



The 2024 State of Housing in Harris County and Houston

Stephen Averill Sherman, Andrew Kim, Aaron Niznik, Anna Glanzer, Alec Tobin, and Daniel Potter



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Introduction

For the past 5 years, the Kinder Institute for Urban Research has provided an annual analysis of the housing sector in Harris County and Houston to inform public and private stakeholders, to ground policy discussions in data, and to suggest possible pathways for research-informed solutions. In 2023, the institute focused its report on renters, who represent the majority of Houston households and nearly half of all households in the county. Over the last several decades, the proportion of Houston and Harris County residents who are homeowners has steadily declined, suggesting a potential shift in attitudes around homeownership and its value for wealth-building and independence. This is, in fact, not the case: The vast majority of Houston-area residents value homeownership and understand its importance for both.

According to survey findings from the Kinder Institute’s Greater Houston Community Panel — more than 7,500 people representative of the diversity in the area — nearly 9 in 10 said that owning a home was an important milestone in becoming an adult. Further still, more than three-quarters said they thought homeownership represented freedom, and nearly 8 in 10 said owning a home was a good way to build wealth. This was echoed by residents from all age groups, race/ethnicity groups, and income levels. The culture of homeownership is still quite strong in Houston and Harris County, yet actual homeownership rates have been in decline since the early 2000s.

This year’s report grapples with this question: What are the conditions of the Houston and Harris County housing market that affect homeownership rates in the city and county, and what are the consequences these conditions have for residents interested in buying a home?

In short, the answer is increasing costs, which raises multiple economic and equity concerns for individuals and communities. Owning a home and paying a mortgage helps a householder build credit and wealth, offering a better rate of return compared to other investment options.¹ Homeownership can also help close racial wealth gaps in the United States, which have been worsened by disparities in mortgage-lending practices and unequal housing markets for generations.² Beyond its economic value, homeownership can have other benefits, such as contributing to higher

1 Goodman, L. S., & Mayer, C. (2018). Homeownership and the American Dream. *Journal of Economic Perspectives*, 32(1), 31–58. <https://doi.org/10.1257/jep.32.1.31>

2 Shapiro, T., Meschede, T., & Osoro, S. (2013). The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide. *Research and policy brief*. Institute on Assets and Social Policy. <https://heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/roots-widening-racial-wealth-gap.pdf>



levels of neighborhood satisfaction³ and participation in civic institutions.⁴

To explore the implications of homeownership costs in the Houston and Harris County market, this report is divided into three chapters. The first outlines the demographics and geography of homeownership. More growth in homeownership is happening in the county's suburbs, including in neighboring counties. To better understand the role of the region's largest suburban counties in the housing system, this section also includes key indicators for Fort Bend and Montgomery counties.

The second chapter focuses on home affordability: How affordable are homes, where do affordable homes exist, and what kinds of communities still have affordability?

Finally, the third chapter explores potential signs of gentrification, focusing on neighborhoods that were

recently affordable. As developers and homebuyers turn their attention to more affordable areas of the city and county, several indicators provide insights into which neighborhoods are showing signs of gentrification in recent years.

Key findings

Home sales prices rose faster than incomes over the past five years, and the affordability gap — the difference between what a household can afford and what the market provides — almost quadrupled in Harris County.

In 2023, the median home sales price in Harris County was \$315,000. For a household earning the median income, that resulted in an affordability gap of \$126,468 — a 275% increase since 2018, making it nearly 4 times bigger than it was. The median sales price in the city of Houston was \$335,000, resulting in an affordability gap of \$169,189, an increase of 54% over 5 years.

The gaps are even higher for renter households in Harris County and in the city of Houston, where median home prices are \$180,000 to \$200,000 more than what the median renter household income can afford.

3 Grinstein-Weiss, M., Yeo, Y., Anacker, K., Van Zandt, S., Freeze, E. B., & Quercia, R. G. (2011). Homeownership and Neighborhood Satisfaction among Low- and Moderate-Income Households. *Journal of Urban Affairs*, 33(3), 247-265. <https://doi.org/10.1111/j.1467-9906.2011.00549.x>

4 McCabe, B. J. (2013). Are Homeowners Better Citizens? Homeownership and Community Participation in the United States. *Social Forces*, 91(3), 929-954. <https://doi.org/10.1093/sf/sos185>

While these gaps are not as severe as some other cities and counties, they suggest homeownership is increasingly out of reach to those who live here — particularly for renters looking to become homeowners.

Just seven Harris County neighborhoods were affordable to a household earning the county’s median household income in 2023. Even a household earning \$100,000 a year could not afford to buy a median-priced home in the majority of neighborhoods.

Of Houston and Harris County’s 143 neighborhoods,⁵ only seven could be considered affordable to a household earning the county’s median income (\$71,009) in 2023.

A hypothetical family earning \$100,000 a year has more options: They were able to afford the median-priced home in 53 neighborhoods. That still meant most neighborhoods were unaffordable, based on the median sales prices in each.

Homeownership across the three-county region is diversifying, particularly in the suburbs.

Despite the increased costs of buying a home, as the Houston area has grown since 2010, it has also increased the total number of homeowners, including across most racial and ethnic groups. Overall, from 2010 to 2022, the three-county region collectively added over 300,000 new homeowners. Specifically, the number of Hispanic homeowners grew by almost 150,000, the number of Black homeowners grew by nearly 37,000, the number of Asian homeowners increased by almost 64,000, and the number of White homeowners increased by more than 20,000.⁶

Despite Harris County adding 17,000 Black homeowners since 2010, the proportion of homeowners in the county who are Black actually declined during this time.

In 2010, there were more than 118,000 Black homeowners in Harris County, which constituted 15% of all homeowners. In 2022, the number of Black homeown-

ers in Harris County had increased to almost 135,500, but this only constituted 14% of all homeowners in the county.

Ten neighborhoods had at least 500 fewer Black homeowners than they did in 2010, and two had their number drop by over 1,300. In terms of percentage, two neighborhoods — Fifth Ward and Galena Park North — have 40%-50% fewer Black homeowner households than they did in 2010.

Fort Bend and Montgomery counties together added almost as many new homeowner households as Harris County, despite having a third of the population of their larger neighbor.

Greater Houston’s two largest suburban counties play a significant and growing role in the regional housing market. Between 2010 and 2022, Harris County’s number of owner-occupied households increased by 20%, while Montgomery increased by 48% and Fort Bend by 58%.

Overall, Harris County added the most owner-occupied households (157,984), but Fort Bend and Montgomery counties, combined, added nearly as many owner-occupied households (142,174) despite having roughly one-third the population of Harris County.

Based on key demographic indicators, almost 1 in 10 Harris County neighborhoods display signs of gentrification.

Single-family homes that sold in Harris County between 2017 and 2022 increased in assessed value by 46% in only 5 years, and this rapid appreciation raises questions about where gentrification may be taking place. Thirteen neighborhoods were found to have home prices valued within 150% of the countywide median while also displaying demographic indicators associated with gentrification risk — increasing household incomes, decreasing non-White population, and increase in percentage of population with a bachelor’s degree. These neighborhoods may not include those which may have already experienced gentrification, but rather are showing signs of gentrification’s impact on demographics. Some of these gentrification-prone neighborhoods have experienced accelerated changes: In six, home prices appreciated by 50% or more since 2017, one saw its median household income double, and another saw its share of population which was non-White decrease by more than 10 percentage points in only 5 years.

5 “Neighborhoods” refers to Community Tabulation Areas (CTAs). CTAs are geographies devised by the Kinder Institute that align with census tract geographies, allowing Kinder researchers to link census data to specific Harris County and Houston communities. For more information about the CTAs and their exact boundaries and names, please consult <https://www.kinderudp.org/#/datasetCatalog/6ep1wpn43red>.

6 Unless otherwise specified, Black, White, and Asian categories are all non-Hispanic. Additionally, household race data is shared based on the race of the household head, as stated by the U.S. Census American Community Survey.

Chapter 1: Trends in homeownership

This chapter identifies general trends of homeownership: where homeownership has grown, how the population of homeowners differs from renters, and the growing supply of new owner-occupied homes. It will first focus on four major geographies in the Greater Houston region: the city of Houston, overall Harris County, and the two largest suburban counties, specifically Fort Bend and Montgomery. Then neighborhood differences within Harris County will be examined.

How has the number of owner-occupied households changed overall?

In both relative percentages and raw numbers, suburban counties are adding more owner-occupied households than the city of Houston proper, growing their ranks of homeowners at a rate 5 to 6 times faster than the city of Houston (Table 1).

Between 2010 and 2022, the city of Houston added about 34,000 owner-occupied households, a nearly 10% increase. Sharper increases occurred in overall Harris (20%), Montgomery (48%), and Fort Bend counties (58%).

Harris County added the most owner-occupied households (157,984), but Fort Bend and Montgomery counties collectively added nearly as many (142,175) despite having roughly one-third the population.

Suburban counties have higher proportions of owner-occupied households.

In the four geographies examined, suburban Fort Bend (77%) and Montgomery (72%) had the highest percentage of households which were owner-occupied (Table 2). Across the region, the share of households which were owner-occupied was slightly lower or remained similar between 2010 and 2022, with the city of Houston exhibiting the largest percentage-point drop.

TABLE 1 Owner-occupied households by city/county, 2010–2022

	2010	2022	Change, 2010–2022	% Change, 2010–2022
Houston	352,374	386,376	34,002	10%
Harris County	800,209	958,193	157,984	20%
Montgomery County	120,512	179,109	58,597	48%
Fort Bend County	143,717	227,295	83,578	58%

Source: U.S. Census American Community Survey 1-year estimates, 2010 and 2022⁷

⁷ In terms of the number of new households added each year, Houston Association of Realtors (HAR) data report much fewer new households compared to American Community Survey data. However, home sales data only include sales reported to HAR from its member realtors, not a complete population of all home sales.

TABLE 2

Share of housing which is owner-occupied, 2010 and 2022

	2010	2022
City of Houston	46%	41%
Harris County	57%	54%
Montgomery County	74%	72%
Fort Bend County	78%	77%

Source: U.S. Census American Community Survey 1-year estimates, 2010 and 2022

How does owner-occupied housing vary by race and ethnicity?

In examining changes in the proportion of homeowners by race/ethnicity, the share of homeowners who identify as Asian or Hispanic was higher in 2022 than in 2010 in Houston and Harris County, while the share who identify as Black or White was lower.

Fort Bend and Montgomery counties added non-White homeowners at a faster rate, which diversified their population of homeowners as a result.

In both Fort Bend and Montgomery counties, populations are growing and diversifying, which is also reflected in a growing and diversifying group of homeowners in each county. While the number of White homeowners in these counties has increased, they represent a smaller proportion of homeowners in 2022 than they did in 2010.

In Montgomery County, the share of owner-occupied households who are Black more than doubled (2% to 5%) and the share of owner-occupied households who are Hispanic almost doubled (12% to 20%) from 2010 to 2022 (Table 3).

In Fort Bend County, the percentage of owner-occupied households who are Asian (16% to 23%) and the percentage of owner-occupied households who are Hispanic (17% to 20%) went up from 2010 to 2022. Fort Bend County is unique in its demographic composition, and is the only county of the three where

TABLE 3

Total owner-occupied households, by race/ethnicity, 2010 and 2022

	2010		2022		Change, 2010-2022	% Change, 2010-2022
Houston	Count	Share ¹	Count	Share ¹		
Asian	20,036	6%	31,974	8%	11,938	60%
Black	71,466	20%	65,209	17%	-6,257	-9%
Hispanic	99,995	28%	129,443	34%	29,448	29%
White	157,528	45%	150,848	39%	-6,680	-4%
Harris County						
Asian	48,587	6%	82,872	9%	34,285	71%
Black	118,267	15%	135,458	14%	17,191	15%
Hispanic	224,622	28%	330,931	35%	106,309	47%
White	400,886	50%	383,963	40%	-16,923	-4%
Fort Bend County						
Asian	23,392	16%	51,557	23%	28,165	120%
Black	30,209	21%	43,685	19%	13,476	45%
Hispanic	24,637	17%	45,283	20%	20,646	84%
White	64,069	46%	80,988	36%	16,919	26%
Montgomery County						
Asian	2,857	2%	4,265	2%	1,408	49%
Black	2,346	2%	8,663	5%	6,317	269%
Hispanic	14,354	12%	35,470	20%	21,116	147%
White	98,470	82%	125,354	70%	26,884	27%

Source: U.S. Census American Community Survey 1-year estimates, 2010 and 2022

¹ Note: Percentage shares may not add up to 100% because mixed-race, Native American, and other racial/ethnic identities are omitted because of their small share of the population (usually 2% or less).

Hispanic households are not the second-largest share of homeowners, despite being the second-largest share of the population.

Both suburban counties added non-White homeowners at a faster rate in terms of number and percentage, with Fort Bend adding a collective 62,287 Black, Hispanic, or Asian owner-occupied households compared to 16,919 White households. Montgomery County added slightly more Black, Hispanic, or Asian households (28,841 total) compared to new White households (26,884), but as a percentage, Montgomery County recorded the fastest growth rates for Hispanic and Black homeowners, who saw their total numbers more than double (147% and 269%, respectively).

Comparing owner-occupied and renter-occupied household composition

The share of renter- and owner-occupied households with children is roughly equal in certain geographies.

In Fort Bend County and the city of Houston, a roughly equal share of owner- and renter-occupied households have children (Table 4). In Houston, 28% of

owner households and 27.3% of renter households have children related to the householder, while in Fort Bend County 42.8% of owners and 42.7% of renters have children related to the householder. In Montgomery and Harris counties, however, the share of owner-occupied households with children was at least 4 percentage points higher than the share of renter households with children.

In Houston, as well as in Harris, Fort Bend, and Montgomery counties, owner-occupied households had more people and were more likely to have householders who were older adults than renter households.

In Harris County and Houston, owner-occupied households were more than twice as likely as renter households to have a head of household who is an older adult (aged 65 or older). For example, 32% of Houston owner-occupied households were headed by someone over 65, compared to 12% of renter-occupied households. The pattern is the same, albeit less pronounced, for the age difference of owners and renters in Fort Bend and Montgomery counties (Table 4).

TABLE 4 Owner/renter household characteristics, 2022, by city/county

	Houston	Harris County	Fort Bend County	Montgomery County
Households with children				
Owner households	108,249	347,203	97,279	69,325
% of owner households	28.0%	36.2%	42.8%	38.7%
Renter households	153,060	259,883	28,946	21,091
% of renter households	27.3%	31.6%	42.7%	29.9%
Households with householders who are 65+				
Owner households	122,470	247,350	52,131	47,397
% of owner households	31.7%	25.8%	22.9%	26.5%
Renter households	65,501	92,677	9,193	10,150
% of renter households	11.7%	11.3%	13.6%	14.4%
Average household size				
Owner households	2.64	2.92	3.09	2.89
Renter households	2.23	2.37	2.67	2.25

Source: U.S. Census American Community Survey 1-year estimates, 2022

TABLE

5

Owner/renter income and cost burden, 2022, by city/county

	Houston	Harris County	Fort Bend County	Montgomery County
Median household income				
Owner households	\$89,454	\$95,643	\$122,172	\$113,141
Renter households	\$47,911	\$49,103	\$57,096	\$55,805
Cost-burdened households (spending >30% of income on housing)				
Owner households	91,349	221,143	48,344	35,225
% of owner households	23.6%	23.1%	21.3%	19.7%
Renter households	271,726	403,794	33,834	30,552
% of renter households	48.4%	49.1%	49.9%	43.4%

Source: U.S. Census American Community Survey 1-year estimates, 2022

In addition to being headed by older adults, owner-occupied households had more people in them than renter households. This was true for Houston as well as Harris, Fort Bend, and Montgomery counties. Looking across areas in terms of household size, Fort Bend County had the largest owner-occupied households, on average, followed by Harris County, Montgomery County, then the city of Houston.

Suburban counties' homeowners have higher incomes, but are similarly cost-burdened as homeowners in Houston and Harris County.

Homeowners in Fort Bend and Montgomery counties have higher household incomes than homeowners in Harris County and Houston (Table 5). The median income of Fort Bend County homeowners is about \$30,000 more than the median income of homeowners in Houston, and approximately \$25,000 more than the median income of homeowners in Harris County (and approximately \$10,000 more than homeowners in Montgomery County). Despite the differences in income, the percentage of homeowners spending more than 30% of their income on housing costs (i.e., who are cost-burdened) is roughly the same. In Fort Bend County, 21% of homeowners were cost-burdened, compared to 23% in Harris County, 24% in Houston, and 20% in Montgomery County.

Renter households in Fort Bend and Montgomery counties also made more than renters in Houston and Harris County, though the differences were not as pronounced as for homeowners. Still, with the exception of

Montgomery County, about half of renters in each area were cost-burdened.

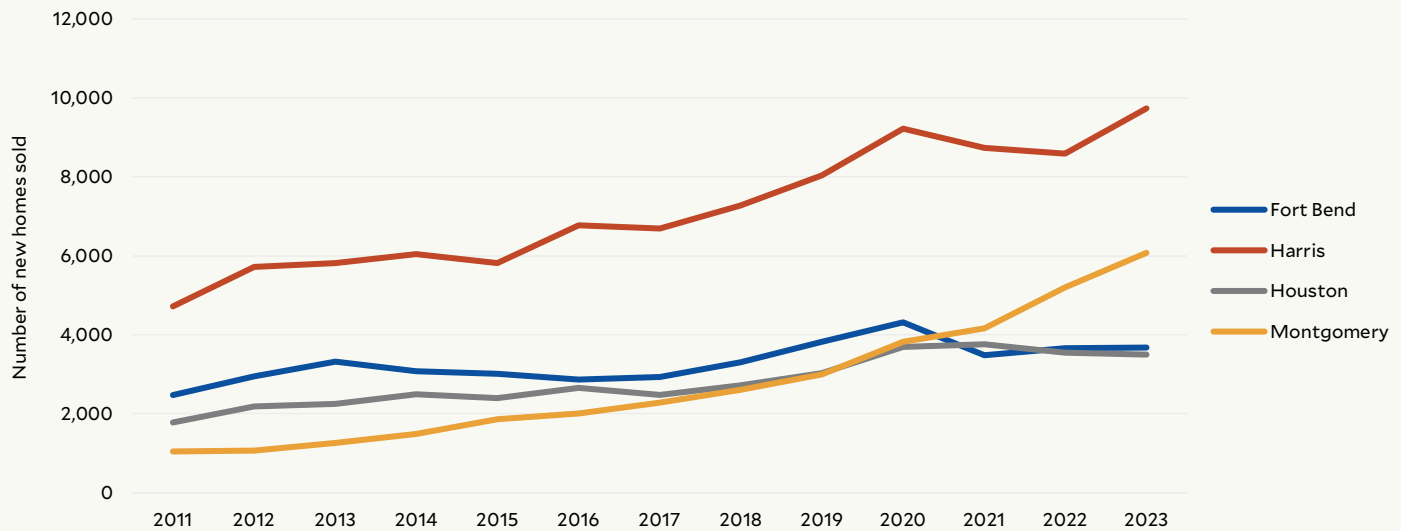
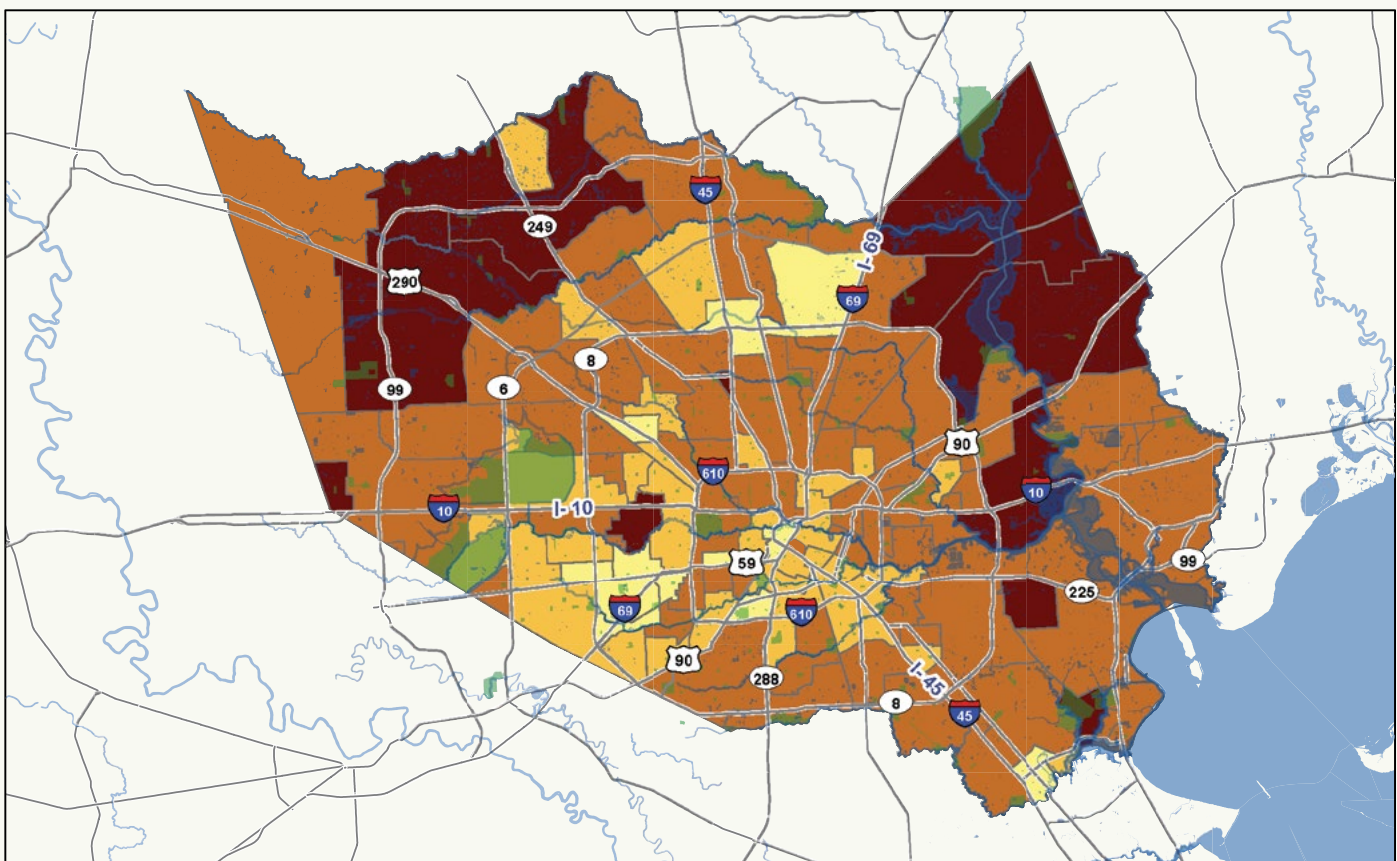
Note that the above method for calculating cost burden counts the number of households paying more than 30% of their income on housing. It does not account for other important factors, like household size, household income, or the rising cost of essential non-housing goods like food. For a cost burden calculation methodology that accounts for these factors, consult the 2023 State of Housing report.⁸

Across the region, where are new homes sold?

Harris County has the most new homes sold.

In 2023, Harris County had the most new home sales (9,733), followed by Montgomery County (6,076) and Fort Bend County (3,685). Even though Harris County has roughly 3 times the population of Montgomery and Fort Bend counties put together, those two counties' combined new home sales (9,761) slightly exceeded Harris County's (9,733). The city of Houston accounted for 3,497 new home sales.

8 Sherman et al., 2023. For the source of the cost burden methodology, see also Airgood-Obrycki, W., Hermann, A., & Wedeen, S. (2022). "The Rent Eats First": Rental Housing Unaffordability in the United States. *Housing Policy Debate*, 0(0), 1-21. <https://doi.org/10.1080/10511482.2021.2020866>

FIGURE 1 Annual new home home sales, 2011-2023**FIGURE 2 Percentage of owner-occupied households by neighborhood in Harris County, 2022**

Source: U.S. Census American Community Survey 5-year estimates, 2018-2022

Of the two largest suburban counties, Montgomery is adding more homes in total — and relative to historic numbers — than Fort Bend.

From 2011 to 2023, new home sales increased from 1,046 to 6,076 in Montgomery County, a 481% increase, compared to a 106% increase in Harris County, a 96% increase in Houston, and a 49% increase in Fort Bend County (Figure 1).

Homeownership across Houston and Harris County neighborhoods

About 4 in 10 city of Houston residents and 5 in 10 residents of Harris County overall are homeowners, but the percentage of owner-occupied households varies from one neighborhood to another (Figure 2).

Neighborhoods like Sharpstown, Gulfton, and Midtown have less than one-quarter of their households owner-occupied; in contrast, Hunters Creek Village, Humble, and parts of Tomball have more than three-quarters of their households owner-occupied. Many of the neighborhoods where more than 75% of households were owner-occupied are beyond Beltway 8.

The neighborhood with the greatest growth in owner-occupied housing since 2010 is Cypress South: In 2010, there were 6,483 owner-occupied households in the neighborhood; by 2022, that number had increased 198% to over 19,300 (Table 6). East Downtown,

Washington East, Museum Park, and Gulfton have also experienced significant growth in owner-occupied housing despite having historically low levels of ownership. For example, the number of homeowners in East Downtown grew from 293 in 2010 to 720 in 2022, an increase of 146%, which raised the proportion of households who were owner-occupied from 39% to 64% during this span of time.

New home construction was concentrated in a few Harris County neighborhoods.

Nearly 1 in 6 new homes built in all of Harris County in 2023 were built in the Cypress South neighborhood. Meanwhile, 30 of the 143 neighborhoods in Harris County had no new home sales at all that year listed in HAR data. Only seven neighborhoods accounted for more than half of all new home sales countywide in 2023: Cypress South, Waller, Baytown, Katy North, Acres Home, Tomball South, and Spring.

These figures are from a one-year sample, so homes built before 2023 and other new home sales may not be captured in HAR data.

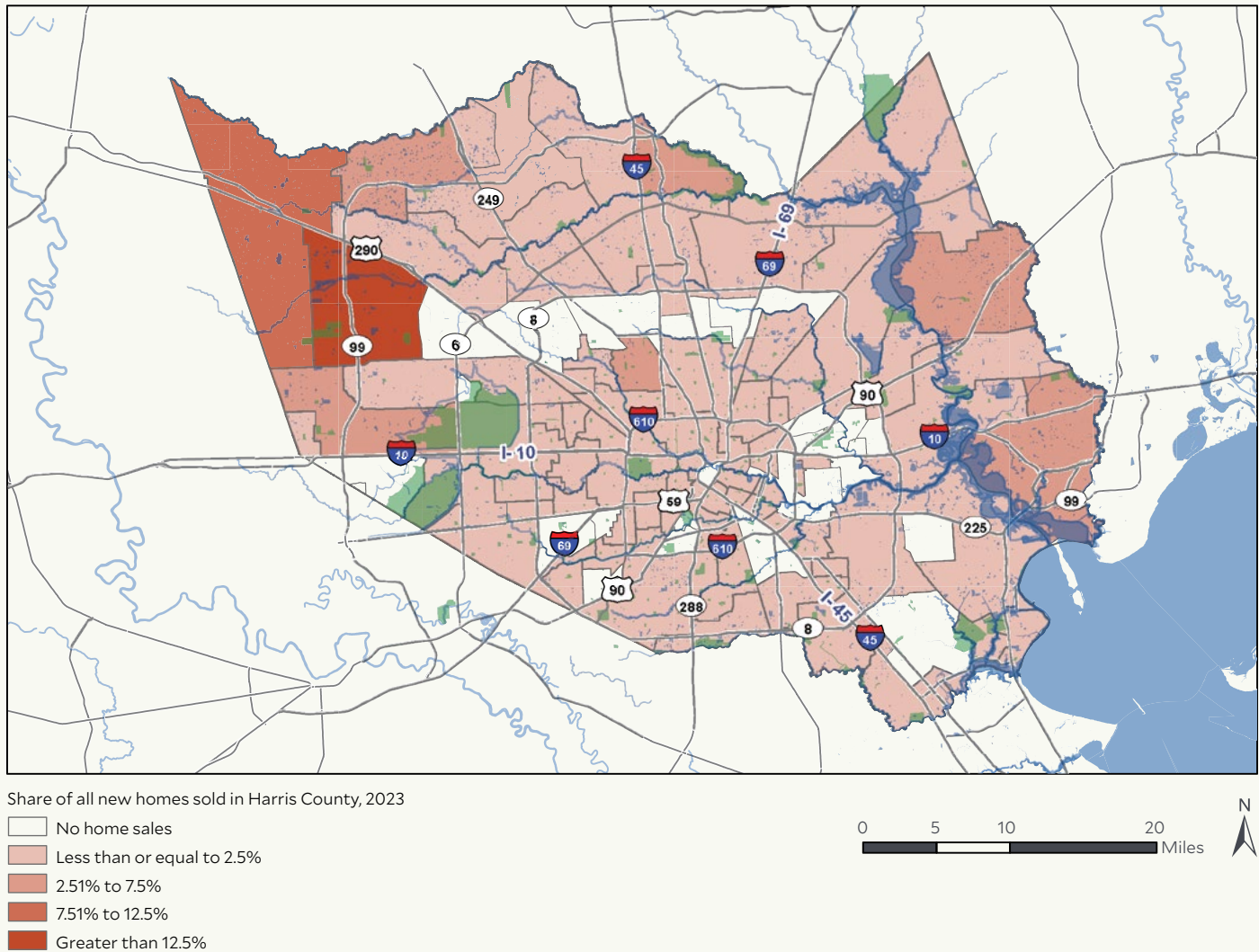
The overall decline in Black homeownership in the city of Houston was concentrated inside Beltway 8, and specifically in 10 neighborhoods.

From 2010 to 2022, the number of Black homeowners in the city of Houston dropped by 6,300. In overall Harris County, the total number of Black homeowners

TABLE 6 Neighborhoods with fastest growth in owner-occupied households, 2010–2022

Neighborhood	2010 #	2022 #	% Change in #	% OO 2010	% OO 2022
Cypress South	6,483	19,324	198%	91%	83%
East Downtown	293	720	146%	39%	64%
Minnetex	1,850	4,506	144%	56%	66%
Lake Houston	2,705	6,230	130%	95%	79%
Humble South	1,795	4,038	125%	63%	66%
Waller	1,869	3,522	88%	72%	72%
Museum Park	776	1,420	83%	31%	27%
Gulfton	475	869	83%	3%	5%
Washington East	937	1,645	76%	26%	29%
Klein West	13,002	22,711	75%	88%	82%

Source: U.S. Census American Community Survey 5-year estimates, 2006–2010 and 2018–2022

FIGURE 3 Share of new homes sold by neighborhood in Harris County, 2023

Source: Houston Association of Realtors, vintage 3-20-2024

grew, yet this net growth happened outside of Beltway 8. Within Beltway 8, which contains much of the city of Houston, the number of Black homeowner households shrunk by 5,869 (Table 7).

From 2010 to 2022, the neighborhoods with largest drop in the number of Black homeowners were South Park (1,410 fewer Black homeowners in 2022), Trinity/Houston Gardens (1,367), and OST/South Union (891). In terms of percentage, Fifth Ward (-50%) and Galena Park North (-40%) had the highest declines (Table 8).

In addition to losing Black homeowners, these communities experienced a drop in their overall proportion of owner-occupied units, meaning homeowners were not replaced by other homeowners but by renters.

While the city experienced a drop in Black homeownership, Harris County saw its number of Black homeowners increase (Table 9). During this time, 10 neighborhoods *added* over 1,000 Black homeowners. Atascocita added the most, going from 2,390 to 4,900, a 105% increase.

TABLE 7 Black owner-occupied households by location within Harris County, 2010–2022

	2010	2022	Change
Inside Beltway 8	68,832	62,963	–5,869
Outside Beltway 8	46,255	63,694	17,439

Source: U.S. Census American Community Survey 5-year estimates, 2006–2010 and 2018–2022

TABLE 8 Neighborhoods losing more than 500 Black owner-occupied households, 2010–2022

Neighborhood	# Black homeowners 2010	# Black homeowners 2022	Change Black homeowners	% Change Black homeowners	% Black homeowners 2010	% Black homeowners 2022	% Change in % Black homeowners
South Park	4,858	3,448	–1,410	–29%	82%	62%	–25%
Trinity/Houston Gardens	3,236	1,869	–1,367	–42%	82%	58%	–29%
OST/South Union	3,014	2,123	–891	–30%	88%	71%	–19%
East Little York/Homestead	4,428	3,610	–818	–18%	79%	65%	–18%
Acres Home	5,159	4,432	–727	–14%	70%	50%	–27%
Brays Oaks	3,627	2,978	–649	–18%	42%	37%	–12%
Alief	3,307	2,696	–611	–18%	17%	14%	–16%
Fifth Ward	1,491	886	–605	–41%	73%	36%	–50%
Golfcrest/Bellfort/Reveille	1,959	1,443	–516	–26%	25%	18%	–28%
Galena Park North	1,218	718	–500	–41%	35%	21%	–40%

Source: U.S. Census American Community Survey 5-year estimates, 2006–2010 and 2018–2022.

TABLE 9 Neighborhoods adding more than 1,000 Black owner-occupied households, 2010–2022

Neighborhood	# Black homeowners 2010	# Black homeowners 2022	Change in Black homeowners	% Change Black homeowners	% Black homeowners 2010	% Black homeowners 2022	% Change in % Black homeowners
Atascocita	2,390	4,900	2,510	105%	14%	20%	40%
Cypress South	1,010	3,176	2,166	214%	16%	16%	6%
Katy North	2,024	3,837	1,813	90%	12%	14%	19%
Minnetex	1,011	2,565	1,554	154%	55%	57%	4%
Spring	2,144	3,608	1,464	68%	16%	23%	41%
Lake Houston	519	1,874	1,355	261%	19%	30%	57%
Bear Creek	3,391	4,723	1,332	39%	17%	18%	7%
Cypress North	1,036	2,354	1,318	127%	5%	9%	66%
Klein East	1,075	2,244	1,169	109%	6%	9%	46%
Humble South	176	1,190	1,014	576%	10%	29%	201%

Source: U.S. Census American Community Survey 5-year estimates, 2006–2010 and 2018–2022 samples

How has Houston and Harris County's housing supply grown relative to other cities and counties around the nation?

Since 2010, compared to similar cities and counties around the country, Houston has added the second-most housing units and Harris County has added the most housing units.

To provide broader context for the Houston-area housing market, comparison is made with Dallas, San Antonio, Austin, Chicago, and Atlanta, as well as the corresponding counties in which those cities are located.

From 2010 to 2022, Houston added 52,332 occupied housing units, compared to 15,760 in Atlanta, 35,162 in Chicago, 16,205 in Dallas, and 23,804 in San Antonio (Table 10). Only Austin has added more occupied housing units as both a number and a percentage (62,749, a 37.3% growth during the time period).

All geographies except Dallas, Dallas County, and San Antonio added more housing units than population. This brief analysis does not include a sub-market analysis of the cost of household units added and how they align with local household incomes.

TABLE 10 Occupied housing unit change, 2010–2022, by city/county

Geography	Housing units, 2010	Housing units, 2022	Housing units added, 2010–2022	% Change, housing units, 2010–2022	% Change, population 2010–2022
Houston	414,710	467,042	52,332	12.6%	9.4%
Harris County	903,869	1,099,023	195,154	21.6%	16.3%
Fort Bend County	159,310	252,027	92,717	58.2%	50.6%
Montgomery County	115,266	182,518	67,252	58.3%	47.8%
Dallas	231,898	248,103	16,205	7.0%	8.0%
Dallas County	525,786	558,470	32,684	6.2%	9.4%
San Antonio	328,574	352,378	23,804	7.2%	10.4%
Bexar County	433,938	518,619	84,681	19.5%	19.5%
Austin	168,316	231,065	62,749	37.3%	22.6%
Travis County	231,361	341,823	110,462	47.7%	28.7%
Chicago	315,982	351,144	35,162	11.1%	–1.3%
Cook County	913,477	973,997	60,520	6.6%	–1.8%
Atlanta	83,398	99,158	15,760	18.9%	18.2%
Fulton County	215,495	257,700	42,205	19.6%	16.0%

Source: U.S. Census American Community Survey 1-year estimates, 2010 and 2022

Chapter 2: Affording homeownership

The following chapter analyzes how affordable homeownership is in Harris County and Houston, observing overall trends, then analyzes neighborhood differences in affordability.

What is the local affordability gap?

In Houston, the median home price was \$169,189 more than what the median household could afford in 2023. In Harris County, the difference was \$126,468.

To calculate affordable home prices, the median home price for every geography is identified. Based on this price, the monthly property tax (estimated at 2% of

TABLE 11 Summary home sales and affordability statistics, 2018 and 2023

Median home sales price	2018	2023	% Change
Harris County	\$220,000	\$315,000	43.2%
Houston	\$267,990	\$335,000	25.0%
Affordable home price for household earning overall median household income	2018	2023	% Change
Harris County	\$186,256	\$188,532	1.2%
Houston	\$158,365	\$165,811	4.7%
Affordability gap for all households (difference between affordable home price and median sales price)	2018	2023	% Change
Harris County	\$33,744	\$126,468	274.8%
Houston	\$109,625	\$169,189	54.3%
Affordable home price for household earning renters' median household income	2018	2023	% Change
Harris County	\$118,004	\$134,740	14.2%
Houston	\$126,160	\$131,470	4.2%
Affordability gap for renters (difference between affordable home price and median sales price)	2018	2023	% Change
Harris County	\$101,996	\$180,260	76.7%
Houston	\$141,830	\$203,530	43.5%

Source: Home sales data: Houston Association of Realtors, vintage 3-20-2024; income data: American Community Survey 1-year estimates, 2018 and 2022; 2018 affordability data: 2020 State of Housing in Harris County and Houston report

*Income estimates for 2023 are derived by adjusting 2022 1-year American Community Survey estimates by 1.033521, the inflation multiplier between December 2022 and December 2023, per Bureau of Labor Statistics.



home cost), home insurance (1%), mortgage insurance (0.85%), and monthly costs of a 6.67% 30-year interest rate⁹ on a Federal Housing Administration (FHA) loan with a 3.5% down payment are calculated. These numbers were used to estimate the monthly home costs (Table 11). These monthly costs are then compared to 30% of the monthly median household income, a common standard for cost burden in housing policy research. The difference between the home a median income earner can afford and the median prices of homes for sale is the affordability gap. For more details, see the methodological appendix that accompanies this report online.

In Harris County in 2023, the median home sales price was \$315,000, and the median household income was \$71,009.¹⁰ For a household earning the county's medi-

an income, to only spend about 30% of its earnings on housing and avoid being cost burdened, it could afford to buy a home costing \$188,532 — an affordability gap of \$126,438, an increase of 275% in just 5 years.

For a household earning the Harris County median household income for renters (\$50,749) who may want to transition from renting to ownership, the affordability gap in 2023 was \$180,260, putting the median home in the county nearly \$200,000 beyond what the typical renter can afford — a 77% larger gap than in 2018.

In Houston, similarly large affordability gaps exist, particularly for renters. City of Houston renters' median household income is \$49,517 and the median home price in the city is \$335,000, making the affordability gap for Houston renters \$203,530 — an increase of 44% compared to 5 years ago.

9 This was the average interest rate on a 30-year fixed rate mortgage at the end of 2023, as reported by the Federal Reserve Bank of St. Louis. See <https://fred.stlouisfed.org/series/MORTGAGE30US>

10 The 2022 American Community Survey 1-year estimates for Harris County show a median household income of \$68,706. As sales data are from 2023, the 2022 median household income number was adjusted with the Bureau of Labor Statistics' inflation multiplier for December 2022 to December 2023 to get \$71,009.

Where in Harris County can someone afford a home?

Of Harris County's 143 neighborhoods, there are only seven where a median income earner can afford to buy a home.

Affordability varies across Harris County's submarkets. The monthly costs for buying each neighborhood's median-priced home ranged from \$1,563 in Kashmere Gardens to \$20,734 in River Oaks. Tables 12 and 13 show the neighborhoods with the most and least expensive home prices in 2023, and their estimated monthly costs assuming the loan terms above.¹¹

In 2023, a Harris County resident earning the median household income (i.e., \$71,009) could afford to buy a home in only seven neighborhoods: Kashmere Gardens, Pleasantville, South Park, Gulfgate Riverview/Pine Valley, Galena Park, Eastex/Jensen, and Denver Harbor/Port Houston. (An analysis that accounts for within-neighborhood median incomes is located below.)

Summed together, the seven neighborhoods where the median housing price is affordable to households making the median income have a total of 44,198 housing units. If half of these units are considered affordable (i.e., 50% of them are priced at or below the neighborhood's median home price value that is currently affordable), then these neighborhoods have a combined 22,099 affordable homes available. If all of the "affordable" homes in these seven neighborhoods were sold to prospective homeowners, it would provide homeownership to 2.5% of the households in Harris County currently earning at or below the median income (as well as displace the community residents and families who currently call these neighborhoods home). Though a highly unlikely scenario, its implications are still clear: The neighborhoods in Harris County that are currently affordable simply do not have enough housing units to meet the demand for affordable housing in the county. Houston and Harris County are running out of affordable spaces to meet their needs.

11 For the most expensive neighborhoods, the median-priced homes are above the FHA limit for Harris County, which was \$498,257 in 2023.

TABLE 12 Most expensive Harris County neighborhoods, 2023

Neighborhood	Median home price	Monthly cost
Afton Oaks / River Oaks	\$ 2,202,000	\$ 20,734
Memorial Villages	\$ 1,760,000	\$ 16,572
West University / Southside	\$ 1,691,100	\$ 15,924
University Place	\$ 1,240,000	\$ 11,676
Bellaire	\$ 1,147,500	\$ 10,805
Upper Kirby / Greenway	\$ 1,075,000	\$ 10,122
Uptown	\$ 1,000,000	\$ 9,416
Memorial	\$ 887,413	\$ 8,356
Westchase	\$ 800,000	\$ 7,533
Montrose	\$ 779,950	\$ 7,344

Source: Houston Association of Realtors, vintage 3-20-2024

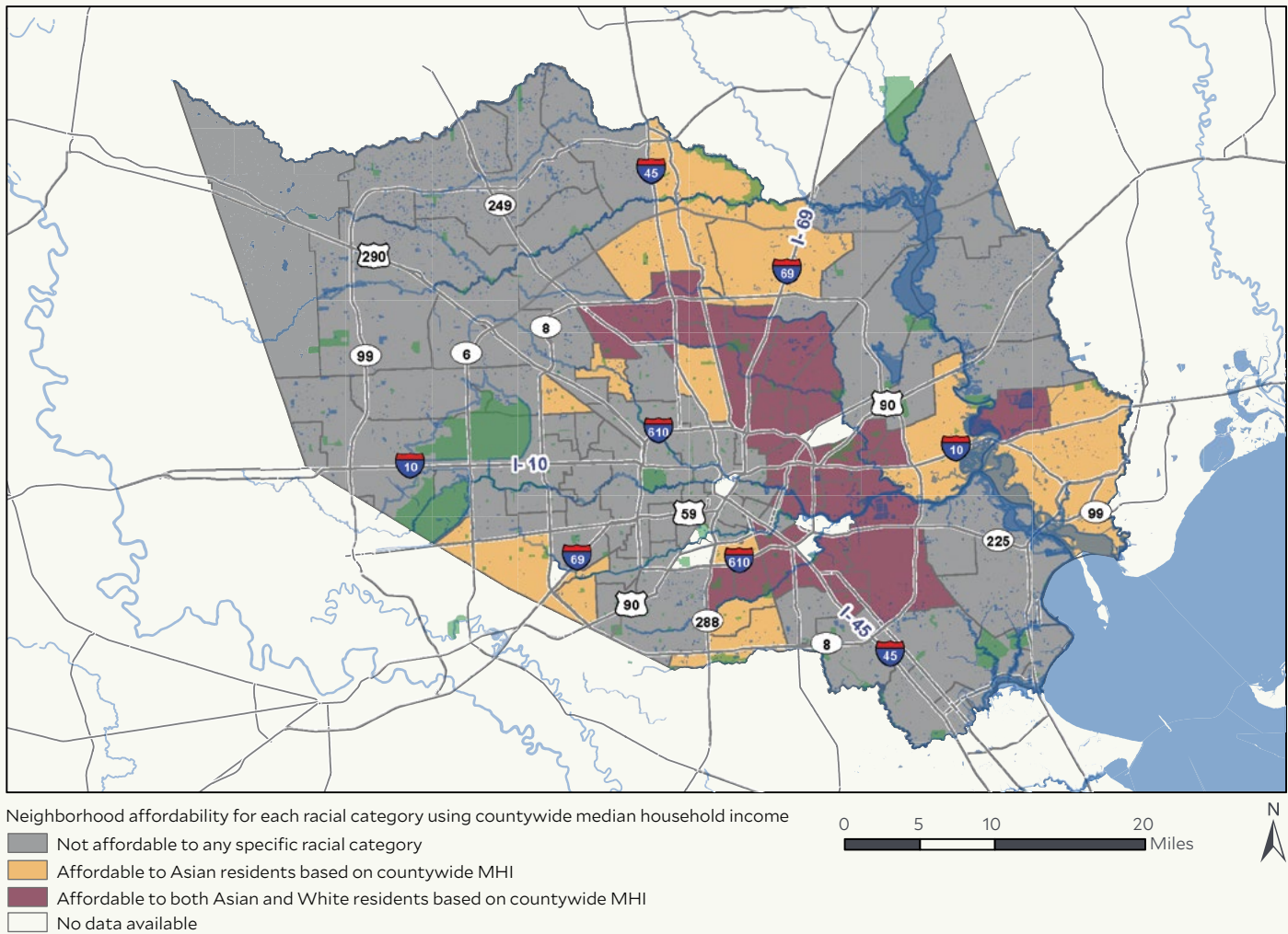
TABLE 13 Most affordable Harris County neighborhoods, 2023

Neighborhood	Median home price	Monthly cost
Aldine	\$ 196,500	\$ 1,850
East Houston	\$ 195,000	\$ 1,836
Jacinto City	\$ 190,000	\$ 1,789
Denver Harbor / Port Houston	\$ 187,500	\$ 1,766
Eastex / Jensen	\$ 185,000	\$ 1,742
Galena Park	\$ 182,000	\$ 1,714
South Park	\$ 174,000	\$ 1,638
Gulfgate Riverview / Pine Valley	\$ 172,000	\$ 1,620
Pleasantville	\$ 168,000	\$ 1,582
Kashmere Gardens	\$ 166,000	\$ 1,563

Source: Houston Association of Realtors, vintage 3-20-2024

FIGURE 4

Neighborhood affordability in Harris County for each race/ethnicity's median household income



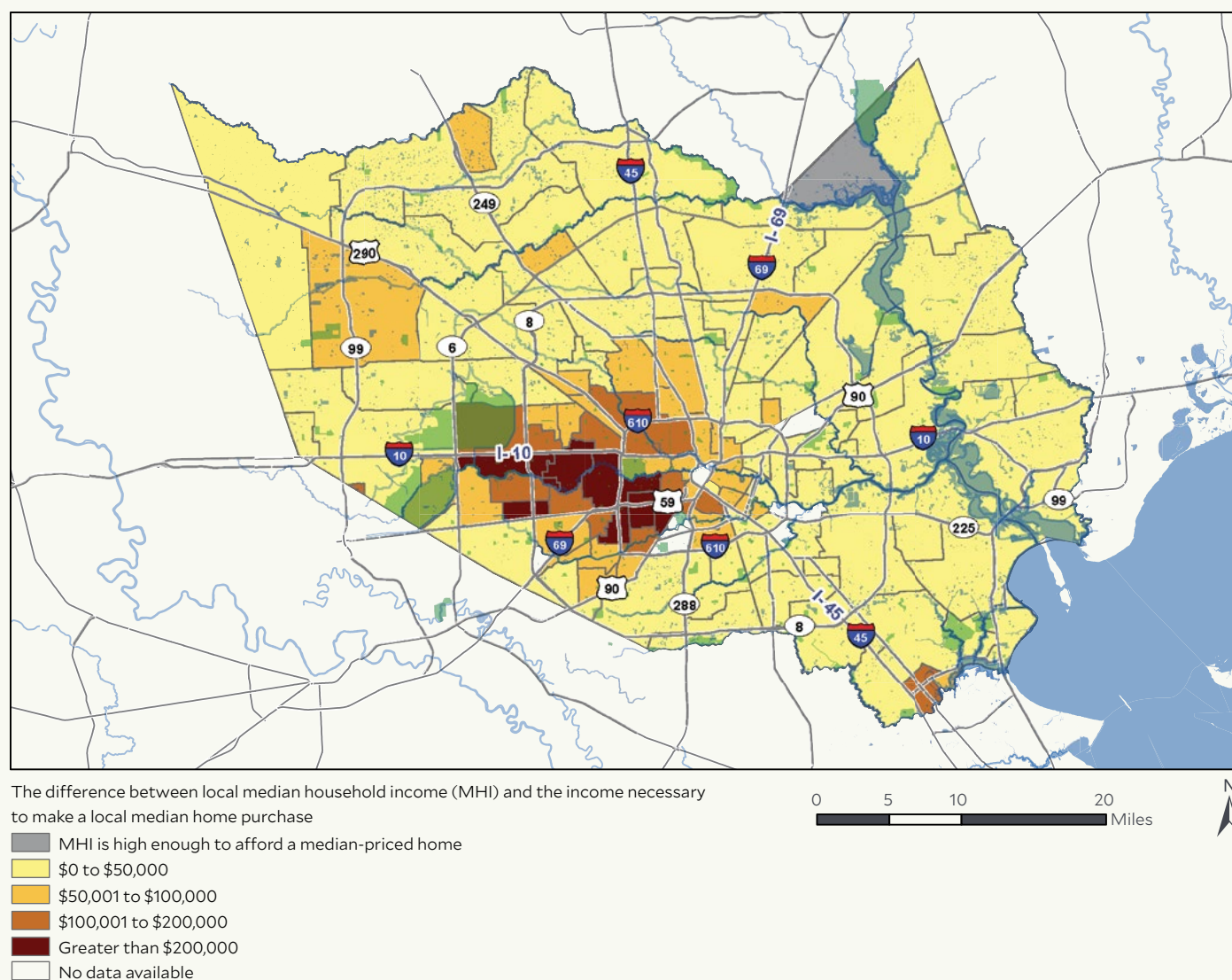
Source: Houston Association of Realtors, vintage 3-20-24; American Community Survey 1-year estimates, 2022

There are no neighborhoods affordable to households earning the county's median income for Black and Hispanic households.

The overall diminishing availability of affordable spaces in the county varies in its severity by race/ethnicity. Most specifically, there are no neighborhoods in the city or county that are affordable to those earning the median income of Black (\$54,067) or Hispanic (\$61,375) households.

There are 31 neighborhoods that are affordable in the county to those making the median income of White households (\$90,767), and 49 neighborhoods that are affordable in the city and county to those making the median income of Asian households (\$98,732).

Beyond the question of whether a typical resident can afford to buy a home in Harris County is whether residents can afford to buy a home in their current neighborhood (Figure 5). There is only one neighborhood in Houston and Harris County where the median home price is less than what the median household income can afford: Kingwood. In 2023, the median home price in Kingwood was \$330,000 and the median household income was nearly \$130,000. For all other neighborhoods, the median home price exceeded what was affordable to the median household income, though the size of this affordability gap varied by neighborhood. For example, there were 83 neighborhoods where the affordability gap was less than \$50,000 — a difference that could mean home buying was still within relative

FIGURE 5 Neighborhood affordability gap

Source: Houston Association of Realtors, vintage 3-20-2024; U.S. Census American Community Survey 5-year estimates, 2018–2022

reach — while there were 23 neighborhoods where the affordability gap was over \$100,000. More than half of all neighborhoods having affordability gaps less than \$50,000 might suggest that many parts of the county remain affordable to the people currently living there, but this affordability has to be balanced against what households in these neighborhoods earn. For instance, the 10 neighborhoods with the smallest affordability gaps in the county had residents with median earnings around \$100,000 a year, on average, which is \$30,000 more than the typical household in the county.

Focusing specifically on the 81 neighborhoods where the median household income was at or below the county median (i.e., \$71,009), the affordability gap

ranged from \$7,521 in Jacinto City to \$254,470 in Westchase, with an average gap of nearly \$54,000 per neighborhood. Given the more restricted range of earnings, rather than using \$50,000 as the cut-point to examine attainable affordability, a lower threshold of \$25,000 is considered. There are 10 neighborhoods where median income is less than \$71,009 and the gap between what a median household income can afford and the neighborhood's median home price is less than \$25,000 (Table 14). There are also seven neighborhoods where the median income is less than \$71,009 but the gap between what a median household can afford and the neighborhood's median home price is more than \$100,000.

TABLE 14

Neighborhoods where median household income is less than \$71,009 and the affordability gap is less than \$25,000 or more than \$100,000

Affordability gaps less than \$25,000	
Neighborhood	Affordability gap
Jacinto City	\$ 7,521
Pleasantville	\$ 12,319
Meadowbrook / Allendale	\$ 16,248
Northshore	\$ 16,360
Gulfgate Riverview / Pine Valley	\$ 20,059
Highlands	\$ 20,768
Galena Park North	\$ 22,895
Edgebrook	\$ 22,897
Denver Harbor / Port Houston	\$ 24,232
Aldine Northwest	\$ 24,783
Affordability gaps more than \$100,000	
Neighborhood	Affordability gap
Spring Branch West	\$ 102,814
Mid-West	\$ 113,567
Gulfton	\$ 115,805
Webster	\$ 129,744
Third Ward	\$ 131,346
Spring Branch East	\$ 162,120
Westchase	\$ 254,470

Source: Houston Association of Realtors, vintage 3-20-2024; American Community Survey 1-year estimates, 2022

Further exploration of localized affordability reveals differences across race/ethnic groups in terms of being able to afford to buy where residents are currently living. For example, there are 27 neighborhoods where someone making the median household income of Asian families in that neighborhood can afford to buy. In contrast, there are only five neighborhoods where someone making the median household income of Black households in that neighborhood can afford to buy (i.e., Cypress North, Tomball South, Klein West, Crosby, and Highlands), four neighborhoods where someone making the median household income of Hispanic households can afford to buy (i.e., Lake Houston, Seabrook, Huffman, and Crosby), and three neighborhoods where someone making the median household income of White households in that neighborhood can afford to buy (i.e., Hidden Valley, Minnetex, and Kingwood).

What characterizes Harris County neighborhoods where an upper-middle-class household can afford a home?

A Harris County family earning \$100,000, roughly 120% the county's median *family* income, has more — albeit still limited — options to buy an affordable home. Of the 143 neighborhoods in Houston, 53 had median single-family home prices that were affordable to a household earning \$100,000 (specifically, the neighborhood's median home price was less than \$265,502).

When comparing characteristics of neighborhoods that were affordable and unaffordable to households making \$100,000, the affordable neighborhoods had statistically significantly higher percentages of school-aged children, larger shares of Black and Hispanic residents, smaller shares of White and Asian residents, higher poverty rates, higher unemployment rates, and lower median household incomes.¹²

These results raise concerns about gentrification pressures. When even households with better-than-modest means cannot afford the median home in the majority of Harris County's neighborhoods, they may turn to places where residents have less means to purchase homes.

12 See methodological appendix for more information.

TABLE 15

Neighborhoods where a household earning \$100,000 can afford the median-priced home

	Affordable neighborhoods	Unaffordable neighborhoods	Affordable neighborhoods	Unaffordable neighborhoods
	Mean		Median	
Population	33,396	27,957	23,906	24,787
% population that is school age (5–17)*	20.6%	5.6%	20.5%	17.5%
% White*	8.8%	20.0%	6.2%	40.2%
% Black*	26.6%	13.2%	22.1%	10.4%
% Asian*	2.9%	5.0%	1.6%	7.1%
% Hispanic*	59.8%	18.4%	55.7%	30.6%
% of neighborhood area in city of Houston boundary	58.4%	57.6%	75.7%	87.6%
Poverty rate*	22.7%	8.3%	21.9%	11.1%
Unemployment rate*	8.6%	2.4%	7.5%	5.3%
Median household income*	\$ 52,213	\$ 89,753	\$ 51,438	\$ 85,207

* Significant at $p < 0.05$, per Wilcoxon rank sum test

Affordable neighborhoods	53
Unaffordable neighborhoods	83
Neighborhoods with no home sales	7
Affordable home for household earning \$100,000: \$265,502	

Source: American Community Survey, 2022 1-year estimates



Houston and Harris County’s affordability gaps, compared

To compare the affordability gaps in Houston and Harris County with other cities and counties across the nation, data from the American Community Survey (ACS) were used. These data are different from what was used earlier in the chapter. The ACS data used in this section come from self-reports from survey respondents — therefore reflecting people’s ideas of what they think their homes would sell for — while earlier analyses were based on actual sales prices. The value of using ACS data is that they allow for comparison between Houston/Harris County and other similarly sized places around the country. Note, too, that home value and income data are all for 2022.

For all cities, there is an affordability gap, and that gap (with the exception of San Antonio) is in excess of six figures. In Houston and Harris County, the affordability gaps for median earners (per these calculations) from all households are \$106,567 and \$81,583, respectively. These gaps are not as large as the gaps in the city of Dallas and Dallas County (\$146,761 and \$108,985, respectively) or in Austin and Travis County (\$355,600 and \$321,084, re-

spectively). One city where the affordability gap was smaller than Houston was San Antonio.

Another way to look at the affordability gap is the median-price-to-renter-income ratio. The metric is often used to measure the feasibility of renters being able to purchase homes in the communities in which they live, and divides the price of homes by the annual renter income. It can be thought of as the number of years of income a person would have to set aside to cover the full price of buying a home. Housing is considered affordable when this ratio is less than 3.5.¹³

From 2010 to 2022, the median-price-to-renter-income ratio in Houston rose from 4.0 to 5.6, further signaling the city’s declining affordability. This pattern of cities becoming less affordable over time was also seen in Dallas (which changed from 4.2 to 6.3), San Antonio (3.8 to 5.4), and Austin (6.7 to 8.9). From 2010 to 2022, Atlanta and Chicago saw their ratios drop, but this did not mean those cities were “affordable”: In Atlanta the ratio changed from 8.5 to 7.8, and in Chicago it went from 8.1 to 6.5.

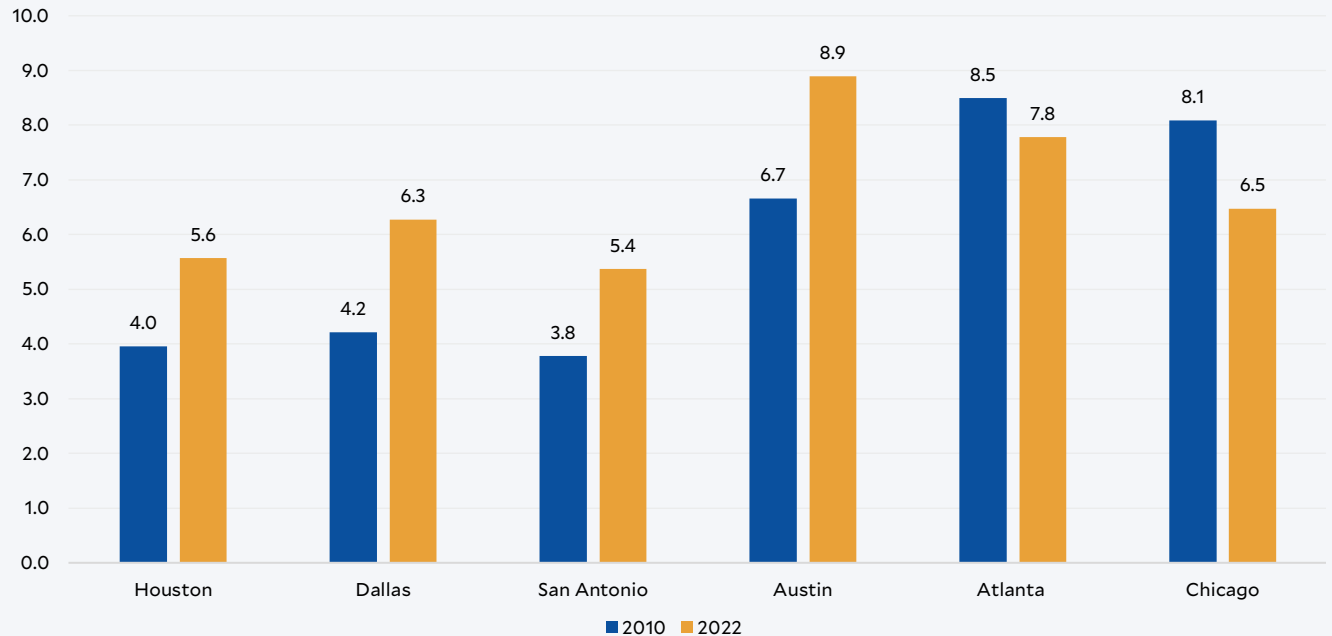
13 Hermann, A., & Whitney, P. (2024, January 22). Home Price-to-Income Ratio Reaches Record High. *Joint Center for Housing Studies: Housing Perspectives*. <https://www.jchs.harvard.edu/blog/home-price-income-ratio-reaches-record-high-0>

TABLE 16 Affordability gap in peer geographies, 2022

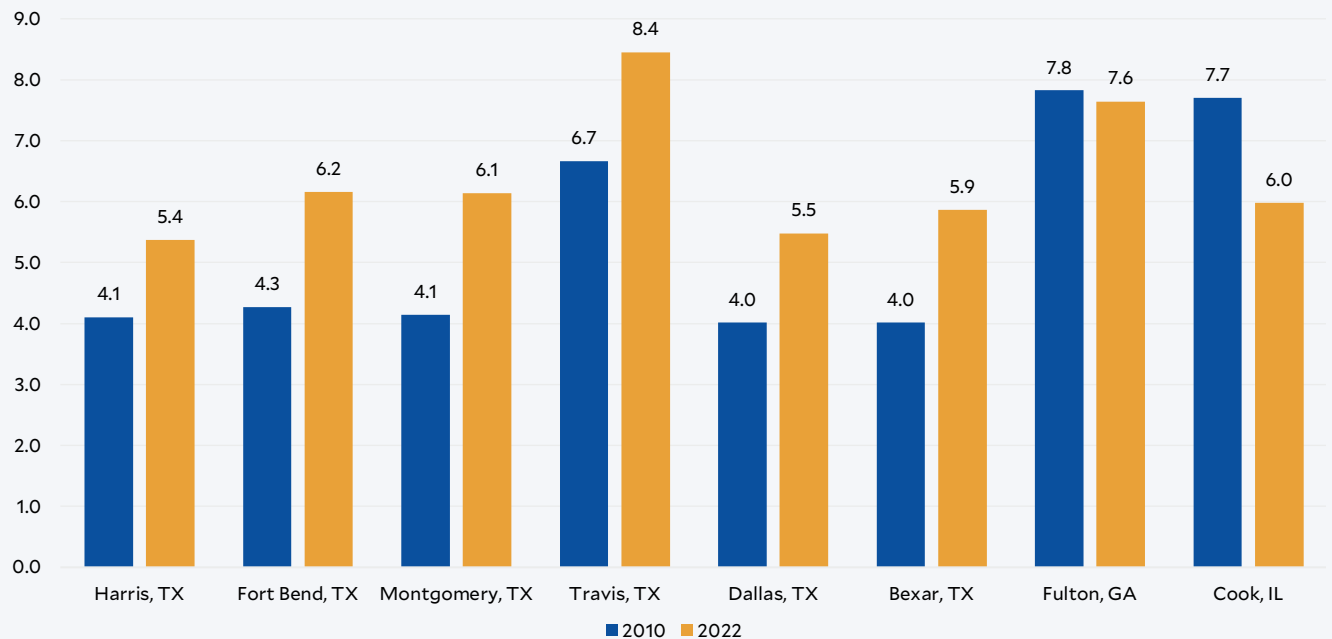
Geography	Home value	Median household income	Affordability gap
Houston	\$ 267,000	\$ 60,426	\$ 106,567
Harris County	\$ 264,000	\$ 68,706 ¹	\$ 81,583
Fort Bend County	\$ 351,600	\$ 105,205	\$ 72,277
Montgomery County	\$ 342,600	\$ 94,972	\$ 87,600
Dallas (city)	\$ 320,400	\$ 65,400	\$ 146,761
Dallas County	\$ 297,100	\$ 70,852	\$ 108,985
San Antonio	\$ 230,700	\$ 58,829	\$ 74,506
Bexar County	\$ 259,200	\$ 65,854	\$ 84,355
Austin	\$ 593,000	\$ 89,415	\$ 355,600
Travis County	\$ 574,000	\$ 95,259	\$ 321,084
Chicago	\$ 313,300	\$ 70,386	\$ 126,423
Cook County	\$ 301,400	\$ 76,632	\$ 97,939
Atlanta	\$ 424,600	\$ 83,251	\$ 203,565
Fulton County	\$ 447,100	\$ 90,346	\$ 207,228

Source: U.S. Census American Community Survey, 2022 1-year estimate

¹ Note that this number is different than \$71,009 Harris County median income cited above in this report, as that \$71,009 sum is the 2022 value (\$68,706) inflation adjusted to 2023 dollars.

FIGURE 6 Median home sales price to renter income ratio by city, 2010-2022

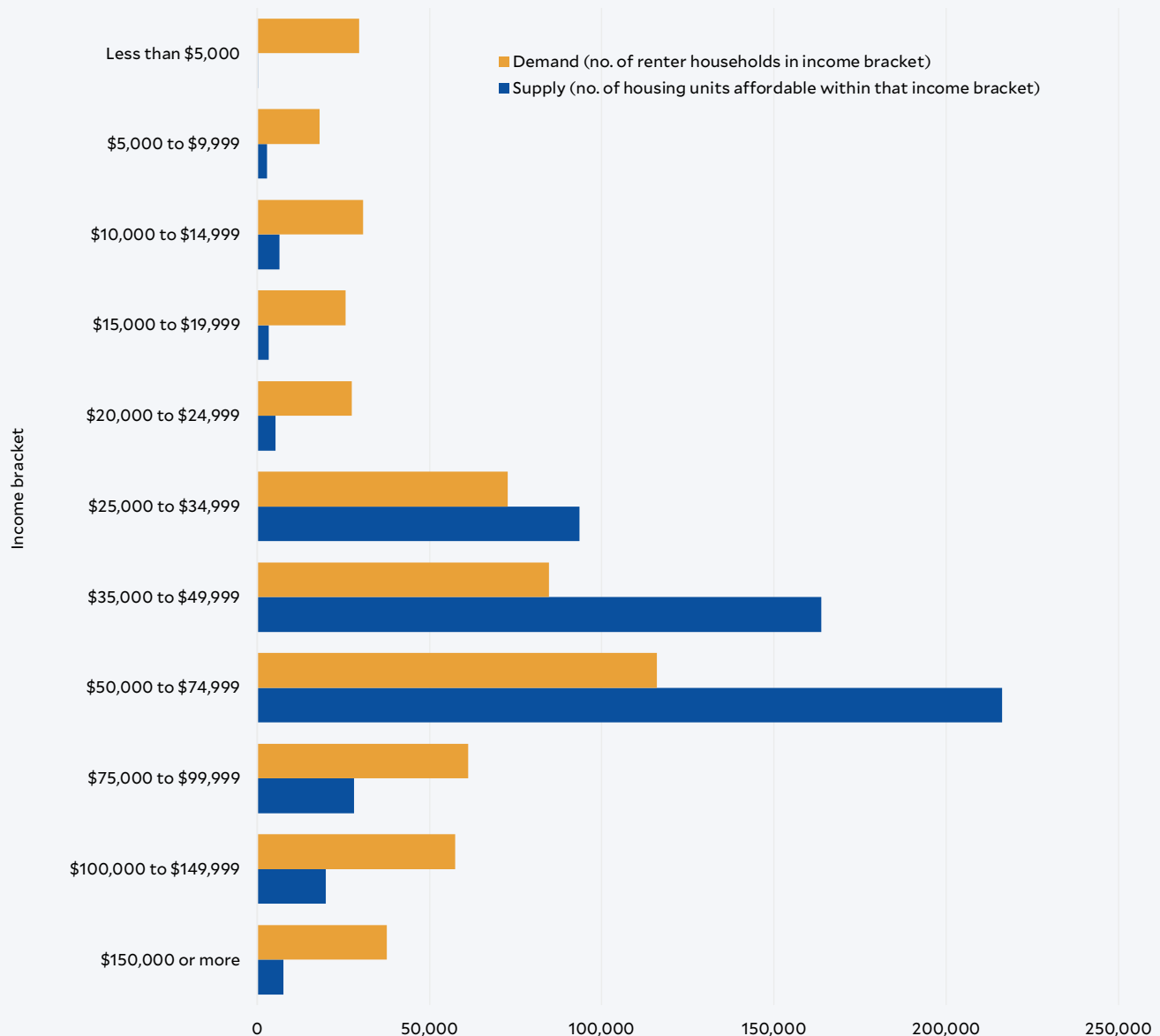
Source: American Community Survey, 2010 and 2022 1-year estimates

FIGURE 7 Median home sales price to renter income ratio by county, 2010-2022

Source: American Community Survey, 2010 and 2022 1-year estimates

Looking across counties, the median-price-to-renter-income ratio in Harris County changed from 4.0 to 5.4 from 2010 to 2022, reflecting the declining affordability of its housing market. Fort Bend County and Montgomery County also saw their ratios go up during this time, going from 4.3 to 6.2 in Fort Bend and from 4.1 to 6.1 in Montgomery.

Other counties where the ratio went up were Travis County going from 6.7 to 8.4, Dallas County going from 4.0 to 5.5, and Bexar County going from 4.0 to 5.9. Fulton County, GA remained largely unchanged, going from 7.8 to 7.6, and Cook County, IL dropped from 7.7 to 6.0.

FIGURE 8 Houston rental supply and demand, 2022

Source: U.S. Census American Community Survey 1-year estimates, 2022

There are not enough affordable rental units for lower- and higher-income Houston households.

While the primary focus of this report is homeownership, the supply and affordability challenges also apply to renters, particularly at the top and bottom of the income spectrum.

In the city of Houston, 78,447 renter households earn less than \$15,000 a year, while only 9,627 rental units are affordable to households earning that.

In the income brackets between \$25,000 and \$74,999, there are more units at rents that are affordable to these households than the number of households looking to rent. However, because of the undersupply of units for households earning more than \$75,000, this middle-income supply may be absorbed in part by higher earners seeking lower rents as well as by lower earners who, in turn, face higher cost burdens.

For more details, see the methodological appendix that accompanies this report at <https://kinder.rice.edu>.

Chapter 3:

Gentrification indicators

As residents look around for areas they can afford to buy a home and as home values rise rapidly, the risk of gentrification emerges in neighborhoods that are still considered affordable.

Past research has demonstrated how much of central Houston has become unaffordable because of gentrification,¹⁴ and this final chapter looks across a set of indicators to see which parts of the city and county may be experiencing early signals of gentrification. This provides the opportunity to anticipate neighborhood change and design programs and policies aimed at helping preserve homeownership and affordability.

Gentrification can bring new resources and investments¹⁵ into areas that have been historically under-invested or disinvested in, but when unchecked, it often has the impact of rapid increases in property values. This then causes higher taxes and insurance costs for homeowners and higher rents for renters. These increasing costs can push out long-time residents, creating a pattern of forced displacement that is deleterious to the community.¹⁶

To better understand what areas are displaying signs of gentrification, four metrics inspired by previous Kinder Institute research¹⁷ were used:

- the median household income increased over time;
- the share of highly educated residents increased over time;
- the proportion of non-White residents decreased over time;¹⁸ and,
- the median appraised value of sold/transferred homes increased.¹⁹

TABLE 17

Values of transferred homes, 2017–2022

Single-family homes transferred	Median value of transferred homes, 2017	Median value of transferred homes, 2022	\$ and % increase
189,661	\$186,870	\$272,294	\$85,424 (45.7%)

Source: Harris Central Appraisal District, 2017 and 2022

14 Choudary, W., Wu, J., & Zhang, M. (2018). Neighborhood gentrification across Harris County: 1990 to 2016. Kinder Institute for Urban Research. <https://kinder.rice.edu/research/neighborhood-gentrification-across-harris-county-1990-2016>

15 For such a perspective from one of the founding figures of New Urbanism, see Duany, A. (2001). Three Cheers for “Gentrification.” *The American Enterprise*, 12(3), 36–36.

16 Slater, T. (2006). The Eviction of Critical Perspectives from Gentrification Research. *International Journal of Urban and Regional Research*, 30(4), 737–757.

17 See Choudary et al. (2018) and Finio, N. (2022). Measurement and Definition of Gentrification in Urban Studies and Planning. *Journal of Planning Literature*, 37(2), 249–264.

18 Kirkland, E. (2008). What’s Race Got to Do With it? Looking for the Racial Dimensions of Gentrification: *Western Journal of Black Studies*, 32(2), 18–30.

19 Harris Central Appraisal District (HCAD) property tax records were used in order to identify single-family homes which transferred ownership between 2017 and 2022. The baseline year of 2017 was chosen since this both 1) addressed the changes in the housing market due to COVID-19 and 2) was the most recent year for which demographic analysis on neighborhoods could be performed. U.S. Census ACS 5-year demographic data were used for neighborhood indicators in this analysis. The most recent 5-year ACS estimates are 2018–2022, and the Census does not recommend using ACS 5-year estimates with overlapping years. Ergo, the 2012–2017 sample is necessary, and thus 2017 HCAD data are used. For more information, see: <https://www.census.gov/data/developers/data-sets/acs-5year.html>. For extensive detail on the analysis approach, please consult the online methodological appendix.



Following a definition of gentrification that emphasizes the transformation of urban space for more affluent people at the expense of displaced existing residents,²⁰ these metrics capture increasing affluence, increasing property values, and changing neighborhood race/ethnicity. The analysis below focuses on the appreciating value of single-family homes which changed ownership, capturing both increasing property values (which may lead to higher tax assessments) and ownership changes. It does not focus on new home construction or home renovation and subsequent flipping, another important part of local gentrification and a potential avenue for future research.

The median assessed property values on transferred homes increased almost 50% in only 5 years.

An estimated total of 189,661 homes changed hands²¹ in 121 Harris County neighborhoods between 2017

and 2022. The median assessed value increased 45.7% during that time span, from \$186,870 to \$272,294.

To test this finding's robustness and understand its historical context, HCAD data were compared to historic ACS 1-year estimate home value data.²² This allows comparing home value increases in 2017–2022 to those from prior periods, with the caveat that unlike HCAD, the home values in ACS are self-reported by survey takers and do not reflect actual assessed values. From 2007–2012, median home value in Harris County remained effectively flat (–0.6% change), which is understandable given the economic challenges of that period. Yet from 2012–2017 the market rebounded, and the median home value increased 32.9%. Then from 2017–2022 the median home price increased 51.7%, a figure in a similar range to that found in the HCAD analysis.

²⁰ Slater (2006)

²¹ See the methodological appendix for details of this analysis, which excluded neighborhoods with fewer than 30 sales.

²² ACS home value data does not disaggregate by building type (e.g., condos and townhomes), while this analysis with HCAD data only focuses on single-family homes. Single-family homes were 97% of home sales countywide in 2023.

In total, during the most recent period, median home prices increased even more than in the years of Great Recession recovery. A rapid increase in property values is itself a potential signal of gentrification, which prompted further analysis into neighborhood-level changes.

Which neighborhoods have signs of gentrification?

To more narrowly focus on neighborhoods with indications of gentrification, rather than consider all home sales across all neighborhoods, the list of potentially gentrifying neighborhoods was limited to those where the median home price was below 150% of the median countywide home price in 2017, which was \$217,000. That means for a neighborhood to be considered at risk

for gentrifying, its median home price in 2017 needed to be less than \$325,500 (i.e., \$217,000 times 1.5).

In addition to having a median sale price less than \$325,000 in 2017, the other indicators of gentrification needed to be found — that is, relative to 2017, the neighborhood had: 1) a lower proportion of non-White residents, 2) a higher proportion of people with a bachelor's degree or more, 3) a higher median household income, and 4) higher assessed home values. When these criteria are applied, 13 neighborhoods were identified (Table 18).

Of these 13, six appreciated faster than the county overall, with East Houston appreciating at almost 3 times the rate. On average, these 13 neighborhoods saw their homes appreciate by 42% in only 5 years.

TABLE 18 Neighborhoods with demographic indicators of gentrification, 2017–2022

Neighborhoods	Number of transferred homes	2017 median value	2022 median value	Median change in transferred home value, 2017–2022	Total share of population which is non-White, 2022	Percent point change in non-White population share, 2017–2022	Total share of bachelor's+ earners ¹ , 2022	Percent point change in bachelor's+ earner share, 2017–2022	Median household income, 2022	Total change in median household income, 2017–2022	Percent change in median household income, 2017–2022
East Houston	444	\$63,379	\$148,838	123.7%	96.2%	–0.3%	10.33%	1.2%	\$37,759	\$2,890	8.3%
Aldine Southeast	565	\$96,000	\$152,663	74.9%	92.9%	–1.8%	6.67%	3.5%	\$51,229	\$14,564	39.7%
Aldine	96	\$88,361	\$146,686	66.6%	89.7%	–0.1%	3.86%	0.4%	\$39,723	\$2,198	5.9%
Acres Home	896	\$111,184	\$188,664	61.6%	94.6%	–1.9%	14.97%	1.8%	\$42,807	\$6,650	18.4%
Five Corners	2,333	\$140,186	\$218,000	51.3%	94.1%	–0.4%	23.22%	3.2%	\$54,358	\$7,505	16.0%
Tomball	386	\$195,157	\$290,701	50.9%	34.7%	–1.7%	33.45%	4.8%	\$78,333	\$23,741	43.5%
Barrett	64	\$123,909	\$253,975	49.5%	76.5%	–0.4%	11.62%	4.2%	\$63,652	\$12,931	25.5%
Near Northside	65	\$239,830	\$305,856	29.7%	87.2%	–4.9%	17.93%	6.7%	\$50,776	\$18,077	55.3%
OST / South Union	54	\$251,669	\$280,000	23.4%	96.2%	–0.2%	20.57%	6.7%	\$34,974	\$4,260	13.9%
Fifth Ward	168	\$248,780	\$300,080	20.4%	94.9%	–0.8%	16.51%	4.7%	\$39,165	\$16,199	70.5%
Oak Forest	393	\$318,014	\$363,915	14.7%	57.0%	–0.8%	44.77%	7.9%	\$89,077	\$17,165	23.9%
Second Ward	330	\$307,634	\$341,259	8.9%	81.0%	–10.5%	32.07%	12.9%	\$68,324	\$27,998	69.4%
Independence Heights	70	\$283,052	\$288,445	1.4%	90.4%	–3.1%	23.12%	12.3%	\$61,373	\$33,013	116.4%

Source: U.S. Census American Community Survey 5-year estimates, 2013–2017 and 2018–2022, Harris Central Appraisal District, 2017 and 2022

¹ Note that the denominator in this “share” is adults ages 25 and over, not the total population.

Regarding demographic changes, the historically Black Independence Heights neighborhood had the highest change in median household income, more than doubling. Second Ward had the highest percentage change in bachelor's degree-holders, and the largest percentage decrease in non-White residents, though the transferred single-family homes' median assessed value did not increase as much as it did in the 12 other neighborhoods.

Note that some of these 13 neighborhoods are mentioned for different reasons elsewhere in this report. For example, Acres Home was a new construction hot spot, having the fourth-most new home sales of all neighborhoods countywide in 2023.

Some of these highlighted neighborhoods also saw their numbers of Black owner-occupied households decrease by more than 500 between 2010 and 2022. OST/South Union lost roughly 900 and Fifth Ward lost 600 Black owner-occupied households during this period.

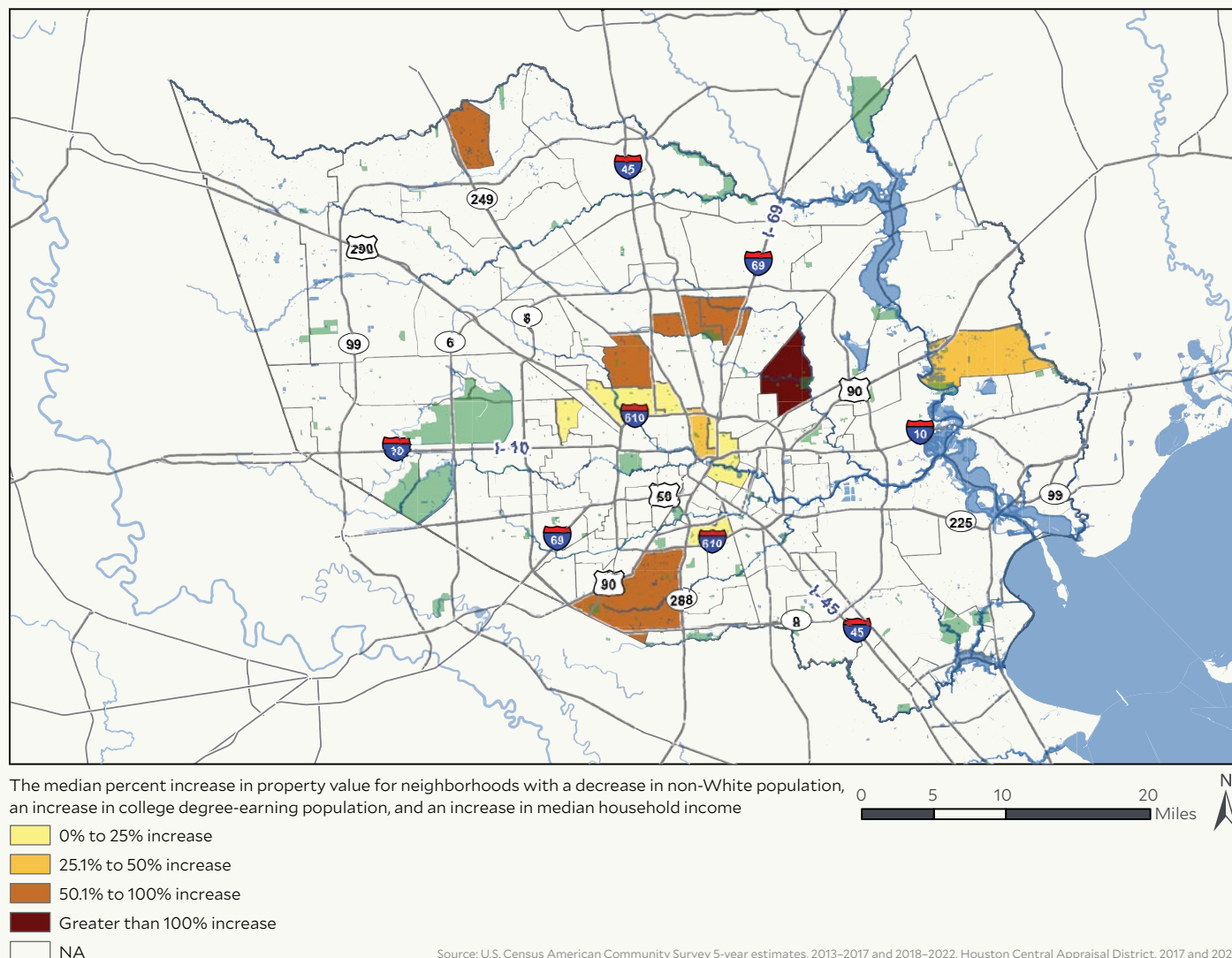
These findings suggest that gentrification is occurring beyond the central areas highlighted in prior research.²³ Of the 13 highlighted neighborhoods, only three (Second Ward, Fifth Ward, and OST/South Union) are within Loop 610. Of the highlighted neighborhoods that have seen their assessed values rise above the countywide median rate (45.7%), all are outside of Loop 610 (East Houston, Aldine Southeast, Aldine, Acres Home, Five Corners, Tomball, and Barrett). Two of these areas, Tomball and Barrett, are beyond Beltway 8 along the county's border.

While gentrification is typically associated with central city neighborhoods, suburban areas can also exhibit signals of gentrification.²⁴ These indicators include

23 Podagrosi, A., Vojnovic, I., & Pigozzi, B. (2011). The diversity of gentrification in Houston's urban renaissance: from cleansing the urban poor to supergentrification. *Environment and Planning A*, 43(8), 1910-1929.

24 See review in Markley, S. (2018). Suburban gentrification? Examining the geographies of New Urbanism in Atlanta's inner suburbs. *Urban Geography*, 39(4), 606-630.



FIGURE 9 Property value increases in neighborhoods with indicators of gentrification

those listed here and others, such as demolition of older housing, which is replaced with newer luxury residential housing.²⁵ An important point remains unanswered with this analysis: whether displacement, which is central to gentrification,²⁶ is occurring not only in central neighborhoods but also in the county's fringes.

Among other limitations, this analysis focuses solely on single-family homes within Harris County. A methodological appendix that accompanies this report online provides further detail. The broad trends noted here mirror trends in HAR sales data from the same period and ACS 1-year data on median housing values across

all housing types. Additionally, housing prices are increasing even faster than the Great Recession recovery period, a period analyzed in prior Kinder Institute research.²⁷ These findings have implications for Houston considering that even some of the city's most affordable neighborhoods, such as East Houston and Aldine (the second and first most affordable neighborhoods, based on median home sales price in 2023), have seen vast cost increases in the past 5 years.

25 Charles, S. L. (2014). The spatio-temporal pattern of housing redevelopment in suburban Chicago, 2000–2010. *Urban Studies*, 51(12), 2646–2664.

26 Slater (2006).

27 Choudary et al. (2018).

Implications and recommendations

A typical Houston-area resident can no longer afford to buy a typical Houston-area home, as the median home price in the city and county has grown beyond what the median household earnings can support. While there are some neighborhoods throughout the county where affordable homeownership remains within reach for the residents currently living there, many of those “almost affordable” places are not affordable to someone making at or slightly above the county’s median household income.

At the same time, homeownership is becoming more diverse. The share of homeowners who are Hispanic and Asian has increased in Harris, Fort Bend, and Montgomery counties as well as in the city of Houston. The number of Black homeowners has increased in Harris County, with a noted increase in neighborhoods beyond Beltway 8. The share of Montgomery County homeowners who are Black, while still small (5%), doubled in 12 years.



Making homeownership more attainable has implications for Houston and Harris County’s long-term growth. While the Houston metropolitan statistical area’s population continues to grow, the city of Houston’s population has remained relatively flat since 2018 despite adding more households. Meanwhile, outlying parts of Harris County, along with Fort Bend and Montgomery counties, are continuing to add homes and population at higher rates. With so many residents valuing homeownership and seeing its potential move further out of reach, wherever affordability can be found becomes that much more attractive. This is especially the case as nearby counties, like Fort Bend and Montgomery, make significant and important investments in their infrastructure, job opportunities, schools and communities.

Future research could further explore the push-and-pull factors behind Houston’s suburban growth as well as the implications of them, which can help inform planning and development conversations at the city, county, and regional levels. Research has demonstrated that urban sprawl is a determinant of community and public health²⁸ and affects drainage patterns²⁹ across the region’s flood plains. Groundwater extraction in Greater Houston suburbs has contributed to extensive soil subsidence.³⁰ If Houston and Harris County leaders cede the task of providing affordable homeownership

exclusively to the suburbs, they potentially contribute to an unsustainable path for the region’s growth.

Declines in homeownership in the city of Houston have been measured among both Black and White residents. Given historical segregation and the decline of owner-occupiers in certain predominantly Black neighborhoods in the central part of the city, this trend may have real effects for neighborhood stability, an important topic for future research.

Finally, affordability is relative. The affordability gap in Austin alone is bigger than the cost of buying a home in Houston. This does not mean there is not a problem here, but unlike other cities and counties where the crisis may be insurmountable, Houston and Harris County have an opportunity — if not an advantage — to narrow the gaps. However, whatever edge the area has had over similar cities and counties is shrinking, and without concerted attention, research, and effort from public and private leaders, the opportunity to preserve — if not improve — Houston’s affordability could be lost altogether.

28 Genovese, D., Candiloro, S., D’Anna, A., Dettori, M., Restivo, V., Amodio, E., & Casuccio, A. (2023). Urban sprawl and health: a review of the scientific literature. *Environmental Research Letters*, 18(8), 083004.

29 Kim, H. W., Li, M., Kim, J., & Jaber, F. (2016). Examining the Impact of Suburbanization on Surface Runoff using the SWAT. *International Journal of Environmental Research*, 10(3), 379-390. doi: 10.22059/ijer.2016.58757

30 Khan, S. D., Gadea, O. C., Tello Alvarado, A., & Tirmizi, O. A. (2022). Surface Deformation Analysis of the Houston Area Using Time Series Interferometry and Emerging Hot Spot Analysis. *Remote Sensing*, 14(15), 3831.

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