

August 5, 2019

To Whom it May Concern:

On behalf of the Greater Milwaukee Association of REALTORS®, I want to express our concern over the number of rental units being constructed in the Greater Milwaukee marketplace, and urge the {CITY} to examine future proposals to construct more multi-family units in your community with extreme caution.

Greater Milwaukee is following a trend seen across the country. Numerous multi-family units are being built at the expense of owner-occupied condominium and single-family units.

Without question, rental units are certainly a part of a healthy housing ecosystem. However, in recent years hundreds of apartment units have been built, while the demand for condominium and single-family units in the same price-range goes unmet.

Rental units are important for accommodating people who may be forming a new household, downsizing, looking for long-term temporary housing (i.e. 6-12 months), or, in some cases, for those who choose not to own a home.

In today's market, however, we are seeing those who desire to purchase a condominium or single-family home, forced into rental units because there simply are not enough units on the market for purchase. These circumstances are primarily due to a lack of new supply, not a lack of existing homes being listed.

Long-Term Impact

We are encouraging you to be skeptical of approving more multi-family units, because we are concerned about the long term impact of over-building multi-family units on individual communities' property wealth, and the regional housing market.

In the future, an overabundance of rental units will require more local government resources, in the form of supervision and inspection. The real estate market is constantly evolving and when market conditions shift and rental property owners are not able to command rents they are currently charging, they will have fewer financial resources to maintain their properties.

Owner-occupied condos and houses have, by their nature, a more diverse source of revenue and, therefore, changes in the real estate market do not uniformly impact whole swaths of properties. The foreclosure of an apartment building or complex often results in numerous units not being kept up to habitable standards.

Benefits of Ownership

Property ownership has several well-documented benefits that renting simply does not offer. For example:

- Homeowners are more likely to participate in local elections, civic and neighborhood groups.
- Children of homeowners tend to have higher levels of achievement in math and reading, and lower drop-out levels.
- The wealth building effect of homeownership and the sense of control it provides, positively affect homeowners' mental and physical health.
- The crime rate is lower among homeowners and people living in a stable housing environment.

For a more complete report on the benefits of homeownership, please visit the following page on the National Association of REALTORS® website:

<https://www.NAR.REALTOR/sites/default/files/documents/Homeownership-Stable-Housing2016.pdf>

Current Inventory

As you may know, REALTORS® generally consider 6 months of inventory to be a "balanced" market; one in which buyers' and sellers' ability to buy and sell a property is evenly matched. The last time the metropolitan Milwaukee market experienced a 6 month inventory level was June 2016. Since then, we have been in a seller's market, and, due to a lack of new construction, inventory has held at 2-3 months consistently.

There is a particular shortage of housing units priced under \$300,000 throughout the region. In order to create condos and single-family homes in that price range we ask that you review your building requirements (i.e. materials, setbacks, lot sizes, etc.), and adjust them to make development and construction more affordable.

The imbalance the market is currently experiencing does not appear to be a short-term problem, which is why we are appealing to you to promote homeownership for younger people, families, and empty-nesters seeking housing options in your community.

Thank you for your time and consideration.

Sincerely,

Mike Ruzicka
President