



MORE HOUSING
W I S C O N S I N

HELPING COMMUNITIES DEVELOP
HOUSING SOLUTIONS.

WHITEPAPER SERIES
Briefing Paper **10**

DECEMBER 2024

Municipal Housing *Solutions*





More Housing Wisconsin

Wisconsin is experiencing a **significant housing shortage**. A recent study estimates Wisconsin will need to build **over 200,000 housing units by 2030** to accommodate all the people who want to live and work here.¹ More Housing Wisconsin, a collaboration between the League of Wisconsin Municipalities, Wisconsin REALTORS® Association, and the Wisconsin Builders Association, seeks to educate and inform Wisconsin city and village leaders and staff about zoning changes and other strategies communities can use to help **address this state's housing shortage**. Our goal is to bring tools, resources, and best practices to municipalities to help communities initiate housing solutions that meet their unique needs and **strengthen our economy**.



THIS MONTH'S TOPIC DECEMBER 2024

Using publicly owned land and partnering with nonprofits to create more housing.

USING PUBLICLY OWNED LAND FOR WORKFORCE HOUSING.

Municipalities seeking ways to increase the number of affordable housing units in their community should consider prioritizing using available public lands for workforce housing (i.e., housing for those making 80% to 120% of area median income, such as teachers, nurses, first responders and entry-level professionals). A policy of allocating unused or under-utilized public land for mixed-income or 100 percent workforce housing can be an effective way to reduce development costs, increase development opportunities for workforce housing, and meet the housing requirements of more residents.ⁱⁱ

More Wisconsin communities are choosing to play a direct role in housing development, especially when for profit and non-profit housing developers are absent. For example, several small to medium sized communities in southwest Wisconsin, such as Lancaster, Cuba City, Hillsboro, Benton and Shullsburgⁱⁱⁱ, have acted as real estate developers by acquiring land, subdividing it, putting in roads and public utilities, and selling lots at below market rates to create affordable single-family homes sites.

Municipal governments should also consider partnering with other public entities, such as utilities, hospitals, and school districts, which may have surplus land suitable for workforce housing development.^{iv}

For example, in Sheboygan Falls, a former middle school was converted into a mixed-income primarily senior housing apartment complex, which includes a YMCA.^v Similarly, in Milwaukee a vacant high school was recently repurposed into mixed income senior housing.^{vi}

An [analysis \(PDF\)](#) of the potential for using public land for housing in Washington, DC, outlines several recommendations for local governments seeking to most effectively use public land to expand workforce and other affordable housing opportunities. These include:

1. Maintain an updated inventory of available and developable publicly owned sites with an emphasis on public land in highly accessible, high-value locations with neighborhood amenities and few site limitations for multifamily housing. Be sure to explore the potential of not just vacant publicly held lots but also under-utilized sites, and parcels where existing public facilities are no longer needed. (In Wisconsin, municipalities over 10,000 in population are required by state law to annually include as part of a housing affordability report a list and map of undeveloped parcels that are zoned for residential development and a list of all undeveloped parcels that are suitable for, but not zoned for, residential development, including vacant sites and sites that have the potential for redevelopment. Wis. Stat. § 66.10013.)

- 2. Invest public resources in preparing public sites for development.** Municipal actions reducing hard and soft development costs—such as clearance and decontamination of a site, building and placement of infrastructure, or advanced completion of the zoning approval process can better enable free or discounted public land to support workforce and other affordable housing.
- 3. Adopt policies protecting suitable public land sites and enabling their development with workforce housing.** A local public land policy should set minimum affordability expectations for residential development on public land. Such a policy should outline what developers must agree to provide in the way of workforce and other affordable housing to be eligible to buy public land at reduced rates (e.g., density levels, percentage of units that must be workforce housing, the affordability level served, duration of affordability required). The policy should also consider whether preference or first right of refusal should be given to certain developers (e.g., nonprofit affordable housing developers before private, for-profit developers).^{vii} The policy should also address the need to consider including workforce housing as part of the development of new public facilities such as libraries, fire stations, and police stations.
4. Educate citizens and engage the community when developing a vision for how best to use publicly owned sites for workforce housing development. The strongest local public land policies are developed with significant community engagement. Be sure to include community stakeholders in the early stages of developing site selection criteria so that community members are fully informed participants in subsequent planning and development processes.
5. Co-locate workforce housing developments with new public facilities. Along with repurposing surplus sites and obsolete public buildings, municipalities should consider co-locating workforce and other affordable housing with new public facilities such as libraries, fire stations, community centers, police stations, and parking garages. Seek opportunities to share infrastructure, such as parking garages or common utilities when co-locating housing with public facilities.^{viii}

In addition to the recommendations above, municipalities might also consider land banking or intentionally acquiring land for future housing projects. “Acquisition of land is often a costly and difficult hurdle towards increasing affordable and attainable housing development. The development of a dedicated land-banking program to acquire,

hold, and manage property can strongly support community affordable housing goals.”^{ix} Municipalities typically acquire land for this purpose through voluntary donation from private owners, transfers from other local governments, or abandoned or tax delinquent properties.^x

MUNICIPAL EXAMPLES:

Oregon, WI – A 24 unit mixed-income townhome project is being developed by a private developer (Northpointe Development) on vacant land that the village acquired initially for a new library. After determining the site was too small for a new library, the village decided to use the vacant site, located a block from downtown, for affordable housing and requested proposals from developers. The winning proposal emphasized catering to families. Ten of the units will be for tenants making less than 50% of the area median income. Five of the units are reserved for households earning less than 30% of the area median income. Nine of the units are set aside for those making less than 80% of the area median income. Finally, five of the units are reserved for tenants who have been homeless. The terms of the affordability extend for 40 years.^{xi}

Beloit, WI – After conducting a request for proposal process, the city recently sold 23 buildable lots to Acadia, a regional homebuilder, to construct workforce housing. The city acquired the vacant lots in an existing subdivision through the tax foreclosure process in 2022. The city used \$458,183 from its TIF affordable housing fund, which paid off the special assessments plus interest. Beloit sold the lots to Acadia for \$50 per lot or \$1,150. Acadia plans to construct up to 23 new single-family homes in the price range of \$225,000 to \$300,000. The homes are expected to be three-bedroom, ranch-style homes between 1,200 and 1,400 square feet with attached garages.^{xii}

Shorewood, WI – The village board is currently (fall of 2024) considering several project plans submitted in response to a request for proposals to replace three public parking lots, including the village hall/public library parking lot, with affordable housing options.^{xiii}

Darlington, WI – The city recently used TID affordable housing extension dollars to acquire land, part of which is for a new well. The long-term goal is to subdivide part of the land and sell improved lots for affordable single-family homes.

Kenosha, WI – The city has designated fifty city owned vacant lots located in different neighborhoods to be used to build affordable single family owner-occupied homes. The city’s preliminary plan is to offer these lots for a minimal price and to make low interest loans available to builders to assist in financing the cost of constructing the houses. The funding will also be used for second mortgage assistance (gap assistance) in the form of a deferred mortgage loan at 0% interest. The mortgage payment, including taxes and insurance, is limited to 30% of household income, with the goal of making home ownership affordable for more Kenosha residents.

Fort Collins, CO – This city of 170,000 has had a land banking program since 2001 and updated it in 2018. It stipulates that the city must sell land banked parcels to developers providing affordable rental units at 60% AMI and ownership units at 80% AMI. The city uses funds from its Affordable Housing Fund to acquire housing parcels. A recent project is the construction of fifty-four owner-occupied townhomes on a 5-acre Land Bank Parcel, funded in part through the state Innovative Housing Opportunities grant program. Elevation Community Land Trust (ECLT) owns the homes, and all are permanently restricted as affordable.^{xiv}

PARTNERING WITH NON-PROFITS TO CREATE MORE HOUSING.

Municipalities can establish cooperative arrangements with non-profit housing developers, like Habitat for Humanity, to promote workforce and other affordable housing in their communities. Local governments can also encourage for-profit developers to partner with non-profits to provide affordable units within larger market-rate developments.^{xv}

Partnering with non-profits provides local governments with the expertise of staff devoted to affordable housing provision and management, which can lead to informed policies and funding that support and enrich underserved communities. Non-profits gain funding and allies for their cause through partnerships with local government, plus assistance in navigating the development process.^{xvi}

Working with nonprofits on a housing development can also help municipalities stretch limited funds further for greater impact by leveraging other funding resources available to the nonprofit. For example, a municipality may provide gap financing to an affordable housing developer on a project that has already secured the balance of funds needed.^{xvii}

Considerations when selecting nonprofit partners. When selecting a nonprofit to team up with on a housing project, municipalities should assess the organization’s capacity. This includes evaluating its administrative capacity, organizational structure and staffing, checks and balances, and fiscal management processes that demonstrate the organization’s ability to manage budgets comparable to the size of the program. Municipalities should also evaluate the organization’s past performance. Have they demonstrated that they are able to meet construction deadlines or other performance targets on time and on budget? What types of projects have they managed and what were their achievements? How has the organization managed past challenges; have they overcome them? Furthermore, municipalities should consider the organization’s credibility and reputation within the community.^{xviii}

EXAMPLES OF MUNICIPALITIES WORKING WITH NONPROFITS ON HOUSING:

Hillsboro, WI – After conducting an RFP process for selecting an organization to develop ten single-family homes within a city owned subdivision, the city is partnering with Habitat for Humanity of the Greater La Crosse Region. Habitat will be constructing 10 CrossMod manufactured homes ranging in value and size from 1,740 sq ft (excluding a two-car garage) to 1,920 sq ft (excluding a two-car garage). Three of the homes will be income restricted to households earning less than 60 percent of the county median household income. Three other homes are restricted to homeowners earning less than 80 percent of the county median household income, and the final four homes are restricted to homeowners earning less than 120 percent of the county median household income.

To assist with the project, the city agreed to provide three different housing incentives and one utility incentive: \$10,000 upon groundbreaking, \$7,500 upon completion (if completed within two years), and waived the water/sewer hookup fee, \$1,050, for a total potential incentive of \$18,550 per constructed house. The city also agreed to provide up to \$30,000 to help expand utilities. The city will use TID affordable housing extension funds and a newly created mixed-use TID to cover most of its costs.

Prairie du Chien – In 2022, the city teamed up with Couleecap, a regional non-profit, on a workforce housing development located on land donated by the city. The project involved the construction of four, three-bedroom, two-bath homes which are available



MORE HOUSING

W I S C O N S I N

HELPING COMMUNITIES DEVELOP HOUSING SOLUTIONS.

for sale to families earning up to 80% of the county median income. Each home has a full basement and a garage. Couleecap contracted with a local homebuilder to construct the homes. Couleecap also provides financial counseling and down payment/closing cost assistance to buyers that need help finalizing a deal for the homes.

In addition to donating the land, the city also provided a 0% interest construction loan. Couleecap obtained grants in support of the housing project from local businesses and foundations and received a grant from the WI Department of Administration.^{xix}

Waukesha, WI – The city created a program with Habitat for Humanity, which provides \$5,000 in gap financing for new single family homes Habitat builds within the city. The funding comes from the city’s affordable housing fund, which obtains revenue through the city’s use of the TID Affordable Housing Extension.

Denver, CO – The city donated land to Habitat for Humanity to develop affordable homes for people making 80% of area median income in partnership with the West Denver Renaissance Collaborative. Some lots will have both a primary residence and an ADU. The city secured a state Innovative Housing Opportunities grant to help with the cost of fees (e.g. tap, permit, utility fees), infrastructure (e.g. curb, gutter, utility extensions, etc.), and gap funding for the ADUs.^{xx}



- ⁱForward Analytics, *A Housing Hurdle: Demographics Drive Need for More Homes*; January 2023.
- ⁱⁱUrban Land Institute, *Public Land & Affordable Housing in the Washington DC Region: Best Practices and Recommendations*
- ⁱⁱⁱFor example, the Village of Shullsburg is selling buildable single-family home lots in a subdivision it created for \$1.00, <https://www.shullsburgwisconsin.org/parkview-subdivision/>
- ^{iv}<https://housingmatters.urban.org/articles/how-using-public-land-can-help-address-housing-shortages>
- ^v<https://www.sheboyganpress.com/story/news/2021/03/04/berkshire-sheboygan-falls-independent-senior-apartments-now-open/6834581002/>
- ^{vi}<https://www.tmj4.com/news/milwaukee-county/local-developers-turn-high-school-into-75-homes-for-seniors>
- ^{vii}https://drive.google.com/file/d/1Ien95kTGsiH_Fhr3Ihb88fWZBJsYlExl/view
- ^{viii}Urban Land Institute, *Public Land & Affordable Housing in the Washington DC Region: Best Practices and Recommendations*
- ^{ix}Colorado Department of Local Affairs Innovative Affordable Housing Strategies Guidance Fact Sheet -- Land Donation, Acquisition, and Banking
- ^xIbid.
- ^{xi}https://madison.com/news/local/business/development/oregon-townhomes-affordable-housing/article_823d6038-9d2d-11ef-92d9-9313431a7a6a.html
- ^{xii}https://www.beloitdailynews.com/news/local-news/beloit-sells-lots-in-another-effort-to-ramp-up-home-construction/article_b17dfdea-1d0c-11ef-aef8-b3adc35b259f.html
- ^{xiii}<https://www.jsonline.com/story/communities/north/2024/09/19/shorewood-officials-weigh-three-initial-affordable-housing-proposals/75209487007/>
- ^{xiv}Colorado Department of Local Affairs Innovative Affordable Housing Strategies Guidance Fact Sheet -- Land Donation, Acquisition, and Banking
- ^{xv}Puget Sound Regional Council Housing Innovations Program – Nonprofit Partnerships <https://www.psrc.org/media/2052>
- ^{xvi}Ibid.
- ^{xvii}Ibid.
- ^{xviii}Local Housing Solutions <https://localhousingsolutions.org/plan/engaging-nonprofit-organizations-in-the-development-and-implementation-of-local-housing-programs/>
- ^{xix}https://www.couleecap.org/uploads/1/2/2/5/122572786/2022-4-26_prairie_du_chien_workforce_housing_groundbreaking_final.pdf
- ^{xx}Colorado Department of Local Affairs Innovative Affordable Housing Strategies Guidance Fact Sheet – Publicly Owned Vacant Land