

# Understanding Public Housing Resources and the Coloradans Who Most Need Market Interventions

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A home is considered “affordable” to an individual or family if their housing and utility costs are less than 30% of their gross income. In contrast, those having to put more than 30% of their income to housing costs are “housing cost burdened” and households paying more than half their income are “extremely housing cost burdened.” People living on low and fixed incomes are disproportionately likely to experience housing cost burden, as there often are not enough homes available at rents or prices affordable to them. (For information on cost burden at all levels of the housing continuum and across Colorado, see the [“Gap Map”](#) published annually by the Colorado Housing Finance Authority (CHFA).)

Market-driven financing and policies alone will never fulfill the enduring need for new homes that are affordable to low-wage earners and people living on fixed incomes. This is true from the perspective of developers and property owners, who require sufficient capital to build and maintain high-quality homes, as well as for low-income residents, who are working against multiple systemic inequities keeping them from economic stability.

Publicly funded housing programs administered by federal, state, and local governments are therefore essential to increasing the supply of homes that are affordable to people living on the least. These programs and subsidies help fill the gaps between development costs and rental or unit sale revenue that occur when providing housing for those living on low and fixed incomes. Simply put, on its own, the housing market has not and will not serve these individuals and families.

The need for public funding to make more homes affordable to low-income Coloradans has only accelerated as wage growth has not kept pace with rising housing costs, and the Covid-19 pandemic continues to disproportionately hurt those most vulnerable to instability and homelessness. This enduring need will surely be helped but by no means resolved by the state’s historic one-time investments of pandemic-related funds into housing affordability and stability.

**Colorado needs more homes affordable to people at all income levels. At the same time, limited public interventions have always been—and will continue to be—most needed for those living on low and fixed incomes, whom our systems have historically failed.**

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**Area median income** (AMI) is a standardized measure of income used to estimate housing affordability that is issued annually by the U.S. Department of Housing and Urban Development (HUD) based on annual data from the U.S. Census Bureau’s [American Community Survey](#).

AMI varies by geographic area, with half of households in that area living on incomes above the median income, and half living on incomes below it. HUD breaks down AMI thresholds to identify different groups of “low-income” households as follows:

≤ 30% AMI	extremely low-income
31-50% AMI	very low-income
50-80% AMI	low-income

HUD specifies these brackets because people living at these incomes are the primary beneficiaries of its main funding programs, and data show they consistently have the most significant housing needs.

CHFA and the State Division of Housing (DOH) use HUD’s data to calculate income and rent limits at various AMI levels for each county to which many CHFA/DOH funding recipients must adhere. Each year, CHFA and [DOH publish](#) rent limits at 30% of a household’s gross income for AMI increments and by home size, from studio apartment to four-bedroom. And [CHFA publishes](#) limits for households of one to eight people at increments from 20%-120% AMI. (Limits over 120% AMI are [calculated here](#).)

**Aligning AMIs with median wages for occupations across Colorado** can help evaluate how recent and future public interventions will practically impact different types of communities. Two main sources of data can inform these comparisons.

First, the [Colorado Department of Labor and Employment](#) publishes wages for aggregate job categories by county. The charts below line local AMIs up against entry level, median, and experienced annual wages for select occupation categories in three Colorado counties.<sup>1</sup> One county was chosen from each of the three categories of unique economic and housing conditions: urban, rural resort, and rural.

**DENVER County 2021 AMI Levels**

60% AMI	80% AMI	100% AMI	120% AMI	140% AMI	160% AMI	170% AMI
\$44,040	\$58,720	\$73,400	\$88,080	\$102,760	\$117,440	\$124,780

**DENVER County 2021 Wages by Occupation Type** (color = wages are below the AMI charted directly above)

DENVER (Urban)	Entry level	Median	Experienced
Food Prep and Serving Related	\$27,635	\$30,156	\$38,282
Building/Grounds Cleaning & Maintenance	\$29,130	\$31,948	\$39,852
Healthcare Support	\$29,239	\$36,570	\$41,664
Protective Service	\$32,893	\$47,694	\$69,859
Office and Administrative Support	\$33,380	\$46,957	\$56,351
Community and Social Service	\$37,320	\$49,696	\$67,342
Educational Instruction and Library	\$36,298	\$60,654	\$76,163
Healthcare Practitioners and Technical	\$50,792	\$79,097	\$118,527
Legal	\$58,075	\$99,477	\$156,648

**SUMMIT County 2021 AMI Levels**

60% AMI	80% AMI	100% AMI	120% AMI	140% AMI	160% AMI	170% AMI
\$40,380	\$53,840	\$67,300	\$80,760	\$94,220	\$107,680	\$114,410

**SUMMIT County 2021 Wages by Occupation Type** (color = wages are below the AMI charted directly above)

SUMMIT (Rural Resort)	Entry level	Median	Experienced
Healthcare Support	\$26,961	\$29,714	\$36,763
Food Prep and Serving Related	\$26,944	\$28,984	\$35,174
Building/Grounds Cleaning & Maintenance	\$27,586	\$29,610	\$36,087
Educational Instruction and Library	\$29,224	\$38,467	\$49,911
Community and Social Service	\$31,486	\$38,720	\$50,544
Office and Administrative Support	\$28,728	\$36,893	\$44,668
Protective Service	\$28,931	\$39,794	\$53,421
Healthcare Practitioners and Technical	\$39,189	\$61,032	\$104,551
Legal	\$43,636	\$79,579	\$118,677

<sup>1</sup> The most recently available wage data at federal and state levels is from 2021, so 2021 AMI levels have been used here for consistency. Wage data should align proportionally at 2022 AMI levels.

**OTERO County 2021 AMI Levels**

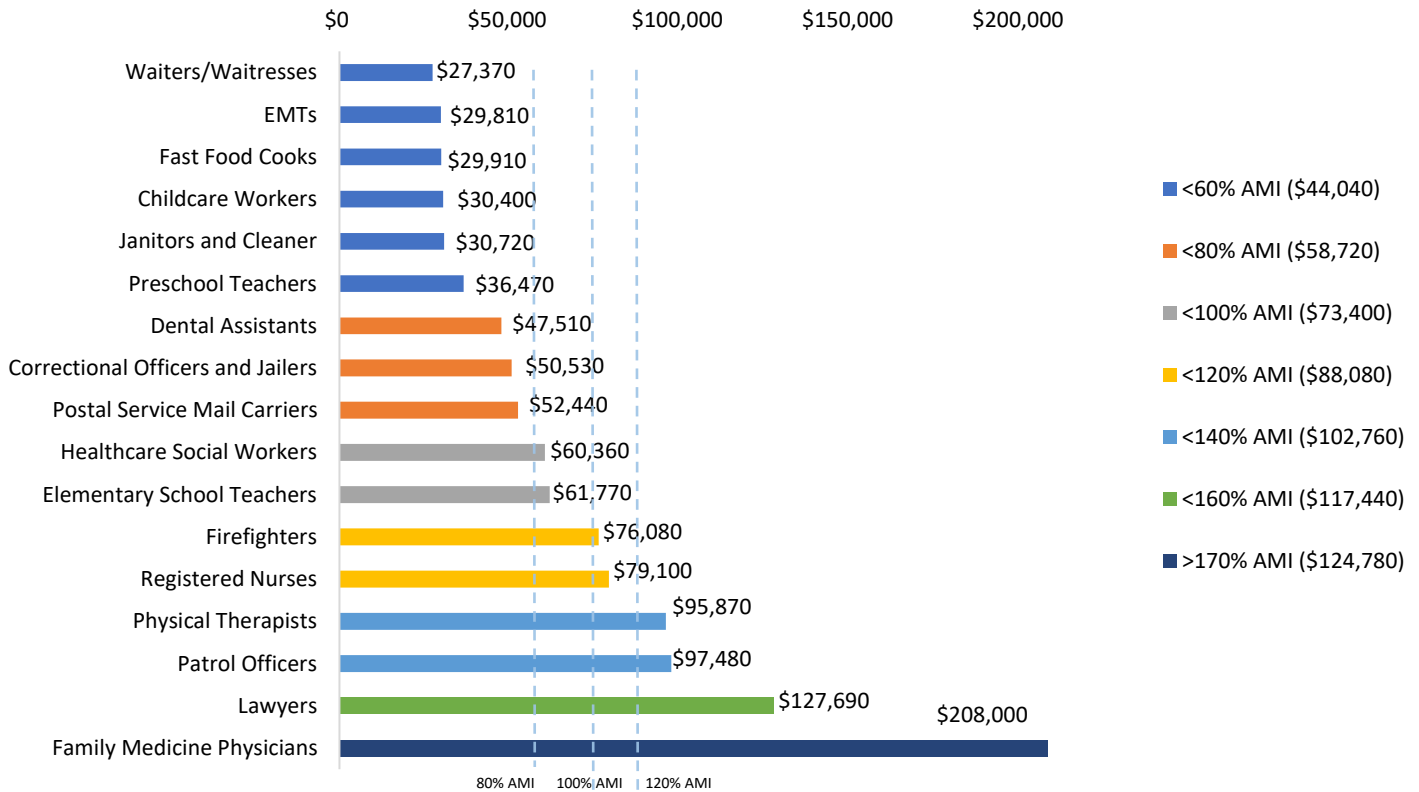
60% AMI	80% AMI	100% AMI	120% AMI	140% AMI	160% AMI	170% AMI
\$30,900	\$41,200	\$51,500	\$61,800	\$72,100	\$82,400	\$87,550

**OTERO County 2021 Wages by Occupation Type** (color = wages are below the AMI charted directly above)

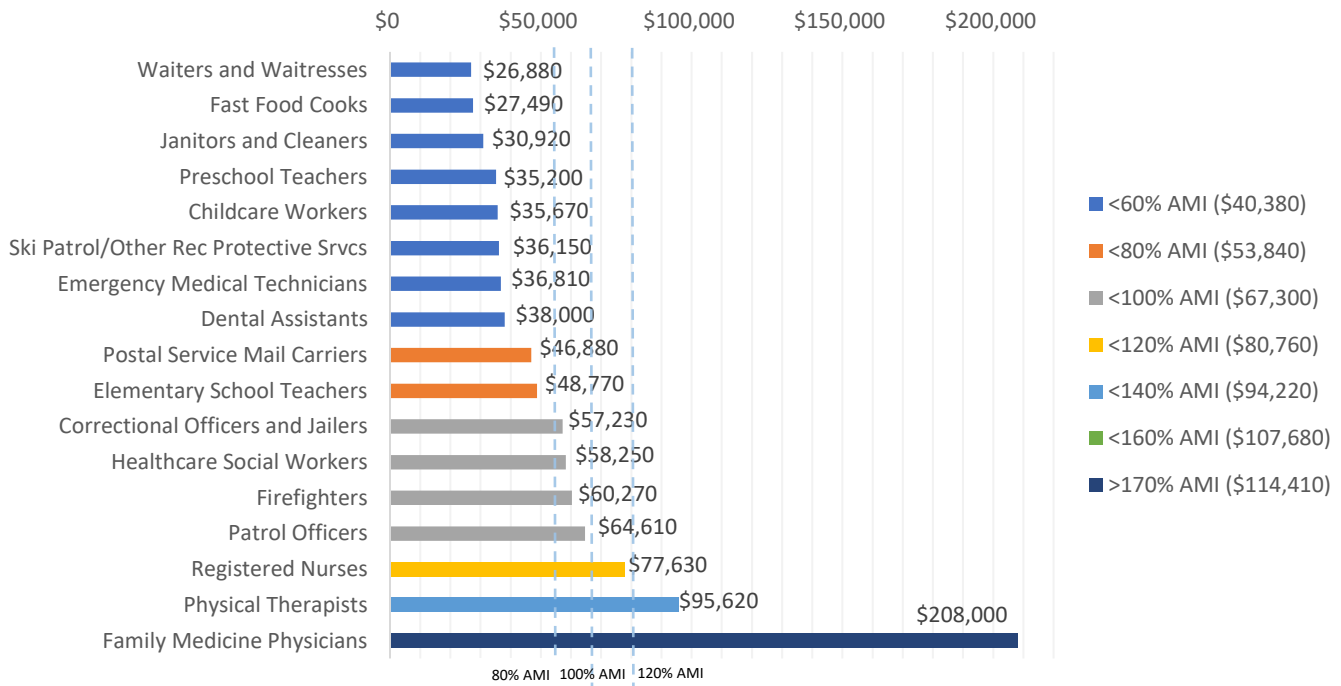
OTERO (Rural)	Entry level	Median	Experienced
Food Prep and Serving Related	\$26,675	\$29,451	\$41,835
Building/Grounds Cleaning & Maintenance	\$29,008	\$37,197	\$43,289
Healthcare Support	\$30,216	\$37,308	\$44,990
Office and Administrative Support	\$31,013	\$37,977	\$50,606
Community and Social Service	\$33,519	\$48,968	\$65,000
Educational Instruction and Library	\$33,146	\$48,256	\$65,469
Protective Service	\$35,022	\$49,210	\$68,386
Healthcare Practitioners and Technical	\$50,587	\$78,066	\$117,494
Legal	\$51,977	\$102,469	\$170,027

Second, the [U.S. Bureau of Labor Statistics](#) publishes wage information for detailed job categories by certain metro areas and non-metro county types. The charts below show how local AMIs line up against median annual wages for select occupation categories in the same three different counties. These charts largely detail the same occupations, with slight variations if income information was not available for a given job in a given county. The dotted blue lines show 80%, 100%, and 120% AMI.

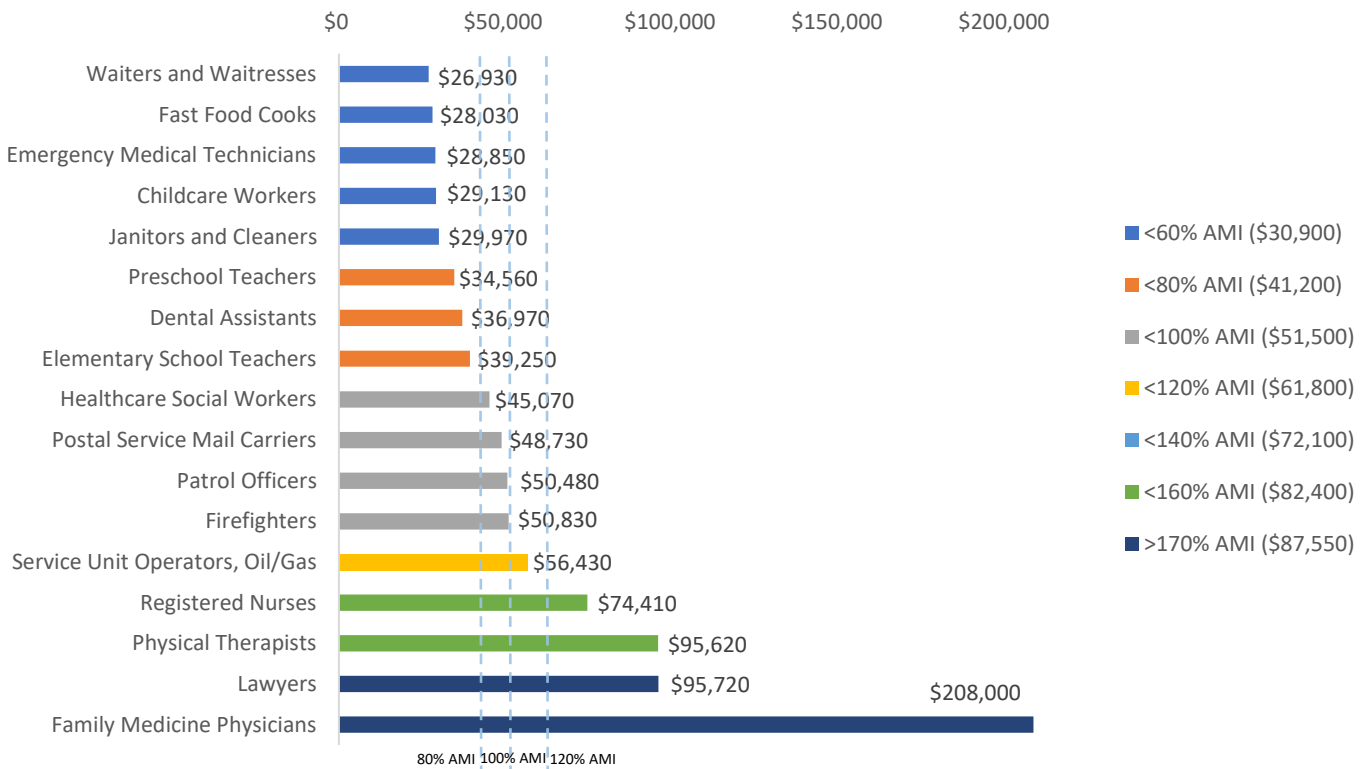
**Denver-Aurora-Lakewood (Urban) 2021 AMI/Wages by Occupation**



### Summit County (Rural Resort) 2021 AMI/Wages by Occupation



### Otero (Rural) 2021 AMI/Wages by Occupation



**These analyses of both federal and state data on occupational wages compared to county-level AMIs in different types of Colorado communities show the following trends:**

- Across all three of Colorado’s housing economy types, the local workforce comprises many people in jobs paying less than the area’s median income—sometimes substantially so. Many workers in front-line or essential jobs are earning less than 80% or 60% of that county AMI. People at these income levels are particularly likely to be housing cost burdened.
- No one should have to experience housing cost burden, but it does impact people differently depending on their annual income. For example, an extremely cost burdened janitor or cleaner has approximately \$15,000 left each year to spend on all non-housing expenses including healthcare, childcare, transportation, and food. An extremely cost burdened physical therapist has close to \$48,000 annually to put toward these costs. See detail below:

<b>Janitors and Cleaners (&lt;60% AMI)</b>	<b>Annual Median Wages (Gross)</b>	<b>30% to housing &amp; utilities</b>	<b>What's left per year?</b>	<b>50% to housing &amp; utilities</b>	<b>What's left per year?</b>
<b>Denver-Aurora-Lakewood</b>	\$30,720	\$9,216	\$21,504	\$15,360	\$15,360
<b>Summit County</b>	\$30,920	\$9,276	\$21,644	\$15,460	\$15,460
<b>Otero County</b>	\$29,970	\$8,991	\$20,979	\$14,985	\$14,985
<b>Physical Therapists (~130-185% AMI)</b>	<b>Annual Median Wages (Gross)</b>	<b>30% to housing &amp; utilities</b>	<b>What's left per year?</b>	<b>50% to housing &amp; utilities</b>	<b>What's left per year?</b>
<b>Denver-Aurora-Lakewood</b>	\$95,870	\$28,761	\$67,109	\$47,935	\$47,935
<b>Summit County</b>	\$95,620	\$28,686	\$66,934	\$47,810	\$47,810
<b>Otero County</b>	\$95,620	\$28,686	\$66,934	\$47,810	\$47,810

- In urban, rural resort, and rural communities alike, some people who have reached even “experienced” levels of their given occupation are still earning less than 80% or even 60% of AMI. This is particularly true in urban and rural resort settings.
- Particularly in urban and rural resort areas, people with jobs that pay at least 140% AMI are likely earning roughly \$100,000 or more, with occupations at 170% of the area’s median income paying squarely in the six figures. People earning these higher wages earnings are much more able to afford a high-quality home using their own resources compared to those earning half, a third, or even less of these income levels, who may have no homes affordable to them absent homes that have been in some way publicly or philanthropically financed.
- Rural Colorado counties seem to have narrower AMI bands than urban or rural resort counties. This means that even though wages for a given job in a rural area are likely lower than for the same job in urban or rural resort areas, those rural wages translate into higher AMI levels. This among other factors can make it more challenging to publicly subsidize housing using more traditional affordable financing tools in rural compared to urban and rural resort counties.
- For some occupations, the total income from two or three jobs will still amount to less than the area’s median income. For others, two to three jobs will yield a total income above the area median that would disqualify a person from homes restricted to those with lower incomes. However, if public interventions were targeted to increase the supply of available homes affordable at those lower income levels, individuals and families would no longer be forced to work multiple jobs or live in over-crowded homes in order to afford a home where they work.