



MORE HOUSING
WISCONSIN

HELPING COMMUNITIES DEVELOP
HOUSING SOLUTIONS.

WHITEPAPER SERIES
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Municipal Housing *Solutions*

LEAGUE
OF WISCONSIN
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Wisconsin REALTORS® Association



More Housing Wisconsin

Wisconsin is experiencing a **significant housing shortage**. A recent study estimates Wisconsin will need to build **over 200,000 housing units by 2030** to accommodate all the people who want to live and work here.ⁱ More Housing Wisconsin, a collaboration between the League of Wisconsin Municipalities, Wisconsin REALTORS® Association, and the Wisconsin Builders Association, seeks to educate and inform Wisconsin city and village leaders and staff about zoning changes and other strategies communities can use to help **address this state's housing shortage**. Our goal is to bring tools, resources, and best practices to municipalities to help communities initiate housing solutions that meet their unique needs and **strengthen our economy**.



THIS MONTH'S TOPIC AUGUST 2024

Streamline standard development approval process and create expedited review for workforce housing.

Overly long development approval processes can act as a significant barrier to more housing and add to the cost of a housing project, which is then passed onto prospective renters or buyers.ⁱⁱ Simplifying and streamlining the development approval process by, for example, expanding administrative reviews and reducing governing body approvals, is an important action communities can take to remove barriers to the creation of housing options affordable to households at or near the area median income.

Another step communities can take to increase the number and reduce the cost of workforce housing is to create a separate expedited approval process and waive or reduce development fees for such housing projects.

STREAMLINE AND SIMPLIFY THE STANDARD PERMITTING AND DEVELOPMENT REVIEW PROCESS BY TAKING ACTIONS SUCH AS:

- **Conducting a self-assessment of the permitting process.** Examine, for example, how long a typical housing development review takes from start to finish and whether there are any improvements that can be made to the process. Identify process bottlenecks and redesign the process so that it is as efficient as possible.ⁱⁱⁱ One practical difficulty is that efforts to overhaul the permitting process can last months and require substantial time commitments by staff. A full review should involve community and stakeholder engagement, coordination between different municipal departments, public forums, and reports.

Recommendations flowing out of a systematic review of the permitting process typically include implementing multiple strategies designed to increase efficiency, such as:

- Establishing a one stop permitting location.
 - Imposing a maximum time limit on the municipal review process.
 - Improving user-friendliness by providing applicants with information and assistance at the beginning of the application process.^{iv}
 - Developing a transparent, easy to follow “developer’s checklist” of zoning and other requirements that must be met before a project is launched.^v
 - Developing forms and permits that are simple, easy to access, and make the development process as transparent and efficient as possible.^{vi}
- **Changing zoning code to reduce need for individual variances and conditional use permits and eliminate or reduce need for elected body approvals.** “Whenever possible, a zoning code should be written simply and clearly. A zoning administrator should be able to administer the review of most site development requests and uses that are permitted by right.”^{vii} Only when a legislative action is required, such as changes to zoning ordinance text or maps and approval of development agreements, should the elected body be included in the process.^{viii}

Under Wisconsin state law, “if a person submits a complete application for a permit related to a residential housing development meeting all existing requirements that must be satisfied to obtain the permit at the time the application is filed,” then the municipality “shall grant the application.”^{ix} If all zoning code requirements are met,

then the zoning administrator should be able to sign off on a project just as if it were a building permit.

In developing the review standards in your zoning ordinance, use these best practices:

- Provide clear, consistent, and streamlined standards for all land uses permitted by right and allow site plans and applications for these uses to be reviewed by the zoning administrator.
- Consider allowing administrative departures for benign minor issues where the exact language of the ordinance does not fit. Require findings, record keeping, and reporting to the legislative body as appropriate.
- Establish consistent findings for the plan commission to review and consider in their approval process.^x

In addition, “development review can be made more efficient by removing the elected body from the responsibilities of site plan review for permitted uses, special [i.e., conditional] land uses, and other general development approvals.”^{xi} Finally, consider modifying your ordinances to give the zoning board of appeals or plan commission power to approve conditional use permits, not the governing body.

- **Combining public hearings to consolidate the community comment process.**

It is sometimes necessary for multiple local boards and commissions to review a housing development proposal. Each of these boards or commissions may need to conduct a public hearing on the proposal. Multiple hearings and multiple approval requirements can add considerable time to the permitting process. Combining multiple hearings into a single hearing can reduce the total permit approval process time. Combining public hearings requires coordination and cooperation between departments and boards, as well as procedural changes within the zoning code.

UNDER WISCONSIN STATE LAW,

“if a person submits a complete application for a permit related to a residential housing development meeting all existing requirements that must be satisfied to obtain the permit at the time the application is filed,” then the municipality “shall grant the application.”

Administrative agreements between participating boards may be necessary; in other cases, board and commission rules and regulations may need to be revised to facilitate joint hearings.^{xii}

- **Offering Pre-approved plans.** Authorize as approved for construction in specified zoning districts blueprints for specific housing types. “Pre-approved plans that meet a community’s criteria provide a great deal of predictability and consistency for a homeowner, builder, and even neighbors. Decisions have already been made about what types of buildings are acceptable ahead of time. This shortens approval timelines and eases the workload of the zoning administrator.”^{xiii}

“The most common area in which pre-approved plans are used is for Accessory Dwelling Units (ADUs) as a standalone structure. Floor plans and building elevations will typically be found in a design manual or website for a property owner to select from. (The configuration of a lot or building will need to be considered alongside the pre-approved plan.) Some communities provide pre-approved plans for free or at a very low cost; others have partnered with architectural or design firms to sell their pre-approved plans at a lower cost than a custom design.”^{xiv}

CREATE A SEPARATE EXPEDITED REVIEW PROCESS AND WAIVE OR REDUCE FEES FOR WORKFORCE HOUSING PROJECTS.

Lengthy and complicated review processes are an especially difficult challenge for workforce and other affordable housing proposals. With a lower return on investment, affordable housing projects suffer disproportionately from the costs associated with regulatory delay.^{xv} Similarly, workforce and other affordable housing projects are negatively impacted to a greater degree by fees communities charge to offset the cost of development review and help pay for expanded infrastructure and other public facilities related to the new development. As a result, fewer affordable housing units are built. Some communities have responded to this challenge by reducing or waiving development fees and impact fees, as well as expediting the permitting and approval processes for qualifying workforce housing projects (e.g., projects aimed at households the annual income of which is between 80 and 120 percent of the area median income.)^{xvi}

Expedited review. Some municipalities have established a separate “fast-track” permit application for workforce housing developments by assigning a dedicated staff person to shepherd each application through the process. Others give priority consideration to qualifying proposals, moving them to the front of the line and guaranteeing a permitting decision within a set number of days. Developers of qualifying projects may also be given access to “early assistance” meetings, in which municipal staff review the proposal before it is submitted for approval and identify any concerns or problems that need to be resolved.^{xvii}

Project Eligibility. When establishing an expedited permitting program communities should set clear eligibility criteria, clarifying, for example:

- What share of units in the development must be affordable, and to what income levels, to qualify for expedited permitting?
- Are there any requirements for the duration that units must remain affordable?
- Is the expedited permitting option available community wide or only in specified zones or neighborhoods?
- Is the expedited permitting program limited to new construction, or open to all development meeting the affordability criteria, including rehabilitation and renovation projects?^{xviii}

Implementation considerations. For communities considering such a strategy, the following questions should be addressed before pursuing implementation:

- 1) Are local housing market conditions (i.e., the level of construction activity) sufficient to make developers want to take advantage of the expedited review incentive? (Note: This strategy is most effective in strong housing markets with high levels of construction activity and relatively long permitting processes.)
- 2) Does staff have the capacity to handle an influx of development applications on an expedited timeline without disrupting the normal development review process?^{xix}

Fee waivers. There are a variety of ways communities can make fee waivers and reductions available to developers of workforce housing projects. Typically, developers will need to apply for the fee waiver or reduction with the planning or housing and community development department, along with documentation proving their intention to comply with eligibility requirements. Once the application has been approved for a qualifying project, the benefit is provided.^{xx}

Communities will need to decide whether to reduce or waive all impact and permit processing fees, or a subset of fees.^{xxi}

Guidelines should specify how the policy applies for mixed-income developments. When some units are affordable and others are rented or sold at market rates, waivers or reductions may apply to all units in the development, or only to those that meet affordability criteria. Also, to control revenue losses, some communities limit the number of fee waivers that may be granted annually.^{xxii}

Project Eligibility. Communities should establish clear eligibility criteria for fee reductions or waivers. Program guidelines should specify the income level(s) that must be served to qualify for this incentive, as well as any minimum threshold(s) for the share of units in a development that must meet affordability requirements. Guidelines should also specify for how long the units must remain affordable.^{xxiii}

Municipalities will need to decide whether fee waivers or reductions are available in all geographic areas within the jurisdiction or only in specified neighborhoods.^{xxiv}

Communities may also want to establish eligibility requirements for developers. For example, some cities limit eligibility for fee waivers and reductions to non-profit developers while others make the incentive available broadly.^{xxv}

Implementation consideration. Communities debating whether to reduce or waive fees for workforce housing projects should carefully consider whether the benefit of reducing developers' costs to make affordable housing projects more financially viable outweighs the negative impact on the municipality's ability to cover the cost of development review. Similarly, if impact fees are reduced or waived does the municipality have an alternative source of revenue to pay for the infrastructure necessary to serve the development?

EXAMPLES OF EXPEDITED PROCESS AND FEE WAIVER POLICIES:

City of Madison, WI. The city offers an exemption from payment of park impact fees for development of low-cost rental housing units. A low-cost unit is defined as one reserved for households with incomes less than or equal to 60% AMI (Area Median Income) and for which rents are restricted to amounts not greater than 30% of income for a household at 60% AMI with a land use restricted period of at least 30 years.

The following examples are taken from the Colorado Department of Local Affairs Guidance Fact Sheet on Development Review Fees, Impact Fees, and Expedited Process
<https://drive.google.com/file/d/1K1hFYd-yuVH0S9FZqJ-ZfZYHBAXJ6ML/view>

City of Brighton, CO. The city provides for reduced development impact fees for affordable housing constructed within city limits and compliant with applicable fee requirements. The list of fees eligible for reduction, subsidy, or reimbursement includes water plant investment fees and/or water resource fees, sewer plant investment fees, traffic impact fees, drainage impact fees, park development fees, bridge and/or crossing fees, and open space cash-in-lieu fees.

City of Colorado Springs, CO. The city has an Executive Agreement with Colorado Springs Utilities that authorizes up to \$2M annually to offset utility-related charges for affordable housing projects. The city's Rapid Response Team (RRT) program provides qualifying primary employers with expedited review and approval of land use applications and building permits, primarily reducing the time it generally takes for plans to move through the development review process. The city provides a one page description of their Rapid Response plan review designation and list of qualified affordable housing projects. Note: while this program is limited to primary employers, it provides a framework and process that could be extended to affordable housing developers.

City of Denver, CO. The city's Affordable Housing Development Review Team is a special cross-department unit dedicated to reducing the time it takes to review and permit affordable housing developments. Denver also offers up to a 50% reduction in fees for affordable housing.

City Longmont, CO. The city's Affordable Housing Program includes numerous incentives for affordable housing, including:

- **Fee Waivers:** A percentage of certain development fees may be waived for qualifying projects. Reductions can range from 50% to 75% for for-sale units and from 20% to 50% for rental units.
- **Fee Deferral:** As part of the Impact Fee Deferral Program, new residential developments are eligible to defer payment for several City-related fees.
- **Subsidy for Water/Sewer System Developments Fees:** Projects that provide more than the minimum required affordability may qualify for a percentage of the fees to be subsidized.
- **Offsets for Cash-in-Lieu of Raw Water Deficits:** A project that provides a minimum of 25% of total units in a development as affordable may be eligible to receive an offset for a percentage of the raw water deficit cash-in-lieu owed to the City. This incentive is only available to projects that are being platted; redevelopment projects are ineligible.

ⁱForward Analytics, *A Housing Hurdle: Demographics Drive Need for More Homes*; January 2023.

ⁱⁱ*Development Process Efficiency: Cutting Through the Red Tape*, National Association of Home Builders (2015).

ⁱⁱⁱ*Ibid.*

^{iv}*Ibid.*

^v“Northwest Michigan *Housing Ready Checklist*” developed by Housing North.

^{vi}*Ibid.*

^{vii}APA-Michigan Chapter, *Zoning Reform Toolkit: 15 Tools to Expand Housing Choice + Supply*
https://www.planningmi.org/aws/MAP/asset_manager/get_file/886922?ver=0

^{viii}*Ibid.*

^{ix}Wis. Stat. § 66.10016(3).

^xAPA-Michigan Chapter, *Zoning Reform Toolkit: 15 Tools to Expand Housing Choice + Supply*
https://www.planningmi.org/aws/MAP/asset_manager/get_file/886922?ver=0

^x*Ibid.*

^{xi}*Ibid.*

^{xii}*Development Process Efficiency: Cutting Through the Red Tape*, National Association of Home Builders (2015).

^{xiii}APA-Michigan Chapter, *Zoning Reform Toolkit: 15 Tools to Expand Housing Choice + Supply*
https://www.planningmi.org/aws/MAP/asset_manager/get_file/886922?ver=0

^{xiv}*Ibid.*

^{xv}*Development Process Efficiency: Cutting Through the Red Tape*, National Association of Home Builders (2015).

^{xvi}*Ibid.*

^{xvii}*Expedited permitting for qualifying projects*, Local Housing Solutions

<https://localhousingsolutions.org/housing-policy-library/expedited-permitting-for-qualifying-projects/>

^{xviii}*Ibid.*

^{xix}Colorado Department of Local Affairs Innovative Affordable Housing Strategies

<https://drive.google.com/file/d/1K1hFYd-yuVH0S9FZqJ-ZfZYHBAXJ6ML/view>

^{xx}*Reduced or waived fees for qualifying projects*, Local Housing Solutions

<https://localhousingsolutions.org/housing-policy-library/reduced-or-waived-fees-for-qualifying-projects/>

^{xxi}*Ibid.*

^{xxii}*Ibid.*

^{xxiii}*Ibid.*

^{xxiv}*Ibid.*

^{xxv}*Ibid.*