

'Modest' two-bedroom apartments not affordable

The statement

'Studies show at the minimum wage, you can't rent a two-bed room apartment anywhere in the United States a modest, two-bed room apartment.' D-Va., July U.S.

Rep. Bobby Scott

15 in a hearing

The ruling

A spokesperson for the House Committee on Education and Labor, which Scott chairs, said the congressman was referring to a 2019 study by the National Low **Income** Housing Coalition titled 'Out of Reach.' The report, updated annually, examines the affordability of housing for minimum wage earners in more than 3,500 counties and metropolitan areas across the country.

The study found, 'In no state, metropolitan area, or county in the U.S. can a worker earning the federal or prevailing state minimum wage afford a modest two-bedroom rental home at fair market rent by working a standard 40-hour work week.' There are a few terms we need to break down: The federal minimum wage is \$7.25 an hour and has been in effect since 2009. Twenty-one states, including Virginia, use that rate as their minimum wage. The rest, and the District of Columbia, have set their minimum wage higher. In Florida, the minimum wage is currently \$8.46 an hour.

The prevailing minimum wage is the baseline pay rate that's in effect in a state or locality. Twenty-nine states exceed the federal minimum, from \$7.50 an hour in New Mexico to \$12 in California and Washington. Some cities have minimum wages higher than their states. The study used the prevailing minimum wage in its computations for each locality.

Fair market rent is the 40th median percentile of rents (including utilities, but not telephone) paid by tenants who have moved in a locality during the last two years.

It's slightly less than median rent. It is a term used by the federal government in some housing programs and the bottom rent for what the study calls a 'modest' home.

The national coalition defines 'affordability' as consistent with a federal standard that no more

than 30 percent of a household's gross **income** should be spent on rent and utilities. That's the guideline used by the Department of Housing and Urban Development.

So, what the study found is that there is no U.S. locality where minimum wage earners, working 40 hours a week, can find a modest two-bedroom home that will rent for 30 percent or less of their gross **income**. In every locality, at least 60 percent of the two-bedroom units are unaffordable, according to standard housing definitions. In most places, far more than 60 percent are beyond their means.

In Virginia, for example, a household would have to work 128 hours a week at the state's minimum wage - or 3.2 fulltime jobs - to afford a two-bedroom home at the 40th rent percentile, according to the report.

The study does not say no two-bedroom home would be available to a minimum-wage earner anywhere in the country. The qualifier 'modest' home - used in the report and by Scott - is important. There might be affordable two-bedroom apartments available, but they would be below the 'modest' standard - usually, far below.

What about a one-bedroom home? A minimum wage earner would find them affordable in 28 counties across the country, or less than 1 percent of the jurisdictions, according to the study.

Several housing experts have told PolitiFact National the coalition's report is generally consistent with other housing studies, including a recent report published by the Joint Center of Housing Studies and Harvard University.

Scott accurately describes the findings and makes the key distinction that the results don't apply to all apartments; just those statistically defined as 'modest.' We rate his statement True.

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