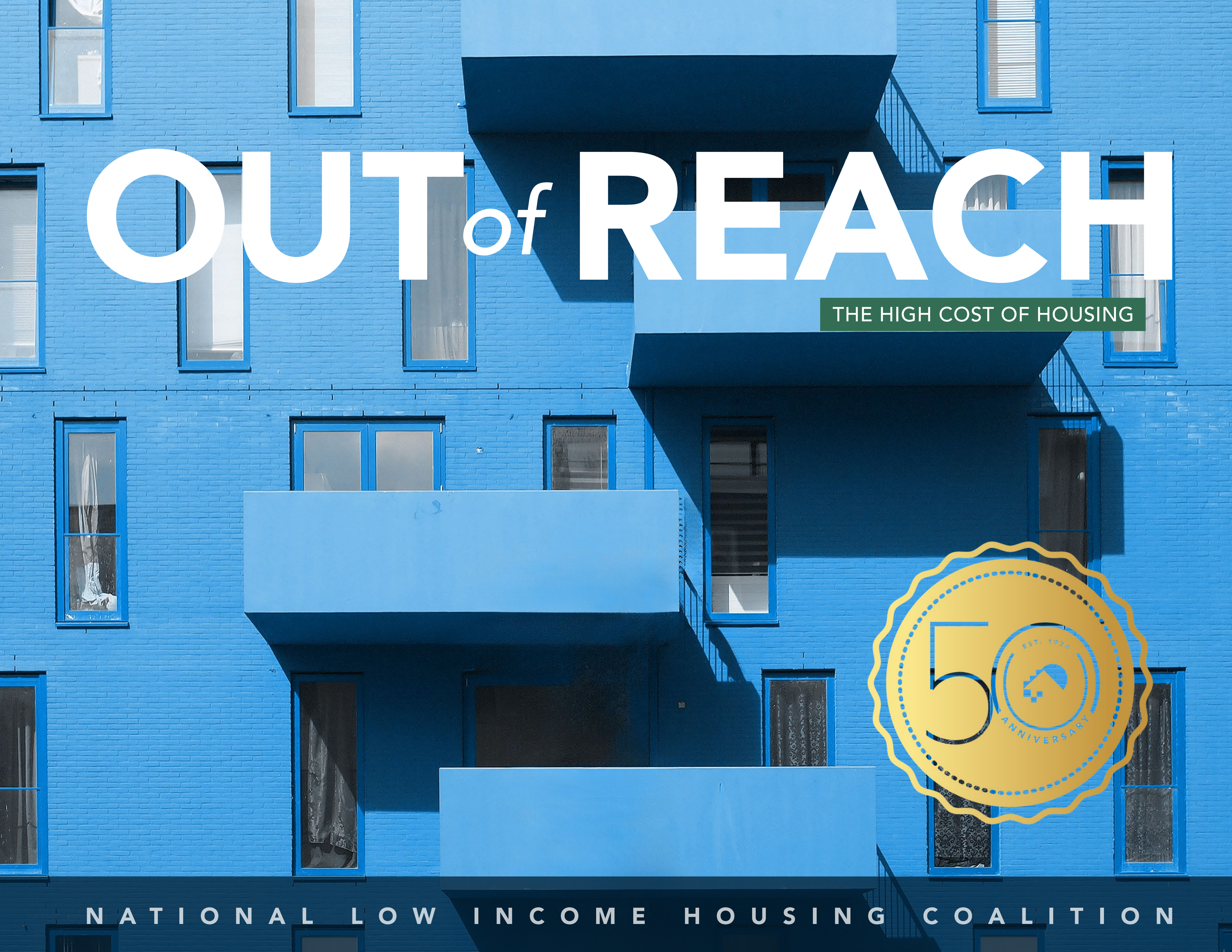

OUT of REACH

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**

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Dear NLIHC Partners, Friends, Allies, and Supporters,

NLIHC celebrates our 50-year anniversary in 2024! Since being founded by Cushing Dolbeare in 1974, NLIHC has educated, organized, and advocated to ensure that people with the lowest incomes have access to decent, accessible, affordable housing. Throughout 2024, we are recognizing our 50th anniversary by looking back on our history and collective achievements, while also renewing our commitment to achieving housing justice.

Though much has changed in the past 50 years, our priorities remain much the same: bridging the gap between incomes and housing costs through rental assistance; expanding and preserving the supply of affordable rental homes; stabilizing low-income families and preventing evictions; and strengthening and enforcing renter protections. Join us this year in celebrating NLIHC’s 50th anniversary by renewing your own commitment to our shared goal of 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.

Onward.

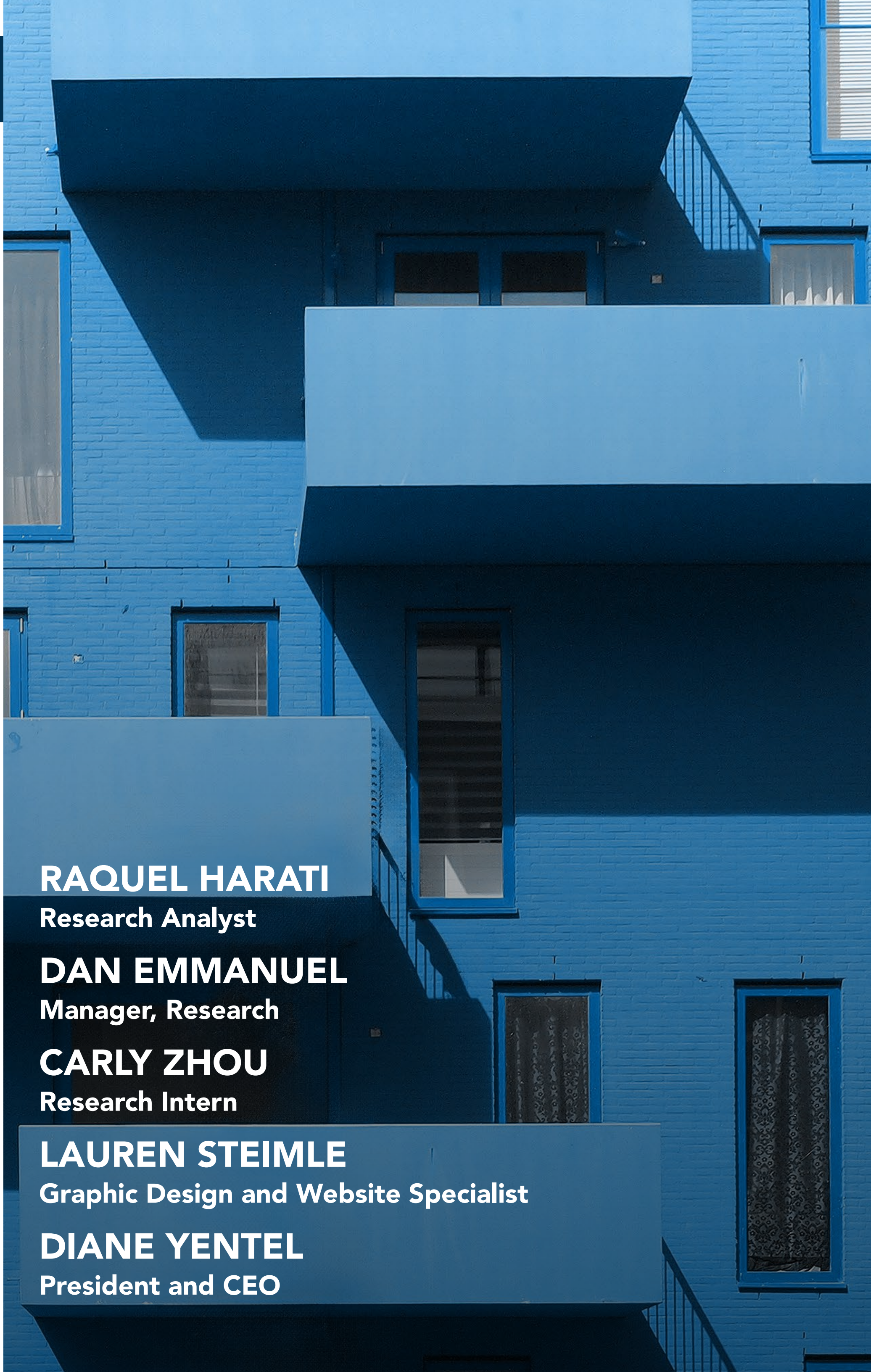
Diane Yentel
NLIHC President and CEO

TABLE OF CONTENTS

MAP AND TABLES

USER GUIDE

APPENDICES



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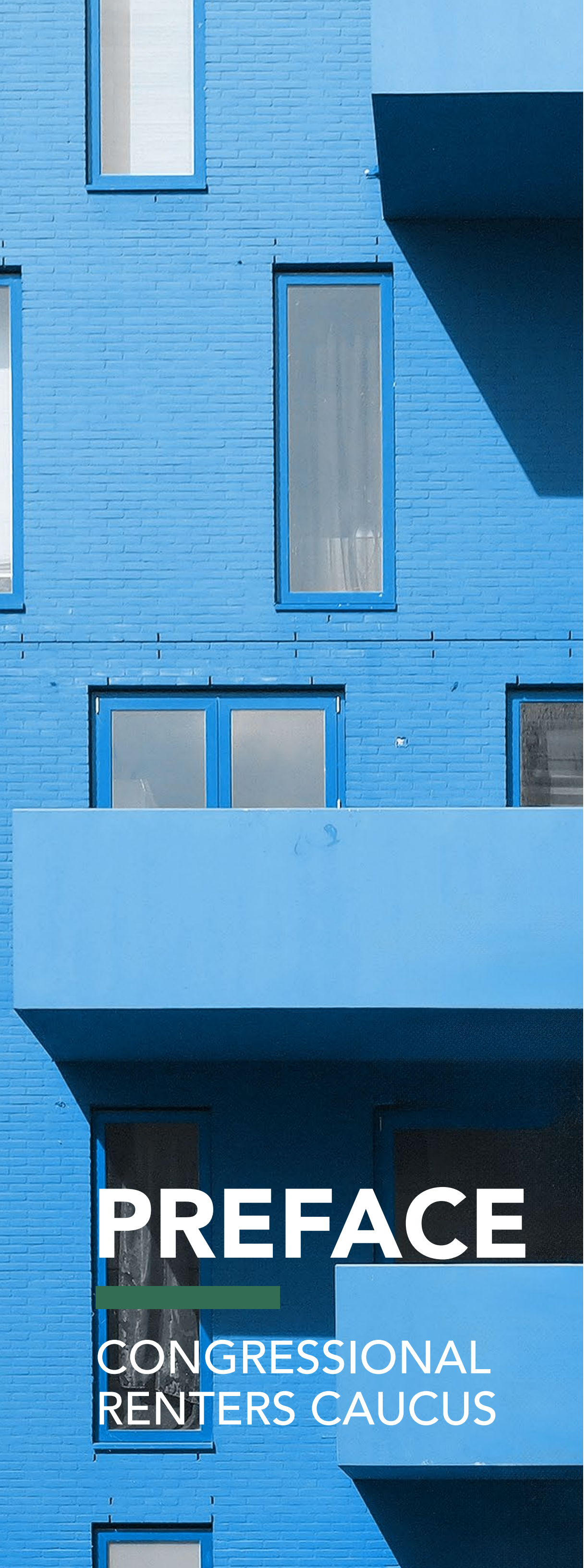


PREFACE

CONGRESSIONAL RENTERS CAUCUS

Every day, we hear from renters in our congressional districts who are struggling to keep a roof over their head and are worried about their future. They live with the very real fear that they could fall behind on rent, lose their home to eviction, and even become homeless.

Our constituents are not alone; in rural, suburban, and urban communities nationwide, millions of renters are facing a growing housing crisis. There are not enough affordable homes in their communities, their pay checks are not keeping up with high rents, and there are not enough protections in place to stop abusive and predatory landlords from discriminating, harassing, or taking advantage of them.

As you'll read in this year's edition of *Out of Reach*, millions of renters are facing higher rental costs, but those most harmed by the crisis are our nation's lowest-income seniors, people with disabilities, families with children, veterans, and others who pay more than half of their income on rent. Without the resources they need to make ends meet, they are forced to cut back on food, medications, and other essentials to make their rent payment each month. Any financial issue – missing a few days of work due to illness, or a broken-down car – could cause them to fall behind on rent and face eviction and homelessness. Because of systemic racism in housing and other sectors, Black and brown renters are much more likely to be impacted.

This year's *Out of Reach* report confirms what housing advocates have known for years: we cannot accept our housing crisis as "normal," and instead, we must build a nation where everyone has a quality, accessible home they can afford in a thriving, healthy community. It's past time for Congress to pass legislation ensuring every person has a roof over their heads.

To achieve this vision, however, federal policymakers need a strong, coordinated effort to advocate for the millions of renters in our country. We need a comprehensive and bold strategy to address the underlying causes of America's affordable housing and homelessness crisis and to provide families in our communities with the countless benefits that come with housing stability – from better health and educational outcomes to greater opportunities for economic mobility.

> OUR NATION CANNOT AFFORD TO WAIT ANY LONGER TO ADDRESS THIS CRISIS.

That's why we launched the first-ever congressional caucus to fight for renters and affordable, quality living. As the Chair and Vice Chairs of the Congressional Renters Caucus, we will work to ensure our coalition of lawmakers serves as a launching pad for legislative efforts and advocacy to finally give renters a voice in Washington.

As one of our first actions, the Congressional Renters Caucus, along with the National Low Income Housing Coalition and other advocates, unveiled the first-ever Renters Agenda. Together, we outline a clear plan to expand rental assistance to all eligible cost-burdened renters, eliminate bureaucratic and discriminatory barriers to accessing affordable housing, and improve the quality, availability, and affordability of our nation's rental housing stock.

Our nation cannot afford to wait any longer to address this crisis. We must use every tool available to provide every person a safe, affordable place to call home. The members of the Renters Caucus are ready to put up a fight for this agenda that stands up for renters, and we hope that by reading this year's *Out of Reach* report, you will be inspired to join us.

Sincerely,

OUT OF REACH 2024

Jimmy Gomez (D-CA)

U.S. Representative
Chair, Congressional Renters Caucus

Ayanna Pressley (D-MA)

U.S. Representative
Vice Chair, Congressional Renters Caucus

Ritchie Torres (D-NY)

U.S. Representative
Vice Chair, Congressional Renters Caucus

INTRODUCTION

For far too long, accessible, safe, and affordable housing has been out of reach for millions of the nation's lowest-income renters. Although most indicators show that the economy is strong, the lowest-income renters continue to confront significant challenges finding and maintaining access to safe and affordable rental housing. Insufficient wages, rising rents, and an inadequate housing safety net all contribute to the problem. Substantial, long-term investments in affordable housing solutions are desperately needed to address this crisis once and for all.

The U.S. experienced the strongest economic growth among advanced economies in 2023 (International Monetary Fund (IMF), 2024). Additionally, the national unemployment rate fell from 14.8% in April 2020 to 3.8% in March 2024, just two tenths of a percentage point higher than it was prior to the beginning of the COVID-19 pandemic in January 2020 (U.S. Bureau of Labor Statistics (BLS), 2024). Meanwhile, workers at the bottom of the wage distribution are benefiting from strong wage growth. Between 2019 and 2023, wages for workers in the bottom 10th percentile of wages increased by 12.1% – the highest increase for any income group (Gould & DeCourcy, 2024). Yet, as this report will show, millions of low-income households are struggling to afford rent.

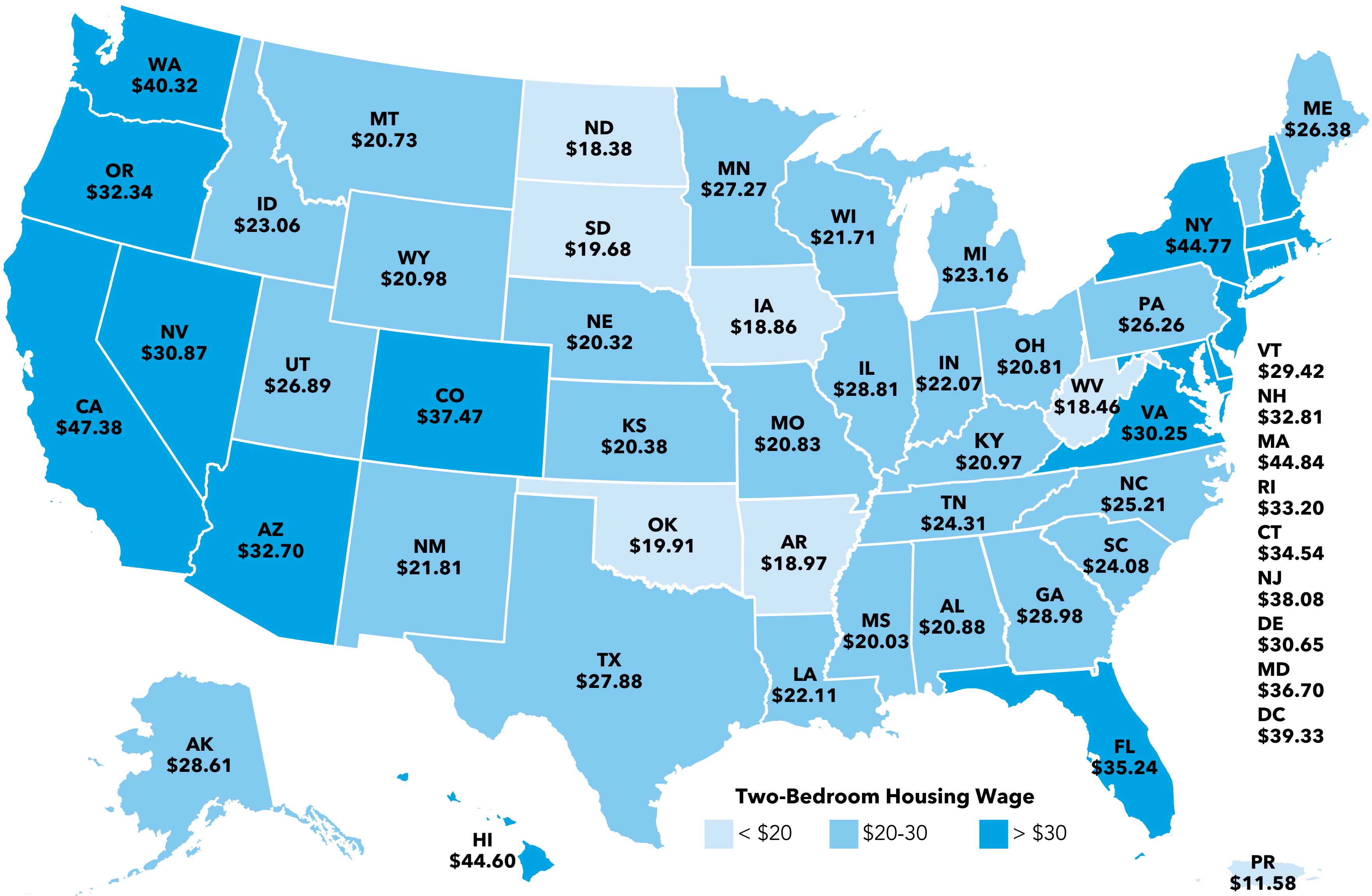
For more than 30 years, the National Low Income Housing Coalition's (NLIHC) *Out of Reach* report has called attention to the disparity between wages and the cost of rental housing in the U.S. Every year, the report shows that affordable rental homes are out of reach for millions of low-wage workers, families, and other renters. The report's signature statistic, the "Housing Wage," is an estimate of the hourly wage a full-time worker must earn to afford a modest rental home at the U.S. Department of Housing and Urban Development's (HUD) fair market rent without spending more than 30% of their income. Fair market rents are estimates of what a household moving today can expect to pay for a modestly priced rental home of decent quality. Rental homes renting for a fair market rent are not luxury housing. The 2024 National Housing Wage is $32.11 for a modest two-bedroom rental home and $26.74 for a modest one-bedroom rental home.

Figure 1 provides state-specific Housing Wage estimates, since the one- and two-bedroom Housing Wages vary across the country. As this report shows, the Housing Wage is far higher than federal or state minimum wages and higher than median wages for workers in some of the country's most common occupations, like home health and personal care aides, food service workers, and administrative assistants. Indeed, more than half of workers' median hourly wages are less than the one-bedroom Housing Wage (U.S. Bureau of Labor Statistics (BLS), 2023). People of color are disproportionately impacted by the gap between low-wages and high rents because they are more likely to work in low-wage jobs and rent their homes.

Even among those fortunate enough to have found relatively affordable homes, low-wage renters are often only one missed paycheck or 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. Addressing the country's long-term housing affordability crisis requires bridging the gap between rents and incomes by raising wages and expanding Housing Choice Vouchers to all households in need of them. However, due to severe underfunding, just one out of every four income eligible households receives the help it needs from federal housing assistance (Mazzara, 2021). Only sustained, long-term federal investments in rental housing can ensure that the lowest-income renters have affordable homes. Congress must recognize the urgent need to fund rental assistance, expand the supply of affordable rental housing, preserve the existing housing stock, provide short-term assistance to renters in crisis, and protect renters from unfair treatment.

> SUBSTANTIAL, LONG-TERM INVESTMENTS IN AFFORDABLE HOUSING SOLUTIONS ARE DESPERATELY NEEDED TO ADDRESS THIS CRISIS ONCE AND FOR ALL.

FIGURE 1. 2024 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.

RENTAL HOUSING IS UNAFFORDABLE FOR LOW-WAGE WORKERS

Thirty states, the District of Columbia, and Puerto Rico have minimum wages that are higher than the federal minimum wage. State minimum wages range from $8.75 in West Virginia to $17.50 per hour in the District of Columbia. Fifty-eight localities also set higher minimum wages (Appendix A). Even when factoring in higher state and county-level minimum wages, the average minimum-wage worker in the U.S. must work 113 hours per week (2.8 full-time jobs) to afford a two-bedroom rental home at fair market rent, or 95 hours per week (2.4 full-time jobs) to afford a one-bedroom rental home at the fair market rent.

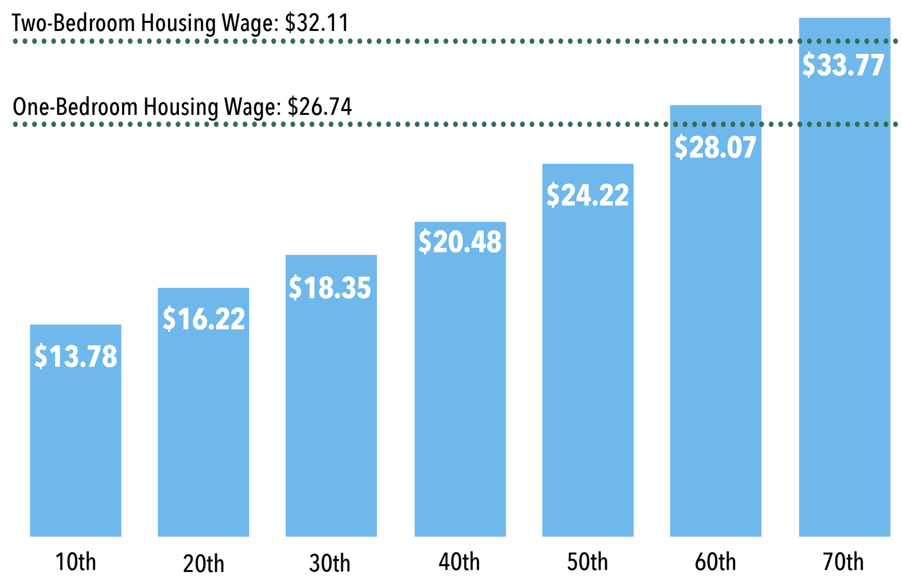
In no state, metropolitan area, or county in the U.S. can a full-time worker earning the federal minimum wage, or the prevailing state or local minimum wage, afford a modest two-bedroom rental home at fair market rent. In only 204 (6%) counties nationwide, not including Puerto Rico, can a full-time minimum-wage worker afford a one-bedroom rental home at the fair market rent. These counties are in states with a minimum wage higher than the federal minimum wage of $7.25 per hour. While higher minimum wages are necessary, they alone will not solve the housing affordability crisis. Fifty-eight counties and municipalities have minimum wages set higher than the federal or, where applicable, state minimum wage, but in each of these jurisdictions, the local minimum wage falls short of the local one-bedroom and two-bedroom Housing Wages (Appendix A).

Minimum wage workers are not the only ones who struggle to afford rental housing. The wage distribution shown in Figure 2, which includes all wage and salary workers, indicates that modest rental housing is out of reach for workers in the bottom half of the wage distribution. More than 50% of wage earners cannot afford a modest one-bedroom rental home at the fair market rent while working a full-time job, and more than 60% of full-time wage earners cannot afford a modest two-bedroom rental home.

The average hourly wage earned by renters is $23.18 in 2024, which is $8.93 less than the two-bedroom Housing Wage of $32.11 and $3.56 less than the one-bedroom Housing Wage of $26.74. In 49 states, full time workers earning the average hourly wage for renters in their state earn less than their state's two-bedroom Housing Wage. North Dakota is the only state where a renter earning the average hourly renter's wage can afford a two-bedroom rental home at fair market rent. In 33 states, workers earning their respective average hourly renter wage earn less than their state's one-bedroom Housing Wage. Even for efficiency style rental homes (studios), the average hourly wage for renters falls short of the Housing Wage in 25 states.

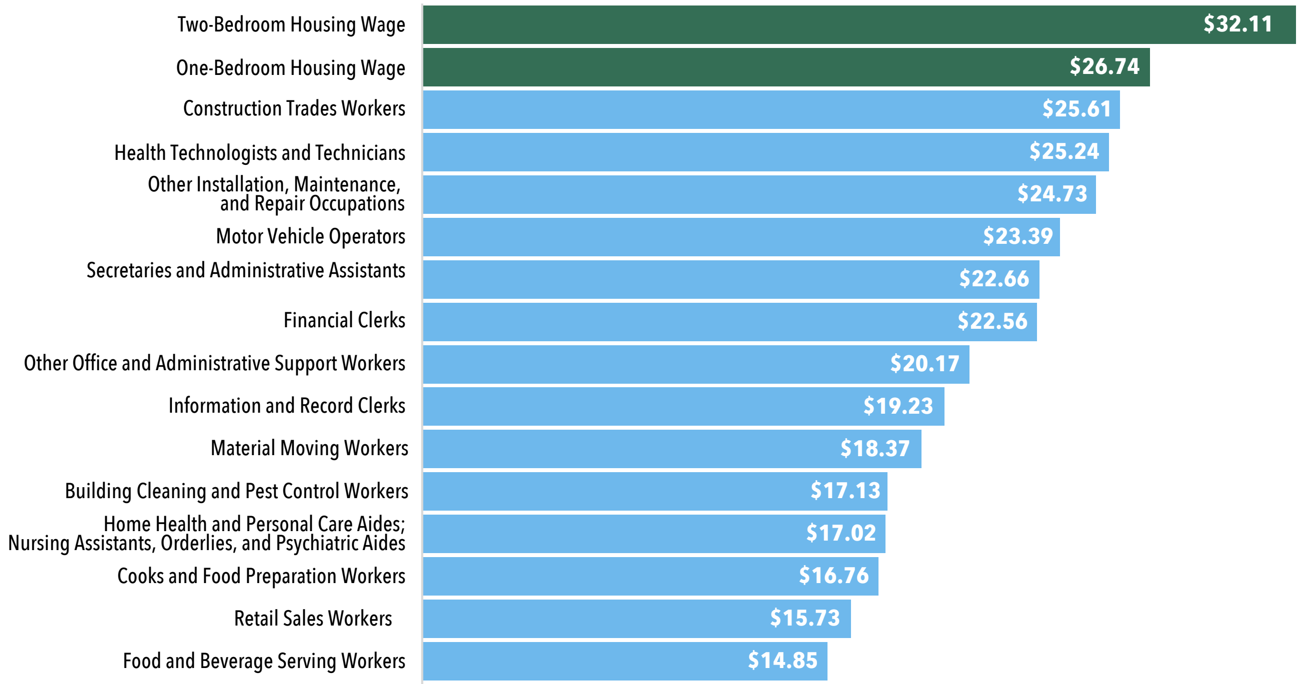
Fourteen of the nation's 20 most common occupations pay median wages that are less than what a full-time worker needs to afford a modest one-bedroom rental home at the national average fair market rent (Figure 3). Sixty-four million people, or 42% of the entire workforce, work in these 14 occupations. For example, the national median hourly wage for the vital work performed by home health aides, personal care aides, nursing assistants, orderlies, and psychiatric aides is $17.02 – almost 10 dollars less than the full-time wage of $26.74 needed to afford a one-bedroom rental home at the fair market rent.

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



Source: Housing wages based on HUD fair market rents. The hourly wages by percentile are drawn from the Economic Policy Institute State of Working America Data Library 2023, adjusted to 2024 dollars.

FIGURE 3. 14 OF THE 20 LARGEST OCCUPATIONS IN THE UNITED STATES PAY MEDIAN WAGES LESS THAN THE ONE OR TWO-BEDROOM HOUSING WAGE



Source: NLIHC calculation of weighted-average HUD Fair Market Rent. Occupational wages from May 2023 BLS Occupational Employment and Wage Statistics, adjusted to 2024 dollars.

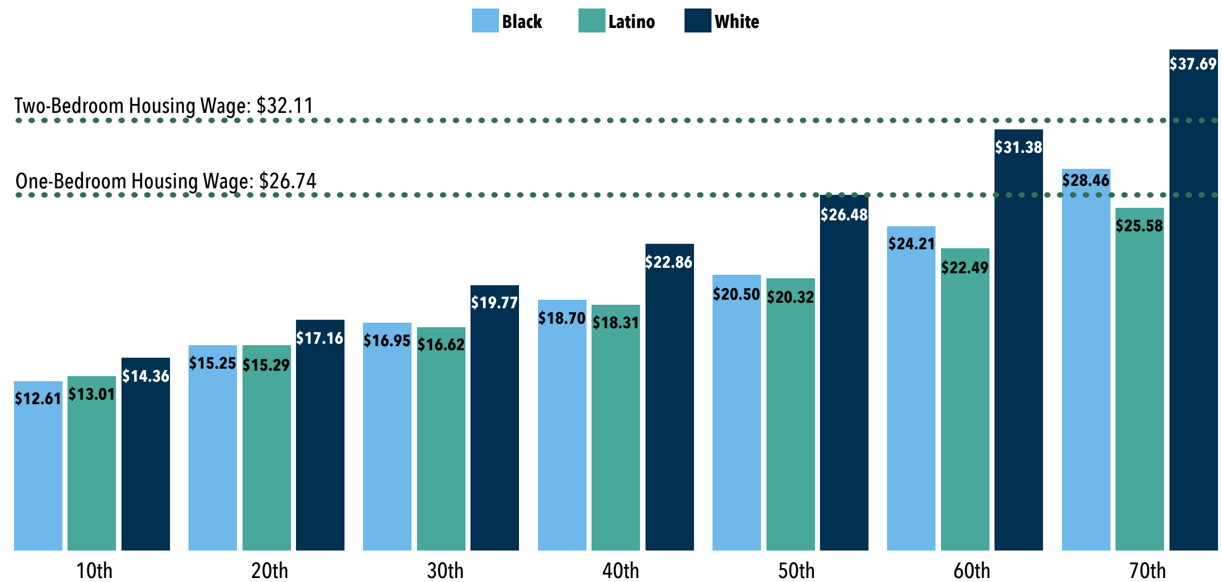
DISPROPORTIONATE HARM TO BLACK, LATINO, NATIVE AMERICAN, AND WOMEN WORKERS

Black, Latino, and Native American workers are more likely than white workers to be employed in sectors with lower median wages, like service, consumer-goods production, and transportation, while white workers are more likely to be employed in higher-paying management and professional positions (Allard & Brundage, 2019; Wilson et al., 2021). Even within the same professional occupations, however, the median earnings for white workers are often higher than the median earnings for Black and Latino workers (Wilson et al., 2021).

Figure 4 compares the hourly wage distributions of white, Black, and Latino workers. As a result of wage disparities, Black and Latino workers face larger gaps between their wage and the cost of rental housing than white workers. Nationally, the median wage of a white worker is just 26 cents less than the Housing Wage for a one-bedroom apartment, while the median wage of Black workers falls $6.24 short and the median wage of Latino workers falls $6.42 short. At the 70th percentile, a full-time white worker can afford a two-bedroom rental home at the fair market rent. In comparison, a full-time Black worker at this income level can only afford a one-bedroom rental home. However, for a Latino worker making a wage at the 70th percentile, even a one-bedroom rental home at fair market rent is not affordable.

Women earn less than their male counterparts and face more difficulty affording rental housing, particularly Black and Latina women (Figure 5).

FIGURE 4. HOURLY WAGE PERCENTILES VS. ONE- AND TWO-BEDROOM HOUSING WAGES, BY RACE & ETHNICITY

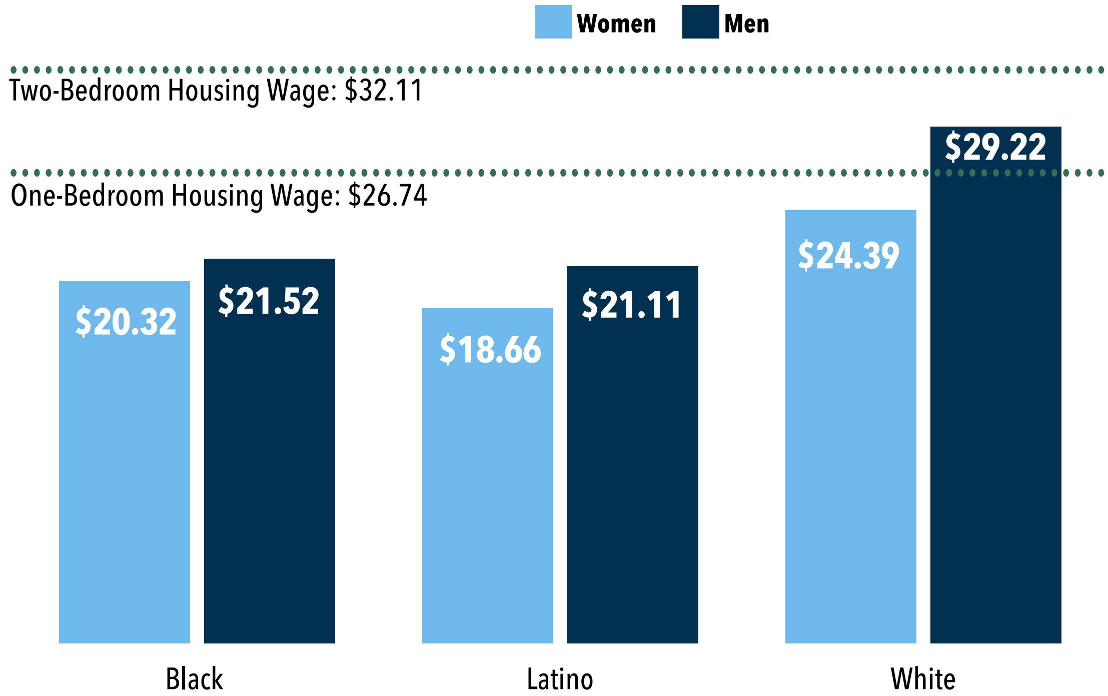


Source: Housing wages based on HUD Fair Market Rents. The hourly wages by percentile are drawn from the Economic Policy Institute State of Working America Data Library 2023, adjusted to 2024 dollars.

Black women earning the median wage for their race and gender make $20.32, which is $1.20 less than the median wage among Black male workers and $8.90 less than the median wage among white male workers. The median wage of Latina women is $2.45 less than the median wage of Latino men and $10.56 less than the median wage of white male workers. While a white male worker earning the median wage can afford a one-bedroom apartment at the average fair market rent, all female workers who earn the median wage for their respective races are unable to afford the one-bedroom Housing Wage. Other research has shown that Native American women are paid significantly less than white men in every state, earning just 59 cents for every dollar paid to a white man nationally (Institute for Women's Policy Research, 2023).

Beyond low wages, people of color are also more likely to face higher rates of unemployment and underemployment, adding to the challenges they face affording housing. The average annual unemployment rate among white participants in the labor market was 3.3% in 2023, compared to 4.6% for Hispanics or Latinos, 5.5% for Blacks, and 6.6% for American Indians or Alaska Natives (U.S. Bureau of Labor Statistics (BLS), 2024). These racial disparities in employment, particularly for Black workers, are driven by factors including higher rates of racial discrimination experienced both during the hiring process and once in the workforce (Schaeffer, 2023).

FIGURE 5. MEDIAN HOURLY WAGES BY RACE, ETHNICITY, AND GENDER



Source: Housing wages based on HUD Fair Market Rents. The hourly wages by percentile are drawn from the Economic Policy Institute State of Working America Data Library 2023, adjusted to 2024 dollars.

THE LONG-TERM LOSS AND SYSTEMIC SHORTAGE OF AFFORDABLE RENTAL HOUSING

In addition to struggling with low wages, the lowest-income renters must contend with a shortage of affordable housing. The U.S. currently faces a shortage of 7.3 million affordable and available rental homes for extremely low-income renters, those with incomes at or below either the federal poverty guideline or 30% of the area median income (AMI) – whichever is greater (Aurand et al., 2024). This shortage of affordable and available homes for extremely low-income renters impacts all states and the 50 largest metro areas, none of which have an adequate housing supply for the lowest-income renters.

Without public subsidy, what renters with extremely low incomes can afford to pay for rent does not cover the development and operating costs of new housing and is often insufficient to incentivize landlords to adequately maintain older rental housing. New rental housing, therefore, is largely targeted to the higher-price end of the market. For example, the median asking monthly rent for new multifamily units in the third quarter of 2023 was $1,833 (U.S. Census SOMA, 2024), while an extremely low-income household of four can only afford a monthly rent of $780. Just 2% of new units had asking rents under $850 during this period. At the same time, only one in four renters who qualify for housing assistance receives it, and subsidies for affordable housing construction and preservation are oversubscribed (Mazzara, 2021; National Council of State Housing Agencies (NCSHA), 2022).

The lack of new affordable rental construction in the private market and insufficient housing assistance force the lowest-income renters to rely on private-market housing that filters down in relative price as it becomes older. Through the filtering process, new market-rate development for higher-income households can result in a chain of household moves that helps lower-income households: higher-income households move into new, more expensive homes, leaving behind their older and presumably less expensive housing, which is then occupied by other households who leave even older housing behind, and so on. However, filtering can vary in direction and magnitude over time and across locations, suggesting that filtering is responsive to local housing market conditions and does not always work this way (Spader, 2024). In some metropolitan areas, downward filtering has stalled or reversed entirely, with older housing stock becoming more expensive in newly competitive housing markets (Spader, 2024). Even when downward filtering occurs as expected and properties' share of occupants with low incomes increases with building age, the process does not necessarily result in a reduction in housing costs or cost burdens (Myers & Park, 2020; Spader, 2024).

The shortage of affordable and available rental homes also affects renter households with incomes up to 50% and 80% AMI, though less severely. Nationally, for every 100 renter households making up to 50% AMI, there are only 56 affordable and available rental homes that exist. For every 100 renter households making up to 80% AMI, there are 89 affordable and available rental homes. Yet even while the amount rises substantially, it still does not meet the need. Only renter households making up to 100% AMI are close to having their housing needs met, with 98 affordable and available rental homes for every 100 such renter households (Aurand et al., 2024). This systemic, national shortage of affordable housing is evidence of the need for deeply income-targeted federal housing subsidies.

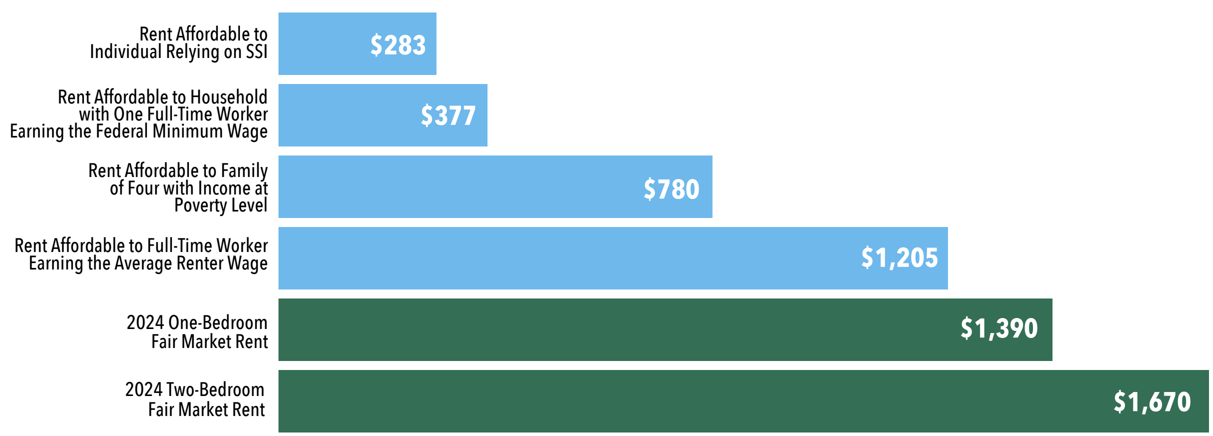
NOT ENOUGH MONEY IS LEFT FOR OTHER BASIC NEEDS

Low wages and high housing costs leave millions of renters cost-burdened. Households are considered housing cost-burdened when they spend more than 30% of their incomes on rent and utilities. Because cost-burdened households spend a higher share of their income on housing, they have less to spend on other necessities, such as food, childcare, transportation, and healthcare. Across the U.S., 21.6 million renter households are housing cost-burdened and 11.7 million renter households are severely housing cost-burdened (Aurand et al., 2024). Cost-burdened renters are disproportionately extremely low-income. Eighty-seven percent of extremely low-income renters experience some degree of cost burden, and 74% experience severe cost burden compared to 48% and 26% of all renters, respectively. In fact, extremely low-income renters account for 44% of all cost-burdened renters and 69% of severely cost-burdened renters.

Extremely low-income renter householders are more likely than other renter householders to be seniors, have disabilities, be in school, or be single-adult caregivers. Many have incomes below the poverty level or work minimum- or low-wage jobs. In most areas of the U.S., a family of four with a poverty-level household income can afford monthly rent of no more than $780, assuming the household can manage to spend as much as 30% of its income on housing (Figure 6). Many extremely low-income families can afford far less than that. Individuals with a full-time job paying the federal minimum wage of $7.25 can afford a monthly rent of only $377. Individuals with disabilities relying on federal Supplemental Security Income (SSI) can afford a monthly rent of only $283, which is $1,107 less than the one-bedroom monthly fair market rent. As Figure 6 shows, the average monthly fair market rent for both a one- and two-bedroom rental home is out of reach for low-income renters in many living situations, likely leaving these households cost-burdened.

Long-standing discrimination in housing, employment, and education has contributed to disproportionately high cost-burden rates for Black and Hispanic renter households. In 2022, more than half of Black (56%) and Hispanic (53%) households were cost burdened, while rates were lower for Native American (46%), white (44%), and Asian (44%) households (Aurand et al., 2024). While Native American renters experience some of the lower levels of cost burdens compared to other renter households by race, they encounter additional difficulties, such as overcrowding, increased costs for essentials like food and services, and alarmingly high rates of inadequate housing conditions (Pindus et al., 2017).

FIGURE 6. RENTS ARE OUT OF REACH



Source: NLIHC calculation of weighted-average HUD Fair Market Rent. Affordable rents based on income data from BLS QCEW, 2022 adjusted to 2024 dollars; and Social Security Administration, 2024 maximum federal SSI benefit for individual.

CRIMINALIZING HOMELESSNESS WHILE RENTS ARE OUT OF REACH

A strong connection exists between housing costs and homelessness in the U.S. Research has shown that rates of homelessness in a community increase with the price of rent (Horowitz et al., 2023). With the cost of rent growing further out of reach for those with the lowest incomes and an inadequate housing safety net, it is no surprise that homelessness is on the rise. The annual point-in-time count conducted by HUD found that approximately 653,000 people were experiencing homelessness in January 2023, the highest number that has ever been recorded and a 12% rise since the previous year (U.S. Department of Housing and Urban Development (HUD), 2024).

In misguided attempts to deal with the growing homelessness crisis, states and localities have increased efforts to criminalize people experiencing homelessness by ticketing, fining, and arresting them for having no place to call home. Punitive approaches like these not only hinder access to necessary services and housing but also incur unnecessary costs for taxpayers. Studies show that investing in housing first and voluntary services is more cost-effective than leaving people unhoused (Jacob et al., 2022). The question of whether communities have the right to fine or arrest those who sleep outside when they have nowhere else to go reached the federal level on April 22, 2024, when the U.S. Supreme Court heard oral arguments in *City of Grants Pass, Oregon v. Johnson*. Although a decision on the case had not been reached at the time of publication, it remains crucial for policymakers and communities to prioritize evidence-based solutions like Housing First programs to address homelessness effectively and compassionately moving forward.

Housing First is the most effective way to address homelessness. Evidence from a comprehensive analysis of 26 Housing First studies revealed that the initiatives resulted in an 88% reduction in homelessness and a 41% improvement in housing stability when compared to Treatment First-based programs (Peng et al., 2020). Under the Housing First model, stable, affordable, and accessible housing is provided to people experiencing homelessness quickly and without prerequisites, and voluntary supportive services are offered to help improve housing stability and well-being.

Housing First models are unlike other models being advanced at the local and state legislative levels that establish ineffective and outdated requirements like sobriety conditions and work mandates for those in need of access to shelter and housing services. Support for models with work requirements often stems from a common misconception that homeless people do not work. Yet approximately 53% of people living in homeless shelters and 40% of unsheltered people were employed either full time or part time between 2011 and 2018 (Meyer et al., 2021) despite the many barriers preventing people experiencing homelessness from obtaining and maintaining employment opportunities, such as discrimination, lack of access to transportation, or lack of private space. Even so, employment does not guarantee that people experiencing homelessness will be able to find housing opportunities easily, due to rent prices often being well beyond their earnings and frequent landlord discrimination against those with a history of evictions, involvement with the criminal justice system, and non-traditional income sources (Pagaduan, 2022). For these reasons, people experiencing homelessness and housing instability need access to affordable housing to help maintain their employment, as suggested by an analysis of survey results from low-income renters living in Milwaukee, WI, which found the likelihood of experiencing job loss to be between 11% and 22% higher for workers who experienced a preceding forced move (Desmond & Gershenson, 2016).

HOUSING FIRST IS THE MOST EFFECTIVE WAY TO ADDRESS HOMELESSNESS.

THE FEDERAL POLICIES NEEDED TO END THE HOUSING CRISIS

Despite rising wages, cooling inflation, and low unemployment, low-wage workers and other renters continue to struggle with the cost of rent. Addressing this challenge requires long-term federal investments in affordable housing. As evidenced during the COVID-19 pandemic, federal policies and resources can play a pivotal role in establishing a robust housing safety net, preventing evictions and homelessness, and mitigating housing instability among renters with the lowest-incomes. Establishing a federal housing safety net for the long term will require sustained investments to expand both short- and long-term rental assistance, build new deeply affordable housing, preserve the existing stock, and strengthen renter protections.

Moving forward, Congress must prioritize long-term housing solutions, such as Housing Choice Vouchers (HCVs), that address the gap between incomes and rents documented in this report. The "Ending Homelessness Act of 2023" (H.R. 4232), introduced by Representative Maxine Waters (D-CA), would ensure rental assistance vouchers are universally available to all eligible households in need of assistance. The bipartisan "Family Stability and Opportunity Vouchers Act of 2023" (S.1257, H.R.3776), introduced by Senators Chris Van Hollen (D-MD) and Todd Young (R-IN) and Representatives Joe Neguse (D-CO) and Brian Fitzpatrick (R-PA), would create 250,000 new housing vouchers targeted to low-income families with young children and provide mobility counseling services to help families find housing options in neighborhoods of their choice.

Reforms must also be made to improve implementation of the HCV program. Despite the evidence that bans on source-of-income discrimination increase the effectiveness of the HCV program, private landlords are not required to accept HCVs as payment for rent. Dozens of states and municipalities have filled in the gaps in federal fair housing law by establishing their own protections for voucher holders. More than half of HCV recipients now live in communities that ban source-of-income discrimination (Greene et al., 2020). Still, too many voucher holders live in communities without these protections. To ensure that all voucher holders are protected from discrimination, Congress should enact the "Fair Housing Improvement Act" (S.1267; H.R.2846) introduced by Senator Tim Kaine (D-VA) and Representative Scott Peters (D-CA). The bill would expand federal fair housing protections to prohibit discrimination based on source of income and military and veteran status. Congress should also ban housing discrimination based on sexual orientation, gender identity, and marital status.

Congress must also invest in solutions to expand and preserve the supply of affordable housing, for example by passing the "Housing Crisis Response Act of 2023" (H.R.4233) introduced by Representative Maxine Waters (D-CA). This bill proposes $150 billion in critical affordable housing investments. Investments include funding for NLIHC's top priorities: $65 billion to repair and preserve public housing, $15 billion to build deeply affordable rental homes through the national Housing Trust Fund, and $25 billion to expand rental assistance. If enacted, this legislation would amount to the single largest investment in affordable housing in our nation's history, creating nearly 1.4 million affordable and accessible homes, and helping nearly 300,000 households afford their rent.

Investments are also needed to address short-term needs for emergency rental assistance that can prevent evictions and homelessness. The U.S. Department of the Treasury's Emergency Rental Assistance (ERA) program, which provided $46.6 billion in ERA for households experiencing financial distress during the pandemic, revealed the widespread need for such a program. The soon-to-be-introduced "Stable Families Act" would build on the success of the ERA program and establish a permanent national housing stabilization fund for renters facing temporary financial setbacks. Temporary assistance can help renters stay housed and prevent the many negative consequences associated with evictions and homelessness.

Finally, the power imbalance between renters and landlords puts renters at risk of housing instability, harassment, and homelessness and fuels racial inequity. Renter protections are needed to reduce this power imbalance and ensure the safety and just treatment of the lowest-income renters. These protections include providing legal counsel to renters facing eviction, prohibiting the reporting of evictions and rental debt on consumer reports, establishing anti-rent gouging protections, eliminating arbitrary screening policies to ensure housing access for people exiting the criminal justice system, and supporting "just cause" eviction standards. Renter protections are also needed to ensure decent, safe, and accessible living conditions for renters.

As this report demonstrates, affordable housing remains out of reach for millions of renters in the U.S. despite a strong economy. Those with the lowest incomes endure the greatest challenges in the face of growing housing costs and a combination of insufficient wage growth and an inadequate housing safety net. Congress must act immediately to expand rental assistance, provide short-term emergency housing assistance, build and preserve deeply affordable rental homes, and enact and enforce robust tenant protections.

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.

AVERAGE RENTER WAGE is the estimated mean hourly wage among renters, based on 2022 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 2024.

EXTREMELY LOW INCOME (ELI) refers to household income that is less than the federal poverty guideline or 30% of AMI.

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 34 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.

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 Santa Cruz, California, metropolitan area, for example, is $77.96 – far higher than the national two-bedroom Housing Wage of $32.11. On the other end of the price spectrum, the average two-bedroom Housing Wage in North Dakota is $18.38 – much lower than the national two-bedroom Housing Wage. 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 (FMR), 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. HUD used proprietary data from private companies to better capture rental inflation influencing 2024 FMRs. 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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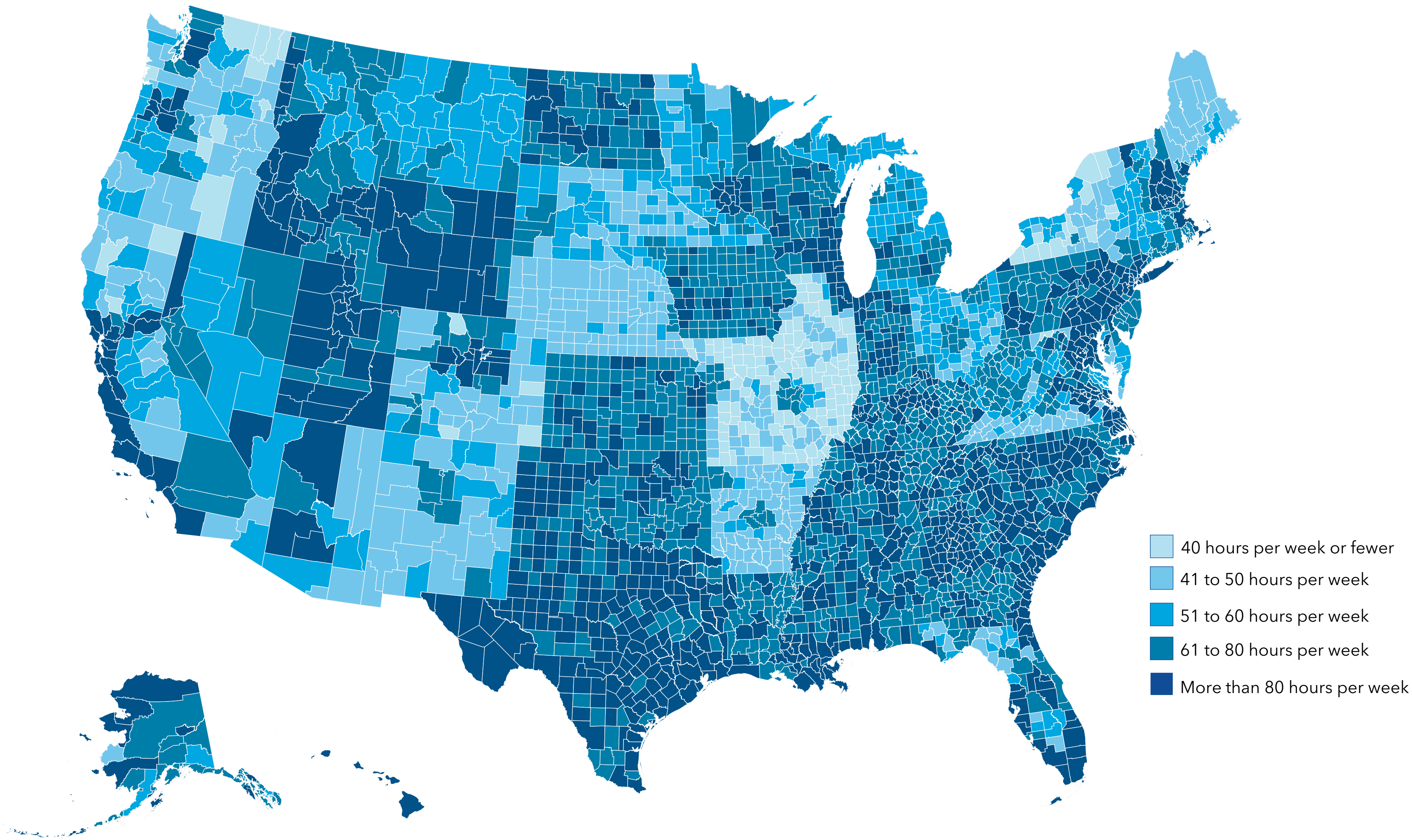
MAP AND TABLES

HOURS AT MINIMUM WAGE NEEDED TO AFFORD A ONE-BEDROOM RENTAL HOME AT FAIR MARKET RENT IN 2024



***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[2]	Housing Wage for Two-Bedroom FMR[1]
Santa Cruz-Watsonville, CA MSA	Santa Cruz County, CA	$77.96
San Francisco, CA HMFA	Marin County, San Francisco County, San Mateo County, CA	$64.60
San Jose-Sunnyvale-Santa Clara, CA HMFA	Santa Clara County, CA	$60.23
Santa Maria-Santa Barbara, CA MSA	Santa Barbara County, CA	$57.58
Salinas, CA MSA	Monterey County, CA	$55.37
San Diego - Carlsbad MSA	San Diego County, CA	$54.48
Boston-Cambridge-Quincy, MA-NH HMFA		$54.37
Santa Ana-Anaheim-Irvine, CA HMFA	Orange County, CA	$53.52
New York, NY HMFA	New York County, Kings County, Queens County, Bronx County, Richmond County, Rockland County, Putnam County, NY	$52.92
Napa, CA MSA	Napa County, CA	$51.62

State Nonmetropolitan Areas (Combined)	Housing Wage for Two-Bedroom FMR
Massachusetts	$44.70
Hawaii	$40.60
Alaska	$29.31
Connecticut	$28.54
Colorado	$28.27
New Hampshire	$25.61
California	$25.45
Nevada	$24.66
Vermont	$24.60
Washington	$23.70

Nonmetropolitan Counties (or County-Equivalents)	Housing Wage for Two-Bedroom FMR
Nantucket County, MA	$48.58
Kauai County, HI	$45.62
Eagle County, CO	$44.60
Summit County, CO	$42.69
Dukes County, MA	$41.46
Monroe County, FL	$41.13
Pitkin County, CO	$39.62
Hawaii County, HI	$38.65
Aleutians West Census Area, AK	$38.29
Bethel Census Area, AK	$37.63

1. FMR = Fair Market Rent.
2. Excludes metropolitan counties in New England as FMR areas are not defined by county boundaries in New England.
3. HMFA = HUD Metro FMR Area. This term indicates that a portion of an Office of Management & Budget (OMB)-defined core-based statistical area (CBSA) is in the area to which the FMRs apply. HUD is required by OMB to alter the names of the metropolitan geographic entities it derives from CBSAs when the geographies are not the same as that established by the OMB.
4. MSA = Metropolitan Statistical Area. Geographic entities defined by OMB for use by the federal statistical agencies in collecting, tabulating, and publishing federal statistics. 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	California	$47.38
2	Massachusetts	$44.84
3	New York	$44.77
4	Hawaii	$44.60
5	Washington	$40.32
7	New Jersey	$38.08
8	Colorado	$37.47
9	Maryland	$36.70
10	Florida	$35.24
11	Connecticut	$34.54
12	Rhode Island	$33.20
13	New Hampshire	$32.81
14	Arizona	$32.70
15	Oregon	$32.34
16	Nevada	$30.87
17	Delaware	$30.65
18	Virginia	$30.25
19	Vermont	$29.42
20	Georgia	$28.98
21	Illinois	$28.81
22	Alaska	$28.61
23	Texas	$27.88
24	Minnesota	$27.27
25	Utah	$26.89
26	Maine	$26.38
27	Pennsylvania	$26.26

Rank[1]	State	Housing Wage for Two-Bedroom FMR[2]
28	North Carolina	$25.21
29	Tennessee	$24.31
30	South Carolina	$24.08
31	Michigan	$23.16
32	Idaho	$23.06
33	Louisiana	$22.11
34	Indiana	$22.07
35	New Mexico	$21.81
36	Wisconsin	$21.71
37	Wyoming	$20.98
38	Kentucky	$20.97
39	Alabama	$20.88
40	Missouri	$20.83
41	Ohio	$20.81
42	Montana	$20.73
43	Kansas	$20.38
44	Nebraska	$20.32
45	Mississippi	$20.03
46	Oklahoma	$19.91
47	South Dakota	$19.68
48	Arkansas	$18.97
49	Iowa	$18.86
50	West Virginia	$18.46
51	North Dakota	$18.38
OTHER		
6	District of Columbia	$39.33
52	Puerto Rico	$11.58

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

STATE SUMMARY

	FY24 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 2BR FMR	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Monthly rent affordable at 30% of AMI	Renter households (2018 - 2022)	% of total households (2018 - 2022)	Estimated hourly mean renter wage (2024)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage to afford 2BR FMR
Alabama	$20.88	$1,086	$43,436	2.9	$84,287	$2,107	$25,286	$632	585,358	30%	$16.70	$868	1.3
Alaska	$28.61	$1,488	$59,516	2.4	$110,851	$2,771	$33,255	$831	89,178	34%	$23.35	$1,214	1.2
Arizona	$32.70	$1,700	$68,014	2.3	$94,319	$2,358	$28,296	$707	923,784	34%	$22.87	$1,189	1.4
Arkansas	$18.97	$987	$39,466	1.7	$77,271	$1,932	$23,181	$580	395,738	34%	$17.59	$914	1.1
California	$47.38	$2,464	$98,545	3.0	$117,014	$2,925	$35,104	$878	5,908,461	44%	$30.93	$1,608	1.5
Colorado	$37.47	$1,948	$77,940	2.6	$119,131	$2,978	$35,739	$893	770,497	34%	$25.66	$1,334	1.5
Connecticut	$34.54	$1,796	$71,837	2.2	$124,577	$3,114	$37,373	$934	477,219	34%	$22.30	$1,160	1.5
Delaware	$30.65	$1,594	$63,742	2.3	$108,334	$2,708	$32,500	$813	109,077	28%	$22.21	$1,155	1.4
Florida	$35.24	$1,833	$73,308	2.9	$89,422	$2,236	$26,827	$671	2,767,517	33%	$22.63	$1,177	1.6
Georgia	$28.98	$1,507	$60,271	4.0	$93,850	$2,346	$28,155	$704	1,380,613	35%	$21.79	$1,133	1.3
Hawaii	$44.60	$2,319	$92,776	3.2	$115,000	$2,875	$34,500	$863	185,090	38%	$21.32	$1,109	2.1
Idaho	$23.06	$1,199	$47,969	3.2	$90,155	$2,254	$27,047	$676	189,044	28%	$18.20	$947	1.3
Illinois	$28.81	$1,498	$59,933	2.1	$105,311	$2,633	$31,593	$790	1,655,952	33%	$22.60	$1,175	1.3
Indiana	$22.07	$1,148	$45,913	3.0	$90,595	$2,265	$27,178	$679	793,030	30%	$17.92	$932	1.2
Iowa	$18.86	$981	$39,232	2.6	$98,070	$2,452	$29,421	$736	367,455	28%	$16.81	$874	1.1
Kansas	$20.38	$1,060	$42,390	2.8	$91,543	$2,289	$27,463	$687	380,760	33%	$18.22	$948	1.1
Kentucky	$20.97	$1,090	$43,612	2.9	$83,318	$2,083	$24,995	$625	564,035	32%	$17.51	$910	1.2
Louisiana	$22.11	$1,150	$45,999	3.1	$78,654	$1,966	$23,596	$590	579,631	33%	$16.90	$879	1.3
Maine	$26.38	$1,372	$54,863	1.9	$95,707	$2,393	$28,712	$718	153,841	27%	$17.04	$886	1.5
Maryland	$36.70	$1,909	$76,345	2.4	$132,397	$3,310	$39,719	$993	754,068	33%	$21.97	$1,142	1.7
Massachusetts	$44.84	$2,332	$93,268	3.0	$131,831	$3,296	$39,549	$989	1,029,654	38%	$28.70	$1,492	1.6
Michigan	$23.16	$1,204	$48,169	2.2	$92,456	$2,311	$27,737	$693	1,102,783	28%	$18.76	$975	1.2
Minnesota	$27.27	$1,418	$56,728	2.5	$113,163	$2,829	$33,949	$849	624,425	28%	$20.21	$1,051	1.3
Mississippi	$20.03	$1,042	$41,671	2.8	$71,956	$1,799	$21,587	$540	345,804	31%	$14.39	$748	1.4
Missouri	$20.83	$1,083	$43,330	1.7	$91,829	$2,296	$27,549	$689	796,470	32%	$18.49	$962	1.1
Montana	$20.73	$1,078	$43,127	2.0	$89,302	$2,233	$26,790	$670	137,485	31%	$17.45	$908	1.2
Nebraska	$20.32	$1,057	$42,267	1.7	$99,245	$2,481	$29,773	$744	259,728	33%	$17.49	$909	1.2

1 BR = Bedroom.
2 FMR = Fiscal Year 2024 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 2024 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

	FY24 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 2BR FMR	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Monthly rent affordable at 30% of AMI	Renter households (2018 - 2022)	% of total households (2018 - 2022)	Estimated hourly mean renter wage (2024)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage to afford 2BR FMR
Nevada	$30.87	$1,605	$64,203	2.6	$90,411	$2,260	$27,123	$678	483,711	42%	$21.80	$1,134	1.4
New Hampshire	$32.81	$1,706	$68,238	4.5	$119,945	$2,999	$35,984	$900	151,171	28%	$20.61	$1,072	1.6
New Jersey	$38.08	$1,980	$79,215	2.5	$125,225	$3,131	$37,568	$939	1,242,331	36%	$23.70	$1,233	1.6
New Mexico	$21.81	$1,134	$45,359	1.8	$79,200	$1,980	$23,760	$594	254,673	31%	$17.57	$914	1.2
New York	$44.77	$2,328	$93,131	3.0	$108,493	$2,712	$32,548	$814	3,476,404	46%	$32.98	$1,715	1.4
North Carolina	$25.21	$1,311	$52,437	3.5	$90,930	$2,273	$27,279	$682	1,387,271	34%	$20.61	$1,072	1.2
North Dakota	$18.38	$956	$38,229	2.5	$104,572	$2,614	$31,372	$784	117,825	37%	$20.14	$1,047	0.9
Ohio	$20.81	$1,082	$43,293	2.0	$93,028	$2,326	$27,908	$698	1,589,094	33%	$18.26	$950	1.1
Oklahoma	$19.91	$1,035	$41,407	2.7	$81,710	$2,043	$24,513	$613	518,633	34%	$17.99	$935	1.1
Oregon	$32.34	$1,682	$67,275	2.2	$101,750	$2,544	$30,525	$763	618,278	37%	$21.93	$1,141	1.5
Pennsylvania	$26.26	$1,365	$54,614	3.6	$100,505	$2,513	$30,151	$754	1,600,237	31%	$20.11	$1,046	1.3
Rhode Island	$33.20	$1,726	$69,054	2.4	$113,701	$2,843	$34,110	$853	161,269	37%	$18.04	$938	1.8
South Carolina	$24.08	$1,252	$50,085	3.3	$85,370	$2,134	$25,611	$640	588,423	29%	$17.32	$900	1.4
South Dakota	$19.68	$1,024	$40,944	1.8	$95,231	$2,381	$28,569	$714	110,854	32%	$17.06	$887	1.2
Tennessee	$24.31	$1,264	$50,566	3.4	$87,346	$2,184	$26,204	$655	893,910	33%	$20.73	$1,078	1.2
Texas	$27.88	$1,450	$57,980	3.8	$94,298	$2,357	$28,289	$707	3,944,826	38%	$24.33	$1,265	1.1
Utah	$26.89	$1,398	$55,930	3.7	$109,289	$2,732	$32,787	$820	311,167	29%	$19.91	$1,035	1.4
Vermont	$29.42	$1,530	$61,200	2.2	$104,062	$2,602	$31,219	$780	72,636	27%	$17.38	$904	1.7
Virginia	$30.25	$1,573	$62,925	2.5	$115,235	$2,881	$34,570	$864	1,090,477	33%	$23.17	$1,205	1.3
Washington	$40.32	$2,097	$83,865	2.5	$121,443	$3,036	$36,433	$911	1,079,020	36%	$28.95	$1,505	1.4
West Virginia	$18.46	$960	$38,405	2.1	$76,374	$1,909	$22,912	$573	185,013	26%	$14.45	$751	1.3
Wisconsin	$21.71	$1,129	$45,163	3.0	$99,490	$2,487	$29,847	$746	783,898	32%	$18.51	$963	1.2
Wyoming	$20.98	$1,091	$43,647	2.9	$95,857	$2,396	$28,757	$719	65,763	28%	$16.98	$883	1.2
OTHER													
District of Columbia	$39.33	$2,045	$81,800	2.2	$154,700	$3,868	$46,410	$1,160	184,920	59%	$38.80	$2,018	1.0
Puerto Rico	$11.58	$602	$24,092	1.1	$31,916	$798	$9,575	$239	389,715	32%	$9.16	$476	1.3

1 BR = Bedroom.
2 FMR = Fiscal Year 2024 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 2024 Area Median Income
5 Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

USER GUIDE

WHERE THE NUMBERS COME FROM

Divide income needed to afford FMR ($66,784) by 52 (weeks per year) and then by 40 (hours per work week) ($66,754 / 52 = $1,284; $1,284 / 40 = $32.11).

HUD FY24 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 ($100,898 x .3 = $30,269). Divide by 12 to obtain monthly amount ($30,269 / 12 = $2,522).

ACS (2018-2022).

Divide number of renter households by total number of households (ACS 2018-2022) (44,628,216 / 126,955,705 = .35). Then multiply by 100 (.35 x 100 = 35%).

Average wage reported by the Bureau of Labor Statistics (BLS) for 2022, adjusted to reflect the income of renter households relative to all households in the United States, and projected to 2024. See Appendix B.

	FY24 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTERS				
	Hourly wage necessary to afford 2 BR [1] FMR [2]	2 BR 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 house-holds	% of total households	Estimated hourly mean renter wage	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
UNITED STATES	$32.11	$1,670	$66,784	2.8	$100,898	$2,522	$30,269	$757	44,628,216	35%	$23.18	$1,205	1.4

Developed by HUD annually (2024). See Appendix B.

Multiply the FMR by 12 to get yearly rental cost ($1,669.61 x 12 = $20,035). Then divide by .3 to determine the total income needed to afford $20,035 per year in rent ($20,035 / .3 = $66,784).

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 ($100,898 x .3 = $30,269).

Multiply 30% of Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($30,269 x .3 = $9,080.70). Divide by 12 to obtain monthly amount ($9,080.70 / 12 = $757).

Calculate annual income by multiplying mean renter wage by 40 (hours per week) and 52 (weeks per year) ($23.18 x 40 x 52 = $48,214. Multiply by .3 to determine maximum amount that can be spent on rent ($48,214 x .3 = $14,464.32). Divide by 12 to obtain monthly amount ($14,464.32 / 12 = $1205).

Divide income needed to afford the FMR by 52 (weeks per year) ($66,784 / 52 = $1,284). Then divide by $23.18 (the United States' mean renter wage) ($1,284 / $23.18 = 55 hours). Finally, divide by 40 (hours per work week) (55 / 40 = 1.4 full-time jobs).

1: BR = Bedroom.

2: FMR = Fiscal Year 2024 Fair Market Rent.

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

4: AMI = Fiscal Year 2024 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.

HOW TO USE THE NUMBERS

A renter household needs to earn at least $32.11 per hour in order to afford a two-bedroom home at FMR.

The annual median family income (AMI) in the United States is $100,898 (2024).

For a family earning 100% of AMI, monthly rent of $2,522 or less is affordable.

There were 44,628,216 renter households in the United States (2018-2022).

Renter households represented 35% of all households (2018-2022).

The estimated mean (average) renter wage in the United States is $23.18 per hour (2024).

	FY24 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTERS				
	Hourly wage necessary to afford 2-BR[1] FMR[2]	2 BR 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	$32.11	$1,670	$66,784	2.8	$100,898	$2,522	$30,269	$757	44,628,216	35%	$23.18	$1,205	1.4

The FMR for a two-bedroom rental home in the United States is $1,670 (2024).

In the United States, a family at 30% of AMI earns $30,269 annually.

A renter household needs an annual income of $66,784 in order to afford a two-bedroom rental home at FMR.

For a family earning 30% of AMI, monthly rent of $757 or less is affordable.

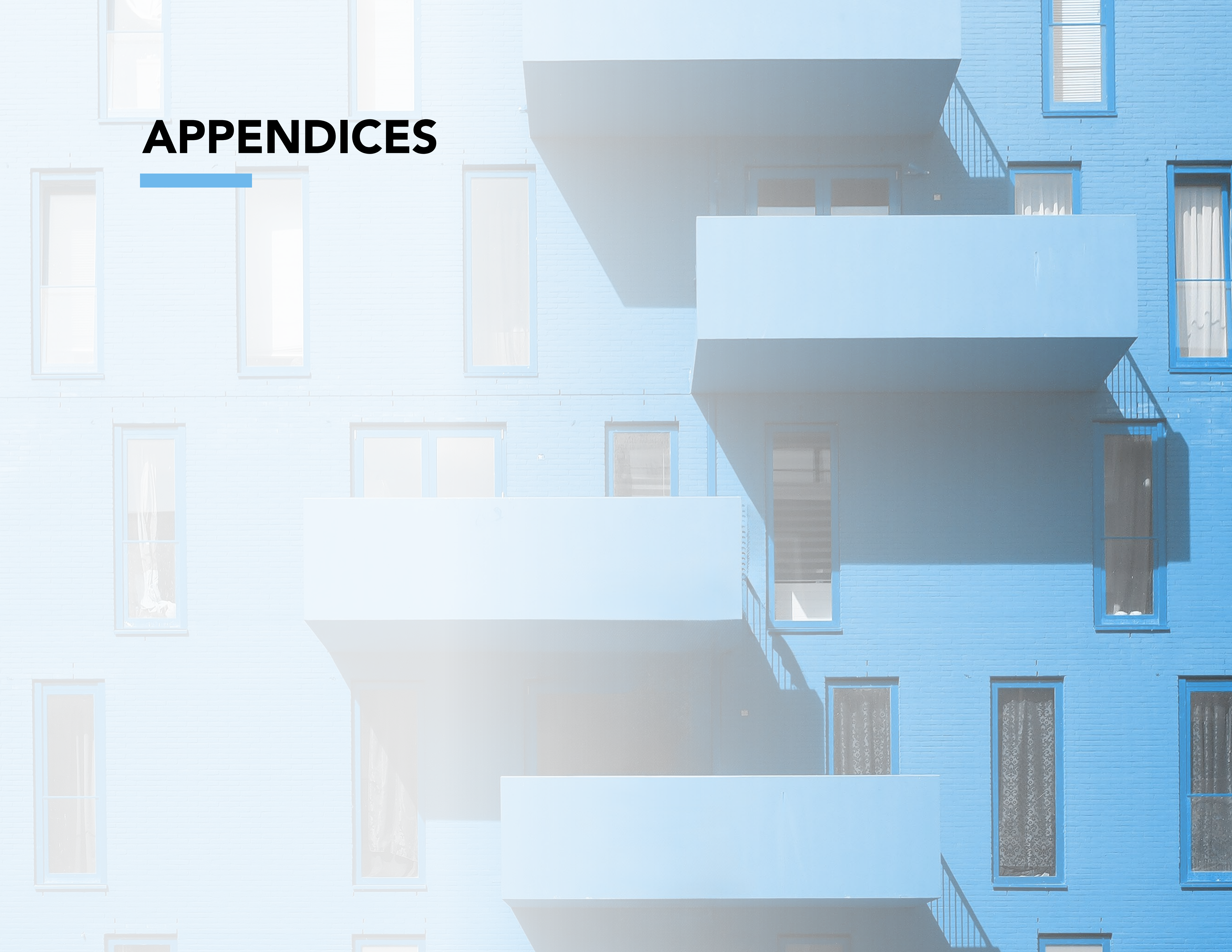
If a full-time worker earns the mean renter wage, monthly rent of $1,205 or less is affordable.

On average, a renter household needs 2.8 full-time jobs paying the minimum wage in order to afford a two-bedroom rental home at FMR.

A renter household needs 1.4 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 2024 Fair Market Rent.
3: This calculation uses the higher of the county, state, or federal minimum wage, where applicable.
4: AMI = Fiscal Year 2024 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.

APPENDICES



LOCAL MINIMUM WAGES

Locality	Local Minimum Wage (as of 7/1/24)	1 BR Housing Wage	2 BR Housing Wage
Alameda, CA	$17.00	$40.98	$49.81
Belmont, CA	$17.35	$54.19	$64.60
Berkeley, CA [1]	$18.07	$40.98	$49.81
Boulder County, CO	$15.69	$35.06	$42.63
Burlingame, CA	$17.03	$54.19	$64.60
Chicago, IL [2]	$15.80	$28.98	$32.96
Cook County, IL	$14.00	$28.98	$32.96
Cupertino, CA	$17.75	$51.81	$60.23
Daly City, CA	$16.62	$54.19	$64.60
Denver, CO	$18.29	$35.29	$42.33
East Palo Alto, CA	$17.00	$54.19	$64.60
Edgewater, CO	$15.02	$35.29	$42.33
El Cerrito, CA	$17.92	$40.98	$49.81
Emeryville, CA	$19.36	$40.98	$49.81
Flagstaff, AZ	$17.40	$29.56	$35.83
Foster City, CA	$17.00	$54.19	$64.60
Fremont, CA	$17.30	$40.98	$49.81
Half Moon Bay, CA	$17.01	$54.19	$64.60
Hayward, CA [3]	$16.90	$40.98	$49.81
Howard County, MD [4]	$15.00	$30.42	$37.37
Las Cruces, NM	$12.36	$16.94	$19.02
Los Altos, CA	$17.75	$51.81	$60.23
Los Angeles, CA	$17.28	$38.58	$48.92
Los Angeles County, CA	$17.27	$38.58	$48.92
Malibu, CA	$17.27	$38.58	$48.92
Menlo Park, CA	$16.70	$54.19	$64.60
Milpitas, CA	$17.70	$51.81	$60.23
Minneapolis, MN	$15.57	$25.52	$31.19

1. Berkeley's minimum wage may increase July 1, 2024, but new minimum wage information was not available at the time this report was written.
2. Chicago's minimum wage may increase July 1, 2024, but new minimum wage information was not available at the time this report was written. Before July 1, 2024, the minimum wage in Chicago is $15.80 per hour for employers with 21 or more workers, and $15.00 per hour for employers with 4 to 20 workers. Minimum wage for youth is $13.50. Minimum wage for city contracts its $16.80.
3. Minimum wage for employers with more than 25 employees. Minimum wage for employers with fewer than 25 employees is $16.00.
4. The minimum wage for only Howard County government employees will be raised to $16.00 on 7/1/24.

Locality	Local Minimum Wage (as of 7/1/24)	1 BR Housing Wage	2 BR Housing Wage
Montgomery County, MD [5]	$17.15	$34.67	$39.33
Mountain View, CA	$18.75	$51.81	$60.23
Novato, CA [6]	$16.86	$54.19	$64.60
Oakland, CA	$16.50	$40.98	$49.81
Palo Alto, CA	$17.80	$51.81	$60.23
Pasadena, CA	$17.50	$38.58	$48.92
Petaluma, CA	$17.45	$34.79	$45.71
Portland, ME	$15.00	$29.08	$37.42
Redwood City, CA	$17.70	$54.19	$64.60
Richmond, CA	$17.20	$40.98	$49.81
Rockland, ME [7]	$15.00	$17.87	$21.54
Saint Paul, MN [8]	$15.57	$25.52	$31.19
San Carlos, CA	$16.87	$54.19	$64.60
San Diego, CA	$16.85	$43.23	$54.48
San Francisco City and County , CA	$18.67	$54.19	$64.60
San Jose, CA	$17.55	$51.81	$60.23
San Mateo, CA	$17.35	$54.19	$64.60
San Mateo County, CA	$17.06	$54.19	$64.60
Santa Clara, CA	$17.75	$51.81	$60.23
Santa Fe, NM	$14.60	$25.33	$29.52
Santa Fe County, NM	$14.60	$25.33	$29.52
Santa Monica, CA	$17.27	$38.58	$48.92
Santa Rosa, CA	$17.45	$34.79	$45.71
SeaTac, WA [9]	$19.71	$43.63	$50.87
Seattle, WA [10]	$19.97	$43.63	$50.87
Sonoma, CA[11]	$17.60	$34.79	$45.71
South San Francisco, CA	$17.25	$54.19	$64.60
Sunnyvale, CA	$18.55	$51.81	$60.23
Tukwila, WA [12]	$20.29	$43.63	$50.87
West Hollywood, CA	$19.08	$38.58	$48.92

5. Minimum wage for employers with more than 50 employees. Minimum wage for employers with 11-50 employees is $17.15. Minimum wage for 10 or less employees is $15.00 per hour.
6. Minimum wage for employers with 100 or more employees. Minimum wage for employers with 26-99 employees is $16.60. Minimum wage for employers with 25 or less employees is $16.04.Minimum wage for employers with 100 or more employees. Minimum wage for employers with 26-99 employees is $16.07 and minimum wage for employers with 1-25 employees is $15.53.
7. Minimum wage for employers with 25 or more employees. Minimum wage for employers with less than 25 employees is $14.15.
8. Minimum wage for employers with more than 100 employees and City of St. Paul employees. Minimum wage for employers with 6-100 employees is $14.00. Minimum wage for employers with 5 or fewer employees is $12.25.
9. Minimum wage for hospitality and transportation workers.
10. Minimum wage for employers with more than 500 employee and for employers with 500 or fewer employees that do not provide medical benefits. Minimum wage for employers with 500 or fewer that provide medical benefits is $17.25.
11. 16.56 for small employers 25 or fewer
12. Minimum wage for employers with over 500 employees. Minimum wage for employers with between 15-500 employees or gross revenue over $2 million is $19.29. For employers with below 15 employees or employers who earn $2 million or less in revenue the minimum wage is $16.28.

DATA NOTES, METHODOLOGIES, AND SOURCES

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

FAIR MARKET RENT AREA DEFINITIONS

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

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. HUD followed the same methodology for OMB's 2018 metropolitan area boundaries, starting in FY 2022.

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 FY24 FMRs are based on five-year 2017-2021 American Community Survey (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 2017-2021 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 FY24 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 FY24, which for a nonmetropolitan county would be the state nonmetropolitan area.

HUD then adjusts the base FMRs to account for inflation between 2021 and 2024. In its calculation of FY2024 FMRs, HUD used the Consumer Price Index (CPI) in conjunction with data reported by several private companies to better capture local rent inflation. More information can be found in the Federal Register. A recent mover adjustment factor is also applied to the base rent.

Statistically reliable local rent surveys can be used to estimate rents when their estimates are statistically different from the ACS-based rents. 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.

While the ***Out of Reach*** report highlights the one-bedroom and two-bedroom FMRs, 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 FY24 FMRs are available at https://www.huduser.gov/portal/datasets/fmr.html#documents_2024

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 2018-2022 ACS.

AFFORDAILITY

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."

AREA MEDIAN INCOME (AMI)

This edition of ***Out of Reach*** includes HUD's FY24 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. Information on HUD's methodology for calculating AMIs can be found at https://www.huduser.gov/portal/datasets/il.html

Applying the assumption that no more than 30% of household 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.

The median incomes for states and state nonmetropolitan areas reported in ***Out of Reach*** reflect the weighted average of county AMI data weighted by the total number of households from the 2018-2022 ACS.

FY24 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, 2024. According to the U.S. Department of Labor, the District of Columbia, Puerto Rico, and 30 states have a 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 jurisdictions have a minimum wage that is higher than the prevailing federal or state rate. Local rates for counties, but not sub-county jurisdictions, are 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. These estimates are included for all states and counties, but not for sub-county jurisdictions. If the reader would like to calculate the same statistics using a different wage such as a higher city-based 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 125 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 $16.28. However, the same FMR would be affordable with 102 hours of work per week under the Seattle's higher local minimum wage of $19.97 (125 * $16.28 / $19.97). For further guidance, see "Where the Numbers Come From" or contact NLIHC research staff.

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.

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.

The estimated mean renter hourly wage is based on the average weekly earnings of private (non-governmental) employees working in each county. Renter wage information is based on 2022 data reported by the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW). For each county, mean hourly earnings are multiplied by the ratio of median renter household income to median household income from the five-year 2018-2022 ACS to arrive at an estimated average renter wage.

An inflation factor was applied to the estimated mean renter hourly wage to adjust from 2022 to FY24. The inflation factor (310.683 / 292.612) was based on the Congressional Budget Office's (CBO) February 2024 projection of the CPI for FY24 and the 2022 calendar year CPI.

In approximately 11% 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.

1 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.

2 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.

OCCUPATIONAL WAGES

The occupational wages included in ***Out of Reach*** are from the Bureau of Labor Statistics' Occupational Employment and Wage Statistics. An inflation factor was applied to adjust wages from May 2023 to FY24. The inflation factor (310.683/303.294) was based on the CBO's February projection of the CPI for FY24 and the CPI in May 2023.

MEDIAN RENTER HOUSEHOLD INCOME

Median renter household income is from the five -year 2018-2022 ACS projected to FY24 using the inflation factor (310.683 / 292.612) based on the Congressional Budget Office's (CBO) February 2024 projection of the CPI for FY 2024 and the 2022 calendar year 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 April 2024, the average wage earner on private, nonfarm payrolls in the U.S. worked 34.3 hours per week.

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

SUPPLEMENTAL SECURITY INCOME (SSI)

Out of Reach compares rental housing costs with the rent affordable to individuals receiving Supplemental Security Income (SSI) payments. The national numbers are based on the maximum federal SSI payment for individuals in 2024, which is $943 per month. ***Out of Reach*** calculations for states include state supplemental payments that benefit all individual SSI recipients in 22 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. Six states do not supplement federal SSI payments: 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.

[3] Bureau of Labor Statistics. (2024). The employment situation – May 2024. U.S. Department of Labor. https://www.bls.gov/news.release/empsit.nr0.htm

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.

2024

OUT of REACH

AN UNWAVERING PATH FORWARD TO HOUSING JUSTICE

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