

Housing Affordability 1991 Definitions and Explanations

Coverage

The estimates in this report are for total families and unrelated individuals in 1991. In addition, historical data are presented for 1988 and 1984. The estimates are based on data gathered in the following Surveys of Income and Program Participation (SIPP): the 1984 SIPP Panel, Wave 4; the 1987 SIPP Panel, Wave 4; and the 1990 SIPP Panel, Wave 4. Interviewing for wave 4 (1984) took place in September through December 1984; for wave 4 (1987) interviewing was in February through May of 1988; and for wave 4 (1990) it was February through May of 1991.

Family

The term "family" refers to a group of two or more persons related by birth, marriage, or adoption who reside together. Every family must include a householder. A household may contain a primary family and one or more subfamilies.

Subfamily

A subfamily is a married couple with or without children, or one parent with one or more own single children under 18 years old living in a household but not including among its members the person or couple maintaining the household. There are two kinds of subfamilies, related and unrelated.

Related Subfamily

A related subfamily is a subfamily whose members are related to the person or couple maintaining the household. The most common example of a related subfamily is a young married couple sharing the home of the husband's or wife's parents.

Unrelated Subfamily

An unrelated subfamily is a subfamily whose members are not related to the person or couple maintaining the household. Members of unrelated subfamilies may include such persons as guests, lodgers, or resident employees and their relatives living in a household.

Count of Families

In this report the count of total families is the number of primary families, plus related subfamilies, plus unrelated subfamilies. The breakdown by each group is:

1984

1988

1991

o Total families	65,708,000	67,957,000	69,544,000
o Primary families	62,839,000	65,088,000	66,168,000
o Related subfamilies	2,427,000	2,415,000	2,655,000
o Unrelated subfamilies	442,000	454,000	721,000

Family Status

Persons were classified as members of a married- couple family; a family with male householder, no wife present; a family with female householder, no husband present; or as unrelated individuals based on their most common status during the calendar year. For example, a person who was in a married-couple family for 7 months but was an unrelated individual for 5 months was classified as being in a married-couple family.

Unrelated Individuals

The term "unrelated individuals" refers to persons 15 years old or older who are not living with any relatives. An unrelated individual may (1) constitute a one-person household, or (2) be part of a household including one or more other families or unrelated individuals. Thus, a widow living by herself or with one or more other persons not related to her, a lodger not related to the householder or to anyone else in the household, or a servant living in an employer's household with no relatives are examples of unrelated individuals. The affordability status of unrelated individuals is determined independently of other household members.

Age of Householder

The age of the householder is based on the householder's age at his/her last birthday as of December 31, 1990.

Race

Families and unrelated individuals are divided into three groups based on the race of the householder: White, Black, and "other races". The last category includes Native Americans, Japanese, Chinese, and any other race except White and Black.

Hispanic Origin

Families and unrelated individuals are classified as Hispanic origin based on a question that asked for self- identification of the householder's origin or descent. Persons of Hispanic origin may be of any race.

Tenure

A family or unrelated individual is considered to be a "current owner" if the unrelated individual or a member of the family is an owner or co-owner of the unit in which they live, even if the unit is mortgaged or not fully paid for. A family or unrelated individual is a "current renter" if the individual or a member of the family is one of the persons who rents the unit. Subfamilies (both related and unrelated) are given the same tenure status as the primary family with whom they live.

Income

The income amounts represent amounts actually received during the 4-month reference period, before deductions for income and payroll taxes, union dues, Part B Medicare premiums, etc.

The SIPP income definition includes three types of earnings: wages and salary, nonfarm self-employment, and farm self-employment. For this report, the data on income are limited to "available" money (pre-transfer) family income. For an explanation of this concept and the types of income included and excluded, see appendix C.

The annualized income data in this report are based on the monthly amounts recorded for the 4-month reference period. This represents a change from the first Who Can Afford to Buy a House? report. In that report the annualized income data were based on the monthly amounts recorded for the final month of the reference period only. For an explanation of the effect of this change, see appendix C. Value is the respondent's estimate of how much the property (house and lot) would sell for if it were for sale. Any nonresidential portions of the property are excluded from the cost.

Criterion Home

The criterion home is the value of the home used to determine the affordability status of each family and unrelated individual. In this report, several different criterion homes are used to measure homeownership affordability:

- Median-priced home: This is the median value of new or existing owner-occupied (non-mobile home) units in each area based on value data collected in SIPP. Half of the homes in the area are below this value and half are above.
- Modestly priced home: This is the value of new or existing owner-occupied (non-mobile home) units at the upper limit of the first quartile of the cases in the area, based on SIPP. Twenty-five percent of the homes in the area are below this value and 75 percent are above.
- Low-priced home: This is the value of new or existing owner-occupied (non-mobile home) units at the 10th percentile of the cases in each area from SIPP. Ten percent of the homes in the area are below this value and 90 percent are above.
- New single-family home: This is the median value of new single-family home sales in each census division for the first and second quarter of 1991, from the Census Bureau's Survey of Construction.
- Price-adjusted home: This is the 1984 median value of new or existing owner-occupied (non-mobile home) units in each area from the 1984 SIPP, converted to 1991 constant

dollars. This adjustment was made in order to discount for changes in consumer prices, and was based on changes in the average annual Consumer Price Index (CPI-U-X1).

- Condominium home: This is the median value of an owner-occupied condominium unit in each census region from the Census Bureau's American Housing Survey. These data were collected in the fall of 1991 and deflated by the CPI-U-X1 to reflect the spring of that year.

For a description of the actual values of each criterion home by geographic area, see appendix E.

Median

The median represents the middle value in a distribution. The median divides the total frequency into two equal parts: one-half of the cases fall below the median and one-half of the cases exceed the median.

Quintile

This measure divides a distribution into five equal parts. For example, the first quintile (or lower quintile) is the value that defines the upper limit of the lowest one-fifth of the cases. In this report, both the income and value of home distributions are divided into quintiles for the purpose of determining affordability status for homes within each value quintile by families and individuals within each income quintile.

Affordability Deficit

The affordability deficit is the actual dollar difference between the price of the criterion home (for example, the median-priced home in the region) and the maximum-priced house a family or individual could afford (this calculation is limited to those families and individuals who could not afford the criterion home). For example, if the price of the criterion home was \$90,000 and the maximum-priced house a family could afford was \$75,000, the affordability deficit for that family would be \$15,000.

Geography

Data are presented in this report for the United States, the four census regions, the nine census divisions, and by whether families and individuals live in central cities of metropolitan areas, in the suburbs of metropolitan areas, or outside metropolitan areas.

Northeast Region Midwest Region South Region West Region

- New England Division: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.
- Middle Atlantic Division: New York, New Jersey, and Pennsylvania.
- East North Central Division: Ohio, Indiana, Illinois, Michigan, and Wisconsin.
- West North Central Division: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.

- South Atlantic Division: Delaware, Maryland, District of Columbia, Virginia, North Carolina, South Carolina, Georgia, Florida, and West Virginia.
- East South Central Division: Kentucky, Tennessee, Alabama, and Mississippi.
- West South Central Division: Arkansas, Louisiana, Oklahoma, and Texas.
- Mountain Division: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada.
- Pacific Division: Washington, Oregon, California, Alaska, and Hawaii.