

Report to the Manitowoc Plan Commission

Meeting Date: February 23, 2022

Request: 25-2021: Project Update - Barriers to Development

Report: Community Development reached out to 20 neighboring communities asking them to complete an on-line questionnaire regarding their residential subdivision development standards and if they financially support residential subdivisions. 9 communities responded; the Cities of Appleton, Sheboygan, Fond du lac, Neenah and the villages of Ashwaubenon, Howard, Kohler, Hobart, Pulaski.

Please review the survey responses and make some notes on any key points that you may have gotten from the survey. The goal at the Plan Commission meeting is to have an open discussion on the survey and working towards creating a list of potential recommendations to the zoning code or subdivision design guidelines to help spur residential development, increasing housing options for the entire housing market.

Attached are two articles from the Municipality magazine that focus on housing in Wisconsin and some practices that a community could look at to increase housing availability and housing affordability.



Best Practices for Successful Housing Strategies

Melissa Hunt, CECD, EDFP, Municipal Services Manager, Mark Steward, AICP, Senior Community Development Consultant and Kurt Muchow, EDFP, Community Development Consultant, Vierbicher

You've all heard stories about the housing crisis. Your employers desperately need employees, but their new hires cannot find housing. Or your local school district just hired five new teachers for the upcoming school year, but they cannot find housing.

You are not alone. The demand for housing far exceeds the supply in many communities across Wisconsin. Local officials are pressured to not only create new housing but create affordable housing.

As a result, many successful best practices have emerged to help municipalities navigate the housing process.

Are You Development Friendly?

Your community claims to be "development-friendly," but how would a developer rate your community on a scale of 1 to 10? How can communities become more attractive to developers and identify best practices for successful housing strategies?

Planning for the Plan

Identifying your community's unique needs is the first step. Plans provide visions for the future and the structure for making that future possible. Many communities have plans across topic areas and local geographies, over widely varying timelines and with different implementation schedules. How up to date are your comprehensive and your future land use plans? Do you have a good understanding of the type of housing needs in your community? Does the community's capital improvement plan align with your plans and goals?

Successful Housing Strategies

New challenges require new ideas. Communities need to be flexible and open to different approaches. In our experience, best practices include:

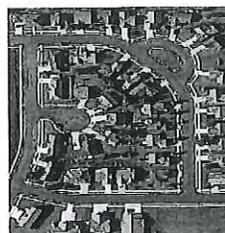
- **Ordinance Amendments:** Modify design standards to reduce development costs. Update zoning standards to accommodate higher density or newer housing products such as zero lot line housing.

- **Local Housing Strategies:** Each community is unique, and so are the obstacles to developing new housing. Topics to consider include land availability, developer recruitment, community-led projects, transitioning single-family housing stock from seniors to young families, mixed-use development, and more.
- **Tax Incremental Financing (TIF):** Using TIF to create newly platted residential development and affordable multi-family housing.
- **Public Funding Programs:** Explore available public funding opportunities to create affordable housing including WHEDA low-income housing tax credits and loans, USDA Rural Development loans and loan guarantees, HUD HOME, and CDBG programs.

Put it all Together

Best practices include:

Design Guidelines. Infrastructure represents a considerable cost for new residential development. While local design guidelines need to ensure the infrastructure is adequately designed and constructed, there are modifications to standard guidelines that can reduce costs. For example, many communities have found that narrower streets not only reduce cost but arguably improve safety due to calming traffic. Reducing the street width from 40 feet to 32 feet can reduce infrastructure costs by 15%.



Higher Density Housing. Increasing the density of new residential development can significantly reduce the development costs per unit. Residential development costs include land acquisition, entitlements and fees, professional services, infrastructure, marketing, and carrying costs. Many of these costs are fixed, so the cost per unit decreases if they can be spread over more housing units. For example, single-family lots that are 60 feet wide have roughly a 40%

lower development cost per unit versus 100-foot-wide lots. Due to market constraints, many communities have already experienced higher density development and have updated their local zoning ordinances to meet that need.

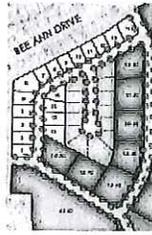


Zero Lot Line Housing. Zero lot line zoning is quickly gaining in popularity across the state. This zoning allows owner-occupied units to have common walls between the units. Zero lot line zoning benefits include less administrative cost versus condominiums and a significant

reduction in development costs versus conventional single-family housing. For example, a two-unit owner-occupied building can result in a 40 to 50% reduction in development costs versus conventional single-family housing. As a result, developers using zero lot line housing are finding significant interest from first-time home buyers, empty nesters, and seniors.

Senior to Workforce Housing Transition. An emerging strategy to address the demand for workforce housing is to transition existing housing stock occupied by senior citizens to workforce housing. Supplying affordable housing for young working families will help address the workforce shortage, plus bring school-age kids into your community, which many rural school districts desperately need. But there is one challenge. Many seniors want to stay in their homes. To address this challenge, communities can promote the development of attractive housing options for seniors that will make them comfortable making a move. New developments should provide optional housing choices, including rental or owner-occupied, plus amenities available to enhance quality of life.

So what is the potential benefit of this strategy? Imagine if your community could convert 50 housing units from seniors to workforce-age families. The number of residents per unit could increase from 1.5 to 4.0, resulting in a population increase of 125 persons. Within this increase in population, there is the potential for 75 workforce-age persons and 75 school-age kids.



Public Funding Strategies. While there are many public programs available to promote affordable housing, Tax Incremental Financing (TIF) is the best local funding tool available to municipalities. There are numerous TIF strategies available including: **Mixed-Use Tax Incremental Districts (TIDs):** Mixed-Use TIDs are the only

TIDs that can fund newly platted residential development. Up to 35% of the territory within a Mixed-Use TID may be devoted to newly platted residential development. Eligible TIF expenditures include land acquisition, infrastructure, site development, developer incentives, and other soft costs. In addition, the development needs to meet one of the following criteria: density of at least three units per acre, conservation subdivision, or a traditional neighborhood.

- **Affordable Housing Extension:** Communities can now extend the life of a TID for up to one year and use the additional revenue for affordable housing. At least 75% of the additional revenue must be used for affordable housing - defined as housing costs that are less than 30% of the household's gross income. The remaining funds may be used to improve the housing stock anywhere in your community, not just within the TID.
- **Infill, Redevelopment & Rehab-Conversion Housing:** New housing development, not involving newly platted residential, can be funded by most types of TIDs. These projects may include multi-family housing on vacant parcels, redevelopment sites, or converting old buildings to residential. TIF can be used for acquisition, demolition, environmental remediation, site improvements, infrastructure, developer incentives, and soft costs. In many cases these types of projects also use other public funding programs like WHEDA's Low Income Tax Credits or loans or loan guarantees from agencies such as WHEDA, USDA Rural Development, or HUD. Thus, TIF can play a critical part in bridging the financing gap and can be leveraged to secure other funding.

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From starter to senior housing, creative communities make decisions that are in the best interest of citizens and are market friendly. Smaller lots sizes, walkable neighborhoods, and increased community amenities are trends that we will continue to see and will be what people look for in their neighborhoods. We will also continue to see the need for more affordable housing options in our communities. This means homes our teachers, healthcare workers, and young professionals can afford. This may mean elected officials have to make the decision to embrace change, be flexible, and explore outside-the-box thinking. The communities that put together the best mix of housing options should experience growth in their community, increases in tax base, and will provide flexibility, options, and opportunities for all residents.

About the Authors:

Melissa Hunt, CEcD, EDFP, is the Municipal Services Manager in the Madison office of Vierbicher. Melissa has over 15 years of experience assisting communities with developing and implementing effective community development strategies. Prior to her role at Vierbicher, Melissa worked for local economic development corporations and WEDC. Her experience gives her unique insights into the development process and community preparedness. Contact Melissa at mhun@vierbicher.com

Mark Steward, AICP, is a Senior Community Development Consultant for Vierbicher and has over 20 years of experience

in and with municipal government. Mark's expertise is in community development, planning, and public administration. Prior to his role at Vierbicher, Mark served as a city administrator giving him "boots on the ground" experience with planning, organizing, and implementing local community development programs. Contact Mark at mste@vierbicher.com

Kurt Muchow, EDFP, has over 40 years of experience at Vierbicher serving as a Community Development Consultant to Wisconsin municipalities. He has extensive experience with planning and implementation of community development programs, with particular emphasis on economic development, affordable housing, capital improvements planning, grant writing, and tax incremental financing. He has considerable experience with development planning, developer recruitment, and assisting communities to execute housing projects. Contact Kurt at kmuc@vierbicher.com

About Vierbicher Associates, Inc.:

Vierbicher started in 1976 with the mission to enhance Wisconsin municipalities and their residents' quality of life. Today, more than 45 years later, their multi-faceted team continues to help Wisconsin villages, towns, and cities meet their unique development and revitalization goals – all with the least impact possible to taxpayers. Vierbicher's services include: municipal engineering, planning & community development, water resources, surveying, GIS, and landscape architecture.



Want to Learn More?

Join us at the League's 123rd Annual Conference for **Successful Housing Strategies** on October 21, from 10:30 – 11:45 a.m. The session will address why it's essential to be development-friendly, what that means, and how your community can enhance its ability to promote housing. Topics will include community preparedness, processes, funding, and regulations.

You can register today at: <https://www.lwm-info.org/731/Annual-Conference>

For additional background, read "Local Governments Innovate to Meet Housing Demands" by Jerry Deschane in the September 2021 *The Municipality*.

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Introducing *Enabling Better Places: A User's Guide to Neighborhood Affordability*

Curt Witynski, Deputy Executive Director, League of Wisconsin Municipalities



We are pleased to announce a new Wisconsin-specific League tool to help communities adjust their zoning code and remove obstacles to the development of more affordable housing. Last year, the League partnered with the Congress for the New Urbanism (CNU) and a broad group of Wisconsin organizations¹ to develop a new guide for making small zoning changes to better enable the creation of more workforce and “missing middle” housing within a community.

The guide, *Enabling Better Places: A User's Guide to Neighborhood Affordability* will be posted to our website in mid-February here: <https://lwm-info.org/1473/Housing>

Municipal officials in Wisconsin, like community leaders across the nation, are struggling to make more affordable housing options available in their communities. The availability and pricing of housing is not meeting the needs of people working in jobs that are vital to the success of Wisconsin communities, such as: teachers, firefighters, small business owners, and service industry workers.

There are many reasons for a lack of affordable housing in Wisconsin communities. One cause that local policymakers can address is outdated local zoning regulations and policies that inadvertently restrict the housing market. Much of the existing housing stock in Wisconsin cities and villages consists of large, single-family homes which may not be affordable – or

practical – for the makeup of modern households. It is critical to make the process of adapting existing housing stock and building smaller and more varied housing easier.

The *Enabling Better Places* guide recommends a menu of changes to local zoning codes that Wisconsin communities should consider making and explains how best to accomplish the changes, including ways to convince a skeptical public. The guide includes tools to assist in the process of code reform such as sample ordinance language.

Examples of code changes the guide recommends include the following. Doing any of these will put your community in a better position for offering more housing options:

- Allow multi-unit housing as permitted uses in single-family zoning districts which have historically included two-family and multifamily.
- Realign lot widths and areas to match historic patterns favoring narrower lots.
- Reduce setbacks to historic distances to allow greater use of existing lots.
- Allow accessory dwellings by right for all single-family zoning districts.
- Permit residential uses within downtown and Main Street zoning districts.
- Permit residential uses, including multi-family, in commercial districts.
- Manage residential density with building types not units per acre in each district.
- Reduce or eliminate parking minimums.
- Assess and streamline the subdivision and workforce housing application process, including standards that direct development outcomes and a time limit on municipal response.

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1. The League thanks the following organizations for contributing financially and/or offering technical advice on the development of *Enabling Better Places: A User's Guide to Neighborhood Affordability*: Wisconsin Realtors Association, Wisconsin Builders Association, AARP-Wisconsin, Wisconsin Housing and Economic Development Authority (WHEDA), National Association of Industrial and Office Parks (NAIOP)-Wisconsin, and the American Planning Association - Wisconsin

Training on How to Use the Guide. CNU faculty will be in Wisconsin this month to provide training for municipal elected officials, staff, and private planning consultants interested in using the guide. Join us for our in-person training:

February 21 – Eau Claire, Morning Session 9:00–11:30 a.m.
Afternoon Session - 1:00–4:00 p.m.

February 22 – Plover, Morning Session 9:00–11:30 a.m.
Afternoon Session - 1:00–4:00 p.m.

February 23 – Oshkosh, Morning Session 9:00–11:30 a.m.
Afternoon Session - 1:00–4:00 p.m.

Both the morning and afternoon sessions will focus on the methodology of incremental code reform and the process and implementation described within the guide. The training will cover how to use the documents in the guide, navigating the steps to amending a code, and determining where to start. The **morning session** will include content geared for elected municipal officials, city and village administrators/managers, builders, and advocates. The **afternoon session** will be geared toward municipal planning staff and private planning consultants. You may attend both sessions.

The goal of the guide and the training is to show that bite-sized zoning code changes are possible and can have an immediate impact on removing obstacles to the development of workforce and missing middle housing.

Register for Training Sessions: Register for training sessions on how to implement the recommendations made by the *Enabling Better Places: A User's Guide to Neighborhood Affordability* here: <https://lwm-info.org/1569/Using-the-Leagues-Zoning-Guide>

About the Author:

Curt Witynski is the League's Deputy Executive Director. He joined the League staff as assistant legal counsel in 1987. Before becoming Deputy Executive Director, Curt served as the League's Legal Counsel for eight years. Contact Curt at witynski@lwm-info.org

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