

## The Housing Wage

Marlena Melhunek

There are over 18,000 renter households in Delaware whose earnings amount to less than \$20,000 per year and whose housing costs exceed 30% of their income.

These are households who have an intuitive grasp of the “housing wage” concept, since they are in poverty and at risk of homelessness, after having paid the rent.

For Delaware tenants in general, decent housing is unaffordable and out of reach for 42% of them – 35,000 Delaware households.

At the minimum wage of \$6.15 an hour, a worker in Delaware would have to work 91 hours a week - more than two full-time jobs - to afford a modest two-bedroom apartment at fair market rent. A Delaware resident needs to earn at least \$14.06 an hour to afford the fair market rent of \$731- an annual income of \$29,239.

A new edition of the National Low-Income Housing Coalition (NLIHC)'s *Out of Reach* publication shows that conditions have only worsened in recent years. The report documents the cost of housing in every state, metropolitan area and county as well as the income and hours of work required to afford housing. From 1998 to 2002, the national median housing wage rose from \$11.24 to \$15.21.

*Out of Reach* popularized the concept of the “housing wage,” the minimum hourly wage a worker must earn to afford a two-bedroom apartment at fair market rent. The housing wage in Delaware has increased from \$12.13 in 1997 to \$14.06 an hour in 2003, an increase of 16%. At \$14.06 an hour, Delaware’s housing wage is the 19<sup>th</sup> highest in the nation. Delaware’s state minimum wage remains sorely inadequate to provide a decent life for workers: the housing wage is a whopping 229% of the minimum wage of \$6.15 an hour. When neither side of this equation will give - higher wages or lower housing costs - low-income households are caught in the middle, overextended in every direction.

The housing wages by county in Delaware are \$12.00 in Sussex, \$12.75 in Kent, and \$14.83 in New Castle. While



Marlena Melhunek is an intern with the Delaware Housing Coalition, working toward a masters degree at the Graduate School of Social Work and Social Research of Bryn Mawr College.

Bedrooms	Fair Market Rent By # of Bedrooms			Work Hours Needed (at \$6.15/hour) to Afford		
	1	2	3	1	2	3
DELAWARE	\$622	\$731	\$983	78	91	123
Dover	\$583	\$663	\$861	73	83	108
Wilm/Newark	\$661	\$771	\$1,048	83	96	131
Nonmetro	\$489	\$624	\$820	61	78	103
Kent	\$583	\$663	\$861	73	83	108
New Castle	\$661	\$771	\$1,048	83	96	131
Sussex	\$489	\$624	\$820	61	78	103

Source: Out of Reach, 2003 ~ [www.nlihc.org](http://www.nlihc.org)

housing costs are certainly lower in Kent and Sussex, rental housing is scarce compared to the number of low-income households. Approximately 3,000 households are currently waiting for Section 8 rental assistance in Kent and Sussex County - a 12 to 14 month wait during which households are stuck in limbo. 3,400 are waiting in New Castle County - another 1,400 in Wilmington alone, totaling 7,800 on Section 8 wait lists across the state.

It's not just families that are being squeezed by high rental costs. Even an individual with no family to support is hard-pressed to provide for themselves alone: in no jurisdiction in Delaware can person earning the minimum wage afford the fair market rent for even a one-bedroom unit. A minimum wage earner can afford a monthly rent of no more than \$320; an SSI recipient with a monthly income of \$522 can afford no more than \$157 for monthly housing costs. But the fair market rent for a one-bedroom apartment is \$622.

As *Out of Reach's* spotlight on the housing wage reflects,

the issue of affordable housing scarcity is not simply one of supply. Focusing on the demand side of the affordable housing equation reminds us that what makes housing affordable is not any quality intrinsic to the housing itself but the incomes of those who need it. Next to the minimum wage, *Out of Reach's* housing wage figures are a distressing reflection of the great gap between the costs of accessing safe, decent and affordable housing and how abysmally low wages in the New Economy really are for millions of Americans. As a nation we have done little to try to correct this, allowing the minimum wage to lose 24% of its value since 1979 (Economic Policy Institute, 2003). Minimum wage increases are certainly long overdue and necessary. However, with a federal minimum wage of \$5.15 and a state minimum wage of \$6.15, we are not likely to even get out of the single digits anytime soon. A state housing wage of \$14.06, more than twice the minimum wage, reminds us of the need for a living wage.

Bedrooms	Fair Market Rent By # of Bedrooms			Hourly Wage Needed (at 40 hours/week) to Afford			% of Renters Unable to Afford
	1	2	3	1	2	3	
DELAWARE	\$622	\$731	\$983	\$11.97	<b>\$14.06</b>	\$18.90	42%
Dover	\$583	\$663	\$861	\$11.21	\$12.75	\$16.56	44%
Wilm/Newark	\$661	\$771	\$1,048	\$12.71	\$14.83	\$20.15	42%
Nonmetro	\$489	\$624	\$820	\$9.40	\$12.00	\$15.77	43%
Kent	\$583	\$663	\$861	\$11.21	\$12.75	\$16.56	44%
New Castle	\$661	\$771	\$1,048	\$12.71	\$14.83	\$20.15	41%
Sussex	\$489	\$624	\$820	\$9.40	\$12.00	\$15.77	43%

Source: Out of Reach, 2003 ~ [www.nlihc.org](http://www.nlihc.org)