OUT of REACH

THE HIGH COST OF HOUSING

2020

NATIONAL LOW INCOME HOUSING COALITION

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Established in 1974 by Cushing N. Dolbeare, the National Low Income Housing Coalition is dedicated solely to achieving socially just public policy that ensures people with the lowest incomes in the United States have affordable and decent homes. NLIHC educates, organizes, and advocates to ensure decent, affordable housing for everyone.

NLIHC provides up-to-date information, formulates policy, and educates the public on housing needs and the strategies for solutions. Permission to reprint portions of this report or the data therein is granted, provided appropriate credit is given to the National Low Income Housing Coalition. Additional copies of *Out of Reach* are available from NLIHC.

Additional Local Data Can Be Found Online at **www.nlihc.org/oor**

The Print / PDF version of *Out of Reach* contains limited data in an effort to present the most important information in a limited number of pages.

The *Out of Reach* methodology was developed by Cushing N. Dolbeare, founder of the National Low Income Housing Coalition.

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The pocket in this booklet's back cover contains a handout with *Out of Reach 2020* data for your state. Data for other states, metropolitan areas, counties, and zip codes can be found at http://nlihc.org/oor

Front Cover: Tents are pitched using social distancing to help slow the spread of coronavirus disease (COVID-19) at a sanctioned homeless encampment christened Safe Sleeping Village in a square next to city hall in San Francisco, California, U.S. May 19, 2020. © REUTERS / Dronebase Dronebase - stock.adobe.com

Design and Layout by Ikra Rafi, NLIHC Creative Services Specialist

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DEFINITIONS

Affordability in this report is consistent with the federal standard that no more than 30% of a household's gross income should be spent on rent and utilities. Households paying over 30% of their income are considered cost-burdened. Households paying over 50% of their income are considered severely cost-burdened.

Area Median Income (AMI) is used to determine income eligibility for affordable housing programs. The AMI is set according to family size and varies by region.

Extremely Low Income (ELI) refers to earning less than the poverty level or 30% of AMI.

Housing Wage is the estimated full-time hourly wage workers must earn to afford a decent rental home at HUD's Fair Market Rent while spending no more than 30% of their income on housing costs.

Full-time work is defined as 2,080 hours per year (40 hours each week for 52 weeks). The average employee works roughly 34.5 hours per week, according to the Bureau of Labor Statistics.

Fair Market Rent (FMR) is typically the 40th percentile of gross rents for standard rental units. FMRs are determined by HUD on an annual basis, and reflect the cost of shelter and utilities. FMRs are used to determine payment standards for the Housing Choice Voucher program and Section 8 contracts.

Renter wage is the estimated mean hourly wage among renters, based on 2018 Bureau of Labor Statistics wage data, adjusted by the ratio of renter household income to the overall median household income reported in the ACS and projected to 2020.

PREFACE

BY U.S. SENATOR SHERROD BROWN (D-OH)

For over 30 years, *Out of Reach* has been an indispensable tool documenting the gap between renters' incomes and the cost of housing.

This vital work has never been more relevant.

The coronavirus pandemic has been the "great revealer," laying bare the inequities in our society, and reminding us how our homes affect every aspect of our lives, including our health.

Right now, our efforts to ensure that everyone has a safe, healthy home to weather the coronavirus storm are hampered by the fact that we already had a housing crisis in this country before this virus ever hit our shores.

As this year's *Out of Reach* shows, the persistent gap between renters' incomes and the cost of housing continues. Many of our essential workers - grocery store employees, home health aides, custodians at hospitals – have risked their lives during the pandemic, but don't get paid enough to afford housing.

Before the pandemic struck, a quarter of all renters - and 71 percent of extremely low-income renters - were paying over half their incomes for housing, too often leaving them one emergency away from eviction.

> After generations of our housing policy causing segregation and inequality, we have an opportunity to make it part of the solution.

Now we're seeing millions of people all have those emergencies at once.

Our country is also in the midst of a long-overdue reckoning with the systemic racism that permeates so much in our society. The coronavirus and racial justice are not separate issues. Black and brown individuals are more likely to work at essential jobs that put their health at risk, they are more likely to be renters, and they have less wealth and income to cushion the economic blow than their white counterparts.

We are still living with the legacy of redlining and racial covenants.The Fair Housing Act made these racist housing policies illegal over 50 years ago, but we still see their effects today, and segregation and discrimination continue. Too often, your zip code still determines your access to health care, education, and work opportunities.

After generations of our housing policy causing segregation and inequality, we have an opportunity to make it part of the solution.

First, we must make sure that we do not emerge from the current crisis with greater racial and wealth inequality than we began with. Congress must provide emergency rental and mortgage assistance to prevent a wave of evictions and foreclosures that will set millions of people back and compound inequality.

Next, we must close the gap between income and housing by paying workers a living wage, and investing in affordable housing, particularly for the lowest-income households. Housing poverty and unaffordable rents leave too many of our families vulnerable to everyday emergencies like a broken down car – let alone a natural disaster or global pandemic. The country must take action to preserve and create housing affordable and accessible to everyone, and ensure that all neighborhoods are neighborhoods of opportunity.

If we are to end systemic racism and inequality in our housing and communities, and make the economy work better for everyone, we cannot shrink from these challenges. When work has dignity, everyone can find and afford a place to call home. I look forward to working with NLIHC and others to make this a reality.

Sincerely,

U.S. Senator Sherrod Brown (D-OH)

INTRODUCTION

Few events in history highlight as clearly as the coronavirus pandemic that housing is healthcare. Governments and health officials at all levels have told residents to stay home. Not everyone, unfortunately, is stably housed in a safe and adequate environment. Even before the pandemic, more than 211,000 people in the U.S. were experiencing homelessness on sidewalks or other unsheltered locations (HUD, 2020). They face a considerably higher risk of becoming ill, and they have nowhere to self-quarantine and recover if they do. Another 356,000 people were experiencing homelessness in emergency shelters, with limited ability to self-isolate. In addition, more than 2.7 million renters were living in overcrowded housing conditions, making social distancing from an ill housemate difficult.

As is true in almost every aspect of American life, the greatest risks are borne by people of color. Early research and reporting on COVID-19 shows people of color face greater mortality risks from the pandemic (Gross et al., 2020; Thebault, Tran, & Williams, 2020). Pre-existing structural injustices, including unequal access to healthcare, greater exposure through low-wage and frontline jobs, and limited housing options, contribute to these risks. Black Americans accounted for 13% of the U.S. population in 2019 but 40% of all people experiencing homelessness. People identifying as Hispanic or Latino were 18% of the overall population but 22% of the population experiencing homelessness (HUD, 2020). Similar disparities exist with overcrowding. Latino households accounted for 12% of all households (excluding inter-racial couples) but 43% of overcrowded households; Asian households accounted for 4% of all households but 10% of overcrowded households; and American Indian or Alaska Native households accounted for 0.5% of all households but 1% of overcrowded households. Such disproportionate rates of homelessness and overcrowding mean those groups are less able to self-isolate when needed.

The economic downturn spurred by the virus further increases the risk of housing instability for millions of low-wage renters at a time when stable housing is vital. Prior to the pandemic, more than 7.7 million extremely low-income renters were spending more than half of their limited incomes on housing costs, sacrificing other necessities to do so (NLIHC, 2020b). Millions of renters were one financial shock away from housing instability, and for many the pandemic and economic fallout is that shock.

U.S. workers filed nearly 28 million new claims for unemployment insurance in just the first six weeks of widespread shutdowns (Shierholz, 2020). The unemployment rate rose to 14.7% in April, the highest rate and the largest one-month increase since the Bureau of Labor Statistics started tracking monthly data in 1948. While the national rate fell slightly to 13.3% in May, unemployment did not improve among Black Americans at 16.8% or among Asian Americans at 15% (Bureau of Labor Statistics, 2020a). The unemployment rate for Latino Americans, despite some improvement, remains even higher at 17.6%. As millions of households are now dealing with declines in wages - either through layoffs, furloughs, or decreased work hours - many more renters will struggle to afford their rents.

Multiple surveys have confirmed widespread job losses among low-income households. The Federal Reserve's May report on the economic well-being of U.S. households found that 39% of people working in February with household incomes below $40,000 reported job losses in March (Board of Governors of the Federal Reserve, 2020). A survey conducted in early April by the Pew Research Center found that 52% of lower-income households reported a loss of employment or income due to the coronavirus outbreak. That survey also found evidence

> The economic downturn spurred by the virus further increases the risk of housing instability for millions of low-wage renters at a time when stable housing is vital.

of racial disparities in job and income loss: while 38% of white adults reported such a loss, 44% of Black adults and 61% of Latino adults did (Parker, Horowitz, & Brown, 2020). Some essential workers still on the job are also struggling to make ends meet because their wages have never been sufficient.

Since 1989, NLIHC's *Out of Reach* has called attention to the gulf between actual wages and what people need to earn to afford their rents. Every year, the report documents that an affordable rental home is out of reach for millions of low-wage workers and other low-income families. This year's report affirms that even before the massive economic downturn caused by the coronavirus, housing costs outpaced what many workers could afford. For decades, we have had a systemic shortage of affordable housing for people with the lowest incomes, which the COVID-19 crisis is dramatically exacerbating. More than ever, bold policies are needed to address the unaffordability of housing in the U.S.

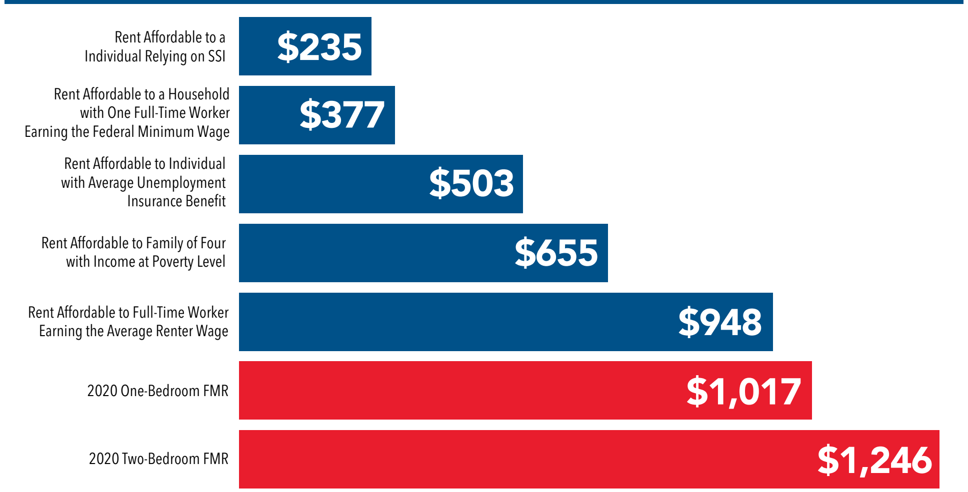
The report's Housing Wage is an estimate of the hourly wage full-time workers must earn to afford a rental home at HUD's fair market rent without spending more than 30% of their incomes. Fair market rents are estimates of what a family moving today can expect to pay for a modestly priced rental home in a given area. The kind of home that can be rented for the fair market rent is in decent condition, but it is not luxury housing. **THE 2020 NATIONAL HOUSING WAGE IS $23.96/HR FOR A MODEST TWO-BEDROOM RENTAL HOME AND $19.56/HR FOR A MODEST ONE-BEDROOM RENTAL HOME.**

The federal minimum wage of $7.25 per hour falls well short of both the two-bedroom and one-bedroom National Housing Wages. Because it does not keep pace with inflation, the federal minimum wage is worth nearly 29% less than it was worth in 1968 (Cooper, 2019). Twenty-nine states, the District of Columbia and a handful of counties and municipalities now have minimum wages higher than the federal minimum wage, but even taking these higher minimum wages into account, the average minimum wage worker must work nearly 97 hours per week (more than two full-time jobs) to afford a two-bedroom rental home or 79 hours per week (almost exactly two full-time jobs) to afford a one-bedroom rental home at the fair market rent. People who work 97 hours per week and need 8 hours per day of sleep have fewer than 2.5 hours per day left over for everything else—commuting, cooking, cleaning, self-care, caring for children and family, and serving their community. Doing so is an impossibility for a single parent who needs a larger-than-one-bedroom apartment. Even for a one-bedroom rental, it is unreasonable to expect individuals to work 79 hours per week to afford their housing. For people who can work, one full-time job should be enough.

The struggle to afford rental housing is not confined to minimum-wage workers. The average renter's hourly wage of $18.22 is $5.74 less than the national two-bedroom Housing Wage and $1.34 less than the one-bedroom Housing Wage. As a result, the average renter must work 53 hours per week to afford a modest two-bedroom apartment. Some of the most important workers during the COVID-19 outbreak earn even less: grocery store cashiers earn a median wage of $11.61 per hour, while building cleaning workers and home health and personal care aides earn $12.94. They would have to work 83 and 74 hours per week, respectively, to afford a modest two-bedroom apartment. Many single parents or caregivers would find it difficult if not impossible to work those hours.

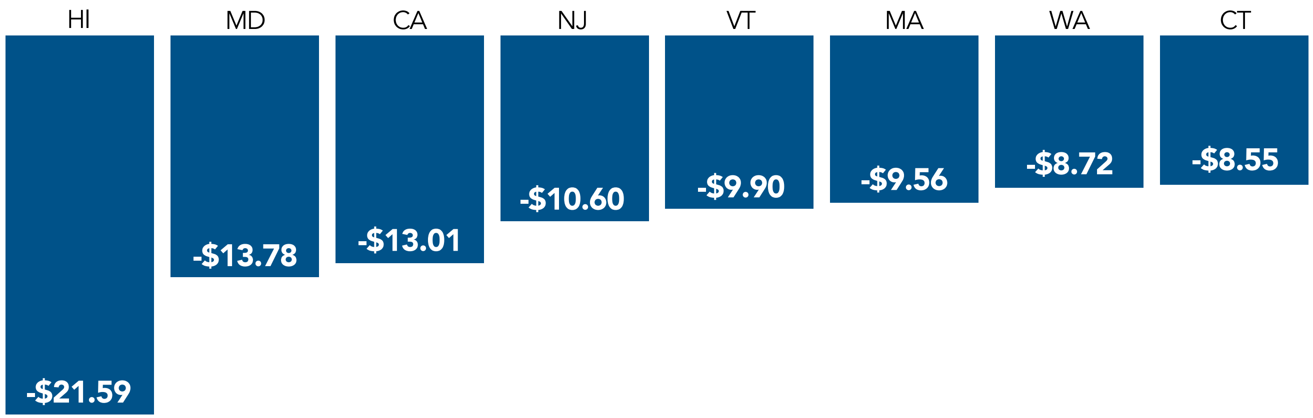
The average monthly fair market rent for a one-bedroom or two-bedroom rental home is $1,017 or $1,246, respectively - much higher than what many renters can afford **(Figure 1)**. A family of four with poverty-level income in most areas of the U.S. can afford a monthly

FIGURE 1: RENTS ARE OUT OF REACH FOR MANY RENTERS



Fair Market Rent = Fair Market Rent.
Source: NLIHC calculation of weighted-average HUD fair market rent. Affordable rents based on income and benefits data from BLS QCEW, 2018 adjusted to 2020 dollars; Center on Budget and Policy Priorities' Policy Basics: Unemployment Insurance, 2020; and Social Security Administration, 2020 maximum federal SSI benefit for individual.

FIGURE 2: STATES WITH THE LARGEST SHORTFALL BETWEEN AVERAGE RENTER WAGE AND TWO-BEDROOM HOUSING WAGE



Source: Housing wages based on HUD fair market rents. Average renter wages based on BLS QCEW, 2018 adjusted to 2020 dollars.

The massive wave of unemployment in 2020 underscores that access to decent, stable housing should not be conditioned on one's wages or work status.

rent of no more than $655, assuming they can manage to spend as much as 30% of their income on housing. Many extremely low-income families can afford far less. Individuals relying on Supplemental Security Income (SSI) can afford a monthly rent of only $235. For unemployed workers, Congress passed a $600 per week supplement to their states' unemployment insurance through the end of July, which will keep many newly unemployed families housed. Once that supplement ends, however, a household receiving the average unemployment insurance benefit can afford a rent of no more than $503 per month. Since unemployment insurance is determined by an individual's former wages, those who had been making the minimum wage receive even less. On average, a laid-off full-time worker who had been earning the state minimum wage would be able to afford a monthly rent of approximately $250.

Housing is a basic human need and should be regarded an unconditional human right. The massive wave of unemployment in 2020 underscores that access to decent, stable housing should not be conditioned on one's wages or work status. The needs of the labor market can change overnight, wages set by the market do not necessarily reflect many jobs' societal value, and people can be out of the labor force for many valid reasons not immediately obvious to others (e.g., due to invisible disabilities or caregiving responsibilities). Low-wage workers should be able to afford their housing, and we as a nation should ensure people have access to affordable housing whether or not they are employed.

Significant investments are needed to increase the supply of affordable rental housing, preserve the existing stock, and expand rental assistance to all who need it. At its current funding levels, federal housing assistance is available to only one in four eligible low-income households (Fischer & Sard, 2017). Significant emergency rental assistance is needed in the short run, to keep low-income renters stably housed during and after the pandemic. In the long run, a deep, sustained commitment to the national Housing Trust Fund, Housing Choice Vouchers (HCVs), and public housing could make affordable rental housing for all a reality.

RISING INEQUALITY, LOW WAGES, AND THE WIDESPREAD UNAFFORDABLE COST OF RENTAL HOUSING

Low-wage workers have been struggling to afford their housing for decades, regardless of the state of the economy. Over the last 40 years, the labor market in the United States has experienced job polarization—a decline of jobs in the middle of the wage distribution and growth at the extremes (Autor & Dorn, 2013; Tüzeman & Willis, 2013). Whether due to technological changes, outsourcing, international trade patterns, or the decline of unions, income inequality has increased significantly. Between 1979 and 2018, real hourly wages grew 1.6% for the lowest-wage (10th percentile of) workers, 6.1% for median-wage workers, and 37.6% for the highest-wage (90th percentile of) workers (Congressional Research Service, 2019). The real median gross rent, meanwhile, increased by approximately 37% between 1980 and 2018.

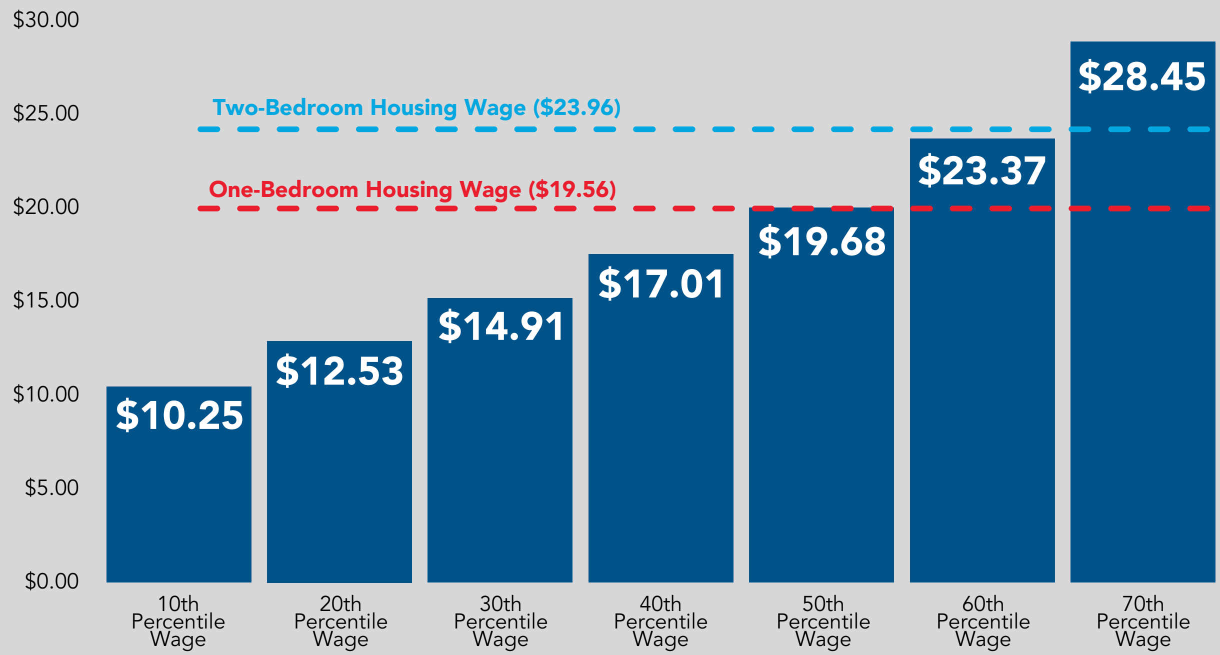
For many low-wage workers, flat wage growth and other worsening workplace circumstances make it more difficult for them to achieve long-term economic stability, to save for future needs, or to take on second jobs to help pay the bills. A rise of "fissured" workplaces, where many roles are subcontracted out, has meant low-wage workers experience fewer opportunities for promotion, weaker labor-standards enforcement, and less job security (Weil, 2014; Bernhardt et al., 2016). The decline of organized labor has dampened nonmanagerial incomes and reduced workers' ability to participate in determining their working circumstances, which influences how well they can negotiate a work-life balance or take on multiple jobs (Rosenfeld, 2006; Anderson, 2017). One extreme example of this loss of control is "just-in-time" scheduling: many hourly workers do not know when or how much they will work each week, undermining their ability to make long-term plans and budgets (Lambert, Henly, & Kim, 2019).

In no state, metropolitan area, or county in the U.S. can a worker earning the federal or prevailing state or local minimum wage afford a modest two-bedroom rental home at fair market rent by working a standard 40-hour work week. In only 5% of all U.S. counties (144 counties out of more than 3,000 nationwide, not including Puerto Rico) can a full-time minimum-wage worker afford a one-bedroom rental home at fair market rent. Forty-nine local jurisdictions have minimum wages higher than the federal or state minimum wage, but these local minimum-wage ordinances all fall short of the local one-bedroom and two-bedroom Housing Wage (Appendix A).

Even the average renter too often does not earn enough to afford a modest rental home. Nationally, the average renter's hourly wage is \$18.22, which is \$5.74 below the national two-bedroom Housing Wage and \$1.34 below the national one-bedroom Housing Wage. In 49 states, the District of Columbia, and Puerto Rico, the average renter earns less than the average two-bedroom Housing Wage. (North Dakota is the sole exception.) In 16 states, including California, Florida, and New York, the average renter earns at least \$5.00 less than the state's average two-bedroom Housing Wage. **Figure 2** shows the ten states with the largest gap between the average renter's wage and the two-bedroom Housing Wage. In 21 states and Puerto Rico, the average renter's wage is lower than the one-bedroom Housing Wage.

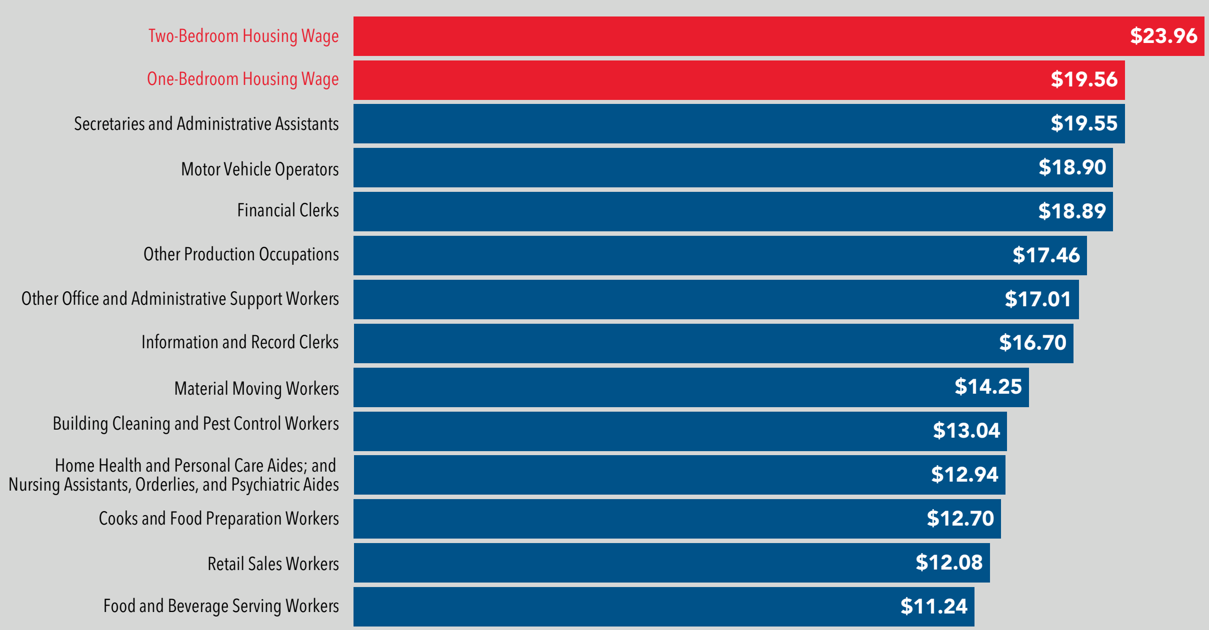
Low-wage workers have been struggling to afford their housing for decades, regardless of the state of the economy.

FIGURE 3: HOURLY WAGES BY PERCENTILE VS. ONE AND TWO-BEDROOM HOUSING WAGES



Source: Housing wages based on HUD fair market rents. The hourly wages by percentile from the Economic Policy Institute State of Working America Data Library 2019, adjusted to 2020 dollars.

FIGURE 4: TWELVE OF THE TWENTY LARGEST OCCUPATIONS IN THE UNITED STATES PAY LESS THAN THE HOUSING WAGE



Source: Occupational wages from May 2019 Occupational Employment Statistics, BLS, adjusted to 2020 dollars. Housing wages based on HUD fair market rents.

The income distribution in **Figure 3**, which includes all wage and salary workers, shows that modest rental housing is out of reach for nearly every worker in the bottom half of the wage distribution. A modest one-bedroom rental home is unaffordable to more than 40% of wage earners. A modest two-bedroom rental home is unaffordable for more than 60% of wage earners.

Twelve of the 20 largest occupations in the United States pay a median hourly wage that is less than what a full-time worker needs to earn to afford a modest apartment at the national average fair market rent **(Figure 4)**. The workers in these occupations account for more than 38% of the total U.S. workforce, excluding farmworkers. Roughly 16 million people work in retail sales or food and beverage service, occupations whose median wages are far less than what full-time workers need to afford a one-bedroom or two-bedroom apartment. Home health aides, personal care workers, and nursing assistants, occupations that are disproportionately Black and Latino, earn a median wage just two-thirds of what a full-time worker needs for a one-bedroom apartment. Other workers who do not earn enough to afford rental housing are found in offices, performing administrative support, data entry, and bookkeeping. Other low-wage workers operate heavy machinery at construction sites, keep public transit and the consumer-goods supply chains working, serve in doctors' and dentists' offices, and clean buildings and hotels.

Twelve of the 20 largest occupations in the United States pay a median hourly wage that is less than what a full-time worker needs to earn to afford a modest apartment at the national average fair market rent.

IMPACT OF COVID-19 PANDEMIC ON LOW-WAGE WORKERS

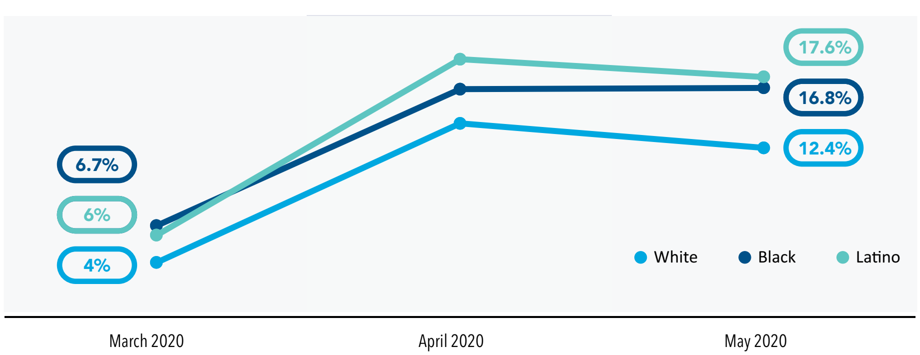
COVID-19 has had an especially devastating impact on many of the workers in the lowest-paid fields. In the first five weeks of widespread closures, between March 15 and April 18, 24.4 million people applied for unemployment insurance, and households with lower incomes were likelier to report employment or income loss related to the outbreak. The Bureau of Labor Statistics estimated that the job sectors most directly exposed to COVID-19 shutdowns were restaurants and bars, travel and transportation, entertainment, personal service (e.g., daycare providers and barbers), some retail (e.g., department stores), and some manufacturing (e.g., aircraft manufacturing). Those industries account for more than 20% of all workers, and they have a disproportionate number of low-wage jobs. Over half of the jobs in these industries have incomes in the bottom 20% of the U.S. wage distribution (Bureau of Labor Statistics, 2020b).

Over 50% of the decline in jobs in April came from three broad industries: accommodation and food services, retail trade, and health care and social assistance, all sectors with many low-wage jobs. Restaurants and bars in most states were closed or restricted to takeout and delivery, and retail stores faced a historic drop in sales (U.S. Census Bureau, 2020). Accommodation and food services include waitstaff, cooks, and housekeepers. The retail trade sector includes salesclerks, cashiers, and stockers, many of whom work for minimum wages. The health care and social assistance sector includes home health care aides and childcare workers. These same sectors account for the largest shares of working extremely low-income renter households, who often struggle to pay their rent even when times are good. Sixteen percent of extremely low-income renter households in the labor force were working in accommodation and food service, 16% in health care and social assistance, and 15% in retail (NLIHC, 2020d).

Black and Latino workers were especially hard hit: the unemployment rates for Black and Latino workers were already higher than the unemployment rate for white workers before the pandemic, and the racial disparity increased further in April and May **(Figure 5)**. While the unemployment rate declined for white workers in May, it did not improve for Black workers. In March 2020, the Latino and Black unemployment rates were two percentage points and 2.7 percentage points higher than the white unemployment rate. By May, the unemployment rates for Latinos and Blacks were 5.2 and 4.4 percentage points higher. Part of this disparity may be explained by the overrepresentation of Black and Latino workers in industries most severely affected by the pandemic. Food preparation and food service workers, hotel clerks, cashiers, childcare workers, and personal care aides are all disproportionately Black and Latino (Bureau of Labor Statistics, 2020c).

In a bitter irony, many who do not earn enough to afford their basic needs were deemed essential workers during widespread closures and stay-at-home orders, required to take on considerable danger to help keep grocery stores open, food delivery and transportation on schedule, and patients attended to in long-term care facilities. Black workers are more likely to be found in these frontline positions—they are overrepresented in grocery, convenience and drug stores; public transit; trucking, warehouse, and postal service; building

FIGURE 5: UNEMPLOYMENT RATE BY RACE



Source: U.S. Bureau of Labor Statistics, Employment Situation Summary, June 5, 2020.

cleaning services; health care; and social services (Rho, Brown, & Fremstad, 2020).

This unprecedented shock to the labor market may have long-lasting consequences for low-wage workers, especially if high rates of joblessness last longer than the temporary unemployment supplement provided by the CARES Act. Low-wage workers who were unable to afford their rent prior to the crisis, and who lack emergency savings, are dealing with even more hardship today. Even those low-wage workers who were lucky to be temporarily furloughed rather than laid off and those who are able to go to work will still have considerable difficulty paying off their past-due bills and catching up with delayed rent payments, given that their incomes were already insufficient for their housing and other basic necessities before the crisis.

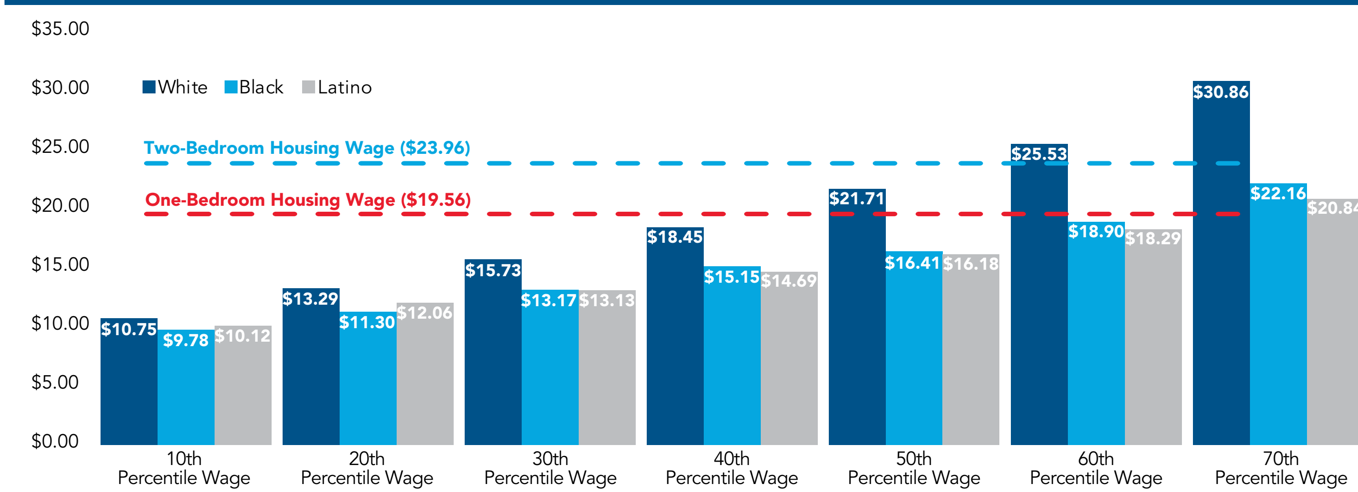
People of color disproportionately face greater challenges in finding decent and affordable housing in the U.S., and income inequality contributes to those challenges.

RACIAL AND ETHNIC HOUSING DISPARITIES

People of color disproportionately face greater challenges in finding decent and affordable housing in the U.S., and income inequality contributes to those challenges. Income inequality along racial lines is the product of historical and ongoing discrimination, economic exploitation, and unequal opportunities. **Figure 6** compares the hourly wage distributions of white, Black, and Latino workers. For example, the 10th percentile wage bars show what the lowest-paid 10% of white, Black, and Latino workers are paid. White workers at the bottom of the white income distribution earn more than Black and Latino workers at the bottom of their respective income distributions. A Black worker at the 20th percentile of Black wages earns 15% less than a white worker at the 20th percentile of white wages. A Latino worker at the 20th percentile of Latino wages earns 9% less than the 20th percentile white worker. This disparity holds across all income levels. The median Black worker and Latino worker earns 24% and 25% less than the median white worker.

Unsurprisingly, Black and Latino workers face larger gaps between their wages and the cost of housing than white workers. The median-wage, full-time white worker earns a wage adequate to afford a one-bedroom

FIGURE 6: HOURLY WAGE PERCENTILES VS. ONE AND TWO-BEDROOM HOUSING WAGES



Source: Housing wages based on HUD fair market rents. The hourly wages by percentile from the Economic Policy Institute State of Working America Data Library 2019. Adjusted to 2020 dollars.

THE SYSTEMIC SHORTAGE OF AFFORDABLE HOUSING

apartment at fair market rent, but the median-wage, full-time Black or Latino worker does not **(Figure 6)**. At the 60th percentile, a full-time white worker can afford a two-bedroom rental home at fair market rent. Meanwhile, a full-time Black or Latino worker at the 60th percentile-wage for their race or ethnicity cannot afford even a one-bedroom rental.

This income inequality partly explains why 44% of Black households and 42% of Latino households spend more than 30% of their incomes on housing, compared to 26% of white households (U.S. Census Bureau, 2019). The unaffordability of the rental market disproportionately harms Black and Latino households in two ways. First, as seen in Figure 5, Black and Latino households earn less, which makes it more difficult to find housing affordable to them. Second, Black and Latino households are more likely at all income levels to be renters. In 2018, 27% of white households were renters, compared with 55% of Latino households and 59% of Black households (U.S. Census Bureau, 2019). Historical and ongoing discrimination has limited opportunities for homeownership for many people of color, and they compete for an insufficient number of affordable rental homes available on the market.

The median-wage, full-time white worker earns a wage adequate to afford a one-bedroom apartment at fair market rent, but the median-wage, full-time Black or Latino worker does not.

Recent catastrophic shocks to the economy have multiplied and exacerbated the problems that low-wage workers face, but the shortage of affordable rental housing is a longstanding, persistent feature of our society. The latest data show that there are only 36 affordable and available rental homes for every 100 renter households with extremely low incomes (NLIHC, 2020b), and every state and nearly every county in the U.S. lacks an adequate supply (HUD, 2019). As a result, 86% of extremely low-income renters cannot afford their rent, and 71% spend more than half of their incomes on housing costs. Severely housing cost-burdened households are forced to choose between housing and other basic necessities, such as food, health care, transportation, and childcare. Most severely cost-burdened households are renters with extremely low incomes. Though extremely low-income renter households account for only 25% of all renters, they account for 72% of all severely housing cost-burdened renter households.

The private market fails to provide a sufficient supply of affordable housing for the lowest-income renters. Most new rental housing in the private market is built for high-income renters, in order to turn a profit after paying high development costs. The median asking rent in 2018 for a new apartment in a multifamily building was $1,670, far more than what low-wage workers can afford (Joint Center for Housing Studies, 2020). Only 28% of renters in 2018 could afford this level of rent.

The argument is frequently made that new development will start a process by which housing will "filter down" to the lowest-income renters, as older housing is vacated by those with higher incomes. This filtering does not provide enough housing for the lowest-income renters, though, because landlords often do not have an incentive to maintain housing at the rent levels that the lowest-income renters can afford. When the housing market is strong, landlords have an incentive to renovate their properties to capture higher rents. In weak markets, they have an incentive to find other uses of their property. The number of low-cost homes with monthly rents below $800 (in constant 2017 dollars) declined by 4 million between 2011 and 2017, including 1 million units in 2017 alone (Joint Center for Housing Studies, 2019). This rent level ($800) is affordable to households with annual incomes less than $32,000 per year.

A systematic failure of markets to provide socially necessary goods is a compelling reason for the government to intervene. In the U.S., however, federal housing assistance is grossly underfunded, reaching only one out of every four eligible households (Fischer & Sard, 2017). The majority of HUD's housing assistance budget must go to renewing rental contracts and already-committed vouchers, leaving few resources for building more affordable housing or providing rental assistance to additional households.

FEDERAL POLICY TO SECURE AFFORDABLE HOMES

We need significant investment in our federal rental housing programs to ensure that everyone has a decent and affordable home. Housing is a basic necessity – an essential ingredient of individual and public health, stability, and dignity. The COVID-19 crisis has demonstrated the recklessness of letting people's access to basic necessities like housing depend on the contingencies of the economy.

While the COVID-19 public health crisis and explosive growth in unemployment has triggered some immediate protections for some renters, far more must be accomplished to secure emergency rental assistance and to realize longer-term housing solutions. The federal eviction moratoriums for renters in federally-supported rental properties included in the CARES Act and other state and local moratoriums are important protections for renters during this crisis, but they provide a patchwork of temporary protections that exclude many renters. Many of these moratoriums are coming to an end. We need a uniform, national moratorium that would cover all renters. The "Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act," passed in the House of Representatives, includes such a moratorium that would cover most renters for twelve months.

Evictions moratoriums do not relieve renters of accrued debt from missed rental payments. Emergency rental assistance is needed to ensure renters can afford to remain stably housed at least until the economy begins to recover. The "Emergency Rental Assistance and Rental Market Stabilization Act," introduced by Representative Maxine Waters (D-CA), Representative Denny Heck (D-WA), and Senator Sherrod Brown (D-OH), would provide states and local governments with $100 billion in emergency rental assistance to help renters with housing costs for up to 24 months or with six months of back rent and late fees (NLIHC, 2020a). Multiple studies, including analysis from NLIHC (2020d), suggest that at least this amount in emergency rental assistance is needed for low-income renters who are struggling as a result of shutdowns and layoffs. The HEROES Act includes $100 billion for emergency rental assistance.

In the long run, Congress should create a permanent National Housing Stabilization Fund to provide emergency assistance to families who experience a sudden and temporary shock to their finances. Many low-wage workers live one financial emergency – like the sudden loss of income or unexpected medical expenses – away from housing instability. Temporary assistance would prevent evictions, housing instability, and, in the worse cases, homelessness by helping households stay in their homes during and after those unexpected events. The "Eviction Crisis Act," introduced by Senators Michael Bennet (D-CO) and Rob Portman (R-OH), would create an Emergency Assistance Fund for state and local governments to establish short-term financial assistance and housing stabilization services.

> Emergency rental assistance is needed to ensure renters can afford to remain stably housed at least until the economy begins to recover.

Addressing the roots of the housing affordability problem, however, requires a significant and sustained commitment to rental housing programs that provide long-term rental assistance to low-income renters, increase the affordable housing supply, and preserve the affordable rental homes that already exist. Long-term solutions should be targeted to serve those low-wage and low-income families with the greatest needs.

Congress should fully fund the Housing Choice Voucher (HCV) program. Participants in the HCV program pay 30% of their adjusted gross incomes toward housing costs in the private market, and the voucher covers the remaining costs up to the local housing authority's payment standard. Vouchers typically cost less than new construction, making them an efficient option in markets where there is already an abundant supply of vacant, physically adequate housing. The "Pathway to Stable and Affordable Housing for All Act," introduced by Senators Mazie Hirono (D-HI), Kirsten Gillibrand (D-NY), and Cory Booker (D-NJ), would fully fund Housing Choice Vouchers. Given that many voucher-holders struggle to find voucher-accepting landlords, a federal ban on discrimination against voucher-holders is also needed.

Congress should also expand the supply of affordable rental housing with significant increases in capital investments. A large investment in the national Housing Trust Fund (HTF) could create, preserve, or rehabilitate rental housing for renters with extremely low incomes. Currently funded by small mandatory contributions from Fannie Mae and Freddie Mac, the national HTF is a block grant that gives states flexibility in how they use the money, provided at least 90% is used for rental housing and 75% of rental housing serves extremely low-income households. One hundred percent of funds must benefit extremely low-income households while the HTF is capitalized under $1 billion per year. Members of the current Congress have introduced multiple bills to expand the national HTF. These bills include the "American Housing and Economic Mobility Act," the "Ending Homelessness Act," the "Housing is Infrastructure Act," the "Homes for All Act," the "Fulfilling the Promise of the Housing Trust Fund Act," and the "Pathway to Stable and Affordable Housing for All Act."

Significant capital investment should also be made in public housing, which provides an affordable home and housing stability to some of the nation's poorest renters. Public housing is a critical component of the U.S. housing infrastructure, but public housing authorities face a backlog of capital repair needs of $70 billion (NLIHC, 2020c). Given the unforeseen needs that public housing authorities have faced during the current pandemic (e.g., investments in personal protective equipment, increased cleaning schedules and wellness checks) and delayed repair schedules, capital repair needs may be even greater after COVID-19. The "Housing is Infrastructure Act of 2019," introduced by Representative Waters (D-CA), would invest more than $100 billion to address the capital needs of public housing, create homes through the national HTF, and address the severe housing needs on tribal lands. An expansion of public housing could provide affordable homes to many households who currently do not receive any housing assistance. The Faircloth Amendment, which forbids expanding public housing beyond its 1999 levels, should be repealed. The "Homes for All Act" introduced by Representative Ilhan Omar (D-MN), would repeal the Faircloth amendment and invest $1 trillion for 9.5 million new public housing apartments and 2.5 million deeply affordable rental homes. Both Representative Waters's "Housing is Infrastructure Act" and a repeal of the Faircloth amendment were included in the "Moving Forward Act" passed by the House.

We also need to ensure adequate funding to renew Project-Based Rental Assistance (PBRA) contracts with private owners of subsidized rental housing. Tenants of PBRA housing contribute 30% of their adjusted gross income towards rent, and HUD pays the rest. Adequate appropriations for PBRA can protect these rental homes from being permanently lost from the affordable housing stock.

Tax reform could also help house the poorest renters. A deeply income-targeted, fully refundable renters' tax credit for housing cost-burdened renters would provide the difference between 30% of a renter's household income and their actual housing costs, up to a modest price. The "Housing, Opportunity, Mobility, and

Addressing the roots of the housing affordability problem, however, requires a significant and sustained commitment to rental housing programs.

Equity Act," introduced by Senator Cory Booker (D-NJ), and the "Rent Relief Act," introduced by Senator Kamala Harris (D-CA), provide a refundable tax credit to cost-burdened renters.

The Low-Income Housing Tax Credit (LIHTC) program, the nation's largest production subsidy for affordable housing, should be reformed to better target the needs of extremely low-income households. A 50% basis boost in tax credits for developments that set aside at least 20% of their housing for extremely low-income renters would help redirect those credits where they are most needed. The "Affordable Housing Tax Credit Improvement Act," introduced by Senators Maria Cantwell (D-WA), Todd Young (R-IN), Ron Wyden (D-OR), and Johnny Isakson (R-GA) and Representatives Suzan DelBene (D-WA), Kenny Marchant (R-TX), Don Beyer (D-VA), and Jackie Walorski (R-IN), would provide such a basis boost and incentives to build in rural communities and on tribal lands, which have unique barriers to development.

Millions of households were already living with housing instability at the beginning of 2020, and millions of additional renters now struggle to afford their rental housing during the COVID-19 crisis. The enduring problem of housing unaffordability ultimately calls for fundamental structural reform and the investments needed to ensure housing stability in the future.

THE NUMBERS IN THIS REPORT

Out of Reach data are available for every state, metropolitan area, and county at www.nlihc.org/oor. We encourage you to visit the site, click on your state, and select "more info" to see an interactive page on which you can choose specific metropolitan areas or counties in your state. The final pages of this report describe where the numbers come from and how to use them, identify the most expensive jurisdictions, and provide state rankings.

The Housing Wage varies considerably across the country. The Housing Wage for a modest two-bedroom rental home in the San Francisco metropolitan area, for example, is $64.21/hr, far higher than the national Housing Wage. On the other end of the price spectrum, the two-bedroom Housing Wage is $11.77/hr in areas of Alabama. Even so, many jurisdictions with lower-than-average Housing Wages still suffer from a shortage of affordable rental homes. Jurisdictions with a low Housing Wage tend to have less vibrant economies and lower-than-average household incomes, meaning a low Housing Wage is still out of reach for too many households.

The Housing Wage is based on HUD FMRs, which are estimates of what a family moving today can expect to pay for a modest rental home, not what all renters are currently paying. The FMR is the basis of the rent-payment standard for Housing Choice Vouchers and other HUD programs. The FMR is usually set at the 40th percentile of rents for typical homes occupied by recent movers in an area. FMRs are often applied uniformly within each FMR area, which is either a metropolitan area or nonmetropolitan county. Therefore, the Housing Wage does not reflect rent variations within a metropolitan area or nonmetropolitan county.

HUD publishes Small Area FMRs based on U.S. Postal Service ZIP codes to better reflect small-scale market conditions within metropolitan areas. NLIHC calculated the Housing Wage for each ZIP code to illustrate the variation in the Housing Wage within metropolitan areas. These wages can be found online at www.nlihc.org/oor.

Readers are cautioned against comparing statistics in one edition of *Out of Reach* with those in another. Over time, HUD has changed its methodology for calculating FMRs and incomes. Since 2012, HUD has developed FMR estimates using American Community Survey (ACS) data to determine base rents, and this methodology can introduce more year-to-year variability. From time to time, an area's FMRs are based on local rent surveys rather than the ACS. For these reasons, not all differences between previous editions of *Out of Reach* and this year's report reflect actual market dynamics. Please consult the appendices and NLIHC research staff for assistance with interpreting changes in the data over time.

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HOW TO USE THE NUMBERS

For a family earning 100% of AMI, monthly rent of **$2,008** or less is affordable.

Renter households represented **36%** of all households (2014-2018).

The estimated mean (average) renter wage in the United States is **$18.22** per hour (2020).

A renter household needs to earn at least **$23.96** per hour in order to afford a two-bedroom home at FMR.

The annual median family income (AMI) in the United States is **$80,320** (2020).

There were **43,669,988** renter households in the United States (2014-2018).

	FY20 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTER HOUSEHOLDS				
	Hourly wage needed to afford 2 BR[1] FMR[2]	2 BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage[3] needed to afford 2 BR FMR	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Monthly rent affordable at 30% of AMI	Renter households	% of total households	Estimated hourly mean renter wage	Rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
UNITED STATES	**$23.96**	**$1,246**	**$49,830**	**2.4**	**$80,320**	**$2,008**	**$24,096**	**$602**	**43,669,988**	**36%**	**$18.22**	**$948**	**1.3**

The FMR for a two-bedroom rental home in the United States is **$1,246** (2020).

In the United States, a family at 30% of AMI earns **$24,096** annually.

A renter household needs an annual income of **$49,830** in order to afford a two-bedroom rental home at FMR.

For a family earning 30% of AMI, monthly rent of **$602** or less is affordable.

If a full-time worker earns the mean renter wage, monthly rent of **$948** or less is affordable.

On average, a renter household needs **2.4 full-time jobs** paying the minimum wage in order to afford a two-bedroom rental home at FMR.

A renter household needs **1.3 full-time jobs** paying the mean renter wage in order to afford a two-bedroom rental home at FMR.

1: BR = Bedroom.

2: FMR = Fiscal Year 2020 Fair Market Rent.

3: This calculation uses the higher of the county, state, or federal minimum wage, where applicable.

4: AMI = Fiscal Year 2020 Area Median Income.

5: Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

WHERE THE NUMBERS COME FROM

	FY20 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTER HOUSEHOLDS				
	Hourly wage needed to afford 2 BR[1] FMR[2]	2 BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage[3] needed to afford 2 BR FMR	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Monthly rent affordable at 30% of AMI	Renter households	% of total households	Estimated hourly mean renter wage	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
UNITED STATES	**$23.96**	**$1,246**	**$49,830**	**2.4**	**$80,320**	**$2,008**	**$24,096**	**$602**	**43,669,988**	**36%**	**$18.22**	**$948**	**1.3**

Hourly wage needed to afford 2 BR FMR: Divide income needed to afford FMR ($49,830) by 52 (weeks per year) and then by 40 (hours per work week) ($49,830 / 52 = $958; $958 / 40 = **$23.96**).

2 BR FMR: Developed by HUD annually (2020). See Appendix B.

Annual income needed to afford 2 BR FMR: Multiply the FMR by 12 to get yearly rental cost ($1,245.75 x 12 = $14,949). Then divide by .3 to determine the total income needed to afford $14,949 per year in rent ($14,949 / .3 = **$49,830**).

Full-time jobs at minimum wage needed to afford 2 BR FMR: National average of jobs needed across all counties, weighted by number of renter households. To find jobs needed in a particular state, metro, or county, divide annual income needed to afford the FMR by 52 (weeks per year). Then divide by the prevailing minimum wage. Then divide by 40 (hours per work week).

Annual AMI: HUD FY20 estimated median family income based on data from the American Community Survey (ACS). See Appendix B.

Monthly rent affordable at AMI: Multiply Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($80,320 x .3 = $24,096). Divide by 12 to obtain monthly amount ($24,096 / 12 = **$2,008**).

30% of AMI: Multiply Annual AMI by .3 ($80,320 x .3 = **$24,096**).

Monthly rent affordable at 30% of AMI: Multiply 30% of Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($24,096 x .3 = $7,228.80). Divide by 12 to obtain monthly amount ($7,228.80 / 12 = **$602.40**).

Renter households: ACS (2014-2018).

% of total households: Divide number of renter households by total number of households (ACS 2014-2018) (43,669,988 / 120,935,203 = .36). Then multiply by 100 (.36 x 100 = **36%**).

Estimated hourly mean renter wage: Average wage reported by the Bureau of Labor Statistics (BLS) for 2018, adjusted to reflect the income of renter households relative to all households in the United States, and projected to 2020. See Appendix B.

Monthly rent affordable at mean renter wage: Calculate annual income by multiplying mean renter wage by 40 (hours per week) and 52 (weeks per year) ($18.22374 x 40 x 52 = $37,905.38). Multiply by .3 to determine maximum amount that can be spent on rent ($37,905.38 x .3 = $11,371.61). Divide by 12 to obtain monthly amount ($11,371.61 / 12 = **$948**).

Full-time jobs at mean renter wage needed to afford 2 BR FMR: Divide income needed to afford the FMR by 52 (weeks per year) ($49,830 / 52 = $958). Then divide by $18.22 (the United States' mean renter wage) ($958 / $18.22 = 53 hours). Finally, divide by 40 (hours per work week) (53 / 40 = **1.3 full-time jobs**).

1: BR = Bedroom.

2: FMR = Fiscal Year 2020 Fair Market Rent.

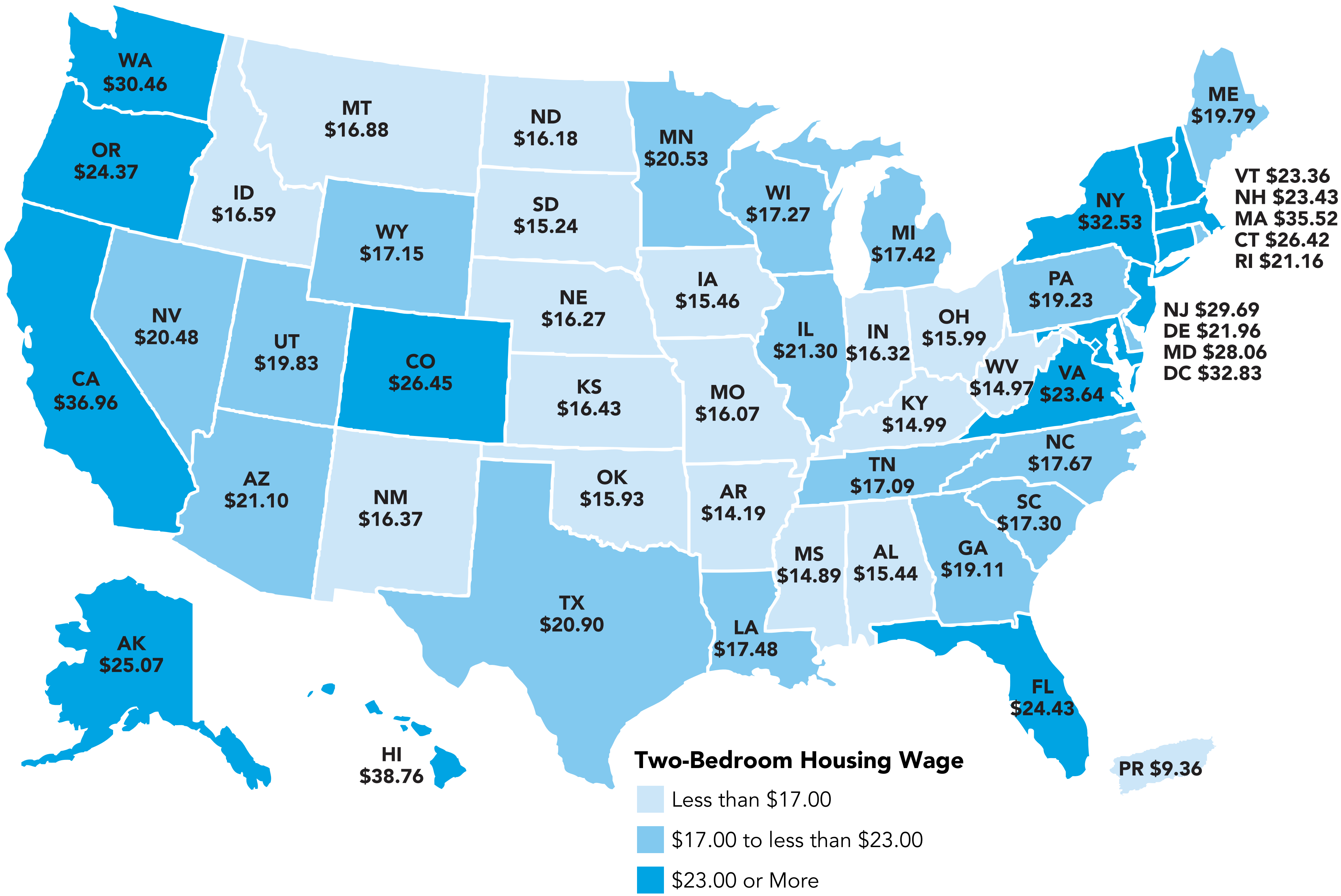
3: This calculation uses the higher of the county, state, or federal minimum wage, where applicable.

4: AMI = Fiscal Year 2020 Area Median Income.

5: Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

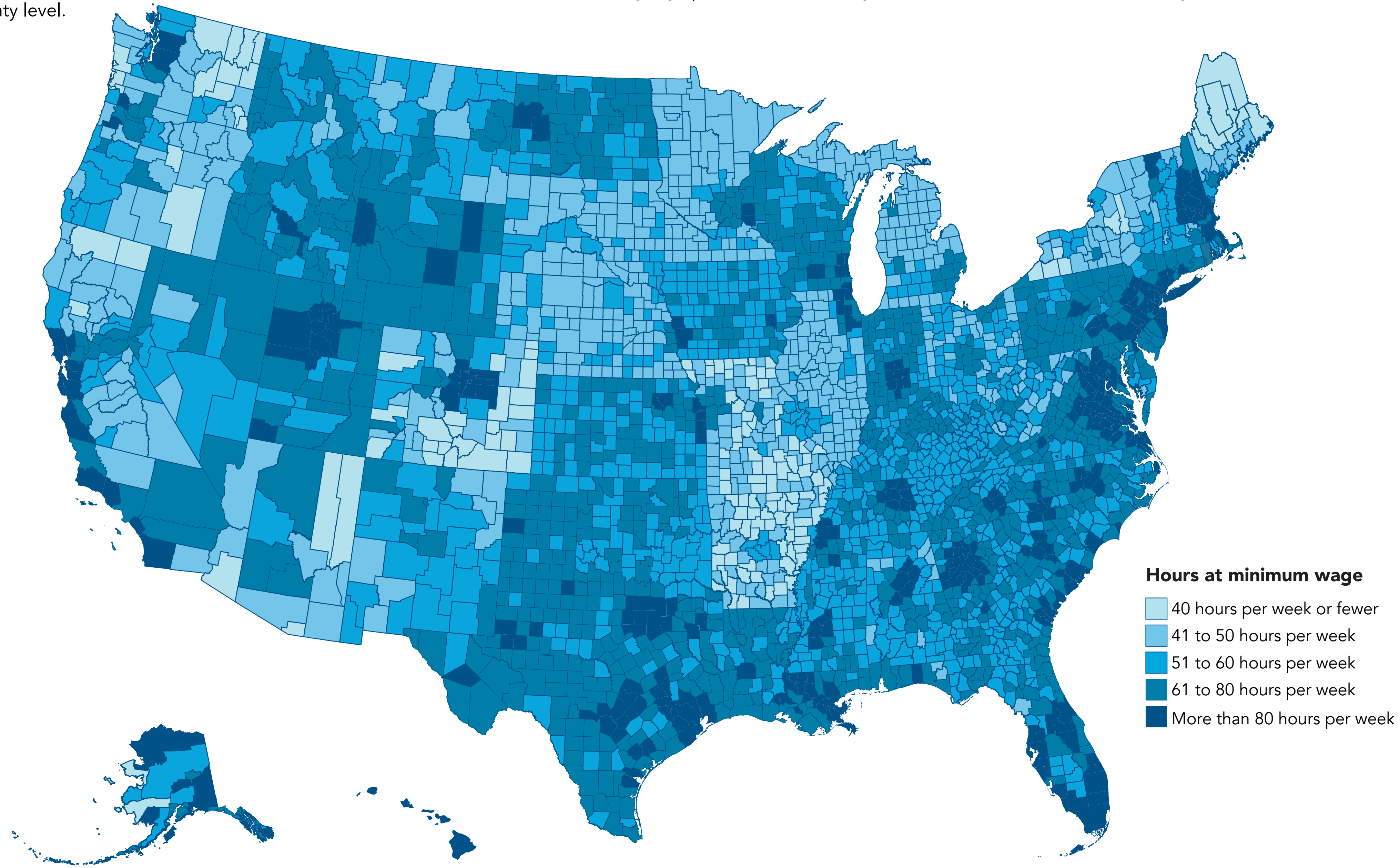
2020 TWO-BEDROOM RENTAL HOUSING WAGES

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.



2020 HOURS AT MINIMUM WAGE NEEDED TO AFFORD A ONE-BEDROOM RENTAL HOME AT FAIR MARKET RENT

*Note: New England states are displayed with HUD Fair Market Rent Areas. All other states are displayed at the county level. This map does not account for the 37 sub-county jurisdictions with minimum wages higher than the prevailing county, state, or federal minimum wage. None of these local minimum wages are sufficient to afford a one-bedroom rental home at the Fair Market Rent with a 40 hour work week. The geographic variation of Oregon and New York's state minimum wages are reflected at the county level.



MOST EXPENSIVE JURISDICTIONS

Metropolitan Areas	Housing Wage for Two-Bedroom FMR[1]
San Francisco, CA HMFA[3]	$64.21
San Jose-Sunnyvale-Santa Clara, CA HMFA	$57.12
Santa Cruz-Watsonville, CA MSA[4]	$48.44
Santa Maria-Santa Barbara, CA MSA	$44.69
Boston-Cambridge-Quincy, MA HMFA	$44.44
Oakland-Fremont, CA HMFA	$43.06
Santa Ana-Anaheim-Irvine, CA HMFA	$42.62
Honolulu, HI MSA	$41.54
Seattle-Bellevue, WA HMFA	$40.37
Stamford-Norwalk, CT HMFA	$39.98

Metropolitan Counties[2]	Housing Wage for Two-Bedroom FMR
Marin County, CA	$64.21
San Francisco County, CA	$64.21
San Mateo County, CA	$64.21
Santa Clara County, CA	$57.12
Santa Cruz County, CA	$48.44
Santa Barbara County, CA	$44.69
Alameda County, CA	$43.06
Contra Costa County, CA	$43.06
Orange County, CA	$42.62
Honolulu County, HI	$41.54

State Nonmetropolitan Areas (Combined)	Housing Wage for Two-Bedroom FMR
Hawaii	$29.81
Alaska	$26.11
Massachusetts	$23.69
Connecticut	$22.69
California	$20.00
New Hampshire	$19.90
Vermont	$19.00
Maryland	$18.91
Washington	$18.34
Colorado	$18.25

Nonmetropolitan Counties (or County-Equivalents)	Housing Wage for Two-Bedroom FMR
Kauai County, HI	$36.17
Aleutians West Census Area, AK	$33.75
Dukes County, MA	$33.23
Monroe County, FL	$33.23
Nantucket County, MA	$33.06
Bethel Census Area, AK	$32.46
Nome Census Area, AK	$32.40
Pitkin County, CO	$30.37
Denali Borough, AK	$29.60
North Slope Borough, AK	$28.50
Juneau City and Borough, AK	$28.50

1 FMR = Fair Market Rent.

2 Excludes metropolitan counties in New England.

3 HMFA = HUD Metro FMR Area. This term indicates that a portion of an Office of Management & Budget (OMB)-defined core-based statistical area (CBSA) is in the area to which the FMRs apply. HUD is required by OMB to alter the names of the metropolitan geographic entities it derives from CBSAs when the geographies are not the same as that established by the OMB.

4 MSA = Metropolitan Statistical Area. Geographic entities defined by OMB for use by the federal statistical agencies in collecting, tabulating, and publishing federal statistics.

STATES RANKED BY TWO-BEDROOM HOUSING WAGE

States are ranked from most expensive to least expensive.

Rank[1]	State	Housing Wage for Two-Bedroom FMR[2]
1	Hawaii	$38.76
2	California	$36.96
3	Massachusetts	$35.52
5	New York	$32.53
6	Washington	$30.46
7	New Jersey	$29.69
8	Maryland	$28.06
9	Colorado	$26.45
10	Connecticut	$26.42
11	Alaska	$25.07
12	Florida	$24.43
13	Oregon	$24.37
14	Virginia	$23.64
15	New Hampshire	$23.43
16	Vermont	$23.36
17	Delaware	$21.96
18	Illinois	$21.30
19	Rhode Island	$21.16
20	Arizona	$21.10
21	Texas	$20.90
22	Minnesota	$20.53
23	Nevada	$20.48
24	Utah	$19.83
25	Maine	$19.79
26	Pennsylvania	$19.23
27	Georgia	$19.11

Rank[1]	State	Housing Wage for Two-Bedroom FMR[2]
28	North Carolina	$17.67
29	Louisiana	$17.48
30	Michigan	$17.42
31	South Carolina	$17.30
32	Wisconsin	$17.27
33	Wyoming	$17.15
34	Tennessee	$17.09
35	Montana	$16.88
36	Idaho	$16.59
37	Kansas	$16.43
38	New Mexico	$16.37
39	Indiana	$16.32
40	Nebraska	$16.27
41	North Dakota	$16.18
42	Missouri	$16.07
43	Ohio	$15.99
44	Oklahoma	$15.93
45	Iowa	$15.46
46	Alabama	$15.44
47	South Dakota	$15.24
48	Kentucky	$14.99
49	West Virginia	$14.97
50	Mississippi	$14.89
51	Arkansas	$14.19
	OTHER	
4	District of Columbia	$32.83
52	Puerto Rico	$9.36

1 Includes District of Columbia and Puerto Rico.

2 FMR = Fair Market Rent.

STATE SUMMARY

	FY20 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTER HOUSEHOLDS				
State	Hourly wage needed to afford 2 BR[1] FMR[2]	2 BR FMR	Annual income needed to Afford 2 BR FMR	Full-time jobs at minimum wage[3] needed to afford 2 BR FMR	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Monthly rent affordable at 30% AMI	Renter households (2014-2018)	% of total households (2014-2018)	Estimated hourly mean renter wage (2020)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
Alabama	$15.44	$803	$32,110	2.1	$66,123	$1,653	$19,837	$496	585,046	31%	$13.30	$692	1.2
Alaska	$25.07	$1,304	$52,147	2.5	$92,899	$2,322	$27,870	$697	91,290	36%	$19.55	$1,017	1.3
Arizona	$21.10	$1,097	$43,892	1.8	$72,954	$1,824	$21,886	$547	918,235	36%	$17.46	$908	1.2
Arkansas	$14.19	$738	$29,514	1.4	$61,408	$1,535	$18,422	$461	395,744	34%	$13.92	$724	1.0
California	$36.96	$1,922	$76,879	2.8	$90,909	$2,273	$27,273	$682	5,880,000	45%	$23.96	$1,246	1.5
Colorado	$26.45	$1,375	$55,016	2.2	$91,959	$2,299	$27,588	$690	742,242	35%	$19.49	$1,013	1.4
Connecticut	$26.42	$1,374	$54,956	2.4	$101,816	$2,545	$30,545	$764	460,240	34%	$17.70	$921	1.5
Delaware	$21.96	$1,142	$45,669	2.4	$86,342	$2,159	$25,903	$648	103,457	29%	$17.83	$927	1.2
Florida	$24.43	$1,270	$50,807	2.9	$68,669	$1,717	$20,601	$515	2,667,159	35%	$17.28	$898	1.4
Georgia	$19.11	$994	$39,758	2.6	$72,224	$1,806	$21,667	$542	1,369,507	37%	$17.51	$911	1.1
Hawaii	$38.76	$2,015	$80,613	3.8	$97,168	$2,429	$29,151	$729	190,420	42%	$17.17	$893	2.3
Idaho	$16.59	$863	$34,511	2.3	$68,372	$1,709	$20,511	$513	190,031	31%	$13.26	$689	1.3
Illinois	$21.30	$1,108	$44,310	2.1	$85,252	$2,131	$25,576	$639	1,641,003	34%	$18.00	$936	1.2
Indiana	$16.32	$848	$33,940	2.3	$72,950	$1,824	$21,885	$547	793,086	31%	$14.44	$751	1.1
Iowa	$15.46	$804	$32,151	2.1	$79,229	$1,981	$23,769	$594	362,703	29%	$13.43	$698	1.2
Kansas	$16.43	$855	$34,185	2.3	$74,642	$1,866	$22,393	$560	378,704	34%	$14.21	$739	1.2
Kentucky	$14.99	$780	$31,183	2.1	$66,539	$1,663	$19,962	$499	571,050	33%	$13.79	$717	1.1
Louisiana	$17.48	$909	$36,356	2.4	$64,793	$1,620	$19,438	$486	602,937	35%	$14.64	$761	1.2
Maine	$19.79	$1,029	$41,156	1.6	$76,811	$1,920	$23,043	$576	154,809	28%	$12.34	$642	1.6
Maryland	$28.06	$1,459	$58,366	2.6	$109,357	$2,734	$32,807	$820	728,577	33%	$18.16	$944	1.5
Massachusetts	$35.52	$1,847	$73,890	2.8	$105,892	$2,647	$31,768	$794	968,213	38%	$21.74	$1,131	1.6
Michigan	$17.42	$906	$36,227	1.8	$74,703	$1,868	$22,411	$560	1,132,395	29%	$15.38	$800	1.1
Minnesota	$20.53	$1,068	$42,705	2.1	$92,812	$2,320	$27,844	$696	616,511	28%	$16.06	$835	1.3
Mississippi	$14.89	$774	$30,977	2.1	$57,678	$1,442	$17,303	$433	351,558	32%	$12.10	$629	1.2
Missouri	$16.07	$836	$33,424	1.7	$73,483	$1,837	$22,045	$551	794,426	33%	$15.28	$794	1.1
Montana	$16.88	$21,931	$35,112	2.0	$73,104	$1,828	$21,931	$548	136,687	32%	$13.15	$684	1.3
Nebraska	$16.27	$23,622	$33,838	1.8	$78,740	$1,968	$23,622	$591	255,496	34%	$13.70	$712	1.2

1 BR = Bedroom.
2 FMR = Fiscal Year 2020 Fair Market Rent.
3 This calculation uses the higher of the state or federal minimum wage. Local minimum wages are not used. See Appendix B.
4 AMI = Fiscal Year 2020 Area Median Income
5 Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

STATE SUMMARY

	FY20 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTER HOUSEHOLDS				
State	Hourly wage needed to afford 2 BR[1] FMR[2]	2 BR FMR	Annual income needed to Afford 2 BR FMR	Full-time jobs at minimum wage[3] needed to afford 2 BR FMR	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Monthly rent affordable at 30% AMI	Renter households (2014-2018)	% of total households (2014-2018)	Estimated hourly mean renter wage (2020)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
Nevada	$20.48	$1,065	$42,592	2.3	$72,497	$1,812	$21,749	$544	475,410	44%	$17.42	$906	1.2
New Hampshire	$23.43	$1,218	$48,726	3.2	$94,756	$2,369	$28,427	$711	153,320	29%	$15.83	$823	1.5
New Jersey	$29.69	$1,544	$61,762	2.7	$102,843	$2,571	$30,853	$771	1,158,949	36%	$19.10	$993	1.6
New Mexico	$16.37	$851	$34,047	1.8	$62,865	$1,572	$18,859	$471	251,409	32%	$13.99	$728	1.2
New York	$32.53	$1,691	$67,653	2.8	$87,886	$2,197	$26,366	$659	3,373,181	46%	$25.68	$1,335	1.3
North Carolina	$17.67	$919	$36,751	2.4	$71,385	$1,785	$21,415	$535	1,369,892	35%	$15.92	$828	1.1
North Dakota	$16.18	$841	$33,647	2.2	$88,698	$2,217	$26,610	$665	117,556	37%	$17.12	$890	0.9
Ohio	$15.99	$832	$33,267	1.8	$74,544	$1,864	$22,363	$559	1,582,848	34%	$14.42	$750	1.1
Oklahoma	$15.93	$828	$33,132	2.2	$66,385	$1,660	$19,916	$498	507,582	34%	$15.12	$786	1.1
Oregon	$24.37	$1,267	$50,687	2.0	$78,661	$1,967	$23,598	$590	606,312	38%	$16.78	$872	1.5
Pennsylvania	$19.23	$1,000	$39,992	2.7	$82,696	$2,067	$24,809	$620	1,557,665	31%	$15.90	$827	1.2
Rhode Island	$21.16	$1,101	$44,023	2.0	$87,969	$2,199	$26,391	$660	163,320	40%	$14.21	$739	1.5
South Carolina	$17.30	$900	$35,984	2.4	$67,964	$1,699	$20,389	$510	589,362	31%	$13.52	$703	1.3
South Dakota	$15.24	$793	$31,701	1.6	$76,055	$1,901	$22,817	$570	108,929	32%	$12.52	$651	1.2
Tennessee	$17.09	$889	$35,550	2.4	$67,463	$1,687	$20,239	$506	865,902	34%	$15.82	$823	1.1
Texas	$20.90	$1,087	$43,478	2.9	$75,592	$1,890	$22,678	$567	3,635,275	38%	$19.56	$1,017	1.1
Utah	$19.83	$1,031	$41,251	2.7	$82,685	$2,067	$24,805	$620	288,634	30%	$14.94	$777	1.3
Vermont	$23.36	$1,215	$48,597	2.1	$78,736	$1,968	$23,621	$591	76,019	29%	$13.81	$718	1.7
Virginia	$23.64	$1,229	$49,167	3.3	$93,280	$2,332	$27,984	$700	1,057,536	34%	$18.67	$971	1.3
Washington	$30.46	$1,584	$63,352	2.3	$93,484	$2,337	$28,045	$701	1,043,871	37%	$21.90	$1,139	1.4
West Virginia	$14.97	$778	$31,135	1.7	$61,519	$1,538	$18,456	$461	198,796	27%	$13.03	$678	1.1
Wisconsin	$17.27	$898	$35,913	2.4	$80,442	$2,011	$24,133	$603	775,089	33%	$14.32	$744	1.2
Wyoming	$17.15	$892	$35,663	2.4	$80,329	$2,008	$24,099	$602	70,509	31%	$15.15	$788	1.1
OTHER													
District of Columbia	$32.83	$1,707	$68,280	2.2	$126,000	$3,150	$37,800	$945	163,751	58%	$29.20	$1,518	1.1
Puerto Rico	$9.36	$487	$19,473	1.3	$25,255	$631	$7,576	$189	384,670	32%	$7.73	$402	1.2

1 BR = Bedroom.
2 FMR = Fiscal Year 2020 Fair Market Rent.
3 This calculation uses the higher of the county, state, or federal minimum wage, where applicable.
4 AMI = Fiscal Year 2020 Area Median Income
5 Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

APPENDIX A: LOCAL MINIMUM WAGES

Locality	Local Minimum Wage (as of 7/1/20)	1 BR Housing Wage	2 BR Housing Wage
Alameda, CA	$15.00	$34.77	$43.06
Albuquerque, NM	$9.35	$13.71	$16.87
Belmont, CA	$15.00	$52.31	$64.21
Berkeley, CA (1)	$15.59	$34.77	$43.06
Bernalillo County, NM	$9.20	$13.71	$16.87
Chicago, IL (2)	$14.00	$20.69	$24.00
Cook County, IL	$13.00	$20.69	$24.00
Cupertino, CA	$15.35	$47.27	$57.12
Daly City, CA	$13.75	$52.31	$64.21
Denver, CO	$12.85	$24.23	$30.12
El Cerrito, CA	$15.37	$34.77	$43.06
Emeryville, CA	$16.42	$34.77	$43.06
Flagstaff, AZ	$13.00	$19.69	$24.35
Fremont, CA (3)	$15.00	$34.77	$43.06
Hayward, CA (4)	$15.00	$34.77	$43.06
Las Cruces, NM	$10.25	$11.58	$14.27
Los Altos, CA	$15.40	$47.27	$57.12
Los Angeles, CA (5)	$15.00	$29.17	$37.62
Los Angeles County, CA (5)	$15.00	$29.17	$37.62
Malibu, CA (5)	$15.00	$29.17	$37.62
Menlo Park, CA	$15.00	$52.31	$64.21
Milpitas, CA (6)	$15.00	$47.27	$57.12
Minneapolis, MN (7)	$13.25	$18.67	$23.35
Montgomery County, MD (8)	$14.00	$28.85	$32.83
Mountain View, CA	$16.05	$47.27	$57.12
Novato, CA (9)	$15.00	$52.31	$64.21

1. July 1, 2020 adjustment based on CPI not available at time of publication.
2. Minimum wage for firms with more than 20 employees. Minimum wage for firms with fewer employees is $13.50.
3. Minimum wage for firms with more than 25 employees. Minimum wage for firms with fewer employees is $13.50.
4. Minimum wage for firms with more than 25 employees. Minimum wage for firms with fewer employees is $14.00.
5. Minimum wage for firms with more than 25 employees. Minimum wage for firms with fewer employees is $14.25.
6. Minimum wage as of 7/1/19. Increases starting 7/1/20 will be based on Bay Area CPI increases.
7. Minimum wage for firms with more than 100 employees. Minimum wage for firms with fewer employees is $13.25.
8. Minimum wage for firms with more than 50 employees. Minimum wage is $13.25 for firms with 11-50 employees and nonprofits, $13.00 for firms with fewer employees.
9. Minimum wage for firms with more than 100 employees. Minimum wage is $14 for firms with 26-99 employees, $13.00 for firms with fewer employees.

Locality	Local Minimum Wage (as of 7/1/20)	1 BR Housing Wage	2 BR Housing Wage
Oakland, CA	$14.14	$34.77	$43.06
Palo Alto, CA	$15.40	$47.27	$57.12
Pasadena, CA (5)	$15.00	$29.17	$37.62
Petaluma, CA (4)	$15.00	$28.63	$37.48
Prince George's County, MD	$11.50	$28.85	$32.83
Redwood City, CA	$15.38	$52.31	$64.21
Richmond, CA	$15.00	$34.77	$43.06
Saint Paul, MN (10)	$12.50	$18.67	$23.35
San Diego, CA	$13.00	$30.12	$39.17
San Francisco, CA	$15.59	$52.31	$64.21
San Jose, CA	$15.25	$47.27	$57.12
San Leandro, CA	$15.00	$34.77	$43.06
San Mateo, CA	$15.38	$52.31	$64.21
Santa Clara, CA	$15.40	$47.27	$57.12
Santa Fe, NM	$12.10	$17.85	$20.33
Santa Fe County, NM	$12.10	$17.85	$20.33
Santa Monica, CA (11)	$15.00	$29.17	$37.62
Santa Rosa, CA (4)	$15.00	$28.63	$37.48
Seattle, WA (12)	$16.39	$33.48	$40.37
Sonoma, CA (13)	$13.50	$28.63	$37.48
South San Francisco, CA	$15.00	$52.31	$64.21
Sunnyvale, CA	$16.05	$47.27	$57.12
Washington D.C.	$15.00	$28.85	$32.83

10. Minimum wage for firms with over 10,000 employees, and city government workers. Minimum wage is $11.50 for firms with 100-9,999 employees, $10 for firms with 6-100 employees, and $9.25 for firms with fewer employees.
11. Minimum wage for firms with more than 25 employees. Minimum wage is $14.25 for firms with less than 25 employees and qualifying nonprofits.
12. Minimum wage for firms with more than 500 employees. Minimum wage is $15.75 for firms with fewer than 500 employees and no employer coverage of benefits, $13.50 for firms with fewer than 500 employees and employer coverage of benefits.
13. Minimum wage for firms with more than 25 employees. Minimum wage for firms with fewer employees is $12.50.

APPENDIX B: DATA NOTES, METHODOLOGIES, AND SOURCES

Appendix B describes the data used in *Out of Reach*. Information on how to calculate and interpret the report's numbers are in the pages "How to Use the Numbers" and "Where the Numbers Come From."

FAIR MARKET RENT AREA DEFINITIONS

HUD determines Fair Market Rents (FMRs) for metropolitan and rural housing markets across the country. In metropolitan areas, HUD starts with the Office of Management and Budget's (OMB) metropolitan area boundaries to define FMR areas. Since FMR areas are meant to reflect cohesive housing markets, the OMB boundaries are not always preferable. Also, significant changes to OMB metropolitan boundaries can affect current housing assistance recipients. In keeping with OMB's guidance to federal agencies, HUD modifies OMB boundaries in some instances for program administration.

In FY06, HUD's FMR areas incorporated OMB's 2003 overhaul of metropolitan area boundaries. HUD used OMB's new boundaries but modified them if a county (or town) to be added to an FMR area under OMB's definitions had rents or incomes in 2000 that deviated more than 5% from the newly defined metropolitan area. HUD (and *Out of Reach*) refers to unmodified OMB-defined areas as Metropolitan Statistical Areas (MSAs) and HUD-modified areas as HUD Metro FMR Areas (HMFAs). OMB's subsequent changes to metropolitan boundaries through 2009 were incorporated into HUD's subsequent FMR areas.

OMB released new metropolitan area boundaries in February 2013. For FY16, HUD elected to apply pre-2013 boundaries to FMR areas except where the post-2013 OMB boundaries resulted in a smaller FMR area. Counties that had been removed from metropolitan areas were treated by HUD as nonmetropolitan counties. Counties that had been added to metropolitan areas were treated by HUD as metropolitan subareas (HMFAs) and given their own FMR if local rent data were statistically reliable. New multi-county metropolitan areas were treated by HUD as individual county metropolitan subareas (HMFAs) if the data were statistically reliable. This is consistent with HUD's objective to allow variation in FMRs locally. These changes resulted in more metropolitan areas in *Out of Reach*, beginning in 2016.

In cases in which an FMR area crosses state lines, *Out of Reach* provides an entry for the area under both states. While the Housing Wage, FMR, and Area Median Income (AMI) values apply to the entire FMR area and will be the same in both states, other data such as the number of renter households, the minimum wage, and renter wages apply only to the portion of the FMR area within that state's borders.

FAIR MARKET RENTS

The FY20 FMRs are based on five-year 2013-2017 American Community Survey (ACS) data, supplemented with one-year 2017 ACS data. For each FMR area, a base rent is typically set at the 40th percentile of adjusted standard quality two-bedroom gross rents from the five-year ACS. The estimate is considered reliable by HUD if its margin of error is less than 50% of the estimate and is based on at least 100 observations. If an FMR area does not have a reliable estimate from the five-year 2013-2017 ACS, then HUD checks whether the area had a minimally reliable estimate (margin of error was less than 50% of estimate and based on more than 100 observations) in at least two of the past three years. If so, the FY20 base rent is the average of the inflation-adjusted reliable ACS estimates. If an area has not had at least two minimally reliable estimates in the past three years, the estimate for the next largest geographic area is the base for FY20, which for a nonmetropolitan county would be the state nonmetropolitan area.

A recent mover adjustment factor is applied to the base rent. This factor is calculated as the percentage change between the five-year 2013-2017 40th percentile standard quality two-bedroom gross rent, and the one-year 2017 40th percentile recent mover two-bedroom gross rent. The one-year recent mover two-bedroom gross rent is reliable if its margin of error is less than 50% of the estimate and is based on at least 100 observations. If the one-year recent mover two-bedroom gross rent estimate is not reliable, the one-year recent mover gross rent for all-sized units is used. If that is not reliable, the estimate for the next largest geographic area is used. HUD does not allow recent mover factors to lower the base rent.

Statistically reliable local rent surveys are used to estimate rents when their estimates are statistically different from the ACS-based rents. For FY20, the ACS is not used as the base rent or recent mover factors in 19 FMR areas. HUD currently does not have funds to conduct local rent surveys, so surveys must be paid for by local public housing agencies or other interested parties if they wish for HUD to reevaluate the ACS-based FMRs.

A local or regional CPI update factor is applied to the ACS base rent to adjust for inflation through 2018. A trend factor is then applied to trend the gross rent forward to FY 2020, using local and regional forecasts of the CPI gross rent data.

While the *Out of Reach* report highlights the one-bedroom and two-bedroom FMR, the *Out of Reach* website includes zero- to four-bedroom FMRs. HUD finds that two-bedroom rental units are the most common and the most reliable to survey, so two-bedroom units are utilized as the primary FMR estimate.

HUD applies bedroom-size ratio adjustment factors to the two-bedroom estimates to calculate FMRs for other bedroom-size units. HUD makes additional adjustments for units with three or more bedrooms to increase the likelihood that the largest families, who have the most difficulty in finding units, will be successful in finding rental units eligible for programs whose payment standards are based on FMRs.

Due to changes in FMR methodology over the years, we do not recommend comparing the current edition of *Out of Reach* with previous ones.

FMRs for each area are available at
https://www.huduser.gov/portal/datasets/fmr.html

HUD's Federal Register notices for FY20 FMRs are available at
https://www.huduser.gov/portal/datasets/fmr.html#2020_documents

NATIONAL, STATE, AND NON-METRO FAIR MARKET RENTS

The FMRs for the nation, states, and state nonmetropolitan areas in *Out of Reach* are calculated by NLIHC and reflect the weighted average FMR for the counties (FMR areas in New England) included in the larger geography. The weight for FMRs is the number of renter households within each county (FMR area in New England) from the five-year 2014-2018 ACS.

AFFORDABILITY

Out of Reach is consistent with federal housing policy in the assumption that no more than 30% of a household's gross income should be consumed by gross housing costs. Spending more than 30% of income on housing is considered "unaffordable."[1]

AREA MEDIAN INCOME (AMI)

This edition of *Out of Reach* uses HUD's FY20 AMIs. HUD calculates the family AMI for metropolitan areas and nonmetropolitan counties. The Census definition of "family" is two or more persons related by blood, marriage or adoption residing together. This family AMI is not intended to apply to a specific family size.

HUD used special tabulations of five-year 2013-2017 ACS data to calculate the FY20 AMIs. In areas with a statistically reliable estimate from one-year 2017 ACS data, HUD incorporated the one-year data. HUD's standard for a reliable estimate is a margin of error of less than 50% of the estimate and at least 100 observations on which the estimate is based.

Where a statistically reliable estimate from five-year data is not available, HUD checks on whether the area has a minimally reliable estimate (margin of error is less than 50% of the estimate) from any of the past three years. If so, the average of these years, is used.

The Congressional Budget Office (CBO) projection of the Consumer Price Index (CPI) was used by HUD to inflate the ACS estimate from 2017 to the mid-point of FY20.

Applying the assumption that no more than 30% of income should be spent on housing costs, *Out of Reach* calculates the maximum affordable rent for households earning the median income and households earning 30% of the median. This is a straight percentage and does not include HUD's adjustments to income limits for federal housing programs.

The median incomes for states and state combined nonmetropolitan areas reported in *Out of Reach* reflect the weighted average of county AMI data weighted by the total number of households from the 2014-2018 ACS.

FY20 family AMI for metropolitan areas and nonmetropolitan counties, the methodology, and HUD's adjustments to subsequent income limits are available at https://www.huduser.gov/portal/datasets/il.html

1 The Housing and Urban-Rural Recovery Act of 1983 made the 30% "rule of thumb" applicable to rental housing assistance program.

PREVAILING MINIMUM WAGE

Out of Reach incorporates the minimum wage in effect as of July 1, 2020. According to the U.S. Department of Labor, the District of Columbia and 29 states have a state minimum wage higher than the federal level of $7.25 per hour. *Out of Reach* incorporates the higher prevailing state minimum wage in these states. Some local municipalities have a minimum wage that is higher than the prevailing federal or state rate, but local rates associated with sub-county jurisdictions are not fully incorporated into *Out of Reach*.

Among the statistics included in *Out of Reach* are the number of hours and subsequent full-time jobs a minimum wage earner must work to afford the FMR. The national average number of hours a full-time worker earning minimum wage must work to afford the FMR is calculated by taking into account the prevailing minimum wage at the county level (or New England FMR area) and finding the weighted average of hours needed in all counties, weighting counties by their number of renter households. Accordingly that average reflects higher state and county minimum wages but not higher minimum wages associated with sub-county jurisdictions.

If the reader would like to calculate the same statistics using a different wage such as a higher local minimum wage, a simple formula can be used for the conversion:

[hours or jobs at the published wage] ×
[published wage] / [alternative wage]

For example, one would have to work nearly 120 hours per week to afford the two-bedroom FMR in Seattle, WA, if the local minimum wage was equivalent to the State of Washington's rate of $13.50. However, the same FMR would be affordable with 98.5 hours of work per week under the higher local minimum wage of $16.39 (119.6 * $13.50 / $16.39).[2] For further guidance, see "Where the Numbers Come From" or contact NLIHC research staff.

The Department of Labor provides further information on state minimum wages at www.dol.gov/whd/minwage/america.htm.

2 U.C. Berkeley Labor Center (2020). Inventory of U.S. city and county minimum wage ordinances.

AVERAGE RENTER WAGE

Recognizing that the minimum wage reflects the earnings of only the lowest income workers, *Out of Reach* also calculates an estimated mean renter hourly wage. This measure reflects the compensation that a typical renter is likely to receive for an hour of work by dividing average weekly earnings by 40 hours, thus assuming a full-time workweek. Earnings include several non-wage forms of compensation like paid leave, bonuses, tips, and stock options.[3]

The estimated mean renter hourly wage is based on the average weekly earnings of private (non-governmental) employees working in each county.[4] Renter wage information is based on 2018 data reported by the BLS in the Quarterly Census of Employment and Wages. For each county, mean hourly earnings are multiplied by the ratio of median renter household income to median household income from the five-year 2014-2018 ACS to arrive at an estimated average renter wage. In nineteen counties nationwide, the median renter household income exceeds the median household income. Nationally, median renter household income was 64% of the median household income.

An inflation factor was applied to the estimated mean renter hourly wage to adjust from 2018 to FY20. The inflation factor (260.306 ÷ 251.104) was based on the CBO January 2020 forecast of the national CPI for FY20.

In approximately 13% of counties or county equivalents (including Puerto Rico), the renter wage is below the federal, state, or local minimum wage. One explanation is that workers in these counties likely average fewer than 40 hours per week, but the mean renter wage calculation assumes weekly compensation is the product of a full-time work week. For example, mistakenly assuming earnings from 20 hours of work were the product of a full-time workweek would underestimate the actual hourly wage by half, but it would still accurately reflect the true earnings.

Wage data from the Quarterly Census of Employment and Wages are available through the Bureau of Labor Statistics at www.bls.gov/cew/home.htm.

3 Please note this measure is different from median renter household income, which reflects an estimate of what renter households are earning today and includes income not earned in relation to employment..

4 Renter wage data for some counties are not provided in *Out of Reach* either because the BLS could not disclose the data for confidentiality reasons or because the number of employees working in the county was insufficient to estimate a reliable wage.

MEDIAN RENTER HOUSEHOLD INCOME

Median renter household income is from the 2014-2018 ACS projected forward to FY20 based on the CBO January 2020 forecast of the national CPI for FY20.

WORKING HOURS

Calculations of the Housing Wage and of the number of jobs required at the minimum wage or mean renter wage to afford the FMR assume that an individual works 40 hours per week, 52 weeks each year, for a total of 2,080 hours per year. Seasonal employment, unpaid sick leave, temporary lay-offs, job changes, and other leave prevent many individuals from maximizing their earnings throughout the year. According to the Bureau of Labor Statistics, as of April 2020, the average wage earner in the U.S. worked 34.2 hours per week.[5]

Not all employees have the opportunity to translate an hourly wage into full-time, year-round employment. For these workers, the Housing Wage underestimates the actual hourly compensation needed to afford the FMR. Conversely, some households include multiple wage earners. For these households, a home renting at the FMR would be affordable even if each worker earned less than the area's stated Housing Wage, as long as their combined wages exceed the Housing Wage for at least 40 working hours per week.

SUPPLEMENTAL SECURITY INCOME (SSI)

Out of Reach compares rental housing costs with the rent affordable to individuals receiving Supplemental Security Income (SSI) payments. The national numbers are based on the maximum federal SSI payment for individuals in 2020, which is $783 per month. *Out of Reach* calculations for states include state supplemental payments that benefit all individual SSI recipients in 21 states where the Social Security Administration (SSA) reports the supplemental payment amount.

Supplemental payments provided by other states and the District of Columbia are excluded from *Out of Reach* calculations. For some, these payments are administered by the SSA but are available only to populations with specific disabilities, in specific facilities, or in specific household settings. For the majority, however, the supplements are administered directly by the states, so the data are not readily available if they haven't been reported to the SSA. The only four states that do not supplement federal SSI payments are Arizona, Mississippi, North Dakota, and West Virginia. Residents of Puerto Rico cannot receive federal SSI payments.

Information on SSI payments is available from the Social Security Administration at https://www.ssa.gov/OACT/COLA/SSI.html.

The Technical Assistance Collaborative, Inc., publishes Priced Out, which compares FMRs with the incomes of SSI recipients. The most recent edition can be found at http://www.tacinc.org/knowledge-resources/priced-out-v2/

ADDITIONAL DATA AVAILABLE ONLINE

The print / PDF version of *Out of Reach* contains limited data in an effort to present the most important information in a limited number of pages. Additional data can be found online at http://www.nlihc.org/oor.

The *Out of Reach* methodology was developed by Cushing N. Dolbeare, founder of the National Low Income Housing CoalitionThe Technical Assistance Collaborative, Inc., publishes Priced Out, which compares FMRs with the incomes of SSI recipients. The most recent edition can be found at http://www.tacinc.org/knowledge-resources/priced-out-v2/

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5 Bureau of Labor Statistics. (2020). *The employment situation – April 2020*. Washington, D.C.: U.S. Department of Labor.

DATA SOURCES & DEFINITIONS

		How to Use the Numbers When Discussing *Out of Reach*	Where the Numbers Come From
Number of Households	Total	The total number of households,	American Community Survey (2014-2018)
	Renter	The total number of renter households.	
	Percent Renter	The percentage of households that are renters.	Divide number of renter households by total number of households, and then multiply by 100.
Housing Wage	Zero-Bedroom	The hourly wage a renter needs to earn in order to afford a rental home of a particular size at the Fair Market Rent. To be affordable, the cost of rent and utilities must not exceed 30% of household income.	Divide income needed to afford the Fair Market Rent for a particular size home by 52 (weeks per year), and then divide by 40 (hours per work week).
	One-Bedroom		
	Two-Bedroom		
	Three-Bedroom		
	Four-Bedroom		
Fair Market Rent (FMR)	Zero-Bedroom	The Fair Market Rent is HUD's best estimate of what a household seeking a modest rental home in a short amount of time can expect to pay for rent and utilities in the current market.	HUD's FY 2020 Fair Market Rents. Available at https://www.huduser.gov/portal/datasets/fmr.html
	One-Bedroom		
	Two-Bedroom		
	Three-Bedroom		
	Four-Bedroom		
Annual Income Needed to Afford FMR	Zero-Bedroom	The annual income a renter household needs in order for a rental home of a particular size at the Fair Market Rent to be affordable. To be affordable, the cost of rent and utilities must not exceed 30% of household income.	Multiply the Fair Market Rent for a particular size home by 12 to get the yearly rental cost. Then divide by 0.3 to determine the total income needed to afford that amount per year in rent.
	One-Bedroom		
	Two-Bedroom		
	Three-Bedroom		
	Four-Bedroom		
Minimum Wage	Minimum Wage	The minimum wage for the state.	The federal or state minimum wage, whichever is higher as of July 1, 2020. Local minimum wages are not included. State minimum wages are reported by the U.S. Department of Labor.
	Rent Affordable at Minimum Wage	The amount that a full-time worker earning the minimum wage can afford to spend in monthly rent.	Multiply the minimum wage by 40 (hours per work week) and 52 (weeks per year) to calculate annual income. Multiply by 0.3 to determine the maximum annual amount that can be spent on rent, and then divide by 12 to obtain monthly amount.
Work Hours/Week at Minimum Wage Needed to Afford FMR	Zero-Bedroom	The number of hours a renter earning the minimum wage must work per week to afford a rental home of a particular size at the Fair Market Rent.	Divide income needed to afford the Fair Market Rent for a particular unit size by 52 (weeks per year), and then divide by the minimum wage.
	One-Bedroom		
	Two-Bedroom		
	Three-Bedroom		
	Four-Bedroom		

		How to Use the Numbers When Discussing *Out of Reach*	Where the Numbers Come From
Renter Wage	Estimated Mean Renter Wage	The estimated mean (average) wage earned by renters.	Average weekly wages from the 2018 Quarterly Census of Employment and Wages divided by 40 (hours per work week). This overall wage is adjusted by the ratio of renter to total household income reported in the 2014-2018 ACS and projected forward to 2020 using a Consumer Price Index-based inflation adjustment factor.
	Rent Affordable at Mean Renter Wage	The amount that full-time worker earning the mean renter wage can afford to spend in monthly rent.	Multiply mean renter wage by 40 (hours per work week) and 52 (weeks per year) to calculate annual income. Multiply by 0.3 to determine the maximum annual mount that can be spent on rent, and then divide by 12 to obtain monthly amount.
Work Hours/Week at Mean Renter Wage Needed to Afford FMR	Zero-Bedroom One-Bedroom Two-Bedroom Three-Bedroom Four-Bedroom	The number of hours a renter earning the mean renter wage must work per week to afford a rental home of a particular size at the Fair Market Rent.	Divide income needed to afford the Fair Market Rent for a particular unit size by 52 (weeks per year), and then divide by the mean renter wage.
Supplemental Security Income (SSI) Payment	SSI Monthly Payment	The federal Supplemental Security Income (SSI) for qualifying individuals.	U.S. Social Security Administration. Where the Social Security Administration administers additional payments provided by the states, the higher value is reflected here.
	Rent Affordable to SSI recipient	The amount that an individual whose sole source of income is SSI can afford to spend in monthly rent.	Multiply monthly SSI payment by 0.3 to determine maximum amount that can be spent on rent.
Income Levels	Annual Area Median Income (AMI)	The estimated annual median family income in the jurisdiction.	HUD's FY 2020 Median Family Incomes. Available at https://www.huduser.gov/portal/datasets/il.html
	30% of AMI	30% of area median income.	Multiply annual AMI by 0.3.
	Estimated Median Renter Household Income	The estimated renter median household income.	Median renter household income from American Community Survey (2014-2018) projected forward to 2020 using a Consumer Price Index-based inflation adjustment factor.
Rent Affordable at Different Income Levels	Annual Area Median Income (AMI)	The amount that a household with income at the area median income can afford to spend in monthly rent.	Multiply annual AMI by 0.3 to calculate maximum amount that can be spent on housing for it to be affordable. Divide by 12 to obtain monthly amount.
	30% of AMI	The amount that a household with income at 30% of AMI can afford to spend in monthly rent.	Multiply annual AMI by percent of AMI (30% = 0.3) and then by 0.3 to calculate maximum amount that can be spent on housing for it to be affordable. Divide by 12 to obtain monthly amount.
	Estimated Median Renter Household Income	The amount that a household with income at the renter median income can afford to spend in monthly rent.	Multiply renter median household income by 0.3 to get maximum amount that can be spent on housing for it to be affordable. Divide by 12 to obtain monthly amount.

ADDITIONAL LOCAL DATA CAN BE FOUND ONLINE AT WWW.NLIHC.ORG/OOR

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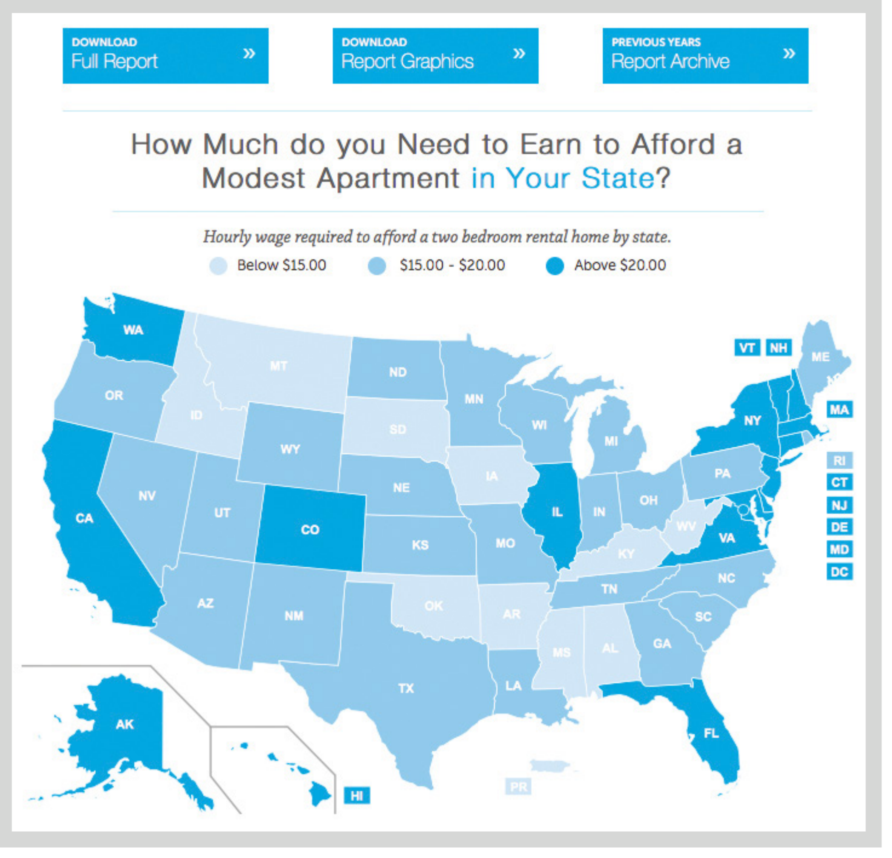

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OUT of REACH 2020

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Data for other states, metropolitan areas, counties, and zip codes can be found at

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2020

OUT *of* REACH

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