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[HomeResearch](#) U.S. Cities Investing in More Affordable Housing

## U.S. Cities Investing in More Affordable Housing

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- **Last Updated Sep 4, 2025**

Note: This is the most recent release of our *U.S. Cities Investing in More Affordable Housing* study. To see data from prior years, please visit the [Full Results](#) section below.

As home prices continue to climb across the United States, housing affordability remains a critical concern for both prospective buyers and policymakers.

Over the past decade, persistent price growth—driven by limited supply, strong demand, and rising construction costs—has reshaped access to homeownership nationwide. Recent data from the [National Association of Realtors](#) shows that while inventory has improved modestly, middle-income households still face significant gaps in affordability. As of early 2025, buyers earning around \$75,000 annually could afford just 21% of listings—less than half the share available to them before the pandemic.

These conditions highlight the ongoing pressure to expand the supply of affordable homes. This analysis from Construction Coverage draws on data from the U.S. Census Bureau and Zillow to examine national home price trends, builder activity, and the cities and states where new housing is being developed most affordably.

### Key Findings

- **Home prices remain elevated:** As of June 2025, the national median sale price reached nearly \$374,000—more than double its 2012 low. Although price growth has slowed since the pandemic-era surge, it has done little to improve affordability for most buyers.

- **Construction activity is declining:** Real residential construction spending dropped 8.5% between June 2024 and June 2025. Higher interest rates, increased building costs, and economic uncertainty have contributed to the slowdown.
- **National average construction costs are rising:** In 2024, the average construction value per newly authorized housing unit was \$260,229, up 7.6% from \$241,792 in 2023. This figure excludes land costs and reflects only the estimated value of the physical structure.
- **Some states and cities are building more affordable housing:** Delaware (\$146,106) and New Jersey (\$170,086) had the lowest average construction values per unit. Among large metro areas, Omaha, NE; Richmond, VA; and New York, NY reported the most affordable new construction last year.

## Median Sale Prices

*Despite high interest rates, median sale prices continue to rise*



Source: Construction Coverage analysis of Redfin data | Image Credit: Construction Coverage

Home prices across the United States continue to rise, despite persistently high interest rates. In June 2025, the national median sale price reached a record of nearly \$374,000—

more than double the post-recession low of \$140,000 in early 2012. For context, [median earnings for full-time workers](#) rose just 55% over that same period.

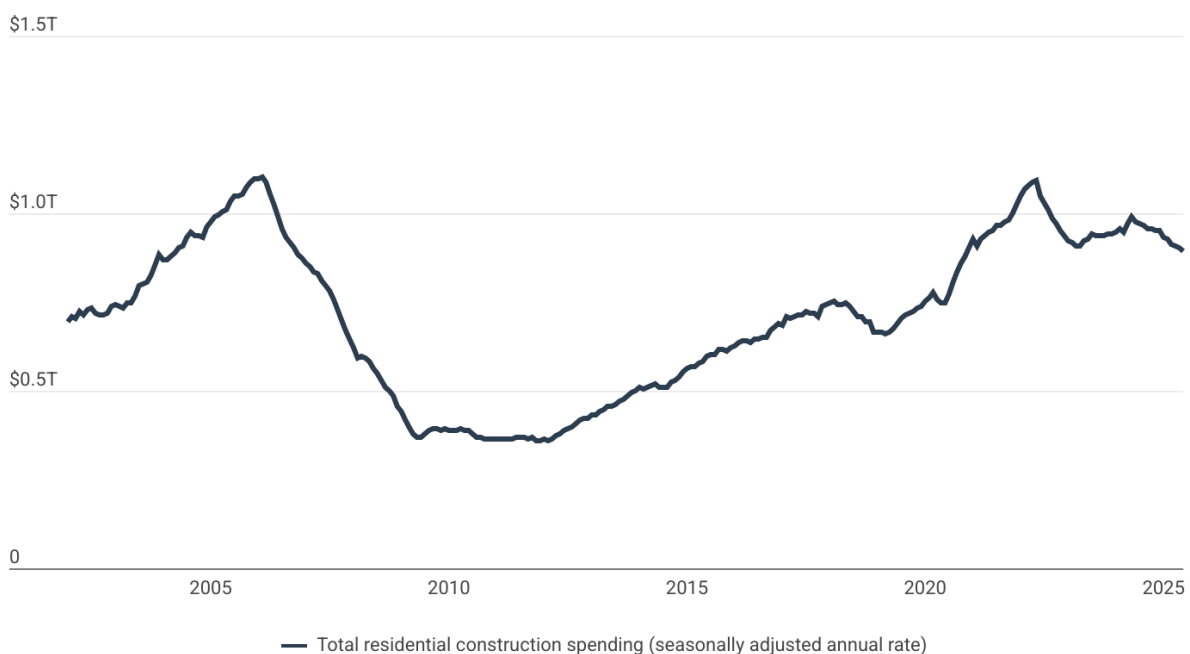
Although the pace of home price growth has slowed since the pandemic-era surge, the modest cooling has done little to help buyers. Since early 2022, the median sale price has risen by nearly \$70,000, while higher mortgage rates have pushed [estimated monthly payments up nearly 60%](#) compared to three years ago—making homeownership significantly more expensive.

This combination of elevated prices, high borrowing costs, and slow wage growth has pushed homeownership further out of reach, especially for lower-income and middle-class families. A persistent [shortage of starter homes](#) continues to limit affordable options, and without a significant increase in supply, the affordability crisis is unlikely to ease.

### Total U.S. Construction Spending

*Real residential construction spending dropped 8.5% over the 12-month period ending in June 2025*

Constant 2025 dollars



Source: Construction Coverage analysis of Census Bureau data | Image Credit: Construction Coverage

To make matters worse for prospective buyers, residential construction activity has declined significantly over the past year. Inflation-adjusted spending on residential

construction fell 8.5% between June 2024 and June 2025, according to federal estimates. This drop comes despite [ongoing initiatives aimed at boosting housing supply](#).

The decline reflects a mix of economic and market pressures. High interest rates have raised borrowing costs for builders, making new projects more expensive to finance. At the same time, elevated labor and material costs have squeezed profit margins, while concerns about buyer affordability have made some developers more cautious about launching new projects. Much of this economic uncertainty has also spilled over into the non-residential sector, where [construction spending](#) has declined as well—though not as sharply as in the residential sector.

With fewer homes being built—especially at lower price points—the slowdown threatens to worsen the already limited supply of affordable housing, leaving many buyers with even fewer options.

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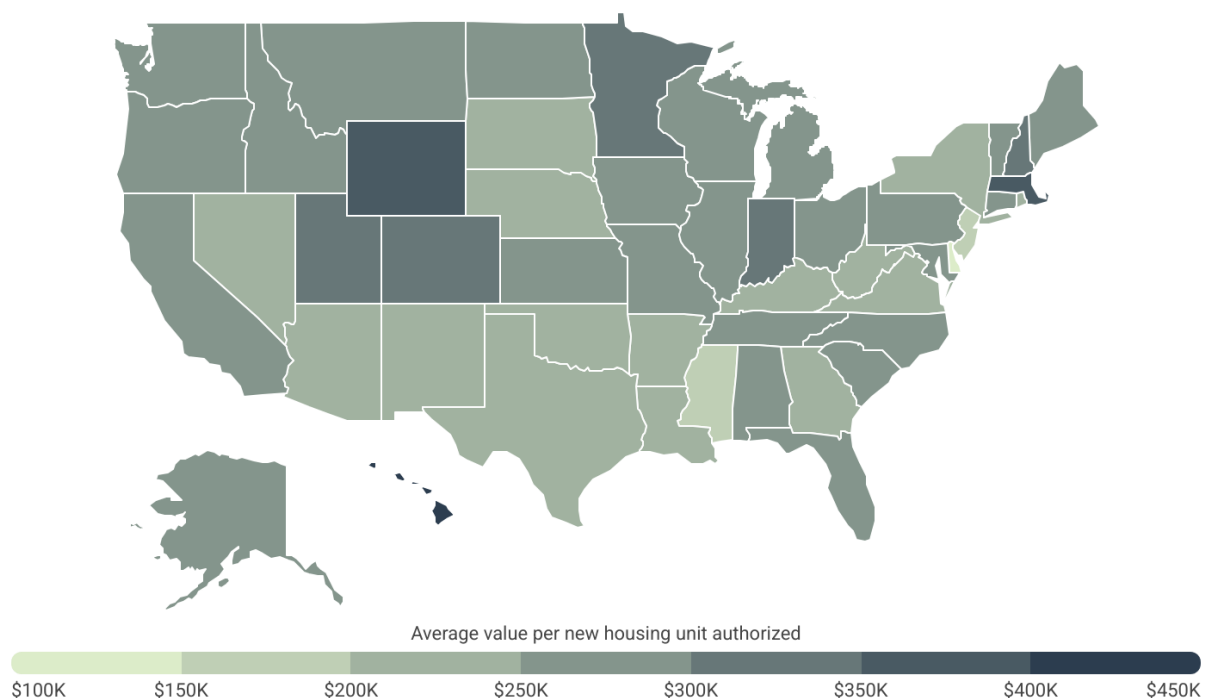
### **Affordable housing projects demand precision.**

Contractors must submit accurate estimates and quantify materials correctly to keep costs under control. Estimating software and takeoff tools help avoid overruns by aligning bids, budgets, and material needs from the start.

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### **Average Value of New Construction by State**

*Delaware and New Jersey had the lowest average construction value per new residential unit*



Source: Construction Coverage analysis of Census Bureau data | Image Credit: Construction Coverage

Despite high construction costs and reduced residential investment nationally, some states and cities are still managing to prioritize more affordable homes. One way to assess this is through the average construction value per new housing unit authorized—a standardized measure of how much is being invested in the physical structure of newly built homes, excluding land costs. This metric offers insight into where lower-cost construction may be supporting more attainable housing.

In 2024, the national average was \$260,229, up 7.6% from 2023. However, several states fell well below that figure, including Delaware (\$146,106) and New Jersey (\$170,086), the two lowest in the country. Other relatively low-cost states include Mississippi (\$193,868), Nebraska (\$200,946), Kentucky (\$209,131), and New York (\$219,404). Most states prioritizing more affordable housing are located in the Southeast, Northeast, and Midwest.

Among large metropolitan areas—those with populations over 1 million—the list of locations building the most affordable new housing is equally diverse. Omaha, NE (\$172,691); Richmond, VA (\$180,794); and New York, NY (\$182,378) reported the lowest average cost per new housing unit last year. Other major metro areas including Los Angeles, CA; Philadelphia, PA; and Austin, TX also reported average construction values below the national level.

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**Tight budgets require discipline beyond the bid.**

Construction accounting and project management software give contractors the ability to [track spending](#) in real time, monitor cash flow, and [keep projects on schedule](#)—key factors when profit margins are slim and funding depends on delivering affordable units efficiently.

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At the other end of the spectrum, major coastal metros like Miami, FL (\$391,718); San Francisco, CA (\$369,681); Portland, OR (\$341,810); and Boston-Cambridge (\$337,227) reported some of the highest construction values per unit. These figures can reflect a combination of factors, including higher building costs, more stringent building codes, and a greater focus on high-end residential development relative to more affordable units.

Below is a breakdown of the average value of new residential construction for every U.S. metropolitan area and state. For more information, see the methodology section below.

**Cities Investing Most in Affordable Housing**

Most Affordable Metros	Average*
1. Omaha, NE-IA	\$172,691
2. Richmond, VA	\$180,794
3. New York-Newark-Jersey City, NY-NJ	\$182,378
4. Hartford-West Hartford-East Hartford, CT	\$200,106
5. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$207,695
6. Los Angeles-Long Beach-Anaheim, CA	\$210,125
7. Austin-Round Rock-San Marcos, TX	\$214,844

Most Affordable Metros	Average*
8. Memphis, TN-MS-AR	\$216,031
9. Providence-Warwick, RI-MA	\$227,784
10. San Diego-Chula Vista-Carlsbad, CA	\$231,115
11. Baltimore-Columbia-Towson, MD	\$234,694
12. Atlanta-Sandy Springs-Roswell, GA	\$235,411
13. Tulsa, OK	\$236,719
14. Washington-Arlington-Alexandria, DC-VA-MD-WV	\$239,667
15. Louisville/Jefferson County, KY-IN	\$239,690
Most Expensive Metros	Average*
1. Miami-Fort Lauderdale-West Palm Beach, FL	\$391,718
2. San Francisco-Oakland-Fremont, CA	\$369,681
3. Portland-Vancouver-Hillsboro, OR-WA	\$341,810
4. Boston-Cambridge-Newton, MA-NH	\$337,227
5. Indianapolis-Carmel-Greenwood, IN	\$335,796
6. Fresno, CA	\$329,953

Most Expensive Metros	Average*
7. Milwaukee-Waukesha, WI	\$329,227
8. Minneapolis-St. Paul-Bloomington, MN-WI	\$323,305
9. Tucson, AZ	\$315,722
10. St. Louis, MO-IL	\$309,910
11. Buffalo-Cheektowaga, NY	\$309,559
12. Sacramento-Roseville-Folsom, CA	\$303,968
13. San Jose-Sunnyvale-Santa Clara, CA	\$303,609
14. Salt Lake City-Murray, UT	\$298,195
15. Chicago-Naperville-Elgin, IL-IN	\$293,383

#### States Investing Most in Affordable Housing

Most Affordable States	Average*
1. Delaware	\$146,106
2. New Jersey	\$170,086
3. Mississippi	\$193,868
4. Nebraska	\$200,946
5. Kentucky	\$209,131



Most Affordable States	Average*
6. New York	\$219,404
7. Rhode Island	\$220,049
8. West Virginia	\$220,447
9. Virginia	\$222,209
10. New Mexico	\$222,447
11. South Dakota	\$234,719
12. Georgia	\$236,922
13. Arkansas	\$237,298
14. Louisiana	\$237,896
15. Texas	\$243,276
Most Expensive States	Average*
1. Hawaii	\$441,430
2. Wyoming	\$383,422
3. Massachusetts	\$358,341
4. Colorado	\$346,306
5. Utah	\$310,477

Most Expensive States	Average*
6. Indiana	\$305,376
7. Minnesota	\$303,993
8. New Hampshire	\$300,632
9. Oregon	\$292,567
10. North Dakota	\$292,476
11. Michigan	\$290,176
12. Wisconsin	\$287,608
13. South Carolina	\$285,085
14. Florida	\$284,740
15. Kansas	\$284,504

*\*Average value per new housing unit authorized*

**Full Results: Average Value of New Construction for All U.S. Metros & States**