

Housing affordability in the Twin Cities Region

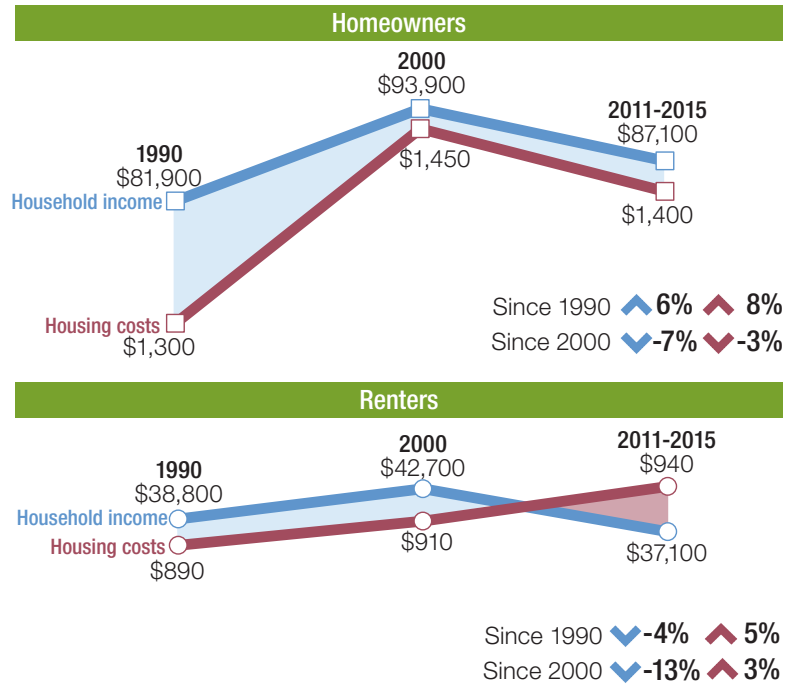
When people cannot find housing they can afford their economic security and overall well-being suffer—they are forced to make trade-offs between paying their rent or mortgage and other daily essentials, like food, medical care, and transportation.

Changes in housing costs and incomes are distinct for homeowners and renters (right):

- The median household income of the region's **homeowners** in 2011-2015 is only 6% higher than in 1990; housing costs increased by 8% over the same period.
- The region's **renters** experienced a decline in median household income while, at the same time, housing costs increased.

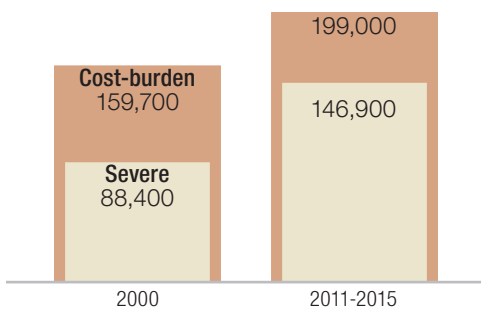
When housing costs outpace incomes there is an increased risk of **housing cost burden**—that is, households who spend more than 30% of their income on housing costs alone.

CHANGES IN HOUSING COSTS AND INCOMES



Source: U.S. Census Bureau, Public Use Microdata 5% Sample (via Integrated Public Microdata Series), 1990 and 2000 and U.S. Census Bureau, American Community Survey Five-Year Public Use Microdata Sample, 2011-2015. Rounded inflation-adjusted 2015 dollars.

COST-BURDENED HOUSEHOLDS



Source: U.S. Census Bureau, Public Use Microdata 5% Sample (via Integrated Public Microdata Series), 2000 and U.S. Census Bureau, American Community Survey Five-Year Public Use Microdata Sample, 2011-2015. Rounded to nearest 100 households.

Given the changes in household income and housing costs, it is not surprising to see a large increase in cost-burdened households in the Twin Cities region (left). Since 2000, the number of households experiencing cost burden has increased by 25%. Further, severe housing cost burden (when 50%+ of income is spent on housing) increased by 66%.

People of color, immigrants, and renters are all more likely to experience housing cost burden than U.S.-born White residents. The lower one's household income, the more likely they are to be cost-burdened: five in every six households with incomes at or below 30% of Area Median Income (AMI) are cost-burdened, compared with two in every five households with incomes between 50% to 80% of AMI.

HOUSING UNITS ADDED IN 2016

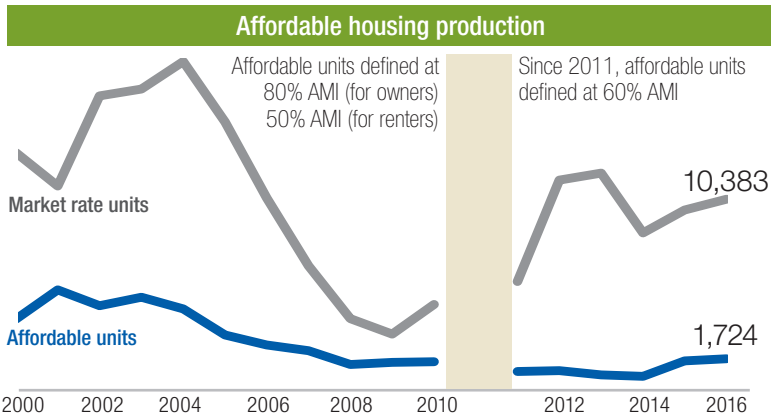
One in every seven units added to the region's housing stock in 2016 were affordable at 60% of Area Median Income



Source: Metropolitan Council's Affordable Housing Production Survey, 2016. Affordable housing data are occasionally updated. The most current data are available to view and download at metro council.org/data.

Despite increasing housing cost burden and a previously forecasted need of 52,000 new affordable units between 2011 and 2020, affordable housing production in the region has been insufficient. Just over 7,000 affordable units were added across the region since 2011 (below). Housing that is currently affordable may be lost to properties opting out of tax credits or other federal subsidies, redevelopment of naturally occurring affordable housing, or shifting requirements in new lease agreements. New affordable housing production is not offsetting these losses.

AFFORDABLE HOUSING IN THE REGION: ONE STEP FORWARD, TWO STEPS BACK?



Source: Metropolitan Council's Affordable Housing Production Survey, 2000-2016. Affordable housing data are occasionally updated. The most current data are available to view and download at metrocouncil.org/data.

Recent examples of affordable housing loss



The Crossroads at Penn in Richfield
After redevelopment, rents at this 678-unit complex increased by 30% and Housing Choice Vouchers were no longer accepted.

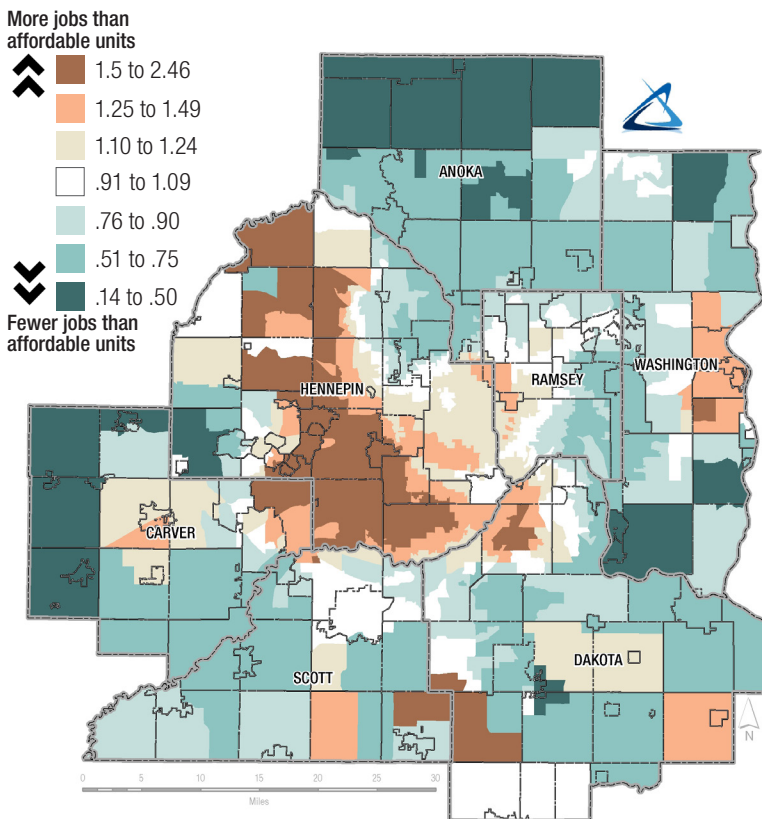


Meadowbrook Manor in St. Louis Park
After redevelopment, rents at this 551-unit complex increased and new income requirements were imposed, displacing some residents.



Lowry Grove in St. Anthony
This manufactured home park housed 90 low-income households but will be demolished to accommodate mostly market rate units.

RATIO OF LOW-WAGE JOBS TO AFFORDABLE UNITS



Sources: U.S. Census Bureau, LEHD Longitudinal Origin-Destination Employment Statistics, 2014 (low-wage jobs); Metropolitan Council, Housing affordability estimates, 2015 (workforce units). Map shows census block groups, with the ratio of low-wage jobs within five miles to workforce housing units within five miles.

The ability to find affordable housing within reasonable distance from one's job can also be a challenge for the region's low-income residents.

- In **green-shaded areas** of the map, there is plenty of affordable housing for workers in low-wage jobs.
- In **brown-shaded areas**, though, not all workers in these jobs could find housing that is affordable to them within five miles of their workplace. Employers in these areas may struggle to find the workers they need.

Additional affordable housing options, and the preservation of existing affordable housing, may be needed in areas with more jobs than affordable units. Access to efficient transportation can also improve this mismatch. As a region, opportunities to create jobs in desirable locations with sufficient housing choices for potential workers will be key to our economic competitiveness.