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THE “QUIET” BEFORE THE STORM

New Housing Data Reveals Thousands of Minnesotans Were Cost Burdened Entering Economic Nosedive

St. Paul, Minn. (September 23, 2008) – Today, the U.S. Census Bureau released data that shows that housing costs for Minnesotans increased significantly between 2002 and 2007. Notably, this data does not cover recent changes in the economy or housing market since 2007.

From 2002 to 2007, the number of homeowners paying more than half of their income on housing increased from 1 in 18 mortgage holders to 1 in 9 mortgage holders. Although renters did not experience a similar increase during that period, the numbers continued to show high rates of cost burden associated with their housing. In 2007, of Minnesota’s 510,000 renting households, 1 in 5 paid more than half of their income on housing.

The continued high rates of housing cost burden in 2007 are cause for alarm, especially in light of the economic downturn. National economic indicators suggest that families are feeling the pinch from all sides. Between August 2007 and August 2008, average wages increased 3.7 percent, but the cost of groceries rose 7.5 percent, and the cost of gasoline rose 35.6 percent.

“When families are faced with excessive housing costs, they have a harder time managing day to day. They may be forced to cut basic needs such as health care, nutrition, and transportation just to keep their home,” said Chip Halbach, executive director for the Minnesota Housing Partnership. “In the end, we all lose when a senior citizen has to go without groceries, a worker has no cash left for the bus fare to work, or in extreme cases, or a child becomes homeless and misses school.”

Similar to 2006, the total number of Minnesota households with severe cost burden stood at 253,000 in 2007. This represents 1 in 8 households in Minnesota.

“Now, more than ever, we need to ensure that the housing market meets the needs of Minnesota residents. That means ensuring that our housing stock is accessible to families on all rungs of the income ladder. We are lacking balance in this area,” continued Halbach.

The Minnesota Housing Partnership is a statewide nonprofit organization that advances the preservation and creation of housing affordable to low- and moderate-income people as a means of strengthening communities and families. MHP provides local governments and nonprofit housing organizations access to loans, grants, and technical expertise to plan and construct housing, in addition to advocating and educating people on sound housing policies. MHP’s work in Greater Minnesota is primarily supported by The McKnight Foundation.

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