



MORE HOUSING
W I S C O N S I N

HELPING COMMUNITIES DEVELOP
HOUSING SOLUTIONS.

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Municipal Housing *Solutions*

LEAGUE
OF WISCONSIN
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BUILDERS
ASSOCIATION

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Wisconsin REALTORS[®] Association



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 hereⁱ. 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**.

Reduce Minimum Lot and Dwelling Unit Size Restrictions

An effective way for local policymakers to begin eliminating zoning barriers to more housing choice and supply and, in the process, help address affordability issues, is to reduce lot size, lot coverage, and setback standards, while allowing smaller homes to be built.

ADJUST LOT AND YARD STANDARDS

THE PROBLEM

Mandating a minimum lot size on which a home can be built may be one of the most common features of municipal zoning ordinances in the United States.ⁱⁱ Lot width requirements are also common and set the minimum standard for how wide a lot must be to support a particular land use. “These two standards combined are often the primary criteria that establish whether a lot is buildable, and they are a significant controlling factor in the likely cost of a home.”ⁱⁱⁱ

Large lot size and width requirements raise home prices by forcing buyers to purchase larger, more expensive parcels and by reducing the number of homes that can be built in a community. “For example, if a community mandates that each house come with an acre of land, then just one home can be built per acre, but if the rule is that each home must come with one-twentieth of an acre (just under 2,200 square feet), then 20 homes can be built on that same acre.”^{iv}

Historically, neighborhoods and communities included a wide variety of homes and lot sizes. Small cottages were built on small lots. Large homes were built on larger lots. “In older neighborhoods, these lot sizes and house types often intermingled on the same block or from one block to the next. However, with the advent of the post-WWII suburban zoning model, entire tracts of land were zoned for one standard minimum lot size or width, making building smaller cottages much more difficult.”^v

Most Wisconsin municipalities require minimum lot and width sizes that are not conducive to small single-family homes, townhomes, duplexes, and other historically common housing types.^{vi} In older neighborhoods, the lot size restrictions create issues with nonconforming parcels. In newly developed areas, the standards result in a very limited range of new housing, both in size and cost. “Twentieth century zoning ordinances were drafted to reflect suburban goals and best practices of the time, which do not reflect the character of historic communities nor current goals for providing housing type and price point diversity.”^{vii}

As Michael Lewis points out in a recent article critical of this common feature of zoning, the City of Burlington, Wisconsin’s lot size and setback requirements for a dwelling built in its single-family residential zoning district illustrates the problem. “In this zone, there are three minimum setbacks: a 25-foot “front setback”, a 20-foot total “side setback” and a 25-foot “rear setback.” The lot must also be at least 14,000 sq/ft with a minimum width of 80 feet.... Adhering to all these requirements means that only 53% of the parcel can be developed. That leaves at least 6,500 sq/ft of land undeveloped on a 14,000 sq/ft lot.”^{viii}

Shrinking minimum lot sizes can spur housing development. The City of Houston, Texas’s experience reducing minimum lot sizes shows that such a reform can result in the creation of additional, more affordable housing. In 1998, city policymakers adopted an ordinance reducing the minimum lot size in the urban core from 5,000 square feet to 3,500 square feet—or to 1,400 square feet for parcels meeting certain standards for open space. In 2013, the policy was expanded to cover almost the entire city. “Paired with Houston’s relatively permissive building setback and height requirements, the relaxed minimum lot sizes enabled a town house construction boom, resulting in at least 34,000 new homes being built from 2007 to 2020.”^{ix}

According to an analysis of the impact of the policy change, more than 80% of the new houses were constructed on parcels formerly occupied by commercial, industrial, or multifamily properties, but on 1,392 parcels town houses replaced single-family homes. A typical house to town houses conversion involved demolition of a single 1,348-square-foot detached home and construction of four 2,483-square-foot town houses. The new town houses provided enough additional square footage per dwelling to support one or two more bedrooms per unit, resulting in additional family-sized housing in the urban core.^x

SHRINKING MINIMUM LOT SIZES CAN SPUR HOUSING DEVELOPMENT

The City of Houston, Texas’s experience reducing minimum lot sizes shows that such a reform can result in the creation of additional, more affordable housing.



RECOMMENDED SOLUTIONS

- **Reduce minimum lot sizes and widths.** As a first step, consider reducing the minimum lot size and minimum lot width requirements to ensure compatibility with the way lots are configured in your community's older neighborhoods favoring narrower lots. Note: Most zoning codes have exemptions for structures existing at the time the zoning code was adopted or amended that do not conform to applicable dimensional restrictions (i.e., grandfathered, or non-conforming properties). However, there is a lost opportunity for context-sensitive densification in older neighborhoods where homes are non-conforming with zoning code dimensional requirements. If lot size restrictions are adjusted to reflect the layout of historic parcels, the cost of the variance process could be avoided, additional dwellings could possibly be added, and non-conforming complications with insurance and mortgages could be avoided in these neighborhoods.^{xii}
- **Reduce setback requirements to at least distances in historic neighborhoods to allow greater use of existing lots.** Many Wisconsin communities have very little variation regarding setback requirements throughout their residential zoning districts, and they are distinctly 20th century suburban standards. Both front and rear setbacks are usually quite large.^{xiii}

THE CITY OF AUSTIN, TEXAS

recently adopted, as part of Phase II of its zoning reform initiative known as HOME, an ordinance decreasing the minimum lot size for one dwelling unit from 5,750 sq ft to 1,800 sq ft.

- **Increase permitted lot coverages to match historic patterns.** Many Wisconsin communities have a 35% lot coverage requirement that is standard across most zoning districts. This standard is possibly the single greatest barrier to densification since many lots are nonconforming in their current state of development and there is no opportunity for any enlargement of the building footprint to accommodate additional dwellings.^{xiv}

- **Adopt a Traditional Neighborhood Development (TND) ordinance.** The state of Wisconsin requires municipalities over 12,500 in population to adopt Traditional Neighborhood Development ordinances.^{xv} It also encourages smaller municipalities to adopt such ordinances. A traditional neighborhood is a compact, mixed-use neighborhood where residential, commercial, and civic buildings are within proximity to each other. It is a planning concept that is based on traditional small town and historic city neighborhood development principles. Traditional neighborhood development is found in the older parts of Wisconsin’s cities and villages, parts that often developed prior to World War II. U.W. Extension has developed a model TND ordinance for communities to consider. [Wisconsin Model TND ordinance.](#)

RESOURCES – SAMPLE ORDINANCE LANGUAGE

City of Madison Amended its Zoning Ordinance in 2021 to increase the permitted housing density in nearly all mixed-use residential districts. The amendment’s goal was to allow for the construction of more multi-family dwelling units (“higher densities”) as permitted uses (“by right”). The amendment reduced lot area per dwelling unit for multi-family development and single family attached in several mixed-use residential zoning districts to 1500 sq ft, equating to 29 units/acre density (previously 2000 sq ft, 22 units/acre). The amendment also lowered lot area per unit for two-family development in these same districts to 3000 sq ft/unit (previously 4000 sq ft/unit).

- **Madison Amendment as Passed**

https://library.municode.com/wi/madison/ordinances/code_of_ordinances?nodeId=1095253

- **Planning Division Staff Memo Explaining the Amendment**

<https://madison.legistar.com/View.ashx?M=F&ID=9262681&GUID=0439AB7A-C653-478A-9D1C-765D8F097372>

City of De Pere’s New Zoning Code, effective January 1, 2023, includes several residential zoning districts that allow for smaller lot sizes. The city’s prior zoning code mandated a minimum lot of 10,000 square feet in its single-family home residential zoning district. The new ordinance has three single-family home zoning districts with minimum lot sizes ranging from 9,000 to 5,000 square feet. https://www.deperewi.gov/egov/documents/1703171468_81245.pdf



City of Austin, Texas recently adopted, as part of Phase II of its zoning reform initiative known as HOME, an ordinance decreasing the minimum lot size for one dwelling unit from 5,750 sq ft to 1,800 sq ft. An analysis by the Austin Board of Realtors of what impact such a change might have on home prices showed that a \$540,000 home – Austin’s median sales price in 2023 – could have an estimated \$477,313 sales price (\$62,687 lower) if the home was allowed to be built on a smaller 2,000-square-foot lot instead of a 5,750 sq. ft. lot. The Board of Realtors’ analysis also estimated that between 87 and 871 additional new homes could be built annually as a result of reducing the minimum lot size by allowing two homes to be built instead of one on current lots.

City of Boulder, Colorado adopted an ordinance in 2023 eliminating minimum lot size (lot area per dwelling unit and open space per dwelling unit) requirements and instead uses floor area ratio limits to regulate building size. The intent of these changes was expressly to allow smaller, more affordable housing units.

Historic Neighborhood Standards. In many communities the areas most out of line with a community’s minimum lot size, setback, and other dimensional zoning standards are the older, historic neighborhoods developed prior to World War II. To permit infill and densification in these neighborhoods, the Congress for the New Urbanism’s Enabling Better Places guidebook, underwritten by the League of Wisconsin Municipalities, Wisconsin Realtors Association, the Wisconsin Builders Association, and other Wisconsin stakeholder groups, recommends model language that can be used to align municipal zoning codes with the actual parcel dimensions in these older neighborhoods. See page 37-39 of Enabling Better Places: A User’s Guide to Wisconsin Neighborhood Affordability. <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>

REDUCE OR ELIMINATE MINIMUM DWELLING SIZE

THE PROBLEM

Many Wisconsin communities have established a minimum dwelling unit size/gross floor area (GFA) for various housing types.^{xvi} Housing costs can be significantly influenced by unit size and structure type.

”From the single widow in their early 60s seeking to transition into a small cottage to the young professional hoping to move out of their parent’s house into their first

apartment, minimum dwelling unit sizes often have unintended impacts on which housing choices and price points are available in a community.”^{xvii}

In some communities, the adoption of a minimum dwelling unit size for detached homes was a reaction against mobile or manufactured homes. “However, these standards often created hundreds of non-conforming structures among post-WWII homes that might range from 750 to 950 square feet. This was the workforce housing for the Greatest Generation, and in many communities across the state, it has become illegal to build.”^{xviii}

THE RECOMMENDED SOLUTION.

Reduce or eliminate minimum dwelling size requirements. Initially, consider reducing the minimum required dwelling unit size by housing type. While health and safety standards must be followed for any residential unit, minimum square footage/GFA zoning standards can be strategically modified to allow for a broader variety of unit sizes and types to provide lower cost and smaller footprint housing, such as cottage courtyards, studio or efficiency apartments, townhomes, and condominiums.^{xix}

RESOURCES — SAMPLE ORDINANCE LANGUAGE

Golden, Colorado: In 2022, the city adopted a form-based code change removing the zoning-based minimum square footage requirement for residential units, and instead, added a maximum square footage requirement for individual units. The city legalized smaller units in traditional single- and two-family neighborhoods, allowing multiple cottage-sized units on those same lots. <https://pel-ona.com/portfolio/golden-zoning-code-audit-rewrite/>

Brighton, Colorado: The City’s Land Development Code does not include a minimum unit size for residential buildings. The code allows for a Courtyard Pattern with smaller unit sizes and a variety of efficient building configurations (small apartments, row houses, duplexes/multi-unit houses). Section 5.07 provides for a “manufactured and small format housing district.”

Silverton, Colorado’s Zoning code allows small dwelling units (as small as 500 sq. ft.) and manufactured homes within single family residential zone districts.



ⁱForward Analytics, *A Housing Hurdle: Demographics Drive Need for More Homes*; January 2023.

ⁱⁱCharles Gardner, *Urban Minimum Lot Sizes: Their Background, Effects, and Avenues to Reform*, August 14, 2023, <https://tinyurl.com/54rtrjfp>

ⁱⁱⁱAPA-Michigan Chapter, *Zoning Reform Toolkit: 15 Tools to Expand Housing Choice + Supply* https://www.planningmi.org/aws/MAP/asset_manager/get_file/886922?ver=0

^{iv}Pewtrusts Issue Brief, *Lot-Size Reform Unlocks Affordable Homeownership in Houston*, September 24, 2023. <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2023/09/lot-size-reform-unlocks-affordable-homeownership-in-houston>

^vAPA-Michigan Chapter, *Zoning Reform Toolkit: 15 Tools to Expand Housing Choice + Supply* https://www.planningmi.org/aws/MAP/asset_manager/get_file/886922?ver=0

^{vii}See, for example, the list of MINIMUM LOT SIZE AND FLOOR AREA REQUIREMENTS IN RESIDENTIAL ZONING DISTRICTS IN SOUTHEASTERN WISCONSIN published by SEWRPC in 2013.

<https://www.sewrpc.org/SEWRPCFiles/HousingPlan/Files/DraftChapters/pr-54-chapter-05-appendix-B-draft.pdf>

^{viii}League of Wisconsin Municipalities, *Enabling Better Places: A User's Guide to Wisconsin Neighborhood Affordability*, <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>

Michael Lucas, *Zoning in Wisconsin: The Death and Life of Great Wisconsin Cities*, January 30, 2024

<https://www.maciverinstitute.com/2024/01/zoning-in-wisconsin-the-death-and-life-of-great-wisconsin-cities/>

^{ix}Pewtrusts Issue Brief, *Lot-Size Reform Unlocks Affordable Homeownership in Houston*, September 24, 2023. <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2023/09/lot-size-reform-unlocks-affordable-homeownership-in-houston>

^xIbid.

^{xi}Ibid.

^{xii}League of Wisconsin Municipalities, *Enabling Better Places: A User's Guide to Wisconsin Neighborhood Affordability*, <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>

^{xiii}Ibid.

^{xiv}Ibid.

^{xv}Wis. Stat. § 66.1027.

^{xvi}See, for example, the list of MINIMUM LOT SIZE AND FLOOR AREA REQUIREMENTS IN RESIDENTIAL ZONING DISTRICTS IN SOUTHEASTERN WISCONSIN published by SEWRPC in 2013.

<https://www.sewrpc.org/SEWRPCFiles/HousingPlan/Files/DraftChapters/pr-54-chapter-05-appendix-B-draft.pdf>

^{xvii}APA-Michigan Chapter, *Zoning Reform Toolkit: 15 Tools to Expand Housing Choice + Supply* https://www.planningmi.org/aws/MAP/asset_manager/get_file/886922?ver=0

^{xviii}Ibid.

^{xix}From Colorado's Department of Local Affairs Innovative Affordable Housing Strategies https://drive.google.com/file/d/1e_eSF1OpC9HHUqwlo2bzXnyf_XPVYun5/view