | 48.0% |

*Source: CPI analysis of U.S. Census data*

It should be noted that the conventional approach to housing affordability used here—30% for all households regardless of size or income—is biased against lower-income households and large families, who cannot realistically afford the 30% level without compromising other basic needs.

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