

The purpose of this report is to identify whether and to what extent the current and future local demand for multiple family, workforce, senior, and affordable housing in the Villages of Windsor and DeForest exceeds the current supply.

## DeForest-Windsor Housing Supply & Demand Analysis

February 24, 2021



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## Section 1—Findings

This section provides the key findings of this Housing Supply and Demand Analysis report, focusing on responses to the following questions asked by Village officials to aid in future policy making regarding affordable, workforce, senior, and multiple family housing in Windsor and DeForest. Key findings are marked in bold text below. Substantially greater detail lies within the remainder of this report.

### 1. What is the current supply of each of these different housing types in Windsor and DeForest?

DeForest and Windsor have had robust residential development over the past decade, including significant single family and multiple family housing. (Two family/duplex housing construction has been less significant than in prior decades.)

Between 76 (DeForest) and 80 (Windsor) percent of all housing units in the Villages are owner-occupied, and between 60 percent (DeForest) and 70 percent (Windsor) of all housing units are single family homes. The owner-occupied percentages are higher because more two family and multiple family units are owner-occupied than single family homes that are renter occupied.

Over the past decade, the percentages of single family units relative to total housing units and the percentages of households owning their home has remained largely unchanged, but significant multiple family (3+ unit) construction has increased its percentage relative to two family units. This a common trend across suburban municipalities in Dane County and elsewhere.

The supply of approved but unbuilt single family homes generally decreased over the past decade. The number of improved lots actually available for sale decreased in 2020 for the first time in several years. In other words, there have been more permits issued for single family homes in the DeForest-Windsor area than there have been lots created.

**Prices of single family homes and vacant lots have increased significantly in Windsor and DeForest over the past decade, such that the average pre-existing single family home sells for well over \$300,000, and it is increasingly difficult to have a new home built for under \$400,000 or buy a new vacant lot for much under \$100,000.** At the moment, the challenge with high lot prices and limited inventory appears particularly acute in DeForest, with an average asking price of about \$115,000 per vacant lot.

As of October 2020, the two Villages have provided land development approvals authorizing 1,185 multiple family units, including apartment units intended for rental occupancy, and condominium and senior housing units in 3+ unit buildings. These have not yet been constructed for a variety of reasons, but could address some of the needs identified in this report.

**DeForest has 98 income-restricted, independent senior rental units within four separate publicly- and privately-operated developments. There are presently no income-restricted housing units within the Village of Windsor, and no income-restricted housing units for non-senior low-income households (including any designated “workforce” housing) in DeForest.** Windsor has a

comparably sized total population and senior population as DeForest, but a much smaller workforce. Both Villages have landlords who rent to lower income persons through the federal Section 8 program, and both Villages have senior living communities that *may* be more affordable, due to favorable taxation or otherwise.

DeForest and Windsor have some newer market-rate rental apartment and townhouse developments, requiring rents well over \$1,000 per month in many cases and with very low vacancy rates. Economic uncertainty, high material costs (particularly lumber), local governmental policies, and some community resistance are current factors limiting more construction.

2. What local and regional factors are influencing demand for these housing types?
  - a. Related to any shortage of affordable owner-occupied housing.
  - b. Related to spill-over from individuals currently living in Madison or other cities interested in relocating to suburban areas like Windsor and DeForest. (Can we quantify?)

Several trends suggest growing demand for more smaller-scale, rental, and affordable housing options. Most new residents to DeForest and Windsor tend to be younger than the general population of DeForest and Windsor. Households are generally smaller than in the past, largely because they are having fewer children. Movement between jobs and regions is also occurring at a greater rate, suggesting less interest in being tied down to any one community. Household incomes are not increasing as fast as housing costs—and in some cases are decreasing when accounting for inflation—and many Millennials are burdened with student and other debt. This demand may grow in the coming years as the next generations—Millennials and Gen Z—put off or refrain altogether from family formation. At the same time, there are more senior households interested in downsizing their residences.

**Recent surveys and interviews suggest that upwards of 75 percent of people moving to new homes and apartments in DeForest and Windsor move from someplace outside of the DeForest-Windsor area.** The last place of residence for many households occupying owner-occupied, single family homes is somewhere else in Dane County. Many—if not most—new residents for rental housing appear to have last lived outside of the Dane County region, many drawn to the County by strong job growth.

Recent social unrest and pandemic concerns in Madison, and more so in larger cities, may be accelerating this type of movement, but at this point the full extent and lasting impact is difficult to quantify. The consultant believes that movement from Madison to places like Windsor and DeForest will continue at much the same pace as it has before, but movement to Dane County from larger metro areas and from rural areas will increase.

**Median incomes of DeForest’s and Windsor’s households owning their home has increased between 31 and 42 percent over the past decade, while the median sales price of a single family home has increased by 71 percent, suggesting a growing affordability problem. Additionally, home ownership is generally out of range or a significant reach for single-earner households serving at many full-time**

**jobs in DeForest and Windsor.** As a result, these households typically must either rent, purchase a house in a location further from Madison, or seek a house in DeForest or Windsor that costs significantly under \$300,000. This is a shrinking commodity, and non-existent in new single family construction locally. **Therefore, housing needs may be spilling over into the rental housing market to a greater extent than they would be with more affordable owner-occupied housing options in Windsor and DeForest.**

The shortage of affordably-priced single family homes in Windsor relative to demand is likely greater than in DeForest. Still, the recent discrepancy in average lot prices between the two Villages may begin to even this difference. DeForest lot prices are currently higher and its supply of vacant lots for new single family homes is lower.

### 3. Can workers in DeForest and Windsor afford to live here? If not, what are the gaps?

**Windsor and particularly DeForest have a substantial workforce, with over 7,000 jobs, but only about 11 percent live locally.**

Non-DeForest residents who work in DeForest generally have lower incomes than DeForest residents who work elsewhere, are less likely to have completed college, and are younger. This suggests a greater housing gap at the lower end to appeal to the local workforce, than at the upper end.

**Much of the DeForest-Windsor workforce earns between about \$45,000-\$55,000 per year. Only about 11 percent of such workers can afford to buy a home in either of the two Villages.** In general, the number of households that can afford a home with just one income is dwindling.

About 60 percent of Windsor's existing rental housing and about 65 percent of DeForest's rental housing is affordable to households making below 50 percent of the median family income.

The increasing rents for new apartments and other rental units render most of them increasingly unaffordable to much of the existing residential renting population and to the workforce of DeForest and Windsor.

**Households renting in newly-built units tend to have salaries of \$55,000 to \$75,000 per year, as property managers are careful to ensure new tenants have the financial means to comfortably pay their rent. This is at or above the income range for most available jobs in DeForest and Windsor.**

Area businesses have reported that finding affordable housing near work is an issue for their workers. Many of the occupations reporting affordability problems fall under 50 percent of the median family income for either Village, which would likely qualify these households for subsidized family housing if there were any in either Village.

#### 4. What is the current and expected future (10-year) demand for each of these housing types?

**Both DeForest’s and Windsor’s senior populations have grown by around 70 percent (or nearly 900 residents) over the past decade, but the supply of independent and assisted housing specifically targeted to seniors has barely changed. The median incomes of Windsor and DeForest households with at least one person aged 65 or greater was stagnant over the 2010s in real dollars, and declined when accounting for inflation.**

Waiting lists for age-restricted (senior) housing in DeForest and Windsor ranges from one to more than three years.

Recent growth in the senior population seems more concentrated in Windsor, but the large proportion of DeForest’s population that has now aged out of their childrearing years suggests a spreading of that wave.

**The consultant projects between 2,216 and 2,476 additional households in DeForest and Windsor between 2020 and 2030, creating a roughly equivalent demand for new housing units. Between 1,018 to 1,112 of these additional households are projected to be senior households.**

Some of this household growth will be driven by new employment growth in DeForest and Windsor. Staff from the Capital Area Regional Planning Commission project an increase of approximately 1,500 jobs in DeForest and Windsor between 2020 and 2030.

**Several factors suggest that the two Villages may be short on market-rate rental housing.** These include a widening income gap between homeowners and renters today, increasing employment with rental-supporting pay, very low reported rental housing vacancy rates, and a number of active proposals to increase the supply. In a prior study for the DeForest Area School District, the consultant projected construction (demand) for over 1,000 multiple family units (i.e., in 3+ unit buildings) between 2020 and 2030. This level of demand—**upwards of 100 units built per year—seems readily attainable and “absorbable”, provided that the Villages accept that much of this demand will be from current non-residents.** The current interest in constructing new market-rate multiple family housing in DeForest and Windsor appears to be driven more by serving regional professional job growth and (to a lesser extent) empty nesters than the DeForest-Windsor workforce. This is not too different than the market for new single family homes that are being built.

5. Is current supply and cost of affordable housing sufficient to meet demand from:
- All current and projected resident households requiring affordable choices?
  - Lower-income households (i.e., incomes between 30% and 80% of the County median)?
  - Senior households, including but not limited to lower-income seniors?
  - Non-resident workers in DeForest and Windsor businesses

If not, how many units are DeForest and Windsor short (i.e., housing gap)?

**Median gross rent in DeForest is approaching an unaffordable level for a renting household making median income, while median gross rent in Windsor is unaffordable for a rental household there earning median income. Newer units being built are increasingly more expensive and are likely unaffordable to the existing renting population and the workforce of either community, due in large part to high construction costs.**

**Median incomes of Windsor and DeForest households renting their housing units has been stagnant-to-declining over the past decade (particularly with inflation), while the median rent has increased by 28 percent in DeForest and 34 percent in Windsor.**

**For DeForest, the consultant estimates that:**

- **206 total affordable rental units are currently needed, not considering any added demand from the non-resident workforce.**
- **Additional affordable senior housing units make up 64 units of this estimated current need.**
- **By 2030, DeForest's projected need increases to between 286 and 291 affordable rental units in total, of which about 127 to 129 would be senior units.**
- **If just 5 to 10 percent of DeForest's non-resident workforce would move to DeForest if housing units were affordably priced, an additional 190 to 382 workforce housing units would be required in DeForest today. That number is projected to grow by 50 to 100 additional workforce housing units by 2030. These could be renter and affordable owner-occupied housing units.**

**In Windsor, the consultant estimates that:**

- **84 total affordable rental units are currently needed, not considering any added demand from the non-resident workforce.**
- **Affordable senior housing units make up 42 units of this estimated current need. Other statistics included in this report suggest that Windsor's affordable senior housing gap may be greater.**
- **By 2030, Windsor's projected total need increases to between 116 to 121 affordable rental units, of which about 63 to 66 would be senior units, or perhaps greater given other reported statistics.**

- **If just 5 to 10 percent of Windsor’s workforce would move to Windsor if housing units were affordably priced, an additional 63 to 128 workforce housing units would be required in Windsor today. These could be a combination of renter and affordable owner-occupied housing units.**

6. Where in the two Villages could these gaps best be filled? What criteria define the most suitable locations?

In general, the best locations for future workforce housing in DeForest and Windsor will be close to Highway 51 and Interstate 39-90-94. These general locations that are both close to many local jobs and easy to get back to the places from where people may have relocated. Still, isolating workforce housing away from neighborhood settings and burdening such housing by noise and pollution has not always been a successful strategy in other areas.

**Because DeForest has about three times as many jobs as Windsor, DeForest may wish to assign a greater priority to workforce housing. Because Windsor has a larger older population than DeForest and no current supply of income-restricted senior housing, Windsor may wish to assign a greater priority to affordable senior housing. However, it is unlikely that most workers or seniors will care which of the two Villages they call home, the best sites don’t necessarily follow Village limits.**

## Section 2—Introduction

**This section provides the background, purpose, key data sources and methods, and definitions for this Housing Supply and Demand Analysis report.**

### Background

Dane County has a housing shortage. County-wide, construction of new housing has not kept up with the pace of population and job growth.<sup>1</sup> The shortage spans different housing types (e.g., single family, multiple family), tenures (i.e., owner- and renter-occupancy), and forms (i.e., fee-simple land ownership and condominium). This shortage has translated to increased housing costs; in other words, less affordability. This affects all current and potential residents, but particularly those with more limited and fixed incomes including the elderly. Further, as job growth outpaces housing growth, workers often find themselves unable to afford a home within the community where they work, forcing them to live or relocate elsewhere with longer commutes.

The Villages of DeForest and Windsor, located in northcentral Dane County, had in the past been one of the more affordable places in Dane County to live. This has changed in recent years. As recently as 2009, the median home sales price in the DeForest-Windsor market was among the lowest within suburban Dane County markets and below the County median. By 2019, DeForest-Windsor's median price had increased 71 percent and was above the County median.<sup>2</sup> Further, new apartments in Windsor and DeForest are generally unavailable for under \$1,000 per month, with rents \$1,200 and up more common.<sup>3</sup> As presented in this report, vacancy rates for most housing in the two Villages are very low.

These changes have prompted concerns in the community that many current and prospective residents and workers in DeForest and Windsor are unable to find or keep suitable and affordable housing. The challenge appears to be mounting. The first members of the 20-year Baby Boom generation are now 75 years old. Further, household income growth is not keeping up with housing cost increases.

In response, there is interest in the community in promoting additional housing of various types, and in working towards greater affordability. Housing market conditions have also prompted growing interest from residential builders—particularly those interested in constructing market-rate multiple family housing and senior housing. This interest seems to have been tempered only by rising material costs (particularly lumber) and broader economic concerns among the development and building community.

### Purpose

Village policy makers commissioned this report for objective information to help them address these concerns, forge new and revised housing policies, respond appropriately to pending housing construction proposals, and perhaps actively encourage housing to serve identified needs.

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<sup>1</sup> Dane County Housing Needs Assessment, 2019 Update

<sup>2</sup> South Central Wisconsin Multiple Listing Service

<sup>3</sup> Internet searches; interviews with rental apartment builders

The report does not include new or revised policies, or suggestions for them, except perhaps for siting, design, and other criteria in the final section. Instead, the Villages may use the information in this report to develop, refine, and incorporate policy documents like their respective comprehensive plans.

The purpose of this report is to identify whether and to what extent the current and future local demand for multiple family, workforce, senior, and affordable housing in the Villages of DeForest and Windsor exceeds the current supply. For purposes of this report, the “future” is defined as the next decade and other terms like “affordable” and “workforce” are defined below.

This report is further intended and organized to:

- Define and identify the current demand for the housing types listed above.
- Explore needs of vulnerable populations, such as low-income and senior households.
- Assess the current stock of housing options in each Village to serve these demands and needs.
- Forecast the future demand for these same housing types based on anticipated population growth and change.
- Identify where there are gaps in the current supply versus the current and future demand for these housing types, the extent of those gaps where they exist, and the extent to which these can be divided between the two Villages.
- Provide criteria—and potential locations that meet these criteria—for new housing to fill identified gaps. (At the request of both Villages, this is the only part of the report where policy suggestions are offered.)

The questions and answers in the preceding “Findings” section further define the purpose of this report.

### Data Sources and Methodologies

Through this report, the consultant utilized and cited a number of local, county, regional, state, and federal data sources. Perhaps the most prominent is the U.S. Census Bureau’s American Community Survey, which will be abbreviated to its common acronym, ACS, throughout the report. The ACS is a demographics survey program that the Bureau conducts annually utilizes the 2019 5-Year Estimate, which provides the most reliable and up-to-date demographic data available when analyzing populations with fewer than 20,000 people. Later in 2021, data from the 2020 decennial Census count will come available, which could be used to supplant some of this ACS data.

The consultant has researched a number of methods to answer the above questions, and has selected a handful based on their applicability and available data. These are documented in this report, particularly in Sections 4 and 5.

The quantitative data and methods were enhanced by interviews, including of local builders, housing staff and advocates, and social and community services personnel. The consultant also utilized housing data it has assembled, analyzed, and projected for the DeForest Area School District, which encompasses both Villages, and other information it has assembled and analyzed.

## Definitions

The term “affordable housing” and other related terms can have different definitions. For purposes of this report, the following definitions are used:

- **AFFORDABLE HOUSING** – Any housing which has a cost (including utilities) that requires no more than 30 percent of a household’s income. The U.S. Department of Housing and Urban Development (HUD) and others including lenders and rental property managers have calculated 30 percent as the maximum desired percentage a household with income constraints can afford to pay for housing while having enough remaining income to pay for other nondiscretionary costs. Therefore, whether housing is affordable is relative to household income, and the size of the local population in different income classes relative to housing costs determines the extent to which that locality’s housing is affordable.
- **AREA MEDIAN HOUSEHOLD INCOME** – HUD calculates this statistic for each metropolitan area throughout the United States. This report uses the 2020 Madison, WI HUD Fair Market Rent Area for median household income, which includes all of Dane County. This income chart is used to determine Fair Market Rents (FMRs) and income limits for HUD programs. Households in existing subsidized units in the DeForest-Windsor area are subject to these limits.
- **COMMUNITY-BASED RESIDENTIAL FACILITY (CBRF)** – A place where 5 or more unrelated people live together in a community setting. Services provided include room and board, supervision, support services, and may include up to 3 hours of nursing care per week.
- **COST-BURDENED** – A condition affecting a household when its monthly housing costs (including utilities) exceed 30 percent of that household’s monthly income.
- **HOUSEHOLD** – All people living in a single housing unit. Members of a household can be related or unrelated—a family is a common but not the only type of household. “Non-family households” include one-person households and households with people who share a housing unit but are not related.
- **HOUSING TENURE** – A term used to describe whether a particular housing unit is owned by its occupant, or rented to its occupant by another person or group that lives elsewhere.
- **HOUSING UNIT** – A place of dwelling for one household, separated by walls from other housing units. Also commonly known as a “dwelling unit” or a “home”. Single family homes, two family/duplex units (2 per building), residential apartment units, and residential condominium units, and most senior housing units are all housing units. Group living facilities, like memory care facilities, are not housing units.

- **LOW INCOME** – A condition when a household’s adjusted gross income is below their jurisdiction’s median household income, which varies by household size. Adjustments to gross income include such items as educator expenses, student loan interest, alimony payments, and contributions to a retirement account.
- **SENIOR HOUSING** – Housing that is intended for persons that are 65 years of age or older. Specific assistance programs or housing options may have their own set age for “senior” eligibility that is different, such as 62 or even 55 years old. “Senior housing” is not a housing characteristic measured or tracked by the U.S. Census.
- **WORKFORCE HOUSING** – Housing priced to be affordable and otherwise intended to meet the needs of the workforce in an area. Typically, the “workforce” being considered are households whose incomes are too high to qualify for public assistance programs, but too low to afford many housing options available in their area. In Wisconsin, “workforce housing” is typically defined as<sup>4</sup>:
  - For renters, households earning up to 60 percent of the area median family income.
  - For homeowners: households earning up to 120 percent of the area’s median income.

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<sup>4</sup> Dane County Workforce Housing Gap Fact Sheet, from the 2017 Dane County Housing Summit

## Section 3—Population and Employment Profile

**This section features current conditions, trends, and projections for the population and workforce in DeForest and Windsor. Current and future residents and workers form the demand for different housing types in the two Villages—both today and over the next decade.**

### General Population and Household Trends

Figure 1 shows the total population increase and the senior population increase for Dane County and both Villages between 2010 and 2019. Over this period, the total population of Dane County grew 12 percent and its senior population grew 54 percent. Increases in Windsor and DeForest’s total population were similar to the County’s and to each other, but the senior population grew less rapidly in DeForest than in Windsor. Windsor’s senior population is estimated to have grown by 377 people, or by 50 percent, over the past decade. There are now nearly 550 more senior citizens in DeForest and Windsor than there were in 2010. The opening of The Legacy assisted senior living facility in DeForest in 2020 may have increased DeForest’s senior population slightly.

**Figure 1: Population Growth, 2010 to 2019**

	Dane County			DeForest			Windsor		
	2010	2019	Change	2010	2019	Change	2010	2019	Change
<b>Population</b>	488,073	546,695	+12%	8,936	10,179	+14%	6,345	7,110	+12%
<b>Seniors (Ages 65+)</b>	50,144	77,385	+54%	888	1,059	+19%	760	1,137	+50%

Source: 2010 Census, Table P12; 2019 ACS, Table S0101

Figure 2 tracks change by age group within the Villages. The population is sorted by pre-school children, school-age children, adults in their childrearing years, adults in their “empty-nester” years, and seniors—providing further insight as to how the population of the two Villages has changed over the past ten years.

In DeForest, the percentage of the population that was in their empty nester years grew, while the school-age and childrearing cohort decreased. Meanwhile, the median age of DeForest residents increased from 35.6 to 36.6 years old. This suggests that, between 2010 and 2019, many DeForest households aged out of their childrearing years, but still had older children at home. Many of these parents will be senior citizens in another decade, joining the increasing cohort already over 65.

In Windsor, the senior cohort increased as the empty-nester cohort decreased, and the percentages of school-age children and adults in their childrearing years largely did not change. Windsor’s median age changed very little from 2010 to 2019.

Figure 2: Median Age and Age Cohorts as a Percent of Total Population, 2010 to 2019

	DeForest		Windsor	
	2010	2019	2010	2019
<b>Median Age</b>	35.6	36.6	39.8	40.4
<b>Total Population</b>	8,936	10,179	6,345	7,110
<b>Under 5 Years Old</b>	7%	8%	5%	6%
<b>5 to 19 Years Old</b>	23%	21%	14%	13%
<b>20 to 44 Years</b>	36%	33%	22%	22%
<b>45 to 64 Years Old</b>	24%	27%	21%	18%
<b>Ages 65+</b>	10%	10%	9%	11%
Source: 2010 Decennial Census, Tables P12 and P13; 2019 ACS, Table S0101				

Both Villages had a 1 percent increase in the percentage of the population under the age of 5. Many of the younger adults in the childrearing cohort may be starting to have children, but locally and nationally the birth rate has decreased over the past several years and particularly since the start of the pandemic. The number of births in Windsor has ranged from 56 to 81 per year since 2014, and does not appear to be on an upward trajectory. By contrast, Windsor’s senior population is not nearly the same size as its school-aged population.

In 2018, the consultant conducted a survey for the DeForest Area School District of households who had built new single family homes within DeForest and Windsor between 2015 to 2017. Notably, almost half the responding households in newly-built homes within DeForest did not have any school-age or younger children and one-third of new Windsor households did not.

Figure 3 provides household characteristics for both Villages, including housing tenure and type of household.

**Figure 3: Household Characteristics, 2019**

	<b>DeForest</b>	<b>Windsor</b>
<b>Total Households</b>	3,833	2,710
<b>Homeowner</b>	76%	80%
<b>Renter</b>	24%	20%
<b>Family Households</b>	72%	74%
<b>Non-Family Households</b>	28%	26%
Source: ACS, Tables DP04 and S1903		

The percentages of homeowner households in DeForest and Windsor are greater than the percentage of single family homes in each Village. This is because few single family homes are renter-occupied but a number of duplexes and multiple family units (e.g., condominiums) are owner occupied.

When compared to homeownership levels in 2010, the ratio of homeowners to renters remains unchanged in both Villages. This maintenance of homeownership levels has occurred despite construction of multiple family units (3+ units per building) in both Villages over this period, which are usually to be occupied by renters. Not all “homeowners” own single family detached homes—some own condominium units.

## Household Incomes

An assessment of incomes among the existing households in both Villages is central in evaluating housing affordability. Figure 4 provides the median incomes for all households within each Village, and for different types of households within the Villages, along with how incomes have changed since 2010.

Figure 4: Median Incomes for Different Household Types

	DeForest		Windsor	
	2019	Change from 2010	2019	Change from 2010
<b>Median Income (All Households)</b>	\$88,151	+28%	\$97,004	+34%
<b>By Housing Tenure</b>				
Owner Median Income	\$103,575	+31%	\$118,476	+42%
Renter Median Income	\$42,105	-7%	\$37,150	+12%
<b>By Family Structure</b>				
Median Family Income	\$102,833	+30%	\$123,480	+55%
Median Non-Family Income	\$46,591	+14%	\$48,342	+15%
Median Income for households with ≥ one person age 65+	\$39,688	-2%	\$52,574	+4%

Source: ACS, Tables B25119 and S1903

In both Villages—not accounting for inflation—median incomes for all households, family, and homeowner households increased. Gains were more modest for non-family households, and probably mostly stagnant when accounting for inflation. Particularly when accounting for inflation, incomes for renter households and senior households were stagnant to declining. The presence of senior housing buildings dedicated to low income seniors in DeForest (but not Windsor) may be a reason for the lower median income for senior households in DeForest than in Windsor.

Homeowner household incomes are \$60,000 to \$80,000 greater than renter household incomes, and family incomes are \$55,000 to \$75,000 greater than non-family household incomes. This is at least partially attributable to homeowners and families being more likely to have two income earners. These facts also may suggest that DeForest and Windsor have a relatively narrow range of rental housing options, including limited choices with higher rents that are appealing and affordable to higher-income renters.

The comparatively low incomes for non-family households and for seniors are a factor when measuring housing affordability in Windsor and DeForest, as will be calculated in a subsequent section of this report.

## Who's Moving to DeForest and Windsor

Among interest to Village officials are the following questions: To what extent are housing demands driven by current residents of DeForest and Windsor versus prospective residents? To what extent are Villages accommodating interests of potential future residents through their policies?

Clearly, the population of DeForest and Windsor is growing. Like most suburban communities, that increase is not coming from births to existing residents alone. Figure 5 provides the estimated number, origin, and median age of new residents over the past year. The data in Figure 5 suggests that for both communities, only about 10 percent of the population moves within a given year.

An estimated 8 percent of new residents moved to DeForest from within Dane County. On average, these new residents were about three to four years younger than DeForest residents who had not moved within the past year. New residents that moved to Windsor from within Dane County were five years younger than existing Windsor residents. Notably, about 2 percent of the population moved to Windsor from outside Dane County over the prior year, and these residents were on average 73.4 years old. The consultant suspects, and this report will later discuss, that Windsor's housing options for seniors may be drawing interest from outside the area.

**Figure 5: Origin and Age of New Residents**

	DeForest		Windsor	
	Median Age	Population	Median Age	Population
Lived in the same house 1 year ago	37.2	91%	40.7	89%
Moved within Dane County	33.7	8%	35.7	4%
Moved from a different county within Wisconsin	31.9	1%	73.4	2%
Moved from outside Wisconsin	n/a	0%	33.9	1%
Moved from outside United States	28.6	<1%	n/a	0%

Source: ACS, Tables B07002 and B07013. Population totals may not add up to 100% due to rounding.

Figure 6 provides an estimate of housing tenure for the new residents reported in Figure 5. For both communities, about 70 percent of new residents buy their home, and about 30 percent rent their home. This is consistent with data presented in Figure 3.

**Figure 6: Housing Tenure of New Residents**

	DeForest	Windsor
<b>Own</b>	70%	72%
<b>Rent</b>	30%	28%

Source: ACS, Tables B07002

Figure 7 includes the results from the 2018 survey of new homeowners in the two Villages as they related to prior place of residence. Significantly, about 3 of every 4 responding households living in a newly constructed home moved from somewhere outside of the DeForest Area School District. This is consistent with more anecdotal information of people moving to new rental apartments and condominiums in DeForest and Windsor, and common to growing suburban areas like Windsor and DeForest.

Figure 7: Survey of Households in Newly-Built Homes, 2015 to 2017

	Moved to...	
	DeForest	Windsor
<b>Total Households Surveyed</b>	101	53
<b>Moved from...</b>		
Elsewhere in Dane County	50%	47%
Within DASD	22%	26%
Outside of Dane County, but within Wisconsin	17%	13%
Outside of Wisconsin	11%	13%
<b>Select Household Characteristics</b>		
<b>No children in household</b>	46%	32%
<b>Household has children under age of 5</b>	12%	19%
Source: MDRoffers Consulting, 2018		

There has been significant discussion concerning whether concerns surrounding the recent social unrest and pandemic are accelerating movement from Madison to suburban areas like Windsor and DeForest, and from larger metropolitan areas to smaller ones like Dane County. It seems too soon to find reliable statistical information to support whether movement away from the City of Madison is or will be any greater, though local real estate activity in later 2020 suggested an uptick in interest for larger homes outside denser urban areas.<sup>5</sup> It does seem likely that Dane County as a whole will have more population and employment growth from larger metropolitan areas, driven by these types of concerns and others, including mobility and job creation. Dane County’s employment is driven in large part by healthcare, insurance, and technology, which should continue to thrive. For example, the nation’s biggest technology employment migration increase was in the Madison area. The area was gaining 1.02 technology workers for each one that left in 2019. In 2020, it gained 1.77 technology workers for each one lost—a 74 percent increase.<sup>6</sup>

<sup>5</sup> “Freed from the office, Madison telecommuters are snapping up rural homes”, The Capital Times, August 13, 2020.

<sup>6</sup> “Where Tech Workers Are Moving: New LinkedIn Data vs. the Narrative”, Big Technology Magazine, December 17, 2020.

## Projected Population and Households

Projected population and, in particular, projected households form the basis for future demand for housing. Figure 8 provides population and household projections, under “moderate growth” and “higher growth” scenarios. The consultant utilized population projections from CARPC for each Village, and from that and other State data formulated household projections for senior households to reach a “moderate growth” projection. The “higher growth” projections are from the consultant’s 2018 housing projections for the DeForest Area School District.

**Figure 8: Population and Household Projections, 2020 to 2030**

		DeForest			Windsor			Both Villages		
		2020 <sup>1</sup>	2030	Increase	2020 <sup>1</sup>	2030	Increase	2020 <sup>1</sup>	2030	Increase
Total Population		10,344	12,455	+2,111	8,193	9,368	+1,175	18,537	21,823	+3,286
Senior Population		1,059	2,108	+1,049	1,137	1,499	+362	2,196	3,606	+1,410
Moderate Growth Projection <sup>2</sup>	Total Households	3,833	4,982	<b>+1,149</b>	2,710	3,777	<b>+1,067</b>	6,543	8,759	<b>+2,216</b>
	Senior Households	788	1,568	<b>+780</b>	746	983	<b>+237</b>	1,534	2,552	<b>+1,018</b>
Higher Growth Projection <sup>3</sup>	Total Households	4,113	5,412	<b>+1,300</b>	3,490	4,666	<b>+1,176</b>	7,603	10,079	<b>+2,476</b>
	Senior Households	845	1,704	<b>+858</b>	961	1,215	<b>+254</b>	1,806	2,919	<b>+1,112</b>

Sources: 2020 and 2030 Total Population Projections—Capital Area Regional Planning Commission; 2019 Total and Senior Households—ACS

<sup>1</sup> Senior population and total household and senior households for the Moderate Growth Projection in the 2020 column for each Village are 2019 estimates from the ACS, Table S1903.

<sup>2</sup> The results of the Moderate Growth Projection scenario were calculated based on population projections provided by CARPC, household size, and progression of existing age cohorts.

<sup>3</sup> The results of the Higher Growth Projection scenario were calculated based on 2020 and 2030 housing unit estimates made for the DeForest Area School District by MDRoffers Consulting in 2018.

In sum, DeForest and Windsor are projected to have somewhere between 2,216 to 2,476 more households over the next decade, of which between 1,018 to 1,112 are projected to be senior households.

Both Villages are projected to grow. Senior household growth is expected to be greater in DeForest than Windsor. This owes to the relatively greater population that is now in its 50s in DeForest. DeForest’s senior population is projected to increase from between 99 and 102 percent in

the 2020s, while Windsor’s is projected to increase from between 26 and 32 percent. In contrast, DeForest’s non-senior population is projected to increase by between 12 and 14 percent in the 2020s, while Windsor’s is projected to increase from between 36 and 42 percent.

The consultant’s prior work for the DeForest Area School District allows a more detailed look at projected housing units and the households that may live in them. As part of its 2018 study, the consultant projected future housing units through 2030 based on municipal and developer plans and on market assessment. While not exactly household projections, each projected housing unit is occupied by a household, unless it is vacant. The consultant divided its projections by single family, two family, and multiple family units. Figure 9 includes the results.

**Figure 9: Housing Unit Projections by Housing Type, 2020 to 2030**

<b>DeForest</b>			
	<b>2020</b>	<b>2030</b>	<b>Increase</b>
<b>Total Housing Units</b>	4,329	5,697	+1,368
		<b>Single Family</b>	+749
		<b>Duplex</b>	+68
		<b>Multiple Family</b>	+551
<b>Windsor</b>			
	<b>2020</b>	<b>2030</b>	<b>Increase</b>
<b>Total Housing Units</b>	3,674	4,912	+1,238
		<b>Single Family</b>	+733
		<b>Duplex</b>	+38
		<b>Multiple Family</b>	+467

Between 2020 and 2030, the consultant projected 1,368 new housing units in the Village of DeForest, with about 55 percent projected to be single family units. For the Village of Windsor, the consultant projected 1,238 housing units in the same ten year period, with about 59 percent projected to be single family units—slightly higher than DeForest’s projected percentage. Some of Windsor’s planned housing areas lack public sewer and water, which leads to such areas developing almost exclusively with single family homes.

While a majority of projected housing units are single family homes, the consultant projections include over 1,000 multiple family units between the two Villages between 2020 and 2030. These were mainly expected to take the form of rental housing, including for seniors.

Type of unit becomes important when determining the needs of special populations, such as low-income households and senior households. While there are typically more housing units than households in any given municipality, household projections can help the Villages understand roughly how many units may be needed by certain demographics in the future.

## Local Workforce Estimates

The geographic position of DeForest and Windsor along Interstates 39-90-94 and Highway 51 means that its residents have easy transportation access to the region's multiple job centers. It also means that workers living elsewhere, including in Madison and in more rural areas particularly to the north, can easily get to jobs in Windsor and particularly DeForest.

Figure 10 shows the most recent data (2018) that compares those who live in DeForest against those who work in DeForest, and those who live in Windsor against those who work in Windsor. The source is U.S. Census OnTheMap LODS data.

In DeForest, the number of people living in the Village and commuting elsewhere to work was almost exactly the same as those who drive to DeForest from elsewhere to work—about 5,000 people each way. Only 661 residents both lived and worked in DeForest. Most DeForest residents (79 percent) work elsewhere in Dane County. Only 55 percent of non-residents who come to DeForest for work live in Dane County. The geographic range for workers coming to DeForest spans southern Wisconsin and even northern Illinois. A quarter of workers commuting to DeForest travel more than 50 miles. Non-DeForest residents who work in DeForest generally earn less than DeForest residents who work elsewhere, have lower incomes, are less likely to have completed college, and are younger.

Nearly all working Windsor residents commute outside of Windsor for work. The population of those coming to Windsor for work is smaller than that of DeForest, because Windsor has about 30 percent of the jobs that DeForest has.

## Workforce Projections

Staff from the Capital Area Regional Planning Commission (CARPC) estimate that employment in DeForest and Windsor had grown from the 6,504 reported in Figure 10 (5,027 in DeForest; 1,477 in Windsor) to 7,617 in 2020. CARPC staff further project employment in the two Villages to grow to about 9,154 jobs by 2030—or by 1,537 jobs or 20 percent between 2020 and 2030. Some of these new workers will undoubtedly look to Windsor and DeForest as a place to live as well.

The types of projected jobs cover a broad range. Reflecting the established industries in Windsor and DeForest, expansions are likely to include service-based, industrial, and construction positions. New local jobs may come from industry clusters such as medical and agriculture technology, which are being targeted for expansion in the Dane County region by local government officials and entrepreneurs. DeForest and Windsor are well-positioned for the production and distribution required by those industries, given the location of expansion areas along Interstate 39-90-94 and proximity to Dane County Regional Airport's freight terminal. Because DeForest and Windsor have modest levels of retail positions, expected national job losses in that industry will not be felt as much locally.

Figure 10: Select Characteristics of DeForest and Windsor Residents and Workers, 2018

	<b>Live in DeForest, Work Elsewhere</b>	<b>Live Elsewhere, Work in DeForest</b>
<b>Number of Workers</b>	4,604	5,027
	661 people live AND work in DeForest; 331 people live in DeForest and work in Windsor	
<b>Top 5 Occupations</b>	Healthcare (13.5%) Educational Services (10.9%) Manufacturing (8.5%) Retail Trade (9.7%) Public Administration (7.0%)	Transportation/Warehousing (28.0%) Educational Services (11.1%) Agriculture (9.5%) Manufacturing (7.7%) Wholesale Trade (7.6%)
<b>Travel Distance to Work (One-Way)</b>	83% work within 24 miles of home	67% live < 24 miles away; 23% live > 50 miles
<b>Locations</b>	4,409 (79%) of DeForest residents work in Dane County; 52% work in Madison	55% live elsewhere in Dane County and 11% live in Columbia County; otherwise, wide draw
<b>Ages</b>	20 to 29 years: 21%	20 to 29 years: 25%
	30 to 54 years: 57%	30 to 54 years: 52%
<b>Bachelor's Degree or Higher</b>	25%	17%
<b>Earns more than \$3,333 per month</b>	53%	46%
	<b>Live in Windsor, Work Elsewhere</b>	<b>Live Elsewhere, Work in Windsor</b>
<b>Number of Workers</b>	3,997	1,477
	116 people live AND work in Windsor; 141 people live in Windsor and work in DeForest	
<b>Top 5 Occupations</b>	Healthcare (13.4%) Educational Services (10.9%) Manufacturing (9.4%) Retail Trade (9.3%) Finance/Insurance (6.6%)	Manufacturing (37.0%) Waste Management (10.5%) Wholesale Trade (9.1%) Construction (7.9%) Healthcare (7.0%)
<b>Travel Distance to Work</b>	84% work within 24 miles of home	72% live < 24 miles away; 18% live > 50 miles
<b>Locations</b>	3,298 (78%) work in Dane County; 53% work in Madison	58% live elsewhere in Dane County and 15% in Columbia County; otherwise, wide draw
<b>Ages</b>	20 to 29 years: 20%	20 to 29 years: 25%
	30 to 54 years: 58%	30 to 54 years: 50%
<b>Bachelor's Degree or Higher</b>	25%	16%
<b>Makes more than \$3,333 per month</b>	57%	49%

## Section 4—Existing Housing Characteristics

This section describes the current supply of housing in Windsor and DeForest, including its type, quantity, and affordability. This information provides a next step in identifying potential affordable, workforce, senior, and multiple family housing gaps in the Villages today and over the next decade.

### General Housing Inventory and Mix

Figure 11 provides a breakdown of housing types by household tenure, as of 2019. In DeForest and Windsor, 76 and 80 percent of all housing units were owner-occupied, respectively. A large majority of single family homes are owner-occupied, and a lower majority of two family and multiple family housing units are renter-occupied.

Figure 11: Occupied Housing Units by Type and Tenure, 2019

DeForest				Windsor			
	Homeowner Occupied	Renter Occupied	Total Units		Homeowner Occupied	Renter Occupied	Total Units
Single Family	2,510	44	2,554	Single Family	1,887	115	2,002
Two Family	250	142	392	Two Family	152	114	266
Multiple Family (3+ Units)	141	746	887	Multiple Family (3+ Units)	125	317	442
<b>Total Units</b>	<b>2,901</b>	<b>932</b>	<b>3,833</b>	<b>Total Units</b>	<b>2,164</b>	<b>546</b>	<b>2,710</b>

Source: ACS, Table S2504

Figures 12 through 15 track how the mix of housing units has changed between 2010 and 2020 in DeForest and Windsor. Both Villages experienced growth in the number of each housing unit type between 2010 and 2020.

Single family homes currently make up about 60 percent of all housing units in DeForest and 70 percent in Windsor. Windsor’s percentage is understandably higher because Windsor has some residential development areas that are not served by public utilities, which tend to be almost exclusively single family.

The proportion of multiple family units relative to the entire housing stock increased slightly over the past decade. This is mostly due to larger numbers of multiple family units constructed, particularly in 2017 and 2018, as opposed to lesser single family construction. This phenomenon has been common in suburban Dane County over the past decade. In fact, a substantial *majority* of new housing units in places like Middleton, Fitchburg, and Sun Prairie has been in the form of multiple family units over the past decade.

Figure 12: Village of DeForest Total Housing Units by Type, 2010-2020

Housing Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
Single Family	2,103	2,121	2,147	2,182	2,216	2,249	2,274	2,340	2,425	2,484	2,549
Two Family	671	677	677	677	683	685	687	707	731	759	777
Multiple Family	674	674	674	674	674	674	682	814	882	882	897
<b>Total Housing Units</b>	<b>3,448</b>	<b>3,472</b>	<b>3,498</b>	<b>3,533</b>	<b>3,573</b>	<b>3,608</b>	<b>3,643</b>	<b>3,861</b>	<b>4,038</b>	<b>4,125</b>	<b>4,223</b>

Figure 13: Village of DeForest Mix of All Housing Units, 2010-2020

Housing Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Single Family	61%	61%	61%	62%	62%	62%	62%	61%	60%	60%	60.4%
Two Family	19%	19%	19%	19%	19%	19%	19%	18%	18%	18%	18.4%
Multiple Family	20%	19%	19%	19%	19%	19%	19%	21%	22%	21%	21.2%

Figure 14: Village of Windsor Total Housing Units by Type, 2010-2020

Housing Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
Single Family	1,827	1,861	1,894	1,943	1,995	2,055	2,128	2,210	2,285	2,360	2,424
Two Family	327	327	327	327	337	347	347	349	351	375	385
Multiple Family	426	443	443	447	451	451	475	532	639	647	647
<b>Total Units</b>	<b>2,580</b>	<b>2,631</b>	<b>2,664</b>	<b>2,717</b>	<b>2,783</b>	<b>2,853</b>	<b>2,950</b>	<b>3,091</b>	<b>3,275</b>	<b>3,382</b>	<b>3,456</b>

Figure 15: Village of Windsor Mix of All Housing Units, 2010-2020

Housing Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Single Family	71%	71%	71%	72%	72%	72%	72%	71%	70%	70%	70.1%
Two Family	13%	12%	12%	12%	12%	12%	12%	11%	11%	11%	11.1%
Multiple Family	17%	17%	17%	16%	16%	16%	16%	17%	20%	19%	18.7%

Sources for Figures 12-15: Villages of DeForest and Windsor Building Permit Records (construction since 2010), US Census Bureau (2010 data)

\*2020 data is only through September 30, 2020

## Senior Housing Inventory

Both Villages include a number of housing options that are generally limited to seniors, through most are not income-restricted.

These include market-rate owner-occupied condominium and rental apartments with occupancy typically restricted to adults aged 55+ and no income restrictions. For the condominiums and some rental apartments, meals and transportation are not provided. For other such apartments, even where kitchens are typically provided, some meals, transportation, and community services are often also provided. These together are often called “independent living” options.

Other types of senior units are typically located within a community-based residential facility (CBRF). This is defined as a place where 5 or more unrelated people live together in a community setting, licensed by the State of Wisconsin. Services provided include room and board, supervision, support services, and some nursing care. “Assisted living” apartment units are for seniors who cannot live independently and need help with daily living activities, such as eating and sometimes bathing. Assisted living is also available in smaller group settings, such as a single family home. In either case, skilled care is on site to provide assistance.

Other options, such as nursing homes and memory care facilities, serve seniors with chronic conditions that require 24-hour care and monitoring.

All of the above options may be provided separately from one another, or as part of a larger senior campus or group of affiliated facilities.

Figure 16 shows the breakdown of housing units that are currently restricted to senior households in both Windsor and DeForest. DeForest has a greater quantity of both independent units and units and rooms within a CBRF setting.

**Figure 16: Senior Housing Inventory**

	Non-CBRF			Community-Based Residential Facility (CBRF)			Total Units/Beds
	Condominium unit	1-bedroom apartment unit	2-bedroom apartment unit	Independent Living	Assisted Living	Memory Care/Disability	
<b>DeForest</b>	62	86	12	32	42	132	<b>366</b>
<b>Windsor</b>	62	-	48	-	46	-	<b>173</b>

Source: Village of DeForest Housing Authority, Wisconsin Department of Health Services CBRF Registry, and internet search.

Within the totals in Figure 16, DeForest and Windsor each have “life lease” residential communities for adults over the age of 55, which are not income-restricted. Jefferson Square, in DeForest, has 62 two-bedroom condominium-style units and Parkside Village, in Windsor, has 62 condominium-style units and 48 2-bedroom apartment units. In a life lease arrangement, each occupant pays an entrance fee and monthly fees in exchange for exclusive use of a housing unit in perpetuity. Upon leaving, the tenant is refunded much of the entrance fee. The monthly fee

covers the development payment-in-lieu-of-(property) taxes (PILOT), landscaping, maintenance, and other incidental fees. For Jefferson Square, the entrance fee is between \$164,000 to \$170,000, and the monthly fee is \$420. There are over 30 households on its waiting list, which equates to a likely wait of 3 to 4 years. For Parkside Village, the entrance fee is between \$184,900 and \$194,900 for a condominium-style unit and between \$120,900 and \$155,400 for an apartment unit, and the monthly fee is \$485. There are currently about 25 households on its waiting list for an apartment unit and over 100 for a condominium-style unit, which equates to a likely wait of over a year to two years, respectively. The majority of residents in both communities previously resided elsewhere in DeForest or Windsor, followed by Sun Prairie and the east side of Madison.

Also within the above totals, DeForest has three publicly subsidized independent senior rental properties that are income-restricted with a total of 64 apartment units, and one Low-Income Housing Tax Credit independent senior housing development with 34 income-restricted apartment units (98 total units). The waiting list to get a unit in subsidized senior housing, currently available in DeForest only, is over two years.

The length of the waiting lists for the above facilities, combined with anticipation of an aging population, indicate unmet demand in the senior housing market.

### Other Low Income Housing Inventory

There are presently no income-restricted housing units within the Village of Windsor—senior or otherwise—and no income-restricted housing units exclusively for non-senior low-income households in either Windsor or DeForest.

There are households in DeForest and Windsor utilizing federal Section 8 vouchers to help cover their monthly housing costs. The Section 8 voucher moves with the household instead of being tied to a specific rental development or unit. Willing landlords may rent their housing units to Section 8 voucher holders, or to the general population not participating in the Section 8 program. In either case, the rent is at market rate, but a portion of the rent for Section 8 households is covered by the program.

Units rented to Section 8 participants are not included in the inventory of low-income housing units. The consultant found no system that tracks and reports how many Section 8 vouchers are used in any municipality. Relatedly, landlords who accept the vouchers are not required to disclose what units are being subsidized through vouchers, and may decide at any time to discontinue participation in the program. While the Section 8 voucher program has been in existence for decades, it is possible that the funding could be eliminated at any time. There is also a lengthy waiting list for vouchers within Dane County, which is currently closed to new applicants except for those with a disability.

### Inventory of Approved but Unbuilt Housing

Some of the current and future demand for housing could be accommodated within developments that have already received zoning and subdivision approvals, but where some or all of the approved housing units have yet to be built.

As of October 2020, there are 2,493 housing units that are approved but not yet built in the DeForest-Windsor area. Of this total, 1,077 are future single family units (43% of total), 231 are future duplex units potentially including senior-restricted duplex units (9%), and 1,185 are future multiple family units within 3+ unit condominium, apartment, and senior housing facilities (48%).

**Figure 17: Inventory of Approved but Unbuilt Housing Units, DeForest-Windsor Area, October 2020**

	<b>Single Family Homes</b>	<b>Duplex Units (including Renter, Owner, Senior)</b>	<b>Multiple Family Units (including Renter, Owner, Senior)</b>	<b>Total Approved but Unbuilt Housing Units</b>
<b>Village of DeForest</b>	494	181	641	1,316
<b>Village of Windsor</b>	583	50	544	1,177
<b>DeForest-Windsor Area Totals</b>	1,077	231	1,185	2,493
<b>Percentage of D-W Total in Each Housing Type</b>	43%	9%	48%	

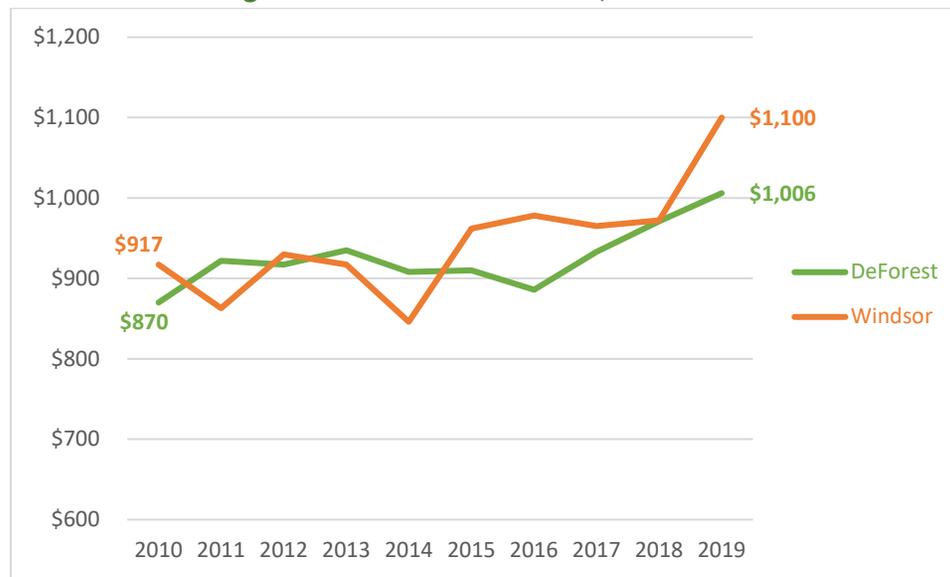
*Sources: Village Planning and Zoning Departments, MDRoffers Consulting (Note: Does not include any Windsor developments outside of the DeForest Area School District.)*

The supply of approved but unbuilt single family homes has generally decreased over the past five years. In other words, there have been more permits issued for single family homes in the DeForest-Windsor area than there have been lots approved in new subdivisions. Over this same period, the inventory of lots available for sale had been increasing, but decreased to 323 lots by October 2020.

## Apartment Rents

While more multiple family units have been added to the housing stock, rents have still increased. Figure 18 shows the progression of median gross rent for all rental units between 2010 to 2019, along with median gross rent by the number of bedrooms in a rental unit for 2019. Most of the recently built multiple family units in either Village have only 1 or 2 bedrooms, with most of these renting for at least \$1,100 per month. The next section of this report has further analysis of local rents against incomes.

Figure 18: Median Gross Rent, 2010-2019



Source: ACS, Table B25064

## Single Family Home and Lot Prices

As indicated in Figure 19, the median sale price of single family homes in the DeForest-Windsor area increased 71 percent between 2009 and 2019—the greatest percentage increase of larger municipalities in Dane County. In 2009, the median sale price of existing DeForest-Windsor homes was 15 percent below the Dane County median. As of 2019, DeForest-Windsor homes were priced 8 percent above the Dane County median. The 2019 median sale price in DeForest-Windsor was comparable to Cottage Grove, Fitchburg, and Verona; 12 percent greater than neighboring Sun Prairie; but still 30 percent less than neighboring Waunakee.

Figure 19: Median Sale Price of Existing Single Family Homes by Municipal Market

Municipality	2009	2013	2019	2009-2019 Change
Cottage Grove	\$236,000	\$234,900	\$322,900	37%
<b>DeForest-Windsor</b>	<b>\$185,950</b>	<b>\$188,400</b>	<b>\$318,450</b>	<b>71%</b>
Fitchburg	\$245,000	\$237,500	\$324,102	32%
McFarland	\$222,700	\$226,500	\$374,950	68%
Middleton	\$250,000	\$275,000	\$361,500	45%
Monona	\$183,000	\$190,000	\$300,000	64%
Oregon	\$215,000	\$206,500	\$306,575	43%
Stoughton	\$168,900	\$170,000	\$247,000	46%
Sun Prairie	\$189,000	\$192,500	\$279,450	48%
Verona	\$218,500	\$268,950	\$310,000	42%
Waunakee	\$333,000	\$307,900	\$415,000	25%
Dane County	\$202,000	\$212,040	\$295,950	47%

Source: South Central Wisconsin Multiple Listing Service. Data compiled September 14, 2020. Data reported by area realtors; data for unincorporated towns is often combined with the adjacent city or village.

Additionally, the price of “for sale” vacant single family lots in Windsor and DeForest is also increasing significantly, as is the price of new single family and other forms of housing. It is increasingly challenging to obtain a new house and lot for under \$400,000, a new condominium unit for under \$300,000, and an improved vacant lot for much under \$100,000. The average asking price for lots in DeForest’s Rivers Turn and Savannah Brooks developments—which contain most of DeForest’s for-sale lots—is \$115,000 to \$117,000. The average lot asking price in Windsor’s Bear Tree Farms and Pleasant Hill Estates developments—which contain most of urban Windsor’s for-sale lots—is \$90,000 to \$98,000.

## Estimating Housing Affordability Based on Income

The Department of Housing and Urban Development (HUD) uses median family income to determine eligibility for housing assistance. Typically, HUD income limits vary based on total family size. Figure 20 can be used to provide a basis for examining income-eligible family incomes in each

Village, assuming a family of four. For comparison, median family income for a family of four people in Dane County was \$100,100. A estimate of monthly affordable housing costs can be made using the data in Figure 20.<sup>7</sup> For example, a Windsor family of four earning the median family income would have an affordable housing budget of \$3,087, including utilities and taxes. This is 30 percent of such a family’s monthly income.

Figure 20: Family Income Limits for DeForest and Windsor, 2019

	DeForest	Windsor
<b>Area Median Family Income (AMFI)</b>	\$102,833	\$123,480
<b>Low Income (80% of AMFI)</b>	\$82,266	\$98,784
<b>“Workforce” Income (60% of AMFI)</b>	\$61,700	\$74,088
<b>Very Low Income (50% of AMFI)</b>	\$51,417	\$61,740
<b>Extremely Low Income (30% of AMFI)</b>	\$30,850	\$37,044

Source: Area Median Family Income -- ACS 2019, Table S1903.  
 When determining eligibility for housing assistance, HUD determines income limits utilizing the percentages associated with “Low”, “Very Low”, and “Extremely Low” incomes.  
 In Wisconsin, the “workforce” is generally understood to be households earning 60% of AMFI and below.

### Single Family Housing Affordability Analysis—National Association of Realtors Method

Gauging the affordability of single family housing relative to family incomes helps uncover community affordability. A community with a single family housing—typically owner-occupied—affordable housing issue will have spillover of the potential market of homebuyers into the rental market. This could directly affect the demand and affordability for market-rate rental housing and indirectly for lower-income rental units.

The first method the consultant used to gauge affordability for single family homes is called the Affordability Index. The National Association of Realtors (NAR) uses this index to measure whether or not a typical family could qualify for a mortgage loan on a typical home. The two main components of the index are house price and family income. For the national index, the NAR uses the median family income and median price of existing single family homes to compare regions.

Figure 21 shows the affordability index calculation using median “workforce” incomes (60% of median family income) per Figure 20 and the median sale prices of single family homes sold between 2016 to 2020 for both Windsor and DeForest. Following the NAR’s method, the calculation assumes a down payment of 20 percent of the home price and it assumes a qualifying ratio of 25 percent. That means the monthly principal and interest payment does not exceed 25 percent of the household’s monthly income. For the interest rate, the consultant used the rate offered by the DeForest-Morrisonville Bank as of December 2020.

<sup>7</sup> The calculation is simply  $[\text{Median Family Income} / 12] \times .30$

As Figure 21 shows, a current local resident family making 60% of the median family income in DeForest or Windsor is able to afford a house selling at the median sale price of each Village.

**Figure 21: Affordability Index Calculation for Resident Workforce for Single Family Home Purchase**

		<b>DeForest</b>	<b>Windsor</b>
<b>Annual “Workforce” Median Income (60% of 2019 Median Family Income)</b>		\$61,700	\$74,088
<b>Median Sale Price of Single Family Home, 2016-2020</b>		\$253,669	\$301,290
<b>Mortgage Details</b>	<b>Interest Rate</b>	3.16%	3.16%
	<b>Length</b>	30 Years	30 Years
	<b>20% Down</b>	\$50,734	\$60,258
<b>Estimated Monthly Mortgage Payment (Principal and Interest Only)</b>		\$873	\$1,037
<b>What Percentage of Monthly Income Goes to Monthly Payment? <sup>1</sup></b>		17%	17%
<b>Minimum Qualifying Annual Income <sup>2</sup></b>		\$41,904	\$49,776
<b>Affordability Index <sup>3</sup></b>		<b>147</b>	<b>149</b>
Sources: Median Family Income – ACS 2019, Table S1903 ; Median Sale Price – WI DOR Real Estate Transfer Data, 2016-2020.			
<sup>1</sup> This percentage is calculated by dividing the estimated monthly mortgage payment by the monthly workforce income (annual workforce income divided by 12).			
<sup>2</sup> Minimum Qualifying Annual Income is calculated by multiplying the estimated monthly mortgage payment by 4 (so that no more than 25% of the homeowner’s income is spent on housing) and then multiplying by 12 for each month of the year.			
<sup>3</sup> Affordability Index is calculated by dividing annual workforce income by the minimum qualifying annual income and multiplying by 100. To interpret the Affordability Index:			
<ul style="list-style-type: none"> <li>• A value below 100 means that the home price is not affordable to that household and that it would likely not qualify for a mortgage.</li> <li>• A value of 100 means a household has the bare minimum amount of income to qualify for a mortgage on a single family home.</li> <li>• A value between 100 and 120 means a household likely has enough income to qualify for a mortgage and afford the housing unit.</li> <li>• A value above 120 means that a household has more than enough income to qualify for a mortgage.</li> </ul>			

The results in Figure 21 come with the following important caveats:

- The Affordability Index method does not include property taxes, homeowners insurance, utilities, and other monthly costs. For a home of median value in DeForest or Windsor, this could amount to \$600+ more per month.
- The assumption of a 20 percent down payment extends the wherewithal of many workforce households. A family earning 60% of the median family income in Windsor or DeForest would need a down payment of almost an entire year of wages.
- Median incomes for renting households and non-family households are much lower than those of families, meaning that current local renters and single households and unmarried couples have a more difficult time achieving a “passing” Affordability Index. Therefore, many current renting households and non-family households living in DeForest and Windsor have a difficult time buying a home in DeForest and Windsor per the index.
- As indicated in Figure 32 later in this report, starting manufacturing and professional service jobs available in DeForest and Windsor typically pay between \$40,000 and \$55,000 per year. Without two wage earners, such households—most of whom do not live in DeForest or Windsor—would not receive a “passing” Affordability Index score to purchase a median-priced existing home.
- The data in Figure 21 accounts for the recent-past median price for existing single family homes, not newly-constructed homes.

### Single Family Housing Affordability Analysis—Unit Value Method

Assessing the value of existing single family homes in Windsor and DeForest can provide a way of determining affordability for Village residents. Figures 22 and 23 provide the number of owner-occupied units valued in eight ranges, along with the median value for all owner-occupied homes (solid red line). Also included are the median sale price for existing single family homes sold between 2016 and 2020 (solid blue line) and the estimated value of new single family homes built between 2016 and 2020 (dashed blue line). As documented earlier in this report, about 19 of every 20 single family homes in the Villages are owner-occupied.

Figure 22 shows the values of owner-occupied homes in DeForest. Based on ACS data, about 48 percent of owner-occupied units in DeForest were valued between \$200,000 to \$299,999 and median value was \$234,800. Between 2016 to 2020, existing single family homes sold in the Village had a median sale price of \$253,669. Using this analysis, DeForest appears to have a reasonable supply of homes affordable to households making at least 80 percent of the median family income—or earning at least \$82,266 per year—and a much smaller supply of housing for those earning 50 percent of median family income or less.

Figure 23 shows owner-occupied home values in Windsor. In Windsor, only 35 percent of owner-occupied homes were valued between \$200,000 to \$299,999, with 46 percent valued over \$300,000. Median value of those units was \$266,670. Between 2016 to 2020, single family homes sold in the Village had a median sale price of \$301,290. Using this analysis, Windsor appears to have a smaller supply of homes affordable to households making at least 80 percent of Windsor’s median family income—or earning at least \$98,884 per year—and a much smaller supply of housing for those earning 50 percent of median family income or less.

Figure 22: Village of DeForest Owner-Occupied and Single Family Home Values

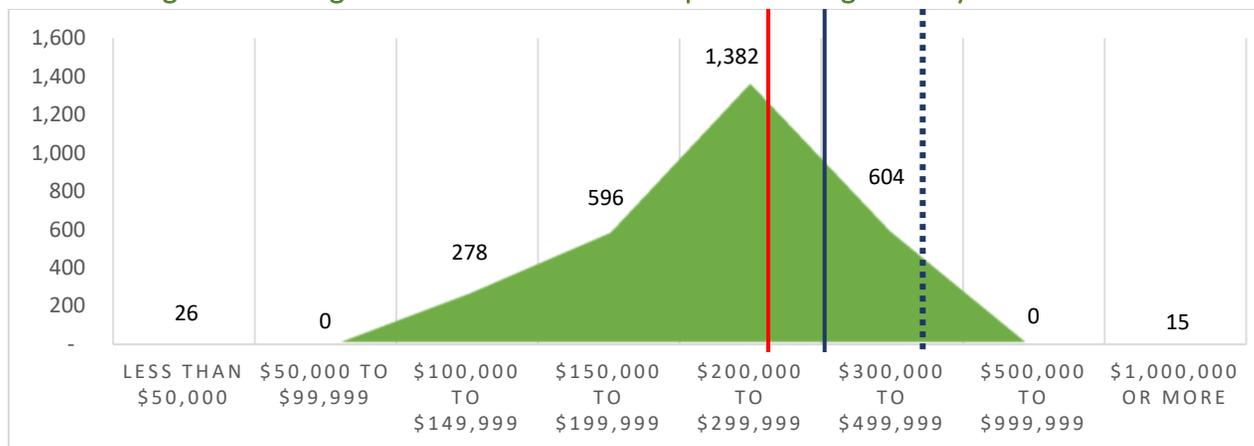
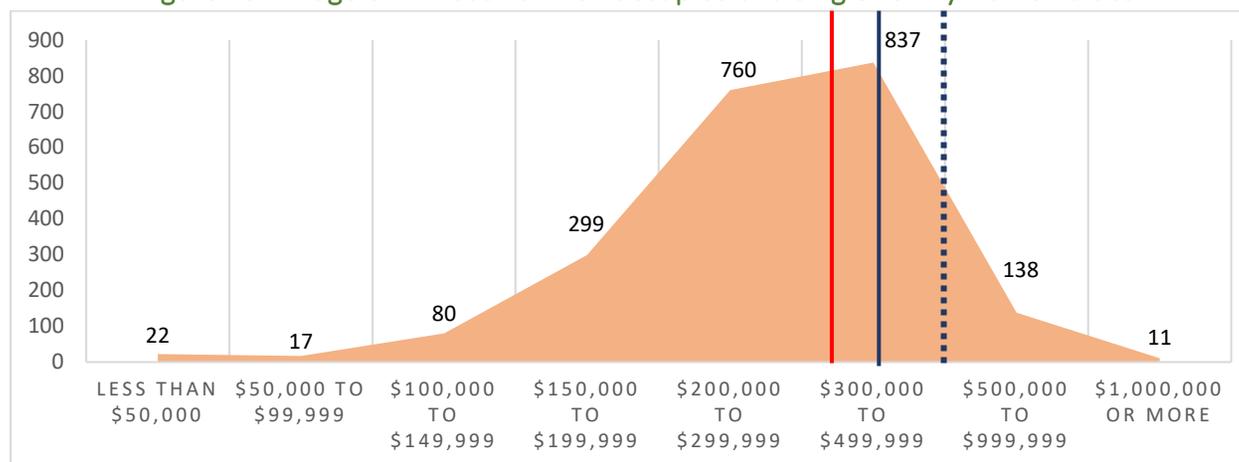


Figure 23: Village of Windsor Owner-Occupied and Single Family Home Values



**Sources and Notes for Figures 22 and 23:**

Total owner-occupied units = DeForest 2,901; Windsor 2,164. Numbers within each section reflect the total number of single family homes valued within the home value range.

Source, including for home values: Table DP04 of the 2019 ACS.

Solid red line = Median value for all owner-occupied units in the Village. DeForest \$234,800; Windsor \$266,670. Source: ACS 2019, Table DP04.

Solid blue line = Median sale price for single family homes sold between 2016 to 2020. DeForest \$253,669; Windsor \$301,290. Source: WI Dept. of Revenue.

Dashed blue line = Median value of a new single family home built between 2016 to 2020. DeForest \$346,348; Windsor \$398,533. Source: Building permit records, which excludes lot value. For purposes of these figures, the consultant assumed a median lot value of \$70,000.

### Rental Housing Affordability Analysis

The consultant modified the NAR’s Affordability Index Calculation in order to gauge local rental housing affordability, generally by comparing median rental household income against median gross rent in each Village. The qualifying ratio for renters is assumed to be 30 percent of monthly income, which is a standard consideration when a would-be tenant applies for a unit. Again, this model has its limitations (for example, no control for number of bedrooms versus household size, no inclusion of utility costs), but it does give a sense of how renter incomes compare to available rents.

The Affordability Index results for the two Villages is shown in Figure 24. Median gross rent in DeForest is approaching unaffordable for a resident renting household earning the median renter income, while median gross rent in Windsor is unaffordable for a resident rental household earning the median renter income.

**Figure 24: Modified Affordability Index for Rental of Duplex or Multiple Family Units**

	<b>DeForest</b>	<b>Windsor</b>
<b>Annual Median Renter Household Income</b>	\$42,105	\$37,150
<b>Median Gross Rent (All Units)</b>	\$1,006	\$1,100
<b>What Percentage of Monthly Income Goes to Monthly Payment? <sup>1</sup></b>	29%	36%
<b>Qualifying Income <sup>2</sup></b>	\$ 40,240	\$ 44,000
<b>Affordability Index <sup>3</sup></b>	<b>105</b>	<b>84</b>

Sources: Median Renter Income – ACS 2019, Table S1903; Median Gross Rent – ACS 2019, Table B25031.

<sup>1</sup> This percentage is calculated by dividing the median gross rent by the monthly median renter household income (annual median renter household income divided by 12).

<sup>2</sup> Qualifying Income is calculated by dividing the median gross rent by 0.30 (so that no more than 30% of the renter’s income is spent on rent), then multiplying by 12 for each month of the year.

<sup>3</sup> Affordability Index is calculated by dividing annual median renter household income by the qualifying income and multiplying by 100. To interpret the Affordability Index:

- A value below 100 means that the median rent is not affordable to a household earning the median renter household income.
- A value of 100 means a household has the bare minimum income to afford the median rent.
- A value between 100 and 120 means a household likely has enough income to afford the median rent.

Figure 25 shows rents by number of bedrooms for both municipalities. Gross rent is calculated using all rents in the area. Fair market rent is calculated based on the 40th percentile of gross rents for typical, non-standard rental units occupied by recent movers. Fair market rent should reflect the rents offered in newly built units and existing rental units that are leased to new tenants. Figure 25 also includes rents for available units in recently-built apartment complexes within both Villages.

**Figure 25: Rents by Number of Bedrooms**

		Efficiency	1-Bedroom	2-Bedroom	3-Bedroom
<b>Median Gross Rent (all rental units)</b>	DeForest	\$874	\$929	\$1,011	\$1,181
	Windsor	n/a	\$867	\$937	\$1,404
<b>Fair Market Rent (focused on vacant units being rented)</b>	53532 (most DeForest, some Windsor )	\$850	\$1,000	\$1,170	\$1,610
	53598 (mostly Windsor)	\$940	\$1,100	\$1,300	\$1,790
<b>Recently Built Units</b>	Conservancy Place Townhomes	-	-	-	\$1,750-1,850
	Park Apartments	\$1,030	\$1,295	\$1,595	-
	Terraces of Windsor Crossing	-	\$1,030	\$1,509	-
	North Towne Apartments	-	\$1,095	\$1,595	-
Sources:					
Median Gross Rent: ACS 2019, Table B25031					
Fair Market Rent: <a href="https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html">https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html</a>					
Recently Built Units: Available rents as advertised on property management website, December 2020					

Comparing results from these three sources shows how rents are changing. Fair market rents are several hundred dollars more than the median rents and new complex rents for one-bedroom, two-bedroom, and 3+ bedroom units in both Villages, which suggests a rental housing market where rents are increasing fairly quickly. This finding is supported when analyzing only median gross rent over the past five years. In that time, the median gross rent in DeForest for an efficiency or studio unit rose by 39 percent and the median gross rent for a one-bedroom unit rose by 31 percent. In Windsor, the median gross rent for a one-bedroom unit increased by 27 percent.

The increasing rents for new apartments and other rental units render most new rental units being unaffordable to much of the existing residential renting population and to many in the workforce of DeForest and Windsor.

As part of this report, the consultant interviewed several builders and others active in the construction and management of multiple family rental units in the DeForest-Windsor market and elsewhere in Dane County. Notable findings include the following:

- Households renting newly-built apartment units tend to have salaries of \$55,000 to \$75,000 per year, as property managers are careful to ensure new tenants have the financial means to comfortably pay their rent. As suggested in Figure 27, this is at or above the income range for most available jobs in DeForest and Windsor.
- New tenants are predominately empty-nesters or young professionals. Young professionals are drawn to the region for work, with common employers including UW Health, SSM Health, or American Family Insurance (many close but not in DeForest or Windsor). Empty-nester households moving to apartment units are seeking the amenities that come with these units, namely the lack of upkeep in lawn maintenance, snow removal, and building maintenance and repairs that comes with homeownership.
- Depending on the type of unit built, apartment builders estimate that only between 15 to 30 percent of new tenants are moving from within the Dane County region. In other words, perhaps 70 to 85 percent of new renters are moving to these new units from outside of Dane County. This is emblematic of a rapidly growing region.
- Proposals for new market-rate multiple family development in DeForest and Windsor are driven to a significant extent by proprietary industry reports indicating very low vacancy rates, and success of renting similar projects in nearby municipalities (and tightening land supplies there).
- Builders appear careful not build too many units, too quickly given economic and cost concerns. Inflated lumber prices have tested the budgets of many builders, some of whom are choosing to defer new projects and further phases of existing projects until prices come down and greater economic certainty prevails.

## Section 5--Housing Gap Analysis

**This section provides estimates of the number of housing units needed now and over the next decade to meet the needs of low income households, seniors of different incomes, the DeForest-Windsor workforce, and others desiring or requiring rental housing of different incomes.**

### Measuring the Housing Gap

The difference between the number of resident households who are cost-burdened and the number of affordable units available in each Village for these households is generally known as the “housing gap.”

To measure the housing gap, the consultant utilized the Consolidated Housing Affordability Strategy (CHAS). The CHAS is a dataset of ACS housing data that is tabulated by HUD. It provides estimates of households by income level, housing costs, age, and tenure. This allows for jurisdictions to make an assessment of affordability. Among other features, CHAS data aggregate the households of a municipality by income as a percentages of the area median family income and housing units to their level of affordability to a particular income level.

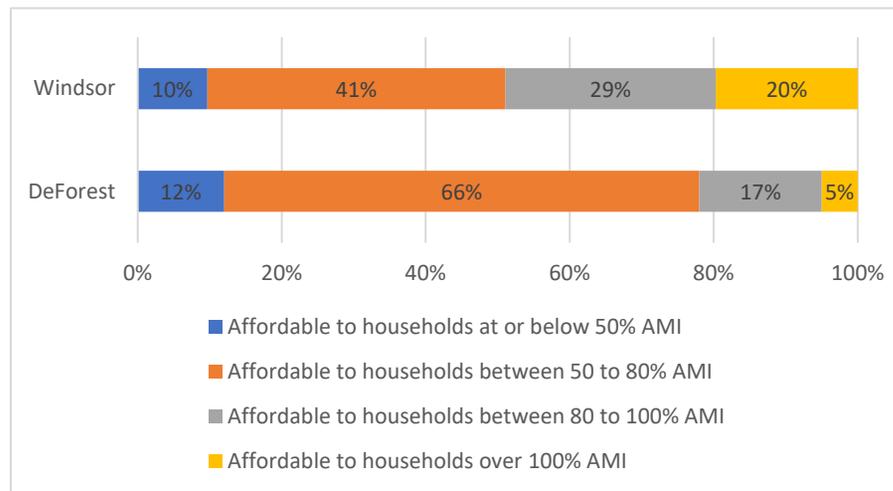
A very simple measure of a municipality’s housing gap is the number of cost-burdened households less the number of available units affordable to that household’s income. However, this measure likely underestimates the need. The housing market does not automatically pair affordable units with the households that need them. Cost-burdened households may not find affordable options because of competition with households with higher incomes, or chance. In short, even if the local housing market adds new units that are desirable and affordable to non-cost burdened households, there is no guarantee that a household in need will access the unit.

The next four figures contain the data from CHAS that can help segment and quantity of the housing stock in DeForest and Windsor that are unaffordable and what income levels are most affected. The most recent CHAS data is derived from the 2017 ACS, which is two years behind the 2019 ACS data reported in the rest of this report.

## Owner-occupied Housing Gap

Figure 26 contains an affordability assessment of each Village’s owner-occupied housing stock. In Windsor, roughly half of owner-occupied units were affordable to families earning 80 percent or below of its resident median family income. In DeForest, around 80 percent of owner-occupied units were affordable to families earning 80 percent or below of its resident median family income. What this indicates is that the supply of owner-occupied units—which are overwhelmingly single family detached units—are valued in an affordable range for most but certainly not all existing DeForest and Windsor family households.

Figure 26: Owner-occupied Housing Unit Affordability



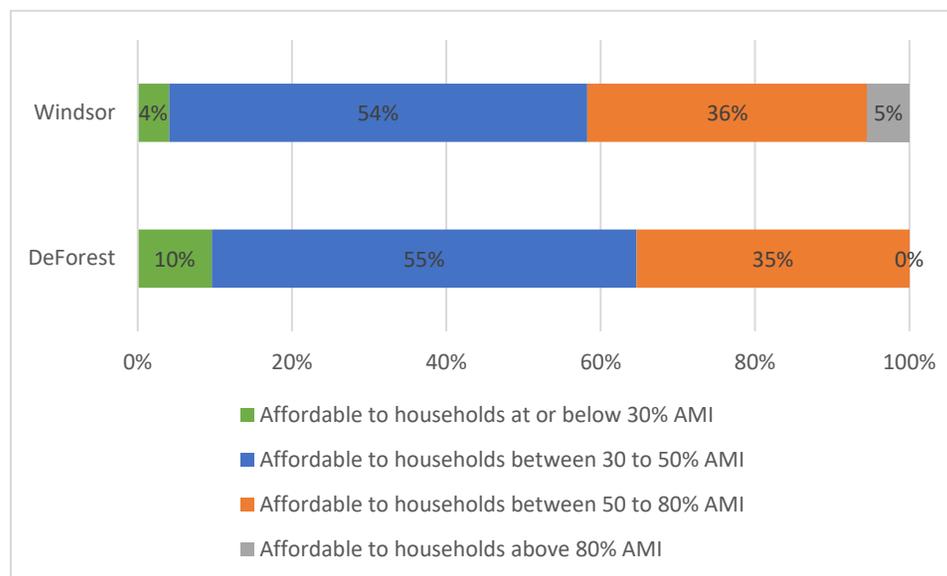
Source: CHAS 2017, Tables 15A and 15B

Much of the DeForest-Windsor workforce earns closer to 50 percent of the median family income. For such households that have only a single earner, homeownership in DeForest and particularly Windsor is much less attainable. Only 10 to 12 percent of such workers can afford to buy a home in either of the two Villages. There are an estimated 279 households currently living in DeForest and 255 households currently living in Windsor with a household income of 50 percent or less of the median family income. Most of both Village’s workforce lives elsewhere.

## Renter-occupied Housing Gap

Figure 27 contains an affordability assessment of each Village's renter-occupied housing stock. About 60 percent of Windsor's existing rental housing and about 65 percent of DeForest's rental housing is affordable to households making below 50 percent of the median family income.

Figure 27: Rental Unit Housing Affordability



Source: HUD CHAS 2017, Table 15C

To reiterate some points made earlier in this report, HUD, which generates the data for CHAS, uses a jurisdiction's median family income to assess affordability. As is the case with Windsor and DeForest, median family income is higher than the median income of all households and is more than two times the median income for households that rent. Additionally, the most recent data from CHAS does not factor in units built within the past three years, which typically have rents above the median. Finally, the data in Figure 27 does not factor in appropriateness of the housing for the household in question. The housing market does not restrict a household from occupying a unit that is priced below their maximum budget—in fact, such a decision is generally regarded as financially savvy. The housing market also does not match low income households with units within their housing budget or household size, leading to overcrowding and cost-burdening.

Figure 28 provides the breakdown of how many rental households in DeForest were in housing that is appropriate to their income level as of 2017. This figure also shows households that were “crowded out” from available affordable housing in 2017, instead paying more than they can afford in rents. For example, because 115 households earning above 100% of median family income but renting a unit affordable to those earning less than 50% of median income means, the latter group cannot access those 115 housing units. The sum of the cells marked in green are resident low income renter households paying more than 30 percent of their income on housing, totaling 195 households in 2017. These include senior and non-senior households.

Figure 28: DeForest Rental Housing Cost Appropriateness, 2017

Household earning an income that is...	Household living in a rental unit with a cost affordable to a household with an income that is...			
	...less than 30% AMFI	...between 30% & 50% AMFI	...between 50% & 80% AMFI	...80% AMFI & over
...less than 30% AMFI	55	90	60	0
...between 30% & 50% AMFI	20	230	45	0
...between 50% & 80% AMFI	10	65	95	0
...between 80% & 100% AMFI	0	55	75	0
...above 100% AMFI	10	105	75	0
<b>Total Units</b>	95	545	350	0

Source: HUD CHAS, Tables 3 and 15C AFMI = Adjusted Median Family Income

Figure 29 totals the number of cost-burdened households by income level in DeForest. By this measure, DeForest had a housing unit gap of 195 rental units in 2017. Ideally, these units would be priced for households making below 50% AMFI (\$51,417 in DeForest). The consultant’s assessment of what would be an affordable rent for these households according to unit size is also provided. Given that the estimates used are from 2017, if one assumes that the number of low income households grew by 1.8 percent per year (which is the percentage household growth in DeForest between 2010 to 2020), the affordable rental housing gap grew to 206 rental units by 2020.

Figure 29: DeForest Affordable Rental Housing Gap, 2017, 2020 and 2030

Household earning an income that is...		# of Households Paying More Than They Can Afford (i.e., Cost-burdened)
...less than 30% AMFI		150
...between 30% and 50% AMFI		45
...between 50% and 80% AMFI		0
...over 80% AMFI		0
<b>2017</b>	Estimated Total Units Needed	<b>+195</b>
	Est. Senior Units Needed (subset)	<b>+49</b>
<b>Affordable Rent Ranges:</b> Efficiency/Studio: \$500-\$800 1-bedroom: \$800-\$1,100 2-bedroom: \$1,000-\$1,300		
<b>Current and Projected Affordable Rental Unit Needs</b>		
<b>2020</b>	Estimated Total Units Needed	<b>+206</b>
	Est. Senior Units Needed (subset)	<b>+64</b>
<b>2030</b>	Estimated Total Units Needed	<b>+286 to +291</b>
	Est. Senior Units Needed (subset)	<b>+127 to +129</b>

The 2017 CHAS (through its Table 5) provides the number of senior households that are cost-burdened. Approximately 25 percent of households making below 80% AMFI are senior households. This would mean roughly 49 of the 195 unit gap for the year 2017 estimated in Figure 29 should be restricted for low income senior households. If one assumes that the number of low income senior households grew in proportion to total senior household growth in DeForest (9 percent per year), the senior housing gap increased to 64 units by 2020. While there are currently 98 affordable senior housing units in DeForest, these are presumably not occupied by households who are paying more than 30

percent of their income for housing. Therefore, this existing supply does not diminish or eliminate this current reported demand, which instead should be understood as additional, unmet demand.

By 2030, the consultant projects an affordable rental housing gap in DeForest of 286 to 291 total affordable units, 127 to 129 of which are estimated to be required for seniors (157 to 164 for non-seniors). These are based on the household projections in Figure 8, and an assumption that the 2030 income distribution of households will be the same as the 2020 distribution.

Figure 30 provides the breakdown of how many rental households in Windsor were in housing that is appropriate to their income level as of 2017. This figure also shows households that were “crowded out” from available affordable housing, and were therefore paying more than they can afford in rents. The sum of the cells marked in green are resident low income renter households paying more than 30 percent of their income on housing, totaling 84 households in 2017. These include senior and non-senior households.

**Figure 30: Windsor Rental Housing Cost Appropriateness, 2017**

Household earning an income that is...	Household living in a rental unit with a cost affordable to a household with an income that is...			
	...less than 30% AMFI	...between 30% & 50% AMFI	...between 50% & 80% AMFI	...80% AMFI & over
...less than 30% AMFI	15	60	4	0
...between 30% & 50% AMFI	0	15	0	0
...between 50% & 80% AMFI	0	55	60	20
...between 80% & 100% AMFI	0	30	0	0
...above 100% AMFI	0	40	70	0
<b>Total Units</b>	15	200	134	20

Source: HUD CHAS, Tables 3 and 15C AFMI = Adjusted Median Family Income

Figure 31 totals the number of cost-burdened households by income level in Windsor. By this measure, Windsor had a housing unit gap of 84 rental units in 2017. Ideally, these units would be priced for households making below 50% AMFI (\$61,740 in Windsor). The consultant’s assessment of what would be an affordable rent for these households according to unit size is also provided. Given that the estimates used are from 2017, if one assumes that the number of low income households grew by 1.7 percent per year (equal to household growth in Windsor between 2010 to 2020), then Windsor’s affordable housing gap grew to 89 rental units by 2020.

**Figure 31: Windsor Affordable Rental Housing Gap, 2017, 2020 and 2030**

Household earning an income that is...		# of Households Paying More Than They Can Afford (i.e., Cost-burdened)
...less than 30% AMFI		64
...between 30% & 50% AMFI		0
...between 50% & 80% AMFI		20
...over 80% AMFI		0
<b>2017</b>	Estimated Total Units Needed	<b>+84</b>
	Est. Senior Units Needed (subset)	<b>+42</b>
<b>Affordable Rent Ranges:</b> Efficiency/Studio: \$500-\$800 1-bedroom: \$800-\$1,100 2-bedroom: \$1,000-\$1,300		
<b>Current and Projected Affordable Rental Unit Needs</b>		
<b>2020</b>	Estimated Total Units Needed	<b>+89</b>
	Est. Senior Units Needed (subset)	<b>+50</b>
<b>2030</b>	Estimated Total Units Needed	<b>+116 to +121</b>
	Est. Senior Units Needed (subset)	<b>+63 to +66</b>

The 2017 CHAS (through its Table 5) provides the number of senior households that are cost-burdened. Approximately 50 percent of households making below 80% AMFI are senior households. This would mean roughly 42 of the 84 units for the year 2017 estimated in Figure 30 should be restricted for low income senior households. If one assumes that the number of low income senior households grew in proportion to total senior household growth in Windsor (5.5 percent per year), Windsor’s senior housing gap increased to 50 units by 2020.

By 2030, the consultant projects an affordable rental housing gap in Windsor of 116 to 121 total affordable units, 63 to 66 of which are estimated to be required for seniors (50 to 58 for non-seniors). These are based on the household projections in Figure 8, and an assumption that the 2030 income distribution of households will be the same as the 2020 distribution.

### Further Insights on Senior Housing Gap

Gauging demand for senior housing market can be difficult, due to the variety of housing types, individual needs that evolve (sometimes quickly) over time, household preference, and data availability. For example, no one agency keeps track of age-restricted housing units, be they part of a condominium or an apartment complex. Further, an senior who can live fully independently in a single family home today, may want or need an independent living unit two years from now, and then an assisted living unit two years from then.

At present, there is a significant difference in the supply of housing units restricted to seniors between DeForest (366 units, 98 low income) and Windsor (173 units, 0 low income), despite the two Villages having a similarly-sized population of residents over the age of 65. The nearly \$13,000 higher median income for senior households in Windsor than DeForest is partially driven by the difference in available senior housing stock between the two Villages. This suggests that Windsor may require even more affordable senior housing than suggested under the previous subsection.

Overall, in terms of being cost burdened, senior households are more likely to pay more than 30 percent of their monthly income on housing. Data from CHAS suggests that in DeForest, 34 percent of all cost burdened households in the Village are senior households. Within Windsor, 54 percent of cost burdened households are senior households. This accounts for both homeowners and renters. This also points to a higher need in Windsor than suggested under Figure 31.

The consultant interviewed local experts and stakeholders about the needs and issues affecting seniors, and from those interviews offers the following additional observations:

- Senior households currently residing in subsidized units are largely under the Very Low (50% AMFI) income limit, and a substantial portion of those fall even further to the Extremely Low (30% AMFI) income limit. Many of these households utilize other assistance programs, such as Food Share, Medicare, and the Homestead Credit. The waiting list to get a unit in subsidized senior housing, currently available in DeForest only, is over two years.
- Not all seniors wish to relocate from their current homes. Many senior households own their home outright, without a mortgage, and are understandably attached to their long-time residences. Given they may be living off a fixed income, many do not see a benefit to apartment living. The assumption that most senior households will move to age-restricted apartment units if given the chance, thus making their former, typically single family home available for new residents, is flawed. This is particularly true at a time when in-home care is becoming increasingly available.

- Even with the above phenomenon, senior advocates suggest that senior-only options for affordable housing are necessary. Senior households are often at a disadvantage when competing with younger households seeking affordable units. Younger households are more mobile and able to access more places. As many property management companies move their applications and payment options online, the younger, tech savvy crowd also has an advantage. Screening measures that favor income (over wealth) may also benefit prospective younger renters.

### Workforce Housing Gap

Typically, the “workforce” being considered are households whose incomes are too high to qualify for public assistance programs, but too low to afford many housing options available in their area. In other affordable housing studies regarding conditions in Wisconsin, “workforce housing” is aimed at renting households earning 60 percent of the area median household income and homeowner households earning up to 120 percent of the area’s median income. As discussed in previous sections, the housing stock for single family homes (which are predominately owner-occupied) is generally affordable for households earning the median area income in both Windsor and DeForest, let alone 120 percent.

While incomes for most resident households grew over the past nine years, most residents of Windsor and DeForest commute elsewhere for work. While some both live and are employed within either Village, a growing issue for both Villages is its supply of units affordable to its workforce. Beyond the affordable housing gap for existing residents, there exists a subset of those who work in DeForest and Windsor who desire to live in DeForest and Windsor, but cannot afford the housing available within.

The Village of DeForest conducted a survey of local businesses in late 2020. Many respondents reported difficulty in finding skilled labor; a handful of employers also reported that their workers were finding it hard to secure affordable housing in the area.

The salaries in Figure 32 are reflective of commonly-required occupations in DeForest and Windsor. The highest paying median salaries—construction and real estate sales agent—are somewhere between 50% to 60% AMFI for either Village. The other salaries fall in the Very Low to Extremely Low Income thresholds for each Village. Unless a worker is in a household with another wage earner, few of these workers could qualify on their own for a lease of a unit at the median gross rent in the two Villages—let alone much higher rents for the typical new unit.

**Figure 32: Area Salaries for Commonly-Required Occupations in DeForest and Windsor**

<b>Occupation</b>	<b>Yearly Salary</b>	<b>Income Range</b>
Elementary School Teacher	\$57,310	Low
Construction Industry	\$54,920	Low
Real Estate Sales Agent	\$52,870	Low
Protective Services	\$47,990	Low
Plastics Manufacturer	\$41,460	Very Low
Packaging Operators/Machinists	\$38,630	Very Low
Certified Nursing Assistant	\$33,920	Very – Extremely Low
Financial Clerks/Tellers	\$32,580	Very – Extremely Low
Preschool Teacher	\$31,210	Extremely Low
Retail Salesperson	\$27,690	Extremely Low
Child Care Assistant	\$26,670	Extremely Low

Source: Bureau of Labor Statistics Occupational Employment Statistics, May 2019  
[https://www.bls.gov/oes/current/oes\\_31540.htm](https://www.bls.gov/oes/current/oes_31540.htm)

The salaries in Figure 32 are averages calculated throughout Dane County. Entry level jobs for positions within DeForest and Windsor are sometimes even lower than these medians. For instance, a first-year teacher with the DeForest Area School District has an beginning salary of \$42,075, and an entry level position with DeForest Windsor Fire and EMS is about \$45,000. Both of these fall between the low and very low income spectrum for both Villages, and neither can afford most available housing in the two Villages.

CARPC estimates that, in 2020, there were 7,617 people who worked in DeForest and Windsor. Only about 11 percent of these people also lived DeForest or Windsor. Given the comments from employers, there appears to be a population of workers who would like to live in DeForest or Windsor but cannot afford housing here, but limiting evidence of exactly how many. Assuming that 75 percent of those 7,617 jobs earn “workforce” wages of \$64,000 or less, if only 5 to 10 percent of those workers not currently living in DeForest or Windsor desired a local home, there could be an need for 255 to 510 affordable units above those totals presented earlier in this section, between the two Villages. By 2030, CARPC estimates there will be 1,537 additional jobs within both DeForest and Windsor combined. That suggests the 10-year need for another

50 to 100 workforce units by 2030. Given the analysis presented in earlier sections, much of this workforce housing would either need to take the form of affordable renter housing, with rents in the ranges of those presented in Figures 29 or 31 and homes substantially under \$300,000.

### Further Insights on Low Income Housing Needs

Interviews with local stakeholders and experts in affordable housing issues resulted in the following additional observations about what the housing market is like for low income households in Windsor and DeForest:

- There are some affordable units in the area, but affordable units can be hard for low income households to access. Often the only indication that a rental unit is available is a sign in the yard indicating upcoming vacancy, which means households outside the Villages (such as those working in but not living in DeForest or Windsor) may be at a disadvantage when trying to secure affordable housing.
- Even if a more-affordable unit becomes available to a cost-burdened, non-residence workforce household, other factors may stop them from relocating. Moving costs can be prohibitively expensive for lower income households. Tenants also have a harder time getting out of their existing leases. While tenants can break their lease and sever responsibility of filling the vacant unit, they are still responsible for rent on the unit until it is filled. Many landlords no longer offer a flat fee for breaking one's lease, as there is no incentive for them to do so. For some renting households, the financial risk associated with potentially paying rent on two units outweighs the opportunity to pay less in rent over the long term.
- Some report that a single vacant unit can get dozens of tenant applications. Households are competing with one another. The situation seems particularly acute for families with children. Finding a unit with at least three bedrooms is difficult due to their popularity and the small supply of units with three or more bedrooms in each Village.
- Many low income households also have transportation issues. DeForest and Windsor's lack of public transportation may be a deterrent for households with no vehicle, or two-earner households with only one vehicle. The DeForest-Windsor area is one of the regional destinations for Bus Rapid Transportation (BRT) to and from Madison. While this would be a benefit for workers coming and going out of the community, the system is not yet operational.
- The DeForest-Windsor housing market also poses a challenge for younger households, such as those newly graduated from college. First-year teachers within the DeForest Area School District often live outside the District, as their salaries are not high enough to afford the rents of the available, newer units in Windsor or DeForest (see further discussion above). Similarly, this same demographic may not yet have a vehicle. Representatives from the DASD report that they have had qualified candidates turn down a position offered to them due to lack of reliable transportation.

## Market-Rate Multiple Family Housing

The vacancy rate for rentals in Dane County has been at a historic low for years. ACS and other industry data indicates that the vacancy rate is equally low in both Villages. Developers rely on market reports from analysts, which to their knowledge have been accurate in recent years. They are careful not to flood the market with more market-rate housing than is needed. As a result, the consultant feels confident that the 2020-2030 housing unit projections for duplex and multiple family units provided in Figure 9 – 68 duplex and 551 multiple family units in DeForest, 38 duplex and 467 multiple family units in Windsor – are likely to be required between 2020 and 2030. This equates to about 10 duplex units and about 100 multiple family units per year between the two Villages.

## Section 6—Siting, Design, and Other Criteria

**This section provides criteria that the Villages may use in evaluating the appropriateness of different sites, locations, configurations, and structures for multiple family, workforce, senior, and affordable housing.**

### Siting

In the past, the tendency has been to relegate affordable and senior housing projects to some of the less attractive, noisier, and or out-of-the-way lands—not necessarily in Windsor and DeForest but generally. This type of siting severely limits opportunities for upward mobility among residents and breeds a culture of endemic poverty, social isolation, hopelessness, and despair.<sup>8</sup> It also makes it more likely that such developments will fall into despair or otherwise create problems for a community decades later.

Affordable single family housing developments and low-density developments targeted to seniors (e.g., duplex condos) should, quite simply, be enabled everywhere where any other single and two family housing developed is allowed. Historically, many of the healthiest neighborhoods in DeForest, Windsor, and elsewhere include a mix of housing and incomes.

The following principles should be used when deciding where to site affordable, workforce, and senior housing developments of higher densities:

- *Close proximity to a range of other land uses.* These include grocery and drug stores; restaurants and retail (but not necessarily “big box”); community gathering places like libraries and parks; medical facilities (particularly for seniors); and schools, day care, and job centers (particularly for workforce/family affordable housing). Such proximities are important not only due to more likely mobility limitations of these populations, but also because of the broader community benefits such as more customers for businesses and more walkers (fewer busses) to schools.
- *High visibility and accessibility.* Location near more heavily traveled roadways, multiple road and driveway ways in and out, trail and walkway connections, and high visibility ensure easier access and safety to and for residents. This is important to get to the other land uses described above, ensure proper protective service delivery, and avoid negative impacts often attributed to developments that are more “tucked away in a corner” of a community. Proximity to public transportation is also valuable, where available.
- *Pleasant neighborhood environment, or vibrant mixed use district.* Affordable and senior housing projects should be integrated within or at least at the edges of, rather than segregated from, predominantly lower density residential neighborhoods. For developments that

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<sup>8</sup> Ten Principles for Developing Affordable Housing, Urban Land Institute, 2007

adhere to the principles in this report section, there is scant evidence of negative nearby property value impacts.<sup>9</sup> Alternatively, infill and redevelopment locations in dynamic downtown and other mixed use settings are desirable. Setting aside a site in an industrial park for a workforce housing project, or allowing affordable and senior apartment developments in only the noisiest locations, would not, for example, meet this principle.

With respect to this last principle, development on infill sites (or redevelopment) is inherently more sustainable than that on undeveloped sites. Infrastructure costs are lower, transportation alternatives are available, agricultural lands or natural areas are not used or compromised, and a positive contribution to local economic and social vitality results.<sup>10</sup>

The following general locations in DeForest and Windsor, today, provide the most appropriate locations for moderate to higher density affordable, workforce, and senior housing:

- Locations along and near Highway V/North Street, particularly near the North/Main intersection, the DeForest Business Park, and the Highway V/Interstate interchange. Locations within or surrounded by industries and highway-oriented businesses in the latter two locations should be avoided.
- The soon-to-be-former Holum Education Center, which the DeForest Area School District has available for sale as surplus property, and which is close to schools, downtown DeForest, and the DeForest Business Park.
- The “Karow property” near the intersection of Holum Street and North Towne Road, which is close to a number of schools, the DeForest Business Park, retail businesses including convenience shopping, and the Highway 51/V interchange.
- Windsor Crossing and the “Zingg property” near the intersection of Windsor and North Towne Roads, which is close to a number of schools, the North Towne Corporate Park and Hooper Business Park, retail businesses including convenience shopping, medical clinics, and the Highway 51/Windsor Road interchange.
- Downtown DeForest, generally understood as the Main Street corridor between North and Commerce Streets, and blocks to the east.
- Downtown Windsor, generally understood as the Windsor Road corridor between Highway CV/Lake Road and Windsor Ridge Lane/Sunset Meadows Drive.

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<sup>9</sup> Capital Area Regional Planning Commission; Multi-Family and Rental Housing Supply, Demand, and Planning in DeForest, Wisconsin—A review of the literature and preliminary data analysis; February 5, 2015

<sup>10</sup> Ten Principles for Developing Affordable Housing, Urban Land Institute, 2007

- The Bear Tree Farms area in Windsor and DeForest, east of the Highway 51/V interchange, though the immediate area currently lacks retail and restaurants (some are planned).
- Conservancy Place, in the River and Windsor Road corridors, though the immediate area currently lacks retail and restaurants (some are planned).

There are other emerging locations that meet some but not all of these principles. These include the Gray/Lake Road intersection area, the former Norsman property near the River Road overpass of the Interstate, and Savannah Brooks. Other smaller neighborhood infill locations may also be appropriate.

## Design

Developing or suggesting design standards for affordable, workforce, and senior housing is beyond the scope of this report. However, the consultant suggests that the Villages ought not to waive or substantially reduce design standards for such projects. This would have the likely effect of lessening their quality over time, and would make them stand out rather than blend into the community. Attractive housing also fosters resident pride.

Based on recommendations from the Urban Land Institute and the consultant's own experience, the consultant offers the following basic design principles, which often extend into considerations of proper siting:

- Project design should think beyond the car, incorporating options for bicycling, walking, and multiple roadway and driveway connections to the surrounding community.
- Scale projects to respect the neighborhood. In some neighborhoods, the rehabbing of existing units may be an appropriate scale. Other areas may support large multiple family structures. The proper scale will promote a healthy connection between the development and its surrounding neighborhood.
- Use good landscaping to both enhance security and define the property. Decorative fencing can be used to define the character of a property as well as enhance security. However, well-designed affordable housing does not rely heavily on security or screen fencing, except where necessary for noise mitigation.
- Design and siting should serve to seamlessly integrate lower income and senior residents into the broader community, rather than isolate them.
- Encourage projects and buildings that blend housing units that are affordable to lower income persons with those that are not, which can help with community stability, provide move up housing for residents, and improve financial feasibility.

- Consider future conversion potential. This is particularly important for senior housing, as the DeForest-Windsor area is entering what may be a “bubble” period of many seniors for 2+ decades, to be followed by a generation (Generation X) that will have fewer seniors.

Maintaining similar design standards for affordable, workforce, and senior housing developments that apply to multiple family developments that require higher rents can be challenging financially for the developers of the former. The Villages can provide and support financial assistance. This may include conveyance of surplus public land, support for applicant’s requests to the State for low-income housing tax credit eligibility, tax incremental financing incentives or infrastructure support, impact fee reductions, and/or higher development densities such as via planned unit development zoning.

### Other Criteria for Success

Affordable, workforce, and senior housing developments of the past have often suffered from combinations of poor siting, poor design, and poor management. Proper siting and design are addressed above. Ensuring effective long-term management can be more challenging, but the following concepts help:

- Require a portfolio of past projects, and check references. For “first timers”, ask for a more experienced partner.
- Insist on neighborhood meetings and other outreach before, during, and following development application and construction.
- Incorporate durable, sustainable, timeless, and energy efficient external and internal building materials, systems, and fixtures.
- Require, with rezoning, planned unit development, or conditional use permit, submittal of a maintenance plan and funding mechanism for carrying it out, and where possible utilize tools like deed restrictions and development agreements to carry these plans out.
- Provide for continuing education for residents regarding property maintenance.
- Work to ensure fair but thorough tenant screening.
- For larger projects, require on-site manager or maintenance person, and service by a management company within, say, 30 miles from the site.
- Work to avoid situations where there will be multiple owners of different units where such owners will not likely be occupants.