

Housing Affordability in Clearwater County

2011



Minnesota Housing Partnership
Homes for all.

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 ¹				
Household Income	RENTERS		HOMEOWNERS	
	Number	Percent	Number	Percent
Less than \$20,000	219	67%	315	67%
\$20,000 – \$34,999	38	23%	159	32%
\$35,000 – \$49,999	13	35%	141	27%
\$50,000 and over	0	0%	106	10%
All income levels	270	44%	721	28%

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

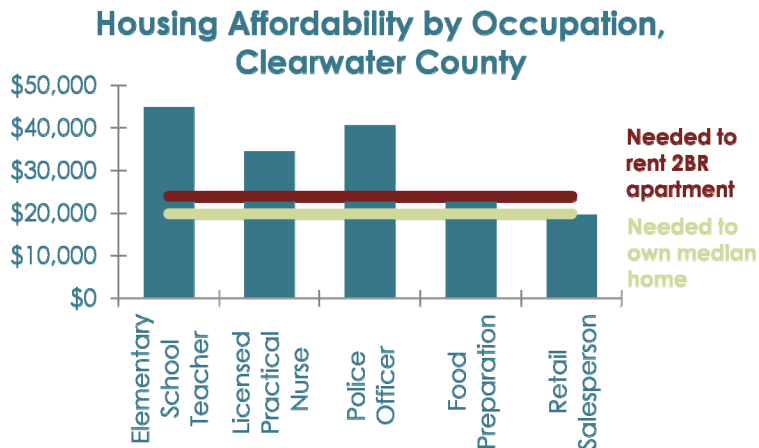
A SHIFT TO RENTING. In 2010, about 80% of Clearwater County households owned their home and 20% were renters.⁴ With the foreclosure crisis, rental is becoming increasingly important. Statewide, home ownership rates have fallen to 73%, a significant drop since peaking at 76% in 2006.⁵ Minnesota homeowners 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 Clearwater County, approximately 10% of homeowner households pay at least half of their income on housing.⁸ In addition,

- The median sale price for homes (excluding foreclosures) was \$68,025 in 2010 in the county. Since 2006, median home prices have decreased by 28%, after adjusting for inflation. Compared to 2000-1, real median home prices have increased by 41%.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 \$43,841.¹⁰

AFFORDABILITY FOR RENTERS. Approximately 24% of renter households now pay at least half of their income for housing in Clearwater County.¹¹ In addition,

- The fair market rent for a two-bedroom apartment in 2011 is \$596 per month.¹² Since 2000, the fair market rent has increased by 11%, after adjusting for inflation.¹³
- In most Minnesota counties, renter incomes have fallen. According to the most recent data available, in Clearwater County, real renter incomes have fallen by 9% since 1999.¹⁴
- The median income for renters is \$19,234.¹⁵

Foreclosures in Minnesota

- From 2005-2010 in Clearwater County there were 78 foreclosures. Of these, 7 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, 393 people were known to be homeless in the Northwest Region, including 235 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 Clearwater County was 11.9% in May, 2011, up from 8.5% in May, 2007, prior to the Great Recession.²¹
- Of the available jobs in Clearwater County and counties nearby, 46% pay less than the wage required to afford basic needs.²²
- In 2009, 17% of people in Clearwater County were living in poverty. Children face a poverty rate of 26%.²³

SOURCES: 1 American Community Survey (ACS) 2005-9. 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 2005-9. 9 MN Dept of Revenue Sales Ratio Study 2000-1, 2005-6, & 2009-10. 10 ACS 2005-9. 11 Ibid. 12 HUD FMR, 2011. 13 HUD FMR 2000 & 2011. 14 US Census 2000, ACS 2005-9. 15 ACS 2005-9. 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.