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.

<table>
<thead>
<tr>
<th>Household Income</th>
<th>RENTERS</th>
<th>HOMEOWNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $20,000</td>
<td>323</td>
<td>503</td>
</tr>
<tr>
<td>$20,000 – $34,999</td>
<td>109</td>
<td>322</td>
</tr>
<tr>
<td>$35,000 – $49,999</td>
<td>2</td>
<td>185</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>0</td>
<td>329</td>
</tr>
<tr>
<td><strong>All income levels</strong></td>
<td><strong>434</strong></td>
<td><strong>1,339</strong></td>
</tr>
</tbody>
</table>

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 50% 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. In 2000, only 1 in 12 households experienced this level of cost burden.

**A SHIFT TO RENTING.** In 2010, about 82% of Houston County households owned their home and 18% were renters. 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. Minnesota homeowners owned an estimated 21,000 fewer homes in 2009 than in 2006.
Lower-income households face extreme affordability challenges.

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

**Foreclosures in Minnesota**
- From 2005-2010 in Houston County there were 88 foreclosures. Of these, 19 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, 483 people were known to be homeless in the Southeast Region, including 278 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 Houston County was 6.7% in May, 2011, up from 4.7% in May, 2007, prior to the Great Recession.21
- Of the available jobs in Houston County and counties nearby, 38% pay less than the wage required to afford basic needs.22
- In 2009, 9% of people in Houston County were living in poverty. Children face a poverty rate of 12%.23

**OWNER COSTS AND EQUITY.** In Houston County, approximately 6% of homeowner households pay at least half of their income on housing.8 In addition,
- The median sale price for homes (excluding foreclosures) was $125,000 in 2010 in the county. Since 2006, median home prices have decreased by 13%, after adjusting for inflation. Compared to 2000-1, real median home prices have increased by 2%.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 $58,464.10

**AFFORDABILITY FOR RENTERS.** Approximately 15% of renter households now pay at least half of their income for housing in Houston County.11 In addition,
- The fair market rent for a two-bedroom apartment in 2011 is $648 per month.12 Since 2000, the fair market rent has increased by 6%, after adjusting for inflation.13
- In most Minnesota counties, renter incomes have fallen. According to the most recent data available, in Houston County, real renter incomes have fallen by 13% since 1999.14
- The median income for renters is $24,233.15