

House Cost Burden and Affordable Housing

DESCRIPTION

A household is considered cost-burdened when their housing costs exceed 30 percent of their income. Some households spend over 50 percent of their income on housing and are considered severely cost-burdened.¹ Households at all income levels can be cost-burdened yet lower income families are more likely to be consumed by housing costs and struggle to cover basic expenses like food, health insurance or child care. Households often become cost-burdened when they experience a loss of income or when the cost of their housing rises.² Affordable housing is when households earning less than the median income in their community (Area Median Income-AMI) are able to pay rental or home ownership costs without becoming cost-burdened.³

HOW WE ARE DOING

Twin Cities cost-burdened households have increased over the past 15 years from one in four families to one in three families.² Housing cost-burden peaked during the recession and remains high despite some improvement over the past few years.¹ Ramsey County ranks second among all Minnesota counties for housing cost burden.¹ The most cost-burdened households in the County are: Lauderdale (41 percent), Saint Paul (33 percent) and White Bear Lake (27 percent). The least cost-burdened households are: White Bear Township (14 percent), Vadnais Heights (17 percent) and North Oaks (17 percent).³ The Metropolitan Council recommends Ramsey County add over 4,000 units of affordable housing by 2020 to avoid more households becoming cost-burdened.³ Ideally, over half of all new affordable units should be located in Saint Paul. Over the past five years, most owner and renter units added in Saint Paul have been over the affordability threshold for households earning 80 percent of AMI.³

BENCHMARK INDICATOR

Health People 2020: This measure is being tracked for informational purposes. If warranted, a target benchmark will be established.⁴ In 2015, 30 percent of Twin Cities households were cost-burdened.¹

U.S. Target: No current target.

DISPARITIES

Low income households, people of color, renters and single-person households are more likely to experience housing cost-burden.² In 2015, over 50 percent of African-American households in the Twin Cities were cost-burdened, which is double the rate of white households. Native Americans and Latinos are also more likely than white households to be paying high housing costs. Even when people of color have comparable incomes to white residents they are still more likely to be cost-burdened.² Looking at the years 2011-2015 in the metro area, the rate among whites was 26.7 percent, which compares to 31.4 among Asians, 42.5 among those of two or more races, 44.9 among Hispanics, 45.9 among American Indian, 50.4 percent among other races, and 53.3 among African American.⁵

RISK FACTORS

Renters are more vulnerable to changes in housing market conditions and are more likely to be cost-burdened than homeowners.² There is currently a vacancy rate of only 2.5 percent

Information to note

- Low income households, people of color, renters and single-person households are more likely to experience housing cost-burden.
- The number of households that are housing cost-burdened has increased in the Twin Cities over the past 15 years from one in four families to one in three families.
- Over 50% of African-American households in the Twin Cities were housing cost-burdened in 2015, double the rate of White households.

¹ Cost-burdened Households. MN Compass. Wilder Research. <http://www.mncompass.org/housing/cost-burdened-households#7-6938-g>. Accessed February 2018.

² Rybatures, Krysten. MetroStats: Housing Cost Burden in the Twin Cities. Metropolitan Council Regional Policy and Research Team. November 2014. <https://metro council.org/Data-and-Maps/Publications-And-Resources/MetroStats/Housing/Housing-Cost-Burden-in-the-Twin-Cities-Region.aspx> (1). Accessed February 2018.

³ AMI and Housing Affordability. Metropolitan Council Local Planning Book Web site. <https://metro council.org/Handbook/Files/Resources/Fact-Sheet/HOUSING/Area-Median-Income-and-Housing-Affordability.aspx>. Accessed February 2018.

⁴ Healthy People 2020. <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health/objectives>. Accessed February 2018.

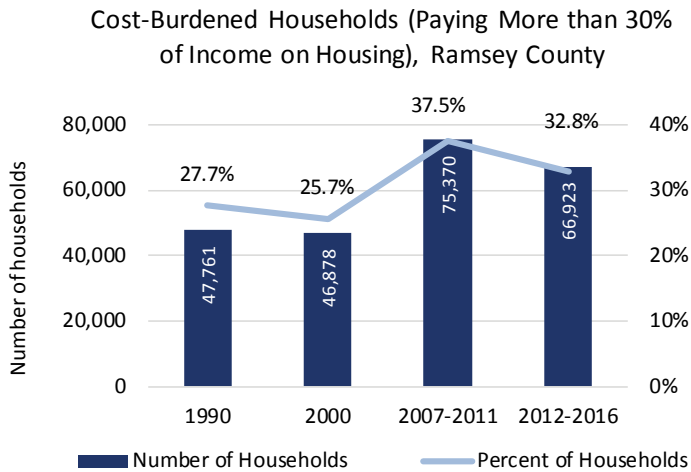
⁵ Wilder Research. Cost-burdened Households. MN Compass Website <http://www.mncompass.org/housing/cost-burdened-households#7-6938-g>. Accessed February 2018.

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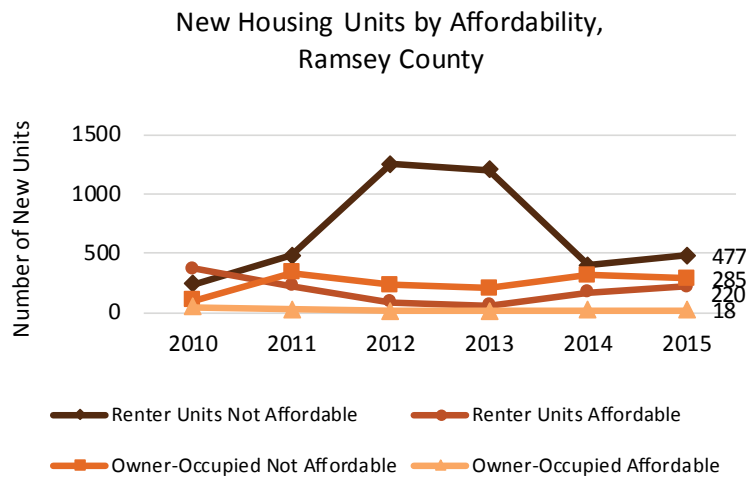
across Twin Cities rental properties, creating a tight market with high demand for a limited supply of apartments.⁶ Operating within this market, landlords are more likely to raise rents, or implement tenant screening procedures that may lock out applicants with lower credit scores or incomes.

WHAT RAMSEY COUNTY GOVERNMENT IS DOING

Saint Paul - Ramsey County Public Health provides data monitoring and reporting for this topic in order to better understand the overall health and current conditions in the community. The information may help inform community partners, policy makers or county program leadership.

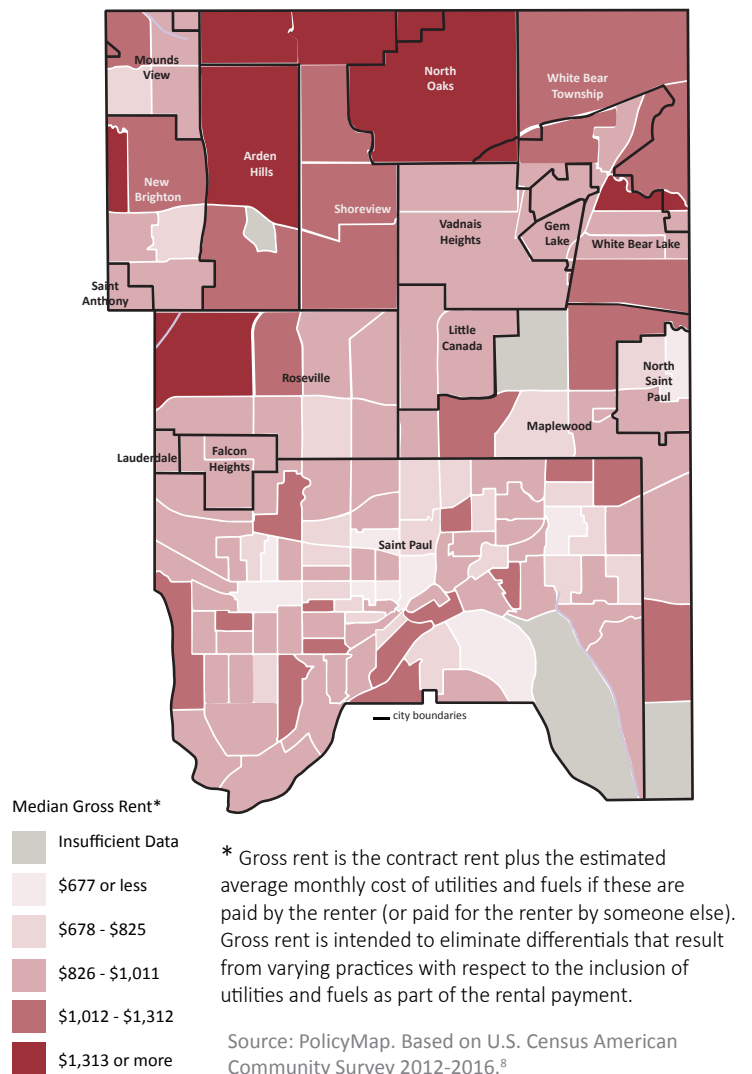


Source: Cost-burdened Households.⁷



Source: Affordable Housing Production, Twin Cities Metropolitan Area.⁹

Estimated Rent for Rental Units by Census Tract, Ramsey County, 2016



⁶ Sold Out. Minnesota Housing Partnership Web site. http://www.mhponline.org/images/Sold_Out_final_small.pdf. Accessed February 2018.

⁷ Cost-burdened Households. MN Compass Web site. <http://www.mncompass.org/housing/cost-burdened-households#7-6938-g>. Accessed February 2018.

⁸ PolicyMap. Based on U.S. Census American Community Survey 2012-2016.

Web Site. <https://www.policymap.com/maps> Accessed February 5, 2018.

⁹ Affordable Housing Production, Twin Cities Metropolitan Area. Metropolitan Council Web site. <https://metrocouncil.org/Data-and-Maps/Data/Metadata/Affordable-Housing-Production.aspx>. Accessed February 23, 2018.