RESEARCH BRIEF

Rising Costs of Homeownership Are a Growing Burden

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Housing affordability is a growing concern for homeowners. While high home prices and mortgage interest rates have forced first-time buyers to stretch their budgets, longtime homeowners are increasingly burdened by rising costs for home insurance, property taxes, utilities and routine maintenance of their homes. The greatest burdens are being shouldered by those with the lowest incomes, many of whom are older adults on fixed incomes or single-person and single-parent households relying on a single income. These homeowners have few options available to get immediate help paying housing-related bills, although several programs offer financial support for home improvements that can offer longer-term gains, such as for urgent repairs, weatherization, energy efficiency, or increased accessibility. With costs of homeownership rising and the number of households with burdens growing, demand for these programs will be necessary to keep homeowners safely and securely housed.

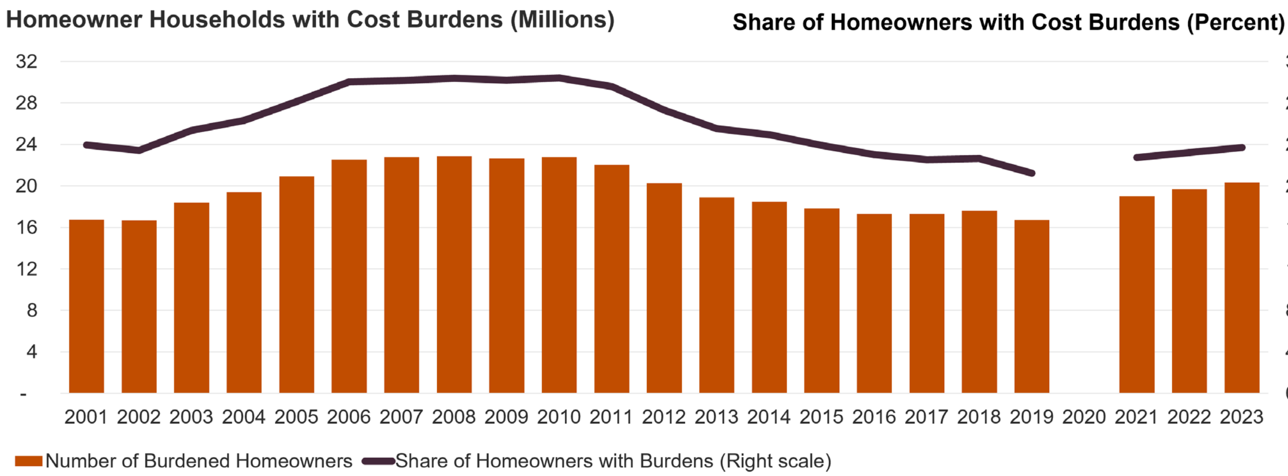
Homeowner Cost Burdens Rising Rapidly, Driven by Those with Severe Burdens

Increasing numbers of homeowners are burdened by high housing costs. The number of homeowners with cost burdens—defined as paying more than 30 percent of their incomes on housing costs—rose to 20.3 million in 2023, representing fully 23.7 percent of all homeowner households. Cost burdens rose by 646,000 homeowner households from 2022 to 2023 alone, while the rate was up by 0.5 percentage points. With this latest annual increase, the number of homeowners with burdens is up by 3.6 million households since 2019, while the cost burden rate is now 2.5 percentage points higher than in 2019 (**Figure 1**).

Slightly more than half of the recent rise in homeowner cost burdens has been from homeowners with severe cost burdens, defined as paying more than half of their income on housing costs. Homeowners with severe burdens rose by 346,000 households in 2023, accounting for 53 percent of the overall growth in cost burdens among homeowners, and by 2.3 million households since 2019, representing over 63 percent of the overall growth in cost burdens during that time. As a result, a total of 9.4 million homeowner households—fully 10.9 percent of all homeowners—were severely cost burdened in 2023.

FIGURE 1

THE NUMBER AND SHARE OF HOMEOWNERS WITH COST BURDENS IS RISING



Notes: Cost-burdened (severely cost-burdened) households pay more than 30 percent (more than 50 percent) of their income on housing. Data from 2020 are omitted due to data collection issues experienced during the COVID-19 pandemic, precluding comparisons with other years of data.

Source: JCHS Tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Lowest-Income Homeowners Facing the Largest Increases in Burdens

Burden rates were up across the income scale in 2023, but lowest-income homeowners, who already have the highest rates of burden, saw the largest increases and accounted for a disproportionate share of the growth in homeowners with cost burdens.

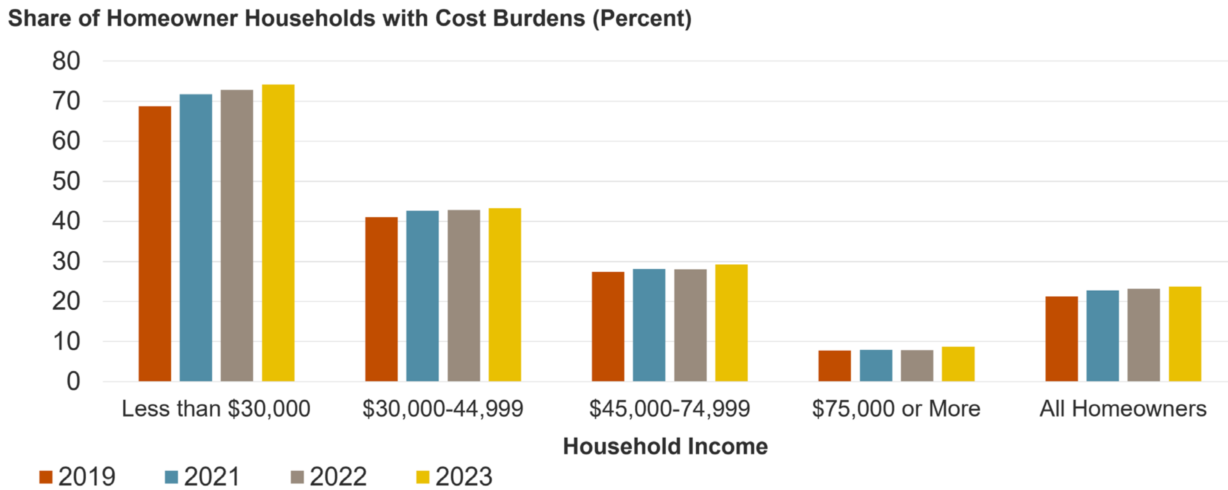
Nearly three-quarters (74.2 percent) of all homeowners earning less than $30,000 per year are burdened by housing costs, and more than half (55.0 percent) are severely burdened. At the same time, the already high cost burden rate for these lower-income homeowners has been rising more rapidly than for any other income group—up 1.4 percentage points in 2022–23 alone and up fully 5.4 percentage points since 2019 (**Figure 2**). Additionally, the 74.2 percent rate in 2023 was the highest rate for this income group on records dating back over twenty years, and meant that more than 8.0 million of the 10.9 million homeowners with incomes below $30,000 in 2023 paid more than 30 percent of their incomes on housing costs.

Severe burdens among lower-income homeowners also hit a new record high in 2023, at 55.0 percent, with 6.0 million out of the 10.9 million homeowners with income below $30,000 spending more than half their incomes on housing costs. This rate is over four percentage points above the previous peak of 50.8 percent, reached in 2010 during the mortgage crisis. Indeed, the severe burden rate for homeowners earning under $30,000 jumped 1.7 percentage points in 2022–23 alone and is up 6.3 percentage points since 2019.

As shown in Figure 2, burden rates have been rising more slowly for homeowners with higher incomes, leaving burdens even more highly concentrated among the lowest-income homeowners. As of 2023, households with incomes below $30,000 made up just 13 percent of all homeowners but 40 percent of all homeowners with cost burdens, and fully 64 percent of all homeowners with severe burdens.

FIGURE 2

COST BURDEN RATES ARE HIGHEST AND RISING MOST RAPIDLY FOR LOWEST-INCOME HOMEOWNERS



Notes: Cost-burdened (severely cost-burdened) households pay more than 30 percent (more than 50 percent) of their income on housing. Incomes are adjusted to constant 2023 dollars using the CPU-U for All Items. Data from 2020 are omitted due to data collection issues experienced during the COVID-19 pandemic, precluding comparisons with other years of data.

Source: JCHS Tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Seniors Behind Much of the Growth in Homeowner Burdens

A disproportionate share of the recent growth in homeowner cost burdens was from older adults. Between 2019 and 2023, the number of cost-burdened homeowners age 65 and over grew by 1.7 million households, which was nearly half (47 percent) of the 3.6 million overall increase in cost-burdened homeowners during that time (**Figure 3**). As a result, there were 7.9 million burdened homeowners age 65 and over in 2023, a full 27.6 percent of the homeowners in this age group.

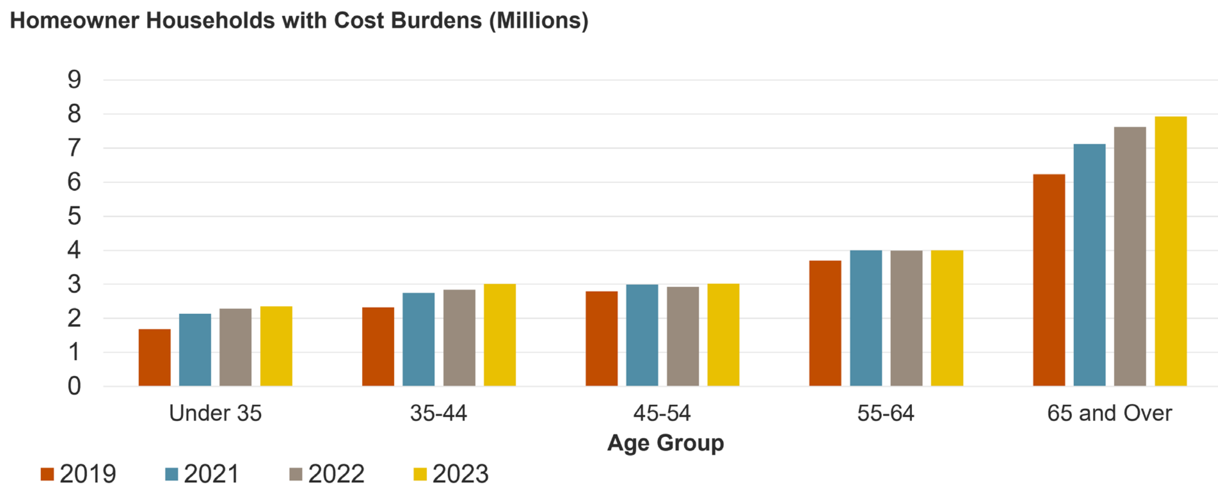
The rapid rise in the number of older homeowners with cost burdens is not simply because the population age 65 and over is increasing as more baby boomers enter this age group: the cost burden rate among older homeowners is also increasing. Between 2019 and 2023, the cost burden rate for homeowners aged 65 and over increased 3.5 percentage points, from 24.2 percent in 2019 to 27.6 percent in 2023. The rate grew fastest for those older adults with incomes below $30,000, whose burden rate rose by more than 6 percentage points during this time, from 63.2 percent in 2019 to 69.3 percent in 2023.

Even if their rates had not increased, recent growth in the number of older homeowners alone works to raise cost burden rates because older homeowners have the highest rate of cost burdens of any age group due to their relatively low incomes. Homeowners age 65 and over are more than twice as likely as younger owners to have an annual income below $30,000 (21 percent vs. 8 percent). Homeowners age 65 and over also made up fully 57 percent of all homeowners with incomes below $30,000 in 2023, even though they accounted for only 33 percent of homeowners overall in that year.

The significant growth in burdens among older homeowners is also evidence that much of the recent increase in homeowner cost burdens is from longtime homeowners rather than from new buyers in over their heads. In fact, more than half of all cost-burdened homeowners in 2023 (51 percent) have been living in their current home for more than ten years.

FIGURE 3

OLDER HOMEOWNERS ACCOUNTED FOR NEARLY HALF OF THE INCREASE IN COST BURDENS SINCE 2019



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Source: JCHS Tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Other Groups of Homeowners Facing High Burdens in 2023

Other groups of homeowners faced burdens at relatively high rates in 2023. Homeowners of color generally face the highest rates of cost burden. Nearly one-third of Black homeowners (32 percent) and 29 percent of Hispanic homeowners, as well as 26 percent of Asian, 25 percent of multiracial, and 24 percent of Native American homeowners were burdened in 2023, compared to just 22 percent of white homeowners (**Figure 4**).

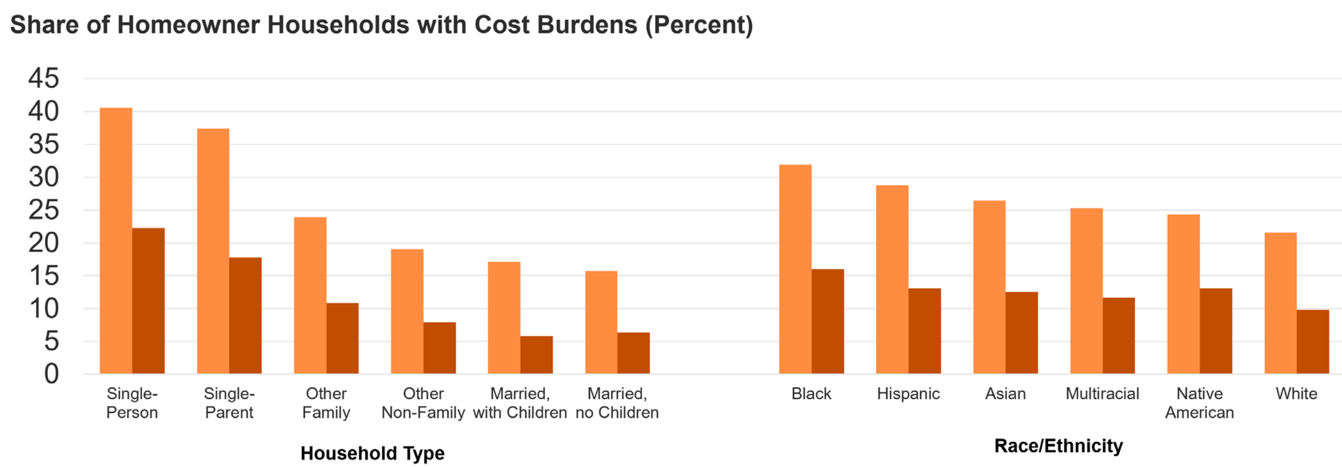
Some of the racial differences in burdens are due to racial income inequalities: homeowner households of color generally have lower incomes than those with a white householder, but even when looking only at low-income homeowners, cost burden rates are higher for households of color. Indeed, among homeowner households with incomes below $30,000, cost burden rates are high across all racial and ethnic groups, but highest for Asian (86 percent), Black (77 percent), and Hispanic (77 percent) homeowners, and lowest for non-Hispanic white households (73 percent).

Cost burdens are high and growing quickest among homeowner household types who may be financially vulnerable, such as those with just a single adult in the household to provide income. People living alone have the highest rate of burden among homeowners, at 41 percent in 2023, followed by single-parent homeowners (defined as those with children under 18), who had a cost burden rate of 37 percent in 2023. Together, these two household types have also had the largest growth in burden rates among all homeowners since 2019, with single-person burden rates up 4.2 percentage points and single-parent burdens up 2.6 percentage points since 2019.

Accounting for 8.0 million burdened households in 2023, single-person households are also the single largest group of burdened homeowner households. This group's relatively high rate of burden stems from their relatively low median annual income ($45,000). Single-parent households have the second-lowest median household income among household types, at $74,600, but make up far fewer burdened homeowners (1.7 million).

FIGURE 4

HOMEOWNER COST BURDEN RATES ARE HIGHEST FOR SINGLE-EARNER HOUSEHOLDS AND HOUSEHOLDS OF COLOR



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Source: JCHS Tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Meanwhile, married couples have the lowest burden rates of all homeowner households. Specifically, those without children have a burden rate of 16 percent, while those with children are burdened at 17 percent. These low rates follow from their relatively high median incomes of $140,000 and $110,600, respectively. Although the burden rates for these groups are low, there are over 50 million homeowner households headed by married couples both with and without children, so these two groups still account for 8.2 million, or nearly four out of every ten, burdened homeowner households.

Homeowners in households labeled ‘other family’ households, such as unmarried adults living with their parents, siblings, or adult children, also have a relatively high cost burden rate of 24 percent. The high burden rate for this living arrangement may reflect their relatively low household income compared to other homeowners ($80,400). Lastly, homeowners in non-family households, defined as those made up of unrelated adults, have a relatively low burden rate of 19 percent, reflecting their relatively high median income ($101,000).

Geography of Burdens Points to Role of Housing Costs in Rising Owner Burdens

Homeowner cost burden rates across the country in 2023 tend to correlate with metro area home prices, being generally higher in areas with the most expensive housing and lower in areas where home prices are lower. As of 2023, Miami topped all the country's 100 largest metropolitan areas with a homeowner cost burden rate of 35 percent. The median existing single family home price in Miami in 2023 was $593,000 according to the National Association of Realtors (NAR), which was well above the $394,100 nationwide median and nearly three times the $208,900 median in the Little Rock, Arkansas metro, which had the lowest homeowner cost burden rate in 2023 at 16 percent. High-cost metros New York and Honolulu also appeared in the ten most cost-burdened metros, with cost burden rates of 32 and 31 percent, respectively. Additionally, California was home to six of the top ten metros with the highest homeowner cost burden rates, with between 32 and 34 percent of all owners burdened in Los Angeles, Riverside, San Diego, Bakersfield, Oxnard, and Stockton. With the exception of Bakersfield, each of these metros had median home prices well above the nationwide median.

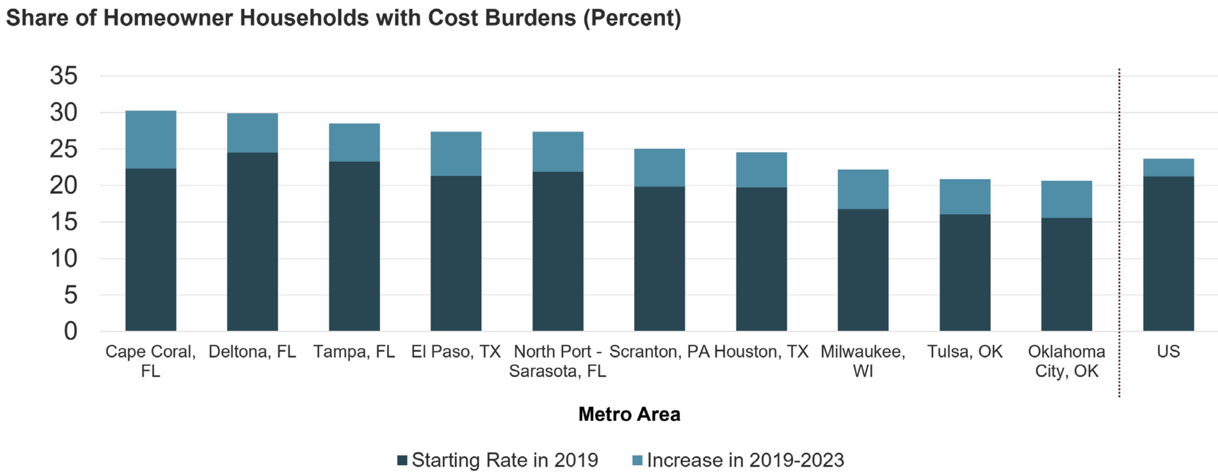
Meanwhile, homeowner cost burden rates in 2023 were lowest in metros across the Midwest and South, reflecting the generally lower home prices. In addition to Little Rock, the ten markets with the lowest homeowner burden rates—ranging from 16 to 18 percent—were all in these regions, including Greenville, Wichita, Toledo, Dayton, Knoxville, Akron, Grand Rapids, Madison, and Pittsburgh. Except for Madison, which had a median home price of $417,900 in 2023, each of these metros had a median existing home sales price below the overall US median in 2023, according to NAR.

At the same time, recent growth in cost burdens has been widespread across metros. Since 2019, homeowner cost burden rates increased in 93 out of the 100 largest metro areas. Many of the most significant increases in cost burden rates were in areas that have been traditionally more affordable. Metros such as Milwaukee, Scranton, and Oklahoma City, each of which had homeowner cost burden rates under 20 percent in 2019, all saw their share of homeowners with burdens grow by over 5 percentage points between 2019 and 2023—which was more than twice the rate of increase nationwide (**Figure 5**). Cost burdens also rose sharply in several metros in Florida and Texas. Cape Coral, which had a burden rate of 22.3 percent in 2019, led all metros with a shocking 7.9 percentage point increase in 2019–2023. Other Florida metros among those with the top ten largest increases in burdens include North Port-Sarasota (+5.5 percentage points), Deltona (+5.4 percentage points), and Tampa (+5.2 percentage points). Texas had two metros, El Paso (+6.1 percentage points) and Houston (+4.8 percentage points), in the top ten. The common denominator among these metros is that home prices rose much more rapidly than incomes.

Seven markets did experience modest declines in homeowner cost burdens between 2019 and 2023. These markets are difficult to categorize, ranging from large, coastal Washington, DC (-0.2 percentage point) to Little Rock, Arkansas (-0.9 percentage points) and Birmingham, Alabama (-0.3 percentage points). Declines in homeowner burden rates were all less than 1.0 percentage point except for in Hartford, Connecticut (-2.5 percentage points) and Greensboro, North Carolina (-1.4 percentage point), and therefore do not suggest much improvement in overall homeowner affordability. Additionally, despite their modest declines in overall burden rates, rates of severe burden rose in all but two of these markets—further underscoring the limited nature of any affordability gains.

FIGURE 5

SEVERAL MORE AFFORDABLE METROS HAD THE LARGEST GROWTH IN HOMEOWNER BURDEN RATES IN 2019–2023



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Source: JCHS Tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Rising Housing Costs Driving Up Cost Burdens

Sharp increases in housing costs, particularly for low-income households, have raised homeowner cost burden rates despite relatively strong gains in incomes. From 2019 to 2023, median monthly housing costs for homeowners rose 18 percent, nominally, which outpaced the 16 percent nominal increase in median income. However, for the bottom income quartile of homeowners (those with the lowest incomes), median monthly housing costs were up fully 25 percent (from $618 to $771), nominally, which was nearly twice the 13 percent rate of growth in median annual incomes for this group (from $26,200 to $29,500).

Some of the increase in cost of homeownership during this time is from the sharp increases in mortgage costs for homebuyers in recent years, resulting from the combination of rising interest rates and rising home prices. Between the first quarter of 2021 and the first quarter of 2024, the estimated monthly mortgage payment on the median priced home in the US nearly doubled, from $1,270 to $2,440—assuming a 30-year fixed rate mortgage with a 3.5 percent down payment (**Figure 6**). However, these increases impacted only recent homebuyers, whereas most of the increases in cost burdens between 2019 and 2023 were among longtime homeowners.

Still, mortgage payments are the single largest housing cost for most homeowners and therefore having a mortgage plays a significant role in whether or not a homeowner is cost burdened—even for those who are not recent homebuyers. This is especially true for those with lower incomes. Among homeowners in the bottom income quartile of homeowners, whose median monthly income is $2,458, those who have a mortgage pay a median of $1,356 per month on housing costs, while those who own their homes free and clear pay a median of $520 per month on housing. As a result, fully 84 percent of bottom-quartile homeowners with mortgages were cost burdened in 2023, compared to 41 percent of owners without mortgages.

FIGURE 6

BUYER COSTS ON THE US MEDIAN-PRICED HOME HAVE SKYROCKETED SINCE 2021

	2021:1	2022:1	2023:1	2024:1
US Median Single-Family Home Price (Dollars)	318,200	372,000	371,000	389,200
Interest Rate (Percent)	2.88	3.82	6.37	6.75
Down Payment and Closing Costs	20,700	24,200	24,100	25,300
Total Monthly Owner Costs (Dollars)	1,800	2,300	2,900	3,100
Mortgage Payment	1,270	1,680	2,230	2,440
Other Monthly Owner Costs	540	630	630	660
Annual Income Needed to Afford Monthly Payments (Dollars)	70,200	89,300	110,700	119,800

Notes: Monthly owner costs assume a mortgage with a 3.5 percent down payment on a 30-year fixed rate loan with zero points and 0.55 percent mortgage insurance, 0.35 percent property insurance, and 1.15 percent property tax rates. Annual income needed assumes total monthly debts are no higher than 43 percent of incomes with 12 percent coming from non-housing debts and 31 percent from housing payments.

Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; National Association of Realtors, Existing Single-Family Home Sales.

The 41 percent cost burden rate for unmortgaged homeowners in the bottom quartile demonstrates that mortgages are not the only source of burden for these homeowners. Indeed, non-mortgage costs increased rapidly in 2019–2023 and played a large role in the rising housing costs and resulting rising rates of cost burden for lower-income homeowners. Monthly housing costs for homeowners in the bottom income quartile who owned their homes free and clear increased 30 percent between 2019 and 2023 (from $400 to $520), which exceeded the 23 percent rate of increase in monthly housing costs for those with a mortgage (from $1,103 to $1,356). Truly, even those without a mortgage or with fixed mortgage costs were not shielded from rising housing costs.

Insurance costs are one example of how non-mortgage costs are rising for homeowners. According to the index from the US Bureau of Labor Statistics (BLS), the annual rate of increase in premium costs for homeowner's insurance jumped nearly six-fold on average nationwide in 2023, from a 1.4 percent increase in 2022 to an 8.1 percent increase in 2023, and has continued rising at that pace in 2024.[i] But increases varied widely by location, and according to a 2023 report from Policygenius, home insurance prices increased by as much as 35 percent year-over-year in Florida in 2023 alone.[ii] According to the ACS data used in the cost burden calculations, the median annual payment on home insurance rose 26 percent across all homeowners between 2019 and 2023, to $1,200. And for homeowners in the bottom income quartile, the median annual home insurance payment increased fully 32 percent during this time to $900.

Property taxes, too, have risen and added to the burdens of homeowners. According to ACS, median annual residential property tax payments for homeowners increased a nominal 17 percent between 2019 and 2023, to $2,750. Again, increases were most rapid for homeowners in the bottom income quartile, whose annual property tax payments rose 24 percent during this time, to a median of $1,550. A 2024 study by CoreLogic had similar results, finding the median annual single-family property tax payment rose 24 percent between 2019 and 2023, to $2,826.[iii]

Increases in fuels and utilities round out the other non-mortgage housing costs that contribute to rising burdens among homeowners. ACS data show that median payments on fuels, water, and electricity increased by roughly 19 percent among all homeowners (to $3,400 annually) as well as among those in the bottom income quartile (to $2,900 annually). Although increasing less rapidly than the other costs, the rise in these costs still outpaced the increase in nominal income for these homeowners.

Homeowners also have incurred sharp increases in other costs of homeownership since 2019 that do not contribute to monthly cost burdens as traditionally defined but nonetheless impact homeowners' housing conditions and finances.[iv] For example, the cost of home repairs has been rising sharply. After remaining relatively flat between mid-2019 and mid-2021, the BLS cost index for repair of household items surged and by July of 2023 was 34 percent higher than June 2019 levels.[v] Additionally, between 2019 and 2023, costs of household furnishings and operations had their sharpest nominal increase since the 1980s. This category, which tracks the costs of household equipment, furniture, and routine maintenance of homes, remained flat for three decades, with the level for June 2019 roughly equal to that of June of 1996. However, between June of 2019 and July of 2023, these costs rose over 19 percent. This had not happened since the early 1980s.[vi] With these costs up so rapidly since 2019, low-income homeowners may be more likely to defer maintenance and upkeep, which can result in worse living conditions and potentially larger spending needs in the future if small repairs go unaddressed and lead to additional damages that are more costly to fix.

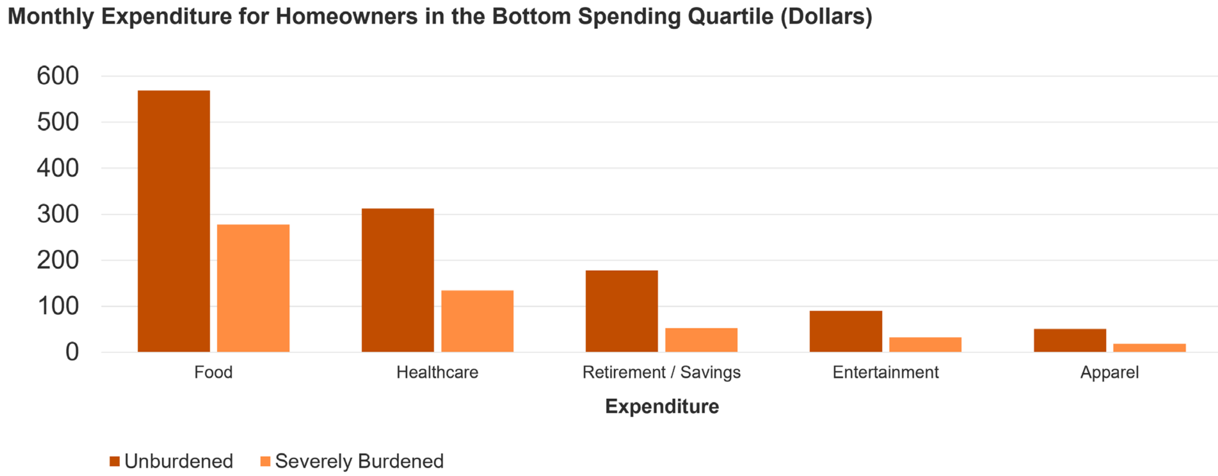
The Painful Impacts of Rising Cost Burdens on Lower-Income Homeowners

The sharply rising costs of mortgage payments, insurance, and property taxes since the pandemic cut deeply into the already modest amount of income that low-income homeowners have left to spend on other items after paying for housing. Lower-income homeowner households making less than $30,000 saw their inflation-adjusted residual income—the monthly amount left over after paying housing costs—plummet by fully 23 percent between 2019 and 2023 to just $570 at the median in 2023, an all-time low. This far outpaced the 3 percent drop in residual incomes among those making $30,000–$75,000 (to $3,200) and the 1 percent drop for homeowners earning $75,000 or more (to $9,800).

With so little left over each month after meeting their housing costs, lower-income homeowners, particularly those with cost burdens, are often forced to make difficult tradeoffs and spend less on other basic necessities, leading to substantial consequences for long-term health, well-being, and financial stability. Indeed, according to the 2023 Consumer Expenditure Survey, lower-income homeowners with severe housing cost burdens spent 57 percent less on healthcare needs and 51 percent less on food than their unburdened counterparts (**Figure 7**).[vii] The deficiencies in current spending point to several potential future consequences. Owners under age 65 in this group were less able to contribute to their retirement savings, putting aside 71 percent less than unburdened owners, while those age 65 and over spend about 42 percent less on healthcare needs and 45 percent less on food each month than those without burdens.

FIGURE 7

COST BURDENS FORCE LOWER-INCOME HOMEOWNERS TO REDUCE SPENDING ON OTHER NECESSITIES



Source: JCHS Tabulations of US BLS 2023 Consumer Expenditure Survey.

For some households, spending tradeoffs are not possible or are not sufficient to keep up with rising costs, which leaves them in unsafe conditions or at risk of losing their housing altogether. Among homeowner households making less than $25,000—which is the income group tracked by the Census Bureau's Household Pulse Survey—a full 39 percent reduced their spending on or went without necessities like medicine or food to pay their energy bill in 2024. Additionally, more than a quarter (28 percent) of these households kept their home at an unsafe temperature to reduce their energy costs. These strategies only go so far, though, and 24 percent of lower-income homeowners were unable to pay their full energy bill at least some months of the year. According to the US Energy Information Administration (EIA), roughly 33.6 million households faced energy insecurity, which is the inability to pay for basic household energy needs. According to the Household Pulse Survey, households with incomes under $25,000 have an especially tenuous grip on homeownership, with 16 percent reporting that they were behind on mortgage payments, compared to just over 5 percent among all owner households with a mortgage.

Forced to reduce spending on immediate necessities, burdened owners with low incomes may also be unable to afford to make household repairs and updates needed to maintain adequate units—yet another tradeoff faced by these households. Older owners with low incomes may be particularly susceptible to inadequate housing because they are more likely to live in older homes that they have been living in for many years. Well over half (58 percent) of all homeowners age 65 and over have been in their homes for more than twenty years, while roughly half (51 percent) of all homeowners age 80 and over have been in their home for over thirty years. These homeowners are also most likely to benefit from updates and improvements to their homes, such as accessibility updates and energy-efficiency updates to lower their above-average heating and cooling costs, given the higher incidence of disability among older adults and the low incidence of accessibility features within the housing stock.

Policy Implications

Rising cost burdens among lower-income homeowners have heightened the need for immediate assistance with such things as paying tax and utility bills and making crucial home repairs, in addition to help funding larger home improvements to reduce costs and increase the ability of low-income homeowners to be safely and securely housed over the long term. Where available, these supports can make a big difference for low-income homeowners.

Homeowners needing immediate help with their mortgage bills have fewer avenues to turn to with the closure of the nearly $10 billion Homeowner Assistance Fund (HAF), which through June 2024 helped nearly 550,000 households since it was established during the COVID-19 pandemic.[viii] Closing of HAF also took away a source of help for paying property insurance bills, which remain a difficult expense for lower-income homeowners. Since lenders require borrowers to have insurance, borrowers with lapsed insurance payments can have their mortgages put into default, or could have alternative insurance chosen by their lender in what is called force-placed insurance.[ix] Homeowners in thirty-four states have access to state-run FAIR plan insurance (Fair Access to Insurance Requirements) as an option of last resort for those denied home insurance from private companies, but these plans are generally more expensive than standard policies so are not a low-cost option.[x]

Low-income homeowners needing immediate assistance paying energy bills have been able to look to a small number of federal programs, such as the low-income housing energy assistance program (LIHEAP) at the Department of Health and Human Services. To help reduce the size of their energy bills and make them more manageable, homeowners have also turned to federal programs that support energy efficiency upgrades, like the Weatherization Assistance Program (WAP) at the Department of Energy. These programs got a big boost from the Inflation Reduction Act (IRA), which was one of the largest federal investments in energy efficiency improvements, including programs that lower energy costs for low-income households, but are now among the 2,600 federal programs under budgetary scrutiny by the current administration.[xi]

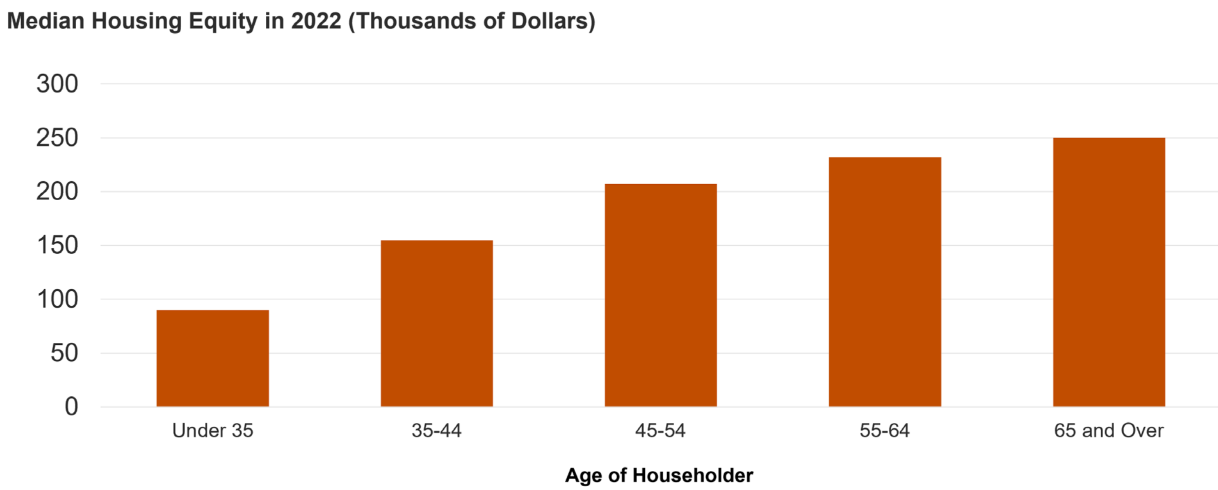
Lower-income homeowners in need of costly home repairs beyond weatherization have found assistance from their state housing finance agency, with programs that offer below-market financing options for low-income homeowners for home repairs and improvements. In rural areas, qualifying low-income residents have also benefited from Housing Preservation Grants and home repair grants from the USDA.

Lastly, to reduce the burden of property taxes, several states and local areas offer property tax exemptions or relief programs. Common efforts to help cash-constrained homeowners include circuit-breaker programs that limit property tax payments for certain groups to no more than a set percentage of household incomes, or deferral programs which allow certain homeowners to delay payment of their tax until they sell their home. While tax relief can be helpful to burdened homeowners, local governments may be limited in their ability offer it because property tax revenues are essential to their provision of public services. Consequently, state aid programs can also help make property tax relief more widely available.[xii]

The positive side of rising property tax burdens is that they stem from rising home values, which have enabled many homeowners to build up substantial equity in their homes in recent years. According to Joint Center tabulations of CoreLogic data, the nearly 50 percent increase in home values between 2019 and 2024 has provided the average homeowner a gain of nearly $200,000 in home equity. Older homeowners, who have the highest rates of cost burden, also have the highest amounts of equity in their homes. According to the most recent household wealth data from the 2022 Survey of Consumer Finance, which does not capture the full extent of recent gains, median home equity levels in 2022 ranged from $90,000 for homeowners under 35 up to $250,000 for those age 65 and over and are likely higher (**Figure 8**).

FIGURE 8

OLDER HOMEOWNERS ARE LIKELY TO HAVE HIGHER HOME EQUITY LEVELS



Source: JCHS Tabulations of US Federal Reserve Board, 2022 Survey of Consumer Finances.

There may be opportunities for older homeowners and other lower-income households who are house rich but cash poor to unlock the equity built up in their homes. But unlocking home equity remains a challenge because it comes at a cost. It means either selling one's home, which may be undesirable for older owners looking to age in place; or refinancing or getting a second mortgage or line of credit (HELOC), which can be costly at today's interest rates; or obtaining a reverse mortgage, which may be helpful to some but could involve significant transactions costs that cut into the overall wealth that older homeowners would prefer to bequeath to their heirs. Putting this equity to work in solving the affordability and housing quality needs of lower-income homeowners without adding to monthly payment burdens or putting housing security at risk is a challenge, and potentially an opportunity, facing a growing number of homeowners, policymakers, and practitioners.

Conclusion

The 2023 ACS showed that rising costs of homeownership are pushing up the number of homeowners with cost burdens. Non-mortgage costs of home insurance, property taxes, utilities and routine home maintenance have increased especially rapidly since the pandemic, raising costs even for homeowners who have locked in historically low interest rates on their mortgages. The most recent data show that burdens are rising most rapidly for many groups who already have high rates of burden, such as lower-income households, those over age 65, and other vulnerable groups. These challenges have highlighted the growing need for help reducing monthly housing costs on a number of items to help homeowners remain secure in their homes, as well as for sources of immediate and direct assistance to help distressed homeowners pay bills if they fall behind. The challenges have also highlighted the growing need to address longer-term housing issues that burdened homeowners cannot afford to think about when they are concerned with meeting their monthly obligations. Policies and programs can help homeowners address known shortcomings in the aging housing stock, with assistance for making necessary home repairs and for enhancing home energy efficiency and accessibility to meet the needs of an aging population.

Endnotes

i US Bureau of Labor Statistics, "Producer Price Index by Industry: Premiums for Property and Casualty Insurance: Premiums for Homeowner's Insurance [PCU9241269241262]," retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/PCU9241269241262, January 28, 2025.

ii Pat Howard, "Home Insurance Prices Up 21% as Homeowners Are Left to Deal with Climate Change, Turbulent Market," Policygenius, September 12, 2023, https://www.policygenius.com/homeowners-insurance/home-insurance-pricing-report-2023/.

iii https://www.nytimes.com/2024/03/28/realestate/how-much-higher-are-your-post-pandemic-property-taxes.html

iv Specifically, housing cost burden calculations are limited to reoccurring monthly or annual bills, such as mortgage or rent payments, utilities, and property taxes and insurance, and do not include one-off expenses for home repairs and improvements.

v U.S. Bureau of Labor Statistics, "Consumer Price Index for All Urban Consumers: Repair of Household Items in US City Average [CUUR0000SEHP04]," retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/CUUR0000SEHP04, January 28, 2025.

vi U.S. Bureau of Labor Statistics, "Consumer Price Index for All Urban Consumers: Household Furnishings and Operations in US City Average [CUUR0000SAH3]," retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/CUUR0000SAH3, January 28, 2025.

vii Lower-income homeowners in the Consumer Expenditure Survey data are proxied as those in the bottom spending quartile of all households.

viii US Department of the Treasury, "Homeowner Assistance Fund," https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/homeowner-assistance-fund.

ix See Meaghan Hunt, "What is Force-placed Insurance?" Bankrate, August 7, 2024, https://www.bankrate.com/insurance/car/force-place-insurance/#what-is-force-placed-insurance.

x See Pat Howard and Rachael Brennan, "FAIR Plan Home Insurance Guide," Policygenius, June 17, 2024, https://www.policygenius.com/homeowners-insurance/fair-plan/.

xi See The Upshot Staff, "Which Federal Programs Are Under Scrutiny? The Budget Office Named 2,600 of Them." New York Times, January 28, 2025, https://www.nytimes.com/interactive/2025/01/28/upshot/federal-programs-funding-trump-omb.html.

xii Adam H. Langley and Joan Youngman, "Property Tax Relief for Homeowners," Lincoln Institute of Land Policy, 2021, https://www.lincolninst.edu/publications/policy-focus-reports/property-tax-relief-homeowners/.

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