

JULY 2023

Eau Claire Regional Housing Study

Prepared for



Prepared by
czbLLC



Acknowledgements

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Table of Contents

4	Introduction
6	Executive Summary
12	Part 1 A County Housing Market in Transition
22	Part 2 Housing Need and Demand
30	Part 3 County Housing Market 2020 to 2040
42	Part 4 Future Housing Market Implications
48	Part 5 Strategic Recommendations
62	Appendix

Introduction

The purpose of this report is to convey to the Eau Claire County community past and current housing market trends and conditions, in the process identifying resulting challenges and opportunities that have arisen and, likewise, ways in which the public sector might intervene to obtain any number of publicly articulated housing goals. The analysis in this document communicates the pertinent recent history of the county’s housing market, where it stands as of early 2023, and where the market might be headed in the future.

Changing Rates of Household Growth Create New Context

The analysis largely corroborates projections from the Wisconsin Department of Administration (WIDOA) that anticipate a lower rate of Eau Claire County population and household growth in future decades than has been experienced in recent decades.

Population



In each decade from 1990–2020

The county’s population **grew by at least 6%.**

WIDOA’s 2013 Projections for 2020s–2030s

Population **growth rates of 3% or less anticipated** during both the 2020s and the 2030s, a near-term future growth rate half that of the recent past.

Households



The county’s number of households **grew by at least 8%** (the growth rate was above 10% in the 1990s and 2000s).

Household growth of **6% during the 2020s and 3% during the 2030s anticipated**, a near-term future growth rate that steadily declines in the next few decades.

This report does not contain a projection for the county’s population in future years. However, it does attempt to envision how the number of households may change, how the potential net change may be distributed between owner and renter households, and what the ages of heads of households might be for owner and renter households in 2030 and 2040. This is because these are drivers of potential future demand.

By itself, a slower rate of future growth is not necessarily either good or bad. How a community responds to rates of household formation and population change, both by way of reacting to exigencies and getting in front of these and other drivers, is what matters. In his 2023 book, *Smaller Cities in a Shrinking World*, Alan Mallach makes clear that slower or negative growth will soon be the new normal across much of the world, including the United States. A key purpose of *Smaller Cities in a Shrinking World* is to help communities face these realities head-on.

Economic and Demographic Stability Gives Way to Market Challenges

The Greater Eau Claire region, including Eau Claire County, the City of Eau Claire, the City of Altoona, and the surrounding communities and townships, has enjoyed steady economic success, rarely a boom-town but never a bust either. The City of Eau Claire never lost population in any decennial Census taken since the Civil War. The western Great Lakes States, especially as far west as Eau Claire County, never specialized in heavy manufacturing in the same way as eastern Great Lakes cities, and thus avoided their particular economic fate, despite disruptions like the closure of the Uniroyal plant in the early 1990s.

More than luck was at play along the way. The region provided a good quality of life to its residents and has been generally successful at retaining young people. By the late 2010s, so many of those young people, both natives and recent arrivals, wanted to remain in Eau Claire that **the demand they added to the housing market helped to create a tight market further complicated by the onset of the 2020 pandemic.**

BY 2023

By 2023, several factors combined to result in significant market disequilibrium in the Eau Claire region:



1) **lower than expected outmigration** from the region during the 2010s, in certain demographics,



2) **too little homebuilding** within the region in the 2010s relative to demand,



3) increasingly **strict underwriting requirements** put in place after 2008, and



4) **interest rate volatility** in the wake of cumulative inflation pressures.

These all contributed to a challenging housing market in which buyers had too little first choice inventory from which to choose, move-up buyers felt stuck in place, and the housing system seemed slow to respond. At the same time, low-income renters obtained little relief from new market-rate rental units, the target market for which was Millennial would-be buyers renting for longer than planned.

Regional Study Diagnoses the Market and Suggests a Path Forward

This is the context within which Eau Claire County, the City of Eau Claire, and the City of Altoona undertook a regional housing study to **understand market conditions**, to **identify challenges and opportunities**, and to **determine where they might want to intervene** to help shape the housing market.

Findings in this document are based on available data from a variety of sources. Together they describe recent trajectories, establish a baseline, and provide actionable information regarding the future. The report describes how different households have been experiencing the housing market and makes an educated guess as to how the market may be experienced in the near future.

Finally, it offers a framework for thinking about the future of the county's housing market and the actions local governments and partner organizations may wish to take to achieve outcomes different from what the market may generate on its own.

Notes on Data Sources and Methods

Data in this report come from:

- the U.S. Decennial Census for 1990, 2000, 2010, and 2020 for household and housing unit counts as well as selected housing, economic, and demographic data;
- the American Community Survey (ACS) Five Year Estimates for years 2010 through 2021 for selected housing, economic, and demographic data;
- the Northwestern Wisconsin Multiple Listing Service for area real estate sales for years 2013 through 2022;
- the University of Wisconsin for historic enrollment data at the Eau Claire campus;
- and the cities of Altoona and Eau Claire, as well as Eau Claire County, for housing construction permit data for selected years.

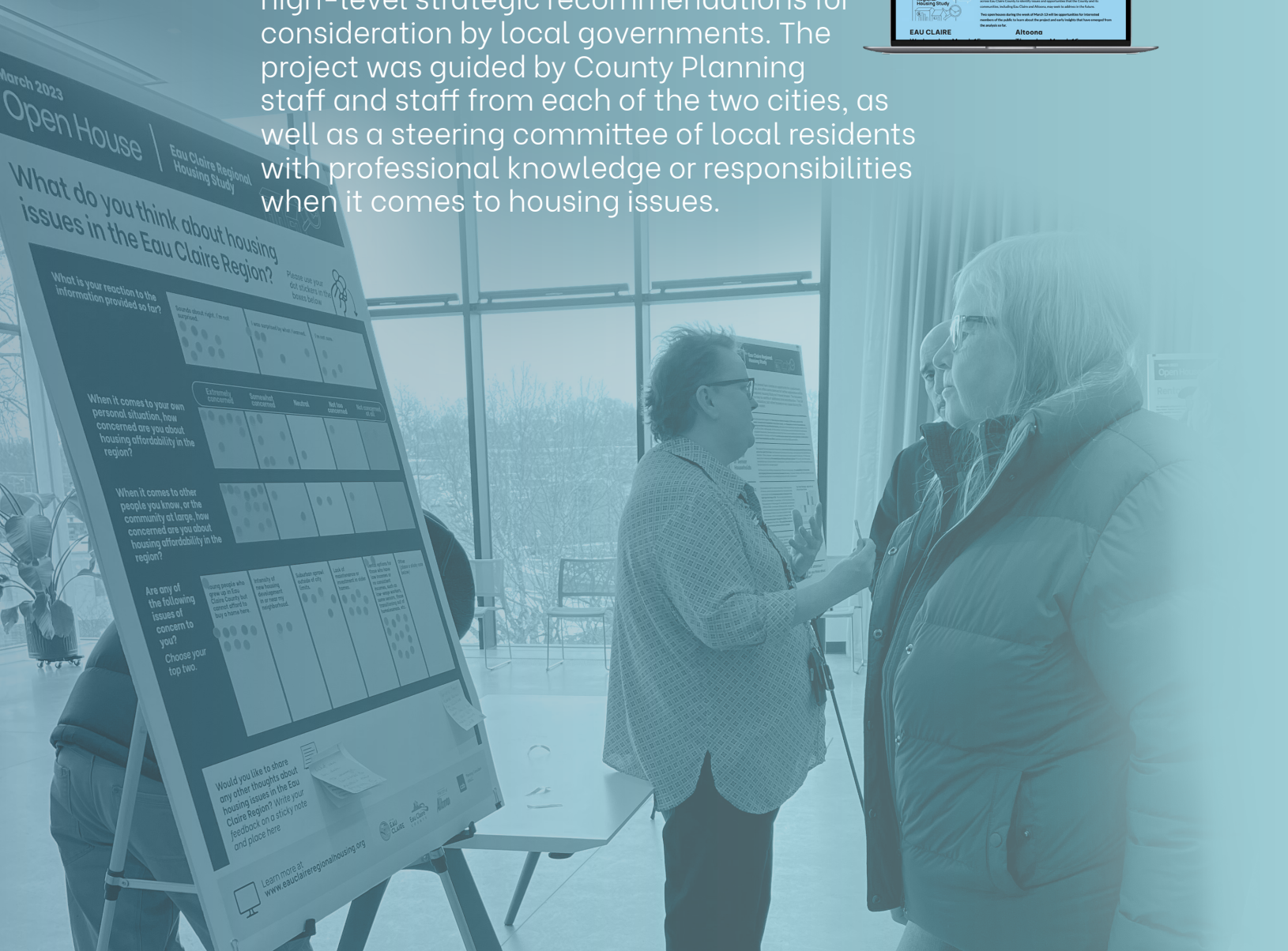
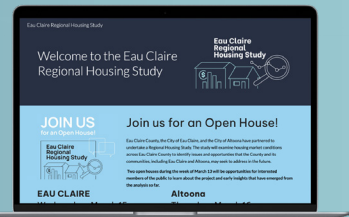
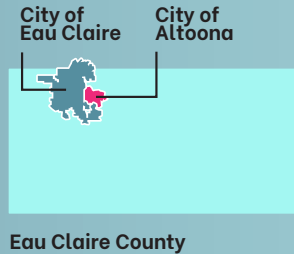
In some cases, there are inconsistencies between local government data on housing construction by year and total unit counts in the Decennial Census. Although the Census is a high-quality data source on the number of housing units in a given geography, it is not perfect, and the timing of the Census may not align with how local governments categorize the year of construction for a housing unit. Where these inconsistencies occur, and the number of units built in a given year is important to the analysis, czb has estimated the timing of unit construction to harmonize the different data sources. This is reflected in Parts 1 and 3 of this report.

Certain data reported in Decennial Censuses for 2000 and 2010 are not available for Census 2020, and instead are available in the ACS Five Year and ACS One Year Estimates. This includes certain data related to age, tenure of households, and age of householders. Where these attributes were important to ascertain for 2020, but not available in the 2020 Census, czb has estimated them by applying proportions reflected in the most recent relevant ACS data to the full count data for population and households in the 2020 Census. This is reflected in Part 3 of this report.

Executive Summary

Overview

In response to challenging housing market conditions during the early 2020s, Eau Claire County, the City of Eau Claire, and the City of Altoona partnered to undertake a **Regional Housing Study**. The purpose of the study is to describe housing market conditions across Eau Claire County and identify issues and opportunities that the County and its communities, including Eau Claire and Altoona, may seek to address in the future. The study also offers high-level strategic recommendations for consideration by local governments. The project was guided by County Planning staff and staff from each of the two cities, as well as a steering committee of local residents with professional knowledge or responsibilities when it comes to housing issues.



1990s

2000s

2010s

A County Housing Market in Transition

The 1990s and 2000s were an era in Eau Claire County when housing construction kept up with growth in households. In fact, new construction actually outpaced household growth and especially for ownership units. The number of newly built ownership units exceeded the growth in new owner households, which both increased vacancy countywide and facilitated older ownership units converting to rental. During the 2000s in particular, Eau Claire, Altoona, and the balance of the county all added more new ownership units than they did owner households.



The decade following the housing crash and Great Financial Crisis of 2008-2009 was different.

Although total household growth was slower during the 2010s than either of the previous two decades, new construction slowed so much that it could not keep up with even a decreased rate of household growth. Also unlike previous decades, ownership units were underbuilt relative to owner household growth while the number of newly built rental units fell short of renter household growth, especially in Eau Claire. By the early 2020s, there were not enough single-family houses available for those who wanted to buy or rent them and the market felt tight. This was further exacerbated by increasing interest rates in 2022 and 2023 which caused many potential sellers to stay put and increased costs for new buyers.

The 2010s in Eau Claire County were subject to key demand and supply side forces that helped shape early 2020s market conditions. On the demand side, a large Millennial cohort was moving into its buying years and increased competition for a finite supply of existing homes. On the supply side, the homebuilding industry did not build as fast as it had before the housing crash. The combination contributed to a feeling of an overheated market, but the data suggest this confluence of factors was unique in the county's history, meaning conditions could easily shift in future decades.

Housing Need and Demand in Eau Claire County

County Owners

Historically, Eau Claire County and its communities have been affordable housing markets.



One indicator of this fact are the thousands of owner households who were living in houses valued at less than they could afford in 2021, especially those households with incomes of \$100,000 or more. The proportion of homeowners paying more than 30% of their gross household income toward housing is no more than 17% for households with incomes of \$50,000. For households with incomes of \$75,000 or more, the proportion is under 5%. Cost burden rates are higher for households with incomes below \$50,000, at least half of whom are senior citizens.

County Renters

Historically, Eau Claire County is not an especially unaffordable rental market though there are clear exceptions.



Households with incomes of \$50,000 or more have few challenges in the rental market, and thousands of new units in the late 2010s and early 2020s cater to this market. Renters with incomes less than \$50,000 have a variety of challenges. First, any non-student household in need of a unit with three or more bedrooms will be forced to compete against student demand for larger units, especially single-family houses. Second, whether it is a larger renter household in need of more space, or a single person seeking a one-bedroom apartment, the reality is that low incomes are not able to pay rents that are necessary for the operation and maintenance of a rental unit. For example, an annual household income of \$20,000 can afford only \$500 per month. An annual household income of \$35,000 can afford about \$875 per month. A responsible rental property owner will struggle to cover his or her costs with rents at that level. This does not reflect an overheated rental market in Eau Claire County, but rather speaks to challenges that come with low incomes.

County Housing Market 2020-2040



The housing market conditions of the early 2020s are abnormal compared to what the region is used to, and it is difficult to feel any sense of certainty about what the future might bring. There are some things that are somewhat knowable, and some that are unknowable as follows:

Predictable Demand Factors

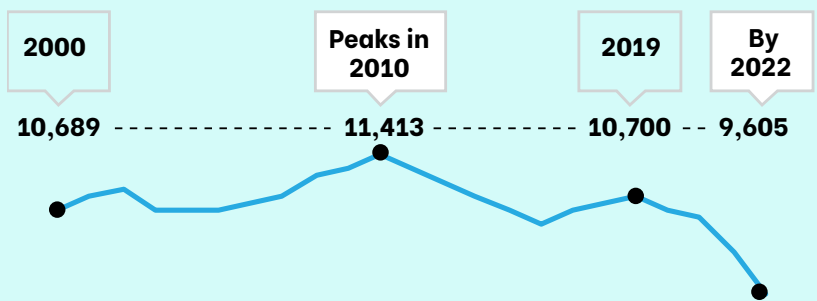
Barring unforeseen developments, growing net migration into the county will probably not be a factor driving increased housing demand in the next few decades, because:



UWEC is the key source of net migration into the county.

Enrollment will be smaller in the future than in the past.

UWEC Enrollment, 2000-2022



Source: University of Wisconsin

Relative demographic certainty sets the stage for future demand, because:

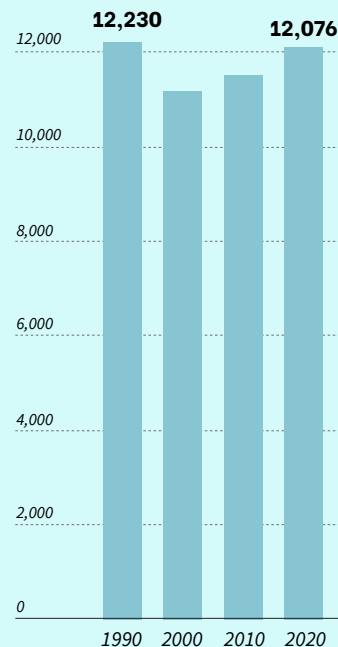


The number of **young children** in the county has been relatively stable for decades.

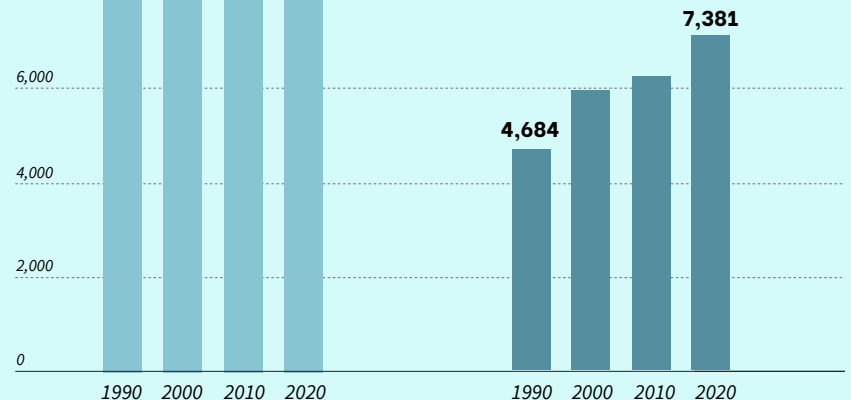


The number of **elderly residents** who will be passing on in future years is known.

Population Aged 0-9 Years Old, 1990 to 2020



Population Aged 75 or Older, 1990 to 2020



Source: Decennial Census and ACS Five Year Estimates

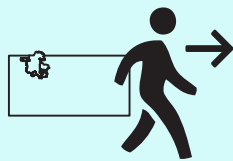
Unpredictable Demand Factors

There are a handful of things that cannot be known at the time of this report that will bear heavily on future market conditions:



Mortgage Interest Rates

After decades of historically low interest rates, a new era may be upon us. It is hard to know whether rates will stay at early 2023 levels or not, and how the market will adjust.



Out-Migration

The data suggest that young and middle-aged people left the county at lower rates in the 2010s than in previous eras. Whether this persists or reverts to earlier trends will have important consequences.



Economy and Employment

The county's total employment grew at its slowest pace in decades between 2009 and 2019. Large job losses or gains could impact the market in unforeseen ways.



Black Swan Events and "Unknown Unknowns"

Events like broader global or national economic disruptions, another pandemic, or geopolitical instability could always emerge out of the blue and create chain reactions that affect housing markets.

Future Housing Market Implications

County Owners

Current owners are likely to stay put at higher rates than they have in the past, so long as higher mortgage interest rates continue to frustrate the market. This may continue to depress inventory.



Entry-level buyers will continue to be frustrated with far less choice than they would like. If owners resist selling due to interest rate differences, then only life events like job loss, divorce, or death, or a switch from owning to renting, will place ownership units into the for-sale inventory.



In the meantime, potential buyers with incomes over \$100,000 may consider new construction to avoid the challenges of the existing home market. As long as they are able and willing to pay the higher price tag, including higher interest rates, the private sector is positioned to respond.



This description may characterize the 2020s, but after 2030 the demographic realities of aging homeowners will take over as the number of seniors existing homeownership grows and the market inevitably loosens.



County Renters

Renters with incomes of \$50,000 or more should continue to have broad choice and access to the best units.



Lower-income renters will continue to struggle without intervention.



Large renter households may begin to experience more choice as UWEC enrollment settles at a lower level and the gap closes between sellers and buyers, meaning an increased likelihood of single-family houses entering the rental supply.



On a net basis, projections indicate that all growth in the rental market will be amongst households headed by someone aged 45 or older, with the majority of that growth amongst 65+ householders. Eau Claire County could have as many as 1,800 additional senior renter households by 2040.



Strategic Recommendations

Big Ideas

The acute housing challenges of the early 2020s are clear, and the looming challenges of the future are a bit fuzzier but still in need of forward-thinking attention. Business as usual will not address either the near-term nor the short-term issues, so strategic thinking and action will be required. The following big ideas represent major initiatives for policy makers and professional staff to consider, commit to, design, fund, and implement.

Promote Upgrades for Existing Housing: Improve housing stocks for current residents and future competitive position.



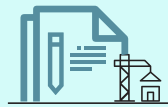
Introduce New Housing Types: Make intentional efforts to help the private sector deliver housing types that can address gaps in the marketplace.



Promote Infill Development: Build more ownership units in a way that enhances neighborhoods in the future.



Establish Community Benefit Rules for Greenfield Residential Development: Require higher densities and diverse housing types to support market health.



Prepare for More Senior Renters: Work with rental property developers and builders to ensure new rental units are senior-friendly, and explore opportunities for improvements to existing rentals.



Leverage NOAH for More Affordable Housing: Invest in upgrades to aging rental units (naturally occurring affordable housing, or NOAH) in exchange for stabilized affordable rents.



Organizational Capacity Needs

A locally controlled toolkit that can make good on a reoriented policy and planning framework will of course rely on many traditional and well-established functions, such as planning and zoning powers, annexation authorities, housing authority capabilities, and regular program funds for housing and neighborhoods. But it will also require a new or revised set of tools that can more specifically respond to housing-related issues and opportunities likely to be present in Eau Claire County for the next few decades.

Policymakers in the county should consider the following:

1

Establish a Regional Housing Trust Fund



2

Work with the State of Wisconsin to obtain Enabling Authority to Create a Land Bank



3

Establish and Robustly Support a High Performing Public-Private Redevelopment Entity



PART 1

A County Housing Market in Transition

To fully understand issues and opportunities in Eau Claire County’s housing market in the 2020s, it is critically important to understand previous market conditions, how they have changed in recent years, and how those previous conditions helped to set current market expectations. Grasping the ways in which current and future conditions may differ from those of the past helps shed light on the way forward for policy makers and practitioners hoping to influence the housing market.

This section describes market conditions as they existed from 1990 to 2020 and the costs and benefits that resulted. It also begins to hint at the up and down nature of the years that will follow.



1990s





2000s

2010s



30 Years of Housing Market Change in Eau Claire County

At the time of this report in early 2023, the housing market conditions of the early 2020s are clearly disorienting. This is no less true in Eau Claire County than it is throughout the nation. It is not what the Eau Claire region is used to, and even before unpacking the anomalous circumstances of 2020 and beyond, it is helpful to understand some recent history of the county’s housing market.

If there is a time that might be considered “normal” in the Eau Claire market, it likely matches the conditions of the 1990s and 2000s. During the 90s and 2000s, the county added over 8,200 new households and over 9,400 new housing units, which increased the number of vacant housing units across the county. Between 1990 and 2010, the county’s vacancy rate increased from 4.5% to 6.3%. During these decades, the private sector had few problems delivering the housing units demanded by the market.

In the 2010s, the number of Eau Claire County households grew more slowly, but new construction fell off substantially, failing to match the rate of household growth, especially for owner-occupied households. This underbuilding of new houses played a role in decreasing the county’s vacancy rate as formerly vacant units were put back into service. These conditions contributed to rising prices and a feeling of tightness in the market by 2020.

A Period of Historically Rapid Economic Growth

1990s

1990 to 2000



2,000 new jobs each year

During the 1990s, Eau Claire County’s total employment was growing by nearly **2,000 jobs each and every year**, driving population and household growth.

Growth Slows Down...

Slower job growth

2000s

2000 to 2010



1,100 new jobs each year

Employment growth slowed significantly after 2000, with the addition of about **1,100 jobs per year** during the period 2001 to 2008.

Growth Slows Down Some More...

Even slower job growth

2010s

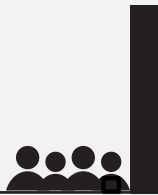
2010 to 2020



500 new jobs each year

Employment growth slowed **again** after the recovery from the 2009 recession, with county total employment growing by only **500 per year** from the employment trough in 2009 to the pre-Covid peak in 2019.

Source: czb analysis of data from Bureau of Economic Analysis, U.S. Census Bureau, and City of Eau Claire



4,540 new households over decade **454 new households each year**

4,700 new units for 4,540 new households



4.4% vacancy rate

The county **added over 450 new households each year** during the decade, and this was in spite of UWEC's enrollment dip in the mid-90s, which would have been a drag on household growth because well over half of UWEC students live off-campus.

Across the county, **construction of new housing units was robust**. The county had 4,700 more units in 2000 than it had in 1990, slightly more than the 4,540 new households added during the decade.

The county's **vacancy rate was 4.4% in 2000**.

Slower household growth



3,671 new households over decade **367 new households each year**

4,700 new units for 3,671 new households



6.3% vacancy rate



Household growth was **slower** as well, as the county **added almost 370 new households each year**, including student renter households created by growing enrollment at UWEC. Enrollment at the campus grew from 10,400 in 1995 to 11,400 by 2010 and the number of young renter households headed by someone younger than 35 years old increased by over 700, which represented 20% of total household growth during the 2000s.

New construction outpaced new household growth in the county with approximately 3,300 new owner units and 1,400 rental units, totaling 4,700 new units, compared to 3,700 new households.

Overbuilding during the decade contributed to an **increase in the number of vacant units** in the county, and a rise in the county's vacancy to 6.3% by 2010.

Even slower household growth



3,387 new households over decade **339 new households each year**

2,815 new units for 3,387 new households



4.6% vacancy rate



Household growth was **also slower** than the previous decade, with the county **adding about 340 new households each year** during the 2010s. UWEC enrollment began a steady process of decline from its 2010 peak, falling to 10,700 in the fall of 2019 and impacting the number of young renter households.

In contrast to previous decades, however, **new construction did not keep pace with household growth**. The county added only 2,800 units compared to 3,400 new households, meaning approximately 600 new households ended up living in units that had previously been vacant.

As a result, the **county's vacancy rate declined** to 4.6% in 2020.



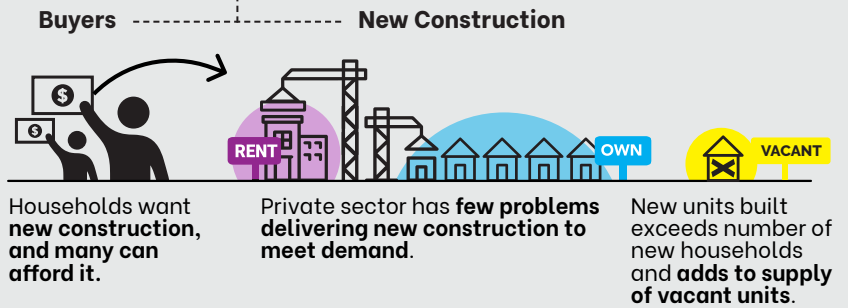
Supply and Demand 2000 to 2020: Eau Claire County

2000s (2000 to 2010)

1990-2010 was a time when new construction outpaced household growth, adding to the number of surplus units in the County. During those two decades, the county added **9,400 new housing units for only 8,200 new households**, adding 1,200 surplus units to the overall housing supply in twenty years and increasing the county's **vacancy rate from 4.5% to 6.3%**.

The information below illustrates how this played out more specifically just in the 2000s.

More Ownership Supply than Demand

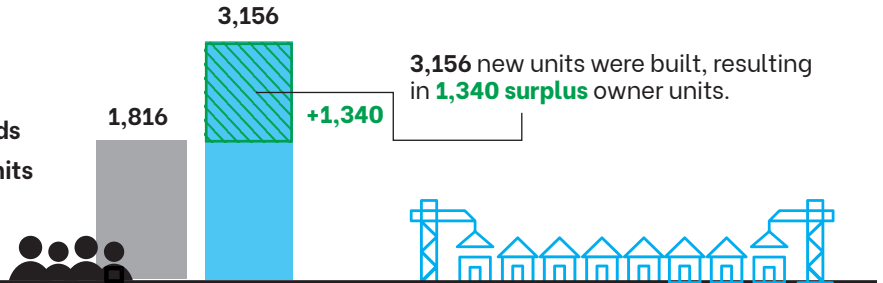


What happened in the 2000s?

Ownership Market Over Ten Years



The county added:
1,816 new owner-occupied households
3,156 new owner units

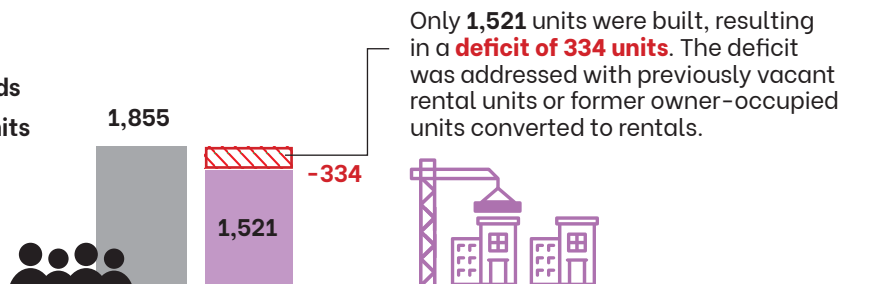


3,156 new units were built, resulting in **1,340 surplus** owner units.

Rental Market Over Ten Years



The county added:
1,855 new renter-occupied households
1,521 new rental units



Only **1,521** units were built, resulting in a **deficit of 334 units**. The deficit was addressed with previously vacant rental units or former owner-occupied units converted to rentals.

By the end of the decade...

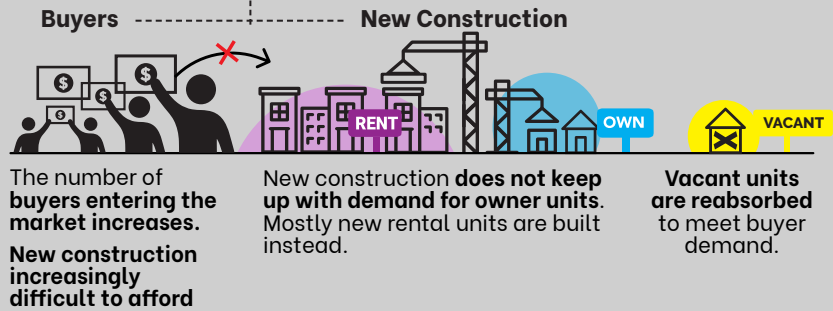
The **difference between the number of new ownership units and the number of new owner households** resulted in **1,006 new vacant units** across the entirety of the county's housing supply, even after accounting for the **underbuilding of rental units**. When overall supply exceeds overall demand, as evidenced by **increased vacancy, housing prices are moderated**.

County households generally experienced the **housing market as affordable**.

2010s (2010 to 2020)

The situation changed after 2010. Unlike previous decades, when the number of units increased faster than the number of households, the subsequent decade was the opposite. During the 2010s, the county added **3,400 new households** but only **2,800 new units**. The inability for the housing production system to match the increase in households required some formerly vacant units to be reoccupied, dropping the county's **vacancy rate from 6.3% to 4.6%**.

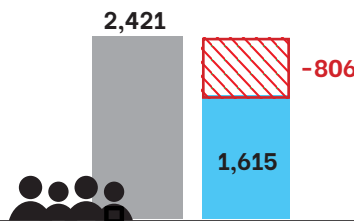
More Ownership Demand than Supply



What happened in the 2010s?

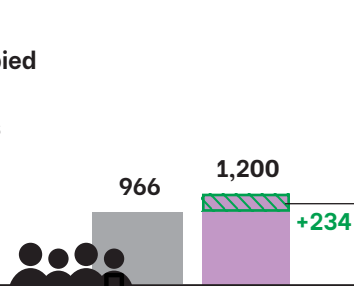
Ownership Market Over Ten Years

The county added:
2,421 new owner-occupied households
1,615 new owner units



1,615 new units were built, resulting in a **deficit of 806 owner units**. The deficit was addressed with previously vacant owner units or conversion of former rental units to owner-occupied units.

The county added:
966 new renter-occupied households
1,200 new rental units



1,200 units were built, resulting in a **surplus of 234 units**.

By the end of the decade...

The **differences between new units built and new households, both for owners and renters, and the overbuilding of rental units** combined, on a net basis, to reduce the number of vacant units in the county by 572. When overall demand exceeds overall supply, as evidenced by **falling vacancy, conditions are right for housing prices to rise**. County households generally experienced the **housing market as tight**.

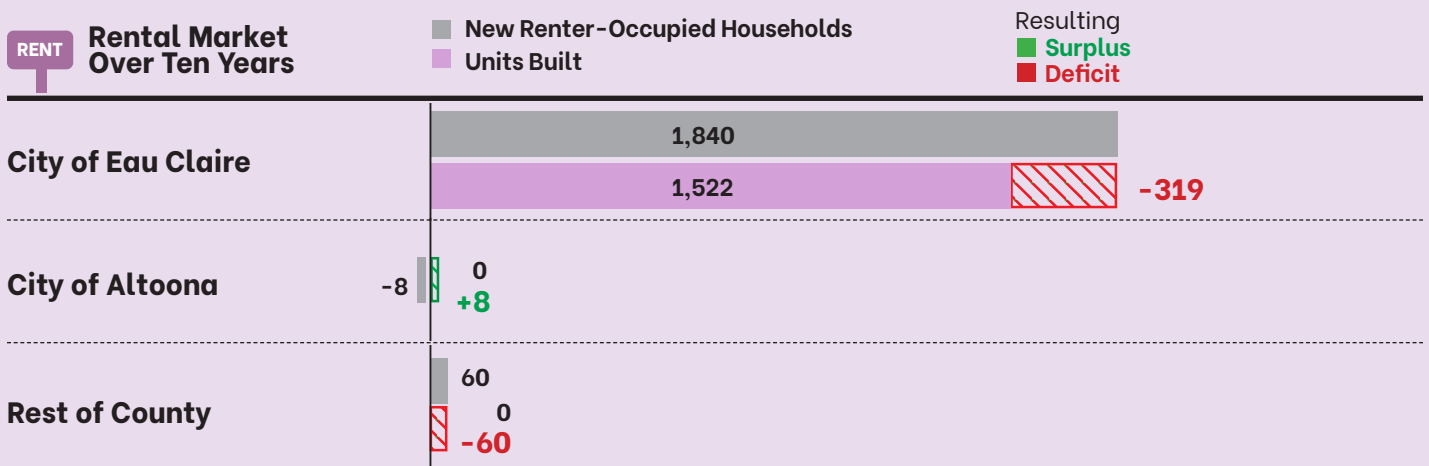
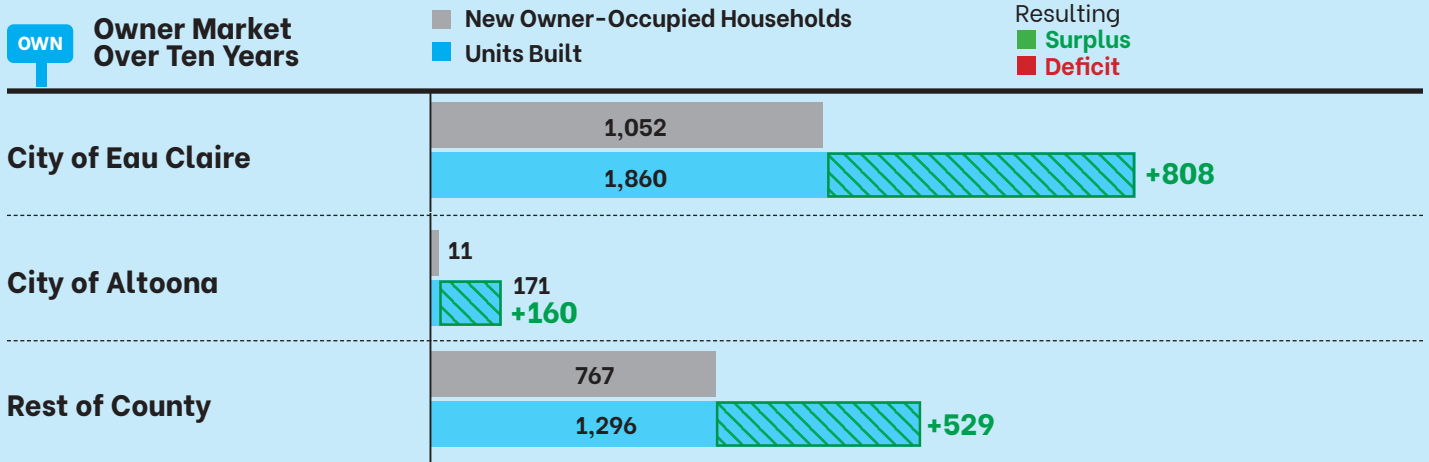


A Closer Look at Supply and Demand 2000 to 2020: City of Eau Claire, City of Altoona, and Rest of County

2000s
(2000 to 2010)

The analysis below focuses on three specific sub-geographies: the City of Eau Claire, the City of Altoona, and the rest of Eau Claire County.

During the 2000s, each part of the county added more ownership units than new owner households, as the housing market experienced a frenzy leading up to the housing crash and recession period of 2008-2009. At the same time, each part of the county also underbuilt rental units. With so many surplus owner units added to the housing supply during the decade, it is likely that the excess rental demand was met with owner units that converted to rental. Overall, however, each part of the county contributed additional units to the supply of vacant units.



VACANT

Total Change to Number of Vacant Units

City of Eau Claire **+170**

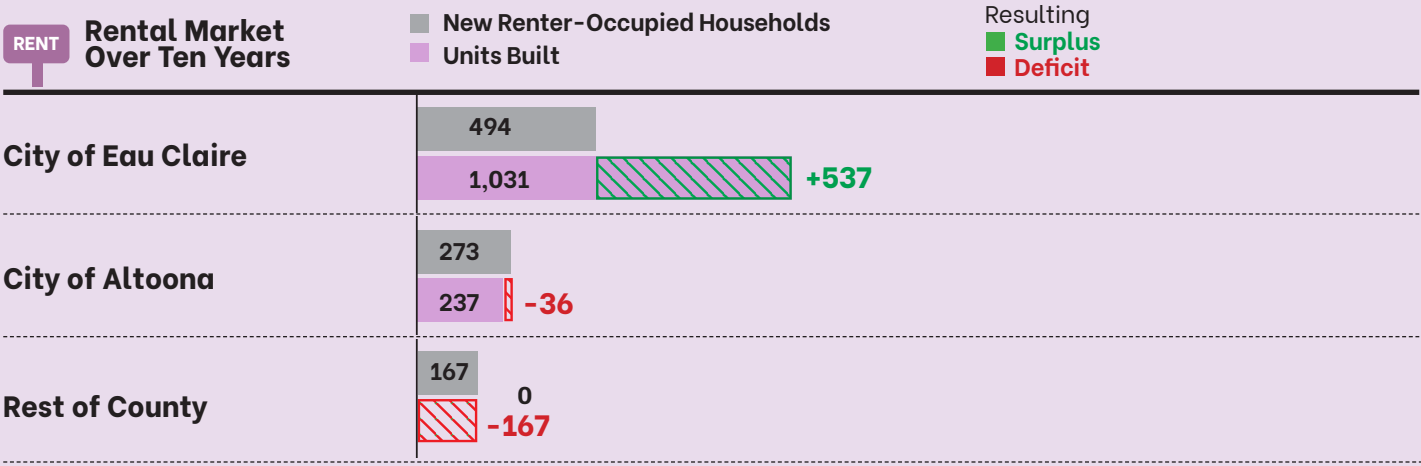
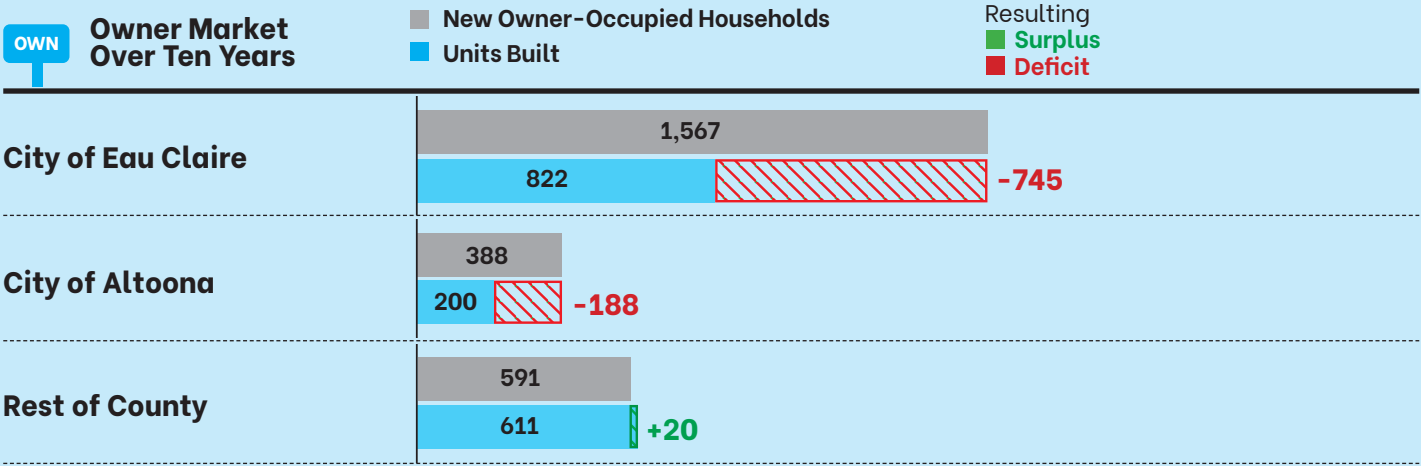
City of Altoona **+168**

Rest of County **+469**

2010s
(2010 to 2020)

The analysis below focuses on three specific sub-geographies: the City of Eau Claire, the City of Altoona, and the rest of Eau Claire County.

The 2010s were very different from the 2000s in that the region built fewer units than it needed, and instead of overbuilding owner units, there were too few built to meet the demand. Eau Claire in particular experienced a mismatch between new demand and new construction that numbered in the hundreds of households, requiring formerly vacant units to be reoccupied by owner-occupants. Altoona was in the same situation, while the rest of the county matched new owner households with new supply. Eau Claire substantially overbuilt new rental units however, though Altoona and the rest of the county did not.



Fewer Houses in the 2010s: Factors Impacting New Construction

Construction of new houses during the 2010s slowed in the Eau Claire region, limiting the supply of new units, increasing pressure on existing owner stocks, and contributing to rising prices. There were a number of factors at play.

Changes in homebuilding industry



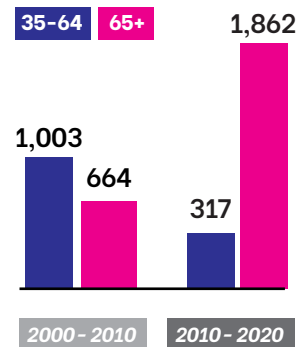
The homebuilding industry was impacted significantly by the housing crash of 2008 and the subsequent recession, and took years to recover. As it recovered, a few things were different. First, the industry shed many workers who were unneeded in the short-term, and they were slow to return in similar numbers. Second, homebuilders became savvy about maintaining flexibility and not overextending themselves, moving more cautiously and building only when they were sure it made financial sense to do so.

Slower growth in “move up” buyers



After 2010, the number of homeowners between the ages of 35-64 grew much more slowly than it had in the previous decade. These owners represent the market for new construction products as they might look to “move up” using existing home equity and growing incomes developed through their working years. Meanwhile, growth in the number of senior owner households nearly tripled from the 2000s to 2010s. Senior households may be looking for a downsizing option, but they are cost conscious and probably not seeking large single-family detached houses which are traditionally the norm for new builds. In their combination, these two trends reflect a market decreasingly likely to support significant volumes of new houses.

Growth in Number of Owner Households by Age of Householder, Eau Claire County, 2000s vs. 2010s



Source: czb analysis of data from Decennial Census and ACS Five Year Estimates

Reduced access to credit



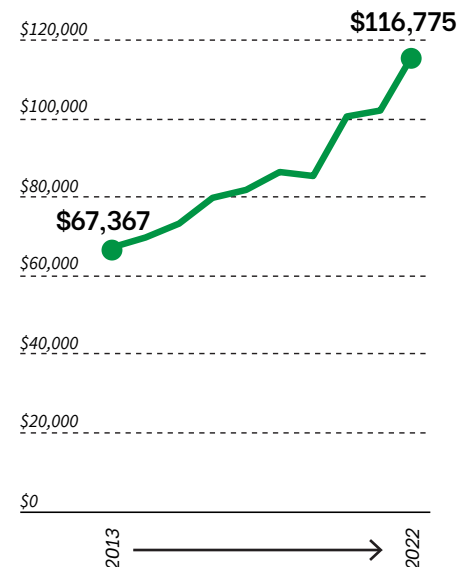
After 2008, financial institutions and mortgage lenders corrected the behaviors and the low standards that had helped to foment the crisis in the first place. As a result, requirements for lending were tightened and many potential borrowers who might have qualified for a mortgage no longer could, or they qualified for less than they could before, which depressed homebuyer demand. In addition, the doubling of 30-year mortgage rates from roughly 3% to 6% or more during 2022 and 2023 has reduced the prices that buyers can pay with the largest loans most heavily impacted.

Higher costs, supply chains, and labor issues



During the 2010s, costs for new construction were already on the rise. This was exacerbated by supply chain disruptions during the Covid-19 pandemic which led to shortages of critical building materials. During and after the pandemic, widespread tightness in the labor market both limited the amount of building that could take place and increased costs due to higher wages in the industry. The sum total of all this has been a steady increase in the price of a new house, which shrinks the number of potential buyers.

Income Needed to Purchase Newly Built Single Family Detached House, City of Eau Claire, 2013-2022



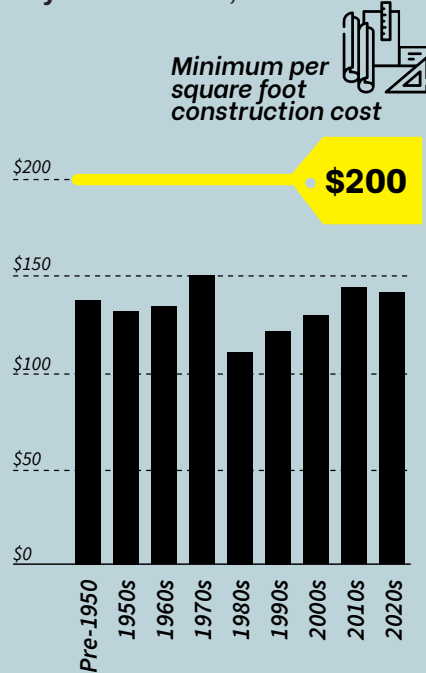
Source: czb calculations based on sales data from MLS

Stronger Market, but not a Strong Market

While the community has experienced significant price increases since the early 2010s, Eau Claire County is not in the same category as truly strong markets like those on the West Coast, desirable resort communities, or certain major metro areas like Boston, New York City, or Washington, D.C. A truly strong market would have value to income ratios at least 50% higher than those found in Eau Claire County, and owner households would be spending much more on housing than they have historically spent, and are spending now.

2010s and early 2020s price increases for ownership units may be surprising to longtime observers of the regional real estate market, but median sale prices per square foot only recently began to break \$80 for most homes, which was far below replacement value a decade ago, let alone in the 2020s with construction costs (exclusive of land) above \$200/sq. ft.

Median Home Sale Price Per Square Foot by Decade Built, City of Eau Claire, 2022



Rents in the region have not been especially unaffordable for any but the lowest-income renters (see Part 2), and the recent addition of thousands of new rental units in Eau Claire and Altoona have helped supply to keep up with and even exceed demand, thus supporting sustained affordability for most renters.

The reality is that the region, at the time of this report, is experiencing an anomalous **combination of increased homebuyer demand**, driven in large part by Millennials, the fallout from a 2010s **reduction in home building**, and an **increase in interest rates** freezing existing owners in place and reducing inventory, resulting in tightness in the ownership market. The end result is that a market historically accustomed to homeownership on a single blue-collar wage is having to adjust to a new normal which may persist into the 2030s. The data suggests, however, that the situation will course correct, returning the Eau Claire region to a real estate market that feels more familiar.

Today's Market

Some of the questions the region should be asking itself as it contemplates moving along this path are:

What **challenges** does **today's market** present, and what are the costs and benefits of intervening to address them?

What **opportunities** does **today's market** present, and how can they be leveraged?

Tomorrow's Market

What **challenges** does the **market of the future** present, and what are the costs and benefits of intervening to address them?

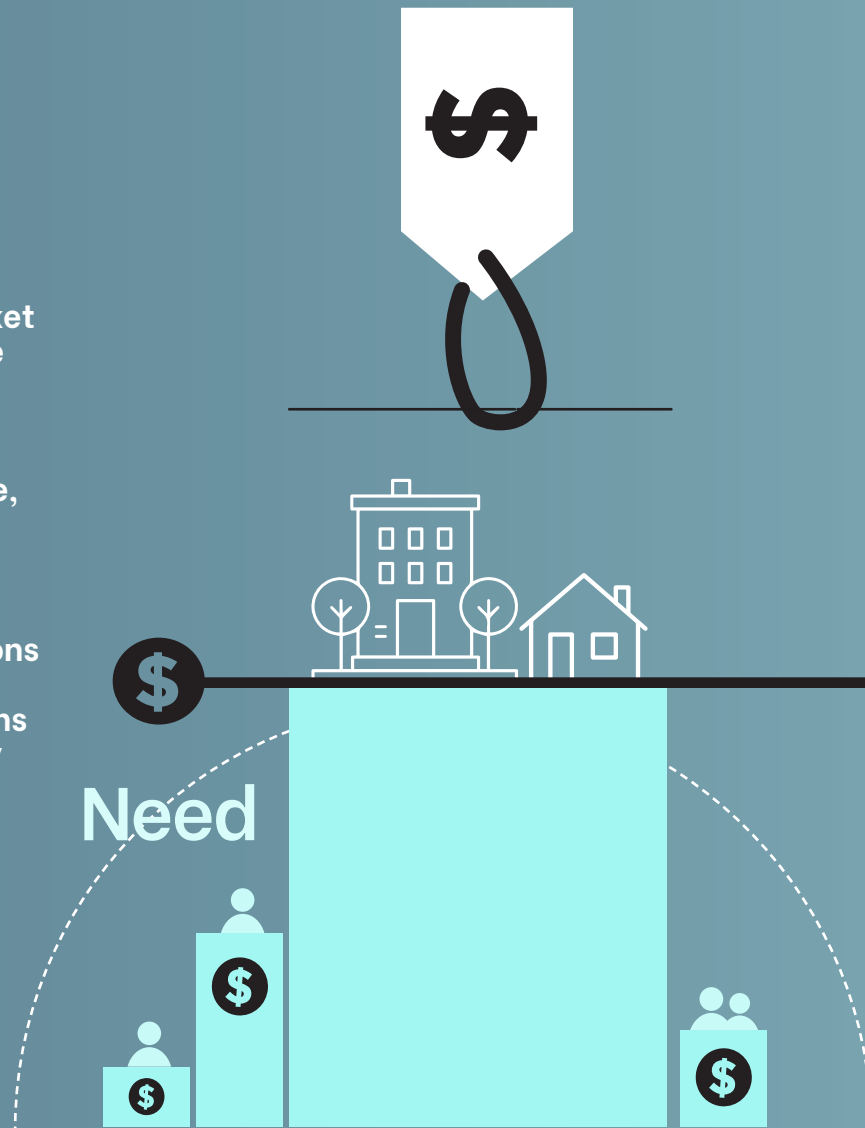
What **opportunities** does the **market of the future** present, and how can they be planned for?

PART 2

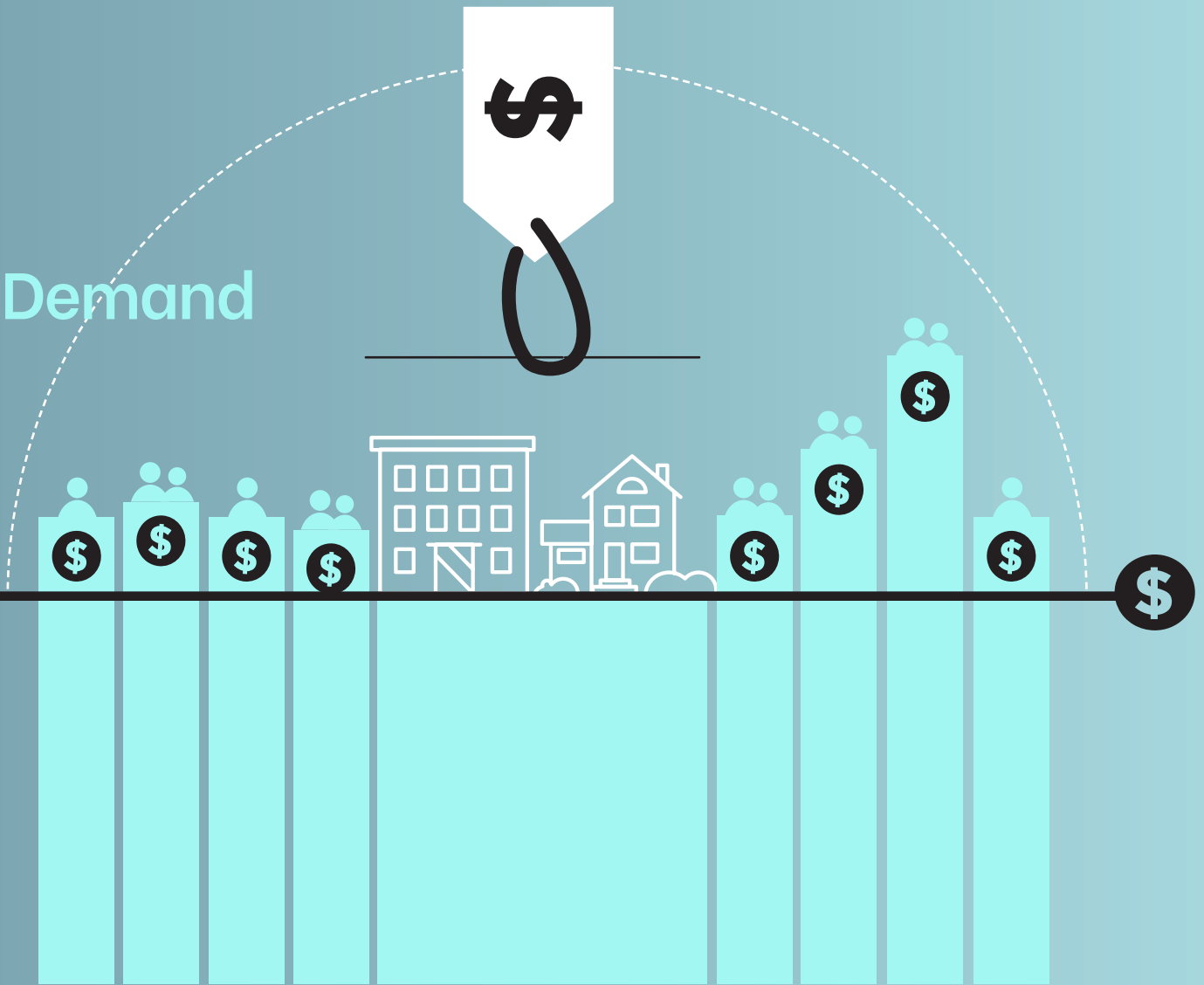
Housing Need and Demand

The housing market in Eau Claire County can be characterized in generalities that will ring true to most people, but the market is by no means monolithic. In reality, there are a wide variety of household types in the region facing different challenges or deriving different benefits from their interactions with the housing marketplace, depending on a handful of characteristics that distinguish households from one another.

This section describes the housing situations of different kinds of households in the county and how past and current conditions impact their ability and willingness to pay for housing.



Demand





Owner Households in Eau Claire County

About 65% of Eau Claire County's households were owner-occupied as of 2021. The county historically is considered an affordable housing market, with the ratio of the median home value to the median household income hovering around 3.0 since at least 2000, matching an expectation that a household can afford a home about three times its annual income. However, median affordability obscures the experience of those at the extremes. Lower-income owner households are cost burdened at high rates, meaning they spend 30% or more of their incomes on housing (this is the federal



\$0 to \$34,999



\$35,000 to \$49,999

Household Income

These households have not been buyers in Eau Claire in at least the 21st century, as these incomes are too low to purchase and maintain a home. The category is increasingly comprised of senior citizens who will age in their homes and, in the absence of other assets, will struggle to afford downsizing options either for purchase or rent. This is no longer an income range suitable for homeownership in the Eau Claire region without significant assistance. The deficit figure may be misleading because 40% of households are seniors living in units they bought long ago for less, and which may be paid off now.

These households could have been buyers of homes priced between \$100,000 and \$150,000 during the 2000s but finding houses at these prices has become more and more difficult. The category is increasingly comprised of senior citizens who will age in their homes and, in the absence of other assets, will struggle to afford downsizing options either for purchase or rent. This is no longer an income range suitable for homeownership in the Eau Claire region without significant assistance. The large surplus number reflects the many houses that were reported to be valued between \$100,000 and \$149,999 as of 2021.

	2000	2010	2021	2000	2010	2021
% of Owner Households	30%	24%	15%	20%	15%	10%
Maximum Affordable Unit Value	\$105,000			\$150,000		
Number of Households in 2021	3,390			2,748		
Units Affordable to Income Range in 2021	3,374			4,742		
Deficit/Surplus of Affordable Units Matched to Income 2021	-616			+1,994		
Number of Cost Burdened Households	2,215			746		
Estimated Cost Burdened by Householder Age	1,315		900	446		300
	Under 65	65+		Under 65	65+	


and commonly used definition of affordability). While mortgage underwriting accounts for this, life events such as divorce, job loss, and retirement can cut incomes without cutting housing costs. Meanwhile, thousands of households with incomes above \$100,000 were living in houses valued at less than three times their incomes in 2021 and getting a great deal in the county. (All information below comes from czb analysis of data from the Decennial Census and ACS Five Year Estimates.)



\$50,000 to \$74,999



\$75,000 to \$99,999



\$100,000 to \$149,999



\$150,000+

This income was sufficient to afford very broad choice in the early 2010s, including new construction for those at the top of the range. By the mid 2010s, however, new buyers became limited to existing houses and choice decreased into the 2020s.

The large surplus number reflects the many houses that were reported to be valued between \$150,000 and \$224,999 as of 2021.

These households were nearly the top of the owner income distribution in 2000, now just above the middle. They could afford nearly all homes and new construction until the 2020s. This is a group that should have broad choice even if less than a few years ago.

The large surplus number reflects the many houses that were reported to be valued between \$225,000 and \$299,999 as of 2021.

Historically, this group could afford nearly all existing homes and new construction. They still enjoy broad choice and can afford new construction if existing houses are not available.

The deficit reflects the lack of houses that were reported to be valued between \$300,000 and \$449,999 as of 2021. There were not enough homes for households in the range, so many lived in less expensive homes than they could afford.

This is the absolute top of the market with the most choice of all.

The large deficit number reflects the lack of houses that were reported to be valued at \$450,000 or more as of 2021.

There were not enough homes for households in the range, so many lived in less expensive homes than they could afford.

2000	2010	2021
27%	22%	20%

2000	2010	2021
13%	17%	16%

2000	2010	2021
7%	15%	23%

2000	2010	2021
4%	7%	23%

\$225,000

\$300,000

\$450,000

\$450,000 and up

5,374

4,197

6,270

4,283

8,312

5,261

3,355

1,818

+2,938

+1,064

-2,915

-2,465

906

N/A

N/A

N/A

536

370

N/A

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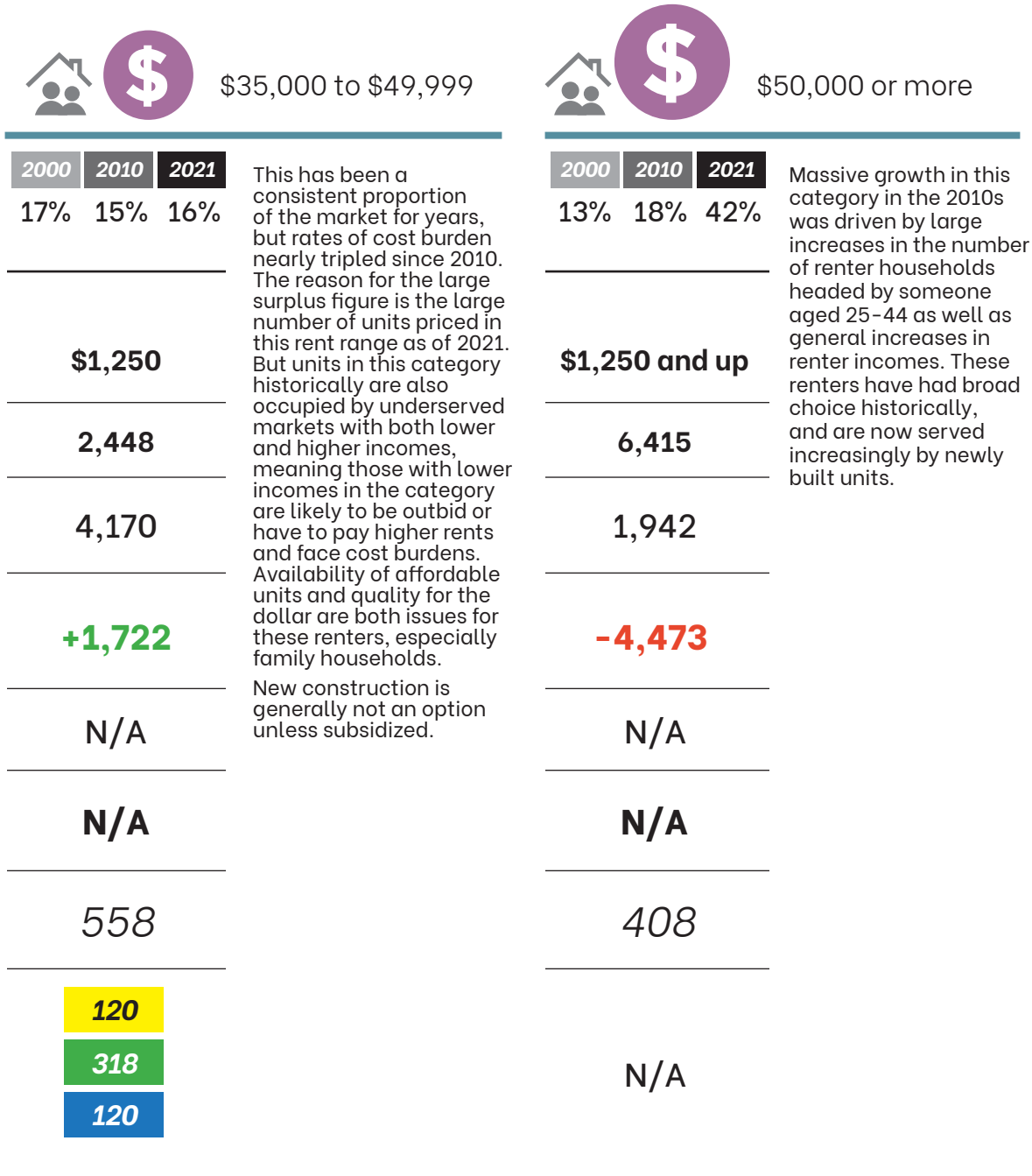


Renter Households in Eau Claire County

About 35% of Eau Claire County’s households were renter-occupied as of 2021. The county is generally an affordable rental market, and a rise in renter household incomes during the 2010s improved purchasing power and therefore affordability. But low-income renters have always struggled to pay the rent, and still did as of 2021. For non-student low-income households, living with a cost burden – paying 30% or more of gross income for housing – is a fact of life, and in most cases the only route to better affordability is worse quality and smaller square

2021 Household Income	\$0 to \$19,999			\$20,000 to \$34,999		
	2000	2010	2021	2000	2010	2021
% of Renter Households	39%	40%	23%	30%	26%	18%
IN 2021:						
Maximum Affordable Gross Rent	\$500			\$875		
Number of Households in 2021	3,541			2,710		
Units Affordable to Income Range in 2021	1,741			7,261		
Deficit/Surplus of Affordable Units Matched to Income 2021	-1,800			+4,551		
Estimated Student Renter Households	800			600		
Deficit/Surplus w/o Estimated Student Households	-1,000			+3,951		
Number of Cost Burdened Households	2,865			1,761		
Estimated Number of Cost Burdened Householders by Age						
Under 25	820			700		
25-64	1,445			691		
65+	600			370		
	<p>This category is a diverse collection of student renters, senior renters, and working age households in between. Student renter households are not an affordability concern as housing costs and incomes are generally not connected. Their impacts on the rental market are important however.</p> <p>The number of young renter households has been in decline since the peak of UWEC enrollment in 2010. That year, the gap between the number of low-income households and the number of units affordable to them was explained nearly entirely by the presence of students. By 2021, only about half of the gap was easily explained by students. Roughly 800 non-student renter households in this income range had no corresponding affordable unit.</p> <p>Small households looking for small units in this category may have experienced reasonable choice and quality in past decades but the cost of maintaining even a small unit has surpassed what these households can pay. For non-student households, availability of low-cost units, unless subsidized by government, cannot be sustained. This is a challenge for small households with low incomes and nearly impossible to overcome for low-income family households in need of more space. Availability, size, and quality will all be issues here.</p>			<p>The number of households in this category is shrinking as student households decline and renter incomes rise. The category is a mix of household types, but rates of cost burden are rising. The reason for the large surplus figure is the large number of units priced in this rent range as of 2021. But units in this category historically are also occupied by underserved markets with both lower and higher incomes, meaning those with lower incomes in the category are likely to be outbid or have to pay higher rents and face cost burdens. Availability of affordable units and quality for the dollar are both issues for these renters, especially family households.</p> <p>New construction is not an option unless deeply subsidized. Break even rents for the private sector are well over \$1,000 per unit, which is more than these households can afford.</p>		

footage. Renters with incomes above \$50,000 generally have had good choice in the rental market, and they are the beneficiaries of the new units built in Eau Claire and Altoona during the 2010s and early 2020s. Any large renter household in need of a bigger unit, or a house, may struggle to compete with students. (All information below comes from czb analysis of data from the Decennial Census and ACS Five Year Estimates.)



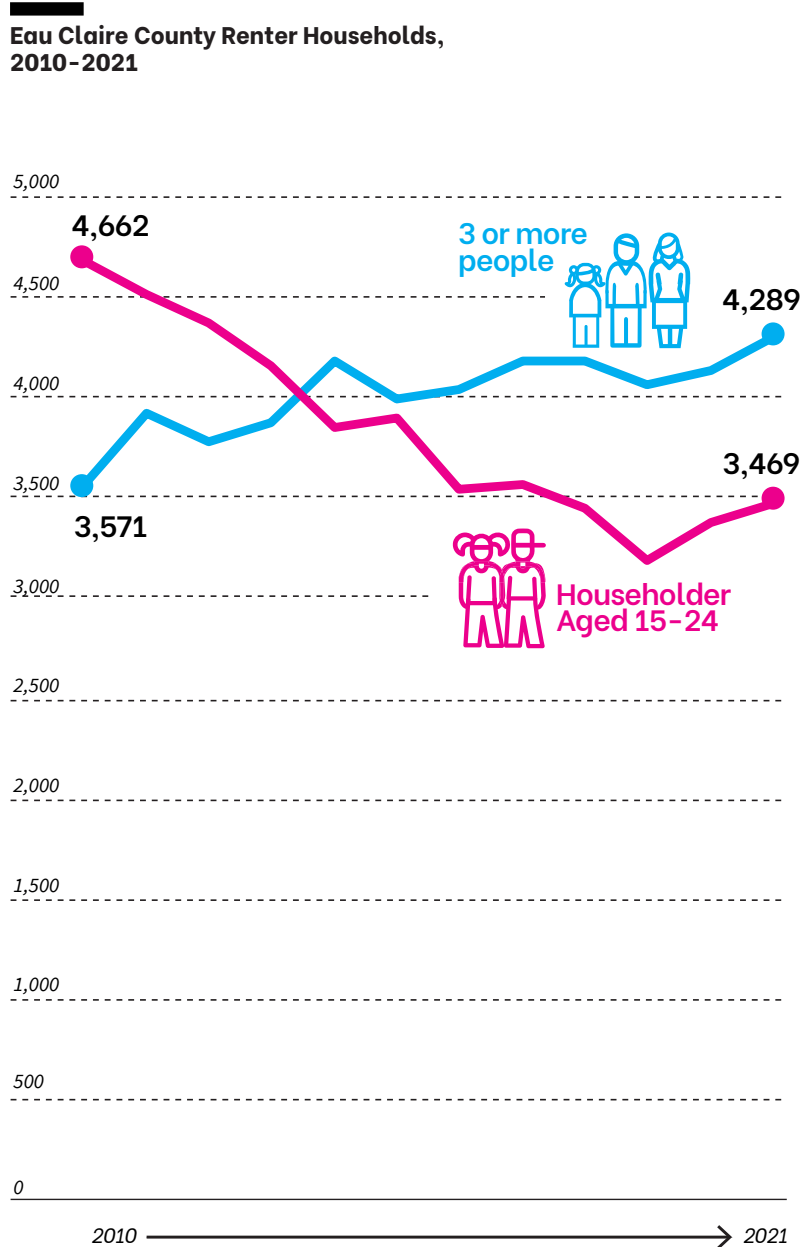
Specific Renter Populations of Concern

Within the rental market, there are specific sub-markets that may face extra difficulty. This is doubly true when their household incomes are under \$50,000 and the challenge increases as income decreases.

Large Renter Households

College students have a disproportionate impact on the rental market in Eau Claire County, and specifically in Eau Claire. UWEC houses about 4,000 students on campus but with enrollment roughly around 10,000 students in most years, thousands live off-campus. Many join together to rent multi-bedroom properties—often single-family houses—by the bedroom and provide revenues that can be very lucrative to rental property owners. At the same time, the majority of new rental units are on the smaller side, with fewer than three bedrooms. Rental property developers and owners are hesitant to build units with three or more bedrooms because the market that both wants a new, large rental unit, and can afford to pay the relatively high rent required, is small. It represents a risk a rental owner would rather not have.

Non-student renter households in need of three or more bedrooms therefore represent an underserved part of the market, and their numbers rose during the 2010s even as UWEC enrollment declined, and the number of young renters households declined with it. The increase in larger renter households is almost certainly not attributable to students. And, given the shortage of houses in the county during the 2010s and early 2020s, competition for rental houses made them less available and more expensive to rent.



Source: ACS Five Year Estimates



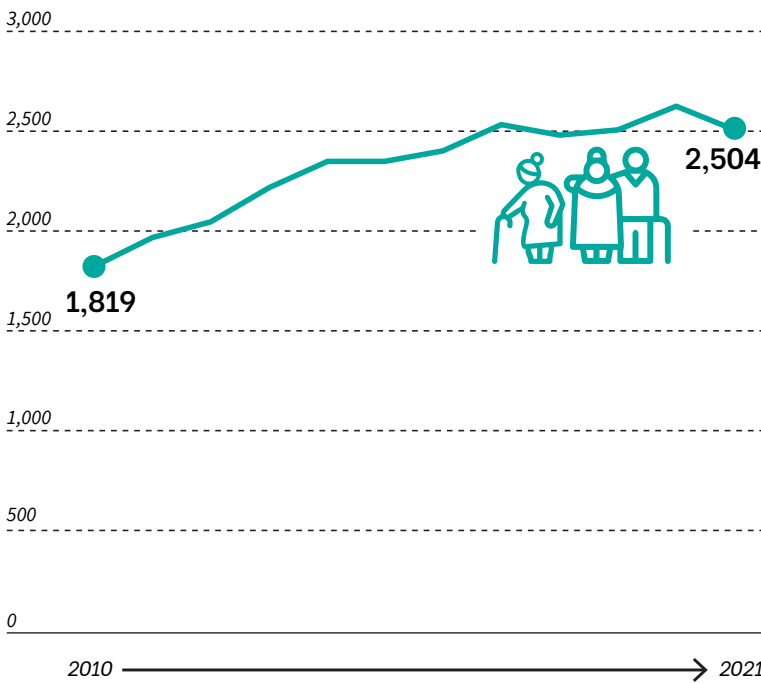
The number of senior renters has been increasing.

Senior Renter Households

As the county’s population ages, and thousands of householders get older, **the market of senior renters will increase**, as it has already begun to do. Many will be renters who simply age in place as renters. Others will be homeowners who give up their houses in their later years.

Availability of rental units that specifically meet the needs of seniors is an open question, but so too is affordability. **It is estimated that 987 senior renter households were cost burdened countywide in 2010 and that the number rose to 1,183 by 2021.**

Eau Claire County Renter Householders Aged 65+, 2010-2021



Number of Cost-Burdened Senior Renter Households Countywide

2010

987

2021

1,183

Source: ACS Five Year Estimates

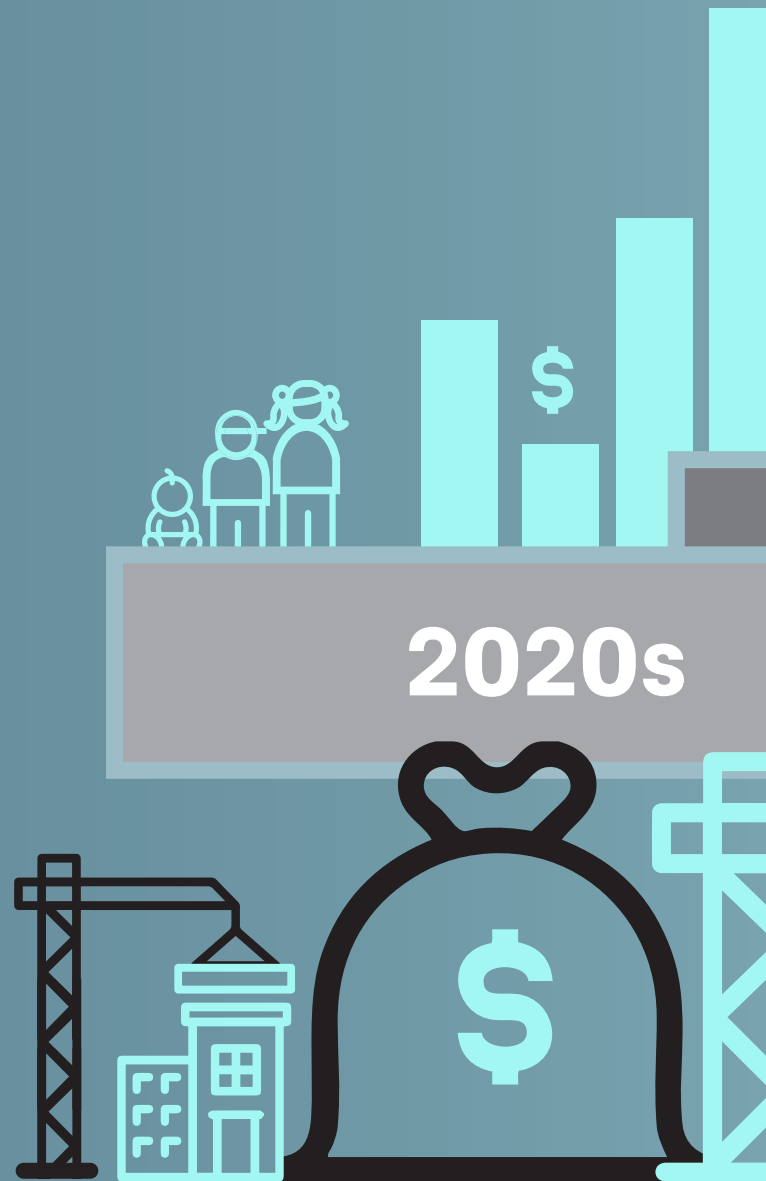
Source: ACS Five Year Estimates

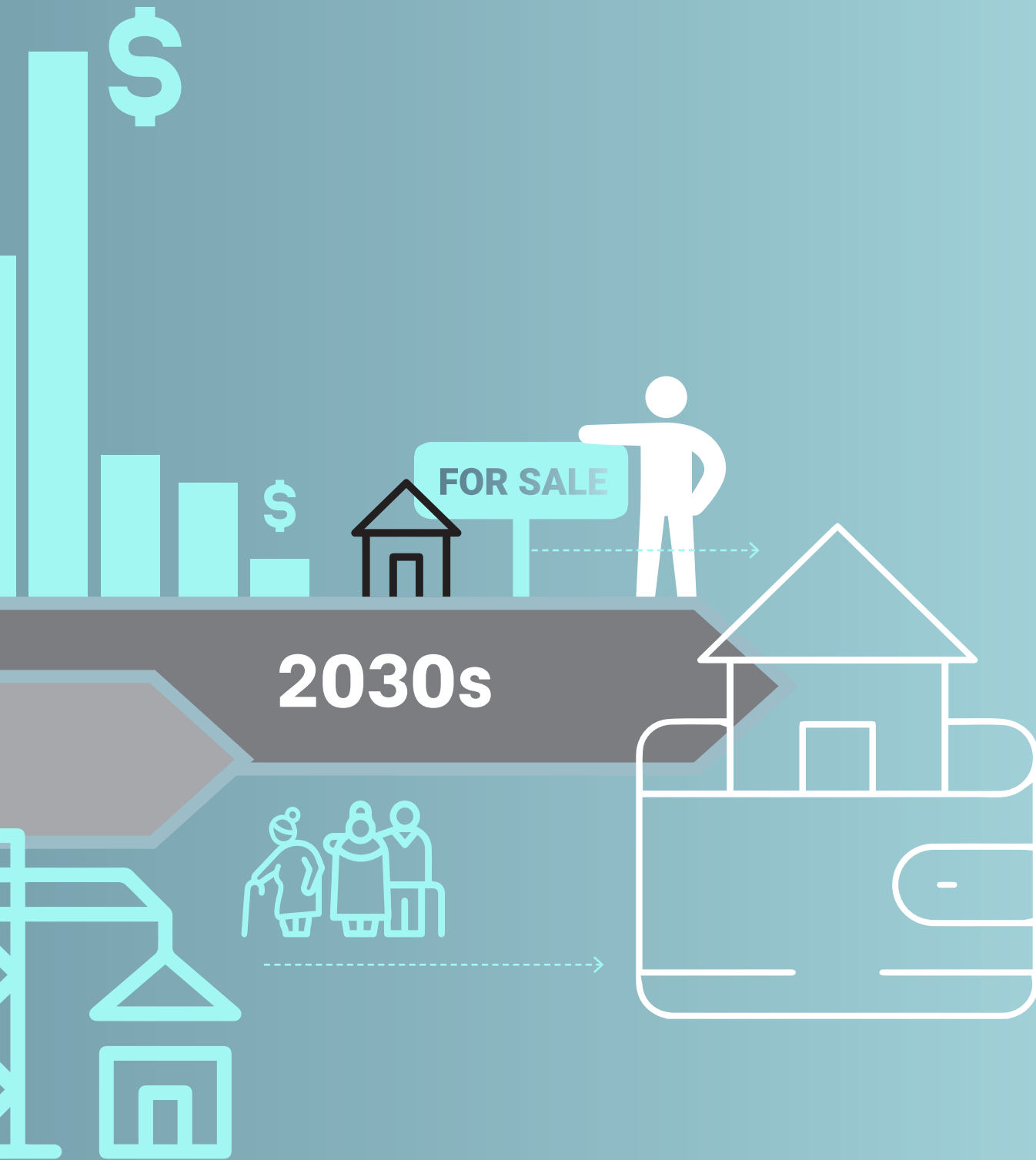
PART 3

County Housing Market 2020 to 2040

What has been true in the county's housing market in past decades is not likely to remain true in the future. The 2010s represented a break from a previous era which seemingly operated by different rules, and the 2020s came with yet a new set of wrinkles. The remainder of the 2020s and the 2030s are subject both to known fundamentals that will shape housing demand, and open questions that preclude confident predictions about some elements of demand, and even more about housing supply.

This section will explore knowable conditions, as well as those that are murky, in order to identify the nature of housing challenges and opportunities the region may consider addressing.





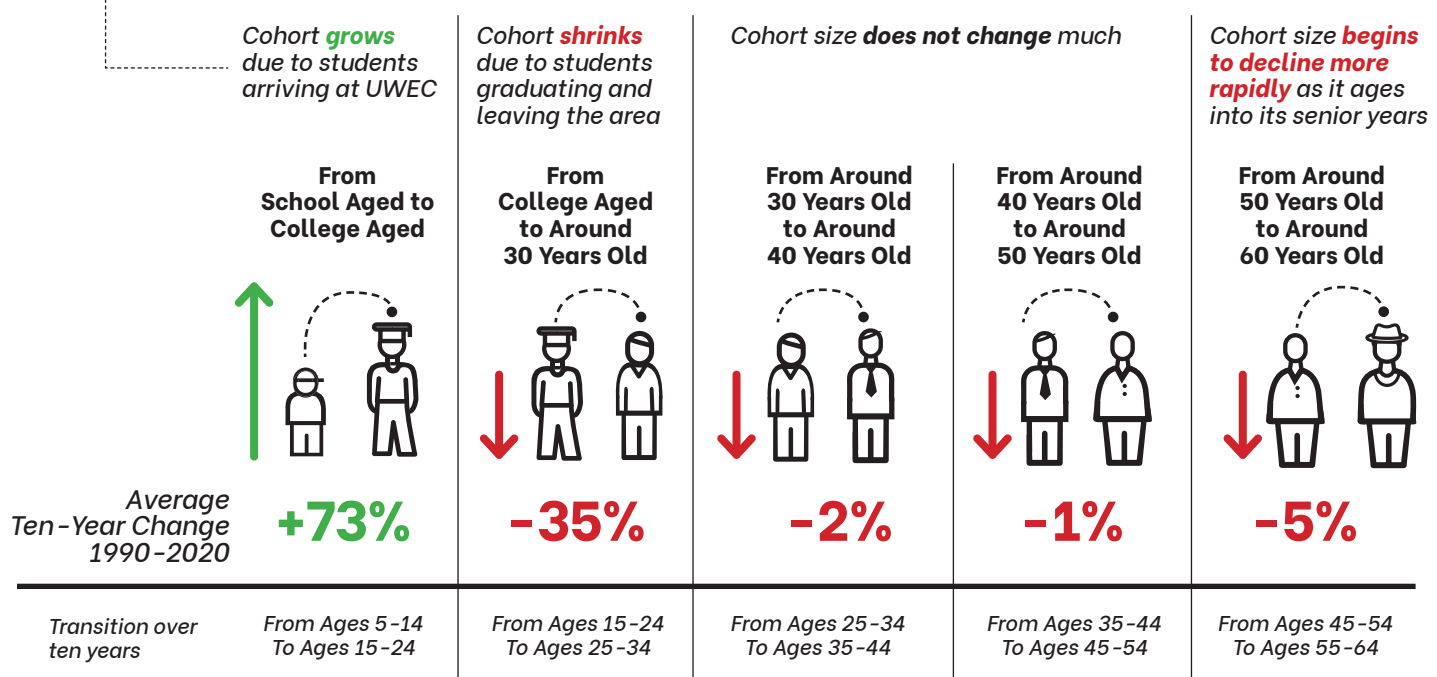
Predictable Demand Factors Beyond 2020

The driving force behind future housing demand is demographic. On different timelines, the number of births, deaths, people moving into the county, and people moving out of the county all play an important role in shaping the need for housing. Luckily, for the purposes of forecasting future housing demand, Eau Claire County features some critical “known knows.”

Historically, the main source of net migration into Eau Claire County is UWEC.

Historically, the county experiences net negative migration for adults aged 25 and up, meaning that more of them move out of the county each year than move in. Despite this, total net migration is positive, largely because the number of young people aged 15-24 who move into the county each year exceeds the number of adults who leave. This is a standard pattern in university communities, and UWEC is the magnet that attracts people in the 15-24 age group. Net positive migration contributes to positive population growth.

How does a ten-year cohort grow or shrink as it moves through life stages in Eau Claire County?

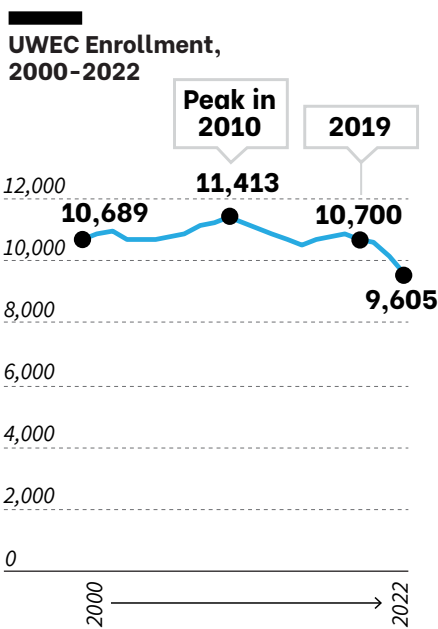


Source: czb analysis of data from Decennial Census

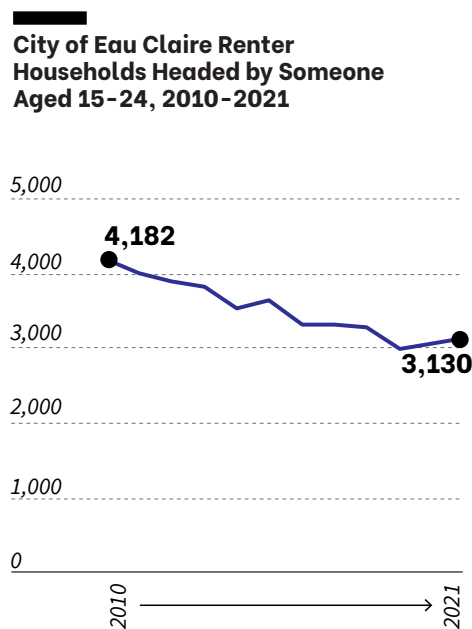
Barring unforeseen developments, net migration growth into the county will likely not be a factor driving increased housing demand in the next few decades.

UWEC enrollment has been in decline since 2010, and colleges and universities nationwide face a future of lower enrollments.

Enrollment peaked in 2010 at 11,400 total students at the Eau Claire campus and fell to 10,700 by 2019. Pandemic conditions helped to further reduce enrollment, with 9,600 total students enrolled in fall of 2022. A smaller UWEC is likely contributing to the downward trend in young renter households in the county, especially in the City of Eau Claire. In Wisconsin, as in the entire U.S., the large Millennial generation has passed through its college years. Regional campuses across the country are now facing shrinking enrollments and the relevant demographic trends make it highly unlikely that UWEC will buck the trend and return to its historic enrollment peak during the period addressed in this report.



Source: University of Wisconsin



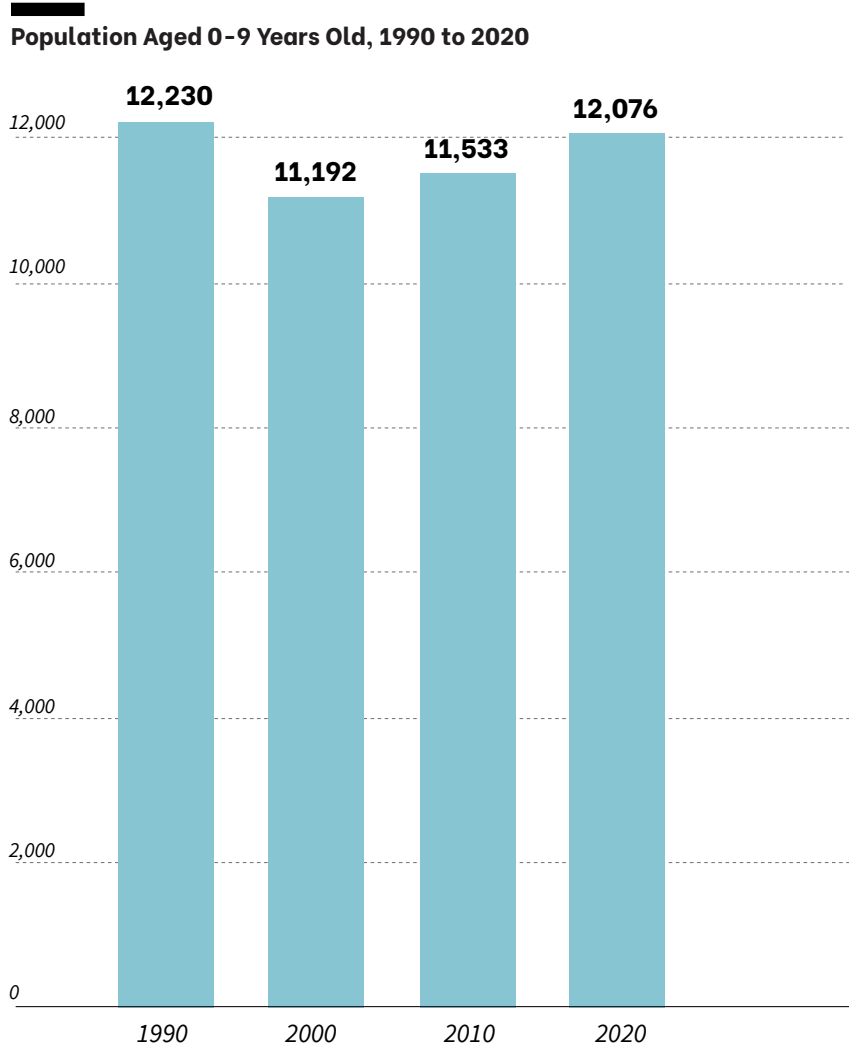
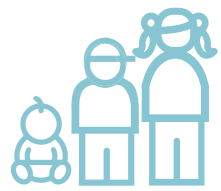
Source: ACS Five Year Estimates

Comparatively small freshman class sizes in the coming years will mean fewer new arrivals. In order to maintain the same levels of net migration into the county, a greater number of older adults will need to stay put as county residents, or a greater number of new ones will have to show up. At the time of this report, it remains to be seen whether new job growth, remote work possibilities, or other factors might increase net migration of adults aged 25 and up into Eau Claire County.

Predictable Demand Factors Beyond 2020

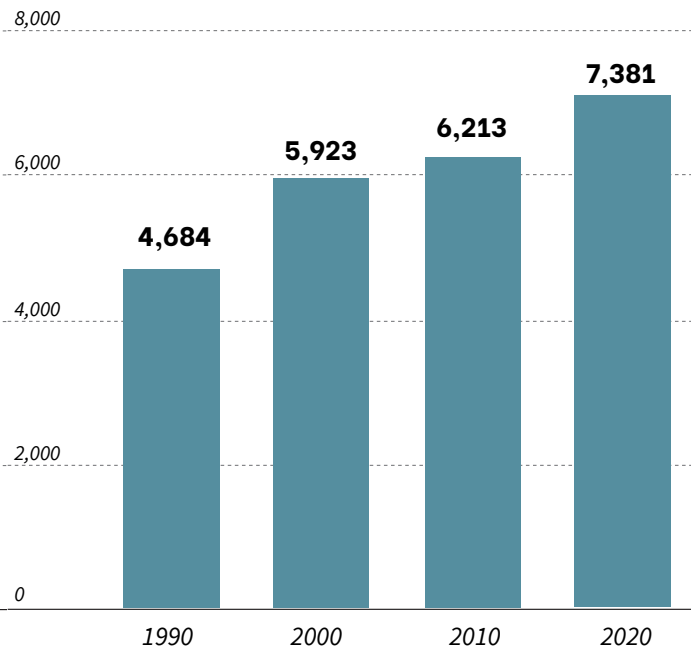
Young people already in Eau Claire County will become future households, but their numbers have not grown significantly.

Migration is not the only source of potential new housing demand. Many young people who grow up in the area stay in the area, creating new households as they get older. If the county was home to an abnormally large population of children younger than 10 years old in 2010, it could be an indicator that an increase in households was possible in the 2020s as those children entered young adulthood. If there were an abnormally large population in 2020, it might portend a substantial increase in households during the 2030s. But the population of young children has not really changed since at least 1990.



Source: Decennial Census and ACS Five Year Estimates

**Population Aged 75 or Older,
1990 to 2020**



Source: Decennial Census and ACS Five Year Estimates

A large group of seniors will pass on during the coming decades.

The number of seniors aged 75 or older in Eau Claire County is at its highest level in decades. This obviously has implications for senior housing demand, but the future disposition of their housing units will also be an important consideration when it comes to meeting the housing demand of younger households.



Relative demographic certainty sets the stage for future housing demand.

The context for forecasting includes a stable number of children in the county, a smaller UWEC providing fewer new households than the community is used to, and a growing senior population that will be passing on from the regional housing market in the next few decades.

Unpredictable Demand Factors Beyond 2020

There are a handful of important variables governing the future county housing market that cannot be known at the time of this report.

Whether and how they change will have a significant impact on both demand and supply in the coming years.

Mortgage Interest Rates

During most of the 2000s and 2010s, the costs of borrowing money were historically low, which helped buoy the housing market as 30-year mortgage rates were consistently below 5%, often below 4%, and in the wake of the Covid-19 pandemic, even below 3% for many borrowers.

In 2022 and 2023, the Federal Reserve countered a new era of rising inflation by taking actions to raise interest rates, boosting borrowing costs for those seeking a new mortgage above 6%. This differential in mortgage interest rates can cost a household hundreds of dollars each month, for decades. In early 2023, a chill descended on housing markets as current owners stay put lest they trade a lower-interest mortgage for a higher one when they sell the current house and buy a new one. It is impossible to know:



Whether economic conditions will **change to facilitate a drop in interest rates** in the future, resulting in an expected loosening of the housing market.

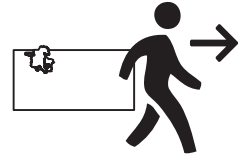
Whether the market will simply **adjust to a new interest rate environment** if higher interest rates are maintained over time, begin to consider it the “new normal,” and simply accept that borrowing will cost more.

Or whether the housing **market chill will continue indefinitely with buyers competing vigorously** for the relatively few units that come on the market.



Out-Migration

Rates of mobility in the U.S. have been at historic lows in recent years. Generally, people are moving at lower rates than is historically normal. This has been at play in Eau Claire to some extent, as the data suggest that young people in their 20s and 30s, and middle-aged people in their 40s and 50s, did not migrate out of the county at the same rates as they did in the 2000s. As fewer people and households leave, it sustains demand for housing units and limits supply of houses for sale. This phenomenon, combined with a lack of sellers due to high interest rates, and a lack of economic imperative to relocate (either because there are no large-scale job losses or because remote work capabilities allow for employment while staying put), could mean that there is little relief from the fundamentals of housing demand that have been at work in recent years. If conditions change to prompt a return to previous patterns, the market could soften accordingly.



Economy and Employment

Employment growth has been slowing in Eau Claire County, but it is not easy to predict how



specific industries or employers may fare in the coming decades. If a negative economic event impacts an industry or employer in Eau Claire County, it could lead to job loss and migration away from the area by those affected, with softening effects on the market. If a positive economic event occurs, and employment growth begins to increase, demand to be in the county could grow and create additional housing market pressures.

Although statewide demographic trends are not favorable, and regional public campuses in many states are facing structural enrollment declines, UWEC could somehow find a way to beat the odds and recover to a sustainable enrollment above 10,000, which would help sustain housing demand.

Somewhat separate from the local economy and employment landscape, there exists the possibility that those working remotely could find Eau Claire County a desirable place to relocate, thus positively impacting net migration in unforeseen ways.

Black Swans and “Unknown Unknowns”

There is a Chinese proverb that says “May you live in interesting times.” The period covered in this document certainly meets the definition. There are a number of unknowable potential housing market influences that could result from events as varied as another pandemic, social unrest, climate events, geopolitical instability, and broader economic developments in the country or world.



Predictions about the future should be made with humility.

Any and all of these factors could potentially frustrate efforts to accurately project future housing demand and supply. They must all be stated as caveats as policy makers in the Eau Claire region look ahead to housing market conditions and housing-related issues they hope to address.

New Housing is a Careful Balancing Act

The analysis thus far has shown that there were too many owner units and too few rental units produced relative to demand during the 2000s, and that the situation reversed itself during the 2010s.

These supply/demand mismatches have helped contribute to conditions of the early 2020s. As of the time of this report in 2023, the prevailing sentiment in the marketplace is that there are too few single-family houses available to buy or rent.

How might local policymakers think about potential supply/demand matches or mismatches in the years ahead?

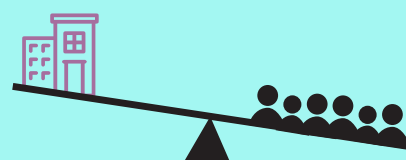
Eau Claire County Housing Production Relative to Demand

2000s

Too many owner units



Too few rental units

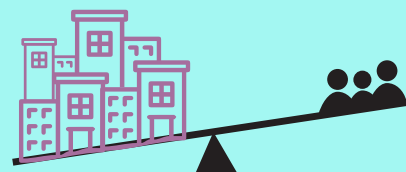


2010s

Too few owner units



Too many rental units



2020s 2030s

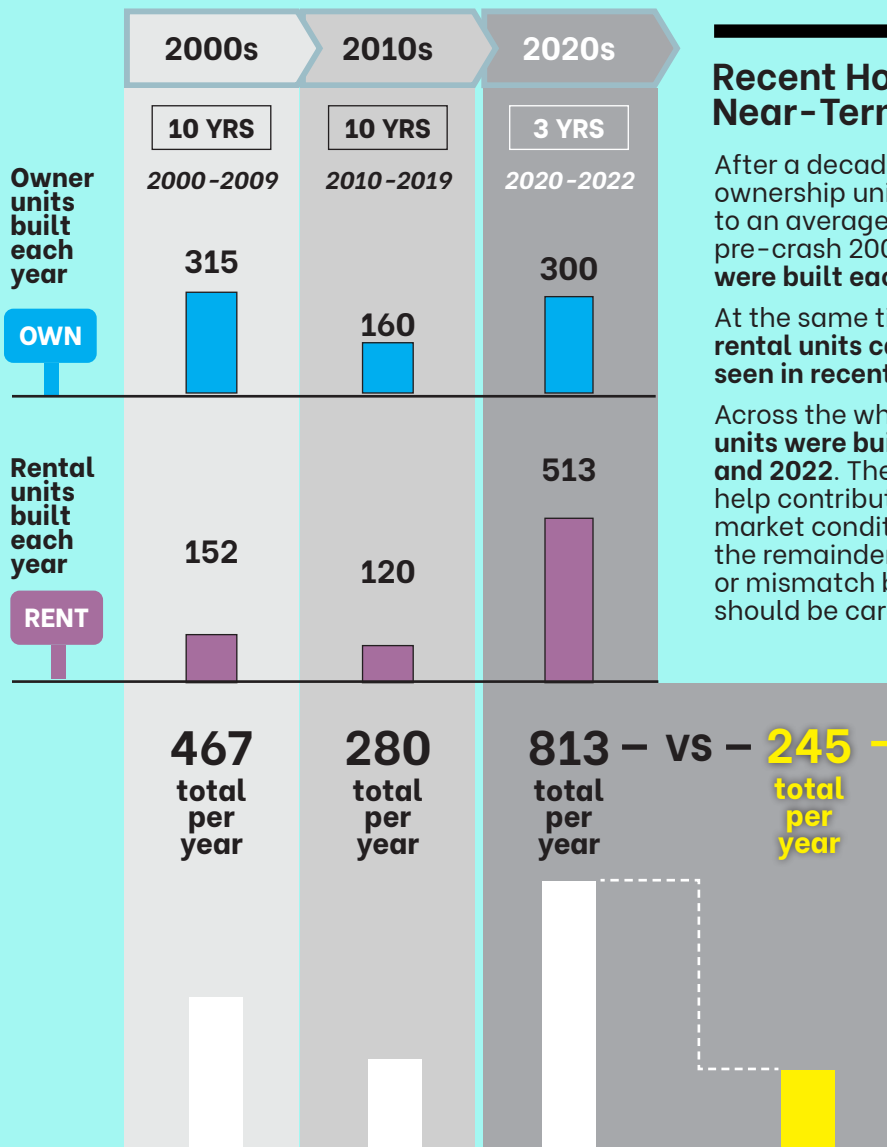
SUPPLY ←



→ **DEMAND**



Eau Claire County Average Annual Housing Production



Recent Housing Production and Near-Term Housing Demand

After a decade of relatively low production of ownership units, the period 2020-2022 saw a return to an average yearly production that resembled the pre-crash 2000s. **Roughly 300 new ownership units were built each year over the three-year period.**

At the same time, **hundreds of new market-rate rental units came online each year at a rate not seen in recent history.**

Across the whole county, over **2,400 total housing units were built in the three years of 2020, 2021, and 2022.** The addition of these new units should help contribute to an eventual loosening of tight market conditions that exist in early 2023, but for the remainder of the 2020s and beyond, the match or mismatch between housing supply and demand should be carefully considered.

WIDOA Projections

In its 2013 projections, WIDOA anticipated that **2,450 additional households** would be added to the county during the 2020s, **requiring an average annual production of 245 units per year, far less than the early 2020s rate of new housing unit construction.**

Source: czb analysis of data from U.S. Census, Eau Claire County, City of Eau Claire, and City of Altoona

If WIDOA's projections are close to accurate, the pace of building in the county in the early 2020s is too much for actual household growth. As demonstrated in the historical analysis in Part 1, when the number of new units exceeds the number of new households, increased vacancy is the result. Increased vacancy in the short-term can be helpful if there is sufficient future demand to absorb the units.

As of the 2020 Census, less than 5% of the county's units were vacant. In Eau Claire, less than 4% were vacant. A healthy vacancy rate

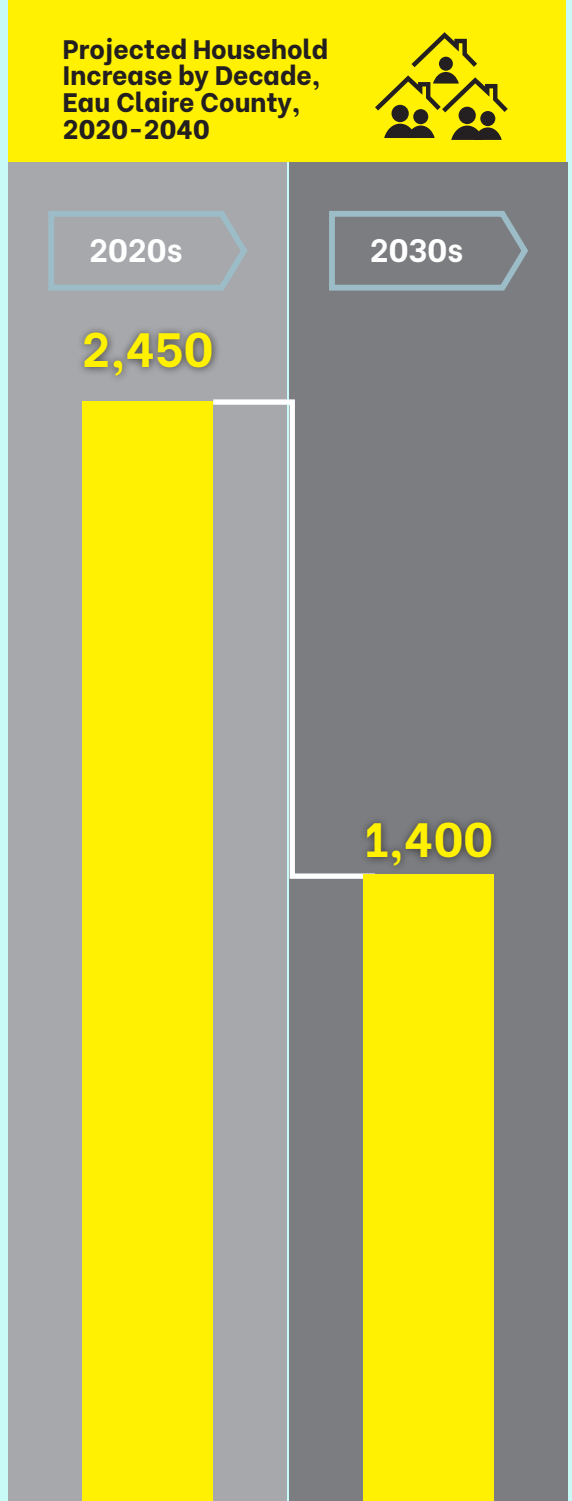
is generally around 5%, so some additional vacancy, especially in Eau Claire, could help to ease a tight early 2020s market. Longer-term, however, if the vacancy rate surpasses 5% and if the number of new units built continues to exceed the number of new households, then some challenges associated with too much vacancy may result. In that case, local governments will want to have tools sufficient to deal with those issues, which include potential property disinvestment and neighborhood deterioration (see Part 5).



Longer-Term Housing Demand

WIDOA’s projections anticipate approximately 1,400 new households will be added in the county during the 2030s, which is a little more than half the number expected in the 2020s. The core message of the projection is that household growth will be slower in the future.

The demographics of the county are the clear driver for the smaller increase. The county’s jurisdictions should make note of the potential demographic changes on the horizon and be cautious about the amount of new housing units for which they may be planning, as well as the type. Data from the Census and American Community Survey illustrate how aging heads of households can result in changes in housing demand. The discussion on the following page offers one possible storyline of many.



Wisconsin Department of Administration Household Projections for Eau Claire County 2020-2040, 2013 Vintage

	ACTUAL			PROJECTED	
	2000	2010	2020	2030	2040
Total	35,822	39,493	42,880	45,331	46,719
<i>% Change from Previous</i>	14.5%	10.2%	8.6%	5.7%	3.0%

Source: U.S. Census and Wisconsin Department of Administration

Source: Wisconsin Department of Administration

For example, consider the number of homeowners who exit homeownership as they age. By measuring the ten-year change in the number of owner households as they move from one ten-year age group to the next, it is possible to both measure past attrition and forecast future attrition.

During the 2000s, just over 2,500 senior homeowners exited homeownership for various reasons. Some may have moved out of the county, some may have become renters, and some may have passed away. During the 2010s, over 3,100 senior homeowners exited homeownership. Applying the past average attrition rates by age group to 2020 estimates, the county can expect to see the numbers of senior homeowners leaving the ownership market increase to over 3,500 during the 2020s and then to 4,800 during the 2030s. As the pace of senior homeowner loss grows, maintaining the same number of total homeowners in the county requires an even faster rate of new owner household formation at younger ages. If the number of younger homeowners cannot increase enough to cover the growing loss of senior homeowners, then the total number of homeowners will decrease. This is but one example of how the county’s demographic position can impact future housing demand.

Actual and Forecasted Senior Homeowner Attrition by Decade, Eau Claire County, 2000-2040

Householder Age Transition	Actual		Average Rate of Senior Homeowner Attrition for Both Decades	FORECAST Based on Average Rate of Attrition	
	2000-2010	2010-2020		2020-2030	2030-2040
From Ages 65-74 to Ages 75-84	-730	-957	-27.5%	-1,375	-1,565
From Ages 75 and up to Ages 85 and up	-1,833	-2,179	-72%	-2,197	-3,237
Total Number of Homeowners Leaving Ownership Market After Age 65	-2,533	-3,136		-3,572	-4,802

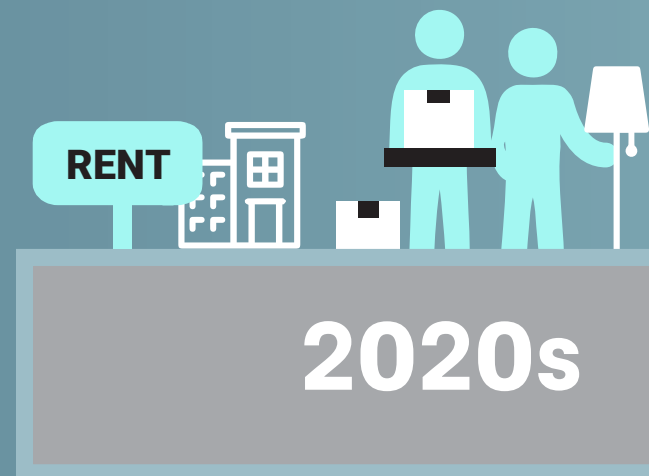
Source: czb analysis of data from Decennial Census and American Community Survey Five-Year Estimates

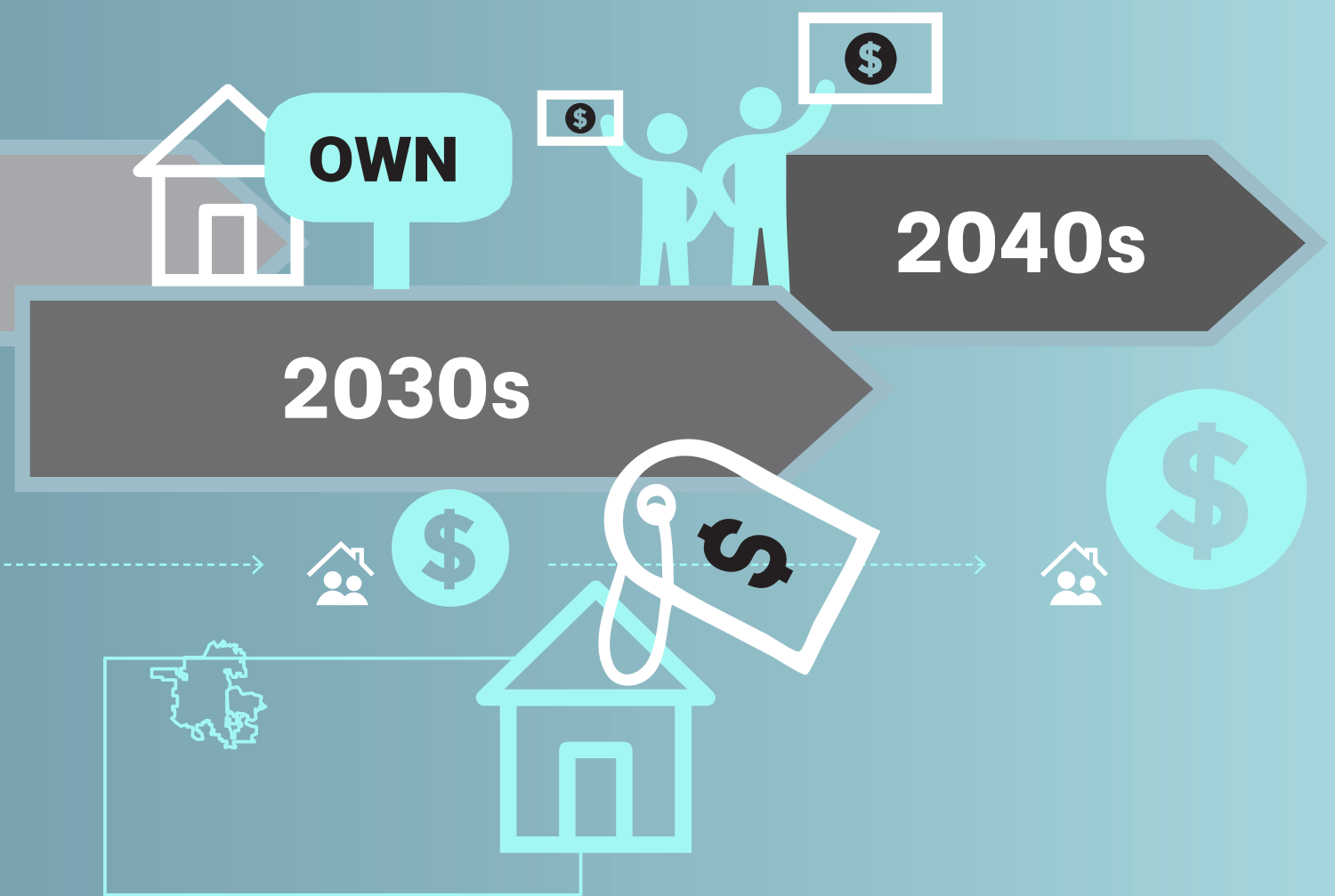
PART 4

Future Housing Market Implications

Regardless of how long the conditions of the early 2020s persist, or when the demographic fundamentals begin to take hold, the Eau Claire County housing market could continue to feel like a roller coaster ride through 2040. Housing market conditions could leave thousands of households feeling unsatisfied with their options and result in mismatches between what they want and what they can access. In the short-term, the public sector's desire to address affordability issues for cost burdened households could be frustrated by the tight market and the inability to intervene with existing properties, and future issues resulting from a growing number of senior sellers still loom.

This section describes the ways in which households—buyers, owners, renters—are likely to experience the housing market from the mid 2020s through 2040, as well as issues of public importance that policy makers need to be thinking about as conditions will inevitably change over time.







The Future for Owner Households in Eau Claire County

Most current and aspiring owners in Eau Claire County face a challenging set of conditions at the time of this report in 2023. Current owners who hope to buy a new home, either larger for growing space needs or smaller for downsizing purposes, face high construction costs to build new, extremely low inventory of existing homes, and higher mortgage rates than they currently are paying. First-time buyers face all of the same challenges, but have the added disadvantage of no existing home equity to bring to a purchase.

The 2020s may continue to challenge the ownership market in these ways, unless conditions change to facilitate a loosening in the market. After 2030, however, fundamentals rooted in the county’s demographics will come into play as more and more senior homeowners leave the ownership market. This additional supply of houses should aid affordability if demand does not increase accordingly.



Household Income

Less than \$50,000



\$50,000 to \$74,999

Owners and Buyers



Buying not an option for these households.

It is likely that households in this group will continue to be frustrated for some time with less choice than they would like, because they will be confined to existing houses in a stuck market.

Existing owner households in this range will remain in their homes until conditions change sufficiently, and aspiring first-time buyers will have to rent unless and until enough current owners are forced to sell, through life events such as job change, divorce, or death, or are otherwise enticed to sell.

Though it may not occur until the 2030s, it is inevitable that the number of sellers will increase, and the number of under-35 households will fall, so competition for houses priced below \$250,000 should feel less frenetic as the 2020s become the 2030s.

Alternatively, if policymakers want to increase homeownership opportunities in this income range, they will need to partner with the private sector to provide the subsidies necessary for new construction.



\$75,000 to \$99,999



\$100,000 to \$149,999



\$150,000+

It is likely that households in this group will continue to be frustrated for some time with less choice than they would like. They could afford a new single-family detached house in the late 2010s, but will now have to stretch to afford even a new twinhome. For the most part, they will be confined to existing houses in a stuck market.

These households will likely to have to stay put in their current houses if they are owners, or remain renters if they rent, unless and until enough current owners are forced to sell, through life events such as job change, divorce, or death, or are otherwise enticed to sell.

The inevitable increase in the number of sellers and decrease in the number of under-35 households will loosen the market as the 2020s become the 2030s.

Alternatively, if policymakers want to increase homeownership opportunities in this income range, they will need to partner with the private sector to provide the subsidies necessary for new construction.

These households have broad choice in the marketplace. Most existing houses will be options for them when available, as will new houses, so long as lot sizes are a half-acre or less and square footage is less than about 3,000 sf.

This group generally has the ability to pay for new construction, and will continue to do so unless construction costs continue to increase at a rapid rate. In the lower end of the range, choices may be confined to twinhomes, but as the incomes increase, single-family detached houses of 3 bedrooms and 2 bathrooms become possible.

These households have the greatest choice, with access to almost every for-sale product in the Eau Claire County marketplace.



The Future for Renter Households in Eau Claire County

The issues facing renters beyond the time of this report are as diverse as Eau Claire County renter households themselves. With a few exceptions, the rental market is somewhat more forgiving, and more affordable, due to significant volumes of new construction in the 2010s and early 2020s, as well as the decline in the number of student renter households. That is not necessarily the case for low-income renters, renters who need more than two bedrooms, or renters who fit both categories.

A large number of senior renter households will soon be navigating the rental market, either because they have aged as renters or because they made the switch from homeownership, and they may or may not find suitable matching units. After 2030, large renter households in search of larger units, including especially single-family houses, may have an easier time as the number of senior homeowners leaving the ownership market grows, potentially providing surplus houses that can be used as rentals.



Household Income: Less than \$50,000



Household Income: \$50,000 or more

Household Income

Renters

Regardless of how soft the market may be, it is difficult to see how any rental unit in the county can be responsibly maintained while fetching a monthly rent of only \$1,250 which is the most this group can afford. Because that is the case, there are not enough units available for these households that they can afford and, **when they are available and affordable in the private marketplace, it is only because they are small, poorly maintained, or both.**

There are an estimated 3,000 non-student renter households in this income range who currently face a cost burden. It is possible that continued building of new rental units may soften rents for older units, thus relieving pressure for some, but unless and until there are enough subsidized units available for all these households, they will continue to be cost burdened at high rates.

With the number of new units outpacing the number of new renter households, the **oversupply primarily benefits two sub-groups** in this category.

The first are households with incomes above roughly \$65,000 who can afford most of the brand-new units being built. The second are those with slightly lower incomes who can either occupy what were formerly the best small units on the market, or take advantage of future rent decreases in new units if they fail to lease up fully.

Generally, this entire **group of renters will benefit from the continued overbuilding of rental units**, especially if they are households of one or two people.





Large household renters



Seniors

Despite the reduction in student renter demand that is likely to be permanent, large households in need of a house still face tough competition from homebuyers who remain short on inventory in 2023. These conditions may sustain for much or most of the 2020s and, if so, this group will continue to be challenged. New construction in the rental market has, and will continue to, benefit small households with incomes above \$50,000. When these large households have incomes below that level, they are at a competitive disadvantage in the rental market.

Unless and until there are enough subsidized units available for all these households, they will struggle. The presence of a large student renter population makes it difficult to ascertain, via the existing data, how many households might fit this description. A potential proxy is the estimated number of renting families with related children as of 2021, on the assumption that families with children are generally in need of the most space. That figure in Eau Claire County, according to the ACS Five Year Estimates for 2017–2021, is approximately 3,400 households.

This group of renters could experience some relief after 2030 when senior homeowners leave the ownership market in historically large numbers. When this happens, surplus houses may be available in the rental market.

The addition of new student-focused rental housing with three or more bedrooms per unit could also free up rental houses for this market.

The householder age transition model described on pages 40–41 suggests that all net renter household growth between 2020 and 2040 will be for ages 45 and older, with roughly 1,800 additional renter households with a householder aged 65 or older in the rental market by 2040. This presents the Eau Claire region with challenges on two fronts:

First, while many seniors will have no special needs related to accessibility or on-site services, and will be able to occupy a rental unit just as any younger household could, many will in fact have specific needs. If the surplus of rental units built in the 2010s and 2020s are expected to house future senior renters, they may need to be retrofitted for a different population.

Second, many seniors are likely to have low incomes in their later years, and when they do, they will face affordability challenges just like younger households with low-incomes. This could cause them problems in the rental market.

Potential Change in Renter Households by Age of Householder, 2020–2040



Source: czb speculation, calculated based on data from 2000, 2010, and 2020 Decennial Census and ACS Five Year Estimates

PART 5

Strategic Recommendations

Eau Claire County and its communities are faced with a variety of difficult challenges in both the short-term and long-term.



At the time of this report, the market for ownership units is stuck, and while new construction is an attractive response for area households looking for a place to live, its high price and now higher borrowing costs make it the right answer for fewer and fewer households. **There are not enough houses (attached twinhomes or detached) for those who want to buy or rent them.**

At the same time, **the community has been recently supplied with a large volume of rental units** for a Millennial market that is moving into a different stage of life, raising questions about how best to match the units to a changing market. And no amount of new rental construction will serve the needs of the lowest-income households unless substantial subsidy is applied.

To top it off, demographic realities in the county are certain to alter market conditions within the next two decades. **How should regional policymakers be thinking about addressing this thicket of issues?**



Big Ideas to Pursue

The acute housing challenges of the early 2020s are clear, and the looming challenges of the future are a bit fuzzier but still in need of forward thinking attention. Business as usual will not address either the near-term nor the short-term issues, so strategic thinking and action will be required. The following big ideas represent major initiatives for policy makers and professional staff to consider, commit to, design, fund, and implement. Each could play an important role in alleviating current and future housing-related issues in the region. Together, they represent a sea change in local policy and practice.



Promote Upgrades for Existing Housing: Improve housing stocks for current residents and future competitive position

While the market is tight and few households are moving, the time is right to spur investment in housing that has not been properly maintained or brought up to modern standards in decades. In Eau Claire County, there are too many avocado kitchens and too many DIY bathroom renovations for which future buyers will discount purchase prices when market conditions inevitably shift. A culture of homeowner frugality will not reward future sellers, nor the communities that are home to aging houses. Upgrading now will improve quality of life for existing homeowners and preserve value for the future.



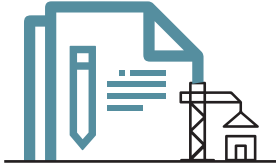
Introduce New Housing Types: Make intentional efforts to help the private sector deliver housing types that can address gaps in the marketplace

By the early 2020s, new construction in Eau Claire County was dominated by relatively large single-family houses, twinhomes, and 0-2 bedroom rentals. Both entry-level buyers and downsizing seniors could consider a twinhome as an option in the mid 2010s, but by the early 2020s costs escalated to the point where that was no longer feasible. In addition, twinhomes sit on large lots on the urban periphery, absorbing demand that older neighborhoods will need in the coming decades. The time is right for a new type of urban housing product, primarily aimed at homebuyers. Condos are difficult to finance, but other attached types such as rowhouses and quadplexes should be encouraged, especially as infill products. Zoning changes alone will not be enough to make this happen as infill or redevelopment. Additional redevelopment support and incentives will be crucial.



Promote Infill Development: Build more ownership units in a way that enhances neighborhoods in the future

Although sellers and buyers are likely coming into better balance countywide during the 2020s, this will be less true inside the City of Eau Claire where most buyer demand will concentrate and compete for too few existing houses. Eau Claire also has the greatest number of neighborhoods and blocks that are at risk in a future where demand and supply are in a different kind of balance. “Pre-vitalization” efforts for strengthening neighborhoods can be solidified with strategic infill products that establish new owners and new activity in city neighborhoods. Investing in core city neighborhoods with new units also takes advantage of existing developed land and infrastructure, avoiding negative environmental and fiscal externalities.



Establish Community Benefit Rules for Greenfield Residential Development: Require higher densities and diverse housing types to support market health

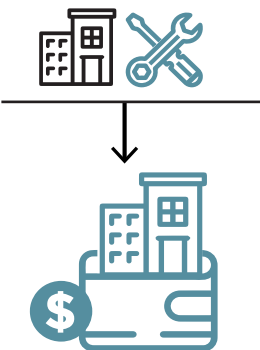
Low density residential development, which describes most new ownership unit types in Eau Claire County, consumes irreplaceable land and shifts costs onto the future public by building infrastructure that will need to be replaced at a time when the aging housing units are not valuable enough to produce the revenues to pay for it. This is a good deal for builders and some buyers, as well as for local governments in search of short-term bumps in taxable value, but it is not good for the community long-term. All local governments should reexamine policies and development codes, allowing new greenfield development only when:

- *There is a robust reinvestment program for core neighborhoods to deal with excess building as the region faces contraction.*
- *Some portion of new units are sold at prices below their development cost to income qualified buyers, with public subsidy used to close the gap.*
- *New units, particularly ownership units, are built at densities that make better use of land and decrease per unit total development costs to maximize affordability.*



Prepare for More Senior Renters: Work with rental property developers and builders to ensure new rental units are senior-friendly, and explore opportunities for improvements to existing rentals

During the 2010s and 2020s, a large number of new rental units were brought online that were targeted to the relatively young. In Eau Claire County's future, the growth market for rental units will be those who are relatively old. On a net basis, nearly the entirety of rental demand growth will be among those who are 65 or older. It is likely that the private sector will respond to this growing demand with some amount of newly built units specifically targeted at this population. But new senior rentals will likely be too costly for most seniors in the county. Adapting existing properties for their needs can be done more cheaply than building new in most cases.



Leverage Naturally Occurring Affordable Housing (NOAH): Invest in upgrades to aging rental units in exchange for stabilized affordable rents

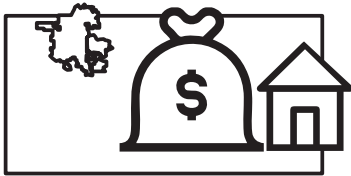
Eau Claire and Altoona are home to thousands of aging rental units, many of them originally built as rental units (as opposed to former owner units converted to rental) and now in need of a new lease on life. But the rental market is not strong enough to charge rents sufficient to cover the cost of reinvestment. With public subsidy, this is an opportunity to upgrade deteriorating properties and preserve affordable housing for households with incomes under \$50,000. There are roughly 3,000 cost burdened renter households in the county in this income range. The estimated gap to produce an affordable housing unit for these households is between \$75,000 and \$100,000 but rehabbing an existing unit and preserving affordable rents could be half as much.

Organizational Capacity Needs

A locally controlled toolkit that can make good on a reoriented policy and planning framework will of course rely on many traditional and well-established functions, such as planning and zoning powers, annexation authorities, housing authority capabilities, and regular program funds for housing and neighborhoods. But it will also require a new or revised set of tools that can more specifically respond to housing-related issues and opportunities likely to be present in Eau Claire County for the next few decades. Some of the recommendations provided here may be achievable within current organizations. Some may not. This will require consideration by local policymakers.

1

Establish a Regional Housing Trust Fund.



Establish a Regional Housing Trust Fund, capitalized initially by pay-ins from each participating jurisdiction by proportional to population, of \$3M. The basis should be grown by an annual line item contribution from each jurisdiction. For example, the population of the City of Eau Claire is roughly 65% of the county's. 65.7% of a \$3M trust fund is \$1.97M. The City of Altoona's initial capitalization would be approximately \$235,000. The balance of about \$752,000 would come from the balance of communities in the county and the county itself. The initial \$3M should slowly be grown until it reaches \$7.5M at which size it would have enough funds to provide critical gap financing to a range of market rate and below market projects or a variety of sizes and shapes and types across the county, helping both private and nonprofit sector developers to respond to housing challenges.

As populations change, the pay-in shares would change. The new trust fund would be able to distribute housing gap financing throughout the county in service of a housing market stabilization goals, the key ones being as follows:

- Enabling developers to assemble parcels in the cities and redevelop them into new infill housing, closing cost gaps that are expected when acquisition, pre-development, construction, construction financing, and other expected development costs exceed what the market will bear when market rate housing is the goal in a revitalization endeavor, or what target market low income households can afford when affordability is the goal.
- Enabling home owners to leverage their own investments by receiving conditional matching grants they can use for everything from weatherization to landscaping to the range of home improvements from minor to major.
- Enabling rental property owners to leverage their own investments by receiving conditional matching grants they can use for upgrading apartments.

In establishing such a new fund, it is recommended that governance be collaborative, with representation evenly distributed on the board, and that during the establishment of the fund, the work of drafting by laws and articles and operating procedures be a shared county-wide project.

2

Work with the State of Wisconsin to obtain Enabling Authority to Create a Land Bank.



Land banks are public or community-owned entities that acquire, manage, and repurpose vacant, abandoned, or tax-foreclosed properties to promote community and economic development. It is recommended that the Eau Claire area establish a land bank modeled in part after the Lancaster City Land Bank Authority (PA), or 300 other similar institutions operating with success throughout much of the US.

3

Establish and Robustly Support a High Performing Public-Private Redevelopment Entity



Establish and Robustly Support a High Performing Public-Private Redevelopment Entity in Eau Claire with the authority to work county wide. While there are neighborhood associations doing excellent work, and while the City of Eau Claire manages thousands of CDBG and other dollars towards a range of efforts such as its rehabilitation loan program, these are not sufficient to the work of upgrading thousands of homes in the county the next 20 years, and undertaking the many other efforts needed to counter act the impacts of a softening regional market. It is recommended that the Eau Claire area establish a special purpose entity modeled in part on the successful work done in Des Moines by the city and county in partnership in creating and funding InvestDSM, and in part on the successful work done in Greenville, SC by the city in creating and funding the Greenville Housing Fund.

There are now tens of thousands of nonprofit quasi community development entities in the US. About 5% are high performing, and the Eau Claire region is strongly encouraged to establish and robustly fund three different but related entities capable or working on a regional basis: a housing trust fund, a land bank, and a redevelopment entity. Properly chartered, sufficiently funded, and well staffed, these three entities would function as a collective bulwark against both incipient market softness, and the tendency towards doubling down on business as usual. Where communities have chartered and then operated such high performing entities, for

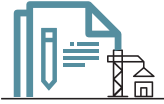
example the Self Help Corporation in Durham, NC or CTMHA in Austin, or CNE in Chattanooga, negative equity has been converted into a strengthened tax base, soft market conditions have been stabilized and reversed, and positive housing outcomes have resulted. These same results are possible in Eau Claire with cooperation across jurisdictions, prioritization of a balanced housing outcome memorialized in comprehensive land use plans, and codified in policies and regulations.

Establishing Conditions for Success

In order to pull off any of the Big Ideas, local policy makers need to reorient policy and planning frameworks that commit the communities in Eau Claire County to reinvesting in their cores, funneling new development into redevelopment sites as much as possible, demanding and paying for affordable and mixed-income outcomes, partnering financially with the private sector, and building tools to cope effectively with changing market conditions. The following will be necessary:



Big Idea Where Reasoning Steps to Take	Promote Upgrades for Existing Housing	Introduce New Housing Types	Promote Infill Development and Redevelopment
	All Local Governments in Eau Claire County	All Local Governments in Eau Claire County	Eau Claire Altoona Augusta Fall Creek
	<p>Aging stocks have not been maintained to modern standards. Investing in upgrades now preserves value in a future softer market and provides quality units to eventual buyers.</p> <p>Programming should not be income-restricted. These are incentives to a market that is not willingly investing, not gap financing for those with insufficient incomes. Homeowners are skeptical that future sale prices will make substantial investments pay off, and this is where financial incentives can make an important difference.</p> <p>The point of the upgrades is to go above and beyond normal local standards so as to preserve and build future value, which is in the the public interest.</p>	<p>The dominant new products of the 2010s and early 2020s are not serving broader market demands. High borrowing and construction costs price out too many households, helping to keep the housing market stuck.</p> <p>The time is right for new products aimed at homebuyers. These products should be attached townhouses, quadplexes, etc. that can appeal to households such as entry-level buyers, downsizing seniors, and other small households.</p> <p>These new products are the best fit for an infill context in existing city neighborhoods, but could be part of larger master-planned developments on the urban periphery if conditions are imposed.</p>	<p>Funneling demand to sprawling residential development on the periphery of incorporated areas, regardless of whether it is built in 2023 or 2033, will undermine older neighborhoods in the cities when demand contracts. By focusing demand inward, this future problem can be mitigated or avoided.</p> <p>On a net basis, the number of units on a redevelopment site may increase, but it is important that obsolete and/or unmarketable units be removed as new units are built. Infill and redevelopment rarely happens on easy parcels, nor does it have the same economies of scale as greenfield development. New units will be smaller than the region is used to, and incentives will be required.</p>
	<p>Establish local, non-restrictive funding sources.</p> <p>Deploy programs and financial products via an existing or newly created regional entity.</p>	<p>Comprehensive plans should prioritize housing diversity beyond recently built types.</p> <p>Development regulations should dictate densities and dimensional standards that will produce them.</p> <p>Local financial incentives should be developed and offered for cases where the project economics are not quite feasible.</p> <p>Deploy programs and financial products via an existing or newly created regional entity.</p>	<p>Comprehensive plans in the urbanized areas should specifically prioritize redevelopment.</p> <p>Development regulations must dictate infill products.</p> <p>Redevelopment partnership with existing or new entity must provide for land assembly and financial incentives.</p>



Establish Community Benefit Rules for Greenfield Residential Development

Prepare for More Senior Renters

Leverage NOAH for More Affordable Housing

All Local Governments in Eau Claire County

Eau Claire
Altoona

Eau Claire
Altoona

New residential development on the urban periphery has not traditionally been focused on meeting community needs beyond new housing and taxable value. In fact, peripheral development that will divert demand from core neighborhoods is easier than redevelopment, giving it an advantage not in the public interest. Going forward, new residential development should provide clear community benefits. Required benefits should include some combination of the following:

- Affordability provisions.
- Densities sufficient to make smart use of land and infrastructure.
- Housing type diversity.

The county has two looming issues to address. First is a growing market of senior renters. Second is a supply of new, small rental units that is overbuilt for the market it was meant to serve.

Communities may find it appropriate to permit future senior rental development, but additional benefit could be found by incentivizing existing multifamily rental owners to make senior-friendly upgrades and limit rents for seniors. Many seniors will not be able to afford newly built age-restricted facilities, and many may not want or need that type of housing. By making modest changes to existing units, where rents are already primed for softening, Eau Claire and Altoona can address two issues at once.

Eau Claire County has both an affordability challenge for low-income households and a rental quality problem. Good quality rentals are not affordable, and affordable rentals are generally only affordable because of poor quality. Naturally occurring affordable housing (NOAH) is an opportunity to maintain affordability of aging rental units while upgrading quality through provision of financial incentives to owners. There should be three targets for such an approach:

- Aging multifamily in need of upgrades where rents could be capped.
- Newer multifamily with rising vacancy rates where upgrades are not needed but rents could be capped.
- Single-family rentals, not in the student market, in need of upgrades where rents could be capped.

Comprehensive plans should specifically call out the need for community benefits in new residential development.

Subdivision and zoning policies should set requirements for community benefits.

Require all new multifamily rental development to be senior-friendly.

Establish local funding sources.

Make incentives available to owners of existing multifamily rentals on condition of senior-friendly upgrades and rent limits.

Deploy programs and financial products via an existing or newly created regional entity.

Establish local funding sources.

Make incentives available to owners of existing rentals on condition of agreed upon improvements and rent limits.

Deploy programs and financial products via an existing or newly created regional entity.

New Housing Types and Zoning

The housing production system in Eau Claire County has perfected certain housing types in response to local regulations, development costs, perceived market preferences, and market signals about the capacity to pay for new units. As conditions shift in the housing market, the addition of housing types that are found elsewhere may help unlock new housing opportunities. In order to do so, however, local planning and zoning systems will have to adjust.



The region will be better-served by units that are both smaller and use less land.

As described earlier in this document, newly built ownership units have increased in price in recent years, largely due to changes in labor and material costs. As newly built single-family detached homes became affordable to less and less of the market, local builders increased production of twinhomes as a lower-cost option. Compared to a new detached house, a new twinhome unit generally features fewer square feet and a smaller lot, both of which are major cost considerations. Single-family houses of 2,000 square feet or more, and single-story (with or without basement) twinhomes of up to 1,500 square feet will continue to be in the mix of new housing supply, but they are not the fit for all buyers. The region is currently lacking other ownership product types now in fashion in other parts of the country that could diversify new supply and appeal to a broad range of potential buyers. There are two product types in particular that could hit a needed price point for ownership units in Eau Claire County: high-density single-family and rowhouses.

These housing types can offer square footage and sale prices approximating those of twinhomes (depending on many factors including quality of exterior and interior finish), but they can be built in greater numbers because lot sizes are smaller and densities higher. Both types are generally “alley loaded” and could apply in both infill sites and larger annexed sites. In the latter cases, the best densely built neighborhoods of this type include ample common outdoor space to make up for the fact that each home does not have its own large private yard. Common outdoor spaces, including alleys, may be accepted as public by the municipality or they may remain private and maintained by a homeowners association.

High-Density Single-Family Detached

Typical Size: 1,100–1,600 sq. ft.
 Typical Lot Size: 2,500–3,500 sq. ft.
 Typical Densities: 10–15 Units per Acre



Rowhouse/Townhouse

Typical Size: 1,100–1,600 sq. ft.
 Typical Lot Size: 2,000–3,000 sq. ft.
 Typical Densities: 12–20 Units per Acre



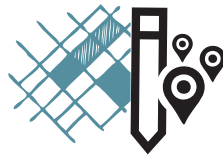
Existing zoning tools pose a challenge for novel housing types in the region.

The predominance of single-family detached houses on quarter acre lots, and twinhomes, is partially a result of perceived market preference as well as developer and builder business models. But it is also a logical response to local zoning regulations. It behooves developers and builders to maximize their land within allowable limits, and this is what they do in Eau Claire County communities.

For example, while the market may desire a brand new 1,300 square foot detached (not twinhome) starter house that can be purchased for less than \$325,000, it makes no sense for a builder to provide that product when his lot sizes can be no smaller than 5,000 square feet—the smallest minimum size for new lots amongst the R-1 and R-2 districts in Eau Claire and Altoona. Why does it not make sense? Because the costs associated with making the lots ready for homebuilding are fixed, and once that is the case, the builder is incentivized to put the highest-profit product on his lots that the zoning will allow. There is more profit to be found in a 2,200 square foot house than a 1,300 square foot house and if that bigger house fits on the lot within the zoning allowances, it will be built.

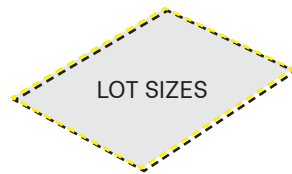
Lot sizes, are not the only issue, however, when it comes to developing new higher-density neighborhoods. Assuming minimum lot sizes can be sufficiently decreased, lot coverage ratios and setbacks need to be adjusted accordingly in order for a house to be built. Dense housing types with garages facing onto interior alleys instead of onto public streets, for example, do not need 20 or 25 foot rear yard setbacks as are common in residential districts in Altoona and Eau Claire.

Altoona and Eau Claire should both consider new zoning tools to facilitate the development of dense ownership products, attached and detached at densities generally above 10 units per acre. These tools could take the form of:

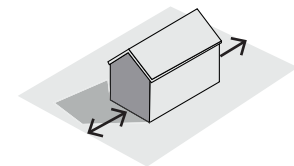


- An amended zoning district (R-M or R-3 in Eau Claire, and R-3 in Altoona)
- A new base zoning district
- A new overlay district
- Specific standards within planned development sections of local codes

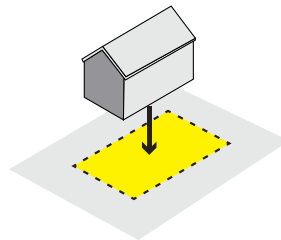
The standards of new zoning tools should seek to do the following:



Allow lot sizes as small as **2,000 square feet** for detached houses and **1,500** for attached houses



Decrease setbacks, especially front and rear yard setbacks



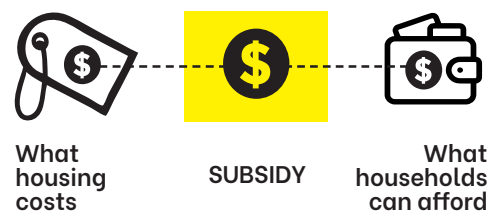
Increase maximum **lot coverage** allowances



To mitigate decreased private outdoor space, **require common spaces** and an **area-wide approach to stormwater management**

Need for Subsidy and Supporting Revenues

The ideas in this report represent housing initiatives above and beyond what local governments are currently doing in Eau Claire County. Implementing these new efforts will require additional funding because housing work of this type, at its core, is about closing the gaps between what housing costs and what the targeted households can afford. Regulatory changes may help somewhat, but policymakers and professional staff in Eau Claire County and its communities will make meaningful progress to the extent they can raise and deploy financial resources to close gaps.



Smaller ownership units are a starting point for more affordability, but subsidy is still needed to close gaps.

Returning to the discussion from the previous page, smaller units are relatively affordable compared to larger units, but new construction is still expensive by Eau Claire County historical market standards. A household can afford a unit priced at roughly three times the household's annual income. So, for example, a \$300,000 house is affordable to a household with an income of \$100,000. If public policy in Eau Claire County desires to see a household with a lower income purchase that new \$300,000 house, then it must find the difference to close the gap. The table to the right illustrates the affordability gap that must be closed for different household incomes and different sale prices.

Per Unit Subsidy for Buyers, by Income and Sale Price



Total Development Costs and Final Sale Price	Target Buyer Household income					
	\$50,000	\$60,000	\$70,000	\$80,000	\$90,000	\$100,000
\$250,000	\$100,000	\$70,000	\$40,000	\$10,000		
\$275,000	\$125,000	\$95,000	\$65,000	\$35,000	\$5,000	
\$300,000	\$150,000	\$120,000	\$90,000	\$60,000	\$30,000	
\$325,000	\$175,000	\$145,000	\$115,000	\$85,000	\$55,000	\$25,000
\$350,000	\$200,000	\$170,000	\$140,000	\$110,000	\$80,000	\$50,000
\$375,000	\$225,000	\$195,000	\$165,000	\$135,000	\$105,000	\$75,000
\$400,000	\$250,000	\$220,000	\$190,000	\$160,000	\$130,000	\$100,000
\$425,000	\$275,000	\$245,000	\$215,000	\$185,000	\$155,000	\$125,000
\$450,000	\$300,000	\$270,000	\$240,000	\$210,000	\$180,000	\$150,000

Source: czb

Affordable rental endeavors will also require subsidy.

For rental-focused activities, subsidy can be **calculated on a monthly basis** (first table) or as a **one time capitalized figure** that is roughly one hundred times the monthly cost (second table). The figures are based on the gap between what a household can afford at a given income (using the metric of 30% of gross income), and the rent demanded for a given unit. Whether it is a public housing unit, a unit being partially covered by a Housing Choice Voucher, a fully private market-rate unit, or a rehabbed affordable unit owned by a nonprofit or landlord, **affordability is always a matter of the gap between what housing costs and what a household can afford to pay.**

Monthly Subsidy for Renters, by Income and Rent



Monthly Rent	SUBSIDY						
	Target Renter Household income						
	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000	
\$500							
\$750	\$250						
\$900	\$400	\$150					
\$1,000	\$500	\$250					
\$1,250	\$750	\$500	\$250				
\$1,500	\$1,000	\$750	\$500	\$250			
\$1,750	\$1,250	\$1,000	\$750	\$500	\$250		
\$2,000	\$1,500	\$1,250	\$1,000	\$750	\$500	\$250	

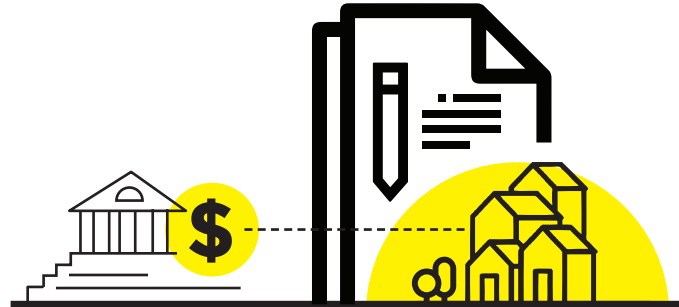
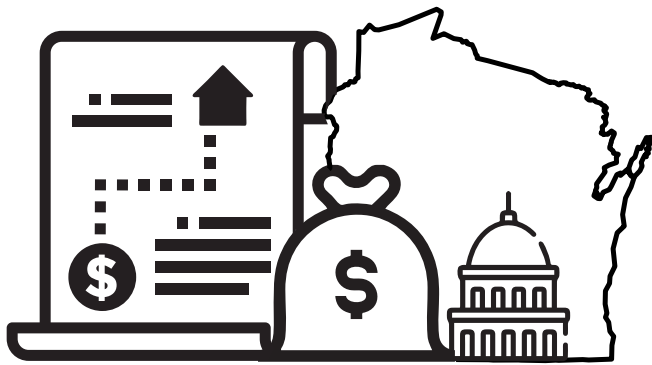
One-Time Capital Subsidy for Renters, by Income and Rent

Monthly Rent	SUBSIDY						
	Target Renter Household income						
	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000	
\$500							
\$750	\$25,000						
\$900	\$40,000	\$15,000					
\$1,000	\$50,000	\$25,000					
\$1,250	\$75,000	\$50,000	\$25,000				
\$1,500	\$100,000	\$75,000	\$50,000	\$25,000			
\$1,750	\$125,000	\$100,000	\$75,000	\$50,000	\$25,000		
\$2,000	\$150,000	\$125,000	\$100,000	\$75,000	\$50,000	\$25,000	

Source: czb

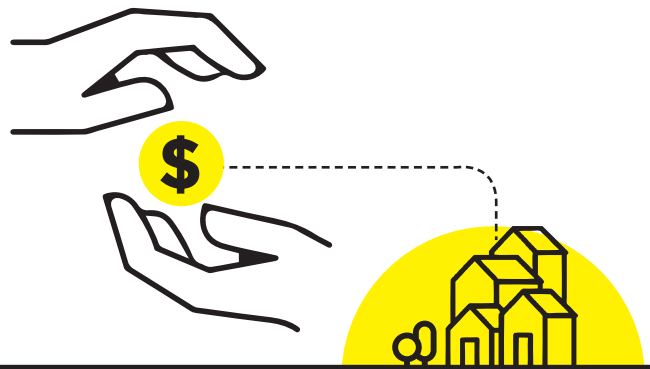
Limited revenue options for Wisconsin local governments requires careful thought and wise choices.

Wisconsin state law governing revenue generation for counties and municipalities is restrictive and inflexible, especially when it comes to housing-related activities. With property tax levy limits in place, and little to no ability to impose new dedicated taxes, the county and municipalities may consider the following options to pay for new housing initiatives.



Allocation or Reallocation of Existing Revenues

Public spending priorities are choices made locally. Total revenues collected may be constrained, but communities have discretion in how they use their funds. Allocating resources from general government funds for housing activities should be an option if those housing activities are considered public priorities. The most innovative and effective housing-related programs are nearly always funded by locally generated government revenues.



One-Time Monies and Grants

Local governments from time to time find themselves with budget surpluses, unspent funds of various kinds, or unexpected revenue sources such as federal funding from the American Rescue Plan Act (ARPA) or leftover funds upon the closure of a Tax Increment Financing (TIF) district. These are all opportunities to set funds aside for affordable housing opportunities. State and federal grants should be considered carefully, and likely applied to housing activities already underway, since they are usually governed by strict rules and will not be a good fit for many of the activities described in the Big Ideas.

Philanthropic Partnerships





Private philanthropic organizations can provide dedicated and relatively unrestricted (compared to other sources) financial support for new housing-related activities. These organizations come in different forms in different places. They may be family, corporate, or hospital foundations invested in solving problems locally.

Appendix



Online Survey Results

As part of the Eau Claire Regional Housing Study, an online survey was made available to the public during April 2023. The survey, which received approximately 400 responses, corroborated other findings of the project team.






Q1. Where do you live?

	Count	Percent	
Eau Claire (within city limits)	253	62.62%	
Altoona (within city limits)	29	7.18%	
Elsewhere in Eau Claire County (outside both Eau Claire and Altoona)	103	25.5%	
Outside Eau Claire County	19	4.7%	
Total	404	100%	








Q2. Do you live in a renter-occupied or owner-occupied home?

	Count	Percent	
I/we rent the home	97	24.01%	
I/we own the home	307	75.99%	
Total	404	100%	

Q3. How many people live in your household?

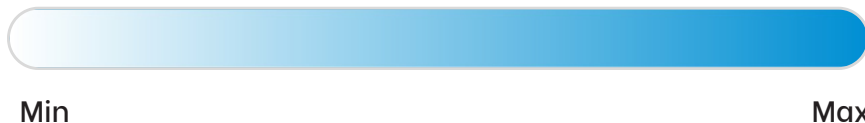
	Count	Percent	
1 (I live alone)	66	16.34%	
2 (I live with one other person)	171	42.33%	
3	58	14.36%	
4	66	16.34%	
5 or more	43	10.64%	
Total	404	100%	

Q4. What is your age range?

	Count	Percent	
Less than 25 years old	18	4.46%	
25-29 years old	20	4.95%	
30-34 years old	48	11.88%	
35-39 years old	45	11.14%	
40-49 years old	91	22.52%	
50-64 years old	101	25%	
65 years old, or older	81	20.05%	
Total	404	100%	

Q5. How important do you think the following issues are to address across the Eau Claire Region? (Choose within the range from “Not at All Important” to “Extremely Important.” If you have no opinion or don’t know, choose “Don’t Know or I Have No Opinion.”)




	Not at all important	Slightly important	Moderately important	Very important	Extremely important	Don't Know or I have no opinion	Overall
Too few housing choices for downsizing seniors	18 4.46%	45 11.14%	99 24.5%	98 24.26%	91 22.52%	53 13.12%	404 100%
Inadequate maintenance of older homes and residential structures	11 2.72%	47 11.63%	105 25.99%	119 29.46%	98 24.26%	24 5.94%	404 100%
Too few quality rental housing options at all price points	33 8.17%	29 7.18%	53 13.12%	85 21.04%	191 47.28%	13 3.22%	404 100%
Increasing number of rental properties in majority homeowner neighborhoods	79 19.55%	61 15.1%	78 19.31%	67 16.58%	84 20.79%	35 8.66%	404 100%
Too little availability of entry level homes on the market	15 3.71%	43 10.64%	57 14.11%	103 25.5%	175 43.32%	11 2.72%	404 100%
Possible housing sprawl beyond current Eau Claire city limits	57 14.11%	49 12.13%	78 19.31%	74 18.32%	105 25.99%	41 10.15%	404 100%
Possible housing sprawl beyond current Altoona city limits	60 14.85%	49 12.13%	72 17.82%	59 14.6%	89 22.03%	75 18.56%	404 100%
Too few stable, affordable, good quality housing options for the most economically vulnerable (low-wage single-earner households, those at risk of homelessness, etc)	19 4.7%	37 9.16%	37 9.16%	55 13.61%	246 60.89%	10 2.48%	404 100%



Q6. Rank the following housing-related issues in order of how important they are to address within the Eau Claire Region, from 1-8 (1 being most important and 8 being least important) as you see it:

	Average Rank	#1 <i>(Highest)</i>	#2	#3	#4	#5	#6	#7	#8 <i>(Lowest)</i>
Too few stable, affordable, good quality housing options for the most economically vulnerable (low-wage single-earner households, those at risk of homelessness, etc)				3.19					
Too few quality rental housing options at all price points	3.47			3.47					
Too little availability of entry level homes on the market	3.56			3.56					
Too few housing choices for downsizing seniors	4.47				4.47				
Inadequate maintenance of older homes and residential structures	4.58								
Possible housing sprawl beyond current Eau Claire city limits	5.26					5.26			
Increasing number of rental properties in majority homeowner neighborhoods	5.28					5.28			
Possible housing sprawl beyond current Altoona city limits	6.19						6.19		

Q7. Are you currently exploring, or do you have plans to explore, downsizing to a smaller home in the Eau Claire Region in the coming years?



	Count	Percent	
Yes, I plan to downsize or at least explore downsizing options.	78	19.31%	
No, because I plan to stay in my current home in my later years.	147	36.39%	
No, because I am either 1) a renter or; 2) an owner not looking to downsize any time soon or; 3) I plan to move away from the Eau Claire Region.	179	44.31%	
Total	404	100%	

Q8. How important are the following attributes to you in your next home if you are able to successfully downsize? (Choose within the range from “Not at All Important” to “Extremely Important.” If you have no opinion or don’t know, choose “Don’t Know or I Have No Opinion.”)







	Not at all important	Slightly important	Moderately important	Very important	Extremely important	Don't Know or I have no opinion	Overall
Single-story living without stairs	1 1.33%	6 8%	12 16%	17 22.67%	39 52%	0 0%	75 100%
Limited or no exterior maintenance	3 4%	6 8%	12 16%	26 34.67%	28 37.33%	0 0%	75 100%
Limited or no interior maintenance	8 10.67%	10 13.33%	24 32%	15 20%	18 24%	0 0%	75 100%
New or relatively recent construction	16 21.33%	17 22.67%	24 32%	5 6.67%	12 16%	1 1.33%	75 100%
Not having to take on a mortgage	8 10.67%	10 13.33%	17 22.67	12 16%	28 37.33%	0 0%	75 100%
Owning the unit or property	5 6.67%	9 12%	22 29.33%	17 22.67%	18 24%	4 5.33%	75 100%
Being a renter with no ownership responsibility	28 37.33%	15 20%	16 21.33%	6 8%	7 9.33%	3 4%	75 100%
Remaining relatively nearby where I currently live	15 20%	9 12%	26 34.67%	13 17.33%	11 14.67%	1 1.33%	75 100%









Q9. Are you confident you will be able to find a downsizing solution that works for you in the Eau Claire Region?

	Count	Percent	
Yes	20	26.67%	
No	55	73.33%	
Total	75	100%	




Q10. Which of the following might be obstacles in finding a downsizing solution in the Eau Claire Region? (check all that apply)

	Count	Percent	
There is too little supply of the type of unit or property that I am looking for.	36	34.29%	
There is sufficient supply, but it costs more than I am willing to pay.	23	21.9%	
It would require me to take on a new mortgage and I do not want to do so.	12	11.43%	
I want to rent, but there are not good rental options.	14	13.33%	
I want to stay near my current home, but there are not good options near my current home.	14	13.33%	
Other	6	5.71%	
Total	105	100%	



Q11. (Skip from Q7) If you plan to stay in your home in your later years, which of the following contributes to your desire and ability to stay in your home? (check all that apply)

	Count	Percent	
The home no longer has a mortgage and I want to continue living mortgage-free.	45	14.24%	
The home is already set up well for me to age in place.	84	26.58%	
I am in good health and able to climb stairs, maintain the property, etc.	84	26.58%	
I have family, friends, paid help, etc. who will help in ways that enable me to stay in the home.	29	9.18%	
I have made improvements to the home that will make it more workable as I age.	48	15.19%	
Other	26	8.23%	
Total	316	100%	







Q12. (Skip from Q7) Do you hope to buy a home in the next few years in the Eau Claire Region?

	Count	Percent	
Yes, I am a first-time buyer looking for a home in the Eau Claire Region.	49	27.53%	
Yes, I currently own a home but hope to buy another home in the Eau Claire Region that better suits my needs.	27	15.17%	
No, I am not looking to buy in the Eau Claire Region.	102	57.3%	
Total	178	100%	



Q13. (Skip from Q12) As a first-time buyer, are you confident you will be able to find a home that works for you in the Eau Claire Region?

	Count	Percent	
Yes	2	4.08%	
No	47	95.92%	
Total	49	100%	







Q14. If you answered no, which of the following might be obstacles to buying your first home? (check all that apply)

	Count	Percent	
There is too little supply of the type of unit or property that I am looking for on the market so I cannot find the right home.	35	28.69%	
In general, there is sufficient supply on the market, but I don't think the age, condition, and/or size are worth the prices being asked.	22	18.03%	
I lack a sufficient down payment.	24	19.67%	
My total household income or credit is not sufficient to qualify for the mortgage I would need.	11	9.02%	
The recent increase in mortgage interest rates has limited my purchasing power.	24	19.67%	
Other	6	4.92%	
Total	122	100%	



Q15. (Skip from Q12) As a “move up” buyer hoping to sell one home and buy another, are you confident you will be able to find a home that works for you in the Eau Claire Region?

	Count	Percent	
Yes	9	33.33%	
No	18	66.67%	
Total	27	100%	



Q16. If you answered no, which of the following might be obstacles? (check all that apply)

	Count	Percent	
There is too little supply of the type of unit or property that I am looking for on the market so I cannot find the right home.	13	37.14%	
In general, there is sufficient supply on the market, but I don't think the age, condition, and/or size are worth the prices being asked.	8	22.86%	
I lack a sufficient down payment.	2	5.71%	
My total household income or credit is not sufficient to qualify for the mortgage I would need.	6	17.14%	
The recent increase in mortgage interest rates has limited my purchasing power.	5	14.29%	
Other	1	2.86%	
Total	35	100%	






Q17. (Skip from Q12) Are you a renter?

	Count	Percent	
Yes	36	35.64%	
No	65	64.36%	
Total	101	100%	

Q18. As a renter, have you been satisfied with your options in the rental market?

	Count	Percent	
Yes	5	13.89%	
No	31	86.11%	
Total	36	100%	

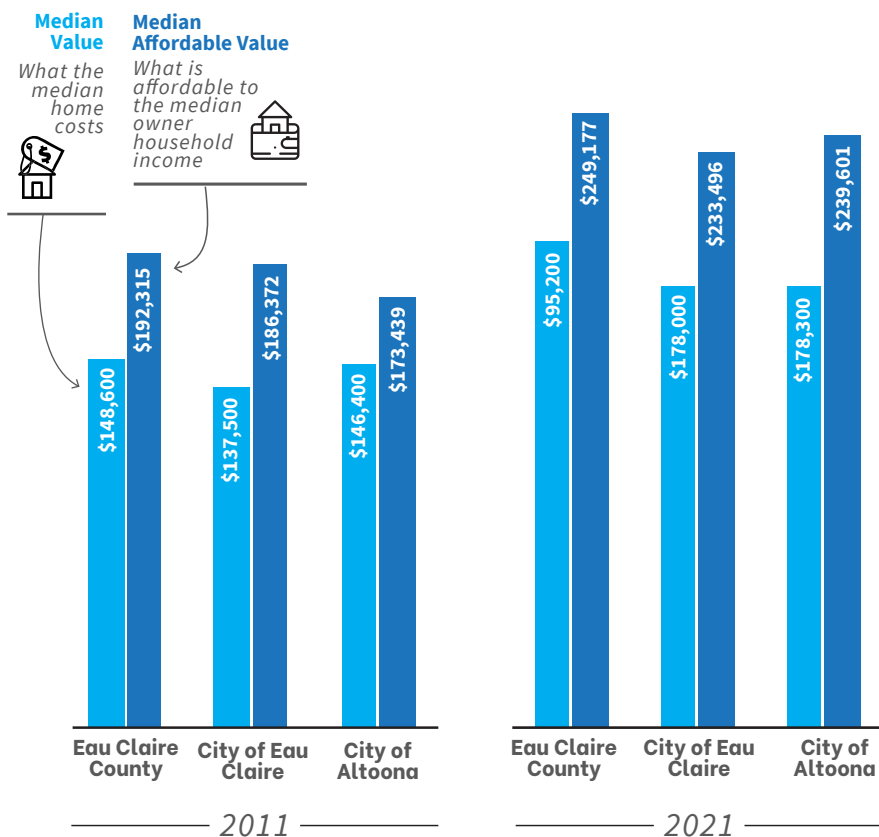
Q19. If you answered no, which of the following have been obstacles? (check all that apply)

	Count	Percent	
Too few options in general.	22	25%	
Overall poor quality of rental offerings.	24	27.27%	
Good quality rentals cost more than I can afford.	26	29.55%	
Challenges with landlords.	11	12.5%	
Other	5	5.68%	
Total	88	100%	

Data and Analysis

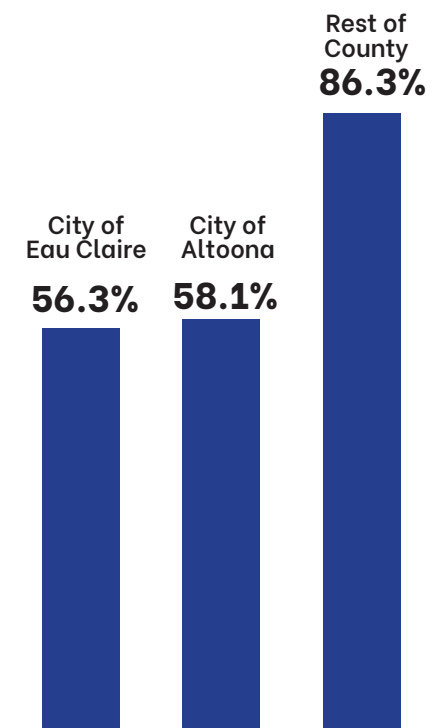
In the course of the analysis, numerous data insights emerged which were interesting, but not core to the story of the county's housing market. They are included here for reference. Unless otherwise noted, data here are displayed by the following sub-geographies: Eau Claire, Altoona, and the rest of Eau Claire County.

Median Value and Median Affordable Value, 2011 and 2021



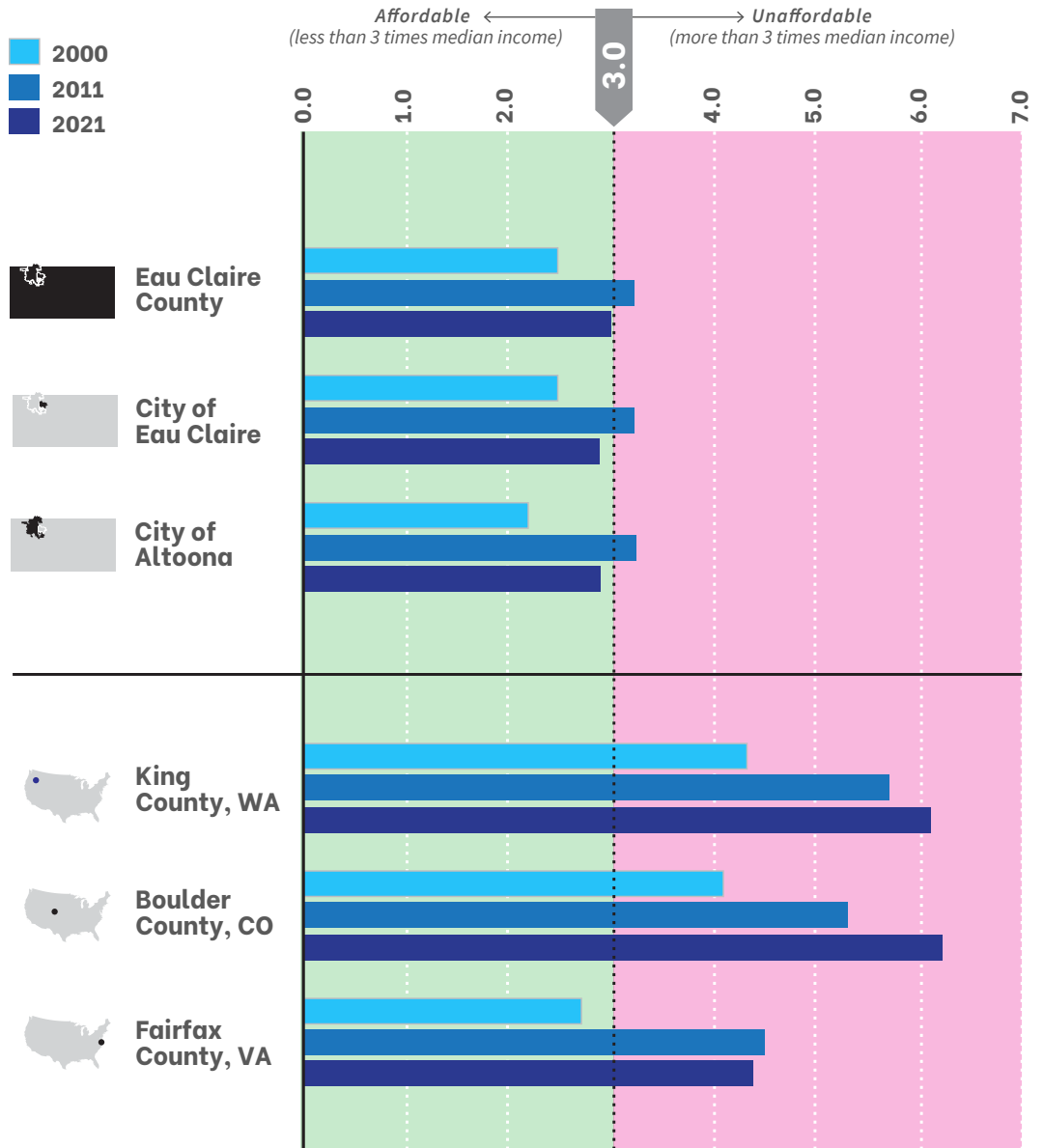
Source: czb analysis of data from Decennial Census and ACS Five Year Estimates

Estimated Percentage of Households that are Owner-Occupied, 2021



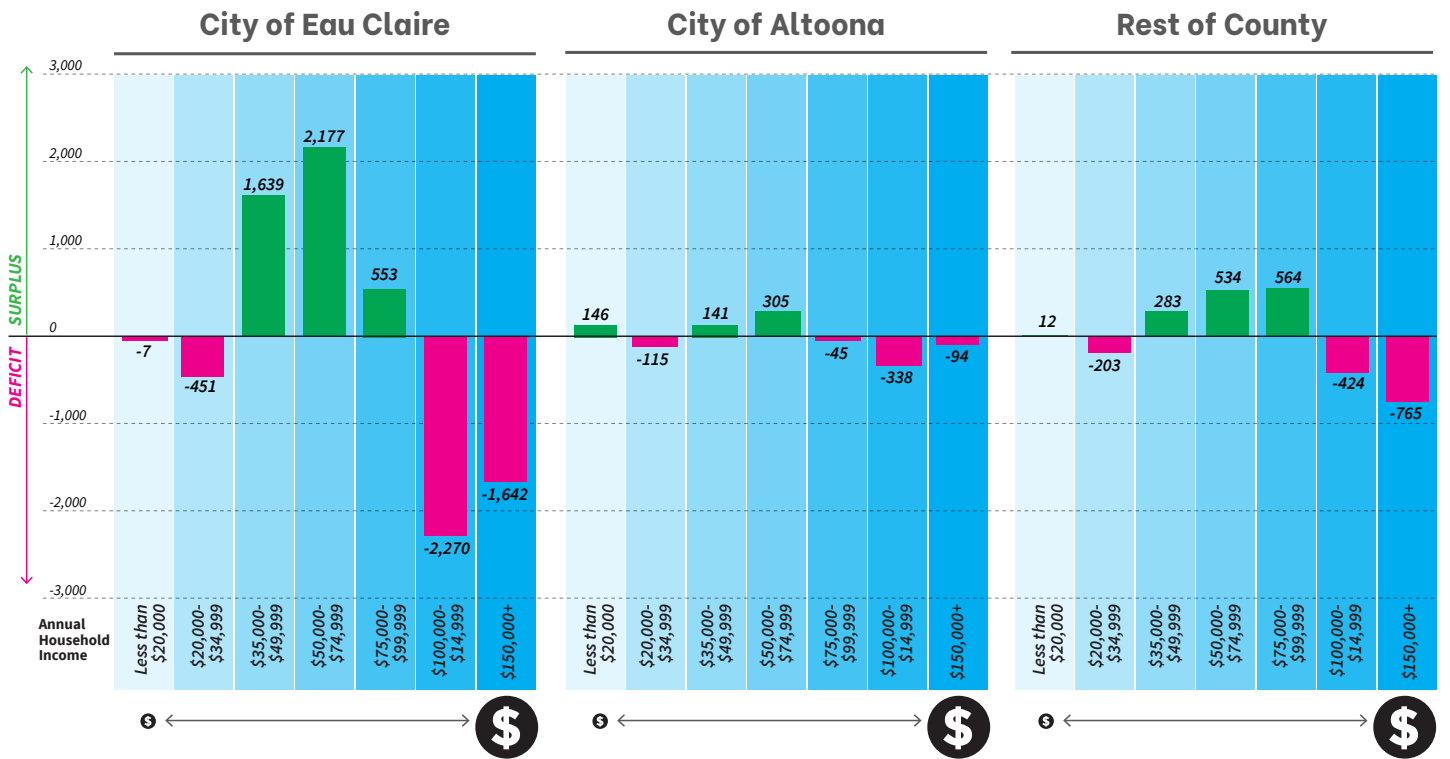
Source: ACS Five Year Estimates

Ratio of Median Owner-Occupied Value to Median Household Income, 2000, 2011, 2021



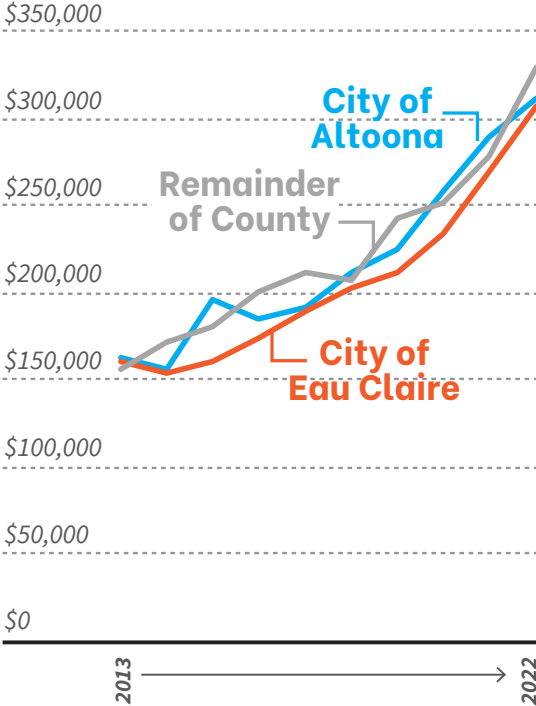
Source: czb analysis of data from Decennial Census and ACS Five Year Estimates

Gap Analysis for Ownership Market: Difference Between Number of Affordable Units and Number of Households, by Income, 2021

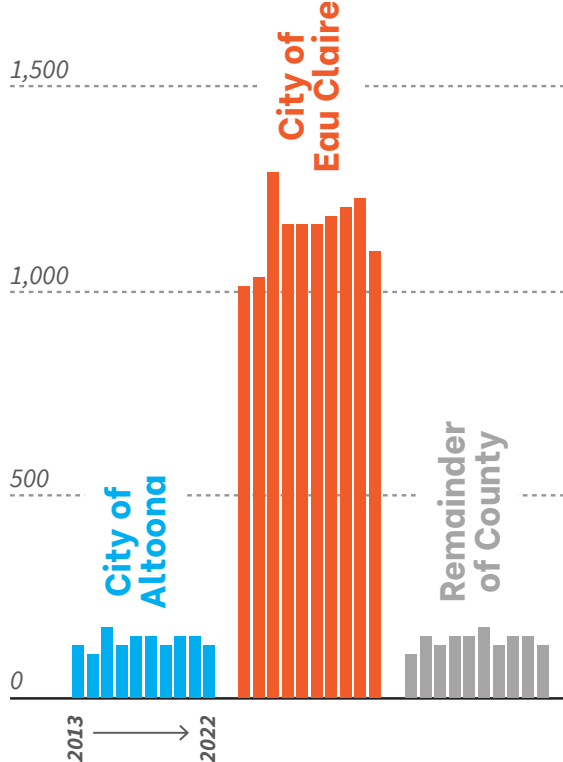


Source: czb analysis of data from ACS Five Year Estimates

Average Sale Price, 2013-2022

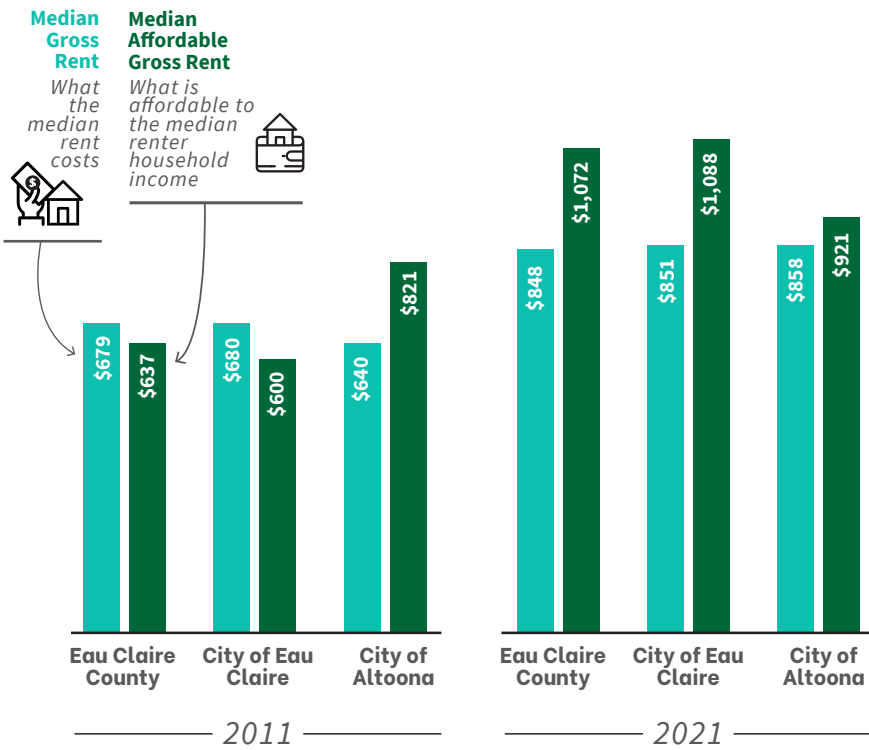


Number of Home Sales, 2013-2022



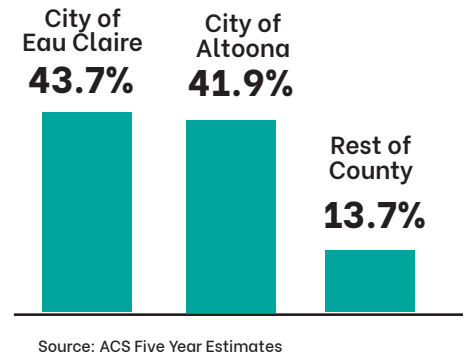
Source: Northwestern Wisconsin Multiple Listing Service, courtesy of the Realtors® Association of Northwestern Wisconsin

Median Value and Median Affordable Rent, 2011 and 2021

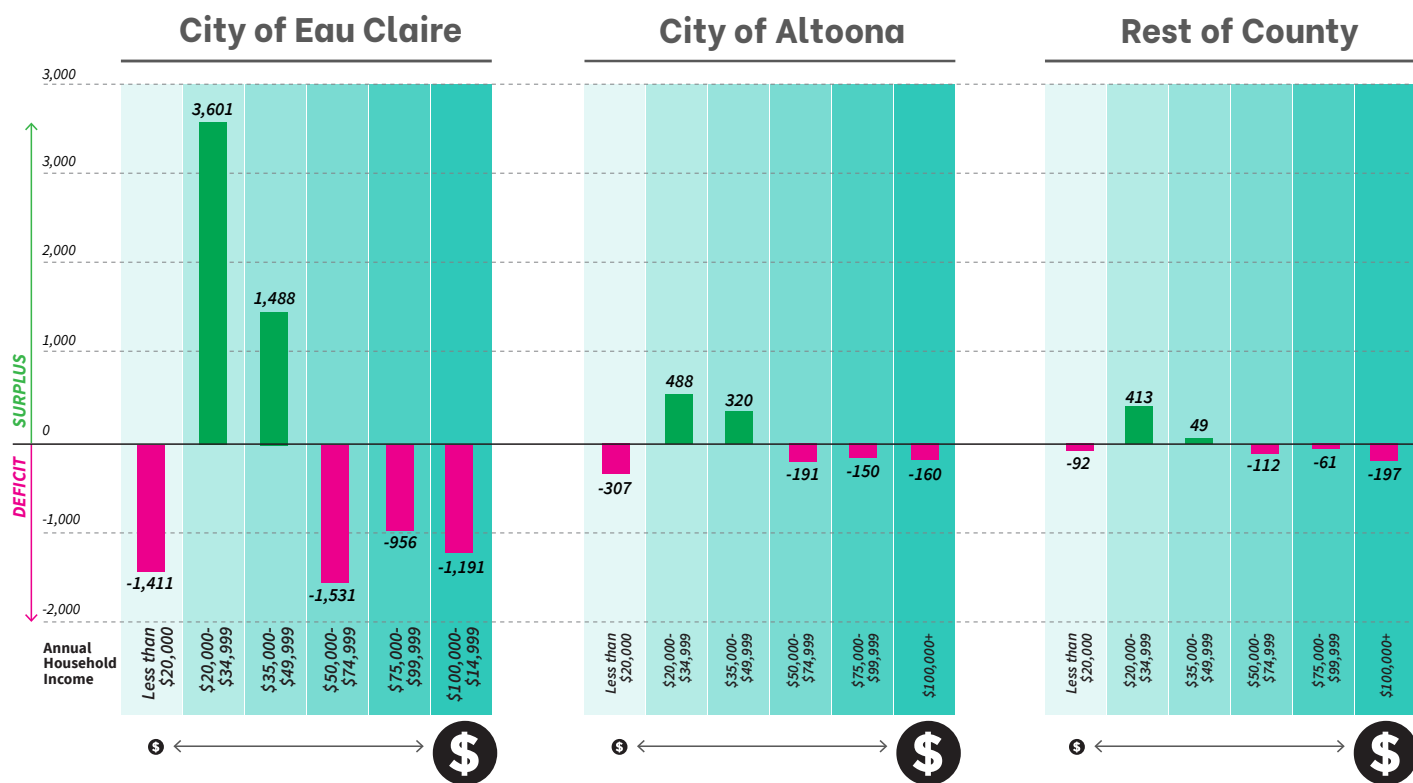


Source: czb analysis of data from ACS Five Year Estimates

Estimated Percentage of Households that are Renter-Occupied, 2021

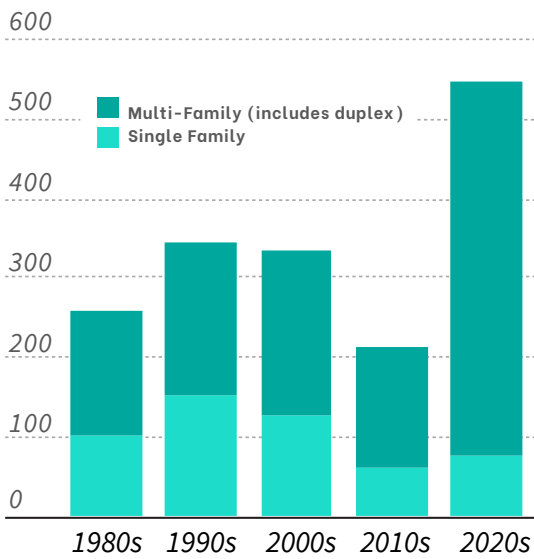


Gap Analysis for Rental Market: Difference Between Number of Affordable Units and Number of Households, by Income, 2021



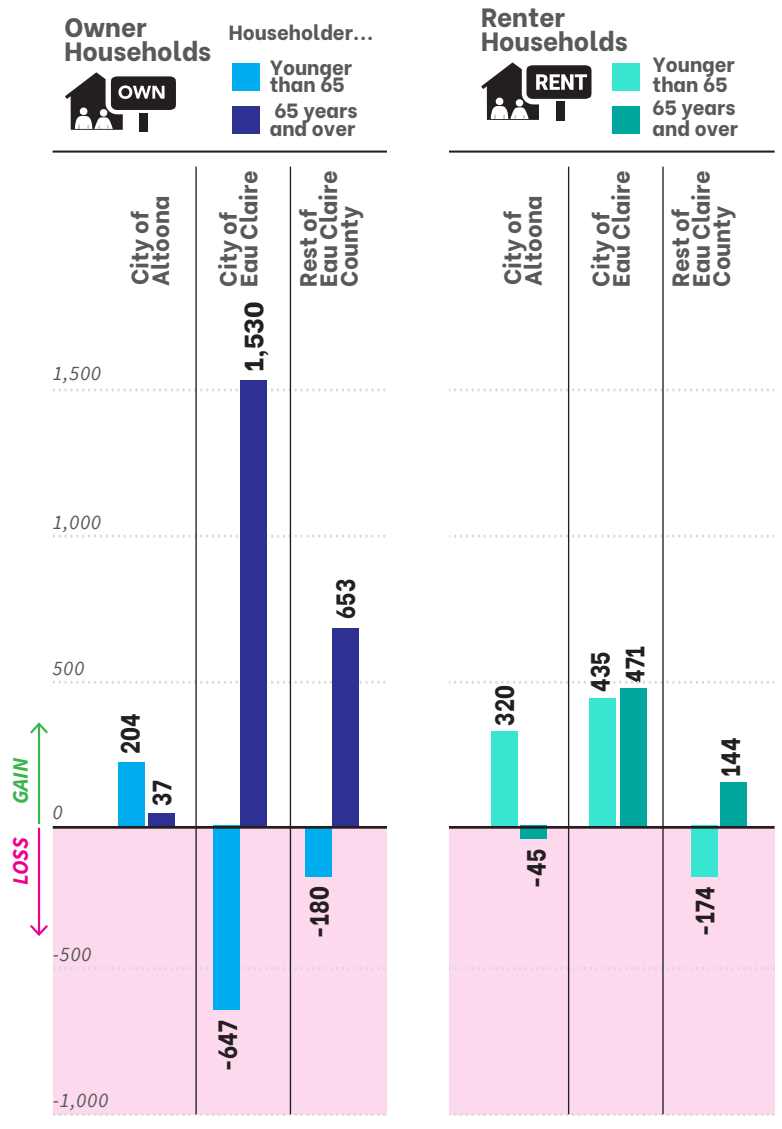
Source: czb analysis of data from ACS Five Year Estimates

City of Eau Claire Average Annual Housing Unit Production by Type and Decade



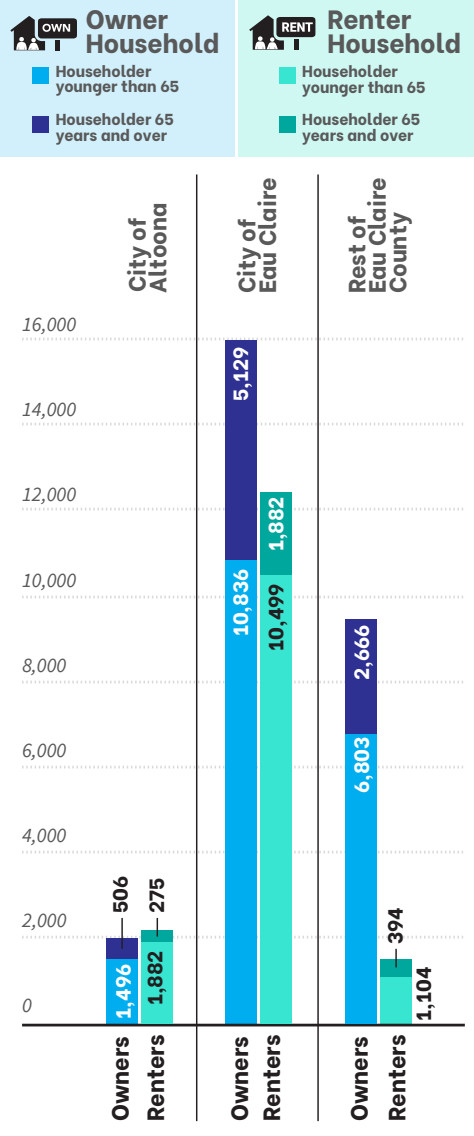
Source: City of Eau Claire

Change in Owner and Renter Households by Age, 2011-2021



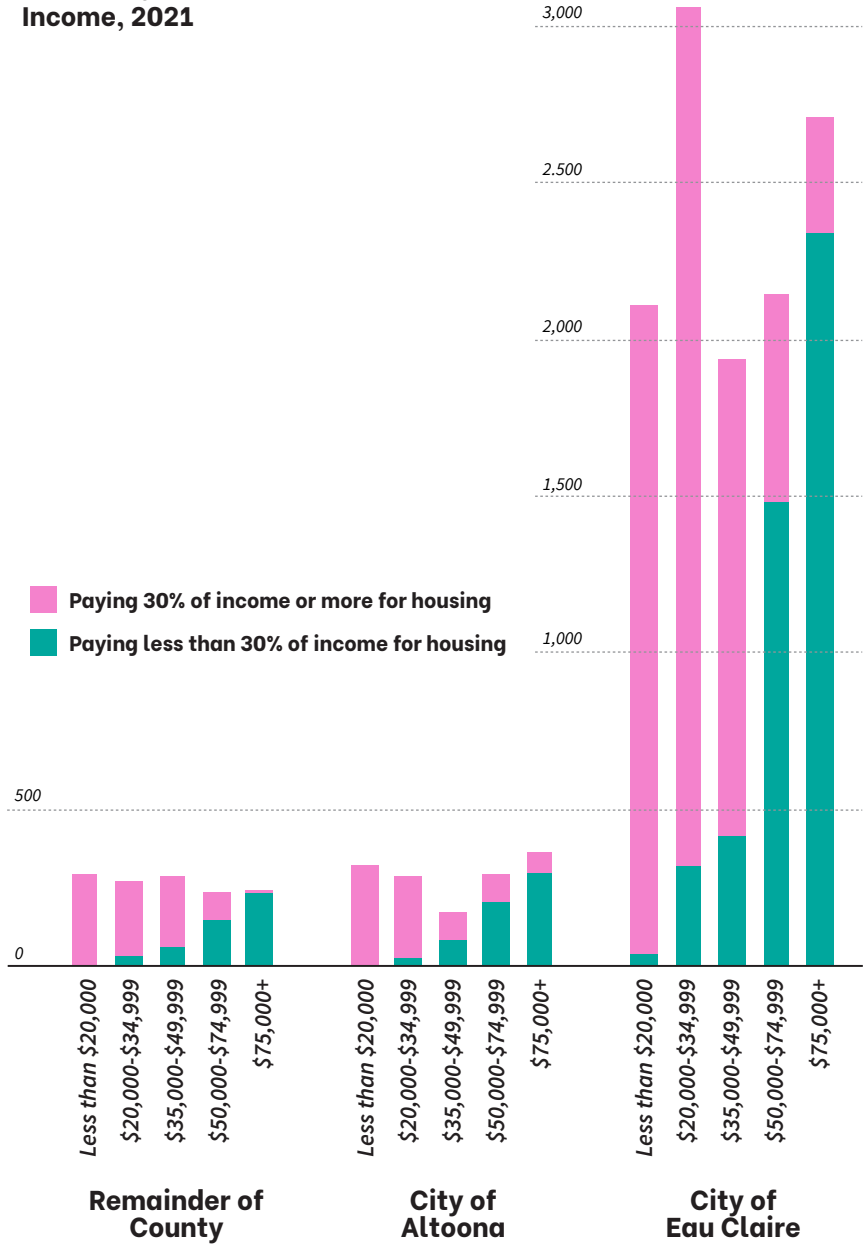
Source: czb analysis of data from ACS Five Year Estimates

Number of Owner and Renter Households by Age, 2021



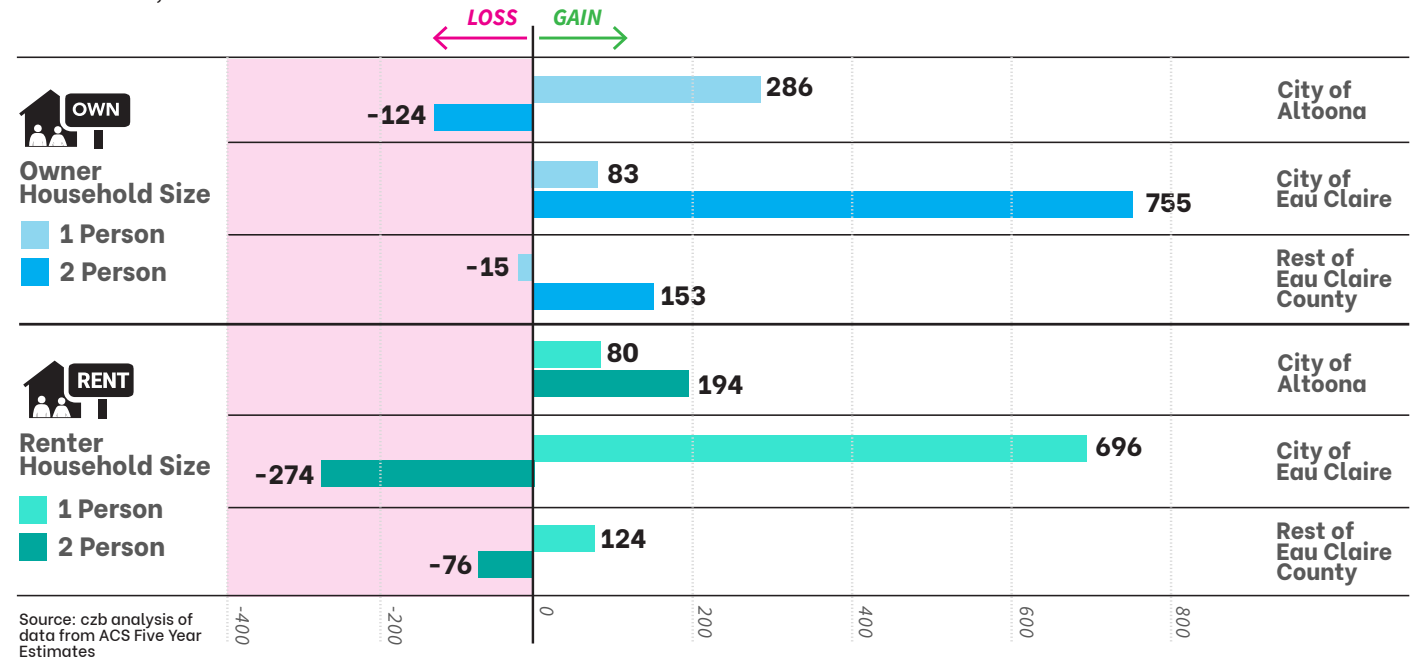
Source: czb analysis of data from ACS Five Year Estimates

Cost Burdened Renters by Income, 2021

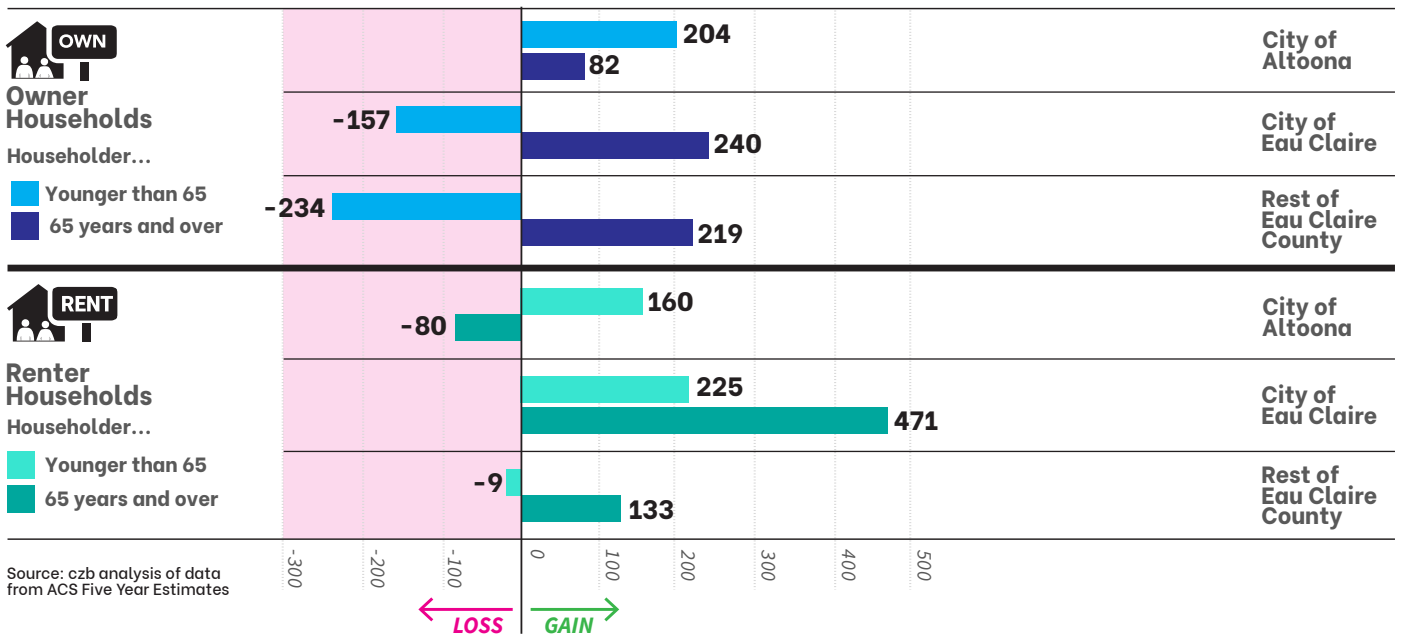


Source: czb analysis of data from ACS Five Year Estimates

Change in Number of 1 or 2 Person Households, 2011-2021



Change in Households Living Alone by Age, 2011-2021



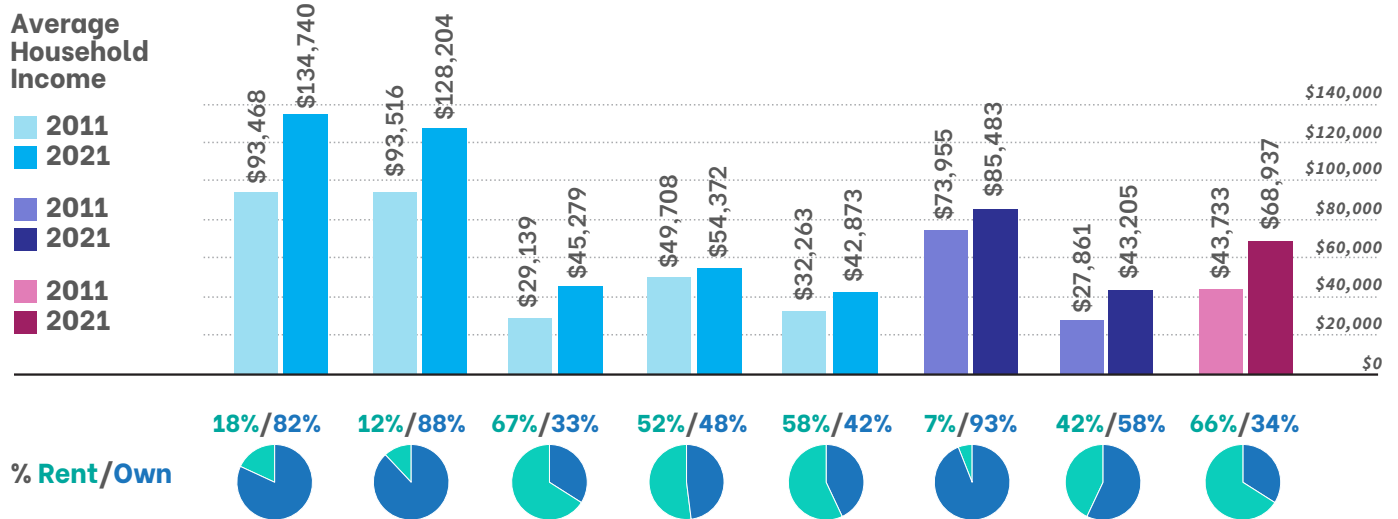
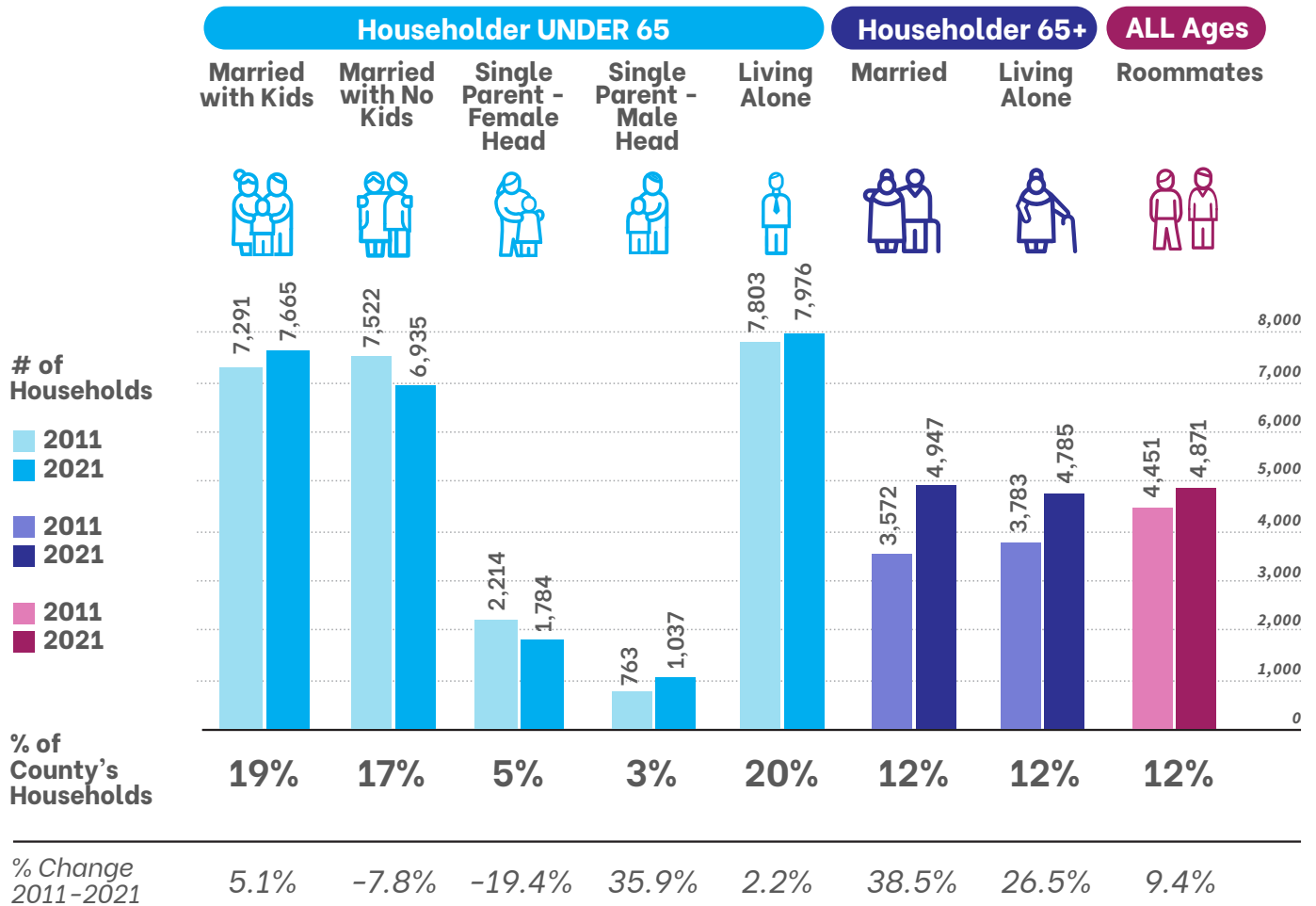
**Population and Household Change by Decade,
Selected Geographies, 2000-2020**

	% Change in Population		% Change in Households	
	2000-2010	2010-2020	2000-2010	2010-2020
Twin Cities Metro Area	11%	11%	12%	11%
Milwaukee County	1%	-1%	2%	3%
Dane County (Madison)	14%	15%	17%	17%
Brown County (Green Bay)	9%	8%	13%	10%
Dunn County	10%	4%	14%	6%
Chippewa County	13%	6%	14%	8%
Eau Claire County	6%	7%	10%	9%
City of Eau Claire	7%	5%	12%	8%
City of Altoona	0%	24%	0%	23%

Source: U.S. Decennial Census

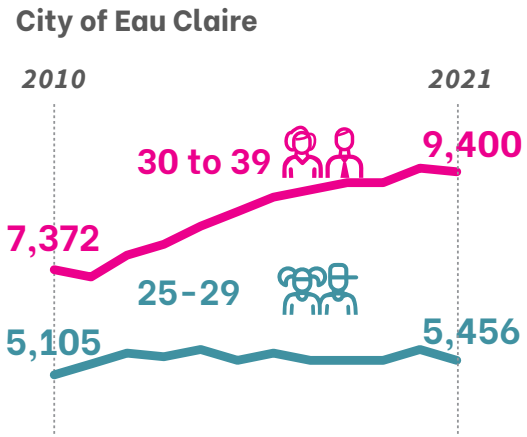
Characteristics of Eau Claire County Households, 2011 vs 2021

Household Type



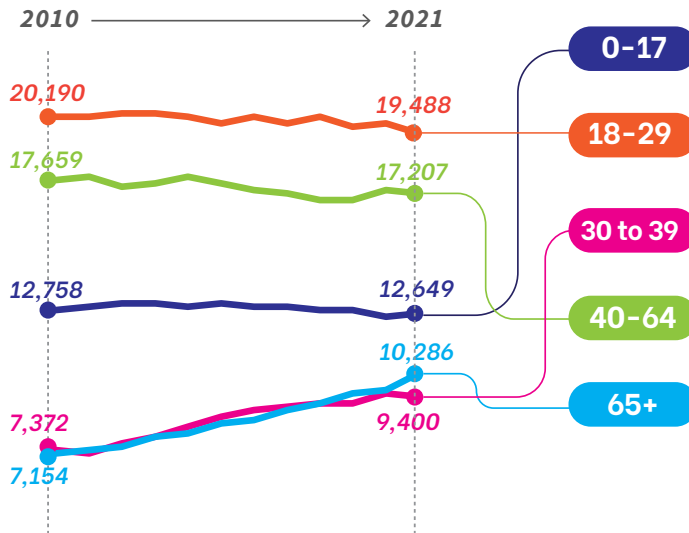
Source: czb analysis of data from ACS Five Year Estimates.

**Millennials Rising: Population
Ages 30-39, City of Eau Claire**



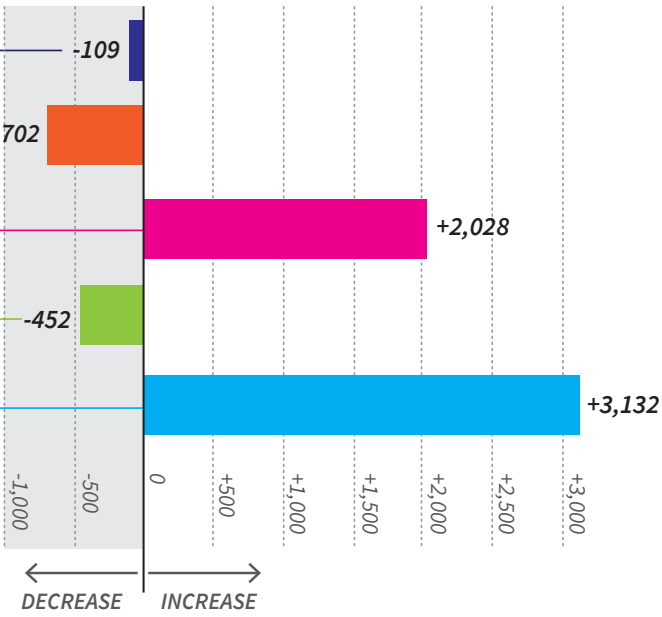
Source: ACS Five Year Estimates

Eau Claire Population by Age 2010-2021



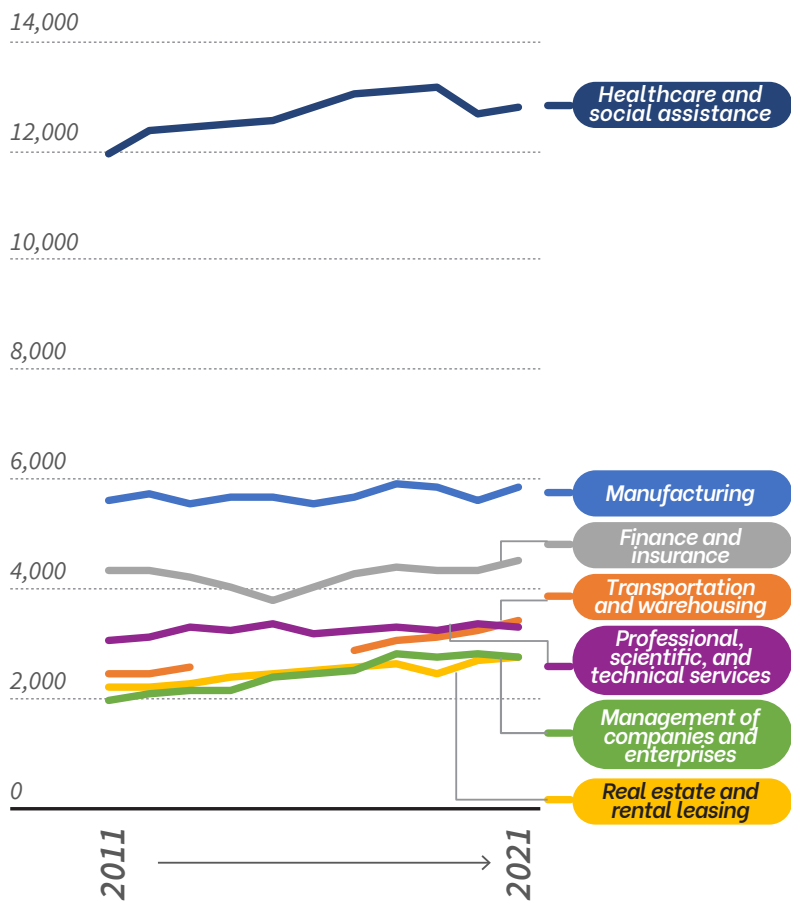
Source: ACS Five Year Estimates

Eau Claire Population Change by Age 2010-2021



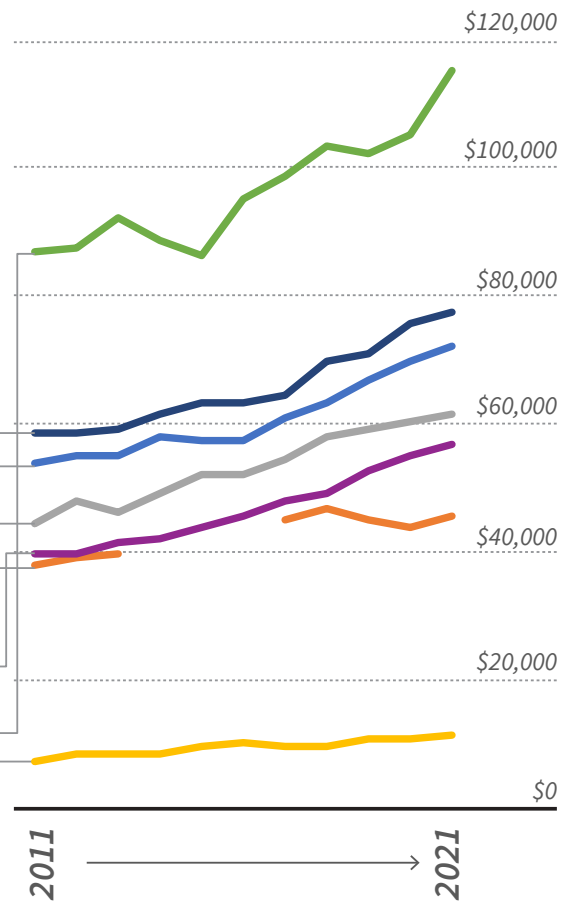
Source: ACS Five Year Estimates

Total Full and Part Time Employment, Eau Claire County, Selected Industries, 2011-2021



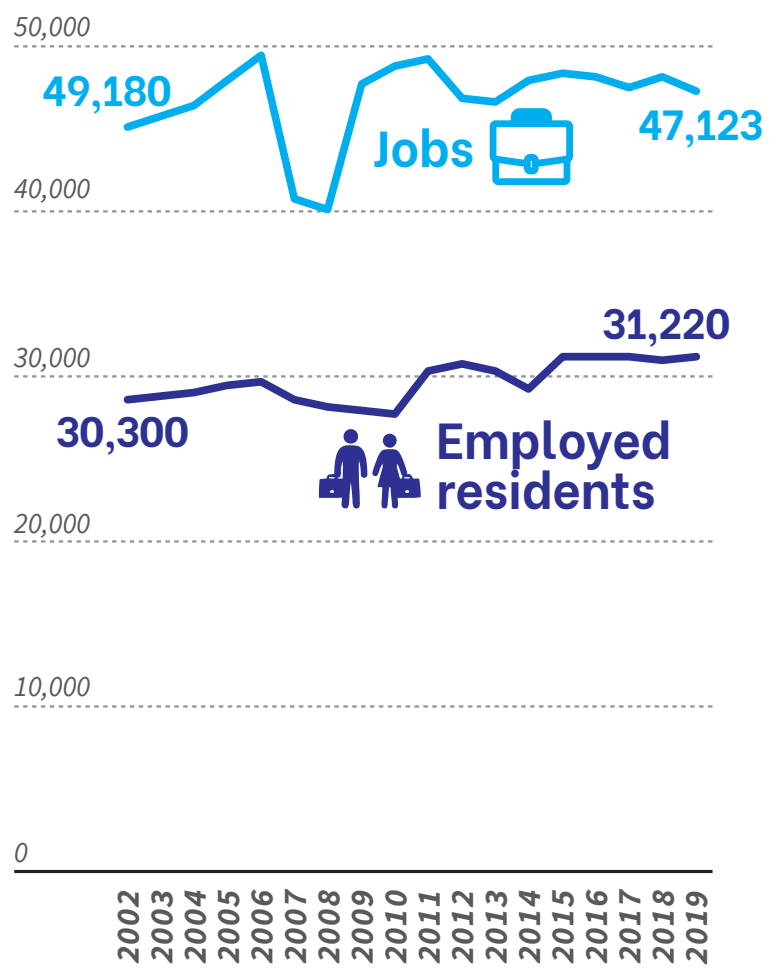
Source: Bureau of Economic Analysis

Average Compensation per Job, Eau Claire County, Selected Industries, 2011-2021



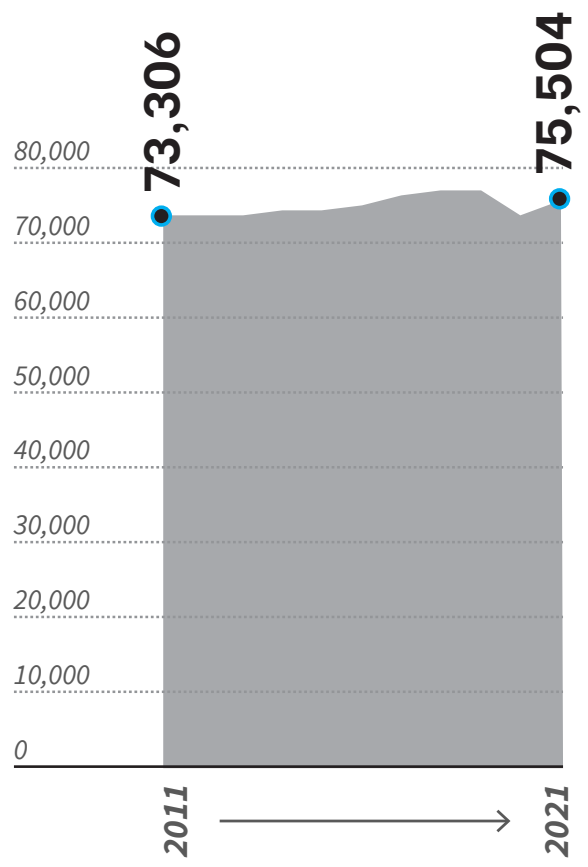
Source: Bureau of Economic Analysis

Jobs and Employed Residents in City of Eau Claire, 2002-2019



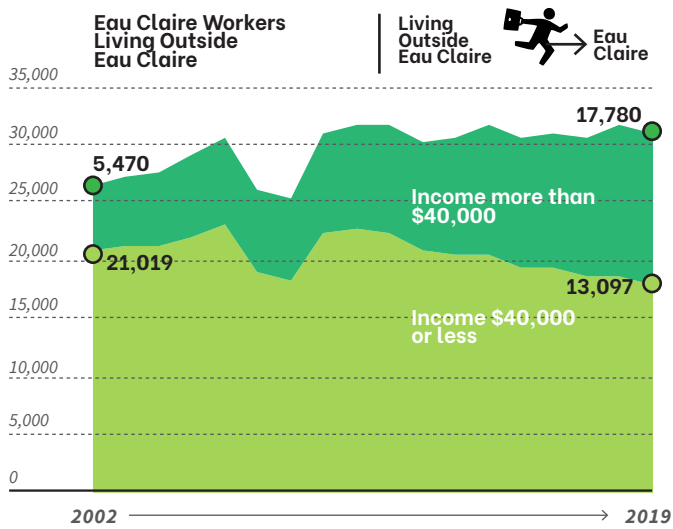
Source: U.S. Census, Center for Economic Studies, accessed via OnTheMap

Total Full and Part Time Employment, Eau Claire County, 2011-2021

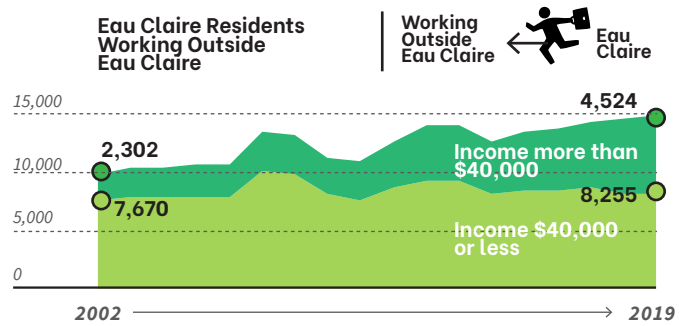


Source: Bureau of Economic Analysis

Eau Claire In-Commuters by Income, 2002-2019

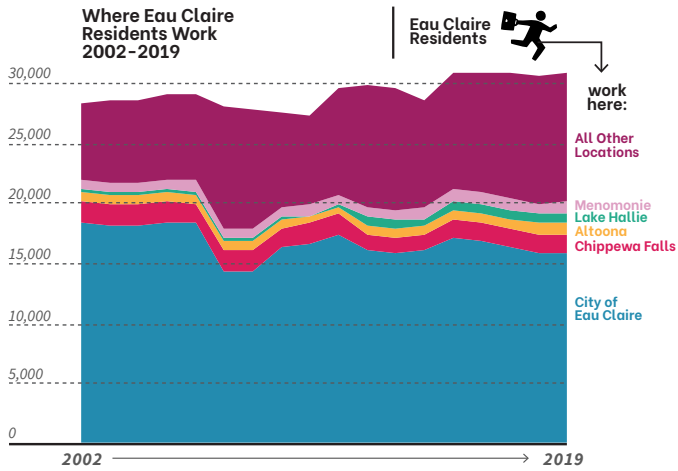


Eau Claire Out-Commuters by Income, 2002-2019

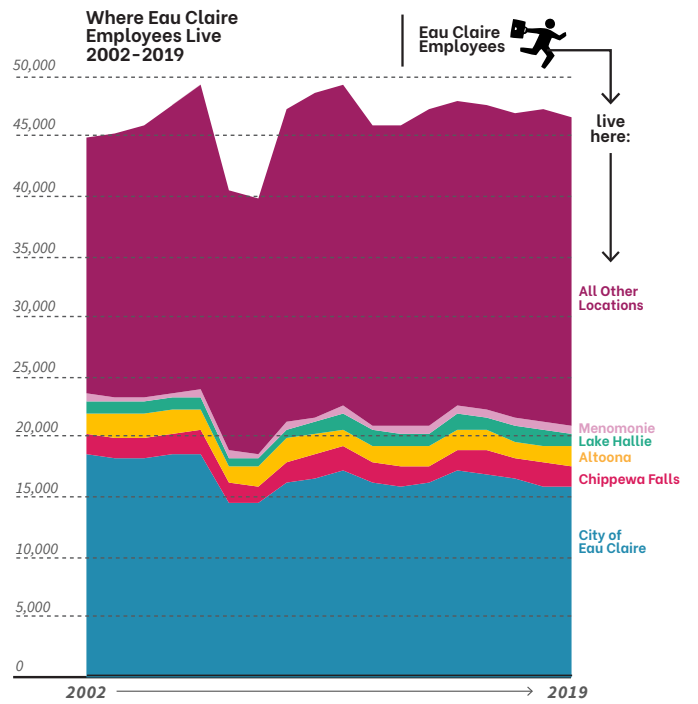


Source: U.S. Census, Center for Economic Studies, accessed via OnTheMap

Eau Claire Out-Commuters by Place of Work, 2002-2019

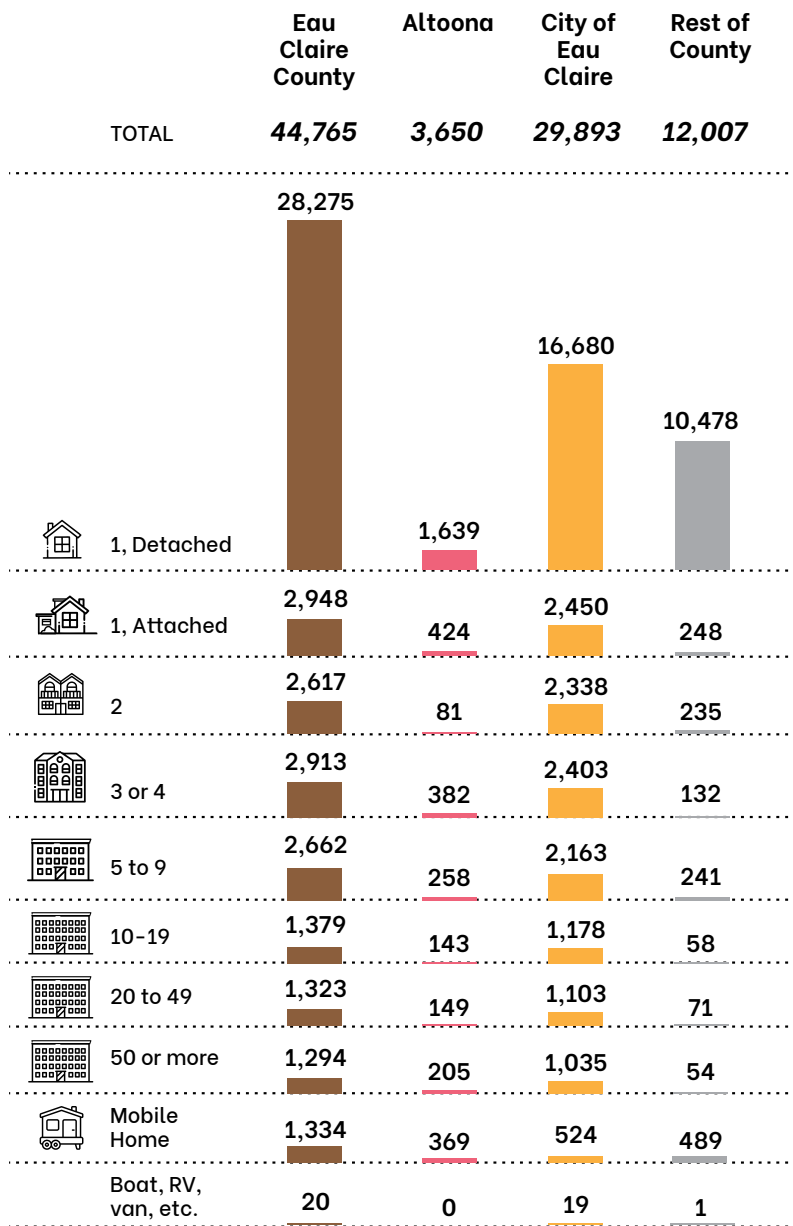


Eau Claire in-Commuters by Place of Work, 2002-2019



Source: U.S. Census, U.S. Census, Center for Economic Studies, accessed via OnTheMap

Number of Units by Units in Structure, 2021



Source: ACS Five Year Estimates

JULY 2023

Eau Claire Regional Housing Study

Prepared for



Prepared by
czbLLC

