Housing Affordability in Dakota County

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.

<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>6,164</td>
<td>86.7%</td>
</tr>
<tr>
<td>$20,000 – $34,999</td>
<td>6,232</td>
<td>82.6%</td>
</tr>
<tr>
<td>$35,000 – $49,999</td>
<td>1,703</td>
<td>28.0%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>714</td>
<td>7.0%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>14,813</td>
<td>46.8%</td>
</tr>
</tbody>
</table>

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.¹

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.²

In 2008, about 79% of Dakota County residents owned their home and 21% were renters. Of these, approximately 28.6% of homeowners and 46.8% of renters in Dakota County spent 30% or more of their household income on housing.³
Lower-income households face extreme affordability challenges.

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

Foreclosures in Minnesota

- From 2005-2009 in Dakota County, there were 6,799 foreclosures. Of these, 1,787 occurred in 2009. 10
- Almost 8% of primary mortgages in Minnesota were delinquent by 60 days or more by early 2010. 11
- The most common reason people sought foreclosure counseling in 2009 was loss or reduction of income. 12

Homelessness in Minnesota

- On a single day in 2009, 562 people were known to be homeless in the Anoka/Dakota County Region, including 350 children and youth through age 21. 13
- An estimated 13,100 Minnesotans are homeless on any given night. The number of homeless people identified increased by 25% from 2006 to 2009. 14
- 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. 15

Extreme Cost Burden

- Approximately 19% of renter households pay at least half of their income on housing in Dakota County. 16
- For homeowner households in Dakota County, 8% pay at least half of their income on housing. 17

**Housing Costs.** In Dakota County, a median-priced home cost $209,900 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 1%, and the fair market rent has decreased by 2%, after adjusting for inflation. 5

**Income.** In Dakota County, a family of four with two full-time wage earners needs to earn a combined annual salary of $61,319 to afford the basic cost of living. 6 The median household income for Dakota County was $71,988 in 2008. 7

**Jobs.** 36% of jobs in Dakota County and counties nearby pay less than the regional wage required to afford basic needs. 8 In April 2010, the unemployment rate in Dakota County was 6.4%, compared to 7.3% in 2009 and 3.6% in 2005. 9

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