

Working Doesn't Always Pay for a Home

The economy and housing market in the Minneapolis-Saint Paul region are recovering from the Great Recession, yet even a full-time job does not guarantee access to a home that is affordable for many families.

Today, rental vacancy rates are about two and a half percent, well below a healthy five percent, keeping rents high and out of reach for many working families. Additionally, while home prices are lower than peak years, the average single-family home remains too costly for many individuals and families.

A typical two-bedroom apartment in the metro area rents for \$1,103 per month, and the median for-sale home price is \$218,000. A home is considered to be affordable if a family pays no more than 30 percent of its income on housing costs, or 45 percent on combined housing and transportation costs. Any more than this, and families often must cut back on other necessities such as food, clothing, and medical care.

After housing, transportation is usually a household's second largest expense. When you factor in the average transportation costs for the Minneapolis-Saint Paul region, the cost burden on a household increases by 15 to 20 percent, depending upon a household's living and working locations.¹



Households with only one full-time wage earner, such as single parent families or families in which one parent does not work outside the home, face particular difficulty finding an affordable home. Even households with two family members working full-time in jobs that pay up to \$10.25 an hour (\$21,320 per year) cannot afford the typical two-bedroom apartment or single-family house.

By the 30 percent measure, a family would have to earn \$44,100 per year (\$21.20 per hour) to afford to rent a two-bedroom apartment or \$60,000 per year (\$28.85 per hour) to afford to buy a modest single-family house. However, half of the jobs in the Twin Cities metro area pay less than \$41,930.

The need for housing that is affordable for working families is especially acute in communities with many low-to-moderate wage jobs, but few lower-priced apartments and houses. While many workers earning low and moderate wages are providing essential services for residents of local communities—child care, food service, health care, school bus driver, or bank teller, for example—they often are priced out of housing in the communities in which they work.

Ensuring that there is a full range of housing choices with access to transit in our cities builds economic prosperity and competitiveness by attracting and retaining residents to support key employers.

The table on the back shows what individuals in different professions can afford to pay for housing and what homes for families actually cost as a percentage of their income.

¹ The Location Affordability Transportation Cost Calculator, available at www.locationaffordability.info/tcc.aspx, estimates a household's transportation costs based on user-entered information, enabling households, real estate professionals, and housing counselors to compare costs in different communities. The Location Affordability Index, available at www.locationaffordability.info/lai.aspx, is a tool for developers, planners, and policy-makers to prioritize and make planning and investment decisions.

The walkability of neighborhoods also affects a household's transportation costs. Walk Score measures the walkability, transit friendliness, and bike friendliness of neighborhoods and cities. Users can use this tool, available at www.walkscore.com, to compare the walkability of different communities.

**Percentage of Income Needed for Housing
in the Twin Cities Metropolitan Area**

Workplace Position	Median Yearly Salary for Full-Time Worker ²	Monthly Amount Can Afford for Housing ³	Percentage of Income Required to Rent 2-Bedroom Apt. ⁴	Percentage of Income Required to Own a House ⁵
Minumum Wage (\$8/Hour)	\$16,640	\$416	80%	108%
Assembly Worker	\$34,195	\$855	39%	53%
Cashier	\$20,717	\$518	64%	87%
Child Care Worker	\$23,587	\$590	56%	76%
Dry Cleaner	\$27,186	\$680	49%	66%
File Clerk	\$30,389	\$760	44%	59%
Home Health Aide	\$25,376	\$634	52%	71%
Host/Hostess	\$18,595	\$465	71%	97%
Janitor, Cleaner	\$25,251	\$631	52%	71%
Landscaper/Groundskeeper	\$27,602	\$690	48%	65%
Maid/Housekeeping Cleaner	\$21,778	\$544	61%	83%
Nursing Assistant	\$29,931	\$748	44%	60%
Parking Lot Attendant	\$21,736	\$543	61%	83%
Receptionist	\$29,910	\$748	44%	60%
Restaurant Cook	\$24,690	\$617	54%	73%
Salesperson, Retail	\$21,424	\$536	62%	84%
School Bus Driver	\$33,987	\$850	39%	53%
Security Guard	\$28,350	\$709	47%	63%
Taxi Driver	\$24,586	\$615	54%	73%
Teacher Assistant	\$32,964	\$824	40%	55%
Telemarketer	\$30,035	\$751	44%	60%
Teller	\$25,293	\$632	52%	71%

² Source: Minnesota Department of Employment and Economic Development, Occupational Employment Statistics with 1st Quarter 2015 wage estimates, Twin Cities MSA.

³ Based on 30% of income.

⁴ Based on 1st Quarter 2015 GVA Marquette Advisors average rent of \$1,103 for a two-bedroom apartment in the Twin Cities metropolitan area.

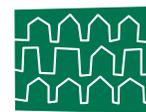
⁵ Based on Minneapolis Area Association of Realtors Median Sales Price of \$218,000 for a single family home sold in the Twin Cities metropolitan area for the year-to-date 2015 (as of June).



The statistics on housing costs and wages in this publication have been updated using the most current data available as of July 2015.

This publication is part of a Public Education Initiative on affordable housing sponsored by the Family Housing Fund. The Family Housing Fund is a private, nonprofit organization created in 1980 to help bridge the gap between the housing that people need and the housing they can afford. Its mission is to provide safe, affordable, sustainable homes to all families in the Twin Cities metropolitan area through ongoing partnerships with the public and private sector.

For more information about the Family Housing Fund and/or to view other publications available in this series, please visit www.fhfund.org.



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