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US Housing Affordability is Decent, Just Not in California

The affordability of homeownership dipped modestly in the second quarter according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI). The index edged down by 3.3 percentage points from the first quarter to 63.2.

The HOI is based on the percentage of homes sold during the relevant period that are **affordable to median-income earners**. The current reading indicates that between the beginning of April and the end of June 63.2 percent of new and existing homes that sold could be considered affordable.

The national median home price rose from $210,000 in the first quarter to **$230,000** in the second while mortgage rates edged down from 4.03 percent to 3.99 percent. The U.S. median income was $65,800.

"Though affordability edged slightly lower in the second quarter, the HOI remains well above 50, where **half** the households can afford half the homes sold," said NAHB Chief Economist David Crowe. "Low mortgage rates, pent-up demand and continued job growth should contribute to a gradual, steady rise in housing throughout the year."

The Youngstown, Ohio metropolitan statistical area (MSA) was rated the **nation's most affordable** major housing market. There, 90.6 percent of homes were considered affordable to families earning the area's median income of $53,700. Syracuse slipped to second place followed by Indianapolis, Scranton-Wilkes-Barre, and Cincinnati.

Kokomo (Indiana) topped the list of most affordable smaller housing markets with a **95.5** reading. The median income there is $55,200. Kokomo was followed by Davenport-Moline, Lima, Ohio; Elmira, and Cumberland, Maryland.

The San Francisco-San Mateo-Redwood City MSA should be retired to the **Hall of Fame** after marking its 11th consecutive quarter as the nation's least affordable major housing market. Only 11 percent of homes sold there in the second quarter were affordable to families earning the area's median income of $103,400.

Other major metros at the bottom of the affordability chart included Los Angeles, Santa Ana-Anaheim-Irvine, San Jose, and New York City.

National Average Mortgage Rates



Mortgage News Daily

	Rate	Change	Points
30YR Fixed	7.33%	-0.12	0.00
15YR Fixed	6.89%	-0.10	0.00
30YR FHA	6.95%	-0.10	0.00
30YR Jumbo	7.44%	-0.06	0.00
7/6 SOFR	6.81%	-0.19	0.00
30YR VA	6.97%	-0.10	0.00

Rates as of: 11/20

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.51	+0.41
10 YR Treasury	4.9403	-0.1033
30 YR Treasury	5.3324	-0.0738

Pricing as of: 11/20 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 11	199.8	-2.35%
Building Permits	Oct	1.3M	-7.5%
Housing Starts	Oct	1.31M	+7.21%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Oct	63	-4.69%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Nov	25	-13.79%

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All five least affordable small housing markets were in California. At the very bottom of the affordability chart was Santa Cruz-Watsonville, where **just 18.2 percent** of all new and existing homes sold were affordable to families earning the area's median income of $87,000. Other small markets at the lowest end of the affordability scale included Napa, Salinas, San Luis Obispo, and Santa Barbara, respectively.

"Home price appreciation in many markets across the nation are a sign that the housing recovery continues to move forward," said NAHB Chairman Tom Woods. "At the same time, the cost of building a home is rising due to higher costs for buildable lots and skilled labor."

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