

# Housing Affordability in Ramsey County

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	22,041	89.5%	7,416	81.8%
\$20,000 – \$34,999	13,124	70.2%	7,572	54.4%
\$35,000 – \$49,999	3,309	26.7%	8,047	47.2%
\$50,000 and over	668	4.8%	14,667	15.8%
<b>All Income Levels</b>	<b>39,142</b>	<b>55.2%</b>	<b>37,702</b>	<b>28.4%</b>

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.**<sup>1</sup>

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.**<sup>2</sup>

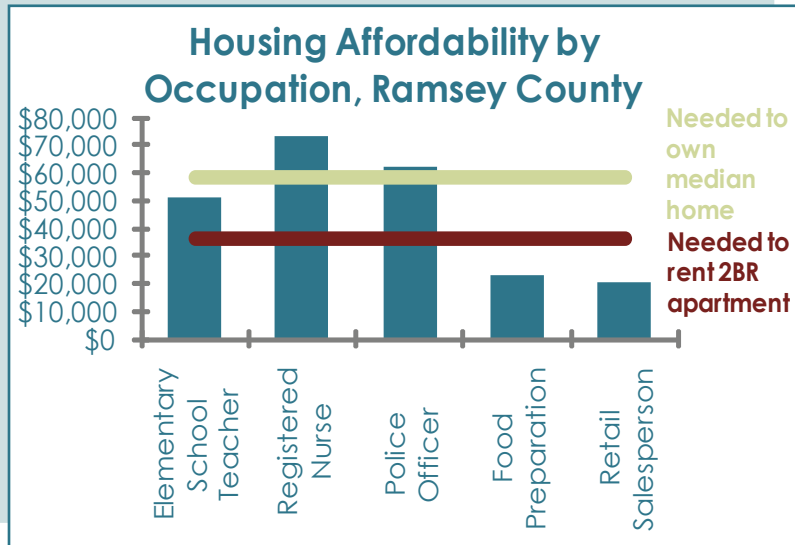
In 2008, about 65% of Ramsey County residents owned their home and 35% were renters. Of these, approximately 28.4% of homeowners and 55.2% of renters in Ramsey County spent 30% or more of their household income on housing.<sup>3</sup>



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# Lower-income households face extreme affordability challenges.

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



**HOUSING COSTS.** In Ramsey County, a median-priced home cost \$197,880 in 2009, excluding foreclosures. The fair market rent for a two-bedroom apartment was \$899 per month in 2010. Since 2001, home prices have increased by 9%, and the fair market rent has decreased by 2%, after adjusting for inflation.<sup>5</sup>

**INCOME.** In Ramsey County, a family of four with two full-time wage earners needs to earn a combined annual salary of \$60,645 to afford the basic cost of living.<sup>6</sup> The median household income for Ramsey County was \$52,762 in 2008.<sup>7</sup>

**JOBS.** 36% of jobs in Ramsey County and counties nearby pay less than the regional wage required to afford basic needs.<sup>8</sup> In April 2010, the unemployment rate in Ramsey County was 6.6%, compared to 7.7% in 2009 and 4.0% in 2005.<sup>9</sup>

**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. 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 Ramsey County, there were 9,931 foreclosures. Of these, 2,519 occurred in 2009.<sup>10</sup>
- Almost 8% of primary mortgages in Minnesota were delinquent by 60 days or more by early 2010.<sup>11</sup>
- The most common reason people sought foreclosure counseling in 2009 was loss or reduction of income.<sup>12</sup>

## Homelessness in Minnesota

- On a single day in 2009, 1,685 people were known to be homeless in the Ramsey County Region, including 732 children and youth through age 21.<sup>13</sup>
- An estimated 13,100 Minnesotans are homeless on any given night. The number of homeless people identified increased by 25% from 2006 to 2009.<sup>14</sup>
- 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.<sup>15</sup>

## Extreme Cost Burden

- Approximately 23% of renter households pay at least half of their income on housing in Ramsey County.<sup>16</sup>
- For homeowner households in Ramsey County, 9% pay at least half of their income on housing.<sup>17</sup>