Housing Affordability in Yellow Medicine 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.

<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>231</td>
<td>52.5%</td>
<td>216</td>
<td>37.6%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>4</td>
<td>2.1%</td>
<td>94</td>
<td>16.5%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>0</td>
<td>0.0%</td>
<td>16</td>
<td>3.3%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>0</td>
<td>0.0%</td>
<td>11</td>
<td>1.3%</td>
</tr>
<tr>
<td>All Income Levels</td>
<td>235</td>
<td>28.6%</td>
<td>337</td>
<td>13.7%</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 2000, about 79.0% of Yellow Medicine County residents owned their home and 21.0% were renters. Of these, approximately 13.7% of homeowners and 28.6% of renters in Yellow Medicine 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, Yellow Medicine County**

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

**HOUING COSTS.** In Yellow Medicine County, a median-priced home cost $64,000 in 2008, and the fair market rent for a two-bedroom apartment was $577 per month in 2009. Since 2001, home prices have increased by 23.1%, and the fair market rent has increased by 38.7%.3

**INCOME.** In Yellow Medicine County, a family of four with two full-time wage earners needs to earn a combined annual salary of $44,052 to afford the basic cost of living.6 The median household income for Yellow Medicine County was $44,602 in 2007.7

**JOBS.** 30% of jobs in Yellow Medicine County and counties nearby pay less than the regional wage required to afford basic needs.8 The average unemployment rate in Yellow Medicine County was 7.4% in March, 2009, up from 5.0% in March 2006.9

Foreclosures in Minnesota

- In Yellow Medicine County in 2008, there were about 21 foreclosures, a 75.0% 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, 67 people were sheltered in the Southwest Region, including 25 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 15.0% of renter households pay at least half of their income on housing in Yellow Medicine County.15
- For homeowner households in Yellow Medicine County, 6.0% pay at least half of their income on housing.16