

Here Are The Cities Where Middle-Class Homebuyers Are Screwed

BI businessinsider.com/zillow-housing-affordability-map-2014-7

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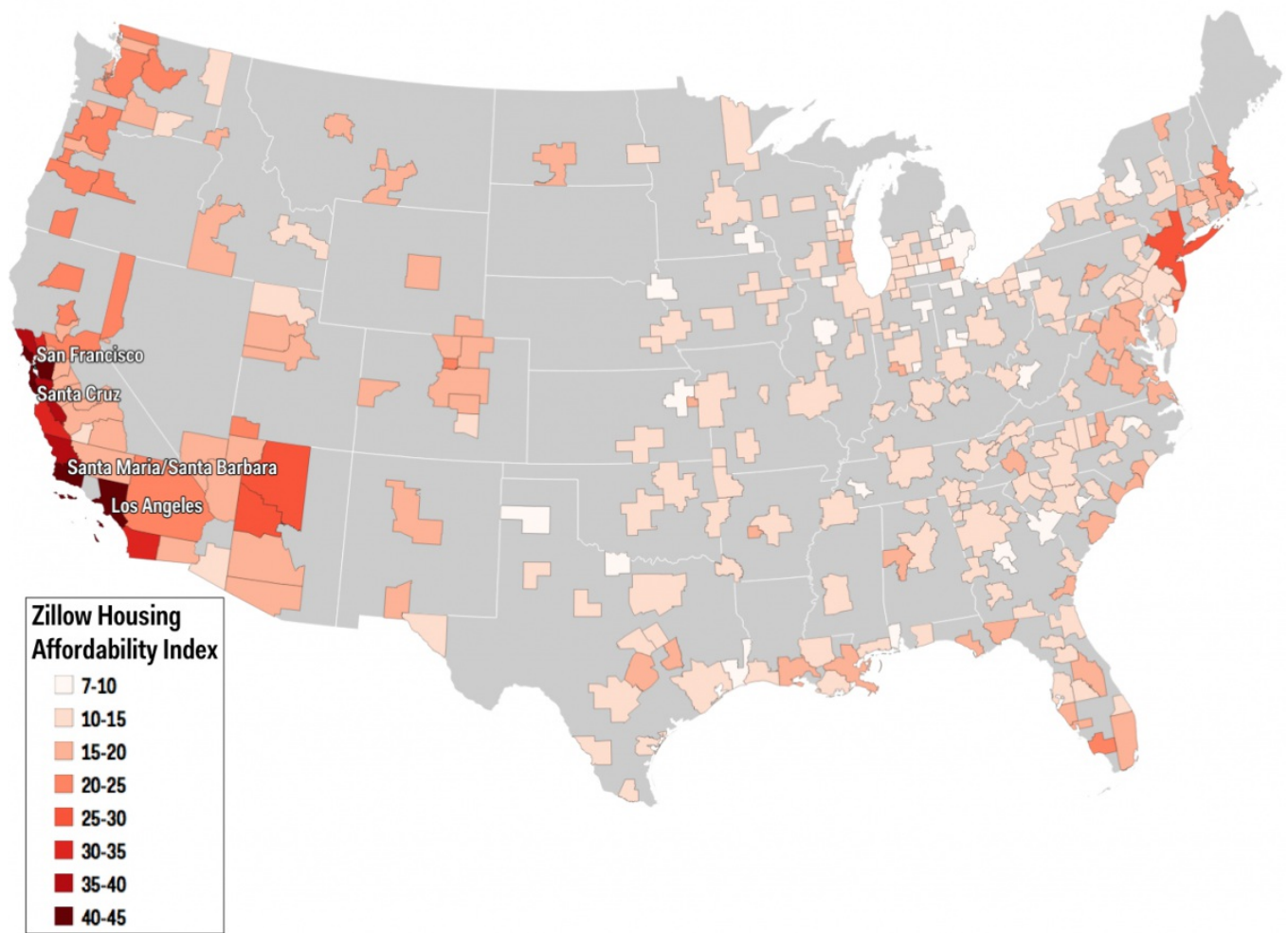
It's really hard for a middle class family to buy a house along the California coast.

Real estate research and marketplace site [Zillow](#) routinely calculates an [index of housing affordability](#). First, they use a [proprietary statistical model](#) to estimate housing values in a metropolitan area. Then, they calculate the monthly mortgage payment for a median price house in each metro area. Finally, they calculate the percentage of the median monthly income for each metro area needed to pay that mortgage payment.

For example, Zillow's estimate for the median home price in Abilene, TX during the first quarter of 2014 was \$98,600. After a 20% down payment, a homebuyer would need to take out a \$78,880 mortgage. Assuming a 30 year fixed rate mortgage at a 4.3% annual interest rate, this would lead to a monthly payment of about \$390, which we calculated using [Bankrate's mortgage calculator](#).

Zillow's estimate for the median annual income in Abilene is \$43,058, or a monthly income of about \$3,588. Finally, by dividing, we see that the \$390 mortgage payment is about 11% of that monthly income.

Here's a map showing [Zillow's Q1 2014 housing affordability estimates](#) in 285 of the nation's largest metropolitan areas. Darker regions indicate larger proportions of a median income needed to pay a mortgage on a median value house. The four California cities in which a median mortgage payment is at least 40% of a median income are also indicated by name:



[Business Insider/Andy Kiersz, data from Zillow](#)

The ten least affordable metro areas are all in California. This table shows the percent of median income needed to pay a mortgage on a median house for the ten least affordable areas:

City	Affordability
Santa Cruz, CA	45%
Los Angeles, CA	41%
San Francisco, CA	41%
Santa Maria/Santa Barbara, CA	40%
San Luis Obispo, CA	39%
San Jose, CA	38%
Santa Rosa, CA	36%
San Diego, CA	34%
Salinas, CA	33%
Napa, CA	33%

[Zillow](#)

Meanwhile, houses in some Midwestern and Southern cities are very affordable. Here are the cities where a median mortgage payment costs less than ten percent of a median income:

[Business Insider](#), data from [Zillow](#)

Zillow's [research blog](#) includes an [interactive infographic](#), breaking down housing and rental affordability across the country.

SEE ALSO: [Here Are The States That Are Adding Jobs The Fastest](#)

City	Affordability
Warner Robins, GA	9%
Augusta, GA	9%
Kokomo, IN	9%
Lima, OH	9%
Youngstown, OH	9%
Rockford, IL	9%
Flint, MI	9%
Bay City, MI	9%
Saginaw, MI	7%