

Item 23-0008: Annual Updates to the Housing Affordability Report and the Housing Fee Report

Community & Economic Development Committee

Wed, Jan 11, 2023 4:30PM

Aldersperson Kristin Alfheim (District 11) 08:51

Information items. Number six. We have 23-0008 annual updates to the housing affordability report and the housing fee report. Yes, ma'am.

Director Kara Homan (Community And Economic Development) 09:03

All right. So, the annual housing affordability report is an annual requirement of cities of a certain size. It is in response to us—it was one of many new requirements that the state legislature enacted around the year 2017. David Kress, our principal planner has been the lead on this project. And if it's the will of the chair, I'll defer to him.

Aldersperson Kristin Alfheim (District 11) 09:25

Please do. Mic eight there you go.

Principal Planner David Kress (Planning) 09:31

Thank you chair. So as Director Homan had shared, the real origin of these reports is based on changes in state statute that came about several years back. As a result of those changes in state statute, we first prepared the report in late 2019 using data from year 2018. That went through the formal approval process through CEDC and Common Council back in December of 2019. Each year since we've been doing annual updates in-house—city staff. The first round of the reports were actually prepared by East Central Wisconsin Regional Planning Commission. We contracted with them among 11 other communities. But since then, we're really just focusing on updating the data and are able to do that in house as a collaborative effort among various city departments.

Principal Planner David Kress (Planning) 10:21

So, the reports that are attached to the agenda today are using year 2021 data, just maintaining that same sort of cadence and schedule that we had utilized back when the reports were first created. So, we're looking at data that's about a year old now. But in terms of just highlighting a few things, I'm happy to answer questions. I know these are pretty lengthy reports that I'm positive everyone studied from cover to cover.

Principal Planner David Kress (Planning) 10:50

I did in the staff memo, highlight just some key pieces of data which I can share with you all here. The table that's about midway down the first page of the staff memo has a column for 2021 data. So, for the plats and CSMs that were approved, again in year 2021, there were 25 approved, which is slightly above average compared to the prior three years of the report. In terms of residential building permits, there were 113. That's well above our past average. And really there it's noteworthy to point out there's a sizable increase in single family and two-family permits in particular.

Principal Planner David Kress (Planning) 11:30

In terms of new dwelling units approved, there were 229, again in year 2021. And that's also well above average. Some of that is again tied to the increase in the permit activity for single family and two family. But we also saw our second highest amount of multifamily dwelling units being approved during that year.

Principal Planner David Kress (Planning) 11:52

Fees collected—just over \$249,000 in fees collected in the calendar year. That was that was well above average as well. In some ways there's this correlation between permit activity happening. There's also more plat review sub—subdivision plat review that occurred in year 2021. So, with that comes some stormwater management fees, fee-in-lieu-of dedication also comes about at that time.

Principal Planner David Kress (Planning) 12:15

And then also worth noting is that there are two complicated mixed-use projects that that were going through the review process in 2021, the Zuelke Building and the redevelopment of the Park Central Building. And so, as a result there were more substantial fees associated with both of those buildings. The challenge with projects like that (and we cover this in the narrative of the report) is that for a mixed-use building, the fee is collected broadly for the for the entire project. So, we don't break down—er inspections division doesn't break down costs affiliated with the residential component of the building versus costs affiliated with the commercial component of the building. So that's just a caveat, I guess, with some of this is that those fees may look a little bit higher when some of it is done to support the commercial activity that's happening in the lower levels of those buildings.

Principal Planner David Kress (Planning) 13:05

And then last but not least, in terms of highlights from the data, the overall vacant parcels. So, each year we generate a map identifying all the vacant parcels within the city. In 2021, that that number was 756, which is very similar to 2020 data. So, point being there, even though we've seen a lot of new development happening over the past couple of years the new subdivisions are basically maintaining that same rate as the as the development so that there's still a number of vacant parcels available for future development. So, with that, I'll entertain any questions or comments from the committee?

Aldersperson Kristin Alfheim (District 11) 13:42

Excellent. Questions? Alder Thao?

Aldersperson Kristin Alfheim (District 11) 13:46

Thank you, Chair. Yes, I wanted to ask, are we still like short of housing for our community? I don't know if that's like a...?

Principal Planner David Kress (Planning) 13:58

Yeah, so that wasn't necessarily the focus of this particular report. I will share that as a part of the College North Neighborhood Plan, which was approved back in summer of 2022 (I believe, July or August of 2022), a component of that plan had a market study and that study found that there was a need or demand for housing of about 300 units per year for the next 10 years. So as a community, there absolutely still is demand and a need there, but the basis of this report is really more looking back to collect data in terms of where we've been as opposed to forecasting future demand.

Aldersperson Kristin Alfheim (District 11) 14:37

Excellent. Other questions?

Aldersperson Israel Del Toro (District 4) 14:39

Also, perhaps not entirely relevant to the report, but it is in the title on affordability. I see the there's a table six on one of the documents here, City of Appleton year 2040 household projections. Seems like we're on track to at least meet the projections for a available homes by 2025. However, what percentage of that is actually affordable housing? And given—if I tie that bit of information with the map distributed, the GIS map, distributed

in the supplementary file, I see that most of the development seems to be happening in the north of the city. Is there any plan to integrate more affordable options in that part of town?

Principal Planner David Kress (Planning) 15:22

Some good questions. Try to take them bit by bit. And if I'm missing something, certainly let me know and my colleagues can certainly jump in as well. That table, Table 6, was initially included in the very first report that was approved in 2019, and hasn't been something that we've been updating on an annual basis. So those projections were a few years old at this point. But I agree on your comment in terms of us being relatively on track to hit those marks. But we know that with more recent data that I just had mentioned, there still is this pent-up demand and need to continue to create additional units of all types at all price points.

Principal Planner David Kress (Planning) 16:03

And in terms of the overall affordability of the units that have been approved, admittedly, that wasn't something that the state statute tasked us with looking at so it hasn't been evaluated in the report. That being said, it is certainly something we could try to identify, at least at a high level. With multifamily or mixed-use projects, I think we're often able to obtain rent rates within those new projects. With new construction we understand what the construction cost is—that's a part of the form that gets completed through the building permit process—But that's not always directly tied to what it actually gets sold for. So, there's perhaps a possibility to explore that a bit further, in terms of you know, what percentage of the overall units being added are truly affordable? And frankly, what does affordability mean. I think that that's a challenging topic on its own to pin down.

Principal Planner David Kress (Planning) 17:00

And then I think the last piece of your question was pertaining to kind of geographic location of where we're seeing development activity. I'd certainly say in terms of single-family two-family activity, the bulk of that has happened on the north side of the city. I mean, really that's our primary growth area, based on the boundary agreements that we have in place with neighboring municipalities. And it's just where we have available land to do greenfield or peripheral development. However, a lot of the multifamily or mixed-use projects that are also captured in these reports year over year, are mostly infill and redevelopment projects in the downtown or along the riverfront. So, I'd say that there is sort of this balance. It's not exclusively development that's happening on the north side of the city.

Alderman Israel Del Toro (District 4) 17:42

Thank you.

Alderman Kristin Alfheim (District 11) 17:43

Um, would it be fair to say that the best we can do with affordable housing is to make sure there's plenty of inventory so that people can move up and out and make room for the more affordable?

Director Kara Homan (Community And Economic Development) 17:55

Yes.

Matt Rehbein (Economic Development Specialist) 17:55

Yeah.

Director Kara Homan (Community And Economic Development) 17:57

If we build enough housing units to meet the demand—and there's going to be demand from the lowest of the income spectrum, all the way up to the highest. If you meet the demand, that's one of the most critical pieces of

affordability because if supply doesn't catch up with demand, that also puts upward pressure on price out there in the marketplace.

Aldersperson Kristin Alfheim (District 11) 18:19

Right.

Director Kara Homan (Community And Economic Development) 18:19

So, you're spot on.

Aldersperson Kristin Alfheim (District 11) 18:20

Yeah, so um, there's only so many things the city can do in terms of development, but helping us get more places for people to move is going to help the inventory go up, therefore more spaces, which drives cost down a little bit. So hopefully, we can address some of that.

Aldersperson Israel Del Toro (District 4) 18:34

Just further discussion on that. I thought, I might be misremembering, but maybe in one of the previous meetings here, we talked about the phenomenon that people aren't moving, even as affordable housing becomes more available or different price points and different options become more available, people are choosing to largely stay put. Is there any way to incentivize? Or reshuffle or? I don't know.

Aldersperson Kristin Alfheim (District 11) 19:04

I would validate the—I mean, I did hear, I was listening to an article yesterday, and a lot of the retirees are kind of settling in. Those retirement homes could be first time homebuyers. And that opportunity is stifled a little bit because of that dynamic. And I'm not sure there's a way we can control that as a city. But the apartment dwelling side of things and the multi-use I think that is something that inventory itself would have a direct correlation to.

Aldersperson Israel Del Toro (District 4) 19:29

And further question for the folks from CED. In the north side of Appleton, would we say that there is sufficient multi—multifamily housing options available at this point or in the plans for further work—or in the works for future years?

Director Kara Homan (Community And Economic Development) 19:50

Yeah, I don't have data in front of me to answer that question. I don't think we've done planning or analytics that would even get to that question. So, I don't want to extrapolate from information I don't have. Dave, do you know of any?

Principal Planner David Kress (Planning) 20:06

In terms of sufficiency? I think it's a difficult part of the question to answer. I mean, there certainly are multifamily units and multifamily options, higher density options on the north side of the city. And there's future multifamily residential locations identified on the future land use map, which is an important part of our comprehensive plan. So as future development grows on the north side, it isn't exclusively focusing on single-family or two-family residential. There are opportunities for multifamily to be added on some of these greenfield sites as well.

Matt Rehbein (Economic Development Specialist) 20:42

I might add, David referenced the real estate market analysis that we did, that identified the need for approximately 300 residential units a year. That did segment by price point, and it talked about ownership as

well as rental rates. But it did not break down by the standpoint of what we need in each of those categories. So, we don't necessarily have inventory numbers going to that depth

Aldersperson Israel Del Toro (District 4) 21:10

Can you remind me again of what the file was? I didn't catch that—that report.

Matt Rehbein (Economic Development Specialist) 21:14

Oh, it's all part of the College Avenue North sub area plan.

Aldersperson Israel Del Toro (District 4) 21:19

Okay.

Unidentified Speaker (got the impression they were a city attorney) 21:19

Madam Chair, if I may.

Aldersperson Kristin Alfheim (District 11) 21:21

Yeah?

Unidentified Speaker (got the impression they were a city attorney) 21:22

We're on an information item about a report.

Aldersperson Kristin Alfheim (District 11) 21:25

Understood.

Unidentified Speaker (got the impression they were a city attorney) 21:25

I think we've got a little bit too far off stream. And it's fine. It's—but I think we've reached the point where I think we're too far off.

Aldersperson Kristin Alfheim (District 11) 21:32

Understood. Beautiful. Thank you, sir. All right. Any other questions "germane to the issue" as our favorite mayor would say? If not, let's have a vote. All those in favor signify by saying aye. **[Everybody sort of laughed and reminded her this was an information item that didn't need to be voted on.]** Well, that was fun. It was so long ago, I forgotten. Thank you. Thank you. Thank you. Appreciate all the conversation.