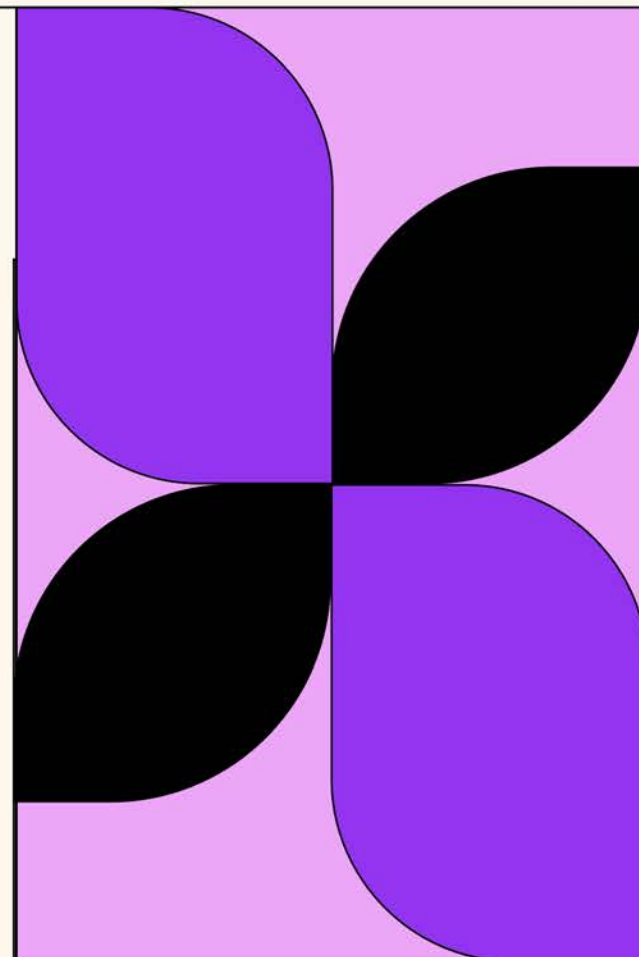


Walworth County Housing Study



University of Wisconsin
Whitewater



Introduction

The Fiscal and Economic Research Center of the University of Wisconsin Whitewater has reviewed data regarding both single family and multi-family housing, which develops a picture of Walworth County, Wisconsin's housing market. The report contains **three** areas of analysis.

GOAL: Determine relationship between the supply and demand of single-family and multi-family housing in Walworth County.

- Investigate any evidence of housing shortages
- Identify the composition of current and future demand
- Look at housing demand and supply relationships across income brackets

Part 1: Walworth County single-family housing supply, cost-efficiency, and demand

Part 2: Walworth County renter-occupied housing

Part 3: A housing analysis of thirteen municipalities in Walworth County

Executive Summary

- Walworth County households continue to increase, though slower than projected.
- Walworth County has low construction rates.
- Walworth County has decreasing supply of homes with increasing demand.
- Walworth County has high home price appreciation, which indicates a supply shortage.
- The housing shortage disproportionately affects low income and workforce households.



**MONTHS'
INVENTORY**



**HOME
PRICES**



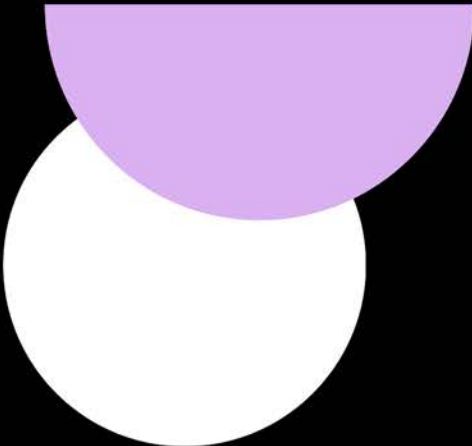
AFFORDABILITY



**PROJECTED
FUTURE DEMAND**

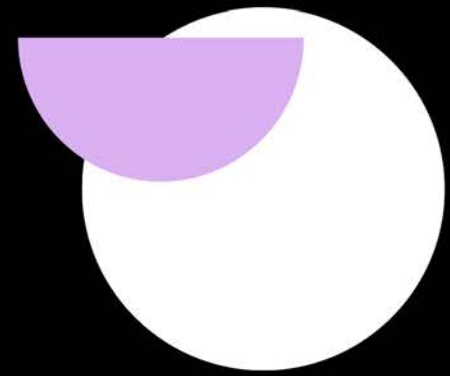
Walworth County Median Home Prices

Year	Median Home Price	Yearly Increase	Total Appreciation Since 2016
2016	(\$ (\$ (\$ \$177,913	—	—
2017	(\$ (\$ (\$ (\$ (\$ \$194,403	9.3%	9.3%
2018	(\$ (\$ (\$ (\$ (\$ (\$ (\$ \$209,367	7.7%	17.7%
2019	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$222,633	6.3%	25.1%
2020	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$255,035	14.6%	43.3%
2021	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$286,479	12.3%	61.0%
2022	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$303,643	6.0%	70.7%



Year	Median Home Price	Yearly Increase	Total Appreciation Since 2016
2016	(\$ (\$) \$161,379	—	—
2017	(\$ (\$ (\$) \$170,729	9.3%	9.3%
2018	(\$ (\$ (\$ (\$) \$181,915	7.7%	17.7%
2019	(\$ (\$ (\$ (\$ (\$ (\$ (\$) \$195,017	6.3%	25.1%
2020	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$) \$216,467	14.6%	43.3%
2021	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$) \$238,241	12.3%	61.0%
2022	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$) \$259,857	6.0%	70.7%

Wisconsin Median Home Prices



Months' Inventory

The Months' Supply of Housing is important for estimating housing demand because it **provides insight on the rate at which houses are selling, compared to the unused supply of homes.**

The Months' Supply of Housing is calculated by taking **the number of for-sale homes** and **dividing it by the number of sales per month over a certain period** (in this case, 1 year).

This metric can also be reframed as the **Absorption Rate**, which describes the percent of the existing for-sale homes that would be sold in 1 month if homes continued to sell at the same rate (e.g., a 3 months' supply of housing corresponds to a 33.3% absorption rate, as 1 month supply/3 months' supply = 33% sold in a single month).

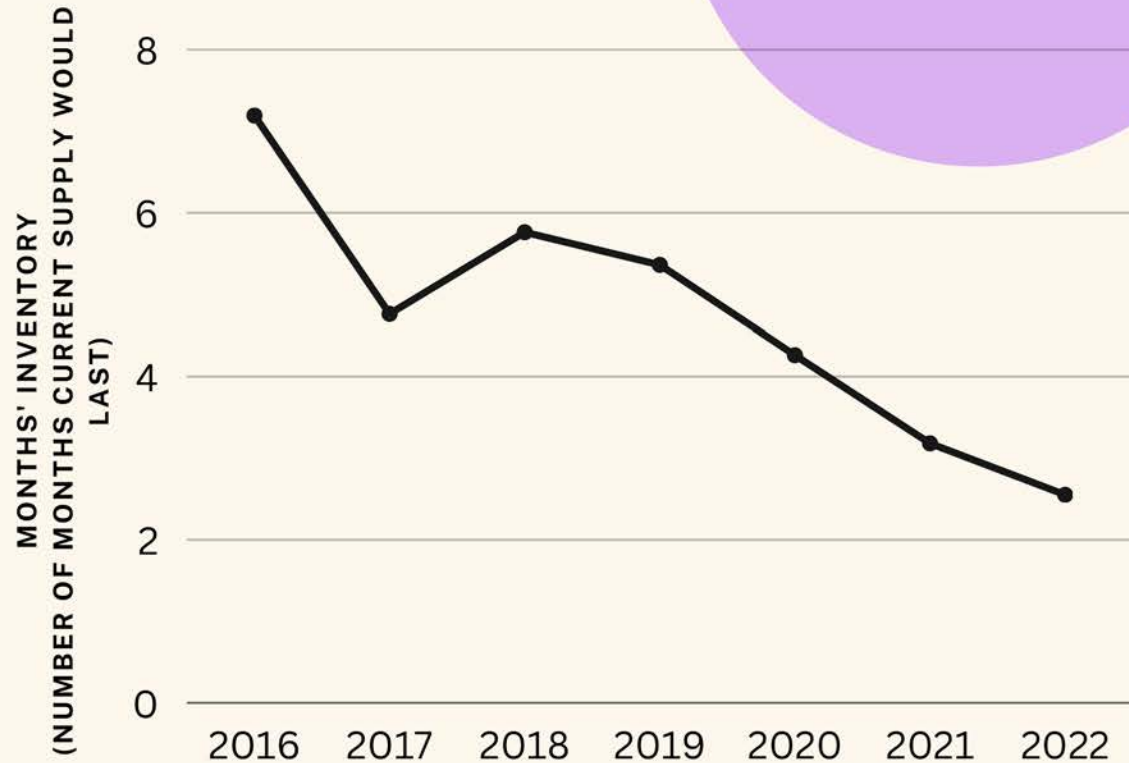


Months' Inventory

The months' inventory is the months' supply of homes the county has if construction were to stop.

A Months' Supply of Housing (aka months' inventory) lower than 6 months is a "seller's market" where supply is not meeting demand (i.e., a shortage).

Walworth County has seen a steady decline in months' inventory since 2016, reaching 3.11 by August 2021. This indicates a compounding housing shortage.



*2016-2017 SOURCE: REALTOR.COM AND WISCONSIN DEPARTMENT OF REVENUE
**2018-AUGUST 2022 SOURCE: WISCONSIN REALTORS® ASSOCIATION

Single Family Housing Affordability



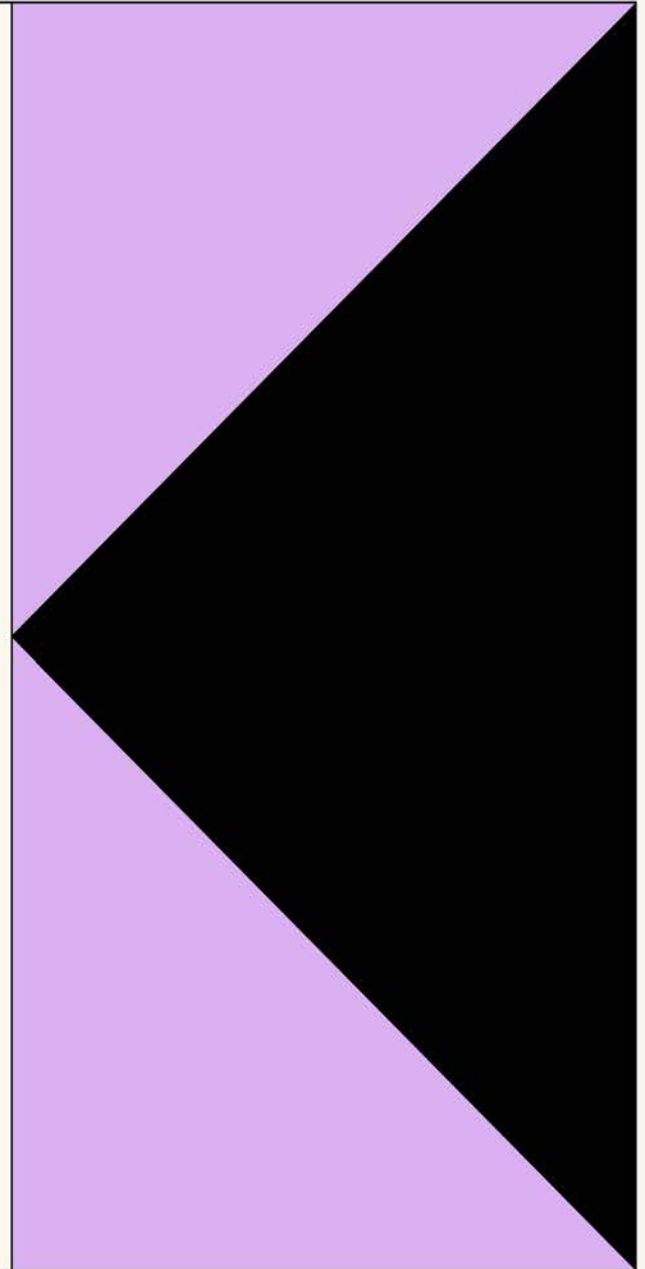
A SHORTAGE OF HOUSING LEADS TO LESS AFFORDABLE HOUSING OVERALL









LOWER INCOME HOUSEHOLDS FACE UNIQUE CHALLENGES









SHORTAGE MAY BE AFFECTING AFFORDABLE HOMES MORE



Percent of Homeowner Households within each Income Bracket whose Housing Costs are 30 Percent or More of Household Income

Household Income Bracket	Walworth County	Wisconsin
\$20,000 to \$34,999	 66%	 61%
\$35,000 to \$49,999	 39%	 30%
\$50,000 to \$74,999	 15%	 14%




Percent of Homeowner Households within each income Bracket whose Housing Costs are 20 Percent or More of Household Income

Household Income Bracket	Walworth County	Wisconsin
\$20,000 to \$34,999	 92%	 85%
\$35,000 to \$49,999	 75%	 66%
\$50,000 to \$74,999	 51%	 46%

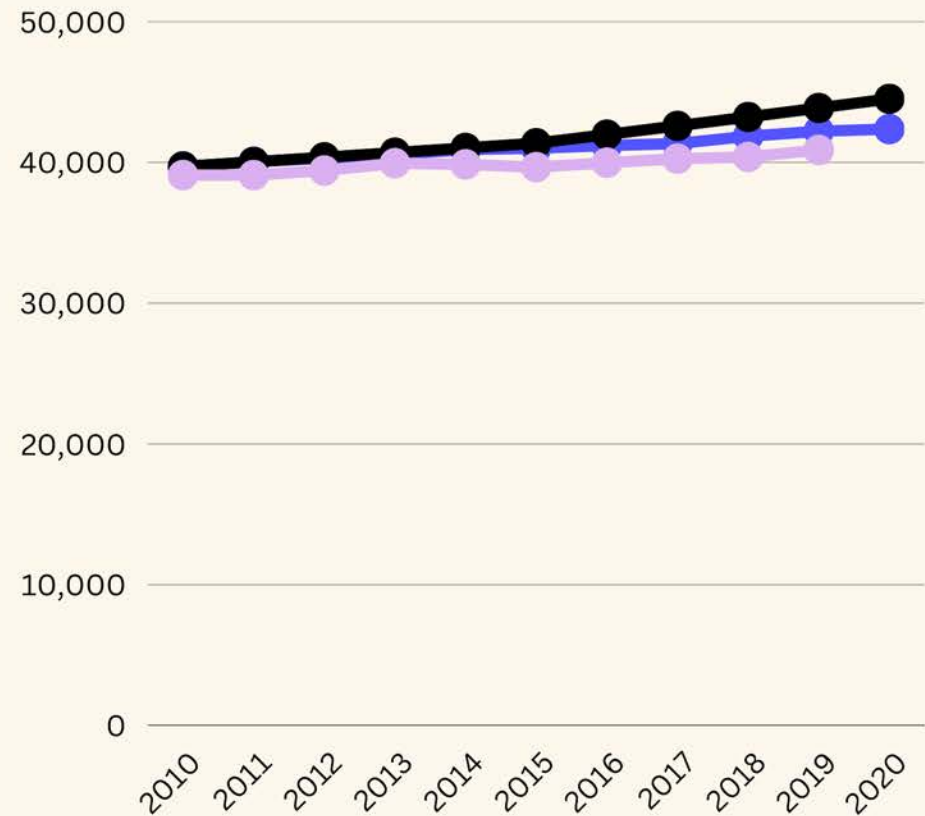
Household Projections and Estimates

The DOA Projection diverged from the actual estimate in 2015, indicating that households are growing slower than originally projected.

The Census projection was lower than the actual estimate because the Census has a larger margin of error.

-  DOA Household Estimate Derived from Population Estimate
-  DOA Projection (2010 Data)
-  ACS (5-Year Household Estimate)

MONTHS' INVENTORY (NUMBER OF MONTHS CURRENT SUPPLY WOULD LAST)



*SOURCE: ACS 5-YEAR ESTIMATES AND DOA

Household Projections vs. Construction Rates

DOA Walworth County Housing Construction and Projected Households









Total Housing Units Built 2010-2020*	DOA Projected Household Growth 2020-2030	Projected Housing Shortage if Construction Rates Remain Unchanged
2,084	6,448	(4,364)

ACS Walworth County Housing Construction and Projected Households






Total Housing Units Built 2010-2020*	ACS 10 Year Average Growth Projected Household Growth 2020-2030	Projected Housing Shortage if Construction Rates Remain Unchanged
2,084	2,098	(14)

Household Projections vs. Construction Rates

DOA Walworth County Housing Construction and Projected Households

Total Housing Units Built 2010-2020*	  2,084
DOA Projected Household Growth 2020-2030	   6,448
Projected Housing Shortage if Construction Rates Remain Unchanged	   -4,364

ACS Walworth County Housing Construction and Projected Households

Total Housing Units Built 2010-2020*	  2,084
DOA Projected Household Growth 2020-2030	  2,098
Projected Housing Shortage if Construction Rates Remain Unchanged	 -14

Effects of Low Population Growth

Potential residents look elsewhere for more affordable housing, which leads to lower population growth that negatively affects the local economy and businesses.






**LOW
POPULATION
GROWTH**

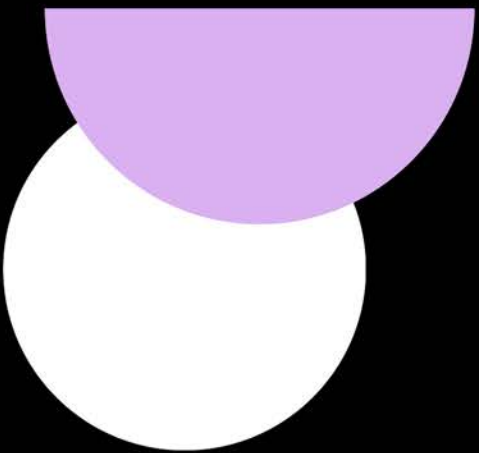
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graph TD; A[LOW POPULATION GROWTH] --> B[Lack of affordable & available homes for potential Walworth County residents]; A --> C[Diminished population growth affects local businesses.]
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Lack of affordable & available homes for potential Walworth County residents

Diminished population growth affects local businesses.

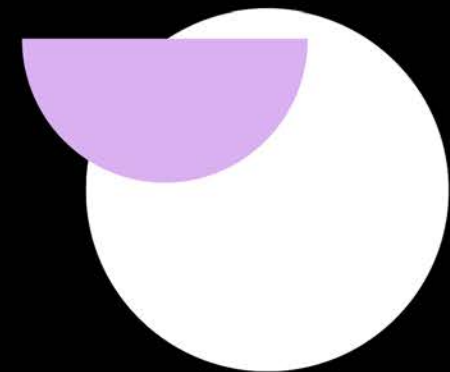
Walworth Median Gross Rent

Year	Median Gross Rent	Yearly Increase	Total % Rent Appreciation Since 2015
2015	  \$812	—	—
2016	  \$828	2.0%	2.0%
2017	  \$833	0.6%	2.6%
2018	  \$861	3.4%	6.0%
2019	  \$880	2.2%	8.4%
2020	  \$899	2.2%	9.7%

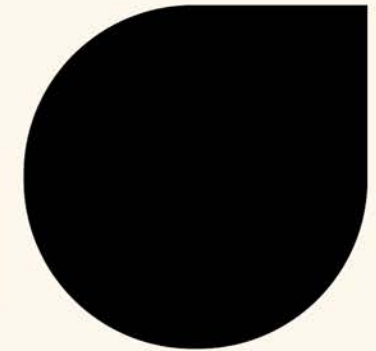


Year	Median Gross Rent	Yearly Increase	Total % Rent Appreciation Since 2015
2015	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$776	—	—
2016	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$789	1.7%	1.7%
2017	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$813	3.0%	4.8%
2018	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$837	3.0%	7.9%
2019	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$856	2.3%	10.3%
2020	(\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ (\$ \$872	1.9%	11.0%

Wisconsin Median Gross Rent








Affordability by Income



The majority of renter households have a low yearly income of Less than \$20k to \$35k. These are the income brackets spending 30% or more of their income on rent/housing costs.

Walworth County Renter-Occupied Housing Costs by Income Bracket

Yearly Income	% of Renter-Occupied Households in Income Bracket	Monthly Housing Costs as a Percentage of Average Monthly Income	% of Renter-Occupied Households for Specified Housing Cost
LESS THAN \$20,000	 20.2%	HOUSING COSTS ARE LESS THAN 20 PERCENT OF INCOME	0%
		HOUSING COSTS ARE 20 TO 29 PERCENT OF INCOME	4%
		HOUSING COSTS ARE 30 PERCENT OR MORE OF INCOME	96%
\$20,000 TO \$34,999	 17.9%	HOUSING COSTS ARE LESS THAN 20 PERCENT OF INCOME	3%
		HOUSING COSTS ARE 20 TO 29 PERCENT OF INCOME	21%
		HOUSING COSTS ARE 30 PERCENT OR MORE OF INCOME	76%
\$35,000 TO \$49,999	 16.1%	HOUSING COSTS ARE LESS THAN 20 PERCENT OF INCOME	13%
		HOUSING COSTS ARE 20 TO 29 PERCENT OF INCOME	58%
		HOUSING COSTS ARE 30 PERCENT OR MORE OF INCOME	29%
\$50,000 TO \$74,999	 20.7%	HOUSING COSTS ARE LESS THAN 20 PERCENT OF INCOME	48%
		HOUSING COSTS ARE 20 TO 29 PERCENT OF INCOME	48%
		HOUSING COSTS ARE 30 PERCENT OR MORE OF INCOME	4%
\$75,000 OR MORE	 17.7%	HOUSING COSTS ARE LESS THAN 20 PERCENT OF INCOME	83%
		HOUSING COSTS ARE 20 TO 29 PERCENT OF INCOME	16%
		HOUSING COSTS ARE 30 PERCENT OR MORE OF INCOME	1%
NO CASH RENT	4.9%	---	---

United for ALICE

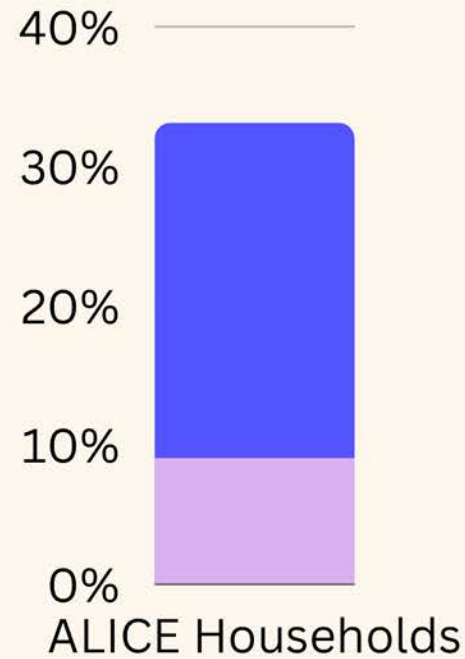
United for ALICE analyzes housing costs on a county level to determine a threshold higher than the poverty line that is typically more accurate. It is the income a household must make in a certain county in order to afford housing and not be housing burdened. 31% of all households in Walworth County are ALICE households.



3,677 (9%) : NUMBER OF HOUSEHOLDS BELOW THE POVERTY LINE




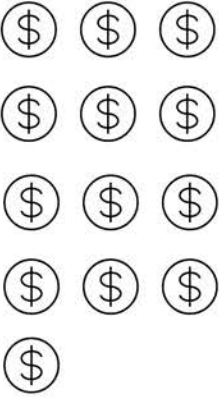



9,807 (24%) : NUMBER OF ALICE HOUSEHOLDS



Housing for Households that are Single or Cohabiting Below the ALICE Threshold

Households Under 65 Years Below ALICE Threshold	Households 65 Years and Older Below ALICE Threshold	Total Single and Cohabiting Households Below ALICE Threshold	HUD Market Price for One-Bedroom Apartment	Housing Units with Rent Below \$638	Housing Units Valued <\$107,000	Total Housing Units with Monthly Housing Cost Under ~\$638
						
5,989	4,773	10,762	\$638	2,779	3,261	6,040

Housing for Households with Children Below the ALICE Threshold

Households Under 65 Years Below ALICE Threshold	HUD Market Price for Two-Bedroom Apartment	Housing Units with Rent \$638-\$849	Housing Units Valued at \$107,000-\$146,000 (Mortgage Payments Approximately \$638-\$849)	Total Housing Units with Monthly Housing Cost Approximately \$638-\$849
 3,013	 \$849	 3,245	 3,968	 7,213

Lack of Affordable Housing



A LARGE SHORTAGE FOR SINGLE HOUSEHOLDS AND A LARGE SURPLUS FOR HOUSEHOLDS WITH CHILDREN.



HOUSEHOLDS WITH CHILDREN MUST HAVE HOUSING COSTS BELOW \$849 IN ORDER TO NOT BE HOUSING BURDENED.



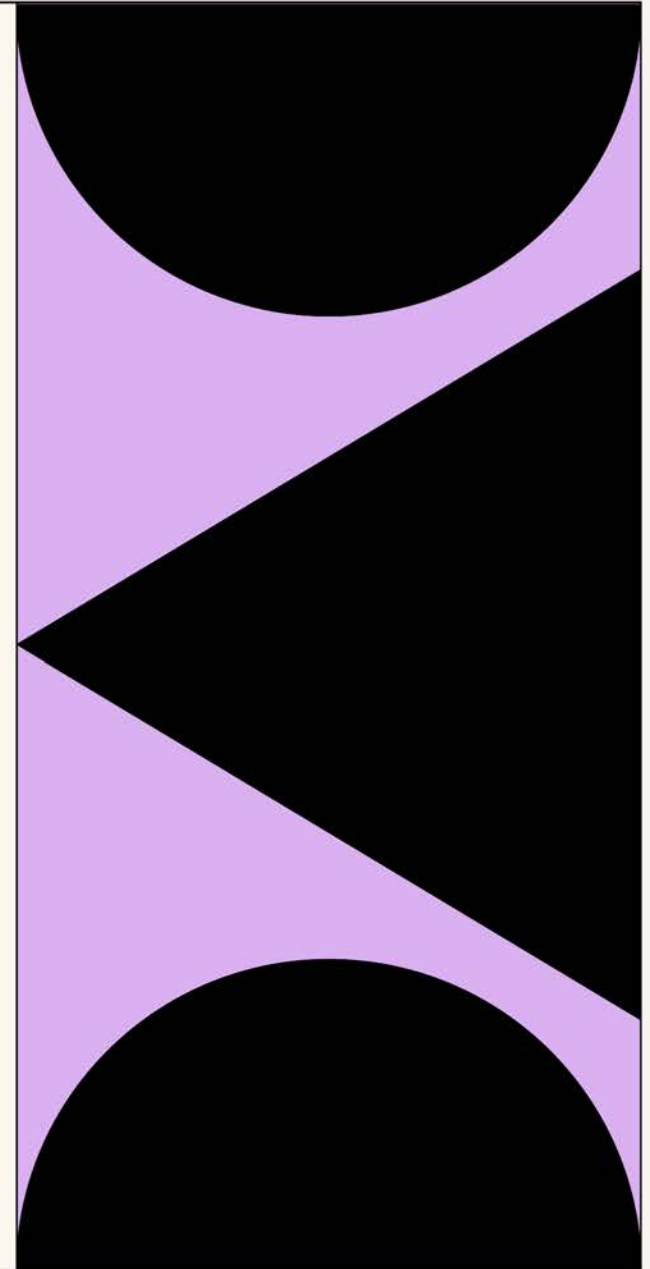
HOUSEHOLDS RIGHT ABOVE THE ALICE THRESHOLD MAY ALSO RELY ON THIS HOUSING, WHICH IS WHY A SHORTAGE AFFECTS LOWER INCOME HOUSEHOLDS MORE SEVERELY.



SINGLE AND COHABITING HOUSEHOLDS MUST HAVE HOUSING COSTS AT OR BELOW \$638 A MONTH IN ORDER TO NOT BE HOUSING BURDENED.

Findings

Walworth County has a low and diminishing months' supply of housing, quickly increasing home prices, and a lack of workforce housing options. From 2010-2020, the results for Walworth County show that low rates of housing unit construction have been unable to keep pace with suppressed household growth. Projections by the ACS and DOA show that if household growth rates were to continue at a similar rate, current housing unit construction would not keep pace, further exasperating Walworth County's housing issues. The results indicate that housing unit construction will not keep pace with household growth from 2020-2030. A shortage of housing options would result in lower months' inventory, meaning buyers will have fewer options, and increasing home prices. Policy changes that address this disequilibrium may improve the health of the housing market and prevent the shortage from compounding.



Key Takeaways

There is evidence of a housing shortage in Walworth County, indicated by a declining months' inventory, increasing home and rental prices, and construction rates that do not keep up with household growth.

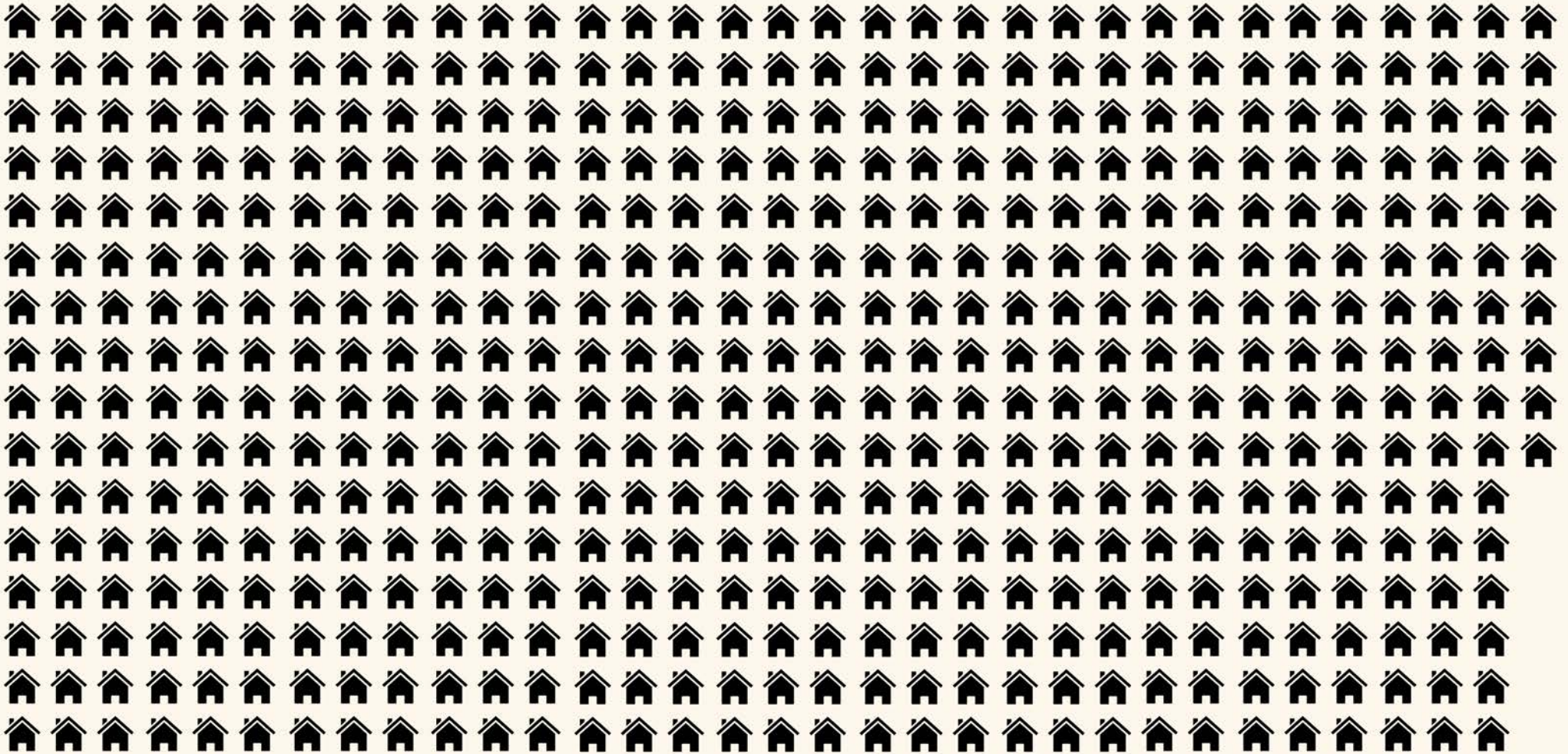
Walworth County has a **high percentage of households** who are considered workforce housing or housing burdened.

The housing shortage is **more severe** for workforce households.

These findings are **not unique to Walworth County**, rather, the housing shortage is compounding throughout Wisconsin and the country. However, Walworth County has an opportunity to assess these findings and possibly prevent the housing shortage from compounding to what is projected.



THERE IS A TOTAL SHORTAGE OF 522 HOMES



ABOUT THE FERC

The University of Wisconsin-Whitewater Fiscal and Economic Research Center provides research services for area businesses, not-for-profits organizations and government entities, including:

- Economic analysis
- Geographic Information Systems (GIS) analysis
- Market research, marketing strategy and planning
- Statistical analysis
- Simulation analysis
- Ecological and biological analysis
- Government and public policy analysis
- Entrepreneurship
- Economic forecasting and business development

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