Housing Affordability in Pine 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.

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 82.2% of Pine County residents owned their home and 17.8% were renters. Of these, approximately 27.5% of homeowners and 38.5% of renters in Pine 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, Pine County**

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

**HOUSING COSTS.** In Pine County, a median-priced home cost $149,000 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 56.8% and the fair market rent has increased by 56.5%.5

**INCOME.** In Pine County, a family of four with two full-time wage earners needs to earn a combined annual salary of $56,280 to afford the basic cost of living.6 The median household income for Pine County was $43,809 in 2007.7

**JOBS.** 50% of jobs in Pine County and counties nearby pay less than the regional wage required to afford basic needs.8 The average unemployment rate in Pine County was 14.2% in March, 2009, up from 9.2% in March 2006.9

**Foreclosures in Minnesota**

- In Pine County in 2008, there were about 179 foreclosures, a 17.5% 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, 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 13.4% of renter households pay at least half of their income on housing in Pine County.15
- For homeowner households in Pine County, 9.5% pay at least half of their income on housing.16

**Sources:**