

**Identifying and Mitigating
Local Regulatory Barriers To Affordable Housing
in Waukesha County, Wisconsin**

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Executive Summary

REMOVING LOCAL REGULATORY BARRIERS TO AFFORDABLE HOUSING IN WAUKESHA COUNTY, WISCONSIN

This study first:

- established the components of housing costs affected by local zoning and subdivision regulations
 - land costs
 - lot improvement costs
 - construction costs
- reviewed the minimum standards in the highest density residential zoning districts for all thirty-seven municipalities in Waukesha County
- identified those components of local zoning and subdivision ordinances that impede the production of affordable housing.

We find that in Waukesha County the following local zoning and subdivision regulations are in fact barriers to affordable housing.

ZONING REGULATIONS

The overmapping of large lot, low density zoning

- drives up the price of land by reducing the supply of buildable land.
- drives up the cost of the limited supply of land that is zoned for higher densities.

Excessive lot width increases the cost of:

- sewer and water main
- street construction
- sidewalks
- storm sewer
- curb and gutter.

Excessive front yard setbacks increase the cost of:

- water laterals
- sewer laterals
- driveway construction

Minimum floor area requirements increase:

- housing construction costs

SUBDIVISION REQUIREMENTS

which are unnecessary or excessive increase the cost of improved land:

- sidewalks
- curb and gutter
- storm sewer

- impact fees
- dedication fees
- right-of-way width
- pavement width

In the second phase of the study we:

- compared existing regulations with minimum standards supplied by reputable agencies or, where we could find none,
- applied as reasonable guidelines, the smallest minimums found in the local regulations of Waukesha County communities.
- calculated the cost of both existing and reduced minimum requirements and compared them.

On the basis of these comparisons we conclude that many communities in Waukesha County do have regulations and procedures that make it difficult to site affordable housing. These communities do have the option, however, of changing their regulations and procedures to accommodate affordable housing. The most obvious steps they can take include:

- decreasing the minimum lot size in the highest density single family zone
- reducing required lot width in these zone
- reducing the front yard setback requirements in these zone
- reducing the minimum floor area required in these zone
- reducing the street pavement width in these zone

In addition, to make rental housing more affordable, the most obvious steps communities can take are:

- increasing the number of units allowed per acre
- reducing the minimum floor area allowed for each size apartment or duplex unit

Furthermore, several other steps can be taken to promote the creation of affordable housing:

- Include and utilize zoning districts for duplex, multifamily, and manufactured housing incorporating reduced minimum standards as suggested above.

- Carefully calculate, substantiate, and, when possible, eliminate impact fees to insure that they are not used to exclude certain types of residential development.
- Calculate fees-in-lieu-of-land-dedication for on-site improvements only (e.g. park and open space and land for schools) and thus meet the legal requirements for such fees.
- Do not adopt growth control ordinances unless needed for a limited time to supply the infrastructure required to accommodate additional development.
- Streamline the permitting and approval process.
- Legalize accessory apartments.
- Create an affordable housing or a Below Market Rate Housing (BMRH) district that incorporates minimum as well as maximum development standards to eliminate the placement of deed restrictions by developers which raise minimum standards and eliminate the opportunity for households to make use of minimum standards.

Recognizing that there are communities with special circumstances such as very small land area or the current unavailability of sewer, not all suggestions for change will be appropriate in all locations. The feasibility and desirability of any reduced standards depends on the circumstances of the specific site development. The more changes that are utilized in single locations, however, the greater the probability that the housing will be affordable.

It is important to understand that our findings in no way support the wholesale rezoning of entire communities to higher density, small-lot development. What is needed to promote the fiscal and social well-being of communities is to adopt zoning and subdivision requirements that allow for a mix of residential land uses to provide for a variety of housing needs.

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CHAPTER I

EXAMINING THE NEED FOR AFFORDABLE HOUSING

I. THE NATIONAL PERSPECTIVE

The American Dream for every family is to have a comfortable home to rent or buy in a safe neighborhood, that is available within the family budget, and that is reasonably close to the wage earner's place of work.¹ Unfortunately, for many families today it is not possible to fulfill that dream because they are unable to find adequate housing that they can afford. The gap between the need for affordable housing and its supply will grow to 7.8 million units of housing in the 1987-97 decade.²

Influenced by a number of factors including changes in demographic trends, income growth, and housing construction costs, the need for affordable housing has reached crisis proportions in community after community nationwide. The decade of the 1980s saw a small but significant drop in the percentage of home ownership of all American households (the first such drop in generations) and in all age groups. The steepest decline, 52.2 percent to 45.1 percent from 1976-1987 was in the 25-34 year old age cohort. The members of this group are the most likely to be first time homebuyers. The fact that home ownership is less attainable today for our young families is a real concern because "home ownership is not only a tenure, it is a way of life. Community stability and a sense of neighborhood are corollaries of home ownership that are important both for individuals and for our nation"³

Demographic changes across the nation continue to result in more households, smaller households, an increased elderly population, and other changes in household composition. The new, dominant configurations of household growth are divided in the following way: 1) 25 percent married couple families, and 2) 75 percent single parent families and non-family households. The housing needs of these different groups, many of whom account for a large share of low and moderate income households, are currently not being met. And the normal filtration process, in which existing housing filters down to households at a lower economic level or to the poor, has been greatly constrained by the increasing number of smaller households that have formed as well as competition from the baby-boom generation.⁴

Owner-Occupied Housing

Rapidly rising construction costs coupled with lower income growth in the 1970s made it increasingly difficult for families to buy a starter home. Nationwide, the percentage of households able to purchase the median priced new house fell from 40 percent in the early 1970s to less than 10 percent in 1981, and the percentage of renters who pay 30 percent or more of their income for housing costs increased from 37 percent in 1975 to 48 percent in 1985. The decreased ability of families to own a home was aggravated when the number of new, affordable housing units added by the Department of Housing and Urban Development to the nation's housing stock from 1977-1989 fell more than 71 percent.⁵

Over the twenty year period from 1970 to 1990, the price of a typical starter home (a median-valued house) increased 21 percent while over the same period the incomes of potential home buyers declined 7 percent in real terms. Although the income growth of potential first-time home buyers did accelerate between 1985 and 1990, it was not enough to make up for the losses experienced in the previous decade. And the 1990 homeowners' after-tax cash cost burden at 31.3

percent is substantially higher than during the 1960s and 1970s when it ranged between 20 and 25 percent.⁶

A disturbing trend that influences the ability of households to find affordable housing is the growing inequality in the distribution of income and earnings. The redistribution of wealth is tied to tax code changes, wage depressing effects of "baby-boomers" on the labor market, and the replacement of high-paying industrial jobs with low-paying service jobs. The period 1974-1980 saw a decline in income growth across the entire earnings distribution, yet the 12 percent loss for those in the lowest income category was nearly six times greater than for those in the highest category whose income dropped only about two percent. Income growth that occurred during the period 1980-1989 was three times greater for those in the upper category of income distribution than for those in the lowest category. The growing inequality in income distribution has two effects: 1) escalating growth in high-income households induces an increase in trade-up to higher cost housing and, 2) slower income growth at the low end of the distribution increases the number of households who cannot afford even minimally adequate housing.⁷

Rental Housing

Families in search of affordable rental housing also have a difficult time as contract rents grew at a rate faster than inflation throughout much of the 1980s. A major reason for rising rental costs is greater rental demand due to the fact that would-be first time homebuyers nationwide have only 77 percent of the income necessary for a median existing house (down from 93 percent in 1975). Those families that are forced by economic constraints to remain in rental housing can afford higher rents and shrink the supply of available, affordable rental units.⁸

At 28.1 percent, the gross rent burden (the total amount paid for contract rent, fuel, and utilities as a percent of income) for all renters for 1990, although slightly less than mid-1980 levels of 30.3 percent, is still high. Despite an increase in multi-family construction starts during the 1980s, few units were produced for low income renters. Even within the mixed-income multi-family developments constructed during that time, the majority of units were targeted at the higher end of the market. When the number of units built exceeded demand for these high-end apartments, the market became saturated and construction of all multi-family units slowed.⁹

Both changes in tax laws in recent years which eliminated many of the incentives to invest in market-rate rental housing and increased regulation of the banking industry as a result of the savings and loan scandal have had a major dampening effect on the multi-family housing market as well. Federal cutbacks in housing assistance, a result of the new Federalism of the eighties, have reduced housing options for many households. The result is a serious undersupply of affordable rental housing that causes rental costs to increase as the rate of supply of adequate rental units decreases.¹⁰

The Federal Government recommends that renters should spend no more than 30 percent of their annual income on rental costs and that homeowners should spend no more than two-and-one-half times their annual income on housing. Around the country, however, countless low and moderate income households are paying 50 to 60 percent of their gross income for rent, and many potential homeowners who seemingly have the necessary income, wealth, and debt obligations to purchase a new home are unable to do so because homes priced within those ratios are increasingly difficult to find.¹¹

2. THE WAUKESHA COUNTY EXPERIENCE

While the decline in affordability in Waukesha County, Wisconsin, is not as dramatic as the problem nationwide, it is, nevertheless, just as real. The growing number of persons in need of housing assistance indicates a serious shortage of affordable housing within the County. A brief overview of the major demographic and geographic characteristics of Waukesha County will provide the necessary background for understanding the housing needs of the current population and provide a perspective for future decision making.

A Brief Description of Waukesha County, Wisconsin

Waukesha County lies in the southeastern corner of the State of Wisconsin directly west of Milwaukee County. There are 37 municipalities within the county, including 6 cities, 18 villages, and 13 towns. Waukesha County was ranked third largest in the state by population in 1987, and it continues to grow. An important feature of the growth Waukesha County experienced during the 1980s is that employment growth outpaced population growth, with employment increasing by over 100 percent in several municipalities. In only one of the thirty-seven municipalities did employment decline during the decade.¹²

The strong employment growth of the eighties, however, was not matched in all instances with a similar growth in earnings. A major consequence of the deindustrialization that occurred in the region between the mid-70s and early 80s was a substantial loss in average earnings for many workers. A look at the changes in average real earnings 1979-1989 (in 1989 dollars) in Table 1 indicates both losses and gains during the period for those communities listed.

Table 1:
1979-1989
Actual and Percent Change in Average Real Earnings Per Worker
Paid By Local Employers For Selected Waukesha County Municipalities*

<u>Municipality</u>	<u>1979 Ave. Earnings</u>	<u>1989 Ave. Earnings</u>	<u>Actual Change</u>	<u>Percent Change</u>
Cities:				
Brookfield	\$23,370	\$23,699	\$329	1.4%
Delafield	\$15,997	\$16,510	\$513	3.2%
Muskego	\$15,188	\$18,638	\$3,450	22.7%
New Berlin	\$28,087	\$26,360	(\$1,727)	-6.1%
Oconomowoc	\$19,349	\$18,224	(\$1,125)	-5.8%
Waukesha	\$24,771	\$23,922	(\$849)	-3.4%
Villages:				
Hartland	\$16,188	\$17,685	\$1,497	9.2%
Lannon	\$19,933	\$16,650	(\$3,283)	-16.5%
Menomonee Falls	\$23,108	\$23,784	\$676	2.9%
Mukwonago	\$16,848	\$18,265	\$1,417	8.4%
Pewaukee	\$23,020	\$19,995	(\$3,025)	-13%
Sussex	\$23,354	\$24,472	\$1118	4.8%
Towns:				
Brookfield	\$22,049	\$18,794	(\$3,255)	-14.8%
Lisbon	\$38,011	\$24,749	(\$13,262)	-34.9%
Mukwonago	\$17,319	\$19,861	\$2,542	14.7%
Pewaukee	\$23,350	\$25,637	\$2,287	9.8%
Waukesha	\$23,544	\$22,173	(\$1,371)	-5.8%

Source: University of Wisconsin-Milwaukee Urban Research Center.

*Note: All dollar amounts are expressed in 1989 dollars.

Waukesha County population grew almost 9 percent to 307,715 persons between 1980 and 1990, and projections for the year 2000 estimate an additional 11.26 percent population growth.¹³ The age cohorts projected to experience the greatest increase are the thirty to thirty-nine year-olds, the group with the largest percentage of first time homebuyers, and the over fifty population, which includes older homeowners who will be looking for empty-nester and retirement housing. Communities experiencing the greatest amount of growth during the 1980s were the cities, villages, and occasionally towns that are located along the more urban, eastern quarter of the county or within the growth areas along Interstate Highways 94 and 43.

By 1991 the number of households in the county had increased by an additional 18,011 (22 percent) over the 1980 number, and household size fell from 3.2 to 2.9 persons. In spite of the large employment growth, 11,152 households earn less than \$15,000 a year. Although nearly one-third of these households live in the City of Waukesha, low income households are dispersed throughout the entire county. The racial make-up of Waukesha County is predominantly white (97.6 percent in 1980) with Hispanics comprising the largest minority population(1.4 percent).¹⁴

Waukesha County, Wisconsin, is divided into the following communities:

<u>Cities</u>	<u>Villages</u>	<u>Towns</u>
Brookfield	Big Bend	Brookfield
Delafield	Butler	Delafield
Muskego	Chenequa	Genesee
New Berlin	Elm Grove	Lisbon
Oconomowoc	Hartland	Merton
Waukesha	Lannon	Oconomowoc
	Menomonee Falls	Pewaukee
	Merton	Summit
	Mukwonago	Vernon
	Nashotah	Waukesha
	Oconomowoc Lake	
	Pewaukee	
	Sussex	
	Wales	

There are 37 communities in Waukesha County, Wisconsin, and for some exercises, such as our review of zoning and subdivision regulations, we look at all 37 communities. In other analyses, we look at a selected portion - mostly in the eastern half of the county or in the growth areas along Interstate Highways 94 and 43.

Who Needs Affordable Housing?

When the waiting list for housing assistance grew to more than one thousand applicants in January of 1991, the Waukesha Housing Authority was forced to stop taking applications. In early March 1992, when the waiting list was reopened, one hundred thirty-five persons applied for assistance on just the first day. Others continue to apply. In August 1991, the City of New Berlin was able to provide housing vouchers to 39 households while an additional 813 households remained on a waiting list. The effect of the tremendous growth in Waukesha County has affected the housing market through rising rental costs and low vacancy rates that make it increasingly difficult for those who need affordable housing to find it. Even with housing assistance, low income households in Waukesha County currently pay between 45 and 50 percent of their gross income for rent.¹⁵ The 1989 Annual report of the Waukesha Housing Authority states that for the 208 households on the City Housing Authority waiting list, between 63 and 84 percent of their income was needed for rent.¹⁶

A 1990 survey of clients' needs conducted for the United Way of Waukesha County profiles those residents seeking assistance and determines their most pressing needs. More than half (53 percent) of the clients responding to the survey indicated that finding and paying for housing was the most serious problem they faced.

Respondents to the survey were equally divided between men and women, two-thirds of whom were in the twenty-one to forty age group with an average age of thirty-two years. More than three-quarters of the respondents were white, with Hispanics (16.7 percent) the largest minority represented. Almost half of those surveyed were married. More than 44 percent were

employed full or part-time, and precisely one-third were unemployed. Nearly 14 percent of those surveyed reported that they were unable to work because of a disability.

Less than 24 percent of the respondents stated that they had not received a high school diploma, although nearly one-third had completed high school and another third were college graduates. Approximately 12 percent of the respondents had completed some post-graduate work. The main source of income for two-thirds of those responding was a job while 16.7 percent reported that social security or a pension was their main source. The largest income category for survey respondents was the \$500-\$1000 a month category.

The need for affordable housing in Waukesha County extends beyond low income households to the working class that forms the backbone of communities. Many of these are the teachers, police, firefighters, and other public sector workers who serve county residents, who earn salaries close to the median household income and who find it difficult and at times impossible to live in the communities where they work. Furthermore, they are the service, industrial, construction, and farming industry workers who are unable to set aside enough money to afford the down payment to buy their own home.

The High Cost of Housing in Waukesha County

The difficulty in finding affordable housing in Waukesha County is a problem faced by low and moderate income households, both renters and potential homebuyers alike. Nearly all households (92.7 percent) receiving income maintenance are renters. Rental units in Waukesha County make up only 24 percent of the total housing stock, or 22,794 of 95,588 housing units. The high median 1990 contract rent at \$480 a month is unaffordable for many families, especially when one considers that total or gross rent often adds \$100-200 more a month for utilities. And because of the limited number and increased cost of affordable rental housing units, the placement rate for those families and individuals seeking housing assistance in Waukesha County is only 30 percent.¹⁷

The cost of a single family house in Waukesha County continues to increase as well. In January 1990, the median price of an existing home was \$92,000. By 1991 the median home price had increased 25.5 percent to \$115,500 while the median household income increased only 4 percent from \$40,100 to \$41,800 over the same period. Information taken from the 1990 Census of Population and Housing shows that the 1990 median value of owner-occupied housing in most Waukesha County communities was as high or higher than the cost of a home that could be purchased with the county median household income.¹⁸ In Milwaukee County, for comparison, the 1991 median sale price of a home was \$70,000 and required an income of approximately \$28,100, or 67 percent of the county median household income, to purchase it. For the remaining two counties included in the Milwaukee SMSA the 1991 median sale price of a home was \$120,000 for Ozaukee County and \$93,000 for Washington County.¹⁹ The median sale price of a home in Ozaukee County required an income of \$43,289, or 104 percent of the median household income. In Washington County the median priced house needed an income of \$35,686, or 85 percent of the median household income. It is also interesting to note that data reported in the 1990 Census of Population and Housing shows that in only three of the 72 counties in Wisconsin (Door, Ozaukee, and Waukesha) was an income greater than the median household income required to purchase the median priced house. In Waukesha County 102 percent of the median household income, or \$42,636, was needed to purchase the median priced house. The disparity in housing supply and demand exacerbated by the high demand for large homes causes housing costs to soar, thus creating

an ever-widening gap between available housing and the ability of low and moderate income families to pay for it.

Defining Affordable Housing

The costs of rental and owner-occupied housing in Waukesha County, Wisconsin, have increased significantly in recent years, but to determine the relative affordability of housing first requires a definition of affordable housing. The concept of what is affordable is relative. A family or individual earning \$100,000 a year might find that at \$500,000 their "dream" house is unaffordable; nevertheless, safe, adequate housing is available at their current income level. Affordability becomes a problem when a family at any income level, but especially those earning at the median household income or less, does not have the opportunity to purchase or rent decent, safe housing. For this study we defined two basic levels of affordability:

1) The housing costs (rental or ownership) that can be handled by a household earning 80 percent or less of the county median household income;

For example; a household earning 80 percent of the county median household income, or \$33,440, can purchase a home valued between \$67,244 and \$97,632, depending on their monthly debt level. A renter household making 80 percent of the county median household income can theoretically afford gross rent costs of \$836 per month.

and;

2) The housing costs (rental or ownership) that can be absorbed by a household making the average earnings per worker paid by local employers in Waukesha County communities;

For example; a household making the average yearly earnings of \$20,968 could afford either a home valued at approximately \$52,420 or gross rent of \$524 per month.

What Housing Is Currently Available?

A review of recent data on rent and house costs, followed by a comparison of those costs with both the average earnings paid by local employers and the county median household income, provides a basic understanding of current housing cost dynamics in Waukesha County. In addition, we will identify:

- 1) communities that are attempting to meet that need,
- 2) ways in which they are providing affordable housing, and
- 3) where in the county the need for affordable housing is greatest.

Two communities in Waukesha County, the City of Waukesha and the City of New Berlin, have established local housing agencies committed to providing housing assistance for poorer residents. The New Berlin Housing Authority provides Section 8 rental assistance in the private market. The City of Waukesha also participates in the Section 8 rental assistance program with more than 320 housing units. Other affordable housing programs provided by the Waukesha Housing Authority include:

- Scattered-Site Housing: 150 units of scattered-site public housing, 33 units of which were constructed in 1989-90.

- **Elderly Housing:** The Waukesha Housing Authority currently owns and manages Saratoga Heights, a 119 unit apartment building for the elderly.
- **Moderate Rehabilitation:** In 1988 the Waukesha Housing Authority was awarded funding to rehabilitate 55 units. Both Pine Pointe Apartments and the Women's Center Transitional Housing utilize moderate rehabilitation funds to subsidize rentals.
- **Local Initiative Programs:** Using Community Development Block Grant (CDBG) funds and tax exempt financing, the Waukesha Housing Authority provides housing at Barstow House, Carroll Street House, the Putney Block Apartments, Oakhill Terrace, Caroline Apartments, West Grove Woods, Riverwalk, and Summit Woods.²⁰

Table 2:
1980-1990
Actual and Percent Change in Median Contract Rents
For Selected Communities in Waukesha County, Wisconsin

Community	1980 Median Contract Rent	1990 Median *Contract Rent	Actual Change	Percent Change
<i>County</i>				
Waukesha	\$363	\$480	\$117	32.1%
<i>Cities:</i>				
Brookfield	\$525	\$668	\$143	27.3%
Delafield	\$416	\$485	\$69	16.7%
Muskego	\$387	\$545	\$158	40.8%
New Berlin	\$425	\$575	\$150	35.3%
Oconomowoc	\$344	\$431	\$87	25.1%
Waukesha	\$344	\$469	\$125	36.2%
<i>Villages:</i>				
Hartland	\$349	\$518	\$169	48.3%
Lannon	\$246	\$263	\$17	6.7%
Menomonee Falls	\$363	\$443	\$80	21.9%
Mukwonago	\$0	\$450	\$450	N/A
Pewaukee	\$360	\$453	\$83	23.0%
Sussex	\$384	\$481	\$97	25%
<i>Towns:</i>				
Brookfield	\$638	\$708	\$70	10.9%
Lisbon	\$305	\$361	\$56	18.4%
Mukwonago	\$0	\$368	\$368	N/A
Pewaukee	\$379	\$708	\$329	86.8%
Waukesha	\$324	\$428	\$104	32.1%

Source: 1980 and 1990 Census of Population and Housing; University of Wisconsin-Milwaukee Urban Research Center.

*In 1990 dollars.

A comparison of median contract rents, some of which include utilities, in selected communities from 1980 to 1990, displayed in Table 2, documents a 52 percent increase in the county median cash rent from \$230 in 1980 to \$480 in 1990 in current dollars. Increases in contract rents in individual communities range from 68 percent in the Village of Lannon to 134 percent in the Village of Hartland in the ten year period. To make sense of these comparisons, however, all rents in Table 2 have been converted to 1990 dollars. This method shows that in real terms rents in Lannon increased less than 7 percent while those in Hartford jumped by almost 50 percent. By contrast, median household income in real dollars increased 13 percent over the decade in the County.

Using the accepted federal standards that no more than 30 percent of household income should be spent for rental housing and our definition of affordable housing, we find that at \$41,800, the Waukesha County median household income can afford up to \$1,045 per month for rent, or more than twice the county median contract rent. This does not mean, however, that affordable rental housing needs are being met in Waukesha County. For one, contract rent often overlooks the

cost of utilities. Second, median household income is more typical of the income of homeowners while renters' incomes are generally much lower. When comparing contract rents with income, it is more correct to look at average earnings rather than median household income because a significant proportion of renters, particularly female headed households, are one-earner families. And a comparison of the median income levels for married couples with wives working outside the home (many of whom are homeowners) and female headed households shows that the former have median household income levels triple the latter.²¹

Data on the national level on the incomes of groups which are predominantly renters show that while the median incomes of renters improved slightly in the 1980s it was not enough to "offset previous declines or to keep pace with the rapid escalation of rents."²² In fact, real renter incomes in 1990 fell below those of the early 1970s. The 25-34 age cohort, which includes a significant proportion of first time homebuyers, currently earns 6 percent less than those in the same age cohort in 1970 while workers under the age of 25, a large number of whom are renters, earn 28 percent less.²³

If we could calculate the income of the typical rental household in Waukesha County, and it cannot be done from existing data, we would find the income of renters to be significantly lower than that of owners and that the rents they pay more nearly match or exceed the 30 percent of income now considered the upper acceptable limit. According to the National Association of Home Builders (NAHB), 48 percent of renters nationwide in 1985, compared to 25 percent of homeowners, paid 30 percent or more of their income for housing.²⁴ When the 1990 Census data are released in late June, 1992, it will be clearer that there are already numerous households in Waukesha County paying more than 30 percent of their income for rental housing. Furthermore, most new additions to the rental supply will come at the upper end of the rent distribution for the simple reason that new construction is expensive. The addition of more rental units will not directly provide many affordable rental units. But the expansion of the rental stock coupled with the construction of lower-priced, single-family housing units should relieve some of the upward pressure on rents. It is this pressure, plus the limited number of units available in many communities, that makes rental housing an issue in Waukesha.

Contract rents in 1990 that are less than the median contract rent for the county appear in bold in Table 2 . Thus, 9 of the 17 communities listed have median contract rents that fall at or below the median.

The 1990 Census of Population and Housing also indicates that rental housing is not evenly distributed throughout the county. Table 3 shows that in 26 Waukesha County communities rental housing accounts for less than 20 percent of the housing stock. The remaining 11 communities not only have a larger percentage of their housing stock in renter-occupied units, the total number of renter-occupied units in those 11 communities accounts for over 73 percent of all such units in Waukesha County. Even if one were to subtract the City of Waukesha's 9,290 rental units from the 11 community total, the remaining 10 communities account for over 31 percent of all renter-occupied housing units in the county.

Table 3:
 Renter-Occupied Housing Units as a Number and as a Percent
 of Total Housing Units For Each Municipality in Waukesha County, Wisconsin.

Community	Renter- Occ. Units	Total Units	Rental As a %
T-Ottawa	35	748	5%
T-Vernon	93	1947	5%
T-Lisbon	104	209	45%
T-Waukesha	121	2166	6%
T-Mukwonago	120	1528	8%
T-Genesee	123	1553	8%
T-Merton	150	1808	8%
C- Brookfield	926	11119	8%
V-North Prairie	34	376	9%
V-Merton	31	327	9%
T-Pewaukee	292	2911	10%
T-Eagle	50	495	10%
V-Lac La Belle	8	77	10%
V-Nashotah	20	168	12%
V-Chenequa	21	172	12%
V-Elm Grove	249	2023	12%
T-Summit	152	1178	13%
T-Delafield	207	1600	13%
V-Oconomowoc Lk.	20	149	13%
T-Brookfield	191	1298	15%
V-Eagle	55	364	15%
C-Muskego	775	5044	15%
C-New Berlin	1,705	10732	16%
V-Wales	111	675	16%
T-Oconomowoc	384	2268	17%
V-Big Bend	70	389	18%
V-Menominee Falls	1,881	8915	21%
V-Dousman	89	336	26%
V-Lannon	73	271	27%
V-Mukwonago	420	1417	30%
V-Sussex	558	1663	34%
C-Delafield	681	1800	38%
C-Oconomowoc	1,453	3809	38%
V-Hartland	1,017	2202	46%
C-Waukesha	9,290	19668	47%
V-Pewaukee	805	1632	49%
V-Butler	480	846	57%

Source: 1990 Census of Population and Housing. University of Wisconsin-Milwaukee Urban Research Center

A comparison of Waukesha County with the other three counties in the Milwaukee SMSA in Table 4 indicates that according to 1990 Census data the percent of renter-occupied housing units to total housing units in Waukesha County is 24 percent, slightly less than Washington and Ozaukee Counties, both at 26 percent, and exactly half of Milwaukee County, which is at 48 percent.

The 1990 median contract rent for Waukesha County, at \$480, is the highest of the four county SMSA. This indicates that along with the need for additional rental units in certain communities, creating new, moderately priced housing for ownership is needed to make rental housing currently occupied by potential home buyers available to others. And the cost of rental housing will not rise as quickly as more rental housing becomes available.

Table 4:
Rental Units and Contract Rents in the Counties of Metropolitan Milwaukee, 1990.

	Total Renter and Owner Occupied Units	Total Renter-Occ. Units	Renter-Occ. as a % of Total	1990 Median Contract Rent
Milwaukee County	373,048	178,827	48%	\$363
Ozaukee County	25,707	6,579	26%	\$431
Waukesha County	95,768	22,794	24%	\$480
Washington County	32,977	8,594	26%	\$390

Source: 1990 Census of Population and Housing: University of Wisconsin-Milwaukee Urban Research Center, 1992.

A recent poll of sixteen Waukesha County communities to determine what is happening in the sales market identified the size and price of the smallest lot sold and the smallest single family house constructed in each community in 1991. This information, displayed in Table 5, shows that opportunities to provide lower cost housing, although limited, do exist. It is theoretically possible in several communities to put together a house and lot package for less than \$100,000. Whether this is done in reality and whether it can be done on a large scale are other questions which need to be answered.

Table 5:
A Comparison of The Smallest Lot Sold
and Smallest Single Family Unit Built For Selected Communities
in Waukesha County, Wisconsin, 1991.

Community	Smallest Lot Sold in 1991 in Sq. Ft.	Price Smallest Lot Sold	Smallest House Built in 1991 in Sq. Ft.	Est. Cost of Smallest House Built*
Cities:				
Brookfield	20,459	\$49,900	1,450	\$87,000
Delafield	N/A	N/A	1,656	\$99,360
Muskego	8,800	\$17,500	1,200	\$72,000
New Berlin	N/A	N/A	N/A	N/A
Oconomowoc	8,008	\$12,000	1,050	\$63,000
Waukesha	7,500	\$20,000	1,103	\$66,180
Villages:				
Hartland	10,890	\$22,000	1,400	\$84,000
Menomonee Falls	9,139	\$32,500	1,325	\$79,500
Mukwonago	14,520	\$12,000	1,260	\$75,600
Pewaukee	0	N/A	1,500	\$90,000
Sussex	12,000	\$23,000	1,443	\$86,580
Towns:				
Brookfield	15,000	\$36,000	1,070	\$64,200
Lisbon	30,000	\$15,900	1,300	\$78,000
Mukwonago	N/A	N/A	N/A	N/A
Pewaukee	12,240	\$20,000	1,320	\$79,200
Waukesha	32,670	\$26,000	1,400	\$84,000

Source: Self-Reported Data from represented Communities, 1991 Estimate of house cost based on \$60 average square foot cost for average quality house, no garage.

A study of the nation's housing prepared by the Joint Center for Housing Studies at Harvard University has identified that 17 percent of all renters have the income, wealth, and level of debt

that would enable them to purchase a home with only a 5 percent down payment. In their analysis of 1990 Census data for Wisconsin Counties, the Wisconsin Housing and Economic Development Authority estimated that 17 percent, or 2,237, of the renter-occupied households within Waukesha County could possibly qualify to purchase a home. Of that total, WHEDA was able to provide assistance to only 115 households, or 5 percent, because their guidelines target households earning no less than 90 percent of the county median income, or \$37,620. The other households had incomes less than \$37,620 per year. These figures strongly suggest the need for both more affordable housing and more affordable finance.

A Comparison of Housing Costs With Local Average Earnings

One way of trying to assess whether there is sufficient affordable housing in Waukesha is to see whether the average worker in Waukesha County could afford to live in the county. This comparison can be made by examining average worker earnings, which are defined as total worker earnings divided by the total number of workers, and average house costs. Rather than examining all communities, a selected 17 communities, largely in the eastern half of the county are studied. One component is rental housing. The question is, does the cost of rental housing (contract rent) exceed 30 percent of annual income of the average worker employed by local establishments? The answer is that in more in more than two-thirds (12) of the seventeen communities selected the average worker does earn enough to afford the median contract rents in those communities (see Table 6). In the remaining five communities, however, contract rents are often substantially greater than 30 percent of the average annual earnings paid by local employers. And when one includes utilities, estimated at only \$100 per month for the sake of argument, then at least six more communities have average rental housing that is too expensive for the average worker in that community.

Table 6:
A Comparison of Affordable Monthly Rent
With The Cost of Median Contract Rents Based on
Average Earnings For Select Communities in Waukesha County, Wisconsin.

Municipality	1989 Ave. Earnings	Affordable Monthly Rent at 30% of Income	1990 Med. Contract Rent
<i>Cities:</i>			
Brookfield*	\$23,699	\$592	\$668
Delafield*	\$16,510	\$413	\$485
Muskego*	\$18,638	\$466	\$545
New Berlin	\$26,360	\$659	\$575
Oconomowoc	\$18,224	\$456	\$431
Waukesha	\$23,922	\$598	\$469
<i>Villages:</i>			
Hartland*	\$17,685	\$442	\$518
Lannon	\$16,650	\$416	\$263
Menomonee Falls	\$23,784	\$595	\$443
Mukwonago	\$18,265	\$457	\$450
Pewaukee	\$21,932	\$548	\$453
Sussex	\$19,566	\$489	\$481
<i>Towns:</i>			
Brookfield*	\$18,794	\$470	\$708
Lisbon	\$24,749	\$619	\$361
Mukwonago	\$19,861	\$497	\$368
Pewaukee	\$25,637	\$641	\$487
Waukesha	\$22,173	\$554	\$428

Source: University of Wisconsin-Milwaukee Urban Research Center; 1990 Census Data on Population and Housing; 1991 State of the Nation's Housing, Harvard University.

*Notes those communities in which median rent exceeds average earnings.

Table 7 provides a comparison between the value of a home that a household with the average earnings of one worker could afford and a hypothetical least cost sale price constructed from the combined cost of the smallest house built and the smallest lot sold in 1991 as reported by each of the communities represented. The notion is that we can measure affordability by comparing the least expensive house and lot as a package with a ratio of earnings (2.5 times average earnings for each community) to see if the average worker can afford the least expensive new house using the traditional ratio between income and house purchase price.

Table 7:
A Comparison of Affordable House Price
With The Estimated Cost of the Smallest Available Lot and House
By Community in 1991

Municipality	1989 Ave. Earnings	Affordable House Price At 2.5 Ratio	Estimated * Total Cost of Smallest House & Lot
<i>Cities:</i>			
Brookfield	\$23,699	\$61,025	\$136,900
Delafield	\$16,510	\$42,513	N/A
Muskego	\$18,638	\$47,993	\$89,500
New Berlin	\$26,360	\$67,877	N/A
Oconomowoc	\$18,224	\$46,927	\$75,000
Waukesha	\$23,922	\$61,599	\$86,180
<i>Villages:</i>			
Hartland	\$17,685	\$45,539	\$106,000
Lannon	\$16,650	\$42,874	N/A
Menomonee Falls	\$23,784	\$61,244	\$112,000
Mukwonago	\$18,265	\$47,032	\$87,600
Pewaukee	\$21,932	\$56,475	N/A
Sussex	\$19,566	\$50,382	\$109,580
<i>Towns:</i>			
Brookfield	\$18,794	\$48,395	\$100,200
Lisbon	\$24,749	\$63,729	\$93,900
Mukwonago	\$19,861	\$51,142	N/A
Pewaukee	\$25,637	\$66,015	\$99,200
Waukesha	\$22,173	\$57,095	\$110,000

Source: 1991 Self-Reported Data from represented Communities.
University of Wisconsin-Milwaukee Urban Research Center.
Estimates on the basis of \$60 average square foot cost of construction calculated
for smallest home built and includes cost of smallest lot sold, 1991.

This is an artificial construct because very few first time homebuyers are households which rely on only one income. Nevertheless, in no community was the estimated cost of the smallest house and cheapest lot available in 1991 comparable to the cost of an "affordable" house. Based on this comparison, even the smallest homes built in Waukesha County last year were considerably more costly than the worker making average earnings could afford. A more realistic comparison might be a higher than 2.5 ratio to compensate for a second earner. But even if the ratio is raised to an untenable 4.0, meaning four times the average workers earnings, in only three of the communities is the housing estimated to be affordable.

A Comparison of Housing Costs With Median (or less) Household Income

A second method of analyzing affordability is to use federal estimates of household income and compare these to housing costs in Waukesha County. The Department of Housing and Urban Development estimates the 1991 median income for the four county Milwaukee standard metropolitan statistical area (SMSA) at \$41,800. The values of both rental and owner-occupied housing affordable at that income level are displayed in Table 8. Affordable rents are calculated on the basis of a maximum of 30 percent of annual household income being spent on housing. Rather than make these comparisons based on the simplistic notion of a 2.5 ratio of income to purchase price, this calculation takes into account a factor lenders today must consider, household debt. Therefore, the three categories of house costs are based on the value of house that a median income household can purchase depending on the amount of current monthly non-housing debt payments households must make. The results show that for households earning the median household income, finding affordable housing can be almost as difficult as it is for the workers with average earnings discussed above.

Table 8:
Affordable House and Rent Costs
By 1991 County Median (or less) Household Income (\$41,800)

% of Median Income	Household Income	Affordable Monthly Rent At 30% Ann. Income	Affordable House Price With Monthly Debt of:		
			\$0	\$250	\$500
100%	41,800	\$1,045	\$126,052	\$95,663	\$65,000
80%	\$33,440	\$836	\$97,632	\$67,244	\$36,855
60%	\$25,080	\$627	\$68,362	\$37,974	\$7,585
50%	\$20,900	\$523	\$54,942	\$24,554	0

Source: 1991 U.S. Department of Housing and Urban Development; First Wisconsin National Bank, Milwaukee.

*Assumptions for determining estimated house price were: 30 yr. term, 9.25% interest, and average taxes and insurance paid on house within that range.

A comparison of 1990 median contract rents in each community with median household income shows that a household earning at least 80 percent of the median can afford median contract rent in all communities in Waukesha County. Households earning 60 percent or less than the

median income could afford the median contract rent in all but four communities. So on a household income basis, contract rents in the county at present serve as a barrier to only the lower end of the income distribution. Gross rents, those including utilities, are likely to serve as a barrier further up the income distribution. Until the Census data on this subject become available, it is not possible to state the degree to which this is a problem.

The case of homebuyers is not as rosy. New homebuyers earning 100 percent of the median income could purchase the hypothetical, smallest new house and lot available in several communities, depending on the current amount of monthly debt they are carrying. Households earning 60-80 percent of the median income must be debt free to afford even the smallest new house available while those earning 50 percent of the median income would be unable to find new housing at a price that they can afford.

SUMMARY

Changes in demographic trends, increasing inequality in income distribution, and continuously rising housing production costs are all factors that influence the provision of affordable housing nationwide. We have documented that these same factors are at work in Waukesha County, Wisconsin. Strong population and even stronger employment growth that is expected to continue throughout the decade indicate an increasing demand for affordable housing if the community is to support quality local economic development.

The median household income for the county has not kept pace with the increasing cost of housing. In one year alone (1990) the cost of a median priced home increased 25.5 percent while the median household income grew by only 4 percent. As housing costs escalate, an examination of current affordability in Waukesha County reveals that most communities are limited in their ability to meet the increased demand for affordable housing, particularly at the lower end of the price range.

In addition to demographic, income, and cost factors, there are other factors such as the zoning and subdivision regulations and local political pressure that are potential barriers to affordable housing production as well. The next section of this study is a review and an analysis of local zoning and subdivision regulations in Waukesha County to identify any regulatory barriers that exist to affordable housing and to estimate the scale of economic impacts that these barriers may have.

¹ Thomas H. Kean, Chairman of U.S. Department of Housing and Urban Development (HUD) Advisory Commission on Regulatory Barriers to Affordable Housing to HUD Secretary Jack Kemp, July 8, 1991.

² Betty Barrer, "Building Housing Solutions: Tools for Local Officials," The Municipal Forum 9: No. 2, (1988): 21-27.

³ Congress, House, Committee on Banking, Finance and Urban Affairs, Subcommittee on Policy Research and Insurance and the Subcommittee on Housing and Community Development, Report on the Advisory Commission on Regulatory Barriers To Affordable Housing, 201nd Cong., First sess., July 17, 1991 Serial No. 102-57, Washington, D.C.: GPO, 1991.

⁴ George Sternlieb and James W. Hughes, "Private Market Provision of Low Income Housing: Historical Perspective and Future Prospects," Housing Policy Debate 2:2 (1991): 123-156.

⁵ Brad German, "Out of Reach," Builder 13, (July 1990) :48-51.

⁶ William G. Apgar, Jr., Denise Di Pasquale, Jean Cummings, and Nancy Mc Ardle, The State of the Nation's Housing 1991 (Harvard: Joint Center For Housing Studies of Harvard University, 1991), 3.

⁷ Ibid., 4-5.

⁸ Barry Zigas, President of the National Low Income Housing Goalition, quoted in German, "Out of Reach," 49.

⁹ Apgar, et al, The State of the Nation's Housing, 1991, 6-7

¹⁰ Ibid., 7

¹¹ Ibid., 9.

¹² Department of Commerce, Bureau of the Census, 1990 Census of Population and Housing.

¹³ "Projections of the Population of States, by Age, Sex, and Race," Wisconsin Department of Administration, 1988.

¹⁴ Seneca Associates, 4900 W. Fond du Lac Ave., Milwaukee, Wisconsin. A summary overview of the general population and of income maintenance households in Waukesha County, Wisconsin. (1991).

¹⁵ Mark Rosnow, Alice Lambo, and Tamra Stark, Waukesha County Low Income Clients Needs Assessment: A survey of Low Income Clients and Key Informants, (Milwaukee: Planning Council for Health and Human Services, Inc., prepared for the United Way in Waukesha County, 1990): 29.

¹⁶ 1989 Waukesha Housing Authority Annual Report, by Cindy L. Hauser, Executive Director (Milwaukee, WI., 1989): 15.

¹⁷ Seneca Associates, 1991.

¹⁸ See Table 1, Appendix B.

¹⁹ Information on median sales prices of housing in the four county SMSA was obtained from the Multiple Listing Service, Incorporated, Milwaukee, WI.

²⁰ 1989 Waukesha Housing Authority Annual Report

²¹ Sternlieb and Hughes, "Private Market Provision of Low Income Housing: Historical Perspective and Future Prospects," 130.

²² Apgar, et al, The State of the Nation's Housing, 1991.

²³ Ibid.

²⁴ Germain, "Out of Reach," 49.

CHAPTER II
IDENTIFYING THE LOCAL REGULATORY BARRIERS TO
AFFORDABLE HOUSING

REVIEW OF LOCAL SUBDIVISION AND ZONING ORDINANCES

A major question of this study is to what degree do local regulations which apply to housing development force up the cost of housing. To answer this question, all of the local regulations that govern residential development in the county needed to be documented and analyzed. To do so demanded the review of the minimum requirements in both residential zoning ordinances and subdivision regulations for all thirty-seven municipalities in Waukesha County. A tool we used was one spreadsheet/database for zoning regulations and another for subdivision regulations. Both allowed a visual comparison by municipality of those minimum requirements that may increase the cost of housing.

We reviewed both zoning and subdivision regulations by municipality and grouped them by type of local government (i.e. city, village, or town) and, in the zoning database, by residential zoning district to facilitate the review and comparison of the data. We focused our analysis on existing minimum regulations and then determined if the established minimums were "excessive" and could reasonably be reduced. We judged whether they were "excessive" by comparing them, when possible, with minimum acceptable standards suggested by reputable agencies. Where we could find no suggested minimum standards, we used as reasonable guidelines the smallest minimums found in the local regulations of Waukesha County communities.

To determine the extent to which excessive regulation increases housing costs and to learn which regulations have the greatest impact on the cost of land, improvements, and housing construction, we calculated the cost of both excessive and suggested minimum requirements and compared them. Using average costs for construction and improvements, we calculated housing costs for the highest density residential district in each community using their existing minimum standards. "What if" scenarios were created for each community that showed how changes in local regulations can result in lower land improvement and housing costs and thus provide ownership and rental opportunities for moderate income households. (The complete spreadsheet/database covering all Waukesha County municipalities appears in Appendix A.)

Based on our analysis, numerous subdivision improvements can have a significant impact on the cost of housing in Waukesha County municipalities. Those which we examined are listed in Table 9.

Table 9:
Subdivision Improvements That Affect Housing Costs

Sanitary Sewer Main	Water Main	Pavement Width
San. Sewer Lateral	Water Lateral	Sidewalks
Street Constr. Material	Curb and Gutter	Street Lighting
Storm Sewer	Dedication Fees	Landscaping/Trees

Source: University of Wisconsin-Milwaukee Urban Research Center 1992.

Each additional dollar spent on these subdivision improvements increases the sales price of the house and lot by approximately three dollars, since improved lots are responsible for about one-third of the total sales price of a house and lot. Thus, any appropriate way to reduce the cost of improved lots leads to a three-fold decrease in final housing cost.¹

The zoning requirements selected for analysis on the basis of their impact appear in Table 10 below. Included are lot area and lot width which can have a significant effect on subdivision improvement costs.

Table 10:
Zoning Code Regulations That Affect Housing Costs

Lot Area	Lot Width	Total Floor Area in Sq. Ft.
Garage Required?	Maximum Density	Floor Area/ # of bedrooms
Conversion Allowed?	Front Yard Setback	Type of Housing

Source: University of Wisconsin-Milwaukee Urban Research Center 1992.

Our review of subdivision (Land Division) and zoning ordinances of all thirty-seven municipalities that follows reveals important information that can assist in identifying where changes in specific local regulations could and should be made to help reduce overall housing costs.

The first section reviews the minimum subdivision requirements found in the regulations of Waukesha County municipalities and describes our findings.

A. Minimum Required Subdivision Improvements

We calculated the average cost per unit of improvement for those subdivision improvements that can affect housing costs using current prices obtained from actual bids for various subdivisions in Waukesha County. These average improvement costs, displayed in Table 11, provide a basis for our comparison of the cost impact of both current and reduced minimum regulations. Most likely the average costs per unit of improvement are on the low side, as per-lot improvements vary

widely depending on the topography of the site, soil stability, and the number of finished lots over which fixed costs are distributed.

Table 11:
Average Per-Unit-of-Measure Costs of Selected Land Improvements

<u>SELECTED IMPROVEMENTS</u>	<u>AVERAGE COST</u>
Sanitary Sewer / Front Foot	\$25.01
Sanitary Sewer Laterals / Lineal Foot	\$23.62
Water Main Total / Front Foot	\$18.80
Water Lateral / Lineal Feet	\$16.00
Storm Sewer / Front Foot	\$18.52
Street without Curb and Gutter / FF	\$18.72
Mountable Curb / LF	\$5.48
Boulevard Curb / LF	\$6.23
Concrete Sidewalk 4' W x 4" D/Front Foot	\$6.00

Source: Village of Menomonee Falls; Mike Mucha, City Engineer, Mequon, WI.; the University of Wisconsin-Milwaukee Urban Research Center.

Sanitary Sewer:

\$25.01 average cost per front foot for mains, including manholes, and with fire hydrants spaced four hundred feet apart.

\$23.62 average cost per lineal foot for sanitary sewer laterals.

Most of the thirty-seven municipalities in Waukesha County state that they require the developer to provide sanitary sewer service, if sewer is available, to proposed subdivisions. Few municipalities, however, specify a minimum diameter for sanitary sewer mains or laterals. Those that do require an eight inch main and four to six inch lateral pipes, both of which conform to reasonable minimum sanitary sewer standards, need not be reduced.² According to engineering sources, the cost for pipe of different widths is insignificant in the total cost of sewer. It is the cost of labor and equipment that has a significant impact on the cost of sewer installation.³

In our attempts to track down the information on sewer pipe size, we discovered that this information was generally not a part of subdivision regulations but was included in the engineering specifications unofficially adopted by the public works department of each community. What appears in most subdivision regulations is a statement that the decisions regarding the size and amount of certain required improvements (sewer pipe size among them) will be made for each proposed subdivision by the municipal engineer or an appointed engineering firm. The pipe width requirements for those communities that stated them seemed in line with the range of recommended sizes adopted by the American Society of Civil Engineers for residential development.

Another component that can increase total sanitary sewer costs is the number of manholes needed in each subdivision. Manholes are usually required every 300-400 feet of straight sewer line and at the juncture of sewer pipes whenever the sewer changes direction. Another alternative,

allowing curvilinear sewer and using clean-outs to replace some manholes, would reduce the cost of sanitary sewer initially, but doing so could cost both the homeowner and the municipality more money over time because curvilinear sewers are more prone to leaks and blockages than straight sewer lines and ultimately are more costly to maintain. Although the cost of clean-outs is less than for manholes, clean-outs are not accessible by workers to clean, inspect, and repair sewer lines. Older sewer pipes can, for example, be replaced by inserting a vinyl liner into the existing sewer through a manhole. Where a manhole is replaced by a clean-out, replacing worn out sewer would require tearing up the street, adding significantly to repair costs. Also, a T.V. camera, an inspection tool used by many municipalities to monitor sewer leaks and other problems, cannot be placed in a sewer through a clean-out.⁴

The majority of communities requiring subdivisions to be hooked up to sanitary sewer also allow septic systems in specific zoning districts where there is sufficient percolation of the soil and where lots are of adequate size (generally equal to or greater than twenty thousand square feet) to accommodate a septic field.

Few municipalities require that developers oversize sewer mains in their proposed subdivisions. Those that do require the oversizing of pipes state that the cost of the oversize will be borne by the municipality.

Thus, sanitary sewer costs by themselves do not seem to add unduly to the cost of housing in Waukesha County. What may be out of line are the excessive sewer line lengths due to zoning requirements for lot width and front setbacks.

Storm Sewer

\$18.52 average cost per front foot, including catch basins.

The majority of municipalities in Waukesha County do not require installation of storm sewers. Three municipalities do require that storm sewer be provided in residential subdivisions while three other communities leave the decision to the discretion of the local governing board. No standards are provided, however, on which these boards must base their decisions. Thus there may be examples where excessive costs are generated by unreasonable requirements. Generally this is not an issue in the county. There are a few communities, however, which require developers to pay for the oversizing of sanitary sewer pipes.

Water System

\$18.80 average cost per front foot for water main.

\$16.00 average cost per lineal foot for water lateral.

Many of the municipalities in Waukesha County require that a water system be provided for each residential subdivision rather than allowing for individual wells on each lot. Studies reveal, however, that the per-lot infrastructure costs of a water system are greater than the cost of private well installation on larger lots.⁵ But where a water system already exists, individual wells are not an option, and cost savings can only be realized by a reduction in the size and especially the frontage of lots. As lot sizes are reduced, a water system becomes more cost efficient and more practical than individual, private wells.

Subdivision Street Design

\$1.12 average cost per square foot of pavement without curb and gutter.

Square foot costs for street construction were used because they could be applied to any width street to show the effect of street width on costs. In those communities which require curb and gutter, that cost is added separately.

This study reviewed local design and construction standards for the two types of subdivision streets built to access individual properties: the limited access, or minor streets, and the heavier traveled sub-collector street. These two street designs were reviewed because they are the types of streets most frequently constructed within a residential subdivision and because they contribute significantly to the cost of improved lots. Costs were calculated for the minor streets only because they are the type of street usually constructed to serve abutting subdivision properties. Minimum design specifications are suggested for the construction of sub-collector streets that will result in savings in improvement costs when that type of street is included in a proposed subdivision.

The review and analysis of street design standards focused on three basic components: 1) the types and amount of base and surface materials used, 2) pavement width, and 3) right-of-way width. A municipality-by-municipality review of the materials used in the construction of subdivision streets revealed that in those municipalities that specified design standards, the minimum required base material depth in almost all cases was ten to twelve inches. The final course of asphaltic pavement varied from a depth of one-and-one-half inches to three-and-one-half inches, depending on the municipality and whether the binder course was included in the measurement.

A minimum thickness of 8-12 inches for road base materials (e.g. crushed stone) is the typical range required for residential streets. The base layer requirements most frequently adopted by Waukesha County municipalities is 10 inches and falls within this range. A review of the literature reveals that reducing the depth of street construction materials in an attempt to lower improvement costs can result in poorly constructed streets that require more frequent maintenance and repair, thus costing abutting homeowners significantly more money in the long run. More importantly, it is the width of the pavement, not slight variations in the depth, that increases street costs (see Table 12, below)

A review of minimum right-of-way and pavement widths for local access and sub-collector streets indicates that in those municipalities where data were available, the right-of-way requirement for the limited access street was sixty feet in all but one community. The sub-collector street right-of-way required eighty feet in the majority of communities, although four communities required only sixty feet and three communities required between sixty-six and seventy feet. While a certain amount of right-of-way is necessary for installation of utility lines and for work access, excessive right-of-way width can contribute significantly to road construction costs and can reduce the amount of developable land, land that would remain on the tax rolls. Reducing the amount of land required for right-of-way can further reduce the total cost of housing by reducing improvement costs and increasing the amount of developable land.

Pavement widths for local access streets ranged from twenty-two feet to thirty-eight feet with the majority of municipalities requiring twenty-four feet of pavement width. The requirements for the pavement widths of local sub-collector streets ranged from twenty-four feet to forty-eight feet, with the majority of municipalities requiring between thirty and forty feet.

Pavement width is an important determinant of street costs and of overall improvement costs because it can add to the cost of sewer and water laterals as well. Table 12 illustrates that each additional foot of street width results in an additional \$56 in street costs. When other variables are held constant, an increase in street width from twenty to thirty feet increases street construction costs an additional \$560.

**Table 12:
The Effect of Street Width on Street Costs Holding All Other Variables Constant**

Curb and Gutter	Lot Width	Street width	Street Costs
0	100	20	\$1,120
0	100	24	\$1,344
0	100	28	\$1,568
0	100	30	\$1,680

Source: University of Wisconsin Urban Research Center, 1992

Sidewalks

\$6.00 average cost per front foot for concrete sidewalk four feet wide and four inches deep.

Sidewalks are required in residential subdivisions in six Waukesha County municipalities. Of those communities which require sidewalks, only four specify width. The sidewalk width adopted in all but one case is four feet. Most municipalities leave the decision on sidewalk width to the local board or council. Only one municipality requires a sidewalk width greater than what was required in other communities (five ft.). Those communities requiring sidewalks stipulate that they be constructed on both sides of the street, so that the cost of all lots is increased commensurably. Thirteen communities allow local plan commissions, councils or boards to decide the need for sidewalks at their discretion. No standards are provided to the local council or board on which to base a decision. Based on standard practice, if chosen, sidewalk width of four feet seems appropriate. More than that seems excessive.

Communities can reduce their need for sidewalks by decreasing street width. The narrower the street, the slower the traffic can move and the less likely it is that there will be more traffic. With narrower streets sidewalks can be eliminated, and sidewalk functions can be easily transferred to the street.

Curb and Gutter

\$5.48 average cost per front foot for mountable curb and gutter.

\$6.23 average cost per front foot for boulevard curb and gutter.

In urban areas, curb and gutter may be necessary to manage storm water run-off adequately. Requiring curb and gutter as part of subdivision roadway improvements in more rural environs can add unnecessarily to total land improvement costs. There are commonly two types of curb design that may be required: 1) Mountable curb, which costs \$5.48 per lineal foot, and, 2) Boulevard curb, costing \$6.23 per lineal foot. While our research indicated that material costs made up only a small portion of the overall cost of providing street improvements, the cost of labor and equipment

required for installation substantially increases the cost of all street improvements, including curb and gutter. In all, nine Waukesha County municipalities require the addition of curb and gutter to their roadways, while seven leave the requirement to the discretion of the local legislative board or council. Of the seven municipalities that require a specific curb and gutter design, only four require the more expensive boulevard curb which has the additional cost of requiring cuts for driveways. These cuts can cost as much as \$1,000 more. Because of the combined cost it seems that the boulevard curb should be abandoned.

Cul-de-Sac Requirements

\$1.12 average cost per square foot of pavement **without curb and gutter.**

The widths of cul-de-sacs range from sixteen to ninety feet in Waukesha County communities. Some of the variation in width is due to differences in the way cul-de-sacs are configured. If a planting area is created in the center of the cul-de-sac, the actual pavement width is correspondingly reduced. In communities where a central planting area is not required or for developments where one has not been planned, the paved area of the cul-de-sac increases. The median cul-de-sac width found in local subdivision regulations is forty-five feet. The most commonly adopted width for cul-de-sacs is ninety feet. Excessive cul-de-sac widths can add unnecessarily to the amount of paved area. Reducing cul-de-sac widths can reduce road construction costs, the need for larger storm sewers, and, therefore, the total cost of housing.

Lighting and Street Tree/Landscaping Requirements

The majority of municipalities do not require landscaping in the form of trees or shrub screens to be placed along the roadway in residential subdivisions. Those municipalities that require street trees stipulate both the size and the number of trees required. One community requires two street trees that must each have a 2 inch minimum trunk width per residential lot, although most municipalities require much less. Requiring street trees of this amount and size is excessive and can add several hundred dollars to lot improvement costs which are in turn passed on to the homeowner. Reducing street tree requirements to allow a smaller size and number of trees can reduce land improvement costs while still providing an essential part of what makes a subdivision attractive to neighbors and to potential lot or home buyers. The nominal cost of young street trees added to the price of individual lots, we believe, is far outweighed by the aesthetics and environmental benefits such landscaping provides. Nevertheless, it is an additional improvement and does add to final house costs.

In the case of multi-family development, only four municipalities require the addition of a landscape screen. Again, the additional cost of a simple but well designed screen of shrubs and trees can add natural beauty to a site, both increasing the enjoyment of those living within and facilitating neighborhood acceptance of multi-family development.

Other subdivision improvements that were examined but not included in our analysis were street lighting and signs. Only seven municipalities state a requirement for lighting at street intersections within a subdivision. All but five communities authorize the plan commission or the local legislative body to decide whether additional street lights should be required. Given that there was no requirement for additional street lights beyond what was necessary at intersections, currently adopted street lighting regulations do not add unnecessarily to the cost of housing.

Although the cost of street and traffic signs is factored into improvement costs, their low unit cost and the relatively few signs required in any subdivision generally makes these costs comparatively insignificant when spread over the total number of lots.

Land Dedication, "Fees-In-Lieu-Of-Land", and Impact Fees

Thirty-one of the thirty-seven municipalities in Waukesha County require dedication of land for schools, parks, and recreation as a condition of subdivision approval. Two municipalities leave the decision whether to exact such dedications to the discretion of the local governing body. Most of those municipalities that require the dedication of land offer the developer the option of dedicating land or paying a fee-in-lieu-of dedication. Those communities that do not state a particular dollar amount for their fee use a formula to determine a fee they believe is appropriate for each proposed subdivision.

The vast majority of developers pay the fees rather than dedicate land because the land dedication formulas found in most development codes do not provide for a sufficient amount of land in each subdivision to support a school or park of adequate size. In those developments where enough land is available, developers often do not wish to have parks or recreation areas within their subdivisions. Conversations with various municipal officials confirm that municipalities more frequently collect the dedication fee and place the money into non-lapsing accounts for the future acquisition of park land or open space.

Nineteen of the communities that allow payment of fees-in-lieu-of dedication of land state the required amount in their subdivision regulations. Dedication fees range from \$200 (four municipalities) to \$1335 (one municipality) per residential unit, with \$400 being the median required fee. Dedication fees are collected when the amount of land to be dedicated is not large enough for an on-site park, recreation area, or a school. The amount of the dedication fees in certain municipalities seemed unusually high, given that no explanation of how these fees were derived accompanied the fee schedules.

Our review of local ordinances also established that many Waukesha county communities are including off-site improvements such as water systems, sewer treatment facilities and increased safety (police and fire) services in their dedication fees. In the precedent setting 1965 land use law case, *Jordan v. Village of Menomonee Falls*, the Supreme Court of the State of Wisconsin upheld that the required dedication of land, or fees-in-lieu-of land, for school, parks or recreation as a condition of subdivision approval was a valid exercise of police power. Dedication fees to pay for off-site infrastructure needs were not included in the court's holding. In those communities where dedication fees are currently being used to fund such needs, the fees should be reviewed with the intention of reducing them to cover park, recreation, and school land purchases only. Fees for off-site improvements are impact fees in the eyes of the court and should, therefore, be treated as impact fees.⁶

In hard fiscal times when communities are questioning the merits of growth and requiring new development to pay its own way, development impact fees are becoming an increasingly popular mechanism for funding off-site infrastructure improvements necessitated by new development. While the courts have become more accepting of proportionate share development impact fees that pass the rational nexus test, the existence of the test shows that there still remains a great concern that the burden of providing for infrastructure improvements falls more heavily on those purchasing new homes in the community. In addition, impact fees are regressive because they are assessed on a per unit basis rather than on the value of a home. Impact fees can drive up the cost of housing well beyond what an ever increasing number of households can afford, and they

have an especially notable impact on lower cost housing. Table 13 displays the types and amounts of impact fees currently charged in 8 Waukesha County communities.

Table 13
Currently Adopted Impact Fees for
Selected Communities in Waukesha County, Wisconsin

<u>Community Impact Fees</u>		
C.Brookfield	Parkland	\$670/SFU
	Wetland Preservation	\$65/SFL
	Bikeway	\$200/SFL
C.Delafield	Impact Fee	\$1000/UNIT
C.Muskego	Water & Sewer	\$2,175
	RCA	\$500
	WCA	\$990
	School Impact	Proposed
	Park Dedication	\$400
C.New Berlin	None	
C.Oconomowoc	None	
C.Waukesha	Schools	\$413/UNIT
	Parkland Dedication	\$350/UNIT
	Storm Sewer	\$1900/ACRE
	Sanitation Sewer	\$300/ACRE
V.Menomonee Falls	Sewer Impact Fee	\$1315/UNIT (New) \$1050/UNIT (Existing)
	Water Impact Fee	Proposed
V.Mukwonago	Park Impact Fee	\$600/UNIT
	RCA (Sewage)	\$1500/UNIT
	School Impact Fee	Proposed
V.Pewaukee	Sewer Impact Fee	\$1000/UNIT
	Park & Open Space	\$100/1BR SFU \$300/2BR SFU \$500/3BR SFU
V.Sussex	Sewer Impact Fee	\$1925/SFH
	Water Impact Fee	\$450/SFH
	Park Impact Fee	\$425/SFH
T.Brookfield	No stated impact fee	
	Park Dedication Fee	\$200/UNIT \$100/UNIT (Elderly)
T.Mukwonago	School Impact Fee	
	No stated impact Fee	Proposed (\$300/LOT)
T.Pewaukee	Park Dedication Fee	
	Park Dedication Fee	\$450/UNIT

Source: Self-reported information; University of Wisconsin-Milwaukee Urban Research Center 1992.

The 8 communities listed in Table 13 charge impact fees for a variety of infrastructure needs created by new development, including water, sanitary and storm sewer, and bikeways. The other 5 communities charge fees-in-lieu-of-land-dedication for parks and schools. The City of Muskego impact fees are the highest at \$4,065, and they propose to add an additional school impact fee as well. The City of New Berlin reports that they currently charge no impact fees on new development. The eight communities that charge impact fees also have the highest fees, starting at \$1,000 per residential unit. Communities considering the adoption of impact fees on new development should be careful to charge only for the amount of infrastructure that new development requires and the fee structure should be carefully reviewed with the need to keep housing affordability in mind.

Environmental Regulations

The Southeastern Wisconsin Regional Planning Commission has identified and categorized environmentally sensitive corridors within the seven county area of southeastern Wisconsin that includes Waukesha County. The agency strongly advises that these lands be preserved in their natural state. County, state, and Federal agencies including the Department of Natural Resources and the Army Corps of Engineers regulate development of wetlands, shorelands, and other critical environmental areas. Most communities in Waukesha County have not adopted environmental regulations that are more restrictive than these, and no community requires submission of environmental reports beyond those that are required by outside agencies. One "lake country" community limits development of lands along the lakeshore to very low density, single-family development, and another has adopted a district to preserve the "natural state of scenic areas".

Environmental regulation can reduce the supply of developable land within a community, as does purchasing or otherwise acquiring land for parks and open space. Limiting the amount of land available for development affects the market by driving up the price of raw land and increasing the total cost of housing. But as a percentage of all land, even in Eastern Waukesha County, environmental regulations prevent development of such a small proportion that such restrictions cannot be blamed for significantly increasing the price of land.

Other Regulatory Action

In addition to local ordinances (subdivision and zoning ordinances and environmental regulations), there are policy decisions that communities make that can act as barriers to the development of affordable housing. Growth restrictions, such as limiting the number of building or sewer hook-up permits or setting boundaries limiting expansion of services such as sewer, water, and roads to land within a designated urban service area, can force up the price of developable land, thereby increasing the cost of housing. Decisions made by regulatory agencies, such as the Milwaukee Metropolitan Sewage District, can have a similar effect and should be considered when exploring ways to reduce housing costs.

Subdivision Approval (Permitting) Process

Several studies of various communities throughout the country and information gathered from public hearings held by the Advisory Commission on Regulatory Barriers to Affordable Housing created by Department of Housing and Urban Development Secretary Jack Kemp have demonstrated that the system of obtaining permits and approvals, which are meant to ensure that construction meets established standards, is "one of the most frequently criticized of all the

regulatory barriers to affordable housing".⁷ The system that has been adopted by Waukesha County municipalities for reviewing and approving subdivision proposals is modeled on the process outlined in the Wisconsin State Statutes. Based on responses to a survey sent to each of the municipalities in Waukesha County seeking information on the time required and the number of steps involved in obtaining development approvals and permits, it appears that the length of the permitting process varies from community to community and from project to project for a number of reasons. These are elaborated upon below, and their existence shows the process can indeed add to housing costs.

Survey of the Subdivision Approval Process in Waukesha County Local Governments.

A survey was sent to each municipality in Waukesha County that asked specific questions aimed at discovering the average actual length of time (as opposed to statutory time) that it took a subdivision proposal to be reviewed and to receive the necessary approvals and permits. The survey also asked development staff to identify which stage of the process took the longest, to attempt to offer an explanation of why this occurred, and to make suggestions as to how to reduce the time it currently takes to have a subdivision approved. The final question asked each community to report the average total fees paid for the processing and review of subdivision plans.

Fourteen communities (38%) out of a possible thirty-seven responded to the survey. Of this number, four respondents were cities, eight were villages, and two were towns. The first question asked for the statutory time period required for process approval when no rezoning was required. The range of responses was three to seventeen months, with an average time of five months. Actual time reported by eleven communities for obtaining needed approvals ranged from 3 months to 1 year, with an average time of six and one-half months. One community does not track the time required to obtain approvals and permits. Another community reported that the time varied from three months to several years. With such variance it appears that extended periods of time are excessive, and efforts should be made to reduce the time.

A similar recommendation can be applied to the area of the next question. In response to a question asking the average process time required when a rezoning was necessary, ten communities reported times that range from three and one-half to fourteen months. The average time required is almost eight months, although the individual times reported varied from community to community. The response from one community was not an average time but the comment that the amount of time required depended on the citizen reaction. Only two communities require public hearings in addition to those required by state statute. In both communities one additional hearing is required for rezonings to Planned Unit Development.

Seven of the eleven communities which answered the question of whether additional notice of rezonings or site plan approval was given to properties further than the required statutory distance from affected parcels responded that notification was provided to properties ranging from a distance of twenty-five to six hundred feet away from the proposed subdivision. These do not seem excessive.

The question asking which stage in the approval process took the longest time produced a variety of responses. The most frequent response was the preliminary plat stage. Other responses ranged from drainage specifications to staff meetings to engineering review. When asked the length of time the longest part of the process took, only three communities could provide an estimate, all of which fell into the two to four month range. Responses to the question asking for the average amount of fees paid for review and processing indicated a range between \$200 per lot to \$5000 for an entire subdivision, regardless of the number of lots.

The question posed to development staff seeking suggestions for making the process more efficient provoked several interesting responses that provide valuable insight on the many variables that determine the length of the process. A frequent suggestion was that the developer and his engineering consultant know a community's development code, procedures, and policies prior to working in the community, be fully prepared with complete plans and specifications for plan commission or municipal board meetings, and to follow prescribed codes without variance. Several communities suggested that review of plans by outside agencies, whether the county, the Department of Natural Resources, or the Milwaukee Metropolitan Sewerage District, unnecessarily slowed the process. Other recommendations included creation of a technical review committee with representation by all approving agencies that would determine the conditions of plat approval, thus saving the time currently required before various agencies, and providing adequate staffing and resources to the municipal departments responsible for the approval process. Because time is money in development, whatever ideas can be applied to speed this process would work to advantage to provide more affordable housing.

The survey sent to each of the municipalities, and a table displaying the responses from the fourteen communities that replied appears in Appendix C.

B. MINIMUM ZONING REGULATIONS

We arrayed in a database for review and analysis, by community, the minimum residential zoning regulations of all thirty-seven Waukesha County municipalities. The complete database can be found on pages 1 through 14 of Appendix A. The data, where available, were organized for each community for the following residential zoning districts: 1) Single-family, 2) Duplex, 3) Multi-family, and 4) Manufactured Housing parks (i.e. HUD Code Homes). An additional record was added for regulatory data on Planned Unit Development for each municipality that had such an ordinance. The analysis focused on zoning regulations that have the most significant impact on land and construction costs.

This section reviews the zoning regulation minimums for each municipality and is divided into sub-sections for single-family, multi-family, manufactured (HUD code) housing, and Planned Unit Development. The following paragraphs describe our findings, beginning with single-family zoning.

Single Family Zoning

Lot Area

It is interesting to note that single-family zoning districts adopted by Waukesha County municipalities cover a broad range of minimum lot sizes. The smallest minimum lot size adopted is 4800 square feet (allowing slightly more than nine dwelling units per acre), and the largest minimum lot size is one acre. Twelve of the thirty-four communities that specify a minimum require 20,000 square feet (almost one-half acre) in their highest density single-family district. Sixteen communities allow minimum lot sizes of less than one-half acre. These lots range in size from 4,800 to 15,000 square feet. Only eight communities allow single-family development on lots smaller than one quarter acre (11,000 square feet or less).

The median minimum lot size in Waukesha County is 20,000 square feet, and the minimum lot size most frequently adopted is also 20,000 square feet, or slightly less than one-half acre. A review of the data makes it clear that more than half (nineteen communities or 53 percent) of the

thirty-five Waukesha County communities that specify minimums require lot sizes in their highest density districts to be approximately one-half acre or larger.

When grouped by lot size, it appears that with one exception, communities which are more urbanized or in high growth areas of the county allow development of smaller single-family lots than do the more rural towns and villages. An exception is found in one community, both urban and experiencing high growth, which has a minimum single-family lot size of 22,500 square feet, or slightly larger than one-half acre.

Smaller lots are generally less expensive than larger lots within the same community or within areas experiencing similar development pressure. Thus, communities seeking to reduce housing costs must look first at reducing lot size. It must be noted, however, that as lot sizes increase, costs do not increase proportionately. The per-square-foot cost of land becomes less as supposed economies of scale come into play.

Lot Width

Lot width is a significant determinant of total land improvement costs because the most expensive site improvements (e.g. roads, sewer and water) are calculated on the basis of the number of feet of frontage required for each lot. Minimum lot widths found in the regulations of Waukesha County municipalities ranged from forty to two hundred feet. Twenty-two communities (63 percent) of the thirty-five which indicated a minimum lot width required that the minimum be one hundred feet or greater.

The median minimum lot width in Waukesha County is one hundred feet. The minimum lot width most frequently adopted, however, is one hundred twenty feet. The substantial impact of lot width requirements on land improvement cost is illustrated in Table 14 which shows how width affects the cost for six types of lot improvements.

Table 14:
Total Minimum Lot Improvement Costs For Various Lot Widths

Lot Width	Front Setback	Street Width	Curb And Gutter	Sanitary Sewer	Water	Storm Water	Street	Sidewalk	Total Cost of Improvements
60	50	27	\$328.80	\$2,569	\$1,788	\$957	\$907	\$360	\$6,910
66	50	27	\$361.68	\$2,699	\$1,884	\$1,053	\$998	\$396	\$7,391
80	50	27	\$438.40	\$3,000	\$2,110	\$1,276	\$1,210	\$480	\$8,515
100	50	27	\$548.00	\$3,431	\$2,433	\$1,595	\$1,512	\$600	\$10,120
120	50	27	\$657.60	\$3,862	\$2,756	\$1,914	\$1,814	\$720	\$11,724
130	50	27	\$712.40	\$4,078	\$2,917	\$2,074	\$1,966	\$780	\$12,527
180	50	27	\$986.40	\$5,155	\$3,724	\$2,871	\$2,722	\$1,080	\$16,539
200	50	27	\$1,096.00	\$5,586	\$4,047	\$3,190	\$3,024	\$1,200	\$18,144

Source: Minimum zoning regulations adopted by Waukesha County municipalities, Average local improvement costs. University of Wisconsin-Milwaukee Urban Research Center, 1992.

Using average improvement costs per foot or square foot and holding both street width and front-yard setbacks constant, it is clear that the cost of each of the six improvements, and thus the cost of an improved lot, increases substantially as the width of the lot increases. The total improvement costs for a lot sixty-six feet wide are \$6,910 while the total improvement costs for a lot two hundred feet wide add up to \$18,144. The additional one hundred forty feet of lot width increases improvement costs by \$11,234. Based on the established three-to-one ratio of improvement costs to the sale price of house and lot, the increased frontage would result in an additional cost to the home buyer of \$33,702. Obviously this is the extreme, but it does illustrate how critical lot width requirements are in determining sale prices of housing.⁸

Minimum Floor Area Requirements

Twenty-seven of the thirty-seven communities in Waukesha County specify an absolute minimum number of square feet allowed for each single-family residence. The adopted minimums for the communities using an absolute minimum floor area range from nine to fifteen hundred square feet.

Eight communities have adopted minimum floor area standards based on the number of bedrooms per single-family unit. For communities that determine the minimum floor area based on the number of bedrooms, the range of allowable minimums falls between eight and fourteen hundred square feet for a one bedroom single-family unit, between nine and fourteen hundred square feet for a two bedroom unit, and between eleven and fourteen hundred square feet for a three bedroom single-family unit. The median required minimum floor area adopted in Waukesha County for a single-family residence is eleven hundred square feet, although the most frequently adopted minimum floor area is twelve hundred square feet. Although most of these minimum floor area requirements are considerably smaller than the homes built during the last decade, the minimums can still be adjusted to allow more affordable housing to be constructed.

In order to make meaningful comparisons of the impact of total floor area on housing costs, we have used average square foot costs of construction. The four types of housing analyzed (single-family, duplex, multi-family, and manufactured housing, i.e. HUD code homes) and their average per square foot costs are displayed in Table 15 below. The costs for stick-built housing represent wood siding & frame, standard plans, average quality, and an unfinished basement. Not included in the costs are a carport, at an additional cost of \$6 per sq. ft., or a two car attached garage at an average additional cost of approximately \$8,000. The average per square foot costs listed for manufactured housing are for single wide and double wide units respectively.

Table 15:
Average Per Square Foot Cost of Housing by Type and Size

<u>Housing Type</u>	<u>Size of House (Sq. Ft.)</u>				
	<u>800</u>	<u>1000</u>	<u>1200</u>	<u>1400</u>	<u>1600</u>
Single-family	\$60	\$60	\$60	\$60	\$60
Duplex	\$60	\$60	\$60	\$60	\$60
Multifamily	\$55	\$55	\$55	\$55	\$55
Manufactured Hsng.	N/A	\$19.70	N/A	\$24.17	N/A
Other Industrialized	\$46	\$42	\$40	\$37	N/A

Source: Metropolitan Builders' Association of Greater Milwaukee 1991 average housing construction costs; Means' Square Foot Costs: Residential, Commercial, Industrial, 1991 ed.; U.S. Department of Commerce, 1989.

The cost per square foot for single-family and duplex construction were derived from the 1991 average square foot construction costs in the Milwaukee metropolitan area, and from the 1991 Means' Square Foot Costs which annually averages square foot construction costs for three major categories of construction, including residential. Table 16 shows that, very simply, raising floor area requirements raises the cost of the unit and that when the floor area requirements are doubled, the cost of the house doubles as well.

Table 16:
Total Per Unit Cost of Various Minimum House Sizes By Type

<u>Type</u>	<u>800 sf</u>	<u>1000 sf</u>	<u>1200 sf</u>	<u>1400 sf</u>	<u>1600 sf</u>
Single-family	\$48,000	\$60,000	\$72,000	\$84,000	\$96,000
Duplex	\$48,000	\$60,000	\$72,000	\$84,000	\$96,000
Multifamily	\$44,000	\$55,000	\$66,000	\$77,000	\$88,000

Source: Metropolitan Builders' Association of Greater Milwaukee 1991 average housing construction costs; Means' Square Foot Costs: Residential, Commercial, Industrial, 1991 ed; U.S. Department of Commerce, 1989.

Front Yard Setback Requirements

Setback requirements affect the cost of housing because the distance between the house and the center-line of the street determines the cost of sewer and water laterals and can affect driveway construction costs (where applicable) as well. A review of the data reveals that minimum front yard setback requirements adopted by Waukesha County communities vary from twenty-five to fifty feet. The median front yard setback is fifty feet, and nineteen communities, or 53 percent, require a minimum setback of fifty feet in their highest density single-family zoning district. Table 17 provides insight into the impact of setback requirements on the cost of certain lot improvements.

Table 17:
Improvement Costs Affected by Front Yard Setback Requirements

Improvement	Cost Per Lineal Foot	Cost at 50 ft. Setback	Cost at 25 ft Setback	Difference (Savings)
S. Sewer Lateral	\$23.62	\$1181.00	\$590.50	\$590.50
Water Lateral	\$16.00	\$800.00	\$400.00	\$400.00
Asphalt Driveway*	\$10.08	\$1260.00	\$1008	\$252.00
Combined Cost/Savings	\$49.70	\$3241.00	\$1998.50	\$1242.50

*Twelve foot wide, fifteen hundred square foot driveway.

Source: Department of Public Works, Village of Menomonee Falls, Precision Asphalt Maintenance, Inc. The University of Wisconsin - Milwaukee Urban Research Center.

A 25 foot reduction in setback requirements from 50 to 25 feet can result in an average savings of \$990.50 per lot on the cost of just water and sewer laterals. Reducing the front yard setback to 25 feet can lower the cost of an asphalt driveway that is twelve feet wide by \$252. The total average savings on improvement costs, therefore, calculated on the basis of a 25 foot reduction of setback length alone is \$1242.50.

Side Yard and Rear Yard Offsets

There are vast differences in side yard offset requirements, 6 to 30 feet, for single family zoning adopted in Waukesha County. Rear yard offsets for single family vary from a low of 10 to a high of 50 feet. Large side and rear yard offsets arbitrarily limit placement of the house to the center of the lot, thereby reducing the amount of usable land, particularly on smaller lots, and increasing housing costs. A more attractive and less costly approach for smaller lots would be to allow perpendicular or angled placement of the building on a lot which can provide more usable land as well as achieving a corresponding reduction in utility and infrastructure costs.

Conversion to Two Family

Six of the thirty-seven municipalities in Waukesha County allow the conversion of a single-family home into a two family residence. Of the six communities that allow conversions, one will only permit conversion of homes built before 1978. Another community allows the conversion of large farm structures or other buildings unsuitable for single-family use into housing for two or more families. This ability to convert creates the opportunity for inexpensively expanding the number of housing units in a community without the need to build additional structures. The fact that so few Waukesha County communities allow conversions indicates that currently such an inexpensive route to affordable housing is highly prohibited. That is unfortunate since it is the least expensive route to expanding the supply of affordable housing.

Duplex Zoning

Lot Area

Thirty communities in Waukesha County state in their regulations that they allow duplex development. Lot area requirements are stated per dwelling unit or per dwelling (two dwelling units) and range in size from 7,200 square feet per dwelling to just over one acre. Just as for single family, excessive lot size for duplex development increases the cost of land, improvements, and housing construction. A small number of communities require the same size lot for a duplex unit as they require for single family units. The primary purpose of duplex housing is to create a more affordable housing unit, but when the lot size for a duplex dwelling unit is as large as that for single family, total housing costs for each are approximately the same, given the 1:3 land-to-house ratio. When the lot size for a duplex unit is smaller than that required for single family, however, total housing costs can be reduced, making duplex housing more affordable.

Lot Width

Just as for single family zoning, lot width for duplex is a significant determinant of land improvement costs due to the number of expensive improvements such as sewer and water mains, streets, and sidewalks whose costs are calculated on the basis of front lot width. Lot width requirements for duplex housing vary considerably from community to community with a range between 66 and 180 feet, with a median lot width of 120 feet. When, as in the case of duplexes constructed for condominium ownership, the costs of lot improvements are divided between two units, the cost to the individual homebuyer is reduced automatically, but by further reducing excessive lot width even greater savings can be realized, and duplex housing can be made even more affordable. In the case of a duplex dwelling which is purchased to be rented, lowering improvement costs by reducing lot width can result in lower rental costs.

Minimum Floor Area Requirements

The floor area requirements for duplexes are stated in the local zoning ordinances of Waukesha County communities either in square feet per dwelling unit or per building. But in several communities there is no indication as to which of these two the stated minimum applies. In other communities where it is clear, the minimum floor area for a duplex unit is stated either as the number of total square feet required for the unit or as the number of square feet required based on the number of bedrooms per unit. The range of minimum floor area requirements for each duplex unit, therefore, ranges from 800 square feet to 1550 square feet.

Although the minimum square foot requirements adopted in the majority of communities, ranging from 800-1100 square feet per unit, are of a reasonable size to allow the construction of affordable duplex housing, the minimums which range from 1200-1550 square feet in the remaining communities can be further reduced. While there are cost savings realized from duplex construction compared to single family, greater cost savings can be realized when the size of the unit is reduced.

Front Yard Setbacks

Most communities have adopted a 50 foot front yard setback for duplex housing, although one community has adopted an 85 foot minimum setback. The smallest setback distance found in local Waukesha County regulations, however, is 25 feet and is found in 4 communities. Lowering front yard setback requirements produces savings on lot improvement costs by reducing the amount

of sewer and water lateral needed as well as the amount of driveway materials. The cost savings realized from reducing excess lot area, lot width, floor area, and setback requirements collectively translates to more affordable duplex construction.

Multi-Family Zoning

Multi-family regulations in most Waukesha County communities were generally difficult to find and frequently difficult to analyze as well. Our examination of these local zoning codes identified that a range of variations existed in multi-family zoning regulations in Waukesha County. A comparison of local multi-family zoning, therefore, required a careful examination of those components that may be overly-restrictive.

In our review of local regulations we found that thirty of the thirty-seven municipalities in Waukesha County do allow multi-family housing within their communities, and that in twenty-three of these communities it is a permitted use by right. In seven communities multi-family zoning is allowed in one or more districts only as a conditional use, and in one community it is a conditional use allowed only as a planned unit development, which requires yet another conditional use to be granted. One community's multi-family district permits elderly housing exclusively, and another community has a district entitled multi-family but which is limited to two-family units.

Lot width, street width, and front setback requirements, which are among the regulations that can substantially affect total house costs, are not useful in determining if local regulations severely restrict multi-family development. Density, open space, maximum building height, and floor-area-ratio are regulations which limit the amount of development that can occur on a given parcel of land, and floor area requirements that determine the minimum size of a dwelling unit are more important ways of judging the exclusivity of multi-family zoning regulations. Density in terms of dwelling units per acre, minimum lot size, and open space requirements directly govern the intensity of multi-family development. Bulk requirements such as maximum building height and maximum floor-area ratio (lot coverage) indirectly limit the intensity of development and may be more important from the perspective of neighboring residents because they determine the design of both the building(s) and the lot. Excessively restrictive use of these controls, particularly in combination, can severely limit the intensity of multi-family development, driving up development costs which are then passed on to residents in the form of higher rental costs. Additionally allowing multi-family housing only as a conditional use rather than as a permitted use by right is another method of limiting this type of housing within a community. This also increases per unit costs by restricting the supply.

Multi-family as a Conditional Use

Allowing multi-family housing as a conditional use gives the community both greater control over the amount of multi-family development it will accept and a tool that it can use to restrict this type of development to the less desirable areas of a community. The result of segregating higher density rental housing to areas inappropriate for residential living can create a false negative impression that can make it even more difficult for multi-family developments to gain acceptance.

Maximum Allowable Density

Density, measured in units per acre, is determined by the minimum lot size required per family or dwelling unit. Due to the variety of ways that local multi-family codes are written, however, determining the density for multi-family zoning is not as straightforward as it is for

single-family and duplex districts. Multi-family development codes are open to a great deal of interpretation and require a consultation with the community's planning staff who review each proposal and determine if the proposed density falls within the prescribed limits.

Seventeen of the 28 communities that allow multi-family housing state no density requirements in their zoning code. The other 11 communities either specify the maximum density allowed or provide enough information to calculate density based on the minimum lot area per dwelling unit, the number of bedrooms per unit or the number of family units per dwelling. The range of maximum allowable densities varies from a low of 2.5 to a high of 72.6 units per acre, depending on the method of calculation, the type of unit, and whether development occurs with or without sewer.

The absence of density requirements affords the community the ability to determine the maximum density of multi-family proposals on a case by case basis. There may be cause for concern when density requirements are not stated in local regulations if doing so is a way of rejecting multi-family housing or if it allows a community to impose density requirements that unnecessarily increase construction costs or makes multi-family development financially unfeasible.

A community's multi-family building code can also unnecessarily increase the cost of multi-family construction by requiring a more expensive class of construction, the installation of a sprinkling system, covered or underground parking, and by increasing minimum floor area and bedroom size over and above what the zoning code allows. Communities currently adopt, by reference, Chapter 57 of the State Uniform Building Code for commercial construction, which regulates construction of dwellings for 3 or more families, with an addendum containing extra requirements which the community demands. A uniform building code for multi-family construction has been introduced into the Wisconsin State legislature for adoption. The uniform multi-family building code, if adopted, will become the standard in all Wisconsin communities and eliminate the opportunity for communities to use building code requirements to exclude multi-family housing.

Open Space and Maximum Floor-Area Ratio Requirements

Other zoning regulations that limit the amount of development on a given parcel of land are open space requirements and maximum floor-area ratio. Maximum floor area ratios (FARs) determine the proportional relationship between buildings and land. Comparing parcels of the same size, the larger the floor-area ratio, the greater the amount of development allowed in proportion to the site, meaning that a one-acre site with a floor-area ratio of 50% could have a maximum of 21,780 square feet of building, while the same one acre with a floor area ratio of 20% would be allowed only 8,712 square feet of building.

Maximum floor area ratios in Waukesha County range from 15% to 50% in the twelve communities that have adopted them. The most frequently adopted FAR is 15%. While some communities with large minimum lot size requirements have small FARs, thereby limiting the scale of multi-family development, other communities combine minimum lot requirements with large FAR's, thus allowing more and/or larger multi-family dwelling units.

Open space requirements, which are generally stated per dwelling unit, limit the intensity and the density of development such that a 10,000 square foot building with 15 dwelling units would require more land than a 10,000 square foot building containing 20 dwelling units. Open space requirements in Waukesha County range from 1,500 to 7,500 square feet per dwelling unit when sewer is available and from 9,400 to 15,000 square feet in areas without sewer. The ranges

suggest that these requirements are sometimes arbitrary and excessive, contributing to housing costs.

Maximum Building Height

Maximum building heights for communities in Waukesha County range from twenty-seven to one hundred twenty feet, or two to five floors. The most frequently adopted building height is thirty-five feet. When used in combination with maximum floor area ratios, maximum building height regulations can impose excessive restrictions on multi-family development. Ten communities pair maximum building height with maximum floor-area ratios which offers additional control of the type and intensity of multi-family development because building height further limits the amount of floor-area.

Minimum Floor Area

Minimum floor area requirements for multi-family housing are most commonly expressed in the number of square feet per dwelling unit based on the number of bedrooms per unit. In certain communities floor-area requirements are provided on a per family or per structure basis. A review of local regulations shows that the minimum square foot requirements per dwelling unit can vary significantly. The range of unit types allowed, from efficiency to 4 + bedrooms, varies as well. Table 18 displays the range of total floor area requirements for multi-family dwelling units based on the number of bedrooms.

Table 18:
Total Minimum Square Feet Required per Dwelling Unit
By Number of Bedrooms

	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
<u>Smallest minimum</u>	500 sf	600 sf	850 sf	900 sf
<u>Largest minimum</u>	900 sf	1000 sf	1300 sf	1500 sf
<u>Most Adopted Min.</u>	500 sf	1000 sf	1100 sf	1075 sf

Source: Local zoning regulations for Waukesha County, WI.
and the University of Wisconsin-Milwaukee Urban Research Center 1992.

The larger the minimum floor area requirements, the higher the rental costs for the unit. Large minimum floor areas, however, do not always indicate more bedrooms. Regulations in many communities in Waukesha County do not give floor area minimums for more than three bedroom units which raises the question of whether units with four or more bedrooms are allowed. One community specifically states that units with three or more bedrooms are not allowed. Restricting the number of bedrooms per unit can effectively limit the size and make-up of the household that will occupy the unit, usually families with children.. Households with children often need rental units with more than two bedrooms but have great difficulty finding them in Waukesha County. The minimum floor areas described in the table above can serve as standards and be applied by those communities whose current minimum standards may be excessive.

Manufactured Housing

"Manufactured housing" is a term that is often confusing because it is frequently used to describe all types of factory-built housing. In fact, the term is correctly used to define what used to be called a "Mobile Home".

A law passed by Congress in 1976 established the National Manufactured Home Construction and Safety Standards and required that all future mobile homes built after that date must conform to those standards. Congress soon recognized that mobile homes were actually permanent residences and in 1980 legally changed the name to "Manufactured Housing". Because the standards are administered by the U.S. Department of Housing and Urban Development, manufactured homes are often referred to as "HUD Code homes". Manufactured housing (HUD Code homes) are the only homes with a national building code. For this reason, manufactured housing cannot be regulated out of communities if it meets one of two basic siting options:

- 1) The manufactured (HUD Code) home is permanently attached to a foundation, is sold with the land, and meets the minimum requirements of the zoning district, or
- 2) The manufactured home is sited on a lot not owned by the homeowner but that is part of a manufactured housing planned residential community.⁹

Table 19 shows that thirteen of the 37 communities in Waukesha County currently include mobile home or "trailer" parks in their zoning regulations, although only nine communities allow mobile home parks (manufactured housing development) as a use by right. The other four communities restrict manufactured housing as a conditional use in certain districts only.

Table 19:
Waukesha County Communities Which Allow Mobile Home Parks
Either as a Permitted Use or as a Conditional Use

	PERMITTED USE	CONDITIONAL USE ONLY
CITIES		
	Waukesha	
VILLAGES		
	Hartland	
	Lannon	
	Pewaukee	Mukwonago
	North Prairie	Merton
TOWNS		
	Mukwonago	
	Delafield	Pewaukee
	Genesee	Eagle
		Merton

Source: Zoning Regulations for Selected Waukesha County Communities;
University of Wisconsin-Milwaukee Urban Research Center 1992.

If it is similar in appearance to existing homes in the subdivision, a typical 14 ft. by 76 ft. single-wide manufactured house at 1,064 square feet could be allowed in the highest density single-family residential zone in ten communities in Waukesha County because it exceeds the minimum single-family square foot requirements for those communities. At 1,680 square feet, a 24 ft. by 70 ft double-wide manufactured house exceeds the minimum standards in all thirty-seven municipalities in Waukesha County.

Table 20:
Differences in Average Cost between
Site-Built and Manufactured Housing

Basic 1064 Square Foot	Cost/Square Foot	Total Construction Cost
Site-Built House	\$60	\$63,840
Manufactured House	\$19.70	\$20,961
Difference in Construction Costs	\$40.30	\$42,879

Source: Metropolitan Builders' Association of Greater Milwaukee, 1991; Department of Commerce, 1989; University of Wisconsin-Milwaukee Urban Research Center, 1992.

The cost of manufactured housing is significantly less than site built housing. Table 20 shows that at \$60 per square foot for construction costs, an average 1,064 square foot, site-built house can cost \$63,840 without the lot. A manufactured house of the same size at \$19.70 a square foot has a total cost without land of \$20,961. The manufactured house represents a savings of \$42,879 to the home-buyer. What is just as important both to homeowner and to community residents is that both homes are attractive and durable. Despite the attractiveness and quality of manufactured housing today, pre-1976 mobile homes that were usually of poorer quality and frequently lacking in aesthetics have left a lingering concern that makes it difficult to garner acceptance for manufactured housing today despite their affordability. Many excellent examples of manufactured housing communities can be found in Southeastern Wisconsin today.

Planned Unit Development (PUD)

Included in the zoning ordinances of 25 Waukesha County communities is a planned unit development (PUD) district that is used either as a freestanding zone or as an overlay district that can be applied to one or more base zoning districts.

The purpose of PUD zoning is to provide the public sector with an effective means of regulating mixed use developments, an "attempt to escape. . ." the segregation of uses required by zoning ". . . as well as to find relief from the detailed, lot-by-lot design requirements imposed by traditional bulk regulations".¹⁰ An important reason for adopting PUD is that it emphasizes planning the development of a large piece of land as a unit as opposed to the lot-by-lot development of traditional zoning. By allowing design flexibility communities hope to eliminate the excessive site grading required by the gridiron development patterns of traditional zoning and to encourage the preservation of open land. Waukesha County communities require that a PUD include a specific amount of dedicated open space within the development as a condition of approval. By varying lot sizes and clustering homes PUD can preserve significant features of the site (such as a natural drainage way, a large stand of trees, or the like) in open space without increasing either density or the impact on the community, although as originally conceived planned unit development incorporated higher density development. In communities that currently allow PUD as a freestanding zone, density requirements can be negotiated in exchange for more attractive design, more effective use of landscaping and open space, or other elements that can achieve the development goals for which a community has adopted PUD zoning.

The majority of municipalities in Waukesha County (16) allow PUD zoning as a conditional use only. Six communities allow PUD for commercial and industrial as well as residential development while the remaining communities allow PUD for residential development only. Several communities require that PUD be used exclusively in their single family zoning districts, although the majority allow PUD in all residential zones.

The overall density of PUD is calculated either by formula or is held to the density requirements of the zoning district in which it is located. By far the majority of communities demand that the overall density of planned unit development be no greater than that allowed by the underlying zoning. Although lot area, lot width and setback requirements for PUD in Waukesha County are usually the same as those of the underlying zoning district, certain communities specify different and often more restrictive requirements for PUD. Therefore, lot area requirements for planned unit development in Waukesha County range from 7,200 square feet (approximately one sixth of an acre) to one acre in the highest density single family district. Lot width requirements range from 70 to 200 feet, and front setbacks range from 25 to 50 feet. Floor area requirements in

most communities remain the same as those found in the underlying zoning district, while in two communities the minimum floor area requirements seem to be increased for PUD.

Planned unit development controls, because of their flexibility and complexity, can be an effective regulatory tool from the viewpoint of the developer and the local community. Planned unit development gives local officials the opportunity to negotiate with developers and to tradeoff density for desired amenities such as open space and recreational facilities. It is a tool that can be used appropriately for the development of affordable housing by encouraging both the higher densities needed to support lower housing cost and providing attractive street and lot layout as well as open space and other on-site improvements that can make higher density affordable housing more palatable to the community.

¹ Average per unit of measurement costs of specific improvements were calculated for those improvements that were generally required and for which total costs would be significant. Therefore, average costs were calculated and applied only to specific improvements which were more universally applied. These average unit costs are displayed in Table 11 in part A of this Chapter. Most likely the average costs provided are on the low side, as per-lot improvements vary widely depending on the topography of the site, soil stability, and the number of finished lots over which fixed costs are distributed. Nevertheless, the results are informative.

² E. Lee Fisher and Carol E. Soble, Affordable Housing Development Guidelines For State and Local Government, prepared for U.S. Department of Housing and Urban Development Office of policy Development and Research, Innovative Technology Division, Contract HC-5789. (Washington, D.C., HUD, November 1991).

³ D. Michael Mucha, Engineer, City of Mequon, Wisconsin. Conversation with Mary Kay Schuetz, April 1992.

⁴ Ibid.

⁵ Chapter 65: "Acreage Zoning," American Land Planning Law, 2, supplement (1987, 1991): 847-865.

⁶ David L. Callies and Robert H. Freilich, Cases and Materials on Land Use (St. Paul: West Publishing Company, 1986) 377-378.

⁷ Department of Housing and Urban Development, “Not In My Back Yard”- Removing Barriers to Affordable Housing, Report, (Washington, D.C., U.S. Department of Housing and Urban Development, 1991)

⁸ We obtained the average costs per foot or square foot used in our calculation of subdivision improvements by averaging available improvement costs found in actual engineering bids for recently approved subdivisions in several Waukesha county communities. We then compared our average costs with average costs for recently constructed improvements with similar specifications from another metropolitan Milwaukee suburb and found that the costs of improvements per unit of measure were virtually the same. Given that engineering specifications for improvements do vary both across municipalities and over time, we believe that using average costs obtained from recent development in various suburban communities provides a reasonable base for comparison.

⁹ Wisconsin Manufactured Housing Association, “Wisconsin’s Best Housing Value,” pamphlet, (Madison: WMHA, 1990/91).

¹⁰ Frank S. So, Judith Getzels, eds., The Practice of Local Government Planning, 2nd Edition (Washington: International City Management Association, 1988) 276-277.

CHAPTER III

REMOVING THE BARRIERS TO AFFORDABLE HOUSING

In Chapter I of this report we established the need for affordable housing in Waukesha County, Wisconsin, by documenting the increasing disparity between the number of families and individuals seeking housing and the available housing stock. The growing number of smaller households, both young and old, and rapidly rising housing costs coupled with average local earnings that have not kept pace have reduced the access to such housing.

But meeting documented housing needs is not the only reason to create more affordable housing in the County. This third chapter ends with a discussion of numerous reasons why communities in the county should remove current barriers to affordable housing. Two of the most important reasons include:

- an increasing labor shortage in the county that threatens the economic stability, and ultimately the tax base, of individual communities as well as the entire county; and
- growing environmental concerns regarding the need to reduce both the amount of commuting and commuting distance that increases air pollution, and conserving and protecting land resources from the effects of sprawl.

In Chapter II we argued that local regulations in Waukesha County, including subdivision and zoning ordinances, have become effective barriers to the development of affordable housing, and we conservatively estimated the cost impact of such local regulations on total housing costs. In general, large-lot zoning combined with excessive lot width significantly increases land improvement costs. In addition, the cost of specific improvements is often greater than necessary because of excessive subdivision requirements. Studies by others show that large-lot zoning can also drive up the price of raw land in growth areas and communities where the supply of developable land is limited.¹

Other potential barriers to affordable housing locally are strong housing demand and local political pressures. The local housing demand stems from a combination of factors including employment growth in the county, markedly lower property taxes than in Milwaukee County, demographic changes, especially the growth of a wealthier baby boom population reaching its prime earning years, an expanded freeway (I-94), locations near growing employment centers in western Milwaukee County, and communities with vacant land open to development. Local political pressure in reaction to the strong housing demand often seeks increased restriction of residential development, the imposition of higher development impact fees, and low density, large-lot zoning which drives land costs higher and forces the construction of more expensive dwellings. Evidence of the presence of these forces was confirmed in certain areas of the county by both the number and restrictiveness of local regulations.

As we noted, there are two ways in which local regulations become barriers to affordable housing. One way is through excessive regulation that raises housing costs. The other approach excludes certain categories of housing from a community. In our review of local land use regulations in Waukesha County we found that many municipalities need to further reduce minimum standards in regulations that are currently excessive and that add unnecessarily to the cost of housing, if they are to allow affordable housing. We also found municipalities that did not include manufactured housing communities or multi-family housing in their zoning code and others that may have allowed them on paper but never approved them on the ground. In Chapter III we

offer a number of suggestions to assist local decision makers: 1) in their work of bringing about regulatory change which will create affordable housing opportunities; and 2) in their work with community residents to change negative perceptions and to allay the typical fears that accompany any change. Not all suggestions for regulatory change will be appropriate in all locations, but the more that are utilized in single locations the greater the probability that the housing constructed will be affordable.

In this Chapter we first recommend ways in which construction and land improvement costs can be reduced by changes in local ordinances that will not require local governments to have to choose between affordable housing or quality development. Second, we will provide arguments to support the recommended regulatory changes and show how communities can provide a climate for the production of affordable housing that will enhance the tax base and create an attractive community. With careful planning, we believe, it is possible for a community to have both.

In Chapter III we also provide communities with a range of minimum acceptable standards recommended by national authorities. Where nationally recommended standards are not available, the smallest current minimum standards found in the local regulations of Waukesha County communities are utilized. We strongly encourage communities to adopt new minimum standards in lieu of each current regulation that unnecessarily increases the cost of housing. In most of those communities that have excluded certain types of housing we vigorously recommend the adoption of zoning ordinances that allow for a variety of housing types, including manufactured housing and multi-family housing. We recommend planned unit development (PUD) as a tool offering design flexibility that incorporates common open space and other features that make affordable housing aesthetically pleasing to both residents and to the community and that can be used to link business development with housing for the workforce.

When reviewing the available options for regulatory change, we looked for the most appropriate and effective strategy to reduce initial housing costs that would not result in increased maintenance, repair, or operating costs over time for either the homeowner or the community. Strategies that did not meet these criteria are not included in our recommendations.

For example, both the National Association of Home Builders and HUD recommend substituting sewer clean-outs to reduce the number of expensive manholes required in sanitary sewer systems for residential development. But further research indicated that doing so would make repair and inspection of the sanitary sewer system more difficult and expensive in the long run, thus increasing the financial burden on the homeowner as well as on the public fisc. As a result of our findings we have recommended no change in the current practice of using manholes instead of clean-outs for sanitary sewers.

Following our recommendations, we offer Waukesha County communities numerous arguments for making regulatory changes that will provide affordable housing opportunities and that show that it is in the best long and short term interest of these communities to welcome a mix of housing values.

PRESCRIPTIONS FOR CHANGE

A. The Historical Perspective

The purposes of this study are to identify if local regulations are impediments to the production of an adequate supply of affordable housing and, if so, to formulate ways in which the barriers can be removed. The results of this study show that local regulation of land has, in fact, become a substantial barrier to the production of affordable rental and owner-occupied housing in Waukesha County, Wisconsin by increasing land, improvement, and construction costs.

Although excessive local regulations are not the only cause of the affordability gap, regulations form a substantial barrier to the production of affordable housing locally. Creating an environment for the production of affordable housing, therefore, must begin with changes in local regulations. In no way, however, do our findings suggest nor do our recommendations advocate the wholesale removal of land use controls to achieve affordable housing goals for Waukesha County. Communities need strong, enforceable regulations for safe, sanitary housing, and "local zoning regulations can have a positive influence on favorable development patterns and help create safe living environments".²

There is a positive role for regulation, but over time, local land use regulations that should protect the health, safety, and welfare of all citizens of the community all too often protect those who can afford the more expensive housing being built or who were lucky enough to buy a home when prices were lower. Communities will have to look carefully at their regulations and be prepared to make changes, where necessary, to create a regulatory atmosphere that is conducive to affordable housing. We suggest that communities will have to take positive regulatory steps to provide affordable housing opportunities in addition to removing existing regulatory barriers that currently prohibit such housing.

Many communities today are using the same basic zoning and subdivision ordinances, often with numerous minor changes and additions incorporated over time, that were first adopted at least 10 to 15 years ago. The original requirements for large lots, extensive lot width, and deep setbacks in what were at that time largely open areas where little development occurred reflect both cheap land and the need for enough of it to meet requirements for on-site sewage disposal facilities and wells. Because both the land and the improvements (septic system, private well, and often gravel roads) were much less expensive in these non-urbanized areas, low density housing on large lots was largely affordable. In time, the arrival of sewer and water systems obviated the need for large, wide lots, yet many communities, including those in rural areas where development pressures have not driven up the price of land, still maintain their low density zoning regulations.

Although low density zoning ordinances and excessive subdivision regulations were usually not initially adopted to be exclusive, they have, over time, become tools that are used effectively to maintain high property values and keep out less expensive, affordable housing. The high rate of suburban growth during the 1980s, greater environmental regulation of land, and rising tax rates have led to a change in local attitudes regarding residential development. Residents of many communities are putting pressure on local elected officials for more restrictive development ordinances that hark back to the one acre or greater lots and low density zoning of earlier times in the hopes of slowing and limiting growth.

In many municipalities in Waukesha County the vast majority of new housing construction over the last decade has been large, single-family homes on large lots. The requirements in community after community for this type of low density development have driven up land prices to the point where to meet the 1:3 ratio of lot to house costs preferred by local lenders, house size in the highest density zoning districts of many communities far exceeds the allowable minimum square foot requirements. The consequence of this pattern of residential development in many communities is the loss of a variety of housing types and values that both protects the residential tax base during market fluctuations and provides housing to meet the life cycle needs of community residents both now and in the future.

B. Mitigation and Removal of Regulatory Barriers

We conclude that, where possible, excessive zoning and subdivision requirements should be reduced and in some instances eliminated to allow for the production of affordable housing.

In the following sections we suggest alternative standards that can be applied to both zoning and subdivision regulations that will substantially reduce the costs of improvements and construction and will ultimately reduce total housing costs to a more affordable level. In each regulatory area for which we propose change, we identify the appropriate zoning and subdivision regulations to be changed, suggest reasonable alternative standards or approaches, explain their application, and offer a rationale for the proposed changes.

Reducing Land Improvement Costs

We identified twelve subdivision improvements (see Table 21) that affect housing costs. We further discovered that the costs of eight of these improvements (sewer and water main, street construction, storm sewer, curb and gutter, sidewalks, street lighting, and street trees) were directly related to zoning requirements for lot area and width. Of the remaining four improvements, the price of two, both water and sewer laterals, were related to front yard setback length, and a third, pavement width, affected total street costs independently of any zoning requirements.

Table 21:

Subdivision Improvements That Affect Housing Costs		
Sanitary Sewer Main	Water Main	Pavement Width
San. Sewer Latera	Water Lateral	Sidewalks
Street Constr. Materia	Curb and Gutter	Street Lighting
Storm Sewe	Dedication Fees	Landscaping/Trees

Source: 1992 The University of Wisconsin-Milwaukee Urban Research Center.

Reducing Lot Width, Front Setback, and Pavement Width

The regulations identified as having the greatest combined effect on the cost of housing in Waukesha County are low density zoning coupled with excessive lot width. Low density, large lot zoning raises improvement costs in two ways: 1) larger lots of necessity have wider frontages to maintain the 2.5:1 maximum depth-to width ratio required by most communities, and 2) large lot zoning districts often require greater setback distances. Total housing costs are greater for large lots because greater land and improvement costs result in the construction of larger homes in order to satisfy local lenders who require a 1 to 2 land-to-house cost ratio.

Excessive lot width increases improvement and ultimately housing costs because the cost of sewer and water main, street construction, storm sewer, curb and gutter, sidewalks, street lighting, and street trees are directly related to zoning requirements for lot width.

Reducing pavement or street base depth, another alternative, is not recommended as a means of reducing the cost of housing.³ But reducing pavement width to 22 feet not only saves on street construction and future maintenance costs, it has the added effect of slowing vehicular traffic in residential areas. Discussions with civil engineers in both private and public sectors indicated that the cost of labor and equipment weighed more significantly on the final cost of certain

improvements, including subdivision streets, than did the price of the materials themselves. In the case of road improvements, the difference in total cost for varying depths of base materials and of asphaltic pavement was not substantial because material costs were insignificant in comparison to the costs of labor and equipment. In addition, reducing road depth even a few inches would not be cost effective in the long term. The American Society of Civil Engineers cautions that any savings gained from a reduction in the depth of street materials is offset by the potential for increased cost of more frequent maintenance and replacement which can add significantly to the homeowner's housing costs over time.

The hypothetical lots of different widths in Table 22 illustrate the effect of minimum lot width on the total cost of improvements when other variables such as front setback and street width are held constant. The lot with the smallest front width requirement (60 feet) has incurred the lowest total improvement cost (\$6,581) even when front setback and street width remain at their original high levels.

Recommendation: To reduce improvement costs and to make housing more affordable, we recommend that minimum lot width requirements for the highest density single family zoning districts in Waukesha County be further reduced to a width not greater than 80 feet and not less than 60 feet. We further recommend that lot width requirements for duplex housing be reduced within the range of 60 to 90 feet.

Table 22:
Total Costs For Original Requirements for Various Improvements

Lot Width	Front Setback	Street Width	Curb & Gutter	Sanitary Sewer	Water Main	Storm Sewer	Street Cost	Sidewalk	Total Cost of Improvements
60	50	27	\$328.80	\$2,569	\$1,788	\$957	\$907	\$360	\$6,581
66	50	27	\$361.68	\$2,699	\$1,884	\$1,053	\$998	\$396	\$7,030
80	50	27	\$438.40	\$3,000	\$2,110	\$1,276	\$1,210	\$480	\$8,076
100	50	27	\$548.00	\$3,431	\$2,433	\$1,595	\$1,512	\$600	\$9,572
120	50	27	\$657.60	\$3,862	\$2,756	\$1,914	\$1,814	\$720	\$11,067
130	50	27	\$712.40	\$4,078	\$2,917	\$2,074	\$1,966	\$780	\$11,814
180	50	27	\$986.40	\$5,155	\$3,724	\$2,871	\$2,722	\$1,080	\$15,552

Source: Minimum local zoning regulations, Waukesha County, Wisconsin; Average local improvement costs; University of Milwaukee Urban Research Center, 1992.

Reducing front setback distance and pavement width further reduces improvement costs. In Table 23 the same hypothetical lots are again shown with the original requirements and with the total improvement costs displayed in column four. In column five the total improvement costs displayed reflect a change in lot width to 60 feet. In column six, the total improvement costs reflect a reduced lot width of 60 feet and a reduced front setback of 25 feet. In the last column, total improvement costs reflect a reduced pavement width of 22 feet in addition to the reduced lot width

and setback. The reduced lot width and front setback standards were used because they reflect current minimum standards already adopted by communities in Waukesha County.

The importance of reducing all requirements is obvious when we see that improvement costs for lot "A" (originally 60 feet wide) are \$1,081 less when all three requirements are reduced. When a community changes from a 180 foot lot with the larger setback and pavement width dimensions to a 60 foot lot with reduced requirements, some \$10,046 can be saved on improved lot costs. These three changes would reduce the cost of house and lot by some \$30, 138.

Table 23:
Total Costs For Original and
Reduced Requirements for Various Improvements

Lot I. D.	Lot Width	Front Setback	Street Width	Total Cost of Improvements	Total Cost 60,50,27	Total Cost 60,25,27	Total Cost 60,25,22
A	60	50	27	\$6,581	\$6,581	\$5,756	\$5,506
B	66	50	27	\$7,030	\$6,581	\$5,756	\$5,506
C	80	50	27	\$8,076	\$6,581	\$5,756	\$5,506
D	100	50	27	\$9,572	\$6,581	\$5,756	\$5,506
E	120	50	27	\$11,067	\$6,581	\$5,756	\$5,506
F	130	50	27	\$11,814	\$6,581	\$5,756	\$5,506
G	180	50	27	\$15,552	\$6,581	\$5,756	\$5,506

Source: Minimum local zoning regulations, Waukesha County, Wisconsin; Average local improvement costs; University of Milwaukee Urban Research Center, 1992.

Reductions in side yard and rear yard setbacks can also achieve considerable land savings and reduce utility and infrastructure costs. The use of setbacks from all four boundaries of the property reduces the amount of usable land, particularly on smaller lots. Further reductions are recommended for side and rear yard setbacks in affordable housing development. But these reductions should be determined on a case-by-case basis because in certain instances such as zero-lot-line developments sideyard setbacks can be eliminated altogether.

Recommendation: To help reduce housing costs to an affordable level, we recommend that minimum front setback requirements currently found in Waukesha County regulations be further reduced to a distance not greater than 35 and not less than 25 feet .

Recommendation: Communities looking for ways to make housing more affordable are urged to reduce pavement width requirements to 22 feet for local access streets and to 26 feet for sub-collector streets. A street pavement width greater than 22 feet for a local access street and 26 feet for a sub-collector street is unnecessary in most residential developments as long as on-street parking is prohibited, national standards indicate. 4

Table 2 in Appendix B gives the minimum lot width, setback, street width requirements, and subdivision improvements for the single family districts with the highest density requirements in thirty-three Waukesha County municipalities. Four municipalities are not represented because their subdivision ordinances contained no requirements for subdivision improvements. Please consult the appendix to determine what changes are needed in each community. Table 2 displays current average improvement costs, the reduced improvement costs achieved by lowering minimum requirements, and the difference between the two in dollars and as a percent. In several instances there would be substantial cost reductions. If, for example, community 3C that currently requires a 100 foot lot width, a 40 foot setback, and a 24 foot pavement width were to reduce these requirements to 60, 25, and 22 feet respectively, improvement costs for sanitary sewer, water, and streets would be reduced from \$7,377 to \$4,517, saving the homeowner 39 percent of the original improvement costs, or \$2,860. Applying the 1:3 land to house ratio, savings on the total house and

lot package would be \$8,850 ($\$2,860 + [\$2,860 \times 2]$). And if community 5C which currently requires sidewalks, reduced its lot width, setback and street width requirements from 66, 25, and 36 feet respectively to 60, 25, and 22 feet and eliminated the requirement for sidewalk, improvement costs would be reduced by 19 percent, or \$1, 117. Savings on the total house and lot package in community 5C would be \$3,351 ($\$1,117 + [\$1,117 \times 2]$).

Reducing the Cost of Other Improvements

In addition to the requirements just discussed, there are other zoning and subdivision regulations that can be reduced or eliminated to further lower improvement costs and allow the production of affordable housing. Among these are the requirements for storm sewer, curb and gutter, sidewalks, and sanitary sewer.

Grading and Drainage

The use of natural drainage patterns instead of concrete curb, gutter, and storm sewer significantly reduces improvement costs and, in fact, can reduce the amount of non-point source pollution that is carried off our streets by rainwater and discharged into our rivers and lakes . Open drainage systems that provide for drainage ditches and culverts are a less costly method of handling storm water run-off and have the added attraction of reducing surface water pollution by reducing the speed of storm water run-off so that sediments and pollutants can settle on the ground, thereby vastly reducing the quantity of non-point source pollution of our streams, rivers, and lakes.

Although the cost of constructing grassy drainage swales and installing culvert pipe to create natural drainage is roughly the same as the cost of installing mountable curb and gutter, the high cost of storm sewer added to the cost of curb and gutter makes the total cost of this option greater.

Related to drainage is the issue of grading. There is a growing tendency in certain Waukesha County communities to require that more site grading than is truly necessary be done for new developments. The rationale offered by these municipalities is that the additional grading will reduce potential problems with erosion and storm water run-off from what is usually only a small number of lots. The additional cost of these excessive grading requirements for all lots in many instances is almost double that of normal requirements, amounting to \$1,000 to \$2,000 per lot, and is ultimately passed on to the buyer. While this over-engineering of site grading may reduce the potential for some run-off problems as well as municipal staff headaches, it amounts to killing flies with a cannon. Both from an environmental and cost standpoint the less grading required on a site the better. An alternative, requiring the developer or builder to instruct certain lot buyers of the special grading needs of those lots, will effectively reduce potential problems and eliminate the cost of excessive grading of the whole site.

Recommendation: To save on land improvement costs and ultimately on total housing costs, we recommend the use of natural drainage in place of storm sewer, curb, and gutter. In higher density areas that need to be served by storm sewer, improvement costs can still be reduced by permitting the use of mountable rather than the more expensive boulevard curb and gutter. We further recommend that the amount of grading needed on the site be determined on the basis of the overall minimum needs of the site and not by the grading requirements of a small number of exceptional sites.

Sidewalks

Most suburban communities do not require sidewalks in residential developments, but there are some that do. Those that do generally require that sidewalks be 4 feet wide. While this is an acceptable minimum width we question the need for sidewalks at all in residential neighborhoods.

When potential homebuyers are surveyed regarding their view of the need for sidewalks, the majority prefer not to have them, at least not on local access streets, primarily because of the additional cost and maintenance. Residential streets of the proper minimal width will slow down traffic and allow residents to walk on the street, doing away with the need for sidewalks. An optional method of providing internal subdivision circulation is the construction of bike paths. Usually less than 4 feet wide and made of asphaltic materials, bike paths are less costly to construct than sidewalks, which are usually 4 feet wide and made of more expensive materials. Moreover, bike paths are usually shorter in length as they travel along easements and not along internal subdivision streets. Often walkers and joggers, as well as cyclists, make use of bike paths.

Recommendation: In those communities that currently require sidewalks we recommend that to further reduce the total cost of housing this requirement either be eliminated from affordable housing districts or at most be required on one side of the street on sub-collector or collector streets only. Asphalt bike paths should be considered as a less costly alternative to sidewalk construction for internal subdivision pedestrian circulation.

Recommendation: Although we do not suggest an across-the-board reduction of established sanitary sewer construction standards, we do recommend that minimum criteria for items such as pipe width and the spacing of manholes be established. The standards can be evaluated for each proposed subdivision to reflect actual conditions and that, where appropriate, they be further reduced. For example, in those communities which require that sewer manholes be 300 feet apart, we recommend that the distance between manholes be no less than the 400 feet required by Wisconsin State statute. And in communities which have either adopted an 8 inch diameter sewer pipe in their regulations or their engineering specifications, we recommend that in certain instances, such as on a cul-de-sac or dead end street where the sanitary sewer serves only a few houses, sewer pipe diameter be reduced to either 4 or 6 inches to provide better service and to lower improvement costs.

Removing Zoning Barriers to Affordable Housing

Large-lot Zoning and the Cost of Housing

The key element that stands out in our and others' analysis of community development patterns and the regulations that affect housing costs is that the "rising cost associated with the purchase and development of land for building sites is the single greatest reason for the increasing prices and reduced affordability of homes".⁵

There is not always, however, a clear relationship between large-lot requirements and housing costs. While common sense may tell us that land costs money and, therefore, a lot of land will cost more money, there is little evidence that the cost of a residential lot increases in proportion to its size. Studies show that the relative desirability or prestige of a community appears to be the most important determinant of land cost. Size of lot is lower on the list of contributing factors except that in a given location a larger lot usually does cost more than a smaller lot.

Studies of various communities around the country have determined that the value of land varies widely between rural and urban areas; that between different communities there is

substantial variation in the cost of lots of the same size; but within communities the cost of lots does not vary directly with their size. Two different sources caution that large lots do not increase land improvement costs in every case because lots that are greater than 30,000 square feet (3/4 of an acre) in size would allow for on-site sewage disposal, private well, and natural drainage systems instead of the more expensive curb, gutter and storm sewer. While this may be the case in rural areas of the county, many Waukesha communities that have municipal sewer and water still require development on large lots, creating improvement costs that become excessive.

Although large-lot zoning per se is not exclusionary, the overmapping of large lots within a community has an exclusionary effect because it reduces the amount of area which is available within a community for development at densities that are appropriate for lower cost housing. Large lot requirements have also been found to increase housing costs in a number of other ways, both directly and indirectly. Land prices escalate, directly increasing housing costs, when demand for development is high but the supply of developable land is limited through large-lot zoning requirements. In turn, high land prices are responsible for reducing the amount of affordable housing because as land becomes more scarce, home prices rise as builders adhere to the current 25 -30 percent land-price ratio.

Occupancy costs are another component of housing costs which are increased indirectly by large-lot zoning in the following ways:

- 1) dispersal of development (urban sprawl);
- 2) waste of valuable land resources;
- 3) higher cost of public and private services;
- 4) magnification of transportation problems; and
- 5) farther distances from employment, shopping, schools, and other community services.⁶

A 1967 study by the American Society of Planning Officials of the social and economic impacts of large-lot zoning, increased subdivision standards, and restrictive building codes on the availability of moderately priced housing in Connecticut showed that in those cases where a considerable part of a town was zoned for large lots, the resulting shortage of small lots was found to substantially increase their cost. Large lot zoning does not provide sufficient capacity for residential growth within a community, and "leapfrog" development into areas of cheaper land farther out results in urban sprawl and the escalation of land prices.

Ironically, communities that use large-lot zoning to slow the rate of growth might even increase the growth rate in some instances by creating exclusive, desirable neighborhoods. Moreover, studies of communities that use large-lot zoning in an attempt to achieve amenities, protect the tax base, and provide neighborhood homogeneity reveal that in the case of protecting the tax base and achieving a homogeneous neighborhood, large-lot zoning is not effective because what really protects a community's tax base is having a balanced community made up of a variety of housing types and prices that support the tax base when the market for a particular type of housing is soft.⁷

It is important to understand that our findings in no way support the wholesale rezoning of communities to higher density, small-lot development. What is needed to promote the fiscal and social well-being of communities is to adopt zoning and subdivision requirements that allow for a mix of residential land uses to provide for a variety of housing needs. In many municipalities only a small amount of land would need to be rezoned to balance residential land uses and to provide affordable housing opportunities for renters and owners alike.

The previously quoted study of the impacts of large-lot zoning on urban and suburban areas of Connecticut also demonstrated that to accommodate the anticipated population increase more appropriately the amount of land zoned for small lots and for multi-family housing would have to be increased. The ensuing analysis, however, indicated that rezoning as little as 6 percent of the land currently zoned for 20,000 square foot or larger lots to allow 5,000 square foot lots and apartments at a density of 10 units per acre would allow the population of Connecticut at that time to double using only the rezoned land. In other words, to achieve the goal of more affordable housing will not require a wholesale change, only marginal change in zoning allocations.

In the final analysis the large-lot requirements found in many Waukesha County municipalities increase both land and housing costs and should be the start of any community's efforts to provide affordable housing. We offer an example of attractive, small-lot, single-family development that can blend in with existing, adjacent development in Appendix C. We recommend that minimum lot sizes for single family housing be reduced to 4,800 square feet, minimum lot sizes for duplex housing should be reduced to 3,600 per unit, and minimum lot sizes for multi-family should be no greater than 2,200 square feet per unit.

But reducing minimum lot size alone will not provide the necessary reductions in land costs to meet the needs of affordable housing. In the following pages we recommend changes in other zoning regulations that can help reduce housing costs.

Recommendation: We strongly urge those communities in the high growth areas of eastern and north-central Waukesha County to reduce lot size requirements and increase density in the majority of zoning districts but particularly in those districts created for affordable housing. Increasing the supply of smaller lots will have the greatest cumulative effect by lowering the cost of land and, therefore, total housing costs.

Recommendation: To insure that affordable housing is, in fact, created in districts zoned for that use, we propose the creation and adoption of an affordable housing zoning district in every community that: 1) incorporates our recommended minimum zoning and subdivision standards where they are needed; 2) includes the rezoning of enough land within the community to significantly reduce both land and improvement costs to a more affordable level and; 3) establishes not only an affordable minimum lot size but a maximum (but small) house size that can be built on that lot, as is discussed next.

Reducing Construction Costs

Single Family Housing

We have already seen examples of how zoning regulations (specifically lot size, lot width, and front, rear and side yard setbacks) combined with subdivision requirements affect the cost of single family housing. But there are other zoning regulations, including minimum floor area, that can raise housing costs unnecessarily.

The minimum floor area requirements found in the highest density single family district in Waukesha County in most cases are small enough to allow moderate price housing units to be constructed. In those cases where they are not, we suggest adopting minimum floor area standards of no smaller than 900 square feet for affordable single family detached housing. It is an appropriate size that allows for the construction of small starter and empty-nester homes using minimum floor area requirements that have already been successfully adopted by several Waukesha County communities. An example of floor plans for single family housing using our recommended floor area minimums can be found in Appendix C .

Conservatively estimating construction costs for a single family house at \$60 per square foot, a 900 square foot house would cost \$54,000 to construct, and a 1500 square foot house (the high end of the current range of minimum floor area requirements in Waukesha County) would cost \$90,000 to build. The difference (cost savings) in the construction cost of a 900 square foot house over the cost of a 1500 square foot house is \$36,000 for the house alone. This example illustrates that lowering floor area requirements can reduce construction costs to an affordable level.

One reason we can postulate why few, if any, houses within this size range have been built in recent years, although houses of that size are allowed in Waukesha County, is that in most communities where these minimums exist, larger, higher priced lots have forced the construction of larger, more expensive housing than the minimum restrictions allow.

Reducing both lot area and floor area requirements in the highest density zoning districts is a first step to help insure that smaller, less costly housing units will be built. But in many instances reducing these minimums will be insufficient for two reasons. First, infrastructure costs must also be addressed to further reduce improved lot costs. Second, minimums by themselves will not assure construction of a minimum size home. The political climate must be changed in some communities so that proposals for this scale of housing will be approved. And maximums will likely be needed on the house and lot size in affordable housing zoning districts so that today's practice of building homes much larger than the minimums will be prohibited in areas zoned for affordable, single family housing. Such maximums will assure that the intention of the zones, to provide smaller alternatives, is, in fact, delivered in the market.

Another way to save on housing construction costs while obtaining a high quality dwelling unit is through the use of modular or panelized construction. Factory-built housing offers both economies of scale that are not available in stick-built construction and the ability to build houses year round under controlled climatic conditions that result in lower square foot costs for a housing unit of equal or better quality. Recent average square foot costs for an industrialized housing unit were \$37 for a 1400 square foot unit of average quality. While the price of industrialized housing can climb as high as our average cost of \$60 per square foot for stick-built housing, the industrialized house at that cost will usually include more amenities.⁸ When these factory-built units are sited, it is often difficult to distinguish them from site-built housing. Many times homeowners will purchase a modular or panelized house, have certain exterior finishing work done, and have the garage constructed on the site, further clouding any possible distinction between factory and site-built housing.

Many communities in Waukesha County require construction of a garage with single family residences, although not all require that the garage be attached to the residence. While requiring a garage for parking cars does add to the aesthetics of the subdivision, the truth is that at a cost of \$8000 for a two car garage (a one car garage at an average cost of \$5,900 is somewhat less expensive) requiring that a garage be constructed when the house is built may raise the cost of the house beyond the affordable range, especially for first time homebuyers. **We recommend that the garage requirement in affordable housing developments be eliminated. In most cases new homebuyers will build a garage at the same time as the house anyway for two reasons: 1) a garage adds to the aesthetics of the home and reduces the stigma of affordable housing; and, 2) cold, snowy winters in Wisconsin make the addition of a garage a practical consideration, particularly when this extra cost can be rolled into a long term mortgage.**

Recommendation: Communities in Waukesha County are urged to reduce minimum floor area requirements for single family zoning to 900 square feet per unit in Waukesha County to allow for affordable housing:

Duplex Housing

Minimum floor area requirements in most duplex zoning districts in Waukesha County appear to be small enough to allow construction of moderate priced duplex housing units. But, as in the case of single family housing, the duplex units that have been constructed in recent years are generally much larger than what the minimums allow. Based on our average per square foot cost of \$60 for duplex construction, the difference in construction costs between a 900 square foot duplex unit (the smallest minimum floor area requirement found in Waukesha County) costing \$54,000 and a 1600 square foot duplex unit (the largest minimum floor area requirement in the county) costing \$96,000 is \$42,000, a significant difference.

Besides building units closer to the size stipulated in the minimums, another way to save on construction costs for duplex housing while obtaining a high quality dwelling is the use of industrialized housing. Their attractive exteriors and lower construction costs (see the previous discussion of single family) make them an excellent choice for affordable housing.

While the adopted minimum floor area requirements for duplex housing in most Waukesha County communities are already low enough to allow affordable housing units to be constructed, the smallest duplex units built in recent years far exceed these minimum standards. We believe that the current adopted minimum floor area requirements for duplex housing are acceptable minimum standards, and we urge communities to take the necessary steps to ensure that these minimums are honored as the maximums as well.

It appears from our review of the single family and duplex zoning regulations of Waukesha County communities that having reasonable minimum floor area requirements, although they are essential to the provision of affordable housing, are clearly not enough to ensure that affordable housing units are constructed.

Recommendation: To achieve the construction of affordable duplex housing, communities must follow the same recommendations that we have made for single family housing, most notably limiting with maximum floor areas the size of units allowed in the zones established for the smallest units.

We can see from our previous discussions of those subdivision and zoning regulation standards that currently act as barriers to affordable housing that reducing minimum standards in just one regulatory area may make a community feel good. To do good in terms of providing affordable housing opportunities, however, requires that many, if not most, of the current minimum regulations limiting residential development must be further reduced, and some caps must be placed on lot and house size within the most affordable districts.

Multi-family Housing

Zoning requirements for multi-family construction in Waukesha County are more restrictive than for single family. This is largely due to the combination of intensity and bulk requirements that severely limit the number of dwelling units per acre and the fact that many communities do not allow multi-family as a permitted use in residential zoning districts. Often communities shunt this type of development into areas that are less desirable. Several communities in Waukesha County go so far as to not allow multi-family development within their communities, period.

Multi-family housing is often difficult to site because current residents are frequently fearful that multi-family housing by its nature reduces the value of surrounding housing and creates service demands greater than the tax revenue that it generates. When a large area, segregated from other

residential uses, is developed for multi-family housing exclusively, it is possible to have a negative impact on nearby single family homes because of the sheer scale and ghettoization of such developments. Allowing balanced developments of mixed residential uses and scattered-site multi-family housing will result in making multi-family more acceptable both to those who live there and to surrounding residents as well because such housing does not depress property values. Furthermore, with the continued decline in average household size, multi-family housing is more commonly serving singles and two-person households who make very few demands on a community, particularly on community schools.

Recommendation: To provide a choice of housing types and as a way of providing affordable low cost housing opportunities in Waukesha County, we recommend that:

- 1) multi-family development be allowed as a permitted use in all residential districts;**
- 2) higher densities in the range of 14-16 units per acre for multi-family housing be approved;**
- 3) no more than one covered parking space per dwelling unit be required;**
- 4) minimum floor area requirements be reduced to the following minimum standards: ⁹**
 - Efficiency - 300 sq. ft.**
 - 1 Bedroom - 500 sq. ft.**
 - 2 Bedroom - 600 sq. ft.**
 - 3 Bedroom - 800 sq. ft.**
 - 4 Bedroom - 900 sq. ft.**
- 5) Multi-family housing be treated in the same fashion as other residential development and be as accessible as possible, not located in out-of-the-way places.**

Floor plans and elevations for individual multi-family housing units and entire structures designed to offer well-planned living space and attractive buildings are included in Appendix .

Manufactured Housing

Almost 25 percent of all new, single family homes sold in America in 1989 were manufactured, i.e. factory built to a national building code.¹⁰ In order to insure a safe product of consistently high quality, the U.S. Department of Housing and Urban Development in 1976 formulated guidelines for the construction of what were then called "mobile homes" or "house trailers". Congress passed the appropriate legislation requiring that all such homes manufactured in factories across the country must meet certain standards and pass stringent HUD inspections. In 1980, Congress legally changed the name to "manufactured housing" to reflect the new, higher quality, federally inspected units. The main difference between manufactured and modular housing, another form of factory built housing, is the building code that applies to them. Manufactured housing must meet federal standards while modular housing meets state and local codes. Although the zoning ordinances of most communities will not allow manufactured homes to be sited next to stick-built houses, communities can create a special zoning district for this type of industrialized housing. Some states have even required local communities to provide such districts in their zoning code.

Manufactured housing offers the advantage of single family living at a very affordable price. At \$19.70 per square foot, a single wide HUD code home of 1064 square feet costs \$20,961. A double wide, 1,680 square foot home averaging \$24.17 per square foot would cost \$40,606. In comparison, a 1000 square foot, stick-built, single family home at \$60 per square foot would cost

\$60,000 to build. And owning a manufactured home is actually less expensive than renting a house or an apartment. The median monthly housing costs for manufactured homes is \$253 while for home and apartment renters the monthly housing costs are \$399.¹¹

Many young couples, families, the elderly, and retired persons often choose to live in manufactured housing because it is reasonably inexpensive to purchase and maintain. Since 1981 when the Federal Housing Authority (FHA) announced that manufactured housing would be accepted for long term financing, households have been able to obtain loans with a 30 year amortization from FHA approved lenders. That same year, the Omnibus Reconciliation Act set maximum loan amounts on single section manufactured homes of \$35,000 and on double wides for up to \$47,000 with a lot.

Communities may argue against zoning for manufactured housing because manufactured housing may not generate the amount of tax revenue that a lower density single family subdivision could. In those cases where manufactured homes are permanently sited on the homeowner's lot, this concern is largely without basis because with increased density the manufactured home development would generate nearly the same tax revenue as would stick-built construction and would require no more in the way of municipal services than other residential zoning districts.

When manufactured housing remains on a chassis and is, therefore, not permanently sited, the community has the option to tax the home as either personal property or as real estate. Although a manufactured home that remains on a chassis would be taxed at the same rate as a stick built home, because of its lower cost and slower rate of appreciation, it would generate less tax revenue than stick-built construction. But manufactured homes that are not permanently sited can produce revenue for municipalities to pay for city services they require in the following ways:

- 1) Through special assessments for the cost of necessary permanent municipal improvements.
- 2) By charging for municipal services under Wisconsin State Statutes section 66.60 (16).
- 3) Through regulation and compliance fees.

Another concern that communities raise about allowing manufactured housing developments is the concern about the kind of residents who live in this type of housing. A profile of mobile home residents in Wisconsin completed by Professor John C. Roberts of the University of Wisconsin Extension Service in 1988 found that:

- 1) Manufactured home households tend to be somewhat smaller than single family households and somewhat larger than multi-family households.
- 2) Married couples and families are the predominant type of household living in manufactured housing.
- 3) Most manufactured houses are owner occupied.
- 4) Manufactured houses are commonly occupied by people less than 35 years of age.
- 5) The sex, race, marital and veteran status of occupants of manufactured housing is not markedly different than for single family home occupants.
- 6) Manufactured housing is less likely than single family housing to contribute students.¹²

During our recent visits to manufactured housing parks in the metropolitan area, we found affordable, attractive units in well planned and maintained parks. The parks were clean, and the houses were well kept. It was in the middle of the day, and the neighborhood was quiet with little traffic on the streets. In fact, it seemed very much like any residential subdivision.

Communities that have a substantial proportion of site-built, single family housing often express concern that the presence of manufactured housing developments will have a negative impact on the value of existing single family housing. Several studies in recent years (1986 and 1988) from three different regions of the country all show that the presence of manufactured housing has no negative impact, and in some cases had a positive impact, on the value of site-built, single-family residences located near-by. One study of the effect of five manufactured home developments in Indiana on six large, site-built residential subdivisions located near each showed that mean sales prices for the site-built housing, tracked over a two year period, were clustered around comparable sales prices for similar site-built housing that had no manufactured housing located nearby, seemingly indicating that location either had no effect or no recognizable effect on the property value of site-built housing. Furthermore, this study found that residences located near manufactured housing developments appreciated in value at the same annual rate as homes located several blocks away.¹³

A 1988 case study of 2,157 properties in Belmont, New Hampshire, of which 610 were manufactured housing units, also concluded that manufactured housing does not affect the property value of abutting, site-built single family development.¹⁴

Very few communities in Waukesha County currently allow manufactured housing parks, but any serious effort to provide affordable housing should include zoning for manufactured housing developments. Creating an ordinance that allows for the development of manufactured housing parks in areas suitable for residential development is an important way to fill the need for affordable housing for many lower income households. And the amount of land that would need to be zoned for manufactured housing parks in any given community would be very small indeed.

Recommendation: We suggest that those communities that do not currently include zoning districts for manufactured housing create one. Those that currently allow manufactured housing communities only as a conditional use should also create a zoning district that allows this type of housing as a permitted use by right. (There are, however, a few communities with limited land area that currently incorporate only one type of zoning where it would not make sense to recommend inclusion of this or any additional zoning districts.)

Planned Unit Development

Communities can make use of planned unit development (PUD) or planned residential development (PRD) zoning to develop affordable housing that allows more creative site design and that incorporates higher densities and more open space. Planned unit development used as a tool to encourage the creation of affordable housing can produce aesthetically pleasing subdivisions in less time and at lower costs than traditional zoning. The cost savings can be passed on to homebuyers. PUD zoning, as applied to the development of affordable housing, also permits more flexibility in terms of both lot size and of principal and accessory uses that can create attractive, affordable housing development that will retain value over time for both the homebuyer and the community.

But PUD development can work against the provision of affordable housing when extraordinary requirements are added and when the length of the approval and permitting process is increased. Communities must be careful not to allow the additional regulatory control that is the essence of PUD to be used as a means of impeding the creation of affordable housing development.

Most of the PUD zoning adopted in Waukesha County includes duplex and multi-family uses as well as single family uses. Because planned unit development works well for more intensive types of development, it is particularly well suited to creating affordable clustered

housing and mixed use developments that incorporate commercial and industrial uses. Thus, communities can have commercial and industrial developments which enhance the tax base, provide employment opportunities, and supply affordable, worker housing.

Recommendation:

- **Adopt residential and mixed use PUD as a permitted use by right in any residential or business district, or**
- **Create a planned unit development (PUD) overlay zoning district to be applied to all residential and business districts that utilizes the recommended minimum zoning and subdivision standards given in previous sections for each type of use.**
- **Give density bonuses in PUD districts to developers who, in exchange, will develop the site creatively, preserve the natural amenities of the site, and provide recreational open space for those who live there.**
- **Zone adequate land for PUD to allow for competition in the market that will insure housing affordability.**
- **Demand, with deed restrictions if necessary, that minimum zoning requirements be adhered to so that a PUD designed for affordable housing is used to actually create affordable housing.**
- **Carefully manage PUD development so that the community receives good quality development that enhances the tax base and provides affordable housing opportunities.**

Accessory Apartments

Few communities in Waukesha County allow the conversion of single family units to duplex housing. But the increasing number of elderly people and smaller households may affect a change in public policy to encourage the subdivision of existing homes. Large homes in well established neighborhoods are particularly well suited to conversions of this kind. It is also a way that a community can create affordable housing without building any additional structures.

Accessory apartments are created when an existing single family residence is converted into two living units without any major structural changes or additions so that the original house continues to meet the minimum zoning regulations of the district. Often called "hidden housing", accessory apartments exist illegally in single family neighborhoods in most communities, often with no one aware of their existence. It is affordable housing scattered invisibly around communities that needs no subsidy and is available at no additional cost to the community.

Accessory apartments have gained acceptance in some of the most prestigious communities in the country, including Marin County, California, Montgomery County, Maryland, Westport and Greenwich, Connecticut, Westchester County, New York, and Boulder, Colorado, none of which have reported any negative impacts. There is no record either of any community reversing its decision to legalize accessory apartments.

Communities are frequently resistant to legalizing accessory apartments for fear that they will proliferate and change the predominant influence of the single family zoning. Based on a

survey of communities across the country, legalization does not affect the number of accessory apartments. The illegally created accessory units will all come forward immediately to request approval, but the number of new requests is generally quite small. Installation rates are low, which serves to assure citizen groups that the change will be small and gradual. Accessory apartments are created at the rate of approximately one accessory apartment for every 1,000 single family units while the rate for new construction nationally is one new home per 100 existing homes. Neighbors fear declining property values, increased traffic, and a lower quality of life, but the experiences of those communities that allow accessory apartments in single family neighborhoods show that when the conversion is properly controlled, these fears are unfounded.¹⁵

Other concerns raised by adjacent property owners are that accessory apartments will increase traffic and the number of cars parked on the street or in driveways. However, most suburban neighborhoods reach peak population density and peak car ownership levels approximately 20 years after being built. Accessory apartments are not installed in enough numbers to allow the amount of parking to come close to the 20 year peak.¹⁶

Legalizing accessory apartments makes sense. One important reason is that existing accessory units can be made to comply with the community's health and safety standards, but there are other benefits as well. Homeowners, many of whom are older adults living alone, benefit from the additional income, companionship, sense of security, and help in shoveling snow or mowing the lawn. The neighborhood benefits because accessory apartments can be a revitalizing force bringing in new people in areas of declining population in order to keep existing stores and other commercial enterprises in operation. Renters benefit from the cost savings which are generally one-third the cost of a conventional rental unit. Six separate studies showed that the vast majority of these units rent for less than HUD fair market rates. The principal reason that accessory apartment rental rates are low is that the homeowner generally charges less out of a sense of fairness and also wants to get and keep good tenants. In many instances, the apartment is likely to be rented to a relative of the homeowner.

Community residents need to be educated about accessory apartments and the groups that need them and to be reassured that their existence is not a threat to the established quality of life. To properly address the concerns of neighbors and community residents, zoning regulations must require that the owner live in the home, that little or no exterior change occur in the structure, and that concentrations of accessory apartments be prohibited. Care must be taken that ordinances allowing accessory apartments in single family neighborhoods do not contain requirements such as long permit approval times, high permit fees, or permitting the units only when the homeowner or tenants are elderly. Such requirements only frustrate homeowners' plans to create the accessory units.

A local elected or appointed official or department head should take the leadership role on zoning for accessory units. The person in that position would be responsible for explaining the benefits to interested homeowners and professionals and putting them in touch with each other. An important feature of allowing accessory apartments is that they are a way to provide needed, affordable rental units that require no subsidy, no public dollars, and no new building.

Recommendation: Legalize accessory apartments in single family neighborhoods.

Create an accessory apartment ordinance that;

- 1) addresses the concerns of community residents by requiring that**
 - the owner live in the home,**
 - little or no exterior change occur to the structure, and**
 - concentrations of accessory apartments be prohibited., and that**

2) addresses homeowners needs by making sure that:

- **long permit and approval times and high permit fees are not required and**
- **not just elderly homeowners be allowed to create accessory apartments.**

Fees-In-Lieu-of-Land and Impact Fees

Our review of fees-in-lieu-of-dedication of land revealed that the median dedication fee required by Waukesha County communities was \$400, and several communities are threatening to institute fees in excess of \$4,000 per unit. Such fees are used for a number of on-site and even some off-site improvements. Payment of dedication fees for on-site improvements such as parks, open space, and school sites as a condition of subdivision approval has been legally acceptable for many years, (*Jordan v. the Village of Menomonee Falls, 1965*) while impact fees for off-site improvements such as sewer or water treatment plants are a relatively new financing mechanism that has recently begun to be adopted by a number of communities in southeastern Wisconsin. Several Waukesha County communities have developed impact fees, and the total impact fees on residential units generally exceeds \$1000 per unit. (See Table 13)

There is a fine distinction between dedication fees and proportional-share development impact fees. Dedication fees pay for on-site improvements that provide for the needs of subdivision residents while impact fees are charged for off-site improvements and must pass a strict legal test of whether they are based on a proportionate share of needs uniquely attributable to the development or, since *Nollan*,¹⁷ that there be a rational nexus between the fee assessed and the benefit created.

Even when development impact fees pass the "uniquely attributable" and "rational nexus" legal tests, exactment of these fees from new development raises serious questions of equity. In the past, the community paid a portion of the cost of the infrastructure necessitated by new development because some of the improvements that they required would benefit existing residents. The rationale of impact fees today is to make new residents of the community pay the full share and some times more than their share of improvements and services.

The 1991 HUD study on the regulatory barriers to affordable housing states, "Impact fees are regressive because they are assessed on a per unit basis rather than a percent of the value of the home. Those looking for affordable housing are forced to absorb fees that are a substantial percentage of the sales price of any home they may purchase".¹⁸ One of the consequences of high impact fees pointed out by the advisory commission that authored the study was that because of the high fee schedules, developers choose to build only high-end single family houses because the fees can be absorbed more easily in the sales price. This has serious consequences on the provision of affordable housing.

Another consequence of high impact fees is that developers may prefer to build single family as opposed to multi-family developments. According to a recent Urban Land Institute study, impact fees are passed on to homebuyers more easily than to renters, which can have a serious dampening effect on an already depressed market for multi-family housing.¹⁹ The quickening pace of development in the suburbs has revealed that local funding sources, including property taxes, are insufficient to keep up with the demand for infrastructure and services. Alternative financing mechanisms, such as development fees, special assessments and

exactions are being created to pay for the infrastructure necessitated by both new and existing development. Of great concern is the potential impact of these fees on affordable housing.

We recommend that all impact fees, that is fees paid by new development for off-site improvements such as schools, fire and police stations, and libraries, must be carefully scrutinized so that they reflect:

- 1) that the facilities and services provided are no more than is necessary to support new development,**
- 2) new development's proportionate share of infrastructure,**
- 3) that improvement standards be of high quality and durable, but not gold-plated.**

Communities should also consider the special assessment method for paying for improvements which, unlike the lump-sum impact fee payment that becomes a part of the mortgage, can be repaid in small annual payments over a long time period and at a municipal interest rate that is generally lower than mortgage rates obtained by homebuyers on the open market.

The overriding concern regarding impact fees is that they not be used to exclude low and moderate income housing from communities. Waukesha County communities that are considering adopting impact fees for new residential construction should take steps to ensure that the fees do not become an impediment to the provision of affordable housing.

Revamping the Approval Process

A process for the rational and efficient administration of development regulations is essential to any affordable housing effort. The approval process must operate predictably, reasonably, and rapidly while protecting the health, welfare, and safety of the community. When the current system is unable to operate in an efficient, timely manner, serious effort must be given to revamping the process.

The survey of the approval process in local Waukesha County communities offered insight into the relative efficiency of its operation. The reported length of time that was required to obtain the necessary permits and approvals ranged from three months to "several years" depending on whether a rezoning of the site was required. Some communities held public hearings in addition to those required by state statute, and other communities extended notification to property owners living beyond the statutory distance required for notification. A number of communities commented that the process was unnecessarily extended when developers produced inadequately prepared plans that did not meet municipal requirements. This problem, although not specifically stated by respondents to the questionnaire, could be the result of the developer not being adequately informed, or if informed, not following the guidelines set forth. Whatever the reason, the approval process needs to be reviewed and steps taken to eliminate problems that cause unnecessary delays.

The following approach to revamping the permitting and approval process is taken from 1991 development guidelines for state and local government prepared for the HUD Office of Policy Development and Research.

We recommend that each community evaluate the current system, paying particular attention to those elements that offer insight into the effectiveness of the operation, looking specifically at:

- the length of the process from application to issuance of permits,**

- **the number of separate permits, approvals, hearings, and administrative reviews necessary for construction and dwelling occupancy,**
- **the number of agencies, departments, boards, and other groups that are required to review the application,**
- **the types and details of information, including special plans and designs required for various approvals.**

Attempts to revamp the current system should reflect the following guidelines:

- provide plain, concise information about requirements and procedures;
- allow ready access to key personnel who will make initial findings and decisions; establish a cooperative and coordinated review process that is geared to solving problems and issues, not to creating them;
- make rapid review on prompt decisions;
- provide a well-defined appeals process.

The revamped process must be predictable and flexible while it ensures efficiency, effectiveness and fairness, and it must be politically, legally, and practically easy to implement.²⁰

Affordable Housing Legislation on the Local Level

Although changing local development regulations such as the requirement for large residential building lots can have an effect on the ability of the market to provide affordable housing options, sometimes such efforts are not enough. Many communities around the country that have experienced high growth and spiraling housing costs, such as Boulder and Vail, Colorado, and Sanibel and Collier County, Florida, have adopted ordinances that provide a way to create affordable housing in the absence of the necessary market forces.

The Sanibel City Council created a Below Market Rate Housing (BMRH) ordinance to implement the housing element of their land use plan and to meet with the state of Florida's local planning and development act as it relates to the city's obligation to make housing available to low and moderate income residents. The ordinance provides for the city to enter an agreement with a non-profit housing foundation to co-administrate the ordinance. It further allows for creation of BMRH units from new and existing stock whose owners have voluntarily chosen to meet the terms and conditions of the ordinance through restrictive covenants. Applicants to the program are qualified and ranked by the housing foundation which also establishes rental procedures, approves leases, and limits sales of BMRH units. Provision is made for appeals to the city council and for an alternative plan for negotiating restrictive covenants when the current covenants have expired to insure that some dwelling units in Sanibel remain available for low and moderate income tenants.

Collier County, a rapidly growing area on the southern gulf coast of Florida, has adopted an affordable housing density bonus ordinance to help implement a recently approved rent-to-own program. This program, proposed by HUD Secretary Jack Kemp, addresses the needs of the working class that provide the backbone of communities, such as people in service, construction, industrial, and farm industries who are securely employed but find it difficult to save enough money for a down payment. The Affordable Housing Density Bonus Ordinance establishes rules for the construction of higher density affordable housing and a system for rating density bonuses that is dependent on the household income level and the type and percentage of affordable units

that will be constructed in the proposed development. The following tables are used to determine, in a simplified form, the density bonus for new development.

In Table 24-A select the household income level (moderate, low, or very low) proposed for the development. Also in Table 24-A select the number of bedrooms proposed for the housing units. The number where the level of income and number of bedrooms for the proposed development intersect is the Density Bonus Rating.

Table 24-A:
Affordable Housing Density Bonus Rating

Level of Household Income	Efficiency and 1	Number of Bedrooms per Unit	
		2 Bedrooms	3+ Bedrooms
Moderate	0	1	1
Low	2	3	4
Very Low	3	4	5

Source: Affordable Housing Density Bonus Ordinance No. 90-89, Collier County, Florida. University of Wisconsin-Milwaukee Urban Research Center.

The next step is to locate the Density Bonus Rating in Table 24-B. Then determine the percent of total housing units within the development that are proposed to be affordable. The number where the Density Bonus Rating and percent of affordable units intersect is the maximum number of residential dwelling units per gross acre that may be added to that development. The Affordable Housing Density Bonus Ordinance also establishes a permitting and approval process aimed at making the review and approval of plans efficient and effective.

Table 24-B:
Affordable Housing Density Bonus
(Additional Available Dwelling Units Per Gross Acre)

Affordable Housing Density Bonus Rating	% of Affordable Housing Units			
	10%	20%	30%	40%
1	0	0	1	2
2	0	1	2	3
3	2	3	4	5
4	3	4	5	7
5	4	5	7	8

Source: Affordable Housing Density Bonus Ordinance No. 90-89, Collier County, Florida. University of Wisconsin-Milwaukee Urban Research Center.

Communities are often reluctant to adopt ordinances like those of Sanibel or Collier County because they believe that government should not influence or interfere with the market. Zoning itself, however, has influenced and interfered with the housing market for over 70 years.

We recommend that communities which are serious about providing affordable housing adopt a below market rate housing ordinance and/or an affordable housing density bonus ordinance that will either directly create affordable housing units or establish an environment that will encourage developers to create affordable housing.

C. Addressing Non-Regulatory Barriers to Affordable Housing

A number of other barriers to affordable housing in Waukesha County communities are likely to surface, either directly or indirectly. Some of these barriers can be addressed with logic; others are purely subjective and, therefore, difficult to counter.

One of the most common objections raised to affordable housing is that it will reduce property values of adjacent properties. This widely shared belief has little empirical support. A recent California review of fifteen published papers revealed that 14 of 15 studies reached the same conclusion that there are no significant negative effects from locating even subsidized housing near market rate housing developments. In fact, some actually report a positive influence.²¹

Only one study of low income housing development found any negative impact on adjacent property values. That study, a 1980 examination of a low income development in Fairfax County, Virginia showed that, although the average value of all units studied increased over time, the prices of the market rate housing increased as the distance from the subsidized housing increased. Studies of four other Fairfax County low income housing developments completed several years earlier, however, found increased property values near them when compared to county averages.²² A possible explanation postulated for the variation is that unlike other cases in which affordable housing was introduced into existing neighborhoods, the low income and the adjacent market rate units in the 1980 Virginia study were built at the same time. With proper siting and design, the issue of a negative impact on surrounding property values should become a non-issue.

Manufactured housing (HUD code housing) that is sited on the owner's lot appreciates in value the same as site-built housing. An Indiana study of the effect of manufactured housing on site-built housing located nearby found that manufactured housing appreciated in value at approximately the same rate as the site-built housing.²³

Another common complaint is that affordable housing will attract persons from Milwaukee, especially minorities. While this is possible, the incomes of persons who could afford to move into new rental or owner-occupied units is likely to be clearly middle class and share the same relative values as those already living in these communities.

Other barriers are more tangible, such as those related to financing. Problems of qualifying for financing, pulling together a down payment, and meeting credit requirements may all be hurdles that need to be cleared. Efforts within the county can help to do this, especially if a collective effort is undertaken by the financial community. A direct commitment is needed, however, because the loan activity in recent years is quite different, at least outside the city of Waukesha, than what is envisioned with the greater prevalence of affordable housing.

D. Why Promote Affordable Housing?

The needs of residents in Waukesha County for affordable housing have been well documented, but there are other important reasons why communities should be promoting affordable housing. In the following pages we will describe both the benefits of affordable housing that accrue to local communities and the risks to the environment, the local economy, and the public fisc in not providing affordable housing.

Two questions need to be addressed regarding recommendations for affordable housing. The first question is why should communities in Waukesha County promote affordable housing. The second is related: why should a community allow new "affordable" housing when there are thousands of existing units which are valued in ranges which are also termed affordable?

Several responses can be made to each, but before detailing these, we must note that as we talk of Waukesha County, we recognize that the City of Waukesha has already taken many steps to make affordable housing available to a much wider range of incomes than virtually all other communities in the county. There are some additional steps the city can take, but they are modest, especially when compared to what can be done in other communities.

Discussed below are several of the most compelling reasons why Waukesha County municipalities should make an effort to promote the availability of affordable housing in their communities.

Employment Reasons

Waukesha County experienced rapid employment growth from 1979 to 1987, a sign of a healthy economy. But between 1987 and 1989 job growth slowed significantly due in part to a shortage of workers. Local employers need access to a range of workers, many of whom are now found only in small proportions in eastern Waukesha County.

Many businesses in Waukesha County are facing shortages of workers. In a 1991 study of manufacturing employers in the county, some 72 percent of the respondents claimed that they had difficulty finding skilled workers, and that 43 and 20 percent respectively claimed difficulty finding semi- and un-skilled workers.²⁴

Data are not available on other sectors of the economy, but anecdotal evidence points to similar shortages. The national economic downturn has mitigated the shortages modestly. But as the economy strengthens, the shortages are likely to reappear and slow growth in the county. What makes this slower rate of employment growth in Waukesha County even more likely over the next decade are the population and labor force projections for the county. The overall labor force is projected to grow only .5 percent annually, and the additions to the labor force among young workers is projected to fall precipitously. Those persons age 20 to 24 are projected to decline by 26 percent while those age 25 to 29 are likely to decline 20 percent, unless conditions change.²⁵ These factors will challenge employers in the county. If more rapid rates of economic development are desired, then more housing for these workers must be made available. The alternative is for the employers to bid for the available workforce, driving up wages and potentially making their operations less competitive.

And because many of these workers are caught in the middle ground between subsidized housing and being financially able to purchase a home, many of them may move to areas offering better opportunities at home ownership, depriving the community of both its labor base and a growing ad valorem tax base. Creating affordable housing opportunities will help communities maintain and expand the labor force to meet the needs of local employers and protect the economic health of Waukesha County.

Environmental Reasons

Six southeastern Wisconsin counties, including Waukesha, have been designated severe non-attainment areas under the 1990 federal Clean Air Act, which means that the air quality in these counties violates federal ozone standards. The growing mismatch between jobs and housing in the Milwaukee metropolitan area resulting in increased commuting and longer commuting distances adds to the air pollution that prevents attainment of federal air quality standards.

The larger county employers will be under pressure to reduce employment in the county. As one of the counties within the non-attainment area, Waukesha County must take a series of steps to reduce pollution emissions. One of the ways is through reducing the number of vehicle trips to

major employers. Employers will be helped if more employees live closer to their jobs. Alternatives to providing more affordable housing options in the county include moving jobs into Milwaukee county where public transit and a larger labor pool exist or moving jobs out of southeastern Wisconsin to places where the Clean Air Act does not require the reduction in vehicle trips. Such options are real; whether the Clean Air Act forces such moves will be determined by how Waukesha communities and employers decide to deal with the issue of clean air.

Unless the six county area in southeastern Wisconsin can reduce air pollution and meet the requirements of the Clean Air Act, we will have to cut back the number of new businesses and, thus, new jobs coming into the area. This will be a major blow to our regional economy and will negatively affect the tax base of communities throughout Waukesha County. Creating affordable housing opportunities near employment centers reduces the amount of commuting and air pollution.

In addition to the provisions of the Clean Air Act there are other environmental reasons for promoting the availability of affordable housing in Waukesha County. One has to do with the homes themselves. Smaller homes consume fewer resources to build and operate - in terms of farm land consumed, infrastructure required, and other resources for construction and operation - and smaller homes with shared walls, such as duplex and multi-family housing, do this to an even greater degree.

Higher density housing is easier to service for garbage pickup, snowplowing, recycling collection, and mail delivery, so less energy is used for service delivery while the traditional model of large lot single family residential development that is seemingly preferred by American society causes urban sprawl, high land prices, traffic congestion and a growing concern for environmental issues that all unnecessarily increase government spending. Furthermore, higher density development allows for a slower pace of land consumption, preserving more open space. And higher density development with open space set-asides can permanently create a more rural or open character to a community, further preserving the environment.

Life-Cycle Housing for Current Residents

Many communities presume that their current residents will never age, that their housing requirements will never change. This is obviously not the case. Current middle-age families have need for less expensive options for their extended families now and for themselves in the future.

Many middle-age persons have parents who need smaller housing and whom residents would like to have located relatively near-by. If communities do not allow such options, families are frustrated. Families are also commonly frustrated when their children, who have grown up in a particular community and who want to locate in that same community when they establish households, cannot do so because of the lack of affordable housing.

In order to allow families who have contributed to a community to continue to live there, housing price and tenure options need to be available. Not only would this please many families, it would also help in terms of economic development. Communities which have trouble finding workers, especially for part-time retail and service jobs, would benefit from having more young and old residents who could take the jobs.

Schools and other Community Services

The U.S. and Waukesha County have experienced rather dramatic declines in average household size. The Southeastern Wisconsin Regional Plan Commission recently completed their 2010 Land Use Plan in which they state that the average household size for the seven county area

including Waukesha County has declined to 2.6 persons in 1990. Families have fewer children and make fewer demands on the school system, so they should be more welcome than they were in the past. Even more important than household size, in terms of generating housing need, are the new dominant household growth configurations. Nationally, married couple families make up 25 percent of household growth. But single-parent families and non-family households make up 75 percent of new households.²⁶

The fastest growing household size is the single individual who contributes to the tax base, requires little in the way of services, and provides a positive market for the community's commercial base because of their positive cash flow. Also rapidly growing are two person households which additionally are positive contributors to the community, if housing options are available. Local communities should meet the housing needs of these highly desirable residents.

School systems in eastern Waukesha County have been experiencing an increase in students in recent years, especially at the elementary level. Some of this increase is due to an increase in births among residents, some to new development and the addition of new families, and some to participation in the Chapter 220 busing program with Milwaukee. It is expected that the current boomlet in births will subside, because it appears to be a temporary wave, and schools will once again have surplus capacity. Conditions will vary by district, but new households do not automatically mean more schools will be needed, even when the new households have children.

Social Costs

The lack of affordable housing options in communities generates tremendous social costs that in the end suburban residents will have to pay. Some communities in Waukesha County may argue that they have no need for affordable housing because their only interest in having businesses locate within their jurisdiction is not to provide jobs but to broaden the tax base and shift some of the tax burden from residential development. These communities believe that the burden of providing affordable housing can be placed on the communities that just plain want jobs. Meanwhile, as the labor force grows slowly due to demographic changes and the lack of affordable housing, local employers may choose to move away from Waukesha County. Those firms that stay may choose not to expand their operations in the county but instead may find new locations where there is an available work force at more competitive wages.

When a labor shortage forces businesses to move out of the area or to expand elsewhere, unemployment rises, and with it the number of persons needing assistance. Unemployment increases the incidence of depression, physical illnesses, alcoholism, and domestic abuse. The social costs that result are borne by all residents of an area. Loss of employment results in both higher service costs and in greater numbers of persons in need of assistance. Loss of business ratable means fewer revenue sources for communities. In the end, all communities pay these costs in terms of escalating taxes, while the affordable housing problem, which created the situation, remains unsolved.

Other social costs, for example, those due to an unemployed population in Milwaukee County, also exist and afflict Waukesha County either through state taxes or anti-social behavior affecting Waukesha County citizens. If a more powerful regional economy can be constructed, it will reduce social costs for all of the counties.

Legal Reasons

Beginning in the 1960s, the supreme courts of a few states began to strike down land regulation techniques such as minimum lot area requirements, minimum floor area requirements,

limitations on multi-family dwellings and mobile homes, minimum side yard, setbacks, overzoning (overmapping), and growth management caps adopted by local governments that were used for largely exclusionary practices.²⁷ Most noteworthy were several cases tried before the Supreme Courts of Pennsylvania and New Jersey.

In National Land and Investment Company v. Kohn, tried before the Supreme Court of Pennsylvania in 1965, the court heard arguments from the Township supporting a new zoning ordinance stipulating a minimum 4 acre zoning requirement for 30 percent of the township. The court held that "a zoning ordinance whose primary purpose is to prevent the entrance of newcomers in order to avoid future burdens, economic and otherwise, upon the administration of public services and facilities can not be held valid."²⁸ Furthermore, the court stated that the general welfare was not promoted by a zoning ordinance designed to be exclusive and exclusionary because the ordinance excluded population growth in general.

Throughout the 1970s and early 1980s other land use cases that take up the question of exclusionary zoning followed both in Pennsylvania and New Jersey. Two cases involving Mt. Laurel Township, New Jersey, produced the New Jersey Supreme Court's "Mt. Laurel obligation" which required that municipalities must create a realistic opportunity for that municipality's fair share of the regional need for low and moderate income housing.

In Hills Development Company v. Township of Bernards (referred to as "Mt. Laurel III") the New Jersey Supreme Court in 1986 was called upon to determine the constitutionality of the state's "Fair Housing Act" and, in particular, how it affects the previous Mt. Laurel decisions. The essence of the State's Fair Housing Act is that it: 1 provides each municipality in the state the power to determine and to provide for its fair share of its region's need for low and moderate income housing; and, 2) that an administrative agency, the Council on Affordable Housing, will have, among others, the power to determine whether a municipality's proposed ordinances will create a realistic opportunity for the construction of that municipality's fair share of the regional need for low and moderate income housing.²⁹

Opponents to the Fair Housing Act raise the concern that the court has turned over the process of providing affordable housing to the very municipalities who were sued because their zoning ordinances were exclusionary. It remains to be seen if "Mt. Laurel III" will overturn the New Jersey court's previous rulings in Mt. Laurel II.³⁰

Five years after the New Jersey court's decision in "Mt. Laurel III", the Supreme Court of New Hampshire handed down a decision on July 24, 1991 in the case of Britton v. Town of Chester that was based on the language of the state enabling legislation, which is identical to that of most states, including Wisconsin. For this reason the New Hampshire decision has the potential for wide-reaching impact. The plaintiffs in the suit were a group of low and moderate income persons unable to find adequate housing in Chester, and a builder who had since 1979 attempted to build a moderate-sized, multi-family housing development on 23 acres of land. The Town of Chester had relied on the language of the enabling legislation that authorizes the local legislative body to adopt a zoning ordinance "for the purpose of promoting the health, safety, or the general welfare of the community." The New Hampshire Court gave broader meaning to the concept of "community welfare" by interpreting the language to include "the welfare of the community in which a municipality is located and of which it is a part" and invalidated the local ordinance prohibiting multi-family housing on the basis that the Town had exceeded its delegated authority.³¹ In essence, the court held that municipalities "do not exist solely to serve their own residents, and their regulations should promote the general welfare, both within and outside their boundaries."³²

Because the language of the enabling legislation in New Hampshire is identical to that of Wisconsin, the decision in the Britton case may ultimately influence the outcome of similar land use cases here.

A second question that demands a response is why should communities allow more affordable housing to be built when they already have numerous units in them which, according to self-reported Census figures, are affordable. To some persons this seems to be a redundant exercise. There are, however, several responses.

- New units will have lower maintenance costs, thereby making them more affordable for new purchasers.
- New units may appeal more than old units to a different market segment, especially empty nesters or some young families.
- New units will maintain a greater distribution of the housing stock over time so that not all the lower priced houses will seem outmoded at one time.
- Few of the existing units are on the market at any one time, making it difficult to find units when households are looking.
- Existing units in lower price ranges tend to sell very quickly when they are offered for sale, making it difficult for those persons who are just beginning to look and those who need extra help in financing. Such persons are likely to be ignored by sellers.
- In many Waukesha communities, the number of lower priced units does not come close to matching the profile of interested buyers in terms of numbers. Unmet demand exists for affordable units.
- Current projections and trends indicate that real incomes are rising very slowly and that the future population of home buyers, unlike the baby boom which has pushed values up in recent years, will not be growing at past rates. These trends are not going to last too much longer, and all the big houses will be less desirable as the population ages and fewer new households are created. This will mean that the communities with greater diversity of housing stock will suffer less because it is the smaller units which will be more sought after and will, therefore, maintain values better.

E. How to Handle the NIMBY Problem

Public input makes democracy messy, yet it is vital to continuing our democratic form of government. Communities and their elected representatives need and should encourage public input, but they must also be able and willing to differentiate between reasonable and unreasonable public demands.

Just as a person sometimes ignores physical symptoms from fear of the cure, the public ignores the mounting social problems that the lack of affordable housing causes simply to avoid the pain of its cure. It doesn't matter that the reaction is irrational. The emotion behind NIMBY (Not In My Back Yard) is fear - fear of someone of a different race, values, or background, fear of

possible monetary loss on housing investment, or fear of higher taxes. The following suggestions can help lessen the fear and help the Nimbys begin to accept affordable housing:

- 1) Insure that the project fits mentally and physically into the community.
- 2) Achieve the higher density necessary to keep units affordable by utilizing low-rise units that resemble single family homes.
- 3) Help the community understand that affordable housing can be a boost to the tax base, both directly by increasing the amount of high density land and indirectly by providing workers to maintain and attract firms that help support the local tax base.
- 4) Insist that developers and builders patiently handhold the community to overcome the fear residents have of local property value decline. Although major studies on the effects of low and moderate income housing on the property values of existing residential development carried out in communities across the country showed that low income housing did not lower the price of nearby homes, such fear still exists.

Community planners can arrange site visits to affordable housing developments located in the county and throughout the region to allow local elected officials an opportunity to see what is being done and how similar developments can fit into their respective communities.

Using citizen committees to study the individual community's needs and to set affordable housing goals can help facilitate the process of regulatory change required to accommodate affordable housing. Community meetings, some of which can be held at the neighborhood level, can solicit input from residents, and they can explain community goals and the advantages and disadvantages of affordable housing.

F. Other Approaches to the Creation of Affordable Housing

Employer-Assisted Housing

There are many reasons why local employers become involved in affordable housing. Some employers such as hospitals, universities, and utilities cannot easily relocate. If the community in which they are located is strong, they are strong. Having an adequate supply of affordable housing helps make communities strong and keeps their employees committed and happy. Furthermore, public utilities often lose money when households have high bills that they cannot pay for heating and cooling poorly built housing. And in an age of emphasis on conservation, reducing consumption is an explicit goal of utilities and serves to involve them in various housing activities.

The continued high cost of housing, fewer governmental resources, good public relations and difficulties recruiting workers are other reasons why public and private sector employers participate in housing assistance programs. Many firms in the private sector find that housing assistance is less expensive than relocating the firm. Although developing employee housing is often too large an investment for most private sector firms, they can, and often do form consortiums made up of many smaller employers who merge their resources to create affordable worker housing.³³

The benefits to employers of employer-assisted housing are that it:

- Reduces turnover costs.
- Allows firms to remain competitive.
- Attracts skilled workers by promoting community development and stability.

Strategies developed by employers to provide affordable housing include:

- 1) financial assistance packages;
- 2) housing development programs;
- 3) public-private partnerships;
- 4) pooling resources to aid non-profits in the development of affordable housing; and
- 5) consortiums for housing development.

The Federal National Mortgage Association (FNMA) has become involved with the employer assisted housing market. Besides providing national recognition of the problem, FNMA also acts as a stimulus for corporations to consider implementing their own programs and will provide standardized programs for employers to use.

Complete an Affordable Housing Demonstration Project

A community that is currently looking for ways to provide quality affordable housing could work with a local developer in putting together a demonstration project that would feature several housing types in a mixed-use setting. This could show not only the design strengths but also the market and resulting service demands.

Another way to ensure the success of a community's venture into affordable housing is to adopt a zoning district allowing higher density affordable housing for a designated period of time, and at the end of the time period decide whether it was successful in achieving the community's affordable housing goals. If successful, adopt the zoning permanently and fine-tune it on a bi-annual basis to make sure that it continues to serve the community's needs.

Affordable housing demonstration projects have been completed in several communities throughout the country. Among them are several planned unit development projects completed by the Joint Venture for Affordable Housing (JVAH) program of the Department of Housing and Urban Development (HUD). One such project, Innovare Park in Tulsa, Oklahoma, combined multi-family and planned unit development rezonings of the site. City officials were satisfied with the arrangement that provided for a higher degree of regulation while it allowed the developer greater flexibility in both principal uses and lot sizes than conventional zoning.³⁴

The City of Orlando, Florida, entered into an agreement with a local developer who, in exchange for the demonstration project status, accepted a restriction of the percentage of his profits so that all savings from the program go directly toward lower home sales prices. Savings on development costs for the mixed-use development were 15 to 20 percent compared to what development costs would have been under ordinary regulations and procedures.³⁵

SUMMARY

This study has identified that local zoning and subdivision ordinances in Waukesha County form a substantial barrier to the production of affordable housing within the county. While local regulations do not constitute the only impediments, any successful effort to increase the supply of affordable housing units must begin with changes in local regulations.

There are three components of housing costs that are affected by local regulations: 1) land costs, 2) lot improvement costs, and 3) construction costs. A review of the minimum standards in the highest density residential zoning districts for all 37 Waukesha County municipalities has identified those components of local zoning and subdivision ordinances that can be further reduced to provide affordable housing opportunities to county residents.

Zoning requirements that most commonly need to be reduced are those for lot area, lot width, front yard setbacks, and minimum floor area. Large lot size and lot width (which is determined by lot size) are responsible for increasing the cost of land, streets, sewers, water systems, sidewalks, curb and gutter, and street trees. Because large lot zoning raises the cost of land and land improvements substantially, it seems clear that reducing lot area requirements has the greatest potential to significantly lower housing costs.

The following minimum standards are suggested:

- Minimum LOT AREA - 4,800 square feet
- Minimum LOT WIDTH - 60 feet
- Minimum FRONT SETBACK - 25 feet
- Minimum FLOOR AREA - 900 square feet for single family
- Minimum FLOOR AREA - 300/900 square feet for multi-family
- Maximum multifamily DENSITY of 14-16 units per acre

Subdivision requirements that can be eliminated in many cases are sidewalks, curb, gutter and storm sewer, and impact fees. Subdivision standards that can be lowered are right-of-way requirements, pavement width, and, where they can not be entirely removed, impact fees:

- Reduce PAVEMENT WIDTH - 22 feet
- Reduce RIGHT-OF WAY WIDTH - to the minimum space needed for utility lines and work area.
- Reduce IMPACT FEES - to provide off-site improvements required by new development only.

Other changes that can be made in local regulations to provide affordable housing options include: allowing multi-family zoning as a permitted use by right, legalizing accessory apartments, and providing a zoning district that allows manufactured housing communities in areas of the community that are conducive to good residential development.

We suggest that communities enact a Below Market Rate Housing Ordinance (BMRH) and zone sufficient land in this category to insure that the community will get the affordable housing it needs where it is needed.

One important step that communities can take that will help local efforts to provide affordable housing is revamping the permitting and approval process to rationally and effectively review proposed development in a reasonably quick time frame while still protecting the health, welfare, and safety of the community. Consolidating the number of separate permits, approvals, and hearings, providing clear, concise information, making sure that the process is geared to solving problems, and providing a well-defined appeals process will reduce the time and, therefore, the cost of development that can reduce the cost of housing.

There are compelling reasons why it is in the best interests of communities to provide for affordable housing. Those that we have discussed because of their particular importance to Waukesha County communities are:

Employment Reasons	Life Cycle Housing
Environmental Reasons	Social Costs
Legal Reasons	

Recognizing that change is always difficult and that taking pro-active steps to encourage affordable housing that increases density and allows different types of housing can elicit strong negative reactions from community residents, we suggest ways in which community leaders can defuse NIMBY sentiments and work for consensus on the issue of affordable housing. To accomplish this we suggest that affordable housing developments should physically and mentally fit into the community, that the community be helped to understand that there are risks to the tax base both in providing only one type of housing (low density single family) because housing value diminishes throughout the community in times of economic downturn, and that lack of worker housing may drive businesses that support the tax base from the community. In addition communities in Waukesha County should be aware of the increasing number of successful legal challenges made against communities in various parts of the country and that these challenges have struck down development ordinances which have restricted affordable housing.

Finally, for communities which must move slowly toward regulatory change we recommend a number of approaches. One way would be to plan and execute a demonstration project that would feature a variety of housing types and sizes as a mixed-use or planned unit development. The experience gained through the demonstration project can help formulate a permanent, affordable housing zoning ordinance incorporating ideas that worked, and eliminating up front those that did not.

Another suggestion is to adopt an affordable housing ordinance for a specified period of time. At the end of the time period the community can choose to adopt the ordinance permanently. To insure that it continues to serve the affordable housing needs of the community, the ordinance should be reviewed annually and adjustments made as needed.

Other ways that communities can meet their affordable housing needs is by encouraging employer assisted housing and public-private partnerships. These cooperative efforts have worked successfully in bringing affordable housing to other communities and should be encouraged and supported by Waukesha County communities as well.

Removing the local regulatory barriers to affordable housing and providing a positive climate in which affordable housing can occur is vital to the continued economic, social, and environmental health of Waukesha County. To accomplish this requires dedication and leadership from local elected and appointed officials, cooperation from local builders and developers, and a willingness on the part of county residents to make it work.

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⁵ E. Lee Fisher and Carol E. Soble, Affordable Housing, 17-21.

⁶ Chapter 65: “Acreage Zoning,” American Land Planning Law, 2, 850-853.

⁷ Ibid., 854.

⁸ Conversation with Mr. Dale Brundelson of S and B Construction Company, Waukesha, Mach, 1992.

⁹ The Federal Disabilities Act #504 requires that rental units be large enough to accommodate persons in wheelchairs. Our suggested minimum floor area requirements may not meet the standards of this Act in all cases. Our recommended minimum floor areas may need to be increased, although they should be raised no more than is necessary to meet the requirements of the Act to ensure that rental units remain affordable.

¹⁰ Wisconsin Manufactured Housing Association, “Wisconsin’s Best Housing Value,” 1990/91.

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¹² Ibid.

¹³ George Allen, CPM. “Love Thy Neighbor,” Mobile/Manufactured Home Merchandiser, February 1989, 34 and 36.

¹⁴ Thomas E. Nutt-Powell, David E. Hoaglin, and Jonathon Layzer, “Residential Property Value and Mobile/Manufactured Homes. A Case Study of Belmont, New Hampshire,” Working Paper W86-1, Joint Center for Housing Studies of MIT and Harvard University, (Harvard: Joint Center for Housing Studies of MIT and Harvard, 1986).

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¹⁶ Ibid.

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¹⁹ Bruce W. Ferguson, “How Impact Fees Affect Residential Development,” prepared for the Urban Land Institute, 11 January 1991.

²⁰ E. Lee Fisher and Carol E. Soble, Affordable Housing Development Guidelines For State and Local Government, 5-14.

²¹ Marco A. Martinez, The Effects of Subsidized and Affordable Housing on Property Values: A Survey of Research, prepared for the State of California, George Deukmejian, Governor, (1988): I, 1-40.

²² Ibid.

²³ George Allen, CPM. “Love Thy Neighbor,” 36.

²⁴ Sammis B. White and Nancy J. Gitzlaff, “Workforce Issues in Waukesha County”, University of Wisconsin-Milwaukee Urban Research Center, (Milwaukee: June 1991).

²⁵ “Wisconsin Population Projections, 1980-2020,” Wisconsin Department of Administration, 1988.

²⁶ George Sternlieb and James W. Hughes, “Private Market Provision of Low Income Housing,” 150.

²⁷ David L. Callies and Robert H. Freilich, Cases and Materials on Land Use, 549.

²⁸ Ibid., 555.

²⁹ David L. Callies and Robert H. Freilich, 1988 Supplement for “Cases and Materials on Land Use,” (St. Paul: West Publishing Company, 1988). 81-82.

³⁰ Ibid., 81.

³¹ Marcelle Sattiewhite Jones, “Landmark Exclusionary Zoning Decision Handed Down in New Hampshire,” WAPA News: Wisconsin Chapter, American Planning Association December 1991, 3.

³² Ibid., 3.

³³ Thomas Deyo, “Employer-Assisted Housing: Strategies for Revitalizing Communities,” Journal of Housing September/October 1991.

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³⁵ Marie L. York, “The Orlando Affordable Housing Demonstration Project,” Journal of the American Planning Association 57 No. 4, (Autumn 1991): 490-493

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 - 1 Average per unit of measurement costs of specific improvements were calculated for those improvements that were generally required and for which total costs would be significant. Therefore, average costs were calculated and applied only to specific improvements which were more universally applied. These average unit costs are displayed in Table 11 in part A of this Chapter. Most likely the average costs provided are on the low side, as per-lot improvements vary widely depending on the topography of the site, soil stability, and the number of finished lots over which fixed costs are distributed. Nevertheless, the results are informative.

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- 8 We obtained the average costs per foot or square foot used in our calculation of subdivision improvements by averaging available improvement costs found in actual engineering bids for recently approved subdivisions in several Waukesha county communities. We then compared our average costs with average costs for recently constructed improvements with similar specifications from another metropolitan Milwaukee suburb and found that the costs of improvements per unit of measure were virtually the same. Given that engineering specifications for improvements do vary both across municipalities and over time, we believe that using average costs obtained from recent development in various suburban communities provides a reasonable base for comparison.
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