Housing Affordability in Minnesota

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: Number and Percent of Households Paying 30% or More in Rent or Ownership Costs

<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>141,973</td>
<td>83.1%</td>
<td>94,503</td>
<td>72.9%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>64,892</td>
<td>55.9%</td>
<td>82,781</td>
<td>46.1%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>16,692</td>
<td>19.8%</td>
<td>92,428</td>
<td>42.5%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>6,655</td>
<td>5.9%</td>
<td>176,442</td>
<td>17.2%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>230,212</td>
<td>45.1%</td>
<td>446,154</td>
<td>28.7%</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 2007, about 75.2% of residents owned their home and 24.8% were renters. Of these, approximately 28.7% of homeowners and 45.1% of renters 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, Minnesota**

- **Elementary Teacher**
- **School Teacher**
- **Registered Nurse**
- **Police Officer**
- **Food Preparation**
- **Retail Salesperson**

**Housing Costs.** In Minnesota, a median-priced home cost $188,660 in 2008, and the fair market rent for a two-bedroom apartment was $786 per month in 2009. Since 2001, home prices have increased by 31.0% and the fair market rent has increased by 22.0%.5

**Income.** A family of four with two full-time wage earners needs to earn a combined annual salary of $55,788 to afford the basic cost of living.6 The median household income was $55,664 in 2007.7

**Jobs.** 37% of jobs in Minnesota pay less than the regional wage required to afford basic needs.8 The average unemployment rate was 8.9% in March, 2009, up from 4.7% in March 2006.9

**Foreclosures in Minnesota**

- In Minnesota in 2008, there were about 26,265 foreclosures, a 28.7% 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, 6,305 people were sheltered, including 2,514 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 21.7% of renter households pay at least half of their income on housing.15
- For homeowner households, 9.1% pay at least half of their income on housing.16

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