HOUSING STUDY & NEEDS ASSESSMENT - 2025 UPDATE

CITY OF WAUWATOSA

November 2025

SBFRIEDMAN

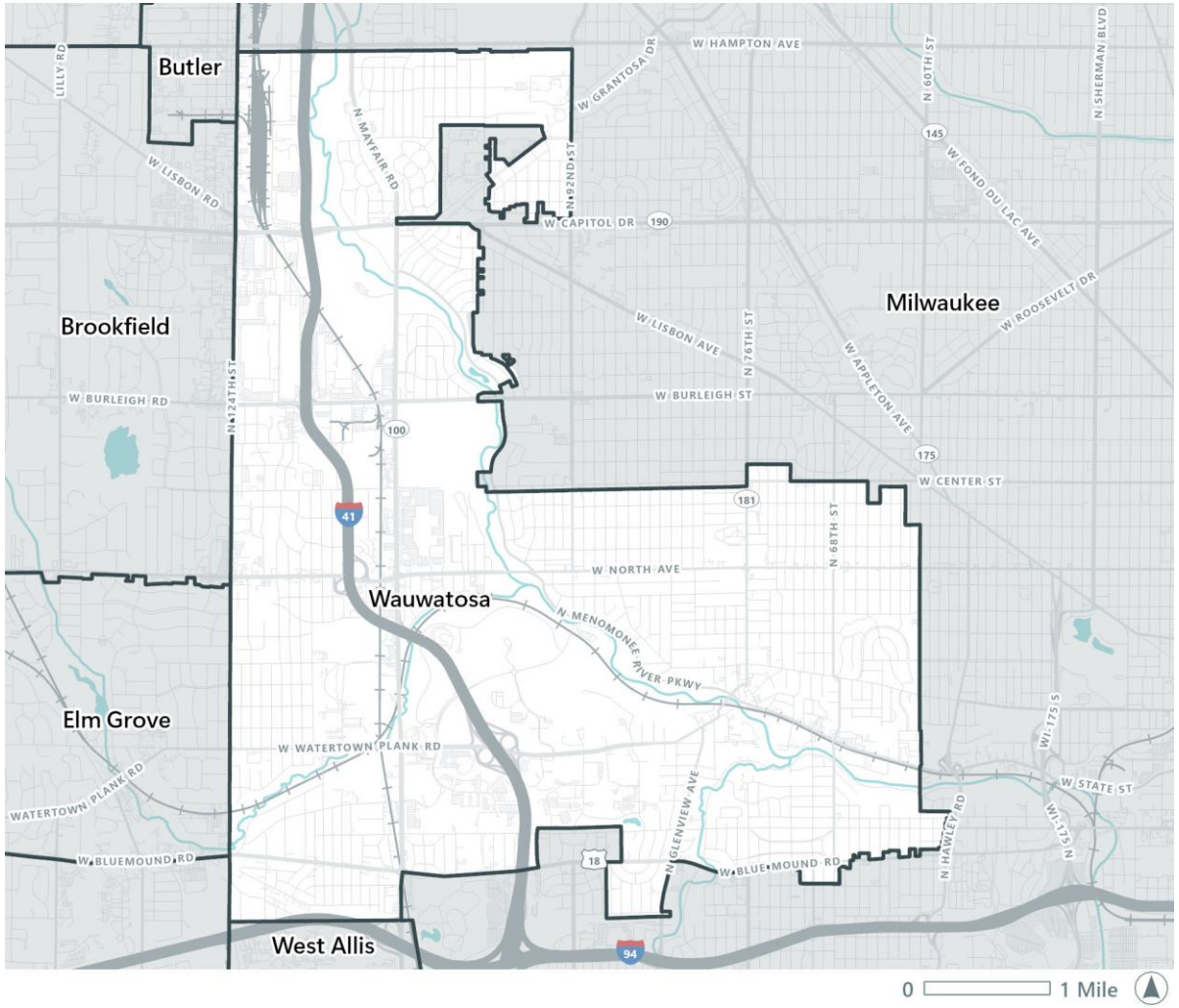
VISION
ECONOMICS
STRATEGY
FINANCE
IMPLEMENTATION

INTRODUCTION

INTRODUCTION

Wauwatosa's key housing efforts and initiatives date back to 2016

- The diverse and evolving housing needs of both new and existing residents prompted the City of Wauwatosa to complete a Housing Study and Needs Assessment in 2016 (the "Original 2016 Study"). Since completion of the Original 2016 Study, the City has focused on addressing housing-related issues by pursuing residential development opportunities, establishing housing rehabilitation assistance programs, and modifying or enacting new zoning codes.
- In 2022, the City updated the Original 2016 Study with 2020 American Community Survey data (the most recently available) and feedback from community members, developers, City commissions and other stakeholders. The resulting Housing Study and Needs Assessment Update was published in 2023 (the "2023 Study").
- Shifts in the housing market caused by the COVID-19 pandemic, as well as the availability of post-pandemic demographic and housing data, prompted an update of key housing and demographic data to understand evolving housing preferences and market trends ("the "2025 Update").



Source: Esri, SB Friedman, U.S. Census Bureau

INTRODUCTION

City is experiencing an increase in total number of households and decline in household size

- Per the 2023 American Community Survey (ACS), the City of Wauwatosa's population reduced by an estimated 425 residents while the number of households increased by approximately 1,200 since 2020.
  - While the ACS estimated population decline from 2020 to 2023, the Wisconsin Department of Administration (DOA) estimated Wauwatosa's population at 48,836 in 2023 — an increase of 693 residents from the 2020 ACS.
- The addition of households while experiencing a decrease in total population can be explained in part by a reduction in average household size. Since 2020, the average household size decreased from 2.35 to 2.17.
- The median age in Wauwatosa increased from 38 to 39 due to the overall aging of the population.
- There are over 1,000 new renter-occupied households living in Wauwatosa. The proportion of renter households has increased to 40% from 2020 to 2023.

TOTAL CITY POPULATION AND HOUSEHOLDS

	2020	2023
Total Population	48,143	47,718
Median Age	38	39
Total Households	20,474	21,677
Owner-Occupied	12,971 (63%)	13,082 (60%)
Renter-Occupied	7,503 (37%)	8,595 (40%)
Average Household Size	2.35	2.17

Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2016-2020; 2019-2023), SB Friedman, Wisconsin DOA

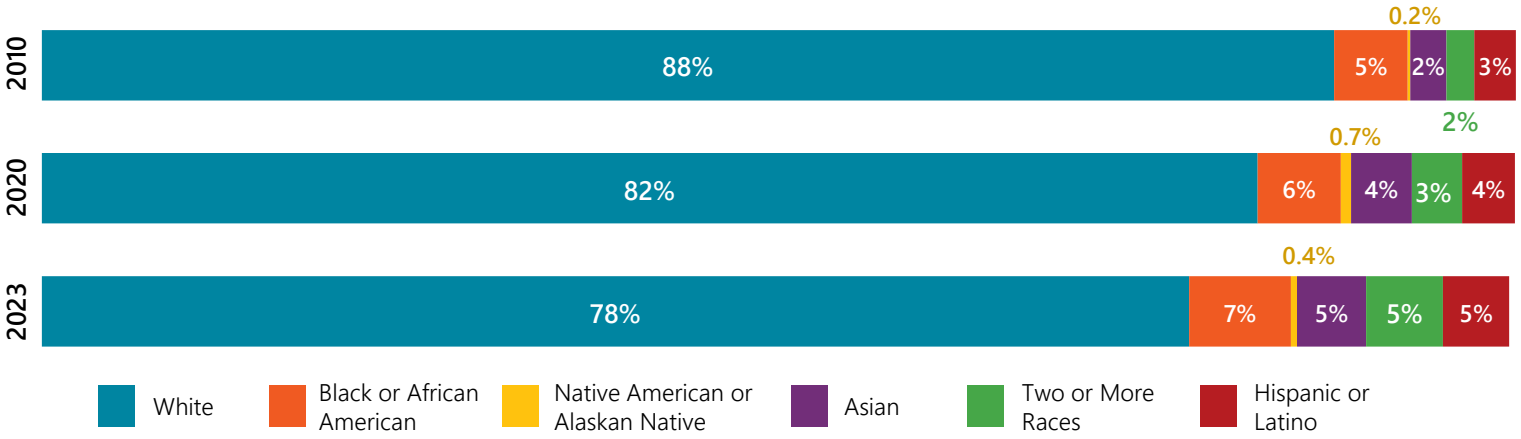
DEMOGRAPHIC & SOCIOECONOMIC CHARACTERISTICS

POPULATION CHARACTERISTICS

Wauwatosa's population continues to diversify

- Since 2010, the share of residents that identify as non-white has increased by approximately 10% and currently represents about 22% of the citywide population.
  - The share of Black or African American, Asian, Hispanic or Latino residents and residents of Two or More Races has increased steadily since 2010.

POPULATION BY RACE



POPULATION BORN IN A FOREIGN COUNTRY

2010	5.1%
2020	7.2% (+2.1%)
2023	6.3% (-0.9%)

NON-WHITE RESIDENTS AND SHARE OF POPULATION

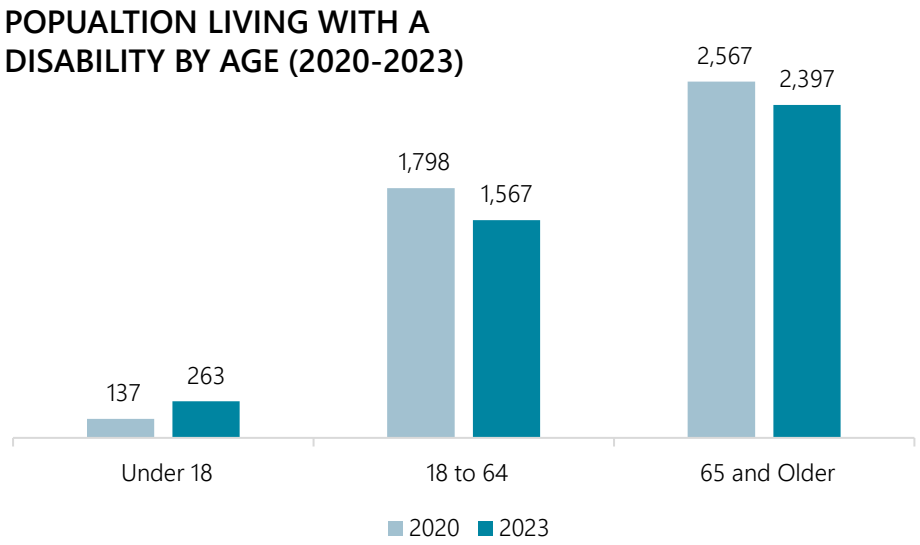
2010	5,718 (12%)
2020	8,457 (18%)
2023	10,576 (22%)

Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2006-2010; 2016-2020; 2019-2023), SB Friedman

POPULATION WITH A DISABILITY

As of 2023, 9% of the total population in Wauwatosa was living with a disability

- An estimated 4,230 Wauwatosa residents (9% of the total population) are living with a disability. The U.S. Census Bureau defines a disability as "a long-lasting physical, mental, or emotional condition." While the overall number of residents living with a disability appears to have decreased since 2020, the number of disabled residents under 18 years has increased.
- Approximately 10% of Wauwatosa residents are living with a disability, 5% of which are older than 65.



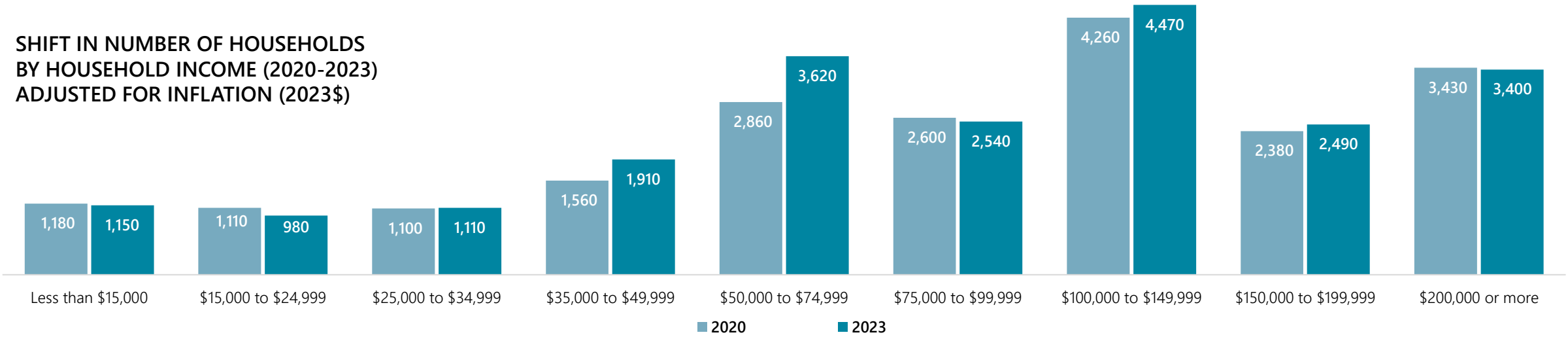
Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2016-2020; 2019-2023), SB Friedman

MEDIAN HOUSEHOLD INCOME

The median household income declined as the number of households earning moderate incomes grew

- Adjusted for inflation, the median household income (MHI) in Wauwatosa decreased from $99,310 in 2020 (expressed in 2023 dollars) to $93,860 in 2023.
  - The decrease in MHI, after adjusting for inflation, is likely due in part to high inflation post-pandemic which outpaced real income growth.
- Wauwatosa remains more affluent than the county overall — the MHI in Wauwatosa was $93,860 in 2023, approximately $32,000 higher than the MHI of Milwaukee County.
- The greatest shift in household income from 2020 to 2023 was among those earning between $50,000 and $75,000, where the number of households increased by approximately 760 in this bracket. Additionally, households earning under $35,000 decreased by 150 and households earning over $100,000 increased by 290.

SHIFT IN NUMBER OF HOUSEHOLDS BY HOUSEHOLD INCOME (2020-2023) ADJUSTED FOR INFLATION (2023$)



Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2016-2020; 2019-2023), SB Friedman

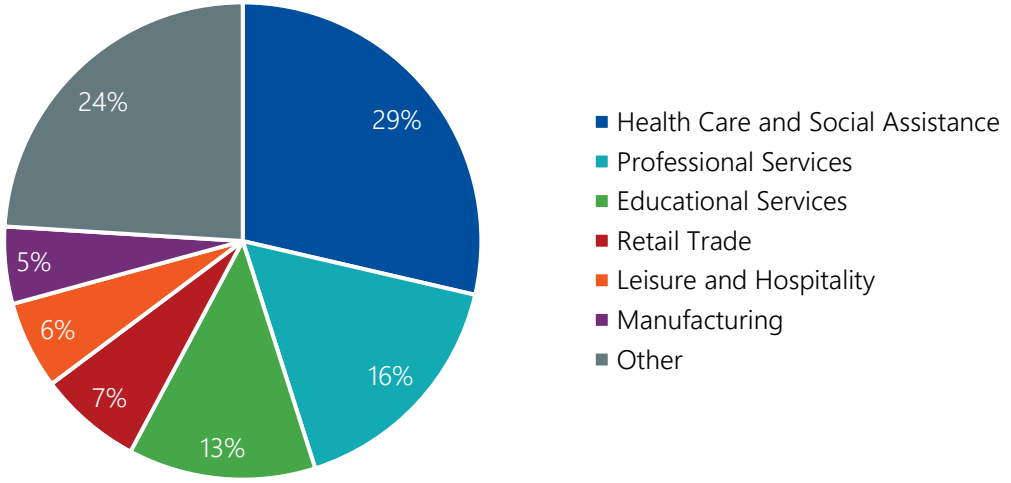
WORKFORCE & EMPLOYMENT CHARACTERISTICS

WORKFORCE COMPOSITION

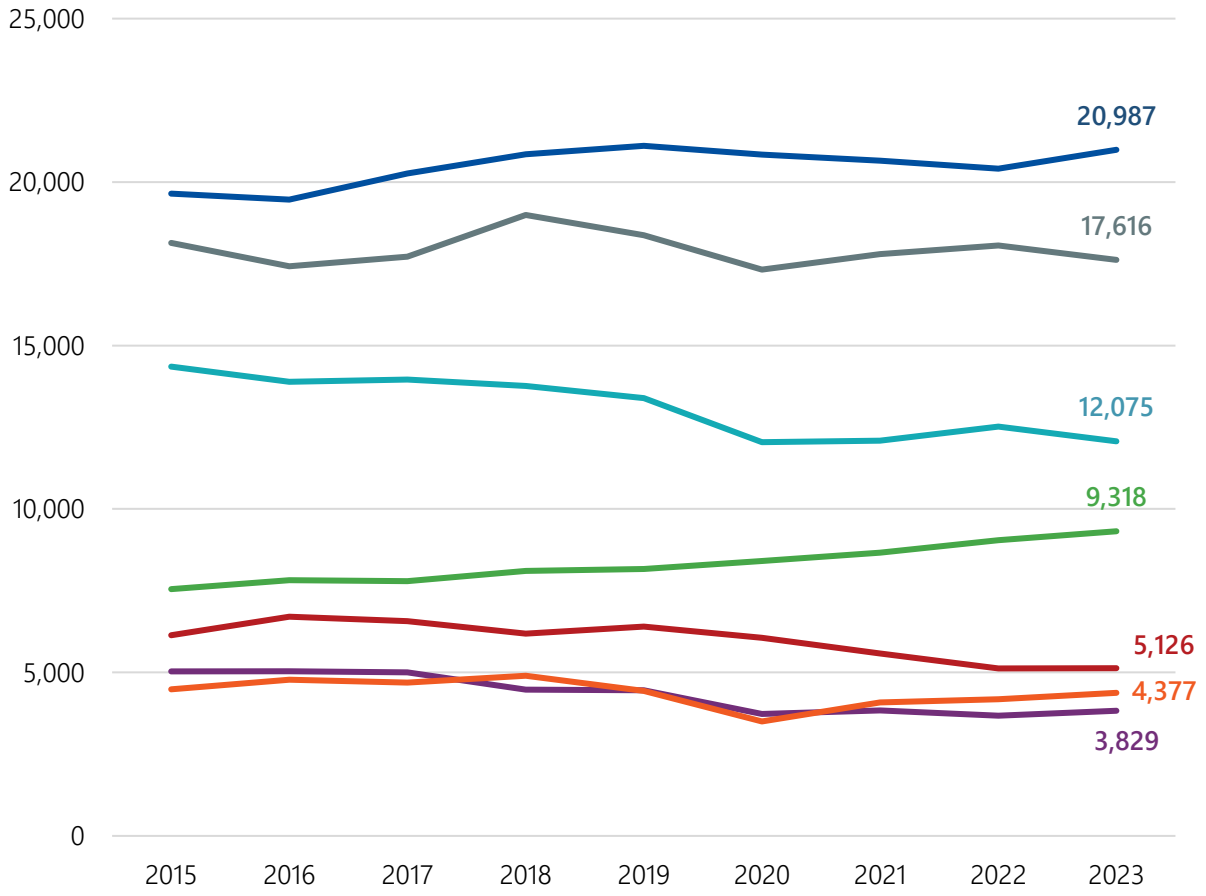
Health Care & Professional Services continue to drive the local economy

- In 2023, there were approximately 73,000 jobs in Wauwatosa[1]. The Health Care, Professional Services, and Educational Services sectors together employ close to 58% of Wauwatosa's workforce.
- The Educational Services and Health Care sectors are the fastest growing since 2015, and together now contain over 30,000 jobs.
- Employment in Hospitality and Leisure sectors has steadily increased to 90% of pre-pandemic levels.

EMPLOYMENT BY SECTOR, 2023



EMPLOYMENT BY SECTOR, 2015-2023



[1] Comparisons to employment reported in the 2023 Study was unachievable due to changes in the data provider's methodology including the reclassification of jobs between employment sectors

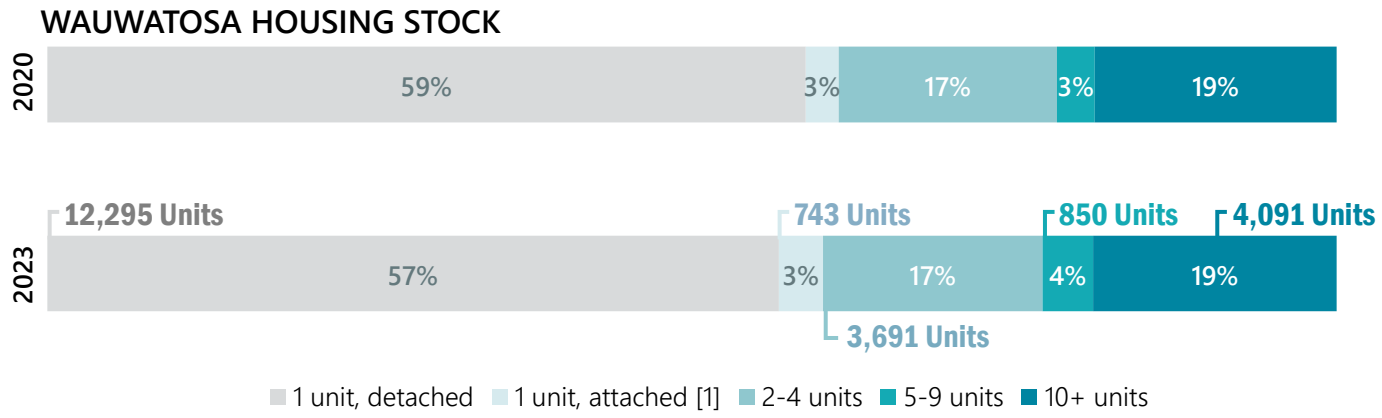
Source: Lightcast

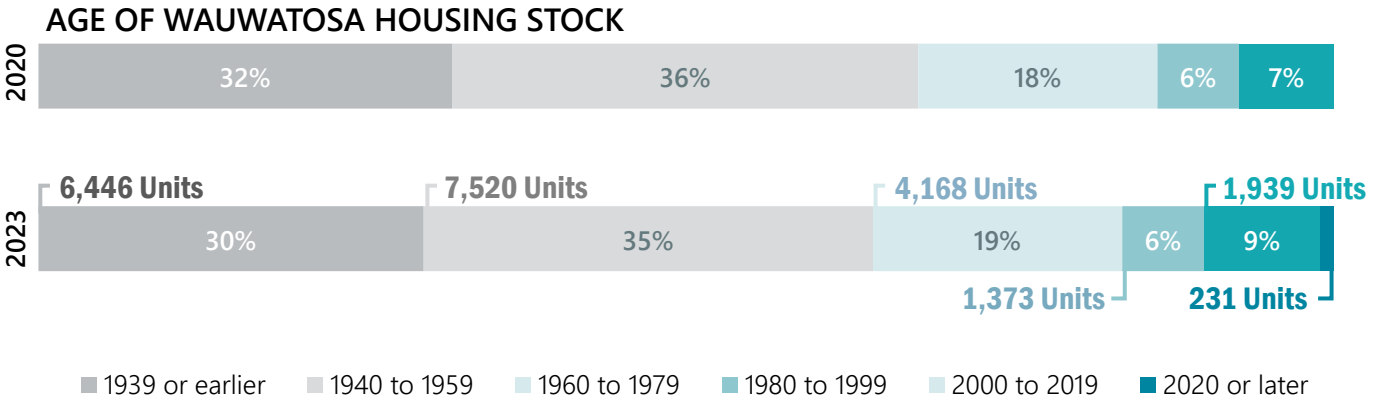
EXISTING HOUSING SUPPLY

HOUSING PROFILE

Residential density has increased since 2020

- The share of housing units that are in multifamily properties has increased by 3% since 2020, indicating an increase in the delivery of residential multifamily units.
- More than half of residential units in the city (12,535 units) are in detached single-family homes. Approximately 42% (9,657 units) of the city's housing stock is in multifamily properties.
- Approximately 64% of occupied housing units citywide were built before 1959 and are at least 64 years old.



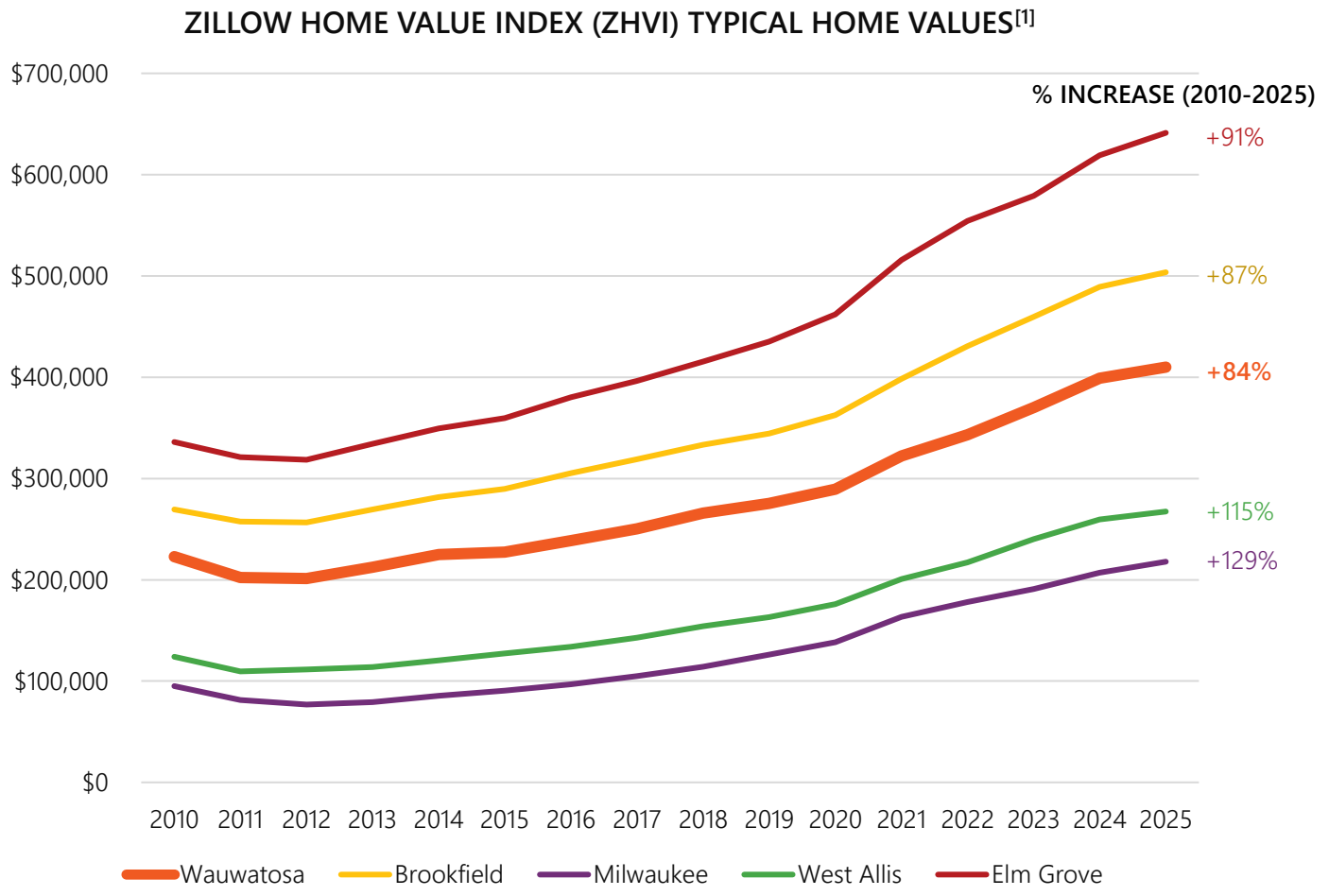


[1] Attached housing, or single family attached housing, refers to condominiums and townhomes
Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), SB Friedman

HOME VALUE TRENDS

Home value growth has accelerated since 2020

- The growth rate of home values has accelerated since the 2023 Study. The typical home value in Wauwatosa grew at an average annual growth rate of 5.6% since 2010 — faster than the 4.6% growth rate calculated during the 2023 Study.
- The typical home value in Wauwatosa increased by approximately $67,000 since the 2023 Study to $410,000 in 2025.
- Comparing home value growth against neighboring communities like Brookfield, Milwaukee, West Allis and Elm Grove can help contextualize price trends in Wauwatosa's for-sale housing market. Typical home values have continued to grow in all five cities since 2010 — the typical home value grew the most in Milwaukee (129%), while the lowest increase was in Wauwatosa (84%). Overall, the typical home value in Wauwatosa represents the median among neighboring communities.



[1] Typical Home Values reflect values in the 35th to 65th percentile range for each market area
Source: Zillow, SB Friedman

HOMEOWNERSHIP TRENDS

Share of overall homeownership continues to decline

- The number of owner-occupied households in Wauwatosa increased by 111 between 2020 and 2023 to a total of 13,082.
- The addition of over 1,000 renter-occupied households since 2020 resulted in a 3% decrease in the overall homeownership rate.
  - This is largely a result of the recent delivery of new rental housing and mirrors statewide and national trends
- The greatest shift in homeownership rate is in those age 54 and under (-8%).

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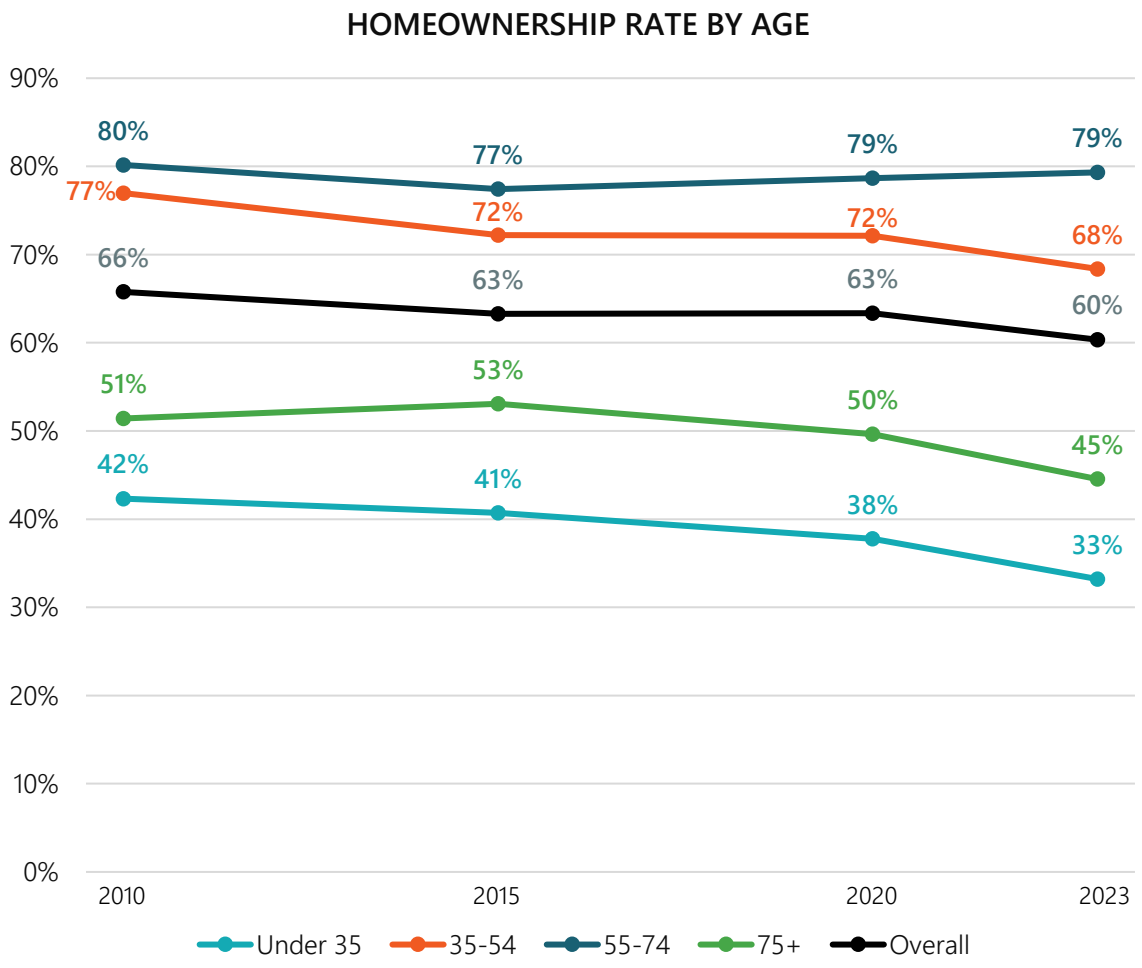


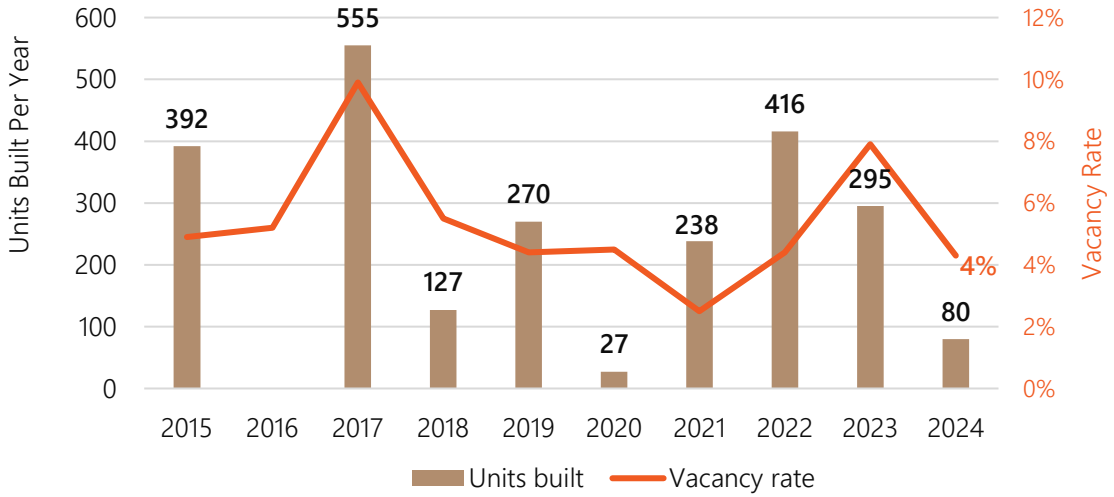
Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2006-2010; 2011-2015; 2016-2020; 2019-2023), SB Friedman, Wisconsin DOA

RENTAL HOUSING TRENDS

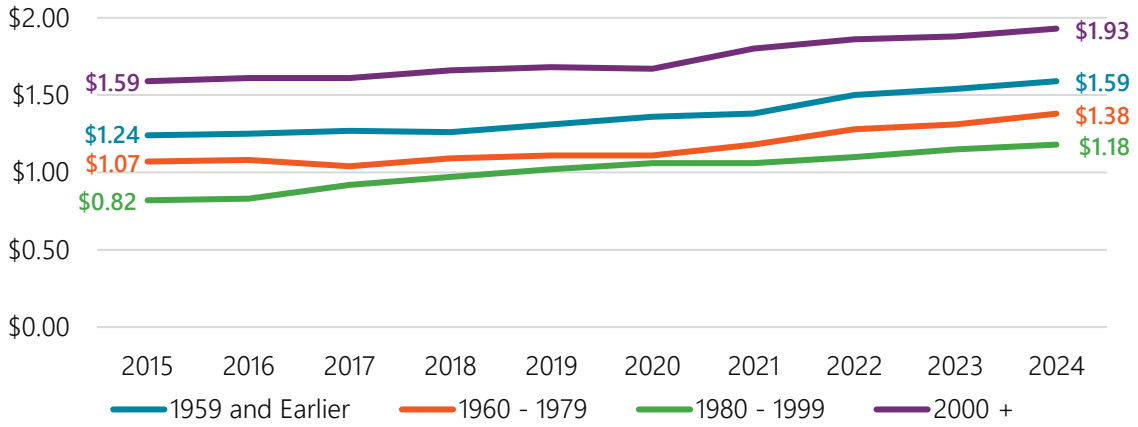
The steady absorption of new units and low vacancy suggest latent demand for rental housing

- Three new multifamily developments delivered over 370 units in Wauwatosa in 2023 and 2024. Steady absorption of these new units resulted in a 4% vacancy rate in 2024, indicating a supply-constrained residential market.
- While newer rental housing commands the highest rents, rents have grown faster among older rental product in Wauwatosa since 2015.
- Wauwatosa has a higher rent per square foot ($1.81 in 2024) compared to most peer communities, although rents have increased moderately (2.41%) since 2015 relative to neighboring communities.

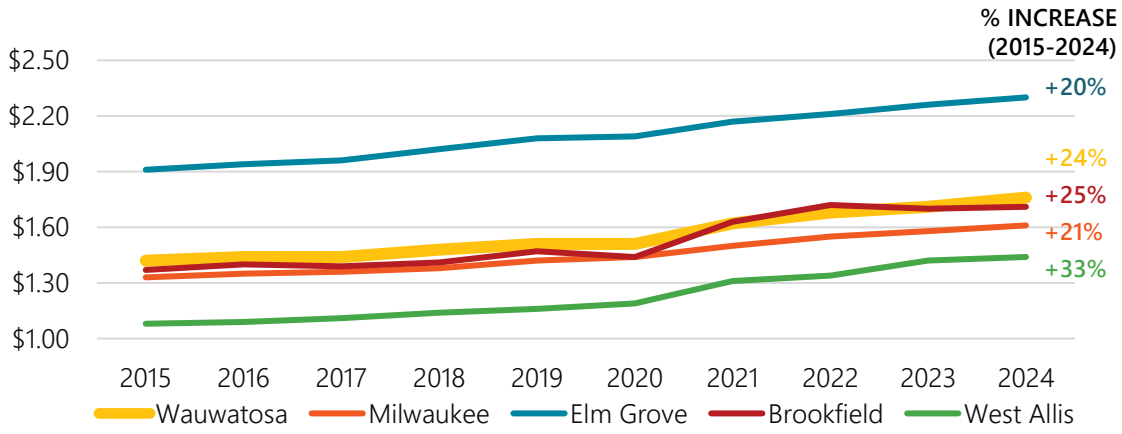
NEW MULTIFAMILY UNITS BUILT PER YEAR



EFFECTIVE RENT PER SQUARE FOOT BY AGE OF HOUSING



RENT PER SQUARE FOOT COMPARED TO PEER COMMUNITIES

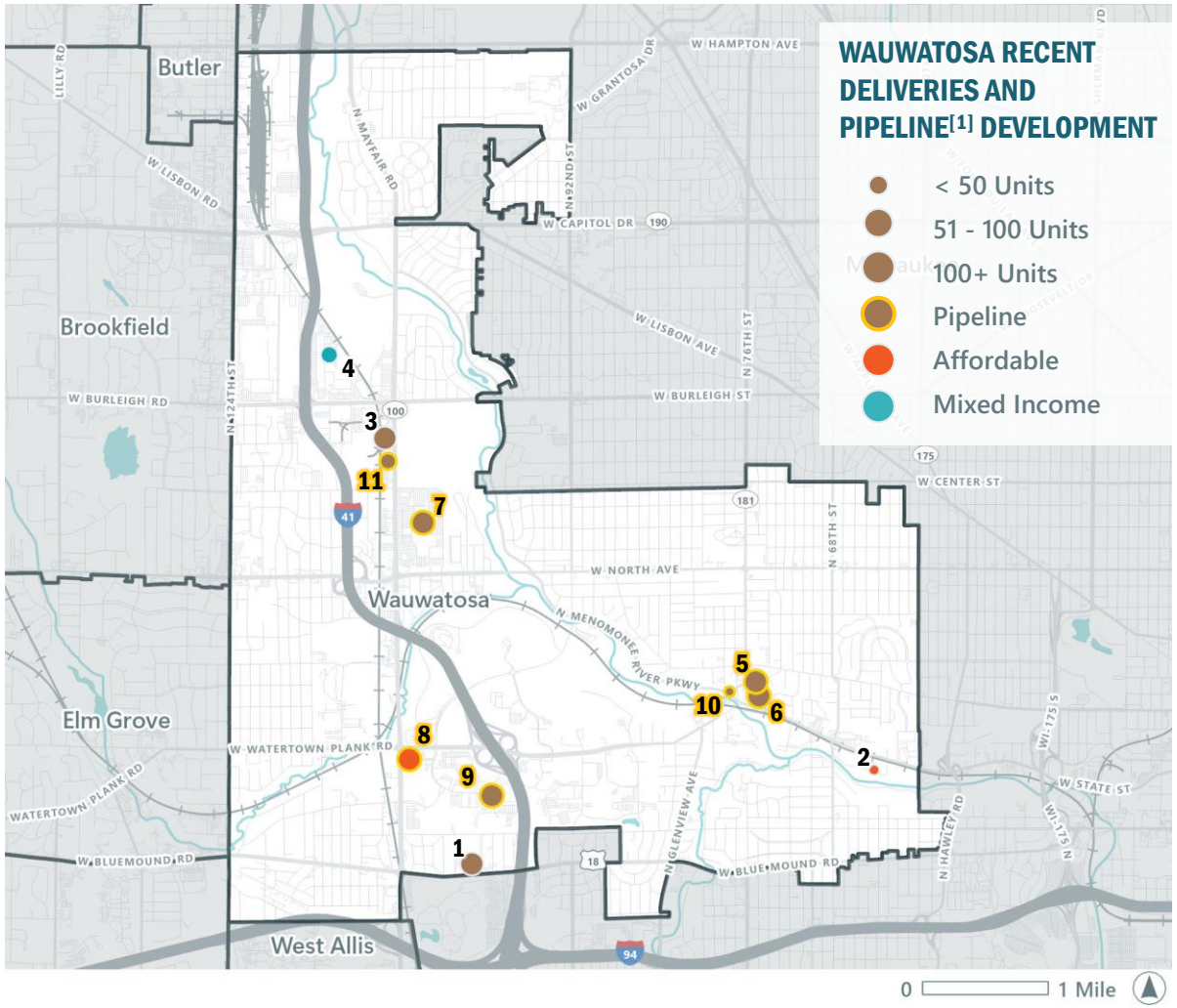


Source: City of Wauwatosa, CoStar, SB Friedman

NEW MULTIFAMILY INVENTORY

543 multifamily units have been delivered since the 2023 Study

- Since the 2023 Study, four multifamily developments have delivered 543 multifamily units in Wauwatosa. Eight projects are in the pipeline, totaling 1,228 additional units.
- New units include market-rate and affordable housing options. The limited availability of undeveloped sites results in new, higher density development often occurring via redevelopment of existing sites.
- The River Parkway Phase 2 project (Map ID2) and The Regent & The Oxford (Map ID4) delivered 93 rental units affordable to households earning less than 60% area median income (AMI).



[1] Pipeline includes projects under construction or renovation, and proposed projects
Source: City of Wauwatosa, CoStar, Esri, SB Friedman, U.S. Census Bureau

NEW MULTIFAMILY INVENTORY

Recent development has provided market-rate, senior and affordable housing units

MAP ID	DEVELOPMENT NAME	STATUS	TARGET POPULATION	YEAR BUILT	UNITS	UNIT MIX	AGE-RESTRICTED UNITS	AFFORDABLE UNITS	AFFORDABILITY LEVEL BY HOUSEHOLD SIZE	SUBSIDY PROGRAM
1	St. Camillus East	Existing	Seniors	2022	168	27 one-bed 141 two-bed	-	-	-	-
2	River Parkway Phase II	Existing	Workforce	2023	50	21 one-bed 10 two-bed 6 three-bed 13 townhomes	-	37	<60% AMI	City, LIHTC
3	Mayfair Apartments	Existing	Market	2023	258	32 studio 99 one-bed 99 two-bed 28 three-bed	-	-	-	-
4	The Regent & The Oxford	Existing	Seniors & Workforce (Affordable)	2024	80	44 one-bed 19 two-bed 17 three-bed	39	56	30% - 60% AMI	City, LIHTC, CDBG
	Total				**556**		**39**	**93**		

Source: City of Wauwatosa, CoStar, SB Friedman

PIPELINE MULTIFAMILY INVENTORY

Over 800 units are in the development pipeline[1]

MAP ID	DEVELOPMENT NAME	STATUS	TARGET POPULATION	UNITS	UNIT MIX	AGE-RESTRICTED UNITS	AFFORDABLE UNITS	AFFORDABILITY LEVEL BY HOUSEHOLD SIZE	SUBSIDY PROGRAM
5	Vista Village	Under Construction	Market	153	2 studio 112 one-bed 37 two-bed 2 three-bed	-	-	-	-
6	Harlow & Hem	Proposed	Market	157	mix of studio, one-bed, two-bed & three-bed	-	-	-	-
7	BLVD - Mayfair Mall	Proposed	Market	462	mix of studio, one-bed, two-bed & three-bed	-	0[2]	-	City
8	Waterfair Apartments	Proposed	Workforce	146	78 studio 62 one-bed 6 two-bed	-	146	Rents 15-20% below market	City

[1] Pipeline includes projects under construction or renovation, and proposed projects
[2] In lieu of providing affordable units, developer is contributing to the affordable housing fund
Source: City of Wauwatosa, SB Friedman

PIPELINE MULTIFAMILY INVENTORY

Over 800 units are in the development pipeline

MAP ID	DEVELOPMENT NAME	STATUS	TARGET POPULATION	UNITS	UNIT MIX	AGE-RESTRICTED UNITS	AFFORDABLE UNITS	AFFORDABILITY LEVEL BY HOUSEHOLD SIZE	SUBSIDY PROGRAM
9	Irgens — Research Apartments	Proposed	Market	204	40 studio 106 one-bed 50 two-bed 8 three-bed	-	-	-	City
10	7746 Menomonee River Parkway	Pending Proposal	Market	14	10 one-bed 4 three-bed townhomes	-	-	-	City
11	Mayfair Apartments	Pending Proposal	Market	92	48 one-bed 36 two-bed 4 three-bed	-	0[2]	-	City
	Total Pipeline[1]			**1,228**			**146**		

[1] Pipeline includes projects under construction or renovation, and proposed projects
[2] In lieu of providing affordable units, developer is contributing to the affordable housing fund
Source: City of Wauwatosa, SB Friedman

HOUSING AFFORDABILITY

HOUSING AFFORDABILITY

Income thresholds set relative to the AMI define housing affordability

In 2023, the Area Median Income (AMI) of the Milwaukee-West Allis-Waukesha Metropolitan Statistical Area (MSA) was $100,600. That means half of households in the MSA earn more than the median and half earn less. AMI varies based on the size of the household and defines the affordability of housing by income cohort.

Median Home Value for New Construction[1]: $577,900
Minimum Household Income to Afford: $170,400

Median Monthly Rent for New Construction[2]: $1,577
Minimum Household Income to Afford: $63,060

! *New market-rate rental and for-sale housing is generally unaffordable to lower income households*

2023 MSA AREA MEDIAN INCOME COHORTS BY HOUSEHOLD SIZE

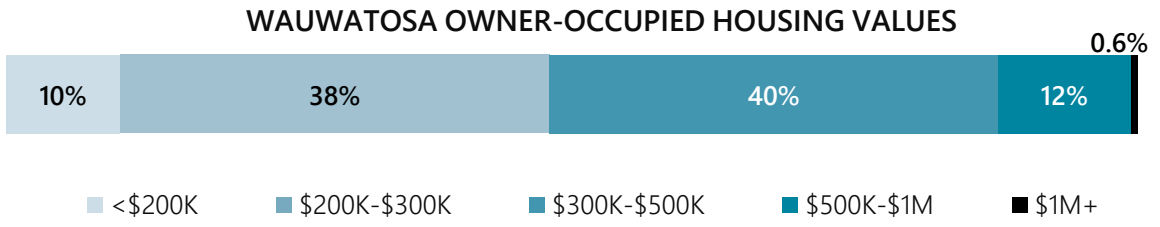
Household Size	<30% AMI "Extremely Low Income"	30-50%AMI "Very Low Income"	50-80% AMI "Low Income"	80-120% AMI "Moderate Income"	120-150% AMI "Middle Income"	>150% AMI "High Income"	100% AMI Median
1	$21,000	$35,000	$55,950	$84,000	$105,000	>$105,000	$70,000
2	$24,000	$40,000	$63,950	$96,000	$120,000	>$120,000	$80,000
Wauwatosa average household size: **2.17 people**							
3	$27,000	$45,000	$71,950	$108,000	$135,000	>$135,000	$90,000
4	$30,000	$49,950	$79,900	$119,880	$149,850	>$149,850	$99,900
5	$35,140	$53,950	$86,300	$129,480	$161,850	>$161,850	$107,900

[1] New construction homes for sale are defined as projects delivered since 2015
[2] New construction apartments for rent are defined as projects delivered since 2020
Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), U.S. Department of Housing and Urban Development, SB Friedman

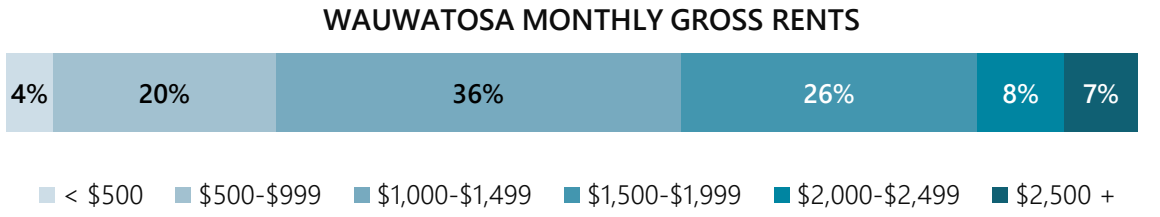
HOUSING COSTS & AFFORDABILITY

Home values and monthly rents are becoming more expensive

- In 2020, the median home value was $251,300. The median home value has since risen $56,300 to $307,600 in 2023. The minimum household income to afford a median-value home has risen over $20,000 since 2020 to $90,800 in 2023.
- Home values are increasing, especially at the higher end. There are an estimated 1,618 homes (12.4%) over $500,000 in value — an increase of 7.4% from 2020. The number of homes worth $300,000-$500,000 increased by 14%.
- Monthly gross rents have also become more expensive. In 2020, the median gross rent was $1,120 — which increased by 22% to $1,370 in 2023. The number of units with rents greater than $1,500 per month has increased by approximately 17%. The minimum income needed to afford a median-rent apartment increased by approximately $10,000 since 2020, to $54,800 in 2023.



2023 Median Home Value: $307,600
Minimum Household Income to Afford: $90,800



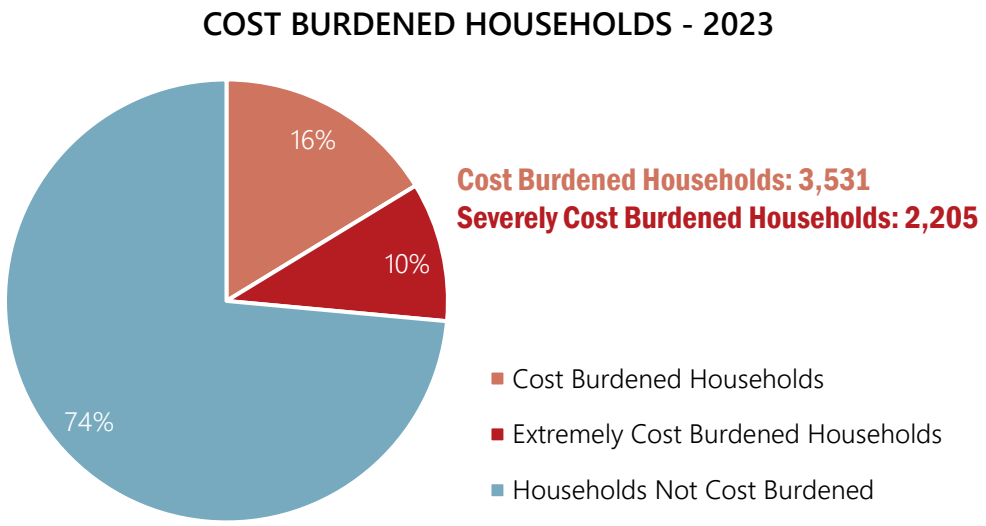
2023 Median Gross Rent: $1,370/Month
Minimum Household Income to Afford: $54,800

Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), SB Friedman

COST BURDENED HOUSEHOLDS

Over a quarter of households in Wauwatosa are housing cost burdened

- The Federal Department of Housing and Urban Development (HUD) defines housing affordability as a household spending less than 30% of gross income on housing costs, including utilities. Essentially, any household that spends over 30% typically must make financial choices and tradeoffs in terms of other essentials, transportation, or saving. Any household spending above 30% is considered housing cost burdened.
- In 2023, 3,531 households (16% of total households) were considered housing cost burdened, meaning the household spends more than 30% of its annual gross income on housing-related costs. There were 2,205 households (10% of total households) that were considered severely cost burdened, meaning the household spends more than 50% of its annual gross income on housing-related costs.
- The total share of cost-burdened households in 2023 (26.4%) is similar to the estimated 25.7% in 2020. As of 2023, there are approximately 480 additional cost-burdened or severely cost-burdened households in Wauwatosa than in 2020.



Source: HUD, U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), SB Friedman

COST BURDENED HOUSEHOLDS

Cost burden has increased among lower-income households compared to the 2023 Study

- Wauwatosa continues to exhibit a greater share of cost burdened renters compared to most peer communities.
- The share of households earning $35,000-$50,000 who are housing cost burdened grew 12% since 2020.

CITY OF WAUWATOSA COST-BURDENED HOUSEHOLDS (2023)

OWNER-OCCUPIED HOUSEHOLDS

16% (2,115 households)

Owner-Occupied Households Cost-Burdened

RENTER-OCCUPIED HOUSEHOLDS

42% (3,621 households)

Renter-Occupied Households Cost-Burdened

HOUSEHOLDS EARNING <$35K

89% (2,531 households)

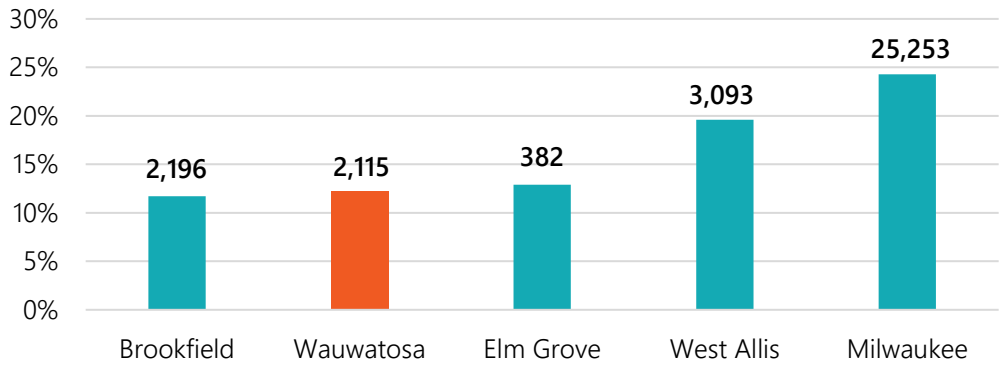
Households Cost-Burdened

HOUSEHOLDS EARNING $35K-$50K

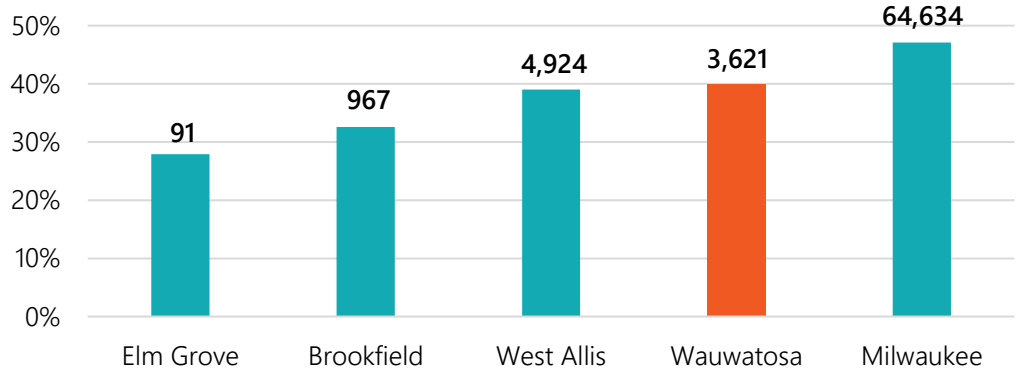
57% (1,029 households)

Households Cost-Burdened

SHARE OF OWNER-OCCUPIED HOUSEHOLDS THAT ARE COST BURDENED



SHARE OF RENTER-OCCUPIED HOUSEHOLDS THAT ARE COST BURDENED

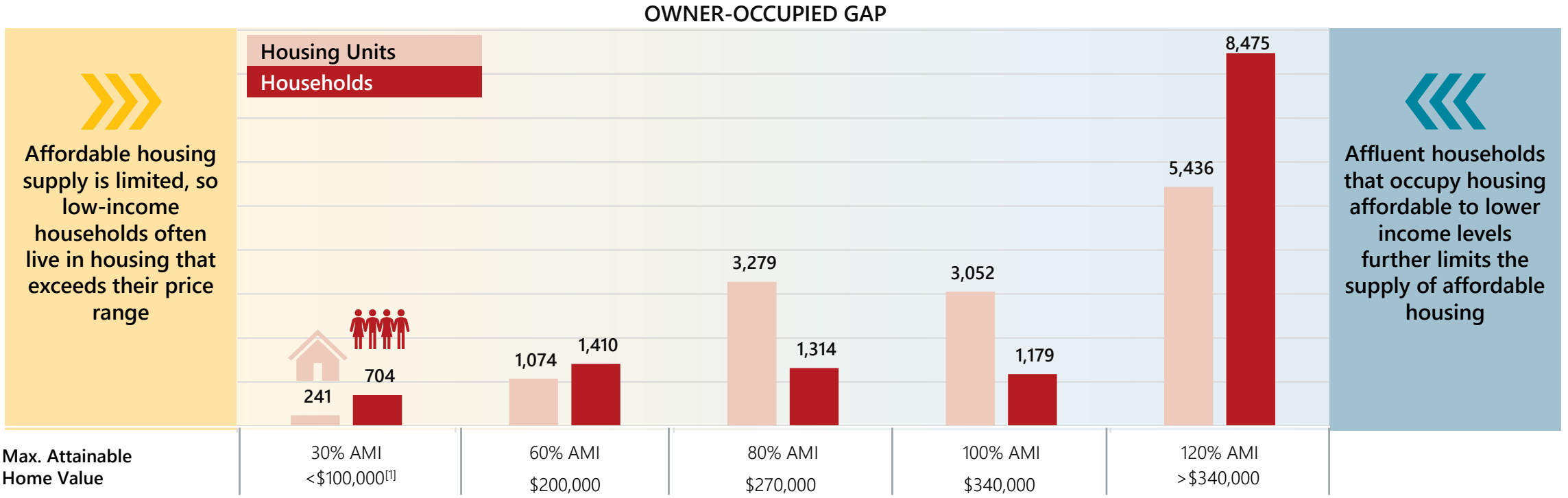


Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), SB Friedman

HOME OWNERSHIP AFFORDABILITY

Low-income homeowners are likely to be cost burdened given the lack of units priced affordably to them

The number of owner-occupied households that earn more than 120% of AMI exceeds the number of units that are affordable to only that income level by. As a result, over 3,000 of these more affluent households likely occupy units that are affordable only to households earning lower incomes. This increases the difficulty for households at lower income levels to find affordable housing and increases the number of cost burdened households in Wauwatosa. There are nearly 800 more households earning less than 60% AMI than there are affordable units at that AMI level. Many lower income households are therefore living in higher cost housing and experience housing cost burdens. Adding more affordable and market-rate housing units could allow lower income households to occupy affordable units and reduce the cost burden of housing.



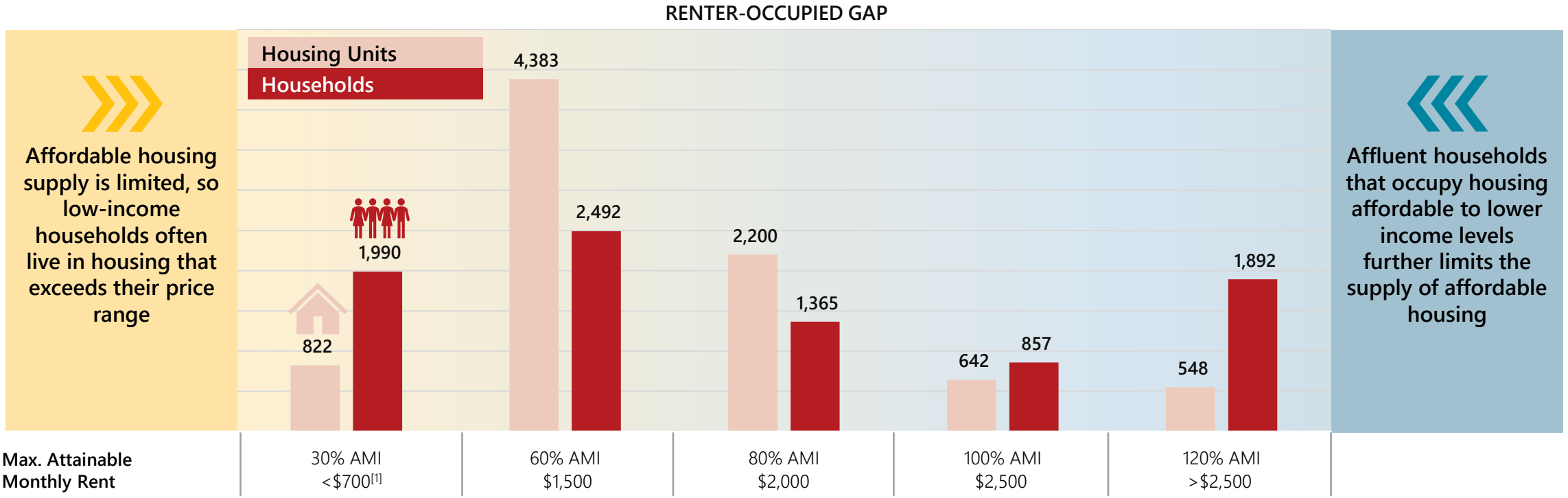
[1] Analysis assumes a household size of 4 people.

Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), SB Friedman

RENTAL HOUSING AFFORDABILITY

Extremely low-income households bear the greatest exposure to being cost burdened

There are nearly 1,300 renter households earning less than 30% AMI that appear to not have affordable residential units available to them. With fewer housing options, these low-income households often live in housing that is not affordable to them. More affluent households earning >120% AMI may choose to occupy units that are affordable to households at lower income levels, providing an additional constraint on available affordable housing supply. Again, adding more affordable and market-rate housing could relieve the cost burden for lower income households. The rent limits shown below roughly correspond to the maximum housing payment considered affordable for households within each AMI category.



[1] Analysis assumes a household size of 4 people.

Source: U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), SB Friedman

HOUSING TOOLKIT

HOUSING TOOLKIT

The 2023 Study provided a toolkit of strategies to address housing challenges

PROGRAMS	Locally-operated programs that can build or maintain affordable housing units	• Continue to identify and/or assemble sites for development • Create local or regional land trust (Creation and feasibility currently being discussed by ad-hoc Community Land Trust Formation Committee) • Maintain naturally occurring affordable housing and starter homes
INCENTIVES	Tools that will motivate developing housing of various types and styles	• Attract for-sale single-family attached and missing middle housing developers • Develop a zoning overlay to provide incentives for developers who build affordable and physically accessible housing
REGULATORY	Local regulations which can protect affordability	• Continue to monitor and track status of housing in Wauwatosa • Continue to evaluate modifying zoning code to accommodate more housing development by right • Introduce universal design policies
FUNDING	Tools that establish funding sources for affordable housing	• Continue to build on existing entitlement community status • Create housing trust fund
PARTNERSHIPS & COLLABORATIONS	Tools that can garner support and partnerships for affordable housing	• Work with banks, philanthropic, or other anchor institutions to leverage necessary funding for community development

2025 IMPLEMENTATION UPDATE

Recent initiatives have expanded development opportunities; increased funding for affordable units

PROGRAMS	Locally-operated programs that can build or maintain affordable housing units	• **Continue to identify and/or assemble sites for development** • **Create local or regional land trust** • Maintain naturally occurring affordable housing and starter homes
INCENTIVES	Tools that will motivate developing housing of various types and styles	• **Attract for-sale single-family attached and missing middle housing developers** • Develop a zoning overlay to provide incentives for developers who build affordable and physically accessible housing
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FUNDING	Tools that establish funding sources for affordable housing	• Continue to build on existing entitlement community status • **Create housing trust fund**
PARTNERSHIPS & COLLABORATIONS	Tools that can garner support and partnerships for affordable housing	• Work with banks, philanthropic, or other anchor institutions to leverage necessary funding for community development

Several recent multifamily development projects have been constructed on vacant or underutilized sites.

The Milwaukee Land Trust now operates in Wauwatosa following action by the ad-hoc Community Land Trust Formation Committee.

Developer engagement is ongoing.

The City continues to engage developers and maintain up-to-date information on the status of proposed and under construction projects.

Several zoning amendments have advanced housing and neighborhood development efforts included in the 2045 Comprehensive Plan.

Recent residential developments have contributed to an affordable housing trust fund facilitating the development of affordable units.

CURRENT HOUSING NEEDS & RECOMMENDED STRATEGIES

Recent trends justify a continued focus on two key strategies

PROGRAMS

Locally-operated programs that can build or maintain affordable housing units

- **Continue to identify and/or assemble sites for development**
- Create local or regional land trust (Creation and feasibility currently being discussed by ad-hoc Community Land Trust Formation Committee)
- **Maintain naturally occurring affordable housing and starter homes**

HOUSING CHALLENGES

Demographic, housing, and market shifts since the 2023 Study indicate that existing housing challenges include:

- Accelerated growth in home values.
- Slower growth in household income, which has not kept pace with housing costs.
  - The minimum income required to afford the median home value and monthly rent have increased by 30% and 23%, respectively.
- Increased rates of cost burden among lower-income households.

KEY HOUSING STRATEGIES

While the City can continue to advance each of the toolkit strategies, **maintaining existing naturally occurring affordable housing** (NOAH) units is key to preserving affordability within Wauwatosa. **Continuing to identify sites for development** can create residential development opportunities that increase local housing production.

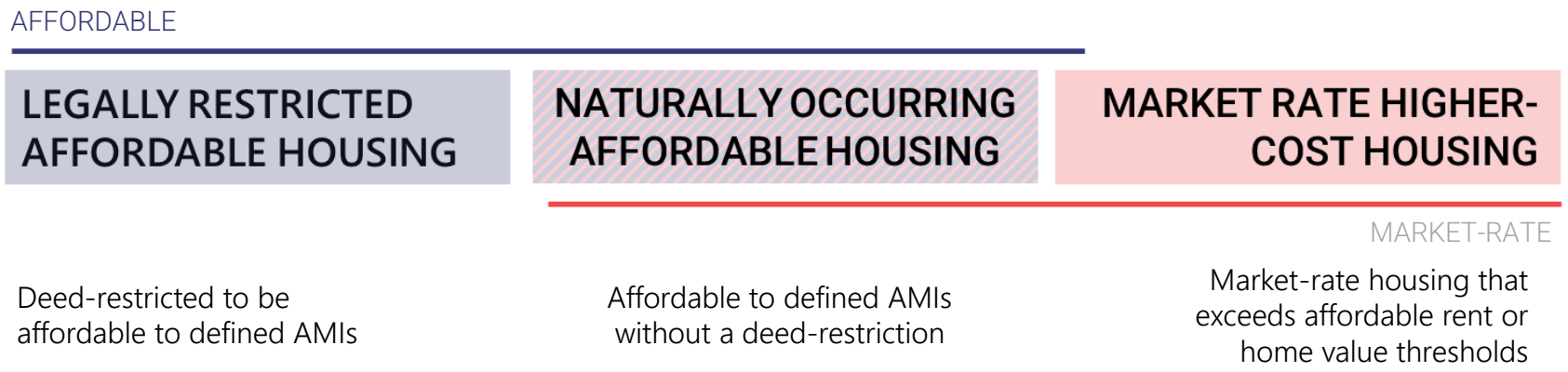
Priority Housing Strategy:

MAINTAIN NATURALLY OCCURING AFFORDABLE HOUSING

TYPES OF HOUSING BY AFFORDABILITY STATUS

NOAH units are a key asset within the housing ecosystem that can support housing affordability

- Given that housing affordability continues to be a challenge for Wauwatosa residents, maintaining and preserving naturally occurring affordable housing (NOAH) units is a near-term strategy that can support housing affordability.
- Affordable housing can be distinguished between legally restricted affordable housing (LRAH) and NOAH.
  - LRAH is generally delivered through Low-Income Housing Tax Credit projects or other government-subsidized housing developments that are contractually bound to be affordable. In most cases, these units are meant to be affordable for renters earning 60% AMI or less or homeowners eaming 100% AMI or less.
  - NOAH is also affordable to renters earning 60% AMI or less and homeowners earning 100% or less, but is not affordable due to any requirement, nor does it have any legal protections.
- NOAH units may be affordable due to the age, condition, location or size of the unit. NOAH units are at risk of becoming unaffordable to lower-income households as market conditions shift because their affordability is not required or legally protected.

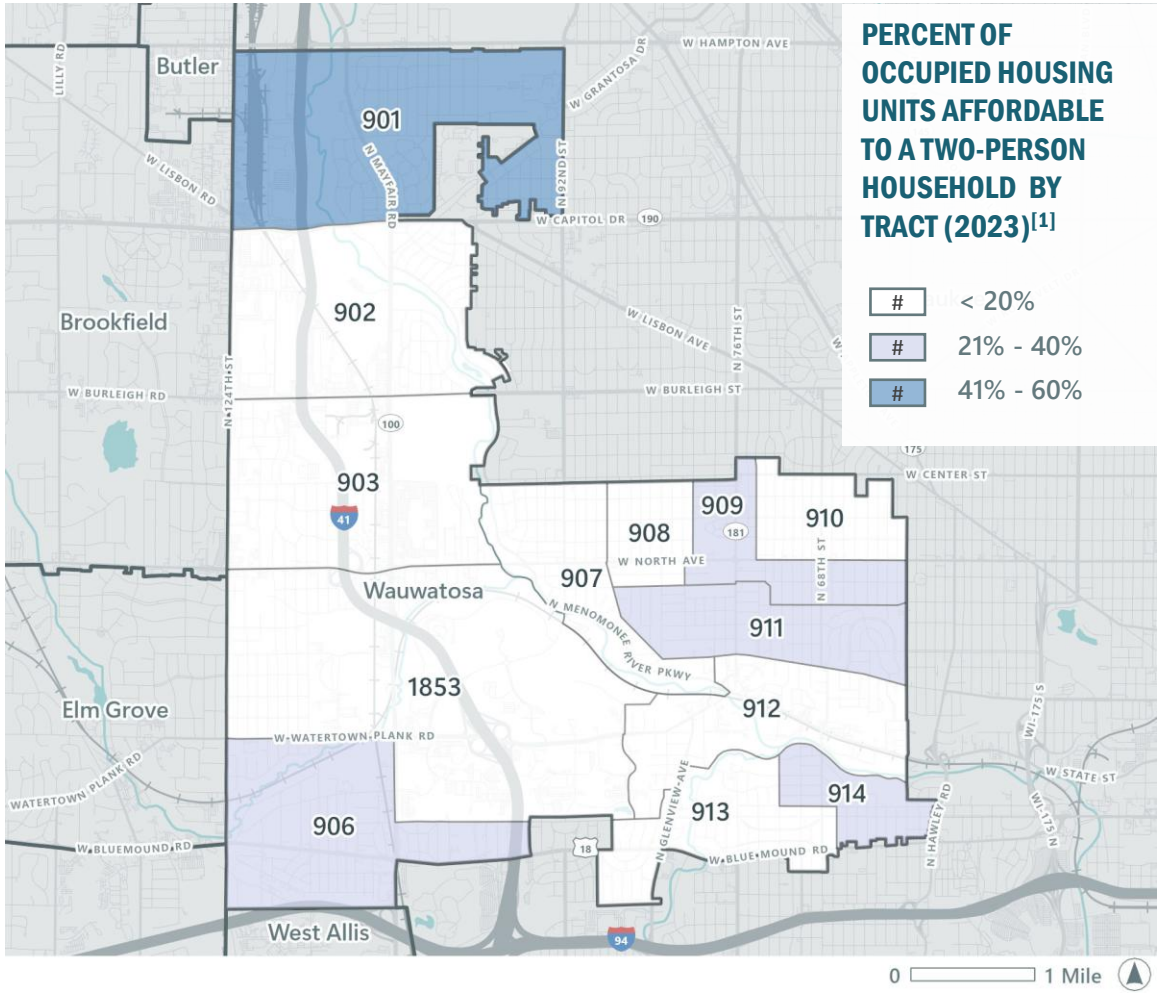


NOAH INVENTORY

Approximately 21% of total occupied housing units in Wauwatosa are NOAH

- There are approximately 4,480 occupied NOAH units in Wauwatosa.
  - Approximately 3,090 NOAH units are for-sale units (14% of total owner-occupied units) while 1,390 are rental units (6% of total renter-occupied units).
- Neighborhoods with high concentrations of NOAH — such as Census Tract 901 — could be priority areas to establish NOAH maintenance and preservation programs.

Census Tract	Total Occupied Units	LRAH Units	Total Occupied NOAH Units
901	1,725	34	738
902	1,121	-	209
903	1,506	162	256
906	2,043	-	594
907	1,195	-	158
908	1,004	-	173
909	1,659	6	472
910	2,077	-	408
911	1,615	-	330
912	2,854	85	392
913	1,502	-	266
914	1,023	-	219
1853	2,353	115	267
Total	21,677	402	4,481



[1] Analysis includes owner-occupied units affordable to households earning at least 100% AMI and renter-occupied units earning at least 60% AMI

Source: Esri, HUD, U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), SB Friedman

MAINTAINING & PRESERVING NOAH

Next steps include identifying NOAH maintenance needs; monitoring pressure on NOAH units

Priority Housing Strategy:
MAINTAIN NOAH AND STARTER HOMES

NOAH can provide affordable rental and home ownership opportunities to young families or low-income households. Proactive measures are necessary to ensure long-term affordability of existing NOAH units.

IMPLEMENTATION STEPS

1. Establish NOAH criteria (housing types, rent, etc.)
    - ✓ Rental units affordable to households earning <60% AMI
        - Maximum affordable rent of $1,200/month (based on income limits for a 2-person household)
    - ✓ For-sale units affordable to households earning <100% AMI
        - Maximum affordable home value of $340,000 (based on income limits for a 4-person household)
2. Identify existing inventory of NOAH
    - ✓ NOAH units appear to be concentrated in northern and eastern Wauwatosa
3. Coordinate with residents and landlords to understand maintenance needs or affordability issues — **NEXT STEP**
4. Continue supporting new housing production to relieve market pressure on existing NOAH — **NEXT STEP**

Priority Housing Strategy:

CONTINUE IDENTIFYING DEVELOPMENT OPPORTUNITY SITES

IDENTIFYING OPPORTUNITY SITES

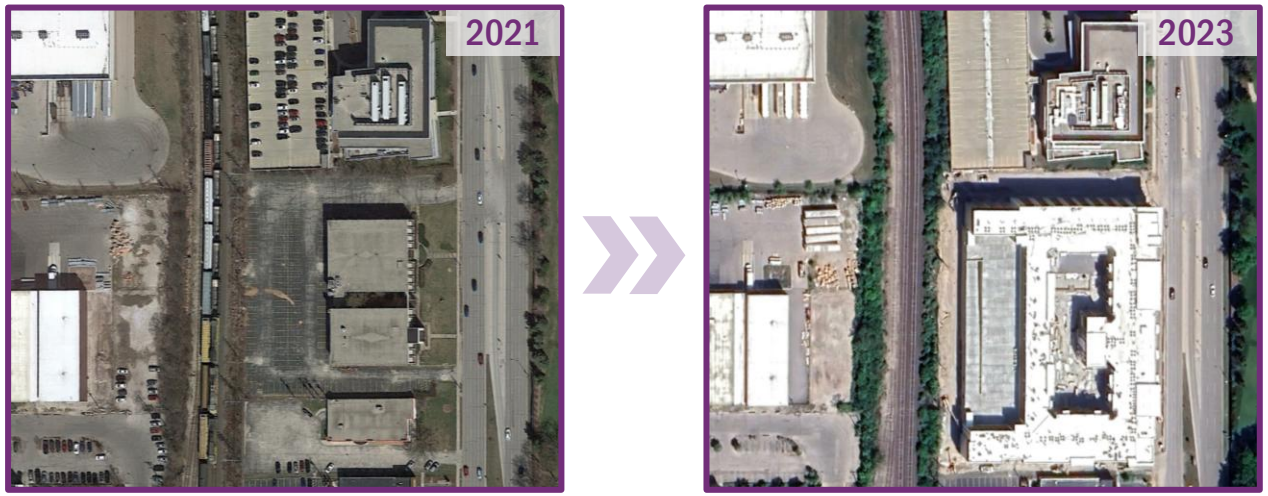
Wauwatosa has development capacity for up to 6,150 multifamily units

An estimated 120 acres of publicly-owned, underutilized or vacant properties could potentially accommodate multifamily residential development.

Recent multifamily development projects, such as the 2929 on Mayfair, have been built on sites that were previously vacant and/or underutilized. To make these projects financially feasible, recent multifamily deliveries (built since 2017) have become higher density developments, achieving an average of 50 dwelling units per acre.

Assuming future multifamily developments maintain similar densities, SB Friedman estimates that Wauwatosa could accommodate up to 6,150 new multifamily residential units on key opportunity sites.

2929 ON MAYFAIR – 258 UNITS



OPPORTUNITY SITE DEVELOPMENT CAPACITY

123 ACRES

X 50 UNITS/ACRE

= 6,150 MULTIFAMILY RENTAL UNITS

Source: City of Wauwatosa, CoStar, Google Earth, SB Friedman

RESIDENTIAL DEMAND PROJECTIONS

SB Friedman considered several factors in estimating residential demand

- SB Friedman projected residential demand through 2040 to understand the ability of the local housing market to absorb units on vacant and underutilized sites.
- Given that housing markets are regional in nature, residential demand projections were first prepared at the regional level. Then, a range of possible capture rates were used to translate regional demand into a potential growth scenario for Wauwatosa.
- The following key inputs were considered while quantifying future housing demand:

Population and Household Trends

How is the market evolving?

Vacancy Rate

How constrained is the current market? How many units need to be replaced?

Housing Tenure

Do people want to rent or own?

Housing Preferences

What sort of housing typologies are desired? How are those preferences evolving?

Wauwatosa Capture

What share of regional market demand could Wauwatosa capture?

POPULATION & HOUSEHOLD TRENDS

An aging population presents a shift in household sizes and housing preferences

- Population and household trends are a major driver of future housing demand. As a region's population changes, the housing supply must adapt to accommodate changing demographics and preferences.
- Wauwatosa is located on the border of Milwaukee and Waukesha counties. The population within this two-county market area has increased since 2010, gaining approximately 13,000 residents (+1% from 2010 to 2023).
- The Wisconsin DOA is projecting population decline in the market area over the next two decades. Between 2023 and 2040, the market area is expected to decline by approximately 54,700 residents (-4%).
  - Seniors (aged 75+) are the only age cohort projected to grow while the number of younger adult and family households are expected to decrease.
  - Despite the decline in market area population, the Wisconsin DOA projects Wauwatosa's population will increase by 1,440 residents by 2040.

2-COUNTY RESIDENTIAL MARKET AREA

2-COUNTY RESIDENTIAL MARKET AREA

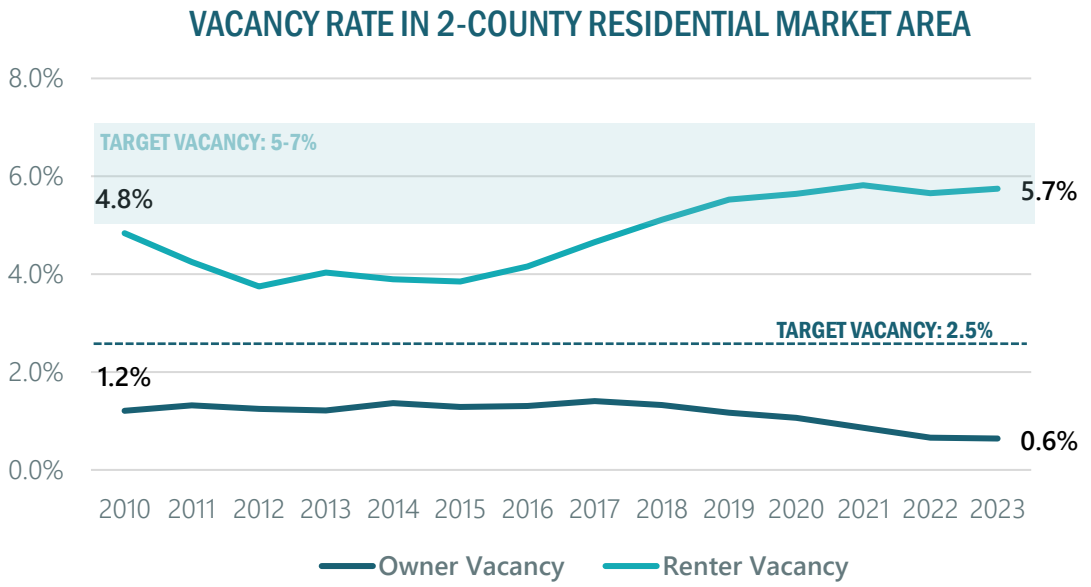
+13,000	1,336,700	-54,700
POPULATION CHANGE 2010-2023	POPULATION 2023 AMERICAN COMMUNITY SURVEY	PROJECTED CHANGE 2023-2040
		4% DECLINE

Source: ACS 5-Year Estimates (2019-2023), Wisconsin DOA, SB Friedman

VACANCY RATE

Regional vacancy rates indicate a constrained market

- A well-functioning housing market requires a controlled level of vacancy; neither too high nor too low of a vacancy rate is desirable.
- Over the last decade, rental vacancy rates in the market area have fluctuated, likely as a result of new multifamily deliveries, while for-sale housing vacancy has decreased.
- Paired with rising housing prices, historically low owner vacancy rates may indicate that housing supply has not matched recent growth in demand.
- Target vacancy rates by tenure reflect a healthy, competitive housing market with enough supply to facilitate desired moves.



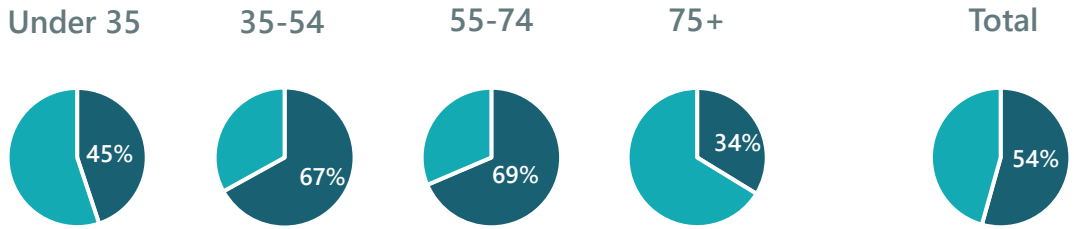
Source: ACS 5-Year Estimates (2019-2023), CoStar, SB Friedman

HOUSING TENURE

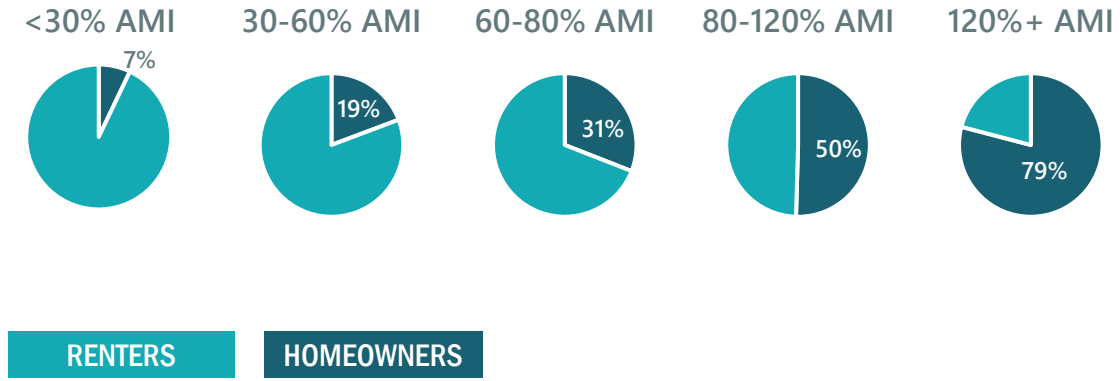
Housing choices are influenced by the age and income of the householder

- Our demand projections account for the likelihood of households to choose rental or for-sale homes based on their age and income.
- Regionally, propensity to rent is greatest among young households (under 35) and senior households.
- Currently, 54% of households in the market area live in owner-occupied housing.
- Homeownership rates increase with income which is in line with homeownership patterns nationally.

TENURE BY AGE OF HOUSEHOLDER IN 2-COUNTY RESIDENTIAL MARKET AREA



TENURE BY HOUSEHOLD INCOME IN 2-COUNTY RESIDENTIAL MARKET AREA



Source: U.S. Census ACS 5-Year Estimates (2019-2023), Urban Institute, Wisconsin DOA, SB Friedman

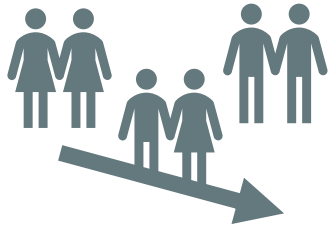
HOUSING TENURE

Recent trends are leading to declining homeownership rates

Homeownership is becoming less accessible

Young and middle-aged households are delaying homeownership

Millennials are aging out of the peak rental years but continue to rent at high rates



Marriage rates are declining and the average age of marriage is increasing, resulting in more renters

Older and higher-income households are renters by choice and choosing amenitized rental units in desirable locations

- While homeownership generally increases with age and income, there are also trends that are reducing homeownership rates across the board.
- Homeownership has historically been unattainable for some portions of the population. Now, it is becoming unattainable for a greater share of the population.
- We project that the overall homeownership rate will decrease by more than 5% by 2040 as the growth in senior households drives demand for more rental product.

HOUSING PREFERENCES

Households have different housing preferences that vary with age and income

Since the Great Recession, housing production nationally has been primarily larger single-family homes and rental apartments. Younger households have a greater preference for new housing, regardless of tenure.

Seniors have a greater propensity to rent as:

- They seek housing that requires less maintenance, accommodates accessibility needs, and addresses other housing needs.
- The production of attached for-sale housing (condos) is generally limited.

There is a growing share of middle-aged renter households (35-54) as housing costs and limited supply increase the difficulty of attaining homeownership.

SB Friedman projected future demand for only multifamily residential units within Wauwatosa due to the limited development opportunities, as well as the cost of site assembly and transitioning underutilized sites to residential uses.

MULTIFAMILY HOUSING DEMAND

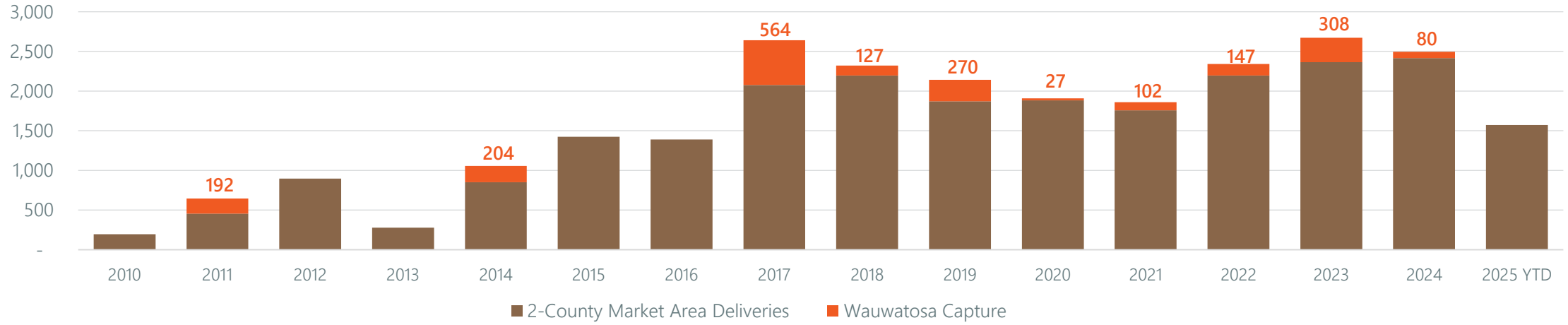
SB Friedman evaluated local housing demand by reviewing historic capture rates

To translate regional housing demand to local housing demand, SB Friedman reviewed the share of regional development that occurred in Wauwatosa between 2010 and 2023. Over the last 15 years, Wauwatosa has captured an average of 8% of market-rate multifamily residential units delivered within the 2-county market area.

Several factors could increase Wauwatosa's capture of regional housing demand:

- Successful repositioning of vacant and underutilized sites within the city.
- Population and household growth through 2040.

WAUWATOSA CAPTURE OF MARKET-RATE MULTIFAMILY DEVELOPMENT IN 2-COUNTY RESIDENTIAL MARKET AREA

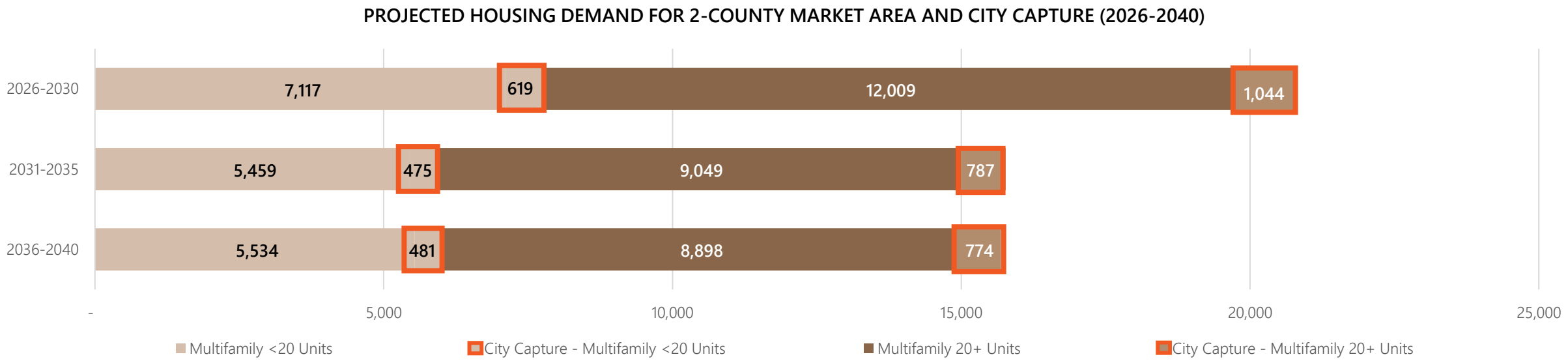


Source: SB Friedman, U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), Urban Institute, Wisconsin DOA

MULTIFAMILY HOUSING DEMAND

Wauwatosa could capture approximately 4,180 multifamily rental units by 2040

- To accommodate projected household growth and changing demographic trends, the 2-County market area would need ±3,500 additional rental units per year.
- Based on the historic capture rate of regional development within Wauwatosa (8%), the city is projected to capture approximately 4,180 rental units from 2026 to 2040, or ±280 rental units per year.
  - To achieve full buildout of the 120+ acres of opportunity sites over the same period, annual absorption would need to average nearly 440 units.



Source: SB Friedman, U.S. Census Bureau American Community Survey 5-Year Estimates (2019-2023), Urban Institute, Wisconsin DOA

MULTIFAMILY DEMAND BY TYPE AND INCOME

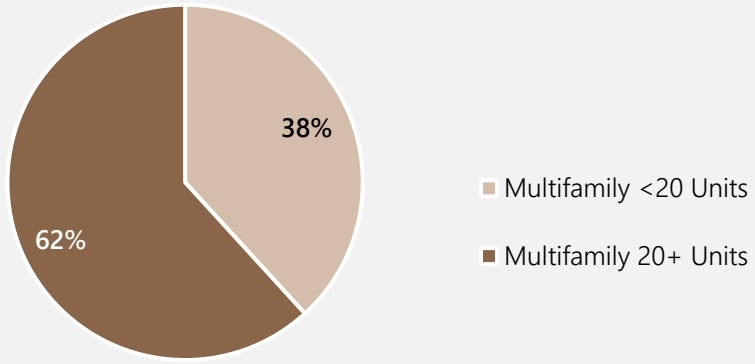
Future multifamily development should provide units affordable to all income cohorts

- The majority (62%) of new rental units to be built in Wauwatosa are projected to be delivered in multifamily buildings containing 20+ units.
- There is projected demand for housing at a variety of income levels – nearly 50% of demand through 2040 will be for units affordable to households earning 60% AMI or less.
- New rental housing should reflect evolving household composition and preferences:
  - Alternative housing for empty nesters and seniors seeking to downsize and age in place.
  - Higher density multifamily housing to accommodate increasing demand from renters.
- Projected renter demand by AMI does not consider the existing housing supply gap by AMI. Planning for future residential demand should occur in tandem with policy choices to address existing gaps in housing affordability.

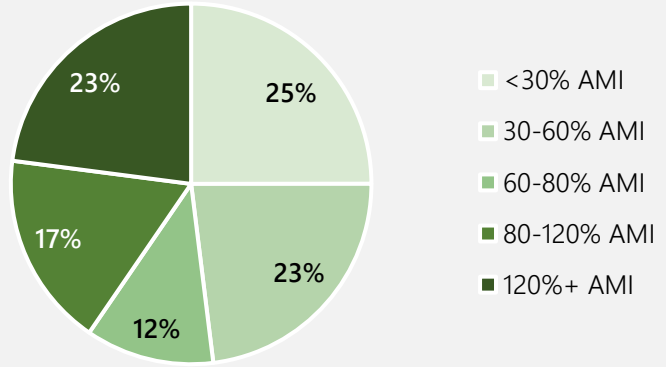
TOTAL PROJECTED DEMAND FOR RENTER UNITS BY 2040:

4,180

TOTAL RENTER DEMAND BY TYPE (2026-2040)



TOTAL RENTER DEMAND BY INCOME LEVEL (2026-2040)



Source: SB Friedman, U.S. Census Bureau ACS 5-Year Estimates (2019-2023), Urban Institute, Wisconsin DOA

MULTIFAMILY HOUSING PRODUCTION TARGETS

Market trends, supply analysis, and demand projections inform rental housing production targets

- Given the limited amount of land available for housing development, as well as recent socioeconomic and development trends, SB Friedman recommends targeting production of multifamily rental housing in Wauwatosa.
- Since 2021, approximately 70 new affordable units (<60% AMI) have been delivered annually in Wauwatosa. We recommend targeting production of a minimum of 2,000 affordable units by 2040 (140 units per year) to address existing unmet needs and keep pace with future demand. However, it is important to note that meeting this production target is highly dependent on the availability of federal and local resources to make projects financially feasible.
- Most of the existing rental housing in Wauwatosa is affordable to households earning 60-80% AMI. While these income cohorts are projected to grow, it is difficult to finance new construction for housing units affordable at these price points. With a constrained housing market, these units are at-risk of losing their affordability due to an undersupply of rental housing and other market pressures. We recommend the City continue to support new market-rate residential construction to relieve pressure on existing naturally occurring affordable units.
- Current market economics will likely support the development of higher cost housing (>100% AMI) as market-rate rents are necessary to overcome the high cost of construction. Since 2015, 240 units have been delivered annually on average. An existing undersupply of higher cost housing and projected demand for additional market-rate units underscores the need for continued development (at recent levels) of market-rate rental housing in Wauwatosa.

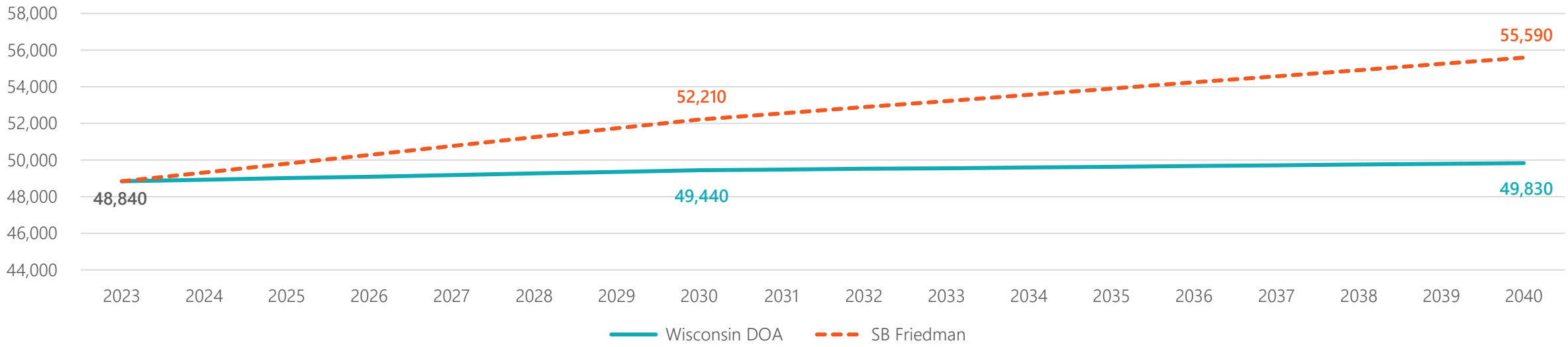
	Existing Rental Housing Mismatch	Projected Rental Demand by 2040
30% AMI	-1,190	1,040
60% AMI	+1,890	960
80% AMI	+840	480
100% AMI	-220	730
120% AMI	-1,340	960

PROJECTED POPULATION GROWTH

Future population growth is contingent on the ability to redevelop opportunity sites in Wauwatosa

- Additional residential development could support continued population growth.
- The Wisconsin DOA projects that Wauwatosa could grow by approximately 1,440 residents by 2040.
- The Wisconsin DOA population projections are likely not fully accounting for the large-scale redevelopment of underutilized sites in Wauwatosa, which is how most new residential units have been delivered. Based on the estimated capture of projected residential demand, population growth in Wauwatosa could increase by up to 6,750 residents.
- Future population growth is therefore highly dependent on the ability to convert opportunity sites from lower intensity uses into higher density residential development.

PROJECTED POPULATION GROWTH[1]



[1] Population projections assume an average household size of 1.7 for new occupied units and 5% vacancy among new product.
Source: ACS 5-Year Estimates (2019-2023), City of Wauwatosa, CoStar, Wisconsin DOA, SB Friedman

IDENTIFYING & ASSEMBLING OPPORTUNITY SITES

Opportunity site development will likely require the City to partner with property owners

Priority Housing Strategy: CONTINUE TO IDENTIFY AND/OR ASSEMBLE SITES FOR DEVELOPMENT

The City should continue evaluating the benefit of leveraging publicly owned land or other vacant land in the area for housing that meets existing needs. Given the limited amount of land and high cost of construction, activating publicly-owned land or vacant privately-owned land could allow for higher density housing development.

IMPLEMENTATION STEPS

1. Identify underutilized land
   - ✓ There are over 120 acres of development opportunity sites in Wauwatosa
   - ✓ If recent development trends continue, there appears to be capacity for up to 6,150 additional multifamily rental units
2. Partner with owners of key development sites — **NEXT STEP**

OXFORD AND REGENT APARTMENTS (PART OF MAYFAIR COLLECTION REDEVELOPMENT)

Source: Google Earth, SB Friedman

KEY FINDINGS

KEY FINDINGS

POPULATION AND DEMOGRAPHICS

- Citywide population and average household size decreased since the 2023 Study, however growth in total households continues to generate demand for housing.
- Approximately 1,000 renter households have been added to Wauwatosa since the 2023 Study.
- Generally, the population is becoming more diverse and slightly older.
    - Growth in senior households could increase demand for multifamily rental housing
- Wauwatosa households are more affluent than the county overall.

HOUSING MARKET

- There appears to be latent demand for additional multifamily rental housing.
    - Recent multifamily deliveries have been absorbed, and the vacancy rate remains low, indicating a supply-constrained market.
- Limited land availability has resulted in more, higher density multifamily rental development
- An older housing stock may not satisfy current housing needs, including accessibility for disabled residents and units that allow seniors to age in place.

HOUSING AFFORDABILITY

- The growth rate of home values has accelerated since the 2023 Study.
    - The typical home value in Wauwatosa grew by an average annual growth rate of 5.6% since 2010 — faster than the growth rate calculated during the 2023 Study (4.6%).
- Housing costs have continued to outpace income growth as the minimum income required to afford the median home value and monthly rent have increased by 30% and 23% respectively since the 2023 Study.
- The lack of affordable housing options increases the cost burden among lower-income households as more affluent households appear to be occupying lower cost housing.
- One in five housing units in Wauwatosa are NOAH. While NOAH may be affordable for current residents, these units are at risk of losing their affordability over the long term.

KEY FINDINGS

HOUSING DEMAND

- Population and household trends are a major driver of future housing demand.
- As a region's population changes, the housing supply must adapt to accommodate changing demographics and preferences.
- SB Friedman projected future demand for only multifamily residential units within the city due to the limited development opportunities, as well as the cost of site assembly and transitioning underutilized sites to residential uses.
- Given recent trends, Wauwatosa is projected to capture 4,180 rental units from 2026 to 2040, or ±280 rental units per year.
- SB Friedman projected population growth of up to 6,750 residents by 2040 based on the estimated capture of regional residential demand.

PRIORITY HOUSING STRATEGIES

- Wauwatosa has implemented various initiatives that have expanded development opportunities.
- Recent demographic, housing and market trends justify a continued focus on two key strategies:
  - Maintaining and preserving naturally-occurring affordable housing and starter homes
  - Continuing to identify and/or assemble sites for development

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