Housing Affordability in Mille Lacs 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. 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>Renters</th>
<th></th>
<th>Home Owners</th>
<th></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>
<td>Number of Households Paying 30% or More in Ownership Costs</td>
<td>Percent of Households Paying 30% or More in Ownership Costs</td>
</tr>
<tr>
<td>Less than $20,000</td>
<td>598</td>
<td>71.8%</td>
<td>724</td>
<td>70.7%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>278</td>
<td>51.5%</td>
<td>584</td>
<td>52.7%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>6</td>
<td>2.3%</td>
<td>672</td>
<td>47.7%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>27</td>
<td>15.8%</td>
<td>921</td>
<td>21.1%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>909</td>
<td>43.3%</td>
<td>2,901</td>
<td>36.7%</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.

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.

In 2005-2007, about 79.0% of Mille Lacs County residents owned their home and 21.0% were renters. Of these, approximately 36.7% of homeowners and 43.3% of renters in Mille Lacs County spent 30% or more of their household income on housing.
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, Mille Lacs County

- **Housing Costs.** In Mille Lacs County, a median-priced home cost $146,650 in 2008, and the fair market rent for a two-bedroom apartment was $651 per month in 2009. Since 2001, home prices have increased by 33.3%, and the fair market rent has increased by 56.1%.5

- **Income.** In Mille Lacs County, a family of four with two full-time wage earners needs to earn a combined annual salary of $53,256 to afford the basic cost of living.6 The median household income for Mille Lacs County was $43,616 in 2007.7

- **Jobs.** 50% of jobs in Mille Lacs County and counties nearby pay less than the regional wage required to afford basic needs.8 The average unemployment rate in Mille Lacs County was 15.6% in March, 2009, up from 8.8% in March 2006.9


Foreclosures in Minnesota

- In Mille Lacs County in 2008, there were about 247 foreclosures, a 7.9% 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, 354 people were sheltered in the Central Region, including 101 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 18.0% of renter households pay at least half of their income on housing in Mille Lacs County.15

- For homeowner households in Mille Lacs County, 10.9% pay at least half of their income on housing.16