

Modest Housing Remains Out of Reach for Low-Wage Renters

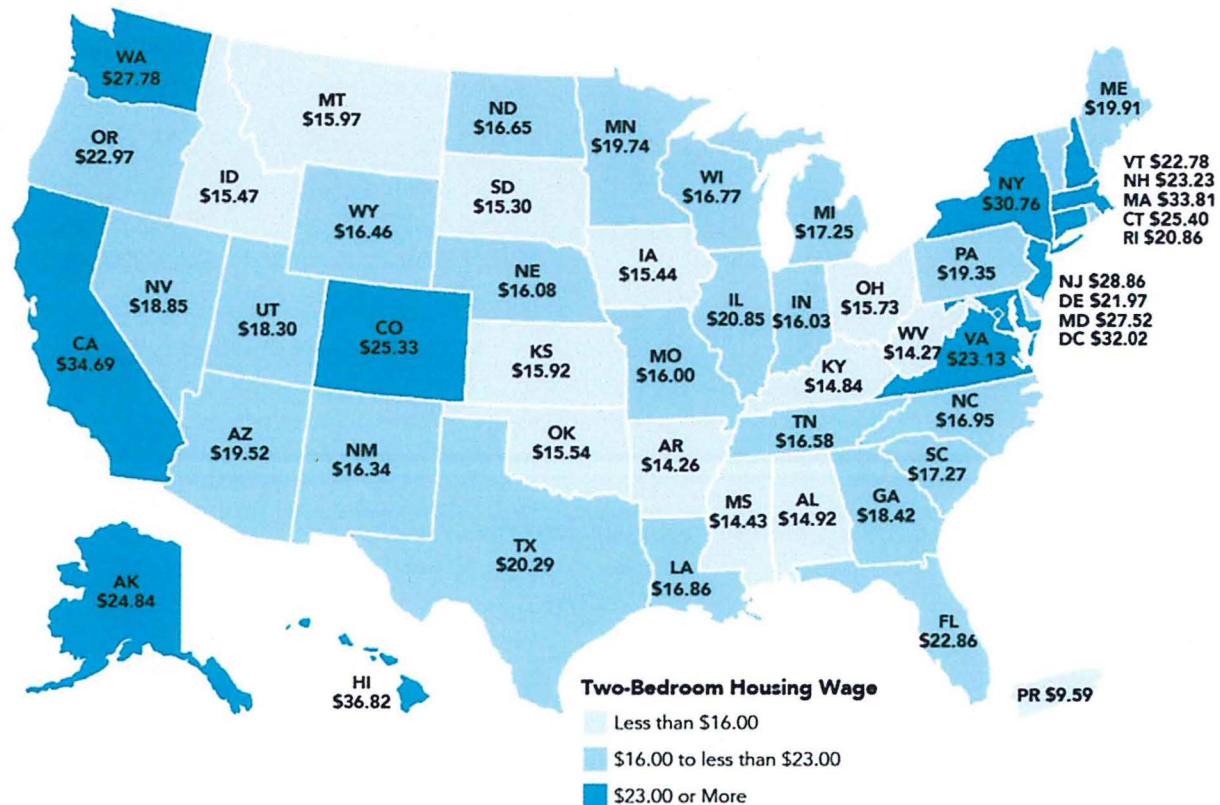
An individual earning the federal minimum wage must work 103 hours a week to afford a one-bedroom rental home.

Affordable Housing Finance, by Christine Serlin, June 18, 2019

OUT of REACH

2019 TWO-BEDROOM RENTAL HOUSING WAGES

Represents the hourly wage that a full-time worker must earn (working 40 hours a week, 52 weeks a year) in order to afford the Fair Market Rent for a **TWO-BEDROOM RENTAL HOME**, without paying more than 30% of income.



The cost of a modest rental home is unattainable for many low-wage workers and extremely low-income renters, according to the 2019 “Out of Reach” report by the National Low Income Housing Coalition (NLIHC).

There is no state, county, or metro area in the nation where a worker earning the federal or prevailing state minimum wage can afford a modest two-bedroom rental home at the Department of Housing and Urban Development’s fair market rent (FMR) by working 40 hours per week. And in only 28 counties out of over 3,000 can a full-time, minimum-wage worker afford a modest one-bedroom rental home. These are counties in states with minimum wage levels higher than the \$7.25 national rate, which has not seen an increase since 2009.

“Clearly, the country is in the grips of a pervasive affordable housing crisis,” says Diane Yentel, NLIHC president and CEO. “While the affordable housing crisis has many dimensions, the fundamental problem is the mismatch of what people earn or have available to spend on their homes and rental costs.”

The annual report, which celebrates its 30th anniversary, details the national housing wage, the hourly wage a full-time worker must earn to afford a rental home at the FMR without spending over 30% of income on housing costs.

The 2019 national housing wage for a two-bedroom rental home is \$22.96, according to the report, meaning someone earning the federal minimum wage of \$7.25 must work nearly 127 hours per week. For a one-bedroom rental home, the 2019 national housing wage is \$18.65 and a minimum-wage employee must work 103 hours per week.

Even for the average renter, his or her average hourly wage is \$5.39 less than the national housing wage for a two-bedroom rental home and \$1.08 less than the one-bedroom housing wage.

The two-bedroom housing wage comes in more than \$25 per hour in nine states and the District of Columbia, with the highest at \$36.82 in Hawaii. California has seven of the 10 metro areas with the highest housing wages, with San Francisco coming in at a whopping \$60.96 housing wage for a two-bedroom rental unit.

Looking to the future, in the occupations projected to grow the most over the next decade, seven out of the 10, including home health aides, personal care aides, and medical assistants, still pay median hourly wages lower than the national housing wage for one- and two-bedroom rental homes.

“Our rental housing needs have worsened considerably over the past 30 years, leaving housing out of reach for millions of low-wage workers. But members of Congress are starting to take note: A number have introduced big, bold bills to address the nation’s affordable housing crisis. The topic of affordable housing is also becoming increasingly prevalent on the 2020 presidential campaign trails,” adds Yentel. “We now have a tremendous opportunity to implement federal housing policy solutions to fund affordable housing programs at the scale necessary.”

The NLIHC calls for significant capital investment to preserve the existing supply of affordable and public housing, an increase in resources for the National Housing Trust Fund, adequate funds to renew project-based rental assistance contracts, expanded rental assistance, and changes to the tax code, such as a renters’ tax credit and the expansion of the low-income housing tax credit.