

EXECUTIVE SUMMARY

# THE COST OF LIVING

*Milwaukee County's Rental Housing  
Trends and Challenges*



WISCONSIN  
**POLICY FORUM**

# EXECUTIVE SUMMARY

In recent years, Milwaukee's affordable housing challenges have received considerable attention at the city, county, and regional levels. For example, the city of Milwaukee recently unveiled a plan to develop or preserve 10,000 units of affordable housing; Milwaukee County is leading a push to "end chronic homelessness;" and affordable housing was the subject of a major planning effort by the Southeastern Wisconsin Regional Planning Commission (SEWRPC). Yet, as compellingly documented by Matthew Desmond in his 2016 book, *Evicted*, alarming concerns about the availability of affordable rental housing in Greater Milwaukee remain.

In this report, we seek to provide important context by assessing the rental housing market in Milwaukee County. Among the questions we examine:

- *How does the demand from low-income renters compare to the current supply of affordable rental housing options in Milwaukee County?*
- *How do Milwaukee County's rental housing supply and demand characteristics compare with those of other counties in Wisconsin and nationally?*
- *How has the region's affordable housing landscape changed since the Great Recession?*

Overall, our analysis shows that the median cost of renting a home in Milwaukee County is not particularly high and that there is a sufficient supply of available rental units to meet the overall demand. However, we also find a sizable gap in the supply of units that would be deemed affordable for the county's predominantly low-income renter population, indicating that the primary challenge is low incomes, as opposed to high rents.

Specific key findings that emanate from our research include the following:

**The percentage of households in Milwaukee County who rent rather than own their homes is the highest among large counties in the Midwest.** Just over half (50.6%) of Milwaukee County households rented their homes in 2016. Only 10 counties in the U.S. with populations over 500,000 had higher rates of renting that year, as shown in the table below. Since 2005, there has been a shift from owning to renting in Milwaukee County and nationally.

## Highest renter-occupancy rates among U.S. counties with populations over 500,000 (2016)

County	Population	Percent renter-occupied housing	Rank (by % renter-occupied)
Bronx County, New York	1,455,720	80.7%	1
New York County, New York	1,643,734	77.0%	2
Kings County, New York	2,629,150	70.5%	3
Hudson County, New Jersey	677,983	69.4%	4
Suffolk County, Massachusetts	784,230	64.4%	5
San Francisco County, California	870,887	62.1%	6
Essex County, New Jersey	796,914	57.3%	7
Queens County, New York	2,333,054	55.9%	8
Los Angeles County, California	10,137,915	55.4%	9
Dallas County, Texas	2,574,984	50.7%	10
<b>Milwaukee County, Wisconsin</b>	<b>951,448</b>	<b>50.6%</b>	<b>11</b>
Will County, Illinois	689,529	19.4%	136

Source: U.S. Census Bureau ACS 1-year estimates

**The median cost of renting a home in Milwaukee County is stable and continues to be relatively low compared with surrounding counties and national peers.** The median monthly rent in Milwaukee County was \$834 in 2016, which was only \$6 higher than in 2005 after adjusting for inflation.<sup>i</sup> Milwaukee County’s median rent was lower than most surrounding counties, Dane County (Madison), Hennepin County (Minneapolis), and Cook County (Chicago). It was also much lower than the national median of \$981.

**Milwaukee County’s median household income has reverted to pre-recession levels but is not high enough to afford the county’s median rent.** Among renter households in Milwaukee County, median monthly income increased from \$2,242 in 2010 to \$2,631 in 2016, which returned it to its 2005 level. Despite that increase, households earning the county’s median monthly income in 2016 remained \$45 short of being able to afford the county’s median monthly rent without spending more than 30% of their income on housing. A 30% rent-to-income (RTI) threshold is a standard used to define housing affordability nationally. With the exception of Racine County, the median incomes in surrounding counties and the state are high enough to afford median rents, as shown below.

**Rental housing affordability analysis based on monthly median incomes and rents, 2016**

Location	Renter Median Household Income	Median Rent	MAR*	Median RTI Gap**	
Milwaukee County	\$2,631	\$834	\$789	-\$45	
Racine County	\$2,635	\$831	\$790	-\$41	
Waukesha County	\$3,683	\$976	\$1,105	\$129	
Ozaukee County	\$3,147	\$907	\$944	\$37	
Washington County	\$3,319	\$858	\$996	\$138	
Dane County	\$3,372	\$975	\$1,012	\$37	
<b>Wisconsin</b>	<b>\$2,820</b>	<b>\$802</b>	<b>\$846</b>	<b>\$44</b>	

\*MAR is the median maximum affordable rent based on a 30% RTI.

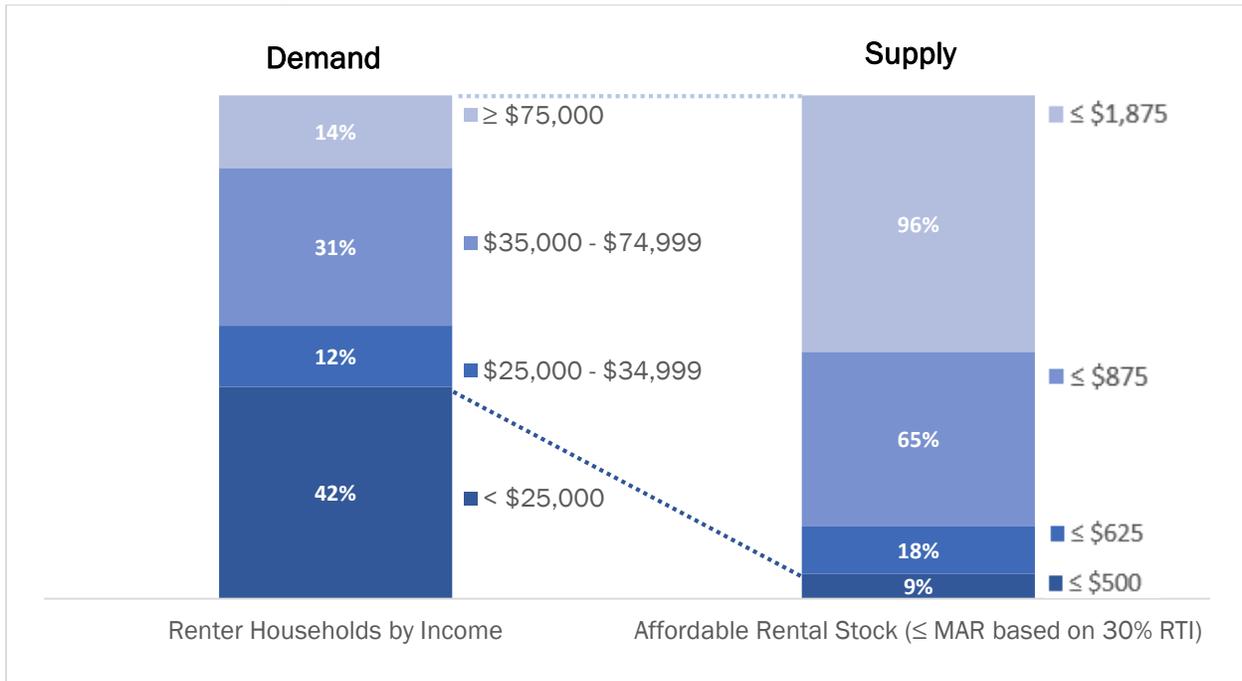
\*\* Source: Wisconsin Policy Forum analysis of difference between the median rent and MAR based on U.S. Census data. A red sign means the MAR is below the median rent. Yellow means the MAR is less than \$100 above the median rent. Green means the MAR is more than \$100 above the median rent.

**Roughly half of Milwaukee County’s renter households are rent burdened, meaning they spend at least 30% of their income on rent.** In 2016, 49.9% of renter households in Milwaukee County were rent burdened.<sup>ii</sup> That was a higher percentage than in surrounding counties and the state. This problem spiked during the recession and has improved since that time, but the percentage of rent-burdened households was only slightly lower in 2016 than in 2005. We also estimate that more than half of rent-burdened households in Milwaukee County spend at least 50% of their income on rent. Also, while not as severe, rent burdens are growing in some surrounding communities, as well; in fact, the share of rent-burdened households in Ozaukee and Washington counties increased by 13.6 and 8.9 percentage points respectively between 2005 and 2016.

**Rent burdens affect African-American households at twice the rate of white households in Milwaukee County.** In the four-county Milwaukee metro area, approximately 40% of African-American households spent at least half of their income on rent compared with 21% of white households.<sup>iii</sup> While the cost of renting is often somewhat lower in those census tracts, lower incomes and higher unemployment rates among African-Americans are major factors contributing to this problem.

**There continues to be a mismatch between income and rents in Milwaukee County.** While 42% of renter households in Milwaukee County earned less than \$25,000 per year in 2016, only 9% of rental units charged monthly rents those households could afford (\$500 or less), as shown in the chart below.<sup>iv</sup> For households earning less than \$25,000 per year, there was a shortage of roughly 50,000 affordable housing units in 2005, while in 2016 that number had increased to 63,000.

**Demand for and supply of affordable rental units in Milwaukee County by income, 2016**



Source: Wisconsin Policy Forum analysis of U.S. Census Bureau ACS 1-year estimates

Overall, the characteristics and trends within Milwaukee County’s rental housing market convey a serious policy challenge. On the one hand, they point to the need for policymakers to increase the supply of housing that will be affordable for extremely low-income households. On the other hand, they raise more difficult economic and workforce development policy dilemmas given that low incomes, rather than high rents, appear to be the primary issue.

In any case, meeting the need for affordable housing in Milwaukee County is likely to require even greater participation and collaboration in both the public and private sectors. As noted in this report, the good news is that new efforts have been initiated in both sectors, such as the increased activity of CDFIs and the City of Milwaukee’s use of TIF to support affordable housing development. Yet, additional strategies may be needed to address gaps on both the supply side (for example, building or rehabilitating low-income rental units and affordable, market-rate units) and the demand side (for example, finding ways to increase incomes or provide additional rental assistance to low-income households).

Addressing the demand side of the equation may be necessary to meet the needs of Milwaukee County residents, but also may be more difficult for local policymakers to achieve than efforts to increase the affordable housing supply. For example, expanding access to housing vouchers would require a major shift in social safety net programs at the federal level, while raising incomes would require substantial long-term gains in economic development that may be influenced more by

regional, state, and global economic factors than local policies. On the other hand, increasing the supply of affordable housing units, while still challenging and costly, can be tackled through multiple strategies involving both the private sector and governments at all levels.

We hope the data and analysis in this report encourage policymakers to address the issue of affordable housing with increased urgency and a greater sense of collaboration and innovation, and that it will inform ongoing planning and policy deliberations in Milwaukee County and throughout southeast Wisconsin.

## NOTES

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<sup>i</sup> U.S. Census Bureau (2016) American Community Survey 1-year estimates.

<sup>ii</sup> U.S. Census Bureau (2016) American Community Survey 1-year estimates for renter households that spent 30% or more of their income on rent. DP04 tabulation.

<sup>iii</sup> U.S. Census Bureau (2015) American Housing Survey. Custom tabulations for renter-occupied households in the Milwaukee metropolitan area.

<sup>iv</sup> For this calculation, we used U.S. Census Bureau ACS 2016 estimates for renter households with annual incomes of \$24,999 or less and used for reference HUD's 2016 ELI limit definition for four-person households, which was an annual household income of \$24,300 in 2016.