Homeownership Further Out of Reach

The Number of Years First-Time Homebuyers Need to Save for Down Payment and Closing Costs Has Doubled Since 2019

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About the Julian Bond Institute

The Julian Bond Institute for Financial Equity Research (JBI) is an initiative of the Center for Responsible Lending (CRL). It is named for Julian Bond — civil rights leader, co-founder of the Student Nonviolent Coordinating Committee, longtime NAACP chairman, and founding member of CRL's board — because the work of financial equity is inseparable from the work of civil rights.

JBI's mission is to produce research that the financial system cannot ignore: rigorous, representative, and grounded in the lived realities of the communities that mainstream financial research has too often treated as an afterthought.

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Introduction

For almost a century, owning a home has been understood to be a core part of the American dream. It's where folks families raise their children and build community. And it's a key path through which families build wealth they can pass on to the next generation.

Achieving homeownership has long been a top priority for most US households, and that continues today. The Julian Bond Institute for Financial Equity Research (JBI), an initiative of the Center for Responsible Lending (CRL), recently reported on the result of its Project 2050 Survey which studied Americans' financial aspirations across generations and racial groups and the obstacles they encounter in achieving them. That survey found that across the generations — from Baby Boomers to Gen Zers, and across demographic groups — the aspiration for homeownership continues to burn strongly.[1] Young people, no matter their race or ethnicity, have not given up on this aspect of the American dream. However, the path to homeownership continues to grow exceedingly challenging.

There has been much coverage of the difficulty aspiring homeowners face in being able to afford the monthly payments on a home loan. House prices that have far outpaced income growth, combined with elevated mortgage rates, have pushed monthly payments out of reach for most families.[2] But less attention has been given to an equally important part of the housing affordability squeeze: The impact that higher home prices and the affordability crisis are having on the ability of families to save enough money to afford the upfront costs of homeownership. JBI's 2050 survey shows this challenge looms large for would-be homeowners, especially those in peak homebuying years.[3]

An important part of the housing affordability squeeze is the role of upfront costs of homeownership — down payment and closing costs — in addition to high house prices and monthly payments.

Executive Summary

The Julian Bond Institute has examined how many years it would take a family aspiring to homeownership to accumulate sufficient funds to cover a down payment and closing costs for a starter home. (We refer to this as the "years to save.") We find the following:

- Since 2019, when CRL last analyzed this issue, the number of years to save for a renter family at the median income has doubled and has now reached a staggering 16 years.[4, 5]

From 2019 to 2026, the number of years for a renter household at the median income to save for a down payment and closings costs has doubled from 8 to 16 years.

- For Black households, the situation is even more dire: it would take the typical Black family seeking to become a homeowner and saving at the national saving rate a whopping 21 years to save enough to cover the upfront costs; this is five years more than for the typical White family.
- The trends we observe hold true when we limit our analysis to aspiring homeowners within the middle income bracket. The time it would take such a family to be able to afford the upfront costs of homeownership has doubled and is now 12 years. These same trends likewise hold true for frontline workers such as police officers, firefighters, EMTs and paramedics, as well as for nurses and teachers. For all these groups, the years to save has at least doubled and now ranges from 10 to 13 years.
- We examined the 10 largest metropolitan areas. Although there is some variation in the years it takes to save for homeownership, even in Houston — where the years to save is the lowest — it would take the typical aspiring homeowner 11 years to save enough money to purchase a starter home. In Los Angeles, it requires 24 years. And in all these areas, there has been a sizable increase in the number of years required to save since 2019.
- One of the key drivers for these findings is the fact that housing prices have grown at a faster rate than household income. That is at least as true in rural areas as in urban areas; indeed, the problem is even more acute in the fastest-growing rural areas than in urban areas.

Background

Housing and housing finance policy alone cannot affect the amount that families are able to save toward homeownership; it will take other measures addressing wages and a broad range of expenses to solve the affordability crisis so that families can increase their saving rate. But housing policy can at least seek to ameliorate the rate of increase in home prices that has outstripped income growth in all types of communities throughout the nation. This underscores the importance of initiatives to meaningfully increase the stock of affordable homes for first-time homebuyers.

But supply-side policies alone cannot address all the barriers would-be homebuyers are experiencing in saving enough to purchase a home. Rather, responsible low down payment mortgage loans and robust and efficient down payment assistance programs are essential to bring homeownership within reach for those who lack access to intergenerational wealth — that is, the "bank of mom and dad." Without such measures, overall wealth inequality will continue to increase, and the gaps in homeownership rates between White families and families of color — and the attendant wealth gap — are likely to increase still further.

Responsible low down payment mortgage loans and robust and efficient down payment assistance programs are essential to bring homeownership within reach for those who lack access to a "bank of mom and dad."

The Upfront Costs of Purchasing a Home

That purchasing a home requires a down payment is, of course, well understood, although many renters overestimate how large a down payment is required to obtain a mortgage.[6] Most mortgage lenders require at least a 5% down payment, and the average first-time homebuyer pays 10% down.[7] However, the Federal Housing Administration (FHA), which predominantly serves first-time homebuyers, requires only a 3.5% down payment, and while few banks offer FHA loans, they are widely available from independent mortgage companies that originate a large share of mortgages. We therefore use 3.5% as our measure of down payment costs.[8] We apply that percentage to the median price for a starter home in 2026, which we define as 80% of the median sales price of existing homes. We calculate that starter home price to be $335,574.[9]

Beyond the cost of the down payment, there are a variety of closing costs that a homebuyer must be prepared to pay to obtain a mortgage. Mortgage lenders typically charge origination fees and "points" on mortgages, the latter of which are calculated as a percentage of the mortgage amount. At closing, homebuyers generally must pay the first-year cost for homeowners insurance and a share of the cost of state and local recording taxes, as well as funding an escrow account to cover the first several months of property taxes. All of these costs are tied to the home purchase price. On top of these costs are various miscellaneous charges, such as for a credit report, home appraisal, document preparation, and the like, which can add up to a significant amount. We use NerdWallet's mortgage closing costs estimator in this analysis to calculate these costs based on our estimated starter price home and assumed a 3.5% down payment.[10] These closing costs themselves are comparable in size to a 3.5% down payment.

Savings and the Saving Rate

To calculate the number of years that it would take an aspiring homeowner family to save enough to pay a down payment and closing costs, we must first assume a saving rate, i.e., the percentage of the family's income that can be set aside and saved toward the purchase of a home. To do so we have looked to data from the Bureau of Economic Analysis (BEA) of the Commerce Department, which publishes monthly an estimate of the aggregate saving rate for all households in the United States. BEA draws on national account data to estimate national disposable (i.e., after-tax) household income and then calculates the amount of that income that is "left over" after subtracting estimated national household consumption expenditures and estimated national household interest payments. BEA treats that leftover amount as savings and calculates the national saving rate as a percentage of disposable income.

For the purposes of this paper, to calculate years to save we have used the national average saving rate as calculated by the BEA, adjusted it to be an equivalent percentage of pre-tax income, and then assumed that aspiring homeowner families can devote 75% of their savings toward a home purchase — recognizing the need for families to also create an emergency savings buffer and to save for retirement.[11] For 2026, that yields an assumed saving rate of 2.63%. (See Technical Appendix for details of the calculation.)

Even with this adjustment, the saving rate we are using to calculate years to save is an aggressive one. Researchers from BEA and the Bureau of Labor Statistics have demonstrated that the saving rate, as estimated by BEA, is heavily skewed by households at the upper end of the income distribution. At the middle and lower portion of the income distribution, the saving rate is quite a bit lower, and for a substantial share of the income distribution, it is

actually negative. Indeed, at the household level, the researchers estimate that over half of all households have negative savings.[12] This research suggests that the saving rate we are assuming is higher than the actual saving rate for households with the typical renter income. To the extent that is true, our estimates of years to save may be understated and the situation even more dire than we describe.

Findings

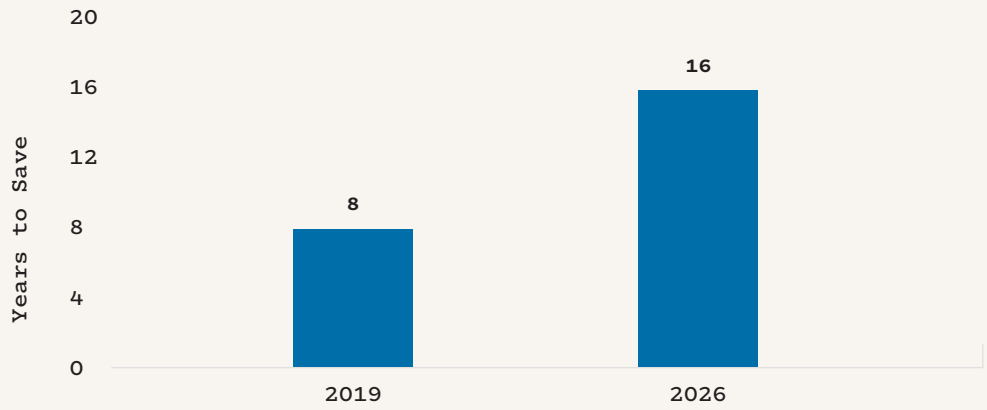
Finding One: It Will Take the Typical Renter Household 16 Years to Save Enough to Purchase a Starter Home, Twice as Long as Would Have Been Required Just 7 Years Ago

We first look at the situation of the typical family aspiring to homeownership: a household with income at the national median for all renter households. In 2026, we estimate that median to be $57,991. We assume such a family starts saving in 2026 at the estimated saving rate of 2.63%, which translates to annual savings of roughly $1,525. For such a family, it would take 16 years to accumulate enough savings to purchase a starter home.[13] In contrast, using the same assumptions and applying them to data from 2019, it would have taken the typical household aspiring to become a homeowner eight years to save. (Figure 1.)

Table 1: Renter Incomes Have Not Kept Pace with House Prices, While Saving Rates Have Declined

	2019	2026
Median Renter Income	$42,750	$57,991
Saving Rate (Adjusted for Taxes and Our 75% Factor)	3.96%	2.63%
Annual Savings	$1,693	$1,525
Median Starter Home Price	$217,520	$335,574
Median Down Payment (3.5%)	$7,613	$11,745
Closing Costs	$6,743	$12,618
Total Cash Required at Closing	$14,356	$24,363
Years to Save	8	16

Figure 1: The Typical Renter Household Now Has to Save 16 Years for the Upfront Costs of a Starter Home



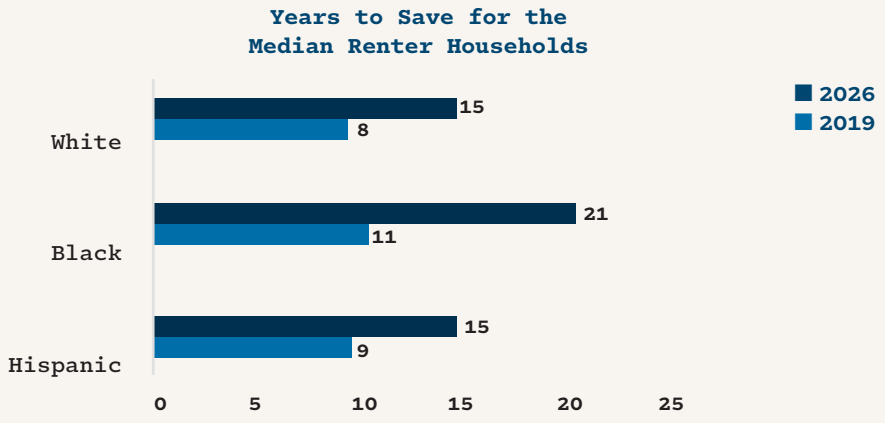
Finding Two: For the Typical Black Aspiring Homeowner Family, the Situation is Even More Dire

It is, of course, well known that there are enormous income disparities across racial and ethnic groups in the United States. For example, a recently released report from the Federal Reserve with results from its Survey of Consumer Finances finds that among all families, including renters and homeowners, the median Black family income in 2024 was just 52% of the median White family income — and that this gap actually grew five percentage points since 2021, as Black family income fell while White family income increased.[14]

Not surprisingly, this income disparity plays out among aspiring homeowner families as well. We estimate that in 2026, the median Black renter family income is $44,711, which is 27% less than that of the median White renter family. That means that the years to save will be longer for Black families aspiring to become homeowners than for White would-be homebuyers. In fact, even assuming that the saving rate is as high for those with lower incomes as it is for those with higher incomes — which, in fact, may be impossible — we still find that it would take the typical Black family seeking to buy their first home 21 years to save enough to purchase that home. That is six years more than for the typical White renter family. (Figure 2.)

> **It would take the typical Black family seeking to buy their first home 21 years to save enough to purchase that home. This is 6 years longer than the typical White renter family — and this disparity has doubled over the last 7 years.**

Figure 2: Increase in Years to Save from 2019 to 2026 Was Most Pronounced for Black Renter Households



To make matters worse, the situation of Black families seeking to become homeowners has deteriorated since 2019. We estimate that seven years ago, it would have taken such a family 11 years to save for the cost of a home purchase, three years more than for White would-be homeowner families. By 2026, that differential has doubled to six years.

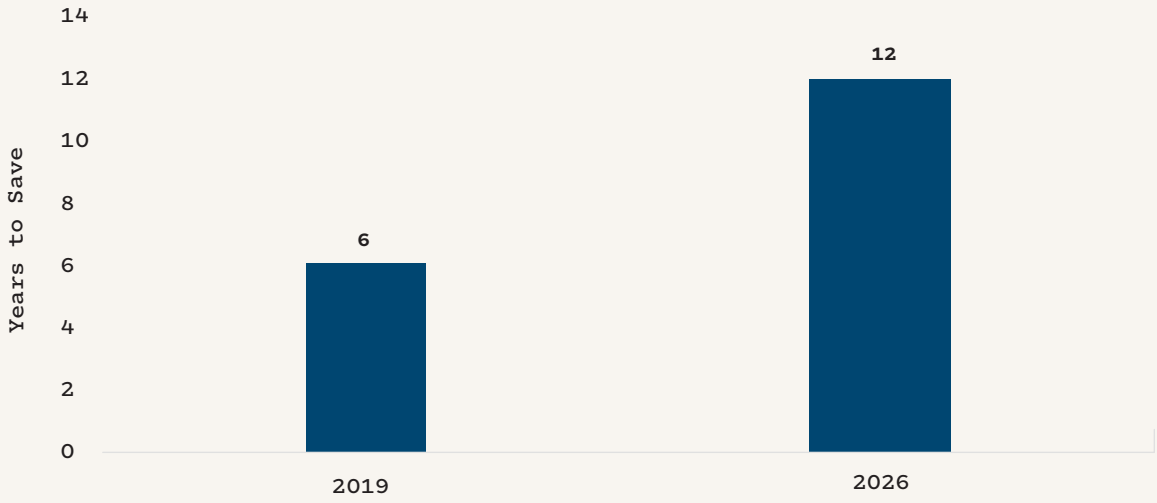
Finding Three: Even Among Middle-Income Families, the Path to Homeownership Takes Many Years

Our analysis thus far has considered renters writ large. We next focus on aspiring homeowners who fall within a middle income bracket, which we define as 60% to 140% of the national median income for all households, roughly $50,000 to $120,000. For renter households within this income range, we have calculated their median income and years to save.

Among middle-income renters, years to save has doubled from 2019 to 2026, increasing from 6 to 12 years.

The findings are stark. Even among these middle-income, would-be homeowners, it would take 12 years to save for a home purchase. That is double the time it would have taken in 2019. This holds true for White, Black, and Hispanic middle-income renters. (Excluding families at the lower and upper ends of the income spectrum does, however, largely eliminate the racial disparity in the years to save.)

Figure 3: The Typical Middle-Income Renter Household Now Has to Save 12 Years for the Upfront Costs of a Starter Home

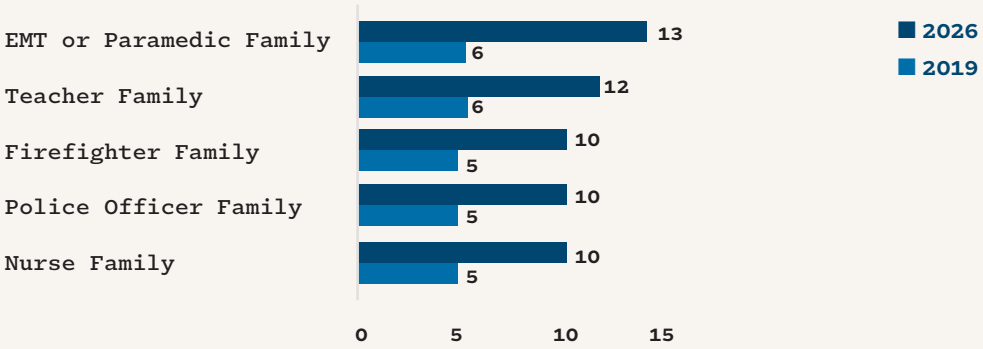


Finding Four: Frontline Workers Are Faring No Better

We estimated the years to save for families headed by workers in occupations on which all of us depend to protect our health and safety and educate our children. Specifically, we calculated the years to save for a family headed by a firefighter, police officer, emergency medical technician (EMT) or paramedic, nurse, and teacher with income at the median for renters in their occupation.[15, 16] For these occupations, we find that the years to save ranges from 10 years to 13 years and has at least doubled since 2019.

Among families with frontline workers, years to save ranges from 10 to 13 years and has at least doubled from 2019 to 2026.

Figure 4: Years to Save Have at Least Doubled for Frontline Workers

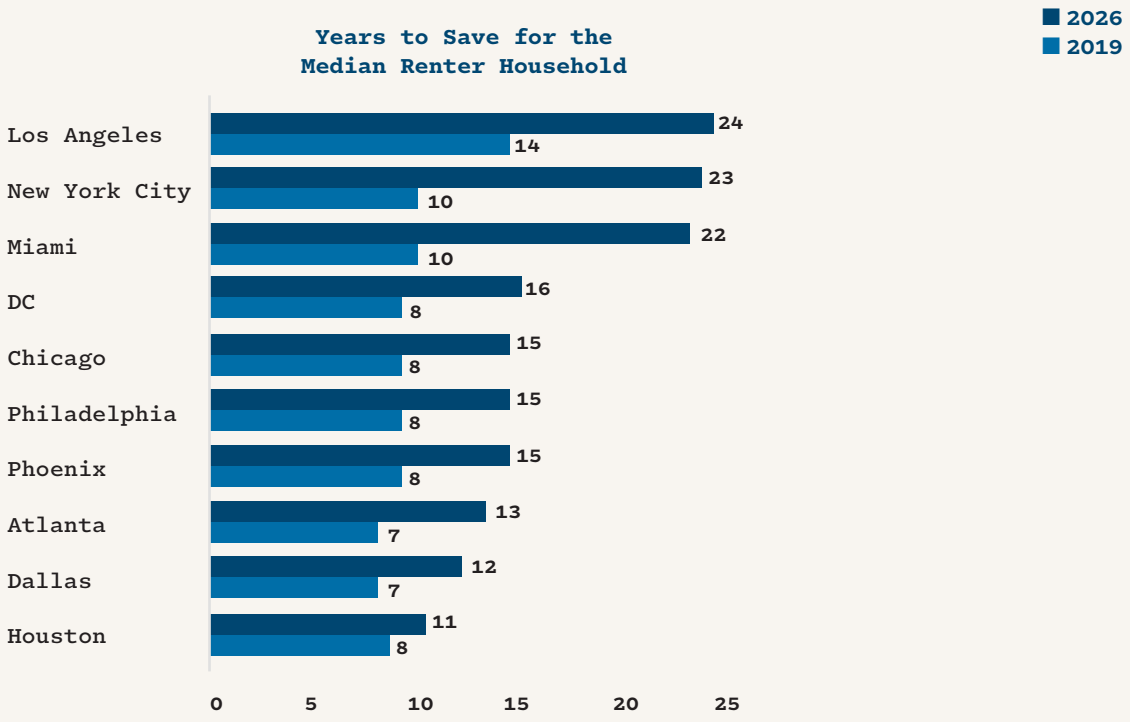


Finding Five: Saving for a Down Payment is Challenging Across the Country

In each of the largest 10 metros, years to save has increased sizably since 2019.

We calculated the years to save for the 10 largest metropolitan areas, using the median income for renters in each area and the median price of a starter home in each area. Although there is some variation across these areas, even in Houston — where the years to save is the lowest — it would take the typical aspiring homeowner 11 years to save enough money to purchase a starter home. At the opposite end of the spectrum, in Los Angeles, it would take 24 years. And in all these areas, there has been a sizable increase in the number of years required to save since 2019.

Figure 5: Across Metros, Years to Save Have Jumped Sharply for Renter Households



Nor is this an issue solely for those living in metropolitan areas. The gap between the rates at which incomes and home prices has been increasing — which is a key driver of the increase in years to save — is at least as pronounced In rural areas as in urban areas.[17] In fast growing rural areas, defined as those rural counties in the top quartile in terms of population growth, the increase in house prices has outstripped the increase in income to a much greater extent than in urban areas.[18]

Discussion

The United States today can be described as a Tale of Two Cities. Homeownership is a dividing characteristic.

Families who owned their homes at the start of the decade enjoyed huge wealth gains from high home appreciation, and many also realized significant reductions in ongoing housing costs from mortgage refinances that locked in historic low mortgage rates and payments.[19] In contrast, renters have been saddled with large rent increases that have only moderated in the last few years.[20] Many families aspiring to homeownership entered the workforce at challenging times, either during or shortly after the Great Recession or during the COVID-19 pandemic. Renters also are disproportionately middle income, and inflation took its greatest toll on such middle-income households.[21] Further, the debt burdens of middle-income families have risen faster than their incomes.[22] To add to these challenges, while the over 7,000,000 student loan borrowers who enrolled in the Saving on a Valuable Education (SAVE) program had hopes that their debt burden would become more manageable, most of these borrowers are facing larger payments than would have been required under SAVE or an alternative designed to address the student loan crisis.[23]

Millennials and Gen Zers still aspire to homeownership at the same rate as the generations that preceded them. In the face of all these challenges, this is a testament to the resilience of the American dream. But as our analysis here shows, the barriers these families face are large and growing. With a 16-year runway to accumulate sufficient savings to purchase a home, young children at the time the family starts saving may have left the household — for higher education or the workforce — before the family will have saved enough to purchase their first home.

These barriers are particularly challenging for households with less family and intergenerational wealth. This is especially true of families of color, who will form an increasing share of the households of the future.[24] The median Black family has $0.11 in wealth for every $1.00 of wealth of the median White family, a ratio that has deteriorated over the past three years as Black household wealth decreased, while White household wealth increased.[25] The median Hispanic family has made modest progress but still has only $.24 in wealth for every $1.00 of the median White family.[26]

To address the barriers to housing affordability, two types of concurrent reforms are needed. First, the nation must expand the supply of housing, especially the supply of starter homes that aspiring first-time homebuyers are more likely to be able to afford. It is essential for states and municipalities to reform their zoning codes to enable more starter homes

to be built on smaller lots, a key to expanding supply and thereby reducing house prices. Policies are also needed to support more building of affordable homes, including home types such as townhomes, condos, duplexes, and triplexes, and to explore how manufactured, modular, and panelized construction can reduce building costs. Further, policies are needed to encourage repair and renovation of existing homes to prevent them from being lost from the supply of homes.[27]

Second, there is an urgent need for robust and efficient down payment assistance programs that can enable homeownership for first-time homebuyers who are locked out of the market.

There is an urgent need for robust and efficient down payment assistance programs for would-be, first-time homebuyers, especially first-generation homebuyers.

The National Survey of Mortgage Originations conducted by the Federal Housing Finance Agency found that in 2024, 20% of borrowers received down payment help from family or friends.[28] Yet many first-time homebuyers do not have access to this kind of help, requiring them to seek assistance from a formal down payment assistance (DPA) program. But the same survey found that only 10% of borrowers received help from such a program. A 2026 LendingTree survey found an even larger disparity in the share of borrowers obtaining help from family or friends and the share receiving help from a DPA program.[29]

Formal DPA programs, which are generally run by state housing finance agencies or other governmental entities, are extremely helpful but are vastly underfunded and regularly run out of money.[30] Additionally, many of these programs feature complicated requirements and restrictions limiting which types of borrowers can access them. The complicated rules and lack of uniformity often deter lenders from participating in multiple programs. DPAs that serve first-generation homebuyers are particularly effective in targeting assistance to homebuyers whose parents have not had the benefit of homeownership and thus are least able to provide homebuying assistance to their adult children.

Finally, we must maintain America's historic commitment to low down payment mortgage programs run by FHA, the Department of Veterans Affairs (VA), the Department of Agriculture, and Fannie Mae and Freddie Mac. Over 83% of FHA mortgages for home purchases go to first-time homebuyers, many of whom make a 3.5% down payment.[31] For homebuyers who have served in the armed forces, the VA provides a benefit of zero-down payment mortgages, which enable hundreds of thousands of veterans to access homeownership.

Conclusion

The challenge of saving for a down payment and closing costs has dramatically grown in recent years and is a major obstacle to homeownership, both broadly and, especially, for families lacking access to intergenerational wealth. Importantly, since these costs are not tied to mortgage rates, a decline in mortgage rates will not improve this problem. Along with programs to increase the supply of modest, affordable, starter homes, continued support for lower down payment mortgages and down payment assistance programs is essential to provide opportunities for families to achieve homeownership and its many benefits.

Endnotes

[1] Spotser, Wang, & Weiss, *Ambition Without Access* (Julian Bond Institute 2026), https://www.julianbondinstitute.org/2050-survey/

[2] Whitney, *Home Prices Surge to Five Times Median Income, Nearing Historic Highs* (Harvard University Joint Center for Housing Studies, 2025), https://www.jchs.harvard.edu/blog/home-prices-surge-five-times-median-income-nearing-historic-highs

[3] In that survey, among those who reported aspiring to homeownership and not being on track to achieve that ambition, 43% cited saving for a down payment as a challenge they had experienced, a larger percentage than for any other challenge. Among Millennials, ages 29–44, 49% cited this challenge

[4] *Hardship for Renters: Too Many Years to Save for Mortgage Down Payment and Closing Costs.* In this analysis, we have changed some of the assumptions made in CRL's analysis for 2019. Those changes have had the net effect of reducing the estimated years to save from what CRL reported for 2019 and what we would be reporting for 2026, had we held all assumptions constant. Those changes do not affect the trends we are reporting with respect to the large increase in the number of years required to save for the costs of a home purchase.

[5] We use household incomes throughout the analysis in this report rather than family incomes. In the Census data, families have to be two or more related people. However, in the report, we use the colloquial terms "family" and "household" interchangeably.

[6] In a survey conducted by Fannie Mae, 30% of renters did not know what lenders require in terms of a down payment, and 85% thought it was 6% or greater. *Fannie Mae Mortgage Understanding Study: 2023 Refresh*, https://www.fanniemae.com/media/52106/display

[7] The Urban Institute's Housing Finance Policy Center computes and reports on the average down payment of first-time homebuyers in *Housing Finance at a Glance: A Monthly Chartbook*, https://www.urban.org/tags/housing-finance-glance-monthly-chartbook

[8] In its analysis of 2019 data, CRL calculated the years to save using down payments ranging from 3% to 20% and focused on the years to save with a 5% down payment. We use the FHA 3.5% figure here but recognize that, for some borrowers who can qualify for alternative financing, FHA mortgages can have higher ongoing mortgage costs than loans from Fannie Mae/Freddie Mac or Department of Veterans Affairs (VA).

[9] CRL's analysis of the years to save in 2019 used Census Bureau data, which reports on the median price for newly-constructed homes. Because so much of new housing is out of reach for first-time homebuyers, we use here the median sales price of existing homes as reported by the National Association of Realtors. Our assumption that first-time buyers purchase homes at 80% of the median yields a number comparable to the average home price for first-time homebuyers on Fannie Mae/Freddie Mac, FHA, and VA mortgages, as calculated by the Urban Institute Housing Finance Policy Center in its monthly chartbooks.

[10] A homebuyer may seek to cover these costs by having the mortgage lender advance the money and increase the mortgage interest rate as compensation. These are referred to as lender credits. Under current market conditions, we estimate that obtaining lender credits sufficient to cover our estimated closing costs would increase the interest rate on the mortgage by over one percentage point and add over $200 to the monthly principal and interest payment. Given the challenge facing prospective homebuyers of affording the monthly payments, we assume the homebuyer will cover closing costs to keep the monthly payment within reach.

[11] CRL's prior analysis also used the BEA saving rate but assumed that families devote 100% of savings toward a home purchase.

[12] Gindelsy & Martin, The Polarization of Personal Saving (2024), https://www.bls.gov/osmr/research-papers/2024/pdf/ec240050.pdf

[13] We assume for these purposes that the household's income increases in the future at the same pace as housing prices and that the household continues to save at the current saving rate. This is contrary to the trends observed over the past seven years, in which housing price increases have outstripped income gains and the saving rate has decreased. If those trends continued, the number of years to save would further increase. We do not factor into our analysis any compounding of savings, as the average interest rate paid on bank savings accounts is 0.37%. Federal Deposit Insurance Corporation, *National Rate and Rate Caps* (September 2026), https://www.fdic.gov/national-rates-and-rate-caps. Of course, higher interest rates are available from some banks and other types of financial institutions.

[14] Aladangady *et al.*, *Changes in U.S. Family Finances from 2022 to 2025: Evidence from the Survey of Consumer Finances*, Washington: Board of Governors of the Federal Reserve System, October, https://www.federalreserve.gov/publications/files/scf26.pdf. The SCF is administered every three years, and the income question relates to income during the prior year, so that the 2025 survey reports 2024 income disparities.

[15] We use renter household total income, whereas the prior analysis used wage and salary income for individuals with that occupation. For example, for firefighters, we use the median total income of renter households whose "householder/Census reference person" is a firefighter. We define nurse as either a registered nurse or a licensed practical nurse. We define teacher as a teacher of grades K–12.

[16] Census data have a "householder" designation, referring to the person answering the survey. The Census no longer has a "head of household" designation. We use "head of household" rather than "householder" for ease of discussion.

[17] https://www.jchs.harvard.edu/research-areas/working-papers/geography-pandemic-era-home-price-trends-and-implications

[18] Gaudette, *The Overlooked Housing Crisis in Rural America* (Third Way, 2026), https://www.thirdway.org/memo/the-overlooked-housing-crisis-in-rural-america

[19] *The Extraordinary Wealth Created by the Pandemic Housing Market* (New York Times, May 1, 2022), https://www.nytimes.com/2022/05/01/upshot/pandemic-housing-market-wealth.html?eafs_enabled=false; Haughwout *et al.*, *The Great Pandemic Mortgage Refinance Boom* (New York Federal Reserve Board 2023), https://libertystreeteconomics.newyorkfed.org/2023/05/the-great-pandemic-mortgage-refinance-boom/

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[21] Chakrabarti, *et al.*, *Inflation Disparities by Race and Income Narrow* (New York Federal Reserve Board, 2023), https://libertystreeteconomics.newyorkfed.org/2023/01/inflation-disparities-by-race-and-income-narrow/

[22] Jones *et. al.*, *Half of Every Dollar: How Household Debt Eats Into Workers' Income Gains* (Century Foundation, 2026), https://tcf.org/content/report/half-of-every-dollar-how-household-debt-eats-into-workers-income-gains/

[23] Fischer *et al.*, *Financial distress for student loan borrowers is about to get worse* (California Policy Lab, 2025), https://capolicylab.org/news/new-analysis-shows-student-loan-distress-is-about-to-go-from-bad-to-worse/

[24] Goodman & Zhu, *The Future of Headship and Home Ownership* (2021), https://www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership_0.pdf

[25] Aladangady *et al.*, *Changes in U.S. Family Finances from 2022 to 2025: Evidence from the Survey of Consumer Finances*, Washington: Board of Governors of the Federal Reserve System, October, https://www.federalreserve.gov/publications/files/scf26.pdf

[26] Ibid.

[27] Center for Affordable Housing Lending, *Next Playbook: Bringing Back the Starter Home* (2026), https://static1.squarespace.com/static/67dd69627071be10fb7c3fb4/t/6acfcd5ae051513b4f23612f/1792003418782/NAAHL_Policy_Brief_100926_V7-WEB.pdf

[28] *National Mortgage Database Technical Report 2 Appendix D: National Survey of Mortgage Originations Public Use File*, https://www.fhfa.gov/document/d/nsmo/nsmo-appendix-d-v70.pdf

[29] Schulz, *Nearly 80% of Gen Z Homeowners Had Down Payment Help on Their Current Home, and 33% of Them Say They Couldn't Have Bought Without It* (LendingTree, 2026), https://www.lendingtree.com/home/mortgage/down-payment-help-survey/

[30] Federal Deposit Insurance Corporation, *Affordable Mortgage Lending Guide: Down Payment and Closing Cost Assistance* (2021), https://www.fdic.gov/resources/bankers/affordable-mortgage-lending-center/guide/part-2-docs/down-payment.pdf

[31] Federal Housing Administration, *Annual Report to Congress Regarding the Financial Status of the Federal Housing Administration Mutual Mortgage Insurance Fund* (Department of Housing and Urban Development, 2025), https://www.hud.gov/sites/dfiles/Housing/documents/2025FHAAnnualReportMMIFund.pdf

[32] Due to the COVID-19 pandemic, response rates for the 2020 Census were low, so we do not use data for 2020 for our estimates of 2026 median total renter household incomes.

[33] The 2021 paper did offer a range of years to save estimates from 8 years to 30 years depending on the assumed down payment percentage, but its preferred estimate, using a 5% down payment, was 11 years to save. The lower bound estimate in the 2021 paper accords with our current estimate, although we arrive at that number through a different set of assumptions.

Technical Appendix

In this Technical Appendix, we explain the sources we used and the extrapolations we performed to arrive at the numbers used in the body of the report.

Starter home price: For the median price of a starter home in 2026, we start with the National Association of Realtors (NAR) monthly data on the median sales price of existing homes. (Median Sales Price of Existing Homes (HOSMEDUSM052N) | FRED | St. Louis Fed) We calculate the simple average of the January–August 2026 prices, which is $419,467. Because first-time homebuyers typically buy less expensive starter homes, we then take 80% of $419,467, that is, $335,574, and use that as the price of the median starter home in 2026.

For the 2019 house price, we start with NAR's national median sales price of existing homes for 2019 from Fed-Prime-Rate-Used-Home-Sales--August-2021.pdf, $271,900. We then take 80% of that number, $217,520, and use that as the cost of a median starter home in 2019.

Down payment: As previously explained, we model an FHA mortgage, which requires a minimum 3.5% down payment.

Closing costs: We use the closing costs calculator from NerdWallet: Closing Costs Calculator - NerdWallet. NerdWallet's calculator does not include in closing costs FHA's 1.75% required upfront mortgage insurance payment, consistent with the typical FHA borrower financing that payment by folding it into their mortgage loan.

For 2026, we use the output of NerdWallet's closing costs calculator. The calculator requires the user to input a mortgage interest rate in addition to the house price (our starter house price) and the down payment. For the mortgage rate, we use the simple average over 1/2/26 to 10/9/26 of the daily 30-year fixed rate FHA mortgage index from 30-Year Fixed Rate FHA Mortgage Index (OBMMIFHA30YF) | FRED | St. Louis Fed, 6.3%. Using that mortgage rate, the median price of a starter home as explained above, and a 3.5% down payment, the NerdWallet calculator yields closing costs of $12,618, which is 3.8% of the assumed house price.

CRL's 2021 paper analyzing 2019 costs also used the NerdWallet calculator, yielding, at that time, closing costs that were 3.1% of the assumed house price with either a 3% or 5% down payment, which is lower than the percentage reflected in the calculator's 2026 number. (Since 2019 there has been a large increase in the cost of homeowners insurance, and there may have been an increase in costs charged by lenders.) For our 2019 calculations for this report, we use the 2019 percentage (3.1%) and multiply that by our assumed price of a

median-priced starter home in 2019 ($217,520) to arrive at 2019 closing costs. That yields $6,743.

Saving rate: As explained in the section of the report on the saving rate, we base our estimate on reports from the BEA. For 2026, we first take the average of the saving rates for 2025.Q3–2026.Q2, as reported at BEA Interactive Data Application. We calculate that to be 5%. Then, since BEA's saving rate is a percent of what it terms "disposable income" (i.e., take-home pay), and not a percent of gross income — and since our income data are based on gross household income— we adjust the saving rate using a combined federal, state, and local tax rate of 30% (w34170.pdf) to arrive at (1 - .3)(5) = 3.5%. The tax rate we use for this adjustment is the same rate that BEA uses to calculate disposable income relative to total income.

For 2019, we follow the same analysis using the BEA personal saving rate data for 2019, adjusted for a 30% combined tax rate as reported in endnote 1 of CRL's 2021 paper. That yields a saving rate of 5.285%

We assume that 25% of savings goes to retirement and emergency savings and 75% is reserved for a future home purchase. We thus reduce the saving rates as stated above by 25% for both 2019 and 2026.

Median renter household total income: We use Census Public Use Microdata Sample (PUMS) data to calculate median total income for all renter households and for various subsamples of renter households. Total income means wage and salary income plus income from other sources. Our samples and subsamples are:

I.A. All renter households.

I.B. All Black renter households.

I.C. All Hispanic or Latino renter households.

I.D. All White renter households.

II.A. All renter households with incomes between 60% and 140% of the national median total income for all households.

III.A. All renter households where the Census reference person is an emergency medical technician or a paramedic.

III.B. All renter households where the Census reference person is a firefighter.

III.C. All renter households where the Census reference person is a nurse (RN or LPN).

III.D. All renter households where the Census reference person is a police officer.

III.E. All renter households where the Census reference person is a teacher (K-12).

The latest PUMS data are for 2024, so the latest median renter household total income measures that we have for our main sample and all subsamples are for 2024. However, the Bureau of Labor Statistics (BLS) has published data on the median usual weekly earnings of full-time wage and salary workers through 2026.Q2 for all races and ethnicities and for race and ethnicity subgroups. The BLS data are for renters and homeowners combined (Bureau of Labor Statistics Data). We use the BLS data to extrapolate from the PUMS 2024 data to arrive at 2026 estimates as follows:

First, we multiply median weekly earnings by 52 to get median annual earnings. For each year for which we have both median total renter household income from PUMS and median annual earnings from BLS, that is, for 2019 and 2021–2024, we calculate the ratio of the PUMS measure of income to the BLS earnings measure for either all races and ethnicities or the appropriate race and ethnicity subgroup.[32]

Within each subsample, the ratios are quite stable over the overlapping years, indicating that the two measures have tended to grow at the same rate from year to year. However, because these ratios fluctuate slightly from year to year, rather than simply applying the 2024 to 2026 growth of BLS earnings to 2024 PUMS income to arrive at an estimate of 2026 PUMS income, we take the average of these ratios for each subsample and estimate the 2026 value of median total renter household income for that subsample by multiplying that average by annual BLS earnings as of 2026.Q2 for the appropriate race and ethnicity group.

For example, for the Black renter households subsample, the average of (median total household income for Black renter households/annual earnings of all Black full-time wage and salary workers) over 2019 and 2021–2024 is .835601, and median annual earnings of all Black full-time wage and salary workers as of 2026.Q2 is $53,508. Therefore, our estimate of 2026 median household total income for Black renter households is (.835601)(53,508) = $44,711.

Metro area analysis: We calculate the years to save for the 10 largest metro areas in the country by 2025 population, as reported in table CBSA-MET-EST2025-POP at Metropolitan and Micropolitan Statistical Area Population Totals and Components of Change: 2020-2025.

Metro area starter home price: For the median price of a starter home in 2026, we start with the NAR median sales prices of existing homes by metropolitan area from metro-home-prices-q2-2026-ranked-median-single-family-2026-08-04.pdf. For each metro, we calculate the simple average of the 2026.Q1 and 2026.Q2 numbers and then take 80% of that as the price of the median starter home in 2026 in that metro.

For the 2019 house price, we use the annual median sales prices of existing homes by metropolitan area from NAR. For each metro, we used 80% of NAR's reported price as the price of the median starter home in 2019 in that metro.

Metro area closing costs: We use the closing costs calculator from NerdWallet: Closing Costs Calculator - NerdWallet.

For 2026, we use the output of the calculator for each metro. For the house price, we use the price of the median starter home in that metro. For the down payment, we use 3.5% of the price of the median starter home in that metro. For the mortgage interest rate, we use the same rate that we used for 2026 for the national analysis, 6.3%.

The ratio of 2026 closing costs to starter home price varies somewhat over our metros. We take account of this variation in calculating closing costs for 2019 as follows:

For each metro, we calculate a closing costs factor specific to each metro area: (2026 closing costs/2026 starter home price)/.038. As noted above, at a national level, .038 is the ratio of 2026 closing costs to 2026 starter home price, so the metro area-specific closing costs factor inflates or deflates the ratio of national closing costs to house price by an amount appropriate to that metro. We then calculate 2019 closing costs for each as (metro area-specific closing costs factor)(2019 starter home price for that metro)(.031). As noted above, numbers reported in CRL's 2021 paper indicate that, at that time, .031 was the ratio of 2019 closing costs to the 2019 median home price, as calculated for that paper using NerdWallet.

Metro area median renter household total income: We use median area renter household total income for metropolitan areas from the American Community Survey (ACS) Table B25119. b25119 - Census Bureau Tables

The latest ACS data are for 2024, so we use the 2026.Q2 BLS data to extrapolate the ACS data to 2026 using the same method described above that we used to extrapolate the PUMS income data to 2026. The BLS data are not available by metro, so we use the same BLS earnings to calculate each metro's yearly (2019 and 2021–2204) ratios of ACS median renter household total income to BLS earnings. As with the PUMS data, within metros, the ratios are all stable enough to warrant extrapolation of the ACS data to 2026 by this method.

Differences in Assumptions and Sources From the 2021 CRL Paper

For completeness, we summarize here differences between the assumptions and sources used in CRL's 2021 analysis of 2019 data and in the present analysis. We made these changes to further refine the study, and these changes were applied to both the 2019 and 2026 figures in this report. The overall effect of these changes is to substantially reduce the number of years to save. For example, under our prior assumptions we estimated that in 2019 it would have taken the typical aspiring homeowner 11 years to save; we now estimate the 2019 years to save at 8 years, a 27% reduction.[33]

- **Home price:** For most of its analyses, the CRL paper used 100% of the national median home price as reported by the Census Bureau, which covers the price of newly constructed homes. For the analysis by metro area, the 2021 CRL paper used data from the National Association of Realtors. For this paper, we use 80% of the median home price for existing homes as reported by the National Association of Realtors nationally and for each metro area analyzed.

- **Saving rate:** The CRL paper used the Bureau of Economic Analysis saving rate for after-tax income and adjusted that saving rate to reflect pre-tax income. We do the same for this paper. However, the 2021 paper assumed that 100% of the savings produced by applying the saving rate to household income would go toward the upfront costs of a home purchase. We assume that only 75% of the total amount of savings is available for that purpose.

- **Down payment:** The 2021 paper provided estimates of years to save assuming a 3%, 5%, 10%, and 20% down payment but focused its discussion on the 5% down payment scenario. In this paper, we have assumed a 3.5% down payment throughout.

- **Income:** The 2021 paper used three different measures of income. For its analysis of the median renter household, as well as its analysis of racial and ethnic subgroups, the paper used median renter household total income. For its analysis by metro area, it used per capita individual total income for renters and owners. For its analysis by occupation, it used median individual wage and salary income for renters and owners. In this paper, we use median renter household total income throughout.

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The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families of color, rural, women, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.

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