

## MEMO

**To: Ms. Michelle Sinclair**  
**From: Phil Salkin**  
**RE: Housing Component, Dane County Comp. Plan**  
**Date: 6/22/04**

Dear Ms. Sinclair:

Recently, I was asked to review some of the documents prepared by the Housing and Economic Work Group. I will be attending the June 23<sup>rd</sup> meeting to present the following comments.

### **Basic Assumptions from Education/Review Sessions**

#### **Housing costs will continue to rise in the next decade.**

The question here is how much the cost of housing will increase relative to the ability of people to obtain it and why the cost of housing increases. We would be interested in assessing whether in Dane County, we are creating a sufficient supply of housing to meet the demand which drives up its cost. Related to this is the cost of regulation and taxation and its impacts on housing costs.

#### **The population shift from Madison to other Dane County communities will continue.**

While this is true, it is important to note that the percentage of the population in townships has remained fairly stable over a long period of time (some of the recent housing has been developed in limited urban service areas). Further, the demographic shift has not been across the board, but rather focused on eight towns and the villages and small cities immediately bordering Madison. For example, for the ten year period 1994-2003, the Town of Middleton issued 605 building permits, but the Town of Albion issued only 98, the Town of Berry only 92, the Town of Christiana only 71, the Town of Montrose only 47, the Town of Dane only 42 and the Town of York only 38 (source: DCRPC). Similarly, not every incorporated community has experienced strong growth.

#### **18% of households are under 80% of the county median income (CMI) and an additional 16% of households are under CMI and report housing problems.**

In assessing the significance of these figures it is important to determine what percent are students, senior citizens no longer working and those with lower salaries but other assets. It is also important to determine where these people are located. What are the nature of the “problems” they report?

**Barriers to housing development include 1) cost of land and building materials and 2) approval process and length (municipal resistance to change, changing county policies and unknown future water quality planning).**

While these certainly impact housing, other factors not specifically cited include:

- \* The increasing tax burden in Dane County from all sources which is making taxes an increasingly significant percent of the monthly payment.
- \* The increase and potential increases in development fees which raise lot/housing costs.
- \* The “housingshed” for Dane County now includes portions of the Jefferson, Rock, Iowa, Green, Sauk, Columbia and Dodge Counties. Restrictive policies drive development and housing into areas with much lower costs.
- \* General community resistance to density which drives sprawl and inhibits the development of land efficient/affordable housing.

The importance of supporting policies which encourage housing can be seen in a comparison of new listings from 2002 and 2003 for south-central Wisconsin:

Sauk County	+11.3%
Green County	+10.5%
Columbia County	+10.5%
Dodge County	+10.6%
Dane	+ 0.06%.

The above figure can be considered in the context of median home prices in the same counties:

	2001	2002	2003
Sauk County	- 120,000	125,000	132,000
Green County	- 102,000	106,250	117,500
Columbia County	- 120,000	129,500	140,000
Dodge County	- 104,900	107,000	112,000
Dane County	- 163,335	178,000	189,900

(sources: MLS)

Thus, we have to ask, why are home prices in Dane County so much higher? Are there differences in governmental regulation and policy between Dane and its neighbors? If so, how much of the difference in housing costs can be accounted for by governmental decisions? Are these regulations and policies limiting supply in Dane County and driving housing to other counties?

## **Draft Goals/Goals Phase I**

The Phase I Goals appear to be reasonable and appropriate. Goal 4 is one frequently overlooked when considering housing. New construction in the Madison area, for example, only contributes about 1.6% of the housing in a given year.

Goal 2 is also laudable, but this must be considered within a community context. The Dane County comp. plan, presumably, will have its primary impact on the townships. As already noted, some townships are experiencing considerable growth, while others are opting to remain largely agricultural. It is difficult to see how the Town of Primrose will be able to provide a “range of housing choices that meet the needs of persons of all income levels and age groups and persons with special needs”. The ability to provide more affordable housing will be a function of several factors including density. Thus, the desire to limit sub-division development in the towns will conflict with the need to create smaller, more affordable lots.

If the intent is to have this plan influence the housing patterns in the incorporated communities, the importance of context still holds. Communities such as Maple Bluff, Monona and Shorewood are largely built out and attempts at restructuring their housing markets will have limited success. Attempts to create certain forms of affordable housing in small communities such as Blue Mounds, Rockdale, Dane, will have to consider the small job base and the lack of mass transit and other support services.

## **Draft/Phase I Objectives**

Draft Objectives 3-6 appear reasonable and achievable. Draft Objective 7 is improved in Objectives Phase I. Draft Objective 7 specifically addresses urban areas. Draft Objective 1 was removed in Objective Phase I and our comments would be the same as noted for Goal 2 above.

Draft Objective 2 calls for the development of compact urban communities and neighborhoods with jobs and transit within walking distance for new development or redevelopment areas. This is also a laudable objective. Again, however, consider the potential to achieve this objective in the townships and in all but a small handful of incorporated communities.

Thank you for the opportunity to provide these thoughts. We hope to be able to cooperate closely with the working group in the upcoming months. Please do not hesitate to contact us with requests for information we might provide.

Sincerely,

Philip H. Salkin, Governmental Affairs Director  
REALTORS Association of South-Central Wisconsin