

## **CHAPTER 5: HOUSING ELEMENT**

### **Introduction:**

The housing element is one of the nine elements of a comprehensive plan required by Section 66.1001 of the Wisconsin Statutes. Section 66.1001 (2) (b) of the Statutes requires the housing element to assess the age, structural condition, value, and occupancy characteristics of existing housing stock in the City of Waukesha.

In addition, the Housing Element must identify specific policies and programs that:

- Promote the development of housing for residents of the City of Waukesha that provide a range of housing choices that meet the needs of persons of all income levels and age groups and persons with special needs.
- Promote the availability of land for the development or redevelopment of low-income and moderate-income (affordable) housing.
- Maintain or rehabilitate existing housing stock.

In 2019 the City of Waukesha completed and approved a Housing Study and Needs Assessment, which was intended in part to update the Housing Element of the Comprehensive Plan to meet current needs. That study has been adopted in its entirety as Appendix C of the Comprehensive Plan, replacing the 2009 Ad Hoc Housing Mix Committee Report, which was previously Appendix C. The following is a summary of the findings of that report and the recommendations which it made.

### **Summary of Housing Stock Conditions and Needs:**

Waukesha has continually seen an increase in population and housing demand over the decades. Housing size has also increased, even though national trends have experienced smaller home sizes since the market crash of 2008. Along with larger home size, valuations per square foot have also increased in recent decades when compared to older homes. The local housing mix has steadily changed as well. Throughout past decades, the increase in apartment and condominium units built, as compared to single and two-family units, has been significant. This past decade saw multi-family housing construction outpace single-and two-family construction almost 4 to 1. Single family construction has also been steady over the past decade, but multi-family construction has simply increased by a much greater rate. However, some recent years were more active than others since 2012 for multi-family units, with no units constructed at all during some years. Condominium construction in particular has seen declines as compared to apartment construction in recent years. A steady pace of multi-family construction is not evident, with large projects dominating some years and little activity occurring in others. Higher end projects such as the Kendal Lofts and the Plaza II Apartments have made up the bulk of newer multi-family developments, with important renovation projects, such as Prairieville and the Plaza helping to keep a steady supply of units to the market.

More detail on the Housing Stock Conditions and Needs, as well as a comparison with several comparable Wisconsin cities, can be found in the Housing Study's Appendix I (the full Housing Study is available as Appendix C of this Comprehensive Plan). In addition to demographic and market research, the housing study included a survey of Waukesha residents and focus group meetings with Waukesha

housing market stakeholders, including developers, landlords, real estate agents, and non-profit administrators.

The findings of the study(found in Appendix C of this document), are divided into four chapters. The sections are Municipal Initiatives, Infill Construction and New Development, Housing Rehabilitation, and Funding Initiatives. Each includes analysis of the demographic data, market research, survey findings, and stakeholder input. Based on the analysis, the study recommends actions the City can take related to each section to better meet its current and future housing needs. Summaries of each chapter are below.

### **Municipal Initiatives:**

This chapter focuses on municipal actions that the City of Waukesha can undertake to set the stage for the housing development, infill construction, rehabilitation and funding opportunities and challenges identified in the following chapters of Appendix C. Specifically, this chapter assesses current community development programs which support housing development and redevelopment within the community, as well as planning documents which plan future housing growth and direct City resources. This chapter also addresses survey data gained from a public survey, housing market data, and analysis of land with the potential for housing development. In addition, input was gathered from local stakeholder meetings, which resulted in the following key observations:

### **Stakeholder Interviews Guiding Observations:**

- Boomers who are staying in the community are looking to stay close to children and grandchildren but are looking to downsize and have less yard maintenance.
- Millennials and young professional buyers are looking for smaller homes for financial reasons, but are also viewing quality as important as size of home.
- Reducing lot size requirements in some areas is seen as one method for assisting builders and developers to build smaller and more affordable homes.
- Allowing for a greater mix of housing types in certain areas is seen as another method of building workforce housing and allowing for homebuyers to move to a different housing type as they age, without leaving the City.
- The range of different housing types to be built should include small lot, zero lot line, rowhomes, and condominiums.
- Encouraging infill housing on both smaller lots as well as larger vacant lots is seen as important in supplying needed housing. However, focusing on larger properties with abandoned buildings and uses is also seen as equally important. Assistance with demolition and site analysis or remediation is seen as needed.
- Administrative process from rezoning to permitting to engineering review is seen as problematic and is holding developers and builders back from building more housing in Waukesha. Allowing for more flexibility as-of-right in residential and commercial zoning districts would allow developers to avoid a rezoning process and would save time and encourage a greater level of success in developing housing.
- Having a single point of contact or case manager for the City to follow projects through the review process would be helpful. Review of developments by independent phases and having

development agreements which release bonds and letters of credit in a timelier manner would be helpful.

- Requirements for ground floor non-residential or commercial uses for multi-story apartments and condominiums are seen as problematic as those commercial spaces can take years to fully lease. Substituting apartment or condominium clubhouses, fitness centers, and other uses on ground floor leads to larger amenity areas than area needed for some projects, pushing up rents and prices. A more flexible approach towards ground floor activation is required.

This section provides an over-arching goal, as well as the objectives and strategies needed to address the opportunities and challenges identified through analysis of current housing-related initiatives, collected data, and public input.

### **Municipal Initiatives Goal:**

**To accomplish objectives and strategies which are comprehensive, address current planning efforts, and prepare the City to work with housing partners to enable the City to respond to identified needs and build a range of housing types for a wide range of income levels.**

The objectives and strategies in this chapter seek to accomplish the overall goal of this chapter and provide the guidance, capacity, and organization needed to accomplish the goals, objectives, and strategies in the following chapters of Appendix C. Key objectives for this chapter include:

- Create additional Mixed-Use zoning districts outside of downtown to allow for greater development flexibility.
- Allow for smaller lot sizes in residential zoning districts.
- Amend relevant plans to support proposed zoning district amendments.
- Allow for multi-family attached housing and apartments as permitted uses in commercial districts.
- Re-establish and expand Redevelopment District coverage area and awareness.
- Expand development authority effectiveness.

## **Chapter 2. Infill Construction and New Development.**

This chapter focuses on the construction of housing units for smaller infill lots as well as for larger “greenfield” lots. Infill lots are identified in the Growth Analysis section of Appendix C, Chapter 1 and can be found scattered throughout the City. They range in size and configuration and offer opportunities for small-scale builders, individuals, and non-profit housing partners to provide housing in existing neighborhoods. Some larger greenfield lots can also be found throughout the City, with large properties already zoned residential and located at the edges of the City limits. However, there are not a significant number of larger residential properties remaining.

This chapter addresses infill and housing development construction opportunities and challenges identified through analysis of survey data, and the market assessment. One key projection the study made was an estimate of the number of new housing units the city needs. Based on Waukesha’s very low current vacancy rate of 0.5% for owner-occupied housing, the study estimates an immediate need for 506 additional homes. Additionally, the study created the following estimates of the projected need for additional housing units in the future:

	<b>Current Shortage</b>	<b>2023</b>	<b>2028</b>	<b>2038</b>
Additional Persons <20 yrs. old		117	750	1821
Additional Persons 20 yrs. old +		1,709	1,479	2,218
<b>Total Additional Persons</b>		<b>1,826</b>	<b>2,229</b>	<b>4,038</b>
Additional Housing Units Needed*	508**	763	641	986

\*Source: ESRI, Metlife Mature Market Institute, Zillow, Vierbicher  
\*\*Additional needed to achieve healthy owner-occupied vacancy rate of 3.5%.

The projections are considered to be the minimum number of new units that will be needed, and they do not estimate the number of units that will be needed for people with needs not met by market-rate housing, such as college students, and senior citizens.

In addition, input was gathered from local stakeholder meetings, which resulted in the following key observations:

**Stakeholder Interviews Guiding Observations:**

- Housing affordability and availability is being affected by the lack of circulation in the housing market. The number of houses going on the market has dropped in recent months and the time they stay on the market has been reduced as well.
- Buyers looking to upsize and buy more expensive units are encountering some difficulty; however, buyers looking to downsize are encountering greater difficulty. This means their homes cannot be put on the market for those who need housing for families and larger households.
- More housing types are needed at different price points in order to help with housing circulation.
- There is a market for speculative home building, especially those at the higher price points. However, supply of buildable lots can be a difficulty. Having assistance with lot preparation and/or assembly would help spur the speculative building market.
- The lack of housing circulation is also forcing many into the rental market, putting pressure on the price and supply of rentals. Rental units will be needed in the near and medium term; however, an increase in the supply of for-sale housing would reduce the pressure on the rental market in the medium to long-term.
- Corporate demand for rentals as well as for-sale homes for temporary assignments and new employees is creating demand for apartments and condos at the upper price points. Employer interest in trying to ensure employees have adequate housing choices also provides an opportunity to seek employer assistance with City housing programs.

This chapter includes an overall goal directed towards encouraging infill housing construction as well as larger housing project development. The objectives and strategies in this chapter seek to fulfill the chapter goal and provide objectives and strategies to accomplish that goal.

**Infill Construction and New Development Goal:**

**To provide direction, assistance, and incentives which encourage the construction of houses which are needed to satisfy the existing and future housing demand for a range of housing types and income levels by increasing the potential of buildable sites, addressing the barriers to land development, and increasing the market exposure of available sites to potential builders, developers, and non-profit housing partners.**

The objectives and strategies of this chapter seek to accomplish the overall goal of this chapter and provide the guidance, capacity, and organization needed to accomplish that goal. Key objectives for this chapter include:

**Selected Objectives:**

- Designate areas with underdeveloped properties which could host housing or mixed-use redevelopment or development projects. These may include vacant lots for redevelopment along arterial streets in or close to the central city, properties near intersections of the new West Waukesha Bypass, or other properties identified by developers and real estate brokers through the city.
- Encourage housing construction through site preparation assistance in the Central City and other designated development/redevelopment areas.
- Increase supply and utilization of available land through city managed programs to purchase and redevelop small vacant lots and/or assist builders and non-profits in their redevelopment efforts.

**Chapter 3 Housing Rehabilitation Summary.**

This section focuses on housing condition and the need for housing rehabilitation within the City. Because Waukesha has some aging housing stock and a changing housing market which has had to respond to young professionals, generational preferences, changes in the local economy and other factors, rehabilitation has become an increasingly important issue.

This section addresses the rehabilitation opportunities and challenges identified through analysis of survey data and housing market data. In addition, input was gathered from local stakeholder meetings, which resulted in the following key observations:

**Stakeholder Interviews Guiding Observations:**

- Senior housing will become increasingly important as the population ages. Given the older stock of housing in Waukesha, many seniors will most likely need assistance with emergency home repairs and interior as well as exterior handicap accessibility improvements. Many will likely not have the financial resources needed and many may qualify for low or moderate income financial assistance programs. City assistance specifically for seniors and disabled persons to renovate or rehabilitate their homes will be required in the near and medium term.
- More and more, buyers are looking for renovated properties and lack the resources to undertake a significant renovation or rehabilitation project. Additional financial assistance will be required to assist first-time homebuyers as well as existing homeowners.

- Many are young professionals who are employed in Waukesha and may not qualify for low or moderate income assistance. An employer-funding rehabilitation program, sponsored by the City, could be an effective strategy to encourage more renovations amongst younger professionals.
- Duplexes that have been converted to condominiums are struggling to sell and do not qualify for all potential financial assistance, including down payment and other government or private loan programs. This may indicate the potential for a duplex to single-family conversion program to provide greater supply of housing which can qualify for buyer assistance.

This section includes an overall goal directed towards encouraging rehabilitation of both owner-occupied and rental homes. The objectives and strategies in this chapter seek to fulfill the chapter goal and provide objectives and strategies to accomplish that goal.

#### **Rehabilitation Goal:**

**To provide direction, assistance, and incentives which encourage the rehabilitation of houses which are needed to satisfy the existing and future housing demand for a range of housing types and income levels.**

The objectives and strategies in this chapter seek to accomplish the overall goal of this chapter and provide the guidance, capacity, and organization needed to accomplish that goal.

#### **Key objectives for this chapter include:**

- Increase Redevelopment Authority scope to support City rehabilitation programs. Expand Redevelopment Authority rehabilitation program to include grant/loan programs to enhance curb appeal, develop under-utilized space and rehabilitate upper floor housing for mixed-use structures.
- Expand Existing and Establish Additional Home Rehabilitation Programs. These could include non-income based home rehabilitation programs funded through Tax Incremental District funding, local employers, or other private sources. They could also include assistance for persons with additional needs, such as seniors, persons with disabilities, and veterans.
- Expand Landmarks Commission Paint and Repair Grant program and other grant programs directed at historic or aging residential properties.

#### **4. Funding Initiatives:**

This section provides guidance towards increasing the utilization of funding sources to maximize the capacity of the City to engage in housing programs and initiatives. Waukesha has a solid history of providing rehabilitation assistance, establishing partnerships to develop income-assisted and other housing projects, and providing rental assistance through the Housing Authority. However, in order to accomplish the goals, objectives, and strategies of Appendix C Chapter 3, additional funding sources will be needed.

This chapter makes a clear distinction between several different types of affordable housing and the terms used to discuss them. When discussing sources of federal and state funding it describes people as

“very-low income”, “low income”, or “moderate income” to describe the different levels of assistance available. It also uses the term “workforce housing” to describe people who have incomes at or near the local average. People in this range may struggle to afford housing and may need some assistance to be able to find housing, but generally aren’t eligible for state or federally funded programs. Since they make significant contributions to the health of the community it is important to ensure that housing is available that will make it possible for them to both live and work here. Most of the opportunities for assistance for this group will come from sources outside of government.

This chapter looks at survey data, housing market data, and the potential eligibility and opportunities for specific districts within the City in order to provide a full assessment of potential funding needs and sources. In addition, input was gathered from local stakeholder meetings, which resulted in the following key observations:

#### **Stakeholder Interviews Guiding Observations:**

- Federal and State financial assistance and funding options for constructing housing are becoming more competitive and many are requiring matching funds from other sources in order to be awarded. Housing developments need a greater number of funding sources in order to become financially viable and to keep rents and price points down. Funding from sources such as HUD and WHEDA need to be supplemented by other public and private funding sources, such as other State and Federal sources, non-profit housing organizations and partners, financial institutions, and local employers.
- City organizations such as the Housing Authority and the Redevelopment Authority have been very effective in assisting residents, developers, and the City increase housing affordability, supply, and options. Increased use of authorities, including expansion of funding and responsibilities, will become increasingly important as the need for their support grows in response to housing demand.

This chapter includes an overall goal directed towards maximizing funding for the goals, objectives, and strategies listed in the previous chapters of the Appendix C

#### **Funding Initiatives Goal:**

**To encourage greater current and future utilization of Local, State, and Federal and other housing-related funding programs in order to encourage the housing rehabilitation and construction projects, which result in more affordable housing stock and which provide more financial assistance options to renters and home buyers.**

The objectives and strategies in this chapter seek to accomplish the overall goal of this chapter and provide the guidance, capacity and organization needed to accomplish that goal.

Key objectives of this chapter include:

- Expand the effectiveness of HUD funding utilization to apply to more areas of the City. HUD will accept analysis prepared by the city or by local partners to show that targeted areas are eligible for more funding than they currently receive.
- Evaluate potential for current TIF districts to fund workforce and affordable housing construction and rehabilitation.

- Establish public/private partnerships to fund City purchase and rehab and/or City purchase and build housing programs. These programs can utilize funding sources such as Community Development Entity funds, Community Development Financial Institution funds, and Opportunity Zone funds. They could also include partnerships with local financial entities and employers looking to maximize their use of various grants and state and federal programs.
- Encourage developer/builder participation in local, state, federal, and non-profit housing assistance and initiatives.

### **Conclusion and Key Findings:**

Housing, employment, and location are closely related to each other in the Waukesha Housing Market and have remained relevant in the years since the Central City Master Plan and the last Comprehensive Plan were written. The supply of single-family homes is currently healthy, although affordability for different family types and income levels is becoming a more significant consideration as local and regional demographics change. Housing development has addressed demographic needs and characteristics through the decades; however, this report shows a continued need for greater diversity in neighborhoods, including different densities and housing types. Meeting this need for diversity may have to occur in more homogenous neighborhoods as the supply for available and re-developable land becomes scarcer. As Waukesha approaches greater build out, few parcels will be available to meet housing needs and new housing will need to utilize isolated properties as well as re-developable parcels in different neighborhoods. New housing should be seen as an opportunity to support local businesses as well as providing options for current and future residents. As Waukesha becomes more and more integrated in the suburban metropolitan area, housing needs will likely need to accommodate the needs of workers who currently live outside the city limits yet who live in the County and are familiar with the area. Housing supply will also need to reflect different demographic types looking for amenities and opportunities the growing metropolitan area can offer. Intergovernmental cooperation amongst neighboring communities and Waukesha County will most likely focus on access to transit and transportation, as this report will show this issue to be important to new home buyers and renters in the younger age brackets.

Local attention to pedestrian access, walkability, and appropriate placement of housing developments will help support transit efforts as well. Cooperation with state agencies will be important to consider when looking at redevelopment, lower income needs, and the potential for brownfield development.

In particular, the City center will provide an opportunity to satisfy identified housing needs and also to support the amenities, walkability, and transit options that have become so important. With the varied needs identified in the assessment phase, a strong effort downtown will be reinforced by a strong housing effort. A combination of design, funding, redevelopment, and State assistance should create the perfect opportunity to address housing, employment, visitor, and other opportunities downtown.