

THE HOUSING ELEMENT

The residential areas of communities are a major component of their social and physical fabric. Indeed, housing is deemed by all societies as a necessity of life. The provision of housing in a community is determined by many factors, such as available land and services, proximity to daily destinations, and the lifestyle preferences of its residents. The 2003 Housing Focus Group found from a search of the Multiple Listing Service that the average 2002 closing home sale price on a three-acre lot is \$250,000, with typical starting prices around \$200,000. The average 2002 closing home sale price in the Village of Somerset is \$155,000, with typical starting prices around \$135,000. This simple analysis shows a principal characteristic of the Town of Somerset's housing, it is getting expensive to build a house. Analysis of the following housing data provides a better understanding of housing trends in the Town of Somerset.

HOUSING CHARACTERISTICS AND TRENDS

The major identified trends are the fast growth in housing units and their cost, the high rates of owner-occupied housing, not much change in multi-family units and mobile homes, and a shrinking household size.

Table 23 presents annual building permit information showing the addition of housing units in the Town of Somerset from 1993 to the 2nd quarter of 2003. It can be seen that 493 housing units were permitted in the Town of Somerset since the end of 1992. It is believed that there is underreporting of building permits to the Census Bureau, so the actual number could be slightly higher.

Since 1980 there has been a steady growth in housing units in the Town of Somerset as the population has grown (Table 24). During the 1980s there was about a 24 percent increase in the number of housing units while population grew by almost 8 percent. Subsequently, in the 1990s housing units increased by a third while population increased by about the same rate. As household size decreases more housing units are necessary to accommodate an equivalent population. Housing occupancy traditionally has been quite high in the Town of Somerset, between 91 and 96 percent.

TABLE 23	
BUILDING PERMITS (housing units) • 1993 to 2003	
Town of Somerset	
Time Period	Housing Units
2003 1 st & 2 nd quarters	38
2002	73
2001	80
2000	49
1999	54
1998	48
1997	38
1996	22
1995	28
1994	38
1993	25
TOTAL	493

Source: U.S. Census Bureau

From 1980 to 1990, the number of housing units in the Town of Somerset increased by 24%, from 583 to 722. As shown in Table 24, of the total housing units in 1990, 668 were occupied, 589 by owners and 79 by renters. By 2000, 91.5 percent of all occupied housing units were single-family units. Also shown are the types of housing units for 1980 and 1990. In 1980, 88% of the total housing units were single family, 7% were multi-family, and 5% were mobile homes. By 1990, single family and multi-family housing units, as a percent of total housing units, had decreased to 86% and 6% respectively, while mobile homes had increased to nearly 8%. This again changed by 2000 when single-family houses accounted for 93% of all housing units, multi-family for 4% and mobile homes for 6% of housing units.

TABLE 24
HOUSING CHARACTERISTICS • 1980, 1990 and 2000
Town of Somerset

	1980	1990	2000
Total Housing Units	583	722	963
• Total Occupied Units	530	668	927
• Owner Occupied Units	460	589	848
Percent of Total Occupied	86.8	88.2	91.5
• Renter Occupied Units	70	79	79
Percent of Total Occupied	13.2	11.8	8.5
• Vacant/Seasonal Units	53	54	36
• Single Family Units	492	623	899
• Multi-Family Units	38	45	40
• Mobile Homes	30	54	60
Median Home Value	\$63,600	\$84,600	\$162,700
Median Cash Rent	\$164	\$386	\$525
Household Size (persons)	3.33	2.96	2.85

Source: U.S. Census

Shown in Table 25, are the year housing units were built. By 1990, over 65% of the housing units in the Town of Somerset were built after 1970. By 2000, half of the houses were built after 1980 and 77% were built after 1970. The growth of the town in the 1980s and 1990s is also reflected in the median year housing units were built. In 1990, the median year housing units were built was 1974. By 2000 the median year housing units were built was 1980.

TABLE 25
YEAR STRUCTURE BUILT (housing units) • 1980, 1990 and 2000
Town of Somerset

1980		1990		2000	
1979 to March 1980	36	1989 to March 1990	18	1999 to March 2000	24
1975 to 1978	110	1985 to 1988	86	1995 to 1998	175
1970 to 1974	137	1980 to 1984	105	1990 to 1994	105
1960 to 1969	67	1970 to 1979	262	1980 to 1989	186
1950 to 1959	21	1960 to 1969	72	1970 to 1979	251
1940 to 1949	23	1950 to 1959	26	1960 to 1969	54
1939 or earlier	166	1940 to 1949	11	1940 to 1959	54
		1939 or earlier	142	1939 or earlier	114
		Median year structure built	1974	Median year structure built	1980

Source: U.S. Census

Table 26 show the reported number of units in each structure for 1980, 1990 and 2000. This reflects the high percentag of single-family units that persist over time in the Town of Somerset

as there is little physical accommodation in the town for multi-family structures. The Village of Somerset is better suited with its wastewater treatment facilities to accommodate multi-family housing.

TABLE 26
UNITS IN STRUCTURE (housing units) • 1980, 1990 and 2000
Town of Somerset

1980		1990		2000	
1-unit, detached	492	1-unit, detached	616	1-unit, detached	881
1-unit, attached	--	1-unit, attached	3	1-unit, attached	18
2 units	7	2 to 4 units	44	2 to 4 units	40
3 and 4 units	17	5 to 9 units	--	5 to 9 units	--
5 or more units	14	10 or more units	--	10 or more units	--

Source: U.S. Census

As shown in Table 27, the number of housing units valued less than \$50,000 decreased by 38 housing units between 1980 and 1990, and by 2000 there were no housing units valued at under \$50,000. In the 1980s much of the growth occurred in the number of housing units valued from \$50,000 to \$99,999 and \$100,000 to \$149,999, which together made up 90% of the owner-occupied housing stock in 1990. The number of housing units valued at \$200,000 or greater also increased from 1 to 9 units during the period from 1980 to 1990. By 2000, 85% of the owner-occupied housing units were valued between \$100,000 and \$299,000 and there were 27 units (6%) that over \$300,000. Table 28 shows that the increases in housing value are impacting rental rates as well. Although these are significant increases in housing unit values and rents, it is important to remember that this change is due to inflation as well as market forces.

TABLE 27
HOUSING VALUE owner-occupied units • 1980, 1990 and 2000
Town of Somerset

1980		1990		2000	
Less than \$50,000	54	Less than \$50,000	16	Less than \$50,000	0
\$50,000 to \$99,000	122	\$50,000 to \$99,000	176	\$50,000 to \$99,000	43
\$100,000 to \$149,000	23	\$100,000 to \$149,000	69	\$100,000 to \$149,000	171
\$150,000 to \$ 199,000	3	\$150,000 to \$ 199,000	2	\$150,000 to \$ 199,000	141
\$200,000 or more	1	\$200,000 or more	9	\$200,000 to \$299,000	82
				\$300,000 to \$499,000	25
				\$500,000 or more	2

Source: U.S. Census

TABLE 28
CONTRACT RENT renter-occupied units •1980, 1990 and 2000
Town of Somerset

1980		1990		2000	
Less than \$250	36	Less than \$250	5	Less than \$250	11
\$250 to \$499	3	\$250 to \$499	41	\$250 to \$499	37
\$500 or more	--	\$500 or more	2	\$500 to \$699	10
				\$700 to \$999	10
				\$1,000 to \$1,999	0
				\$2,000 or more	5

Source: U.S. Census

From 1980 to 1990, the median housing value in the Town of Somerset increased by over 30 percent, as shown in Table 24. Even since 1990, the housing market has continued to experience

significant change in western St. Croix County. Much of western St. Croix County has experienced significant economic growth since 1990 that has influenced the real estate market. During this period the median housing value in the Town of Somerset increased by 92 percent. In Table 29 it can be seen that surrounding communities are experiencing similar growth in housing value.

TABLE 29
MEDIAN HOUSING VALUE owner-occupied units • 1980, 1990 and 2000
Town of Somerset and area communities

Community	1980	1990	2000
Polk County	41,000	53,500	100,200
Town of Alden	49,800	69,900	139,200
Town of Farmington	53,100	62,400	146,300
St. Croix County	54,800	74,600	141,800
Town of Richmond	56,700	71,500	155,300
Town of St. Joseph	70,700	102,300	193,400
Town of Somerset	63,600	84,600	162,700
Town of Star Prairie	53,800	74,700	135,700
Village of Somerset	42,500	59,100	105,000

Source: U.S. Census

HOUSING AFFORDABILITY

Housing affordability affects low and moderate income households but even households with higher income can face housing affordability issues. Generally, affordable housing is housing where the total monthly housing costs does not exceed 30 percent of average monthly household income. Indicators of affordability in the Town of Somerset are evident in Tables 30 and 31. It can be seen that in 1999 20.7% of owner-occupied housing units are households that exceed the affordability threshold, while it is exceeded by 34.1% of rental housing units. Hence, at most, about ten percent and three percent of the Town of Somerset population may be facing affordability issues with their owner-occupied and rental housing, respectively. While a person can choose to spend more than 30 percent of their household income on housing costs it is more likely that a person who is in a financial position to own a home would make such a choice than someone who rents. Table 31 should be a warning that there are Town of Somerset residents living in rental housing who face housing affordability problems.

TABLE 30
SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME • 1999
Town of Somerset

	Number	Percent of Total
Less than 15.0 percent	136	29.3
15.0 to 19.9 percent	86	18.5
20.0 to 24.9 percent	111	23.9
25.0 to 29.9 percent	31	6.7
30.0 to 34.9 percent	36	7.8
35.0 percent or more	60	12.9
Not computed	4	0.9

Source: U.S. Census

Tables 32 and 33 present the U.S. Department of Housing and Urban Development (HUD) St. Croix County income limits and fair market rents for its housing programs, for years 2000 and

2003, respectively. HUD identifies qualifying households by family income by family size which relates to various housing programs it administers. The income limits are broken out by family size of 1 to 8 persons and a percentage of median family income which relates to funding for prescribed low income, very low income and 30% of median income families. The fair market rent relates to the rent limits for the Section 8 rental vouchers program. Comparing the

	Number	Percent of Total
Less than 15.0 percent	19	23.2
15.0 to 19.9 percent	24	29.3
20.0 to 24.9 percent	0	0.0
25.0 to 29.9 percent	2	2.4
30.0 to 34.9 percent	6	7.3
35.0 percent or more	22	26.8
Not computed	9	11.0

Source: U.S. Census

Median Family Income (All families)	68,600							
	Family Size (persons)							
	1	2	3	4	5	6	7	8
30% of Median Income (Targeted population for HUD housing programs)	13,800	15,750	17,750	19,700	21,300	22,850	24,450	26,000
Very Low Income (50% of median)	23,000	26,300	29,550	32,850	35,500	38,100	40,750	43,350
Low Income (80% of median)	35,150	40,150	45,200	50,200	54,200	58,250	62,250	66,250
	Number of Bedrooms							
Section 8 Housing Assistance Payments	0	1	2	3	4			
2000 Fair Market Rent (dollars)	414	493	684	926	1,049			

Source: U.S. Department of Housing and Urban Development

Median Family Income (All families)	75,300							
	Family Size (persons)							
	1	2	3	4	5	6	7	8
30% of Median Income (Targeted population for HUD housing programs)	16,100	18,400	20,700	23,000	24,850	26,700	28,550	30,500
Very Low Income (50% of median)	26,850	30,700	34,500	38,350	41,400	44,500	47,550	50,600
Low Income (80% of median)	39,550	45,200	50,850	56,500	61,000	65,550	70,050	74,600
	Number of Bedrooms							
Section 8 Housing Assistance Payments	0	1	2	3	4			
2003 Fair Market Rent (dollars)	554	713	912	1,233	1,397			

Source: U.S. Department of Housing and Urban Development

fair market rent figures to the contract rent in Table 28, the median cash rent from Table 24, and the number of bedrooms in renter-occupied units in Table 34, one can infer that a significant number of rental units in Somerset would be available for rent subsidies. In 2000, median (50% higher and 50% lower) rents in Somerset were \$525, almost ninety-six percent of renter occupied housing units were less than four bedrooms, ninety-three percent of renter occupied units

command less than \$926 in rent, and the HUD maximum fair market rent for a subsidized 3 bedroom apartment was \$926.

TABLE 34
NUMBER OF BEDROOMS renter-occupied units • 2000
Town of Somerset

No bedroom	8
1 bedroom	16
2 bedrooms	28
3 bedrooms	56
4 bedrooms	5
5 or more bedrooms	0

Source: U.S. Census

HOUSING PROJECTIONS

Housing projections are important in estimating future residential development in a community. When combined with the community's residential development standard (the average number dwellings per unit of land) the potential amount of land consumed in the future can be predicted. To develop the housing projections requires projecting the growth of the community's population and forecasting the number of persons in the average household in the future.

TABLE 35
POPULATION FORECAST • 2003 to 2028
Town of Somerset

2003	2005	2010	2015	2020	2025	2028
2,986	3,134	3,504	3,875	4,246	4,617	4,839

Source: Adjusted WiDOA 2003 estimate, and West Central Wisconsin Regional Planning Commission 2003

TABLE 36
HOUSEHOLD FORECAST • 2000 to 2020
Town of Somerset

	2000	2005	2010	2015	2020	2025	2028
Population	2,644	3,134	3,504	3,875	4,246	4,617	4,839
Persons per HH	2.85	2.70	2.56	2.42	2.28	2.14	2.05

Source: U.S. Census 2000, and West Central Wisconsin Regional Planning Commission 2003

So again, the housing forecast is a function of the population projection (Table 35) and the household projection (Table 36), as dividing population by the persons per household yields the number (adjusted for occupancy rates) of housing units necessary.

Table 37 shows a housing forecast using the trend in household size. It reveals that by the year 2025 the Town of Somerset will have a projected 2,271 housing units or an annual increase of about 79 dwelling units.

TABLE 37
HOUSING FORECAST W/ HOUSEHOLD TREND 2000 to 2028
Town of Somerset

	2000	2005	2010	2015	2020	2025	2028
Population	2,644	3,134	3,504	3,875	4,246	4,617	4,839
Persons per HH	2.85	2.70	2.56	2.42	2.28	2.14	2.05
Housing Units	963*	1,222*	1,441*	1,686*	1,960*	2,271*	2,485*

Source: U.S. Census 2000, and West Central Wisconsin Regional Planning Commission 2003

* adjusted for occupied units

HOUSING PROGRAMS

West CAP Rural Housing Preservation Grant Program

West CAP will provide Rural Housing Preservation Grant program funds to assist residents in making health and safety related housing repairs. Eligible households must include those at 150% of the federal poverty level. Due to program requirements West CAP is unable to set aside a specific dollar amount for this activity. However, West CAP is committed to taking referrals from communities for residents eligible for this program and as funding permits. West CAP operates in Western Wisconsin.

West CAP Weatherization and HOME Programs

West CAP administers the Low Income Home Weatherization and HOME housing rehabilitation programs in St. Croix County.

Community Development Block Grants

A Community Development Block Grant (CDBG) is a federal entitlement program administered by the Department of Housing and Urban Development's (HUD) Community Planning and Development Office. More than \$55 billion has been appropriated since the program began in 1974. In recent years about \$4 billion has been appropriated annually.

Local governments automatically get a designated portion of this money and participate in either: The Entitlement Program (cities with more than 50,000 people or an urban county with more than 200,000 people) or The States and Small Cities Program (which includes communities with less than 50,000 people).

Grant amounts are determined by a formula based on the community's population, population growth lag, the number of persons in poverty, the extent of overcrowded housing, and the amount of housing built prior to 1940.

The purpose of CDBG funds is to improve communities by providing decent housing and a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

HOME Program

The Cranston-Gonzales National Affordable Housing Act (NAHA) enacted by Congress in 1990, was the first major housing legislation since 1974. A principal component of NAHA was the HOME Investment Partnerships Program, a block-grant of federal housing funds to a total of 500 states and local jurisdictions. Local jurisdictions too small to receive direct HOME grants were made eligible for HOME dollars through their state's allocation. Congress has typically allocated about \$1.4 billion per year for the HOME program. The statutory purposes of the HOME program include:

Expanding the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, for very low-income and low-income Americans.

Mobilizing and strengthening the abilities of state and units of general local government throughout the United States to design and implement strategies for achieving adequate supplies of decent, safe, sanitary, and affordable housing.

Promoting the development of partnerships among the federal government, states and local governments, private industry, and nonprofit organizations in order to maximize all available resources to provide more such housing.

Increasing the capacity of nonprofit community housing development organizations (CHDOs) to develop and manage affordable housing.

Community Reinvestment Act

The federal Community Reinvestment Act (CRA) is a 1977 law that spells out the responsibilities of banking institutions to their local communities. It states that banks and savings institutions must take affirmative steps to help meet the credit needs of the entire community they are chartered to serve, including low and moderate income areas.

Rural Housing

A considerable amount of the housing assistance available for rural areas is administered by the Rural Housing Service (RHS) , formerly the Farmers Home Administration (FmHA) -- an agency of the US Department of Agriculture. RHS programs are implemented by the Rural Economic and Community Development (RECD) Service. The majority of RHS assistance is limited to households with incomes below 80% of the area median income. Until FY96, more than half the assistance went to those below 50% of the area median income. While serving poor households, the RHS program has been remarkably successful in recapturing government loans. A mere 1.7% of RHS direct home ownership loans (Sec. 502) are delinquent more than 90 days. Through the years, some 2.6 million economically disadvantaged families have gained decent housing through FmHA / RHS assistance.

Rural housing programs are currently undergoing tremendous change. While almost all previous assistance was subsidized, as of FY96, only 51.5% of the program is currently subsidized, with guaranteed Sec. 502 loans providing the remainder of the funds. One billion dollars in direct Sec. 502 loans is available to low-income families, down from \$1.8 billion in FY 94. Forty percent of direct Sec. 502 funds are limited for use by those with incomes below half the area median income.

The Sec. 515 rental housing program houses the poor through fifty-year, 1% loans and rental assistance. The average tenant income in 1995 was \$7,250. Approximately 40% of tenants are elderly. Unfortunately, program funding has been decimated to the point that the 1996 level of funding is down 72% from 1994.

The Low Income Housing Tax Credit Program

The Low Income Housing Tax Credit Program (LIHTC) was created by the Tax Reform Act of 1986. It was the first (and only) production program to replace the Section 8 New Construction / Sub Rehab program terminated in the early 1980s. Under the LIHTC, developers of rental housing meeting certain affordability tests (one-fifth of the units at 50 percent of area median income, or two-fifths at 60 percent of area median income) receive a ten year stream of federal tax credits. The value of these credits is converted into equity in the project, thereby resulting in reduced debt and more affordable rents. In practice, many tax credit projects are undertaken with 100 percent of the units at 60 percent of median. The minimum affordability period is fifteen years.

Tax credits are allocated to developers by the states -- usually the state housing finance agency. Each state receives an annual allocation of \$1.25 per capita. In addition, tax exempt multifamily bond issues also carry the credit with them outside of the \$1.25 cap. States must reserve a minimum of 10 percent of the credits for nonprofit developers. The program is administered by the Internal Revenue Service within the Treasury Department. Each year, the tax credit program produces approximately 100,000 units of affordable rental housing.

HOUSING GOALS AND POLICIES

Goal 1

To provide sound and affordable housing without compromising environmental constraints indigenous to the rural Somerset community.

Policy 1.1

To consider the use of common on-site wastewater treatment systems that have a long-term record of success on soils and topography similar to that in the Town of Somerset.

Policy 1.2

To accept pre-fabricated housing that conforms to applicable Town and County ordinances.

Goal 2

To identify and remediate problems with the existing housing stock.

Policy 2.1

To work closely with the Town building inspector and the County Zoning Office to address the identified problems.

Policy 2.2

To not allow habitation of a structure until all utilities have been installed and approved by the building inspector.

HOUSING IMPLEMENTATION STRATEGIES

1. The Town of Somerset will maintain, in cooperation with the St. Croix County Zoning Office, accurate mapping and housing data that reflects housing trends at least once a year. The Town of Somerset will make a practice of analyzing housing trends at least once a year. This analysis might be part of the annual joint meeting of the Planning Commission and the Town Board.
2. The Town of Somerset will act, with the support of the St. Croix County Zoning Office, on situations where housing is grossly deteriorating or debris is collecting to the extent that it is a public nuisance. The current Town and County ordinances regarding these issues are out of date and need rewriting or replacement.

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