

RURAL RESEARCH NOTE

THE HOUSING ASSISTANCE COUNCIL

The Housing Assistance Council (HAC) is a national nonprofit organization that supports affordable housing efforts in rural areas of the United States. HAC provides technical housing services, seed money loans from a revolving fund, housing program and policy assistance, and research and information services. HAC is an equal opportunity lender.



May 26, 2015

Low-Income Workers Continue to Face Housing Affordability Challenges

The National Low Income Housing Coalition (NLIHC) recently released its annual *Out of Reach* report. The report is known for defining the Housing Wage; the wage one must earn in order to afford a rental unit at Fair Market Rent (FMR)¹.

According to the most recent Out of Reach report, the 2015 Housing Wage is \$19.35 for a two-bedroom unit, and \$13.50 for a one-bedroom unit at FMR². This means that in order to afford a two-bedroom rental unit, a worker would have to make over 2.5 times the federal minimum wage. In fact, in 13 states and Washington, DC the Housing Wage is more than \$20 an hour. There is no state in the U.S. where a minimum wage earner can afford a one-bedroom apartment at Fair Market Rent, even if they work full time.

NLIHC suggests that the nation needs to add 7.1 million units affordable to Extremely Low Income households in order to meet the demand.

How are Rural Renters Faring?

The *Out of Reach* report also highlights some of the special challenges faced by residents in rural communities. According to the report, hourly wages in rural areas are insufficient to meet the cost of living, despite lower housing costs compared to nonrural areas. For example, the estimated renter wage in West Virginia is \$10.26 and \$11.38 in Kentucky, and in both states about 70% of Extremely Low Income renters pay more than half of their incomes toward rent. Paying so much for rent means that there is less money left over for other necessities like food and healthcare.

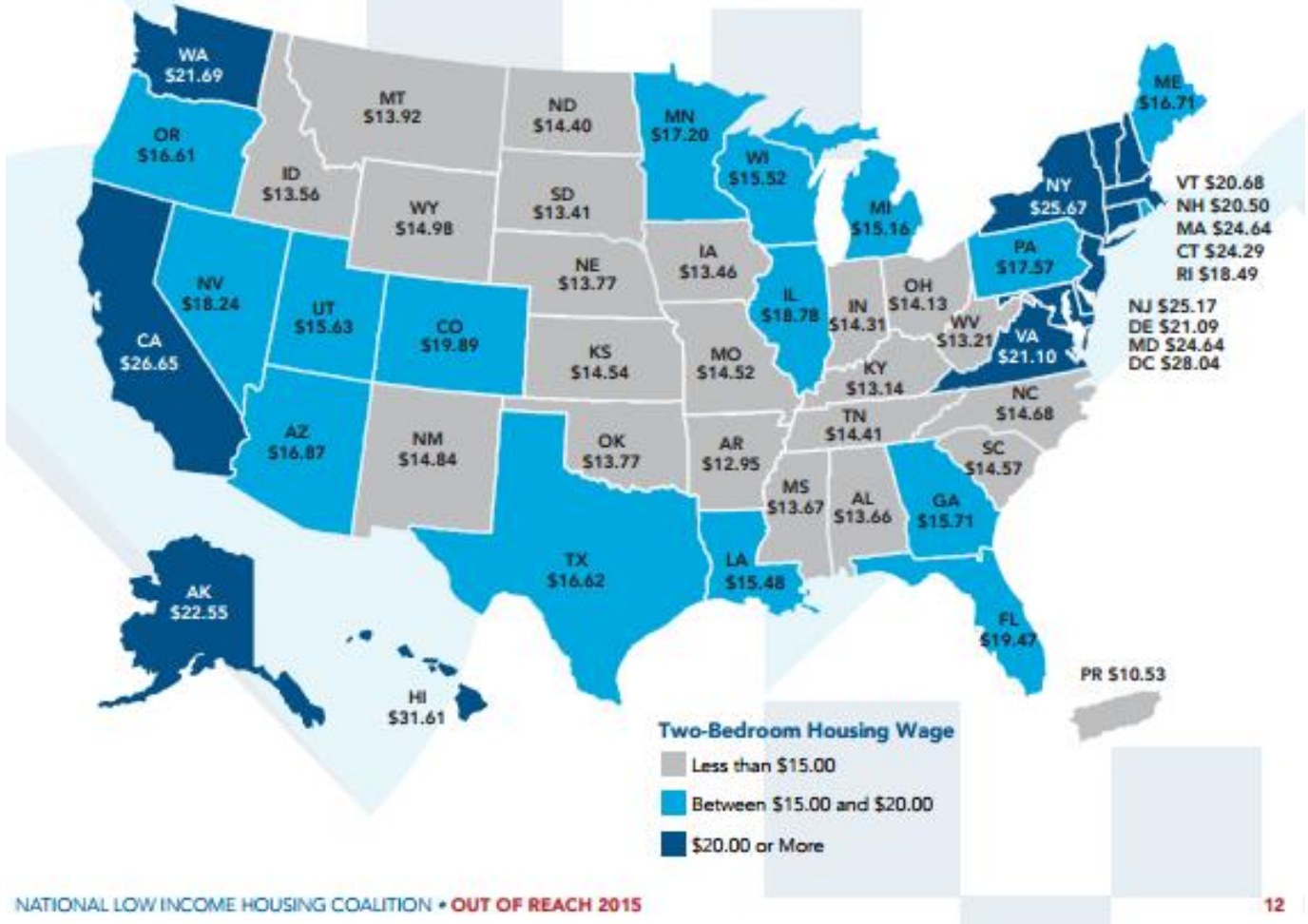
¹ Affordable rent is defined as not costing more than 30% of a person's income. FMR determined by HUD

² Estimates of Fair Market Rent are produced annually by HUD, and measure the 40th percentile of gross rents for typical, non-substandard rental units occupied by recent movers in a local housing market.

Two-Bedroom Housing Wage Map³

2015 TWO-BEDROOM RENTAL UNIT HOUSING WAGE

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



³ National Low Income Housing Coalition. (2015). Out of Reach 2015. Washington, DC. http://nlihc.org/sites/default/files/oor/OOR_2015_FULL.pdf

Contact Us

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FOR MORE INFORMATION

Download the *Out of Reach* report published by National Low Income Housing Coalition

http://nlihc.org/sites/default/files/oor/OOR_2015_FULL.pdf

Additional HAC Resources on Housing

HAC's Decennial Report: Taking Stock: Rural People, Poverty, and Housing in 21st Century. <http://www.ruralhome.org/component/content/article/587-taking-stock-2010>

Access data on housing affordability for your community at HAC's *Rural Data Portal*: www.ruraldataportal.org

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