



Steve Chizmadia

Mortgage Advisor - MLO-244902, Home Loans With Steve
 NMLS ID: 1845124- CA BRE: 01524985 -
 141 Providence Road Charlotte, NC 28207

Office: (760) 715-9688
 Mobile: (760) 715-9688
steve@homeloanswithsteve.com
[View My Website](#)

US Housing Affordability is Decent, Just Not in California

The affordability of homeownership dipped modestly in the second quarter according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI). The index edged down by 3.3 percentage points from the first quarter to 63.2.

The HOI is based on the percentage of homes sold during the relevant period that are **affordable to median-income earners**. The current reading indicates that between the beginning of April and the end of June 63.2 percent of new and existing homes that sold could be considered affordable.

The national median home price rose from \$210,000 in the first quarter to **\$230,000** in the second while mortgage rates edged down from 4.03 percent to 3.99 percent. The U.S. median income was \$65,800.

"Though affordability edged slightly lower in the second quarter, the HOI remains well above 50, where **half** the households can afford half the homes sold," said NAHB Chief Economist David Crowe. "Low mortgage rates, pent-up demand and continued job growth should contribute to a gradual, steady rise in housing throughout the year."

The Youngstown, Ohio metropolitan statistical area (MSA) was rated the **nation's most affordable** major housing market. There, 90.6 percent of homes were considered affordable to families earning the area's median income of \$53,700. Syracuse slipped to second place followed by Indianapolis, Scranton-Wilkes-Barre, and Cincinnati.

Kokomo (Indiana) topped the list of most affordable smaller housing markets with a **95.5** reading. The median income there is \$55,200. Kokomo was followed by Davenport-Moline, Lima, Ohio; Elmira, and Cumberland, Maryland.

The San Francisco-San Mateo-Redwood City MSA should be retired to the **Hall of Fame** after marking its 11th consecutive quarter as the nation's least affordable major housing market. Only 11 percent of homes sold there in the second quarter were affordable to families earning the area's median income of \$103,400.

Other major metros at the bottom of the affordability chart included Los Angeles, Santa Ana-Anaheim-Irvine, San Jose, and New York City.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

All five least affordable small housing markets were in California. At the very bottom of the affordability chart was Santa Cruz-Watsonville, where **just 18.2 percent** of all new and existing homes sold were affordable to families earning the area's median income of \$87,000. Other small markets at the lowest end of the affordability scale included Napa, Salinas, San Luis Obispo, and Santa Barbara, respectively.

Builder Confidence

Mar

51

+6.25%

"Home price appreciation in many markets across the nation are a sign that the housing recovery continues to move forward," said NAHB Chairman Tom Woods. "At the same time, the cost of building a home is rising due to higher costs for buildable lots and skilled labor."

Service oriented, responsive, competitive rates and an in depth knowledge of today's mortgage market

After completing my degree in finance at the University of Connecticut, I started in the mortgage business right out of college in 2004. With 15+ years of experience and a primary objective of thoroughly explaining all available loan options to my clients with what is typically the largest investment in their lives, I strive to always make myself available. I constantly educate myself with respect to the mortgage industry and underwriting guidelines for FHA, VA, conventional and jumbo financing. I deliver on the expectations discussed up front and provide the service level my clients deserve from day one. I will remain in touch throughout the process and continue to follow up with you after closing. My goal is to wow you and turn you into clients for life. I want you to be so impressed that throughout and after the process you share my information with your friends, family, neighbors and co-workers who may value from my services.

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