

# Real Estate Reality



- Debbie Yost

## Affordable Housing in Casa Grande

Over the past several months I've reported on the highly appreciating Arizona real estate market, focusing particularly on the Casa Grande Valley and Phoenix Valley. I've continued to be amazed at the increasing appreciation rates and have wondered if and when we will reach the top of this market cycle. As the average sales price in our area has continued to increase I've considered that the market may reach a point where the folks who work in our community may not be able to afford to buy a home here.

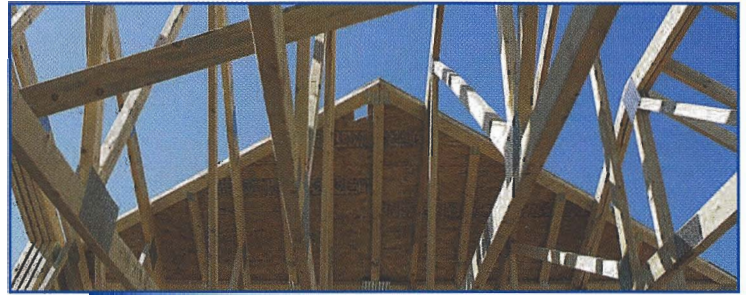
I've just returned from a week in San Francisco, where Joe and I both had the opportunity to speak at the annual Starpower real estate convention. The Starpower convention attracted 1860 of the top real estate brokers and agents from companies and franchises across North America.

One of the highlights of the annual conference is meeting the partner family for the home that the Starpower Network sponsors through the Habitat for Humanity program. Through monetary donations Starpower sponsors the building of a home in the city hosting the annual conference. In San Francisco, due to the high cost of housing the sponsorship for one home is \$100,000. The median price of a San Francisco home is \$800,000 and the median income for a family of four is \$95,000. As I heard these numbers I kept wondering how ordinary working folks without a huge down payment could afford to buy a home.

To be chosen from the waiting list of over 4000 families, the family must meet three criteria: 1. They must have the ability to repay the interest free loan on the new home, have a good credit history and earn between 40 and 60% of the median area income. 2. They must live in deplorable housing conditions. 3. They must contribute 500 hours of labor (sweat equity) on the project, and complete educational classes in home maintenance and repair, budgeting, and conflict management.

We met the Habitat Partner family in front of a tiny lot next to the railroad tracks that rose at a 45 degree angle to fit between the street and another row of homes. Four homes were under construction on this tiny lot. Our partner family stood there proudly along with all the volunteer construction people. Mom, who has worked in administration for the past several years at the local university, her 11 year old son, and 8 year old daughter all thanked us for helping them become homeowners.

This family has been lucky to be able to rent two rooms, which is where they will continue to live until their new home is completed in the spring of 2006. They feel privileged that their landlord allows them to keep their refrigerator in his garage. They proudly showed us the footings for their 1300 square foot three bedroom, two bath home and told us about learning to



tie rebar, and digging trenches for concrete footers. We were very quiet on the bus ride back to the convention hotel, mulling over what we'd seen.

We all know about the homeless people dying in Phoenix this summer due to their lack of shelter from the extreme heat. In winter the homeless die in cities where they have no escape from the extreme cold. The Habitat family from San Francisco wasn't homeless. They just couldn't afford to buy or even rent decent housing.

I remember looking at the housing in Venice, Italy on a trip we took two years ago. As we were enjoying a gondola ride through the canals of Venice, I asked the gondolier about housing in the city. He told me that the majority of young people leave the city because they cannot afford the average price of \$600,000 Eurodollars for a small apartment. Last year a Realtor friend who works in Manhattan (New York City) showed us a "good buy" for \$1.8 million. It was 1200 square feet, several stories high, and only 11 feet wide. Despite being one of the top Manhattan brokers, he rents an apartment in New Jersey and commutes to work daily because he can't afford to live where he works.

I received an email in response to last month's column when I posed the question of what happens to a community when the teachers, the firefighters and the police officers can no longer afford to live in the community they work in. This person spoke of being raised in Las Vegas before "the boom." She spoke of making the choice to buy a home in the Casa Grande Valley a year ago due to the small town atmosphere and quality of life. She wondered if her voice would be heard if she talks about what she views as mistakes being made in allowing the growth and price escalation to explode without control.

As I reflect back on this very special opportunity to witness the San Francisco Habitat family's joy, I realize that our housing prices here in Arizona are still truly reasonable in comparison to many major metropolitan areas, and that's why the economic experts can assure us that we won't have a "bubble" in Arizona real estate values. I hope that our community never reaches the point where the folks who work here can't afford to live here. I also know that we are still "small town" enough that the elected officials who represent us and the folks who work in our city and county government care enough to welcome the opinions of the people who still can afford to live here.

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