Housing Affordability in Steele 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 Number of Households Paying 30% or More in Rent</th>
<th>Renters Percent of Households Paying 30% or More in Rent</th>
<th>Home Owners Number of Households Paying 30% or More in Ownership Costs</th>
<th>Home Owners Percent of Households Paying 30% or More in Ownership Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $20,000</td>
<td>640</td>
<td>79.4%</td>
<td>606</td>
<td>66.1%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>382</td>
<td>50.5%</td>
<td>820</td>
<td>49.6%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>79</td>
<td>15.1%</td>
<td>821</td>
<td>47.3%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>3</td>
<td>0.5%</td>
<td>688</td>
<td>10.5%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>1,104</td>
<td>39.1%</td>
<td>2,935</td>
<td>27.0%</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 79.4% of Steele County residents owned their home and 20.6% were renters. Of these, approximately 27.0% of homeowners and 39.1% of renters in Steele 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.  

**Housing Affordability by Occupation, Steele County**

**Housing Costs.** In Steele County, a median-priced home cost $151,000 in 2008, and the fair market rent for a two-bedroom apartment was $692 per month in 2009. Since 2001, home prices have increased by 33.8%, and the fair market rent has increased by 40.4%.  

**Income.** In Steele County, a family of four with two full-time wage earners needs to earn a combined annual salary of $46,980 to afford the basic cost of living. The median household income for Steele County was $53,333 in 2007.  

**Jobs.** 36% of jobs in Steele County and counties nearby pay less than the regional wage required to afford basic needs. The average unemployment rate in Steele County was 9.7% in March, 2009, up from 4.6% in March 2006.  

**Foreclosures in Minnesota**

- In Steele County in 2008, there were about 148 foreclosures, a 20.3% increase from 2007.  
- 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.  

**Homelessness in Minnesota**

- On a single day in 2006, 342 people were sheltered in the Southeast Region, including 181 children.  
- Roughly 9,200 Minnesotans are homeless and 7,700 are precariously housed in temporary or unstable housing. 38% are children and youth.  
- 39% of Minnesota’s homeless population cite the inability to afford housing as a primary reason for leaving previous housing.  

**Extreme Cost Burden**

- Approximately 15.0% of renter households pay at least half of their income on housing in Steele County.  
- For homeowner households in Steele County, 9.1% pay at least half of their income on housing.  