May 2008

The demand for affordable housing exceeds supply.

The unmet affordable housing need through the year 2010 in Watonwan County is conservatively estimated at 551 low-income households. Meanwhile, the number of households in the state spending more than half of their income on housing increased from 1 in 15 in 2000 to 1 in 8 in 2006. Minnesota experienced the fastest increase of extremely cost burdened households of any state in the nation during this time period.

The table above 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 the burden of housing costs weighs more heavily on lower-income families.

About 77% of Watonwan County residents own their home and 23% are renters.

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.

WHAT IS AFFORDABLE HOUSING?

Housing is considered affordable if it consumes 30% or less of a household’s gross income.

Minnesota Housing Partnership
Lower-income households face extreme affordability challenges.

The chart below compares the median earnings of different workers to the income required for affordable housing. The median household income for Watonwan County was $39,187 in 2006.

In Watonwan County, a median-priced home is $82,000, and the fair market rent for a two bedroom apartment is $555 per month. Since 2000, home prices have increased by 49.1% and fair market rent has increased by 45.7%.

Approximately 11% of homeowners and 27% of renters in Watonwan County spend over 30% of their household income on housing.

In Watonwan County, a family of four with two full-time wage earners needs to earn a combined annual salary of $41,364 to afford the basic cost of living.

37% of jobs in Watonwan County and counties nearby pay less than the regional wage required to afford basic needs.

The average annual unemployment rate in Watonwan County was 4.3% in 2007.

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**Foreclosures in Minnesota**
- In Watonwan County in 2007, there were about 20 foreclosures, a 66% increase from 2005.
- Left unaddressed, abandoned foreclosed properties destabilize neighborhoods, erode the local tax base and drive up the costs of municipal services.

**Homelessness in Minnesota**
- In 2006, 28% of all adults experiencing homelessness in Minnesota reported income from work, with 12% working full time.
- 39% of Minnesota’s homeless population cite the inability to afford housing as a primary reason for leaving previous housing.
- Roughly 9,200 Minnesotans are homeless and 7,700 are precariously housed in temporary or unstable housing. Thirty-eight percent (38%) of these are children and youth.
- On a single day in 2006, 342 people were sheltered in the Southeast Region, including 181 children.

**Extreme Cost Burden**
- Approximately 9% of renter households pay over 50% of their income on housing in Watonwan County.
- For homeowner households in Watonwan, 4% pay over 50% of their income on housing.

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**Sources:**
4. Ibid.
9. Ibid.
10. Ibid.
11. Ibid.
12. Ibid.
13. Ibid.
14. Ibid.
15. Ibid.
16. Ibid.