Housing Affordability in Rice 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.

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 79.3% of Rice County residents owned their home and 20.7% were renters. Of these, approximately 29.9% of homeowners and 35.1% of renters in Rice County spent 30% or more of their household income on housing.³

<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>795</td>
<td>56.9%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>703</td>
<td>61.5%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>15</td>
<td>2.1%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>26</td>
<td>2.8%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>1,539</td>
<td>35.1%</td>
</tr>
</tbody>
</table>
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 Costs.** In Rice County, a median-priced home cost $183,500 in 2008, and the fair market rent for a two-bedroom apartment was $776 per month in 2009. Since 2001, home prices have increased by 37.7% and the fair market rent has increased by 33.3%.5

**Income.** In Rice County, a family of four with two full-time wage earners needs to earn a combined annual salary of $52,908 to afford the basic cost of living.6 The median household income for Rice County was $55,431 in 2007.7

**Jobs.** 36% of jobs in Rice County and counties nearby pay less than the regional wage required to afford basic needs.8 The average unemployment rate in Rice County was 10.0% in March, 2009, up from 5.2% in March 2006.9

**Foreclosures in Minnesota**
- In Rice County in 2008, there were about 298 foreclosures, a 25.7% 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, 342 people were sheltered in the Southeast Region, including 181 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 12.4% of renter households pay at least half of their income on housing in Rice County.15
- For homeowner households in Rice County, 9.0% pay at least half of their income on housing.16