

# LA CROSSE COUNTY HOUSING NEEDS ASSESSMENT - EXECUTIVE SUMMARY

## Overview

La Crosse County is the core of an attractive, economically diverse region with close transportation connections to Madison, Rochester, and the Twin Cities. It has a diverse but constrained housing supply that provides options across a range of housing types, unit sizes, and tenure (ownership vs rental).

Constraints on the housing supply have, however, put upward pressure on home prices, and resulted in rent levels that increase faster than household incomes. Some workers in La Crosse County have had to look outside the County to find housing that meets their needs at prices they can afford.

This housing needs assessment has involved a rigorous, data intensive program of analysis and information gathering to understand and characterize:

- The county's population and economic foundation (which represents housing demand)

- The behavior of the housing market (by housing type)
- The existing housing inventory (by type and location)
- The intersection between jobs, housing, and transportation options and its impact on overall livability and affordability.
- The alignment of existing housing with the county's housing needs
- The trends and patterns of new housing development
- The expected trajectory of housing development under current policy, programmatic and market conditions
- The latent demand for housing development that could potentially be captured given the pursuit of strategic housing initiatives

The insights gained through these stages of

research and analysis set a foundation for a set of core findings and strategic recommendations, summarized here and described in more detail in the body of this report.

The analysis supports the establishment of ten-year housing production targets:

- 4,900 total housing units
- 1,000 entry level homes
- 2,100 workforce apartment units

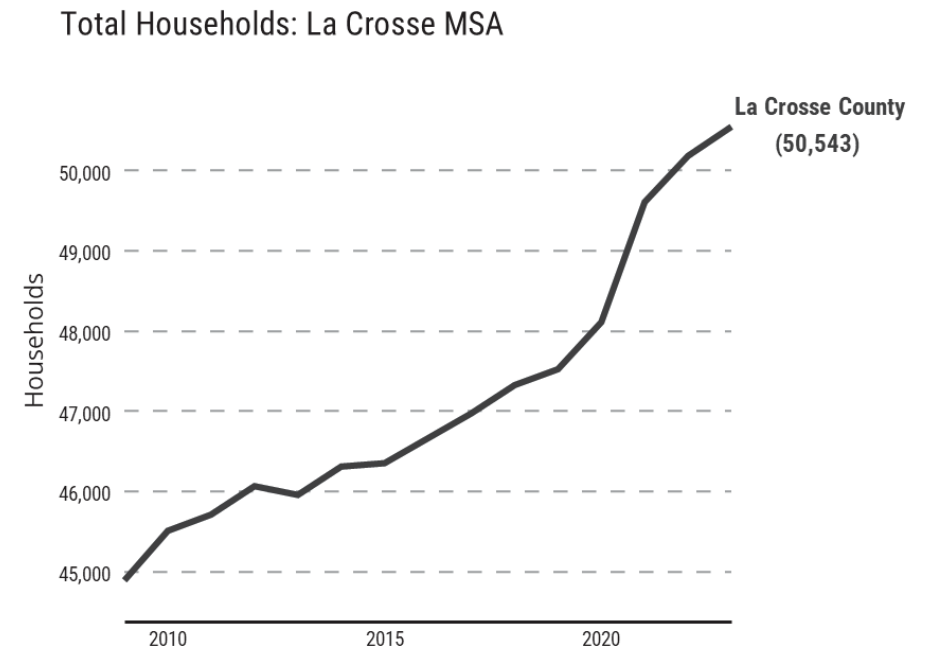
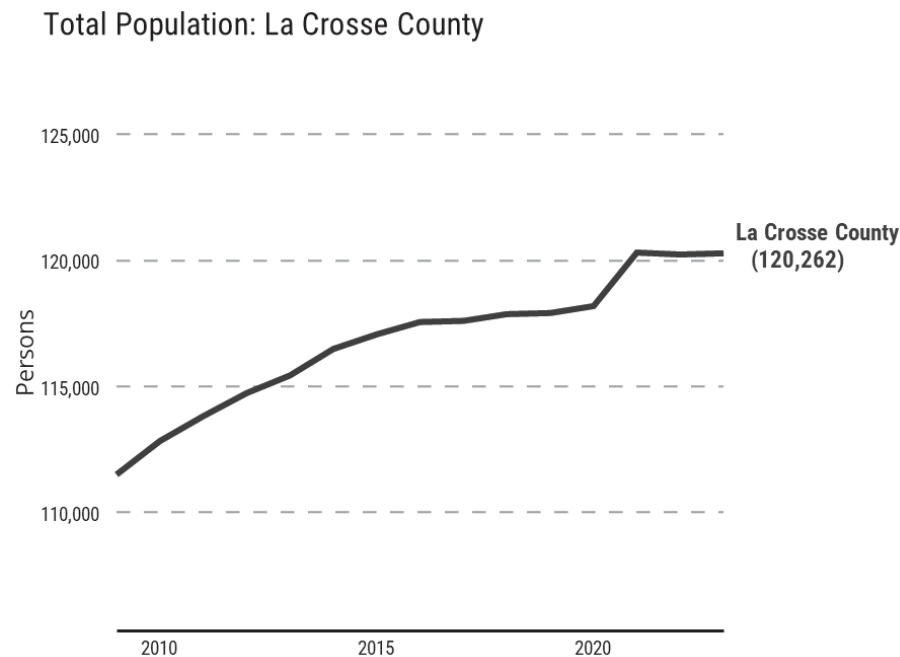
To advance these housing goals, meet local housing needs, and surmount barriers to housing growth, the final section of the report advances a broad range of housing strategies that can be undertaken by La Crosse Counties or the municipalities within the county.

Additional takeaways from this study can be found in the following pages.

### Key Takeaways 1: Household growth, not population growth, is the primary driver of housing demand

La Crosse County's population growth has moderated since the 2000s and mobility has declined since the Great Recession, yet housing demand remains strong because **household formation has accelerated**. Headship rates (total households divided by total population) rose sharply from 2019 through 2022, creating meaningful new demand even without a comparable population surge. In practical terms, more people are forming their own households—living alone, pairing up, or living off-campus—rather than consolidating into larger shared households, resulting in more households for a given population.

This matters because it increases housing demand across **smaller and mid-sized units**, particularly rentals, and it keeps vacancy rates low even when population growth looks muted. A **4.3% increase in headship produced roughly 3,000 additional households**. That is an important factor in explaining why the housing market continues to be tight. Demand has increased due to household formation.



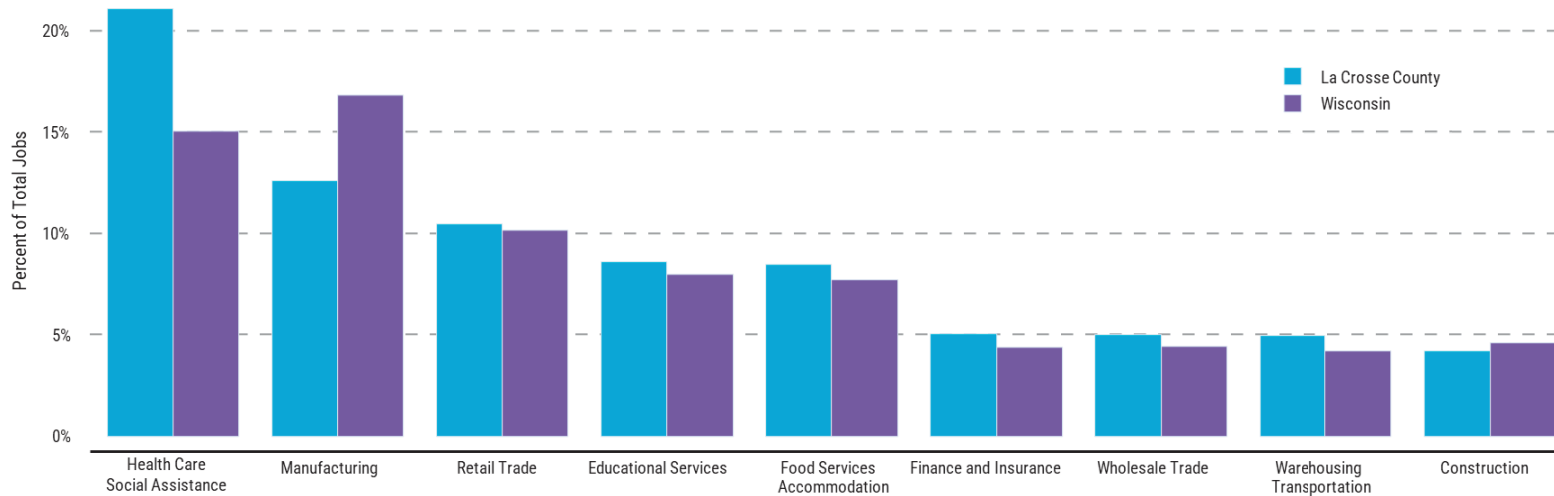
# EXECUTIVE SUMMARY

## Key Takeaways 2: La Crosse is an economic anchor with a mature, service-centered economy—but job growth is limited

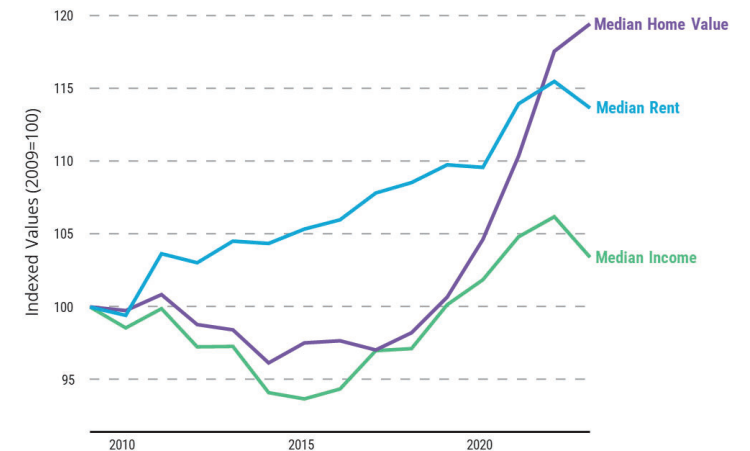
The County’s economy is diverse and stable, anchored by **healthcare and education**, which helped La Crosse weather the Great Recession and maintain long-term resilience. Healthcare stands out as both a major contributor to GDP output and a sector with strong regional concentration. Manufacturing remains an important economic base as well, producing solid middle-income jobs and showing localized strength.

At the same time, the economy is mature. Output has grown but **employment growth has been muted** over the past decade. This combination—steady services-driven output and a tight labor market—creates consistent housing demand, but it does not automatically generate the wage growth needed to keep housing affordable as prices and rents accelerate.

Industry Employment Comparison: La Crosse County to Wisconsin (2022)



Change in Income Relative to Housing Costs Indexed Using Inflation-Adjusted Dollars: La Crosse County



## Key Takeaways 3: Housing affordability is a workforce constraint

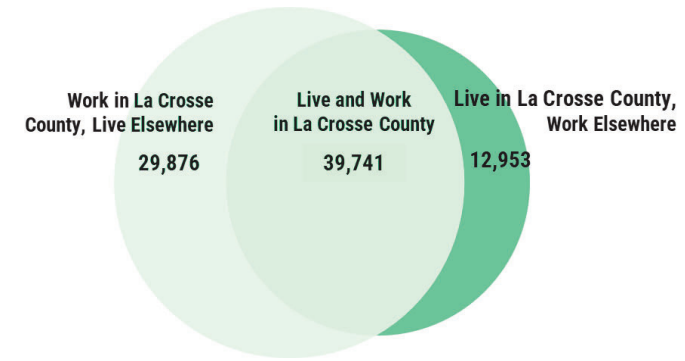
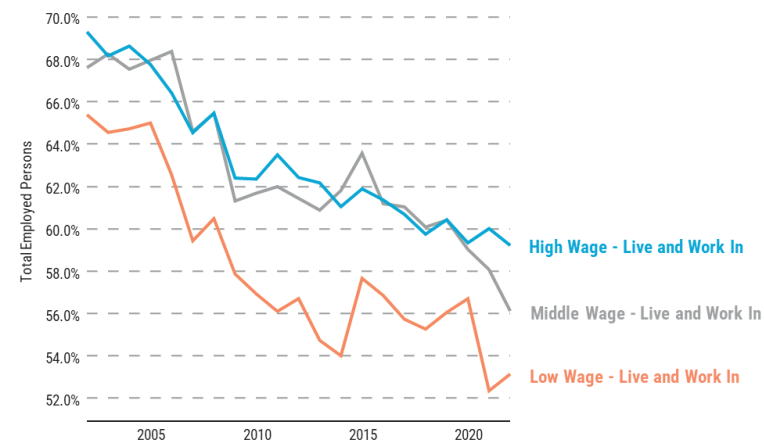
Unemployment hovering near 2% and workforce participation above 65% indicate a healthy labor market, but they also signal workforce scarcity. In this environment, the importance of the region’s “Eds, Meds, and Gov” economy leads to strong demand for the lower-wage service jobs that support hospitals, campuses, and the broader visitor/service economy. Those roles are essential—but often do not earn enough to comfortably afford today’s rents or entry-level ownership options.

For many of the County’s most common occupations, single-income households earn incomes below 60% of the area median income, placing them squarely in the affordability risk zone. Commute patterns add an important spatial dimension to this challenge. **Lower-wage workers are the most likely to travel longer distances into La Crosse County for work**, meaning the region is increasingly relying on in-commuting labor for essential jobs—in part because many of those workers cannot find attainable housing near major job centers.

In short, La Crosse’s economy produces both strong middle/upper-middle income jobs and a large base of essential lower-wage jobs, but the housing market is not producing enough housing units that align with what these workers can pay. The result is a tight labor market that becomes self-limiting. Employers can recruit, but retention and workforce stability are increasingly shaped by whether workers can afford to live within a reasonable commute.



Commuting Patterns By Wage Group in La Crosse County

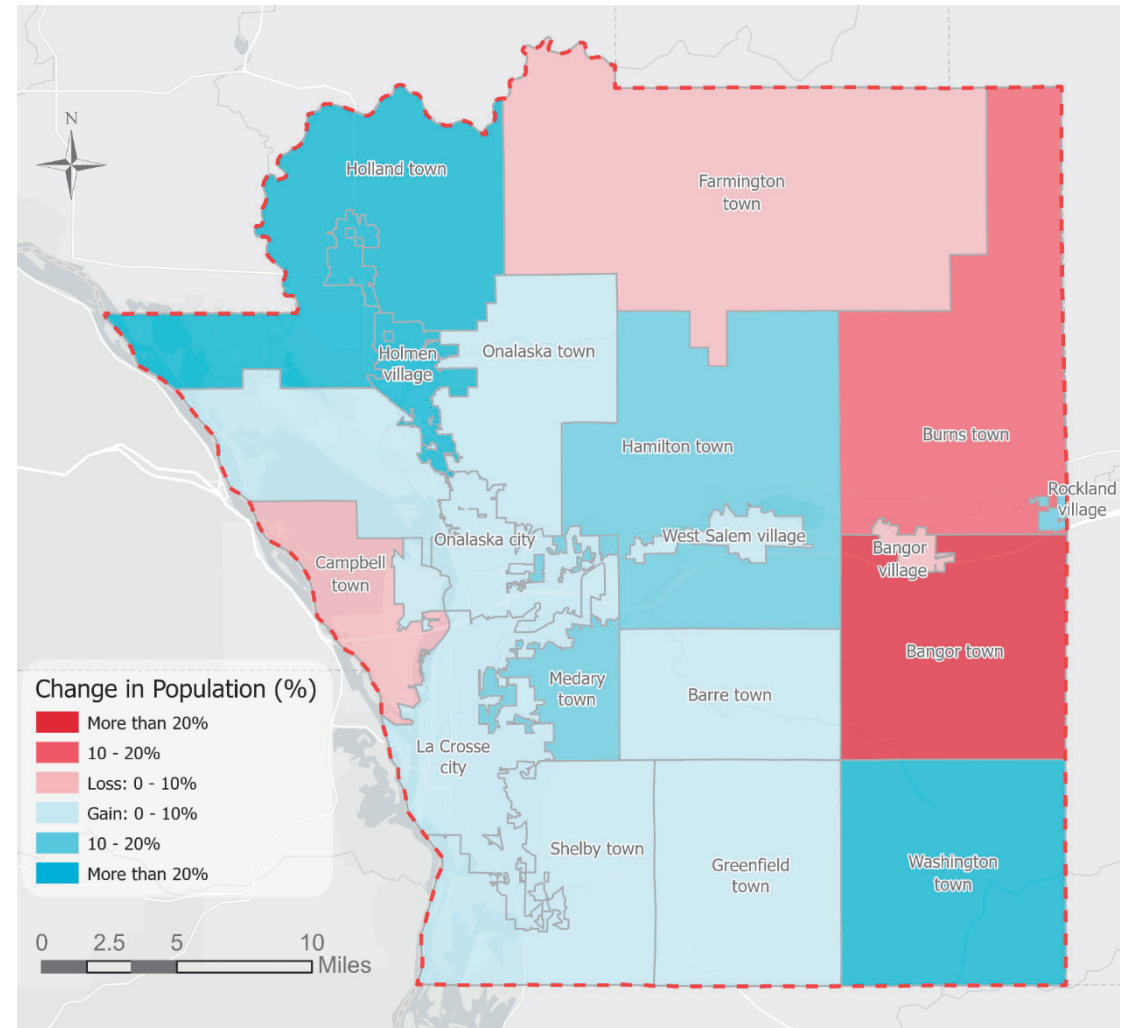


### Key Takeaways 4: Growth is suburbanizing and becoming more spatially uneven

Spatially, growth has concentrated in **West Salem, Onalaska, Holmen, Holland, and Washington**, reflecting where new development is occurring and where households perceive strong amenities (including school districts) and accessible sites for construction. At the same time, areas like **Bangor, Burns, and Farmington** are seeing population decline—likely tied to aging populations, limited new housing supply, and outmigration of younger residents.

The result is a widening geographic split: the County's growth is extending north and east, The core city of La Crosse remains the economic anchor but not the region's residential growth center.

This growth pattern has planning implications. Demand for housing, infrastructure, and transportation is increasingly **distributed across jurisdictions**, even though job centers remain highly concentrated in La Crosse. These outlying communities are experiencing new housing pressures, requiring both policy and cultural adaptation. They are experiencing housing demand across the spectrum of housing types, even though their historical development was largely in the form of neighborhoods and subdivisions of lower density, owner-occupied homes.



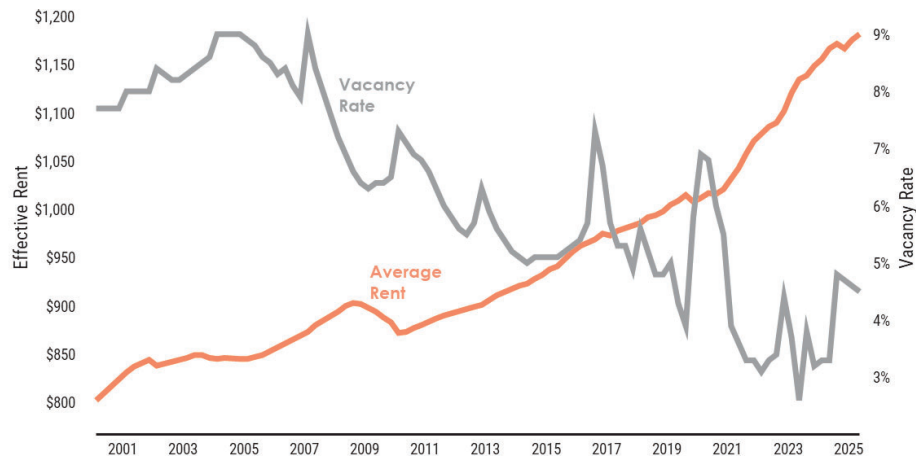
## Key Takeaways 5: Rental demand surged after COVID and in the high-rate era—and it’s not going away quickly

La Crosse has experienced **faster rent growth since 2020** alongside **persistently low rental vacancy**. COVID and rising interest rates acted as watershed moments: accelerated headship increased the number of households seeking their own units, while higher mortgage rates and rising home prices made ownership less attainable. Together, these forces pushed more households into the rental market and kept them there longer.

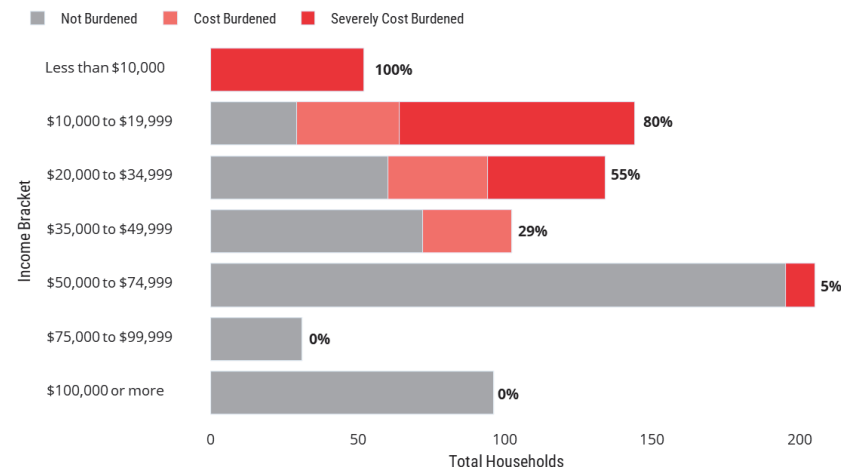
This surge in demand has had a direct affordability impact. As more moderate-income households remain renters, competition for existing units has intensified—particularly for lower-cost and mid-range apartments. This has driven rents up faster than incomes, contributing to **high levels of rent burden**, especially among households earning below 60–80% of AMI. Many renters are now paying well over 30% of income for housing, and a significant share are **severely cost-burdened**, spending more than 50% of their income on housing costs.

Although new inventory is beginning to slow rent growth, the market remains extremely tight, and the post-COVID rent baseline is far higher than before 2020. This means cost burdens are likely to persist even as construction continues, because demand is being fueled in part by a **structural inability of renters to transition into ownership**. Given these factors, the production of rental housing is one of the areas of highest need in La Crosse County.

Multi-Family Rent vs Vacancy Rate: La Crosse County



Cost Burdened Renter Households by Household Income



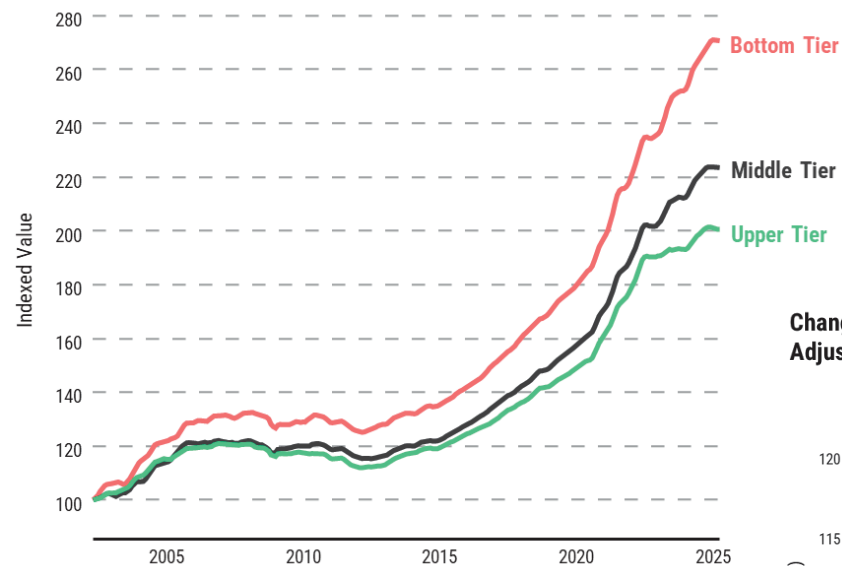
## Key Takeaways 6: Entry-Level Housing Is No Longer Attainable

Home values in La Crosse County have risen sharply since 2009, with the fastest appreciation occurring in the **lower-priced segment of the ownership market**. This is where demand from first-time buyers, young families, and moderate-income households is most concentrated. When entry-level supply is limited, competition intensifies in this tier, pushing prices up faster than the rest of the market and steadily eroding the availability of attainable starter homes.

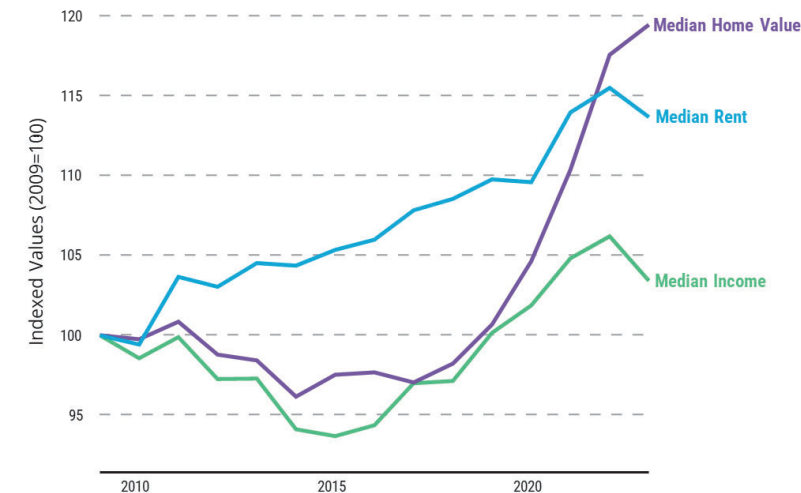
At the same time, real incomes have not kept pace with rent and home price growth. Households earning around the median income are facing a widening gap between what they can afford and what homes actually cost—especially in today’s higher-interest-rate environment. Compounding this, **nearly all new single-family construction in the County is now priced above \$400,000**, driven by rising land prices, infrastructure costs, labor shortages, and higher financing costs. As a result, the market is no longer producing new homes at the lower end of the price spectrum, even though that is where demand is strongest.

This combination—rapid appreciation of older entry-level homes and the absence of new attainable single-family supply—has created a structural affordability gap. Households that would traditionally move into starter homes are instead remaining renters, bidding up rent levels in lower-cost rental apartment buildings, and intensifying affordability pressures across the entire housing system.

Home Values (Indexed) Based on Tier: La Crosse County



Change in Income Relative to Housing Costs Indexed Using Inflation-Adjusted Dollars: La Crosse County



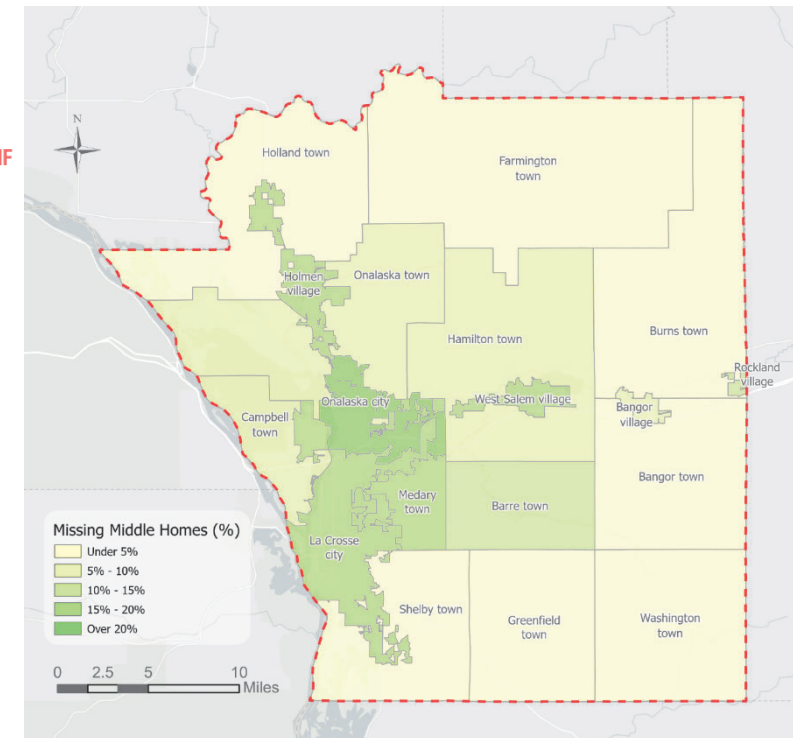
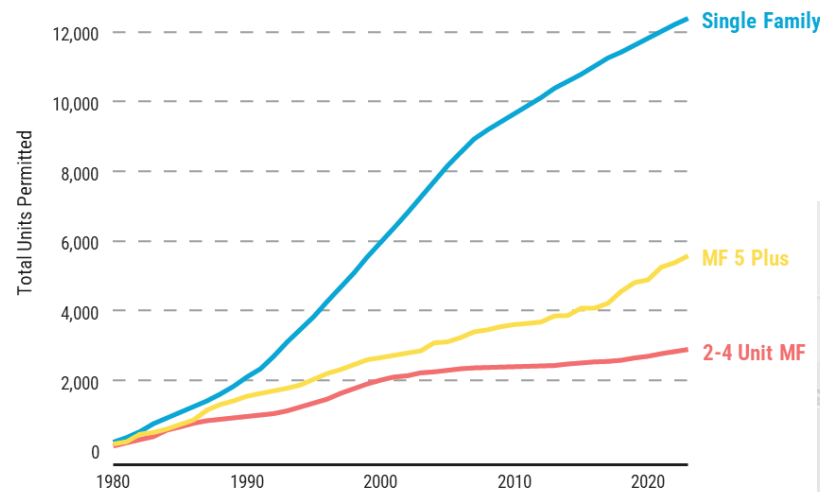
## Key Takeaways 7: The missing middle not absent because of low demand – it is absent because of structural barriers

**Duplexes, townhomes, twin homes, and small multifamily buildings** once played a critical role in La Crosse County’s housing ecosystem, providing attainable ownership, flexible rental options, and downsizing opportunities. **Today, these “missing middle” formats are largely absent from new construction**—even though developers, employers, and residents consistently identify them as some of the most in-demand housing types, especially for seniors, young families, and moderate-income workers.

This gap shows up clearly in the data. **Since 2010, the housing cycle has shifted toward large multifamily buildings and higher-priced single-family homes**, while small-scale multi-unit and attached housing stalled. Zoning restrictions, financing hurdles, parking and design standards, and rising construction costs have dampened production, pushing households into larger apartments or expensive detached homes that do not match their needs or budgets.

**This is a structural mismatch.** La Crosse County is producing housing at the high and low ends of density—but not in the middle, where affordability, flexibility, and household needs most closely align. Restoring the missing middle requires removing the barriers that prevent the market from delivering the housing types that people are already seeking.

New Units Permitted in La Crosse County since 1980

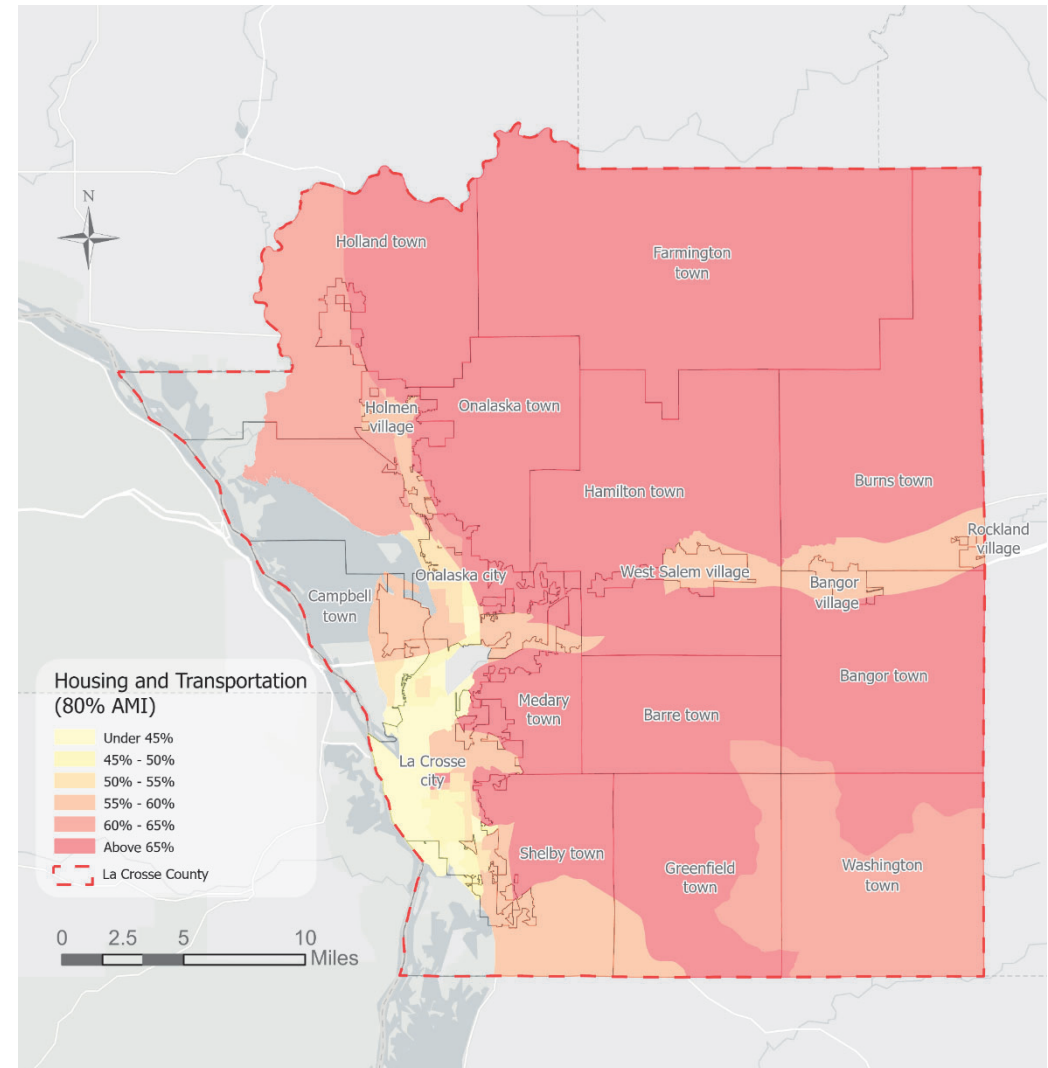


### Key Takeaways 8: Affordability is a countywide issue and must include transportation

Affordability is not confined to the urban core. In many suburban and rural block groups, transportation costs are elevated by distance to jobs, and the combined housing + transportation costs exceed the 45% affordability threshold, especially for households earning **80% or less of area median income**. Even where housing prices appear lower in outlying areas, transportation costs can erase that advantage.

Commuting patterns reinforce this spatial mismatch. Lower-wage workers are the most likely to travel long distances into La Crosse County for work, and a growing share of workers are employed in the County but live outside it. This reflects the limited availability of housing that is affordable near major job centers, pushing essential workers into longer, more expensive commutes. The result is a dual cost burden—higher transportation costs layered on top of already stretched housing budgets.

Together, these patterns show that affordability in La Crosse County is not just about rent or home prices—it is about **total cost of living**. Workforce housing strategy therefore must be paired with a location and mobility strategy, conscious of both where housing is built, and how well it connects to jobs and services. These factors determine whether households remain cost-burdened or can attain a financially sustainable living situation.



## EXECUTIVE SUMMARY

### Key Takeaways 9: Projected household growth will continue to generate strong demand—especially for workforce and moderate-income housing

The analysis shows that La Crosse County will continue to generate substantial housing demand even without rapid population growth. Rising headship rates, aging millennials forming households, and continued workforce in-migration produce demand for new units across a wide range of incomes and household sizes. These forces generate a projected demand for nearly 2,500 housing units over the next 10 years, with highest demand from low- to middle-income households.

Most of the demand is concentrated in the **30–100% AMI range**, particularly for **2- and 3-bedroom units** that serve working households, young families, and downsizing seniors. Renter households dominate this demand because the ownership market no longer provides enough attainable entry-level homes. By housing type, the largest unmet needs are for **workforce rentals, missing-middle ownership formats, and modest single-family homes**.

Without targeted intervention, this demand will continue to result into higher rents, overcrowding, and longer commutes as workers find less expensive housing further from their jobs. This reinforces a central conclusion of this study: **La Crosse County does not have a general housing shortage. It has a shortage of specific housing types (next 10-year demand listed below in table), at attainable prices and rents, in well connected locations for the majority of its workforce that sustains its economy.**

There is latent demand for additional housing, which could be captured if strategic actions are taken to produce more housing in the most needed housing categories. The study recommends setting a growth target of 4,900 housing units in the next decade, including 1,000 entry level homes and 2,100 workforce apartments.

Income Bracket	Definition	Max Affordable Monthly Housing Cost	Rent				Own				Sum Totals		
			1BR	2BR	3BR	4+ BR	1BR	2BR	3BR	4+BR	Rent	Own	Combined
Very Low Income	<30% AMI	\$701	30	113	114	61	1	4	22	35	318	63	380
Low Income	30-60% AMI	\$1,401	30	138	191	105	1	7	59	115	464	182	646
Lower Middle Income	60-80% AMI	\$1,868	10	50	85	50	1	4	35	96	195	135	330
Middle Income	80%-120% AMI	\$2,802	4	27	54	38	1	3	26	109	123	139	262
Upper Middle Income	120%-140% AMI	\$3,269	2	13	31	24	0	2	18	110	70	130	200
High Income	140-170% AMI	\$3,970	1	6	17	15	0	1	12	87	38	99	138
Very High Income	>170% AMI	--	3	16	44	41	1	3	36	349	104	3A89	492
		<i>sums</i>	80	363	535	333	0	24	208	901	1311	1137	2448

Area Median Income (AMI): \$93,400

## Key Takeaways 10: Housing Strategies

The housing needs of La Crosse County can be addressed, and housing production targets achieved, but the trajectory of housing production will not change by itself. That requires taking a set of intentional strategic actions that can meaningfully impact the existing housing market context.

This study proposes a menu of strategies for consideration that have the potential to modify the existing housing development context in ways that can unlock additional housing production flows.

The recommended strategies that are offered include those that can be led by La Crosse County, the municipalities within La Crosse County, and/or collaborations of public, private and nonprofit organizations. They include financial incentives, regulatory improvements, communication strategies, and mechanisms for increasing regional financial and organizational capacity.

A combination of these strategies can result in increased housing diversity, and more housing at the price points, rent levels and locations that address community needs—including those of the local workforce, aging residents and young singles and families.

These strategies are described in more detail in the pages below.

Production Strategies	Regulatory Strategies	Capacity Building Strategies (Financial)
Infrastructure Program for Entry Level Homes	Code Revisions, Streamlining Development Review	Housing Trust Fund
Revolving Land Acquisition Fund	Pre-approved Home Designs	Multi-Sector Regional Workforce Housing Fund
Workforce Apartment Development	Communication Strategies	Capacity Building Strategies (Industry)
LIHTC-funded affordable housing	A Broad Range of Approaches	Training for Emerging Builders
Cooperatively Owned Manufactured Home Parks	Household Strategies	Panelized or Modular Construction Facility
	Homeowner downpayment, first time homebuyer	