

Dane County Housing Initiative



2016 Dane County Housing Summit
Working Together to Expand Housing Opportunities

Update on Dane County Housing Market Conditions since 2015 release of “Housing Needs Assessment” Report.¹

Demographics

Dane County continues to experience robust growth in population, growing from a population in 2010 of 489,309 to 523,643 in 2015 (a 7 percent increase in population in only 5 years). Housing unit growth has lagged behind population growth and incomes (adjusted for inflation) have actually declined in 4 years. These trends have exacerbated an already challenging housing market for lower-income households.

Housing unit growth has lagged behind population growth, and incomes (adjusted for inflation) have actually declined in 4 years.

Table 1. Dane County, Wisconsin Basic Demographic Changes (2010-2014)

	2010	2014	Change	Percent Change
Population	489,309	516,284	26,975	5.5%
Households	203,073	211,842	8,769	4.3%
Housing Units	216,230	222,390	6,160	2.8%
Median Household Income (in 2014\$)	\$63,686	\$61,582	-\$2,104	-3.3%

Source: US Census. Inflation adjustment: CPI-U from BLS.

Construction Activity

Table 2 describes housing units authorized by building permit for Dane County from 2011 through 2015. Over 7,000 housing units were authorized by building permits in 2014-2015 alone. Multi-family construction continues to show robust growth, representing over 67-percent of all construction activity during this time period.

Table 2: Dane County Building Permits, 2011-2015

	2011	2012	2013	2014	2015	Total
Total housing units	1,470	2,480	3,763	3,774	3,342	14,829
Single-family housing units	618	797	1,079	1,032	1,106	4,632
2-family housing units	30	32	68	48	22	200
Multi-family housing units	822	1,651	2,616	2,694	2,214	9,997

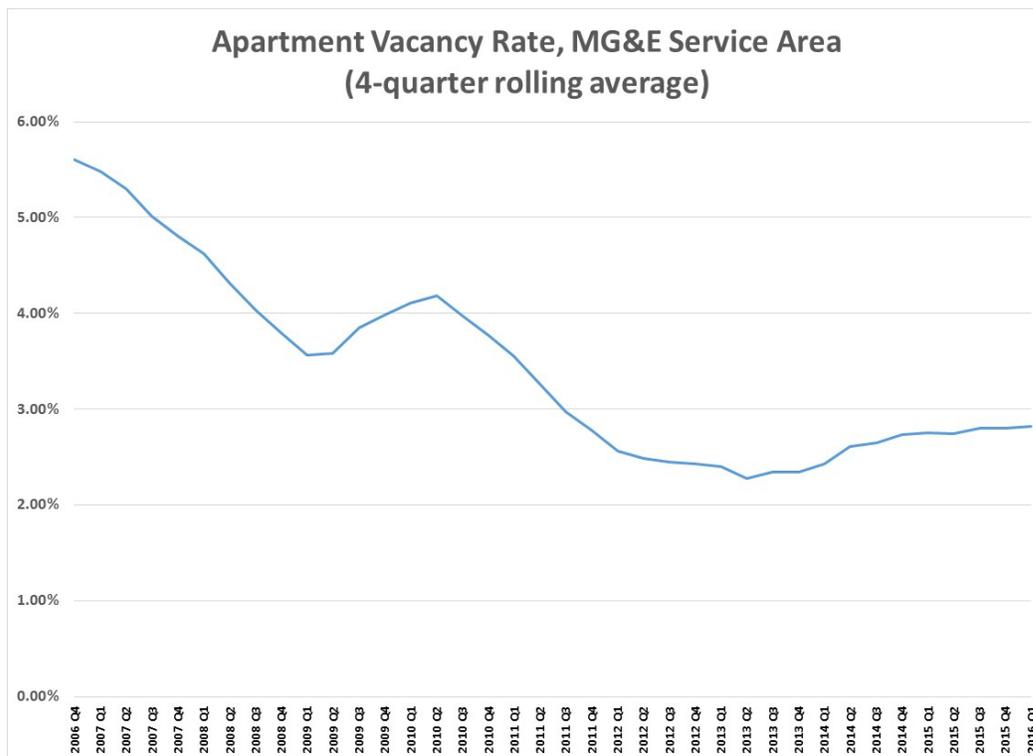
Source: Capital Area Regional Planning Commission

Vacancy.

Consistently low vacancy rates (below 5-7 percent for rental housing) can result in difficulties for households to find adequate housing and/or increases in rent to less affordable levels. This chart shows

¹ This Fact Sheet prepared by Kurt Paulsen, Associate Professor of Urban and Regional Planning, UW-Madison.

the apartment vacancy rate for multifamily units in MG&E’s service area. Adjusted vacancy rates have remained below 3 percent since mid-2011. The most recent quarter (2016 Q1) has an unadjusted vacancy rate of 2.43 percent.



Housing Costs: Rents and Housing Prices

There are two main ways to measure housing prices for owner-occupied homes. The first is the Census’ measure of median house price or house value. From 2011 through 2014, median housing prices rose from \$226,900 to \$233,000, an increase of \$6100 or about 2.7 percent. A second measure is the Federal Housing Finance Agency’s (FHFA) “House Price Index” which adjusts for quality differences in new construction. This index rose from 174.09 (in 2010) to 179.49 (in 2015), a 5.4 percent increase. While house prices are not accelerating rapidly, there is some concern that historically low inventories could lead to greater price appreciation.

On the rental side, the Census’ measure of median gross rent (includes utilities) in Dane County rose from \$874 in 2011 to \$916 in 2014, an increase of \$42 or 4.8 percent. A more accurate measure of rent costs which controls for unit size is HUD’s “Fair Market Rent” for 2-bedroom units. This rent rose from \$877 in 2011 to \$936 in FY 2016, an increase of \$59 or 6.7 percent. Because this data is more recent than the Census 2014 numbers, the data show some pressures on rental markets because of low vacancy rates, despite robust multifamily construction.

Affordability and “Worst Case” Housing Needs

HUD defines “Worst Case” housing needs as being very low-income renter households (less than 50 percent of area median income) who have a severe housing need (either physically inadequate shelter, severe overcrowding, or paying more than 50 percent of household income on rent). In 2010 (last year of data available for Housing Needs report), 18,920 households in Dane County met the definition of Worst Case needs. By 2012 (most recent year available now), that number had jumped to 21,175 households, an increase of 2,885 households. Worse case housing needs as a percentage of all renter households also increased from 24.5 percent to 26 percent.