



WISCONSIN POLICY FORUM

Contact: Mark Sommerhauser, Communications Director & Researcher
(608) 982-0324 or msommerhauser@wispolicyforum.org

For release:
March 20, 2026

A Shifting Foundation: What Federal Housing Policy Means for Milwaukee County

Local agencies combat homelessness, housing affordability concerns, relying heavily on federal funds

Reliance on federal funds to support housing and homelessness programs in Milwaukee County – combined with recent federal debate about potential changes or funding cuts to these programs – creates substantial uncertainty about their future, a new [Wisconsin Policy Forum report](#) finds.

Housing affordability is a growing challenge in Milwaukee County and across Wisconsin, while homelessness remains an area of concern. Rising costs have strained renters and prospective homebuyers alike.

These challenges have been met with action from local governments and nonprofit organizations in metro Milwaukee. But many of their efforts depend heavily on federal funding streams that can fluctuate from year to year and are shaped by national policy decisions.

In recent months, Congress and President Donald Trump considered major changes to federal housing and homelessness initiatives, which would have reduced funding, consolidated programs, and altered eligibility rules. Ultimately, the final enacted 2026 federal budget largely preserved these programs. However, uncertainty remains, since future changes could still arrive either from new legislation or from administrative actions and executive orders and the litigation surrounding them.

This report examines how federal funds for housing and homelessness services have flowed to local governments and community organizations in Milwaukee County in recent years, as well as the potential implications of enacted and proposed federal changes. Our research was also informed by interviews with local officials, housing service providers, and other stakeholders.

A shift in strategy for homelessness programs

Milwaukee County's homeless population fluctuates from year to year but remains above 800. Federally funded efforts to combat homelessness in the county are coordinated by the Milwaukee Coalition on Housing and Homelessness.

Initial Trump administration proposals would have reduced and restructured federal homeless assistance funding. They also represented a significant departure from longstanding federal homelessness policy centered on permanent housing solutions, an approach that local governments and nonprofits in Milwaukee County have emphasized in their overall homelessness strategies. By contrast, President Trump's initial budget proposal and related administrative actions were intended to shift federal policy away from permanent housing toward shorter-term housing interventions and increased substance abuse treatment and accountability requirements.

The final 2026 federal budget ultimately preserved existing homeless assistance programs. However, this debate has complicated planning and budgeting efforts for local providers that prioritize permanent

supportive housing, which accounts for roughly three-quarters of the available beds for the homeless in Milwaukee County.

Major federal housing changes proposed but not adopted

President Trump's 2026 budget proposal also called for sweeping changes to federal programs that fund local initiatives for community development. This funding supports affordable housing and neighborhood investments, and rental assistance, which helps low-income households afford housing in the private market and in public housing.

The president's plan would have eliminated all funding for two bedrock programs, administered locally by the city of Milwaukee and Milwaukee County: Community Development Block Grants (CDBG) and HOME Investment Partnerships. The final enacted budget for 2026 ultimately maintained the prior year's funding levels for both programs. However, allocations from these programs to the city of Milwaukee and Milwaukee County have declined considerably over the last two decades, which has already limited the capacity of local programs.

The president's proposal also would have consolidated five rental assistance programs into a new State Rental Assistance Block Grant program, which would have been funded at 42.5% less than the combined funding levels for the five programs it would have replaced.

Ultimately, the final 2026 federal budget actually increased funding for certain programs to prevent some current participants from losing assistance due to inflation. In Milwaukee County, however, demand for rental assistance far exceeds available supply, and waitlists remain long. Without funding increases that outpace inflation, assistance cannot be expanded to more households.

Additionally, the Housing Authority of the City of Milwaukee – which administers these programs locally, as does Milwaukee County – faces financial and operational challenges that continued shortfall funding for public housing may exacerbate.

Tax credit changes could aid production

Some recent federal housing changes have the potential to support the production of more affordable housing in Milwaukee County. The One Big Beautiful Bill Act significantly expanded the Low-Income Housing Tax Credit program, the nation's primary tool for financing affordable rental housing construction and rehabilitation.

These changes will expand available resources for Wisconsin. However, the share of the state's credits awarded to housing projects in Milwaukee County fluctuates significantly each year, making local outcomes dependent on state allocation decisions, project competitiveness, and the availability of additional funding sources. The Wisconsin Housing and Economic Development Authority (WHEDA) administers the federal housing tax credit programs, as well as Wisconsin's state housing tax credit. As part of that role, the agency determines how these resources are allocated across the state.

[Click here](#) to read the report, which was commissioned by the Community Development Alliance.

The Wisconsin Policy Forum is the state's leading source of nonpartisan, independent research on state and local public policy. As a nonprofit, our research is supported by members including hundreds of corporations, nonprofits, local governments, school districts, and individuals. Visit [wispolicyforum.org](https://www.wispolicyforum.org) to learn more.