

# Affordable Housing

## Mille Lacs County

May 2008

The demand for affordable housing exceeds supply.

The unmet affordable housing need through the year 2010 in Mille Lacs County is conservatively estimated at 1,620 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	445	51%	344	56%
\$20,000-\$34,999	35	10%	240	28%
\$35,000-\$49,999	12	6%	127	16%
\$50,000 and over	0	0%	48	3%

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.

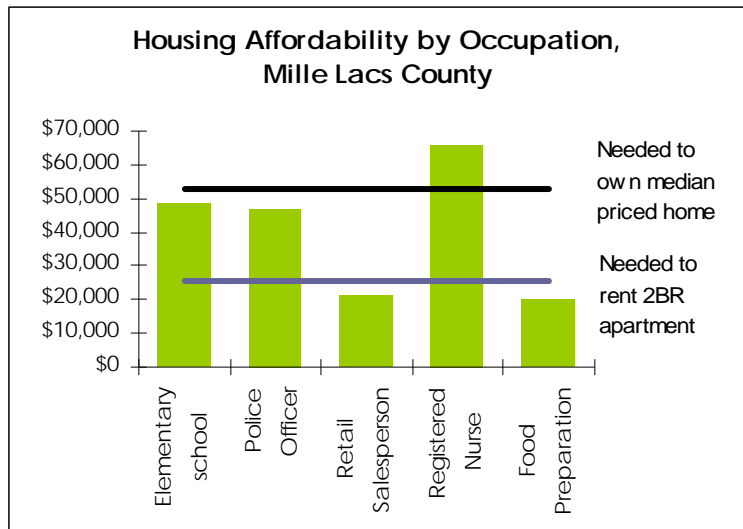
About 80% of Mille Lacs County residents own their home and 20% are renters.<sup>4</sup>

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 Mille Lacs County was \$43,037 in 2006.<sup>6</sup>



In Mille Lacs County, a median-priced home is \$159,000, and the fair market rent for a two bedroom apartment is \$634 per month. Since 2000, home prices have increased by 44.5% and fair market rent has increased by 33.2%.<sup>7</sup>

Approximately 20% of homeowners and 30% of renters in Mille Lacs County spend over 30% of their household income on housing.<sup>8</sup>

In Mille Lacs County, a family of four with two full-time wage earners needs to earn a combined annual salary of \$49,104 to afford the basic cost of living.<sup>9</sup>

50% of jobs in Mille Lacs County and counties nearby pay less than the regional wage required to afford basic needs.<sup>10</sup>

The average annual unemployment rate in Mille Lacs County was 6.2% in 2007.<sup>11</sup>

## Foreclosures in Minnesota

- In Mille Lacs County in 2007, there were about 234 foreclosures, a 283% 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, 354 people were sheltered in the Central Region, including 101 children.<sup>16</sup>

## Extreme Cost Burden

- Approximately 14% of renter households pay over 50% of their income on housing in Mille Lacs County.<sup>17</sup>
- For homeowner households in Mille Lacs, 6% 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 2006-7; HUD Fair Market Rents 2008: 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.