

# **In Detroit, a Family Needs to Earn \$27,000 to Afford the Typical Home. In San Francisco, It's More Than \$265,000.**

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*In 68 of the 88 most populous U.S. metros, a median-priced home is affordable on a median household income.*

You'd need to earn an annual salary of more than \$265,000 to afford a typical home for sale in the San Francisco area, which clocked in at \$1.42 million in July. But the typical San Francisco household, with a median income of \$92,714, doesn't come close: In fact, a typical family in the area would need to nearly triple their annual income to comfortably purchase a home in their hometown. That's according to a Redfin analysis that ranks metro areas by the percentage of the metro's median household income needed to afford a local median-priced home, based on the assumption that a home is affordable only if it costs less than 30 percent of gross income.

The five least affordable metros by that measure—percentage of the area's median household income a family would need to buy a local median-priced home—are all in California. In the Anaheim metro, which encompasses Orange County, a household would need to earn \$135,554 per year to afford the typical home. That's more than double the area's median household income of \$65,331. The story is similar in San Jose, where a household would need to earn more than \$215,000 annually to afford the typical home. That's more than double San Jose's median household income. Next come Los Angeles and San Diego, where households need to earn 186 percent and 156 percent of the areas' median household incomes, respectively, to afford the typical home.

On the other end of the spectrum, a family in the Detroit metro would only need to earn \$26,690 per year to purchase a home at the area's median price point. That's less than half of the area's \$56,339 median income, making it the most affordable metro by the measure described above. It's followed by western New York's Rochester and Buffalo, along with Dayton, Ohio, all places where families need to earn about \$30,000 annually—only about half of each area's median household income—to buy the typical home. Rounding out the top five is Pittsburgh, where households need to earn just over \$30,000—much less than the area's median income—to purchase a median-priced home.

An area's overall housing affordability is based in part on the interaction between how much homes cost and how much money people earn. Analyzing just home prices without considering income for a particular area doesn't provide the entire picture of housing affordability and neither does considering income without its relationship to home prices. Places like San Francisco and San Jose, for instance, are home to some of the highest median household incomes, but even those aren't nearly enough to afford the areas' sky-high housing prices. Contrast that with an area like Bridgeport, Connecticut, where the median household income is

nearly as high as it is in San Francisco. But in Bridgeport, the typical home sells for \$420,000, putting it within the realm of affordability for the typical earner.

“People who live in places like Detroit, Pittsburgh and Cleveland tend to earn lower salaries than people in expensive coastal areas, but in many ways the midwesterners’ quality of life is better. Even though they may make less money, it’s easier to purchase a home and build equity while providing for a family,” said Redfin chief economist Daryl Fairweather. “It’s no secret there’s an affordability crisis in high-priced places like the Bay Area, where modest homes can sell for well over \$1 million. But in most of the country, homes are still affordable on the typical local income. That’s one reason people are looking to move to places like Phoenix, Atlanta and Las Vegas, where homes are affordable on realistic incomes.”

The table below shows the 88 most populous U.S. metro areas (excluding New York City), and for each, the annual income a household would need to earn to afford a median-priced home. The table is ranked according to the percentage of the local median household income needed to afford a median-priced home, with places where the typical home is unaffordable for the typical family at the top of the list, which works its way down to places where the typical home is affordable for a typical family. If the percentage is less than 100 percent, it means the typical home is affordable to the typical family. A percentage of 100 percent or more means the typical home is unaffordable to the typical local family. For example, a household in Fort Worth would need to earn 73 percent of that area’s median income to afford a median-priced home. But in Honolulu, a family would need to earn 144 percent of the area’s median income to afford a median-priced home. In 68 of the 88 most populated metros in the U.S., the typical home is affordable on that area’s median household income. In 20 of the most populated metros, the typical home costs more than what a family earning the area’s median income can afford.

### **Minimum Annual Income Needed to Afford a Typical Home in 88 of the Most Populous U.S. metros**

<b>Metro area</b>	<b>Minimum suggested yearly income to afford median-priced home</b>	<b>Median household income (2017)</b>	<b>What percentage of the metro’s median household income is necessary to afford a median-priced home?</b>	<b>Median sale price (July 2019)</b>	<b>Monthly housing payment for median-priced home (mortgage plus taxes)</b>
San Francisco, CA	\$265,499	\$92,714	286.4%	\$1,420,000	\$6,637.47
Anaheim, CA	\$135,554	\$65,331	207.5%	\$725,000	\$3,388.85
San Jose, CA	\$215,017	\$105,809	203.2%	\$1,150,000	\$5,375.41
Los Angeles, CA	\$121,531	\$65,331	186.0%	\$650,000	\$3,038.28
San Diego, CA	\$110,313	\$70,588	156.3%	\$590,000	\$2,757.82
Oakland, CA	\$140,228	\$92,714	151.2%	\$750,000	\$3,505.70

Honolulu, HI	\$115,828	\$80,078	144.6%	\$619,500	\$2,895.71
Oxnard, CA	\$114,426	\$81,972	139.6%	\$612,000	\$2,860.66
Seattle, WA	\$105,639	\$77,269	136.7%	\$565,000	\$2,640.96
Boston, MA	\$101,899	\$81,838	124.5%	\$545,000	\$2,547.48
Nassau County, NY	\$89,559	\$72,205	124.0%	\$479,000	\$2,238.98
Sacramento, CA	\$77,967	\$64,407	121.1%	\$417,000	\$1,949.17
Riverside, CA	\$71,049	\$59,173	120.1%	\$380,000	\$1,776.22
Miami, FL	\$59,644	\$51,758	115.2%	\$319,000	\$1,491.09
Portland, OR	\$75,630	\$66,657	113.5%	\$404,500	\$1,890.74
Denver, CO	\$79,463	\$71,884	110.5%	\$425,000	\$1,986.57
Fresno, CA	\$53,287	\$48,730	109.4%	\$285,000	\$1,332.17
Fort Lauderdale, FL	\$54,222	\$51,758	104.8%	\$290,000	\$1,355.54
West Palm Beach, FL	\$54,222	\$51,758	104.8%	\$290,000	\$1,355.54
Newark, NJ	\$74,788	\$72,205	103.6%	\$400,000	\$1,869.71
Las Vegas, NV	\$53,287	\$54,882	97.1%	\$285,000	\$1,332.17
Nashville, TN	\$56,839	\$59,365	95.7%	\$304,000	\$1,420.98
Salt Lake City, UT	\$64,505	\$67,838	95.1%	\$345,000	\$1,612.62
Montgomery County, PA	\$62,635	\$66,285	94.5%	\$335,000	\$1,565.88
North Port, FL	\$51,417	\$54,473	94.4%	\$275,000	\$1,285.43
Orlando, FL	\$48,238	\$52,261	92.3%	\$258,000	\$1,205.96
Bakersfield, CA	\$46,640	\$50,826	91.8%	\$249,450	\$1,166.00
Tacoma, WA	\$70,114	\$77,269	90.7%	\$375,000	\$1,752.85
Charleston, SC	\$52,165	\$57,666	90.5%	\$279,000	\$1,304.12
Phoenix, AZ	\$52,352	\$57,935	90.4%	\$280,000	\$1,308.80
Dallas, TX	\$57,026	\$63,870	89.3%	\$305,000	\$1,425.65
Tucson, AZ	\$43,377	\$48,676	89.1%	\$232,000	\$1,084.43
Tampa, FL	\$44,854	\$50,567	88.7%	\$239,900	\$1,121.36

Providence, RI	\$54,222	\$61,536	88.1%	\$290,000	\$1,355.54
Bridgeport, CT	\$78,528	\$89,773	87.5%	\$420,000	\$1,963.19
New Brunswick, NJ	\$63,009	\$72,205	87.3%	\$337,000	\$1,575.23
Charlotte, NC	\$50,352	\$57,871	87.0%	\$269,305	\$1,258.81
Austin, TX	\$59,831	\$69,717	85.8%	\$320,000	\$1,495.77
New Orleans, LA	\$43,003	\$50,154	85.7%	\$230,000	\$1,075.08
Greenville, SC	\$42,153	\$49,371	85.4%	\$225,450	\$1,053.81
McAllen, TX	\$30,850	\$37,097	83.2%	\$165,000	\$771.26
Knoxville, TN	\$41,321	\$49,820	82.9%	\$221,000	\$1,033.01
Jacksonville, FL	\$46,743	\$56,449	82.8%	\$250,000	\$1,168.57
Washington, DC	\$79,444	\$97,148	81.8%	\$424,900	\$1,986.10
Frederick, MD	\$78,715	\$97,148	81.0%	\$421,000	\$1,967.87
Albuquerque, NM	\$41,134	\$50,781	81.0%	\$220,000	\$1,028.34
San Antonio, TX	\$44,686	\$56,495	79.1%	\$239,000	\$1,117.15
Birmingham, AL	\$41,153	\$52,088	79.0%	\$220,106	\$1,028.84
Raleigh, NC	\$54,222	\$68,870	78.7%	\$290,000	\$1,355.54
Richmond, VA	\$49,734	\$63,599	78.2%	\$266,000	\$1,243.36
Memphis, TN	\$39,077	\$50,194	77.9%	\$209,000	\$976.92
Atlanta, GA	\$47,967	\$61,733	77.7%	\$256,550	\$1,199.18
Worcester, MA	\$52,352	\$68,311	76.6%	\$280,000	\$1,308.80
Virginia Beach, VA	\$47,304	\$61,889	76.4%	\$253,000	\$1,182.59
Warren, MI	\$42,629	\$56,339	75.7%	\$228,000	\$1,065.73
Chicago, IL	\$49,454	\$65,757	75.2%	\$264,500	\$1,236.35
Louisville, KY	\$40,666	\$54,624	74.4%	\$217,500	\$1,016.65

Baltimore, MD	\$56,278	\$75,646	74.4%	\$301,000	\$1,406.96
Houston, TX	\$46,743	\$62,922	74.3%	\$250,000	\$1,168.57
Milwaukee, WI	\$42,629	\$57,531	74.1%	\$228,000	\$1,065.73
Fort Worth, TX	\$46,743	\$63,870	73.2%	\$250,000	\$1,168.57
El Paso, TX	\$31,589	\$43,170	73.2%	\$168,950	\$789.72
Greensboro, NC	\$34,496	\$47,145	73.2%	\$184,500	\$862.40
Lake County, IL	\$47,678	\$65,757	72.5%	\$255,000	\$1,191.94
Minneapolis, MN	\$53,287	\$73,735	72.3%	\$285,000	\$1,332.17
Baton Rouge, LA	\$39,544	\$55,329	71.5%	\$211,500	\$988.61
Columbus, OH	\$42,723	\$60,170	71.0%	\$228,500	\$1,068.07
Grand Rapids, MI	\$40,666	\$58,094	70.0%	\$217,500	\$1,016.65
Kansas City, MO	\$42,050	\$61,479	68.4%	\$224,900	\$1,051.24
Indianapolis, IN	\$38,142	\$56,528	67.5%	\$204,000	\$953.55
Albany, NY	\$43,938	\$65,743	66.8%	\$235,000	\$1,098.45
Philadelphia, PA	\$44,125	\$66,285	66.6%	\$236,000	\$1,103.13
Allentown, PA	\$41,321	\$62,479	66.1%	\$221,000	\$1,033.01
Omaha, NE	\$40,947	\$62,345	65.7%	\$219,000	\$1,023.67
Elgin, IL	\$42,723	\$65,757	65.0%	\$228,500	\$1,068.07
Tulsa, OK	\$33,655	\$52,210	64.5%	\$180,000	\$841.37
Cincinnati, OH	\$38,007	\$59,478	63.9%	\$203,275	\$950.16
New Haven, CT	\$41,321	\$64,872	63.7%	\$221,000	\$1,033.01
Oklahoma City, OK	\$34,496	\$54,946	62.8%	\$184,500	\$862.40
Cleveland, OH	\$32,439	\$52,446	61.9%	\$173,500	\$810.99
Hartford, CT	\$44,864	\$73,209	61.3%	\$239,950	\$1,121.59

Camden, NJ	\$40,199	\$66,285	60.6%	\$215,000	\$1,004.97
St. Louis, MO	\$35,553	\$59,046	60.2%	\$190,150	\$888.81
Pittsburgh, PA	\$33,655	\$56,073	60.0%	\$180,000	\$841.37
Buffalo, NY	\$31,785	\$53,534	59.4%	\$169,999	\$794.62
Dayton, OH	\$28,980	\$51,204	56.6%	\$155,000	\$724.51
Rochester, NY	\$30,289	\$55,256	54.8%	\$162,000	\$757.23
Detroit, MI	\$26,690	\$56,339	47.4%	\$142,750	\$667.25

“Many people who make what would seem like a lot of money in most parts of the country cannot afford to purchase a single-family home, townhouse or condo in the Bay Area,” said local Redfin agent Kalena Masching. “Home prices are simply unattainable to most prospective homebuyers I meet unless they’re willing to commute an hour or two to work every day. Even the residents who could afford to pay more than \$7,000 a month for a mortgage payment have a hard time saving for a down payment because rents are so high. A large portion of homebuyers in the area are receiving help with down payments from their family.”

“I’ve recently started coming across buyers who are purchasing homes with friends or coworkers because it’s the only way they can afford to buy a home,” Masching continued. “In those cases, we need to find a home with bedrooms and bathrooms on separate levels so they can still feel some sense of privacy.”

Brittany Bosch, a Redfin agent in Cleveland, moved from San Francisco back to her Ohio hometown in 2015.

“My husband and I bought a home in Cleveland at the end of 2014, partly because the housing and cost of living is so much more affordable here than in the Bay Area,” Bosch said. “Even though most people living in Cleveland earn less money than they would on the West Coast, it’s still possible to find a desirable home within the city in the \$160,000 to \$170,000 range, which is affordable for most residents. But the homes priced that way in good condition do move quickly, and homes for sale in that range are becoming more and more rare.”

## Methodology

The metro areas included in this analysis each have a population of 750,000 or above. New York City is excluded. The median income for each metro is based on data from the 2017 American Community Survey five-year estimate, and the median home price for each metro is based on Redfin data from sales in July 2019. We calculated the total monthly housing payment based on a mortgage interest rate of 3.82% and a property tax rate of 1.125%, then multiplied the monthly housing payment by 12 months to determine the annual housing payment. To determine the minimum suggested yearly income to afford a median-priced home based on the rule that homes are affordable only if they cost less than 30 percent of gross income, we divided the yearly housing payment by 0.3.