Out of Reach 2016

The growing gap between wages and rent in Minnesota

Executive Summary

The *Out of Reach* report, produced annually by the National Low Income Housing Coalition, spotlights the growing gap between what rental housing costs and how much renters earn. According to analysis by the Minnesota Housing Partnership, Minnesota residents in every corner of the state face significant housing hardships. "Minnesota must face the growing crisis of families being unable to cover housing costs," said Chip Halbach, Executive Director of the Minnesota Housing Partnership. "The price we will pay for our inaction will be seen across the age spectrum, from school children with unstable homes falling behind in their studies to senior citizens forgoing medicine and food to retain their shelter."



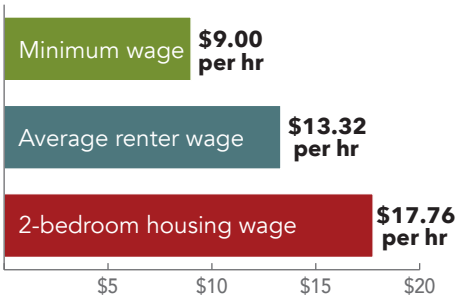
More than 1 in 4 Minnesota households — more than 590,000 households — live in a rental unit.

The high cost of rental housing affects renters throughout the state, not just in major metropolitan areas or regional centers.



Minnesota ranks #22 in the nation for the highest wages required to afford a two-bedroom apartment.

The fair market rent for a two-bedroom apartment is lower in 28 other states — including Wisconsin, Missouri, Michigan, North Dakota, South Dakota and Iowa.



The amount a Minnesota renter has to earn to afford a 2-bedroom apartment has increased since 2015.

To afford the fair market rent for a two-bedroom apartment — without paying more than 30% of income on housing — requires an hourly Housing Wage of $17.76. This exceeds both the minimum and average renter wage in Minnesota.

KEY TERMS IN THIS REPORT

Fair Market Rent is the federal government standard for a "fairly" priced apartment. It is calculated as the 40th percentile of gross rents for typical, non-substandard rental units in a local housing market.

Housing Wage is the hourly wage workers need to earn to afford rent without spending 30% or more of their income. Any household that spends more than 30% is considered cost burdened by federal government standards.



NATIONAL LOW INCOME HOUSING COALITION

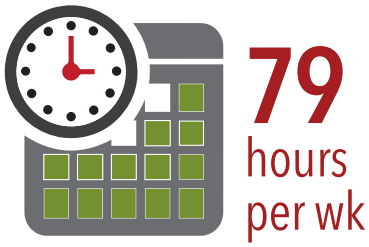
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Out of Reach 2016



People who earn the state minimum wage ($9/hr) cannot afford a fairly priced one-bedroom apartment in any Minnesota county.

The housing wage for a one- or two-bedroom apartments was higher than the average renter wage in every county. The current state fair market rent for a two-bedroom apartment is $100 higher than what the average Minnesota renter can afford.



On average, minimum wage earners in Minnesota must work 79 hours per week to afford a two-bedroom apartment.

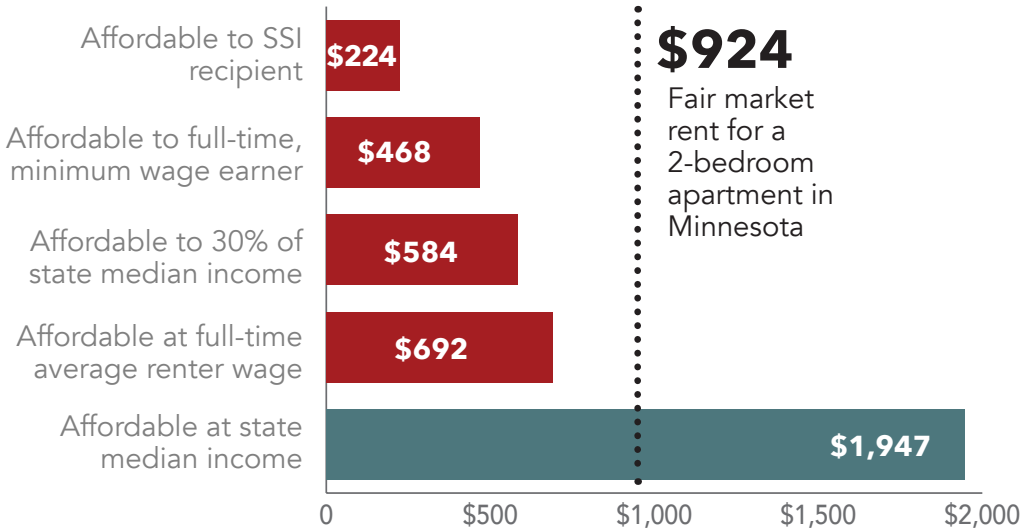
In metropolitan areas, the relatively high cost of housing forces minimum wage earners to work at least 52 hours per week on average to afford even a fairly priced one-bedroom apartment. In 70% of Minnesota counties, the wage to afford a two-bedroom apartment is greater than the renter median income.



Minnesotans earning the renter median income must pay $4,000 more per year than they can afford for a two-bedroom apartment.

While minimum wage earners face the greatest financial barriers to accessing rental housing, the challenges also extend to those making the median wage. Housing affordability decreases as the number of bedrooms increases, making it difficult for families to find affordable housing.

Fair Market Rent Unaffordable for Many Minnesotans



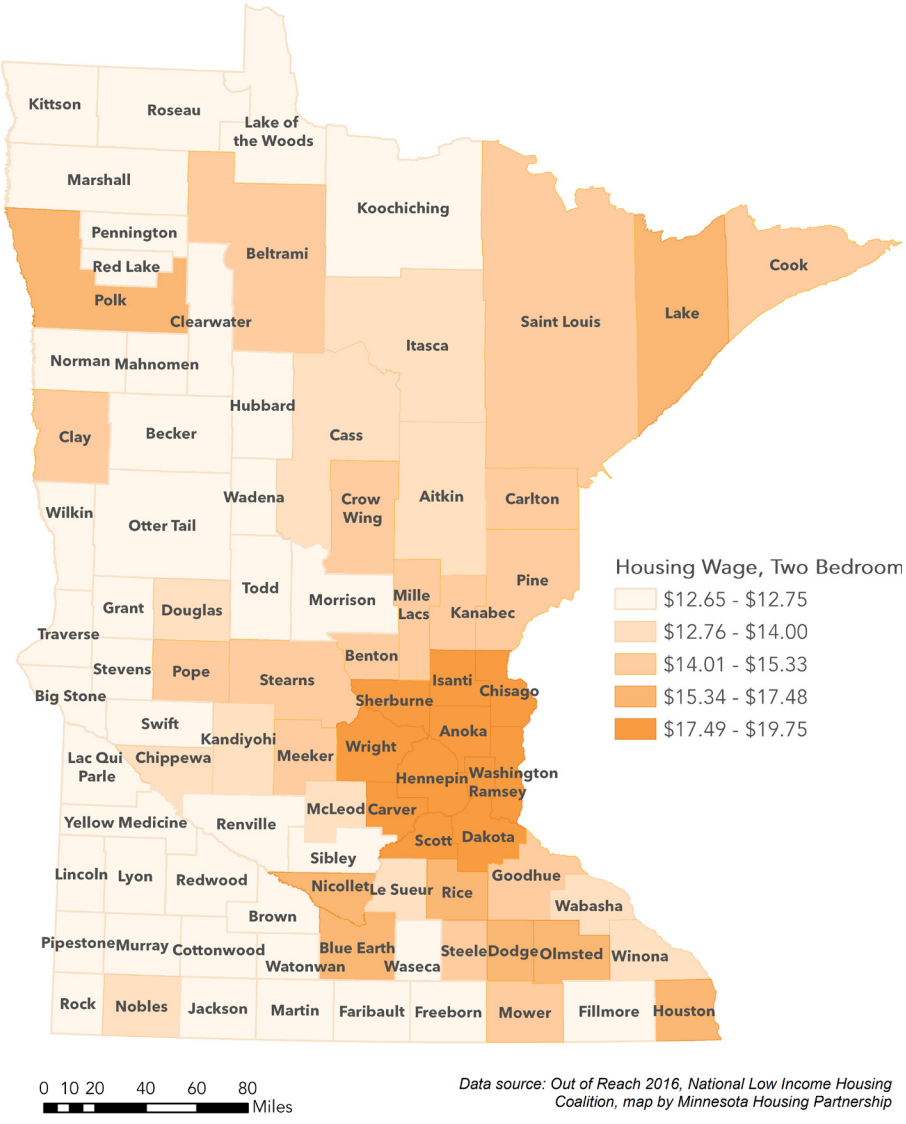
"The shortage of stable and sustainable rental housing is hurting communities throughout Minnesota. It's clear the most important way we can help struggling working families is to provide more access to affordable, stable housing."

Jeremy Schroeder
MHP Policy Director

Two-bedroom Apartments — Out of Reach for Median Income Renters

For 2016, the income needed to afford the state fair market rent (FMR) for a two-bedroom apartment is $36,941, but the renter median income is only $32,742 — a difference of more than $4,000. So, to afford the fair market rent for a two-bedroom apartment in Minnesota without paying more than 30% of their income to rent, renters must earn a "housing wage" of $17.76. Despite a range of housing market conditions, the "housing wage" needed to afford the fair market rent for a two-bedroom apartment is more than renter median income in the vast majority of Minnesota counties.

Hourly "Housing Wage" Needed to Afford a 2-Bedroom



Data source: Out of Reach 2016, National Low Income Housing Coalition, map by Minnesota Housing Partnership

From 2015 to 2016, the state housing wage — what workers must earn to spend less than 30% of their income on housing **– increased by more than 3%**.

In **70% of Minnesota counties,** the wage to afford the fair market rent for a two-bedroom apartment is greater than the renter median income.

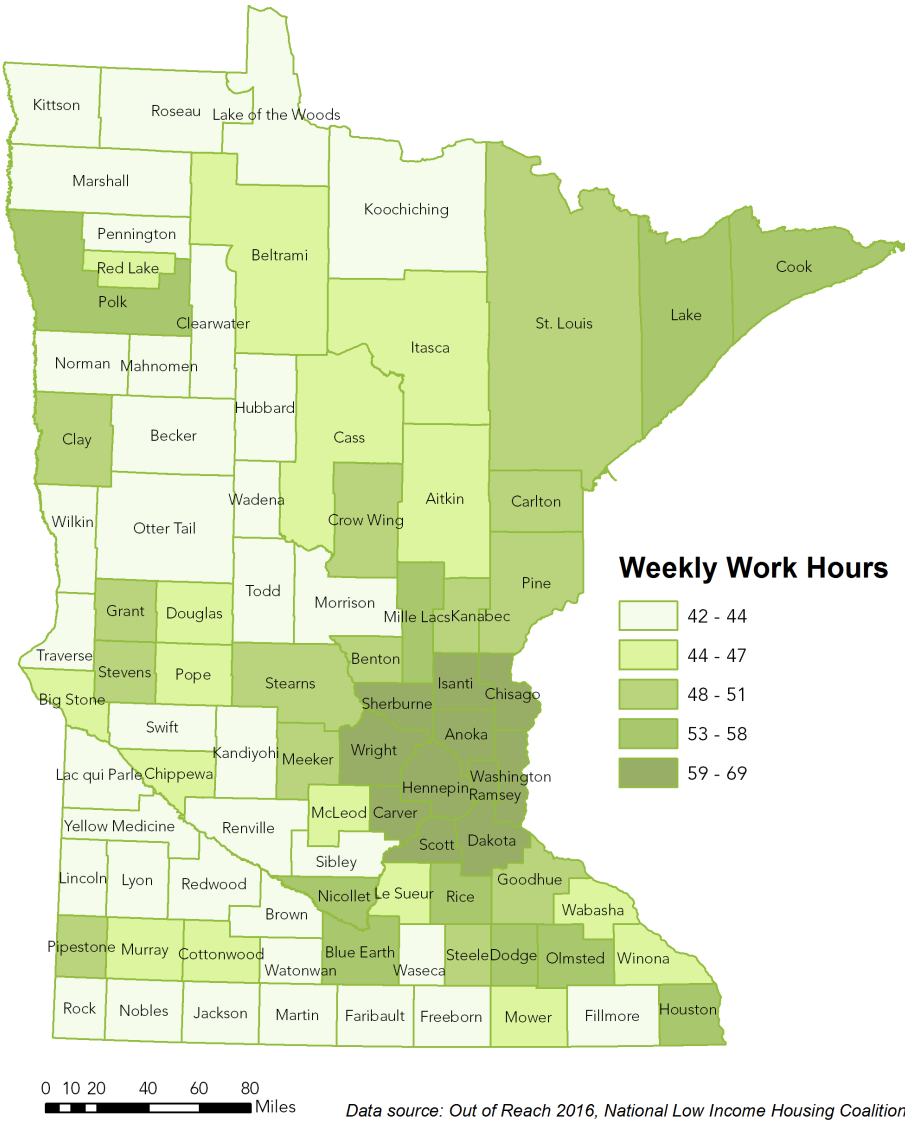
In **non-metropolitan (rural) counties,** median income renter households must spend $2,840 more per year than what they can afford on the fair market rent for a two-bedroom apartment.

In **Duluth**, median income renter households must spend $7,700 more per year than what they can afford to cover fair market rent for a two-bedroom apartment — the **greatest disparity** for major metropolitan areas in the state.

One-bedroom Apartments — Out of Reach for Minimum Wage Workers

Minimum wage workers can't afford the fair market rent for a one-bedroom apartment in any Minnesota county without working more than 40 hours per week. The minimum wage in Minnesota is roughly $5 less than the housing wage needed to afford the fair market rent for a one-bedroom apartment. To make enough to cover rent, minimum wage earners have to work as much as 69 hours per week in the Twin Cities and in no county can they afford to work 40 hours or less. At the current minimum wage of $9 per hour, even efficiency units are not affordable to minimum wage workers in 44 percent of all Minnesota counties.

Hours at Minimum Wage Needed to Afford a 1-Bedroom Apartment



Data source: Out of Reach 2016, National Low Income Housing Coalition

The state average fair market rent for a one-bedroom apartment is **$256 higher** per month than a minimum wage earner can afford.

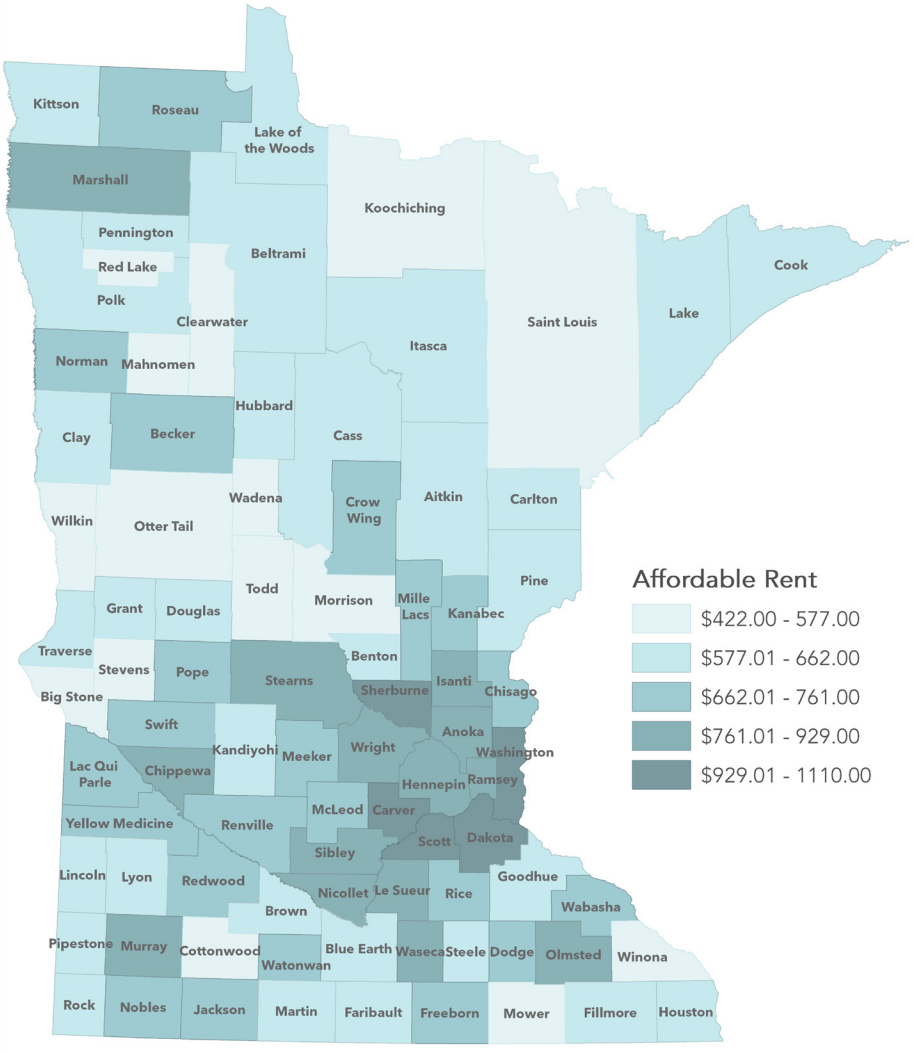
In non-metropolitan (rural) areas, minimum wage workers must spend **46 hours per week** at work to afford the fair market rent for a one-bedroom apartment.

Minimum wage workers in the Twin Cities Metropolitan area must work **69 hours per week** to afford the fair market rent for a one-bedroom apartment — the highest number of hours for major metropolitan areas in the state.

What's Affordable for Minnesota Renters?

In Minnesota, the monthly rent that is affordable for a median income renter varies by geographic location. In the Twin Cities metropolitan region, a median income renter can afford $910 in rent per month. The rent affordable to median income renters is also relatively high in growing metropolitan regions such as Rochester ($848) or Le Suere County ($811). In contrast, median-income renters living in rural Minnesota can afford to pay $640 in rent per month.

Apartment Cost that is Affordable for the Median Income Renter



Data source: Out of Reach 2016, National Low Income Housing Coalition, map by Minnesota Housing Partnership

Median income renters living in metro areas **can afford $250 more** in monthly rent than median income renters living in rural areas.

The **highest rent** affordable to median income renters is in Washington County at $1,110 per month.

The **lowest rent** affordable to median income renters is in Koochiching County (north MN) at $422 per month.

Minnesota median income renter households must earn **1.13 times their income** to afford the fair market rent for a two-bedroom apartment.

Data Tables

Geography	Renter Income		1-Bedroom				2-Bedroom			
Major Geographic Areas, HUD Fair Market Rent Areas, & Metropolitan Statistical Areas	Median Renter Income	Rent Affordable at Median Renter Income	Fair Market Rent	Income Needed to Afford FMR	Hourly Housing Wage needed to Afford	Minimum Wage Work Hours per Week Needed	Fair Market Rent	Income Needed to Afford FMR	Hourly Housing Wage needed to Afford	Minimum Wage Work Hours per Week Needed
Major Geographic Areas										
State	$32,742	$819	$724	$28,958	$13.92	62	$924	$36,941	$17.76	79
Nonmetro (Rural) Areas	$25,611	$640	$537	$21,497	$10.34	46	$711	$28,451	$13.68	61
Twin Cities Metropolitan Area	$36,393	$910	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Metropolitan Statistical Areas										
Duluth	$22,463	$562	$577	$23,080	$11.10	49	$755	$30,200	$14.52	65
Fargo	$24,588	$615	$600	$24,000	$11.54	51	$771	$30,840	$14.83	66
Grand Forks	$23,206	$580	$627	$25,080	$12.06	54	$833	$33,320	$16.02	71
La Crosse-Onalaska	$23,990	$600	$619	$24,760	$11.90	53	$828	$33,120	$15.92	71
Mankato-North Mankato	$27,635	$691	$666	$26,640	$12.81	57	$815	$32,600	$15.67	70
St. Cloud	$29,770	$744	$589	$23,560	$11.33	50	$735	$29,400	$14.13	63
HUD Fair Market Rent Areas										
Fillmore County	$25,649	$641	$507	$20,280	$9.75	43	$658	$26,320	$12.65	56
Le Sueur County	$32,449	$811	$530	$21,200	$10.19	45	$710	$28,400	$13.65	61
Mille Lacs County	$28,344	$709	$623	$24,920	$11.98	53	$795	$31,800	$15.29	68
Rochester	$33,934	$848	$681	$27,240	$13.10	58	$908	$36,320	$17.46	78
Sibley County	$31,261	$782	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Wabasha County	$30,432	$761	$550	$22,000	$10.58	47	$694	$27,760	$13.35	59
Minnesota Counties										
Aitkin	$23,645	$591	$521	$20,840	$10.02	45	$697	$27,880	$13.40	60
Anoka	$37,168	$929	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Becker	$26,987	$675	$498	$19,920	$9.58	43	$663	$26,520	$12.75	57
Beltrami	$24,094	$602	$555	$22,200	$10.67	47	$743	$29,720	$14.29	64
Benton	$25,764	$644	$589	$23,560	$11.33	50	$735	$29,400	$14.13	63
Big Stone	$22,166	$554	$543	$21,720	$10.44	46	$658	$26,320	$12.65	56
Blue Earth	$25,378	$634	$666	$26,640	$12.81	57	$815	$32,600	$15.67	70
Brown	$26,317	$658	$498	$19,920	$9.58	43	$658	$26,320	$12.65	56
Carlton	$24,380	$609	$577	$23,080	$11.10	49	$755	$30,200	$14.52	65
Carver	$40,261	$1,007	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Cass	$25,732	$643	$542	$21,680	$10.42	46	$725	$29,000	$13.94	62
Chippewa	$32,397	$810	$521	$20,840	$10.02	45	$698	$27,920	$13.42	60
Chisago	$29,002	$725	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Clay	$24,588	$615	$600	$24,000	$11.54	51	$771	$30,840	$14.83	66
Clearwater	$20,585	$515	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Cook	$25,693	$642	$658	$26,320	$12.65	56	$761	$30,440	$14.63	65
Cottonwood	$21,299	$532	$530	$21,200	$10.19	45	$658	$26,320	$12.65	56
Crow Wing	$27,306	$683	$595	$23,800	$11.44	51	$797	$31,880	$15.33	68

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Dakota	$41,249	$1,031	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Dodge	$29,040	$726	$681	$27,240	$13.10	58	$908	$36,320	$17.46	78
Douglas	$25,089	$627	$518	$20,720	$9.96	44	$694	$27,760	$13.35	59
Faribault	$26,113	$653	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Fillmore	$25,649	$641	$507	$20,280	$9.75	43	$658	$26,320	$12.65	56
Freeborn	$26,963	$674	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Goodhue	$26,160	$654	$584	$23,360	$11.23	50	$782	$31,280	$15.04	67
Grant	$26,477	$662	$569	$22,760	$10.94	49	$658	$26,320	$12.65	56
Hennepin	$36,455	$911	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Houston	$23,990	$600	$619	$24,760	$11.90	53	$828	$33,120	$15.92	71
Hubbard	$25,884	$647	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Isanti	$32,430	$811	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Itasca	$25,310	$633	$544	$21,760	$10.46	46	$728	$29,120	$14.00	62
Jackson	$28,893	$722	$515	$20,600	$9.90	44	$658	$26,320	$12.65	56
Kanabec	$27,039	$676	$578	$23,120	$11.12	49	$774	$30,960	$14.88	66
Kandiyohi	$25,786	$645	$513	$20,520	$9.87	44	$686	$27,440	$13.19	59
Kittson	$25,482	$637	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Koochiching	$16,885	$422	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Lac qui Parle	$29,531	$738	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Lake	$23,709	$593	$625	$25,000	$12.02	53	$837	$33,480	$16.10	72
Lake of the Woods	$24,874	$622	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Le Sueur	$32,449	$811	$530	$21,200	$10.19	45	$710	$28,400	$13.65	61
Lincoln	$24,291	$607	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Lyon	$26,448	$661	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
McLeod	$28,735	$718	$542	$21,680	$10.42	46	$694	$27,760	$13.35	59
Mahnomen	$18,341	$459	$510	$20,400	$9.81	44	$658	$26,320	$12.65	56
Marshall	$31,138	$778	$503	$20,120	$9.67	43	$658	$26,320	$12.65	56
Martin	$24,289	$607	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Meeker	$29,135	$728	$602	$24,080	$11.58	51	$747	$29,880	$14.37	64
Mille Lacs	$28,344	$709	$623	$24,920	$11.98	53	$795	$31,800	$15.29	68
Morrison	$21,177	$529	$492	$19,680	$9.46	42	$659	$26,360	$12.67	56
Mower	$22,705	$568	$550	$22,000	$10.58	47	$736	$29,440	$14.15	63
Murray	$34,343	$859	$537	$21,480	$10.33	46	$658	$26,320	$12.65	56
Nicollet	$33,381	$835	$666	$26,640	$12.81	57	$815	$32,600	$15.67	70
Nobles	$29,350	$734	$516	$20,640	$9.92	44	$691	$27,640	$13.29	59
Norman	$29,141	$729	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Olmsted	$34,318	$858	$681	$27,240	$13.10	58	$908	$36,320	$17.46	78
Otter Tail	$22,021	$551	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Pennington	$24,044	$601	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Pine	$25,104	$628	$578	$23,120	$11.12	49	$774	$30,960	$14.88	66
Pipestone	$24,398	$610	$569	$22,760	$10.94	49	$658	$26,320	$12.65	56

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Polk	$23,206	$580	$627	$25,080	$12.06	54	$833	$33,320	$16.02	71
Pope	$27,644	$691	$548	$21,920	$10.54	47	$733	$29,320	$14.10	63
Ramsey	$31,452	$786	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Red Lake	$21,184	$530	$523	$20,920	$10.06	45	$658	$26,320	$12.65	56
Redwood	$27,502	$688	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Renville	$29,714	$743	$508	$20,320	$9.77	43	$658	$26,320	$12.65	56
Rice	$27,380	$684	$679	$27,160	$13.06	58	$909	$36,360	$17.48	78
Rock	$25,316	$633	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Roseau	$28,535	$713	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
St. Louis	$22,234	$556	$577	$23,080	$11.10	49	$755	$30,200	$14.52	65
Scott	$43,776	$1,094	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Sherburne	$40,723	$1,018	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Sibley	$31,261	$782	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Stearns	$30,929	$773	$589	$23,560	$11.33	50	$735	$29,400	$14.13	63
Steele	$26,368	$659	$577	$23,080	$11.10	49	$772	$30,880	$14.85	66
Stevens	$23,063	$577	$562	$22,480	$10.81	48	$658	$26,320	$12.65	56
Swift	$29,209	$730	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Todd	$21,579	$539	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Traverse	$23,359	$584	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Wabasha	$30,432	$761	$550	$22,000	$10.58	47	$694	$27,760	$13.35	59
Wadena	$21,130	$528	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Waseca	$31,228	$781	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Washington	$44,405	$1,110	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Watonwan	$28,212	$705	$504	$20,160	$9.69	43	$658	$26,320	$12.65	56
Wilkin	$20,897	$522	$492	$19,680	$9.46	42	$658	$26,320	$12.65	56
Winona	$22,727	$568	$548	$21,920	$10.54	47	$720	$28,800	$13.85	62
Wright	$34,816	$870	$813	$32,520	$15.63	69	$1,027	$41,080	$19.75	88
Yellow Medicine	$29,847	$746	$497	$19,880	$9.56	42	$658	$26,320	$12.65	56

Out of Reach for Minnesota is released jointly by the National Low Income Housing Coalition (NLIHC), a Washington, D.C.-based housing policy organization, and the Minnesota Housing Partnership. Contact Carolyn Szczepanski at carolyn.szczepanski@mhponline.org or (651) 925-5540 for assistance in accessing or analyzing Out of Reach data for any county or metro area of Minnesota.

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