SEWRPC Planning Report No. 54
A REGIONAL HOUSING PLAN FOR SOUTHEASTERN WISCONSIN: 2035

Chapter XI

BEST HOUSING PRACTICES

Note: Maps and figures are at the end of the Chapter. This version of the chapter reflects comments made by the Planning and Research Committee on May 15, 2012 and the Advisory Committee on May 23, 2012. Major additions to the chapter are underlined.

INTRODUCTION

This chapter includes a review of best housing practices, with two areas of focus. The first area of focus is on programs and methods that have been successful in producing affordable housing. The second is on best practices in housing and neighborhood design. The review of best practices is intended to help in the development of plan recommendations that will address plan objectives, which are presented in Chapter II. Recommendations are set forth in Chapter XII.

PART 1: AFFORDABLE HOUSING BEST PRACTICES

The following review of affordable housing best practices was a principal consideration in the development of housing recommendations, particularly as they relate to planning for a variety of housing options near existing and envisioned employment and activity centers throughout the Region. The review of affordable housing best practices includes fair share programs, land use control practices, tax increment financing (TIF), housing trust funds, and other government and non-profit community development programs.

Fair Share Programs[1]

The concept of fair share housing is to promote an equitable distribution of affordable housing throughout a region. A target number of affordable housing units are typically assigned to each municipality in a region with a fair share program. States typically facilitate a fair share program by creating rights for developers to build affordable housing where such housing is in short supply. Typically these rights are enforced by an enforcement agency or state court that hears expedited appeals from developers whose affordable housing proposals were denied. The enforcement agency typically has the authority to override local government regulations that fail to comply with state requirements. This process is sometimes referred to as a "builder's remedy." In general, the burden of proof in the appeal is shifted to the local government, which must justify the decision to deny approval.

A number of state-wide and regional fair-share housing programs have been implemented across the country. Statewide examples reviewed in this section include those in New Jersey, New Hampshire, Massachusetts, California, and Illinois. The implementation of fair-share programs similar to those discussed in this section in

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[1]*Much of the information regarding Fair Share Programs is from the Center for Housing Policy. The Center for Housing Policy website can be accessed at www.housingpolicy.org.*

Wisconsin would require State legislation. An example of an incentive based regional fair-share program from the Twin Cities area is also reviewed in this section.

New Jersey
The Mount Laurel I[2] and II[3] lawsuits in the State of New Jersey established the requirement that all municipalities "provide a realistic opportunity" for development of their share of low- and moderate-income housing. The first Mount Laurel decision found that land use regulations in the Township of Mount Laurel unlawfully excluded low- and moderate-income families. The New Jersey Supreme Court held that local government zoning ordinances in the State must be read in the context of a State constitutional requirement to legislate "for the general welfare" and local zoning ordinances that make it physically and economically impossible to provide low- and moderate-income housing are unconstitutional. The Court concluded that:

> "Every municipality must, by its land use regulations, presumptively make realistically possible an appropriate variety and choice of housing. More specifically, presumptively it cannot foreclose the opportunity of the classes of people mentioned for low and moderate income housing and its regulations must affirmatively afford that opportunity, at least to the extent of the municipality's fair share of the present and prospective regional need therefore."

The U.S. Supreme Court refused a request by the Township of Mt. Laurel to hear an appeal of the case.

The Mount Laurel II decision provided clarification for implementing the Mount Laurel I decision and also created the State Council on Affordable Housing (COAH) to determine a municipality's fair share requirement and evaluate plans submitted to meet the requirement. A municipality's fair share requirement is based on the present and prospective need for low- and moderate-income housing at the State and regional levels. The housing regions are determined by the COAH.

Growth share is the method used by COAH to determine a municipality's affordable housing needs. The growth share method is based on residential and commercial growth in a municipality. One housing unit of every five units must be affordable and one affordable housing unit must be provided for every 16 jobs created by new commercial development. New affordable housing units are not required if neither new market rate housing nor commercial development occurs in the municipality. The affordable housing obligation is mandatory and participation in COAH's process is voluntary. Municipalities that fail to submit and obtain COAH-certification for a plan to achieve their fair share goal are susceptible to builder's remedy lawsuits filed by developers who are denied approval for the construction of affordable housing.

COAH has identified options that can be included in municipal affordable housing plans to create a realistic opportunity for addressing the affordable housing need. Options include zoning for affordable housing and working with non-profit and for-profit partners. Municipalities also have the ability to collect development fees on market rate residential and commercial development for funding affordable housing and have access to a statewide pool of funding for affordable housing. It is estimated that the fair share program in New Jersey has resulted in 75,096 new or rehabbed affordable housing units. An additional 124,411 new or rehabbed affordable housing units are planned. A unit is considered affordable if an owner pays 28 percent of gross household income towards housing costs or a renter pays 30 percent of gross household income towards housing costs.[4] Households with up to 80 percent of the area median income (AMI) are eligible to occupy the housing.

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[2]Southern Burlington County N.A.A.C.P. v. Township of Mount Laurel, *67 N.J. 151 (1975).*

[3]*The second Mt. Laurel decision*, Southern Burlington County N.A.A.C.P. v. Township of Mount Laurel, *92 N.J. 158 (1983), was accompanied by five other cases that were heard together because they raised many similar issues. All were decided in a single opinion, which became known as Mt. Laurel II.*

[4]*Owner housing costs include the mortgage payments, property taxes, insurance, utilities, and any homeowners' association fees. Renter housing costs include rent and utilities.*

New Hampshire

The State of New Hampshire Workforce Housing Law (SB 342) took effect on January 1, 2010. The law is intended to expedite the appeals process for developers of workforce housing whose proposals have been denied by a local government and helps to codify a 1991 New Hampshire State Supreme Court Decision (*Britton v. Town of Chester*), in which the Court ruled that the State's planning and zoning statutes call for municipalities to provide a reasonable and realistic opportunity for development of housing that is affordable to low- and moderate-income households, and particularly for the development of multi-family housing. The law directs municipalities to review land use ordinances and amend lot size and density requirements to provide opportunities for the development of workforce housing. Workforce housing must be permitted in a majority of the community's residentially zoned areas and rental multi-family housing must be allowed in a reasonable portion of a municipality. Workforce housing is defined as owner-occupied housing that is affordable to a four person household with an income of 100 percent of the AMI or rental housing that is affordable to a three person household with an income of 60 percent of the AMI.

A developer may appeal the denial or conditions of approval in court when proposed workforce housing is denied or receives approval subject to conditions that threaten the project's economic viability. The Workforce Housing Law requires that the court or an impartial party hold a hearing within six months of the appeal. The hearing may result in a builder's remedy in which the ruling supersedes the local government's decision. In its defense, a municipality may demonstrate that it has its fair share of current and future regional workforce housing. A municipality may also demonstrate that there are reasonable and realistic opportunities for workforce housing elsewhere in the municipality or that the challenged conditions of approval are necessary to protect public health, safety, and welfare.

Massachusetts

Massachusetts State Statute Chapter 40B enables local zoning boards of appeal (ZBA) to approve affordable housing developments using flexible rules if at least 20 to 25 percent of the units remain affordable long-term. The Statute, which is also known as the Comprehensive Permit Law, was enacted in 1969 to help address a state-wide shortage of affordable housing. The law is intended to reduce barriers to affordable housing created by local zoning and encourage affordable housing in all of the State's communities.

New development proposals must include a percentage of affordable housing units mixed with market rate units for qualifying projects under the Comprehensive Permit Law. At least 25 percent of units in a homeownership development must be sold to households with incomes of 80 percent or less of the AMI. Sales prices must be restricted to levels that are affordable to these households. At least 25 percent of rental units in a rental development must be affordable to households with incomes of 80 percent or less of the AMI, or 20 percent of the units must be affordable to households with incomes of 50 percent or less of the AMI. Both for profit and non-profit developers must agree to restrict profits to a maximum of 20 percent for owner-occupied developments and 10 percent for rental developments. A development proposal may use a State or Federal subsidized housing program to qualify for a Comprehensive Permit.

The ZBA is the permit granting authority under Chapter 40B of the Massachusetts general laws. A ZBA has three options when issuing a decision regarding a Comprehensive Permit development. It may approve a project as submitted, approve a project with conditions, or deny a project under certain circumstances. An applicant can appeal a decision within 20 days to the State Housing Appeals Committee (HAC) if the ZBA rejects a project or imposes conditions that make the project economically infeasible. The HAC must render a decision within 30 days of the conclusion of the hearing, which may overrule the decision of the local government. An applicant can only appeal a ZBA decision in a community that has not met the standards and goals of Chapter 40B. At least 10 percent of a community's housing stock must meet the State's definition of low- or moderate-income housing to meet State standards. As of 2011, 9.1 percent of the State's housing units, or 245,042 units, were included in the affordable housing inventory.

California

The California Housing Element Law, enacted in 1980, requires regional councils of governments (COG) to determine the existing and projected housing needs for persons of all income levels. This process is called a Regional Housing Needs Assessment (RHNA). The COG is also required to determine each local government's share of the housing need. The Housing Element Law and the RHNA process are intended to address housing needs for the State's projected population and household growth, create a balance of jobs and housing in local governments, and ensure the availability of affordable housing for all income groups. A COG determines existing housing need by examining key Census data such as households with a high housing cost burden and overcrowded housing units. The future housing need is determined by the COG population and household growth forecast and a public participation process.

The Housing Element Law requires local governments to prepare plans that adequately address their share of existing and projected population growth. The plans must take projected population growth and the affordability of existing and planned housing into consideration. The California Department of Housing and Community Development (HCD) enforces the Housing Element Law by requiring certified Housing Elements as part of local government General (comprehensive) Plans.

Illinois

The Affordable Housing Planning and Appeal Act (AHPAA) became effective in Illinois on January 1, 2004. The purpose of the AHPAA is to encourage counties and municipalities to incorporate a sufficient amount of affordable housing into their housing stock to meet housing needs. The Act provides developers of affordable housing the ability to seek relief from local ordinances and regulations that may inhibit the construction of affordable housing for low- and moderate-income households.

The Illinois Housing Development Authority (IHDA) is the State agency responsible for administering the law. The IHDA determines which local governments are exempt from the AHPAA based on the total number of housing units in the most recent decennial Census and the total number of affordable for-sale and rental housing units. The Act defines affordable housing as housing with a sales price or rental amount that is 30 percent or less of the household income of a low- or moderate-income household (households with incomes of 50 to 80 percent of AMI, respectively). Local governments with 10 percent or more of their housing stock determined by the IHDA to be affordable or with populations of fewer than 1,000 residents are exempt from the Act.

There are 49 non-exempt local governments in the State. All non-exempt local governments must submit an affordable housing plan to the IHDA. A developer of affordable housing may appeal a decision by a non-exempt local government to deny an affordable housing project or approve it with conditions that would make the project infeasible to the State Housing Appeals Board within 45 days of the decision. The Board may affirm, reverse, or modify the decision made by the local government. The IHDA tracks the number of affordable housing units in non-exempt local governments and their progress towards implementing their affordable housing plans.[5]

Twin Cities

The Livable Communities Program was created for communities in the Metropolitan Twin Cities area (Minneapolis and St. Paul, Minnesota) under the Livable Communities Act (LCA), enacted by the State Legislature in 1995. The program is intended to increase the production of affordable housing throughout the area's communities and to eliminate regulatory barriers to such housing. The program is administered by the Metropolitan Council for the seven county Twin Cities area. Several grants are available through the Act that provide funding for communities to invest in affordable housing, as well as economic redevelopment, brownfield redevelopment, and the development of compact neighborhoods that are pedestrian and transit friendly. Grants are available through four types of accounts, including:

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[5]*Data regarding progress towards affordable housing plan implementation in Illinois will be available in 2013.*

- Tax Base Revitalization Account (TBRA), which funds brownfield cleanup and redevelopment for job creation and affordable housing. The TBRA is funded by a property tax levy established in the Council's annual budget.

- Livable Communities Demonstration Account (LCDA), which supports development and redevelopment that links housing, jobs, and services while demonstrating efficient and cost-effective use of land and infrastructure. The LCDA is funded by a property tax levy established in the Council's annual budget.

- Local Housing Incentives Account (LHIA), which funds production and preservation of affordable housing for households with low- to moderate-incomes. The LHIA is funded annually from the Council's budget.

- Land Acquisition for Affordable New Development (LAAND), which provides communities loans to purchase land, at current land prices, for the development of affordable housing in the future. The LAAND is funded by a shift of funds from the LCDA account.

Participation in the Program is voluntary for communities in the seven county area. Communities must negotiate long-term affordable and lifecycle housing goals with the Metropolitan Council and develop a housing action plan to compete for funding. In 2011, 94 of the 182 communities in the Metropolitan Twin Cities area participated in the program. Affordable housing-related awards made by the Council between 1996 and 2010 resulted in 717 rehabilitated affordable rental units, 2,112 new affordable rental units, and 800 new and rehabilitated units for ownership across the metropolitan area.

The State Legislature established the Metropolitan Council in 1967 to coordinate planning and development for the seven county Twin Cities area. Additional legislative acts strengthened the Council's regional planning and policy roles and merged the functions of the Metropolitan Transit Commission, Regional Transit Board, and Metropolitan Waste Control Commission into the Metropolitan Council. The Council employs about 3,700 people and has an annual operating budget of $739 million. About 70 percent of the budget is for day-to-day operations, 19 percent is debt service for wastewater and transportation capital projects, and 11 percent is pass-through grants to other agencies and units of government. The $78 million in grants made in 2010 to other agencies were for regional park operations, suburban transit agency operations, and community development and housing assistance grants, such as the grants made through the Livable Communities Program. In 2010, the Council received its revenue from user fees, such as wastewater charges and bus fares (45 percent); State and Federal Funds (41 percent); regional property tax levy (10 percent); and other sources (4 percent). Most of the Council's employees operate the region's transit and regional wastewater treatment systems.

Assisted Housing Mobility Programs

Assisted Housing Mobility Programs are intended to help disperse the concentration of minorities in high-poverty central city neighborhoods. Low-income families are provided assistance to move to less impoverished areas to give them access to better schools and employment opportunities, with less exposure to crime. A current successful program is the Baltimore Housing Mobility Program, which was established in 2003 as part of a settlement of a public housing desegregation lawsuit filed in 1995. The program is administered by the Metropolitan Baltimore Quadel (MBQ), a private company, under contract to the Housing Authority of Baltimore City.

Under the Baltimore program, participating families are provided assistance with moving to "Opportunity Neighborhoods," which are census tracts in the six-county Baltimore metro area where less than 10 percent of residents are in poverty, less than 30 percent of residents are minority (less than the regional percentage of minority residents), and less than 5 percent of all housing units are public or HUD-assisted housing units. All residents of public housing and those on waiting lists for public housing or vouchers are eligible to apply for the program, but background checks and other requirements must be met to be accepted into the program. Participating families receive budgeting and financial education and must save for a down payment (or security deposit) on their new home. MBQ provides assistance in finding a suitable new home and provides help in identifying job and educational opportunities, both prior to the move and for two years after the move, and financial assistance through vouchers for housing. About 2,200 vouchers are available through the program, including about 62 percent for tenant-based vouchers, 30 percent for project-based vouchers, and 8 percent for assistance in purchasing a home. MBQ administers the vouchers, which can be used region-wide. MBQ markets the program to landlords to ensure a supply of rental units in the Opportunity Neighborhoods, and also monitors the placement of voucher holders to avoid "clustering" program participants. In 2009, over 1,500 families had moved to Opportunity Neighborhoods[6] as part of the program.

The Baltimore Housing Mobility Program is similar to the Center for Integrated Living (CIL) program established by the Metropolitan Milwaukee Fair Housing Council in 1989, which is described in Chapter VI. The CIL was established with funds from WHEDA as a result of a settlement agreement in a lawsuit brought by the Milwaukee Public School district (MPS) against suburban school districts and the State. The settlement agreement recognized that racially segregated housing patterns contributed to the segregation of schools and the inequality of educational opportunities in the Milwaukee area. The emphasis of the CIL was to assist families with children in the MPS system to relocate to portions of the metro area where the race of the home seeker was under-represented. These services were designed to facilitate pro-integrative housing moves. CIL programs were suspended in 1991 when funding under the settlement agreement expired.

Chicago Regional Housing Choice Initiative Program

The Chicago Regional Housing Choice Initiative (CRHCI) program was established in 2012 as a three-year demonstration project with $1 million in funding from HUD. The project will study the effects of mobility counseling and housing opportunities on households and neighborhoods, and administrative and financial savings to public housing authorities (PHAs), for regional administration of a pool of vouchers contributed by the eight participating PHAs.[7] The CRHCI program is being carried out by a number of partners, including the Regional Housing Initiative (RHI), which is a consortia of six PHAs, the Illinois Housing Development Authority, and the Metropolitan Planning Council (MPC), a non-profit organization in the Chicago metro area. Other partners include the Metropolitan Mayors Caucus, the Chicago Metropolitan Agency for Planning, the Chicago Alliance to End Homelessness, and additional non-profit organizations. The primary goals of the project are to assist households with moving into areas of the Chicago metro area with job and educational opportunities, referred to as opportunity areas, and to reduce costs for PHAs and participating households. The program includes both tenant-based and project-based components.

The CRHCI proposal to HUD identified the primary barriers to mobility and regional voucher coordination as administrative burdens, expense, lack of mobility counseling, disincentives within the Section 8 Management Assessment Program (SEMAP) scoring due to a 60-day limit on finding housing for voucher-holders, and budget and programmatic fragmentation within the region. Funding and program changes have been approved by HUD to address many of these issues through the CRHCI program. The funding proposal also requested an increase in the rent limit for vouchers in opportunity areas to 130 percent of area fair market rent (FMR) and establishment of a regional central reserve fund to offset losses to PHA funds for moves to opportunity areas, in recognition that opportunity areas generally have higher-cost housing. These requests are still under consideration by HUD.

The CRHCI program will serve a minimum of 325 households in a borderless region for the geography covered by participating PHAs.[8] Of these, 200 will be households that already hold Section 8 Housing Choice Vouchers

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[6]*Additional information about the Baltimore program is available in the report titled,* New Homes, New Neighborhoods, New Schools: A Progress Report on the Baltimore Housing Mobility Program, *by Lora Engdahl, October 2009 (available at www.prrac.org/pdf/BaltimoreMobilityReport.pdf).*

[7] *Partial transfer of vouchers by a PHA to another PHA or administering body requires approval from HUD.*

[8] *Participating PHAs include the six PHAs that belong to the RHI consortia (Chicago Housing Authority, Housing Authority of Cook County, Lake County Housing Authority, McHenry County Housing Authority, Housing Authority of Joliet, and the Waukegan Housing Authority), and the Oak Park and DuPage Housing Authorities.*

in "traditional areas" of the Chicago metro area that are interested in moving to opportunity areas defined in the program's administrative plan. The remainder will be households recruited from existing PHA waiting lists to be placed in project-based voucher units located in opportunity areas. A significant component of the program is mobility counseling, including assisting households in moving to opportunity areas through:[9]

- Introducing households to the community, including transportation, local support organizations, and schools
- An incentive that provides $500 to tenant-based voucher holders for moving costs
- Credit counseling
- Good neighbor, budgeting and financial management, home maintenance, and conflict resolution programs
- Rental application assistance
- Expedited unit inspections and rent determinations on behalf of partnering PHAs
- Follow-up visits after three months to assess tenant needs, and referrals to address needs.

The project-based program is a continuation of a program established by the Regional Housing Initiative (RHI) in 2002. The RHI program has resulted in the construction of 312 subsidized housing units in 19 developments across the Chicago metro area. The RHI is expected to expand capacity with new funding resulting from its absorption into the CRHCI. Additional project-based program features identified in the administrative plan include:[10]

- The Illinois Housing Development Authority Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) will allocate six additional points to developments approved by the RHI due to similar goals of developing affordable housing near jobs and transit (opportunity areas)
- The participating PHAs are expected to expand the existing regional pool of 350 project-based vouchers, which has been exhausted
- Mixed income developments are encouraged and proposals for elderly-only housing are not eligible under the RHI program, although households headed by elderly persons are eligible to occupy project-based voucher units. Up to 25 percent of units in a multi-family proposal may receive voucher assistance. The 25 percent cap also applies on a building-by-building basis in multiple building developments
- Developments intended for occupancy by persons with disabilities may receive RHI vouchers for up to 100 percent of units; however, RHI will not provide funding for special services
- Proposals that include units that have been subsidized using public housing funds or other forms of project-based assistance are not eligible
- Developments located in low poverty census tracts are encouraged.

The CRHCI will also establish a centralized waiting list for households interested in RHI project-based vouchers. The centralized waiting list is intended to facilitate a simplified process for both property owners and PHAs to place interested households. The list will be comprised of interested households from the participating PHA's tenant-based voucher waiting lists. Households will have the opportunity to be placed in any of the PHA jurisdictions. The administrative plan also includes an extensive process for waiting list formation and criteria for tenant eligibility.

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[9] *Three different groups of program participants will be evaluated to determine the impact of mobility counseling: tenant-based households that receive counseling and financial incentives, tenant-based households that only receive a financial incentive, and project-based households with the option of receiving counseling.*

[10] *The administrative plan includes an extensive proposal selection process.*

Land Use Control Practices

As described in Chapter V and other chapters of this report, the housing characteristics of the Region and its sub-areas are heavily influenced by community planning and land use regulations. Chapter V provides a set of basic zoning ordinance and comprehensive plan findings related to reducing barriers to the development of affordable housing. The findings are based on the costs related to the development of new-single family housing that may be affordable to moderate-income households (households earning 80 to 95 percent of the Region's median household income) and new multi-family housing that may be affordable to low-income households (households earning 50 to 80 percent of the Region's median household income).

The following findings can be considered by local governments as best practices for encouraging the development of affordable single-family housing:

- Smaller lot and home sizes generally result in more affordable homes, and local governments that provide sanitary sewer and other urban services should consider providing areas within the community for the development of new homes on lots of 10,000 square feet or smaller, with home sizes of 1,100 to 1,200 square feet, and identify such areas in the community's comprehensive plan.

- Communities that provide sanitary sewer service should consider including a district in the zoning ordinance that would allow single-family homes with a minimum lot size of 10,000 square feet and a minimum home size of 1,100 to 1,200 square feet (Map V-12 identifies communities that have adopted such regulations). Flexible zoning regulations such as planned unit development (PUD), traditional neighborhood developments (TND), and density bonuses for affordable housing may also facilitate the development of affordable single-family housing.

The following findings can be considered by local governments as best practices for encouraging the development of affordable multi-family housing:

- Each community that provides sanitary sewer service should consider including at least one land use category in its comprehensive plan that allows for high density urban residential development (7.0 units per acre or greater). Maps V-3 through V-9 in Chapter V show areas in each County that have been designated in local government comprehensive plans for residential development at a density of at least 7.0 dwelling units per acre. As the analysis in Chapter V indicates, 7.0 dwelling units per acre may not be enough to provide for apartments with rents affordable to households earning 50 percent of the Region's median income. To provide housing options for these households, a community zoning ordinance should have at least one district that allows for multi-family housing to be developed at a density of at least 10 units per acre and a two bedroom dwelling unit size of 800 square feet or less. It may be necessary for the zoning ordinance to have at least one district that allows multi-family housing to be developed at a density of 18 units or more per acre in highly-urbanized communities, as the cost of land acquisition, assembly, and remediation may otherwise limit development.

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

Data regarding local governments that have land use control ordinances and plans that currently meet these recommendations are set forth in Chapter V.

Additional land use control best practices that can be implemented through local government zoning ordinances to encourage the development of affordable housing include inclusionary zoning, density bonuses, and regulations allowing accessory dwelling units.

Inclusionary Zoning

Inclusionary zoning (IZ) refers to a method of providing affordable housing that links the production of affordable housing to the production of market-rate housing, often through land use control regulations. Local government IZ regulations typically require new residential developments to include a percentage of housing units that are affordable to low- and moderate-income households. Typically, these regulations also provide developers with cost offsets such a density bonuses, expedited permitting, or adjusted parking regulations to enhance the economic viability of new residential development that includes affordable housing.

It is estimated that there are over 300 local government and county IZ regulations Nation-wide, with many variations. Regulations may be triggered by different types and sizes of developments, target different household income levels, require affordable units to be located on-site or allow them to be off-site, or impose affordability restrictions for varying lengths of time. The New York University (NYU) Center for Real Estate and Urban Policy conducted a 2008 study titled, *The Effects of Inclusionary Zoning on Local Government Housing Markets: Lessons from the San Francisco, Washington D.C., and Suburban Boston Areas*, to analyze concerns with various IZ regulations.

The San Francisco, Washington D.C., and Suburban Boston study areas were chosen because they reflect the diversity that is typical of IZ regulations and there was generally sufficient data to conduct an analysis of IZ impacts on local housing markets while controlling for other factors. The study analyzed types of jurisdictions that are most likely to adopt IZ regulations, the amount of affordable units produced through different IZ regulations, and the impact of different IZ regulations on the price and production of market-rate housing. The study found that local governments and counties most likely to adopt an IZ regulation are:

- Larger and more affluent
- Have neighboring local governments or counties with an IZ regulation
- Have adopted land use regulations that address conservation or cluster development and growth management.

The study sets forth the following policy recommendations for local governments regarding whether to adopt IZ regulations, and if so, how to structure the regulations:

- IZ regulations were determined to produce a significant amount of affordable housing in some instances; however, these regulations should be considered as one piece of a broader comprehensive housing strategy rather than a stand-alone policy for production of an adequate amount of affordable housing.

- An IZ regulation should involve flexible policies, which may lead to greater production of affordable units. This recommendation is based on the findings from the San Francisco area where IZ regulations that included density bonuses and exemptions for smaller projects were most successful in producing affordable housing units. IZ regulations that include compensatory policies that offset profit losses on affordable housing units, particularly density bonuses, seem to have very few adverse impacts on the cost and supply of market-rate housing. The most common compensatory policy in the IZ study were density bonuses; however, expedited permitting and reduced parking requirements were also included in some of the IZ regulations that were analyzed for the study.

- It is likely that different communities will have to adopt different compensatory policies, or different combinations of compensatory policies, because factors that impact the economics of development change between communities and over time.

- Compensatory policies need to be practical to implement. Community opposition to a policy or other regulations, such as height limits, that are not consistent with the compensatory policy may discourage developers from building in the community or may increase market-rate unit costs to make up for losses on affordable units. Broad-based consultations with stake-holders, such as for profit and non-profit developers, may be helpful in designing compensatory policies that can be successfully implemented. These stakeholders can help local governments develop policies that consider the realities of construction costs and provide feedback on how the policies impact the affordability of market-rate housing once they are implemented.

Madison Inclusionary Zoning Program

An example of an IZ regulation in the State of Wisconsin was the ordinance adopted by the City of Madison in 2004. The stated goals of the Madison ordinance were to increase the number of affordable dwelling units in the City of Madison and to create mixed-income neighborhoods throughout the City. The ordinance originally applied to both homeownership developments and rental developments and required 15 percent of dwelling units in new residential developments with 10 or more units to be affordable at certain income levels. The expectation was to create 200 to 300 affordable homeownership and rental dwelling units a year.

The program had been in existence for four years at the time of the last inclusionary zoning annual report, which was prepared in 2008. An average of 174 affordable dwelling units per year were approved over that time period; however, a high percentage of the approved units were removed from the program for various reasons and resulted in very few occupied affordable units. Revisions to the original ordinance were adopted by the City in 2006 in response to multiple issues.

One issue was a lawsuit brought against the City by the Apartment Association of South Central Wisconsin.[11] Wisconsin, like several other states, has adopted a ban on local ordinances that regulate rents. Section 66.1005 (1) of the *Wisconsin Statutes* provides that no city, village, town, or county may regulate the amount of rent or fees charged for the use of a residential rental dwelling unit. The Apartment Association argued that Madison's IZ ordinance was in violation of the Statute because it required 15 percent of the dwelling units in new rental developments of 10 units or more to be affordable to households with incomes of 60 percent of AMI. The Circuit Court found that Wisconsin's rent control Statute does not prohibit a city from "entering into an agreement with a private person who regulates rent or fees charged for a residential dwelling unit" and rejected the Association's challenge. The Court concluded that the IZ ordinance did not constitute illegal rent control because it was within the City's authority to enter into agreements with individuals who regulate rent. Upon appeal, however, the Court of Appeals reversed the Circuit Court decision and found that the Madison IZ ordinance was in violation of the Statute.[12]

The 2006 ordinance revision was also intended to address marketability issues that City staff believed resulted in a low occupancy percentage of approved affordable homeownership units. Staff found that there was poor buyer response to affordable units due to a complex equity-sharing formula. It was also thought that developers were not actively marketing for-sale affordable units because they could be removed from the program if they did not sell to a qualified low-income household within a specified period of time. Provisions for an Inclusionary Zoning Advisory Committee (IZAC) and a sunset clause that took effect on January 5, 2009, were also included in the 2006 IZ ordinance revision.

The IZAC worked to identify further shortcomings in the ordinance through statistical analysis and interviews with stakeholders such as buyers, realtors, and developers. The IZAC was unable to develop recommendations to improve the ordinance and it has since reached its sunset date. Development applications received after January 5, 2009, are no longer subject to the IZ ordinance. Although the IZAC was unable to come to a consensus on recommendations, stakeholder feedback was gathered and summarized as follows:[13]

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[11]*Apartment Association of South Central Wisconsin v. City of Madison, 05-CV-0423.*

[12]*Apartment Association of South Central Wisconsin v. City of Madison, 2006 WI APP 192.*

[13]Inclusionary Zoning Annual Report and Proposals for Improvements to the Inclusionary Zoning Program, *City of Madison Inclusionary Zoning Oversight Advisory Committee, September 2008.*

- Buyers: Only two buyers returned surveys. Both buyers purchased units in condo developments and price and location were the primary criteria in their purchasing decisions. One heard about the program from a friend and the other found information on a website. Both buyers felt they received a lot of assistance from realtors, bankers, and developers; however, both felt the program needed to be marketed more extensively to make the public aware of its availability. Both felt the process was complicated and one felt the developer "added on" fees outside the purchase price, such as non-standard appliances and parking.

- Realtors: Three realtors were surveyed. All three felt that price and location are the key criteria buyers look for and they felt the key IZ program advantage for buyers was affordability. Several disadvantages regarding the IZ program were noted, including:

    - A limited number of units because they were linked to new housing starts. Limited locations sometimes lead to clients not participating in the program.
    - Clients pay for upgrades to basic units, such as different appliances and parking.
    - Unanticipated changes in a WHEDA loan program, which was identified as financing many IZ unit mortgages, added extra cost to mortgage insurance coverage.

  The realtors identified the following as possible improvements to the program:

    - Increasing available units
    - Simplifying documents
    - Allowing for upgrades to property and parking costs in the loan arrangements
    - Increasing buyer education regarding equity at the time of future property sale.

- Developers: Two developers were interviewed, who identified several areas of the program they felt were shortcomings:

    - They felt they understood the program's goals and that the program did not meet its goals.
    - They did not identify any aspects of the program that assisted them and felt the program added costs to their developments.
    - They felt that if the program were to continue it should be as flexible as possible and be open beyond new developments.
    - They felt that down payment assistance would be more helpful than mandating specific affordable unit targets.
    - They noted what appeared to be inconsistencies between City agencies in the approval process for development incentives including park impact fees that were not reduced, unrealistic density bonuses, and changes requested by the Urban Design Commission that added to development costs and reduced profit margins.
    - They felt City agencies involved in the IZ program needed to work cooperatively to address its shortcomings.

The challenges faced in implementing the City of Madison IZ ordinance appear to be consistent with the findings of the NYU study. Flexible regulations and adequate compensatory polices appear to be necessary to offset potential profit losses on affordable housing units. It also appears that the compensatory policies need to be consistent with other regulations and local government agencies must apply the policies in a consistent manner. Consultation with stakeholders, such as developers, may result in policies that can be successfully implemented by considering the realities of project development and the impacts on affordability of market-rate housing. Additional consultation with other stakeholders, such as realtors, lenders, and homebuyers may result in a process that is less complex and more appealing to those involved in marketing and purchasing affordable units.

Density Bonus

A density bonus is a flexible zoning regulation used to allow for additional residential units beyond the maximum for which a parcel is zoned in exchange for the provision or preservation of a desirable public amenity on the same site or another location. A desirable public amenity can take many forms; however, providing an incentive for affordable housing through increased density is the public amenity most applicable to this discussion of density bonuses (discussion regarding density bonuses and the provision of environmentally responsible and attractive housing and neighborhood design is included in Part 2 of this chapter).

Density bonus ordinances are found throughout the Country, including the State of California, which has a State Density Bonus Law. The California Density Bonus Law requires a city or county to grant a density bonus and permit an additional housing incentive for developers who agree to construct affordable housing for lower income households, unless the city can make a written finding that a density bonus or other incentive would not be necessary for the developer to provide affordable units. The law historically required local governments to compensate developers with a density bonus of 25 percent and at least one additional incentive. It is triggered by a development that sets aside one of the following:

- At least 20 percent of the total units as affordable to low-income households
- At least 10 percent of the total units as affordable to very low-income household
- At least 50 percent of the total units for occupancy by senior citizens
- At least 20 percent of units as affordable to moderate-income households in condominium development (10 percent density bonus).

A project that receives a density bonus or incentive must retain affordability of the units for at least 30 years. Development incentives may include:

- A reduction in site development standards
- A modification of zoning code requirements such as a reduction in setbacks, square footage requirements, parking requirements, or architectural design requirements that exceed minimum building standards
- Approval of mixed use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development, and if such nonresidential uses are compatible with the project
- Other regulatory incentives proposed by the developer or local government that result in identifiable cost reductions.

The State of California enacted changes to the Density Bonus Law that went into effect in 2005. The State was experiencing rising land and construction costs at that time and the changes in the Law were enacted to encourage more housing construction to meet increasing demand for affordable housing in the State. SB 1818 included the following changes:

- The density bonus is now on a sliding scale from 20 percent to 35 percent for apartments and 5 percent to 35 percent for condominiums. The set aside triggers are lower to provide an incentive for developers to include affordable housing in developments that may have otherwise been all market-rate and the sliding scale provides an incentive for increasing the number of affordable units over the minimum amount to trigger the density bonus requirement. A 20 to 35 percent density bonus is now available to developments with:
    - 10 percent of units affordable to low-income households, with a 1.5 percent density increase for every 1 percent increase in units affordable to low-income households above 10 percent
    - 5 percent of units affordable to very low-income households, with a 2.5 percent density increase for every 1 percent increase in units affordable to very low-income households above 5 percent
    - A flat 20 percent density bonus for all senior developments

- In addition, a 5 percent density bonus is available to condominium/PUD developments with 10 percent of units affordable to moderate-income households. There is a 1 percent density increase for every 1 percent increase in units affordable to moderate income households above 10 percent

- A land donation density bonus was created for developers who donate land for very low-income housing to local governments and other housing developers. A developer is entitled to a 15 percent density bonus if land is donated for a different project that can accommodate 40 units per acre with 10 percent of the units affordable to very low-income households. The density bonus increases by 1 percent for every 1 percent of units affordable to very low-income households above 10 percent, with a maximum density bonus of 35 percent

- Local government must offer between one and three additional incentives depending on the percentage of affordable housing units in a development.

The California density bonus incentives are similar to those used in other parts of the Country, and most inclusionary zoning ordinances have a provision for density bonus to offset the profit lost by developers on affordable housing units. A number of local governments in Southeastern Wisconsin have adopted planned unit development (PUD) ordinances that allow for increased density as an incentive to provide desirable public amenities (see Table V-4 in Chapter V). Communities in the Region that are in need of additional affordable housing, such as communities with a job/housing imbalance and very little subsidized housing, should consider implementing a density bonus program or updating existing PUD regulations to allow for increased density as part of an affordable housing strategy.

The incentive that allows for modification of architectural standards that exceed minimum building standards may not be desirable for communities in the Region if the California Density Bonus Law is studied as an example. The Regional Housing Plan Advisory Committee has identified public perception of affordable housing as a concern. Committee members noted that residents in a community where affordable housing is proposed may oppose the development because of the perception that it is unattractive. Communities should work with qualified consultants, such as architects with experience in designing affordable housing, if they wish to make ordinance changes that would reduce the cost of producing affordable housing. Changes to exterior building material, parking, and landscaping requirements should be considered during the review. Examples of affordable and attractive façade materials are shown in Figure V-6 in Chapter V.

Accessory Dwelling Units

Allowing accessory dwelling units (ADU) in single family residential zoning districts is another program that can be implemented by local governments to increase the amount of affordable housing in a community. An ADU, sometimes referred to as a mother-in-law apartment or granny flat, is a secondary dwelling unit with kitchen and bathroom facilities established in conjunction with and clearly subordinate to a primary dwelling unit. An ADU may be part of the primary dwelling structure or a free standing structure. Although ADUs are often intended for occupancy by a relative of the residents of the primary dwelling, ADUs could be also be a source of affordable housing in communities oriented towards single-family neighborhoods.

A 2008 study undertaken by the HUD Office of Policy Research and Development titled, *Accessory Dwelling Units: Case Study*, notes that accessory dwelling units offer a variety of benefits to communities, including:

- Increasing the affordable housing supply for low- and moderate-income residents
- Providing housing options for elderly relatives and persons with disabilities
- Providing convenient and affordable housing options for empty nesters and young adults entering the workforce
- Providing extra income to homeowners.

ADUs can also be designed to be compatible with surrounding architecture and neighborhood character. They can be classified as either interior, attached, or detached. Interior ADUs are located within the primary dwelling units through a conversion of an existing space such as an attic or basement. Attached ADUs are typically added onto the side or rear of a primary unit, or built on top of an attached garage. Detached ADUs are often built over an existing accessory structure, such as a detached garage. They can also be free standing dwelling units that are not attached to another existing structure. Figure XI-1 shows an example of a detached ADU.

The HUD study includes examples of several ADU ordinances adopted by communities under development pressure and in need of affordable housing, including Lexington Massachusetts, Santa Cruz California, and Portland Oregon. These communities were also cited by Advisory Committee members as good examples of flexible regulations for ADUs during the housing planning process. Lexington is a community of about 31,000 residents located in the Boston Metropolitan Area. Its 2002 comprehensive plan identified only 1,000 acres as available for development and it had a median home sales price of $600,000 in 2007. Lexington has historically been an affluent community and adopted its first ADU ordinance in 1983, which resulted in the construction of 60 accessory units. In 2005 the Town affirmed that ADUs should increase housing choice while maintaining community character and the ordinance was amended to provide increased flexibility for ADUs. Ordinance amendments include:

- Reduction or elimination of minimum lot size requirements
- Allowing ADUs "by-right" in recently constructed existing homes
- Allowing ADUs as a special use in new construction
- Two ADUs are allowed on lots connected to public sewer and water systems
- By-right ADUs must be located within the primary dwelling on lots of at least 10,000 square feet
- By-right ADUs can have a maximum floor area of 1,000 square feet and no more than two bedrooms
- A minimum of one off street parking space must be provided for each ADU.

Santa Cruz is a community of about 60,000 residents located in the Bay Area of California. The median home sales price was $746,000 in 2006 and the amount of land available for development within the City is limited by a greenbelt. The City adopted an ADU ordinance in 2003 to preserve the greenbelt while accommodating new growth, promoting public transportation, and increasing the supply of affordable housing. ADUs are permitted in designated residential zones on lots that are at least 5,000 square feet in area. One ADU is allowed per lot and the property owner must live in either the primary structure or the ADU. Development fees are waived for ADUs made available to low- and very low-income households. Santa Cruz has also established an ADU development program. The program includes a Plan Sets Book that contains designs homeowners can select from to receive permits in an expedited manner. The City also offers an ADU Manual, which provides information on designing ADUs to be compatible with their neighborhood, zoning regulations relevant to ADUs, and the permitting process. The City has approved an average of 40 to 50 ADU permits per year since the beginning of the program, as reported by the 2008 HUD study. Program materials, including the Plan Sets Book and ADU Manual, can be accessed on the City's website at www.cityofsantacruz.com/index.aspx?page=1150.

Portland, with a population of about 584,000, is the largest city in Oregon and has strong growth management controls through an urban growth boundary. The City considers ADUs to be an affordable housing option and amended its ADU ordinance in 1998 to relax regulations. ADUs are allowed in all residential zones, including single-family districts as long as the ADU is smaller and supplementary to the primary residence and is no more than 800 square feet in size. ADUs can be new construction or can be converted from an existing structure, and there are no owner-occupancy or off-street parking requirements. ADUs that meet all standards are permitted by right and do not require a land use review. Portland's ADU program guide includes an early assistance process for ADUs created through the conversion of an existing structure and outlines methods to bring existing nonconforming units into compliance. Program materials are available on the City website at www.portlandonline.com/bds/36676.

Local governments in the Region that allow ADUs in single-family residential zoning districts are listed in Table V-7 in Chapter V. The Village of Richfield and City of Muskego are the only local governments that allow ADUs as permitted uses. A limited number of additional communities, mostly towns located in Waukesha

County, allow ADUs as conditional uses. It should be noted that several town zoning ordinances allow for an additional dwelling unit on the same lot as a primary residential structure in agricultural districts with the intent of providing housing for farm workers and relatives of the farm owner.

Tax Increment Financing

Wisconsin's Tax Increment Finance (TIF) program was approved by the Legislature in 1975 with the purpose of providing a method for a city or village to promote tax base expansion. Wisconsin's TIF law was amended in 2004 to allow towns to participate in the program. TIF is aimed at eliminating blight, rehabilitating declining property values, and promoting industrial and mixed-use development. TIF is intended to spur development that would otherwise not occur by using the increased property taxes that a new real estate development makes to finance the cost of the development.

When a TIF district (TID) is created, the aggregate equalized value of taxable and certain municipality owned property is established by the Department of Revenue prior to any improvements being made. This value is called the tax incremental base. To stimulate development or redevelopment within a TID, the municipality makes public improvements, such as new roads, sewers, and other public amenities. To the extent such efforts are successful, property values rise, leading to an increase in actual property tax receipts above the base. The amount of the increase in property tax receipts over the base is called the tax increment. The base amount of property tax revenue continues to be used to fund city services but, over a set period of time, the increment is captured by the TID as revenue, which is used to reimburse the community (or a partner developer) for the cost of the improvements that stimulated the rise in property values and tax revenue. Other taxing jurisdictions do not benefit from taxes collected on the tax increment until project costs have been recovered and the TID is retired, at which point the increased property value is added to the tax base and all taxing jurisdictions share the increase in property value.

TIF can be used as a mechanism to facilitate the development of affordable housing. TIDs can be created expressly to fund investments in affordable housing, with the housing development being the capital investment intended to spur community revitalization. TIDs can also be set up principally to fund infrastructure or other public improvements intended to stimulate economic revitalization with affordable housing development or preservation funded as a secondary activity to help prevent displacement of residents due to higher taxes and increased rents or home prices resulting from higher property values. Some states and municipalities have passed legislation to require that a minimum portion of TIF revenue go toward affordable housing development. Wisconsin TIF legislation was amended in 2009 to allow municipalities to extend the life of a TID for one year after paying off the TID's project costs. In that year, at least 75 percent of any tax revenue received from the value increment must be used to benefit affordable housing in the municipality and the remainder must be used to improve the municipality's housing stock.

The following three examples demonstrate how much a one-year extension of a TID could potentially contribute to a municipality's affordable housing supply. These are hypothetical examples; the TIDs are still active and have not sought extensions. As of 2011, no TIDs in the Region have been extended to provide for affordable housing. These examples use the 2011 value increment for the TIDs in place of the incremental value of the TID in the extension year. In 2011, there were 202 active TIDs in the Region with an average value increment of about $29 million and a median value increment of about $12 million. The three example TIDs were chosen to demonstrate the potential contributions of high, medium, and low value TIDs toward affordable housing.

- The first example is TID 3 in the City of Oconomowoc, also known as the Pabst Farms TID, which had the fourth highest value increment in the Region in 2011. TID 3 was established in 2001 with a base equalized value of $6,076,800. The 2011 equalized value of TID 3 was $211,256,600, resulting in a 2011 value increment of $205,179,800. Of that amount, about $3.7 million in tax revenue was collected by the City. If that amount was collected in an extension year, at least 75 percent, or about $2.8 million, would have to be used to benefit affordable housing in the City with the remainder to be used to improve the City's housing stock.

- The second example is TID 30 in the City of Milwaukee, also known as the Westown Village TID. TID 30 was established in 1996 with a base equalized value of $14,066,000 and had a 2011 equalized value of $43,385,000. The resulting 2011 value increment of $29,319,000 is near the average value increment of all TID's in the Region in 2011, from which about $850,000 in tax revenue was collected. If that amount was collected in an extension year, at least 75 percent, or about $637,500, would have to be used to benefit affordable housing in the City, with the remainder to be used to improve the City's housing stock.

- The third example is TID 18 in the City of Milwaukee, also known as the New Covenant Housing TID. TID 18 was established in 1992 with a base equalized value of $120,300 and had a 2011 equalized value of $2,425,100. The resulting 2011 value increment of $2,304,800 is among the lowest value increments of all TID's in the Region in 2011, from which about $65,000 in tax revenue was collected. If that amount was collected in an extension year, at least 75 percent, or about $48,750, would have to be used to benefit affordable housing in the City, with the remainder to be used to improve the City's housing stock.

School districts, counties, and other taxing authorities often express concerns that property tax revenues for parcels within a TID are essentially "frozen" for many years, which limits their ability to provide services to the parcels concerned and to other parcels and constituents.

Housing Trust Funds

Housing trust funds are distinct funds typically established by local, county, or state governments to provide a predictable, stable source of revenue reserved solely for addressing affordable housing needs. A variety of funding sources are used to support housing trust funds, as local conditions affect potential sources of funds. Dedicated housing trust funds are associated with a source of funding that will continue to provide resources on an ongoing basis without being subject to an annual appropriations process, and can be a reliable funding mechanism to meet affordable housing needs when other sources of public funding may be limited, such as during an economic downturn. Housing trust funds can also be funded through direct appropriations or other sources of revenue that are not dedicated. However, these funds are less stable than dedicated housing trust funds as they are often subject to an unpredictable budget process. As of 2010, nearly 700 local government, county, and state housing trust funds had been established across the Country, allocating a combined $1.6 billion annually towards addressing affordable housing needs.

A benefit of housing trust funds is that the governing jurisdiction can control how the funds are spent without Federal restrictions, allowing the funds to be tailored to meet particular local needs, some of which may be ineligible for funding through other programs. Common uses of housing trust fund dollars include: the production, preservation, rehabilitation, or maintenance of affordable housing units; homebuyer assistance such as counseling, down payment and mortgage assistance, and interest subsidies; rental assistance; and creating and improving homeless shelters. To aid in the development of affordable housing units, housing trust funds typically provide gap financing, or funds to fill part or all of the gap remaining between the real cost of producing housing and the amount raised after all other funding sources have been secured. Gap financing can come in the form of grants or low-interest loans given to developers of affordable housing units. Housing trust funds can also provide matching funds that may be required to leverage additional public or private resources toward affordable housing development. Affordable housing developments often combine funding from housing trust funds with other sources such as tax-exempt bonds, Low-Income Housing Tax Credits (LIHTC), and CDBG or HOME funds.

National Housing Trust Fund

The National Housing Trust Fund (NHTF) was enacted as part of the Housing and Economic Recovery Act (HERA) of 2008 with the purpose of increasing and preserving the supply of rental housing for extremely low- and very low-income households, including homeless households, and increasing homeownership for extremely low- and very low-income households. HUD published proposed regulations for implementation of the NHTF in 2010 and final regulations are expected to be issued in late 2011. The core of the proposed regulations would be incorporated into the existing HOME program regulations. Under the proposed regulations, at least 90 percent of the funds will be reserved for the production, rehabilitation, or operation of rental housing and up to 10 percent can be used for homeownership activities for first-time homebuyers. At least 75 percent of the funds for rental housing must benefit extremely low-income households (30 percent or less of AMI) or households with incomes below the federal poverty line. All funds must benefit very low-income households (50 percent or less of AMI). NHTF funds will be administered by HUD and distributed to states through block grants determined by a need-based formula. State designated receiving agencies will have to complete a HUD-approved plan for the allocation of the funds, which can be distributed to qualifying public, private, and nonprofit entities. As of 2011, a funding source for the NHTF has not been secured. The National Housing Trust Fund Campaign has identified several potential funding sources with an immediate goal of securing $1 billion for 2012, a short term goal of an annual distribution of $5 billion, and an eventual goal of distributing $150 billion over ten years to support 1.5 million households.

State Housing Trust Funds

As of 2010, 40 states have established what the Housing Trust Fund Project of the Center for Community Change has defined as a state-administered housing trust fund. Of the 40 state housing trust funds, 10 have not yet secured a dedicated funding source. Five state housing trust funds reported revenues of over $25 million in 2010, with four reporting revenues of $10 to 25 million, 18 reporting $1 to 10 million, and three reporting less than $1 million. Real estate transfer taxes are the most common source of dedicated revenue for housing trust funds administered at the state level. Other funding sources for state funds include interest from escrow accounts and unclaimed property funds, document recording fees, public purpose surcharges on utility bills, and tobacco taxes. Examples of state housing trust funds reviewed in this section include the fund administered by the State of Wisconsin, as well as the Ohio Housing Trust Fund, which is often cited as an example of a successful, effective state housing trust fund.

Wisconsin Interest Bearing Real Estate Trust Account Program (IBRETA)

In Wisconsin, the Interest Bearing Real Estate Trust Account Program (IBRETA) is considered the State's housing trust fund. Since 1993, the *Wisconsin Statutes* have required real estate brokers to deposit any down payments or other money paid to the broker into an interest-bearing account from which the interest is remitted to the State, totaling $200,000 to $300,000 each year. The Department of Safety and Professional Services (formerly the Department of Commerce) uses these funds to support existing emergency and transitional homeless programs. While IBRETA does constitute a dedicated funding source for housing needs, its revenue stream is too small to significantly impact affordable housing needs in the State. The Wisconsin Community Action Program Association (WISCAP) is currently pursuing a campaign for a state housing trust fund with a desired size of $80 million.

Ohio Housing Trust Fund

The Ohio Legislature enacted the Ohio Housing Trust Fund (OHTF) in 1991 in response to an advocacy campaign to improve the State's housing conditions. The State provided initial funding by allocating $5 million to the OHTF from the State's general revenue in the 1992-1993 biennium. After 12 years of fluctuating allocation levels, the State Legislature created a permanent, dedicated funding source for the OHTF by approving an increase in recording fees in the 2004-2005 biennium budget, with the proceeds allocated to the OHTF. The State appropriated $53 million each year to the OHTF in the 2010-2011 biennium. The OHTF provides funding to nonprofit organizations, public housing authorities, private developers and lenders, local governments, and consortia of eligible applicants that are interested in increasing the supply of affordable housing, expanding housing services, and improving housing conditions for Ohio's low- and moderate-income residents. OHTF awards consist of grants, loans, loan guarantees, and loan subsidies that can be used for:

- The acquisition, financing, construction, or rehabilitation of affordable housing units
- Providing matching funds for Federal monies received by the State, counties, or local governments
- Providing supportive services related to housing and the homeless
- Technical assistance, design, or finance services and consultation
- Payment of predevelopment and administrative costs.

In fiscal year 2011, OHTF awards resulted in the construction, rehabilitation, or repair of 936 rental units and 2,490 owner-occupied units. OHTF awards also resulted in the provision of homelessness prevention services, such as short-term rental assistance, utility assistance, and mortgage assistance, to 3,560 households. Other accomplishments include supportive services being provided to 123 households; down payment assistance or homebuyer counseling provided to 175 households; business assistance provided to 58 businesses; and training and technical assistance provided to 6,355 households. In 2011, an economic impact analysis of OHTF allocations for the fiscal years 2006 through 2009 was completed.[14] The OTHF allocated about $178 million for 771 projects over this time period. The analysis estimates that every dollar the OHTF awarded had an impact of $2.31 on the State's economy and attracted $6.23 of additional investment. The estimated total economic impact of OHTF projects from 2006-2009 is over $2.6 billion with associated earnings of over $829 million for nearly 32,000 workers.

County and Local Government Housing Trust Funds

States generally have greater flexibility in selecting revenue sources than counties or local governments as state regulations may constrain local taxing and bonding authority and place other limitations on the ability to utilize specific revenue streams. Some states have eased these limitations by passing legislation that provides counties and local governments the authority to use new avenues of funding. County trust funds most commonly use document recording fees as a dedicated revenue source, with other sources including real estate transfer taxes, developer fees, hotel taxes, and property taxes. Developer fees are the most common dedicated revenue source for funds administered by local governments, with other sources including document recording fees, condominium conversion fees, hotel taxes, property taxes, and Tax Increment Financing (TIF) proceeds. Housing trust funds for the City of Milwaukee and Milwaukee County are reviewed in this section, as well as the nationally-recognized City of Chicago Low-Income Housing Trust Fund.

Housing Trust Fund for the City of Milwaukee

The Milwaukee Housing Trust Fund Coalition (MHTFC) was formed in 2004 in response to an increasing need for decent, accessible, affordable housing in the City of Milwaukee. The MHTFC is comprised of many faith and community based organizations such as the Interfaith Conference of Greater Milwaukee. The MHTFC led a grassroots campaign to establish a housing trust fund for the City resulting in legislation establishing the Housing Trust Fund of the City of Milwaukee (HTFM) in 2006. The HTFM was capitalized with $2.5 million in bonding in 2007 and received $400,000 in general tax revenue in both 2008 and 2009. Ongoing support is provided through the City's general purpose fund and ongoing bonding. The HTFM Advisory Board Finance Subcommittee is currently exploring potential sources of dedicated funding for the HTFM. The HTFM is administered by the City of Milwaukee Community Development Grants Administration and is intended to provide gap financing to developers of rental housing, owner-occupied housing, and housing and services to the homeless. As of 2011, the HTFM has provided more than $3 million in grants and loans for 24 affordable housing projects generating 421 housing units. More than half of HTFM allocations have gone toward supportive housing for the homeless, making up more than half of the units produced to date. HTFM funding commitments have leveraged over $62 million in total resources, with an average of $9,336 in HTFM direct funding per unit.

Milwaukee County Special Needs Housing Trust Fund

The Milwaukee County Special Needs Housing Trust Fund (CHTF) was established to provide partial financing for the development of supportive housing in Milwaukee County in 2007. At least 40 percent of the units developed must be set aside for use by Milwaukee County Behavioral Health Division consumers living with serious and persistent mental illness. In addition, they must have incomes under 30 percent of AMI. The CHTF is funded through low-interest loans from the State of Wisconsin Trust Funds Loan Program, through which the CHTF has received annual loans of $1 million. The CHTF provides funding for requests of between $100,000 and $500,000, provided that the amount does not exceed 10 percent of the project cost. As of 2010, the CHTF has provided nearly $3 million in funding and assisted in the construction of 260 affordable housing units for persons with mental illnesses. Although the CHTF is a countywide program, all of the 260 affordable housing units that have received financial assistance through the CHTF are located in the City of Milwaukee.

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[14]Economic and Job Creation Impact Study of the Ohio Housing Trust Fund Allocations Fiscal Years 2006-2009, *Vogt Santer Insights, March 2011.*

Chicago Low-Income Housing Trust Fund
The City of Chicago's Low-Income Housing Trust Fund (CLIHTF) was created in 1990 with the purpose of meeting the permanent housing needs of the City's extremely low-income households (less than 30 percent of AMI). The CLIHTF utilizes a number of funding sources including discretionary funds from the City's corporate fund, HOME and other HUD funds, proceeds from the privatization of the Skyway (a 7.8 mile toll road connecting to the Indiana Tollway), and proceeds from the sale of parking meters. The CLIHTF was also designated by the City Council to receive 40 percent of the fees developers pay for zoning and/or administrative relief which allows them to build at a higher density than normally allowed. The CLIHTF is administered by the Chicago Department of Housing and provides three housing programs. To increase the supply of affordable rental housing, the Multi-year Affordability through Upfront Investment (MAUI) program uses a portion of HOME funds received by the City to provide developers an interest-free forgivable loan to replace up to 50 percent of the developer's private mortgage loan. The resulting cost savings are used to reduce rents for low-income tenants earning no more than 30 percent of the AMI. CLIHTF also offers the Supportive Housing Program that combines rental subsidies and a number of support services to help homeless individuals and families transition from homeless shelters or transitional housing to permanent housing.

CLIHTF primarily focuses its resources on its Rental Subsidy Program, which has become a nationally recognized model for assisting extremely low-income households. The Rental Subsidy Program reduces rents in a specified number of approved units in a building or development to a level that is affordable for very low-income households by providing annual rent subsidies directly to owners of qualified developments. Tenants pay a flat rent to the landlord and the City then pays the landlord a subsidy equal to the difference between the flat rent and the market rent for the unit. Properties are limited to receiving assistance for no more than one third of a property's units to prevent landlord reliance on the program for income. The CLIHTF is required to allocate at least 50 percent of its rental subsidies to serve households earning less than 15 percent of AMI and the remainder to households earning between 16 and 30 percent of AMI. In 2010, 2,684 units received rental assistance at a subsidy of $13,655,073, or about $424 per month per unit. About 64 percent of the households receiving rental assistance earned less than 15 percent of AMI and about 36 percent earned between 16 and 30 percent of AMI.

Multi-jurisdictional Housing Trust Funds
Although the vast majority of housing trust funds throughout the Country are administered within a single jurisdiction, a number of housing trust funds in which multiple jurisdictions collaborate to meet regional housing needs have been formed. A proposed Housing Trust Fund for Southeastern Wisconsin is discussed in this section, as well as A Regional Coalition for Housing (ARCH) in King County, Washington that is often cited as an innovative example of regional, cross-jurisdictional cooperation in addressing affordable housing needs.

Proposed Housing Trust Fund of Southeastern Wisconsin
In 2011, the Housing Trust Fund of the City of Milwaukee (HTFM) proposed the merger of the existing HTFM with the Milwaukee County Special Needs Housing Trust (CHTF) to form a Housing Trust Fund of Southeastern Wisconsin (HTF-SW).[15] It is proposed that the HTF-SW expand to include communities in other counties, and possibly the entire seven-county Region. Local government participation in the HTF-SW would be voluntary. The four primary benefits provided to participating communities of the HTF-SW outlined in the proposal are:

- An increased pool of capital to invest in high-quality affordable housing initiatives that will meet the needs of the people of Southeastern Wisconsin and support economic growth and development.
- A resource for civic leaders, private investors, and developers to share ideas, experience, and expertise.
- A structure for productive and cooperative cross-jurisdictional dialogue around the critical issue of affordable housing to ensure that all perspectives, interests, and concerns are collaboratively addressed.
- Increased government efficiency by reducing duplication of efforts and services.

[15]Sustaining and Expanding Affordable Housing in Southeastern Wisconsin: Proposal for a Housing Trust Fund of Southeastern Wisconsin, *Housing Trust Fund of the City of Milwaukee, March 2011.*

The proposal recommends that the City of Milwaukee and Milwaukee County each commit start-up funding and staff to the HTF-SW and that the HTF-SW subsequently seek to secure a commitment of matching funds from private sector sources, including donations from foundations and individuals. It is also recommended that HTF-SW use multiple sources of public funding so it is not dependent on a single revenue source. The proposal outlines three potential sources of revenue for the HTF-SW. They include appropriations from participating local governments, Tax Incremental Financing (TIF), and jurisdictional allocation of some portion of CDBG funds to the HTF-SW.

The proposed function of the HTF-SW is to provide funding for affordable housing development or rehabilitation projects through grants and loans to for-profit and nonprofit developers, as well as help lead and coordinate the development of a regional housing strategy in collaboration with other stakeholders. The proposal recommends that the HTF-SW require a minimum term of affordability for rental housing of 30 years, with a possible lifting of the restriction after 15 years (except for LIHTC projects, which must meet a 30 year minimum term of affordability imposed by WHEDA). Housing for the homeless must remain affordable for 50 years and assistance for owner-occupied housing will be forgiven if the owner stays in the home for five years. The proposal also recommends that HTF-SW awards not exceed 10 percent of the total development costs and that no eligible project receive more than $500,000 of HTF-SW funding in a given year. Proposed eligible housing types include rental housing, owner-occupied housing, and projects that provide housing for the homeless. The HTF-SW would not provide rental assistance. The following funding requirements are proposed:

- Housing for owner-occupants must be affordable within 100 percent of County median income
- Financial assistance for rental housing and projects for the homeless must produce housing units affordable within 60 percent of County median income
- At least 25 percent of funds must be used for housing or services for people who are homeless, at least 35 percent must be used to develop or rehabilitate rental housing, and at least 25 percent must be used to create and maintain home ownership opportunities
- Funds may be used for accessibility improvements or modifications in any category. However, at least 2 percent of available funds (or $100,000, whichever is less) annually must be used to fund accessibility improvements or modifications.

A Regional Coalition for Housing (ARCH) – King County, Washington

Home to the headquarters of numerous large, multinational corporations such as Microsoft and AT&T Wireless Services, the suburban Seattle area of eastern King County, Washington underwent an economic boom in the 1980s and 1990s that dramatically increased the demand and cost for housing. To respond to skyrocketing housing costs and comply with the State of Washington's Growth Management Act, 15 municipalities and King County established A Regional Coalition for Housing (ARCH) in 1992. ARCH seeks to preserve and increase the supply of housing for low- and moderate-income households in eastern King County by pooling and coordinating resources and providing technical assistance to affordable housing developers throughout the Region. One of the key functions of ARCH is to administer the ARCH Housing Trust Fund, which was created in 1993. The ARCH Housing Trust Fund receives funding through a number of sources, including CDBG and general fund contributions, revenues from utility linkage fees paid by developers, loan repayments, interest earnings, and in-kind contributions from member municipalities such as fee waivers, infrastructure improvements, and land contributions. ARCH uses parity formulas, which take into account a municipality's population, expected job growth, and expected housing growth, to derive a fair funding goal for each municipality to contribute to the ARCH Housing Trust Fund over a five year period. ARCH prefers, but does not require, that projects be located in the municipality that provides the funds. Other factors for site selection include proximity to jobs, transportation, and services.

The ARCH Housing Trust Fund awards grants and low-interest contingent loans to for-profit and nonprofit developers, public housing authorities, and public development authorities and encourages partnerships between these groups. Eligible activities include acquisition, pre-development costs, site development, rehabilitation, new construction, and tenant-based assistance programs. Emphasis is placed on awarding proposals that are financially sound, meet duration of affordability standards, serve very low-income (households earning 50 percent or less of

AMI) and in special cases moderate-income households (households earning 80 percent of AMI), and meet local needs. ARCH has developed a set of long-term goals for the percentage of funding awarded to cover a wide spectrum of affordable housing needs to avoid overemphasis on one type of affordable housing. The goals are:

- Housing for families (including single households) should comprise 56 percent of all ARCH funding
- Homeless and transitional housing should comprise 13 percent
- Elderly housing should comprise 19 percent
- Housing for special needs populations should comprise 12 percent.

As of 2009, the ARCH Housing Trust Fund has awarded about $34 million, funding the production of 2,593 affordable housing units since 1993. About 63 percent of the units were housing for families, about 17 percent were homeless or transitional housing units, about 14 percent were elderly units, and about 6 percent were special needs units.

Housing Collaborative

In addition to administering a housing trust fund, ARCH is also an example of an interjurisdictional collaborative (IHC), which works on a variety on housing issues in the various communities of eastern King County Washington. The IHC concept recognizes that housing and economic challenges often transcend the corporate boundaries and fiscal capabilities of local governments. IHCs create a framework in which local governments may pool resources and staffing or staff expertise, prioritize investments for maximum benefits, achieve economies of scale, and create a "one-stop shop" for developers, lenders, and employers.

Several examples of IHCs are located in the Chicago area. These include the North Shore Collaborative, Northwest Suburban Housing Collaborative, West Cook County Housing Collaborative, and the Chicago Southland Housing Collaborative. The four Chicago area IHCs include communities of varying demographic and economic composition. Some IHCs include only affluent communities, while others include a mix of communities with higher household incomes and those with concentrations of low-income populations. Response to the foreclosure crisis was the catalyst for creation of IHCs in both affluent and low-income areas. The need for affordable housing near major employment centers was also cited as a reason for formation of IHCs in the more affluent suburban areas.

The North Shore and Northwest Suburban Chicago IHCs have only recently been formed and have not yet leveraged significant amounts of funding; however, they have undertaken activities including:

- Hosting employer outreach events on methods to support affordable housing
- Expanding a community land trust to serve neighboring communities (Highland Park)
- Holding a resource forum for owners and managers of multi-family rental housing
- Conducting a housing supply and demand analysis.

The West Cook County and Chicago Southland IHCs are more established and have leveraged significant amounts of funding at about $7 million and $15 million, respectively. These IHCs have undertaken activities similar to those of the North Shore and Northwest IHCs. The West Cook County and Chicago Southland IHCs have also rehabbed or redeveloped over 140 foreclosed or vacant single-family and multi-family housing units and demolished another 45 foreclosed and blighted housing units using funds from the Federal Neighborhood Stabilization Program (NSP). In addition, the Chicago Southland IHC has received a HUD Sustainable Communities Grant for a proposal to accelerate its interjurisdictional transit oriented development (TOD) program.

The Federal Reserve Bank of Chicago has identified a role for regional planning agencies in the IHC framework in developing regional housing plans that can provide a regional review and coordination of local planning efforts. Regionwide demographic and economic data can be complied to analyze a region's housing need. In addition, local government ordinances and planning documents, such as zoning ordinances and land use plans, can be analyzed. Areas of a region that may have regulatory barriers to affordable housing can be identified and future need for affordable or workforce housing can be determined. These efforts were undertaken regionwide by SEWRPC as part of the 2035 regional housing plan. The Chicago Metropolitan Agency for Planning (CMAP) provides technical services and expertise to the West Cook County and Chicago Southland IHCs through its Local Technical Assistance Program, which is funded through a Sustainable Communities Regional Planning Grant from HUD. CMAP provides data and analyses regarding demographics, existing housing supply, and the match between key employment sectors and existing housing stock to each of the communities that participate in the West Cook County and Chicago Southland IHCs. Such analyses were undertaken regionwide by SEWRPC as part of the 2035 regional housing plan.

HUD Community Planning and Development Programs

As described in Chapter III, *Plans and Programs Related to Housing in the Region*, HUD provides community planning and development grants through the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs to entitlement counties, entitlement communities, and States (for distribution to non-entitlement communities) for housing programs that principally benefit low- and moderate-income households and other community development purposes.

An entitlement community or county must prepare a consolidated plan outlining strategies to meet housing and other community development needs every five years in order for the community or county to receive HUD Community Planning and Development funds. Table III-1 in Chapter III sets forth the housing strategies/activities and resources identified by each of the consolidated plans prepared within the Region. Activities that have the potential for increasing the availability of affordable housing in the Region include the provision of funds to qualifying homeowners and new homebuyers for home purchasing or rehabilitation finance assistance, financial assistance to build or rehabilitate housing for rent or ownership, site acquisition or improvement, demolition costs, payment of relocation expenses, and tenant-based rental assistance.

As shown on Table XI-1, entitlement communities in the Region have received $69,055,524 million in CDBG funding for housing related programs from 2002 to 2009, which resulted in funds towards 24,499 housing units. Table XI-2 shows HOME funding received by participating jurisdictions in the Region from 1992 to 2010. A total of $198,704,287 million resulted in funds towards 12,492 housing units or households.

Community Development Corporations and Community Housing Development Organizations

Many of the CDBG and HOME funded programs available in the Region are administered through local and statewide nonprofit organizations, including community development corporations (CDCs) and community housing development organizations (CHDOs). A CDC is usually a neighborhood-based nonprofit organization operated by a volunteer board of residents and community leaders to provide programs, offer services, and engage in other activities that promote and support community development. CDCs work to improve the physical and social infrastructure of low-income neighborhoods by producing affordable housing, supporting commercial and retail development, providing social services, and providing information regarding other available programs and services. CHDO is an official designation of selected private nonprofit housing development corporations that meet requirements set by HUD. A CHDO must be community-based and have significant representation of low-income community residents on the governing board. A CHDO may be created by a public body provided the nonprofit is not controlled by the public body. CHDOs can own, develop, and sponsor housing development projects for low-income households using HOME funds. A minimum of 15 percent of a participating jurisdiction's HOME allocation must be set aside for housing developed, sponsored, and owned by CHDOs.

A number of CDCs in the Region undertake housing-related activities such as rental rehabilitation, home improvement programs, and homebuyer counseling. However, housing is usually only one of many priorities for CDCs and many CDCs in the Region that attempted to focus on affordable housing production have struggled or ceased operation.[16] The high costs and staff expertise necessary to acquire and rehabilitate housing units present

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[16]Give Me Shelter: Responding to Milwaukee County's Affordable Housing Challenges, *Public Policy Forum, May 2009.*

Table XI-1

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING RECEIVED FOR HOUSING PROJECTS BY PARTICIPATING JURISDICTIONS IN THE SOUTHEASTERN WISCONSIN REGION: 2002-2009[a]

Participating Jurisdiction	Housing Units/Assistance[b]									
	Construction of Housing		Homeownership Assistance		Rehabilitation: Single-Unit		Rehabilitation: Multi-Unit		Acquisition for Rehabilitation	
	Households Assisted	Allocation (dollars)	Households Assisted[c]	Allocation (dollars)	Households Assisted	Allocation (dollars)	Households Assisted	Allocation (dollars)	Households Assisted	Allocation (dollars)
Kenosha	3	623,370	0	0	226	882,062	6	7,325	1	122,547
Milwaukee	0	0	351	358,724	18,407	20,930,975	379	1,434,397	95	2,019,950
Milwaukee County HOME Consortium	0	49,000	16	0	450	2,216,691	0	20,000	0	0
Racine	26	450,479	42	21,746	1,433	6,768,116	258	1,741,300	0	0
Waukesha County HOME Consortium	113	636,011	296	63,411	145	2,963,585	40	340,113	0	5,650
Wauwatosa	0	0	0	0	0	0	0	0	0	0
West Allis	0	0	0	0	341	943,184	9	460,997	0	0
Region[d]	142	1,758,860	705	443,881	21,002	34,704,613	692	4,004,132	96	2,148,147

Participating Jurisdiction	Housing Units/Assistance[b]									
	Lead-Based Paint Abatement		Rehabilitation Administration/ Code Enforcement		Residential Historic Preservation		Public Housing Modernization		Housing Program Total	
	Households Assisted	Allocation (dollars)	Households Assisted	Allocation (dollars)	Households Assisted	Allocation (dollars)	Households Assisted	Allocation (dollars)	Households Assisted	Allocation (dollars)
Kenosha	4	37,756	N/A	209,679	0	15,522	0	0	240	1,898,261
Milwaukee	1,734	8,632,984	N/A	13,426,235	0	0	0	0	20,966	46,803,265
Milwaukee County HOME Consortium	0	0	N/A	85,618	0	0	0	0	466	2,371,309
Racine	0	0	N/A	1,964,602	0	0	0	0	1,759	10,946,243
Waukesha County HOME Consortium	0	0	N/A	0	90	73,715	0	0	684	4,082,485
Wauwatosa	0	4,800	N/A	0	0	5,268	34	207,600	34	217,668
West Allis	0	0	N/A	1,332,112	0	0	0	0	350	2,736,293
Region[d]	1,738	8,675,540	N/A	17,018,246	90	94,505	34	207,600	24,499	69,055,524

[a] *Table III-1 in Chapter III sets forth the housing activities each participating jurisdiction has allocated CDBG funds to in their 2010-2014 consolidated plans.*

[b] *Many CDBG funded activities are multi-year efforts and do not necessarily achieve accomplishments in the year in which funding was allocated.*

Table XI-1
(continued)

[c]*Includes households receiving both direct and non-direct homeownership assistance.*

[d]*Addtional CDBG funds may have been allocated to housing developments or assistance in the Region through the State of Wisconsin that are not reflected in the Region totals.*

Source: U.S. Department of Housing and Urban Development (HUD) Integrated Disbursement System (IDIS) and SEWRPC.

Table XI-2

HOME FUNDING RECEIVED BY PARTICIPATING JURISDICTIONS IN THE SOUTHEASTERN WISCONSIN REGION: 1992-2011[a]

Participating Jurisdiction	Completed Rental Units	Completed Homebuyer Units	Completed Homebuyer-Rehabilitation Units	TBRA[b] Households	Total Completed Units	Allocation Received (dollars)
Kenosha[c]	39	104	3	0	146	9,239,503
Milwaukee	2,456	1,542	3,297	0	7,295	137,281,667
Milwaukee County HOME Consortium	217	521	729	0	1,467	21,136,229
Racine	129	911	188	410	1,638	13,734,840
Waukesha County HOME Consortium[d]	61	1,331	487	67	1,946	17,312,0408
Region[e]	2,902	4,409	4,704	477	12,492	198,704,287

[a]Table III-1 in Chapter III sets forth the housing activities each participating jurisdiction has allocated HOME funds to in their 2010-2014 consolidated plans. Use of HOME funds can vary widely. Examples include providing financial assistance to homeowners and buyers for purchasing and rehabilitating single family housing and the construction and rehabilitation of multi-family housing. HOME funds may be used in conjunction with other funding sources such as the Low Income Housing Tax Credit (LIHTC) program and housing trust funds.

[b]Tenant Based Rental Assistance (TBRA) is a flexible rental subsidy that participating jurisdictions can provide to help individual households afford housing costs such as rent, utility costs, and security deposits.

[c]Statistics are from 1994 to 2011.

[d]Statistics are from 1998 to 2011.

[e]Additional HOME funds may have been allocated to housing developments or assistance in the Region through the State of Wisconsin that are not reflected in the Region totals.

Source: U.S. Department of Housing and Urban Development (HUD) Integrated Disbursement System (IDIS) and SEWRPC.

challenges for which many CDCs lack the resources to overcome. These challenges have led some CDCs to partner with for-profit and nonprofit developers to develop affordable housing in their neighborhoods. This approach allows CDCs to avoid overextending their capacity and devote their efforts toward service delivery, as well as garnering local support and additional funding for affordable housing projects rather than the complex details of housing construction.

Villard Square
A prominent example of collaboration between a CDC and a for-profit developer in developing affordable housing is the Villard Square development in the City of Milwaukee, which opened in 2011. Villard Square, shown in Figure XI-2, is a mixed-use development that includes a Milwaukee Public Library branch on the first floor and 47 privately owned affordable rental apartments on three upper stories targeted to families where grandparents are the primary caregivers for their grandchildren. The library replaces the original Villard Avenue Library, which fell into disrepair and faced closure in 2003 and 2009. The Northwest Side Community Development Corporation (NWSCDC), which had primarily focused on collaborating with neighborhood businesses to strengthen the neighborhood's commercial sector, viewed the library as a vital neighborhood asset and initiated the Villard Square project so that the library could remain an important anchor for the Villard Avenue neighborhood.[17]

The NWSCDC secured a development and construction partnership with for-profit developer Gorman & Company and fostered support for the project working with City elected officials, the Milwaukee Department of City Development (DCD), and the Milwaukee Public Library. The project represents an investment of over $11 million in the Villard Avenue neighborhood with financing for the affordable housing component provided by a private tax credit investor and lenders, Low Income Housing Tax Credits (LIHTC), and more than $2 million of CDBG funding from the State of Wisconsin and the City of Milwaukee. The City of Milwaukee committed $1,291,500 to purchase the library space, partnering with the Redevelopment Authority of the City of Milwaukee (RACM) to utilize New Market Tax Credits in order to reduce the City's capital outlay for the project. Villard Square is the first project of its kind in the City and was selected as a finalist for the best developments of 2010-2011 in the Master Planned/Mixed-Use category by Affordable Housing Finance magazine.[18] Developments from around the Country were assessed on several characteristics including adding to the affordable housing stock, offering outstanding social services, and using cost-effective and innovative design. A similar project has been proposed for the Milwaukee Public Library branch located on North Avenue.

Faith-Based and Other Private Housing Programs
Numerous private nonprofit organizations, including faith-based organizations, play an important role in meeting the housing needs of low-income residents in the Region. These organizations include local chapters of larger national or regional organizations as well as smaller, community-based groups. Services may include construction and management of affordable housing units, home improvements and repairs, homebuyer counseling, and foreclosure prevention. A prominent nonprofit producer of housing in the Region, Habitat for Humanity, is discussed in this section.

Habitat for Humanity
Habitat for Humanity (HFH) builds and renovates homes with the help of future home owners through donations of money, materials, and volunteer labor and sells the homes to the partner families at no profit. HFH affiliates exist in Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha Counties. There is currently no HFH affiliate in Kenosha County. The affiliates are locally run affiliates of Habitat for Humanity International, a nonprofit, ecumenical Christian housing ministry. HFH works in partnership with people in need to build simple,

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[17]*Daniell, Tina and Howard Snyder,* The Northwest Side Community Development Corporation: Transforming the Approach to Creating Positive Economic Impact in Distressed Communities, *Profitwise News and Views, September 2011.*

[18]*Anderson, Bendix,* Master Planned/Mixed-Use Finalists, *Affordable Housing Finance, July/August 2011.*

decent, affordable housing. The houses are then sold to those in need at no profit and with no interest charged. Criteria that are considered when determining if families are eligible for a HFH home include:

Need

- Applicant's present housing must be considered inadequate per the following standards:
    - Applicant is unable to meet local government maintenance standards
    - The building has structural problems
    - The water, electrical, sewage, or heating systems are not functioning properly
- Applicant has not been able to obtain housing by conventional means

Ability to Pay

- Home is actually bought from Habitat for Humanity
- Applicant must demonstrate the ability to pay to HFH:
    - The monthly mortgage
    - Real estate taxes
    - Insurance
- Applicant must be able to meet all other family financial obligations
    - HFH can help develop a budget in order to determine eligibility

Willingness to Participate

- 12 hours of "sweat equity" must be completed prior to review of application
- 500 hours of "sweat equity" must be completed before house can be occupied
    - This can include hours worked by extended family or friends
- 50 hours of "sweat equity" must be donated after home is completed
    - This assures that Partner Families pass on what they have experienced
- Maintenance and repairs are the participant's responsibility after move in
- Maintain an ongoing relationship with HFH after moving in, and includes:
    - Financial counseling
    - Household maintenance education

As of 2011, HFH had built or renovated 595 housing units in the Region. About 93 percent of the units are single-family homes. Table XI-3 sets forth the number and type of HFH units in the Region by affiliate and location.

Milwaukee Habitat for Humanity

Established in 1984, Milwaukee Habitat for Humanity (MHFH) is the largest nonprofit home builder in the Region. MHFH has built 472 affordable housing units for low-income families in the City of Milwaukee. In 2008, MHFH partnered with the City of Milwaukee through the Milwaukee Foreclosure Partnership Initiative (MFPI), which formed a public-private partnership of lenders, foundations, real estate professionals, government representatives, and community stakeholders to carry out a coordinated strategy to assist homeowners at risk of losing their home to foreclosure, stabilize neighborhoods affected by increasing numbers of vacant foreclosed homes, and prevent future concentrated foreclosures. In 2010, MHFH was one of seven HFH affiliates from around the Country to receive over $137 million in funding from the Neighborhood Stabilization Program 2 (NSP2) intended to alleviate the impact of high foreclosure rates in targeted neighborhoods (more information about the NSP program is provided in Chapter III). MHFH received $11 million in NSP2 funds, and the City of Milwaukee received $25 million. The NSP2 grant requires MHFH to increase its production capacity from about 20 homes per year to 40 or more and to contribute matching funds of about 41 percent of the amount received from nongovernmental sources.

In 2010, MHFH began an effort to build 100 affordable housing units on vacant lots donated by the City of Milwaukee over three years, largely through the funds awarded through NSP2. The Harambee, Amani, and Washington Park neighborhoods were selected as target areas for this effort due to the high rates of

Table XI-3

HABITAT FOR HUMANITY (HFH) HOUSING UNITS IN THE
SOUTHEASTERN WISCONSIN REGION BY COUNTY AND COMMUNITY: 2011

County/Community	Single-Family	Two-Family	Multi-Family	Total Units
Milwaukee County				
City of Milwaukee	454	-	18	472
County Total	454	-	18	472
Ozaukee County				
City of Port Washington	6	2	-	8
County Total	6	2	-	8
Racine County				
City of Racine	62	-	-	62
County Total	62	-	-	62
Walworth County				
City of Delavan	3	-	-	3
City of Lake Geneva	1	-	-	1
City of Whitewater	4	-	-	4
Village of Bloomfield	4	-	-	4
County Total	12	-	-	12
Washington County				
City of Hartford	2	-	-	2
City of West Bend	3	12	8	23
Village of Kewaskum	1	-	-	1
County Total	6	12	8	26
Waukesha County				
City of Muskego	1	-	-	1
City of New Berlin	1	-	-	1
City of Waukesha	7	4	-	11
Village of Menomonee Falls	1	-	-	1
Village of Mukwonago	1	-	-	1
County Total	11	4	-	15
Region	551	18	26	595

Source: Local Habitat for Humanity Chapters and SEWRPC.

unemployment, subprime loans and predatory lending practices, foreclosures, vacant lots, and aging housing stock in those neighborhoods. MHFH has also developed extensive partnerships with community groups and clustered much of their previous developments in these neighborhoods. In 2005, MHFH partnered with Local Initiatives Support Corporation (LISC) and Thrivent Financial for Lutherans to improve the Harambee neighborhood. Through this partnership, the Harambee Great Neighborhood Initiative (HGNI) was formed to implement a neighborhood planning process that has produced 167 new housing units and rehabilitated 99 housing units since 2007, funded largely through a commitment of over $2.5 million from Thrivent Financial for Lutherans as well as NSP2 funds. The Harambee project is the first neighborhood-wide project undertaken by HFH and has become a model for other HFH projects around the Country. Figure XI-3 shows a MHFH home in the Harambee neighborhood. MHFH is also an active member in the Washington Park Partners neighborhood planning effort and is working with the Dominican Center for Women in the Amani neighborhood to create a neighborhood planning group.

PART 2: HOUSING AND NEIGHBORHOOD DESIGN

Much of the focus of the regional housing plan, including Part 1 of this chapter, is related to the provision of affordable housing. It is also recognized that housing and neighborhood design is a principal consideration in the development of housing recommendations for the Region, particularly as they relate to planning for environmentally responsible, safe, accessible, attractive, and convenient residential development. The review of housing and neighborhood design best practices includes environmentally responsible practices such as transit oriented development, traditional neighborhood development, neighborhood safety, and accessible housing design, which relate directly to the regional housing plan objective to encourage the use of environmentally responsible development practices throughout the Region in accordance with Objective No. 7 in Chapter II.

Environmentally Responsible Building Practices

Environmentally responsible building practices, commonly referred to as "green" building practices, involve a wide range of concepts, from energy conservation to natural resource protection. The environmentally responsible building practices reviewed in this report are focused on initiatives that can be undertaken by local governments to encourage the use of environmentally responsible residential development. In a broad sense, environmentally responsible development should meet the objectives and standards related to natural resource protection set forth in the year 2035 regional land use plan[19] and consist of various "green" construction and development concepts, which integrate techniques that contribute to sustainability.

Environmentally Responsible Construction Techniques

Green construction techniques, which are set forth in Standard No. 3 under Objective No. 7 in Chapter II, can include, but are not limited to:

- Providing opportunities to make use of renewable energy sources, such as south-oriented buildings to capture passive solar radiation or to orient buildings to capture wind for natural air ventilation.
- Utilizing sun, wind, and/or earth for natural lighting, ventilation, heating, cooling, and other purposes (i.e. solar panels, wind turbines, and geothermal systems).
- Installing eco-friendly stormwater quality and quantity control mechanisms such as bioswales, bioinfiltration trenches or basins, rain gardens and barrels or cisterns, rooftop and wall or "vertical"

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[19]*Natural resource protection areas are set forth and described in Standard No. 3 under Objective No. 7 in Chapter II. They include protection of primary environmental corridors, secondary environmental corridors, and isolated natural resource areas; other environmentally sensitive lands located outside of environmental corridors and isolated natural resource areas such as wetlands, woodlands, prairies, natural areas, and critical species habitat sites, 100-year recurrence interval floodplains, soils with severe limitations to urban land uses, areas with the highest potential for groundwater contamination, and important groundwater recharge areas; and productive agricultural land.*

gardens, and landscaping for cooling, wind protection, and landscaping that conserves water through drought-tolerant plants (i.e. mostly native plants) and ornate hardscapes or mulch versus traditional mowed lawns.

- Incorporating local, reused, recycled, recyclable, or eco-friendly construction materials and energy efficient appliances.

- Including other energy and water conservation and efficiency measures into site and building designs.

- Using permeable pavement; however, the use of permeable pavement should generally be avoided if chlorides (salt) are directly applied for deicing and anti-icing or if the area of permeable pavement will receive runoff from paved areas to which chlorides are applied.

The U.S. Green Building Council (USGBC) has assembled a list of structural and financial incentive strategies used by county and local governments across the Country to encourage green building techniques. The USGBC notes that rewarding developers and homeowners who choose to build green is an effective way to encourage the use of best practices in design, construction, and operation. Most of the programs listed by the USGBC provide various types of incentives for projects to be developed to LEED standards. The LEED (Leadership in Energy and Environmental Design) is a rating system that certifies buildings as meeting standards of energy and environmental sustainability, both in their interior environments and in their impact on the surrounding ecology. While most of the programs listed by USGBC refer to LEED, a local government could modify its incentive program towards its specific needs. More information regarding LEED rating systems can be accessed on the USGBC website at www.usgbc.org.

Structural incentives are modifications in zoning ordinance and permit review processes that can offset costs that could be associated with a green building project. The USGBC notes that density bonus is a leading green building incentive. Examples of local governments that have adopted density bonus green building incentive programs include:

- Bar Harbor, Maine amended its municipal code to award a density bonus of an additional market-rate dwelling unit for construction projects in which all dwelling units meet LEED standards.

- Seattle, Washington enacted a zoning amendment that allows a height or density bonus for residential projects that achieve at least LEED Silver certification and contribute to affordable housing.

Lengthy municipal review and permitting processes can result in increased project costs and a delay of financial returns on investments. Local governments can create an incentive for environmentally responsible developments by reducing project costs through an expedited review and permitting process. Examples of county and local government expedited review and permitting processes include:

- Dallas, Texas adopted a green building ordinance requiring energy and water efficiency improvements for new residential buildings. A residential green building checklist must be submitted for a project to qualify for the expedited permitting process. It can be a LEED for Homes, GreenPoint Rated, Green Communities, GreenBuilt North Texas, or other equivalent checklist.

- Hillsborough County, Florida has a Residential Green Homes Policy, which provides expedited permitting for home builders with a completed scorecard from either the LEED for Homes program or Florida Green Home Standard Checklist. Scorecards must be supplied by a LEED for Homes provider or a qualified third party green home certifier.

Financial incentives can also be used to encourage environmentally responsible construction. Methods of providing financial incentives to encourage environmentally responsible construction identified by the USGBC include tax credits and abatements, fee reductions or waivers, grants, and the use of revolving loan funds. Examples of county and local government financial incentive programs include:

- Baltimore County, Maryland has a residential tax credit program that allows for a 40 percent County tax credit for developments that earn a LEED Silver certification, 60 percent for LEED Gold certification, and 100 percent for LEED Platinum certification. The tax credits are in effect for three years or up to $1 million.

- Cincinnati, Ohio provides a real property tax exemption of the assessed property value for newly constructed or rehabilitated residential property that earns LEED Silver or Gold certification of up to $500,000, and no limit for LEED platinum certified buildings.

- An example of a green rehabilitation program in the Region is the City of Milwaukee's Milwaukee Energy Efficiency (Me2) program. The program offers financing for home energy retrofits. The Me2 program offers long-term repayment for the retrofits through additions to municipal service and utility bills at a rate less than the value of the energy saved. The repayment schedule is attached to the home in the event of a sale.

- Santa Monica, California offers a grant program that provides financial incentives for LEED Home certified projects. The grants range from $2,000 to $3,500 for multi-family developments and $3,000 to $8,000 for single-family developments.

Counties and local governments can also offer review and permit fee reductions or waivers to developers who commit to verifiable green building practices. The USGBC notes that this incentive can be coupled with an expedited review and permitting process to provide further incentive for environmentally responsible construction. Examples of local government fee reduction programs include:

- The Town of Babylon, New York requires LEED certification for new construction of multi-family buildings over 4,000 square feet in size. The Town refunds the cost of certification fees paid to the USGBC upon successful certification.

- San Antonio, Texas has an Incentive Scorecard System that allows for a reduction or waiver for certain development fees for projects reaching specified scores from the scorecard. Points are awarded for residential projects achieving LEED for Homes certification.

Recent studies have shown that the use of green building practices in commercial and institutional buildings result in a modest initial cost premium, about 2 to 3 percent on average, but that the long-term benefits far exceed the incremental capital costs. A developer may demand a higher sales price or rent for green construction in market-rate housing because of higher construction costs, which may decrease initial affordability for lower- and moderate-income households. Use of incentives or direct, up-front subsidies may be necessary to compensate a developer for constructing "green" housing for low- and moderate-income households to avoid passing the additional costs to prospective buyers or tenants.

A 2005 study conducted by New Ecology, Inc., a nonprofit organization that promotes sustainable development, evaluated the costs and benefits of applying green building practices to government assisted housing.[20] For the 16 government assisted housing projects studied, the use of green building practices resulted in an average cost premium of 2.4 percent of total development costs and a median cost premium of 2.9 percent.[21] In most cases the

[20]The Costs and Benefits of Green Affordable Housing, *New Ecology, Inc. and the Tellus Institute, 2005.*

[21]*Developments that included features such as low-flow water fixtures; energy-star appliances; fluorescent lighting; high-efficiency furnaces, water heaters, windows, and insulation; and linoleum and low-VOC flooring and adhesives typically added 2 to 3 percent to project costs.*

reduced operating costs over the life of the buildings more than paid for the initial cost premium. HUD issued a notice in 2009 (PIH-2009-43) encouraging the use of renewable energy sources and green construction practices in the construction, rehabilitation, and maintenance of public housing. Advantages of green building practices include lower utility bills, better indoor environmental quality, less reliance on fossil fuels, and durability of building materials and structures. Partnerships with other agencies or organizations may help provide funding for green construction practices. For example, the Housing Authority of the City of Milwaukee (HACM) has partnered with the Milwaukee Metropolitan Sewerage District (MMSD), We Energies, and Focus on Energy to provide green roofs and alternative energy sources, such as geothermal wells, in its housing developments. HACM also uses low-flow shower heads and toilets, energy-efficient mechanical systems (heating, air conditioning, and water heaters), and Energy-Star appliances when developing or re-developing public housing.

Focus on Energy

Wisconsin's Focus on Energy is a Statewide program that can provide assistance for implementing green construction practices in new residential construction and rehabilitation (the program also has a commercial component). Focus on Energy works with eligible State residents and businesses to promote the installation of cost effective, energy efficient, and renewable energy projects. The intent is to provide assistance and incentives to implement projects that otherwise would not be completed, or to complete projects sooner than scheduled. These projects are intended to help State residents manage energy costs, promote in-State economic development, protect the environment, and control demand for electricity and natural gas in the State. A coalition of organizations, including the Public Service Commission of Wisconsin and State utilities, are participants in the Focus on Energy program.

Residential programs focus on lowering the carbon footprint and costs of living for State residents through energy efficiency. They include educational services and financial incentives and can apply to single-family and multi-family housing. Information regarding these programs can be accessed on the Focus on Energy website at www.focusonenergy.com.

Environmentally Responsible Development Concepts

Green development relates to arranging land uses and site features (i.e. lots, buildings, and infrastructure) to include or be in close proximity to services, employment centers, and transportation options such as transit, sidewalks, and bike paths. Green development should also protect natural features and productive farmland to the extent practical. Historically, the Commission has recommended a centralized settlement pattern at overall medium urban density within defined urban service areas in its regional plans. New urban development is encouraged to occur largely as infill in, and redevelopment of, existing urban centers and in compact urban growth areas emanating outward from existing urban centers that can effectively be served by transit and other urban services. The regional land use plan further recommends that urban residential uses be located in well-planned neighborhoods served by centralized public sanitary sewerage, water supply, and stormwater management facilities. Supporting services such as parks, schools, and shopping areas should be provided within reasonable walking and bicycling distances. Residents should have reasonable access through public transit and the arterial street and highway system to employment centers, community and major shopping centers, cultural and governmental centers, and secondary schools and higher education facilities.

Local governments can incorporate several green development concepts into their planning efforts to encourage implementation of the regional land use plan, such as transit oriented development, traditional neighborhood development, brownfield redevelopment, and conservation subdivisions. In addition, the recommendations set forth in this plan can be incorporated into local government planning efforts to encourage the development of higher density residential and mixed use neighborhoods in communities with existing or proposed sanitary sewer service areas, which would help to achieve the development pattern recommended for the Region by the regional land use plan.

Multi-family housing and higher-density single-family housing can provide more affordable housing and at the same time provide for a more compact development pattern. More compact development allows housing to be located closer to jobs and services, such as shopping and schools, which minimizes vehicle travel and increases opportunities for walking and bicycling. Compact development also minimizes the conversion of farmland to urban uses.

Transit Oriented Development

The term transit oriented development (TOD) refers to compact, mixed use development whose internal design is intended to maximize access to a transit stop located in or adjacent to the development. Commercial uses and higher-density residential uses are located near the transit stop and the layout of streets and sidewalks provides convenient walking and bicycling access to the transit stop. Figure XI-4 shows an example of a neighborhood plan that embodies mixed-use, transit-oriented development concepts and Figure XI-5 shows renderings of TOD examples.

The Center for Transit-Oriented Development, in cooperation with the Center for Neighborhood Technology (CNT) has prepared a series of TOD best practice guidebooks[22] sponsored by the Federal Transit Administration, in which they identify the general benefits of TODs, including:

- Increases property values and lease revenues and rents
- Increases foot traffic for local businesses
- Increases tax revenues to the community
- Increases transit ridership
- Opportunities to build mixed income housing
- Reduced traffic congestion
- Reduced transportation expenditures for residents by encouraging walking, biking, and using public transit
- Increased neighborhood safety because there are more people and "eyes" on the street
- Environmental benefits of compact land use, including:
    - Conservation of open space on the urban fringe
    - Less oil and gas consumption.

The Rosslyn-Ballston Corridor in the Washington D.C. area (Arlington, Virginia) and Downtown Portland, Oregon were identified as examples of successful implementation of the TOD concept in the TOD guidebooks. The Rosslyn-Ballston corridor was a declining low density commercial corridor. Over 30 years, local government focused development around five closely spaced rail stations. The efforts have resulted in a large amount of high density development around the stations and the preservation of neighboring single-family residential areas (see Figure XI-6). Benefits include:

- An increase of the assessed value of land around the rail stations of 81 percent over 10 years
- The area encompasses 8 percent of Arlington County's land and produces 33 percent of Arlington County's property tax revenue, which allows Arlington to have the lowest property tax rate in Northern Virginia
- 73 percent of the rail station transit users walk to the rail stations.

In Portland, a streetcar line was built to connect two large parcels of vacant land north and south of downtown. A public/private partnership was formed between the City and the owner of the large vacant parcel on the north end of downtown (Pearl District). The owner developed the parcel at a density of 125 units per acre (the parcel was originally zoned for 15 dwelling units per acre) even though there was not a strong market for this density of housing in the area at the time of the proposal (early 1990s). The City agreed to construct the street car line adjacent to the vacant parcel. The parcel has been developed into the highest density neighborhood in the City and is projected to have 10,000 residents in 21,000 dwelling units at the time of build out. A similar redevelopment effort is proposed for the southern vacant parcel (South Waterfront). Figure XI-7 shows recent development along the Portland Streetcar line. Benefits include:

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[22] *The series can be accessed on the Reconnecting America website at* www.reconnectingamerica.org.

- Development of 7,248 housing units and 4.6 million square feet of commercial space within two blocks of the streetcar line between 2001 and 2005
- Portland's 20 year housing goal was met in seven years on one-tenth of the projected land area
- 25 percent of the units are affordable
- Properties closest to the streetcar line developed at 90 percent of maximum density allowed compared to 43 percent for properties located three to four blocks away.

Although there are documented benefits of TODs, there are also challenges associated with the development of TODs. A primary challenge related to the Southeastern Wisconsin Region is that TODs are most commonly associated with rail transit as opposed to bus transit. It is widely accepted that fixed rail service may be expected to have land use and economic development impacts that bus service may not have. Fixed-rail urban transit, such as commuter, heavy, or light rail, represents a permanent long-term commitment to high quality transit service. Investment in residential and office development, and attendant retail development can be linked to the investment in rail transit. Bus service over existing streets and highways is flexible, and provides no long-term service commitment, and therefore, no link to investment in land development and redevelopment.

While no longer under consideration for implementation as of 2011, the Kenosha-Racine-Milwaukee (KRM) Commuter Link project was the type of commuter rail service that would have supported TODs. The KRM was a proposed commuter rail service that would have operated between the Cities of Kenosha and Milwaukee with stations in Kenosha, Somers, Racine, Caledonia, Oak Creek, South Milwaukee, Cudahy/St. Francis, the Southside of Milwaukee, and Downtown Milwaukee. Fifteen weekday trains were proposed in each direction and there would have been coordination with the Metra Station in Kenosha to provide increased connectivity between Southeastern Wisconsin and Northeastern Illinois. The route that was proposed for the KRM commuter rail line is shown on Map XI-1.

The purpose of the proposed KRM commuter rail line was to address a lack of regional transportation options for travel between communities in the corridor where mobility is limited for residents and workers with limited or no access to a vehicle. Many persons residing in the Cities of Milwaukee, Racine, and Kenosha are unemployed, living in poverty, or do not have access to a vehicle, which limits access to job opportunities outside their communities. The proposed KRM commuter rail line would have provided regional transit connections between residential and employment concentrations to improve the mobility and transit access of residents and workers, particularly those who depend on transit. The project was also intended to encourage transit oriented infill development and redevelopment around transit hubs.

Work done to describe the possible impact of the KRM project shows that it would have increased job accessibility to a number of the Region's minority and transit dependent residents. As of the 2000 Census, about 41 percent of City of Milwaukee residents, or 245,900 people, lived within a three mile radius of the two proposed KRM stations. About 58 percent of these residents are African American or Hispanic and about 30 percent of these residents do not have access to a vehicle. The KRM line would have provided access to 140,000 jobs in Southeastern Wisconsin, excluding Downtown Milwaukee, and access would have been provided to an additional 660,000 jobs in Northern Illinois and Downtown Chicago. In addition, it is estimated that assessed property values within the station planning areas could have potentially increased from about $421 million in 2006 to about $7.9 billion in 2035 when expressed in constant 2006 dollars.[23] TOD station plans were prepared for each proposed station and surrounding areas to identify potential redevelopment and development that local governments could expect if the KRM project was implemented. Input was sought through workshops in each community to build local consensus and commitment to station area redevelopment.

Although the KRM project is not under consideration for implementation as of 2011, potential TODs could be supported in the Region by the development of the Milwaukee Streetcar. The Center for Transit-Oriented

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[23]*Economic impact of development and redevelopment data is documented in the report titled,* Transit-Oriented Land Use Final Technical Report, *Earth Tech, January 2007.*

Development notes that streetcars are well suited to promote TOD, as demonstrated by the Portland example. As of 2011, the Milwaukee Streetcar project was in the planning stages. Construction is proposed to begin in fall 2012 and be completed in fall 2014. The City of Milwaukee conducted a land use analysis to determine the economic development potential within a quarter mile of the initial route and two route extensions, which is proposed for the central business district. The analysis showed the following economic development activity could be generated by 2030:[24]

- 9,000 new housing units
- 13,500 new residents
- 1,000,000 square feet of new retail space
- 4,000,000 square feet of new office space
- 20,500 new jobs
- An increase of $3.35 billion in assessed property value.

The Center for Transit Oriented Development (CTOD) notes that two best practices regarding TOD planning are to develop and/or preserve affordable housing and plan for TODs at a regional scale. Housing and transportation are typically a family's largest expenditures. Developing mixed income housing as part of TODs provides an affordable housing option that reduces reliance on personal vehicles. In addition, TODs are often developed in more highly urbanized areas, where a higher percentage of low- and moderate-income households reside. There are, however, obstacles to developing mixed-income housing near transit. Some of the obstacles noted by the CTOD include:

- Land prices near transit stations may be high, and land prices may rise due to speculation in areas with a new transit line or station
- Mixed-income and use structures often require complex financing structures
- Funding for affordable housing, such as Low Income Housing Tax Credits, is limited
- Sites in highly urbanized areas often require land assembly and may require rezoning, which can lead to lengthy acquisition and permitting processes
- Mixed income development at TOD sites often requires a collaboration among the public, private, and non-profit sector, which can be difficult to coordinate given different needs, constraints, and schedules of each partner
- There may be community opposition to increased density and/or affordable housing in some areas.

The CTOD recommends several strategies for government entities to address the obstacles to developing mixed income housing near transit, including:

- Local governments can reduce complexities of public/private partnerships through a number of options. These options may include acquiring and assembling land, streamlining rezoning and permitting processes, and assistance with brownfield mitigation grants
- Existing government funding for affordable housing can be targeted to areas with public transit to encourage TODs
- A scoring category could be added to the State (WHEDA) Qualified Allocation Plan that would provide an incentive to locate Low Income Housing Tax Credit (LIHTC) developments near transit
- Local governments and nonprofits can develop land banking programs to acquire land or preserve existing affordable housing in areas along transit corridors
- Local governments can use density bonus in TODs as an incentive for affordable housing
- Local governments can reduce parking requirements in TODs as an incentive for affordable housing and to encourage transit ridership.

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[24] *More information can be found on the Milwaukee Streetcar website at* www.milwaukeestreetcar.com.

CTOD has also identified the benefits of planning for TODs at a regional scale, which include strengthening the regional economy, providing increased transportation options to job centers for person of all income levels, increased regional transit ridership, and reduction in greenhouse gas emissions. The proposed KRM project was regional in scope, serving nine stops in Kenosha, Racine, and Milwaukee Counties. A transit oriented land use plan had been developed for each of the stops with links to local public transit service providers, including the existing Kenosha Streetcar and proposed Milwaukee Streetcar lines, and the Chicago METRA commuter rail line. KRM was to be overseen by a regional transit authority, the Southeastern Regional Transit Authority (SERTA). The State law that created SERTA was repealed in June 2011, which required SERTA to dissolve by September 28, 2011.

Traditional Neighborhood Development
A traditional neighborhood development (TND) incorporates many of the same concepts as a TOD because they are compact, mixed use neighborhoods where residential, commercial, and civic buildings are within close proximity to each other. It is a planning concept that is based on traditional small town and city neighborhood development principles. The TND concept is counter to the inefficient use of land and infrastructure that may be found in some newer residential developments. In addition, the TND concept does not necessarily rely on a transit component, so it is appropriate for smaller communities that desire compact, mixed use development, but cannot support public transit service. This may allow for the development of a mix of housing types that does not encroach on natural resources to the same extent as less compact development.

Section 66.1027 of the *Wisconsin Statutes* requires any city or village with a population of 12,500 or more residents to include provisions that would accommodate TNDs. UW-Extension has developed a model TND ordinance under the *Statutes* to be used as a guide for communities. TND principles identified in the model ordinance include:

- Compact Development: Compact development patterns for residential and commercial uses can promote a more efficient use of land and lower the costs of providing public infrastructure and services.

- Mixed Uses: Nonresidential uses, such as commercial, civic, and open space uses, are located near a mix of housing types and sizes to accommodate households of all ages, sizes, and incomes. Mixed use developments should include varying lot sizes and densities, and structure types, such as single-family, two-family, and multi-family housing. Housing may also be provided above commercial uses such as shops and offices

- Multiple Modes of Transportation: TNDs provide access through an interconnected network of circulation systems that facilitate walking, bicycling, and driving.

- Responsive to Cultural and Environmental Context: Significant cultural and environmental features of a site (including development constraints such as steep slopes, wetlands, critical wildlife areas, and highly erodible soils)[25] should influence how a site is developed. Developments with a clear "sense of place" require careful design and siting of buildings, streets, and other infrastructure. This includes the provision of adequate open space and neighborhood parks and playgrounds. Environmentally responsive stormwater management systems, the use of indigenous vegetation, and the energy conversation measures in the design and orientation of structures also help to create "sustainable developments." The historic and architectural character of a community should also be important design influences.

In addition to model ordinance text, the Model Ordinance for TNDs provides model design standards that can address the aesthetic and environmental aspects of a TND. The model ordinance can be accessed on the

[25]*These environmental features are often found in the Region's primary environmental corridors, as well as secondary environmental corridors and isolated natural resource areas. Primary environmental corridors are shown on Map III-2 in Chapter III. Environmental corridors and other natural resource areas are discussed further in Chapter III and the regional land use plan, which is documented in SEWRPC Planning Report No. 48.*

comprehensive planning section of the State Department of Administration website at www.doa.state.wi.us/category.asp?linkcatid=748&linkid=128&locid=9. An example TND neighborhood plan from the Middleton Hills development in Middleton, Wisconsin is shown on Figure XI-8. Table V-5 in Chapter V sets forth Cities and Villages in the Region with a population of 12,500 or more residents that have adopted TND regulations or have PUD regulations that allow TND concepts.

Brownfield Redevelopment

The Southeastern Wisconsin Region, like many urbanized regions throughout the Country, has experienced an increase in vacant or underutilized sites once devoted to industrial, commercial, and related uses. Factors contributing to the abandonment or underutilization of older commercial and industrial sites vary from site to site, but often include structures which are obsolete in terms of accommodating current manufacturing, warehousing, and office needs; inadequate site access to the freeway system; and insufficient area for horizontally-oriented structures, contemporary parking and loading requirements, and possible future plant expansion needs.

The reuse of former commercial and industrial sites is frequently constrained by contamination problems created by past industrial and commercial activities, giving rise to the term "brownfields," which are underutilized or abandoned sites known or suspected to be environmentally contaminated. Brownfields tend to be concentrated in older central-city areas; however, they can also occur in outlying urban areas. Redevelopment of brownfields is often hindered by high cleanup costs that tend to reduce private-sector interest in these sites.

Maintaining the viability of existing urban areas of the Region, as recommended in the regional land use plan, requires special efforts to promote the reuse of brownfields. Local units of government should include the cleanup and reuse of brownfields as a key element in their planning for revitalization of urban areas and promote such reuse through tools such as tax increment financing (TIF). State and Federal financial assistance has been made available in support of the cleanup and reuse of contaminated sites. Local governments should make full use of, and assist private developers in securing, available State and Federal financial assistance. Information regarding brownfield redevelopment assistance can be accessed on the Wisconsin Department of Natural Resources (DNR) website at http://dnr.wi.gov/org/aw/rr/index.htm. A list of brownfield redevelopment assistance programs is shown on Table XI-4.

The reuse of brownfield sites does not need to be limited to industrial uses. They may also include a mix of residential, commercial, recreational, and other development, in accordance with local development objectives. The cleanup and reuse of brownfields has many potential benefits in addition to underlying environmental benefits, which can include elimination of blight, increases in property values, expansion of housing stock, provision of jobs in close proximity to concentrations of labor force and existing affordable housing, and increased use of existing public infrastructure.

Figure XI-9 shows the Clarke Square Terrace Residential Care Apartment Complex (RCAC) in the City of Milwaukee. Clark Square Terrace is an example of a brownfield site that was redeveloped as a residential use. The development was awarded a $200,000 Blight Elimination and Brownfield Redevelopment Program grant/low-cost loan in 2008 to help mitigate cleanup costs on a brownfield site that had been vacant for 50 years. It also received a $6.7 million Low-Income Housing Tax Credit (LIHTC) award in 2007. The development consists of 60 independent and assisted living units for the elderly, 49 of which are affordable to low- and moderate-income seniors. In addition to the affordable housing units, the development has also created 24 full-time and part-time jobs. The jobs include registered nurses, a property manager, maintenance coordinator, assisted living coordinator, chef, and other workers who serve the needs of Clark Square Terrace's residents. Residents can receive meals and housekeeping assistance in addition to assisted care services. The development also caters to seniors enrolled in Wisconsin's Family Care Program, which provides an alternative to private pay for long-term care of low-income seniors.

Sound Land and Water Management Practices – Regional Land Use Plan

As described in Chapter III, the regional land use plan serves as a foundation for other plans prepared by SEWRPC, including the regional housing plan. It includes recommendations regarding the general location and

Table XI-4

BROWNFIELD REMEDIATION PROGRAMS

- **Grants**
  - Blight Elimination and Brownfield Redevelopment (BEBR) Grants
  - Brownfield Economic Development Initiative (BEDI) Grants
  - Brownfield Green Space and Public Facilities Grants
  - Brownfield Site Assessment Grants (SAG)
  - Community Development Block Grants (CBDG)
  - Coastal Management Grants
  - Federal Brownfields Assessment Grants
  - Federal Brownfields Site Cleanup Grants
  - Federal Brownfields Revolving Loan Fund (RLF) Grants
  - Local Transportation Enhancements (TE) Program
  - Ready for Reuse Revolving Loan Fund – Grants
  - Stewardship Grants
  - Transportation Economic Assistance (TEA) Grants
- **Reimbursement Programs**
  - Agricultural Chemical Cleanup Program (ACCP)
  - Dry Cleaner Environmental Response Fund (DERF)
  - Local Government Cost Recovery
  - Local Governments Reimbursement Program
  - Petroleum Environmental Cleanup Fund Award (PECFA)
- **Loans and Loan Guarantees**
  - Land Recycling Loan Program
  - Ready for Reuse Revolving Loan Fund
  - State Trust Fund Loan Program
  - Section 108 Loan Guarantee
  - Small Business Administration Loans
- **Tax Credits and Incentives**
  - Agricultural Development Zone Program Tax Credits
  - Business Improvement Districts
  - Cancellation of Delinquent Property Taxes
  - Community Development Zone Program Tax Credits
  - Enterprise Development Zones
  - Environmental Remediation Tax Incremental Financing (ERTIF) Comparison of Regular and Environmental Remediation TIF Districts
  - Federal Brownfields Tax Incentive
  - Historic Preservation Income Tax Credits
  - New Market Tax Credits
  - Reassignment of Foreclosure Judgment
  - Tax Increment Financing (TIF)

Table XI-4
(continued)

NOTE: Information regarding brownfield redevelopment assistance can be accessed on the Wisconsin Department of Natural Resources (DNR) website at http://dnr.wi.gov/topic/Brownfields/.

Source: Wisconsin Department of Natural Resources and SEWRPC.

intensity of urban lands, the preservation of environmentally significant lands, the preservation of prime agricultural land, and the appropriate use of land in other rural areas. As the regional land use plan is implemented in the years ahead, it is essential that appropriate land and water management practices be planned for and applied, as a complement to the regional land use plan. A detailed discussion in this regard is beyond the scope of the regional housing plan; however, the type of planning and related management practices that County and local governments should consider to encourage environmentally responsible development are highlighted in the following paragraphs.[26]

Stormwater runoff pollution performance standards for new development are set forth in Chapters NR 151 and NR 216 of the *Wisconsin Administrative Code*. Stormwater management practices appropriate for each community or group of communities within a watershed can best be developed through the preparation of a management plan. These practices should be developed in a manner that integrates development needs and environmental protection, including integrated water resources protection. Such practices should reflect both stormwater runoff quantity and quality considerations, as well as groundwater quantity and quality protection. Practices that are designed to maintain the natural hydrology should be considered.

Chapter 151 of the *Wisconsin Administrative Code*, along with the *Wisconsin Uniform Dwelling Code*, set forth regulations relating to construction site erosion. Construction site erosion is one of the leading causes of siltation in waterways. Municipalities can adopt a construction site erosion control ordinance which incorporates the sound erosion control techniques outlined in the rules noted above.

Eco-Municipality

An eco-municipality is a local government that aspires to develop as an ecologically, economically, and socially healthy community over the long-term. The Natural Step framework for sustainability, developed in Sweden, is used as the planning framework by an eco-municipality. A United States Sustainability Primer based on the Natural Step concept was developed by Natural Step Canada and edited by Natural Step U.S. The primer discusses several aspects of sustainability, including planning for sustainability.

The Natural Step planning process for sustainability involves four basic steps, which include awareness, baseline analysis, compelling vision, and down to action. Awareness involves creating a shared understanding of sustainability and a common sense of purpose among the teams, departments, and organizations involved in planning for sustainability. The Natural Step process defines sustainability as "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

For a local government, the baseline analysis involves completing an assessment of the community's current operations to determine how different activities support or run counter to sustainability principles. As a local government develops a compelling vision, it should develop a description of success and identify opportunities for innovation. The culmination of the exercise should be tangible goals that form the basis of a sustainability vision and serve to guide future sustainability strategies and actions. The down to action step in planning for sustainability involves developing a list of actions and prioritizing them based on which action will move the community closer towards sustainability most quickly. The Natural Step suggests screening actions against three strategic questions:

- Does the action move the community towards its vision of sustainability and alignment with sustainability principles?
- Does the action provide a stepping stone to future actions?
- Does the action provide an adequate return on investment?

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[26]*Detailed information and recommendations regarding land and water management practices are presented in other SEWRPC reports, including the regional water quality management plan and the regional water supply plan, which can both be viewed on the SEWRPC website at www.sewrpc.org/SEWRPC/Environment.htm.*

The affordable housing and housing and neighborhood design best practices discussed in this chapter are examples of actions a community can take in planning for sustainability.

Several local governments in the State have adopted resolutions supporting eco-municipality sustainability guidelines. The Village of Shorewood is the only local government located in the Region to do so. More information regarding eco-municipalities is available on the UW-Extension sustainable communities website at http://www3.uwsuper.edu/sustainability/Eco-Municipality.htm.

Neighborhood Safety

Neighborhood design as it relates to the prevention of crime was raised as a concern through public input gathered while preparing the scope of work for the regional housing plan. The crime prevention through environmental design (CPTED) concept relates to this concern. The CPTED concept is based on the idea that the proper design of the built environment can lead to a reduction in the incidence and fear of crime and increase quality of life. The City of Virginia Beach CPTED Committee developed a set of guidelines for designing safer communities that is intended to help developers, design professionals, and local government staff and elected officials incorporate CPTED principles into various types of development, including single-family and multi-family residential development.

The guidelines note that CPTED utilizes four general elements, including natural surveillance, natural access control, territorial reinforcement, and maintenance. The guidelines summarize each element as follows:

- Natural Surveillance: This is a design concept directed primarily at keeping space under observation. It utilizes design features to increase the visibility of a property or building. The proper placement and design of windows, lighting, and landscaping increases the ability to observe regular visitors and intruders that may engage in inappropriate behavior. Natural surveillance maximizes the potential to deter crime by making an offender's behavior more easily noticeable to residents, passersby, and police or private security. Activity rooms in residential buildings, such as living rooms and kitchens, should be located to maximize visual connection to public environments such as sidewalks and streets, parks, parking areas, and alleys.

- Natural Access Control: The primary goal of access control is to deny access to potential criminal offenders by creating a perception of risk. Common areas in a residential project should be placed as centrally as possible to major circulation paths and should not be placed in remote locations.

- Territorial Reinforcement: This employs design elements such as sidewalks, landscaping, and porches to help distinguish between public and private areas and help exhibit signs of "ownership" over a space. The concept of territorial reinforcement suggests that physical design can create or extend a sphere of territorial influence that can be perceived by potential offenders. An example of territorial reinforcement is design elements that define the entry space around a residential unit as belonging to (and the responsibility of) the residents of the unit.

- Maintenance: Care and maintenance allows for the continued use of a space for its intended purpose. Deterioration and blight indicate less concern and control by the intended users of a site and indicate a greater tolerance of disorder. Proper maintenance protects public health, safety, and welfare in structures and on premises by establishing acceptable standards. Maintenance is the responsibility of owners and occupants.

The guidelines also set forth specific design recommendations for single family and multi-family residential developments to encourage safe neighborhoods and neighborhood interaction. Single family design recommendations include:

- Natural Surveillance:
    - Fully illuminate all exterior doorways

    - Place the front door to be at least partially visible from the street
    - Install windows in living areas that provide views of the property
    - Provide appropriate illumination to sidewalks and yard
    - Place the driveway to be visible from either the front or back door and at least one window
    - Select landscaping that allows unobstructed views of vulnerable doors and windows from the street and other properties

- Natural Access Control: Use walkways and landscaping to direct visitors to the proper entrance and away from private areas

- Territorial Reinforcement:
    - Create a transitional area between the street and the home
    - Define property lines and private areas with plantings, pavement, or fences
    - Make the street address clearly visible from the street and public right-of-way

- Maintenance:
    - Keep trees and shrubs trimmed back from windows, doors, and walkways
    - Keep shrubs trimmed to three feet in height and prune lower branches of trees up to seven feet to maintain clear visibility
    - Use exterior lighting at night and keep lighting, house, and garage in good repair
    - Remove litter and trash from yard.

Multi-family design recommendations include:

- Natural Surveillance:
    - Design buildings so that exterior doors are visible from the street or by neighbors
    - Ensure all doors that open to the outside are well lit
    - Include windows on all four sides of the building to allow good surveillance
    - Use assigned parking for residents and designate visitor parking
    - Make parking areas visible from windows and building doors and adequately illuminate parking areas and pedestrian walkways
    - Position recreation areas to be visible from many unit windows and building doors
    - Avoid creating blind spots and hiding places when screening dumpsters
    - Keep shrubs trimmed to three feet in height and prune lower branches of trees up to seven feet to maintain clear visibility
    - Site buildings so that the doors of one building are visible from other building units

- Natural Access Control:
    - Define entrances to the site and parking lots with landscaping, architectural design, or symbolic gateways
    - Block off dead end spaces with fences or gates
    - Discourage loitering by unattended nonresidents
    - Use doors that automatically lock upon closing on common entrances to buildings
    - Provide good illumination in hallways

- Territorial Reinforcement:
    - Define property boundaries using landscaping or decorative fencing
    - Use low landscaping and fences to allow visibility from the street
    - Accentuate building entrances with architectural elements, lighting, and/or landscaping
    - Clearly identify all buildings using street numbers that are easily observed from the street

- Maintenance:
  - Prune trees and shrubs back from windows, doors, and walkways
  - Use and maintain exterior lighting
  - Strictly enforce rules regarding outside storage and junk vehicles to make the site appear maintained and secure.

CPTED guidelines can also be applied to neighborhoods to create a safe environment without the use of intimidating methods such as high fences and video monitoring. Neighborhood design recommendations include:

- Natural Surveillance:
  - Avoid landscaping that may create hiding places or blind spots
  - Locate open space and recreational areas so they are visible from nearby homes, commercial areas, and streets
  - Use pedestrian scale street lighting in high pedestrian traffic areas to help people recognize potential threats at night

- Natural Access Control:
  - Design streets to discourage high speed traffic
  - Install walkways in locations safe for pedestrians and use them to define pedestrian boundaries

- Territorial Reinforcement:
  - Design lots, streets, and houses to encourage interaction between neighbors
  - Clearly identify residential buildings using street numbers that are easily observed from the street
  - Define property lines with post and pillar fencing, gates, and plantings to direct pedestrian traffic to desired points of access

- Maintenance:
  - Maintain common areas and rights-of-way to high standards
  - Enforce municipal codes.

Figure XI-10 shows a multi-family development with CPTED principles incorporated into its design, including low fences, pedestrian scale lighting, and porches and balconies facing the sidewalk and street.

Accessible Housing
Construction practices that promote accessible housing, including universal design (UD) and visitability, are described in Chapter IX, *Accessible Housing*. UD is intended to provide housing that is useable to all people, regardless of age or ability, at little or no extra cost. Table IX-1 in Chapter IX sets forth a list of UD housing feature options. Not all of the features listed would be expected to be included in any one given home, and a component of successful universal design is maintaining market appeal. Basic UD features consist of:

- Installing standard electrical receptacles higher than usual above the floor so they are in easy reach of everyone
- Selecting wider doors
- Providing level (zero-step) entrances
- Installing handles for doors and drawers that require no gripping or twisting to operate, such as lever handles
- Storage spaces within reach of people of all heights.

Visitability refers to single-family or owner-occupied housing designed to be lived in or visited by persons with mobility impairments who may have trouble with steps or use walkers or wheelchairs. The concept of visitability is intended to make homes more accessible to visit or live in short-term for a person with mobility impairments by meeting three general conditions that are considered the most essential, including:

- One zero-step entrance at the front, side, or rear of the home
- 32 inch wide clearances at doorways, and hallways with at least 36 inches of clear width
- At least one accessible half bath on the main floor.

The Housing Authority of the City of Milwaukee (HACM) has incorporated the concepts of both universal design and visitablity into several major projects. The Townhomes at Carver Park is an example of new housing construction incorporating both universal design and visitablilty features. Blighted, non-accessible, older public housing was demolished and replaced with a TND, the Townhomes at Carver Park, using HOPE VI funds and Low Income Housing Tax Credits (LIHTC). The development includes 122 total units, 101 of which are visitable and 14 of which are fully accessible. Independence*First*, an advocacy group that works on behalf of persons with disabilities, provided design assistance to HACM for the development. Figure XI-11 shows the Townhomes at Carver Park street plan and an aerial view of the Townhomes at Carver Park and Figure XI-12 shows the exterior of a four unit building located in the development.

Visitable unit features include a first floor accessible bathroom, at least one exterior entrance along an accessible route, lever action handles on all doors, and 34 and 36 inch doors providing a minimum 32 inch clearance at all doors. The fully accessible units feature:

- Roll in showers
- Front and rear exterior entrances along an accessible route
- All electrical switches and outlets at an accessible height
- Accessible and adaptable kitchens
- Laundry hookups on both the first floor and basement levels
- 34 and 36 inch doors providing a minimum of 32 inch clearance at all doors
- Electrical service panel containing main disconnect and all circuit breakers located on the first floor at an accessible height.

A similar project, also using HOPE VI funding, was undertaken at the Parklawn site. A 518 unit superblock built in 1937 was replaced with a TND. The TND includes a new street grid with smaller blocks, a number of accessible housing units, and the fully accessible Monument Park. Figure XI-13 shows an accessible single family home constructed at Parklawn. Figure XI-14 shows the neighborhood street plan and Figure XI-15 shows Monument Park.

While Federal law addresses accessibility in newly built multi-family housing, the issue of accessibility in single-family housing is left to State and local jurisdictions. An exception is that Section 504 of the Federal Rehabilitation Act requires that single-family housing units receiving Federal assistance for construction and rehabilitation must be made accessible upon request of the prospective buyer if the nature of that buyer's disability requires such modifications. Accessibility improvements are an eligible use of funds in many HUD programs, including CDBG and HOME, and HUD has offered incentives for Visitability features through its grant and program application process; however, relatively few single-family housing units are built or substantially rehabilitated using HUD funds. In the Region, the City of Milwaukee Housing Trust Fund requires Visitability in new construction and HACM provides Visitability features in their single-family homes when possible.

Several communities have adopted accessible building codes that are good examples of programs a local government can undertake to incorporate accessible housing features in new private residential development. These communities include Scottsdale, Arizona; Berkeley, California; and Portland, Oregon. Another potential way for communities to incorporate accessibility is to negotiate accessibility standards or thresholds as part of planned unit developments (PUDs) or developer deeds. The Austin, Texas PUD Ordinance is an example of a PUD ordinance that encourages, but does not require, developments to provide for a degree of accessibility that exceeds applicable legal requirements.

Development Design Standards
Functional, safe, and attractive neighborhoods and communities ultimately depend on good design of individual development and redevelopment sites. In addition to the use of the best practices discussed in this chapter, local governments can promote good site design through the development of design standards for private-sector developments. Adherence to soundly conceived design standards can enhance the visual character of developed and redeveloped areas, contribute to the long-term stability of these areas and maintain property values, and protect public investment in supporting infrastructure systems.

Design standards should reflect both regional and local development objectives. Regional concerns that should be addressed in such standards include transit serviceability, proper access to arterial streets and highways, and the protection of the natural resource base. Local concerns that may be addressed in such standards include, but are not limited to, layout of lots and blocks; provision of off-street parking; building mass, facades, and materials; solar access; grading; drainage; screening or buffering of building appurtenances; landscaping; open space reserves; outdoor lighting; pedestrian and bicycle circulation; access to public transit; and buffering and screening of development along freeways and other major highways. Some of the design standards may be quantitative in nature, so that compliance is directly measurable. Other standards may be qualitative in nature, so that determination of compliance involves experienced judgment.

The best way to ensure compliance with design standards is to incorporate those standards into local land use controls, particularly zoning and land division control ordinances. Zoning ordinances may require that site plans and building plans be prepared for multi-family, commercial, and industrial development and by specifying the standards the plans must meet. Land division control ordinances may stipulate additional design standards required as part of the land development process. Freestanding architectural control ordinances, or architectural control provisions included in zoning ordinances, may be used to codify building-related design standards.

Design standards can be incorporated into zoning in several ways. One example is where a zoning ordinance requires site and building plan review by the local plan commission. Specific design standards can be included in that section of the ordinance. Additionally, the zoning ordinance may require review by an architectural review team, which should include professional architects to provide expertise and minimize concept plan submittals and building material requirements. Design standards could also be incorporated as part of "form-based" zoning provisions. Still an emerging concept, form-based zoning generally places more emphasis on physical building and site design attributes and less emphasis on regulation of specific uses than conventional zoning. The use of form-based zoning is likely to have most application to situations where it is desired to accommodate a mix of uses and to allow buildings to accommodate a mix of uses over time.

Counties and local governments in the Region should consider the formulation of a comprehensive set of design standards reflecting regional and local development objectives and determine whether and how existing local land use controls should be amended to ensure adherence to those standards. Examples within the Region include the *City of West Bend Manual of Urban Design Standards* and the *State Highway 36 North Corridor Design Plan*, which is documented in SEWRPC Community Assistance Report No. 267.

FINDINGS

Affordable Housing Best Practices

- The concept of fair share housing is to promote an equitable distribution of affordable housing throughout a region. A target number of affordable housing units is typically assigned to each municipality in a region with a fair share program, typically by a body that is regional in scope. States typically facilitate these programs through a builder's remedy, which allows an enforcement agency or review body to override local government decisions that prevent the development of affordable housing through denial of an application or by imposing conditions of approval that make the project economically infeasible. Wisconsin does not have builder's remedy legislation in place.

- Assisted Housing Mobility Programs are intended to help disperse the concentration of minorities in high-poverty central city neighborhoods by providing assistance to low-income families to move to less impoverished areas. This provides the families with access to better schools and employment opportunities, and less exposure to crime. A current successful program is the Baltimore Housing Mobility Program. A similar program was conducted by the Metropolitan Milwaukee Fair Housing Council from 1989 to 1991, but was eliminated when funding expired.

- The housing characteristics of the Region and its sub-areas are heavily influenced by community planning and land use regulations. Local governments that provide sanitary sewer and other urban services should provide areas within the community for the development of new single-family homes on lots of 10,000 square feet or smaller, with homes sizes of 1,100 to 1,200 square feet to allow the development of housing affordable to moderate-income households. These communities should also provide areas for the development of multi-family housing at a density of at least 10 units per acre, and 18 units or more per acre in highly urbanized communities, to allow the development of housing affordable to lower-income households. Such areas should be identified in community comprehensive plans. In addition, communities should include at least one district that allows single-family residential development of this nature and one district that allows multi-family residential development of this nature in their zoning ordinances.

- Flexible zoning regulations such as planned unit development (PUD), traditional neighborhood development (TND), and density bonuses for affordable housing may facilitate the development of affordable single-family and multi-family housing.

- Inclusionary zoning (IZ) can be implemented through local government zoning ordinances to encourage the development of affordable housing. Studies have found that flexible IZ regulations and adequate compensatory policies such as density bonuses, expedited permitting processes, and relaxed parking regulations appear to offset the potential profit losses on affordable housing units; however, these policies need to be consistent with other regulations and local governments must apply the policies in a consistent manner. Consultation with stakeholders such as developers, realtors, lenders, and homebuyers may result in a process that is less complex and more appealing to developers and those involved in marketing and purchasing affordable housing units.

- Communities in the Region that are in need of additional affordable housing, such as those with a job/housing imbalance and very little subsidized housing, should consider a density bonus program or updating existing PUD regulations to allow for increased density as part of an affordable housing strategy. Allowing the modification of architectural standards that exceed minimum building standards may not be a desirable incentive for encouraging the development of affordable housing.

- Allowing accessory dwelling units (ADU) in single family-residential zoning districts is another program that can be implemented by local governments to increase the amount of affordable housing in a community, particularly communities oriented toward single-family neighborhoods.

- Wisconsin tax increment finance (TIF) legislation was amended in 2009 to allow municipalities to extend the life of a tax increment district (TID) for one year after paying off the TID project costs. Tax increments in that year must be used to benefit the community's affordable housing and improve the community's housing stock.

- Housing trust funds are distinct funds typically established by a local, county, or state government to provide a predictable, stable source of revenue reserved solely for addressing affordable housing needs. Housing trust funds were established by the City of Milwaukee and Milwaukee County in 2004 and 2007, respectively. The Housing Trust Fund of the City of Milwaukee has proposed merging with the Milwaukee County fund to create a Housing Trust Fund of Southeastern Wisconsin (HTF-SW). The intent of the HTF-SW is to expand to include communities in other Counties and possibly communities throughout each of the seven Counties in the Region. Four primary benefits to participating communities identified in the HTF-SW proposal include:

- An increased pool of capital to invest in high-quality affordable housing initiatives that will meet the needs of the people of Southeastern Wisconsin and support economic growth and development
- A resource for civic leaders, private investors, and developers to share ideas, experience, and expertise
- A structure for productive and cooperative cross-jurisdictional dialogue around the critical issue of affordable housing to ensure that all perspectives, interests, and concerns are collaboratively addressed
- Increased government efficiency by reducing duplication of efforts and services.

- Multiple communities can enter into an interjurisdictional housing collaborative (IHC) to address housing and economic issues that transcend the corporate boundaries and fiscal capabilities of individual local governments. IHCs can create a framework in which local governments may pool resources and staffing or staff expertise, prioritize investments for maximum benefits, achieve economies of scale, and create a "one-stop shop" for developers, lenders, and employers. A regional planning commission can assist IHCs by developing a regional housing plan that provides coordination of local planning efforts and by providing technical assistance.

- HUD provides community planning and development grants through the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs to entitled counties, entitlement communities, and States (for distribution to non-entitlement communities) for housing programs that principally benefit low- and moderate-income households and other community development purposes. CDBG funds have resulted in funds towards 24,999 affordable housing units in the Region between 2005 and 2009 and HOME funds have resulted in funds towards 12,492 affordable housing units or households in the Region between 1992 and 2010. Many of the CDBG and HOME funded programs available in the Region are administered through local and statewide nonprofit organizations, including community development corporations (CDCs) and community housing development organizations (CHDOs).

- Partnerships between CDCs and for-profit and non-profit developers have resulted in the development of affordable housing within the Region and allow CDCs to devote their efforts toward service delivery, as well as garnering local support and additional funding for affordable housing projects rather than the complex details of housing construction. Faith based organizations, such as Habitat for Humanity, also play an important role in meeting the housing needs of low- and moderate-income residents of the Region.

Housing and Neighborhood Design Best Practices

- Environmentally responsible building practices involve a wide range of concepts, from energy conservation to natural resource protection. They consist of construction and development concepts that integrate techniques that contribute to sustainability.

- Local governments can provide incentives to encourage environmentally responsible construction techniques. Structural incentives can include modification in zoning ordinance and permit review processes. Financial incentives can include tax credits and abatements, fee reductions or waivers, grants, and the use of revolving loan funds.

- Environmentally responsible development relates to arranging land uses and site features to include or be in close proximity to services, employment centers, and transportation options such as transit, sidewalks, and bike paths. Environmentally responsible development should also protect natural features and productive agricultural land in accordance with adopted plans and regulations. Historically, the Commission has recommended a centralized settlement pattern at overall medium urban density within defined urban service areas in its regional plans. New urban development is encouraged to occur largely as infill in, and redevelopment of, existing urban centers and in compact urban growth areas emanating outward from existing urban centers that can be effectively served by transit and other services and conserve farmland and natural resources. Local governments can incorporate several environmentally responsible development concepts into their planning efforts to encourage implementation of regional plans, including transit oriented development, traditional neighborhood development, brownfield redevelopment, and infill and mixed use development.

- Transit oriented development (TOD) refers to compact, mixed use development whose internal design is intended to maximize access to a transit stop. Documented benefits of TODs include economic benefits, such as economic development and neighborhood revitalization, and environmental benefits of compact land use, including the conservation of open space. TODs are most commonly associated with rail transit oriented development. Potential TODs could be supported through the development of the Milwaukee Streetcar.

- A traditional neighborhood development (TND) incorporates many of the same concepts as a TOD because they are compact, mixed use neighborhoods where residential, commercial, and civic buildings are in close proximity to each other, or in the same building. In addition, the TND concept does not necessarily rely on a transit component, so it is appropriate for smaller communities that desire compact, mixed use development, but cannot support public transit service.

- The Region has experienced an increase in vacant and underutilized sites once devoted to industrial, commercial, and related uses, with concentrations in older central city areas. The reuse of these sites is frequently constrained by contamination, giving rise to the term "brownfields." The cleanup of brownfields has many potential benefits in addition to environmental benefits, which can include the elimination of blight, an increase in property tax base, expansion of housing stock, provision of jobs near an existing labor force and existing affordable housing, and increased use of existing public infrastructure. Local governments should include the cleanup and reuse of brownfields as a key element in planning for revitalization of urban areas and promote such reuse through tools such as TIF and State and Federal assistance.

- County and local governments should implement sound land and water planning and management practices to encourage environmentally responsible development. These practices should be developed in a manner that integrates development needs and environmental protection, including integrated water resources protection. Such practices should reflect both stormwater runoff quantity and quality considerations, as well as groundwater quantity and quality protection. Practices that are designed to maintain the natural hydrology should also be considered.

- Neighborhood design as it relates to the prevention of crime was raised as a concern through public input gathered while preparing the scope of work for the regional housing plan. The crime prevention through environmental design (CPTED) concept relates to this concern. The CPTED concept is based on the idea that the proper design of the built environment can lead to a reduction in the incidence and fear of crime and increase quality of life. Four general elements used in CPTED, including natural surveillance, natural access control, territorial reinforcement, and maintenance, can be incorporated into single-family residential development, multi-family residential development, and neighborhood planning to increase neighborhood safety and prevention of crime.

- Universal design (UD) and visitability are construction practices that promote accessible housing and should be encouraged by local governments. By designing accessible housing, there will be an increase in the availability of affordable housing for everyone, regardless of age or ability.

- Achievement of communities and neighborhoods that are functional, safe, and attractive, as recommended in the regional land use and housing plans, ultimately depend on good design of individual development and redevelopment sites. In addition to the use of the best practices discussed in this chapter, local governments can promote good site design through the development of design standards. Design standards should reflect both regional and local development objectives. The best way to ensure compliance with design standards is to incorporate those standards into local land use controls, particularly zoning and land division control ordinances.

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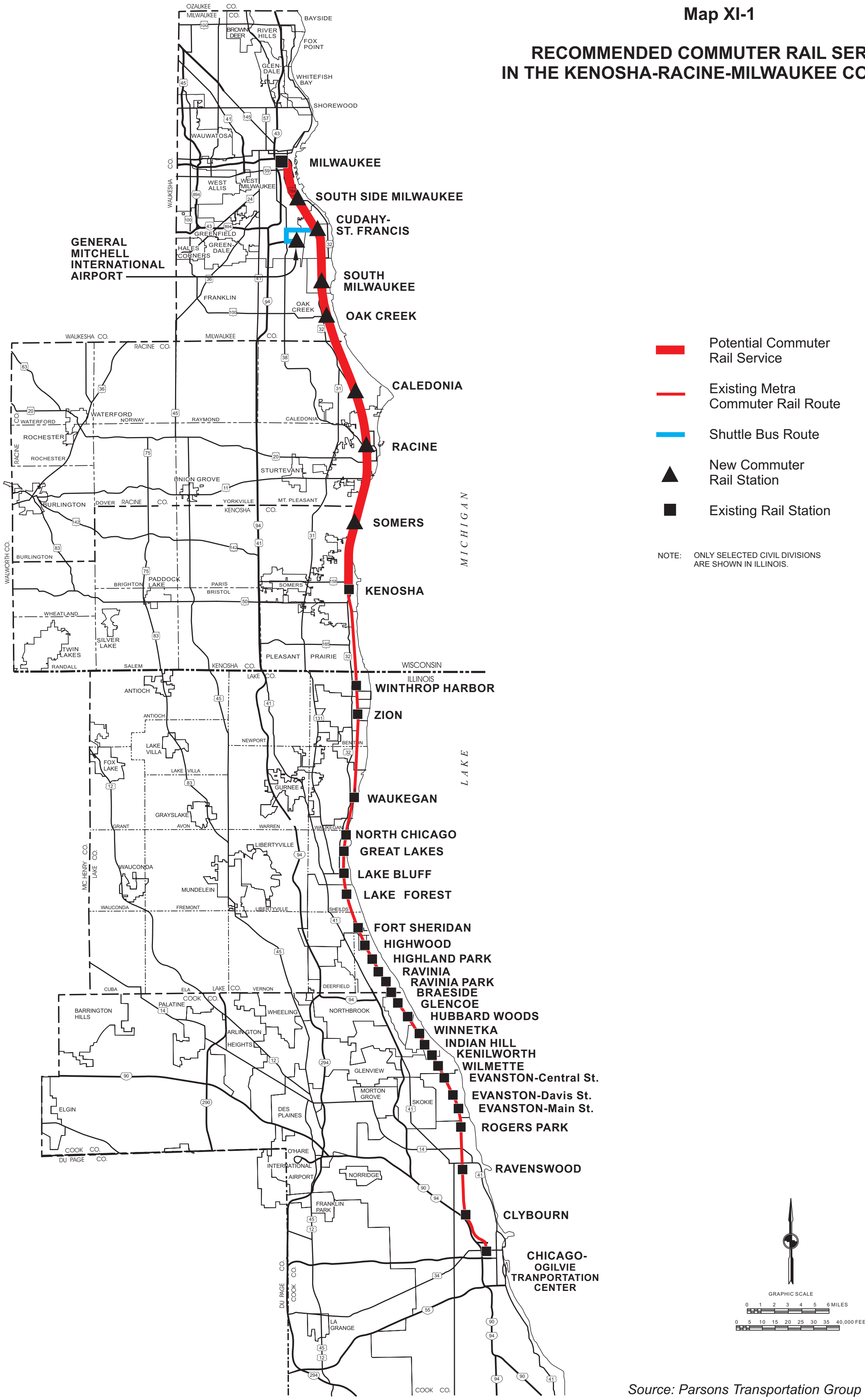
Map XI-1

RECOMMENDED COMMUTER RAIL SERVICE IN THE KENOSHA-RACINE-MILWAUKEE CORRIDOR



Source: Parsons Transportation Group and SEWRPC.

Figure XI-1

DETACHED ACCESSORY DWELLING UNIT

Source: SEWRPC.

Figure XI-2

VILLARD SQUARE

Source: SEWRPC.

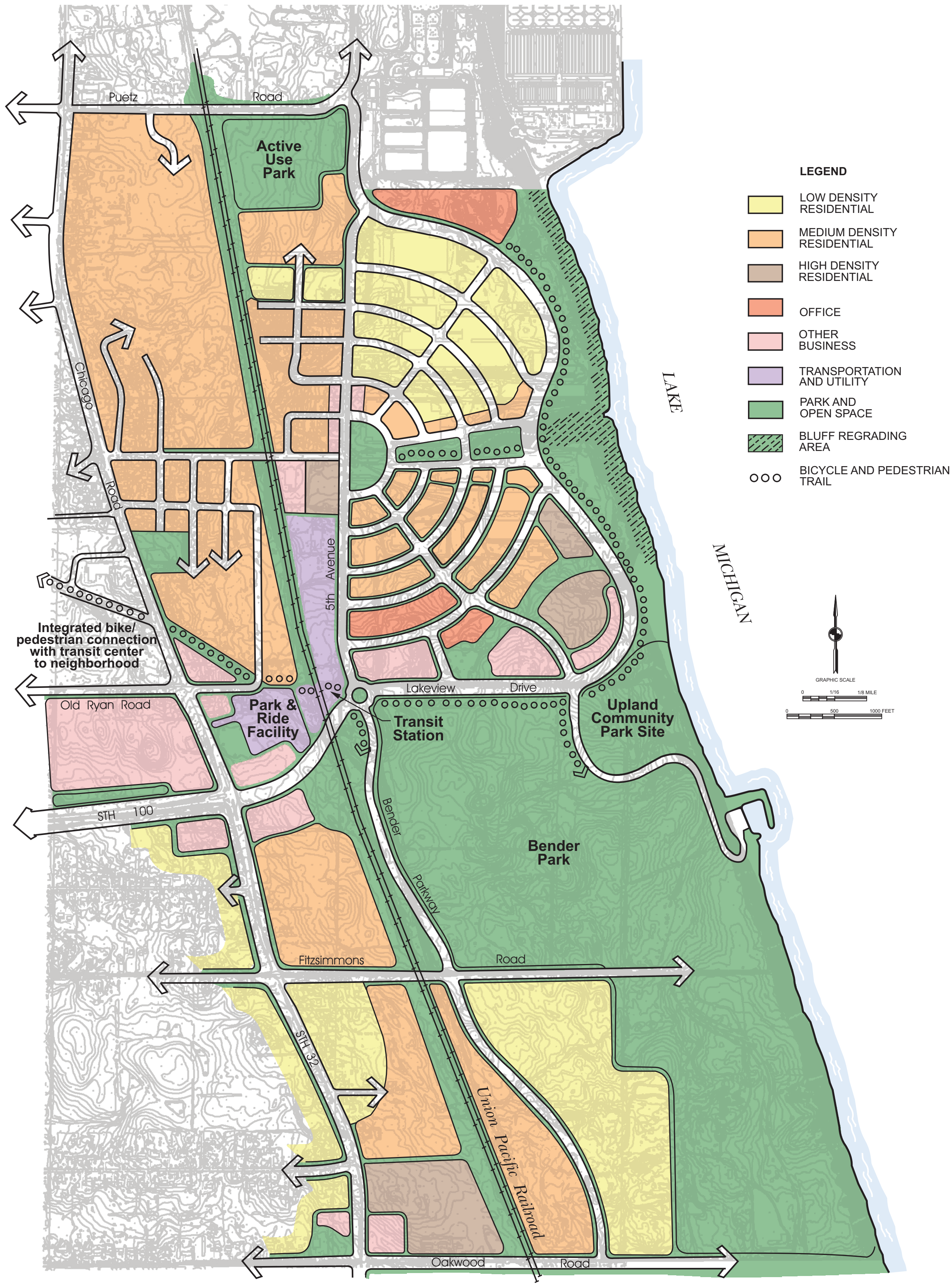
Figure XI-3

HABITAT FOR HUMANITY HOMES IN THE HARAMBEE NEIGHBORHOOD, CITY OF MILWAUKEE

Source: SEWRPC.

Figure XI-4

EXAMPLE OF A NEIGHBORHOOD DEVELOPMENT PLAN INCORPORATING TRANSIT-ORIENTED DEVELOPMENT DESIGN PRINCIPLES (CITY OF OAK CREEK)



Source: Vandewalle & Associates and SEWRPC.

Figure XI-5

RENDERINGS OF TRANSIT ORIENTED DEVELOPMENTS

Source: Buckminster Fuller Institute, U.S. Department of Housing and Urban Development, and SEWRPC.

Source: Earth Tech and SEWRPC.

Figure XI-6

ROSSLYN-BALLSTON CORRIDOR

Source: National Resources Defense Council – Kaid Benfield staff blog and SEWRPC.

Figure XI-7

STREETCAR LINE IN PORTLAND, OR

Source: City of Milwaukee and SEWRPC.

Figure XI-8

MIDDLETON HILLS TRADITIONAL NEIGHBORHOOD DEVELOPMENT (TND)

NEIGHBORHOOD PLAN

VIEW OF DEVELOPMENT

Source: DPZ Architects, Middleton Hills, Inc., and SEWRPC.

Figure XI-9

CLARK SQUARE TERRACE BROWNFIELD REDEVELOPMENT

Source: SEWRPC.

Figure XI-10

MULTI-FAMILY RESIDENTIAL DEVELOPMENT
INCORPORATING CRIME PREVENTION
THROUGH ENVIRONMENTAL DESIGN (CPTED)

Source: City of Saskatoon and SEWRPC.

Figure XI-11

TOWNHOMES AT CARVER PARK DEVELOPMENT

NEIGHBORHOOD PLAN

AERIAL VIEW

Source: Housing Authority of the City of Milwaukee and SEWRPC.

Figure XI-12

ACCESSIBLE BUILDING WITH FOUR DWELLING UNITS IN TOWNHOMES AT CARVER PARK

Source: SEWRPC.

Figure XI-13

ACCESSIBLE SINGLE FAMILY HOME IN PARKLAWN DEVELOPMENT

Source: SEWRPC.

Figure XI-14

PARKLAWN NEIGHBORHOOD PLAN

Source: Housing Authority of the City of Milwaukee and SEWRPC.

Figure XI-15

MONUMENT PARK IN PARKLAWN DEVELOPMENT

Source: Housing Authority of the City of Milwaukee and SEWRPC.