

An Update

Connections AND Choices

*In September 2007 the Southern Environmental Law Center and Virginia Local Initiatives Support Corporation released **Connections and Choices: Affordable Housing and Smarter Growth in the Greater Richmond Area**. The report shows the enormous economic, health, environmental, and social impacts of housing, land development and environmental trends occurring in the area, how these challenges are linked, and how they can be addressed more quickly and effectively. Updates to the report will be provided as new data are available.*



Can You Afford to Rent Here?

A look at rental costs and wages in the Greater Richmond Area

The Cost of Renting

The cost of renting continues to increase in the greater Richmond area. From 2000 to 2008, the average rent of a one bedroom apartment rose 55 percent (285 dollars). In comparison, inflation during this time increased 25 percent.

The U.S. Department of Housing and Urban Development (HUD) establishes rent guidelines for the cost of modest, non-luxury rental units in a specific market area for various size units and is usually the highest rent chargeable for that market under HUD's Section 8 program. HUD's Fair Market Rents (FMRs) for the Richmond metro area have increased steadily.

FAIR MARKET RENTS BY UNIT BEDROOMS, FROM 2000 TO 2008, GREATER RICHMOND AREA

FMR YEAR	EFFICIENCY	ONE-BEDROOM	TWO-BEDROOM	THREE-BEDROOM	FOUR-BEDROOM
FY2000	474	537	625	870	1026
FY2001	509	576	671	933	1101
FY2002	525	595	693	963	1137
FY2003	592	669	780	1084	1279
FY2004	596	673	785	1091	1288
FY2005	668	721	810	1086	1301
FY2006	625	678	757	1010	1206
FY2007	651	705	788	1051	1255
FY2008	719	779	870	1161	1386

Source: www.huduser.org/datasets/fmr

The full report can be found at
www.virginialisc.org or
www.SouthernEnvironment.org/publications

From 2000 to 2008, FMR for a one bedroom rose 45 percent (242 dollars).

The Housing Wage

In 2008, a family needs to earn \$22.32 per hour in order to afford the FMR 3 bedroom or has to earn \$26.71 per hour to afford the FMR 4 bedroom apartment in the Richmond area. With the average rent in the Richmond market at \$973, the housing wage for area renters has to be at \$18.71 or above. *According to the Bureau of Labor Statistics, the average wage for all occupations in the Richmond area is \$18.96.*

Employees earning minimum wage have almost no hope of finding an affordable unit. A housing wage of \$18.71 is a little over 3 times the Virginia minimum wage of \$5.85. Two adults earning minimum wage would have a combined wage of \$11.70, an amount 1.6 times less than the housing wage.

Are there enough hours to earn the rent?

In a two-income minimum wage family, each adult would have to work more than a 40-week to afford the average apartment price of \$973. Single income families earning minimum wage would be required to work 166 hours to afford the average apartment price. There are only 168 hours in a week.

Choices

With rising housing costs and the increase in the cost of necessities such as food, transportation, utilities and health care, many families increasingly face difficult choices, such as whether to take their ill child to the health provider or to pay the rent.

Spending on food, transportation and other necessities can leave little for a person or a family to save towards the downpayment on a home.

TYPICAL MONTHLY EXPENSES FOR THE AREA

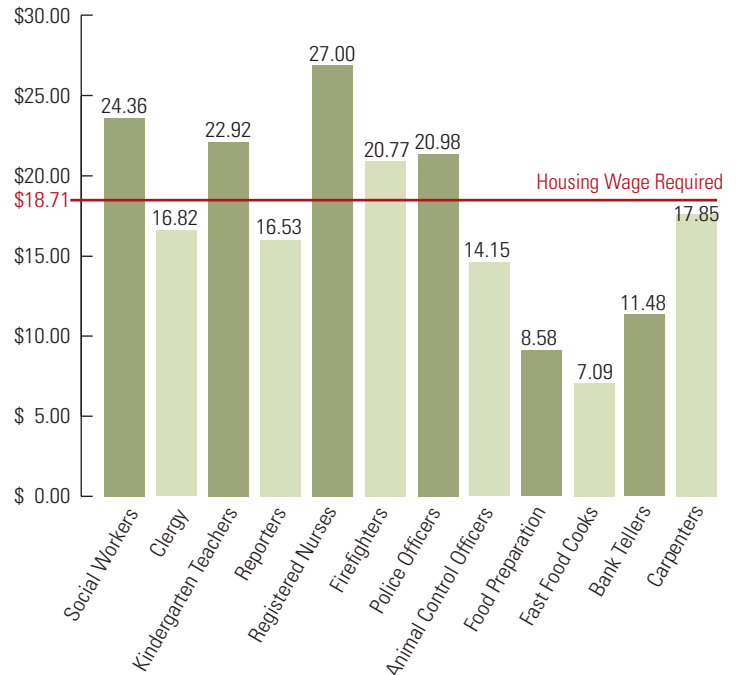
	ONE ADULT	ONE ADULT, ONE CHILD	TWO ADULTS, TWO CHILDREN
Food	\$156	\$273	\$570
Child Care	\$0	\$373	\$746
Medical	\$87	\$254	\$337
Transportation	\$127	\$127	\$127
Other	\$279	\$379	\$479

Source: www.livingwage.geog.psu.edu

1 BEDROOM, 1 BATH



COMPARISON OF THE AVERAGE HOURLY WAGE AND OCCUPATIONS AND THE 2008 HOUSING WAGE



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