



[Home](#) > [Resources](#) > [Economic & Housing Data](#) > [NAHB Indices](#) > [NAHB/Wells Fargo Housing Opportunity Index \(HOI\)](#) > ["NAHB/Wells Fargo Housing Opportunity Index \(HOI\)" News Releases](#) > [Housing Affordability Surges At Year-End 2008](#)

## HOUSING AFFORDABILITY SURGES AT YEAR-END 2008

[Normal View](#)

**February 19, 2009** - Nationwide housing affordability surged at year-end 2008 to its highest level in at least five years, according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI), released today.

The HOI indicated that 62.4 percent of all new and existing homes that were sold in the final quarter of 2008 were affordable to families earning the national median income of \$61,500, up considerably from the 56.1 percent of homes that were affordable to such families in the previous quarter and the 46.6 percent of homes that were affordable to them at the end of 2007.

"Falling home prices and very favorable mortgage rates both contributed to the housing affordability gains we saw in the fourth quarter of 2008," said NAHB Chairman Joe Robson, a home builder from Tulsa, Okla. "However, at the same time, worsening economic conditions, historically low consumer confidence and uncertainty about future home prices kept many qualified buyers on the sidelines.

Looking forward, we hope that the newly improved first-time home buyer tax credit, included in recently enacted economic stimulus legislation, will help spur buyer demand, and that government efforts to reduce foreclosures will put a floor under declining home values."

The most affordable major housing market in the country during the fourth quarter was once again Indianapolis, Ind., which has now topped the affordability list 14 consecutive times. There, just over 93 percent of all homes sold in the fourth quarter of 2008 were affordable to households earning the area's median family income of \$65,100.

Also near the top of the list of the most affordable major metro housing markets were Warren-Troy-Farmington Hills, Mich.; Youngstown-Warren-Boardman, Ohio-Pa.; Detroit-Livonia-Dearborn, Mich.; and Grand Rapids-Wyoming, Mich.

Several smaller housing markets posted even higher affordability scores than Indianapolis, with Lansing-East Lansing, Mich. outscoring all others. There, a full 95 percent of homes sold at the end of 2008 were affordable to middle-income earners. Other small housing markets ahead of Indianapolis on the affordability scale included Sandusky, Lima and Springfield, all in Ohio, as well as Bay City, in Michigan.

The nation's least affordable major housing market in the fourth quarter was again New York-White Plains-Wayne, N.Y.-N.J., where just under 14 percent of all homes sold during the period were affordable to those earning the median income of \$63,000. This was the metro area's third consecutive appearance at the bottom of the list. Other major metros near the bottom of the chart included San Francisco, Calif.; Nassau-Suffolk, N.Y.; Los Angeles-Long Beach-Glendale, Calif.; and Miami, Fla.

Among smaller metro areas, San Luis Obispo-Paso Robles, Calif. was the least affordable market, along with Ocean City, N.J.; Santa Cruz-Watsonville, Calif.; Napa, Calif.; and Flagstaff, Ariz., respectively.

Please visit [www.nahb.org/hoi](http://www.nahb.org/hoi) for tables, historic data and details.

**EDITOR'S NOTE:** The NAHB/Wells Fargo HOI is a measure of the percentage of homes sold in a

given area that are affordable to families earning that area's median income during a specific quarter. Prices of new and existing homes sold are collected from actual court records by First American Real Estate Solutions, a marketing company. Mortgage financing conditions incorporate interest rates on fixed- and adjustable-rate loans reported by the Federal Housing Finance Board.

The NAHB/Wells Fargo Housing Opportunity Index is strictly the product of NAHB Economics, and is not seen or influenced by any outside party prior to being released to the public.