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UNLOCKING THE AMERICAN DREAM:

Positioning Beloit's Housing Market for Growth

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Executive Summary

The City of Beloit has a bunch of struggles related to population and housing, some of which are characteristic of cities in the Midwest while others are unique.

- Beloit's population grew 10% in the 1960's; it has hardly moved since.
- Beloit has low rates of homeownership; the owner-occupancy rate is just 59.3%. 26.1% *of single-family units* in Beloit house renters, compared to 15% statewide.
- Despite having a higher poverty rate than nearby cities, Beloit's rents are not lower.
- Vacancy rates in Beloit are close to zero.
- Homes values have a lower distribution than for other cities.
- Homes are also older; 24.7% of Beloit homes were built prior to 1939, compared to 18.5% statewide. 50% of Beloit homes were built prior to 1946.

These housing difficulties are fueled by a lack of supply thanks to little new construction in recent years.

- Home construction has tapered off dramatically since the 1960's.
- Fewer homes are being sold in Beloit from one year to the next.
- The homes that are being sold are out of the price range of most households; about 50% of Beloit households could afford to buy a house of $150,000, whereas 83% of homes sold in Rock County in 2023 were more expensive than that..
- In particular, modest and affordable homes with 1,000 square feet of living area or fewer have completely ceased being built. Beloit has 1,400 homes that size still standing from the 1940's and 50's alone, but only 101 homes that size have been built in the past 50 years, and only 7 from this century.

Beloit has several possible avenues which could help address their housing challenges.

- Modest, affordable homes cannot be built in most of Beloit's residential areas due to restrictive zoning. Parts of the city could be re-zoned to permit denser development.
- Adjustments could be made to the parameters of zoning categories; e.g., land zoned for single-family residences could permit smaller lot sizes than it does currently.
- Individual large structures that were initially built for multi-unit housing and have since been "downzoned" could be reverted, for rent or for condos.
- Similarly, parts of town that already benefit from proximity to Beloit's extensive bus network could be freed up to permit denser development.
- Beloit could allow homeowners to build Accessory Dwelling Units (ADUs), an effective way of expanding the housing supply and giving individual households the chance to become landlords.
- Housing rehabilitation loan programs could be tailored to process and approve joint applications submitted by neighbors, so that rehabilitated properties don't fail to see their investments materialize as equity.

Introduction

Cities in the Midwest have had to deal with many transitions in recent memory. As the heavy industries of the past have become less central to the American economy, many cities formerly reliant on them have had to forge new paths ahead. Some, like Pittsburgh and Cincinnati, have made that transition relatively successfully, replacing manufacturing with commerce and banking. Others like Detroit and Gary, Indiana have struggled mightily in this new era, and are characterized by urban decay, declining wages, and a population freefall.

There are also many cities that find themselves somewhat in the middle of these two extremes—new industries have sprung up, and relative stability has been maintained. But some ingredients are missing to get the city back on a growth trajectory. Beloit, Wisconsin fits squarely in this classification.

In this report, we will attempt to describe Beloit, and in particular paint a clear picture of one of the key ingredients to growth: its housing market. Through interviews with key actors and examination of city data, we will make recommendations about what Beloit can do to move from population stagnation to growth without displacing existing residents.

BELOIT'S HISTORY

This Rock County city of just over 36,000 along the Wisconsin-Illinois border has seen jobs at the now-closed Beloit Foundry replaced with careers in technology, building supplies, and healthcare. The population, though, has remained largely stagnant since the 1970s. In the 1970 census, the city of Beloit had a population of 35,729, a 10% increase over its 1960 figure;[1] the latest census figures, from 2020, put the city's population at 36,657, within 1% of where it stood 10 years previously and strikingly near where it had been back in 1970.[2] Meanwhile, the poverty rate* (15.4%) is well above both the state (10.7%) and national (11.5%) averages.[3] What could help Beloit get over this hump and flourish?

Many have focused on the housing market in Beloit as an essential component to answering this question. A key factor in the growth of any city is people's ability to "put down roots." Research has found significant benefits to homeownership, from reductions in housing mobility to more supportive home environments for kids. Perhaps most important here, homeownership has been found to give people a better sense of community and increase civic engagement.[4] Unfortunately, Beloit has an owner-occupied housing rate significantly below the national average.[5]

Additionally, efforts to improve housing stock and increase homeownership involve questions of how exactly the status quo would change. How might existing residential relationships change, and would any existing residents become displaced? This is related to the general concept of "gentrification"—which we will consider in the next section.

* These three estimates are all from the Census Bureau's American Community Survey numbers for 2022.

GENTRIFICATION

Among the concerns of those involved in housing policy in Beloit is the issue of gentrification—but while the term is regularly used in housing debates, it is not always clear exactly what people mean by it. The term "gentrification" comes originally from British sociology. It was coined by the UK's Ruth Glass in 1964, the heart of it being described this way: "One by one, many of the working class quarters have been invaded by the middle class—upper and lower . . . Once this process of 'gentrification' starts in a district it goes on rapidly until all or most of the working class occupiers are displaced and the whole social character of the district is changed."[6]

Since then, the term has evolved, generally encompassing more and more situations as people found the term convenient to get a general idea across.[7] The first gentrification, it was noted, was a direct product of the downslide of inner cities in the postwar West. The first gentrifiers were characterized by finding quality, undervalued properties in downtowns for a relative discount, and then physically rehabilitating them. Even though these "higher-class" newcomers brought changes to the character of neighborhoods, they liked even the downsides of inner-city living: one gentrifier said in the 1960's, "We don't want to make the South End [in Boston, famous for crime] another Georgetown."[8] This went hand in hand with an attitude that romanticized and valued old neighborhoods' "authenticity." Eventually, though, the term would be used to describe cities across the globe that see inexorably climbing prices in housing.[9]

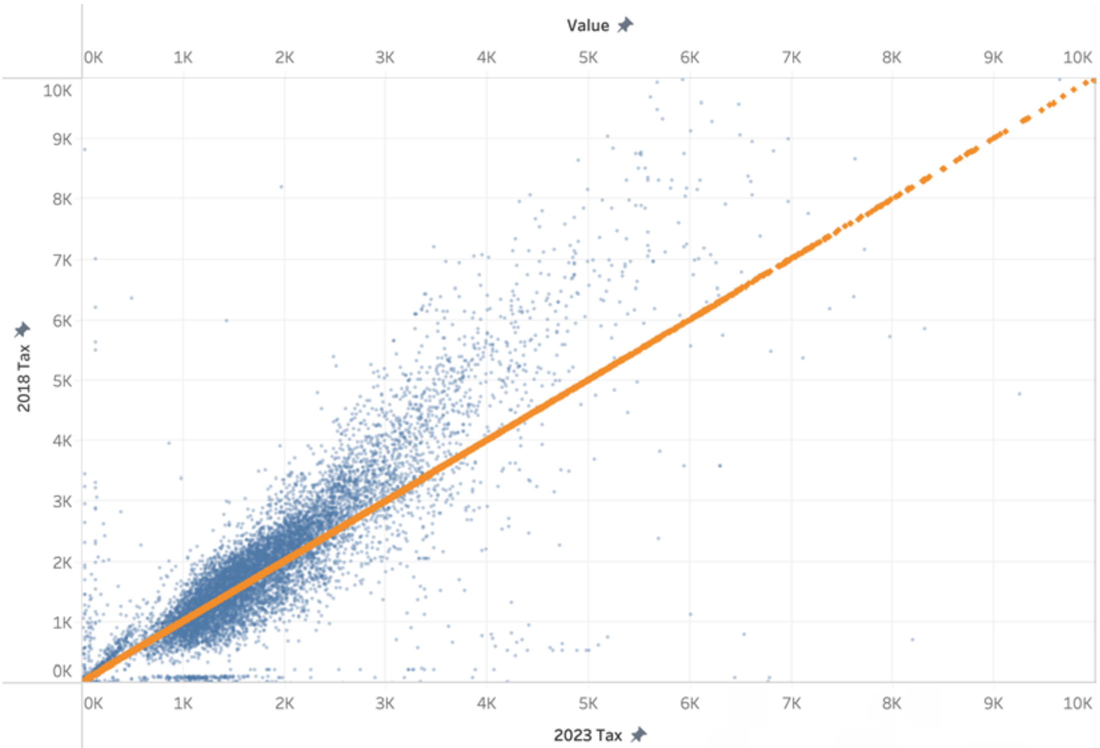
The "goldilocks" scope of the definition, all told, is "an influx of higher socioeconomic status individuals and investment into relatively poor neighborhoods that have experienced disinvestment."[10] It is worth observing that "gentrification" has not traditionally included the displacement that is popularly expected to attend gentrification.[11] This is ironic, since this seems to be the main phenomenon attached to gentrification in the popular mind. This is also the main reason why "gentrification," as commonly used, has negative connotations.

In the context of Beloit, then, the relevant question isn't what might cause gentrification but what might cause displacement. Typically, that happens when either rents or property values climb faster than wage growth. As we'll discuss in Beloit, rents are already disproportionately high for the city; meanwhile, although property values are low and have plenty of room to grow, property tax rates are also low: as of 2022, Beloit has an effective property tax rate of 1.708%,[12] which is lower than the effective rates of 72% of Wisconsin cities.* Alternatively, the average property taxes paid by a resident of Beloit are lower than the average property taxes of 85%[13] of Wisconsin's other cities. Moreover, an individual property's value is unlikely to spike short of active choices on the part of the owner (e.g. rehabilitation).

Although it's hard to ascertain hard data here, the evidence suggests that this isn't an issue with Beloit. The best proxy to look at, trying to detect any displacement, is net property taxes to see whether they're

* "Cities" in this paragraph only includes what Wisconsin law considers to be cities, as opposed to villages or towns.

Figure 1. Net Property Taxes in Beloit, under $10,000, in 2018 and 2023



rising and, if so, how fast. Considering property records from 2018 and 2023, net property taxes in the city increased in 39% of cases and decreased in 61% of cases. Limiting the scope to just those properties with net property taxes under $5,000,* we see an increase in 41% of properties and a decrease in 59% of properties. Figure 1 attempts to display this graphically: this plot shows property taxes where the net taxes were below $10,000 in both of the years looked at. Values plotted above the orange line decreased, while values plotted below the orange line increased. (The values very close to 0 along either axis are likely errata.)

To contextualize these taxes in light of Beloit specifically, we calculate a family with a median Beloit income could (by the 30% rule of affordability) afford to buy a house of about $150,000, which would amount to about $2,562 in property taxes.[14] For such properties, taxes went down between 2018 and 2023 in 52% of cases, and they went up in that time frame in 48% of cases. In light of the inflation that happens over the course of 5 ordinary years, the large share of properties that saw their net property taxes decrease suggest that displacement is not happening to any significant level.

* Specifically, here and afterwards, we considered properties whose 2018 property taxes were below the threshold. Those that were higher than the bracket considered but were decreased into it were not included.

Beloit's Housing Market

Beloit's housing market poses the city some unique challenges.

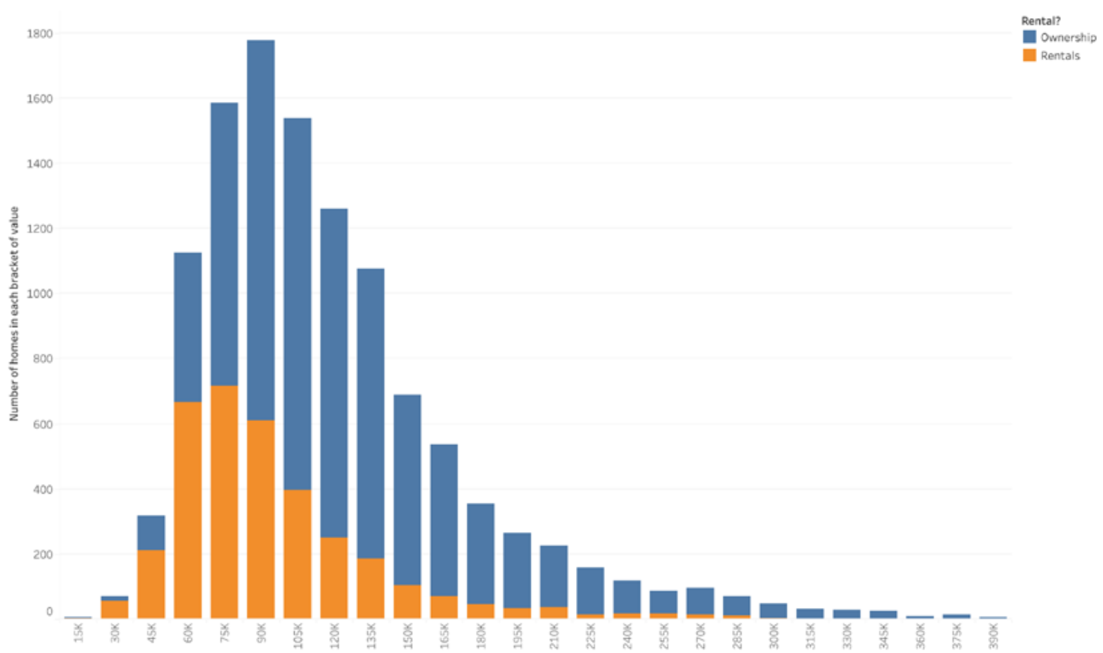
Foremost is a supply crunch: vacancy rates in multifamily units are close to 1% and are projected to stay that way for some years;[15] the city's general vacancy rate has also been cited as being "near zero."[16] This is a sign that supply is at an unhealthy low level. Typically, the vacancy rate "should" be roughly in the 4% to 9% range.[17] This vacancy rate has the effect of driving prices up. As it relates to single family units, even though home prices in Beloit are comparatively low, the market is, by housing standards, almost devoid of properties that are actually for sale and rents for these homes are no lower than they are elsewhere (numbers below). This is especially an issue given the relatively large share of renters in Beloit.

Complicating matters, developers may pass by Beloit knowing that there are comparable markets promising better returns on investment nearby. And, from the ground up, expansion of supply is hard: Beloit's zoning is reluctant to permit infill development, and the existing housing stock is relatively old. This makes existing homes suboptimal prospects for investment, since the neighboring properties all around could drag that homeowner underwater on equity.

When developers do attempt to build in Beloit, they are liable to be met with the same entrenched resistance that crops up elsewhere in America: public meetings attract residents who already have homes who object to new construction for any number of reasons.

All told, the problems facing Beloit are similar to those plaguing much of America: a housing shortage, with barriers to the increase of supply in low- and moderate-income housing. The nominal affordability of existing homes (i.e. their low valuation) doesn't really help when there are so few of them on the market. Even as it stands, Beloit's owner-occupancy rate is low. One final problem is that the housing stock in the city is, generally, on the older and less valuable side. The age of Beloit's homes is discussed at length

Figure 2. Beloit's Home Values

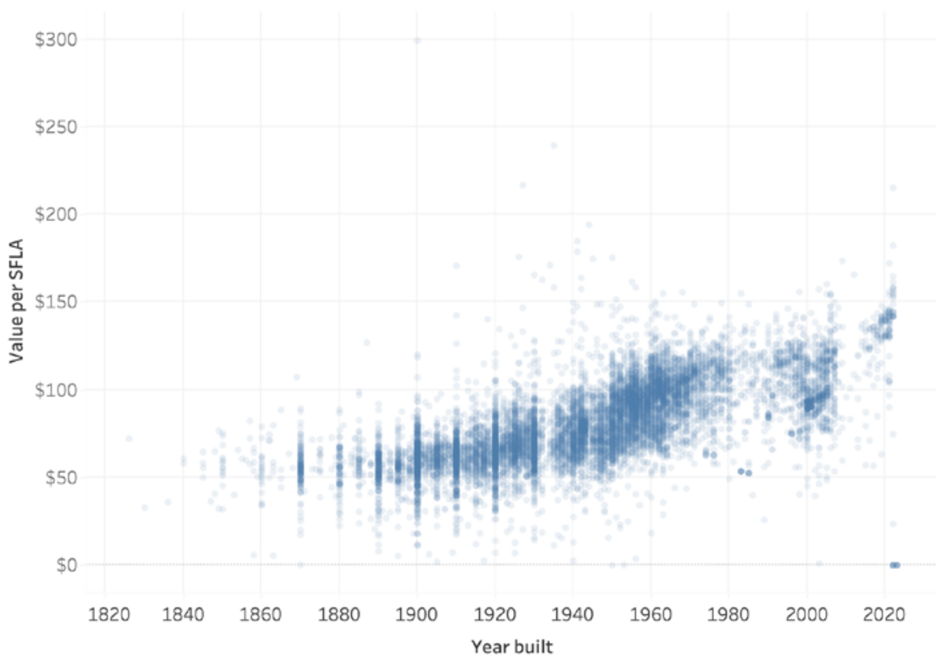


later, but see Figure 2 for a glimpse of how relatively low-valued Beloit's properties are: using home value brackets of $15,000, a plurality of homes falls in the $90,000-$105,000 bracket. (For legibility, Figure 2 omits the 38 properties, amounting to 0.3% of the data set, valued above $400,000.) The problem is that these are hardly for sale, as we explore more in a later section.

The question of the quality of Beloit's homes is also reflected in the comparison of when these homes were constructed and how much dollar value is generated per additional square foot of living area. This is plotted in Figure 3, and allows us to control for the size of the homes. There's a clear trend upward over time, especially in the Twentieth Century, suggesting that older homes aren't being kept up as pristinely as they might be.

The root causes of Beloit's housing shortage, though, are unique.

Figure 3. Value per Additional Square Foot over Time



RENTS

At the highest level of analysis, Beloit's housing stock appears relatively affordable. The median household income in Beloit indicates that the majority of rentals are "affordable", according to the 30% rule of thumb, to most of the population. This rule of thumb assumes that housing is affordable if a household is not spending more than 30% of their gross income on housing expenses, according to the definition* of the

* Although, note that HUD's definition includes utilities in the 30% figure for expenses. It's impractical to account for utilities here, so note that all our statistics will be somewhat less "affordable" than the HUD definition would call them.

US Department of Housing and Urban Development (HUD).[18] It's worth nothing that Beloit's housing market is wedged between a couple of different problems. Although home values are considered relatively affordable, rents in the city are not noticeably lower than rents are elsewhere.

Beloit's median monthly household income* is $4,764.[19] The conventional 30% threshold for "affordable" housing, therefore, puts monthly housing expenses at $1,429 to be considered affordable for a majority of Beloit households. The median gross rent in Beloit is $957, compared to $993 in nearby Janesville and the slightly lower $943 in South Beloit, IL. South Beloit's competitiveness on this score is accentuated when considering that South Beloit's median monthly household income is $6,565, their poverty rate is 8.8% compared to Beloit's 15.4%, and the median value of homes owned there is 28% more.

The news that rents are "affordable" for Beloit, even if they aren't more so than for nearby cities, might not resonate with people's experience, and with good reason. For one thing, like so many other expenses, rents have spent years doing nothing but going up. This is evident in Table 1.

We can also examine the presence that HUD plays into this. HUD's "summary of all programs"† indicates the number of occupied subsidized units in Beloit, as well as HUD's average monthly expenses per unit over the past few years (see Table 2).

The number of occupied subsidized units has ticked down every year since 2018, about 2% each year.[20] This might also contribute to a climb in median rents, as lower priced subsidized units are being taken off the market.

* This figure, and the figures throughout this paragraph, are from American Community Survey data for 2022.

† Five different HUD programs are active in Beloit.

Table 1. Beloit's Increasing Rent

Year	Median Gross Rent	Rate of Increase YOY
2022	$957	12.32%
2021	$852	3.30%
2020	$825	3.10%
2019	$800	3.00%
2018	$777	1.70%
2017	$764	5.10%
2016	$727	0.70%
2015	$722	-

Table 2. HUD Presence in Beloit

Year	Beloit occupied subsidized units	Beloit Average Monthly HUD Expense
2022	986	$566
2021	1011	$515
2020	1052	$479
2019	1073	$452
2018	1093	$482
2017	1080	$437

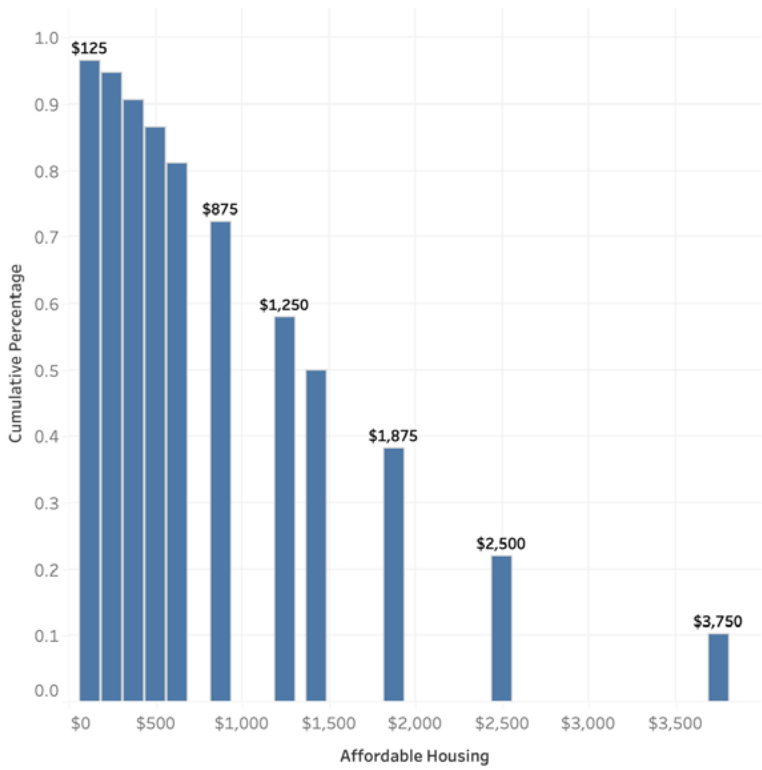
When examining household income data to better understand the shape of Beloit's housing market, we can see what percentages of people are served by housing at different price points. The annual incomes of Beloit's 13,919 households* are estimated to fall into the brackets represented in Table 3.[21] We take each bracket's lower bound for income, and use the 30% threshold rule of thumb to calculate "affordable" housing. Now, we see what amount of housing expenses are affordable for each income bracket. We also supplement these brackets with the city's median figure, on its own line.

Because people with higher incomes are able to pay for lower-priced housing as well as what's "at" their level, we include a cumulative percentage column, showing what percent of Beloit's households would be served by housing at the different affordability levels. Hence, the most expensive housing we compute ($3,750/month) is affordable to households in the "$150,000+" bracket, i.e. just the 10.28% of top-earning Beloit households. Housing at $2,500, meanwhile, is affordable for those in the "$100,000-$150,000" bracket (11.75% of households), as well as the aforementioned 10.28% of top-income households: therefore, there is a cumulative percentage of 22.03% of Beloit households who could "afford" this. Still, since housing needs to exist for people at different price points, the percentage for each individual bracket is still presented.

To read Table 3, therefore, monthly housing expenses of $1,250 could provide affordable housing for 57.84% of Beloit households, while $875/month housing would be affordable for about 72.29% of Beloit households. Price points *in between* the "affordable housing" thresholds that we were able to calculate are affordable for a percentage that is also between the "cumulative percentage" values for those same rows.

* According to the 2022 ACS numbers.

Figure 4. Beloit Households' Affordable Housing Thresholds



This is also represented graphically in Figure 4.

Table 3. Affordable Housing for Beloit Households by Income Bracket

Household 12-month Income Bracket	Number of Households	Percentage	Cumulative Percentage	Monthly Income, Lower Bound	Affordable Housing
Less than $5,000	495	3.56%	100.00%	-	
$5,000 to $9,999	242	1.74%	96.44%	$416.67	$125.00
$10,000 to $14,999	586	4.21%	94.71%	$833.33	$250.00
$15,000 to $19,999	554	3.98%	90.50%	$1,250.00	$375.00
$20,000 to $24,999	749	5.38%	86.51%	$1,666.67	$500.00
$25,000 to $34,999	1231	8.84%	81.13%	$2,083.33	$625.00
$35,000 to $49,999	2011	14.45%	72.29%	$2,916.67	$875.00
$50,000 to $74,999	2725	19.58%	57.84%	$4,166.67	$1,250.00
$57,168	(median)	Null	50.00%	$4,764.00	$1,429.20
$75,000 to $99,999	2259	16.23%	38.26%	$6,250.00	$1,875.00
$100,000 to $149,999	1636	11.75%	22.03%	$8,333.33	$2,500.00
$150,000 or more	1431	10.28%	10.28%	$12,500.00	$3,750.00

THE LACK OF SUPPLY

Beloit's housing has the related problem of low supply. This contributes to Beloit's relatively high rents. Although Beloit vacancy rates (for market-rate units) were around 4% in 2010, they had dropped to 3% by 2015;[22] today they are closer to 1%.[23] The healthiest figure for this number, like with the unemployment rate, is probably somewhere in the 4% to 8% range.[24]

On the ground, one developer was quoted in 2022 as saying "You cannot find housing . . . Houses are for sale for a day and then they're gone."[25] Consulting the Wisconsin Real Estate Exchange for specific numbers, we can see how many homes were sold in Rock County (not exclusively Beloit) in different price brackets in 2023 up through October 2. These numbers are in Table 4.

Table 4. Homes Sold in Rock County, 2023

Price Range, dollars	Homes sold in Rock County, YTD through Oct. 2, 2023
Up to $100,000	73
$101-150,000	144
$151-200,000	222
$201-250,000	235
$251-300,000	168
$301,000+	452

These numbers, again, are county-wide.

Visible is the lack, throughout the county, of homes in affordable ranges. Using the current average national mortgage interest rate of 8.08% and the median down payment of 13%,[26] it is possible to estimate the share of available housing that is affordable to Beloit residents at certain income levels.* Table 5 shows the estimated yearly income needed to afford a house at various price points. (Again, this uses HUD's 30% rule of thumb, which by their definition includes utilities—hence, these numbers represent upper bounds for what percent of Beloit households would find these affordable.)

Table 5. Housing Costs and Affordable Mortgages

Mortgage Payment	Needed Yearly Income	House Cost	What Percentage that's Affordable for
$765	$30,600	$50,000	Between 81% and 72%
$1,105	$44,200	$100,000	Between 72% and 58%
$1,445	$57,800	$150,000	About 50%
$1,785	$71,400	$200,000	Between 50% and 38%
$2,125	$85,000	$250,000	Between 38% and 22%
$2,465	$98,600	$300,000	A little more than 22%
$2,805	$112,200	$350,000	Between 22% and 11%

The median household income in Beloit is $57,168.[27] This means that the vast majority (more than 83%) of homes sold in the county in 2023 are above the viable price range for the median city resident. Recall that this is assuming a 13% down payment—something that may not be possible for many with a lower household income. Doubtless this is being fueled by the percentage of renters in Beloit, who occupy single-family homes that otherwise would be on the market trading hands from time to time.

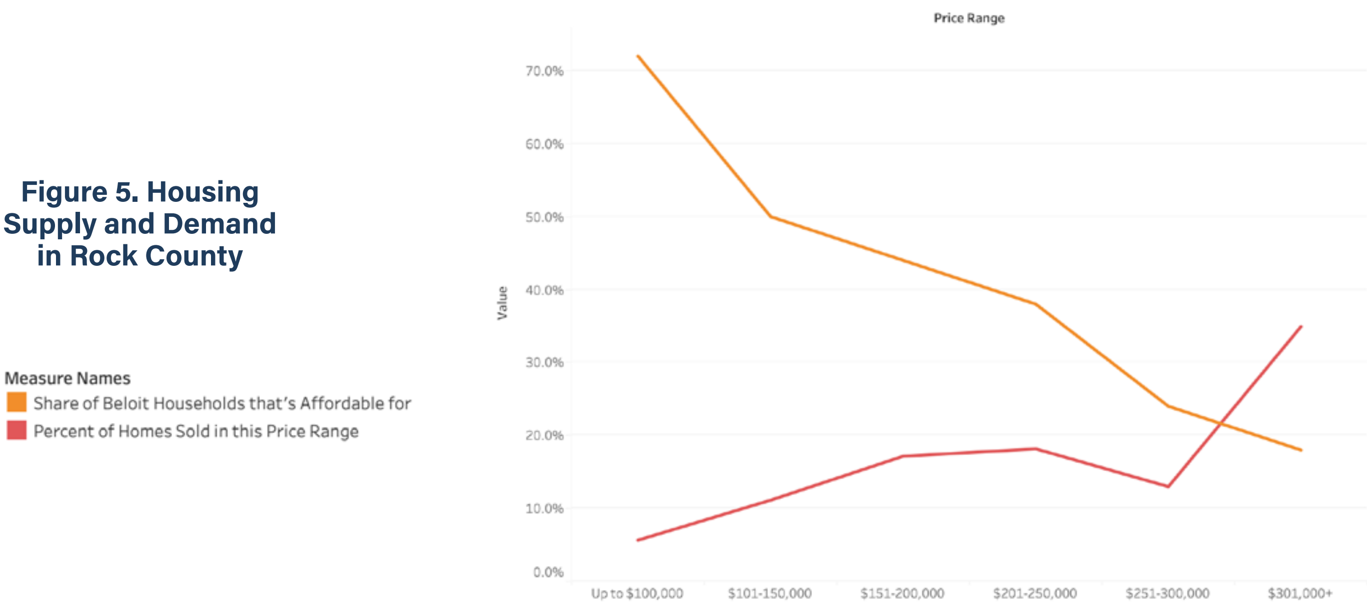
Even more concerning is the tapering supply of the market in general. The number of homes sold in Beloit has grown scarcer from one year to the next. These numbers are visible in Table 6, which show that, after the exceptional year of 2020, fewer homes have sold from one year to the next. By the time 2023 arrives, fewer homes had been sold up to that point than had been sold in 2020.

Table 6. Homes Sold/Closed in Beloit

Year	Homes Sold/Closed, YTD through Oct 2, 2023
2023	372
2022	491
2021	542
2020	394

* While we cannot take into account utilities throughout the report, these mortgage figures do include estimates for property tax and home insurance.

Figure 5. Housing Supply and Demand in Rock County

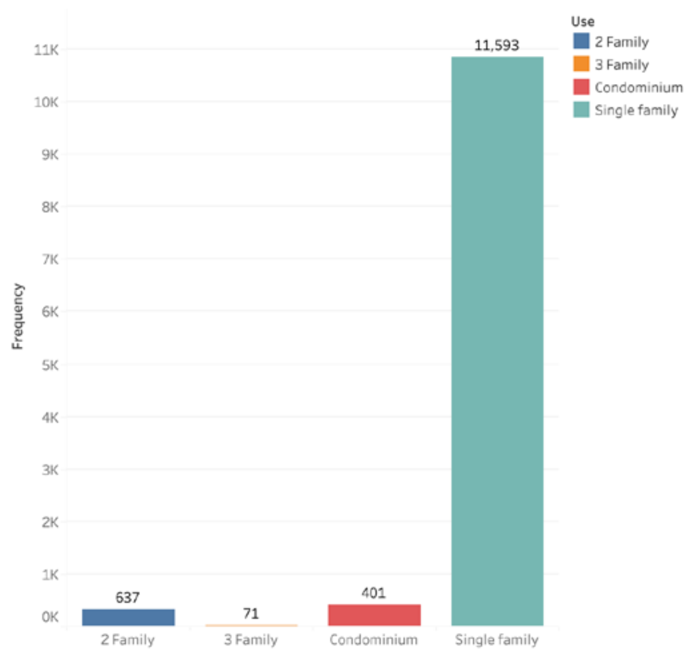


These home sales contrast strongly with what Beloit households can afford. Figure 5 shows the contrast between what different households would find affordable (orange line) and the houses sold in different price ranges (red line). Since the available numbers for Beloit incomes describe income ranges, these numbers represent the *upper bound* of how many households might possibly find that affordable. So, up to 44% of Beloit households would find a home in the $150,000-200,000 range affordable, yet fewer than 20% of the homes sold/closed in Rock County fall into that range. Meanwhile, about one third of Rock County homes sold YTD are in the $300,000+ range, which is affordable for only one fifth of Beloit households.

Note that you would not expect the two trend lines in Figure 5 to be totally on top of each other; you would expect the red line to be about the size of the increase as the orange line moves from its current bracket to its next cheaper one. (At the far right, you might expect the two values to be close to each other.)

Pivoting now to all of Beloit's existing homes, not just those that have sold recently: all told, there are 11,593 residential homes in the City of Beloit, accounting (thanks to some multi-family homes) for 12,353 housing units. The overwhelming majority of these units are single-family, as seen in Figure 6.

Figure 6. Types of Residential Housing in Beloit



OLDER HOUSING STOCK

One of the other issues affecting Beloit is the age and quality of existing housing stock. Table 7 demonstrates the age of Beloit's homes, providing the percentage for the number of existing homes that were constructed up to that year. (Note that not all year intervals are the same size.)

Table 7. Beloit's Housing, Cumulative up to Different Years

Year	% of Houses Built Prior to then
1900	6.80%
1920	23.30%
1950	53.60%
1960	70.00%
1970	82.60%
2000	92.60%

The year after the end of WWII, 1946, is the 50% point: half of Beloit's existing houses predate that year, and half have been built since then. Note that all of these figures refer to the homes built in Beloit that remain standing today; homes that were built in the past and later torn down aren't accounted for.

This puts Beloit on the older side. We can see this because the Census Bureau estimates the percentage of homes that were built prior to 1939. In Beloit, that number is 24.7%. Statewide, it's 18.5%, whereas across Rock County it's 19.8%.[28] In Milwaukee, it's 35.5%.* It's the same story for the median year built: statewide, 50% of housing predates 1974, and in Rock County, 50% of housing predates 1969. In Beloit, half of housing is older than 1946.

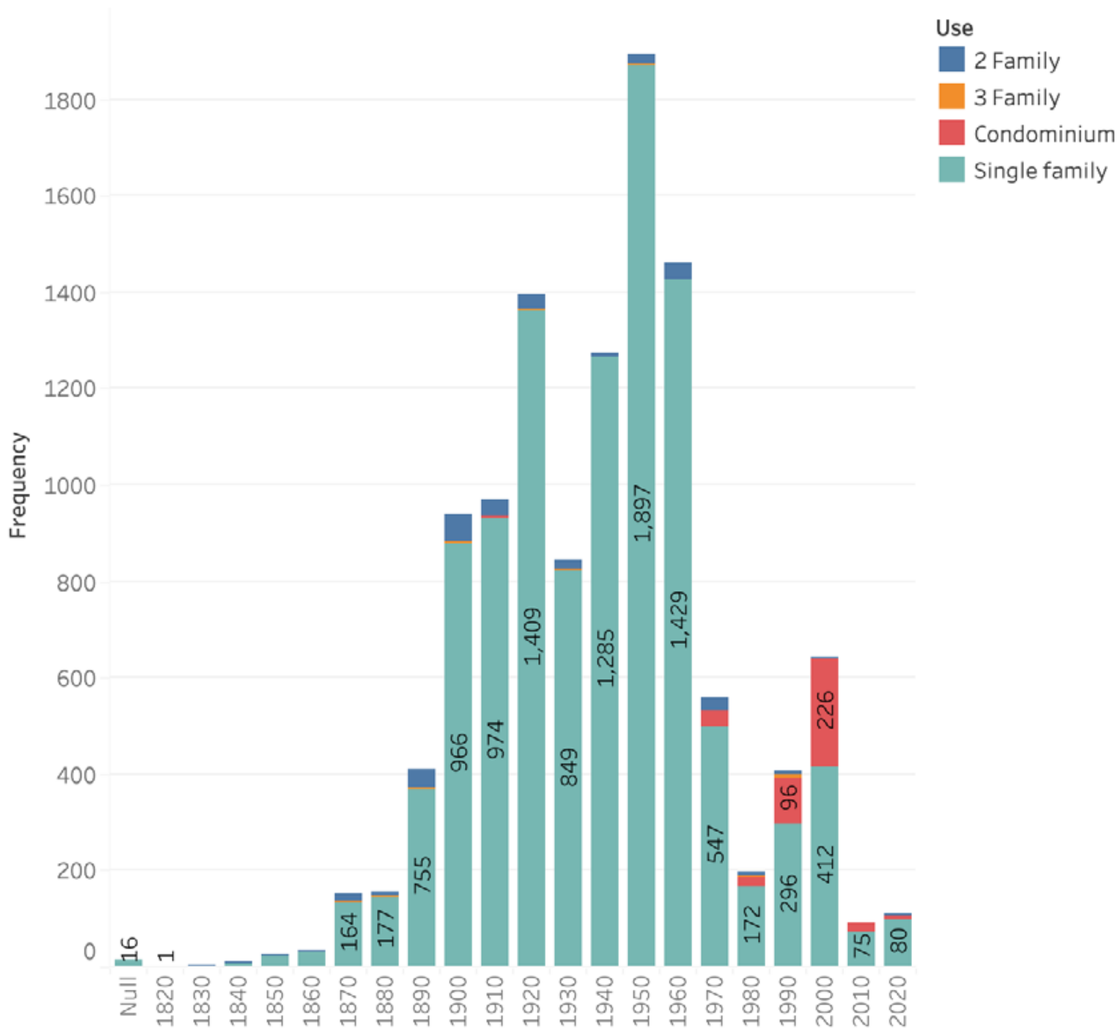
That difference in age also factors into the difference in home value. The median value of an owner-occupied home† in Beloit is $121,900, whereas in Janesville it's $186,600. Statewide, it's $231,400.[29] Different research has found that the median value of a home in the Beloit *area* is about $150,000, whereas in Janesville it's about $170,000.[30]

* Our own data put this figure for Beloit at the even higher 41.9%. Perhaps this is because the City's data omits apartment buildings, which would be newer; perhaps it's because the Census' sampling and estimates are lowballing these numbers generally, i.e. in Beloit and elsewhere. For the sake of making an apples-to-apples comparison, we print the Census estimate above. Nevertheless, the statistic of 41.9% is from the City's records of all non-apartment residential units, so great confidence can be put in that number.

† The City's data lets us see the median value of all homes, but to compare to the same stats for Janesville and Wisconsin, we rely on the figures available from the Census Bureau, which are limited to owner-occupied housing units.

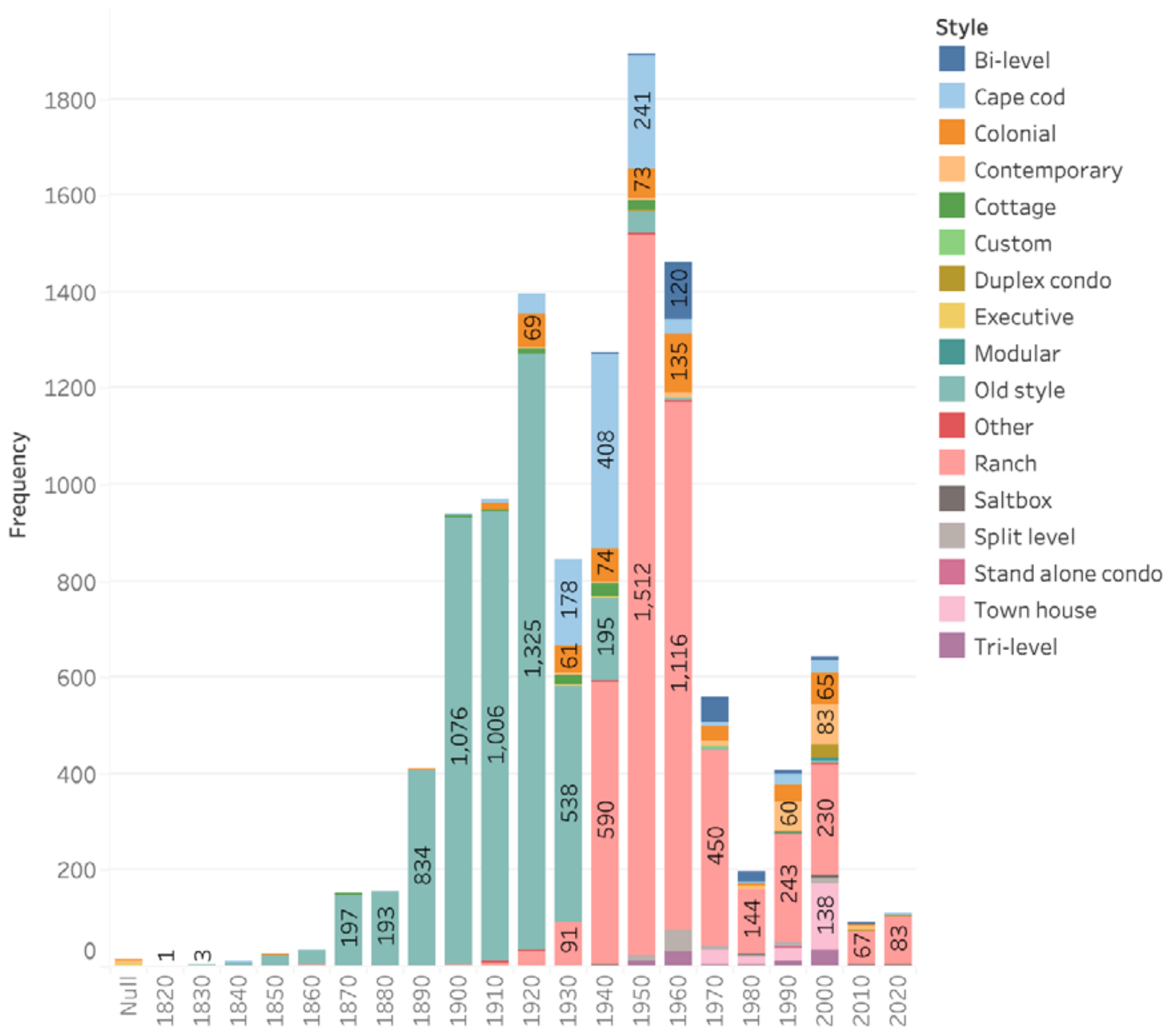
One of the general stories is that after WWII Beloit had a period of feverish construction that cratered after 1970. Some single-family building persisted, and there was a condo boom in the 1990's and 2000's, but otherwise most of the housing stock remains older. Figure 7 shows how many of Beloit's existing houses of those different types (single-family, duplex, triplex, and condo) were built in each decade. Single-family homes have long been the norm, although the modest presence of multi-family units dropped off especially hard; the condos almost all date to between 1990 and 2008.

Figure 7. Types of Beloit Homes by Decade



We can also look at Beloit's housing through the different types of home that were built at each time period. Generally, Beloit's pre-WWII homes are classed together under the umbrella term "old style," which isn't a super specific architectural term but just groups together those older building practices that don't have a different style (unlike "Tudor" or "Colonial", which do mean something specific). Since the 1940's, ranch-style homes have been overwhelmingly popular, although Cape Cod-style homes had a heyday between the 1930's and 1950's (overlapping with the ascendance of the ranch style) although there's been very small numbers of many other styles as well.

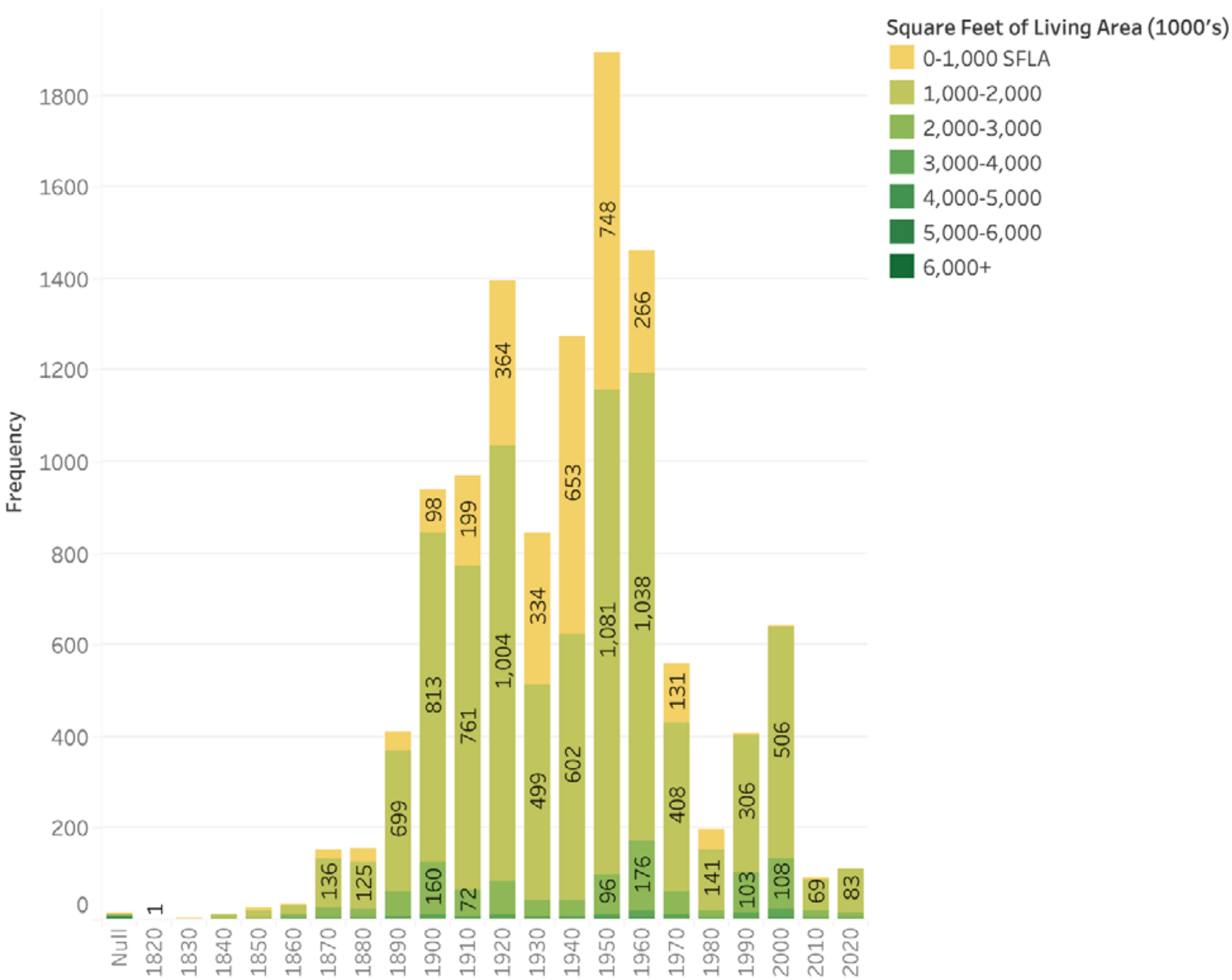
Figure 8. Styles of Beloit's Houses, by Decade



From an affordability standpoint, one of the best aspects to consider is home size. The metric we use here is the square footage of living area (SFLA). These are shown in the figure, where the legend groups the homes into buckets of 1,000's of SFLA. Homes with SFLA smaller than 1,000 flourished, as did many other types, between 1910 and 1970. You can see the hints of the housing market bubble in how the 1990's and the 2000's decades both exceeded the 1980's construction in quantity and in size: they built bigger homes and more of them.

Truly large homes, i.e. with more than 3,000 SFLA, have a surprisingly consistent but ultimately small presence in the graph: there are at least three from each decade, but no one decade accounts for more than 22 such houses. (The maximum decade for them, unsurprisingly, is the 2000's.)

Figure 9. Beloit's Home Sizes by Decade



We can zoom in on just those homes with fewer than 1,000 SFLA. This is one of the indicators of Beloit's affordability issue: construction of these has been almost non-existent for 50 years. Figure 10 shows just these homes, and colors them by owner-occupied or renter status. While definitely modest, homes of this size are by no means unrealistically or impractically small: Beloit has thousands of them. To be precise, Beloit has 2,929 single-family houses with 1,000 or fewer* SFLA. These account for 26.9% of the single-family houses in Beloit. 60.4% of them are owner-occupied, a rate lower than the rate of Beloit's general single-family home owner-occupancy rate, which is 73.9%. Including Beloit's small percentage of multi-family houses (duplexes, triplexes), there are 2,977 units that have 1,000 or fewer SFLA.

Nor do these homes have to be thought of as "forever" homes: starter homes like these have long functioned as one rung on a ladder that allows people to build wealth over time. Also note the role that homes of this size play in Beloit's market, factoring heavily in both owned stock and what is rented.

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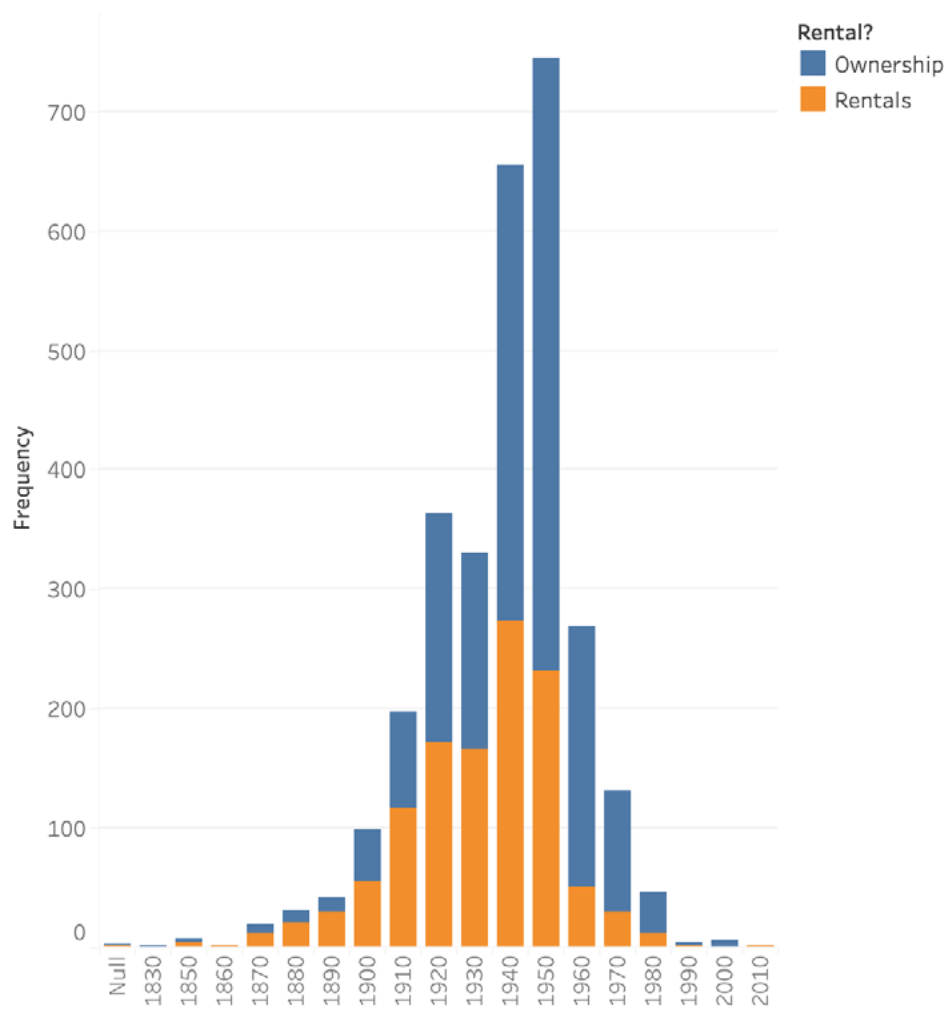
* 24 single-family homes, less than 1% of the category in question, have *exactly* 1,000 SFLA.

Figure 10. Beloit's Houses with less than 1,000 SFLA, by Decade Built

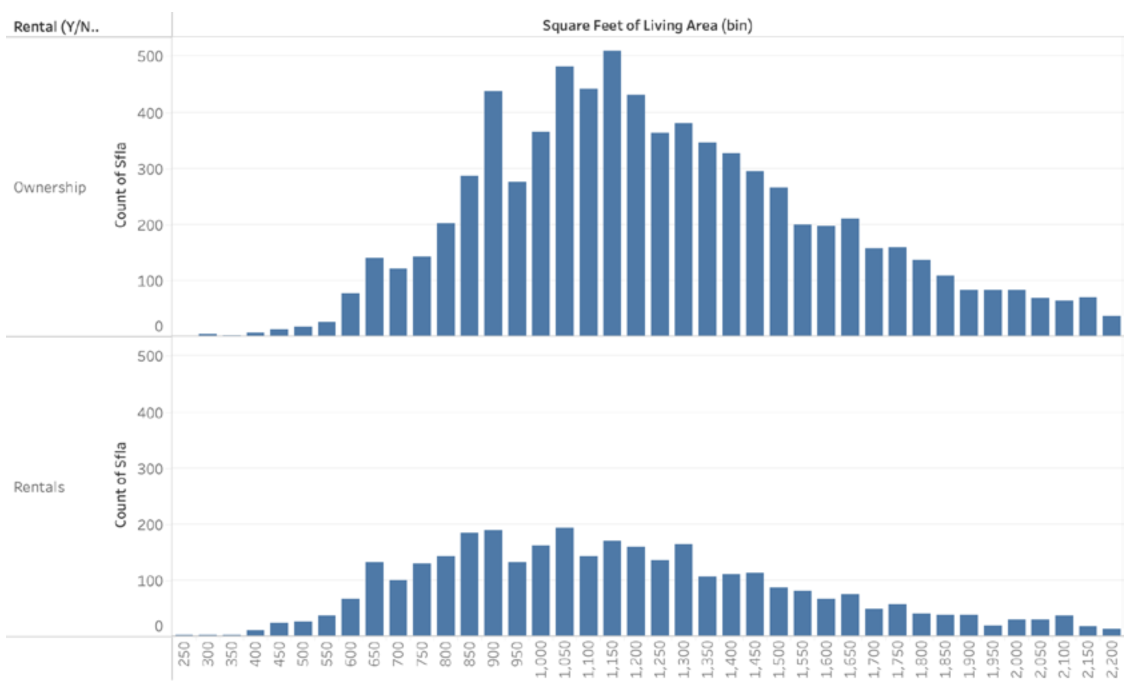


LOW OWNER-OCCUPANCY

As mentioned earlier, Beloit has a low rate of owner-occupancy. The latest figures from the American Community Survey put Beloit's owner-occupancy rate at 59.3%. Nearby Janesville, by contrast, has an owner-occupancy rate of 66.4%; the statewide figure is 67.7%.[31] In South Beloit, IL, that rate is 70.0%. The urgency of this is perhaps self-evident: not only can high rates of renters prevent households from building material wealth over time, but homeownership prompts people to invest in their community, neighbors, and surroundings.

What's striking is that Beloit still has a low owner-occupancy rate even when just considering single-family homes. Of single-family units in Beloit, 73.9% are owner-occupied and fully 26.1%, more than a quarter, are rented. This is compared to about 15% of single-family units statewide that are rented out.[32] Note that, while 26.1% of Beloit's single-family units are rented, there is a different percentage for how many renters are in single-family units: 49.0% of Beloit renters are in single-family units.

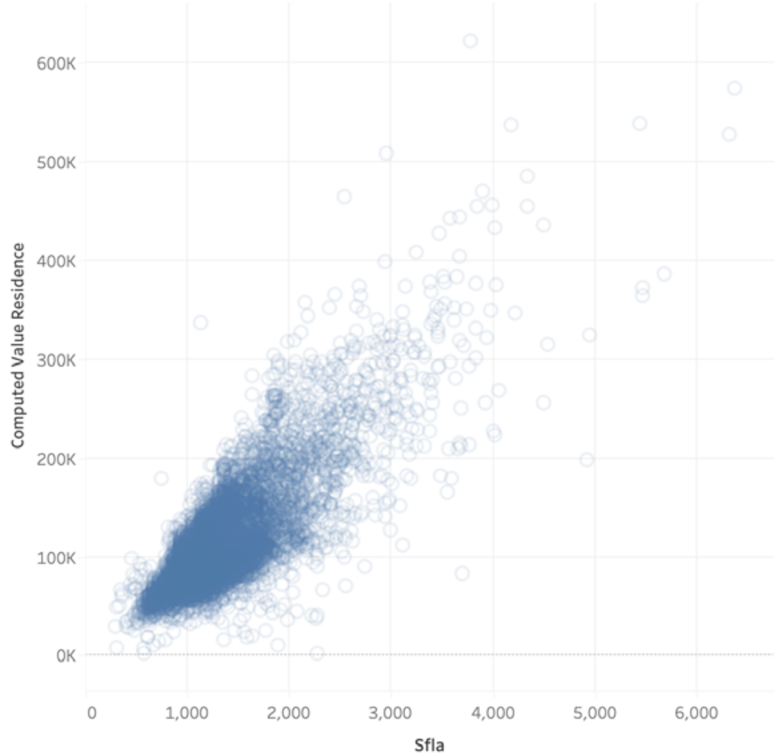
Figure 11. Square Footage of Living Areas, Rentals vs. Owned



The dual histograms in Figure 11 display the distribution of the sizes (measured in the square footage of the living areas) of housing units in Beloit. Units with fewer than 250 sq. ft. and more than 3,000 are omitted. Even though more units are owned than are rented, rentals still account for a significant proportion of the housing units. One thing that the city's housing market does have going for it is the variety and spread of rental units of varying sizes.

Figure 12. Residence Value compared to Square Footage of Living Area, Rentals

Figure 13. Residence Value compared to Square Footage of Living Area, Owned Units



Low owner-occupancy is a concern for Beloit because of the investment that comes with ownership. Obviously, homeownership is not for everyone: plenty of people would prefer not to have the unpredictable, open-ended responsibility that comes with homeownership, even in cases where predictable monthly dollar expenses might be lower than rent and utilities. But Beloit is a real outlier in just how low its owner-occupancy rate is, and there is at least anecdotal evidence that plenty of Beloit's renters would prefer to own a home of their own, rather than renting one, if they could find one on the market at their price point.

Returning to the public good consideration: city-wide, the disproportionate share of renters takes a toll, not only in disengagement from the community but in monetary form. Figures 12 and 13 look at property values, comparing the computed value of residences to the square footage of living areas. Unsurprisingly, the value of a given property rises with the square footage: more space is more valuable.*

Notice, though, that on the whole, values rise *at a faster rate* with owned units compared to rentals. To be precise, each additional square foot of living area (SFLA) raises the value of a rental unit, on average, by $75.66, but that additional square foot will raise an owned unit's value by $138.22. (These numbers are arrived at after controlling for the year that these properties were built, so it's not the case that owned units are just the only things being built more recently with more luxury materials, and therefore having higher value per SFLA for those reasons.) If this is driven by homeowners being more invested in, and taking better care of, their properties, then in the aggregate, the conversion of rental units to owned units would increase the values of those properties, even holding the amount of land and living area constant.

LANDLORDS

Beloit's rental homes, i.e. rented single-family houses or rented units in multi-family homes, but not apartments, are mostly owned and managed by people nearby who appear to be smaller landlords. In Beloit, 30% of housing units† are rentals, for an absolute number of 3,479 units. Only 17.7% (about one-sixth) of those are owned by landlords who own more than 15 properties. By contrast, fully 36.7% of Beloit's rental units are owned by landlords with just one rental property. In absolute terms, that's 1,275 of the 3,479 rental units. Pre-existing research on Beloit corroborates this conclusion. Another recent study found slightly different numbers telling the same basic story:[33] Beloit's rental market is predominantly bottom-up, with most landlords having smaller rental portfolios whereas the larger landlords are few and their holdings account for only a small slice of the pie.

* This is evident both with rentals and owner-occupied units: this univariate regression returns predictably high adjusted r-squared statistics of 0.68 and 0.78, respectively.

† Defined as used throughout, i.e. referring to units in residential homes that might refer to an entire single-family house or just one unit in a duplex or triplex.

Of the landlords who do own a significant number of properties (considered to be 15 or more in this context), most are based in-state or in town. Some are based in cities nearby or relatively close: Orfordville, Janesville, Albany, Sun Prairie, Madison, or Prairie du Sac. Only one is confirmed to be from out of state altogether and is based in Chicago.

The predominantly local character of the landlords can also be tallied through individual property counts. Of the Beloit properties owned by the landlords with the 25 most properties in their portfolios, a strong plurality, 428, are held by people based in Beloit proper; another 271 belong to those elsewhere in Wisconsin. Only the 36 holdings of the one Chicago-based individual belong to someone outside the state. Figure 14 shows the scale of this, comparing the 428 properties that are owned in-town compared to the 271 out-state ones and the final 36 Chicago-owned ones.

We also note in passing that the properties owned by these landlords are not particularly concentrated in any one part of town. The 745 properties in question are marked on the map (Figure 15) with colored dots, and they are roughly as diffuse as rental properties generally are in the city.

The key takeaway from this distribution of landlord ownership is that out-of-town problems need not be addressed. Whatever issues there may or may not be from landlords failing to uphold their end of the bargain of property ownership, out-of-state landlords represent only a small share of Beloit's owners.

Another note of interest is that these properties might provide an opportunity. Anecdotally, landlords in Beloit are closer to retirement age than is typical of the population, and publicly available information on Beloit's landlords with larger (>15 properties) portfolios corroborates this. When people phase out of this business, they tend to divest themselves of their portfolios all at once. Therefore, although Beloit's rentals are

Figure 14. Properties of Beloit's 25 Landlords with the Biggest Portfolios by Home Base

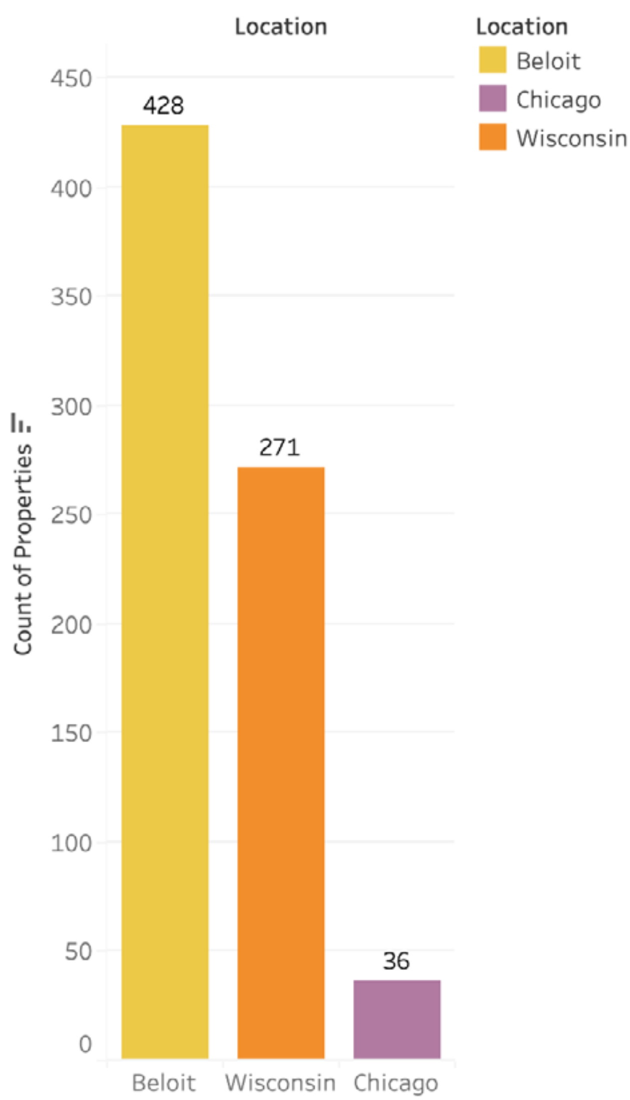
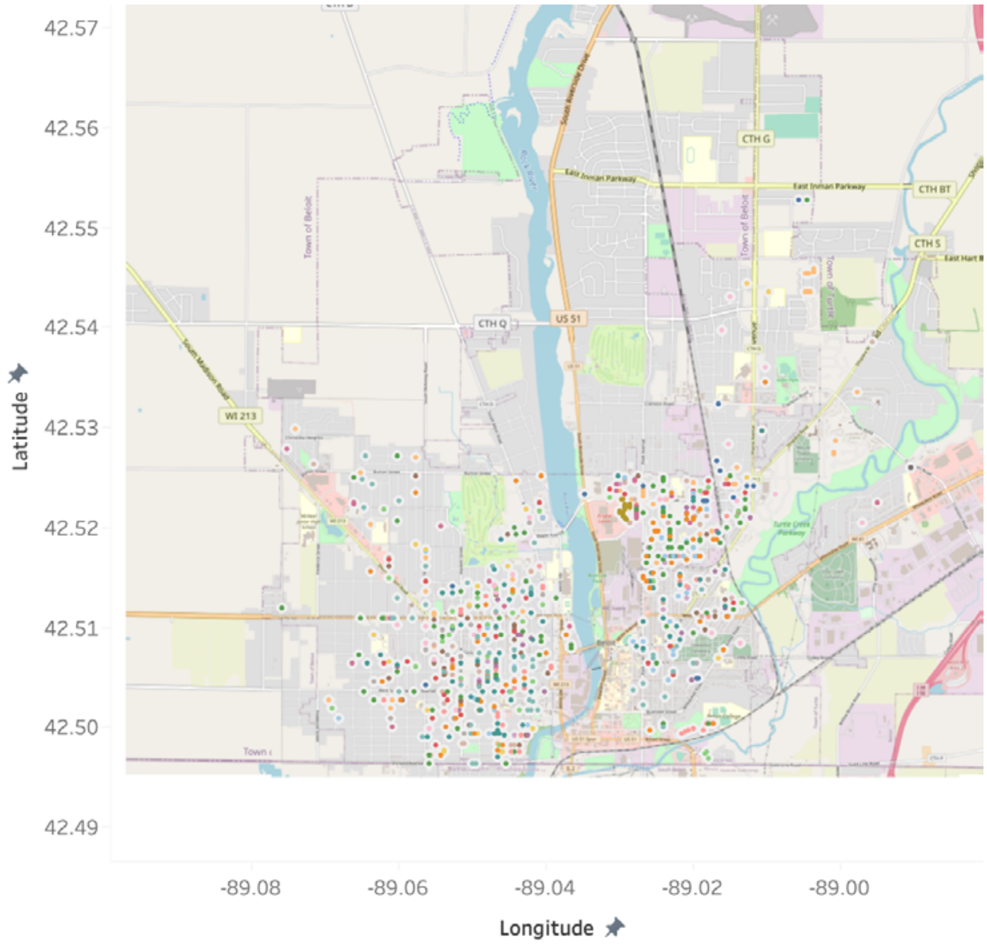


Figure 15. Beloit's Most Prolific Landlords' Properties, Mapped



not currently controlled by out-of-state investors, those investors might snatch up segments of the city in the near-to-mid-term future if retiring in-town landlords give them the chance. Conversely, the selling or auctioning of those portfolios could allow someone based in-town to gain ownership and assure long-term local investment in those properties.

BELOIT'S SCHOOL DISTRICT

In many of our conversations on housing in Beloit, the quality of the school system was brought up as a major impediment to Beloit's long-term success with an impact on the housing market. The Beloit School District's proficiency rates are just 15% in English/Language Arts (ELA) and 9.1% in math on the most recent round of the state's Forward Exam.[34] The school district is ranked low as compared to the rest of the state: the most recent data rank their ELA proficiency and their math proficiency at #420 out of 421, the second lowest of all the districts in Wisconsin. And this is not a new development. Figure 16 shows proficiency in both subjects in the district over the past five years.*

While addressing school district performance is beyond the scope of this report it will be important to address these issues if growth goals are to be achieved.

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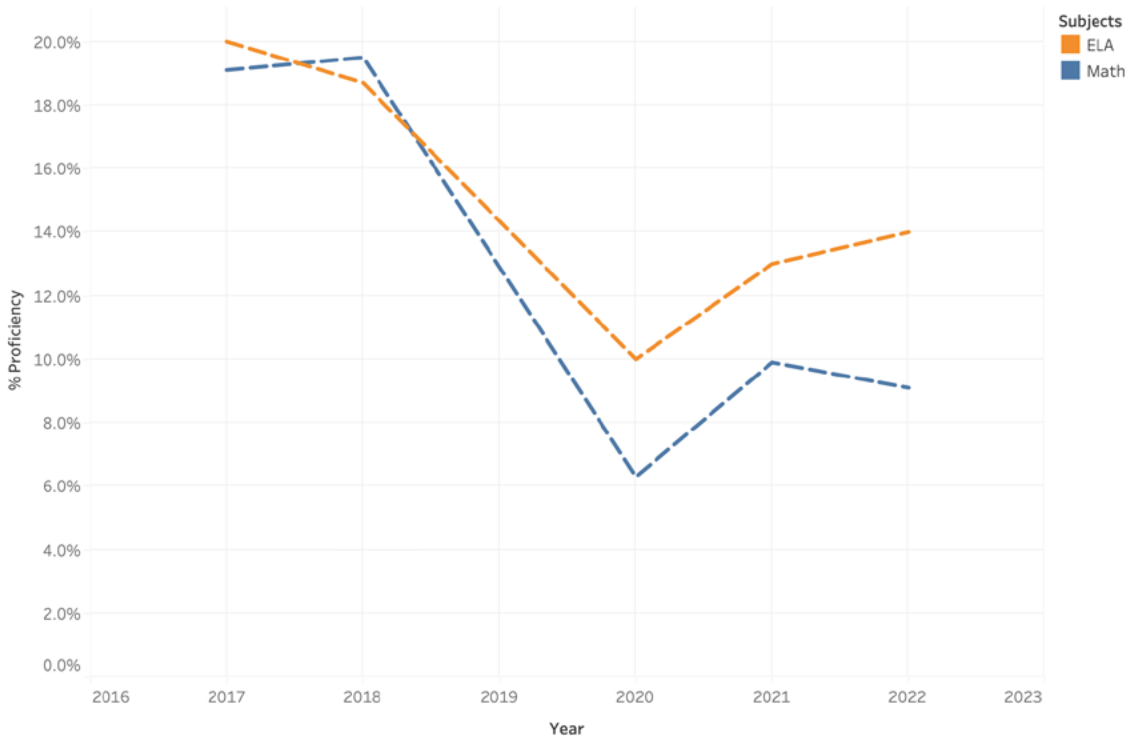
* Note that no testing occurred in the Spring of 2020 due to COVID, hence the 2019 school year has no data.

Figure 16. Proficiency in Math and Reading Over Time



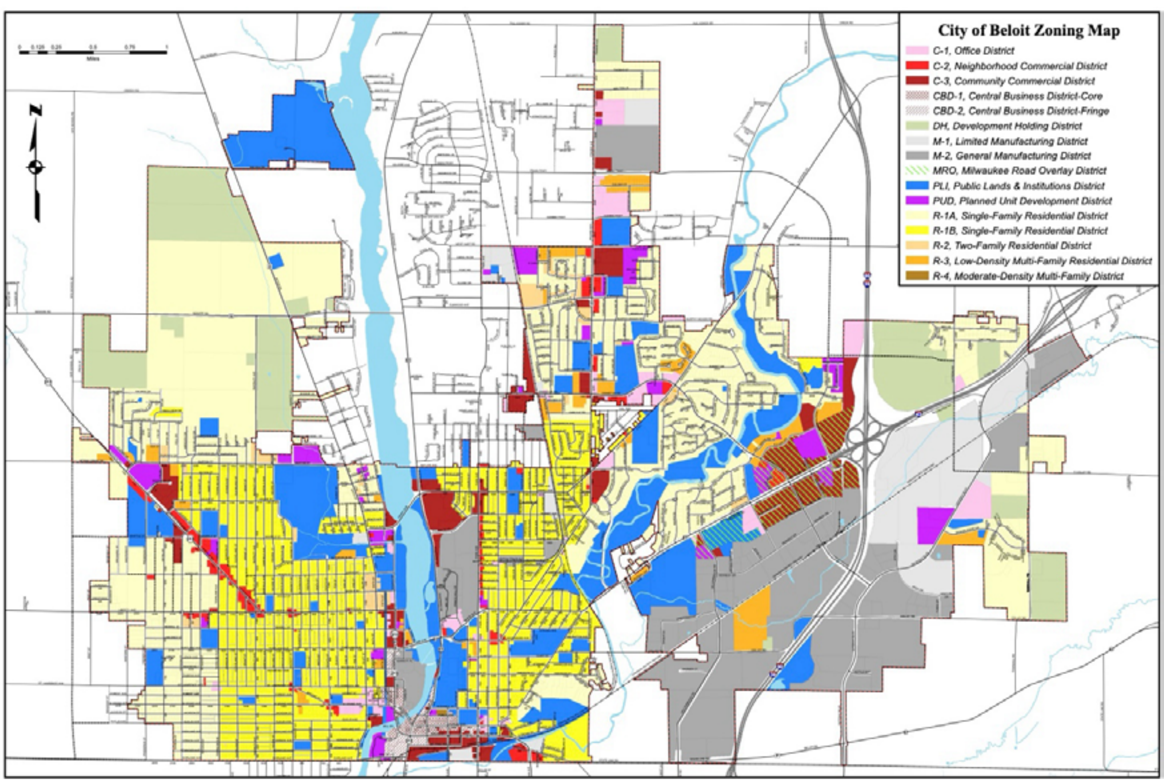
Policy Recommendations

RE-ZONING

It is a simple observation that increasing supply will lower prices. Increasing the supply of housing units in Beloit will, across the board, lower prices—even increasing units that are rented, rather than owned, will drive rent down, which will in turn make it easier for renters to save money for a down payment to eventually become homeowners.

The most straightforward way to increase supply is to develop previously non-residential land or else to facilitate “infill” development in already-developed parts of town. “Infill” development can include building apartments over storefronts, adding Accessory Dwelling Units (ADUs), and turning single-family houses into multi-family homes. Changing a city’s zoning to permit that last one is known as “upzoning” and is probably the best way forward. If anything, upzoning properties in this way might present more of a problem of “political will” rather than a problem of technical policy. Even so, there are some ways of advancing this that will provide more payoff with less resistance. This should without question be pursued, in light of zoning that currently forbids any type of home except for standalone single-family units on most of Beloit’s residential land.

Figure 17. Zoning Map of the City of Beloit



Beloit's current zoning cries out for this kind of adjustment. The map, visible in Figure 17, is currently dominated by the yellow of single-family R-1A, the pale yellow of single-family R-1B, and the solid blue of off-limits public lands. (The dark and light gray both represent industrial parts of town.)

A note of terminology: these "adjustments" are often referred to as "upzoning" and "downzoning."[35] "Upzoning" refers to changing the zoning of a piece of land to be less restrictive, to allow more and denser housing. For example, changing a lot from being zoned single-family R-1A to being zoned as R-4 "moderate-density multi-family" is upzoning. Even changing a lot from being zoned single-family R-1A to being zoned single-family R-1B would be an upzone, albeit a modest one. Downzoning is the opposite.

One of the consequences of Beloit's 1990's/2008 round of downzoning is that there is a ready supply of multi-family buildings that are not actively part of the multi-family housing stock. The quickest way to expand the housing supply would be to re-grandfather in any properties that have at any point in the past been multi-family. This has the precedent of history, even if they are not currently zoned for multi-family use.

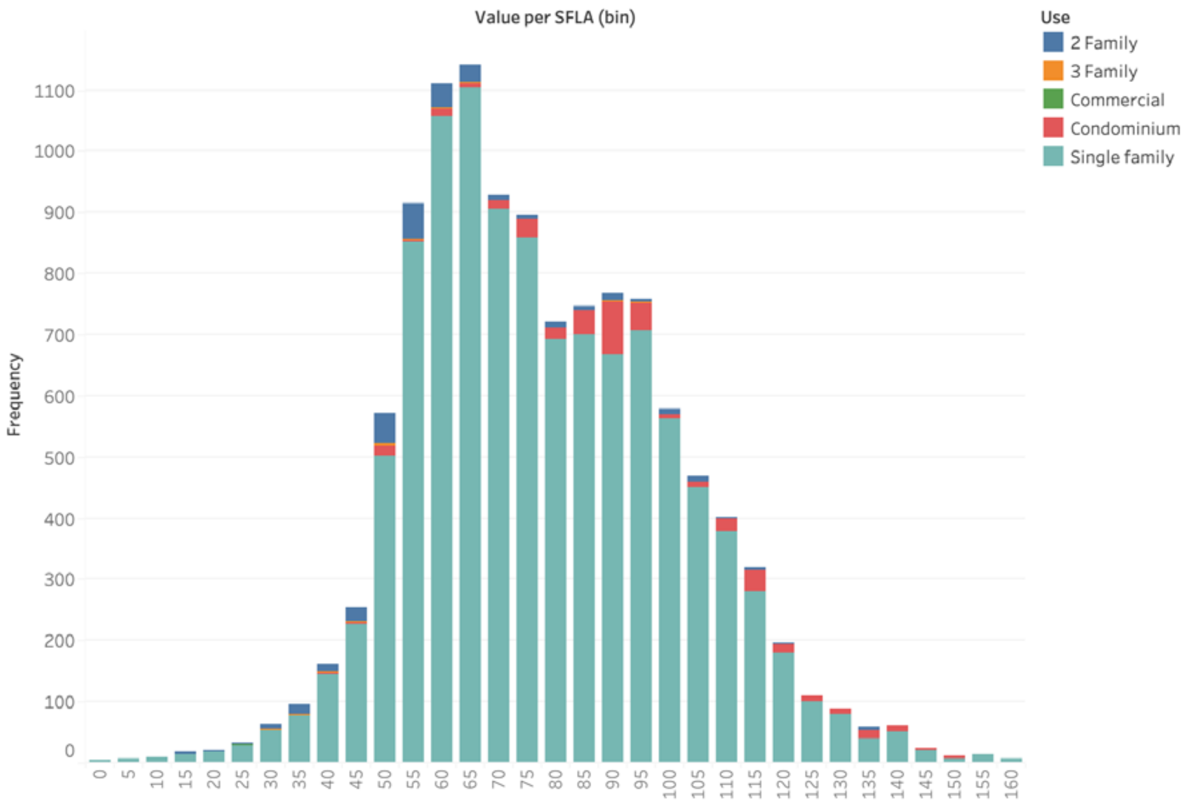
Upzoning generally involves allowing multi-family properties to be where previously single-family housing was the only kind allowable, with the result that parts of buildings can be rented. Upzoning can also, though, allow condominiums, which facilitate ownership in more compact areas. Owning a condominium requires a level of investment and "skin in the game" comparable to owning a house, and the community benefits that go along with homeownership apply here too. What's more, condos are frequently used as a first rung on the ladder of homeownership: being more modestly sized and generally cheaper, would-be renters frequently opt to live in a condo if one is available, which positions them to one day leverage its equity to move into a standalone single-family home.[36]

On the other end of the spectrum, conversion of a typical single-family home into two condos allows empty-nesters and otherwise aging homeowners to "age in place." This is suggested by poll data to be the preference of an overwhelming majority of people—some 93% of Americans.[37] Yet, housing regulations often make this difficult or impractical by requiring people to maintain ownership of an entire house.

The construction of brand-new condominiums has slowed dramatically in recent years—especially since 2008's Great Recession. The Urban Institute has called current condo construction "near historic lows."[38] [39] Still, it's worth bearing in mind that the factors preventing new condo construction need not apply to conversion of existing multi-family-sized buildings into condo properties. Brand new condo construction generally depends on selling units quickly—but conversion by downsizing property owners need not operate on that same model.[40] Similarly, construction defects can invite more litigation from condo owners than from apartment renters. Again, though, that landscape looks different when individual properties are in question, rather than condo development being done at scale.[41]

In addition to the possible conversion of existing large houses into condos, Beloit's zoning code could make it easier for townhouses to be built. (Typically, townhouses are built in a row where each owner owns a two- or -three-story unit, whereas condos look like anything that could also be an apartment—a unit in a larger or much larger building—that are owned.) Townhouses are yet another way for homes to be built that economize on size, and can therefore be affordable, yet Beloit's zoning code is extraordinarily restrictive of them. Again, in Figure 17, the pale and the highlighter yellows of R-1A and R-1B exclude that kind of development. R-1B, which is designed to accommodate more dense residential development, should permit townhouses as a viable alternative. More economical development should be permitted by-right and categorically, rather than only through haggled-over planned unit developments, and given how much of Beloit is already developed the change should be large enough (e.g. permitted throughout R-1B) to ensure that some people actually take advantage of it.

Figure 18. Value per SFLA by Types of Use



LOT SIZES

The increasing costs of land development, contributing to a rise in lot acquisition expenses, stand as significant drivers behind the overall escalation in building a new home. This trend has prompted a reduction in average lot sizes across the nation over time. For instance, in 2009, about 25% of newly constructed single-family homes nationwide occupied lots of 7,000 square feet or less. By 2022, this figure had increased to 36%.[42]

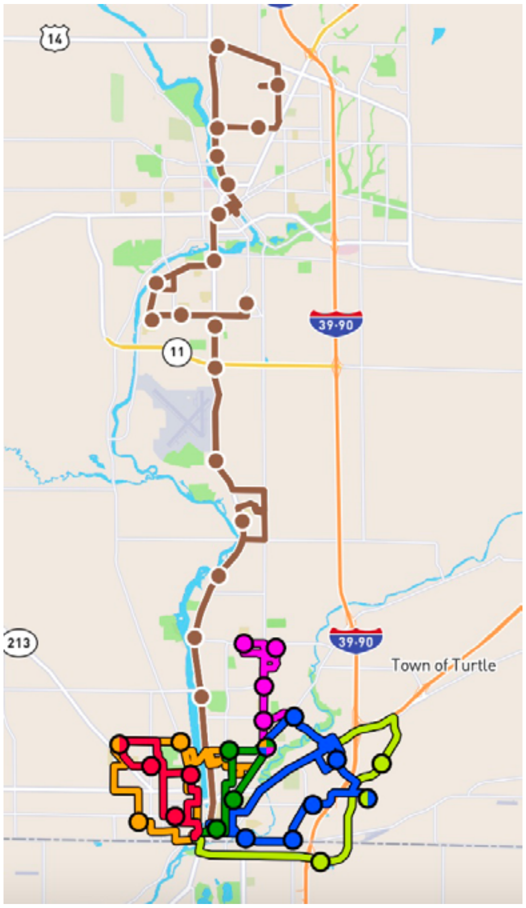
As new subdivisions are developed in Beloit, the city should consider reworking regulations that mandate larger lot sizes and setbacks, especially given that most of the demand for homes is below $250,000. Lowering minimum lot sizes and setback requirements would allow homes to be built closer to each other and allow for row-house style town homes, which would more closely match the demand in Beloit. This approach has been adopted by several Wisconsin homebuilders in recent years, particularly in the Madison market.[43]

In particular, Beloit requires restrictive minimum setbacks for homes. Single-family residential zoning currently requires, at a minimum, either 20 feet or 30 feet of setback, for R-1B and R-1A types of zoning, respectively.[44] Besides the front setback, there must be 30 feet of rear setback and also 20 or 30 feet (for R-1B and R-1A) of side setback as well. These numbers could be decreased if not done away with in order to allow more homes to be built in the land that Beloit has available.

CAPITALIZING ON PUBLIC TRANSIT

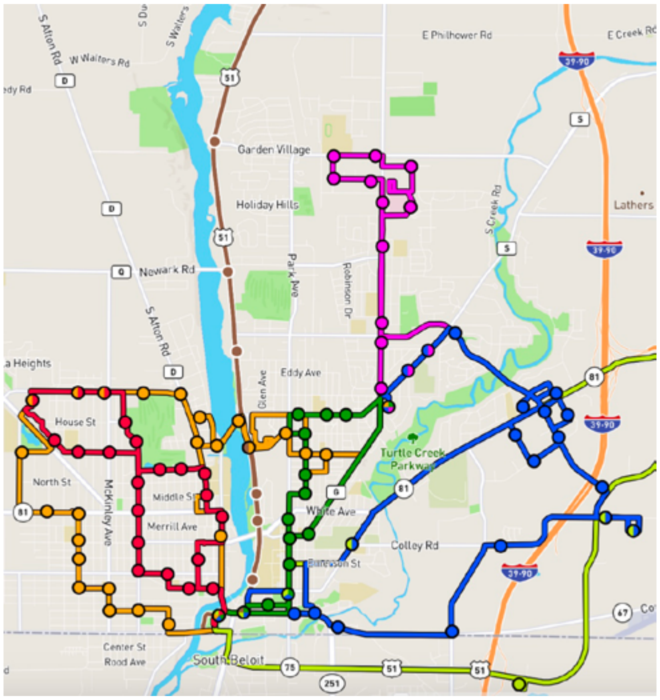
Public transit is a significant investment for a city to make, and one that is often underutilized when it is up and running. Amtrak has famously yet to turn a single profitable year;[45] closer to home, Milwaukee's street car cost well over $100 million[46] and is struggling to entice people to ride it even at the competitive cost of "free."[47] But the conspicuous failures of much American public transit shouldn't dissuade policymakers from leveraging existing public transportation in sensible ways from informing adjacent policy areas, like housing.

Figure 19. Beloit's Bus Service, Including the Janesville Line



The city of Beloit already has seven different bus lines up and running, with dozens of stops across the city, including on bus lines that take riders down into South Beloit or up to Janesville.[48] This facilitates denser development around bus stops, since relying on bus transportation negates the need for significantly larger roads to accommodate many more drivers. This is the strategy that has been followed, on a much larger scale, in the dense and rapidly-growing metro areas of Toronto, Canada,[49] and Northern Virginia.[50] In addition to the rush hour considerations, proximity to a bus stop enables residents to rely on that for transportation

Figure 20. Beloit's Bus Service, Detail



rather than a car—and even if a car is still necessary for many purposes, it could easily be the difference for a household between needing two cars or just one. Therefore, in addition to historically multi-family buildings that have since been downzoned, buildings and lots within a block of bus stops could be focal points for upzoning.

One might ask whether facilitating multi-family units actually addresses the question of low rates of owner-occupancy. Indeed, owner-occupancy rates can only increase if substantial numbers of homes go for sale on the market, or (an unlikely subset of that) if a significant number of renters in homes buy out their landlords. Nevertheless, as alluded to previously, this policy would facilitate more plentiful housing and thereby would drive down rents in a city that is plagued with relatively high rents. That will enable aspiring homeowners to set aside more of their money sooner in order to be ready for when the opportunity to buy materializes. Additionally, this policy would facilitate condos, which are themselves new ownership units entering the market.

In addition to the full-scale plane of zoning, these considerations could also be brought to bear on minimum parking requirements. Generally speaking, the city's self-diagnosis that its parking requirements are "reasonable" is a good one, citing a typical requirement of 1.5 to 2 stalls per dwelling unit that is "often voluntarily exceeded by developers" anyway. Nevertheless, parking remains a roadblock on the path to plentiful housing supply. Homeowner protests over more difficult street parking induced the restrictive down-zoning of several multi-family houses into single-family use within the past generation. One very reasonable measure, however, is to eliminate parking requirements that are close to public transit. When the city has already guaranteed alternative transportation, requiring mandatory parking is redundant.

Even more expansive strategies than this one have reaped success: the city of Fayetteville, AR, did away with parking minimums altogether in 2015,[51] and has only continued their strong population growth, climbing from 82,000 that year to 99,000 in 2022.[52] Even a measure that erases mandatory parking requirements (there would still be parking, of course) within one block of any bus stop, and opened up those sectors for up-zoning, would enable a significant bump in housing supply. For comparison, the city issued permits for 55 new dwelling units in the year of 2021.[53]

PUBLIC MEETINGS

One of the roadblocks even to the developers who would like to develop in Beloit is the opportunity that public meetings give to nearby residents to opine and voice grievances. This is characteristically anti-growth, given the way that, overwhelmingly, the only people who bother to come to these meetings are opposed to any kind of development.[54] For instance, the Milwaukee-based Northernstar Companies, LLC proposed a complex of townhome apartments on Sixth Street, currently zoned R-1A single-family residential, in what would become a planned unit development district.[55] Public meetings on the possible development yielded a laundry list of objections: people did not like the idea of abruptly having many new neighbors, feared a depreciation of their own home's values, didn't want to see the undeveloped land no longer be available for children to play on, feared an increase in noise and a rise in crime, didn't want to see habitat loss for animals who might use the field as an "oasis." One neighbor embraced the term "NIMBY": "Perhaps what you could consider NIMBY to mean is not in my Beloit yard . . . Think of all the ordinance changes as if it were happening in your Beloit yard."

All of these concerns arise from places of sincere and commendable care. Yet, the feared cause and effect that are posited are often out of step with what can be observed. To pick one example, children's safety in public is a paramount concern; also, the celebrated urbanist Jane Jacobs has written powerfully about how public safety arises thanks to what she terms "the natural proprietors of the street." People police social norms in places that they understand to be their own, acting as on-the-spot creators of law and order in a capacity that policemen, with a best-case response time of minutes, never can. She buttressed that point with crime statistics showing LA, by far the least-dense major American city at the time, to be by far the most dangerous and crime-plagued on several different scores. All that to say, mere increases in the numbers of people or in density are not the invitation to crime that they might seem at first glance.

But zooming out, in principle, a city should not have to assuage every individual concern that residents have to new construction posited for property that belongs to somebody else. This is a manifestation of the old observation that,

> And it ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things, because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new.[56]

Public meetings are even more intensely hostile to new construction than that paradigm suggests: those of the old condition are definite, while those who may benefit, directly or indirectly, from new housing coming into existence might be anywhere. The neighbors of a vacant lots are an existing political constituency, which is not as true of people whose homes are never built. And finally, of course, public hearings self-select people with the most vocal objections, generating a sample that is significantly more hostile than the general population of residents.

This is why what is recommended above is broader re-zoning. (Redefinition of zoning codes, such as Milwaukee has proposed, would be an even more effective step.) More aggressive use of individually tailored, one-off planned unit developments will still open themselves up to the process of meetings and meeting-prompted delays. Re-zoning that allows different types of structures by right means that public hearings are not required for every piece of construction that would expand housing supply.

ACCESSORY DWELLING UNITS (ADUS)

One possible avenue for public-private collaboration is in the construction of Accessory Dwelling Units (ADUs), sometimes known as "granny flats." ADUs are housing units that are built in residentially-zoned parts of town as accessories to larger structures. Sometimes they are attached, sometimes they are detached; they are always equipped with a bedroom, bathroom, and kitchen so that they may be genuinely self-contained. In practice this often looks like a small cottage in a backyard. They are an increasingly popular choice for "infill" development, when a jurisdiction seeks to increase the housing supply in already-developed land. Construction-minded policies in chronically housing-low California have seen big returns with these policies; ADUs were almost unheard of among new construction in 2013, but 10 years later they constituted almost 20% of new housing units.[57]

ADUs can also yield substantial familial benefits, providing practical solutions for seniors who aspire to age in place amid rising living costs. The growing desire among seniors to maintain independence while staying close to family is met effectively by the creation of ADUs. These units allow seniors to enjoy proximity to their loved ones while preserving a degree of autonomy in their living arrangements. Simultaneously, the integration of ADUs into existing housing stock creates a positive ripple effect, freeing up larger residences for younger families seeking suitable accommodation.

The public policy aspect of this question is straightforward: ADUs should be legalized throughout the city. Currently, a recent change to the law[58] has made them permissible, but only in planned unit developments.[59] Allowing them in ordinary and already-developed parts of town, even as a conditional use, would expand the potential housing supply by a lot. In addition, it would allow homeowners to lift themselves up by receiving a stream of passive income.

VACANT UNITS

The City of Beloit maintains a list of vacant homes within the city, both maintained and totally abandoned ones. The most recent figure has this list including "more than 250 homes,"[60] which could offer one of the fastest ways of expanding the housing supply, even if that avenue is ultimately limited by which homes are already vacant. The path forward might be complicated by questions of ownership, especially in light of how many of the units might be the product of tax foreclosure, but vacant homes still offer the promise of promoting home ownership and meeting community needs from the lowest investment and with the fastest turnaround.

THE ROLE OF CIVIL SOCIETY

Civil society and private philanthropy can play a crucial role in revitalizing the housing stock in Beloit, utilizing innovative strategies to address existing challenges. One approach could involve offering targeted, means-tested, low-interest loans to individuals who may encounter difficulties securing traditional financing. These loans, coupled with grants, should be tailored to address specific safety and quality concerns within homes, encompassing issues such as electrical problems, failing building systems like furnaces, and external improvements like siding, roofing, and windows. To encourage homeowner involvement, these grants could incorporate a buy-in requirement, involving sweat equity, matching funds, or community service, fostering a sense of shared responsibility and community engagement.

Additionally, private philanthropy can support existing nonprofits like Acts Housing, which has successfully operated in Milwaukee and recently expanded to Beloit. In Milwaukee, Acts Housing has undertaken an ambitious effort to develop an acquisition fund which purchases portfolios of homes, subsequently mortgaging and selling them to aspiring homeowners with barriers while providing crucial financial coaching that sets them up for success. By investing in established philanthropic programs, private donors can play a pivotal role in expanding the availability of affordable owner-occupied housing and promote financial stability for aspiring homeowners in Beloit.

Acts Housing

In conjunction with these efforts, private philanthropy, businesses, and the city should explore collaborating to develop a strategic pilot initiative to concentrate resources and investments in a specific neighborhood. This approach was adopted on a small scale in the city of Milwaukee, where the city and Northwestern Mutual Foundation partnered together to revitalize a block of homes in the Amani neighborhood. This localized approach, based on immediate needs and potential transformative impact, can serve as a proving ground to determine the best approaches to neighborhood revitalization in Beloit.[61]

HOUSING REHABILITATION LOAN PROGRAMS

One avenue for improving the existing housing stock in Beloit is low-interest loans offered by the City. The City already has a program that offers a few different types of loans (for renters, owners, or those doing construction) up to $20,000 or $40,000 at a 3% interest rate. The program is limited by household income limits that are roughly three times the federal poverty limit. (For example, the 2023 federal poverty limit is an income of $14,580 for a household of one, and the 2023 maximum income for a household of one to participate in this program was $48,350.)

One of the sticking points is that, even if the money to do home rehabilitation comes at a low interest rate, it might not be worth it for people to improve their own properties. An improved home surrounded by other homes that are still eligible candidates for rehabilitation is liable to not improve the equity of the home consummate to the money that was just spent. If that rehabilitation expense doesn't materialize as equity, then the homeowner's proposition is to spend four or five figures (even via a loan with low interest) to improve his own home just for its own sake. For many homeowners, that isn't worth it.

One potential way to address this is for the city to consider and approve joint applications between neighbors. This would help avoid the undesirable outcome of an individual homeowner investing in their property without seeing any jump in their equity. In order to incentivize this, the city could perhaps offer better terms to joint applications, e.g. higher maximum loans or even lower interest rates.

DOWN PAYMENT ASSISTANCE PROGRAM

One potential avenue for policy action is in down payment assistance offered by the city or county government. Specifically, one kind of down payment assistance pioneered by Washington County targets prospective buyers of (owner-occupied) homes under a certain value.[62] The assistance can be used for purchasing (or constructing) a home, on closing costs, on renovations to a home that is new to the owner, or on escrow reserves. The innovation is that the down payment assistance is not a handout; it can be paid back to the community either through volunteer hours (valued at $25/hour) or charitable giving to participating charities (for 70 cents on the dollar). The unpaid balance is due, in money, at the end of 5 years.

One of the hindrances of other Beloit assistance programs is the lack of truly affordable homes on the market; one of the advantages to this program is that it would permit the city to assist buyers of homes significantly above the poverty level, but by its design of repaying that assistance, to do so without being an abuse of government resources in the form of welfare to the middle class. It would also make it feasible for the city to promote homeownership from those who would not otherwise be able to own homes any time soon among the types of homes that can be found for sale. One of the downsides of this program is that it requires a significant capital investment up front.

The program has a lot of thresholds that could, of course, be modified to suit Beloit's particular circumstances. In Washington County, this program is limited to homes valued at $420,000 or less, and the assistance is either 10% or $20,000, whichever is less. For context, the median value of an owner-occupied home in Washington County is $293,300;[63] applying that same ratio to Beloit would yield a home price limit of $174,558, although different parameters could be used. Similarly, volunteer hours could be valued at more or less than $25/hour, while charitable giving could amount to more or less than 70 cents on the dollar, depending on Beloit's situational needs.

Conclusion

Beloit's housing market is one of tremendous promise. While the city has struggled to thrive and grow the way that some American cities have in the recent past, it has emphatically staved off the decline that has afflicted so many former industrial towns of the Midwest.

With housing, Beloit would do well to play to its strengths. Beloit already has an expansive system of bus transportation up and running; that value is underutilized if the residential-area stops the bus makes are in parts of town that otherwise expect residents to own cars and that require infrastructure and zoning to act accordingly.

Although the specter of opportunist and neglectful out-of-state landlords casts a shadow over Beloit, most of the rental ownership is in fact local and, with deliberate investments, could be assured to remain so for the long term.

Old housing stock and low property values remain a roadblock to prosperity. From the city's point of view, making affordable infill development more of an option is recommended. Private philanthropy, meanwhile, can play a role here by providing financial coaching for aspiring homeowners.

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