Minutes of the Seventh Meeting of the

# REGIONAL HOUSING PLAN ADVISORY COMMITTEE

DATE: September 22, 2010

TIME: 1:30 p.m.

PLACE: Tommy G. Thompson Youth Center, Banquet Room 2
State Fair Park
640 S. 84th Street
Milwaukee, Wisconsin

Members Present

William R. Drew, Chairman ........ Executive Director, Milwaukee County Research Park, Commissioner, Southeastern Wisconsin Regional Planning Commission
David Cappon ........ Executive Director, Waukesha Housing Authority
Laura Catherman (representing Andrew T. Struck) ........ Ozaukee County Planning and Parks Department
Kalan R. Haywood Sr. ........ President, Vangard Group, LLC
Joe Heck. ........ Assistant Director, Racine Department of City Development
Gary Koppelberger ........ Administrator, City of Hartford
Jeff Labahn ........ Director of City Development, City of Kenosha
J. Scott Mathie ........ Vice President of Government Affairs, Metropolitan Builders Association
Michael Murphy ........ Alderman, City of Milwaukee
Linda Olson ........ Director of the Aging and Disability Resource Center, Washington County
Brian Peters ........ Housing Policy Advocate, Independence*First*
Kim Plache ........ Senior Community Relations Officer, Milwaukee Office of WHEDA
Maria Prioletta ........ Housing Development Director, Milwaukee Department of City Development
Kori Schneider-Peragine ........ Senior Administrator, Inclusive Communities Program, Metropolitan Milwaukee Fair Housing Council
Dale R. Shaver ........ Director, Waukesha County Department of Parks and Land Use
Michael J. Soika. ........ Executive Director, YMCA Urban Campus, Milwaukee
Scott Thistle ........ President, Brookstone Home Builders
John F. Weishan, Jr. ........ Supervisor, Milwaukee County Board, Commissioner, Southeastern Wisconsin Regional Planning Commission

Guests and Staff Present

Stephen P. Adams ........ Public Involvement and Outreach Manager, SEWRPC
Nancy M. Anderson ........ Chief Community Assistance Planner, SEWRPC
Cathie Madden ........ Milwaukee Housing Trust Fund
Benjamin R. McKay ........ Principal Planner, SEWRPC
Tom Nelson ........ Fair Housing Director, Milwaukee Office of HUD
Christopher D. Parisey ........ Planner, SEWRPC
Syvil Shelbourne ........ Vangard Group, LLC
Monica Wauck ........ Urban and Regional Planner, Wisconsin Department of Transportation
Kenneth R. Yunker ........ Executive Director, SEWRPC

**CALL TO ORDER**

Mr. Drew called the meeting of the Regional Housing Plan Advisory Committee to order at 1:35 p.m., welcoming those in attendance.

**APPROVAL OF MEETING MINUTES OF JULY 28, 2010**

Mr. Drew asked if there were any questions or comments on the July 28, 2010, meeting minutes. Hearing no comments, he asked for a motion to approve the meeting minutes. Mr. Thistle made a motion to approve the minutes from the July 28, 2010, meeting. Mr. Haywood seconded the motion. There being no further discussion, the minutes were approved unanimously by the Committee.

**RE-ORGANIZATION OF PLAN REPORT**

Mr. Drew asked Ms. N. Anderson of the Commission staff to summarize the proposed report re-organization. Ms. N. Anderson explained that Chapter IV, "*Market Based Housing,*" has been divided into two chapters due to its length. The two new chapters are entitled Chapter IV, "*Existing Housing,*" and Chapter V, "*New Housing Development.*" Both new chapters will be posted on the housing plan webpage and will be distributed to the Committee in late October or early November.

**REVIEW AND DISCUSSION ON THE PRELIMINARY DRAFT OF THE MULTI-FAMILY SECTION OF PART 2 OF CHAPTER V, *"NEW HOUSING DEVELOPMENT,"* OF THE REGIONAL HOUSING PLAN**

Mr. Drew asked Mr. McKay of the Commission staff to review the preliminary draft of Part 2 of Chapter V, "*New Housing Development,*" of the regional housing plan. Mr. McKay directed the Committee's attention to the multi-family section of Part 2 of Chapter V, which includes a development cost analysis of multi-family housing. The following discussion points and comments were made:

1. Mr. Shaver stated that the $162,217 per acre cost of land for multi-family residential development in Waukesha County may not be accurate. Mr. Mathie asked if the land included in the analysis was zoned for commercial or multi-family residential development. Mr. McKay responded that the land included in the analysis is intended for multi-family development, but may allow multi-family or a mix of multi-family and commercial uses. Mr. Drew noted that the properties near Lake Michigan may be inflating the regionwide average and suggested that they could be separated from inland properties for Milwaukee County. Ms. Prioletta suggested separating the properties in the Milwaukee central business district (CBD) from those outside of the CBD. Mr. Peters suggested that the analysis include a location description for each of the properties.

   [Secretary's note: Table V-16 has been added to Chapter V to show the size and general location of the properties included in the multi-family land cost analysis (see Attachment 1). Parcels advertised for uses in addition to multi-family housing were removed from the analysis. The list of average cost per acre in each County will be deleted from the Chapter and replaced by Table V-16.]

2. Mr. McKay noted that the multi-family land cost data set is small and does not allow for a County-to-County cost comparison. He also noted that development costs of newly constructed multi-family projects in Wisconsin that were awarded Low Income Housing Tax Credits

(LIHTC) by WHEDA in 2009 and 2010 have been included in the Chapter. He stated that data specific to the Region was requested but has not yet been provided by WHEDA. Mr. Thistle cautioned that the site improvement cost information from WHEDA may be too high because of their reporting requirements. Mr. Mathie offered to contact Metropolitan Builders Association (MBA) members for additional multi-family development cost data. Mr. Mathie also suggested that text regarding brownfields be added to the land cost section. Mr. McKay responded that the text regarding brownfields in Attachment 2 of the July 28, 2010, meeting minutes will be included in the Chapter. He also noted that additional discussion regarding brownfields will be included in Chapter XI, *Best Housing Practices*.

3. Ms. N. Anderson explained the revisions made to former Table IV-39 and further discussed the number of communities that allowed multi-family development in 1971 compared to 2010. Mr. Murphy noted that there seems to be more resistance to multi-family development currently than in the past. Ms. N. Anderson responded that a difference in how the zoning was analyzed explains why the number of communities that allow multi-family housing decreased between 1971 and 2000; however, two villages in the Region now require a conditional use permit for multi-family development that did not in 1971 and newspaper reports about recent LIHTC projects do suggest that there is resistance to multi-family development in some communities in the Region.

4. Mr. Murphy noted that the land cost in Ozaukee County seems low. Mr. McKay responded that there were a limited number of sales used in the analysis and the sales in Ozaukee County may not represent the typical sale for that County.

5. Mr. Shaver asked if the zoning ordinance information identifies if there are undeveloped areas of a community where multi-family development would be allowed. Ms. N. Anderson stated that the comprehensive plan analysis that is currently under preparation will include this information. Mr. Yunker stated that the comprehensive plan analysis should show how much land is available for multi-family development in communities. Ms. Prioletta suggested that compiling information regarding the number of multi-family units constructed in the last ten years may be helpful. Mr. McKay responded that this information has been compiled by sub-regional housing analysis area in Chapter IV, *Existing Housing*, and a cross reference to the inventory will be included.

   [Secretary's Note: A cross reference to Table IV-24 was added to the last sentence of the second paragraph on page V-3.]

6. Mr. Weishan asked how the cost of providing public services to multi-family developments impacts whether communities will allow them. Ms. N. Anderson noted that a cost of community services analysis to single-family and multi-family residential development will be completed as Part 3 of this Chapter. She also noted that there is a perception that the revenue from multi-family residential development received by a community does not pay for the cost of providing community services. Mr. Yunker noted that the cost of multi-family development compared to single-family development for school districts will also be included in the analysis.

7. Mr. Murphy stated that there is a perception that multi-family residential development can reduce the value of neighboring single-family residential properties. Ms. Plache stated that WHEDA has prepared a study regarding this subject and a presentation will be made at the October 21, 2010, WHEDA Multi-Family Housing Conference. She noted that a PowerPoint presentation handout

prepared for local plan commissions and governing bodies may be available for interested Committee members. Mr. Yunker noted that the results of the study could be incorporated into the cost of community services section. Ms. Prioletta suggested tax base generation per acre for multi-family development compared to single-family development could be included in the cost of community services analysis.

8. Mr. Peters noted that the Chapter only includes State requirements for accessibility and not Federal requirements. Mr. McKay noted that Federal and State requirements will be discussed further in Chapter IX, *Accessible Housing*. Mr. Peters then asked if the review process for multi-family developments receiving government assistance is more stringent than the process for market-based multi-family housing. Ms. N. Anderson stated that staff will attempt to gather information regarding this question. Mr. Murphy suggested that the impact of race be incorporated into Chapter V.

   [Secretary's Note: Information on the racial composition of the Region has been incorporated into Chapter IV and will be reviewed at the October 27 Committee meeting. Former Figure IV-11 (Accessibility Requirements for Multi-Family Housing) will be moved to Chapter IX, *Accessible Housing*. Information on Federal requirements will also be included in Chapter IX.]

9. Mr. Thistle noted that the average impact fee for the Region is not meaningful from a developer's standpoint. He noted the high impact fees charged by some communities in the Region. He suggested that the number of subdivision plats approved by local governments over the last ten years would be a good indicator if a particular community's impact fees are too high. Mr. McKay suggested that the text could list the range of impact fees charged in the Region in addition to the average. He also noted that SEWRPC has information regarding plats approved by local governments.

   [Secretary's Note: The number of plats approved within urban (sewered) communities between 2000 and 2009 has been included on Table V-15 (see Attachment 2). The fifth sentence under the Impact Fees and Utility Connection Fees section has been revised as follows:

   "The average impact fee per dwelling unit is about $5,000; however, the impact fees assessed by local governments in the Region range from none to over $11,000 per dwelling unit."]

10. Mr. Murphy asked if there are any measures a community that is urban in character can take to improve the market for new multi-family housing. Mr. Mathie responded that there may not be a simple answer to this question. Mr. Haywood noted that the sale price of vacant lots intended for multi-family development are often at a premium and providing an incentive, such as selling a city-owned vacant lot for $1, can make the development of a multi-family housing project in an urban area more feasible. Mr. Haywood also noted that inconsistent requirements are a disincentive to build a multi-family housing project. He noted the example of some projects being required to use building materials such as brick and stone while other projects in the same community do not have this requirement. He stated that a new multi-family housing development can often be a catalyst to improving a blighted area.

11. Mr. Soika suggested that another bullet be added under the heading, Findings Related to Multi-Family Housing Development Costs, regarding the need for subsidized housing to provide housing affordable to extremely low- and very low-income households because very dense development may not be acceptable in some areas.

[Secretary's Note: The following bullet was revised under Findings Related to Multi-Family Housing Development Costs on page V-9:

"Communities should seek new multi-family housing projects using Low Income Housing Tax Credits (LIHTC) to provide housing that is affordable to households earning 50 to 60 percent of the Region's median annual household income. Additional government assistance programs should be sought to provide housing that is affordable to extremely and very low-income households (households earning less than 50 percent of the median annual household income). Government assistance could include additional housing choice vouchers. Communities could also work with HUD or their entitlement jurisdiction to secure HUD Housing and Community Development Program funds to provide additional housing in the community that is affordable to extremely and very low-income households. In addition, communities could explore partnerships with nonprofit organizations to provide affordable housing, and/or assist in assembling small parcels, remediating brownfields, and disposing of publicly-owned parcels at a reduced cost for development of new affordable housing."]

12. Ms. Plache suggested that the discussion of affordable housing include households earning 60 percent of the Region's medium annual household income because of the LIHTC affordability requirements. Mr. Thistle noted that the LIHTC financing is not advantageous for extremely low- and very low-income households. A multi-family project with units affordable to households earning 60 percent of median household income is feasible using tax credit financing; however, a project with units affordable to households earning 30 percent of the median income needs an additional funding source. Mr. Haywood noted that urban sites have additional costs related to environmental remediation and site security that are not typically a concern at suburban sites.

[Secretary's Note: The first paragraph of the Total Cost Related to Household Income Section on page V-7 has been revised as follows:

"When discussing the cost elements of new multi-family housing, it is useful to consider the budget constraints of low-income households, which are households earning 50 percent of the Region's median annual household income (about $27,600 in 2008). It is also useful to consider the budget constraints of households earning 60 percent of the Region's median annual household income (about $33,120 in 2008) because of Low Income Housing Tax Credit (LIHTC) project requirements. To be affordable, housing costs should not exceed $690 per month for a household earning 50 percent of the median income and $828 for a household earning 60 percent of the median income. The monthly gross rent charged in the Region in 2008 was $761, which would not be affordable to a household earning 50 percent of the Region's median income."

While revising the paragraph above, it was found that the monthly housing budgets for moderate-income households and low-income households in previous versions of the single-family and multi-family housing development costs analyses were calculated incorrectly. The correct calculation for low-income households has been incorporated into the revision above. The Total Cost Related to Household Income portion of the single-family housing development costs section has been revised to incorporate the correct monthly housing budget for moderate-income households (see Attachment 3 for revisions, shown in track changes).]

13. Mr. Drew noted that strategies may need to be identified to allow developments with units that are affordable to the very low-income population as well as the low-income population. Ms. Plache noted that community land trusts have been used to lower housing costs by allowing households to purchase the structure without purchasing the land, but this strategy is more applicable to single-family housing. Mr. Haywood noted that rents can be kept low when building costs are low. He noted that brownfield sites in the City of Milwaukee often increase the cost of construction because of the need for environmental remediation, which increases the rents needed to make a project feasible.

14. Mr. Murphy stated that it seems as though the WHEDA formula for allocating tax credits concentrates low-income households in central city areas such as Milwaukee. He also noted that the City of Milwaukee has a housing trust fund that is used to leverage affordable housing projects; however, funding comes from property taxes within the City. He noted that there are lower income homeowners in the city and these low-income households in effect pay to produce housing for even lower income households. He noted that the Legacy Regional Housing Plan findings predicted this may happen and hoped that the findings of the current housing plan will not predict that this situation will continue in the future.

15. Mr. Thistle noted that the current housing plan promotes PUDs as a method of developing affordable housing through increased density. He stated that in the past PUDs were used in this manner; however, communities have begun to use PUDs as a method of requiring items such as additional architectural detail that can increase construction costs. Ms. Schneider-Peragine noted that plan recommendations regarding PUDs must specify that they should be used as a mechanism for affordable housing and suggested that a method be developed to measure the effectiveness of PUDs in providing affordable housing in the Region. Mr. Peters noted State tax increment financing (TIF) regulations have recently changed to allow the extension of TIF districts to facilitate development of affordable housing. Mr. McKay suggested TIF could be discussed in a bullet under the Findings Related to Multi-Family Housing Development Costs and the bullet regarding the use of PUDs under the Findings Related to Multi-Family Housing Development Costs could be revised. Mr. Yunker noted that findings can be incorporated into plan recommendations.

[Secretary's Note: The PUD bullet under Findings Related to Multi-Family Housing Development Costs on page V-8 was revised as follows:

"Flexible zoning districts such as planned unit development (PUD), traditional neighborhood developments (TND), and density bonuses for affordable housing can be used by local governments to facilitate the development of affordable multi-family housing through increased density."

The following bullet regarding the use of TIF to facilitate affordable housing was added under Findings Related to Multi-Family Housing Development Costs on page V-8:

"Tax increment financing (TIF) can be used as a mechanism to facilitate the development of affordable housing. Wisconsin TIF legislation allows municipalities to extend the life of a TIF district for one year after paying off the district's project costs. In that year, 75 percent of any tax increments received must be used to benefit affordable housing in the municipality and the remainder must be used to improve the municipality's housing stock."]

16. Mr. Labahn noted that most communities have minimum floor area requirements (FLAR) and that the City of Kenosha does not. He asked if builders find community FLARs to be an impediment to building affordable housing. Mr. Haywood responded that in the past local governments adopted FLARs to prohibit builders from developing projects with units that were so small they were likely to cause overcrowding. Builders were building very small units to spread the cost of development over as many units as possible. He stated that FLARs can increase the cost of a multi-family dwelling unit to the renter; however, programs such as LIHTC can be used to offset construction costs to provide the units at a lower cost. Ms. Plache noted that the value of the tax credits has decreased in the recent economic recession. Mr. Haywood noted that about 32 units per acre are needed to make a LIHTC project work, especially in cities like Milwaukee, Racine, and Kenosha where the parcels are smaller. Mr. Thistle stated that FLARs do not really impact the affordability of single-family homes, since most communities have relatively modest FLARs.

17. Mr. Yunker asked Mr. Mathie about the current market for smaller homes. Mr. Mathie responded that many communities perceive that adding larger and more expensive homes is advantageous from a property tax standpoint and he noted that communities can create as much tax revenue from smaller homes at a higher density. Mr. Yunker noted that some of the recommendations from the Legacy Regional Housing Plan, such as an alternative funding mechanism for schools, were intended to discourage communities from encouraging larger homes for property tax reasons.

18. Mr. Shaver noted that the Waukesha County FLAR is 1,100 square feet and that communities should allow homes this small if they are proposed and meet other ordinance requirements. Mr. Murphy noted that the belief in some suburban communities is that larger homes are needed for property tax and sustaining neighboring property values, even if it means residents' children cannot live in the community. Mr. Thistle responded that on paper the zoning ordinances allow for these smaller homes, but in some communities they are not being permitted. Mr. Cappon noted that in some communities temporary zoning for undeveloped areas is used to avoid developing smaller homes. Mr. Shaver asked how the zoning ordinance information included in the report was compiled. Ms. N. Anderson responded that the smallest lot and home sizes

allowed in communities with their own zoning ordinances are reflected in the tables, except for residential zoning districts that apply only to existing platted areas or to historic lake communities. Mr. Yunker stated that the comprehensive plan analysis currently under preparation will identify densities allowed on vacant land that is developable.

19. Mr. Shaver noted that Waukesha County does not discourage development that meets zoning ordinance requirements; however, even with the economic recession, smaller homes do not seem to be very popular among consumers. Mr. Thistle noted that FLARs do not really drive up the cost that much and that lot size has a greater impact on home cost. Ms. N. Anderson asked if this also applies to multi-family housing. Mr. Thistle responded that density is also a key to increasing multi-family housing affordability. Mr. Cappon noted that community design requirements can also increase the cost of multi-family units. Mr. Yunker noted that these are issues the recommended plan can address.

**PUBLIC COMMENTS**

Mr. Drew asked if there were any public comments. There were none.

**CORRESPONDENCE AND ANNOUNCEMENTS**

Mr. Drew asked Ms. N. Anderson to review the correspondence and announcements related to revised plan chapters on the website, Newsletter Number 2, and any other announcements:

1. Ms. N. Anderson stated that Chapters I through III have been revised to incorporate suggestions from the Regional Housing Plan Advisory Committee, Regional Planning Commission Planning and Research Committee, and Environmental Justice Task Force. She noted that all of the consolidated plans in the Region are now summarized in Table III-1 and a copy of the updated table will be distributed to Advisory Committee members. In addition, she noted that staff is currently incorporating comments into Chapters IV and V, which will be posted on the website in October and reflect the report re-organization.

2. Ms. N. Anderson noted that staff is preparing a draft of the second regional housing plan newsletter and that the draft will be sent to Regional Housing Plan Advisory Committee and Environmental Justice Task Force members for comment prior to its release. Mr. Yunker noted that a shorter companion brochure is also being prepared and will be made available for comment with the newsletter.

3. Mr. Mathie distributed handouts announcing a Housing and Municipal Economic event scheduled for September 30 and a Community Development Symposium scheduled for October 21, organized by the Metropolitan Builders Association.

**NEXT MEETING DATE**

Mr. Drew stated that the next meeting is scheduled for October 27, 2010, from 1:30 p.m. to 3:30 p.m. in Banquet Room 2 of the Tommy G. Thompson Youth Center.

**ADJOURNMENT**

Mr. Drew thanked the Committee members and guests for their time and participation and declared the meeting adjourned at 3:00 p.m.

Respectfully submitted,

Benjamin R. McKay
Recording Secretary

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