
New Richmond Housing and Market Needs Analysis

Final December 2021



Table of Contents

1. Executive Summary	2
2. About New Richmond	4
3. General Housing Characteristics	12
4. Rental Market	17
5. Ownership Market	28
6. Housing for Special Populations	39
7. Other Forces Impacting the Market	45
8. Housing Gaps and Opportunities	53
9. Implementation	60

Executive Summary

Priorities for New Richmond

- **Detached Single Family Housing** – Continued development of detached, single-family housing, especially at the \$250,000-\$300,000 price point.
- **Missing Middle Housing** – Varied housing forms with 2-16 attached units, either rental or condo, addressing affordability, senior accessibility, and neighborhood compatibility.
- **Housing for Seniors** – Independent and assisted living units for the growing senior population. Some of these units should be targeted downtown, within walking distance of services and opportunities for socialization.
- **Broadband** – Ensure all residential and business/commercial/industrial areas have reliable, fast internet.

Housing Gaps and Opportunities

- The **482-911 owner-occupied units** that are projected to be needed in the local housing market over the next 10 years should be in the following sale ranges (2021 dollars):
 - 111-210 units priced \$35,000*-\$232,000
 - 62-116 units priced \$190,000-\$294,000
 - 232-439 units priced \$228,000-\$408,000
 - 77-146 units priced greater than \$408,000
- The **359-676 rental units** that are projected to be needed in the local housing market over the next 10 years should be in the following price ranges (2021 dollars):
 - 102-193 units priced \$300-\$600/month
 - 127-238 units priced \$500-\$900/month
 - 60- 113 units priced \$800-\$1,300/month
 - 70 -132 units priced \$1,000-\$2,000/month
- An additional **41 assisted living units** are needed for seniors by 2030.
- A total of **142 subsidized and 18 market rate senior units** are needed by 2030.

**Home ownership at this price point is challenging and may not be possible without significant subsidy.*

Study Process

Introduction

- This study was commissioned by the City Council and Forward New Richmond to inventory the existing housing stock in the city and assess where gaps exist in the housing market. The purpose of the study is to help the city better understand its housing market and to craft targeted strategies to improve options within the community. The study process began in August 2021 and was completed in December 2021. Project oversight was providing by City of New Richmond staff.

Primary Data Sources

- US Bureau of Labor Statistics 2015-2019 American Community Survey (ACS) Estimates*
- US Bureau of Labor Statistics 2010 Census Counts*
- Wisconsin Department of Administration Population Projections (2025-2040)*
- Multiple Listing Service (accessed September 2021)
- US Department of Housing and Urban Development Comprehensive Housing Affordability Strategy Data (2017)*
- City and St. Croix County GIS Data (2021)
- New Richmond Comprehensive Plan
- New Richmond Municipal Code

Interviews

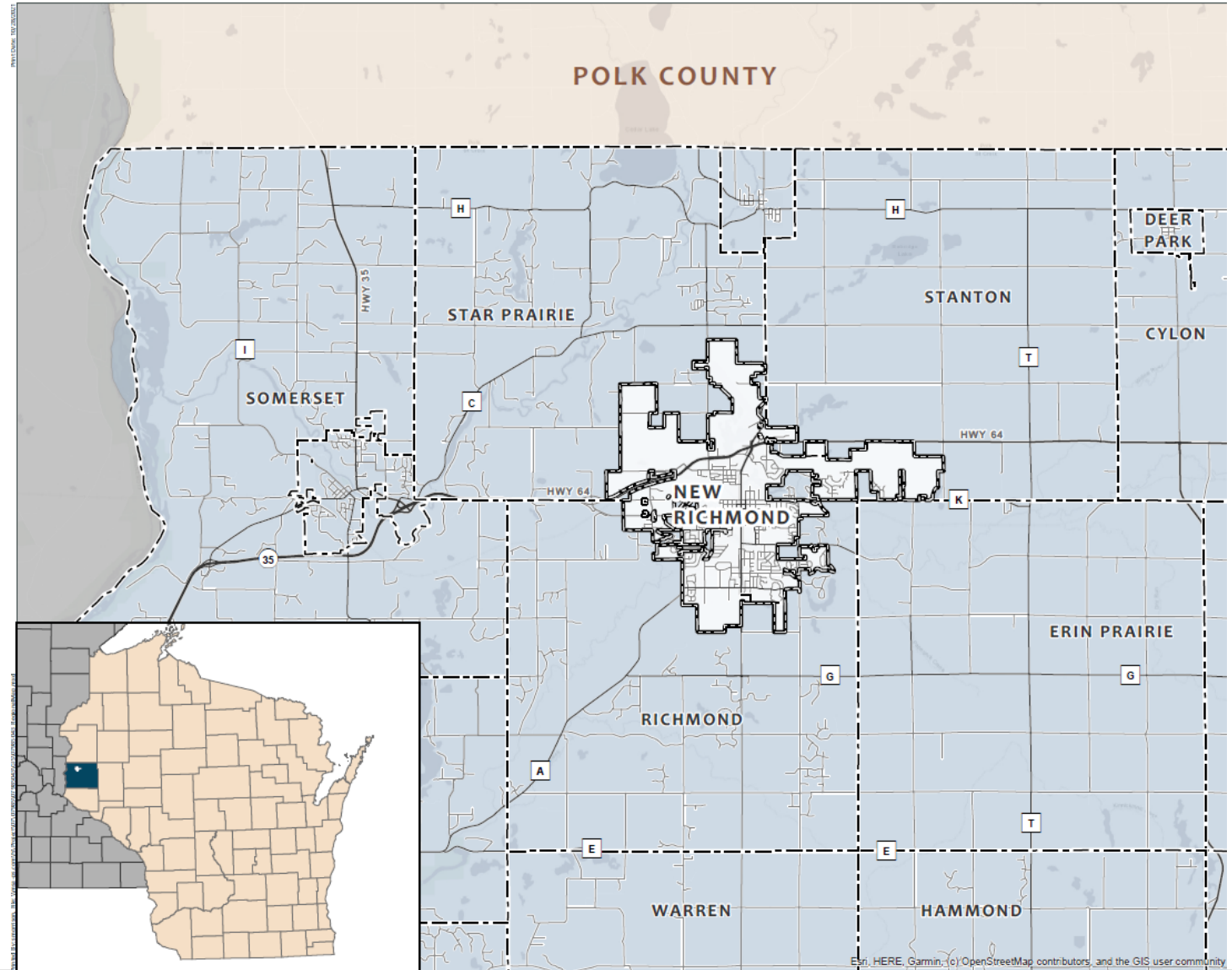
- Troy Boe –Property Executive Realty
- Trevor Bruce – Bee Restoration
- Matt Tuinstra – Royal Credit Union
- Steve Dus – Northwood Technical College
- Steve Massey – Westfields Hospital
- Patrick Olson – New Richmond School District
- Michelle Carlson – WESTconsin Credit Union

**Note: These sources represent the most recent available data. Due to delays caused by the pandemic, 2020 Census data (and updated data derived from the Census) was unavailable for this study.*

About New Richmond

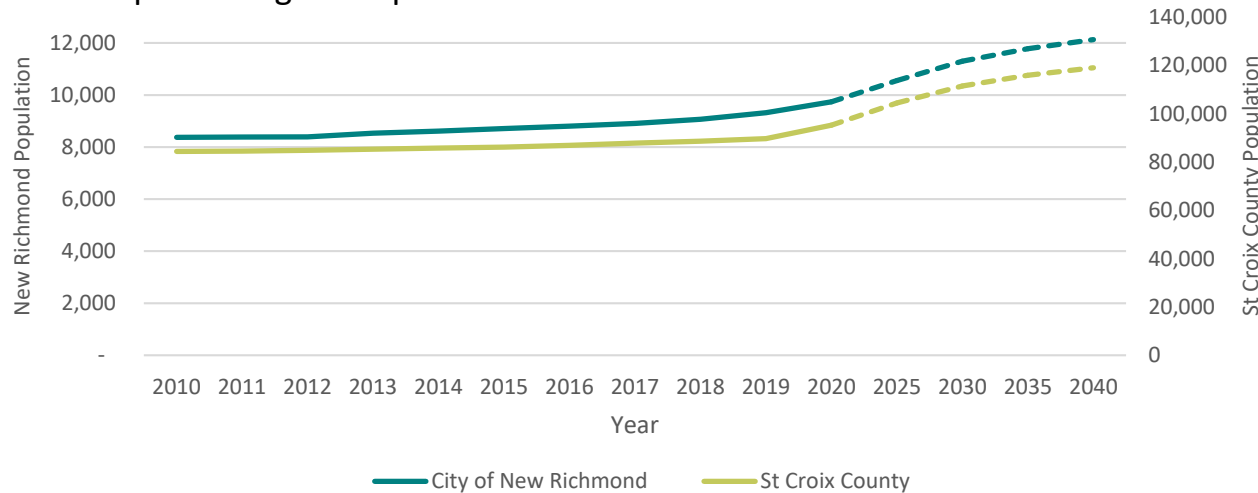
Community Basics

- The City of New Richmond is in St. Croix County, WI, located at the intersection of Highway 64 and 65.
- The St. Croix River Crossing, a \$650 million bridge project, opened in August 2017, shortening the commute from Minneapolis/St. Paul down to around 30 minutes.
- The City is considered to be within the larger 16-county Twin Cities Metro Region.
- This study's purpose is to help New Richmond better understand its housing market and craft strategies for the continued growth of the market as its population continues to increase.



Population Change and Future Projections

- New Richmond has seen a relatively significant population increase from 2010-2020 (22%).
- The Wisconsin Department of Administration projects the population in the City will increase by 20% between 2020-2040. The state is anticipated to experience a 10% increase and the county is anticipated to experience a 25% increase during the same period.
- As the population of the Twin Cities Metro continues to expand east into St. Croix County, New Richmond and surrounding Towns will continue to experience growth pressure.

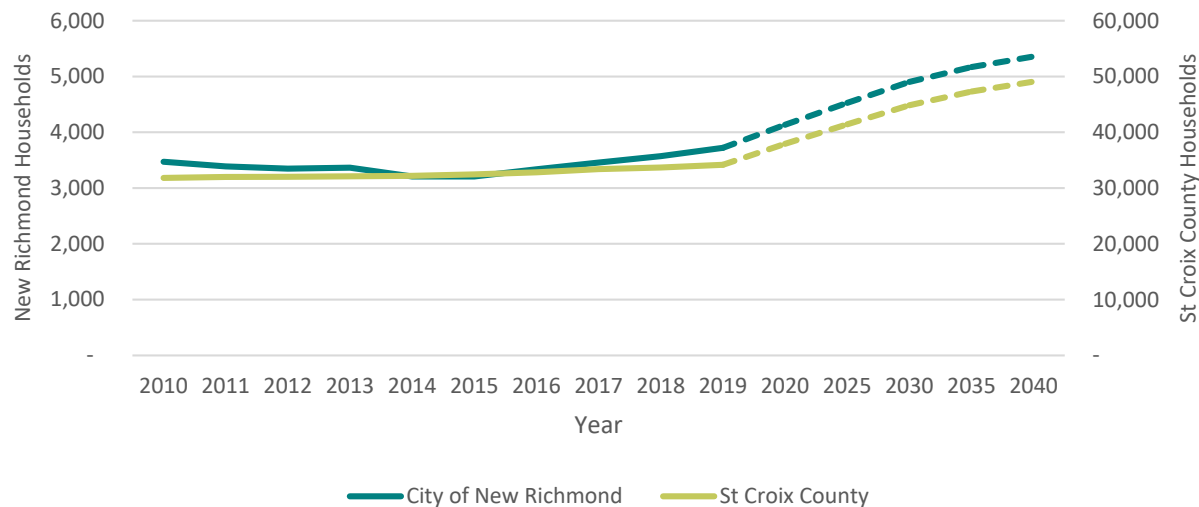
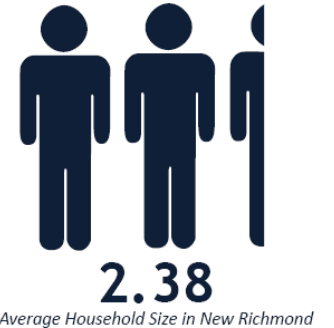


Source: Wisconsin Department of Administration

Year	City of New Richmond	St. Croix County	State of Wisconsin
2010	8,245	82,636	5,637,947
2011	8,331	83,657	5,664,893
2012	8,376	84,363	5,687,219
2013	8,441	84,912	5,706,871
2014	8,501	85,442	5,724,692
2015	8,559	86,118	5,742,117
2016	8,687	86,726	5,754,798
2017	8,761	87,142	5,763,217
2018	8,891	87,917	5,778,394
2019	9,034	88,732	5,822,434
2020	10,075	95,202	5,893,718
2025	10,560	104,450	6,203,850
2030	11,300	111,470	5,375,910
2035	11,780	115,900	6,476,270
2040	12,130	119,010	6,491,635

Household Change and Future Projections

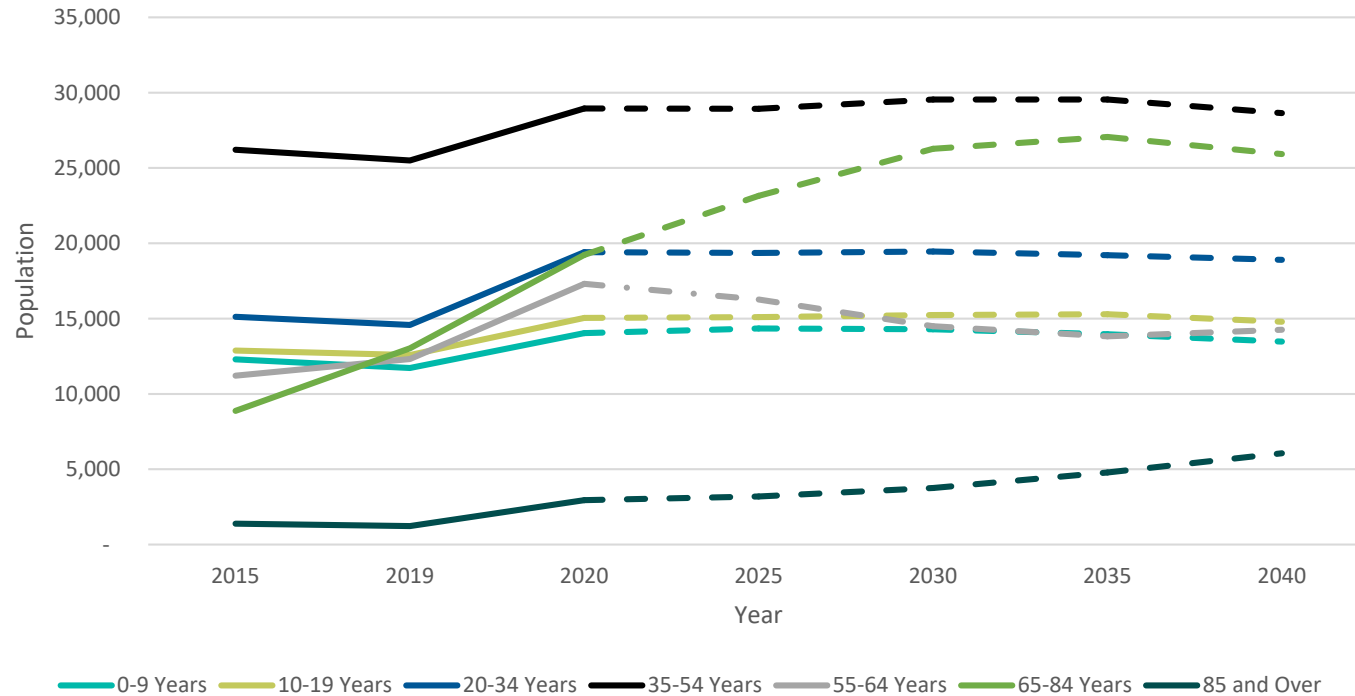
- The number of total households in the City and County has increased since 2010 and these numbers are projected to increase at an even higher rate over the next 20 years (29.6% in New Richmond and 29.4% in the County). During the same time period the State is anticipated to see a 12% increase in the number of households.
- Total households have increased slightly over the last 10 years while household size has decreased. Household size is projected to continue decreasing over the next 20 years.
- The falling household size trend indicates additional demand for smaller family-sized housing units in both rental and ownership markets, such as attached single family townhome and duplex style.



	New Richmond	St. Croix County	State of Wisconsin
Change 2010-2020	665	6,111	83,545
Percent Change	19.2%	19.2%	3.6%
Change 2020-2040	1,224	11,138	298,340
Percent Change	29.6%	29.4%	11.97%

Source: Wisconsin Department of Administration

Age Cohorts and Future Projections

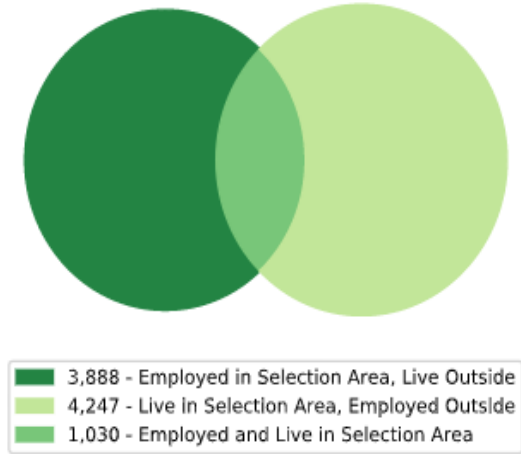


Source: Wisconsin Department of Administration

- Housing preferences changes with age:
 - The youngest independent households (20-34) tend to have demand for smaller, more affordable homes, especially before they have children, or while those children are still small.
 - The prime years with demand for more space are 35-54, when households are most likely to have growing kids.
 - Beyond age 55, and especially beyond 65, households may prefer to downsize to ease upkeep and accessibility.
- Looking at projected population growth rates for St. Croix County, the fastest growing population is 65 and older, with a 124% increase from 2019 to 2040. This age group is also the fastest growing statewide, though the percentage growth rate is lower at 24%.
- The sizes of the other age cohorts are projected to remain stable over the next 20 years.

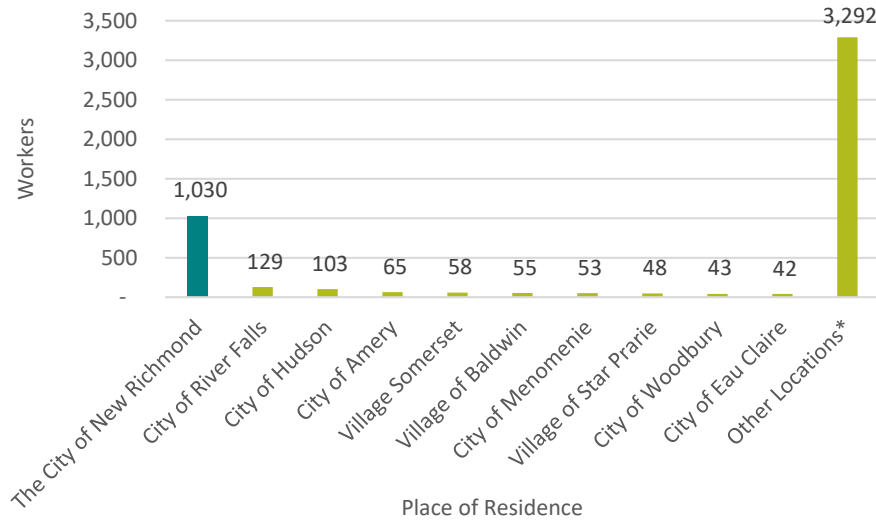
Employment Indicators

Inflow Outflow Job Counts in New Richmond



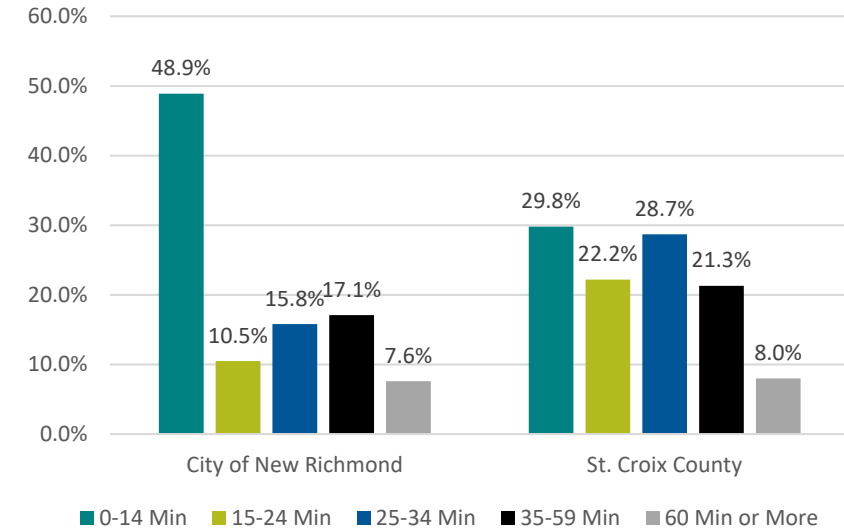
Source: US Census Bureau ACS

Where New Richmond Workers Live



Source: US Census Bureau ACS

Average Daily Commute



Source: US Census Bureau ACS

- Where workers live often coincides with location of their jobs, although there is a high degree of mobility in the region. The number of workers in New Richmond is about 5,000.
- Most workers in the City are coming from other communities (River Falls, Hudson, etc.), and most New Richmond residents are traveling for work outside of the City. Though most that travel for work still have a relatively short commute time which means they are most likely staying in the County. The “other locations” category in the chart represents workers in the surrounding townships and the Twin Cities Metro Area.
- The second most common commute time for residents is 35-59 minutes, which is representative of workers traveling to the Twin Cities Metro Area.

Employment Indicators

- The weighted average for affordable rent limit (no more than 30% of income towards rent) for these top occupations is \$1,761/month
- The weighted average for affordable ownership limit (no more than 30% of income towards mortgage) for these top occupations is \$365,481

Top Employers in New Richmond

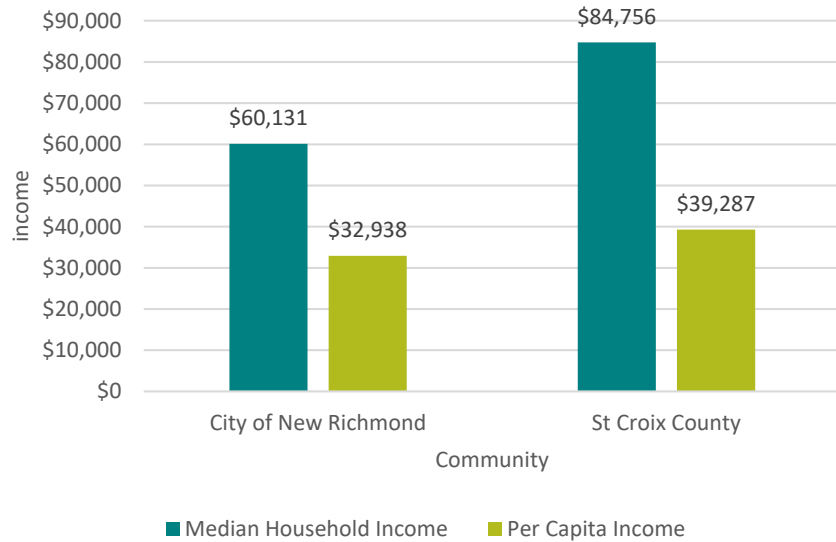
Company Name	Number of Employees
Westfields Hospital	250-499
Lakeside Food Inc	250-499
Phillips Medisize	250-499
St Croix Health and Human Services	250-499
Walmart Supercenter	250-499
Federal Foam Technologies	100-249
Syntegon Packing Technology	100-249
Dicks Fresh Market	100-249
New Richmond Area Centre	100-249
Northwood Technical College	100-249

Source: US Census Bureau ACS

Top Occupations in New Richmond

Occupation Title	Number of Workers	Annual Mean Wage	Monthly Affordable Rent	Affordable Home Purchase Price
Management Occupations	587	\$131,900	\$3,298	\$673,381
Office and Administrative Support	574	\$46,250	\$1,156	\$245,392
Production Occupations	534	\$44,710	\$1,118	\$237,309
Healthcare Practitioner	305	\$92,500	\$2,313	\$472,993
Business and Financial operations	267	\$83,220	\$2,081	\$425,795
Material Moving Occupations	262	\$44,710	\$1,118	\$237,309
Computer, Engineering and Science	260	\$96,530	\$2,413	\$493,489
Food Prep and Serving	236	\$30,690	\$767	\$167,877
Personal Care and Service	233	\$34,230	\$856	\$182,357
Construction	228	\$66,910	\$1,673	\$353,840

Income Trends



Source: US Census Bureau ACS

- Income and earnings are key factors in housing affordability, the more income a household earns, the more housing options that household has within reach.
- Median household income is significantly lower in New Richmond as compared to the County (\$60,131 vs. \$84,756).
- The greatest increases in number of households by income level have been at the lowest end of the income spectrum (<\$50,000) and at the highest end (>\$100,000).

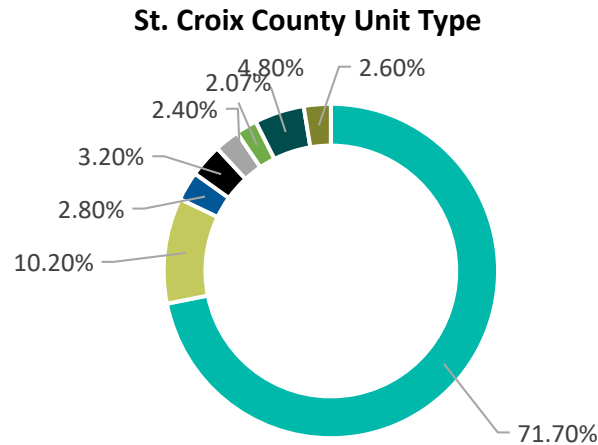
Housing Affordability: Housing affordability is a measure of how much a person or household can spend toward total housing cost. The widely accepted standard for affordability states that a household should spend no more than **30% of their gross income toward housing costs**. This standard is the same for owners and renters. For renters this also includes utilities and renters insurance. For homeowners this includes principal, interest, taxes, insurance, and utilities.

	City of New Richmond				St Croix County			
Household Income Level	<\$50k	\$50-\$75K	\$75-\$100k	>\$100k	<\$50k	\$50-\$75K	\$75-\$100k	>\$100k
2010 Estimate	1,151	1,106	479	423	10,592	7160	5,410	7,542
2019 Estimate	1,576	616	614	912	9,312	5,786	5,540	12,944
Change	425	-490	135	489	-1280	-1374	130	5402

General Housing Characteristics

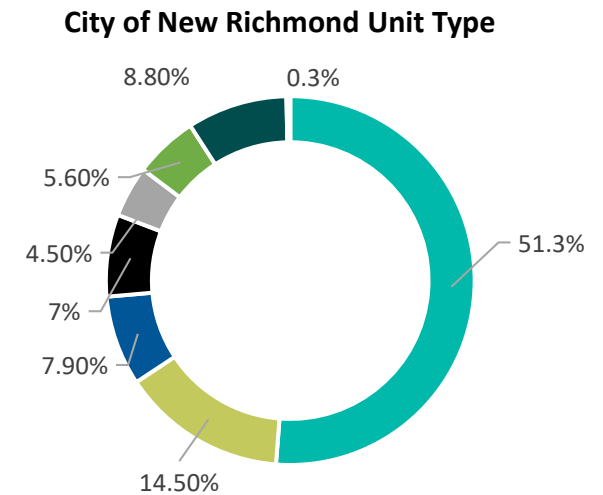
Housing Type by Unit

- The most common structure type in New Richmond, St. Croix County, and statewide is detached, single-unit homes.
- The second most common structure type in the City and County is single-unit attached (townhomes). Statewide the second most common housing type is 20 or more unit buildings.
- Providing a variety of unit types is essential to allow residents choice within a housing market.



- 1-unit, Detached
- 3 or 4 units
- 20 or more units
- 1-unit, Attached
- 5 to 9 units
- Mobile home
- 2 units
- Boat, RV, Van, etc.

Source: US Census Bureau ACS

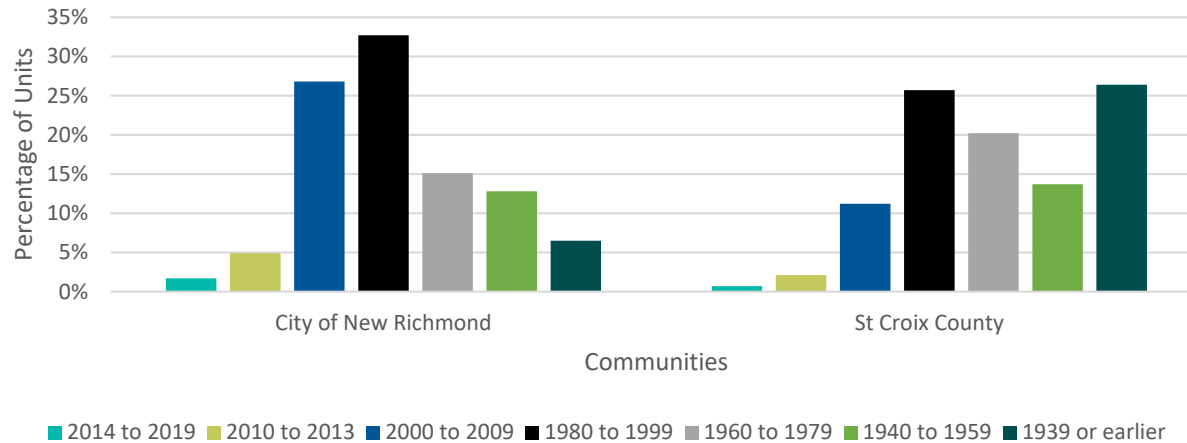


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Source: US Census Bureau ACS

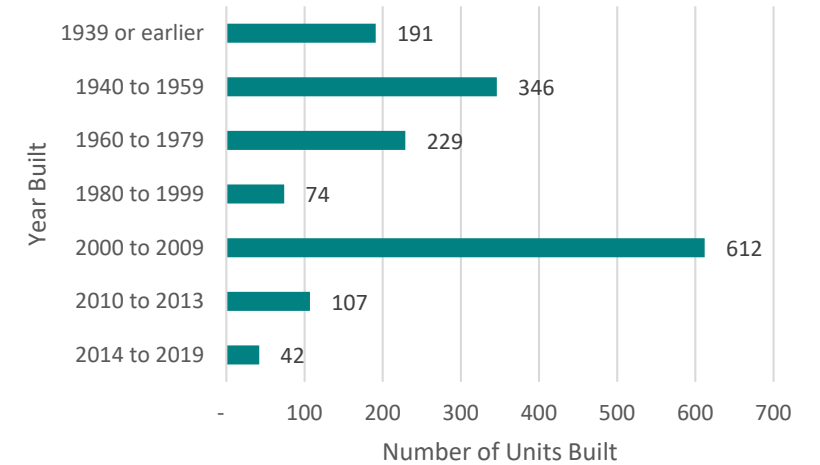
Year Structures Built

- 66% of all housing units in New Richmond were built after 1980. Compared to the County, New Richmond has a relatively newer housing stock.
- Older homes tend to lack amenities that current buyers are interested in, require rehabilitation, and have higher maintenance costs. 34% of all housing units in the City were built prior to 1980.
- The peak of residential construction in the City was 1980-1999, there was also significant development from 2000-2009. New housing development was initially slow after the Great Recession. Since the opening of the bridge in 2017, the pace of residential development has been rapid. This growth is not reflected in ACS data, but in City permit data on the next page.



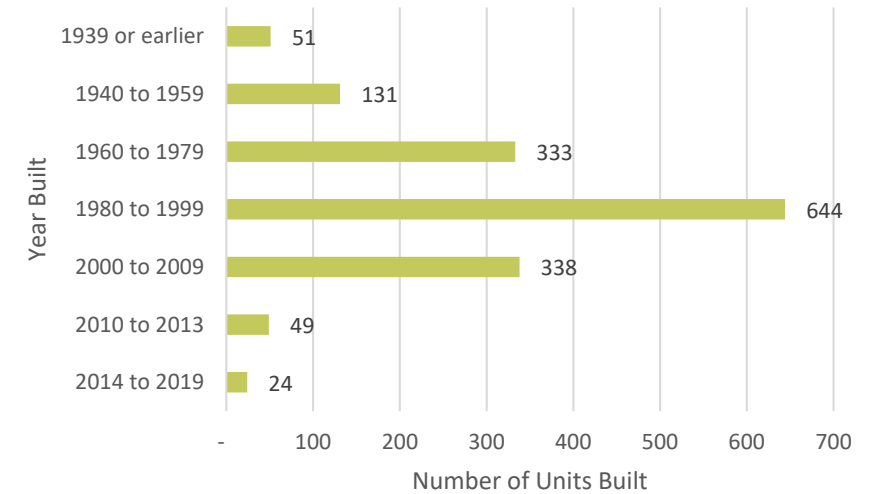
Source: US Census Bureau ACS

New Richmond Owner Occupied Year Structures Built



Source: US Census Bureau ACS

New Richmond Renter Occupied Year Structures Built

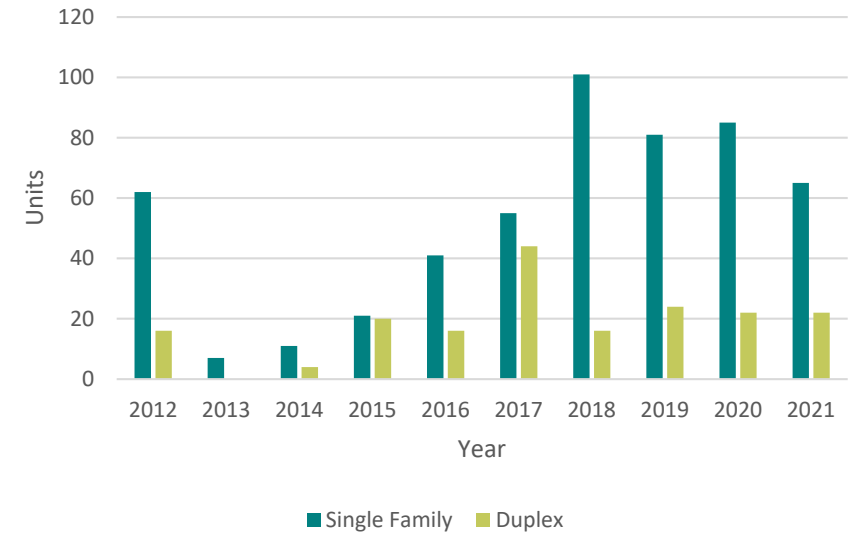


Source: US Census Bureau ACS

Construction Activity

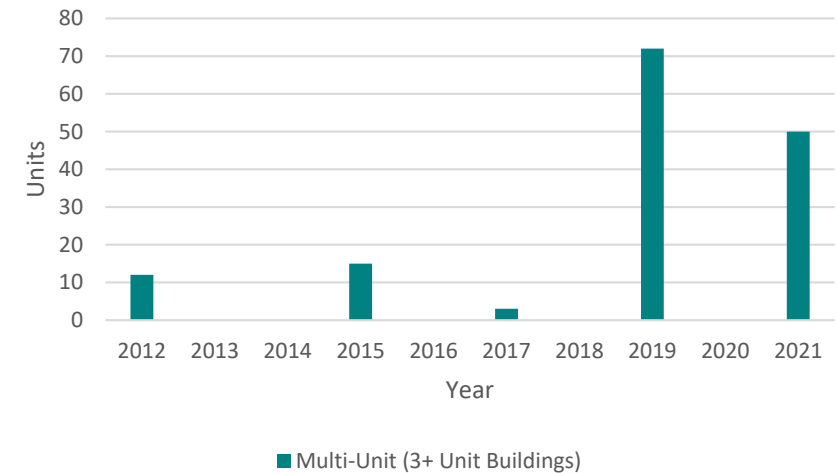
- Building permit data shows real time trend of new construction in New Richmond. The City is experiencing increasing growth in single-family development. Many stakeholders noted this trend in interviews.
- Duplex construction continues to rise.
- Multi-unit building construction has not been consistent, which is typical of this type of development as buildings contain multiple units.

Single Family and Duplex Home Construction Permits



Source: City of New Richmond

Multi-Unit Construction Permits

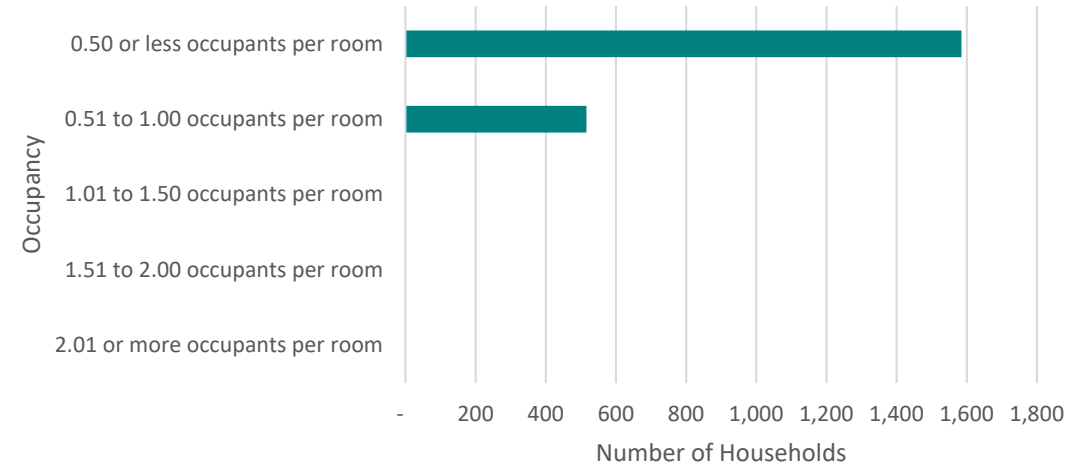


Source: City of New Richmond

Crowding

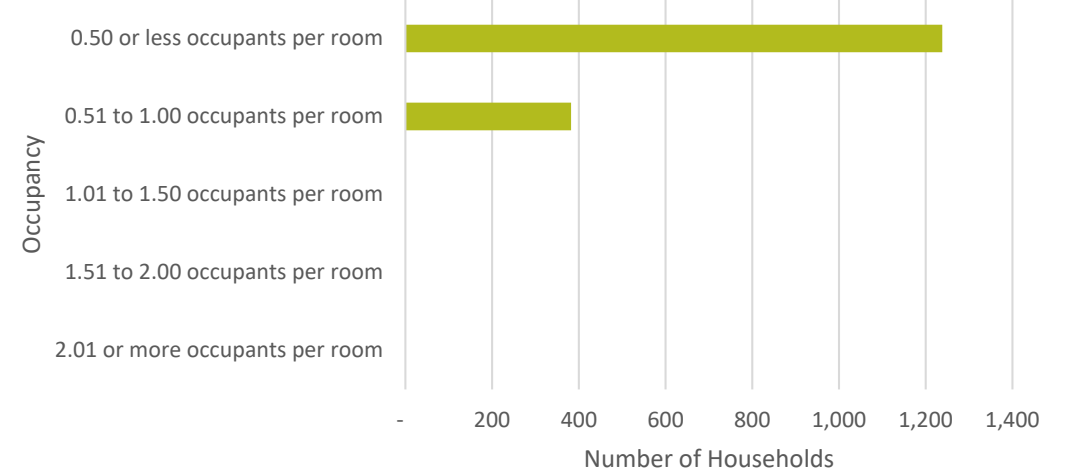
- Crowding data is used to display the relationship between housing unit size (number of rooms) and household size (number of people).
- Households that average more than 1 person per room or 1.5 persons per room are considered overcrowded or extremely overcrowded, respectively.
- Based on the data, crowding is not an issue in New Richmond. In both owner- and renter-occupied units, there were no units that had more than one occupant per room.

Owner Occupied



Source: US Census Bureau ACS

Renter Occupied



Source: US Census Bureau ACS

Rental Market

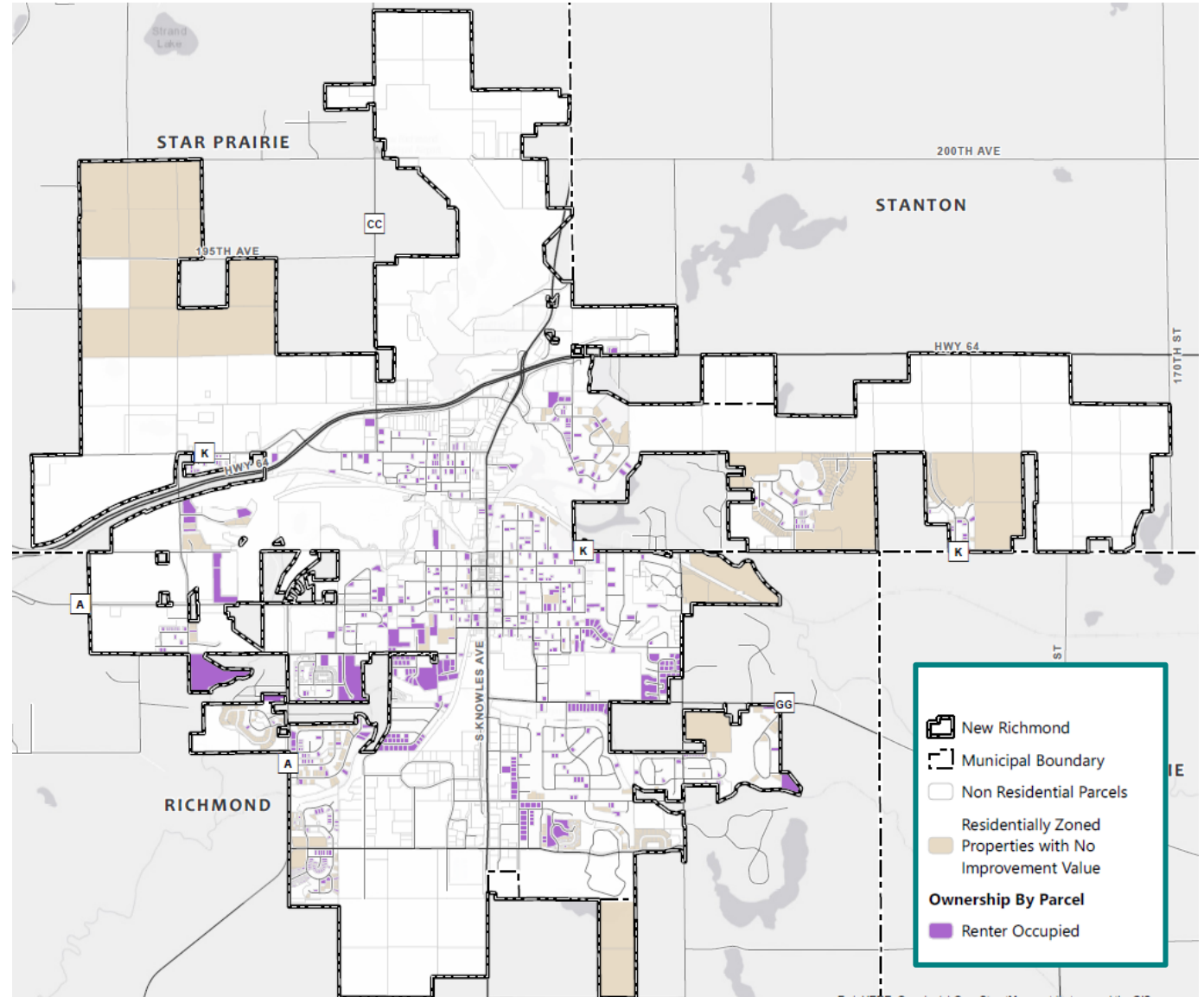
Renter Occupied Properties

Housing Tenure



■ Owner-Occupied ■ Renter-Occupied

Source: US Census Bureau ACS



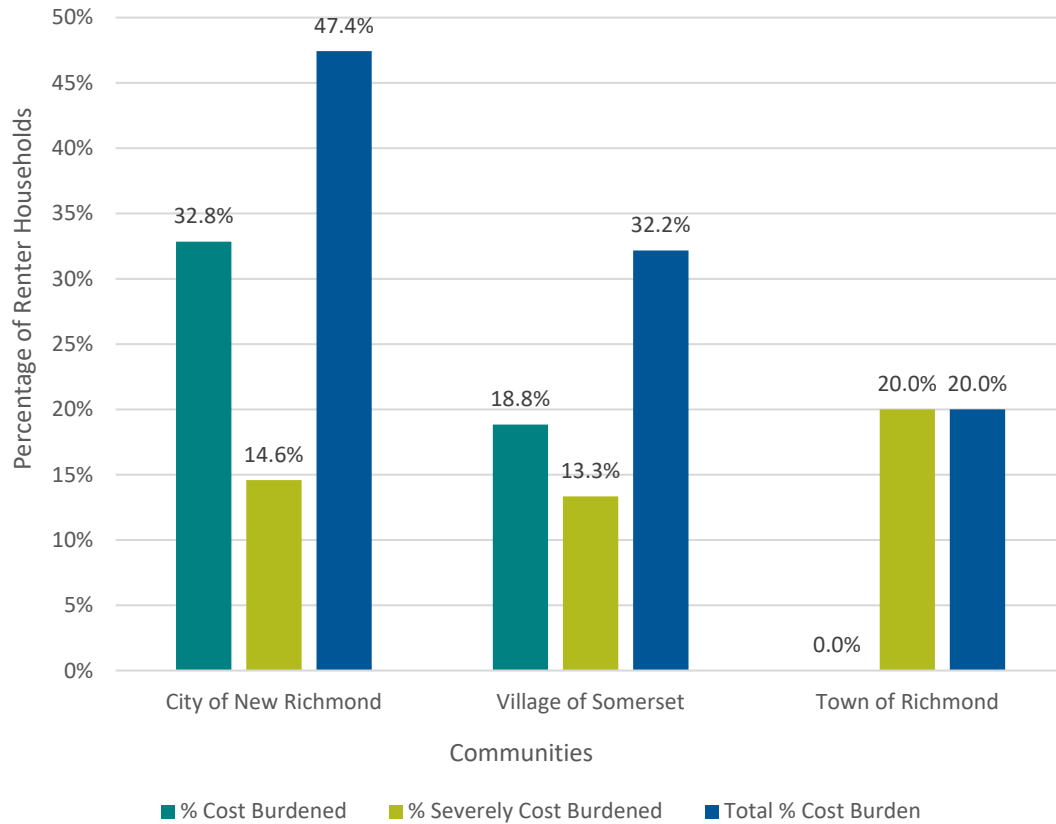
Affordability

- A household that spends more than 30% of its income on housing is considered cost burdened. A household that spends more than 50% is considered severely cost burdened.
- The table below shows the general monthly rent a household could afford, by household size, at various income levels as a percentage of the Area Median Income (AMI).
- In New Richmond about 32% of renters are cost burdened and 14% are severely cost burdened, which is high when compared to surrounding communities.
- The percentage of renters who are cost burdened in New Richmond is much higher than among homeowners. This is typical in most communities and is a reflection of lower renter incomes, barriers to securing financing, and other market forces.

Income Limit Area	Maximum Monthly Rent for Family of 4 Without Paying More Than 30% of Gross Income Toward Housing (100% Median Income)	Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
New Richmond	\$1,503	Extremely Low Income (30% AMI)	\$ 316	\$361	\$407	\$451	\$498	\$571	\$644	\$717
		Very Low Income (50% AMI)	\$527	\$602	\$677	\$752	\$812	\$873	\$932	\$993
		Low Income (80% AMI)	\$806	\$922	\$1,036	\$1,151	\$1,244	\$1,336	\$1,428	\$1,520
		Median Income (100% AMI)	\$1,008	\$1,152	\$1,295	\$1,439	\$1,555	\$1,670	\$1,785	\$1,900

Housing Stress

Cost Burden Renters



Source: HUD CHAS

- Of renters experiencing cost burden, 14.6% are severely cost burdened (spending more than 50% of income on rental costs).
- Cost burden in the City exists primarily with renter households at or below 50% of the area median income, those considered very low or extremely low income.
- There are gaps in the rental market for those earning the lowest incomes and for those earning higher incomes. This demonstrates a need for both subsidized and higher-rent, higher-quality units in the market.

Rental Unit Mismatch

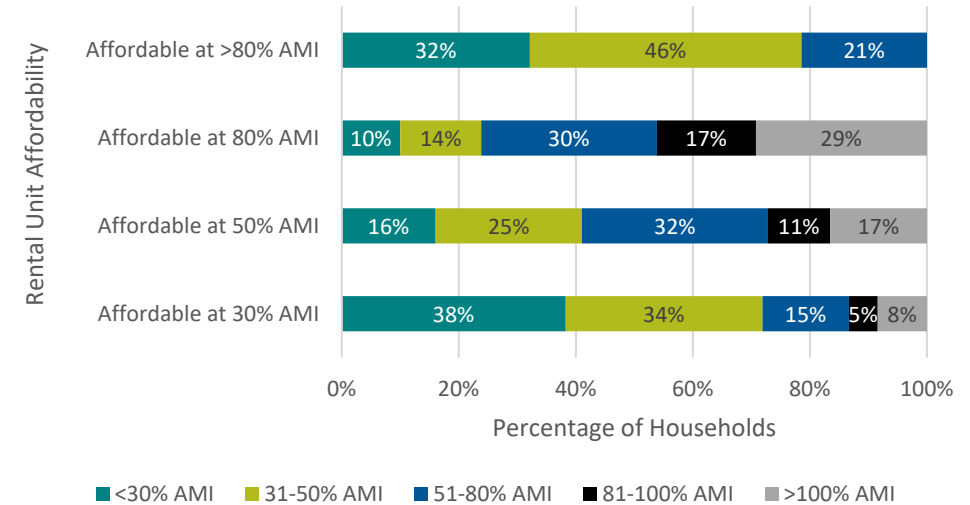
	Rental Units Available	Renter Households	Over/Under Supply
0-30% AMI	270	410	-140
31-50% AMI	830	505	325
51-80% AMI	340	245	95
>80% AMI	0	280	-280

Source: HUD CHAS

Rental Unit Consumption

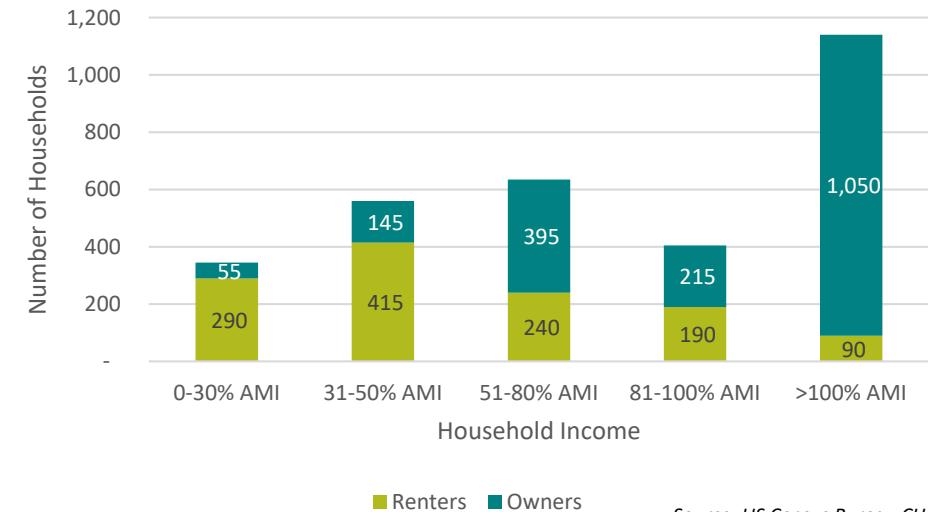
- The figure on the upper right shows 38% of units affordable to those earning 30% or less are being rented by households at that income level. 62% of these units are rented by households earning more than 30% AMI.
- All of the units affordable to households earning more than 80% AMI are rented by households earning less than that. This indicates that higher income households are “renting down”, creating a difficult market for lower income households to find more affordable rental units.
- While this data shows that most households are spending below their means (below 30% of income), it also indicates that many lower-income households (which are less competitive in the rental market) must spend more to secure housing.
- Adding more choices at appropriate price points will draw households toward housing that fits their needs and budget and can decrease cost burden among renters across the market.

Rental Unit Consumption by Income



Source: US Census Bureau CHAS

Households by Income and Tenure

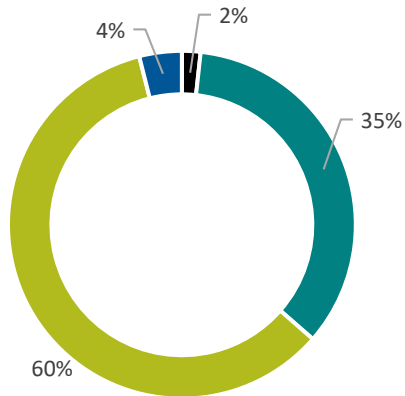


Source: US Census Bureau CHAS

Unit Types

- A variety of unit types is important to provide choices in the housing market for existing and future residents.
- 60% of rental units within the City are two bedroom units.
- Most rental units are in 10-19 unit buildings, and 1-unit, duplexes are the second most common rental unit type.

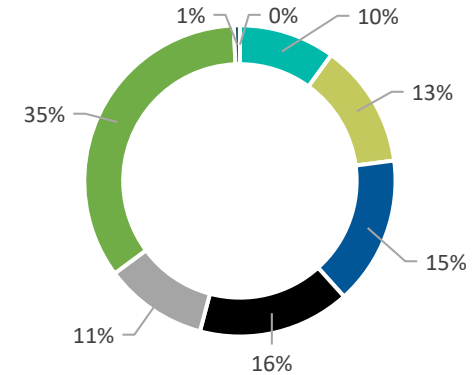
Rental Units by Bedroom



■ No Bedroom ■ 1 Bedroom ■ 2 Bedrooms ■ 3 or More Bedrooms

Source: US Census Bureau ACS

Rental Units by Type in New Richmond

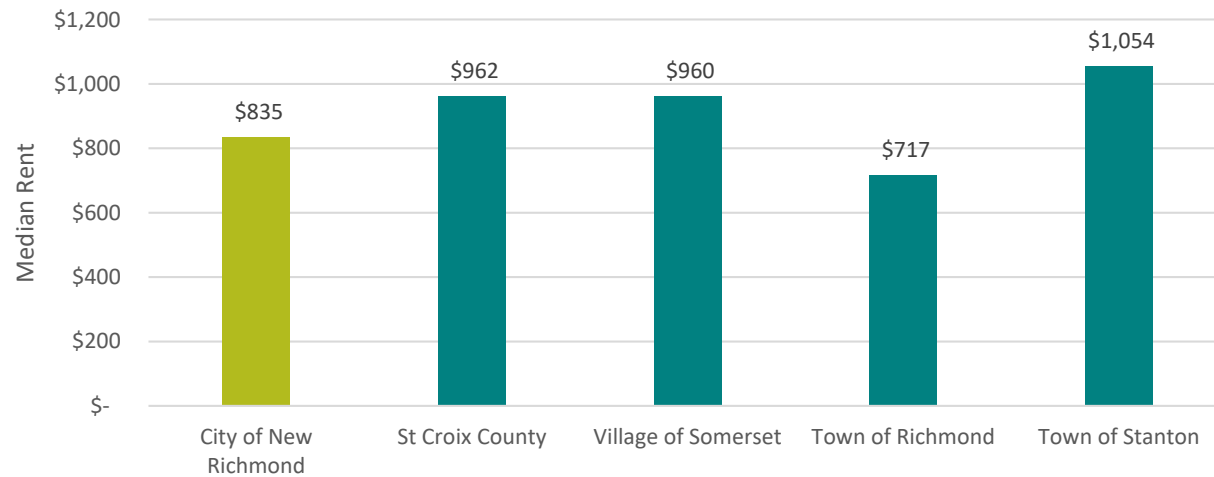


■ 1-unit, Detached ■ 1-unit, Attached ■ 2 units
 ■ 3 or 4 units ■ 5 to 9 units ■ 10 to 19 units
 ■ Mobile home

Source: US Census Bureau ACS

Cost

- Among peer communities, New Richmond generally sees lower rents for units of all sizes.
- The majority of rental units in the City are in the price range of \$500 to \$999 per month according to American Community Survey estimates. These estimates are likely low as they do not reflect the 100+ new rental units constructed in the past several years.
- Recent new rentals that could affect rising rent prices in the city are Foster Place, Mill City Flats, Dakota Meadows, and West Fifth Townhomes.



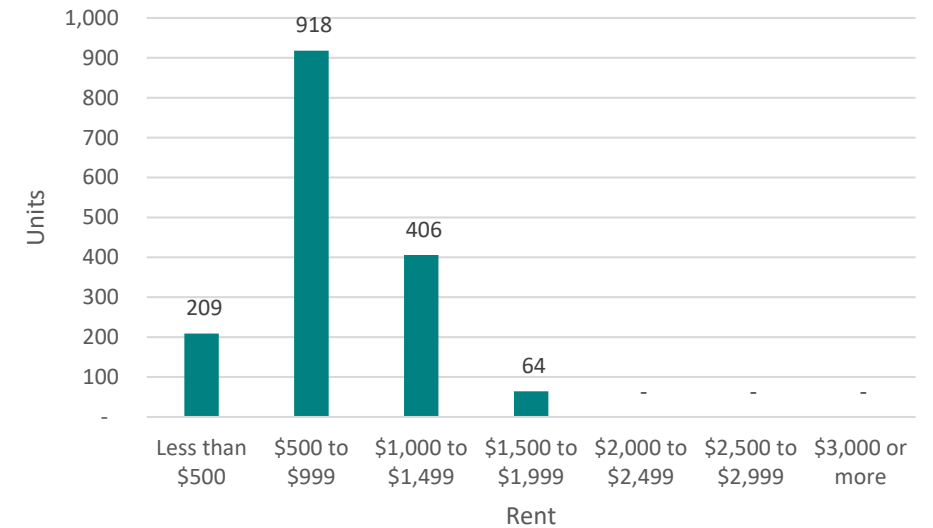
Source: US Census Bureau ACS

Median Rent by Bedroom



Source: US Census Bureau ACS

Current Unit Rents

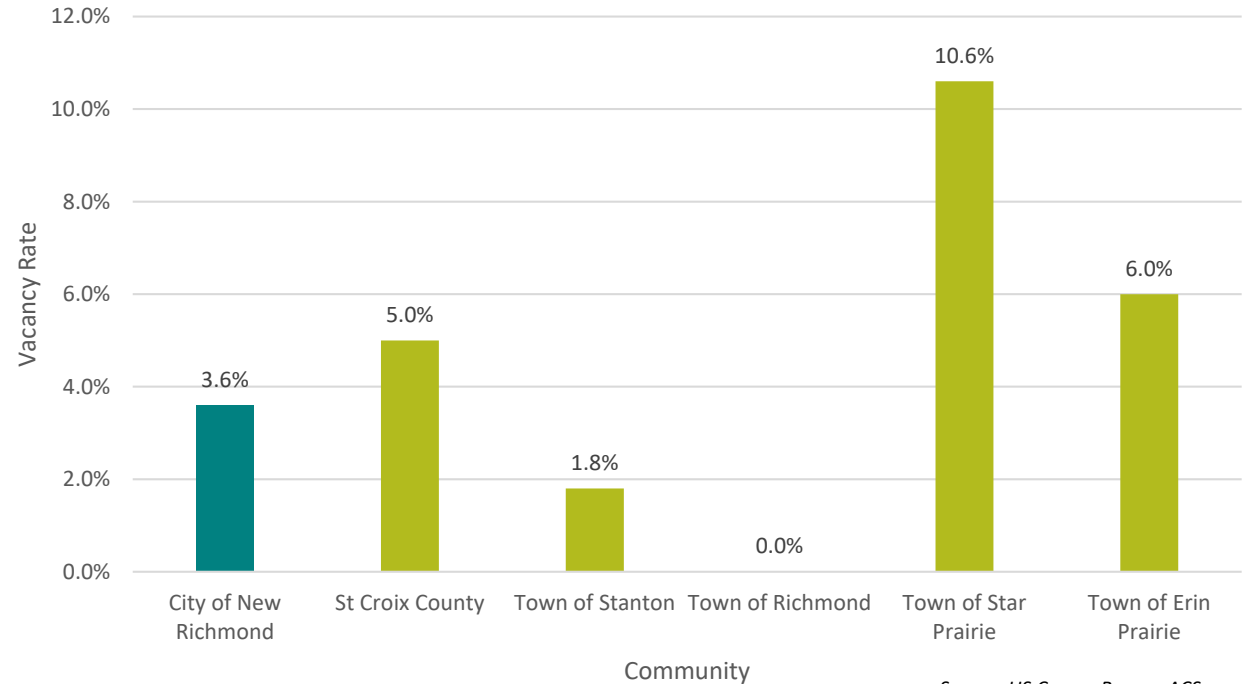


Source: US Census Bureau ACS

Vacancy

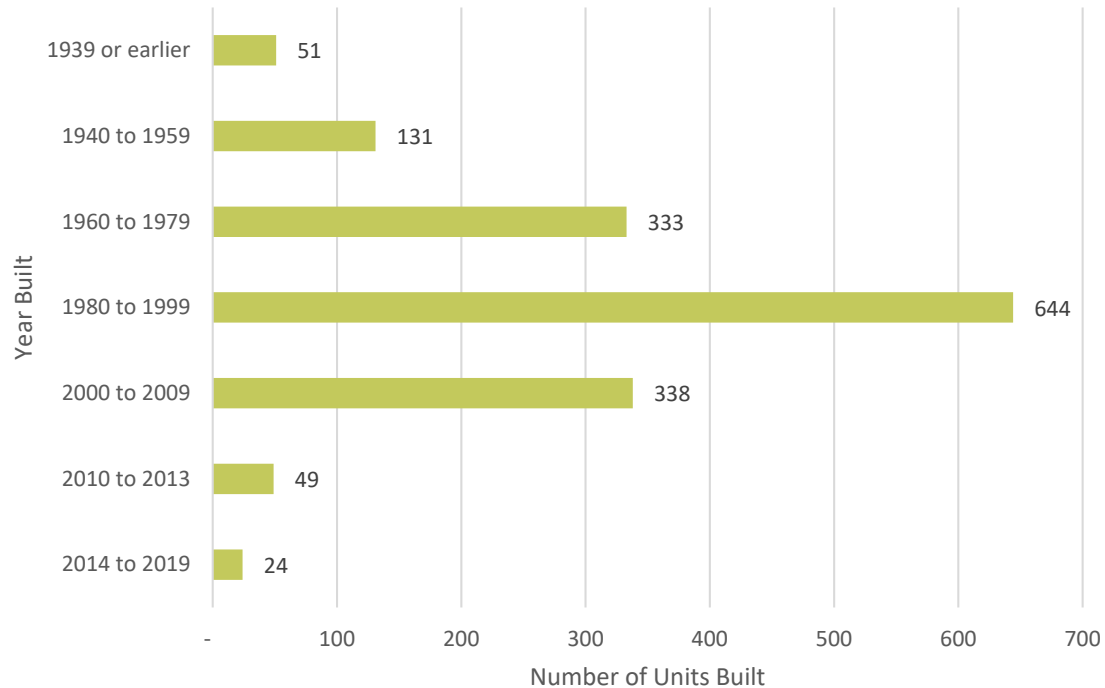
- Vacancy rates are an important measure of balance between housing demand and supply.
- New Richmond's vacancy rate estimated at 3.6%, a typically healthy rental vacancy rate is between 5-7%.
- The current vacancy rate indicates there is more demand than supply and it is harder for renters to find units and easier for landlords to raise rents.
- There is opportunity for more rental unit development in the City.
- The short supply of all types of rental units was confirmed in interviews with local housing experts. In particular, units that are affordable (under \$1,200 per month according to stakeholder interviews) and short term rental units are most needed.

Vacancy Rate of New Richmond and Surrounding Communities



Source: US Census Bureau ACS

Age of Rental Stock



Source: US Census Bureau ACS

- 65.5% of the rental units in New Richmond were built between 1980 and 2009.
- Older rental units in the City are primarily located near and along Main street.
- ACS data for 2014-2019 is an undercount of what was developed during this time. Based on City permit data, 140 rental units were built between 2014 and 2021.

New/Recent Rental Projects

- The following rental projects have been or are in the process of being completed.
 - Dakota Meadows (50 units)
 - Foster Place (72 units)
 - Mill City Flats (88 units)
- The following upcoming projects are anticipated to provide additional market rate rental units in New Richmond:
 - W. 5th Townhomes (48 units)
 - Willow Countryside Villas (16 units)
- Since these projects are recent or pending, these units are not included in any US Census or HUD data.



Development Scenario

- There is a need for new rental construction in the City that serves both low- and high-income earners.
- High income earning households can afford rents associated with higher cost of new-construction and developers can market increased costs through increased amenities.
- Lower income households largely cannot afford new construction (see example on right, and highlight of households that can't afford that cost, below).
- To ensure expanded opportunities and units that meet the needs of all residents, subsidies are likely needed to offset construction costs to make units more affordable.

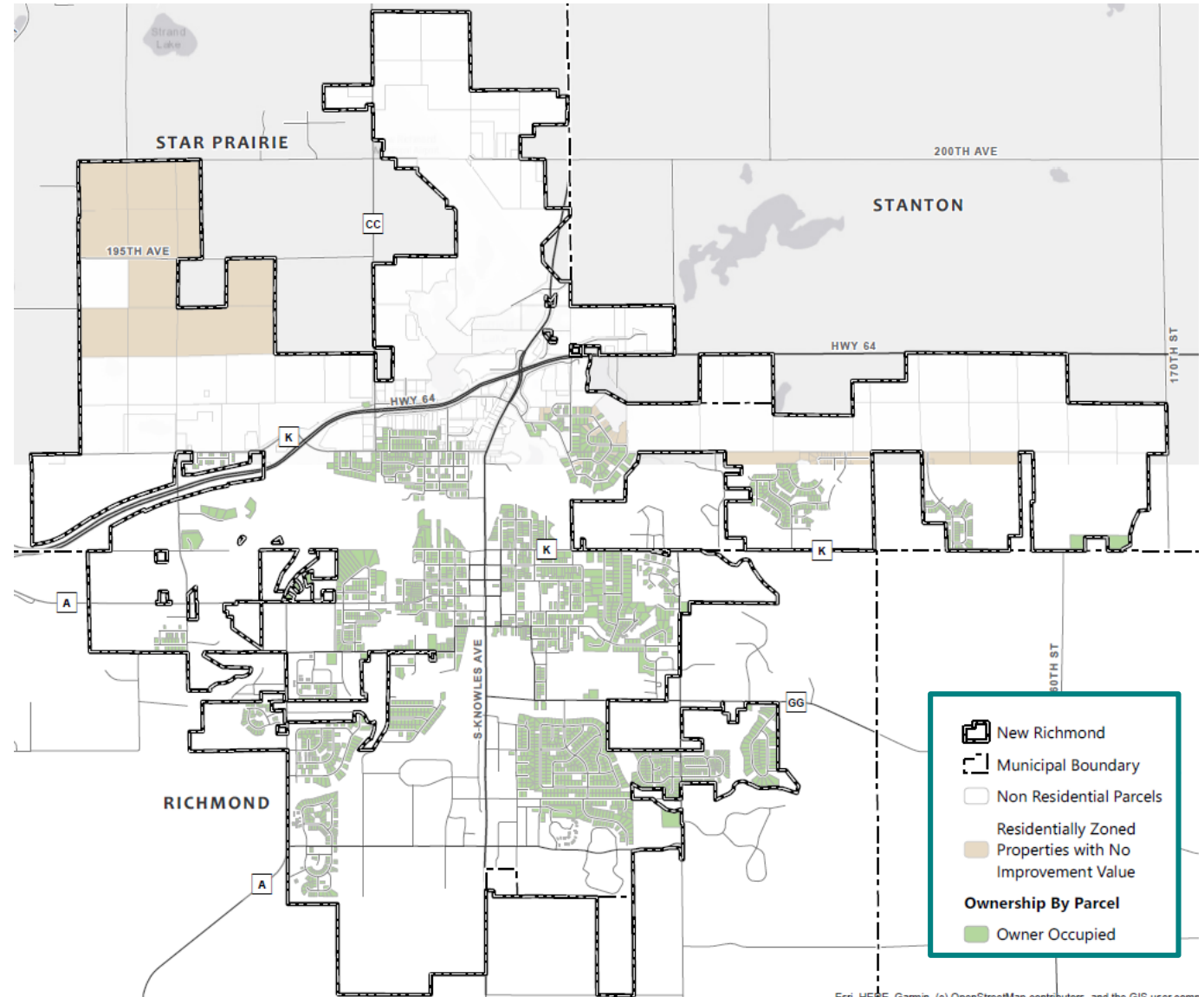
Typical 1-Bedroom Rental Construction & Land Cost = 130,000			
Equity to Cost Ratio	20%	Loan to Cost Ratio	80%
Required Equity	26,000	Mortgage Loan	104,000
Annual Re-Tax Distribution Rate	10%	Mortgage Interest Rate	4%
Cash Payments for Equity	\$2,600	Debt Service	\$6,000
Net Operating Income		\$8,600	
Operating Expenses		\$2,600	
Real Estate Taxes (2020 Effective Tax Rate of .0187)		\$2,800	
Replacement Reserve		\$300	
Effective Gross Value		\$14,300	
Vacancy (5% required assumption)		\$715	
Gross Potential Income		\$15,015	
Breakeven Annual Rent		\$15,015	
Breakeven Monthly Rent		\$1,250	

Income Limit Area	Maximum Monthly Cost for Family of 4 (100% Median Income)	Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
New Richmond	\$1,503	Extremely Low Income (30% AMI)	\$ 316	\$ 361	\$ 407	\$ 451	\$ 498	\$ 571	\$ 644	\$ 717
		Very Low Income (50% AMI)	\$ 527	\$ 602	\$ 677	\$ 752	\$ 812	\$ 873	\$ 932	\$ 993
		Low Income (80% AMI)	\$ 806	\$ 922	\$ 1,036	\$ 1,151	\$ 1,244	\$ 1,336	\$ 1,428	\$ 1,520

Ownership Market

Owner Occupied Units

- The majority of residential parcels in the City, 56 percent, are owner-occupied.
- New home development continues to occur in New Richmond. The City is a place of high interest for developers due to its proximity to the Twin Cities, lower building costs compared to Minnesota, and the willingness of City staff and officials to welcome new residential development.

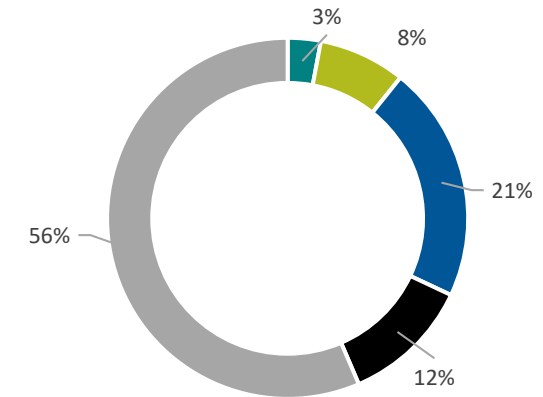


Affordability

Income Limit Area	Maximum Purchase for Family of 4 Without Paying More than 30% of Gross Income Toward Housing (100% Median Income)	Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
New Richmond	\$260,272	Extremely Low Income (30% AMI)	\$ 25,000	\$ 33,098	\$ 42,742	\$ 50,952	\$ 60,671	\$ 75,663	\$ 89,086	\$ 102,562
		Very Low Income (50% AMI)	\$ 66,513	\$ 82,073	\$ 94,694	\$ 109,628	\$ 121,755	\$ 133,932	\$ 145,759	\$ 157,887
		Low Income (80% AMI)	\$ 72,613	\$ 143,654	\$ 166,656	\$ 189,658	\$ 204,692	\$ 231,753	\$ 245,183	\$ 263,625
		Median Income (100% AMI)	\$ 110,780	\$ 189,834	\$ 218,588	\$ 247,338	\$ 270,641	\$ 293,693	\$ 316,745	\$ 339,797

- The table above shows the general purchase price a household could afford at various income levels, by household size, without being cost burdened (more than 30% of gross income paid towards housing). Most of these price points are a challenge for developers to build at due to increasing costs of labor and supplies.
- Slightly more than half (56%) of the City’s owner-occupied households earn an income that is 100% or more of the area median income.

Income Levels for Homeowners in New Richmond



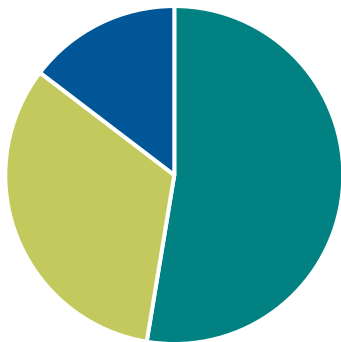
■ 0-30% AMI ■ 31-50% AMI ■ 51-80% AMI ■ 81-100% AMI ■ >100% AMI

Source: US Census Bureau CHAS

Housing Stress

- When a housing market is “tight” or competitive, this drives up costs for consumers and makes it harder for households without down payment savings.
- Rental market shows higher levels of cost burden, the ownership housing market experiences cost burden less frequently. Homeownership has barriers to entry, so people must qualify to buy by meeting underwriting standards. These standards serve to reduce risk to borrowers and lenders by ensuring adequate income, increased access to credit, etc.

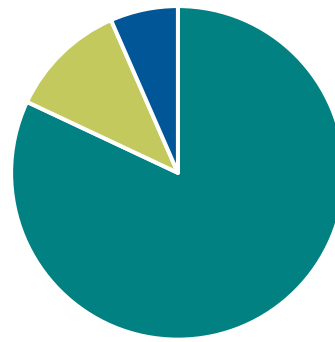
Renter Households



■ Cost Burden <=30% ■ Cost Burden 30-50% ■ Cost Burden >50%

Source: US Census Bureau ACS

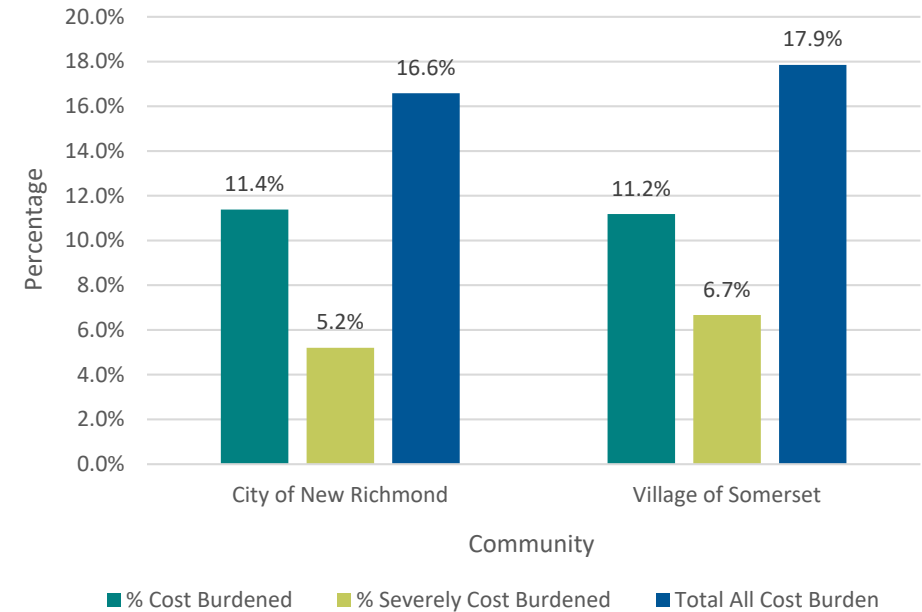
Owner Households



■ Cost Burden <=30% ■ Cost Burden 30-50% ■ Cost Burden >50%

Source: US Census Bureau ACS

Cost Burden Owner Occupied



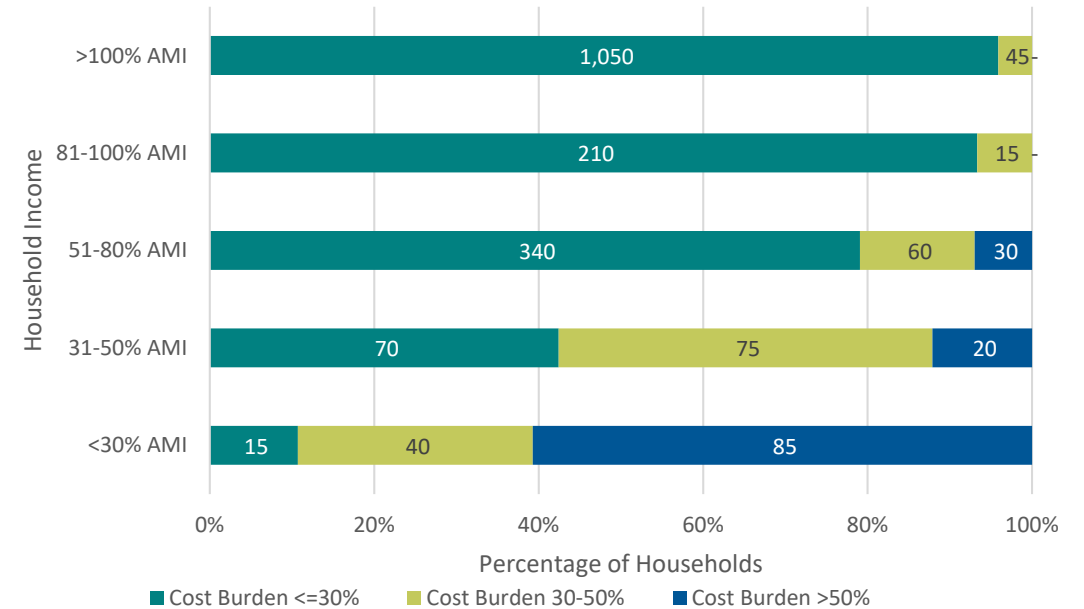
■ % Cost Burdened ■ % Severely Cost Burdened ■ Total All Cost Burden

Source: US Census Bureau ACS

Owner Stress by Income

- In New Richmond, a majority of homeowners are not cost burdened.
- Ownership unit mismatch shows homes available in the market that are generally oversupplied in the lower cost market, likely a reflection of a sizeable number of aging homes in the City.
- The unit mismatch table shows that there is a very low supply of housing that is affordable only to higher income level households. This is important to note as the population projections show high growth in the area and more owner-occupied housing will be needed.

Ownership Unit Cost Burden



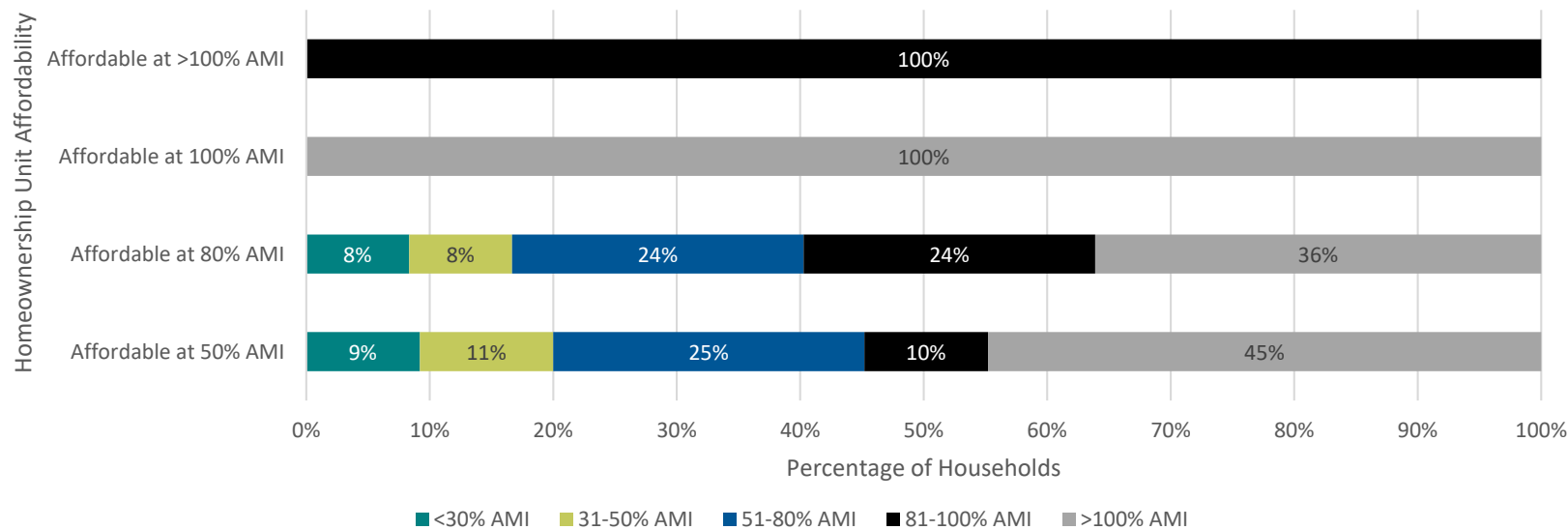
Source: US Census Bureau CHAS

Ownership Unit Mismatch	Owner Units Available	Owner Households	Over-/Under-Supply
0-50% AMI	1,240	310	930
51-80% AMI	700	400	300
81-100% AMI	60	225	-165
>100% AMI	15	1,095	-1,080

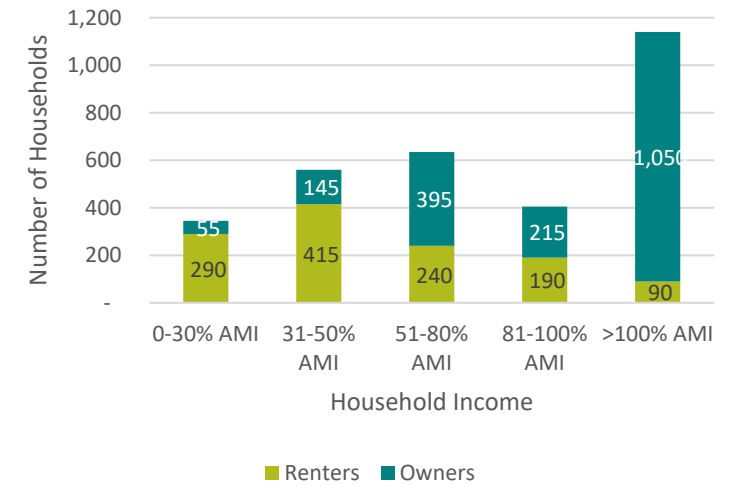
Homeownership Unit Consumption

- In New Richmond, many homeowners are owning homes that are considered affordable when compared to their incomes.
- It is a challenge for lower income families who are trying to purchase a home, as higher-income families are able to offer more money, better terms, and use standard mortgage types (not FHA).
- There is a very low percentage (about 9%) of homeowners in the City that are 0-50% AMI, even though most of the ownership units are affordable at that income level (see the prior page). This reflects the barriers to entry into the ownership market for lower-income households.

Owner Occupied Unit Consumption by Income



Households by Tenure and Income

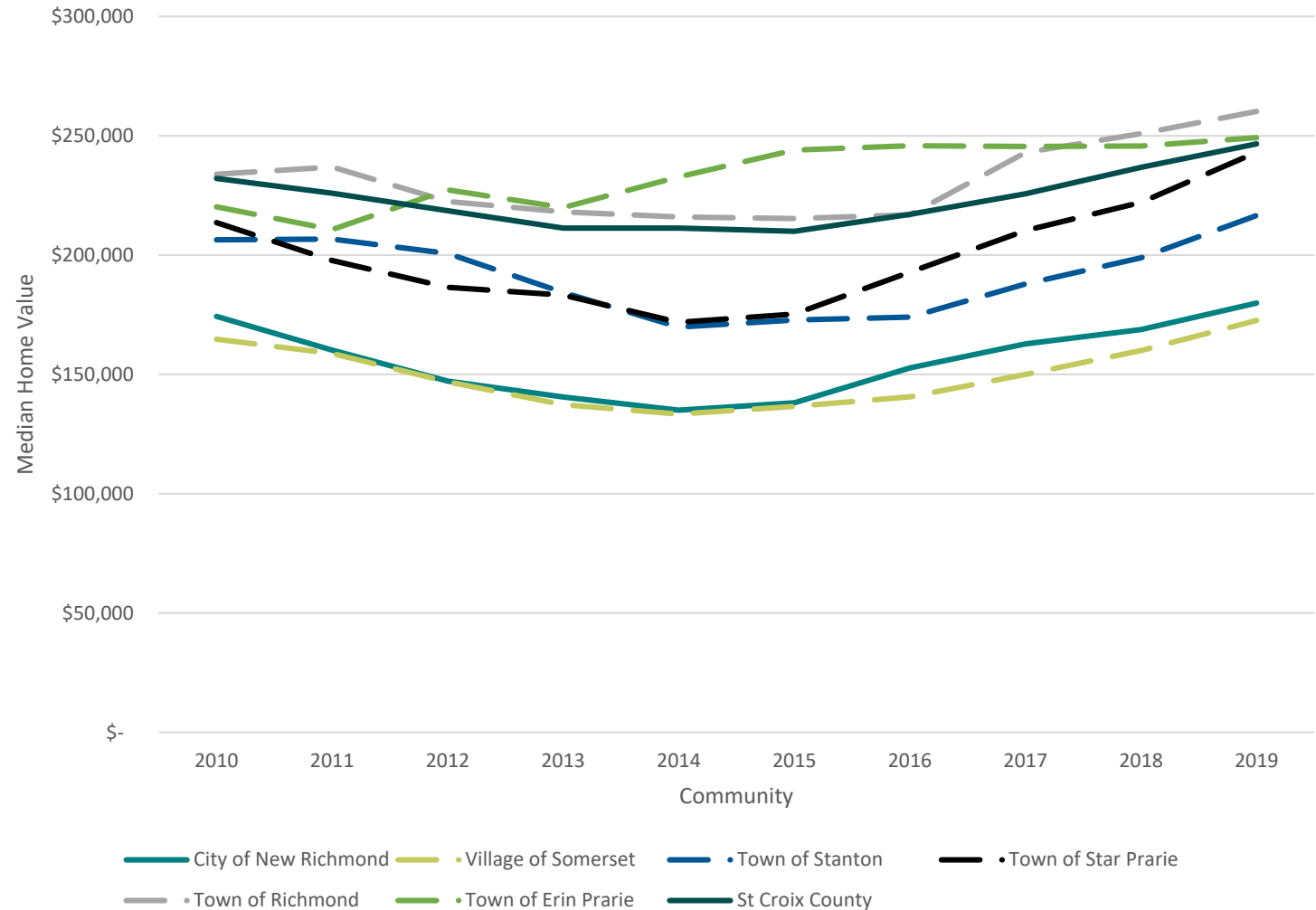


Source: US Census Bureau CHAS

Source: US Census Bureau CHAS

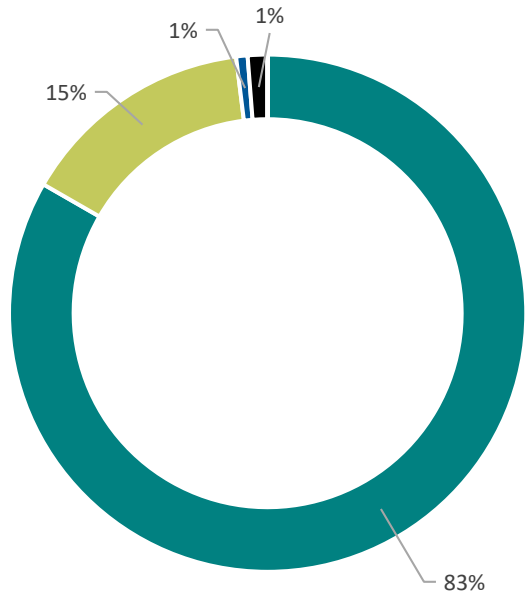
Housing Cost

- The median home value in New Richmond is low compared to most of the surrounding communities. The current estimate for median home value is \$180,100. This data is likely lower than reality as it does not capture all of the recent owner-occupied units (since 2019) that have been added to the market (priced at \$350k-\$400k based on interviews).
- This relatively lower cost of housing is a reflection of a majority of the housing stock being built prior to the year 2000.
- The price of housing has risen by 28% in the past 6 years, which is on trend with surrounding communities.



Source: US Census Bureau ACS

Unit Types



- 1-unit, Detached
- 1-unit, Attached
- 2 units
- 3 or 4 units
- 5 to 9 units
- 10 to 19 units
- 20 or more units
- Mobile home

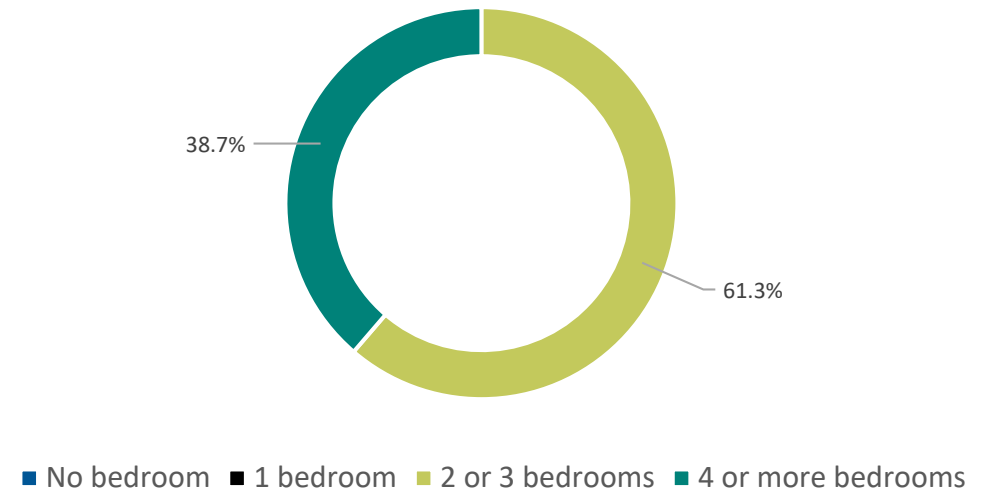
Source: US Census Bureau ACS

- 83% of owner-occupied units within the City are detached single family homes.
- The City also has a healthy supply of owner-occupied 1-unit attached (townhomes), at 15% of the owner market. These units are typically under a condo form of ownership.
- Condos, as an ownership structure within the market, have never been prevalent in the City. Condos offer an opportunity for more dense redevelopment in areas of the downtown and can provide a more affordable option for home ownership.

Ownership Unit Size

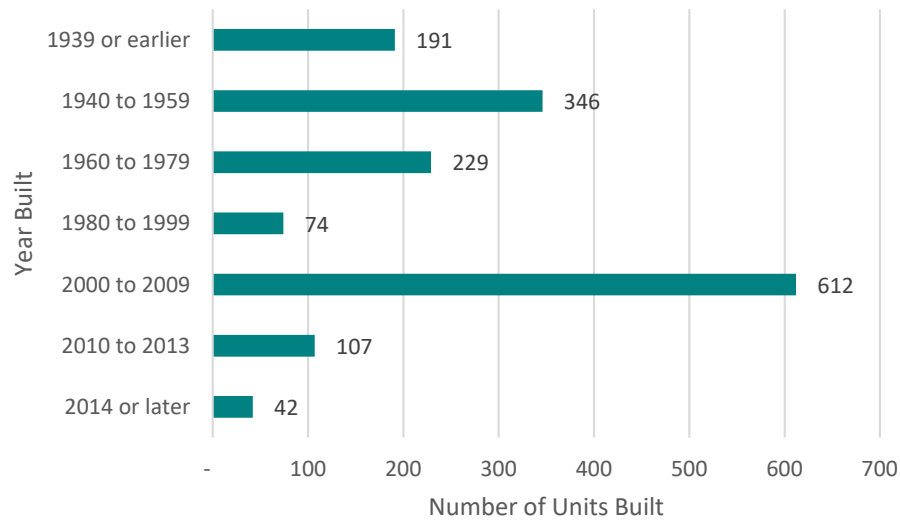
- There are no owner-occupied houses with only 1 bedroom in the City of New Richmond. This is consistent with St. Croix County and surrounding communities.
- Homes with fewer bedrooms are generally more affordable both within existing and new-construction markets. Ownership units with one bedroom can fill a niche in the market, accommodating households who wish to downsize as they age and households who may be first-time homebuyers.

Number of Bedrooms



Source: US Census Bureau ACS

Housing Age of Owner-Occupied Housing



Source: US Census Bureau ACS

- Approximately 47.5% of owner-occupied homes were built between 2000-2019.
- The City does also have a significant supply of homes built prior to 1980 (47.7%). Older housing units tend to be more affordable and offer opportunity for households with lower incomes and entry-level homebuyers.

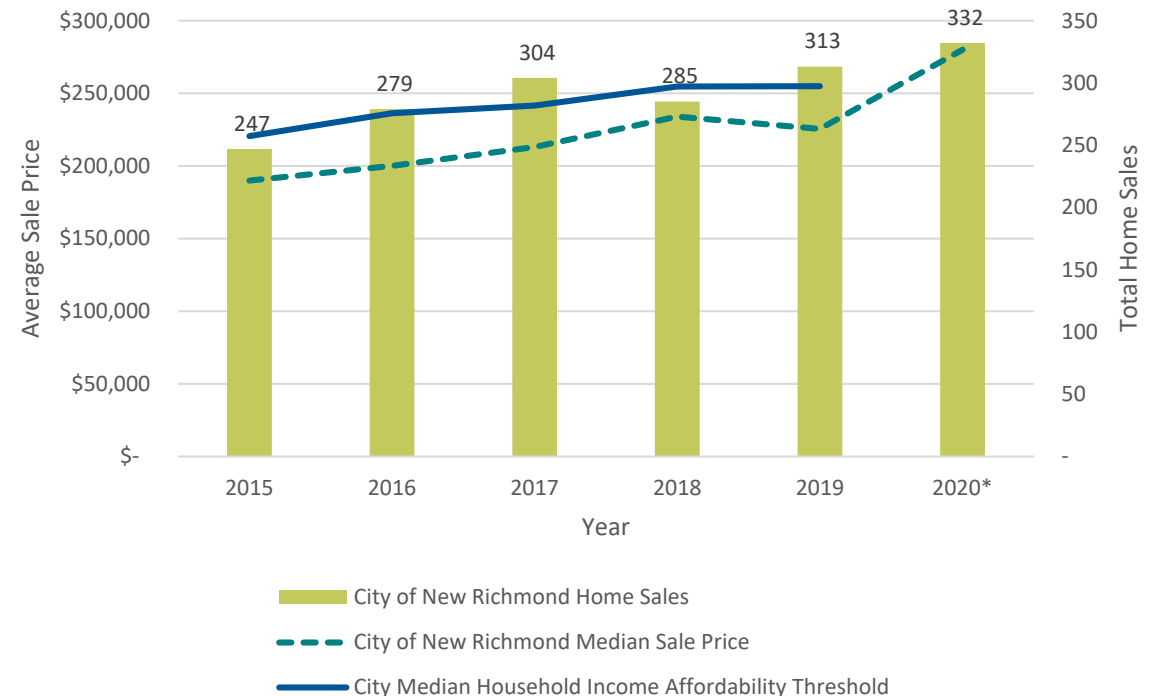
New/Recent Ownership Projects

- The following owner-occupied projects have been or are in the process of being completed:
 - Meadow Crossing (94 single family and twin homes)
 - Powers Property (Up to 150 single family and twin homes)
 - Fox Run 2nd Addition (10 buildable lots)
 - Fox Run 3rd Addition (Up to 25 single family and twin homes)
 - Fox Run 4th Addition (Up to 29 single family and twin homes)
 - Golf Side Villas (12 lots, 8 buildable)
 - Golf View Estates (41 total lots, 6 buildable)
 - Willow River Bluffs (86 total lots, 21 buildable)
 - Lakeview Estates (50 total lots, 6 buildable)
 - North Shore Addition (29 total lots, 4 buildable lots)
 - Evergreen Valley 3rd Addition (97 total lots and 4 buildable)
 - James Place (42 single family)
 - Whispering Prairie (103 total lots and 5 buildable)
 - Richmond Prairie (46 total lots and 2 buildable)
 - Richmond Heights (46 single family)
 - Paperjack Townhome Community (19 total lots and 4 buildable)
 - Woodland Creek (163 total lots, and 23 buildable)
 - Willow Countryside Villas (16 total lots and 12 buildable)
- The following upcoming project is anticipated to provide additional owner-occupied units in New Richmond:
 - Hormel Property (200 acres to be annexed into the City)
- Since these projects are recent or pending, these units are not included in any US Census or HUD data.



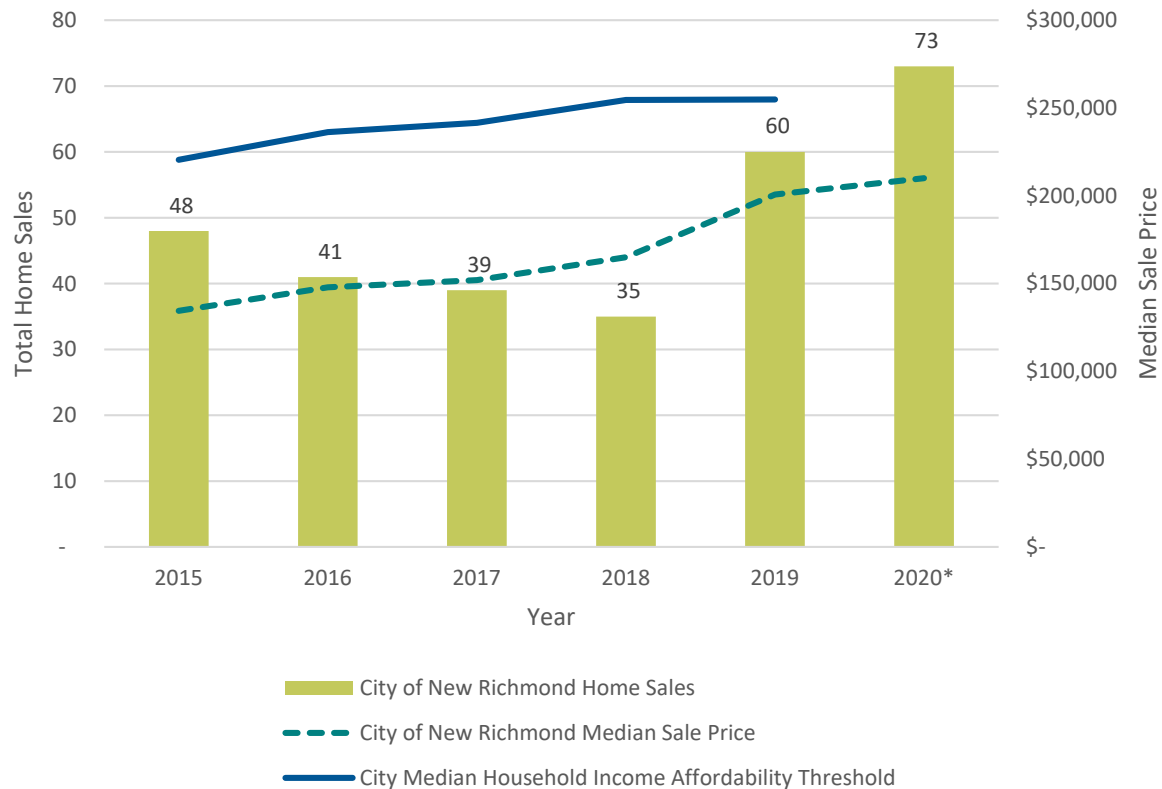
Market Trends, Detached Single Family Homes

- Over the past six years the median sale price for detached single family homes has increased an estimated 47% (from \$180,900 to \$280,000). This is in primarily due to the tight supply of housing stock.
- The median home sale prices between 2015 and 2020 have been below what is considered affordable for the median income earning household in the City. Based on interviews with local housing experts there need to be more owner-occupied units priced between \$250,000-\$300,000.
- The total number of homes sales has increased by 37% since 2015 (from 247 to 332), which is partially due to an increase in single-family home development within the City.



Source: Multiple Listing Service

Market Trends, Condos and Duplex



Source: Multiple Listing Service

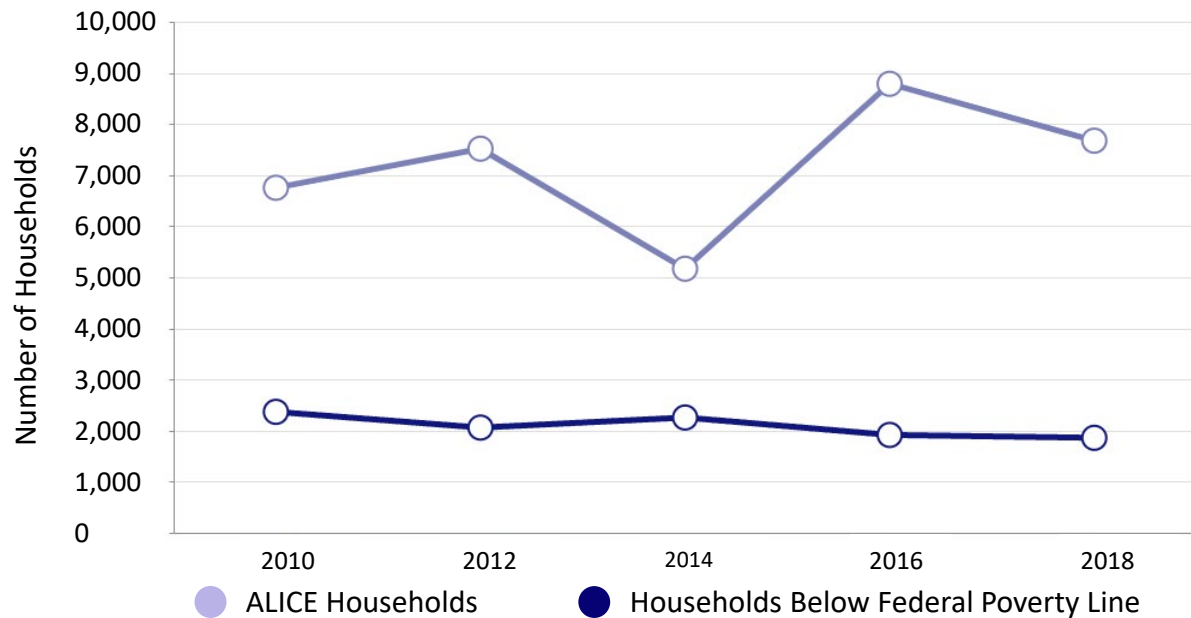
- Duplex and Condo homes make up a smaller number of home sales in New Richmond which makes sense considering this unit type only comprises 17% of the City's owner-occupied housing stock.
- Total sales have increased from 2015-2020 (from 48 to 73). This increase is possibly due to the affordability that these unit types offer first time buyers.
- The gap between median sale price for these units and the median income affordability threshold has started to narrow. This is most likely from the increase in demand for attached owner occupied housing.

Housing for Special Populations

ALICE Households

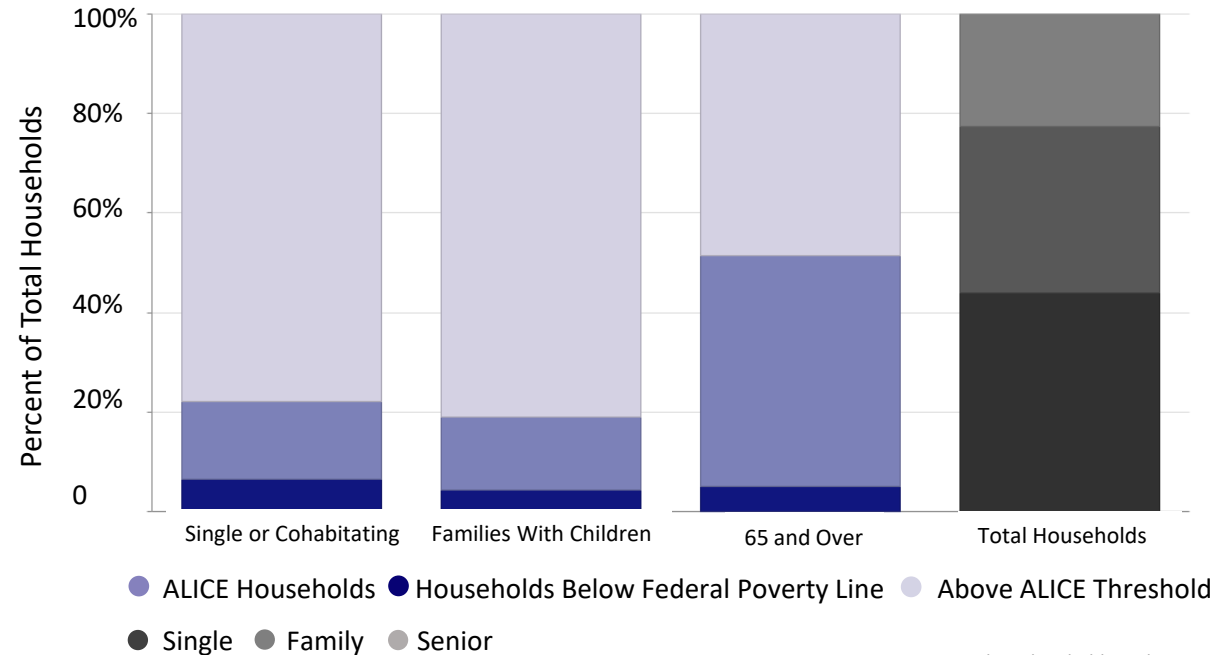
- ALICE is an acronym for Asset Limited, Income Constrained, Employed — households that earn more than the Federal Poverty Level, but less than the basic cost of living for the county (the ALICE Threshold). While conditions have improved for some households, many continue to struggle, especially as wages fail to keep pace with the cost of household essentials including but not limited to housing.
- Below is the information for St. Croix county, about 8.7% of households in the County were considered ALICE household in 2018.
- The number of ALICE households has increased from 2010, while the number of households at a household income at or below the federal poverty line has decreased.

St. Croix County ALICE and Poverty Households Change Over Time



Source: Alice Thresholds and ACS

St. Croix County Types of Households Struggling

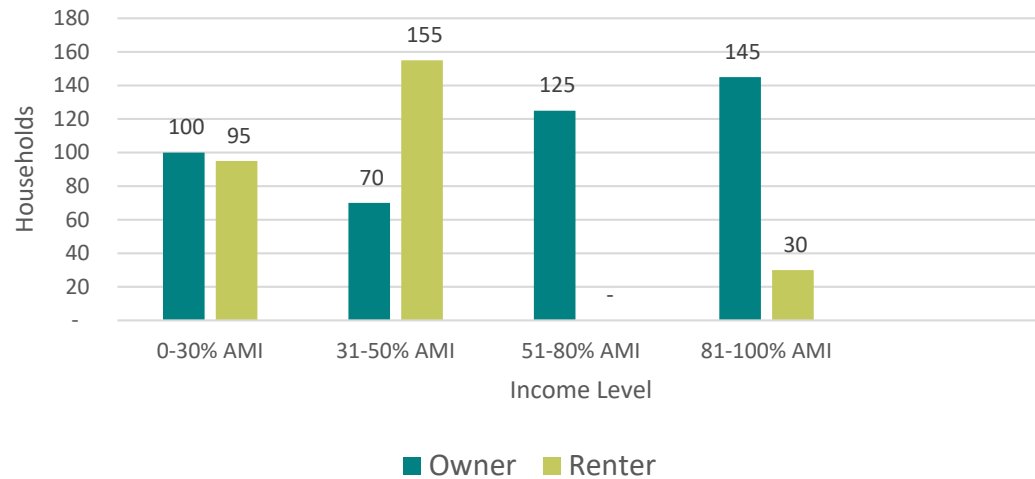


Source: Alice Thresholds and ACS

Aging Populations

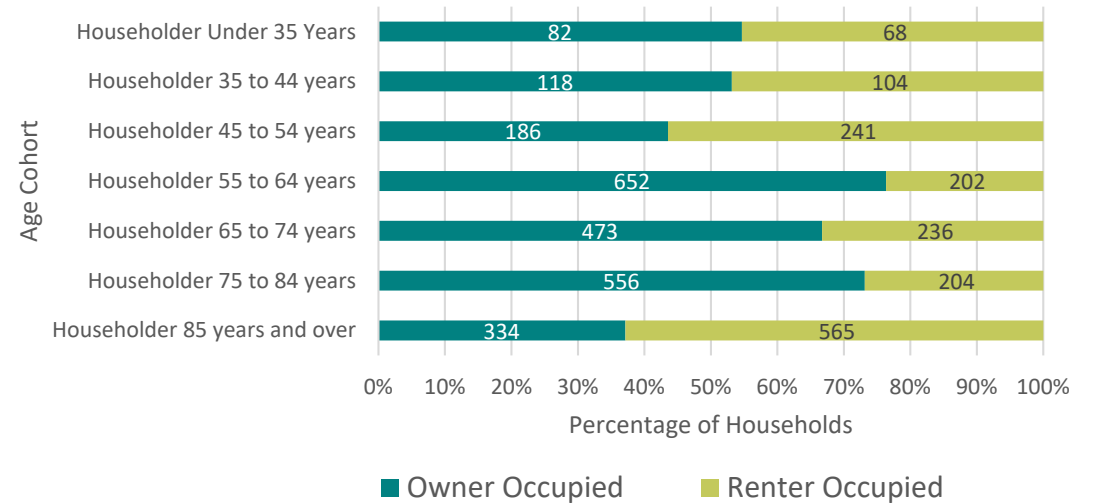
- Senior households are anticipated to have the largest percentage of growth through 2040.
- As seen in the lower right figure, the majority of seniors are homeowners. Some senior will continue to live in their own home with virtually no services, while some will look to townhomes and apartments that offer the ability to “downsize”, specialized housing with limited services, and different types of assisted living facilities.
- Often senior households will pay up to 50% of their income for market rate senior housing and up to 90% for specialized living.

City of New Richmond Senior Household Income



Source: US Census Bureau CHAS 2017

City of New Richmond Household by Age and Tenure



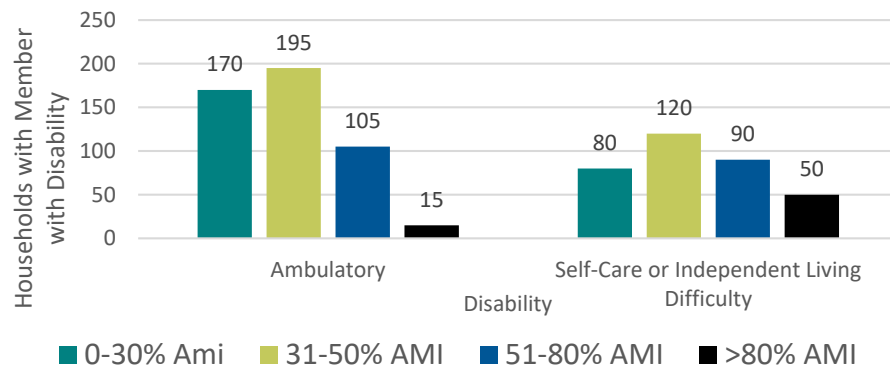
Source: US Census Bureau ACS 2019

Disabled Populations and Accessibility

- Those with an ambulatory, self-care, or independent living difficulty are most likely to require specialized forms of housing.
- The percentage of the population by age, that experiences disability is disproportionately higher for aging and senior households.
- Most housing units are not traditionally constructed to accommodate aging or disabled populations (e.g. through wider doorways, lower counter tops, etc.)

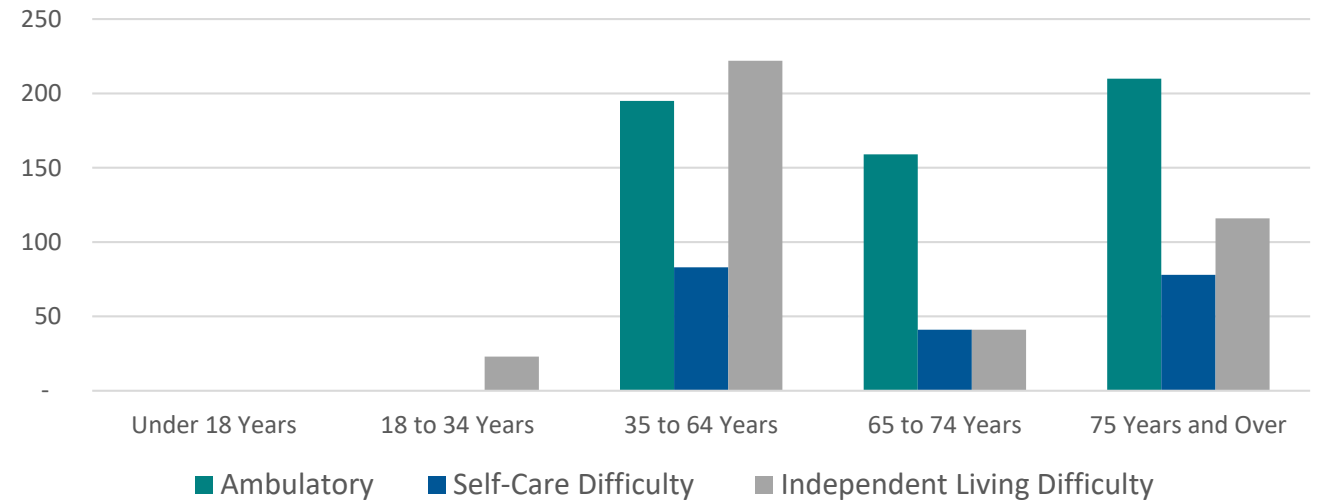
- New market rate and workforce housing should contain set-aside units that meet universal design standards.
- Current trends show that there are residents across all income levels that have a disability, but many would qualify for subsidized housing (<80% AMI).
- As the population continues to age, ensuring accessibility of new and existing homes should be a priority.

City of New Richmond Households with a Member with a Disability by Income and Type



Source: US Census Bureau CHAS 2017

City of New Richmond Persons with a Disability by Age and Type



Source: US Census Bureau CHAS 2017

Other Forces Impacting the Market

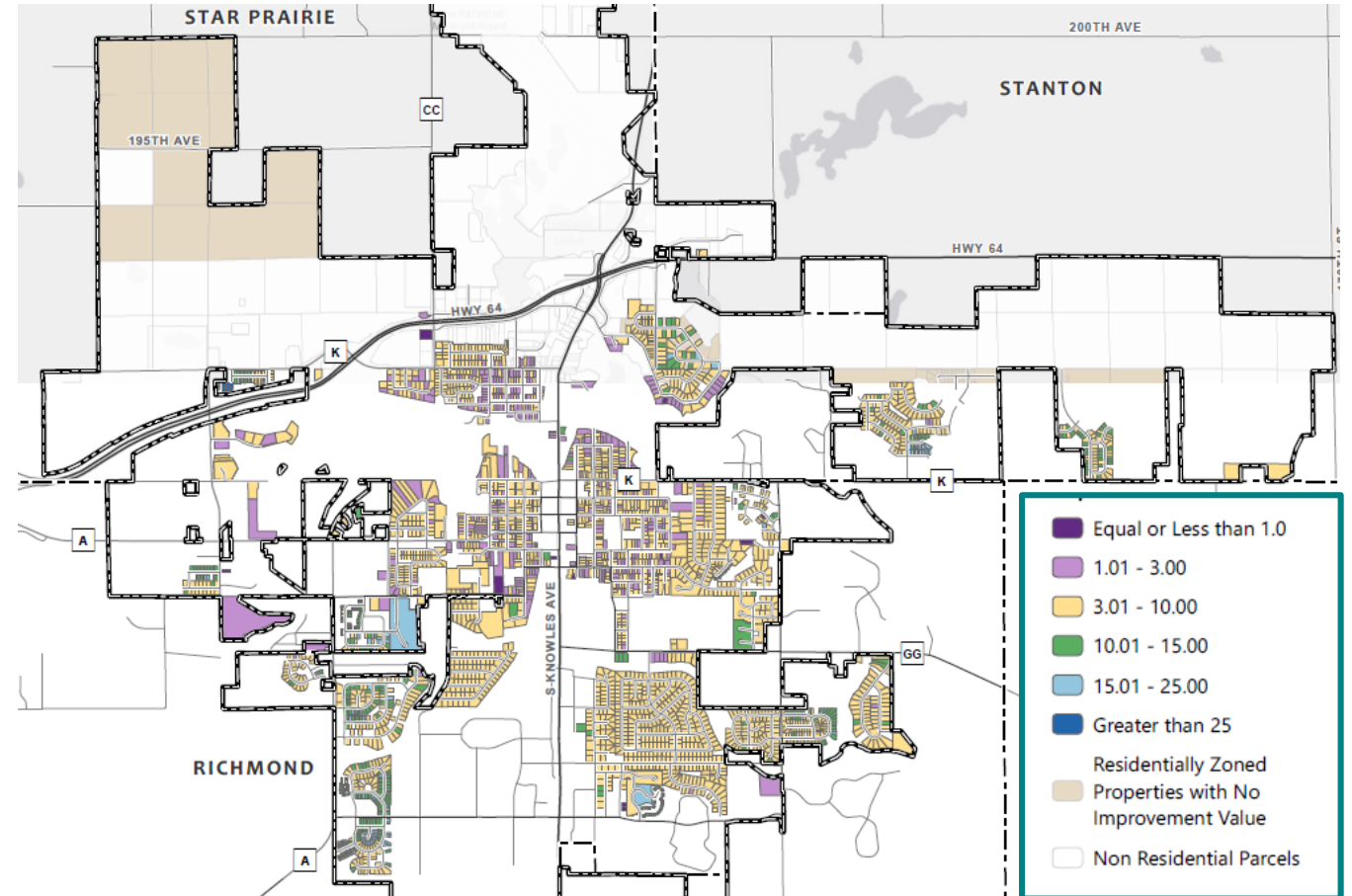
Taxes

- New Richmond’s mill rate is higher than neighboring townships but is consistent with surrounding cities and villages.
- It is generally expected that the City would have higher tax rates than towns because they maintain more infrastructure and offer more services per capita.
- New residential growth expands the City’s tax base and spreads costs between more households.
- There will be a city-wide property re-assessment completed in 2021 which will impact taxes paid by those living in the community.
- Interviews with local housing experts noted that property taxes are lower in New Richmond (Wisconsin) than they are in Minnesota. Anecdotally, is likely that lower property taxes are something drawing people into the City from the Twin Cities.

Municipality	2020 Mill Rate	Taxes on 180,100 Home	Difference vs New Richmond	2020 Population
City of New Richmond	0.0187	\$3,367		10,079
Village of Somerset	0.01937	\$3,488	\$122	3,019
Town of Richmond	0.01373	\$2,473	\$(894)	4,074
Town of Star Prairie	0.01429	\$2,573	\$(793)	3,733
Town of Erin Prairie	0.01499	\$2,699	\$(667)	673
City of Hudson	0.01752	\$3,155	\$(213)	13,795
City of River Falls	0.01838	\$3,310	\$(58)	15,638
City of Rice Lake	0.02399	\$4,321	\$953	9,040

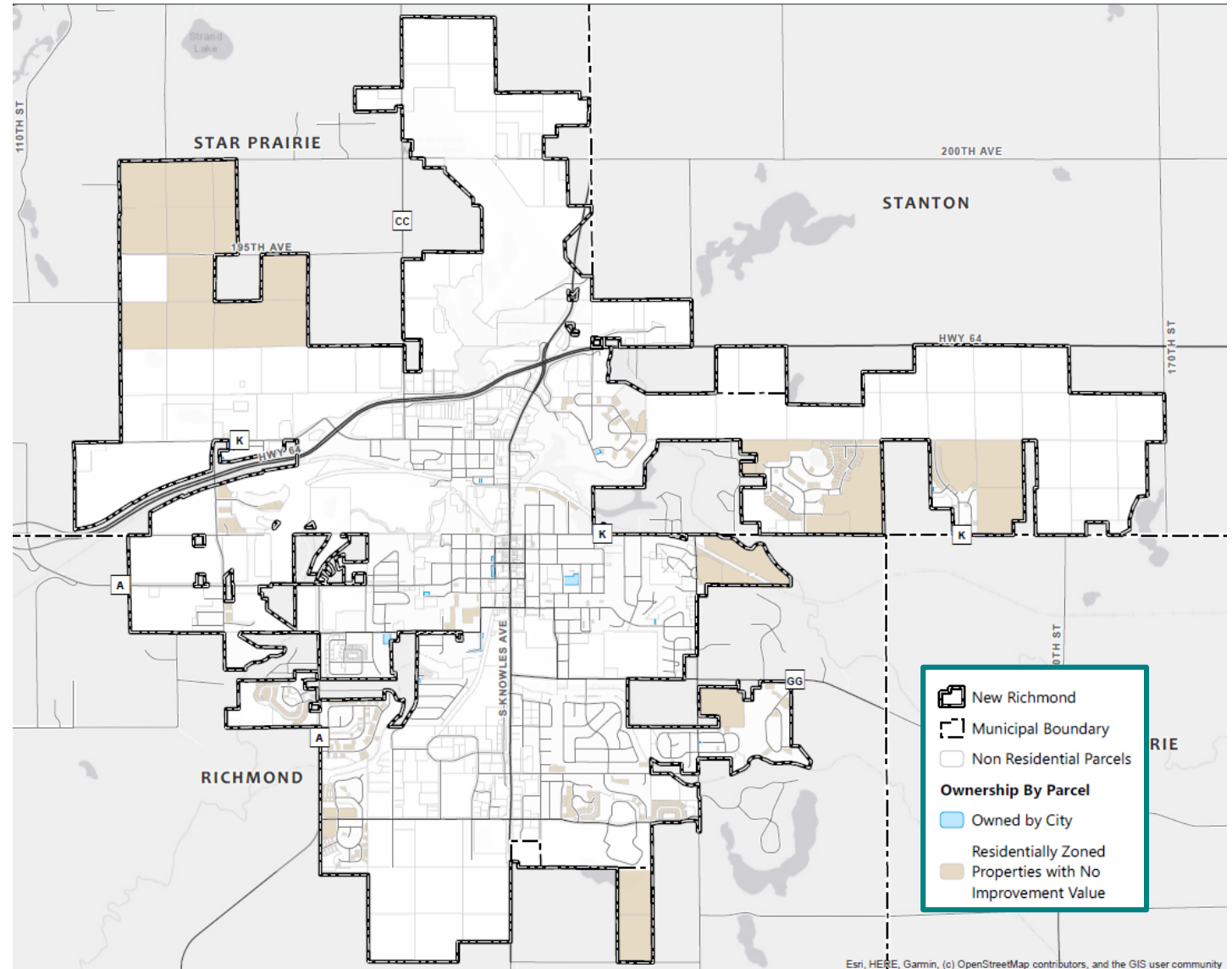
Improvement Value Ratio

- This map helps identify areas that are more likely to benefit from redevelopment or rehabilitation: **residential areas with high land value and low improvement value.**
- Areas with the lowest improvement ratios (the dark purple and light purple) are scattered throughout the City.



Supply of Available Lots

- Aside from redevelopment there are opportunities for additional housing on vacant lots within city limit.
- Vacant residential parcels are represented in brown on the map to the right.
- Most of the available residential acreage is in large areas that could be subdivided (231 acres total). This acreage includes some land that may not be buildable due to wetlands, floodplain, size, shape, etc.
- There are currently 398 buildable lots within the City.



Esri, HERE, Garmin, (c) OpenStreetMap contributors, and the GIS user community

Regulations

- The City's ordinance has six zones that allow for various types of residential development. All of them allow single family development by right:
 - Z1- Agriculture Preservation
 - Z2- Sub-Urban
 - Z3- Multi-Use/Corridor
 - Z4- General Urban
 - Z5- Traditional Neighborhood
 - Z6- General Business
- Townhomes are allowed in Z2-Z6 and multiple family dwellings are allowed in Z3-Z6, the only requirement being site plan approval by Council.
- There is little regulation on minimum lot size in all districts, which encourages development on smaller lots. However there are requirements on minimum lot width and lot coverage in place of minimum lot size requirements in New Richmond.
- Interviews indicated the development process is overall good in New Richmond, though it was suggested the process could be further simplified which would reduce cost to developers. Any reduction in process/cost ultimately gets passed on to renters or owners.

	Agriculture Preservation - Z1	Sub-Urban - Z2	Multi-Use/Corridor - Z3	General Urban - Z4	Traditional Neighborhood - Z5	Central Business - Z6
Dwelling Type	Z1	Z2	Z3	Z4	Z5	Z6
Single-family	A	A	SP	A	A	A
<i>Min Lot Size</i>	5 Acres					
<i>Min Lot Width (in FT)</i>		80	80	80	50	
<i>Min Front Yard Setback (in FT)</i>	50	25	25	25	25	
<i>Maximum Lot Coverage</i>	30%	40%	30%	40%	40%	100%
Two Family Dwelling		A	A	A	A	
<i>Min Lot Size (in SF)</i>						
<i>Min Lot Width (in FT)</i>		40	40	40	40	
<i>Min Front Yard Setback (in FT)</i>		25	25	25	25	
<i>Maximum Lot Coverage</i>		40%	30%	40%	40%	100%
Townhouse		SP	SP	SP	SP	SP
<i>Min Lot Size (in SF)</i>						2,500
<i>Min Lot Width (in FT)</i>		40	40	40	40	16
<i>Min Front Yard Setback (in FT)</i>		25	25	25	25	20
<i>Min Dwelling Unit Separation (in FT)</i>		40%	30%	40%	40%	100%
Mobile Home						
Multiple Family Dwelling			SP	SP	SP	SP
Community Living (1-8)	A	A	A	A	A	A
Community Living (9-15)	C	C	C	C	C	C
Nursing Home						C

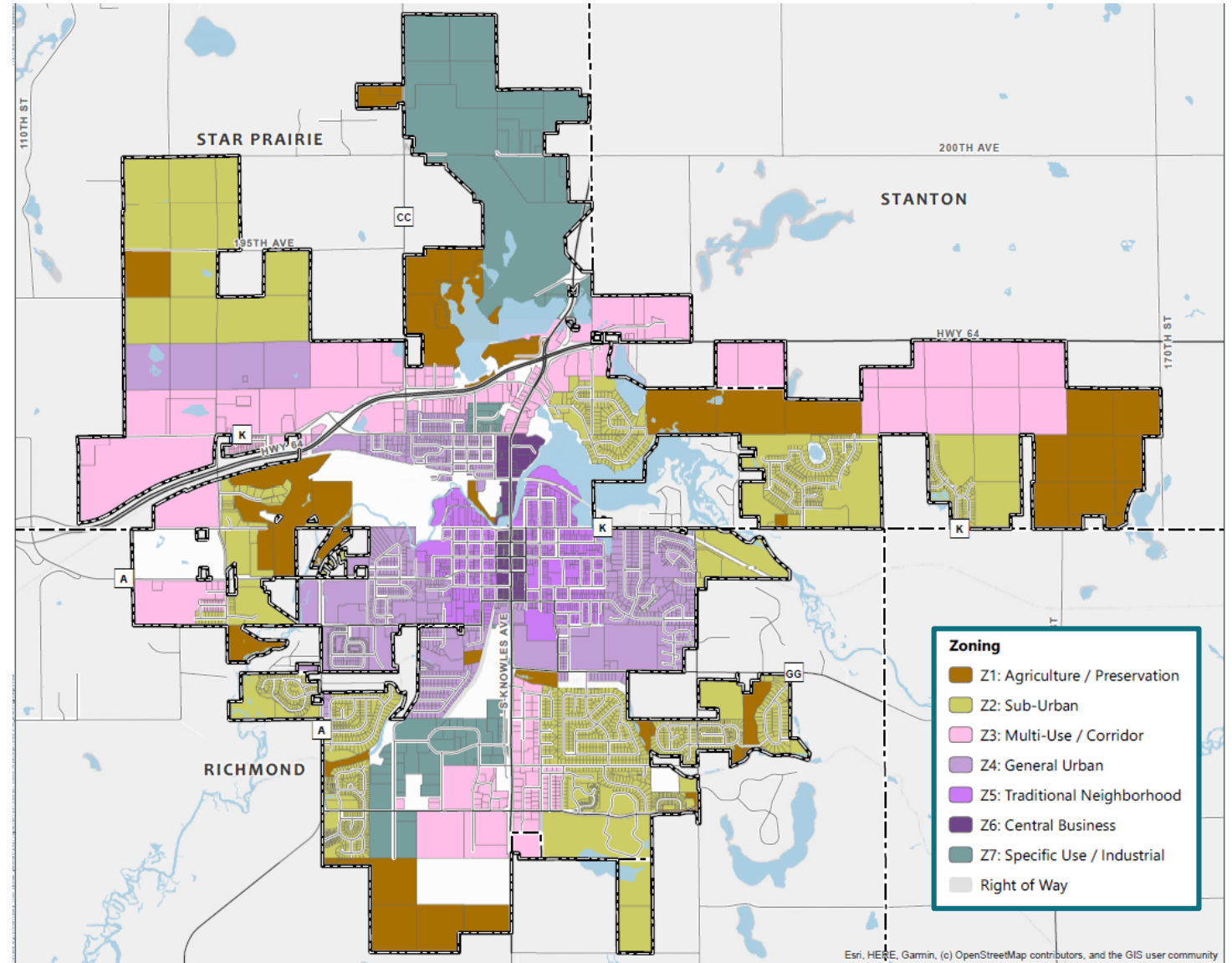
SP=Site Plan Application Required

A= Allowed through building permit process

C= Conditional Use Permit Required

Zoning

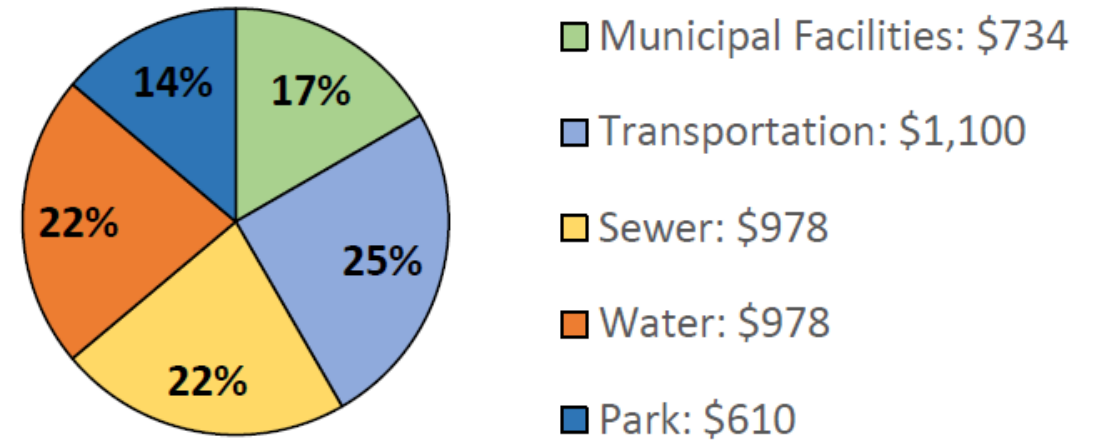
- Due to the flexibility of the City's zoning code, a variety of residential unit types are allowed throughout the City. This facilitates development of a variety of housing types to meet market demand.
- Only larger community living facilities and nursing homes are subject conditional use permits. This is something the City could revisit as the population continues to age.



Impact Fees

- Communities charge impact fees when approving new development to pay for infrastructure that must be built to accommodate new development.
- New Richmond currently charges an impact fee of \$4,400 per dwelling unit for residential development. A breakdown of where this fee goes is shown to the right.
- One interviewee noted that the City's impact fees were high, especially compared to the City of Eau Claire, which does not charge impact fees. Other nearby communities charge the following impact fees:
 - City of River Falls - \$5,450 per dwelling unit
 - City of Hudson - \$2,422 per dwelling unit (water connection fee not listed)
 - Village of Roberts - \$5,050 per dwelling unit
- The City will be undergoing an impact fee study in 2022. Even if findings show fees should be raised overall, the City could consider reducing impact fees for affordable units only to encourage this type of development.

New Richmond Impact Fee (\$4,400) Breakdown



Livability

- **Good Schools:** New Richmond's School District is attractive to potential residents. The District is expecting continued growth due to households leaving the Twin Cities.
- **Proximity to Twin Cities:** Households moving from the Twin Cities to New Richmond come because of the quality of life offered while still being able to easily drive to the Twin Cities.
- **Opportunity for Recreation:** The City has a robust park and recreation system with 28 parks (developed and undeveloped) and 19.5 miles of paved trails.
- **Lack of Broadband:** Lack of reliable internet came up in many of the housing expert interviews as a critical need and a factor that could discourage people and businesses from coming to the community.
- **Safety:** Interviewees mentioned the City is perceived as safe, which is a draw to potential residents.



New Richmond High School

Housing Gaps and Opportunities

Owner Occupied Housing Units Needed-Conservative

- The conservative household growth estimate uses DOA's projected growth rate for the City through 2030 (19%) plus an additional 50% increase due to additional unanticipated housing demand created by the bridge.
- These demand projections could be outpaced based on recent history. The newly constructed bridge has added an element of uncertainty which has resulted in more growth than had previously been projected by DOA for the City.
- **The 482 owner-occupied units that are projected to be needed in the local housing market over the next 10 years should be in the following sale ranges (2021 dollars):**
 - 111 units priced \$35,000*-\$232,000
 - 62 units priced \$190,000-\$294,000
 - 232 units priced \$228,000-\$408,000
 - 77 units priced greater than \$408,000

**Home ownership at this price point is challenging and may not be possible without significant subsidy.*

New Construction Ownership Housing Demand to 2030 - Conservative			
Demand from New Households Within the City			
Owner Household Growth	768 additional households		
Percent Owner Households under 65	46%		
DOA Estimate Plus Demand Due to Bridge (50%)	176 additional households		
Plus Additional 2% Vacancy	11 ownership units		
Demand Generated for New Construction	540 ownership units (54/year)		
Demand from Existing Homeowners			
Current Owner Households (those under 65)	1,715 households		
Annual Turnover	13%		
Households Anticipated to Move	223		
Desire New Construction	13%		
New Construction Demand	29 ownership units (3/year)		
Minus 2021 Permits	87		
Total Demand for New Construction Ownership Units = 482 units			
Demand for Detached vs. Attached Units			
Demand for SF-Detached	75%	Demand for SF-Attached	25%
Total SF-Detached Need	361 units (36/year)	Total SF-Attached Need	120 units (12/year)
Total Unit Need = 482 units (48/year)			

Owner Occupied Housing Units Needed-High

- This high estimate assumes a 50% growth rate in households between now and 2030. This growth rate assumes the construction rate the City has experienced since the opening of the bridge will continue.
- The City should annually re-evaluate construction trends to determine whether the high growth rate experienced right after the construction of the bridge will continue, or whether that was an anomaly.
- **The 911 owner-occupied units that are projected to be needed in the local housing market over the next 10 years should be in the following sale ranges (2021 dollars):**
 - 210 units priced \$35,000*-\$232,000
 - 116 units priced \$190,000-\$294,000
 - 439 units priced \$228,000-\$408,000
 - 146 units priced greater than \$408,000

**Home ownership at this price point is challenging and may not be possible without significant subsidy.*

New Construction Ownership Housing Demand to 2030 - High			
Demand from New Households Within the City			
Owner Household Growth	2,068 additional households		
Percent Owner Households under 65	46%		
Plus Additional 2% Vacancy	19 ownership units		
Demand Generated for New Construction	969 ownership units (97/year)		
Demand from Existing Homeowners			
Current Owner Households (those under 65)	1,715 households		
Annual Turnover	13%		
Households Anticipated to Move	223		
Desire New Construction	13%		
New Construction Demand	29 ownership units (3/Year)		
Minus 2021 Permits	87		
Total Demand for New Construction Ownership Units = 911 units			
Demand for Detached vs. Attached Units			
Demand for SF-Detached	75%	Demand for SF-Attached	25%
Total SF-Detached Need	683 units (68/year)	Total SF-Attached Need	228 units (23/year)
Total Unit Need = 911 units (91/year)			

Rental Units Needed- Conservative

- The conservative household growth estimate uses DOA's projected growth rate for the City through 2030 (19%) plus an additional 50% increase due to additional unanticipated housing demand created by the bridge.
- These demand projections could be outpaced based on recent history. The newly constructed bridge has added an element of uncertainty which has resulted in more growth than had previously been projected by DOA for the City.
- **The 359 rental units that are projected to be needed in the local housing market over the next 10 years should be in the following price ranges (2021 dollars):**
 - 102 units priced \$300-\$600/month
 - 127 units priced \$500-\$900/month
 - 60 units priced \$800-\$1,300/month
 - 70 units priced \$1,000-\$2,000/month

New Construction Rental Housing Demand to 2030 - Conservative					
<i>Demand from New Households Within the City</i>					
Renter Household Growth	768 additional households				
Percent Renter Households under 65	33%				
DOA Estimate Plus Demand Due to Bridge (50%)	127 additional households				
Plus Additional 5% Vacancy	19 rental units				
Demand Generated for New Construction	399 rental units (40/year)				
<i>Demand from Existing Renter Households</i>					
Current Renter Households (those under 65)	1,207 households				
Annual Turnover	6%				
Households Anticipated to Move	72				
Desire New Construction	13%				
New Construction Demand	9 rental units (1/year)				
Minus 2021 Permits	50				
Total Demand for New Construction Rental Units = 359 units					
<i>Demand for Rental Units at Various Price Points</i>					
Affordable Units	64%	Mid-Level Units	17%	High Market Units	20%
Total Affordable Need	229 units (23/year)	Total Mid-Level Need	60 units (6/year)	Total High Market Need	70 units (7/year)
Total Unit Need = 359 units (36/year)					

Rental Units Needed-High

- This high estimate assumes a 50% growth rate in households between now and 2030. This growth rate assumes the construction rate the City has experienced since the opening of the bridge will continue.
- The City should annually re-evaluate construction trends to determine whether the high growth rate experienced right after the construction of the bridge will continue, or whether that was an anomaly.
- **The 676 rental units that are projected to be needed in the local housing market over the next 10 years should be in the following price ranges (2021 dollars) :**
 - 193 units priced \$300-\$600/month
 - 238 units priced \$500-\$900/month
 - 113 units priced \$800-\$1,300/month
 - 132 units priced \$1,000-\$2,000/month

New Construction Rental Housing Demand to 2030 - High					
<i>Demand from New Households Within the City</i>					
Renter Household Growth	365 additional households				
Percent Renter Households under 65	33%				
Plus Additional 5% Vacancy	34 rental units				
Demand Generated for New Construction	286 rental units (29/year)				
<i>Demand from Existing Renter Households</i>					
Current Renter Households (those under 65)	1,207 households				
Annual Turnover	6%				
Households Anticipated to Move	72				
Desire New Construction	13%				
New Construction Demand	9 rental units (1/year)				
Minus 2021 Permits	50				
Total Demand for New Construction Rental Units = 676 units					
<i>Demand for Rental Units at Various Price Points</i>					
Affordable Units	64%	Mid-Level Units	17%	High Market Units	20%
Total Affordable Need	431 units (43/year)	Total Mid-Level Need	113 units (11/year)	Total High Market Need	132 units (13/year)
Total Unit Need = 676 units (68/year)					

Senior Units Needed-Assisted Living

- The number of senior households is projected to increase by 35% in New Richmond by 2030. Planning for aging populations is essential to the success of the housing market in New Richmond.
- As seniors age some will need assistance with daily living (ADL) and need to move out of their current homes.
- **It is projected that by 2030 there will be a need for 41 additional assisted living units in the City.**

Age Cohort of Household	Assumptions	2020 Households	2025 Households (projected)	2030 Households (projected)
65+	-	860	1,022	1,164
Assistance with Daily Living (ADL) Required*				
65+	45%	387	460	542
% Renter Households**		25%		
Total Potential Market		97	115	131
Minus Existing Supply of Assisted Living Units		90	90	90
Projected Demand		7	25	41

Senior Units Needed-Independent Living

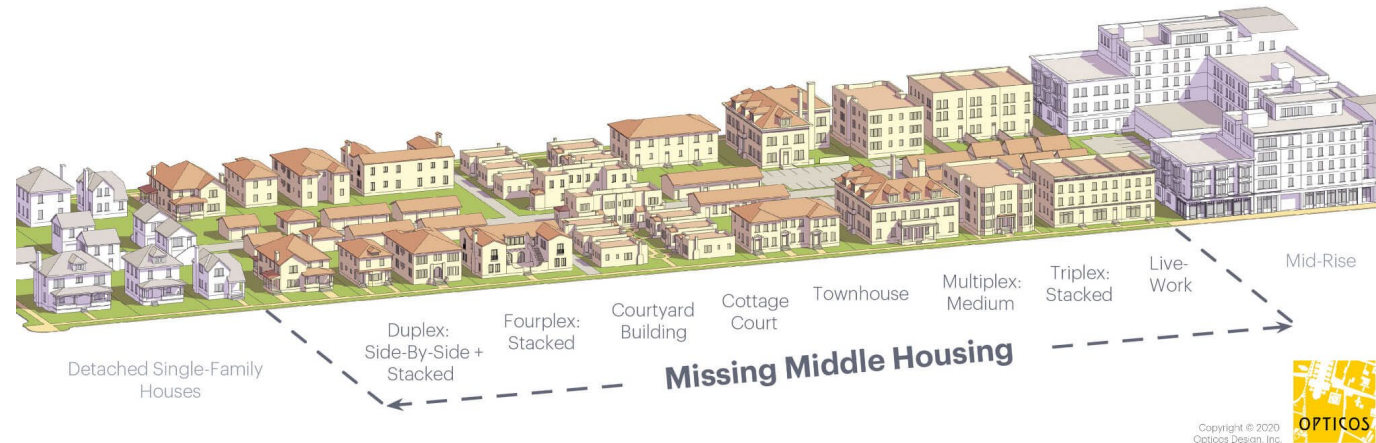
- The number of senior households is projected to increase by 35% in New Richmond by 2030. Planning for aging populations is essential to the success of the housing market in New Richmond.
- Some seniors will not need assistance with daily living, but will still desire to move and look for housing dedicated to seniors.
- It is projected that by 2030 there will be a need for 142 subsidized and 18 market rate senior units. *This calculation does not include existing independent senior living units as that count is not available.*

Age Cohort of Household	Assumptions	2020 Households	2025 Households (projected)	2030 Households (projected)
65+	-	860	1,022	1,164
<i>Assistance with Daily Living (ADL) NOT Required*</i>				
65+	55%	473	562	640
% Renter Households**		25%		
Total Potential Market		118	141	160
% Subsidized**		89%		
Projected Demand - Subsidized***		105	125	142
Projected Demand - Market Rate***		13	15	18

Strategies for Implementation

Priorities

- 1. Detached Single Family Housing** – Continued development of detached, single-family housing, especially at the \$250,000-\$300,000 price point.
- 2. Missing Middle Housing** – Varied housing forms with 2-16 attached units, either rental or condo, addressing affordability, senior accessibility, and neighborhood compatibility.
- 3. Housing for Seniors** – Independent and assisted living units for the growing senior population. Some of these units should be targeted downtown, within walking distance of services and opportunities for socialization.
- 4. Broadband** – Ensure all residential and business/commercial/industrial areas have reliable, fast internet.



Recommendations

Capacity Building & Communication

Form A Housing Committee (Recommended First Action Item)

- A Housing Committee can be the driving force to implement this plan, including providing oversight on the development and administration of funding programs, supporting public outreach about the city's housing needs and programs, and supporting updates to this plan as the market shifts and outside funding programs change year by year. The Committee should be advisory to the Community Development Authority and can include representation from the City's Housing Authority, developers, realtors, landlords, non-profits, lenders, school district, technical college, and major employers.

Improve Staff & Developer Communications & Processes

- Development processes require collaboration with multiple City departments and committees. Getting feedback and sign-off from each department in an efficient manner is a challenge in many communities. A strategy to improve the process would be to find ways to coordinate so everyone is looking at the application at the same time and explore opportunities to hold joint approval meetings. Any processes that can be consolidated or expedited would lower time (costs) to developers, which ultimately lowers costs to owners and renters.

Naser Heights Twin Home Development in New Richmond



Source: <https://www.opkansas.org/wp-content/uploads/2019/11/Cottage-court-neighborhood-Langley-WA-web.jpg>

Recommendations

Initiatives

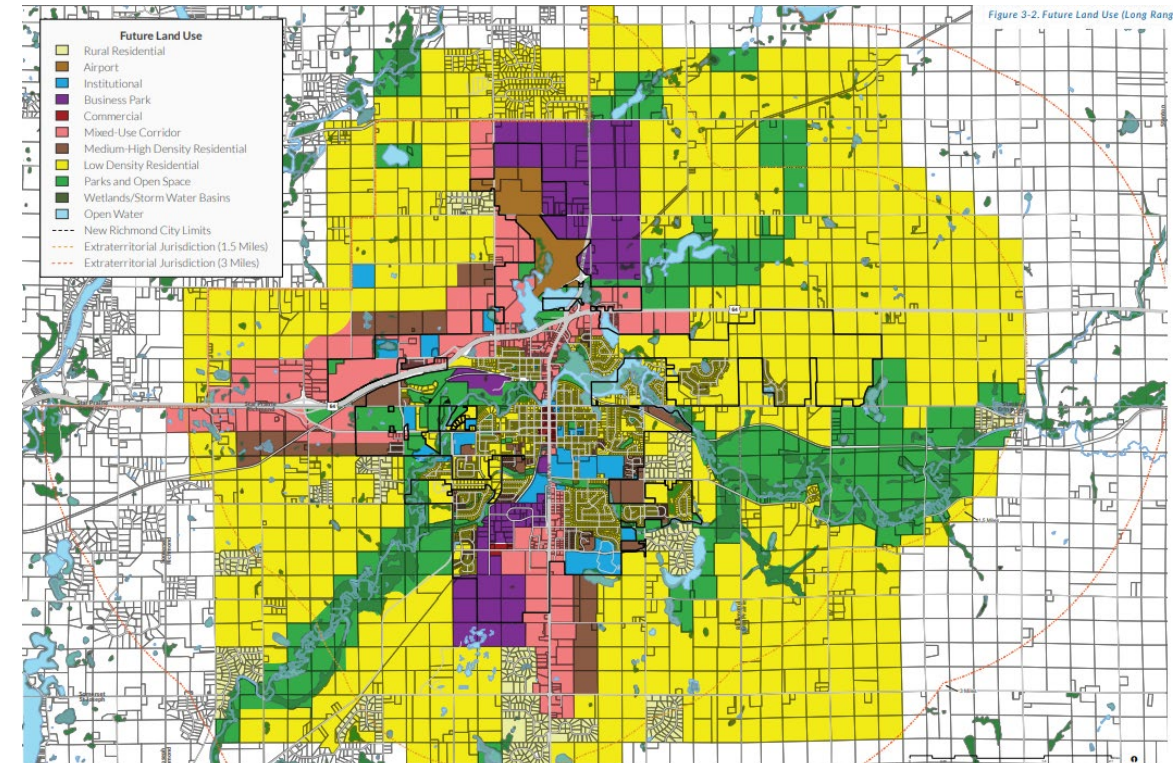
City-Owned Properties

- The City should identify and purchase properties that would be prime for redevelopment, in particular downtown, as well as locations in existing neighborhoods where smaller development projects (three-, four-plex, or small multi-family) serve as a means to increase affordability. The Community Development Authority is the recommended lead for this effort.

Ensure a Supply of Available Lots

- Currently the City has 231 acres of annexed land available for residential development (both platted and unplatted). Because growth is occurring rapidly, the City should annually assess whether sufficient land is available for new residences so as not to hinder development that might otherwise occur.
- The City should also continue to review its rate of household growth vs development for indications that growth may be slowing and the first several years after the bridge were installed were a unique phenomena.
- Continually review and update the Future Land Use Map in the City's Comprehensive Plan to help identify updated areas in the City's extraterritorial jurisdiction that are planned for future residential growth.

New Richmond Future Land Use Map (2018)



Recommendations

Initiatives

Prioritize Expansion of Broadband

- Interviews with housing experts in the community revealed broadband as a critical need in the community. With employers increasingly offering flexibility for employees to work remotely, the City will benefit if it can accommodate a remote workforce, especially from households with jobs in the Twin Cities that require only occasional commuting. The City should prioritize bringing broadband to residential, business, and industrial areas of the City.

Prioritize Business Attraction

- Continue to prioritize business attraction to provide retail, dining, and other commercial amenities residents are seeking.
- Form partnerships with local development corporations to execute projects consistent with community objectives

Impact Fee Reduction for Affordable Housing Projects

- Through the interview process, it was mentioned that the City has high impact fees in comparison to surrounding communities. After its impact fee analysis in 2022, the City should consider lowering its fees for affordable housing projects.

Downtown New Richmond



Recommendations

Initiatives

Identify Areas Suitable for Mixed Unit Types

- Small-lot and large-lot new development is needed, so are unit type mixes within new subdivision development. Integrating a mix of housing types (attached/detached, 3-9 unit rental) within subdivisions creates more choices and options in the housing market – ensuring households of all incomes can find suitable housing in most neighborhoods. This enables more people to stay in a neighborhood over time as their housing needs change. For this initiative the city should identify:
 - Sites that transition to higher intensity areas
 - Sites large enough to place higher density in the center with intensity of use transitioning down to single family density with existing neighborhoods
 - Potentially mixed use corridors
 - Predesignated sites in new subdivisions

Actively Seek Cottage Court-Style Development

- Cottage Court style development is an affordable ownership option. This style of development includes small groupings of housing around a shared public space and may be particularly attractive to seniors looking to downsize. Cottage Courts can be implemented through PUD (Planning unit development) zoning to provide suitable (but modified) setbacks, density, parking arrangements, etc.
- The City should identify areas where this could be possible, including both redevelopment and new neighborhood locations.

Example Cottage Court



Assist in Development of Community Land Trust

- Community land trusts acquire land and maintain ownership of it permanently, to ensure long-term housing affordability. With prospective homeowners, land trusts enter into a long-term renewable lease. When the homeowner sells, the family earns only a portion of the increased property value. The remainder is held in trust, preserving affordability for future low- to moderate-income families. The City should contact the Madison Area Community Land Trust for best practices in developing this type of organization.

Recommendations

Initiatives

Provide Housing Options for Aging Seniors

- The large share of senior households projected through 2030 is a major component of the local housing market. The City should develop accessibility programs to retrofit homes to age-in-place (potentially funded through an Affordable Housing Fund) and identify locations for senior apartments or condos. Providing attractive, affordable options for seniors who wish to move has the added benefit of putting those often older, more affordable homes seniors are currently living in back on the housing market.

Identify Areas Appropriate for “Luxury” Housing

- There are households that could afford luxury unit rents, many of which are currently renting down into more affordable units. Development of additional luxury units is recommended to diversify the market and attract some of those households that are competing with lower-income households for housing, both renter- and owner-occupied units. Work with developers to identify areas that are appropriate for luxury housing.

Example Senior Apartments



Recommendations

Initiatives

Add a Continuing Care Retirement Community

- Seek out a developer for a Continuing Care Retirement Community (CCRC) and work with developer to identify a location for the community. A CCRC offers seniors the opportunity to stay in place as they age and their needs change. Residents can start out living independently in the community in an apartment and later transition to assisted living or nursing home within the community to receive additional care. An ideal location for this type of community would be near a grocery store, retail, bank, church, etc. – places which keep seniors connected to the community.

Seek Out Development of Short Term Rentals

- Review the City's ordinance to allow flexibility for landlords to provide short term rentals. Short term rentals could provide options for households who move from New Richmond from outside of the area and need temporary housing while they look for permanent housing. This is a need we heard echoed during our interviews with local housing experts.

Example Continuing Care Retirement Community Concept



Recommendations

Funding

Affordable Housing Fund

- The City could create an Affordable Housing Fund to be a general-purpose funding vehicle that can serve various affordability initiatives anywhere in the city. This can be used for matching funds, land purchase, new construction, rehabilitation, renovations for seniors, and down payment assistance. This could be the source of funding to support a low-cost loan program to help owners modify their homes to accommodate aging/disabilities. Funds could come from TIF Affordable Housing One-Year Extensions, general obligation bonds, sale of surplus land, general fund budgeting and private contributions. This funding could be leveraged to make developers more competitive when applying for Low Income Housing Tax Credits (LIHTC). This fund could be sustained over time, at least in part, by offering loans rather than simply grants. A mix of 50% forgivable loan and 50% low-interest repayment within 5-15 years should be considered.

Federal Low Income Housing Tax Credit (LIHTC)

- For development of affordable housing in the community, seek out a developer familiar with LIHTC. LIHTC (or Section 42) is a federal program which gives the Wisconsin Housing and Economic Development Authority (WHEDA) the authority to issue tax credits for acquisition, rehabilitation or new construction of rental housing for low-income households. There are two types of tax credits available through this program: 1) Federal 9% Tax Credit (competitive) and 2) Federal 4% Tax Credit (non-competitive). The City should seek developers with LIHTC experience.
- This program offers the opportunity for new construction at rents that fit within the limits and demands of the community. Statewide and locally, we are hearing from employers that workers need local housing they can afford.

Wisconsin Low Income Housing Tax Credit (LIHTC)

- Similar to the federal LIHTC program, Wisconsin offers a 4% non-competitive state tax credit which can be used as match for the federal 4% program. Again, the City should seek to work with developers familiar with the LIHTC program.

Recommendations

Funding

Tax Increment Financing – Affordable Housing Incentives

- Tax Increment Financing (TIF) districts can include residential property. In areas targeted for new residential growth the City should consider TIF district creation to provide incentives to support new housing development that is affordable, such as infrastructure improvements, land purchase and housing tax credit matching funds. Project plans could also offer grants to current homeowners for necessary maintenance and improvements to the City's aging housing stock. The intent is to ensure that investments in the attraction of businesses and jobs should be coupled with investment in housing affordable to who will work those jobs.

Tax Increment Financing – Affordable Housing One-Year Extension

- The City should hold all TIF districts open for one additional year beyond their planned or maximum duration to generate funds that will be used for affordable housing. All of the increment collected in that extra year can be used for housing anywhere in the City, with the stipulation that 75% must be used for affordable housing. More information can be found in section 66.1105(6)(g) of the State statutes.

Recommendations

Funding

Down Payment Assistance

- WHEDA and the Federal Home Loan Bank Of Chicago (FHLBC) already have down payment assistance programs which should be promoted. These programs are typically available for households at/below 80% AMI. The FHLBC Downpayment Plus program provides matching funds which could be matched from pools of local employers or from the City.

WHEDA 7/10 Flex Financing

- The City should continue to encourage developers to apply for these low interest loans that require developers to set aside at least 20% of units to households at or below 80% AMI. This is a noncompetitive program and applications are accepted at any time. Loan amounts have a maximum of \$10 million. One drawback to the program is that it is not as desirable when interest rates are already low.

Waive Fees on Housing Rehab for Low-Income Owners

- The City should consider waiving fees for housing rehabilitation projects for low-income households (<80% AMI).

Federal Home Loan Bank Affordable Housing Program

- Encourage developers of rental projects to apply, and encourage local banks and single-family home developers to participate in the Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP). Under this program a FHLB member bank can partner with a developer to apply for grant funds for rental projects where at least 20% of the units are affordable for and occupied by those at or below 50% AMI or owner-occupied programs for households at or below 80% AMI.