

### RENTERS SPEND MORE OF TOTAL INCOME ON HOUSING

Renters in Minnesota spend a larger portion of their income for housing than homeowners and the renter disadvantage grew larger in the 1980s according to the 1990 Census of Population and Housing.

The census also shows that 30.5 percent of Minnesota renters spent 35 percent or more of their income for housing in 1990. Only 9.8 percent of homeowners spent this much. At the other extreme, only 28.5 percent of Minnesota renters spent less than 20 percent of their income on housing, compared to 58.1 percent of homeowners.

During the decade, renters experienced an increase in the ratio of housing costs to income. The percent of Minnesota renters spending more than 35 percent of their income on housing costs went up from 27.8 percent in 1980 to 30.5 percent in 1990. In contrast, the proportion of homeowners spending more than 35 percent on housing dropped during the decade from 10.8 percent to 9.8 percent.

TABLE 1

#### HOUSING COST AS A PERCENT OF HOUSEHOLD INCOME FOR HOMEOWNERS AND RENTERS 1980 AND 1990

PERCENT OF HOUSEHOLD INCOME	UNITED STATES				MINNESOTA			
	HOMEOWNERS		RENTERS		HOMEOWNERS		RENTERS	
	1980	1990	1980	1990	1980	1990	1980	1990
Less Than 20%	61.2	56.7	33.0	30.0	61.2	58.1	31.4	28.5
35% and more	10.8	13.5	29.3	30.7	10.8	9.8	27.8	30.5

The disparity between renters and homeowners increased more in Minnesota than in the U.S. The percent of renters paying more than 35 percent of their income for rent rose 2.7 percent in Minnesota (from 27.8 to 30.5), but only 1.4 percent in the U.S. While the percent of homeowners spending 35 percent or more of their income on housing dropped in Minnesota, it rose in the nation.

"One reason Minnesota homeowners spend less of their income on housing is that many of them have lived in the same house for a long time," said Linda Kohl, Director of Minnesota Planning. "This keeps the average homeownership cost down because mortgage payments tend to remain constant while incomes rise."

Housing costs as a percent of total income are higher in the seven-county Twin Cities area than in the rest of Minnesota. A smaller percent of the households in the Twin Cities pay less than 20 percent and a larger percent pay more than 35 percent of income for housing than in the rest of the state. Twin Cities rents are higher and housing is newer in the Twin Cities area.

In the 80 counties outside the Twin Cities, housing costs are generally lower. Some 65.1 percent of homeowners and 30.3 percent of renters spent less than 20 percent of their income on housing costs compared to 52.6 percent of homeowners and 27.4 percent of renters in the Twin Cities.

TABLE 2

HOUSING COST AS A PERCENT OF HOUSEHOLD INCOME - 1990

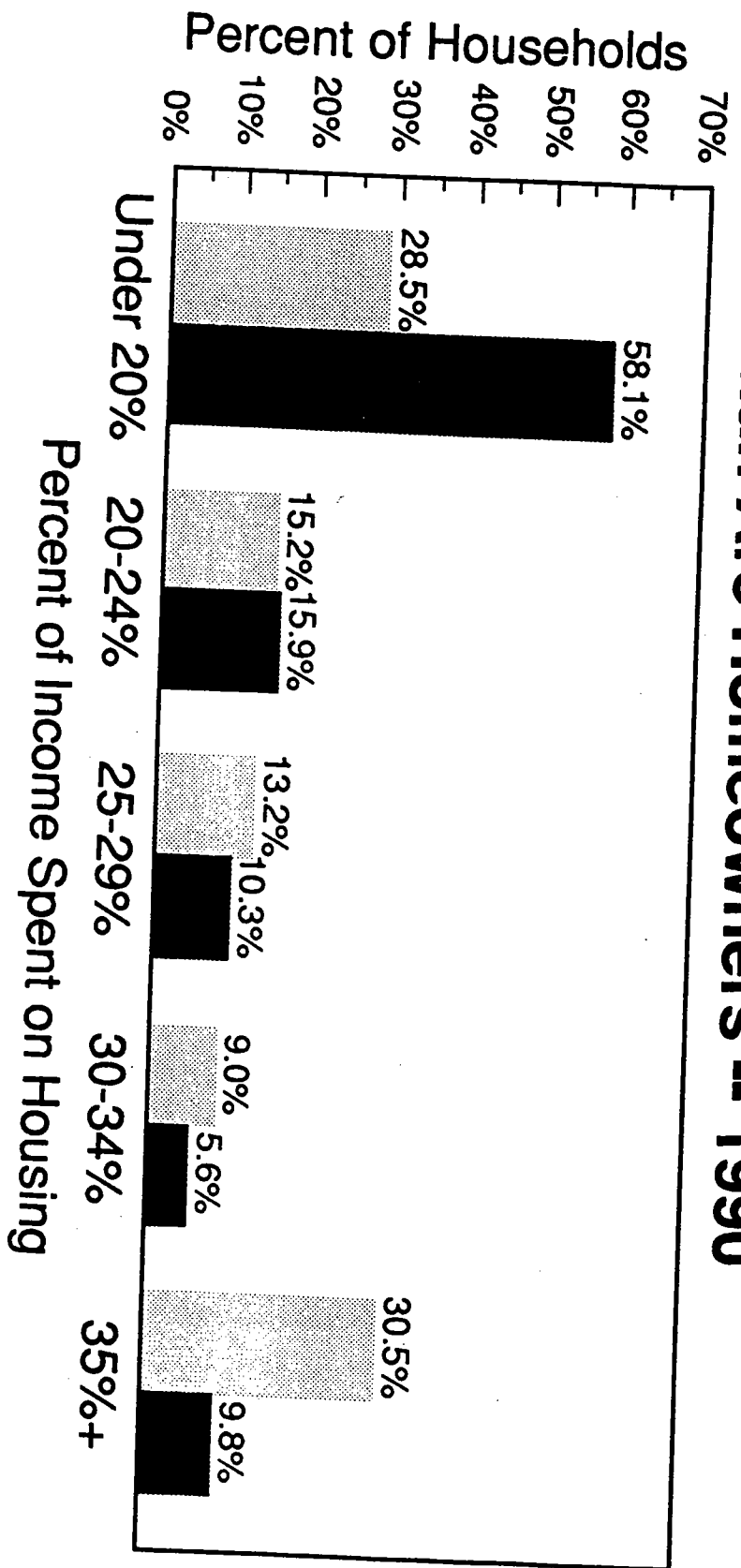
PERCENT OF HOUSEHOLD INCOME	MINNESOTA	7-COUNTY TWIN CITIES AREA	REMAINING 80 COUNTIES
Less than 20%			
Homeowners	58.1	52.6	65.1
Renters	28.5	27.4	30.3
35% or More			
Homeowners	9.8	10.7	8.7
Renters	30.5	31.7	29.4

Cities outside the Twin Cities area with university campuses are an exception to this pattern of lower rental cost. Most of these cities have a much higher percentage of renters paying 35 percent or more of their incomes on housing costs than the state average. For example, Moorhead has 46.9 percent, Bemidji and Mankato each have 40.4 percent, and Duluth has 37.9 percent.

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*A graph describing income spent on housing is attached.*

# Minnesota Renters Are More Likely to Pay Larger Proportion of Their Income for Housing Than Are Homeowners -- 1990



MN Planning Graphic  
Based on 1990 Census