**Fiscal Facts: Housing Permitting Slows, Adding to Affordability Concerns**

As housing has become increasingly unaffordable in Wisconsin and nationally since 2021, our state has issued more permits for housing construction. But the pace has declined slightly over the last two years and still lags far behind the housing boom years of the early 2000s.

Meanwhile, a growing share of new housing permits were for multi-family units, while the pace of single-family permitting has stagnated or declined in the state’s largest metros areas.

Recent Forum research found that home prices in Wisconsin recently have risen much faster than incomes. Among many factors, this was a result of an inadequate supply of new housing, as the state’s constrained housing inventory began to reflect the cumulative impact of years of low levels of construction after the Great Recession.

Early in the pandemic, these conditions triggered an increase in housing permitting in Wisconsin. Since then, however, amid the surge in mortgage interest rates and a rise in building costs, the pace of housing permitting has stagnated — declining slightly in 2022 and remaining roughly flat in 2023, according to data from the U.S. Census Bureau’s Building Permits Survey.

During the last three years for which we have data (2021-2023), permitting for multi-family housing in Wisconsin has increased significantly compared to the years immediately preceding the pandemic, – while single-family permitting has increased more modestly. Housing permit activity during the last three years remained far below the state’s 21st century peak for new housing, which occurred between 2002 and 2004.

We analyzed permitting trends in each of the state’s 10 largest Wisconsin-based metropolitan statistical areas (MSAs). In the last three years for which data are available (2021-23), eight of these metros have issued more housing permits on a per-capita basis relative to the years immediately preceding the pandemic (2017-19). The two MSAs that lagged the pace of their pre-pandemic permitting were Milwaukee and Racine. During the most recent three-year period, the Madison MSA issued the most housing permits per capita, followed by Eau Claire, then Appleton.

The state’s largest housing market, metro Milwaukee, saw a decline the last three years in the pace of multi-family housing construction relative to 2017-2019, while single-family construction held flat.

Again comparing the last 3 years to the pre-pandemic year, metro Madison saw a robust increase in multi-family permits. Yet single-family permitting in metro Madison actually declined -- offering little hope of added supply to deliver relief for prospective homebuyers.

In addition to building materials and labor, another input needed to develop housing is buildable lots. State data show the number of newly recorded lots has actually declined in some metros, including metro Madison.

Some of the biggest factors in rising housing costs, such as interest rates and construction costs, largely are beyond the scope of state and local policymakers. This makes it all the more important for them to address the issues that are within their reach – such as land use, zoning, and permitting requirements, or construction workforce development -- to make housing more affordable for all Wisconsinites.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at* [*wispolicyforum.org*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*