

City of Burbank 2004 Housing Profile



June 2008 Update

CITY OF BURBANK 2008 HOUSING PROFILE

JUNE 2008 UPDATE

THE COMPLETE HOUSING PROFILE WAS COMPLETED IN DECEMBER 2004. IN ORDER TO MAINTAIN UP-TO-DATE INFORMATION, A PORTION OF SECTION IV (D-F) – HOUSING STOCK CHARACTERISTICS – IS UPDATED ON AN ANNUAL BASIS TO REFLECT BURBANK’S CURRENT HOME OWNERSHIP AND RENTAL HOUSING MARKET AND TO ASSESS OWNER AND RENTER HOUSING AFFORDABILITY.

IV. HOUSING STOCK CHARACTERISTICS

D. HOME OWNERSHIP MARKET (JUNE 2008 UPDATE)

The following section on housing costs begins with an overview of regional housing trends, followed by a comparison of sales prices within nearby communities. Then a detailed analysis of all single-family and condominium sales in Burbank over the past year is presented. Finally, following Section E on the City's rental market, Section F provides an affordability analysis of both owner and renter housing in Burbank.

Southern California Trends

Southern California is experiencing a significant decline in the volume of single-family and condominium sales, placing downward pressure on home prices. DataQuick reports that sales in February 2008 have dropped to their lowest level for any February in DataQuick's statistics, which go back to 1988, and reflect a 39 percent decline from the prior year. While the initial slow down in sales in 2006 was coming off the heightened pace of sales activity in 2004 and 2005 and had little impact on price, beginning in January 2007, Southern California prices had fallen 2 percent below the prior year's levels. As of February 2008, sales prices were 17 percent below the prior year.

Some of the drop in the median sales price is due to slower sales of expensive homes resulting from the credit crunch and difficulty in obtaining jumbo mortgages (over \$417,000). In addition, of the homes that resold in southern California in February 2008, approximately one-third had been foreclosed on since January 2007, typically where price cuts are the largest. Within Los Angeles County, the number of single-family and condominium units sold declined 45 percent and dropped 13 percent in value during February 2008 compared to the prior year.

Regional Housing Sales

Table IV-1 compares median single-family home and condominium sales prices in Burbank and nearby communities by zip code during calendar year 2007. (Refer to Figure IV-1 later in this section for a map of the City's zip code boundaries).

A total of 682 single-family homes were sold in Burbank during 2007, reflecting nearly a 15 percent drop in the volume of homes sold compared to the 7/2006 - 6/2007 period.¹ Sales prices ranged from a median of \$550,000 in zip code 91502 (greater downtown - east of Walnut between Glenoaks and Victory) to \$756,000 in zip code 91501 (generally northeast Burbank - north of Glenoaks and east of Walnut). In comparison, a total of 735 homes sold in Glendale, with zip code medians ranging from \$579,000 to \$1,005,000; 959 homes sold in Pasadena with

¹ Source: Burbank Housing Profile, July 2007.

medians from \$416,000 to \$1,055,000; and 282 homes sold in La Canada Flintridge for a median price of \$1,340,000. In the two City of Los Angeles zip codes immediately west of Burbank, 111 homes sold in the Toluca Lake community for a median of \$945,000, and 124 homes sold in North Hollywood for a median of \$615,000. While sales prices vary dramatically among zip codes within the three largest cities (Burbank, Glendale and Pasadena), the weighted average sales price in each city indicates that in the aggregate, single-family sales prices in Burbank (\$661,000) remain less expensive than both Pasadena (\$765,000) and Glendale (\$809,000). Consistent with the modest decline in sales prices occurring throughout most of California, average 2007 single-family sales prices in Burbank fell 2.6 percent from 2006, in comparison to a 3.7 percent increase in single-family sales prices in Los Angeles County.

Condominiums comprised one-quarter of units sold in Burbank in 2007, though similar to single-family homes, the volume of sales (225 units) was down nearly 15 percent in comparison to the 7/2006 - 6/2007 period. Median sales prices within Burbank's five zip codes ranged from \$365,000 to \$525,000, with a weighted average sales price of \$460,000. Average condominium prices in Burbank remain above Glendale (\$420,000), and below that of Pasadena (\$510,000). In contrast to the 2.6 percent decline in single-family home prices, the average condominium sales price in Burbank decreased by just 0.5 percent from 2006, although Countywide, condominium prices increased by 4.1 percent.

Table IV-1 also presents the change in sales price from the prior year for each zip code. Single-family home prices fell approximately 7 percent in zip code 91502. In contrast, the 150 homes sold in zip code 91504, located north of Glenoaks, evidenced only a 0.2 decrease in price from the prior year. Changes in year-to-year condo sales prices ranged geographically from a 0.2-7.2 percent decrease.

**Table IV-1
Single-Family Homes and Condominium Sales: 2007
Burbank and Nearby Communities**

Community	Zip Code	# Homes Sold	Median Home Price (\$000)	% Change from 2006	Home Price per sq. ft.	# of Condos Sold	Median Condo Price (\$000)	% Change from 2006
Burbank	91501	80	\$756	-5.5%	\$466	73	\$ 468	1.9%
	91502	11	\$ 550	-7.2%	\$ 481	12	\$ 365	-7.0%
	91504	150	\$ 738	-0.2%	\$ 456	85	\$ 448	-4.1%
	91505	271	\$ 610	-3.2%	\$ 492	37	\$ 525	6.6%
	91506	170	\$ 637	-2.0%	\$ 491	18	\$ 420	-3.4%
Glendale	91201	101	\$ 735	-1.1%	\$ 484	11	\$ 433	-1.6%
	91202	128	\$ 805	1.3%	\$ 465	74	\$ 448	0.1%
	91203	17	\$ 605	-3.2%	\$ 518	63	\$ 430	2.4%
	91204	17	\$ 579	-7.4%	\$ 503	19	\$ 425	-4.5%
	91205	54	\$ 635	1.6%	\$ 486	40	\$ 390	5.4%
	91206	135	\$ 800	-3.5%	\$ 427	125	\$ 415	0.4%
	91207	106	\$ 1,005	6.4%	\$ 452	24	\$ 365	-6.5%
	91208	177	\$ 839	1.0%	\$ 451	15	\$ 425	2.4%
La Canada	91011	282	\$ 1,340	6.8%	\$ 589	1	\$ 485	-15.4%
North Hollywood	91601	124	\$ 615	0.9%	\$ 456	40	\$ 389	-6.7%
Pasadena	91101	10	\$ 416	-33.0%	\$ 344	132	\$ 525	9.4%
	91103	155	\$ 680	10.6%	\$ 505	32	\$ 560	2.8%
	91104	246	\$ 680	1.5%	\$ 478	22	\$ 425	4.3%
	91105	137	\$ 1,055	6.8%	\$ 577	42	\$ 780	1.1%
	91106	95	\$ 830	-11.7%	\$ 551	143	\$ 465	3.1%
	91107	316	\$ 740	-1.2%	\$ 476	66	\$ 410	9.7%
	Toluca Lake	91602	111	\$ 945	7.1%	\$ 549	91	\$ 438

Source: DQNews - Los Angeles Times Zip Code Chart, <http://www.dqnews.com>

Burbank Housing Sales

While the prior section provides an overview of subregional housing sales, given the rapidly shifting real estate market, the following provides a more detailed analysis of Burbank's homeownership market during a more recent seven month time frame.

Table IV-2 presents information on all sales of existing and new single-family homes and condominiums in Burbank from July 2007 - March 2008. A total of 410 single-family home sales were recorded during this nine month period, reflecting a 20 percent prorated decline in the volume of sales in comparison to calendar year 2007. Two- and three-bedroom units were the most prevalent homes sold, characteristic of Burbank's older single-family housing stock of smaller sized units. For example, the average unit size among the 189 three-bedroom units sold was 1,620 square feet, and the average year built was 1946. Median sales prices ranged from \$490,000 (one-bedroom) to \$640,000 (three-bedroom) to \$875,000 (five-bedroom) depending on size, amenities and location. The overall median home price in Burbank was \$615,000, reflecting a 7 percent decline from the \$660,000 median documented in July 2006 - June 2007. The downward trend in the sales market can be traced back to 2004 through review of Burbank's past Housing Profiles. The increase in median sales price among Burbank's single-family homes was documented at 26 percent between 2003 and 2004; 18 percent between 2004 and 2005; 4 percent between 2005 and 2006; a flat, zero percent between 2006 and 2007; and now a -7 percent between 2007 and 2008.

**Table IV-2
Home and Condominium Sales Prices
July 2007 - March 2008**

# Bdrms	Units Sold	Price Range	Median Price	% Price Change*		Average Unit Size	Average Lot Size	Average Year Built
				2007-2008	2006-2007			
Single-Family Homes								
1	8	\$305,000 - \$735,000	\$490,000	5%	-4%	950 sq. ft.	5,620 sq. ft.	1940
2	144	\$270,000 - \$2,340,000	\$562,000	-8%	<1%	1,170 sq. ft.	6,890 sq. ft.	1942
3	189	\$379,000 - \$1,800,000	\$640,000	-7%	<1%	1,620 sq. ft.	7,130 sq. ft.	1946
4	58	\$436,000 - \$1,350,000	\$723,000	-12%	11%	2,130 sq. ft.	7,880 sq. ft.	1945
5	9	\$429,000 - \$1,900,000	\$875,000	-5%	-5%	2,940 sq. ft.	7,800 sq. ft.	1960
6	2	\$1,350,000 - \$3,300,000	\$2,325,000	345%	-32%	5,040 sq. ft.	6,150 sq. ft.	1973
Total	410	\$270,000 - \$3,300,000	\$615,000	-7%	0%	1,570 sq. ft.	7,080 sq. ft.	1945
Condominiums								
1	1	\$539,000	\$539,000	34%	<1%	1,580 sq. ft.	--	1968
2	99	\$253,000 - \$640,000	\$408,000	-6%	-4%	1,180 sq. ft.	--	1980
3	37	\$368,000 - \$618,000	\$515,000	-3%	0%	1,540 sq. ft.	--	1985
4	10	\$440,000 - \$695,000	\$478,000	-16%	8%	1,700 sq. ft.	--	1979
Total	147	\$253,000 - \$695,000	\$431,000	-6%	-2%	1,310 sq. ft.	--	1981

Source: Dataquick, July 2007 - March 2008

* Compared to median of sales July 2006 - June 2007 as documented in 2006 and 2007 Burbank Housing Profiles.

Condominiums comprised one-quarter of all units sold between July 2007 - March 2008, a 13 percent decline in volume over the prior year. Median prices for condominiums ranged from \$408,000 to \$539,000, with an overall median price of \$431,000. Condominiums evidenced a 6 percent price decrease over the prior year, a continuation of the 2 percent price decrease documented during the 2006-2007 period, and a sharp decline from the approximate 20 percent price increases in each of the prior two years (2003-2005). While two-bedroom units represented two-thirds of units sold, 47 three and four-bedroom units were sold, offering potential homeownership opportunities for larger households. Given the more recent vintage of the City's condominiums relative to homes, unit sizes among two and three bedroom units are fairly comparable to single-family homes.

Home Foreclosures

The increase in home foreclosures is closely related to the decline in home values. With depreciated values, many homeowners find themselves owing more on their homes than its market value. Combined with rapidly adjusting mortgage rates on subprime loans, the number of mortgage default notices filed against California homeowners is at a 15 year high.

As of January 2008, a total of 325 Burbank homes were in various states of foreclosure, representing less than 2 percent of the City's single-family and condominium housing stock. Of these 325 homes, 133 homes were in pre-foreclosure, 68 were up for auction, and 124 are now owned by the bank. According to a January 2008 study by DataQuick, of homeowners statewide in default, approximately 40 percent emerge from the foreclosure process by bringing their payments current, refinancing, or selling the home and paying off what they owe. The City of Burbank Financial Services Department has placed foreclosure information on the home page of the City's website to provide resources for residents to better understand the foreclosure process, prevention options and mortgage rights.

E. RENTAL HOUSING MARKET (JUNE 2008 UPDATE)

The following section on rental costs begins with an overview of regional trends, followed by a Citywide survey of vacant rental units and an analysis of rent trends in several of the City's larger apartment complexes. Section F which follows presents an analysis of the affordability of both rental and for-sale housing to various income levels in the community.

Regional Trends

Several factors contributed to a continued strong rental market in Los Angeles County during 2007.² The addition of over 30,000 new jobs to the County, the dramatic slowdown in the homeownership market, and tighter mortgage lending standards all stimulated the demand for rentals. Overall apartment occupancy in the County remained tight at 96.9 percent, with occupancy levels highest in the older, more affordable apartments.

More than 6,200 new apartments were developed in Los Angeles County in 2007, the highest number since 1990. However, due to the large number of conversions of apartment buildings to condominium ownership, the net increase in apartments was reduced to 4,700 units. Nonetheless, the significant increase in the supply of apartments resulted in a slowing of rent of increases, with average rents on existing apartments increasing 3.2 percent, well below the 5.6 percent rent increase in 2006 and 4 percent consumer price increase in 2007. Average monthly rents for existing apartments in Los Angeles County were \$1,580 at the close of 2007.

The Tri Cities apartment submarket, consisting of Burbank, Glendale and Pasadena, evidenced the strongest demand for apartments among the 11 submarkets in Los Angeles County. The area experienced a net absorption of 1,970 units, defined as the increase in physically occupied units. With 681 new apartments developed, net absorption well outpaced new construction, reflecting the increase in occupancy from 97.2 to 97.7 percent. Rents on existing apartments increased 5.1 percent, well above the Countywide average of 3.2 percent. Average monthly rents were \$1,711.

As the U.S. economy slows, 2008 forecasts for the Los Angeles apartment market are for stabilized rents and occupancy rates. In addition to the economic downturn, the large numbers of apartments coming on line will contribute to softening occupancy rates and modest average rent increases of 2.5 to 3 percent. The increased number of condominiums and homes being utilized as rentals during the soft housing market increases competition with apartments, placing further downward pressure on rents.

² 2008 Southern California Multifamily Market Report, Casden Forecast - USC Lusk Center for Real Estate.

Burbank Rent Survey

A rent survey was conducted in January - March 2008 to evaluate trends in the Burbank rental market. Table IV-4 on the following page presents the results of the 2008 rent survey, as well as a comparison with previous surveys conducted for the City's Housing Profile in 2006 and 2007. The following discussion summarizes the results of the rent survey by unit type, including apartments, condominiums and single-family homes.

Apartment Rents: A total of 103 apartment units were advertised for rent in January - March 2008, comparable to the number of listings in the July 2007 Housing Profile. The majority of apartment listings were one- and two-bedroom units, with only 4 three-bedroom units advertised. Median rents were \$950 for a studio, \$1,300 for a one-bedroom, \$1,600 for a two-bedroom, and \$2,550 for a three-bedroom apartment. The median rent for all apartments listed was \$1,500, unchanged from the median rents documented in the July 2007 Housing Profile. In contrast, the previous Housing Profile documented significant increases in overall apartment rents (+28%) between October 2006 and July 2007.

Figure IV-1 illustrates apartment rental rates by geographic area of the City. The majority of apartment rentals were within the 91505 zip code near the studios and in the 91502 zip code in the greater downtown, with 30 listings each. Median rents in the 91505 zip code were among the highest in the City at \$2,200 for a two-bedroom unit.

Condominiums/Townhome Rents: Condominiums and townhomes accounted for a much smaller component of Burbank's rental market with 12 units advertised, compared to twice this amount in July 2007. Rental prices for condominiums were significantly higher than for apartment rentals, due to the larger size of units and higher degree of amenities typically included in this type of rental property. Many of the listed units were advertised as "luxury" rentals and indicated recent property upgrades. Median rental prices were \$2,150 for a two-bedroom unit and \$3,000 for a three-bedroom unit. The median rental price for all condominium units listed was \$2,350, an eleven percent increase from 2007. This increase in condominium rents reflects an adjustment after the prior year's (2006-2007) 8 percent decrease in rents.

Single Family Home Rents: Thirty-two single-family homes were advertised for rent in Burbank, approximately half the number of listings in July 2007. Rental costs for single-family homes are generally the highest among any unit type, although prices vary according to size and location within the City, with homes north of Glenoaks commanding the highest rents. Median rents were \$1,450 for a one-bedroom home, \$2,200 for a two-bedroom home, \$2,600 for a three-bedroom home, and \$3,250 for a four-bedroom home. In aggregate, single-family home rents decreased 9 percent between 2007-2008, in contrast to the 18 percent rent increase experienced during 2006-2007.

In summary, the 2008 rent survey shows little change in Burbank's apartment market, with the number of listings and median rental rates remaining unchanged from July 2007. Condominiums, on the other hand, evidenced an 11 percent increase in median rents, and single-family homes an 8 percent decrease, with the number of listings for both these unit types approximately half of the July 2007 level.

**Table IV-4
Survey of Vacant Rental Units: 2006-2008**

Unit Type and Bedrooms	March 2008			July 2007	Oct 2006	% Change	
	# Units Advertised	Rent Range	Median Rent	Median Rent	Median Rent	7/2007-3/2008	10/2006-7/2007
<i>Apartments</i>							
Studio	11	\$775-\$1,500	\$950	\$1,150	\$975	-17%	+18%
1	40	\$750-\$1,825	\$1,300	\$1,415	\$975	-8%	+45%
2	48	\$1,275-\$2,990	\$1,600	\$1,800	\$1,500	-11%	+20%
3	4	\$1,500-\$3,040	\$2,550	\$2,060	\$1,800	+24%	+14%
Total	103	\$750-\$3,040	\$1,500	\$1,500	\$1,175	0%	+28%
<i>Condominiums/Townhomes</i>							
1	1	\$1,700	\$1,700	\$1,175	\$1,095	+45%	+7%
2	8	\$1,500-\$2,750	\$2,150	\$2,000	\$2,350	+8%	-15%
3	3	\$2,500-\$3,150	\$3,000	\$2,725	\$2,050	+10%	+33%
Total	12	\$1,500-\$3,150	\$2,350	\$2,100	\$2,275	+11%	-8%
<i>Single Family</i>							
1	2	\$1,295-\$1,595	\$1,450	\$900	--	+61%	--
2	12	\$1,550-\$2,500	\$2,200	\$2,000	\$2,025	+10%	-1%
3	12	\$2,100-\$3,500	\$2,600	\$2,950	\$2,875	-12%	+3%
4	6	\$2,250-\$4,000	\$3,250	\$3,450	--	-7%	--
Total	32	\$1,295-\$4,000	\$2,400	\$2,625	\$2,225	-8%	+18%
Total	147	\$750-\$4,000	\$1,650	\$1,850	\$1,395	-11%	+33%

Source: 1/19/08 - 2/23/08 Burbank Leader newspaper listings; www.craigslist.com; Burbank Housing Profile - 2006 and 2007.

Figure IV-1 Apartment Rents March 2008
(insert attached figure)

Survey of Large Rental Properties

In order to supplement the survey of vacant rental units and provide additional insight into the dynamic rental market in Burbank, current rental housing costs were also collected from REALFACTS, a service that provides existing contract rents in properties containing 100 or more units. The following eight Burbank properties are included in the REALFACTS rent survey, representing 2,177 units:

1. Chateau Toluca - 4524 Clybourn Avenue (110 units, built 1972)
2. Kenwood Mews – 230 Kenwood Street (141 units, built 1991)
3. Avalon at Media Center – 401 Pass Avenue (748 units, built 1961)
4. Parc Pointe – 620 N. Hollywood Way (255 units, built 1990)
5. Promenade – 350 S. San Fernando (400 units, built 1988)
6. Royal Equestrian – 1200 Riverside Drive (270 units, built 1964)
7. Toluca Terrace – 333 N. Screenland (113 units, built 1988)
8. Town Center – 333 Andover Drive (140 units, built 1987)

The eight properties range in size from 110 to 750 units, with 271 being the average number of units per property. The years the properties were built range from 1961 to 1991, with 1980 being the average year of construction. In contrast, the average age of the overall rental housing stock in Burbank is 1966, indicating these large apartment complexes are generally newer than most rental housing in the community.

As illustrated in Table IV-5, during the 4th quarter of 2007, the average rents in these complexes ranged from \$1,213 for a studio, \$1,526 for a one-bedroom, \$1,695 to \$2,023 for a two-bedroom (1 to 2 bath), and \$2,318 for a three-bedroom unit. The rent structure of these properties is slightly higher than the apartment rents collected through the newspaper and internet rent survey. These larger apartment properties include more amenities and luxury features such as pools, recreation facilities, security parking, and on-site management, and can therefore command premium rents.

**Table IV-5
Annual Rent Trends By Unit Type 2001-2007**

Unit Type (Bd/Bth)	2001	2002	2003	2004	2005	2006	4th Quarter 2007	% Change 2001-2003	% Change 2004-2006	% Change 4Q2006-4Q 2007
Studio	\$950	\$873	\$928	\$1,002	\$1,057	\$1,185	\$1,213	-2%	18%	1%
1	\$1,106	\$1,167	\$1,250	\$1,273	\$1,314	\$1,429	\$1,526	13%	12%	4%
2/1	\$1,319	\$1,335	\$1,366	\$1,392	\$1,523	\$1,655	\$1,695	4%	19%	-1%
2/2	\$1,465	\$1,540	\$1,597	\$1,612	\$1,762	\$1,876	\$2,023	9%	16%	6%
3/2	\$1,993	\$1,952	\$2,020	\$2,038	\$2,190	\$2,251	\$2,318	1%	11%	5%
2 TH	\$1,535	\$1,553	\$1,620	\$1,659	\$1,779	\$1,925	\$2,052	6%	16%	3%
3 TH	\$1,925	\$2,245	\$2,290	\$2,288	\$2,664	\$2,803	\$2,875	19%	23%	5%
Total Average	\$1,224	\$1,265	\$1,333	\$1,364	\$1,462	\$1,584	\$1,683	9%	16%	3.8%

Source: REALFACTS, January 2008.

Note: TH= Townhomes

In order to examine rental trends within a longer time frame, Table IV-5 also provides the rental history in these eight apartment complexes from 2001 through fourth quarter 2007. As indicated by this data, overall rents increased by 9 percent during 2001-2003, (4.5% annual increase), and another 16 percent during 2004-2006 (8% annual increase). In contrast, the average rent increase over the past year (4th quarter 2006 - 4th quarter 2007) reflects a 3.8 percent annual increase. This increase in rents reflects a moderation of the 8 percent average annual increase in rents over the prior two years, and falls below the overall 6.5 percent rent increase measured by REALFACTS throughout Los Angeles County.

In comparison to rent increases in other jurisdictions, Burbank was ranked 17th among the 28 Los Angeles area cities surveyed by REALFACTS during 4th quarter 2006 – 4th quarter 2007. Jurisdictions in the REALFACTS survey with the highest rent increases over the past year were as follows:

<u>Average Rent Increase</u>	
<u>4th quarter 2006 - 4th quarter 2007</u>	
Studio City	16.4%
North Hollywood	11.6%
Long Beach	7.7%
Downey	7.1%
Santa Monica	6.2%
Santa Clarita	6.1%
Torrance	6.0%
Woodland Hills	5.6%
Covina	5.5%
Canyon Country	5.5%
BURBANK	3.8%

Average rent levels in 4th quarter 2007 among the 28 surveyed jurisdictions was \$1,695, comparable to Burbank’s average rents of \$1,683. This would indicate that while rents have risen in Burbank over the past year, they are still within the average range for the greater Los Angeles area. In comparison, REALFACTS documents average rents of \$2,242 in Pasadena, \$1,968 in Glendale, \$1,937 in Los Angeles, \$1,938 in Studio City, and \$1,535 in North Hollywood.

Occupancy levels in Burbank’s 2,177 surveyed units have not varied significantly, ranging from 96.4% in 2004, 97.9% in 2005, and 96.9% in 2006. Fourth quarter 2007 occupancy levels were measured at a healthy 94.7%, the midpoint among the 28 Los Angeles area cities surveyed. As a matter of reference, rental vacancy levels of around 5% (95% occupancy) are considered ideal by SCAG for sufficient tenant mobility.

F. OWNER AND RENTER HOUSING AFFORDABILITY

The affordability of housing in Burbank can be assessed by comparing market rents and sales prices with the amount that households of different income levels can afford to pay for housing. Compared together, this information can reveal who can afford what size and type of housing as well as indicate the type of households that would most likely experience overcrowding or overpayment.

California Health and Safety Code³ defines affordable owner and rental housing costs as follows:

Affordable Ownership Housing Cost – moderate income

- Housing costs consist of mortgage debt service, homeowner association dues, insurance, utility allowance and property taxes.
- Affordable costs are up to 35% of the defined household income.
- Affordable costs for moderate income households are based on a standard of 110% of median area income for a household size equal to one more person than the number of bedrooms in the unit.

Affordable Renter Housing Cost

- Housing costs include rent plus utilities paid for by the tenant.
- Affordable costs are up to 30% of the defined household income.
- Household size is based on one person more than the number of bedrooms in the unit.

The HUD published 2008 Area Median Family Income (MFI) for a four-person household in Los Angeles County is \$59,800.

³ Health and Safety Code Section 50052.5 establishes affordable housing cost, and Section 50053 establishes affordable rents.

Homeowner Affordability

Based on these definitions of income and affordable housing cost, Table IV-6 presents the maximum affordable purchase price for moderate income households (110% MFI), and compares this with market sales prices for single-family homes and condominiums in Burbank as previously documented in Table IV-2. As illustrated by this table, median single-family home prices in Burbank are well beyond the level of affordability for moderate income households. For example, the maximum affordable purchase price for a moderate income four person household is \$226,770, whereas the median priced three bedroom home in Burbank is \$646,000, an affordability gap of \$419,230.

Escalation in sales prices over the past several years have placed even condominiums out of reach to households earning moderate incomes. As shown in Table IV-6, the maximum affordable purchase price for a three person household is \$202,920, whereas the median priced two-bedroom condominium in Burbank sells for \$412,500, an affordability gap of \$209,580.

Table IV-6
2008 Maximum Affordable Housing Cost (Moderate Income)
Los Angeles County

Moderate Income Affordable Housing Cost	1 Bedroom (2 persons)	2 Bedroom (3 persons)	3 Bedroom (4 persons)	4 Bedroom (5 persons)
Household Income @ 110% Median	\$52,580	\$59,180	\$65,780	\$71,060
Income Towards Housing @ 35% Income	\$18,403	\$20,713	\$23,023	\$24,871
Maximum Monthly Housing Cost	\$1,534	\$1,726	\$1,918	\$2,073
Less Expenses:				
Utilities	\$75	\$95	\$115	\$135
Taxes (1.1% affordable hsg price)	\$160	\$185	\$205	\$225
Insurance	\$85	\$100	\$115	\$130
HOA Fees & Other	\$180	\$180	\$180	\$180
Monthly Income Available for Mortgage	\$1,034	\$1,166	\$1,303	\$1,403
Supportable Mortgage @ 6.5% interest	\$163,590	\$184,470	\$206,150	\$221,970
Homebuyer Downpayment (10%)	\$16,360	\$18,450	\$20,620	\$22,200
Maximum Affordable Purchase Price	\$179,950	\$202,920	\$226,770	\$244,170
Burbank Median Single-Family Sales Price	\$490,250	\$573,000	\$646,000	\$734,500
Burbank Median Condo Sales Price	n/a	\$412,500	\$523,500	\$517,000

Source: Karen Warner Associates.

Renter Affordability

Table IV-7 presents the maximum affordable rents for very low, low and moderate income households by household size, and compares with median apartment rents on vacant units in Burbank, as documented in Table IV-4. As the table below indicates, Citywide median rents are well above the level of affordability for both very low and low income households. The monthly affordability gap for very low income households ranges from \$631 for two-person households (one-bedroom units), up to \$1,726 for four-person households (three bedroom apartments). Low income households also face a sizable affordability gap, ranging from \$177 to \$1,158 per month, depending on household size. Thus with very low and low income renters priced out of Burbank's rental market, such households are faced with overpayment or overcrowding to reduce housing costs.

Moderate income households requiring one and two bedroom units can generally afford apartment rents in Burbank. However, even households earning the top end of the moderate range (120% MFI) and generally unable to afford the rents in Burbank's larger, three bedroom apartment units, not to mention the extremely limited availability of such units.

Table IV-7
2008 Maximum Affordable Rents*
Los Angeles County

Income Level**	1 Bedroom (2 person)	2 Bedroom (3 person)	3 Bedroom (4 person)
Very Low Income	\$669	\$749	\$824
Low Income	\$1,123	\$1,261	\$1,392
Moderate Income	\$1,346	\$1,511	\$1,671
Burbank Median Apartment Rents	\$1,300	\$1,600	\$2,550

*Maximum rent reflects deduction of utility allowance per LACDC utility schedule for the Valley Area subregion: \$89 for 1 bdrms, \$104 for 2 bdrms, and \$124 for 3 bdrms.

**Income levels reflect the 2008 Official State Income Limits published by State HCD.

Source: Karen Warner Associates