

EXPANDING THE BLUEPRINT

*The role of nonprofit and private
organizations in Milwaukee's
affordable housing landscape*



EXECUTIVE SUMMARY

Long before COVID-19, affordable housing was one of the Milwaukee's greatest challenges. Thousands of households were rent burdened, evictions were common, homeownership was declining, and stark racial disparities made these issues particularly challenging for Milwaukee's Black and Hispanic populations.

In this report, we build on our [previous research](#) on public sector housing efforts to examine the roles nonprofit organizations and private developers play in helping to preserve and increase access to affordable housing in Milwaukee. Through a survey of 61 organizations, we provide insight into the scope and scale of non-governmental housing services and activities. We also share key insights from interviews with leaders from 15 of those organizations on the city's most pressing housing needs, the challenges nonprofits and developers face in their housing work, and potential solutions. We broadly define housing activities to include affordable housing development, home repair, homebuyer services, supportive housing management, rent assistance, and housing advocacy.

The table below summarizes the 2019 housing activities of the organizations that responded to our survey, revealing that affordable housing development and housing advocacy are the most common activities conducted by our respondents. It also shows that the respondents collectively spend heavily on home repair services. The emphasis on home repair in the non-governmental sector mirrors our previous finding that the city of Milwaukee invests close to half of its overall housing dollars in this area. Our survey did not ask how much organizations spend on affordable housing development, but producing 1,500 housing units each year clearly requires more resources than any of the other categories of housing activity.

Housing activities by nonprofit and private sector organizations in Milwaukee, 2019

	# of Active Organizations (of 61 surveyed)	Combined Households Served/Units (2019)	Combined Budget for Services (2019)
Affordable Housing Development	34	1,270 units	N/A
Housing Advocacy	31	N/A	\$2 million+
Homebuyer Services	15	2,347 homebuyers	\$3.2 million+
Supportive Housing Management	15	1,118 units	\$5.4 million
Home Repair Services	14	1,158 homeowners	\$11.3 million
Rent Assistance	12	1,001 renter households	\$1.8 million+ (in direct assistance)

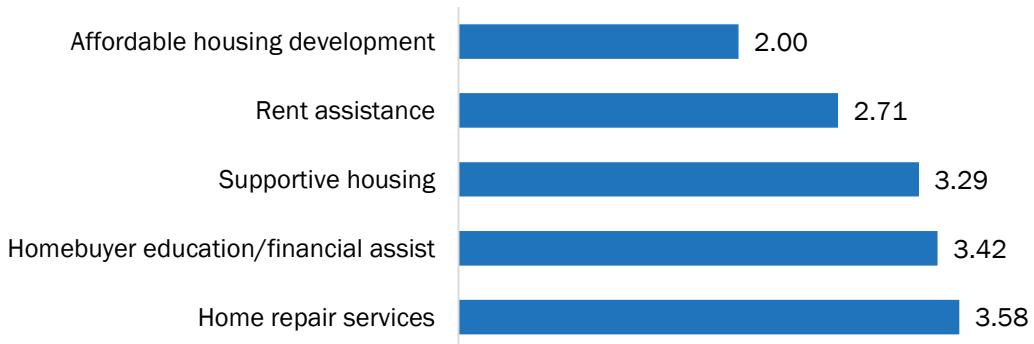
Other broad observations from our survey and interviews include the following:

Affordable housing development is widely viewed as the housing strategy most in need of increased financial support. Expanding the supply of affordable housing in Milwaukee typically requires tapping a limited pool of federal and state tax credits while also securing and leveraging numerous other



funding sources. Among six categories of housing activities, our survey respondents ranked affordable housing development as the area most in need of increased financial support (see chart below), with more than half (54%) citing it as the top priority. Individuals we interviewed also noted a need for more flexible pools of funding and a need to increase access to financing for emerging affordable housing developers and developers of color, who may struggle to compete for federal and state tax credits.

Level of need for increased financial support of housing activities, by category
Average ranking with 1 indicating greatest need and 5 indicating lowest need



Greater priority should be given to affordable housing developments that include units targeted to very low-income households and that are located near suburban employment centers. Non-governmental organizations combine to produce roughly 1,500 affordable housing units per year, but many housing leaders we interviewed noted a dearth of units that are affordable for the thousands of households that make less than half of the area median income. Many also suggested that greater emphasis should be placed on locating new affordable housing developments near suburban job hubs as a strategy to increase opportunities for low-income households and reduce residential segregation. Notably, expanding affordable housing production in suburban communities may require changes to local zoning regulations and long-range land use plans to allow and encourage higher density housing development.

New or expanded funding sources are needed for services in supportive housing developments. Supportive housing is designed to help renters with disabilities, those suffering from mental illness and substance abuse, and formerly homeless individuals and families remain stably housed in their communities of choice. A key feature of such housing is the provision of onsite or easily accessible case management and related services. While Milwaukee County is an important source of funding for services in some supportive housing developments, many are left scrambling to pull together small grants from multiple sources to cover the full cost of services and are unsure whether they will be sustained from year to year.

Home repair services are highly prioritized by both private and public sector organizations, but project costs often exceed available resources. As shown above, our survey respondents collectively spent more than \$11 million on home repair services in 2019, which was the most spent on any category of housing activity outside of affordable housing development (for which a total funding amount could not be discerned). While much of the funding that supports that work comes from federal dollars directed by the city of Milwaukee to nonprofit service providers, some housing leaders we interviewed said that cost estimates used by public sector organizations for both home repair and

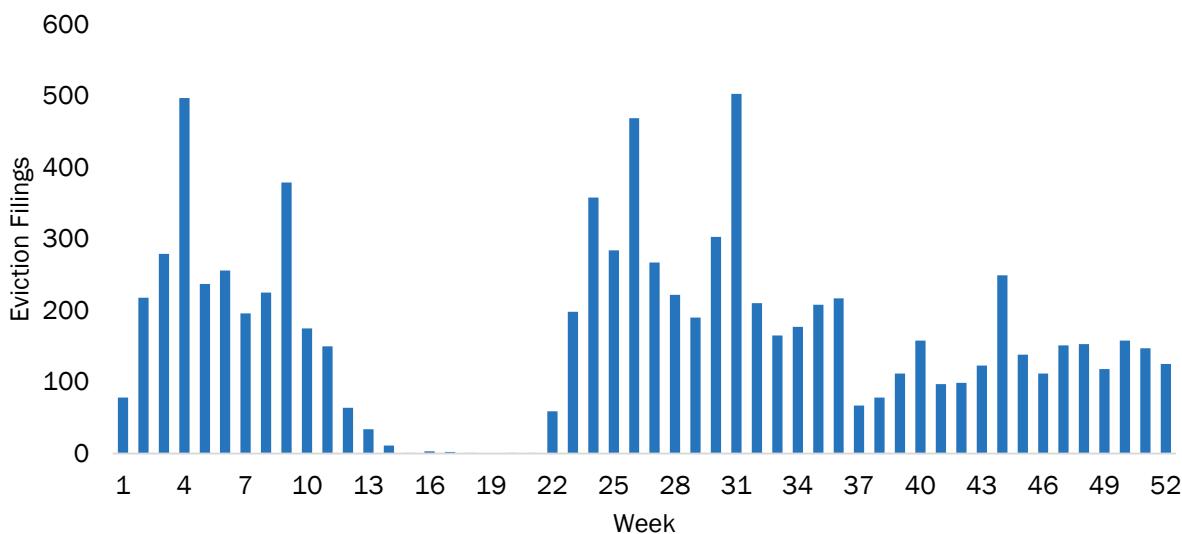


rehab projects are unrealistically low and that financing those projects has become increasingly difficult.

While boosting Milwaukee's homeownership rates should be a top priority, the impacts of the COVID-19 pandemic have forced a short-term focus on housing stabilization and eviction prevention.

Between 2005 and 2019, Milwaukee's homeownership rate dropped from nearly 50% to 40%, and homeownership rates are far lower for Black and Hispanic households than white households. Many housing leaders believe that reversing these trends is critical, but many also cite the severe impacts of COVID-19 on Milwaukee's low-income households, who typically rent and whose members are disproportionately employed in hard-hit service occupations. Following a brief period during which evictions were nearly eliminated in Milwaukee due to a statewide moratorium, they returned to pre-pandemic levels (see chart below), and many fear a deluge of evictions could occur later this year after a federal moratorium ends. Consequently, preventing evictions through increased rent assistance, tenant-landlord mediation services, and (when necessary) legal representation are urgent needs for the immediate future.

Eviction filings by week in the city of Milwaukee, 2020



New efforts may be needed to coordinate affordable housing development and rehab efforts and to track housing services and outcomes across organizations and sectors. Recent progress has been made in Milwaukee to bring together public and private sector organizations to coordinate housing services citywide (and beyond) when it comes to homelessness prevention, homeownership, and eviction prevention. Many individuals we interviewed suggested that public and private sector funders could build on this progress by collaborating more with regard to affordable housing development and rehab strategies and projects. Another possible form of collaboration suggested by housing leaders is collaborative investment in developing a system to track households across the spectrum of housing services, which would allow for better assessment of what programs and services are achieving desired outcomes and where gaps exist.

Milwaukee's affordable housing challenges will not improve substantially until incomes rise. Expanding the supply of affordable housing, helping renters transition to homeownership, and assisting low-income homeowners with needed home repairs all make a difference in improving the



stability and well-being of Milwaukee households. At the same time, with very low household incomes a primary factor underlying all of the city's housing affordability problems, the solutions will likely have to extend beyond housing itself to economic and workforce development policies and strategies. Milwaukee housing leaders we interviewed acknowledged this reality and suggested a need to increase the minimum wage and to prioritize workforce development.

We hope this report enhances public understanding of Milwaukee's affordable housing landscape and provides useful insights for housing leaders and policymakers working to improve housing conditions in the city. Our observations illustrate the multi-pronged nature of Milwaukee's housing challenges and the need for several different strategies and collaborations to address them. That conclusion, in turn, reinforces our previous research findings that improved planning, resource coordination, and priority setting are necessary, and that both the public and private sectors will have to maintain a high level of engagement and cooperation to achieve progress.

