Destination States Are Importing the Affordability Crisis They Offered Refuge From

Housing Affordability, Income-Sorted Migration, and the Feedback Loop

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Abstract

Between 2010 and 2022, the median U.S. metropolitan area saw home prices grow twice as fast as household incomes. This paper documents three linked phenomena using federal administrative data across 332 metropolitan areas and 51 states. First, we map the affordability gap: in 82% of Los Angeles households and 83% of Honolulu households, the median home is beyond reach at current mortgage rates. Second, we show that interstate migration is income-sorted: households arriving in Florida carry an average adjusted gross income of $157,000, versus $97,000 for those departing – a $60,000 gap per return. Third, we demonstrate that this sorting creates a feedback loop. Destination states attract wealthier migrants who bid up local prices, replicating the affordability crisis they fled. Florida, now receiving 245,000 net domestic migrants annually, already places 7 of its metros among the 20 worst-deteriorating housing markets nationally. The states offering refuge are importing the crisis.

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1. Introduction

The conventional account of U.S. domestic migration treats it as an equilibrating force. Households priced out of expensive coastal markets relocate to cheaper interior and Sunbelt states, relieving demand pressure in origin markets and distributing economic activity more evenly. By this logic, migration should ameliorate affordability problems over time.

The data tell a different story. Migration is not a random draw from the population. It is income-sorted. The households that leave California and New York are systematically wealthier than the households that arrive to replace them. The households that land in Florida and Texas are systematically wealthier than the existing residents. This asymmetry has consequences.

When a household earning $157,000 arrives in a Florida metro where the median income is $68,000, the local housing market does not experience generic "demand." It experiences demand from a buyer whose purchasing power was calibrated to a $772,000 Los Angeles home. To that buyer, a $350,000 Cape Coral home is a bargain. To the Cape Coral resident earning $62,000, it is now $50,000 out of reach.

This paper documents the feedback loop that income-sorted migration creates. Section 2 describes the data and methods. Section 3 presents five sets of results: the national affordability map, the income distribution analysis of who is priced out, the income composition of migration flows, the emerging affordability crisis in destination states, and the supply-side response. Section 4 discusses implications, with Florida as a sustained case study. Section 5 addresses limitations.

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2. Data and Methods

2.1 Data sources

We draw on four federal datasets, all accessed via their public APIs:

FHFA All-Transactions House Price Index. The Federal Housing Finance Agency publishes quarterly house price indices for 332 metropolitan statistical areas, based on repeat-sale transactions from Fannie Mae and Freddie Mac mortgage records. We use Q4 2010 and Q4 2022 values to compute 12-year HPI growth rates.

Census ACS 5-Year Estimates. The American Community Survey provides metro-level estimates of median household income (B19013), median home value (B25077), household income distribution by bracket (B19001, 17 brackets from under $10,000 to $200,000+), and median gross rent as a percentage of household income (B25071). We use the 2012 vintage (centered on 2010) for baseline income and the 2022 vintage for current-period measures.

IRS Statistics of Income Migration Data. The IRS tracks address changes on individual tax returns, producing state-to-state migration flows by number of returns, number of exemptions (a proxy for persons), and aggregate adjusted gross income. We use the 2021 tax year (the most recent available), which captures migration between the 2020 and 2021 filing addresses.

Census Building Permits Survey. Annual counts of residential building permits issued, by state, disaggregated into single-family and multifamily units. We use 2022 data normalized by state population to compute permits per 1,000 residents.

2.2 Affordability ratio

For each metropolitan area with both HPI and ACS income data, we compute:

$$\text{Affordability Ratio} = \frac{\text{HPI Growth \% (2010–2022)}}{\text{Income Growth \% (2010–2022)}}$$

A ratio of 1.0 means home prices and incomes grew at the same rate. A ratio of 2.0 means home prices grew twice as fast. We restrict to metros with positive income growth to avoid division artifacts in declining-income areas.

2.3 Priced-out share

For each metro, we compute the annual cost of owning the median home under standard assumptions: 20% down payment, 6.5% fixed rate, 30-year term, 1.5% annual property tax and insurance. We calculate the household income required to keep total housing costs below 30% of gross income (the HUD cost-burden threshold). Using the 17 income brackets from Census table B19001, we count the share of households below this threshold, applying linear interpolation within the bracket that straddles it.

2.4 Migration income sorting

For each of the 50 states plus the District of Columbia, we compute average adjusted gross income per return for both inflows and outflows, excluding summary rows (total migration, non-migrants, same-state, and foreign). The "AGI gap" is the difference between average inflow AGI and average outflow AGI. A positive gap means arriving households are wealthier than departing ones.

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3. Results

3.1 The affordability map: 332 metropolitan areas

The median metropolitan area saw home prices grow 1.98 times faster than household incomes between 2010 and 2022. Nearly half of all metros (163 of 332, 49%) had a ratio at or above 2.0. Only 7 metros out of 332 had ratios below 1.0, where income growth outpaced home price appreciation. All 7 are in the Rust Belt or Deep South – places where demand has been flat or declining. Affordability there came from stagnation, not policy.

Table 1. Distribution of affordability ratios, 332 metro areas

Ratio range	Metros	Share
Below 1.5 (income roughly keeping pace)	59	18%
1.5 to 2.0 (moderate squeeze)	110	33%
2.0 to 3.0 (significant squeeze)	122	37%
3.0 and above (severe squeeze)	41	12%

The geographic concentration is striking. Florida places 7 metros in the 20 worst affordability ratios nationally. Idaho places 3, Arizona and Nevada each place 2. The common thread is Sunbelt migration: these are the states absorbing the largest domestic population inflows.

Table 2. Top 10 metros by affordability ratio (HPI growth / income growth, 2010–2022)

Rank	Metro	HPI growth	Income growth	Ratio
1	Farmington, NM	+33%	+4%	8.02
2	Las Vegas, NV	+195%	+29%	6.74
3	Carson City, NV	+141%	+25%	5.64
4	Punta Gorda, FL	+185%	+39%	4.70
5	Cape Coral-Fort Myers, FL	+199%	+43%	4.62
6	Lake Havasu City-Kingman, AZ	+163%	+36%	4.52
7	El Centro, CA	+131%	+31%	4.28
8	Palm Bay-Melbourne-Titusville, FL	+188%	+45%	4.15
9	Phoenix-Mesa-Chandler, AZ	+199%	+48%	4.14
10	Port St. Lucie, FL	+210%	+51%	4.09

At the other extreme, the few metros where income kept pace or exceeded HPI growth – Enid, OK (0.79); Albany, GA (0.80); Huntington-Ashland, WV-KY-OH (0.85) – share a common profile: shrinking or stagnant populations with no inbound migration pressure.

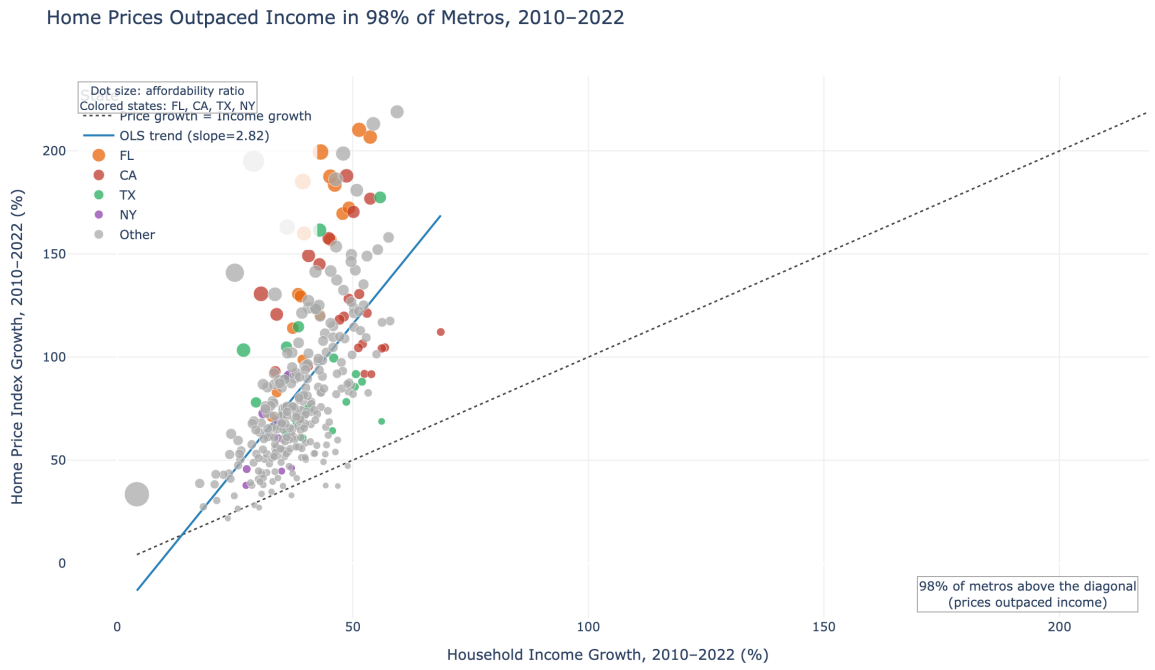

Figure 1: Each point is one metro area. Points above the diagonal line (y=x) are metros where home

prices outpaced income growth — 97.9% of all metros (325 of 332). Florida metros (orange) cluster in the high-HPI-growth region. The regression line (slope=2.82) confirms that for every 1% of income growth, home prices grew nearly 3%.

3.2 Who is priced out: income distribution analysis

The affordability ratio captures the trajectory. The priced-out analysis captures the current human cost.

Across 392 metropolitan areas, the median metro has 42% of households unable to afford the median home at a 6.5% mortgage rate with 1.5% property tax and insurance. In 118 metros (30%), a majority of households are priced out.

Table 3. Most priced-out metro areas (% households below income threshold)

Metro	Median home	Income needed	Priced out
Kahului-Wailuku-Lahaina, HI	$800,100	$201,835	84.3%
Urban Honolulu, HI	$832,200	$209,932	82.9%
Los Angeles-Long Beach-Anaheim, CA	$772,000	$194,746	82.2%
San Luis Obispo-Paso Robles, CA	$726,700	$183,319	81.8%
Santa Rosa-Petaluma, CA	$748,500	$188,818	79.7%
Napa, CA	$794,500	$200,422	79.4%
Salinas, CA	$683,700	$172,471	79.4%
Santa Cruz-Watsonville, CA	$951,300	$239,977	78.7%
San Diego-Chula Vista-Carlsbad, CA	$725,200	$182,940	78.3%
Santa Maria-Santa Barbara, CA	$714,800	$180,317	78.0%

In Los Angeles, 3.6 million of 4.4 million households cannot afford the median home. A household needs $194,746 in annual income to keep housing costs for a $772,000 home below 30% of gross income. These are not luxury properties in premium neighborhoods. This is the median.

San Jose presents a revealing counterpoint. Despite having the most expensive median home of any U.S. metro ($1,282,400, requiring $323,500 in annual income), its priced-out share (68.4%) is lower than metros with much cheaper housing. The explanation is the tech economy: San Jose has a concentration of households earning above $200,000 that exists nowhere else. The crisis there is real, but the income distribution provides more buffer than in Honolulu or Santa Barbara, where high-earning households are scarce.

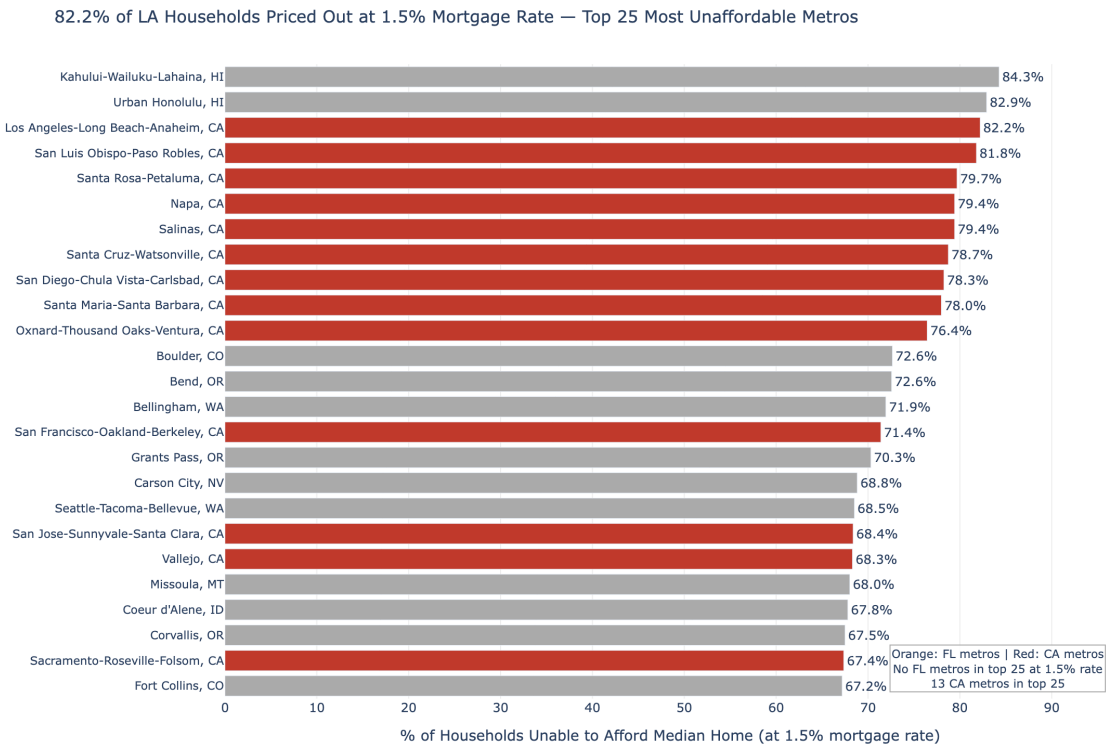

Figure 2: Share of households below the income threshold to afford the median home at a 1.5% mortgage rate. Hawaii metros lead (84.3%, 82.9%), followed by California metros which account for 13 of the top 25. The top Florida metros (Naples at 63.2%, Miami at 62.7%) fall just outside the top 25 at this rate threshold, but represent a larger absolute count of priced-out households given Florida's population.

3.3 Migration is income-sorted

Interstate migration in the United States moves roughly 8 million people per year. The dominant pattern is a flow from high-cost coastal states to lower-cost Sunbelt and interior states. But the critical finding is not the volume of migration. It is the income composition.

Table 4. Net domestic migration and AGI per return, top origin and destination states (2021)

State	Net persons	Avg AGI, arrivals	Avg AGI, departures	AGI gap
FL	+245,334	$156,658	$96,804	+$59,854
TX	+180,870	$96,508	$89,727	+$6,781
NC	+82,620	$87,068	$80,845	+$6,224
SC	+70,429	$96,350	$73,159	+$23,191
TN	+60,593	$93,996	$74,230	+$19,766
CA	-307,117	$111,689	$130,946	-$19,257
NY	-222,702	$124,391	$126,665	-$2,274
IL	-87,311	$86,086	$124,008	-$37,922
MA	-45,259	$119,730	$126,937	-$7,208
NJ	-37,408	$112,796	$135,293	-$22,497

Florida's numbers are extreme. The 398,307 arriving tax returns carried an average AGI of $156,658. The 272,756 departing returns carried an average of $96,804. The gap is $59,854 per return – the largest of any large migration-receiving state. Wyoming records a nominally higher gap (+$66K) but receives far fewer

migrants; at scale, Florida's $36.0 billion aggregate net AGI gain in a single year is unmatched. In aggregate, Florida gained $36.0 billion in net adjusted gross income in a single year.

The sorting pattern is consistent across origin states. California lost 307,117 people on net, and the leavers averaged $130,946 – $19,257 more than the arrivals replacing them. Illinois lost 87,311 people, with departures averaging $124,008 versus $86,086 for arrivals – a $37,922 gap per return. The expensive states are not just losing people. They are losing their higher earners.

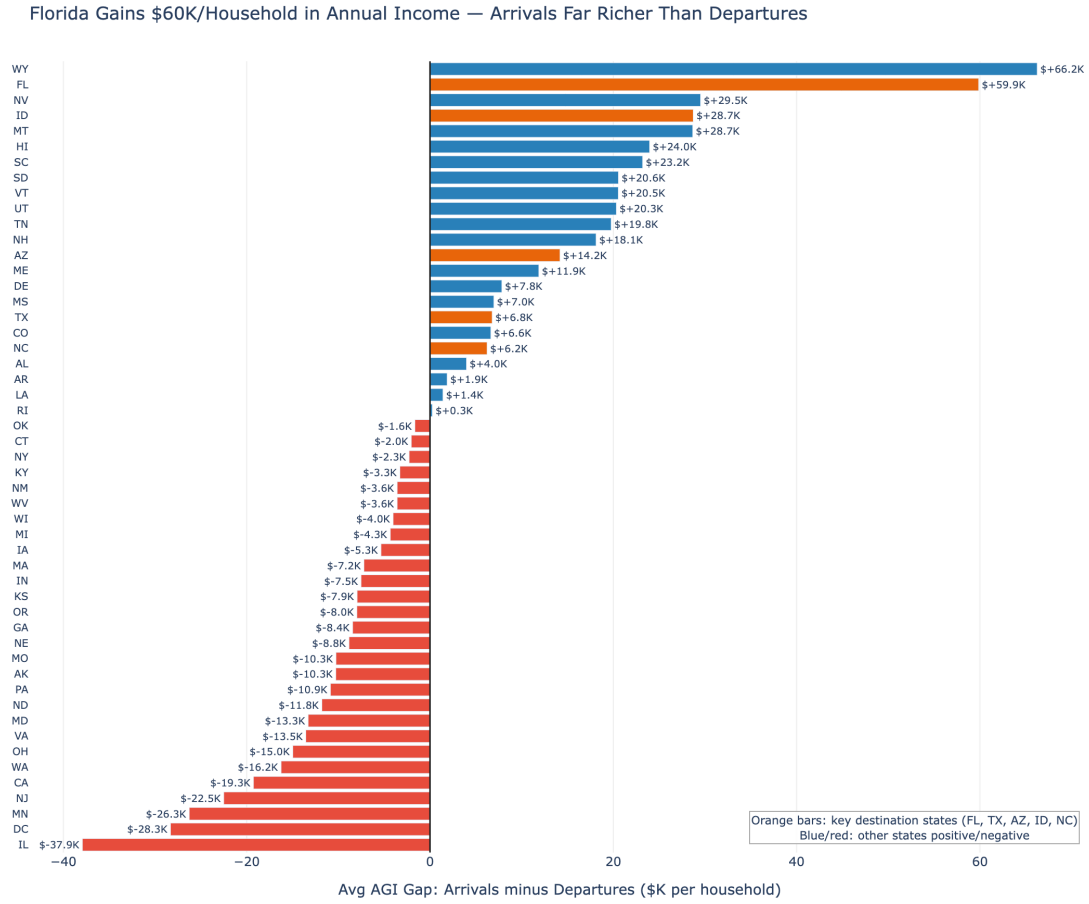

Figure 3: Positive values mean arriving households earn more than departing ones — the state is gaining purchasing power per household. Negative values mean the state is losing its higher earners. Florida's +$59,854 gap is an outlier: no other high-migration state comes close. Key destination states (FL, TX, AZ, ID, NC) are shown in orange.

This is not a story about the rich fleeing taxes, though that is a component. It is a story about middle-class and upper-middle-class households making rational housing arbitrage decisions. A two-income household earning $150,000 in Los Angeles, where they cannot afford the median home, can buy a home in Tampa, Charlotte, or Nashville with cash to spare.

3.4 Destination states are importing the crisis

The feedback loop becomes visible when we connect migration income to housing price trajectories.

Florida received 245,334 net domestic migrants in 2021, the most of any state. Its incoming households averaged $157,000 in AGI – 2.3 times the state's median household income of $68,000. These arrivals enter a housing market calibrated to local wages, not to coastal purchasing power.

The result: Florida's median metro affordability ratio is 3.51, meaning home prices grew 3.5 times faster

than local incomes between 2010 and 2022. That is the highest median ratio of any major destination state. Every Florida metro except one exceeds the 3.0x price-to-income benchmark that has historically marked the boundary of affordability. The state-level median price-to-income ratio is 4.05.

The same pattern appears in other high-migration destinations. Idaho, which gained 20,126 net migrants, places Coeur d'Alene (4.02) and Boise (3.92) in the national top 15. Nevada, which gained 14,321, places Las Vegas (6.74) and Carson City (5.64) in the top 3.

The states that offered affordable refuge are replicating the conditions that generated the exodus.

3.5 The supply response: permits and migration

If migration-driven demand is the problem, new housing supply is the theorized solution. We examine whether destination states are building enough to absorb the influx.

The correlation between building permits per 1,000 residents and net migration rate is r = 0.675 at the state level. States receiving more migrants are building more housing. The top five permit-issuing states per capita – Idaho (9.7 per 1,000), North Carolina (9.4), Florida (9.0), South Carolina (8.3), and Arizona (8.1) – are all major migration destinations.

But the comparison to origin states is instructive. The five largest origin states (California, New York, Illinois, New Jersey, Massachusetts) average 2.4 permits per 1,000 residents. The five largest destination states (Florida, Texas, North Carolina, South Carolina, Tennessee) average 8.3 permits per 1,000. The destination states are building at 3.5 times the rate.

Table 5. Building permits and migration, selected states (2022)

State	Permits per 1,000	Net migration (persons)	AGI gap
FL	9.0	+245,334	+$59,854
TX	7.9	+180,870	+$6,781
NC	9.4	+82,620	+$6,224
SC	8.3	+70,429	+$23,191
TN	6.9	+60,593	+$19,766
CA	2.8	-307,117	-$19,257
NY	2.4	-222,702	-$2,274
IL	1.3	-87,311	-$37,922

Yet despite this building activity, affordability in destination states is deteriorating faster than anywhere else. Florida issues 9.0 permits per 1,000 residents – among the highest rates nationally – and still has 7 of the 20 worst affordability ratios. The supply response exists, but it is not sufficient to offset the demand shock from income-sorted migration. When arrivals carry purchasing power calibrated to a $772,000 Los Angeles market, even vigorous construction cannot equilibrate prices to local wages in the short term.

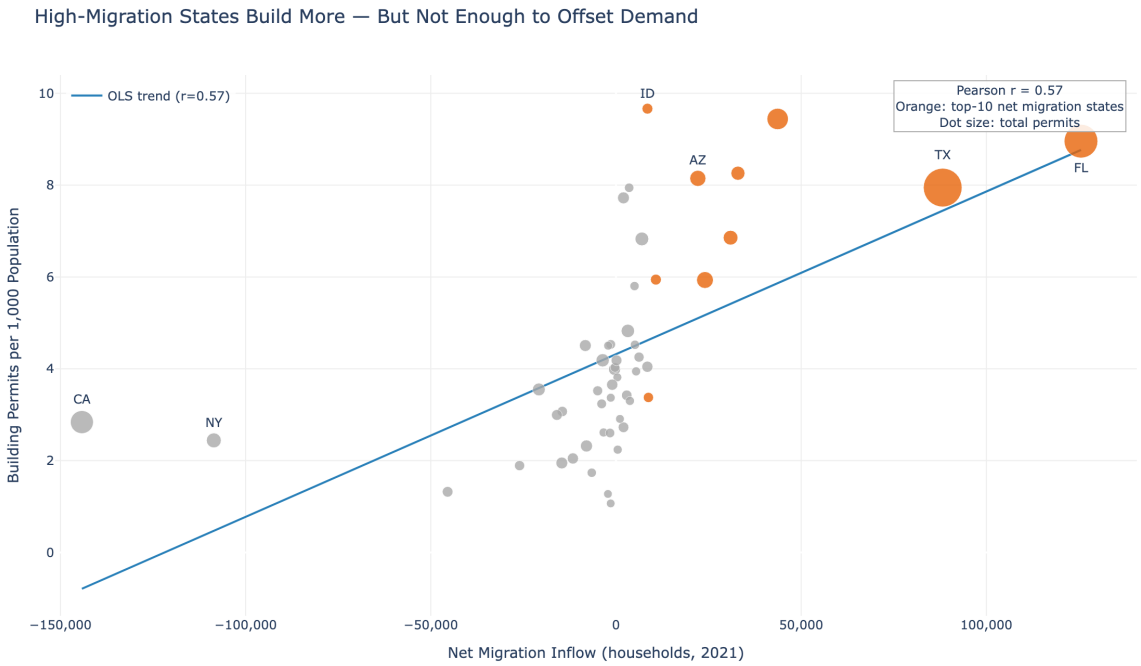

Figure 4: High-migration states build more (Pearson r = 0.57), but the relationship is insufficient to prevent affordability deterioration. Florida (top right, largest dot by total permits) leads all states in net migration and has among the highest per-capita permit rates nationally, yet still has 7 metros in the top 20 for affordability ratio deterioration.

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4. Discussion

4.1 The feedback loop

The results describe a self-reinforcing cycle with three stages:

Stage 1: Affordability pressure generates outmigration. California, New York, and Illinois lose population because their housing costs have outstripped local incomes. The leavers are disproportionately middle-income and upper-middle-income households – those with enough resources to relocate but not enough to afford coastal housing.

Stage 2: Income-sorted migration inflates destination markets. The arrivals bring purchasing power from high-cost markets. A household earning $150,000 that was priced out of Los Angeles can outbid local buyers in Cape Coral, Boise, or Nashville. Prices rise not because of generic demand growth, but because the demand is coming from a higher position on the income distribution than the existing market serves.

Stage 3: Destination markets replicate origin conditions. As prices rise faster than local incomes, the destination metro's affordability ratio climbs. The locals who were previously housed become the next generation of priced-out households. Some will migrate to even cheaper markets, extending the chain.

4.2 Florida as case study

Florida is the clearest illustration because the magnitudes are so large.

The state gained 245,334 net domestic migrants in 2021 – one-quarter of a million people in a single year. The arriving households averaged $157,000 in AGI, 2.3 times the state median. The net AGI inflow was $36 billion.

This wealth injection landed in a state where home prices were already accelerating. Between 2010 and 2022, Cape Coral-Fort Myers saw HPI grow 199% while incomes grew 43% (ratio: 4.62). Punta Gorda saw HPI grow 185% on 39% income growth (ratio: 4.70). Port St. Lucie saw 210% HPI growth on 51% income growth (ratio: 4.09).

The source of the demand is identifiable. The New York-to-Florida pipeline is the largest single bilateral migration corridor in the country, moving 88,344 people per year. California sends 42,412. These migrants compare Florida prices not to local incomes but to their origin market. A $350,000 Cape Coral home is a 62% discount relative to the $772,000 Los Angeles median and a 58% discount relative to New York metro pricing.

The result is that Florida is simultaneously the most popular migration destination in the country and the state with the fastest-deteriorating affordability. It has 7 metros in the national top 20 for affordability ratio deterioration, a state-level median price-to-income ratio of 4.05 (above the historical 3.0 benchmark), and a median affordability ratio of 3.51 (prices growing 3.5 times faster than incomes).

Florida is issuing building permits at 9.0 per 1,000 residents, among the highest rates in the nation. But 193,788 permits cannot keep pace with 245,334 net migrants who carry 2.3 times the local purchasing power. Supply-side responses are necessary but insufficient when the demand shock is both quantitatively large and qualitatively different from organic local growth.

4.3 Implications

The feedback loop has three implications for housing policy.

First, local affordability programs in destination markets face a structural headwind. Inclusionary zoning, down-payment assistance, and affordable housing trust funds are calibrated to local income distributions. When the marginal buyer arrives with $157,000 in income from out of state, these programs cannot shift the clearing price.

Second, the conventional wisdom that building more housing solves affordability is necessary but incomplete. Destination states are already building at 3.5 times the rate of origin states. The problem is not a failure to build. It is that the demand is not organic. It is imported from markets with fundamentally different price levels.

Third, origin-state housing policy has downstream consequences. California's failure to build sufficient housing does not merely price out Californians. It exports those households – and their purchasing power – to other states, transmitting the affordability crisis along migration corridors.

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5. Limitations

Geographic resolution. All affordability measures are computed at the metropolitan statistical area level, which masks enormous intra-metro variation. The lived experience of Miami's Brickell neighborhood and Liberty City are fundamentally different, but they share a metro-level median.

Race and ethnicity. We use total-population medians throughout. Housing affordability is deeply racialized. The B19001B (Black household) income distribution would yield substantially higher priced-out percentages in every metro.

Mortgage rate timing. Our priced-out calculations assume a 6.5% fixed rate, reflecting conditions in late 2022 and 2023. At the 2021 trough of approximately 3%, the same home prices would produce far lower priced-out shares. The rate shock of 2022–2023 is a major component of the crisis that our cross-sectional analysis cannot fully capture.

Migration data lag. IRS migration data has an inherent two-year lag. The most recent available data (2021 tax year) reflects address changes between 2020 and 2021 filings, meaning it captures pandemic-era

migration patterns. These may differ from subsequent years, though early indicators suggest the Sunbelt migration trend has persisted.

Causality. We document correlations between income-sorted migration and destination-market affordability deterioration. We do not claim a fully identified causal estimate. Migration is one of several demand-side forces (along with investor purchases, second-home demand, and short-term rental conversion) driving price growth in Sunbelt metros.

Tax+insurance assumptions. The 1.5% annual property tax and insurance rate applied uniformly across metros understates costs in high-tax states (New Jersey, Illinois) and overstates them in low-tax states (Hawaii). This affects the absolute priced-out percentages but not the relative ranking.

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Data Sources

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U.S. Census Bureau. Building Permits Survey, 2022. https://www.census.gov/construction/bps/. Accessed March 2026.

Cross-validation sources

Joint Center for Housing Studies of Harvard University. *The State of the Nation's Housing 2024*. Harvard University, 2024.

National Association of Realtors. Housing Affordability Index, 2023.

Zillow Research. Mortgage Affordability Data, 2022–2023. https://www.zillow.com/research/.

Reproducibility. All data and code for this analysis are available in `research_output/papers/affordability/`. The script `reproduce.py` fetches all data from source APIs and regenerates the four output datasets: `metro_affordability.csv` (332 metros), `state_migration_agi.csv` (51 states), `priced_out_metros.csv` (392 metros), and `state_permits_migration.csv` (51 states with permits). Running the script requires a Census API key and the `govdata` Python library.