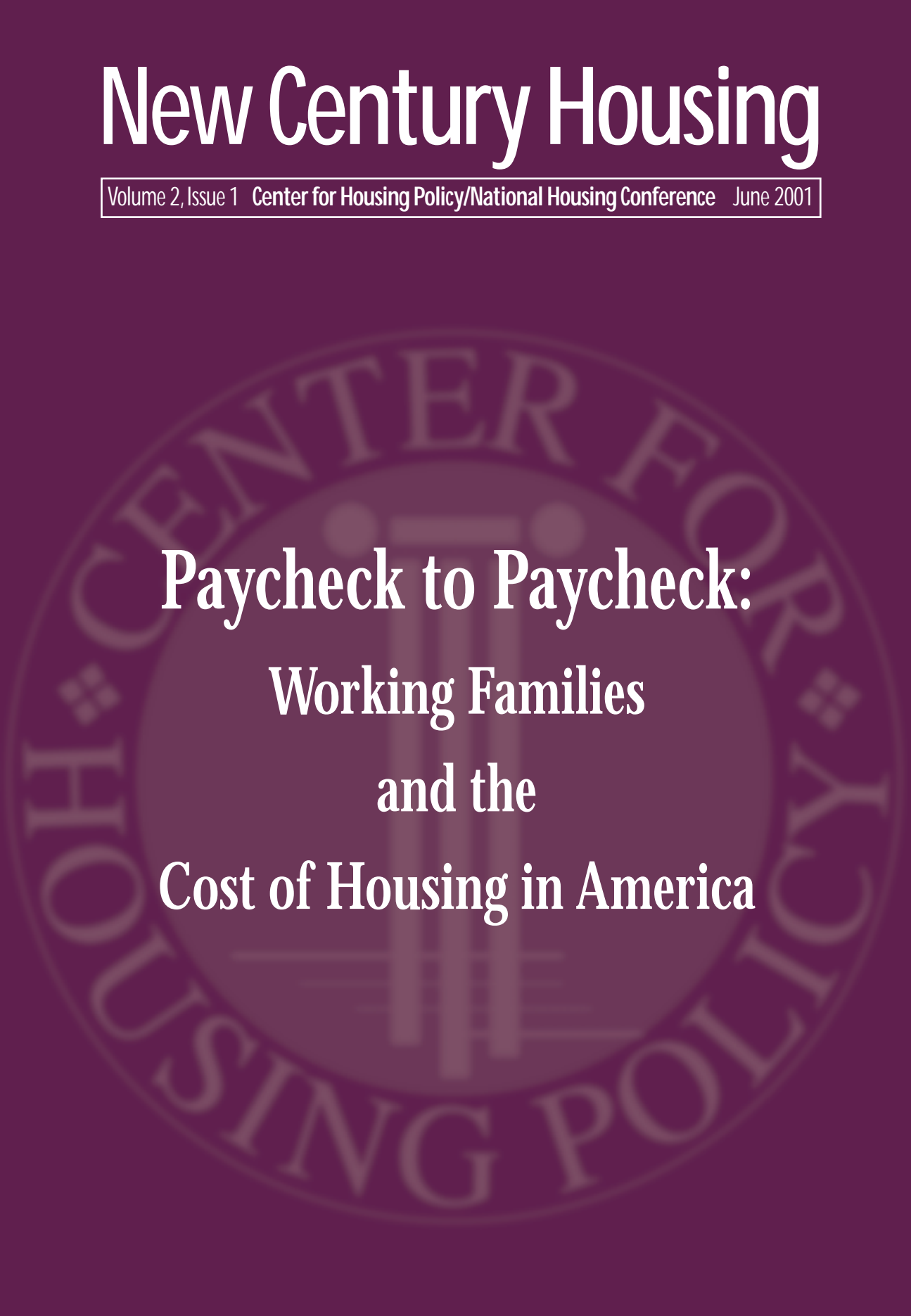


# New Century Housing

Volume 2, Issue 1 Center for Housing Policy/National Housing Conference June 2001



## Paycheck to Paycheck: Working Families and the Cost of Housing in America

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# New Century Housing

Volume 2, Issue 1 Center for Housing Policy/National Housing Conference June 2001

## Paycheck to Paycheck: Working Families and the Cost of Housing in America

by

Barbara J. Lipman of the Center for Housing Policy

with additional contribution

from Sandra J. Newman, Ph.D.

and Joseph M. Harkness, Ph.D.

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With special appreciation to the following members  
of the Center for Housing Policy Advisory Board  
for their invaluable advice and assistance:

Ophelia B. Basgal

Cushing N. Dolbeare

Jane Fortson Eisenach

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*New Century Housing* presents housing and community development issues that have significant public policy implications in a way that will attract and hold the attention of those who will ultimately influence public policy.

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# Paycheck to Paycheck: Working Families and the Cost of Housing in America

## Executive Summary

Recent economic prosperity has benefited many, but working families in need of affordable housing are not necessarily among the beneficiaries. In some parts of the country where economic growth is the strongest, the labor force critical to sustaining the economy either cannot find housing that is reasonably priced or cannot locate within an appropriate commuting distance of their jobs. While there is some anecdotal information at the local level, to date, little research has been done on a nationwide level. We do not know to what extent families who live by the rules and work the equivalent of a full-time job have critical housing needs.

This report, part of a series from the National Housing Conference's Center for Housing Policy (CHP) concerning the housing needs of America's working families, takes two approaches to discussing this question. First, it reviews the latest information from the 1999 American Housing Survey (AHS), and describes the overall number and characteristics of working families (defined as those earning between a full-time minimum wage equivalent and 120 percent of median income) with critical housing needs. The second part of the analysis examines whether working families who earn the prevailing wages for selected occupations are able to pay reasonable costs for housing in the communities in which they live. This analysis is carried out for 5 vital occupations—Janitor, Elementary School Teacher, Police Officer, Licensed Practical Nurse, and Retail Salesperson—in 60 of the nation's largest housing markets.

Review of the 1997 and 1999 AHS data reveals that the number of working families with critical housing needs, i.e., those who pay at least 50 percent of their income for housing or are living in severely inadequate housing, has grown from 3 million to 3.7 million. For the vast majority of these 3.7 million working families with critical housing needs, cost is the culprit. About 8 out of 10 pay more than half their income for housing. The other 20 percent live in severely inadequate housing. A small fraction of working families deal with both of these problems. It was found that all regions of the country have experienced increases in critical housing needs, but the problem is growing fastest in the West. Critical housing needs are not confined to the nation's cities. While 43 percent of low- to moderate-income families with critical

housing needs reside in the central city (1.6 million), a nearly equal number (1.5 million) live in the suburbs. Another 600,000 live in non-metropolitan areas.

The occupational wage/housing cost analysis indicates that, when it comes to rental housing, Janitors are able to rent a one-bedroom apartment on 30 percent of their income in just 6 of the 60 metropolitan areas, while Retail Salespersons manage to afford a one-bedroom using this traditional standard in only 3 of the 60 localities. For two-bedroom apartments, the situation is even worse. The same problem exists for Teachers, Police Officers and Licensed Practical Nurses in the highest cost metropolitan areas.

On the homeownership side it was found that, overall, households dependent on one Teacher's or one Police Officer's salary alone cannot afford to buy a median priced home in two-thirds of the metropolitan areas. Licensed Practical Nurses are priced out of all but the lowest cost-to-income markets, while Janitors and Retail Salespersons cannot afford to purchase a home across the board. Thus, working families dependent on earnings in these occupations are likely to remain renters for the indefinite future, placing additional pressure on the already strained rental housing sector.

# Paycheck to Paycheck: Working Families and the Cost of Housing in America

## Introduction

### *Exploration of the Housing Needs of Working Families*

Having a job does not guarantee a family a decent place to live at an affordable cost. This was the troubling notion raised in the Center for Housing Policy's (CHP) June 2000 groundbreaking report *Housing America's Working Families*. The report tested the premise that many working families did not have access to decent, affordable housing. The study set out to document the extent to which working families earning minimum wage to moderate incomes are experiencing pressing housing needs.

The study revealed that in 1997 (the most current data available at the time), despite unprecedented economic prosperity, about three million households who were "working families" earning between the full-time equivalent of minimum wage (\$10,712) and 120 percent of their area median income had critical housing problems. Most of these families paid more than half their income for housing, some lived in severely inadequate housing and a few had both of these problems.

*Housing America's Working Families* raised a number of important questions concerning housing affordability for working families in America and received widespread attention both inside and outside the housing community. Of particular concern is whether the housing needs of working families are a short-term aberration or a persistent trend.

The availability of data from the 1999 American Housing Survey provides an opportunity to re-examine the basic findings of *Housing America's Working Families*, to study more deeply these housing needs and to explore other issues. This report presents some preliminary findings from this extensive effort. It provides updated results on the overall number of working families earning between the full-time minimum wage and 120 percent of median income, including who they are and how many have pressing housing needs. It also examines the wages typically earned in several occupations and compares them to the housing costs faced by those wage earners in markets across the country.

The next report, due out later this year, will re-examine this definition of "working family" and explore the characteristics of those families who are working but earning less than the full-time minimum wage equivalent. In addition, that report will break new ground on other important issues. These include the extent to which the problems of working families are chronic as

opposed to transitory and the types of trade-offs working families make in light of their housing costs—such as commuting and crowding. When completed, this study will provide a unique, in-depth—if not startling—portrait of the housing needs of working families in America.

### *Why the Concern About Working Families*

Recent economic prosperity has benefited many, but working families in need of affordable housing are not necessarily among the beneficiaries. In some parts of the country where economic growth is the strongest, the labor force critical to sustaining the economy either cannot find housing that is reasonably priced or cannot locate within an appropriate commuting distance of their jobs. The problem affects working people of nearly every stripe. Moderate-income working families find themselves unable to attain the goal of homeownership. Workers in such occupations as janitors, construction workers or food service workers find that obtaining affordable rental housing is next to impossible. The situation is particularly severe for new entrants to the workforce striving to get off welfare and achieve self-sufficiency.

Signs point to the persistence of these problems. In some parts of the country, wealthy residents bid up real estate prices to levels that effectively exclude low- and moderate-income families. Indeed, builders and landlords end up catering to this upper market, bypassing pent-up demand at the lower end. The result is that people who provide the bulk of the services in these communities—teachers, policemen, firemen, laundry and restaurant workers—cannot themselves afford to live there. Many commute a considerable distance in a version of what one observer dubbed, the “Aspen effect.” Aspen, Colorado, is perhaps the extreme case where “all roads into Aspen are clogged morning and night with commuters, many of whom come from several hours away, and ‘Greater Aspen’ now has a radius of more than 50 miles!”<sup>1</sup>

Anecdotes abound about teachers, policemen and firemen who cannot afford to buy homes in the communities they serve. Some evidence bears this out. As estimated in *Housing America’s Working Families*, municipal workers, such as teachers and police officers, are increasingly vulnerable. That study placed the number of teachers and public safety officers across the country spending more than half their income on housing at almost one-quarter million (220,000). And, the incidence of teachers and public safety officers spending more than half their income on housing doubled between 1993 and 1996, from 6.8 to 14.6 percent. Based on new data presented in this report, this proportion is likely on the rise.

Booming economies (such as Seattle and Silicon Valley in recent years) apply the brakes to their own progress when the surge in new jobs and migration is

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<sup>1</sup>Robert H. Frank, “Traffic and Tax Cuts,” *The New York Times* (Friday, May 11, 2001): A35.

not matched by the growth in the supply of affordable housing. Where the engine driving the economy is low-paying service jobs (such as tourism-related jobs in Orlando, FL), economic growth is all the more vulnerable to a slow down.

Difficulty attracting and retaining employees also takes its toll on firms, and housing has become an important factor in business location decisions. In studies of the reasons why firms locate where they do, proximity to a suitable pool of labor usually ranks among the top three.<sup>2</sup> Corporate moves are prompted, as often as not, by the impact of the high cost of housing on available employees and the excessive burden commuting imposes on employees. Recently, for example, Boeing announced the relocation of its corporate headquarters from Seattle to Chicago, citing the rising costs of housing and commuting.<sup>3</sup> Small businesses are not immune either. “It’s hard enough for small employers to find good people,” a small business owner in Suffolk County, Long Island, was quoted as saying recently. “If there were more affordable housing on the Island, I would definitely have a broader range of potential employees to choose from.”<sup>4</sup>

Amidst the considerable media attention about high profile firm relocations, and anecdotal accounts of pressing housing needs in a period of mixed economic prosperity and uncertainty, little attention is paid to how ordinary working families cope with these developments. A recent exception is the writer Barbara Ehrenreich who spent several months in various parts of the country struggling to survive on the salary of a waitress, hotel maid, cleaning woman, nursing home aide and retail sales clerk. It was not hard to get her co-workers talking about their living situations, she wrote, “because housing, in almost every case, is the principal source of disruption in their lives.”<sup>5</sup> While there is some anecdotal information at the local level, to date, little research has been done on a nationwide level. We do not know to what extent families who live by the rules and work the equivalent of a full-time job have critical housing needs.

This report takes two approaches in discussing this fundamental question. The next section reviews the latest information from the 1999 American Housing Survey, and describes the overall number and characteristics of working families with critical housing needs. This is followed by an occupational wage analysis examining whether working families who earn the prevailing wages for selected occupations are able to pay reasonable costs for housing in the communities in which they live. This analysis is carried out for 5 vital occupations in 60 of the nation’s largest housing markets.

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<sup>2</sup>John Blair and Robert Premus, “Major Factors in Industrial Location: A Review,” *Economic Development Quarterly*, Vol. 1, No. 1 (1987): 72-85.

<sup>3</sup>Phillip J. Johnson, “American Gridlock,” *U.S. News & World Report* (May 28, 2001): 20.

<sup>4</sup>Katherine Heaviside, President of Epoch 5 Marketing, Inc., quoted in “The American Dream,” *Newsday* (Friday, May 25, 2001): C6.

<sup>5</sup>Barbara Ehrenreich, *Nickel and Dimed: On (Not) Getting By in America* (New York, NY: Henry Holt & Company, 2001), p. 25.

# The Critical Housing Needs of Working Families: Evidence from the 1999 American Housing Survey

## **Overall Number of American Families With Critical Housing Needs Hovering at 13 Million**

Approximately one out of every seven (13 million) American families had a critical housing need in 1999, including millions of working families, and that figure represents a decline of just over one percent from 1997.<sup>6</sup> For purposes of this report, a family is defined as having a critical housing need if it spends more than half of its total income on housing and/or lives in a severely inadequate unit.

Although the overall number of families with critical housing needs held more or less steady, the composition of families has shifted somewhat over the two-year period (Figure 1). The proportion of elderly, non-working families was roughly unchanged at 28 percent (3.8 million). However, the proportion of families unemployed and/or dependent on welfare fell about three percentage points, as did the number of marginally employed, i.e., those whose income is less than the equivalent of one full-time wage earner. These groups now make up 3 million and 2.5 million, respectively, of the 13 million total. Their decrease may be partly attributable to the strong economy which absorbed previously unemployed workers into the labor force and partly to the implementation of new rules under welfare reform that decreased the number of recipients on the welfare rolls. Meanwhile, low- to moderate-income working families now make up 28.5 percent of the total number of families with critical housing needs as compared to about 23 percent previously, growing in number from 3.0 million to 3.7 million.<sup>7</sup>

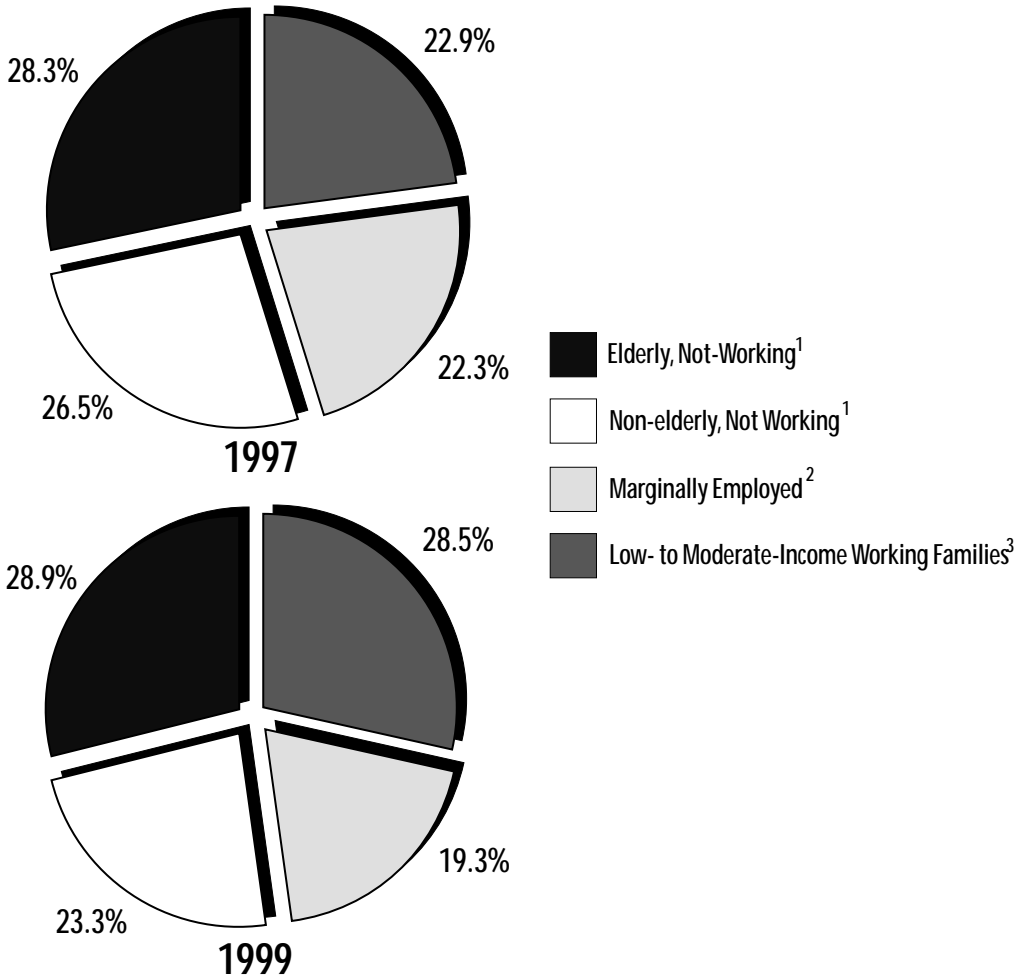
Notable is the fact that so many families with critical housing needs—more than 6 million of them—earn at least some, if not all, of their income from working. This includes the 2.5 million “marginally employed” who earn at least the equivalent of one-quarter of a full-time minimum wage worker’s earnings. It also includes the 3.7 million we have labeled “low- to moderate-income” working families, representing those who earn at least the full-time minimum wage equivalent of \$10,712 all the way up through 120 percent of median income.

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<sup>6</sup>Calculations were done on both the 1997 and 1999 American Housing Survey. Because of a few minor technical corrections to the numbers from 1997, as well as some revisions to the American Housing Survey itself, figures reported here may differ slightly from those reported in *Housing America's Working Families*.

<sup>7</sup>See Table 1 in Appendix I.

**FIGURE 1**  
**Working Status of All Households With Critical Housing Needs**



Source: 1997 and 1999 American Housing Surveys.

<sup>1</sup>The “not working” categories comprise households with less than \$2,678 in salary and wage income.

<sup>2</sup>“Marginally employed” is defined as households with at least \$2,678, but less than \$10,712 in salary and wage income.

<sup>3</sup> “Low- to moderate-income working families” are those with at least \$10,712 in salary and wage income, total income below 120 percent of the area median, and salary and wage income accounting for at least half of total income.

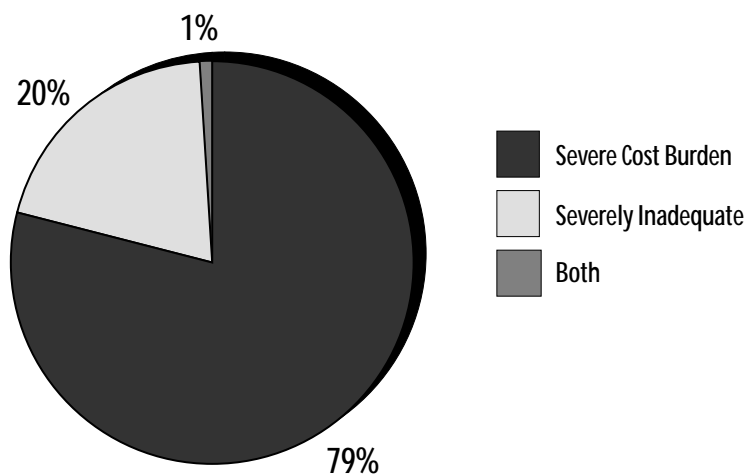
As indicated in the introduction to this report, the next installment of our study on working families will examine the critical housing needs of the marginally employed population, as well as explore issues affecting both groups of working families. The remainder of this report focuses exclusively on the second segment of working families—the roughly 3.7 million “low- to moderate-income” working families who have critical housing needs despite working the equivalent of a full-time job. These are working families with critical housing needs who earn at least the full-time minimum wage equivalent of \$10,712 all the way up through 120 percent of median income, and whose earnings from work make up at least half their income.

Although we have applied the label “low- to moderate-income” to these working families, the term is perhaps too sanguine. The fact is that earning the full-time minimum wage equivalent does not even bring some families up to the poverty level. Moreover, as will be discussed later on, in some areas of the country, families relying on wages from full-time work at or above the minimum wage require multiples of 1.5 to 2 times their salaries to meet the “affordability criteria” for even a one-bedroom apartment.

### **The 3.7 Million “Low- to Moderate-Income” Working Families with Critical Housing Needs**

For the vast majority of the 3.7 million working families with critical housing needs, cost is the culprit. About 8 out of 10 pay more than half their income for housing. The other 20 percent live in severely inadequate housing. A small fraction of working families deal with both of these problems (Figure 2).<sup>8</sup>

FIGURE 2  
Critical Housing Needs of Low- to Moderate-Income Working Families



Source: Author's calculations from Table 2 in Appendix I.

<sup>8</sup>See Table 2 in Appendix I.

These figures represent a worsening situation for low- to moderate-income working families. Between 1997 and 1999, the overall number of these working families with critical housing needs rose by almost 700,000—a 23 percent increase in just two years. Severe cost burden is the fastest growing critical need, affecting 16 percent more homeowners and an astounding 38 percent more renters as compared to two years ago. More than twice as many renters as homeowners live in severely inadequate housing, although the overall growth in the incidence of inadequacy over the two-year period was a more moderate 4 percent overall.<sup>9</sup>

While not included in our definition of critical needs, substantial numbers of working families live in overcrowded units. Nationally, the overall level of crowding has decreased slightly since 1997. However, the problem is a serious one in some regions of the country and for some types of households. Crowding is highest in the West where more than 1 in 10 working families live in housing with more than 1 person per room. As a group, Hispanic working families experience the highest incidence of crowding as compared to white or black working families. Although the crowding situation among Hispanic homeowners in the Northeast and Hispanic renters in the South has improved somewhat since 1997, Hispanic renters in the West continue to experience extremely high levels of crowding, with virtually one out of every three families affected.<sup>10</sup>

Not surprisingly, the lower the working family's income, the more likely the family is to have a pressing housing problem, and, indeed, the overall number of working families in this income group with critical needs grew four percent since 1997.<sup>11</sup> However, although smaller in number overall, the medium and higher income groups experienced more rapid growth in the number of families with critical housing needs over the two-year period. Among the families earning 50 to 80 percent of median income, the number with critical needs increased 31 percent. Among the 80 to 120 percent of median income group, this number rose a dramatic 77 percent.

Figure 3 shows the breakdown of low- to moderate-income working families with critical housing needs by income category. As a proportion of the total number of working families with critical housing needs, families in the under 50 percent of median income category decreased by about eight percentage points since 1997, but still comprise almost half the total number. The number of families with critical housing needs in the 50 to 80 percent range rose by two percent and those in the 80 percent to 120 percent of median income category rose by six percentage points. This suggests that some families are moving up the income ladder, but nevertheless problems with housing affordability or inadequacy persist.

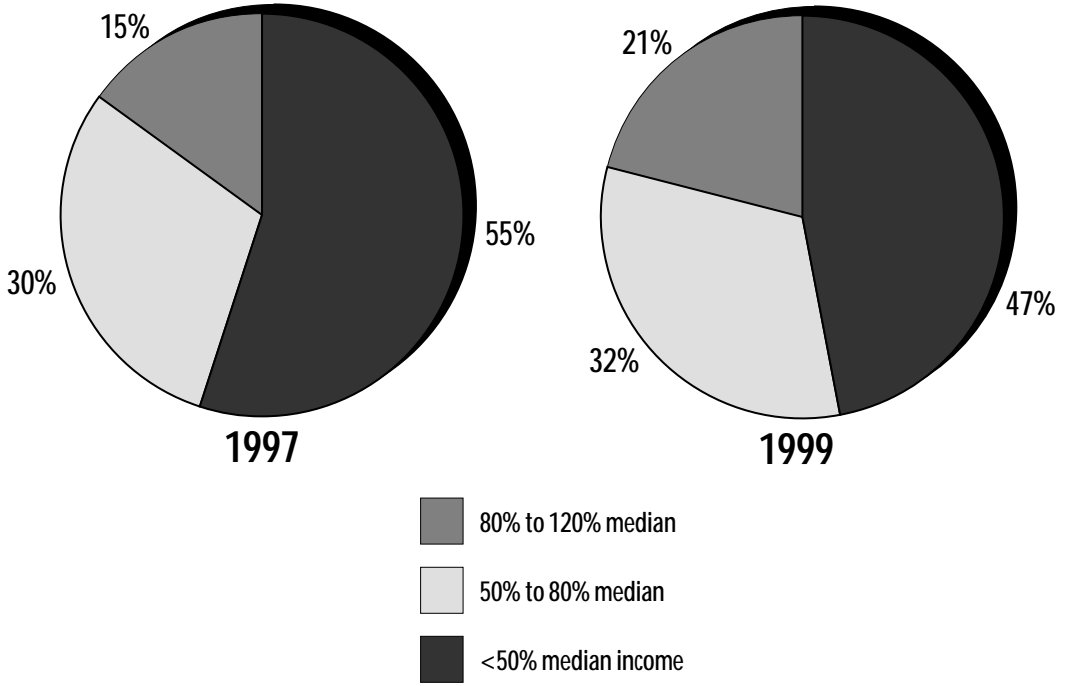
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<sup>9</sup>See Table 3 in Appendix I.

<sup>10</sup>See Tables 4A and 4B in Appendix I.

<sup>11</sup>See Table 5 in Appendix I.

**FIGURE 3**  
**The Incomes of Low- to Moderate-Income**  
**Working Families with Critical Housing Needs**



Source: Author's calculations from Table 5 in Appendix I.

Housing problems are local problems, and, as will be evident in the review of housing costs in the 60 largest markets in the next section of this report, a great deal of variation exists from place to place. Still, it is useful to view critical housing needs from the perspective of the four major regions of the United States. Almost twice as many working families face critical housing needs in the Northeast and West (roughly 14 percent a piece) as compared to the Midwest (just under 7 percent). In the South, working families with critical housing needs comprise almost 10 percent of all working families. All these figures represent increases since 1997, with the largest growth (more than 3 percentage points) occurring in the West (Figure 4).<sup>12</sup>

Despite popular perceptions, data show that critical housing needs are not confined to the nation's cities. While 43 percent of low- to moderate-income families with critical housing needs reside in the central city (1.6 million), a nearly equal number (1.5 million) live in the suburbs. Another 600,000 live in non-metropolitan areas. Since 1997, the proportion of families with critical housing needs in the central cities increased slightly for both renters and owners, while in

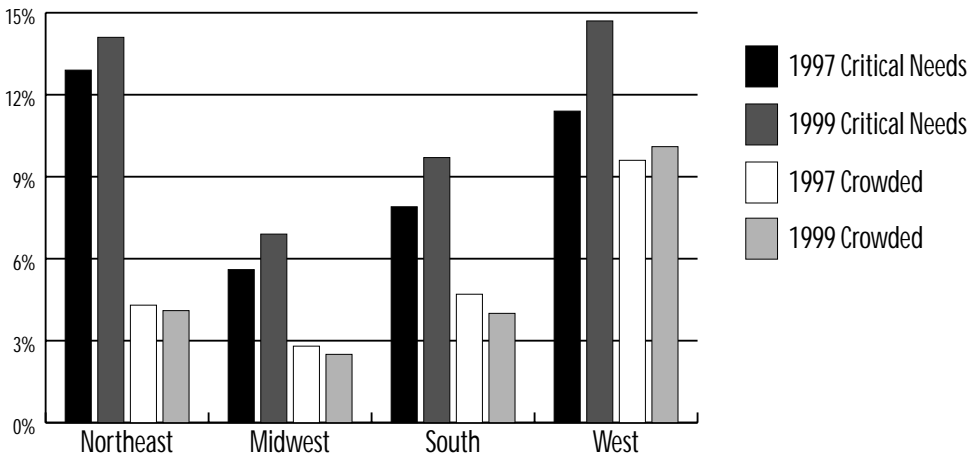
<sup>12</sup>See Tables 4A and 4B in Appendix I.

the suburbs the proportion has decreased among renters (about four percentage points) and held more or less steady among owners. In the non-metropolitan areas, the proportion of working families with critical housing needs decreased slightly, with a decline of almost two percentage points among owners offset by a slight increase among renters.<sup>13</sup>

Today, it takes more than one working adult to keep families out of serious housing stress. Low- to moderate-income families with only a single wage earner are almost 1.5 times more likely to have a severe cost burden than families with two or more working adults.<sup>14</sup> As the occupational wage analysis in the next section of the report illustrates, having more than one working adult (or having more than one job) does not, in and of itself, guarantee a family will be free of an excessive cost burden. Not surprisingly, the incidence of severe cost burdens is greatest among workers who are at the bottom rung of the economic ladder. Almost one-quarter of working families earning less than the equivalent of two minimum wage jobs—some 1.9 million people—pay more than half their income for housing.<sup>15</sup>

While the figures just described sketch an aggregate picture of the issue of the housing needs of working families, they do not capture a sense of the situation encountered by working families in specific occupations in particular places. This is the task undertaken in the following section of the report, which attempts to put “faces” on these numbers.

**FIGURE 4**  
**Housing Problems of Working Families, by Region, U.S., 1997 and 1999**



Source: 1997 and 1999 American Housing Survey metropolitan files and authors' calculations.

<sup>13</sup>See Table 6 in Appendix I.

<sup>14</sup>See Table 7 in Appendix I.

<sup>15</sup>See Table 8 in Appendix I.

# Working to Pay the Housing Bills: An Analysis of Occupational Wages and Housing Costs

Our analysis of occupational wages and housing costs entailed three steps, each of which is discussed below. First, several representative occupations were chosen. Second, housing markets were classified into groups according to how high or low housing costs are relative to area income. Finally, the wages for these specific occupations were analyzed to determine what they can afford in these housing markets. All data used in this analysis were for 1999—the most recent year for which all the pieces of the analysis could be assembled.

## **Many Americans Still Earn Their Paychecks the Old Fashioned Way**

Much attention is paid in the media to the “new” economy, yet large numbers of America’s families rely—and will continue to rely—on the “old” economy as their source of income. As seen in Figure 5, Administrative Support and Clerical occupations and Service jobs account for almost one-third of the workforce. The Production and Craft occupations and Operators and Laborers categories comprise about a quarter. The pie chart also indicates some of the occupations within each category that are among the most numerous. These include, as expected, computer analysts, but also nurses, office clerks, teachers and janitors.

While the growth in high-tech jobs is rapid, even explosive, in some metropolitan areas, high-tech jobs are not eliminating more traditional occupations. Indeed, the demand for some of them is increasing. The U.S. Department of Labor’s list of occupations projected to grow fastest by 2008 includes such high-tech professions as computer engineers (323,000), computer support specialists (439,000) and database administrators (67,000), however, as many or more people will enter traditional occupations. On the Department’s list of occupations with the largest expected growth are janitors (365,000), truck drivers (493,000), cashiers (556,000), elementary school teachers (205,000) and retail salespersons (563,000)—as well as high-tech-oriented systems analysts (577,000).<sup>16</sup>

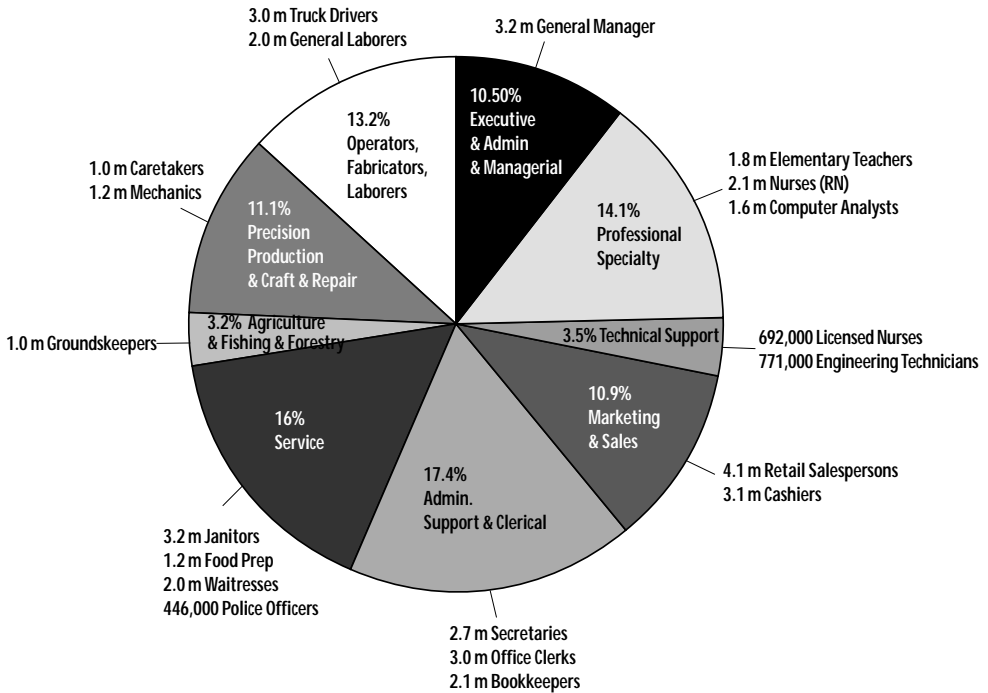
In its most recent annual *State of the Cities* report, the U.S. Department of Housing and Urban Development (HUD) estimated the number of high-tech jobs as a percentage of all jobs in various metropolitan areas for the year 1997. Even using a broad definition of “high-tech” that included traditional jobs with a substantial high-tech component, estimates of the percentage of high-tech

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<sup>16</sup> “Employment Projections by Occupation: 1998 and 2008,” *Statistical Abstract of the United States: 2000* (Washington, DC: U.S. Census Bureau, 2000), Table No. 670.

FIGURE 5

How Americans Earn Their Paychecks



Source: "Monthly Labor Review," (Bureau of Labor Statistics, Nov. 1999), Page 52, Table 1 (Employment by Major Occupational Groups).

jobs for 114 cities averaged 9.3 percent, ranging from a low of 6 percent in Las Vegas to a high of 14 percent in San Jose.

To be sure, the change in the number of high-tech jobs (from 1992 to 1997) has been, in some cases, phenomenal. In Atlanta, for example, high-tech jobs grew at 52 percent in the five-year period, while Phoenix experienced 66 percent growth and Austin topped the list at 75 percent. Even Las Vegas increased high-tech jobs by 72 percent. But, as just noted, these jobs comprise an important but relatively small proportion of the labor force in these metropolitan areas.<sup>17</sup>

<sup>17</sup> "High-Tech Jobs in 114 Selected Cities, Their Metropolitan Areas, and Suburbs 1992 and 1997," *The State of the Cities 2000: Megaforges Shaping the Future of the Nation's Cities* (Washington, DC: U.S. Department of Housing and Urban Development, 2000), Table 8.

In view of the foregoing, we have chosen to focus this initial analysis comparing occupational wages with housing costs on five traditional occupations: Janitor, Retail Salesperson, Elementary School Teacher, Licensed Practical Nurse and Police Officer. Selection of the Elementary School Teacher, Retail Salesperson and Janitor seems justified by the sheer number of practitioners of these occupations and by their projected growth in the labor force. Both Retail Salesperson and Janitor represent occupations that are attractive for welfare-to-work participants or other first-time entrants in the workforce.

Although Police Officers are not statistically numerous they, along with Teachers, have been selected for the vital role they play in our communities. The Licensed Practical Nurse is one of the most numerous occupations in the Technical Support category, and represents the important healthcare sector. The Licensed Practical Nurse was chosen instead of Registered Nurse because the lower qualifications also make this occupation suitable for workers moving up the economic ladder. (See Appendix II for other typical occupations.)

### **Housing Markets: Which are More or Less “Affordable?”**

The purchase price of a home or the rent charged for a one- or two-bedroom apartment are general indicators of housing affordability. But what determines whether that price is truly affordable for most individual households is household income—usually in the form of wages and salaries—and the sufficiency of that income relative to housing prices. For this study, we have classified the nation’s 60 largest housing markets into 4 cost categories—low cost-to-income (i.e., the most affordable), medium cost-to-income, high cost-to-income and very high cost-to-income (i.e., the most unaffordable). We have carried out this classification separately for homeownership and rental housing on the grounds that the sub-markets for homeownership and for renting likely differ within each metropolitan area.

For homeownership, we took as a starting point the median priced home in each metropolitan area, and calculated the income needed to qualify for a mortgage on that home. When calculating this figure, the rather lenient mortgage underwriting criteria of a 10 percent down payment (meaning 90 percent of the value of the home is borrowed) was used. We took as the prevailing income for local residents the “family median” developed by HUD and based on Census data. Comparing this family income to the income needed to qualify for a mortgage on a median priced home allowed us to break the housing markets into quartiles to form the four affordability groups.

On the rental housing side, a similar analysis was undertaken. We compared the estimated median income for renter households in each metropolitan area to the HUD “Fair Market Rent” (FMR) for a two-bedroom apartment.<sup>18</sup> Again, comparing this typical income for a renter household to

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<sup>18</sup>The median renter income has been estimated by the National Low Income Housing Coalition for all metropolitan areas and local areas in the country. These estimates are based on the proportion of renter income to family median income in 1990 Census data for each locality. “Fair Market Rents” are established by HUD each year based on local surveys of recently rented units, and set at the 40<sup>th</sup> percentile of prevailing rents.

the prevailing rent in each metropolitan area enabled us to classify the housing markets by affordability.

The result is a relative grouping of metropolitan areas. As expected, some of the results are intuitive. For homeownership, for example, many of the West Coast cities in California, such as San Jose and San Francisco, and places like Seattle appear in the most unaffordable group. They are joined by cities on the East Coast, such as New York and Boston. Meanwhile, metropolitan areas, such as Oklahoma City and Buffalo-Niagara Falls, appear among the most affordable.

Other results are more subtle. For example, for rental housing, San Jose is “high cost,” as opposed to “very high,” while Buffalo-Niagara Falls appears as a “very high cost” area. This does not mean rents in San Jose are less expensive than in Buffalo. Indeed, a two-bedroom unit at the FMR goes for \$507 in Buffalo and for \$1,139 in San Jose. But, the median renter income in Buffalo is \$21,144, while in San Jose the median renter income is \$52,103. Renting an apartment in Buffalo therefore requires more of a typical renter’s income than does an apartment in San Jose (29 percent versus 26 percent).

Washington, DC, is another case in point. The city is known for the high price of its housing, yet appears in the low cost-to-income category for both homeownership and rental housing. The reason is that the metropolitan area’s family median income of \$78,900 and renter median income of \$47,837 are among the nation’s highest.

Are there shared characteristics that give clues as to why some housing markets are more expensive than others? While it is not possible to definitively address that subject here, several trends can be noted that appear to be associated with cost-to-income. Some of the highest cost-to-income homeownership markets—such as Oakland, Boston, Los Angeles, Denver and Portland—also are the metropolitan areas where the commuting times are the longest (as measured by the Texas A&M “Travel Time Index”) and where the proportion of high-tech jobs in the local economy is the highest.<sup>19</sup> In the rental housing markets, low, medium and high cost-to-income areas are generally positively correlated with higher rates of population growth (1990 to 2000) and with greater changes in the number of high-tech jobs in the local economy. This correlation does not hold up for the very high cost-to-income category, however. Here, saturation may be at work, with the larger, more expensive areas unable to absorb new population and new job growth at the same rate as smaller metropolitan areas.<sup>20</sup>

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<sup>19</sup>The “Travel Time Index” is the ratio of the time required by a trip during rush hours to the time required for the trip during “off-peak” hours, and measures travel delay. See David Schrank and Tim Loman, *The 2001 Urban Mobility Report* (Texas A&M: Texas Transportation Institute, 2001). The figures on high-tech jobs are from HUD’s “*State of the Cities*” report, cited earlier.

<sup>20</sup>See Table 9 in Appendix I.

While rating housing markets by affordability is instructive, the key question is not how these metropolitan areas stack up against each other on average. The real issue is *whether workers in our five chosen occupations who receive the prevailing wage rates for their jobs are able to pay reasonable costs for housing in the markets in which they live.*

**The Selected Occupations: What They Make and What They Can Afford**

The occupations selected are “old economy” jobs, nevertheless, these jobs are critical to the functioning and growth of the communities. And, despite the new economy, these jobs, like numerous other jobs, pay old economy wages. Figure 6 shows the typical earnings of workers in these occupations across the nation. The median salary for a Retail Salesperson, for example, was \$15,940 in 1999, meaning that half earned more and half earned less than this amount. At the bottom end of the scale, for example, 10 percent of Retail Salespersons earned \$12,040 or less. The 10 percent of Retail Salespersons who were at the top of the earnings scale earned \$30,830 or more.

FIGURE 6  
Occupations Selected for This Study — and Their Paychecks

Occupation	Employed	10%	25%	Median	75%	90%
Janitors & Cleaners	3.2 million	\$12,040	\$13,330	\$16,440	\$21,300	\$27,960
Elem. School Teachers	1.8 million	\$24,180	\$29,740	\$37,070	\$47,420	\$63,370
Police Patrol & Sheriffs	446,000	\$22,700	\$28,620	\$37,560	\$47,670	\$56,690
Lic. Practical Nurse	692,000	\$20,650	\$23,840	\$27,850	\$33,100	\$39,120
Retail Salesperson	4.1 million	\$12,040	\$13,040	\$15,940	\$20,790	\$30,830

Source: Occupational Earnings Survey, Bureau of Labor Statistics, 1999.

For our analysis, median salaries were used as the best indicator of “typical” earnings and data were gathered from the Bureau of Labor Statistics on median wage rates for the five occupations for each of the 60 metropolitan housing markets in our study.<sup>21</sup> A cursory look at these data indicates that the prevailing wages for these occupations make most of these workers relatively less well off than many of their neighbors in the metropolitan areas. Nowhere, for example, in

<sup>21</sup>The U.S. Department of Labor carries out two wage surveys: the National Compensation Survey (NCS) and the Occupational Earnings Survey (OES). We have chosen to use data from the 1999 OES because it uses smaller geographical areas, namely Metropolitan Statistical Areas and Primary Metropolitan Statistical Areas, which dovetail with the housing markets included in our analysis.

our 60 localities do median wages of Janitors, Licensed Practical Nurses and Retail Salespersons meet or exceed the area median family income for the area as a whole. And, in only one market do salaries for Police Officers (Norfolk, VA) and Elementary School Teachers (Providence, RI) exceed the area family medians.

Clearly, many working families rely on the earnings of more than one family member. For some, it is by choice. For others, especially in the occupations we are dealing with, two or more incomes (or two or more jobs) may be a necessity. One-third of all working families rely on at least two incomes. More than half of families consisting of married couples, both with and without children, depend on income from at least two wage earners. One-quarter of families with children and either a single parent or unmarried parents also rely on the earnings of at least two workers, as do two-thirds of other types of families (or co-habitators) without children. As is evident in the following analysis, having more than one earner can be the difference between meeting housing costs or falling short.<sup>22</sup>

### *Rental Housing*

How much is an appropriate amount for a family to pay for rental housing? The conventional “rule-of-thumb” says rental payments should not exceed 30 percent of income in order to be considered “affordable.” But, do the realities of the rental markets in many of the nation’s cities render that convention outdated and unrealistic?

To determine how well the 5 chosen occupations fare in terms of renting affordable units in the 60 housing markets, we began with the concept of the “housing wage.” The housing wage was developed by the National Low Income Housing Coalition as a way to express the amount of income needed to rent an “affordable” unit. For example, the housing wage for a one-bedroom apartment in New Orleans is \$8.02, which means that a working family must earn at least that amount for the \$417 rent on the apartment to cost no more than 30 percent of that family’s income. The data show that, while a Teacher, Police Officer or Licensed Practical Nurse in New Orleans can manage to pay the rent and meet this 30 percent of income criterion, such is not the case for all the occupations we examined. Janitors, for whom the median wage in New Orleans is \$6.68, and Retail Salespersons, who are normally paid \$7.18 per hour, have difficulty footing the bill.

Indeed, this is a typical scenario played out in virtually all of the 60 housing markets. Teachers, Police Officers and Licensed Practical Nurses generally can afford both one- and two-bedroom units, paying 30 percent of their income or

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<sup>22</sup>See Table 10 in Appendix I.

less, with the exception of some very high cost metropolitan areas (such as San Francisco and Nassau-Suffolk, NY). On the other hand, as seen in Figure 7, Janitors can rent a one-bedroom apartment on 30 percent of their income in just 6 of the 60 metropolitan areas, while Retail Salespersons manage to afford a one-bedroom using this traditional standard in 3 of the 60 localities.<sup>23</sup> Although there are a few places where Janitors and Retail Salespersons can “afford” their housing with only an additional 10 percent of salary, most other places require additions to salaries of between 20 percent and 60 percent.

**FIGURE 7**  
The Multiple of Salaries Needed to Pay for an Affordable Rental Unit

<b>Table A: Most Affordable Metro Areas</b>						
<b>Metro Area</b>	<b>Rent 1BR</b>	<b>Rent 2 BR</b>	<b>Janitor 1 BR</b>	<b>Janitor 2 BR</b>	<b>Retail Salesperson 1 BR</b>	<b>Retail Salesperson 2 BR</b>
Atlanta, GA	\$ 590	\$ 688	1.5	1.7	1.4	1.6
Baltimore, MD	\$ 515	\$ 628	1.4	1.7	1.3	1.6
Charlotte, NC-SC	\$ 489	\$ 551	1.3	1.4	1.2	1.3
Columbus, OH	\$ 431	\$ 553	1.0	1.3	1.1	1.4
Fort Worth-Arlington, TX	\$ 453	\$ 588	1.2	1.6	1.1	1.4
Grand Rapids, MI	\$ 458	\$ 559	1.1	1.3	1.1	1.4
Houston, TX	\$ 464	\$ 601	1.4	1.8	1.2	1.5
Indianapolis, IN	\$ 453	\$ 545	1.0	1.2	1.1	1.3
Jacksonville, FL	\$ 472	\$ 569	1.2	1.5	1.2	1.4
Kansas City, MO-KS	\$ 444	\$ 534	1.1	1.3	1.1	1.3
Milwaukee, WI	\$ 482	\$ 605	1.2	1.5	1.2	1.6
Norfolk, VA-NC	\$ 487	\$ 576	1.4	1.6	1.3	1.6
St. Louis, MO-IL	\$ 386	\$ 501	1.0	1.3	1.0	1.3
Washington, DC-MD-VA	\$ 699	\$ 820	1.7	2.0	1.7	2.0
<b>Avg. for Most Affordable Metro Areas</b>	<b>\$ 487</b>	<b>\$ 594</b>	<b>1.3</b>	<b>1.5</b>	<b>1.2</b>	<b>1.5</b>

These 14 metropolitan areas are among the most affordable of the 60 included in this study.\* Generally, Teachers and Police Officers and Licensed Practical Nurses are able to afford both one- and two-bedroom apartments. As shown here, Janitors can afford a one-bedroom apartment in St. Louis, Indianapolis and Columbus, while Retail Salespersons can afford one-bedroom units in St. Louis only. Elsewhere, both Janitors and Retail Salespersons need additional income, of about 20 to 40 percent, but ranging up to 50 percent in Atlanta and 70 percent in Washington, DC. Neither Janitors nor Retail Salespersons can afford a two-bedroom apartment in any of these metro areas.

\*To classify rental housing markets, the relative cost-to-income for each metropolitan area is measured by the ratio of a typical renter's income and the typical rent. In the table, a figure of 1.0 or less indicates that an apartment is affordable for a typical income in that occupation, assuming up to 30 percent of income goes towards rent. A figure above 1.0 indicates the percentage of additional salary needed to afford the unit.

Source: Author's calculations. See Appendix IV for details.

<sup>23</sup>For Janitors, the six metropolitan areas are Pittsburgh, Cincinnati, Oklahoma City, Columbus, Indianapolis and St. Louis. For Retail Salespersons, the three metropolitan areas are Oklahoma City, St. Louis and Cincinnati.

Figure 7 continued:

**FIGURE 7**  
**The Multiple of Salaries Needed to Pay for an Affordable Rental Unit**

<b>Table B: Medium Affordable Metro Areas</b>						
<b>Metro Area</b>	<b>Rent 1BR</b>	<b>Rent 2 BR</b>	<b>Janitor 1 BR</b>	<b>Janitor 2 BR</b>	<b>Retail Salesperson 1 BR</b>	<b>Retail Salesperson 2 BR</b>
Cincinnati, OH-KY-IN	\$ 397	\$ 531	1.0	1.3	1.0	1.3
Fort Lauderdale, FL	\$ 564	\$ 698	1.4	1.8	1.3	1.7
Greensboro, NC	\$ 461	\$ 550	1.2	1.4	1.1	1.4
Hartford, CT PMSA	\$ 541	\$ 692	1.2	1.5	1.3	1.6
Memphis, TN-AR-MS	\$ 451	\$ 530	1.2	1.5	1.1	1.3
Nashville, TN	\$ 508	\$ 626	1.4	1.7	1.2	1.5
New Orleans, LA	\$ 417	\$ 520	1.2	1.5	1.1	1.4
Oklahoma City, OK	\$ 361	\$ 468	1.0	1.2	0.9	1.2
Orange County, CA	\$ 704	\$ 871	2.0	2.4	1.7	2.1
Raleigh, NC	\$ 550	\$ 645	1.4	1.7	1.3	1.6
Riverside, CA	\$ 489	\$ 597	1.2	1.4	1.2	1.5
Sacramento, CA	\$ 490	\$ 613	1.2	1.5	1.2	1.5
Tampa, FL	\$ 472	\$ 584	1.3	1.6	1.1	1.4
West Palm Beach, FL	\$ 578	\$ 715	1.7	2.1	1.4	1.7
<b>Avg. for Medium Affordable Metro Areas</b>	<b>\$ 499</b>	<b>\$ 617</b>	<b>1.3</b>	<b>1.6</b>	<b>1.2</b>	<b>1.5</b>

These 14 metropolitan areas are of medium affordability relative to the 60 included in this study.\* Teachers, Police Officers and Licensed Practical Nurses, generally, are able to afford both one- and two-bedroom apartments. As shown here, both Janitors and Retail Salespersons can afford a one-bedroom apartment in Cincinnati and Oklahoma City only. Elsewhere, both occupations need additional income of about 20 to 40 percent, but ranging up to 70 percent in West Palm Beach and double their income in Orange County, CA. Neither Janitors nor Retail Salespersons can afford a two-bedroom apartment in any of these metro areas.

\*To classify rental housing markets, the relative cost-to-income for each metropolitan area is measured by the ratio of a typical renter's income and the typical rent. In the table, a figure of 1.0 or less indicates that an apartment is affordable for a typical income in that occupation, assuming up to 30 percent of income goes towards rent. A figure above 1.0 indicates the percentage of additional salary needed to afford the unit.

Source: Author's calculations. See Appendix IV for details.

Figure 7 continued:

**FIGURE 7**  
**The Multiple of Salaries Needed to Pay for an Affordable Rental Unit**

<b>Table C: Unaffordable Metro Areas</b>						
<b>Metro Area</b>	<b>Rent 1BR</b>	<b>Rent 2 BR</b>	<b>Janitor 1 BR</b>	<b>Janitor 2 BR</b>	<b>Retail Salesperson 1 BR</b>	<b>Retail Salesperson 2 BR</b>
Bergen-Passaic, NJ	\$ 749	\$ 878	1.6	1.9	1.7	2.0
Cleveland, OH	\$ 480	\$ 594	1.1	1.4	1.2	1.5
Chicago, IL	\$ 619	\$ 737	1.4	1.7	1.5	1.7
Dallas, TX	\$ 560	\$ 718	1.6	2.1	1.3	1.7
Denver, CO	\$ 499	\$ 664	1.2	1.6	1.2	1.5
Detroit, MI	\$ 525	\$ 634	1.1	1.3	1.3	1.6
Las Vegas, NV-AZ	\$ 582	\$ 693	1.3	1.5	1.4	1.7
Middlesex, NJ	\$ 769	\$ 960	1.6	2.1	1.8	2.3
Minneapolis, MN-WI	\$ 521	\$ 666	1.1	1.4	1.2	1.6
Newark, NJ	\$ 681	\$ 820	1.4	1.7	1.6	1.9
Orlando, FL	\$ 569	\$ 678	1.5	1.8	1.4	1.7
Phoenix-Mesa, AZ	\$ 505	\$ 634	1.3	1.6	1.2	1.4
Portland, OR-WA	\$ 523	\$ 645	1.2	1.4	1.2	1.5
San Antonio, TX	\$ 428	\$ 554	1.1	1.5	1.1	1.4
San Jose, CA	\$ 922	\$1,139	2.2	2.7	2.3	2.8
Seattle, WA	\$ 582	\$ 736	1.2	1.5	1.2	1.5
<b>Avg. for Unaffordable Metro Areas</b>	<b>\$ 595</b>	<b>\$ 734</b>	<b>1.4</b>	<b>1.7</b>	<b>1.4</b>	<b>1.7</b>

These 16 metropolitan areas are ranked as unaffordable relative to the 60 included in this study. \* Teachers, Police Officers and Licensed Practical Nurses, generally, are able to afford both one- and two-bedroom apartments, although for Licensed Practical Nurses, two-bedroom apartments in Middlesex, NJ, and San Jose are not affordable. As shown here, neither Janitors nor Retail Salespersons can afford a one-bedroom (much less a two-bedroom unit) in any of the metro areas. Either or both of these occupations would require additional income of 50 percent or more for a one-bedroom in Orlando, Middlesex, NJ, Dallas, Bergen-Passaic, NJ, Chicago and Newark, and more than double in San Jose.

\*To classify rental housing markets, the relative cost-to-income for each metropolitan area is measured by the ratio of a typical renter's income and the typical rent. In the table, a figure of 1.0 or less indicates that an apartment is affordable for a typical income in that occupation, assuming up to 30 percent of income goes towards rent. A figure above 1.0 indicates the percentage of additional salary needed to afford the unit.

Source: Author's calculations. See Appendix IV for details.

Figure 7 continued:

**FIGURE 7**  
**The Multiple of Salaries Needed to Pay for an Affordable Rental Unit**

<b>Table D: Most Unaffordable Metro Areas</b>						
<b>Metro Area</b>	<b>Rent 1BR</b>	<b>Rent 2 BR</b>	<b>Janitor 1 BR</b>	<b>Janitor 2 BR</b>	<b>Retail Salesperson 1 BR</b>	<b>Retail Salesperson 2 BR</b>
Austin-San Marcos, TX	\$ 525	\$ 699	1.4	1.9	1.3	1.7
Boston, MA-NH	\$ 723	\$ 906	1.5	1.8	1.7	2.2
Buffalo-Niagara Falls, NY	\$ 421	\$ 507	1.1	1.3	1.2	1.4
Los Angeles, CA	\$ 592	\$ 749	1.4	1.8	1.4	1.8
Miami, FL	\$ 563	\$ 702	1.6	2.0	1.4	1.7
Monmouth-Ocean, NJ	\$ 693	\$ 879	1.6	2.0	1.6	2.1
Nassau-Suffolk, NY	\$ 906	\$1,105	1.7	2.1	2.2	2.7
New York, NY	\$ 785	\$ 891	1.2	1.3	1.9	2.2
San Diego, CA	\$ 583	\$ 729	1.4	1.8	1.5	1.8
Oakland, CA	\$ 686	\$ 861	1.4	1.7	1.6	2.1
Philadelphia, PA-NJ	\$ 584	\$ 722	1.3	1.6	1.4	1.8
Pittsburgh, PA	\$ 411	\$ 495	1.0	1.2	1.1	1.4
Providence, RI-MA	\$ 551	\$ 662	1.2	1.5	1.3	1.6
Rochester, NY	\$ 498	\$ 606	1.2	1.5	1.3	1.6
Salt Lake City-Ogden, UT	\$ 501	\$ 635	1.3	1.6	1.3	1.6
San Francisco, CA	\$ 923	\$1,167	2.0	2.5	2.1	2.7
<b>Avg. for Most Unaffordable Metro Areas</b>	<b>\$ 622</b>	<b>\$ 770</b>	<b>1.4</b>	<b>1.7</b>	<b>1.5</b>	<b>1.9</b>

These 16 metropolitan areas are among the most unaffordable of the 60 included in this study.\* Teachers, Police Officers and Licensed Practical Nurses, generally, are able to afford both one- and two-bedroom apartments, although for Teachers and Licensed Practical Nurses, two-bedroom apartments in San Francisco are unaffordable, as are two-bedroom apartments for Licensed Practical Nurses in Monmouth-Ocean, NJ and Nassau-Suffolk, NY. As shown here, neither Janitors nor Retail Salespersons can afford a one-bedroom (much less a two-bedroom unit) in any of the metro areas (with the exception of a one-bedroom unit for Janitors in Pittsburgh). Either or both of these occupations would require additional income of between 50 percent and more than double for a one-bedroom in 8 out of the 16 metro areas.

\*To classify rental housing markets, the relative cost-to-income for each metropolitan area is measured by the ratio of a typical renter's income and the typical rent. In the table, a figure of 1.0 or less indicates that an apartment is affordable for a typical income in that occupation, assuming up to 30 percent of income goes towards rent. A figure above 1.0 indicates the percentage of additional salary needed to afford the unit.

Source: Author's calculations. See Appendix IV for details.

The picture deteriorates when we consider whether a Janitor or Retail Salesperson can afford a two-bedroom apartment on these salaries. In not one of the 60 metropolitan areas would such an apartment be affordable. In fact, the multiples of salaries required to pay 30 percent of income for a two-bedroom apartment range from 1.5 and 1.6 in many parts of the country—such as Milwaukee, New Orleans, Philadelphia and Salt Lake City—to more than double in places like Dallas, Miami and Middlesex, NJ.

As noted, these calculations are based on the standard that housing is affordable if it requires no more than 30 percent of family income. This is an arbitrary standard—increased by the Reagan Administration from 25 percent in the 1980s—for federal housing subsidy programs, and has become the conventional wisdom accepted by the housing industry, lending institutions, and state and local governments. But this standard is a pipe dream for some working families, especially those dependent on incomes similar to those earned by Janitors and Retail Salespersons. As Barbara Ehrenreich points out in her book documenting her experience as a low-wage worker, “[If] rents are exquisitely sensitive to market forces, wages are not.”<sup>24</sup> She describes working two \$6 to \$7 per hour jobs back-to-back and still failing to save enough for the rent on a \$500 per month efficiency located a 45-minute commute away from her jobs. She paid—as do 3 million of the 3.7 million working families we identified in the previous section of this report as having critical housing needs—half her income in housing costs (rent) alone.

Clearly, paying half of one’s income for housing is unacceptable. But, even the 30 percent figure can mask the severity of the affordability problem. Such arbitrary measures fail to take into account household income, household size and other major expenses that households face—food, transportation, child care, health care, education, clothing and personal items, taxes, and so on. Some observers contend that this standard percentage-of-income understates housing cost burdens on families with children (and other larger households) compared to households of one or two persons, and overstates housing-cost burdens on higher-income households.<sup>25</sup>

It’s not difficult to understand why. Although, in general, households with higher incomes tend to pay smaller proportions of their income for housing, they really could afford to spend a larger share than could lower-income households and still meet other basic needs. For example, a household with an income of \$100,000 could spend 50 percent of its income for housing and still have \$50,000 left for other expenses. But, a household spending 30 percent of \$22,000 (roughly the equivalent of two minimum wages) would have only \$15,400 left for meeting other needs. Moreover, flat percentages do not account for differences in family size. A single person with an income of the same \$22,000, if fortunate enough to obtain housing at 30 percent of this income (\$550 per month), would have \$1,283

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<sup>24</sup>Barbara Ehrenreich, *Nickel and Dimed: On (Not) Getting By in America* (New York, NY: Henry Holt & Company, 2001), p. 201.

<sup>25</sup>See, for example, Michael E. Stone, *One-Third of a Nation: A New Look at Housing Affordability in America* (Washington, DC: Economic Policy Institute, 1990), pp. 50–57. The author proposes a sliding scale to more adequately assess the extent to which households are “shelter poor.”

a month left over after housing costs to devote to other necessities. But, a three-person household with the same income would have only \$427 per person to meet other needs and a four-person household only \$320 per person.

The results of our analysis should be considered in light of the foregoing facts. Figure 7 displays these results for all 60 metropolitan areas in the study, while Figure 8 summarizes the most and least affordable places for Janitors and for Retail Salespersons under the 30 percent of income affordability scenario (Appendix III provides individual data for each of these metropolitan areas referenced in Figure 7).

**FIGURE 8**

**The Most and Least Affordable Metro Areas for a Janitor and Retail Salesperson and the Multiple of Salaries Needed to Afford a Rental Unit**

<b>1 BR Assuming 30% Standard</b>		<b>2 BR Assuming 30% Standard</b>	
<b>Janitor—Among the Most Affordable</b>			
Pittsburgh, PA	1.0	Indianapolis, IN	1.2
Cincinnati, OH-KY-IN	1.0	Oklahoma City, OK	1.2
Oklahoma City, OK	1.0	Pittsburgh, PA	1.2
Columbus, OH	1.0	St. Louis, MO-IL	1.3
Indianapolis, IN	1.0	Columbus, OH	1.3
<b>Janitor—Among the Least Affordable</b>			
West Palm Beach, FL	1.7	West Palm Beach, FL	2.1
Nassau-Suffolk, NY	1.7	Nassau-Suffolk, NY	2.1
Orange County, CA	2.0	Orange County, CA	2.4
San Francisco, CA	2.0	San Francisco, CA	2.5
San Jose, CA	2.2	San Jose, CA	2.7
<b>Retail Salesperson—Among the Most Affordable</b>			
Oklahoma City, OK	0.9	Oklahoma City, OK	1.2
St. Louis, MO-IL	1.0	St. Louis, MO-IL	1.3
Cincinnati, OH-KY-IN	1.0	Cincinnati, OH-KY-IN	1.3
Indianapolis, IN	1.1	Indianapolis, IN	1.3
Pittsburgh, PA	1.1	Kansas City, MO-KS	1.3
<b>Retail Salesperson—Among the Least Affordable</b>			
Middlesex, NJ	1.8	New York, NY	2.2
New York, NY	1.9	Middlesex, NJ	2.3
San Francisco, CA	2.1	San Francisco, CA	2.7
Nassau-Suffolk, NY	2.2	Nassau-Suffolk, NY	2.7
San Jose, CA	2.3	San Jose, CA	2.8

Source: Author's calculations. See Appendix IV for details.

## *Homeownership*

Figure 9 shows the results for all 60 metropolitan areas for the homeownership portion of the study (Appendix III provides individual data for each of these metropolitan areas referenced in Figure 9). In the 11 metropolitan areas classified as generally most affordable and including such places as Buffalo, Rochester, Milwaukee, Fort Worth and Philadelphia, Elementary School Teachers and Police Officers are, for the most part, paid salaries enabling them to purchase the median priced home. An exception is Washington, DC, where it would take 1.6 times the teacher's salary and 1.4 times the Police Officer's salary to qualify for the mortgage. However, Licensed Practical Nurses fall short in 6 of the 11 metropolitan areas, requiring an additional 20 percent to 70 percent of their salaries to qualify. Still, where there is a second income present, purchasing a home is at least within the realm of possibility. This is not the case for Janitors and Retail Salespersons. While it is perhaps not surprising that there is not one city where a Janitor's or Retail Salesperson's salary alone can purchase a home, it is more disconcerting to realize that more than double their salaries also is insufficient, even in the relatively "affordable" metropolitan areas.

Moving through the affordability categories, the situation generally worsens. In the middle cost-to-income category, Nashville and Kansas City, for example, require 20 percent to 40 percent in additional salaries for Teachers, Police Officers and Licensed Practical Nurses and up to 2.5 times the salaries for Janitors and Retail Salespersons. In higher cost-to-income areas, such as Dallas, Charlotte, Raleigh and Bergen-Passaic, NJ, salary multiples ranging up to 1.6 and 1.7 may be required for Teachers, Police Officers and Licensed Practical Nurses and more than 3 times the salaries of Janitors and Retail Salespersons.

At the highest end of the spectrum, in the very high cost-to-income metropolitan areas, purchasing a home requires some multiple of virtually all the occupations in most places. In Orange County, CA, for example, Teachers would need to double their salaries and Licensed Practical Nurses would need to increase theirs by 130 percent. San Jose and San Francisco are simply out of reach. Police Officers, who fare the best, would still need to double their salaries to qualify for a mortgage. Teachers and Licensed Practical Nurses would need to triple their salaries, and Janitors and Retail Salespersons would have to earn their salaries seven times over.

Overall, households dependent on one Teacher's or one Police Officer's salary alone cannot afford to buy a median priced home in two-thirds of the metropolitan areas. Licensed Practical Nurses are priced out of all but the lowest cost-to-income markets, while Janitors and Retail Salespersons cannot afford to purchase a home across the board. Working families dependent on earnings in these occupations are likely to remain renters for the indefinite future. Their circumstances place additional pressure on the already strained rental housing sector.

**FIGURE 9**  
**The Multiple of Salaries Needed to Purchase a Home**

<b>Table A: Most Affordable Metro Areas</b>							
<b>Metro Area</b>	<b>1999 2Q Median Sales Price Home (New &amp; Existing)</b>	<b>Income Needed to Purchase</b>	<b>Janitor</b>	<b>Elem. School Teacher</b>	<b>Police Officer</b>	<b>Licensed Practical Nurse</b>	<b>Retail Sales- Person</b>
Buffalo- Niagara Falls, NY	\$ 82,000	\$ 26,957	1.7	0.6	0.6	1.0	1.9
Oklahoma City, OK	\$ 84,000	\$ 27,600	1.8	1.0	0.8	1.1	1.8
Rochester, NY	\$ 90,000	\$ 29,571	1.8	0.6	0.9	1.1	1.9
Tampa- St. Petersburg- Clearwater, FL	\$ 92,000	\$ 30,214	2.0	0.8	0.8	1.1	1.8
Grand Rapids- Muskegon- Holland, MI	\$101,000	\$ 33,171	1.9	0.8	0.8	1.2	2.1
Fort Worth- Arlington, TX	\$109,000	\$ 35,786	2.4	1.0	1.0	1.2	2.2
Milwaukee- Waukesha, WI	\$110,000	\$ 36,129	2.2	1.0	na	1.2	2.3
Philadelphia, PA-NJ	\$111,000	\$ 36,429	2.0	0.8	0.8	1.0	2.2
Cincinnati, OH- KY-IN	\$115,000	\$ 37,800	2.3	1.0	1.0	1.2	2.4
Minneapolis- St. Paul, MN-WI	\$132,000	\$ 43,371	2.3	1.1	1.0	1.4	2.6
Washington, DC- MD-VA	\$169,000	\$ 55,500	3.5	1.6	1.4	1.7	3.4
Avg. for Most Affordable Metro Areas	\$108,636	\$ 35,684	2.2	0.9	0.9	1.2	2.2

These 11 metropolitan areas are among the most affordable of the 60 included in this study.\* Generally, Teachers and Police Officers are able to afford the mortgage payments on a median-priced home with the exception of Teachers in Minneapolis and both Teachers and Police Officers in Washington, DC. Licensed Practical Nurses are able to afford to purchase a home in Buffalo and in Philadelphia. Elsewhere, however, Licensed Practical Nurses would require additional income of 10 to 20 percent, although 40 percent would be required in Minneapolis and 70 percent in Washington, DC. Neither Janitors nor Retail Salespersons can afford to purchase a home in any of these relatively affordable metropolitan areas.

\*To classify homeownership markets, relative cost-to-income for each metropolitan area is measured by the ratio of area family median income and the income required to qualify for a mortgage on the median-priced home. In the table, a figure of 1.0 or less indicates that purchase of the median-priced home is affordable for a typical income in that occupation, assuming up to 30 percent of income goes towards mortgage payments. A figure above 1.0 indicates the percentage of additional salary needed to afford the home.

Source: Author's calculations. See Appendix IV for details.

Figure 9 continued:

**FIGURE 9**  
**The Multiple of Salaries Needed to Purchase a Home**

<b>Table B: Medium Affordable Metro Areas</b>							
<b>Metro Area</b>	<b>1999 2Q Median Sales Price Home (New &amp; Existing)</b>	<b>Income Needed to Purchase</b>	<b>Janitor</b>	<b>Elem. School Teacher</b>	<b>Police Officer</b>	<b>Licensed Practical Nurse</b>	<b>Retail Sales- Person</b>
Pittsburgh, PA	\$ 92,000	\$ 30,214	1.9	0.7	0.7	1.1	2.1
Jacksonville, FL	\$106,000	\$ 34,843	2.3	0.9	1.3	1.2	2.2
Orlando, FL	\$108,000	\$ 35,486	2.3	na	1.2	1.3	2.2
Cleveland, OH	\$113,000	\$ 37,114	2.1	0.8	0.9	1.2	2.4
St. Louis, MO-IL	\$114,000	\$ 37,457	2.4	1.1	1.3	1.4	2.4
Fort Lauderdale, FL	\$115,000	\$ 37,800	2.4	na	0.9	1.3	2.3
Nashville, TN	\$116,000	\$ 38,100	2.5	1.3	1.2	1.4	2.3
Houston, TX	\$120,000	\$ 39,429	3.0	1.1	1.0	1.4	2.5
Kansas City, MO-KS	\$121,000	\$ 39,771	2.4	1.2	1.3	1.4	2.5
West Palm Beach- Boca Raton, FL	\$122,000	\$ 40,071	2.9	1.2	1.0	1.3	2.3
Baltimore, MD	\$131,000	\$ 43,029	2.9	1.1	1.0	1.3	2.7
Hartford, CT	\$132,000	\$ 43,371	2.3	0.9	1.0	1.1	2.5
Atlanta, GA	\$136,000	\$ 44,657	2.8	1.1	1.4	1.7	2.7
Nassau-Suffolk, NY	\$160,000	\$ 52,543	2.5	0.9	1.0	1.4	3.2
Middlesex, NJ	\$167,000	\$ 54,857	2.9	1.1	0.9	1.6	3.3
Avg. for Medium Affordable Metro Areas	\$123,533	\$ 40,583	2.5	1.0	1.1	1.3	2.5

These 15 metropolitan areas are of medium affordability compared to others of the 60 included in this study.\* Places where Teachers and Police Officers cannot afford the median-priced home include St. Louis, Nashville, Kansas City and Atlanta. Teachers also find Houston, Middlesex, NJ, West Palm Beach, and Baltimore unaffordable. While Police Officers cannot afford the median-priced home in Jacksonville and Orlando. Generally, both occupations would require between 10 and 30 percent additional salary to purchase a home. Licensed Practical Nurses fall short of the income required to purchase a home in any of the metro areas for which salary information is available. On average, they require additional income of 20 to 40 percent, although more than 60 percent would be required in Middlesex, NJ, and Atlanta. Neither Janitors nor Retail Salespersons can afford to purchase a home in any of metropolitan areas, with either or both requiring at least double their salaries almost everywhere and three times their salaries in Houston, West Palm Beach, Baltimore, Nassau-Suffolk, NY and Middlesex, NJ.

\*To classify homeownership markets, relative cost-to-income for each metropolitan area is measured by the ratio of area family median income and the income required to qualify for a mortgage on the median-priced home. In the table, a figure of 1.0 or less indicates that purchase of the median-priced home is affordable for a typical income in that occupation, assuming up to 30 percent of income goes towards mortgage payments. A figure above 1.0 indicates the percentage of additional salary needed to afford the home.

Source: Author's calculations. See Appendix IV for details.

Figure 9 continued:

**FIGURE 9**  
**The Multiple of Salaries Needed to Purchase a Home**

<b>Table C: Unaffordable Metro Areas</b>							
<b>Metro Area</b>	<b>1999 2Q Median Sales Price Home (New &amp; Existing)</b>	<b>Income Needed to Purchase</b>	<b>Janitor</b>	<b>Elem. School Teacher</b>	<b>Police Officer</b>	<b>Licensed Practical Nurse</b>	<b>Retail Sales-Person</b>
San Antonio, TX	\$ 97,000	\$ 31,843	2.1	0.9	0.9	1.2	2.0
New Orleans, LA	\$107,000	\$ 35,143	2.5	1.0	1.4	1.4	2.4
Miami, FL	\$112,000	\$ 36,771	2.7	1.3	0.9	1.2	2.3
Memphis, TN-AR-MS	\$112,000	\$ 36,771	2.5	1.0	1.0	1.4	2.3
Norfolk-Virginia Beach, VA	\$119,000	\$ 39,129	2.7	1.2	1.2	1.6	2.7
Greensboro-Winston-Salem, NC	\$120,000	\$ 39,429	2.6	1.2	1.3	1.4	2.4
Columbus, OH	\$126,000	\$ 41,400	2.5	1.0	0.9	1.3	2.6
Phoenix-Mesa, AZ	\$127,000	\$ 41,743	2.7	1.3	0.9	1.4	2.4
Providence, Pawtucket, RI	\$129,000	\$ 42,386	2.3	0.9	1.0	1.2	2.6
Las Vegas, NV-AZ	\$130,000	\$ 42,686	2.3	na	na	1.4	2.6
Dallas, TX	\$135,000	\$ 44,357	3.3	1.3	1.1	1.4	2.6
Indianapolis, IN	\$138,000	\$ 45,343	2.5	1.0	1.4	1.5	2.8
Austin-San Marcos, TX	\$139,000	\$ 45,686	3.1	1.3	1.2	1.6	2.7
Detroit, MI	\$140,000	\$ 45,986	2.4	1.1	1.1	1.4	2.8
Charlotte-Gastonia, NC	\$146,000	\$ 47,957	3.1	1.4	1.5	1.6	2.8
Raleigh-Durham, NC	\$158,000	\$ 51,900	3.3	1.6	1.6	1.7	3.1
Chicago, IL	\$161,000	\$ 52,886	3.0	1.5	na	1.8	3.1
Bergen-Passaic, NJ	\$176,000	\$ 57,814	3.1	1.1	0.9	1.7	3.2
Avg. for Unaffordable Metro Areas	\$131,778	\$ 43,291	2.7	1.2	1.1	1.5	2.6

These 18 metropolitan areas are unaffordable compared to others of the 60 included in this study.\* Places where Teachers and Police Officers cannot afford the median-priced home include Norfolk, Greensboro, Dallas, Austin, Detroit, Charlotte and Raleigh. Teachers also find Miami, Phoenix-Mesa, Chicago and Bergen-Passaic, NJ, unaffordable, while Police Officers cannot afford the median-priced home in New Orleans and Indianapolis. Generally, both occupations would require between 30 and 60 percent additional salary to purchase a home. Licensed Practical Nurses fall short of the income required to purchase a home in all 18 metro areas. On average, they require additional income of 40 to 70 percent. Neither Janitors nor Retail Salespersons can afford to purchase a home in any of metropolitan areas, with either or both requiring at least two and one-half to more than three times their salaries. Raleigh, Chicago and Bergen-Passaic, NJ, are among the most unaffordable metro areas for both.

\*To classify homeownership markets, relative cost-to-income for each metropolitan area is measured by the ratio of area family median income and the income required to qualify for a mortgage on the median-priced home. In the table, a figure of 1.0 or less indicates that purchase of the median-priced home is affordable for a typical income in that occupation, assuming up to 30 percent of income goes towards mortgage payments. A figure above 1.0 indicates the percentage of additional salary needed to afford the home.

Source: Author's calculations. See Appendix IV for details.

Figure 9 continued:

FIGURE 9  
The Multiple of Salaries Needed to Purchase a Home

Table D: Unaffordable Metro Areas							
Metro Area	1999 2Q Median Sales Price Home (New & Existing)	Income Needed to Purchase	Janitor	Elem. School Teacher	Police Officer	Licensed Practical Nurse	Retail Sales-Person
Riverside-San Bernardino, CA	\$132,000	\$ 43,371	2.6	1.0	0.9	1.5	2.7
Salt Lake City-Ogden, UT	\$147,000	\$ 48,300	3.0	1.5	1.4	1.8	3.1
Sacramento, CA	\$156,000	\$ 51,214	3.0	1.2	1.0	1.4	3.1
Portland-Vancouver, OR-WA	\$160,000	\$ 52,543	2.9	1.3	na	1.6	3.0
New York, NY	\$160,000	\$ 52,543	1.9	1.3	na	1.5	3.2
Denver, CO	\$160,000	\$ 52,543	3.1	1.5	1.2	1.7	3.1
Monmouth-Ocean, NJ	\$164,000	\$ 53,871	3.1	1.1	0.9	1.7	3.2
Boston, MA-NH	\$178,000	\$ 58,500	2.9	1.3	1.5	1.6	3.5
Newark, NJ	\$184,000	\$ 60,471	3.1	1.3	1.0	1.8	3.5
Los Angeles-Long Beach, CA	\$190,000	\$ 62,443	3.8	1.4	1.5	1.9	3.8
Seattle-Bellevue-Everett, WA	\$195,000	\$ 64,029	3.3	1.6	1.9	2.0	3.3
San Diego, CA	\$203,000	\$ 66,686	4.1	1.6	1.3	2.1	4.2
Orange County, CA	\$240,000	\$ 78,814	5.5	2.0	1.4	2.3	4.7
Oakland, CA	\$255,000	\$ 83,786	4.2	2.0	1.3	2.2	5.0
San Jose, CA	\$346,000	\$113,657	6.9	2.6	2.4	2.9	7.0
San Francisco, CA	\$400,000	\$131,400	7.0	3.5	2.1	3.3	7.5
Avg. for Most Unaffordable Metro Areas	\$204,375	\$ 67,136	3.8	1.6	1.4	2.0	4.0

These 16 metropolitan areas are among the most unaffordable of the 60 included in this study.\* By and large, all five occupations encounter difficulty purchasing the median-priced home on their salaries. Exceptions are Riverside-San Bernardino for Teachers and Police Officers, and Sacramento, Monmouth, NJ, and Newark, NJ, also for Police Officers. Generally, Teachers and Police Officers would require between 30 and 60 percent additional salary to purchase a home, although in some parts of California, roughly two and one-half times income would be needed. Licensed Practical Nurses fall short of the income required to purchase a home in all 16 metro areas. They require additional income of 60 to 70 percent in almost half the metro areas and double their income or more in the other half. Neither Janitors nor Retail Salespersons can afford to purchase a home in any of metropolitan areas, with either or both requiring at least triple their salaries in most places. In San Jose and San Francisco, they would be required to earn their salary more than seven times over in order to qualify for a mortgage on the median-priced home.

\*To classify homeownership markets, relative cost-to-income for each metropolitan area is measured by the ratio of area family median income and the income required to qualify for a mortgage on the median-priced home. In the table, a figure of 1.0 or less indicates that purchase of the median-priced home is affordable for a typical income in that occupation, assuming up to 30 percent of income goes towards mortgage payments. A figure above 1.0 indicates the percentage of additional salary needed to afford the home.

Source: Author's calculations. See Appendix IV for details.

**FIGURE 10**

**The Most and Least Affordable Metro Areas for Each Occupation and the Multiple of Salaries Needed to Purchase a Median Priced Home**

<b>Among the Most Affordable</b>		<b>Among the Least Affordable</b>	
<b>Janitor</b>			
Buffalo-Niagara Falls, NY	1.7	San Diego, CA	4.1
Oklahoma City, OK	1.8	Oakland, CA	4.2
Rochester, NY	1.8	Orange County, CA	5.5
Grand Rapids, MI	1.9	San Jose, CA	6.9
New York, NY	1.9	San Francisco, CA	7.0
Pittsburgh, PA	1.9		
<b>Teacher</b>			
Buffalo-Niagara Falls, NY	0.6	Raleigh-Durham-Chapel Hill, NC	1.6
Rochester, NY	0.6	Seattle-Bellevue-Everett, WA	1.6
Pittsburgh, PA	0.7	Washington, DC-MD-VA	1.6
Grand Rapids, MI	0.8	San Diego, CA	1.6
Philadelphia, PA-NJ	0.8	Oakland, CA	2.0
Tampa, FL	0.8	Orange County, CA	2.0
Cleveland-Lorain-Elyria, OH	0.8	San Jose, CA	2.6
		San Francisco, CA	3.5
<b>Police Officer</b>			
Buffalo-Niagara Falls, NY	0.6	Boston, MA-NH	1.5
Pittsburgh, PA	0.7	Charlotte, NC-SC	1.5
Grand Rapids, MI	0.8	Los Angeles-Long Beach, CA	1.5
Philadelphia, PA-NJ	0.8	Raleigh-Durham-Chapel Hill, NC	1.6
Tampa, FL	0.8	Seattle-Bellevue-Everett, WA	1.9
Oklahoma City, OK	0.8	San Francisco, CA	2.1
		San Jose, CA	2.4
<b>Licensed Practical Nurse</b>			
Buffalo-Niagara Falls, NY	1.0	Seattle-Bellevue-Everett, WA	2.0
Philadelphia, PA-NJ	1.0	San Diego, CA	2.1
Pittsburgh, PA	1.1	Oakland, CA	2.2
Tampa-St. Petersburg-Clearwater, FL	1.1	Orange County, CA	2.3
Oklahoma City, OK	1.1	San Jose, CA	7.0
Rochester, NY	1.1	San Francisco, CA	7.5
Hartford, CT	1.1		
<b>Retail Salesperson</b>			
Tampa, FL	1.8	Los Angeles-Long Beach, CA	3.8
Oklahoma City, OK	1.8	San Diego, CA	4.2
Buffalo-Niagara Falls, NY	1.9	Orange County, CA	4.7
Rochester, NY	1.9	Oakland, CA	5.0
San Antonio, TX	2.0	San Jose, CA	7.0
		San Francisco, CA	7.5

Source: Author's calculations. See Appendix IV for details.

## The Next Installment of the Study

Work currently is underway on the next stage of our exploration of the critical housing needs of working families in America, and is being carried out by researchers from Johns Hopkins University. As noted earlier, that report will be concerned with two central issues. First, who are the American working families with chronic housing affordability problems? Second, what tradeoffs do working families make in order to afford decent housing? Tradeoffs can take the form of enduring a lengthy and slow commute, doubling and tripling up in units, deferring maintenance or borrowing against equity in the case of a homeowner, taking in lodgers, or any number of these in tandem. These questions are being addressed using the 1995, 1997 and 1999 American Housing Survey, and the 1998 American Housing Survey Metropolitan files, as well as other sources of housing information.

Moreover, that study will be exploring these issues for a broader group of working families. Included will be the group discussed in this interim report, which are those earning between the full-time minimum wage equivalent and 120 percent of area median income. However, the scope of the next study will be expanded to look at working families who, for a variety of reasons, are earning less than the full-time minimum wage equivalent.

Although it may be premature to discuss policy prescriptions before the final results are in, the interim results suggest a guiding principle or two. Certainly, the reasons that working families face critical housing needs vary from place to place. However, it is clear that housing policy needs to be broadened to better address the needs of America's working families. Government, business and the larger community all have a clear interest in improving access to housing for these vital workers. And, all have a role to play. Recently, for example, an evaluation of the projects of a public/private collaboration called the Long Island Housing Partnership found that about 25 percent of the 533 units the Partnership has helped build are occupied by health care workers who are badly needed in area hospitals and other related facilities.<sup>26</sup> This is but one example. The solutions will vary, but the challenge is the same. ***In order to grow and prosper, communities must offer their working families access to decent and affordable housing.***

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<sup>26</sup>“The American Dream,” *Newsday* (Friday, May 25, 2001): C6-C7.

# Appendix I

## Tables

**TABLE 1**  
**Working Status of All Households with Critical Housing Needs, U.S., 1997 and 1999**  
**(000s)**

	1997		1999	
	Number	Percent	Number	Percent
Elderly, Not-Working <sup>1</sup>	3,736	28.3	3,756	28.9
Non-elderly, Not Working <sup>1</sup>	3,499	26.5	3,030	23.3
Marginally Employed <sup>2</sup>	2,939	22.3	2,515	19.3
<b>Low- to Moderate-Income Working Families<sup>3</sup></b>	<b>3,021</b>	<b>22.9</b>	<b>3,712</b>	<b>28.5</b>
Total <sup>4,5</sup>	13,195	100.0	13,013	100.0
Percent of all U.S. Households	14.0		13.7	

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

<sup>1</sup>The "not working" categories comprise households with less than \$2,678 in salary and wage income.

<sup>2</sup>"Marginally employed" is defined as households with at least \$2,678, but less than \$10,712 in salary and wage income.

<sup>3</sup>"Low- to moderate-income working families" are those with at least \$10,712 in salary and wage income, total income below 120 percent of the area median, and salary and wage income accounting for at least half of total income.

<sup>4</sup>This table does not cover all U.S. households. For 1997, of those with critical housing needs, the largest excluded group consists of those with incomes greater than 120 percent of the area median (roughly 392,000 households).

<sup>5</sup>For 1999, of those with critical housing needs, the largest excluded group consists of those with incomes greater than 120 percent of the area median (roughly 709,000 households).

**TABLE 2**  
**Critical Housing Needs of Low- to Moderate-Income**  
**Working Families, U.S., 1997 and 1999**

	1997 Critical Needs of Working Families	1999 Critical Needs of Working Families
<b>Unassisted Renters<sup>1</sup></b>		
Severe Cost Burden	934	1,180
Severely Inadequate	408	469
Both	16	45
Any	1,325	1,604
<b>Assisted Renters<sup>1,2</sup></b>		
Severe Cost Burden	101	243
Severely Inadequate	44	82
Both	5	12
Any	140	313
<b>Home Owners</b>		
Severe Cost Burden	1,360	1,572
Severely Inadequate	205	240
Both	8	17
Any	1,556	1,795
<b>Total with at least one critical need</b>	<b>3,021</b>	<b>3,712</b>

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

<sup>1</sup> Renter households include those who neither own nor rent.

<sup>2</sup> Assisted renters are renter households who answered any of the following questions in the affirmative: (1) Is the building owned by the public housing authority? (2) Do you pay a lower rent because the government is paying part of the cost of the unit? (3) Did a public housing authority, or some similar agency, give you a certificate or voucher to help pay the rent...? (4) As part of your rental agreement, do you need to answer questions about your income whenever your lease is up for renewal?

**TABLE 3**  
**Housing Problems of Low- to Moderate-Income Working Families,**  
**by Tenure, U.S., 1997 and 1999**  
**(000s)**

	1997		1999		Change 1997-1999	
	Number	Percent	Number	Percent	Number	Percent
<b>All Households</b>	<b>33,238</b>	<b>100.0</b>	<b>33,811</b>	<b>100.0</b>	<b>573</b>	<b>1.7</b>
Severe Cost Burden	2,394	7.2	2,995	8.9	601	25.1*
Severe or Moderately Inadequate	2,766	8.3	2,886	8.5	120	4.3
Crowded	1,745	5.3	1,710	5.1	-35	-2.0
Critical Needs	3,021	9.1	3,712	11.0	691	22.9*
<b>All Renters<sup>1</sup></b>	<b>15,884</b>	<b>100.0</b>	<b>16,512</b>	<b>100.0</b>	<b>628</b>	<b>4.0</b>
Severe Cost Burden	1,034	6.5	1,423	8.6	389	37.6*
Severe or Moderately Inadequate	1,808	11.4	1,928	11.7	120	6.6
Crowded	1,197	7.5	1,155	7.0	-42	-3.5
Critical needs	1,465	9.2	1,917	11.6	452	30.9*
<b>All Owners</b>	<b>17,354</b>	<b>100.0</b>	<b>17,299</b>	<b>100.0</b>	<b>-55</b>	<b>-0.3</b>
Severe Cost Burden	1,360	7.8	1,572	9.1	212	15.6*
Severe or Moderately Inadequate	957	5.5	958	5.5	1	0.1
Crowded	548	3.2	554	3.2	6	1.1
Critical needs	1,556	9.0	1,795	10.4	239	15.4*

Sources: 1997 and 1999 American Housing Surveys and authors' calculations.

\*Differences between 1997 and 1999 are statistically significant at the .05 level.

<sup>1</sup>Renter households include those who neither own nor rent.

**TABLE 4A**  
**Housing Problems of Low- to Moderate-Income Working Families,**  
**by Race, Ethnicity, Tenure and Region, U.S., 1997**

		Percent			
		Northeast	Midwest	South	West
<u>Non-Hispanic White</u>					
<b>Renters<sup>1</sup></b>					
	Critical Needs	10.1	5.1	7.2	9.7
	Crowded	2.3	2.5	2.7	3.2
<b>Owners</b>					
	Critical Needs	11.0	5.4	6.5	9.3
	Crowded	1.4	1.4	1.6	2.1
<hr/>					
<u>Non-Hispanic Black</u>					
<b>Renters<sup>1</sup></b>					
	Critical Needs	12.6	6.1	9.5	13.0
	Crowded	9.2	5.9	4.9	8.0
<b>Owners</b>					
	Critical Needs	15.4	6.9	10.3	7.3
	Crowded	2.7	1.9	3.7	0.0
<hr/>					
<u>Hispanic</u>					
<b>Renters<sup>1</sup></b>					
	Critical Needs	21.7	5.3	8.1	12.9
	Crowded	15.3	15.6	22.1	30.7
<b>Owners</b>					
	Critical Needs	30.9	10.5	9.8	18.6
	Crowded	9.4	9.6	13.6	17.9
<hr/>					
<u>All Working Families</u>					
	Critical Needs	12.9	5.6	7.9	11.4
	Crowded	4.3	2.8	4.7	9.6

Source: 1997 American Housing Survey and authors' calculations.

<sup>1</sup>Renter households include those who neither own nor rent.

**TABLE 4B**  
**Housing Problems of Low- to Moderate-Income Working Families,**  
**by Race, Ethnicity, Tenure and Region, U.S., 1999**

		<b>Percent</b>			
		Northeast	Midwest	South	West
<b><u>Non-Hispanic White</u></b>					
Renters <sup>1</sup>	Critical Needs	13.4	6.6	9.2	12.0
	Crowded	2.3	2.1	1.8	4.3
Owners	Critical Needs	11.7	6.3	8.5	15.5
	Crowded	1.7	1.7	1.4	1.8
<b><u>Non-Hispanic Black</u></b>					
Renters <sup>1</sup>	Critical Needs	15.8	6.6	12.7	14.2
	Crowded	7.0	2.0	4.4	7.1
Owners	Critical Needs	14.7	7.4	6.5	19.3
	Crowded	1.8	2.5	5.1	0.7
<b><u>Hispanic</u></b>					
Renters <sup>1</sup>	Critical Needs	20.0	10.5	10.7	15.9
	Crowded	14.4	14.9	13.9	32.1
Owners	Critical Needs	24.5	10.2	11.9	18.1
	Crowded	3.9	7.9	14.1	15.3
<b><u>All Working Families</u></b>					
	Critical Needs	14.1	6.9	9.7	14.7
	Crowded	4.1	2.5	4.0	10.1

Source: 1999 American Housing Survey and authors' calculations.

<sup>1</sup>Renter households include those who neither own nor rent.

**TABLE 5**  
**The Incomes of Low- to Moderate-Income Working Families**  
**with Critical Housing Needs, U.S., 1997 and 1999**  
**(000s)**

Family Income	1997 Critical Housing Needs		1999 Critical Housing Needs	
	Number	Percent of All Working Families <sup>1</sup>	Number	Percent of All Working Families <sup>2</sup>
Below 50% of Median	1,663	27.2	1,729	29.9
50 to 80% of Median	911	7.8	1,193	10.0
80 to 120% of Median	447	2.9	790	4.9
<b>Up to 120% of Median</b>	<b>3,021</b>	<b>9.1</b>	<b>3,712</b>	<b>11.0</b>

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

<sup>1</sup>The "percent of all working families" column refers to low- to moderate-income working families in each income range. There are also roughly 392,000 working households with critical needs who have incomes greater than 120 percent of area median.

<sup>2</sup>The "percent of all working families" column refers to low- to moderate-income working families in each income range. There are also roughly 709,000 working households with critical needs who have incomes greater than 120 percent of area median.

**TABLE 6**  
**Metropolitan Location of Working Families**  
**with Critical Housing Needs, By Tenure, U.S., 1997 and 1999**  
**(000s)**

	1997						1999					
	Families		All Working Renters <sup>1</sup>		Owners		Families		All Working Renters <sup>1</sup>		Owners	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Central City	1,213	40.1	762	52.0	451	29.0	1,598	43.0	1,051	54.8	547	30.4
Suburbs	1,279	42.3	590	40.3	689	44.3	1,502	40.4	701	36.5	801	44.6
Non-Metropolitan	529	17.5	113	7.8	417	26.8	613	16.5	165	8.6	448	24.9
<b>Total</b>	<b>3,021</b>	<b>100.0</b>	<b>1,465</b>	<b>100.0</b>	<b>1,556</b>	<b>100.0</b>	<b>3,712</b>	<b>100.0</b>	<b>1,917</b>	<b>100.0</b>	<b>1,795</b>	<b>100.0</b>

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

<sup>1</sup>Renter households include those who neither own nor rent.

**TABLE 7**  
**Critical Housing Problems of Working Families,**  
**by Number of Wage Earners, U.S., 1997 and 1999**

Housing Conditions	Percent with Critical Housing Needs			
	Number of Earners <sup>1</sup> 1997		Number of Earners <sup>1</sup> 1999	
	1	2 or More	1	2 or More
Severe Cost Burden	9.2	5.0	10.3	7.1
Severely Inadequate Housing	1.9	2.0	2.3	2.1

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

<sup>1</sup>The number of earners is the number of persons in the household with wage or salary income.

**TABLE 8**  
**Critical Housing Problems of Minimum Wage Working Households, U.S., 1997 and 1999**

Income Relative to Minimum Wage	1997				1999			
	Number in Income Range (000s)	Median Income (\$)	Critical Needs	Percent with Critical Needs	Number in Income Range (000s)	Median Income (\$)	Critical Needs	Percent with Critical Needs
Between 1–2	8,532	16,800	1,794	21.0	8,205	17,000	1,875	22.9
Between 2–3	10,990	26,900	746	6.8	11,966	27,000	1,027	8.6
Between 3–4	7,926	37,000	339	4.3	8,317	36,400	535	6.4
Between 4–5	4,031	47,000	109	2.7	3,725	47,000	194	5.2

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

**TABLE 9**  
**Characteristics of the Housing Markets**

<b>Metro Area Cost-to-Income Category</b>	<b>Percent Change Population<sup>1</sup></b>	<b>Percent Change Hi-Tech Jobs<sup>2</sup></b>	<b>Percent Change Hi-Tech Jobs 92-97<sup>3</sup></b>	<b>Travel Time Index<sup>4</sup></b>
Most Affordable	17	9.0	34.5	1.38
Medium Affordable	19	9.0	36.5	1.37
Unaffordable	23	9.4	41.2	1.44
Most Unaffordable	11	9.5	27.9	1.66

Source: Author's calculations.

<sup>1</sup>Change in populations based on 1990 - 2000 Census.

<sup>2,3</sup>*State of the Cities*, HUD, 2000, Table 8.

<sup>4</sup>*The 2001 Urban Mobility Report*, Texas A&M: Transportation Institute, 2001.

**TABLE 10**  
**Number of Earners Supporting America's Working Family**

<b>Working Families</b>	<b>Earners</b>				<b>Total</b>
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four or More</b>	
Single	100.0				100.0
Married with Children	40.1	52.5	6.2	1.2	100.0
Married without Children	42.1	52.7	4.2	1.1	100.0
Other with Children	72.8	23.9	2.7	0.6	100.0
Other without Children	30.2	63.7	5.3	0.9	100.0

Source: Calculations by Cushing N. Dolbeare, Center for Housing Policy Advisory Board from the 1999 American Housing Survey.

# Appendix II

## Occupational Data

## Typical Occupations and Wages, 1999

Occupation	Number Employed -US	Median Hourly Wage U.S.
Registered Nurse	2,100,000	\$ 20.33
Librarian	138,000	\$ 19.19
<b>Police Patrol Officer</b>	<b>446,000</b>	<b>\$ 18.06</b>
<b>Elementary School Teacher</b>	<b>1,800,000</b>	<b>\$ 17.82</b>
Firefighter	253,000	\$ 15.80
Carpenter	1,000,000	\$ 15.35
Child and Family Social Worker	263,000	\$ 14.42
Machinist	420,000	\$ 14.30
Correctional Officer/Jailer	381,000	\$ 13.66
<b>Licensed Practical Nurse</b>	<b>692,000</b>	<b>\$ 13.39</b>
Welder	410,000	\$ 12.58
Maintenance and Repairer	1,200,000	\$ 11.99
Inspector and Tester	578,000	\$ 11.68
Bookkeeping Clerk	2,100,000	\$ 11.53
Customer Service Representative	1,800,000	\$ 11.30
Word Processor	271,000	\$ 11.29
Billing Clerk	551,000	\$ 11.00
Construction Laborer	764,000	\$ 10.85
Truck Driver, Light	1,100,000	\$ 10.33
Team Assembler	1,300,000	\$ 9.95
Electrical Assembler	587,000	\$ 9.87
Data Entry Keyer	520,000	\$ 9.77
Office Clerk, General	3,000,000	\$ 9.77
Receptionist and Info Clerk	988,000	\$ 9.26
Switch Board Operator	249,000	\$ 9.11
Stock and Material Mover/Laborer	2,000,000	\$ 8.75
Teller	453,000	\$ 8.60
Landscaper and Groundskeeper	1,100,000	\$ 8.48
File Clerk	266,000	\$ 8.38
Production Worker/Helper	584,000	\$ 8.37
Stock Clerk and Order Filler	1,800,000	\$ 8.35
Hairdresser and Stylist	315,000	\$ 8.33
Home Health Aide	576,000	\$ 8.21
Security Guard	1,100,000	\$ 8.07
<b>Janitor and Cleaner</b>	<b>3,200,000</b>	<b>\$ 7.90</b>
<b>Retail Salesperson</b>	<b>4,100,000</b>	<b>\$ 7.66</b>
Food Preparation Worker	1,200,000	\$ 7.23
Packer and Packager, Hand	1,100,000	\$ 7.20
Counter and Rental Clerk	393,000	\$ 7.16
Child Care Worker	377,000	\$ 6.91
Cashier	3,100,000	\$ 6.68
Fast Food Cook	418,000	\$ 6.24
Waiter and Waitress	2,000,000	\$ 6.07

Source: Bureau of Labor Statistics, 1999 Occupational Earnings Survey and Occupational Employment, Training and Earnings Report.

# Appendix III

## Sixty Largest Housing Markets

**APPENDIX III: TABLE A**  
**Rents and Median Hourly Wages for the 60 Largest Housing Markets**

State	1999 Fair Market Rents by Number of Bedrooms		Housing Wages		Median Hourly Wage				
	One	Two	One Bedroom	Two Bedroom	Janitor	Teacher	Police Officer	Licensed Practical Nurse	Retail Salesperson
Atlanta, GA	\$ 590	\$ 688	\$11.35	\$13.23	\$ 7.78	\$19.04	\$15.33	\$12.95	\$ 8.03
Austin-San Marcos, TX	\$ 525	\$ 699	\$10.10	\$13.44	\$ 6.99	\$16.33	\$18.50	\$13.41	\$ 8.04
Baltimore, MD	\$ 515	\$ 628	\$ 9.90	\$12.08	\$ 7.13	\$18.60	\$21.28	\$16.10	\$ 7.78
Bergen-Passaic, NJ	\$ 749	\$ 878	\$14.40	\$16.88	\$ 8.83	\$24.25	\$31.40	\$16.70	\$ 8.61
Boston, MA-NH	\$ 723	\$ 906	\$13.90	\$17.42	\$ 9.57	\$22.36	\$19.17	\$17.08	\$ 8.02
Buffalo-Niagara Falls, NY	\$ 421	\$ 507	\$ 8.10	\$ 9.75	\$ 7.44	\$21.50	\$21.53	\$12.53	\$ 6.75
Charlotte-Gastonia-Rock Hill, NC-SC	\$ 489	\$ 551	\$ 9.40	\$10.60	\$ 7.47	\$16.12	\$15.59	\$14.04	\$ 8.10
Chicago, IL	\$ 619	\$ 737	\$11.90	\$14.17	\$ 8.46	\$16.53	na	\$14.49	\$ 8.17
Cincinnati, OH-KY-IN	\$ 397	\$ 531	\$ 7.63	\$10.21	\$ 7.89	\$18.06	\$18.71	\$14.92	\$ 7.63
Cleveland-Lorain-Elyria, OH	\$ 480	\$ 594	\$ 9.23	\$11.42	\$ 8.35	\$21.74	\$19.12	\$14.51	\$ 7.45
Columbus, OH	\$ 431	\$ 553	\$ 8.29	\$10.63	\$ 8.12	\$19.92	\$21.29	\$14.97	\$ 7.65
Dallas, TX	\$ 560	\$ 718	\$10.77	\$13.81	\$ 6.54	\$15.98	\$20.05	\$15.34	\$ 8.24
Denver, CO	\$ 499	\$ 664	\$ 9.60	\$12.77	\$ 8.08	\$16.94	\$21.04	\$14.85	\$ 8.26
Detroit, MI	\$ 525	\$ 634	\$10.10	\$12.19	\$ 9.21	\$20.46	\$20.72	\$15.72	\$ 7.85
Fort Lauderdale, FL	\$ 564	\$ 698	\$10.85	\$13.42	\$ 7.49	na	\$20.37	\$14.13	\$ 8.04
Fort Worth-Arlington, TX	\$ 453	\$ 588	\$ 8.71	\$11.31	\$ 7.28	\$16.83	\$17.06	\$14.89	\$ 7.92
Grand Rapids-Muskegon-Holland, MI	\$ 458	\$ 559	\$ 8.81	\$10.75	\$ 8.21	\$20.64	\$19.77	\$13.71	\$ 7.73
Greensboro-Winston-Salem-High Point, NC	\$ 461	\$ 550	\$ 8.87	\$10.58	\$ 7.30	\$15.95	\$14.79	\$13.83	\$ 7.78
Hartford-New Britain--Middletown, CT PMSA	\$ 541	\$ 692	\$10.40	\$13.31	\$ 8.90	\$23.90	\$21.34	\$18.77	\$ 8.18
Houston, TX	\$ 464	\$ 601	\$ 8.92	\$11.56	\$ 6.39	\$17.00	\$18.53	\$13.31	\$ 7.68
Indianapolis, IN	\$ 453	\$ 545	\$ 8.71	\$10.48	\$ 8.57	\$22.32	\$15.77	\$14.77	\$ 7.77
Jacksonville, FL	\$ 472	\$ 569	\$ 9.08	\$10.94	\$ 7.38	\$18.75	\$13.35	\$14.23	\$ 7.70
Kansas City, MO-KS	\$ 444	\$ 534	\$ 8.54	\$10.27	\$ 7.95	\$16.08	\$14.34	\$13.70	\$ 7.74
Las Vegas, NV-AZ	\$ 582	\$ 693	\$11.19	\$13.33	\$ 8.92	na	na	\$15.08	\$ 7.91
Los Angeles-Long Beach, CA	\$ 592	\$ 749	\$11.38	\$14.40	\$ 7.92	\$22.17	\$20.70	\$15.98	\$ 7.98
Memphis, TN-AR-MS	\$ 451	\$ 530	\$ 8.67	\$10.19	\$ 6.95	\$18.45	\$17.32	\$12.20	\$ 7.67
Miami, FL	\$ 563	\$ 702	\$10.83	\$13.50	\$ 6.62	\$13.57	\$20.67	\$15.06	\$ 7.82
Middlesex-Somerset-Hunterdon, NJ	\$ 769	\$ 960	\$14.79	\$18.46	\$ 8.99	\$24.26	\$28.22	\$16.79	\$ 8.05
Milwaukee-Waukesha, WI	\$ 482	\$ 605	\$ 9.27	\$11.63	\$ 7.88	\$18.15	na	\$14.61	\$ 7.46
Minneapolis-St. Paul, MN-WI	\$ 521	\$ 666	\$10.02	\$12.81	\$ 9.01	\$19.17	\$20.90	\$14.52	\$ 8.09
Monmouth-Ocean, NJ	\$ 693	\$ 879	\$13.33	\$16.90	\$ 8.36	\$22.58	\$27.60	\$15.28	\$ 8.16
Nashville, TN	\$ 508	\$ 626	\$ 9.77	\$12.04	\$ 7.20	\$14.43	\$15.34	\$12.61	\$ 8.11

Table A continued:

**APPENDIX III: TABLE A**  
**Rents and Median Hourly Wages for the 60 Largest Housing Markets**

State	1999 Fair Market Rents by Number of Bedrooms		Housing Wages		Median Hourly Wage				
	One	Two	One Bedroom	Two Bedroom	Janitor	Teacher	Police Officer	Licensed Practical Nurse	Retail Salesperson
Nassau-Suffolk, NY	\$ 906	\$ 1,105	\$17.42	\$21.25	\$10.27	\$29.20	\$25.29	\$17.81	\$ 8.01
New Orleans, LA	\$ 417	\$ 520	\$ 8.02	\$10.00	\$ 6.68	\$17.28	\$11.70	\$12.15	\$ 7.18
New York, NY	\$ 785	\$ 891	\$15.10	\$17.13	\$13.02	\$19.20	na	\$16.46	\$ 7.87
Newark, NJ	\$ 681	\$ 820	\$13.10	\$15.77	\$ 9.25	\$22.06	\$29.50	\$16.60	\$ 8.29
Norfolk-Virginia Beach- Newport News, VA-NC	\$ 487	\$ 576	\$ 9.37	\$11.08	\$ 6.87	\$16.09	\$15.58	\$11.87	\$ 7.04
Oakland, CA	\$ 686	\$ 861	\$13.19	\$16.56	\$ 9.56	\$20.51	\$30.96	\$18.70	\$ 8.05
Oklahoma City, OK	\$ 361	\$ 468	\$ 6.94	\$ 9.00	\$ 7.28	\$13.35	\$17.40	\$11.98	\$ 7.47
Orange County, CA	\$ 704	\$ 871	\$13.54	\$16.75	\$ 6.92	\$19.39	\$27.97	\$16.65	\$ 8.10
Orlando, FL	\$ 569	\$ 678	\$10.94	\$13.04	\$ 7.30	na	\$13.92	\$13.17	\$ 7.66
Philadelphia, PA-NJ	\$ 584	\$ 722	\$11.23	\$13.88	\$ 8.82	\$22.99	\$22.87	\$16.71	\$ 7.79
Phoenix-Mesa, AZ	\$ 505	\$ 634	\$ 9.71	\$12.19	\$ 7.43	\$16.04	\$21.24	\$14.48	\$ 8.41
Pittsburgh, PA	\$ 411	\$ 495	\$ 7.90	\$ 9.52	\$ 7.75	\$19.45	\$19.48	\$13.19	\$ 6.94
Portland- Vancouver, OR-WA	\$ 523	\$ 645	\$10.06	\$12.40	\$ 8.73	\$20.21	na	\$15.33	\$ 8.47
Providence-Pawtucket- Fall River, RI--MA PMSA	\$ 551	\$ 662	\$10.60	\$12.73	\$ 8.73	\$23.21	\$19.41	\$16.93	\$ 7.88
Raleigh-Durham- Chapel Hill, NC	\$ 550	\$ 645	\$10.58	\$12.40	\$ 7.46	\$16.00	\$15.53	\$14.28	\$ 7.99
Riverside- San Bernardino, CA	\$ 489	\$ 597	\$ 9.40	\$11.48	\$ 8.10	\$21.29	\$23.80	\$14.25	\$ 7.69
Rochester, NY	\$ 498	\$ 606	\$ 9.58	\$11.65	\$ 7.92	\$22.34	\$16.35	\$13.21	\$ 7.41
Sacramento, CA	\$ 490	\$ 613	\$ 9.42	\$11.79	\$ 8.08	\$20.52	\$23.57	\$17.06	\$ 7.98
Salt Lake City-Ogden, UT	\$ 501	\$ 635	\$ 9.63	\$12.21	\$ 7.64	\$15.60	\$16.76	\$13.04	\$ 7.56
San Antonio, TX	\$ 428	\$ 554	\$ 8.23	\$10.65	\$ 7.21	\$17.88	\$16.56	\$12.48	\$ 7.47
San Diego, CA	\$ 583	\$ 729	\$11.21	\$14.02	\$ 7.74	\$19.82	\$24.34	\$14.99	\$ 7.64
San Francisco, CA	\$ 923	\$1,167	\$17.75	\$22.44	\$ 9.07	\$18.26	\$29.98	\$19.31	\$ 8.42
San Jose, CA	\$ 922	\$1,139	\$17.73	\$21.90	\$ 7.97	\$21.37	\$23.01	\$18.53	\$ 7.84
Seattle-Bellevue- Everett, WA	\$ 582	\$ 736	\$11.19	\$14.15	\$ 9.36	\$18.94	\$16.56	\$15.21	\$ 9.32
St. Louis, MO-IL	\$ 386	\$ 501	\$ 7.42	\$ 9.63	\$ 7.50	\$16.22	\$13.39	\$13.31	\$ 7.45
Tampa-St. Petersburg- Clearwater, FL	\$ 472	\$ 584	\$ 9.08	\$11.23	\$ 7.22	\$18.06	\$19.35	\$13.57	\$ 7.98
Washington, DC-MD-VA	\$ 699	\$ 820	\$13.44	\$15.77	\$ 7.71	\$16.68	\$19.38	\$15.72	\$ 7.92
West Palm Beach- Boca Raton, FL	\$ 578	\$ 715	\$11.12	\$13.75	\$ 6.59	\$16.48	\$18.70	\$14.60	\$ 8.20

Source: See Appendix IV for details.

**APPENDIX III: TABLE B**  
**Home Prices and Median Salaries for the 60 Largest Housing Markets**

Metro Area	1999 Estimated Median Family Income	1999 2Q Median Sales Price Home (New & Existing)	Income Needed to Purchase	1999 Median Annual Salary				
				Janitor	Elem. School Teacher	Police Officer	Licensed Practical Nurse	Retail Sales-Person
Atlanta, GA	\$59,900	\$136,000	\$44,657	\$16,180	\$39,600	\$31,880	\$26,930	\$16,700
Austin-San Marcos, TX	\$55,400	\$139,000	\$45,686	\$14,540	\$33,960	\$38,480	\$27,900	\$16,710
Baltimore, MD	\$60,600	\$131,000	\$43,029	\$14,820	\$38,680	\$44,270	\$33,490	\$16,180
Bergen-Passaic, NJ	\$69,500	\$176,000	\$57,814	\$18,360	\$50,440	\$65,320	\$34,740	\$17,910
Boston, MA-NH	\$62,700	\$178,000	\$58,500	\$19,900	\$46,510	\$39,870	\$35,520	\$16,680
Buffalo-Niagara Falls, NY	\$45,800	\$ 82,000	\$26,957	\$15,470	\$44,720	\$44,790	\$26,050	\$14,040
Charlotte-Gastonia, NC	\$54,500	\$146,000	\$47,957	\$15,540	\$33,520	\$32,430	\$29,200	\$16,840
Chicago, IL	\$63,800	\$161,000	\$52,886	\$17,590	\$34,380	na	\$30,150	\$17,000
Cincinnati, OH-KY-IN	\$54,800	\$115,000	\$37,800	\$16,410	\$37,560	\$38,920	\$31,030	\$15,860
Cleveland-Lorain-Elyria, OH	\$52,600	\$113,000	\$37,114	\$17,360	\$45,210	\$39,760	\$30,180	\$15,490
Columbus, OH	\$53,800	\$126,000	\$41,400	\$16,890	\$41,440	\$44,290	\$31,140	\$15,900
Dallas, TX	\$58,200	\$135,000	\$44,357	\$13,600	\$33,240	\$41,700	\$31,900	\$17,130
Denver, CO	\$58,600	\$160,000	\$52,543	\$16,800	\$35,230	\$43,760	\$30,880	\$17,170
Detroit, MI	\$60,500	\$140,000	\$45,986	\$19,150	\$42,550	\$43,110	\$32,700	\$16,320
Fort Lauderdale, FL	\$53,200	\$115,000	\$37,800	\$15,580	na	\$42,370	\$29,390	\$16,720
Fort Worth-Arlington, TX	\$55,300	\$109,000	\$35,786	\$15,140	\$35,000	\$35,480	\$30,960	\$16,480
Grand Rapids-Muskegon, MI	\$53,800	\$101,000	\$33,171	\$17,080	\$42,930	\$41,120	\$28,520	\$16,080
Greensboro-Winston-Salem, NC	\$49,300	\$120,000	\$39,429	\$15,180	\$33,170	\$30,770	\$28,770	\$16,180
Hartford, CT PMSA	\$59,600	\$132,000	\$43,371	\$18,510	\$49,720	\$44,390	\$39,040	\$17,010
Houston, TX	\$54,100	\$120,000	\$39,429	\$13,290	\$35,360	\$38,540	\$27,690	\$15,980
Indianapolis, IN	\$54,600	\$138,000	\$45,343	\$17,830	\$46,420	\$32,790	\$30,730	\$16,170
Jacksonville, FL	\$48,800	\$106,000	\$34,843	\$15,360	\$38,990	\$27,760	\$29,590	\$16,020
Kansas City, MO-KS	\$54,200	\$121,000	\$39,771	\$16,540	\$33,450	\$29,820	\$28,490	\$16,110
Las Vegas, NV-AZ	\$48,900	\$130,000	\$42,686	\$18,550	na	na	\$31,370	\$16,460
Los Angeles-Long Beach, CA	\$51,300	\$190,000	\$62,443	\$16,470	\$46,110	\$43,050	\$33,240	\$16,590
Memphis, TN-AR-MS	\$48,600	\$112,000	\$36,771	\$14,460	\$38,370	\$36,020	\$25,380	\$15,960
Miami, FL	\$42,400	\$112,000	\$36,771	\$13,770	\$28,230	\$42,990	\$31,320	\$16,260
Middlesex-Somerset, NJ	\$76,700	\$167,000	\$54,857	\$18,690	\$50,470	\$58,700	\$34,930	\$16,740
Milwaukee-Waukesha, WI	\$57,600	\$110,000	\$36,129	\$16,390	\$37,750	na	\$30,380	\$15,510
Minneapolis-St. Paul, MN-WI	\$63,600	\$132,000	\$43,371	\$18,730	\$39,880	\$43,470	\$30,190	\$16,830

Table B continued:

**APPENDIX III: TABLE B**  
**Home Prices and Median Salaries for the 60 Largest Housing Markets**

Metro Area	1999 Estimated Median Family Income	1999 2Q Median Sales Price Home (New & Existing)	Income Needed to Purchase	Janitor	1999 Median Annual Salary			
					Elem. School Teacher	Police Officer	Licensed Practical Nurse	Retail Sales-Person
Monmouth-Ocean, NJ	\$59,800	\$ 164,000	\$ 53,871	\$17,380	\$46,960	\$57,400	\$31,790	\$16,960
Nashville, TN	\$53,700	\$ 116,000	\$ 38,100	\$14,990	\$30,010	\$31,900	\$26,860	\$16,860
Nassau-Suffolk, NY	\$73,300	\$ 160,000	\$ 52,543	\$21,360	\$60,740	\$52,610	\$37,040	\$16,660
New Orleans, LA	\$40,400	\$ 107,000	\$ 35,143	\$13,890	\$35,950	\$24,340	\$25,270	\$14,930
New York, NY	\$53,400	\$ 160,000	\$ 52,543	\$27,080	\$39,930	na	\$34,230	\$16,370
Newark, NJ	\$67,900	\$ 184,000	\$ 60,471	\$19,240	\$45,890	\$61,360	\$34,540	\$17,250
Norfolk-Virginia Beach- Newport News, VA-NC	\$48,069	\$ 119,000	\$ 39,129	\$14,290	\$33,460	\$32,410	\$24,690	\$14,650
Oakland, CA	\$65,700	\$255,000	\$ 83,786	\$19,880	\$42,670	\$64,400	\$38,890	\$16,740
Oklahoma City, OK	\$43,300	\$ 84,000	\$ 27,600	\$15,130	\$27,770	\$36,200	\$24,920	\$15,530
Orange County, CA	\$68,300	\$240,000	\$ 78,814	\$14,390	\$40,330	\$58,170	\$34,630	\$16,840
Orlando, FL	\$48,100	\$ 108,000	\$ 35,486	\$15,180	na	\$28,960	\$27,400	\$15,930
Philadelphia, PA-NJ	\$55,600	\$ 111,000	\$ 36,429	\$18,350	\$47,810	\$47,570	\$34,750	\$16,210
Phoenix-Mesa, AZ	\$50,200	\$ 127,000	\$ 41,743	\$15,460	\$33,370	\$44,190	\$30,120	\$17,490
Pittsburgh, PA	\$42,700	\$ 92,000	\$ 30,214	\$16,110	\$40,460	\$40,510	\$27,440	\$14,440
Portland- Vancouver, OR-WA	\$52,400	\$ 160,000	\$ 52,543	\$18,150	\$42,030	na	\$31,880	\$17,620
Providence-Pawtucket- Fall River, RI-MA PMSA	\$48,100	\$ 129,000	\$ 42,386	\$18,160	\$48,270	\$40,380	\$35,220	\$16,400
Raleigh-Durham- Chapel Hill, NC	\$59,500	\$ 158,000	\$ 51,900	\$15,520	\$33,280	\$32,300	\$29,690	\$16,620
Riverside- San Bernardino, CA	\$47,200	\$ 132,000	\$ 43,371	\$16,850	\$44,290	\$49,510	\$29,630	\$15,990
Rochester, NY	\$50,600	\$ 90,000	\$ 9,571	\$16,470	\$46,460	\$34,010	\$27,470	\$15,400
Sacramento, CA	\$51,900	\$ 156,000	\$ 51,214	\$16,800	\$42,680	\$49,030	\$35,480	\$16,600
Salt Lake City- Ogden, UT	\$50,300	\$ 147,000	\$ 48,300	\$15,880	\$32,450	\$34,870	\$27,130	\$15,730
San Antonio, TX	\$41,900	\$ 97,000	\$ 31,843	\$14,990	\$37,180	\$34,450	\$25,960	\$15,540
San Diego, CA	\$52,500	\$203,000	\$ 66,686	\$16,100	\$41,220	\$50,630	\$31,190	\$15,900
San Francisco, CA	\$72,400	\$400,000	\$131,400	\$18,860	\$37,990	\$62,350	\$40,170	\$17,510
San Jose, CA	\$82,600	\$346,000	\$113,657	\$16,570	\$44,450	\$47,860	\$38,540	\$16,310
Seattle-Bellevue- Everett, WA	\$62,600	\$ 195,000	\$ 64,029	\$19,460	\$39,400	\$34,450	\$31,640	\$19,390
St. Louis, MO-IL	\$152,000	\$ 114,000	\$ 37,457	\$15,590	\$33,730	\$27,860	\$27,680	\$15,500
Tampa-St. Petersburg- Clearwater, FL	\$45,600	\$ 92,000	\$ 30,214	\$15,010	\$37,570	\$40,240	\$28,230	\$16,600
Washington, DC-MD-VA	\$78,900	\$ 169,000	\$ 55,500	\$16,040	\$34,700	\$40,320	\$32,700	\$16,480
West Palm Beach- Boca Raton, FL	\$55,600	\$ 122,000	\$ 40,071	\$13,700	\$34,270	\$38,890	\$30,360	\$17,070

Source: See Appendix IV for details.

# Appendix IV

## Technical Definitions and Data Sources

# Technical Definitions Used to Estimate Housing Needs For Working Families From American Housing Survey (AHS) Data

**Income** — Income in AHS is based on the respondent's reply to questions about income during the 12 months prior to the interview. It includes amounts reported for wage and salary income, net self-employment income, Social Security or railroad retirement income, public assistance or welfare payments, and all other money income, prior to deductions for taxes or any other purpose.

**Household income** — Reported income from all sources for all household members.

**Wage income** — Reported income from wages and salary only for all household members.

**Overcrowding** — The condition of having more than one person per room per residence. Rooms in a residence include kitchens, offices/business rooms, and other finished rooms, and exclude baths, half baths, laundry/utility rooms, storage rooms/pantries and unfinished space.

**Severe cost burden** — Housing costs exceeding 50 percent of reported income.

**Severely inadequate housing** — Housing with severe physical problems, as defined in the AHS since 1984.

**Working family** — A household with: 1) total earnings from wages and salaries exceeding the full-time minimum wage equivalent of \$10,712; 2) wages and salaries representing more than half of household's income; and 3) total household income less than 120 percent of HUD-adjusted area median family income.

# Data Sources for the Occupational Wage-Housing Cost Analysis

The occupational wage/housing cost analysis examined wages for 5 occupations and home purchase costs and rental costs for the 60 largest metropolitan housing markets in the United States. The data sources and methodology used to carry out this analysis are listed below. All data were for 1999 unless otherwise noted.

**Major Occupational Categories and Employment** — *Bureau of Labor Statistics*, “Occupational Employment, Training and Earnings: Occupation Report,” 1998.

<http://www.bls.gov/asp/oe/noeted/emprprt.asp>

**Median Earnings of Occupations by Metropolitan Area** — *Bureau of Labor Statistics*, “Occupational Earnings Survey,” 1999. This extensive survey shows the typical wages earned by teachers, janitors and literally hundreds of other occupations in major metropolitan areas, and in the “balance of state” non-metropolitan areas, as well.

<http://www.bls.gov/oeshome.htm>

**Rental Housing Information** — including Fair Market Rents, Median Renter Income, and calculations of “housing wage” needed to afford rental units at the 30 percent of income standard. The methodology used for the rental housing section of the report was an adaptation of the “housing wage” analysis carried out by the *National Low Income Housing Coalition* in its “Out of Reach” report series.

<http://www.nlihc.org>

**Home Prices** — the series used in this report is from the “Housing Opportunity Index” computed by the *National Association of Home Builders*. The data are unique in that they include both new and existing homes sold. For a few metropolitan areas where this information was not available, data from the *National Association of Realtors* “Existing Home Sales” statistics were used instead.

**Income Needed to Qualify for a Mortgage** — this was calculated using the prevailing effective interest rate in 1999 as reported by the *Federal Home Finance Board*. Fairly lenient underwriting criteria were assumed including a 10 percent down payment (90 percent loan-to-value ratio). In addition, 45 basis points for private mortgage insurance and an assumed percentage of the purchase price was added for taxes and insurance.

**Classification of Housing Markets** — for each of the 60 metropolitan areas, the “Income Needed to Qualify for a Mortgage” (calculated as noted above) was compared to the HUD-adjusted area median family income for that metropolitan area. The ratio was used as a measure of affordability and the metropolitan areas were divided by quartile into four “Cost-to-Income Affordability Types.”

**Classification of Rental Markets** — for each of the 60 metropolitan areas, the income needed to afford a two-bedroom apartment at the HUD established Fair Market Rent (using the standard of 30 percent of income as “affordable”) was compared to the Renter Median Income for that metropolitan area as estimated by the *National Low Income Housing Coalition*. The ratio was used as a measure of affordability and the metropolitan areas were divided by quartile into four “Cost-to-Income Affordability Types.”