

Experts say state, local government can help lower cost of new home construction

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Experts say state and local government entities can help address Wisconsin's affordable housing shortage by helping to cover related infrastructure costs.

Kurt Paulsen, a professor of urban planning at UW-Madison, spoke yesterday during a joint hearing of the Senate Committee on Housing, Rural Issues and Forestry and Assembly Committee on Housing and Real Estate. He and other speakers highlighted the statewide shortage of affordable housing, particularly in major employment hubs, as well as potential solutions to this problem.

"Maybe 15 to 20 percent of the cost of a house is the infrastructure itself — the roads, water, sewer, sidewalks," Paulsen said. "That's certainly some area where the state could, through various either grants or loans or financing, bring down the cost of infrastructure to develop a home."

Wisconsin Builders Association Executive Director Brad Boycks said the group's president, Mike Howe, is working with Manitowoc officials on a workforce housing development that includes such an arrangement.

"The city's been instrumental — for instance, they are taking over the ownership and maintenance of the stormwater retention pond," Boycks said. "Stormwater management is a substantial cost to a new development."

But at the same time, homebuyers may need to change their expectations if they want a lower-cost option, Boycks argued. He said Howe is offering to exclude basements from the homes being built, noting that reduces the overall price of construction by \$50,000.

"It will be interesting to see as that development progresses ... how many have chosen that option," he said.

Meanwhile, Wisconsin Realtors Association Executive Vice President Tom Larson spotlighted efforts around the state targeting the affordable housing shortage. He said the city of Shullsburg in Lafayette County has been giving away lots for free to attract developers to build workforce housing.

“Kenosha has done a great job with their ARPA funds to build workforce housing,” he said. “Washington County is an innovator, trying to use ARPA funds and also regulatory reform to build at higher densities ... the city of Madison is looking at a number of regulatory reforms.”

That includes a concept called “by-right development,” in which projects that meet all regulatory requirements are essentially guaranteed approval, speakers explained yesterday. That provides more “certainty and predictability” for the development process, Larson said.

Paulsen added Monona-based Veridian Homes has been able to design a neighborhood “where you can achieve every price point that you want,” from \$250,000 to \$500,000 within a single subdivision. But he stressed that it “takes a municipality with a deep commitment” to housing affordability to make that a reality.

Watch a video of the hearing here:

<https://wiseye.org/2023/03/07/senate-committee-on-housing-rural-issues-and-forestry-and-assembly-committee-on-housing-and-real-estate/>

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-By Alex Moe