



HOUSE HACKING

House hacking, with the real numbers

How one Milwaukee duplex turned a housing payment into an asset - and what it actually took.

\$18,368

Cash in

\$88,476

Equity today

\$950

My housing cost now

16.3x

Leverage

START HERE

What this is, and what it is not

This is one building, in one city, bought at one moment. It is not a model, a forecast, or a promise that your numbers will look like mine. What it is, is honest: every figure in here comes out of a closing statement, a lease, a servicer statement or a market source, and every one of them is dated on the page it appears. I am telling you the parts that went well and the parts that did not, because a guide that only contains the good half is an advertisement.

\$234,000

What I paid

46

Months owned

I bought in May 2022 and the figures here run through March 2026. Where a number is an estimate rather than a document, the page says so.

THE PROBLEM

What renting already costs you

Renting is not throwing money away. It buys you flexibility, and flexibility is worth paying for. But it is worth knowing exactly what the flexibility costs, because most people never add it up.

Five years of rent, at what I would have paid

\$84,000

Equity you own at the end of it

\$0

Based on \$1,400 a month, which is what renting would have cost me in May 2022.



THE IDEA

One building, two units, one of them mine



House hacking is not complicated. You buy a building with more than one unit, you live in one of them, and somebody else's rent covers part of the payment. Because you are living there, you can use the loan programs meant for a home rather than the ones meant for an investment, which is where most of the advantage actually comes from. My tenant does not pay my mortgage. They pay a large part of it. I still write a check every month. It is simply a much smaller one than the rent I would be handing somebody else.

Upper unit: Leased

\$1,100 a month (the tenant)

Lower unit: I live here

Lucas

The financing

This is the part that decides whether you can do it at all - and the part where the difference between a home loan and an investment loan is worth tens of thousands of dollars.

[illegible]

THE FINANCING

Four ways to buy a building you live in

Program	Down	Units	Mortgage insurance
FHA	3.5%	1-4	Upfront premium plus a monthly premium that stays for the life of the loan at this down payment.
Conventional	5%	1-4	Monthly mortgage insurance that can be removed once you have enough equity.
VA	0%	1-4	None. There is a one-time funding fee instead, waived for some veterans.
WHEDA	varies	1-2	Depends on the underlying loan type.

Program terms change and vary by lender. Confirm anything here with a licensed loan originator before you rely on it. I am not one.

The catch in each one

1 The self-sufficiency test

On a three or four unit building, one program requires the appraiser's rent estimate to cover the entire payment on its own. Plenty of buildings fail it. A duplex is exempt, which is a large and under-discussed reason most first house hacks are duplexes.

3 The occupancy promise

You are signing that you will live there. It is a term of the loan, not a suggestion, and it is why these rates and down payments exist at all.

2 Mortgage insurance that never leaves

At the lowest down payment, one program's monthly insurance stays for the life of the loan. Removing it means refinancing. That is not a reason to avoid the program (FHA) - it is a reason to know the exit before you start.

4 Reserves

Several programs want to see cash left over after closing. Spending every dollar you have to get in is the most common way a strong file falls apart late.

Qualifying on rent you have not collected yet

This is the mechanism that makes a duplex easier to buy than its price suggests: a lender will usually let some of the expected rent count toward your income. How they measure it depends entirely on whether there is already a tenant.

A unit already leased

- What counts: The lease rent, cut by about a quarter
- Why: A contract, not a projection
- Bring: The lease and deposit proof

A unit sitting empty

- What counts: The appraiser's market rent opinion
- Why: Nothing is signed yet
- Bring: Order it with the appraisal, early

The reduction covers vacancy and upkeep. Nobody underwrites a rental as though it earns every dollar every month, and neither should you.

MY NUMBERS

What it actually took to get in

Not the down payment. The down payment is the number everybody quotes and it was barely half of what I actually needed.

The down payment

\$11,750

Lender and loan costs

\$3,304

Title, escrow and everything else

\$3,314

Total cash in

\$18,368.10

From the closing statement, May 2022. Of that total, \$8,976.52 left my account before closing day - earnest money, the inspection and the appraisal. Budget for that separately or it will surprise you.

MY NUMBERS

The half of the payment nobody warns you about

My payment has gone up since I bought. Not one cent of the increase came from the loan. The principal and interest were fixed the day I signed and will be fixed for thirty years. Taxes and insurance were not.

When I bought — May 2022

**Principal and
interest**

\$1,338.50

Taxes and insurance

\$552

Total payment

\$1,890

Today — March 2026

**Principal and
interest**

\$1,338.50

Taxes and insurance

\$712

Total payment

\$2,050

Escrow rose \$160 a month, or 29.0%. When you model a purchase, hold the loan payment flat and assume the escrow climbs. It is the single most common thing new owners get wrong.

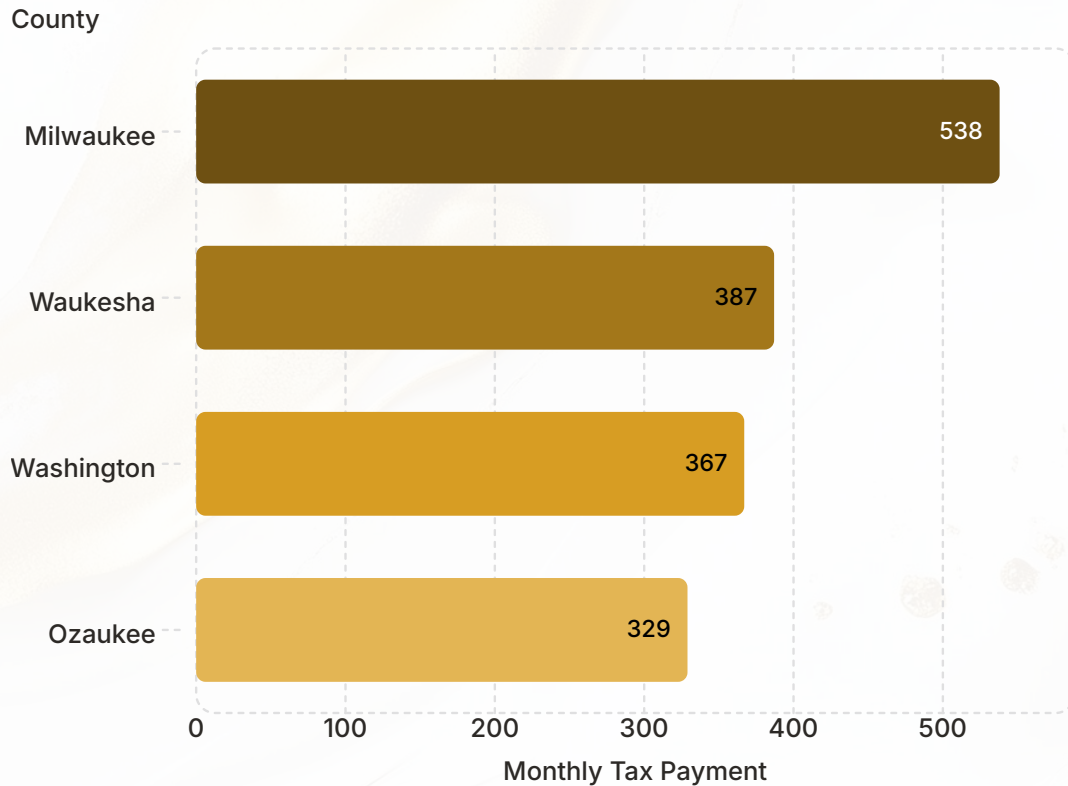


SECTION TWO

Milwaukee

Where the duplexes are, what they cost to hold, and the rules you take on the moment you own one.

The same house, four counties, four payments



Milwaukee County's rate is the highest of the four, and that is the honest trade: it is also where nearly all of the two-to-four unit housing stock actually is. The surrounding counties are cheaper to hold and have very little to buy.

The same \$250,000 assessed value in each county, so the rates are what differ - a spread of \$208 a month, \$2,500 a year. Rates as of December 2025; confirm the current figure for any specific address.

Where the duplexes are, and what comes with them

The near south side — Bay View, Lincoln Village

- Typical stock: Wood-frame two-flats, front porches, small lots
- What to expect: The most competition, and the strongest rents
- Watch for: Prices that have already moved a long way

The near north and west — Washington Heights, Sherman Park

- Typical stock: Larger duplexes, some with finished attics
- What to expect: More building for the money
- Watch for: Deferred maintenance, and rents that vary street to street

The inner suburbs — West Allis, Wauwatosa

- Typical stock: Tidy post-war duplexes and bungalow conversions
- What to expect: Steadier tenants, easier lending
- Watch for: Fewer listings, and less room to add value

Almost all of it predates the war. That means plaster, older wiring, and steam or hot water heat. None of that is disqualifying. All of it belongs in your inspection and in your reserve.

What you take on the day you close

→ The security deposit clock

Once a tenant moves out and returns the keys, you have 21 days to return the deposit or send an itemized statement of what you kept and why. Miss it and you can be liable for more than the deposit. (*Wis. Admin. Code ATPC 134.06(2)*)

→ Check-in inspection

Before a tenant pays a deposit, you have to tell them in writing that they may inspect the unit and report existing damage, and give them at least seven days to do it. This protects you as much as them: it is the record you will point at later. (*Wis. Admin. Code ATPC 134.06(1)*)

→ What you have to disclose

Uncorrected building-code violations you know about, and any condition affecting habitability, have to be disclosed before a lease is signed. (*Wis. Admin. Code ATPC 134.04*)

→ Pre-1978 means lead

Most Milwaukee duplexes predate 1978. You must give tenants the federal lead disclosure and pamphlet, and paid renovation work that disturbs paint has to be done by a lead-safe certified firm. (*42 U.S.C. 4852d; EPA RRP Rule, 40 CFR 745*)

→ Registration and inspection

The City of Milwaukee requires residential rental property to be registered, and some areas fall under a rental inspection program. Check the requirement for the specific address before you close, not after. (*City of Milwaukee Department of Neighborhood Services*)

→ The rest of it

Chapter 704 is the statute behind everything above: notice periods, entry, repairs, and how a tenancy actually ends. Read it once before you sign your first lease. (*Wis. Stat. ch. 704*)

This is an orientation, not legal advice, and it is not the whole of any of these. Read the citations, and talk to an attorney before your first lease.

SECTION THREE

The landlord reality

The part the videos skip. If the numbers only work when nothing goes wrong, the numbers do not work.



Where I actually stand

\$234,000

What I paid

\$88,476

Equity

\$300,000

What it is worth now

\$49,108

Equity beyond every dollar in

That last figure is the honest one. It is the equity left after subtracting what I brought to closing and every dollar of the renovation - which is money most versions of this story quietly leave out.

Value is my own opinion of value as of August 2026, not an appraisal. Balance is the servicer's actual figure at March 2026. All in, including the \$21,000 renovation, my basis is \$255,000.

What I got wrong the first time I told this story

Figure that was wrong	Where	Why	Now
\$48,632 equity gained	the earlier House Hacking deck	Reconciled with no combination of the underlying figures.	see this guide
\$610/mo saved versus renting	the earlier deck, the video, and the website	Subtracted 2026's rent from 2022's mortgage payment. Two true numbers that are false together.	see this guide
upper unit \$1,500 / lower unit \$1,100	the video	The units were swapped. I live in the lower unit and lease the upper.	see this guide
\$425/mo cash flow after moving out	the earlier deck	Built on a gross rent and a mortgage payment that appear in no record, and reserved about ten percent where fifteen is the convention.	see this guide

I published a version of these numbers before. Four of them were wrong. They are corrected above and throughout this guide, and the arithmetic is now generated from the source figures rather than typed, so it cannot drift again.

THE REALITY

Why my housing got cheaper, precisely

Here is the mechanism, and it is smaller and more specific than the version I told before. Market rents in my neighbourhood have barely moved. What moved was the rent on my own upper unit, after I renovated it - and it moved by more than my escrow did.

**What my tenant's rent
went up**

\$280

What my escrow went up

\$160

So my housing cost fell by

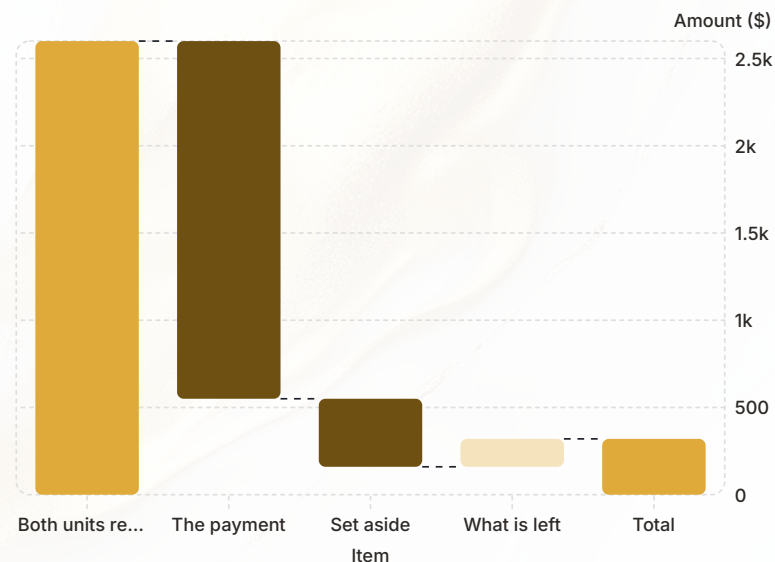
\$120

My cost of living there went from \$1,070 to \$950 a month. Against renting, the advantage went from \$330 a month to \$426 - about \$5,112 a year. Comparable rent from local listings, June 2026.

THE REALITY

The money you do not get to keep

If I move out and lease both units, the building does not hand me the whole rent. Underwriting convention is to set aside part of it for vacancy, repairs and the big-ticket items that come due eventually. Here is that same building, run honestly.



Both units rented
\$2,600

The payment
\$2,050

Set aside
\$390

What is left
\$160

Set-asides at 15% of gross rent. That leaves \$1,920 a year - and a single vacant month costs \$1,500, so roughly 1.3 months of vacancy erases the entire year. Cash flow is thin on a duplex. Anyone telling you otherwise is selling something.

What actually goes wrong

1 The furnace fails on the coldest night

Not the most convenient one. You are the person who answers that call, and the money comes from the reserve you either built or did not.

2 Somebody stops paying

Eviction in Wisconsin is a court process with real notice periods and real timelines. Learn them before you need them, not during.

3 A unit sits empty

The turn takes longer than you think - clean, paint, list, screen, sign. Two weeks is optimistic.

4 You live next to your tenant

This is the part nobody models. It is mostly fine, and when it is not, you cannot go home to get away from it. Screen carefully and put everything in writing.

5 The renovation costs more than the plan

Mine did. Set the budget, then decide what you would cut if it ran over, before you start swinging anything.

If you want to run your own numbers

01

Talk to a lender first

Not to get approved - to find out which programmes you actually qualify for. That answer sets your entire price range.

03

Run the payment with escrow climbing

Model the loan flat and the taxes and insurance rising. If it only works at today's escrow, it does not work.

05

Walk the building with your eyes open

Roof, heat, electrical, water. Everything else is cosmetic and negotiable.

02

Get the rent question answered early

Whether the units are leased changes what counts as income, which changes what you can buy.

04

Reserve before you buy, not after

Vacancy and repairs are certainties with unknown timing. Money set aside beforehand is the difference between an inconvenience and a crisis.

06

Then come and talk to me

I have done this on my own money, and I will tell you when a building is a bad idea. That is the whole job.

There is a free house hack calculator on my site that runs these numbers for any address, with the county tax rates already built in. No sign-up. It is the same one I use.

YOUR NEXT MOVE

Ready to explore house hacking?

Unlock the potential of real estate to significantly reduce your housing costs and build long-term wealth. It starts with understanding your options.



Personalized Consultation

Let's discuss your unique financial situation and investment goals.



Run the Real Numbers

Use our in-depth tools to project your potential savings and returns.



Find Your First Duplex

Navigate the market with expert guidance to secure the right property.

Don't just dream about financial freedom – start building it. Contact me today to take the first step towards house hacking success.

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What this guide is, legally

This guide describes one property I bought, in one market, at one point in time. It is not tax, legal, lending or investment advice, and it is not a prediction. Every figure carries the date it was true.

The current value shown is my own opinion of value, not an appraisal.

Loan program details change and vary by lender. Confirm anything here with a licensed loan originator before you rely on it.

Rental ownership has real tax consequences in both directions, including depreciation recapture when you sell. Talk to a CPA about your situation.

Rent estimates are estimates. Vacancy, repairs and capital expense are certainties whose timing is unknown.

I do business in accordance with federal, state and local fair housing law. Equal Housing Opportunity.