



RICHLAND COUNTY HOUSING AND WORKFORCE STUDY

APRIL 2019



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Introduction

Planning Process

In June 2018, Prosperity Southwest Wisconsin (PSW) partnered with Wisconsin Economic Development Corporation (WEDC) and its county partners to undertake a study of the region's housing and workforce. The purpose of the study is to guide the near-term policies for communities, counties, and the region in order to address the existing and near future housing issues in southwest Wisconsin. A secondary purpose is to provide a comprehensive summary of demographic, housing, and workforce data to assist in the decision-making of local elected officials and investors. To achieve these ends, this study examines existing housing in the region, how appropriate that housing is to current and future residents, and what can be done to address the current issues within the next 10 years.

PSW is a non-profit economic development organization whose Board of Directors consists of county and community economic developers from southwest Wisconsin, and who collaboratively work to strengthen the region's economy. Recognizing that housing is a driver of economy and community, PSW responded to regional employers and industry concerns about future workforce housing development in the region by contracting with SWWRPC to undertake this study. The study addresses housing issues regionally, at the county level for Crawford, Grant, Green, Iowa, Lafayette, and Richland Counties, and at the community level for forty cities and villages within these counties. Members of PSW and other regional economic development collaborators for this plan are listed in the table below.

Table 1. Southwest Wisconsin Economic Development Collaborators		
Name	Agency	Region
James Bowman	Driftless Development, Inc.	Crawford County
Ron Brisbois	Grant County Economic Development	Grant County
Cara Carper	Green County Economic Development	Green County
Steve Genoway	City of Dodgeville Economic Development	City of Dodgeville
Abby Haas	Lafayette County Economic Development	Lafayette County
Barry Hottman	UW – Extension	Iowa County
Bob Jones	Cuba City Economic Development	City of Cuba City
Ela Kakde	Platteville Area Industrial Development Corporation (PAIDC)	Platteville
Kate Koziol	Richland County Economic Development	Richland County
James Schneider	UW – Extension	City of Boscobel

Funding assistance for the plan was provided by PSW member counties, WEDC, and Alliant Energy. Funding was secured a contract was signed between PSW and SWWRPC in June of 2018, with work beginning immediately. As part of the contract agreement, PSW members were responsible for reaching out to local realtors, housing agencies, lenders, and employers to gather input regarding housing in the region. SWWRPC services included undertaking interviews with developers, expansive and comprehensive demographic, housing, and workforce data collection, and drafting and distributing the final plans to PSW.

Table 2. Regional Housing Study Planning Process									
Responsibility:	PSW						SWWRPC		
	2018						2019		
Tasks:	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Community Stakeholder Outreach									
Data Collection (Quantitative Data)									
Developer Interviews									
Draft Plan Writing									
Plan reviews									
Final Editing									

Outreach

Several groups of stakeholders were identified to provide knowledge of the local housing market, and therefore augment the empirical data with a working experience of professionals engaged in housing. The stakeholder groups were selected based on their intimate knowledge of the local housing markets.

PSW county economic developers undertook interviews with local lenders, realtors, housing agencies, and employers. These groups were identified as having local understandings of the housing markets at the county and local community level. Each economic developer was responsible for interviewing several individuals from each stakeholder group in their respective county or community. The work of housing agencies, lenders, and realtors crosses local community boundaries and thus interviews collected from them are presented as representative of the entire county, unless specifically noted. Interview responses from employers are presented as more narrowly representative of the local communities in which they reside, unless otherwise noted. All interviews were done on an anonymous basis. Table 3 identifies the number of stakeholders by county.

Table 3. Interviews Conducted with Housing Agencies, Lenders, Realtors, and Employers.						
	Crawford	Grant	Green	Iowa	Lafayette	Richland
Regional Housing Agencies	4	3	4	1	1	2
Lenders	5	12	10	6	3	9
Realtors	3	9	3	9	3	6
Employers	7	31	9	3	3	12

SWWRPC interviewed eleven residential developers. These developers were approached based on their history of working in the region or expressed interest in working in the region, and were selected with input and approval from PSW. Developers were organized into three categories based on the type of residential development and type of funding the developer typically utilizes. The three categories are local builders, regional developers, and national developers. Local builders are characterized by typically building single family housing and almost always having a contract that does not involve financing between the owner and the builder. Regional developers are characterized by developers that build single-family neighborhoods, sometimes with speculative houses, and multi-family homes. Regional developers often utilize financing incentives from the state or community to assist in building. National developers work on an array of projects across the state and nation. Projects are likely to include multi-family housing but can also include single-family residential and commercial. National developers are the most likely to utilize a variety of funding sources at the state and national level. See Appendix F for local, state, and national housing funding tools. Table 4 presents the number of developers interviewed and their respective category. All interviews were conducted on the condition of anonymity.

Table 4. Interviews Conducted with Residential Developers			
Developer Category	Local Builder	Regional Developer	National Developer
# of interviews	3	3	5
Characteristics			
Financing	Contract for Building Service	Will finance the project, but less likely to utilize state and national financing incentives.	Will utilize local, state, and national financing incentives.
Scale	One – two structures at a time. Not speculative.	Builds 25+ units	Builds 25+ units
Type of Development	Typically, single-family homes.	Multi-family structures, possible single-family homes.	Multi-family structures, possible single-family homes. Experience with all types of development.
Geographic area of work	Local Community Level	Regional	Statewide/National

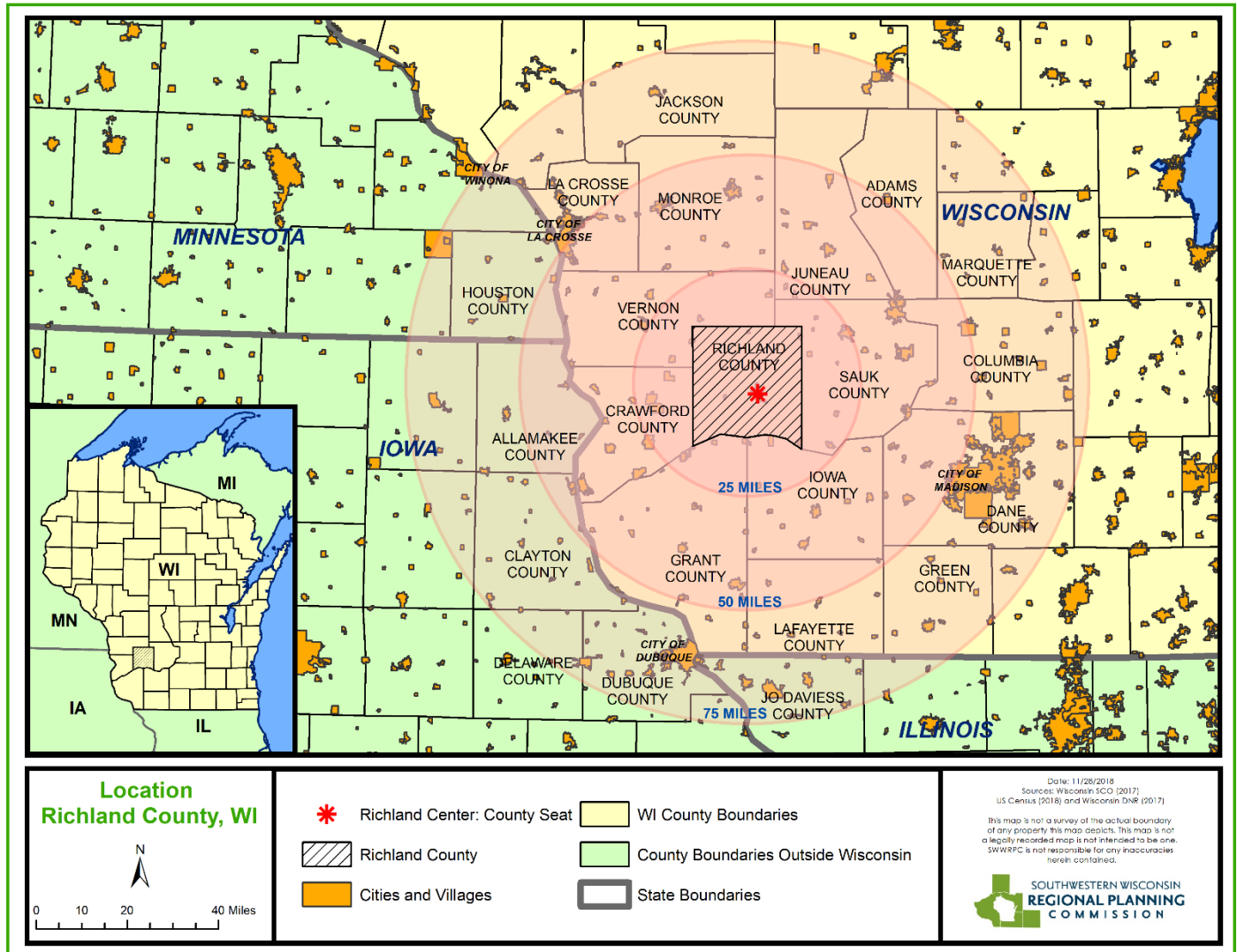
Study Organization

The final products of the Regional Housing and Workforce Study are a series of plans and supplementary documents that present community input and data related to the current condition of housing in the region. Regionally, there is a single plan that addresses the issues of the region as a whole. At the county level, a plan was created for each county. Locally, individual plans were created for forty cities and villages.

Richland County Housing Market Analysis

Richland County is a rural county located in southwest Wisconsin. Richland County is home to one city, five villages, and sixteen townships. The largest community in Richland County is the City of Richland Center, which also serves as the county seat.

Figure 1: Richland County Location



Key Findings

The following section outlines key findings derived from the comments of stakeholders. Stakeholder comments are summarized and presented as bullet points. In some instances, comments offer differing thoughts on the existing housing market. The section is organized by topics discussed by all stakeholder groups, with the exception of developer comments which are presented on their own. Some comments are supported by additional data gathered from national, state, and local sources. All data can be found in Appendices A, B, and C and all interview responses can be found in Appendices D and E.

Overall Housing Market Conditions

- The current housing market is characterized by the low inventory of homes and strong demand. This has created a “Seller’s Market” characterized by a tight supply of “good” homes, leading to inflated values. The inflated values make it harder for buyers to qualify for mortgages.
- Strong demand for affordable low-maintenance, single-family housing.
- Need for affordable rental units. Four-plexes were mentioned often.
- Existing housing has deferred maintenance. The amount of work necessary to update homes means that many first-time home buyers are unable to secure financing for homes in their price range.
- Expectations are that the housing market will stay strong for the foreseeable future.
- There are not a lot of building lots in the communities. New housing is out of reach for many incomes in the area.
- There is demand for senior housing that allows seniors to move out of single-family homes into housing requiring less maintenance.
- Demand for housing appears to be in the range of \$80,000 to \$120,000.
- When employment is high, there is a strong demand for workforce housing, which is currently the case in Wisconsin and nationally. Demand for workforce housing is high.

Residential home sales, as collected by Multiple Listing Services (MLS), show that, between 2014 and 2018, the median home sales price for Crawford, Richland, and Vernon Counties increased year over year. Since 2014, the median sales price increased 34%. While, at the same time, Richland County household incomes between 2010 and 2016 increased only 6.1%. Home prices are increasing more than incomes over the roughly the same period.

Table 5. Crawford/Richland/Vernon County – Multiple Listing Service: Annual Residential Listings¹

	2014	2015	2016	2017	2018
# of New Listings	594	614	561	697	876
# Sales	337	385	373	491	596
Average Sale Price	\$116,471	\$125,846	\$138,725	\$148,039	\$169,159
Median Sale Price	\$104,900	\$110,000	\$122,000	\$125,000	\$140,500
Total Active Residential Listings at end of month	288	249	203	242	239

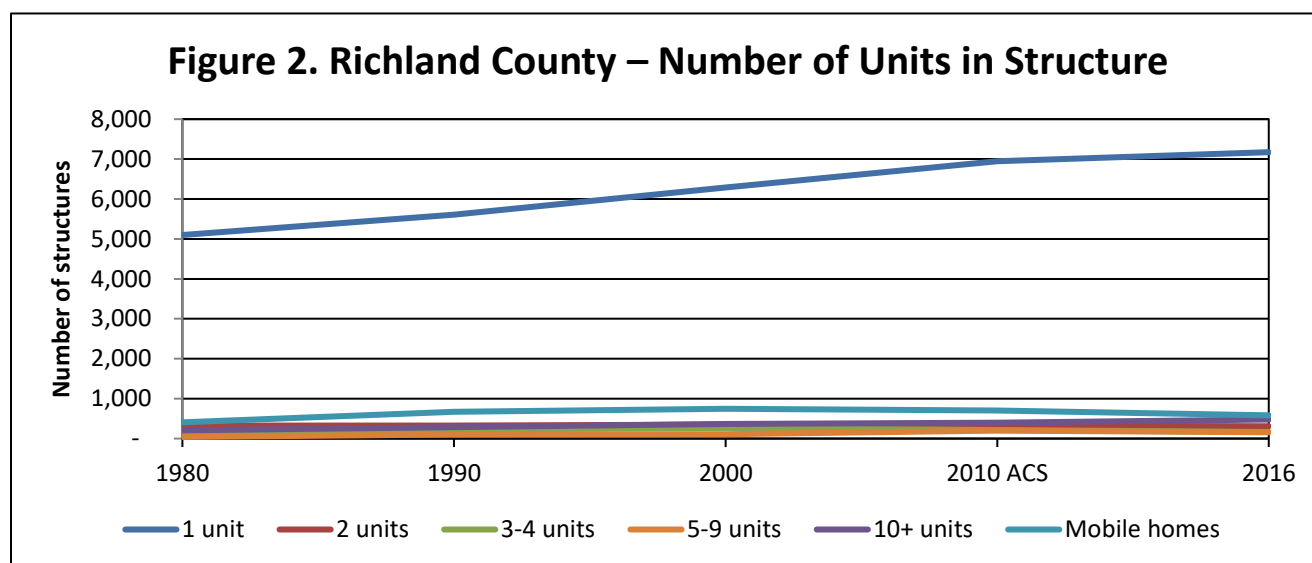
Richland County has 8,873 existing housing units, an increase of 21% since 1990, when the county had 7,325 units. The trend in Richland County is a steady, although slow, increase in the amount of housing units. Of the 8,873 housing units in the county, 7,506 were occupied and 1,367 were vacant. This is a vacancy rate of 15.4%. Taking into account the 793 vacant units that are considered for seasonal, recreational, or occasional use, the actual vacancy rate is 6.5%. In 2016, the vacancy rate for the county was considered a healthy vacancy rate. Of the 7,506 occupied housing units, 5,562 (74%) are owner occupied and 1,944 (26%) units are renter occupied.

¹ South Central Wisconsin MLS Corporation. *Annual Residential Listings*,. Accessed February 2019.

Table 6. Richland County – Total Housing Units ²					
	1980	1990	2000	2010 Census	2016
Total housing	6,984	7,325	8,164	8,868	8,873
Occupied	6,249	6,593	7,118	7,349	7,506
Vacant housing	488	732	1,046	1,519	1,367

Table 7. Richland County – Owner and Renter Occupied Housing Units ³					
	1980	1990	2000	2010	2016
Owner occupied housing units	4,648	4,742	5,285	5,482	5,562
Renter occupied housing units	1,601	1,851	1,833	1,867	1,944

The majority of housing units in Richland County are single family structures, or 1-unit structures. The amount of single-family homes in Richland County has grown by nearly 2,000 units. The number of multi-family structures has remained relatively the same in the county with the exception of structures with 5-9 units. Overall, the number of units within structures that have 5-9 units has grown from 40 units in 1980 to 157 units.⁴



² 1980, 1990, 2000, and 2010 Census, and 2012-2016 American Community Survey. *Selected Housing Characteristics*. US Census Bureau. factfinder.census.gov. 2019.

³ *Ibid.*

⁴ *Ibid.*

Similar to all of southwest Wisconsin, the housing stock in Richland County is old. Housing built before 1940 represents nearly one third of the county's existing housing stock. Available housing data identifies the ages of housing on the basis of the decade built, with the 1940s being the oldest decade identified, and all housing built prior to 1940 is grouped together. Another date of consequence when identifying the age of structures is 1978, the year that the sale of lead paint was banned for residential use. Approximately 67% of all housing units in the county were built prior to 1980, these units have a higher likelihood to contain lead-based paint.

Age	#	%
Built 2014 or later	13	0.1%
Built 2010 to 2013	48	0.5%
Built 2000 to 2009	1,105	12.5%
Built 1990 to 1999	1,035	11.7%
Built 1980 to 1989	775	8.7%
Built 1970 to 1979	1,133	12.8%
Built 1960 to 1969	671	7.6%
Built 1950 to 1959	668	7.5%
Built 1940 to 1949	538	6.1%
Built 1939 or earlier	2,887	32.5%

The following table presents data at the County level for the annual reports on childhood lead poisoning in Wisconsin. Data is collected by the county health department and compiled by the State Department of Health Services. Data presented is since 2012, when the Center for Disease Control (CDC) lowered the reference level for intervention from 10 mcg/dL to 5 mcg/dL. Data is collected on tests of children under six years of age. In 2015 and 2016, lead levels for Richland County were less than the State of Wisconsin, although in past years it has been higher. Over the past five years Richland County's average percentage of children tested with levels above the reference were lower than the state.

Children under the age of 6	2012	2013	2014	2015	2016
Total Tested	199	192	175	186	166
Total Tested with BLL > 5 mcg/dL	14	5	9	7	4
% with BLL > mcg/dL – Richland County	7.0%	2.6%	5.1%	3.8%	2.41%
% with BLL > mcg/dL - State of Wisconsin	6.3%	5.2%	4.5%	4.6%	5.01%

Demographic Changes Impacting the Housing Market

- Older generations are selling their houses as they move into smaller places, assisted living, or nursing homes.
- First-time home buyers, younger families, seniors, and those with lower incomes are in the most need of affordable housing.
- Younger generations are waiting longer to buy homes and start families. Home ownership is not as important to younger generations.
- The area is getting older as younger people move away from the area and demographic trends do not show a strong demand for housing.

⁵ 2012-2016 American Community Survey. *Selected Housing Characteristics*. US Census Bureau. factfinder.census.gov. 2019

⁶ Wisconsin Department of Health Services. *Lead Poisoning Data and Data Analysis*. Annual Numbers: 2012 -2016. <https://www.dhs.wisconsin.gov/lead/data.htm>. 2019.

According to the US Census Bureau, there are, 991 households in Richland County with at least one person that is over the age 65, which is 13.2% of all households in the county. Of the 991 households with an individual over the age 65, 834 of those households (84%) represent people 65 years of age and older that live alone. Overall, 12.5% of households in Richland County are occupied by an individual 65 years old or older living who are alone. New, and more appropriate, housing for these individuals will open up available housing for younger families.

Table 10. Richland County – Households with One or More People Over 65⁷

	1980	1990	2000	2010	2016 ACS
Households with 1+ person over 65	774	884	955	979	991
% Households with 1+ person over 65	12.4%	13.4%	13.4%	13.3%	13.2%

The table below is based on the State of Wisconsin Department of Administration's (DOA) population and household projections for 2030. This is one method of projecting future housing demand. This analysis is driven by historical demographic trends and is a broad-based and objective forecast of future housing demand over the next 10 – 12 years. However, this method does not anticipate proposed and/or ongoing developments that will impact the population and number of households in the county during the writing of this plan. For this reason, comments from economic developers and key stakeholders are used to develop a more complete story. The analysis begins with the number of households that DOA projects for the County in 2030. A household is an occupied housing unit. A healthy housing market will have a percentage of vacant units available, so this analysis adds 5% to account for a desired number of vacant units. Additionally, some housing will need to be replaced overtime for a variety of reasons such as rebuilding or unexpected issues such as fires, and so the analysis adds 0.5% to account for this. The number of households and desired vacant and replacement units accounts for a projected number of housing units in 2030. From that number, the existing housing units counted during the 2010 census and the number of building permits issued for new housing since 2010 are removed. The resulting number is an estimate of number of additional housing units to be built by 2030. Richland County should anticipate a surplus of 665 housing units by 2030. Existing demographic trends are not supporting a sustained level of household creation to fill the existing homes.

Table 11. Future Housing Demand Forecast

2030 projected number of households⁸	7,902
+ desired vacancy rate of 5%	395
+ replacement housing	40
= required number of new housing units	8,337
- available number of units (2010 census)	8,868
- units built 2010-2017 ⁹	134
= total housing units to be built for 2030	(665)

⁷ 1980, 1990, 2000, and 2010 Census, and 2012-2016 American Community Survey. *Selected Housing Characteristics*. US Census Bureau. factfinder.census.gov. 2019.

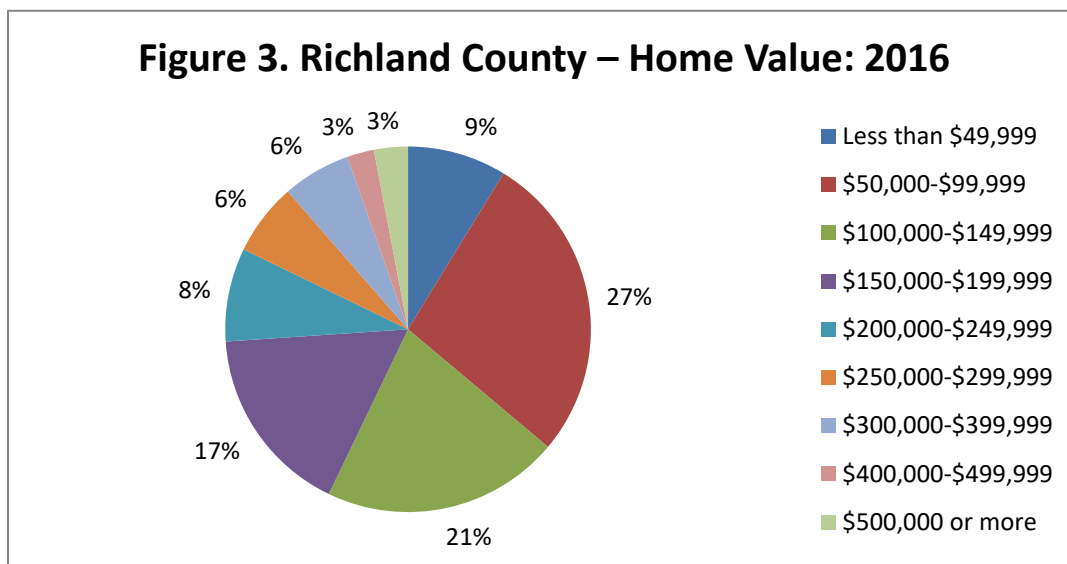
⁸ Barroilhet, Dan and Egan-Robertson, David. *Minor Civil Division and Household Projections, 2010-2040*. Wisconsin Department of Administration, Demographic Services Center. 2013.

⁹ Barroilhet, Dan. *New Housing Starts Annual Survey 2010 – 2017*. Wisconsin Department of Administration, Demographic Services Center.

Cost and Affordability

- There is demand for housing between \$80,000 and \$100,000 and affordable rental housing.
- Low-income to moderate income individuals and families were the most identified as needing affordable housing.
- Affordable housing is needed for all age groups.
- Incomes in the area do not support homes above \$150,000.

The median home value in Richland County in 2016 was \$128,000, approximately \$6,000 more than the MLS median sale price for Crawford, Vernon, and Richland Counties for that same year. Overall, home values in Richland County are well distributed. Approximately 27% of homes were valued between \$50,000 - \$99,999 and 21% of homes were valued between \$100,000 and \$149,999. This shows that homes exist in Richland County within the range that the stakeholders identified as affordable, but these are not likely the homes that are being sold.



A measure of housing affordability, specifically related to the availability of an affordable mortgage, is the ratio of home value to household income. Affordable housing has a ratio of home value to household income under 2.5. If the ratio of home value to household income exceeds 2.5, housing expenses are considered unaffordable. Richland County's median household income in 2016 was \$46,564. The table identifies that owner-occupied households with the median income will have a gap of \$14,508 between an affordable mortgage and the median home value in the county. The analysis for renters shows that rental units remain affordable for those making the median household income.

Table 13. Richland County – Housing Affordability Analysis	
2016 Household Median Income: ¹⁰	\$46,564
Owner- Occupied Affordability	
Median Household Income X 2.5	\$116,410
Median Home Value ¹¹	\$128,000
Affordability Gap	(\$11,590)
Renter-Occupied Affordability	
30% of Median Household Income	\$13,969
Median Annual Rent ¹²	\$7,500
Affordability Gap	\$6,469

An analysis of Richland County residents shows that approximately 38% of residents require three- times their median income to purchase a home at the median home value in Richland County. Over the past five years, 367 new jobs were created in Richland County. Of those newly created jobs, approximately 67% of those occupations require three times their annual income to purchase a home at the median home value in Richland County. The analysis of existing and new jobs in Richland County shows an existing and future demand for workforce housing based on the existing occupations and future occupations being created in the county.¹³

Table 14. Median Home Affordability Rates based on Occupation Median Earnings of Resident Workers	
2017 ACS Median Home Value	\$134,400
Annual Income Needed to buy MHV home	\$53,760
# of Resident Workers in Occupations Paying enough to buy MHV home	495
... as % of Total Resident Workers	7.73%
# of Resident Workers in occupations needing 2 times its median income to buy MHV	3491.96
... as % of Total Resident Workers	54.54%
# of Resident Workers in occupations needing 3 times its median income to buy MHV	2415.47
... as % of Total Resident Workers	37.73%

¹⁰ 2012-2016 American Community Survey. *Selected Economic Characteristics*. US Census Bureau. factfinder.census.gov. 2019

¹¹ 2012-2016 American Community Survey. *Selected Housing Characteristics*. US Census Bureau. factfinder.census.gov. 2019

¹² 2012-2016 American Community Survey. *Financial Characteristics*. US Census Bureau. factfinder.census.gov. 2019.

¹³ EMSI. 2018.4 – QCEW Employees, Non-QCEW Employees, and Self Employed, All Occupations in Lafayette County. Accessed 2019.

Table 15. Median Home Affordability Rates based on Occupation Median Earnings of Jobs Created from 2013-2018	
2017 ACS Median Home Value	\$134,400
Annual Income Needed to buy MHV home	\$53,760
Jobs Created in County from 2013-2018	367
# of Jobs Created Paying enough to buy MHV Home	12
... as % of Total Jobs Created	3.27%
# of Jobs Created that require 2 earners to buy MHV Home	109
... as % of Total Jobs Created	29.70%
# of Jobs Created that require 3 earners or more to purchase MHV Home	246
... as % of Total Jobs Created	67.03%

The following table identifies a 2015 estimate of the number of households with an income less than the median for Richland County, and if those households are renters or owners. This table shows that owner-occupied households are more likely than renter-occupied households to have an income less than the median for Richland County. This data, along with the affordability analysis that identifies issues of affordability with owner-occupied structures, shows that those living in owner-occupied housing units may find rental units more financially suitable, if those units were available.

Table 16. Richland County – Residents with household income less than median ¹⁴			
	Owner	Renter	Total
Household income <= 30% median income	490	640	1,130
Household income >30% to <= 50% median income	530	395	925
Household income >50% to <= 80% median income	1,000	495	1,495
Household income >80% to <= 100% median income	760	205	935

Additionally, the State of Wisconsin's Homestead Tax Credit offers another insight into the affordability of housing in Richland County. The Homestead Tax Credit is a benefit available for renters and homeowners with low or moderate incomes designed to lessen the impact of rent and property taxes. To be eligible for the tax credit an applicant must rent or own a home that is their primary residence. In 2016, Richland County had 611 Homestead Tax Credit Claims, this is approximately 8.1% of occupied housing units. Of the claims, 81% came from residents that earned less than \$10,000 during the year.¹⁵

¹⁴ US Department of Housing and Urban Development. *Comprehensive Housing Affordability Strategy (CHAS)*. 2011-2015 ACS, US Census Bureau. www.huduser.gov. 2019

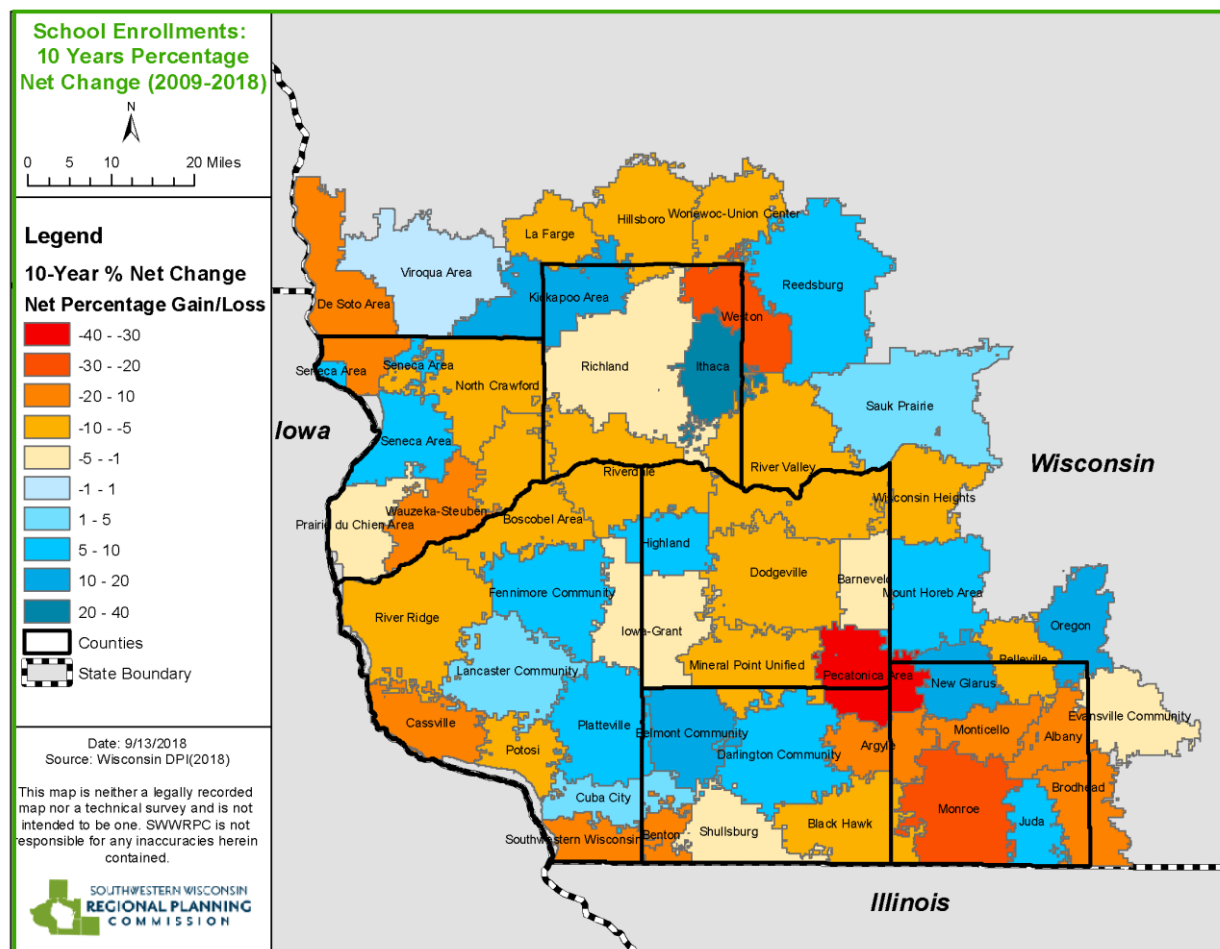
¹⁵ Wisconsin Department of Revenue. *Homestead Tax Relief, 2016*. Division of Research and Policy.

Housing Preferences

- Proximity to schools and childcare is important.
- Housing that is safe and clean, without a lot of needed repairs is in demand.
- Low maintenance and efficient housing are desired by both younger and older generations.
- Demand for rental housing both for seniors and for younger people.
- The cities and villages lack amenities (grocery store) that people look for, and find in other communities.

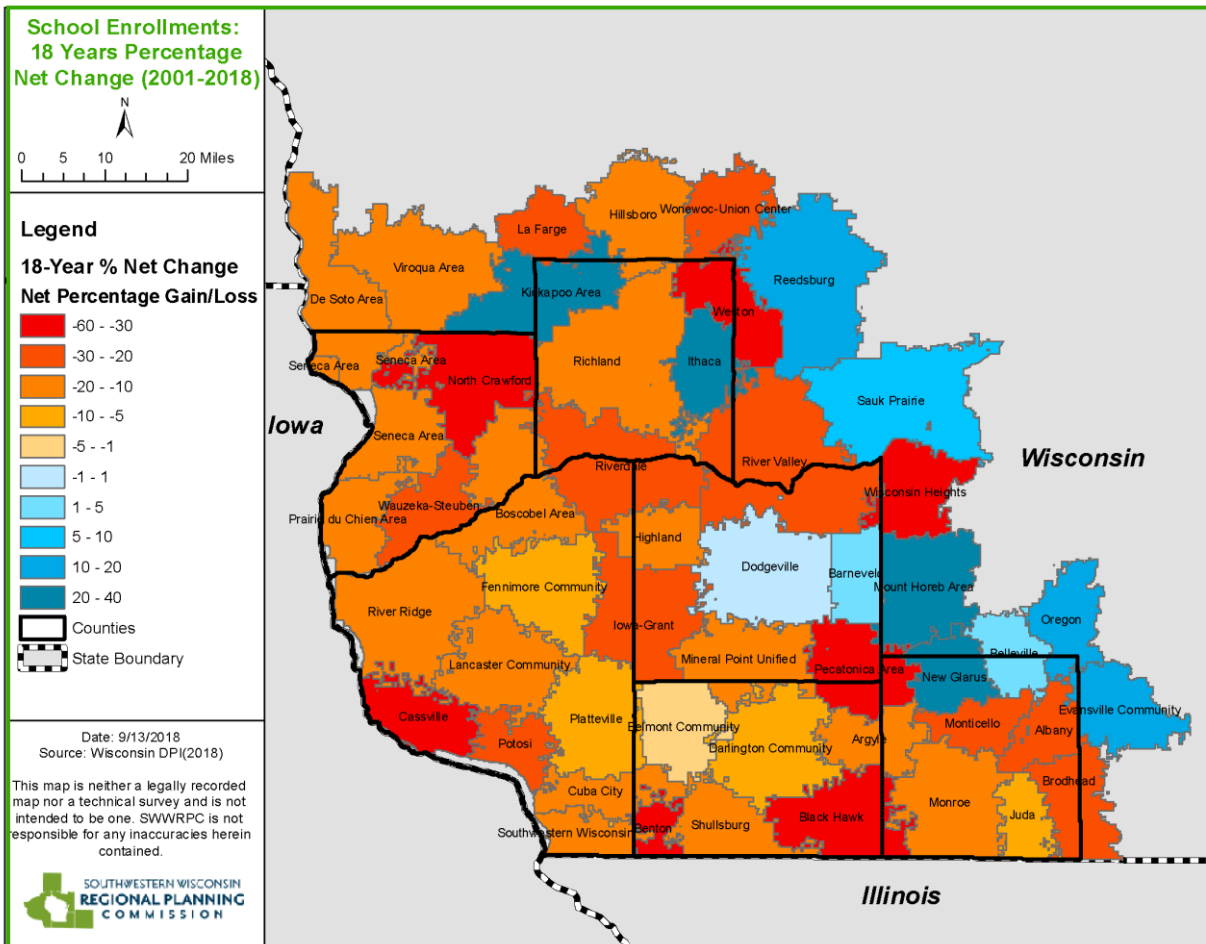
As mentioned in the stakeholder comments, schools are a driving force for where young families choose to locate. The maps below indicate that over the past 10 years, school districts in Richland County have experienced mixed enrollment trends. The Ithaca and the Kickapoo Area School Districts have experienced increasing enrollment trends, this is a positive for communities in those areas.¹⁶

Figure 4: School Enrollment Net Change 2009- 2018.



¹⁶ State of Wisconsin, Department of Public Instruction. *School District Enrollment Data 2000 – 2018*.

Figure 5: School Enrollment Net Change 2001- 2018.



Barriers to Home Buying

- First-time home buyers have a hard time securing a loan, in part due to the repair requirements and conditions of the houses that are in their price range.
- Down payment is the greatest barrier for first time homeownership. Down payment assistance programs exist in the county and are used.

For many who are in the age range historically associated with first-time home buying, the housing market decline and recession happened as they came of age. These potential homeowners are more skeptical of home ownership as a good investment. Additionally, as noted in stakeholder comments and in the analysis of the age of housing, housing conditions in the county require additional repairs to be made to housing, which places the overall cost of homeownership out of range for many first-time homebuyers.

Developer Insights

The following bullet points are taken from eleven interviews done with a variety of developers. The developers that were targeted had either worked in or expressed interest in working in southwest Wisconsin. A complete list of developer comments can be viewed in Appendix E.

- Communities should make the process for developers easier and more attractive.
- Construction costs are out of control due to demand for materials and labor. If building costs continue to rise, it will result in a lack of affordable housing. Construction costs are high for both single-family homes and for multi-family.

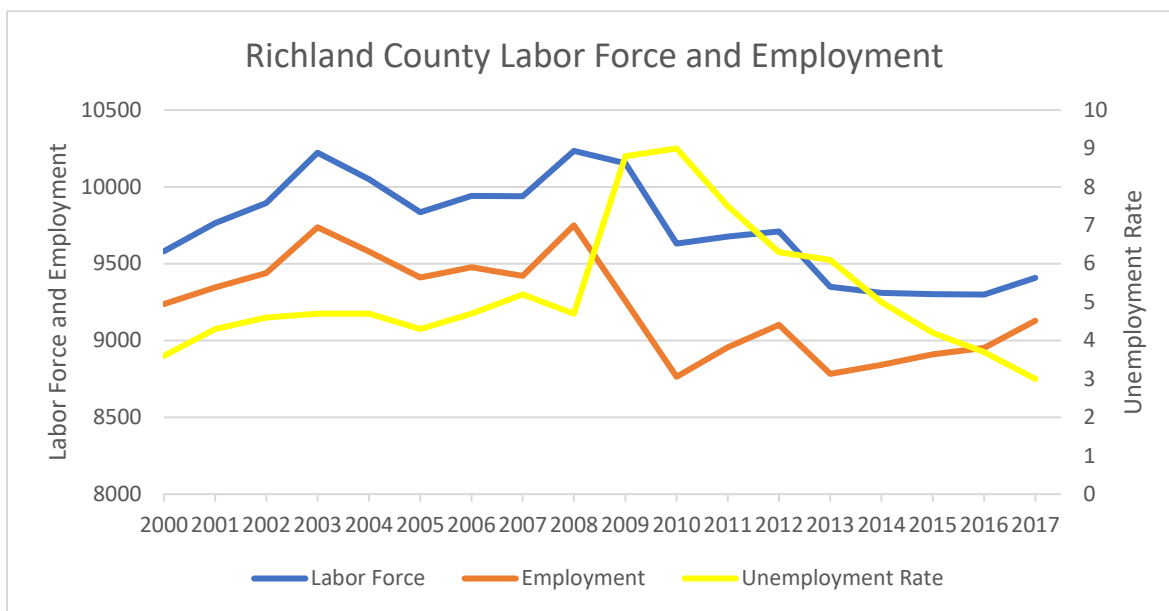
- Rising interest rates are a barrier to new home construction. Rising interest rates make financing projects more expensive.
- Cost is more than the purchase of existing homes.
- The entire County is eligible for programs that focus on rural areas.
- Developers receive little assistance from municipalities and cannot afford the cost of building specifically for a small percentage of homebuyers that do not make a lot of money.
- There is an opportunity to meet the need for affordable rental housing and lower priced single-family homes.
- Future demand appears strong, although some developers believe that multi-family housing is being overbuilt in larger cities throughout the state and will cause a crash in multi-family construction for the entire state.
- Cities and villages need to remove red tape for developers.
- Village-owned land is attractive to developers because it means that the village controls the land and it makes the process move quicker.
- Cities and villages need to make the investment in their future. If cities bought the land and installed the utilities, it would be more attractive to developers.
- Trust. Communities need to trust that developers are their partners. Demand for workforce housing is high.
- Businesses need to pressure local government and be vocal about the need for additional housing. Get buy-in from local growth industries.
- Housing needs to be part of economic development agenda.
- Incentives are needed to bridge the gap.
- Infill development is attractive, especially if multiple grant funding opportunities exist such as historic tax credits or brownfield redevelopment.
- If Cities and villages “do the math” for the developers. If the village has a desired purchase price for a home, they will need to work with developers to reach that end goal.
- Cities and villages need to plan ahead and zone for multi-family.

Impact to Businesses

- Many employers have identified that it is difficult to attract employees due to a lack of affordable housing and that the lack of housing results in a smaller pool of talent for their businesses.
- School Districts, note that they experience significant turnover of their teachers due to a lack of affordable housing available in the district.

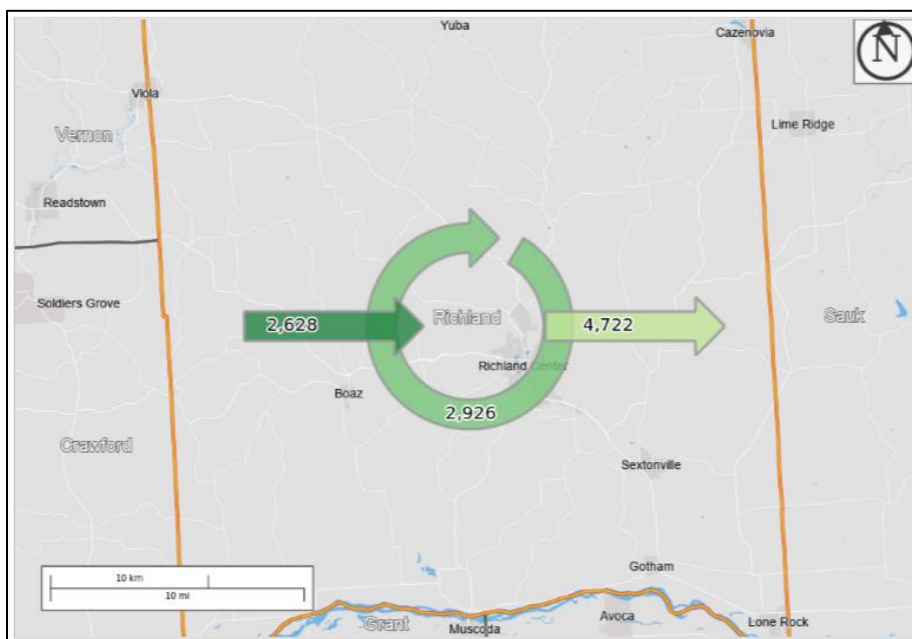
According to the State of Wisconsin’s Department of Workforce Development, since 2000 Richland County has experienced a decrease in labor force and employment. In 2017, the labor force was reported to be 9,408. This is a decrease of 173 from 2000. The county experienced its peak labor force in 2008, immediately prior to the following years’ recession. Based on the Labor Force and Employment figures, it appears that the labor force and employment numbers have not fully recovered from the 2008 recession. The unemployment rate, has fully recovered from the recession peak of 9% unemployment in 2009, to its current rate of 3%. This indicates that many people in Richland County left the workforce following the 2008 recession.

Figure 6: Richland County Labor Force and Employment 2000-2017.¹⁷



A 2015 analysis of commuting patterns identified that 4,722 county residents commute outside of the county for work, 2,628 employees commute into the county from outside communities, and 2,926 employees work and live within the county. In theory, but not always in practice, the number of in-commuters to Richland County are potential residents, if appropriate and affordable housing was available to them.

Figure 7: Richland County Commuting Patterns.¹⁸



¹⁷ Wisconomy: Wisconsin LMI Data Access. *Employment by Area- LAUS, 2000-2017*. Wisconsin Department of Workforce Development. 2018

¹⁸ OntheMap.County Commuting Patterns. US Census Data. 2016

Recommendations and Implementation

The following section was developed in response to what was heard in stakeholder interviews and what was determined through data analysis. A principal reason for undertaking the study is that the current housing supply may not be meeting the current demand, both in terms of amount of housing and in terms of type of housing. For many municipalities this was confirmed through stakeholder interviews and data analysis. The following strategies and actions are meant to inform municipalities of their options to address the gaps in the private housing market. The local municipality and county economic development staff are largely responsible for determining the extent to which they are willing to act towards adjusting the market in order to incentivize private housing investment in the community.

1. Current housing markets require community investment to address gaps in private housing development.

Existing Condition: Housing development is not a universally accepted or acknowledged role of traditional economic development agencies or municipalities in southwest Wisconsin. However, the current economy in southwest Wisconsin is currently constricted by a lack of workforce, which is itself tied to a lack of quality affordable housing. The existing housing market requires community investment to address gaps in private housing development. Municipalities, counties, and county economic development organizations have different levels of authority and ability to act in the housing market.

- Action: Identify responsibilities and roles at the community level to undertake specific actions taken at the local level to attract housing suitable to the existing and future residents.
- Action: Identify key stakeholders that are committed and concerned with addressing housing and workforce issues. This may include local businesses, local realtors, lenders, and government officials. These stakeholders should form a local housing committee.
- Action: Coordinative activities with the county and county economic development organizations.
- Action: Update housing study document with new data following the 2020 census.

2. Address issues associated with the demographic changes that impact the housing market and housing preferences.

Existing Condition: Based on demographic data, the county should anticipate a surplus of 665 housing units by 2030. While the outcome of this lack of demand is difficult to foresee. Situations outside of demographics can alter this demand forecast. The potential outcomes of the current forecast could include vacant and neglected housing and/or housing unsuitable to the community's needs.

- Action: Review current housing codes and work with property owners to address code violations.
- Action: Work with the County Sheriff's Office to monitor foreclosures in the community.
- Action: Develop policy and procedures for acquisition of vacant homes in coordination with the County.
- Action: Evaluate potential strategies to incentivize acquisition, rehabilitation, and occupation of homes in the community. Options include down payment assistance for new home buyers and potential land-banking.
- Action: Work with local, county, and regional housing organizations to explore options for acquisition and occupation.

Existing Condition: Based on stakeholder comments and data, housing units are needed that are affordable for the existing population of fixed-income seniors. Data demonstrates that the sale price of housing is often greater than the median home values in the community, and the majority of home values in the community are in the range of affordable housing, between \$80,000 and \$120,000. In short, this means that much of the affordable housing is occupied. Furthermore, data suggests that residents of owner-occupied housing are more likely to have a median income less than that of renter occupied households. Creating housing for the growing senior population is likely to open up existing affordable homes.

- Action: Work with developers to determine options available for senior housing, including number of units, unit cost, and other financial incentives.
- Action: Gather input from existing homeowners through a targeted survey to identify future housing preferences of older homeowners.

3. Incentivize housing developers.

Existing Condition: The overall market in southwest Wisconsin is not as attractive for developers as the more urban areas due to lack of population density, disinterest by many municipalities in getting involved in the market, and outdated regulations and zoning ordinances. Additionally, developers cited recent increases in construction costs and interest rates as a barrier to development. To address the increased cost developers will look for incentives to work in smaller communities. While the community does not have a forecasted demand for new housing, new housing appropriate to the population is needed and potential employers will look for housing to suit their workforce needs, potentially changing the forecasted demand.

- Action: Ask local growth industries and large employers in the community to advocate for additional housing in the community through written commitment or other means to establish “buy-in.”
- Action: Develop a marketing strategy to inform potential developers of potential incentives, community “buy-in”, available land, and the need for additional housing.
- Action: Invite developers to visit the community and discuss what they need in order to profitably invest in new housing.
- Action: Create a culture that welcomes and incentivizes investment in the region by housing developers through long-range land-use planning and marketing of the specific needs of the community (income, ages, etc.).
- Action: Develop a long-range capital improvements plan that reflects investment needed for new housing, such as sewer and water capacity, timing of investments, etc.
- Action: Establish acquisition plan to acquire parcels for future housing development and infill housing. Developers stated that community-owned land is an incentive to future development.

4. Address issues of housing costs and affordability.

Existing Condition: New housing units are needed to accommodate the incomes of existing and projected occupations. Affordable housing is needed to attract future business development. Stakeholder identified affordable single-family housing is between \$80,000 and \$120,000. A balance of homes for seniors and workforce is desired, with most to be closer to amenities with smaller grounds to care for, and some larger homes for those with larger incomes.

Existing Condition: Data suggests that existing owner-occupied households are more likely to have median incomes lower than that of existing renter occupied housing. This data along with an aging population suggests demand for additional multi-family, renter-occupied housing units.

- Action: Meeting with local businesses to determine the incomes of workforce in order to identify housing costs appropriate to the existing and future workforce.
- Action: Municipalities should review and revise the zoning ordinance as needed to allow for mixed-use commercial and residential units in or near the downtown to allow for smaller, more affordable, mixed-income, and inter-generational housing opportunities.
- Action: Develop a catalog of housing types and costs with input from developers. Determine costs that could be borne or off-set by municipality to buy-down cost of development and incentivize investment by communities.
- Action: Meet with developers and inform them of this need, and determine what gap financing amounts are needed in order to make a project work in the community.
- Action: Establish a desired purchase price for new housing and rental rates. Work with developers to “do the math” to determine what incentives are needed to reach those goals.
- Action: Develop a set of tools and database of state and federal programs designed to meet this gap.
- Action: Keep existing TID open for additional year to raise funds for affordable housing programs or to assist in funding costs for existing housing programs.

5. Work to address issues associated with the purchase of existing homes.

Existing Condition: Existing housing stock is old, and affordable housing is in need of repairs. Maintenance or costs to update are often a barrier to first-time home owners since it increases the borrowing amount, and therefore the required down payment.

Existing Condition: The demographic forecast for housing demand, over the next ten years is negative. The potential lack of demand may require active marketing and programs to identify qualified occupants.

- Action: With input from realtors, develop a set of conditions that appear to be the largest investments needed in old housing, and develop associated costs with input from developers and builders. This will form a database that informs investments needed in existing housing.
- Action: Develop local funding to off-set or cover costs needed to make existing housing livable for young families or seniors. This could include low or no-interest loans, down-payment assistance grants conditional upon home ownership and/or improvements, partnerships with industry needed to incentivize workforce, etc. The existing TIF district should be kept open for an additional year to fund affordable housing programs.
- Action: Work with local realtors and banks to establish 203(k) “Purchase and Renovate” loans. These loans allow home buyers to secure a loan for the estimated appraised value of a home after renovations. This lending tool allows banks to lend money above the current appraised value of a home after a 203(k) consultant reviews the financial feasibility of the renovation project.