



MORE HOUSING
W I S C O N S I N

HELPING COMMUNITIES DEVELOP
HOUSING SOLUTIONS.

WHITEPAPER SERIES
Briefing Paper **2**

APRIL 2024

First Steps to Housing *Solutions*





More Housing Wisconsin

Wisconsin is experiencing a **significant housing shortage**. A recent study estimates Wisconsin will need to build **over 200,000 housing units by 2030** to accommodate all the people who want to live and work here¹. More Housing Wisconsin, a collaboration between the League of Wisconsin Municipalities, Wisconsin REALTORS[®] Association, and the Wisconsin Builders Association, seeks to educate and inform Wisconsin city and village leaders and staff about zoning changes and other strategies communities can use to help **address this state's housing shortage**. Our goal is to bring tools, resources, and best practices to municipalities to help communities initiate housing solutions that meet their unique needs and **strengthen our economy**.



**THIS
MONTH'S TOPIC
APRIL 2024**

First Steps to Housing Solutions

This briefing paper is the second in a series designed to educate and inform municipal officials and interested citizens about actions local governments can take to help increase the number and types of housing available in their communities. This project is sponsored by the **League of Wisconsin Municipalities, Wisconsin REALTORS® Association, and the Wisconsin Builders Association.**



First Steps to Housing Solutions

ASSESSING COMMUNITY HOUSING NEEDS AND AFFORDABILITY AND DEVELOPING A LOCAL HOUSING STRATEGY

Local officials concerned about the shortage of housing in their communities but unsure how to proceed or what to do next, should first do one or more of the following, depending on the community’s situation:

- A. Update the housing element of your comprehensive plan;
- B. Conduct a housing needs assessment;
- C. Prepare a “Housing Affordability Report”; and
- D. Develop a local housing strategy.

Each of these possible first steps are interconnected and described in more detail below.

A. UPDATE THE HOUSING ELEMENT OF YOUR COMPREHENSIVE PLAN

Wisconsin’s comprehensive planning law, Wis. Stat. § 66.1001, requires cities, villages, towns, and Counties that engage in land use regulation to adopt a comprehensive plan with nine elements, including a housing element. Completing or updating the housing element of your community’s comprehensive plan is the most thorough way to both assess the community’s housing needs and housing affordability issues while also developing a local housing strategy. Wisconsin’s comprehensive planning lawⁱⁱ defines the housing element as:

1. A compilation of objectives, policies, goals, maps, and programs of the local government to provide an adequate housing supply that meets existing and forecasted housing demand.
2. An assessment of the age, structural value, and occupancy characteristics of the community’s housing stock.
3. A listing of specific policies and programs promoting the development of housing for residents and providing a range of housing choices that meet the needs of persons of all income levels and of all age groups and persons with special needs.

4. An identification of policies and programs promoting the availability of land for the development or redevelopment of low-income and moderate-income housing.
5. A list of policies and programs maintaining or rehabilitating the community's existing housing stock.

If your community has not updated the housing element of its comprehensive plan within the last 5 years, now would be a good time to do so. The benefits of updating the housing element are numerous and include ensuring that workforce and senior housing developments in your community are eligible for new infrastructure grants available through the Wisconsin Housing and Economic Development Agency (WHEDA)ⁱⁱⁱ.

OTHER BENEFITS A COMMUNITY CAN REALIZE BY UPDATING THE HOUSING ELEMENT INCLUDE:

- The community can take a larger role in shaping the nature of future housing development to better fit its needs.
- Data collection and analysis can increase understanding of the local housing situation.
- If workforce, missing middle, and other types of affordable housing are in short supply, the element may encourage more of these types of housing developments that may, in turn, be important for recruiting and retaining businesses and employees.^{iv}

The comprehensive planning law does not specify how a community is to prepare the housing element. While many communities hire planning or engineering consulting firms to prepare the housing element, the cost of doing so might prove prohibitive for other communities. Fortunately, for those communities with the capacity to update the housing element in-house, UW Madison emeritus professor and state specialist in planning and land use law, Brian Ohm, has written a step-by-step guide for developing the housing element. This guide is posted on the Wisconsin Department of Administration's website here:

https://doa.wi.gov/DIR/Comp_Planning_housing_guide_2.pdf

B. PREPARE A HOUSING NEEDS ASSESSMENT

A housing needs assessment is the compilation and analysis of information about a community's housing situation. Developing a housing needs assessment is a key tool to attracting and working with private for-profit and non-profit housing developers because it quantifies the need for housing that local leaders sense exists.

Such an assessment is a critical component of the housing element of the comprehensive plan but can also be completed as a stand-alone document separate from the comprehensive planning process. A housing needs assessment typically uses historical trends and data on current conditions to forecast the community's needs for and likely supply of various types of housing. The elements of a housing needs assessment “may include a community demographic profile, information about the community's economic base, current housing conditions, analysis of housing affordability, the “supply” of available land, and housing demand.”^{vi}

MANY COMMUNITIES hire planning, engineering, or other consulting firms to perform a housing needs assessment. However, easily accessible sources of housing data and step by step instructions exist for communities looking to prepare a housing needs assessment in-house.

Local Housing Solutions, an online resource for communities managed by the Housing Solutions Lab at the NYU Furman Center, has created a Housing Needs Assessment tool^{vii} that can be downloaded at <http://localhousingsolutions.org/housing-needs-assessment/>.

The tool provides detailed reports for every city, county, and metropolitan statistical area in the country. Each report presents data, maps, and visualizations describing local demographics and measures of housing affordability, housing stock characteristics, and variations in key housing indicators by race, ethnicity, age and income. These data can help in creating a housing needs assessment.

Also, Brian Ohm’s Guide to Preparing the Housing Element of a Local Comprehensive Plan, mentioned above, contains a detailed step-by-step description for how to prepare a housing needs assessment. The Guide includes sections covering:

- Ways to gather housing information.
- Determining the community’s housing supply.
- Surveying the condition of the community’s housing stock using a sample survey form.
- Determining housing demand within the community.
- Examining the housing development environment.
- Analyzing the compiled information.
- Predicting housing production needs for the community.^{viii}

C. PREPARE A “HOUSING AFFORDABILITY REPORT”.

STATE LAW^{ix} REQUIRES CITIES AND VILLAGES WITH POPULATIONS EXCEEDING 10,000

to prepare and update annually a report on the municipality’s implementation of the housing element of its comprehensive plan (also referred to as a housing affordability report). Communities smaller than 10,000 could also benefit from preparing such a report.

The relevant state statute requires the housing affordability report to include the following information:

- The number of subdivision plats, certified survey maps (CSM), condominium plats, and building permit applications approved in the prior year.
- The total number of new residential dwellings units proposed in all subdivision plats, CSMs, condominium plats, and building permit applications approved in the prior year.
- A list and map of undeveloped parcels that are zoned for residential development.
- A list of all undeveloped parcels that are suitable for, but not zoned for, residential development, including vacant sites and sites that have the potential for redevelopment. A description of the zoning requirements and availability of public facilities and services for each property needs to be included.

The statute also requires the housing affordability report to include an analysis of the community's residential development regulations, such as zoning and land division ordinances, site improvement requirements, fees and land dedication requirements, and permit procedures. The analysis needs to assess the financial impact the regulations have on the cost of developing a new residential subdivision. The analysis also needs to identify ways the community can modify its construction and development regulations, lot sizes, approval processes, and related fees to meet existing and forecast housing demand and reduce the time and cost necessary to approve and develop a new subdivision by 20 percent.

IF A COMMUNITY LACKS THE RESOURCES...

and staffing capacity to prepare a housing affordability report as set out in Wis. Stat. § 66.10013, it should check with the Regional Planning Commission serving the area for help in developing such a report. Also, Kurt Paulsen, a Professor in the Department of Planning and Landscape Architecture, UW-Madison, has developed an outline for preparing the housing affordability report described in Wis. Stat. § 66.10013. The outline is included in *Ohm's Guide to Preparing the Housing Element of a Local Comprehensive Plan*^x.

D. DEVELOP A LOCAL HOUSING STRATEGY

According to Local Housing Solutions, an online resource for communities managed by the Housing Solutions Lab at the NYU Furman Center, a local housing strategy is a roadmap of the action steps, policies, and programs a local government intends to take to meet its unique housing-related policy objectives. Local housing strategies provide a framework so that sources of funding and policy strands are brought together into a single, coordinated strategy^{xi}.

A good local housing strategy will build political support for policy change by understanding community needs and aligning stakeholders behind a shared and comprehensive vision that meets them^{xii}.

At a minimum, a housing strategy should include three key elements:

1. Clearly defined housing objectives.
2. A broad range of housing policy options for meeting those objectives.
3. Metrics for measuring progress over time and a mechanism for doing so.

Additionally, an effective local housing strategy may also:

- Make use of a range of tools at the municipality's disposal such as zoning ordinances, building codes, permitting processes, lending and housing subsidies.
- Be grounded in deep engagement with the community and key stakeholders.
- Have a timeline for implementation and an ongoing system for tracking progress toward policy objectives.
- Designate an individual or agency to serve as the lead in coordinating the activities of the many agencies with responsibility for housing-related policies^{xiii}.

Most of the remaining research papers in this series will focus on zoning code and other land use regulatory changes, funding programs, and other strategies communities should consider including in their local housing strategy.

Resources:

1. The Colorado Department of Local Affairs, Division of Housing, has prepared an Affordable Housing Toolkit for Local Officials that includes a discussion of preparing a local housing needs assessment. <https://officials-housing-toolkit.cdola.colorado.gov/groundwork-positioning#3>
2. Local Housing Solutions has developed an extensive Housing Policy Library^{xiv} containing numerous strategies a community might consider incorporating into its local housing strategy. (Bear in mind that Wisconsin municipalities are not able to use every policy listed in the library (e.g., inclusionary zoning requirements, or tax abatements as incentives for the development of workforce housing are not allowed under Wisconsin law.)
3. The Colorado Department of Local Affairs has prepared guidance documents for seventeen affordable housing strategies communities may want to consider incorporating into their local housing strategy. <https://dlg.colorado.gov/>

innovative-affordable-housing-strategies

4. The Michigan Planning Association has prepared a Zoning Reform Toolkit that outlines fifteen tools or strategies communities can use to expand housing supply and choice.
5. The League of Wisconsin Municipalities in conjunction with the Congress for the New Urbanism has published a Wisconsin focused guide outlining several zoning code changes that a community could make to increase housing choice. <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>

- i Forward Analytics, A Housing Hurdle: Demographics Drive Need for More Homes; January 2023.
- ii Wis. Stat. § 66.1001(2)(b).
- iii More information on how communities can obtain eligibility for the workforce and senior housing infrastructure grant program is available on WHEDA's website <https://www.wheda.com/about-wheda/legislative-priorities/bipartisan-housing-legislation-package/infrastructure-access-loan>
- iv Housing Wisconsin: A Guide to Preparing the Housing Element of a Local Comprehensive Plan (Third Edition), Brian Ohm, August, 2020. [https://doa.wi.gov/DIR/Comp Planning housing guide 2.pdf](https://doa.wi.gov/DIR/Comp%20Planning%20housing%20guide%202.pdf)
- v Ibid, 14.
- vi Ibid
- vii <https://localhousingsolutions.org/housing-needs-assessment/>
- viii Housing Wisconsin: A Guide to Preparing the Housing Element of a Local Comprehensive Plan (Third Edition), Brian Ohm, August, 2020, p. 14-29 [https://doa.wi.gov/DIR/Comp Planning housing guide 2.pdf](https://doa.wi.gov/DIR/Comp%20Planning%20housing%20guide%202.pdf)
- ix Wis. Stat. § 66.10013
- x Housing Wisconsin: A Guide to Preparing the Housing Element of a Local Comprehensive Plan (Third Edition), Brian Ohm, August, 2020, p. 52-78 [https://doa.wi.gov/DIR/Comp Planning housing guide 2.pdf](https://doa.wi.gov/DIR/Comp%20Planning%20housing%20guide%202.pdf)
- xi <https://localhousingsolutions.org/housing-101-the-basics/local-housing-strategies/>
- xii Ibid
- xiii Ibid
- xiv <https://localhousingsolutions.org/housing-policy-library/>