



**Community Development Authority**  
**Meeting Minutes**  
**Wednesday, October 27, 2021 at 10:00 a.m.**  
via Tele/Video-Conference

Present: Chair Peter Hammond, Mike Dawson, Tr. Arthur Ircink, Jon Krouse (arrived during item #3), Joe LeSage and Tr. Kathy Stokebrand

Also present: Julia Smith, Novogradac; President Ann McKaig; Village Manager Rebecca Ewald; Assistant Village Manager Tyler Burkart, and Planning & Development Director Bart Griepentrog

**1. Call to order.**

The meeting was called to order at 10:02 am.

**2. Consider August 10, 2021 meeting minutes.**

Tr. Stokebrand requested that “lesson” be changed to “lessen” on page 2.

Tr. Stokebrand moved to approve the minutes with the requested modification; seconded by Ms. Dawson. Vote 5-0.

**3. Presentation – Shorewood Housing Market and Needs Analysis 2020**

Julie Smith from Novogradac reintroduced herself and noted that she was invited to provide an overview of the Shorewood Housing Market Study and Needs Analysis that she performed in 2020. (For reference, the slides from her presentation have been added to the CDA packet of materials for this meeting.)

Ms. Smith reminded the CDA that the project commenced in the fall/winter 2019 and the report was finalized in February 2020. She noted that secondary data from the U.S. Census Bureau was used in addition to primary data analysis, including a survey of rental housing, interviews with local realtors, two public listening sessions and an online survey. She noted the limitations of the secondary sample dataset and their margins of error, but stated it is the most widely used data source. She also pointed out that smaller geographic areas, like Shorewood, must rely on 5-year estimates and noted that most data within the report is from 2013-2017. She further noted that one cannot compare data estimates if the time period overlaps.

Ms. Smith stated that prior population projections were found to be underestimated based on the results of the 2020 Census (13,859), which Chair Hammond and Tr. Stokebrand confirmed to mean that more growth occurred than was expected.

Ms. Smith pointed out that the median age in Shorewood (35.6) is significantly lower than nearby North Shore communities, the state and nation, and actually decreased based on the most recent estimates. She suggested that could mean either more younger people are moving into Shorewood or more older people are moving out. Tr. Stokebrand questioned if there was any way of knowing which was the case, and Ms. Smith stated that it was not possible to confirm.

Ms. Smith stated that Shorewood was unique in its household type composition having more non-family households than the region, state and nation. She pointed out that those non-family households seemed to be clustered in the village’s southwest corner and central corridor. Mr. Krouse questioned

how senior living facilities or nursing homes were classified. Ms. Smith responded that nursing homes, like dorms or prisons, were group quarters, which would not be included with these numbers. Mr. Krouse questioned if anyone knew what the River Park apartments were classified, noting that a lot of people live there and that could skew the numbers. Ms. Smith noted that those were classified as apartments and would be represented within the numbers.

Ms. Smith noted that Shorewood's median household income was lower than that of Wauwatosa and Whitefish Bay. She also pointed out that Shorewood's median household income is significantly higher in its eastern section.

Chair Hammond pointed out that these unique characteristics (age, household type, income) speak to the household diversity of Shorewood. He questioned how this might benefit Shorewood's affordable housing discussions, and Ms. Smith suggested that it could help to identify targeted groups or projects. She also noted that the downside is that there are a lot of groups that could benefit with limited resources. Chair Hammond noted that three groups have continually been mentioned in the conversation: seniors, households to increase racial diversity, and the special needs community. He stated that the report discussed the aging-in-place and special needs aspects, but the racial diversity component was less clear, which he mentioned has been the most actively discussed. Ms. Smith stated that Shorewood's racial demographics stood out compared to Milwaukee, but not necessarily other suburban communities.

Tr. Stokebrand questioned if one could say that Shorewood was very economically diverse, and Ms. Smith stated that she would say it is more economically diverse than it is socially diverse. Ms. Smith also pointed out that economic diversity is typically not measured in smaller geographic areas, such as Shorewood, so it would be hard to draw comparisons with other communities.

Ms. Smith said it would be fair to suggest that if a community wanted to increase its racial diversity that it needed to provide housing types at price points that all racial groups in the surrounding area generally have incomes at, particularly in urban and suburban areas.

Ms. Smith noted that Shorewood's housing supply was also unique with respect to its age, showing a graph that indicated a majority of its supply was built in or prior to 1939. She stated that people may typically associate age of the housing supply with a depreciated condition, but based on her site visits to Shorewood, she did not think that to be accurate in this case.

Relative to most other communities, Ms. Smith stated that Shorewood has a higher supply of duplexes, which makes it unique. She noted that the data showed that most duplexes were renter-occupied, as opposed to the owner-occupied single-family housing supply. However, she noted that this ownership structure was not unique.

Ms. Smith summarized that the typical renter-household in Shorewood is a non-family household between the ages of 15-34 or 65 and older living in southwestern or central Shorewood. The typical owner profile is a married-couple household with the householder between the ages of 35-64 living in eastern or northwestern Shorewood. She pointed out that Shorewood still has a majority of renter households and that vacancy rates for both owner-occupied and renter-occupied housing were lower than average. She noted that a lack of housing supply drives up prices and impacts affordability.

Ms. Smith stated that housing costs in Shorewood are relatively high and rising, noting that the median value rose from \$288,700 to \$330,800 (2008-2012 vs. 2013-2017). She pointed out that housing values in Shorewood are skewed towards the higher end than many geographies but are somewhat comparable to Whitefish Bay, which is even more skewed. Mr. Krouse confirmed that these prices related to owner-occupied housing stock and pointed out that owner-occupied duplexes presented a unique challenge to the data. Ms. Smith noted that the decennial census theoretically should have more reliable data than the 5-year estimates.

Ms. Smith pointed out that the median gross rent in Shorewood was \$948 in the report (2013-2017), which compared to \$846 in the previous estimate (2008-2012). She noted that Shorewood's rental units were also slightly skewed towards the higher end and pointed out that these numbers do include the lower-rate Section 8 housing developments. Mr. LeSage confirmed that the numbers did not differentiate by the size of the unit. Ms. Smith stated that the median gross rent is not typically used as a dataset to determine affordability but can be seen as a signal to further investigate. Tr. Stokebrand questioned if the Section 8 apartments should be removed from the data when trying to determine if Shorewood has enough affordable housing. Ms. Smith noted that the River Park apartments are available to seniors and persons with disabilities, but not general households. Mr. LeSage believed that the River Park apartments equated to approximately 5.8% of the village's total housing supply. Ms. Smith also pointed out that the Lighthouse 4041 development, which has 17 income-restricted units had a waiting list of 522 households. She suggested that this type of unit, which is aimed more in the middle-income range, is where most of the demand was currently situated.

Tr. Stokebrand questioned how Shorewood's percentage of Section 8 housing compared to other suburbs in the area, Milwaukee, the state and the nation. Ms. Smith stated that Section 8 data is publicly available from HUD and could be used to calculate those percentages by dividing the number of Section 8 units into the total number of housing or rental units. Mr. LeSage stated that based on his calculations, the village would need to add 100 units to get from 6% to 7%. He noted that focusing on the number of units, as opposed to the percentage, may be more meaningful. Ms. Smith also stated that focusing on affordable housing beyond Section 8 to include more workforce housing options should be considered. Ms. Dawson pointed out the benefit of mixing households and incomes in developments such as the Lighthouse. Ms. Smith suggested that the model of the Lighthouse, but with more affordable units than market-rate units, would be a project she would consider, depending on the politics and resources of the community.

Ms. Smith provided three slides of updated key demographics for the Village to reference in future discussions or materials. She referenced the high number of college students who report Shorewood as their home and noted that various low-income programs restrict college students from qualifying.

Ms. Smith provided two definitions for affordability. She noted that HUD's definition, which defines housing costs equating to less than 30% of household income, was the predominant one. She detailed the housing + transportation index, which defines affordability as less than 45% of household income related to both of those costs. She also noted that education, including student loan debt, and healthcare costs are increasingly taking up larger proportions of household incomes.

Ms. Smith provided data related to Affordability by Tenure, which showed that only 32% of Shorewood's renters have incomes at or above 100% of the area median income, whereas 71% of homeowners do. She noted this likely was not surprising and suggested that once renters obtained higher incomes, they were more likely to buy a house. She also noted that if programs were developed to assist existing low-income households, they would likely be targeted towards renters based on these numbers.

An updated table on Affordability Over Time by Tenure with trend data was presented. She noted that the only statistically significant growth was seen in households paying less than 30% of their household income towards mortgages, housing costs or rent. The percentage of renters who are cost burdened has remained relatively stable.

Ms. Smith re-presented data on cost burdened households by income and tenure, which showed that the most cost burdened and severely cost burdened households are renters who earn less than or equal to 30% of area median income. She noted that this was not surprising. However, on a percentage-basis, homeowners who earned less than or equal to 30% of area median income were

more likely to be cost burdened, which made homeownership for households in this income level more difficult or unlikely.

Ms. Smith referenced that both rental and housing costs have grown throughout the country since this report was issued and that COVID may also have impacts. Mr. LeSage noted that he had always perceived of these discussions in relation to bringing new people in but stated that the CDA should also be wary of people who already live here and are experiencing these issues. Ms. Smith agreed and stated that the CDA needs to identify who they are trying to help out. She noted that certain projects could also achieve multiple goals.

Ms. Smith noted that vacancy rates remain lower than average, which tends to drive up rental rates. In the last year a 3.7% increase in rent growth was experienced in the Shorewood/Whitefish Bay market, which was the strongest growth over the last 10 year, and prices are projected to continue to rise 3.5% annually. She also pointed out that Zillow estimates that home values increased 11.7% in the same market.

In comparison to Glendale, Milwaukee and Wauwatosa, Shorewood and Whitefish Bay had generally higher home values. She noted similar comparisons in the rental market.

Ms. Smith shared low-to-moderate income limits for Low Income Housing Tax Credit projects. She noted that residents pay a set rent, but those rents are capped based on your household and unit size. She stated that this was the primary vehicle being used to develop affordable rental housing in the country and that no one is building new Section 8 housing. She noted that this is often referred to as workforce housing or the missing middle.

Ms. Smith noted other communities that have extended TIDs for affordable housing in Wisconsin and provided reference links to various programs, including a loan forgiveness program in Waukesha.

Chair Hammond asked Ms. Smith if she had any examples of affordable housing programs aimed at homeownership. She noted that assistance could be offered to households based on their income through programs like zero-interest loans or down-payment assistance. She also mentioned that new owner-occupied housing units could be developed and sold to income-qualifying households. She noted there may be complications in developing terms for how those units are sold and maintained as affordable. Mr. LeSage noted that deed restrictions like this take away the ability for people to build wealth as other homeowners have.

Ms. Smith described two types of affordable housing, one which was mandated or regulated for households with qualifying incomes, and the other which occurs naturally in the market. She noted that Shorewood has a good supply of naturally occurring affordable housing but that it is being occupied by people with higher incomes.

Chair Hammond reiterated the complexity of developing a program that also furthers Shorewood's diversity and inclusion goals. Ms. Smith noted that programs aimed at owner-occupied housing would tend to benefit existing residents or people who work in the village based simply on familiarity and marketing. She stated that a rental project is much more likely to attract residents from outside of Shorewood.

Ms. Smith shared a slide of the income levels used to perform the housing gap analysis and suggested that the data could be used to help target households in a future project or program.

Ms. Smith noted that she likes to reference the Zillow Home Value Index to understand the for-sale market because it relates to the value of all housing, not just the housing that has been listed for sale. She noted that this index showed a 13.1% increase in home values in Shorewood, and that the median value was listed at \$423,498. Trend data was provided for comparable geographies. She noted that the

data can be split out between single-family homes and condos, and that condos in Shorewood had a higher value than in Whitefish Bay.

A table detailing the Owner Market Affordability Housing Gap was provided. Ms. Smith pointed out that there were 815 owner households in Shorewood that had 100% area median incomes or less and that 1,100 affordable units were available for those households. However, as with the rental market, many of those homes were being occupied by people earning more than the area median income, so there was actually a deficit of 485 units in this category. She reiterated that there are a lot of people who could be targeted with these funds. Chair Hammond questioned if comparable owner gap data was available for other municipalities. Ms. Smith referenced a study called "Bridging the Gap" that had this data for other larger municipalities but not necessarily the smaller comparison communities referenced within Shorewood's study. Chair Hammond noted that the market is going to do what it does and that the community cannot solely rely on the market to solve for the identified issues. Ms. Smith stated that affordability is a market failure that can only really be fixed through a government intervention. She noted that this problem is nationwide and not unique to Shorewood, although there are areas that are definitely more affordable. She clarified her use of "market failure" by saying that if you simply rely on supply and demand, affordable housing will not be produced.

Ms. Smith summarized that gaps exist for affordable and available housing on both the for-sale and for-rent markets. She also noted that the recent development of market-rate housing was not necessarily a bad thing because it can provide downward price pressure on some of the older supply and open up units from people who have moved into the new units.

Ms. Smith discussed several strategies related to how Shorewood could use the money it has reserved for affordable housing. She noted that the report's original recommendations included renovation of existing supply or development of new supply. She stated that adding new supply may not necessarily relieve price issues if demand is there to fill it but that not building new supply would cause prices to continue to increase.

Ms. Smith noted a possible mechanism to increase the use of Section 8 Housing Choice Vouchers within Shorewood and suggested the reason they are not currently well-utilized relates to the program's maximum allowable rents. She stated that Shorewood could develop a program to incentivize private landlords to accept vouchers by filling the gap between the voucher and the market rental rate. She noted there would likely be high administrative costs with this type of solution. She also stated that based on the known demographics of voucher households a program like this could support Shorewood's increased diversity goals. Mr. LeSage believed this type of program to be a powerful option, particularly when understanding the amount of duplex housing that Shorewood already has. He suggested that landlords could be offered a bonus to participate in the program. Ms. Dawson noted that the program would be a way to place income-qualifying households into units, rather than households who could afford more. In response to potential hesitancy from landlords to participate, Mr. LeSage suggested that the Village may need to offer additional guarantees in exchange for accepting the tenant. Tr. Stokebrand questioned how long the current funds would last within such a program. Chair Hammond noted that the CDA was not yet at the solutions stage but would need to figure that out. Mr. LeSage believed that a 10-year program could provide up to \$17,000 per month.

Ms. Smith ended her presentation by reminding the CDA of the slide she provided with examples from other municipalities in Wisconsin and relevant links to programs.

**4. Consider hosting Shorewood Speaks on Affordable Housing with HRC as the next session in: The Role of Suburbs in Creating a Diverse and Inclusive Region: Spotlight on Housing.**

Assistant Village Manager Burkart noted that the CDA was scheduled to co-host this event with the Human Relations Commission. The CDA was asked to agree with the proposed ground rules noted in the packet and select a member to represent them at the event. Tr. Stokebrand questioned the date of

the event and was informed it was Thursday, November 18<sup>th</sup> from 6:00 – 8:00 pm. Tr. Ircink nominated Chair Hammond to represent the CDA; Mr. LeSage seconded. The nomination was unanimous. Tr. Stokebrand questioned the proposed suggestion that people only utilize “I” statements, noting that she did not prefer to tell people how to speak. Mr. Burkart indicated that the intention was to make sure that people were not misrepresenting groups of people but were sharing their personal experience or opinion.

Mr. LeSage left the meeting.

**5. CDA Q3 financial report.**

Planning Director Griepentrog noted that the report was provided for reference.

**6. Adjournment.**

Ms. Dawson motioned to adjourn the meeting at 12:17 pm; seconded by Mr. Krouse. Vote 5-0.

Respectfully submitted,



Bart Griepentrog, AICP  
Planning & Development Director