

Working Doesn't Always Pay For A Home



**UPDATED INFORMATION
NOVEMBER, 2006**

For many years the Twin Cities area enjoyed a strong economy and expanding job base. Housing costs rose sharply, and even a full-time job did not guarantee access to affordable housing. Today the economy is recovering, yet the cost of a single-family home continues to rise. Rents have stabilized, but at a level still far out of reach for many working families.

A typical two-bedroom apartment in the metro area rents for \$936 per month, and a modest two-to-three-bedroom house sells for approximately \$201,000. A home is usually considered to be affordable if a family pays no more than 30 percent of its income on housing costs. Any more than this, and families often must cut back on other necessities such as food and clothing. By the 30 percent measure, a family would have to earn \$37,400 per year (\$18 per hour) to afford to rent a two-bedroom apartment or \$67,600 per year (\$32.50 per hour) to afford to buy a modest single-family house. More than half the jobs in Minnesota pay less than \$31,000.

Households with only one full-time wage earner, such as single-par-

ent families or families in which one parent doesn't work outside the home, face particular difficulty finding an affordable home. However, even households with two family members working full-time in jobs that pay up to \$8.75 an hour (\$18,200/year) cannot afford the typical two-bedroom apartment or three-bedroom house.

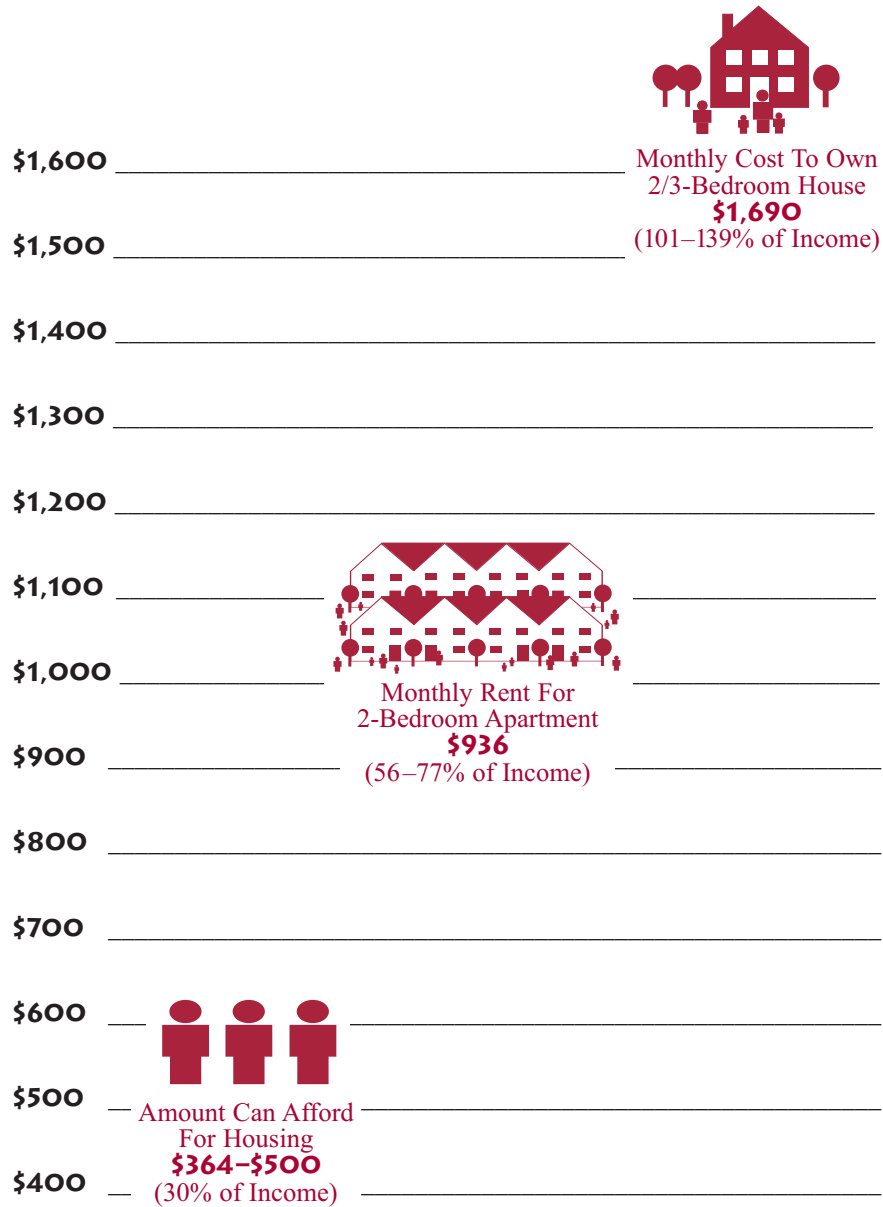
The need for affordable housing for working families is especially acute in communities with many low-to-moderate wage jobs but few lower-priced apartments and houses. Many developing suburbs fit this description, but most affordable housing is concentrated in the center cities and first-ring suburbs. As a result, while many workers earning low and moderate wages are providing essential services for residents of local communities—child care, food service, or health care, for example—they often are priced out of housing in the communities in which they work.

The following graphs and table show what people in different professions can afford to pay for housing and what homes for families actually cost.

HOUSING COSTS ARE OUT OF REACH FOR FAMILIES WITH THESE INCOMES

\$20,000 PER YEAR OR LESS

(One full-time worker at \$7.00 – \$9.60 per hour)

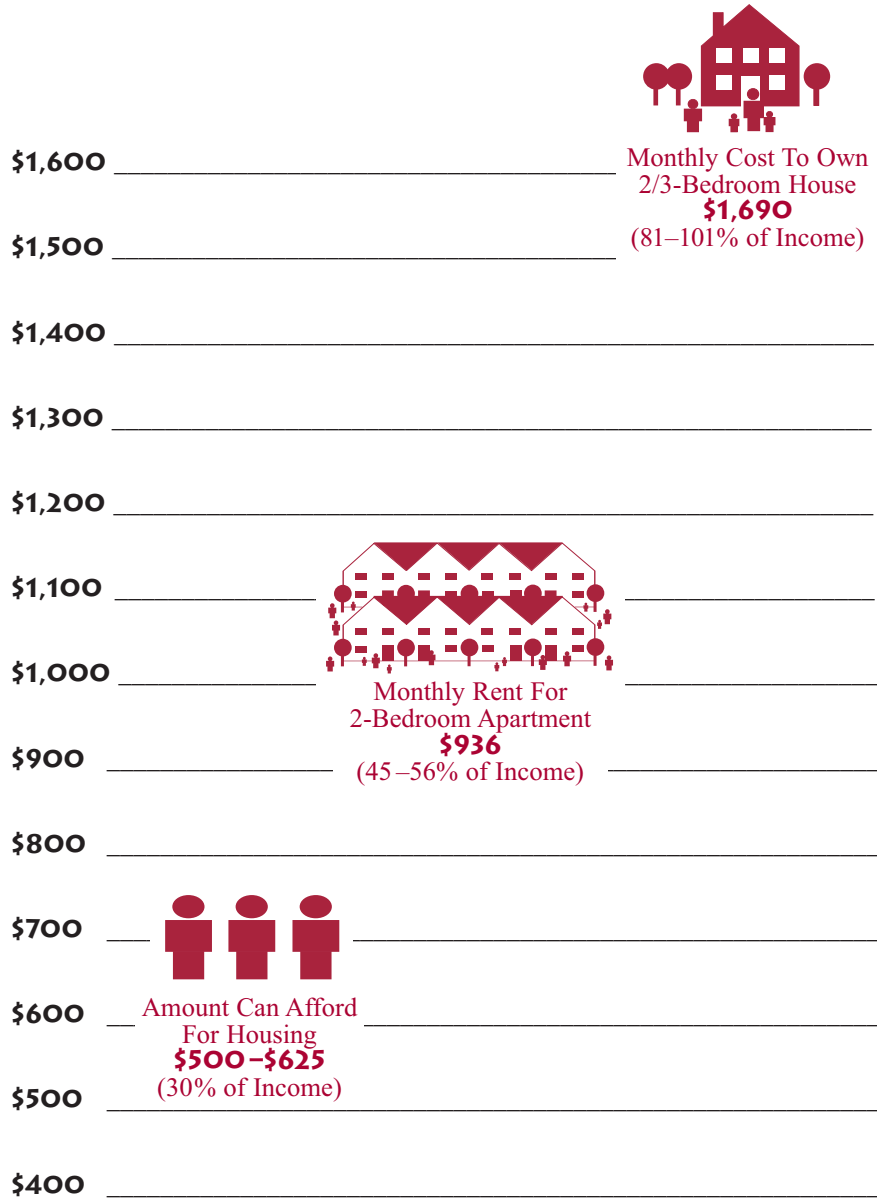


Jobs in this wage range include **host/hostess, retail sales, counter/rental clerk, cashier, and child care worker**. Housing costs take up a majority of income for families with one wage earner at this level. A typical two-bedroom apartment (\$936 per month) costs up to three-fourths of income. The average cost of a modest single-family house (\$1,690 per month) is far out of reach, at more than 100 percent of the family's income.

HOUSING COSTS ARE OUT OF REACH FOR FAMILIES WITH THESE INCOMES

\$20,000 – \$25,000 PER YEAR

(One full-time worker at \$9.60–\$12.00 per hour or one full-time worker and one part-time worker at less than \$8.00 per hour each)



Jobs in this wage range include **taxi driver, home health aide, teacher assistant, housekeeping cleaner, restaurant cook, janitor, dry cleaner, and bank teller.** Households with two persons working full time for minimum wage also would fall within this income category. A two-bedroom apartment costs up to 56 percent of income for households in this group, and owning a single-family house costs up to 100 percent of income.

HOUSING COSTS ARE OUT OF REACH FOR FAMILIES WITH THESE INCOMES

\$25,000 – \$30,000 PER YEAR

(One full-time worker at \$12.00 – \$14.40 per hour or two full-time workers at more than \$7.00 per hour each)



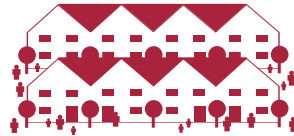
\$1,600 _____ Monthly Cost To Own
2/3-Bedroom House
\$1,690
(68–81% of Income)

\$1,500 _____

\$1,400 _____

\$1,300 _____

\$1,200 _____



\$1,100 _____

\$1,000 _____ Monthly Rent For
2-Bedroom Apartment
\$936
(37–45% of Income)

\$900 _____

\$800 _____



\$700 _____ Amount Can Afford
For Housing

\$625–\$750
(30% of Income)

\$600 _____

\$500 _____

\$400 _____

Jobs in this wage range include **file clerk, receptionist, light truck driver, assembly worker, school bus driver, nursing aide, medical records technician, and landscaper/groundskeeper**. For these households, rent for a two-bedroom apartment still exceeds 30 percent of income. Home ownership also remains out of reach, with costs for a single-family house taking up 68–81 percent of income.

PERCENTAGE OF INCOME NEEDED FOR HOUSING IN THE TWIN CITIES METROPOLITAN AREA

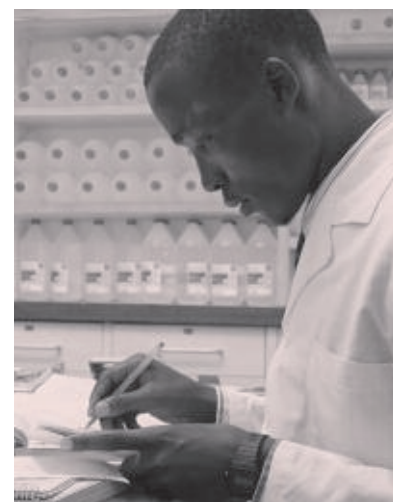
<u>Position</u>	Median Yearly Salary For Full-Time Worker ¹	Monthly Amount Can Afford For Housing ²	Percentage of Income Required To Rent 2-Bedroom Apt. ³	Percentage of Income Required To Own 3-Bedroom House ⁴
Assembly Worker	\$26,957	\$674	42%	75%
Cashier	\$18,429	\$461	61%	110%
Child Care Worker	\$18,034	\$451	62%	112%
Counter & Rental Clerk	\$18,574	\$464	60%	109%
Dry Cleaner	\$24,586	\$615	46%	82%
File Clerk	\$25,230	\$631	45%	80%
Home Health Aide	\$24,003	\$600	47%	84%
Host/Hostess	\$17,555	\$439	64%	116%
Janitor, Cleaner	\$21,882	\$547	51%	93%
Landscaper/Groundskeeper	\$25,418	\$635	44%	80%
Maid/Housekeeping Cleaner	\$20,426	\$511	55%	99%
Medical Records Technician	\$31,595	\$790	36%	64%
Nursing Aide, Orderly, Attendant	\$27,373	\$684	41%	74%
Receptionist	\$26,000	\$650	43%	78%
Restaurant Cook	\$22,027	\$551	51%	92%
Salesperson, Retail	\$19,760	\$494	57%	103%
School Bus Driver	\$29,266	\$732	38%	69%
Taxi Driver	\$22,880	\$572	49%	89%
Teacher Assistant	\$21,868	\$547	51%	93%
Teller	\$22,568	\$564	50%	90%
Truck Driver, light	\$28,995	\$725	39%	70%

¹ Source: Minnesota Department of Employment and Economic Security, Occupational Employment Statistics with 1st Quarter 2006 wage estimates.

² Based on 30% of income.

³ Based on 2nd Quarter 2006 GVA Marquette Advisors average rent of \$936 for a two-bedroom apartment in the Twin Cities metropolitan area.

⁴ Based on Northstar Multiple Listing Service median sales price of \$201,000 (\$1,690 per month) for a two-to-three-bedroom, 1,000–1,500 square foot single-family home sold in the Twin Cities metropolitan area in 2006 (through June). (Maxfield Research)



The statistics on housing costs and wages in this publication have been updated using the most current data available as of October 2006.

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. The Public Education Initiative is designed to provide information on a variety of issues related to affordable housing in the Twin Cities metropolitan area.

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



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