30% of Income & Housing

The high cost of housing hurts the families who cannot afford it and threatens Minnesota’s long-term viability. Families that must spend 30% or more of their income just on housing are forced to make many tough choices with their remaining dollars: food vs. medicine, clothes vs. savings, etc. This housing cost bind is a reality for 1 in 3 Minnesota households today, and 3 in 5 with an annual income below $50,000.1

For communities to be strong and stable, housing must be affordable. Workers often face serious challenges finding a home that fits their budget, as the chart above shows. Often, where homes are affordable, working people must travel long distances to reach their place of employment. When this happens, transportation costs can offset savings on housing.

The Rental Market

Finding affordable housing is hard for many renters in Minnesota. Vacancy rates have been extremely low for several years, and rents have been rising.

<table>
<thead>
<tr>
<th>Renter Households in District 1A 2008-2012²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median renter household annual income</td>
</tr>
<tr>
<td>Median monthly rent paid</td>
</tr>
<tr>
<td>Percent spending 30% or more of income on rent</td>
</tr>
<tr>
<td>All renters</td>
</tr>
<tr>
<td>Renters earning below $50,000 per year</td>
</tr>
</tbody>
</table>

In Greater Minnesota, the rental stock is aging, and often poorly suited for seniors and low-income families. Attracting investment in building or rehabbing apartments is challenging, despite the need, especially without public dollars. Rents have risen faster in Greater Minnesota than in the Twin Cities area since 2005.³

Since 2000, the median rent in Minnesota rose 8%, while the median renter’s income fell by 14%.⁴

Percent Change in Median Rent and Renter Income, 2000-2012, Minnesota (2012 dollars)

Rent: +8%
Income: -14%

From 2000 to 2012, inflation-adjusted rents rose from $755 to $813, but annual incomes for renter households fell from $36,000 to $31,300.
Throughout Minnesota, there have been more than 160,000 foreclosures since 2005. Foreclosure rates have slowed, yet 10% of Minnesota mortgage holders owe more on their home than it is worth. Many seniors and low-income neighbors struggle to afford needed home repairs.

**Affordable, stable housing is linked to greater success for kids in school and improved health outcomes. It is the foundation for building strong families, neighborhoods and cities.**

**Homeownership & Foreclosures in District 1A**

- 78% Percentage of households that own a home.
- $92,300 Median home value.
- $56,935 Median household income for owners.
- 17% Percentage of owner households paying 30% of income or more for housing.
- 867 Foreclosures since 2005 in the Northwest economic region.

Throughout Minnesota, there have been more than 160,000 foreclosures since 2005. Foreclosure rates have slowed, yet 10% of Minnesota mortgage holders owe more on their home than it is worth. Many seniors and low-income neighbors struggle to afford needed home repairs.

**Homelessness in the Region and Across Minnesota**

Minnesota’s progress in combatting long-term and veteran homelessness has been notable, even while more is needed. But families and seniors are experiencing rising homelessness.

- 14,000 Minnesota’s total estimated homeless population, with over half 21 or under.
- 32% Growth in Minnesota’s homeless population from 2006 to 2012.

666 homeless people were counted in the Northwest region on a single night in 2012, including 320 children and youth aged 21 or under.

**Helping Minnesotans Experiencing Homelessness**

Minnesota has been a national leader in fighting homelessness. Due to targeted public investment, the number of homeless veterans declined 13% from 2009 to 2012. Supportive housing, combining housing and services, returns $1.44 to taxpayers for every public dollar invested. A night in the emergency room or jail costs taxpayers far more than supportive housing. State investments help build and preserve housing, the foundation for stable families, strong communities, and a competitive state.

**Sources:**
1. American Community Survey (ACS) 2012.
2. ACS 2008-12.
3. Out of Reach, National Low Income Housing Coalition.
5. 5-8 ACS 2008-12.
6. 9-10 HousingLink & MN DEED economic development regions.
7. CoreLogic Negative Equity Report, Q3 2013.