Housing Affordability in Itasca 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.

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Number of Households Paying 30% or More in Rent</th>
<th>Percent of Households Paying 30% or More in Rent</th>
<th>Number of Households Paying 30% or More in Ownership Costs</th>
<th>Percent of Households Paying 30% or More in Ownership Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $20,000</td>
<td>1,188</td>
<td>78.0%</td>
<td>1,337</td>
<td>59.4%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>272</td>
<td>33.5%</td>
<td>821</td>
<td>31.1%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>10</td>
<td>1.8%</td>
<td>714</td>
<td>23.5%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>0</td>
<td>0.0%</td>
<td>712</td>
<td>9.9%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>1,470</td>
<td>36.0%</td>
<td>3,584</td>
<td>23.7%</td>
</tr>
</tbody>
</table>

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 78.8% of Itasca County residents owned their home and 21.2% were renters. Of these, approximately 23.7% of homeowners and 36.0% of renters in Itasca 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, Itasca County**

- **Needed to own median home**
- **Needed to rent 2BR apartment**

**Housing Costs.** In Itasca County, a median-priced home cost $130,000 in 2008, and the fair market rent for a two-bedroom apartment was $605 per month in 2009. Since 2001, home prices have increased by 52.0%, and the fair market rent has increased by 33.0%.5

**Income.** In Itasca County, a family of four with two full-time wage earners needs to earn a combined annual salary of $50,616 to afford the basic cost of living.6 The median household income for Itasca County was $43,622 in 2007.7

**Jobs.** 34% of jobs in Itasca County and counties nearby pay less than the regional wage required to afford basic needs.8 The average unemployment rate in Itasca County was 13.5% in March, 2009, up from 6.8% in March 2006.9


**Foreclosures in Minnesota**

- In Itasca County in 2008, there were about 72 foreclosures, a 1.4% decrease 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, 74 people were sheltered in the Northeast Region, including 31 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 15.8% of renter households pay at least half of their income on housing in Itasca County.15
- For homeowner households in Itasca County, 9.1% pay at least half of their income on housing.16