



Rent Burden Statistics for Washoe and Clark County Part I

A special tabulation of U.S. Census Bureau data called the CHAS (Comprehensive Housing Affordability Strategy) is prepared for HUD each year using the American Community Survey. The tabulation measures housing need by estimating the numbers of households at various income levels who pay 30% or more for their housing costs, amongst other housing related statistics. A household that pays more than 30% of its income for gross rent, which includes utility costs, is considered “rent burdened.” A household paying more than 50% of its income for gross rent is considered to be “severely rent burdened.” The greatest concern is for the lowest income households with rent burden. HUD categorizes households as extremely low income (ELI), very low income (VLI), or low income (LI) as follows:

- ELI households have incomes less than 30% of HUD area median income.¹
- VLI households have incomes between 30% and 50% HUD area median income.
- Low income households have incomes between 50% and 80% HUD area median income.

HUD median income is adjusted for family size and region. 2018 examples for Las Vegas-Henderson-Paradise MSA and Reno MSA are in Table 1 and Table 2 below.

Table 1. HUD Section 8 Income Limits for 2018 in Las Vegas-Henderson-Paradise MSA

	1 person	2 person	3 person	4 person
Extremely Low Income	\$ 14,750	\$ 16,850	\$ 20,780	\$ 25,100
Very Low Income	\$ 24,550	\$ 28,050	\$ 31,550	\$ 35,050
Low Income	\$ 39,250	\$ 44,850	\$ 50,450	\$ 56,050

Source: U.S. Housing And Urban Development, https://www.huduser.gov/portal/datasets/il.html#2018_data

Table 2. HUD Section 8 Income Limits for 2018 in Reno MSA

	1 person	2 person	3 person	4 person
Extremely Low Income	\$ 15,450	\$ 17,650	\$ 20,780	\$ 25,100
Very Low Income	\$ 25,750	\$ 29,400	\$ 33,100	\$ 36,750
Low Income	\$ 41,200	\$ 47,050	\$ 52,950	\$ 58,800

Source: U.S. Housing And Urban Development, https://www.huduser.gov/portal/datasets/il.html#2018_data

For the statistics presented in this article, only the 43% of Washoe County households and 47% of Clark Co. households which rented a housing unit are considered. Similar homeowner statistics on housing cost burden are also available but are not considered here.

Income Distribution of Renter Households in Clark and Washoe County.

Figures 1 and 2 show the income distribution of Clark and Washoe County renter households. In Clark County 54% of the approximately 344,000 renter households were either low income, very low income or extremely low income households. About 60,000 renter households (18%) were extremely low income households. In Washoe County, about 57% of the 72,000 renter households were either low income, very low income or extremely low income households. About 14,000 households or about 19% were extremely low income renter households.

Figure 1: Renter Households in Clark County, 2011 to 2015

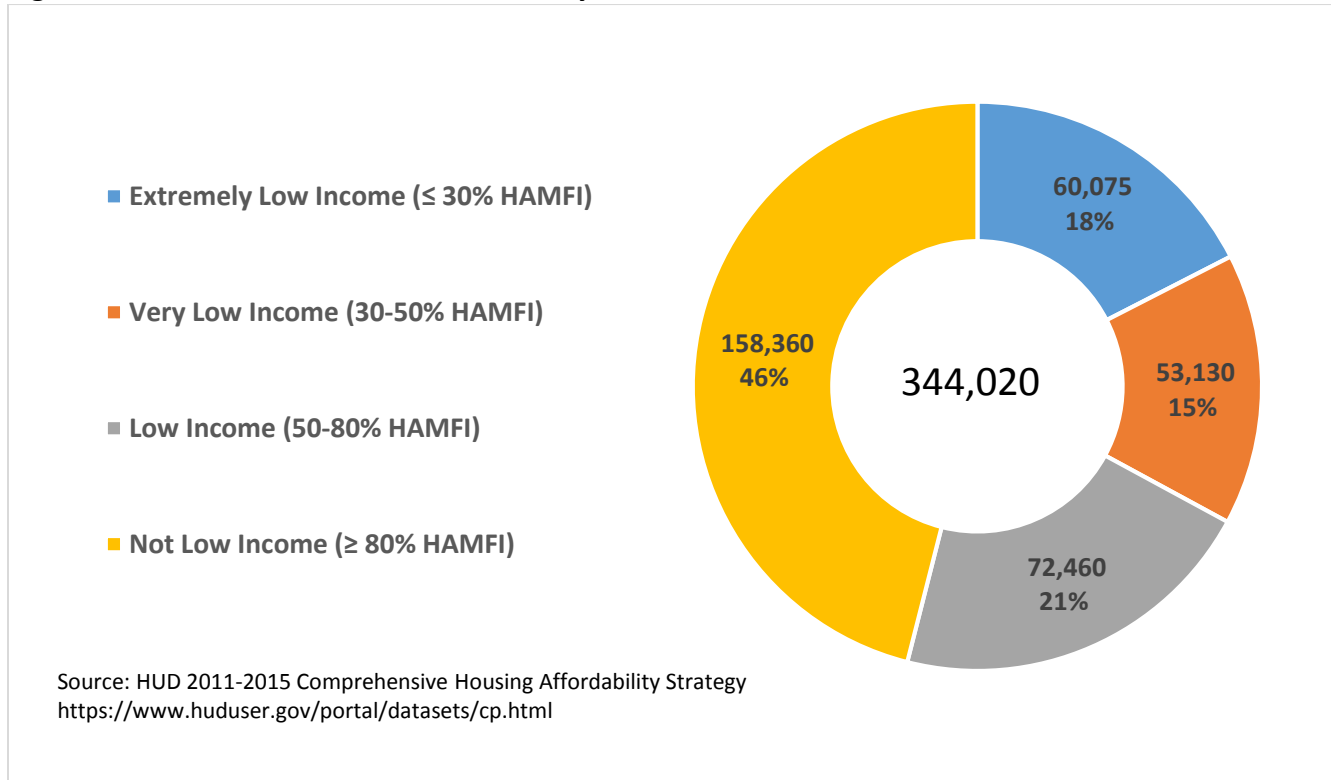
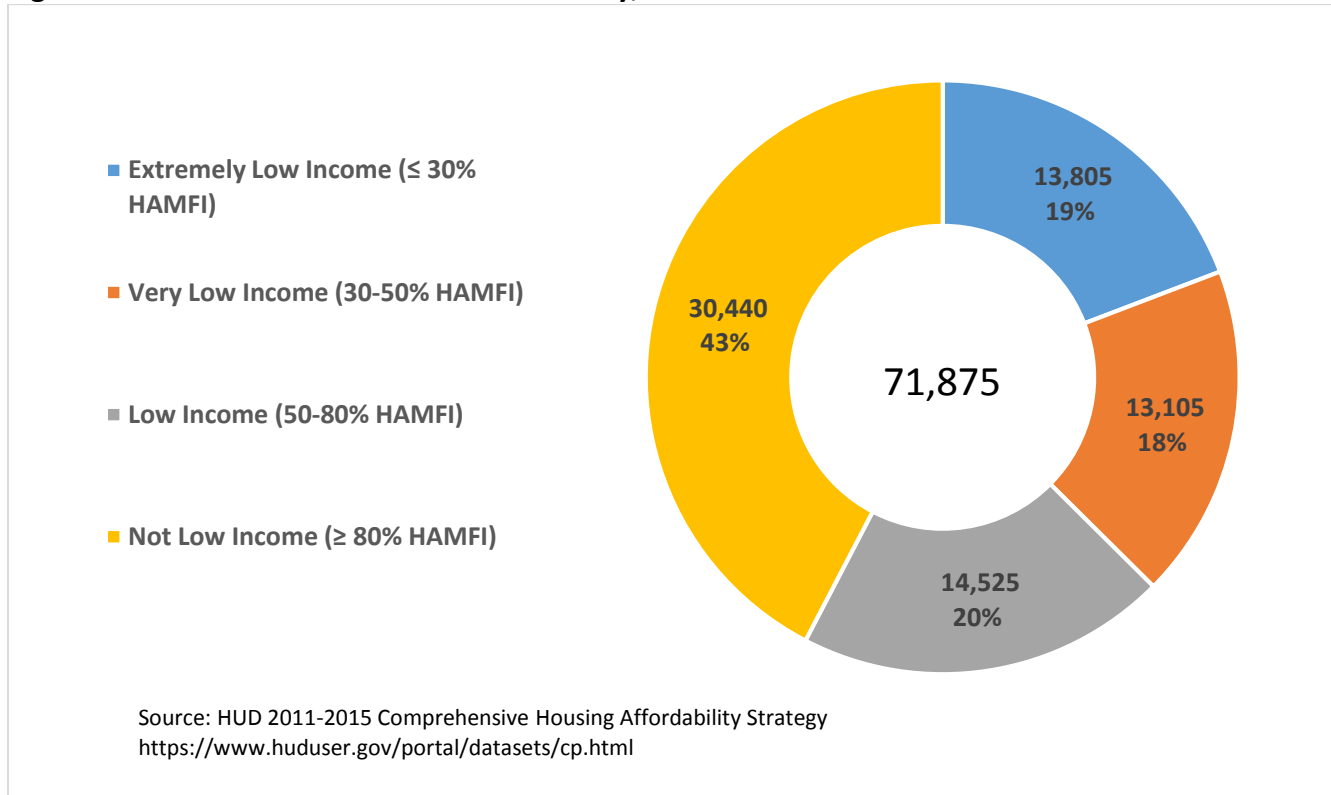


Figure 2. Renter Households in Washoe County, 2011 to 2015





Rent Burden by Income Group for Clark and Washoe County

Figures 3 and 4 give the number of cost burdened households for each HUD income group. In Clark County, over 75% of extremely low income renter households, or about 45,000 households, were experiencing severe rent burden. There were an additional 8,600 households that had zero or negative income, so no burden level could be calculated. In the very low income group 47%, or an additional 26,000 households, experienced severe rent burden.

In Washoe County, 70% of extremely low income and 37% of very low income renters experienced severe rent burden, an estimated 9,700 ELI and 4,900 VLI renter households respectively. Over 1,500 renter households had zero or negative income.

Figure 3: Cost Burdened Renter Households in Clark County, 2011-2015

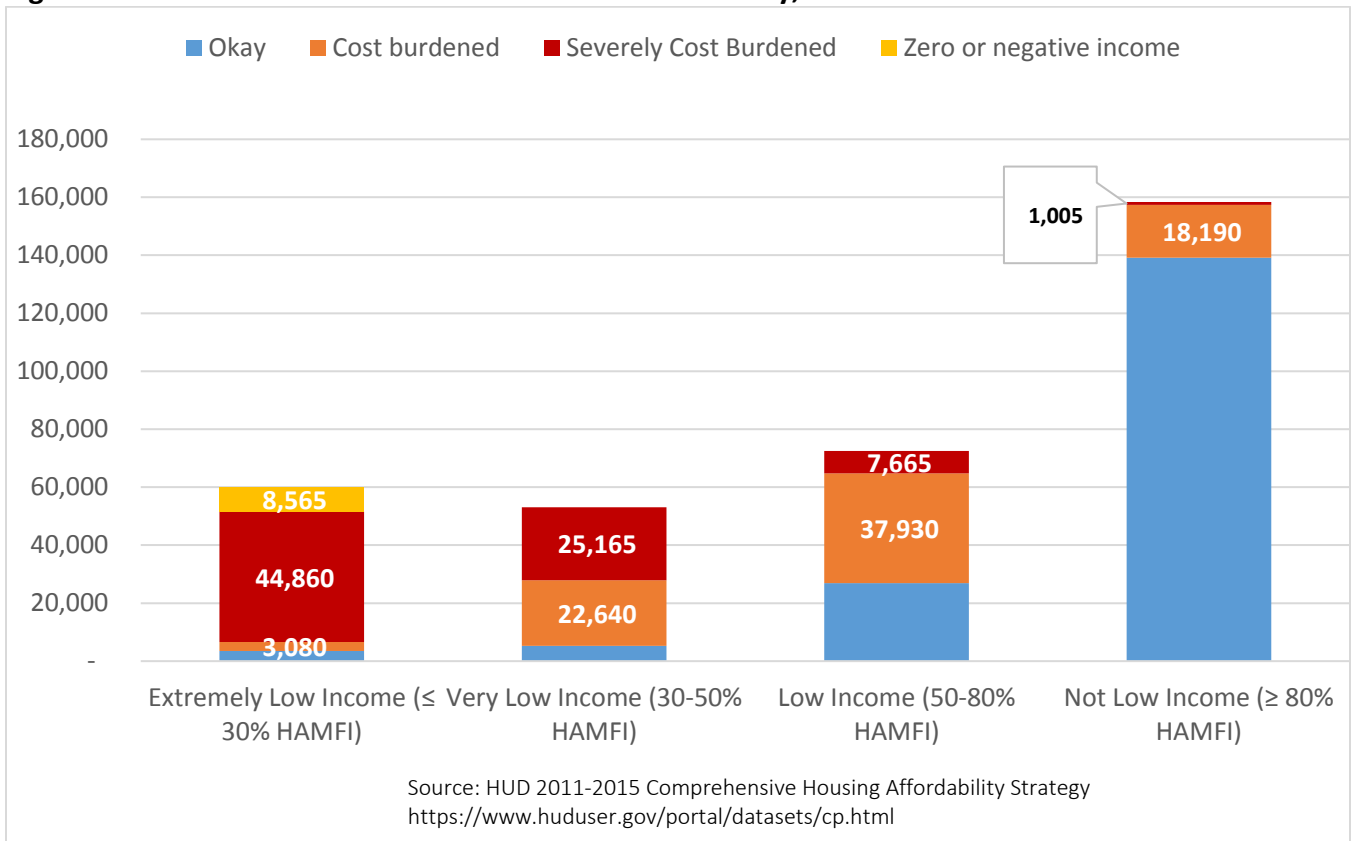
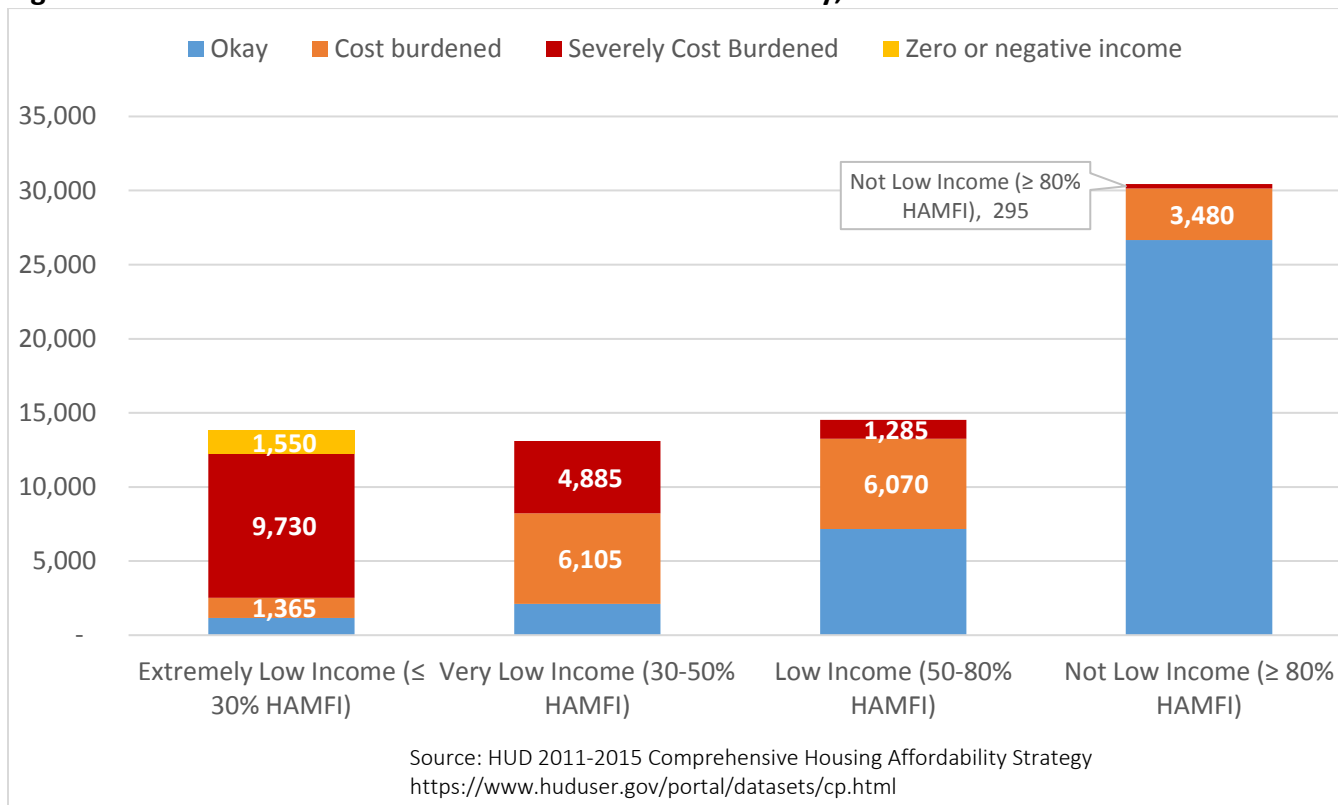


Figure 4. Cost Burdened Renter Households in Washoe County, 2011-2015



Rent burden measures are relatively easy to calculate from American Community Survey data from the Census Bureau. However, the measure has been criticized for several reasons:

- Households in higher income brackets may have no real problem paying for other necessities such as food or transportation even if paying more than 50% of their income for rent, while very low income households may have severe problems covering the same basics even if they are not officially rent burdened using the 30% of income definition widely used.
- If a family moves farther away from job sites to obtain cheaper housing, transportation costs may increase and real affordability remain unchanged or is worse.
- The quality of the housing is not measured by this method. In addition, neighborhood amenities or disamenities provide benefits and impose costs not accounted for with a housing burden method; for example access to good schools, frequency of criminal activity or neighborhood parks may all influence what a household is willing to pay for a given unit or location.

A residual income method has been suggested as an alternative to avoid the problems laid out in the first bullet point. This method calculates minimum basic costs for households and subtracts them from a household’s income to find what is available for rent or house payments. However, the method is time-consuming and more complex to calculate. Some methods have also been developed that include transportation costs that address the second bullet. These also add considerable complexity. See Hertz, Daniel, 2015 on Residual Income and the H + T Affordability Index.ⁱⁱ See also Jewkes and Delgadillo, 2010, and Cai, Zi, 2017, Analyzing Measurements of Housing Affordability.ⁱⁱⁱ

ⁱ The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be families whose income does not exceed the greater of the federal poverty level or HUD 30% area median income. This change can effect comparability between time periods going forward. For more see <https://www.housingonline.com/2014/07/09/hud-modifies-extremely-low-income-definition/>

ⁱⁱ Hertz, Daniel. July 2015. Residual Income a Better Way of Measuring Affordability, City Commentary at <http://cityobservatory.org/residual-income-a-better-way-of-measuring-affordability/> and H + T Affordability Index: <https://htaindex.cnt.org/map/>.

ⁱⁱⁱ Jewkes, Melanie and Delgadillo, Lucy, Weaknesses of Housing Affordability Indices Used by Practitioners. Journal of Financial Counseling and Planning, Vol. 21, No. 1, 2010. Available at SSRN: <https://ssrn.com/abstract=2222052> and Cai, Zi, 2017. Analyzing Measurements of Housing Affordability. Thesis. Washington State University.