

Paying the Rent

Affordable housing poses a challenge in both rural and urban counties throughout Wisconsin. Although the issue presents itself in different ways and at varying scales from county to county, low incomes—as opposed to high rental prices—appear to be the most common root problem, according to recent Wisconsin Policy Forum research.

In August, the Wisconsin Policy Forum published *The Cost of Living*, a report that examined Milwaukee County’s rental housing market and compared it with surrounding counties, the state, and nation. We found Milwaukee County’s median rent is relatively modest compared with surrounding counties and peer counties nationally, but the prevalence of low household incomes in the county has resulted in persistent gaps in housing affordability.

In light of those findings, we now explore how renters throughout Wisconsin are faring. Is Milwaukee County unique, or are renters in other counties facing similar housing affordability challenges? If problems exist elsewhere, are they more prevalent in certain parts of the state or in urban versus rural counties?

Defining Affordability

A 30% rent-to-income (RTI) ratio is a standard used nationally to define housing affordability. Based on this standard, households can afford to spend up to 30% of their income on gross rent (contract rent plus utilities) and still cover other expenses. Those spending over 30% are considered “rent burdened.”

Our analysis of Wisconsin’s 72 counties uses that 30% RTI threshold to define housing affordability. We analyze whether 30% of the median monthly income among renter households in each county is sufficient to afford that county’s median rent. We also calculate and compare the share of renter households in each county that are rent burdened.

Gaps Found in Several Counties

Based on 2016 U.S. Census Bureau estimates, 16 counties in Wisconsin had RTI gaps, meaning the county’s median renter household income was insufficient to afford its median rent. The data represent five-year averages (2012-16) and are the most recent figures available for all Wisconsin counties.

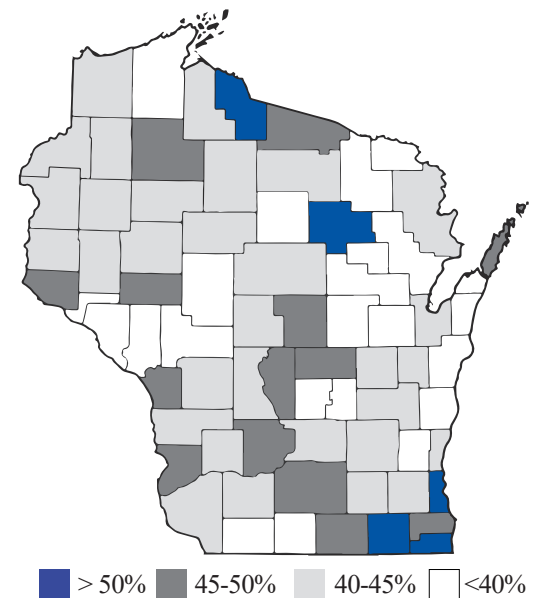
Kenosha County, which had a median rent of \$865 in 2016, had the largest RTI gap in the state. The county’s median monthly income among renter households was \$93 short of being able to afford the county’s median rent without becoming rent burdened. Milwaukee County had a similar RTI gap of \$91 per month.

The counties with the largest RTI gaps are scattered across the state. In addition to Kenosha and Milwaukee counties, Adams County in central Wisconsin (\$67) and Iron County in northern Wisconsin (\$60) had the largest RTI gaps. Eight of the 16 counties with RTI gaps have populations under 50,000, meaning rental affordability challenges are not unique to urban counties.

Looking only at renters, Langlade County in northern Wisconsin had the highest percentage of rent-burdened households in the state (55.8%). Milwaukee, Kenosha, and Walworth counties in southeast Wisconsin, and Iron County in northern Wisconsin, round out the top five most rent-burdened counties. (See Figure 1.) Over half of renter households in all five counties were spending more than 30% of their income on rent.

Among the 10 most rent-burdened counties, eight have renter household

Fig. 1 Rent Burden in Wisconsin Counties
% of Rent-Burdened Households



incomes below the state median, including five (Langlade, Iron, Eau Claire, Adams, and Vilas) with median rental prices lower than statewide. (See Figure 2 on page 2.) This suggests that low renter incomes, as opposed to high rents, may be the primary factor causing housing affordability challenges in those counties.

Five of the 10 most rent-burdened counties have rental prices that exceed the state median, but only Dane County’s median rent is at least 10% above the state’s. In fact, Dane County’s median rent of \$942 is 19.4% higher than statewide, which suggests that high rents may be a bigger factor there. Median income among renter households in Dane County is 17.5% higher than statewide, which would appear to offset most of the higher rental prices. Still, Dane County ranks 9th in the state in its share of rent-burdened households.

Diverse housing markets

The specific characteristics of each county’s rental market influence the shape and scale of its housing affordability challenges. For example, while rural counties like Langlade, Iron, Adams, and Vilas have high percentages of rent-burdened households, the vast majority of households in those counties own their homes and their populations are small. On the other hand, just over half of all households in Milwaukee County are renters, and Milwaukee County is the most populous

county in the state, so its high share of rent-burdened households indicates a much larger problem. Also, large student populations play a role in the housing markets of some counties, like Dane and Eau Claire, while other counties have no colleges or universities.

Overall, our analysis shows that housing affordability challenges exist throughout Wisconsin and are not limited to urban areas. The key factors driving those challenges vary by county and must be taken into account in developing solutions.

Fig. 2: Income Biggest Factor in Most Rent-Burdened Counties
Household Rent and Income Comparison

| County | % Rent-Burdened | Median Monthly Renter Income | Median Rent | % Renter-Occupied Housing |
|------------|-----------------|------------------------------|-------------|---------------------------|
| Langlade | 55.8% | \$1,882 | \$613 | 23.8% |
| Milwaukee | 52.9% | \$2,433 | \$821 | 50.6% |
| Kenosha | 51.6% | \$2,573 | \$865 | 34.4% |
| Walworth | 50.8% | \$2,695 | \$828 | 32.2% |
| Iron | 50.4% | \$1,444 | \$493 | 22.4% |
| Eau Claire | 49.9% | \$2,417 | \$757 | 37.8% |
| Racine | 49.7% | \$2,578 | \$808 | 30.8% |
| Adams | 48.9% | \$2,107 | \$699 | 14.4% |
| Dane | 48.8% | \$3,107 | \$942 | 41.7% |
| Vilas | 48.6% | \$2,345 | \$677 | 24.7% |
| Wisconsin | 46.7% | \$2,645 | \$789 | 33.0% |

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Policy notes

■ *City Year Milwaukee will receive a \$520,000 grant from the Bill and Melinda Gates Foundation to support the program’s work using early warning indicators to ensure eighth grade students are on track. The goal of the grant is to support projects that will improve high school graduation and college entrance rates for black, Latino, and low-income students. City Year Milwaukee was selected as one of 19 recipients nationwide, and was one of two recipients in*

the Midwest, according to the education news site The 74.

■ *The City of Milwaukee will soon implement “demand-responsive” pricing for its more than 7,000 metered parking spaces. Demand-responsive pricing will allow the city to increase hourly rates when parking availability is low and reduce rates when open spaces are plentiful. For example, rates for parking spaces near the new Fiserv Forum will likely increase on nights when Bucks*

games or concerts take place and lower on nights with no events.

The new pricing system is part of a set of planned parking policy changes that also include enforcing metered parking until 9 pm rather than the current 6 pm. The planned changes are projected to net the city at least \$2 million each year. Demand-responsive pricing already is used in San Francisco, New York, Los Angeles, Seattle, and Washington D.C.