

## Another Look at Affordability

**Jamie Smith Hopkins, *Baltimore Sun***  
**February 3, 2008**

Homes for Working Families released a housing affordability -- or rather, unaffordability -- report last week and shared with me the figures it calculated for the Baltimore metro area. This is such a hot topic that I thought you'd be interested, even though we've trod similar ground in the last few days.

The Washington-based group, which says it wants to raise awareness about "the crippling nationwide home affordability gap that is keeping working families out of homes," produced the report with Moody's Economy.com. They said the area's median house price is about \$278,000. But the median household can't properly afford the monthly payment, even with 15 percent down, they said. (They define affordable as monthly mortgage and property-tax-related costs that add up to no more than 28 percent of income.)

Here are some other statistics from Homes for Working Families:

Median household income for the Baltimore metro area: \$63,006

Home price that household can afford: \$219,432

Household income that's 60 percent of the median: \$37,803

Home price that lower-than-typical-income household can afford: \$131,657

Household income that's 120 percent of the median: \$75,607

Home price that higher-than-typical-income household can afford: \$263,318

Yes -- by this group's calculation, even a household making about \$13,000 more than typical for the Baltimore metro area would have to stretch to pay for the typical house.

This is what Homes for Working Families assumed, besides the unusually high (for recent years) 15 percent down payment:

--30-year fixed-rate mortgage

--6.5% mortgage interest rate

--0.45% annual mortgage insurance premium

The monthly payment calculation also includes property taxes and insurance.