

Affordable Housing Local Context



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Affordable Housing Shortage

As home prices rise and the labor market tightens with a growing population, there has been much local conversation about the lack of affordable housing in Rochester and the surrounding communities. Back in 2014 it was revealed that 22% of homeowners and 45% of renters in Olmsted County were spending more than 30% of their overall income on housing costs, making their housing unaffordable (Maxfield Research, Inc., 2014). At that time, there was a rental vacancy rate of 3.7% while the national average was 7-8.3% (US Census Bureau, 2017).

As of 2016, these figures were largely unchanged, with 21% of homeowners and 46% of renters reporting a housing burden (Olmsted County Public Health Services, Olmsted Medical Center, Mayo Clinic Rochester, 2016), including 59% of all senior renters (Minnesota Housing Partnership, 2017). Affordable housing remains out of the reach of many: a household would need to earn \$51,900 per year to afford a median valued home, and a minimum-wage employee would need to work 66 hours a week in order to afford a two-bedroom apartment (Minnesota Housing Partnership, 2017).

The already-present affordable housing shortage is anticipated to grow, given that the Destination Medical Center is expected to generate between 25,000 and 45,000 jobs over the next 20 years (DMC, 2013). It is anticipated that over 4,500 affordable housing units will be needed by 2020, but that only 25-30% of that need can pragmatically be expected to be met (Greater Minnesota Housing Fund, 2016). It is claimed that, unless developers are able to build fairly-priced units, low- and moderate-income renters may be pushed out of the Rochester housing market (Baier, 2015).

Who Is Most Affected

More than half of Minnesota's renters of color are cost-burdened by housing, and nearly a quarter face extreme housing cost-burden – meaning they pay more than 50% of their income on rent (Norton & Jaramillo, 2017). Locally, individuals who self-identify as nonwhite, households with children, individuals who are unmarried, and individuals who are 18-34 years old are most likely to report financial stress (Olmsted County Public Health Services, Olmsted Medical Center, Mayo Clinic Rochester, 2016).

What's Being Done

Numerous service providers around Olmsted County have taken initiative to combat the affordable housing crisis in Rochester. The Rochester Area Foundation has developed the Coalition for Rochester Area Housing. The focus of this group is to gather, oversee, and distribute locally-acquired funds and develop and sustain affordable and workforce housing in the local community. The Coalition works closely with a housing alliance, which is comprised of community members, nonprofit leaders, housing infrastructure experts, advocates, government officials, and housing builders. The alliance focuses on meeting current needs of the community, monitoring current housing trends, and preparing for future change ("Coalition for Rochester Area Housing," 2018).

In October 2017, Olmsted County housing and Redevelopment Authority (OCHRA) merged with Rochester Community Housing Partnership, and together they plan to combat housing concerns in Olmsted County. Specifically, OCHRA launched a Housing Rehabilitation Authority (HRA) which assists individuals who meet the criteria for low to moderate housing: HRA will help repair and maintain housing to ensure housing sustainability into the future. HRA also regulates county-owned rental properties, and is presently collaborating with local agencies to develop other possibilities to expand affordable housing options in Olmsted County ("Olmsted County Housing & Redevelopment Authority," 2018).

The Olmsted County Housing Redevelopment Authority is currently conducting community meetings and a housing environmental scan to gather a bird's eye view on the housing phenomenon that is currently spreading across Olmsted County ("Olmsted County Housing & Redevelopment Authority," 2018).

Heard in the Community

In October 2017, United Way hosted a Community Conversation regarding housing in Olmsted County. The conversation consisted of multiple racial and ethnic groups, Somali, Latino, African American, and white, and most participants were women. During the conversation, different issues and concerns were expressed and emerged. First, respondents felt there are concerns revolving around low-income neighborhood and building safety, which include mold, roaches, high crime, and other livability issues. Second

most individuals that spoke agreed housing in Rochester is unaffordable for “regular people” that come from all backgrounds and family structures. Participants felt that while much of Rochester’s housing is unaffordable, they also sense there is a housing gap. There is housing for both high and low incomes, but no affordable housing for middle-class income. One participant claimed, “No matter where you go, you really just make enough to live in the place you work” and another retorted, “Always playing catch-up.” The participants agreed feeling this way inflicts a great deal of stress in their daily lives.

Local Conversations

While the current affordable housing shortage is largely the result of migration and the housing crisis of 2008, more formal conversations on affordable housing tend to revolve around the impact Destination Medical Center (DMC) will have on the community. DMC is expected to produce an additional 30,000 jobs in Rochester, yet there is currently no place to house the individuals. Currently, there is already a shortage of affordable rental units to support local residents, and many workers are unable to find alternative housing options in the community. This creates a paradox within the community as the DMC project will bring new job opportunities to the community at the same time a lack of affordable housing is prohibiting people from relocating to the community and driving others out. It is anticipated that Olmsted County will require an additional 1,725 new affordable housing units by the year 2020, yet currently the county is experiencing a lack of resources and manual labor (Greater Minnesota Housing Fund, 2016) to develop them.

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