

OpenVoiceNews U.S.

Transparent. Unbiased. Yours.

Santa Cruz Ranks as America's Most Unaffordable Rental Market for Third Straight Year

July 20, 2025

– Categories: Real Estate



Renting a modest two-bedroom home in Santa Cruz, California, now requires an income of nearly \$169,000 a year, making it the least affordable rental market in the United States for the third year in a row. That's according to the National Low Income Housing Coalition's (NLIHC) *2025 Out of Reach* report, which highlights the growing gap between housing costs and wages across the country.

The coastal city, located roughly 75 miles south of San Francisco, has seen the hourly wage needed to rent a two-bedroom unit at fair market value rise from \$63.33 in 2023 to \$81.21 in 2025, a jump of nearly 30 percent. Renters now need to make \$4,223 per month just to afford a typical two-bedroom unit, a staggering figure that underscores the region's affordability crisis.

Policy-Driven Crisis

California's housing crisis has been years in the making, with many pointing to overlapping regulations as a major roadblock to relief. The state now accounts for eight of the country's ten most expensive metro rental markets, including San Jose, Salinas, San Francisco, and Santa Barbara. The average housing wage required to rent a two-bedroom statewide has climbed to nearly \$50 per hour, the highest in the nation.

For those earning the state's minimum wage of \$16.50, that math simply doesn't work. In Santa Cruz, a minimum-wage worker must clock 120 hours per week or nearly five full-time jobs to afford a modest rental. The average renter in the county earns \$22.13 an hour, meaning they would still need about 3.7 jobs to make ends meet.

"This is a No. 1 we don't want to be," said Elaine Johnson, executive director of Housing Santa Cruz County, to the Santa Cruz Sentinel. "This is an all-hands-on-deck kind of time for everyone involved."

Others argue that restrictive zoning, CEQA (California Environmental Quality Act) mandates, and a bloated permitting process have worsened the problem. "CEQA and restrictive zoning regulations are key contributors to California's housing shortage," said Dr. Wayne Winegarden of the Pacific Research Institute. He also pointed to prevailing wage laws and environmental regulations as cost drivers that deter affordable development.

Santa Cruz County Republican Party Chair Mike Lelieur echoed those concerns. "The local planning department has made it so outrageously expensive to build that it's just not profitable unless you're backed by a big corporate developer," Lelieur told FOX Business. He also criticized the University of California, Santa Cruz (UCSC), for expanding its student body without adequate student housing, saying it "floods the local market" and inflates prices further.

The NLHC report reveals a severe supply shortage nationwide, with a deficit of 7.1 million affordable rental homes for extremely low-income (ELI) households. No state, city, or county in the country allows a full-time minimum-wage worker to rent a modest two-bedroom home without being cost-burdened.

Without reform, experts warn Santa Cruz's affordability crisis could become the national standard, not the exception.