

Minutes of the Sixth Meeting of the

REGIONAL HOUSING PLAN ADVISORY COMMITTEE

DATE: July 28, 2010
TIME: 1:30 p.m.
PLACE: Tommy G. Thompson Youth Center, Banquet Room 2
State Fair Park
640 S. 84th Street
Milwaukee, Wisconsin

Members Present

William R. Drew Executive Director, Milwaukee County Research Park,
Chairman Commissioner, Southeastern Wisconsin Regional Planning Commission
Julie Anderson Director, Racine County Planning and Development
David Cappon Executive Director, Waukesha Housing Authority
Michael Cotter Director, Land Use and Resource Management, Walworth County
Jeff Labahn..... Director of City Development, City of Kenosha
J. Scott Mathie Vice President of Government Affairs, Metropolitan Builders Association
George E. Melcher Director, Kenosha County Planning and Development
Michael Murphy..... Alderman, City of Milwaukee
Falamak Nourzad Principal, Continuum Architects & Planners, Milwaukee
Linda Olson..... Director of the Aging and Disability Resource Center, Washington County
Antonio M. Pérez Executive Director, City of Milwaukee Housing Authority
Kim Plache..... Senior Community Relations Officer, Milwaukee Office of WHEDA
Maria Prioletta Housing Development Director,
Milwaukee Department of City Development
Welford Sanders..... Executive Director, M. L. King Economic Development Corporation
Kori Schneider-Peragine Senior Administrator, Inclusive Communities Program,
Metropolitan Milwaukee Fair Housing Council
Dale R. Shaver Director, Waukesha County Department of Parks and Land Use
Syvil Shelbourne Vanguard Group, LLC
(representing Kalan R. Haywood, Sr.)
Michael J. Soika..... Executive Director, YMCA Urban Campus, Milwaukee
Andrew T. Struck..... Director, Ozaukee County Planning and Parks Department
Rev. James C. Thomas..... Retired, Board of Ezekiel Community Development Corporation
John F. Weishan, Jr. Supervisor, Milwaukee County Board,
Commissioner, Southeastern Wisconsin Regional Planning Commission

Guests and Staff Present

Stephen P. Adams Public Involvement and Outreach Manager, SEWRPC
Nancy M. Anderson Chief Community Assistance Planner, SEWRPC
Benjamin R. McKay Principal Planner, SEWRPC
Christopher D. Parisey Planner, SEWRPC
Marne J. Stuck Government Affairs Director, Greater Milwaukee Realtor's Association
Kenneth R. Yunker Executive Director, SEWRPC

CALL TO ORDER

Mr. Drew called the meeting of the Regional Housing Plan Advisory Committee to order at 1:30 p.m., welcoming those in attendance.

APPROVAL OF MEETING MINUTES OF MARCH 24, 2010

Mr. Soika made a motion to approve the minutes from the March 24, 2010, meeting. Mr. Mathie seconded the motion. Mr. Drew noted that Mr. Peters, who could not be in attendance, communicated to staff prior to today's meeting that he was stating there is a State Statute that provides a definition of a conservation subdivision under discussion point 13 on page five. Mr. Drew asked if there was any further discussion on the minutes. Mr. Mathie asked that the first sentence under discussion point 14 on page five reading "Mr. Mathie stated that there is rarely an overall infrastructure cost savings in a conservation subdivision design due to shortened street and utility lengths because of the increased cost of establishing a stewardship plan and a homeowners association to manage the common open space offset any savings" be struck from the minutes. It was also noted that Mr. Sanders was in attendance at the meeting but his name was omitted from the Members Present list. There being no further discussion, the minutes as amended were approved unanimously by the Committee.

REVIEW AND DISCUSSION ON THE PRELIMINARY DRAFT OF PART 2 OF CHAPTER IV, "MARKET BASED HOUSING," OF THE REGIONAL HOUSING PLAN

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

1. Mr. Shaver asked if estimating the land cost portion of single-family housing development includes site improvements. He stated that 20 percent would be too low if site improvements are included in that percentage. Mr. McKay responded that the 20 percent estimate for land costs does not include the cost of site improvements. He also noted that the 20 percent estimate for land cost is greater than actual "land only" sales over the last five years. Mr. Shaver noted that the cost of site improvements used in the analysis is greater than the cost of land.
2. Mr. Mathie asked about the source of the cost for work of the municipal engineer or consultant. Mr. McKay responded that the figure was obtained from an interview with Advisory Committee member Scott Thistle. Mr. Yunker stated that sources for cost components used in the analysis will be noted in the text.
3. Mr. Soika referred to Table IV-39, "*Minimum Floor Area Requirements in Community Zoning Ordinances in the Southeastern Wisconsin Region: 1971 and 2010*," and noted that the number of community zoning ordinances that do not allow multi-family housing increased from 24 in 1971 to 38 in 2010, and suggested that this be noted in the text.

[Secretary's Note: Based on additional analysis, it appears that six community zoning ordinances that allowed multi-family housing in 1971 do not permit such housing in 2010 (the Towns of Cedarburg, Fredonia, Grafton, Delafield, Mukwonago, and Waukesha), and two communities that

allowed multi-family housing in 1971 now require a conditional use permit for such housing (the Villages of Dousman and Greendale). The remaining communities that moved from allowing multi-family dwellings in 1971 to not allowing such dwellings in 2010 appear to be due to the 2010 analysis being based on a review of zoning district maps to determine whether multi-family development is allowed in a particular community in towns that are regulated under a county zoning ordinance, and to other towns moving from being regulated by a county zoning ordinance that included a multi-family district (which may or may not have been mapped in the town) to a local ordinance that does not include a multi-family district.

The following paragraph will be inserted following the second full paragraph on page IV-14:

“Table IV-39 also indicates that a number of community zoning ordinances that allowed multi-family housing in 1971 do not permit such housing in 2010. Six community zoning ordinances that allowed multi-family housing in 1971 do not permit such housing in 2010 (the Towns of Cedarburg, Fredonia, Grafton, Delafield, Mukwonago, and Waukesha). None of these communities provide public water or sanitary sewer services, and large-scale multi-family housing would not be appropriate unless adequate public services could be provided. Two communities that allowed multi-family housing in 1971 now require a conditional use permit for such housing (the Villages of Dousman and Greendale). Public water and sanitary sewer services are available in both Villages to serve multi-family development. The remaining communities listed on Table IV-39 as moving from allowing multi-family dwellings in 1971 to not allowing such dwellings in 2010 appear to be due to the 2010 analysis being based on a review of zoning district maps in Kenosha, Racine, and Walworth Counties to determine whether multi-family development is allowed in a particular community in towns that are regulated under a county zoning ordinance, and to towns in Washington and Waukesha Counties moving from being regulated by a county zoning ordinance that included a multi-family district (which may or may not have been mapped in the town) to a local ordinance that does not include a multi-family district.”

An updated version of Table IV-39 is provided in Attachment 1.]

4. Mr. Mathie suggested that text be added to the cost of government regulation section in the first paragraph on page IV-2 regarding the additional cost of development that can be attributed to duplicate reviews by multiple levels of government.

[Secretary’s Note: The following bullet point has been added to the “Findings Related to Single-Family Housing Development Costs” and “Findings Related to Multi-Family Development Costs” sections (formerly the “General

Recommendations” sections) beginning on pages IV-11 and IV-18, respectively:

“Duplicative reviews by multiple agencies and units of government, particularly with regard to stormwater management and protection of natural resources such as wetlands and wildlife habitat, may increase the cost of the review and permitting process.”]

5. Mr. Mathie stated that the term “raw land costs” should be used when referring to land costs, to help clarify that the term “land costs” does not include the cost of site improvements.

[Secretary’s Note: Revisions have been made to the text where applicable.]

6. Mr. Mathie suggested that text be added to page IV-3 or IV-4 stating that smaller lot sizes lower the cost of providing and maintaining public infrastructure. Mr. Murphy noted that research supporting this statement has been conducted. He then asked if research has been conducted regarding the relationship between compact development and the reduced need for major infrastructure investments such as freeway interchanges, noting the example of the Pabst Farms interchange in western Waukesha County. Mr. Yunker stated that there is a clear connection between smaller lot sizes and a reduced cost of maintaining infrastructure such as land access streets and public sewer and water mains; however, the relationship between lot sizes and infrastructure such as freeway interchanges is not clear.

[Secretary’s Note: The second paragraph on page IV-5 has been revised as follows:

“Other potential cost-saving measures include narrower lot widths and smaller lot sizes to decrease the length of streets, sidewalks, and water and sewer mains for each dwelling unit, resulting in lower costs to install and deliver services, and limiting subdivision landscaping to planting street trees”.]

7. Mr. Murphy noted that much of the development in urban areas of the Region occurs as infill development in brownfield areas. He suggested the addition of text discussing the cost of brownfield development compared to greenfield development under the Environmental Regulations sections.

[Secretary’s Note: See Attachment 2 for text regarding the cost of brownfield development compared to greenfield development.]

8. Mr. Mathie suggested the addition of text to the bottom of page IV-4 or top of page IV-5 discussing the long term cost savings and environmental benefits of narrower street widths. Mr. Melcher agreed that there are benefits to narrower streets if off-street parking and adequate snow storage is available to maintain adequate access, including access for emergency vehicles. Mr. Yunker noted that there are savings in the reconstruction of roads with narrower pavement widths; however, there may be resistance from local government emergency service departments.

[Secretary’s Note: The last sentence on page IV-4, continuing to page IV-5, has been revised as follows:

“Use of minimum pavement widths reduces the amount and rate of stormwater runoff and reduces non-point source water pollution. Minimum pavement also reduces long-term capital and maintenance costs, including lower costs for snow removal, street repairs, and street reconstruction.”]

9. With regard to the section on “Engineering and Inspection Fees” on page IV-5, Mr. Mathie noted that engineering fees charged by local governments to review subdivision plats and improvements are typically higher in local governments that rely on engineering consultants than in local governments that employ engineers on staff, and asked that this information be included in the chapter.

[Secretary’s Note: The section has been revised as requested.]

10. Mr. Mathie noted that there is information in the chapter regarding the minimum lot size in each community and asked if an analysis will be undertaken that shows the percentage of land by zoning district in each community. Ms. N. Anderson responded that an analysis is underway that will identify areas designated in local comprehensive plans for higher-density residential uses.
11. Mr. Murphy asked if the cost difference between groundwater and Lake Michigan water will be included in the housing development cost analyses. Mr. Yunker replied that the Regional Water Supply Plan incorporates the cost of various water supply alternatives for communities in the Region. The housing plan includes an average cost of providing water as part of the cost analysis for developing a new housing unit.
12. Mr. Pérez noted that much of the new housing development in the Region’s urban centers will occur as infill development and brownfield mitigation will add cost. Ms. Priolella noted that site assembly also adds to the cost of infill development. Mr. Mathie noted that the cost of brownfield mitigation and site assembly for infill projects typically requires higher density development.

[Secretary’s Note: Text regarding site assembly costs has been included in the insert relating to brownfield development (see Attachment 2).]

13. Mr. Shaver referred to the discussion of performance bonds on page IV-5 and noted that performance bonds are typically issued on the basis of project size rather than the developer’s financial strength and experience.

[Secretary’s Note: The last sentence on page IV-5, continuing to page IV-6, has been revised as follows:

“A performance bond is typically issued based on the size and feasibility of the subdivision proposal, while a developer’s assets are pledged to secure a bank letter of credit.”]

14. Mr. Mathie noted that the phrase “reasonable relationship” in the third sentence of the Impact and Utility Connection Fees section on page IV-8 should be “rational relationship” to reflect the language used in the *Wisconsin Statutes*. He stated that impact fees are not intended to be used as a revenue stream by communities and that the value of new development generally exceeds that

of existing development, as do the property taxes generated by new development; however, this is not typically reflected in the impact fees imposed by communities. Mr. Soika asked if impact fees imposed on higher cost housing could be used to subsidize impact fees imposed on lower cost housing within the same community. Mr. Mathie responded that this is not allowed. He also noted that communities rarely exempt affordable housing developments from impact fees, even though that is allowed by the Statute.

[Secretary's Note: "Reasonable relationship" has been changed to "rational relationship" in the chapter text.]

15. Mr. Mathie noted that the term "building codes" should be replaced with "dwelling codes" in the first sentence of the second paragraph under the Building Permit Requirements section on page IV-8. He also noted that in some cases national standards go beyond State standards and suggested striking the second sentence of the same paragraph. Mr. Drew asked Mr. Mathie if he thinks the Uniform Dwelling Code needs to be adjusted. Mr. Mathie responded that some requirements in the Uniform Dwelling Code do not reflect new technology and add to housing construction costs. Mr. Drew stated that this has been an ongoing problem for several decades. Mr. Mathie stated that policy makers may favor specific products that are not as efficient as new technology. Mr. Yunker suggested that a list of examples be included in the chapter. Mr. Mathie agreed to provide a list of examples to the Committee. Mr. Mathie also suggested that the second sentence in the second paragraph of the "Building Permit Requirements" section on page IV-8 be deleted.

[Secretary's Note: The list of examples is being prepared and will be provided to the Committee when available. The other suggested changes have been incorporated into the "Building Permit Requirements" section.]

16. Mr. Pérez noted that modular housing is permitted under the Uniform Dwelling Code. Mr. Sanders noted that modular housing has been used widely in the City of Milwaukee as a technique for providing affordable housing and that the City is a national leader in this type of infill development.

[Secretary's Note: See Attachment 3 for text regarding modular homes. The following bullet point regarding modular housing has been added to the section on "Findings Related to Single-Family Housing Development Costs" (formerly the "General Recommendations" section) beginning on page IV-11:

"Alternative methods of construction, such as the building systems construction process, may allow for the development of affordable and attractive new homes (see Figure IV-11 for examples)."]

17. Mr. Mathie requested that additional examples of environmental regulations be included in the "Environmental Regulations" section.

[Secretary's Note: The first paragraph of the "Environmental Regulations" section on Page IV-9 has been revised as follows:

"Important elements of the natural resource base are protected to some degree through government regulation. The control of construction site

and stormwater runoff and the protection of wetlands, surface waters, floodplains, steep slopes, environmental corridors, and endangered species are examples of environmental regulations that commonly impact the development of new single-family residential housing.”]

18. Mr. Cappon stated that the land cost of \$20,200 for a 10,000 square foot lot included under the Total Cost and Relation to Household Income section on page IV-10 is too low. Mr. Yunker responded that this figure refers to “raw” land cost and does not include the costs of engineering work and the installation of site improvements, which adds an additional \$35,000 to the cost of the lot. Mr. Cappon stated that the total cost of a modest home and lot package of \$121,000 is too low and is not realistic for Waukesha County. Mr. Shaver responded that new homes have been built for \$180,000 to \$190,000 in portions of Waukesha County under the jurisdiction of the County zoning ordinance. He stated that the \$121,000 modest home example could be built in Waukesha County if raw land was purchased once for residential development, rather than a succession of sales with associated mark-ups, and the homes included basic amenities. Mr. Shaver suggested that the \$121,000 price be used as a benchmark. Mr. Yunker stated that the modest home example could be revised to include a range of construction costs and be compared to recent development in the Region.

[Secretary’s Note: See Attachment 4 for revisions to the single-family “Total Cost and Relation to Household Income” section (shown in track changes). The first sentence of the third paragraph on page IV-7 under the Constructions Costs section has been revised to incorporate the range of construction costs as follows:

“The typical cost of constructing a modest site-built single-family home in the Region in 2010 ranges from \$60 to \$86 per square foot, based on a home size of 1,400 square feet, three bedrooms, two bathrooms, a two-car garage, and good quality, but basic, amenities.”]

19. Ms. Prioletta suggested that more information be included to illustrate the modest home sizes and lots described in the chapter. Mr. Sanders suggested including examples of floor plans and lot layouts. Mr. Cappon stated supply and demand will not allow for the construction and sale of a \$121,000 home in Waukesha County, where older homes in the City of Waukesha are selling for \$175,000. Mr. Yunker suggested recently constructed homes may not necessarily be modest homes and may have additional amenities that increase their sale price.

[Secretary’s Note: Sample floor plans and lot layouts will be developed and provided to the Committee for review when available.]

20. Mr. Murphy asked Mr. Mathie if he thought the trend of building large homes was over. Mr. Mathie responded that the trend may be over. Large homes were seen as a good investment earlier in the decade, which caused some households to purchase homes with mortgages that were not sustainable based on their income. Mr. Murphy stated that the regional housing plan should be used to educate communities about financially sustainable housing. He noted that a stigma exists in many communities regarding low-income households, yet there are typically low-income households already residing in these communities. Mr. Mathie stated that current housing market and economic conditions will change how local elected officials think about affordable housing; however, many residents may not want affordable housing located near their homes. Mr. Mathie

stated that communities are often concerned with lower property tax revenues generated by smaller homes, and that communities should consider diversified land uses to create sustainable property tax revenue. Mr. Yunker noted that the legacy housing plan included recommendations that have not been fully implemented, such as alternative funding sources for schools to offset the tax revenue generated by smaller housing.

Mr. Cappon noted that homeowners often recognize that larger homes are not financially sustainable for many residents of the Region, but want higher-value homes nearby based on the belief that such housing will increase their property values. Mr. Melcher stated that activities such as house “flipping” contributed to the spike in housing prices and the current housing crisis. Mr. Murphy stated that exotic loan products, such as mortgages with no down payment, also encouraged the development of financially unsustainable housing and contributed to the crisis.

21. Mr. Shaver stated that the housing plan needs to state that the type of housing that has been developed in the Region recently is not affordable to many residents because of both the size of the home and the inclusion of luxury amenities. He stated that a method of making this statement relatable is documenting the incomes of several types of jobs in the Region and documenting housing budgets based on those incomes. Mr. Drew stated that it is important to identify who can afford a modest home and what the impediments are to its development. Mr. Yunker noted that communities without modest housing may limit options for the children of residents. Mr. Murphy stated that in a meeting with the Mandel Group regarding the North End project in the Park East Corridor, it was noted that the complex is almost completely leased and that most of the renters are entry level workers and young professionals.

Ms. Plache noted that lending criteria have tightened, which may limit the amount of financing households can obtain and result in the production of smaller, more affordable homes. She agreed that a chart comparing wages and housing budgets for households earning 50 or 60 percent of county median incomes would be useful. She also noted that WHEDA has undertaken research regarding the impact of multi-family residential development on neighboring property values. Mr. Mathie noted the Milwaukee 7 has collected data regarding employment and wages for the Region.

[Secretary’s Note: Information regarding the relationship of jobs and housing in each sub-area will be provided in the *Jobs/Housing Balance* chapter.]

22. Mr. Soika stated that local governments should not be encouraged to reduce façade or landscaping requirements for affordable housing because neighbors will not be as accepting of such development. He recommended other methods be used to reduce housing prices, such as subsidies and housing trust funds. Ms. Plache noted that some community housing development organizations increase affordability and maintain attractiveness by cutting costs on interior finishes, such as unfinished basements. Mr. Mathie stated that exterior architectural details add to construction costs. Mr. Yunker stated that the finding will be revised to encourage the development of attractive affordable housing.

[Secretary’s Note: The third bullet point under “Findings Related to Multi-Family Housing Development Costs” (formerly the “General Recommendations” section) beginning on page IV-18 has been revised as follows:

“Exterior building materials, parking, and landscaping requirements for multi-family housing set forth in local zoning ordinances should be reviewed to determine if amendments can be made that could reduce the cost of housing to the consumer while preserving the safety, functionality, and aesthetic quality of new development. Communities should work with qualified consultants, such as architects with experience designing affordable multi-family housing, to review ordinance requirements and develop non-prescriptive design guidelines that encourage the development of attractive and affordable multi-family housing. Figure IV-15 shows an example of a recent multi-family housing development that includes affordable units.” (see Attachment 3 for Figure IV-15)]

23. Mr. Pérez noted that affordable housing that appears different from surrounding housing increases opposition. Mr. Murphy stated that the plan must clarify the difference between affordable housing and low-income housing in an effort to decrease opposition to affordable housing. Rev. Thomas noted that the Ezekiel Community Development Corporation has developed attractive affordable housing in the City of Milwaukee bounded by 16th, 17th, Walnut, and Galena Streets that could be used as an example.

[Secretary’s Note: Photographs of the homes are shown in Figure IV-11 (see Attachment 3).]

24. Mr. Shaver suggested that communities could review their architectural control standards. Mr. Mathie stated that use of specific façade products should not be discouraged. Mr. Sanders noted that HUD has best practice examples for affordable housing development. He also noted that modular housing and lot sizes smaller than 10,000 square feet, such as 50’ x 100’ lots, are alternatives for reducing the cost of housing while maintaining attractiveness.

[Secretary’s Note: A description of HUD best practices recommendations will be included in the *Best Housing Practices* chapter.]

25. Ms. Schneider-Peragine noted that previous chapters have not included recommendations with the explanation that recommendations will be set forth in the Recommended Plan Chapter of the report. She asked why recommendations were included in this section and whether other chapters will be revised with recommendations as well. Mr. McKay responded that the general recommendations found in this section are intended to address the gap between the cost of modest housing and the housing budgets of moderate- and low-income households. He also noted that the general recommendations will be expanded upon and refined in the Recommended Plan Chapter. Mr. Shaver suggested that the Recommended Plan Chapter reference the source of recommendations from other chapters of the report to make it more convenient for those using the plan. Mr. Yunker suggested that the single- and multi-family housing development costs analyses general recommendations be changed to findings. They could then be related to recommendations set forth in the Recommended Plan Chapter. Findings from other chapters could also follow this format.

[Secretary’s Note: The titles of the former “General Recommendations” sections have been revised accordingly.]

26. Mr. Mathie suggested that the last sentence on page IV-11 should not suggest that subsidies are a method of reducing housing development cost. Mr. Soika suggested that a reference to a description of housing assistance and subsidy programs be included.

[Secretary's Note: The last sentence on page IV-11 has been revised as follows:

“Additional methods to make housing more affordable, such as the use of housing trust funds to acquire land for housing development, grants for brownfield redevelopment, and other subsidies will likely be needed to reduce housing costs to affordable levels for moderate- and low-income households. Recommended housing assistance and subsidy programs are described in the “Best Housing Practices” and “Recommended Plan” chapters.]

27. Ms. J. Anderson noted the time and suggested that the multi-family housing development cost analysis discussion take place at the next meeting. Mr. Drew agreed with the suggestion and asked if any Advisory Committee members objected. No objections were raised. There being no further discussion on the single-family housing development cost analysis, Mr. Yunker thanked the Advisory Committee for their comments and noted that all revisions to the single-family housing development cost analysis will be documented in the meeting minutes for discussion and approval at the next meeting.

PUBLIC COMMENTS

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

NEXT MEETING DATE

Mr. Drew stated that the next meeting is scheduled for September 29, from 1:30 p.m. to 3:30 p.m. in Banquet Room 2 of the Tommy G. Thompson Youth Center. He also stated that staff would discuss whether adding a meeting to remain on schedule will be necessary. Potential dates will be provided via e-mail to Advisory Committee members if an additional meeting is necessary.

[Secretary's Note: The meeting scheduled for September 29 has been rescheduled to September 22, and an additional meeting has been scheduled for October 27, 2010.]

CORRESPONDENCE AND ANNOUNCEMENTS

Mr. Drew stated that no written public comments had been received.

ADJOURNMENT

Mr. Drew thanked the Committee members and guests for their time and participation. Mr. Pérez made a motion to adjourn the meeting. Mr. Murphy seconded the motion and it was approved unanimously. The meeting was adjourned at 3:30 p.m.

Respectfully submitted,

Benjamin R. McKay
Recording Secretary

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