

Nowhere in America can a full-time minimum wage worker afford to rent a two-bedroom apartment

The Washington Post, by Tracy Jan, June 9, 2017 12:42 am, UPDATED: June 12, 2017 8:26 am

There is nowhere in this country where someone working a full-time minimum wage job could afford to rent a two-bedroom apartment, according to an annual report released Thursday documenting the gap between wages and the cost of rental housing.

Downsizing to a one-bedroom will only get you so far on minimum wage. Such housing is affordable in only 12 counties located in Arizona, Oregon and Washington states, according to the report by the National Low Income Housing Coalition.

You would have to earn \$17.14 an hour, on average, to be able to afford a modest one-bedroom apartment in a safe area without having to spend more than 30 percent of your income on housing. Make that \$21.21 for a two-bedroom home – nearly three times the federal minimum wage of \$7.25.

The report details how much a household must earn to be able to afford rent in every metropolitan area and county in the country. Renters in the U.S. make, on average, \$16.38 an hour.

The minimum hourly wage required to afford rent on a two-bedroom apartment, of course, depends on where you live – ranging from a low of \$11.46 in some counties in Georgia to a high of \$58.04 in the San Francisco Bay Area.

The most expensive state for housing is Hawaii, where workers would need to make \$35.20 an hour to afford a two-bedroom apartment. They would need to make \$33.58 in the District of Columbia, \$30.92 in California, \$28.27 in Maryland, and \$28.08 in New York.

In the District of Columbia, where the hourly minimum wage is \$12.50, a household — say a single parent – must earn \$69,840 a year to be able to afford the fair market rent of \$1,746 a month for a two-bedroom apartment.

Someone making the federal minimum wage would need to work 117 hours a week – or nearly three full-time jobs – to be able to afford a two-bedroom apartment.

Many of the occupations projected to add the most jobs by 2024 pay too little to cover rent. These are customer service representatives, personal care aides, nursing assistants, home health aides, retail salespeople, home health and food service workers who make, on average, between \$10 and \$16 an hour.

Those whose earnings put them below the federal poverty level cannot even afford the average cost of a one-bedroom apartment in any state. The national average rent is \$892 a month for a modest one-bedroom apartment and \$1,103 for a two-bedroom.

As a result, more than 11.2 million families end up spending more than half their paychecks on housing, the report said – a trade-off with other basic needs such as food, transportation and medical care.

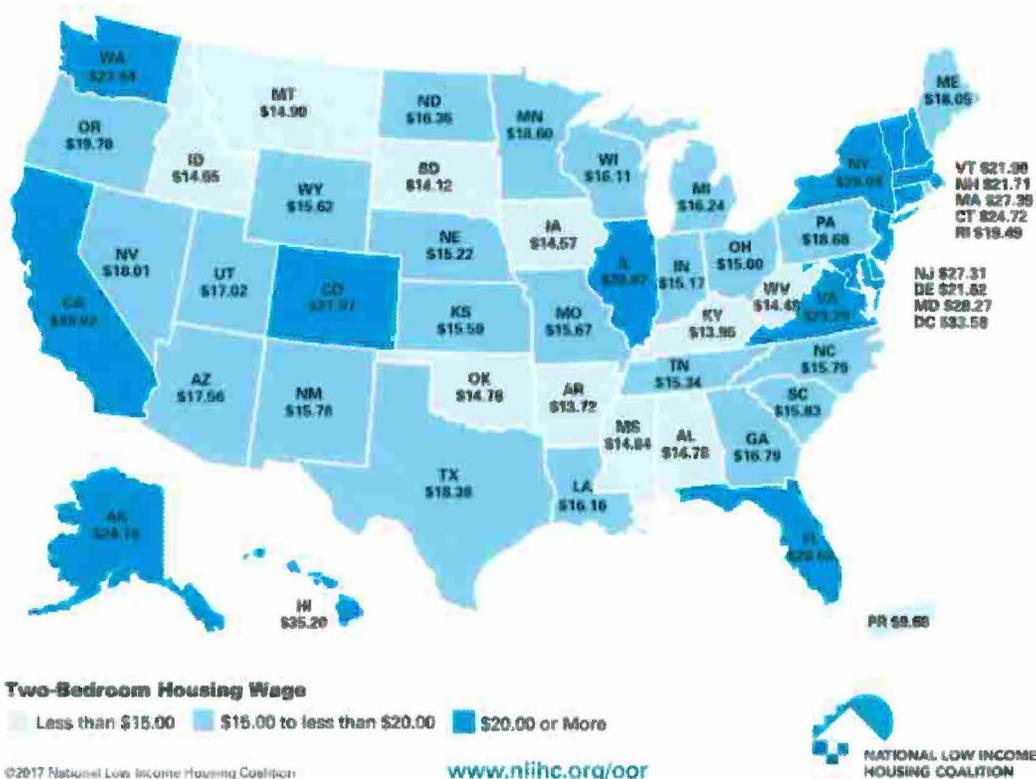
The picture is not expected to improve in the near future as the rental market remains strong and vacancy rates decline. A record 43.3 million households were renters in 2016, a 27 percent increase since 2006, the report said.

Household income, meanwhile, has not kept up with the pace of rent increases. Between the 2007 housing crisis and 2015, the average rent in the U.S. rose by 6 percent, after adjusting for inflation, while the average household income declined by 4 percent, according to the report, which analyzed Census Bureau data.

“Rents are soaring in every state and community at the same time when most Americans haven’t seen enough of an increase in their paychecks,” U.S. Rep. Keith Ellison, D-Minn., wrote in the report.

2017 TWO-BEDROOM RENTAL HOME HOUSING WAGE

Represents the hourly wage that a householder 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 their income.



The report comes at a time when programs for low-income Americans, including subsidized housing, are increasingly under threat.

The current level of public subsidies is already not enough to meet the needs of low-income families, with only one in four eligible households able to receive assistance, the report said. Federal funding for housing assistance programs has declined by 3 percent between 2010 and 2017, the report said.

President Trump, in his budget plan for the 2018 fiscal year, recently proposed \$6.2 billion in cuts to the Department of Housing and Urban Development, the most dramatic reduction to the agency since President Ronald Reagan slashed its funding in the early 1980s. Trump's proposal would gut federal funding for affordable housing, along with other programs designed to serve the poor.

The National Low Income Housing Coalition characterized the lack of affordable rental housing as a national crisis for poor and middle class Americans of all ethnic groups, in cities as well as rural communities.

Ellison has sponsored a bill that would reduce the popular mortgage interest deduction, which benefits mostly high-income earners, and use the additional tax revenue to expand access to rental homes. Each year, he said, three-quarters of the \$200 billion Congress spends on housing goes towards subsidizing the homes of the richest families through the mortgage interest deduction and other home-ownership tax benefits.

"This means that we provide more housing assistance to help the richest 7 million households – who earn more than \$200,000 a year – than to help the 55 million households who earn less than \$50,000 each year, even though these families are far more likely to struggle to keep a roof over their head," Ellison wrote.

Previous proposals to reduce the mortgage interest deduction have all failed.