

# Housing Affordability in Todd County

May 2009

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.

**Minnesota Housing Partnership**  
Homes for all.



## 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	345	65.7%	814	60.2%
\$20,000 – \$34,999	156	34.9%	703	45.3%
\$35,000 – \$49,999	6	3.4%	341	22.3%
\$50,000 and over	0	0.0%	318	8.6%
All Income Levels	507	27.6%	2,176	26.7%

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>

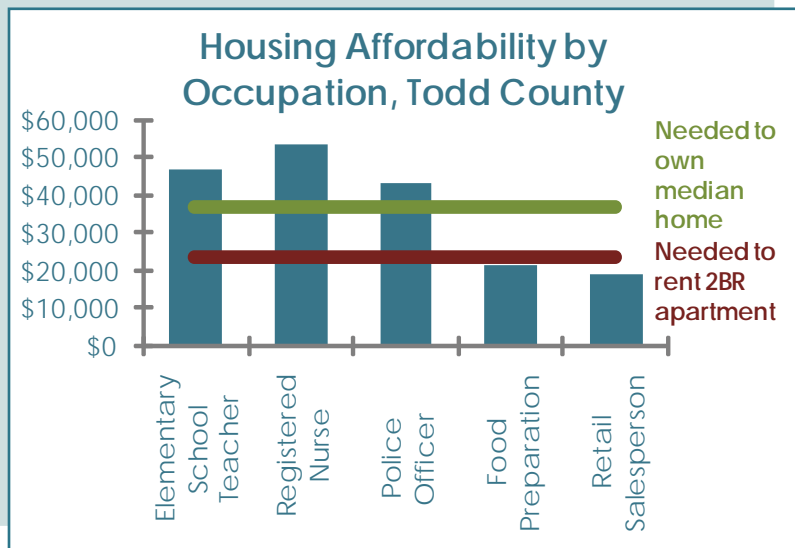
In 2005-2007, about 81.6% of Todd County residents owned their home and 18.4% were renters. Of these, approximately 26.7% of homeowners and 27.6% of renters in Todd County spent 30% or more of their household income on housing.<sup>3</sup>



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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 Todd County, a median-priced home cost \$114,500 in 2008, and the fair market rent for a two-bedroom apartment was \$581 per month in 2009. Since 2001, home prices have increased by 79.7%, and the fair market rent has increased by 39.7%.<sup>5</sup>

**INCOME.** In Todd County, a family of four with two full-time wage earners needs to earn a combined annual salary of \$49,080 to afford the basic cost of living.<sup>6</sup> The median household income for Todd County was \$39,655 in 2007.<sup>7</sup>

**JOBS.** 41% of jobs in Todd County and counties nearby pay less than the regional wage required to afford basic needs.<sup>8</sup> The average unemployment rate in Todd County was 11.5% in March, 2009, up from 6.6% 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 Todd County in 2008, there were about 81 foreclosures, a 19.1% 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, 354 people were sheltered in the Central Region, including 101 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 11.6% of renter households pay at least half of their income on housing in Todd County.<sup>15</sup>
- For homeowner households in Todd County, 9.7% pay at least half of their income on housing.<sup>16</sup>