

# The State of the State's Housing: Trends and Issues in Housing and Affordability



Jefferson County Housing Summit  
May 2023



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*a little thought-exercise*

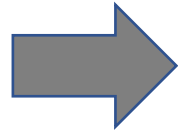
“Thinking about housing prices and rents in your city or region...”

in the next 10 years (adjusted for inflation), do you want housing prices and rents to be:

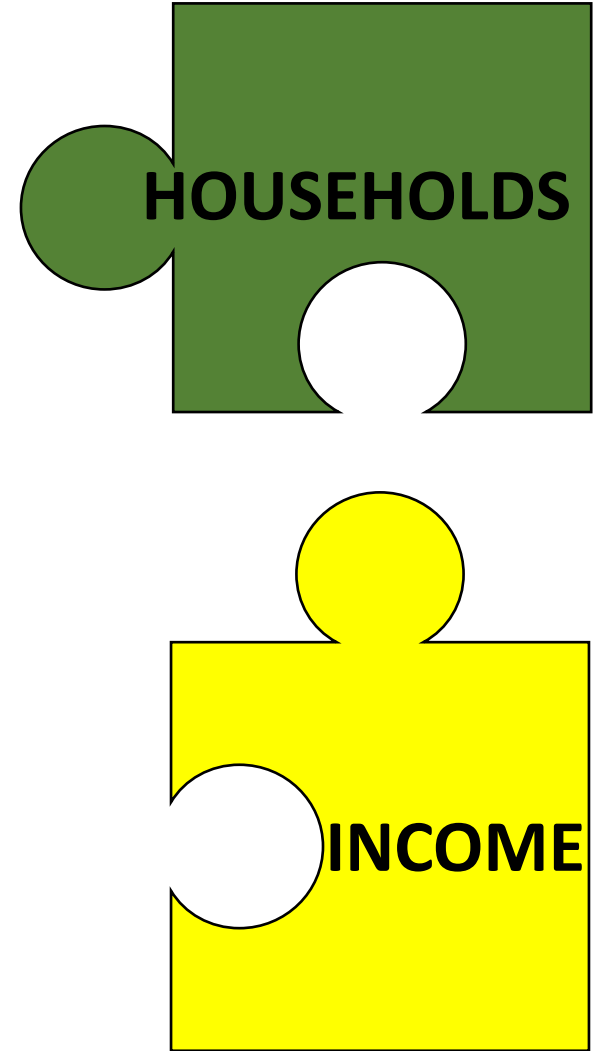
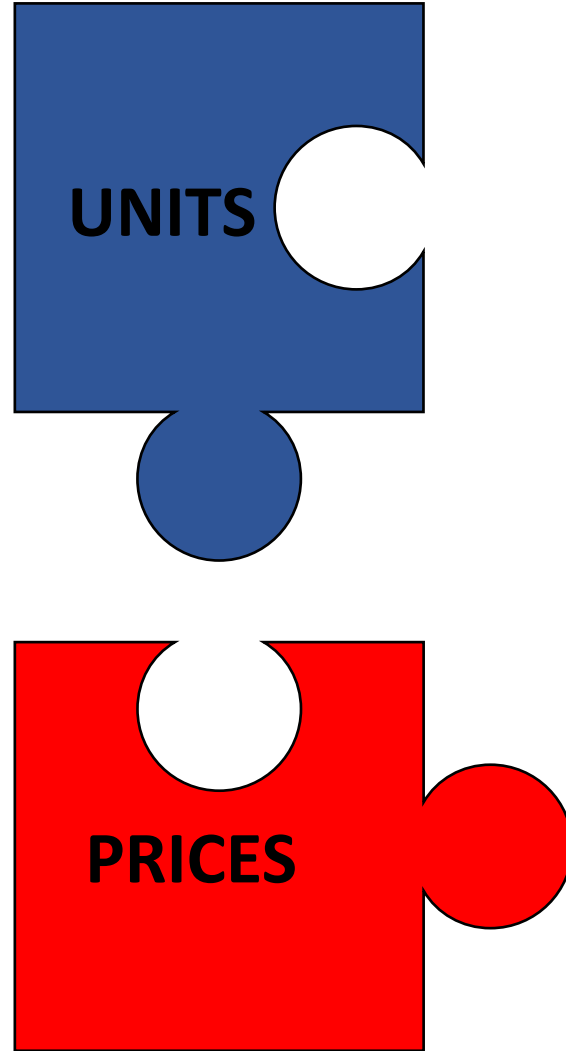
***higher*** than they are today ?

***about the same*** as they are today ?

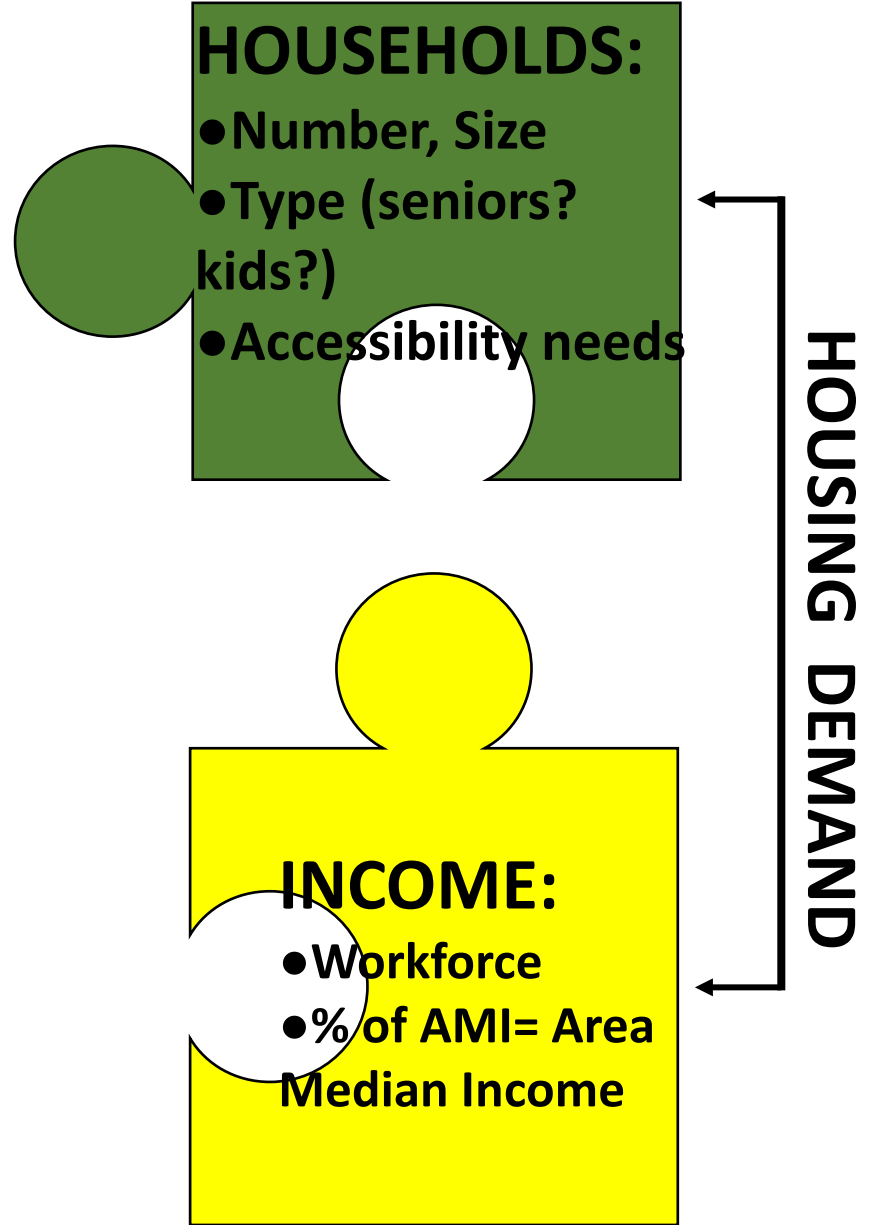
***lower*** than they are today ?



**HOUSING SUPPLY**



**HOUSING DEMAND**



# Housing Demand: demographics and income/jobs

## Wisconsin: Demographic and Housing Changes (2010-2021)

	2010	2021	Change	% Change	Ann.% Change
Population	5,691,047	5,895,908	204,861	3.6%	0.32%
Households	2,279,532	2,449,970	170,438	7.5%	0.66%
Housing units	2,625,477	2,748,274	122,797	4.7%	0.42%
Jobs	2,633,572	2,800,269	166,697	6.3%	0.56%
<b><i>Inflation-adjusted to 2021\$:</i></b>					
Median household income (in 2021\$)	\$60,908	\$67,125	\$6,217	10.2%	1.09%
Median owner household income (in 2021\$)	\$77,219	\$82,908	\$5,689	7.4%	0.79%
Median renter household income (in 2021\$)	\$33,669	\$41,326	\$7,657	22.7%	2.30%
Median value of owner-occupied homes (in 2021\$)	\$210,564	\$230,700	\$20,136	9.6%	1.02%
Median gross rent (in 2021\$)	\$1,063	\$1,191	\$128	12.1%	1.27%

Sources: US Census; Bureau of Labor Statistics (QCEW). Inflation adjustment: CPI-U from BLS.

### Key messages:

- Slower than national average growth in jobs, income, and population
- Households continue to grow faster than housing units;
- Rents really accelerated in past 2 years
- Renter income growth suggests “displaced demand” – people who might otherwise have purchased homes if available/affordable

## Jefferson County: Demographic and Housing Changes (2010-2021)

	2010	2021	Change	% Change	Ann.% Change
Population	83,693	84,943	1,250	1.5%	0.1%
Households	31,895	35,088	3,193	10.0%	0.9%
Housing units	35,166	36,706	1,540	4.4%	0.4%
Jobs	32,464	33,421	957	2.9%	0.3%
<i><b>Inflation-adjusted to 2021\$:</b></i>					
Median household income (in 2021\$)	\$61,666	\$68,319	\$6,653	10.8%	0.9%
Median owner household income (in 2021\$)	\$74,789	\$81,638	\$6,849	9.2%	0.8%
Median renter household income (in 2021\$)	\$31,627	\$43,537	\$11,910	37.7%	2.9%
Median value of owner-occupied homes (in 2021\$)	\$229,955	\$241,400	\$11,445	5.0%	0.4%
Median gross rent (in 2021\$)	\$858	\$900	\$42	4.9%	0.4%

Sources: US Census (1-year ACS); Bureau of Labor Statistics (QCEW, Annual Average). Inflation adjustment: CPI-U from BLS.

# Housing Demand: demographics and income

## Change in Wisconsin Households, by Size, 2010-2021

Household size	2010	2021	Change (2010-2021)	Avg. Ann. Growth Rate
1-person households	669,106	742,202	73,096	0.95%
2-person households	814,206	915,101	100,895	1.07%
3-person households	335,238	329,909	-5,329	-0.15%
4- or-more-person households	460,982	462,758	1,776	0.03%
<b>Total households</b>	<b>2,279,532</b>	<b>2,449,970</b>	<b>170,438</b>	<b>0.66%</b>

Source: US Census Bureau, 1-year American Community Survey

- Overall, slow rate of household growth = 0.66 percent per year
- Growth **mostly** in 1-person and 2-person households
- Average household size has declined
- Housing demand for 1- and 2-person households = smaller units, different housing types

## Change in Wisconsin Population, by Age, 2010-2021

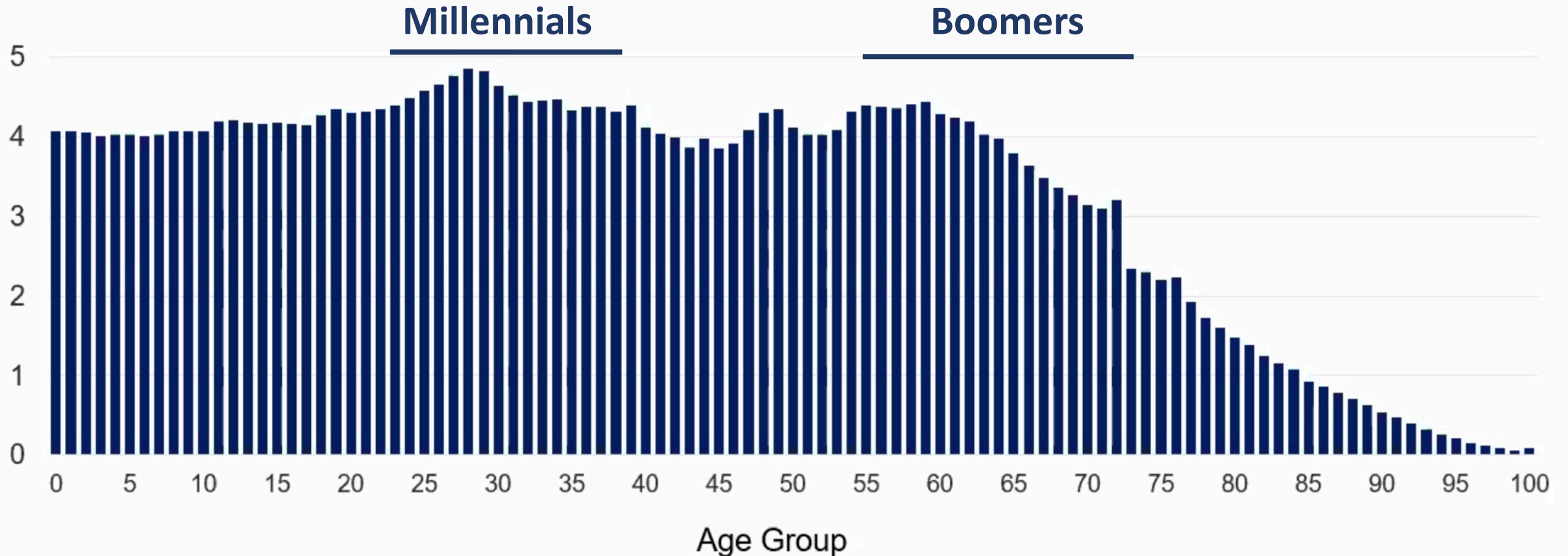
Age	2010	2021	Change (2010-2021)	Avg. Ann. Growth Rate
Under 5 years	355,052	315,264	-39,788	<b>-1.07%</b>
5-17 years	981,156	959,341	-21,815	<b>-0.20%</b>
18-24 years	554,544	544,964	-9,580	<b>-0.16%</b>
25-34 years	717,027	737,899	20,872	<b>0.26%</b>
35-44 years	724,623	747,903	23,280	<b>0.29%</b>
45-54 years	873,392	702,240	-171,152	<b>-1.96%</b>
55-64 years	705,743	834,050	128,307	<b>1.53%</b>
65-74 years	401,693	647,116	245,423	<b>4.43%</b>
75 years or better	377,817	407,131	29,314	<b>0.68%</b>
<b>Total</b>	<b>5,691,047</b>	<b>5,895,908</b>	<b>204,861</b>	<b>0.32%</b>

Source: US Census Bureau, 1-year American Community Survey



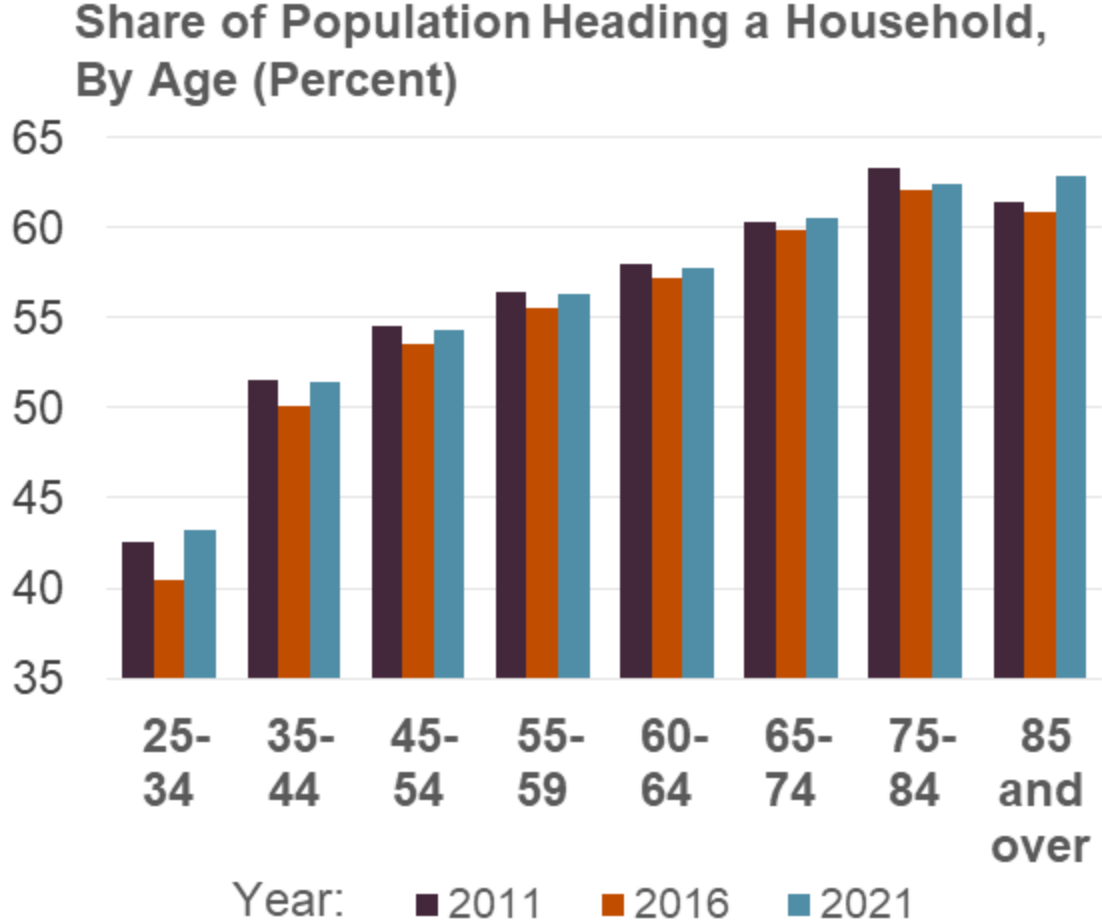
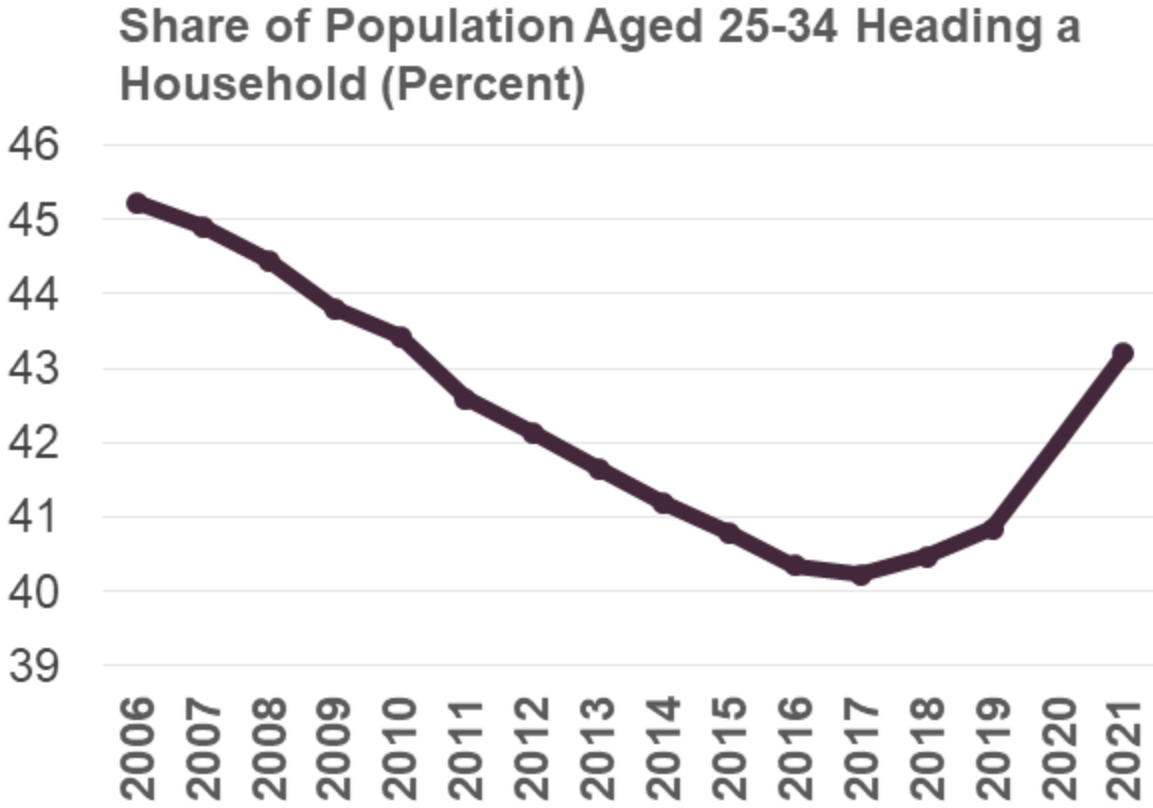
# Over the Last Decade, the Millennial and Baby-Boomer Generations Have Pushed Up the Population in The 20s and 60s

US Population in 2019 (Millions)



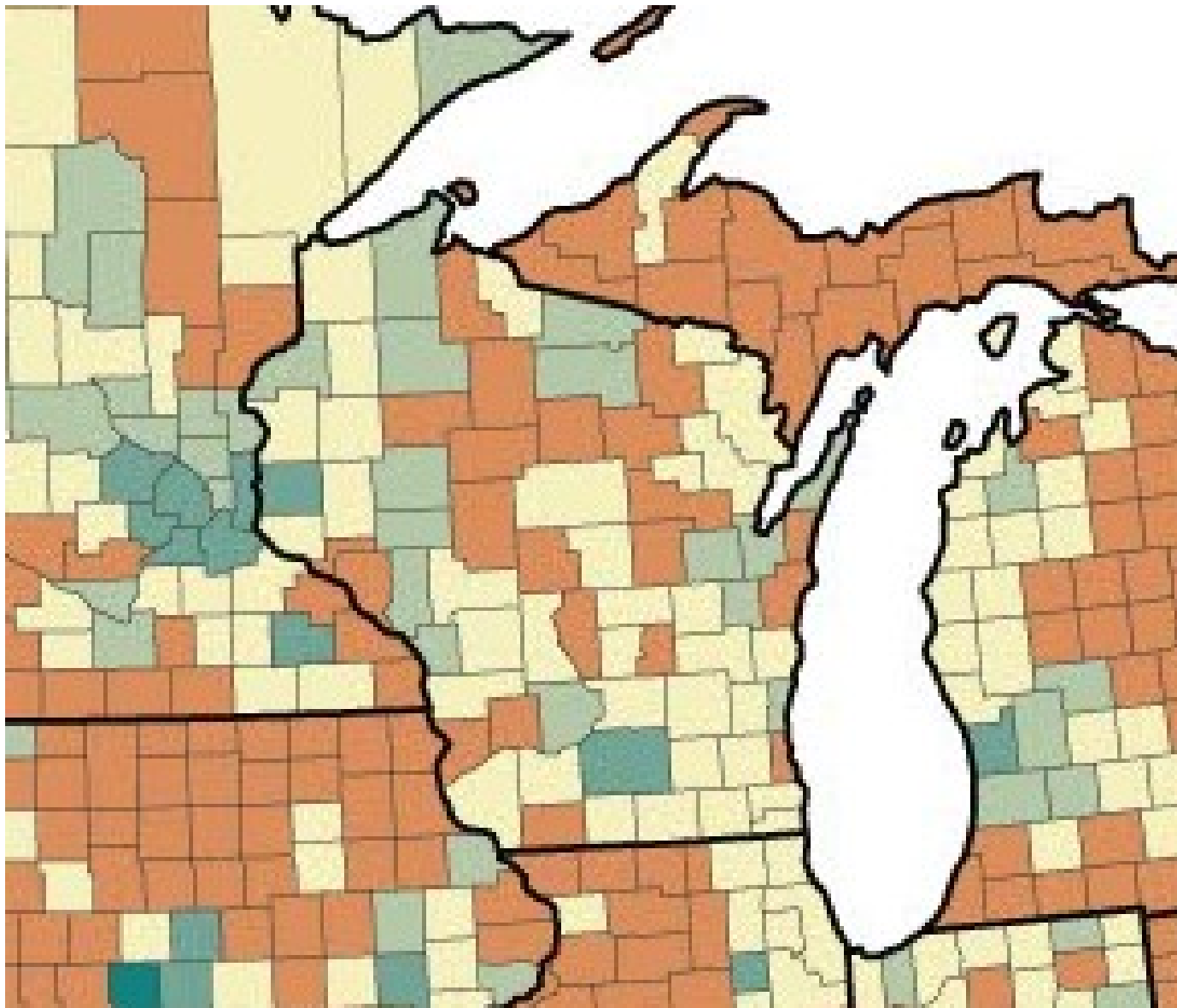
Source: JCHS tabulations of US Census Bureau, 2017 National Population Projections.

# Figure 3: Increased Household Formations Lifted the Share of Younger Adults Heading Households in 2016-2021

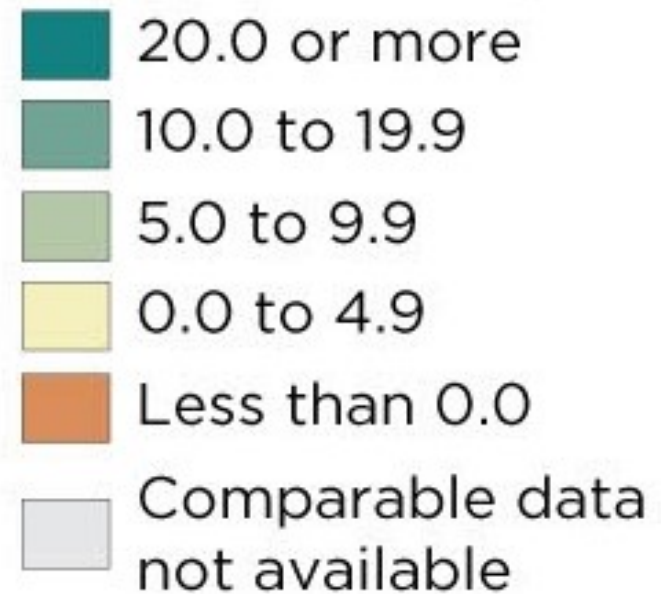


Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

# Percent Change in County Population: 2010 - 2020



## Percent change



**HOUSING SUPPLY**

**UNITS:**

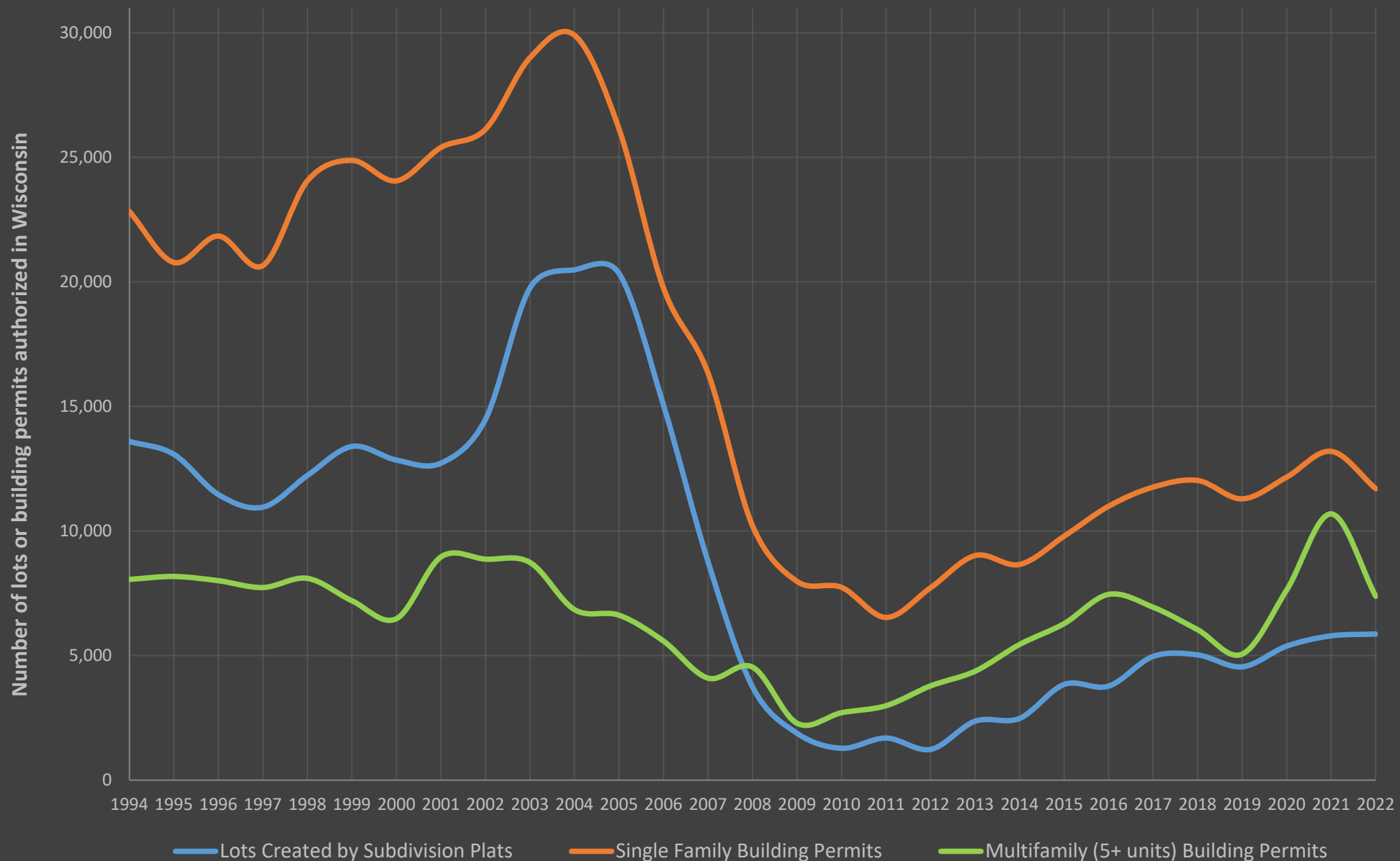
- Number
- Type
- Size/Lot Size
- Quality/Age
- Location

**PRICES:**

- Rents
- House prices
- Taxes
- Utilities



# Housing Construction and Subdivision Activity in Wisconsin have not Recovered from Great Recession, Remain at Historically Low Levels



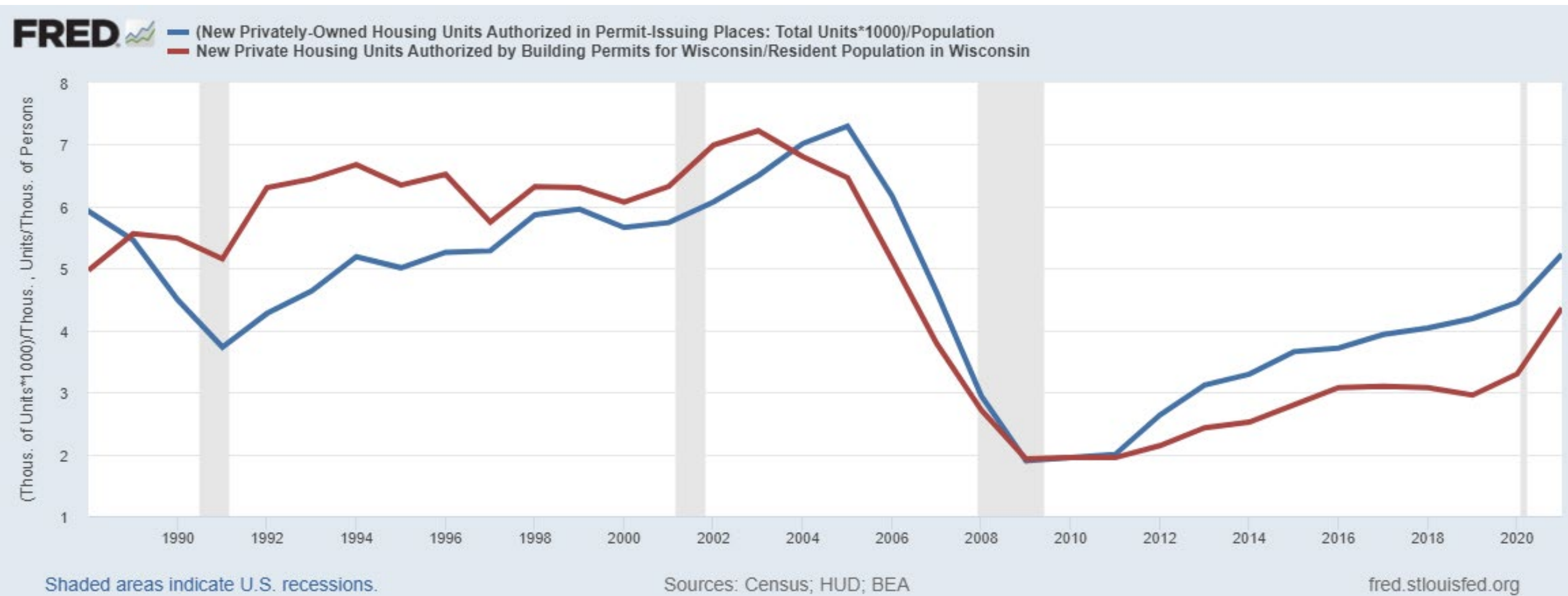
Source: Subdivision Lots from Wis. Dept. Admin.; Building Permits Database, U.S. Census Bureau. \*2022 building permit data is preliminary.

Despite uptick in construction and subdivision lots (2019-2022), production remains less than half of historic trends.

**Wisconsin Building Permits and Subdivision Lot Summary**

	<b>1994 - 2004</b>	<b>2011 - 2018</b>	<b>2019 - 2022</b>
Avg. Lots (by subdivision), per year	14,096	3,176	5,400
Avg. Building permits, per year	35,909	15,681	21,163
Avg. building permits per 1,000 population	6.78	2.72	3.59

# Wisconsin: past decade has built fewer housing units per capita than US average



# Wisconsin's 20 Largest Counties Underproduced Over 26,000 Housing Units from 2006-2021

	Growth in households (2006-2021)	Growth in housing units (2006-2021)	Housing "Underproduction" (2006-2021)	Previous Report Gap (2006-2017)
Milwaukee County	13,195	15,930		
Dane County	57,227	46,022	11,205	11,206
Waukesha County	20,775	18,731	2,044	2,213
Brown County	15,163	12,723	2,440	1,661
Racine County	3,914	4,482		
Outagamie County	8,765	9,224		
Winnebago County	5,920	5,824	96	
Kenosha County	8,001	6,090	1,911	
Rock County	5,514	3,288	2,226	1,036
Marathon County	5,665	4,269	1,396	
Washington County	6,670	6,261	409	
La Crosse County	5,915	6,762		
Sheboygan County	2,841	3,013		332
Eau Claire County	3,990	4,674		
Walworth County	5,223	3,850	1,373	537
Fond du Lac County	4,036	3,609	427	798
St. Croix County	5,657	5,730		
Ozaukee County	3,501	4,132		827
Dodge County	3,369	1,933	1,436	
Jefferson County	5,023	3,126	1,897	1,228
<b>20 Largest Wisconsin Counties</b>	<b>190,364</b>	<b>169,673</b>	<b>26,860</b>	<b>19,838</b>

Source: Author's calculations based on 2006 and 2021 1-year American Community Survey data, U.S. Census Bureau. Households are 1- or more persons who occupy a housing unit. Housing units include vacant structures for sale or rent.



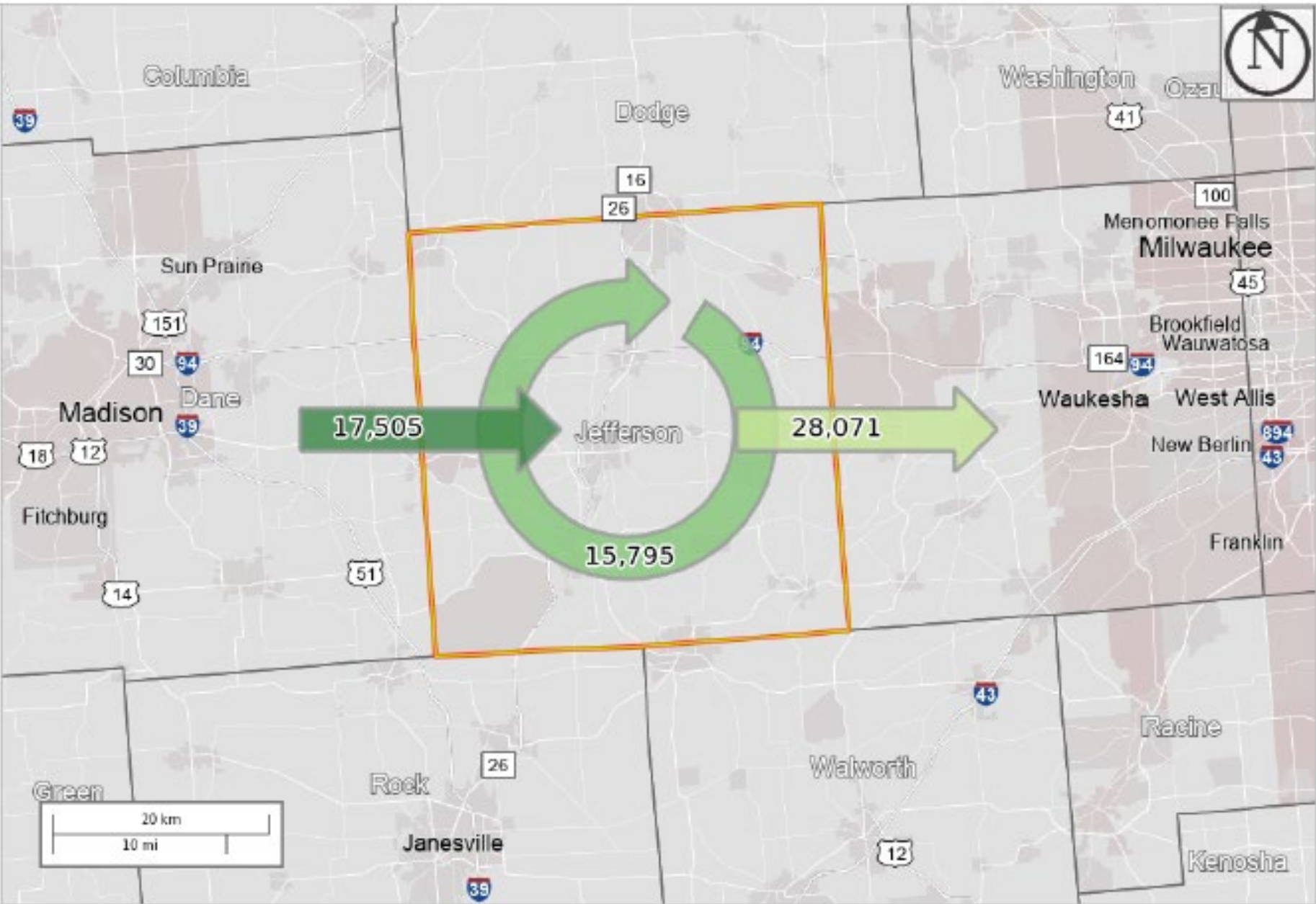
# Workforce Housing: Most Job Center Counties Have More Jobs than Housing Units

	Housing Units (2021)	Jobs (2021)	Jobs/Housing Balance
Waukesha	173,392	237,797	1.37
Brown	114,171	152,176	1.33
Dane	253,901	336,151	1.32
Outagamie	79,932	104,420	1.31
La Crosse	53,162	67,407	1.27
Eau Claire	45,677	56,470	1.24
Winnebago	76,554	90,504	1.18
Marathon	60,255	69,559	1.15
Sheboygan	52,617	58,604	1.11
Milwaukee	424,090	455,949	1.08
Fond du Lac	45,912	45,257	0.99
Kenosha	72,744	69,300	0.95
Washington	58,751	55,895	0.95
Rock	70,763	65,097	0.92
Racine	84,612	72,281	0.85
Walworth	53,521	41,276	0.77

Source: BLS QCEW, Census 1-year ACS

**Inflow/Outflow Counts of All Jobs for Selection Area in 2019**

**All Workers**



17,505 workers in Jefferson County live outside the county.

28,071 Jefferson County residents work outside of county.

# Aging housing stock: 57 percent of housing units built before 1980

<b>Year Housing Built</b>	<b>Number of units</b>	<b>Percent of Units</b>
Built 2020 or later	11,547	0.4%
Built 2010 or later	199,152	7.2%
Built 2000 to 2009	346,793	12.6%
Built 1990 to 1999	342,666	12.5%
Built 1980 to 1989	264,635	9.6%
Built 1970 to 1979	391,824	14.3%
Built 1960 to 1969	255,870	9.3%
Built 1950 to 1959	285,734	10.4%
Built 1940 to 1949	149,804	5.5%
Built 1939 or earlier	500,249	18.2%

Source: US Census Bureau, 1-year American Community Survey (2021)

# Excessively tight lending for Construction/Land Development

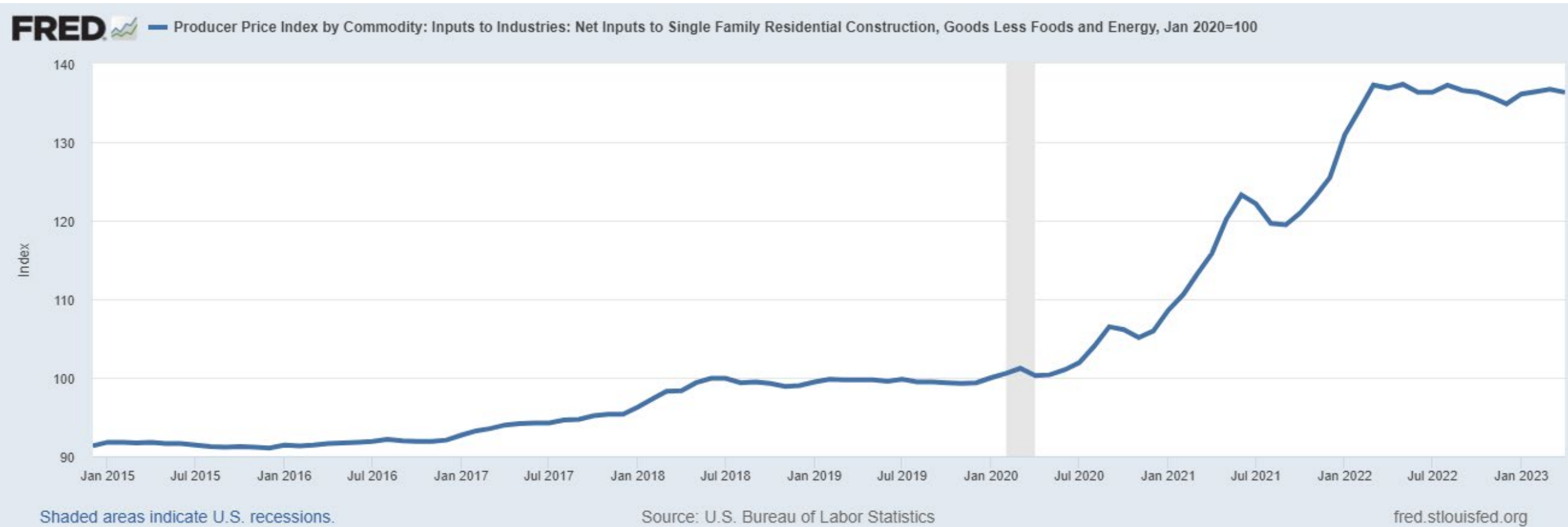


Shaded areas indicate U.S. recessions.

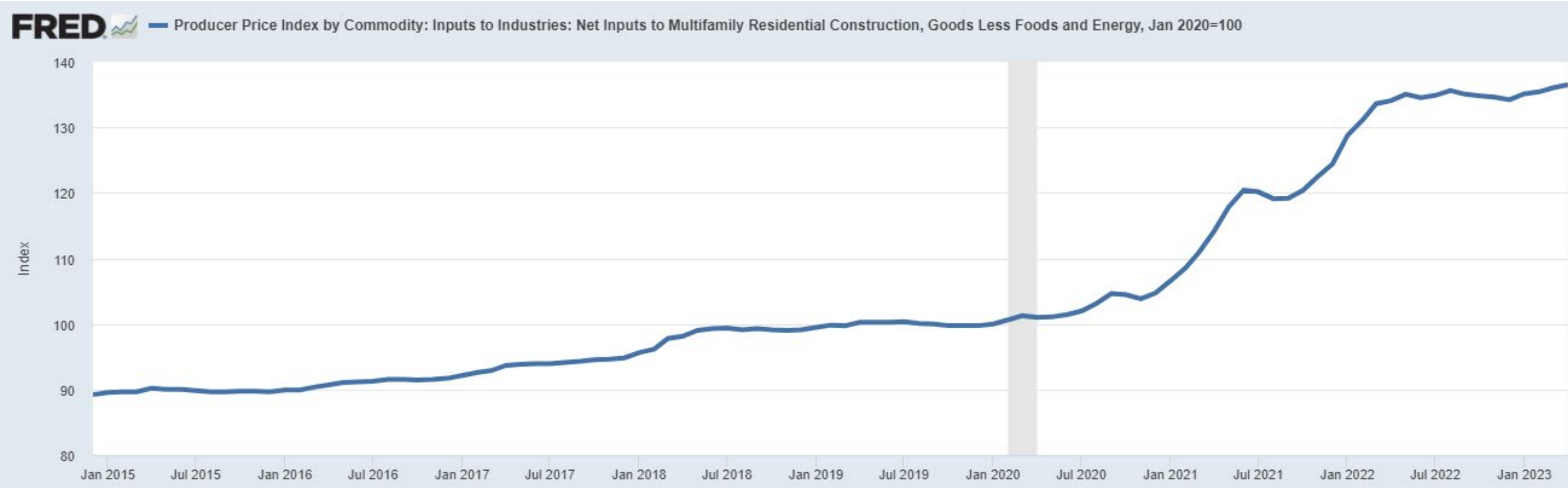
Source: Board of Governors of the Federal Reserve System (US)

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# Single-family Construction Costs up 36.3 percent (Jan. 2020 to April 2023)



# Multifamily Construction Costs Up 36.5 percent (Jan. 2020-April 2023)

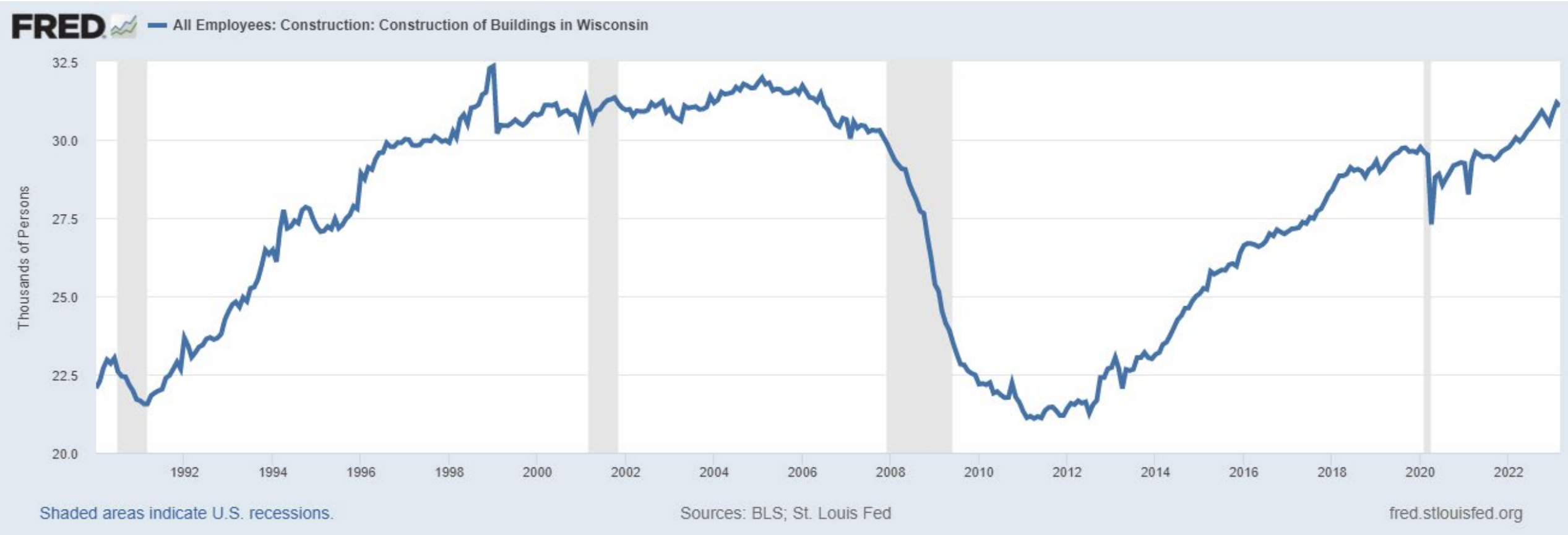


Shaded areas indicate U.S. recessions.

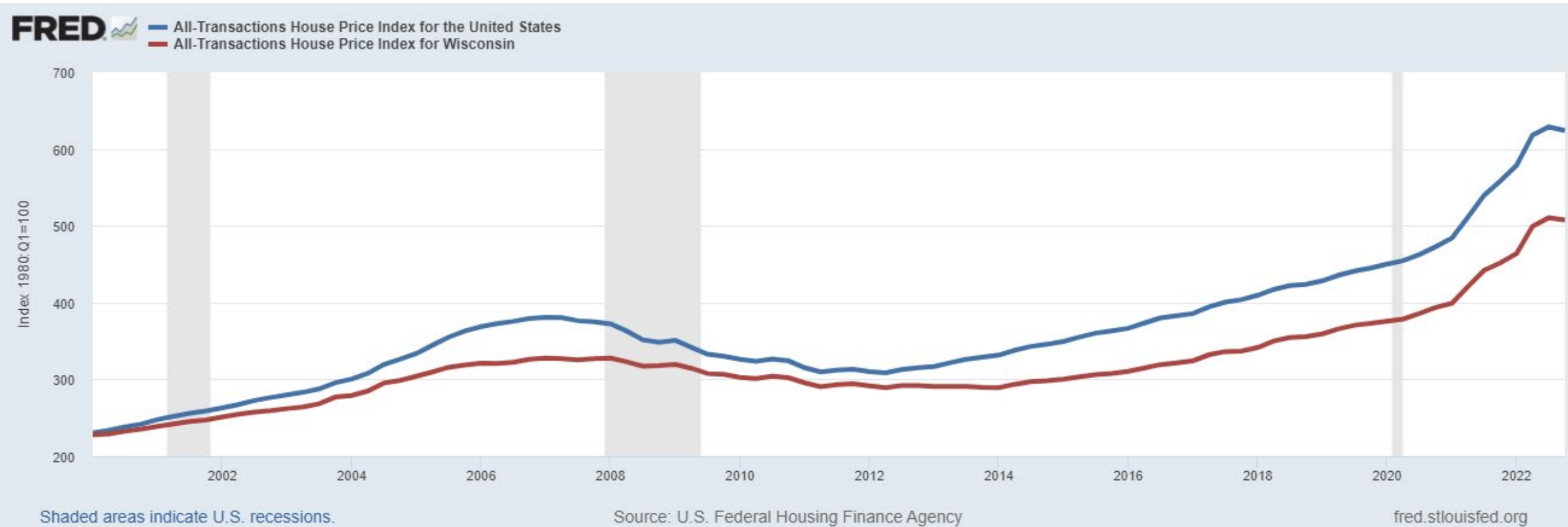
Source: U.S. Bureau of Labor Statistics

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# Construction Employment in Wisconsin still below 2006 peak



# Wisconsin House Price Index up 35 percent (Q1 2020 to Q4 2022).





# Wisconsin's Largest Counties Saw Significant House Price Increases During Pandemic

County	Population (2021)	Median Sales Price (2019)	Median Sales Price (2022)	Price Increase (2019-2022)	Percent Increase (2019-2022)
MILWAUKEE	947,241	\$170,000	\$222,500	\$52,500	30.9%
DANE	551,989	\$297,500	\$385,000	\$87,500	29.4%
WAUKESHA	410,666	\$308,500	\$402,587	\$94,087	30.5%
BROWN	267,612	\$195,000	\$270,000	\$75,000	38.5%
RACINE	197,249	\$180,900	\$229,900	\$49,000	27.1%
OUTAGAMIE	189,938	\$184,950	\$261,000	\$76,050	41.1%
KENOSHA	171,455	\$193,000	\$250,000	\$57,000	29.5%
WINNEBAGO	170,400	\$155,000	\$220,000	\$65,000	41.9%
ROCK	161,899	\$168,000	\$228,250	\$60,250	35.9%
WASHINGTON	140,052	\$252,000	\$335,000	\$83,000	32.9%
MARATHON	138,934	\$166,000	\$215,100	\$49,100	29.6%
LA CROSSE	120,331	\$195,000	\$265,000	\$70,000	35.9%
SHEBOYGAN	118,495	\$158,700	\$220,000	\$61,300	38.6%
EAU CLAIRE	105,349	\$189,900	\$277,500	\$87,600	46.1%
FOND DU LAC	104,944	\$142,500	\$194,450	\$51,950	36.5%
WALWORTH	104,759	\$225,300	\$316,250	\$90,950	40.4%
JEFFERSON	85,147	\$229,900	\$296,000	\$66,100	28.8%

Source: Wisconsin Realtors Housing Statistics (accessed 1.29.23); population estimates from Wis. Dept. Admin.



**Housing  
Affordability**

# Mortgage Interest Rates Rising (returning to normal?)



Shaded areas indicate U.S. recessions.

Source: Freddie Mac

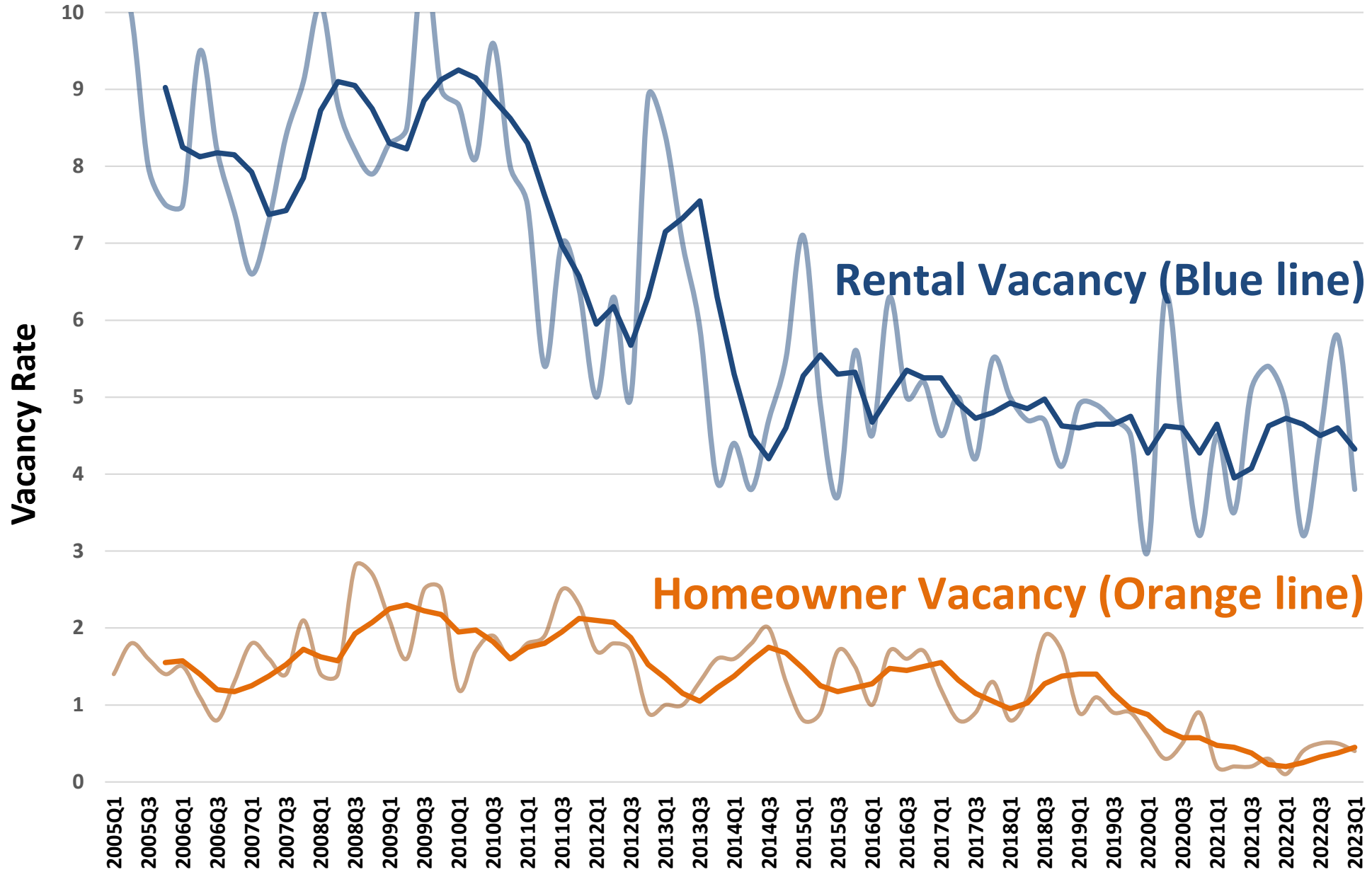
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# Rising Interest Rates and Home Prices Reduce Homeownership Affordability

	<i>February 2022</i>	<i>February 2023</i>	<i>Change (2022-2023)</i>	<i>Percent Change</i>
<b>Interest Rate (30-year Fixed, Percent)</b>	<b>3.89</b>	<b>6.50</b>	<b>2.61</b>	<b>67.1%</b>
<b>Median Home Price (Wisconsin)</b>	<b>\$230,450</b>	<b>\$250,000</b>	<b>\$19,550</b>	<b>8.5%</b>
<b>Cash at Closing (downpayment + closing costs)</b>	<b>\$14,980</b>	<b>\$16,250</b>	<b>\$1,270</b>	<b>8.5%</b>
<b>Monthly Mortgage Payment</b>	<b>\$1,066</b>	<b>\$1,552</b>	<b>\$486</b>	<b>45.6%</b>
<b>Total Monthly Owner Costs (excl. utilities)</b>	<b>\$1,627</b>	<b>\$2,151</b>	<b>\$524</b>	<b>32.2%</b>
<b>Annual Income Needed</b>	<b>\$63,000</b>	<b>\$83,250</b>	<b>\$20,250</b>	<b>32.1%</b>

Notes: Estimate assumes a 3.5% downpayment, 30-year fixed rate mortgage with zero points, 3% closing costs, UFMIP financed, 85 bps mortgage insurance, \$1500 homeowners insurance, property tax rate 14.46 mils, 31% max mortgage DTI.

# Historically low housing vacancy rates in Wisconsin



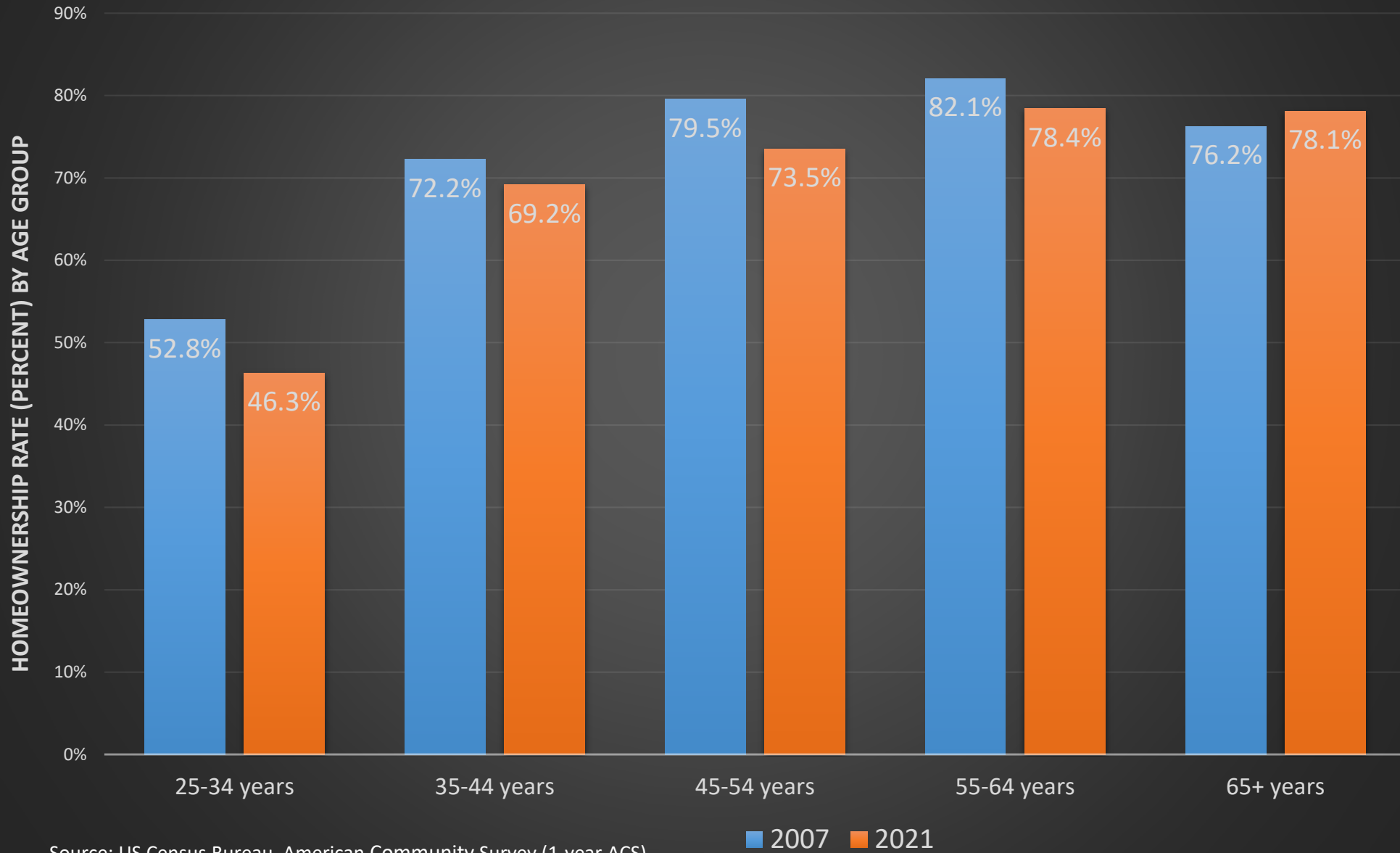
Source: US Census, Current Population Survey/Housing Vacancy Survey. Trendline is yearly moving average.

# Housing Affordability Declined in Every Wisconsin Region

<b>Median-Price to Median-Income Ratio (Wis. Metros)</b>	<b>2015</b>	<b>2021</b>	<b>Change</b>
Milwaukee-Waukesha-West Allis, WI	3.89	4.64	19.3% ↑
Madison, WI	3.68	4.57	24.2% ↑
Racine, WI	2.69	3.48	29.4% ↑
Green Bay, WI	2.57	3.45	34.2% ↑
Oshkosh-Neenah, WI	2.46	3.18	29.3% ↑
La Crosse-Onalaska, WI-MN	2.85	3.27	14.7% ↑
Sheboygan, WI	2.47	3.12	26.3% ↑
Appleton, WI	2.32	3.32	43.1% ↑
Janesville-Beloit, WI	2.37	3.00	26.6% ↑
Eau Claire, WI	2.83	3.00	6.0% ↑
Wausau, WI	2.53	2.74	8.3% ↑
Fond du Lac, WI	2.12	2.63	24.1% ↑
Chicago-Naperville-Elgin, IL-IN-WI	3.39	4.31	27.1% ↑
Minneapolis-St. Paul-Bloomington, MN-WI	3.11	4.35	39.9% ↑
Duluth, MN-WI	2.70	3.19	18.1% ↑
<b>United States</b>	<b>3.97</b>	<b>5.33</b>	<b>34.3% ↑</b>

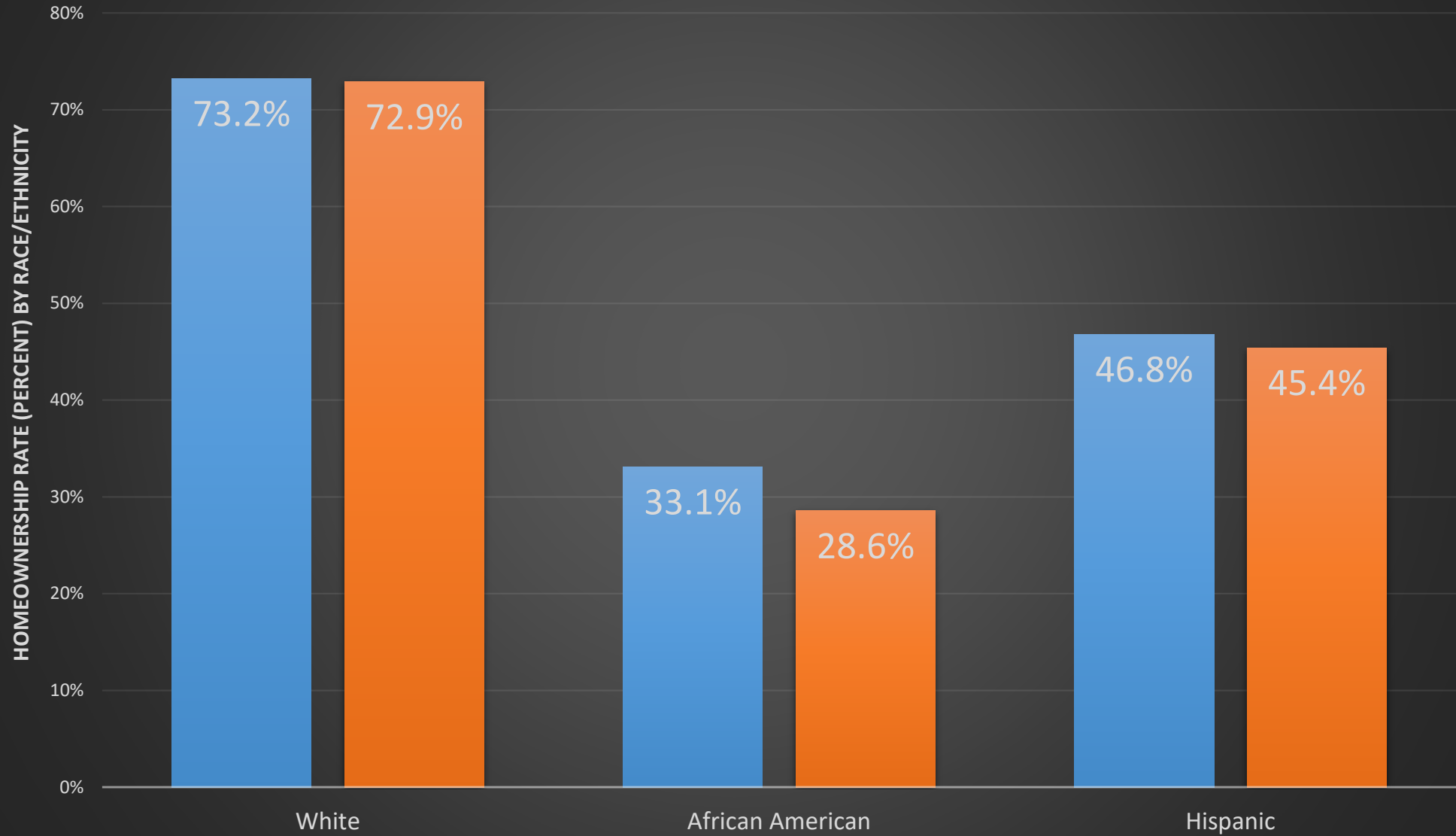
Source: Joint Center for Housing Studies, Harvard University: State of the Nation's Housing, 2022

# Homeownership Rates Declined in Wisconsin from 2007-2021 Across All Age Groups (except Seniors), with Largest Drop for Youngest Families



Source: US Census Bureau, American Community Survey (1-year ACS).

# Homeownership Rates Declined in Wisconsin from 2007-2021 Across All Racial/Ethnic Groups, with Largest Drop for African American Families



Source: US Census Bureau, American Community Survey (1-year ACS).

■ 2007 ■ 2021



## Many Lower-Income Homeowners Pay More than 50 percent of their Income on Housing

### *Percent of homeowners "extremely cost-burdened," by income category*

State	0-30 percent of area income	30-50 percent of area income	50-80 percent of area income	80-100 percent of area income	above median area income
ILLINOIS	60.5%	25.4%	8.0%	2.6%	0.5%
INDIANA	52.2%	16.5%	3.7%	1.0%	0.2%
IOWA	51.1%	15.2%	3.8%	1.2%	0.2%
MICHIGAN	55.9%	19.5%	5.4%	1.6%	0.3%
MINNESOTA	53.7%	18.7%	4.7%	1.4%	0.3%
<b>WISCONSIN</b>	<b>58.7%</b>	<b>20.7%</b>	<b>5.8%</b>	<b>1.7%</b>	<b>0.3%</b>

Source: US. Dept. Housing and Urban Development, Comprehensive Housing Affordability Strategy Data, 2015-2019

- **For lower-income homeowners, Wisconsin's rate of extreme cost burden is second only to Illinois among Midwest.**
- **Over 86,000 homeowners in Wisconsin with incomes below 50% AMI spend more than 50 percent of their income on housing.**
- **43,000 of those are seniors**

## Wisconsin Leads Midwest with Highest Percentage of Lowest-Income Renters with Extreme Cost-Burdens

### *Percent of renters "extremely cost-burdened," by income category*

State	0-30 percent of area income	30-50 percent of area income	50-80 percent of area income	80-100 percent of area income	above median area income
ILLINOIS	59.2%	20.9%	3.5%	1.2%	0.3%
INDIANA	60.4%	18.3%	2.3%	0.9%	0.3%
IOWA	59.1%	13.5%	2.2%	0.7%	0.4%
MICHIGAN	61.1%	22.7%	3.4%	1.1%	0.4%
MINNESOTA	57.0%	16.4%	2.9%	1.0%	0.3%
<b>WISCONSIN</b>	<b>61.4%</b>	<b>15.6%</b>	<b>2.0%</b>	<b>0.5%</b>	<b>0.2%</b>

Source: US. Dept. Housing and Urban Development, Comprehensive Housing Affordability Strategy Data, 2015-2019

**Over 146,000 renting households in Wisconsin with incomes below 50% AMI spend more than 50 percent of their income on housing.**