



Habitat
for Humanity®
of Wisconsin

State of Affordable Housing in Wisconsin 2021



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The Need

There is currently a shortage of over 125,000 affordable and available housing units in Wisconsin. One in ten Wisconsin households is severely housing cost burdened, spending 50% or more of their income on housing, with little income to afford food, healthcare and other basic necessities.

The Challenges

Wisconsin has not built enough homes in recent years to keep up with population and income growth. We are currently producing 55% fewer new homes and 75% fewer building lots than prior to the Great Recession, despite our aging housing stock and growing need for housing.

Land prices have skyrocketed in many parts of the state, with a scarcity of build-able lots as well as land use policies and minimum lot sizes driving up costs. Construction costs have also risen much more quickly than inflation and income, and current shortages and transportation issues have created huge increases in material costs, further exacerbating the problem. Need for affordable home ownership is great and growing, but for-profit builders who might be interested in constructing affordable homes are having a difficult time making a profit building smaller “starter” homes. According to the US Census, in 2010, more than half of new homes constructed in the Midwest were sold with a price under \$200,000. In 2020, only 10% were under \$200,000.

The issue of affordability in Wisconsin is not just limited to new construction. According to the Wisconsin Realtors Association, the median value of existing homes in Wisconsin in January of 2018 was \$169,000. In August of 2021, median value was \$250,000.

Affordability for renters is declining because rent is rising faster than income. Wisconsin is also seeing a decline in homeownership, particularly among younger families, first-time homebuyers and African American and Hispanic families. We also have a lower homeownership rate for residents between ages 25-44 than any other Midwest state aside from Illinois, according to the Wisconsin Realtors Association.

With rising costs of land or rehab properties and construction materials, nonprofits such as Habitat for Humanity struggle to continue to provide affordable workforce housing and to build capacity to serve more low income families. In recent years, the increased costs of construction have actually forced the closure of several affiliates that served rural areas where there are few other resources or opportunities for low-income families. Other small/medium Wisconsin Habitat affiliates, rather than struggling to raise funds for new construction - and recognizing that Wisconsin’s population and housing stock are aging - are opting to serve seniors, veterans and other families with homes in need of repairs.



Workforce Housing and the Economy

Workforce housing is the supply of affordable housing that meets the needs of the workforce in a community (affordable for renting families earning up to 60 percent of the area's median income and for homeowners earning up to 120 percent of AMI).

The special report "Falling Behind" by the Wisconsin Realtors Association describes the impact the shortage of affordable workforce in our state has had on our economy. "Business leaders recognize that workers need quality, affordable homes close to where they work or easily accessible to a reliable transportation system. Communities increasingly recognize that workforce housing is economic development because a home is where a job goes to sleep at night. The shortage of workforce housing makes it harder for businesses to recruit or retain workers and harms our economic competitiveness."



There are 35 Habitat for Humanity affiliates serving families throughout Wisconsin.

The Solutions

According to a study by ATTOM Data Solutions, in 2/3 of American Counties, it is still actually cheaper to buy a home than it is to rent. Affordable home ownership provides stability and builds wealth for families, and as incomes grow over time, mortgage payments often become a lower percentage of household income, making them more affordable. While there is certainly need for affordable rental units in our state, many rental programs such as rental vouchers require assistance checks to subsidize rents each month, and these programs are expensive, particularly since rents continue to increase much faster than incomes. According to a housing brief recently published by the Urban Institute, homeownership is affordable housing.

Habitat for Humanity's model provides a hand up to families with household income of between 30-60% of AMI, providing zero or extremely low interest mortgages that are structured at no more than 30% of household income, made possible with down payment assistance programs and silent second mortgages to cover the gap between the first mortgage amount and appraised value. Homeowners begin to build wealth immediately at closing, and with an affordable mortgage are able to provide other basic needs, such as food and clothing.



Solutions cont.

Partner families complete several hundred hours of “sweat equity,” working on their own homes as well as the houses of their fellow Habitat neighbors, learning basic construction skills that help with upkeep on their homes, and building a sense of community with other Habitat families. They are also provided financial education and other classes to give them the tools needed to become successful homeowners.

Why Homeownership

According to the US Census, homeowners have an average net wealth that is 400% higher than that of renters with similar demographics and earnings, and home equity represents the largest proportion of wealth (34.5%) for U.S. households. For low income families, home equity represents 81% of their net worth.

Decent, affordable housing improves physical and mental health, especially for children. Homeownership leads to better test scores and higher rates of high school graduation and college attendance, especially among children of low-income homeowners.

Affordable, sustainable homes reduce energy consumption, diminishing the energy burden for low-income households. Regardless of income level, homeownership promotes civic and social engagement. And, since children of homeowners are much more likely to grow up to own their own homes as well, home ownership often breaks a generational cycle of poverty for their families.

We build strength, stability and self-reliance through shelter.