

# Housing Affordability in Clay County

May 2009



**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 and will struggle to weather financial setbacks. For 2009, housing costs continue to consume a large portion of families' income, with substantial unemployment threatening Minnesotans.

## Renters

## Home Owners

Household Income	Number of Households Paying 30% or More in Rent	Percent of Households Paying 30% or More in Rent	Number of Households Paying 30% or More in Ownership Costs	Percent of Households Paying 30% or More in Ownership Costs
Less than \$20,000	2,443	87.8%	941	62.5%
\$20,000 – \$34,999	510	39.1%	718	34.1%
\$35,000 – \$49,999	205	34.6%	672	31.3%
\$50,000 and over	49	7.7%	621	6.7%
All Income Levels	3,207	57.2%	2,952	19.7%

The table above shows the number and percent of households in different income brackets that pay 30% or more of household income for rental or ownership costs. It illustrates that the **burden of housing costs weighs more heavily on lower-income families.**<sup>1</sup>

Even before the current economic downturn, housing needs were severe. In 2007, 1 in 8 households spent at least half of their income on housing, up from 1 in 15 in 2000. **Minnesota experienced the fastest increase of extremely cost burdened households of any state in the nation during this time period.**<sup>2</sup>

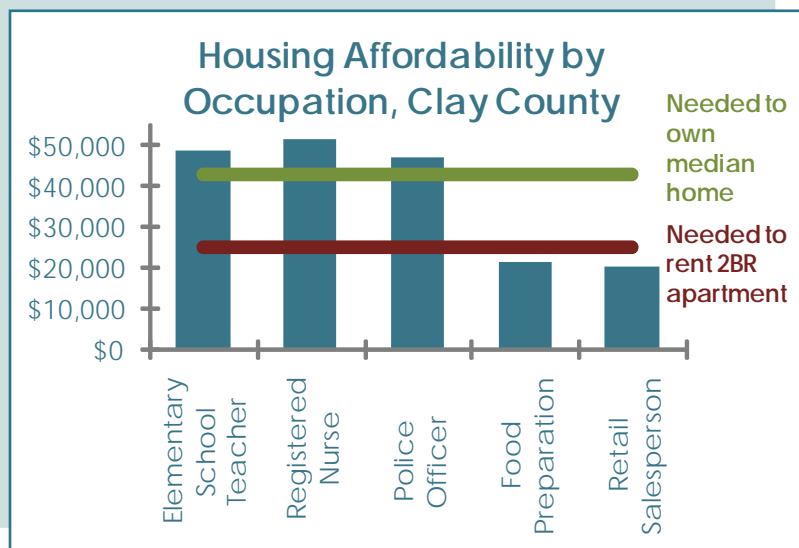
In 2005-2007, about 72.8% of Clay County residents owned their home and 27.2% were renters. Of these, approximately 19.7% of homeowners and 57.2% of renters in Clay County spent 30% or more of their household income on housing.<sup>3</sup>



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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.<sup>4</sup>



**HOUSING COSTS.** In Clay County, a median-priced home cost \$135,000 in 2008, and the fair market rent for a two-bedroom apartment was \$620 per month in 2009. Since 2001, home prices have increased by 57.0%, and the fair market rent has increased by 8.6%.<sup>5</sup>

**INCOME.** In Clay County, a family of four with two full-time wage earners needs to earn a combined annual salary of \$47,076 to afford the basic cost of living.<sup>6</sup> The median household income for Clay County was \$50,506 in 2007.<sup>7</sup>

**JOBS.** 39% of jobs in Clay County and counties nearby pay less than the regional wage required to afford basic needs.<sup>8</sup> The average unemployment rate in Clay County was 6.0% in March, 2009, up from 4.2% in March 2006.<sup>9</sup>

**SOURCES:** 1 American Community Survey, 2005-7. 2 Ibid. 3 Ibid. 4 OES Wage Data by economic development region, MN DEED, 4th quarter, 2008; HUD Fair Market Rents, 2009; MN Department of Revenue Sales Ratio Study, 2007-8. 5 MN Dept of Revenue Sales Ratio Study 2000-1 & 2007-8; HUD Fair Market Rents, 2001 & 2009. Not adjusted for inflation. 6 The Cost of Living in Minnesota Family Wage & Budget Calculator, JOBS NOW Coalition, 2009. 7 Small Area Income & Poverty Estimates, 2007. 8 The Cost of Living in Minnesota, JOBS NOW Coalition, 2007. 9 Local Area Unemployment Statistics, MN DEED, March 2009. 10 Minnesota Foreclosure Supplement, 2008, HousingLink, 2009. 11 2008 Foreclosure Counseling Program Report, Minnesota Home Ownership Center, April 2009. 12 Wilder Research Center, 2007. 13 Ibid. 14 Ibid. 15 American Community Survey, 2005-7. 16 Ibid.

## Foreclosures in Minnesota

- In Clay County in 2008, there were about 76 foreclosures, a 8.6% increase from 2007.<sup>10</sup>
- Left unaddressed, abandoned foreclosed properties destabilize neighborhoods, erode the local tax base and drive up the costs of municipal services.
- Of homeowners seeking foreclosure counseling in 2008, three-quarters were considered to be low- and moderate-income. Half experienced a reduction of income before seeking counseling. 60% had prime mortgages.<sup>11</sup>

## Homelessness in Minnesota

- On a single day in 2006, 175 people were sheltered in the West Central Region, including 59 children.<sup>12</sup>
- Roughly 9,200 Minnesotans are homeless and 7,700 are precariously housed in temporary or unstable housing. 38% are children and youth.<sup>13</sup>
- 39% of Minnesota's homeless population cite the inability to afford housing as a primary reason for leaving previous housing.<sup>14</sup>

## Extreme Cost Burden

- Approximately 33.3% of renter households pay at least half of their income on housing in Clay County.<sup>15</sup>
- For homeowner households in Clay County, 5.3% pay at least half of their income on housing.<sup>16</sup>