

HOUSING COST BURDEN

Extent to Which Low-Income Households are Devoting a High Percentage of Income to Housing Needs

While affordable housing covers many different income levels and price ranges, what makes housing “affordable” is the ratio of housing costs to household income. In other words, what’s affordable depends on the income level of a household.

Low and moderate income households earn between 50 to 120 percent of the area median income (AMI), and often pay half of their income toward housing.

Each year, the federal government calculates the median income for communities across the country to use as guidelines for federal housing programs. Area median incomes are set according to family size.

The Area Median Income for Dearborn County is \$64,000.

The following table shows that 21 percent of county residents rent their home. This is lower than the state average of 29%.

Table 24. Dearborn County Housing - 2004		
Total Households	Renter Households	Percent of Renter Households
16,832	3,599	21%

But there are obstacles to finding affordable rents. An extremely low income household (earning \$19,200, or 30 percent of the Area Median Income of \$64,000) can afford monthly rent of no more than \$480, while the Fair Market Rent for a two-bedroom unit is \$672.

The following table shows that rents for a two-bedroom unit in Dearborn County are considerably higher than neighboring communities.

Table 25. Fair Market Rent of Neighboring Counties			
Franklin	Ohio	Ripley	Dearborn
\$432	\$468	\$432	\$480

A minimum wage earner (earning \$5.15 per hour) can afford monthly rent of no more than \$268, but an efficiency apartment in Dearborn is \$392.

The Housing Wage in Dearborn is \$12.92. This is the amount a full-time (40 hours per week) worker must earn per hour in order to afford a two-bedroom unit at the area's Fair Market Rent.

This is equivalent to 251 percent of the minimum wage. The Housing Wage in Dearborn and adjacent counties are shown in the table below.

Table 26. The Housing Wage of Neighboring Counties			
Franklin	Ohio	Ripley	Dearborn
\$8.31	\$9	\$8.31	\$12.92

The county's median renter income is \$28,883, thus a renter earning the median renter income can afford rent of no more than \$722. This leaves 46% of renters unable to afford the Fair Market Rent for a 2-bedroom unit. Put in human terms, a renter earning the minimum wage must work 100 hours per week to afford a 2-bedroom unit at the Fair Market Rent.

There is an addendum to the previous information, which is collected by the National Low Income Housing Coalition (NLIHC) in Washington, D.C. Because Dearborn County is part of the Cincinnati MSA, housing prices are based in part on the higher costs associated with urban areas. Communities that are rural in nature but still within the MSA (such as Dearborn County) tend to have lower prices than the MSA as a whole. This was found to be true for the county's housing market, as shown in the Changes in Housing Inventory section of this report.

Reasons Underlying the Analysis, Including Utility Costs, Availability of Decent, Safe and Affordable Housing, and Other Relevant Factors

Several factors combine to make housing more difficult to afford for low-to-moderate income residents of Dearborn. Fifty percent of the realtors surveyed for this assessment said there is a shortage of rental housing. Thirty percent said there is a shortage of homes for sale. Additionally, 30% said the affordability of rental housing is a major problem. The affordability of rental housing is tied to demand and, as shown previously, the county has a low rental vacancy rate.

As shown in the demographic profile, the county is growing much faster than the state as whole. Fast growth almost always leads to higher lands costs. In fact, 40 percent of the realtors surveyed said escalating land costs is a major problem.

On the other side of the equation, there is a shortage of high-paying jobs within the county itself. Most county residents with high-paying jobs work in Cincinnati. Inside the county, there is limited employment in sectors that pay well, such as manufacturing.

Utility rates can be a challenge for people with low-paying jobs. Fifty percent of the bankers surveyed for this assessment said high utility rates are a major problem in the county.