

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY

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THE AFFORDABILITY OF HOMEOWNERSHIP TO MIDDLE-INCOME AMERICANS

From 1971 to mid-2007, housing prices across the country nearly doubled when accounting for inflation, leading many to complain that the dream of homeownership for middle-income Americans was increasingly unattainable.

In the article, “The Affordability of Homeownership to Middle-Income Americans,” Jordan Rappaport, a senior economist at the Federal Reserve of Kansas City, addresses the question of whether homeownership has in fact become less affordable. The article appears in the fourth quarter edition of the Bank’s *Economic Review*.

Rappaport argues that average homeownership affordability actually improved over the past 35 years. Between 1971 and 2007, middle-income Americans were able to increase their consumption of both housing and other goods and services. The anxiety about the affordability of homeownership probably arose from household income growth that was much slower than had been the case during the 1950s and 1960s.

The article is available on the Bank’s website, www.KansasCityFed.org.

