



Workforce Housing Proposal

June 29, 2023

Executive Summary

Over the course of the past two years, housing has become an increasing priority for Walworth County Economic Development Alliance (WCEDA) to address. In this proposal, you will see the evolution of WCEDA’s involvement and interest in this topic. You will also see that WCEDA’s board has determined that efforts relating to workforce housing align with its mission. Workforce housing will be spelled out in this proposal, but it is essentially what is being called the “missing middle,” and encompasses entry level workers as well as professional workers such as physicians and everything in between including public employees, like teachers, police officers, and public works staff members.

Many counties in the region are facing similar challenges and are in various stages of addressing this issue — an issue that may be the number one barrier for workforce at the moment. In Jefferson County, Green County, and Washington County (and likely many others) housing efforts are being led or co-led by economic development agencies like WCEDA.

This proposal describes a two-prong approach that stems out of the momentum that has been started by WCEDA and a Walworth County Community Health Improvement Plan (CHIP) advisory group, which continues to meet regularly on this topic. And since neither group has the staffing bandwidth to scale up these efforts, the main element of this proposal calls for a project manager who would be overseen by WCEDA’s Executive Director, Derek D’Auria. This role would facilitate meetings between developers, municipal leaders, businesses, and consultants to either move projects forward or to develop housing plans for those municipalities that support local industry.



There are two other main components of this proposal: a grant fund element, and a housing summit element. While working with municipalities, it may be discovered that certain information is needed to make educated decisions about housing needs and housing plans for things like a housing projection or a survey of local businesses regarding the housing needs of their employees. WCEDA may also find it necessary to utilize resources from this fund allotment to hire a consultant that has expertise in a specific matter or to conduct a county-wide study. Jefferson County is an example of a neighboring county that has utilized a fund like this to help their municipalities get a better understanding of their housing needs. The last main component of this proposal is for WCEDA to host a housing summit in the fall to bring key stakeholders together, potentially celebrate communities that are moving forward, share available resources, and to give visibility to the initiative in the hopes of increasing overall support.

Success for this workforce housing initiative would have some municipalities moving forward with workforce housing while others would be developing plans that would be incorporated into their comprehensive plans. This process would also yield a list of future recommendations for the county on this topic. WCEDA believes that the county has a unique opportunity to leverage ARPA dollars to make a valuable impact on workforce housing development across the county.

Background

Over the past two years, WCEDA has been getting increasing feedback about housing concerns from a variety of stakeholders such as key industry sectors, municipal leaders, school administrators, real estate representatives, and local non-profit agencies. Labor economists for the state of Wisconsin regularly cite housing as one of the top workforce barriers. A recent 2021 Walworth County housing study by Russ Kashian of UW-Whitewater indicated that there will be a gap of approximately 4k housing units by 2030. A recently completed SEWRPC Walworth County housing publication affirms this projected gap. In addition, WCEDA participated in an advisory group from the county's public health department that was working on an update for its Community Health Improvement Plan (CHIP). In the course of those sessions, WCEDA gravitated toward a goal, 3.2, which continues to focus much of its efforts around housing. And WCEDA has become a co-lead for on-going work related to this goal. At WCEDA's December board meeting, half of the meeting was dedicated to discussing economic development threats. Most of this time was spent discussing housing. It was suggested that a separate meeting be convened in January that would include members of the WCEDA board to determine if housing was a priority that was in alignment with WCEDA's mission. This meeting took place in late January, and it was determined that housing does in fact fit within WCEDA's mission. It was further suggested that WCEDA put together a proposal to the county that seeks ARPA funds to address this important workforce barrier. At the end of this meeting, WCEDA's board recommended that D'Auria put together a



statement of intent and a corresponding scope of services for its March meeting, as a first step toward the development of a housing proposal.

Subsequent Input

WCEDA Executive Director, Derek D’Auria, presented a two-phase proposal draft at WCEDA’s full-board meeting in March, whereby “Phase 1” would be an information-gathering period that would involve the use of various consultants who would prepare reports that could be used by municipal leaders to assess their housing and infrastructure needs. “Phase 2” would consist of “taking the show on the road,” where WCEDA would facilitate meetings with municipal leaders to analyze the data and assist them in creating a housing “game plan.” Phase two would also entail WCEDA connecting developers and resource agencies to municipalities that were interested and ready to support and potentially incentivize housing projects. The WCEDA board approved the proposal concept and asked Derek to fine-tune it with the goal of submitting it to the county for consideration within a month.

Reconsideration of the Approach

D’Auria presented this concept to the CHIP committee a few weeks later and encountered a lively debate about essentially switching the order of the phases, going on the road first and helping those municipalities right away that are ready to get started. Then, if after the course of working with municipalities, it is determined that specific data is needed to make decisions, that information could be pursued at that time. Approaching it in this manner would also help keep the momentum of this advisory group moving. which is comprised of representatives from the housing authority, YouthBuild/Habitat for Humanity, SEWRPC, local builders, The Lakeland Builders Association, The Lakes Area Realtors Association, survey and land use firms, and the Elkhorn Area School District and other supporting agencies or companies. Energized advisory groups that are diverse like this one can make all the difference in the success of an initiative of this magnitude. Based on input from the CHIP advisory group, WCEDA’s Executive Director convened a board meeting in April which included the county administrator and asked its board to consider a different approach based on the input from the CHIP group. Prior to this meeting, a brief survey was completed by nine major municipalities in the county. At the conclusion of the April meeting, the board approved a new approach. Below are the details.

Municipal Administrator Input

As was mentioned above, prior to the April meeting, D’Auria briefly surveyed nine municipalities in the county about housing related questions. There were three questions regarding whether or not their boards would incentivize housing where the majority of respondents answered unsure, which suggests that more education is needed. Half of the respondents indicated that they have declining school enrollment, and we know from



school leaders that housing is part of this problem. Almost all of the respondents said they have not had conversations with their key employers. No one responded that they have had conversations with builders or developers who build less-than market rate housing. Starter housing and mid-level housing were concerns for everyone. In terms of data or studies that would be helpful to their decisions about housing, a housing analysis, current and future, an affordability analysis relating to household income, and housing needs from employers ranked the highest. See full results of this survey in the accompanying appendix.

Workforce Housing Proposal

The result of the WCEDA April Board meeting was the approval of the following housing proposal that outlines the focus of the initiative, a two-prong approach, a grant program, project manager role and tasks, request for funds, potential consultants, and deliverables.

Focus of Initiative

WCEDA's interests align best with housing that supports workforce. This category would incorporate both blue-collar and white-collar workers. Perhaps the best frame of reference to think about this is Walworth County's median household income of \$66k. As a guide, affordable housing is generally considered to be 30% of household income, which for our residents would equate to a monthly housing allowance amount of \$1,650 and includes mortgage or rent, utilities, or property tax. Of that \$66k median household income, worker household incomes typically span between 60% (\$39,600) to 200% (\$132,000) or more. And the corresponding monthly housing allowances for this range would be between \$990-\$3,300. Using this income range, workers need to find housing in the \$143k-\$425k range to consider it affordable. As a point of reference, the average cost of a home in Walworth County in 2016 was \$177k but was \$300k in 2021 and continues to increase. Rental averages have climbed even more steeply over that period. What we are calling "workforce housing" is often referred to as the "missing middle." According to UW-Whitewater's recent 2021 housing analysis for Walworth County, which was recently corroborated by SEWRPC, there will be a gap of approximately 4k housing units by 2030, much of which impacts workforce housing. The focus of the workforce housing initiative outlined in this proposal would be on facilitating less-than market rate housing options by connecting builders, developers, consultants, and government agencies with municipalities that seek more affordable housing options for their residents. This initiative will not address homelessness, Section 8 housing, or senior housing. These segments are currently being addressed by other agencies or by the market. Examples of less-than market housing on the low end for a new single-family home might be a cost of \$250k-\$275k versus current market rates of \$325k-\$350. Examples of less-than market housing on the higher end of worker housing might be \$425-475 instead of current rates of \$500k-\$595k. The same concept would apply to multi-family housing



or apartments. Zoning, Tax Incremental Financing, Municipal Bonding, support from federal programs, other incentives or creative approaches will be needed to bring less-than market prices to fruition.

Two-Prong Approach

The two prongs of this approach would be action and awareness. At least two municipalities are ready and interested to pursue less-than market rate housing projects. For those that are ready, WCEDA would like to connect them with the resources they need to get started. And for those who are not ready, WCEDA would like to help them get to the point of awareness of their housing needs. Members of the CHIP advisory group on housing have shared housing data gathered by SEWRPC and made introductions to developers who work with this type of housing with a few of the municipalities that are ready to move forward, and there have been some productive conversations and meetings around less-than market rate housing opportunities as a result. However, members of the CHIP advisory group do not have the capacity to scale up these efforts and nor does WCEDA with its current staffing makeup. To keep this momentum going, WCEDA is proposing to hire a project manager, who would have oversight by D’Auria. The Project Manager would do tasks such as convene meetings, pull in partners, share best practices, gather existing data, and determine what additional data may be needed for municipalities to make decisions about their housing needs and options. WCEDA is recommending that the Project Manager could also oversee a modest grant program. Municipalities could apply to this program for informational studies or even to seek funds to pay a portion of building fees, as an incentive for a desirable project. WCEDA could also tap this program if it determines that county-wide information is needed, or if a housing expert or consultant is needed to be hired for certain presentations or critical development meetings.

Project Manager Role and Tasks

WCEDA would hire a project manager and oversee and assist that person to do the following tasks:

- Coordinate meetings with municipal leaders, builders, state and federal agencies, and consultants - to discuss incentives, zoning, comprehensive plans, infrastructure needs, etc.
- Pull together available data
- Prepare simple marketing fliers for municipalities to share with prospective builders
- Visit other communities that are doing desirable housing projects and bring back information to share with our municipalities
- Meet with key employers to determine the housing needs/challenges of their employees
- Determine if participating municipalities need additional data that needs to be obtained
- Assist in the planning of a housing summit, September 25th, or other informational meetings
- Administer a grant program for studies, building fees, or consultants



Grant Program

This proposal requests that a grant fund be established to assist the two-prong approach. Most of the funds would likely be used to help with the awareness aspect of this proposal, but some of the funds may be useful in the action aspect, if for example the building fees for a project could be partially subsidized. Jefferson County recently hosted a housing summit and is a good example of a rural county just north of Walworth County. Jefferson County had a grant program in place last year that municipalities could apply to for informational studies or consulting work related to housing. Below are examples of studies that might be contracted by municipalities or WCEDA. Also, there may be instances in which it may be useful to hire housing experts for certain meetings or presentations.

- Analysis of current housing stock by type and age
- Current and future housing needs analysis by housing type, including rental versus owned
- Analysis of infrastructure capacities and notated locations that are ready for housing development
- Real estate market analysis that shows available housing for sale and for rental
- 10-year cost/revenue projection for your municipality
- Comparison analysis of comprehensive plan and current and future housing needs analysis
- Survey of housing needs from top employers in your municipality
- Housing gap analysis based on population
- Affordability analysis of current available housing for your municipality that takes into account the median household incomes
- Wage analysis and average median wages for types of residents
- School enrollment projections, 10 years

Potential Consultants

(The following list could be used for this grant program, many of which the county has worked with or interacted with)

- RW Baird
- Vierbicher
- UW-Whitewater
- Vandewalle and Associates
- Ehlers and Associates
- Redevelopment Resources
- SEWRPC



- Cedar Corp
- Cross and Associates

Deliverables

- A project manager who works on workforce housing initiative for at least 12 months
- WCEDA oversight for up to 200 hours
- Presentation to the county board or its committees at the end of the period on the findings and accomplishments of the initiative
- Summary of grant fund distributions and delivery
- Survey from top 5-10 employers in major municipalities
- Results of any studies or consulting work performed and delivery of work products
- A list of recommendations to the county regarding the continued development of workforce housing
- The completion of a county-wide housing summit tentatively scheduled for September 25th

Desired Outcomes

Some counties have chosen a specific number of housing units as a near-term goal. Washington County is a great example of this. Their goal is to build 1,000 affordable units within the next five years. Jefferson County's goal is 500 units. Until more is learned about municipalities and the needs of their employers, Walworth County may not realistically be able to choose a number. However, a successful workforce housing initiative for Walworth County might look like four to five municipalities working with developers to build less-than market housing and another four to five municipalities enthusiastically gathering housing data and having meetings with prospective housing developers. Success might also be a clearer understanding of the housing needs of the county's employers and the younger families filling its schools. And, finally, success may be that the county's major municipalities have a clear understanding of their current and future housing needs and also an understanding of the available and practical resources that could be used to move a housing plan forward.

Conclusion

The housing problem is not going away any time soon. It is unlikely that the market will address workforce housing, or what is being called the "missing middle." Many local governmental agencies across the state are finding ways to incentivize this type of housing. However, it takes a concerted effort to do so from a wide variety of stakeholders. With the support of the CHIP advisory group, WCEDA has the potential to capitalize on the momentum that has been started over the course of the past year. WCEDA is uniquely positioned to work in this space because of its connection to local businesses and municipalities and also its working relationships



with so many economic development agencies in the region. WCEDA strongly believes that using ARPA funds as described in this proposal, totaling \$215,000, has the potential to change the trajectory of Walworth County's housing development in ways that could have positive impacts on the county's workforce, well into its future.

Appendix

Below are the survey results of nine Walworth County municipalities, which were completed by their respective administrators.

Q1 Please enter your name and municipality that you represent

Answered: 9 Skipped: 0

#	RESPONSES	DATE
1	Kate Dennis, Village of Genoa City	5/16/2023 11:03 AM
2	Eileen Suhm, Village of East Troy	4/19/2023 10:26 AM
3	City of Whitewater	4/18/2023 5:32 PM
4	Village of Williams Bay	4/18/2023 4:16 PM
5	Village of Sharon	4/18/2023 11:41 AM
6	Lindsey Peterson, Village of Darien	4/17/2023 4:47 PM
7	Adam Swann, City of Elkhorn	4/17/2023 9:58 AM
8	Dave Nord City of Lake Geneva, Wisconsin	4/17/2023 8:30 AM
9	Brian Wilson City of Delavan	4/17/2023 8:19 AM

Q2 Do you have current data on your housing mix (single family, duplex, mobile home, multifamily, etc.)?

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	66.67%	6
No	22.22%	2
Not sure	11.11%	1
Total Respondents: 9		

Q3 Does your municipality anticipate going to referendum for operational or capital purposes in the next 1-3 years?

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	44.44%	4
No	22.22%	2
Not sure	33.33%	3
Total Respondents: 9		

Q4 Do you have any TIDs expiring in the next 1-3 years?

Input on Housing Needs

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	0.00%	0
No	100.00%	9
Not sure	0.00%	0
Total Respondents: 9		

Q5 Would your board/council be willing to create a TID to incentivize less-than market rate housing (not Section 8 housing) in your community?

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	33.33%	3
No	11.11%	1
Not sure	55.56%	5
Total Respondents: 9		

Q6 Would your board/council be willing to make changes to its zoning regulations to incentivize less-than market rate housing (not Section 8 housing) in your community?

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	33.33%	3
No	0.00%	0
Not sure	66.67%	6
Total Respondents: 9		

Q7 Would your board/council be willing to make changes to its building permit or impact fees to incentivize less-than market rate housing (not Section 8 housing) in your community?

Answered: 9 Skipped: 0

Input on Housing Needs

ANSWER CHOICES	RESPONSES
Yes	22.22% 2
No	0.00% 0
Not sure	77.78% 7
Total Respondents: 9	

Q8 Would your current water, sewer, gas, and power infrastructure support future neighborhood/housing development projects?

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES
Yes	88.89% 8
No	0.00% 0
Not sure	11.11% 1
Total Respondents: 9	

Q9 When did your municipality last complete its most current comprehensive plan?

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES
2022	22.22% 2
2021	22.22% 2
2020	11.11% 1
2019	11.11% 1
2018	0.00% 0
2017	0.00% 0
2016 or earlier	33.33% 3
TOTAL	9

Q10 Does your local school district have declining enrollment?

Answered: 9 Skipped: 0

Input on Housing Needs

ANSWER CHOICES	RESPONSES	
Yes	55.56%	5
No	33.33%	3
Not sure	11.11%	1
Total Respondents: 9		

Q11 Have you talked with your top employers recently about the housing needs/challenges of their employees?

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	11.11%	1
No	66.67%	6
Some	22.22%	2
Total Respondents: 9		

Q12 Are you currently working with any builders or developers that are doing less-than market rate housing projects?

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	11.11%	1
No	88.89%	8
Total Respondents: 9		

Q13 Is housing currently a concern for your municipality? If no, please mark "no." If yes, please mark all that apply

Answered: 9 Skipped: 0

Input on Housing Needs

ANSWER CHOICES	RESPONSES	
No	11.11%	1
Starter housing, multi-family or single family, home-ownership	88.89%	8
Starter housing, multi-family or single family, rental	55.56%	5
Mid-level housing, multi-family or single family, ownership	88.89%	8
Mid-level housing, multi-family or single family, rental	33.33%	3
High-level housing, multi-family or single family, ownership	22.22%	2
Senior housing	44.44%	4
Seasonal housing	0.00%	0
Total Respondents: 9		

Q14 Would any of the following studies be critical to yours or your board's decision-making process as it relates to your housing needs/plans? Please mark all that apply

Answered: 9 Skipped: 0

ANSWER CHOICES	RESPONSES	
Analysis of current housing stock by type and age	44.44%	4
Current and future housing needs analysis by housing type including rental versus owned	77.78%	7
Analysis of infrastructure capacities and notated locations that are ready for housing development	11.11%	1
Real estate market analysis that shows available housing for sale and for rental	22.22%	2
10-year cost/revenue projection for your municipality	44.44%	4
Comparison analysis of comprehensive plan and current and future housing needs analysis	44.44%	4
Survey of housing needs from top employers in your municipality	55.56%	5
Affordability analysis of current available housing for your municipality that takes into account the median household incomes	77.78%	7
Our municipality is ready to move forward and does not need any addition data at this point	0.00%	0
Other (please specify)	22.22%	2
Total Respondents: 9		

#	OTHER (PLEASE SPECIFY)	DATE
1	Impediments to home ownership in our community	4/18/2023 5:32 PM
2	Lake Geneva's Council has not addressed the overall topic of housing since my arrival in 2018.	4/17/2023 8:30 AM

Q15 What was the percentage of your statutory debt load for 2022?

Answered: 9 Skipped: 0

Input on Housing Needs

ANSWER CHOICES	RESPONSES	
75% or higher	0.00%	0
70%-74%	0.00%	0
65%-69%	11.11%	1
60%-64%	22.22%	2
Below 60%	55.56%	5
Not sure	11.11%	1
Total Respondents: 9		