

Thinking Differently About Housing

Success Stories & Leveraging your Community for Housing

WISCONSIN RURAL PARTNERS

VIRTUAL RURAL SUMMIT

MAY 5, 2021



CEDAR CORPORATION

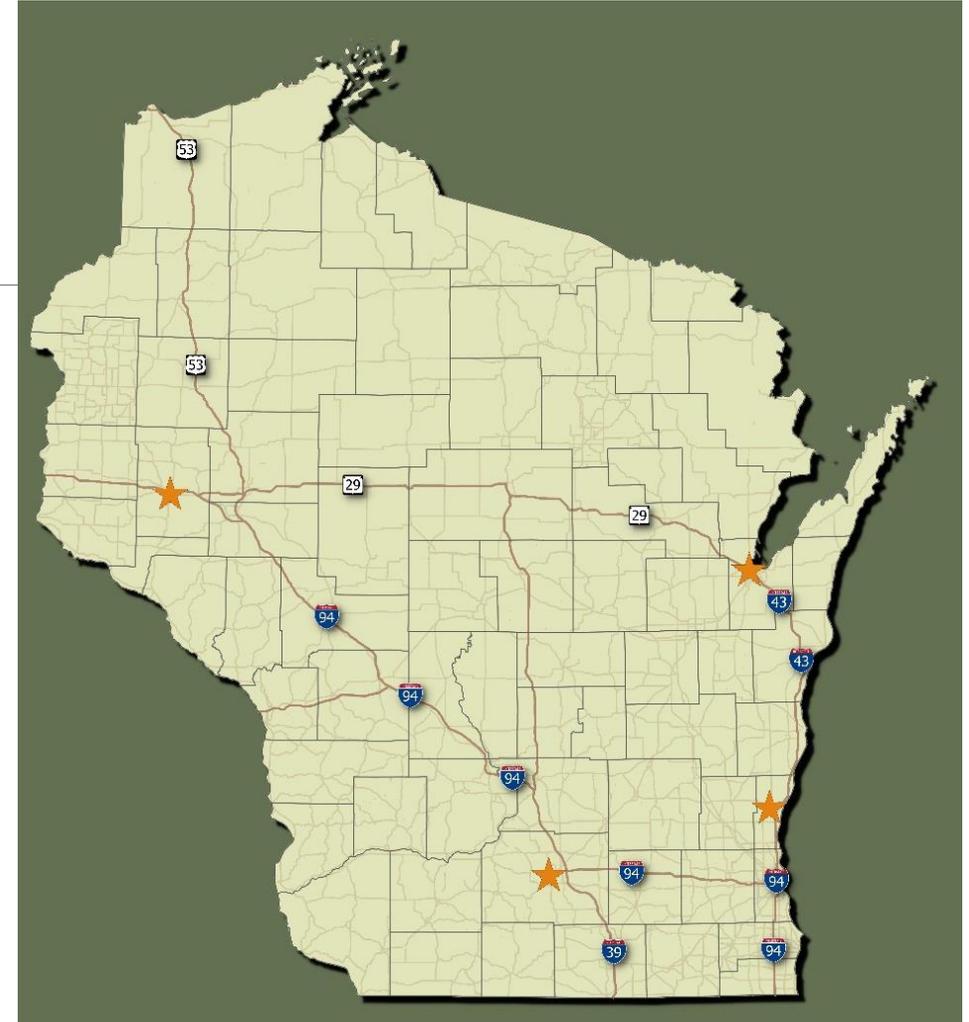
Full-Service Integrated Services Firm

Established 1975

90 Employees

4 Office Locations

- Menomonie
- Green Bay
- Cedarburg
- Madison



INTEGRATED SERVICES INCLUDE:

- ❖ Civil/Municipal Engineering
- ❖ Economic Development
- ❖ Funding Assistance TIF/Grants
- ❖ Planning
- ❖ Architecture
- ❖ Environmental Services
- ❖ Structural Engineering
- ❖ Surveying/GPS/GIS
- ❖ Transportation
- ❖ Water Resource Services
- ❖ Landscape Architecture
- ❖ Wastewater Services



Economic Development Services

- Economic Development Strategies
- Housing Studies
- Tax Incremental Financing Districts
- Funding Assistance/Project Proformas
- Market Analysis and Trends
- Economic Impact Modeling
- State of WI Certified Sites Program
- Gold Shovel Program
- Employment Trends and Workforce Analysis
- Cluster/Target Industry Analysis & Development
- Economic Development Incentives
- Business Attraction Strategies
- Business Retention and Expansion Programs

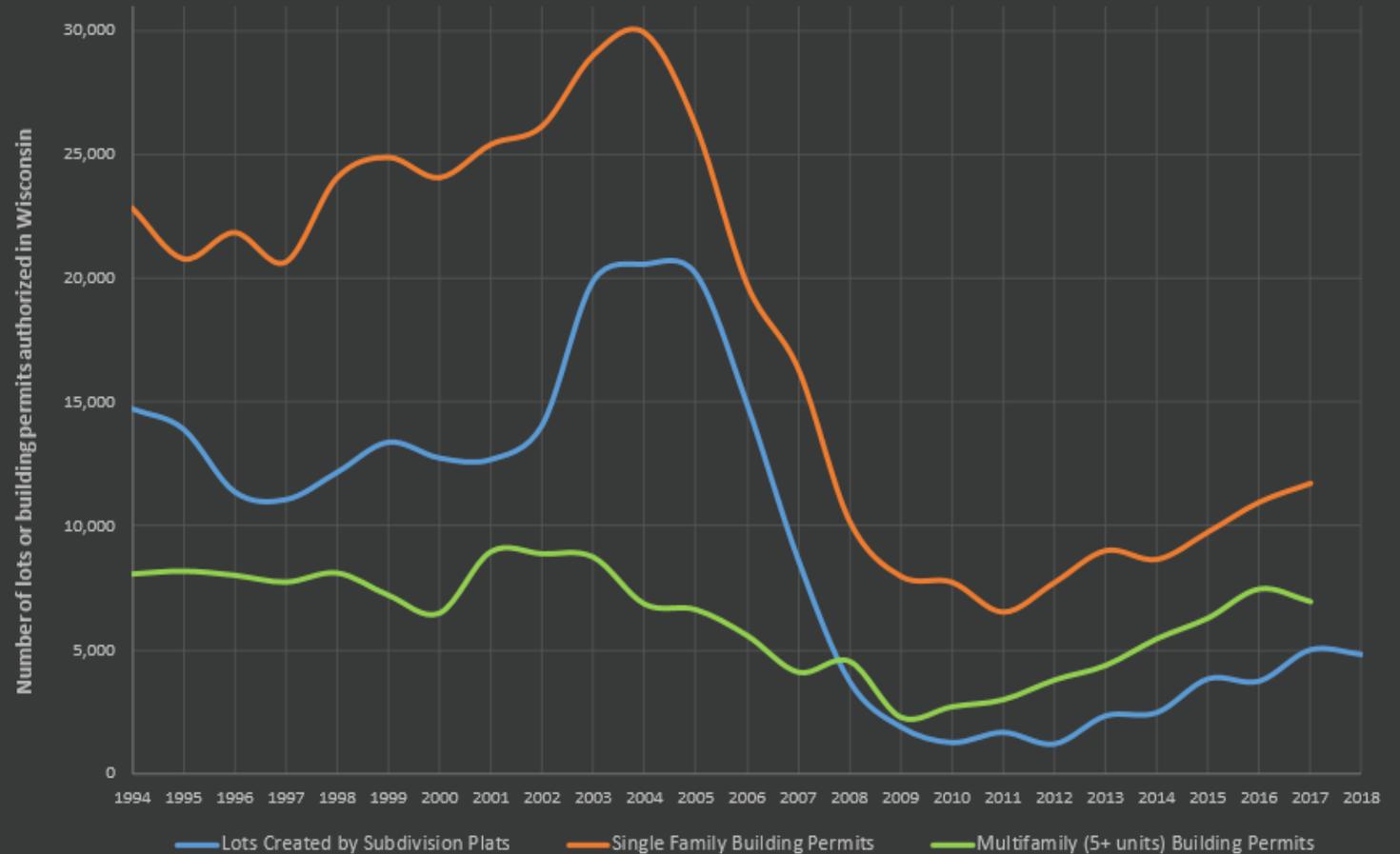
What Is Workforce Housing?

- ❖ Wisconsin Realtors Association; **“Workforce housing is the supply of housing in a community (a variety of housing types, sizes, locations and prices) that meets the needs of the workforce in that community.”**
- ❖ Urban Land Institute; **“Housing that is affordable to households earning 60 to 120% of the area median income.”**
- ❖ Department of Housing and Urban Development (HUD) defines an **"affordable dwelling"** as one that a household can obtain for **30% or less of its gross income.**

Housing Shortage

- ❖ Not enough homes being built since the Great Recession
- ❖ 75% fewer lots created
- ❖ 55% fewer new housing units being constructed

FIGURE 1



Source: Subdivision Lots from Wis. Dept. Admin.; Building Permits Database, U.S. Census Bureau.

Under Production of Housing Units

Wisconsin's 20 Largest Counties under produced 20,628 units (2006-2019)

	Growth in households (2006-2019)	Growth in housing units (2006-2019)	Housing "Underproduction" (2006-2019)	Previous Report Gap (2006-2017)
Milwaukee County	7,426	11,999		
Dane County	43,063	31,997	11,066	11,206
Waukesha County	14,321	13,294	1,027	2,213
Brown County	12,323	9,770	2,553	1,661
Racine County	3,751	2,994	757	
Outagamie County	6,668	7,499		
Winnebago County	4,364	5,581		
Kenosha County	4,378	4,212	166	
Rock County	2,954	1,954	1,000	1,036
Marathon County	2,864	3,957		
Washington County	5,290	5,021	269	
La Crosse County	3,873	4,629		
Sheboygan County	2,116	1,814	302	332
Eau Claire County	2,122	3,757		
Walworth County	4,936	3,268	1,668	537
Fond du Lac County	3,882	3,251	631	798
St. Croix County	3,515	4,255		
Ozaukee County	3,152	2,590	562	827
Dodge County	2,187	1,692	495	
Jefferson County	2,718	2,586	132	1,228
20 Largest Wisconsin Counties	135,903	126,120	20,628	19,838

Source: Author's calculations based on 2006 and 2019 1-year American Community Survey data, U.S. Census Bureau. Households are 1- or more persons who occupy a housing unit. Housing units include vacant structures for sale or rent.

What is Impacting the Housing Market?

Major Shift in the Market's Composition

- ❖ This is due to the record shortage of existing available homes.
- ❖ Historically new homes made up about 1 in 10 available homes
- ❖ Today, about 1 in 4 homes for sale are newly built, the highest share ever.
- ❖ Demand has risen across all geographies and all segments of the market, **particularly first-time buyers and 55+ buyers**

Construction Costs Rising Faster Than Inflation and Incomes:

- ❖ Severe labor shortages in the construction industry
- ❖ 73% of WI construction firms had labor shortages before the Pandemic
- ❖ Increase in material prices
- ❖ Increase in site development costs

“Rising construction costs mean that all forms of housing are becoming more expensive and less available. This creates barriers to homeownership and to rental affordability.”

Outdated Land Use Regulations

- ❖ Zoning that is too restrictive can compound the housing shortage
 - ❖ Lowers supply of housing units
 - ❖ Land becomes more expensive
 - ❖ Forces construction of more expensive homes
- ❖ Zoning ordinances should be reviewed for:
 - ❖ Density requirements
 - ❖ Lot size
 - ❖ Parking requirements
 - ❖ Lot width

Infrastructure

Average Total Cost Per Year for a “Typical City Block” (330 feet)

Avg cost per 330 ft	1998	2008	2016	2017	2018
Total Construction	\$60,891	\$102,455	\$152,462	\$172,194	\$173,356
Costs Per Foot	\$185	\$310	\$462	\$522	\$525

Public infrastructure costs per lot based on per foot costs

Infrastructure cost	1998	2018
100' wide lot:	\$9,200	\$26,250
80' wide lot:	\$7,380	\$21,000
50' wide lot:	\$4,600	\$13,125

What Are Housing Developers are Seeking

- ❖ Proof that there is a demand for housing in a market
- ❖ A Community that knows what it desires vs what it needs
 - Single family vs Multi-family
 - Market rate vs Workforce / Affordable housing
- ❖ Reduced or no land costs
- ❖ Infrastructure costs are offset or paid for (Public Private Partnership)
- ❖ Land that is ready to go (properly zoned, no environmental issues, etc.)

Ways to Facilitate Housing Development

- ❖ Determine Market Demand
 - What are your market drivers? Whose hiring at what salary range?
- ❖ Determine housing type single family vs multi-family or mixed
- ❖ Price point; Affordable/workforce, market rate, mix
- ❖ Identify land that is “ready to go”
- ❖ Set design standards: paving, materials, landscaping, assessed value
- ❖ Determine what, if any, incentives you will offer (TIF)
- ❖ Gain community support / buy-in for housing
- ❖ Compile into a concise marketing piece

So, what are communities doing?

❖ Performing Housing studies to

- Understand the need
- Educate elected leaders and Citizens of the needs

❖ Creating Public/Private Housing funds

- In Madison, a number of the larger companies have created a workforce housing fund, administered by the Madison Development Corporation.
- Wausau and Menomonie have created down payment assistance program

❖ Taking the one-year TIF housing extension

❖ Identifying where housing should go and investing accordingly

- Eau Claire, Menomonie – master planning by community

So, what are communities doing?

- ❖ Updating of zoning code to facilitate different housing types
 - Allowing for: ADU's – accessory dwelling units, mixed use projects, smaller lots sizes
- ❖ Seeking corporate involvement/investment in local housing projects
- ❖ Waving or reducing development fees
- ❖ Creating of RPQ's seeking housing developers on a particular site
- ❖ Gaining control of land either directly or through option agreements and then donating the land or subsidizing the land

Challenges and Opportunities Facing Workforce Housing

- ❖ For municipalities, it's figuring out what they want their communities to look like in the next 20 years, and then incentivizing the priorities they identify.
- ❖ For the development community, there is a really great opportunity in figuring out how to get workforce housing done the right way because there is a lot of demand that will be coming into the market.

Thank You

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