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Best Cities for Affordable Homeownership in the Mountain West

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BEST CITIES FOR AFFORDABLE HOMEOWNERSHIP IN THE MOUNTAIN WEST

Housing & Real Estate Fact Sheet No. 11 | June 2022

Prepared by: Kelliann Beavers, Olivia K. Cheche, Caitlin J. Saladino, and William E. Brown, Jr.

PURPOSE:

This fact sheet highlights data on the best cities for affordable homeownership in the Mountain West, based on the *SmartAsset* report, “Best Cities to Buy an Affordable Family Home - 2021 Edition.”¹ The report is *SmartAsset’s* second annual study, following the 2020 report, and includes data on 100 of the largest cities in the United States. This fact sheet highlights the rank, index, down payment-to-income ratio, housing costs as a percent of income, and four-year change in homeownership rate within each of the 15 Mountain West cities included in the original report.

ABOUT THE DATA:

The original report provides an index that ranks cities based on seven metrics including two affordability measures, two livability statistics, and other associated data. These data include: the percentage of homes with at least two bedrooms, the four-year change in homeownership rate, down payment-to-income ratio, housing costs as a percentage of income, high school graduation rate, property crime rate, and violent crime rate. The index based on these metrics informs the final ranking for each city. The highest ranked city received an index score of 100 while the lowest ranked city received an index score of 0.² For each metric, the corresponding Census Bureau data is cited in the original report.

In the 2021 report, 15 cities in 4 Mountain West states (AZ, CO, NV, & NM) appear among the top 100 best places to buy an affordable home in the United States: Tucson, AZ; Mesa, AZ; Scottsdale, AZ; Phoenix, AZ; Gilbert, AZ; Chandler, AZ; Glendale, AZ; Aurora, CO; Colorado Springs, CO; Denver, CO; Las Vegas, NV; Reno, NV; Henderson, NV; North Las Vegas, NV; and Albuquerque, NM.

KEY FINDINGS:

1. Gilbert, AZ ranks as the 3rd best city in the nation to buy an affordable home. Chandler, AZ, ranks as the 7th best city to buy an affordable home.
2. Denver, CO is the Mountain West city with the lowest ranking (97th) for affordable homeownership among the top 100 U.S. cities.
3. Henderson, NV moved up in the ranks for cities with affordable homeownership, ranking 10th in 2020³ and 9th in 2021. Henderson, NV has the seventh-lowest housing costs as a percent of income nationally (20.26%).
4. Housing costs consume over a quarter of income for residents in Denver, CO (26.33%); Aurora, CO (25.96%); and Las Vegas, NV (25.20%).
5. Among Nevada cities, North Las Vegas (4.99%) experienced a larger change in its homeownership rate between 2015 and 2019 than Reno (2.41%), Las Vegas (1.80%), and Henderson (1.71%).

¹ *SmartAsset*, “Best Cities to Buy an Affordable Family Home - 2021 Edition.” 2021. <https://smartasset.com/data-studies/best-cities-to-buy-an-affordable-family-home-2021>.

² Ibid. For more information about how the index was devised, *SmartAsset* offers a Data and Methodology section.

³ *SmartAsset*. “Best Cities to Buy an Affordable Family Home - 2020 Edition.” 2020. <https://smartasset.com/mortgage/best-cities-to-buy-an-affordable-family-home-2020>.

Table 1 presents the rank and index for affordable homeownership among Mountain West cities. *SmartAsset’s* index ranges from 0 to 100, with an index score of 100 denoting the best city to buy an affordable home. Gilbert, AZ ranks as the 3rd best city in the nation to buy an affordable home, and Chandler, AZ, ranks as the 7th best city to buy an affordable home. Denver, CO is the Mountain West city with the lowest ranking (97th) for affordable homeownership among the top 100 U.S. cities.

Table 1: Rank and Index of Best Cities for Affordable Homeownership, Mountain West

Mountain West City	Rank	Index Score
Gilbert, AZ	3	90.18
Chandler, AZ	7	79.06
Henderson, NV	9	78.14
Glendale, AZ	19	67.28
North Las Vegas, NV	20	66.75
Scottsdale, AZ	24	62.70
Mesa, AZ	30	59.42
Phoenix, AZ	40	50.39
Las Vegas, NV	44	48.56
Aurora, CO	45	48.17
Colorado Springs, CO	47	47.12
Reno, NV	49	45.29
Albuquerque, NM	61	38.09
Tucson, AZ	69	33.25
Denver, CO	97	4.45

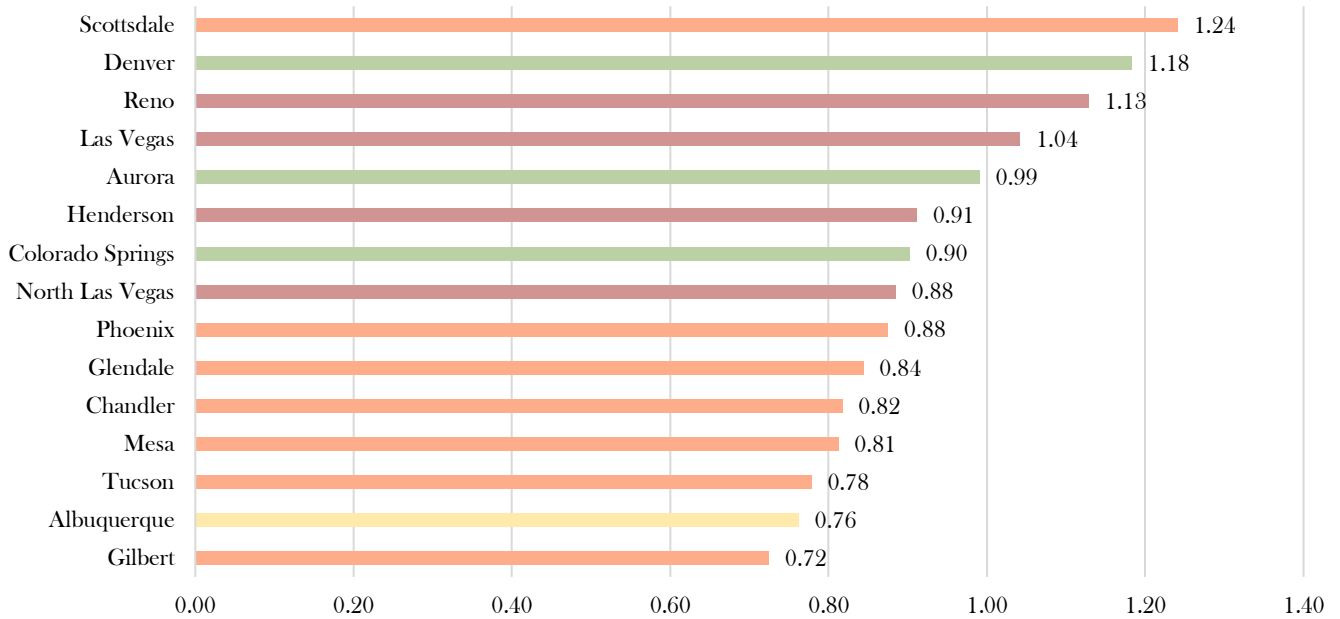
*Adapted from “Best Cities to Buy an Affordable Family Home - 2021 Edition”. *SmartAsset*. <https://smartasset.com/data-studies/best-cities-to-buy-an-affordable-family-home-2021>

Figure 1 displays the down payment-to-income ratio for each of the 15 Mountain West cities. The down payment to income ratio represents a 20% down payment on the city’s median valued home divided by the city’s median household income.⁴ A ratio of 1.0 would indicate that the 20% down payment on a median valued home was the same amount as the city’s median household income in entirety. A lower ratio indicates greater affordability, whereas a higher ratio indicates less affordability. A ratio greater than 1.0 indicates a down payment on a city’s median valued home would exceed the city’s median household income. In other words, a 20% down payment on a city’s median valued home is higher than a median household income in entirety for that city.⁵ Scottsdale, AZ has the highest ratio, and therefore least affordability, among Mountain West cities (1.24); whereas Gilbert, AZ has the lowest ratio, greatest affordability (0.72). Among the four Nevada cities, Reno has the highest ratio, least affordability (1.13), and North Las Vegas has the lowest ratio, greatest affordability (0.88).

⁴U.S. Census Bureau, American Community Survey "2019 1-year Estimates," <https://www.census.gov/newsroom/press-kits/2020/acs-1year.html>.

⁵*SmartAsset*, “Hardest Places to Buy a Home in America” 2021. <https://smartasset.com/data-studies/hardest-places-to-buy-a-home-in-america-2021>.

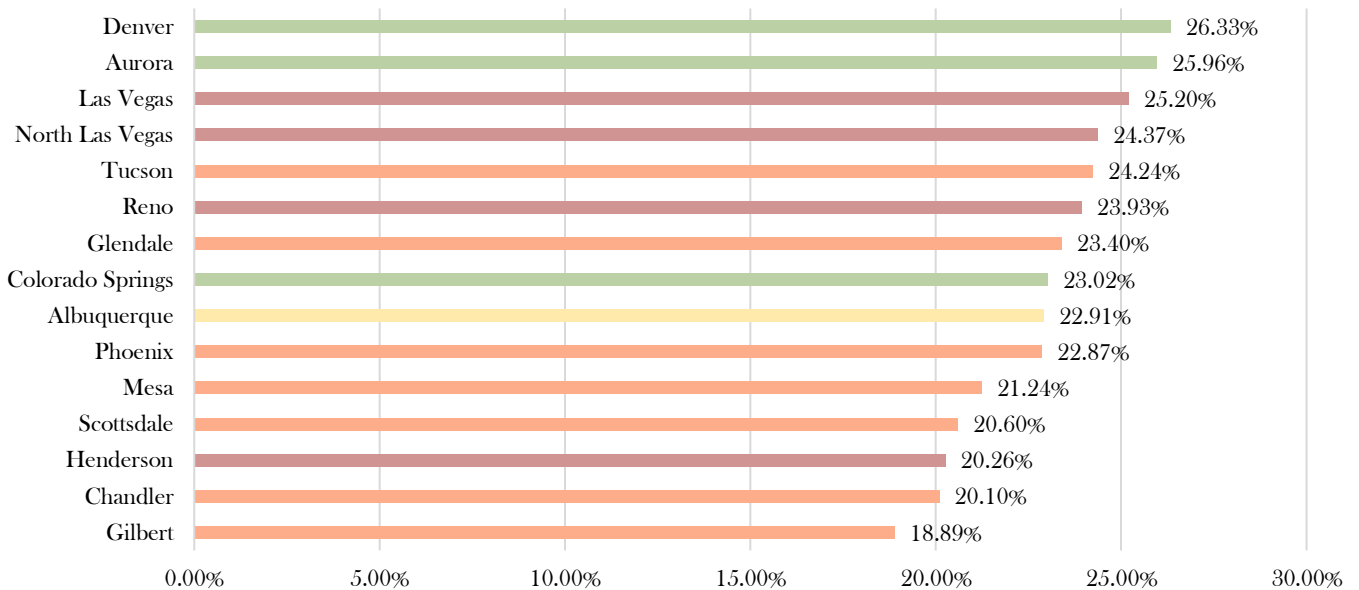
Figure 1: Down Payment to Income Ratio, Mountain West Cities



* Adapted from “Best Cities to Buy an Affordable Family Home - 2021 Edition”. *SmartAsset*. <https://smartasset.com/data-studies/best-cities-to-buy-an-affordable-family-home-2021>

Figure 2 displays housing costs as a percent of income for each of the 15 Mountain West cities. Housing costs consume over a quarter of income for residents in Denver, CO (26.33%); Aurora, CO (25.96%); and Las Vegas, NV (25.20%). Henderson, NV has the seventh-lowest housing costs as a percent of income nationally (20.26%).

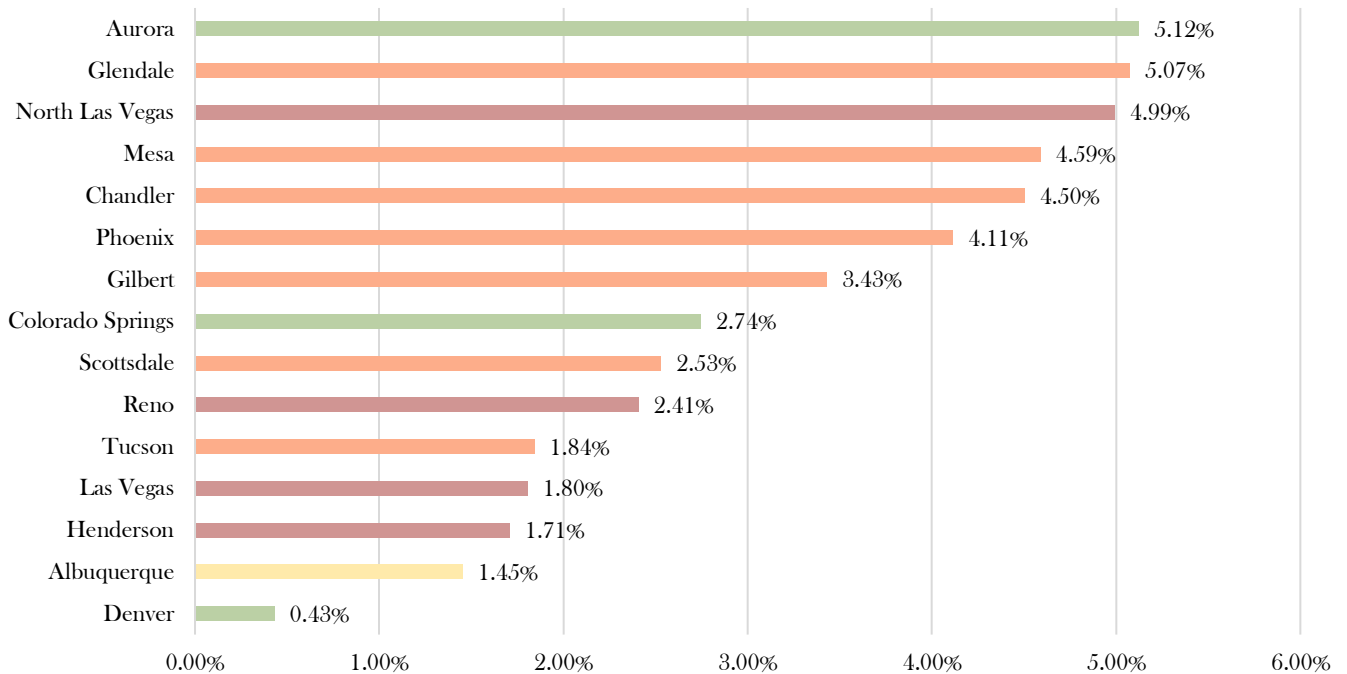
Figure 2: Housing Costs as a Percent of Income, Mountain West Cities



* Adapted from “Best Cities to Buy an Affordable Family Home - 2021 Edition”. *SmartAsset*. <https://smartasset.com/data-studies/best-cities-to-buy-an-affordable-family-home-2021>

Figure 3 displays the four-year change in homeownership rate for each of the 15 Mountain West cities. The homeownership rate is “the proportion of households that are owner-occupied.”⁶ A higher percentage indicates a greater four-year increase in homeownership than a lower percentage. Percentages are derived from U.S. Census Bureau data for the 2015 and 2019 1-year American Community Surveys. Among Nevada cities, North Las Vegas (4.99%) experienced a larger change in its homeownership rate between 2015 and 2019 than Reno (2.41%), Las Vegas (1.80%), and Henderson (1.71%).

Figure 3: Four-Year Change in Homeownership Rate from 2015 to 2019, Mountain West Cities



* Adapted from “Best Cities to Buy an Affordable Family Home – 2021 Edition”. *SmartAsset*. <https://smartasset.com/data-studies/best-cities-to-buy-an-affordable-family-home-2021>

⁶ U.S. Census Bureau, Homeownership Rate in the United States [RHORUSQ156N], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RHORUSQ156N>, May 13, 2022.