

STATE OF CHANGE

PART 4: HOUSING & INCOME

Home has always been a powerful word. Now, after so many people across the world spent the past year staying home to curb the spread of COVID-19, it carries even greater weight.

According to [studies](#) published in the scientific journal *Health Affairs*, housing stability, quality, safety, and affordability all affect our health. Not only that, [focusing policy solutions on housing](#) can improve economic stability, education access and quality, health care access and quality, and community wellbeing—together known as the four social determinants of health.

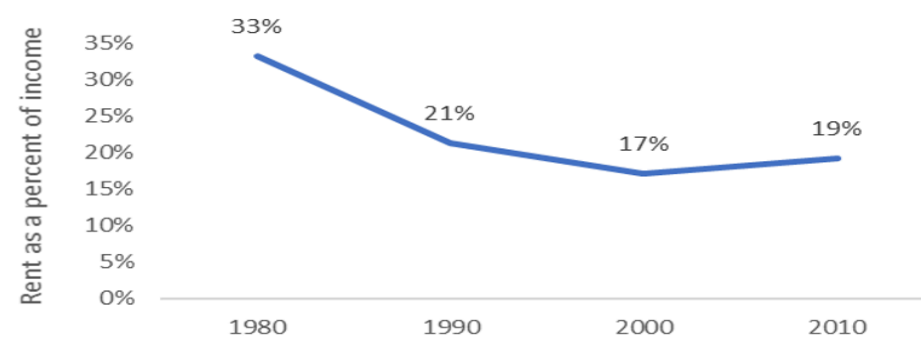
For many of us, unaffordable housing is a fact of life. In 2019, just before the pandemic hit, [nearly half of all Colorado renters](#) and about a third of homeowners were cost burdened—which is defined by the US Department of Housing and Urban Development as having above 30 percent of a worker’s income going towards housing. Nearly one-quarter of renters are severely cost burdened, spending more than half their income on rent.

Contrasting these numbers, historical census data show that rent as a percentage of median income has in fact declined significantly since the 1980s. That pattern continued to hold even as people from across the country flocked to Colorado from other states in the 2010s. Despite the cultural common sense that housing is unaffordable simply because of rising costs, it doesn’t appear cost alone is the cause of our current housing crisis.

Every year, the National Low Income Housing Coalition reports on how much a full-time hourly worker needs to earn to afford a two-bedroom rental at fair market rent (FMR) to afford what they call the housing wage.

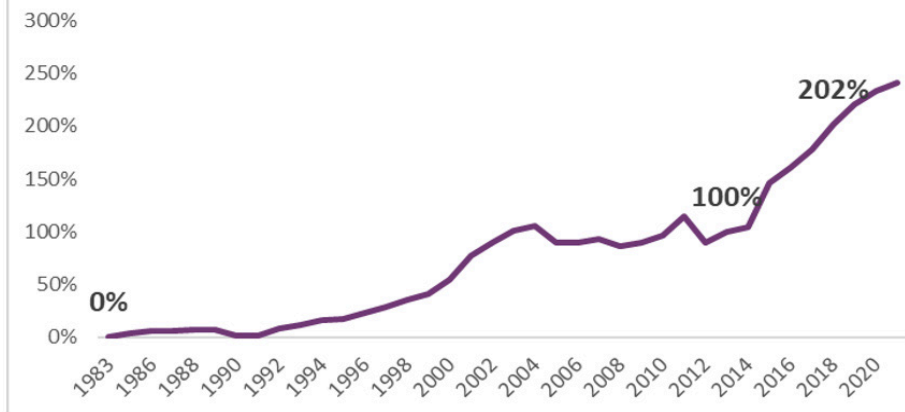
In 2010, Colorado’s statewide housing wage was \$16.86. Looking at wages in a few growing industries provides insight as to why so many Colorado workers are cost burdened. Only 20 percent of retail salespeople and 13 percent of waitstaff were making above the housing wage. No workers in the food preparation industry or personal care aides earned wages above the housing wage.

Figure 1. Rent as a percent of income throughout the decades



Source: Historical US Census Bureau housing data; CFI analysis of gross rent as a percentage of median income

Figure 2. Percent Increase in FMR in Denver since 1983



Source: HUD Fair Market Rent Data; CFI analysis of FMR as a percent of median income

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Nearly a decade later, the situation hasn’t improved much. Of the workers in those industries, nearly all of them made less than the 2019 housing wage of \$26.45—just 10 percent of personal care aides made above that amount.

In 2019, [we reported](#) that the passage of Amendment 70 helped give minimum wage workers the same buying power they had in the mid-1970s. However, purchasing power for the median income has actually fallen, even as the top 20 percent of earners saw their wages rise substantially since 2000. An even clearer picture of the problem emerges when rent amounts are compared to ability to pay in Denver. According to available data, it took 30 years for FMR to double (see Figure 2), but it only took five years for it to double again from 2013 to 2018 (FMR went from \$940 to \$1,418). As of 2019, only 30 percent of Coloradans make more than the housing wage needed to afford that rent compared to 47 percent in 2001. In many of the economy’s growing industries, wages are simply not keeping up.

These data point to growing inequities. Past CFI analysis found women, Black, Latinx, multiracial, and young workers aged 21-30 are more likely to work low-wage jobs than men. These Coloradans are forced to stretch their monthly budgets to cover rising rents as well as other costly necessities such as childcare.

This keeps paths to wealth building like homeownership further away, especially considering median home values have grown by 350 percent since 1980 according to historical census data.

Housing costs are rising, leaving more Coloradans cost burdened. However, the data point to stagnant income as a major cause of the housing crisis. As Colorado pursues policies designed to increase the supply of affordable housing, they must remember that supply alone won’t solve the problem. Doing more to boost wages will also curb the rising cost of housing.

STAGNANT WAGES ARE A MAJOR CONTRIBUTING FACTOR IN THE STATE’S HOUSING CRISIS