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LOCAL FAMILIES MUST EARN \$22.27 AN HOUR TO AFFORD A TWO-BEDROOM APARTMENT

San Diego County's high cost of housing highlighted in 2005 housing affordability report

Washington, DC (December 13, 2005) - - According to a report released today, based on a housing wage of \$22.27, in San Diego County a family must have 3.3 wage earners working full-time, at minimum wage – or one full-time wage earner working 132 hours per week in order to afford a modest two-bedroom apartment.

The report, *Out of Reach 2005*, was released by the National Low Income Housing Coalition (NLIHC), a Washington, DC-based housing advocacy group. The study calculates the hourly wage a family must earn- working 40 hours a week, 52 weeks a year- to be able to afford rent and utilities in the private housing market in every state, metropolitan area and county in the country.

This year San Diego County ranked eighth in affordability. The mean renter hourly wage in San Diego County is \$13.71, \$8.57 less than the hourly wage needed to afford a modest unit.

“It is impossible for those individuals who earn the lowest wages to find affordable housing,” said Tom Scott, Executive Director of the San Diego Housing Federation. “This report clearly illustrates how extreme the need for affordable housing in our community is.”

The bottom line is clear. Based on this report, an estimated sixty percent (60%) of San Diego County’s renters do not earn enough income to afford a two-bedroom unit at the Fair Market Rate.

“That’s just too many,” said Scott.

Additional facts and findings from *Out of Reach 2005*:

- The measured increase in renter housing costs this year over last is corroborated by the Bureau of Labor Statistics, which reports that American households have experienced an increase of over 13% in the costs of housing-related fuel and utilities in the last year compared to much more modest increases in both contract rents and wages.
- The vast majority of American renter families (81%) live in counties where a two-bedroom apartment at the Fair Market Rent is unaffordable to a family with two full-time minimum wage earners. Additionally, there is no county in the entire country where a full-time worker earning minimum wage can afford to rent even a one-bedroom apartment.
- Securing a full-time job that pays more than the minimum wage is no guarantee of affordable housing: Nine in ten renter households live in counties where the average renter wage – \$12.22 nationally – is insufficient to afford a modest two-bedroom apartment at the Fair Market Rent.
- The ten most expensive States for renters (with their Housing Wages) are:

Hawaii	\$22.30
California	\$22.09
Massachusetts	\$21.88
New Jersey	\$20.87
New York	\$19.73
Maryland	\$19.62
Connecticut	\$19.30
Rhode Island	\$18.42
New Hampshire	\$17.58
Alaska	\$17.40
- San Francisco is the nation’s most expensive city for renters

Background

The Housing Wage is based on the Fair Market Rent, the Department of Housing and Urban Development’s best estimate of what a household seeking a modest rental unit can expect to pay in the local private market for rent and utilities. The report uses the federal affordability standard of spending no more than 30% of income on housing costs.

According to the most recent American Community Survey, over 12 million households earn less than \$10,712 a year, the equivalent of what an individual would earn working at the federal minimum wage 40 hours a week, 52 weeks a year.

The data in *Out of Reach 2005* does *not* take into account the effects Hurricane Katrina and Rita have had on the national rental housing market.

The San Diego Housing Federation is a coalition of organizations that develop and manage homes that are affordable to low-income working families, seniors and the disabled.



Out of Reach 2005

California & San Diego County

In California, the Fair Market Rent (FMR) for a two-bedroom apartment is \$1,149. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$3,829 monthly or \$45,950 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$22.09.

In California, a minimum wage worker earns an hourly wage of \$6.75. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 131 hours per week, 52 weeks per year. Or, a household must include 3.3 minimum wage earner(s) working 40 hours per week year-round in order to make the two bedroom FMR affordable.

In California, the estimated mean (average) wage for a renter is \$14.61 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 60 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.5 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable.

Monthly Supplemental Security Income (SSI) payments for an individual are \$812 in California. If SSI represents an individual's sole source of income, \$244 in monthly rent is affordable, while the FMR for a one-bedroom is \$942.

A unit is considered affordable if it costs no more than 30% of the renter's income.

For an explanation of this data, see [How to use the Numbers](#) and [Where the Numbers Come From](#).

Location	Number of Households (2000)		
	Total Households	Renter Households	Renter Households as Percent of Total Households
California	11,502,870	4,956,633	43%
San Diego-Carlsbad-San Marcos, CA MSA *	994,677	443,188	45%

Family Income (2005)							
Location	Area Median Income (AMI) ¹			Maximum Affordable ² Monthly Housing Cost by % of Family AMI			
	Annual	Monthly	30% of AMI ³	30%	50%	80%	100%
California	\$64,113	\$5,343	\$19,234	\$481	\$801	\$1,282	\$1,603
San Diego-Carlsbad-San Marcos, CA MSA *	\$62,900	\$5,242	\$18,870	\$472	\$786	\$1,258	\$1,573

Fair Market Rents (FMR) ⁴ by Number of Bedrooms					
Location	Zero	One	Two	Three	Four
California	\$805	\$942	\$1,149	\$1,598	\$1,864
San Diego-Carlsbad-San Marcos, CA MSA *	\$836	\$954	\$1,158	\$1,688	\$2,036

Income Needed to Afford										
Location	Annual Income					Percent of Family AMI				
	Zero-Bedroom FMR	One-Bedroom FMR	Two-Bedroom FMR	Three-Bedroom FMR	Four-Bedroom FMR	Zero-Bedroom FMR	One-Bedroom FMR	Two-Bedroom FMR	Three-Bedroom FMR	Four-Bedroom FMR
California	\$32,207	\$37,667	\$45,950	\$63,901	\$74,577	50%	59%	72%	100%	116%
San Diego-Carlsbad-San Marcos, CA MSA *	\$33,440	\$38,160	\$46,320	\$67,520	\$81,440	53%	61%	74%	107%	129%

Renter Income						
Location	Household Income (2005)				Renter Wage (2004)	
	Estimated Renter Median Household Income ⁵	Monthly Rent Affordable at Renter Median	Income Needed to Afford Two-Bedroom FMR as Percent of Renter Median	Estimated Percent of Renters Unable to Afford Two-Bedroom FMR ⁶	Estimated Mean Renter Hourly Wage ⁷	Monthly Rent Affordable at Mean Renter Wage
California	\$38,804	\$970	118%	57%	\$14.61	\$760
San Diego-Carlsbad-San Marcos, CA MSA *	\$37,823	\$946	122%	60%	\$13.71	\$713
Location	Housing Wage					
	Hourly Wage Needed to Afford (@ 40 hrs./wk.)					
	Zero-Bedroom FMR	One-Bedroom FMR	Two-Bedroom FMR	Three-Bedroom FMR	Four-Bedroom FMR	
California	\$15.48	\$18.11	\$22.09	\$30.72	\$35.85	
San Diego-Carlsbad-San Marcos, CA MSA *	\$16.08	\$18.35	\$22.27	\$32.46	\$39.15	

Location	Housing Wage as % of Minimum Wage					Housing Wage as % of Mean Renter Wage				
	Zero-Bedroom	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Zero-Bedroom	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
California	229%	268%	327%	455%	531%	106%	124%	151%	210%	245%
San Diego-Carlsbad-San Marcos, CA MSA *	238%	272%	330%	481%	580%	117%	134%	162%	237%	286%
Location	Work Hours/Week Necessary at Minimum Wage to Afford					Work Hours/Week Necessary at Mean Renter Wage to Afford				
	Zero-Bedroom FMR	One-Bedroom FMR	Two-Bedroom FMR	Three-Bedroom FMR	Four-Bedroom FMR	Zero-Bedroom FMR	One-Bedroom FMR	Two-Bedroom FMR	Three-Bedroom FMR	Four-Bedroom FMR
California	92	107	131	182	212	42	50	60	84	98
San Diego-Carlsbad-San Marcos, CA MSA *	95	109	132	192	232	47	54	65	95	114
Location	Full-Time Jobs Necessary at Minimum Wage to Afford					Full-Time Jobs Necessary at Mean Renter Wage to Afford				
	Zero-Bedroom FMR	One-Bedroom FMR	Two-Bedroom FMR	Three-Bedroom FMR	Four-Bedroom FMR	Zero-Bedroom FMR	One-Bedroom FMR	Two-Bedroom FMR	Three-Bedroom FMR	Four-Bedroom FMR
California	2.3	2.7	3.3	4.6	5.3	1.1	1.2	1.5	2.1	2.5
San Diego-Carlsbad-San Marcos, CA MSA *	2.4	2.7	3.3	4.8	5.8	1.2	1.3	1.6	2.4	2.9

CHART FOOTNOTES

1.	HUD, 2005.
2.	"Affordable" rents represent the generally accepted standard of spending not more than 30% of income on housing costs.
3.	Annual income of 30% of AMI or less is the federal standard for Extremely Low Income households. Does not include HUD-specific adjustments.
4.	HUD, 2005; final as of October 1.
5.	Census 2000 median renter household income, adjusted to a 2005 value using HUD's income adjustment factor.
6.	Estimated by comparing the percent of renter median household income required to afford the two-bedroom FMR to the percent distribution of renter household income as a percent of the median within the state, as measured using 2003 American Community Survey Public Use Microsample data. States are the most local level for which these data are available.
7.	Estimated mean renter wage is based on BLS data and adjusted using the ratio of renter to total household income reported in Census 2000.
*	50th percentile FMR (See Appendix B).
†	Wage data not available (See Appendix A).

Source: <http://www.nlihc.org/oor2005/>

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