

Housing Affordability in Minnesota

2010



Minnesota Housing Partnership

Homes for all.

Housing is considered affordable if it consumes less than 30% of a household's gross income. At higher levels, families must choose between housing and other basic needs and will struggle to weather financial setbacks. **In Minnesota, housing costs continue to consume a large portion of families' income. For many, extended economic hardship is taking a toll.**

Renters

Home Owners

Household Income	Number of Households Paying 30% or More in Rent	Percent of Households Paying 30% or More in Rent	Number of Households Paying 30% or More in Ownership Costs	Percent of Households Paying 30% or More in Ownership Costs
Less than \$20,000	148,173	83.0%	96,821	76.7%
\$20,000 – \$34,999	74,188	63.2%	82,316	48.4%
\$35,000 – \$49,999	20,821	24.3%	92,281	44.1%
\$50,000 and over	8,471	6.8%	180,178	17.1%
All Income Levels	251,653	47.5%	451,596	28.9%

The table above shows the number and percent of households at different income levels that pay 30% or more of household income for rental or ownership costs. It illustrates that the **burden of housing costs weighs more heavily on lower-income families.**¹

Even before the current economic downturn, housing needs were severe. In 2008, 1 in 8 Minnesota households spent at least half of their income on housing, up from 1 in 15 in 2000. **Minnesota experienced the fastest increase of extremely cost burdened households of any state in the nation during this time period.**²

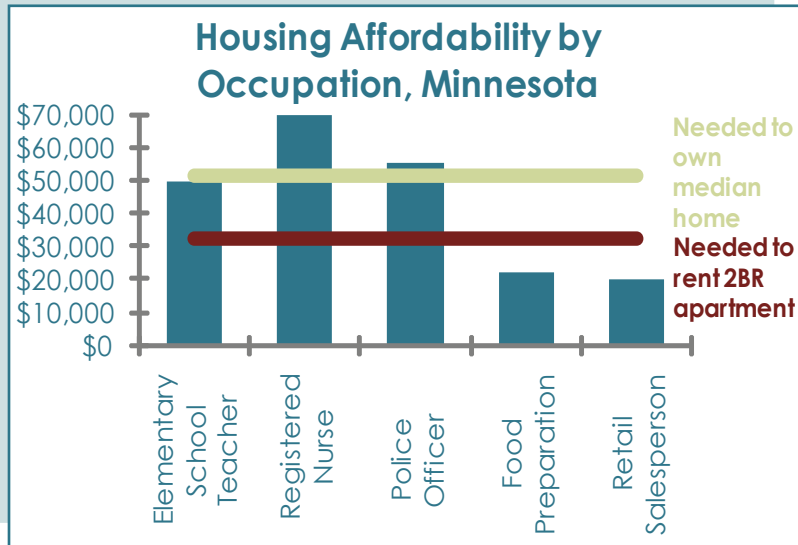
In 2008, about 75% of Minnesota residents owned their home and 25% were renters. Of these, approximately 28.9% of homeowners and 47.5% of renters in Minnesota spent 30% or more of their household income on housing.³



2446 University Avenue West, Suite 140
 Saint Paul, MN 55114-1740
 f: 651-649-1725 p: 800-728-8916
 www.mhponline.org 651-649-1710

Lower-income households face extreme affordability challenges.

The chart below compares median earnings across different occupations to the income required to afford housing.⁴



HOUSING COSTS. In Minnesota, a median-priced home cost \$174,600 in 2009, excluding foreclosures. The fair market rent for a two-bedroom apartment was \$806 per month in 2010. Since 2001, home prices have decreased by 1%, and the fair market rent has increased by 2%, after adjusting for inflation.⁵

INCOME. In Minnesota, a family of four with two full-time wage earners needs to earn a combined annual salary of \$58,368 to afford the basic cost of living.⁶ The median household income for Minnesota was \$57,318 in 2008.⁷

JOBS. 39% of jobs in Minnesota pay less than the wage required to afford basic needs.⁸ In April 2010, the unemployment rate in Minnesota was 7.0%, compared to 8.3% in 2009 and 4.3% in 2005.⁹

SOURCES: 1 American Community Survey, 2008. 2 Ibid. 3 Ibid. 4 OES Wage Data by economic development region, MN DEED, 4th quarter, 2009; HUD Fair Market Rents, 2010; MN Dept of Revenue Sales Ratio Study, 2008-9. 5 MN Dept of Revenue Sales Ratio Study 2000-1 & 2008-9; HUD Fair Market Rents, 2001 & 2010 (weighted for state average). 6 The Cost of Living in Minnesota Family Wage & Budget Calculator, JOBS NOW Coalition, 2009. 7 Small Area Income & Poverty Estimates, 2008. 8 The Cost of Living in Minnesota, JOBS NOW Coalition, 2009. 9 Local Area Unemployment Statistics, MN DEED (unadjusted). 10 HousingLink, 2010. 11 National Delinquency Survey, Mortgage Bankers' Association, Q1 2010. 12 Minnesota Home Ownership Center, 2010. 13 Wilder Research Center, 2010. 14 Ibid. 15 Ibid. 16 American Community Survey, 2008. 17 Ibid.

Foreclosures in Minnesota

- From 2005-2009 in Minnesota, there were 87,364 foreclosures. Of these, 23,019 occurred in 2009.¹⁰
- Almost 8% of primary mortgages in Minnesota were delinquent by 60 days or more by early 2010.¹¹
- The most common reason people sought foreclosure counseling in 2009 was loss or reduction of income.¹²

Homelessness in Minnesota

- On a single day in 2009, 9,654 people were known to be homeless statewide, including 4,519 children and youth through age 21.¹³
- An estimated 13,100 Minnesotans are homeless on any given night. The number of homeless people identified increased by 25% from 2006 to 2009.¹⁴
- The largest increase in homelessness from 2006 to 2009 was among young adults (18-21). Youth aged 12-21 saw the largest increase in likelihood of being turned away from a shelter.¹⁵

Extreme Cost Burden

- Approximately 22% of renter households pay at least half of their income on housing in Minnesota.¹⁶
- For homeowner households in Minnesota, 10% pay at least half of their income on housing.¹⁷