Housing Affordability in Clay County

May 2009

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. For 2009, housing costs continue to consume a large portion of families’ income, with substantial unemployment threatening Minnesotans.

The table above shows the number and percent of households in different income brackets 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 2007, 1 in 8 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 2005-2007, about 72.8% of Clay County residents owned their home and 27.2% were renters. Of these, approximately 19.7% of homeowners and 57.2% of renters in Clay County spent 30% or more of their household income on housing.³

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<table>
<thead>
<tr>
<th>Household Income</th>
<th>Renters</th>
<th>Home Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Households Paying 30% or More in Rent</td>
<td>Percent of Households Paying 30% or More in Rent</td>
</tr>
<tr>
<td>Less than $20,000</td>
<td>2,443</td>
<td>87.8%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>510</td>
<td>39.1%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>205</td>
<td>34.6%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>49</td>
<td>7.7%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>3,207</td>
<td>57.2%</td>
</tr>
</tbody>
</table>

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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.4

**HOUSING COSTS.** In Clay County, a median-priced home cost $135,000 in 2008, and the fair market rent for a two-bedroom apartment was $620 per month in 2009. Since 2001, home prices have increased by 57.0% and the fair market rent has increased by 8.6%.3

**INCOME.** In Clay County, a family of four with two full-time wage earners needs to earn a combined annual salary of $47,076 to afford the basic cost of living.6 The median household income for Clay County was $50,506 in 2007.7

**JOBS.** 39% of jobs in Clay County and counties nearby pay less than the regional wage required to afford basic needs.8 The average unemployment rate in Clay County was 6.0% in March, 2009, up from 4.2% in March 2006.9


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**Foreclosures in Minnesota**

- In Clay County in 2008, there were about 76 foreclosures, a 8.6% increase from 2007.10
- Left unaddressed, abandoned foreclosed properties destabilize neighborhoods, erode the local tax base and drive up the costs of municipal services.
- Of homeowners seeking foreclosure counseling in 2008, three-quarters were considered to be low- and moderate-income. Half experienced a reduction of income before seeking counseling. 60% had prime mortgages.11

**Homelessness in Minnesota**

- On a single day in 2006, 175 people were sheltered in the West Central Region, including 59 children.12
- Roughly 9,200 Minnesotans are homeless and 7,700 are precariously housed in temporary or unstable housing. 38% are children and youth.13
- 39% of Minnesota’s homeless population cite the inability to afford housing as a primary reason for leaving previous housing.14

**Extreme Cost Burden**

- Approximately 33.3% of renter households pay at least half of their income on housing in Clay County.15
- For homeowner households in Clay County, 5.3% pay at least half of their income on housing.16