

# Affordable Housing

## Clearwater County

May 2008

The demand for affordable housing exceeds supply.

The unmet affordable housing need through the year 2010 in Clearwater County is conservatively estimated at 558 low-income households.<sup>1</sup> Meanwhile, the number of households in the state spending more than half of their income on housing increased from 1 in 15 in 2000 to 1 in 8 in 2006. **Minnesota experienced the fastest increase of extremely cost burdened households of any state in the nation during this time period.**<sup>2</sup>

### WHAT IS AFFORDABLE HOUSING?

Housing is considered affordable if it consumes 30% or less of a household's gross income.

Household Income	Renters		Home Owners	
	Number of Households Paying Over 30% in Rent	Percent of Households Paying Over 30% in Rent	Number of Households Paying Over 30% for Ownership Costs	Percent of Households Paying Over 30% for Ownership Costs
Less than \$19,999	158	48%	131	42%
\$20,000-\$34,999	4	5%	32	15%
\$35,000-\$49,999	0	0%	2	1%
\$50,000 and over	0	0%	1	0%

The table above shows the number and percent of households in different income brackets that pay over 30% of household income for rental or ownership costs.<sup>3</sup> It illustrates that the burden of housing costs weighs more heavily on lower-income families.

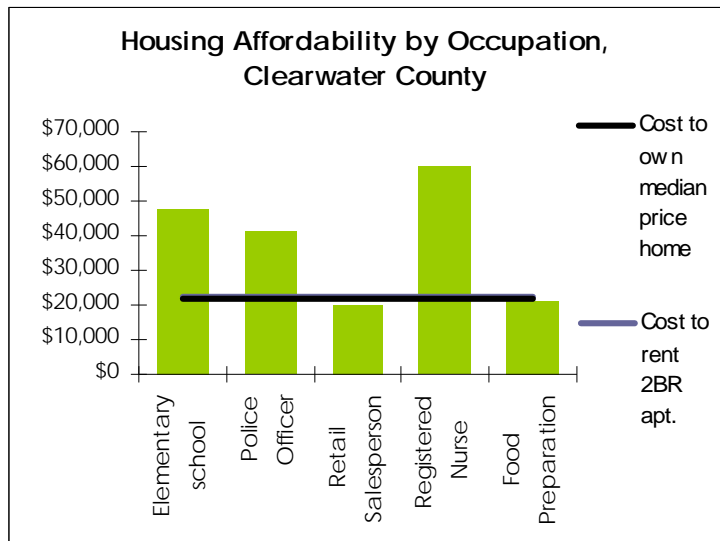
About 82% of Clearwater County residents own their home and 18% are renters.<sup>4</sup>

Generally, when households spend more than 30% of their income to meet housing costs, they do not have enough income to meet other basic needs or weather financial setbacks.



# Lower-income households face extreme affordability challenges.

The chart below compares the median earnings of different workers to the income required for affordable housing.<sup>5</sup> The median household income for Clearwater County was \$35,777 in 2006.<sup>6</sup>



In Clearwater County, a median-priced home is \$66,400, and the fair market rent for a two bedroom apartment is \$560 per month. Since 2000, home prices have increased by 72.0% and fair market rent has increased by 28.1%.<sup>7</sup>

Approximately 15% of homeowners and 32% of renters in Clearwater County spend over 30% of their household income on housing.<sup>8</sup>

In Clearwater County, a family of four with two full-time wage earners needs to earn a combined annual salary of \$44,748 to afford the basic cost of living.<sup>9</sup>

42% of jobs in Clearwater County and counties nearby pay less than the regional wage required to afford basic needs.<sup>10</sup>

The average annual unemployment rate in Clearwater County was 7.6% in 2007.<sup>11</sup>

## Foreclosures in Minnesota

- In Clearwater County in 2007, there were about 10 foreclosures, a 150% increase from 2005.<sup>12</sup>
- Left unaddressed, abandoned foreclosed properties destabilize neighborhoods, erode the local tax base and drive up the costs of municipal services.

## Homelessness in Minnesota

- In 2006, 28% of all adults experiencing homelessness in Minnesota reported income from work, with 12% working full time.<sup>13</sup>
- 39% of Minnesota's homeless population cite the inability to afford housing as a primary reason for leaving previous housing.<sup>14</sup>
- Roughly 9,200 Minnesotans are homeless and 7,700 are precariously housed in temporary or unstable housing. Thirty-eight percent (38%) of these are children and youth.<sup>15</sup>
- On a single day in 2006, 198 people were sheltered in the Northwest Region, including 81 children.<sup>16</sup>

## Extreme Cost Burden

- Approximately 13% of renter households pay over 50% of their income on housing in Clearwater County.<sup>17</sup>
- For homeowner households in Clearwater, 7% pay over 50% of their income on housing.<sup>18</sup>

### Sources:

<sup>1</sup> "The Next Decade of Housing in Minnesota," BBC Research and Consulting, 2003. <sup>2</sup> American Community Survey, 2006. <sup>3</sup> Census 2000. <sup>4</sup> Ibid. <sup>5</sup> OES Wage Data by economic development region, MN Dept. of Employment & Econ. Development, 4<sup>th</sup> quarter, 2007; HUD 2008 Fair Market Rents; Minnesota Dept. of Revenue Sales Ratio Study, 2006-7. <sup>6</sup> Census Small Area Income Poverty Estimates, 2005. <sup>7</sup> Minnesota Dept. of Revenue Sales Ratio Study; HUD Fair Market Rents; Low Income Housing Coalition, "Out of Reach, 2007-8" <sup>8</sup> Census 2000. <sup>9</sup> "The Cost of Living in Minnesota Family Wage & Budget Calculator," JOBS NOW Coalition, 2008. <sup>10</sup> "The Cost of Living in Minnesota," JOBS NOW Coalition, 2007. <sup>11</sup> Minnesota Local Area Unemployment Statistics, Minnesota Dept. of Employment & Economic Development, Nov. 2007. <sup>12</sup> "Foreclosures in Greater Minnesota: A Report based on County Sheriff's Sales Data," Greater Minnesota Housing Fund and HousingLink, 2007. <sup>13</sup> Wilder Research Center, 2007. <sup>14</sup> Ibid. <sup>15</sup> Ibid. <sup>16</sup> Ibid. <sup>17</sup> Census 2000. <sup>18</sup> Ibid.