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Despite Falling Home Values, Homeownership Still a Just a Dream for Many Minnesotans

St. Paul, Minn. (May 6, 2008) – According to a newly released set of state and county-specific reports by the Minnesota Housing Partnership (MHP), many workers still cannot afford to buy a home in Minnesota despite recent declines in home prices. Furthermore, the home sale price-trend since 2000 shows a sizeable overall increase.

The county-by-county MHP reports show that earnings from some common occupations are insufficient for workers to affordably purchase a new home. For example, a police officer earning locally-adjusted median pay cannot afford to purchase a median priced home in only 40 percent of Minnesota's 87 counties.

MHP's statewide report reveals that Minnesota's median home sales price increased by 38 percent between October 2000 and September 2007. The report suggests that the mortgage foreclosure crisis has hit many counties, but many families are still priced out of home ownership because affordability has worsened since 2000.

"Over the past decade, cost increases in both the rental and ownership housing markets have significantly outpaced earnings increases for the average Minnesotan," said Chip Halbach, executive director of MHP. "While foreclosures and tightening of mortgage credit have made the headlines, the real story is the prevailing mismatch between housing prices and incomes."

The idea that home prices have not dropped as significantly as generally thought is corroborated by new research released today by the Minneapolis Area Association of REALTORS®. The new report shows that in the Twin Cities, "traditional properties are not experiencing the same levels of decline as is commonly presumed and reported." The report explains that sales of properties through lender-mediated foreclosure sales and short sales place a "heavy downward weight on aggregate sales price figures, giving the erroneous impression that the housing market in its entirety is seeing massive declines in value."

The new Minnesota Housing Partnership reports can be found on MHP's Web site at www.mhponline.org/?q=node/124. MHP's county-specific reports also include data on rental and ownership housing costs, households paying more than they can afford for housing, foreclosures, homelessness, wages, and unemployment rates. The Minneapolis Area Association of REALTORS® report can be found at http://www.mplsrealtor.com/downloads/market/Reports_Analysis/Foreclosures-and-Short-Sales-in-the-Twin-Cities-Housing-Market.pdf.

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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