



# Affordable & Workforce Housing

February 18, 2022

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# What is Affordable and Workforce Housing?

Workforce housing is defined as **housing that is affordable to households earning between 60% and 120% of an area's median income.** It targets middle-income employees, those who often work in fields such as law enforcement, manufacturing, education, health care and retail.

-Dec 20, 2021

# Recent Headlines

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- Housing wealth soars as home equity grows by 42%
- Housing wealth setting new records for owners & sellers
- Inflation is real. Buy real estate!
- It's agony! Rising rates, low supply & high prices frustrating house hunters
- Hiring crisis causing serious problems for real estate market
- Lack of affordable housing crimping lives, economy

# Soo...How Do We Build Workforce Housing?

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1. Create a dedicated housing fund
  - ✓ Reuse CBDG funds
  - ✓ Federal & State funds
  - ✓ Mixed-use TID (35% newly platted for residential)
  - ✓ 1-year TID amendment allowance
2. Repurpose vacant land & underutilized retail space
3. Adopt inclusionary zoning
4. Develop County-wide initiatives (*more to come...*)

# Welcome Panelists!



**TOM LARSON**

*Senior Vice President for  
Legal & Public Affairs*

- An overview of the Wisconsin housing market (primarily single family), including affordability and housing trends

# Welcome Panelists!

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**STEVE DeCLEENE**  
*President*

- Affordability issues dealing with land prices, labor force & material costs
- How to develop in this market & tools to drive down the cost of development to meet workforce housing demands



# Welcome Panelists!

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**WASHINGTON  
COUNTY**  
EST 1836  
WISCONSIN



**DEB SIELSKI**

*Community Development  
Director*



- County housing study
- Limitation on economic development & growth due to a lack of affordable housing in the County
- Preliminary thoughts on the type of assistance to be provided to generate workforce housing in the County

# Wisconsin's Housing Market Overview



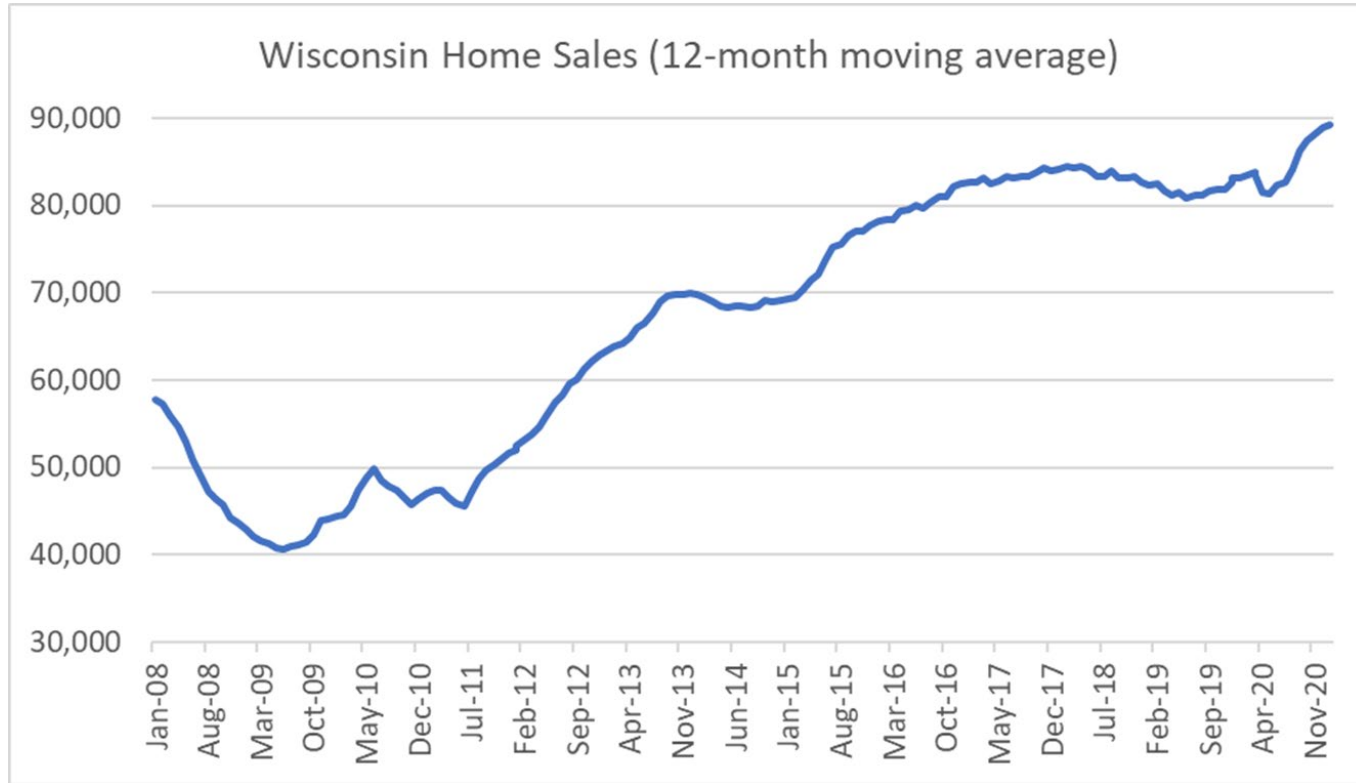
# Tom Larson

# Executive Vice President,

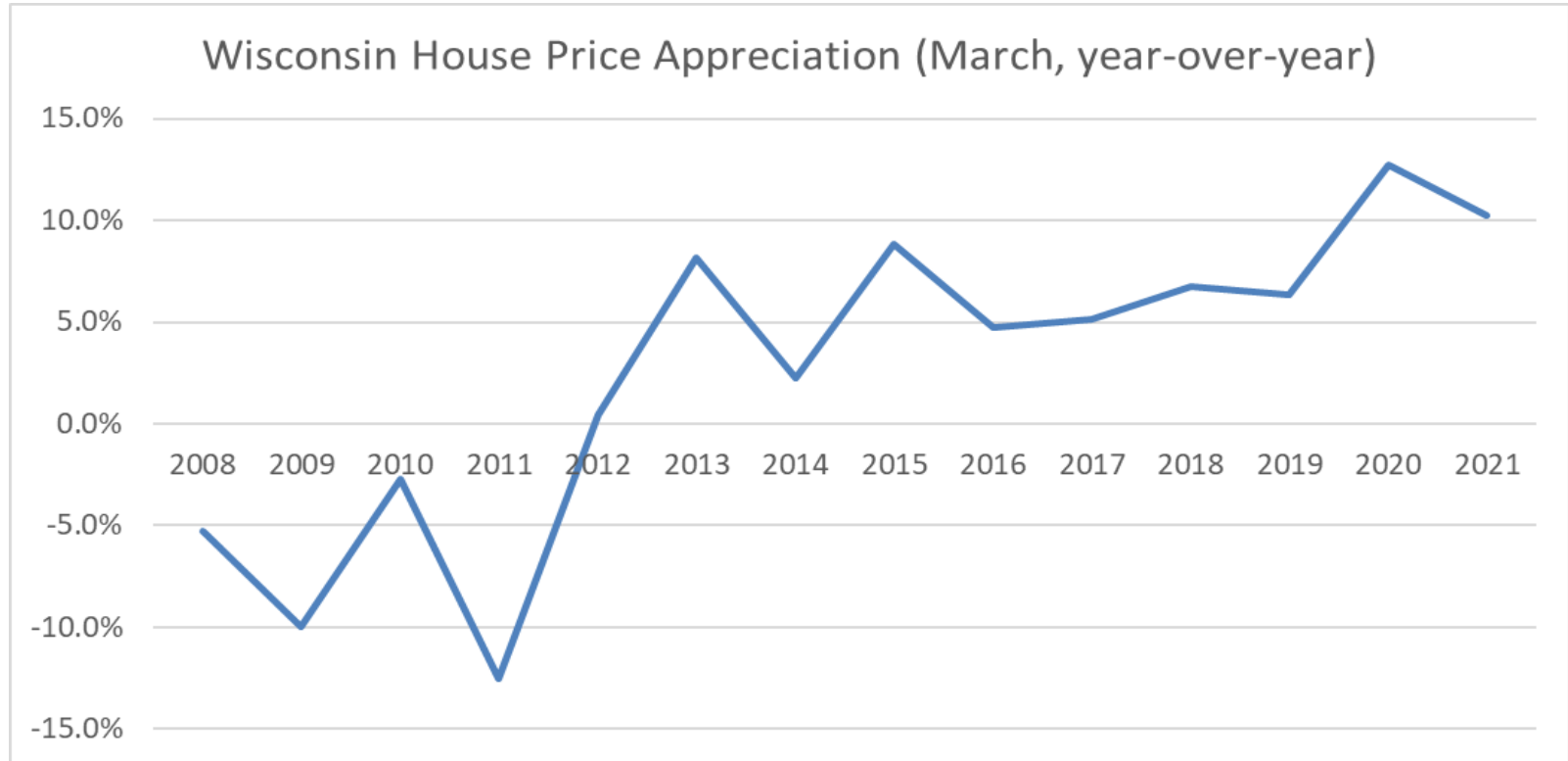
# Wisconsin REALTORS® Association



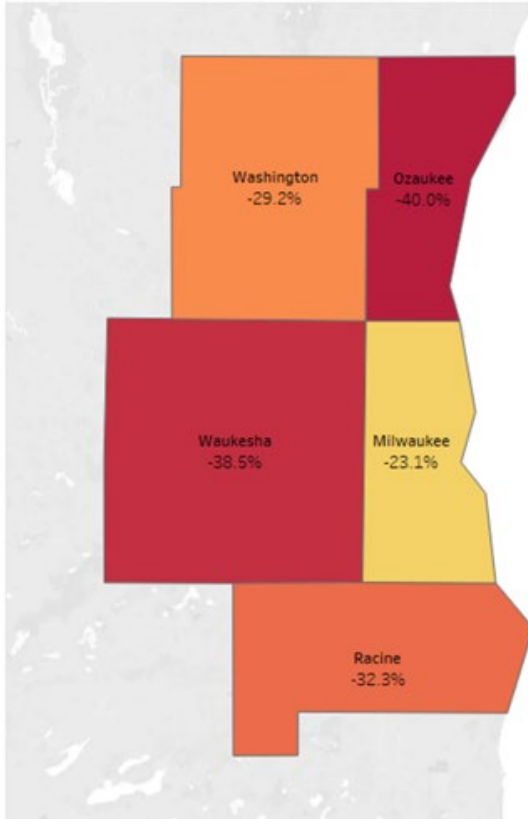
# Wisconsin home sales continue to rise.



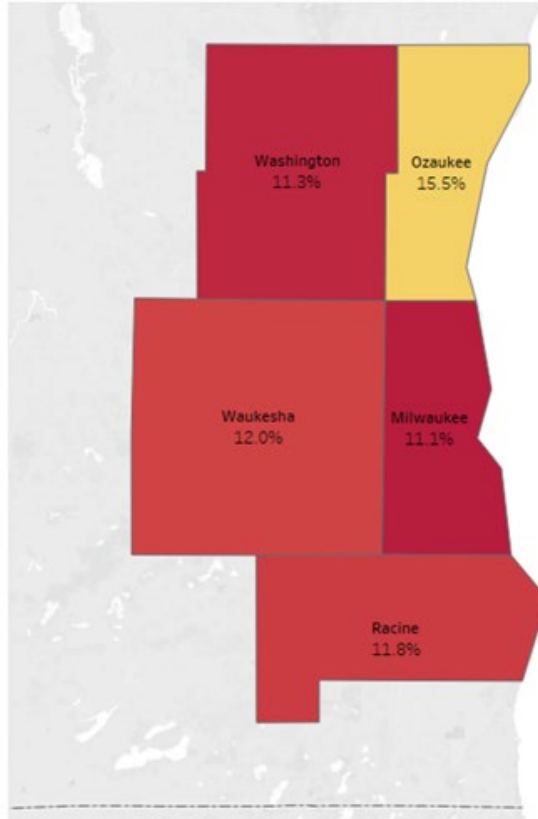
# Wisconsin house prices are up 31% or \$55,000 since April 2018



Milwaukee Weeks of Inventory

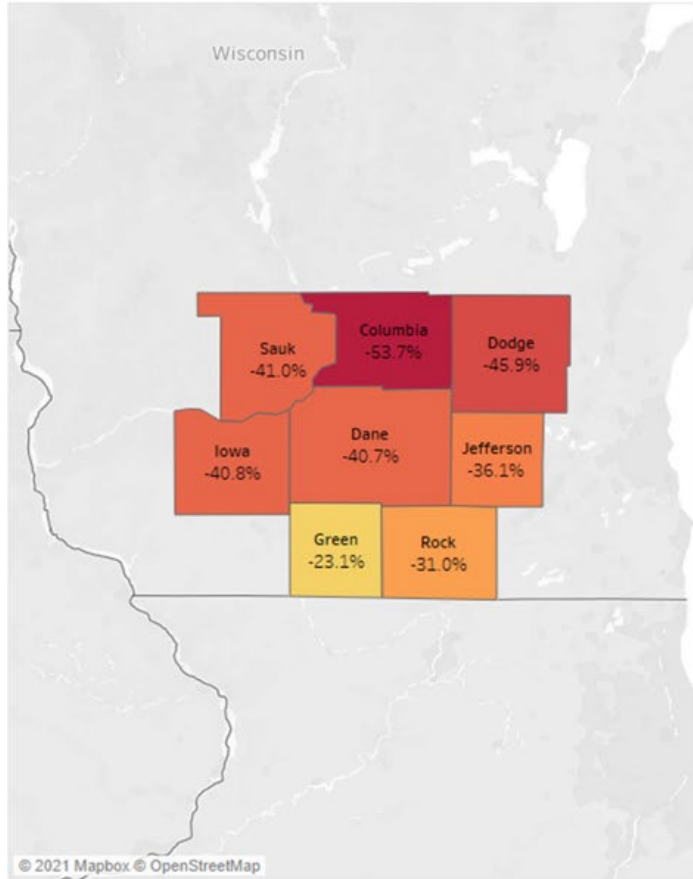


Milwaukee Change in Median Price

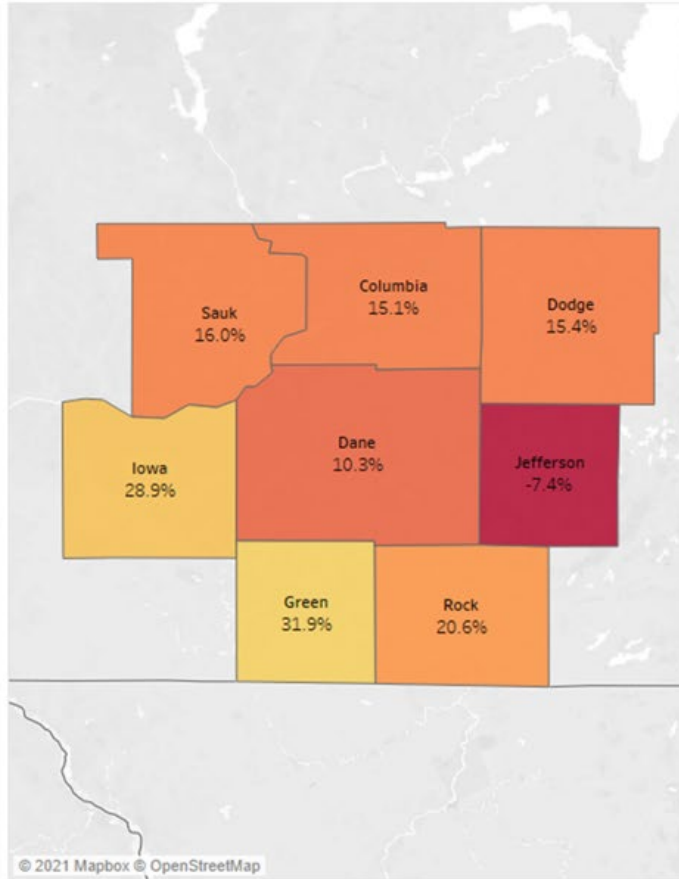


**Milwaukee area  
year-over-year  
change in housing  
inventory and  
median price...**

Dane Months of Inventory

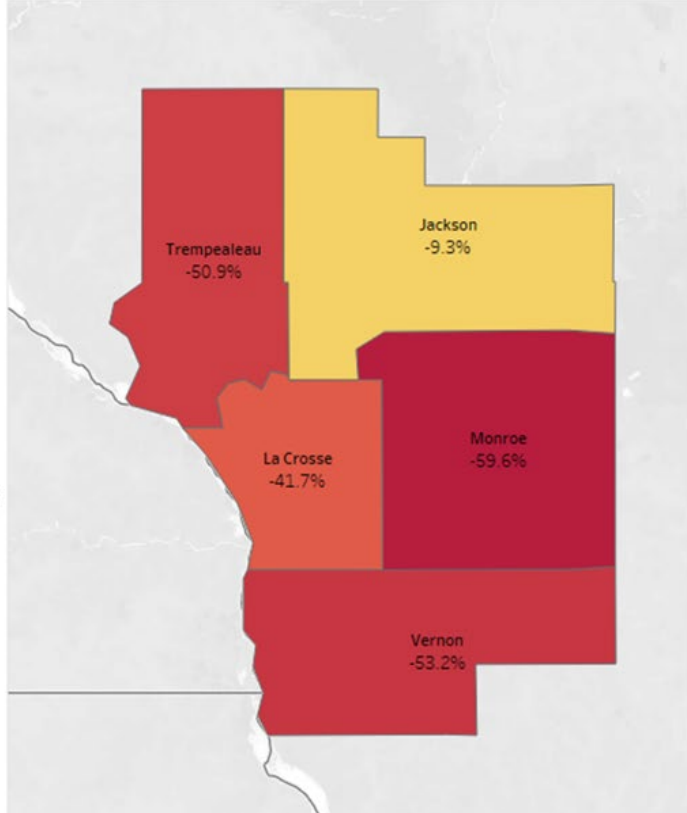


Dane Change in Median Price

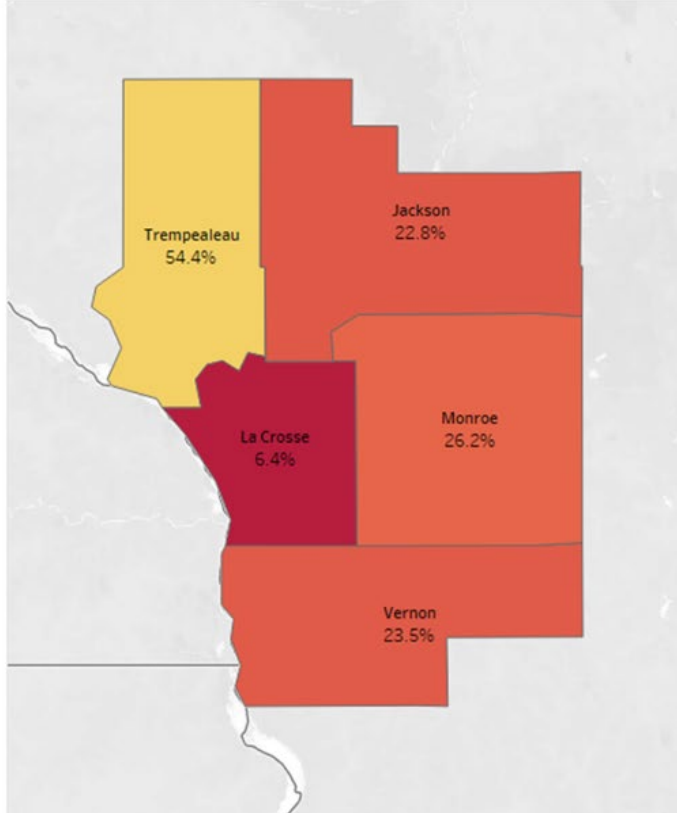


**Madison area year-over-year change in housing inventory and median price...**

La Crosse Months of Inventory



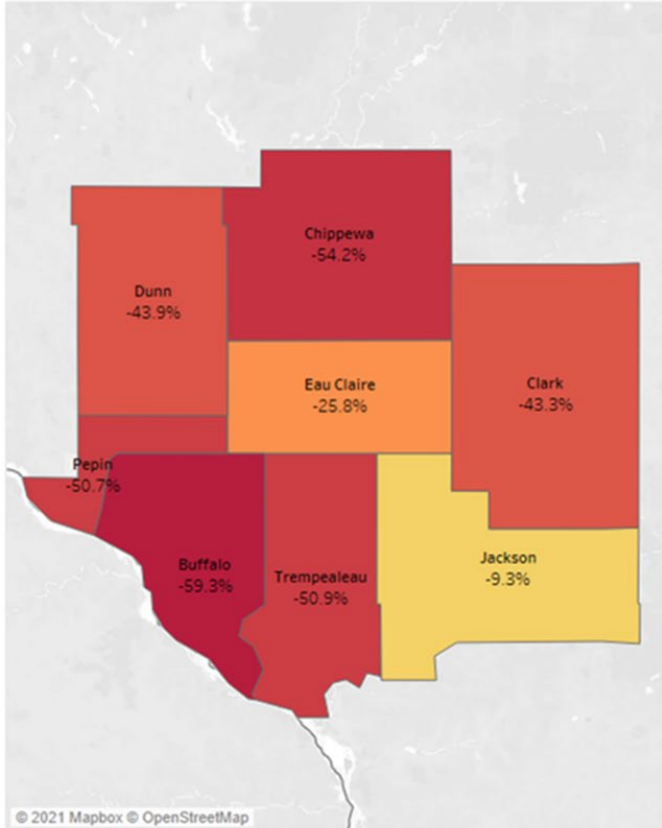
La Crosse Change in Median Price



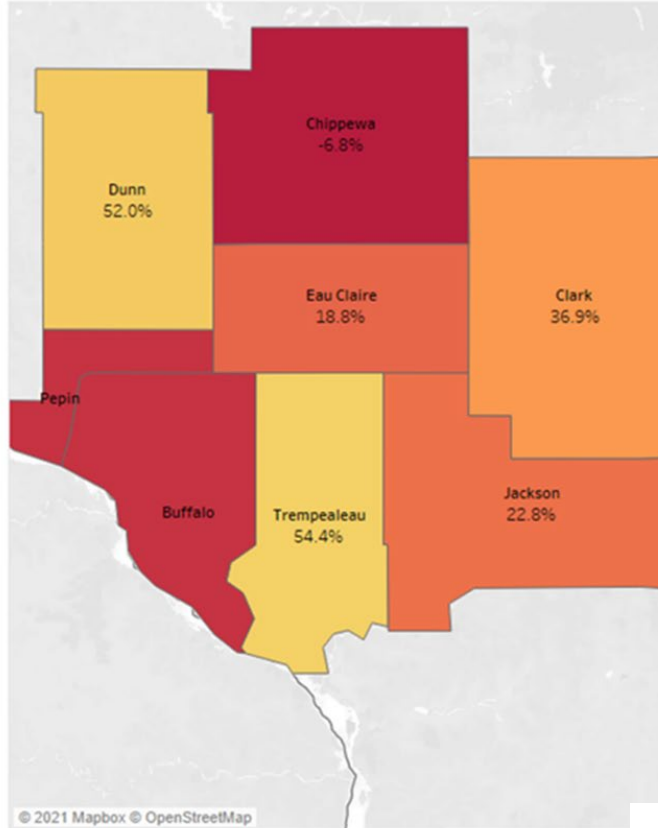
**LaCrosse area  
year-over-year  
change in housing  
inventory and  
median price...**



Eau Claire Months of Inventory

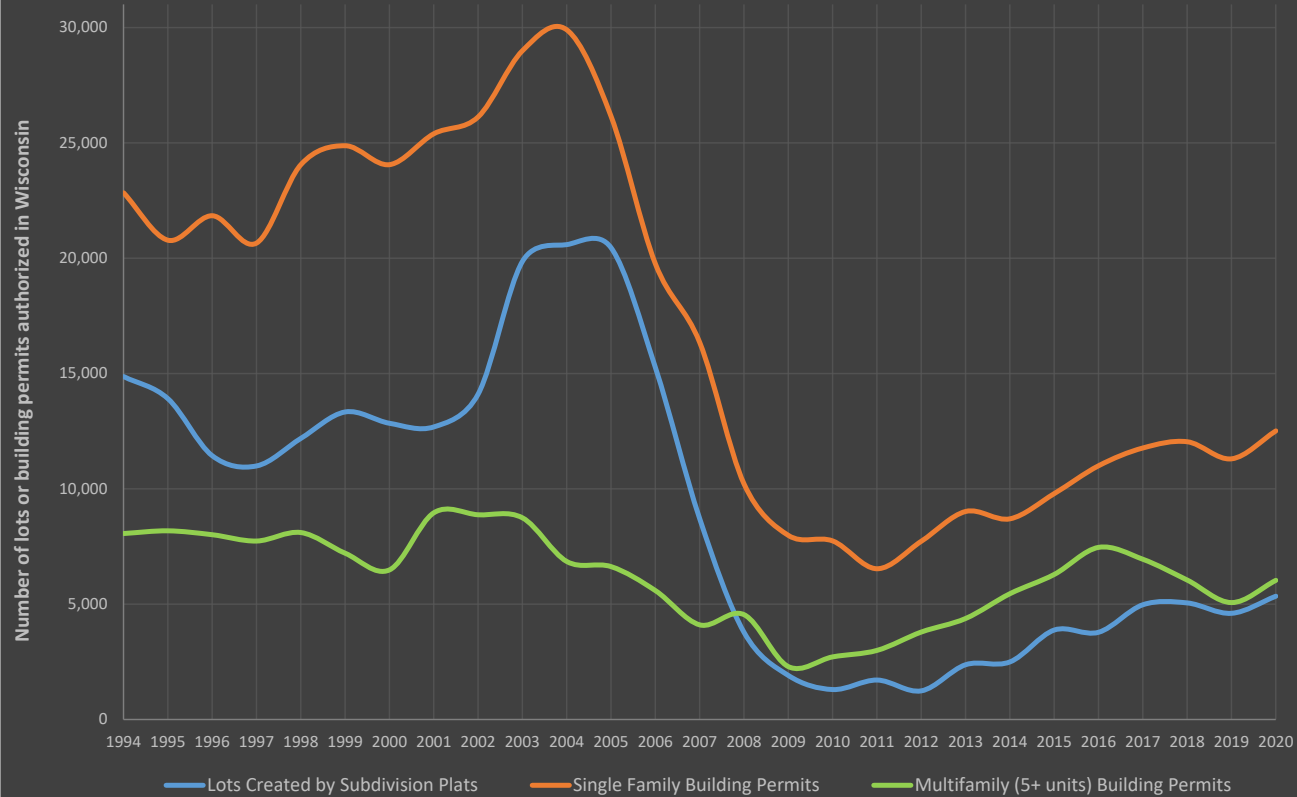


Eau Claire Change in Median Price



**Eau Claire year-over-year change in housing inventory and median price...**

## Housing Construction and Subdivision Activity in Wisconsin have not Recovered from Great Recession, Remain at Historically Low Levels



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

Despite uptick in construction & subdivision lots (2018-2020), new housing production remains less than half of historic trends.

#### Wisconsin Building Permits and Subdivision Lot Summary

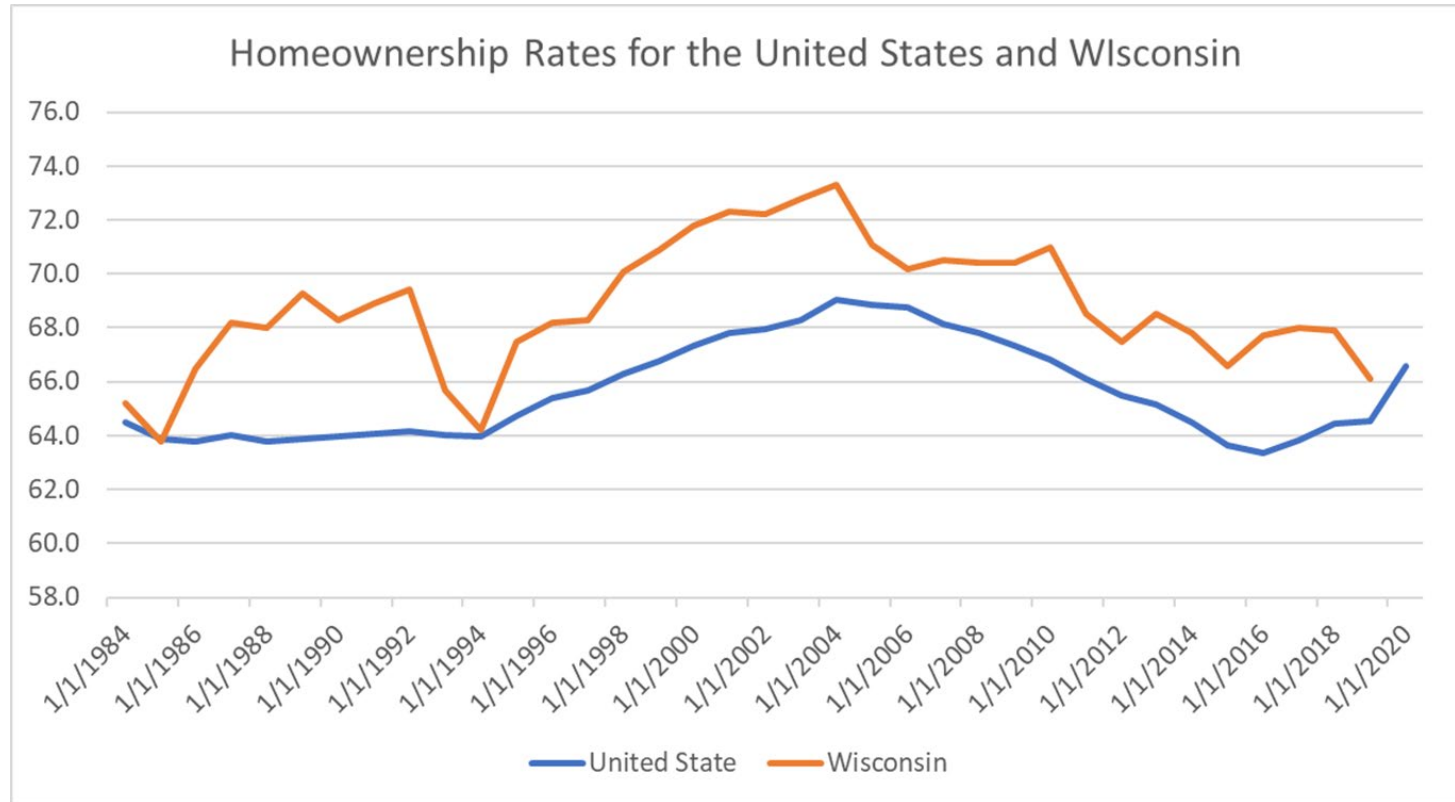
	1994 - 2004	2012 - 2017	2018 - 2020
Avg. Lots (by subdivision), per year	14,255	3,120	4,996
Avg. Building permits, per year	35,908	16,070	18,733
Avg. building permits per 1,000 population	6.78	2.79	3.21

# Declining Housing Affordability in Nearly All Wisconsin Metro Regions

Median-Price to Median-Income Ratio (Wis. Metros)	2015	2020	Change
Milwaukee-Waukesha-West Allis, WI	3.89	4.24	9.0% ↑
Madison, WI	3.68	4.03	9.5% ↑
Racine, WI	2.69	3.08	14.5% ↑
Green Bay, WI	2.57	2.99	16.3% ↑
Oshkosh-Neenah, WI	2.45	2.94	20.0% ↑
La Crosse-Onalaska, WI-MN	2.85	2.93	2.8% ↑
Sheboygan, WI	2.46	2.80	13.8% ↑
Appleton, WI	2.32	2.79	20.3% ↑
Janesville-Beloit, WI	2.38	2.60	9.2% ↑
Eau Claire, WI	2.83	2.58	-8.8% ↓
Wausau, WI	2.54	2.41	-5.1% ↓
Fond du Lac, WI	2.17	2.28	5.1% ↑
Chicago-Naperville-Elgin, IL-IN-WI	3.39	3.70	9.1% ↑
Minneapolis-St. Paul-Bloomington, MN-WI	3.11	3.69	18.6% ↑
Duluth, MN-WI	2.70	2.66	-1.5% ↓
<b>United States</b>	<b>3.97</b>	<b>4.37</b>	<b>10.1% ↑</b>

Source: Joint Center for Housing Studies, Harvard University: State of the Nation's Housing, 2021

# Homeownership rates in Wisconsin continue to decline.





# Wisconsin's existing housing stock is aging.

## Housing stock built before 1980

- Statewide = over 64%
- National = 57%
- Beloit = 71.2%
- Eau Claire = 61%
- Green Bay = 74.5%
- LaCrosse = 69.1%
- Madison = 56%
- Menomonie = 63%
- Milwaukee = 92%
- Wausau = 73%

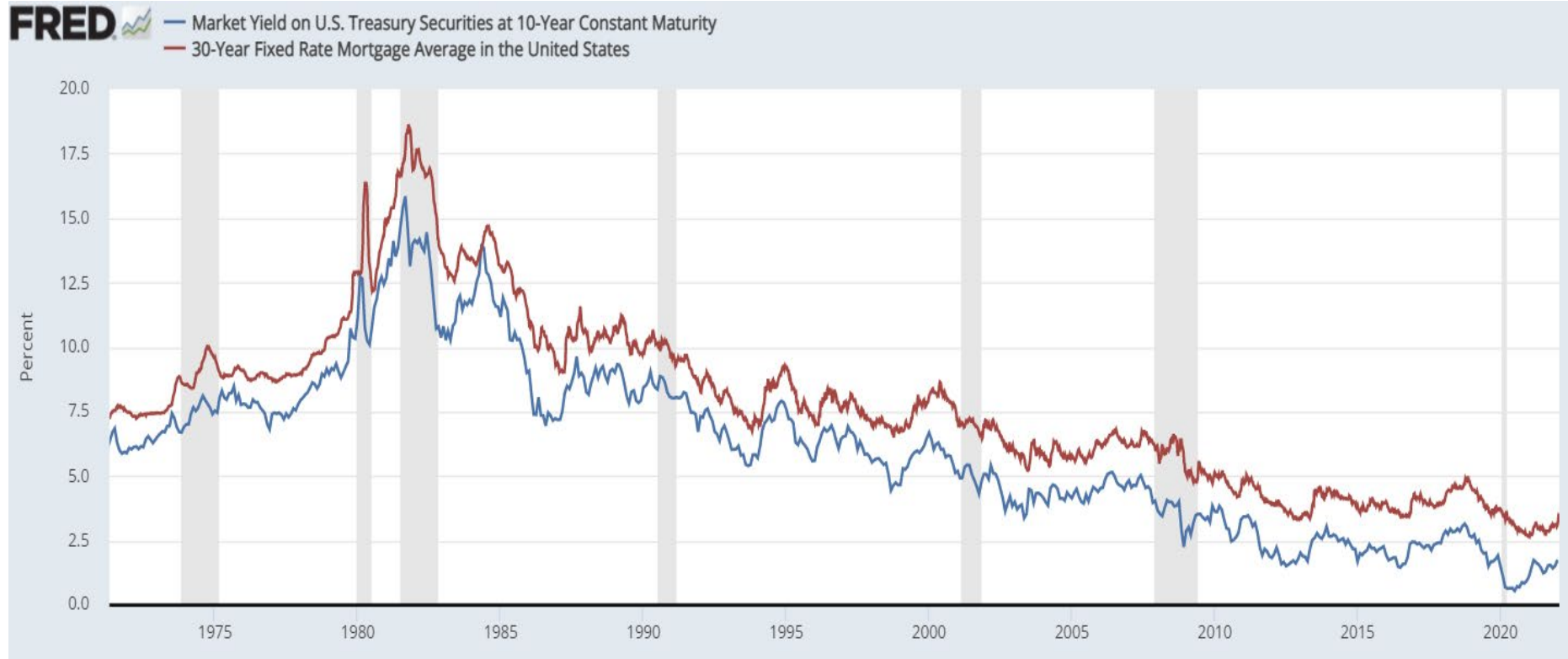


## Many Wisconsin Counties Have More Jobs than Housing Units

County	Jobs/Housing Ratio 2019
Waukesha	1.48
Dane	1.42
Brown	1.39
Outagamie	1.38
La Crosse	1.34
Eau Claire	1.28
Sauk	1.23
Winnebago	1.20
Sheboygan	1.19
Marathon	1.16
Milwaukee	1.15
Ozaukee	1.12
Monroe	1.06
Portage	1.06
Fond du Lac	1.04
Wood	1.04

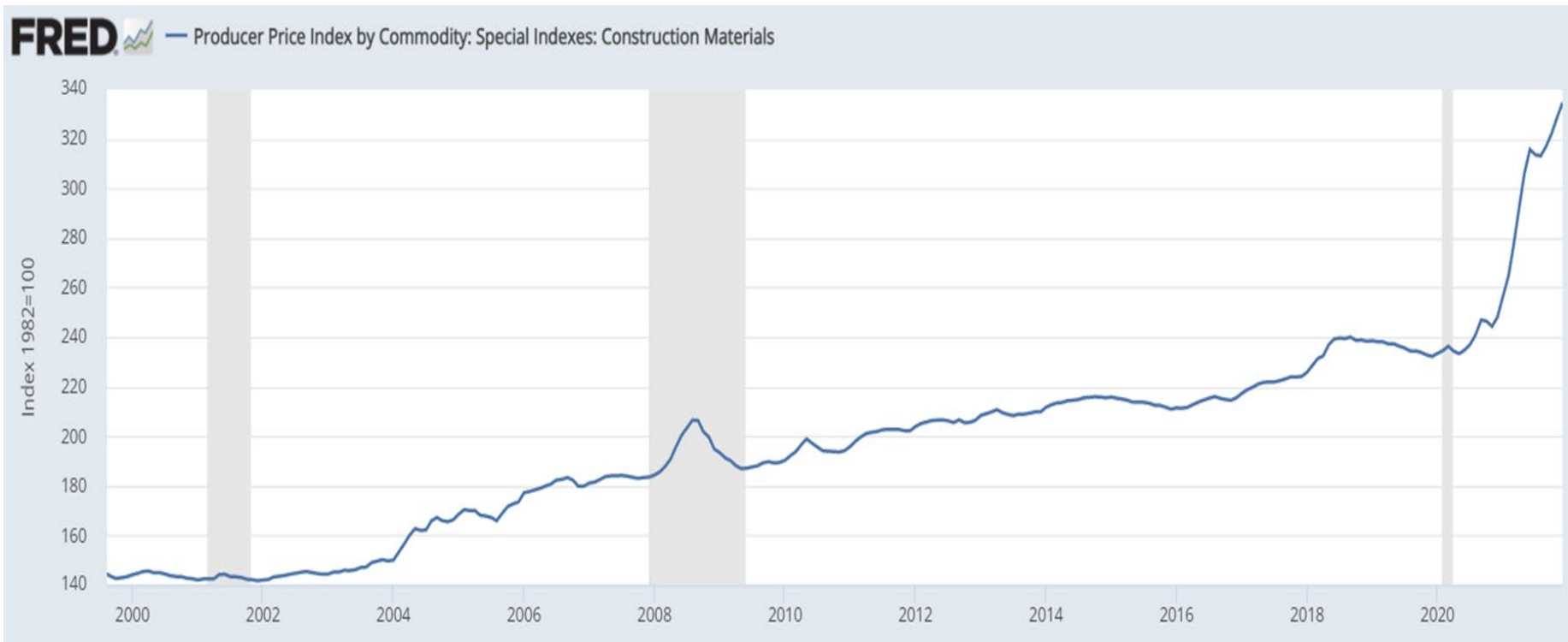
Source: BLS QCEW (jobs); Census (housing units)

# Interest rates are still near historic lows . . . But going up.



Source: Federal Reserve

# The cost of construction materials continues to rise.



# Thank You







NEUMANN COMPANIES

A Family Company Creating a Family of Companies



# HOME CONSTRUCTION COSTS



- Supply side challenges with Covid plants shutdown
- US Producers 20% of producers account for 60% of production. (Weyerhaeuser, West Fraser, GP, Sierra Pacific).

- Mills and producers scaled back production during early phases of the pandemic
- Shipping costs double
- Retail demand skyrockets as DIY's stay home and work on projects (Spring of 2020)
- New home demands increases quickly (Q3 2020 – Q1 2021)



# AVERAGE DIRECT CONSTRUCTION COSTS

2019	2020	2021	2022	Increase from 2019-2022	% of increase
\$214,085	\$218,926	\$248,080	\$269,000	\$54,915	25.65%



# NUMBER OF LOTS PLATTED PER YEAR IN WISCONSIN, 1994-2020

SOURCE: DEPARTMENT OF ADMINISTRATION

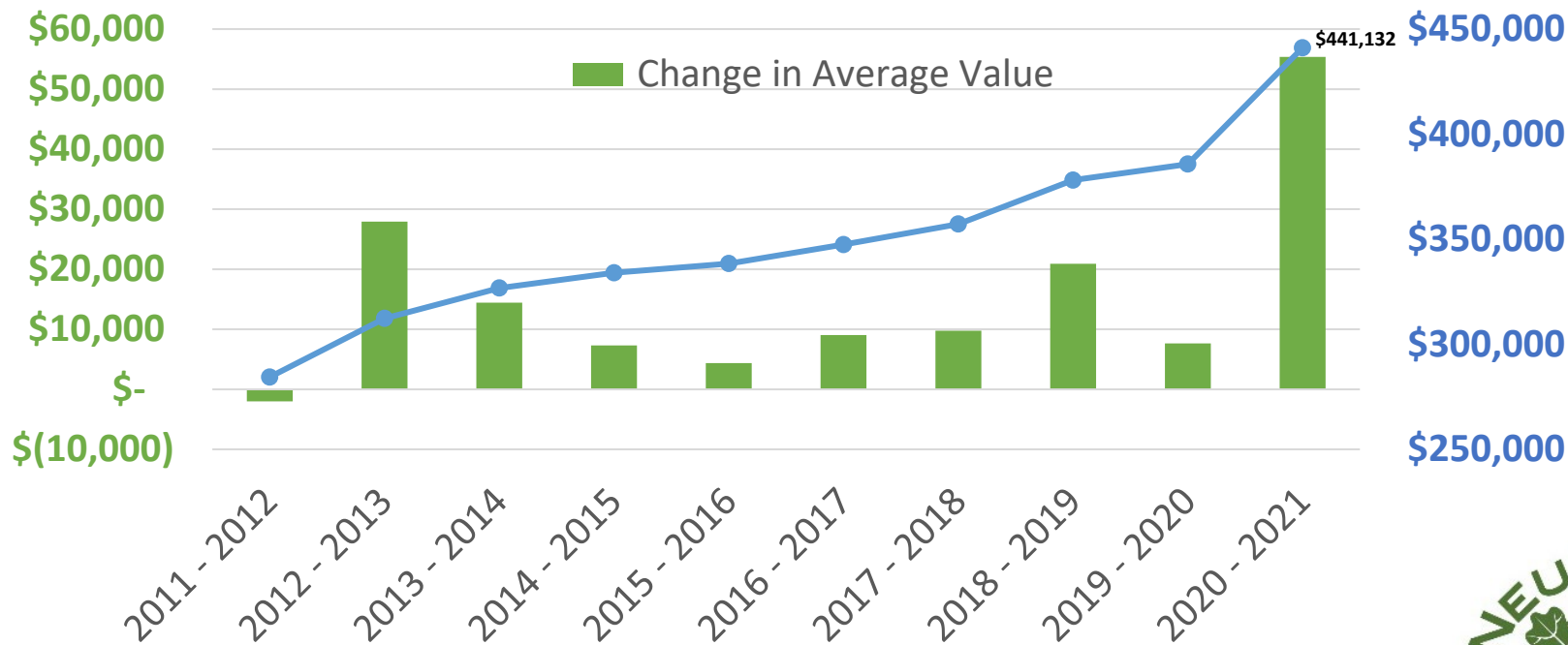




# VALUE OF NEWLY CONSTRUCTED SINGLE FAMILY & TWO-FAMILY HOMES

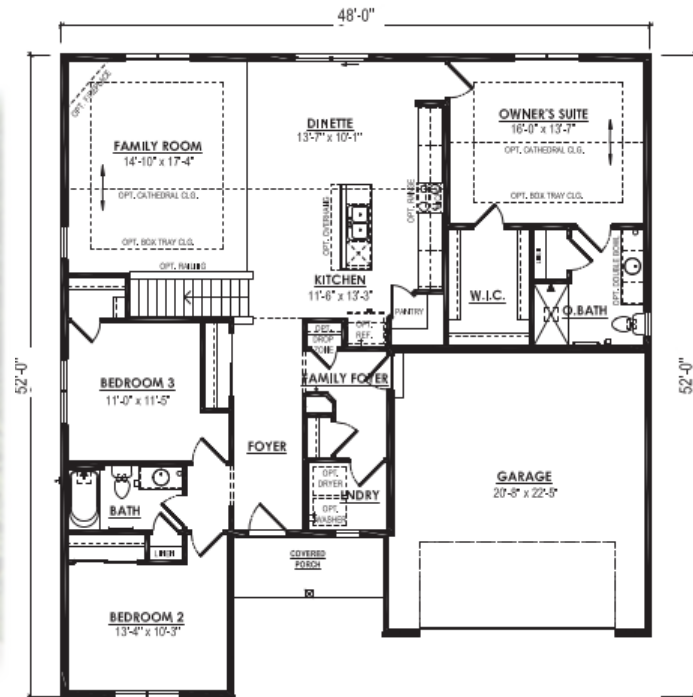
## 2011 - 2021

SOURCE: MTD MARKETING



# HARBOR HOMES TODAY

RANCH HOME – 1,883 SF



For Sale - \$430,000

# BUSINESS OF HOME BUILDING

	Harbor Homes
Land Cost (2.5 per acre)	\$10,000
Infrastructure Cost (75' wide)	\$50,000
Engineering & Fees	\$8,000
<b>Lot Cost</b>	<b>\$68,000</b>
Home Construction Costs	\$269,000
Closing Costs & Commissions	\$19,000
Carry, Overhead & Supervision	\$17,000
Builder/Developer Back Office	\$16,000
Builder/Developer Profit	\$41,000
<b>Final Home Sale Price</b>	<b>\$430,000</b>

# SAVING OPPORTUNITIES:

SELF-INFLICTED WOUNDS

SMALLER HOUSES

SMALLER LOTS

ENGINEERING COORDINATION

# SELF-INFLICTED WOUNDS



Additional \$18,000



# SMALLER HOUSE, SMALLER LOT



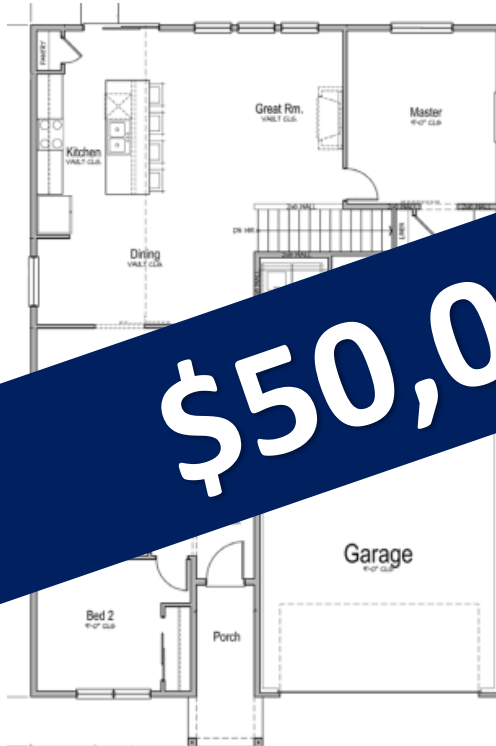
Craftsman



Transitional



Ranchhouse



**\$50,000 Savings**





1. NATIVE BACKFILL MATERIALS

2. INTERIM GRADING PLANS

3. ROLLED CURBS AND INTER

4. REPLACE DUCT

5. TIMING OF ASPHALT

LOCALLY

ENGINEERING TO A SINGLE SOURCE

**\$1,000-\$21,000 Savings**

ENGINEERING  
COORDINATION

# BUSINESS OF HOME BUILDING

	Harbor Homes	Self Inflicted Wounds	Build Smaller (1340 SF)	Build Smaller Lots	Engineering Coordination	Our Collective Best
Land Cost (2.5 per acre)	\$10,000	-	-	(\$2,000)	-	\$8,000
Infrastructure Cost (75' wide)	\$50,000	-	-	(\$6,000)	(\$4,000)	\$40,000
Engineering & Fees	\$8,000	-	-	-	(\$4,000)	\$4,000
Lot Cost	\$68,000	-	-	(\$8,000)	(\$8,000)	\$52,000
Home Construction Costs	\$269,000	(\$14,000)	(\$32,000)	(\$1,000)	(\$1,000)	\$221,000
Closing Costs & Commissions	\$19,000	(\$1,000)	(\$2,000)			\$16,000
Carry, Overhead & Supervision	\$17,000	(\$1,000)	(\$1,000)			\$15,000
Builder/Developer Back Office	\$16,000	(\$1,000)	(\$2,000)			\$13,000
Builder/Developer Profit	\$41,000	(\$1,000)	(\$4,000)	(\$1,000)		\$35,000
Final Home Sale Price	\$430,000	(\$18,000)	(\$41,000)	(\$2,000)	(\$9,000)	\$352,000



# THINGS TO CONSIDER:

PAY-GO OR  
MUNICIPAL FUNDED

POLITICS



**QUESTIONS**



# **Next Generation Housing and Building Community**

**WI Public Finance Seminar  
February 18, 2022**

**Debora Sielski  
Washington County  
Community Development Director**

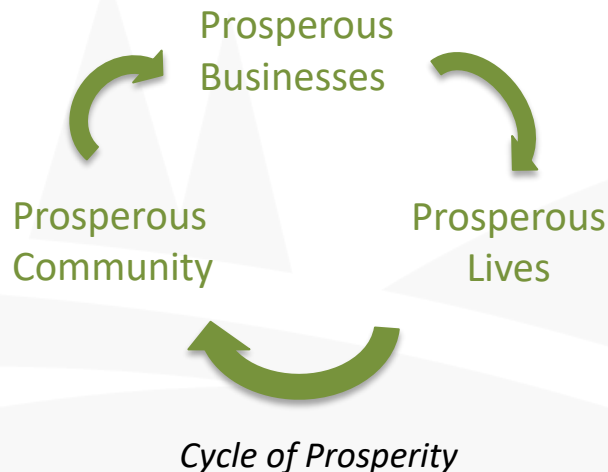
# Our Great Community – A Vision for 2050 & Beyond



**Washington County 2050: A place where individuals are connected to one another through trusting networks and common values in service to each other and Our Great Community**

**Identity. Prosperity. Community.**

How do we retain the character of our great community and embrace the changes of the future?



# Our Great Community – A Vision for 2050 & Beyond



## Turning Vision into Reality for the Next Generation

- ***Workforce/Education***
  - Create a pipeline of talent for local employers
  - Short term & long-term strategies
- ***Social Capital***
  - Building trusting networks today and for the next generation
  - Strengthening Individuals
  - Strengthening Community
- ***Next Generation Housing***
  - Major hurdle for any Millennial or Gen Z entering workforce
  - Home Ownership - Not just the American Dream - foundational to community

# Next Generation Housing

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## It's not just about housing...

- Retaining & sustaining a workforce
- Building Community
- Providing the same opportunities for our children that we had
  - Being able to afford a home in the County
  - Live, work and prosper in the same community
  - Building community bonds
- The lack of affordable housing for our current and future workforce is one of the most pressing workforce challenges facing Washington County
- Washington County is focusing on solutions through intergovernmental cooperation and multi-discipline collaboration

# Next Generation Housing

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## Food for Thought

- What was your first job (in your career field) salary?
- How much did your first home costs?
- How many square feet was that home?
- How big was the lot it was on?



# City of Hartford / HADC - Workforce Attraction Initiative



- 2018 - Hartford job survey – over 700 openings in manufacturing alone
- 2019 - Hartford Area Development Corp (HADC) Survey – EDWC
- Understand employee perceptions about workplace and community:
  - Why employees may seek employment elsewhere?
  - What is limiting employee attraction here?
- Sent to 16 area businesses/organizations (manufacturers/ health care/ school districts/City of Hartford) – sent to over 3800 employees
- Over 1100 responses - almost 30% response rate



# City of Hartford / HADC - Workforce Attraction Initiative



- Cost of housing (owner-occupied and rental) was in the top 5 concerns of employees surveyed for both those that lived locally as well as commuted up to 60 minutes to work

*"I find affordable housing to purchase a challenge in Hartford"*

*"I would love to move to Hartford but the cost of homes I can't afford compared to Watertown."*

- Employees are more likely to seek employment outside the County close to where they reside



# City of Hartford / HADC - Workforce Attraction Initiative



*“COVID induced layoffs in 2020 exacerbated an already difficult hiring environment for local employers. To attract and retain a quality workforce, we need housing solutions that can be sustained by wages paid in our area” – Tom Hostad – HADC*

- ***Goal – create more entry level homes***

# City of Hartford / HADC - Workforce Attraction Initiative



- *This problem is not unique to the City of Hartford*
- *Prompted a Countywide Study completed by EDWC in 2021 – The Next Generation Housing Journey*

# The Next Generation's Housing Journey

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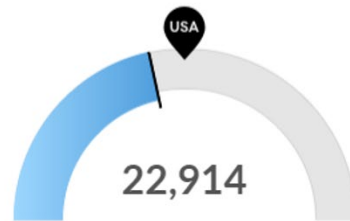
## Rate of growth is not keeping pace with retirements

- The population 60 years of age and older is 20% higher in Washington County than nationwide and 10% higher than in Wisconsin
- The 2020 census showed the population of Washington County was 137,756, a growth of 2,850 over the last 5 years
- Population is expected to increase by 2.1% between 2020-2025 (2,870 individuals)

# The Next Generation's Housing Journey

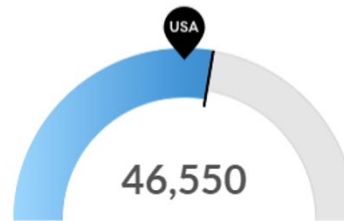


Retirement risk is high in Washington County with approximately **34% of the population retiring soon** (ESMI)



Millennials

Washington County, WI has 22,914 millennials (ages 25-39). The national average for an area this size is 28,048.



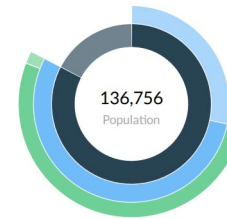
Retiring Soon

Retirement risk is high in Washington County, WI. The national average for an area this size is 39,996 people 55 or older, while there are 46,550 here.

# The Next Generation's Housing Journey



- Median household income for the County is \$77,663, nearly \$15,000 above the national median household income of \$62,800.
- The largest job groups median hourly earnings (2020):
  - Production - \$19.17
  - Office and Administrative Support - \$17.77
  - Sales - \$15.07
  - Transportation - \$16.14
  - Food Service - \$9.66
- In Washington County, 50% of the median-income equates to \$18.67/hour. Only one of the top five job groups in the county rises above 50% of the median-income.



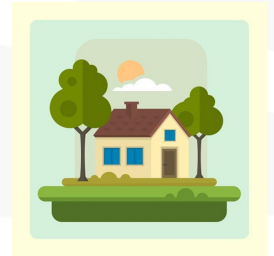
	Population
• Total Working Age Population	112,932
• Not in Labor Force (15+)	38,557
• Labor Force	74,375
• Employed	71,929
• Unemployed	2,446
• Under 15	23,824

# The Next Generation's Housing Journey

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- Affordability problems are seen for owners making 50% of the median-income or below
  - Approximately 46% of households in this income bracket are paying over 50% of their income to housing costs, making them extremely cost-burdened
  - Of those households:
    - 23% small families
    - 23% non-family households  
(single individuals or non-related individuals living together)
    - 34% elderly population



# The Next Generation's Housing Journey



- Median household income in WI grew 35%, while the median home price grew 59% between 2007-2017, not adjusting for inflation
  - *When housing costs are growing faster than incomes, fewer families can afford a home*
- Families respond to increasing housing prices and housing shortages by:
  - Renting
  - Purchasing a less expensive home further away from work
  - Stretching to purchase a home with more mortgage debt





# The Next Generation's Housing Journey

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- A 2020 national study of 2,000 people indicated their personal savings:
  - 56% of Americans have \$5,000 or less in savings, while a third have \$1,000 or less
  - The median savings amount is \$3,500
  - The Federal Reserve reports that 39% of Americans don't have enough money on hand to cover a \$400 emergency
- ***This shows that many struggle to save enough money for a home down payment***

# Next Generation Housing Initiative – Kick off

- Workforce - Housing Connection
- Next Generation's Housing Journey Study
- Testimonials
- Home Mortgage Challenges
- Planning & Zoning Challenges
- **Announcement**
  - **Next Generation Housing Initiative**
  - **Formation of Coalition of local governments and stakeholders**
  - **\$10 million funding**

**WASHINGTON COUNTY**  
1922

**NEXT  
GENERATION  
HOUSING  
KICK-OFF EVENT**

**OCTOBER 7, 2021 | 3:00 PM**

*In the spirit of collaboration, you are invited to attend the  
Next Generation Housing Kick-Off Event  
at  
Washington County Fairgrounds / Ziegler Building  
Appetizers will be served; cash bar available.*

**Hosted by:**  
Washington County  
Economic Development Washington County (EDWC)  
Hartford Area Development Corporation

# Coalition Working Together



## Working together to:

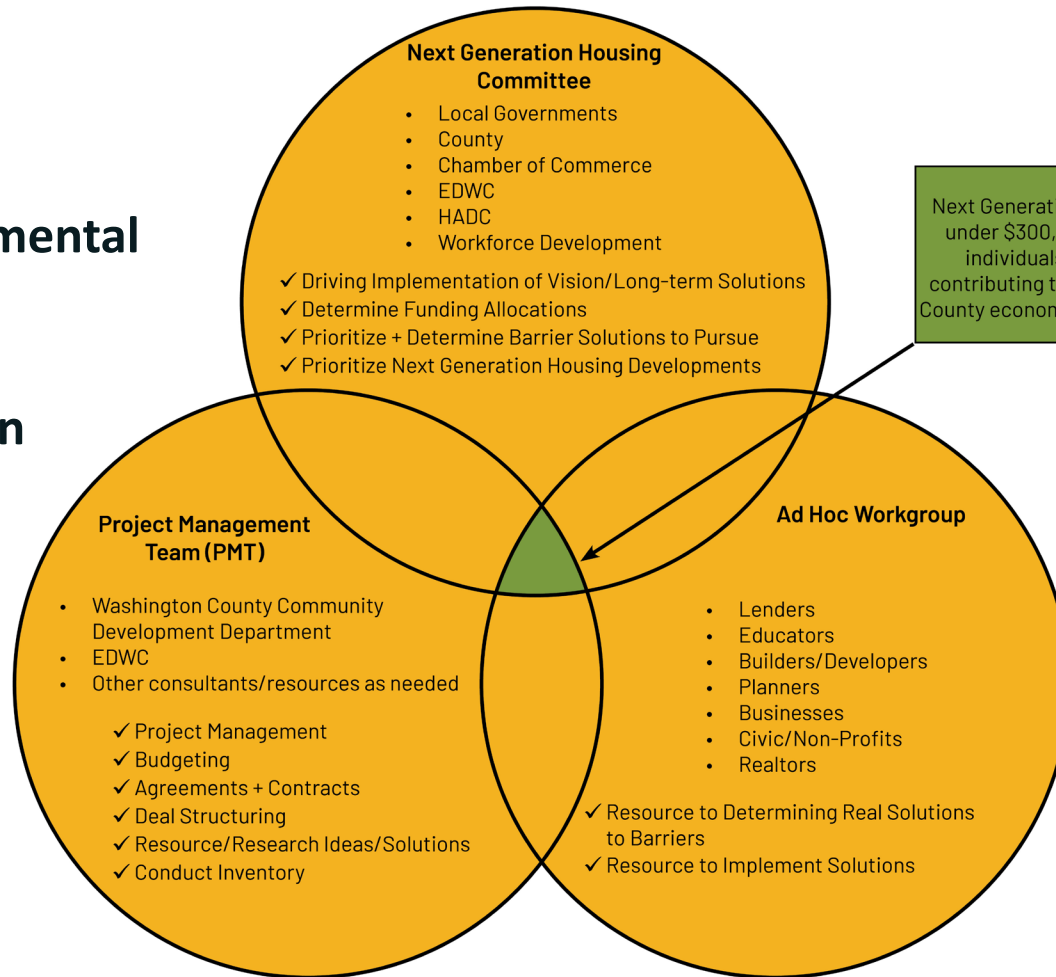
- Identify and implement solutions that change housing barriers into opportunities
- Overcoming the barriers to home ownership for the next generation workforce
- Satisfying the basic need of obtaining quality homes within 30% of household income
- Creating community-driven neighborhoods
- 1,000 new owner-occupied housing units in the next 10 years selling for under \$300,000
- Creating a model that can be replicated in the region/state



*Next Generation Housing Coalition*



# Intergovernmental & Multi- disciplinary Collaboration



Next Generation Housing units under \$300,000 for working individuals and families contributing to the Washington County economy and community.

# Barriers to Opportunities



## High Development Costs

### Coalition Objective

Market informed tools for reducing and sharing upfront costs with developers



### Coalition Tasks

- Understand the barriers and strategize solutions
- Prioritize select development sites
- Package cost reduction tools custom to each site
- Establish public-private partnerships with developers



### Opportunity

Reduced pre-development cost savings is passed on to home buyers

## Home Ownership

### Coalition Objective

Develop tools to provide partially forgivable loans for down payments



### Coalition Tasks

- Understand the barriers and strategize solutions
- Design a Workforce Housing Down Payment Program
- Establish public-private partnerships with businesses to develop employee incentives



### Opportunity

Prospective home buyer provided numerous methods to acquire down payment

## Zoning & Regulation

### Coalition Objective

Partner with municipalities to develop innovative solutions to regulatory barriers



### Coalition Tasks

- Understand the barriers and strategize solutions
- Make recommendations to local governments
- Create a model RFP for Next Generation Housing Development
- Develop model language for Developers Agreements related to Next Generation Housing



### Opportunity

Zoning and Land Division regulations accommodate Next Generation Housing developments

## Workforce Educ. & Connect

### Coalition Objective

Connecting workforce and businesses with Next Generation Workforce Housing



### Coalition Tasks

- Understand the barriers and strategize solutions
- Work with EDWC in creation of the Housing Navigator
- Develop education and training program for first time home buyers
- Establish public-private partnerships with businesses



### Opportunity

Prospective home buyers are provided with training and are connected to housing opportunities

## Public Outreach

### Coalition Objective

Create public support for NGH developments and educate community members on the issues NGH is working to resolve



### Coalition Tasks

- Understand the barriers and strategize solutions
- Engage the public and youth on the NGH Initiative at public meetings
- Develop appropriate documentation for distribution that show how the developments will benefit existing residents

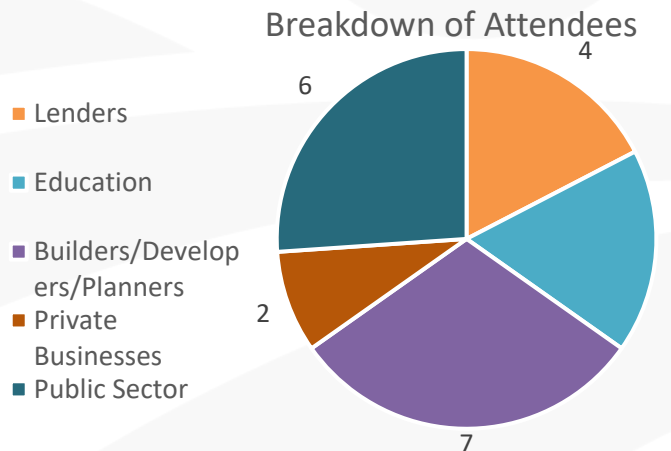



### Opportunity

NGH is embraced by the community and residents see the positive impact these developments have on the success/future of their community

# Ad Hoc Workgroup Event – Dec. 16th

Focused on brainstorming solutions/ideas/tools to the five Barriers to Opportunities identified





## Next Generation Housing Ad Hoc Workgroup Event

Where:  
**Village of Jackson  
Municipal Complex**  
N168 W19851 Main Street  
Jackson, WI 53037

When:  
**December 16,  
2021  
7:30AM – 9:30AM**

This workgroup will focus on:

Review Housing Barriers & Opportunities


Addressing the Workforce Shortage

Brainstorm Solution Ideas & Tools

Please RSVP by December 13th using the QR Code or by clicking **THIS LINK**

Questions? Visit our website:  
<https://www.washcowisconsin.gov>

Or contact Deb Sielski at:  
Deb.Sielski@washcowisconsin.gov  
(262)-335-4445



SCAN ME



# Identifying **Barriers** and Creating **Solutions**

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## High Development Costs and Land Division Regulations

- Reduce sidewalks on street to one or none
- Finance assistance from local governments for infrastructure
- Reduce road feet/unit to 60 foot lots

## Housing Down Payments

- Establish public/private partnerships with businesses to develop employee incentives
- Businesses could provide an income supplement to employees for living and working in the County



# Identifying **Barriers** and Creating **Solutions**

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## Workforce Education and Connection

- Establish a one-on-one mentor program connecting homeowners to new/potential homeowners
- Develop education and training programs having a single point of delivery and curriculum development for all first-time homeowners

## Public Outreach

- Create a Marketing Campaign for the Next Generation Housing Initiative to increase awareness on who these homes help: school teachers, policeman, people who already work in the County
- Work with UW Milwaukee - Washington County to create awareness and readiness



- [illegible]

# Next Generation Housing - Next Steps

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- Meetings with cities & villages to determine immediate and future locations of NGH developments
- NGH Committee meeting – early March
  - Prioritize solutions/tools/ideas to pursue
  - Develop criteria to rank NGH development areas
- ***Goal – Next Generation Housing development - 2023***



# Questions?

Debora Sielski  
Community Development Director

262-335-4772

[deb.sielski@washcowisco.gov](mailto:deb.sielski@washcowisco.gov)

[https://www.washcowisco.gov/departments/community\\_development/  
next\\_generation\\_housing](https://www.washcowisco.gov/departments/community_development/next_generation_housing)

# Your Moderator

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**Phil Cosson**  
Senior Municipal Advisor  
[pcosson@ehlers-inc.com](mailto:pcosson@ehlers-inc.com)  
262-796-6176

# Important Disclosures

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