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Most of us can't afford Wilmington housing

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The recent downturn in home prices has made homeownership slightly more affordable, but the bulk of workers in metropolitan areas -- including Wilmington -- are still unable to afford a

median-priced home, a new study has found.

In "Paycheck to Paycheck: Wages and the Cost of Housing in America," the Center for Housing Policy ranks Wilmington in the top 50 most expensive metropolitan areas in the country to

rent, and close to the top third of the most expensive metropolitan areas in the country to buy a home. The survey looked at more than 200 metropolitan areas.

Home buyers would need an annual income of \$77,422 to buy a median-priced home in Wilmington in the third quarter of 2007, when median home prices were about \$237,000.

A drop in interest rates made that a hair more affordable than last year, when a home buyer in Wilmington would need an income of \$77,763 for a median-priced home of \$227,000.

For renters, the price increased 4.18 percent in Wilmington from last year. Fair-market rent for a two-bedroom home in the third quarter of 2007 was \$923 a month, up from \$886 in 2006.

That means a person would need to earn \$17.75 an hour to comfortably rent a two-bedroom home in Wilmington in 2007, up from \$17.04 an hour in 2006.

But most of the fastest growing occupations in the area don't earn enough to make housing affordable, the study found. A registered nurse, for example, earns about \$62,645 annually

or \$30.12 an hour -- making renting possible but the purchase of a median-priced home beyond reach.

Affordability is based on spending no more than 28 percent of household income for homeowners, and 30 percent for renters.

"There's a portion of the market that continues to be priced out," said Rebecca Cohen, a research associate at the Center for Housing Policy.

The study echoes others that have come before:

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* A May 2007 report from the Delaware Housing Coalition found that only 36 percent of Delawareans earn enough to afford a typical home priced at \$228,000, and more than 26,000

households in the state are "severely burdened," spending more than 50 percent of their income for housing. Of the 97,560 workers employed in the 10 largest employment categories in

the state, 86 percent have median wages below what is needed to rent a two-bedroom apartment.

* A September 2007 report from the Delaware State Housing Authority found home prices in all three counties "are well over three times median household income," and that more than

18 percent of Delaware's homeowners and 43 percent of Delaware's renters in 2005 were cost-burdened, paying more than 30 percent of their income for housing.

The study also found employment growth in Delaware is fastest among lower-paying industry sectors: Two of the top three fastest growing industries had average annual wages in 2006

of less than \$26,000.

"We're concerned about the fact that the fastest growing jobs are not only the ones that don't allow people to buy homes, but make it very difficult for them to rent without spending

more than 30 percent of their income on housing," said Ken Smith, the Delaware Housing Coalition's executive director, adding that Delaware has "not taken as much initiative or used as

much creativity as other states have in finding ways to fund and develop affordable housing."

A lack of affordable housing can become a problem not only for workers but for companies, which struggle to find skilled employees in areas where housing prices are too high.

"It does impact directly economic development, the ability to find the correct level and type of housing for the worker you're trying to recruit," said Judy McKinney-Cherry, director of the

Delaware Economic Development Office.

The problem is most acute in Sussex County, where skyrocketing home values have made it difficult for tourism workers to afford rental properties.

"Nobody in the service areas can afford housing down there," said Delaware's Secretary of Housing Sandy Johnson. "For the most part, they're doubled or tripled or quadrupled up."

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