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COMMUNITIES

'We need diversity': Limited affordable rental housing in Milwaukee's suburbs limits who can live there

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Despite owning her own business, Jessica Key said it is impossible for her to afford a larger three-bedroom apartment that would provide more space for her and her three kids in the North Shore suburb where they currently live.

Key, a human resources consultant and a single mother, said she pays \$1,845 monthly for a smaller three-bedroom apartment in Mequon.

She'd like to afford more, but it's simply not in her budget. Even as much as she pays would be a stretch for some families.

Her story isn't unique. There are plenty of people with full-time jobs — nursing assistants, childcare staff, health care workers and more — who cannot afford to live in the suburbs, said Kori Schneider-Peragine, senior administrator at Metropolitan Milwaukee Fair Housing Council.

But why is it a struggle? And what does it mean for communities where there is a lack of affordable housing?

There are no easy answers, experts say, but contributing factors include a market for luxury apartments, an inability for developers to get tax credits to build inexpensive housing in the suburbs and disparities in income between people of color and white residents.

Affordability of rentals

Sussex-based developer Arthur Sawall, president at Sawall Development, said that some health care workers, people who are just entering the workforce or in the food industry cannot afford the new apartments his company is building.

In fact, he said, some of his own employees would struggle to afford some of the units he builds, especially higher-end apartments with amenities — exactly the kinds of developments that are being built in the suburbs.

Developers consider apartments to be "luxury" when they have amenities such as a clubhouse, workout facility and pool. Some also allow dogs and provide dog-washing stations.

Sawall developed the Mammoth Springs Apartments, Townhomes & Lofts that recently opened in downtown Sussex. Rent ranges from \$1,175 for a one-bedroom to \$2,395 for a three-bedroom townhouse, according to the development's website. Prices fluctuate according to availability and demand.

It's a similar story elsewhere in the suburbs.

At RiverWalk on the Falls, which opened in 2019 in downtown Menomonee Falls, rent ranges from \$1,530 to \$2,750 for a one-bedroom unit and \$1,905 to \$3,069 for a two-bedroom unit, according to the Wimmer Communities website.

Emily Cialdini, senior development associate at Mandel Group, said that at two of her company's new apartments — Franklin's Velo Village Apartments and The West Living in West Allis — rent typically ranges from roughly \$1,200 for a one-bedroom unit to \$2,000 for a two-bedroom, two-bath unit.

Parkway LLC plans to build a complex of 170 apartments in Waukesha, with rent ranging from about \$800 to \$1,650 per month for units ranging from 550-square-foot efficiencies to 1,500-square-foot three-bedroom apartments, according to city documents.

By contrast, the median rent in Milwaukee for a one-bedroom apartment was \$729 a month in November 2019, while the median for a two-bedroom apartment was \$903, according to ApartmentList.com.

A rule of thumb for landlords is to accept tenant applications only if their gross income is three times as much as rent, according to a report by Forbes Magazine, a fact echoed by Sawall.

"They need the rest of the money to live on," said Sawall.

"We have to turn away hard-working people away because of that," he said. "Or they don't even bother applying."

Who can afford rent in the suburbs?

According to a report from the National Low Income Housing Coalition, to afford a modest two-bedroom apartment in the city of Waukesha, you would need to make \$18.65 an hour for a typical market value apartment listed at \$970 per month, \$23.27 an hour for the \$1,210 rent for a two-bedroom apartment in New Berlin, \$17.50 an hour for the \$910 rent on a two-bedroom apartment in West Allis or \$20.19 per hour for a \$1,050 per month two-bedroom apartment in Franklin.

But according to the U.S. Bureau of Labor Statistics, for the Milwaukee-Waukesha-West Allis areas, jobs such as home health and personal care aides make a median hourly rate of \$11.60; nursing assistants make a median hourly rate of \$14.80 and occupational and therapy assistants make a median hourly rate of \$12.64.

Food preparation supervisors and serving workers make a median hourly rate of \$14.99 an hour, restaurant cooks \$13.31 an hour, while hosts and hostesses, other restaurant and coffee shop workers \$9.16 an hour.

Those professions typically do not require a college degree, according to the U.S. Bureau of Labor Statistics.

In those same areas, management positions average \$54.39 an hour, and engineers average \$45.43 an hour; both require a college degree, according to bureau statistics.

Availability of affordable apartments

Some officials from suburban municipalities say that they are fielding developers' requests for more higher-end apartments.

Menomonee Falls Village Manager Mark Fitzgerald said the village has a full range of housing options, some more affordable than others. But he said those affordable apartments were built in the 1960s and '70s

"The ones we see (being built) now have community rooms, pools and dog washing stations, and that seems to fit the market," he said. "We see those proposals, and we let the developers judge the market."

Like Fitzgerald, Franklin planning manager Heath Eddy said the city is seeing fewer proposals for more affordable housing in the city.

"We don't get as many basic proposals. It is more higher-end," he said.

Eddy noted the city does not plan for these market trends; the developers come to the city.

"It is more market-driven," he said. "They (the developers) come in and say what they want to do.

"There has been more of a need for higher-end (rental units)."

Luxury apartments are filling up, said the Mandel Group's Cialdini.

She said the luxury Velo Village Apartments in Franklin and The West Living in West Allis have been popular.

People like amenities such as the fitness centers, the spas, dog parks and the bike repair shop connected to the Oak Leaf Trail in Franklin, she said.

"They are leasing very well," she said. "We are confident in the market."

In Menomonee Falls, Nick Wimmer of Wimmer Communities told the village plan commission in September 2020 that RiverWalk on the Falls achieved 100% occupancy in just eight months.

Challenges to affordable housing in the suburbs

Sawall said if he could, he would like to develop more affordable rental housing in the suburbs, but added it is hard to do.

With Sawall's newest development, Rock Pointe Village, a 264-unit apartment complex in Lannon, some of the units will open this year. He said he can lease at \$200 lower than market value because he cut costs by using laminated countertops instead of the more expensive granite and by doing some of the work in house, rather than hiring more expensive contractors.

Rents are planned to start at \$900 to \$950 a month for studio units, \$1,100 for a one-bedroom unit; \$1,500 for a two-bedroom unit and \$1,700 for a three-bedroom unit.

Sawall said that a developer considering building more affordable housing would need to take advantage of tax credits that offer incentives — but those credits are hard to come by in the suburbs.

"In Milwaukee, that is where all the subsidies (tax credits) are," he said. "I would love some tax credits here. You have good, hard-working people who cannot live in the apartments. We need to re-evaluate the tax credit program."

Criteria that can be tough to meet in the suburbs include the requirement for housing to be on a bus line and have a grocery store around the corner.

The Wisconsin Housing and Economic Development Authority has financed many affordable housing developments in areas close to job centers and with a median household income at or below 60% of the county's median income, said WHEDA's Jennifer Sereno, public affairs program manager.

"While there could be a significant challenge in meeting the housing needs stemming from local workforce housing needs, WHEDA recognizes the importance of aligning available resources to the needs of communities," said Sereno.

In the Waukesha, Ozaukee, Washington and Milwaukee county suburbs, none of the Waukesha County municipalities are at 60% below the median income. The city of Waukesha is the lowest at \$65,260, according to the U.S. Census Bureau.

According to the census bureau, the median income for Waukesha County is \$87,277. It is \$85,215 in Ozaukee County and \$77,663 in Washington County.

In Milwaukee County, the median household income is at \$50,606; West Allis has one of the lower Milwaukee County suburbs median incomes at \$52,325, according to the census bureau.

Lack of affordability increases racial segregation, some say

Schneider-Peragine said the lack of affordable housing increases racial segregation, noting that most of the suburbs are predominately white.

According to data from the census bureau, 92.5% of the population in Waukesha County is white. That number is 93.8% for Ozaukee County and 95.5% for Washington County.

Milwaukee County is more diverse. In the city itself, the population is 44.4% white; countywide, though, that number jumps to 64.2%, with the influence of predominantly white suburbs. West Allis, for example, has the lowest concentration of white residents of all the Milwaukee County suburbs, at 82.1% white.

If housing were more affordable in the suburbs, diversity would increase, said Sean Lowe, treasurer of the National Urban League Young Professionals and chair of Wauwatosa's equity and inclusion commission.

In Milwaukee, some studies have indicated that racial economic disparities have contributed to lack of diversity in the suburbs.

Marc Levine, an emeritus professor and the founding director of the University of Wisconsin-Milwaukee's Center for Economic Development, designed a study published in 2020 on the status of Blacks in Milwaukee.

According to the study, the income for a Black household in Milwaukee is 42% of that of a white household, and the Black poverty rate is 33.4% — five times the white poverty rate.

Milwaukee ranks last among the nation's 50 largest metropolitan areas in the percentage of Black adults holding college or advanced degrees, the study said.

Erica Turner, executive director of Bridge the Divide and chairperson of Cedarburg's Diversity, Equity and Inclusion Task Force, said that because of the price of apartments — and lack of modestly priced ones — people who earn a modest income in the suburbs or people in Milwaukee may be hesitant — or unable — to move to the suburbs.

The median income for the city of Milwaukee is \$41,838, which is less than half that of some of the suburbs, according to the U.S. Census Bureau.

The trend toward luxury apartments is the problem, Turner said.

"It's blocking everyone from coming here (the suburbs)," she said.

Like Key, the cost of living in a North Shore community affected Jessie Mchomvu and her husband, Pius.

Although they did live in Cedarburg for a time, they have since moved. "Apartments (there) are too expensive," she said.

RELATED: Waukesha plans to use a little known state law and nearly \$2 million to increase affordable housing in the city

She added that she wishes she could afford to live in the community so she could more efficiently advocate for equality. While they lived in Cedarburg, they experienced racism, she said.

"We were told to move out and that we are not welcome," said Mchomvu, whose husband is Black.

Still, she had hoped to remain in Cedarburg. But when she had to quit her job for health reasons, they were unable to find a more-affordable option. All she could find in her price range for her family — which includes two sons, ages 12 and 18 — was a small, two-bedroom apartment.

Instead, the family bought a three-bedroom house with a fenced yard and basement on Milwaukee's north side. Their payments are lower than what the rent would have been in that two-bedroom Cedarburg apartment, she said.

Turner said the lack of affordable housing allows only people with higher incomes to live in the suburbs.

"Then what kind of community is this?" Turner asked. "We need to create awareness about this."

Conversations, but no solutions

Like Turner, Lowe thinks diversity would increase with more affordable housing.

"I think every suburb definitely should have affordable housing available as a certain ratio due to the size of the suburb," he said.

Germantown Village Administrator Steve Kreklow said he understands the need for a balance of housing, from more affordable housing to more expensive, higher end, housing.

"This is difficult for a local government to legislate," he said. "There has been some discussions (on affordability) of housing."

RELATED: Wauwatosa lacks diversity and affordable housing, report says. Here's how the city plans to address that.

Kreklow said the prices of apartments are "market-driven" and that developers maximize their revenues to cover the cost of building.

When those costs are high, there are not a lot of options to keep rent low, he said.

Sussex Village Administrator Jeremy Smith agreed.

"This is a big issue. Is our housing meeting all the needs of everyone in the community?" he said. "It is difficult, as there are stereotypes and concerns with public safety, the community and the people."

Smith acknowledged that while there have been conversations on the issue, officials have not arrived at any solutions.

'We need diversity'

Lowe said he plans to address Wauwatosa's equity and inclusion commission on the subject of affordable housing. He also said a professional study should be conducted to determine affordable rent in Wauwatosa and in the suburbs. Details of such a study have not been worked out, nor who would pay for such a venture.

"We would discuss the benefit of the ability for people that have lower-paying jobs in and around the community to be able to have the right to live in the city they work in," he said.

In Shorewood, village trustees on March 1 voted unanimously to extend Tax Incremental Financing District No. 1 to 2022 — enabling the village to invest \$2.5 million toward affordable housing.

In a news release, Milwaukee County Executive David Crowley said he hopes more communities follow in Shorewood's footsteps.

"I commend the Shorewood Village Board and the community as a whole for taking this significant step forward to dismantle the barriers to diverse and inclusive communities," said Crowley.

According to census bureau data, 87.3% of the population in Shorewood is white.

RELATED: Shorewood will be able to invest \$2.5 million in affordable housing after a unanimous vote to extend its TIF district

Turner said she plans to bring up the issue of affordable housing with Cedarburg's diversity, equity and inclusion task force.

"We need diversity," she said.

"I feel every suburb has room for improvement in this area. I think the history of suburbs, in general, were priced out of range for individuals in underserved communities; that is something that needs to change," added Lowe.

Lowe said there are "always individuals resistant to lower-priced housing in their city, but in order to build a stronger community overall and have a different magnitude of individuals with closer proximity to current or new employment opportunities, it is a necessity."

Reporter Eddie Morales contributed to this story.

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