With nearly 1.2 million households, the Twin Cities region comprises the majority of the state’s total household population. In the Twin Cities, large percentages of renters and seniors pay more than they can afford for housing — and racial disparities in homeownership are among the highest in the nation. At $64,000 for a family of three¹, the cost of living is the highest of any region in the state with 21 percent of income going to housing costs.

### Top 5 Facts

1. **Only 39 percent of people of color and Indigenous households are homeowners, compared to 75 percent of white households. The 36 percent gap is the widest in the state compared to the 25 largest metro areas in the nation.**

2. **The Twin Cities region has the highest overall gross rent in the state, with all seven counties ranking in the top 10 and Washington County leading the state at $1,246 in 2017.**

3. **While there are 109,300 extremely low-income renter households in the region, there are just 36,905 units that are affordable and available to those households – a deficit of 72,395 units.**

4. **Of the 1,336 units of affordable housing constructed in the Twin Cities in 2017, only 164 units were affordable to households earning 30 percent or less of area median income.**

5. **Four of the top five in-demand jobs do not earn a median salary that is adequate to afford the rent for a modest two-bedroom apartment in any county in the Twin Cities region.**

¹ Estimate for one full time, one part time worker and one child
Rental Housing

With nearly one-third of all households living in rental units, the Twin Cities region has the highest percentage of renter households of any region in the state, growing from 29 percent of all households in 2000 to 32 percent in 2017.

More than 60 percent of the state’s rental households reside in the Twin Cities. Hennepin and Ramsey Counties contain the largest percentage of renter households, at 38 percent and 41 percent, respectively. Outside of Hennepin and Ramsey, the proportion of renter households declines, ranging from 17 percent in Scott County to 26 percent in Dakota County.

The Twin Cities region has the highest overall gross rent in the state, with all seven counties ranking in the top 10 and Washington County leading the state at $1,246 in 2017. Renter income has fallen in four of the seven counties in the region since 2000. Meanwhile rent has increased in every county — by as little as 4 percent in Dakota County to 26 percent in Washington County.

Ramsey County contains the highest percentage of cost-burdened and severely cost-burdened renters in the region, with 48 percent of renters spending more than 30 percent of their income on housing, and a quarter of renters spending more than half of their income on housing. Overall, from 2000 to 2017, the percent of cost burdened renters in the region increased from 36 percent to 46 percent.

The Twin Cities region contains 60 percent of the state’s population of extremely low-income renters (ELI), or renter households that earn less than 30 percent of area median income (AMI). While there are 109,300 ELI renter households in the region, there are only 36,905 units that are affordable and occupied by ELI renter households.
CITY SPOTLIGHT: Bloomington

The city of Bloomington is the third most populous city in the Twin Cities region, after Minneapolis and Saint Paul. The city currently is home to just over 36,220 households, 32 percent of whom are renters. Bloomington’s median rent is $1,075, and 41 percent of renter households experience cost burden. Additionally, both owner and renter income has declined since 2000, falling by 7 percent for both tenures.

Homeownership

The Twin Cities region includes more than 797,430 homeowner households, accounting for just over half of the state’s owner household population. While Hennepin and Ramsey counties have the lowest rates of homeownership in the state, with 62 percent and 59 percent of households in owner-occupied units, they account for nearly 30 percent of Minnesota’s total owner household population. In contrast, suburban counties see much higher percentages of homeowners ranging from 74 percent (Dakota County) to 83 percent (Scott County). The region has the second highest rate of homeowner cost burden in the state, with 20 percent of owner households paying more than 30 percent of their income on housing.

Owner income declined or saw very little growth in all counties of the region from 2000 to 2017.

The Twin Cities region has the most significant homeownership gap in the state, which is particularly striking due to the larger population of people of color and Indigenous (POCI) households in the region. While the region accounts for 76 percent of POCI households in the state, only 39 percent POCI households are homeowners, compared to 75 percent of white households — a 36 percent gap. This gap isn’t just the highest in the state; it’s the largest of the 25 largest metro areas in the country.

The discrepancy between POCI and white homeownership widens even further in Hennepin and Ramsey Counties. In these counties, the homeownership rate for POCI households falls from 39 percent to 33 percent. For black homeownership the rate decreases even further to 22 percent and 19 percent in Hennepin and Ramsey counties.

People of color are projected to grow in population by 47 percent and account for 35 percent of the total population in the seven-county metro area by 2035.
Twin Cities Spotlight: Closing the homeownership gap

It’s widely known that Minnesota ranks almost dead last in the nation for racial disparities in homeownership, commonly called the homeownership gap. While 77 percent of all white households own their home, 57 percent of Asian, 46 percent of Native American, 45 percent of Hispanic and just 24 percent of black households own their homes. Nationally, the homeownership gap is 25 percent. In Minnesota, it is far wider at 36 percent.

Since 1976, PRG has worked to close that gap.

Serving the seven-county metro region, PRG provided homeownership coaching and education, or refinance and foreclosure prevention services to over 775 families and individuals in 2018. Seventy-seven percent of those clients were households of color. And, since 2010, PRG produced 100 new or renovated homes with 72 percent sold to homeowners of color.

Portia Jackson, PRG Program Manager for Homeownership Advising Services, says closing the homeownership gap matters because people should have access to opportunities to build wealth and community, regardless of race. Owning an affordable home is one way to do that.

“People of color are so far behind because of previous injustices,” Jackson says. “It’s time for us, especially black people, to start building wealth for future generations. The way that 99 percent of us do that is through real estate.”

Myria, a PRG client, is about to close on a condo in the western suburbs. She wants to ensure she can build wealth for herself and her daughter. “In the black community, you don’t see a lot of people owning their own homes,” Myria says. “I’m fortunate. My grandmother owned a home, my mother owned a home, so I’m the next generation. I want people to know that it’s possible, regardless of your age or race.”

To address homeownership disparities, PRG prioritizes relationship building, cultural competency, and communicating with people in their preferred language, intentionally hiring advisors that speak Spanish, Somali, and English. PRG Homeownership Advisor Luis Mendoza says that in many cases, simply making information available and accessible can help address the gap and promote intergenerational wealth building.

“When it comes to the Latino community, there’s a lot of lack of communication and information,” Mendoza says. “It’s important to fix that because it should be equal for everyone. We should have the same rights. Affordable housing is the most important thing. But building intergenerational wealth is also important.”

Jackson was a PRG client herself before joining the staff. “Housing has always been a big part of my life — even as a kid,” Portia says. “Experiencing homelessness and living in a shelter, I learned how important it is to have a foundation. Without that, how can you do anything else?”

Photo: Portia Jackson
Of the 1,336 units of affordable housing constructed in the Twin Cities in 2017, only 164 units were affordable to households earning 30% of AMI.

By 2035, the population of people of color will grow by 47 percent and the population of seniors will rise by 71 percent.

Senior Housing

The Twin Cities region has the largest number of seniors (age 65 and older), accounting for more than half of all senior renters in the state, and 47 percent of all senior homeowners in the state. The region also has the highest rates of both senior owner and renter cost burden. Approximately 61 percent, or 34,830 senior renters, were cost burdened in 2017, with an additional 26 percent or 49,000 senior owners experiencing cost burden. Washington and Dakota counties have the highest rates of senior renter cost burden in the region, affecting 69 percent and 65 percent of senior renters. Hennepin County also hosts the most striking proportion of senior owners who are paying more than they can afford for housing, affecting 29 percent of that population.

The number of seniors is expected to rise dramatically over the next 20 years. By 2035, the number of seniors is anticipated to grow by 71 percent, gaining an additional 272,200 individuals in this age bracket. These trends stand to exacerbate current senior housing issues unless the region adds more affordable senior housing.

Housing Development and Subsidized Housing

In the Twin Cities region, 27 percent of renter-occupied and 30 percent of owner-occupied units were built prior to 1960. In 2017, 6,170 multifamily units and 6,371 single-family homes were permitted for construction, which accounted for 74 percent of multifamily and 47 percent of single-family new construction in the state.

Additionally, there were an estimated 50,880 subsidized units in the region in 2017, which provided housing to approximately 112,171 total people. In 2017, 1,336 units were produced in the region that were affordable to 60 percent of AMI; 164 of those units were affordable to 30 percent of AMI.
Housing Affordability by Occupation

In the Twin Cities region, median rent is out of reach for the majority of median-income renter households. While median gross rent ranges from $934 in Ramsey County to $1,246 in Washington County, the median-income renter can only afford a rage of $872 in Ramsey County to $1,246 in Washington County.

In the region, the top five in-demand occupations include retail salespersons, personal care aides, registered nurses, food preparation and serving workers, and supervisors of food preparation. By 2026, these occupations are expected grow by 463,580 positions. The median annual incomes for these top occupations range from $22,292 (food preparation and serving worker) to $83,214 (registered nurse), leaving employees between $557 and $2,080 to put toward housing without spending more than 30 percent of their income. Yet, an annual salary of $37,360 (Ramsey) to $49,840 (Washington) is needed to afford median rent in these counties. Effectively, four of the top five in-demand jobs do not earn a salary that can afford the rent for a modest two-bedroom apartment in any county in the Twin Cities region. In the region, an annual salary of $61,500 to $86,160 is needed to own a median value home; meaning, only registered nurses can afford homeownership — and even they are priced out of a median-value home in Carver County. The region will see the largest growth of new jobs by 2026, and is expected to grow overall by a rate of 6.8%.

WAGES AND HOUSING AFFORDABILITY IN WASHINGTON COUNTY

<table>
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<tr>
<th>Job</th>
<th>Annual median income</th>
<th>% growth</th>
<th>Salary needed to afford median-value home</th>
<th>% growth</th>
<th>Salary needed to afford 2-bedroom apartment</th>
<th>% growth</th>
<th>Projected % growth by 2026</th>
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<td>Food service supervisor</td>
<td>$37,981</td>
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<td>Food prep &amp; serving</td>
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<tr>
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TOP IN-DEMAND JOBS, 2017

FAST-GROWING JOBS BY 2026