



H O M E O W N E R S H I P



a dream still
vanishing?

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DELAWARE VALLEY REGIONAL PLANNING COMMISSION

Homeownership: A Dream Still Vanishing?



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Created in 1965, the Delaware Valley Regional Planning Commission (DVRPC) is an interstate, intercounty and intercity agency that provides continuing, comprehensive and coordinated planning to shape a vision for the future growth of the Delaware Valley region. The region includes Bucks, Chester, Delaware, and Montgomery counties, as well as the City of Philadelphia, in Pennsylvania; and Burlington, Camden, Gloucester and Mercer counties in New Jersey. DVRPC provides technical assistance and services; conducts high priority studies that respond to the requests and demands of member state and local governments; fosters cooperation among various constituents to forge a consensus on diverse regional issues; determines and meets the needs of the private sector; and practices public outreach efforts to promote two-way communication and public awareness of regional issues and the Commission.



Our logo is adapted from the official DVRPC seal, and is designed as a stylized image of the Delaware Valley. The outer ring symbolizes the region as a whole, while the diagonal bar signifies the Delaware River. The two adjoining crescents represent the Commonwealth of Pennsylvania and the State of New Jersey.

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Executive Summary

In a 1990 report entitled *Homeownership: A Vanishing Dream?*, the Delaware Valley Regional Planning Commission (DVRPC) undertook an assessment of housing affordability in the Delaware Valley, focusing on the ability of a median income family to purchase a median-priced housing unit in each of the region's 353 municipalities. Difficulties in securing sound, affordable housing in accessible locations, once limited to the lowest income segment of the population, continue to affect moderate and median income households. The purpose of the current study is to update DVRPC's 1990 housing affordability assessment using 1998 housing and tax data. Unlike the first study, the report also considers housing affordability for first-time homebuyers and for families who already own a home but are considering relocating, in addition to median-income families.

While using a similar methodology, many of the assumptions used in the 1990 study have been revised to reflect more current conditions and practices. Like the first study, the current report assumes prospective buyers will qualify for a 30-year, fixed-rate mortgage and incorporates local property tax rates, which vary significantly from one municipality to the next. The most striking difference is the average mortgage interest rate, which decreased from 10.5% in 1989 to 6.9% in 1998. The current study also assumes that the buyer will provide a higher downpayment (16.8% versus 10%), based on averages calculated by the National Association of Realtors. Two standardized sources of sales information (one for the 8-county Philadelphia consolidated metropolitan statistical area (CMSA) and one for Mercer County) are used, unlike the first study, which relied instead on individual county-level data sources. These differences make exact comparisons between the results difficult, but more accurately reflect the current housing market.

Study Results

The report concludes that a **median income family** earning \$55,330 annually could afford to purchase the median-priced housing unit in 67% of the region's municipalities in 1998, compared to only 19% in 1989. Affordable housing opportunities remain concentrated in the region's oldest cities and boroughs; its first generation suburbs (eastern Delaware County, northern Camden County and older riverfront communities, for example); and in the region's more ex-urban and rural areas, such as southern Camden and Gloucester counties, western Chester County and northwestern Bucks and Montgomery counties. New Jersey is generally more affordable than Pennsylvania; 80% of the homes sold in the region's four New Jersey counties in 1998 were sold in "affordable" municipalities, as compared to only 51% of the homes sold in the four suburban Pennsylvania counties.

A **typical first-time homebuyer** could afford to purchase a median-priced housing unit in 41% of the municipalities in the region's eight suburban counties in 1998, as well as the City of Philadelphia. Many of these locations, however, are not located within reasonable proximity to concentrated employment opportunities and are not easily accessible via

public transit. **Repeat buyers**, with higher median incomes, could afford to purchase a median-priced home in 85% of the region's municipalities.

Based on the study's methodology, housing affordability for prospective median income homebuyers has improved significantly since 1989. New Jersey's Council on Affordable Housing has had some success in facilitating affordable housing production, and state, county and even local officials in both states have sought to increase opportunities for homeownership by implementing innovative programs and revising regulations. Housing has become more affordable, however, largely because of changes in the market rather than changes in land use or development practices. Lower home mortgage interest rates, combined with average household incomes that increased faster than housing prices and the ability to provide a higher downpayment, have enabled many families to afford a home.

How affordable the region's housing stock remains, however, is likewise a function of the fluctuating market. The average interest rate on a 30-year, fixed-rate home mortgage in the Northeast had risen to 8.0% as of December of 2000. Mortgage interest rates have a significant impact on the prospective buyer's monthly payment, and any increase in the rate will affect the percentage of "affordable" communities in the region. If the average interest rate increases to 8.5%, for example, the percentage of "affordable" municipalities in the region would decrease from 67% to just over 50%, assuming that families could still afford to provide a 16.8% downpayment. If the average rate increases to 10.5%, as it was at the time of the 1989 report, only one-third of the municipalities in the region would remain affordable. Additionally, any slowing of the economy that slows the rate of increase in annual income versus housing sales price will negatively impact housing affordability.

Readers should recognize that this study considers housing affordability, but does not address housing quality, neighborhood character or any of the myriad of other factors that make a home attractive to a prospective homeowner. Thus, "affordable" municipalities may or may not be places where many families prefer to live. In the City of Philadelphia and many of the region's other cities and older boroughs, for example, the majority of the housing stock is affordable to prospective homebuyers, including first-time buyers. Other factors, however (including housing quality, the quality of education, perceived and actual crime, access to employment opportunities and a community's "image"), may in fact outweigh affordability as prospective homebuyers ponder where they want to live.

Additionally, the current study's methodology does not address affordability for current residents. Many residents of the region's older cities and boroughs earn much less than the region's median income; over 20% of resident homeowners and 46% of the renters in Philadelphia, for example, paid more than 30% of their income towards their housing costs in 1990, despite significantly lower housing values. Finally, another challenge for the region's suburban communities lies just ahead, as aging "baby-boomers" living in low-density suburban developments, with few if any affordable housing alternatives, face retirement and the prospect of maintaining their current homes on lower, fixed incomes.

I. Background, Purpose and Methodology

In 1990, the Delaware Valley Regional Planning Commission (DVRPC) undertook an assessment of housing affordability in the Delaware Valley (entitled *Homeownership: A Vanishing Dream?*). That study focused on the ability of a median income family to purchase a median-priced housing unit in each of the nine-county region's municipalities. Difficulties in securing sound affordable housing, once limited to the lowest income segment of the population, continue to affect moderate and median income households. These include (among many others) policemen, firemen, teachers, retail clerks, secretaries and daycare workers who find themselves unable to afford to live in the communities within which they grew up or now work.

A lack of affordable housing opportunities for workers within a reasonable distance of the workplace can have significant negative consequences on employers, including difficulty in attracting and maintaining a quality workforce; increased re-training costs; a need to pay disproportionately high wages; increased tardiness and absenteeism; and decreased employee productivity. Local economies may also suffer, as more and more of each family's disposable income is consumed by housing costs. Volunteerism becomes difficult, and time that otherwise might be spent in participating in community activities is instead spent commuting to and from work.

First-time homebuyers in particular find it difficult to locate an affordable home for purchase. Many families that are considering purchasing their first home find it difficult if not impossible to find an affordable unit close to the neighborhoods where they grew up, or close to their current place of employment. Limited opportunities for first-time homeownership can result in a tightening of the rental market, as families that traditionally would purchase their first home find it increasingly difficult to locate an affordable unit in an attractive location. Increased demand for a limited supply of rental units leads to increased rental costs, which in turn makes it even more difficult to accumulate the necessary capital for a downpayment and closing costs.

Study Purpose

The purpose of the current study is to update the 1990 housing affordability assessment and compare the findings of the two studies. The 1990 report calculated an "affordability index" for each of the region's 353 municipalities, based on the ratio between the income of the region's typical 4-person family and the minimum income that would be required to purchase the median-priced unit within each community. The current report updates these affordability indices using 1998 housing and tax data. Like the first report, the study considers the ability of a family earning the region's median annual income to purchase a median-priced home in each community. Unlike the first report, it also considers housing affordability for first-time homebuyers and for families who already own a home but are considering relocating.

The report also considers the differences between the housing stock in the City of Philadelphia and its suburbs. The 1998 median sales price in Philadelphia, which accounted for almost 25% of all units sold in the region in 1998, was \$53,000. Based on the study's methodology, the City's housing stock is therefore considered affordable for median income families as well as average first-time homebuyers.

This may be misleading, however, since housing prices vary significantly from one area of the City to another. A separate affordability index for each individual zip code in the City was therefore calculated, to account for some of these differences. Other factors which families consider when choosing a home (and which may in fact outweigh affordability in terms of the overall attractiveness of a unit) are also discussed, including housing quality, crime and the quality of public education. Finally, the report discusses the affordability of the City's housing stock for its current residents.

Methodology

The first step toward assessing housing affordability is an accurate estimation of the median price of residential units in each of the region's 353 municipalities and by zip code in the City of Philadelphia. Data on 1998 median sales prices in municipalities in eight of the region's nine counties and for individual zip codes in the City of Philadelphia was provided by Realist, Incorporated, as published in the Philadelphia Inquirer in April 1999. Realist is a real estate data company based in Philadelphia. Comparable data for Mercer County, which lies outside the Philadelphia CMSA, was obtained from Service One Association of Realtors. Neither source included transactions between family members for nominal prices, name changes nor sheriff's sales in their analysis. Map 1 illustrates 1998 median sales prices by municipality (and by zip code within Philadelphia), which range from a low of \$26,000 in Chester City (Delaware County) to a high of \$380,000 in Princeton Township (Mercer County).

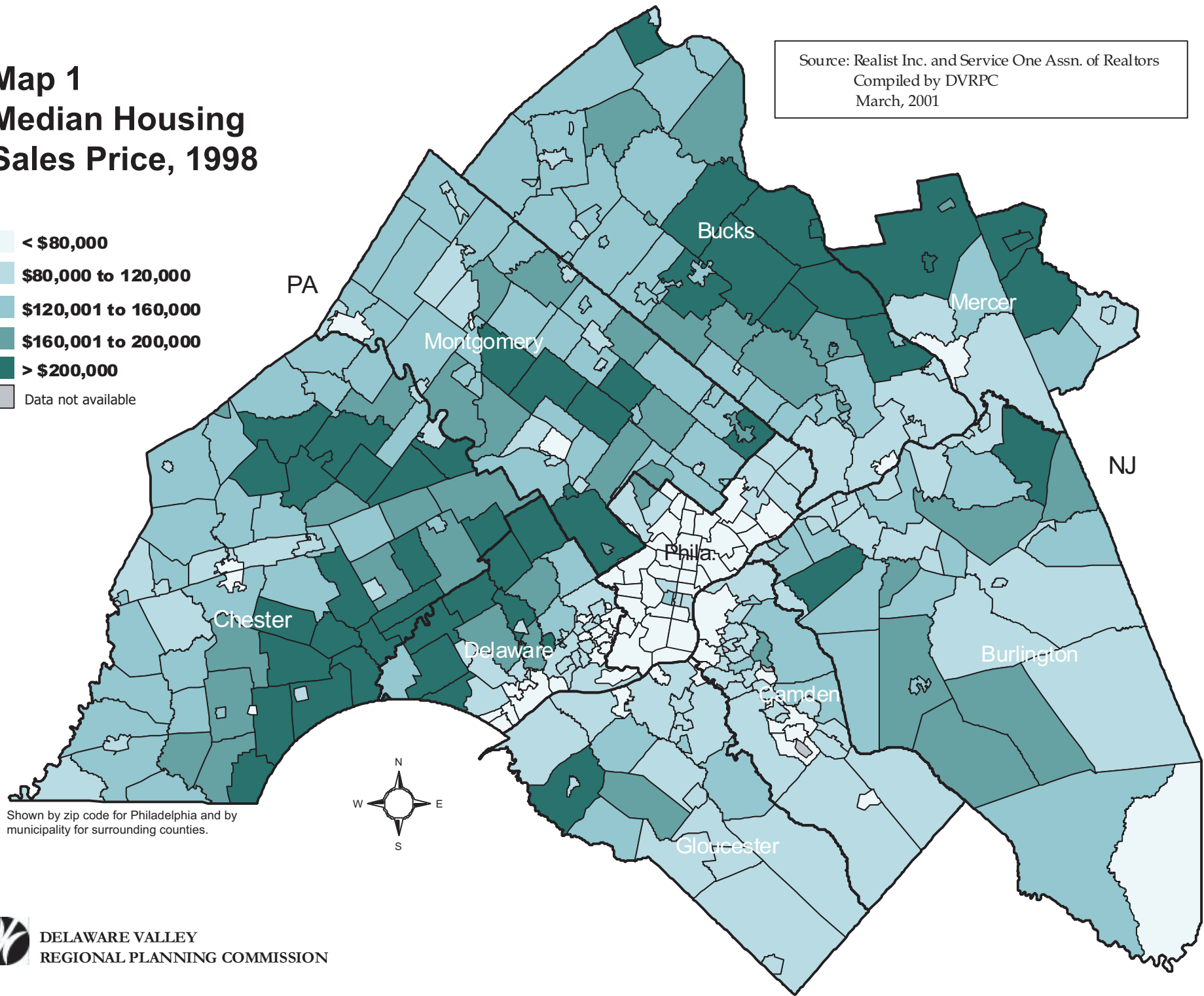
The minimum income necessary to purchase the median-priced unit in each municipality was then calculated and compared to the 1998 income of the region's median income family, a first-time buyer and a repeat buyer. Based on a 1990 median of \$42,206 for the Philadelphia CMSA and adjusting for inflation using changes in the consumer price index for all Philadelphia consumers, the region's median family income in 1998 was estimated to be \$55,330. This median income figure was further adjusted for first-time homebuyers (to \$47,600) and repeat buyers (to \$68,600), based on information available in the National Association of Realtors' *Financial Characteristics of Homeowners*.

Table 1 summarizes assumptions that were made in calculating the minimum income required for a typical median income family, a repeat buyer and a first time buyer. Based on averages obtained from the National Association of Realtors, it was assumed that median income families could provide a 16.8% downpayment, while first-time buyers could provide a 9% downpayment and repeat buyers would have 21% of the cost as a

Map 1 Median Housing Sales Price, 1998

Source: Realist Inc. and Service One Assn. of Realtors
Compiled by DVRPC
March, 2001

- < \$80,000
- \$80,000 to 120,000
- \$120,001 to 160,000
- \$160,001 to 200,000
- > \$200,000
- Data not available



Shown by zip code for Philadelphia and by municipality for surrounding counties.

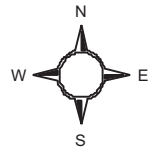


Table 1: Study Assumptions

	Median-income family	First-time homebuyer	Repeat homebuyer
Median family income	\$55,330	\$47,600	\$68,600
Downpayment	16.8%	9%	21%
Interest rate (plus private mortgage insurance if applicable)	7.15%	7.15%	6.9%
Ratio of housing expenses to annual income	25%	25%	25%
Closing costs	2%	2%	2%
Hazard insurance (as a percent of home value)	0.324%	0.324%	0.324%

Source: Delaware Valley Regional Planning Commission, October, 2000.

downpayment. These percentages vary significantly from the previous study's assumption of a 10% down-payment, but represent more realistic averages. Prospective homebuyers often save or borrow money in order to provide a higher downpayment if it allows them to qualify for a mortgage on an attractive home, and many first-time buyers have been able to take advantage of innovative mortgage programs that require them to provide a downpayment of less than 10%.

The study also assumes that buyers would pay no more than 25% of their annual income toward their housing costs, including mortgage principal and interest, taxes and insurance. This 25% housing expense ratio is used by the National Association of Realtors in calculating the Association's affordability index. The annual cost of hazard insurance was estimated at 0.324% of the home's value.

It was assumed that each prospective buyer would obtain a 30-year fixed rate mortgage at an interest rate of 6.90%. This interest rate is the average 1998 30-year fixed rate for the Northeast region of the country, as obtained from Freddie Mac's *Primary Mortgage Market Survey*. This interest rate is significantly lower than the rate used in DVRPC's 1990 study, since mortgage interest rates at the time averaged over 10%. An additional 0.25% was added to the interest rate for both typical buyers and first time buyers (yielding a total interest rate of 7.15%), to account for the cost of private mortgage insurance (PMI) which each would likely be required to pay. Again, the average cost of PMI was obtained from the National Association of Realtors.

One factor that can significantly affect a family's annual housing costs (and thus impact affordability) is their local property tax burden. Mortgage eligibility is determined by considering a prospective owner's ability to pay their total housing costs, which include the principal and interest on their mortgage loan, insurance and property taxes. While the mortgage payment is the same regardless of location, and insurance costs may vary only slightly, property taxes vary significantly from one municipality to the next. Houses selling for the same price in two different locations may therefore be affordable in one community but unaffordable in another, if the property tax burden is higher in the second municipality. A median income household could afford to purchase a house selling for over \$155,000 in Nockamixon Township in Bucks County, for example, but could not afford a house selling for \$151,000 in Springfield Township, Delaware County.

Map 2 illustrates the annual property tax that would be paid on a home valued at \$100,000 if it were located in each of the region's 353 municipalities. As illustrated on the map, the annual property tax burden ranges from less than \$1,000 to well over \$3,000. Because tax rates can have such an impact on affordability, the yearly tax burden was calculated for each individual municipality based on data collected from the New Jersey Division of Taxation and the Pennsylvania State Tax Equalization Board.

Calculating the Affordability Index and Gap

Once the income necessary to purchase the median-priced unit was calculated, an "affordability index" was calculated for each municipality (see Appendix A) and for each individual zip code in the City of Philadelphia (see Appendix B). This index is equal to the region's median family income (\$55,330) divided by the minimum income necessary to purchase a median-priced housing unit in each specific location. For reference purposes, Appendix C and Appendix D include maps that identify the region's municipalities and the City's zip codes.

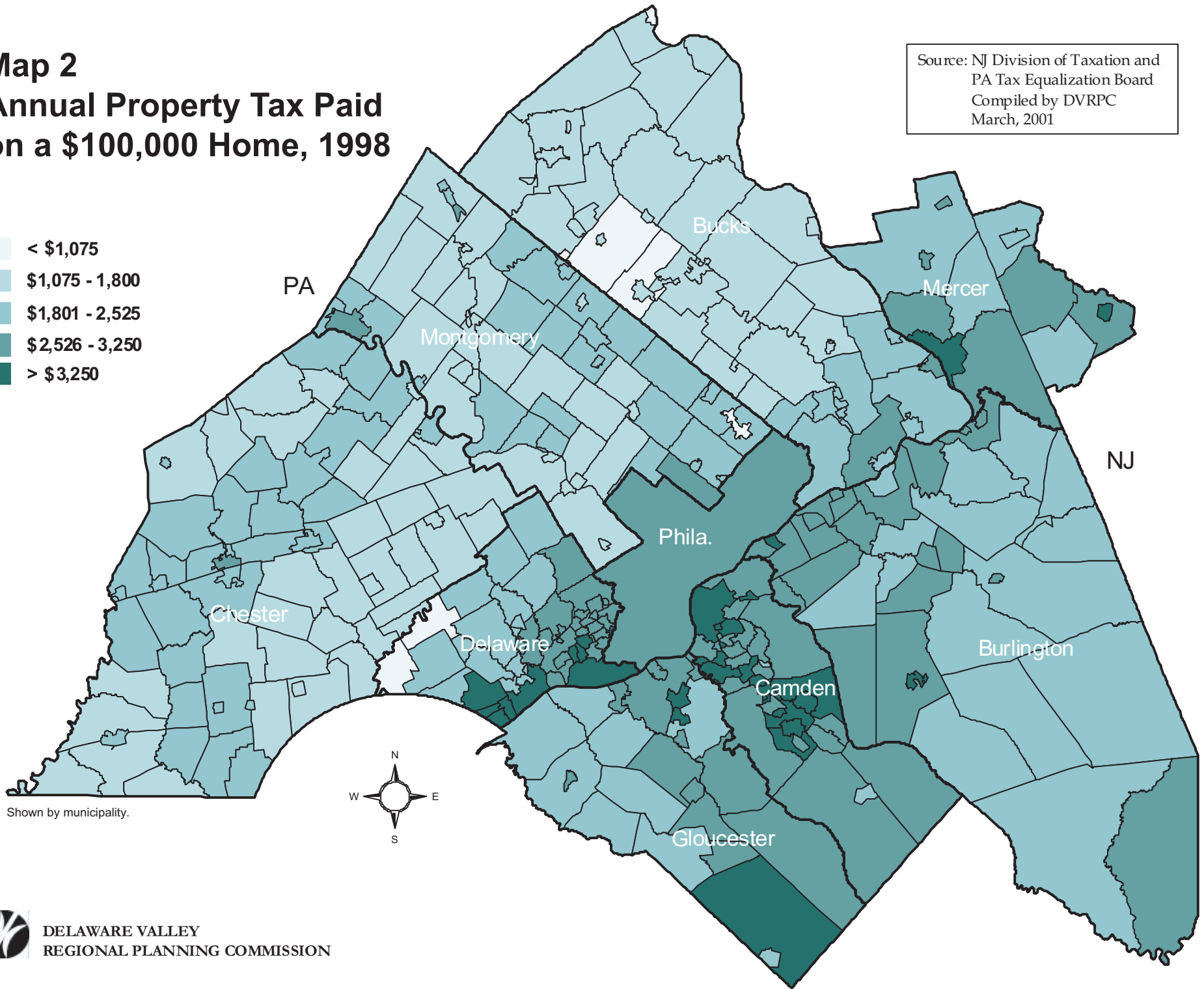
An index of greater than one indicates that the region's median income is greater than the minimum income necessary to purchase the median-priced unit in that particular municipality and, thus, the median-priced house in that location is affordable to a median-income buyer. Conversely, indices of less than one indicate that the median-income buyer does not earn enough to purchase the median-priced unit, based on the study's assumptions about the interest rate and downpayment. Separate affordability indices were calculated to determine affordability for first time homebuyers and for repeat homebuyers.

Finally, an affordability "gap" was calculated for each municipality, equal to the difference between the minimum income necessary for a typical buyer to purchase the median priced unit and the region's median income. This gap illustrates how much more the buyer would need to earn annually, in addition to their current income, in order to purchase the unit, given the parameters used in the study.

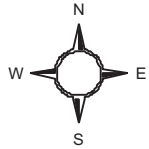
Map 2 Annual Property Tax Paid on a \$100,000 Home, 1998

Source: NJ Division of Taxation and
PA Tax Equalization Board
Compiled by DVRPC
March, 2001

- < \$1,075
- \$1,075 - 1,800
- \$1,801 - 2,525
- \$2,526 - 3,250
- > \$3,250



Shown by municipality.



Summary

The current report updates the findings of DVRPC's 1990 housing affordability assessment. While using a similar methodology, many of the assumptions used in the 1990 research have been revised to reflect current conditions and practices. As in the first report, the minimum income necessary to purchase a median-priced unit is calculated and compared to the region's median family income. Unlike the first report, the study also considers the ability of first-time and repeat homebuyers to afford a unit in different locations throughout the region.

The similarities and differences between the two methods for determining affordability for families earning the region's median annual income are summarized in Table 2. The most striking of these differences is the average mortgage interest rate, which decreased from 10.5% in 1989 to 6.9% in 1998. The current study also assumes that a buyer will provide a downpayment of 16.8% (versus 10% in 1989), based on averages calculated by the National Association of Realtors. This higher average downpayment may reflect the region's stronger economy, as prospective buyers have more disposable money and are better able to save toward their housing purchase. Finally, the current study relies on two

Table 2
Similarities and Differences, 1990 versus 2001 Study

	1990 Housing Assessment	2001 Housing Assessment
Study analysis year	1989	1998
Source of median sales data	Individual county planning commissions	Realist, Incorporated and Service One Association of Realtors
Median family income	\$38,300	\$55,330
Downpayment	10%	16.8%
Mortgage term and type	30-year, fixed rate	30-year, fixed rate
Interest rate	10.5%	6.9%
Housing/expense ratio	28%	25%
Closing costs	2% of value	2% of value
Hazard insurance	\$420 annually	0.324% of value
Property taxes	Based on individual municipal tax rates	Based on individual municipal tax rates

Source: Delaware Valley Regional Planning Commission, March, 2001.

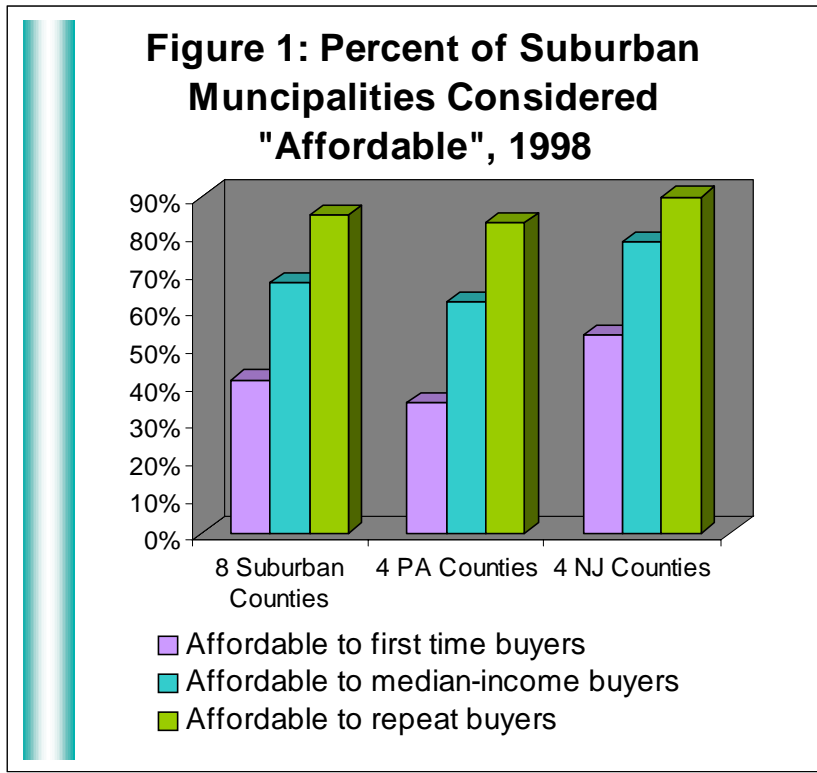
data sources that use similar methodologies for sales information, rather than relying on independent sources for each county. Although these differences make exact comparisons between the results difficult, assumptions used in the current report present a more realistic picture of the current housing market.

II. Study Findings

This chapter describes the ability of median income, first-time and repeat homebuyers to purchase the median-priced housing unit in each individual zip code in the City of Philadelphia and in each of the region's 352 other municipalities. The distribution of housing sales throughout the region is also discussed, since the opportunity to find an affordable unit is contingent on both affordability and the number of homes that are listed for sale annually in that location.

Maps 3, 4 and 5 illustrate housing affordability indices for median income, first-time and repeat homebuyers, respectively. The affordability index was calculated by dividing the income of each particular buyer by the minimum income required by that buyer to purchase the median-priced unit in each location. Thus, an index of greater than 1 indicates that the buyer's income is greater than the income needed to purchase the unit, and the municipality is therefore considered to be affordable. On each map, areas colored in various shades of green are considered affordable, while those in tan are not.

Figure 1 and Table 3 describe the number and percentage of municipalities that were found to be "affordable" to median income families first-time and repeat buyers within each of the region's eight suburban counties. Over 67% of the region's suburban communities were identified as affordable for median-income buyers, although the percentage drops to



41% for first-time buyers. In the City of Philadelphia, all zip codes except two (Far West Center City and Chestnut Hill) were found to be affordable to either median-income and first time buyers. Repeat buyers can afford to purchase homes in any of the City's zip codes.

Source: Realist Incorporated and Service One Association of Realtors. Compiled by DVRPC, April, 2001.
Notes: "Repeat buyer" affordability based on \$68,600 annual income, 6.90% interest and 21% downpayment. "Median-income buyer" based on the region's median annual family income (\$55,330), 7.15% interest and 16.8% downpayment. "First-time buyer" based on \$47,600 annual income, 7.15% interest and 9% downpayment.

Housing affordability for median-income families

Map 3 illustrates housing affordability for families earning the region's median annual income (\$55,330) in 1998. In addition to most Philadelphia neighborhoods, median-income families could afford to purchase the median-priced unit in 67% of the region's suburban municipalities in 1998, compared to only 19% in 1989. Conversely, households earning the regional median annual income could not afford to purchase the median-priced housing unit in 33% of the region's 353 municipalities, compared to 81% of the region's municipalities in 1989.

New Jersey is generally more affordable than Pennsylvania, with 78% of its communities found to be affordable as compared to 62% of the municipalities in the Pennsylvania counties. Affordable housing opportunities are generally concentrated in the region's oldest cities and boroughs (including Philadelphia as well as Chester, Camden, Trenton, Norristown and Coatesville); its first generation suburbs (eastern Delaware County,

Table 3: Number of Affordable Municipalities by County, 1998

	Total municipalities**	Affordable to median-income families		Affordable to first-time buyers		Affordable to repeat buyers	
		Count	Percentage	Count	Percentage	Count	Percentage
Burlington	40	27	68%	18	45%	37	93%
Camden	34	32	94%	26	76%	33	97%
Gloucester	24	22	92%	14	58%	23	96%
Mercer	13	6	46%	1	8%	7	54%
4 Suburban NJ Counties	111	87	78%	59	53%	100	90%
Bucks	54	32	59%	15	28%	45	83%
Chester	73	40	55%	17	23%	56	77%
Delaware	49	34	69%	31	63%	40	82%
Montgomery	62	41	66%	20	32%	56	90%
4 Suburban PA Counties	238	147	62%	83	35%	197	83%
8 Suburban Counties	349	234	67%	142	41%	297	85%

Source: Delaware Valley Regional Planning Commission, October, 2000. ****Note:** No data was available for Audubon Park, Tavistock or Pine Valley, all in Camden County.

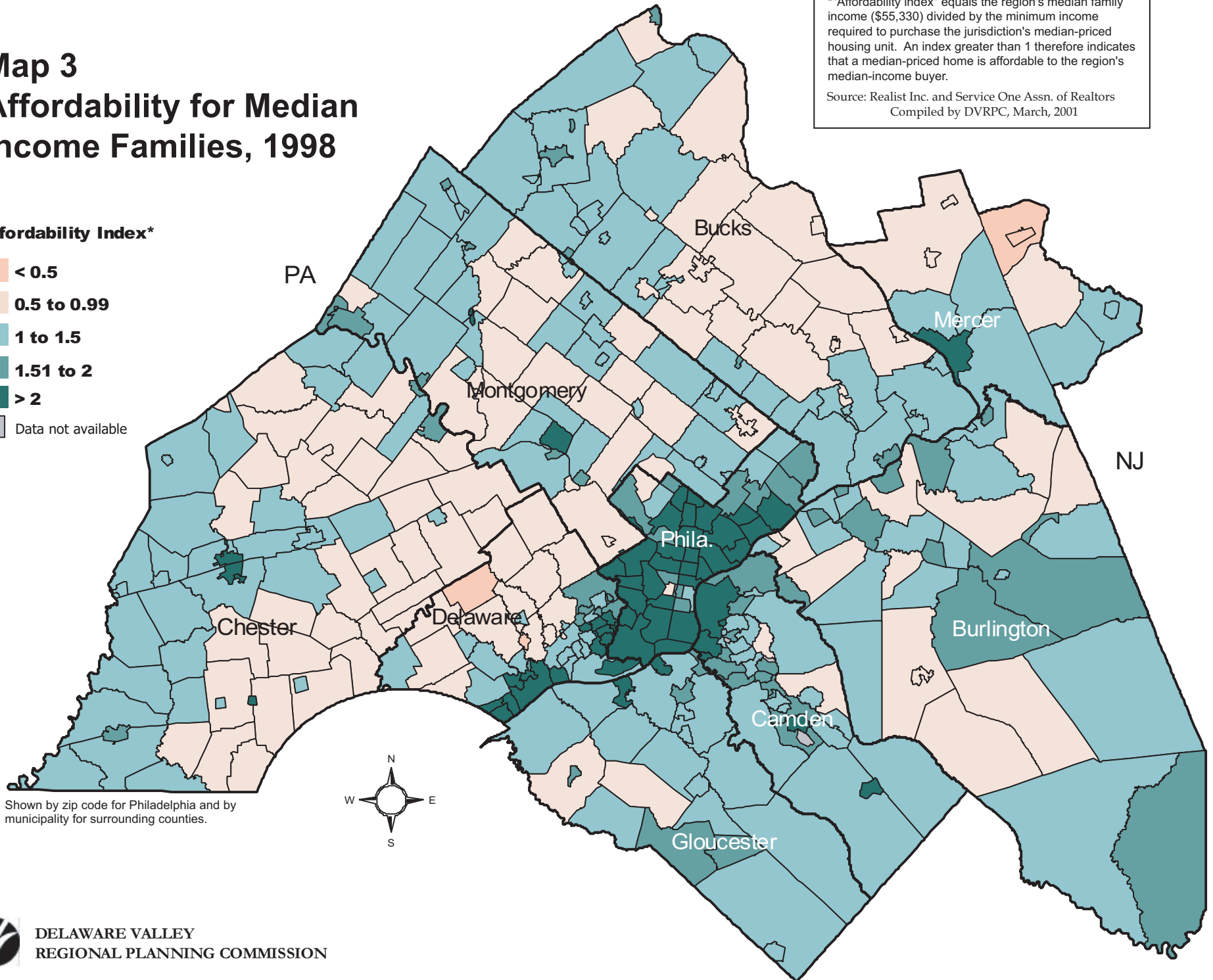
Map 3 Affordability for Median Income Families, 1998

***Affordability index** equals the region's median family income (\$55,330) divided by the minimum income required to purchase the jurisdiction's median-priced housing unit. An index greater than 1 therefore indicates that a median-priced home is affordable to the region's median-income buyer.

Source: Realist Inc. and Service One Assn. of Realtors
Compiled by DVRPC, March, 2001

Affordability Index*

- < 0.5
- 0.5 to 0.99
- 1 to 1.5
- 1.51 to 2
- > 2
- Data not available



Shown by zip code for Philadelphia and by municipality for surrounding counties.

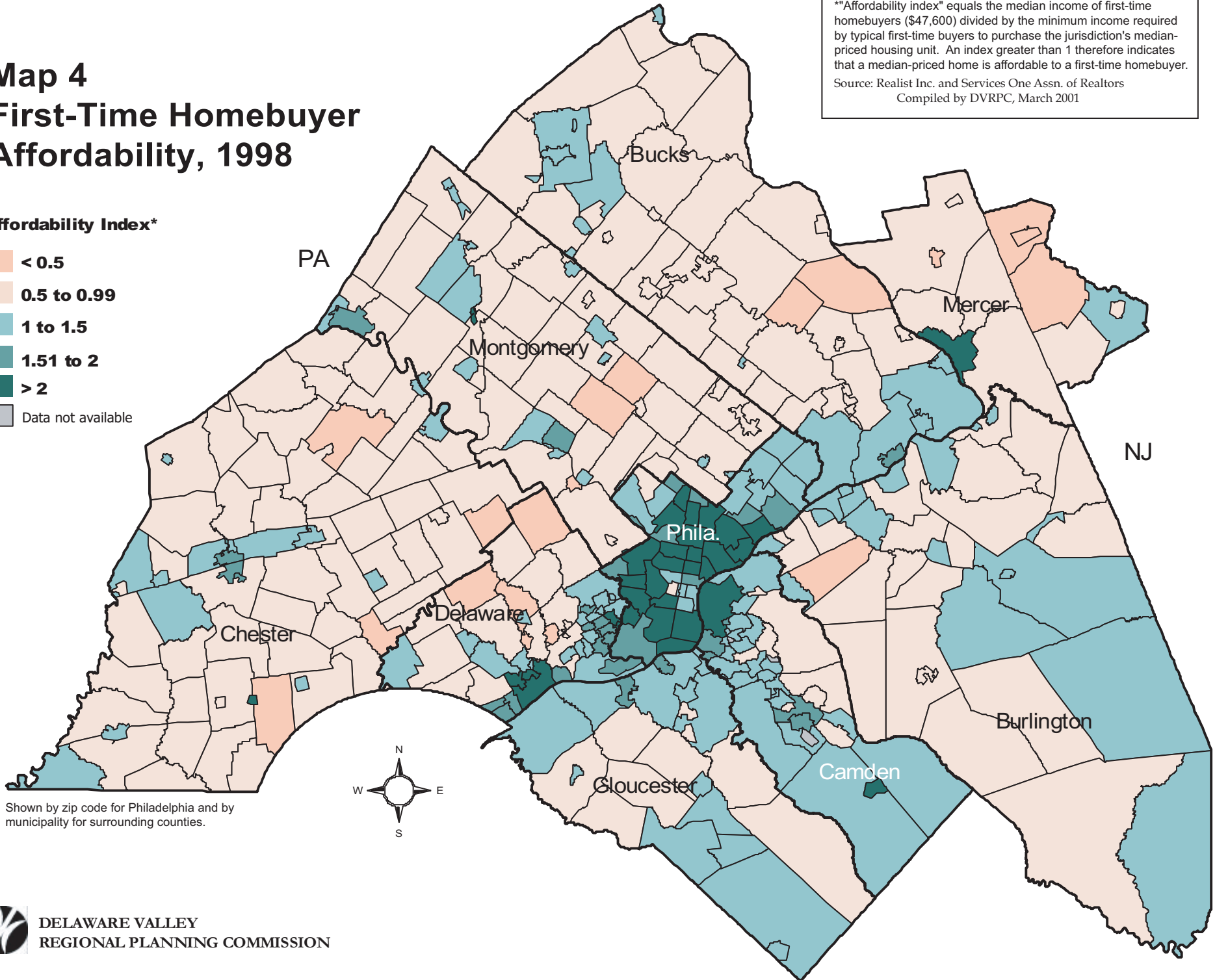


Map 4 First-Time Homebuyer Affordability, 1998

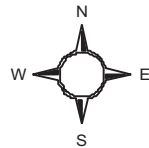
**"Affordability index" equals the median income of first-time homebuyers (\$47,600) divided by the minimum income required by typical first-time buyers to purchase the jurisdiction's median-priced housing unit. An index greater than 1 therefore indicates that a median-priced home is affordable to a first-time homebuyer.
Source: Realist Inc. and Services One Assn. of Realtors
Compiled by DVRPC, March 2001

Affordability Index*

- < 0.5
- 0.5 to 0.99
- 1 to 1.5
- 1.51 to 2
- > 2
- Data not available



Shown by zip code for Philadelphia and by municipality for surrounding counties.

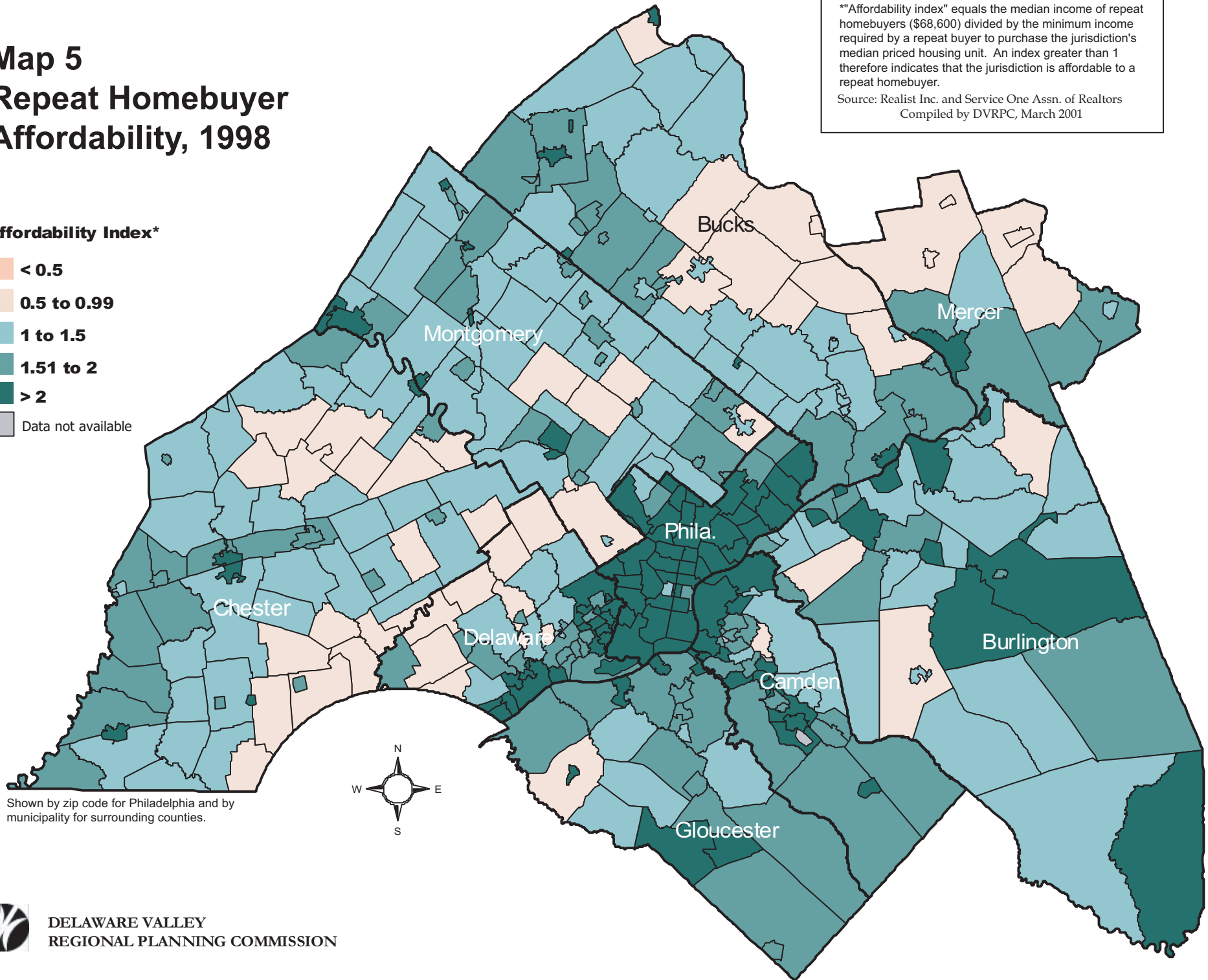


Map 5 Repeat Homebuyer Affordability, 1998

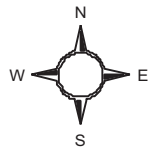
**Affordability index" equals the median income of repeat homebuyers (\$68,600) divided by the minimum income required by a repeat buyer to purchase the jurisdiction's median priced housing unit. An index greater than 1 therefore indicates that the jurisdiction is affordable to a repeat homebuyer.
Source: Realist Inc. and Service One Assn. of Realtors
Compiled by DVRPC, March 2001

Affordability Index*

- < 0.5
- 0.5 to 0.99
- 1 to 1.5
- 1.51 to 2
- > 2
- Data not available



Shown by zip code for Philadelphia and by municipality for surrounding counties.



western Camden County and older communities along the Delaware River, for example); and in communities located farthest from the region's center, including southern Camden and Gloucester counties, western Chester County and northwestern Bucks and Montgomery counties. These findings regarding location are identical to the results of the 1990 affordable housing study, which examined 1989 housing prices.

The minimum income necessary to purchase a median-priced housing unit ranges from \$12,913 in Chester City (Delaware County, Pennsylvania) to \$139,082 in Princeton Borough (Mercer County, New Jersey). This compares to a high in 1989 of \$163,967 required to purchase a median-priced home in Birmingham Township, Chester County. This reduction in the minimum income required to purchase a home is primarily the result of a dramatic reduction in the average home mortgage interest rate (10.5% in 1989 versus 7.15% in 1998).

Housing affordability for first-time buyers

Map 4 illustrates affordability for prospective first-time homebuyers. A first-time homebuyer can afford to purchase a median-priced housing unit in most Philadelphia neighborhoods and in 41% of the region's suburban municipalities, including 76% of the municipalities in Camden County, 63% in Delaware County and 58% of the communities in Gloucester County. Municipalities that are affordable to first-time homebuyers include the region's oldest cities and boroughs, other older communities along the Delaware River and communities in southern New Jersey.

Many of these locations, however, are not located within reasonable proximity to concentrated employment opportunities, and access to the region's suburban employment centers via public transit is limited. With lower average income and less money available for transportation, first-time homebuyers are perhaps most in need of units that are easily accessible to work and services.

First-time homebuyers can afford a median-priced home in only 23% of the municipalities in Chester County, 28% of Bucks County's communities, 32% of the municipalities in Montgomery County and only one community in Mercer County (the City of Trenton). This is unfortunate, given that some of the region's densest employment centers (such as the Route 1 Corridor, King of Prussia and Exton) are located in these areas.

Housing affordability for repeat homebuyers

Repeat homebuyers have, on average, a higher income than an average first-time homebuyer or the region's median income family. These repeat homebuyers are able to purchase a median-priced home in 85% of the region's suburban municipalities as well as any neighborhood in Philadelphia, as illustrated in Map 5. This includes 90% of the municipalities in New Jersey and 83% of the municipalities in the four suburban

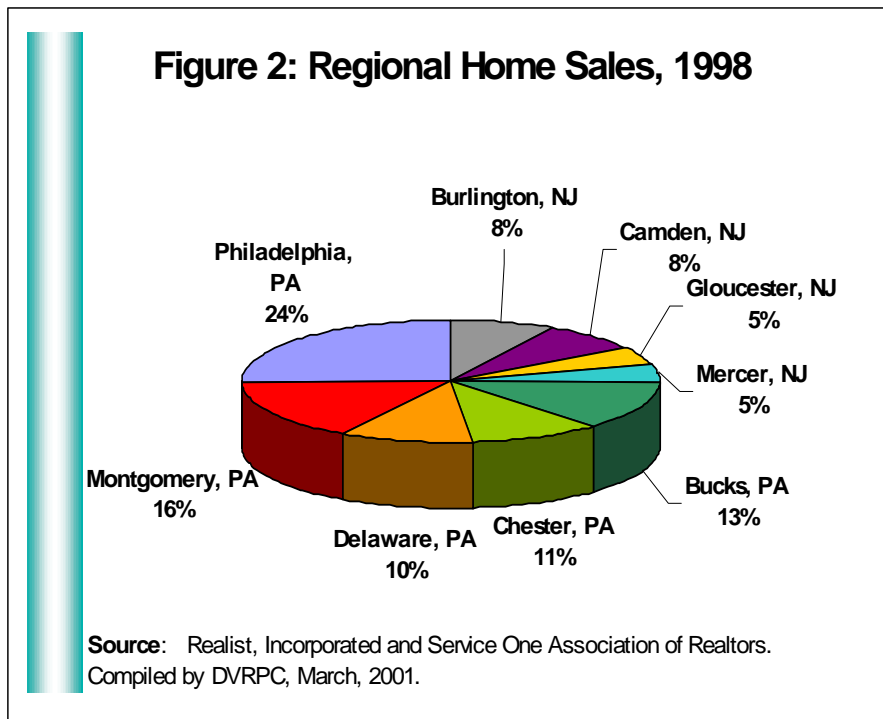
Pennsylvania counties. Municipalities where the median-priced unit is unaffordable for even repeat homebuyers include communities in western Delaware County, southeastern Chester County (north of Wilmington, Delaware), southeastern Bucks and northern Mercer counties.

Where are housing sales concentrated?

A buyer's prospects for finding an affordable housing unit in any given jurisdiction is a function of both the median sales price in that area and the number of units actually offered for sale each year. Readers are cautioned to consider both the median sales price and the annual turnover of houses before drawing conclusions as to the potential number of affordable housing opportunities in any given municipality.

Figure 2 describes the percentage of housing sales that occurred within each of the region's counties in 1998, while Map 6 illustrates the number of housing sales transactions that occurred within each of the region's municipalities during the same year. Approximately 74% of the region's total sales occurred in the Pennsylvania counties, including 24% in Philadelphia alone. Only about one-quarter of the region's housing sales in 1998 occurred in the four New Jersey counties. It is interesting to note that approximately the same number of homes were sold in the City of Philadelphia in 1998 as were sold in all four of the region's New Jersey counties.

In many of the region's municipalities, the median sales price of housing is relatively low but very few houses are on the market each year. Certain areas in Bucks, Chester and

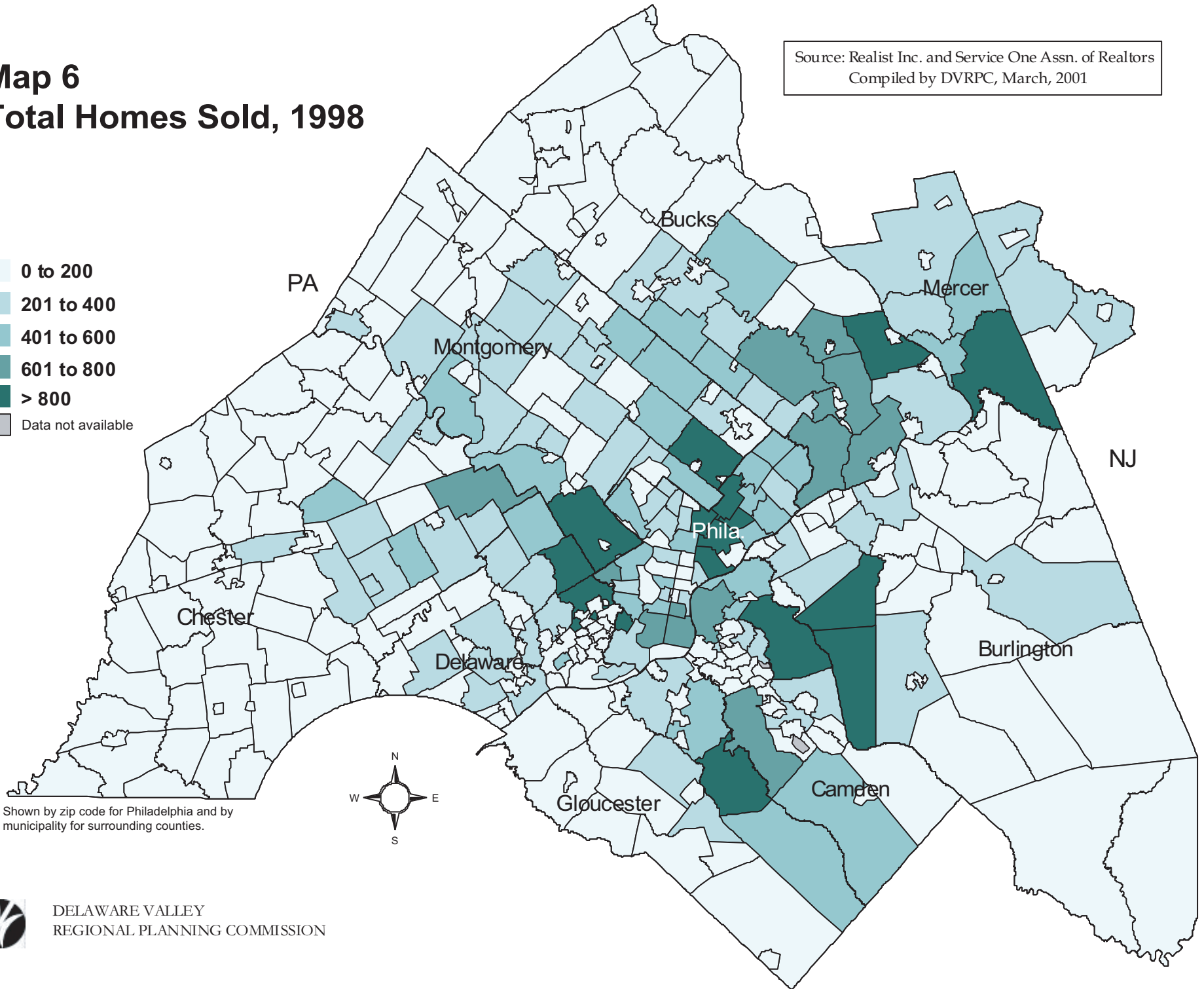


Gloucester counties, for example, have very affordable housing prices, but in reality have very little housing turnover. Similarly, some of Montgomery County's most affordable municipalities are located in its western half, but these same communities have the fewest number of homes sold annually. The potential of finding and purchasing an affordable housing unit in these locations is therefore limited.

Map 6 Total Homes Sold, 1998

Source: Realist Inc. and Service One Assn. of Realtors
Compiled by DVRPC, March, 2001

- 0 to 200
- 201 to 400
- 401 to 600
- 601 to 800
- > 800
- Data not available

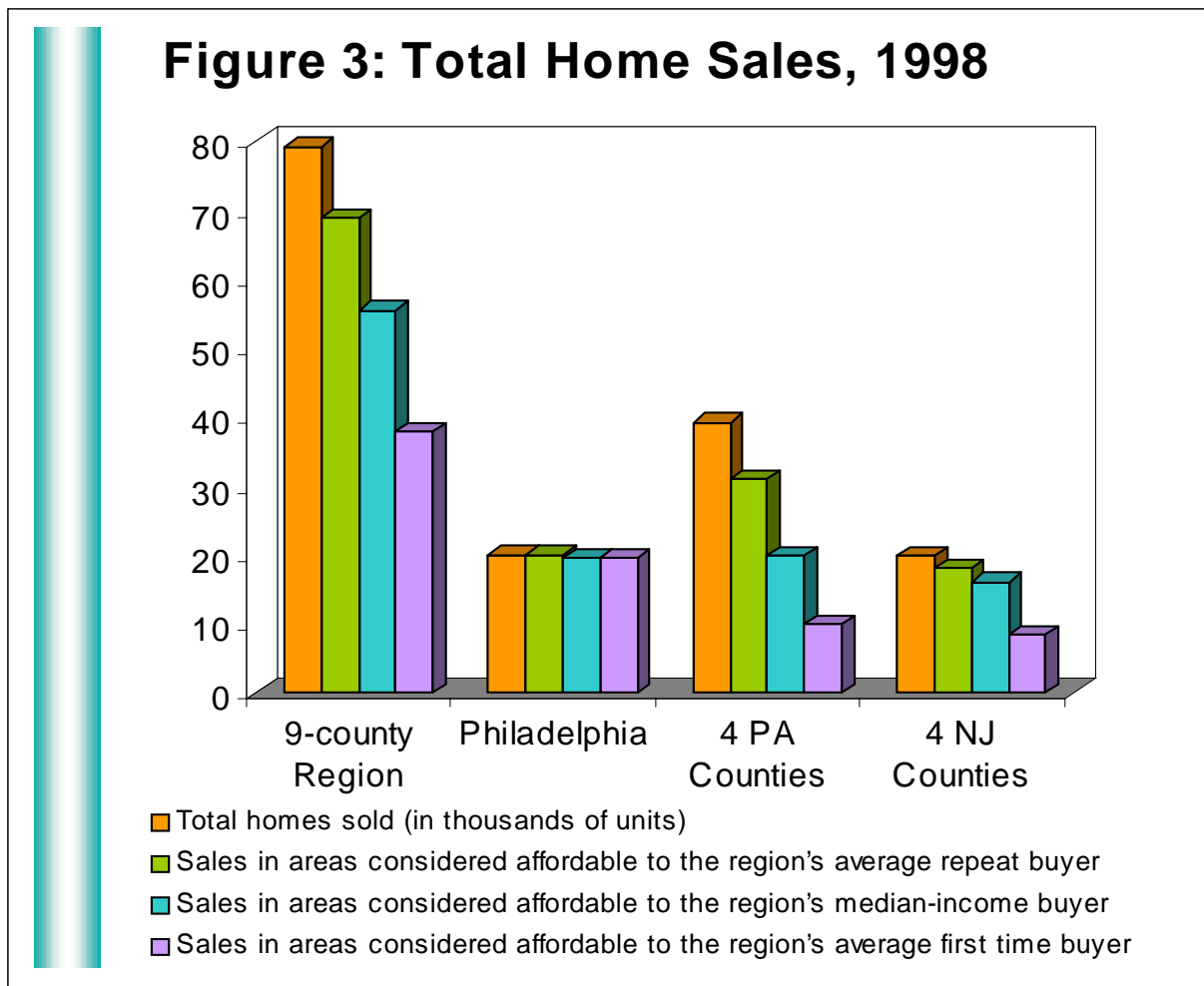


Shown by zip code for Philadelphia and by municipality for surrounding counties.



Conversely, only 13% of the region's housing sales occurred in either Camden or Gloucester in 1998, the two counties with the highest percentages of "affordable" municipalities.

Figure 3 describes the number of sales transactions that occurred in the nine-county DVRPC region, the City of Philadelphia and the Pennsylvania and New Jersey suburbs in 1998, as well as the number of sales that occurred in municipalities (or, in the case of Philadelphia, zip codes) that were identified as affordable to median-income, first-time or repeat homebuyers. While not all of these individual homes are necessarily affordable, a higher percentage of sales in affordable areas indicates that median income, first-time and



Source: Realist Incorporated and Service One Association of Realtors. **Notes:** "Repeat buyer" affordability based on \$68,600 annual income, 6.90% interest and 21% downpayment. "Median-income buyer" based on \$55,330 annual income, 7.15% interest, 16.8% downpayment. "First-time buyer" based on \$47,600 annual income, 7.15% interest and 9% downpayment. "4 PA counties" include Bucks, Chester, Delaware and Montgomery counties. "4 NJ counties" include Burlington, Camden, Gloucester and Mercer counties. "Areas" refer to municipalities in the eight suburban counties and zip codes in Philadelphia.

repeat buyers would be more likely to locate an affordable unit in that location, given the increased number of opportunities.

Given the relative affordability of the housing stock, it is not surprising that almost all of the sales that occurred in Philadelphia in 1998 were located within zip codes where the median-priced unit is affordable to the region’s median income buyer, as well as to typical first-time homebuyers. Figure 3 also demonstrates that a significantly higher percentage of the housing sales that occurred in the four New Jersey counties were in “affordable” municipalities as compared to housing sales in the Pennsylvania suburbs.

Table 4 and Figure 4 illustrate (by county) the number of sales that occurred in municipalities where the median-priced house was affordable to median income, first-time

Table 4: Home Sales in Affordable Municipalities, 1998

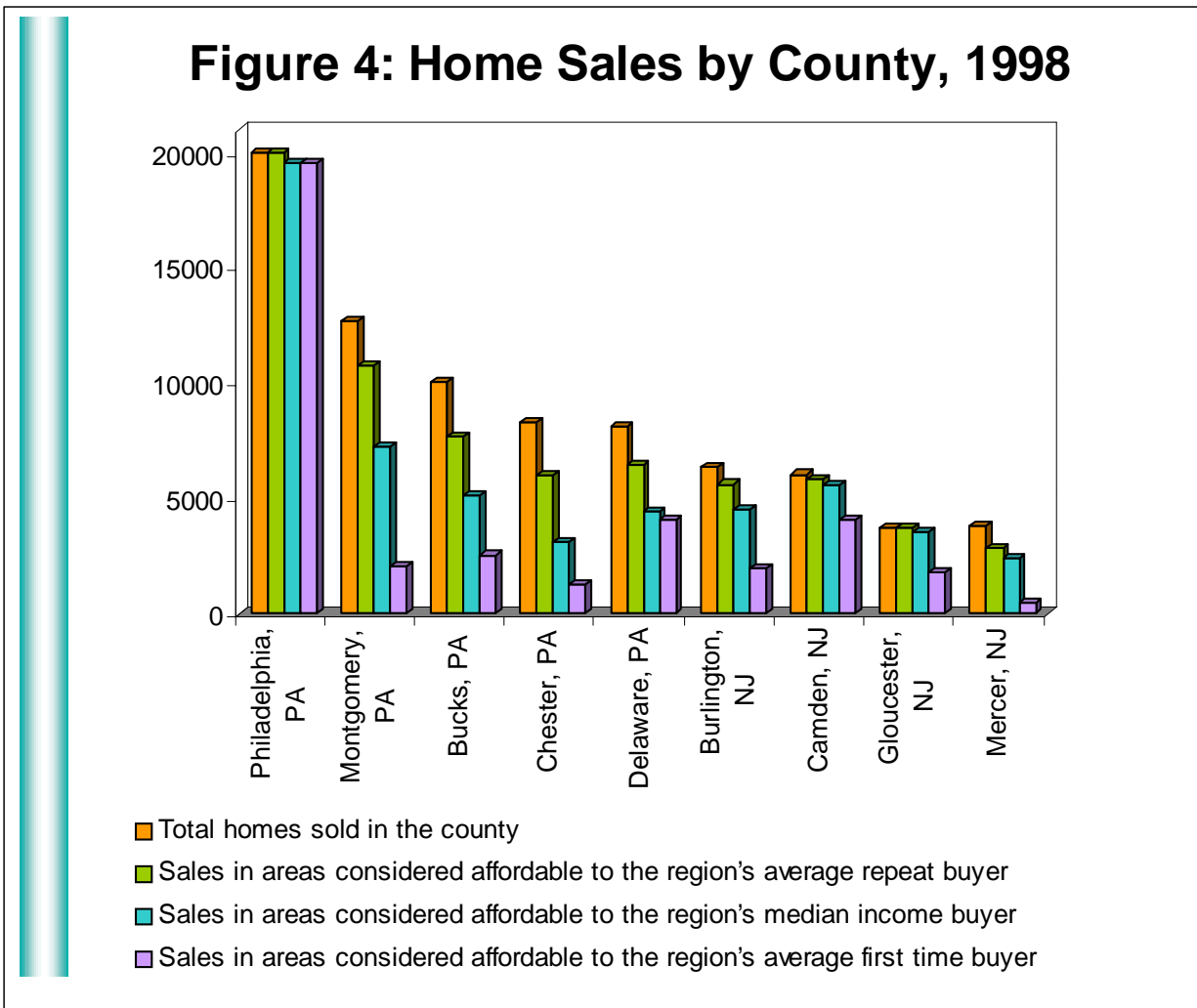
	Total homes sold, 1998	Homes sold in municipalities identified as affordable to median income families		Homes sold in municipalities identified as affordable to average first-time buyers		Homes sold in municipalities identified as affordable to average repeat buyers	
Burlington	6,353	4,517	71%	1,987	31%	5,620	88%
Camden	6,056	5,575	92%	4,109	68%	5,851	97%
Gloucester	3,768	3,575	95%	1,827	48%	3,720	99%
Mercer	3,787	2,402	63%	452	12%	2,820	74%
4 Suburban NJ Counties	19,964	16,069	80%	8,375	42%	18,011	90%
Bucks	10,065	5,132	51%	2,538	25%	7,704	77%
Chester	8,324	3,081	37%	1,301	16%	6,033	72%
Delaware	8,099	4,422	55%	4,062	50%	6,457	80%
Montgomery	12,732	7,234	57%	2,038	16%	10,757	84%
4 Suburban PA Counties	39,220	19,869	51%	9,939	25%	30,951	79%
8 Suburban Counties	59,184	35,938	61%	18,314	31%	48,962	83%

Source: Delaware Valley Regional Planning Commission, October, 2000.

Note: no data was available for Audubon Park, Tavistock or Pine Valley, all in Camden County.

or repeat buyers in 1998. Over 60% of all homes sold in the Delaware Valley's eight suburban counties in 1998 were sold in municipalities identified as "affordable" to the median buyer. This includes 95% of the homes in Gloucester County and 92% of the homes sold in Camden County. Counties with the greatest percentage of their sales in areas that are affordable to the region's median income homebuyer include Philadelphia, Gloucester, Camden and Burlington. In contrast, relatively few of the sales transactions in Bucks, Chester and Montgomery counties were in affordable locations.

Only 31% of the region's suburban sales, however, occurred in locations where a median-priced home was affordable to a first-time homebuyer, including only 16% of the homes



Source: Realist Incorporated and National Association of Realtors. Compiled by DVRPC, April, 2001. **Notes:** "Repeat buyer" affordability based on \$68,600 annual income, 6.90% interest and 21% down payment. "Median income buyer" based on \$55,330 annual income, 7.15% interest and 16.8% downpayment. "First-time buyer" based on \$47,600 annual income, 7.15% interest and 9% downpayment. "Areas" refer to municipalities in the eight suburban counties and zip codes in Philadelphia.

sold in either Montgomery or Chester counties. In contrast, over 80% of the homes sold in the region's eight suburban counties in 1998 were located in municipalities where a typical repeat buyer could afford to purchase the community's median-priced unit, including 99% of the homes sold in Gloucester County and 97% of those sold in Camden County.

The Region's Most and Least Affordable Municipalities

Map 7 and Table 5 describe the locations of the region's most and least affordable communities, considering only those municipalities where at least 90 units were sold in 1998. The region's least affordable municipalities are concentrated in northern Mercer and eastern Bucks County (perhaps reflecting a New York and North Jersey influence) and along the boundary between Chester and Delaware County. The region's most affordable locations include its oldest cities and boroughs (such as Philadelphia, Camden, Trenton, Chester City, Coatesville, Norristown, Pottstown and Quakertown) and its first generation suburbs (including communities in eastern Delaware County and northern Camden County). It is interesting to note that while four of the region's ten most affordable municipalities are in Delaware County, the county also includes two of the region's least affordable communities (Edgmont and Radnor), located in its western half.

Ratio of Buyer to Resident Income

Map 8 illustrates the ratio between the income of homebuyers moving into an area and the median income of the current residents, using information compiled from Home Mortgage Disclosure Act data. In almost 70% of the region's municipalities, buyers who bought a home in 1998 earned more than the current residents of the community. Many were communities experiencing a significant level of new housing construction, where newer units have a higher market value than the rest of the housing stock and attract higher income buyers. In some of the region's more rural areas, in particular, the income of the people moving into the community is significantly higher than that of the existing residents. These are probably areas where large-lot subdivisions are being built on sites that were previously farmland or otherwise undeveloped, with larger, expensive homes that are worth significantly more than the current stock of older units.

The existing residents in 111 of the region's municipalities (approximately 30%) earn more than do the homebuyers who bought a home in the community in 1998, including some of the region's older boroughs and first generation suburbs (eastern Delaware County, for example). This disparity may indicate that housing prices have stagnated or declined in the community, enabling lower income homebuyers to purchase. It also may be a function of the fluctuation in home mortgage interest rates over the last several years. Prospective homebuyers who can take advantage of today's lower interest rates can now afford to purchase in some neighborhoods where buyers were required until recently to have higher annual incomes, since interest rates at the time of their purchase were significantly higher.

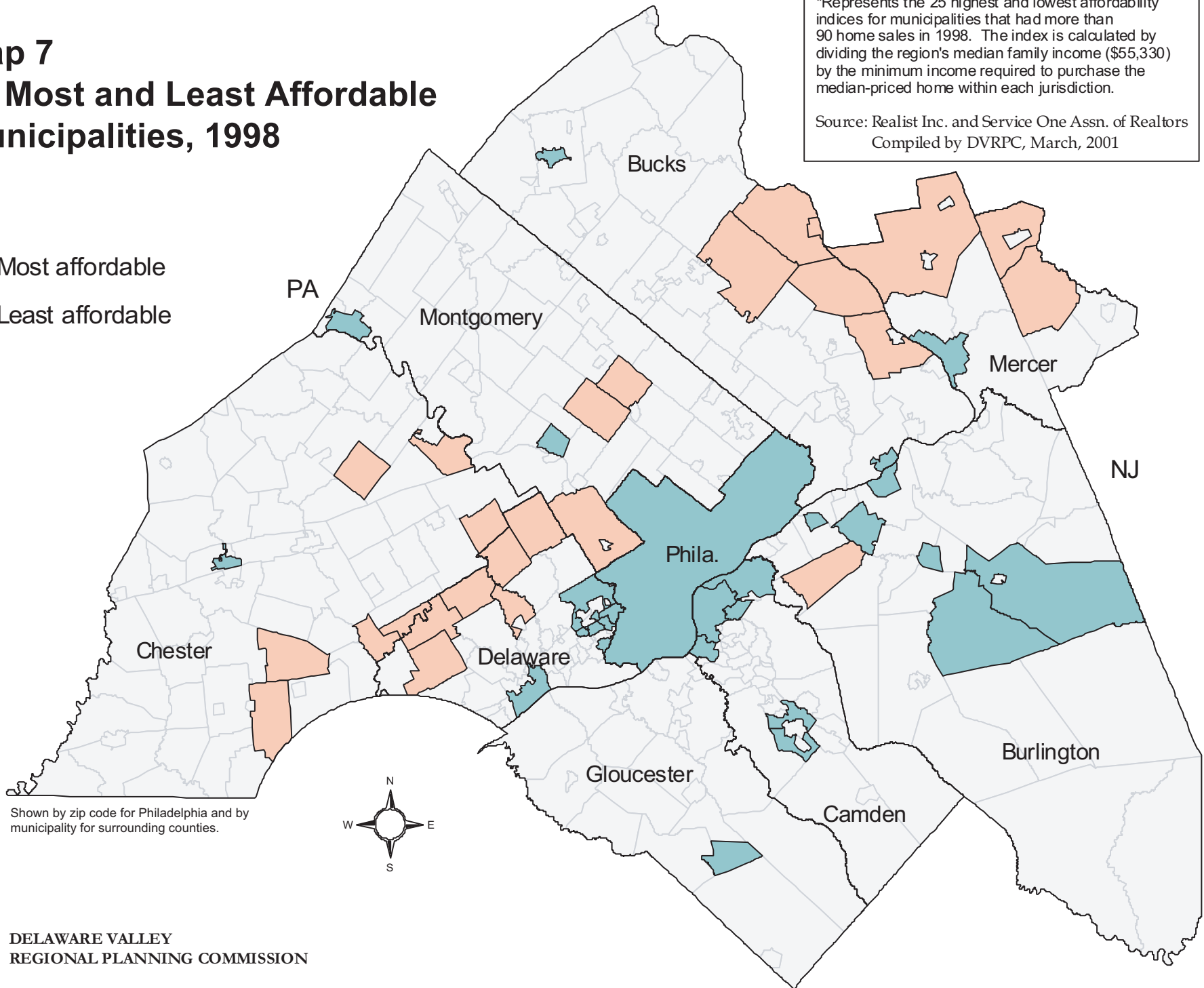
Map 7

25 Most and Least Affordable Municipalities, 1998

*Represents the 25 highest and lowest affordability indices for municipalities that had more than 90 home sales in 1998. The index is calculated by dividing the region's median family income (\$55,330) by the minimum income required to purchase the median-priced home within each jurisdiction.

Source: Realist Inc. and Service One Assn. of Realtors
Compiled by DVRPC, March, 2001

- Most affordable
- Least affordable

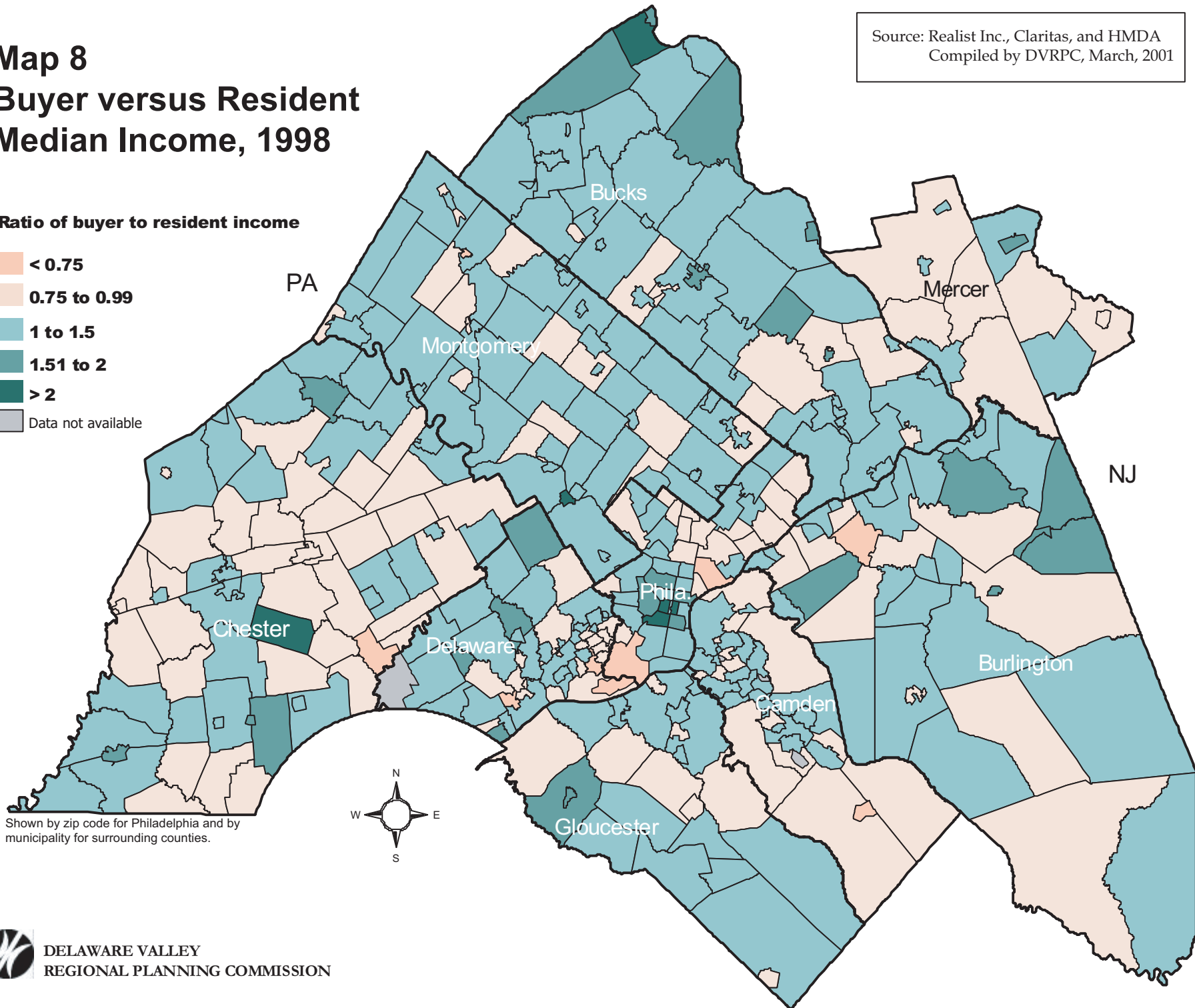


Map 8 Buyer versus Resident Median Income, 1998

Source: Realist Inc., Claritas, and HMDA
Compiled by DVRPC, March, 2001

Ratio of buyer to resident income

- < 0.75
- 0.75 to 0.99
- 1 to 1.5
- 1.51 to 2
- > 2
- Data not available



Shown by zip code for Philadelphia and by municipality for surrounding counties.

Table 5
Ten Least and Most Affordable Municipalities, 1998**

Most Affordable Municipalities	County	Least Affordable Municipalities	County
Chester City	Delaware	Princeton Township	Mercer
Camden City	Camden	Edgmont Township	Delaware
Darby Borough	Delaware	West Windsor Township	Mercer
City of Trenton	Mercer	Radnor Township	Delaware
City of Philadelphia	Philadelphia	Lower Gwynedd Township	Montgomery
Gloucester City	Camden	Moorestown Township	Burlington
Coatesville	Chester	Upper Makefield Township	Bucks
Norristown Borough	Montgomery	Birmingham Township	Chester
Collingdale Borough	Delaware	Easttown Township	Chester
Darby Township	Delaware	Whitpain Township	Montgomery

Source: Delaware Valley Regional Planning Commission, March, 2001.

** Considers only municipalities with at least 90 housing sales transactions in 1998.

The Affordability Gap

Appendix A and Appendix B identify an “affordability gap” for each municipality where the median-priced house is unaffordable for a median income family. This gap represents the additional income that the family would need to earn in order to afford the median-priced home in that location, and serves to rate how “unaffordable” each community is relative to other communities. The gap ranges from a low of only \$14 in Evesham Township (Burlington County) to a high of over \$83,000 in Princeton Township (Mercer County), and exceeds \$20,000 in 45 of the region’s municipalities.

Housing Affordability in Philadelphia

Given the relatively low median housing sales price in the City of Philadelphia, the report concludes that housing in the City is generally affordable to families earning the region’s median income and to the average first-time and repeat homebuyer. The relative affordability of housing in Philadelphia, however, should not necessarily be taken as an indication that the City’s housing stock is therefore more attractive than housing in the

suburbs. While it is clear that the average prospective homebuyer could afford to buy a home in the City, many other factors affect a family's decision as to where to buy their home. These factors, which include crime, the quality of education and proximity to their job, may in fact outweigh affordability.

It is also true that despite significantly lower housing values, many residents of Philadelphia live in units that are currently unaffordable to them, given the lower median income in the City. Additionally, the study's definition of housing affordability does not consider housing quality or account for the increased maintenance and repair costs that may be associated with an older unit located in Philadelphia or many of the region's older cities and boroughs.

The demographic and economic characteristics of the City of Philadelphia are vastly different than its suburbs. Table 6 illustrates some of these most significant differences. The median value of owner-occupied units, for example, was 2.8 times higher in the Pennsylvania suburbs and 2.2 times higher in the New Jersey suburbs than it was in Philadelphia in 1990. The percentage of minority residents was significantly higher in the City of Philadelphia than in the region's suburbs and the median family income in the City was significantly lower, with many more households and families living below poverty. Almost 20% of the City's households lived below poverty in 1990; that percentage had increased to just over 23% by 1995, compared to a national average of just under 14%.¹ In contrast, only 5.1% of the households in the Pennsylvania suburbs and 7.3% of New Jersey's suburban households were living below poverty in 1990.

Despite significantly lower housing values, over 20% of the City's homeowners paid 30% or more of their income toward their housing costs in 1990. This percentage is approximately the same in the Pennsylvania suburbs (where housing values are much higher), because of its higher median income. Interestingly, the Philadelphia region is less affordable to homebuyers than other areas of the Commonwealth of Pennsylvania, but more affordable than other areas in New Jersey. The region's percentage of homeowners paying 30% or more of their income toward housing costs is higher than the Pennsylvania statewide average (17%) but lower than the New Jersey statewide average of 27%.

The housing stock in the City is older than its counterpart in the suburbs, with the median-aged home having been built before 1940. Housing quality is more significant in the City; the percent of vacant units and boarded-up units, for example, are both higher in the City. While the percent of the City's homeowners paying 30% or more of their income toward housing costs is similar to that in the suburbs, the percent of the City's renters living in unaffordable units in 1990 (46% in the City versus 36% and 38% in the Pennsylvania and New Jersey suburbs, respectively) was significantly higher.

¹U.S. Department of Housing and Urban Development. *Now is the Time: Places Left Behind in the New Economy*, page vii.

Table 6: Differences Between Philadelphia and its Suburbs, 1990

	Philadelphia	Pennsylvania Suburbs	New Jersey Suburbs	Philadelphia MSA	Commonwealth of Pennsylvania	State of New Jersey
Percent white, 1990	52.2%	90.2%	79.9%	75.5%	87.8%	74.2
Percent minority, 1990	47.8%	9.8%	20.1%	24.5%	12.2%	26.8%
Median family income, 1990	\$30,140	\$49,138	\$44,111	\$41,908	\$34,856	47,589
% households below poverty	19.1%	5.1%	7.3%	10.3%	11.4%	7.7%
% of families below poverty	16.1%	3.2%	5.7%	7.7%	8.2%	5.6%
Unemployment rate, 1990	5.8%	2.5% - 3.5%	3.3%	4.0%	4.0%	4.6%
Median age of housing, 1990	pre-1940	49 years	32 years	43 years	44 years	46
Percent vacant units, 1990	10.6%	4.4%	5.3%	6.8%	9.0%	9.1%
Percent boarded, 1990	2.3%	0.2%	0.5%	1.0%	0.5%	0.3%
Median value of owner-occupied units, 1990	\$48,364	\$135,910	\$105,211	\$99,212	\$69,075	\$161,219
Homeowners paying \geq 30% of income towards housing, 1990	20.8%	21.0%	n/a	21.2%	16.9%	26.9%
Renters paying \geq 30% of income towards housing, 1990	46.2%	35.9%	38.4%	40.7%	37.0%	38.4%
Affordability Index, 1990*	1.60	2.77	2.39	2.37	1.98	3.39

Source: Federal Reserve Bank of Philadelphia, *Community Profiles for Lenders: Philadelphia County and Community Profile for Lenders: New Jersey Counties of the Philadelphia MSA*, June 2000. PA suburbs include Bucks, Chester, Delaware and Montgomery counties; NJ suburbs include Burlington, Camden, Gloucester and Salem counties). "MSA" refers to metropolitan statistical area. ***Note:** "Affordability index" refers to the ratio of median value to median income.

Conclusion

In general, a significantly higher percentage of the region's municipalities were identified as "affordable" in 1998 than in 1989. This apparent improvement was primarily due to significant decreases in mortgage interest rates, which lowered monthly mortgage payments and enabled prospective buyers to borrow more money toward their purchase. Additionally, increases in average annual income in the Philadelphia region generally outpaced increases in housing sales prices during the 1990's. The current study also assumed that buyers would provide a higher downpayment than was used in the previous study, based on national homebuyer averages.

While a higher percentage of municipalities were considered affordable in 1998 than in 1989, the general location of affordable housing opportunities remains the same. These include the region's older cities and boroughs, its first-generation suburbs (including older communities in eastern Delaware County and northern Camden County) and other communities located farthest from the region's center, including southern New Jersey, western Chester County and far northwestern Montgomery and Bucks counties.

The prospect of finding an affordable home that is either in close proximity or accessible via public transit to their job is limited, however, particularly for first-time homebuyers. Many of the region's oldest (and most affordable) communities are served by commuter rail, as illustrated in Map 9, and by the region's extensive network of bus routes. The region's transit network, however, was originally designed to transport workers from residential developments in the suburbs to job sites in the central cities and boroughs. As employment continues to move away from the central cities and expand in the suburbs, reverse commuting or suburb-to-suburb commuting has become more common. Convenient access via public transit from the region's older, more affordable communities to newer suburban employment centers is limited.

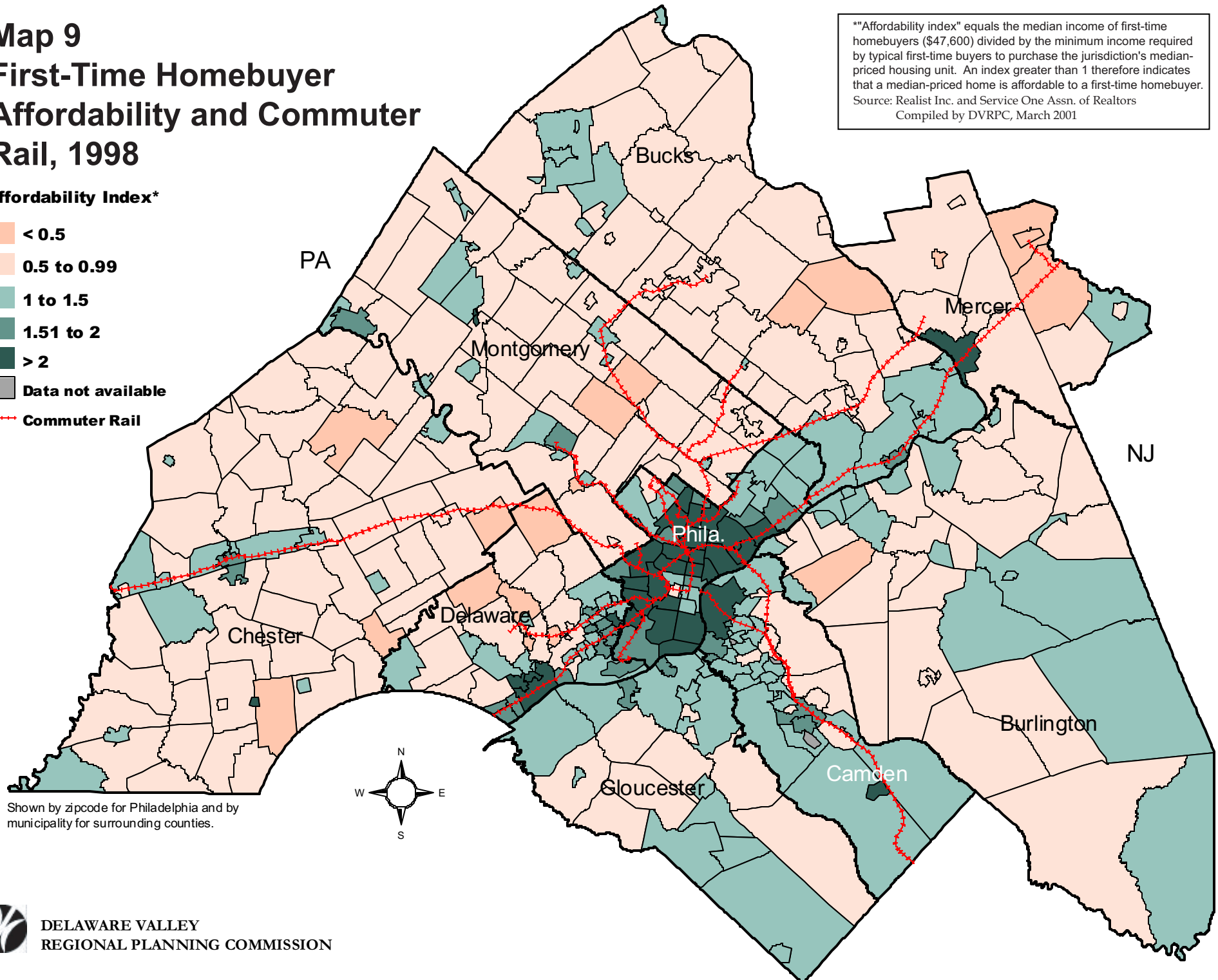
Additionally, this study does not address housing quality, neighborhood character or any of the myriad of other factors that make a home attractive to a prospective homeowner. Thus, "affordable" municipalities may or may not be places where many families prefer to live. In Philadelphia and many of the region's other cities and older boroughs, for example, most of the housing stock is affordable to prospective homebuyers, including first-time buyers. In these locations, other factors (including housing quality, the quality of education, crime and access to employment opportunities) may outweigh affordability as prospective homebuyers decide where they are going to live. Finally, housing in "affordable" locations may not be affordable to current residents. In the region's cities, older boroughs and first generation suburbs, many current residents earn significantly less than the region's median family income and are paying well over 30% of their income towards their housing costs. Others may be "empty nesters" and retirees who long-ago paid for their home, but who today could no longer afford to purchase in the same neighborhood.

Map 9 First-Time Homebuyer Affordability and Commuter Rail, 1998

"Affordability index" equals the median income of first-time homebuyers (\$47,600) divided by the minimum income required by typical first-time buyers to purchase the jurisdiction's median-priced housing unit. An index greater than 1 therefore indicates that a median-priced home is affordable to a first-time homebuyer.
Source: Realist Inc. and Service One Assn. of Realtors
Compiled by DVRPC, March 2001

Affordability Index*

- < 0.5
- 0.5 to 0.99
- 1 to 1.5
- 1.51 to 2
- > 2
- Data not available
- Commuter Rail



Shown by zipcode for Philadelphia and by municipality for surrounding counties.

III. State Affordable Housing Activity: An Update

In 1991, DVRPC followed its initial assessment of homeownership (*Homeownership: A Vanishing Dream?*), with a second report entitled *Building the Dream: Solutions for Affordable Homeownership*. *Building the Dream* considered factors which individually and cumulatively limit the production of affordable housing, and identified recommendations for federal, state, regional, county, municipal and private agencies and organizations which could lead to the production and retention of affordable units.

Building the Dream concluded that the majority of existing federal, state and local housing programs address the demand side of the affordable housing issue, providing low-cost financing, reduced down payments and closing cost assistance to prospective purchasers. The region's nonprofit organizations have been able to effectively package available funding sources to produce viable projects, and have initiated innovative ways of responding to the needs of low and moderate income families (through lease-purchase agreements that require little if any up-front costs, for example). Recent streamlining efforts and revisions in state regulations, such as New Jersey's revised Rehabilitation Sub-Code, have decreased the cost of housing production and rehabilitation, and federal, state and county housing programs that focus on redevelopment and revitalization of existing developed centers have increased the number of affordable housing opportunities in developed areas.

While these programs are essential for increasing homeownership in areas where an affordable housing stock already exists, additional action is needed to increase the number of affordable units elsewhere in the region, especially in areas of concentrated employment with access to public transit. The actual production of housing units is initiated and regulated at the municipal level through local land use regulations, especially zoning. Historically, the region's local governments have been reluctant to provide for medium to high density residential development or to allow affordable but non-traditional housing alternatives, such as accessory apartments and elder cottages. The region's supply of affordable housing has effectively been limited as a result of these policies and practices.

This reluctance is attributable to a number of factors, including a perception that under the existing property tax structure, services demanded by affordable housing development will cost more than these development projects can generate in taxes. *Building the Dream* concluded that the region's supply of affordable housing can only be increased through a statewide, incentive-driven mandate to provide for a share of the region's housing needs, as well as increased cooperation between municipalities. Reforms to the local property tax system that would enable municipalities to share both tax revenues and the costs of necessary services and infrastructure would also be helpful to develop a solution.

The purpose of this chapter is to briefly summarize legislative responses to the affordable housing issue in New Jersey and Pennsylvania (including New Jersey's affordable housing

mandate and the requirements of Pennsylvania's Municipalities Planning Code) and provide an update on changes that have occurred and progress that has been made since 1990. The New Jersey Affordable Housing Act of 1985 requires that all municipalities adopt and implement a certified master plan element that addresses how they plan to provide affordable housing opportunities in their community. The Pennsylvania Municipalities Planning Code (MPC) directs municipalities to provide for all housing types within their zoning ordinance, but does not mandate that municipalities consider either housing cost or relative affordability.

New Jersey

In a series of court decisions beginning as early as 1975, the New Jersey courts have mandated that all municipalities in the state provide affordable housing opportunities for their fair share of the region's low and moderate income population. The first State Supreme court ruling was in 1975, known as *Southern Burlington County NAACP v. Township of Mount Laurel*, 67 N.J. 151 (more commonly known as the Mount Laurel I decision). The court at the time ruled that no municipality could enforce land use restrictions that excluded households based on income, and that all communities must accept a fair share of the regional housing need. The responsibility of implementing this decision was left to the municipalities, since no state legislation enforcing the Court's mandate existed at the time. In 1977, in *Oakwood v. Township of Madison*, 72 N.J. 481, the State Supreme Court specifically stated that the provision of low income housing alternatives could be accomplished by lowering design standards, and identified a list of development exactions which municipalities were imposing that resulted in high housing costs.

Despite these early rulings, most municipalities ignored the Court's mandate and failed to make any effort to reduce the cost of housing production or otherwise provide opportunities for affordable housing. Finally, in 1983, in *Southern Burlington County NAACP v. Township of Mount Laurel*, 92 N.J. 158 (a case that came to be known as Mount Laurel II), the Court assigned to each municipality a numerical allocation of low and moderate income housing opportunities that each community would have to provide. The Court enlisted the services of the development community to assist in enforcing their fair share mandate, providing that developers could undertake litigation challenging whether local ordinances allowed reasonable opportunity for the provision of the allocated number of low and moderate income units. This decision led to the solution commonly referred to as a "builder's remedy", whereby developers requested through the courts approval for projects at higher densities than allowed by local ordinance in exchange for a set-aside of affordable units (as a remedy to what they were claiming was an exclusionary local zoning ordinance).

In 1985, in response to the Mount Laurel II decision, the New Jersey legislature passed the Fair Housing Act, creating the Council on Affordable Housing (COAH). New Jersey's

Council on Affordable Housing defines housing regions throughout the state; estimates the present and prospective need for low and moderate income housing at the state and regional levels; and defines the criteria and guidelines for determining the fair share for each of the state's 567 separate municipalities. The Council is responsible for reviewing and approving housing elements in municipal master plans, which are required of all municipalities by the New Jersey Municipal Land Use Law (MLUL). Adopting and implementing a COAH-certified housing plan protects the municipality from future "builder's remedy" litigation.

Localities are required to specify within their local housing elements how their fair share of the region's housing need can be met. COAH defines low income housing as units affordable to households earning 50% or less of the region's median household income (based on household size), while moderate income housing is defined as being affordable to those earning between 50% and 80% of the region's median.

Although the Fair Housing Act specifically encourages municipalities to utilize innovative approaches to providing affordable housing, inclusionary zoning (allowing higher density housing in exchange for a mandatory set-aside of a certain percentage of affordable units) remains the primary means through which municipalities fulfill their fair share obligation. Other methods advocated by the Council include municipally-sponsored construction; rehabilitation of existing units; the creation of accessory apartments; the purchase of existing units for re-sale or rent to eligible families; and the provision of alternative housing or group homes for the disabled. Additionally, municipalities can transfer up to 50% of their fair share obligation to another area in their same housing region through a regional contribution agreement (RCA), whereby they provide funding for affordable housing conversion, construction or rehabilitation in that new location.

In an RCA, the sending municipality negotiates and pays a specific price per unit that they are transferring (which as of January 2, 2001 must be a minimum of \$25,000) to the receiving municipality, which is then used to construct or rehabilitate affordable housing. In the DVRPC region, for example, the cities of Camden and Trenton as well as smaller communities such as Gloucester City have been the recipients of RCA funding for affordable housing development from suburban communities such as Cherry Hill and Evesham townships. While some opponents argue that an RCA allows wealthy suburban municipalities to effectively "sell off" their obligation to provide affordable housing, RCA's have proven to be an effective means of channeling funds (and residents) back into older cities and boroughs and the region's first generation suburbs.

Status of COAH Activity in the DVRPC Region

As of November of 2000, 260 of the state's 566 municipalities had participated in the COAH process (having either already adopted housing elements and fair share plans that address their local share of the region's affordable housing needs or petitioned for

substantive certification from the Council), and an additional 65 municipalities remain under the jurisdiction of the courts. This number includes over 50% of the municipalities in Burlington, Camden, Gloucester or Mercer counties. An additional 23 communities are classified as urban aid municipalities (including Camden City and Trenton) that provide affordable housing as recipients of RCA funding. According to COAH's monitoring reports, the opportunity for over 58,000 affordable units has been provided statewide since COAH's inception in 1985, including almost 27,000 newly-constructed units; 6,700 that have been provided through regional contribution agreements; 10,400 rehabilitated units; and almost 15,000 for which realistic zoning is in place.

COAH: Pros and Cons

One obvious problem with the COAH process is that municipal participation is both market-driven and responsive to potential litigation. Municipalities generally file fair share plans with the agency only if they are under threat of litigation by a developer who challenges their zoning ordinance as exclusionary. As the housing market slows, developers are less likely to build high density projects, and the threat of being sued is therefore diminished. Thus, compliance with the Mt. Laurel mandate to plan for a share of the region's affordable housing need is high when the market is good and declines as the economy slows. Unfortunately, the need for affordable housing increases during those times of economic downturn, just as compliance with the mandate declines.

Linkages to other incentives or penalties, such as a higher priority for state discretionary funding or ineligibility for certain funding sources for municipalities who refuse to comply, would no doubt increase the number of participating municipalities. The Metropolitan Council (the regional planning agency for the seven-county Twin Cities area in Minnesota), for example, has indicated that communities that refuse to participate in its Liveable Communities Program may lose transportation funding.² The Liveable Communities Program requires local officials to develop and implement affordable housing goals in exchange for funding for parks, open space and roads.

Other issues with the COAH process include the accuracy and fairness of the formula used to determine total statewide housing need and to distribute that need to municipalities; the definition of housing regions; the definition of income within each region; the relationship between the COAH process and the state plan; and the role of county planning agencies. Opponents also argue that the process places the need for affordable housing above the need for preservation of open space, noting that "builder's remedy" developments encourage sprawl and force some towns to allow residential development in areas that

²Metropolitan Council. *Affordable Housing for the Region: Strategies for Building Strong Communities*. A report of the Mayor's Regional Housing Task Force, November, 2000.

might otherwise have been preserved. Builders, on the other hand, argue that COAH's numbers are too low, and have not allowed them to construct the number of moderately priced housing units that are actually needed in the state.

Since its inception, the COAH process has been debated in many forums and has undergone a number of revisions. Critics argue that it goes beyond the intent of the original Mt. Laurel court decisions and unfairly distributes fair share obligations to local municipalities; housing advocates argue that it has not gone far enough in meeting the housing needs of the State's low and moderate income population and has not been effective in significantly increasing the State's supply of affordable units. COAH, however, has generally been successful in fulfilling the objectives of the Fair Housing Act, and the agency's rules and policies have been tested and upheld in the courts on numerous occasions. Most affordable housing advocates and social scientists agree that New Jersey's COAH process is one of the nation's most successful models for providing moderately-priced housing.³

Pennsylvania

The Pennsylvania Municipalities Planning Code (MPC) empowers municipalities to plan for and guide their growth and development through zoning, subdivision and land development ordinances. The MPC requires that municipal zoning ordinances provide for "all basic forms of housing", including a reasonable amount of multi-family dwellings, mobile homes and mobile home parks. Zoning which restricts or fails to provide for certain uses, particularly for medium to high density residential development, is considered to be exclusionary and can severely limit affordable housing opportunities in a municipality. The Act 170 amendments to the planning code in 1988 further require that a local zoning hearing board or governing body must consider the impact of the proposal on "the regional housing needs and the effectiveness of the proposal in providing housing units of a type actually available to and affordable by classes of persons otherwise unlawfully excluded by the challenges provision of the ordinance or map" when considering any challenges to their local zoning ordinance.⁴

The MPC directs that a community's enacted zoning ordinance reflect local development objectives as defined in either an adopted comprehensive plan or statement of community development objectives, and should address the need for housing, commerce and industry. When considering issues that the comprehensive plan should address, Article

³Jacobs, Andrew. *New Jersey's Housing Law Works Too Well, Some Say*. Published in the New York Times, March 3, 2001.

⁴Pennsylvania Municipalities Planning Code, Act 247 of 1968, as amended by Act 170 of 1988, Article IX, Section 916.1 (c)(5)(ii).

III of the Code states that local plans should include strategies “to meet the needs of present residents and of those individuals and families anticipated to reside in the municipality, which may include conservation of presently sound housing, rehabilitation of housing in declining neighborhoods and the accommodation of new housing in different dwelling types and at appropriate densities for households *of all income levels*”.⁵

In reality, however, the MPC does not require that municipalities develop and adopt a comprehensive plan or enact a local zoning ordinance, and the Pennsylvania courts have not been as proactive as their New Jersey counterparts regarding the provision of affordable housing for low or moderate income families. Like the New Jersey courts, the Pennsylvania courts have (at least in theory) directed that providing a fair share of the regional housing need is a municipal responsibility. As early as 1975, for example, in *Township of Willistown v. Chesterdale Farms* (341 A.2d 46), the court ruled that the local zoning ordinance was exclusionary in that it did not allow any acreage for apartment construction and thus excluded a lower-income population which could rent but not purchase units. Unlike the courts in New Jersey, however, the Pennsylvania courts have consistently declared that fair share housing obligations can be met by simply designating acreage for a range of housing types (including multi-family residential) within each municipality, with no mention of affordability.

Curative Amendments

Additionally, the procedure outlined in the MPC for challenging the validity of an ordinance makes it difficult to challenge a local zoning ordinance as exclusionary. The MPC outlines a process known as a curative amendment, where a landowner who wants to challenge the validity of a zoning regulation, as it applies to his property, can present an alternative amendment that would resolve the issue. Once challenged, a municipality that determines that its zoning ordinance is indeed exclusionary may also prepare and enact its own curative amendment and is given up to 180 days to do so, during which time they are not required to consider any challenges to the existing ordinance. This “self-cure” zoning review procedure can significantly lengthen the process, increase the risk and cost to the landowner or other interested party and effectively dissuade interested parties from challenging the local zoning provisions.

Challenges and judicial opinions in Pennsylvania have generally focused on the prohibition of legitimate uses (apartments, townhouses and mobile homes, for example) or the amount of a municipality’s land that is zoned for such uses (fair share or “tokenism” cases). The Pennsylvania appeals courts have stated that municipalities “in the path of growth” have an obligation to provide more than a token amount of land zoned for multi-family and higher density uses. How much is enough is subject to a case-by-case determination,

⁵Ibid. Article III, Section 301 (a) (2.1) (emphasis added).

prompted by developer challenges. Provided that a municipality has specifically allowed for a variety of uses and densities and a reasonable amount of each, the Pennsylvania Supreme Court has shown extreme reluctance to becoming involved in the affordable housing debate. When reviewing challenges to local ordinances, the Court has generally limited itself to determining whether or not the local hearing board sufficiently considered local and regional housing and development needs (as required by the MPC) during their review of the challenge to their ordinance. In doing so, they have not questioned whether or not a municipality's decision regarding local and regional housing needs was correct or not, provided that the issue was included in the discussion.

Definition of Legal Standing

Another issue which makes challenging a local zoning ordinance difficult is the Commonwealth's definition of legal standing. Pennsylvania law requires that a person be either a landowner or have an interest in the property in question in order to challenge an ordinance as exclusionary. This definition of standing prohibits non-residents (who may want to move in to a community but cannot afford to) and third parties who may represent regional interests from challenging the validity of an ordinance that they believe is exclusionary. In New Jersey, for example, the Burlington County NAACP brought the original lawsuit against the Township of Mount Laurel which eventually triggered the state's fair share housing process as a third party; they would not have been legally able to do so in the Commonwealth of Pennsylvania. The amended Code specifically states that "any aggrieved person" may approach the Zoning Hearing Board, but fails to define an "aggrieved person", leaving the definition to the discretion of the local Board. Additionally, the reference to aggrieved persons is included in some sections of the Code but omitted from others, leaving questions as to who exactly has legal standing unresolved.

County Affordable Housing Trust Fund Legislation

While the legislative and judicial issues described above limited opportunities for affordable homeownership in 1989 and remain in place today, this is not to say that there has been no action taken by the Commonwealth to increase affordable housing opportunities for low and moderate income residents. In 1992, for example, the Pennsylvania legislature provided its counties with a mechanism to increase available revenue for affordable housing initiatives when it enacted Act 137, the Optional County Affordable Housing Funds Act. Act 137 allowed all counties except Philadelphia to increase the fees that the county was charging for recording deeds and mortgages and use the revenue to fund affordable housing projects.

Over 60% of the Commonwealth's counties (mostly the larger counties) have implemented county affordable housing trust funds, and the majority are using the revenues from these funds to further affordable homeownership. In the DVRPC region, all four suburban counties have established County Housing Trust Funds and have used the revenue to fund

various affordable housing initiatives, including housing-related services, first-time homebuyer programs, housing rehabilitation and construction financing, or as a source for local matching funds for federal or state grants.

Recent Planning Code Amendments

More recently, amendments to the Municipalities Planning Code, enacted as Acts 67 and 68 in July 2000, provide new incentives for inter-municipal cooperation and planning to address regional issues such as transportation, water and sewer infrastructure, urban revitalization and affordable housing. Under Act 67, cooperating municipalities may develop and adopt a multi-municipal comprehensive plan that designates existing growth areas, future growth areas and rural resource areas, and must then adopt and administer local zoning ordinances that conform to the joint plan. Cooperating communities are then protected from exclusionary zoning litigation even if certain uses are not provided within their own jurisdiction, provided that the land use in question is allowed somewhere within the multi-municipal area. Thus, each individual community is no longer required to provide for every land use within their own community.

The new law provides incentives for communities to plan together to resolve issues that are most effectively dealt with at the regional level (including affordable housing), while still retaining local land use control, provided the community's zoning ordinance is consistent with the multi-municipal plan. Rural communities, for example, would not necessarily be required to zone for medium-to-high density residential development, provided that these uses were accommodated elsewhere in the joint plan. In addition to protection from exclusionary zoning lawsuits, Act 67 offers other incentives to cooperating municipalities, including the power to implement tax-base sharing and transfer of development rights.

This new land use legislation, however, provides no additional mandate that requires municipalities to provide for a share of the region's affordable housing need. While Act 67 should prove to be an effective growth management tool and lead to concentrated development in appropriate areas and conservation in others, whether or not it will be effective in increasing compliance with the MPC's directive to provide housing for all income levels remains to be seen.

IV. Summary

In the 1990 report entitled *Homeownership: A Vanishing Dream?*, the Delaware Valley Regional Planning Commission (DVRPC) undertook an assessment of housing affordability in the Delaware Valley, focusing on the ability of a median income family to purchase a median-priced housing unit in each of the region's 353 municipalities. Difficulties in securing sound, affordable housing in accessible locations continue to affect moderate and median income households. The purpose of the current study is to consider whether the American dream of homeownership is indeed still vanishing. The study updates DVRPC's 1990 housing affordability assessment using 1998 housing and tax data. Unlike the first study, the report also considers housing affordability for first-time homebuyers and for families who already own a home but are considering relocating, in addition to median-income families.

Like the 1990 study, the current report assumes prospective buyers will qualify for a 30-year fixed-rate mortgage and incorporates individual local property tax rates, which vary significantly from one municipality to the next. The most striking difference between the reports is the average mortgage interest rate, which decreased from 10.5% in 1989 to 6.9% in 1998. Additionally, the current study assumes that the buyer will provide a higher downpayment (16.8% versus 10%), based on averages calculated by the National Association of Realtors.

Additionally, the current study uses one single source of housing sales information (Realist, Incorporated, a real estate data firm) for eight of the region's nine counties, and obtains information for Mercer County (which lies outside the Philadelphia CMSA) from another real estate data company that uses comparable methodology (Service One Association of Realtors). The 1990 study instead relied on individual county-level sources, using county planning commission reports in Pennsylvania and data compiled by Rowan University (then Glassboro State College) in New Jersey. Obtaining sales information from two similar sources ensures that the data will be consistent for all counties. While these differences in methodology make exact comparisons between the results difficult, they more accurately reflect the current housing market.

Study Results

A **median income family** earning \$55,330 annually could afford to purchase the median-priced housing unit in 67% of the region's 353 municipalities in 1998, compared to only 19% in 1989. Affordable housing opportunities remain concentrated in the region's oldest cities and boroughs (including Philadelphia as well as Chester, Camden, Trenton, Norristown and Coatesville); its first generation suburbs (eastern Delaware County, northern Camden County and older riverfront communities, for example); and in the region's more ex-urban and rural areas, such as southern Camden and Gloucester counties, western Chester County and northwestern Bucks and Montgomery counties.

New Jersey is generally more affordable than Pennsylvania; 80% of the homes sold in the region's four New Jersey counties in 1998 were sold in "affordable" municipalities, as opposed to only 51% of the homes sold in the four suburban Pennsylvania counties.

A typical first-time homebuyer can afford to purchase a median-priced housing unit in 41% of the municipalities in the region's eight suburban counties, as well as the City of Philadelphia. Many of these locations, however, particularly those in southern New Jersey, are not located within reasonable proximity to concentrated employment opportunities and are not easily accessible via public transit. Finally, **a repeat buyer** can afford to purchase a median-priced home in 85% of the region's municipalities. Over 80% of the homes sold in the region's eight suburban counties in 1998 were located in municipalities where a typical repeat buyer could afford to purchase the median-priced unit in the community, including 99% of the homes sold in Gloucester County and 97% of those sold in Camden County.

Why Is Housing More Affordable?

Based on the study's methodology, housing affordability for prospective median income homebuyers has improved significantly since 1989. New Jersey's Council on Affordable Housing has had some success in facilitating affordable housing production. In addition, state, county and even local officials in both Pennsylvania and New Jersey have sought to increase opportunities for homeownership by implementing innovative programs and revising regulations.

Housing has become more affordable, however, largely because of changes in the market rather than changes in land use or development practices. Lower home mortgage interest rates combined with average incomes that increased faster than housing sales prices and the ability to provide a higher downpayment have enabled many families to afford a home. Nationally, mortgage interest rates have dropped approximately one and a quarter percent in the last year alone, enabling over 300,000 families to afford a home today who would not have been able to afford one last year.⁶ Real incomes of homeowners increased by 12% between 1994 and 1999 compared to an 11% increase in housing sales prices, allowing after-tax mortgage payments as a share of income to decrease from 18.3% to 17.6%.⁷ The national homeownership rate is currently at a record high 67%, largely because of these market trends.

⁶National Association of Realtors. *Home Sales Dip but Remain Strong*, March 28, 2001.

⁷Harvard School of Real Estate, *Homeownership Trends*, 2000.

How affordable the region's housing stock remains, however, is likewise a function of the fluctuating market. Mortgage interest rates, for example, have a significant impact on the prospective buyer's monthly payment, and any increase in the rate will affect the percentage of "affordable" communities in the region. The average interest rate on a 30-year, fixed-rate home mortgage in the Northeast had risen to 8.0% as of December of 2000, compared to the average 1998 rate of 6.9% used in this study. Several "affordable" communities with affordability indices close to 1.00 would become "unaffordable" if the calculations were re-done using a higher interest rate.

If the average interest rate on a 30-year, fixed rate mortgage increases to 8.5%, for example, the percentage of "affordable" municipalities in the region would decrease from 67% to just over 50%, assuming that families could still afford to provide a 16.8% downpayment. If the average rate increases to 10.5%, as it was at the time of the 1989 report, only one-third of the municipalities in the region would remain affordable. Any slowing of the economy that decreases the rate at which annual incomes increase as compared to housing sales prices will also impact negatively upon housing affordability.

Other Issues

Readers should also recognize that this study considers housing affordability, but does not address housing quality, neighborhood character or any of the myriad of other factors that make a home attractive to a prospective homeowner. Thus, "affordable" municipalities may or may not be places where many families prefer to live. In the City of Philadelphia and many of the region's other cities and older boroughs, for example, the majority of the housing stock is affordable to prospective homebuyers, including first-time buyers. Other factors, however (including housing quality, the quality of education, crime and access to suburban employment opportunities), may in fact outweigh affordability as prospective homebuyers decide where they are going to live.

Additionally, the study does not consider affordability for current residents. In many of the region's affordable, older communities, for example, many current residents earn less than the region's median income of \$55,330 and pay well over 25% of their income toward their housing costs. In Philadelphia, for example, over 20% of resident homeowners and 46% of the renters in Philadelphia paid more than 30% of their income toward their housing costs in 1990, despite significantly lower housing values.

Another challenge for the region's suburban communities lies just ahead, as aging "baby-boomers" reach retirement. Many of these families are currently living in low density developments with few if any affordable housing alternatives and limited access to public transit services. Upon retirement, suburbanites who want to remain in the communities where they raised their families face the prospect of maintaining their current homes (including ever-increasing local property taxes) on lower, fixed incomes.

Conclusion

Based on the study's methodology, many more of the region's municipalities were affordable to median-income families seeking to purchase a home in 1998 than were affordable in 1989. This apparent improvement, however, has largely resulted from fluctuations in the housing market rather than from revisions in land use or development policies or practices. Whether or not housing remains affordable is a function of market conditions. Locating an affordable housing unit within reasonable proximity to work and public transit remains difficult for many families, particularly first-time homebuyers.

While some progress has been made in increasing opportunities for affordable homeownership, many of the recommendations identified in DVRPC's 1991 report *Building the Dream: Solutions for Affordable Homeownership* are still appropriate a decade later. These include the following:

- **The federal government** should identify housing as a national priority, and commit additional funding to homelessness prevention, low and moderate income rental programs, affordable homeownership initiatives and community development. Discretionary funding (such as transportation and infrastructure funding) should be linked to each community's efforts to address their share of the region's affordable housing needs.
- Both **the State of New Jersey and the Commonwealth of Pennsylvania** should continue their efforts to reduce housing costs and increase the availability of affordable housing alternatives, by streamlining permitting and review procedures; coordinating the housing and community development initiatives of various state agencies (to ensure common goals and avoid duplication of effort); providing additional funding for affordable housing initiatives; and linking eligibility for available state discretionary funding to local efforts to address a fair share of the region's affordable housing needs. Additionally, state funding agencies (including the Departments of Community Affairs and Transportation) should consider directing investment into areas where the existing housing stock is currently affordable, to improve the ability of these communities to attract prospective homebuyers.
- The **Pennsylvania** legislature should require municipalities to address a fair share of their region's housing need as a part of a comprehensive plan, and should assume primary responsibility for establishing the goals, policies and standards for defining regional housing needs throughout the Commonwealth.
- The **New Jersey legislature** should require all New Jersey municipalities to adopt fair share plans which address their individual mandates for affordable housing, and link eligibility for state discretionary funding (including transportation and

infrastructure funding, Green Acres grants and funding from the Department of Community Affairs) to the community's compliance with the provisions of the Fair Housing Act.

- **Regional agencies** should assist the states and counties in defining regional housing needs; provide data and technical assistance to county and local governments; provide a regional perspective on both residential and non-residential development; and define the linkages between existing and proposed land uses and infrastructure.
- **County agencies** should work with state and regional agencies to define regional housing needs, and provide staff and resources to their municipalities to assist them in quantifying their local share and developing local affordable housing plans.
- **Municipalities** should recognize their responsibility to provide for the housing needs of both current and prospective residents. Local governments should revise local comprehensive plans and land development ordinances to allow and encourage the production of affordable housing, by providing higher density residential zoning; offering density bonuses to developers willing to construct affordable housing; undertaking public private partnership efforts; and allowing adaptive re-use and other non-traditional housing alternatives such as elder cottages and accessory apartments.
- The region's **residential developers** should take advantage of all available programs and incentives to reduce the cost of housing construction; market housing at a price that reflects any cost savings resulting from reduced land and/or construction costs; and balance their required profit margin with the public need for affordable housing, as they work with local municipalities to create affordable housing opportunities.

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Appendix A
1998 Municipal Affordability Indices

Appendix A: 1998 Municipal Affordability Indices

Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Burlington County:						
Bass River Township	20	\$79,700	1.78	Affordable	1.43	2.32
Beverly City	24	\$83,250	1.64	Affordable	1.33	2.14
Bordentown City	61	\$84,000	1.60	Affordable	1.29	2.08
Bordentown Township	133	\$120,000	1.14	Affordable	0.92	1.49
Burlington City	137	\$83,000	1.75	Affordable	1.41	2.29
Burlington Township	333	\$148,475	0.96	\$2,065	0.78	1.26
Chesterfield Township	41	\$210,645	0.70	\$23,182	0.57	0.92
Cinnaminson Township	227	\$144,000	0.97	\$1,533	0.79	1.27
Delanco Township	38	\$107,750	1.30	Affordable	1.05	1.70
Delran Township	192	\$132,350	1.08	Affordable	0.87	1.41
Eastampton Township	65	\$127,000	1.11	Affordable	0.90	1.45
Edgewater Park Township	75	\$103,000	1.35	Affordable	1.09	1.76
Evesham Township	831	\$141,500	1.00	\$14	0.81	1.31
Fieldsboro Borough	8	\$91,450	1.47	Affordable	1.19	1.92
Florence Township	188	\$89,975	1.54	Affordable	1.24	2.01
Hainesport Township	63	\$169,200	0.87	\$8,608	0.70	1.13
Lumberton Township	161	\$140,000	1.00	Affordable	0.81	1.31
Mansfield Township	81	\$150,000	1.00	\$255	0.80	1.31
Maple Shade Township	184	\$90,000	1.52	Affordable	1.23	1.99
Medford Township	387	\$191,800	0.74	\$19,803	0.59	0.96
Medford Lakes Borough	74	\$155,900	0.85	\$9,930	0.69	1.10
Moorestown Township	305	\$250,000	0.55	\$44,741	0.45	0.72
Mount Holly Township	141	\$82,000	1.64	Affordable	1.33	2.14
Mount Laurel Township	1,001	\$123,948	1.16	Affordable	0.94	1.52
New Hanover Township	11	\$136,300	1.10	Affordable	0.88	1.44
North Hanover Township	29	\$195,000	0.78	\$15,549	0.63	1.02
Palmyra Borough	123	\$100,000	1.36	Affordable	1.10	1.78
Pemberton Borough	6	\$103,000	1.30	Affordable	1.05	1.69
Pemberton Township	292	\$86,500	1.66	Affordable	1.34	2.17
Riverside Township	107	\$85,500	1.67	Affordable	1.34	2.18
Riverton Borough	48	\$142,500	0.93	\$4,013	0.76	1.21
Shamong Township	87	\$167,500	0.87	\$8,012	0.70	1.14
Southampton Township	195	\$85,000	1.70	Affordable	1.37	2.22
Springfield Township	46	\$168,250	0.86	\$9,252	0.69	1.12
Tabernacle Township	115	\$169,900	0.85	\$9,946	0.68	1.11
Washington Township	7	\$142,900	1.05	Affordable	0.84	1.37
Westampton Township	129	\$119,000	1.22	Affordable	0.99	1.60
Willingboro Township	379	\$85,000	1.57	Affordable	1.27	2.05
Woodland Township	6	\$117,500	1.25	Affordable	1.01	1.64
Wrightstown Borough	3	\$85,500	1.68	Affordable	1.36	2.20

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Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Camden County:						
Audubon Borough	127	\$93,000	1.44	Affordable	1.16	1.87
Audubon Park Borough	N/A	N/A	N/A	N/A	N/A	N/A
Barrington Borough	77	\$104,000	1.25	Affordable	1.01	1.62
Bellmawr Borough	95	\$87,000	1.52	Affordable	1.23	1.98
Berlin Borough	75	\$116,000	1.17	Affordable	0.95	1.53
Berlin Township	55	\$100,000	1.40	Affordable	1.13	1.82
Brooklawn Borough	9	\$56,500	2.35	Affordable	1.90	3.06
Camden City	655	\$30,000	4.00	Affordable	3.26	5.18
Cherry Hill Township	1,193	\$132,000	1.03	Affordable	0.84	1.35
Chesilhurst Borough	11	\$54,321	2.69	Affordable	2.17	3.53
Clementon Borough	38	\$61,075	2.17	Affordable	1.76	2.82
Collingswood Borough	88	\$91,000	1.44	Affordable	1.17	1.88
Gibbsboro Borough	14	\$115,445	1.05	Affordable	0.85	1.36
Gloucester Township	754	\$95,000	1.46	Affordable	1.18	1.91
Gloucester City	142	\$57,200	2.43	Affordable	1.96	3.17
Haddon Township	202	\$109,750	1.24	Affordable	1.01	1.62
Haddonfield Borough	205	\$198,000	0.69	\$24,504	0.56	0.90
Haddon Heights Borough	123	\$123,000	1.09	Affordable	0.89	1.43
Hi-Nella Borough	4	\$77,500	1.70	Affordable	1.38	2.21
Laurel Springs Borough	11	\$111,000	1.19	Affordable	0.96	1.54
Lawnside Borough	15	\$79,000	1.76	Affordable	1.42	2.29
Lindenwold Borough	211	\$67,500	1.91	Affordable	1.55	2.48
Magnolia Borough	56	\$81,750	1.60	Affordable	1.30	2.08
Merchantville Borough	50	\$120,250	1.10	Affordable	0.89	1.43
Mount Ephraim Borough	59	\$83,500	1.57	Affordable	1.27	2.05
Oaklyn Borough	70	\$88,000	1.53	Affordable	1.24	2.00
Pennsauken Township	471	\$83,500	1.68	Affordable	1.36	2.19
Pine Hill Borough	109	\$72,000	1.81	Affordable	1.47	2.36
Pine Valley Borough	N/A	N/A	N/A	Affordable	N/A	N/A
Runnemede Borough	84	\$86,500	1.57	Affordable	1.27	2.04
Somerdale Borough	53	\$82,650	1.57	Affordable	1.27	2.04
Stratford Borough	44	\$90,500	1.49	Affordable	1.20	1.94
Tavistock Borough	N/A	N/A	N/A	Affordable	N/A	N/A
Voorhees Township	276	\$157,000	0.80	\$13,876	0.65	1.04
Waterford Township	137	\$98,000	1.38	Affordable	1.12	1.80
Winslow Township	496	\$93,250	1.45	Affordable	1.17	1.89
Woodlynne Borough	47	\$47,000	2.44	Affordable	1.99	3.15

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Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Gloucester County:						
Clayton Borough	100	\$85,500	1.65	Affordable	1.33	2.15
Deptford Township	461	\$111,225	1.31	Affordable	1.06	1.72
East Greenwich Township	66	\$139,125	1.06	Affordable	0.85	1.39
Elk Township	14	\$87,950	1.63	Affordable	1.32	2.14
Franklin Township	171	\$92,000	1.38	Affordable	1.12	1.80
Glassboro Borough	225	\$95,000	1.43	Affordable	1.16	1.87
Greenwich Township	63	\$100,000	1.49	Affordable	1.20	1.96
Harrison Township	145	\$184,000	0.79	\$14,591	0.64	1.04
Logan Township	114	\$108,500	1.38	Affordable	1.11	1.81
Mantua Township	285	\$118,990	1.19	Affordable	0.96	1.55
Monroe Township	434	\$114,950	1.22	Affordable	0.99	1.60
National Park Borough	23	\$65,000	2.09	Affordable	1.70	2.73
Newfield Borough	14	\$117,000	1.24	Affordable	1.00	1.62
Paulsboro Borough	77	\$60,000	2.38	Affordable	1.92	3.11
Pitman Borough	142	\$105,728	1.29	Affordable	1.05	1.69
South Harrison Township	26	\$148,500	1.01	Affordable	0.81	1.32
Swedesboro Borough	23	\$87,000	1.63	Affordable	1.32	2.13
Washington Township	850	\$127,000	1.12	Affordable	0.90	1.46
Wenonah Borough	33	\$129,500	1.08	Affordable	0.87	1.41
West Deptford Township	246	\$98,250	1.46	Affordable	1.18	1.91
Westville Borough	48	\$78,000	1.76	Affordable	1.42	2.30
Woodbury City	120	\$85,000	1.52	Affordable	1.24	1.98
Woodbury Heights Borough	40	\$107,950	1.21	Affordable	0.98	1.57
Woolwich Township	48	\$215,975	0.68	\$25,964	0.55	0.89
Mercer County:						
East Windsor Township	348	\$109,000	1.23	Affordable	1.00	1.60
Ewing Township	367	\$117,990	1.17	Affordable	0.94	1.52
Hamilton Township	963	\$117,000	1.19	Affordable	0.96	1.55
Hightstown Borough	81	\$119,000	1.08	Affordable	0.87	1.40
Hopewell Borough	32	\$187,250	0.75	\$18,073	0.61	0.99
Hopewell Township	239	\$230,000	0.63	\$32,531	0.51	0.82
Lawrence Township	418	\$144,000	1.00	\$82	0.81	1.31
Pennington Borough	28	\$267,250	0.52	\$50,930	0.42	0.68
Princeton Borough	71	\$357,000	0.42	\$77,618	0.34	0.55
Princeton Township	207	\$380,000	0.40	\$83,752	0.32	0.52
Trenton City	452	\$48,950	2.63	Affordable	2.13	3.42
Washington Township	191	\$123,000	1.17	Affordable	0.94	1.53
West Windsor Township	390	\$268,000	0.51	\$53,586	0.41	0.66

Appendix A: 1998 Municipal Affordability Indices

Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Bucks County:						
Bedminster Township	42	\$147,000	1.08	Affordable	0.86	1.42
Bensalem Township	618	\$117,000	1.26	Affordable	1.01	1.65
Bridgeton Township	16	\$139,000	1.13	Affordable	0.91	1.49
Bristol Borough	108	\$79,000	1.92	Affordable	1.55	2.52
Bristol Township	680	\$97,000	1.47	Affordable	1.19	1.92
Buckingham Township	459	\$245,050	0.65	\$29,478	0.52	0.86
Chalfont Borough	71	\$159,800	0.99	\$327	0.80	1.31
Doylestown Borough	117	\$159,000	0.99	\$282	0.80	1.31
Doylestown Township	342	\$224,700	0.71	\$23,055	0.57	0.93
Dublin Borough	29	\$161,000	0.98	\$1,300	0.78	1.28
Durham Township	13	\$236,500	0.67	\$27,351	0.54	0.88
East Rockhill Township	128	\$125,700	1.26	Affordable	1.01	1.66
Falls Township	383	\$116,000	1.28	Affordable	1.03	1.67
Haycock Township	16	\$173,450	0.91	\$5,468	0.73	1.20
Hilltown Township	169	\$152,000	1.21	Affordable	0.96	1.60
Hulmeville Borough	19	\$125,000	1.19	Affordable	0.95	1.55
Ivyland Borough	9	\$104,000	1.55	Affordable	1.24	2.05
Langhorne Borough	20	\$149,000	0.99	\$814	0.79	1.29
Langhorne Manor Borough	11	\$166,500	0.89	\$7,046	0.71	1.16
Lower Makefield Township	849	\$225,000	0.66	\$28,702	0.53	0.86
Lower Southampton Township	285	\$138,500	1.06	Affordable	0.85	1.38
Middletown Township	641	\$140,000	1.05	Affordable	0.85	1.38
Milford Township	154	\$137,600	1.15	Affordable	0.92	1.51
Morrisville Borough	150	\$102,000	1.38	Affordable	1.11	1.80
New Britain Borough	42	\$135,975	1.16	Affordable	0.93	1.52
New Britain Township	219	\$155,000	1.18	Affordable	0.93	1.56
New Hope Borough	108	\$249,674	0.65	\$29,467	0.52	0.86
Newtown Borough	40	\$190,000	0.82	\$11,838	0.66	1.08
Newtown Township	606	\$161,000	0.98	\$1,171	0.79	1.29
Nockamixon Township	34	\$155,750	1.02	Affordable	0.81	1.34
Northampton Township	726	\$182,700	0.86	\$8,884	0.69	1.13
Pennel Borough	19	\$129,900	1.14	Affordable	0.91	1.49
Perkasie Borough	163	\$129,900	1.22	Affordable	0.98	1.60
Plumstead Township	184	\$214,838	0.74	\$19,734	0.59	0.97
Quakertown Borough	125	\$96,000	1.64	Affordable	1.32	2.16
Richland Township	181	\$125,000	1.26	Affordable	1.01	1.66
Richlandtown Borough	9	\$100,000	1.58	Affordable	1.27	2.08
Riegelsville Borough	8	\$112,500	1.61	Affordable	1.28	2.14
Sellersville Borough	60	\$107,175	1.47	Affordable	1.18	1.93
Silverdale Borough	16	\$129,875	1.22	Affordable	0.98	1.61

Appendix A: 1998 Municipal Affordability Indices

Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Solebury Township	177	\$261,900	0.63	\$33,186	0.50	0.82
Springfield Township	37	\$139,900	1.13	Affordable	0.90	1.48
Telford Borough	48	\$120,950	1.53	Affordable	1.21	2.03
Tinicum Township	50	\$186,000	0.85	\$9,919	0.68	1.12
Trumbauersville Borough	10	\$124,450	1.26	Affordable	1.01	1.66
Tullytown Borough	21	\$108,500	1.36	Affordable	1.09	1.78
Upper Makefield Township	175	\$281,970	0.56	\$43,728	0.45	0.73
Upper Southampton Township	253	\$153,500	1.05	Affordable	0.84	1.38
Warminster Township	446	\$145,000	1.12	Affordable	0.90	1.48
Warrington Township	441	\$188,000	0.84	\$10,412	0.67	1.11
Warwick Township	380	\$168,373	0.94	\$3,468	0.75	1.24
West Rockhill Township	39	\$152,900	1.04	Affordable	0.83	1.36
Wrightstown Township	54	\$278,700	0.56	\$42,989	0.45	0.74
Yardley Borough	65	\$153,775	0.96	\$2,380	0.77	1.26
Chester County:						
Atglen Borough	19	\$134,000	1.10	Affordable	0.89	1.44
Avondale Borough	7	\$55,000	2.71	Affordable	2.18	3.55
Birmingham Township	116	\$279,000	0.56	\$42,814	0.45	0.74
Caln Township	223	\$115,500	1.29	Affordable	1.04	1.69
Charlestown Township	130	\$228,127	0.71	\$22,140	0.57	0.94
Coatesville City	110	\$62,500	2.27	Affordable	1.84	2.97
Downingtown Borough	113	\$101,000	1.48	Affordable	1.19	1.94
East Bradford Township	238	\$209,500	0.79	\$14,970	0.63	1.04
East Brandywine Township	105	\$151,900	1.02	Affordable	0.82	1.34
East Caln Township	73	\$132,000	1.17	Affordable	0.94	1.54
East Coventry Township	47	\$147,000	1.05	Affordable	0.84	1.38
East Fallowfield Township	88	\$143,000	1.06	Affordable	0.85	1.38
East Goshen Township	464	\$222,000	0.74	\$19,106	0.59	0.98
East Marlborough Township	146	\$231,000	0.68	\$25,843	0.55	0.90
East Nantmeal Township	29	\$235,500	0.66	\$28,713	0.53	0.87
East Nottingham Township	127	\$155,000	1.01	Affordable	0.81	1.32
East Pikeland Township	202	\$151,878	1.05	Affordable	0.84	1.38
Easttown Township	264	\$284,400	0.56	\$42,699	0.45	0.74
East Vincent Township	91	\$164,700	0.93	\$3,856	0.75	1.23
East Whiteland Township	137	\$167,500	0.97	\$1,505	0.78	1.28
Elk Township	12	\$144,050	1.08	Affordable	0.87	1.42
Elverson Borough	41	\$189,400	0.82	\$11,741	0.66	1.08
Franklin Township	91	\$187,500	0.80	\$13,923	0.64	1.05
Highland Township	10	\$113,130	1.28	Affordable	1.03	1.67
Honey Brook Borough	26	\$108,745	1.42	Affordable	1.14	1.87

Appendix A: 1998 Municipal Affordability Indices

Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Honey Brook Township	62	\$155,000	1.00	Affordable	0.80	1.31
Kennett Township	143	\$220,000	0.72	\$21,443	0.58	0.95
Kennett Square Borough	63	\$118,000	1.32	Affordable	1.06	1.74
London Britain Township	39	\$201,750	0.74	\$19,507	0.60	0.97
Londonderry Township	8	\$137,400	1.11	Affordable	0.89	1.45
London Grove Township	83	\$183,291	0.82	\$12,523	0.66	1.07
Lower Oxford Township	31	\$126,900	1.23	Affordable	0.99	1.61
Malvern Borough	63	\$134,500	1.20	Affordable	0.96	1.58
Modena Borough	4	\$62,500	2.37	Affordable	1.91	3.11
New Garden Township	169	\$266,000	0.59	\$37,844	0.48	0.78
Newlin Township	14	\$201,500	0.78	\$15,612	0.63	1.03
New London Township	99	\$182,500	0.82	\$12,059	0.66	1.08
North Coventry Township	93	\$132,900	1.16	Affordable	0.93	1.52
Oxford Borough	41	\$93,000	1.61	Affordable	1.30	2.12
Parkesburg Borough	46	\$109,950	1.34	Affordable	1.08	1.76
Penn Township	34	\$149,450	1.01	Affordable	0.81	1.32
Pennsbury Township	67	\$209,000	0.75	\$18,136	0.60	0.99
Phoenixville Borough	258	\$101,725	1.52	Affordable	1.22	1.99
Pocopson Township	59	\$240,750	0.65	\$29,638	0.52	0.86
Sadsbury Township	29	\$123,000	1.22	Affordable	0.98	1.59
Schuylkill Township	181	\$230,702	0.69	\$24,609	0.55	0.91
South Coatesville Borough	15	\$66,600	2.17	Affordable	1.75	2.85
South Coventry Township	25	\$137,000	1.13	Affordable	0.91	1.49
Spring City Borough	41	\$86,000	1.80	Affordable	1.45	2.37
Thornbury Township	95	\$251,542	0.65	\$29,725	0.52	0.86
Tredyffrin Township	754	\$197,500	0.82	\$12,514	0.65	1.07
Upper Oxford Township	22	\$129,200	1.21	Affordable	0.97	1.59
Upper Uwchlan Township	171	\$210,000	0.73	\$19,987	0.59	0.97
Uwchlan Township	437	\$188,000	0.82	\$11,875	0.66	1.08
Valley Township	90	\$110,000	1.36	Affordable	1.09	1.78
Wallace Township	54	\$239,450	0.64	\$30,540	0.52	0.85
Warwick Township	38	\$157,500	0.99	\$739	0.79	1.30
West Bradford Township	161	\$149,500	1.04	Affordable	0.83	1.37
West Brandywine Township	91	\$158,000	0.95	\$2,987	0.76	1.24
West Caln Township	105	\$138,000	1.09	Affordable	0.88	1.43
West Chester Borough	214	\$120,000	1.32	Affordable	1.06	1.73
West Fallowfield Township	20	\$122,500	1.24	Affordable	0.99	1.62
West Goshen Township	370	\$185,000	0.88	\$7,287	0.71	1.16
West Grove Borough	39	\$125,000	1.18	Affordable	0.95	1.55
West Marlborough Township	5	\$185,000	0.85	\$10,149	0.68	1.11

Appendix A: 1998 Municipal Affordability Indices

Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
West Nantmeal Township	16	\$144,900	1.07	Affordable	0.86	1.41
West Nottingham Township	21	\$110,000	1.41	Affordable	1.13	1.86
West Pikeland Township	94	\$242,000	0.64	\$30,980	0.51	0.84
West Sadsbury Township	19	\$107,000	1.42	Affordable	1.14	1.86
Westtown Township	189	\$206,250	0.80	\$14,141	0.64	1.05
West Vincent Township	70	\$294,762	0.52	\$50,760	0.42	0.68
West Whiteland Township	399	\$146,000	1.12	Affordable	0.90	1.48
Willistown Township	274	\$197,500	0.83	\$11,585	0.66	1.09
Delaware County:						
Aldan Borough	75	\$98,000	1.40	Affordable	1.13	1.83
Aston Township	242	\$115,000	1.26	Affordable	1.02	1.65
Bethel Township	196	\$205,438	0.71	\$22,575	0.57	0.93
Chadds Ford	82	\$122,450	1.49	Affordable	1.18	1.97
Brookhaven Borough	135	\$105,000	1.39	Affordable	1.12	1.82
Chester City	340	\$26,000	4.28	Affordable	3.51	5.54
Chester Township	58	\$54,000	2.67	Affordable	2.15	3.49
Chester Heights Borough	81	\$117,500	1.25	Affordable	1.00	1.63
Clifton Heights Borough	87	\$73,700	1.87	Affordable	1.51	2.44
Collingdale Borough	97	\$61,000	2.25	Affordable	1.82	2.93
Colwyn Borough	43	\$50,000	2.59	Affordable	2.10	3.37
Concord Township	349	\$225,165	0.65	\$30,384	0.52	0.85
Darby Borough	141	\$42,900	3.17	Affordable	2.56	4.13
Darby Township	105	\$66,000	2.06	Affordable	1.67	2.69
East Lansdowne Borough	32	\$77,500	1.74	Affordable	1.41	2.27
Eddystone Borough	40	\$59,950	2.26	Affordable	1.83	2.95
Edgmont Township	97	\$332,916	0.45	\$67,937	0.36	0.59
Folcroft Borough	68	\$60,950	2.26	Affordable	1.83	2.95
Glenolden Borough	77	\$97,000	1.33	Affordable	1.08	1.74
Haverford Township	811	\$152,500	0.94	\$3,602	0.76	1.23
Lansdowne Borough	188	\$92,800	1.46	Affordable	1.18	1.90
Lower Chichester Township	48	\$63,450	2.08	Affordable	1.69	2.71
Marcus Hook Borough	27	\$55,000	2.41	Affordable	1.95	3.14
Marple Township	343	\$169,900	0.90	\$6,404	0.72	1.18
Media Borough	73	\$115,000	1.30	Affordable	1.05	1.70
Middletown Township	219	\$184,500	0.80	\$13,444	0.65	1.05
Millbourne Borough	10	\$49,000	2.74	Affordable	2.22	3.58
Morton Borough	25	\$119,000	1.19	Affordable	0.96	1.56
Nether Providence Township	298	\$170,000	0.80	\$13,817	0.65	1.04
Newtown Township	207	\$225,000	0.68	\$25,591	0.55	0.90

Appendix A: 1998 Municipal Affordability Indices

Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Norwood Borough	67	\$93,000	1.39	Affordable	1.13	1.81
Parkside Borough	44	\$83,000	1.74	Affordable	1.40	2.28
Prospect Park Borough	71	\$95,000	1.36	Affordable	1.11	1.77
Radnor Township	452	\$285,000	0.52	\$51,381	0.42	0.68
Ridley Township	90	\$113,000	1.21	Affordable	0.98	1.58
Ridley Park Borough	404	\$100,000	1.37	Affordable	1.11	1.79
Rose Valley Borough	23	\$284,000	0.48	\$58,975	0.39	0.63
Rutledge Borough	11	\$139,000	0.97	\$1,976	0.78	1.26
Sharon Hill Borough	85	\$62,500	2.19	Affordable	1.78	2.86
Springfield Township	353	\$151,000	0.95	\$3,005	0.77	1.24
Swarthmore Borough	73	\$220,000	0.61	\$35,278	0.49	0.80
Thornbury Township	93	\$290,000	0.63	\$32,368	0.50	0.84
Tinicum Township	56	\$87,500	1.50	Affordable	1.22	1.96
Trainer Borough	15	\$59,900	2.18	Affordable	1.77	2.84
Upland Borough	36	\$48,250	3.00	Affordable	2.42	3.92
Upper Chichester Township	245	\$118,400	1.10	Affordable	0.89	1.43
Upper Darby Township	1,126	\$81,750	1.68	Affordable	1.36	2.19
Upper Providence Township	152	\$240,000	0.61	\$35,722	0.49	0.80
Yeadon Borough	109	\$72,500	1.84	Affordable	1.49	2.40
Montgomery County:						
Abington Township	851	\$128,500	1.16	Affordable	0.93	1.52
Ambler Borough	76	\$127,750	1.22	Affordable	0.98	1.60
Bridgeport Borough	45	\$90,000	1.82	Affordable	1.45	2.40
Bryn Athyn Borough	10	\$192,000	0.92	\$4,964	0.73	1.22
Cheltenham Township	486	\$140,000	1.02	Affordable	0.82	1.33
Collegeville Borough	72	\$160,000	0.97	\$1,731	0.78	1.27
Conshohocken Borough	107	\$105,000	1.51	Affordable	1.21	1.98
Douglass Township	111	\$142,000	1.12	Affordable	0.90	1.48
East Greenville Borough	47	\$83,000	1.86	Affordable	1.49	2.44
East Norriton Township	200	\$135,750	1.11	Affordable	0.90	1.46
Franconia Township	286	\$171,840	0.90	\$6,426	0.72	1.18
Green Lane Borough	5	\$91,500	1.69	Affordable	1.36	2.23
Hatboro Borough	104	\$124,500	1.18	Affordable	0.95	1.55
Hatfield Borough	31	\$132,000	1.18	Affordable	0.94	1.55
Hatfield Township	176	\$147,000	1.05	Affordable	0.85	1.38
Horsham Township	444	\$144,950	1.06	Affordable	0.85	1.39
Jenkintown Borough	83	\$117,500	1.25	Affordable	1.01	1.64
Lansdale Borough	216	\$118,675	1.30	Affordable	1.05	1.71
Limerick Township	381	\$148,970	1.06	Affordable	0.85	1.39
Lower Frederick Township	86	\$106,700	1.47	Affordable	1.18	1.93

Appendix A: 1998 Municipal Affordability Indices

Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Lower Gwynedd Township	167	\$297,190	0.53	\$48,721	0.43	0.70
Lower Merion Township	1,045	\$235,000	0.69	\$25,419	0.55	0.90
Lower Moreland Township	171	\$210,000	0.72	\$21,847	0.58	0.94
Lower Pottsgrove Township	179	\$124,900	1.17	Affordable	0.94	1.53
Lower Providence Township	292	\$174,250	0.88	\$7,355	0.71	1.16
Lower Salford Township	234	\$159,000	0.96	\$2,091	0.77	1.27
Marlborough Township	39	\$135,000	1.15	Affordable	0.92	1.51
Montgomery Township	566	\$169,950	0.91	\$5,789	0.73	1.19
Narberth Borough	54	\$172,500	0.92	\$4,981	0.74	1.21
New Hanover Township	123	\$154,500	1.02	Affordable	0.82	1.34
Norristown Borough	312	\$65,000	2.25	Affordable	1.81	2.95
North Wales Borough	53	\$118,000	1.29	Affordable	1.04	1.70
Pennsburg Borough	54	\$103,950	1.48	Affordable	1.19	1.95
Perkiomen Township	235	\$151,000	1.04	Affordable	0.83	1.37
Plymouth Township	158	\$135,000	1.18	Affordable	0.94	1.55
Pottstown Borough	252	\$74,000	1.93	Affordable	1.56	2.52
Red Hill Borough	42	\$105,950	1.31	Affordable	1.06	1.71
Rockledge Borough	32	\$120,250	1.24	Affordable	1.00	1.63
Royersford Borough	46	\$90,361	1.71	Affordable	1.37	2.25
Salford Township	25	\$155,000	0.99	\$639	0.79	1.30
Schwenksville Borough	22	\$52,500	2.96	Affordable	2.38	3.89
Skippack Township	221	\$203,585	0.77	\$16,373	0.62	1.01
Souderton Borough	103	\$120,000	1.26	Affordable	1.01	1.66
Springfield Township	335	\$152,800	1.00	\$185	0.80	1.31
Telford Borough	37	\$122,000	1.23	Affordable	0.99	1.61
Towamencin Township	305	\$143,000	1.08	Affordable	0.87	1.42
Trappe Borough	101	\$124,990	1.26	Affordable	1.01	1.66
Upper Dublin Township	482	\$184,995	0.83	\$11,120	0.67	1.09
Upper Frederick Township	66	\$107,277	1.49	Affordable	1.19	1.96
Upper Gwynedd Township	284	\$142,208	1.08	Affordable	0.87	1.42
Upper Hanover Township	55	\$140,000	1.12	Affordable	0.90	1.47
Upper Merion Township	571	\$160,000	1.03	Affordable	0.82	1.36
Upper Moreland Township	350	\$130,950	1.17	Affordable	0.94	1.54
Upper Pottsgrove Township	90	\$151,000	0.96	\$2,255	0.77	1.26
Upper Providence Township	500	\$180,400	0.88	\$7,542	0.71	1.16
Upper Salford Township	35	\$165,000	0.94	\$3,550	0.75	1.23
West Conshohocken Borough	54	\$268,950	0.61	\$34,657	0.49	0.81
West Norriton Township	319	\$112,000	1.34	Affordable	1.08	1.76
West Pottsgrove Township	47	\$82,500	1.78	Affordable	1.44	2.33
Whitemarsh Township	321	\$198,000	0.80	\$13,790	0.64	1.05

Appendix A: 1998 Municipal Affordability Indices

Municipality	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Whitpain Township	382	\$269,065	0.59	\$38,272	0.47	0.78
Worcester Township	156	\$214,280	0.73	\$20,896	0.58	0.95
Philadelphia City	20,005	\$53,000	2.57	Affordable	2.08	3.35

Source: Median sales price and number of homes sold are from Realist, Inc., as printed in the *Philadelphia Inquirer*, April, 1999. Affordability indices were compiled by the Delaware Valley Regional Planning Commission.

Notes: Affordability indices are calculated by dividing the median income of the buyer by the minimum income needed to purchase the median-priced unit within the area. An index of greater than 1 therefore indicates that the housing in the municipality is affordable to that particular type of buyer. For the purposes of this study, the median income of the region's typical buyer was estimated to be \$55,330; the income of first-time buyers was estimated to be \$47,600; and the median annual income of repeat home buyers was estimated to be \$68,600.

** "Affordability gap" equals the difference between the minimum income required to purchase the unit and the region's 1998 median family income (\$55,330).

Appendix B
1998 Philadelphia Affordability Indices

Appendix B: 1998 Philadelphia Affordability Indices

Neighborhood	Zip code	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
City of Philadelphia		20,005	\$53,000	2.57	Affordable	2.08	3.35
Near West Center City	19102	59	\$83,500	1.63	Affordable	1.32	2.12
Far West Center City	19103	266	\$155,000	0.88	\$7,718	0.71	1.14
West Philadelphia	19104	187	\$45,000	3.02	Affordable	2.45	3.94
Society Hill	19106	359	\$110,000	1.24	Affordable	1.00	1.61
Washington Square West	19107	109	\$86,950	1.56	Affordable	1.27	2.04
Fox Chase	19111	967	\$75,000	1.81	Affordable	1.47	2.37
Torresdale South	19114	399	\$81,500	1.67	Affordable	1.35	2.18
Bustelton North	19115	422	\$100,000	1.36	Affordable	1.10	1.77
Somerton	19116	474	\$101,000	1.35	Affordable	1.09	1.76
Chestnut Hill	19118	150	\$165,000	0.82	\$11,786	0.67	1.08
Mount Airy	19119	366	\$92,000	1.48	Affordable	1.20	1.93
Olney	19120	1,240	\$46,000	2.96	Affordable	2.39	3.86
Fairmount North	19121	135	\$20,000	6.80	Affordable	5.51	8.87
Spring Garden	19122	67	\$28,900	4.71	Affordable	3.81	6.14
Spring Garden South	19123	99	\$60,000	2.27	Affordable	1.84	2.96
Frankford	19124	1,280	\$43,000	3.16	Affordable	2.56	4.13
Kensington	19125	349	\$30,000	4.53	Affordable	3.67	5.91
Oak Lane	19126	172	\$61,000	2.23	Affordable	1.81	2.91
Manayunk	19127	112	\$64,450	2.11	Affordable	1.71	2.75
Roxborough	19128	511	\$83,500	1.63	Affordable	1.32	2.12
East Falls	19129	164	\$70,500	1.93	Affordable	1.56	2.52
Fairmount South	19130	471	\$82,000	1.66	Affordable	1.34	2.16
West Park	19131	407	\$50,000	2.72	Affordable	2.20	3.55
N. Phila West	19132	209	\$18,000	7.56	Affordable	6.12	9.86
N. Phila East	19133	98	\$13,500	10.08	Affordable	8.16	13.14
Richmond	19134	1,197	\$27,000	5.04	Affordable	4.08	6.57
Tacony	19135	440	\$50,000	2.72	Affordable	2.20	3.55
Holmesburg	19136	463	\$60,000	2.27	Affordable	1.84	2.96
Bridesburgh	19137	136	\$44,250	3.07	Affordable	2.49	4.01
East Germantown	19138	311	\$45,000	3.02	Affordable	2.45	3.94
W. Market	19139	344	\$30,000	4.53	Affordable	3.67	5.91
Nicetown	19140	517	\$22,000	6.18	Affordable	5.01	8.07
Logan	19141	276	\$39,700	3.43	Affordable	2.77	4.47
Paschall	19142	803	\$36,900	3.69	Affordable	2.98	4.81
Kingsessing	19143	503	\$36,000	3.78	Affordable	3.06	4.93

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Neighborhood	Zip code	Total homes sold, 1998	Median sales price, 1998	Median income buyer's index	Affordability Gap**	First-time buyer's index	Repeat buyer's index
Germantown	19144	356	\$45,000	3.02	Affordable	2.45	3.94
Point Breeze	19145	663	\$40,000	3.40	Affordable	2.75	4.44
Schuylkill	19146	493	\$32,000	4.25	Affordable	3.44	5.54
Southwark	19147	720	\$75,000	1.81	Affordable	1.47	2.37
Passyunk	19148	796	\$40,000	3.40	Affordable	2.75	4.44
Boulevard	19149	904	\$58,900	2.31	Affordable	1.87	3.01
Wadsworth	19150	242	\$68,000	2.00	Affordable	1.62	2.61
Overbrook	19151	703	\$62,250	2.19	Affordable	1.77	2.85
Bustleton South	19152	456	\$83,500	1.63	Affordable	1.32	2.12
Eastwick	19153	201	\$64,500	2.11	Affordable	1.71	2.75
Torresdale North	19154	409	\$83,250	1.63	Affordable	1.32	2.13

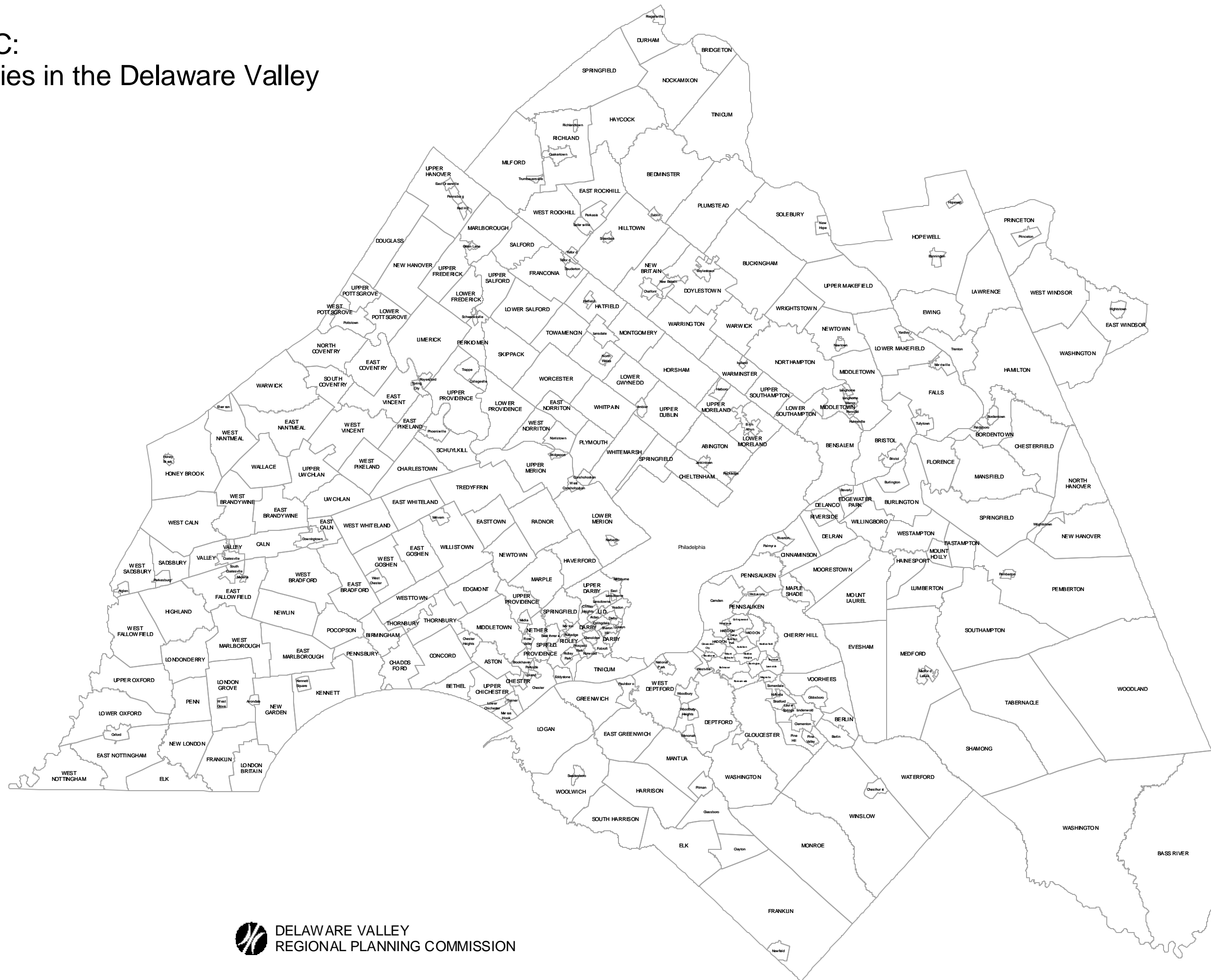
Source: Median sales price and number of homes sold are from Realist, Inc., as printed in the *Philadelphia Inquirer*, April, 1999. Affordability indices were compiled by the Delaware Valley Regional Planning Commission.

Notes: Affordability indices are calculated by dividing the median income of the buyer by the minimum income needed to purchase the median-priced unit within the area. An index of greater than 1 therefore indicates that the housing in the municipality is affordable to that particular type of buyer. For the purposes of this study, the median income of the region's typical buyer was estimated to be \$55,330; the income of first-time buyers was estimated to be \$47,600; and the median annual income of repeat home buyers was estimated to be \$68,600.

** "Affordability gap" equals the difference between the minimum income required to purchase the unit and the region's 1998 median family income (\$55,330).

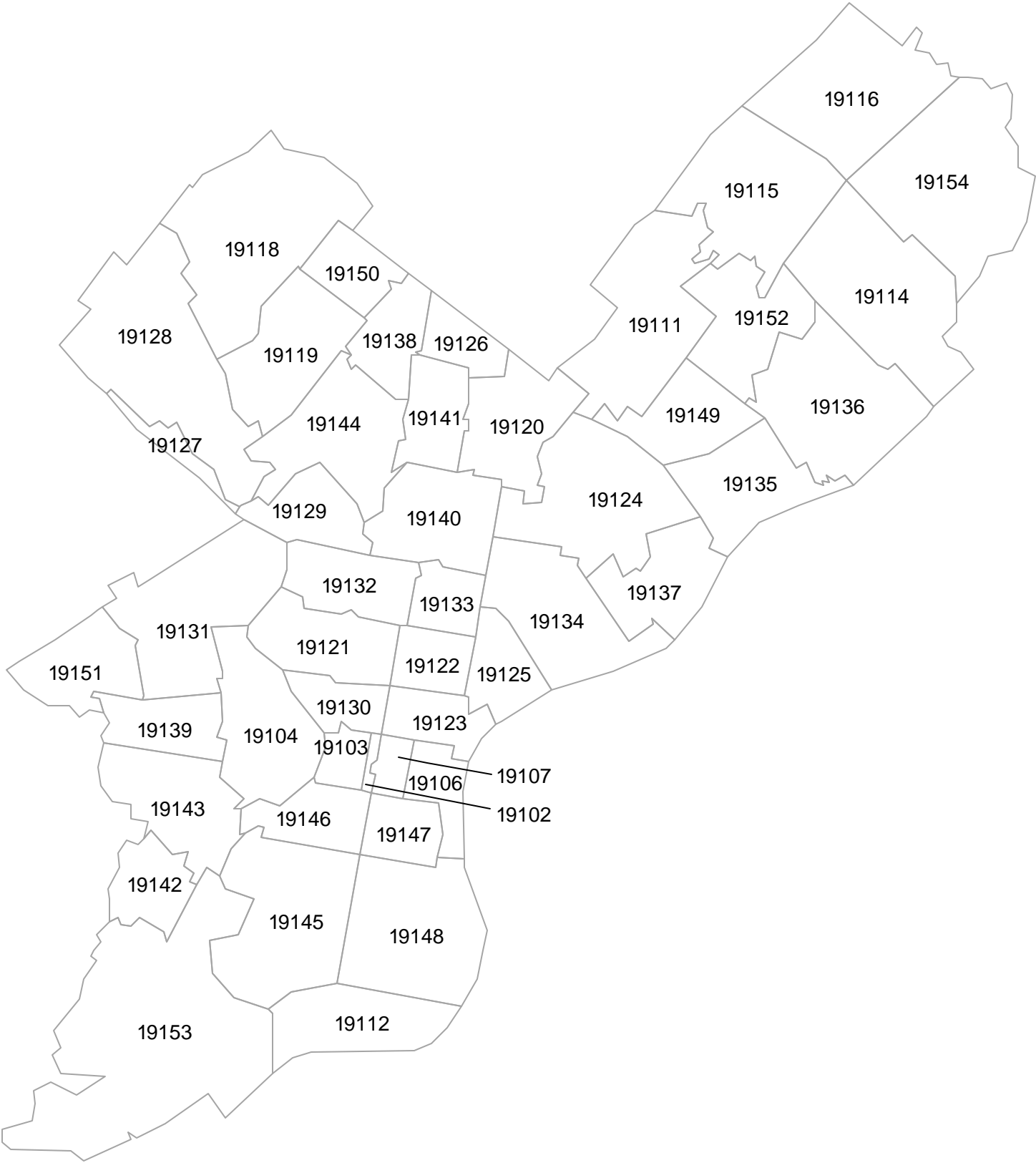
Appendix C
Municipalities in the Delaware Valley

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Appendix D
Zip Codes of Philadelphia

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Title of Report: Homeownership: A Dream Still Vanishing?

Publication No.: 01013

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Geographic Area Covered: The nine-county DVRPC region, including Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania and Burlington, Camden, Gloucester and Mercer counties in New Jersey.

Key Words: homeownership, housing affordability index, affordability gap, median-income homebuyers, first-time homebuyers, repeat homebuyers, COAH

ABSTRACT:

Difficulties in securing sound, affordable housing in accessible locations continue to affect moderate and median income households. In a 1990 report entitled *Homeownership: A Vanishing Dream?*, the Delaware Valley Regional Planning Commission (DVRPC) undertook an assessment of housing affordability in the Delaware Valley, focusing specifically on the ability of a median income family to purchase a median-priced housing unit in each of the region's 353 municipalities. The current study updates DVRPC's 1990 housing affordability assessment using 1998 housing and tax data. Unlike the first study, the report also considers housing affordability for first-time homebuyers and for families who already own a home but are considering relocating, in addition to median-income families.

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