

Planning for Housing

CHALLENGES FACING THE SMALLEST VILLAGES TO THE LARGEST CITIES



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Presentation Outline

Zoom Webinar Tips
Introduction to MSA
About the Presenters
How We Think About Housing
Common Challenges
Case Studies
Funding Opportunities
Open Forum

FIRM OVERVIEW



100%
EMPLOYEE-OWNED



ENABLING PEOPLE TO
POSITIVELY IMPACT
THE LIVES OF OTHERS
SINCE 1962.



63 INDUSTRY
AWARDS SINCE 2010



\$500+ MILLION GRANTS
AND LOW-INTEREST LOANS



350+ TEAM
MEMBERS IN 17
OFFICES



IT'S MORE THAN A PROJECT,
IT'S A COMMITMENT.

About the Presenters

Our Housing Planning Specialists



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What We Think About

When We Think About Housing



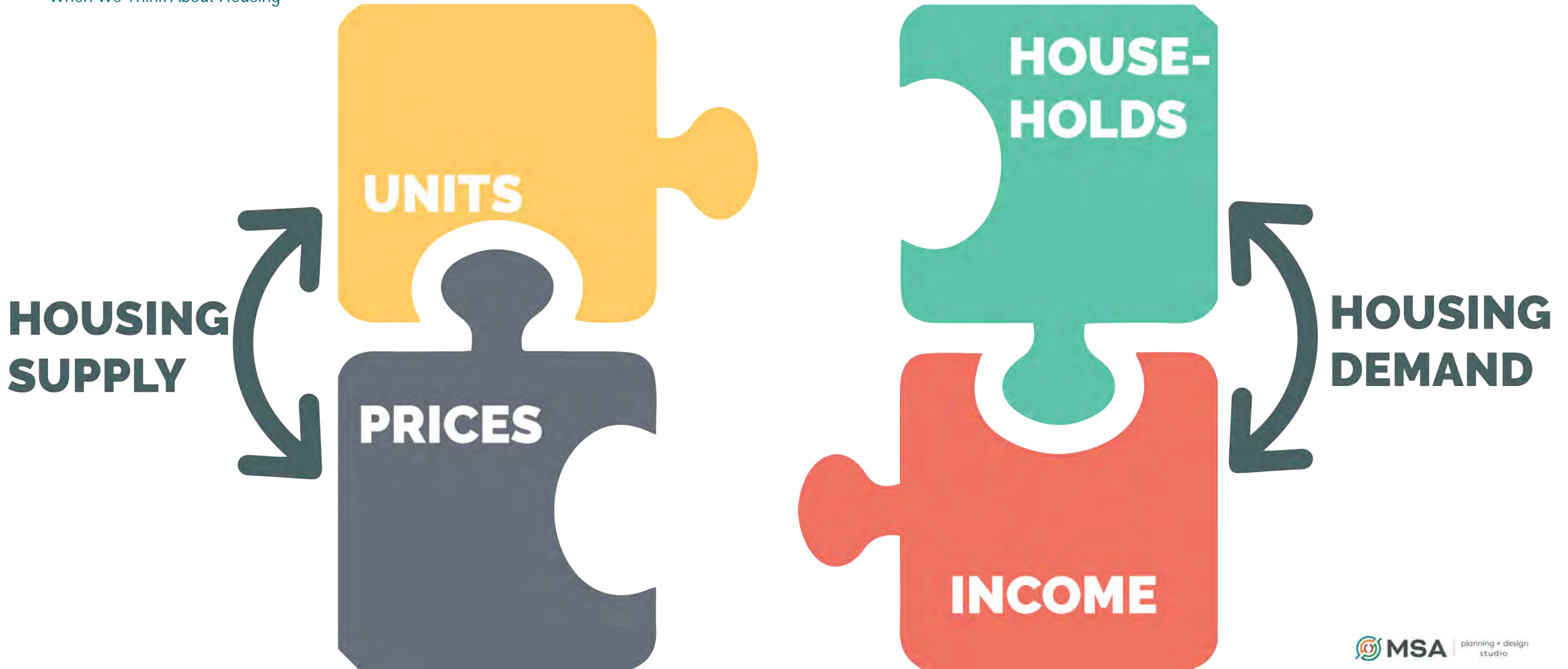
What We Think About

When We Think About Housing



What We Think About

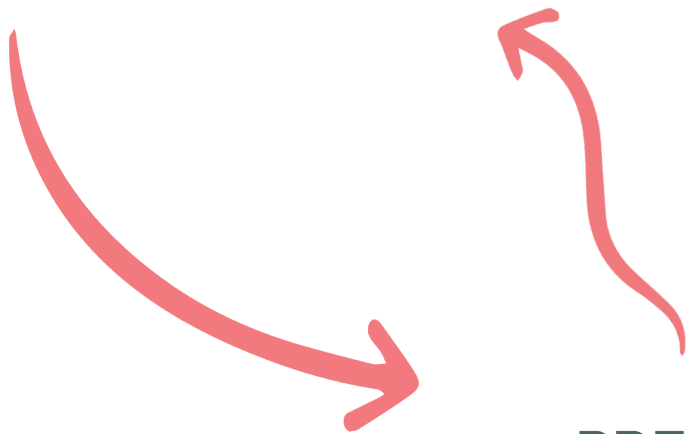
When We Think About Housing



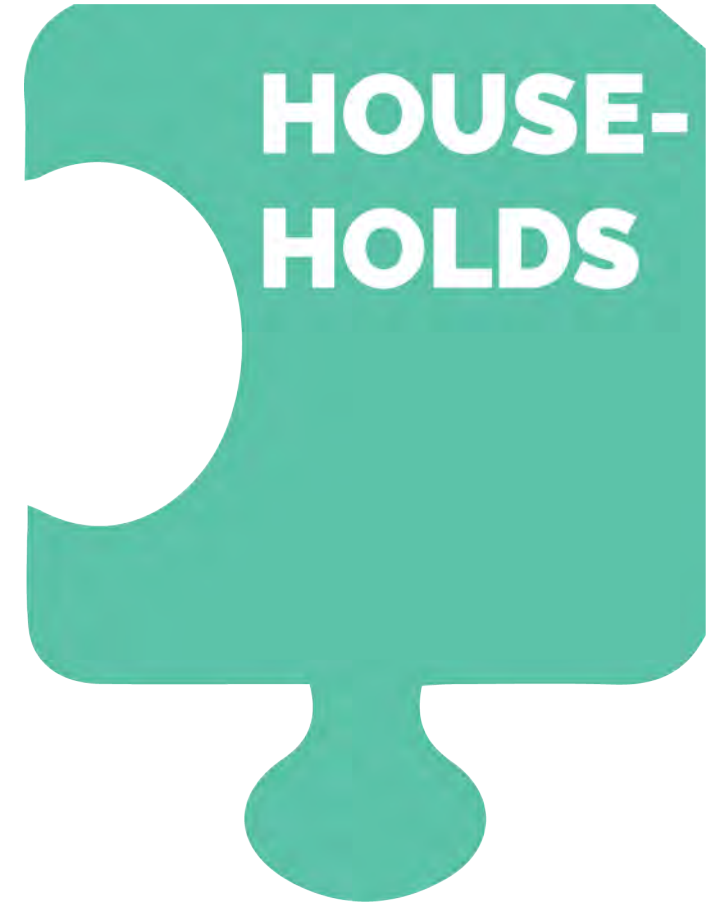
What We Think About

When We Think About Housing

CHARACTERISTICS



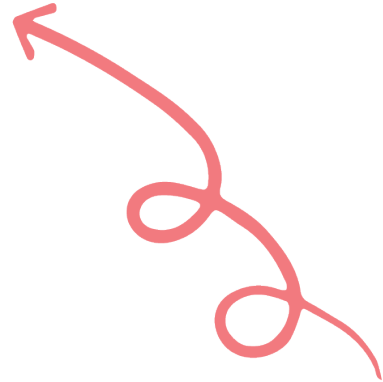
PREFERENCES



What We Think About

When We Think About Housing

CHARACTERISTICS



PREFERENCES



What We Think About

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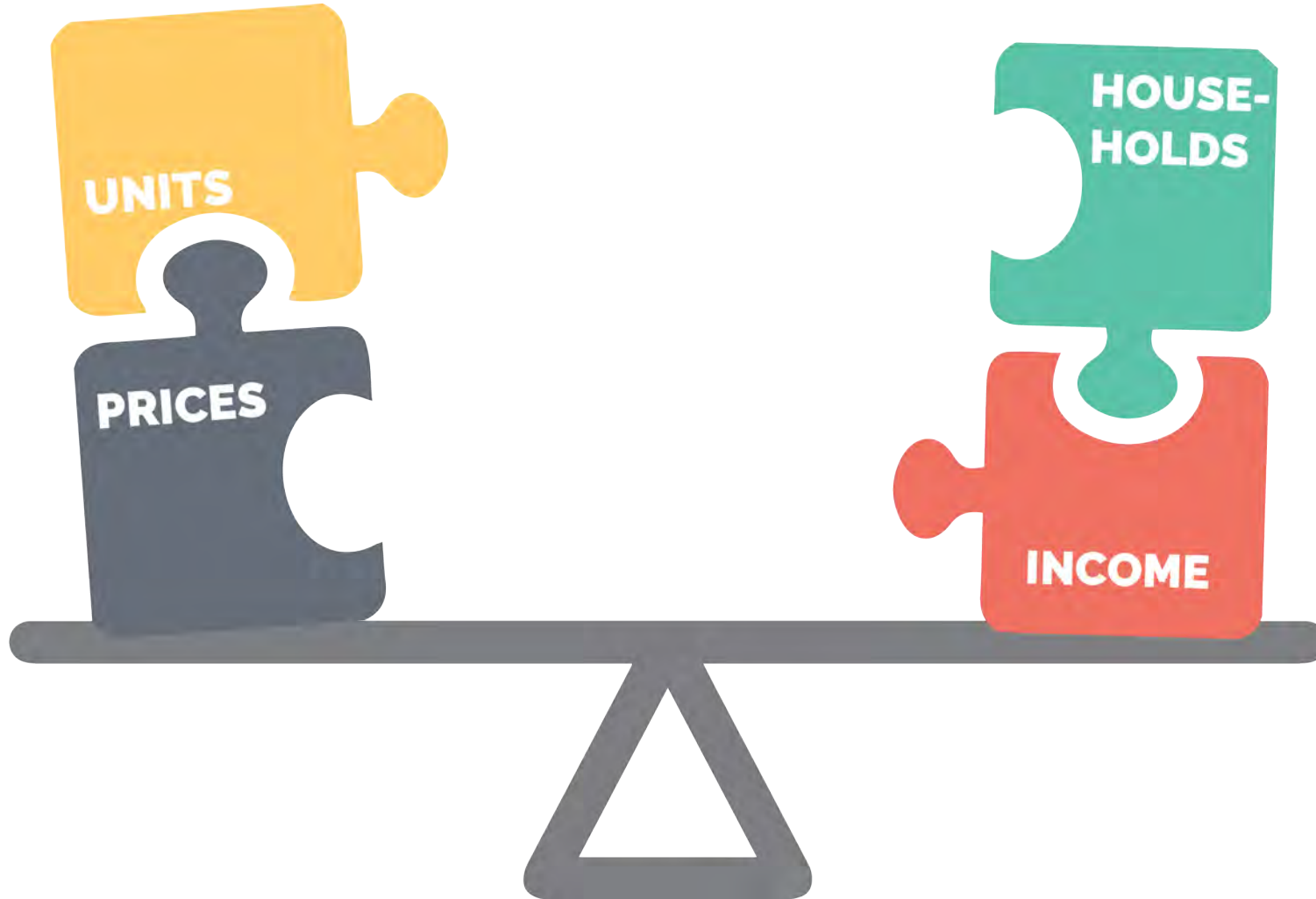


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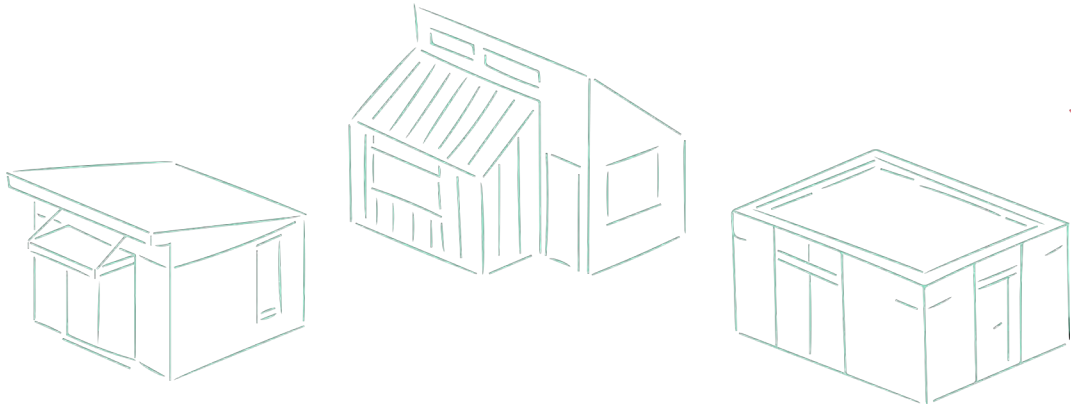
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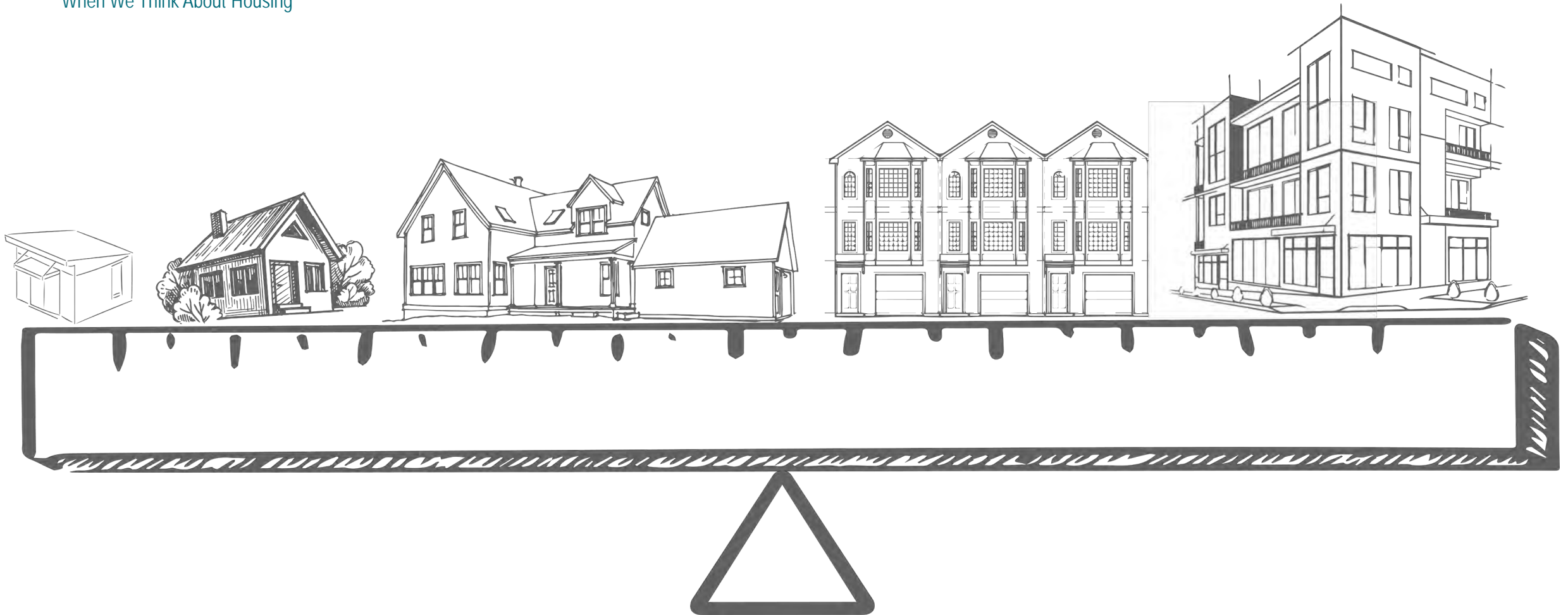
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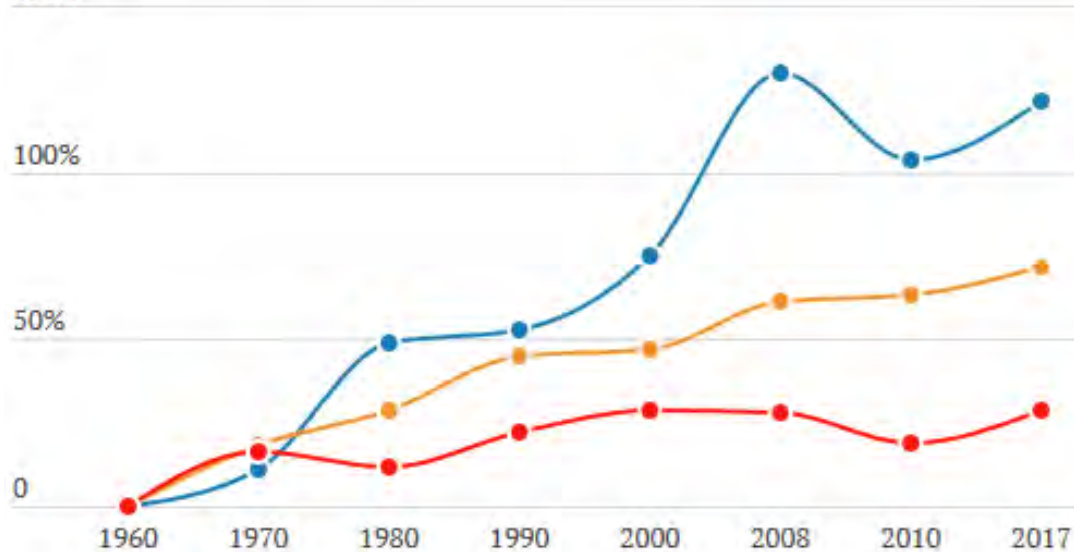
Challenge No. 1

Housing Costs

US Nationwide:

- Median House Price
- Median Gross Rent per Month
- Median Household Income

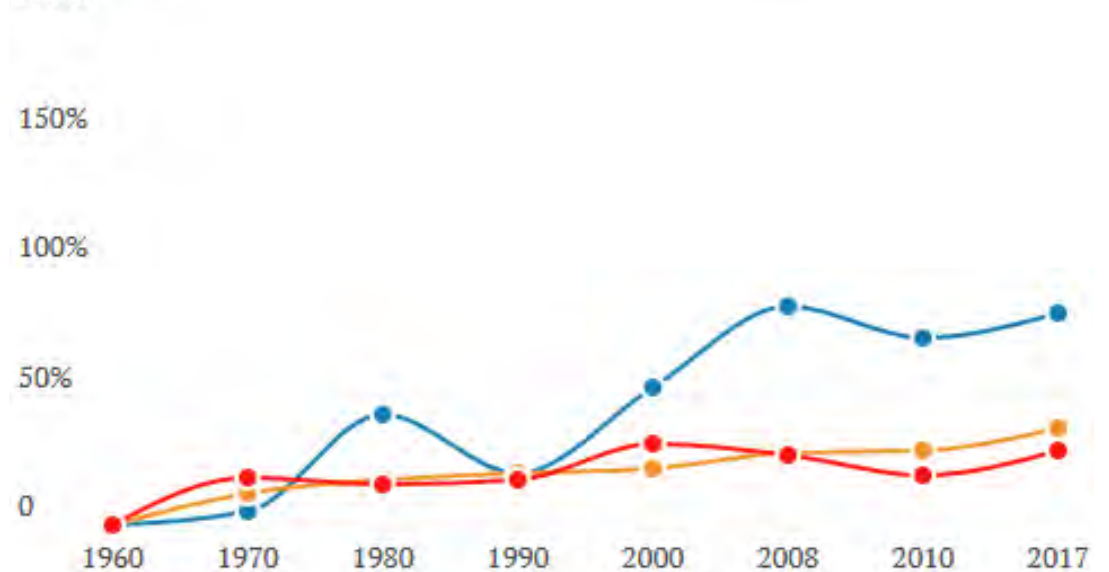
Growth rate:
150%



The Midwest:

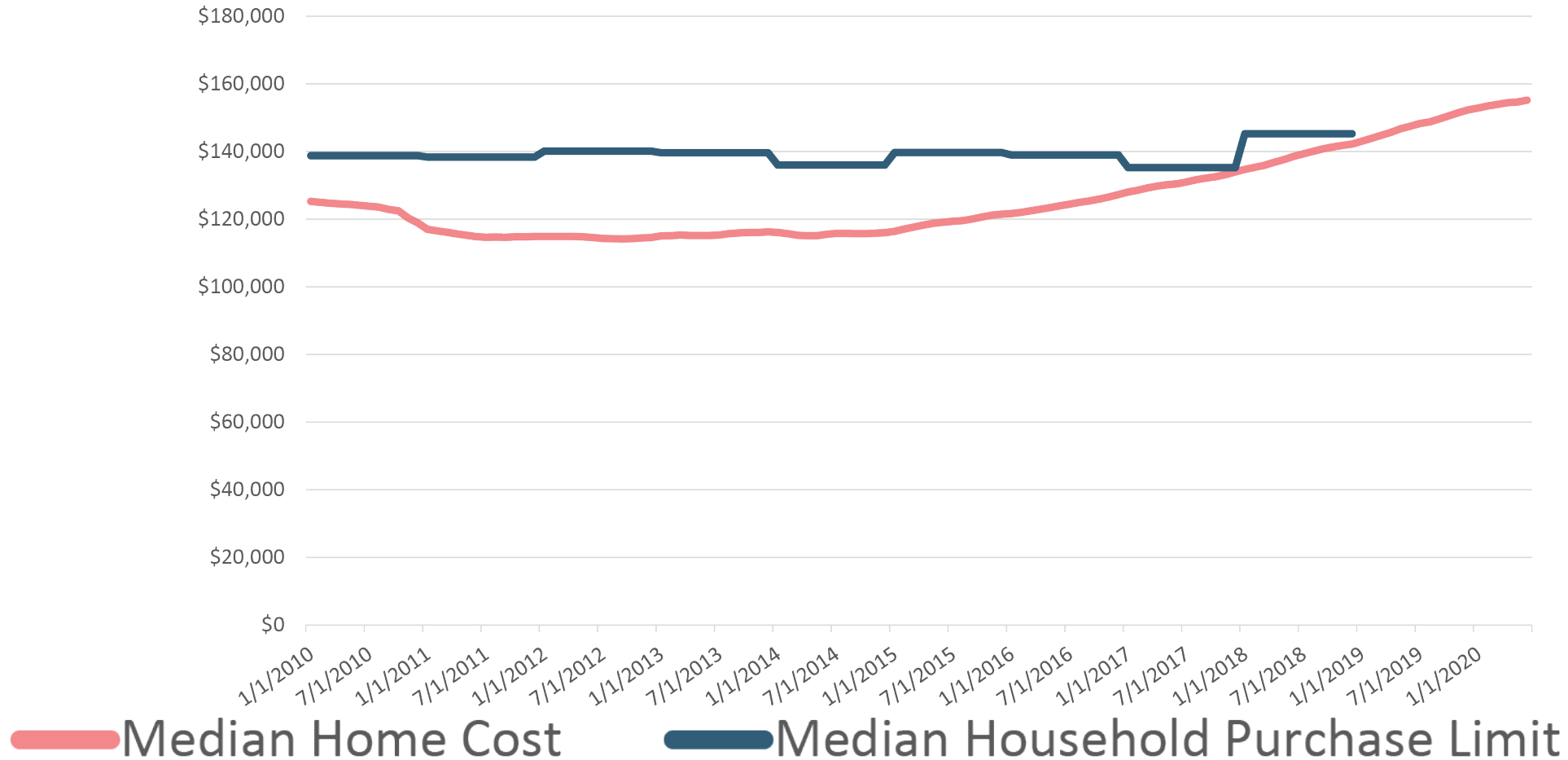
- Median House Price
- Median Gross Rent per Month
- Median Household Income

Growth rate:
200%



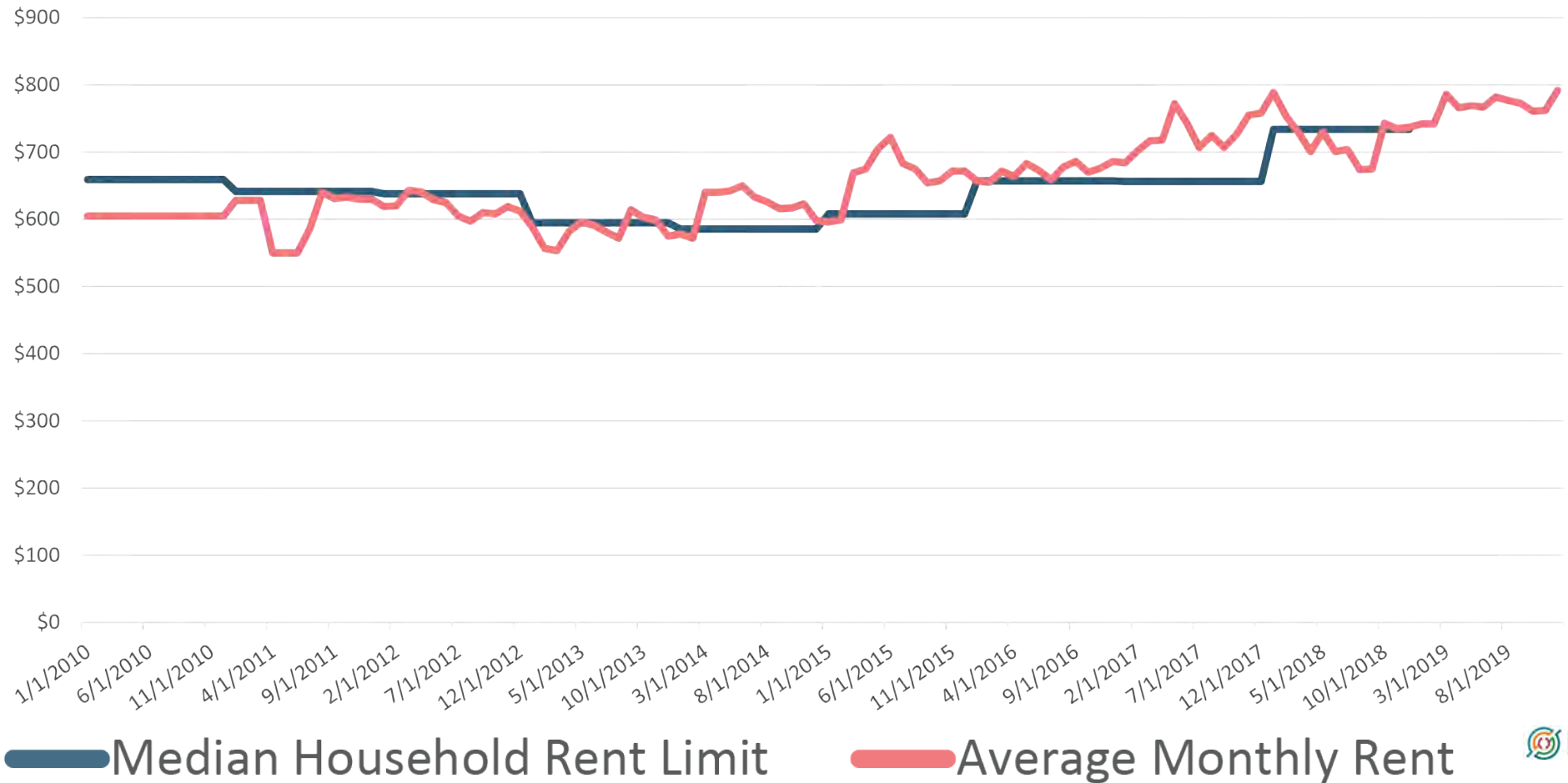
Challenge No. 1

Housing Costs



Challenge No. 1

Housing Costs

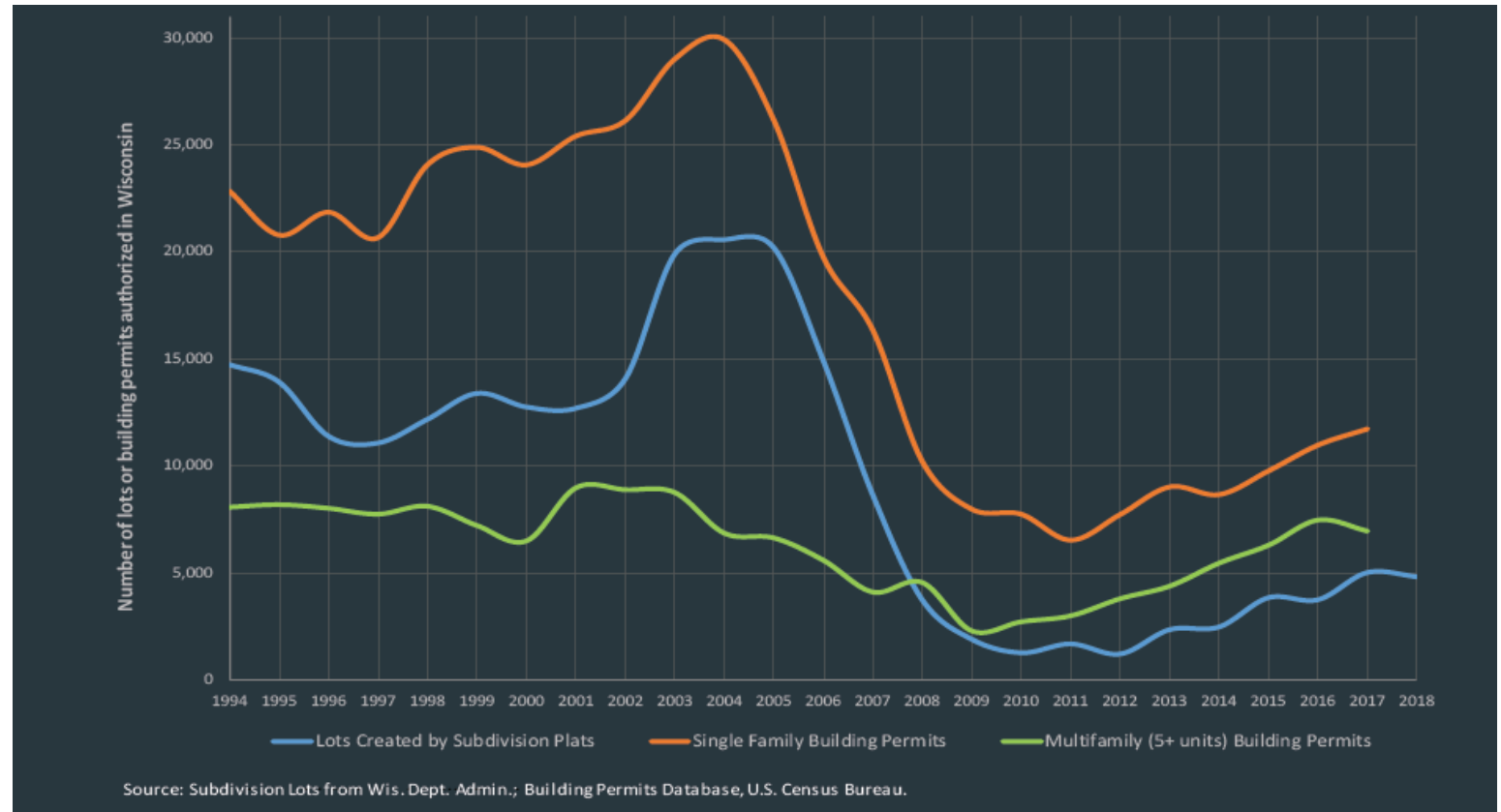


Challenge No. 2

Housing Supply

- Great Recession
 - Slow recovery of housing market
- COVID-19
 - Impacts TBD

Example: Wisconsin



Challenge No. 2

Housing Supply

- Existing homeowners staying put
 - Aging in place
 - Nothing available to buy
- Developer Costs
 - Land
 - Lumber
 - Labor
 - Laws (zoning, review/approval process)

Typical 1-Bedroom Rental Construction & Land Cost = \$130,000			
Equity to Cost Ratio	20%	Loan to Cost Ratio	80%
Required Equity	\$26,000	Mortgage Loan	\$104,000
Annual Pre-tax Distribution Rate	10%	Mortgage Interest Rate	4%
Cash Payments for Equity	\$2,600	Debt Service	\$6,000
Net Operating Income		\$8,600	
Operating Expenses (2%)		\$2,600	
Real Estate Taxes (2019 Effective Tax Rate of .024074789)		\$3,130	
Replacement Reserve		\$300	
Effective Gross Value		\$14,630	
Vacancy (5% required assumption)		\$730	
Gross Potential Income		\$15,360	
Breakeven Annual Rent		\$15,360	
Breakeven Monthly Rent		\$1,280	

Challenge No. 2

Housing Supply

II. Construction Cost Breakdown		Average	Share of Construction Cost
I. Site Work (sum of A to E)		\$18,323	6.2%
A. Building Permit Fees		\$5,086	1.7%
B. Impact Fee		\$3,865	1.3%
C. Water & Sewer Fees Inspections		\$4,319	1.5%
D. Architecture, Engineering		\$4,335	1.5%
E. Other		\$719	0.2%
II. Foundations (sum of F to G)		\$34,850	11.8%
F. Excavation, Foundation, Concrete, Retaining walls, and Backfill		\$33,511	11.3%
G. Other		\$1,338	0.5%
III. Framing (sum of H to L)		\$51,589	17.4%
H. Framing (including roof)		\$40,612	13.7%
I. Trusses (if not included above)		\$6,276	2.1%
J. Sheathing (if not included above)		\$3,216	1.1%
K. General Metal, Steel		\$954	0.3%
L. Other		\$530	0.2%
		\$41,690	14.1%
		\$19,319	6.5%
		\$9,954	3.4%
		\$11,747	4.0%
		\$671	0.2%
		\$43,668	14.7%
		\$14,745	5.0%
		\$13,798	4.7%
		\$14,111	4.8%
		\$1,013	0.3%
		\$75,259	25.4%
		\$5,184	1.7%
		\$10,634	3.6%
		\$10,605	3.6%
		\$8,254	2.8%
		\$3,437	1.2%
		\$13,540	4.6%
		\$4,710	1.6%
		\$11,998	4.0%
		\$4,108	1.4%
		\$1,867	0.6%
		\$923	0.3%
		\$20,116	6.8%
AF. Landscaping		\$6,506	2.2%
AG. Outdoor Structures (deck, patio, porches)		\$3,547	1.2%
AH. Driveway		\$6,674	2.2%
AI. Clean Up		\$2,988	1.0%
AJ. Other		\$402	0.1%
VIII. Other		\$11,156	3.8%
Total		\$296,652	100.0%

Table 1. Single Family Price and Cost Breakdowns 2019 National Results		
Average Lot Size:		22,094
Average Finished Area:		2,594
I. Sale Price Breakdown	Average	Share of Price
A. Finished Lot Cost (including financing cost)	\$89,540	18.5%
B. Total Construction Cost	\$296,652	61.1%
C. Financing Cost	\$8,160	1.7%
D. Overhead and General Expenses	\$23,683	4.9%
E. Marketing Cost	\$4,895	1.0%
F. Sales Commission	\$18,105	3.7%
G. Profit	\$44,092	9.1%
Total Sales Price	\$485,128	100.0%

Challenge No. 3

Housing Quality

- Existing Homes
 - Often form the hearts of our communities
 - First areas that were built out, most visible locations
 - Adequate housing and affordable options
 - Existing housing is often the most affordable option in a community as cost & value reflect wear & tear
 - Maintaining basic standards
 - Codes, etc.
 - Rehabilitation to increase desirability
 - Interior/Exterior renovation



Challenge No. 3

Housing Quality

- New Homes
 - Risk of poor-quality materials
 - Lack of maintenance and reinvestment as homes continue to age
- Location! and Amenities
 - Quality of amenities in the community/neighborhood
 - Access to parks, paths, sidewalks
 - Easy transportation access (walking/biking/driving)



Challenge No. 3

Housing Quality

- Design Standards
 - Impacts long-term quality and desirability
 - Ex: snout houses, “McMansions”, etc.



Addressing the Challenges

Housing Study and Action Plan

- What challenges is your community facing?
- What housing gaps do you see?
- What is your community willing to do about it?
- Where do you start?

A HOUSING STUDY!





Case Study: Making the transition from “Tourist Destination” to “Home”

- Tourism community, development focus for the past century has been resorts
- Lack of year-round, affordable housing
- Few identifiable “neighborhoods”
- Only 5% of employees live in the community
 - Lack of unit types and prices
 - Strong desire for “sense of place”



Process

- Data analysis: American Community Survey, Multiple Listing Service, Village permits, etc.
- Targeted interviews with employers, realtors, developers, etc.
- Community survey, and employee survey
- Work with Ad-Hoc Housing Steering Committee



Outcome

- Study is in use as a reference document

Strategies:

- Properties to serve a variety of households
- TIF downpayment assistance program
- Land banking



Case Study: Balancing prices with quality to stay regionally competitive

- Small city at edge of a larger metro
- Attached-unit housing near highway aging and in declining condition
- Single-family detached homes newer and expensive



Process:

- Data analysis: American Community Survey, Multiple Listing Service, City permits, etc.
- Targeted interviews with employers, realtors, developers, etc.
- Large, inclusive steering committee
- Several visits with Plan Commission and Council to address doubts



Outcome

- Plan adopted by Council, Standing Housing Committee Created

Strategies:

- Creation of Housing Committee
- Development of funding tools
- TIF Affordable Housing Extension



Case Study: College-town housing & development obstacles

- Old housing stock, aging student rentals
- Employment growth (but not population growth)
- Barriers to housing growth
 - Natural barriers & neighboring community
 - City ordinances



Process

- Data analysis: American Community Survey, Multiple Listing Service, City permits, etc.
- Targeted interviews with employers, realtors, developers, etc.
- Community survey, student focus group
- Multiple meetings with a regional chamber of commerce group



Results

- Study is in use to support other planning efforts, several programs implemented

Strategies:

- New neighborhood & infill development
- Funding to redevelop poor quality homes
- Updating city ordinances

Funding Opportunities

Funding for Planning

Every state is different!



- HUD (entitlement communities)
- State agencies
- Energy Utilities
- Local employers
- Other sources

Funding Opportunities

Funding for Housing

Every state is different!

- Tax Incremental Financing (local)
- Low Income Housing Tax Credits (federal/state)
- Community Development Block Grant (CDBG) & HOME Programs (state/federal)
- Tax Abatement or Exemption (local)
- Housing Trust Funds (state, local)
- Public Bonding through a local authority (local)
- Non-Profits and Philanthropic Partners (local)
- Employers





Key Takeaways

- Many communities are in a CAPACITY BUILDING phase
- BALANCE and DIVERSITY are critical to resilience
- Housing gaps are a LOCAL issue requiring LOCAL solutions
- Many communities are struggling with SIMILAR ISSUES, but...
- There are often UNIQUE local circumstances
- PARTNERSHIPS are critical to address affordability challenge
- FUNDING is complex, and ever-changing

Breakout Session



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