

Affordable Housing

Minnesota (Statewide)

May 2008

The demand for affordable housing exceeds supply.

The unmet affordable housing need through the year 2010 in Minnesota County is conservatively estimated at 333,000 low-income households.¹ 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.**²

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	140,206	81%	101,782	72%
\$20,000-\$34,999	58,495	53%	88,323	47%
\$35,000-\$49,999	15,077	20%	93,148	41%
\$50,000 and over	6,573	7%	160,239	16%

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.³ It illustrates that the burden of housing costs weighs more heavily on lower-income families.

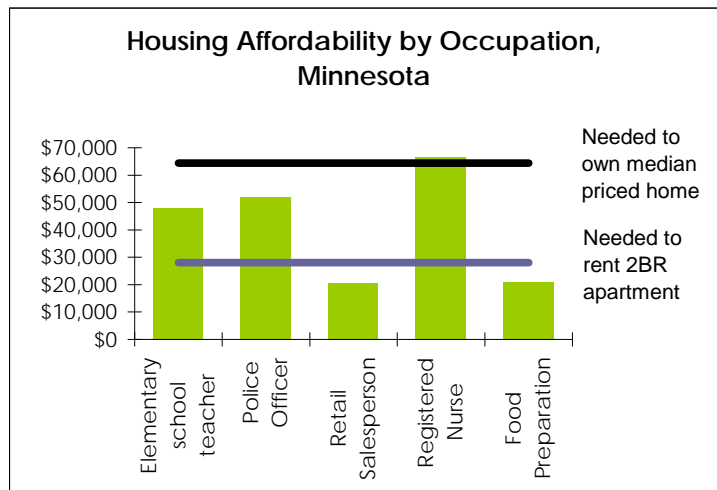
About 76.3% of Minnesota residents own their home and 23.7% are renters.⁴

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.⁵ The median household income for Minnesota was \$54,023 in 2006.⁶



A median-priced home in Minnesota is \$198,900, and the fair market rent for a two bedroom apartment is \$701 per month. Since 2000, home prices have increased by 38% and fair market rent has increased by 22%.⁷

Approximately 28% of homeowners and 45% of renters in Minnesota spend over 30% of their household income on housing.⁸

A family of four with two full-time wage earners needs to earn a combined annual salary of \$50,928 to afford the basic cost of living.⁹

37% of jobs statewide pay less than the statewide wage required to afford basic needs.¹⁰

The average annual unemployment rate in Minnesota was 4.0% in 2007.¹¹

Foreclosures in Minnesota

- There were about 20,573 foreclosures statewide in 2007, a 218% increase from 2005.¹²
- 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.¹³
- 39% of Minnesota's homeless population cite the inability to afford housing as a primary reason for leaving previous housing.¹⁴
- 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.¹⁵
- On a single day in 2006, 6,305 people were sheltered in all of Minnesota, including 2,514 children.¹⁶

Extreme Cost Burden

- Approximately 23% of renter households pay over 50% of their income on housing in Minnesota.¹⁷
- For homeowner households in Minnesota, 9% pay over 50% of their income on housing.¹⁸

Sources:

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