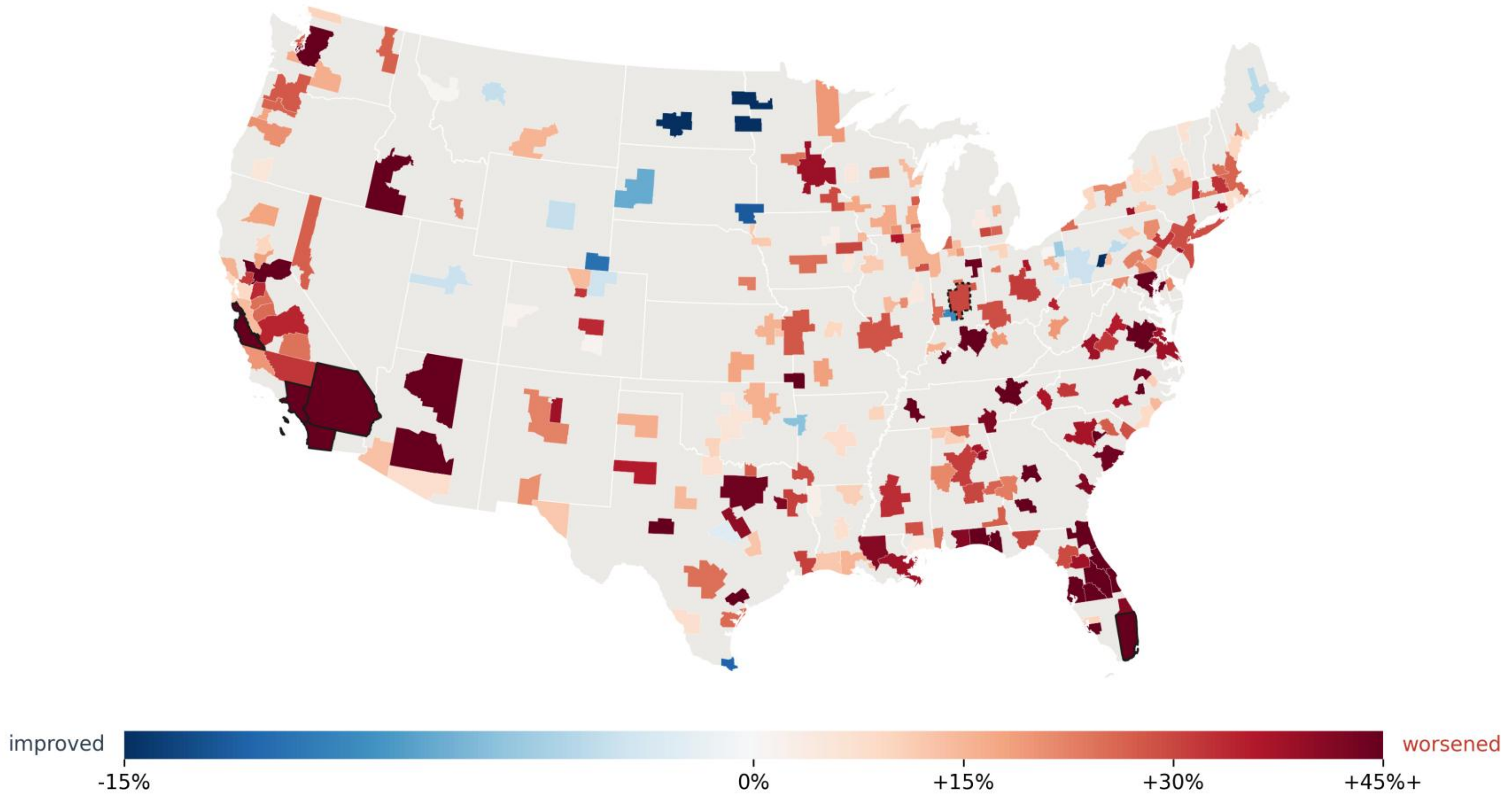
Housing Affordability Became a Majority Problem

Rents grew 3.7% a year since 2021 while area median income grew 2.9%. Compounded over 24 years, that gap costs the typical renter about $2,800 a year.

Change in the Share of Area Median Income Needed to Rent a Median 2-Bedroom Apartment, 2001 to 2025



Rent share = annual median two-bedroom rent divided by area median income for a three-person household. Balanced panel of 265 metropolitan areas observed in both years. Source: HUD Fair Market Rents and Income Limits.

92% of metros

saw rent rise faster than income since 2001, 244 of 265. The typical metro resident needed 25% more of their income to rent a median 2-bedroom housing unit in 2025.

69%

of metros where renting a median two-bedroom exceeds 30% of income for a 3-person household earning 60% of area median income. 124 metros crossed that line since 2001.

22.7 million

renter households paid more than 30% of income for housing in 2024, 49% of all renters and a record. 12.1 million paid more than half of their income.

771,480

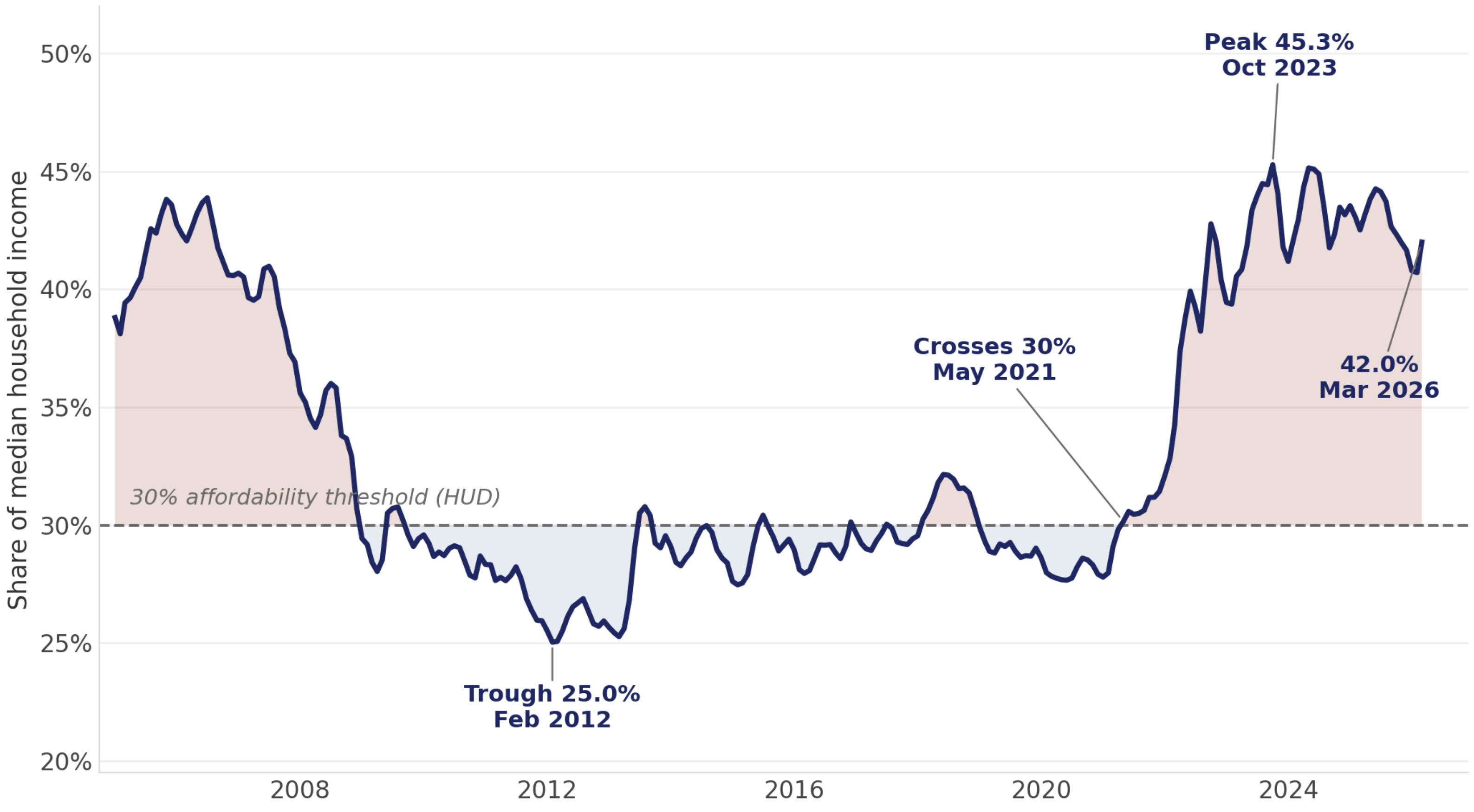
people homeless in 2024. This represented an 18% jump in one year and the largest on record.

Defining affordability. The convention is housing cost divided by gross income. The 1969 Brooke Amendment capped public housing rent at 25% of tenant income, borrowed from a pre-Depression underwriting rule of one week's wages for one month's rent. Congress raised it to 30% in 1981. Above 30% is cost burdened; above 50% is severely cost burdened.

Buying the median home stopped being affordable in May 2021

The payment on the median-priced home nearly doubled. Principal and interest drove three quarters of it.

Total cost of owning the median-priced home: P&I, taxes, insurance, PMI



94%

Increase in the total monthly payment of a median priced home from April 2019 to April 2026 with 10% downpayment

61%

Increase in median home price, from $250,896 to $403,823. The single largest driver of the payment increase.

11% and 7%

shares of the increase from property tax and hazard insurance. Effective property tax rates remain unchanged at 1.27% of assessed value and increased less than inflation.

59 months

consecutive above the 30% affordability threshold. The line has not crossed back since May 2021.

Share of the $1,490 increase in the monthly payment, April 2019 to April 2026

Time series: Federal Reserve Bank of Atlanta, Home Ownership Affordability Monitor, monthly, January 2005 to March 2026. Component detail: HOAM Cost Breakdown, April 2019 and April 2026.