2022 OUT of REACH

THE HIGH COST OF HOUSING

NATIONAL LOW INCOME HOUSING COALITION

NATIONAL LOW INCOME
HOUSING COALITION

Founded in 1974 by Cushing N. Dolbeare, the National Low Income Housing Coalition is dedicated to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice.

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.

Data for other states, metropolitan areas, counties, and ZIP codes can be found at http://nlihc.org/oor

Front Cover: Photo by Cameron Sanborn on Unsplash. Landscape of city in the winter. Scranton, Pennsylvania, USA. Design and layout by Ikra Rafi, NLIHC Creative Services Manager

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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 housing cost-burdened. Households paying over 50% of their income are considered severely housing 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 household income that is less than either the poverty level or 30% of AMI (whichever is greater).

Very low income (VLI) refers to household income that is less than 50% of AMI.

Housing Wage is the estimated full-time hourly wage that 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 35 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 of recent movers. 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 2020 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 2022.

PREFACE

OUT OF REACH FOR TOO LONG – WHY WE MUST CONTINUE TO FIGHT FOR EQUITY IN HOUSING

BY CHAIRWOMAN MAXINE WATERS

$30.85.

That is the hourly wage a person needs to earn in my district in Los Angeles just to be able to afford a one-bedroom apartment. That is more than *four times higher* than the federal minimum wage. But even while California and other states across the country have raised their minimum wages – in California, the minimum wage is now $15 an hour – the cost of housing continues to far outpace income growth.

This is the story across America – a country that has continuously failed to invest in the foundation of its families. For over 30 years, the National Low Income Housing Coalition (NLIHC) has been telling this story in *Out of Reach*, a report that shows the consistent upward trends in rent. The task of solving America's affordable housing crisis might seem overwhelming, especially to those closest to the problem, but the solution is simple: we must invest in housing America.

That is why I am fighting so hard for significant new funding for fair and affordable housing. With the support of NLIHC's advocacy, I was able to secure over $150 billion in the "Build Back Better Act" – which passed in the House of Representatives last November – to strengthen our neighborhoods and equitably expand our country's housing supply, especially for the low-income families and people of color who are hardest hit by this crisis. We are still fighting to make these investments law as Build Back Better remains stalled in the Senate.

In my state of California alone, there is a shortage of more than 960,000 rental homes that are affordable and available to the state's lowest-income families. Nationwide, there is a shortage of 7 million of such rental homes. Meanwhile, on any given night in America, more than 580,000 people are without homes, including over 161,000 Californians, many of whom are people of color.

Behind these numbers are real people, who despite working multiple jobs are struggling to make ends meet. Housing is at the heart of a more just and prosperous nation – a nation where families and children of all backgrounds can dream about their futures, where seniors can age with dignity, and where people with disabilities can live independently. That is why *Out of Reach* is so important: it sheds light on the reality that so many families in this country face.

As I continue the fight for fair and affordable housing in Congress, I thank NLIHC for its ongoing commitment to providing the research and advocacy needed to uplift the housing needs of families left behind for too long.

Sincerely,

Maxine Waters

Chairwoman Maxine Waters

INTRODUCTION

> THE 2022 NATIONAL HOUSING WAGE IS $25.82 PER HOUR FOR A MODEST TWO-BEDROOM RENTAL HOME AND $21.25 PER HOUR FOR A MODEST ONE-BEDROOM RENTAL HOME.

Over the past two years, the COVID-19 pandemic and accompanying financial hardships have underlined and exacerbated the housing unaffordability faced by the nation's lowest-income renters. Housing advocates and impacted people achieved unprecedented policy measures, including $46 billion in emergency rental assistance (ERA) and a national eviction moratorium, that significantly reduced unnecessary suffering during the pandemic. But these temporary measures were not intended to solve persistent problems of housing affordability. As state and local ERA programs begin to run out of funding and the last eviction moratoriums expire, the persistent shortage of affordable housing for the lowest-income people is worsening. Eviction rates in some cities are increasing to or surpassing their pre-pandemic levels (Eviction Lab, 2022). At the same time, renters nationwide are facing exorbitant rent increases, with the median rent of a two-bedroom apartment increasing nearly 18% between the first quarter of 2021 and the first quarter of 2022 (Apartment List, 2022). As the public health dangers and economic hardship associated with COVID-19 gradually recede, low-income renters will continue to face housing precarity and instability until permanent solutions to widespread housing unaffordability are enacted.

For over 30 years, the National Low Income Housing Coalition's (NLIHC) *Out of Reach* report has called attention to the gulf between actual wages and what people need to earn to afford their rents. Every year, the report shows that affordable rental homes are out of reach for millions of low-wage workers and other families with low-incomes. This year's report documents the extent to which recent increases in rental housing costs have made it even more difficult for low-income renters to afford homes. The report also incorporates accounts of tenant experiences that speak to the myriad challenges faced by low-wage renters and renters on fixed incomes, particularly when their rents increase.

The report's "Housing Wage" is an estimate of the hourly wage full-time workers must earn to afford a rental home at the U.S. Department of Housing and Urban Development's (HUD) fair market rent without spending more than 30% of their incomes. Fair market rents are estimates of what a person moving today can expect to pay for a modestly priced rental home. **Map A** provides state housing wages. **The 2022 national Housing Wage is $25.82 per hour for a modest two-bedroom rental home and $21.25 per hour 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. The two-bedroom Housing Wage is over 3.5 times greater than the federal minimum wage of $7.25. Because the federal minimum wage does not rise automatically with inflation, it is worth considerably less today than in recent decades. If the minimum wage increased at the rate of productivity growth, it would have been more than $22 per hour in 2021 (Cooper, Mokhiber, Zipperer, 2021).

Thirty states, the District of Columbia, Puerto Rico, and over 50 counties and municipalities now have minimum wages higher than the federal minimum wage, but even taking into account higher state and county minimum wages, the average minimum-wage worker must work 96 hours per week (nearly two and a half full-time jobs) to afford a two-bedroom rental home, or 79 hours per week (two full-time jobs) to afford a one-bedroom rental home at the fair market rent. People who work 96 hours per week and need eight hours per day of sleep have around two hours per day left over for everything else – commuting, cooking, cleaning, self-care, caring for children and family, and serving their community.

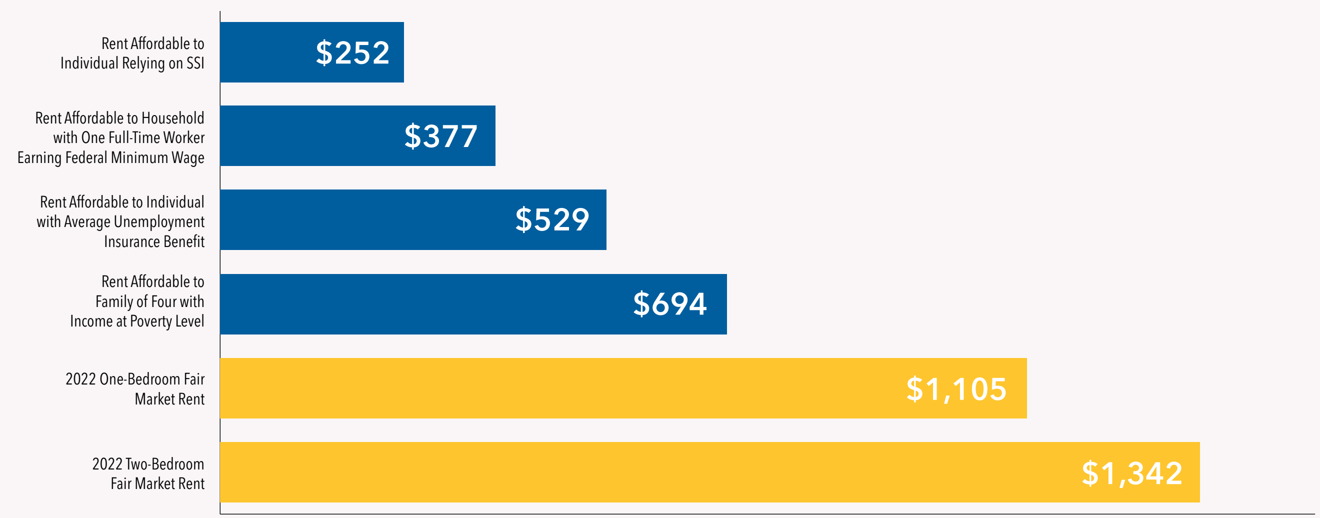
Working such long hours is impossible for a single parent. Working fewer hours, however, means a household may have to give up other necessities, like childcare, transportation, or healthcare. Tenants interviewed for this report noted that they avoided car maintenance, pulled their children out of daycare, and stopped paying for car insurance because their full-time jobs were inadequate to make ends meet. One tenant was working three jobs at one point but later had to quit one of them to have time to sleep.

The struggle to afford rental housing is widespread. The average monthly fair market rents for a one-bedroom or two-bedroom rental home are $1,105 and $1,342, respectively. However, as this report shows, these rents are much higher than what many renters can afford (**Figure 1**). Eleven of the country's largest occupations, accounting for more than one-third of all workers, pay median wages that are less than the one-bedroom Housing Wage.

In most areas of the U.S., a family of four with a poverty-level household income can afford a monthly rent of no more than $694, assuming the household can manage to spend as much as 30% of its income on housing. Many extremely low-income families can afford far less. Individuals with disabilities relying on federal Supplemental Security Income (SSI) can afford a monthly rent of only $252. A household receiving the average unemployment insurance benefit can afford a rent of no more than $529 per month. Since unemployment insurance is determined by an individual's past wages, workers who had been making the minimum wage before losing their jobs receive even less. Payments also vary widely by state, with the average renter who receives unemployment insurance in Mississippi and Louisiana only able to afford a monthly rent of $278 and $281, respectively.

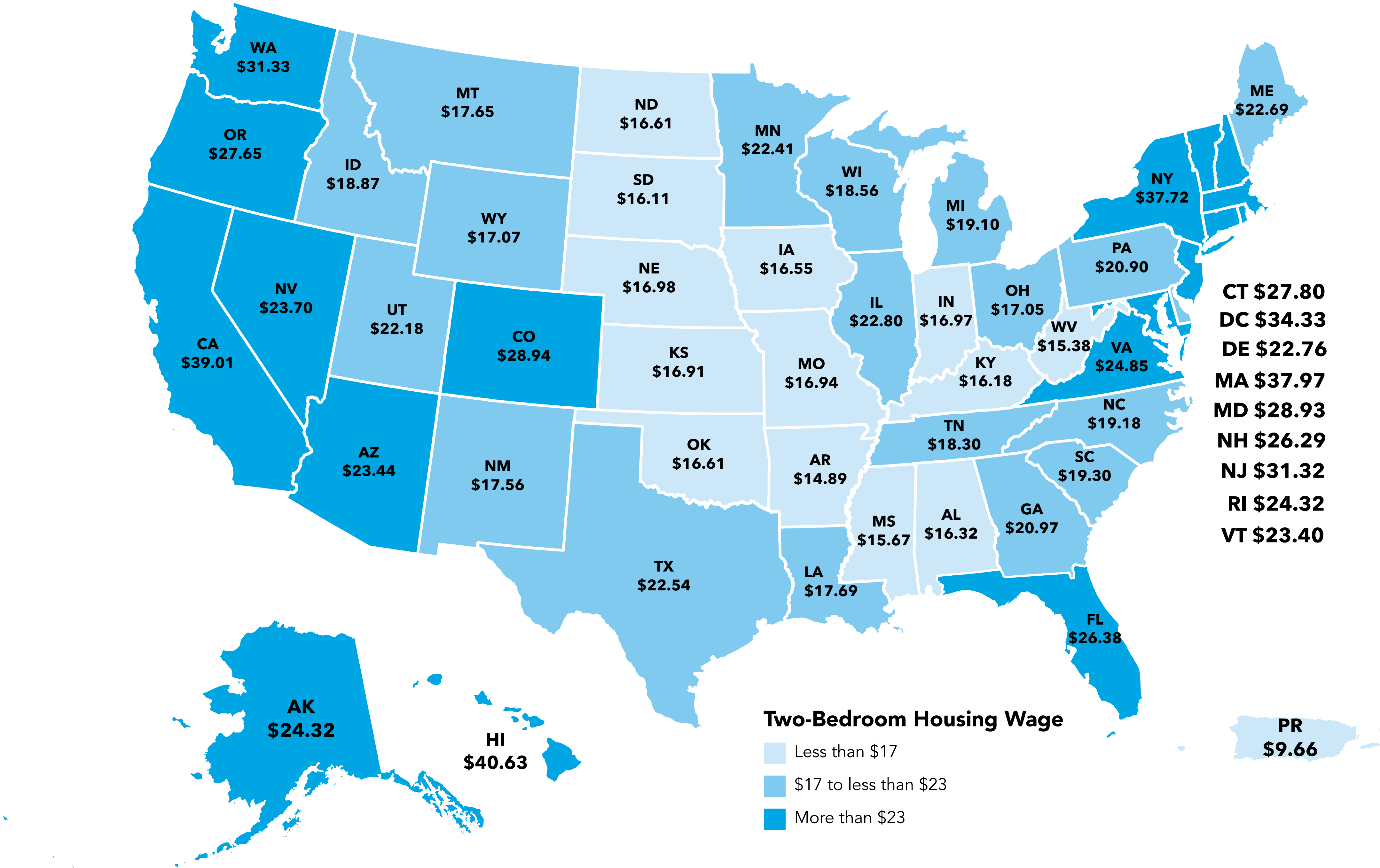
Even among those fortunate enough to have found relatively affordable homes, low-wage workers are often one missed paycheck or one unexpected expense away from not being able to pay their rent. Stable, affordable housing is a prerequisite for basic well-being, and no person should live in danger of losing their home. At current funding levels, federal housing assistance is available to only one in four income-eligible households (Fischer & Sard, 2017). Addressing the country's long-term housing affordability crisis requires bridging the gap between rents and incomes by expanding Housing Choice Vouchers to all households who need them. To be effective, universal rental assistance must be paired with a commitment to constructing and preserving more affordable homes, funding an emergency housing stabilization fund to aid renters in sudden crisis, and strengthening renter protections.

FIGURE 1: RENTS ARE OUT OF REACH



Source: NLIHC calculation of weighted-average HUD Fair Market Rent. Affordable rents based on income and benefits data from BLS QCEW, 2020 adjusted to 2022 dollars; U.S. Department of Labor, Employment and Training Administration, March 2022; and Social Security Administration, 2022 maximum federal SSI benefit for individual.

MAP A. 2022 TWO-BEDROOM RENTAL HOUSING WAGES



This map displays the hourly wages that a full-time worker must earn (working 40 hours per week, 52 weeks per year) in every state, the District of Columbia, and Puerto Rico in order to afford Fair Market Rent for a **TWO-BEDROOM RENTAL HOME**, without paying more than 30% of income.

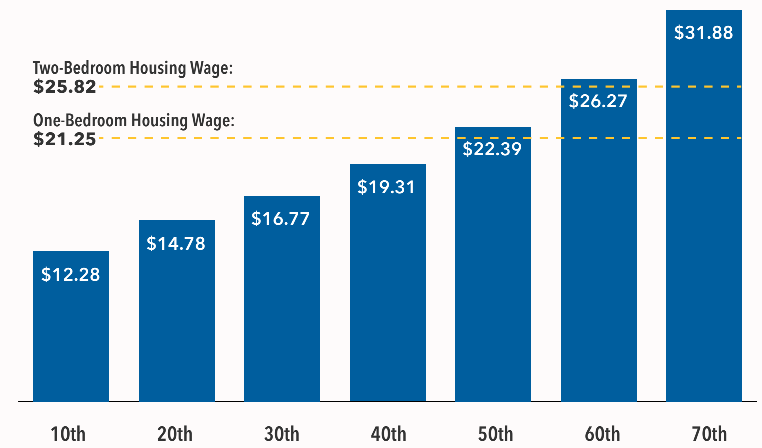
HOUSING IS UNAFFORDABLE FOR LOW-WAGE WORKERS

As rents continue to climb, many renters' wages remain insufficient to afford decent rental housing. For the first time ever, the median asking rent in the 50 most populous metros is more than $2,000 (Redfin, 2022), and at the same time, the federal minimum wage's value has reached its lowest point since 1956 (Cooper et al., 2022). 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 9% of all U.S. counties (274 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. Fifty-four local jurisdictions have minimum wages higher than the federal or state minimum wage, but all these local minimum wages fall short of the local one-bedroom and two-bedroom Housing Wage (Appendix A).

The income distribution in **Figure 2**, 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. More than 40% of wage earners cannot afford a modest one-bedroom rental home at the fair market rent working one full-time job. Nearly 60% of wage earners cannot afford a modest two-bedroom rental home working one full-time job.

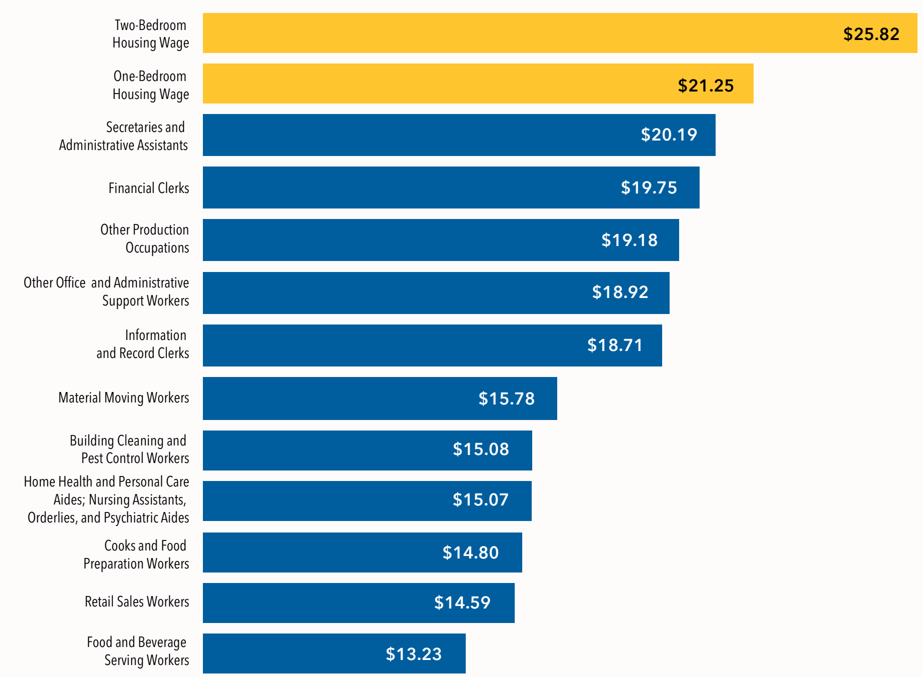
Eleven of the 25 largest occupations in the U.S. pay a lower median hourly wage than the wage a full-time worker needs to earn to afford a modest one- or two-bedroom apartment at the national average fair market rent (**Figure 3**). The workers in these occupations account for over 35% of the total U.S. workforce, excluding farmworkers. Workers in all occupations where the median wage is less than the one- and two-bedroom housing wage account for 46% of the total U.S. workforce, excluding farm workers. Over 24 million people work in the five lowest-paying occupations – retail sales, food and beverage services, food preparation, home health aide

FIGURE 2. HOURLY WAGES BY PERCENTILE VS. ONE- AND TWO-BEDROOM HOUSING WAGES



Source: Housing wages based on HUD fair market rents. Hourly wages by percentile drawn from Economic Policy Institute State of Working America Data Library 2021, adjusted to 2022 dollars.

FIGURE 3. ELEVEN OF THE TWENTY-FIVE LARGEST OCCUPATIONS IN THE UNITED STATES PAY LESS THAN THE HOUSING WAGE



Source: Occupational wages from May 2021 Occupational Employment Statistics, BLS, adjusted to 2022 dollars. Housing wages based on HUD fair market rents.

and personal care services, and building cleaning. Workers in these occupations earn median wages that fall more than $6 short of what a full-time worker needs for a one-bedroom apartment.

Despite the myth of low-wage labor requiring "low skills," many low-wage jobs are difficult and dangerous to perform. Direct care jobs, including home health aide and nursing assistant jobs, are considered some of the most dangerous due to the frequent exposure to sickness, demanding hours, heavy lifting of both machinery and patients, and other high-stress conditions (Dill and Duffy, 2022). Servers, drivers, personal care aides, and building maintenance staff develop specialized skills to meet the demands of their jobs and provide essential services to their communities (Lowrey, 2021).

Low-wage workers are not the only renters who struggle to afford their housing. Low-income families in a variety of circumstances struggle to afford rent. Nearly three-quarters of the nation's 4.4 million senior renters with incomes less than 50% of the area median income (AMI) are housing cost-burdened, spending more than 30% of their income on rent. Over 2 million householders are very low-income, have a disability, and are not in the labor force, with 81% of these households paying more than 30% of their income toward rent. Of the country's approximately 850,000 very low-income householders who are single-adult caregivers or students, 93% are cost-burdened (U.S. Census Bureau, 2022).

THE GULF BETWEEN RENTERS' INCOMES AND HOUSING COSTS

SYLVIA

Sylvia (see *Tenant Stories*) lives in New York State with her 18-year-old son. Earning $13.20 per hour as a bus monitor, she was paying more than 50% of her income toward her $1,200 rent through the middle of 2021. When her monthly rent increased from $1,200 to $1,400, she could no longer afford it, so she left her apartment. After living with a friend for several months, she and her son are now staying at an emergency shelter.

NYLEA

Nylea, a 27-year-old home health aide and medical assistant in Georgia, works two full-time jobs that pay between $12 and $13 an hour. When she moved into her apartment, the rent was $850. She was not housing cost-burdened, but only because she worked two full-time jobs. Over the past two years, her property management company has increased her rent by more than 29%, so she now pays $1,100 for rent alone. She also pays for water, sewer, and a monthly $30 service convenience fee for rent payments made online. At one point, Nylea worked three jobs to make ends meet. Unable to get any sleep, she had to cut down to two.

PAMELA

Pamela from Newark, New Jersey, works part-time as a bus driver while taking care of her sister, who has a disability. Her household's combined income is $1,725 per month, which includes Pamela's earned income, her sister's SSI payments, and help from her daughter. Prior to her rent increasing, Pamela spent nearly 70% of her household's income on her monthly rent of $1,200. Pamela's rent has since increased to $1,400, or 80% of her household's total income. For now, she can still make ends meet but will have to spend less money on other things, like entertaining her three grandchildren. "I'm not trying to live like the Jones's," she said. "I just want to live comfortably."

AFFORDABILITY CHALLENGES FOR TENANTS WITH FIXED INCOMES

NICOLE

Nicole (see *Tenant Stories*) is a single mother who lives with her 24-year-old daughter and 3-year-old granddaughter in New Orleans, Louisiana. Nicole began receiving disability insurance after suffering from chronic asthma following Hurricane Katrina. She receives $1,289 per month in federal assistance, as well as a Housing Choice Voucher. Between 2020 and 2022, her apartment's total rent increased from approximately $1,500 to nearly $1,900, and Nicole's contribution increased from $586 to $1,011. Since she is now spending nearly 80% of her income on rent, she is looking for a new place to live. She fears that any unexpected expense could lead to homelessness.

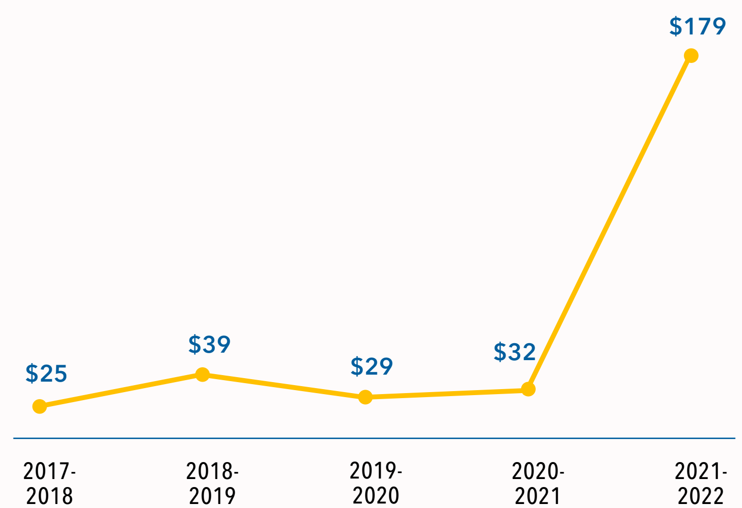
DAMON

Damon from Columbus, Ohio, has received Workman's Compensation for three years after suffering from a workplace injury. His landlords recently increased his rent from $450 to $820. He also has to pay an additional $150 for having a month-to-month lease. He is now paying nearly 80% of his income on rent.

RENTAL COSTS ARE SPIKING

The data in this report illuminate the disparity between low wages and fair market rents. Yet dramatic increases in rent prices over the last year have likely exacerbated the problem, making the process of finding and maintaining affordable housing even more difficult for low-income tenants. Between the first quarter of 2021 and the first quarter of 2022, median rents for two-bedroom apartments in metropolitan counties increased 15%, or $179 (**Figure 4**) (Apartment List, 2022a). This increase is more than four and a half times greater than the increases of the previous four years, when median rents increased between $25 and $39 annually.

FIGURE 4. ANNUAL CHANGE IN FIRST QUARTER MEDIAN RENTAL PRICES



Source: Apartment List County Rent Estimates. Calculations are based on data for 345 metropolitan counties.

Significant rental price increases in the past year have impacted housing markets nationwide. In 294 out of the 345 metropolitan counties tracked by Apartment List, rental prices for a two-bedroom apartment increased over $100 between the first quarter of 2021 and the first quarter of 2022. Only two of the 345 metropolitan counties experienced a decrease in rental prices between 2021 and 2022. In each of the preceding four years, the number of metropolitan counties experiencing a decrease in rental prices ranged from 31 to 76.

Several counties experienced drastic rent increases after several years of relatively stable rental prices. Many of the most dramatic increases occurred in Sun Belt metros (Apartment List, 2022b). Rents in Miami-Dade County, Florida (where Miami is located), Orange County, Florida (Orlando), Maricopa County, Arizona (Phoenix), and Clark County, Nevada (Las Vegas) jumped $441 (29%), $466 (22%), $331 (27%), and $288 (25%), respectively, between the first quarters of 2021 and 2022.

In some local markets, prices fell steeply following the onset of the pandemic. In the New York City boroughs of Manhattan (New York County), Queens (Queens County), and Brooklyn (Kings County), for example, rents for two-bedroom apartments fell $386, $293, and $246, respectively, between 2020 and 2021. Even so, price increases from 2021 to 2022 more than made up for these rent decreases. Between 2021 and 2022, rent in Manhattan rose by $554, rent in Queens rose by $402, and rent in Brooklyn rose by $390.

Recent rent increases have been driven by many factors, including greater demand for rental housing, increased investor purchases, and high inflation. Between the start of the pandemic and the middle of 2021, 870,000 renters entered the rental market (Airgood-Obrycki, 2022). Many households entering the market were higher-income renters who may have been priced out of the increasingly competitive home-buying market. The increase in demand also led to record-low vacancy rates, which fell from 6.6% in 2020 to 5.8% by the third quarter of 2021 (Airgood-Obrycki, 2022).

At the same time, real estate investors have been purchasing low-cost homes at an unprecedented rate, likely leading to further increases in rental prices. In each of the last three quarters of 2021, more than 80,000 homes were purchased by investors – the greatest number of quarterly investor purchases since data collection began in 2000 (Redfin, 2022). Increases in investor-owned property are associated with rising rental prices, particularly in the most affordable segment of the housing market (Garriga, Gete, & Tsouderou, 2020). Investor purchases have historically been made primarily in low-cost, nonwhite neighborhoods, and this trend continued during the pandemic (Raymond, Zha, Knight-Scott, & Cabrera, 2022).

Ownership of apartment buildings is becoming more consolidated in the hands of corporate landlords, with the number of apartment units owned by the largest 50 companies increasing from nearly 2 million in 2017 to 2.5 million in 2022 (National Multifamily Housing Council, 2022). These 2.5 million units represent approximately one-tenth of the country's multi-family apartment stock (Vogell, 2022). In addition to raising rents, large landlords are more likely to be serial eviction filers, filing for evictions repeatedly when households fall behind on their rents (Immergluck, Ernsthausen, Earl, & Powell, 2020). Serial eviction filings can drastically increase housing costs for renters beyond their monthly rent payments, as the filings often result in late fees and court fines (Leung, Hepburn, & Desmond, 2021).

Greater demand, lower vacancy rates, and increased investor purchases have occurred alongside record-high inflation, with the Consumer Price Index reaching an annual rate of 8.6% in May 2022 – the highest rate since 1981 (Bureau of Labor Statistics, 2022). While evidence suggests that low-income workers' wages have generally kept up with inflation (Gould & Kandra, 2022), this has not been the case for everyone, and many low-income renters are struggling to afford the increases in rent prices. Further, while low-wage workers have had more leveraging power in the pandemic's tight labor market, this power may diminish as workers return to the labor force (Gould & Kandra, 2022).

TENANTS' EXPERIENCES WITH NEW PROPERTY OWNERSHIP

ART

Art, who lives in Golden, Colorado, owns a manufactured home and pays rent for his lot. After a California-based company purchased the land, his monthly lot rent increased from $550 to $795. The property management company has made it clear that it plans to raise the lot's rent to approximately $1,100 per month.

SAMARRAH

Samarrah (see *Tenant Stories*) signed a lease in 2022 for a unit in an apartment complex recently purchased by a large multifamily property owner based in Georgia and Florida. Samarrah agreed to a rental price of $970, but it took nearly three months for an apartment to become available. When a unit finally became available, the management company increased the price to $1,075. She only stayed in the apartment for one month because mold made the unit unlivable for her and her son.

DAMON

Damon lived in his apartment for 16 years and had only experienced minor rent increases until a new company bought the complex. His unit's monthly rent increased from $450 to $820 in a single year. According to its website, the new owner, Vision and Beyond, targets multifamily homes and "off-market" properties in growing metros to "strategically purchase [properties] below their real market value."

EXPERIENCING STAGNANT WAGES WHILE PRICES SOAR

SYLVIA

Sylvia, who works full-time as a bus monitor, has experienced the effects of increased rents and static wages first-hand. She has spent months looking for a new apartment, but landlords tell her that they are unlikely to rent to someone earning less than three to four times the rent. Working 32 hours per week at her current hourly wage of $13.20, she can only afford a rent of less than $550. Regarding inflation, she notes that "everything is going up, except for my paycheck."

GREATER DEMAND, LOWER VACANCY RATES, AND INCREASED INVESTOR PURCHASES HAVE OCCURRED ALONGSIDE RECORD-HIGH INFLATION, WITH THE CONSUMER PRICE INDEX REACHING AN ANNUAL RATE OF 8.6% IN MAY 2022 – THE HIGHEST RATE SINCE 1981.

GIVING UP EXPENSES TO MAKE ENDS MEET

JASON

Jason, who lives with his fiancé in Denver, Colorado, resides in an apartment complex where the standard rent for a two-bedroom, one-bathroom apartment is increasing from $1,735 to $2,000 per month. Jason works full-time as a mental health services provider at an emergency shelter, and his fiancé works as a nanny. Even with two incomes, they are unlikely to be able to afford the extra $265 per month. Jason has type 1 diabetes, so a large portion of his budget is spent on insulin. Because most of his household's income goes toward necessities like rent and utilities, medical bills, and food, Jason has had to put off repairing his truck because he cannot afford the cost, causing severe damage to his main source of transportation.

SAMARRAH

After Samarrah had to leave her apartment because of mold, she was left with little savings due to moving costs and storage fees. Following her move, a bad car accident set her even further back financially. To afford basic needs, she had to reevaluate her budget and take her son out of daycare. She also had to give up her car insurance. She explained that, due to the costs incurred by her rent increase, moving expenses, and car accident, "I felt like everything I built my life for … was all just crumbling underneath me."

NOT ENOUGH MONEY LEFT TO MEET OTHER BASIC NEEDS

Many low-wage workers and other low-income renters pay a large portion of their income toward rent because they lack more affordable alternatives. Traditionally, households are considered housing cost-burdened if they spend more than 30% of their income on housing costs, which includes rent and utilities. They are considered severely cost-burdened if they spend more than 50% of their income on housing costs. Eighty-six percent of extremely low-income renters are cost-burdened, and 72% of extremely low-income renters are severely cost-burdened (NLIHC, 2022).

Another measure of housing affordability – the residual-income approach – evaluates whether households have enough income to afford basic needs after paying their rent. Some extremely low-income families and families with children may not be able to afford paying even 30% of their income toward housing because doing so would leave them with too little left to cover other necessary costs. If a household earns $60,000 annually – or $5,000 per month – and pays $1,400 per month on rent, for example, it will have $3,600 left to pay for all other basic needs and expenses. According to the Family Budget Calculator, however, it costs a one-adult, one-child household in Philadelphia, Pennsylvania, $4,102 to afford all its necessities other than housing, such as childcare, transportation, and healthcare (Economic Policy Institute, 2022). This hypothetical household is not traditionally cost-burdened because less than 30% of its income goes toward rent. However, the household still does not earn enough to afford all other necessities and experiences a monthly shortfall of $502. This shortfall may cause the household to cut back on other important expenses, like food and medical services.

Recent research finds that while an estimated 14.8 million households are housing cost-burdened according to the traditional measure, 19.2 million households experience residual-income cost burden (Airgood-Obrycki et al., 2022). One hundred percent of households with annual incomes less than $30,000 are cost-burdened using the residual-income approach, and 81% of households with incomes between $30,000 and $44,999 annually are cost-burdened using this approach (Airgood-Obrycki et al., 2022). These households do not have adequate income to cover non-housing basic needs after paying for their housing. As inflation continues to increase for necessities such as housing, food, and gasoline, renters face difficult choices about where to cut back on their spending.

DISPROPORTIONATE HARM TO BLACK, LATINO, AND WOMEN WORKERS

BLACK, LATINO, AND NATIVE AMERICAN WORKERS ARE MORE LIKELY THAN WHITE WORKERS TO BE EMPLOYED IN SECTORS WITH LOWER MEDIAN WAGES, LIKE SERVICE OR PRODUCTION. EVEN WITHIN THE SAME OCCUPATIONS, THE MEDIAN EARNINGS FOR WHITE WORKERS ARE OFTEN HIGHER THAN THE MEDIAN EARNINGS FOR BLACK AND LATINO WORKERS.

Rental housing is even further out of reach for renters of color, who earn disproportionately less than white renters. Income inequality is the product of historical and ongoing systemic racism that has involved discrimination, economic exploitation, and unequal employment and housing opportunities. **Figure 5** compares the hourly wage distributions of white, Black, and Latino workers. For example, the 10th percentile wage bars show the hourly wages for the lowest-paid 10% of white, Black, and Latino workers. White workers at the bottom of the white income distribution earn over one dollar more per hour than Black and Latino workers at the bottom of their respective income distributions. Among Black workers, a Black person at the 20th percentile of wages earns $2.30 less per hour than a white worker at the same percentile. A Latino worker at the 20th percentile of wages earns $2.05 less than a white worker at the same percentile.

This disparity holds across all income levels. The median Black worker and Latino worker earn 23% and 25% less than the median white worker, respectively. Annually, this means that the median Black full-time worker and median Latino full-time worker earn $12,022 and $12,646 less than the median white worker. Native American households also face significant discrimination and economic exploitation, and as a result they have lower rates of employment than white households (Austin, 2013) and generally lower incomes. The median income for Native American households is less than $46,000 annually, compared to nearly $69,000 for white households (U.S. Census Bureau, 2022a).

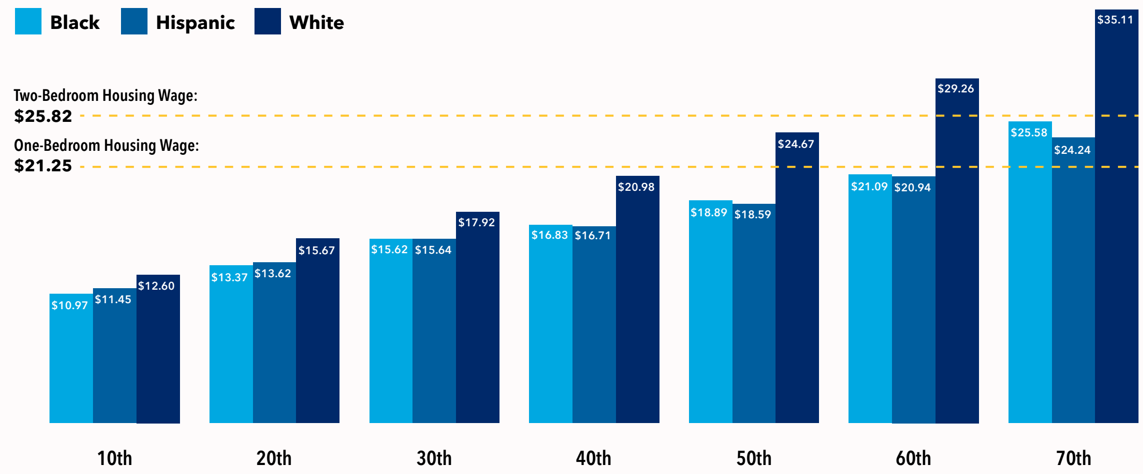
Black, Latino, and Native American workers are more likely than white workers to be employed in sectors with lower median wages, like service or production, while white workers are more likely to be employed in higher-paying management and professional positions (Bureau of Labor Statistics, 2020a; Allard & Brundage, Jr., 2019). Even within the same occupations, however, the median earnings for white workers are often higher than the median earnings for Black and Latino workers. The median hourly rate for a white worker in a management occupation working full-time, for example, is $38.18, while the hourly earnings for a Black and Latino worker in the same occupation group are $29.38 and $28.83, respectively (Wilson, Miller, & Kassa, 2021). These disparities are a product of structural barriers within the workplace, including discrimination in hiring and promotion.

As a result of such disparities, Black and Latino workers face larger gaps between their wages and the cost of housing than white workers. Nationally, a median-wage, full-time white worker earns a wage adequate to afford a one-bedroom apartment at fair market rent, but a median-wage, full-time Black or Latino worker does not (**Figure 5**). 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.

The unaffordability of the rental market disproportionately harms Black and Latino households because they are more likely at all income levels to be renters. Thirty percent of white households are renters, compared with 58% of Black households and 46% of Latino households (U.S. Census Bureau, 2022a). Historical and ongoing discrimination has restricted opportunities for homeownership for many people of color, particularly Black households, and a large racial wealth gap makes it more difficult for people of color to become homeowners. In 2019, the median family wealth for Black and Latino households was just 13% and 19% of white households' median family wealth, respectively (Bhutta, Chang, Dettling & Hsu, 2020).

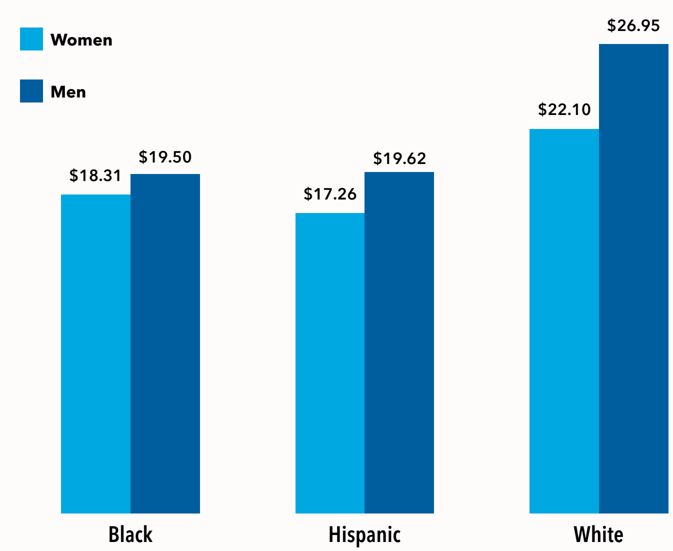
Renters with multiple marginalized identities – such as Black and Latina women – experience even higher pay disparities and more difficulty affording housing (**Figure 6**). Black women earning the median wage for their race and gender make $18.31 per hour, $1.19 less than the median Black male worker and $8.64 less than the median white male worker. Latina women earning the median wage earn $17.26 hourly, $2.26 less than the median Latino man and $9.69 less than the median white man. While a white man making the median wage can afford a two-bedroom apartment, Black and Latina women must surpass the 70th percentile of wages for their demographic before they make enough to afford a two-bedroom apartment. Native American women also experience these pay disparities, with annual median earnings of just $36,000, or $17.31 per hour (Institute for Women's Policy Research, 2021).

FIGURE 5. HOURLY WAGE PERCENTILES VS. ONE- AND TWO-BEDROOM HOUSING WAGES, BY RACE & ETHNICITY



Source: Housing wages based on HUD Fair Market Rents. Hourly wages by percentile are drawn from Economic Policy Institute State of Working America Data Library 2021, adjusted to 2022 dollars.

FIGURE 6. MEDIAN HOURLY WAGES BY RACE, ETHNICITY, AND GENDER



Source: Housing wages based on HUD Fair Market Rents. Hourly wages by percentile are drawn from the Economic Policy Institute State of Working America Data Library 2021, adjusted to 2022 dollars.

THE FEDERAL POLICIES NEEDED TO END THE HOUSING CRISIS

"AS THE COUNTRY FACES RECORD RENT INCREASES AND RISING EVICTIONS, IT IS MORE IMPORTANT THAN EVER TO MAKE MEANINGFUL AND LONG-LASTING STRUCTURAL CHANGES TO ENSURE PEOPLE WITH THE LOWEST INCOMES HAVE STABLE, AFFORDABLE HOMES.

Federal policies and resources are critical to ensuring renters can remain stably housed. The COVID-19 crisis highlighted a phenomenon that has long been true: many households are only one missed paycheck or unexpected expense away from not being able to afford their housing. A stronger housing safety net is required to prevent evictions and homelessness and to reduce housing instability among the lowest-income renters. Addressing the roots of the housing affordability problem requires a sustained commitment to investing in new affordable housing and preserving affordable rental homes that already exist, bridging the gap between incomes and rent through universal rental assistance, providing emergency assistance to stabilize renters when they experience financial shocks, and establishing strong renter protections.

First, Congress must invest in solutions to preserve and expand the supply of affordable housing. Congress should expand the national Housing Trust Fund, which builds, rehabilitates, and preserves housing for households with the lowest incomes. Congress should also invest directly in the preservation of public housing, which could help free up Low Income Housing Tax Credits that are currently being used to finance public housing conversion under the Rental Assistance Demonstration program (Schwartz & McClure, 2021). The "Housing Is Infrastructure Act" (H.R.4497), for example, would invest $45 billion in the national Housing Trust Fund and provide $75 billion to fully address the capital repair needs of public housing. The "American Housing and Economic Mobility Act" (S.1368 and H.R.2768) would invest $45 billion annually in the national Housing Trust Fund and would support the creation and preservation of affordable housing in tribal and Native Hawaiian communities as well as rural areas.

Second, Congress must increase resources for rental assistance through Housing Choice Vouchers. The "Ending Homelessness Act of 2021" (H.R.4496), for example, proposes to establish a universal voucher program that would enable all eligible households to receive rental assistance. Similarly, the "Affordable HOME Act" (S.2234 and H.R.5385) would provide funding to support an additional 1 million housing vouchers in addition to providing $45 billion for the national Housing Trust Fund and $70 billion for the preservation of public housing, among other measures. Expanding and preserving the supply of affordable housing and expanding access to rental assistance must be done simultaneously to ensure renters receiving assistance can identify rental housing that meets both their needs and the requirements of the Housing Choice Voucher program.

Third, permanent solutions are needed to combat the evictions and homelessness that can occur when low-income renters experience income loss or unexpected financial shocks. The Treasury Emergency Rental Assistance (ERA) program, which provided $46.6 billion in emergency rental assistance for households experiencing financial distress during the pandemic, illuminated the widespread need for such a program. The ERA program has made over 5 million payments primarily to extremely low-income renters, with 65% of households served earning less than 30% of AMI. The "Eviction Crisis Act" (S.2182) and "Stable Families Act" (H.R.8327)" would help establish

THE EFFECTS OF HOUSING INSTABILITY ON TENANTS' WELL-BEING

SAMARRAH

Samarrah, who spent much of her savings on an apartment that turned out to be unlivable, says "I've been struggling mentally and financially after this setback just to get back on my feet. It has been very hard for me."

SUSAN

Susan lived at a hotel for five months after a rent increase forced her out of her apartment. "I think [housing instability] causes mental anguish," she says. "Because you're wondering, oh my god, if I didn't have certain [things], I would be homeless." After finding and moving back into a rental unit of her own, she explained, "it took me a minute…to get my mind right because I was still distraught."

NICOLE

Nicole is looking for a new apartment after her rent nearly doubled. "I'm a nervous wreck," she says. "I'm afraid. I'm scared. And all I can do is just say a prayer every day that we wake up and are still living inside."

"I'M AFRAID. I'M SCARED. AND ALL I CAN DO IS JUST SAY A PRAYER EVERY DAY THAT WE WAKE UP AND ARE STILL LIVING INSIDE."

a more permanent version of this program by creating a national housing stabilization fund for renters facing temporary financial setbacks. Providing temporary assistance for households would help prevent the many negative consequences associated with evictions and homelessness, including mental stress, loss of possessions, instability for children, and increased difficulty finding a new apartment (Eviction Lab, n.d.).

Fourth, robust renter protections are needed to ensure the safety and just treatment of renter households, including measures that protect tenants from evictions and their deleterious effects. To protect tenants from evictions, the "Legal Assistance to Prevent Evictions Act" (S.3305 and H.R.5884) would establish a grant program to provide legal assistance to renters facing eviction. Similarly, the "Housing Emergencies Lifeline Program (HELP) Act" (H.R.6696) would provide $10 billion to support legal counsel for tenants at risk of eviction and would prohibit the reporting of evictions and rent and utility debt on consumer reports.

Renter protections are also needed to ensure decent, safe, and accessible living conditions for renters. Three of the renters interviewed for this report experienced mold and mildew in their apartments during the past year. Others cited problems such as security doors that would not lock, broken buzzer systems that led to difficulties for people with mobility challenges, unresolved electrical and plumbing issues, and pests. Several pieces of legislation would help improve the health of homes. The "Lead-Safe Housing for Kids Act" (S.1860 and H.R.8713) would protect children living in federally assisted housing from lead poisoning, and the "Public Housing Fire Safety Act" (S.265 and H.R.2638) would create a program to retrofit older apartments with sprinkler systems, for example.

These actions are particularly necessary for supporting low-income renters, households with people with disabilities, households with seniors, and families with children. As the country faces record rent increases and rising evictions, it is more important than ever to make meaningful and long-lasting structural changes to ensure low-wage workers and the most marginalized people have stable, affordable homes.

"

AS THE COUNTRY FACES RECORD RENT INCREASES AND RISING EVICTIONS, IT IS MORE IMPORTANT THAN EVER TO MAKE MEANINGFUL AND LONG-LASTING STRUCTURAL CHANGES TO ENSURE PEOPLE WITH THE LOWEST INCOMES HAVE STABLE, AFFORDABLE HOMES.

BUILDING TENANT POWER

As tenants with limited incomes around the country face significant rent increases, unsafe and unhealthy living conditions, and predatory rental practices such as exorbitant fees, they are mobilizing to demand safe, decent, and affordable housing.

Art from Colorado worked with his neighbors to create the Golden Hills Cooperative, a group of residents in his manufactured housing community who together are trying to purchase the community's land themselves. While the effort has been unsuccessful so far, the process has helped neighbors get to know each other better and support one another amid recent rent increases.

Susan from Georgia has been vocal at her local community commissioner meetings about rising rent prices and lack of available units for voucher holders, but she knows that she is unlikely to affect change on her own. When people she knows experience housing issues, she tells them to "start writing about it, talk about it, because if you don't, nothing is going to happen."

Damon from Ohio started a tenants' union in his apartment complex to combat rising rental prices. He went door-to-door to collect signatures from tenants and submitted a petition to the new landlord to lower rents. He plans to continue his efforts to build tenant power and improve the affordability and safety of the building. "Everybody should be able to pay rent… There should always be apartments available for anybody of all incomes. If you work at the grocery store, you should be able to pay your rent if you work full-time. If you work at McDonalds or work fast food, you should be able to pay your rent if you're working full-time."

TENANT STORIES

Throughout this report, tenant stories have highlighted how record-high rental prices are affecting low-income tenants. The full stories presented here are meant to provide a more detailed picture of how insufficient incomes combined with rising rental costs have far-reaching impacts on renters and their families.

SAMARRAH'S STORY

Toward the end of 2021, Samarrah began looking for an apartment outside of Atlanta, Georgia, for herself and her three-year-old son. The search for a home turned into a months-long process since most apartments require potential tenants to have incomes of at least three times the rent. While looking for an apartment, Samarrah worked full-time at the airport as a customer service greeter, earning $17 an hour. At this wage, an apartment affordable for Samarrah and her son would need to be below $880 per month. Once she finally found an apartment complex and was approved, she had to wait another three months before a unit became available. Though the property management company initially gave her a price of $970 per month for the apartment, the rate had increased to $1,075 by the time the apartment was ready for move-in. Samarrah was also responsible for paying for water and renter's insurance, as required by the lease. Samarrah was exhausted from the apartment search and had spent a significant amount of money on application fees, so she accepted the price increase and moved in. Once she did, however, she found that the apartment was covered in mold and was unlivable. She knew it wasn't a safe place to live, especially for her young son, so she vacated the unit after one month. Her moving costs – including for her U-Haul and storage fees – left her with very little money, and she is now living with family friends.

Shortly after she moved out of her apartment, Samarrah was in a terrible car accident that also cost her financially. Reflecting on these multiple hardships, she said that she "felt like everything I built my life for… was just crumbling underneath me." These financial setbacks caused Samarrah to take her son out of daycare and stop paying for her car insurance. For now, she is focused on finding a new job so she can save enough money to start the apartment search process over again. She is also attending college full-time for medical assisting. She hopes to finish school by this summer, but she is unsure whether she will be able to do so without a car. "I've been struggling mentally and financially after the setback just to get back on my feet. It has been very hard."

SYLVIA'S STORY

After her rent increased from $1,200 to $1,400, Sylvia and her 18-year-old son vacated the apartment where they had been living in New York State. Sylvia knew she could not pay the rent with her current earnings of $13.20 an hour, which she made working full-time as a bus monitor. (She has not received a wage increase during her five years at the job.) Sylvia was already paying over 50% of her income on rent even before her rent went up, and after the increase, she knew the price was unsustainable. After staying with a friend for several months, Sylvia and her son are now staying at their local emergency shelter. She has contacted many apartment owners but is ineligible for most of the units because she cannot show that she earns three to four times the rent. Even if she found another apartment with a rent of $1,200 or less, she would need to be earning $7.50 more per hour than what she is currently making to be eligible. Sylvia has been a good tenant who always pays on time and has a good credit score, but she is still unable to find an apartment. "All I want is for someone to give me a chance."

Sylvia finds it difficult to save money because staying in a shelter involves costs as well. She pays $500 per month for storage and must spend heavily on gas, as she transports her son to and from an out-of-state school each day. Because she is either working or picking her son up from school during the shelter's mealtimes, she has to buy food as carry-out, which is more expensive than cooking in her own home. As inflation worsens and prices for necessities increase, she notes that "everything is going up, except for my paycheck."

NICOLE'S STORY

Nicole, a single mother living with her daughter and three-year-old granddaughter in Louisiana, became sick with chronic asthma after Hurricane Katrina. She receives $1,289 per month in federal assistance because of her disability. Her household has no other income because her daughter is a full-time student in nursing school. Nicole receives a Housing Choice Voucher, but her landlord has continued to increase her rent with the housing authority's approval. Between 2020 and 2022, her household's contribution toward rent increased from $586 to $1,011, as the overall rent (household contribution plus the voucher subsidy) increased from approximately $1,500 to nearly $1,900. This cost does not include additional fees, such as a $100 monthly fee for lawn maintenance and the alarm system and additional maintenance fees. Because Nicole is paying 78% of her income on rent alone, she finds it difficult to keep up with the added costs tacked on to her lease.

Recently, Nicole's landlord threatened to file for eviction because Nicole did not have her carpets commercially cleaned – a condition of the lease – even though she had rented a machine to clean the rugs herself. Nicole is now facing eviction because she doesn't have any money left to hire a carpet cleaner. Regarding the impact of her rent increase on her budget and spending, she said, "Oh, there's no money to spend…I don't have any money. If I didn't have food stamps, we wouldn't eat, because there's no money to even make groceries." She spends much of her time worrying that if something breaks and she has to pay for the repair, she will end up without a place to live. "I'm a nervous wreck. I'm afraid. I'm scared. And all I can do is say a prayer every day that we wake up and we're still living inside."

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 view an interactive page on which you can explore data for specific metropolitan areas and 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 $61.50 – far higher than the national Housing Wage. On the other end of the price spectrum, the two-bedroom Housing Wage is $12.48 in areas of Arkansas. Even so, many jurisdictions with lower-than-average Housing Wages still suffer from a shortage of affordable rental homes. Jurisdictions with low Housing Wages tend to have 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 Fair Market Rents (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 statistics in 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 in interpreting changes in the data over time.

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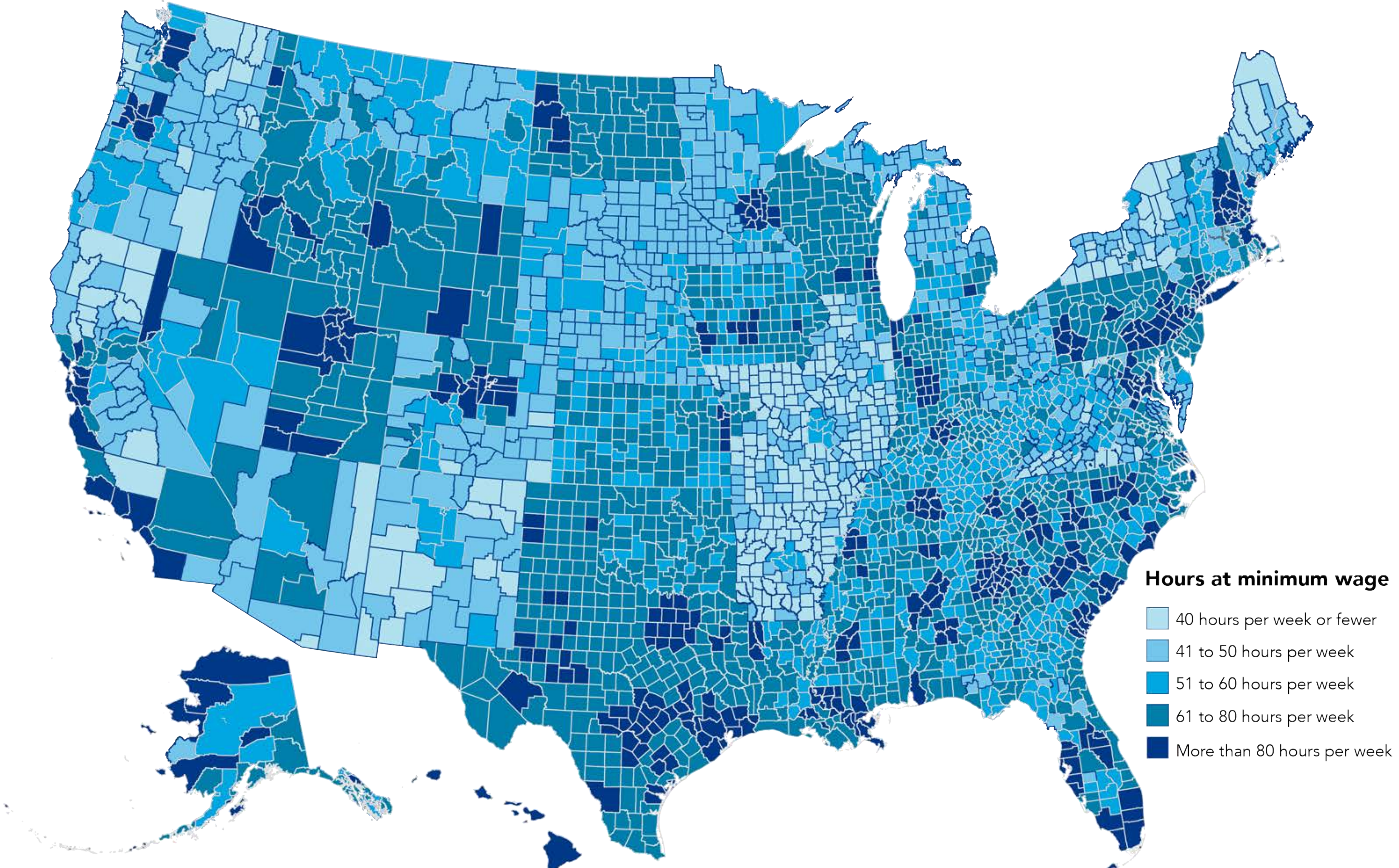
HOURS AT MINIMUM WAGE NEEDED TO AFFORD A ONE-BEDROOM RENTAL HOME AT FAIR MARKET RENT IN 2022

*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 sub-county jurisdictions with minimum wages higher than the prevailing county, state, or federal minimum wage. No 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	Metropolitan Counties[1]	Housing Wage for Two-Bedroom FMR[2]
San Francisco, CA HMFA[3]	Marin County, San Francisco County, San Mateo County, CA	$61.50
Santa Cruz-Watsonville, CA MSA[4]	Santa Cruz County, CA	$60.35
San Jose-Sunnyvale-Santa Clara, CA HMFA	Santa Clara County, CA	$55.15
Santa Maria-Santa Barbara, CA MSA	Santa Barbara County, CA	$48.38
Boston-Cambridge-Quincy, MA-NH HMFA		$46.13
New York, NY HMFA	New York County, Kings County, Queens County, Bronx County, Richmond County, Rockland County, Putnam County, NY	$45.00
Santa Ana-Anaheim-Irvine, CA HMFA	Orange County, CA	$44.69
Oakland-Fremont, CA HMFA	Alameda County, Contra Costa County, CA	$43.73
Honolulu, HI MSA	Honolulu County, HI	$43.08
San Diego-Carlsbad, CA MSA	San Diego County, CA	$42.92

State Nonmetropolitan Areas (Combined)	Housing Wage for Two-Bedroom FMR
Massachusetts	$43.83
Hawaii	$31.87
Alaska	$25.41
Connecticut	$24.62
Colorado	$23.67
New Hampshire	$21.99
California	$20.95
Nevada	$20.32
Vermont	$19.93
Washington	$19.64

Nonmetropolitan Counties (or County-Equivalents)	Housing Wage for Two-Bedroom FMR
Nantucket County, MA	$45.92
Dukes County, MA	$42.56
Kauai County, HI	$38.40
Eagle County, CO	$37.38
Pitkin County, CO	$35.60
Summit County, CO	$34.56
Monroe County, FL	$33.83
Kalawao County, HI	$32.96
Bethel Census Area, AK	$32.65
San Miguel County, CO	$32.17

1 Excludes metropolitan counties in New England as FMR areas are not defined by county boundaries in New England.

2 FMR = Fair Market Rent.

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. An MSA contains an urban core of 50,000 or more in population.

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	$40.63
2	California	$39.01
3	Massachusetts	$37.97
4	New York	$37.72
6	Washington	$31.33
7	New Jersey	$31.32
8	Colorado	$28.94
9	Maryland	$28.93
10	Connecticut	$27.80
11	Oregon	$27.65
12	Florida	$26.38
13	New Hampshire	$26.29
14	Virginia	$24.85
15	Rhode Island	$24.32
16	Alaska	$24.32
17	Nevada	$23.70
18	Arizona	$23.44
19	Vermont	$23.40
20	Illinois	$22.80
21	Delaware	$22.76
22	Maine	$22.69
23	Texas	$22.54
24	Minnesota	$22.41
25	Utah	$22.18
26	Georgia	$20.97
27	Pennsylvania	$20.90

Rank[1]	State	Housing Wage for Two-Bedroom FMR[2]
28	South Carolina	$19.30
29	North Carolina	$19.18
30	Michigan	$19.10
31	Idaho	$18.87
32	Wisconsin	$18.56
33	Tennessee	$18.30
34	Louisiana	$17.69
35	Montana	$17.65
36	New Mexico	$17.56
37	Wyoming	$17.07
38	Ohio	$17.05
39	Nebraska	$16.98
40	Indiana	$16.97
41	Missouri	$16.94
42	Kansas	$16.91
43	North Dakota	$16.61
44	Oklahoma	$16.61
45	Iowa	$16.55
46	Alabama	$16.32
47	Kentucky	$16.18
48	South Dakota	$16.11
49	Mississippi	$15.67
50	West Virginia	$15.38
51	Arkansas	$14.89
OTHER		
5	District of Columbia	$34.33
52	Puerto Rico	$9.66

1 Includes District of Columbia and Puerto Rico.
2 FMR = Fair Market Rent.

STATE SUMMARY

	FY22 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% of AMI	Renter households (2016 - 2020)	% of total households (2016 - 2020)	Estimated hourly mean renter wage (2022)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
Alabama	$16.32	$849	$33,944	2.3	$74,631	$1,866	$22,389	$560	581,999	31%	$15.78	$821	1.0
Alaska	$24.32	$1,264	$50,578	2.4	$104,204	$2,605	$31,261	$782	89,797	35%	$23.14	$1,203	1.1
Arizona	$23.44	$1,219	$48,747	1.8	$83,183	$2,080	$24,955	$624	916,254	35%	$21.28	$1,106	1.1
Arkansas	$14.89	$774	$30,965	1.4	$68,576	$1,714	$20,573	$514	400,067	34%	$16.56	$861	0.9
California	$39.01	$2,028	$81,133	2.6	$106,182	$2,655	$31,855	$796	5,861,796	45%	$30.39	$1,580	1.3
Colorado	$28.94	$1,505	$60,186	2.3	$106,926	$2,673	$32,078	$802	722,078	34%	$23.55	$1,225	1.2
Connecticut	$27.80	$1,446	$57,820	2.0	$115,496	$2,887	$34,649	$866	470,029	34%	$21.30	$1,108	1.3
Delaware	$22.76	$1,183	$47,333	2.2	$96,855	$2,421	$29,056	$726	106,038	29%	$20.67	$1,075	1.1
Florida	$26.38	$1,372	$54,870	2.6	$79,994	$2,000	$23,998	$600	2,680,435	34%	$20.55	$1,069	1.3
Georgia	$20.97	$1,090	$43,618	2.9	$83,892	$2,097	$25,168	$629	1,377,105	36%	$20.48	$1,065	1.0
Hawaii	$40.63	$2,113	$84,510	4.0	$108,224	$2,706	$32,467	$812	185,895	40%	$20.59	$1,071	2.0
Idaho	$18.87	$981	$39,258	2.6	$79,273	$1,982	$23,782	$595	189,871	29%	$16.10	$837	1.2
Illinois	$22.80	$1,186	$47,434	1.9	$99,762	$2,494	$29,929	$748	1,646,283	34%	$21.36	$1,111	1.1
Indiana	$16.97	$882	$35,299	2.3	$82,791	$2,070	$24,837	$621	794,477	31%	$16.61	$864	1.0
Iowa	$16.55	$860	$34,415	2.3	$88,049	$2,201	$26,415	$660	366,974	29%	$16.00	$832	1.0
Kansas	$16.91	$879	$35,176	2.3	$84,871	$2,122	$25,461	$637	385,676	34%	$17.01	$884	1.0
Kentucky	$16.18	$841	$33,645	2.2	$74,364	$1,859	$22,309	$558	567,032	32%	$16.51	$858	1.0
Louisiana	$17.69	$920	$36,786	2.4	$73,725	$1,843	$22,117	$553	584,328	33%	$16.28	$847	1.1
Maine	$22.69	$1,180	$47,194	1.8	$86,950	$2,174	$26,085	$652	154,531	27%	$15.68	$815	1.4
Maryland	$28.93	$1,505	$60,183	2.3	$122,819	$3,070	$36,846	$921	734,699	33%	$21.52	$1,119	1.3
Massachusetts	$37.97	$1,975	$78,984	2.7	$124,300	$3,107	$37,290	$932	979,813	37%	$27.52	$1,431	1.4
Michigan	$19.10	$993	$39,731	1.9	$84,868	$2,122	$25,461	$637	1,124,923	28%	$18.17	$945	1.1
Minnesota	$22.41	$1,165	$46,616	2.2	$105,544	$2,639	$31,663	$792	619,377	28%	$19.29	$1,003	1.2
Mississippi	$15.67	$815	$32,603	2.2	$63,459	$1,586	$19,038	$476	348,677	31%	$13.57	$706	1.2
Missouri	$16.94	$881	$35,228	1.5	$84,048	$2,101	$25,214	$630	802,838	33%	$17.83	$927	1.0
Montana	$17.65	$918	$36,718	1.9	$80,806	$2,020	$24,242	$606	137,320	31%	$15.69	$816	1.1
Nebraska	$16.98	$883	$35,319	1.9	$87,395	$2,185	$26,219	$655	259,372	34%	$16.52	$859	1.0

1 BR = Bedroom.
2 FMR = Fiscal Year 2022 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 2022 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

	FY22 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% of AMI	Renter households (2016 - 2020)	% of total households (2016 - 2020)	Estimated hourly mean renter wage (2022)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
Nevada	$23.70	$1,232	$49,294	2.3	$84,072	$2,102	$25,222	$631	485,147	43%	$20.66	$1,074	1.1
New Hampshire	$26.29	$1,367	$54,674	3.6	$106,787	$2,670	$32,036	$801	155,277	29%	$19.52	$1,015	1.3
New Jersey	$31.32	$1,628	$65,137	2.4	$116,367	$2,909	$34,910	$873	1,177,627	36%	$23.29	$1,211	1.3
New Mexico	$17.56	$913	$36,528	1.5	$69,624	$1,741	$20,887	$522	253,673	32%	$16.61	$864	1.1
New York	$37.72	$1,962	$78,465	2.9	$102,117	$2,553	$30,635	$766	3,402,708	46%	$32.01	$1,665	1.2
North Carolina	$19.18	$997	$39,897	2.6	$81,260	$2,031	$24,378	$609	1,381,743	34%	$19.00	$988	1.0
North Dakota	$16.61	$864	$34,553	2.3	$97,100	$2,428	$29,130	$728	120,202	37%	$19.17	$997	0.9
Ohio	$17.05	$887	$35,468	1.8	$84,230	$2,106	$25,269	$632	1,589,054	34%	$17.33	$901	1.0
Oklahoma	$16.61	$863	$34,539	2.3	$75,980	$1,899	$22,794	$570	507,014	34%	$16.94	$881	1.0
Oregon	$27.65	$1,438	$57,515	2.0	$93,147	$2,329	$27,944	$699	611,573	37%	$20.61	$1,072	1.3
Pennsylvania	$20.90	$1,087	$43,463	2.9	$92,217	$2,305	$27,665	$692	1,584,332	31%	$19.25	$1,001	1.1
Rhode Island	$24.32	$1,264	$50,579	2.0	$99,058	$2,476	$29,718	$743	159,280	38%	$17.10	$889	1.4
South Carolina	$19.30	$1,004	$40,147	2.7	$78,751	$1,969	$23,625	$591	586,090	30%	$15.98	$831	1.2
South Dakota	$16.11	$838	$33,500	1.6	$84,335	$2,108	$25,300	$633	111,383	32%	$15.67	$815	1.0
Tennessee	$18.30	$952	$38,060	2.5	$78,121	$1,953	$23,436	$586	882,921	33%	$18.86	$981	1.0
Texas	$22.54	$1,172	$46,889	3.1	$86,464	$2,162	$25,939	$648	3,737,262	38%	$22.73	$1,182	1.0
Utah	$22.18	$1,153	$46,136	3.1	$96,221	$2,406	$28,866	$722	295,682	29%	$18.44	$959	1.2
Vermont	$23.40	$1,217	$48,664	1.9	$92,141	$2,304	$27,642	$691	75,478	29%	$16.47	$856	1.4
Virginia	$24.85	$1,292	$51,690	2.3	$105,430	$2,636	$31,629	$791	1,060,350	33%	$22.12	$1,150	1.1
Washington	$31.33	$1,629	$65,161	2.2	$108,911	$2,723	$32,673	$817	1,067,763	37%	$27.55	$1,433	1.1
West Virginia	$15.38	$800	$31,983	1.8	$69,225	$1,731	$20,768	$519	193,449	26%	$13.92	$724	1.1
Wisconsin	$18.56	$965	$38,600	2.6	$91,904	$2,298	$27,571	$689	781,435	33%	$17.04	$886	1.1
Wyoming	$17.07	$888	$35,504	2.4	$89,972	$2,249	$26,991	$675	67,701	29%	$16.62	$864	1.0
OTHER													
District of Columbia	$33.94	$1,765	$70,600	2.1	$129,000	$3,225	$38,700	$968	166,019	58%	$30.13	$1,567	1.1
Puerto Rico	$9.72	$506	$20,225	1.1	$26,086	$652	$7,826	$186	380,029	32%	$7.53	$391	1.3

1 BR = Bedroom.
2 FMR = Fiscal Year 2022 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 2022 Area Median Income
5 Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

HOW TO USE THE NUMBERS

A renter household needs to earn at least $25.82 per hour in order to afford a two-bedroom home at FMR.

The annual median family income (AMI) in the United States is $92,091 (2022).

For a family earning 100% of AMI, monthly rent of $2,302 or less is affordable.

There were 43,928,837 renter households in the United States (2016-2020).

Renter households represented 36% of all households (2016-2020).

The estimated mean (average) renter wage in the United States is $21.99 per hour (2022).

	FY22 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTERS				
	Hourly wage necessary to afford 2 BR[1] FMR[2]	2BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage needed to afford 2 BR FMR[3]	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	$25.82	$1,342	$53,699	2.4	$92,091	$2,302	$27,627	$691	43,928,837	36%	$21.99	$1,144	1.2

The FMR for a two-bedroom rental home in the United States is $1,342 (2022).

A renter household needs an annual income of $53,699 in order to afford a two-bedroom rental home at FMR.

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.

In the United States, a family at 30% of AMI earns $27,627annually.

For a family earning 30% of AMI, monthly rent of $691 or less is affordable.

If a full-time worker earns the mean renter wage, monthly rent of $1,144 or less is affordable.

A renter household needs 1.2 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 2022 Fair Market Rent.
3: This calculation uses the higher of the county, state, or federal minimum wage, where applicable.
4: AMI = Fiscal Year 2022 Area Median Family 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

Divide income needed to afford FMR ($53,699) by 52 (weeks per year) and then by 40 (hours per work week) ($53,699 / 52 = $1,033; $1,033 / 40 = $25.82).

HUD FY22 estimated median family income based on data from the American Community Survey (ACS). See Appendix B.

Multiply Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($92,091 x .3 = $27,627). Divide by 12 to obtain monthly amount ($24,599 / 12 = $2,302).

ACS (2016-2020).

Divide number of renter households by total number of households (ACS 2016-2020) (43,928,837 / 123,530,716 = .36). Then multiply by 100 (.36 x 100 = 36%).

Average wage reported by the Bureau of Labor Statistics (BLS) for 2020, adjusted to reflect the income of renter households relative to all households in the United States, and projected to 2022. See Appendix B.

	FY22 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTERS				
	Hourly wage necessary to afford 2 BR 1 FMR[2]	2BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage needed to afford 2 BR FMR[3]	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	$25.82	$1,342	$53,699	2.4	$92,091	$2,302	$27,627	$691	43,928,837	36%	$21.99	$1,144	1.2

Developed by HUD annually (2022). See Appendix B.

Multiply the FMR by 12 to get yearly rental cost ($1,342.47 x 12 = $16,110). Then divide by .3 to determine the total income needed to afford $16,110 per year in rent ($16,110 / .3 = $53,699).

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).

Multiply Annual AMI by .3 ($92,091 x .3 = $27,627).

Multiply 30% of Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($27,627 x .3 = $8,288). Divide by 12 to obtain monthly amount ($8,288 / 12 = $691).

Calculate annual income by multiplying mean renter wage by 40 (hours per week) and 52 (weeks per year) ($21.9904 x 40 x 52 = $45,740). Multiply by .3 to determine maximum amount that can be spent on rent ($45,740 x .3 = $13,722). Divide by 12 to obtain monthly amount ($13,722 / 12 = $1,144).

Divide income needed to afford the FMR by 52 (weeks per year) ($53,699 / 52 = $1,033). Then divide by $21.99 (the United States' mean renter wage) ($1,033 / $21.99 = 47 hours). Finally, divide by 40 (hours per work week) (47 / 40 = 1.2 full-time jobs).

1: BR = Bedroom.
2: FMR = Fiscal Year 2022 Fair Market Rent.
3: This calculation uses the higher of the county, state, or federal minimum wage, where applicable.
4: AMI = Fiscal Year 2022 Area Median Family Income.
5: Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

LOCAL MINIMUM WAGES

Locality	Local Minimum Wage (as of 7/1/22)	1 BR Housing Wage	2 BR Housing Wage
Alameda, CA	$15.75	$35.65	$43.73
Belmont, CA	$16.20	$50.60	$61.50
Berkeley, CA	$16.99	$35.65	$43.73
Burlingame, CA	$15.60	$50.60	$61.50
Chicago, IL[1]	$15.40	$22.33	$25.77
Cook County, IL	$13.35	$22.33	$25.77
Cupertino, CA	$16.40	$46.50	$55.15
Daly City, CA	$15.53	$50.60	$61.50
Denver, CO	$15.87	$26.23	$31.90
East Palo Alto, CA	$15.60	$50.60	$61.50
El Cerrito, CA	$16.37	$35.65	$43.73
Emeryville, CA	$17.68	$35.65	$43.73
Flagstaff, AZ	$15.50	$22.42	$28.35
Fremont, CA	$16.00	$35.65	$43.73
Half Moon Bay, CA	$15.56	$50.60	$61.50
Hayward, CA[2]	$15.56	$35.65	$43.73
Howard County, MD[3]	$14.00	$21.62	$26.83
Los Altos, CA	$16.40	$46.50	$55.15
Los Angeles County, CA	$15.96	$30.85	$39.31
Los Angeles, CA	$16.04	$30.85	$39.31
Malibu, CA	$15.96	$30.85	$39.31
Menlo Park, CA	$15.75	$50.60	$61.50
Milpitas, CA	$16.40	$46.50	$55.15
Minneapolis, MN[4]	$15.00	$20.73	$25.56
Montgomery County, MD[5]	$15.65	$30.13	$34.33
Mountain View, CA	$17.10	$46.50	$55.15

1. Minimum wage for employers with more than 20 employees. Minimum wage for employers with fewer employees is $14.50.
2. Minimum wage for employers with more than 25 employees. Minimum wage for employers with fewer employees is $14.52
3. Minimum wage for large employers. Minimum wage for small employer, non-profit, food service, and home health employers is $12.50.
4. Minimum wage for employers with more than 100 employees. Minimum wage for employers with fewer employers is $13.50.
5. Minimum wage for employers with more than 50 employees. Minimum wage for employers with 11 to 50 employees, non-profits, and home health providers is $14.50. Minimum wage for employers with 10 or fewer employees is $14.

Locality	Local Minimum Wage (as of 7/1/22)	1 BR Housing Wage	2 BR Housing Wage
Novato, CA[6]	$15.77	$50.60	$61.50
Oakland, CA	$15.06	$35.65	$43.73
Palo Alto, CA	$16.45	$46.50	$55.15
Pasadena, CA	$16.11	$30.85	$39.31
Petaluma, CA	$15.85	$29.79	$39.19
Portland, ME	$13.00	$25.58	$33.10
Redwood City, CA	$16.20	$50.60	$61.50
Richmond, CA	$15.54	$35.65	$43.73
Rockland, ME	$13.00	$15.94	$19.33
Saint Paul, MN[7]	$15.00	$20.73	$25.56
San Carlos, CA	$15.77	$50.60	$61.50
San Diego, CA[8]	$15.00	$33.44	$42.92
San Francisco, CA	$16.99	$50.60	$61.50
San Jose, CA	$16.20	$46.50	$55.15
San Mateo, CA	$16.20	$50.60	$61.50
Santa Clara, CA	$16.40	$46.50	$55.15
Santa Fe County, NM	$12.95	$18.75	$21.40
Santa Fe, NM	$12.95	$18.75	$21.40
Santa Monica, CA	$15.96	$30.85	$39.31
Santa Rosa, CA	$15.85	$29.79	$39.19
SeaTac, WA[9]	$17.54	$33.44	$39.31
Seattle, WA[10]	$17.27	$33.44	$39.31
Sonoma, CA[11]	$16.00	$29.79	$39.19
South San Francisco, CA	$15.80	$50.60	$61.50
Sunnyvale, CA	$17.10	$46.50	$55.15
Tuscon, AZ	$13.00	$14.63	$19.25
West Hollywood, CA[12]	$16.50	$30.85	$39.31

6. Minimum wage for employers with 100 or more employees. Minimum wage for employers with 26-99 employees is $15.53. Minimum wage for employers with 1-25 employees is $15.
7. Minimum wage for employers with more than 10,000 employees. Minimum wage for employers with 101-10,000 employees is $13.50; minimum wage for employers with 6-100 employees is $12.00; minimum wage for employers with 5 or fewer employees is $10.75.
8. Minimum wage is the same as the state of California but it applies to all employers regardless of the number of employees.
9. Minimum wage for hospitality and transportation employers.
10. Minimum wage for employers with more than 500 employees. Minimum wage for employers with fewer employees and medical benefits is $15.75.
11. Minimum wage for employers with more than 25 employees. Minimum wage for employers with fewer employers is $15.
12. Minimum wage for employers with 50 or more employees. Minimum wage for employers with fewer than 50 employees is $16. Minimum wage for hotel employees is $18.35.

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 can be found in the sections "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 FY22 FMRs are based on five-year 2015-2019 American Community Survey (ACS) data, supplemented with one-year 2019 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 2015-2019 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 FY22 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 FY22, 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 2015-2019 40th percentile standard quality two-bedroom gross rent, and the one-year 2019 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 FY22, the ACS is not used as the base rent or recent mover factors in 29 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 2020. A trend factor is then applied to trend the gross rent forward to FY 2022, 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 FY22 FMRs are available at

https://www.huduser.gov/portal/datasets/fmr.html#2022

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 2016-2020 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 FY22 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 2015-2019 ACS data to calculate the FY22 AMIs. In areas with a statistically reliable estimate from one-year 2019 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

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

ACS estimate from 2019 to the mid-point of FY22.

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 2016-2020 ACS.

FY22 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

PREVAILING MINIMUM WAGE

Out of Reach incorporates the minimum wage in effect as of July 1, 2022. According to the U.S. Department of Labor, the District of Columbia, Puerto Rico, and 30 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 109 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 $14.49. However, the same FMR would be affordable with 91 hours of work per week under the higher local minimum wage of $17.27[2] (109 * $14.49 / $17.27). 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.

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 2020 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 2016-2020 ACS to arrive at an estimated average renter wage. In 25 counties nationwide, the median renter household income exceeds the median household income. Nationally, median renter household income was 65% of the median household income.

An inflation factor was applied to the estimated mean renter hourly wage to adjust from 2020 to FY22. The inflation factor (284.182 ÷

2 National Employment Law Project (2021). *Raises from Coast to Coast in 2022.*

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.

258.838) was based on the February 2022 CPI and the 2020 calendar year CPI per the Bureau of Labor Statistics (BLS). In recent years, this adjustment was made using the CBO's 10-Year Economic Projections, but these could not be used in 2022 due to a delay in their publication.

In approximately 9% 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

MEDIAN RENTER HOUSEHOLD INCOME

Median renter household income is from the 2016-2020 ACS projected forward to FY22 based on the BLS February 2022 CPI.

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 layoffs, job changes, and other leave prevent many individuals from maximizing their earnings throughout the year. According to the Bureau of Labor Statistics, as of May 2022, the average wage earner in the U.S. worked 34.6 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.

5 Bureau of Labor Statistics. (2022). *The employment situation – May 2022.* U.S. Department of Labor. https://www.bls.gov/news.release/empsit.nr0.htm

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 2022, which is $841 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 six states that do not supplement federal SSI payments are Arizona, Arkansas, Mississippi, North Dakota, Tennessee, and West Virginia. Residents of Puerto Rico cannot receive federal SSI payments.

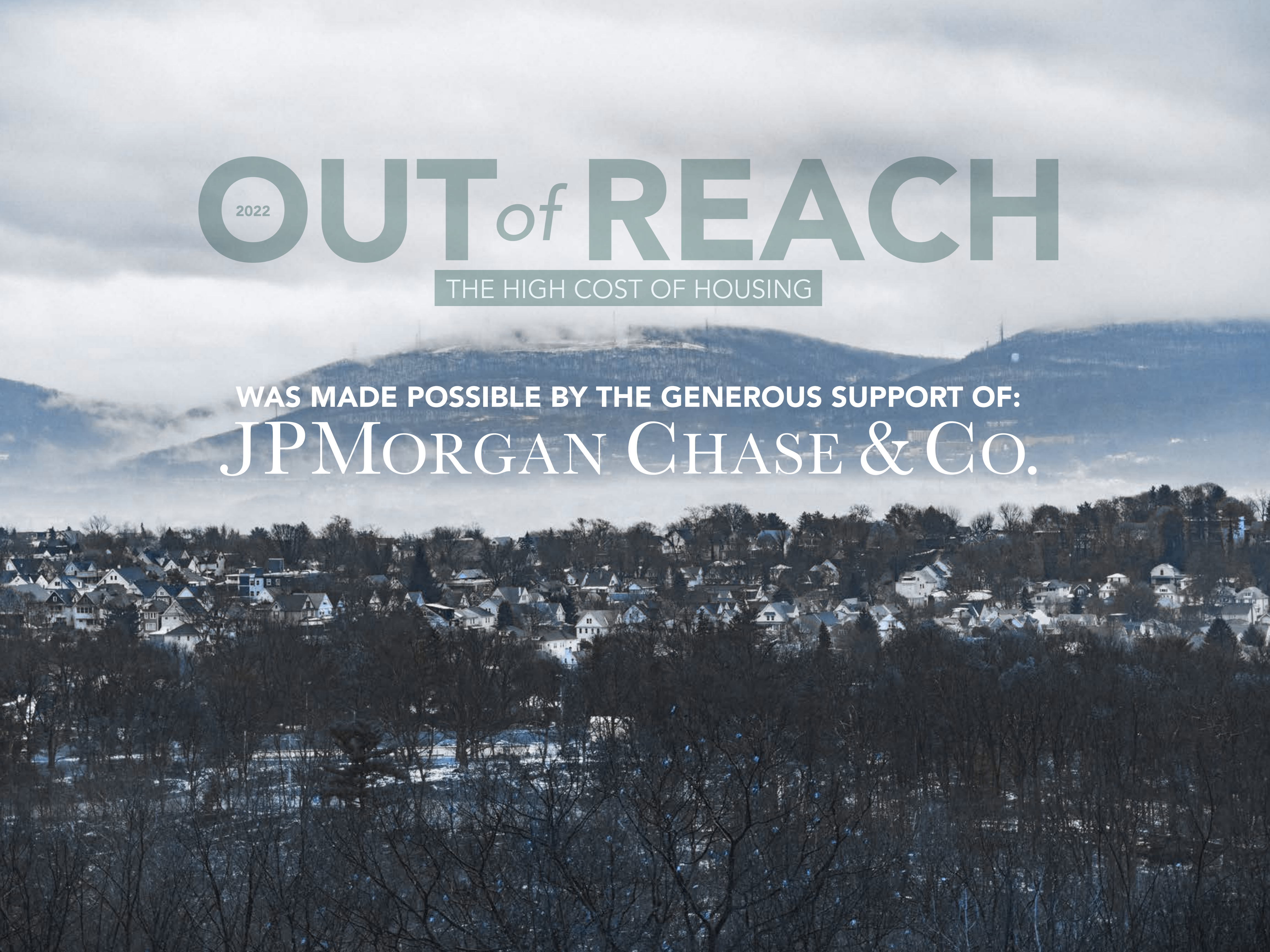
Information on SSI payments is available from the Social Security Administration at https://www.ssa.gov/OACT/COLA/SSI.html

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 Coalition.



2022 OUT of REACH

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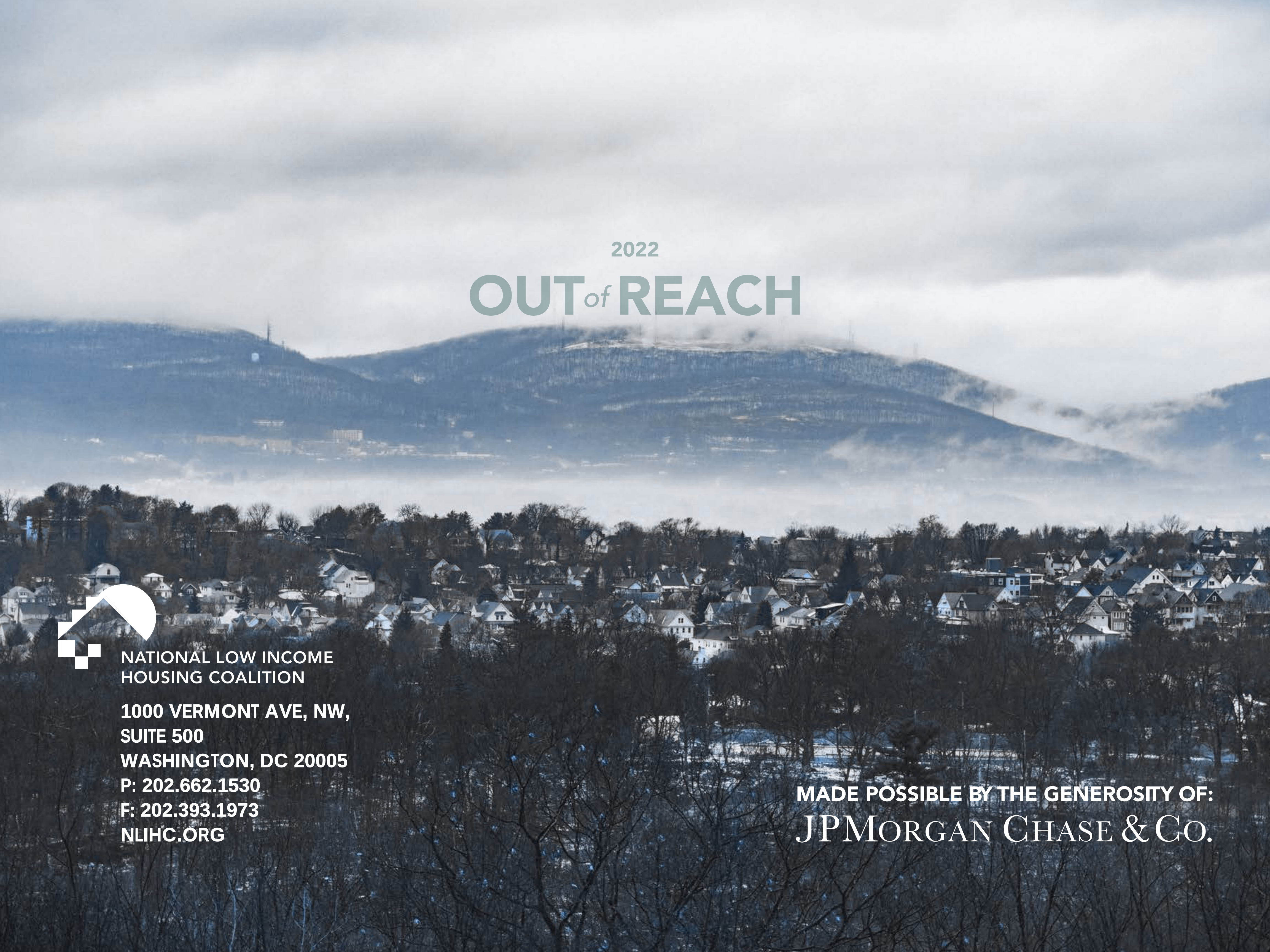

2022

OUT of REACH

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