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## Only 1 in 3 Can Afford to Buy in Zip Codes With Good Schools

Is the dream of a decent education gone for the children of middle-class Americans? A new study by RealtyTrac indicates that if you consider standardized test scores a realistic measure of a good education, that **dream might be on life support**.

RealtyTrac looked at school test scores for nearly 27,000 elementary schools in more than 7,200 U.S. zip codes, analyzing them in conjunction with data on home price affordability. Out of 1,823 zip codes with at least one good school, RealtyTrac found that 1,181 or **65 percent would be out of reach** price-wise for average wage earners. RealtyTrac defined this by a need to spend more than a third of household income in order to purchase a median-priced home.

Metro areas with the **most affordable** zip codes with good schools were Chicago (179), Detroit (44), Phoenix (22), Miami (20) and Charlotte (18).

The median sales price in 2015 for homes in zips with good schools was **\$411,573 on average, 95 percent higher** than the median home sales price in zip codes without any good schools (\$210,662).

Home prices in 2015 increased at the same annual pace in the 1,823 zip codes with at least one good school as in the 5,424 zip codes with no good schools, an average of 7 percent.

The **least affordable** elementary school listed by RealtyTrac was in Atherton, California where the median home price was just over \$6 million. There it would require 412% of a median income to buy a home.

The list of 25 least affordable schools overall however appeared to be unaffordable more as a function of income than of housing prices. Ten had median prices below \$500,000 and two were below \$300,000. Even living in the district of school number 25 in Shreveport, Louisiana it would cost 39 percent of median income to purchase the median \$220,000 home.

Metro areas with the **most unaffordable zip codes** with good schools were Los Angeles (184), New York (158), San Francisco (77), Chicago (58) and San Diego (49).

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	<b>+0.02</b>	0.00
15 Yr. Fixed	5.95%	<b>0.00</b>	0.00
30 Yr. FHA	5.82%	<b>+0.02</b>	0.00
30 Yr. Jumbo	6.62%	<b>0.00</b>	0.00
5/1 ARM	6.28%	<b>-0.01</b>	0.00

### Freddie Mac

30 Yr. Fixed	6.35%	<b>-0.51</b>	0.00
15 Yr. Fixed	5.51%	<b>-0.65</b>	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	<b>-0.06</b>	0.54
15 Yr. Fixed	5.88%	<b>-0.16</b>	0.68
30 Yr. FHA	6.36%	<b>-0.06</b>	0.85
30 Yr. Jumbo	6.75%	<b>+0.07</b>	0.39
5/1 ARM	5.98%	<b>-0.27</b>	0.65

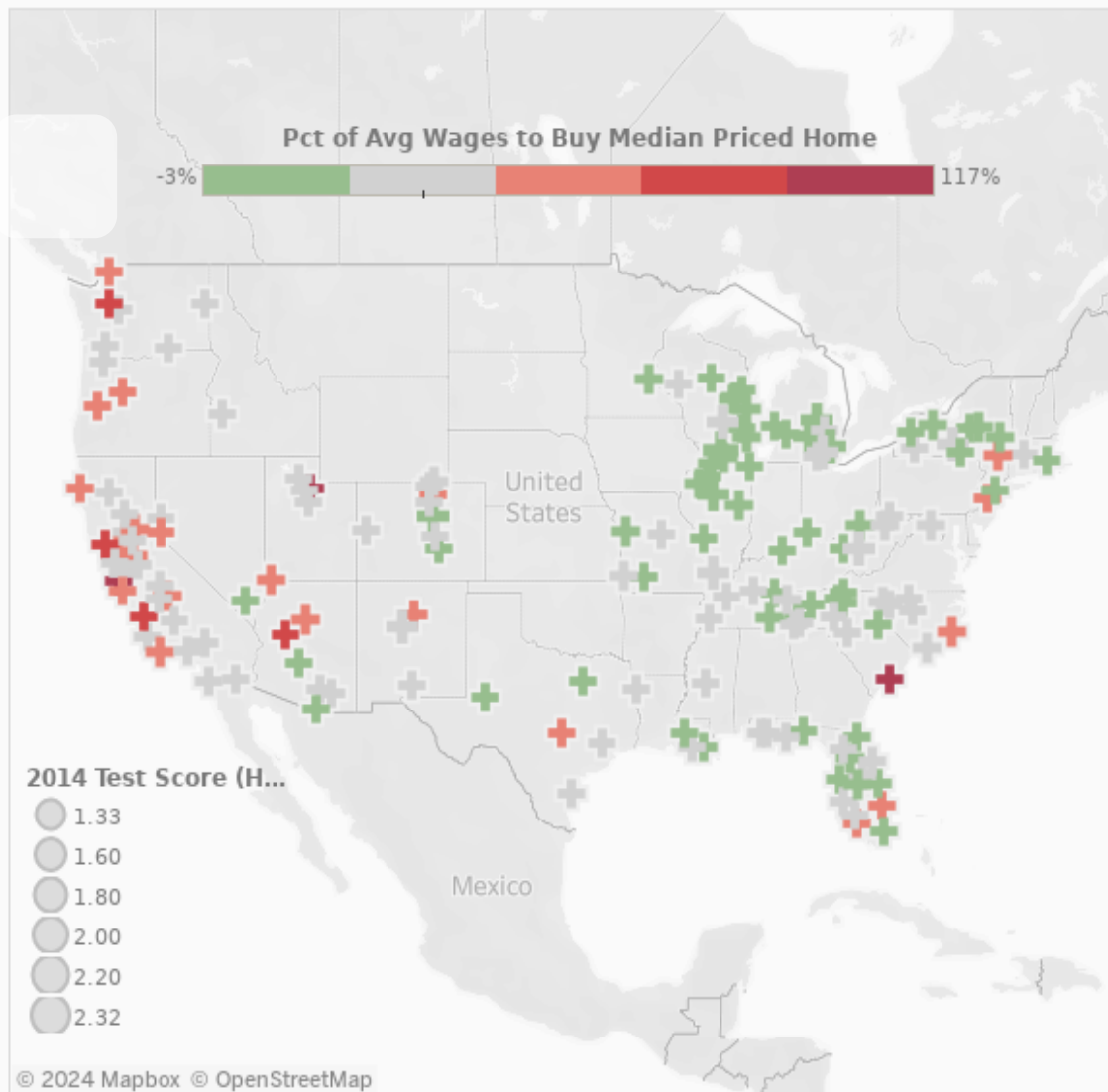
Rates as of: 8/30

## Recent Housing Data

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

## Most Affordable Good-School Zips by Metro

	Value	Change
ce	Mar	51 +6.25%



\*Shows the most affordable zip codes with at least one good elementary school in each metropolitan statistical area. A good school is defined as having a 2014 test score at least one-third higher than the state average and affordability is the percentage of an average wage earner's income needed to buy a median priced home.

Sources: RealtyTrac, BLS, State Depts. of Education



View on Tableau Public

The list of 25 most affordable areas, on the other hand, was topped by schools where homes were very low in price. The top nine had median prices below \$100,000 while the highest median price, \$267,000 (in Beaverton, Oregon) took only 30 percent of a median income.

While RealtyTrac's issue of affordability is a valid one, the issue that seems most important in this study is the question of why there are 1,800 zip codes with at least one good school and **5,400 with none**.

Only zip codes with at least 50 sales of single family homes and condos, not including multiple-parcel transactions, in both 2014 and 2015 were included in the analysis. School data is from each state's Department of Education in 2014 with scores for the study based on the test average for each state. The higher above the state average the school is, the higher the grade.

Home price data is from publicly recorded sales deeds and mortgages for single family homes and condos or in some cases loan amounts and estimated property value at time of sale. Average wage data came from the Bureau of Labor Statistics and was from the first quarter of 2015, the most recent available.