

# Workforce Housing

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October 21, 2020



# Why a shortage of workforce housing?

- ▶ Lack of Inventory/affordable housing (both new and existing homes)
- ▶ Lack of Skilled Labor
- ▶ Lack of Materials
- ▶ Lack of Lots
- ▶ Community requirements
  - ▶ Lot sizes
  - ▶ Permit fees/Impact fees
  - ▶ Approval process uncertainty or lack of predictability
  - ▶ Time delays



# What is Workforce Housing and why do we care?

- ▶ Workforce housing is housing that is affordable to workers and close to their jobs. It is homeownership, as well as rental housing that can be reasonably afforded by a moderate to middle income, critical workforce and located in acceptable proximity to workforce centers. Per National Association of Realtors
- ▶ Middle Income workers: Healthcare workers, fireman, policeman, teachers, millworkers, construction trades, service industry.
- ▶ As of September, 2020, the Median price range for housing in Wisconsin is \$229,900 vs \$195,000 in 2019. Per Wisconsin Realtors Association
- ▶ Every community competes for growth. Besides providing good services, police, fire/safety systems, a good school district, park system, green space and natural areas; communities must provide all housing options.
- ▶ Companies looking to locate in an area look at the amount of workforce housing (roof tops) available to attract workers to the area and to their company.



# Lack of Inventory (both new and existing homes)

- ▶ Currently, the market is very fast. It is a seller's market. Meaning homes sell rapidly and buyer's are forced to pay top dollar. We came into 2020 with a lack of inventory. Builders were just starting to get caught up when Covid hit and shut down lumber mills and suppliers; creating shortages of materials, with the existing shortage of labor. It is now extremely costly to build a new construction; putting undue pressure on the existing home market. Most of the time, a buyer can now get more bang for their buck in an existing home; but they may get in a bidding war for it; driving up the price. Some sellers are 'sitting tight'. People who would be building (up or down sizing) are not because of costs. They are staying in their current home instead of selling. Also putting more pressure on available inventory.
- ▶ Listings for September 2020 = 26,061 down 24.5% from 2019 at 34,519 (WRA)



In 2008 we could build a 1400 sq ft 3 bedroom, 2 bath home with lot for \$156,000.00. Economy of scale makes it difficult to build at \$250,000.00 today. For instance, new efficiency requirements were passed for a simple air conditioner, adding to the cost of a single family home. Normally at 1400 sq ft home would require a 10 seer unit at \$1,250. They are no longer made, so a 1400 sq ft house has to use a 12 seer unit at \$2,400. It is difficult to impossible to 'build' a starter home. A first time home buyer is looking to the existing market for their first home; putting more pressure on that market

▶ 2699 Boxwood \$157,900

▶ Closed 11/11/2009



▶ 3822 Scotchman Circle \$249,900

▶ Closed 8/9/2019



# Why a shortage of skilled labor?

We are currently experiencing a shortage of skilled labor. After the downturn in the economy many left the building trades. Tech schools, apprenticeship, shop/metal craft/woodworking classes were not promoted in schools. Students were directed by parents as well as school counselors that a college degree was the only way to go. Now they have college degrees, college debt and no job. Plus, because they have a diploma, they think a skilled labor position is beneath them. Instead they could have gone to a Tech school; gotten an apprenticeship and been being paid a great wage instead of having debt. More emphasis should be given to the education of trades as a good and respectable career.

## Skilled labor entry wage comparison

▶ Plumber	\$55,160	▶ Boilermaker	\$63,100
▶ Construction Mng	\$95,260	▶ Landscape Architect	\$69,360
▶ Powerline Tech	\$65,700	▶ Millwright	\$55,060
▶ Electrician	\$56,180	▶ Aircraft Mech	\$64,310
▶ House Painter	\$40,280	▶ HVAC	\$48,750



# Interest Rates are low.

- ▶ Historically interest rates are low, which is somewhat masking the problem.
- ▶ Assuming a Purchase price at \$250,000 with 20% down and a mortgage of \$200,000.00
- ▶ Debt Ratios remain 28%/36% A monthly payment for PITI can be 28% of monthly income: While PITI & Monthly liabilities can be 36%

▶ Interest	MLiab	PITI	Mortgage	Annual Income
▶ 3.5%	\$450	\$1,033	\$200,000	\$49,436
▶ 3.75%	\$450	\$1,061	\$200,000	\$50,372
▶ 4%	\$450	\$1,090	\$200,000	\$51,328
▶ 4.25	\$450	\$1,119	\$200,000	\$52,296



	Town of Ledgeview (2017)	Village of Bellevue (2017)	Town of Lawrence (2017)	Village of Ashwaubenon (2017)	City of De Pere (2017)	Village of Howard (2017)	City of Green Bay (2017)	Village of Suamico Belmont (2017)	Village of Suamico Velp (2017)
Building Permit	604.80	304.00	1,190.00	400.00	604.80	369.00	484.31	750.00	750.00
Electrical Permit	211.40	152.00	included	80.00	504.00	185.00	226.80	included	included
Plumbing Permit	175.00	152.00	included	80.00	231.00	185.00	\$7/fixture	included	included
Heating Permit (HVAC)	175.00	152.00	included	80.00	400.00	185.00	136.80	included	included
Building Inspection Fee	0.00		300.00	n/a	0.00		0.00	included	included
Impact Fee - Water	0.00	191.00	475.00	n/a	0.00	0.00	0.00	2592.40	2,592.40
Impact Fee - Sanitary			0.00	n/a	0.00	0.00	0.00	1258.79	4,215.03
Impact Fee - Transportation	293.00		0.00	n/a	0.00	667.00	0.00		0.00
Impact Fee - Park	1,212.00	698.00	700.00	971.00	300.00	1,225.00	0.00	300.00	300.00
Impact Fee - Fire Protection	0.00	266.00	0.00	n/a	0.00		0.00	0.00	0.00
Impact Fee - Law Enforcement	0.00	154.00	0.00	n/a	0.00		0.00	0.00	0.00
Driveway Permit/Curb Cut		50.00	included	35.00	75.00	20.00	50.00	25.00	25.00
Culvert Elevation - Driveway			included	n/a	0.00		0.00	50.00	50.00
Permit to Start Construction	50.00	50.00	0.00	n/a	160.00		0.00	50.00	50.00
Park Fee			0.00	same as impact	0.00		0.00	0.00	0.00
Sanitary Sewer Connection Fee	1,220.00		1,600.00	n/a	125.00		30.00	0.00	0.00
Storm Sewer Connection Fee	0.00		0.00	n/a	included in sanitary		30.00	0.00	0.00
Utility Connections Costs						30.00			
Water Connection Fee	45.00		294.00	n/a	included in sanitary		30.00	0.00	0.00
Erosion Control Fee	100.00	100.00	50.00	75.00	95.00	100.00	75.00	150.00	150.00
Meter Fee	294.00		0.00	96.00	294.00		0.00	0.00	0.00
Plan Review		50.00	included	n/a	135.00		50.00	0.00	0.00
WI UDC Permit Seal	40.00	40.00	40.00	35.00	50.00	35.00	30.00	35.00	35.00
Water Supply Capacity Charge	294.00		0.00	n/a	0.00	294.00	0.00	0.00	0.00
Administrative Fee	150.00		100.00	n/a	0.00		0.00	75.00	75.00
GIS Support Fee									
Assessor Fee	50.00		0.00	n/a	0.00		0.00	0.00	0.00
Certificate of Survey			0.00	n/a	0.00		0.00	0.00	0.00
Certificate of Occupancy	40.00		0.00	30.00	0.00		30.00	0.00	0.00
Garbage & Recycling Containers	150.00		154.00	145.55	0.00		120.00	0.00	0.00
Sanitary Lateral Inspection	131.00		70.00	30.00	0.00		0.00	120.00	120.00
Water Connection Fee		1,000.00		n/a	0.00		if applicable	0.00	0.00
Water Lateral Inspection	0.00	294.00		30.00	0.00		0.00	included	included
Storm Lateral Inspection	0.00	250.00		30.00	0.00		0.00	included	included
Stormwater Deposit				n/a	0.00		0.00	500.00	500.00
Address				n/a	0.00		0.00	25.00	25.00
Right of Way Permit		50.00		n/a	0.00		0.00	0.00	0.00
Escrow			1,000.00	n/a	0.00		0.00	0.00	0.00
Grade Permit				n/a	75.00		0.00	0.00	0.00
Deck	0.00	50.00		included	75.00		if built at time of construction	0.00	0.00
Electric Service		25.00		included	75.00		0.00	0.00	0.00
<b>Total Permit and Fee Cost</b>	<b>\$5,235.20</b>	<b>\$4,028.00</b>	<b>\$5,973.00</b>	<b>\$2,117.55</b>	<b>\$3,198.80</b>	<b>\$3,295.00</b>	<b>\$1,292.91</b>	<b>\$5,931.19</b>	<b>\$8,887.43</b>
Average RE Taxes based \$250,000 Value	\$4,204.09	\$4,229.81	\$4,168.19	\$5,023.74	\$5,265.21	\$4,287.39	\$5,738.32	\$4,364.84	\$4,364.84
Post Construction Service Fees									
Services included taxes									
Average Time to Issue Permit (days)			3 days				7 days		5 days
Tools used to promote development?			web						
Top 3 Community Highlights			good schools, low taxes, I-41						



# Building permit and Impact fees

- ▶ You can see from the chart of building permit and impact fees charged by various municipalities can be significant. Building permits range from \$304 to \$1150 to begin with and go up from there. (Usually based on home square footage.)
- ▶ Impact fees can be charged for anything from park fees, transportation fees, sewer and water impact and then there are hook-up fees in addition. Total permit/impact fees in Brown County range from a low of \$1,292.97 to a high of \$8,887.43. And municipalities generally offer the same services.
- ▶ Then there are things like green space, esa (environmentally sensitive area) dedication, sidewalk and trail requirements as well as street lighting.
- ▶ There also needs to be an efficient/friendly inspection process so construction is not delays



# Lot shortage/Community requirements

- ▶ The process for developing subdivisions has become very involved and expensive. Every time delay causes excess costs. Getting a subdivision from drawing board to lots for sale can take 6 months to 2 years, if you're lucky. All of this time the developer is paying interest, real estate taxes and carrying costs; adding to the per lot cost.
- ▶ There needs to be continuity in the development process. A developer needs to be assured a change over in municipal personnel or board member will not sideline a project; or change the requirements. A developer needs a confidence the municipality will support the project; public hearings, rezoning and availability of infrastructure. The NIMBY effect. Replat, come back next month.
- ▶ Inner municipal delays; pushing a project from one department to another without a time limit for approvals is a major delay tactic which can cause major frustration besides the time and money it costs.
- ▶ Extra territorial Review (incorporated over unincorporated municipalities) County, DNR and State reviews should be on a time limit for approval.



# Community requirements

- ▶ Community requirements have an extreme cost effect on lots and new construction. In the last 5 years infrastructure costs (sewer, water, sanitary sewer, paved street, curb & gutter and sidewalk) have increased by at least 30%; rising from \$250.00 @ running foot per side of the street to \$375.00 @ running foot per side of street; raising the infrastructure cost of an 80' lot from \$30,369.89 in 2016 to \$36,836.00 in 2018. If neighboring communities have different requirements a developer will go to the community where there is the most density, all other things being equal.
- ▶ On a typical 40 acre site you should get approximately 80 lots. You lose 5% of the land for storm water management and 12% for roads. If a developer can do an 80' lot vs 100' there is greater density, less cost per lot and a greater chance of bringing the lots on the market in an affordable price range
  - ▶ Variable lot sizes (60',70',80',90',100')
  - ▶ Street width (28' to 37' back of curb to back of curb) (less asphalt cost)
  - ▶ Front yard setbacks and sideyard requirements all effect lot size and end price
  - ▶ Storm water requirements (Regional pond or subdivision specific pond)
  - ▶ Sidewalks, walking trails, green spaces (timing of installation)
  - ▶ Rolled curb vs standard (no curb cut required with rolled curb)
  - ▶ Phase I, Phase II, Wetland delineations, geo tech studies



# Platting process:

1. Meet with County and Town to see what type development they want on a specific parcel. Is it in the Sewer Service District? Is water available?
2. Any wetland delineations, ESA determinations Phase I or Phase II are done
3. Design plat
4. Bring plat forward for rezoning and preliminary plat review and approval with public hearings at Board and Planning Commission
5. Preliminary goes to County and Extra Territorial review, if necessary
6. Necessary changes are made to plat
7. Final Plat goes to Planning Commission and Board for approval
8. Final Plat goes to County, State & extra territorial review, if necessary
9. Plat is recorded at County Register of Deeds, Lots are improved and can go on the market



# Time delays = Money

- ▶ Time delay because of meeting. If a town board/planning commission does not act on a project request and postpones it to the next meeting it can have dire consequences, especially in Wisconsin when Winter arrives:
  - ▶ WPS (gas and electrical installation) charges frost charges on anything after November 1 - frost or not; until May of the following year
  - ▶ Infrastructure is delayed for months
  - ▶ Developer has real estate taxes on the year, before lots can be sold (\$600-1000 per lot)
  - ▶ Developer carried land for months without product to sell, paying interest on purchase price (\$600,000 to 1,000,000) x 3%
  - ▶ Miss the market and won't be open until Summer or summer of the following year

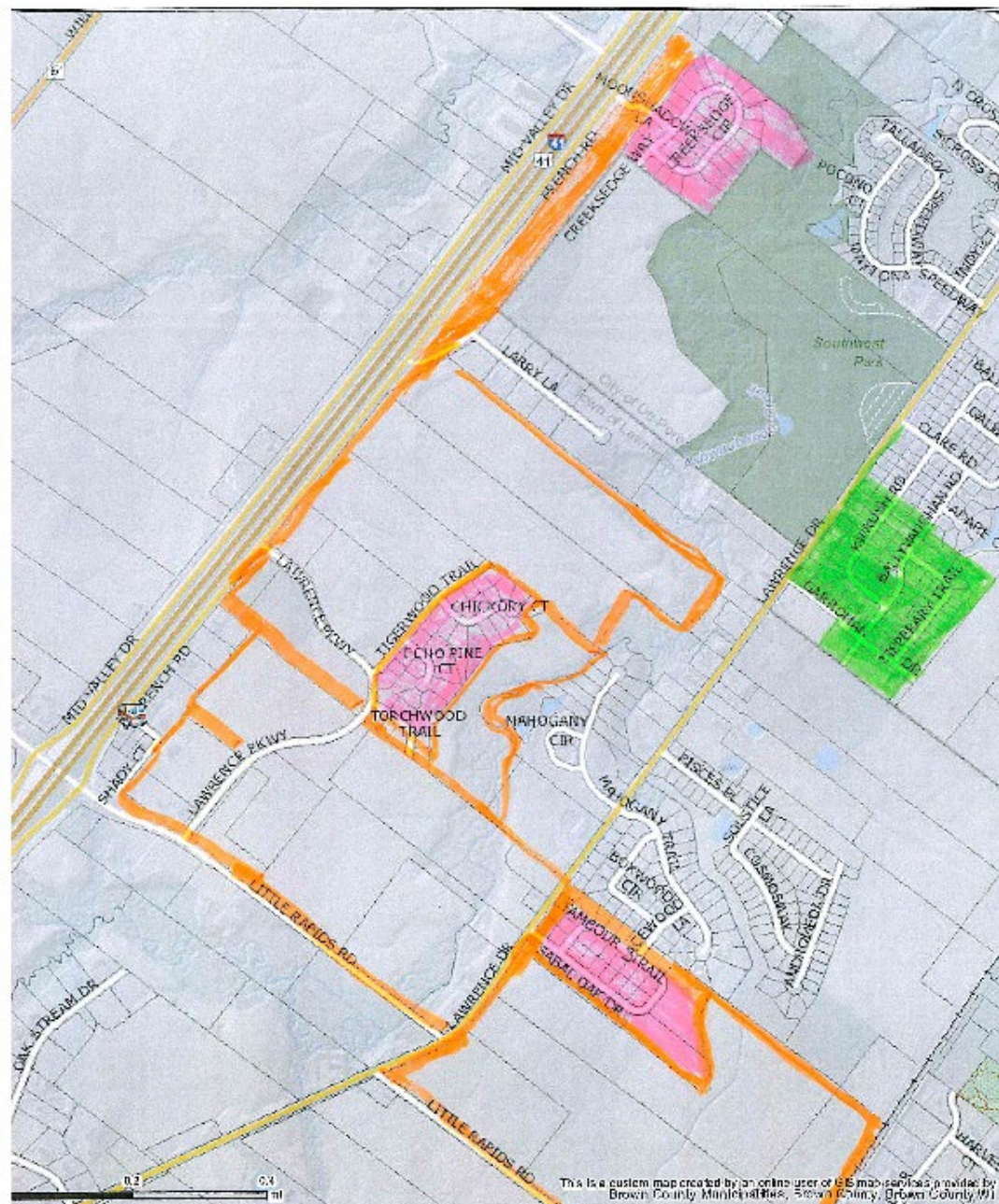
Many times a municipalities needs to educate Board members who have no realization of what a one month delay can cost in a project.



# What can a municipality do to help remedy the shortage of workforce housing?

- ▶ Municipality backs development - planning and Board members know if a developer brings in a project meeting community plans it should be approved in a timely manner. A community should work to have:
  - ▶ Proper zoning support to create different housing types - mixed use
    - ▶ Single Family, condominium, rental
  - ▶ Subdivision ordinances, comprehensive and area development plans allow mixed use development with variable lot sizes, road widths, setbacks.
  - ▶ Infrastructure is available to the site thru a TIF (Tax Increment Financing) TID (Tax Increment District) or other municipal financing plan.
  - ▶ Approval process is efficient and timely.
  - ▶ Fees based on real costs (Decreased on projects including workforce housing.)
  - ▶ Real estate tax break on new development New lots are not taxed at the same rate while in the developer name. Real Estate taxes continue once the lot is sold by developer.
  - ▶ Work with WHEDA and NeighborWorks and other loan programs to make loans available to first time and move up homebuyers.
  - ▶ Programs to help maintain the current housing stock in good repair and market ready
  - ▶ There also needs to be an efficient/friendly inspection process so construction is not delayed. (both on development project and home construction.)





# City of Brown County WI

Printed on 10/17/2020

Scale: 1:12,000  
 1 inch = 1,000 feet\*  
 1 inch = 0.189 miles\*  
 \*original page size: 8.5"x11"



Parcel ownership key  
 Parcel Boundary  
 Condominium  
 Other Ownership

Parcel line  
 Right of Way line  
 Mainline line  
 Lines between lots or lots  
 Hidden Parcel Line

\*Trails\* indicate parcel ownership changes in line

SC-150-2 Parcel ID Number  
 2222227 Document Number  
 0.014 AC Area of parcel  
 279.8' Line Distance  
 0547 Address

A complete key (legend) is available at:



(202) 448-6450



# A partnership between developer and community - one solution

- ▶ In 2000 we purchased the property to the north along with an extended piece fronting on Lawrence Drive. The Lawrence Drive piece was serviced immediately. The French Road piece, although promised, could not be serviced.
- ▶ In 2004 we purchased 110 acres, of which 62 acres fronted on French Road, which could not be serviced. Services were promised for both pieces, but did not happen.
- ▶ In 2018 the Town of Lawrence created a TID district which did a few things.
  1. It brought services to the northern piece, though this was not a part of the TID. We were able to develop 35 lots in 2019 and are almost sold out.
  2. It brought services to the 62 acres as part of the TID. The Town extended the TID along Lawrence Drive, as well. They had a commercial user for that portion of our property along French Road and we traded commercial for Mixed use residential piece on Lawrence Drive. The mixed residential use area is 26 R-1 residential lots, 9 duplex, 7 condo and 32 multi-family units in one neighborhood. And we have opened 39 lots (5 are sold) along the ESA



# Workforce housing benefits

- ▶ Community gets needed growth; increased tax base. (\$39,162,500)
- ▶ Development more than pays for itself thru jobs created and taxes paid.
- ▶ Community partners with developer to provide all housing styles for residents for today and tomorrow.
- ▶ Community provides a job source which has a trickle down effect on the economy and can draw new business to the area to support community growth.
- ▶ Growth spurs growth.

