# WHERE THE NUMBERS COME FROM

Divide income needed to afford FMR ($39,360) by 52 (weeks per year) and then by 40 (hours per work week) ($39,360 / 52 = $757; $757 / 40 = $18.92).

Multiply Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($65,687 x .3 = $19,706). Divide by 12 to obtain monthly amount ($19,706 / 12 = $1,642).

Divide number of renter households by total number of households (ACS 2008-2012) (40,098,042/116,443,205 = .34). Then multiply by 100 (.34 x 100 = 34%).

Average wage reported by the Bureau of Labor Statistics (BLS) for 2012, adjusted to reflect the income of renter households relative to all households in the United States, and projected to April 1, 2014. See Appendix A.

HUD FY14 estimated median family income based on data from 2008-2012 American Community Survey (ACS).

ACS (2008-2012).

| | FY14 HOUSING WAGE | HOUSING COSTS | | AREA MEDIAN INCOME (AMI) | | | | RENTER HOUSEHOLDS | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hourly wage needed to afford 2 BR FMR [1][2] | 2 BR FMR | Annual income needed to afford 2 BR FMR | Full-time jobs at minimum wage needed to afford 2 BR FMR | Annual AMI [3] | Monthly rent affordable [4] at AMI | 30% of AMI [5] | 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 | $18.92 | $984 | $39,360 | 2.6 | $65,687 | $1,642 | $19,706 | $493 | 40,098,042 | 34% | $14.64 | $761 | 1.3 |

Developed by HUD annually (2014). See Appendix B.

Multiply Annual AMI by .3 ($65,687 x .3 = $19,706).

Calculate annual income by multiplying mean renter wage by 40 (hours per week) and 52 (weeks per year) ($14.64 x 40 x 52 = $30,451). Multiply by .3 to determine maximum amount that can be spent on rent ($30,451 x .3 = $9,135). Divide by 12 to obtain monthly amount ($9,135/12= $761)

Multiply the FMR by 12 to get yearly rental cost ($984 x 12 = $11,808). Then divide by .3 to determine the total income needed to afford $11,808 per year in rent ($11,808 / .3 = $39,360).

Multiply 30% of Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($19,706 x .3 = $5,912). Divide by 12 to obtain monthly amount ($5,912/ 12 = $493).

Divide income needed to afford the FMR by 52 (weeks per year) ($39,360 / 52 = $757). Then divide by $7.25 (the Federal minimum wage) ($757 / $7.25 = 104 hours). Finally, divide by 40 (hours per work week) (104 / 40 = 2.6 full-time jobs).

Divide income needed to afford the FMR by 52 (weeks per year) ($39,360 / 52 = $757). Then divide by $14.50 (The United States' mean renter wage) ($757 / $14.64= 52 hours). Finally, divide by 40 (hours per work week) (52/ 40 = 1.3 full-time jobs).

1: BR= Bedroom.
2: FMR = Fiscal Year 2014 Fair Market Rent (HUD, 2013).
3: AMI = Fiscal Year 2014 Area Median Income (HUD, 2013).

4: "Affordable" rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.
5: The federal standard for extremely low income households. Does not include HUD-specific adjustments.