

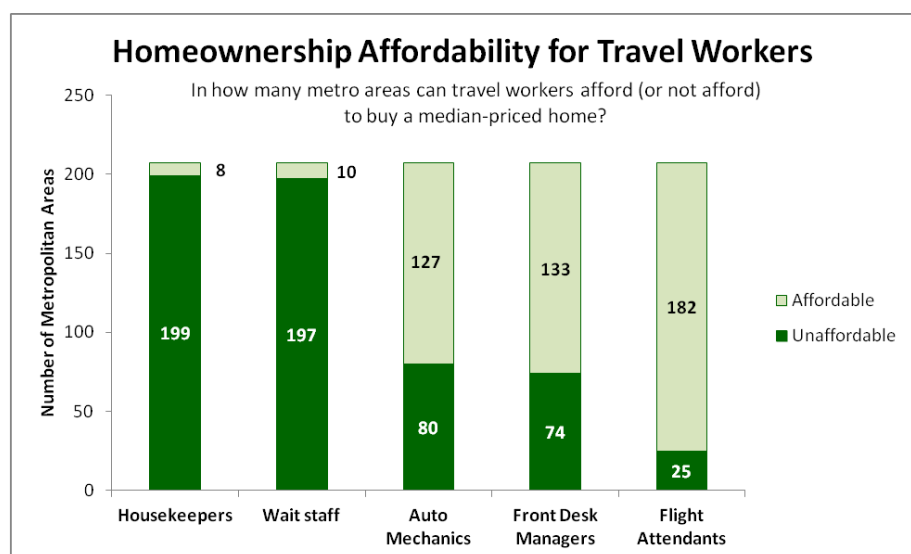
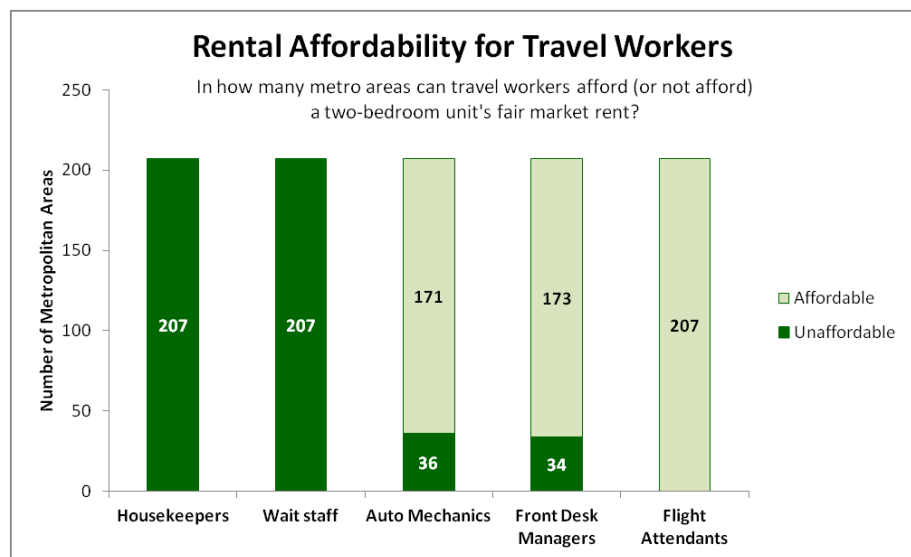
Paycheck to Paycheck 2013:

A Snapshot of Metropolitan Housing Affordability for Travel and Tourism Workers

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As signs increasingly point to a housing market recovery,ⁱ finding affordable housing can be difficult for low- and moderate-income workers, including workers in the travel industry. In this edition of *Paycheck to Paycheck*, we look at housing affordability in 207 metropolitan areasⁱⁱ for mid-career workers in the following five travel-related jobs:ⁱⁱⁱ auto mechanics, flight attendants, hotel front desk managers, housekeepers, and wait staff. During the height of summer vacation season, travel industry employees are hard at work serving the needs of travelers at their destinations, on the roads, and in the air.

Unfortunately for many travel and tourism workers, typical housing costs in many U.S. metro areas are beyond what they can afford. On the lower end of the income spectrum, housekeepers and wait staff cannot affordably rent a typical two-bedroom unit in any of the 207 metro areas studied, and can only afford to buy a home in a few of the lowest priced markets in the nation. For moderate-wage workers, renting or purchasing a modest home is generally affordable in low-cost and mid-range markets, but not in the high-cost areas to which many vacationers are drawn. Among travel workers, only flight attendants can afford two-bedroom fair market rents in all 207 metro areas, yet they are unable to affordably purchase a typical home in 25 metro areas.



The Housing Affordability Challenges of Travel Workers in Destination Metros

Travel workers faced the greatest housing affordability challenges in traditionally high-priced housing markets on the coasts. Tables 1 and 2 show the ten most expensive metro areas for homeownership and renting, respectively.

Table 1: The Ten Most Expensive Metros Areas for Homeownership, First Quarter 2013

Metro Area	Minimum Income to Afford a Median-Priced Home
San Francisco, CA MSA ^{iv}	\$179,097
San Jose, CA MSA ^v	\$145,931
Santa Ana, CA MSA ^{vi}	\$131,868
New York, NY MSA ^{vii}	\$119,133
Honolulu, HI MSA ^{viii}	\$115,949
Santa Cruz, CA MSA ^{ix}	\$113,030
Napa, CA MSA ^x	\$102,152
Oxnard, CA MSA ^{xi}	\$99,498
San Diego, CA MSA ^{xii}	\$95,518
Suffolk-Nassau, NY MSA ^{xiii}	\$94,988

Report Definitions

The 5 Travel Workers:

Wait Staff, Housekeepers, Auto Mechanics, Front Desk Managers, Flight Attendants

Rental Affordability:

No more than 30% of income for fair market rent (includes utilities)

Homeownership

Affordability:

No more than 28% of income for mortgage payments (assuming a 30-year fixed-rate mortgage and 10 percent downpayment)

Number of Wage Earners:

One full-time worker

Table 2: The Ten Most Expensive Metros Areas for Renting, Fiscal Year 2013

Metro Area	Income Needed for 2BR Fair Market Rent	Income Needed for 1BR Fair Market Rent
Honolulu, HI MSA	\$73,320	\$55,680
San Francisco, CA MSA	\$71,800	\$56,920
Santa Ana, CA MSA	\$64,840	\$51,760
San Jose, CA MSA	\$64,400	\$50,480
Santa Cruz, CA MSA	\$63,480	\$46,920
Suffolk-Nassau, NY MSA	\$63,320	\$51,400
Oxnard, CA MSA	\$59,960	\$44,640
New York, NY MSA	\$58,960	\$49,720
Boston, MA MSA ^{xiv}	\$57,760	\$46,240
Cambridge, MA MSA ^{xv}	\$57,760	\$46,240

Looking at the full array of 207 metro areas, the low and moderate-income travel industry workers studied were unable to rent or buy a home along nearly the whole California coast, from the Santa Rosa and Napa areas down to metropolitan San Diego. Flight attendants, whose wages were high enough for fair market rents in every market, were a notable exception, but even these relatively higher paid workers cannot affordably buy a typical home in California's populous coastal areas.

On the east coast, most travel workers in our study faced unaffordable rents and home prices in the Boston, New York, and Washington, D.C., metropolitan areas. Travel workers' wages were also not sufficient to afford the fair market rents and home prices in metropolitan areas that host popular shore destinations, such as the

metro areas of Suffolk-Nassau, New York (including the Hamptons); Barnstable, Massachusetts (including Hyannis and the rest of Cape Cod); and Ocean City, New Jersey (including Cape May and other southern New Jersey shore towns).

Wages and Housing Costs for Travel Workers Across the Nation

The challenges of affording typical housing in destination communities are clear, but how do workers in the travel and tourism industry fare in other U.S. housing markets? The answer depends on the specific occupation. For lower-wage travel workers, such as housekeepers and wait staff, the rent for a typical apartment in even low-cost areas was not affordable. Moderate income workers, however, were able to affordably rent or own housing in many metro areas.

Housekeepers. Considering their low wages, which range from around \$17,000 to \$27,000 per year, it is not surprising that housekeepers faced tremendous housing affordability challenges. Housekeepers could not afford the fair market rent for a two-bedroom apartment in any of the metro areas examined, and even one-bedroom apartments were too expensive in all but 17 metro areas. Low housing prices in some metro areas have made homeownership possible, however. Housekeepers' wages were sufficient to cover the mortgage payments on a median-priced home in parts of Michigan, Ohio, and Indiana. Lack of access to credit and a sufficient downpayment, however, may close some lower-wage workers out of this otherwise affordable option.

Wait Staff. With median salaries only slightly higher than those of housekeepers (approximately \$18,000 to \$28,000), wait staff could not afford a typical two-bedroom apartment in any of the metro areas studied. The fair market rent for a one-bedroom apartment was affordable at wait staff's wages in just 27 metro areas, including many in the Midwest as well as the metro areas of Merced, California; Erie, Pennsylvania; Pueblo, Colorado; Salem, Oregon; Spokane, Washington; and Winston-Salem, North Carolina. Wait staff could afford the mortgage for a median-priced home in nine low-priced markets in Michigan, Ohio, and Indiana.

Auto Mechanics. Auto mechanics salaries, ranging from around \$35,000 to \$53,000, were high enough to make renting or owning housing affordable in more than half of the metro areas studied. However, there were 80 metro areas where median home prices were unaffordable, and 36 metro areas with two-bedroom rents that were unaffordable to auto mechanics. Unaffordable metro areas for auto mechanics included many markets in California, Florida, higher-cost parts of the Northeast, the Baltimore metro area, and metropolitan Flagstaff, Arizona.

Front Desk Managers. The salaries and housing affordability challenges of front desk managers were similar to auto mechanics. With median incomes between \$35,000 and \$54,000, front desk managers could not afford a mortgage for a median-priced home in 74 metro areas, including relatively low-cost areas such as metro areas of Sioux Falls, South Dakota; Corpus Christi, Texas; Richmond, Virginia; and Shreveport, Louisiana. The fair market rent for a two-bedroom apartment was unaffordable in 34 metro areas concentrated in higher-cost coastal areas, including 12 unaffordable metro areas in California alone. For popular tourist destinations, such as Honolulu and San Francisco, the median wages for hotels' front desk managers were not even sufficient for a typical one-bedroom apartment.

Flight Attendants. Of the travel workers in this study, flight attendants fared the best in terms of housing affordability. With wages ranging from around \$53,000 to \$81,000, fair market rents were affordable in all 207 metro areas and homeownership was affordable in 182 metro areas. However, even flight attendants' incomes were insufficient to afford the sky-high home prices in 25 destination communities, including the metro areas of Los Angeles, Seattle, Boston, San Francisco, and New York.

Changes in Housing Affordability Since 2012

There is substantial variation in housing affordability for travel workers in 2013. Has affordability improved, declined, or remained stagnant since last year? We analyzed the changes in homeownership affordability between the first quarter of 2012 and the first quarter of 2013 using data on median home prices and incomes for four key travel workers: housekeepers, wait staff, auto mechanics, and front desk managers. (Salary data for flight attendants from the first quarter of 2012 are not comparable with the 2013 data and therefore not included in the trend analysis. Rental trends are also not included due to fluctuations in the fair market rent methodology.)

Between 2012 and 2013, purchasing a modest home became newly affordable for auto mechanics and front desk managers in a handful of metro areas. Twelve metro areas became affordable for auto mechanics looking to buy a home, and eleven became affordable for front desk managers. Homeownership affordability improved in metro areas such as Allentown, Pennsylvania; Albany, New York; and various metro areas in Ohio and Michigan, in particular, because of large decreases in home prices and steady or rising wages in these already lower-cost markets. The trend was not uniformly positive, however. Despite greater homeownership affordability in some areas, other metro areas experienced exceptionally large rises in median home prices, and workers' wages simply could not keep pace. Between 2012 and 2013, buying a median-priced home became unaffordable for auto mechanics and front desk managers in Phoenix, Arizona; Houston, Texas; and Reno, Nevada, in addition to Redding, California and Minneapolis-St. Paul for auto mechanics.

Housekeepers and wait staff were also able to afford a median-priced home in more metro areas in 2013 than in 2012. Four metro areas for housekeepers and five metro areas for wait staff, all located in Michigan and Ohio, became affordable mainly due to decreased home prices in 2013. However, the news was not all good for wait staff as homeownership became unaffordable in the Saginaw, Michigan and Wheeling, West Virginia, metro areas due to home price increases.

The Implications of Unaffordable Housing

We all need a decent and affordable place to live, yet low- and moderate-income workers are often faced with difficult trade-offs to make this happen. The rent for a typical two-bedroom apartment would consume at least half of a housekeeper's income in 78 metro areas, and at least half of a wait staff's income in 68 metro areas. What does that mean for these workers?

When housing costs consume more than half of household income, workers may be forced to live in distant communities at or beyond the edge of the metro area where housing costs are lower but the commutes are long and transportation expenses are higher. Other workers will cut back on essentials such as food and health care in order to devote large portions of their paycheck to rent. In the Honolulu metro area, for example, nearly 86 percent of income would be required for wait staff and 89 percent for housekeepers to afford a typical two-bedroom unit. This leaves little left for other essentials.

Two-income households are one clear way to make housing expenses easier to manage, but dual incomes do not reflect reality for many Americans. Around ten percent of U.S. households are raising children as single parents, and another 28 percent are single people living alone.^{xvi} Caregiving needs, job loss, work-limiting disabilities, and other factors limit households' ability to reliably combine incomes to meet expenses. In addition, housing in some metro areas in our study was so expensive that even combining the salaries of two full-time workers would not be enough to affordably rent or buy a typical home. For example, in the San Francisco metro area, the combined wages of a front desk manager and auto mechanic would still leave a

shortage of \$71,000 in annual income before a median-priced home would be affordable. In the Honolulu metro area, a minimum annual income of \$73,302 would make the two-bedroom fair market rent affordable. This is well above the \$50,378 combined income of a housekeeper and wait staff in the area. The mismatch between housing costs and the salaries for many occupations leaves workers once again making difficult choices about how to make ends meet and still have a roof over their heads. The question is: will the sacrifice be housing quality, a lengthy commute, less money for food, or the persistent insecurity of living paycheck to paycheck?

Sources of Data

Home Prices: Median home price data is from the National Association of Home Builders Housing Opportunity Index for the first quarter of 2013, whenever available. The data include new and existing homes. If NAHB data are not available, we substitute median home prices for existing homes from the National Association of Realtors.

Rents: Fair market rent rates are from the U.S. Department of Housing and Urban Development established fair market rents for the fiscal year 2013. The nationwide fair market rent is a national average calculated and published by the National Low Income Housing Coalition in *Out of Reach 2013*.

Salaries: Wage data are median annual total cash compensation for February 2013 from Salary.com.

ⁱ Fee, Kyle and Daniel Hartley. (2013, May 22). *Housing Recovery?* Cleveland, OH: Federal Reserve Bank of Cleveland.

ⁱⁱ The metropolitan areas used in this analysis are metropolitan and micropolitan statistical areas, also referred to as Core-Based Statistical Areas (CBSAs). The [counties within each CBSA](#) follow the 2009 definitions from the Office of Management and Budget.

ⁱⁱⁱ Data on additional workers, 76 occupations in total, can be accessed using the interactive Paycheck to Paycheck database at www.nhc.org/paycheck

^{iv} The San Francisco CBSA consists of Marin County, San Francisco County, and San Mateo County, California.

^v The San Jose CBSA consists of San Benito County and Santa Clara County, California.

^{vi} The Santa Ana CBSA consists of Orange County, California.

^{vii} The New York City CBSA consists of Bronx County, Kings County, New York County, Orange County, Queens County, Richmond County, Rockland County, and Westchester County, New York, as well as Bergen County, Hudson County, and Passaic County, New Jersey.

^{viii} The Honolulu CBSA consists of Honolulu County, Hawaii.

^{ix} The Santa Cruz CBSA consists of Santa Cruz County, California.

^x The Napa CBSA consists of Napa County, California.

^{xi} The Oxnard CBSA consists of Ventura County, California.

^{xii} The San Diego CBSA consists of San Diego County, California.

^{xiii} The Suffolk-Nassau CBSA consists of Nassau County and Suffolk County, New York.

^{xiv} The Boston CBSA consists of Norfolk County, Plymouth County, and Suffolk County, Massachusetts.

^{xv} The Cambridge CBSA consists of Middlesex County, Massachusetts.

^{xvi} U.S. Census Bureau, 2011 American Community Survey 1-Year Estimates. Selected Social Characteristics in the United States, 2011.