

## OUT OF REACH 2013 ONLINE GUIDE TO DATA USAGE AND SOURCES

### How to Use the Numbers When Discussing Out of Reach

### Where the Numbers Come From

#### Number of Households (2007-2011)

Total	114,761,359
Renter	38,864,600
% Renter	34%

According to the U.S. Census ACS (2007-2011), there were 114,761,359 total households in the U.S.	U.S. Census American Community Survey (ACS) 2007-2011
According to the U.S. Census ACS (2007-2011), there were 38,864,600 renter households in the U.S.	
According to the U.S. Census ACS (2007-2011), renter households represented 34% of all households in the U.S.	

#### 2013 Area Median Income <sup>1</sup>

Annual	\$66,032
Monthly	\$5,503
30% of AMI <sup>2</sup>	\$19,810

The estimated annual median family income in the U.S. is \$66,032	HUD median family income based on data from U.S. Census (2007-2011). See Appendix A.
The monthly median family income in the U.S. is \$5,503.	Divide annual AMI by 12 to calculate monthly income (\$66,032 / 12 = \$5,503).
In the U.S., an Extremely Low Income family (30% of AMI) earns \$19,810 annually.	Multiply annual AMI by .3 to calculate median income for Extremely Low Income family (\$66,032*.3=\$19,810)

#### Maximum Affordable <sup>3</sup> Monthly Housing Cost by % of Family AMI

30%	\$495
50%	\$825
80%	\$1,321
100%	\$1,651

For an Extremely Low Income family (30% of AMI) in the U.S., monthly rent of \$495 or less is affordable.	Multiply annual AMI by percent of AMI given (30% = .3) and then by .3 to calculate maximum amount that can be spent on housing for it to be affordable (\$66,032 x .3 x .3 = \$5,942). Divide by 12 to obtain monthly amount (\$5,942 / 12 = \$495).
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#### 2013 Fair Market Rent (FMR) <sup>4</sup>

Zero-Bedroom	\$680
One-Bedroom	\$783
Two-Bedroom	\$977
Three-Bedroom	\$1,316
Four-Bedroom	\$1,520

The Fair Market Rent for a two-bedroom rental unit in the U.S. is \$977.	Developed by HUD annually. See Appendix B.
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#### Annual Income Needed to Afford FMR

Zero-Bedroom	\$27,200
One-Bedroom	\$31,320
Two-Bedroom	\$39,080
Three-Bedroom	\$52,600
Four-Bedroom	\$60,800

A renter household needs an annual income of \$39,080 in order for a two-bedroom rental unit at the Fair Market Rent to be affordable.	Multiply the FMR for a unit of a particular size by 12 to get the yearly rental cost (2BR: \$977 x 12 = \$11,724). Then divide by .3 to determine the total income needed to afford \$11,724 per year in rent (\$11,724 / .3 = \$39,080).
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Percent of Family AMI Needed to Afford FMR

Zero-Bedroom	41%
One-Bedroom	47%
Two-Bedroom	59%
Three-Bedroom	80%
Four-Bedroom	92%

The income needed to afford a two-bedroom unit at the Fair Market Rent represents 59% of the AMI.	Divide the income needed to afford a unit of a particular size by family AMI, and then multiply by 100 (2BR: \$39,080/ \$66,032 x 100 = 59%).
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2013 Renter Median Household Income

Estimated Median <sup>5</sup> \$32,895

The renter median household income in the U.S. is \$32,895	Represents renter median income from ACS 5 Year Data (2007-2011) projected to 2012 using HUD's income adjustment factor and through 2013 based on 2013 AMIs.
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Percent Needed for Two-Bedroom FMR 119%

The income needed to afford a two-bedroom unit at the Fair Market Rent represents 119% of the renter median household income.	Divide the annual income needed to afford the two-bedroom FMR by the renter median household income, and then multiply by 100 (\$39,080 / \$32,895 x 100 = 119%).
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Rent Affordable at Median \$822

For a household earning the renter median income, monthly rent of \$822 or less is affordable.	Multiply renter median household income by .3 to get maximum amount that can be spent on housing for it to be affordable (\$32,895 x .3 = \$9,868). Divide by 12 to obtain monthly amount (\$9,868/ 12 = \$822).
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% Renters Unable to Afford Two-Bedroom FMR <sup>6</sup> 57%

An estimated 57% of renter households in the U.S. do not earn sufficient income to afford a two-bedroom unit at the Fair Market Rent.	Represents a comparison of the percent of renter median household income required to afford the two-bedroom FMR to the state-level distribution of renter household income as a percent of the median.
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2013 Renter Wage

Estimated Mean Renter Wage <sup>7</sup> \$14.32

The estimated mean (average) renter wage in the U.S. is estimated to be \$14.32 in 2013.	Average weekly wages from the 2011 Quarterly Census of Employment and Wages divided by 40 (hours per work week). This overall wage is adjusted by the national ratio of renter to total household income reported in ACS 2007-2011 and projected to April 1, 2013.
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Rent Affordable at Mean Wage \$745

If one wage-earner holds a job paying the mean renter wage, a household can afford to spend as much as \$745 in monthly rent.	Multiply mean renter wage by 40 (hours per work week) and 52 (weeks per year) to calculate annual income (\$14.32 x 40 x 52 = \$29,786). Multiply by .3 to determine maximum amount that can be spent on rent, and then divide by 12 to obtain monthly amount (\$29,786* .3 / 12 = \$745).
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2013 Minimum Wage

Minimum Wage \$7.25

The federal minimum wage is \$7.25 in 2013.

The federal minimum wage of \$7.25, unless the state had implemented a higher minimum wage by January 1, 2013, as reported by the U.S. Department of Labor.

Rent Affordable at Minimum Wage \$377

If one wage-earner holds a job paying the minimum wage, a household can afford to spend as much as \$377 in monthly rent.

Multiply minimum wage by 40 (hours per work week) and 52 (weeks per year) to calculate annual income ( $\$7.25 \times 40 \times 52 = \$15,080$ ). Multiply by .3 to determine maximum amount that can be spent on rent, and then divide by 12 to obtain monthly amount ( $(\$15,080 \times .3) / 12 = \$377$ ).

2013 Supplemental Security Income

Monthly SSI Payment \$710

The federal Supplemental Security Income for qualifying individuals was \$710 in monthly federal benefits in 2013.

U.S. Social Security Administration. The maximum federal SSI payment for individuals is \$710 in 2013 but can be much lower if the recipient receives income from other sources. Where the Social Security Administration administers additional payments provided by the states, the higher value is reflected here.

Rent Affordable at SSI \$213

An individual whose sole source of income is Supplemental Security Income can afford to spend as much as \$213 in monthly rent.

Multiply monthly income by .3 to determine maximum amount that can be spent on rent ( $\$710 \times .3 = \$213$ ).

2013 Housing Wage

Zero-Bedroom \$13.08  
 One-Bedroom \$15.06  
 Two-Bedroom \$18.79  
 Three-Bedroom \$25.29  
 Four-Bedroom \$29.23

A renter household needs one full-time job paying \$18.79 per hour in order for a two-bedroom rental unit at the Fair Market Rent to be affordable.

Divide income needed to afford the FMR for a particular unit size (2BR: \$39,080) by 52 (weeks per year), and then divide by 40 (hours per work week) ( $\$39,080 / 52 / 40 = \$18.79$ ).

Housing Wage as % of Minimum Wage

Zero-Bedroom 180%  
 One-Bedroom 208%  
 Two-Bedroom 259%  
 Three-Bedroom 349%  
 Four-Bedroom 403%

Nationally, the Housing Wage for a two-bedroom rental unit represents 259% of the minimum wage.

Divide the Housing Wage for a particular unit size (2BR: \$18.79) by the Federal minimum wage (\$7.25), and then multiply by 100 ( $\$18.79 / \$7.25 \times 100 = 259\%$ ).

Housing Wage as % of Mean Renter Wage

Zero-Bedroom 91%  
 One-Bedroom 105%  
 Two-Bedroom 131%  
 Three-Bedroom 177%  
 Four-Bedroom 204%

Nationally, the Housing Wage for a two-bedroom rental unit represents 131% of the mean renter wage.

Divide the Housing Wage for a particular unit size (2BR: \$18.79) by the estimated national mean renter wage (\$14.32), and then multiply by 100 ( $\$18.79 / \$14.32 \times 100 = 131\%$ ).

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#### Work Hours/Week at Minimum Wage

##### Needed to Afford FMR

Zero-Bedroom	72
One-Bedroom	83
Two-Bedroom	104
Three-Bedroom	140
Four-Bedroom	161

A renter earning the minimum wage must work 104 hours to afford a two-bedroom rental unit at the Fair Market Rent.

Divide income needed to afford the FMR for a particular unit size (2BR: \$39,080) by 52 (weeks per year), and then divide by the federal minimum wage (\$7.25) ( $\$39,080 / 52 / \$7.25 = 104$  hours).

#### Work Hours/Week at Mean Renter Wage

##### Needed to Afford FMR

Zero-Bedroom	37
One-Bedroom	42
Two-Bedroom	52
Three-Bedroom	71
Four-Bedroom	82

A renter earning the mean renter wage must work 52 hours per week to afford a two-bedroom rental unit at the Fair Market Rent.

Divide income needed to afford the FMR for a particular unit size (2BR: \$37,960) by 52 (weeks per year), and then divide by the mean renter wage (\$39,080 / 52 / \$14.32 = 52 hours).

#### Full-time Jobs at Minimum Wage

##### Needed to Afford FMR

Zero-Bedroom	1.8
One-Bedroom	2.1
Two-Bedroom	2.6
Three-Bedroom	3.5
Four-Bedroom	4.0

A renter household needs 2.6 full-time jobs paying the minimum wage in order to afford a two-bedroom rental unit at the Fair Market Rent.

Divide the number of work hours/week necessary at the minimum wage to afford the FMR for a particular unit size (2BR: 104 hours) by 40 (hours per work week) ( $104 / 40 = 2.6$  full-time jobs).

#### Full-time Jobs at Mean Renter Wage

##### Needed to Afford FMR

Zero-Bedroom	0.9
One-Bedroom	1.1
Two-Bedroom	1.3
Three-Bedroom	1.8
Four-Bedroom	2.0

A renter household needs 1.3 full-time jobs paying the mean renter wage in order to afford a two-bedroom rental unit at the Fair Market Rent.

Divide the number of work hours/week necessary at the mean renter wage to afford the FMR for a particular unit size (2BR: 52 hours) by 40 (hours per work week) ( $52 / 40 = 1.3$  full-time jobs).

### FOOTNOTES

- 1 Fiscal Year 2013 Area Median Income (HUD, 2012).
- 2 Annual income of 30% of AMI or less is the federal standard for extremely low income households. Does not include HUD-specific adjustments.
- 3 "Affordable" rents represent the generally accepted standard of spending not more than 30% of gross income on gross housing costs.
- 4 Fiscal Year 2013 Fair Market Rent (HUD, 2012).
- 5 ACS 5-year 2007-2011 median renter household income, projected to 2012 using HUD's income adjustment factor and through 2013 based on AMIs
- 6 Estimated by comparing the percent of renter median household income required to afford a two-bedroom at the FMR to the percent distribution of renter household income as a percent of the median within the state, as measured using 2011 American Community Survey Public Use Microdata Sample housing file.
- 7 Based on 2011 BLS data, adjusted using the ratio of renter to total household income reported in ACS, and projected to April 1, 2013.

\*Numbers may vary from actual estimates due to rounding