

Recent Trends in Housing Cost Burden

Community Development Committee
August 4, 2014



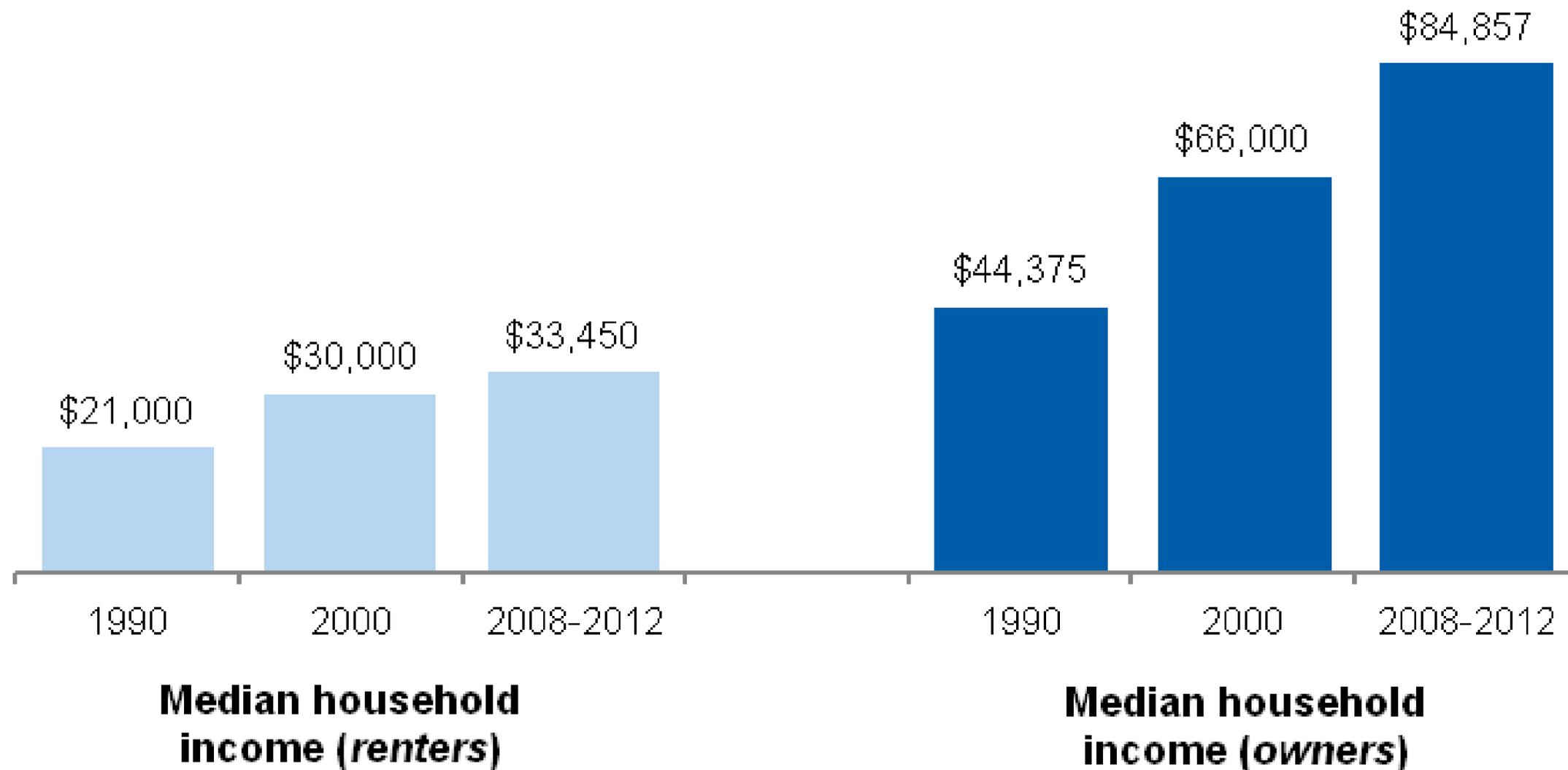
Key Findings

- Housing costs rose faster than incomes for both homeowners and renters
 - Resulting in increased housing cost burden
- Housing cost burden disproportionately affects low-income households and households of color
- Compared to peer regions, housing cost burden in the Twin Cities is relatively low, but it has increased faster
- Affordable housing production hit a record low in 2012: Only 1,118 new units were added region-wide

Housing cost burden: Definitions

- “Housing costs” include:
 - **Homeowners:** Mortgage payment(s), home equity loans, taxes, insurance, fees and utilities (gas, electric, water/sewer and other)
 - **Renters:** Contract rent and utilities
- Housing cost burden means:
 - Spending 30% or more of monthly income on housing
 - Spending 50% or more of monthly income on housing (*severe* burden)

Income trends: Region

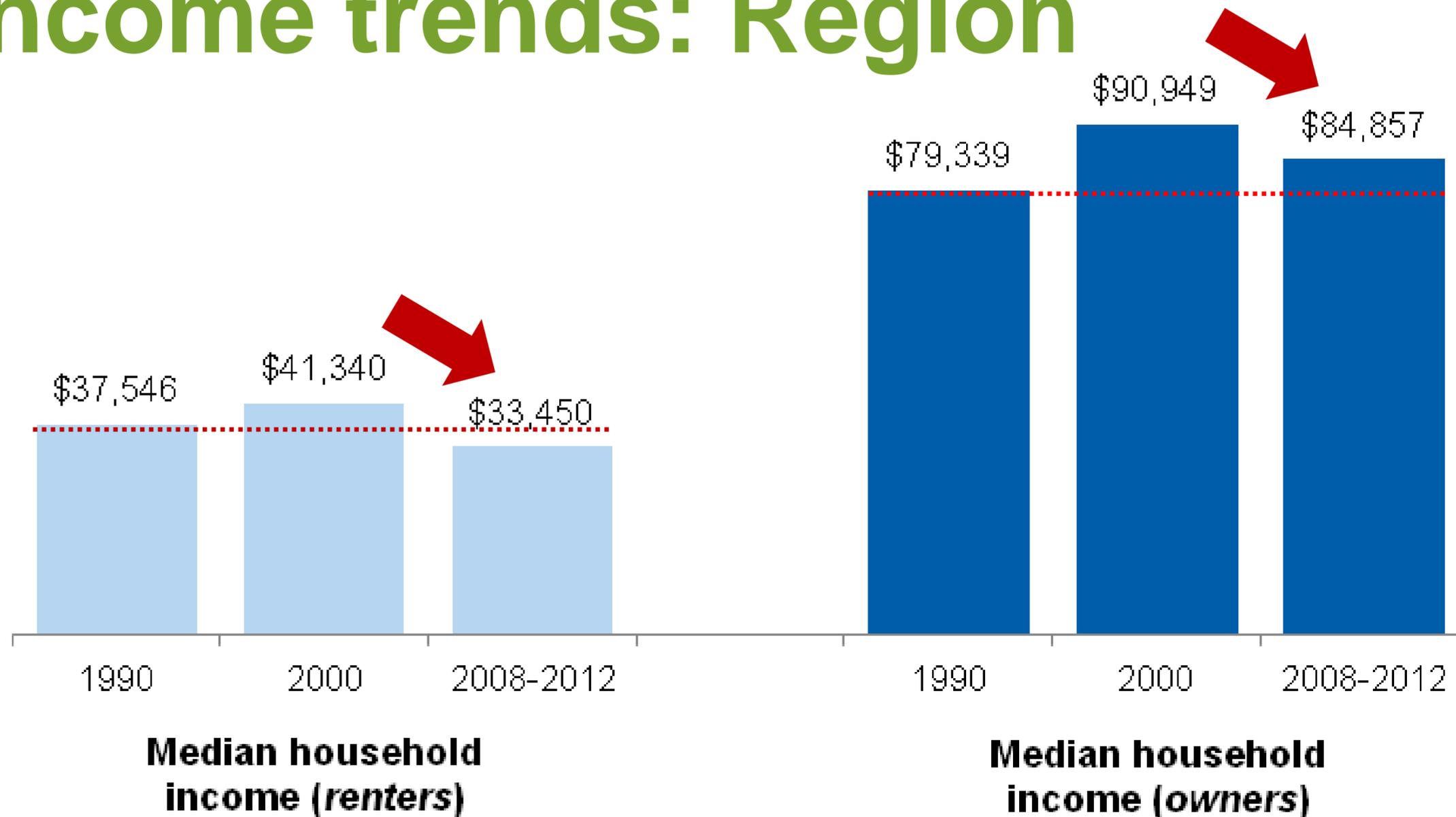


Not adjusted for inflation

Without adjusting for inflation, the median household income for both renters and owners appear to have increased over time.

Source: U.S. Census Bureau, Decennial Census and American Community Survey

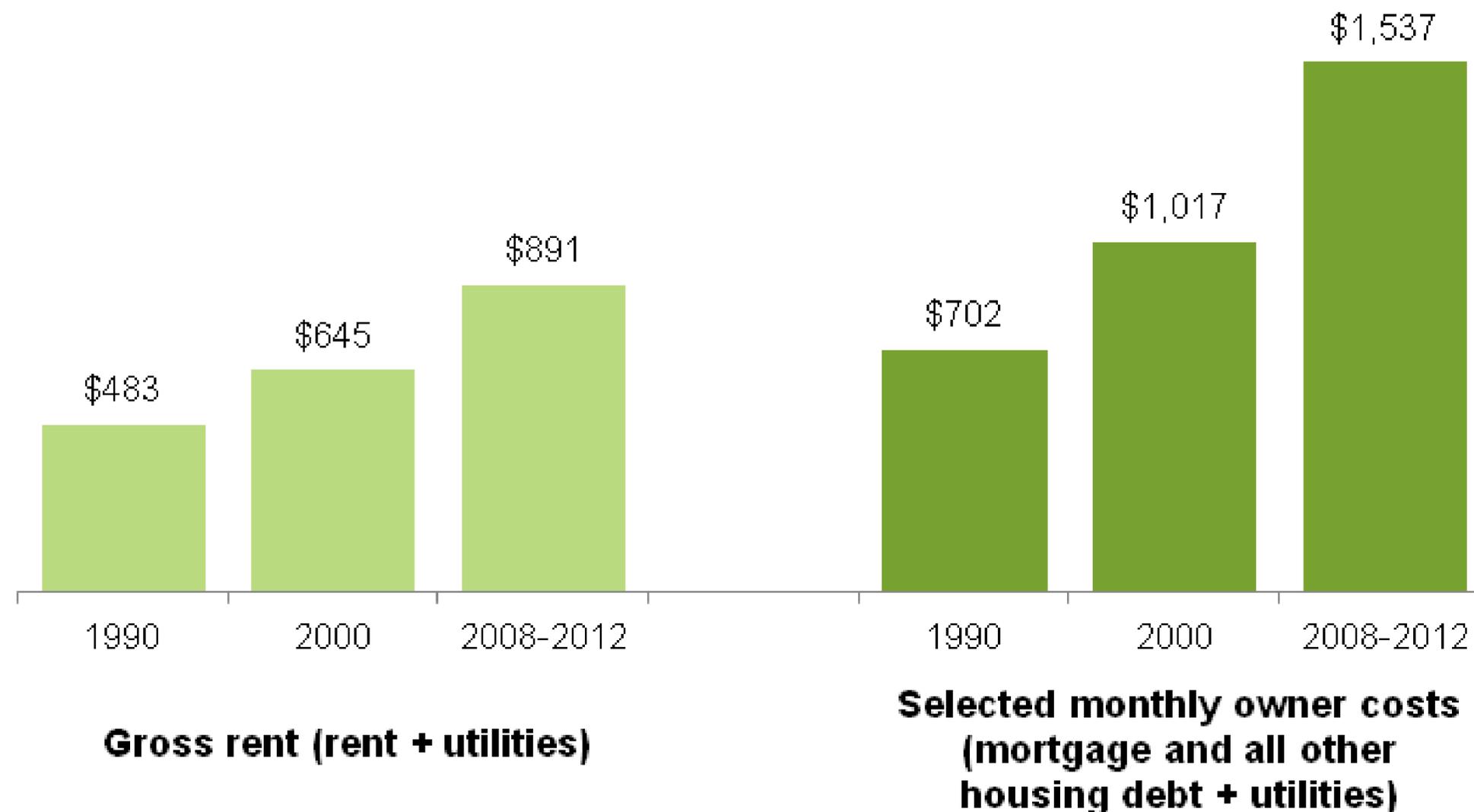
Income trends: Region



Adjusted for inflation

- In fact, median incomes across tenure decreased over the past 20 years, especially in the last decade.
- Income of renters decreased 11% since 1990 and owner incomes rose slightly (7%).

Trends in housing costs: Region

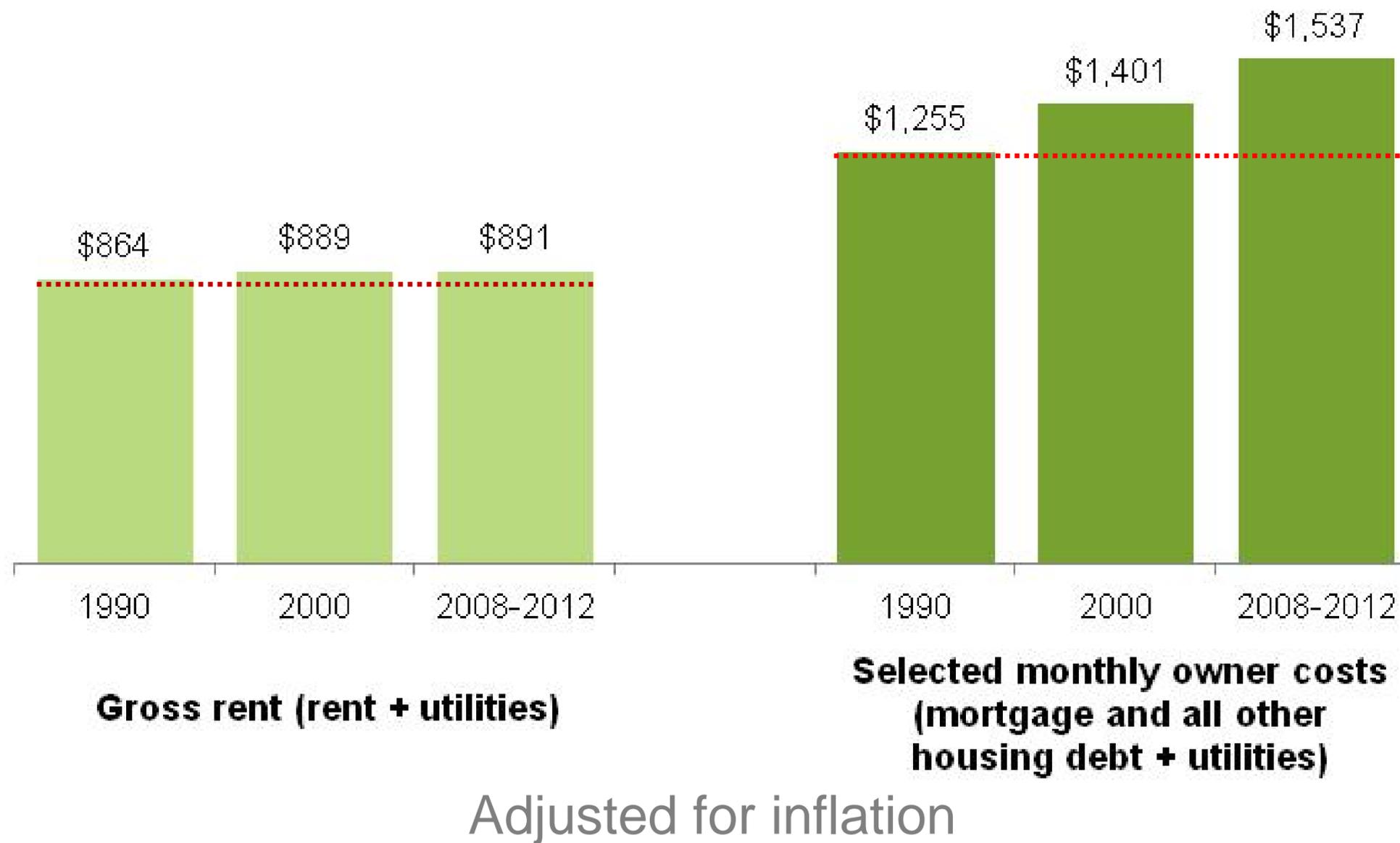


Not adjusted for inflation

Without adjusting for inflation, housing costs appear to have doubled for both renters and owners over 20 years.

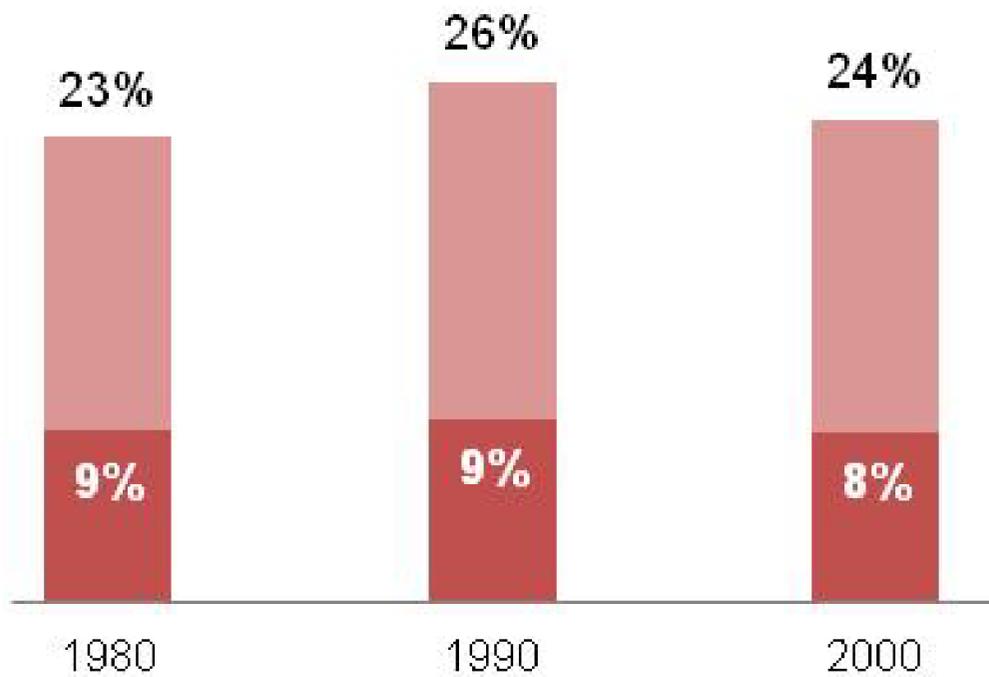
Source: U.S. Census Bureau, Decennial Census and American Community Survey

Trends in housing costs: Region



- Median rents for region as a whole remained relatively stable, increasing 3% since 1990.
- Housing costs for owners increased 22% in the past 20 years.

Housing cost burden: Region



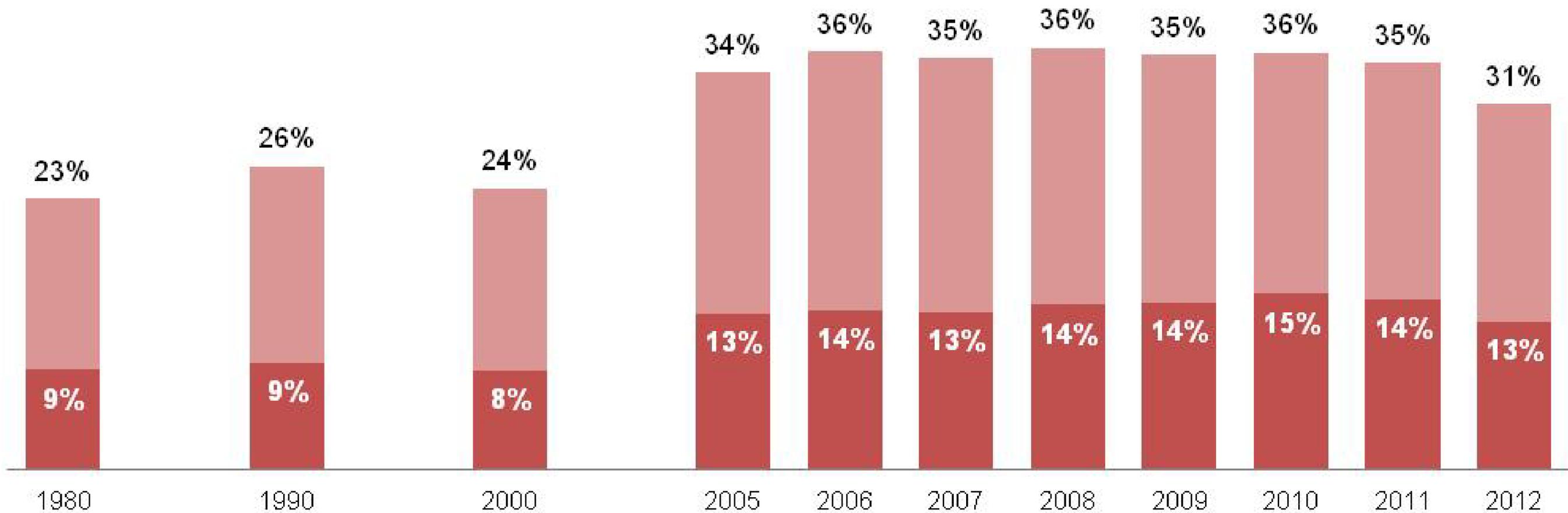
All households (renters and owners)

- Cost-burdened (housing costs are 30% or more of household income)
- Severely cost-burdened (housing costs are 50% or more of household income)

Between 1980 and 2000, the share of cost-burdened households was relatively consistent.

Source: U.S. Census Bureau, Decennial Census and American Community Survey

Housing cost burden: Region



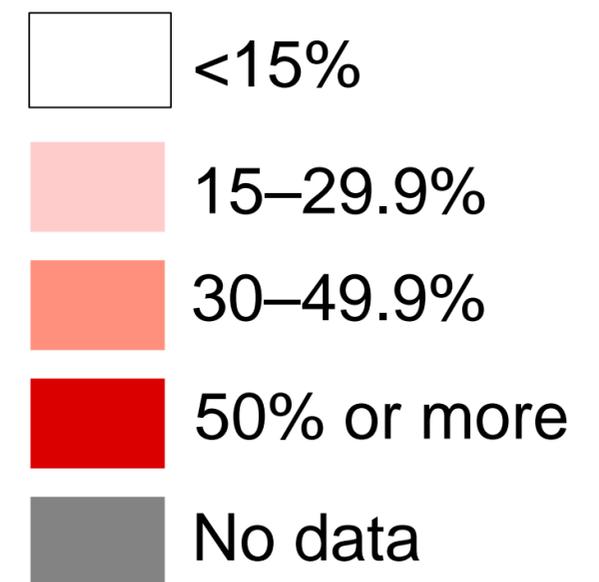
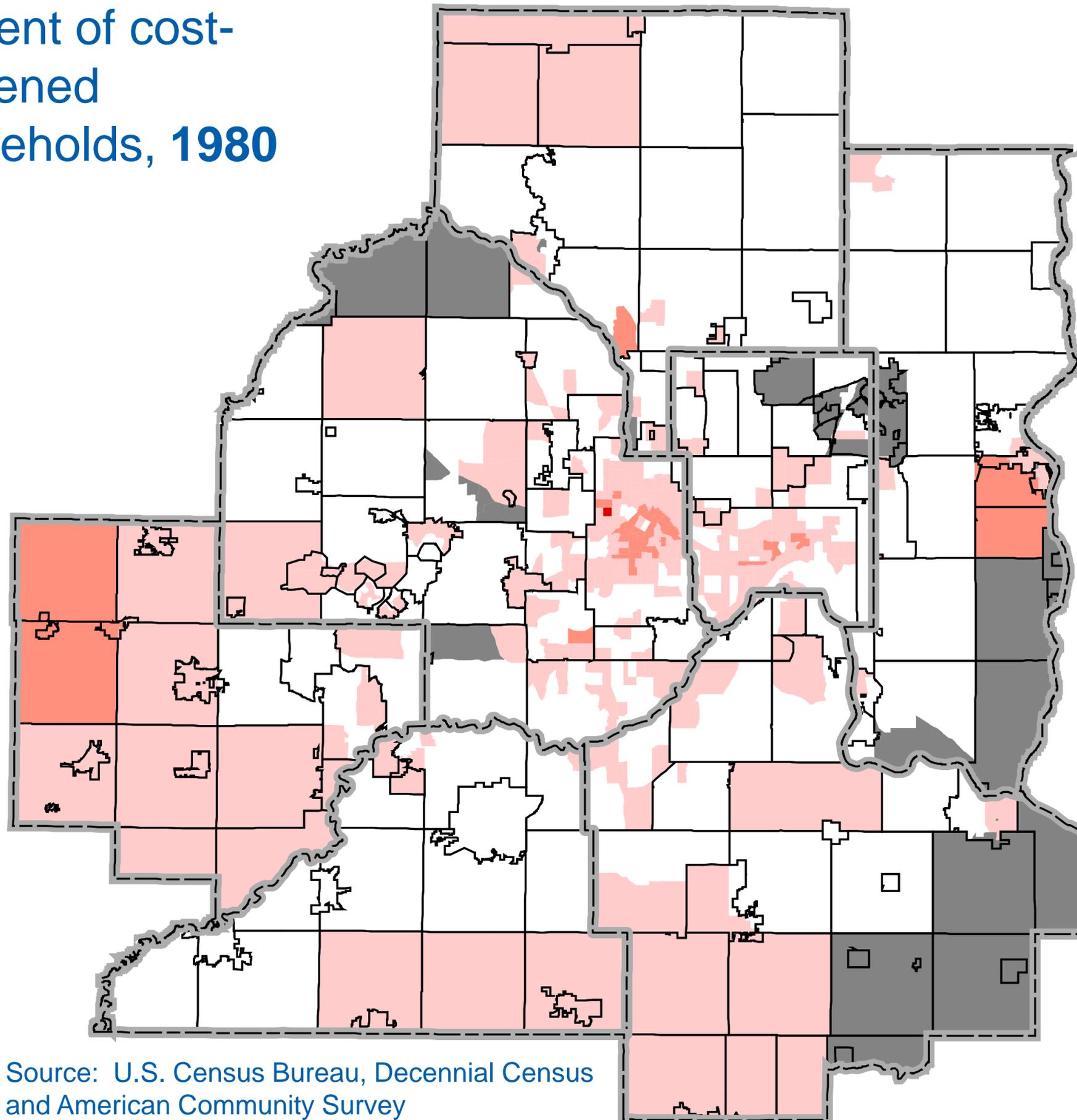
All households (renters and owners)

- Cost-burdened (housing costs are 30% or more of household income)
- Severely cost-burdened (housing costs are 50% or more of household income)

- Starting in 2005, the share of cost-burdened households increased substantially and remained high.
- By 2012, close to 350,000 households in our region were cost-burdened.

Housing cost burden: Region

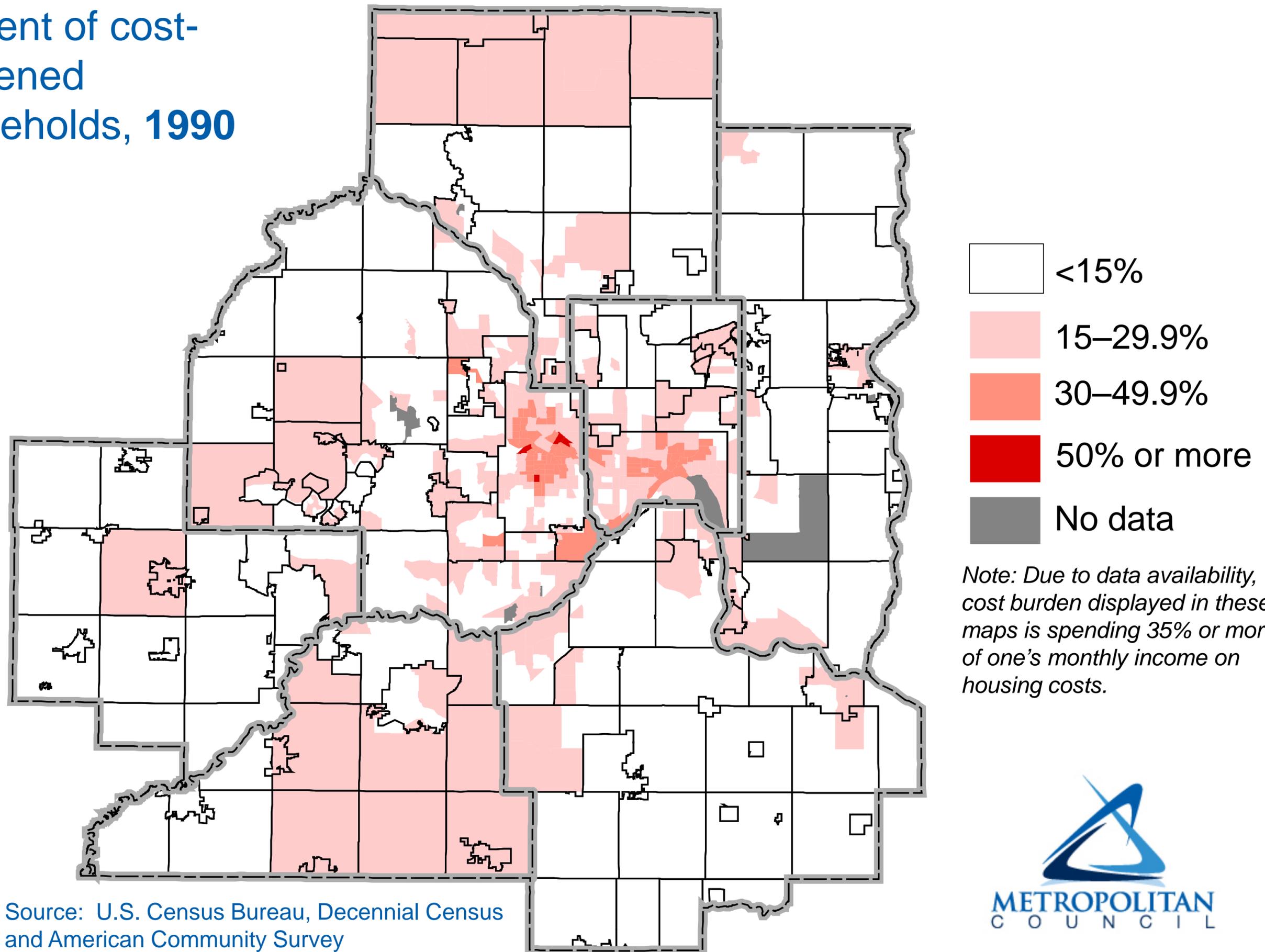
Percent of cost-burdened households, 1980



Note: Due to data availability, cost burden displayed in these maps is spending 35% or more of one's monthly income on housing costs.

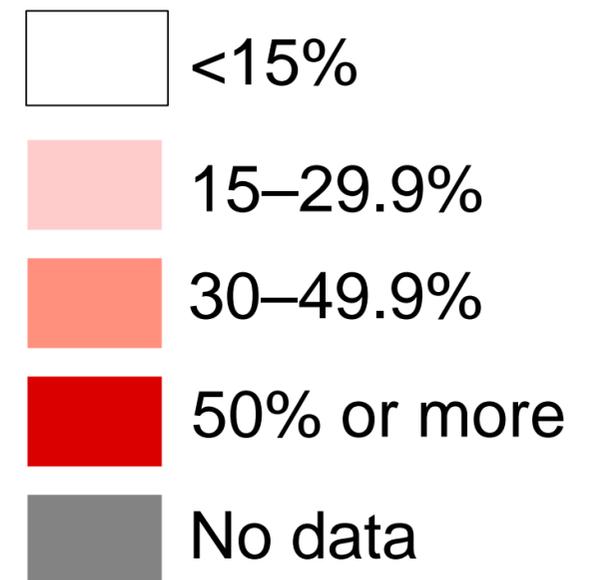
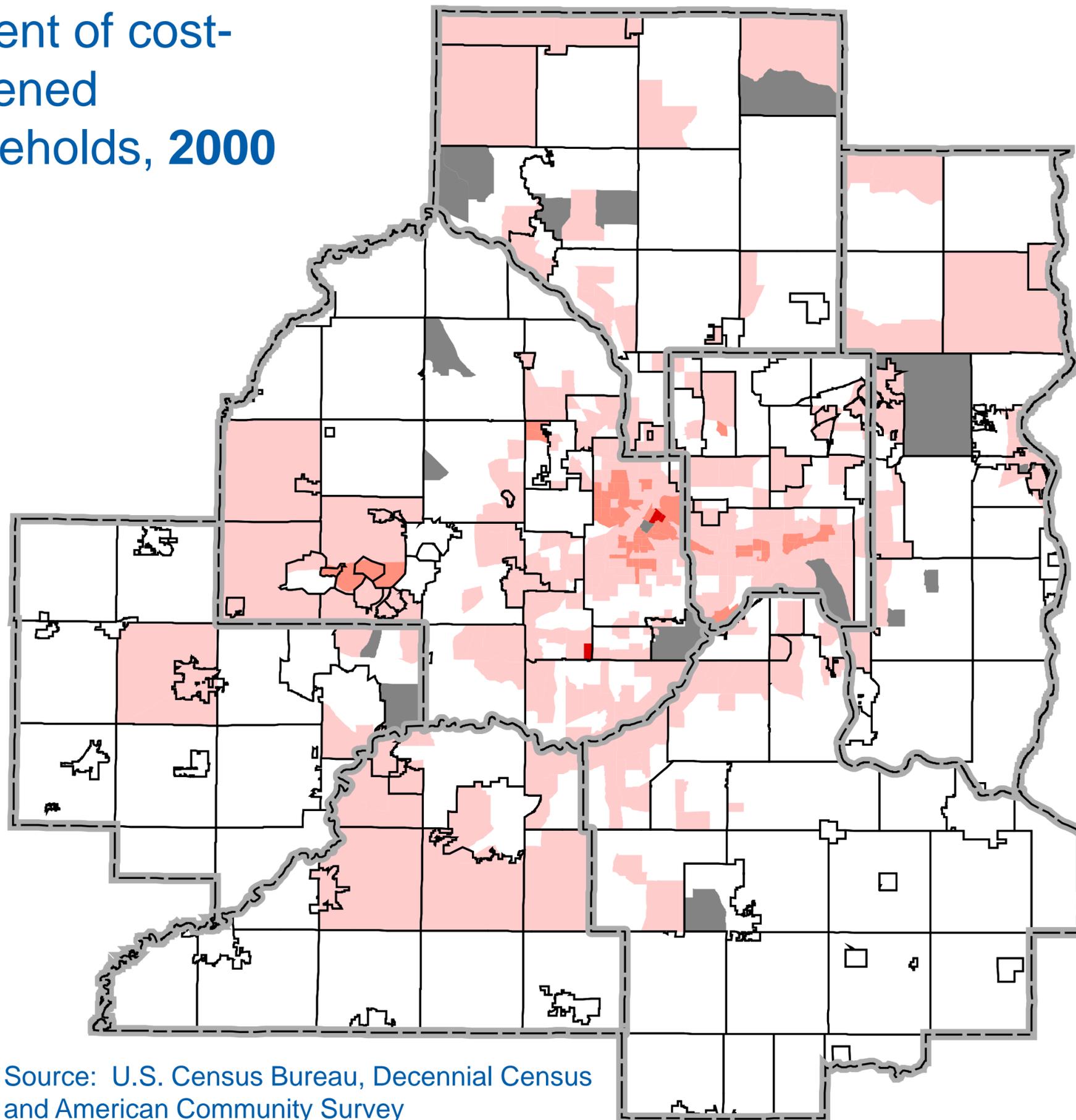
Housing cost burden: Region

Percent of cost-burdened households, 1990



Housing cost burden: Region

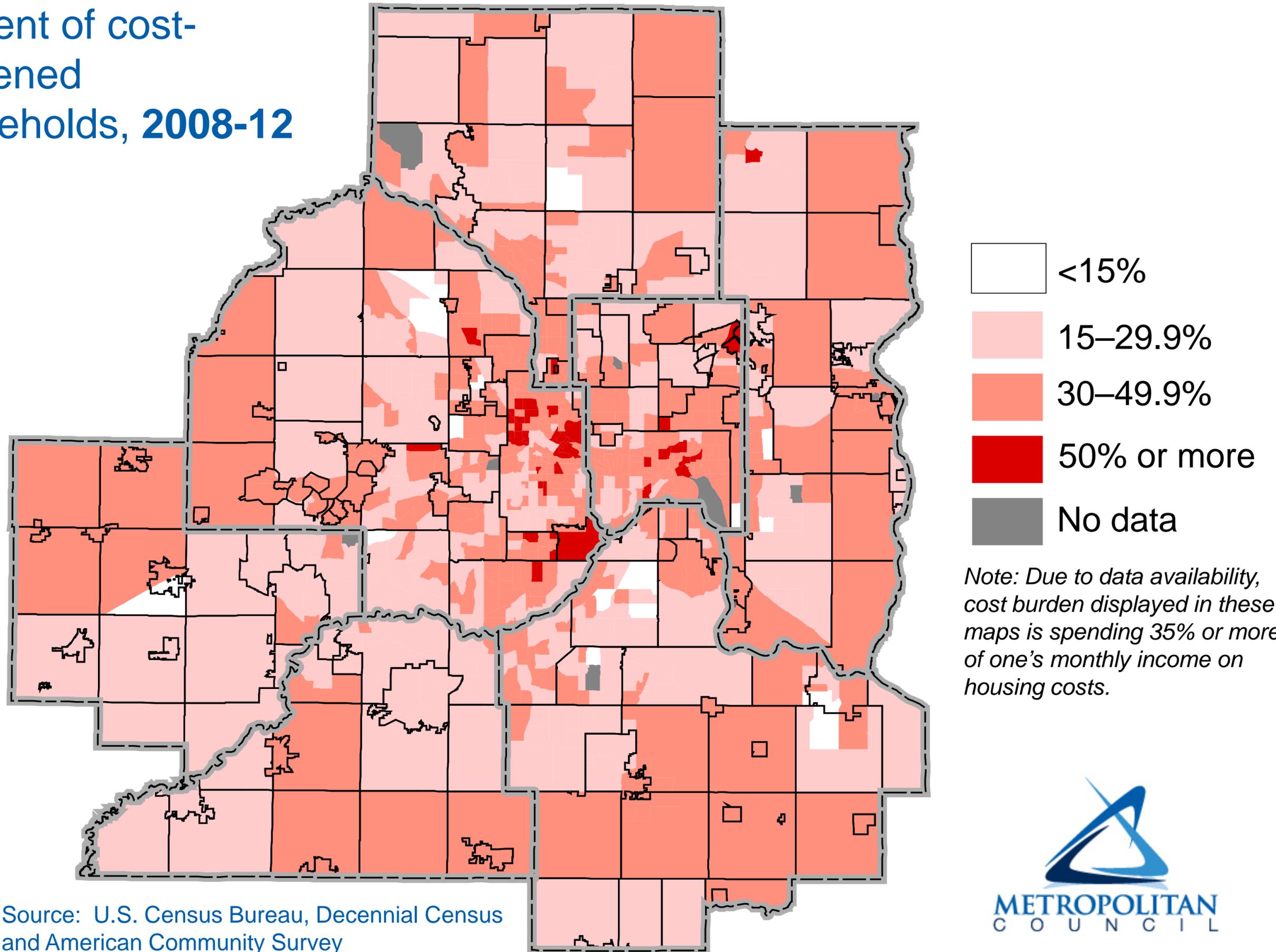
Percent of cost-burdened households, 2000



Note: Due to data availability, cost burden displayed in these maps is spending 35% or more of one's monthly income on housing costs.

Housing cost burden: Region

Percent of cost-burdened households, **2008-12**

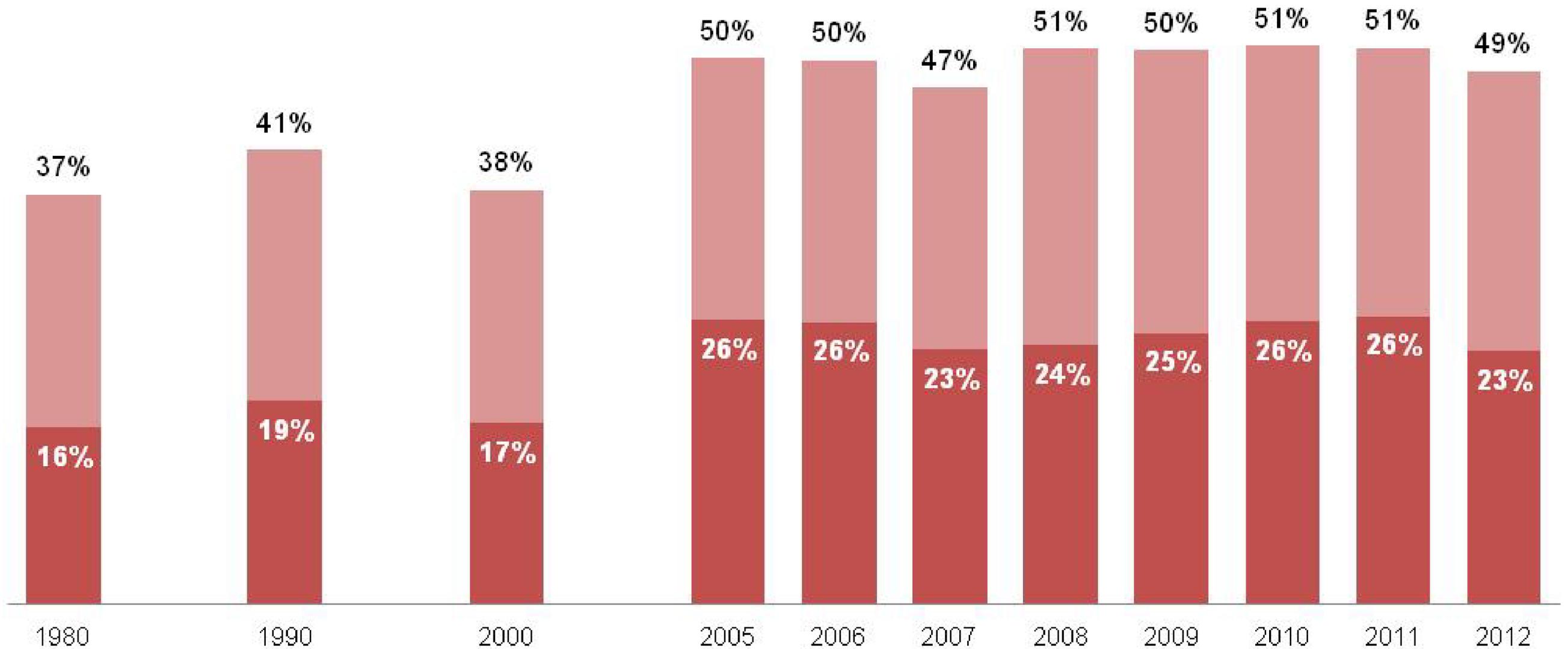


Trends by tenure: Renters

- Rental costs have increased substantially over the same time period.
- In 2012, almost half (49%) of renter households were cost-burdened, and 23% were severely cost burdened.
- This trend is showing little improvement post-recession.

Source: U.S. Census Bureau, Decennial Census and American Community Survey

Trend in cost burden: Renters



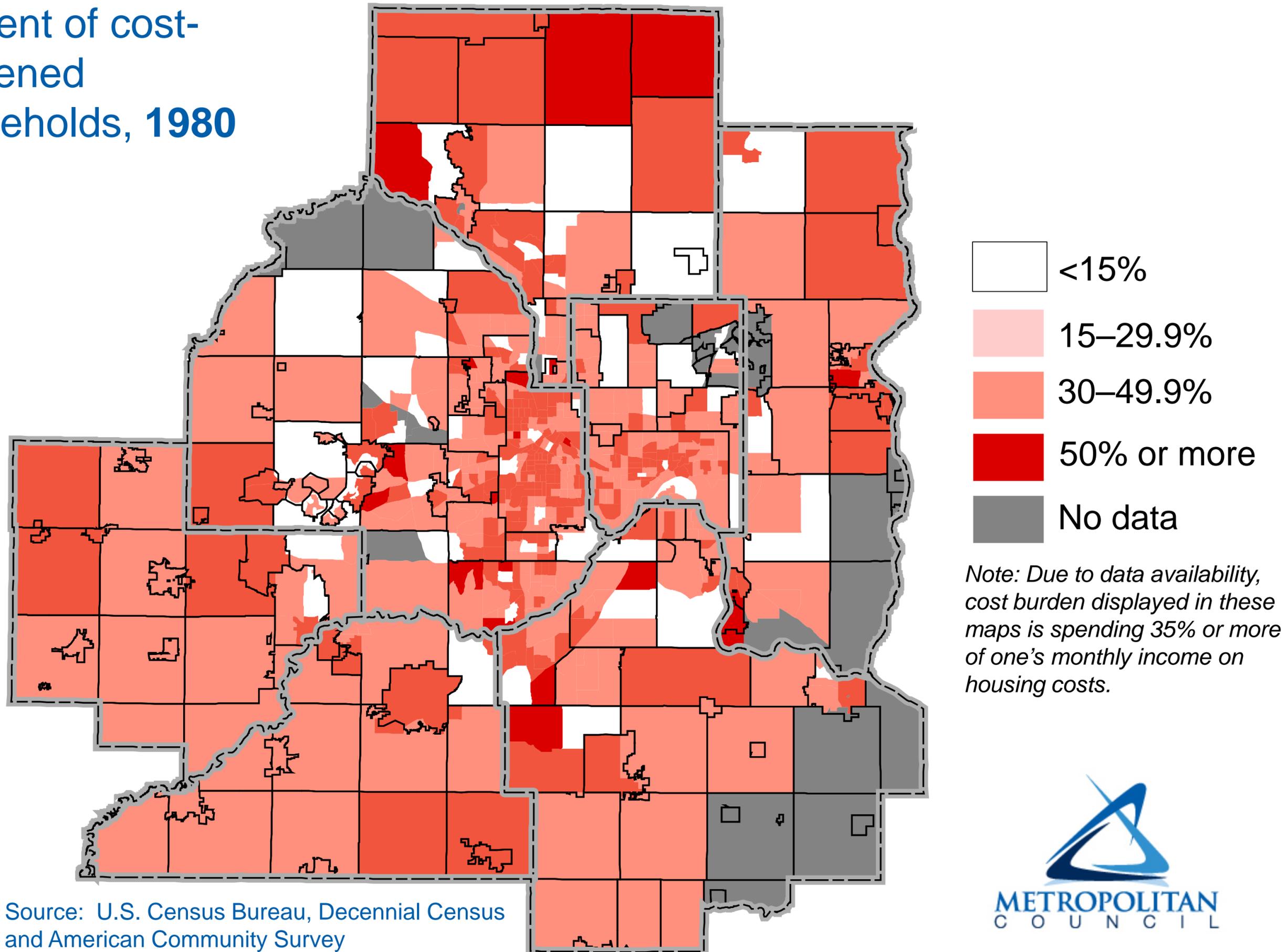
Renter households

- Cost-burdened (housing costs are 30% or more of household income)
- Severely cost-burdened (housing costs are 50% or more of household income)

The share of cost-burdened renters and severely cost-burdened renters increased between 2000 and 2012.

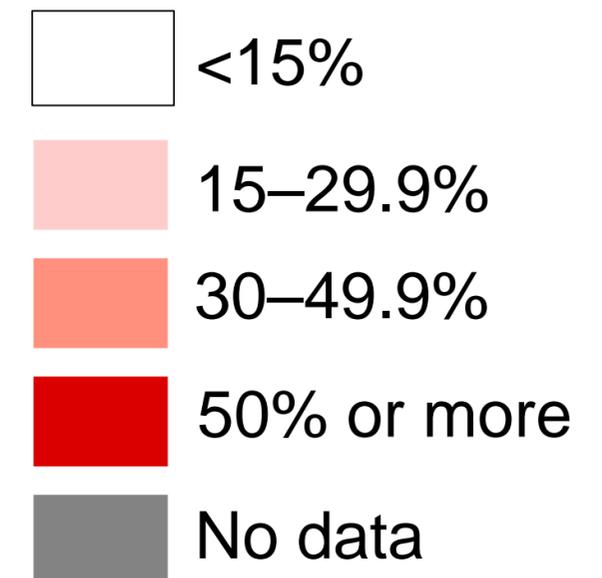
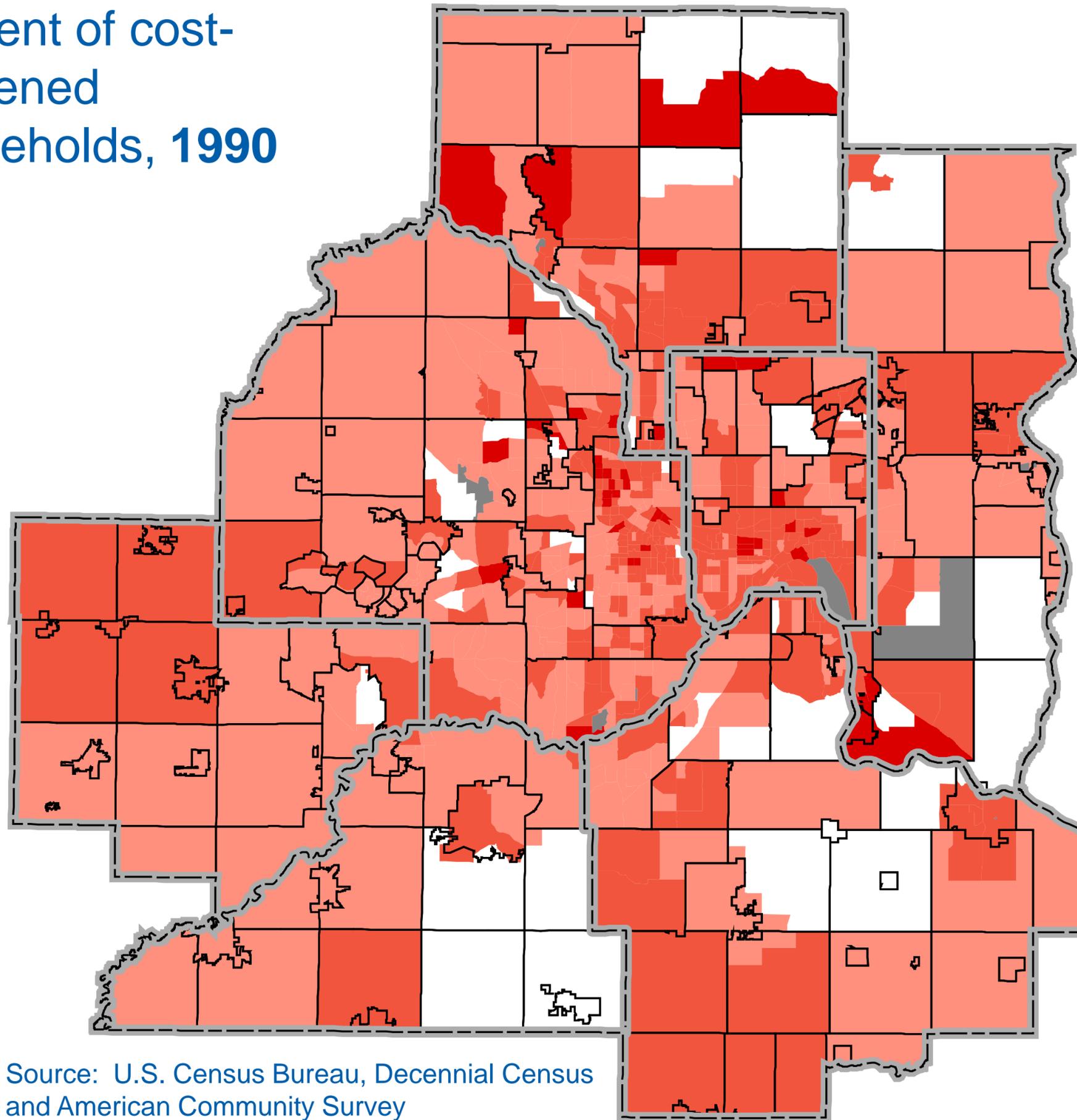
Housing cost burden: Renters

Percent of cost-burdened households, 1980



Housing cost burden: Renters

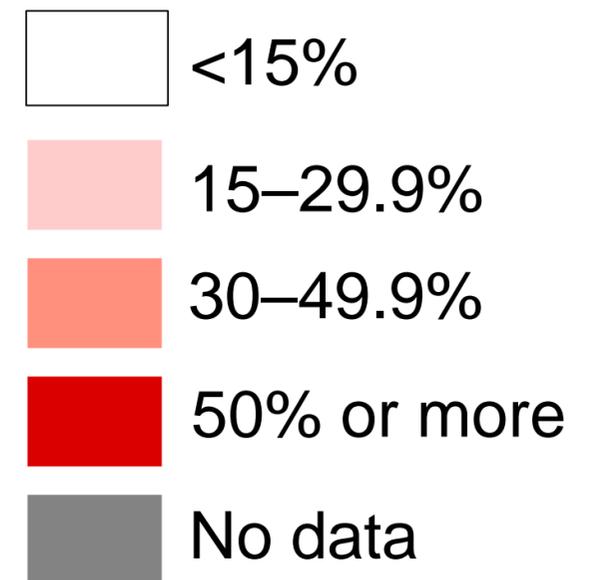
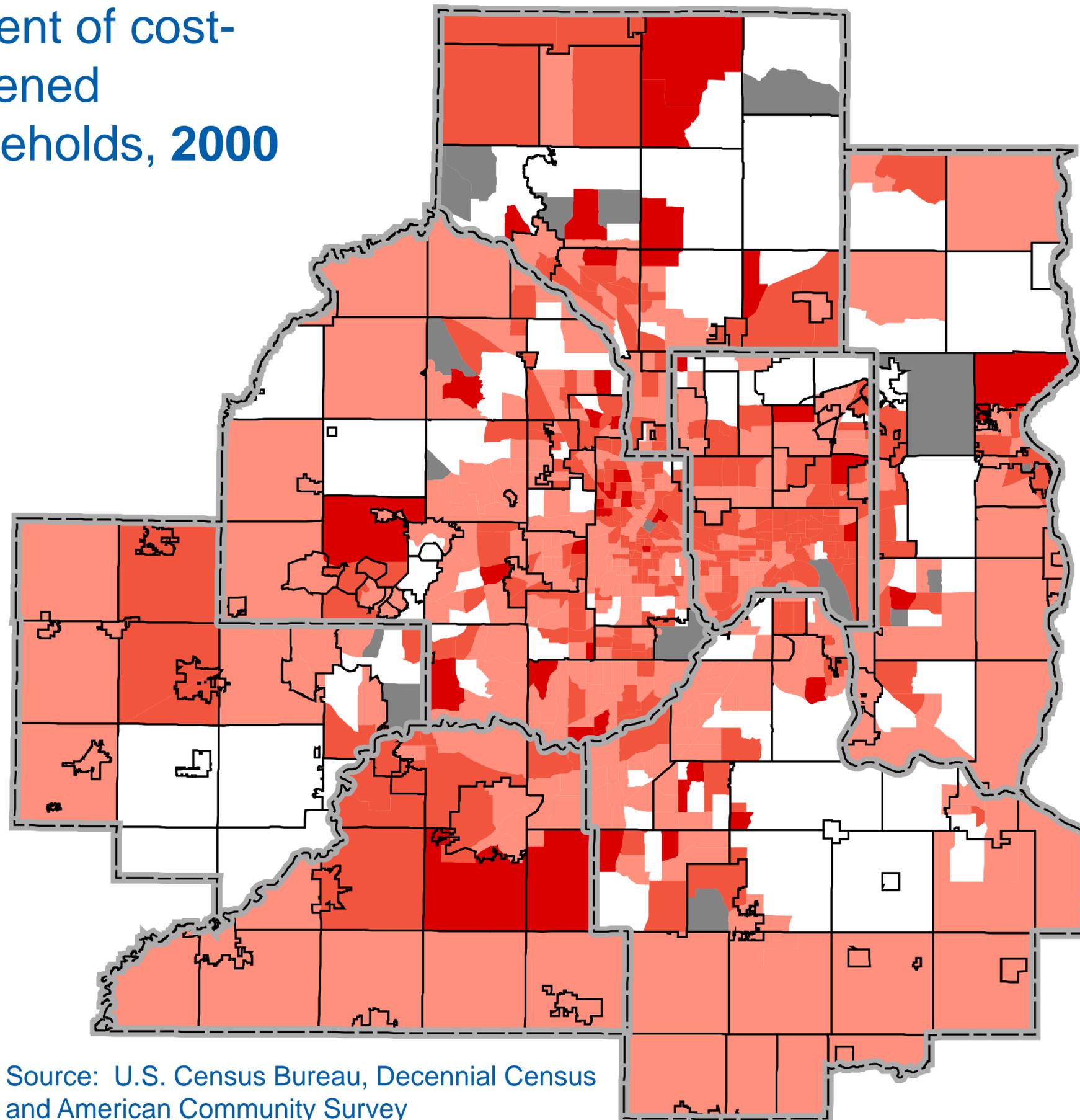
Percent of cost-burdened households, 1990



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Housing cost burden: Renters

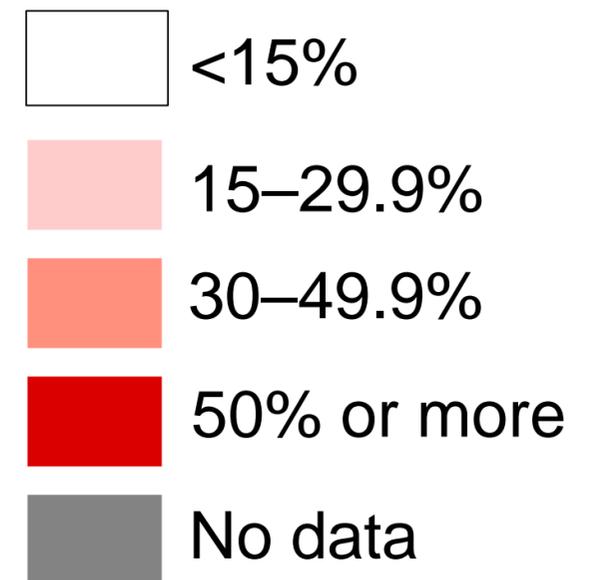
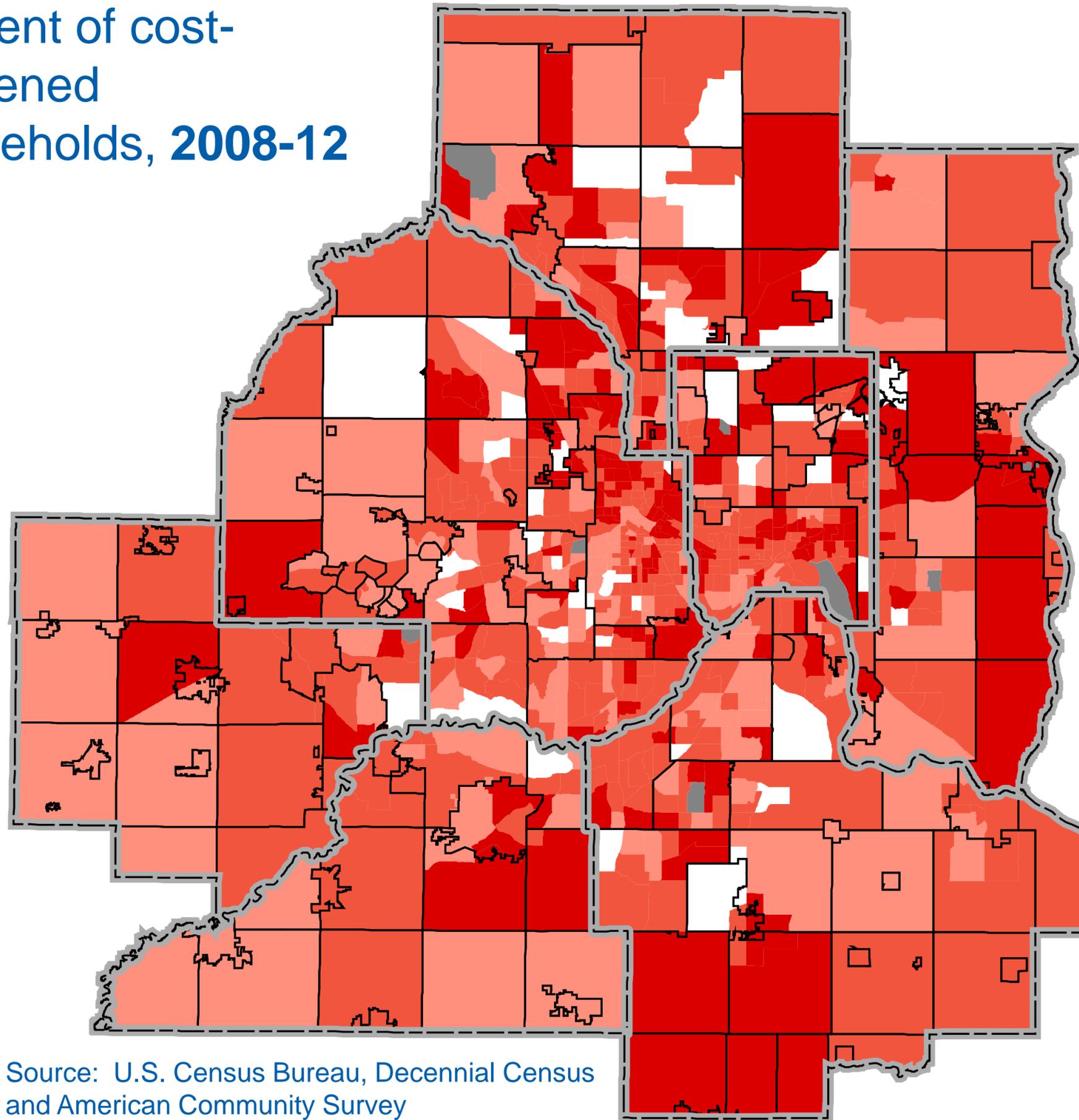
Percent of cost-burdened households, **2000**



Note: Due to data availability, cost burden displayed in these maps is spending 35% or more of one's monthly income on housing costs.

Housing cost burden: Renters

Percent of cost-burdened households, 2008-12



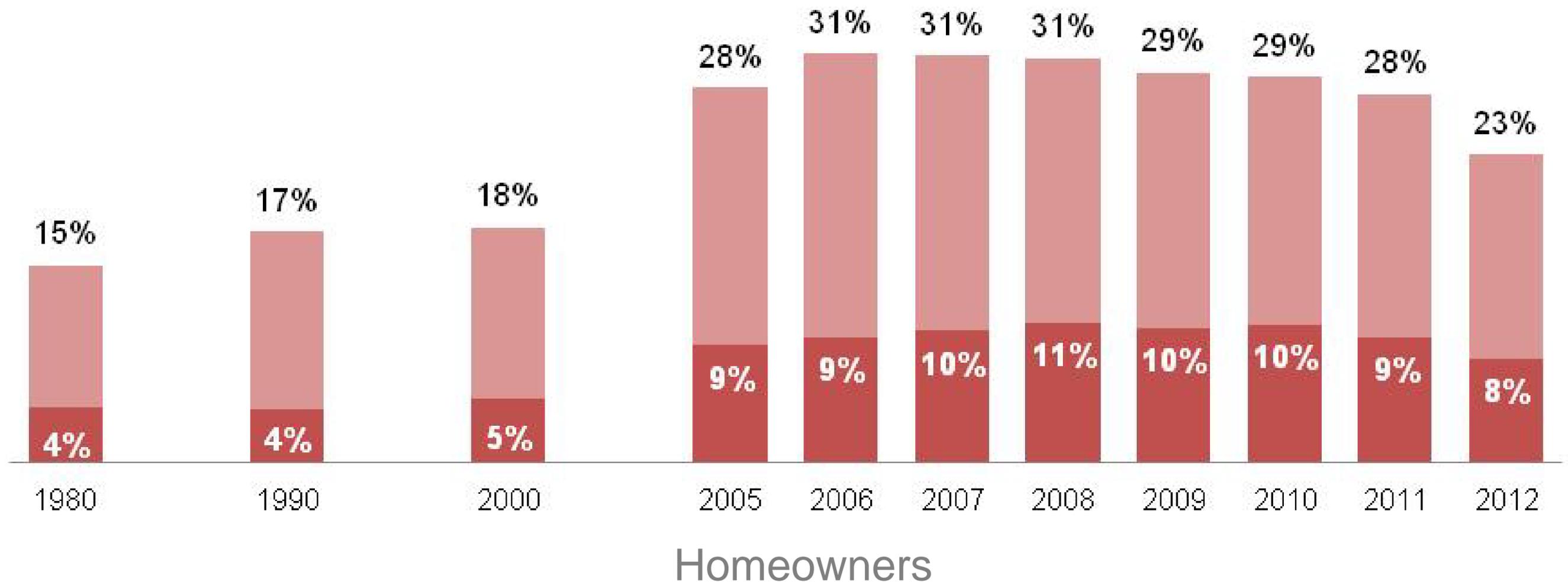
Note: Due to data availability, cost burden displayed in these maps is spending 35% or more of one's monthly income on housing costs.

Trends by tenure: Owners

- The median household income of homeowners in the region is higher than those of renters, and has slightly increased over time.
- However, housing costs for owner households increased across the region between 1980 and 2008-2012.
 - The largest occurred in the last decade.
- Some signs of improvement can be seen in 2012, indicating housing cost burden for homeowners is tied to the strength of housing market, and may continue to improve with economic recovery.

Source: U.S. Census Bureau, Decennial Census and American Community Survey

Trend in cost burden: Owners

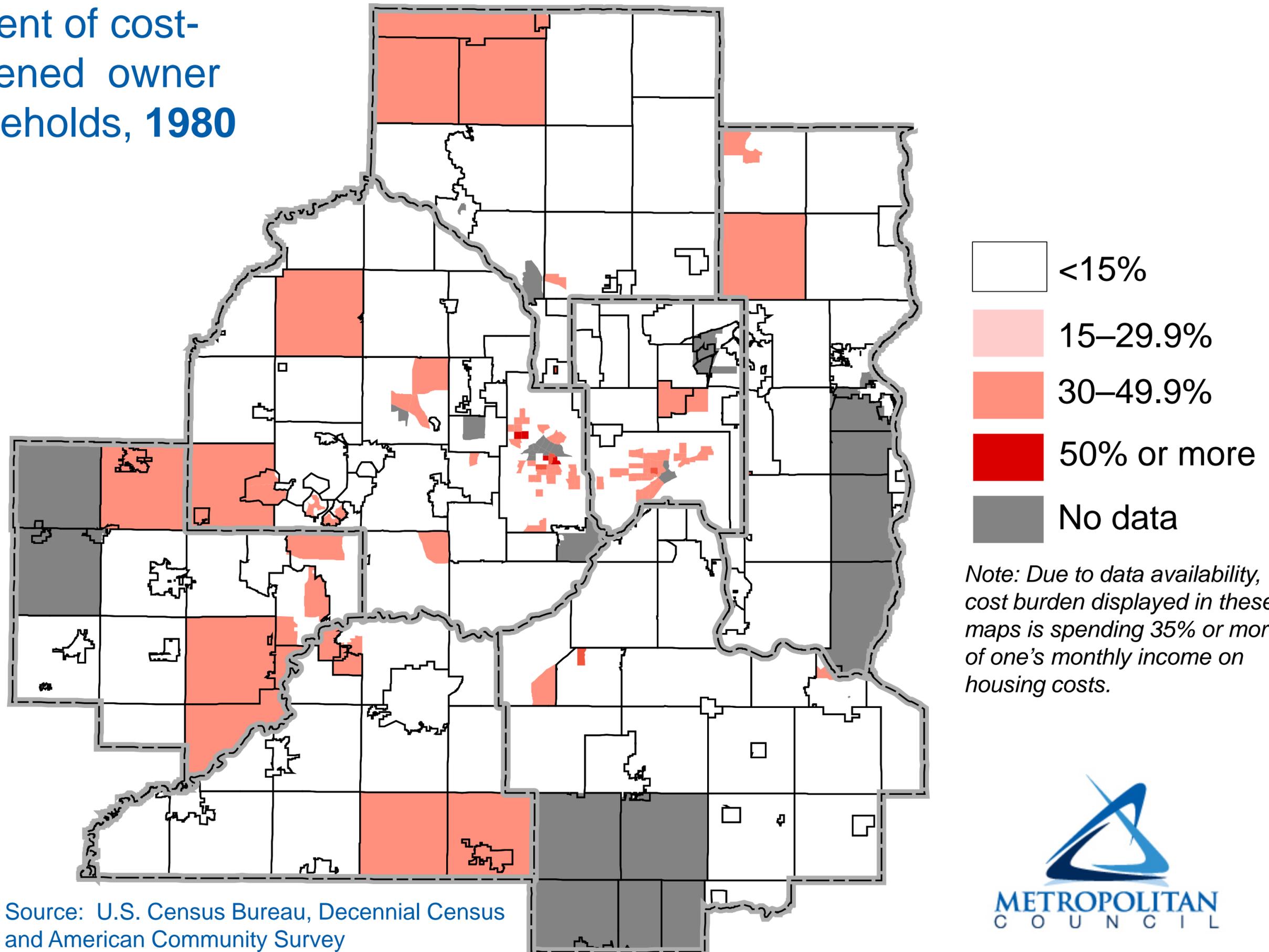


- Cost-burdened (housing costs are 30% or more of household income)
- Severely cost-burdened (housing costs are 50% or more of household income)

The share of cost-burdened homeowners and severely cost-burdened renters increased between 1980 and 2012. Change between 2011 and 2012 indicates improvement.

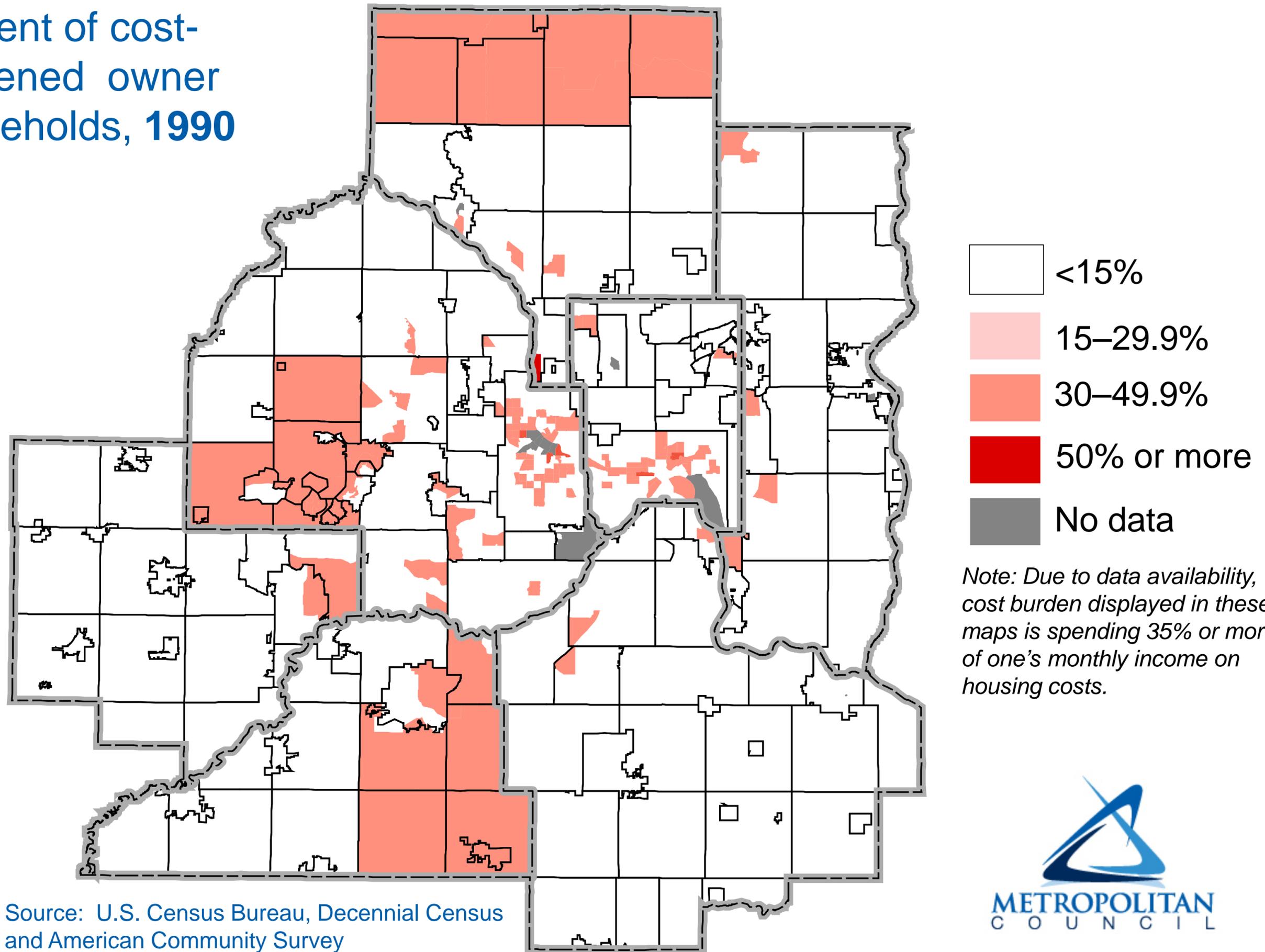
Housing cost burden: Owners

Percent of cost-burdened owner households, 1980



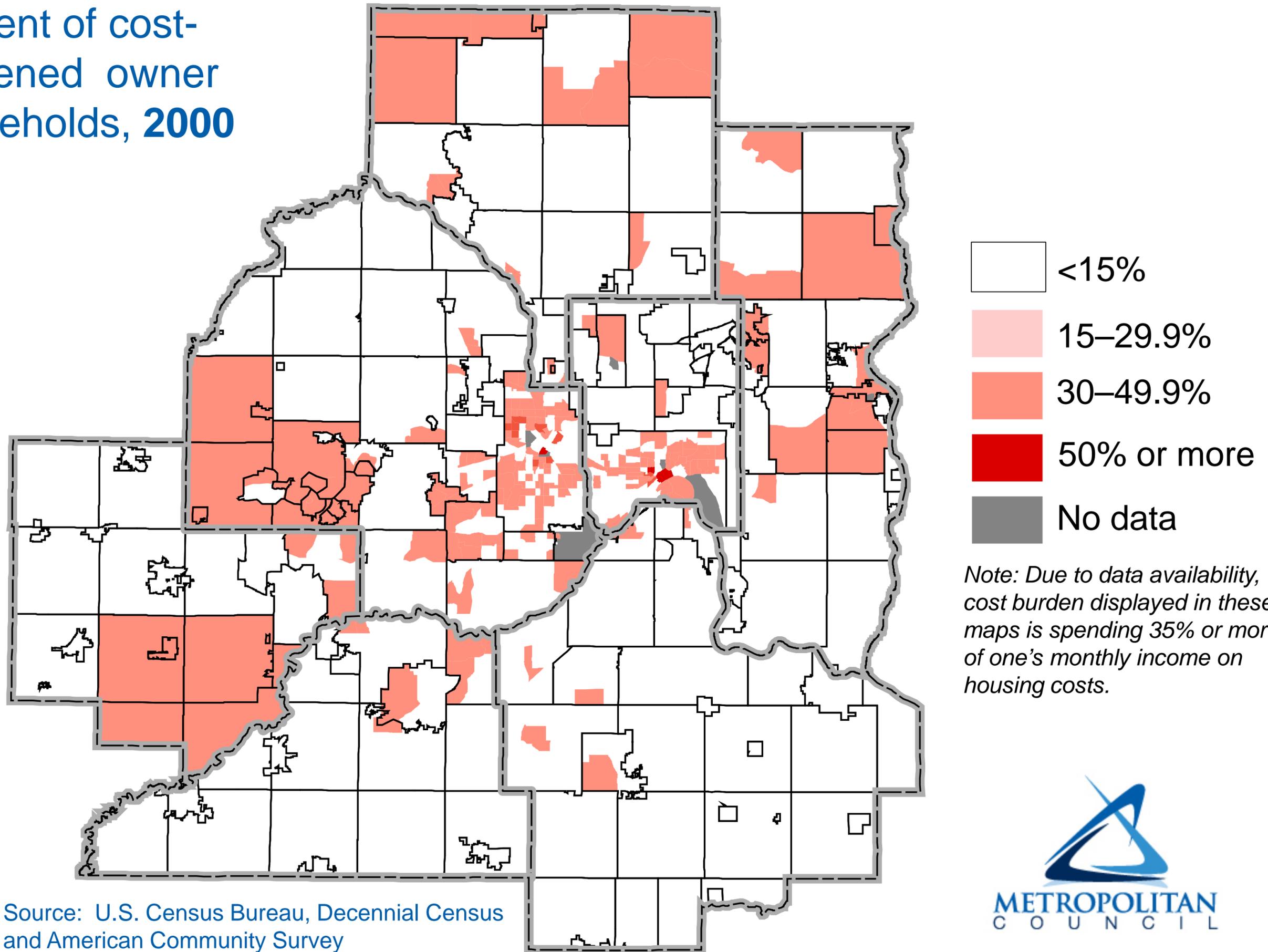
Housing cost burden: Owners

Percent of cost-burdened owner households, 1990



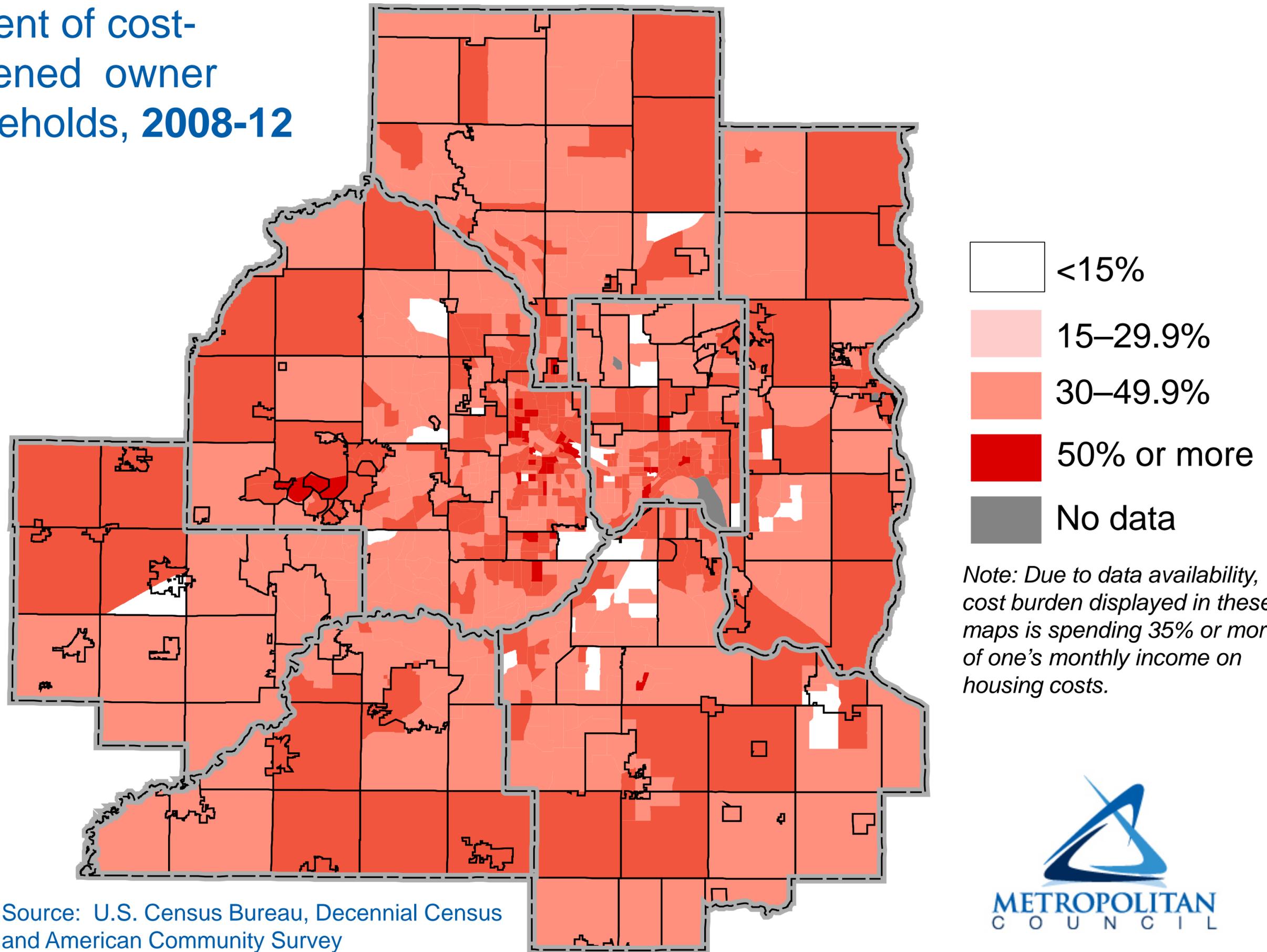
Housing cost burden: Owners

Percent of cost-burdened owner households, **2000**

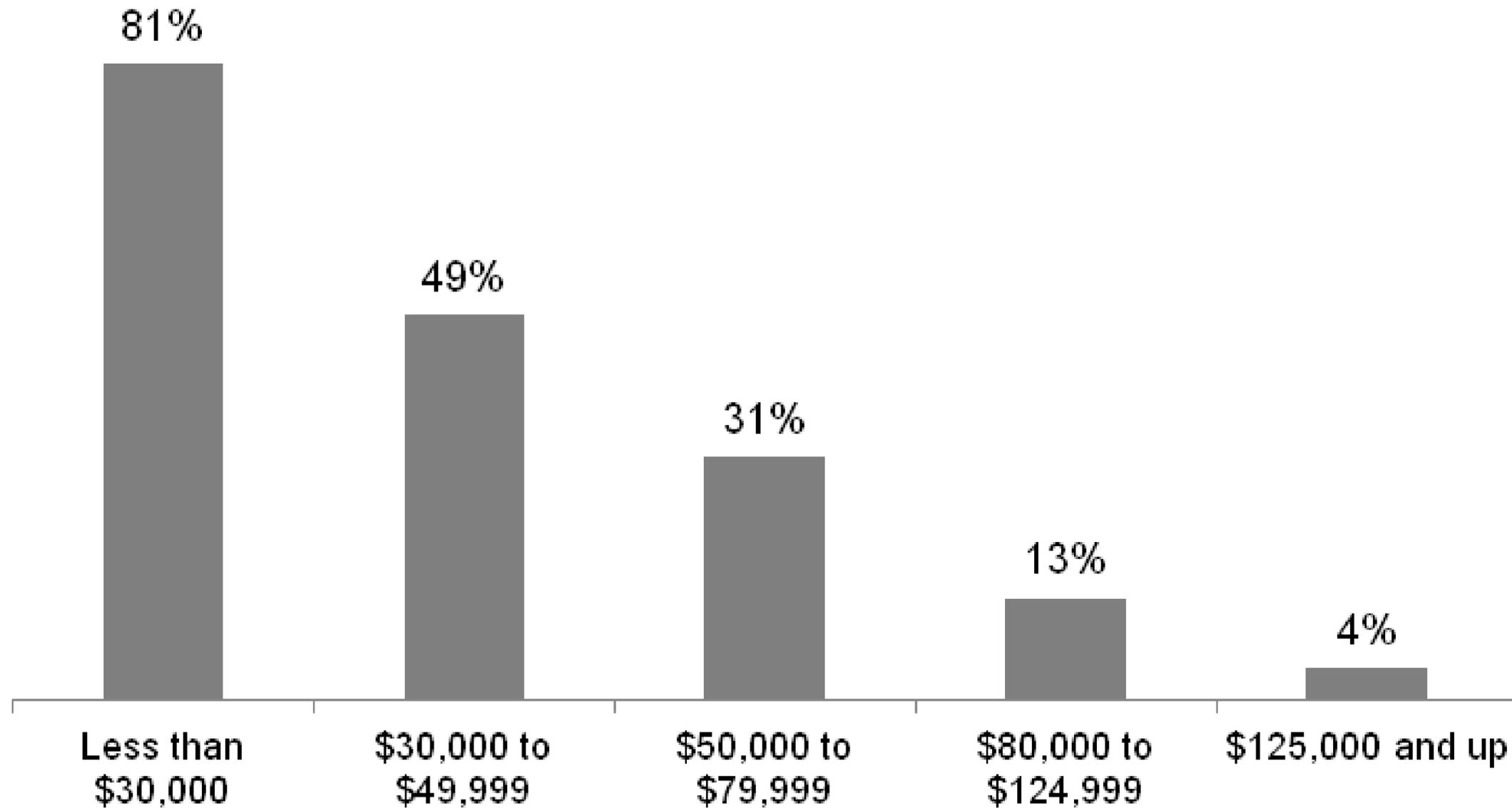


Housing cost burden: Owners

Percent of cost-burdened owner households, **2008-12**

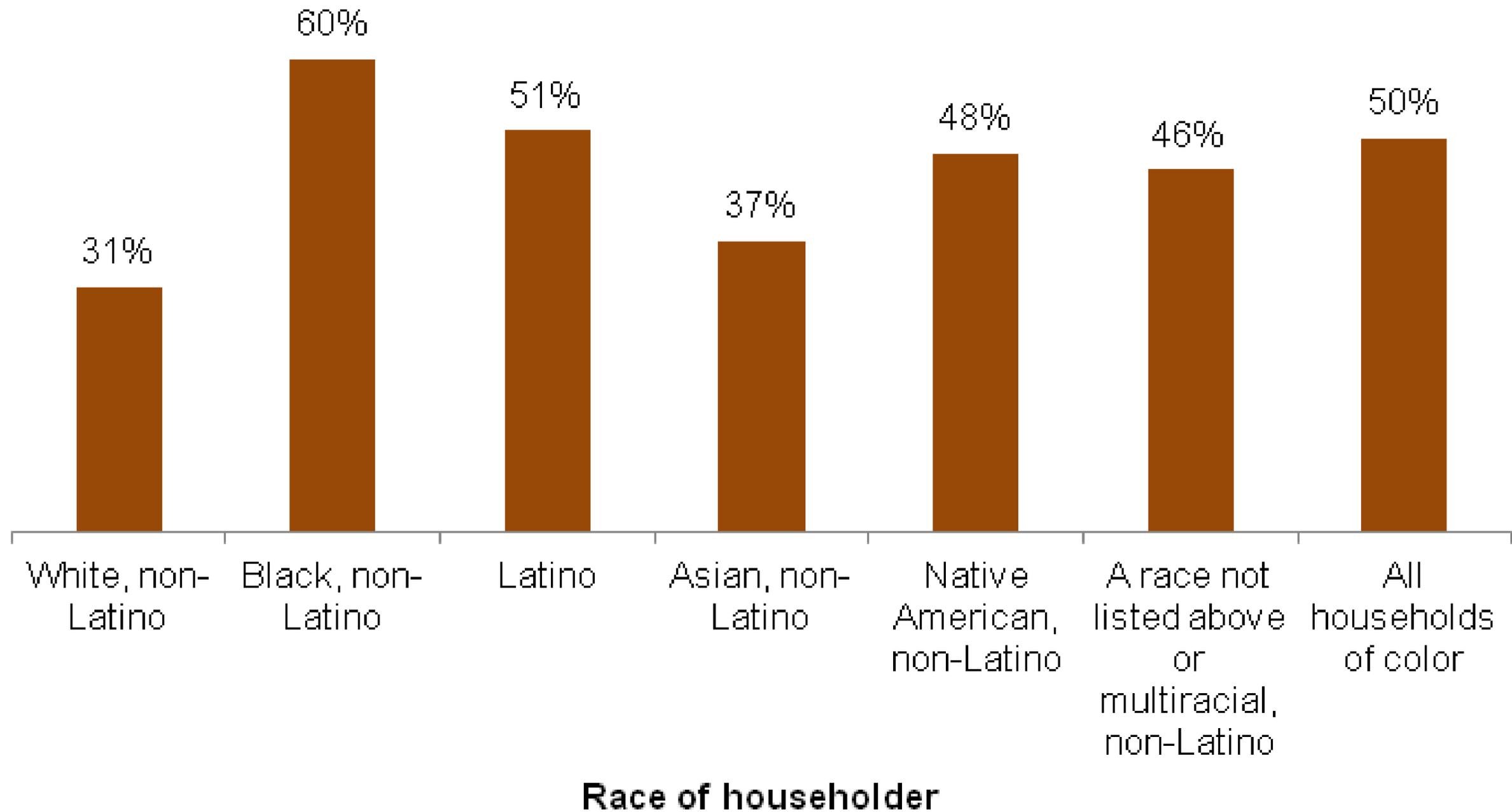


Housing Cost burden: By Income



Source: U.S. Census Bureau, Decennial Census and American Community Survey

Housing Cost burden: By Race



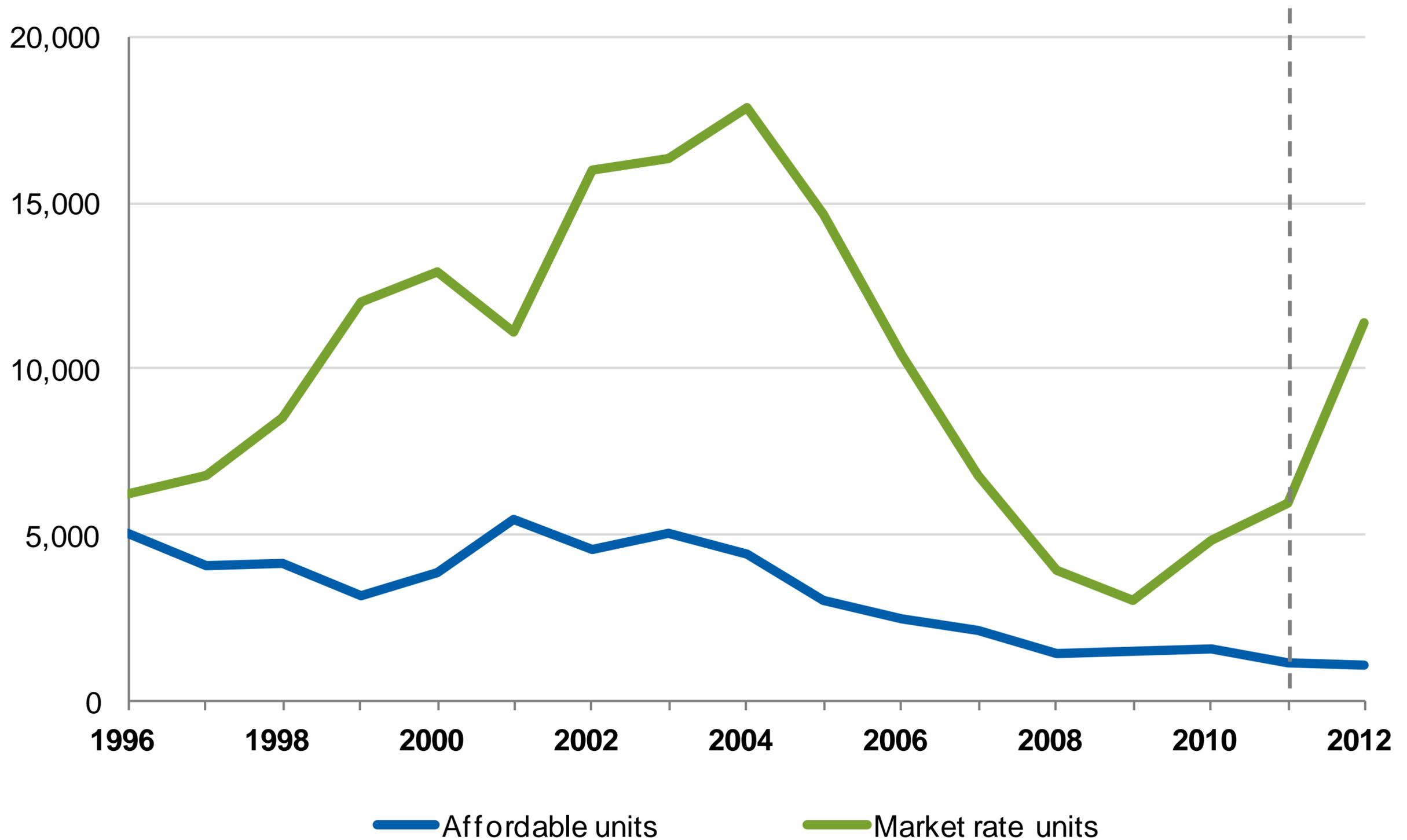
Source: U.S. Census Bureau, Decennial Census and American Community Survey

Cost burden in national context

- The rate of housing cost burden in the 13-county metropolitan area was among the five lowest rates of the 25 most populous metropolitan areas.
- In the past decade, cost-burden rates in the Minneapolis-St. Paul metropolitan area have increased more than they have in other areas, including Denver, Portland, San Antonio, and Seattle.

Source: U.S. Census Bureau, Decennial Census and American Community Survey

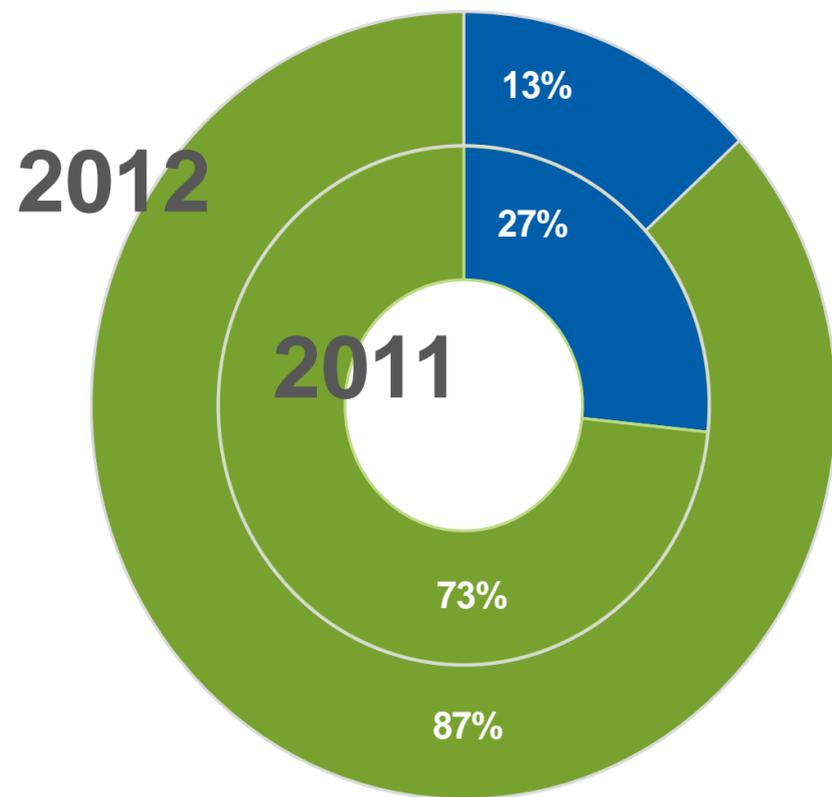
Trends in new affordable housing



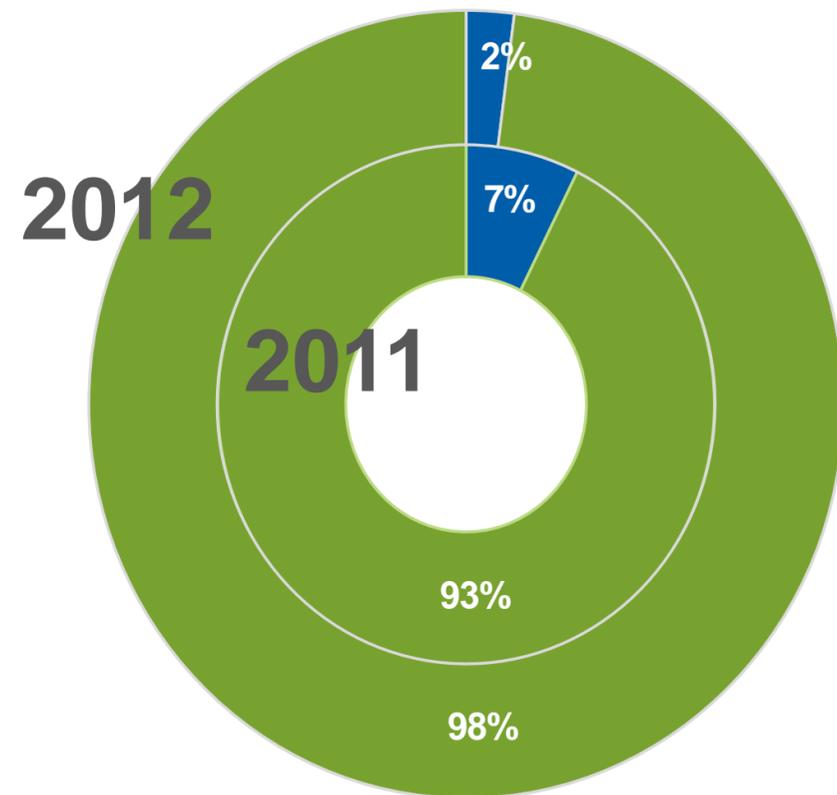
1,118 new affordable units were produced in 2012.

Affordable units by tenure

7,676 rental units were added to the region's housing stock in 2012. Thirteen percent (1,018 units) were affordable.



4,865 owner-occupied units were added to the region's housing stock. Two percent (100 units) were affordable.



**For more information:
www.metrocouncil.org/data**