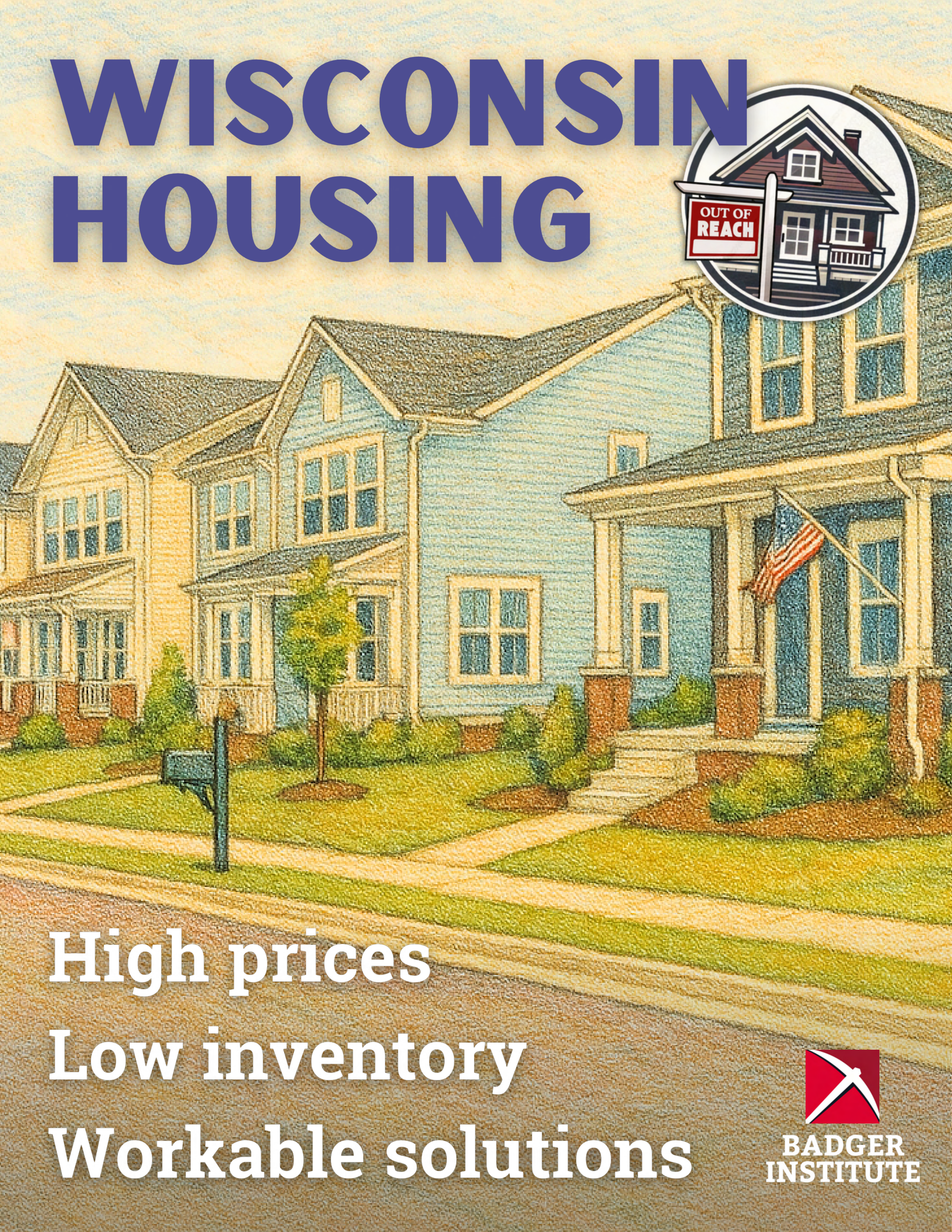
WISCONSIN HOUSING



High prices
Low inventory
Workable solutions

BADGER
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PRESIDENT'S NOTE

Losing the American Dream — and how to rebuild it

Over 40 percent of Americans and a majority of those under the age of 30 say it is no longer possible to attain the American Dream, according to a 2024 Pew Research Center survey.

These are not the naysayers who never had faith in America (that's another 6 percent who say achieving the Dream was never possible). It's a big swath of our country that includes almost as many Republicans as Democrats, over a third of college graduates, and almost 40 percent of middle-income earners.

Some might feel they can no longer have the career they sought or ever retire. But the crux of the American Dream in the eyes of a vast majority of Americans, other surveys show, is homeownership — an aspiration increasingly out of reach.

Starter homes that cost hundreds of thousands of dollars and median home prices of close to half a million dollars in many areas of Wisconsin aren't just a problem for aspiring homeowners themselves, you'll see in the following pages. Emergency responders can't find places to live anywhere close to where they save lives. Teachers and nurses and cops face similar struggles — and so do the communities and employers and neighbors who need them. Rents in many areas are skyrocketing as well.

There are cities and towns in Wisconsin figuring this out, places such as Manitowoc and Hobart. We can learn a lot from them.

The solution, you'll see in the pages that follow, is not rent caps or big government interventions that drive costs higher and burden taxpayers. It's much simpler, economically sound, and in line with the fundamental American belief in letting markets work. As it stands, they often don't. New housing development is about one-fourth of what it was 20 years ago. There are lots of reasons, but overregulation and labyrinthian obstacle courses for developers are a big issue. Those who would build need more latitude and more certainty when they put their money at risk. We need to encourage them to increase housing supply.

In the pages that follow, you'll see why — and how. It can be done without stripping communities of local control. State legislators can help, in fact, by making sure comprehensive plans are brought up to date and aligned with zoning codes.

There will always be some people, young and striving to reach their potential, who cannot afford homes. What none of us can afford is a state without faith in the American Dream.

Mike

Mike Nichols
Badger Institute President

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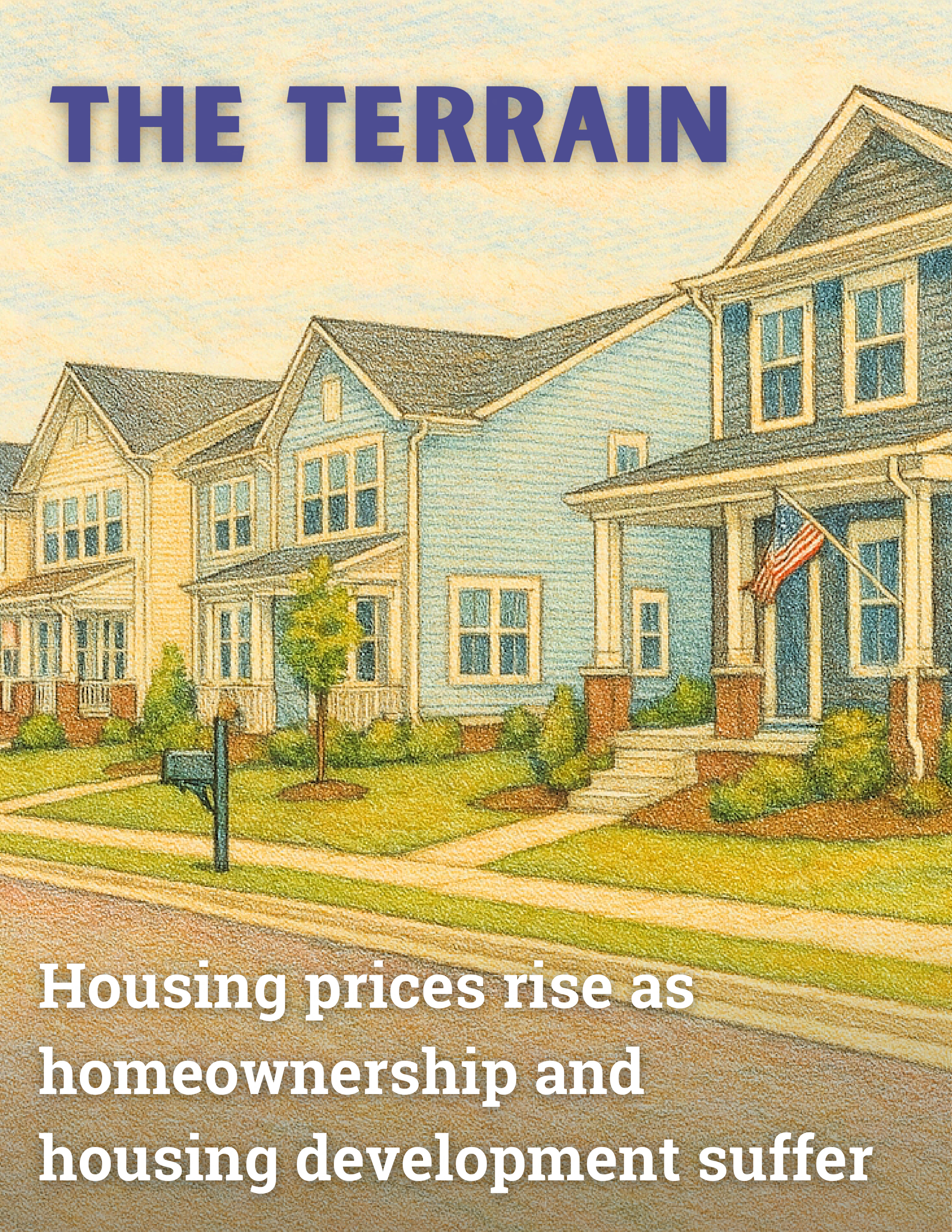
THE TERRAIN



Housing prices rise as homeownership and housing development suffer

Wisconsin homeownership rate

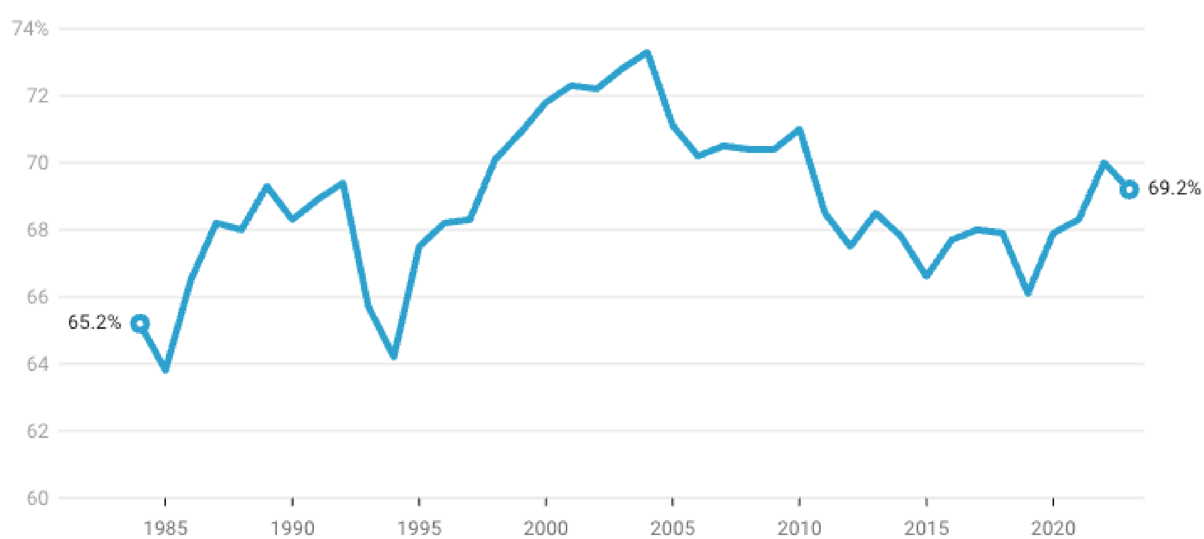
by Wyatt Eichholz

November 27, 2024

Home ownership — a key ambition of Wisconsinites pursuing the American Dream — is much lower than it was 20 years ago in the Badger State.

Only 69% of households owned the property they lived in last year, according to 2023 U.S. Census data.

Wisconsin homeownership rate in detail



Source: U.S. Census Bureau

The homeownership rate is considered a comprehensive metric of how well our socioeconomic system "is 'delivering the goods' for the typical American family," explained Don Layton for the Joint Center on Housing Studies of Harvard University in a 2021 essay.

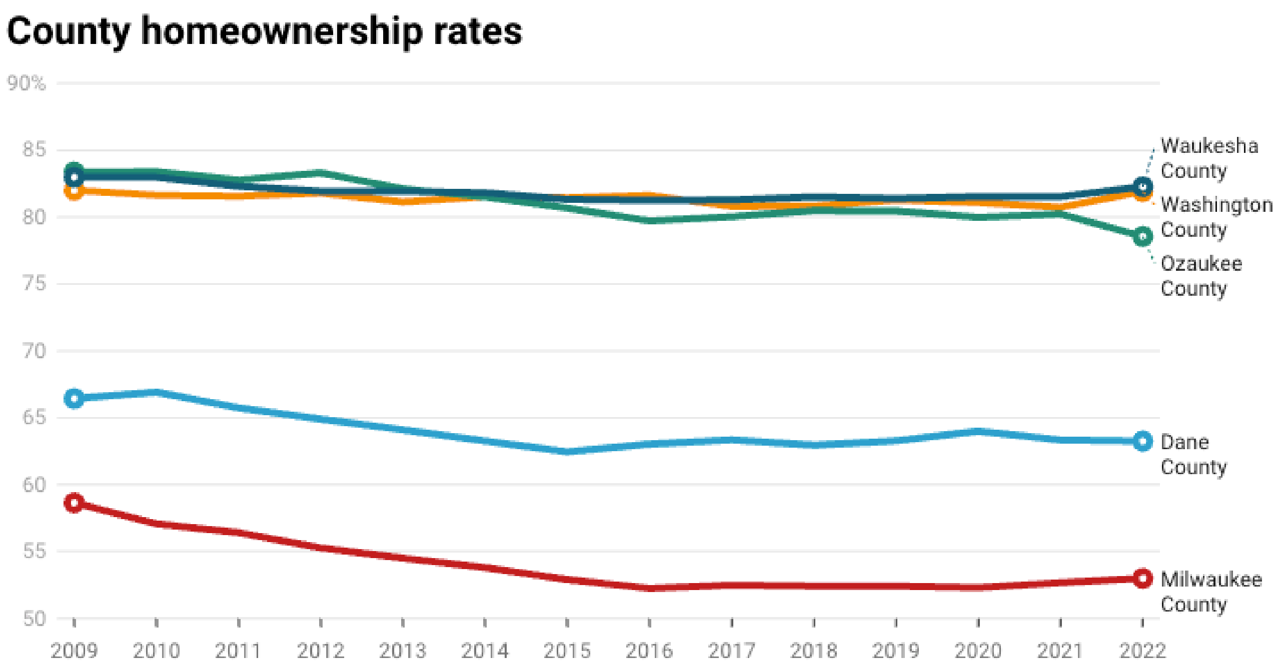
According to Layton, higher rates of homeownership reflect larger household incomes combined with affordable mortgages. Homeownership itself tends to improve a family's quality of life and serves as a vehicle for building wealth for retirement or the next generation.

The homeownership rate is calculated by dividing the number of owner-occupied housing units by the total number of occupied housing units. In other words, it's a measure of how many households are homeowners.

The data show that the homeownership rate in Wisconsin has fluctuated within a narrow band between 64% and 74% over the past four decades.

The rate reached its lowest level of that period in 1985 at 63.8% and peaked at 73.3% in 2004. Since then, Wisconsin charted a generally downward trajectory, reaching its lowest mark in decades in 2019 at 66.1%. While the rate recovered slightly in the years since the pandemic, quarterly figures seem to suggest that the trend has stalled. In the third quarter of 2024, the rate was back down to 67.3%.

Census data compiled by the Federal Reserve economic data service provide county-specific homeownership rates as well. In 2022, the most recent year in the dataset, Milwaukee County's homeownership rate was 53%. The rate in Dane County was 63.2%, in Waukesha 82.3%, in Ozaukee 78.6%, and in Washington County 81.9%.



Source: U.S. Census Bureau

Nationally, the homeownership rate is 65.6%. The Midwest as a whole has the highest rate of the country's regions at 70.1% for the third quarter of 2024. The South is second at 67.2%, followed by the Northeast at 62.2% and the West at 61%.

When the national statistics are broken down by age, the bracket with the highest homeownership rate is 70- to 74-year-olds, with an 80.7% homeownership rate. Rates steadily decrease for younger brackets. Less than half of 30- to 34-year-old householders are homeowners, and just 32.6% of 25- to 29-year-olds are.

END

Houses have taken a sharp turn toward unaffordable for typical Wisconsin household

by Wyatt Eichholz

February 27, 2025

Household must earn $108,000 to afford median home in metro Madison, $89,000 in Appleton area

Wisconsin residents anecdotally report feeling the increasing strain of trying to afford a home. These experiences are borne out by market data showing more Wisconsin residents priced out of homeownership.

The Wisconsin Realtors Association publishes a measure of affordability in its monthly reports. The latest figures show that affordability statewide decreased by 10% over the past 12 months.

However, to dig into affordability on a place-by-place basis, the Badger Institute turned to data from Zillow Research.

Those figures show that across Wisconsin — not just in its largest metropolises but in smaller ones as well — there has been a sharp increase in the level of income required to afford a house.

The data also show that the cost of owning a house relative to income has taken a dramatic turn upward, and that the time it takes to save enough for a down payment has grown steadily longer. In Wisconsin's two largest metro areas, Milwaukee and Madison, the cost of owning a newly acquired house now consumes more than 40% of the median household's income.

Affordability metrics

Zillow, an online real estate listings company, aggregates market data into compiled statistics about real estate markets across the United States.

Zillow's data have been used by academics and government researchers alike due to its breadth and accessibility. Zillow indices are reproduced in the Federal Reserve Economic Data portal, cited by the Federal Reserve Board and the U.S. Census Bureau, and have been evaluated by economists with the Bureau of Economic Analysis. Unlike some private sector sources of housing market data, Zillow provides its data to the public free of charge.

In addition to price indices and market indicators, Zillow Research also publishes a suite of affordability metrics at the metro area level. These account for fluctuations in median house sale prices, household income, mortgage rates, and taxes and insurance costs to paint a representative picture of the overall cost of owning a home. These figures can be compared across time and between areas.

Housing affordability by Wisconsin metro area

Figures as of Jan. 31, 2025

Size rank	Metro	Percent of median household income spent on costs of newly bought home	Household income needed* to afford typical home	Years to save for 20% downpayment
1	Milwaukee	40.6%	$109,889	8.44
2	Madison	41.2%	$117,738	9.62
3	Green Bay	32.8%	$88,498	7.69
4	Appleton	29.7%	$88,701	7.04
5	Racine	31.2%	$80,826	7.09
6	Oshkosh	32.3%	$78,960	7.49
7	Eau Claire	31.3%	$83,745	7.43
8	Wausau	26.3%	$67,700	6.13
9	Janesville	28.9%	$75,189	6.67
10	La Crosse	32.1%	$80,297	7.80
11	Sheboygan	30.4%	$79,270	7.29
12	Fond du Lac	30.4%	$75,315	7.05

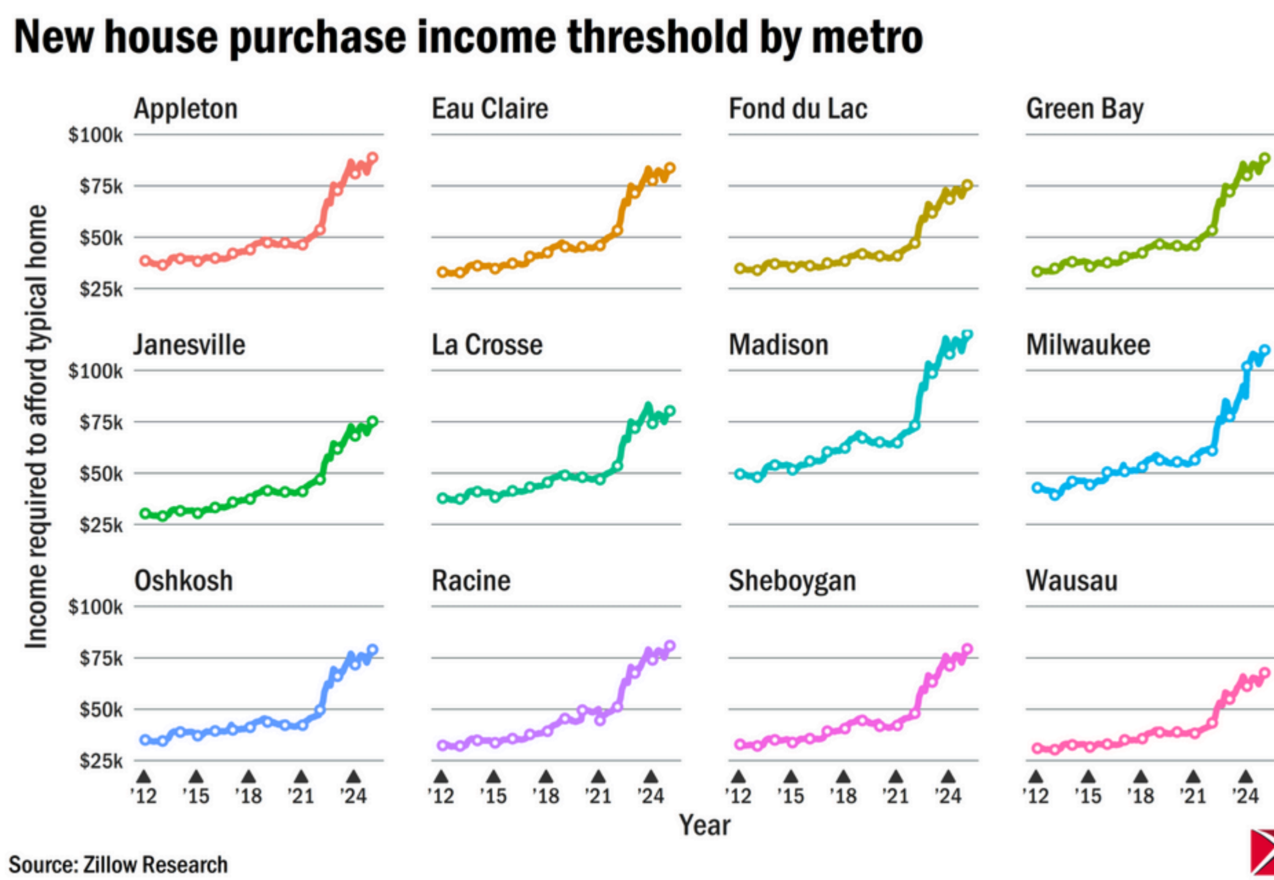
**So that house costs do not exceed 30% of income*
Source: Zillow. Kenosha and St. Croix were omitted due to their inclusion in out-of-state metro areas.

When discussing housing affordability, the Zillow economists make several simplifying assumptions. First, they stipulate as the threshold for "affordable housing" that housing costs consume no more than 30% of a household's monthly income. Second, when calculating the monthly cost of purchasing a new house, they assume a mortgage with a 20% down payment. Finally, when factoring in the time it takes to save for a down payment, they assume a savings rate of 10%.

Income needed

One measure of affordability is the income needed to become a homeowner — or as Zillow Research puts it, the "estimate of the annual household income required to spend less than 30% of monthly income on the total monthly payment after newly purchasing the typical home with a 20% down payment."

After years of slow increase in areas across Wisconsin, that minimum household income needed to afford a typical home on the market took a sharp upward turn in 2021 and began increasing at a faster rate than before.



For example, in January 2021, households in metro Milwaukee needed to earn $56,500, and in metro Madison $64,700, to afford to purchase a typical home. By January 2022, the Milwaukee threshold had ticked up to $61,000, and in Madison to $73,200. Just 12 months later, in the beginning of 2023, the thresholds were up to $77,400 in Milwaukee and $98,700 in Madison, and a year after that, about $101,700 in Milwaukee and $108,000 in Madison.

In other words, the threshold for buying a home increased 80% in Milwaukee and 67% in Madison in just three years.

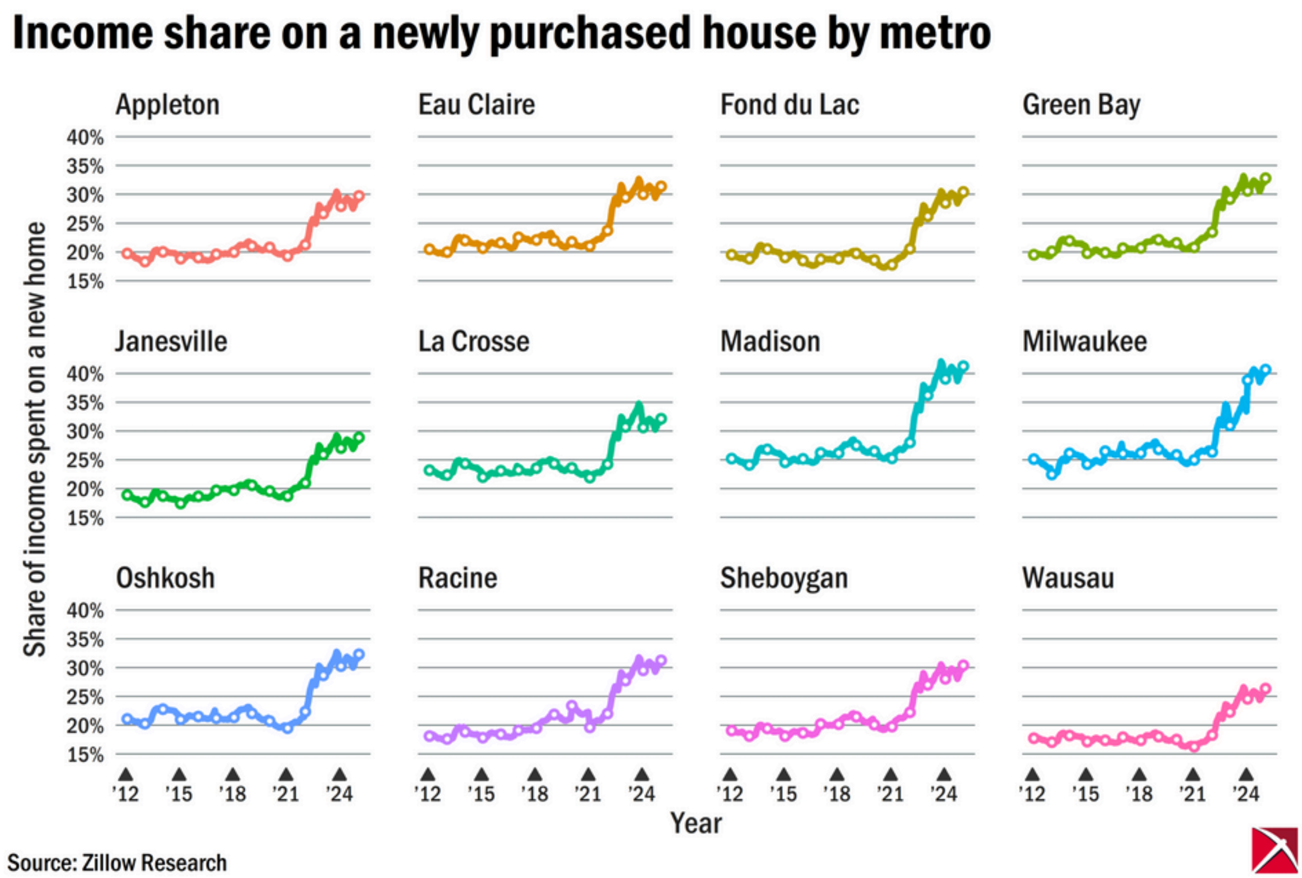
Median incomes have grown over the same period, but not by as much.

The Census Bureau's American Community Survey shows that in 2021, the median household income in metro Milwaukee was $68,449, and in Madison $76,731. These values comfortably exceeded the threshold to afford a new home in that year.

By 2023, the most recent year for such ACS data, the median household income in Milwaukee had only increased to $77,006, while Madison was only up to $82,132. The median metro Milwaukee household was slightly below the threshold to comfortably afford a typical home, while the median Madison household earned 83% of what it would need.

Income share

Another way Zillow measures affordability is by determining the share of income that a median household would have to spend on the costs of owning a newly purchased house. Those costs, according to Zillow, include mortgage payments, homeowner's insurance, property taxes, and maintenance costs.
This measure reflects the relative change between house prices and income. If the metric exceeds 30%, it means an area's median household cannot afford to buy a typical house.



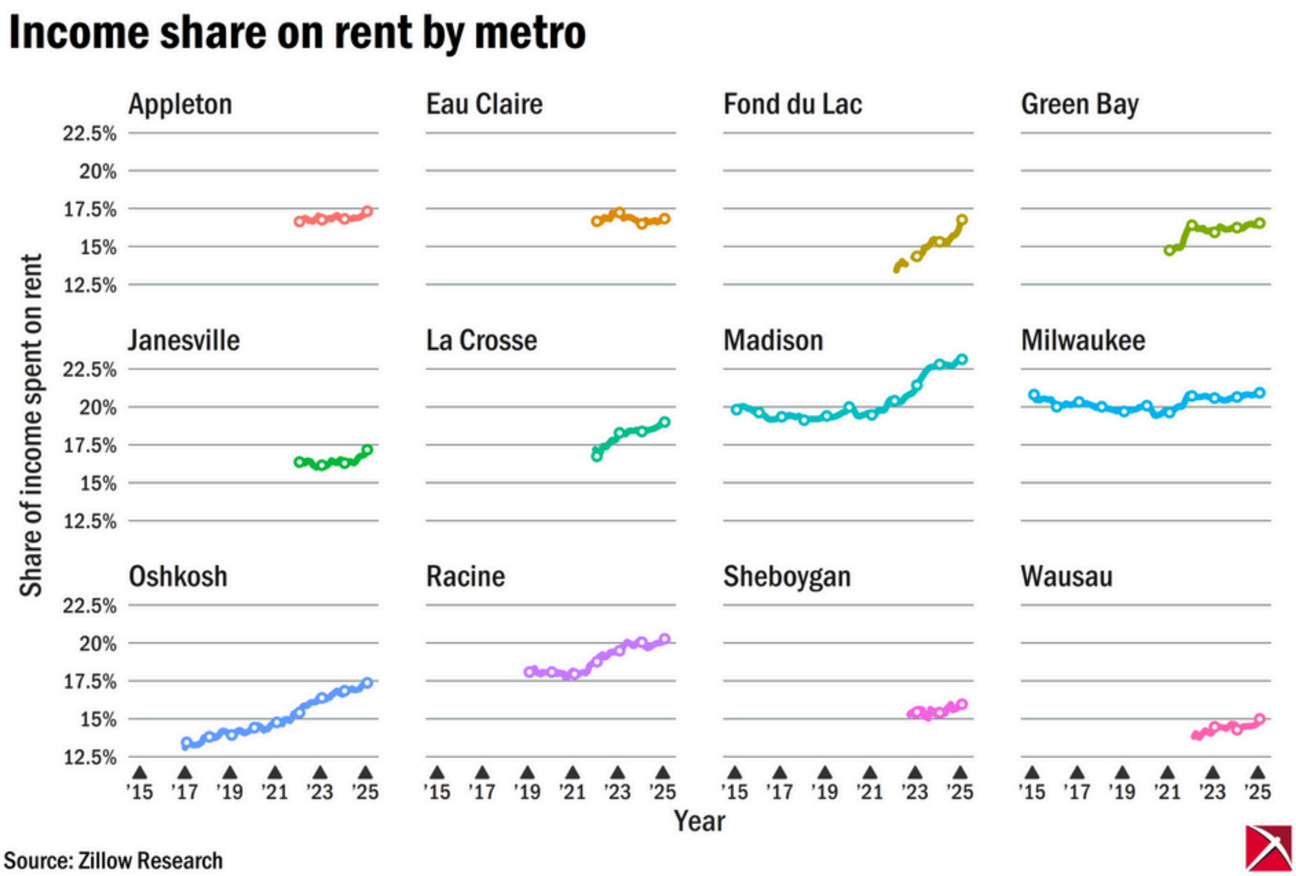
Once again, 2021 appears to be the inflection point in metro areas across Wisconsin. In nearly every case, the share holds relatively stable from 2012 to the beginning of 2021. This suggests that house prices rose roughly in keeping with income. In smaller metro areas such as Wausau, Sheboygan and Fond du Lac, purchasing a typical house would reliably cost 20% or less of the median household income. For the larger areas such as Madison and Milwaukee, the share hovered around 25%, but, as in other Wisconsin cities, remained mostly constant since 2012.

After 2021, however, the measure rose sharply.

In January 2012, the cost of buying a new home for a median household ranged from 17.7% of income in Wausau to 25.2% in Madison; a decade later, that range had increased to 18.3% in Wausau and 28% in Madison. As of January 2025, the cost was 26.3% of median income in Wausau, and while in Madison, it is at a whopping 41.2%. House prices exceeded the affordability threshold of 30% of household income for median households in Madison, Milwaukee, Green Bay, Oshkosh, La Crosse, Eau Claire, Racine, Fond du Lac and Sheboygan.

Rental affordability

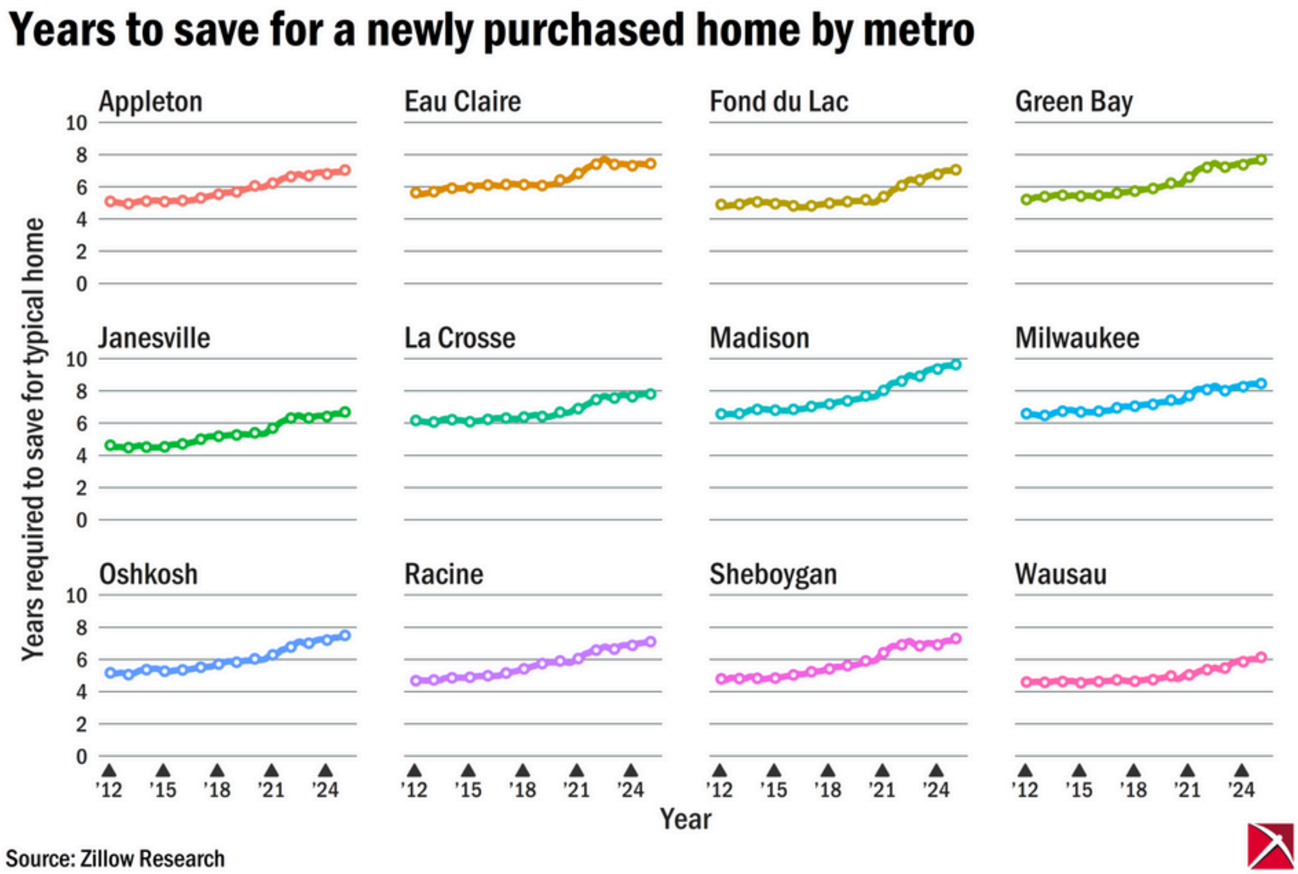
When it comes to rentals, the Zillow data are less clear due to a shorter baseline, but the figures show that across the state the costs of new leases are rising relative to median incomes.



Rental costs in Milwaukee as a share of income have not changed dramatically since 2015, but Madison has seen a noticeable uptick. Rents in Racine are now above 20% of median household income. While initially low in 2017, Oshkosh has seen rents steadily rise.

Years to save

Another measure is the amount of time it would take the median household to save enough money for a 20% down payment on a typical home, assuming a saving rate of 10% of a household's income per year.



In 2012, the number ranged from 4.5 years in Wausau to 6.6 years in Milwaukee.

Today, it takes the median Wausau household 6.1 years. The median household in metro Milwaukee would now have to save for 8.4 years, while in metro Madison, it takes 9.6 years.

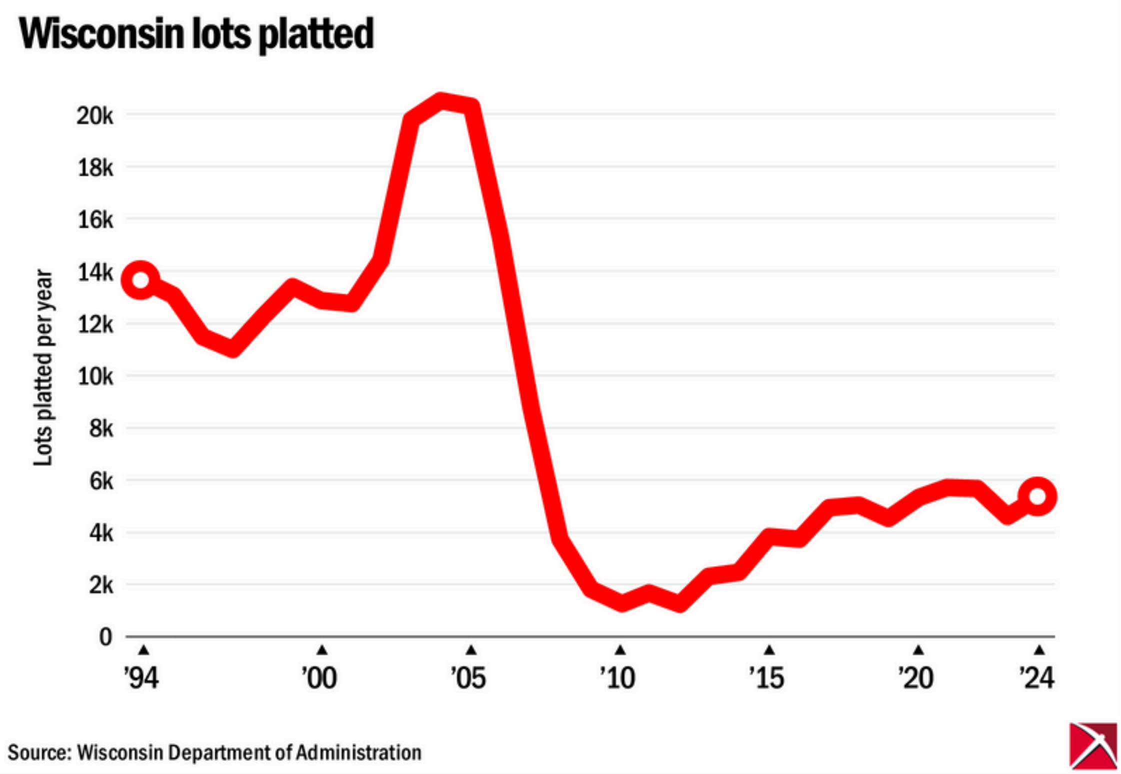
END

New housing development about one-fourth what it was 20 years ago

by Wyatt Eichholz

December 12, 2024

The creation of new real estate lots in Wisconsin is down 74% from its high 20 years ago with developers platting only 5,324 lots so far this year, data obtained by the Badger Institute from the Department of Administration's plat review office show.



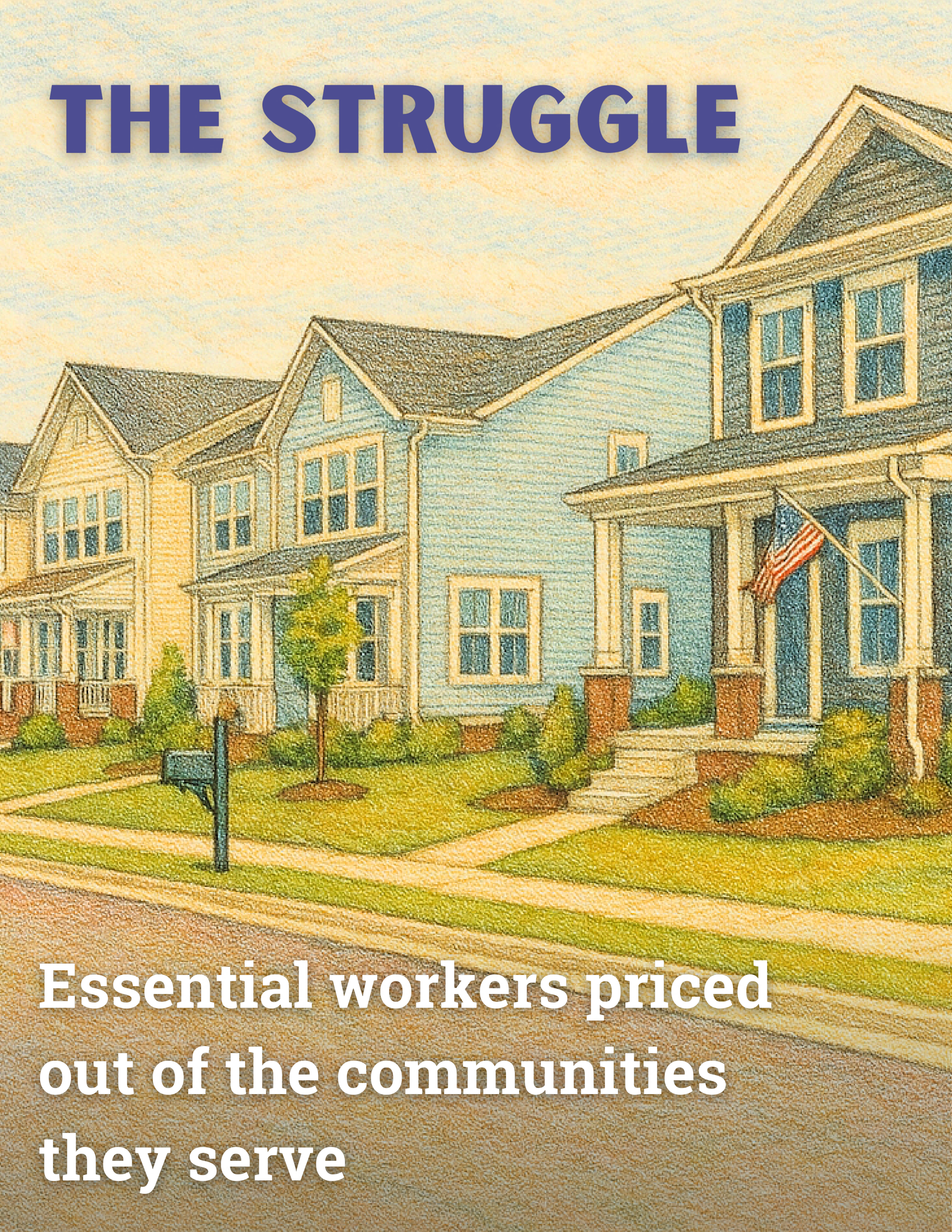
Before developers can build new homes or other structures on undeveloped land, they are required to submit a subdivision plat to local and state governments for review and approval. A plat is a detailed plan of a proposed development showing the new legal boundaries of subdivided lots.

The number of lots platted per year in the state reached its peak in 2004 at just under 20,500. It decreased in 2005 to about 20,300, then plunged five successive years in a row to just 1,283 in 2010.

In the decade since bottoming out, the number of lots platted has crept slowly upward. It reached 5,780 in 2021 before pulling back to 4,639 in 2023. That leaves Wisconsin well below the 12,700 lots that were platted in 2001, before the housing boom.

END

THE STRUGGLE



Essential workers priced out of the communities they serve

Emergency responders can't find a place to live close to where they save lives

by Mark Lisheron

March 6, 2025

Door County is among spots where housing is beyond reach

Sturgeon Bay — Aaron LeClair admits that he and his wife, Tara, just got lucky to find a home they could afford when he came back to Door County in 2004.

He wishes all the emergency medical services staff who work for him — and can't afford to live anywhere in Door County — had the same kind of luck.

"They can't afford to live where they work," he says. "It's changed. A starter house that used to be $100,000 is $200,000 and it needs a lot of work, if you can find one. They aren't the kind of homes you can raise a family in. Of the 13 who live outside the county, I'd say four of them have stopped looking for a home. They have zero interest in trying."

LeClair's home is one of the few old homes remaining in his neighborhood that hasn't been razed and replaced with something bigger and grander. "I see people walking outside and I don't know them," he says. "I really like to know my neighbors."

Today their home in Jacksonport is worth several times what they paid for it. They couldn't hope to sell it and buy something comparable and remain in LeClair's hometown. Zillow is currently listing three homes for sale in town, all of them under 2,000 square feet, none of them with a view of Lake Michigan and all of them over $700,000.

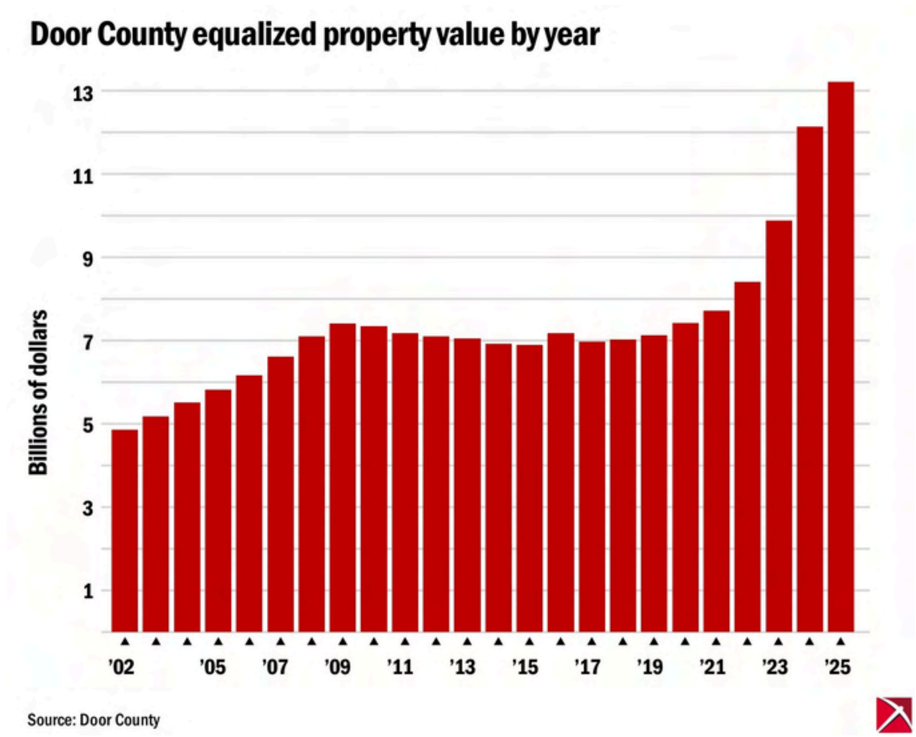
LeClair, 45, takes his sense of community seriously, if modestly. He is the Door County emergency services director and serves on the county Highway Safety Commission, the Land Information Council and the Local Emergency Planning Committee. Six years out of Sevastopol High School, he was elected to the Jacksonport Town Board and served for six years.

The community he serves has changed dramatically from the days when his parents first built a motel in Jacksonport in 1984. Their success — expansion and purchases of other cottages and creating a private Lake Michigan beach resort — mirrors what has happened to the little towns and villages along the Green Bay and Lake Michigan shores.

Aaron LeClair

After taking a dip in 2014-15, the county's equalized value crept up to $7.4 billion in 2020, the year an international health emergency was declared. In 2022, the equalized value jumped to $8.4 billion and in a single year increased to $9.9 billion, according to county records. This year the equalized value is estimated at $13.2 billion, according to county records.

"In 2020, when people thought it was the end, they started looking for places to get away. People from Chicago thought the home prices here were crazy cheap. And people figured out that with remote work they might be able to enjoy life a little more. This is a pretty good place to do it," Le Clair says.



Unlike some Door County locals who bristle at the change and the higher costs that go with it, "I have a different view of what the increase in my property taxes does for me," LeClair says. "I think it's good."

Property taxes help make it possible for Door County Emergency Services to keep pace with the expectations of homeowners who may live in Door County only in the summer but expect first-rate public services when they're there.

The directors of what was then called the Door County Ambulance Service set expectations high when they created what was thought to be the first rural paramedic team in the country in 1980.

Old standard: 15 miles

With full time jobs in the field hard to get, LeClair worked and trained with a private EMS company in the Town of Brookfield, when he met Tara. It was her suggestion to move back to Jacksonport. "That's what wives do, make you better," he says.

When LeClair started with Door County, EMS required all staff to live no more than 15 miles from the county's south border and to settle in Door County within four months of being hired.

By the time LeClair was doing the hiring, he and the county realized those requirements would make some hiring impossible. Today, 13 of the 30 full time staff, who live at the EMS station in Sturgeon Bay while on their 48-hours shifts, live outside of Door County, most of them well beyond the old 15-mile limit. Two of them live in Appleton, LeClair says.

Connor Perry counts himself among those who haven't stopped trying, but who aren't optimistic about finding an affordable, livable home in Door County. Popular tourist destinations like Egg Harbor, Sister Bay and Baileys Harbor are out of the question. But Perry has scoured listings in inland towns like Brussels, Gardner and Forestville without luck.

"If you want to start a family, which we do, a house like that would be $400,000, $500,000 just to start," Perry said. "We just can't afford it right now."

Perry, who grew up in Greenfield, has been a paramedic since 2015, working for a private ambulance service in Green Bay. He started part time in Door County in 2020 and was promoted to full time in 2022.

Perry met his wife, Marissa, as these things sometimes happen, at Green Bay's Bellin Hospital, where she worked as a nurse in the intensive care unit. They married in 2020 and, through a family friend, found a modest home in De Pere, 50 miles from Sturgeon Bay.

Nearly all the full time hires in 2022 had some kind of home affordability problem, Perry says. "I know talking to Aaron, he knew how difficult the housing situation was. I think it was at that point that he kind of lifted that residency requirement."

Home buyers in Green Bay and all of Brown County, too, are feeling the pinch from rising home prices, Perry said. And the affordability problem in Door County goes far beyond public services, like law enforcement, fire protection, teaching and emergency medical services.

"I've gotten to know a lot of people running businesses in Door County who can't keep employees because they don't have a place to live," he says. "That is an ongoing challenge."

Getting worse

The housing shortage in Door County is worse than many realize. The median home sale price of $426,643 over the last three months is the fourth highest for any county in Wisconsin, according to data developed by the Badger Institute.

Still, the last time the Door County Economic Development Corp. commissioned an analysis of its housing was 2019, a year before COVID. To illustrate how distorted the home market has gotten since then, the study estimated a need of nearly 1,100 affordable housing units of any kind. The study judged affordable to be between $60,000 and $124,900.

There is nothing in the economic makeup of Door County to suggest that the demand for expensive homes and the price of those homes will not increase. That market will continue to drive up the cost of construction materials and labor, further discouraging the market for "affordable" housing, LeClair says.

Other than easing his staff's residency rules and hanging on to his rarity of a house, LeClair is asking for no government solutions to what he says is a matter left to the market.

"It's a supply and demand thing," LeClair says. "For the last few years, you've had people paying more than what something's worth. The middle class can't compete. I don't know if that's going to change."

END

For now, a tiny house in a land of lakes and giant prices

by Mark Lisheron

February 20, 2025

Soaring prices in Vilas County make moving hard for new EMS chief

Jason Joling was a dream candidate for a dream job in a dream location. Just one problem: He couldn't afford to live there.

"They offered me the job and told me, 'We expect you to be living up here within four months,'" Joling said. "I said, 'That ain't gonna happen.' I had been on Zillow and there wasn't anything we could afford. I told them I could give them 50 hours a week. I just need a cot and a closet."

Joling got the job, and the planners for what has become the Northwoods Emergency Medical Services District got their man. Joling and his board of directors are building the first professional EMS service for the towns of Boulder Junction, Manitowish Waters, Presque Isle and Winchester in the lake-bejeweled northwest corner of Vilas County.

Six full-time paramedics, six emergency medical technicians, Joling, and Deputy Chief Jessie Mabie staff two round-the-clock ambulances stationed in Boulder Junction and Winchester, more than 20 miles apart.

They cover 279 square miles and serve roughly 3,000 people, many of them part-time residents, but that population can balloon to five times that number in the summer, county officials say. Northwoods expects to make about 500 calls this year.

The home, however, took a little doing. Joling is living in a 24-foot-long, eight-foot-wide tiny home next to a permanent home on a generous part-time resident's lake property. Joling is charged $200 for rent plus utilities.

Every square foot inside is accounted for: a composting toilet and a tiny shower at the rear; a stove with vegetables and venison canned by Joling and his wife, Jen, on shelves above; a sofa and a work area facing each other in front; and a walk-up sleeping cubby in what would be the attic.

Even in the dead of winter, the view from the tiny home is stunning.

Just enough for Joling, but not for Jen, director of the First Choice Pregnancy Resource Center in Wisconsin Rapids, who lives in the home they held onto in Wisconsin Rapids. On his days off, Joling makes a 2½ -hour commute home.

Had the community considered an EMS consolidation prior to COVID, the chief might have been able to find a home from among the older cottages that were part of the first gentle wave of lake development after the Second World War.

While the replacement of those homes with something bigger and more luxurious increased in the last decade, pent-up demand exploded when driven by people whose disposable incomes were plumped with federal pandemic money they didn't need, Mabie said over coffee near the fireplace at Dixie's Coffee House in Manitowish Waters.

Mabie grew up in Boulder Junction in an EMS family and went away only for classes. When she came back, she lived with and took care of her grandmother. Since 2010, she and her husband have lived in a modest house on a cranberry marsh on Little Trout Lake.

Houses that might have fetched $100,000 when she was growing up were selling for three or four times that, she said. Many were being knocked down to make way for million-dollar places.

"After COVID, there were people with capital, holding companies that would just cut checks, gobbling up properties," Joling said. "I know of one couple from Illinois who put up a big house and I know they've never been in it."

Vilas County has been particularly affected. The county's $427,884 median home sales price from Nov. 18 through Feb. 9 was the third highest in the state, behind only Ozaukee and Waukesha counties, with at least 10 listings during the period, according to Redfin.

Counties, such as Vilas, that rely on tourism are among the worst hit by a housing shortage that is, in varying degrees, statewide. In any period of spiking home prices, professionals in EMS, firefighting, law enforcement and teaching find it hard to live where they work.

When the Northwoods board, made up of one official from each of the four communities, got approval for its $1.7 million budget for 2025, it included allowances for $25 an hour for paramedics and $18 an hour for emergency medical technicians, with health insurance and a state retirement plan. These are not wages that can pay the mortgage on a $500,000 home.

Joling is used to it. He started volunteering 30 years ago. The pay was secondary. “From my first ambulance call,” he says, illustrating with a crooked index finger on the inside of his cheek, “I was hooked.”

Jason Joling

He and Jen bought their first home in Wisconsin Rapids for $150,000 in 2007, just before the nationwide financial implosion. The median home prices and home-to-income ratios in Wood County are among the lowest in the state.

His home is worth much more than that now, but it hasn’t kept pace with Vilas County. Still, when he calculated being five years out from retirement, Joling, 48, started looking at places where he might like to combine EMS work with retirement.

There was a “dream job” in Montana, where multi-million homes are being built every day for celebrity expatriates from California. The offer for 60 hours a week was $45,000 a year, Joling said.

Then he heard about the Northwoods project. Joling liked the appeal of building and shaping something from scratch, said Joel Fetterer, who succeeded Joling as EMS division chief in Wisconsin Rapids. The two talk a couple of times a week.

“Both of us share attributes of problem solving, the fun of figuring out a problem,” Fetterer said. “He’s the kind of guy to take the world on his shoulders and likes to attack a problem.”

Steve Herzberg, operations liaison for the Northwoods board, said they cast a wide net in searching for an EMS chief and Joling fit the bill in all the important categories, but he had a little something extra.

"He is a great paramedic, a strong administrator, an educator, and a selfless hard worker," Herzberg said. "We also needed someone who would come into our area and respect the people. He is humble — an important quality in a leader who has to bring together a new workforce and the towns and people he serves."

Although only a month from launch, Herzberg pronounced Northwoods "an unqualified success."

"Honestly, Jason has exceeded our expectations," he said.

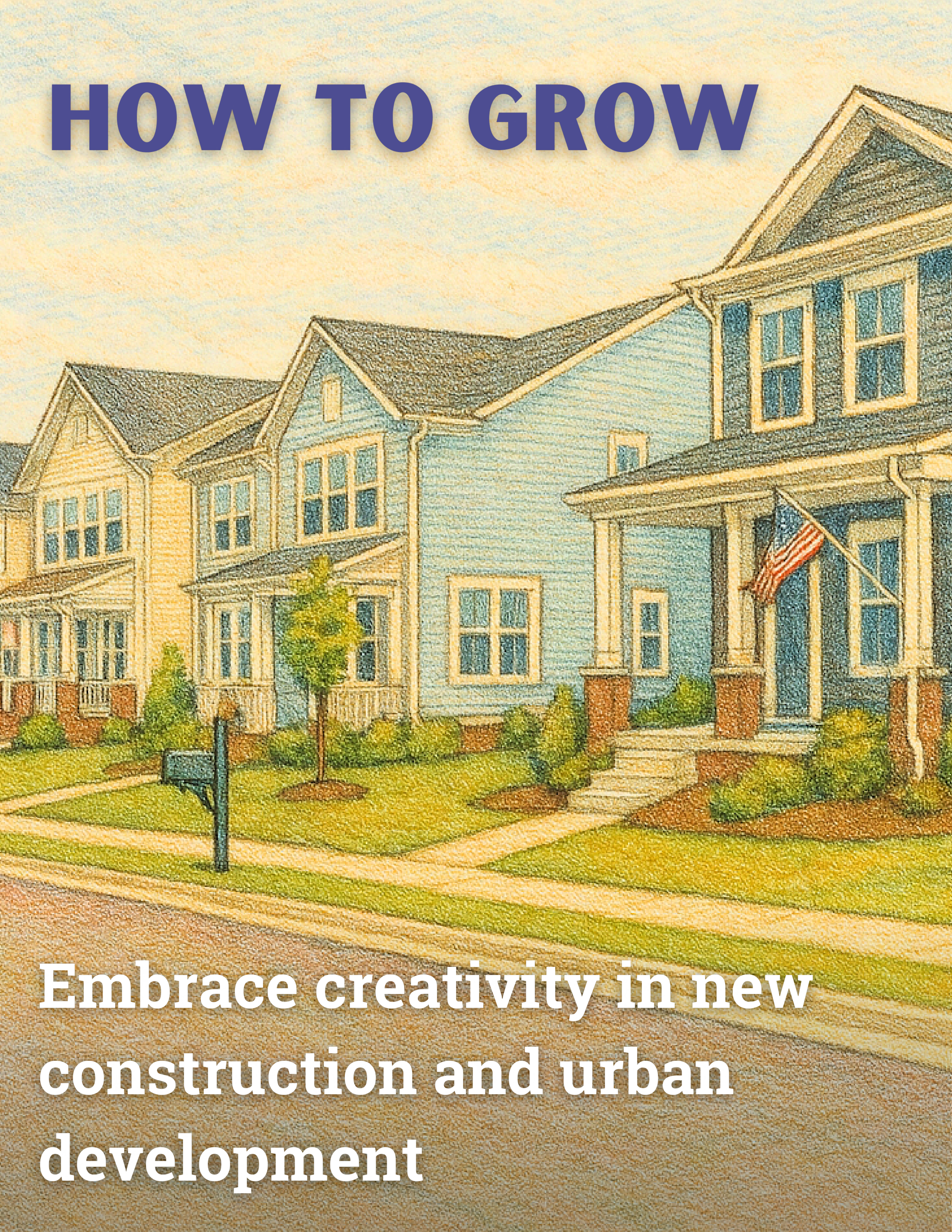
There are still problems for Joling to resolve. The variance for the tiny home was creative, if temporary. Joling made it clear he wants no government handout.

"We are all working to help them find their new home up here," Herzberg said. "Hey, if anyone out there has a lead, call Jason."

"It works for now," Joling said. "I'm on a five-year plan, maybe six. I think we really want to be here."

END

HOW TO GROW



Embrace creativity in new construction and urban development

AEI: Building more homes in Wisconsin would drive down cost

by Patrick McIlheran

April 3, 2025

Policy playbook shows how it could be done without taxpayer subsidies or taking up more land

Allowing more home construction on smaller lots in Wisconsin would substantially drive down prices, according to a new analysis by scholars at the American Enterprise Institute.

“What we’re saying is that your biggest opportunity here is to just build at somewhat higher density,” said Ed Pinto, co-director of the AEI Housing Center.

New home construction in Wisconsin from 2000 through 2023 produced about 316,000 single-family houses, nearly all of them owner-occupied. Sales prices, adjusted for inflation, averaged $387,000, according to AEI.

The lots they were built on averaged just over a third of an acre. In other words, Wisconsin’s average new house construction since 2000 has been at 3.5 units per acre, by AEI’s calculation of Census data.

AEI housing scholars have modeled four different scenarios that would have resulted in increased development over the last 25 years on the same amount of land, including, for instance, more infill construction in urban areas.

One of the scenarios estimates the impact of allowing the building of single-family houses on greenfield sites at higher density than actually occurred.

If development since 2000 had averaged 5.9 units per acre instead of 3.5 per acre, AEI estimates, an additional 209,000 single-family houses would have been built — a 66% increase on the same amount of land.

Alternately, if 80 percent of newly developed land had single-family houses at 5.9 homes per acre, and 20 percent had single-family townhouses at 33.8 units per acre — the median density of townhouses that were built in Wisconsin in that period — Wisconsin would have had approximately 707,000 additional new homes since 2000.

Under that theoretical scenario, the average sale price would have been an inflation-adjusted $337,000, about 13% less than what was built, according to the AEI model.

AEI's estimate of 5.9 houses per acre — rather than 3.5 — is premised on what would have occurred if municipalities simply had smaller minimum lot sizes of one-tenth of an acre and allowed homes as small at 1,000 square feet. To put it in annual terms, builders would have provided an additional 9,000 single-family homes per year, according to AEI.

"You could have built a lot more homes on the exact same amount of land just by legalizing building starter homes," said Pinto.

For comparison, 5.9 single-family houses per acre is about the density in the middle of West Allis, the north side of Appleton, or much of the west side of La Crosse.

The income it takes to afford a median Wisconsin house has taken a sharp turn upward since 2021, with buyers spending a rapidly increasing share of their income on mortgages and other ownership costs. Middle-income employees, such as paramedics, are finding it more difficult, even impossible, to buy a house in places with constricted home supply, such as Vilas or Door counties, driving employers to unusual lengths to get starter homes built.

The problem mirrors housing woes that long have afflicted coastal cities with strict limits on new construction and, consequently, exorbitant prices. But instead of nostrums such as banning single-family housing in favor of rent-controlled apartments, Pinto and his team suggest what they term "light-touch density" — permitting, but not mandating, landowners to develop real estate at somewhat higher densities if they choose and if buyers want it.

"Why will they build housing that's more affordable? Because they make money," said Pinto. "Do the math." Putting 3.5 houses selling at $387,000 each on one acre means $1.4 million to a builder. An 80-20 mix of single-family homes and townhouses selling at $336,500 each would average $3.8 million of sales per acre to a builder — all without taxpayer subsidies.

Builders have told the Badger Institute similar things, that large lot-size or floor-space minimums make it harder, if not impossible, to make starter-home developments pencil out, while smaller sizes make lower-cost development viable.

Opponents of denser development often argue that larger utility lines or bigger roads would be too expensive, says Pinto, who points out their error: “Most of the cost of extending water and sewer is actually getting the right-of-way, digging the hole, putting it in the ground. The size of the pipe is a rounding error,” he said.

This makes the proposition a win for municipalities, says Pinto, especially in state where employers routinely find it hard to hire.

“You want to bring in a new factory,” says Pinto. “You want to bring in some jobs: Where are those people going to live?” At only 3.5 houses per acre — and with the consequently costlier houses — “You’re not allowing any housing to be built for those people.”

AEI’s policy playbook recommends that Wisconsin make residential construction “by-right,” buildable without a variance so long as it complies with established zoning. The key, says Pinto, is to ensure that zoning allows builders to construct what buyers want across a spectrum of sizes and prices.

“There are large swaths of the country where a very important issue is, ‘We don’t want to become like California,’” he said. But it is a scarcity of houses, he points out, that makes California’s coastal metropolises costly and overpriced. Wisconsin doesn’t have to make houses scarce.

Objectors, he says, “should ask themselves the question, ‘Where will our children and grandchildren live?’ You want them living in your basement forever?”

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Wisconsin cities can grow if they let housing markets work, say scholars

by Patrick McIlheran

April 10, 2025

Study from AEI calculates more than 21,000 new homes a year from permitting economically feasible urban infill

Concerned that exorbitant housing is out of reach for middle-class families, cities without developable greenfield sites could ease the squeeze by allowing more market-driven urban infill, say scholars at the American Enterprise Institute.

Machine-generated image of a single-family home on a neighborhood block with a portion of its lot dedicated to the construction of an accessory dwelling unit.
“Why is housing so expensive?” asks Ed Pinto, co-director of the Housing Center at AEI in Washington, D.C. It’s because, he says, costly housing is all that most cities will allow a developer to build, even inside urban areas.

The AEI scholars have modeled three options for infill development in Wisconsin urban areas that, they calculate, could mean more than 21,000 new homes per year in the state, all without government subsidies or mandates.

“The point is that you have to allow things that are economically viable,” said Pinto.

One option is to allow people with a house on a lot to build an accessory dwelling unit — also called a “granny flat” or an “in-law suite,” either attached to the back of the house or as a separate building. AEI’s model, which uses the actual house prices and sizes of existing lots in Wisconsin cities, reckons that perhaps as many as 5,100 such units would make economic sense per year.

Another option recognizes the fact that many old houses are on large lots in or near cities where the value of land has now outpaced that of the house. In some cases, the land value constitutes 60% or more of the total value, much higher than 30% that lenders and builders regard as a rule of thumb. For some houses, the AEI model calculates, it makes more sense for a homeowner who is looking to sell to subdivide the lot into several city-sized lots, each with a single-family home.

Pinto's team calculates that if such an option were available in all the places in Wisconsin where it makes economic sense, it could mean as many as 6,500 new houses annually, if cities permitted it. Often they don't, in part because neighbors want to keep the look of their surroundings intact.

But, wrote Pinto and colleagues in a 2022 book explaining their "light-touch density" concepts, "Preventing change in a neighborhood is generally impossible. If land use regulations prevent the built form from changing, the neighborhood community will change nonetheless," as homeowners age and leave. The alternative to subdividing an expensive large lot, he points out, is a teardown of the 1950s ranch and its replacement with a "McMansion," much larger and out of character with the neighbors anyway.

"Nobody would put a $600,000 structure on a million-dollar lot," he says. "It would be uneconomical the day it was built," and so lenders would balk.

His team includes a map of census tracts in Wisconsin where existing land and home values make the neighborhood especially vulnerable to McMansions. One part of Madison near Lake Wingra has, by AEI's calculation, 168 houses vulnerable to such replacement when sold; four already have been replaced by much larger, costlier houses. Teardowns may pencil out, but they change a neighborhood — and, Pinto points out, don't provide much new housing.

A third option, what Pinto dubs "livable urban villages," involves simply making it always permissible to add residential use, including single-family home, duplexes, and larger apartment buildings, in existing commercial or industrial districts of a city. The idea is to permit the free market to find the next example of what has happened to Milwaukee's Third Ward. This could lead to as many as 10,000 new homes annually.

"We're not saying you have to building housing there," Pinto says. "But if someone comes along and says, 'Wait a minute — I believe that parcel's highest and best use is housing,' and wants to build housing, let them, simple as that, by right."

"By right" means that, once zoning and other building rules for a parcel are set into code, developers need no more permission for a project. It's important, says Pinto, to giving builders some certainty of a project going forward once they've committed money to planning it.

The three urban options are in addition to the biggest suggestion in AEI's playbook for Wisconsin, letting builders offer smaller lots on greenfield sites. That idea — allowing mostly single-family homes at about 6 homes per acre instead of the 3.5 per acre that Wisconsin has averaged since 2000, along with some townhouse-style single-family homes — could mean about 31,000 additional homes a year on no more land than we're currently using for development.

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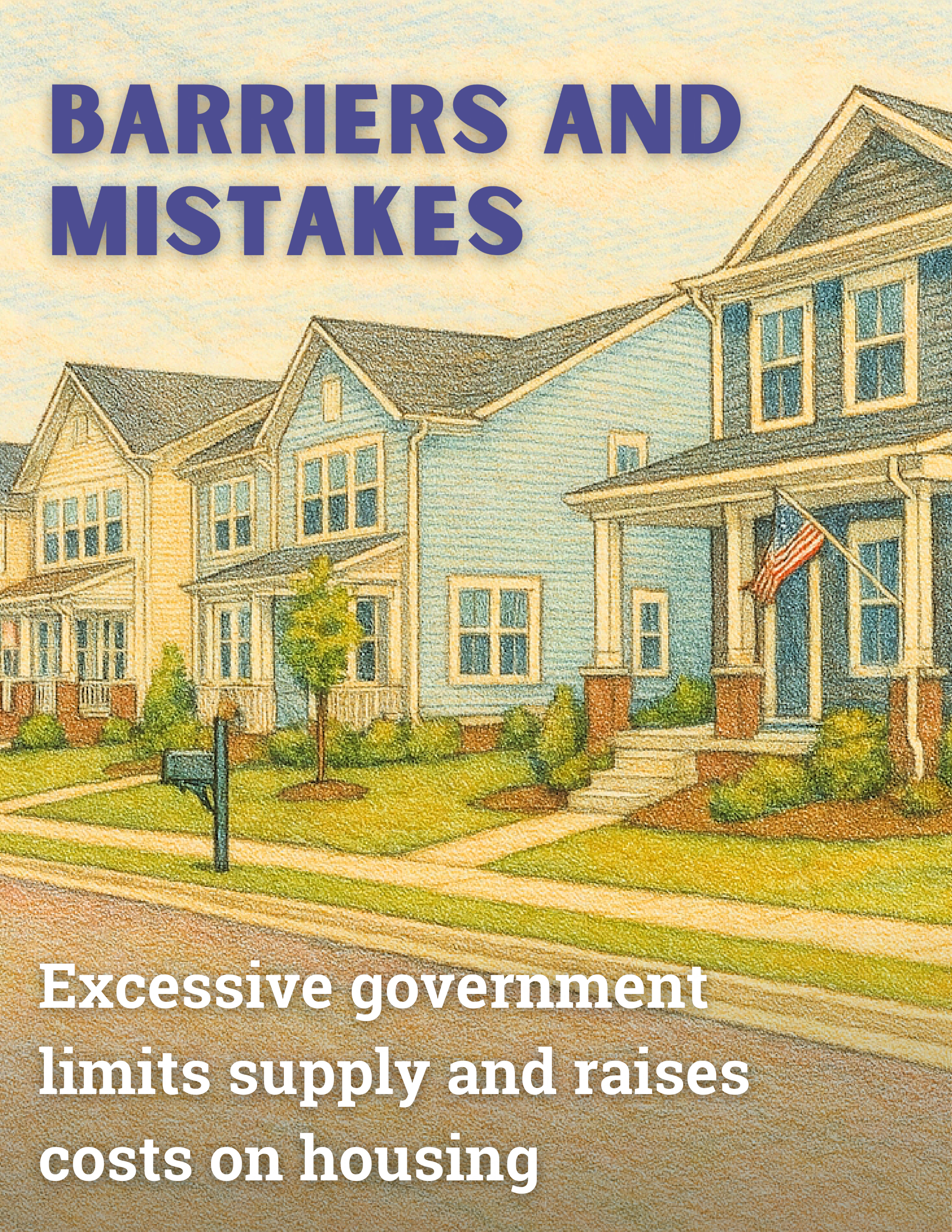
BARRIERS AND MISTAKES



Excessive government limits supply and raises costs on housing

Hot demand for houses runs into Dane County's Land of No

by Patrick McIlheran

October 10, 2024

Many things can stymie development, but there are pathways to yes

If a home in Madison, Wisconsin's most rapidly growing metropolis, is increasingly hard to afford …

And it is: The median single-family home sold in metropolitan Madison, which went for $470,800 this spring, cost well over five times the median household income.

… And if most young families really do prefer a single-family house …

Which they do, in survey after survey.

… And if metropolitan Madison is surrounded by flat, buildable farmland, what's the problem?

Why not build enough houses to satisfy buyers?

One reason is that it's so easy for people who are not in the business of building houses and not in the market to buy them to say no.

"Housing dies the death of a thousand cuts," said Kurt Paulsen, who teaches urban planning at the University of Wisconsin and helps practice it as a member of the Middleton Plan Commission. A lot of those wounds happen at the very local level — when municipal plan commissions put conditions on developments that make for fewer, costlier houses.

Sure, regulations affect the cost of building houses, "but there's not some faceless bureaucrat imposing 10,000-square foot lot sizes," he said. That's local officials, listening to local residents who want less traffic and ritzier neighbors, if neighbors they must gain.

Don’t want to grow

It’s hard enough to build. To make a subdivision of a cornfield, a developer must borrow to buy the land, borrow more to grade it into buildable sites, borrow to install roads, sewers and parkland that he will gift to the municipality, and borrow to pay up-front municipal planning fees. Higher interest rates can kill a project. So can being told that all those costs, eventually paid by home buyers, must be spread over fewer houses on larger lots.

That happens regularly. “There are communities that have decided they just don’t want to grow,” said Chad Lawler, who heads the Madison Area Builders Association. He diplomatically refrains from naming them, but there are communities that “try to find a way to get to no instead of how to get to yes.”

All this is atop an ongoing shakeout in home builders after the Great Recession and shortages of skilled labor. Builders are funding trades apprenticeship programs, but they still face the bright lines drawn on maps in municipalities’ comprehensive plans.

These, redrawn once a decade by statute, sometimes sooner if a community wants, specify the boundaries in which new development can be considered. Outside the boundaries? It’s not getting developed — unless a municipality redraws the plan.

Usually, the people who show up at public meetings are nearby residents who prefer green space and nature to new neighbors. Most often, said Lawler, the objections seem to be that new houses will bring more traffic and maybe crime. So the boundary stays put, and even within it, development can be quashed.

But metropolitan Madison remains attractive: For 20, maybe 30 years, Paulsen points out, job growth has exceeded home construction. And while the City of Madison has arguments about apartment construction, that discussion is separate from the market for single-family homes. People will find those somewhere. Say no on fields adjacent to the city, said Paulsen, and “you’ll start building in Cross Plains. And if you can’t build it there, you’re going to build it in Mazomanie.”

There are ways to “yes.”

Middleton greenlighted a subdivision of single-family homes, two-flats and apartments on 128 acres of farmland. The houses, on lots of a size you’d see in Milwaukee, are priced in the $400s, but as Paulsen puts it, “Any bit of supply helps in a stuck market.” If someone moves in, it may open up their older, cheaper house in Middleton, a process called “filtering.”

Countering interests

But that works only if enough new places get built, and, he says, Dane County's been seeing only about 5,000 new houses a year when the market's been clamoring for 7,000.

Paulsen hastens to say he's not impugning people's motives. Your house is usually your biggest asset, and "you cannot insure it against its value going down" because the woods nearby become a subdivision. Residents have an interest in telling the plan commission to say no, while future residents are wholly hypothetical, are never there to say yes.

He suggests a way around, pointing to the new subdivision of starter-priced houses being built in Sheboygan County by a consortium of manufacturers who want employees to be able to move in. The houses, owned by residents, can be sold to anyone working in the county and not just to those working for the sponsoring employers.

It's innovative, said Paulsen, because someone with an interest in there being enough houses intervened to make it happen.

This could help elsewhere, he said — businesses telling plan commissions they're having a hard time finding workers. It can counter the natural tendency toward "no."

"If the Chamber of Commerce is there saying, 'Yes, yes, yes,'" he said, "that gives growth some support."

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AEI report: Harris' housing plan will cost Milwaukee home buyers thousands

by Wyatt Eichholz

October 10, 2024

Vice President Kamala Harris' new housing down payment assistance proposal, which would give $25,000 to qualifying first-time home buyers, would dramatically increase housing prices, particularly in Midwestern metro areas such as Milwaukee, according to a new study by scholars at the American Enterprise Institute.

"Scrutiny of the proposal reveals that rather than alleviating the housing burden on FTBs (first-time buyers), the down payment assistance plan will harm both FTBs and repeat buyers," states the study by Edward Pinto, Tobias Peter and Sissi Li.

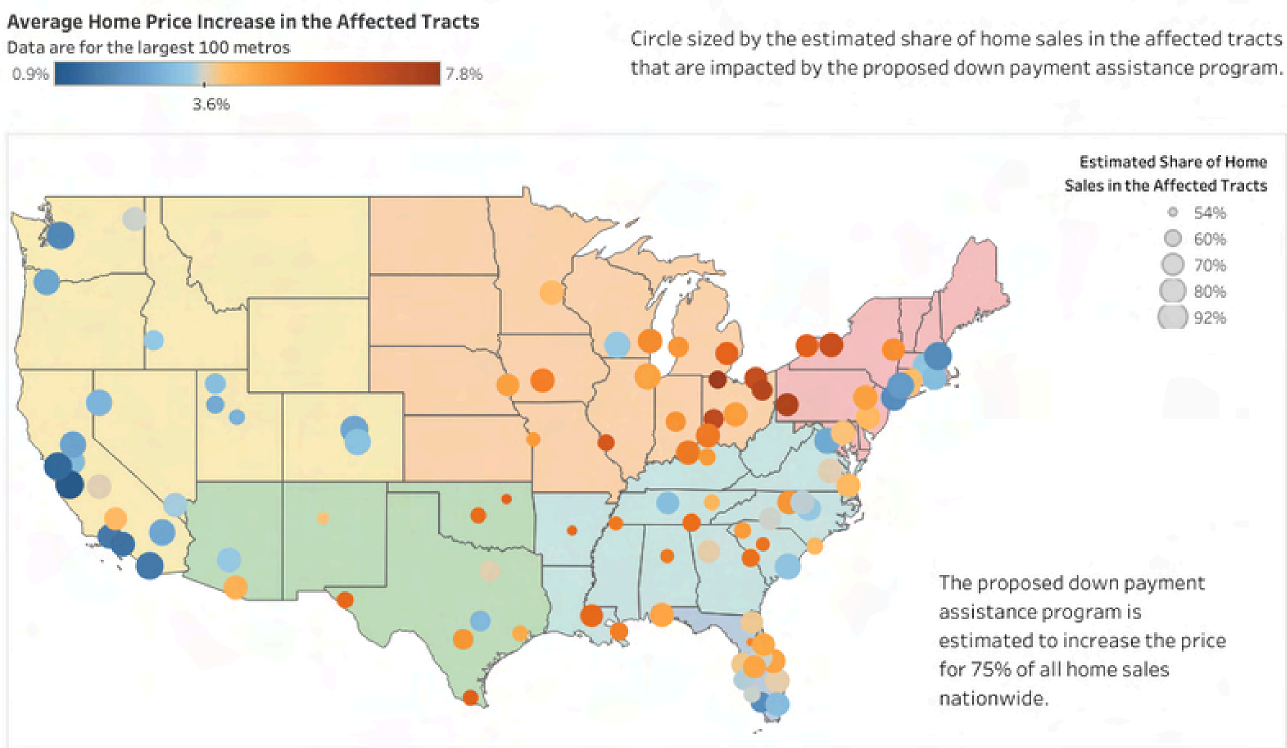
The injection of down payment assistance, a government subsidy of first-time home buyers, would cause home prices in metro areas to increase by an additional 4.1% on average nationwide.

Home buyers in the Midwest would see the sharpest increases in prices, the scholars argue, because the region is already experiencing a "sellers' market," where a supply imbalance puts upward pressure on prices.

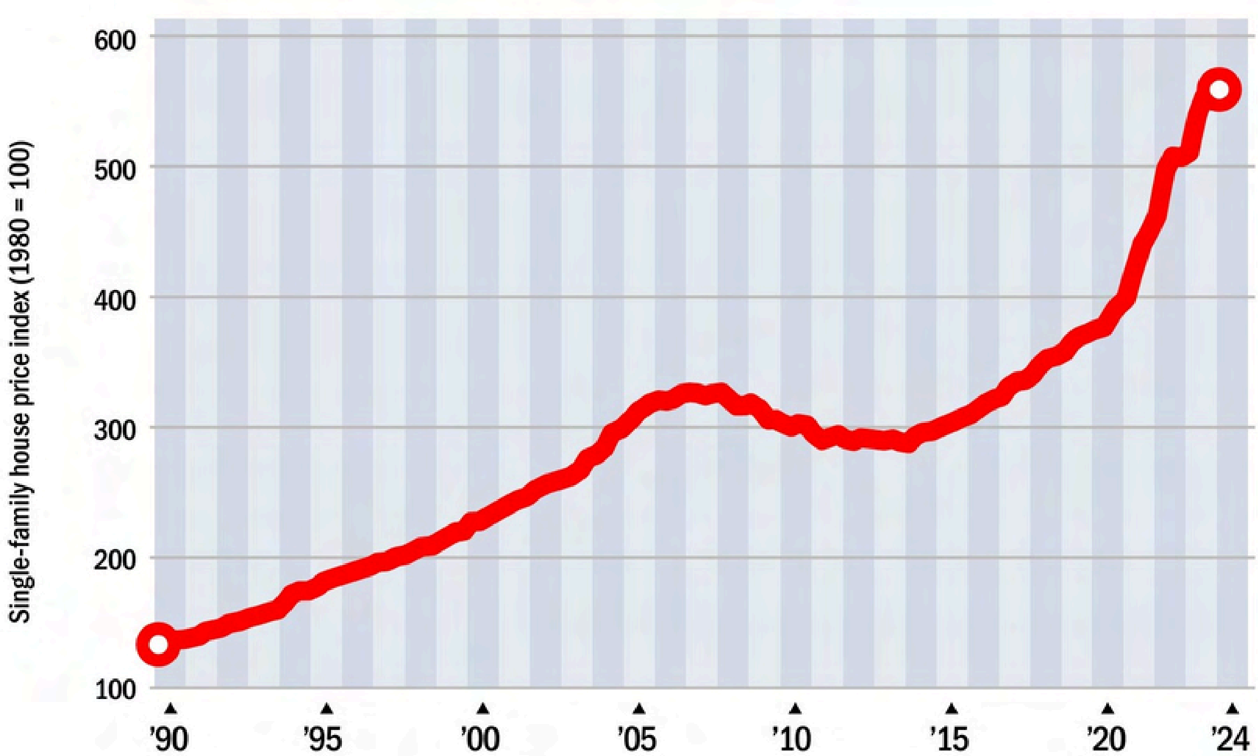
The AEI report confirms that Milwaukee would be among the hardest hit by further price increases due to the Harris proposal. Nearly 80% of home sales would be affected, and price increases would be 5.1%.

As a Badger Institute report from this summer demonstrated, Wisconsin already has experienced some of the fastest growth in housing prices in the country, outpacing other Midwestern neighbors.

Harris pitched the plan as a solution to help families keep up with the rising prices of housing, but the analysis reveals that injecting more funds into the market will only put further upward pressure on prices.



Increase in Wisconsin house prices over time



Source: U.S. Federal Housing Finance Authority Housing Price Index, All Transactions

Indeed, while the Harris plan would hand out $100 billion to qualified households looking to purchase a home, the subsidies would cause a total of $177 billion in price increases for all first-time buyers.

“This is yet another example of seemingly well-intended policies resulting in massive unintended consequences,” Pinto, Peter and Li argue. “In a housing market with historically low inventory, demand-side policies end up increasing home prices for a wide swath of buyers, not just the intended beneficiaries.”

The report argues that prices will increase due to several factors. For one, home buyers, including those already intending to buy a home, would have additional purchasing power. The program also would encourage some households that would have otherwise continue renting to change plans and pursue buying a home, adding additional demand.

For regions such as the Midwest where houses already are in short supply, home prices would increase as assistance recipients bid against other buyers and each other. The authors estimate that about 3.7 million of the 4 million total recipients will face higher prices directly because of competition with other recipients.

About 7 million non-recipients will also face higher prices as a result, for a total of 10.8 million affected borrowers.

The report estimates that areas affected by the Harris program will see an average additional increase of 4.1% in home prices. That equates to an increase of $16,400 on a median home. In other words, about two-thirds of the subsidy will go to sellers in the form of higher prices, on average. For Midwest metro areas such as Milwaukee, the ratio could be even higher.

When that increase of $16,400 is multiplied across all affected borrowers, it adds up to an estimated $177 billion in higher housing prices for first-time buyers. The authors also project that higher prices will ripple through the entire housing market, estimating the total inflationary impact to be $1 trillion.

END

Milwaukee rents in national spotlight; rent caps not the solution

by Wyatt Eichholz

May 1, 2025

Economic theory and history show they limit supply and raise costs

Milwaukee is one of the most competitive cities for renters in the country, a report in the Wall Street Journal found this week. With 94 percent of units in the city occupied and at least eight renters competing for one apartment, average rents have shot up to $1,541 this past February, 29 percent higher than the rent in February 2020.

And the problem is not just confined to the city of Milwaukee. A recent Badger Institute report found that home prices across the Milwaukee metro area and Wisconsin as a whole continue to increase, causing spillover effects in rental markets. Rents as a share of median incomes in the Madison area, for instance, have grown sharply over the past few years and are on the rise in metros such as Oshkosh, Racine and La Crosse.

In response, politicians and activists in Milwaukee and Madison have called for rent control or stabilization — laws limiting or prohibiting rent increases — even though Wisconsin state law forbids it. Half an hour west of the western border, meanwhile, St. Paul has implemented rent stabilization in recent years.

A review of past experience and studies reveals a clear economic consensus: Such policies result in a lower stock of available housing, a lower quality of available housing, increased rents for properties that are not controlled, and spillover effects that harm those in the surrounding community.

Rent control in theory

In standard economic models, the curves representing supply and demand intersect at the market clearing price, where the quantity supplied equals the quantity demanded. In rental housing, for example, if more people want to move into a city, the increase in demand will cause an increase in the market clearing price; if developers build more housing, the increase in supply lowers the market price.

Rent caps are a typical example of a “price ceiling” — a legal barrier that prohibits buyers and sellers from transacting a good or service above an arbitrary price point. There are other forms of rent price regulation as well, such as rent stabilization policies that regulate the rate at which landlords can raise rents rather than specifying a fixed price, but these still have the effect of keeping rents below the market price.

The economic literature suggests that even if controls on rent help a subset of protected tenants, they also produce unintended consequences that harm other people. A 2022 comprehensive metanalysis of the economic literature conducted by Konstantin Kholodilin found evidence that rent controls had negative effects on the supply and quality of rental housing, discouraged the construction of new housing, and increased rents in uncontrolled properties.

Rent control in practice

In a 2019 paper, Rebecca Diamond, Tim McQuade and Franklin Qian found that the application of a rent control law to a new class of housing in San Francisco in 1994 increased the likelihood that tenants would stay in that housing, which was an intended goal of the policy. But it also drove some landlords to take their properties out of the market and convert them into owner-occupied condominiums. Rather than solving the problem of housing availability, the policy decreased the stock of housing available to renters: The authors found that rental supply in rent-controlled buildings decreased by 15 percent. This likely drove even higher the price of rents in buildings not covered by the rent control law. Further analysis of the San Francisco market by Eilidh Geddes and Nicole Holz found that the rent control law increased the rate of evictions, due to a provision that allowed landlords to raise rents for new tenants.

Another case study arose in Cambridge, Mass., in 1995. There, a rent control law was suddenly lifted, giving economists David H. Autor, Christopher J. Palmer and Parag A. Pathak the chance to study how the market would respond once the rental market returned to a market-clearing price. They found, according to their 2014 report, that property values rose dramatically in the area. This was expected: If you can charge higher rents on your property, the value of that property would increase. But they also found unexpectedly that the biggest increase in property values came from properties that were not originally subjected to price controls at all. In other words, the existence of price control on even a fraction of buildings in a neighborhood had a deleterious impact on the value of the whole neighborhood.

The study found that one of the effects of decontrol was an increase in property investments — that is, improvements to the quality of the buildings — among both formerly controlled and never-controlled buildings, with annual investment expenditure doubling for never-controlled houses and tripling for never-controlled condominiums. These investments explained up to 18% of the increase in property value for never-controlled properties.

Another effect was to increase new construction permits by approximately 20% after 1994 — that is, an increase in the supply of housing. Overall, the authors assert that decontrol caused "the production of other localized amenities that made Cambridge a more desirable place to live."

END

Local government regulations push price of a Wisconsin roof skyward

by Patrick McIlheran

May 8, 2025

Builders, economists cite rules, especially those on lot size, for affordability crisis, but point to solutions

Regulations imposed by local governments are being fingered as a costly — and reversible — contributor to $400,000 Wisconsin starter homes that are increasingly unattainable.

As one common council member in Middleton, Lisa Janairo, put it, “A lot of us would not be able to afford the houses we’re living in now if we were buying now.”

Price tag

How big a factor are regulatory costs?

Often cited is a groundbreaking 2021 study by the National Association of Home Builders based on surveys of land developers and residential builders: It pegged the direct costs of regulation as constituting 23.8 percent, on average, of the cost of a new single-family home.

On a $400,000 home, the cost of regulation would be $95,000.
The study split up the regulatory cost by different types of regulation: Fees and studies during land development add 3 percent, changes to building codes in the past 10 years add 6 percent, lot standards that go beyond the ordinary, such as large setbacks, add 2.3 percent.

The builders association vice president who did the 2021 study, Paul Emrath, said the point wasn’t to fault all regulations or codes, some of them necessary to good construction. Rather, said the University of Wisconsin-Milwaukee-trained economist, “I was hoping it would make people a little more cautious before adding more.”

This was the third iteration of his study, Emrath said, and it came after the first two prompted a federal agency looking for more details to search the literature for comparable studies. It found none.

"There are some people on these zoning boards and city councils who are concerned about housing costs and want to do something about it," he said. "This should give them some cover."

Regulatory costs as a percent of house price

	Pct of lots affected	Regulation as pct of house price
During lot development		
Cost of applying for zoning approval	98%	1.6%
Hard costs of compliance (fees, studies, etc.)	100%	3.0%
Land dedicated to government or left unbuilt	94%	2.8%
Standards that go beyond the ordinary	85%	2.3%
Complying with OSHA or labor regulations	58%	0.5%
Pure cost of delay (absent other reg cost)	96%	0.4%
All regulation during development	**100%**	**10.5%**
During construction		
Fees paid by the builder after buying lot	91%	3.1%
Changes to building codes over past 10 years	90%	6.1%
Architectural standards beyond the ordinary	58%	2.7%
Complying with OSHA or labor regulations	64%	1.1%
Pure cost of delay (absent other reg cost)	90%	0.2%
All regulation during construction	**99%**	**13.3%**
Total cost of regulation		**23.8%**

Source: National Association of Home Builders, "Government Regulation in the Price of a New Home: 2021"

Indeed, on an NAHB podcast last December, Washington County Executive Josh Schoemann said he thought the regulatory cost per house was "somewhere between $60- and $90,000" in Washington County. Schoemann, who in recent weeks announced he is running for governor, repeated the figure in January when interviewed by the Badger Institute. He noted that zoning codes have swelled and municipalities now impose requirements at a fine level of detail — "like matching mailboxes and matching light posts on every lot," he said.

"We're not talking about nickels and dimes here," he said, "but dollars and ten-dollar bills."

But if the NAHB study was meant to make officials cautious, caution can work to increase costs, too.

Steve DeCleene, president of Neumann Companies, the large Pewaukee-based developer, pointed to regulations regarding backfill as an example.
When a builder develops a subdivision, it isn't the city that installs sewer lines — the developer does, building the cost into the price of homes, if he can, and eventually turning the infrastructure over to the city.

Sanitary sewers are built about 12 feet below the surface of streets, meaning a lot of material goes to backfilling the trench after the pipe is in place. What material? That's a $10,000-per-lot question, said DeCleene — much cheaper if it's simply the excavated dirt, much costlier if it's trucked-in rock: "It's a *lot* of stone."

A municipality might demand trucked-in stone, however, to mitigate any risk of dirt settling and requiring later repairs to the fresh-laid pavement above.

“That’s where the incentives get perverse,” said DeCleene: Repaving might amount to perhaps a thousand dollars a lot, much less than the cost of rock backfill, but the cost of the rock doesn’t fall on the municipality. Unless a city is relentlessly focused on keeping costs down — DeCleene suggests a three-year deposit against pavement problems as a cheaper alternative to unnecessary rock backfill, for instance — then requirements pile up and make houses costly.

These are differences are in what builders call “means and methods” — the requirements that differ from one place to another. DeCleene praises Beaver Dam as an example of a city where the approval process is reasonably quick — meaning developers have to pay interest on borrowed money for less time before they can sell houses — and the means and methods are reasonable. This leads to new houses at lower prices than in, for example, Waukesha County.

To be clear, the land is cheaper near Beaver Dam than in the Waukesha County suburbs of Milwaukee. But “that’s the least of the problem,” says DeCleene, whose company has contributed to the Badger Institute.

He offered examples of land development costs at projects in the two counties — one his company did in Dodge County and one for which he had accurate numbers in Waukesha County. The difference in the cost of land accounted for just over $14,000 of the $106,314 per-lot cost advantage the Dodge County project had.

The bulk of the difference is means and methods, and, of those means and methods, “the biggest is lot size, which gets down to zoning,” says DeCleene.

Between the two examples, each on 80 acres, the Waukesha County example saw costs spread over 97 lots, or 1.21 houses an acre, while the Beaver Dam example spread the costs over 171 lots, or 2.14 houses per acre — considerably less dense than the average of new home construction in Wisconsin since 2000.

The size of lots on a given tract of land is determined by a city’s zoning — rules on minimum lot sizes, minimum widths, required setbacks. Lot size affects how much land cost is built into each house, said Emrath, as well as how much footage of sewer, of pavement, of curbs, all of which a developer must recoup in the final sale if he hopes to remain in business. Since lot cost is related in lending to the cost of the structure on it, lot size governs how expensive a house will be built.

Development costs: Effect of higher density

all figures in dollars

	Waukesha County example		Waukesha at Dodge's density		Advantage due to density	
	total	per lot	total	per lot	total	per lot
Total acres	80		80			
Lots	97	1.21	171	2.14		
Land cost	4,000,000	41,367	4,000,000	23,392	-	17,975
Developer loan interest	1,147,826	11,871	1,300,000	7,602	(152,174)	4,268
Closing cost, property tax, etc.	241,391	2,496	240,000	1,404	1,391	1,093
Land planning, due diligence and legal	154,087	1,594	154,087	901	-	692
Land, closing costs and financing	5,543,304	**57,327**	5,694,087	**33,299**	(150,783)	**24,029**
Engineering costs	285,009	2,947	400,000	2,339	(114,991)	608
Inspection fees by municipality	773,565	8,000	966,956	5,655	(193,391)	2,345
Engineering and inspections	1,058,574	**10,947**	1,366,956	**7,994**	(308,382)	**2,954**
Grading and erosion control	2,249,043	23,259	2,586,400	15,125	(337,357)	8,134
Sanitary sewers	1,648,522	17,049	2,060,652	12,051	(412,130)	4,998
Sanitary laterals	386,783	4,000	700,000	4,094	(313,217)	(94)
Water distribution	985,739	10,194	1,232,174	7,206	(246,435)	2,989
Water laterals	280,417	2,900	500,000	2,924	(219,583)	(24)
Storm sewer	950,957	9,835	1,188,696	6,951	(237,739)	2,883
Curbs and roads	1,067,922	11,044	1,334,903	7,806	(266,981)	3,238
On-site infrastructure	7,569,383	**78,280**	9,602,824	**56,157**	(2,033,441)	**22,124**
Booster station	556,522	5,755	556,522	3,255	-	2,501
Offsite water distribution	566,202	5,856	566,202	3,311	-	2,544
Highway improvements	83,478	863	83,478	488	-	375
Off-site infrastructure	1,206,202	**12,474**	1,206,202	**7,054**	-	**5,420**
Landscaping and amenities	208,696	2,158	208,696	1,220		
Electric, net of reimbursement	120,870	1,250	200,000	1,170		
Sales commissions at 3%	609,183	6,300	718,200	4,200	(109,017)	2,100
Other costs	938,748	**9,708**	1,126,896	**6,590**	(188,148)	**3,118**
Total Costs	16,316,211	**168,738**	18,996,966	**111,093**	(2,680,754)	**57,644**

Source: Neumann Companies

"My cost per foot of road doesn't change much if I change the number of lots," said DeCleene. The cost of lots and the houses to be built on them depends heavily on how many feet of sewer, street and curb are fronted by each lot. More mandated space between houses means more cost — a reality immediately clear to trick-or-treaters.

"You want to identify good land policy?" he said. "Drive around on Oct. 31 and see where the kids are."

As DeCleene sees it, the problem is zoning codes that, by requiring large lots, prevent builders from putting up starter-priced houses. He doesn't particularly fault local officials: "When you talk to people in a community, they want housing that's more grand than their house," he says. At public meetings about zoning and new developments, those who attend are neighbors whose land values are affected by what will be built.

Development costs: Waukesha County vs. Dodge County

all figures in dollars

	Waukesha County example		Dodge County example		Dodge Co. is cheaper by...	
	total	per lot	total	per lot	total	per lot
Total acres	80		80			
Lots	97	1.21	171	2.14		
Land cost	4,000,000	41,367	1,600,000	9,333	2,400,000	32,034
Developer loan interest	1,147,826	11,871	571,429	3,333	576,398	8,537
Closing cost, property tax, etc.	241,391	2,496	208,571	1,217	32,820	1,280
Land planning, due diligence and legal	154,087	1,594	208,571	1,217	(54,484)	377
Land, closing costs and financing	5,543,304	**57,327**	2,588,571	**15,100**	2,954,733	**42,227**
Engineering costs	285,009	2,947	400,000	2,333	(114,991)	614
Inspection fees by municipality	773,565	8,000	257,143	1,500	516,422	6,500
Engineering and inspections	1,058,574	**10,947**	657,143	**3,833**	401,431	**7,114**
Grading and erosion control	2,249,043	23,259	1,665,714	9,717	583,329	13,542
Sanitary sewers	1,648,522	17,049	1,268,571	7,400	379,950	9,649
Sanitary laterals	386,783	4,000	457,143	2,667	(70,360)	1,333
Water distribution	985,739	10,194	1,197,143	6,983	(211,404)	3,211
Water laterals	280,417	2,900	214,286	1,250	66,132	1,650
Storm sewer	950,957	9,835	485,714	2,833	465,242	7,001
Curbs and roads	1,067,922	11,044	1,322,857	7,717	(254,935)	3,327
On-site infrastructure	7,569,383	**78,280**	6,611,429	**38,567**	957,954	**39,714**
Booster station	556,522	5,755	-	-	556,522	5,755
Offsite water distribution	566,202	5,856	-	-	566,202	5,856
Highway improvements	83,478	863	171,429	1,000	(87,950)	(137)
Off-site infrastructure	1,206,202	**12,474**	171,429	**1,000**	1,034,773	**11,474**
Landscaping and amenities	208,696	2,158	114,286	667	94,410	1,492
Electric, net of reimbursement	120,870	1,250	208,571	1,217	(87,702)	33
Sales commissions at 3%	609,183	6,300	349,714	2,040	259,468	4,260
Other costs	938,748	**9,708**	672,571	**3,923**	266,176	**5,785**
Total Costs	16,316,211	**168,738**	10,701,143	**62,423**	5,615,068	**106,314**

Source: Neumann Companies

You know who doesn't come out? The 100 people who are going to buy my homes. Why? Because they don't even know who I am yet," he says.

"I applaud public bodies that stand up to the people who only want million-dollar houses."

Some municipal officials have a different take. DeCleene's Waukesha County example is based on a development in northern Muskego. The mayor of Muskego, Rick Petfalski, replying by email, said that residents aren't so much looking for grander houses on larger lots nearby but, rather, open space.

Rather than a large-lot or small-lot pattern, “The citizens would prefer ‘no-lot’ development,” he said. “Many people move to our community because of our great schools and safe community, but also because of the rural county feel. They enjoy seeing rolling countryside and farms.”

As Petfalski sees it, “developers are looking for changes that will increase their profits.” He said he doesn’t begrudge their success, but he opposes any state mandate for smaller lots, which he said would simply “pack more people into a smaller area (and) put more strain on services.”

But communities do have incentives to ease regulatory costs, too.

Beaver Dam knows it has a housing shortage “in almost every category,” said Trent Campbell, the city’s economic development director — including in what he calls “family housing,” the kind in the subdivision in DeCleene’s example.

“Our employers are telling us that one of the critical factors in finding employees is housing,” he said. “They have to find a place to live at a reasonable cost.”

For Beaver Dam, that meant approving the Neumann project on Ollinger Road where neat three- and four-bedroom houses on 70- by 133-foot lots — that’s a fifth of an acre — sell in the upper $300,000 range, which is about as low as builders say they can manage on new construction in Wisconsin. “We were very accepting of smaller lot sizes,” said Campbell.

He is careful to avoid criticizing anywhere else — “every community has got to decide what its needs and wants are, what its character is” — but he said a focus on removing regulatory barriers, from lot size rules to “check-the-box regulatory policies,” is doable.

“I don’t think it’s rocket science, but it certainly does take common sense and a fluidity,” he said.

Janairo, the Middleton council member, represents a district that includes a series of new subdivisions, including one, Redtail Ridge, that attracted attention for putting homes on small lots, some as small as tenth of an acre. Houses sold in the $400,000s and up — “not affordable, but attainable,” she said, and an outfall of Madison-area land costs.

Janairo said she didn’t hear pushback from neighbors over the small lots, perhaps because “it’s mostly single-family homes: People are much more accepting,” she said of single-family homes than of apartments.

Or perhaps it's sympathy: The area on Middleton's northwest side is home to many who moved to the Madison area in the past 10 years, drawn by jobs, and among such newcomers, "there has been a welcoming attitude toward new housing."

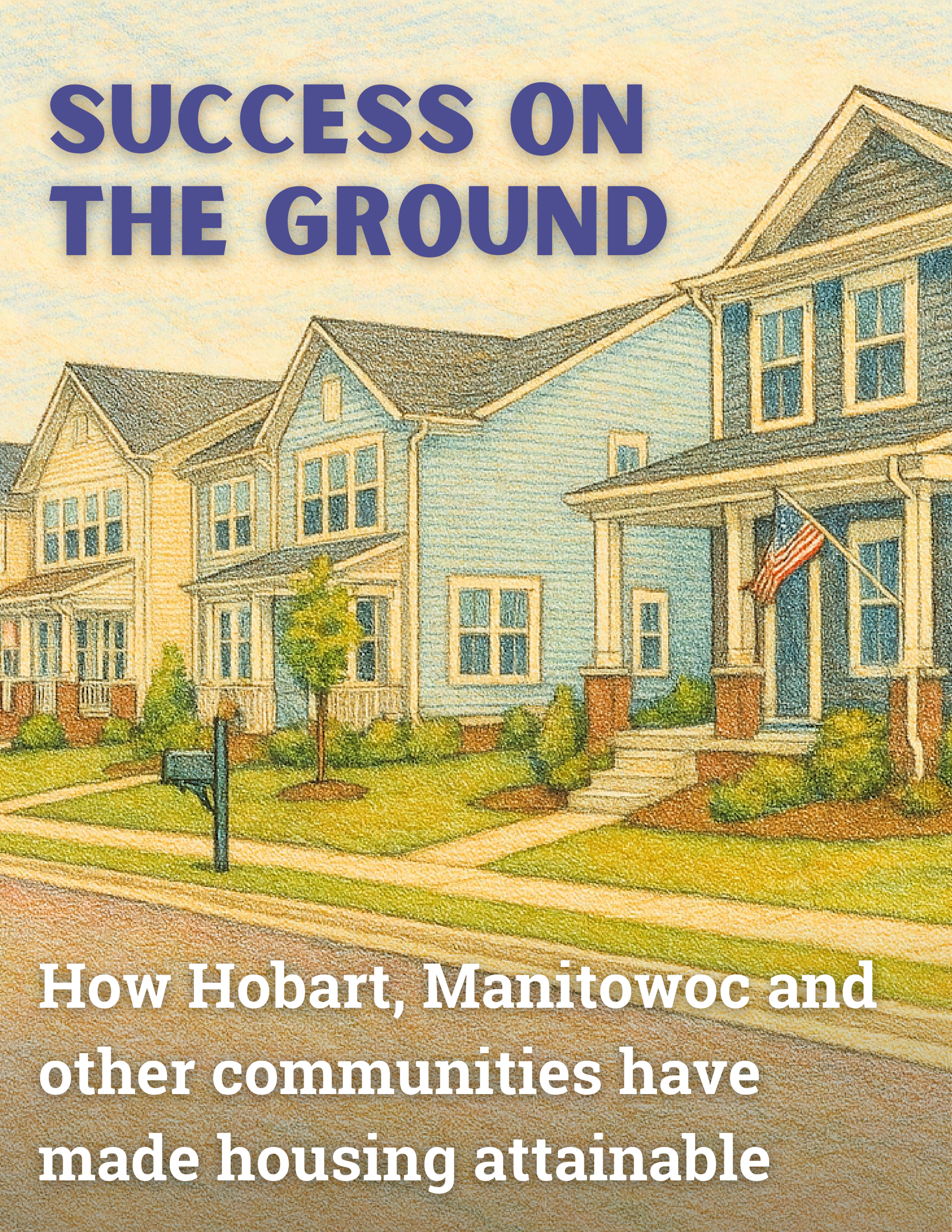
DeCleene, for his part, says he isn't arguing with municipalities that don't want smaller lots, more reasonable regulation and more attainable homes. He's a builder, not a politician: "I don't persuade anybody. I find the spots where I don't need to persuade them."

But those spots aren't easy to find, he says, because of a not-in-my-backyard attitude, and he sees that as pushing us toward eventually being a nation of renters.

"It's the American dream to own a home," he said, "and it's at risk."

END

SUCCESS ON THE GROUND



How Hobart, Manitowoc and other communities have made housing attainable

‘Predictable’ Hobart a rarity for developers in Wisconsin

by Mark Lisheron

March 20, 2025

While many municipalities throw up roadblocks, Brown County village welcomes increased supply of homes

Unlike many places in Wisconsin, there is no housing crisis in the Village of Hobart because its leaders have done something developers say is exceedingly rare — making it as easy and predictable as possible for them to do business there.

With approximately 11,000 residents, Hobart is one of the fastest growing communities in one of the fastest growing counties, Brown, in the state.

The overall equalized value of the village adjacent to and west of Green Bay’s Austin Straubel International Airport was $1.7 billion in 2024, and more than three-quarters of it is in residential property. Coming out of COVID in 2021, the valuation was a little more than $1.1 billion. Twenty years ago, it was just more than $500 million.

The village has the feel of a boom town, albeit a genteel one. “Build where business is booming,” the village website says, touting “More resources. Less red tape.”

“The business leaders in our village government know how to help, when to stay by your side, and when to get out of the way,” the website promises. “We are your resource for getting things done.”

Ask residential developers around the state, and they will tell you that kind of pro-business stance is rare among local government officials. Village President Richard Heidel and Village Administrator Aaron Kramer revel in what amounts to a refreshingly contrarian embrace of the market.

Aspiring buyers and renters can revel as well in the increasing supply made possible by short timelines and rapid reviews that include emergency meetings.

The week before a reporter for the Badger Institute paid a visit, Heidel convened an emergency meeting to put his signature on an otherwise routine document that helped move along a nearly $20 million four-story apartment and retail complex in the village's Centennial Centre district.

Kramer has developed a typical timeline for moving a residential development in eight weeks — not months or years — from initial presentation to the Village Board's vote on a final draft.

"Our record for a residential project is 61 days," Kramer says. "We pride ourselves on efficiency and on cutting out bureaucracy. Nobody ever says no here. We might say maybe."

Hobart is the beneficiary of the overall economic growth of Brown County, which is driving employment and the need for housing. Most of the village's growth has come from people moving from Michigan's Upper Peninsula and from other Wisconsin cities farther north or west, such as Wausau and Stevens Point, Heidel says.

Village residents have the advantage of good public schools in Pulaski and West De Pere.

Heidel, who has experienced the changes in the county as village president for 22 years, said residential growth made sense for the village's tax base. Hobart has one of the lowest property tax rates among the 24 municipalities in Brown County.

Hobart's tax rate of $3.88 for every $1,000 of a property's assessed value is among the lowest for the nine villages in Brown County. That rate is lower than the $4.42 Hobart charged in 2019, the year before the pandemic.

And along with the growth philosophy comes a frugality in delivering public services. The village's annual budget is $4 million. "We're running lean and mean here," Heidel says. "We're predictable."

Openness and predictability have made Hobart the perfect partner for residential development, says Michelle Stimpson, vice president of Lexington Homes, which now makes its home in Hobart.

Over the last 15 years, Lexington has built nearly 1,100 multifamily units and more than 380 houses in Hobart alone. Houses currently are being built in the company's Gateway subdivision, it has two multifamily projects underway, and another subdivision is set to start in spring.

When Lexington started out in Hobart, starter homes could be built and sold for $150,000. Today, that same home costs about $400,000, Stimpson says.

Homes are expensive everywhere for a variety of reasons. Brown County farmland that went for $6,000 an acre 15 years ago is now $25,000 an acre and more, she says. Material and labor costs have increased. Buyers came out of COVID with more expendable cash than they expected.

But increasing supply — meeting the needs of the market — also helps make homes and apartments more attainable. The rolling median home sales price for the most recent 12 months in Hobart is $497,917, according to data analyzed by the Badger Institute. In 2022, the rolling median was $447,417.

That 11% increase is far less than the overall 20% increase in the metro Green Bay area, where the median home over the same time period increased from $263,417 to $317,333, or 20%.

Time is the most valuable resource in homebuilding, and this is where Hobart has done its residents a real public service, Stimpson says. Every month and year longer that it takes to get a subdivision approved is time that all of the accompanying costs will increase while people who need homes wait.

Hobart's can-do attitude is rare, but it is catching on, Stimpson says. Lexington has projects under way in Little Chute, Seymour and Sturgeon Bay, led by local officials who believe their residents are better served when they cooperate with developers, rather than throw up barriers in front of them, she says.

"They're conservative but forward thinking," she says. "They've caught on to how to figure it out together."

Lexington, too, has pitched in with a program to allow renters of its properties to buy a single-family Lexington house without paying a penalty to break a lease or paying an inflated month-to-month rent. Stimpson estimates the company relocates 30 to 40 families a year this way.

Not everything, however, is idyllic with development in Hobart. Nearly all of the village, incorporated in 2001, exists on what is the historic 65,000-acre Oneida Nation reservation.

In 2008 a federal judge ruled in favor of the village's right to protect much of its land against another federal policy that allows tribes to purchase former reservation land and put it in a federal trust.

Since that time, the village has challenged the federal government and the Oneida tribe in court, acknowledging that land in federal trust is exempted from local property taxes but noting that the village is obliged to provide municipal services for what is on that land. Most recently, Hobart filed suit in November to block the Oneida from putting 500 more acres into trust.

The City of Green Bay and the Village of Ashwaubenon have service agreements with the Oneida for former reservation land in trust. Hobart has rejected such agreements, refusing to waive its right to challenge the Oneida's future land trust bids.

"Our concerns are not solely financial, i.e., property taxes," the village said in a statement concerning the latest lawsuit. "We are as much concerned with the inability to plan responsible municipal growth, enforce ordinances, provide public safety, and secure the common good for ALL village residents regardless of whether they're tribal or non-tribal. These are legitimate jurisdictional issues."

Heidel says the village will continue to take legal action to protect its viability and its tax base. The village also intends to continue its embrace of development because it works, he says.

Through three years of pandemic policies, Hobart's total equalized value grew steadily and then surged in the past two years.

"We are very proud of the fact," Kramer says, "that during the pandemic, we were an island of normalcy in a sea of chaos."

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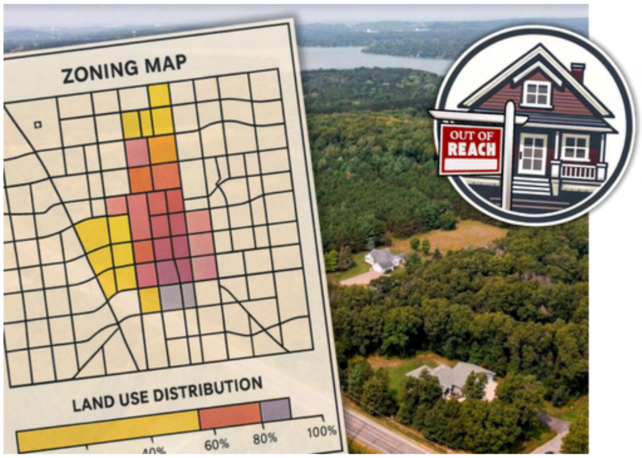

Plans, zoning and annexation form front lines for Wisconsin cities looking to build more housing

by Mark Lisheron

May 22, 2025

Developers need more certainty if housing market to rebound for middle earners

The plan for Whitetail Woods in Altoona looks like the future in fast-growing Eau Claire County.

Ground will be broken before the end of this year for a senior living center. Over the next decade, 114 duplexes, four multifamily apartment buildings and 54 single-family homes are expected to be built and occupied on 64 acres of what was farmland just a few years ago.

Whitetail Woods is a lesson in what it takes to plan for and deliver much needed housing in a part of the state that is becoming more city and less country. People in the unincorporated Town of Washington, on the annexed territory of which the subdivision will be built, have begun the process of becoming a village to stop the annexations.

“It was definitely contentious,” Altoona’s planning director, Taylor Greenwell, said. “The process took two years, which was surprising. The people most affected aren’t happy about it. We understand that. That said, it’s not their land.”

The story in Altoona is a familiar one in a state that needs 140,000 housing units now and 230,000 by 2030, according to a Forward Analytics study.

Like places the Badger Institute has profiled — Manitowoc, Hobart, Door County and Vilas County — rising construction, land and labor costs have driven the cost of a smaller, more affordable “starter” home in Altoona well past $400,000.

Faced with rising prices, residents across the state are choosing to hunker down in those more affordable homes, further tightening the “affordable” housing market. Developers are increasingly turning to a mix of single-family and multifamily housing to make their profit margins work.

While the population in the state is expected to flatten in coming decades, Eau Claire County is expected to continue to grow, according to state Department of Administration estimates.

Spurred in part by the completion in 2006 of the U.S. Highway 53 bypass that parallels its boundary with Eau Claire, Altoona, one of the fastest growing small cities in the state, increased its population by 12.2 percent, to 9,302 people in 2024 from 8,289 in 2020, according to U.S. Census Bureau figures.

Grip Development’s proposal for Whitetail Woods reflected both the current housing need and market reality in the area, Greenwell said. The project, however, required that a total of 122 acres of land north of Nine Mile Creek Road be annexed by the City of Altoona from the unincorporated Town of Washington.

Zoning for housing in the Town of Washington had for many years dictated single-family homes on at least an acre of property. Grip Development’s owner, Jason Griepentrog, told Altoona officials that kind of single-family development “wouldn’t fly,” Greenwell said.

Griepentrog did not respond to a request to discuss the development with the Badger Institute.

Responding to the changing market, Greenwell and his department in 2022 changed the parcel’s zoning in the city’s comprehensive plan, which includes annexable land in the Town of Washington, to something called Planned Neighborhood Type A, which allows for several types of single- and multifamily housing.

A city’s comprehensive plan documents a community’s preferred pattern of future growth after extensive input from professional planners and community members. It differs from a city’s zoning code, which defines what legally may be built on a parcel of land. Wisconsin law does not require a city’s zoning to match its comprehensive plan.

Altoona’s zoning code is in the last stages of its first overhaul in more than 50 years. Greenwell said the new code is designed to clearly reflect the vision of and give teeth to the comprehensive plan.

"We consider ourselves development friendly," Greenwell said. "Developers want certainty. They want to know what they're facing in advance. The ideal situation is to have an alignment of the comprehensive plan and the zoning code to provide as many certainties as possible."

At a hearing in February before the Wisconsin Assembly's Committee on Housing and Real Estate in Madison, developers asked for legislation that would require all communities in the state to bring their comprehensive plans up to date and align their zoning codes with the updated comprehensive plan.

As many as a third of the state's incorporated communities don't understand or use their comprehensive plans, one of the biggest impediments to new housing construction, Steve DeCleene, president of Neumann Companies Inc., a Pewaukee-based developer that has contributed to the Badger Institute, told the committee.

"It's not a helpful document when people don't want it to be," DeCleene told the committee. "Make it a statutory requirement. Make comprehensive plans mean something. It's just truth in planning."

Brad Boycks, executive director of the Wisconsin Builders Association, who spoke at the hearing, said he is hopeful that statutory requirement is part of a package of housing proposals that could be filed with the legislature sometime this summer.

No amount of truth telling is likely to satisfy neighbors such as Charlene and Kim Lynum, whose home on four acres in the Town of Washington will eventually be surrounded on three sides, like a horseshoe, with development.

Resistance from neighbors to the rezoning that will permit higher density housing like the 283 units of single- and multifamily housing proposed in the Village of Germantown, or in Green Bay or in Hudson, has become a predictable part of housing development in the state.

The Lynums say they recognize everything Altoona is doing is legal. They grant that the area is growing and that more housing is needed.

It's just that they can't get past a time when you couldn't see a neighbor from your house, only trees.

"It's about the money, no question about that," Kim Lynum said — "Altoona for the tax base and the developer for the money. It's always about the mo

Greenwell said the Lynums were “very, very organized,” using social media to stir up opposition. They drew on the growing frustration over annexation of officials with the Town of Washington.

In February, the Eau Claire City Council ended a fight of more than three years when it approved the first stage of Orchard Hills, a much larger single- and multi-family development unfolding on land annexed from the Town of Washington.

The town had little choice but to file a petition last August to incorporate as a village if it didn’t want to be whittled away by the cities, Town Chair Robert Solberg said. The process, which will be completed with a referendum before town voters, could take years, he said.

State law allows for cities the size of Eau Claire to claim “extraterritorial zoning” to annex as much as three miles from their border with an unincorporated town. For a city the size of Altoona, extraterritorial zoning goes 1.5 miles into a neighboring town. The law allows developers to get city services such as sewer and water not typically available from towns.

In 2023, a bill to designate developed unincorporated areas as “urban towns” as a counter to extraterritorial zoning was filed, but it never made it to a vote. That bill, like many others, has been around for years and hasn’t gotten the traction necessary to become law. It would allow towns with urban centers to incorporate and essentially freeze their borders. The potential downside would be that communities that wish to remain largely rural and are generally in areas where growth is already occurring could end up with requirements that exacerbate the problem of unaffordable housing.

END

Manitowoc and builder bend to make houses attainable

by Mark Lisheron

April 24, 2025

Amid soaring costs, city's cooperation crucial to fitting in enough houses to beat $525,000 price point

Before Mike Howe came to the City of Manitowoc with his idea for the Preserve at Lincoln Park, the last subdivision built in the city a dozen years ago nearly bankrupted its developer.

Today, the 13th of what will eventually be 33 Preserve at Lincoln Park homes is currently under construction in a subdivision unlike any other in Manitowoc. The homes are a little smaller, tighter together and configured on smaller lots to keep the prices mostly under $525,000.

And both Howe and Adam Tegen, the city's community development director, agree the residential development could not have been built without cooperation unusual for local government.

"This is what good public-private partnership looks like," Howe says. "I've got 10 years of learning to know how to do this. People don't understand how difficult it is. But the city let me be creative."

Outside the door to the Community Development Department on the second floor of City Hall, Tegen has posted an adage in a frame from the late Grace Hopper, a computer pioneer and a rear admiral in the U.S. Navy: "The most dangerous phrase in our language is 'We've always done it this way.'"

The placard isn't to suggest the self-effacing Tegen is wacky or rogue. Manitowoc, blessed with riverfronts and a long Lake Michigan shoreline, is a worker's city with a shipbuilding history and a study manufacturing base.

It’s just that, when it comes to alleviating what a statewide housing shortage, most communities in the state continue to do it the way they’ve always done it.

There is scant undeveloped farmland left in the city limits. The need for new housing will come from repurposing property such as the Holy Family Memorial Hospital site on Reed Avenue on the west side of Lincoln Park.

Coming out of the pandemic, the City of Manitowoc’s housing study identified a trend recognized around the state: older homeowners staying put because they couldn’t afford sharply spiking home prices.

Soaring property values had made new construction on old sites cost prohibitive, too, Tegen says. When Mike Howe Builders came in with a proposal, and knowing the need for lower cost housing, Tegen says his department was simply open-minded.

“Our mayor (38-year-old Justin Nickels) is progress-minded, he wants the city to grow,” Tegen says. “I can be the most visionary planner in the world, but I just make recommendations. But if the city put its heels in the ground, we were not going to get this done. This was unprecedented.”

Even at the price he paid for the hospital property, which was one-third the price per acre of any other residential land available in the city, Howe says, he needed to put enough homes on it to make a modest profit. The homes are 1,600 square feet to 2,200 square feet.

The property also had to accommodate streets and a stormwater abatement pond. Howe proposed making the streets private at widths narrower than the specifications in the city zoning code, Tegen says. The city agreed to the private streets and, as it has done in other parts of the city, assumed maintenance of the stormwater pond, he says.

“We kept going back at it, doing anything we could to keep the costs down,” Howe says. “These houses had to be affordable — no, attainable. ‘Affordable’ means different things to different people. We have to get rid of that word.”

When the first house in the Preserve went up in March 2023, Howe was touting his 1,600 square-foot home with no basement for $365,000.

That home costs $50,000 more to build two years later. A $475,000 house is now a $525,000 house and the cost of labor and materials continue to rise, Howe says.

So far, those increased costs haven't been a deterrent. Houses are going up at a steady pace, Howe says. The proximity to water — the Little Manitowoc River on the other side of Lincoln Park, a five-minute drive south to the lakefront marina and Downtown — is a draw for a city not known for its tourism.

Mark and Linda Aulik ended up waiting seven years to get into the Preserve. Both born, raised and retired in Kewaunee, about 30 miles north of Manitowoc, the Auliks sold their home before COVID and settled for renting in Two Rivers as post-pandemic home prices kept them locked out.

They were the fourth homeowners when they moved last June 18. "We timed it about as wrong as you ever could have," Mark Aulik says. "But when we decided to bite the bullet, we heard about this subdivision. We love it. It's built on a lot that's perfect for us. We never built a home before."

Aulik says he was only generally aware of the back-and-forth between Howe and the city but says he assumes it was necessary for Howe to make a profit and the city to get new housing.

"From the time we first sat down with Mike, we were impressed by the flexibility," Aulik says. "We made changes and they always said yes. I can't say enough about Mike and the guys working for him."

Manitowoc is in the final stages of rewriting its zoning code and, within it, its subdivisions code. Tegen does not envision major changes in zoning for housing. But he expects the new code to be informed by the flexibility shown in the Preserve development.

Howe, whose company has several other projects in the works, was born in Manitowoc. He and his wife, Emily, raised four children, now 17, 19, 21 and 23, here. He never thought of going anywhere else to work or start a business.

To his way of thinking, the Preserve is a way of bringing new people to his hometown. Cooperation with the city, he says, is a way for both parties to leave Manitowoc a better place.

"I'm not afraid to say it, I'm proud to be part of this community."

END

Four companies step up to make homes affordable for Sheboygan County workers

by Ken Wysocky

August 1, 2024

New housing development model can ease workforce shortage

To combat a severe shortage of affordable housing — a problem reverberating throughout the state — four family-owned Sheboygan County businesses and a local economic development agency have created a $10 million fund for building entry-level homes.

The goal of the Forward Fund is to build 400 to 500 single-family homes over the next several years, says Brian Doudna, executive director of the Sheboygan County Economic Development Corp. (SCEDC), which acts as the homes' developer.

Johnsonville, Kohler Co., Sargento, Masters Gallery Foods and Sheboygan County each kicked in $2 million to create the fund — but home buyers need not work for any of them.

Employees of other Sheboygan County companies, or those with an accepted job offer, can also buy the homes.

Wisconsin will need to build 200,000 housing units by 2030 to accommodate all the people who want to live and work here, according to More Housing Wisconsin. Sheboygan County is a microcosm of the problem — but on the forefront of a possible solution.

The shortage of affordable housing has "absolutely" hampered hiring and contributes to higher turnover with employees frustrated by long commutes, says Michael Stayer-Suprick, chief executive officer of Johnsonville's parent company, Johnsonville Holdings.

Stayer-Suprick is part of a third generation of Stayer family ownership of the company, which was founded in 1945 and employs roughly 1,300 people in Sheboygan County.

"The lack of affordable housing makes it challenging to bring in people from outside the community," Stayer-Suprick says. "As we are hiring, we often hear people say that it would be great to work here, but there's no place to live affordably."

The average sale price of a home jumped 24.4% to $243,700, from $195,900 in 2021, according to a 2023 report compiled for the City of Sheboygan by Redevelopment Resources, a consulting firm. Single-family home sales in the city declined during the last three years, while the time homes were on the market shrank from a 41-day average in 2021 to 19 days in 2023, the report stated — a 54% drop.

At the same time, the vacancy rate for rental properties in Sheboygan is below 1%. A desirable vacancy rate is 4% to 7%, the study said.

Sheboygan needs 1,300 to 1,850 new units of all housing types to meet five-year demand projections, the report stated.

The tight housing market is causing buyers to settle for entry-level homes even if they could afford larger, more expensive homes. This tightens the entry-level market.

Making progress

The SCEDC, a non-profit group that gets roughly 60% of its funding from private-sector contributions and 40% from government grants, collaborated with the four companies to start the Forward Fund in 2021, recognizing the lack of entry-level homes was hampering economic growth in the county.

The county's contribution to the Forward Fund came from money the county received from the federal emergency American Rescue Plan Act, passed in 2021, Doudna says. Combined with contributions from the four companies, which will not get a cash return on their investment, the Forward Fund pays for everything: land, streets, sewers and the homes being built by Werner Homes.

The SCEDC sells the homes without real estate brokers on a website, www.someplacebetter.org. Homes sell for as close to the cost of construction as possible. Revenue from the sales is plowed back into the Forward Fund to pay for the next round of home construction, Doudna says.

The fund's first project is Founders' Point, a 54-home subdivision in Sheboygan Falls, about five miles west of Sheboygan. Through the end of July, 16 homes have been built and 11 have been sold. Doudna expects the other five homes will be sold by the end of August.

Due to anticipated high demand for the new homes, buyers must meet certain requirements, such as an annual household income that doesn't exceed $134,474, which is 140 percent of the median county income. (All of the criteria can be found at www.someplacebetter.org/homes/selection-process.)

Thirteen banks in the county have agreed to finance purchases of Founders' Pointe homes for qualified buyers. The City of Sheboygan Falls also provides up to $65,000 to qualified buyers through a down payment assistance program.

The Founders' Pointe homes range from 1,300 to 1,500 square feet and include three bedrooms, two bathrooms and a two-car garage. They sell for between $315,000 and $325,000, Doudna says.

Eight of the first buyers were buying homes for the first time and six were moving from outside the county. All 11 buyers work for different companies in a variety of jobs. "It's a good melting pot of different business sectors and job skills," Doudna says.

Founders' Pointe is just a start.

Construction of a 41-home subdivision called Founders' Pointe Neighborhood, adjacent to Founders' Pointe, is slated to begin in August. Construction of an estimated 90-home subdivision in an as-yet-to-be-decided location is to begin next summer, he says.

Collective concerns

The private contributors to the Forward Fund volunteered the seed funding without being asked, Doudna says.

"We're in a very fortunate position," he says. "We have a lot of locally owned, family-held corporations where the families are still involved with daily operations and are committed to investing in their communities, growing their companies and ensuring their employees have a good quality of life."

"One of the reasons it works," Stayer-Suprick says, "is the companies working together here are owned by multigenerational families that know each other both professionally and socially.

"We're all driven by the fact that we want our communities to have the investments and amenities they need to thrive well into the next generation. We collectively look at the good of the whole."

END

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