Housing Affordability in Hennepin 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>41,037</td>
<td>86.2%</td>
</tr>
<tr>
<td>$20,000 – $34,999</td>
<td>24,257</td>
<td>73.1%</td>
</tr>
<tr>
<td>$35,000 – $49,999</td>
<td>8,076</td>
<td>30.8%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>3,493</td>
<td>7.5%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>76,863</td>
<td>49.2%</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 67% of Hennepin County residents owned their home and 33% were renters. Of these, approximately 32.1% of homeowners and 49.2% of renters in Hennepin 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

**Housing Affordability by Occupation, Hennepin County**

- **Housing Costs.** In Hennepin County, a median-priced home cost $219,900 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 9%, and the fair market rent has decreased by 2%, after adjusting for inflation.5

- **Income.** In Hennepin County, a family of four with two full-time wage earners needs to earn a combined annual salary of $61,666 to afford the basic cost of living.6 The median household income for Hennepin County was $62,275 in 2008.7

- **Jobs.** 36% of jobs in Hennepin County and counties nearby pay less than the regional wage required to afford basic needs.8 In April 2010, the unemployment rate in Hennepin County was 6.3%, compared to 7.2% in 2009 and 3.6% in 2005.9

**Foreclosures in Minnesota**

- From 2005-2009 in Hennepin County, there were 23,287 foreclosures. Of these, 5,655 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, 4,035 people were known to be homeless in the Hennepin County Region, including 1,783 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 24% of renter households pay at least half of their income on housing in Hennepin County.16
- For homeowner households in Hennepin County, 12% pay at least half of their income on housing.17