

Affordable Housing

Ramsey County

May 2008

The demand for affordable housing exceeds supply.

The unmet affordable housing need through the year 2010 in Ramsey County is conservatively estimated at 40,505 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 | 21,550 | 86% | 9,555 | 84% |
| \$20,000-\$34,999 | 10,331 | 67% | 9,111 | 55% |
| \$35,000-\$49,999 | 1,757 | 17% | 8,669 | 49% |
| \$50,000 and over | 713 | 5% | 13,920 | 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.

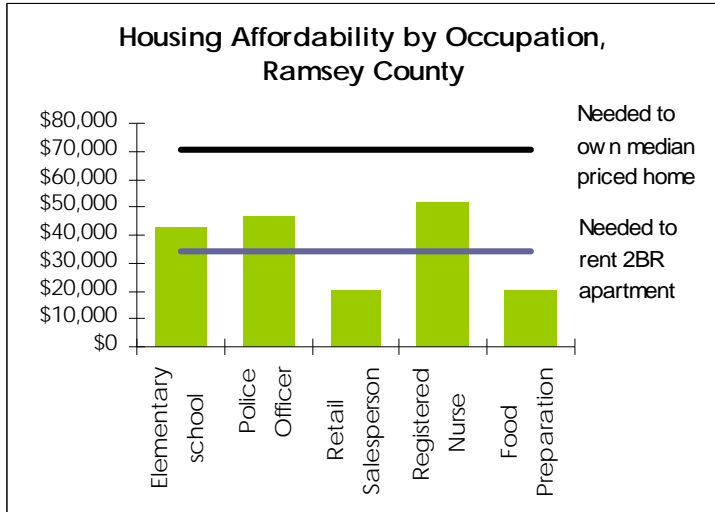
About 67% of Ramsey County residents own their home and 33% are renters.⁴

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 Ramsey County was \$50,777 in 2006.⁶



In Ramsey County, a median-priced home is \$217,000, and the fair market rent for a two bedroom apartment is \$848 per month. Since 2000, home prices have increased by 46.6% and fair market rent has increased by 18.6%.⁷

Approximately 37% of homeowners and 51% of renters in Ramsey County spend over 30% of their household income on housing.⁸

In Ramsey County, a family of four with two full-time wage earners needs to earn a combined annual salary of \$53,580 to afford the basic cost of living.⁹

35% of jobs in Ramsey County and counties nearby pay less than the regional wage required to afford basic needs.¹⁰

The average annual unemployment rate in Ramsey County was 4.0% in 2007.¹¹

Foreclosures in Minnesota

- In Ramsey County in 2007, there were about 2,399 foreclosures, a 283% 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, 4,715 people were sheltered in the Twin Cities Region, including 1,860 children.¹⁶

Extreme Cost Burden

- Approximately 29% of renter households pay over 50% of their income on housing in Ramsey County.¹⁷
- For homeowner households in Ramsey, 13% 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.