

Dane County Housing Summit

October 10, 2019

Todd Costello, Executive Director
Community Living Alliance, Inc.

Mission

Community Living Alliance (CLA) is a not-for-profit trauma informed care organization, dedicated to empowering people with disabilities or chronic illnesses and the elderly to live independently and with dignity. CLA partners with these individuals to acquire personal care and support services needed to promote their quality of life and self-determination.

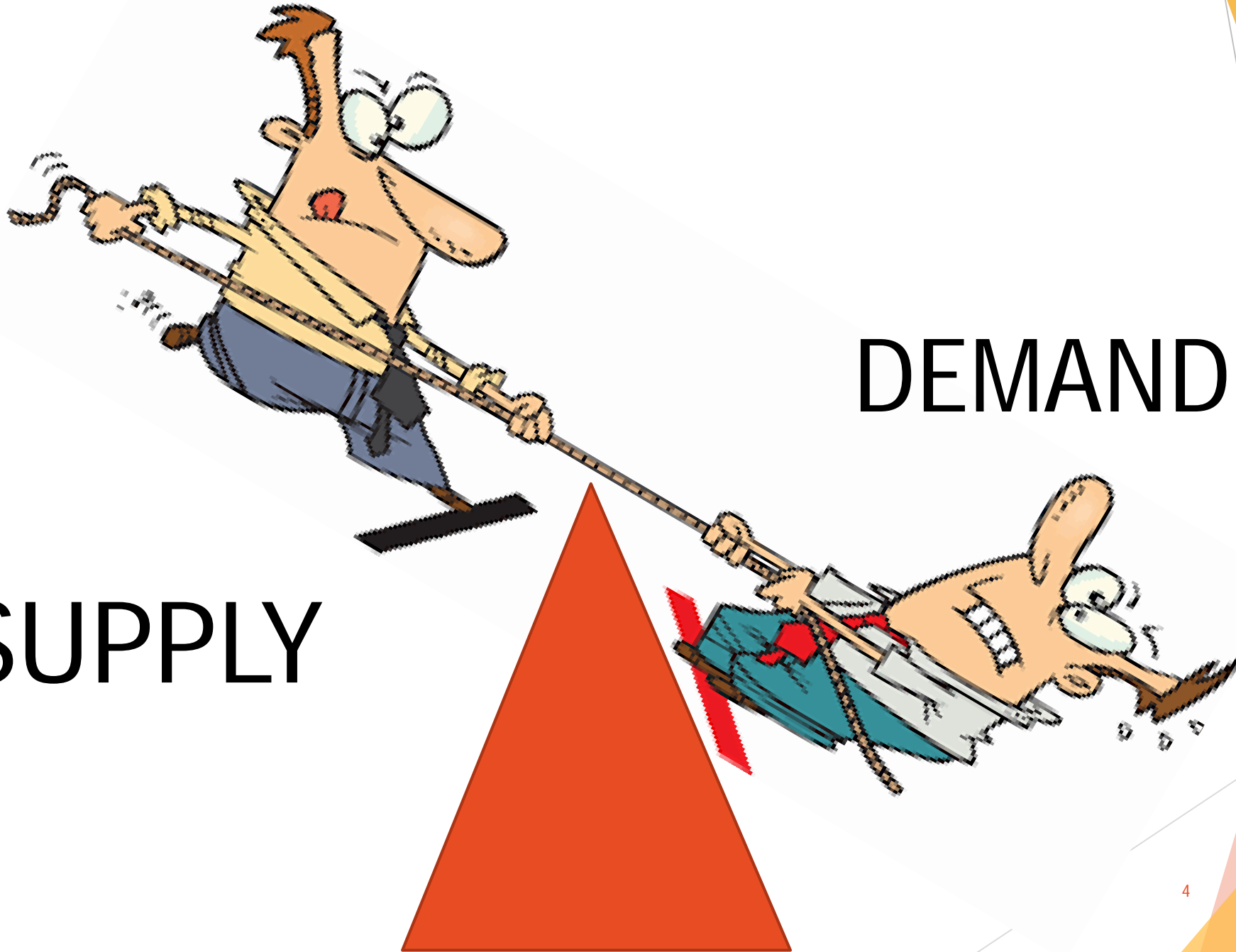
Wisconsin is Experiencing a Direct Care Workforce Shortage Crisis...



Providers in all industries report difficulty in filling job openings.
Turnover is over 60 percent.

SUPPLY

DEMAND



Current State of Wisconsin Job Openings



**20,400
workers
will be
needed in
2024**

Workforce shortages hurt everyone, but especially the people relying on the services



When people cannot find
a personal care worker:
35% go without
assistance (Survival
Survey)

What is driving the need?

- ▶ More than 10,000 older people turning 65 every day.
- ▶ Increase longevity
- ▶ Consumer preference
- ▶ Dementia population is projected to double from 2015 to 2040 (242,000).
- ▶ Between 2016 and 2026 direct care workforce will grow more than any single occupation.

Workforce Profile

- ▶ median age is 34
- ▶ 2 and 5 work part time
- ▶ 9 and 10 direct care workers are women
- ▶ 1 and 4 direct care workers is a person of color
- ▶ 2 and 4 direct care workers has a high school education or less

Low Wages and Part Time Hours = Economic Hardship

- ▶ Current median wage for home care workers in Wisconsin is \$10.47.
- ▶ Home care workers earn a median annual income of approximately \$12,600.
- ▶ Nearly ¼ of these workers live below the federal poverty line.
- ▶ More than half rely on some form of public assistance.
- ▶ Annual turnover typically surpasses 50% in Wisconsin



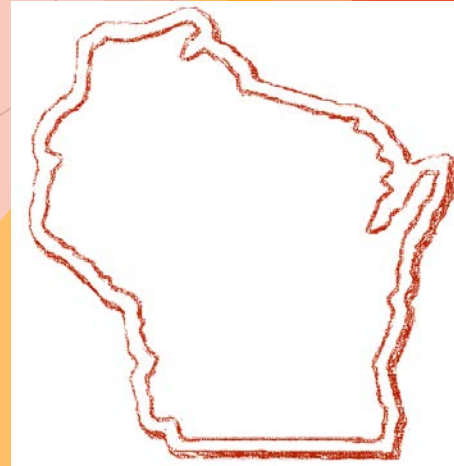
Financial challenges



- ▶ Affordable safe housing
- ▶ Child care
- ▶ Transportation
- ▶ Lack of health care and other benefits
- ▶ Lack of rainy day funds

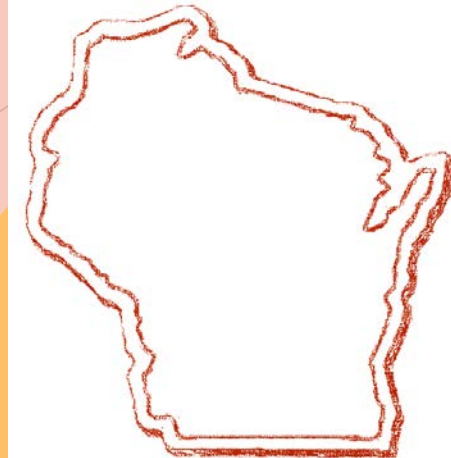
Governor Evers Task Force on Caregiving Charge

- ▶ Analyze strategies to attract and retain a strong direct care workforce.
- ▶ Supporting families providing care for their loved ones through respite services and other supports
- ▶ Assess compensation and fringe benefits for caregivers, including ways to make healthcare affordable for the caregiving workforce through employer-sponsored plans, Medicaid buy-in plans, or other health insurance coverage options



Governor Evers Task Force on Caregiving Charge

- ▶ Establish one or more registries of home care providers and develop a plan to provide referral or matching services for individuals in need of home care
- ▶ Develop a plan to implement recruitment and retention programs to expand the pool of providers.
- ▶ Explore and develop solutions, in collaboration with other relevant departments and agencies to support and strengthen the direct care workforce, increase access, and improve the quality of caregiving in Wisconsin.



Public Awareness



Resources

- ▶ PHI - <https://phinational.org/>
- ▶ Wisconsin Personal Services Association (WPSA) - www.wpsa.us
- ▶ Survival Coalition - www.survivalcoalitionwi.org
- ▶ Wisconsin Department of Workforce Development (DWD) - <https://dwd.wisconsin.gov/>

Getting-to-Work

Dodge County Rural Transportation Program



Ridesharing to lift income-disadvantaged individuals into the workforce.
Helping businesses and helping neighbors.



GtW Program Manager:
Jeff Stoltman
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Business Benefits of a Ridesharing Program

- Company head count up 70 people (~37%) - January 2019 over January 2018
- New production record in August 2018; broken several more times since
- Larger, more reliable workforce on 3rd shift
- Tardiness and absenteeism significantly reduced
- Improved employee morale and retention

All this at one small cheese manufacturer...



in one typical rural county...

with one small transportation pilot.

Getting-to-Work Dodge County Coalition

Our Ambitious Vision

Together in our county, we will improve business performance and the quality of life by eliminating transportation as a barrier to employment through design and implementation of an affordable, reliable, and self-sustaining transportation system to get all willing adults to and from places of employment.

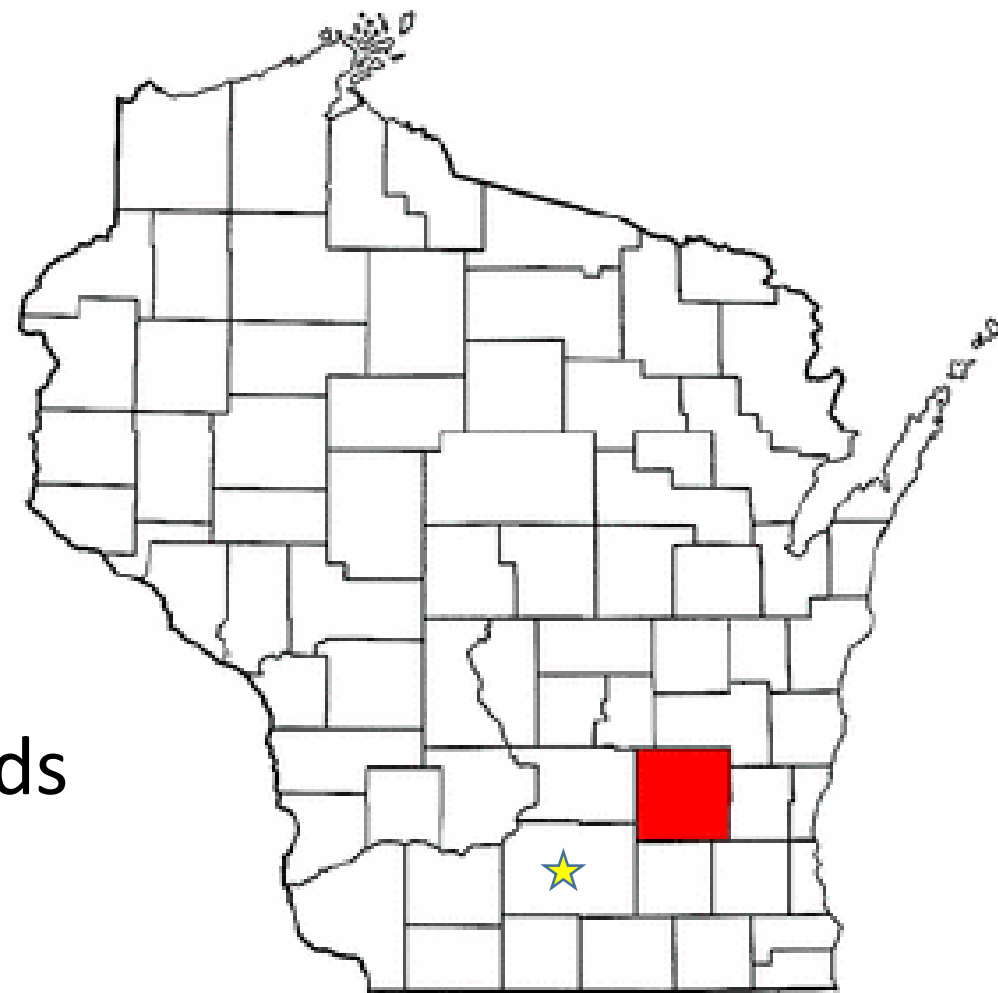




Dodge County, Wisconsin

Transportation Summary

- ~900 square miles
- Population = ~88,000
- Largest City = Beaver Dam ~16,000
- 39% poverty-level and ALICE households
- No fixed-route bus service
- 1 Registered car per household



Why Ridesharing?

Fundamental Premise

There is an untapped labor pool of local residents willing and able to take jobs; they just need a reliable, convenient and affordable way to get to and from work.

Our Simple Logic

Challenge

- No public transportation
- Buses are costly
- Low population density
- Large distances
- Dispersed employers



Solution

- Leverage existing assets (private cars)
- Distribute drivers/vehicles around the county near employers



GtW Ridesharing Program Design

The Participants

Employee-Riders Need:

- Low cost
- Convenience
- Simplicity
- Customer service
- Safety

Affordability is key



Employers Need:

- New workers
- Reliable service
- Simplicity
- Justifiable costs
- Managed risk

ROI is key



Drivers Need:

- Attractive compensation
- Steady rider demand
- Operational simplicity

A fair wage is key

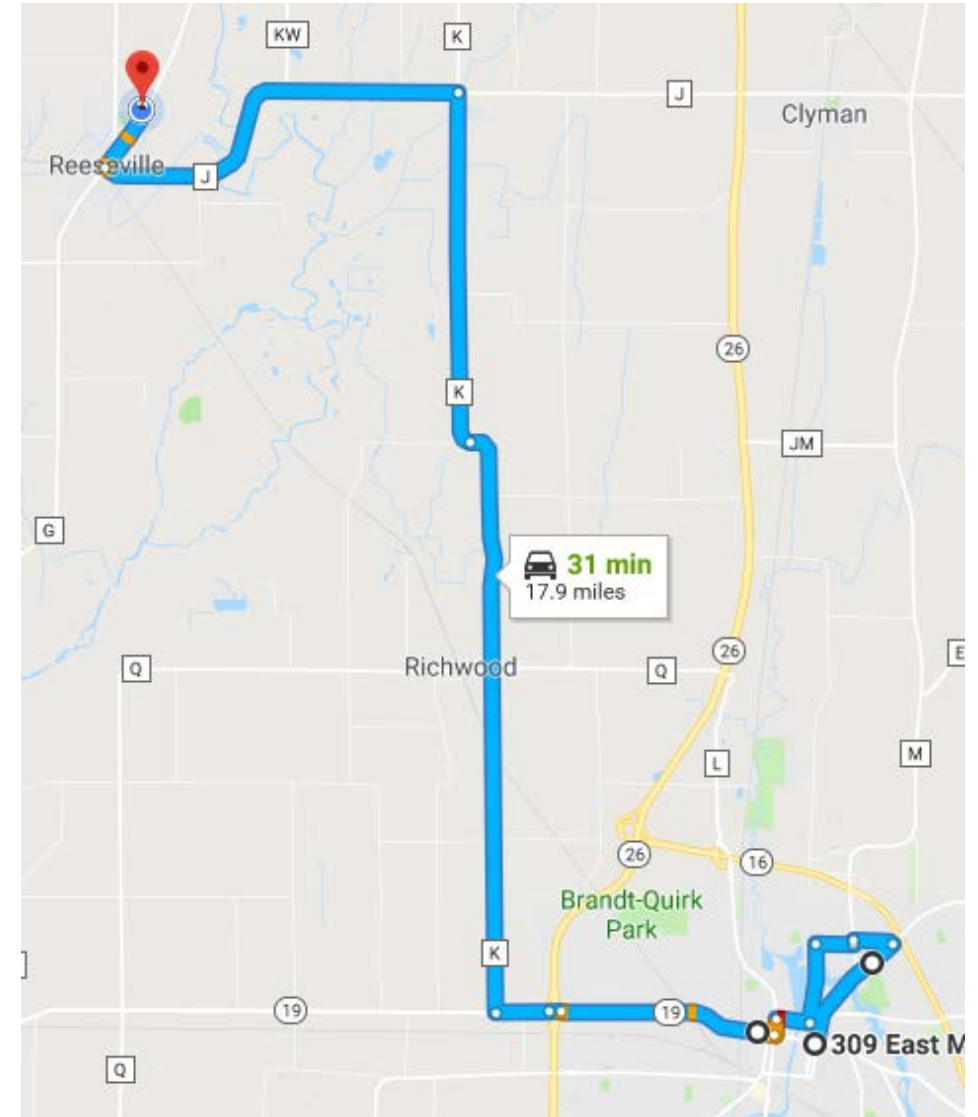


GtW – Ridesharing Pilot

A Real Example

- Driver lives in Watertown
- Pick up 4 passengers at their homes
- Drop off at SCC to start 5am first shift
- Roundtrip: 34 miles (driver returns empty)
- Roundtrip driver pay = \$32.83
- \$3 Contribution from 4 riders = \$12.00
- Operational Cost = \$20.83 or \$5.21/rider
- 63% / 37% cost sharing (SCC / riders)

SCC Plant in Reeseville Employees in Watertown



Ridesharing Pilot @Specialty Cheese Company

Unqualified Success!



Intention

Run a controlled experiment to test the concept of ridesharing. Start small, learn from experience, and determine if the concept offers business benefit. From there, grow to other Dodge County employers.

February 2018

- 15 volunteer employees
- 1 driver (independent contractor)
- 1 shift
- 1 city

February 2019

- 70 employees (~35 are new hires)
- 11 regular drivers (plus 2 alternates)
- 3 shifts
- 3 cities daily plus ad hoc runs
- ~300 unique trips each pay period

GtW Program Success Factors

- A true win/win: Seek benefits for business and for the community
- A coalition with diverse perspectives and expertise
- A passionate, community-minded business leader
- Believe: Willingness to try new things
- Focused operational management
- Grant funding
- Engender trust through sincere transparency



Falling Behind:

Addressing Wisconsin's Workforce Housing Shortage to Strengthen Families, Communities and Our Economy



**Department of Planning
and Landscape Architecture**
UNIVERSITY OF WISCONSIN-MADISON

Kurt Paulsen (University of Wisconsin – Madison), October 2019

Dane County Housing Summit

The opinions expressed herein do not necessarily constitute the opinions of the City of Middleton, Dane County, The University of Wisconsin-Madison, the Wisconsin Housing and Economic Development Authority (WHEDA), the Wisconsin Realtors Association (WRA), the League of Wisconsin Municipalities, their members or staff.



SPECIAL REPORT
**FALLING
BEHIND**

Addressing Wisconsin's workforce housing shortage to strengthen families, communities and our economy.

ALL ACROSS WISCONSIN
communities and employers are recognizing the critical need to address Wisconsin's housing shortage.

About this report

- Funded by WRA to document the workforce housing shortage in Wisconsin, to explain main causes and main consequences and to outline policy solutions.
- *All statements in the report and this presentation are mine alone and do not necessarily reflect the views of the Wisconsin Realtors Association, or any state, county, or city agency or the University of Wisconsin.*



SPECIAL REPORT
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Main Message

- Compared to our neighboring states (Illinois, Indiana, Iowa, Michigan and Minnesota) on most housing indicators, we are falling behind or at the bottom.
- Workforce housing and housing affordability is an issue across the state.
- A number of innovative housing policy reforms from other states can help Wisconsin address its workforce housing shortage.

- Workforce housing is the supply of housing in a community (variety of types, sizes, locations, prices) that meets the need of the workforce in a community.
- In this report -- housing that is affordable to the workforce:
 - For renters, up to 60 % of area median income (AMI)
 - For owners, up to 120 % of area median income (AMI)

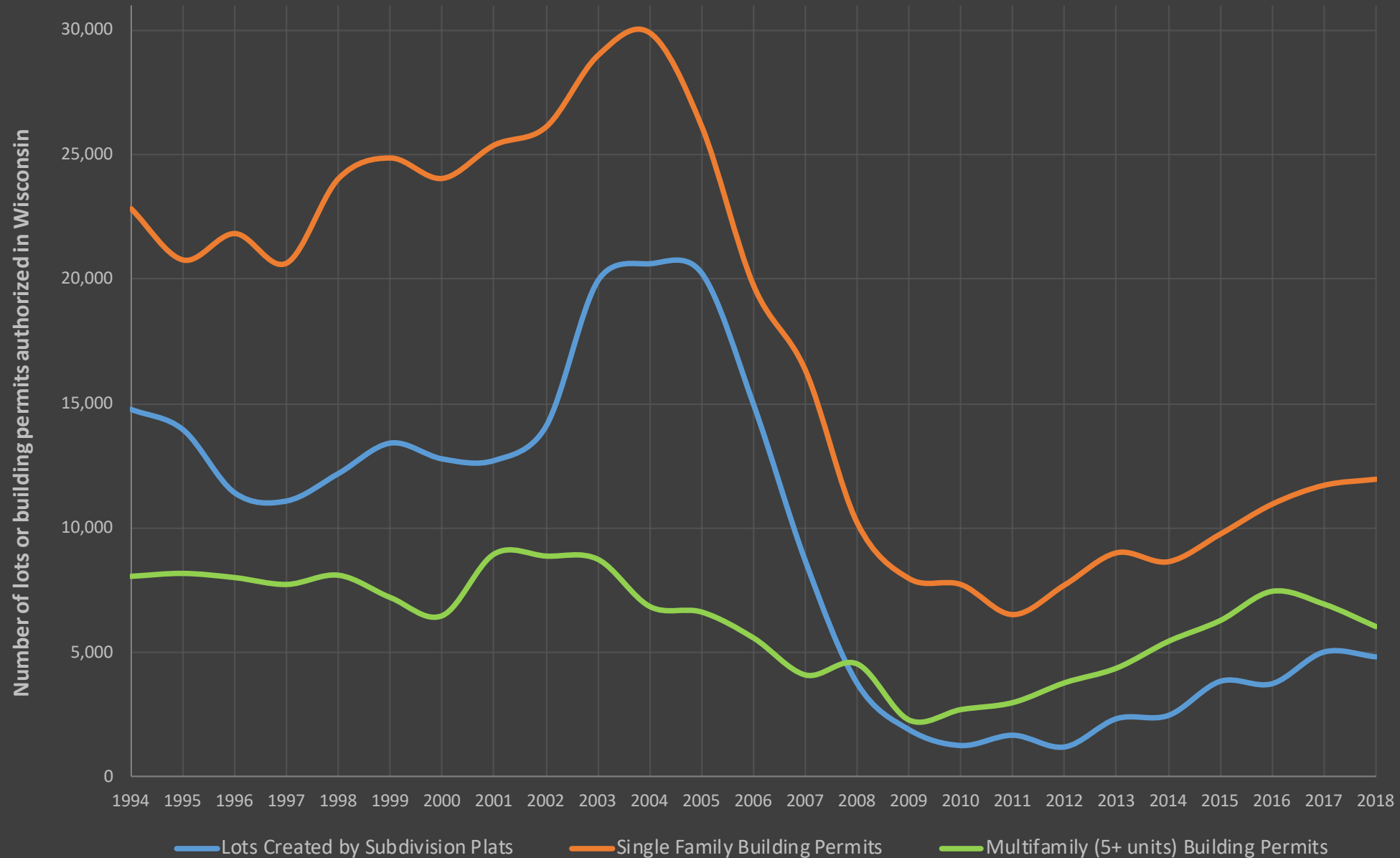
We will never solve our housing crisis without more supply ...

... But supply alone will not solve our housing crisis.

Causes of workforce housing shortage

- Cause #1 Wisconsin has not built enough homes to keep up with population and income growth.

Housing Construction and Subdivision Activity in Wisconsin have not Recovered from Great Recession, Remain at Historically Low Levels



Source: Subdivision Lots from Wis. Dept. Admin.; Building Permits Database, U.S. Census Bureau.

Wisconsin's 20 Largest Counties Underproduced Nearly 20,000 Housing Units from 2006-2017

	Growth in households (2006-2017)	Growth in housing units (2006-2017)	Ratio of household growth to housing unit growth	Housing "Underproduction"
Milwaukee County	206	10,754	0.0192	
Dane County	36,334	25,128	1.4460	11,206
Waukesha County	13,199	10,986	1.2014	2,213
Brown County	9,806	8,145	1.2039	1,661
Racine County	2,319	2,645	0.8767	
Outagamie County	5,727	6,249	0.9165	
Winnebago County	3,134	4,903	0.6392	
Kenosha County	3,737	3,922	0.9528	
Rock County	2,516	1,480	1.7000	1,036
Marathon County	3,183	3,231	0.9851	
Washington County	4,019	4,289	0.9370	
La Crosse County	3,402	3,859	0.8816	
Sheboygan County	1,772	1,440	1.2306	332
Eau Claire County	2,504	3,156	0.7934	
Walworth County	3,208	2,671	1.2010	537
Fond du Lac County	3,727	2,929	1.2724	798
St. Croix County	3,164	3,246	0.9747	
Ozaukee County	2,909	2,082	1.3972	827
Dodge County	1,311	1,354	0.9682	
Jefferson County	3,469	2,241	1.5480	1,228
20 Largest Wisconsin Counties	109,646	104,710	1.0471	19,838

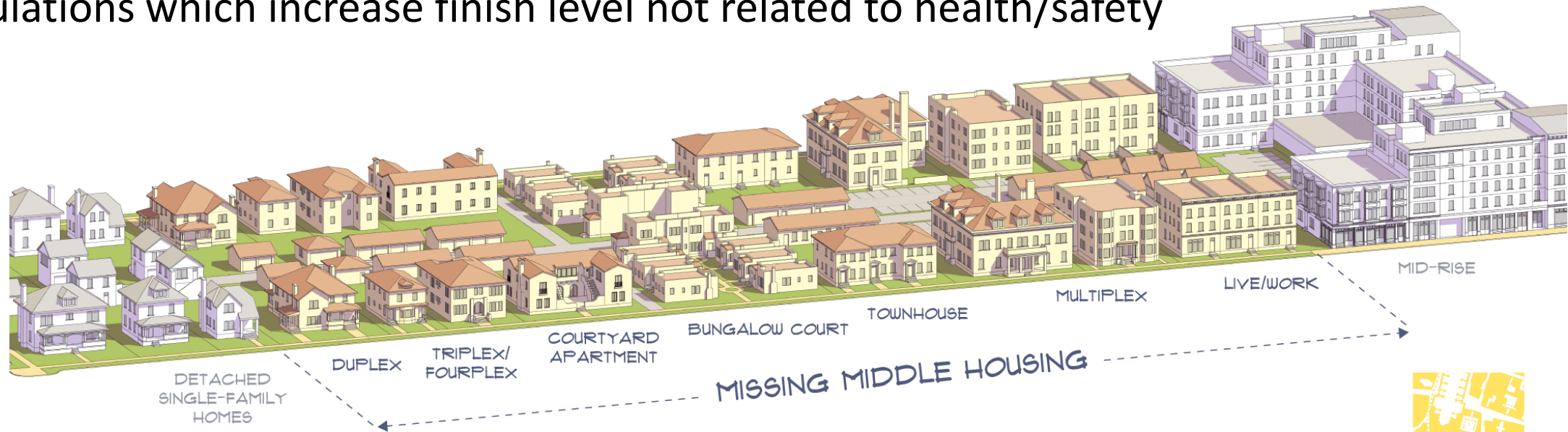
Source: Author's calculations based on 2006 and 2017 1-year American Community Survey data, U.S. Census Bureau. Households are 1- or more persons who occupy a housing unit. Housing units include vacant structures for sale or rent.

Causes of workforce housing shortage

- Cause #2 Construction costs are rising faster than inflation and incomes.
 - From 2010-2018, construction costs (RS Means index) increased:
 - 15.5 percent in Madison region
 - 16.2 percent in Milwaukee region
 - 16.8 percent in Green Bay region
 - (Jan. 2010 to Jan 2018 CPI-U inflation was 14.4 percent)
- 73 percent of Wisconsin construction firms reported labor shortages (Assoc. of Gen. Contractor survey)

Causes of workforce housing shortage

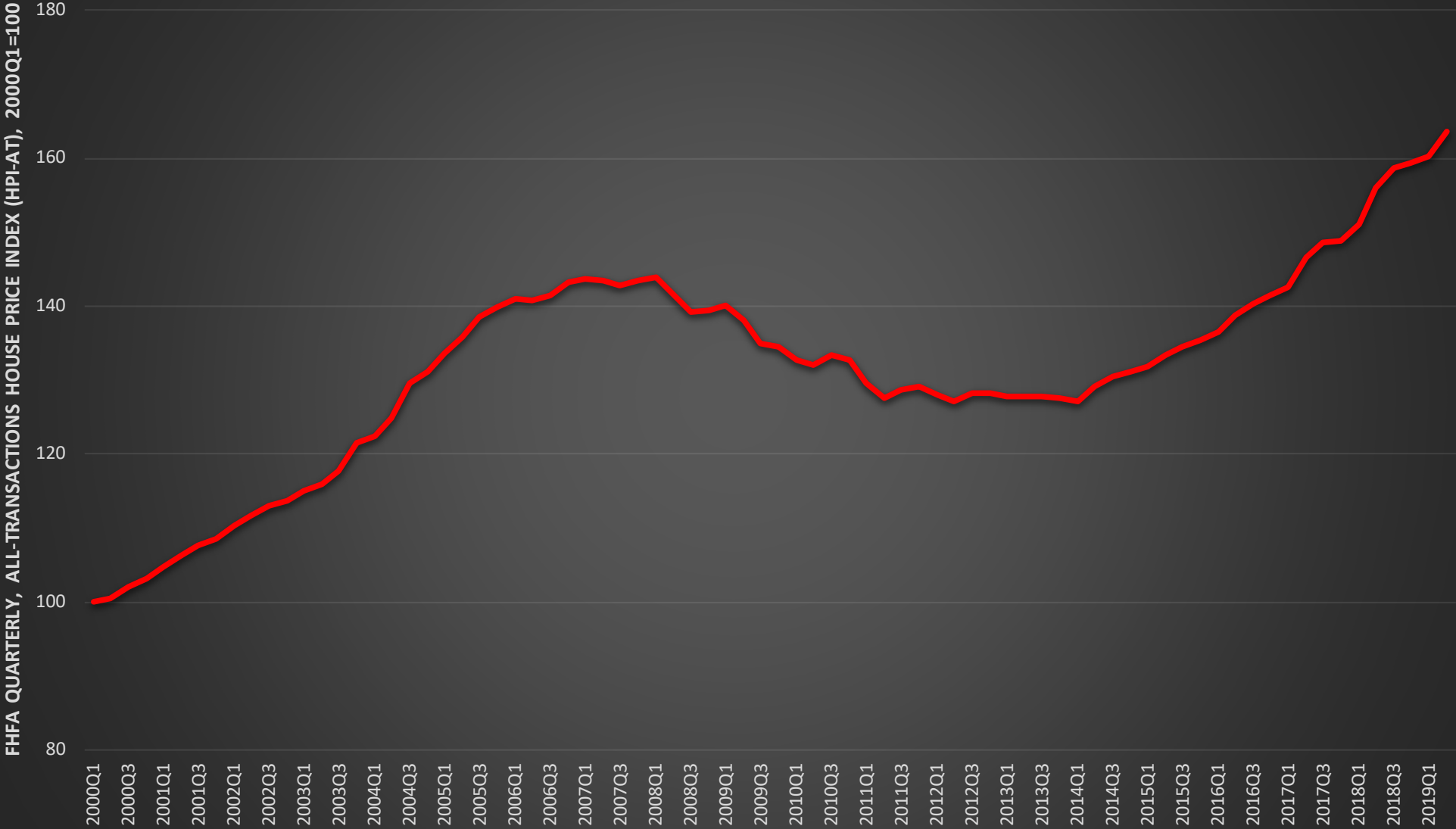
- Cause #3 Outdated land use regulations drive up the cost of housing.
 - Excessive minimum lot sizes; excessive parking requirements
 - Delays, long processes
 - Conditional-use rather than by-right for many housing types.
 - Many zoning ordinances have limited areas or ban completely building “missing-middle” and multifamily homes
 - Regulations which increase finish level not related to health/safety



Results of workforce housing shortage

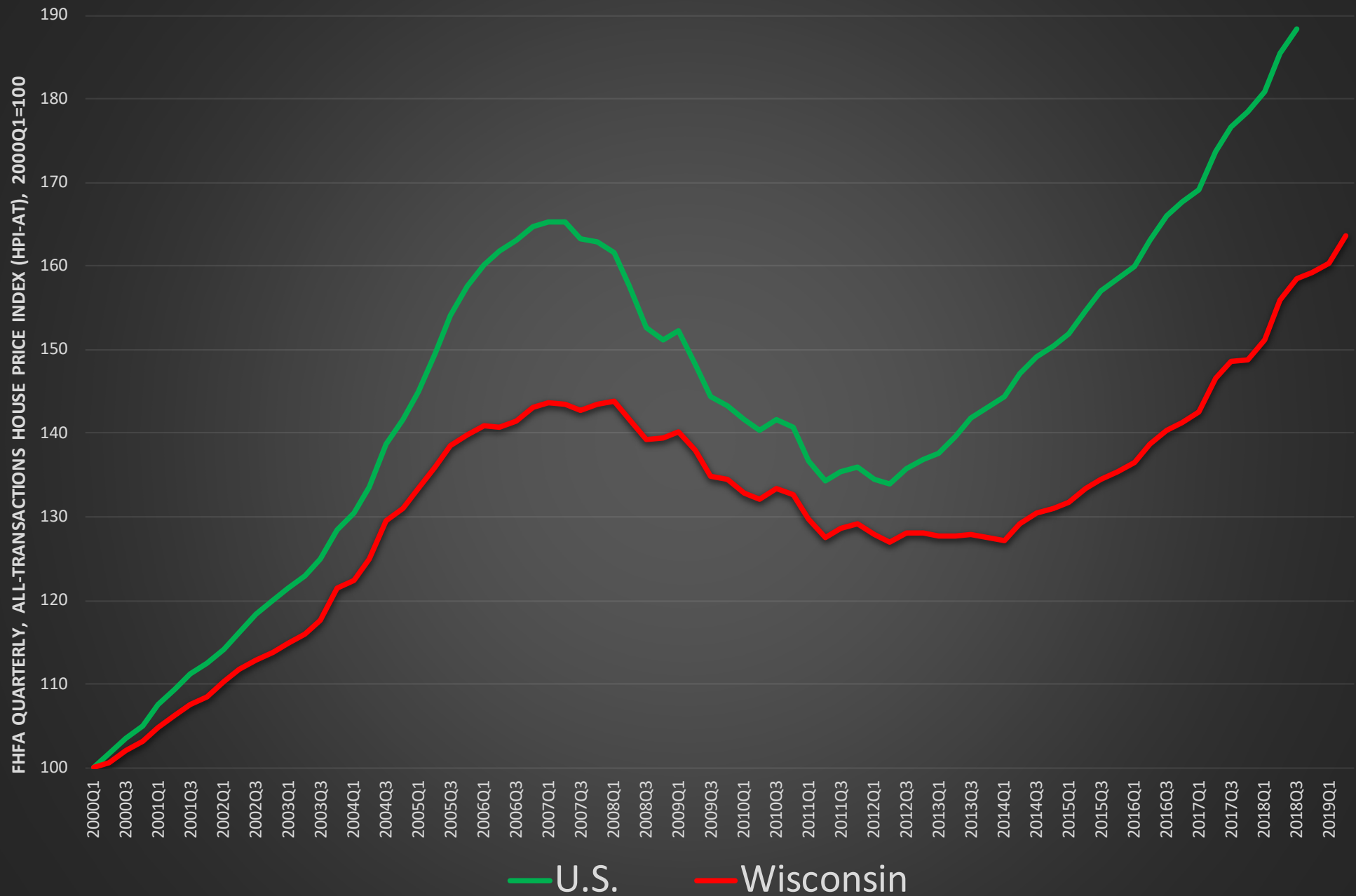
- Result #1 Housing costs are rising (both ownership and rental) and rents have grown faster than incomes.

**Wisconsin House Prices Now Exceed Pre-Crisis (2007Q1) Levels
and have increased 18% in past 3 years, 26.7% in past 5 years**



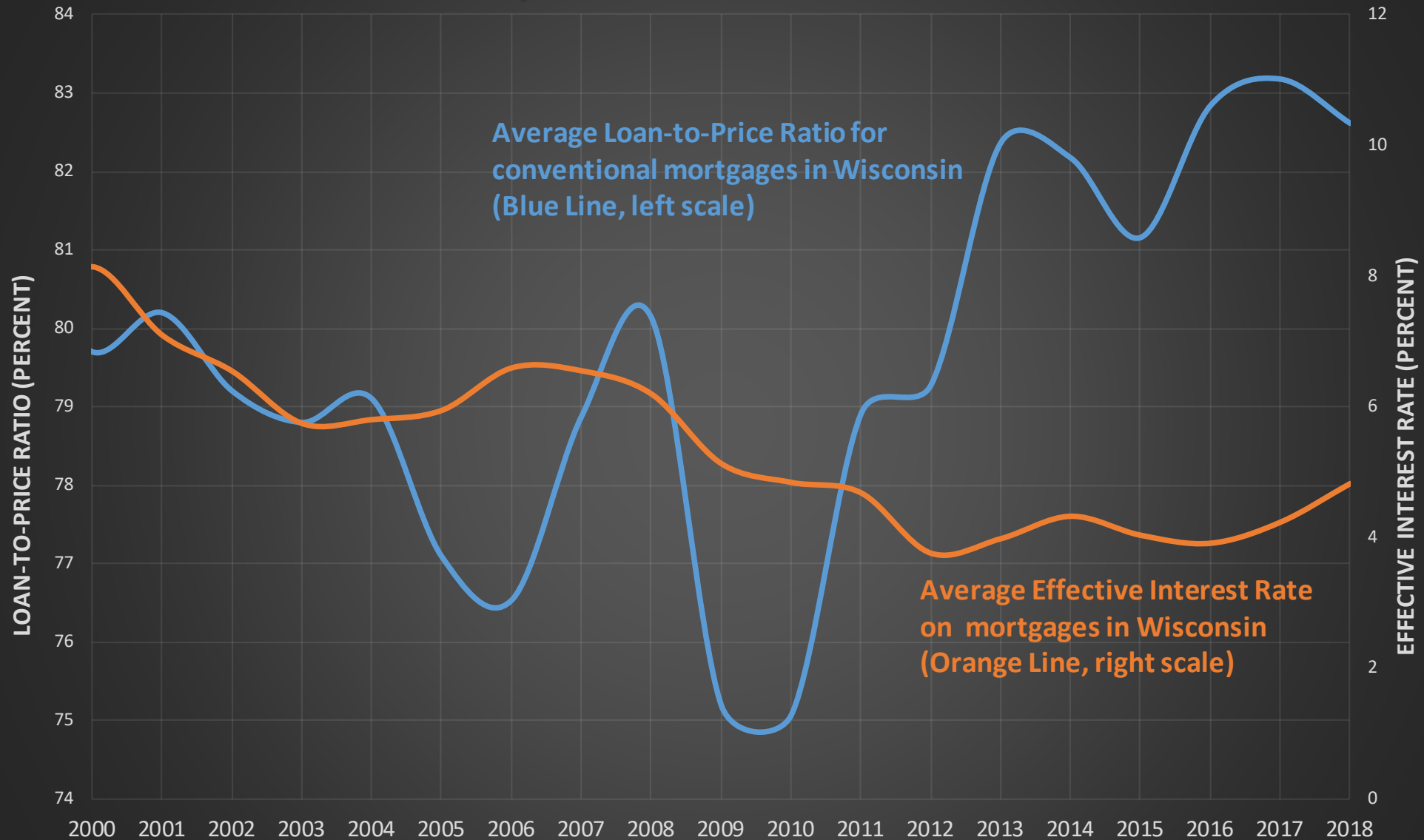
Source: Federal Housing Finance Agency

Post-2000 house price growth in Wisconsin has lagged U.S.



Source: Federal Housing Finance Agency

Wisconsin Homeowners are Borrowing a Larger Percentage of their Home's Value; Interest Rates are at Historic Low Levels



Source: Federal Housing Finance Agency, Rates and Terms on conventional, single family, fully amortized, non-farm, mortgages, by state (purchase and refinance, new and existing houses). Effective interest rate amortizes fees and points. Loan-to-price ratio is the ratio of the loan amount to the house value. An 80% loan-to-purchase ratio is equivalent to a 20% downpayment.

Rents rose faster than household incomes in Midwestern states

<i>State</i>	<i>Increase median rent, 2007-2017</i>	<i>Increase median income, 2007-2017</i>
ILLINOIS	24.4%	16.4%
INDIANA	24.3%	14.2%
IOWA	34.0%	23.8%
MICHIGAN	22.3%	14.5%
MINNESOTA	32.1%	22.6%
WISCONSIN	21.7%	17.3%
<i>U.S. AVERAGE</i>	<i>28.3%</i>	<i>18.9%</i>

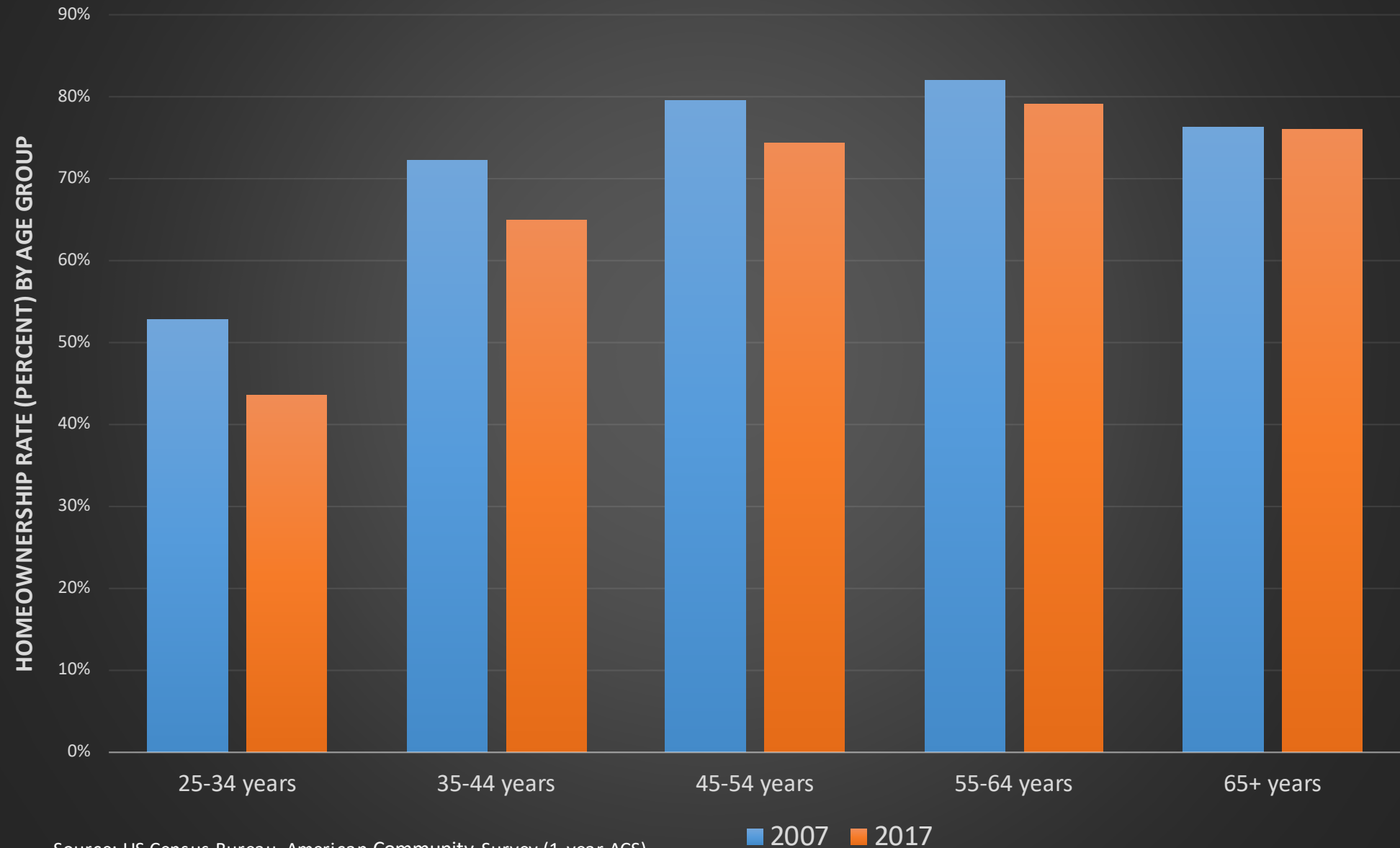
Source: US Census, 1-year American Community Survey (ACS) data, not inflation adjusted

- **On a *per-capita basis*, Wisconsin permitted more multifamily housing than all of our neighboring states from 2000-2014.**
- **From 2007-2017 Wisconsin had slower median rent growth than all of our neighboring states.**
- **Therefore, robust apartment construction moderates rent growth, even though we still didn't build enough**

Results of workforce housing shortage

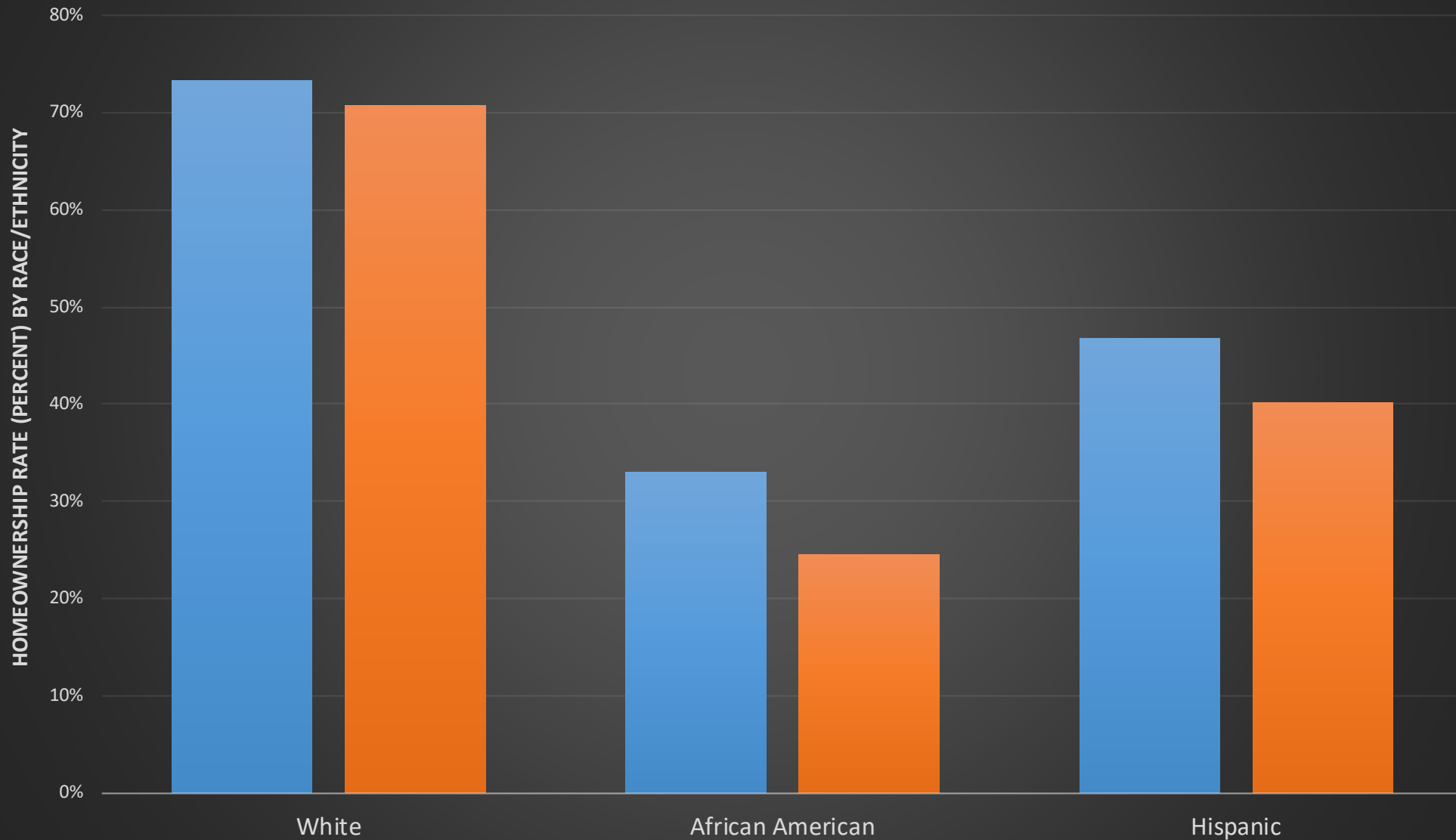
- Result #2 Declining homeownership in Wisconsin, especially among younger households, and African-American and Hispanic families.

Homeownership Rates Declined in Wisconsin from 2007-2017 Across All Age Groups (except Seniors), with Largest Drop for Youngest Families



Source: US Census Bureau, American Community Survey (1-year ACS).

Homeownership Rates Declined in Wisconsin from 2007-2017 Across All Racial/Ethnic Groups, with Largest Drop for African American Families



Source: US Census Bureau, American Community Survey (1-year ACS).

■ 2007 ■ 2017

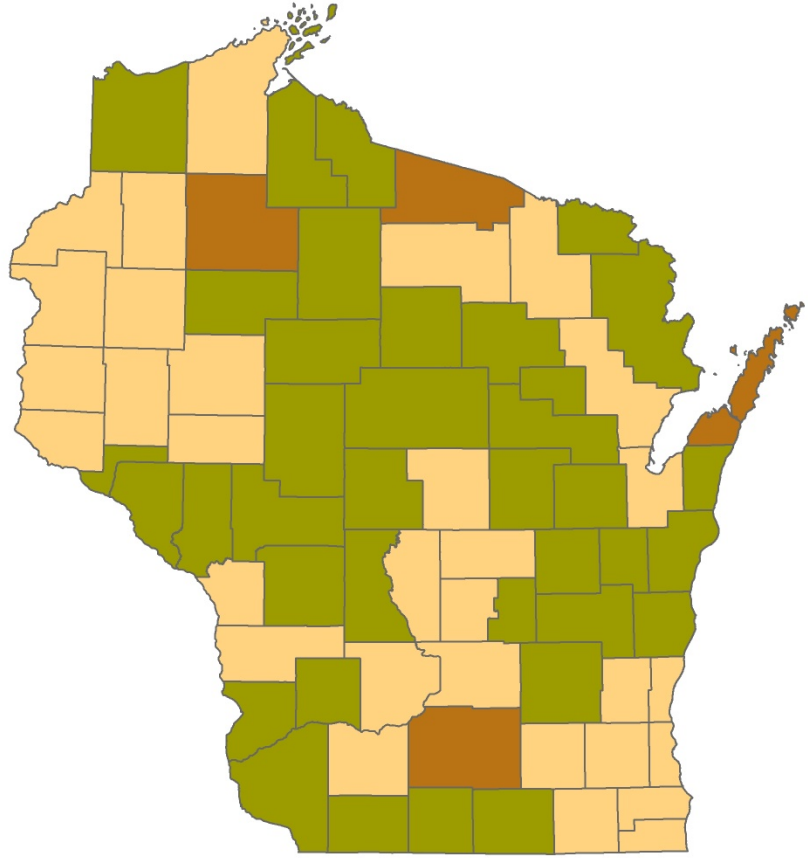
Racial disparities in homeownership

- Wisconsin has the 6th worst black-white homeownership gap in the United States (behind North Dakota, South Dakota, Maine, Montana and Minnesota).
- Wisconsin's Hispanic homeownership rate is lower than all of our neighbors.

Results of workforce housing shortage

- Result #3 Declining affordability

Wisconsin Entry-Level Housing
Affordability Index, by county (2017)



- Not affordable (less than 100)
- Barely affordable (100 - 120)
- Affordable (greater than 120)

Note: A value of less than 100 means that the median income household in a county cannot afford the median priced home in the county. Any value greater than 100 indicates that the median income household can afford the median priced home.

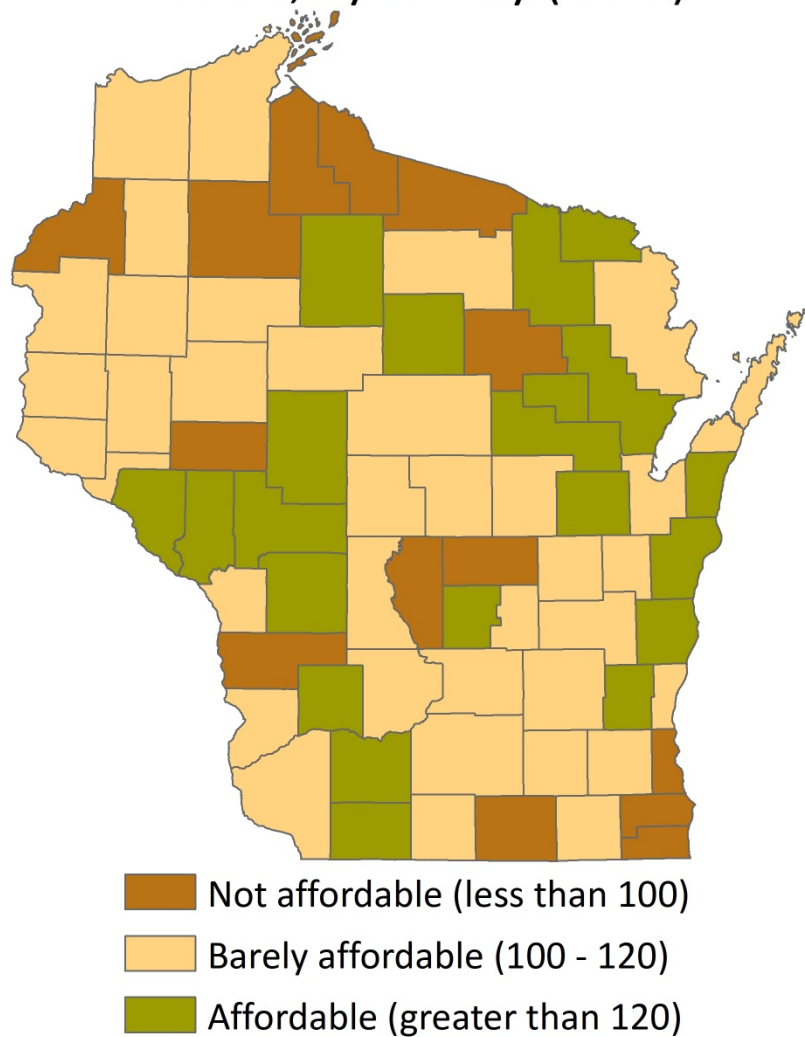
The “Entry-level housing affordability index” (for each county) is constructed like the NAR “Affordability index”:

The ratio of median household income to the income needed to purchase the median home with an FHA (low down-payment) product.

A score less than 100 means the median income family cannot afford the median priced home with an FHA product.

From 2010-2017, this index declined in 57 out of 72 Wisconsin counties.

Wisconsin Renter Affordability
Index, by county (2017)



Note: A value less than 100 means that the median-income renting household cannot afford the median priced rental unit, and a value above 100 means that the median-income renter household can afford the median priced unit

The “County Renter Affordability Index” measures whether the median income renter-household can afford the median-priced rental unit.

It is the ratio of median renter-household income in the county to the income that would be needed for afford the median-priced rental home.

A score less than 100 means the median income household cannot afford the median rent home.

Many Lower-Income Homeowners Pay More than 50 percent of their Income on Housing

State	<i>Percent of homeowners "extremely cost-burdened," by income category</i>				
	0-30 percent of area income	30-50 percent of area income	50-80 percent of area income	80-100 percent of area income	above median area income
ILLINOIS	64.1%	32.6%	13.7%	5.3%	1.0%
INDIANA	56.1%	22.3%	6.3%	1.9%	0.3%
IOWA	51.9%	17.0%	4.5%	1.4%	0.3%
MICHIGAN	62.2%	27.4%	9.6%	3.1%	0.6%
MINNESOTA	56.0%	24.3%	8.1%	2.5%	0.5%
WISCONSIN	63.5%	28.8%	10.4%	3.2%	0.6%

Source: US. Dept. Housing and Urban Development, Comprehensive Housing Affordability Strategy Data, 2011-2015

Over 94,000 homeowners with incomes below 50% AMI spend more than 50 percent of their income on housing.

Wisconsin Leads Midwest with Highest Percentage of Lower-Income Renters with Extreme Cost-Burdens

State	<i>Percent of renters "extremely cost-burdened," by income category</i>				
	0-30 percent of area income	30-50 percent of area income	50-80 percent of area income	80-100 percent of area income	above median area income
ILLINOIS	62.1%	25.2%	4.6%	1.4%	0.3%
INDIANA	63.3%	24.0%	3.1%	0.8%	0.5%
IOWA	60.6%	14.9%	3.0%	0.8%	0.6%
MICHIGAN	65.0%	28.9%	5.6%	1.6%	0.6%
MINNESOTA	58.7%	18.0%	3.9%	1.2%	0.3%
WISCONSIN	65.3%	20.0%	2.9%	0.6%	0.3%

Source: US. Dept. Housing and Urban Development, Comprehensive Housing Affordability Strategy Data, 2011-2015

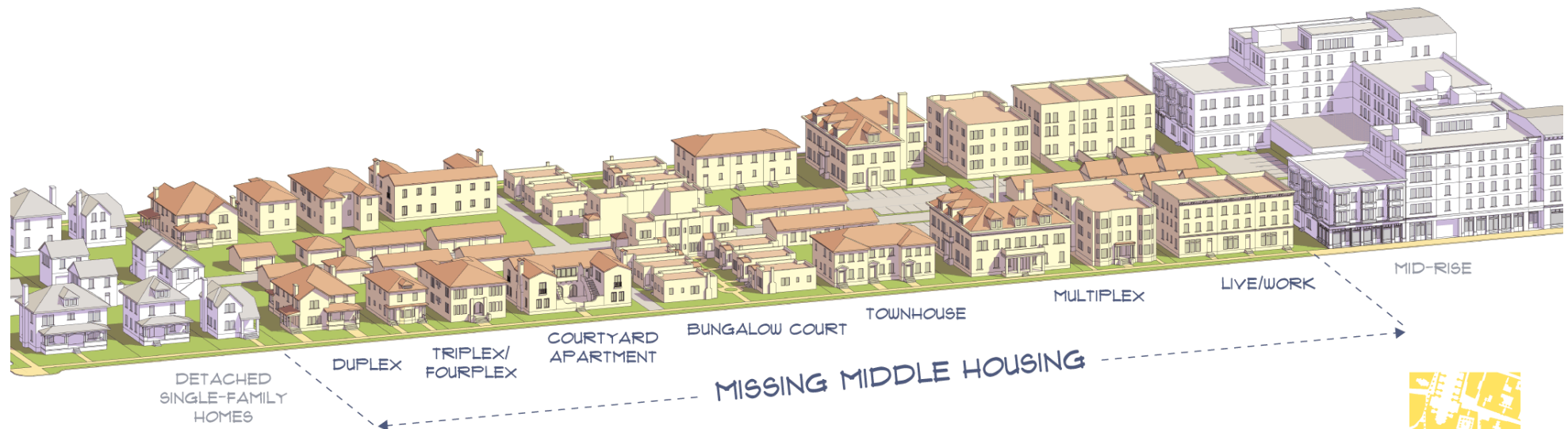
Over 158,000 renting households with incomes below 50% AMI spend more than 50 percent of their income on housing.

What can be done?

- Roadmap to Reform: 5 Goals
- Goal 1: Build more housing
- Goal 2: Increase housing choices with a more diverse housing stock
- Goal 3: Rebuild and strengthen homeownership
- Goal 4: Reinvest in older housing stock and older neighborhoods
- Goal 5: Make housing a priority!

Strategies for Goals 1 and 2: More housing and more housing options

- Expedited permitting and development approval processes for workforce housing
- Tax incentives to reduce costs for workforce housing
- Require all cities/villages to allow “Missing Middle” housing types and ADUs (Accessory Dwelling Units)



Strategies for Goals 1 and 2: (continued)

- Require municipalities to allow multifamily housing by-right in at least one zoning district
- Encourage or incentivize workforce housing near jobs and transit
- Establish maximum minimum-lot-sizes in sewer service areas
- Better enforcement of existing planning and reporting requirements. Consider state appeals systems as in other states.
- Workforce housing TID (tax increment districts)
- Targeted funds for rural areas and small towns

Strategies for Goals 3 and 4: Rebuild homeownership and reinvest in older housing

- First-time homebuyer savings account
- More funding and partnerships for Down Payment Assistance Programs (DPAP)
- Expand WHEDA's "Transform Milwaukee Advantage" Program.
- Promote WHEDA's HomeStyle Renovation Program/ HomeImprovement Advantage Program.
- State tax credit for rehabilitation of older housing in older neighborhoods.
- Training and apprenticeship programs for displaced or under-employed workers.

Strategies for Goals 5: Making housing a priority

- Target state incentives to build and preserve workforce housing in Opportunity Zones.
- Consider expanding state housing tax credit with additional set-asides for rural areas/small towns and Opportunity Zones.
- Financial and technical assistance for rural areas and small towns. For example, WHEDA's coordination with Barron County.
- Consolidate housing programs; analyze municipal workforce housing data; create technical assistance and funding opportunities. Concerted leadership at administrative and legislative levels.
- Revolving loan fund for non-profit and affordable developers for pre-development financing and land acquisition.
- Maintain and expand current rental assistance programs.