

A SHIFTING FOUNDATION:

Federal housing policy and implications for services in Milwaukee County



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ABOUT THE WISCONSIN POLICY FORUM

The Wisconsin Policy Forum was created on January 1, 2018, by the merger of the Milwaukee-based Public Policy Forum and the Madison-based Wisconsin Taxpayers Alliance. Throughout their long histories, both organizations engaged in nonpartisan, independent research and civic education on fiscal and policy issues affecting state and local governments and school districts in Wisconsin. The Wisconsin Policy Forum is committed to those same activities and to that spirit of nonpartisanship.

PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to provide local government officials, business and civic leaders, philanthropic organizations, and residents with greater understanding of the potential impacts of recently enacted and proposed federal funding and policy changes on housing and homelessness services in Milwaukee County. We hope community leaders will use the report's findings to inform discussions and prepare for possible changes ahead.

Report authors would like to thank the leadership and staffs of the city of Milwaukee and Milwaukee County for providing us with data used in this report. We would also like to thank the Community Development Alliance for commissioning this study. This research also was supported by a generous grant from Bader Philanthropies.





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TABLE OF CONTENTS

Introduction	3
Background	4
Local Housing Trends	4
Federal Legislation.....	4
Homeless Assistance.....	6
Federal Landscape	6
Local Use and Potential Impacts	9
Summary	12
Community Development	13
Federal Landscape	13
Local Use and Potential Impacts	14
Summary	18
Rental Assistance	19
Federal Landscape	19
Local Use and Potential Impacts	21
Summary	25
Housing Tax Credits	26
Federal Landscape	26
Local Use and Potential Impacts	28
Summary	31
Observations and Conclusion.....	32



INTRODUCTION

In recent years, housing affordability and homelessness have become increasingly urgent concerns in Milwaukee County and across the state and nation. Rising costs have strained renters and prospective homebuyers alike, while the pace of housing development has not kept up with demand. Meanwhile, the number of homeless individuals in Milwaukee County has remained above 800 for many years.

These problems have been met with action from the city, county, and local organizations such as the Community Development Alliance and Milwaukee Coalition on Housing and Homelessness, but many of their efforts depend heavily on federal funding streams that can fluctuate from year to year and are shaped by national policy decisions.

In 2025 and early 2026, Congress and the president considered — and in some cases enacted — significant changes to federal housing and homelessness funding through the fiscal year 2026 budget appropriation process and other related executive and administrative actions. While the final budget largely preserved core programs, earlier proposals would have reduced funding, consolidated programs, or altered eligibility rules, and similar measures could reemerge in the future.

This turbulence for federal housing programs is part of a broader shift in federal fiscal policy. After federal debt rose during the pandemic, the current administration and GOP members of Congress have stated that they want to lower federal spending and deficits as well as implement large tax cuts, as we discussed in a June 2025 [report](#). These factors may place additional pressure on federal programs.

Recent budget proposals from the president and Congress raise important questions for community leaders in Milwaukee County to consider. For example, how much federal housing and homelessness funding currently flows to local providers and how is it used? How might enacted or proposed federal changes affect the stability of those programs? And what do these shifts signal about longer-term risks or opportunities for the local housing ecosystem?

In this report, which was commissioned by the [Community Development Alliance](#), we seek to shed light on how federal funding has flowed into the city and county for housing and homelessness services in recent years and the potential implications of enacted and proposed federal changes. Our research involved analyzing federal documents and proposals as well as city and county reports to the U.S. Department of Housing and Urban Development. It was also informed by interviews with local officials, housing service providers, and other stakeholders.

We hope the information provided in this report will assist local stakeholders to assess the risks facing local housing programs and services and to prepare for and respond to potential changes.



BACKGROUND

As a foundation for discussing how new and proposed federal funding changes could impact local housing services in Milwaukee County, we highlight several recent housing affordability trends and challenges below. We also describe the two major pieces of federal legislation that we will examine in this report.

Local Housing Trends

Milwaukee County residents face substantial housing affordability challenges that in some cases have deepened as housing costs have increased faster than household incomes.

For example, Wisconsin Realtors Association [data](#) show that the median sales price for homes in Milwaukee County shot up from \$170,000 in 2019 to \$275,000 in 2025 – a 62% jump in just six years – while the median household income in the county increased by just 33% during the same period. This has made homeownership more difficult to achieve – particularly for first-time homebuyers – though encouragingly, the number of owner-occupied housing units in Milwaukee County has increased by more than 10,000 since 2019.

Many renters in Milwaukee County are also struggling to afford housing. Our March 2024 [research brief](#) showed that over half of renter households in Milwaukee County were spending more than 30% of their income on housing – the recommended maximum. Our [previous report](#) from 2021 found that nearly one-third (31.5%) of renter households in Milwaukee County had annual incomes below \$20,000, while only 9.5% of the rental units in the county charged rents that they could afford. Another 2024 [brief](#) showed that the number of homeless individuals in the county increased above 1,000 in 2023 for the first time since 2016.

With pandemic-era relief funding over and federal policymakers placing greater emphasis on deficit reduction, these trends may increase pressure on housing programs that already struggle to meet demand.

Federal Legislation

In this report, we examine two major federal actions affecting housing and homelessness services in the United States: the FY2026 federal budget and the One Big Beautiful Bill Act of July 2025. Where relevant, we also reference related federal proposals and administrative actions, including proposed rule changes and executive orders, to help explain potential program impacts.

2026 Enacted and Proposed Budgets

In February, the Consolidated Appropriations Act set funding levels for federal fiscal year 2026 (extending through September 30, 2026) for the U.S. Department of Housing and Urban Development (HUD) – the agency responsible for administering federal housing and homelessness programs. In this report, we examine how 2026 budget proposals from the [president](#), [U.S. House of Representatives](#), and [U.S. Senate](#) compare to the enacted [2025](#) and [2026](#) budgets for HUD programs in three key areas: homeless assistance, community development, and rental assistance.



- Homeless assistance programs provide funding to states, local governments, and nonprofit organizations to serve households that are affected by homelessness. The largest program is the Continuum of Care program, which supports both permanent and short-term homelessness interventions. Locally, these efforts are coordinated by the Milwaukee Coalition on Housing and Homelessness.
- Community development programs provide flexible federal funding to support affordable housing and neighborhood investments. In this section we consider the Community Development Block Grant (CDBG) program, which is a large and flexible program that supports a broad array of community development objectives, including affordable housing. We also examine the HOME Investment Partnerships program, which is exclusively used for housing services and activities. Both the city of Milwaukee and Milwaukee County administer these programs.
- Additionally, rental assistance programs and public housing help low-income households afford housing in the private market and in specific affordable housing developments. Public housing provides subsidized rental units that are owned and operated by local housing authorities. The Housing Authority of the City of Milwaukee (HACM) and Milwaukee County administer these programs locally.

One Big Beautiful Bill Act

Enacted in July 2025, the [One Big Beautiful Bill Act](#) is a package of federal tax and spending policies that included several modifications to the Low-Income Housing Tax Credit program — the nation’s primary tool for financing affordable rental housing construction and rehabilitation. Changes affect two types of federal housing tax credits: the competitive 9% tax credit, which provides a substantial subsidy to affordable housing developments, and the noncompetitive 4% tax credit, which covers a smaller amount of development costs and must be paired with tax-exempt bonds. In Wisconsin, these programs are administered by the Wisconsin Housing and Economic Development Authority (WHEDA).



HOMELESS ASSISTANCE

For several years, local governments and nonprofit organizations in Milwaukee County have emphasized permanent housing solutions in their collective response to homelessness. In particular, the [Milwaukee Coalition on Housing and Homelessness](#), which is led by the city of Milwaukee and serves as the county's federally designated Continuum of Care organization, has prioritized permanent *supportive* housing, which combines affordable housing with intensive case management and other needed services for people experiencing homelessness. Based on a body of evidence demonstrating its effectiveness in addressing homelessness, the permanent housing model has been increasingly utilized nationwide.

However, the president's recent budget proposal – along with the executive order [Ending Crime and Disorder on America's Streets](#) and HUD's subsequent attempt to [reissue an existing funding opportunity with new criteria](#) – intends to shift federal homelessness policy away from permanent housing toward shorter-term housing interventions and increased treatment and accountability requirements. This has created significant uncertainty for local providers who rely heavily on federal funding and use the Housing First model, which prioritizes helping people move quickly into permanent housing without preconditions, such as sobriety or employment requirements. The premise behind this approach is that having stable housing better positions individuals to address challenges such as substance use disorder or mental health needs.

Below, we discuss how the primary sources of federal homeless assistance funding could have been impacted by federal budget proposals before discussing the enacted 2026 budget and ongoing concerns at the federal level. Much of the current uncertainty stems from changes being pursued through administrative actions and executive orders rather than permanent legislation. These proposed changes are highly vulnerable to be challenged in lengthy court processes. We then turn our attention to how these programs are used in Milwaukee County and the potential impact of proposed and enacted changes. We take a similar approach in subsequent sections of this report, which cover other housing programs.

Federal Landscape

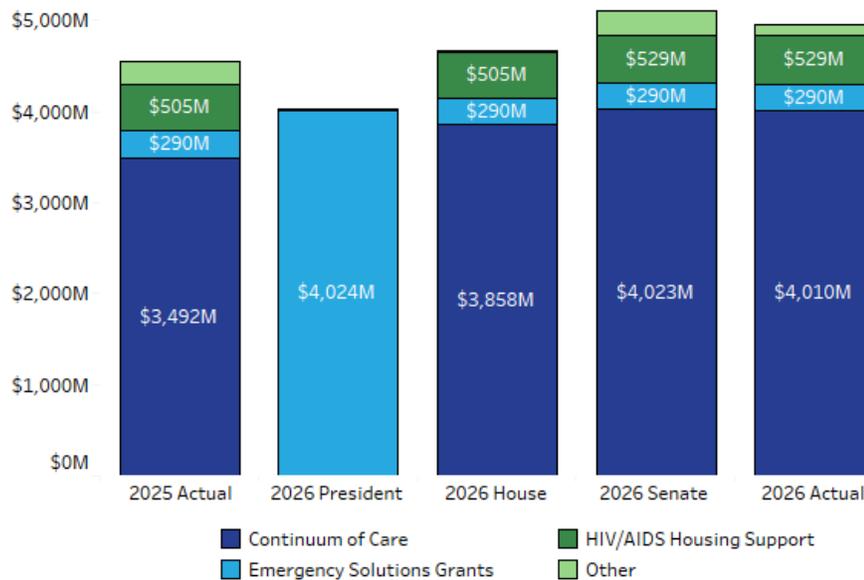
While not ultimately enacted, the president's proposed budget would have reduced and restructured federal homeless assistance funding. Figure 1 compares enacted funding for fiscal years 2026 and 2025 with the budgets proposed by the president, House, and Senate. The president's budget documents are reported by the [Office of Management and Budget](#) while all other proposed and enacted budgets come from the [Congressional Research Service](#).

The president's proposal would have reduced total funding by 11.7% (\$532 million) and consolidated the Continuum of Care and the Housing Opportunities for Persons with AIDS (HOPWA) programs into the Emergency Solutions Grant program. In fiscal year 2025, the Continuum of Care program received \$3.49 billion, the Emergency Solutions Grant program \$290 million, and the housing program to assist those with AIDS or HIV received \$505 million. Under this proposal, funding would have shifted away from permanent housing and toward short- and medium-term housing interventions, including transitional housing that offers assistance for up to 24 months, to limit “[long-term service dependency](#).”

The Continuum of Care program is the federal government’s largest homeless assistance program, serving [over 750,000](#) people experiencing homelessness each year. It supports both permanent and time-limited housing programs, related services, and community-wide planning efforts, with the majority of funding going towards programs such as permanent supportive housing.

Figure 1: 2026 Budget Rejects Proposed Cuts to Homeless Assistance

Actual and proposed federal funding amounts by homeless assistance program



Source: Congressional Research Service; Office of Management and Budget

The Emergency Solutions Grant

program, on the other hand, would support temporary housing programs, such as emergency shelters, street outreach, rapid re-housing, and homelessness prevention efforts. Rapid re-housing, which is also offered under the Continuum of Care program, aims to help individuals and households who are homeless move into permanent housing quickly by providing a combination of rental assistance and supportive services, typically not exceeding 24 months.

While not generally considered a homeless assistance program, the Housing Opportunities for Persons with AIDS (HOPWA) program was affected by the president’s budget request and is therefore considered in this section. This program assists low-income individuals and families affected by HIV/AIDS with housing needs. Additionally, the “Other” category shown in Figure 1 includes additional targeted programs that support youth homelessness prevention, victims of domestic violence, and national data improvement efforts, among other programs.

Enacted Funding and Ongoing Concerns

In contrast to the president’s proposal, the enacted budget for 2026 increases total funding for homeless assistance. According to the Congressional Research Service, the Continuum of Care program was allocated \$4.01 billion – an over \$500 million increase compared to 2025 levels – while funding for the Emergency Solutions Grant program was maintained at \$290 million. The enacted budget also provided an additional \$529 million for the Housing Opportunities for Persons with AIDS program. In addition to preserving existing program structures and increasing funding, the final 2026 appropriations bill includes protections intended to reduce funding instability for existing providers in response to proposed changes to the Continuum of Care program, described below.

The administration’s executive order issued in July 2025, “[Ending Crime and Disorder on America’s Streets](#),” further signaled a shift toward increased treatment and accountability requirements in federally funded programs, first introduced in the president’s proposed budget. The executive order



directed the secretaries of HUD and Health and Human Services to end support for Housing First and increase treatment participation requirements for individuals who suffer from serious mental illness or substance use disorder. Other aspects of the executive order would likely limit funding opportunities for existing providers who rely on annual renewal funding. HUD and other agencies were instructed to increase competition among grantees through broadening the applicant pool and assess discretionary grant programs based on a set of new priorities that would favor states and municipalities that enforce prohibitions on illicit drug use, camping, loitering, and squatting.

HUD sought to implement some of these priorities through a reissuance of the [Fiscal Year 2025 Continuum of Care Notice of Funding Opportunity](#), which includes criteria for how the grants may be spent and how to apply. The notice caps expenditures for permanent supportive housing at 30% of a grantee's total award, which currently accounts for [the majority of Continuum of Care spending](#) nationally. Renewal funding requirements were also reduced to 30%, meaning that most of the program's funding would be awarded on a competitive basis, making it harder to guarantee stability year-over-year for existing providers.

The Notice of Funding Opportunity attempted to overturn an already-issued two-year grant cycle for [fiscal years 2024 and 2025](#), creating significant uncertainty for providers only weeks before 2025 awards were supposed to be announced. This raised concerns about delayed awards and potential funding gaps, with many grants for existing providers expiring in early 2026. Lawsuits filed against the 2025 Notice of Funding Opportunity resulted in a [preliminary injunction](#), a temporary court order issued during the early stages of a lawsuit that forces a party to maintain the status quo until a final judgment is reached or the injunction is voided by an appellate court. This required HUD to reinstate the original two-year funding cycle while litigation proceeds, although notably, it does not require HUD to obligate funds – only to process eligible grant renewals. The ruling was in response to lawsuits filed by a [coalition of states including Wisconsin, local governments, and nonprofit organizations including the National Coalition of Low-Income Housing](#).

The enacted 2026 budget provides some protection for renewal funding. The bill requires HUD to immediately and noncompetitively renew all grants expiring in the first quarter of 2026. However, renewal funding beyond the first quarter is not guaranteed and will depend on the court's decision on what criteria HUD can include in its funding notice and the timing of that decision. The bill also directs HUD to fund at least 60% of renewal projects and notes that all renewed grants must match the prior award amount and include cost-of-living and fair market rent adjustments.

While Congress and the courts have preserved the Continuum of Care program in the short term, the uncertainty caused by a rapidly changing federal funding landscape is still a cause of concern for homeless service providers. Other federal programs that support the homeless have also faced cuts and instability. For example, Medicaid saw cuts under the One Big Beautiful Bill Act, while other HUD funded programs such as rental assistance, faced potential cuts under proposed 2026 budgets. Notably, in January, roughly [\\$2 billion](#) in grants administered by the Substance Abuse and Mental Health Services Administration to support substance use disorder and mental health services were canceled administratively overnight, then that decision was [reversed one day later](#). In some cases, these are the same programs the administration has proposed requiring as a condition to access homeless assistance programs.



Local Use and Potential Impacts

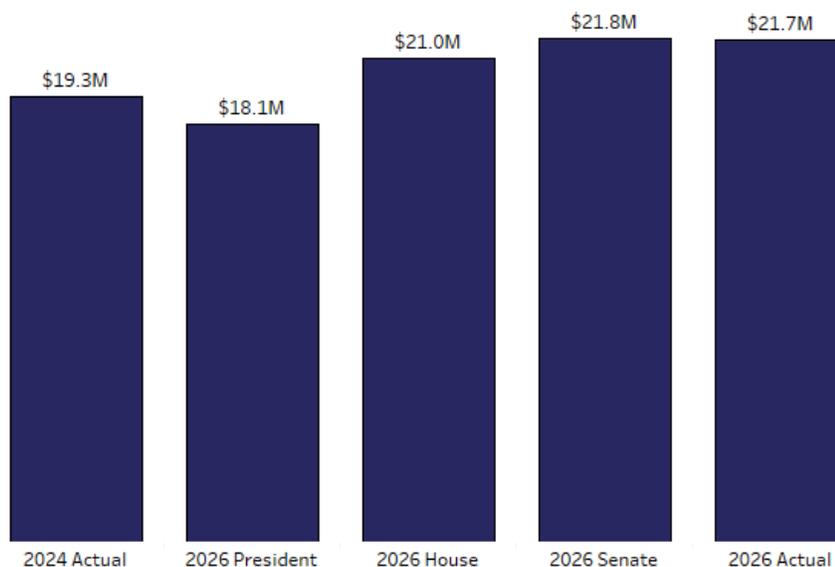
Milwaukee County has [reported successful outcomes](#) from its permanent supportive housing efforts. If federal funding for permanent housing is eliminated or deeply cut, local providers are likely to face difficulties in sustaining existing programs and achieving similar results. The changing federal landscape has made it difficult for providers to plan and budget, as they are unsure about the amount of support they will receive and the types of services they will be allowed to provide if changes are implemented.

To understand what proposed changes could mean locally, we first analyze how each federal budget scenario might have affected total funding for homeless assistance programs. We use [data from HUD](#) reported by the Milwaukee Coalition on Housing and Homelessness, which administers federal Continuum of Care funding and coordinates community-wide efforts to address homelessness in Milwaukee County. Emergency Solutions Grant funds are awarded directly to the city of Milwaukee and, in some years, Milwaukee County, while funds for those with AIDS/HIV are administered by the city.

In 2024, these three programs together provided approximately \$19.3 million in federal homeless assistance funding locally, with a majority (\$16.3M) coming from the Continuum of Care program and the rest from the Emergency Solutions Grant (\$1.6M) and Housing Opportunities for Persons with AIDS (\$1.5M) programs. Figure 2 shows the combined funding in 2024 for these programs alongside estimated 2026 funding levels based on proposed and enacted changes. We applied the percentage changes proposed at the federal level to Milwaukee County's 2024 total because 2025 awards have not yet been allocated. At the federal level, funding remained consistent in 2024 and 2025. Funding from the "Other" category in Figure 1 was excluded, as those programs offer targeted allocations that may not flow to Milwaukee County. This approach provides a proportional estimate of total homeless assistance funding locally rather than a program-specific estimate.

The president's budget proposal would have reduced overall homeless assistance funding locally. The proposal decreases total funding to the Continuum of Care, Emergency Solutions Grant, and housing programs for those with AIDS by 6.1%, which would have resulted in an estimated loss of \$1.2 million in funds when applied locally.

Figure 2: Local Providers May See Increase in Renewal Funding
Total homeless assistance funding in Milwaukee County, estimated by federal budget proposal



Source: U.S. Department of Housing and Urban Development; Note: includes funding for Continuum of Care, Emergency Solutions Grants, and the Housing Opportunities for Persons with AIDS programs



While the overall reduction in funding is notable, the proposed consolidation of these programs would likely have even greater implications, including by eliminating funding for permanent supportive housing and housing assistance and supportive services for individuals living with HIV/AIDS. In 2024, the city of Milwaukee’s Housing Opportunities for Persons with AIDS allocation was awarded to Vivent Health to serve Milwaukee, Waukesha, Washington, and Ozaukee counties. That year, 581 individuals received assistance through short-term rental support, mortgage or utility assistance, permanent housing placement, and supportive services through the program, according to the city of Milwaukee’s 2024 [Consolidated Annual Performance and Evaluation Report](#).

Differences in program requirements may cause additional challenges. Unlike the Continuum of Care program, the Emergency Solutions Grant program must be matched dollar-for-dollar with local contributions, potentially putting pressure on local governments to commit additional resources to access federal homeless assistance funding. In 2024, the city of Milwaukee received approximately \$1.4 million in Emergency Solutions Grant funds, while Milwaukee County received a smaller amount. The city of Milwaukee used Community Development Block Grant (CDBG) funds to meet its match requirement in 2024, while Milwaukee County used local tax levy dollars to provide its match.

In contrast to the president’s proposal, the enacted 2026 budget increases overall funding to the homelessness assistance programs examined, which could potentially lead to an increase in local funding levels. The final enacted 2026 budget increased combined funding by 12.6% compared to 2025 levels, and applied proportionally, would raise total local funding to an estimated \$21.7 million for the Continuum of Care, Emergency Solutions Grant, and the housing program to assist those with AIDS or HIV programs combined.

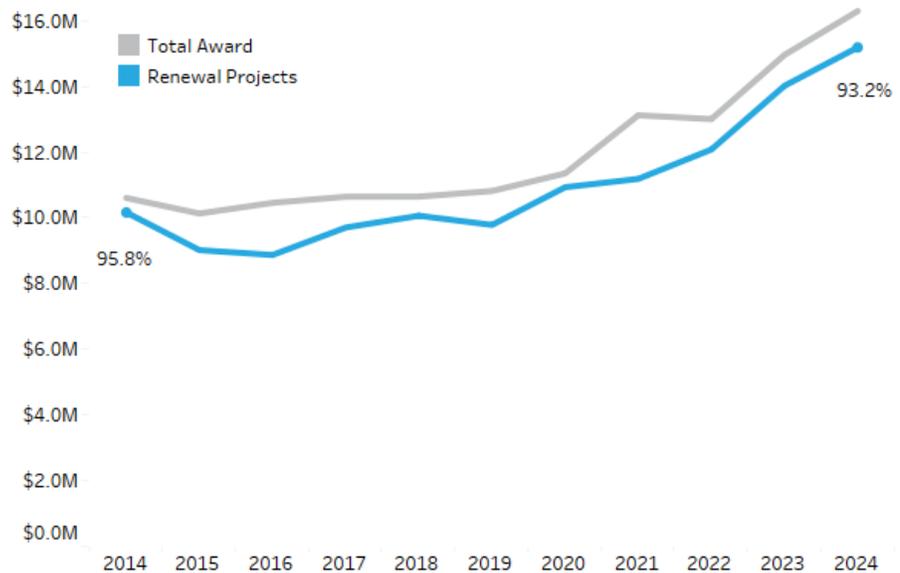
The final bill rejected the proposed consolidation of programs and maintained Emergency Solutions Grant funding at prior levels while increasing Continuum of Care funding by 14.8% and Housing Opportunities for Persons with AIDS funding by 4.8%. However, estimating local program-specific impacts is more

complex, particularly for the Continuum of Care program, as discussed below.

Renewal Funding

Historically, the Continuum of Care program has provided a stable source of funding for local service providers. Between 2014 and 2024, an annual average of 91.6% of local Continuum of Care program funding was used to renew existing projects. Figure 3 shows the total annual

Figure 3: Majority of Local CoC Program Funds Support Renewal Projects
Total and renewal awards for the Continuum of Care program in Milwaukee County, 2014-2024



Source: U.S. Department of Housing and Urban Development



award allocated to Milwaukee County’s Continuum of Care organization and the amount allocated for renewal projects. Even in years when new projects received awards, the vast majority of funding supported renewals. In 2021, for instance, two new projects were awarded a combined total of around \$1.5 million, but 85.2% (\$11.2 million) of total funding still went to renewal projects.

The enacted budget directs HUD to fund at least 60% of renewal projects for fiscal year 2026, while safeguarding funding for some projects. This is lower than the local renewal rate, which was 93.2% in 2024. While significantly higher than the 30% cap proposed in HUD’s controversial 2025 Notice of Funding Opportunity, a 60% cap on renewal funding would result in less reliable funding for local providers, forcing them to apply through the competitive process every year.

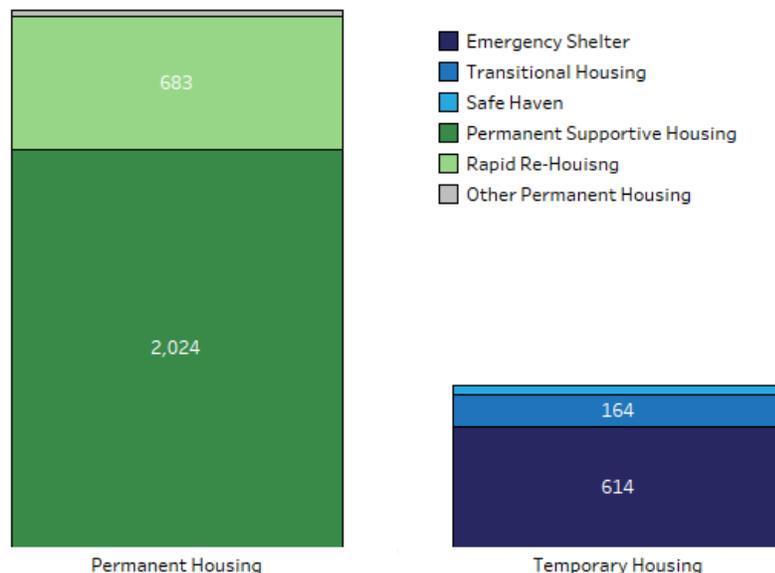
Permanent Supportive Housing

If renewal funding were lost for permanent supportive housing programs, the impact on Milwaukee County’s homeless response system would be substantial. Figure 4 shows [data reported to HUD](#) on the number of year-round beds or units available in Milwaukee County through temporary and permanent housing programs in 2024. Three-quarters (2,740) of the beds available for homeless individuals and families in Milwaukee County were dedicated to permanent housing, including more than 2,000 permanent supportive housing beds for individuals and families with disabilities. In addition, nearly 680 beds were supported through Rapid Re-housing, which provides time-limited (up to 24 months) assistance to individuals and families transitioning into permanent housing.

Combined, the temporary housing programs accounted for 825 beds, with a majority (614) located in emergency shelters that provide short-term stays with no lease. The remaining beds went to transitional housing and Safe Haven programs, which are similar to emergency shelters but intended for individuals with severe mental health issues. While existing Safe Haven projects may renew funding, HUD ceased providing funding for new projects in 2009. Transitional housing programs offer temporary housing and supportive services to help secure permanent shelter.

To understand which providers might be most at risk of losing funding, we analyzed [data](#) from the 2024 Continuum of Care program. Shown in Table 1, three-quarters (\$12.2 million) of local Continuum of Care program funding went to permanent housing programs, renewing funding for nine local providers. Seven of those organizations provided permanent supportive housing,

Figure 4: Majority of Local Inventory for Permanent Supportive Housing
Total year round beds available in Milwaukee County in 2024 by homeless assistance program



Source: U.S. Department of Housing and Urban Development



making them the most vulnerable to losing funding under proposed changes. This includes the Center for Veterans Issues, Community Advocates, Guest House, Hope House, Mercy Lakefront, Milwaukee County’s Housing Division, and the Salvation Army. Milwaukee County’s Housing Division, Outreach Community Health Centers, and Walker’s Point Youth and Family Center also provided permanent rapid re-housing.

Table 1: 2024 Continuum of Care Awards by Type and Local Provider

Recipient	Permanent Housing	Temporary Housing	Other
Center for Veterans Issues, Ltd.	\$366K		
Community Advocates, Inc.	\$1,477K	\$1,047K	
Guest House of Milwaukee, Inc.	\$1,960K		
Hope House of Milwaukee, Inc.	\$447K	\$706K	
IMPACT			\$65K
Institute for Community Alliances			\$152K
Mercy Housing Lakefront	\$46K		
Milwaukee City & County			\$1,106K
Milwaukee County Housing Division	\$6,621K	\$1,039K	
Outreach Community Health Centers	\$719K		
The Salvation Army	\$211K		
Walker’s Point Youth and Family Center	\$328K		

Source: U.S. Department of Housing and Urban Development

Only three organizations, including Community Advocates, Hope House, and Milwaukee County’s Housing Division, directed their Continuum of Care awards towards temporary housing strategies, which made up 17% of total Continuum of Care awards in 2024. All three organizations were awarded funding for Joint Transitional Housing/Rapid Rehousing. Additionally, Community Advocates received funding for Safe Haven activities. The other 8% of funding went towards Supportive Services only, which provides funding for outreach and coordinated entry, an assessment system that connects people experiencing homelessness to appropriate resources, Homeless Management Information System (HMIS), and CoC Planning Grant.

Summary

Over the past year, federal homelessness policy has faced significant uncertainty. The president’s 2026 budget proposal would have reduced homeless assistance funding by consolidating major federal programs and shifting funding from permanent to temporary housing programs with a two-year cap. Following an executive order, HUD issued a funding opportunity with a cap on permanent supportive housing at 30% of awards and sharply reduced renewal funding. The enacted 2026 budget instead increased funding for the Continuum of Care program, the largest federal homeless assistance program, and includes provisions that protect existing homeless service providers from funding disruptions. While these actions provide short-term stability for existing projects, the longer-term direction of the Continuum of Care program remains uncertain and subject to ongoing litigation.

Continued uncertainty has already caused instability for local providers who do not know what to expect going forward. Permanent housing accounts for about three-quarters of the over 3,500 available beds for the homeless in Milwaukee County. Because most local funding historically supports renewing existing housing programs, any shift away from that approach could have significant implications for local providers and the individuals and families who use these programs.



COMMUNITY DEVELOPMENT

The city of Milwaukee and Milwaukee County have relied on federal Community Development Block Grant (CDBG) and HOME Investment Partnerships Program funding for decades to support a wide range of local housing initiatives. These programs provided grant funding aimed at benefiting low-income individuals and communities. CDBG provides a flexible source of funding for local governments to support efforts to address a wide range of community development needs, including housing activities such as home repair, code enforcement, lead abatement, workforce training, homeless services, and public facilities improvement. HOME is the largest federal block grant program designed exclusively to support affordable housing activities, such as rehabilitating housing, supporting nonprofit housing developers, and providing tenant-based rental assistance for low-income households. Both programs are administered by local governments and community-based organizations, with programs often also drawing support from other federal and local funding sources.

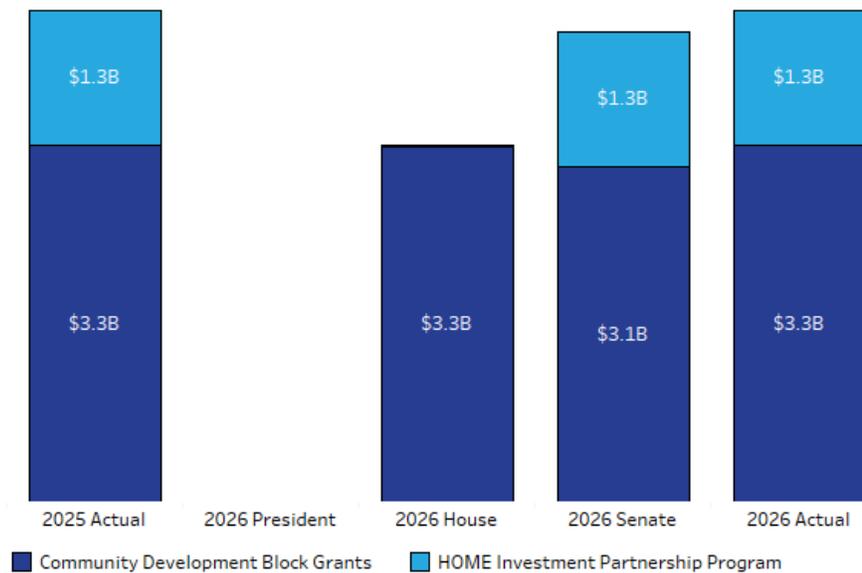
Long-term declines in federal funding, combined with potential cuts included in 2026 federal budget proposals, raised concerns about the sustainability of these services. Proposed cuts to both the CDBG and HOME programs would have compounded funding losses that have already reduced local program capacity, with new cuts likely to force additional tradeoffs among housing and other community development priorities. Community-based organizations may have been particularly vulnerable, as cuts would have not only reduced direct program funding but also weakened their ability to leverage matching funds.

Federal Landscape

While Congress ultimately preserved funding for fiscal year 2026, the president’s budget proposal would have eliminated all funding for the CDBG and HOME programs, which received \$3.3 billion and nearly \$1.3 billion respectively, in fiscal year 2025 (see Figure 5).

Figure 5: HOME and CDBG Maintained After Proposed Elimination

Actual and proposed federal funding amounts for HOME and CDBG



Source: Congressional Research Service; Office of Management and Budget

The enacted budget for 2026 maintained 2025 funding levels for both programs, allocating \$3.3 billion for CDBG and nearly \$1.3 billion for HOME. Prior proposals would have had varying effects.

The enacted 2026 budget also includes [congressionally-directed spending](#) that is earmarked for specific local community development projects,



including several housing-related initiatives in Milwaukee County. First proposed in the House's request, the earmarks provide \$500,000 for technology and equipment upgrades to enhance security at public housing facilities and \$2 million for a Priority Needs Housing and Supportive Services project. The Senate's requested projects in Milwaukee County also received funding, including \$1 million for Acts Community Development Corporation's Home Acquisition Fund and \$1.5 million for Communities of Crocus, an affordable housing development for adults with intellectual and developmental disabilities.

Additionally, a bipartisan legislative package titled the [21st Century ROAD to Housing Act](#), proposed on March 2, 2026, would reform both the HOME and CDBG programs, if enacted. As it relates to HOME, the bill would expand eligibility to include households with incomes between 80% and 120% of the median family income in the area, ease requirements for small-scale projects, and allow HOME grantees that are not eligible for CDBG to use HOME funds for infrastructure improvements needed to develop housing. The bill expands what CDBG can be used for to provide more flexibility and introduces performance-based incentives for communities who meet certain housing production goals, redistributing funds across communities by awarding bonuses or reductions based on established metrics. Notably, some communities will be exempt from participating, including those where the median home value is below the national median.

The 21st Century ROAD to Housing Act also includes a provision that would prohibit large institutional investors that own 350 or more single-family homes from purchasing additional properties, while allowing limited exemptions for certain build-to-rent, rent-to-own, and renovation programs. This provision aligns with priorities set forth in the president's executive order, "[Stopping Wall Street from Competing with Main Street Homebuyers.](#)"

Local Use and Potential Impacts

Proposed federal budget changes could have substantially reduced Community Development Block Grant and HOME funding in Milwaukee County. As Figure 6 shows, estimated totals under all three budget proposals fall below 2025 levels, when nearly \$23 million was allocated to the city of Milwaukee and Milwaukee County combined, with three-quarters of that total (\$17.1 million) coming from CDBG. Here we estimate the likely local impacts of proposed and enacted federal funding changes on programs supported by CDBG and HOME in Milwaukee County.

The magnitude of potential reductions varies widely by proposal. Under the president's budget, both the CDBG and HOME programs would have been eliminated. The House proposal would have preserved CDBG funding but eliminated HOME, resulting in an estimated loss of \$5.8 million for the city of Milwaukee and Milwaukee County. By contrast, the Senate proposal would have maintained HOME funding while cutting CDBG funding by 6%, leading to an estimated \$1.0 million reduction in combined funding across the two local jurisdictions.

We estimate federal funding for local governments in 2026 to be consistent with 2025. However, it is important to note that maintaining or increasing federal funding levels does not guarantee that individual communities will see the same or increased funding, for reasons discussed below.

As shown in Figure 7, annual allocations of CDBG and HOME funding to both the city of Milwaukee and Milwaukee County have generally trended downward over the past two decades after adjusting for inflation. Figure 7 excludes any special appropriations made temporarily available during the pandemic.



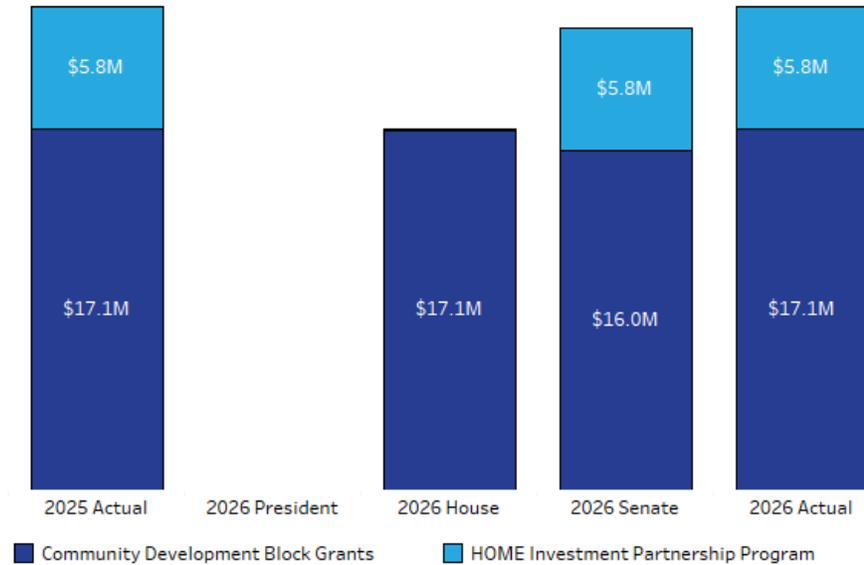
CDBG allocations have declined most sharply for the city of Milwaukee, with funding decreasing by 58.4% – \$21.4 million – between 2003 and 2025. The city’s annual allocation has declined by 22.6% – \$4.5 million in the last five years. Milwaukee County, which receives a much smaller CDBG allocation, has also experienced a long-term decline of 48.4% – \$1.7 million since 2003.

HOME funding has also declined over the long term, with particularly unstable funding levels for the city of Milwaukee. Since 2003, the city’s HOME allocation has decreased by 62.4% –\$7.8 million, including a \$2.0 million decrease in the past five years alone. The county’s allocation decreased by 52.1% – \$1.2 million between 2003 and 2025.

The city of Milwaukee received \$15.3 million in CDBG and \$4.7 million in HOME funding in 2025, while Milwaukee County received \$1.8 million and \$1.1 million, respectively. Both the city and county are entitlement communities for the Community

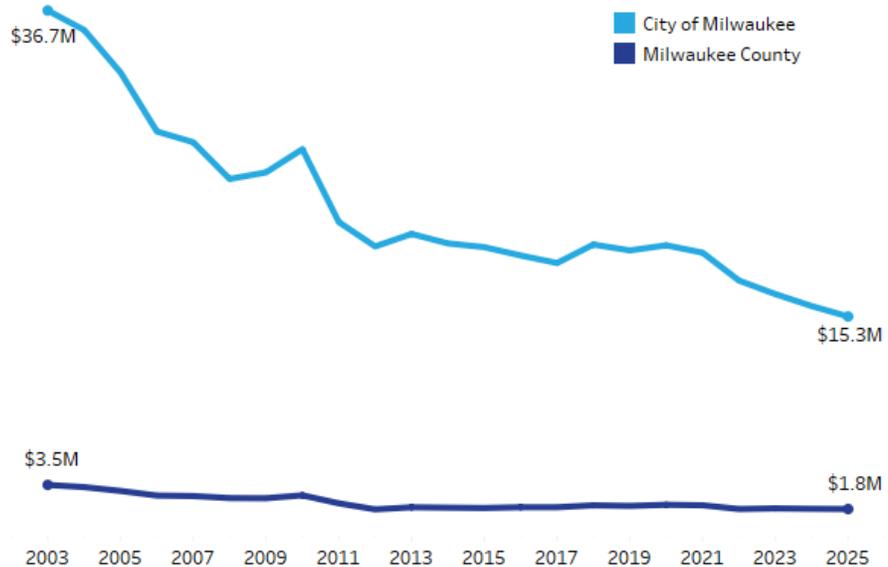
Development Blocks Grants and HOME programs, meaning they receive formula-based allocations from HUD annually based on metrics relating to poverty, housing quality, and population size and growth. Local allocations are affected both by national program funding levels, the number of participating jurisdictions, and population and demographic changes.

Figure 6: Potential Cuts to Local CDBG & HOME Programs Not Enacted
Total CDBG and HOME funding in Milwaukee County, estimated by federal budget proposal



Source: U.S. Department of Housing and Urban Development

Figure 7: Local CDBG Allocations Continue to Decline
CDBG annual allocations by jurisdiction (in 2025 dollars)



Source: U.S. Department of Housing and Urban Development; Bureau of Labor Statistics



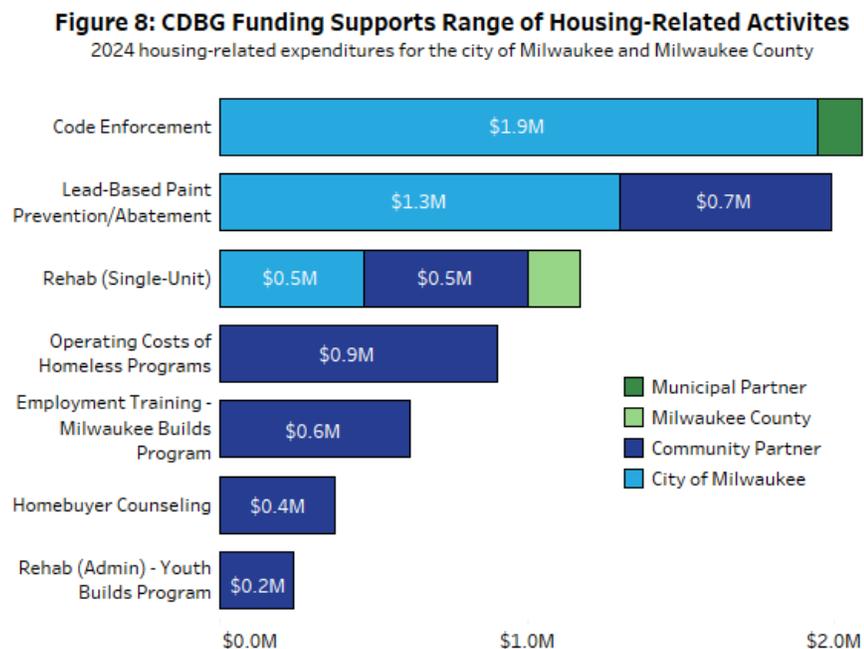
CDBG

Because CDBG is flexible, cuts may force tradeoffs between housing and other types of services. In 2024, local governments and community organizations used nearly \$7.4 million in CDBG funds for housing-related activities across Milwaukee County, as shown in Figure 8. Housing-related expenditures represented a substantial share of total program spending, according to our analysis of the city’s and county’s 2024 Consolidated Annual Performance and Evaluation Reports and Annual Action Plans [reported to HUD](#). This was particularly the case for the city, accounting for 44% (\$7.1 million) of its total CDBG expenditures that year. Meanwhile, only 20% (\$315,000) of Milwaukee County’s expenditures went to housing-related activities, with public facilities and other non-housing activities representing a larger share of CDBG spending.

The largest housing-related uses of CDBG funds locally include code enforcement, lead-based paint abatement, and home repair programs. In 2024, code enforcement and lead abatement together accounted for nearly one-quarter of total CDBG expenditures, receiving \$2.1 and \$2.0 million, respectively. Code enforcement funding went to services provided by the city’s Department of Neighborhood Services, while surrounding municipalities were served by Milwaukee County. Efforts to reduce lead exposure within the city were administered by the city Health Department and community partners.

Approximately \$1.2 million supported home rehabilitation programs, with nearly half of those funds going to community-based organizations that offer forgivable home repair loans for low-income homeowners and accessibility improvements for residents with disabilities. Funding also supported programs administered directly by the city and county. Combined, these programs supported rehabilitation efforts for around 100 households in 2024, according to the city and county CDBG Accomplishment Reports.

Many housing-related activities funded with CDBG are administered by community partners and fall under the program’s Public Services category, which federal rules cap at 15% of a jurisdiction’s annual allocation, potentially making those organizations more vulnerable to cuts if overall funding is reduced. This category can be spent on a broad range of activities, such as employment training, senior and youth services, and mental



Source: CDBG Financial Summary Reports



health services. In 2024, housing-related public services included funding for homeless shelters, homebuyer counseling, and housing-related job training programs. Notably, CDBG funds provided the required local match for homeless service providers receiving Emergency Solutions Grant funding that year, benefiting more than 2,000 individuals.

Workforce training initiatives such as Milwaukee Builds and Youth Builds also utilized both HOME and CDBG funding. These programs support hands-on home construction and rehabilitation training, work experience, classroom instruction, and supportive services for unemployed and underemployed adults and at-risk youth, while creating affordable homeownership opportunities for city residents.

HOME

Unlike CDBG, HOME funds must be used exclusively for housing, meaning any cut would directly reduce affordable housing activities. Locally, HOME funds are used primarily for housing rehabilitation and affordable housing development assistance for households earning below 80% of the area median income. In 2024, the city of Milwaukee disbursed nearly \$2.2 million in home improvement funds, including approximately \$625,000 supported through HOME. Milwaukee County also used HOME funds to support its home repair program and accessibility modifications that allow residents with disabilities to remain in their homes.

Declining federal funding for HOME and CDBG has already led to reductions for city home repair programs. The Rental Rehabilitation Program, which supports home repair efforts by rental property owners in nine Targeted Investment Neighborhoods (TIN) in Milwaukee, was closed in 2024 due to federal funding reductions. The city, however, still offers its Home Rehabilitation Program in these neighborhoods, however, which provides low-interest home repair loans to low-income homeowners rather than landlords.

Our [previous research](#) also found that the city of Milwaukee's Neighborhood Improvement Program serves fewer households than it did in the past, in part due to reduced HOME funding. Administered by several community-based organizations, the program provides forgivable housing rehabilitation loans to address code violations for low-income homeowners

The HOME program reserves a significant share of funding for nonprofit housing developers through a required set-aside. Federal rules require that at least 15% of annual HOME funds be allocated to designated Community Housing Development Organizations – private nonprofit organizations that acquire, rehabilitate, and construct affordable rental and owner-occupied housing and may provide direct financial assistance to buyers of HOME-assisted homes. In recent years, the city reports having strong demand from these organizations, sometimes allocating more than the 15% required. These funds remain available to nonprofit developers for up to two years and, if unused, may be reallocated to other HOME activities.

HOME-funded projects typically rely on layered financing, including local funding, housing tax credits, and other public or private sources. In 2025, for example, a 56-unit affordable housing development for aging residents and seniors with disabilities opened in Brown Deer, with 14 units designated for residents with disabilities in need of on-site supportive services. Its developer utilized the housing tax credit program to finance the project, while Milwaukee County allocated both HOME and American Rescue Plan Act funding to support it.

Local funding sources often complement these programs by providing matching funds or supporting related housing activities. If federal cuts deepen, local leaders may need to rely more heavily on



locally-funded programs or reprioritize where local resources are directed. Typically, jurisdictions that receive HOME allocations must match 25 cents to each HUD dollar received, though HUD exempts the city of Milwaukee from this requirement in most cases. When required to match, the city reports utilizing city-owned property as an in-kind match and its Housing Trust Fund, among other sources. The city also administers several similar locally-funded home repair programs, such as the Compliance Loan Program, which assists homeowners in addressing code violations, and the STRONG Homes Loan Program, which offers loans of up to \$25,000 to homeowners throughout the city on a first come, first served basis. For projects supported with HOME funds from Milwaukee County, participating municipalities frequently contribute through tax increment financing.

Both the city and county also use HOME funds to provide short-term rental assistance to households transitioning from homelessness. In 2024, the city used HOME and American Rescue Plan Act (ARPA) funding to support tenant-based rental assistance for rapid-rehousing, contributing to an expansion of the local Continuum of Care's capacity from being able to serve 491 people in 2023 to 683 in 2024; the ARPA funding was depleted in 2025. The county uses HOME funding to support security deposits and short-term assistance for housing choice voucher recipients seeking to move to suburban communities – a program discussed in depth in the following section.

Summary

Federal funding from the Community Development Block Grant and HOME Investment Partnerships programs plays an important but increasingly constrained role in supporting housing programs across Milwaukee County. A substantial share of these funds is directed to housing-related programs and services administered by both community organizations and local governments, together supporting activities such as affordable housing construction and rehabilitation, code enforcement, homeless assistance, homebuyer counseling, and more. These funds are frequently layered with other federal, local, and private resources to support local housing initiatives. Home rehabilitation programs often rely on funding from both the HOME and Community Development Block Grant programs, for example, while the latter often provides important matching funds for the Emergency Solutions Grant Program. Local funding sources often complement these programs by providing matching funds or supporting related housing activities.

Although Congress ultimately maintained prior year funding for both programs in the final 2026 budget, earlier federal proposals would have reduced or eliminated one or both programs. Over time, lower allocations have already limited the scale of activities supported by these programs locally, while program rules and flexibility may influence what programs may be most vulnerable to further cuts if implemented down the road. Community Development Block Grant funding can be used for a broad range of housing and non-housing related activities, so funding cuts would increase pressure on housing programs but are not guaranteed to reduce funding. By contrast, any reduction to the HOME program, which faced elimination under 2026 budget proposals from both the president and House of Representatives, would fall entirely on housing initiatives.



RENTAL ASSISTANCE

Federal assistance for rental housing is primarily provided through HUD’s rental assistance and public housing programs. Together, they support millions of low-income households nationwide and shape how local housing authorities operate. Locally, these programs are administered by the Housing Authority of the City of Milwaukee (HACM) and Milwaukee County, allowing thousands of low-income households to rent in the private market or in designated affordable developments while only paying 30% of their income toward housing.

The Housing Choice Voucher program – which includes both tenant-based vouchers and project-based vouchers – represents the largest source of local rental assistance. Tenant-based vouchers allow households to rent privately-owned units that meet program requirements, such as housing quality standards, while subsidies are paid to the landlords of voucher recipients to cover the remaining rent. Project-based vouchers, on the other hand, tie subsidies to specific housing developments rather than individual tenants. Public housing consists of developments that are owned and managed by local public housing authorities.

While Congress preserved the structure and funding of rental assistance programs for 2026, earlier proposals would have significantly decreased funding stability through program consolidation and time limits on eligibility. After discussing proposed and enacted federal changes, we examine potential local impacts for both the Housing Choice Voucher and public housing programs, focusing primarily on HACM – the largest provider of federal housing assistance in Wisconsin – which serves approximately 11,000 low-income families, seniors, and people with disabilities each year.

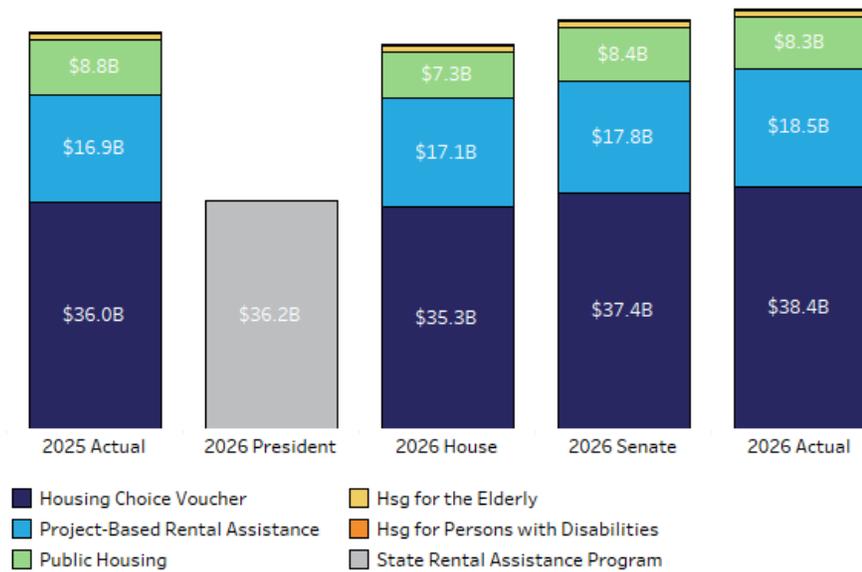
Federal Landscape

The president’s 2026 budget proposal would have significantly reduced and restructured federal rental assistance,

according to the Office of Management and Budget. While the enacted budget ultimately provided \$66.6 billion for rental assistance and public housing programs combined, the president’s proposal would have consolidated five programs into a new State Rental Assistance Block Grant program funded at \$36.2 billion—a 42.5% reduction from the \$62.9 billion appropriated for these programs in 2025 (see Figure 9).

Figure 9: Most Federal Rental Assistance Programs See Increase for 2026

Actual and proposed federal funding amounts by rental assistance program



Source: Congressional Research Service; Office of Management and Budget



The programs proposed for consolidation and their 2025 funding levels include the Housing Choice Voucher program (\$36.0 billion), project-based rental assistance¹ (\$16.9 billion), public housing (\$8.8 billion), Section 202 housing for the elderly (\$931 million), and Section 811 housing for persons with disabilities (\$257 million). Under the proposal, funding levels for these programs would have been insufficient to renew all existing vouchers, potentially resulting in households losing assistance unless state or local governments provided supplementary funding.

The president's proposal also would have introduced new eligibility restrictions, including a two-year time limit on assistance for able-bodied adults, while exempting elderly and disabled households. The State Rental Assistance Block Grant also includes \$25 million for Foster Youth to Independence grants for youth aging out of foster care. Otherwise, the proposal would allow "state governments to design rental assistance programs based on their unique needs."

Enacted Funding and Ongoing Concerns

The enacted budget for fiscal year 2026 did not include the president's proposed State Rental Assistance Program or two-year time limit on assistance and also increased rental assistance program funding at levels sufficient to renew existing rental assistance vouchers. It increased funding for Housing Choice Vouchers by 6.7% (\$2.4 billion) and project-based rental assistance by 9.8% (\$1.7 billion). It also increases Section 202 funding by \$100 million and Section 811 funding by \$30.3 million, which supports the development and operation of affordable, accessible housing for older adults and people with disabilities, respectively.

The enacted budget also allows public housing authorities to transition households from the expiring Emergency Housing Voucher program into the Tenant Protection Voucher program, which is funded as part of the Housing Choice Voucher program and was provided an additional \$264 million for 2026. The Emergency Housing Voucher program, which assists individuals and families who are homeless or at risk of homelessness, was created under the American Rescue Plan Act of 2021 and provided [\\$5 billion](#) for 60,000 tenant-based rental assistance vouchers nationwide. However, funding for the program did not last as long as anticipated and is expected to run out in mid-2026.

While the enacted budget maintained rental assistance funding, public housing saw a decrease of 5.6% (\$492 million) compared to 2025. While capital funding was largely maintained, the fund providing operating subsidies to public housing authorities was allocated \$4.69 billion – a 14.4% (\$789 million) reduction from 2025. Allocations to housing authorities are determined by calculating the difference between what it costs to run a public housing program and what low-income tenants pay in rent. However, the actual subsidy level still depends on the total funds appropriated by Congress and is not guaranteed to cover costs. Local housing authorities may end up using their reserves – money often set aside for capital repairs or renovations – to fill operating budget gaps.

Some of the operating funding lost was offset by a \$312 million increase to the operating shortfall program, which was only funded at \$25 million in 2025. This program provides needs-based assistance for public housing authorities at financial risk that have less than three months of operating reserves, helping them make changes that will improve their financial position.

¹ The Project-Based Rental Assistance program is administered through a direct contract between a property owner and HUD and are funded separately from Project-Based Housing Choice Vouchers



By contrast, the public housing capital fund received \$3.2 billion – the same as in 2025. Capital funds support modernization and major repair efforts and associated management activities and are also distributed through a formula that considers factors such as a housing authority’s relative long-term modernization needs, inventory size, and unit characteristics, and the demographics of its population. The budget provides additional funding for capital expenses through a few different targeted programs, including \$15 million for assistance to troubled or high-risk public housing authorities. Additional programs support emergency capital and health hazard reduction grants.

While maintained, the capital funding provided will be insufficient to address an estimated backlog of capital repairs in the nation’s public housing of more than [\\$70 billion in 2019](#), according to the proposed [Public Housing Emergency Response Act](#) introduced in 2023. Both capital and operating subsidies are important to maintaining public housing developments, with operating subsidies covering more routine day-to-day maintenance costs. Cuts may force public housing authorities to defer maintenance, making repairs or replacements more expensive in the future.

This environment may also make it more difficult for public housing authorities to use HUD’s Rental Assistance Demonstration program, a federal initiative designed to preserve affordable housing by converting public housing into project-based rental assistance. This tool provides more reliable funding and allows agencies to leverage private and public financing, such as Low-Income Housing Tax Credits, to address backlogs in property maintenance and capital repairs.

Together, reduced operating support and flat capital funding may increase financial strain in the system. HUD and other federal agencies have also faced [reduced staffing levels](#) as a part of the president’s [directive to reduce the federal workforce](#), which may limit administrative capacity. This may increase challenges for agencies seeking stabilization support, while operating cuts may push additional agencies into financial distress, thus potentially increasing demand for these supports.

Local Use and Potential Impacts

Together, the Housing Authority of the City of Milwaukee (HACM) and Milwaukee County administer tens of millions of federal rental assistance and public housing dollars annually to support low-income households. Local programs rely heavily on federal funds to subsidize rents, maintain public housing, and support vulnerable populations including seniors, people with disabilities, veterans, and households experiencing homelessness.

In this section, we first discuss the Housing Choice Voucher program and the potential local impact of proposed cuts. We then discuss HACM’s housing portfolio and finances, which have diversified over time as the agency has replaced much of its traditional public housing. Analyzing [HACM’s operating budget](#), we explore how the organization’s ongoing finances and operations may be affected by federal cuts to public housing. While there is one 60-unit public housing facility within Milwaukee County’s jurisdiction, this report will focus on HACM’s larger public housing portfolio which may be more vulnerable to cuts due to ongoing challenges the organization faces, discussed below.

Housing Choice Voucher Program

In 2024, over 9,500 households were served by the Housing Choice Voucher program administered by HACM and Milwaukee County. Local demand for these vouchers already far exceeded available resources. Over 8,800 families were on the [waitlist](#) for HACM’s tenant-based voucher program as of



July 2025. The waitlist is currently closed. HACM also administered over 1,800 project-based vouchers in 2024. While the waitlists for HACM's project-based developments are currently open, 13 developments had extensive waitlists in 2025 – ranging from 3,760 families for Merrill Park to 17,464 families for Westlawn Gardens.

In 2024, the county's voucher program served an average of 1,842 households. The majority (1,613) were served by tenant-based vouchers, allowing the households to rent anywhere within the county (including in the city of Milwaukee) provided the landlord agreed to accept the vouchers, while the remainder were project-based vouchers tied to specific multi-family buildings. The county's waitlist is also currently closed.

To understand the impact of proposed cuts to rental assistance, we analyzed local program data. In 2024, HACM expected to receive [an estimated \\$47.8 million](#) allocation from HUD for its housing choice voucher program, while the county reported expending \$15.9 million in federal funding for its program. In 2025, Congress increased funding to the program by 11.3%, funding the program at \$36.04 billion compared to \$32.39 billion the prior year. By applying the same increase in funding at the local level, we estimate federal funding for HACM's and Milwaukee County's combined voucher programs to be roughly \$70 million for 2025. Because the president's proposal would have consolidated programs, we applied its 42.5% overall funding decrease to public housing and rental assistance programs combined, which would have resulted in an estimated \$40.8 million in local housing voucher funding.

Households also would have been subject to a new maximum time limit of two years for rental assistance under the president's proposal, a policy that opponents argued would cause housing instability and place significant demands on program administrators to implement and enforce.

Both HACM and Milwaukee County target resources toward special populations, including individuals and families experiencing or at risk of homelessness. Some of this support comes from dedicated voucher programs such as HUD-Veterans Affairs Supportive Housing and emergency housing vouchers. HACM administered 372 Veterans Affairs vouchers in 2024 through a program that provides stable housing and supportive services by combining HUD's Housing Choice Voucher rental assistance with supportive services for homeless or at-risk veterans.

HACM also administered 121 emergency housing vouchers in 2024. The enacted 2026 budget protected funding for households receiving assistance under these programs by maintaining funding for the Veterans Affairs voucher program and increasing funding for the Tenant Protection Voucher program to replace expiring emergency housing vouchers. However, other proposed changes such as a shift away from "Housing First" policies for the homeless might impact these programs.

In recent years, HACM's housing choice voucher program has operated under strain, making the organization vulnerable to proposed changes. [HUD designated the program as troubled](#) in 2022, citing governance and operational challenges that limited HACM's ability to accurately allocate costs across programs. As part of its corrective actions, HUD required HACM to outsource the administration of the program to a private contractor. In 2024, HACM's rental assistance program was still facing significant financial pressure, [operating at a \\$1.4 million deficit](#), which required the agency to provide funding out of its non-rental assistance funding streams to cover costs. These ongoing concerns would make it difficult for HACM to absorb any reduction in voucher funding if cuts were enacted in the future.



HACM's Portfolio

Understanding HACM's broader housing portfolio helps explain its exposure to federal funding changes. Figure 10 illustrates HACM's housing portfolio by program type, including affordable housing, veteran supportive housing, affordable market-rate developments (which are unsubsidized), and public housing properties.

The map is intended to show the geographic distribution of these properties and the range of housing types supported by HACM rather than to represent every individual building or phase of development. Some large multi-phase redevelopments such as Westlawn Gardens are represented by a single point. Additionally, "scattered-site" properties, which are typically financed as one project but spread across multiple addresses, are also represented by a single point. Affordable housing developments included in the map rely on a range of funding sources. HACM reports having 1,878 housing units in affordable housing developments in 2024, which often utilize project-based vouchers in addition to other federal funding sources such as Low-Income Housing Tax Credits.

Many of HACM's affordable housing developments are former public housing developments that were converted to project-based vouchers through the Rental Assistance Demonstration program. According to the city of Milwaukee's Consolidated Annual Performance and Evaluation Report, between 2017 and 2024 HACM transformed public housing units in 14 developments into project-based voucher units on a one-for-one basis and reported a total of 1,211 vouchers from the program in 2024. This work was done through HACM's development arm, Travaux. This program ensures that the units remain affordable while creating access to private capital and other funding sources that cannot be utilized under the public housing program.

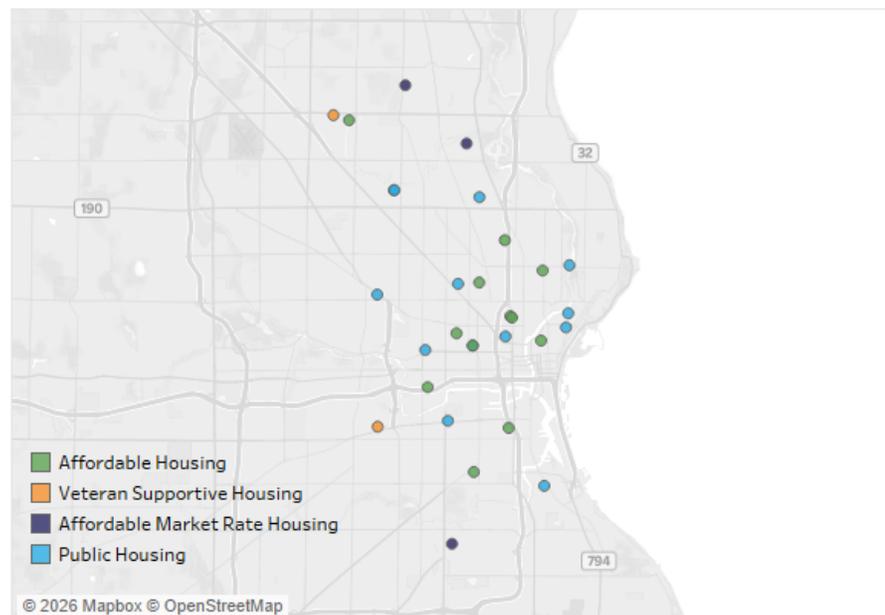
Veteran supportive housing represents a distinct component of HACM's portfolio. Two of HACM's properties are designated or have a stated preference for veterans: Surgeon's Quarters and Victory Manor. Surgeon's

Quarters is operated in collaboration with Milwaukee Veterans Affairs Regional Office, while Victory Manor is a 60-unit building supported by Low-Income Tax Credits with a stated preference for veterans.

In addition to its subsidized affordable housing properties, HACM owns and manages 980 units of unsubsidized affordable market rate rental housing spread across three large developments. Those

Figure 10: HACM's Properties Offer Range of Housing Options

HACM properties by housing type



Source: Housing Authority of the City of Milwaukee (HACM)



buildings charge rents that are affordable for moderate-income households and have provided important financial support to the agency that has eased fiscal strain, according to HACM's budget documents.

Additionally, HACM owns and maintains its public housing stock, which totaled 2,341 units spread across several multi-family and scattered-site facilities in 2024. Although HACM has reduced its supply of traditional public housing units and spurred significant neighborhood investment through redevelopment efforts, it has not eliminated the underlying capital and management challenges facing the public housing facilities that remain. Below, we examine HACM's public housing program, factors contributing to its designation as troubled in 2024, and potential impacts of reduced funding.

Public Housing

A range of issues contributed to deteriorating conditions of HACM's public housing properties, and it matters for the Milwaukee authority whether HUD is able to provide substantial funding and oversight to support at-risk housing authorities. HUD designated HACM's public housing program as [troubled in 2024](#), finding that "HACM does not have adequate management of physical assets to ensure the provision of safe, decent, and sanitary housing for its public housing residents." HACM had not completed a physical or capital needs assessment since 2014, which identified more than [\\$198 million in non-emergency maintenance needs](#) across HACM's public housing developments.

Lack of clarity in its governance structure and lack of oversight between HACM and its private development arm, Travaux, also may have contributed to a lower share of capital funds being spent on public housing. HUD's assessment found that between 2013 and 2022, around 80% (\$32 million) of HACM's capital fund grants were used to support Rental Assistance Demonstration projects, while only 20% (\$8 million) was directed towards HACM's remaining public housing.

The program had a total budget of around \$20.5 million in 2024. That year, HACM anticipated receiving \$8.1 million from HUD's capital fund subsidy and \$6.8 million from HUD's operating subsidy. Applying the 14.4% decrease in federal funding for the public housing operating subsidy results in an estimated \$5.5 million for 2026.² However, it is difficult to know if this is the amount HACM would receive. The housing authority may be eligible to receive shortfall operating funding based on the organization's troubled status. Together, reduced operating support and flat capital funding could increase long-term financial strain and worsen long-term capital needs.

Currently, HACM is focused on stabilizing its finances and operations, improving oversight, and working with [HUD on corrective action plans](#). While in the short term the agency plans to pause major redevelopment efforts, HACM may choose to utilize resources like the Rental Demonstration Program again in the future to renovate and replace its public housing stock. However, cuts to operating funding will complicate these efforts. Since the Rental Assistance Demonstration program does not receive appropriated funds, rent levels and initial funding for the rental assistance contracts are dependent on public housing funding levels. This may force public housing agencies to choose between undertaking conversions with reduced funding and the effect this could have on any remaining public housing stock, a tradeoff that has contributed to HACM's current challenges.

² Federal funding for the public housing program was maintained between 2024 and 2025.



Summary

Federal rental assistance programs remain foundational to providing housing stability for low-income households throughout Milwaukee County. Congress ultimately preserved the Housing Choice Voucher program and rejected the president's proposed two-year time limit for households to receive them, avoiding immediate reductions in assistance for thousands of local households. In a community where demand for rental assistance already far exceeds supply and where the local housing authority faces ongoing financial and capital challenges, reductions in federal support would likely translate directly into fewer households served.

Public housing presents a more immediate area of concern locally. While capital funding has remained steady, the program's operating formula fund declined in the final 2026 budget. For HACM, which is working to stabilize its operations and address a large backlog in capital repairs, reduced operating subsidies may increase financial pressure. Over time, insufficient operating and capital funding can accelerate deferred maintenance, constrain redevelopment options, and raise long-term costs. Although federal shortfall programs provide targeted support, they require significant federal oversight capacity from HUD and may not fully offset existing structural funding gaps.



HOUSING TAX CREDITS

Housing tax credits are the primary tool used to finance affordable rental housing developments in Milwaukee County and across the state and nation. Administered in Wisconsin by the state's housing finance authority, housing tax credits function as a market-based subsidy, leveraging private investment in exchange for long-term rent restrictions and typically involving a highly competitive process.

State housing agencies award federal tax credits, which can be claimed over a 10-year period and offer a dollar-for-dollar reduction of federal income taxes, to developers who typically sell them to private investors for upfront equity. This reduces the amount of debt needed to finance a project and allows for lower rents. In return, [for 30 years](#), property owners must reserve a minimum of 20% of units for households with incomes below 50% of the county median income, or 40% of units for households with an average income below 60% of the county median. The program intends for residents to spend 30% of their income on rent and utilities.³

Recent federal policy changes enacted under the One Big Beautiful Bill Act significantly expanded federal housing tax credit programs, creating opportunities to increase affordable housing production. At the same time, rising construction and operating costs, growing reliance on additional gap funding, and the erosion of other federal housing resources raise questions about the extent to which these changes will ultimately support development of more units. While the long-term impacts remain uncertain, Wisconsin has moved quickly to implement these changes and related policies.

Below, we outline the federal housing tax credit program and recent policy changes and then examine how Wisconsin's housing agency administers these credits and how they have been used in Milwaukee County, including the early local impacts of recent federal reforms.

Federal Landscape

While bringing major cuts to social safety net programs, including Medicaid and Supplemental Nutrition Assistance Program (SNAP), the One Big Beautiful Bill Act significantly expanded the Low-Income Housing Tax Credit program. While these changes could increase affordable housing production, they come at a time when the program is facing strain due to rising development costs, increasing complexity to finance affordable housing projects, and a changing landscape of federal housing programs.

The two federal housing tax credits—the 9% and 4% credits—provide different levels of subsidy, but neither typically generates enough equity to fully finance a project's development cost. The 9% credit offers a deeper subsidy, covering roughly 70% of a project's construction costs, and is awarded on a competitive basis. The 4% credit, on the other hand, is provided on an unlimited basis to eligible projects, but the equity generated only covers about 30% of total development costs. Additionally, the 4% credits must be paired with federally funded, tax-exempt private activity bonds issued by state or local governments. These bonds offer more favorable interest rates than conventional debt and are used to finance projects developed by private entities that provide a public benefit. Even with these tools, however, tax credit equity and conventional debt rarely cover total development

³ Rent limits are based on the designated Area Median Income (AMI) for the unit the household is intended for, whereas actual tenant income is only used to determine initial eligibility



costs, requiring developers to assemble additional funding sources to close financing gaps, a challenge that has intensified as development costs have increased.

The One Big Beautiful Bill Act included two major provisions affecting both the competitive 9% and noncompetitive 4% federal housing tax credit programs, representing the most significant permanent changes to the programs in over two decades. First, the bill permanently expanded the competitive program, increasing each state's annual allocation of 9% housing tax credits by 12%, a long-awaited change after the 2017 Tax Cuts and Jobs Act enacted a temporary 12.5% increase for calendar years 2018 to 2021. Every state has a per capita allocation of housing credits which is adjusted annually for inflation. For 2026, when the 12% increase took effect, the programs allocation is [\\$3.416 per state resident](#) an increase from \$3.00 per person in 2025.

Additionally, the bill expanded access to the 4% housing tax credits by cutting the requirement to use tax-exempt private activity bonds in half – freeing up states' limited bonding authority. Starting in 2026, only 25% of total development and land costs need to be financed by tax-exempt private activity bonds to be eligible for 4% federal credits, a reduction from the 50% previously required. This is significant because the supply of these bonds is limited by a federally imposed volume cap, which sets the maximum amount of tax-exempt private activity bonds that can be issued annually to states. For 2025, it was set at the greater of [\\$130 per capita or \\$388.8 million](#).

Taken together, these changes are estimated to have the potential to finance [1.22 million additional affordable rental units](#) nationally over the next decade, according to [Novogradac](#), a national professional services organization with an emphasis in the affordable housing industry. The change to the 4% program alone is estimated to account for roughly 1.14 million of those units by allowing states to stretch their limited supply of tax-exempt private activity bonds across more projects. The permanent 12% increase in 9% tax credit allocations, on the other hand, is estimated to finance approximately 80,000 additional affordable rental units between 2026 and 2035.

However, these projections rely on several assumptions that may overestimate actual production. Notably, they assume that state agencies will dedicate all of their newly available bond capacity specifically to rental housing and that developers will be able to find sufficient gap funding to cover the remaining costs. Because the 4% credit provides a shallower subsidy than the 9% credit, the success of this expansion depends heavily on whether these secondary funding sources can be scaled up to meet the increased demand. According to Novogradac, these projections were calculated by applying the increase in tax credits for the 9% program alongside inflation adjustments and population growth trends while accounting for the rising cost of development. However, they do not account for tariffs, which may drive up construction costs further.

Other tax provisions included in the One Big Beautiful Bill Act, while not directly related to the Low-Income Housing Tax Credit program, may also impact affordable housing production. For example, one change will make a tax incentive permanent that allows for 100% of the costs of certain capital investments to be deducted in the first year they are placed in service, which may improve investor interest in housing tax credit projects. While the One Big Beautiful Bill Act maintained the existing corporate tax rate that was lowered under the Tax Cuts and Jobs Act of 2017, a Trump administration proposal to cut the rate further could reduce the value of tax credits. Other changes, like the phasing out of several clean energy tax credits introduced in the Inflation Reduction Act, may hinder production as many developers had integrated these resources into project financing while also expecting to achieve improved energy efficiency.



While recent reforms under the One Big Beautiful Bill Act strengthen the housing tax credit programs, these changes come at a time when developers increasingly need to stack multiple sources of gap funding to make a project viable, in part due to rising costs, high inflation, and an erosion of traditional federal sources like HOME and Community Development Block Grants, many of which are vulnerable to cuts. Operating costs for developments have also increased, in part due to rising insurance premiums and increased maintenance cost. Also vulnerable is project-based rental assistance, which is often an important operating subsidy that allows housing tax credit developments to include units for very low-income households while guaranteeing steady rental income.

Local Use and Potential Impacts

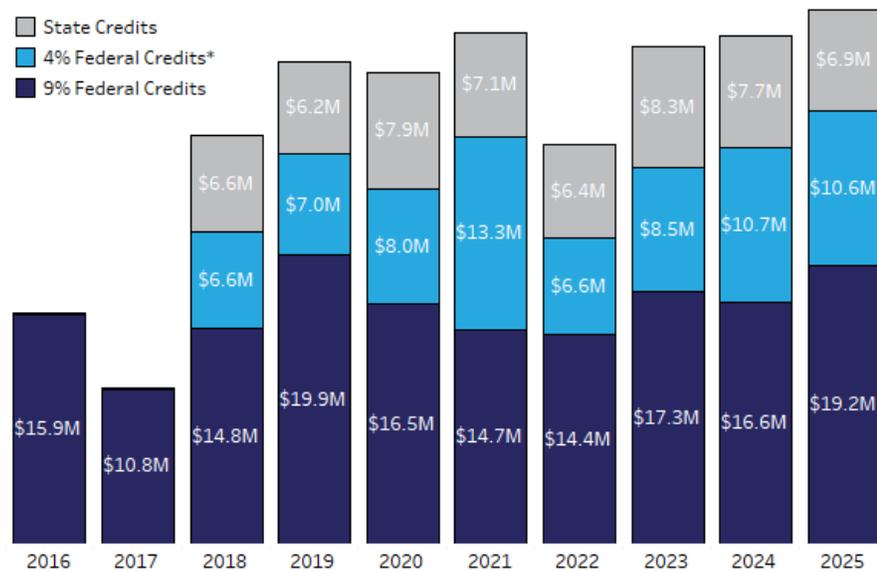
Housing tax credits play a major role in financing affordable housing in Milwaukee County, although their local impact varies widely by year and program. Here we outline how Wisconsin’s state housing agency allocates its competitive housing tax credits statewide and examine how these programs have supported the development of affordable housing units in Milwaukee County. We also discuss how changes under the One Big Beautiful Bill Act are already being implemented in Wisconsin and their potential impact on competitive awards in 2026 and noncompetitive projects currently under review.

WHEDA Programs

The Wisconsin Housing and Economic Development Authority (WHEDA) administers both the federal 9% and 4% housing tax credit programs, as well as Wisconsin’s state housing tax credit, determining how these resources are allocated across the state. As shown in Figure 11, the state tax credit program has boosted financial support for affordable housing since being introduced in 2018, according to our analysis of [WHEDA’s annual award lists](#). Notably, variations in annual allocations may be attributed in part to WHEDA’s ability to roll over unallocated or returned credits in the following year.

Since 2016, nearly \$262 million in these tax credits have been awarded statewide. The largest share, \$160 million, was from the federal 9% program, which supported over 10,000 affordable housing units in over 200 developments. The program is competitive, with approximately 41% of eligible requests

Figure 11: State Tax Credits Have Increased Support for Affordable Housing
WHEDA’s annual allocations of competitive housing tax credits in Wisconsin, by program



Source: WHEDA annual award lists *Only includes competitive awards paried with state tax credit



declined between 2016 and 2024, [according to WHEDA](#).

To help reduce unmet demand, Wisconsin created a competitive state housing tax credit to pair with the federal 4% program that was first implemented in 2018. The combined tax credits supplement the federal 4% credit, covering roughly 54% of a project's development costs, compared to about 30% without the state credit. Since implementation, WHEDA has allocated approximately \$57.2 million in state tax credits paired with \$71.3 million in federal 4% credits to support nearly 7,000 affordable housing units statewide, according to our analysis of WHEDA's annual awards.

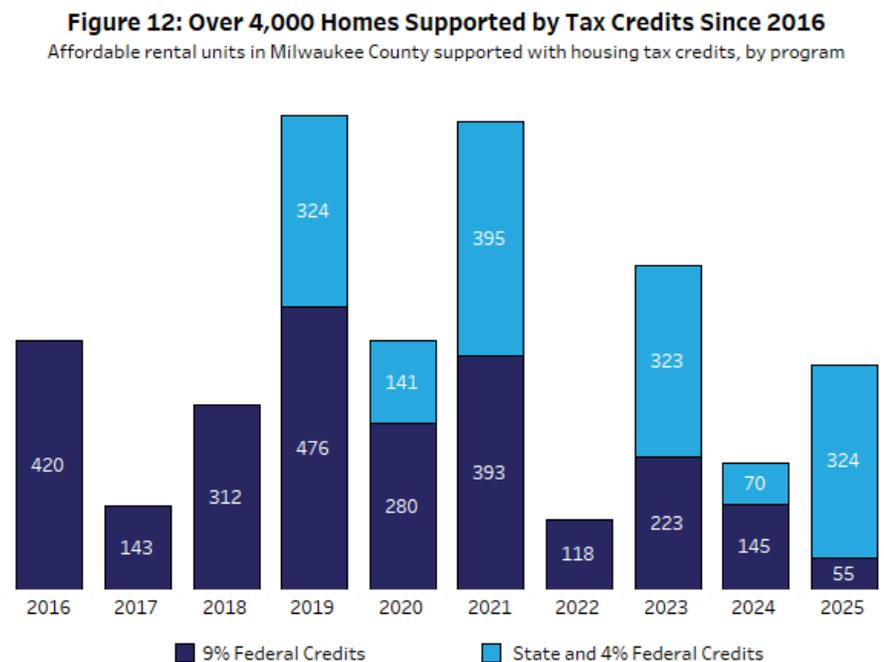
Requirements under the state tax credit program generally follow federal tax credit program requirements. However, the program differs in duration, with tax credits being claimed over a six-year period instead of the federal standard of 10 years. Additionally, the state program prioritizes projects in smaller communities, though it does award tax credits to projects in Milwaukee County. WHEDA also awards 4% federal tax credits through a noncompetitive program, which is not shown in Figure 11 but will be discussed below.

Awarded Projects in Milwaukee County

Since 2016, over 4,000 housing units affordable to low-income households have been supported by WHEDA's competitive tax credit programs in Milwaukee County. Annual award amounts vary widely, but at least 100 units have been supported each year, as shown in Figure 12.

More units have been developed in the county each year since the state introduced its tax credit program in 2018, including over 1,500 units supported by the paired state and 4% federal credits. To date, 18 developments have received awards from those programs, totaling \$18.9 million in 4% federal credits and \$11.7 million in state tax credits. The 9% program has also supported over 2,500 low-income units since 2016, with nearly \$38.6 million in tax credits going to 46 developments.

Many factors can influence whether a project gets awarded tax credits in a given year. Developers who apply for tax credits in Milwaukee County typically have competed for the roughly 50% portion of WHEDA's available tax credits set aside for developments located anywhere in the state. The remaining tax credits are split evenly between projects in rural areas and small urban areas. Additionally, in some years WHEDA utilizes non-geographic set

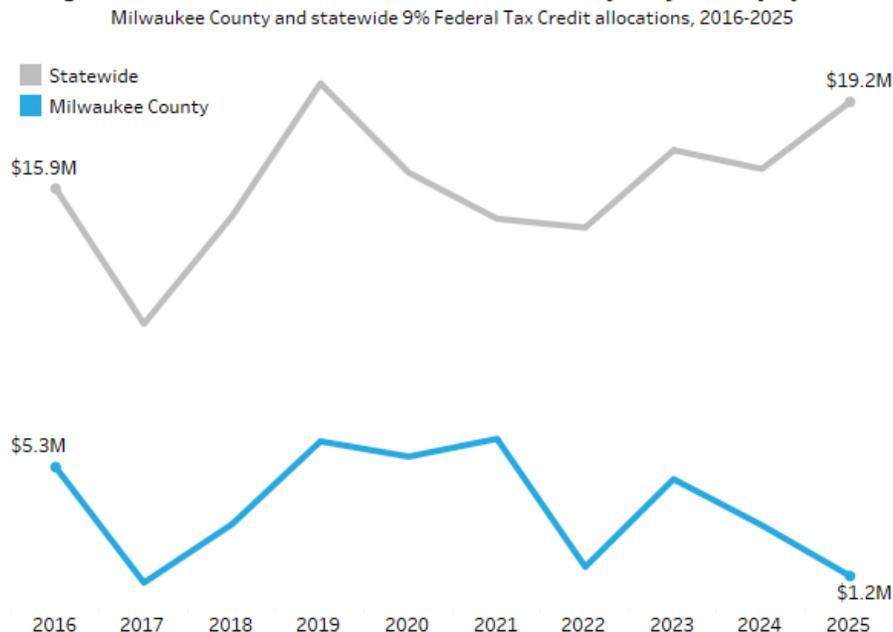


Source: WHEDA annual award lists



asides that projects in Milwaukee County can qualify for, which will be discussed more below. Within each set aside, projects must meet mandatory feasibility requirements and are then ranked using scoring criteria established in [WHEDA's Qualified Allocation Plan](#), which is updated every two years, including criteria around cost efficiency, serving high-needs populations, and more.

Figure 13: Tax Credit Awards in Milwaukee County Vary Greatly by Year



Source: WHEDA annual award lists

Potential Local Impacts of Federal Changes

It is hard to estimate how the One Big Beautiful Bill Act’s permanent expansion of the 9% federal housing tax credit program will impact affordable housing in Milwaukee County. This is in part because the amount of tax credits allocated to projects in Milwaukee County varies greatly by year, both overall and as a share of the state’s total allocation. For example, in 2021, housing developments in Milwaukee County received over 43.4% of the tax credits allocated statewide, while in 2025 only 6.3% of the state’s credits went to projects in the county (see Figure 13). And while the 9% program was previously expanded by 12.5% in 2018 through 2021, many factors make it difficult to draw conclusions about the impact that increase made.

Six of the 24 projects currently competing for 9% credits in the 2026 general set-aside are located in Milwaukee County, according to WHEDA’s [application list](#). These projects requested a combined \$5.8 million in tax credits to support 275 affordable units. In addition, both applications submitted under the 2026 “innovation set-aside,” which awards projects that demonstrate innovative methods to reduce development costs and was [first implemented in 2021](#), are located in Milwaukee County. Additionally, one notable change that WHEDA made to the 9% program in 2026 is using a higher credit cap for any single project of \$1.3 million, an increase from \$1.2 million in 2025.

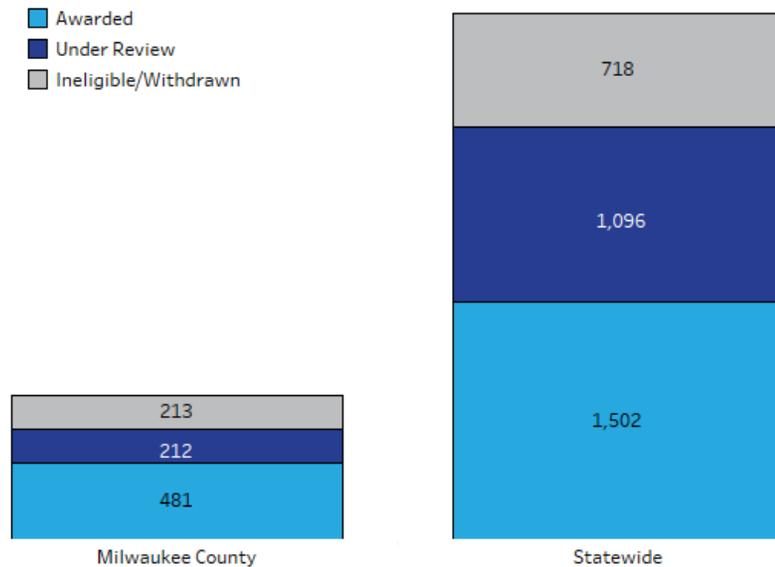
Recent changes have had the most immediate local impact on the federal 4% housing tax credit, particularly through WHEDA’s noncompetitive program, for which we only have 2025 data. As previously noted, federal law reduced the share of development costs that must be financed with tax-exempt bonds to qualify for these credits from 50% to 25%. WHEDA moved quickly to implement this change and increased the total amount of tax-exempt bonds available through the 2025 noncompetitive program by [\\$120 million](#).

As Figure 14 shows, 481 units were supported by the 4% noncompetitive federal tax credit program in Milwaukee County in 2025, with 212 additional units under review. Statewide, over 1,500 units were awarded noncompetitive credits, with just under 1,100 units currently under review.



WHEDA could also expand its pairing of the 4% federal tax credit with the state tax credit as a result of these federal changes, though the program remains constrained by the availability of state credits. WHEDA prioritizes providing financing through bonds for projects using both state and federal 4% credits. For 2026, the maximum state credit allocation per project is \$1.2 million while the annual amount of state tax credits WHEDA can

Figure 14: Hundreds of Units Supported by Noncompetitive Tax Credits
Housing units in projects considered for 2025 cycle federal 4% tax credits, by award status



Source: WHEDA 2025 noncompetitive award list

certify may not exceed \$42 million. A [bill](#) that recently passed in both the state Assembly and Senate would raise the cap to \$100 million, along with other changes. While final awards are not yet known, six of the 16 applications competing in the general set-aside for the 2026 paired state–federal 4% program are located in Milwaukee County, according to WHEDA’s [application list](#). These projects are requesting \$10.0 million in federal credits and \$5.9 million in state credits to support 817 affordable housing units.

Summary

Housing tax credits are the main way affordable rental housing gets built in Milwaukee County. Developers can sell the federal and state tax credits to private investors to raise money upfront. In exchange, the housing must keep rents affordable for at least 30 years and serve households with lower incomes. Recent changes under the One Big Beautiful Bill Act expanded both the 9% and 4% federal tax credit programs, which could increase the number of affordable homes built nationwide. Wisconsin has already begun implementing these changes. Early signs show more units moving forward under the 4% non-competitive program in particular, which offers less of a subsidy but was made more accessible for developers through changes to bond-financing requirements.

At the same time, these expansions do not guarantee a major increase in affordable housing locally. Tax credits rarely cover the full cost of a project, and rising construction, insurance, and operating costs mean developers must rely on multiple additional funding sources to close financing gaps. Future production also depends on how much of the state’s expanded resources ultimately go to Milwaukee County, which has varied from year to year for a variety of factors. While the federal changes create real opportunities to finance more affordable housing, the actual number of units built will depend on state allocation decisions and broader economic and market conditions. When federal funding sources decline, local governments may need to rely more heavily on tools such as Tax Incremental Financing or local Housing Trust Funds, which come with other limitations.



OBSERVATIONS AND CONCLUSION

Overall, our analysis finds many of the changes to federal housing and homelessness funding and policy that were proposed for the FY2026 budget ultimately were not enacted. However, several modifications were adopted, and other proposals have introduced ongoing uncertainty, as they may be reconsidered in future budget cycles. Key observations from our analysis include the following:

Housing services in Milwaukee County rely heavily on federal funding, making them vulnerable to federal budget and policy changes.

Federal housing and homeless assistance programs provide critical support to thousands of seniors, veterans, people with disabilities, and low-income families in Milwaukee County. Local programs that provide rental assistance, homeless services, and community development funding are primarily financed through federal allocations. During the fiscal year 2026 federal appropriations process, the president – and in some cases Congress – proposed eliminating or consolidating several major housing programs and making significant policy shifts – such as new eligibility requirements or time limits on assistance. Although the enacted FY2026 budget largely maintained existing funding streams, these proposals created uncertainty for local governments and service providers, which depend not only on federal funding levels but also on the stability and predictability of those funds.

Ongoing uncertainty surrounding federal homeless assistance funding could affect local services.

Although the final budget preserved existing federal homeless assistance programs, earlier proposals and administrative actions represented a significant departure from longstanding federal policy centered on permanent housing solutions. These proposed shifts have already complicated ongoing planning and budgeting efforts for local providers that prioritize permanent supportive housing, which accounts for roughly three-quarters of the available beds for the homeless in Milwaukee County. Uncertainty also remains regarding the long-term direction of the Continuum of Care program, which is subject to ongoing litigation. Because most of the program’s funding supports the renewal of permanent housing projects, any caps on renewal funding or permanent supportive housing could destabilize local providers and services.

Even before the president proposed eliminating funding for major community development programs, funding for Milwaukee County had experienced long-term declines.

These trends and proposals raised concerns about the sustainability of local housing services supported by flexible federal HOME and CDBG grants. Proposed cuts to both programs would have compounded funding losses that have already required local governments to scale back or reprioritize certain activities. Community-based organizations that provide these services may have been particularly vulnerable, as cuts would have not only reduced direct program funding but also weakened their ability to leverage matching funds.

Rental assistance funding will be sustained for current recipients but will not expand to additional households or to address long-term public housing needs.

After facing proposed cuts, the enacted FY2026 budget increased funding for certain rental assistance programs to prevent the loss of assistance for current participants as rents rise. However, demand for rental assistance in Milwaukee far exceeds available supply and waitlists of households eligible to receive assistance remain long. Without funding increases that outpace inflation,



assistance cannot be expanded to more households. Additionally, continued shortfall funding for public housing may exacerbate financial pressures for local housing authorities, including the Housing Authority of the City of Milwaukee, which already faces fiscal and operational challenges.

Expanding federal housing tax credits could support more affordable housing, but local outcomes will depend on economic conditions, state allocations, and additional funding availability.

Changes in the One Big Beautiful Bill Act permanently expanded the competitive federal 9% housing tax credit and significantly broadened access to the noncompetitive federal 4% credit, creating opportunities for affordable housing production. These changes will expand available resources for Wisconsin and likely locally as well. However, the share of the state's credits awarded to Milwaukee County fluctuates significantly each year, making local outcomes dependent on state allocation decisions and project competitiveness. The impact of these changes will also depend on construction costs, interest rates, and other market conditions that affect project feasibility. Development costs have risen substantially in recent years, and tax credit equity rarely covers total project costs. Developers typically must assemble funding from multiple sources — including federal programs such as HOME or CDBG — many of which also face funding constraints or uncertainty.

Federal housing programs operate as an interconnected system, meaning changes to one program can affect others.

Affordable housing development projects and housing services in Milwaukee County frequently rely on multiple federal programs. For example, developments supported by housing tax credits often also rely on rental assistance to keep units affordable for low-income households, while community development programs often fill financing gaps or provide matching funds for other federal programs. Because these programs are layered together, changes to one program could have ripple effects across the broader housing ecosystem. Even when programs such as housing tax credits are expanded, the outcome will partly depend on the availability of complementary funding sources.

Federal funding changes could also have broader local consequences.

If federal funding for housing programs declines, local governments may face difficult choices between reducing services or raising revenues from other sources such as increased property taxes or tax incremental financing, which have their own limitations. Housing instability can also have indirect costs such as by increasing demand on law enforcement and emergency services. Reduced funding for home maintenance programs could not only affect low-income residents but also worsen housing conditions and lower property values.

Given the scale of federal investment in Milwaukee's housing system, continued monitoring of federal policy changes will be critical.

Future federal appropriations and administrative actions will be critical to assessing risks to housing services in Milwaukee County. Many housing programs fall within the federal government's discretionary spending category, requiring annual congressional approval. While cuts were avoided this year, these programs could face reductions or changes in future cycles. Current uncertainty also stems from administrative actions and executive orders and the litigation surrounding them. This complicates long-term planning for housing services in Milwaukee County. Taken together, these findings highlight how closely the housing system in the county is tied to federal policy decisions. We hope this report serves policymakers and local leaders as they seek to adapt to a changing federal housing landscape moving forward.

