

## HOME OWNERSHIP OPPORTUNITIES

*Median-priced homes are affordable for those with the Region's median income, but wages for many key professions fall below the median*

### WHAT IS THE INDICATOR?

This indicator shows the income a home-buyer needed in 2003 in order to purchase a median-priced home in the Sacramento Area (Sacramento, El Dorado and Placer counties). The calculation is based on spending 30% of a household's income on a monthly mortgage payment, with a 5.71% interest rate on a 30-year conventional loan and a 5% or 20% down payment. It includes the median wage for various occupations. The percentage of householders who owned their own homes in 2000 is provided by race and ethnicity, and by county.

### WHY IS IT IMPORTANT?

Home ownership is the primary means of wealth creation for most persons. It has been shown to improve neighborhood stability and community well-being. Strong household income growth is required for buyers to keep pace with the large increases in the cost of housing. Homebuyers, especially first-time homebuyers, often endure long commutes to job centers in order to purchase an affordable single-family home, contributing to increased traffic congestion and air

pollution, and loss of family time.

### HOW ARE WE DOING?

Sacramento is one of the few areas in the State where the median income exceeded that needed to buy a median-priced home. Yet, as noted in the housing affordability indicator, median home prices have increased dramatically, at twice the rate of income growth. With a 20% down payment, a registered nurse or police officer earning the median income could afford a median-priced home, but not an elementary school teacher or a firefighter. Ownership of a median-priced home is far beyond the reach of the very low-income workforce.

Home ownership rates vary by race/ethnicity across the Region. Both Placer and El Dorado counties have much higher rates of home ownership than the other counties. Overall, 61% of householders own their home — with 65% of White householders owning homes, compared to 40% for Blacks, 49% for Hispanics, and 56% for Asian/Pacific Islander/Native Hawaiians. With a change in the Region's demographics, an important objective will be to increase home ownership opportunities for non-White residents.

A 2003 study of lending patterns for Sacramento County by the California Reinvestment Committee showed that prospective Black and Hispanic homebuyers often pay higher fees and costs, which can affect first-time home ownership opportunities and ability to maintain ownership.

### Average Income Needed to Buy a Median-Priced Home

2003 Sacramento Area

Median-Priced Home (2nd Qtr 03)	\$243,630
Income Needed to Purchase a Median-Priced Home With a:	
5% Down Payment	\$53,792
20% Down Payment	\$45,298
	MEDIAN ANNUAL WAGE (2002)
Median-Income Level	\$59,800
Registered Nurse	\$58,302
Police Patrol Officer	\$56,992
Elementary School Teacher	\$48,535
Low-Income Level	\$47,850
Firefighter	\$41,600
Computer Support Specialist	\$40,539
Very Low-Income Level	\$29,900
Medical Assistant	\$27,269
Retail Salesperson	\$17,659
Child Care Worker	\$17,056

Source: California Budget Project

### Percentage of Householders Who Own Their Home, by Race/Ethnicity 2000

	EL DORADO	PLACER	SACRAMENTO	SUTTER	YOLO	YUBA
White	76%	74%	62%	65%	59%	58%
Black	61%	63%	40%	42%	29%	31%
American Indian/ Alaskan Native	60%	56%	44%	45%	35%	46%
Asian/Pacific Islander, Native Hawaiian	67%	76%	58%	65%	33%	34%
Hispanic or Latino	50%	59%	49%	44%	44%	45%
Some other race alone	42%	53%	46%	42%	42%	47%
Two or More or Other	52%	58%	46%	45%	41%	46%
<b>All Households</b>	<b>75%</b>	<b>73%</b>	<b>58%</b>	<b>62%</b>	<b>53%</b>	<b>54%</b>

Source: U.S. Census Bureau