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.

### Households Paying 30% or More of their Income for Housing

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Renters</th>
<th></th>
<th>Homeowners</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Less than $20,000</td>
<td>2,769</td>
<td>81%</td>
<td>1038</td>
<td>69%</td>
</tr>
<tr>
<td>$20,000 – $34,999</td>
<td>493</td>
<td>34%</td>
<td>683</td>
<td>36%</td>
</tr>
<tr>
<td>$35,000 – $49,999</td>
<td>41</td>
<td>7%</td>
<td>456</td>
<td>21%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>27</td>
<td>6%</td>
<td>915</td>
<td>11%</td>
</tr>
<tr>
<td>All income levels</td>
<td>3,330</td>
<td>56%</td>
<td>3,092</td>
<td>23%</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 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 Winona 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 Minnesotans homeowners owned an estimated 21,000 fewer homes in 2009 than in 2006.6
Lower-income households face extreme affordability challenges.

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

**Housing Affordability by Occupation, Winona County**

- **Elementary School Teacher**
- **Licensed Practical Nurse**
- **Police Officer**
- **Food Preparation**
- **Retail Salesperson**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Median Earnings</th>
<th>Needed to own median home</th>
<th>Needed to rent 2BR apartment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary School Teacher</td>
<td>$60,000</td>
<td>$40,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Licensed Practical Nurse</td>
<td>$50,000</td>
<td>$40,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Police Officer</td>
<td>$30,000</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Food Preparation</td>
<td>$25,000</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Retail Salesperson</td>
<td>$20,000</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

**OWNER COSTS AND EQUITY.** In Winona 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 $135,000 in 2010 in the county. Since 2006, median home prices have decreased by 11%, after adjusting for inflation. Compared to 2000-1, real median home prices have increased by 6%.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 $59,447.10

**AFFORDABILITY FOR RENTERS.** Approximately 31% of renter households now pay at least half of their income for housing in Winona County.11 In addition,

- The fair market rent for a two-bedroom apartment in 2011 is $670 per month.12 Compared to 2000, the fair market rent remains unchanged, after adjusting for inflation.13
- In most Minnesota counties, renter incomes have fallen. According to the most recent data available, in Winona County, real renter incomes have fallen by 35% since 1999.14
- The median income for renters is $17,983.15

**Sources:**
- ACS 2009.
- 8 OES Wage Data by economic development region, MN DEED, 4th quarter, 2010.
- 9 HUD Fair Market Rent (FMR), 2011.
- 10 MN Dept of Revenue Sales Ratio Study, 2009-10.
- 12 HUD FMR 2000 & 2011.
- 14 HUD FMR 2000 & 2011.
- 16 MN Home Ownership Center.
- 17 Wilder Research Center, 2010.
- 18 Ibid. 21 Local Area Unemployment Statistics, MN DEED (unadjusted).
- 21 Local Area Unemployment Statistics, MN DEED (unadjusted).