Affordable Housing in Dakota 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 Dakota County is conservatively estimated at 25,456 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 American Community Survey, the median household income for Dakota County was $66,467 in 2005.

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Renters</th>
<th></th>
<th>Home Owners</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>
<td>Number of Households Paying Over 30% for Ownership Costs</td>
<td>Percent of Households Paying Over 30% for Ownership Costs</td>
</tr>
<tr>
<td>Less than $19,999</td>
<td>6,423</td>
<td>89%</td>
<td>5,241</td>
<td>90%</td>
</tr>
<tr>
<td>$20,000-$34,999</td>
<td>5,474</td>
<td>83%</td>
<td>4,868</td>
<td>57%</td>
</tr>
<tr>
<td>$35,000-$49,999</td>
<td>1,754</td>
<td>32%</td>
<td>8,207</td>
<td>54%</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>474</td>
<td>5%</td>
<td>13,906</td>
<td>16%</td>
</tr>
</tbody>
</table>

Dakota County Housing Costs

80% of Dakota County residents own their home and 20% are renters.²

Rental

- A household would need to earn $34,320 to afford the fair market rent for a two-bedroom apartment ($858/mo).³
- A minimum wage worker would need to work 107 hours per week to afford Dakota County’s fair market rent.³
- Approximately 48% of renters in Dakota County pay over 30% of their household income on housing, and 23% of renters pay over 50%.⁶

Homeownership

- Between 1990 and 2000 home prices in Dakota County rose 27% while incomes rose 9%.⁴
- A household would need to earn $69,401 to afford the median priced home ($219,000) in Dakota County.⁵
- Approximately 28% of homeowners in Dakota County spend over 30% of their household income on housing, and 8% spend over 50%.⁸

Source: American Community Survey, 2005

¹ Source: Minnesota Housing Partnership, 2006
² Source: U.S. Census Bureau, 2005
³ Source: U.S. Department of Housing and Urban Development, 2006
⁴ Source: U.S. Census Bureau, 2006
⁵ Source: U.S. Census Bureau, 2006
⁶ Source: U.S. Census Bureau, 2006
⁷ Source: U.S. Census Bureau, 2006
⁸ Source: U.S. Census Bureau, 2006
Homelessness in Dakota County

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.\(^9\) Thirty-nine percent (39%) of these are children and youth.\(^10\)

- On August 26, 2004, 274 people were sheltered in Dakota County, and an additional 129 were turned away because the shelters were full.\(^11\)

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.\(^12\)

- 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.\(^13\)

In 2003, 30% of all adults experiencing homelessness in Minnesota reported income from work, with 13% working full time.\(^14\)

- 35% of surveyed adults experiencing homelessness in Dakota County are employed.\(^15\)

- Of the adults experiencing homelessness in Dakota County who report being employed, 47% are employed full time.\(^16\)

Other Important Dakota County Housing Facts

- 5% of all Dakota County residents and 6% of children under 18 live in poverty.\(^17\)

- Dakota County’s population increased by 10% between 2000 and 2005.\(^18\)

- The average annual unemployment rate in Dakota County was 4% in 2005.\(^19\)

- A family of four with two full-time wage earners needs to earn a combined annual salary of $53,568 to afford the basic cost of living in Dakota County. 38% of jobs in Dakota County and counties nearby pay less than the regional wage required to afford basic needs.\(^20\)

Sources:

5. Median home prices 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.