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Housing Information Update #29:
National Low Income Housing Coalition
Releases “Out of Reach 2004: America’s
Housing Wage Climbs”

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This Information Update is the twenty-ninth in a series to be made available to improve awareness and understanding of alternative approaches to expand affordable and accessible housing choices for Americans with disabilities. These updates will feature new publications, policy developments at a federal, state, and local levels, and other strategies being pursued by grantees, community and faith-based organizations, and housing agencies to respond to the Olmstead “Community Inclusion” mandate. These Information Updates are being prepared by Michael Morris, Director of the National Disability Institute at the NCB Development Corporation on behalf of the Community Living Exchange at the Rutgers University Center for State Health Policy. To contact Michael Morris directly, his email address and phone number are mmorris@ncbdc.org, (202) 521-2930.

HOUSING INFORMATION UPDATE NUMBER 29

National Low Income Housing Coalition Releases *Out of Reach 2004: America’s Housing Wage Climbs*

The National Low Income Housing Coalition (NLIHC) recently released *Out of Reach 2004: America’s Housing Wage Climbs*, their annual study of wages and rents in the United States. The study shows as housing costs increase faster than wages, decent, modest housing is increasingly out of reach for millions of Americans.

Out of Reach is a side-by-side of wages and rents in every county, Metropolitan Statistical Area (MSA), combined non-metropolitan area, and state in the United States. For each jurisdiction, the report calculates the amount of money a household must earn in order to afford a rental unit of range of sizes at the area’s Fair Market Rent (FMR), based on the generally accepted affordability standard of paying no more than 30 percent of income for housing costs. The FMR is the U.S. Department of Housing and Urban Development’s (HUD) best estimate of what a person seeking housing would have to pay in the local market.

This year the Fair Market Rents (FMR) published by HUD were based on 2000 Census data so readers of this year’s *Out of Reach* will notice the FMR will differ from previous years. This was an anticipated and necessary change but HUD also made some significant and more controversial changes to the methodology it used to determine the rate. According to the National Low Income Housing Coalition, this is expected to be a first in a number of transition years as HUD adjusts to new sources of data. Due to this change in the FMR, this year’s report comparisons to past data are not provided.

The national “housing wage” for 2004 is \$15.37 an hour, or \$30,740 a year. The housing wage is the amount a person working full-time has to earn to afford a two-bedroom rental unit at fair market rent while paying no more than 30 percent of income in rent. “Wages have not kept pace with sharply rising housing costs,” the NLIHC reports.

In 2004, the two-bedroom Housing Wage ranges from a high of \$29.60 in the San Francisco, CA area to \$6.21 in Starr County, TX. Low housing wages do not necessarily

affordable housing, however. In Puerto Rico, for example, \$5.90 is greater than the median hourly wage.

NLIHC reports, “there is not a single metropolitan area where an Extremely Low Income Renter household (ELI) can be assured of finding a modest two bedroom unit that is affordable. The ELI households earn less than 30% of AMI. For these households the prospects for finding a decent home among current market rate rentals are even smaller. This is shown in the actual numbers of ELI renter households living in unaffordable housing. In 2000 there were over five million ELI renter households, roughly 14 million people, who could not afford rent. In Los Angeles, 250,000 households were in this situation.”

As of 2002, 6.8 million people receive Supplemental Security Income (SSI) and 3.9 million of these are adults with disabilities. Since SSI benefits are designed to help aged, blind, and disabled people who have little or no income, the vast majority rely on this income to meet basic needs such as food, clothing, and shelter, and, for some, it is their only source of income. The Coalition found SSI payments do not come close to making rental housing affordable anywhere in the country. NLIHC found that, of all the studied groups, those receiving SSI payments “are at the greatest disadvantage in today’s housing markets.” At \$564 an individual can afford to pay \$169 a month for rent. The Coalition found that, “even in West Virginia, the state with the smallest gap between the rental costs, affordable housing is well out of reach.”

Out of Reach: 2004 calculates the housing wage for every state, region and county in the U.S. Other findings include:

- Bureau of Labor Statistics data suggest that rents continued to rise faster than incomes in 2004. From October 2003 to October 2004, the Consumer Price Index shows an increase of 2.9% for the rental of primary residences. Hourly wages, however, were up only 2.6% over the past year.
- Renter households in 991 counties, home to almost 79% of all renter households in the nation, must work over 80 hours a week at the local minimum wage to afford a two bedroom apartment at the Fair Market Rent..
- The report also highlights the inadequacy of the federal minimum wage, which has been \$5.15 an hour since 1997. In 70% of the metropolitan areas in the country, the Housing Wage is at least twice the prevailing minimum wage. In 56 metropolitan areas the Housing Wage is over three times the minimum wage.

The least affordable states and their Housing Wages according to the study are:

State	Housing Wage for Two Bedroom FMR
California	\$21.24
Massachusetts	\$20.93
New Jersey	\$20.35
Maryland	\$18.25
New York	\$18.18

Connecticut	\$17.90
Hawaii	\$17.60
Alaska	\$17.07
Nevada	\$16.92
New Hampshire	\$16.79

To view the complete report, including data for every jurisdiction in the country, go to <http://www.nlihc.org/oor2004/>. Contact information for state and local groups releasing *Out of Reach: 2004* is available at <http://www.nlihc.org/states/index.htm>.