

# City of Wausau Housing Affordability Report



2023 Permit Year

Completed January 2024

## Introduction and Purpose

This report was drafted to comply with the requirements of 2017 Wisconsin Act 243. Affordable housing is defined in the 2017 City of Wausau Comprehensive Plan and this report as housing costs that do not exceed 30% of the household's annual income. Housing costs include the mortgage, property taxes, utilities, and insurance for owner-occupied units, and contract rent and utilities for renter occupied units.

The City recognizes there are numerous other factors that affect the cost of housing in the City, including national economic conditions (such as inflation, international trade policies, and education and healthcare policy), Wisconsin tax policy, housing discrimination, utility costs and energy-efficiency, transportation availability and cost, housing age, environmental conditions, site conditions, and locational amenities.

## Summary of the Housing Element in the 2017 Wausau Comprehensive Plan

### Housing and Demographic Trends and Projections

The following excerpts and tables from the 2017 City of Wausau Comprehensive Plan summarize the housing element.

*In 2013, the City of Wausau contained a total of 18,249 housing units, compared to 15,318 in 1990, see Table 11. The City added 2,931 units between 1990 and 2013, an increase of about 19 percent. During that same time period, the Wausau Region increased the number of units by 10,075, an increase of 33.2 percent, and the County increased the number of housing units by 14,135 units, an increase of 32.3 percent. The higher percent increase in housing units in the Wausau Region and County indicates that a majority of growth is taking place outside of the City. Of the 14,135 units added in Marathon County between 1990 and 2013, 11,204 of the units were built outside of the City of Wausau, 7,144 of which were built in the Wausau Region. Only 12.8 percent of the 18,249 units in the City of Wausau were built after 2000. A majority of the housing stock within the City was built prior to 1960, roughly 53.3 percent of all housing units, see Table 12. Over a quarter (26.7%) of all housing units were built before 1940. In comparison, housing in Marathon County has been built more evenly over the decades. Roughly 17 percent of housing units were built after 2000. Only 18.7 percent of the housing stock was built before 1940 and only 34.9 percent of the housing stock in the County was built prior to 1960. An older housing stock, with a low percentage of homes built after 2000, will make it difficult for the City of Wausau to retain empty nesters and attract young professionals. National trends show that young professionals and empty nesters are more interested in "move-in ready" housing units that require minimal maintenance and few repairs.*

**Table 11: Total Housing Units**

	1990	2000	2010	2013	1990-2013 % Change	1990-2013 Net Change
<i>City of Wausau</i>	15,318	16,668	18,154	18,249	19.1%	2,931
<i>City of La Crosse</i>	20,897	22,233	22,785	22,366	7.0%	1,469
<i>City of Eau Claire</i>	21,316	24,895	28,009	28,573	34.0%	7,257
<i>Wausau Region</i>	30,389	35,085	39,795	40,464	33.2%	10,075
<i>Marathon County</i>	43,774	50,360	57,734	57,909	32.3%	14,135
<i>State of Wisconsin</i>	2,055,774	2,321,144	2,624,358	2,626,142	27.7%	570,368

Source: U.S. Census

**Table 12: Year Structure Built**

Year	Wausau	Wausau %	Marathon Co. %	Wisconsin %
<i>2010 or later</i>	161	0.8%	0.6%	0.4%
<i>2000 to 2009</i>	2,187	12.0%	16.4%	12.9%
<i>1990 to 1999</i>	1,237	6.8%	13.8%	14.0%
<i>1980 to 1989</i>	1,165	6.4%	9.7%	9.8%
<i>1970 to 1979</i>	1,875	10.3%	15.3%	14.9%
<i>1960 to 1969</i>	1,911	10.5%	9.3%	9.8%
<i>1950 to 1959</i>	2,984	16.4%	10.0%	11.3%
<i>1940 to 1949</i>	1,853	10.2%	6.2%	6.0%
<i>1939 or earlier</i>	4,876	26.7%	18.7%	20.9%

Source: U.S. Census

**Table 18: Median Value for Specified Owner-Occupied Housing Units**

	1990	2000	2013	1990-2013 % Change	1990-2013 Net Change
<i>Wausau</i>	\$51,000	\$85,000	\$115,000	125.5%	\$64,000
<i>Eau Claire</i>	\$53,500	\$85,100	\$127,800	138.9%	\$74,300
<i>La Crosse</i>	\$52,900	\$92,800	\$138,600	162.0%	\$85,700
<i>Wausau Region</i>	\$58,008	\$102,614	\$156,593	170.0%	\$98,585
<i>County</i>	\$48,927	\$95,800	\$142,300	190.8%	\$93,373
<i>State</i>	\$62,100	\$112,200	\$167,100	169.1%	\$105,000

Source: U.S. Census

**Table 19: Median Gross Rent**

	1990	2000	2013	1990-2013 % Change	1990-2013 Net Change
<i>Wausau</i>	\$360	\$473	\$651	80.8%	\$291
<i>Eau Claire</i>	\$344	\$449	\$696	102.3%	\$352
<i>La Crosse</i>	\$351	\$485	\$704	100.6%	\$353
<i>Wausau Region</i>	\$390	\$507	\$776	99.0%	\$386
<i>County</i>	\$328	\$484	\$692	111.0%	\$364
<i>State</i>	\$331	\$540	\$759	129.3%	\$428

Source: U.S. Census

**Table 20: Percent of Households That Spent 30% or More of Income on Housing Costs, 2013**

	Owners	Renters
Wausau	23.2%	50.1%
Eau Claire	23.4%	56.0%
La Crosse	19.3%	54.4%
Wausau Region	23.1%	37.6%
County	21.8%	44.8%
State	32.2%	48.4%

Source: U.S. Census

**Table 21: Household Projections**

	2015	2020	2025	2030	2035	2040	% Change 2015-2040
City of Wausau	16,790	17,371	17,774	18,064	18,198	18,143	8.1%
City of La Crosse	22,265	22,538	22,683	22,676	22,519	22,298	0.1%
City of Eau Claire	27,136	28,142	29,037	29,788	30,321	30,635	12.9%
Wausau Region	38,018	39,919	41,449	42,762	43,745	44,262	16.4%
Marathon County	53,176	54,657	57,394	59,611	61,524	62,958	18.4%
State of Wisconsin	2,371,815	2,491,982	2,600,538	2,697,884	2,764,498	2,790,322	17.6%

Source: WI DOA

## Housing Issues

The following housing issues were identified in the City of Wausau Comprehensive Plan:

**Lack of Housing Options:** The City of Wausau may not have adequate housing of all types and affordability levels to meet the needs of the community. This includes not only housing cost and size, but also location. Public housing is in very high demand, as are housing vouchers. A greater number of affordable housing units for individuals and families is needed in the community, as well as smaller, denser units and mixed-use units, particularly near downtown.

**Blighted Properties:** Some neighborhoods in the City have multiple blighted properties which lower local property values and safety. Properties become blighted for different reasons; some have been foreclosed and are in disrepair, others have been damaged by fire or weather, among other reasons. Other homes are old and may need upgrades to meet current housing standards or have lead or asbestos issues. These properties are often expensive to rehabilitate or raze for new construction.

**Perception of Higher Taxes:** The City of Wausau has a public reputation, earned or not, for having higher taxes than surrounding communities. This negative perception can make the City less competitive than other area communities for home buyers and home builders. This perception plays a role in the lower investment in housing in the City.

**Homelessness:** Community residents can become homeless for a variety of reasons. There is need for support at multiple points of intervention to reduce homelessness and support persons on the road to stable housing. Some interventions can include support of area homeless shelters, supportive housing for special needs, rental assistance programs, and public service activities.

## Goals and Objectives

**Housing Goal:** *The City of Wausau will continue to offer equal access to quality, affordable housing.*

**Objective A:** *Maintain and improve the existing housing stock by supporting and encouraging both public and private rehabilitation efforts.*

**Objective B:** *Promote programs and policies that provide housing opportunities for all residents.*

**Objective 3:** *Encourage a variety of housing types throughout the City without concentrating any particular type of housing within one neighborhood.*

## Community Outreach and Input

The City used community outreach efforts that were already planned for other projects to help inform this report. These included focus groups and Plan Commission meetings for the City of Wausau's zoning code overhaul, and focus groups for the update to the City of Wausau 5-year Consolidated Plan prepared for the US Department of Housing and Urban Development as an entitlement community.

The City also recently participated in the Wausau Metropolitan Area Housing Assessment 2022<sup>i</sup> which evaluated the current housing needs in the metro area and estimated the need for future growth.

## Affordability Analysis

The City of Wausau has a population of 39,994 residents and 17,370 households, with an average household size of 2.23 people. Approximately 12.5 percent of the population is below the poverty level, similar to the United States at 11.4% and slightly higher than the State of Wisconsin at 10.8%.<sup>ii</sup> 2020 Census counts the total number of housing units in the City at 18,605, an 11.5% change since 2000. A little over half of units in the city are owner-occupied, at 54.3%, and 45.7% are renter-occupied. Between 2000 and 2009 approximately 1,605 housing units were added, while between 2010 and 2018 approximately 400 housing units were added.

Two-thirds of the housing units in Wausau are two or three-bedroom units, while 19% have four or more bedrooms and only 12% are one-bedroom units.<sup>iii</sup> Despite this, 36% of households in Wausau are single-person households, which is higher than the national average of 28%.<sup>iv</sup> This indicates a potential gap in the supply of smaller one-bedroom and efficiency units that would be more affordable to single-person households. The median gross rent for existing one-bedroom units in the City is \$552, \$726 for two-bedrooms, \$887 for three-bedrooms, and \$1,063 for four-bedrooms.

Housing costs in Wausau are much lower than in the United States. The median value of owner-occupied housing in Wausau is about 65% of the national median value and the median contract rent is approximately 72% of the national median. Both of these values are also lower than Marathon County and the State of Wisconsin. The median household income in Wausau is also lower than the State, County, and Nation at \$53,800.<sup>v</sup> **Table 1** shows the number of households in each HUD calculated income bracket and the proportion of households that fall into each income category. These statistics show that over half of Wausau households are considered low income (80% or less of HAMFI), and nearly two-thirds are low or moderate income households.<sup>vi</sup> The HUD calculated fiscal year 2022 Median Family Income (MFI) for the Wausau area is \$87,585.<sup>vii</sup>

**Table 1: Household Income Distribution Overview**

	Owner	Renter	Total	% of Total Households
Household Income <= 30% HAMFI*	715	1,905	2,620	15%
Household Income >30% to <=50% HAMFI	1,175	1,615	2,790	16%
Household Income >50% to <=80% HAMFI	2,065	1,850	3,915	23%
Household Income >80% to <=100% HAMFI	975	710	1,685	10%
Household Income >100% HAMFI	5,015	1,080	6,095	36%
<b>Total</b>	<b>9,945</b>	<b>7,165</b>	<b>17,115</b>	

\*HUD Area Median Family Income. This is the median family income calculated by HUD for each jurisdiction, in order to determine Fair Market Rents (FMRs) and income limits for HUD programs.  
Data Source: US Department of Housing and Urban Development. 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data.

**Table 2** displays the number of households that are cost-burdened, or paying greater than 30% of their income towards housing costs. Nearly 31% of the households in the City of Wausau are in housing that is considered unaffordable. Overall, 10% of households in Wausau are paying more than 50% of their income towards housing costs, and most of these severely cost-burdened households are renters.

**Table 2: Housing Cost Burden Overview**

	Owner	Renter	Total	Proportion of Total Households
Cost Burden <=30%	8,090	4,440	12,530	73%
Cost Burden >30% to <=50%	1,315	1,370	2,685	16%
Cost Burden >50%	485	1,305	1,790	10%
Cost Burden not available	55	40	95	1%
<b>Total</b>	<b>9,945</b>	<b>7,165</b>	<b>17,115</b>	

Source: US Department of Housing and Urban Development. 2015-2019 CHAS data.

**Table 3: Income by Cost Burden (Owners and Renters)**

	Cost burden > 30%	Cost burden > 50%	Total	% Cost Burdened	% Severely Cost Burdened
Household Income <= 30% HAMFI	2,105	1,470	2,620	12.3%	8.6%
Household Income >30% to <=50% HAMFI	1,365	250	2,790	8.0%	1.5%
Household Income >50% to <=80% HAMFI	700	75	3,915	4.1%	0.4%
Household Income >80% to <=100% HAMFI	110	0	1,685	0.6%	0.0%
Household Income >100% HAMFI	210	0	6,095	1.2%	0.0%
<b>Total</b>	<b>4,490</b>	<b>1,790</b>	<b>17,115</b>	<b>26.2%</b>	<b>10.5%</b>

*Source: US Department of Housing and Urban Development. 2015-2019 CHAS data.*

**Table 3** further breaks down cost burdens in Wausau by cross-tabulating cost-burdened households with household income. Only two percent of the households that are in unaffordable housing do not qualify as low or moderate income. The highest proportion of households that are severely cost-burdened are those with extremely low incomes (<= 30% HAMFI) and very low incomes (>30% to <=50% HAMFI). Furthermore, most extremely low-income households that are cost-burdened are severely cost-burdened.

### Owner-Occupied Housing Affordability

Monthly housing costs for owners include mortgages, homeowners insurance, condominium fees, utilities, and taxes. About 22% of owner households are cost-burdened. 21% of owner households are both cost-burdened and low to moderate-income, and 18% are both cost-burdened and low-income.<sup>viii</sup> Approximately 68 percent of the existing owner-occupied units in the City are unaffordable to low-income households.<sup>ix</sup> The median value of owner-occupied units with a mortgage is 59% of the United States median value, indicating that existing housing has a significantly lower value than the United States and the components of existing housing costs that are affected by value, such as purchase price, are lower in Wausau.

**Table 4** cross-tabulates cost-burdened households with household income for owner-occupied households. About three percent of Wausau households are severely cost-burdened owners, and about 10 percent are cost-burdened owners. Nearly 90 percent of severely cost-burdened owner households

are extremely low-income or very low-income. Most cost-burdened owners are low-income (less than 80% of HAMFI), but 110 cost-burdened owner households are moderate income and 210 have incomes over the HAMFI.

**Table 4: Income by Cost Burden (Owners only)**

	Cost burden > 30%	Cost burden > 50%	Total	% of Total Households Cost-Burdened	% of Total Households Severely Cost-Burdened
Household Income <= 30% HAMFI	470	300	715	2.7%	1.8%
Household Income >30% to <=50% HAMFI	575	110	1,175	3.4%	0.6%
Household Income >50% to <=80% HAMFI	435	75	2,065	2.5%	0.4%
Household Income >80% to <=100% HAMFI	110	0	975	0.6%	0.0%
Household Income >100% HAMFI	210	0	5,015	1.2%	0.0%
<b>Total</b>	<b>1,800</b>	<b>485</b>	<b>9,945</b>	<b>10.5%</b>	<b>2.8%</b>

*Source: US Department of Housing and Urban Development. 2015-2019 CHAS data.*

### Renter-Occupied Housing Affordability

Monthly housing costs for renters include contract rent and utilities. Over 37% of rental households (more than 2,600 households) are both cost-burdened and within the income threshold of eligibility for rental assistance for HUD funded programs. 19% of households are renters earning less than \$35,000 annually and paying more than 30% of their income towards housing.<sup>x</sup>

**Table 5** cross-tabulates cost-burdened households with household income for renter-occupied households. Nearly all of the severely cost-burdened rental households (99%) are extremely low-income or very-low income. 97% of cost-burdened renter households are low-income. Approximately 28% of existing rental units are unaffordable to low-income households, which is lower than the United States at 39%.<sup>xi</sup>



**Table 5: Income by Cost Burden (Renters only)**

	Cost burden > 30%	Cost burden > 50%	Total	% of Total Households Cost-Burdened	% of Total Households Severely Cost-Burdened
Household Income <= 30% HAMFI	1625	1165	1905	9.5%	6.8%
Household Income >30% to <=50% HAMFI	785	140	1,615	4.6%	0.8%
Household Income >50% to <=80% HAMFI	265	0	1,850	1.5%	0.0%
Household Income >80% to <=100% HAMFI	0	0	710	0.0%	0.0%
Household Income >100% HAMFI	0	0	1,080	0.0%	0.0%
<b>Total</b>	<b>2,675</b>	<b>1305</b>	<b>7,165</b>	<b>15.6%</b>	<b>7.6%</b>

*Source: US Department of Housing and Urban Development. 2015-2019 CHAS data.*

There are also spatial components that need to be considered in the delivery of affordable housing. Existing rental housing units that are affordable to extremely low-income households are concentrated in the census tracts immediately southeast of downtown, which also have many of the oldest structures in the City.<sup>xii</sup> Units that are affordable to low-income and moderate-income households are generally concentrated in downtown and the neighborhoods surrounding it. These same census tracts also have the highest proportion of cost-burdened households, indicating that although these areas have the highest concentration of existing affordable housing, it does not meet the needs in these census tracts. Additionally, the location of housing affects the availability and costs of transportation, employment, and other household goods and services.

### Other Housing Issues

Housing affordability is not the only issue that needs to be considered in the context of housing policy. There are about 336 households that suffer from overcrowding and 175 households that have substandard housing.<sup>xiii</sup> Although the total proportion of substandard units (lacking complete kitchen and plumbing facilities) in Wausau is similar to the County, State, and Nation, there is also a much higher proportion of housing built before 1949, at about 35% of units. Some older housing units may have other quality and safety issues that are not shown in HUD data, including problems stemming from or related to lead-based paint, lead water laterals, asbestos contamination, inadequate fire protection, or deferred maintenance. The City has attempted to implement rental licensing and inspection programs to ensure rental units meet minimum quality and safety standards, but state preemption of those programs has made it more difficult to ensure that the existing housing stock is quality.

### Affordability Scenarios

Affordability scenarios can assist with understanding the affordable housing needs in Wausau. **Table 6** details the income thresholds that are used for community development loan programs and rental

assistance, based on the HUD Median Family Income (MFI) calculation of \$87,585 for fiscal year 2022 and adjustments for family size.<sup>xiv</sup> These income thresholds can be used in scenario planning to gain some more insight into the challenges of housing affordability.

	Number of People Per Household							
	One	Two	Three	Four	Five	Six	Seven	Eight
Low Income (80% AMI)	\$49,100	\$56,100	\$63,100	\$70,100	\$75,750	\$81,350	\$86,950	\$92,550
Maximum Rental Income (60%)	\$36,840	\$42,060	\$47,340	\$52,560	\$56,820	\$61,020	\$65,220	\$69,420
Very Low Income (50%)	\$30,700	\$35,050	\$39,450	\$43,800	\$47,350	\$50,850	\$54,350	\$57,850
Extremely Low Income (30%)	\$18,450	\$21,050	\$23,700	\$26,300	\$28,450	\$30,550	\$32,650	\$34,750

*Source: US Department of Housing and Urban Development. FY 2022 Income Limits Documentation System.*

For a housing unit to be considered affordable in 2022 to a family of four with a household income of 50% of the area median (an income of \$43,800), it must cost less than \$1095 per month. The monthly costs for a family of two at 50% AMI need be less than \$876 to be considered affordable. The costs for a single person household at 50% AMI need to be under \$767. An affordable unit for a family of four at 80% of AMI would need to cost under \$1,752 per month. An affordable unit for a family of two at 80% AMI must be less than \$1,402 per month, and under \$1,227 for a single-person household at 80% AMI.

The cost of constructing a new single-family housing puts it out of reach for many residents. Based on building permit information and information from City-involved projects, the construction of a new modestly sized single-family home in Wausau typically costs between \$160-230/square-foot. In 2019 the construction cost of the average new single-family home in the Midwest was \$343,400, or \$129 per square-foot (excluding the purchase or preparation of the lot), but this does not account for regional variations for materials, construction methods, or labor prices. The median construction cost of new home in the Midwest was \$300,600, or \$125 per square-foot.<sup>xv</sup>

Using these figures, a modest 3-bedroom, 1,400 square-foot single-family home on an infill lot with City services and public infrastructure available can be expected to cost from \$180,000 to \$225,000, assuming no demolition or remediation is required, excluding the price of the lot or builder profits. Assuming a sale price of \$209,000, the monthly payment for a qualified buyer using an FHA loan with 3% down at 4.5% interest would likely exceed \$1,500 per month, excluding utilities. This would not likely be affordable to a family of four at 80% AMI, with an upper housing cost limit of \$1,580 to stay at or under 30% of household income. Assuming a sale price of \$275,000 the monthly payment for a qualified buyer using an FHA loan with a 3% down payment at 4.5% interest would likely exceed \$1,800 per month, excluding utilities. A household purchasing this home would need to have an annual income of over \$72,000 for this home to be considered affordable. This demonstrates that subsidies are necessary to provide new single-family detached housing that is affordable for low to moderate income buyers.

The City of Wausau has a large stock of existing housing that is affordable to low and moderate income households. Approximately 44% of Wausau’s mortgaged owner-occupied housing units cost the owners less than \$999. The median monthly housing cost for owner-occupied housing units with a mortgage is \$1,071.<sup>xvi</sup> The median owner-occupied home with a mortgage in Wausau could be affordable to a low income family of four (<=80% AMI). Much of this housing was built before 1940 and may be in need of

renovations and maintenance to keep it safe, viable and affordable. Almost 35% of units in Wausau were built in 1949 or earlier, which is much higher than the national average, and nearly 38% of units were built between 1950 and 1979. Support for the preservation and maintenance of existing housing in the city will be an important component of housing affordability.

A new 1 bedroom apartment that rents for \$950 per month, including utilities, would be considered affordable to a household with an annual income of more than \$38,000. As an example, the Mountain Lanes apartments, constructed in 2020 and offered at market-rate, can be rented for \$995-\$1,105 per month, which may be affordable for a low-income single-person household at 80% AMI, depending on the cost of utilities. However, a two-bedroom unit in the same structure that rents for \$1,550 would not be affordable for a low-income three-person household, exceeding the maximum monthly cost of \$1,423 to stay under 30% of household income. For a three-bedroom or four-bedroom unit to be affordable to a low-income family of four, it would need to cost less than \$1,580 in rent and utilities.

As noted in the affordability analysis, nearly all of the severely cost-burdened rental households are extremely low-income or very low-income. To provide housing that is affordable to an extremely low-income family of four at \$23,700 annual income, housing costs would need to be less than \$593 per month. For an extremely low-income single-person household, housing costs would need to be less than \$415 per month. Providing new housing to meet this demand is not likely to be possible without public funding.

Alternatives to detached single-family homes can reduce the public participation necessary to create housing that is affordable to low and moderate-income buyers. In addition to larger scale multi-family buildings these alternatives include attached single-family housing (often known as townhomes), duplexes, triplexes, fourplexes, bungalow courts, and courtyard apartments. These housing typologies are also preferable to many people for various reasons, such as energy efficiency, walkability, and reduced maintenance and costs.

Nearly two-thirds of the housing in Wausau are single-family detached homes, while only 9% are two-family homes and 4% are three or four unit buildings. Nearly 20% of units are in buildings with 5 or more units. There is a particular lack of availability of smaller owner occupied units, as 72% of owner-occupied housing units have three or more bedrooms, and 19% have two bedrooms.<sup>xvii</sup> **Figure 1** illustrates some examples of missing-middle housing that can help provide affordable housing and fill in the gap between detached single-family homes and larger apartment buildings.



Figure 1: Missing Middle Housing

## Analysis of Development Regulations for New Residential Subdivisions

The City of Wausau has standard development regulations intended to protect the health, safety, welfare, and quality of life of its residents. These consist of zoning and subdivision regulations, fees for inspections, dedication for parkland, and standards for public improvements and utilities that serve those properties. According to the WRA Special Report “Falling Behind,” the three primary causes for the workforce housing shortage in Wisconsin are:

- There have not been enough homes built in Wisconsin to keep up with population and income growth.
- Construction costs have increased faster than inflation and incomes, and construction companies report severe labor shortages in Wisconsin.
- Outdated land use regulations, such as large minimum lot sizes, prohibitions on multi-family housing, excessive parking requirements, requirements for high end building materials, and long approval processes.<sup>xviii</sup>

The largest components of costs for new residential subdivision development in the City of Wausau are for land acquisition, infrastructure, labor and construction materials. Existing improved land costs in Wausau account for roughly 10 to 30 percent of the cost of a basic new house with inexpensive finishes, depending on the lot sizes.<sup>1</sup> Throughout 2018-2019 the City of Wausau worked to overhaul the zoning code to address issues with excessive parking requirements, minimum lot sizes, and to make it easier to develop affordable and diverse housing types. The new code also simplifies the structure of the zoning code to make it more user friendly for developers and property owners. The overhauled zoning code went into effect on January 1, 2020.

The minimum lot size in the previous City of Wausau zoning code for the most widely used residential zoning district was 8,000 square feet. The minimum lot size for a single-family lot is 4,000 square feet in the new SR-7 district. The City of Wausau does not have requirements for high end building materials, only prohibiting cladding materials such as corrugated metal, chipboard, plywood, concrete panels, and asphaltic siding from new single-family and two-family developments.

The fees for new housing subdivisions in the City of Wausau are low compared to other Wisconsin communities that were referenced for this report. As shown in the “New Housing Fee Report” prepared to meet the requirements of Act 243, the City charged an average of \$1099 in fees per new housing unit started in 2021. This accounts for roughly 0.3 to 0.5 percent of the cost of a basic new house. See the “New Housing Fee Report” for more information about the fees charged for new housing.

Although the City of Wausau identified reducing minimum lot sizes as a goal for the zoning code update, most developers have chosen to create lots larger than the minimum size of 8,000 square feet required by the prior zoning code. There are some inconsistencies between the new zoning code and subdivision code, because the subdivision code recommends minimum block lengths of greater than 400 feet for new subdivisions, which would create new lots of 12,000 square feet given the 60 foot minimum lot

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<sup>1</sup> Based on 2018 real estate sales data for vacant lots.

frontage requirements. In the existing subdivision code, smaller block sizes can be approved by recommendation of the City Engineer.

The existing site improvement requirements for new subdivisions are to ensure basic functionality for municipal services, public safety and health and welfare, including streets and sidewalks, curb and gutter, lighting, standard sizes for utilities, and public land dedication requirements for parks. For areas that do not already have utilities, roads and other site improvements installed, the site improvements account for a significant portion of the cost for new subdivisions. This is often due to the terrain, soil, bedrock, and other geological features of the land that is available for development. This component of development is highly variable due to these geological features. The geologically and politically constrained City boundaries are likely one of the major components affecting the rate of growth of new subdivisions in the City compared to surrounding municipalities in the Wausau metro area. Anecdotes from local developers indicate that they must to sell lots for upwards of \$80,000 to recoup the costs of preparing the land and installing infrastructure for some undeveloped areas on the edge of the City.

Many of the faster growing surrounding communities are able to annex additional land that is relatively easy to develop. Since the site improvements required by the City are largely essential to support urban and suburban housing development, they do not add “additional costs” to the development of housing. Some subdivisions built previously in Wausau have been developed without basic improvements, such as sidewalks, stormwater infrastructure, and street lighting. This compromises the safety and quality of life of the residents, and has often led to more costly retrofitting of this infrastructure in later years due to resident demand, shifting the burden from developers to residents. Additionally, residents are often surprised that they are responsible for a portion of the cost to install the missing infrastructure after purchasing a home in a subdivision where the developer did not install that infrastructure.

One possible strategy to encourage new development would be for the City to issue bonds to fund the necessary infrastructure improvements to develop new subdivisions. However, this strategy shifts some of the costs of new housing from developers and future residents to existing residents. Additional new infrastructure will increase the infrastructure maintenance liabilities in the long term, and needs to be considered in developing strategies to encourage new housing development. For these reasons a more sustainable strategy to accommodate housing demands and to promote affordability is to encourage infill development in areas of the City already served by urban infrastructure, predominately with the construction of new multi-family and “missing-middle” housing. This reduces future infrastructure liabilities both by utilizing existing infrastructure for new housing and increasing the tax-base needed to fund infrastructure maintenance.

The procedure for approval of city plats is described in Chapter 21.12 of the City of Wausau Municipal Code. Approval of preliminary plats is required by the Capital Improvements and Street Maintenance Committee and Plan Commission. The City Council has 90 days from the filing of the preliminary plat to approve, approve conditionally, or reject the request. The developer has three years from this date to file an application for final plat approval. The approval process is already relatively fast. Many of the required steps to developing a new subdivision such as zoning map amendments and preliminary plat approvals can be completed concurrently. The City plans to update the subdivision ordinance within the next five years, and the approval timeline will be evaluated as part of that process.

## Strategies to Meet Demand and Reduce Costs of Housing Development

The City of Wausau Comprehensive Plan identified the need to accommodate for approximately 1,400 additional households between 2015 and 2040. This includes 570 new households from 2015 to 2020 and **403 new households from 2020 to 2025**. Additionally, there is a substantial mismatch between single-person households and the supply of one-bedroom units. Developing more small units, including efficiencies, one-bedroom and two-bedroom units may help improve affordability for single-person households, many of which are likely living in larger units than they want or need. This may need to be verified through a housing survey or other community engagement.

The City has participated in several developments that make progress towards meeting the projected demand. The Riverlife Village apartments that were recently completed in 2020 accounts for 75 of the units needed to accommodate these additional households. The Mountain Lanes apartments were completed in 2020 on the former Mountain Lanes bowling alley site, providing 87 units. Two tax-credit projects in which the City participated renovated two historic structures, the Atrium Lofts and the Trolley Quarter Flats were completed relatively recently (2018 and 2015) and provide 67 units, many of which are income restricted. The City assisted with the development of City View Apartments, completed in 2016, which provides ten units on the west side of the Wisconsin River. The Thomas Street duplexes and River East Townhomes accommodate another 40-50 units of diverse housing types. Two recently completed area plans in the downtown area plan for another 300 units over the next ten years. The City also has a successful record of working with developers to facilitate projects that combine the benefits of federal Low Income Housing Tax Credits (LIHTC) and Historic Preservation Tax Credits to make adaptive reuse affordable housing projects economically feasible.

The income levels in the City of Wausau, the geological constraints of available land, and increasing construction costs complicate the development of new single-family housing units that are affordable to a large proportion of the population. This often requires City assistance to remediate contamination, assemble parcels, or assist in funding land acquisition or construction to make new development feasible. Additionally, while developable land is more abundant in surrounding communities, those communities do not participate in the Wausau Metro Transit system and thus do not have the same transportation options or services as the City of Wausau. Although the City has been and will continue to work towards improving the affordability, quality, and diversity of housing options in the City, since the majority of costs are outside of the influence of the City and there are already relatively quick timelines for approving new subdivisions, this analysis does not identify a feasible method to reduce the time and cost of developing a new subdivision by 20 percent without shifting the burden of those costs onto existing city residents.

The City of Wausau Community Development Authority owns and manages affordable housing units, and manages the housing choice voucher program in the City of Wausau, as well as assisting in the development of affordable housing through land acquisition and blight removal. Inventorying available housing programs available through both the City and other entities is outside of the scope of this report, but these programs are very important tools for providing quality affordable housing.

These factors contribute to the understanding that the City will likely need a multi-faceted approach to provide affordable workforce housing. The high costs of new construction necessitate substantial subsidies for housing that is affordable to the residents that are in the most need of improved housing, such as those with extremely low and very low incomes. Alternative housing developments, particularly

the types of housing known as the “missing middle” will need to be used heavily because of the high costs of constructing new single-family housing.

Higher density development can reduce the costs of construction in several ways, by realizing construction efficiencies, reducing per unit infrastructure and maintenance costs in the short-term and long-term, improving energy efficiency, and increasing the number of saleable units for a given amount of land. The rehabilitation of existing housing should also play a large role in the City’s approach to affordable housing, both due to the relative costs of improving and rehabilitating existing housing and because of the limitations of land available for new development in the City of Wausau. Following are some actions that could form a strategy for improving the availability and quality of affordable housing in Wausau.

### **Overhaul zoning code**

As of January 1, 2020, The City of Wausau has a new zoning code. A full repeal and replacement of the 1960’s era zoning code was approved in November of 2019 by the Wausau City Council. The new zoning code promotes housing affordability and flexibility in meeting housing demand in several ways. The effectiveness of the zoning code should be continually monitored and the code updated to ensure it is meeting the City’s goals for housing quality and affordability, development flexibility, protection of property rights, neighborhood stability, sustainability, and growth.

### **Reduced minimum lot sizes and unit sizes**

Reducing minimum lots sizes and unit sizes allows developers to spread the infrastructure and site improvement costs of a new subdivision over a larger number of lots and units. As part of the overhaul of the city’s zoning code, new zoning districts were tailored to match existing historic development in the City of Wausau, with new zoning districts allowing 7,000 square foot lots (SR-5) and 4,000 square foot lots (SR-7) for single family residential development. New districts also allow the varying types of attached single-family housing without needing lengthy UDD or PUD approval processes, including townhomes (TRD-12), duplexes (DR-8), and two-flats (TF-10). Minimum setbacks were reduced for higher density zoning districts to better reflect the historic development of the City and allow for more flexible site layouts for small lot development. Minimum unit sizes were reduced from 800 square feet to 400 square feet for higher density multi-family districts. The City could consider reducing minimum unit sizes in other zoning districts, such as the TRD-12, MRL-12, TF-10 and DR-8 districts.

### **Improved opportunities for investment and improvement in existing housing**

The City of Wausau has a large amount of pre-war housing that has fallen into disrepair or neglect. The 1967 zoning code turned many of these properties into non-conformities, of which a large proportion were constructed prior to the existence of zoning. The new zoning code promotes the investment and maintenance of these units by making all existing non-conforming lots and structures fully legal.

### **Improved user friendliness and predictability of the zoning code**

The zoning code overhaul also improved the usability of the code, particularly for non-professionals. It is organized in a way that makes it more intuitive for a developer or property owner to find the information they need to develop their plans and complete an application. It also improves the user friendliness for staff, which will reduce the time needed to review proposals. Zoning requirements are more clearly defined to improve the predictability of regulations and fairness in application of the code.

## **Evaluate and update the subdivision ordinance**

With the zoning code overhaul completed, the City of Wausau plans to evaluate and update the subdivision ordinance in the near future. This is necessary to bring the subdivision ordinance in line with the updated zoning code, and to update outdated regulations that no longer align with best practices in planning and development. Some changes to the subdivision ordinance that may help to reduce the cost of new development are reductions in minimum block lengths and street widths, allowing developers to fit more lots in a given development and reduce the costs of infrastructure development. Reductions in street widths may also reduce the long term maintenance costs and improve the livability of new neighborhoods where off-street parking is abundant.

## **Continue implementing programs that encourage re-investment and re-development of existing housing and land**

The City of Wausau has numerous programs that assist residents in purchasing, rehabilitating, or redeveloping properties. These programs include programs funded by federal Community Development Block Grant (CDBG) funds, as well as the City of Wausau's Fix it Up Wausau program and award winning Live it Up Wausau program. Continuing to invest in these programs and provide down payment and rehabilitation assistance to residents will improve the affordability of housing for participants of those programs. It will also encourage continued reinvestment into the existing housing stock, which promotes neighborhood stability and utilizes existing infrastructure.

## **Encourage the development of new housing units**

The City has been using a multifaceted approach to encourage the development of new housing units, particularly in and near the downtown. This includes the development of area plans and market studies; the use of Tax Increment Financing to purchase blighted or contaminated properties, fund environmental remediation and demolition costs, and incentivize housing development that fills a need in the City; the use of loan and grant programs to incentivize the reinvestment in housing; and participating in the development of tax credit projects. Continuing to invest in these strategies will create new housing that is served primarily by existing infrastructure.

In early 2020 the City completed two area plans that both identify a market for additional housing units and recommends strategies and design concepts to satisfy this demand and assist developers in meeting the needs of the City. The City also works with developers to encourage the adaptive reuse of existing properties through LIHTC and other tax credit programs. The City has also incentivized developers to create new infill housing on properties that were previously blighted or had other development challenges, (e.g. the three phases of the River East Townhomes, and the development of duplexes on the remnant parcels from the Thomas Street expansion.

There are other potential strategies that the City could use to encourage the development of new housing units.

- Consider developing plans for a small variety of pre-approved housing designed to fit in with specific neighborhoods throughout the City. These plans could include single-family homes and missing middle housing such as duplexes, three-flats, townhomes, and bungalow courts. Plans should be sensitive to the form of the neighborhood and should be low cost to build. Consideration should also be given to green building design, particularly because it can



dramatically reduce the utility costs for residents. An example and potential model is the Midtown Pattern Zone program in Bryan, Texas.

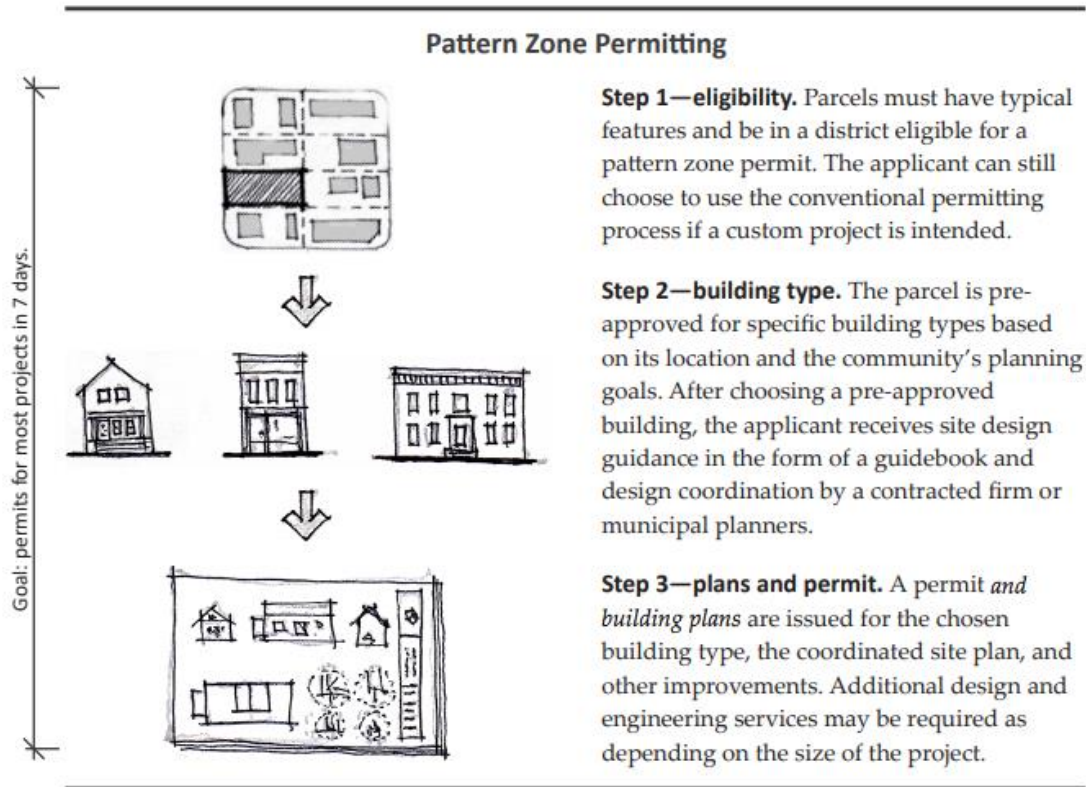


Figure 2: Pattern Zone permitting process

Image Source: Matthew Petty, Infill Group, and Matthew Hoffman, Miller Boskus Lack

- Consider developing a revolving loan program to assist developers in building the necessary infrastructure for new subdivisions. A revolving loan fund (RLF) can reduce the risk for developers and close the funding gap that exists between the cost of developing new lots in the remaining difficult-to-develop areas and the potential sale price of new lots or homes. It could also reduce the burden on existing residents compared to City funded infrastructure development for new subdivisions, although the current practice is to require developers to build the infrastructure for new subdivisions.
- Consider additional funding sources for the development of affordable housing. The City has used several funding sources to develop or encourage the development of new affordable housing. These funding sources include Tax Increment Financing (TIF) and the CDBG program, and in addition to assisting developers with Historic Preservation Tax Credits (HPTC) and Low Income Housing Tax Credits (LIHTC). The City of Wausau, the Wausau Community Development Authority, or Marathon County could consider establishing additional funding sources for the development of affordable housing, such as an affordable housing development fund (AHDF). AHDFs are usually focused on the development of affordable rental housing. Funds from an AHDF are typically used in combination with other funds to improve the feasibility of the affordable housing that meets specific criteria.

## Work with local community organizations to provide affordable housing and reduce homelessness.

There are numerous efforts within the community to provide affordable housing and reduce the prevalence of homelessness. Inventorying these efforts is outside of the scope of this report. Combining the resources of the City of Wausau with other community organizations to develop more affordable housing and housing that serves people experiencing homelessness will help to reduce the prevalence of homelessness and improve affordable housing options in the City. There are numerous community organizations already working on housing and homelessness issues and it is important for the City to continue working with these community organizations to address affordable housing and homelessness.

One specific approach to homelessness and housing is “housing first.” A housing first approach prioritizes providing permanent housing to people experiencing homelessness without preconditions and barriers to entry, ending their homelessness with stable housing without first requiring participation in treatment or other programs.<sup>xix</sup> This approach is effective due to the understanding that people need to fulfill basic necessities before they are able to fully attend to less immediate needs, such as budgeting, employment, or substance abuse issues. A recent pilot project led by North Central Health Care and the Wausau Police Department established a supportive treatment house that supports this strategy. This project and similar projects will help to reduce homelessness and provide housing for residents that have difficulties maintaining stable housing.

## New Subdivision Plats, Certified Survey Maps, Condominium Plats, and Building Permit Applications

Totals for 2023 calendar year	Total
Subdivision plats	2
Certified survey maps (CSM)	19
Condominium plats	0
Building permit applications	18
Total number of new residential dwelling units proposed in all plats, CSMs, and building permit applications in prior year	39 *

\*Total includes multi-family building permits and also with no specified number of future units.

## Undeveloped Parcels with Residential Development Potential

### Zoned for Residential Development

The following list identifies undeveloped parcels that are in a zoning district that allows residential development. The updated City of Wausau zoning code, effective January 1, 2020 allows residential development in nearly all zoning districts, with the exception of industrial, special use and some commercial districts. See the current City of Wausau Zoning Map and zoning code to view the zoning requirements of each parcel. These parcels were determined to be undeveloped using assessment records and the City's GIS database, and the City does not guarantee the accuracy or relevance of the list. Individual site assessments will need to be performed to determine site suitability for development and verify the availability of utilities at the site.

## Not Zoned for Residential Development

The following list identifies undeveloped parcels that are in a zoning district that does not allow residential development. See the current City of Wausau Zoning Map and zoning code to view the zoning requirements of each parcel. Note that residential development is allowed in some non-residential zoning districts. These parcels were determined to be undeveloped using assessment records and the City's GIS database, and the City does not guarantee the accuracy or relevance of the list. Individual site assessments will need to be performed to determine whether the site is suitable for development and verify the availability of utilities at the site.

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- <sup>i</sup> (North Central Wisconsin Regional Planning Commission. Wausau Metropolitan Area Assessment 2022.)
- <sup>ii</sup> (US Department of Housing and Urban Development. Data Driven Planning Toolkit, Housing Issues Module.)
- <sup>iii</sup> (US Census Bureau. 2020 National Census.)
- <sup>iv</sup> (US Department of Housing and Urban Development. Data Driven Planning Toolkit, Housing Issues Module.)
- <sup>v</sup> (US Department of Housing and Urban Development. Data Driven Planning Toolkit, Housing Issues Module.)
- <sup>vi</sup> (US Department of Housing and Urban Development. 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data.)
- <sup>vii</sup> (US Department of Housing and Urban Development. FY 2020 Median Family Income Documentation System.)
- <sup>viii</sup> (US Department of Housing and Urban Development. 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data.)
- <sup>ix</sup> (US Department of Housing and Urban Development. Data Driven Planning Toolkit, Housing Issues Module.)
- <sup>x</sup> (US Department of Housing and Urban Development. Data Driven Planning Toolkit, Housing Issues Module.)
- <sup>xi</sup> (US Department of Housing and Urban Development. Data Driven Planning Toolkit, Housing Issues Module.)
- <sup>xii</sup> (US Department of Housing and Urban Development. CPD Maps System.)
- <sup>xiii</sup> (US Department of Housing and Urban Development. Data Driven Planning Toolkit, Housing Issues Module.)
- <sup>xiv</sup> (US Department of Housing and Urban Development. FY 2020 Income Limits Documentation System.)
- <sup>xv</sup> (US Census Bureau. 2019 Building Permits Survey.)
- <sup>xvi</sup> (US Department of Housing and Urban Development. 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data.)
- <sup>xvii</sup> (US Census Bureau. American Community Survey. 2019 5-Year Estimates Data.)
- <sup>xviii</sup> (2019. Paulsen, Kurt. "Falling Behind." Special Report. Wisconsin Realtors Association.)
- <sup>xix</sup> (US Department of Housing and Urban Development. Housing First in Permanent Supportive Housing Brief. <<https://files.hudexchange.info/resources/documents/Housing-First-Permanent-Supportive-Housing-Brief.pdf>>)