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W I S C O N S I N

THE VOICE OF THE WISCONSIN HOMEOWNER

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The Wisconsin Homeowners Alliance is a 501(c)(4) organization dedicated to representing the interests of Wisconsin homeowners and protecting Wisconsin's quality of life one home at a time.

Wisconsin has changed but we still like it here

Most say their communities have changed, but many believe most changes have been for the better

Editors Note: The Wisconsin Homeowners Alliance has commissioned a series of statewide public opinion surveys designed to help us understand what homeowners are thinking and talking about. The Summer 2006 Wisconsin Homeowners Alliance Survey interviewed 600 randomly selected Wisconsin residents statewide between May 2 and May 8, 2006. These results are an accurate reflection of the opinions of Wisconsin residents within a margin of error of plus or minus 4 percentage points. In designing each questionnaire, we have taken a hard look at the research conducted by the Wisconsin REALTORS® Association's Wisconsin Quality of Life initiative and talked with a lot of Wisconsin homeowners. In the process, we realized that much of what people had to say sounded like the things we were talking about with our families when we gathered around our own kitchen tables. Here's what we heard on our latest visit to Wisconsin's kitchen tables. Grab a cup of coffee and join us.

It probably comes as no big surprise to anyone that almost nine in 10 of us here in Wisconsin say our communities have changed in recent years. It may come as a surprise, however, to learn that most of us think the changes have been for the better or, at least, haven't hurt our communities or our quality of life.

The older we are, the more likely we are to believe that our communities have changed a lot. For example, while more than 85 percent of all respondents report either a lot (41%) or a little (45%) change in their communities, half of those over the age of 55 say their communities have changed a lot compared to 66 percent of those ages 34 and younger who say their communities have changed only a little or not much at all. Similarly nearly half (47%) of the people who live in the Milwaukee area think their communities have changed a lot compared to the slightly more than a third of the people who live in the Madison area (36%) and the Green Bay/Appleton area (38%) who say their communities have changed a lot.

We have a lot of different opinions about what prompted the changes in our communities, but there is a fair amount of agreement about what's changed. Population growth (29%) and changes in the economy (20%) were the two elements most volunteered as agents of change by Wisconsinites, with the remainder offering a vast array of other causes including 5 percent who said it was driven by poor land-use planning and unnecessary construction and 5 percent who said it was driven by good land-use planning and necessary construction.

On the other hand, when asked what had changed, most of us identified a number of areas in which

we believed important changes had occurred. Significantly, more than 70 percent said that important changes had occurred in the health of the local economy (79%), the condition of neighborhoods and housing (74%), the quality of public schools (72%) and the overall quality of life in their communities (79%). Perhaps most telling, however, is the fact that even though a majority indicated these community changes, most of them think nearly all of the changes have been for the better or that they have had little or no affect on their communities.

For instance, while four out of five homeowners said the quality of life in their communities had changed, 57 percent of that population said the changes had made their community a better place to live, 24 percent said they had had little or no affect and fewer than one in five (18%) said the changes had made their community a worse place to live. Similarly, of the 72 percent who indicated changes in the quality of their public school, more than half (53%), say that the changes have made their community a better place to live, and almost half (45%) of those who identified changes in the health of the local economy as important say those changes have improved things in their communities, while only 24 percent say the impact was negligible.

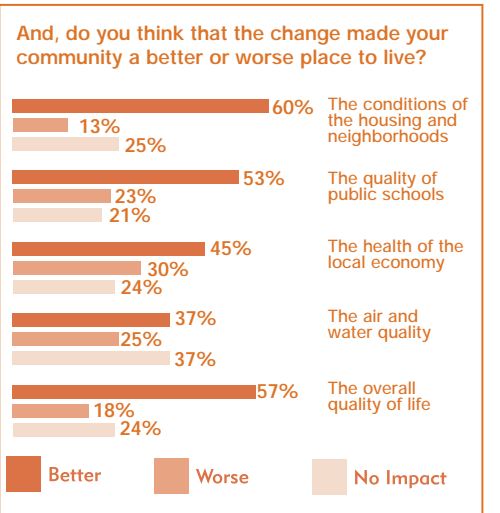
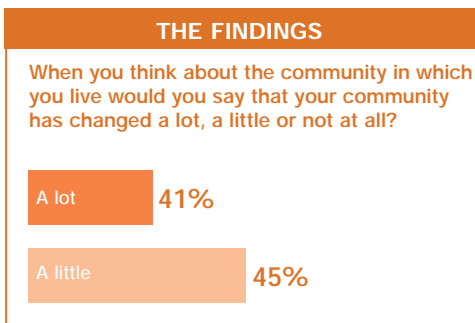
Also noteworthy, significant majorities indicated important changes within their community had occurred in the types of jobs and employment opportunities (69%), the types of people who live

there (61%), the amount of traffic (64%), the crime rate (64%), the quantity and quality of the farmland in the area (61%). But again, they say the changes have been for the better or had little or no affect on their community. Only two types of changes—increases in the crime rate and increased traffic—generated majorities (54% in both cases) of those who identified them as important also saying these have made their communities worse.

Here's another surprise. We see sprawl as part of the change, but we have mixed opinions about what it is, how much of it has occurred, and whether or not it's a good thing or a bad thing.

Given a choice, less than one in five Wisconsin adults (16%) chose to describe most sprawl in traditional terms as "...new commercial and industrial buildings and strip malls on the edges and outer rings of established communities." More than twice as many (39%) said they thought most sprawl was "...the construction of new housing developments on the farmland surrounding existing communities." And, more than a third (36%) identified most sprawl as "...the natural growth of communities expanding into the land that surrounds them."

More than two-thirds of us (69%) reported seeing either a lot or a fair amount of the type of sprawl we had described. Only 15 percent of us believe



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that sprawl is a very serious problem and 51 percent of Wisconsinites say sprawl is not a serious problem. In addition, when asked whether sprawl of the sort they had described would be good or bad growth for their communities, 54 percent said it would be good, while 36 percent said it would be bad.

The summer voices from our kitchen tables confirm that we Wisconsin homeowners are perceptive, flexible and comfortable with who we are.

We are not afraid of change—in our jobs, our schools, our neighbors and our neighborhoods—or growth in our communities primarily, one suspects, because we remain vigilant and committed to protecting that special quality of life that is unique to all of our Wisconsin communities. That’s good news for Wisconsin, for Wisconsin communities and for homeowners across our state.



Homeowners interested in value, cost and rights

Home improvement is one of the priorities when it comes to maximizing investment

Ever wonder why the cable television networks run so many of those home make-over shows? The answer is because (duh!) they’re popular! We know because we asked Wisconsin homeowners what topics and issues they’d like to read about in a homeowner focused publication like *Wisconsin Home* and the number one subject they identified was “home improvements.”

“Home improvements” was one of nine specific topics we identified and asked people to tell us which would be of the most interest to them. They were allowed to make multiple selections and to pick a category called “other.” Their responses provide some interesting insights into what people are concerned about or interested in and how age and income affect those concerns and priorities.

Nearly half of all respondents, for example, picked two topics (home improvements—32 percent and adding value to your home—16 percent) that suggest people are aware of and interested in protecting the economic investment they’ve made in their home. Other indications of interest underscore the public’s concern about the cost of homeownership and their rights as homeowners. The second most selected single topic, for example, was “property taxes and fees” (27%) and more than a third selected three topics related to property owner rights, including property owners’ rights (15%), government regulations on property use (11%) and environmental regulations (12%).

Interestingly, while interest in or concerns about taxes, rights and regulations remain stable across

almost all segments of our population, interest in home improvements and adding value to one’s property is affected by age, gender and income. Younger people, for example, are significantly more interested in improving the value of their homes than older populations. Nearly half (48%) of women aged 18–34 chose home improvements as an issue of interest, with another 19 percent of this group indicating an interest in articles that talked about adding value to their homes. Comparatively, only 21 percent of women over the age of 55 picked home improvements and 8 percent adding value. And, while 33 percent of men 18–34 selected home improvements and 26 percent chose adding value, only 8 percent of men over 55 selected adding value to their home and 25 percent had interest in home improvements.

Income also affects levels of interest. Approximately one-third of people with annual incomes of \$80,000 or more indicated an interest in home improvements (38%) and/or adding value to their homes (26%). On the other hand, only one-fourth of those with annual incomes \$20,000 to \$39,999 identified interest in home improvements (28%) and adding value (13%).

These numbers highlight the presence of an “affluent young” population—younger people with good incomes or access to capital who view their homes as investments and are likely to improve them, add value and then sell up. They also suggest that women in this group are more likely to focus on home improvements as a way of protecting or maximizing their investment (e.g.,

48 percent of women 18–34 selected home improvement compared to 33 percent of men in this age category), while younger men are more likely to focus on adding value to the home as the right approach (e.g., 26 percent of men in this age category selected adding value to your home, compared to 19 percent of younger women).

The bottom line? Expect the younger folks to keep driving the home improvement and rehab market and count on all homeowners to push back on anything that raises the cost of homeownership (think taxes) or impinges on their rights.

In recent years, numerous public opinion research projects have examined perceptions about the quality of life here in Wisconsin. A review of the data reveals that for most of us, quality of life issues are those that touch home and family most directly. The Wisconsin Homeowners Alliance aims to ensure that the voices of state homeowners continue to be heard in discussions about preserving and protecting Wisconsin’s quality of life. The Wisconsin Homeowners Alliance is a 501(c)(4) tax-exempt organization. For more information, please visit www.homeownersalliance.org.



Which projects add the most value to homes?

Owners want to know and also are interested in home improvements

With a home ownership rate of close to 80 percent, it's no wonder that Wisconsin residents show strong interest in home improvements and steps they can take to add value to their homes.

In a recent survey by the Wisconsin Homeowners Alliance, the desire to learn more about home improvements such as remodeling, room additions and exterior work ranked first among all interest areas. "Home improvements" was one of nine specific topics identified in the survey and respondents were allowed to select up to three choices. Property tax issues ranked second while adding value to a home was tied for third place along with government services.

Overall, 32 percent of state residents say they're interested in reading more about home improvements and surprisingly, men and women are evenly split in their desire to get more information.



At the same time, men and women show nearly equal levels of interest in projects that will add value to a home. According to the survey, 17 percent of men and 16 percent of women indicated an interest in reading more about ways to make their homes better investments.

Given that the nation's homeowners spent more than \$149 billion on home improvements and repairs over the past year, based on data from Harvard's Joint Center for Housing Studies, it's understandable that people here want to make sure their projects pay off.

The good news: according to data from *Remodeling Magazine* and the NATIONAL ASSOCIATION OF REALTORS®, mid-price kitchen and bathroom remodeling projects are among several projects providing a greater return on investment than in years past.

For example, with an average cost of \$10,499, mid-range bathroom remodeling projects add about \$10,727 to the resale value for a return of 102 percent, according to the *Remodeling 2005 Cost vs. Value Report*. That's up from a return of 88 percent in 2002.

Based on a comparison of 15 types of projects, mid-priced kitchen remodeling projects also provide a better return on investment than in previous surveys, with a \$43,862 project returning \$39,920, or 91 percent of the costs to remodel—up from 66 percent in 2002.

Surprisingly, while more expensive upgrades may provide more comfort for existing owners, top-of-the-line finishes and fixtures don't necessarily translate into more dollars when it comes time to sell the home.

In the case of a major kitchen remodel, for example, an upscale project totaling \$81,552 returns about 85 percent of that expenditure—or \$69,194 when the home is sold. Likewise, an upscale master-suite project, which costs an average of \$137,891 in 2005, returned only \$110,512 or 80 percent of the cost, according to *Remodeling Magazine*.

The editors of *Remodeling Magazine* collected the data for 15 types of projects in conjunction with estimates of costs recouped in 60 housing markets nationwide provided by the NATIONAL ASSOCIATION OF REALTORS®.

While the numbers for some specific projects are instructive for homeowners interested in projects that add value, the REALTORS® and homeremodeling experts caution that other factors also can come into play. In addition to the strength of the local housing market, neighborhood real estate comparisons also can affect the ultimate resale price of a home.

For example, in a neighborhood where most homes have two bathrooms, the decision not to add a second bathroom before putting a home on the market can have a negative effect on the ultimate sale price.

Lastly, looks do matter. In the most recent remodeling survey, upscale and mid-range siding replacement projects both ranked among the top five projects in terms of resale value, returning 104 percent and 96 percent of costs, respectively.