



713 East Locust Street • Des Moines, Iowa 50309 • 515-288-5022 • FAX: 515-282-1810

## DOES WORK PAY?



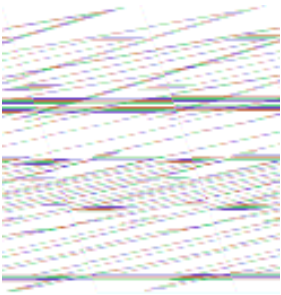
## Wages and Housing Costs in Iowa

July 2006

*A report produced by the Iowa Coalition for Housing & the Homeless with thanks to Amanda McDanel and Tom Cain*

# DOES WORK PAY?

## Wages and Housing Costs in Iowa









Iowa has been able to succeed in boosting a low unemployment rate compared to the national rate and has seen a rise in personal income since 1999. However, with housing costs rising faster than wages, full time employment does not guarantee a family access to housing they can afford. In many parts of the state, including Des Moines, housing costs have risen even faster than wages, putting many families in jeopardy.

There continues to be a shortage of safe, decent, and affordable housing for Iowans.

Households with only one full-time wage earner, such as single parent families or families in which one parent doesn't work outside the home, face extreme difficulty in finding affordable housing in Iowa. However, even households with two family members working full-time in jobs that pay \$7 an hour (\$14,500/year) cannot afford the typical two-bedroom apartment nor house.

### The Importance of Affordable Housing to Iowa Communities

-  Economic vitality depends on a wide range of housing options.
-  Affordable housing is an issue that concerns the entire community because of the significant social and economic benefits connected to it.
-  There are many responsible, productive members of our communities who cannot find affordable housing. These are persons we interact with daily; bank tellers, child-care workers, health care aides, teachers, and sales clerks.
-  People who need affordable housing come from a variety of backgrounds and circumstances – young, working families, senior citizens, entry-level workers, and the disabled.
-  Well-kept, reasonably priced housing allows people to provide stability and safety for their children.
-  Children who grow up in stable housing are more successful in school and are physically and socially healthier.

The following graphs and tables show what people in different professions in Iowa can afford to pay for housing and what housing for families actually costs.

**Percentage of Income Needed for Housing in the Des Moines Metropolitan Area**

	Median Yearly Salary for Full-Time Worker (1)	Monthly Amount Can Afford For Housing (2)	Percentage of Income Required to Rent 2-BR Apartment (3)	Percentage of Income Required to Own a Home (4)
Cashiers	\$15,310	\$383	52%	88%
Janitors and Cleaners	\$19,940	\$499	40%	68%
Office Clerks, general	\$21,770	\$544	37%	62%
Waitresses/Waiters	\$13,960	\$349	58%	97%
Telemarketers	\$18,110	\$453	44%	75%
Fast Food Cooks	\$13,950	\$349	58%	97%
Food Preparation Workers	\$16,280	\$407	49%	83%
Stock Clerks	\$20,010	\$500	40%	68%
Restaurant Cooks	\$17,890	\$447	45%	76%
Institution and Cafeteria Cooks	\$18,660	\$467	43%	72%
Landscaping and Grounds Keeping	\$20,610	\$515	39%	66%
Nursing Aides, Orderlies, and Attend.	\$21,170	\$529	38%	64%
Home Health Aides	\$18,620	\$466	43%	73%
Receptionists	\$20,280	\$507	40%	67%
Tellers	\$20,350	\$509	39%	66%
Child Care Workers	\$15,470	\$387	52%	87%
Hand Packers and Packagers	\$18,430	\$461	44%	73%
Maid and Housekeepers	\$16,580	\$415	48%	81%
Laborers and Freight, stock, material movers, hand	\$21,930	\$548	37%	62%

1. Source: U.S. Department of Labor, November 2003 *State Occupational Employment and Wage Estimates: Iowa*
2. Based on 30% of income.
3. Based on *Out of Reach 2005* data; FMR is \$669 for a 2-BR apartment in the Des Moines metropolitan area.
4. Based on *ACS 2003 Community Profile*: estimated cost of a mortgage in Des Moines was \$1126 per month

**\$16,000 PER YEAR OR LESS (One Full-Time Worker at \$6.00 - \$7.70 Per Hour)**

\$1,100  
\$1,000  
\$900  
\$800  
\$700  
\$600  
\$500  
\$400  
\$300



Monthly Cost To Own a House: **\$1,126**  
(84% - 108% of Income)



Monthly Rent For 2-Bedroom Apartment: **\$665**  
(49% - 63% of Income)



Amount Can Afford For Housing: **\$312 - \$400**  
(30% of Income)

Jobs in this wage range include **short order and fast food cooks, food preparation workers, and dishwashers**. Housing costs take up a majority of income for families with one wage-earner at this level. A typical two-bedroom apartment (\$665 per month) costs up to **63% of their income**. The average cost of a modest house (\$1,126 per month) is far out of reach, at up to 100% of the family's income.

## Wages and Housing Costs in Iowa

A typical two-bedroom apartment in Iowa costs \$665 a month and the average mortgage for a house in Iowa is \$1,126. A home is usually considered to be affordable if a family pays no more than thirty percent of its income in housing costs. When families pay more, other necessities such as food, clothing and healthcare are cut back. Additionally, families paying more than 30 percent of their income run the risk of homelessness if there is a catastrophic event such as job loss, major medical problem, etc. Using the thirty percent standard, a family would have to earn \$26,592 per year (\$12.78 per hour) to afford to rent a two-bedroom apartment or \$45,036 (\$21.65 per hour) to afford to buy an average house in Iowa. Many of the jobs in Iowa pay far lower salaries.

The need for affordable housing for working families is especially critical in areas with high levels of employment growth but few low-priced apartments and houses (West Des Moines, Dallas County, Johnson County). Many areas are developing rapidly (Dallas County had one of the highest growth rates in the U.S.), but most of the affordable housing is concentrated in center cities such as Des Moines. As a result, while many of these workers are providing vital services in our communities – child-care, food service and health care – they are often priced out of housing in the communities they work in.

There is a critical need for housing and wages to support our communities. In Iowa, the average hourly wage of job seekers placed in jobs was \$9.25. While this was up from \$8.90 in 2003, it is still far below the housing wage in Iowa. Sixty-percent of the jobs in Iowa pay less than \$13.00 an hour, the amount needed to afford a two-bedroom apartment. Additionally, the top ten employers in Iowa consist of mainly service sector jobs. (1. HyVee, 2. Wal-Mart, 3. University of Iowa, 4. Deere & Co., 5. US Postal Services, 6. Principal Financial Group, 7. Tyson Fresh Meats, 8. Rockwell Collins, 9. Iowa State University, 10. Fareway Stores).

### \$16,000 - \$20,000 PER YEAR

(1 Full-Time Worker at \$7.70 - \$9.00 Per Hour OR 1 FT Worker and 1 Part-time at Less Than \$6.25 Each)

\$1,100  
\$1,000  
\$900  
\$800  
\$700  
\$600  
\$500  
\$400  
\$300



Monthly Cost To Own a House:  
**\$1,126**  
(84% - 108% of Income)



Monthly Rent For 2-Bedroom Apartment:  
**\$665**  
(49% - 63% of Income)



Amount Can Afford For Housing:  
**\$400-\$499**  
(30% of Income)

Jobs in this wage range include **preschool teachers, floral designers, home health aides, ambulance drivers, and janitors.** Households with one full-time and one part-time worker, each earning more than minimum wage, would also fall into this category. A two-bedroom apartment can cost up to almost half of income for households in this group and owning a three-bedroom house costs up to 84% of income.

**\$20,000 - \$25,000 PER YEAR**

**(1 Full-Time Worker at \$9.60 - \$12.00 Per Hour OR 2 Full Time Workers at Less than \$6.00 Each)**

\$1,100  
 \$1,000  
 \$900  
 \$800  
 \$700  
 \$600  
 \$500  
 \$400  
 \$300



Monthly Cost To Own a House:  
**\$1,126**  
 (84% - 108% of Income)



Monthly Rent For 2-Bedroom Apartment:  
**\$665**  
 (49% - 63% of Income)



Amount Can Afford For Housing:  
**\$500-\$625**  
 (30% of Income)

Jobs in this wage range include **receptionists and information clerks, social and human services assistants and security guards**. A household with two persons working full-time for minimum wage would also fall into this income category. For these households, rent for a two-bedroom apartment still exceeds 30% of income. Home ownership remains out of reach with costs for a house taking up 54-68% of income.

<b>The family of:</b>	<b>a paramedic</b>	<b>a bank teller</b>	<b>a child care worker</b>	<b>a waitress/waiter</b>
<b>May earn approximately <sup>1</sup></b>	\$22,610/year \$10.32/hour	\$20,350/year \$9.75/hour	\$15,470/year \$6.90/hour	\$13,960/year \$6.36/hour

<b>Others earning similar wages include:</b>	Social/human service assistants, pharmacy techs, laborers	Preschool teachers, home health aides	Pharmacy aides, taxi drivers, service station attendants	Food preparation, cashiers, hosts/hostesses
<b>Monthly Income:</b>	\$1,184	\$1,696	\$1,289	\$1,163
<b>Average rent for a 2-BR Apartment <sup>2</sup></b>	\$665	\$665	\$665	\$665
<b>Income available for other expenses</b> (food, health care, transportation, child care, clothing) <sup>3</sup>	\$1,219	\$1,031	\$624	\$498
<b>Cost of Living</b> (for a family with one working adult and two children) <sup>4</sup>	\$2390	\$2390	\$2390	\$2390
<b>Monthly Surplus/Deficit</b>	-1171	-1359	-1766	-1892

1. Source: U.S. Department of Labor, November 2003 *State Occupational Employment and Wage Estimates: Iowa*  
 2. Estimated Rent in Des Moines for a 2-Bedroom Apartment. Source: *American Community Survey 2003 (Census)*  
 3. Pre-Tax Income  
 4. [www.jobsnowcoalition.org](http://www.jobsnowcoalition.org) (Minnesota), Cost-of-Living calculator