Chippewa Valley Housing Task Force

Summary Recommendations

The Chippewa Valley Housing Task Force was assembled in June 2018 to collect information and insight to better understand the regional housing market and to investigate potential solutions to housing supply and affordability challenges. This document serves as a summary selection of the Task Force Recommendations Report.

The proposed approach is to recognize that the housing market is incredibly complex, diverse, and dynamic, and as such, there is no single or simple way to define need with precision. The general consensus of the Task Force is that supply is insufficient in every price point and in every building form, with the most acute need on those households considered low income (earning less than 80% of area median income (AMI)). With rapidly increasing housing prices, middle-income households are increasingly strained, especially those who are seeking or needing to make a change in housing.

Goal Statement

Fair and equitable access to safe, quality, healthy, stable housing for all individuals and families is critical for success in health, economic stability, education, and social mobility. Housing is a fundamental component of community vitality that affects the daily life and livelihood of all people. Disparities resulting from differences in race, ethnicity, income and location must be positively and effectively addressed.

Consensus Statements

The following represent key consensus findings of the participants of the Task Force:

- Many of the key drivers of rising housing costs are the result of national trends, including building materials, labor shortages, interest rates, and lingering impacts of the lack of new construction during the recent recession.

- Housing supply in the Chippewa Valley is insufficient to meet current need and demand in every income category and housing type. The most acute need is for quality rental housing that is affordable for persons of low-income.

- The overall housing effort must be regarded as a continuous, long term mission that integrates complementary short-, medium- and long-term strategies and tactics that are regularly evaluated and updated.

- Employers and economic development entities report that supply of housing is hindering recruitment of employees from young professionals to executives, and that overall supply of housing is among the top constraints to growth.

- Housing is a significant impediment to current and long-term economic development in the region.

- Housing, community design, and the built environment are key social and physical determinants of health[1].

- Identify measures and indicators of success, and report on progress.

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[1] U.S. Department of Health & Human Services, www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health

- Local development regulations may be a barrier to infill and redevelopment that would improve housing supply and affordability.

- Many households face challenges to accessing stable housing independent of housing supply that require additional attention and resources, including but not limited to mental health, conviction and rental history, racial and cultural stereotyping.

- Rising costs of non-housing essential services such as health care and child care are resulting in increased cost burdens for persons who have low to moderate income and further exacerbate housing challenges.

- Partnerships and collaborations between government, private firms, nonprofits and civic groups will be required to effectively address our current housing challenges.

- Effective and coordinated advocacy by informed citizens and civic groups is necessary to maintain momentum, refine and support policy proposals that reflect community goals, and contribute to implementation.

- Macro-economic trends are generating an increasing percentage of jobs on the low- and higher-income brackets, and to wages not keeping up with increased cost in household essential services, directly contributing to housing affordability challenges at the community scale.

- There are opportunities to better coordinate housing and development, and the Task Force provided one venue to create connections.

- Continue the efforts of the Task Force in some fashion.

- Raising public awareness and political will are aligning toward action.

Define "Affordable"

There are multiple definitions utilized to identify what cost threshold of household income constitutes an "affordable" housing situation. Further, this concept is highly contextual, as there are other contributing factors such as how housing location impacts transportation and other lifestyle costs, access to employment and services, utility costs, and others.

> **"Affordable Housing" is most typically defined as housing expenses that comprise no more than 30% of gross household income.**

Determining housing affordability is complex and the commonly used housing-expenditure-to-income-ratio tool has been challenged. "Affordable Housing" is most typically defined as housing expenses that comprises no more than 30% of household income (including utilities, insurance, property taxes, upkeep, and related expenses). Households spending more than 30% are considered "cost burdened", and households spending more than 50% are considered "severely cost burdened." While this rigid, simplistic standard tends to "overstate housing affordability challenges for high-cost markets and for higher-income and smaller households", it does provide a reliable generalized indicator at the community level if utilized with caution due to variation in housing types and income conditions[2].

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[2] 2018. Christopher Herbert, Alexander Hermann, and Daniel McCue. "Measuring Housing Affordability: Assessing the 30-Percent of Income Standard". Harvard Joint Center for Housing Studies. Accessed 2018 December 1. http://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Herbert_Hermann_McCue_measuring_housing_affordability.pdf

Define Housing Segments

A consistent theme through the Task Force investigation is that there is insufficient supply for housing of nearly every type and form in the Chippewa Valley. However, it became increasingly clear that the approaches to address housing for particular segments of the community as defined by household income or demographic segment require different and targeted, while complementary, strategies and tools. The market is diverse and people experience the housing market very differently depending upon their income and other life situations.

Total cost of ownership is an important consideration that can make identifying a single affordable price point challenging. As noted in the definition of "affordable," rent or mortgage is only one part of housing cost. Housing location also creates variable transportation expense that depends upon the households mobility for employment, necessities, and services.

The following general housing market segments are not monolithic, but are useful frameworks from which to focus, understand and pursue goals and objectives.

Homeless and Very Low-Income includes individuals and households that generally cannot freely participate in the housing market. These individuals and households require a system of support programs and services to secure housing. Many of these individuals face additional barriers to securing housing beyond income, some of which also are contributing to income constraints.

Income Insecure includes individuals and households earning up to approximately 80% of the area median income (and some higher), and encounter challenges in securing affordable quality housing. These challenges may be due to relative cost of housing, but also other household cost burdens and non-financial impediments. "Income insecure" is a relative term as some individuals in this income bracket are on fixed retirement resources, while others, such as single persons without other major expenses, may be living comfortably. The income source(s) for people in this segment might be dependable (secure), but insufficient to obtain housing without becoming cost-burdened.

Middle Income includes individuals and households earning approximately 80% to 120% of area median income ($50,538 in Eau Claire County, 2018), are generally the largest segment of the housing market, and historically had few challenges in securing affordable housing. An increasing percentage of middle-income households have become housing cost burdened due to costs of healthcare, childcare, housing, and other necessities rising faster than median wages.

Income Secure includes households are those that are earning significantly more than the area median income. Households in this segment drive demand for higher-end housing and generally face no constraints or barriers in affordability in this region. Households in this segment may need to compromise on desires regarding size, locations or features in housing due to current inventory, but can do so without meaningful financial strain.

Students are defined as people who are attending higher education at least part time. Traditional students are attending school full-time, are typically between 18 and 24 years old, are working part-time, and have access to additional financial resources through family or student loans to meet housing and essential costs. Non-traditional students may be adults returning to school or attending later in life, be attending school part time while working or managing a family, and may have additional medical or family support expenses. Students tend to create rental market distortions due to concentration of rental units and conversion of single-family homes to rentals near college campuses. Students also create increased demand for rentals in the area, especially near campus, which can drive up cost. Concentration of housing conversions can create undesired neighborhood changes through disinvestment and deterioration of mismanaged property.

Senior Housing is housing that is suitable for the needs of an aging population. It ranges from independent living for downsizing older adults without children to 24-hour care with a continuum of assisted living models between. Senior housing emphases safety, accessibility, adaptability and longevity that conventional housing types may lack.

People with **Disabilities** encounter additional challenges to obtaining secure housing due to physical or mental conditions that present challenges requiring particular physical features of the housing, or services to provide assistance in living an independent lifestyle. In addition, people with disabilities may not be financial independent and encounter additional cost-related barriers to housing.

These groups are generalizations for the purposes of crafting strategies, aligning and focusing priorities. There are no hard lines differentiating between the above groups, as households are very diverse in terms of their living situations. For example, two similar households with similar income may be "income insecure" or "middle income" depending upon other factors separate from income and housing cost.

Income Measures

The Task Force recommendation is to utilize area median income (AMI) for the metropolitan statistical area (MSA) as the standard benchmark for determining housing affordability and defining sectors of the market. The MSA includes all of Eau Claire and Chippewa Counties. The purpose for utilizing the MSA AMI is that most people can choose where to live within the region, and there is a significant percentage of the population who commute between local jurisdictions. AMI figures for individual municipalities should be also be used as a reference where appropriate.

U.S. Housing and Urban Development also prepares annual housing cost figures that are utilized in Federal programs. These figures will need to be utilized as necessary.

Housing Data

There are many sources of housing related data available, and none of those currently available are considered authoritative. The U.S. Census housing figures for home values are based upon voluntary response estimates. Property assessment values listed on property records may provide a more consistent methodology but many be dated, may not include some improvements made to property, and may not reflect current market value. The Task Force report will include data from multiple sources with the caution that each represent estimates with different methodologies.

<u>Recommendations</u>

The following are recommendations that comprise short- term tactics and long-term strategies for local units of government, businesses, non-profits, and engaged citizens to consider. A systems approach is required, as no single solution exists to "solve" for our existing housing challenges.

These recommendations are designed to reflect the combined (1) priorities, insights, and creative ideas generated by local people, (2) examination of publicized contemporary best practices, and (3) case study of examples that are yielding success in comparison communities. These recommendations are presented with a variety of depth of detail, and it is generally understood that most will require further focused study and consideration before they are actionable. **The assembled menu as presented does not include prioritization.**

It is critically important to propose recommendations that reflect the general consensus of the Task Force in order to reflect collective action. It is recognized that each jurisdiction will consider their own actions based upon these recommendations, and that non-government stakeholders will likewise weigh what their role(s) may be.

Development Regulations

Zoning is the primary tool utilized by local governments to regulate land use, intensity, character and location of development. Aside from rising costs of labor and materials, zoning was the most frequently cited and discussed impediment and opportunity to increasing housing supply and affordability.

- Revise zoning requirements to allow greater density in appropriate areas, such as amending setback requirements, lot sizes, allowable uses and intensity. Manage neighborhood change by transitioning from regulations that focus primarily on use and density and toward form-based standards that considers how a building and site design functions and performs within its neighborhood context.

- Pursue zoning and future land use maps that enable increased infill and redevelopment in existing neighborhoods and corridors throughout the region.

- Relax required automobile parking to reduce costs of developing housing and subsequent demand for automobile infrastructure, wherever appropriate.

- Investigate regulatory mechanisms to generate accessible and affordable housing that are not addressed by the State's statutory prohibition of inclusionary zoning.

City Policies

Cities utilize a variety of policies that directly and indirectly guide development decisions. The chief tool is the Comprehensive Plan, which identifies the community's vision and goals, and also includes policy statements and future land use map. These plans are primarily implemented through development regulations, City budgetary decisions such as capital priorities, as well as programs.

- Ensure that housing objectives are synergistically integrated into and advanced by land use, transportation and economic development plans and strategies.

- Identify and periodically update an inventory of infill sites and redevelopment areas.

- Evaluate existing policies and procedures to ensure that they advance housing, livability and neighborhood revitalization goals and encourage good design.

- Consider policies that require new developments and neighborhoods to be comprised of a compact mix of uses and housing types with varying sizes and building types in appropriate areas.

- Improve public engagement processes to be proactive and sensitive to neighborhood concerns while also finding reasonable options to pursue city-wide goals.

- Consider adopting a TIF policy that utilizes the affordable housing extension provision (WI Stats § 66.1105(6)(g)) to capture an additional year of increment to fund housing activities.

- Utilize existing TIF resources to strategically advance housing priorities wherever available.

- Consider policies that requires residential projects that receive financial assistance from the City, or is developed on property purchased from the City, shall meet minimum performance criteria including percentage of affordable units, ADA accessibility, and universal design.

- Consider the creation of prioritized redevelopment areas and implementation programs to facilitate higher density in nodes and corridors well served by transit, infrastructure and amenities.

- Target resources toward efforts and projects that create "win-win" opportunities to generate affordable housing while advancing overall community and neighborhood objectives.

- Identify and communicate examples of well-done density and neighborhood design.

- Explore creation of incentives or programs to encourage high-performance building design ("green buildings") that may reduce long-term operations and ownership costs and improve environment performance.

- Encourage smaller housing unit sizes to support smaller families, singles, and downsizing families/seniors; the "bookends" of the housing types, which may open opportunities for growing families in existing housing stock.

- Consider creation of an "Housing Committee" to function in a formal advisory capacity to coordinate and institutionalize an ongoing policy focus on this issue.

- Leverage *Opportunity Zones* designation to generate affordable housing and investment in infill development.

Public Funding

Utilization of public funds to assist in the generation of affordable housing often necessary. Some of these strategies and programs may function best and/or set the stage for public-private partnerships.

- Create and expand existing revolving loan program for basic home repair and improvements. May be income qualified (such as 120% of AMI) and/or targeted to specific neighborhoods. Renovation programs may improve quality of existing housing stock and improve stability of neighborhoods with a high percentage of rental property.

- Evaluate building/zoning fee reductions or rebates for projects that meet affordable housing criteria.

- Utilize TIF funding to match and attract LIHTC[3] projects.

- Focus limited public resources on those persons not well served by the private housing market.

- Create, maintain and market a clearinghouse or toolkit of housing programs, funding resources, and contact information.

Public-Private Partnerships

Effective partnerships between public, private and non-profit sectors are essential for achieving long-term community success. This dynamic is true for a healthy housing market that provides quality and affordable options for all residents.

- Create and support services such as tenant and landlord resource center, and mediation services may improve housing stability for renters and mitigate risk for landlords, especially for households facing hardships.

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[3] LIHTC is an acronym for "Low Income Housing Tax Credit", which is the federal government's primary program for encouraging the investment of private equity in the development of low-income housing.

- Consider undertaking targeted land assembly activities to prepare sites for infill and redevelopment with the purpose of reducing barriers to generating market-rate and affordable housing options in existing neighborhoods.

- Consider crafting an infill and redevelopment incentive program.

- Facilitate the creation of employer-assisted housing programs, including large employers as well as a small employer pool[4].

- Explore creation of a lenders consortium, similar to La Crosse Promise, to facilitate reinvestment in key neighborhoods, and improve housing stability for households.

- Collaborate with architects and builders to develop or adapt a suite of "spec" building plans of various types (single-family, small multi-family, accessory dwelling) that feature superior design, environmental performance, and affordability for infill and new neighborhoods.

- Pool developer contributions for potential shared parking lots/ramps.

- Market Opportunity Zones in the region and track best practices for leveraging this federal designation for affordable housing projects.

- Host workshops and training for finance community and developers to pursue LIHTC projects.

- Facilitate opportunities for local firms to partner with experienced affordable housing developers to build local expertise and capacity.

- Organize networking and capacity building events to connect finance, investment, and development communities to facilitate partnerships and generate projects.

- Develop relationships with non-profit developers and managers of affordable housing to develop additional projects.

- Improve use of CDFI programs to support housing projects.

- Partner with area nonprofits to host renter, home buyer, and landlord education programs.

Civic Strategies
- Create a sustained engagement and education campaign regarding the importance of expanded housing choice and the urgency of improving supply and quality to counter "NIMBY" reactionism.

- Organize to improve public engagement in housing discussions, contribute to policy and program construction, and advocate for virtuous policies and projects.

- Consider creation of community land trusts, housing cooperatives and other models to building wealth through owners.

- Celebrate projects and programs that successfully deliver positive neighborhood change and housing affordability.

- Conduct a community-wide housing survey to address local gaps in data, gain insight into preferences and sentiment.

- Develop and support existing neighborhood associations as contributors in housing efforts.

- Create and distribute resource packets for builders, owners and renters.

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[4] See Live It Up Wausau, La Crosse Promise