

Housing and Unemployment:

The Twin Cities' Hardest-Hit Neighborhoods One Year into the Pandemic

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As the COVID-19 pandemic hit Minnesota in March 2020 – marked by state-issued stay-at-home orders to protect public health – our communities felt immediate economic impacts. In April 2020, the number of continuing unemployment insurance claims in Minnesota skyrocketed to 500,246 – a record high. Compared to April of the previous year, this represents a 978% increase in claims filed across the state and a 1,481% increase for the 7-county Twin Cities metro area. Figure 1 illustrates the number of continuing unemployment claims in April for three years, starting with the year *prior* to the pandemic.

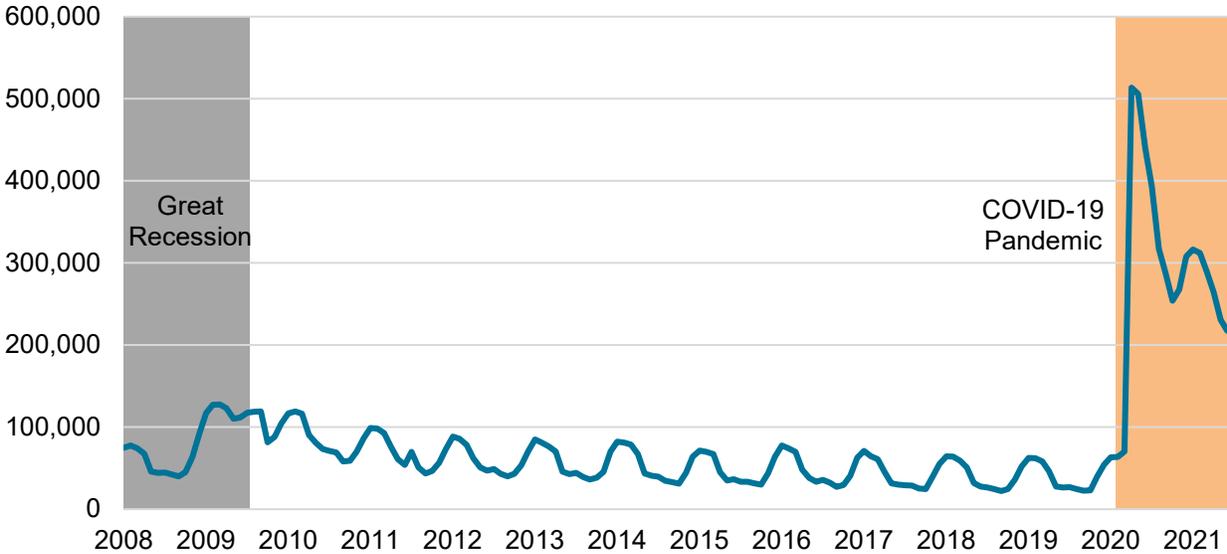
1. Number of continuing unemployment insurance claims filed

# of continuing claims	Pre-pandemic		Pandemic	
	April 2019	April 2020	April 2020	April 2021
Minnesota	46,400	500,246	500,246	136,544
7-county metro area	18,116	286,423	286,423	76,298

Source. Minnesota Department of Employment and Economic Development (DEED). Unemployment Insurance Claims Statistics. Retrieved August 2021 from <https://mn.gov/deed/data/data-tools/unemployment-insurance-statistics/uimonthly.jsp>

For historical context, this spike in claims far surpassed the one seen in 2009, during the Great Recession (Figure 2).

2. Number of continuing unemployment insurance claims filed (2008-2021)



To learn more about the impact on Minnesotans, Family Housing Fund (FHFund) and Wilder Research (Wilder) partnered, both last year and this year, to analyze unemployment and housing instability data. (See our previous article, titled [Housing and Unemployment: Hardest-hit neighborhoods](#).) We intend to continue monitoring unemployment and housing instability in our region, particularly as new variants of the COVID-19 virus push infection rates higher again (Minnesota Department of Health, 2021).

Unemployment has decreased across the Twin Cities metro, but for most areas it remains higher than before the pandemic.

Over the past year, unemployment claims have steadily decreased across the metro region (with the exception of a rise in claims during December 2020). Some zip codes have recovered more quickly than others; however, almost none have returned to their “pre-pandemic” unemployment numbers. For example, Apple Valley (55124) was one of the hardest hit zip codes in April 2020, with 4,590 continued claims that month. As of June 2021, this number had decreased to 624, which is still higher than prior to the pandemic.

The figure below illustrates the hardest hit zip codes across the past year. To interact with these data, please click [here](#).

3. Zip codes with the highest number of continued unemployment claims

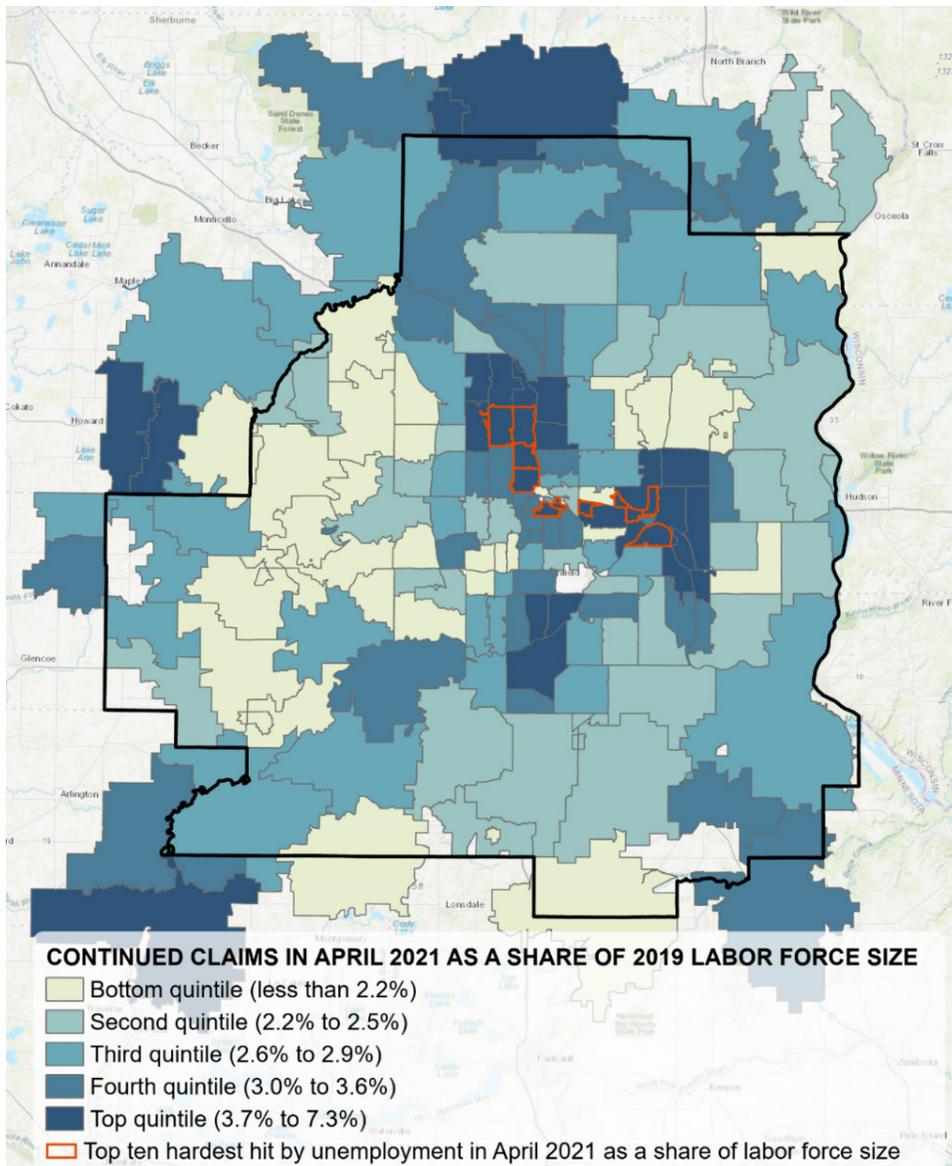
	2020										2021					
	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
55106 Saint Paul	615	4,932	5,175	4,761	4,215	3,561	3,014	1,776	1,558	3,123	1,480	1,364	1,160	1,313	1,156	1,030
55411 Minneapolis	394	3,054	3,441	3,462	3,280	2,867	2,509	1,527	1,318	2,237	1,073	959	860	1,071	989	946
55104 Saint Paul	476	4,177	4,434	4,204	3,739	2,965	2,498	1,421	1,247	2,314	1,140	1,006	820	1,008	852	766
55117 Saint Paul	434	3,766	3,903	3,577	3,163	2,521	2,151	1,355	1,155	2,123	1,060	989	866	928	790	757
55119 Maplewood	472	3,671	3,704	3,243	2,852	2,308	2,010	1,145	1,027	2,012	979	902	800	899	792	733
55337 Burnsville	462	4,635	4,609	3,889	3,366	2,709	2,310	1,360	1,127	2,325	1,105	995	851	946	757	696
55404 Minneapolis	288	3,056	3,310	3,230	2,948	2,477	2,115	1,111	887	1,625	774	691	639	734	663	641
55429 Brooklyn Center	287	2,679	2,897	2,645	2,374	1,972	1,762	1,055	892	1,698	789	738	668	748	672	637
55408 Minneapolis	329	3,719	3,907	3,600	3,230	2,568	2,167	1,132	996	1,978	884	785	641	811	698	635
55124 Apple Valley	418	4,590	4,542	3,867	3,327	2,647	2,240	1,265	1,043	2,150	1,008	928	757	823	686	624

Source. Minnesota Department of Employment and Economic Development (DEED). Unemployment Insurance Claims Statistics. Retrieved July 2021 from <https://mn.gov/deed/data/data-tools/unemployment-insurance-statistics/uimonthly.jsp>

Unemployment continues to be highest in east Saint Paul and its surrounding suburbs, as well as north Minneapolis.

Many of the zip codes that were hardest hit at the beginning of the pandemic continue to have the highest number of claims (relative to the size of the labor market) – particularly north Minneapolis, east Saint Paul, and the suburbs of Burnsville, Apple Valley, Maplewood, and Brooklyn Center (Figure 4). To see an interactive map, click [here](#).

4. Zip codes hardest hit by unemployment as a share of labor force size



Source. Minnesota Department of Employment and Economic Development (DEED). Unemployment Insurance Claims Statistics.

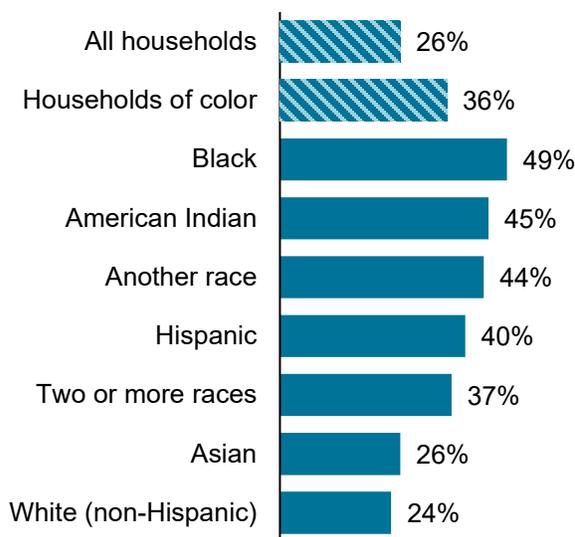
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Note. “Labor force” refers to all people age 16 and older who are classified as either employed or unemployed. Conceptually, the labor force level is the number of people who are either working or actively looking for work. People waiting to start a new job must have actively looked for a job within the last 4 weeks in order to be classified as unemployed. Otherwise, they are classified as not in the labor force.

Areas that are hardest hit by continuing unemployment have historically higher housing cost burden and higher proportions of residents who are BIPOC.

In the year preceding the pandemic, roughly one-quarter (26%) of Twin Cities' households were housing cost-burdened. We do not yet have the data to show the number of cost-burdened households *currently*; however, we do know that cost-burden is more common in low-income households (87% of households that make less than \$20,000 per year are cost-burdened). Due to longstanding disparities in housing and income created by systemic racism, 36% of Black, Indigenous, and People of Color (BIPOC) households experience housing cost burden (Figure 5).

5. Share of cost-burdened households in the Twin Cities, by race (pre-pandemic)



Source: 2019 American Community Survey.

Note. Cost-burdened households are those that spend 30% or more of their annual income on monthly housing costs.

In most of the zip codes hardest hit by unemployment (those with the highest number of continued claims in June 2021), the proportion of cost-burdened households is higher than the average across the Twin Cities (Figure 6). Many of these zip codes also have a higher proportion of BIPOC residents. In Near North Minneapolis (55411), which has among the highest number of continuing claims relative to the pre-pandemic labor force, 83% of residents are BIPOC (Figure 6).

6. Percentage of cost-burdened and BIPOC households in areas with highest continuing unemployment

Zip Code	# of UI claims filed April 2020 through June 2021	% cost-burdened households	% BIPOC households
55106 (Saint Paul)	36,618	38%	68%
55104 (Saint Paul)	32,591	32%	39%
55337 (Burnsville)	31,680	29%	29%
55124 (Apple Valley)	30,497	23%	25%
55411 (Minneapolis)	29,593	46%	83%
55117 (Saint Paul)	29,104	35%	56%
55408 (Minneapolis)	27,751	34%	41%
55119 (Maplewood)	27,077	30%	52%
55404 (Minneapolis)	24,901	48%	56%
55429 (Brooklyn Center)	22,226	37%	55%
Twin Cities metro area	1,852,216	26%	29%

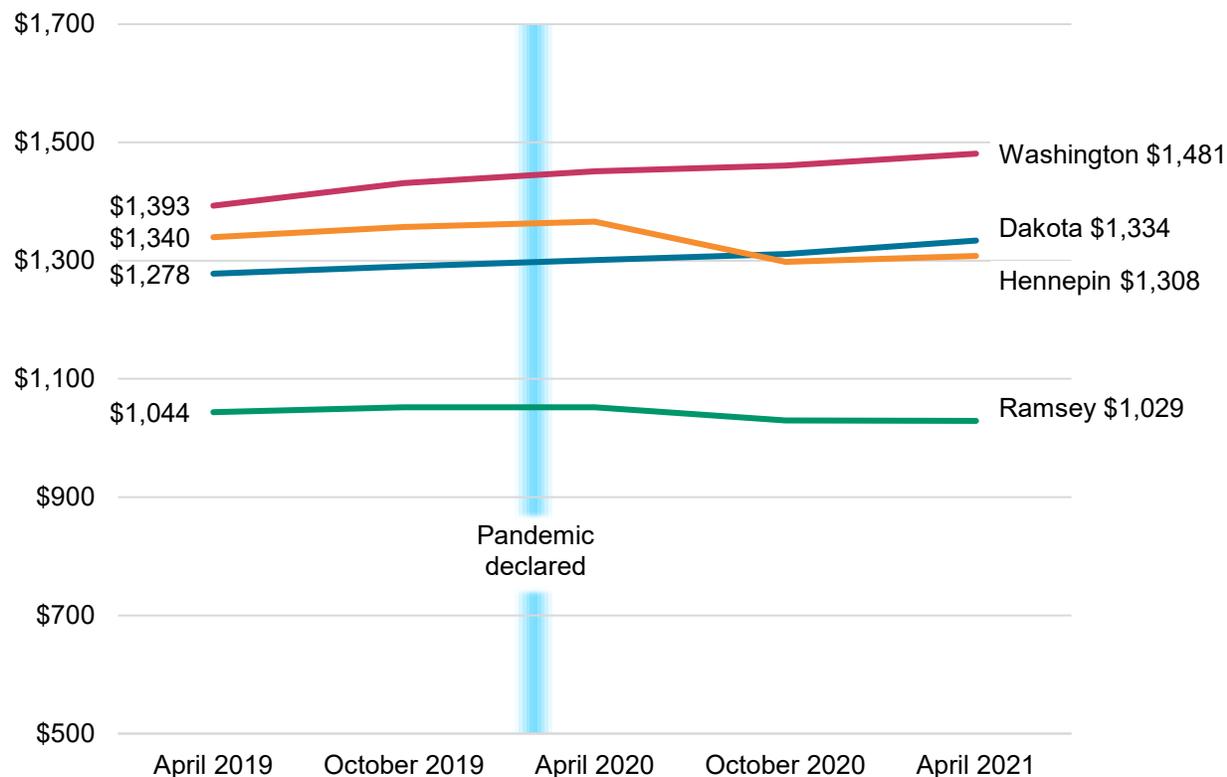
Sources. Minnesota Department of Employment and Economic Development (DEED). Unemployment Insurance Claims Statistics. Retrieved July 2021 from <https://mn.gov/deed/data/data-tools/unemployment-insurance-statistics/uimonthly.jsp>.
U.S. Census Bureau. (2019). American Community Survey.

Note. This table represents the same zip codes as shown in Figure 3; however, the order is slightly different because it is based on the *total* number of continuing claims filed from April 2020 through June 2021.

For the average working renter, wages are insufficient to meet rental costs across the Twin Cities.

Over the past year, median monthly rent has remained relatively flat (Figure 7); however, more recent data (as of August) are indicating that rental and housing prices are on the rise.

7. Estimated median rent in four Twin Cities counties



Source. Salvati, C., Popov, I., & Warnock, R. (2021, May 26). Apartment List data and rent estimates. Retrieved August 2021 from <https://www.apartmentlist.com/research/category/data-rent-estimates>.

Note. Anoka, Carver, and Scott county data and rent estimates were not available.

For comparison, Wilder looked at recent data from the National Low Income Housing Coalition, which estimates wages and housing costs in each state, as well as within specific counties (National Low Income Housing Coalition, 2021). Figure 8 illustrates median rental costs in four Twin Cities counties, compared to rent that is considered *affordable* (based on mean renter wages) in those same geographies. In all four cases, rent is higher than what is affordable.

For example, estimated median rent for Hennepin County in April 2021 was \$1,308 per month, whereas rent that is affordable for the average renter with a full-time job was \$1,121 (a difference of \$187). The gap in Washington County is even larger, with median rent at \$1,481 and *affordable* rent for the average renter with a full-time job at \$651. It is important to note that the proportion of residents who rent in Hennepin County is nearly twice the share of residents in Washington County who rent (38% and 19%, respectively).

8. Median vs. affordable rents for four Twin Cities counties (2021)

	Estimated median rent	Monthly rent that would be affordable at mean renter wage
Dakota	\$1,334	\$820
Hennepin	\$1,308	\$1,121
Ramsey	\$1,029	\$996
Washington	\$1,481	\$651

Source. Salvati, C., Popov, I., & Warnock, R. (2021, May 26). Apartment List data and rent estimates. Retrieved August 2021. Note. Anoka, Carver, and Scott county data and rent estimates were not available.

With uncertainty on the horizon, public and private organizations must continue to provide employment and housing supports in areas with continued unemployment and housing cost-burden.

While unemployment claims have decreased across the region in recent months, claims are still higher than they were prior to the pandemic. In part, we are seeing continued claims because of the uncertainty around so many aspects of daily life due to the pandemic; for example, parents may have a harder time finding work while they are also trying to find child care or manage education and distance learning. Also, fewer retail jobs may be available given the switch to online shopping and social distancing, and some restaurants and businesses have closed permanently. Communities that struggled prior to the pandemic – due, in part, to the inequity and racism built into our state and nation’s housing and employment policies and practices – will continue to struggle without action.

The Minnesota legislature has passed an "eviction moratorium off ramp," ending the executive order that prohibited most eviction actions and lease terminations throughout the COVID-19 pandemic. As of August 13, 2021, landlords can terminate the lease of renters who are behind in rent and are not eligible for COVID-19 emergency rental assistance. As of September 12, 2021, renters without pending assistance applications can be evicted for nonpayment of rent. (For a detailed timeline and information visit [Minnesota Housing's RentHelpMN website](#)).

Federal emergency rental assistance programs, such as RentHelpMN and the [Zero Balance Project](#), are now beginning to cover missed rent payments for many qualifying households. However, unemployment and housing affordability data show that the need is great and ongoing. As COVID cases rise again in September 2021, Twin Cities community leaders must continue to track unemployment and housing insecurity and work to meet the needs of the households who are hardest hit.

Data sources for this article

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About the researchers



Justin Hollis is a research scientist with Minnesota Compass specializing in policy research and program evaluation, data science, and economic analysis.



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Family Housing Fund is a nonprofit intermediary catalyzing change by working together with multiple partners and stakeholders to improve access, affordability, and resiliency across the entire Twin Cities housing sector.

