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# A New More Realistic Housing Affordability Measure

**Abstract**

Here we propose a new housing affordability index based on median renter income, median home prices and including debt service, property taxes, property insurance, and all utilities typically required for home ownership. When using this measure, the rankings of least and most affordable market shift as compared to a price dominated ranking. We can also expand the results presented here to analyze the minimum incomes and types of jobs that have a chance of achieving home ownership in any given metro.

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**Draft:** January 30, 2026

# A New More Realistic Housing Affordability Measure

## Introduction

For many years housing affordability measures at the metro level were based upon median home prices, current mortgage rates and median household incomes.[1] On this basis, if we filter all U.S. metros for those where the sum of debt service payments at current mortgage rates are 30% or less when divided by median household income, then 313 of 385 metros would appear to be "affordable".[2] We might also conclude that most homes are affordable for the 40% mostly senior owned households who have no mortgage at all. Yet, we hear in the popular media that we have an affordability crisis. There are several reasons for this claim besides the relatively high mortgage rates. Among them, renter household incomes are 48% lower on average than existing homeowners and most do not have savings that would allow a typical 20% down payment. Many of these same renter households are also burdened by $1.77 trillion in student debt that inhibit credit scores and the ability take on more debt.[3] There are also the less publicized costs of home ownership including property insurance, property taxes, electric, water, gas and heating oil bills that can be as high or exceed the mortgage payments for many owners.[4] Here we include and dissect these cost estimates at the metro level and we utilize median renter income to generate a totally different picture of which markets are the most and least affordable.

Renters represent about 35% of the US households and that is the group most affected by affordability hurdles. For those who have paid off the mortgages and/or long-term homeowners, ownership costs are a fraction of the income requirement faced by aspiring buyers. For example, property tax rates for new buyers in most California metros are about 1% of purchase price. But the average property tax paid by existing owners is around half that amount and for long time owners, it might be only .2% of value, a fifth the cost for new buyers of the same home. For those owners with mortgages, more than half are at rates under 4% which is less than current ten-year treasury rates, again resulting in a huge gap in terms of the burden faced by existing owners and new buyers. When we talk about affordability hurdles, we should focus on new buyers and renter resources.

Keep in mind that some markets are affordable because they are in economic stagnation or decline and they have an excess inventory of older homes.[5] On the other hand, some markets are not affordable because they have strong and growing economies.[6] We also have many markets

[1] See https://www.nar.realtor/research-and-statistics/housing-statistics/housing-affordability-index
[2] Here we use the mortgage rate of 6.15% for a 30-year fixed rate mortgage, an 80% Loan to value ratio and median home prices.
[3] Average student debt as of 2025 is $39,547 whereas any student debt in 1980 was rare.
[4] There are also HOA fees for condos and maintenance and repair costs, which we exclude for now.
[5] For example, Battle Creek, MI, or Decatur, IL.
[6] For example, San Jose.

that are not affordable because of human intervention in the market via supply constraints including restrictive environmental policies, NIMBYs, and restrictive zoning laws or building codes that prevent density.[7] These supply constraints, be they natural, related to entitlement or zoning or environmental restrictions are the primary explanation for the elasticity or inelasticity of supply which in turn explains prices.[8] That is, supply constrained markets like San Francisco, New York, Los Angeles, San Diego, Honolulu, Boston remain unaffordable because it remains so difficult to add more housing.

Demand and supply are equilibrated via price, but in some cases the prices are lower because of the non-debt service aspects of home ownership, such as property taxes or property insurance, and that is part of what we are exploring below.

Below, in Exhibit 1, we summarize the top ten least affordable housing markets on the basis of price, compared to the top ten least affordable on the basis of actual housing costs and utilizing renter median incomes. Note that San Francisco, not shown, would rank 11th on the basis on affordability with our new measure. The reason is that incomes in San Francisco are considerably higher than in most other US metros. This brings up the point that the economic base and types of jobs within a metro matters a great deal.

**Exhibit 1: Most Expensive Versus Least Affordable U.S. Housing Metros**

| Rank | Metro | Percentage of Med Renter Income Required to Own | Rank | Metro Abbreviated Name | Med Home Price 2025 |
|---|---|---|---|---|---|
| | | | | | |
| 1 | Corvallis, OR | 113.20% | 1 | San Jose, CA | $ 1,626,041 |
| 2 | Barnstable Town, MA | 111.40% | 2 | San Francisco, CA | $ 1,181,211 |
| 3 | Kahului-Wailuku, HI | 107.20% | 3 | Los Angeles, CA | $ 975,475 |
| 4 | Santa Maria-Santa Barbara, CA | 104.80% | 4 | San Diego, CA | $ 894,777 |
| 5 | Santa Cruz-Watsonville, CA | 99.50% | 5 | Oxnard, CA | $ 880,544 |
| 6 | San Luis Obispo-Paso Robles, CA | 98.60% | 6 | Seattle, WA | $ 727,919 |
| 7 | Los Angeles-Long Beach-Anaheim, CA | 94.90% | 7 | Honolulu, HI | $ 724,470 |
| 8 | San Jose-Sunnyvale-Santa Clara, CA | 91.20% | 8 | Boston, MA | $ 723,079 |
| 9 | New York-Newark-Jersey City, NY-NJ | 89.20% | 9 | Bridgeport, CT | $ 662,866 |
| 10 | Bridgeport-Stamford-Danbury, CT | 88.50% | 10 | New York, NY | $ 651,474 |

[7] For example, Kahului, HI or San Diego.
[8] See for example the 2019 Hoyt study on supply restrictions at PMueller_HHI-NAA-Apt-Demand-Supply-Barriers.pdf or the NBER paper by Gyourko, Hartley, and Krimmel 2019 w26573.pdf or prior work such as Gyourko, J., Saiz, A., & Summers, A. (2008). "A new measure of the local regulatory environment for housing markets: The Wharton Residential Land Use Regulatory Index". Urban Studies, 45(3), 693-729

**Summary Key Takeaways**

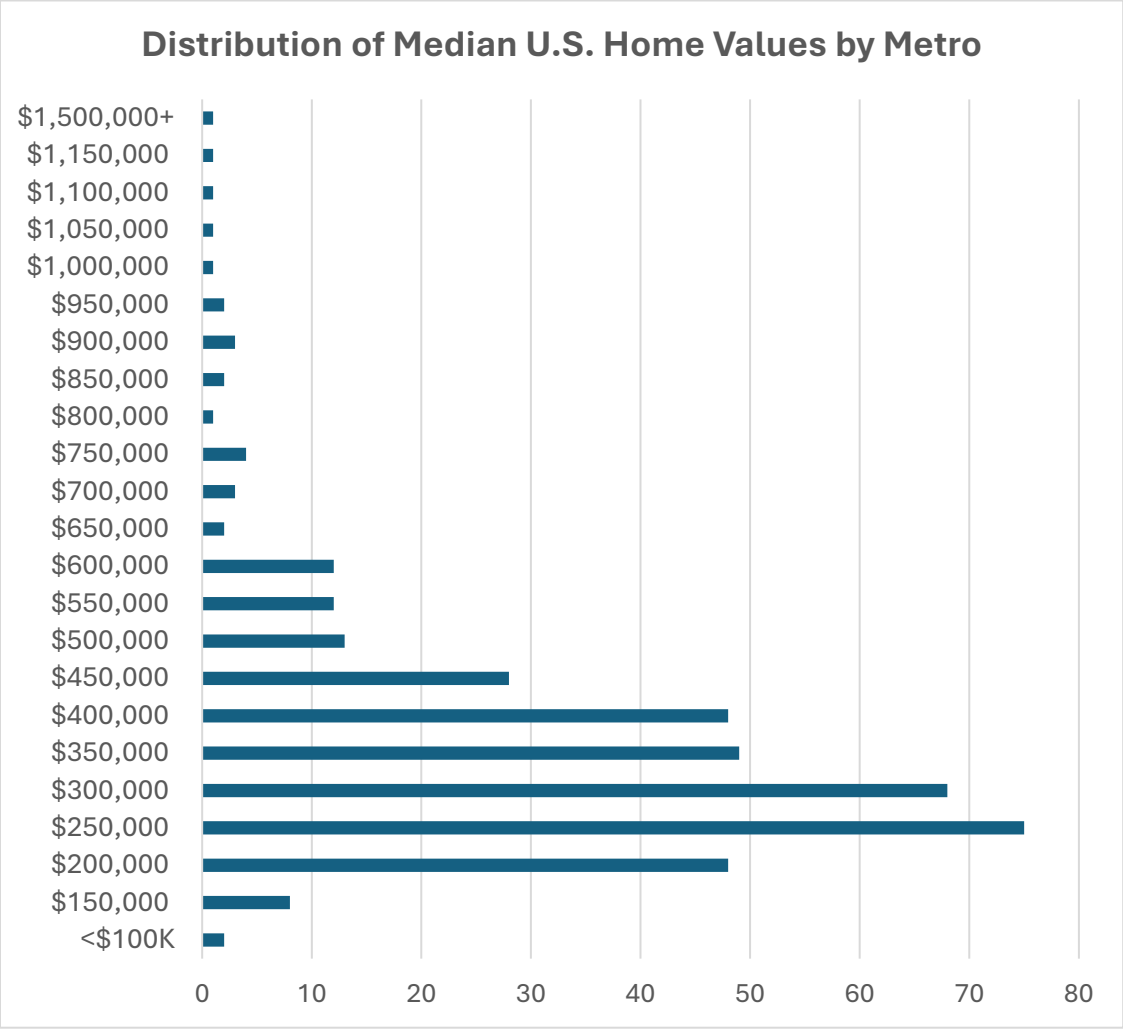
- ✓ Housing affordability measures should be based on the assets and income levels of typical renters, not owners.
- ✓ Housing affordability measures should include debt service, property insurance, property taxes and typical utility costs as a minimum relative to both home values and typical renter household incomes.[9]
- ✓ In some markets property taxes can exceed mortgage costs, especially in parts of New Jersey, New York and Illinois.
- ✓ In some markets, property insurance can average several percentage of household incomes, especially in the Gulf states, parts of Florida and Tornado Alley Kansas.
- ✓ High natural gas prices are affecting owners in certain markets more than others, and a few northeast markets still use fuel oil to heat homes, along with wood.
- ✓ The least affordable markets tend to be those where land is expensive and thus, more efficient modular housing solutions will not do much to alleviate affordability in such markets.
- ✓ The most affordable housing markets tend to be those with less dense populations, sometimes with declining or stagnant populations and stale economies. Some of these are turning around with new demand from locationally free workers.
- ✓ The economic base and types of jobs matter a great deal to affordability and should be part of an affordability strategy at the metro level. In many metros, the lack of affordability is simply a function of low education, outdated skills and low incomes.
- ✓ Home builders are not to blame for the increase in real costs to build, but rather the political system, bureaucracy, high development fees and the long time required for entitlement along with the markets demand for more features and amenities.

[9] HOA fees and maintenance should also be included when possible.

**Current Metro Values and "Hidden" Costs of Ownership**

Below in Exhibit 2 is a histogram of 2024 home values, followed by the median annual expenses of non-debt service items.

**Exhibit 2: Distribution of 385 US Metro Home Values**




For the U.S. as a whole, we also have the following annualized median values, highs and lows, keeping in mind there will be substantial variation within each metro:

| | Median | High | Low |
|---|---|---|---|
| Median Household Hazard/Fire/Flood Insurance | $1,440 | $3,696 | $622 |
| Median Household Property Tax Bill | $2,875 | $11,904 | $492 |
| Median Household Electric Bill | $1,954 | $3,397 | $948 |
| Median Household Water/Sewer Bill | $ 362 | $1,159 | $ 0 |
| Median Household Gas Bill | $ 328 | $1,602 | $ 0 |
| Median Household Fuel Oil Bill | $ 9 | $1,094 | $ 0 |

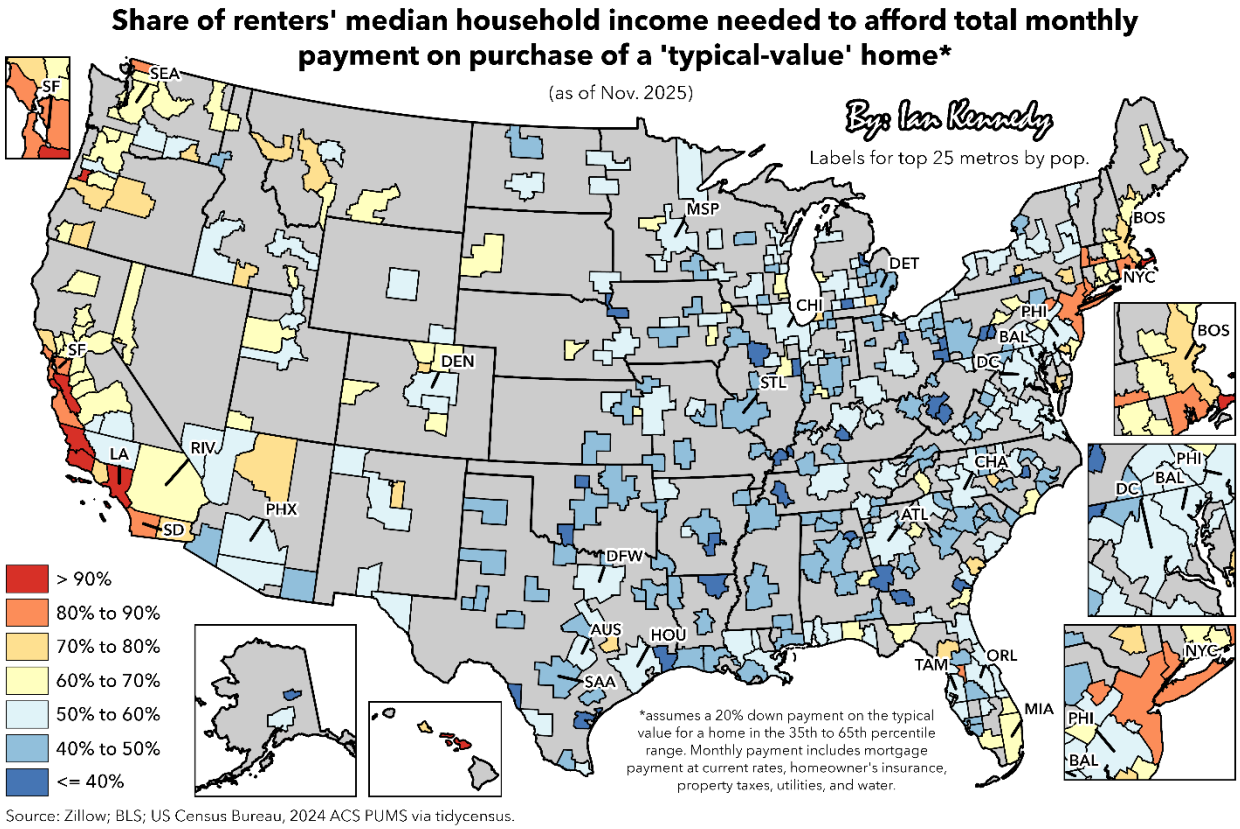
**Overall Affordability Measures Using Renter Household Incomes**

Utilizing all of the above costs adjusted for each metro, which metros tend to be the least and most affordable? We expand Exhibit 1 below in Exhibit 3A to the top twenty and now notice metros in the supply constrained markets of CA and HI, but we also see those metro markets with lower average incomes, high property taxes and high property insurance rates as least affordable, to be further explored below. On the most affordable side, we tend to see more rural metros with stale or declining economies. See the full metro analysis in Exhibit 3B mapped below.

**Exhibit 3A: Top Twenty Least and Most Affordable Metros**

| Least Affordable | Housing Costs/Renter Income | Most Affordable | Housing Costs/Renter Income |
|---|---|---|---|
| Corvallis, OR | 113.2% | Pine Bluff, AR | 28.93% |
| Barnstable Town, MA | 111.4% | Enid, OK | 29.14% |
| Kahului-Wailuku, HI | 107.2% | Danville, IL | 29.28% |
| Santa Maria-Santa Barbara, CA | 104.8% | Cumberland, MD-WV | 30.15% |
| Santa Cruz-Watsonville, CA | 99.5% | Johnstown, PA | 31.50% |
| San Luis Obispo-Paso Robles, CA | 98.6% | Weirton-Steubenville, WV-OH | 32.14% |
| Los Angeles-Long Beach-Anaheim, CA | 94.9% | Lawton, OK | 32.39% |
| San Jose-Sunnyvale-Santa Clara, CA | 91.2% | Battle Creek, MI | 34.45% |
| New York-Newark-Jersey City, NY-NJ | 89.2% | Decatur, IL | 34.56% |
| Bridgeport-Stamford-Danbury, CT | 88.5% | Charleston, WV | 34.61% |
| San Francisco-Oakland-Fremont, CA | 86.7% | Bay City, MI | 35.00% |
| Salinas, CA | 86.2% | Goldsboro, NC | 35.71% |
| Pittsfield, MA | 84.3% | Elmira, NY | 36.27% |
| Wildwood-The Villages, FL | 83.7% | Altoona, PA | 36.30% |
| San Diego-Chula Vista-Carlsbad, CA | 82.7% | Mansfield, OH | 36.63% |
| Springfield, MA | 82.7% | Elizabethtown, KY | 36.80% |
| Providence-Warwick, RI-MA | 82.6% | Monroe, LA | 37.13% |
| Bellingham, WA | 81.4% | Jackson, TN | 37.47% |
| East Stroudsburg, PA | 80.2% | Beckley, WV | 37.56% |
| Boulder, CO | 79.6% | Eagle Pass, TX | 37.82% |

**Exhibit 3B: Affordability Based on Typical Inclusive Housing Costs and Renter's Incomes**




Source: Zillow; BLS; US Census Bureau, 2024 ACS PUMS via tidycensus.

## Property Taxes Drive Prices and Affordability

Property taxes are the largest non-debt service cost of ownership on average, although in select markets property insurance rates win that title. Keep in mind that we are displaying averages here, so if a metro has an average 2.1% effective property tax (property taxes as a percentage of value) then half the markets are above that and half below that. Several submarkets in New York and New Jersey have property taxes in excess of 4%. The result of these high property taxes is that it curtails the ability of renters to consider homeownership without exceeding over half of their income to cover all housing costs. Exhibit 4A below shows the top twenty least affordable metros based on property taxes, with 4B showing the US metro analysis.[10]

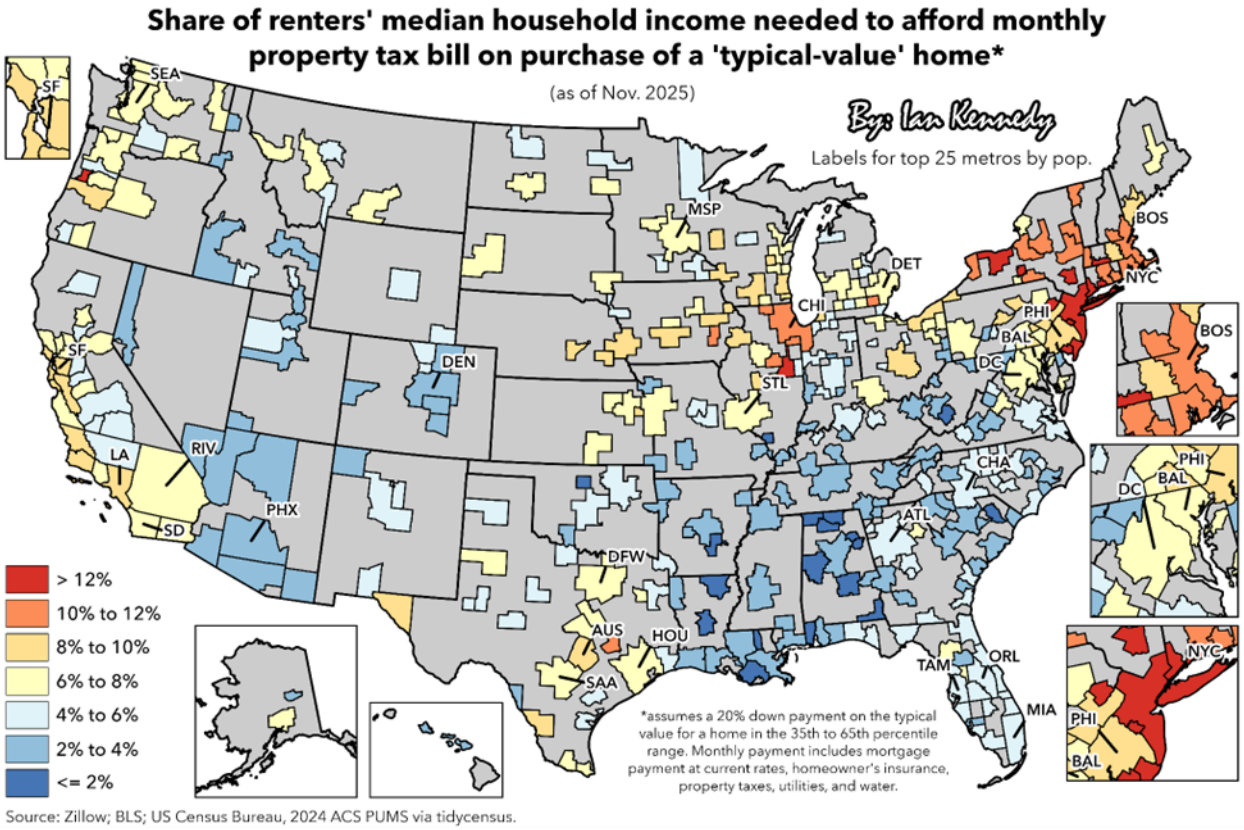
**Exhibit 4A: Highest Property Taxes as a Percentage of Renter Incomes and Home Prices**

| Metro | Prop Taxes As % of Renter Income | Property Taxes as % of Value |
|---|---|---|
| Ithaca, NY | 9.87% | 2.10% |
| Rockford, IL | 5.94% | 2.09% |
| Elmira, NY | 4.74% | 2.09% |

[10] We should also note that in California property tax rates for new buyers will be approximately 1% of purchase price, while for existing owners it averages .65 of 1%.

| | | |
|---|---|---|
| Bloomington, IL | 6.29% | 2.08% |
| Rochester, NY | 7.03% | 2.06% |
| Binghamton, NY | 5.80% | 2.06% |
| Syracuse, NY | 6.46% | 2.03% |
| Trenton-Princeton, NJ | 8.40% | 2.02% |
| Kankakee, IL | 5.37% | 1.99% |
| Chicago-Naperville-Elgin, IL-IN | 7.18% | 1.98% |
| Vineland, NJ | 7.75% | 1.98% |
| Peoria, IL | 4.15% | 1.98% |
| Champaign-Urbana, IL | 6.63% | 1.97% |
| Davenport-Moline-Rock Island, IA-IL | 4.90% | 1.93% |
| Springfield, IL | 4.32% | 1.93% |
| Decatur, IL | 3.55% | 1.90% |
| Atlantic City-Hammonton, NJ | 8.32% | 1.85% |
| Danville, IL | 2.72% | 1.83% |
| Utica-Rome, NY | 5.38% | 1.82% |
| Buffalo-Cheektowaga, NY | 6.68% | 1.80% |

**Exhibit 4B: Property Taxes as a Percentage of Renter Incomes and Home Prices**



**Property Insurance**

While property insurance costs are generally half of average property tax costs, there are some metros in tornado alley and hurricane prone regions where property insurance can cripple affordability for the typical household. Historically these climate risk prone areas have benefitted from underpriced insurance by programs such as the national flood insurance program (NFIP) administered by FEMA and also from state run insurance provision and private label insurers.[11] Over time, large increases in property insurance should be capitalized into lower property values. That is, property in these markets where insurance rates have significantly increased should see lower property prices. To the extent prices are sticky downward, or insurance increases are capped by the government, the impact on prices is delayed.

Below in Exhibit 5A are the least affordable metros based on property insurance as a percentage of median home value and as a percentage of income, with the full US map shown in 5B. Note that these ratios are relatively correct but understate effective rates as they are lagged and most homeowners underinsure. When added to other housing costs we find that it pushes total housing costs in metros like New Orleans to over 57% of median renter income. Note that most of these markets are in the gulf coasts of LA, TX, AL and KS tornado alley. Florida has benefitted from constrained NFIP rates and state-run underpriced (subsidized) coverage, but metros like Fort Myers and Tampa Bay also pay high rates relative to home values.

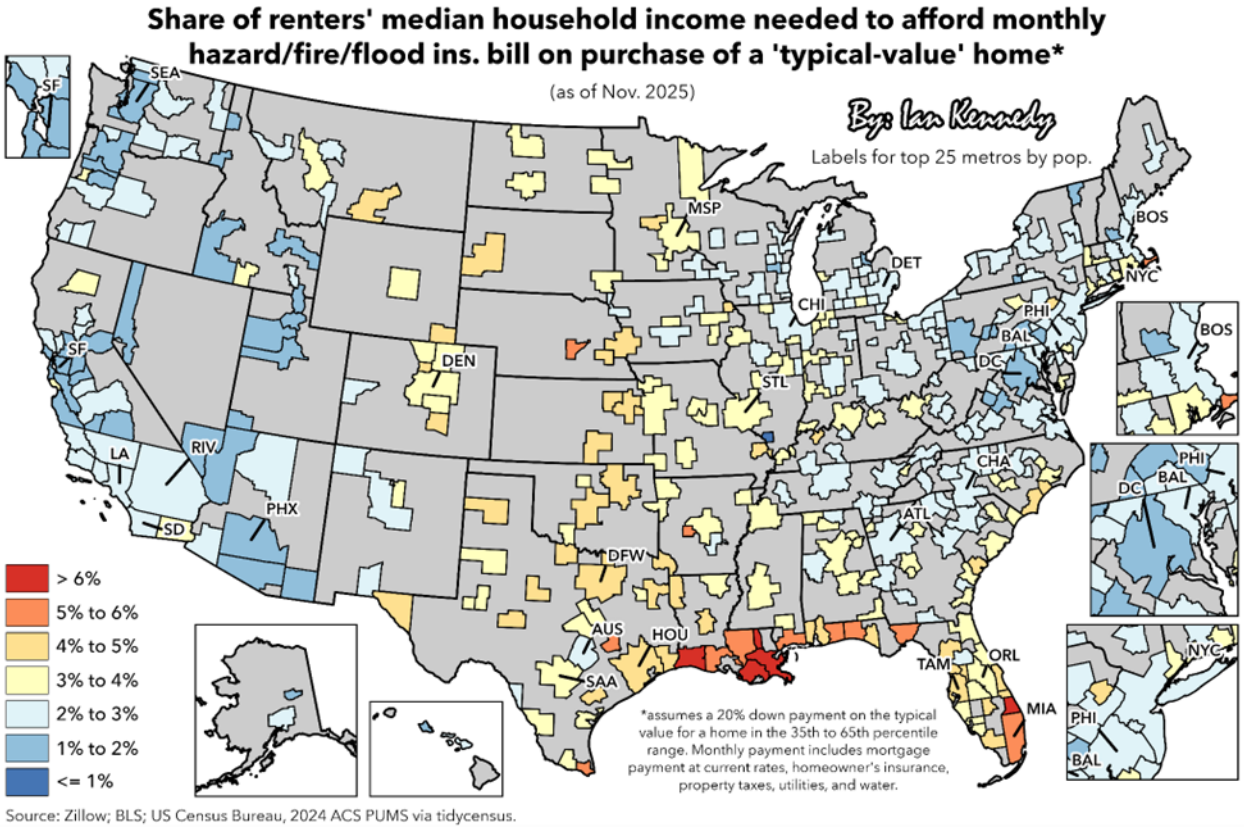
**Exhibit 5A: Least Affordable Metros on the Basis of Property Insurance Relative to Income and Home Values**

| CBSA Name | Prop Insurance/ Med Income | Prop Insurance/ Home Value |
|---|---|---|
| Houma-Bayou Cane-Thibodaux, LA | 4.37% | 1.50% |
| New Orleans-Metairie, LA | 5.93% | 1.47% |
| Gulfport-Biloxi, MS | 4.06% | 1.21% |
| Enid, OK | 2.43% | 1.20% |
| Lake Charles, LA | 3.52% | 1.20% |
| Lawton, OK | 2.78% | 1.18% |
| Beaumont-Port Arthur, TX | 2.95% | 1.09% |
| Wichita Falls, TX | 2.72% | 1.07% |
| Hammond, LA | 3.98% | 1.03% |
| Victoria, TX | 3.30% | 1.00% |
| Amarillo, TX | 3.00% | 1.00% |

[11] While NFIP rates are increasing every year, it is still well below full risk pricing as Congress has limited increases to 18% per year.

| | | |
|---|---|---|
| Texarkana, TX-AR | 2.99% | 0.96% |
| Lafayette, LA | 3.05% | 0.95% |
| Oklahoma City, OK | 3.09% | 0.94% |
| Sherman-Denison, TX | 3.76% | 0.92% |
| Abilene, TX | 2.82% | 0.91% |
| Topeka, KS | 2.51% | 0.90% |
| Wichita, KS | 2.66% | 0.90% |
| Danville, IL | 1.34% | 0.90% |
| Grand Island, NE | 3.23% | 0.90% |
| San Angelo, TX | 3.05% | 0.90% |
| Pine Bluff, AR | 1.64% | 0.87% |
| Longview, TX | 2.81% | 0.86% |
| Hattiesburg, MS | 2.86% | 0.85% |
| Tulsa, OK | 2.96% | 0.85% |

**Exhibit 5B: Property Insurance Rates Relative to Income and Home Values**



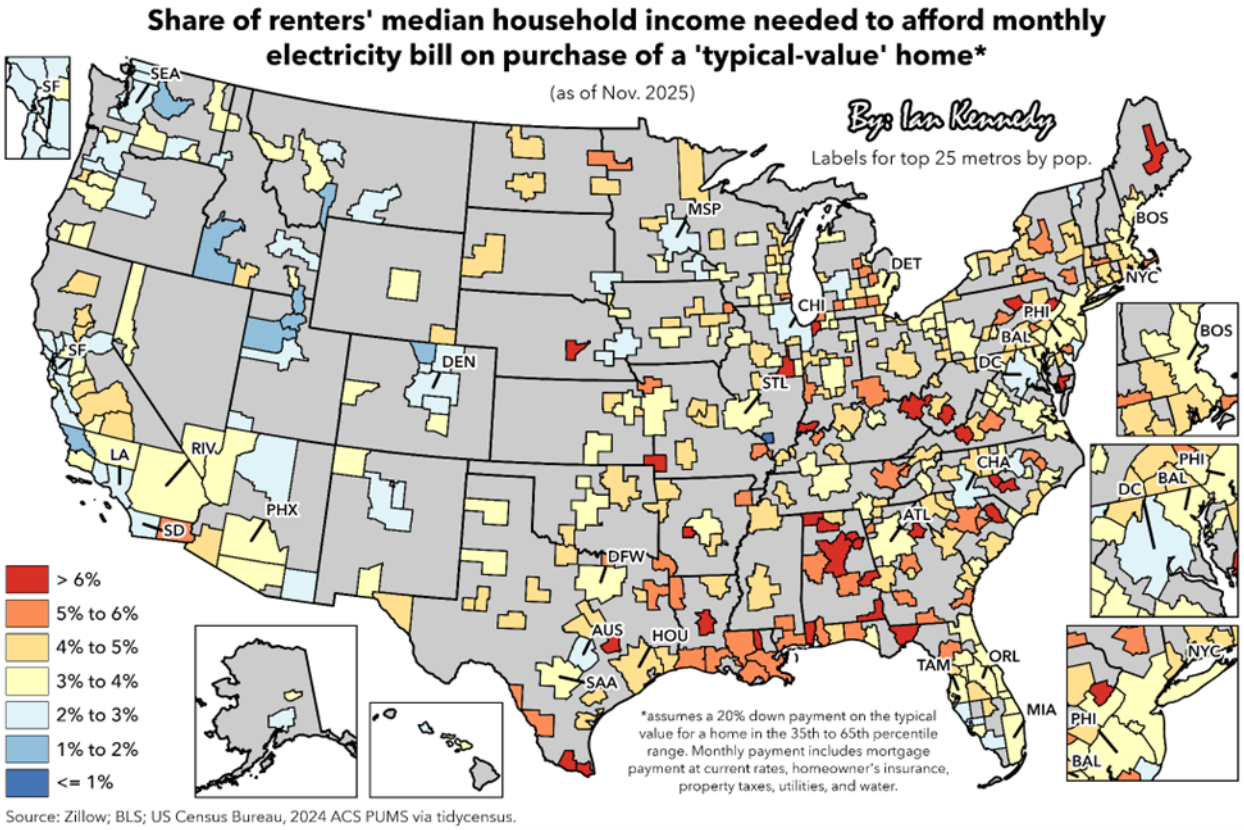
**Electric Rates and Affordability**

The highest electricity rates in the country are in Hawaii and California, yet these are also markets where less air conditioning and heating is needed, and where solar cell utilization is quite high, so the relative costs are manageable for most households. We find that electric rates tend to be somewhat regressive, affecting lower priced housing and lower income households the most. The result is that high electric rates in CA are not nearly as high relative to income as the electric costs are within lower income metros in AR, GA, WV, OK, TX, KS, and in rural areas. In metros like Brownsville-Harlingen, TX, where wages are low, the electric costs average nearly 5% of renter income and help push the total cost of ownership to 57% of income. Exhibits 6A below show the highest electric rates relative to home values and renters' median incomes. Rates may be higher per kilowatt in states like Hawaii and California but not that high relative to incomes or home values. In Exhibit 6B we show all metro areas.

**Exhibit 6A: Highest Electric Costs Relative to Home Values and Renter Incomes**

| CBSA_NAME | Electric/Home Value | Electric/Med Income |
|---|---|---|
| Decatur, IL | 1.68% | 3.14% |
| Pine Bluff, AR | 1.54% | 2.88% |
| Beckley, WV | 1.53% | 4.45% |
| Anniston-Oxford, AL | 1.52% | 4.72% |
| Danville, IL | 1.47% | 2.19% |
| Huntington-Ashland, WV-KY-OH | 1.40% | 3.63% |
| Eagle Pass, TX | 1.40% | 6.05% |
| Gadsden, AL | 1.36% | 4.17% |
| Peoria, IL | 1.34% | 2.83% |
| Lawton, OK | 1.33% | 3.16% |
| Enid, OK | 1.32% | 2.67% |
| Charleston, WV | 1.31% | 3.11% |
| Albany, GA | 1.30% | 3.75% |
| Brownsville-Harlingen, TX | 1.30% | 4.89% |
| McAllen-Edinburg-Mission, TX | 1.29% | 4.30% |
| Alexandria, LA | 1.29% | 3.87% |
| Florence-Muscle Shoals, AL | 1.28% | 3.93% |
| Dothan, AL | 1.27% | 4.00% |
| Joplin, MO-KS | 1.26% | 4.44% |
| Evansville, IN | 1.26% | 3.97% |

**Exhibit 6B: Electric Costs Relative to Home Values and Renter Incomes**




## Utilities and Affordability

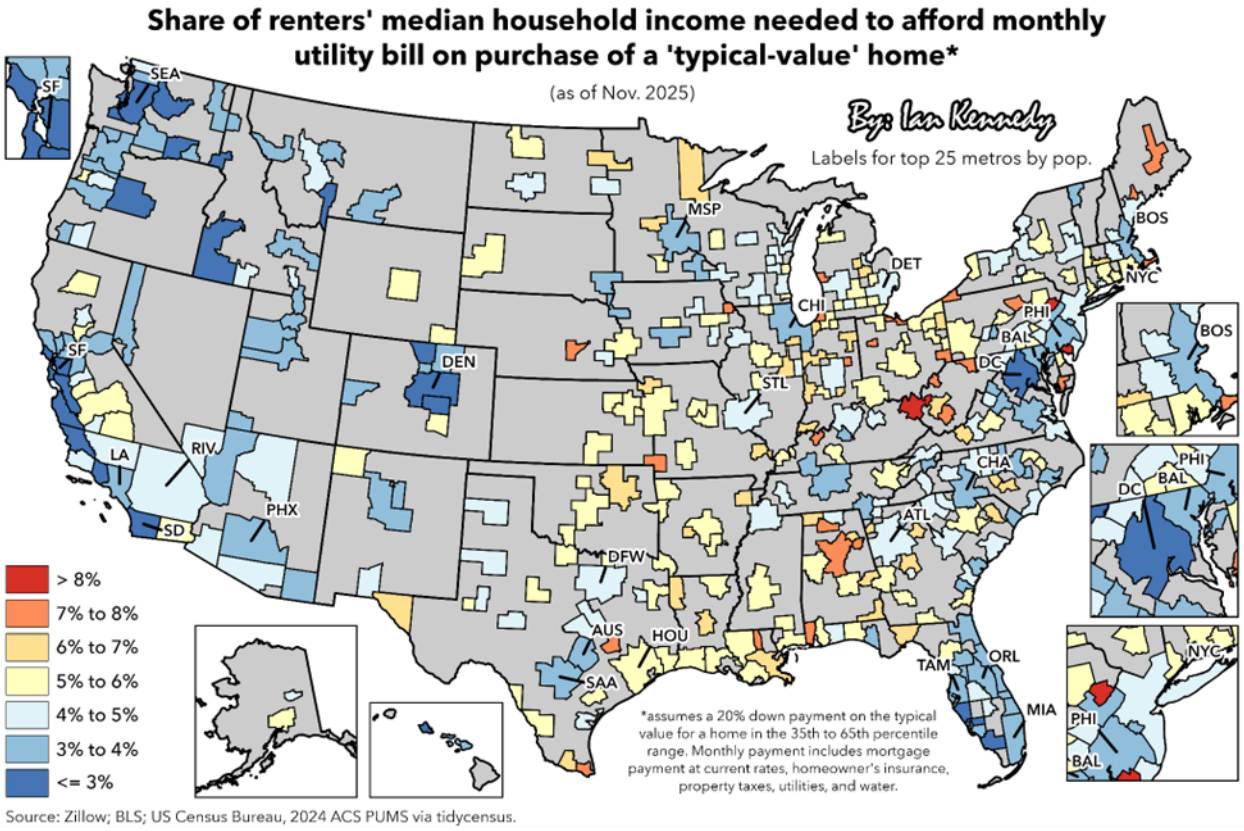
When we combine all utilities together, electric, gas, water and fuel oil, the most impacted metros tend to be more in the West Virginia area, Midwest and South-central parts of the US. Again, we see a pattern of regressivity, where the greatest burdens are in the lowest income areas, despite the greater reliance on cheaper coal in states like West Virginia. See Exhibit 7A for the top twenty least affordable metros on the basis of total utility costs and 7B for the entire USA metro map.

**Exhibit 7A: Least Affordable Metros on the Basis on All Utility Costs**

| CBSA | All utilities/Home Value | All Utilities/Med Income |
|---|---|---|
| Beckley, WV | 2.18% | 6.36% |
| Wheeling, WV-OH | 2.11% | 5.11% |
| Charleston, WV | 2.10% | 5.01% |
| Pine Bluff, AR | 2.08% | 3.91% |
| Danville, IL | 2.03% | 3.04% |
| Enid, OK | 2.00% | 4.04% |

| | | |
|---|---|---|
| Decatur, IL | 1.98% | 3.70% |
| Huntington-Ashland, WV-KY-OH | 1.91% | 4.96% |
| Lawton, OK | 1.90% | 4.50% |
| Parkersburg-Vienna, WV | 1.86% | 5.62% |
| Peoria, IL | 1.81% | 3.82% |
| Muncie, IN | 1.74% | 5.12% |
| Anniston-Oxford, AL | 1.73% | 5.40% |
| Weirton-Steubenville, WV-OH | 1.73% | 3.62% |
| Gadsden, AL | 1.72% | 5.28% |
| Wichita Falls, TX | 1.68% | 4.28% |
| Abilene, TX | 1.63% | 5.07% |
| Eagle Pass, TX | 1.62% | 7.02% |
| Lima, OH | 1.62% | 4.22% |
| Topeka, KS | 1.61% | 4.50% |
| Terre Haute, IN | 1.61% | 4.34% |

**Exhibit 7B: All Utility Costs Relative to Renter Incomes**



**A Note on Fuel Oil Use in New England states**

There are only six metros where fuel oil is still used extensively to heat homes in the winter. These are Lewis-Auburn, ME, Fairbanks-College, AK, Bangor, ME, Norwich-New London-Williamantic, CT and Worcester, MA. This is a result of a lack of infrastructure and some very old housing stock. In all these markets, natural wood stoves are also used extensively, and this fuel cost is not included in any official numbers. None of these fuel oil using markets are "affordable", but that is mostly because of low household incomes. We also observe a fair degree of self sufficiency in the case of Alaska. Such markets may be affordable for the very self-reliant type, able to live off the grid.

**Are Home Builders to Blame for Affordability Challenges?**

Occasionally builders bear the brunt of blame for a lack of housing affordability, even though in many markets land values exceed the value of buildings. That is, even if the homes could be produced at significantly lower costs, they would still be expensive as a result of high land values. These same markets also have very high entitlement fees and regulatory hurdles that slow down development and add to the uncertainty and costs faced by developers.

Manufactured housing and modular construction are sometimes touted as an answer to bringing costs down. Yet, most homes do use a significant proportion of premade trusses and windows and more, but factory-built housing is limited by the bureaucracy of old-fashioned building codes, inspections during construction, and the challenge of moving modular units' great distances. Builders have been criticized for not utilizing more technology to become more efficient, despite the challenges of small-scale construction required for urban infill bespoke housing provided by smaller home builders. A 2025 Brooking Paper titled "America's Housing Affordability Crisis and the Decline of Housing Supply" puts significant blame on home builders for not increasing productivity efficiency.[12] The criticism is likely misplaced and unfair.

What is fair is to show, as Glaeser and Gyourko do in their 2025 Brookings paper, that housing unit growth relative to population growth is declining in many markets, leading to a shortage of housing units. But the reasons are mostly politically driven and not related to productivity. They also point out that many builders are small and cannot afford to invest in R&D, but approximately half of all new homes since 2022 are built by large scale builders and such builders do utilize improved building technologies. The challenge is to find large-scale, but highly accessible, tracts of land where efficient construction is possible.

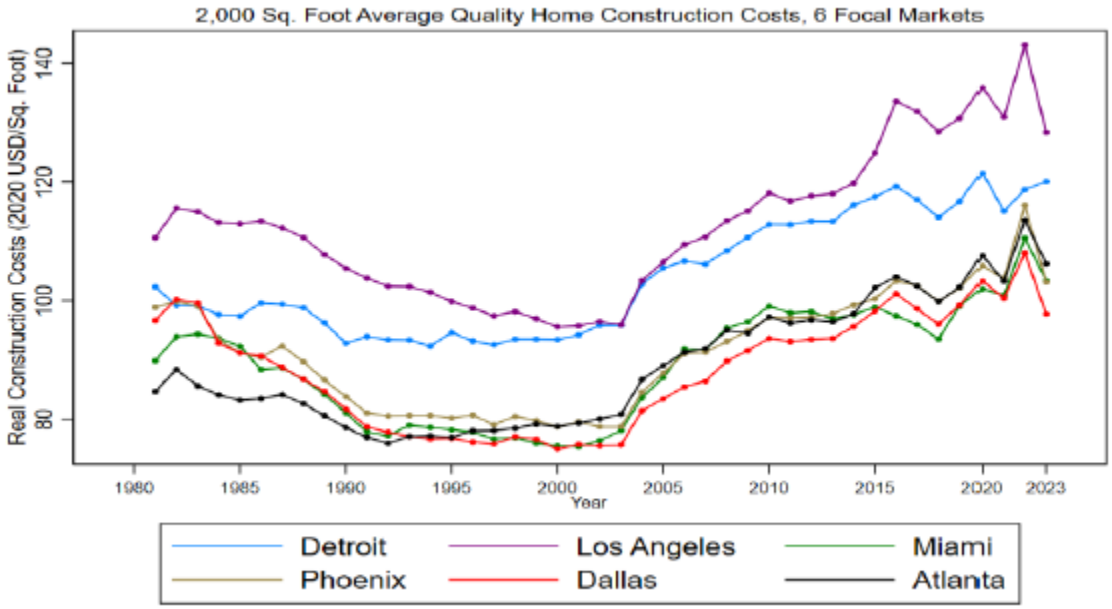
Glaeser and Gyourko provide the following graph (their Figure 6) that shows real costs have gone up in six major metros for a "standard" 2,000 square foot home. It is admirable to try and compare apples to apples with respect to constant housing quality from 1980 to 2023 but that is

[12] See "America's Housing Affordability Crisis and the Decline of Housing Supply" by Edward Glaeser (Harvard University) and Joseph Gyourko (The Wharton School, University of Pennsylvania), Brookings Papers March 27, 2025.

not possible. Prior to development there will be far more legal costs and fees up front for the modern builder, that are not part of hard costs but are part of total costs. Kitchens were smaller, ceilings were seldom cathedral, bathrooms were smaller, air conditioning was less common, appliances were not included as they are today, and most new developments include a significant degree of common amenities such as parks, pools, ponds and more that were not common in 1980. Builders today may build more efficiently but they have more upfront costs, and many features not part of the standard package in 1980. This graph, our Exhibit 8, is not clear evidence of inefficiency, but likely reflects additional real costs.

**Exhibit 8: Are Builders Less Efficient or Are They Providing More Amenities and Features and Facing Greater Upfront Costs?**

**Figure 6: 2,000 Sq. Foot Average Quality Home Construction Costs**




**Note:** The city-level square foot costs are taken from the RS Means Construction Cost books. We convert the costs into 2020 real USD values using non-seasonally adjusted all-items CPI for the nation.

**The Economic Base Matters: Renter Incomes**

Below, in Exhibit 9, we compare six different metros below on the basis of their economic bases, renter income and home prices. Two of these metros have been affected by the general decline in manufacturing employment. It is not that the US is not manufacturing products, but the proportion of labor required has continuously declined, resulting in a loss of job income in metros like Lima, OH and Toledo, OH, part of the so called "rust belt". The result has been relatively affordable housing, not because of supply constraints, but because of a lack of growth and demand. These metros are waiting for an economic miracle to utilize the rapidly ageing workforce that remains behind.

Cincinnati is an example of a diversified economy with modest growth and affordable prices. This is a market in balance. Orlando, also somewhat affordable, has significantly grown over the past decade and it remains the tourist capital of the US with many low paying jobs. Yet it remains affordable because of the ample housing supply of housing. Tourist-related jobs pay enough in Orlando to support rents and in some cases home ownership. This is in contrast to markets like San Diego, where tourist workers must travel far to find affordable housing.

In San Diego and San Jose, we have markets where buying a home is clearly out of reach for renters with home prices at over eleven times the typical renter income. In both these markets, regulatory and political supply constraints are significant, but in the case of San Jose, higher tech industry incomes provide for greater ability to at least pay rent if not own. In San Diego, by contrast, some jobs like those in Biotech provide ample income for affordable housing, but those working in tourism face extreme challenges, unable to even find affordable rental units. The point is that local markets like Orlando can justify expanding tourism related jobs, but markets like San Diego should not, unless it wishes to exacerbate the affordability problem. Metros can make the problem of affordability worse by recruiting the wrong types of jobs.

**Exhibit 9: The Economic Base, Job Types and Wages Greatly Affect Affordability**

| Metro | Med Renter Income | Med Home Price | Economic Base |
|---|---|---|---|
| | | | |
| Lima, OH | $35,255 | $ 176,398 | Manufacturing |
| Toledo, OH | $40,233 | $ 192,384 | Manufacturing and auto related |
| Cincinnati, OH | $47,687 | $ 293,885 | Diversified economy with major headquarters |
| Orlando, FL | $61,352 | $ 390,831 | Tourism dominates |
| San Diego, CA | $81,521 | $ 922,306 | BioTech, defense, tourism |
| San Jose, CA | $122,644 | $ 1,545,883 | Innovation tech, R&D |

**Conclusions**

While our relatively expensive and unaffordable housing markets determined on the basis of inclusive housing costs and renter incomes tend to correlate with least affordable rankings using simpler NAR-style affordability measures, there are significant shifts in the rankings when using all housing costs. As of 2026 over 63% of all metros required more than 50% of median renter incomes in order to buy a median priced house when all the costs listed here are included.[13]

Property taxes as a cost of home ownership are two to four times as expensive in some markets compared to the national average, and these costs should be included as part of any affordability

[13] Note we exclude maintenance and repair and HOA fees that would drive these costs higher.

index. In such markets, prices are more likely to stay lower as the high property taxes are capitalized into lower values, at least for those potential home buyers who do their research.

Property insurance costs vary considerably around the US as a function of fire risks, flood risks, wind risks and government provided insurance availability and these are a very significant portion of the costs of home ownership in about a third of the metros. In some markets the insurance costs are underpriced as the insurance is provided by the NFIP with limited ability to increase rates, and in such markets the affordability problem would be worse were it not for the subsidies.

Utility rates also vary considerably and while they are very high in markets like Hawaii and Southern California, there is also considerably less demand for heat and air conditioning in coastal markets, which helps to offset the high rates. Water was not separated here for analysis, although it was included in the total utility costs which are a significant burden in many metros.

Local metros that are highly affordable because of declining economic bases may provide cheaper alternatives for workers that are location free, so the work-from-home movement has benefitted many second and third tier metros.

The economic base and job types within a metro matter, and to the extent governments can influence which industries are sought after, they should be careful about promoting industries that pay wages below those necessary to afford local housing.

Last, housing affordability indices using improved databases and renter incomes are more realistic and should be utilized to provide greater market transparency. Consumers need to become more aware of property insurance costs and property taxes as well as utility costs prior to home purchase.

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