Affordable Housing in Chippewa County

What is Affordable Housing?

Housing is considered affordable if it consumes 30% or less of a household’s gross income. Generally, when households spend more than 30% of their income to meet housing costs, they do not have enough income to meet other basic needs or weather financial setbacks.

The Supply of Affordable Housing Lags Demand

The current and projected unmet affordable housing need through the year 2010 in Chippewa County is conservatively estimated at 687 low-income households.1

Lower Income Households Face Extreme Affordability Challenges

The table below shows the number and percent of households in different income brackets that pay over 30% of household income for rental or ownership costs. It illustrates that households with lower incomes spend more of their income on housing costs than those with higher incomes. According to the 2000 U.S. Census, the median household income for Chippewa County was $35,582.

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Renters</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Households Paying Over 30% in Rent</td>
<td>Percent of Households Paying Over 30% in Rent</td>
</tr>
<tr>
<td>Less than $19,999</td>
<td>334</td>
<td>55%</td>
</tr>
<tr>
<td>$20,000-$34,999</td>
<td>45</td>
<td>14%</td>
</tr>
<tr>
<td>$35,000-$49,999</td>
<td>9</td>
<td>6%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: U.S. Census, 2000

Chippewa County Housing Costs

77% of Chippewa County residents own their home and 23% are renters.2

Rental

- A household would need to earn $20,760 to afford the fair market rent for a two-bedroom apartment ($519/mo).3
- A minimum wage worker would need to work 65 hours per week to afford Chippewa County’s fair market rent.5
- Approximately 33% of renters in Chippewa County pay over 30% of their household income on housing, and 15% of renters pay over 50%.6

Homeownership

- Between 1990 and 2000 home prices in Chippewa County rose 45% while incomes rose 19%.4
- A household would need to earn $22,031 to afford the median priced home ($69,520) in Chippewa County.6
- Approximately 12% of homeowners in Chippewa County spend over 30% of their household income on housing, and 4% spend over 50%.8
Homelessness in the Southwest Region

A one-day survey of people experiencing homelessness in Minnesota estimates that 8,800 Minnesotans are homeless and over 11,000 are precariously housed in temporary or unstable housing. Nine percent (39%) of these are children and youth.

- On August 26, 2004, 39 people were sheltered in the Southwest Region, and an additional 2 were turned away because the shelters were full.

The gap between the cost of housing and what people can afford is a major cause of homelessness.

- One-third of Minnesota's homeless population cite the inability to afford housing cost as the primary reason for leaving previous housing.
- Forty percent (40%) report being on the waiting list for Section 8, or other subsidized housing, while 16% are unable to get on the list because it is closed. The median wait time on a subsidized housing list exceeds 10 months.

In 2003, 30% of all adults experiencing homelessness in Minnesota reported income from work, with 13% working full time.

- 35% of surveyed adults experiencing homelessness in the Southwest Region are employed.
- Of the adults experiencing homelessness in the Southwest Region who report being employed, 63% are employed full time.

Other Important Chippewa County Housing Facts

- 9% of all Chippewa County residents and 10% of children under 18 live in poverty.
- Chippewa County’s population declined by 2% between 2000 and 2005.
- The average annual unemployment rate in Chippewa County was 4% in 2005.
- A family of four with two full-time wage earners needs to earn a combined annual salary of $38,124 to afford the basic cost of living in Chippewa County. 34% of jobs in Chippewa County and counties nearby pay less than the regional wage required to afford basic needs.

Sources:

5. Median home price from 2004 data on assessment/sales ratio studies of residential properties, Minnesota Department of Revenue, Property Tax Division; income needed to afford a median priced home based on 5% down payment, 21% of gross income for principle/interest and 5.73% 360 month mortgage term.

For more information about this fact sheet or the Minnesota Housing Partnership, call (651) 649-1710 or email info@mhponline.org, or visit our website at www.mhponline.org.