

**JULY 11, 2023 SESSION OF THE
WALWORTH COUNTY BOARD OF SUPERVISORS
COMMITTEE OF THE WHOLE**

The Walworth County Board Committee of the Whole meeting was called to order by Chair Stacey at 4:01 p.m. at the Government Center, 100 W. Walworth Street, Elkhorn, Wisconsin.

Roll Call

Roll call was conducted and the following Supervisors were present: Chair Rick Stacey, Vice-Chair Ryan Simons, Brian Holt, Kathy Ingersoll, Dennis G. Karbowski, Joanne Laufenberg, Kenneth H. Monroe, Susan M. Pruessing, Sheila T. Reiff, Joseph H. Schaefer (arrived remotely at 4:17 p.m.), and Al Stanek. A quorum was established.

Other in attendance:

County Administrator Mark W. Luberda; and Corporation Counsel/Director-Land Use and Resource Management Michael Cotter

Order of Business

- Strategic Planning: Housing for Walworth County

County Administrator Mark W. Luberda distributed and gave a presentation entitled “An Informational Presentation to the Walworth County Board Committee of the Whole: Housing.” Luberda explained the presentation will not go deep into the data. He stated the data paints a picture of the interconnectedness between some of the issues that may be impacting housing; and, seeing similar data from different sources pointing to those same issues.

Luberda highlighted the Agenda items:

- Source Notations
- The Story of Workforce Housing
- Washington and Jefferson Counties
- State Legislative Housing Package
- Options or Strategies
- WCEDA’s (Walworth County Economic Development Alliance) Workforce Housing Proposal

Source Notations include:

- SEWRPC (Southeastern Wisconsin Regional Planning Commission) – SEWRPC in conjunction with CHIP (Community Health Improvement Plan) prepared a booklet focusing on housing for a healthy Walworth County. You will see SEWRPC on the bottom of the page where this information was used.
- The State of the State’s Housing: Trends and Issues in Housing and Affordability, Professor Kurt Paulsen, UW Madison. You will see KP on the bottom of the page where this information was used.

Luberda indicated that Professor Kurt Paulson (KP) determined housing issues can be identified by looking for a problem in supply and demand. He then discussed the supply factor. Highlights of this factor included:

- Recession repercussions on supply/housing construction causing underproduction of housing units in the 20 largest counties.
- Walworth County’s impact from the underproduction include: 22% drop off in average lots by subdivision by year, and 43% drop off in average building permits per year.
- WCA Forward Analytics study determining Wisconsin needs to build 227,000 new housing units in the next decade for all the housing needs.
- Two major headwinds hindering sufficient building over the next decade: local communities not creating enough lots, and high interest rates over the past year reducing new home construction

Luberda proceeded to discuss the demand factor highlighting:

- Vacancy rates is a factor to determine demand
- A healthy housing market standard used by HUD (Housing and Urban Development) is:
 - Home vacancy rates between 1% and 2% (and) Rental unit vacancy rates between 4% and 6%
 - Walworth County municipalities are short on both housing and renters
 - Rental and home vacancy rates are below the recommended rate throughout Wisconsin
 - 5,000 additional housing units will need to be built by 2030; and continue to grow through the next several decades

Luberda went over demographic reasons for the demand issue:

- Households are growing two-thirds faster than housing units
- Households are increasing at twice the rate the population is increasing
- The demand for one and two family households
- Impact of growth of households ages 55 or older:
 - Only need one and two family
 - Staying in home longer (and)
 - Older homes on the market.

He stated the high demand and low supply drives the cost up on the home.

Luberda reviewed information from Doug Wheaton, Governmental Affairs Director, Lakes Area REALTORS Association (who he indicated was present today for questions). Wheaton reported a 78% increase in the cost of a median home sale price from 2016 to 2023 or \$141,000 more to buy the same home.

The following additional cost increase data was provided:

- Single family construction costs up 36.2%
- Multi-family construction costs up 35.2%
- Housing price index up 35.9%

Luberda stated the reasons for the increase in income needed to purchase a median price home:

- February 2022 \$63,000 and February 2023 \$83,250 – a 32.1% increase
- The cost of the home and interest rates have increased

He discussed housing affordability:

- Wisconsin Realtors Association uses housing affordability and had the same results as above using the time period of 2015-2020
- Affordability is defined as a household spending no more than 30% of its income on housing
- 10,000 Walworth County households are cost burdened, which includes 40% of the County's renters

Luberda went on to state now that we have identified a dilemma; we need to determine what kind of housing we need. Studies show that we need a variety of housing types to accommodate all household incomes. Luberda went over slides showing the median home in 2022 in Walworth County as \$316,250 and a household would need to have an income of \$90,000 a year to reach the affordability standards. The studies also show many households are way below these standards. Luberda went over data showing based on household incomes and to promote healthy lifestyles, Walworth County needs to:

- Build single family homes less than 1,200 square feet on modest-size lots of 10,000 square feet or less, and some multi-family housing
- Have ordinances that allow for the development of higher-density housing
- Review zoning ordinances
- Flexibility in regulations
- Tax incremental financing
- Reduce or waive impact fees for affordable housing

He indicated many of these actions are outside the direct authority of the county. Luberda also discussed when we are discussing workforce housing, we need to look at what kind of jobs we are offering the workforce. Walworth County is tourism based and has a lot of middle income positions, and manufacturing. He stated he just attended a groundbreaking of a new manufacturer who needs to have housing for the workers.

Luberda then spoke about Washington County being very engaged with housing:

- Working the last two years on their program
- Started a program called Next Generation Housing.
- Plan to get 1,000 new homes built all in the low income and very low income range.
- Targeted barriers: high development costs; zoning and land division regulation; workforce education and connection; home ownership, and public outreach.
- Reducing upfront cost by sharing the high development cost with developers by having a loan fund to put a lien on the property.

He next reviewed how Jefferson County is working on the issue:

- Started a program called Live Local which is development fund which helps funds development directly the same as Washington County.
- Deciding to be a driving force with the housing issue, but know they will only be successful with broad participation engagement from the municipalities and from the private sector.

He informed the Board developers need to be found. Both counties are targeting a \$10 million revolving loan fund, with Washington County contributing \$6.5 million and Jefferson County \$1.0 million. The counties have an 18-24 month start up before breaking ground. Washington County has broken ground on their first development in May. Luberda went over the four State Legislative Workforce Housing Package which include zero interest loans and low interest loans. Both counties believes these packages are complementary, not a replacement.

Luberda spoke about what could happen if we do nothing:

- Residents will relocate
- Businesses will fail and relocate
- Schools lose population
- Erodes community engagement
- People commuting for work will create additional burden on roads
- Housing prices will continue to rise
- More people will become cost-burdened

Luberda discussed potential plans of action, and issues:

- We could wait it out and see if it subsides
- The problem is it is more than a housing issue – it is based on a demographic drive and workforce issue.
- The recovery rate will not be the same to undo the change
- Investigate Washington and Jefferson County's approaches
- Start a countrywide task force
- Review and consider WCEDA's Housing Proposal, and
- Assign a standing committee

Luberda asked the Board if they wanted to engage. Luberda did suggest that if interested in continuing to have engagement with housing, we need to assign to a standing committee because it doesn't fall into any definitions of any of our committees. Luberda went over that he had asked WCEDA back in October what more could the County be doing on economic development? The issue WCEDA landed on was housing and the WCEDA Board determined it fits within their role. They looked at a two-prong approach.

He then stated the elements of WCEDA's Workforce Housing Proposal:

- Project manager to be overseen by WCEDA'S Executive Director, Derek D'Aria. This manager would lead discussions, coordinate meetings and help communities move forward.
- Housing Summit to celebrate communities moving forward, share resources and give visibility to the initiative.
- Grant funds for support to municipalities to develop housing related information

Luberda then turned the issue over for discussion and to ask questions of the WCEDA's Executive Director, Derek D'Auria.

Discussion then ensued:

- The struggle to get employees housing
- Working with WCEDA or other units to work on this issue immediately
- Resorts add tourism and dollars to our county
- Grand Geneva's proposal for a dormitory for their employees
- Resorts wanting to obtain homes to use for their employees.
- The County and Community assisting the resorts with the process so the process can go quickly.
- A hands-on committee from the County
- CHIP, Health Department being essential in the process
- Obtaining one or two more County members for the CHIP advisory group.
- A dedicated person needed to coordinate the meetings, development, information gathering, and overseeing the direction.
- Using platted lands for the housing
- Keeping the cost under market through zoning, potential TIF (Tax Increment Financing), and other incentives.

The question was asked how this project would be funded. Luberda said ARPA (American Rescue Plan Act) is the source he would lean towards. ARPA has an authority to do economic development work for the County and is an allowable path. If more funds are needed, the County would have to use some of their interest money.

Luberda indicated the question is do we want to engage directly or only engage in areas the County has direct authority. He stated the WCEDA proposal is a good way to engage.

Supervisor Stanek made a motion to submit to the Executive Committee to determine if it is an issue that is appropriate for the County Board to look into. Corporation Counsel/Director-Land Use and Resource Management Michael Cotter indicated we should stay away from a formal motion and that our request should be a direction, not a motion. Supervisor Stanek recommended that we send this issue to the Executive Committee. A consensus was made by the Board to direct this issue to the Executive Committee to put on their Agenda. Luberda stated he will add the subject of housing for Walworth County to the Executive Committee Agenda for the July 17, 2023 meeting.

Adjournment

On motion by Supervisor Simons, seconded by Supervisor Monroe, the meeting was adjourned at 5:03 p.m.

Prepared By: Kathleen Aukland, Administrative Assistant
Submitted By: Susi Pike, County Clerk

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COUNTY OF WALWORTH)

I, Susi Pike, County Clerk in and for the County aforesaid, do hereby certify that the foregoing is a true and correct copy of the proceedings of the County Board of Supervisors for the July 11, 2023 Committee of the Whole Meeting.