

Report to the Manitowoc Plan Commission

Meeting Date: Wednesday October 27

Request: PC 25-2021: Discussion Related to Barriers on Development in the City of Manitowoc.

Report: At the June Plan Commission meeting the Commission and Community Development staff began the discussion on what are the barriers to development mainly looking at why there have not been any residential subdivisions since 2012.

On Tuesday Oct 19 the City hosted a Housing Roundtable discussion with builders, developers, realtors, Progress Lakeshore, MPU representative, and city staff from Community Development and Building Inspection. There were approximately 12 non-City individuals present.

Attached are the main talking issues/concerns raised from the discussion.

CHALLENGES AND BARRIERS TO HOUSING DEVELOPMENT

- Barriers to where are you going to build? Majority of lots are in Silver Ridge – 66 currently – but not a lot of interest Why do people want to build on north side. Currently 90 homes on market, 60 with offers. Examples that there is no inventory. Statistics show that there is need. George has data he would be willing to provide. Affordable housing is a trending topic on local social media comments as well.
- Taxes too high on undeveloped lots in subdivisions. Example: paying \$1k year on a vacant lot, what services will City provide. Would not do that again – too much risk. Concerned about the calculated risk a developer is taking during development. Too much risk with an uncertain return on investment.
- Private Storm water ponds are a concern. Pond property's, let them go tax delinquent and then the City or County gets them.
- Holding costs are too high for residential subdivisions.
- Woodridge example. Custom home built and customer was frustrated because the road was not developed, and is still in gravel. Out of pocket with additional costs. Difficulty pouring driveways, but could not because there was no final grade set for the road and sidewalk. People do not want to deal with gravel driveways or streets. Wild Oak Drive for example. Concrete streets too costly.
- Width of streets in other communities are narrower. A lot of roads are over built. Local roads could be black top. Are sidewalks necessary on all roads, especially local roads. Pave roads and curb right away. Lots of checklists from Engineering. It's a paperwork nightmare and too many hoops. As a business, 20-25% return on dollar. Too much risk.
- City should not become a residential subdivider of land, that should be left to private sector. City could provide incentives or assume some of the risk.
- Got out of subdivisions as there was too much expense. Out of area development cost, \$55k per lot. This is asphalt. Residential subdivisions need incentives to do it.
- Woodridge and Indian Bluffs still have still gravel roads and it started in 70-80s. It's overbuilt with wide concrete street and curb & cutter. People don't walk on the sidewalks in that area. Safer to walk on the street.
- Green bay are 60' ROW. Howard is \$750/foot. Density matters too.
- Need for residential lots is more of an issue that we think. Location driven issues. Nice subdivisions, but people are not drawn there.
- Silver Ridge is not desirable area to build and clients seem to shy away. Not attracting buyers. Lots of calls from people looking to build. Discussed Mishicot and use of asphalt streets versus concrete streets.
- People have so many THINGS that people want larger garages.
- Appraisals come in low in Manitowoc because there is nothing to compare it to. Custom homes have nothing to compare. Compare to spec homes – there is not spec home market in Manitowoc. Said that there is no market because of the risk. Chews up profit.
- Developer needs \$70,000/ lot to make any money
- A mix of lot types all over the city is needed
- Shared Denmark example. Built two with TIF assistance and kicked off built 150 homes in the community.
- Economy is great, everyone is hiring. Is this the market to take a risk or is it uncertain? Will people be changing jobs? 35% estimated to change jobs in the next year.
- City should consider a private drive for condos. It is currently discouraged.
- Not enough higher end lots available, individuals in this market are buying larger rural lots.
- In other communities, condos = PUDs, due to financing abilities with secondary market. Easier to finance and then there are public streets.
- Too many building codes / regulations
- Is some of this because Manitowoc not keeping young people here. What is the City doing to bring more industry? Housing is not the magic bullet
- New to town within last 18 months. Recruitment barrier for local industries because there is not enough housing.

OPPORTUNITIES FOR HOUSING DEVELOPMENT

- Not a lot in a subdivision where covenants allow less than 1800sf. Some want to build smaller homes.
- Housing inventory shows there are buyers for everything. There is not enough of anything. Example of subdivision on north side of Sheboygan. Smaller twin-dominiums. Example of this would likely go over well in Manitowoc.
- Snowbirds. Affordable options so seniors can maintain two homes. Work with a lot of snowbirds, the \$250,000 house is feasible for them but new construction for that price is difficult to achieve, \$300,000 is more practicable.
- Even twin-dominiums. is \$300k. The \$250k market is hard. You'd need incentives to get to that level. State sprinkler requirements and that is commercial code and cost prohibitive.
- Amount of code requirements at the state level & enforced locally. BI needs to be on board with everything here too. State dictate codes, but BI inspectors dream up ways to interpret code.
- Some builders hire a structural engineer to write letter of approval to allow for a footing and basement to get backfilled, which adds costs.

WAYS CITY CAN PROMOTE HOUSING DEVELOPMENT

- Builder has two building that could add 8 units. Code requirements are a barrier – ingress/egress, life safety and sprinkler systems. This prevents development issues. Immediate expense of \$80k.
- Incentives are great, but for developers need to pick what is best for them. Financing is available, but not developments. Municipalities will assess back to the lot to make it more feasible for developer. Risk wise it's easier for developer/builder. Example, Howard has City to design subdivisions/infrastructure.
- City offsetting cost of infrastructure using TIF would be beneficial. Look at all incentives to get someone to do a subdivision.
- Understand the concept of mixed residential uses in neighborhoods but their experience is that buyers don't want the mixed residential type of uses. ie. single family next to an apartment building.
- City needs to get creative with incentives; city or mpu needs to off-set costs of utilities
- Council should recognize Manitowoc is not fast-growing. If more housing is needed, incentives need to be available. No massive growth here like GB or Appleton.
- Does not recommend City buy land for development. Has to be a right situation.
- Public Utility in Manitowoc, where utilizing them to skirt some of the issues.
- Discussions occurring about what is public utilities role in economic development.
- Sewer hookup fee is same for house and apartment and business. AMMO building and their cost is the same. An apartment pays per unit while a larger manufacturing pays very little but may have more demands on the waste water treatment facility.
- Storm ponds are a cost issue.
- People asking for side by side duplex with fenced in back yard. Can be cost prohibitive for renting. There is affordability and willingness. Green Bay & Sheboygan are 10-20% higher rate market. People are frugal in Manitowoc.
- Gap is not closing between Manitowoc and other communities; both of our rents are increasing. Cost to build in Manitowoc is the same in other areas, but lease rates are less in Manitowoc.
- Lots of things missing in Manitowoc. Seeing people fighting upward.
- Lots of people buying first home in Manitowoc, moving to country after first home. Leaving the City due to lack of lots, costs. People are leaving because people want larger lots.
- 60-70% of people do not want to build homes. Too many decisions to make. Spec homes needed.
- Is there a way the City can be state certified to review plans? Apparently Two Rivers is. Could be staffing capacity. Could be revenue source for the City.
- Consider subcontracting with the person in Two Rivers.
- Other communities will hire out the task to other entities, ie consultant. Would have liked to have the Mayor or others in the City at the discussion.

NEXT STEPS

- Would invite people to come in and discuss with Plan Commission, Council, Mayor, etc.
- Would people like to come back to continue discussion after internal meetings.
 - o Would like a follow-up.
 - o Would like to stay engaged – emails, Zoom meetings,
 - o Adam said will follow up in January to report back what has been done.
 - o Adam to email demographic information. For both Manitowoc and Two Rivers.
 - o Send storm water pond information.