RURAL RESEARCH BRIEF

March 20, 2013

FAIR MARKET RENT OUT OF REACH FOR MANY, ESPECIALLY FOR MINIMUM WAGE EARNERS

On March 11, 2013, the National Low Income Housing Coalition (NLIHC) released *Out of Reach 2013*, which highlights the difficulty low wage earners throughout all 50 states face in affording market rate housing. The report finds that a person working full time at the federal minimum wage of $7.25 cannot afford a two bedroom apartment at the Fair Market Rent (FMR)\(^1\), in any state throughout the United States. \(^2\) Excluding several counties in Washington and Oregon (which have higher state minimum wages), there is no county in the U.S. where a one-bedroom unit at the FMR is affordable to a minimum wage earner.

NLIHC estimates the 2013 national Housing Wage, the hourly wage that a household must earn to afford monthly FMR ($977) for a two bedroom unit, is $18.79, compared to the hourly wage of $14.32 earned by the average renter and much higher than the minimum wage. This means that the average hourly earner making $14.32 an hour can afford to pay $745 monthly and a minimum wage earner at $7.25 an hour can afford to pay $377 monthly.

The states with the highest Housing Wage requirements are: Hawaii ($32.14), District of Colombia ($27.15), California ($25.78), and New York ($25.25).

Rural Implications

Though housing costs are usually lower in rural areas than urban locales, renters in many rural areas are still not earning enough to afford quality housing. *Out of Reach* calculated an average wage for renters in nonmetropolitan America of $10.01, which falls $3 short of the hourly Housing Wage necessary to afford FMR housing. In all but one state, the nonmetropolitan two-bedroom housing wage is out of reach for those earning the average renter wage.

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\(^1\) Estimates are produced annually by HUD, and measure the 40\(^{th}\) percentile of gross rents for typical, non-substandard rental units occupied by recent movers in a local housing market.

\(^2\) Affordable rent is defined as not costing more than 30\% of a person’s income. FMR determined by HUD.
TWO-BEDROOM HOUSING WAGE MAP

2013 TWO-BEDROOM RENTAL UNIT HOUSING WAGE

NATIONAL LOW INCOME HOUSING COALITION // OUT OF REACH 2013

Represents the hourly wage that a household must earn (working 40 hours a week, 52 weeks a year) in order to afford the Fair Market Rent for a two-bedroom unit, without paying more than 30% of their income.

FOR MORE INFORMATION ON THE ISSUE OF AFFORDABLE HOUSING

Out of Reach 2013 report published by National Low Income Housing Coalition http://nlihc.org/oor/2013

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