

Brief History of Homeownership

Inequality + Time = Intergenerational Poverty and a Wealth Gap

- Not everyone has had the OPPORTUNITY to own a home and build wealth.
- Since our country's founding, someone has been excluded from owning a home:
 - Native Americans, Women, People with disabilities, Immigrants, People of Color
- Structural and Systemic Racism
 - Redlining (HOLOC- Home Owners Loan Corporation)
 - Racially Restrictive Deeds and Covenants
 - Credit Discrimination (Banking Deserts)
- Fair Housing Act of 1968 – Great victory but... flawed in its race neutral.

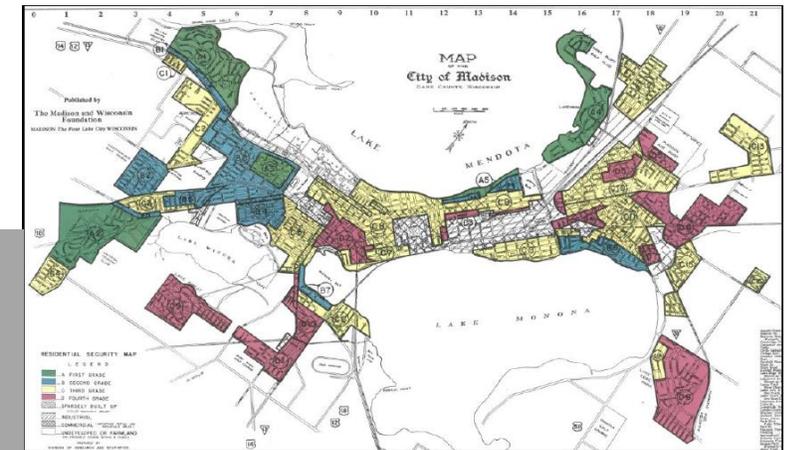
FIGURE 12_RACIALLY RESTRICTIVE COVENANTS

E. The said lots shall be used and occupied by members of the Caucasian race only. This covenant and restriction shall not be interpreted so as to exclude bona fide domestic servants of a different race or nationality employed by an owner or tenant of any of said lots.

(7) No persons of any race other than the Caucasian race shall use or occupy any premises, or any part thereof, in said Sub-division, except that this provision shall not prevent occupancy by domestic servants of a different race domiciled with an owner or tenant.

That no person of any race other than a member of the Caucasian race shall use or occupy any premises, or any part thereof, herein enumerated in said subdivision, except that this provision shall not prevent occupancy by domestic servants of a different race domiciled with an owner or tenant.

Green "Best"
 Blue "Still Desirable"
 Yellow "Declining"
 Red "Hazardous"



Home Owner's Loan Corporation

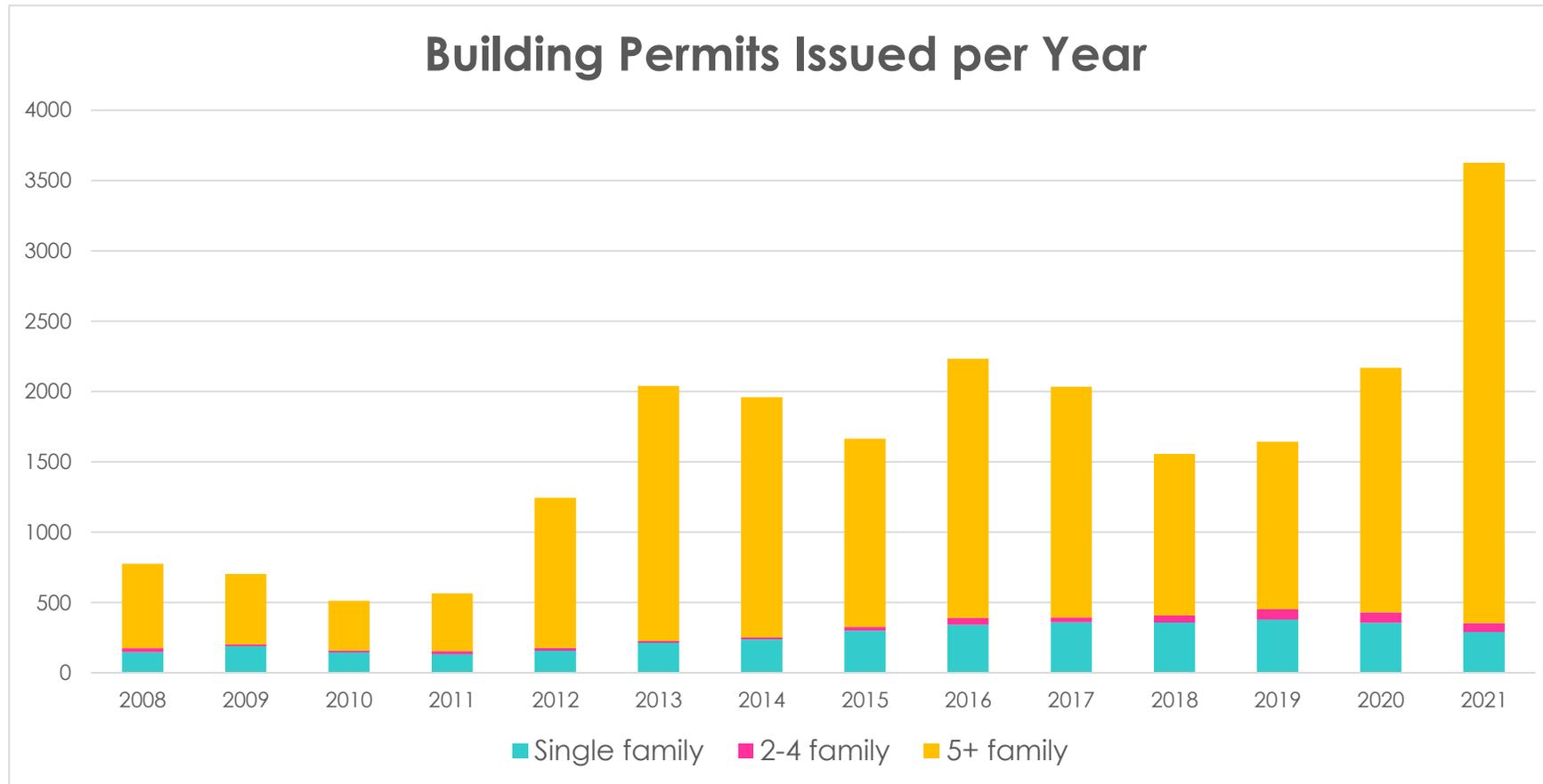
Madison, WI. 1937.

Growth in renter households has slowed *slightly*, but outpaces owner threefold.

	2008-2017		2017-2019	
	CAGR	Total Growth	CAGR	Total Growth
Population	1.5%	13.5%	1%	2.5%
Households	2%	20%	1%	2%
Renter HHs	3.5%	36%	1.5%	3.5%
Owner HHs	0.5%	4%	0.5%	1%
HHs < \$30,000	3.5%	37%	-5%	-9.5%
HHs \$30 - 50,000	-2%	-16%	-2%	-3.5%
HHs \$50 - 75,000	0.5%	4%	-0.5%	-0.5%
HHs \$75 - 100,000	2%	18%	2%	3.5%
HHs > \$100,000	5%	58%	9%	18.5%

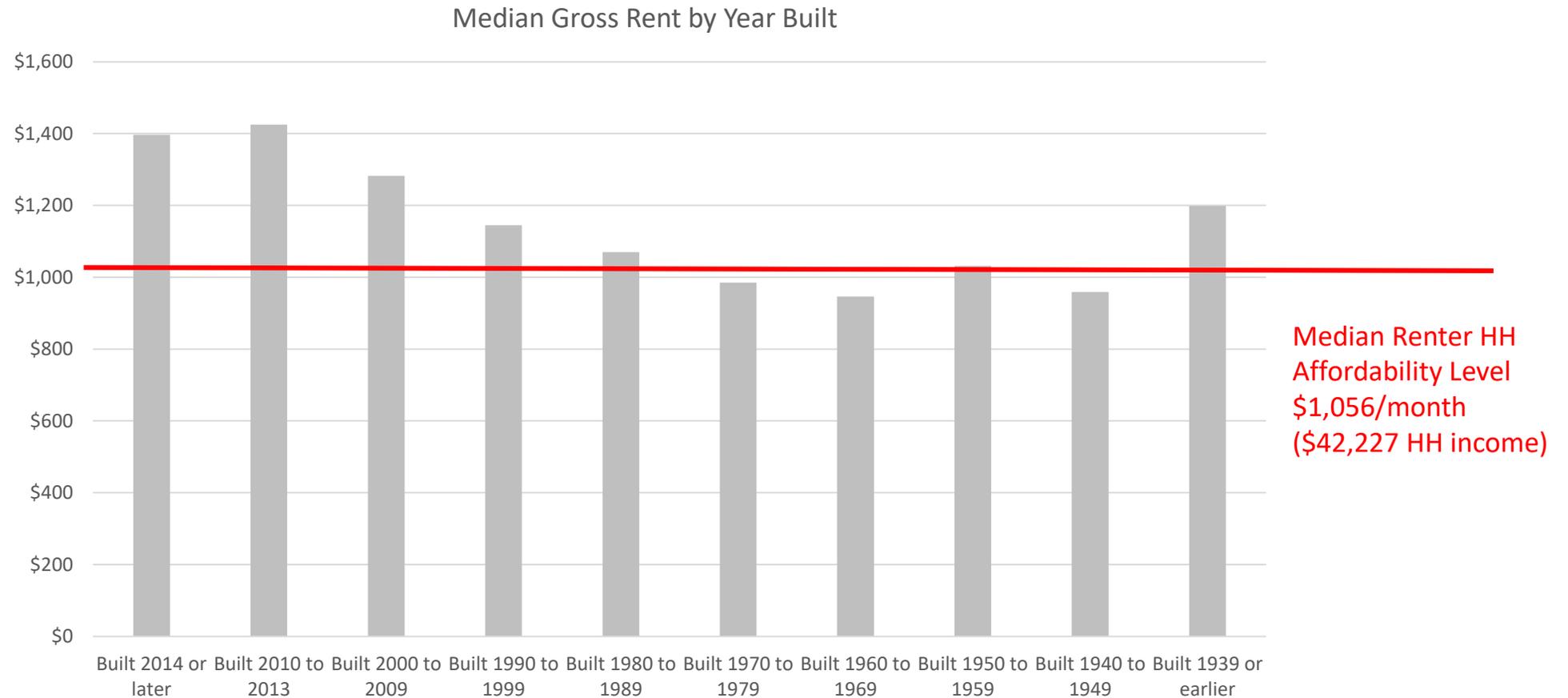
Household growth has slowed, with nearly all growth occurring in highest income brackets.

New Housing Inventory (Unit Type)



The vast majority of new units are in multifamily buildings, but single-family homes are gradually making up a higher proportion of new units coming online

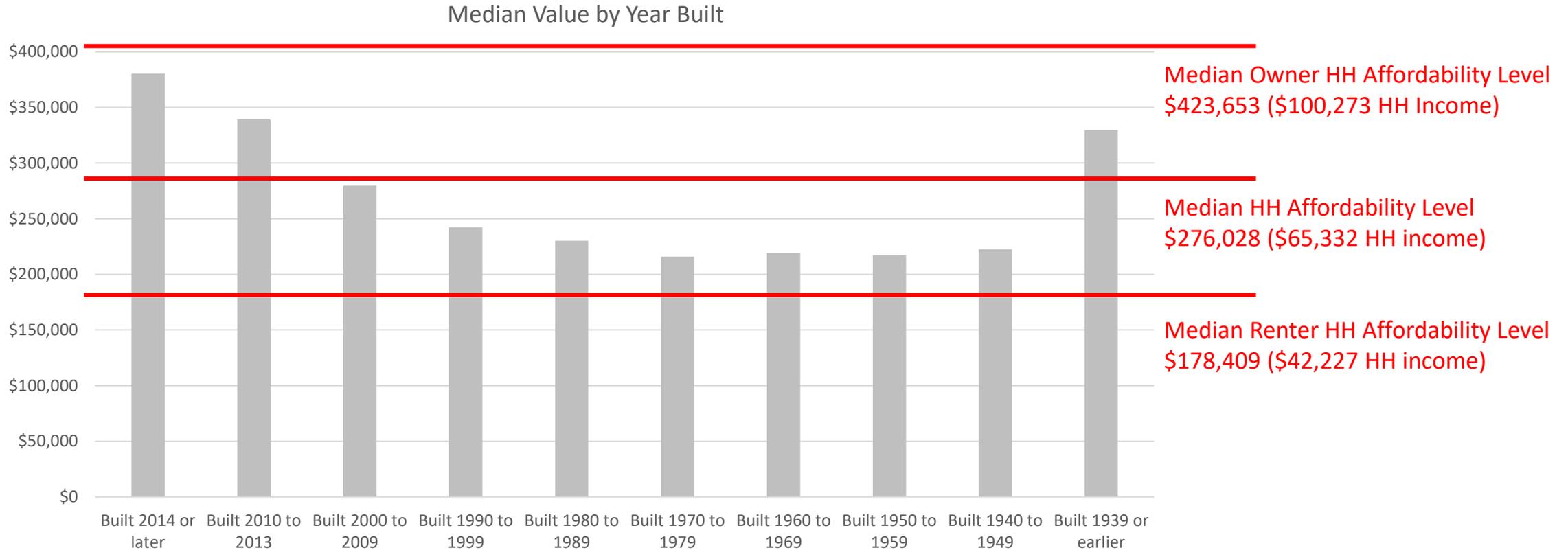
Housing Costs of Newer Units (Renter)



The median renter household cannot afford the average new rental unit coming on the market

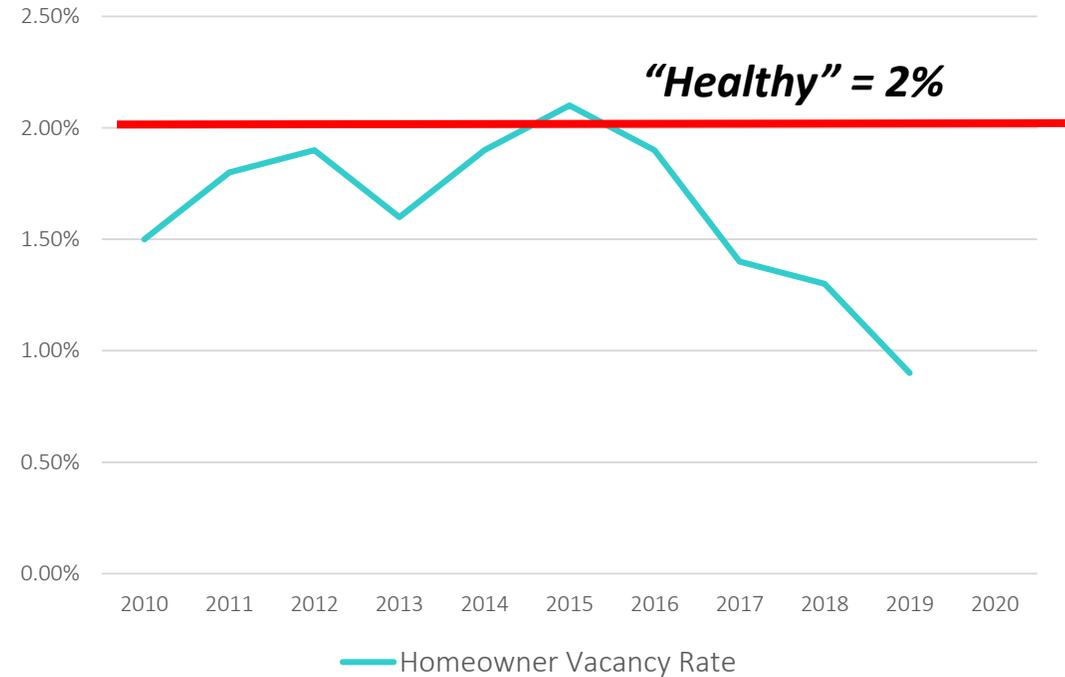
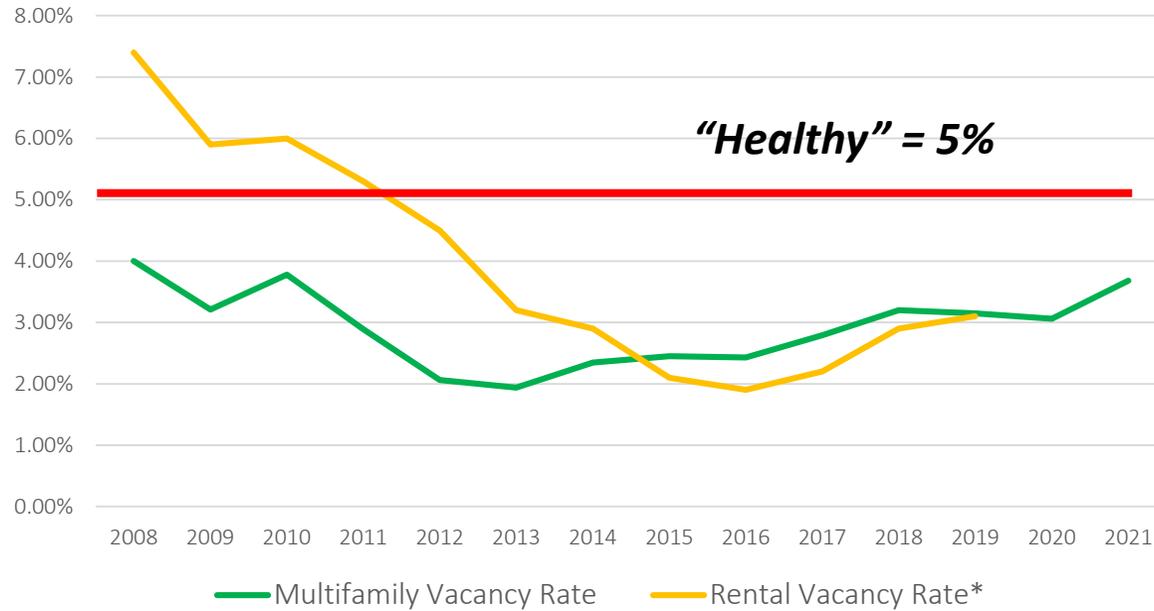
Housing Costs of Newer Units (Owner)

DATA



The median Madison household **cannot** afford to buy the average **new** unit coming on the market. The median renter household **cannot afford the average unit built in any period.** The **median homeowner can afford** to buy the median home built during any period.

Vacancy Rates

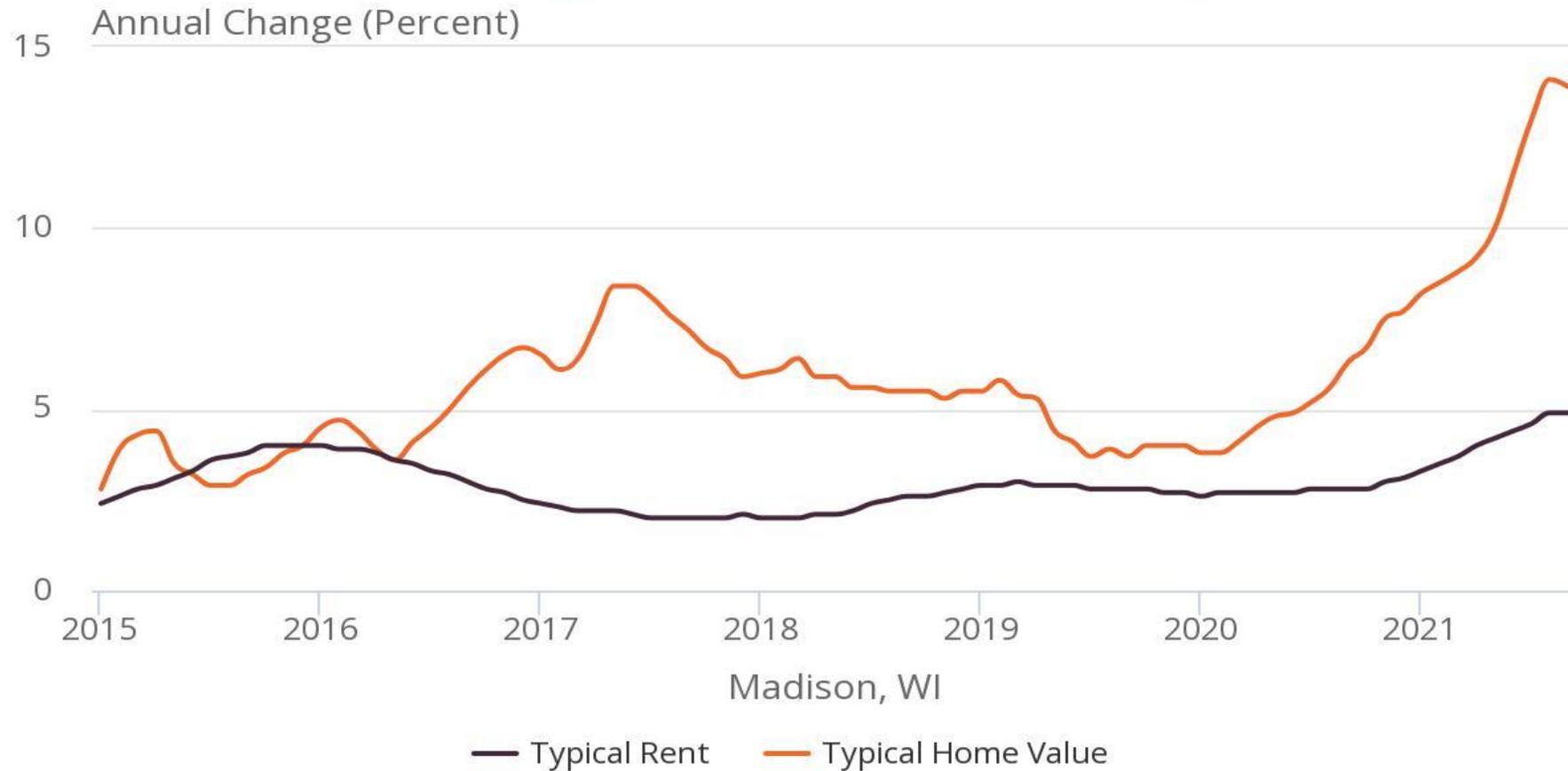


Rental vacancy rate is still low, limiting available inventory and increasing rental rates. With homeowner vacancy rates at an all-time low, below 1% (and that was back in 2019), it puts additional pressure on rental rates to increase.

Sources: MG&E (Q1 data) in green; American Community Survey 5-Year Estimates Table DP04 in yellow.

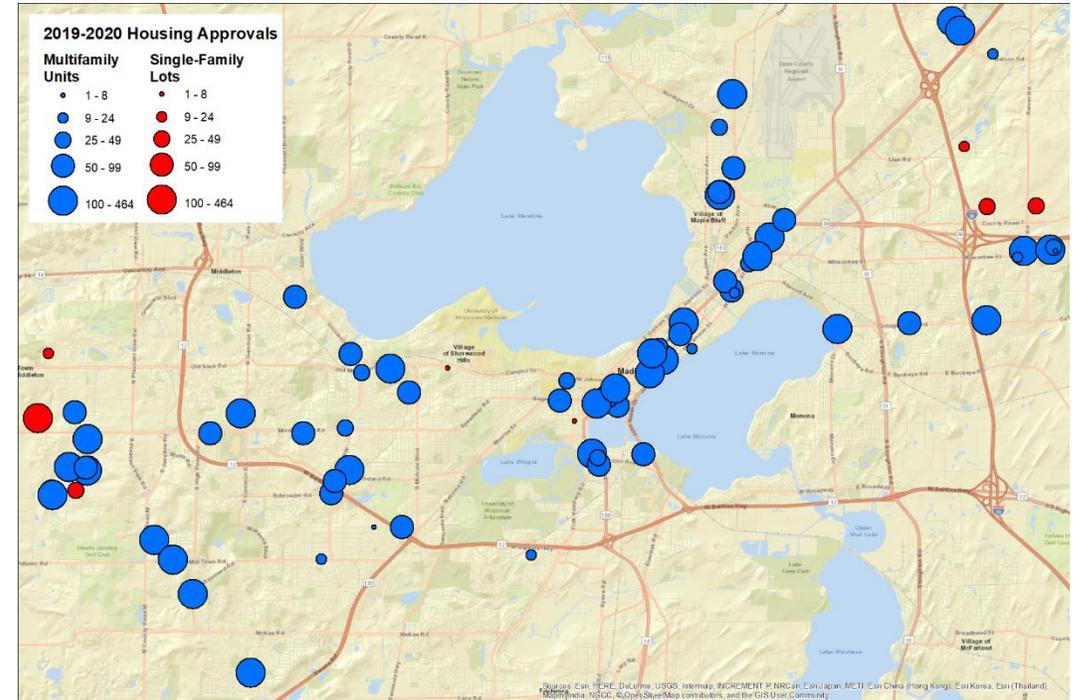
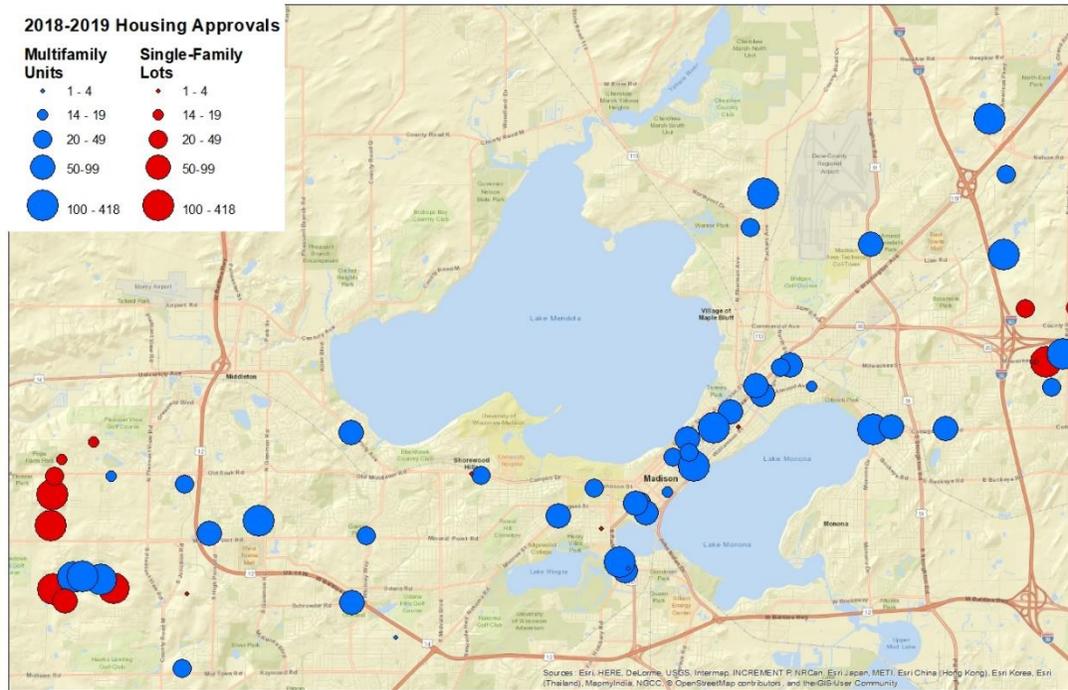
* Takes into account single family rentals on top of multi-family

Rents Are Rising, But Home Prices Are Rising Faster



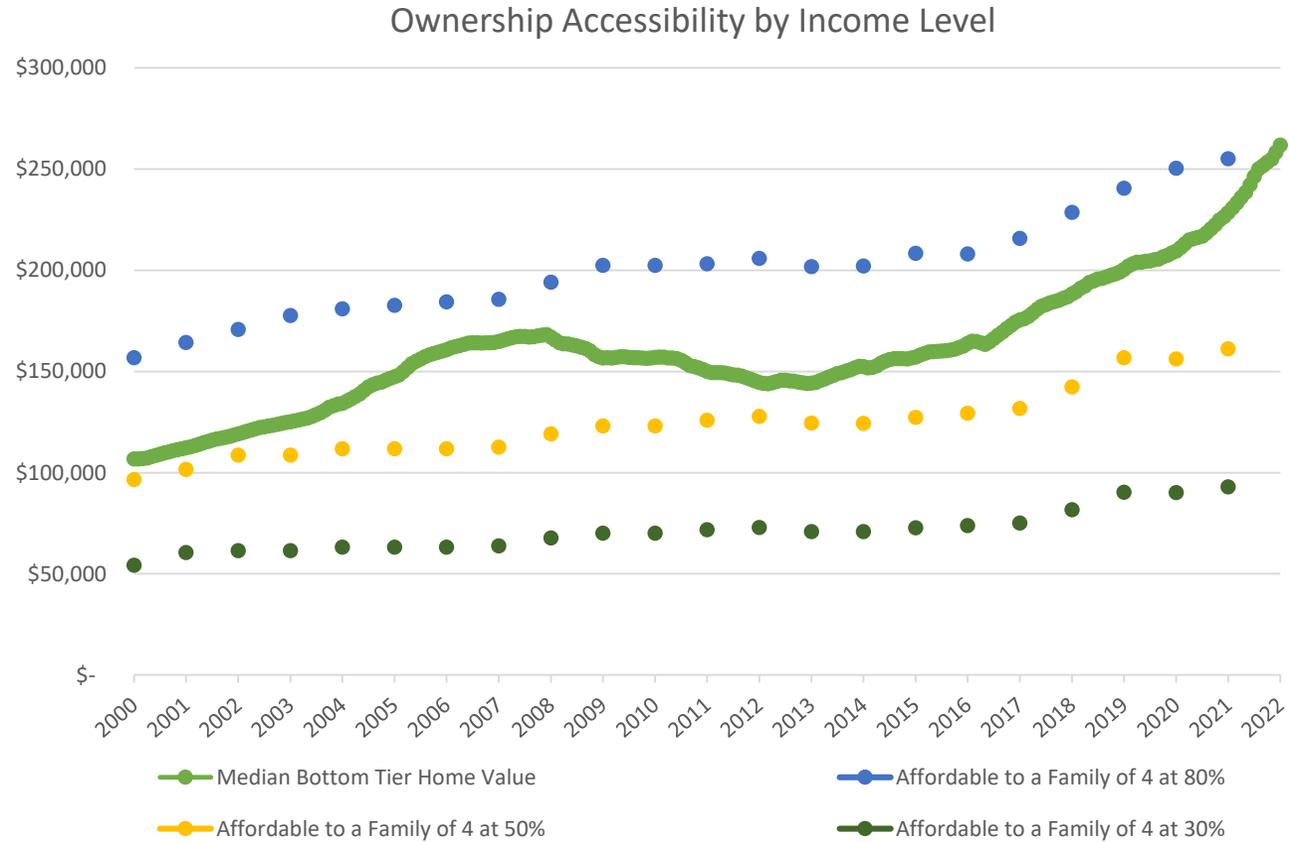
Dispersion of **new** housing approvals

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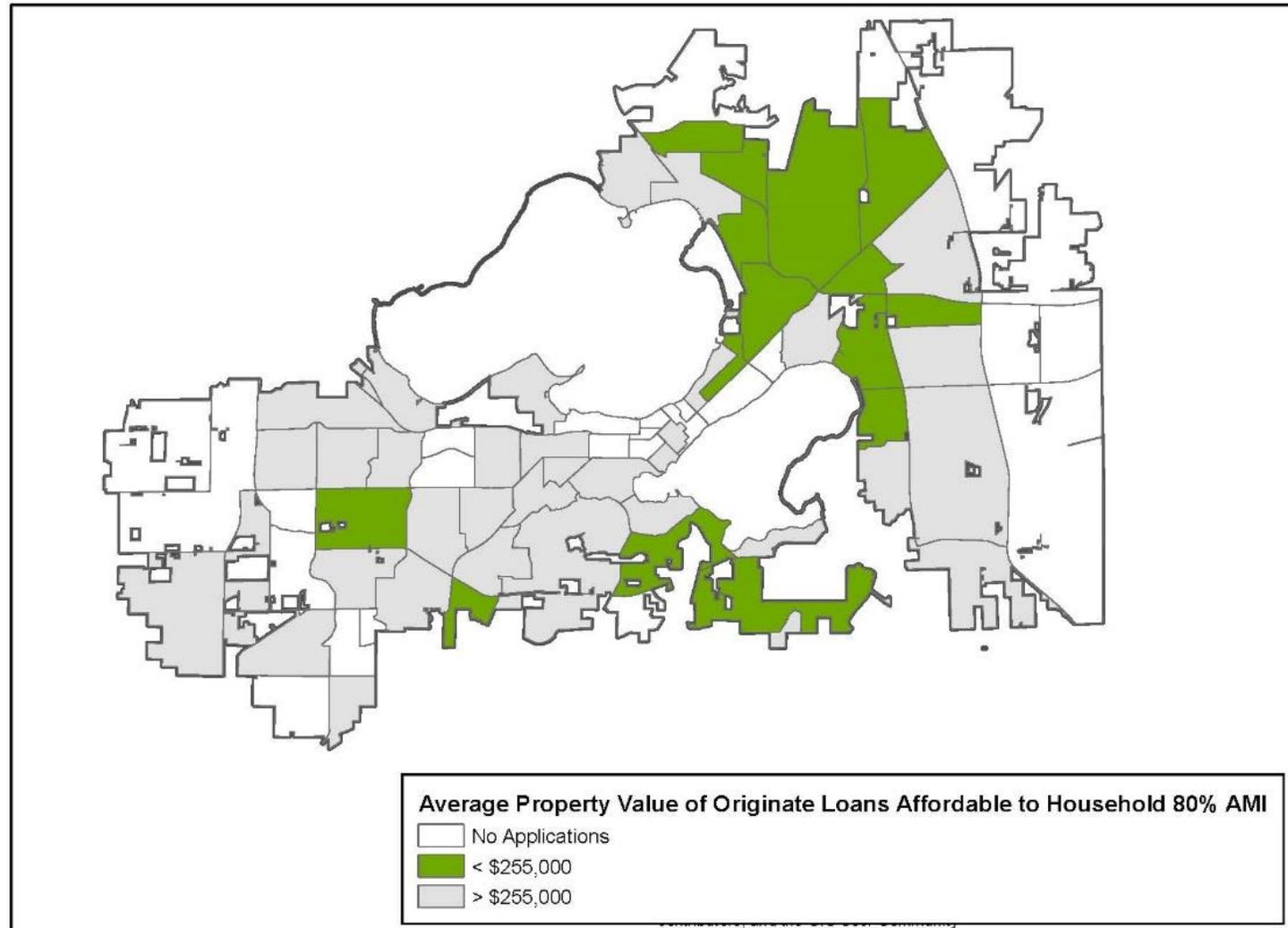
Madison has seen strong multifamily growth on infill and redevelopment sites. Developing peripheral areas have seen a mix of single- and multi-family development

Segregation of Opportunity



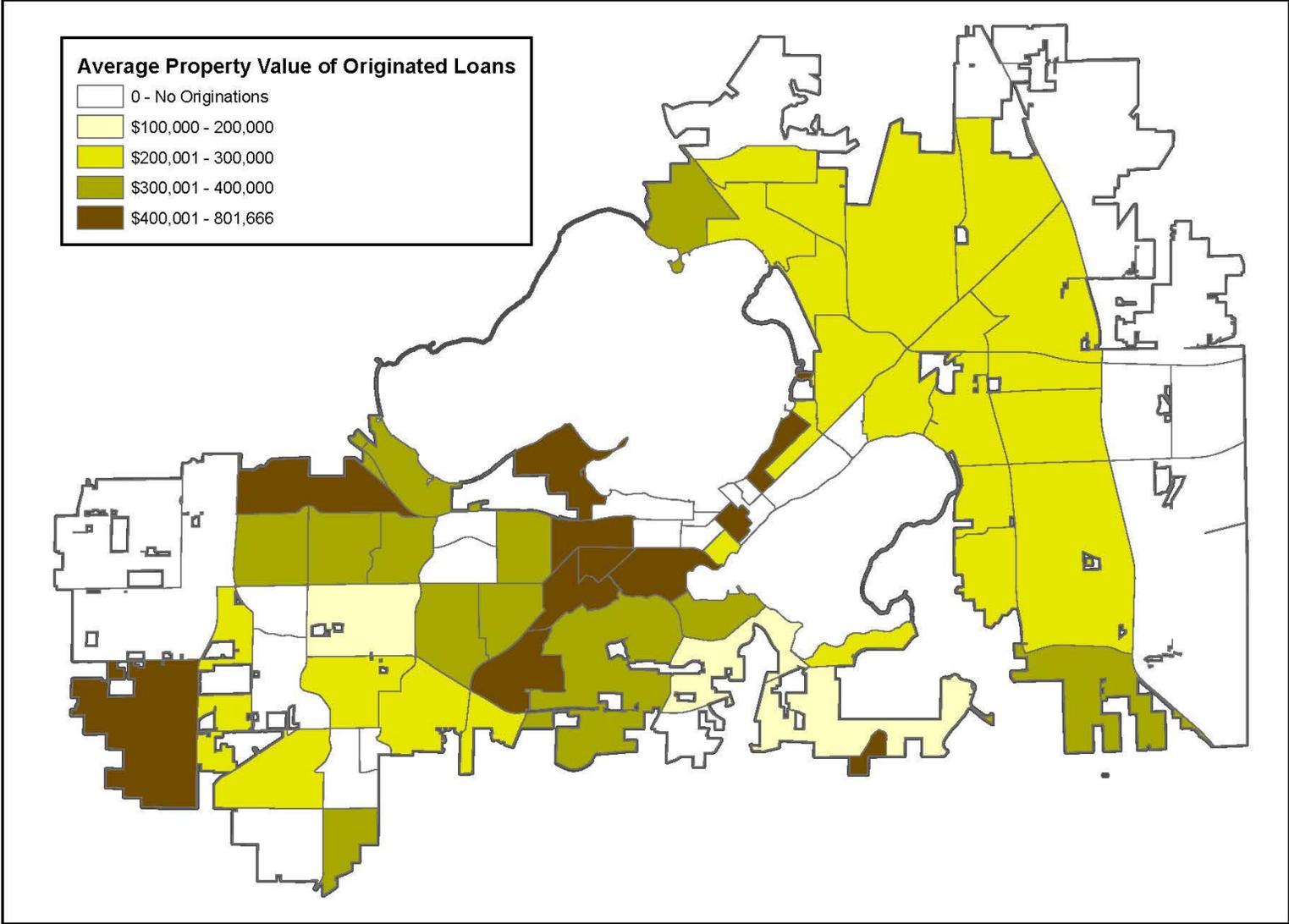
Sources: HUD FY Year Income Limits, Zillow Sales Price Aggregate Monthly Data 200-2022. Assumes family size of 4, with no more than 30% of gross income to be contributed towards mortgage. Mortgage calculations assume 30-year fixed-rate, 4.65% interest rate, property taxes calculate at mill rate of 2.42, and homeowners insurance estimated at \$840 annually. Bottom Tier is typical value for homes that fall within the 5th to 35th percentile range for a given region

Segregation of Opportunity



Property Values 2020 Snapshot

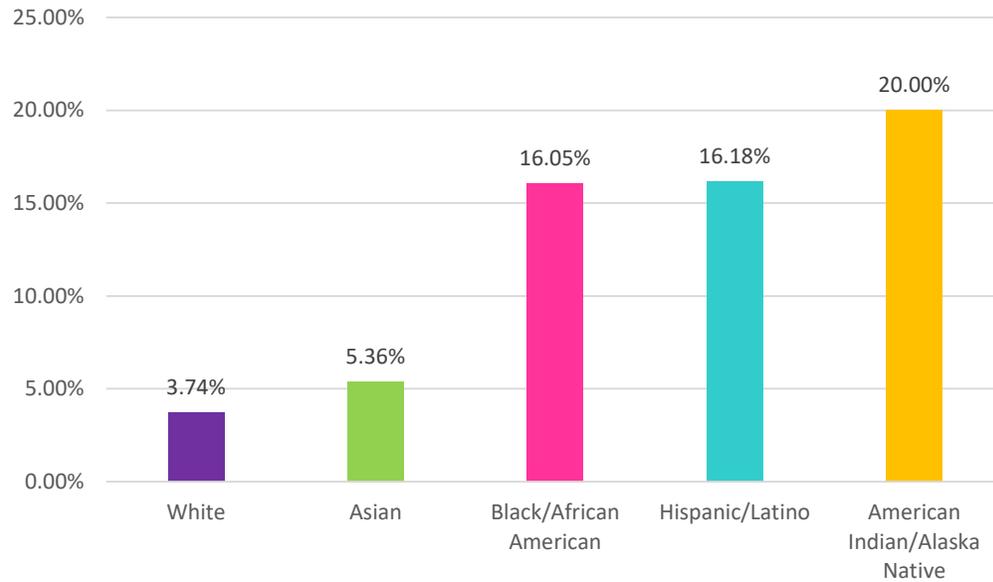
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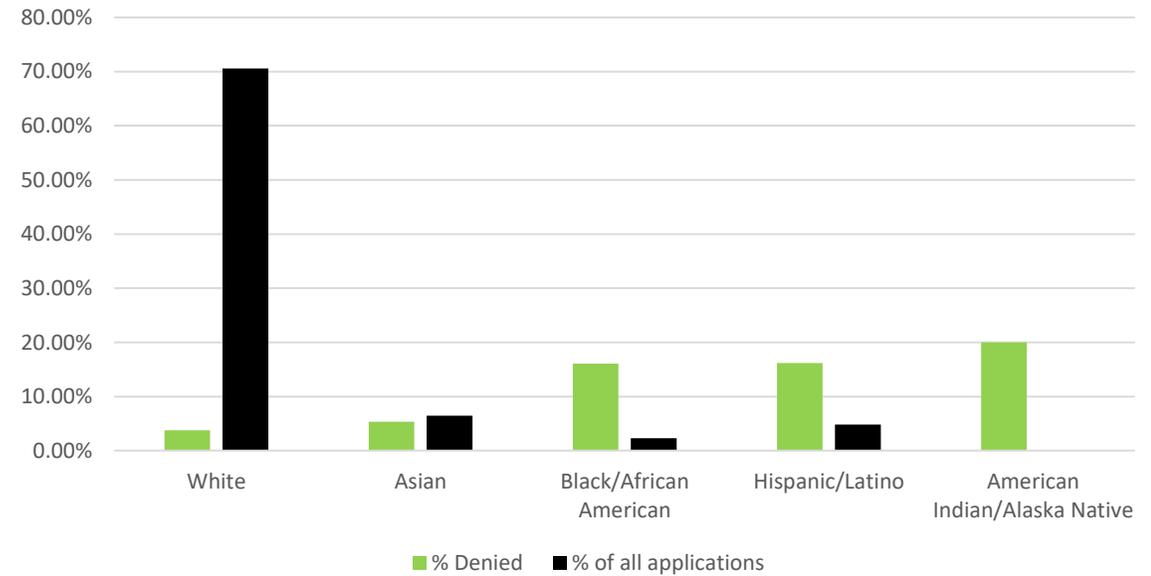
Loan Denial Rates – City of Madison

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CITY OF MADISON Denial Rates

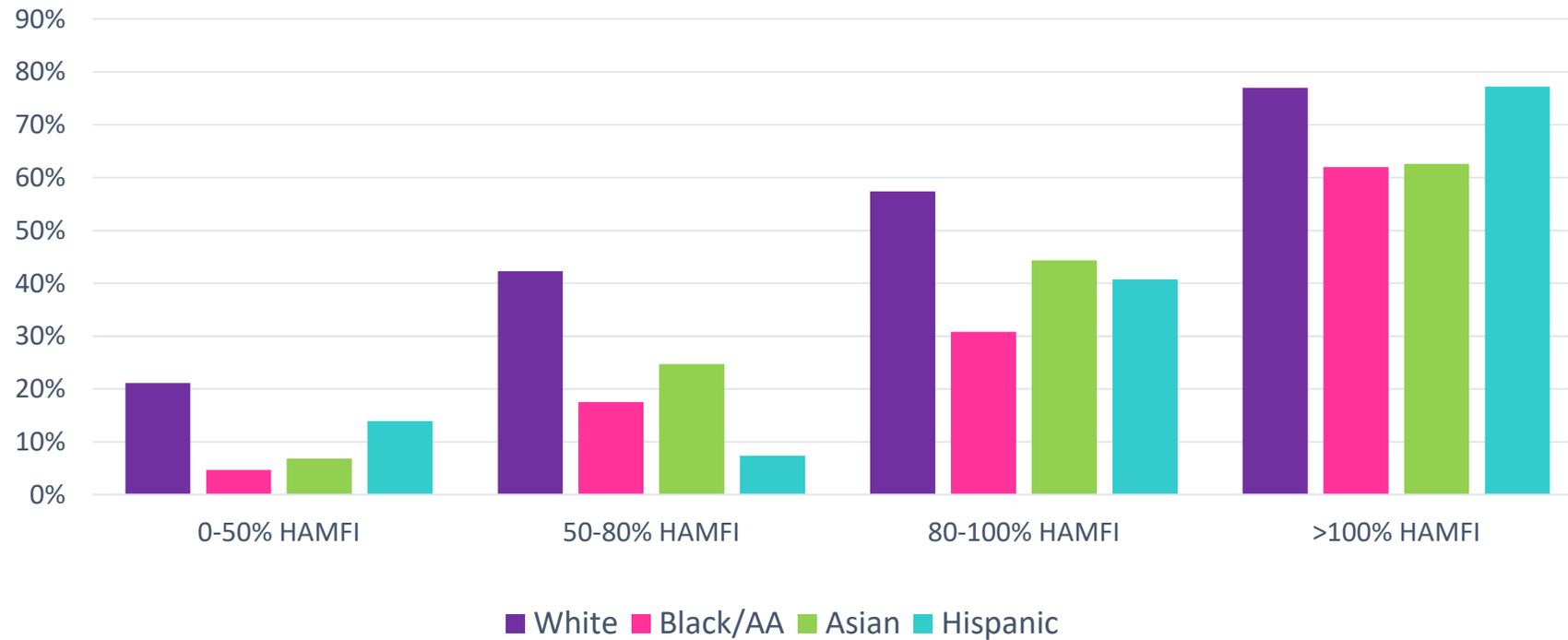


CITY OF MADISON % Total Applications, Denial Rates



Ownership by Income Level

Homeownership Rate by Race



2020 Housing Forward Awards		
Development	Services	Education
<p><i>Permanent Affordability</i></p> <ul style="list-style-type: none"> • Madison Area Community Land Trust <i>Acquisition-Rehab Permanent Affordability \$360,000</i> • Common Wealth Development <i>Lease Purchase \$500,000</i> 	<ul style="list-style-type: none"> • Habitat for Humanity <i>Down Payment Assistance \$200,000</i> • Movin Out <i>Down Payment Assistance \$490,100</i> • Project HOME <i>Minor home repairs \$250,000</i> 	<ul style="list-style-type: none"> • Urban League of Greater Madison <i>Homebuyer Education \$50,000</i>
<p><i>Affordable</i></p> <ul style="list-style-type: none"> • Wisconsin Partnership for Housing Development <i>Oak Glen Development Single Family \$255,000</i> 	<ul style="list-style-type: none"> • Madison Area Community Land Trust <i>Maintenance \$108,000</i> 	
2022 Housing Forward		
Development	Services	Education
<ul style="list-style-type: none"> • <i>New construction</i> • <i>Acquisition/Rehab</i> • <i>City-owned lots</i> 	<ul style="list-style-type: none"> • <i>Minor home repairs</i> • <i>Down payment assistance</i> 	<ul style="list-style-type: none"> • <i>HUD Approved Homebuyer Education and Counseling Agency</i> • <i>Geography specific financial wellness initiatives</i>

2022 Initiatives

Home Buyers Round Table- Homebuyer Education

Turn the Curve - Increase the rate of homeownership for Black/African American households in the City of Madison.

Financial Wellness & Security / Homebuyer Education

Financial Justice and Empowerment Blueprint City for Financial Empowerment Fund (CFE) / City Start

AHF – Owner Occupied Biannual RFP (Development & Services)

Changes to Home Buy the American Dream & City Rehabilitation Loan

Beyond 2022 Initiatives

Financial Education Center City for Financial Empowerment Fund (CFE) / City Start

Turn the Curve

Small Scale Development Loan

AHF – Owner Occupied Biannual RFP (Development & Services)

Are there strategies that you would recommend for us to explore and research?