

Housing Affordability in Clay County

2011

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 such as food or medicine.

For low-and moderate-income Minnesotans, extended economic hardship is a reality. The foreclosure crisis has left many homeowners owing more than their home is worth, while rents continue to rise.



Minnesota Housing Partnership
Homes for all.

Households Paying 30% or More of their Income for Housing ¹				
Household Income	RENTERS		HOMEOWNERS	
	Number	Percent	Number	Percent
Less than \$20,000	2,180	81%	882	73%
\$20,000 – \$34,999	1,160	58%	862	44%
\$35,000 – \$49,999	130	20%	815	34%
\$50,000 and over	49	5%	719	7%
All income levels	3,519	56%	3,278	22%

The burden of housing costs weighs more heavily on lower-income families, as the table shows. Renters are also more likely to face unaffordable housing costs.

RECESSION TAKES A TOLL. Even before the Great Recession, housing burden had increased substantially. Then from just 2007 to 2009, the number of Minnesota households paying more than HALF their income for housing grew by 9% (an increase of nearly 24,000 households) while the number of all Minnesota households increased by only 1%. **In 2009 the cost of housing consumed more than half of income for almost 1 in 7 Minnesota households, leaving many unable to pay for transportation, food, or other basic needs.**² In 2000, only 1 in 12 households experienced this level of cost burden.³

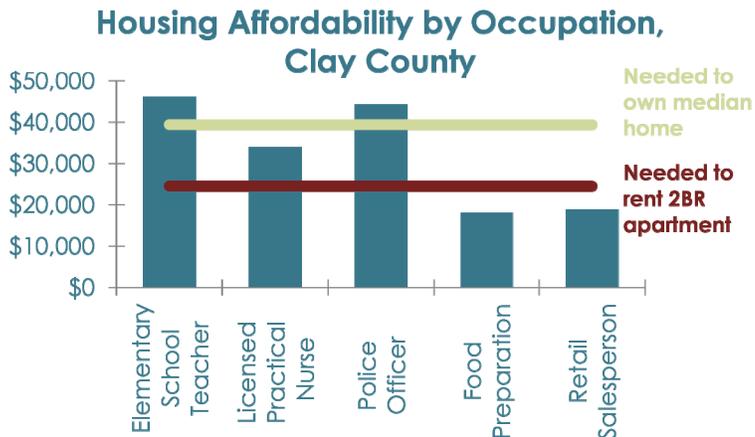
A SHIFT TO RENTING. In 2010, about 70% of Clay County households owned their home and 30% were renters.⁴ With the foreclosure crisis, rental is becoming increasingly important. Statewide, home ownership rates have fallen to 73%, a significant drop since peaking at 76% in 2006.⁵ Minnesota homeowners owned an estimated 21,000 fewer homes in 2009 than in 2006.⁶



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Lower-income households face extreme affordability challenges.

The chart below compares median earnings across different occupations to the income required to afford housing.⁷



OWNER COSTS AND EQUITY. In Clay County, approximately 7% of homeowner households pay at least half of their income on housing.⁸ In addition,

- The median sale price for homes (excluding foreclosures) was \$135,900 in 2010 in the county. Since 2006, median home prices have decreased by 4%, after adjusting for inflation. Compared to 2000-1, real median home prices have increased by 27%.⁹
- Statewide, a drop in home prices as a result of the foreclosure crisis and recession has left many owing more on their home than it is worth.
- The median income for homeowners is \$64,331.¹⁰

AFFORDABILITY FOR RENTERS. Approximately 32% of renter households now pay at least half of their income for housing in Clay County.¹¹ In addition,

- The fair market rent for a two-bedroom apartment in 2011 is \$612 per month.¹² Since 2000, the fair market rent has decreased by 17%, after adjusting for inflation.¹³
- In most Minnesota counties, renter incomes have fallen. According to the most recent data available, in Clay County, real renter incomes have risen by 5% since 1999.¹⁴
- The median income for renters is \$22,389.¹⁵

Foreclosures in Minnesota

- From 2005-2010 in Clay County there were 391 foreclosures. Of these, 80 occurred in 2010.¹⁶
- About 6% of primary mortgages in Minnesota were delinquent by 60 days or more in early 2011.¹⁷
- The most common reason people sought foreclosure counseling in 2010 was loss or reduction of income.¹⁸

Homelessness in Minnesota

- On a single day in 2009, 358 people were known to be homeless in the West Central Region, including 132 children and youth through age 21.¹⁹
- An estimated 13,100 Minnesotans are homeless on any given night.
- The number of homeless people identified increased 25% from 2006 to 2009.²⁰

Unemployment, Jobs, and Poverty

- The average unemployment rate in Clay County was 4.6% in May, 2011, up from 3.1% in May, 2007, prior to the Great Recession.²¹
- Of the available jobs in Clay County and counties nearby, 45% pay less than the wage required to afford basic needs.²²
- In 2009, 13% of people in Clay County were living in poverty. Children face a poverty rate of 14%.²³

SOURCES: 1 American Community Survey (ACS) 2007-9. 2 ACS 2009. 3 US Census 2000. 4 US Census 2010. 5 ACS 2006 & US Census 2010. 6 ACS 2006 & 2009. 7 OES Wage Data by economic development region, MN DEED, 4th quarter, 2010; HUD Fair Market Rent (FMR), 2011; MN Dept of Revenue Sales Ratio Study, 2009-10. 8 ACS 2007-9. 9 MN Dept of Revenue Sales Ratio Study 2000-1, 2005-6, & 2009-10. 10 ACS 2007-9. 11 Ibid. 12 HUD FMR, 2011. 13 HUD FMR 2000 & 2011. 14 US Census 2000, ACS 2007-9. 15 ACS 2007-9. 16 HousingLink, 2005-2010. 17 National Delinquency Survey, Mortgage Bankers' Association, Q1 2011. 18 MN Home Ownership Center, 2011. 19 Wilder Research Center, 2010. 20 Ibid. 21 Local Area Unemployment Statistics, MN DEED (unadjusted). 22 The Cost of Living in Minnesota, JOBS NOW Coalition, 2009. 23 Small Area Income & Poverty Estimates, 2009.