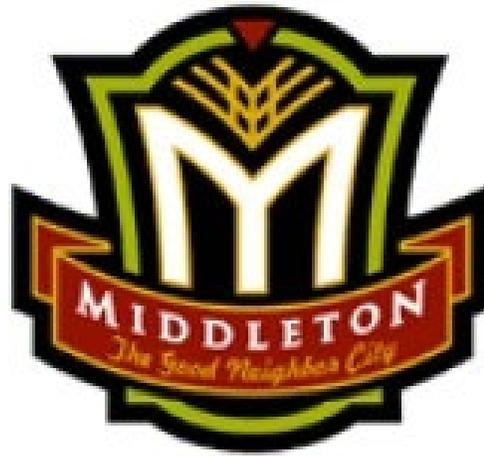


Current Housing Issues in Middleton:
City of Middleton Workforce Housing Committee (April 29, 2024)



Prof. Kurt Paulsen

Housing markets are regional, not local.

But land use decisions about housing are local, not regional.

Who are we housing?

Tenure by Household Income, Dane County (2022)

Household Income	Number of Households	Percent of households	Percent Renters	Percent Homeowners
Less than \$20,000	25,496	10.1%	81.4%	18.6%
\$20,000 to \$35,000	23,044	9.1%	69.0%	31.0%
\$35,000 to \$50,000	24,748	9.8%	67.4%	32.6%
\$50,000 to \$75,000	37,610	14.9%	53.7%	46.3%
\$75,000 to \$100,000	32,104	12.7%	39.8%	60.2%
\$100,000 to \$150,000	48,923	19.4%	26.5%	73.5%
More than \$150,000	60,211	23.9%	13.6%	86.4%
County Total	252,136	100%	42.6%	57.4%

Source: US Census, American Community Survey 1-year data.

Median household income is \$84,831. So, let's say \$85,000.

Approximately 1/3rd earn less than \$50,000. Less than 1/3rd earn between \$50,000 and \$100,000. 43 percent earn more than \$100,000.

Dane County FY 2024 Income Limits

	Persons in Family			
	1	2	3	4
100 percent of AMI (Median Income)	\$88,130	\$100,720	\$113,310	\$125,900
Low Income Limits (80% of AMI)*	\$68,500	\$78,250	\$88,050	\$97,800
Multifamily tax subsidy limits (60% of AMI)	\$52,920	\$60,480	\$68,040	\$75,540
Very Low Income Limits (50% of AMI)	\$44,100	\$50,400	\$56,700	\$62,950
40% of AMI Income Limits	\$35,280	\$40,320	\$45,360	\$50,360
Extremely Low Income Limits (30% of AMI)	\$26,450	\$30,200	\$34,000	\$37,750

Source: HUD, Office of Policy Development and Research: <http://www.huduser.org/portal/datasets/il.html> and WHEDA.

Additional data are released for family sizes larger than 4, but are not reported here for space considerations.

* 80% limits here are HUD's 80%, not multifamily tax subsidy/income averaging 80% limits.

Monthly "Affordability" Housing Budget (rent + utilities)

	Persons in Family			
	1	2	3	4
100 percent of AMI	\$2,203	\$2,518	\$2,833	\$3,148
Low Income Limits (80% of AMI)	\$1,713	\$1,956	\$2,201	\$2,445
Multifamily tax subsidy limits (60% of AMI)	\$1,323	\$1,512	\$1,701	\$1,889
Very Low Income Limits (50% of AMI)	\$1,103	\$1,260	\$1,418	\$1,574
40% of AMI Income Limits	\$882	\$1,008	\$1,134	\$1,259
Extremely Low Income Limits (30% of AMI)	\$661	\$755	\$850	\$944

Note: "affordable" monthly housing budget based on family size is 30-percent of pre-tax, post-transfer income spent on housing + utilities.

Dane County FY 2024 Income Limits

	Persons in Family			
	1	2	3	4
100 percent of AMI (Median Income)	\$88,130	\$100,720	\$113,310	\$125,900
Low Income Limits (80% of AMI)*	\$68,500	\$78,250	\$88,050	\$97,800
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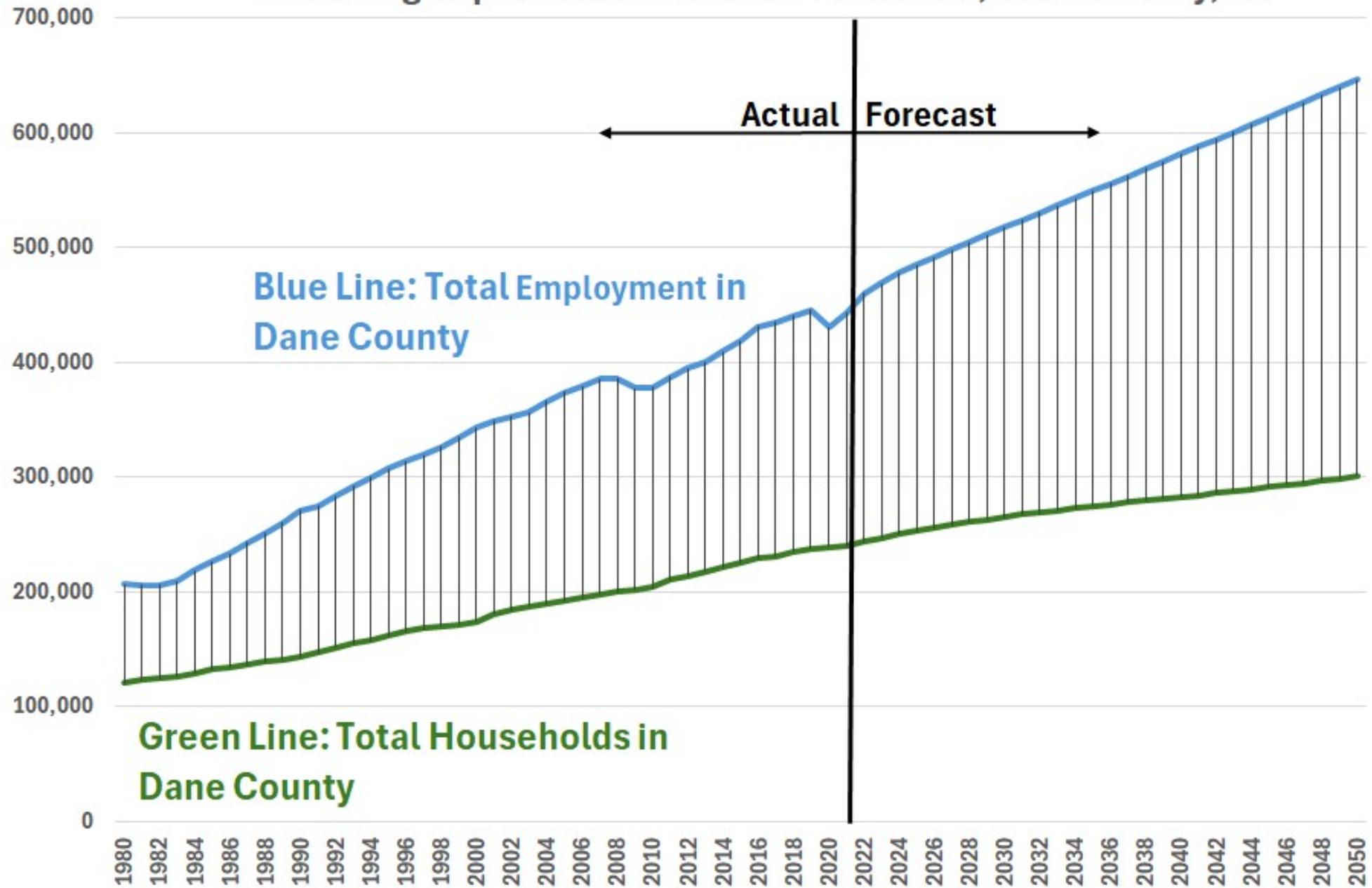
* 80% limits here are HUD's 80%, not multifamily tax subsidy/income averaging 80% limits.

HUD-method* affordable ownership price levels, Dane County FY

	Persons in Family			
	1	2	3	4
120% of AMI	\$355,340	\$406,103	\$456,866	\$507,629
Median income limits (100% of AMI)	\$296,117	\$338,419	\$380,722	\$423,024
Low Income Limits (80% of AMI)	\$230,160	\$262,920	\$295,848	\$328,608
Multifamily tax subsidy limits (60% of AMI)	\$177,811	\$203,213	\$228,614	\$253,814
Very Low Income Limits (50% of AMI)	\$148,176	\$169,344	\$190,512	\$211,512
40% of AMI Income Limits	\$118,541	\$135,475	\$152,410	\$169,210
Extremely Low Income Limits (30% of AMI)	\$88,872	\$101,472	\$114,240	\$126,840

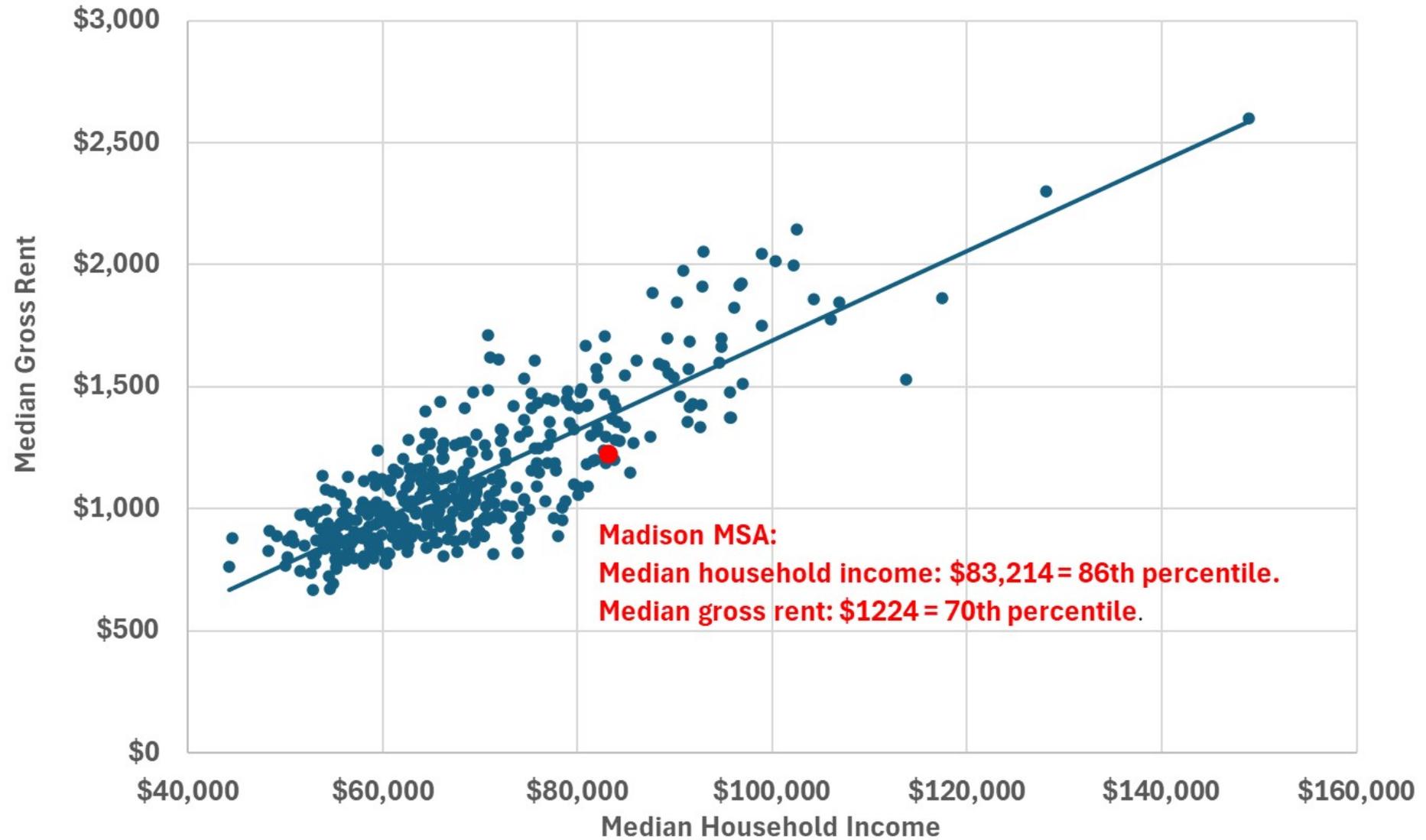
Note: HUD's estimation method for determining the affordable ownership price level in their CHAS (Comprehensive Housing Affordability Strategy) data is to multiply size-adjusted household-income by 3.36.

Widening Gap Between Jobs and Residents, Dane County, WI



Source: Woods & Poole. Years 1980-2021 are actual; 2022-2050 are forecasted.

Madison, WI MSA Relative to Other Metros: Strong Relationship between Income and Housing Costs



Sources: U.S. Census Bureau, American Community Survey, ACS-1-year Estimates Detailed Tables: "Median Household Income in the Past 12 Months (in 2022 Inflation-Adjusted Dollars)" Table B19013 (2022) and "Median Gross Rent by Bedrooms" Table B25031 (2022). Data represents all Metropolitan Statistical Areas within the United States.

Wisconsin's 20 Largest Counties Underproduced Over 34,000 Housing Units from 2006-2022

	Growth in households (2006-2022)	Growth in housing units (2006-2022)	Housing "Underproduction" (2006-2022)	Previous Report Gap (2006-2017)
Milwaukee County	12,201	15,542		
Dane County	65,439	52,490	12,949	11,206
Waukesha County	23,800	20,299	3,501	2,213
Brown County	17,328	13,761	3,567	1,661
Racine County	3,417	4,641		
Outagamie County	10,400	9,768	632	
Winnebago County	5,261	6,662		
Kenosha County	9,970	6,946	3,024	
Rock County	5,060	3,814	1,246	1,036
Marathon County	4,765	4,689	76	
Washington County	6,910	6,700	210	
La Crosse County	7,147	7,346		
Sheboygan County	3,959	3,192	767	332
Eau Claire County	5,910	5,527	383	
Walworth County	4,918	4,179	739	537
Fond du Lac County	5,236	3,758	1,478	798
St. Croix County	6,534	6,301	233	
Ozaukee County	6,474	4,372	2,102	827
Dodge County	3,490	2,030	1,460	
Jefferson County	5,378	3,308	2,070	1,228
20 Largest Wisconsin Counties	213,597	185,325	34,437	19,838

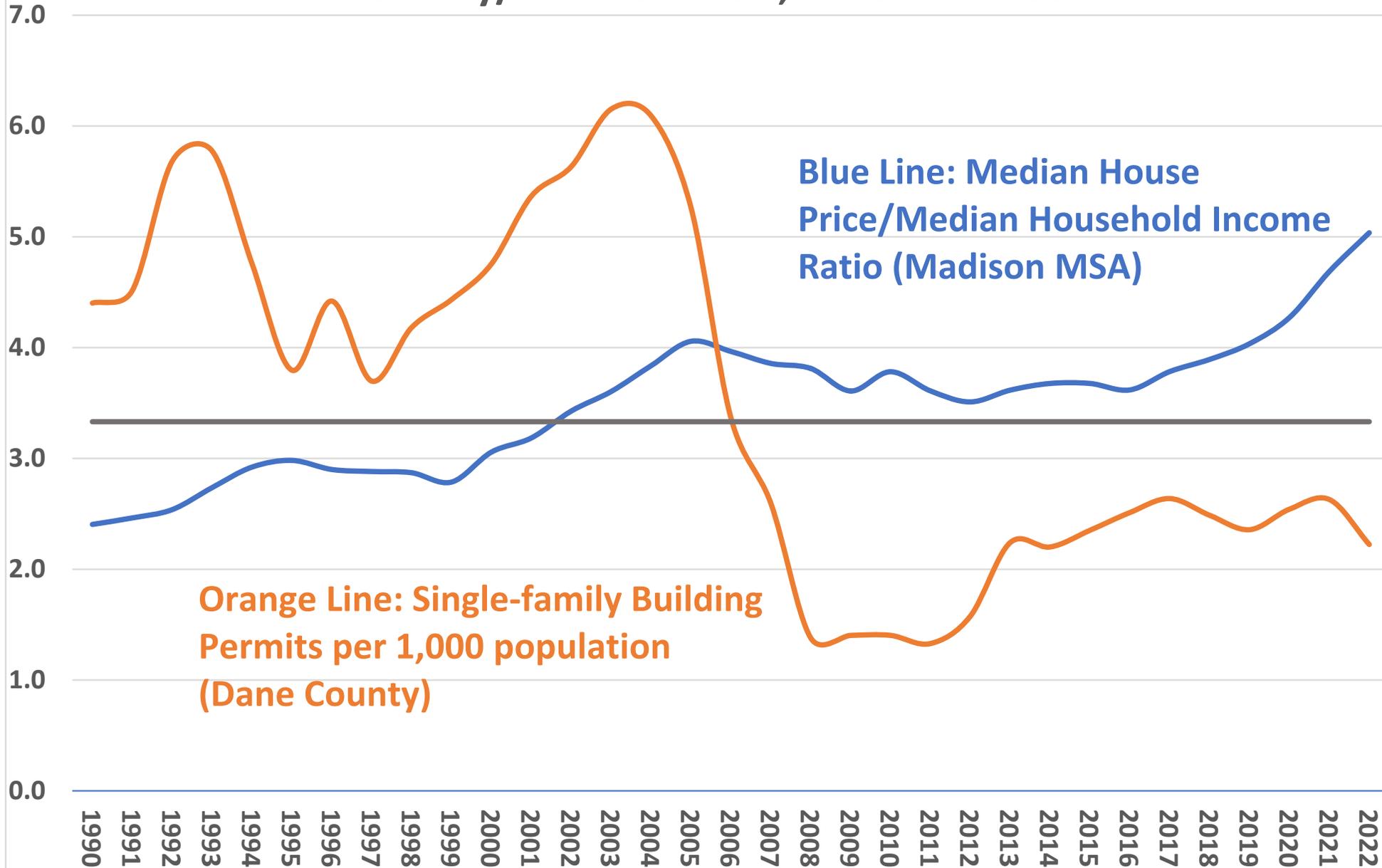
Source: Author's calculations based on 2006 and 2022 1-year American Community Survey data, U.S. Census Bureau. Households are 1- or more persons who occupy a housing unit. Housing units include vacant structures for sale or rent or seasonal use.

Wisconsin's Largest Counties Saw Significant House Price Increases Since 2019

County	Population (2021)	Median Sales Price (2019)	Median Sales Price (2023)	Price Increase (2019-2023)	Percent Increase (2019-2023)
MILWAUKEE	947,241	\$170,000	\$239,000	\$69,000	40.6%
DANE	551,989	\$297,500	\$410,000	\$112,500	37.8%
WAUKESHA	410,666	\$308,500	\$431,300	\$122,800	39.8%
BROWN	267,612	\$195,000	\$305,000	\$110,000	56.4%
RACINE	197,249	\$180,900	\$240,000	\$59,100	32.7%
OUTAGAMIE	189,938	\$184,950	\$279,000	\$94,050	50.9%
KENOSHA	171,455	\$193,000	\$265,000	\$72,000	37.3%
WINNEBAGO	170,400	\$155,000	\$250,000	\$95,000	61.3%
ROCK	161,899	\$168,000	\$247,900	\$79,900	47.6%
WASHINGTON	140,052	\$252,000	\$360,000	\$108,000	42.9%
MARATHON	138,934	\$166,000	\$235,000	\$69,000	41.6%
LA CROSSE	120,331	\$195,000	\$280,000	\$85,000	43.6%
SHEBOYGAN	118,495	\$158,700	\$243,250	\$84,550	53.3%
EAU CLAIRE	105,349	\$189,900	\$290,000	\$100,100	52.7%
FOND DU LAC	104,944	\$142,500	\$235,000	\$92,500	64.9%
WALWORTH	104,759	\$225,300	\$337,750	\$90,950	40.4%

Source: Wisconsin Realtors Housing Statistics (accessed 1.12.24); population estimates from Wis. Dept. Admin.

When Supply Declines, Housing Becomes Less Affordable: Dane County/Madison MSA, Wisconsin 1990-2022



Data Sources: Median price/income ratio (Joint Center for Housing Studies, Harvard University); Building permit data (US Census); Population (Wisconsin Dept. of Admin.)

Current Median Rents In Madison/Dane County

	1 Bedroom	2 Bedroom
Zumper	\$1,470	\$1,820
Rent.com	\$1,580	\$2,004
Zillow	\$1,300	\$1,730
Apartments.com	\$1,377	\$1,698
Average	\$1,432	\$1,813

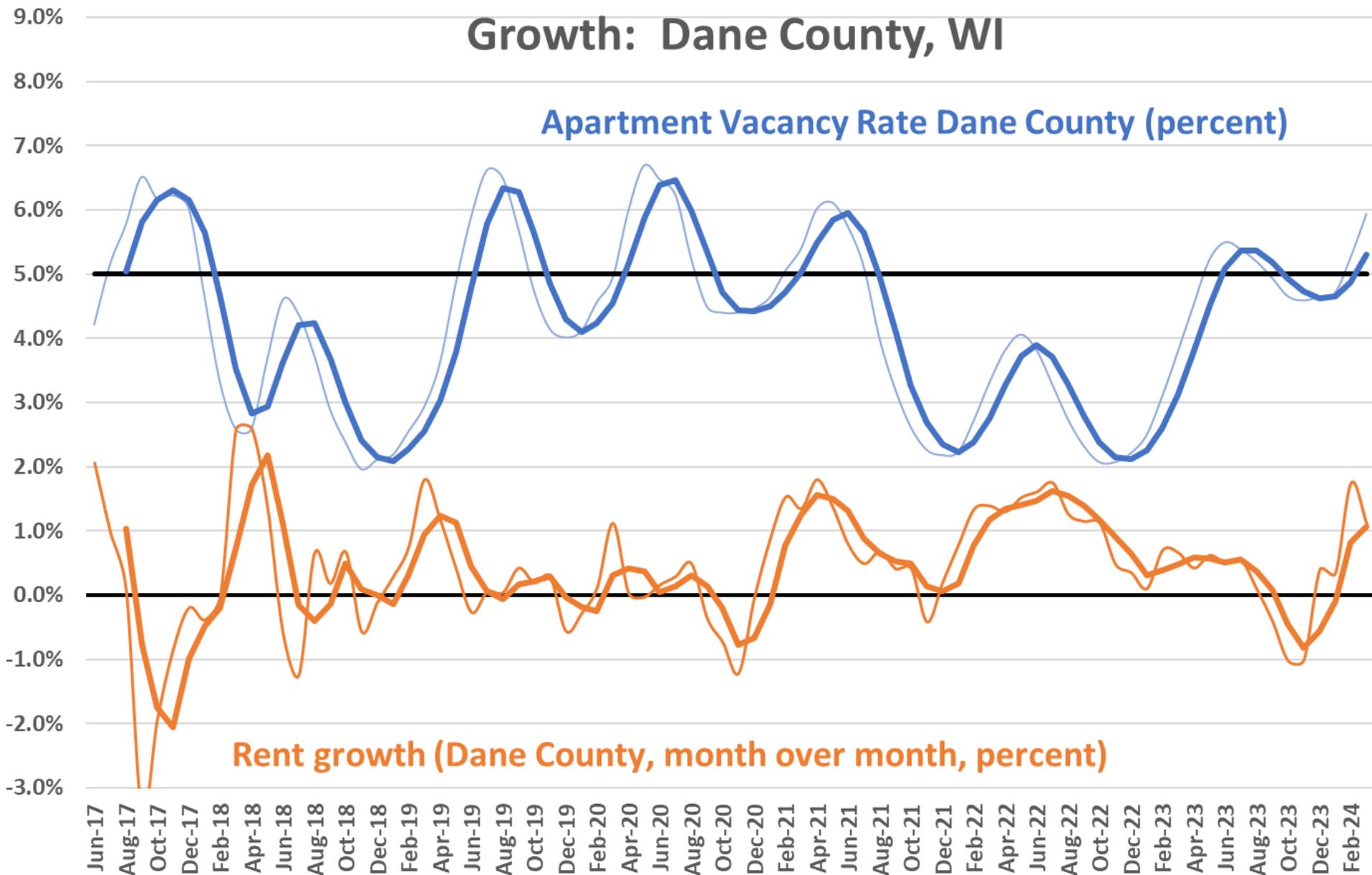
Data acquired 3/27/2024. Each data source uses different methodologies.

Average size: 1BR = 708 sq. ft. 2BR = 1026 sq. ft.

Average rent 1BR/sq. ft. = \$2.03; 2BR/sq. ft. = \$1.76.

Downtown and/or New Construction – easily > \$2.75 - \$3.25 / sq.ft.

Apartment Vacancies and Month-to-Month Rent Growth: Dane County, WI

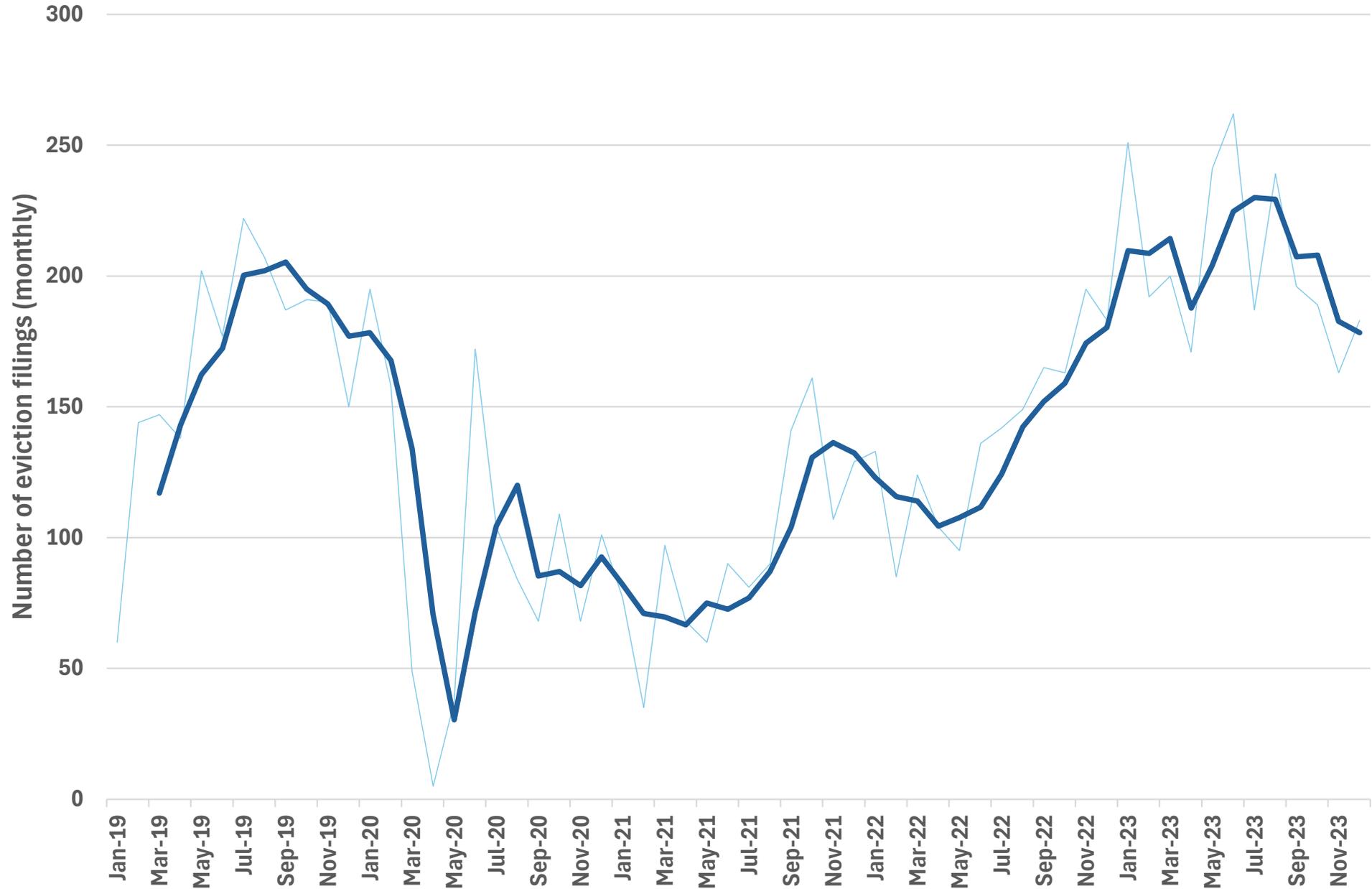


Data source: <https://www.apartmentlist.com/research/category/data-rent-estimates>. Data current through end March 2024, chart produced on 4/28/24. Thinner lines are raw monthly data; thicker lines are 3-month moving average/quarterly trend.

- Households with Greatest Housing Needs, City of Middleton:
 - Household income less than 50-percent of area median income (3-person family is \$54,950), and
 - Pay more than 50 percent of household income on housing (extremely cost burdened):

	2006-2010	2016-2020
Renter households	360	515
Owner households	215	290

Eviction Filings in Dane County, WI



Source: Wisconsin Eviction Data Project, Wis. Dept. of Admin. Light blue lines are raw monthly data, dark blue line is quarterly-moving-average.

Illustration: Our Market Total Development Costs (average) per unit of multifamily housing

Recently Awarded Projects: Madison Affordable Housing Development Fund

Total Development Cost	Total Units	Low-income Units	City Award	TDC/Unit	City\$/LI Unit
\$28,800,000	60	51	\$1,980,000	\$480,000	\$38,823.53
\$20,500,000	65	55	\$1,900,000	\$315,385	\$34,545.45
\$22,700,000	68	53	\$2,100,000	\$333,824	\$39,622.64
\$13,000,000	60	51	\$2,000,000	\$216,667	\$39,215.69
\$43,000,000	124	90	\$3,250,000	\$346,774	\$36,111.11
AVERAGE				\$338,530	\$37,663.68

Source: "Madison poised to give \$11.3 million for 5 low-cost housing projects." (D. Mossiman, Wis. State Jrnl., 11/22/23)

Simple Illustration: What Households Can Afford (by Household Income), Dane County April 2024

<u>Household Income</u>	<u>Affordable Monthly Housing</u>	<u>FHA Mortgage - House Can Afford</u>	<u>Cash at Closing (FHA)</u>	<u>Conventional - House Can Afford</u>	<u>Cash at Closing (Conventional)</u>	<u>HUD Method (VHUD)</u>
\$35,000	\$875.00	\$91,147	\$5,295	\$117,715	\$27,075	\$117,600
\$50,000	\$1,250.00	\$136,476	\$8,871	\$176,258	\$40,539	\$168,000
\$75,000	\$1,875.00	\$212,026	\$13,782	\$273,830	\$62,981	\$252,000
\$100,000	\$2,500.00	\$287,585	\$18,692	\$371,402	\$85,422	\$336,000
\$125,000	\$3,125.00	\$363,124	\$23,603	\$468,973	\$107,864	\$420,000
\$150,000	\$3,750.00	\$438,674	\$28,514	\$566,545	\$130,305	\$504,000
\$200,000	\$5,000.00	\$589,772	\$38,335	\$761,688	\$175,188	\$672,000
.....						
\$143,931	\$3,598.28			\$542,858	\$124,857	
\$161,565						\$542,858
\$184,476	\$4,611.90	\$542,858	\$35,286			

Note: FHA mortgage assumes 3.5 percent downpayment, 30 year fixed rate of 7.18%, 3% closing costs; property tax rate 14.46 mills;UFMIP financed into mortgage, 85 bps FHA insurance, \$1500/year homeowners insurance, 31% max mortgage DTI, Mortgagee might be eligible for WHEDA Advantage FHA +DPAP

Conventional Mortgage assumes 20 percent downpayment, 30 year fixed rate of 7.17% (per Freddie Mac), 3% closing costs, property tax rate 14.46 mills, \$1500/year homeowners insurance, 31% max DTI.

Example uses Current Zillow Middleton Median Home Value (\$542,858) (Accessed 4.29.24)