

Two Separate Reports on Housing Affordability Came Out This Week and They Both Had a Similar Conclusion: While Home Prices are Dropping in Many Parts of The Country, Affordability Has Improved Only Modestly.

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February 1, 2008

Prices are unlikely to fall enough to restore the affordability levels last seen in the 1990s, according to a report by Moody's Economy.com, commissioned by Homes for Working Families. A study from the Center for Housing Policy had similar findings, reporting that workers including registered nurses, customer-service representatives and retail salespeople were still priced out of a median-cost home in many markets.

Areas that are currently the least affordable are the markets that have experienced the fastest run-up in prices during recent years, according to Moody's report. Those markets include metropolitan areas in California, Florida and parts of the Northeast.

The fallout from the subprime mortgage turmoil is expected to have the greatest negative impact on middle-income earners in the least affordable markets, the Moody's report said. Borrowers stretched to buy a home in these areas during the housing boom. Now, monthly payments for those who took out adjustable-rate mortgages are rising, and tighter lending standards are making it more difficult for some to refinance, the report said.

Read more about the Center for Housing Policy's study in this week's real estate pages. Plus, learn about how it's tougher these days to get home-equity loans and lines of credit and read a Realty Q&A about the problems that can come up when one owner dominates a condo community.

The correction in home prices is making homeownership more affordable for some Americans. For others, prices still have a long way to drop before a owning a home is finally within their reach.