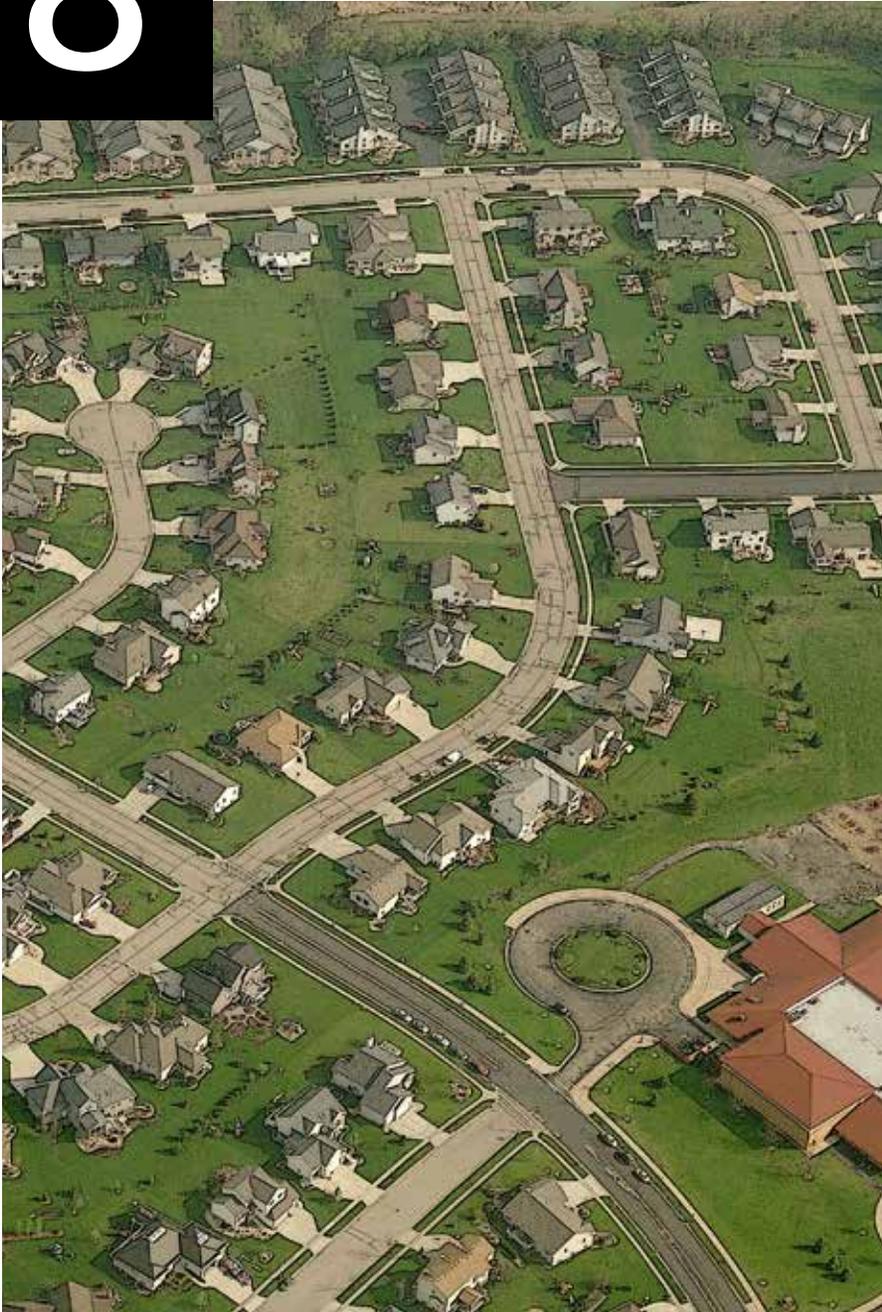


# 8

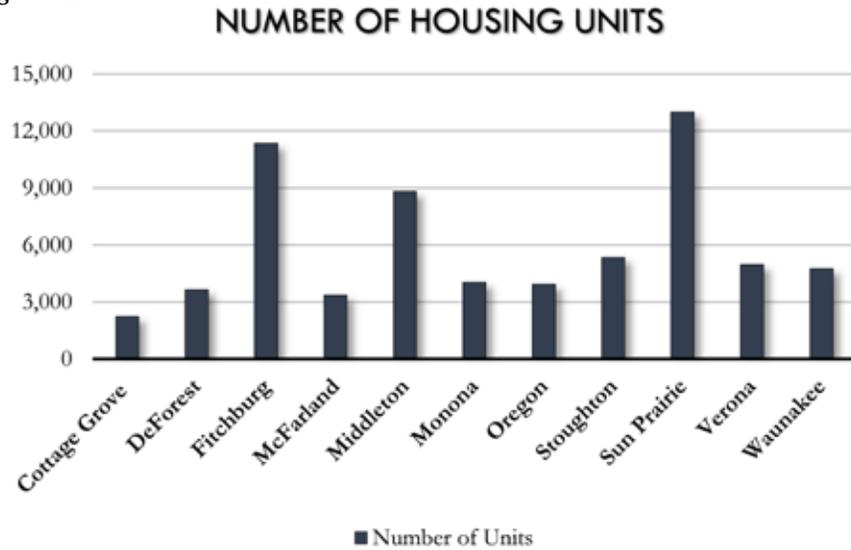
## Chapter Eight: Housing



A community's housing stock is one of its most important assets. As is typical in most communities, residential development encompasses the largest amount of land in the Village of Cottage Grove and supplies the majority of the tax base. The long term stability of home values is key to the long term financial well-being of the community.

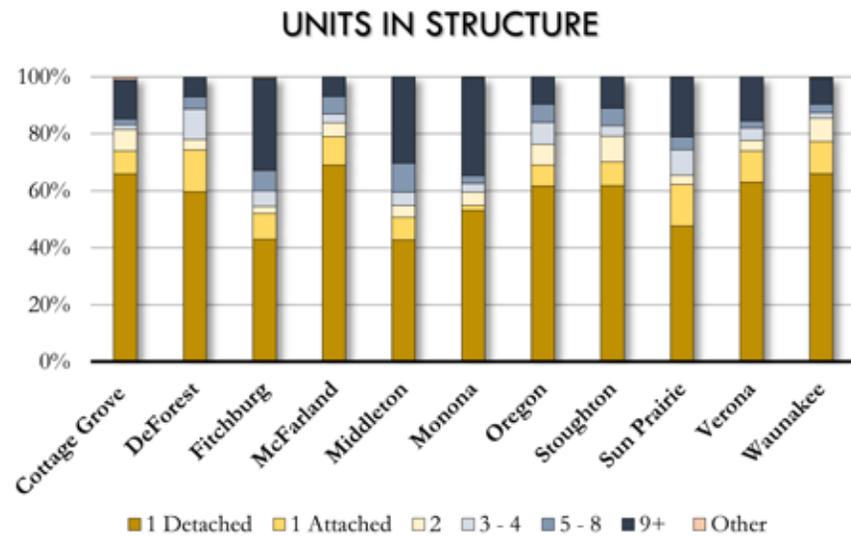
In addition, the variety of housing units available largely defines the demographic composition of the community. Household types in the United States have become increasingly fractured over time. People are marrying later, having children later, are less interested in home ownership, and are getting divorced more often while also living longer. These trends produce an increasing number of households that may be less interested in a single family home on a large lot. As household types become increasingly diverse, a community's housing stock must follow suit if all of those types are to

Figure 8.1



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.2



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates



Playground in Strouse Park in Southlawn Estates

be accommodated.

Housing also affects economic development efforts. The availability of quality housing stock that is affordable and appropriate for its employees is often an important factor in a business’s decision to locate in a community. Also, some retailers and other business types rely upon the presence of certain demographics or a range of demographics, and they will locate where housing types are available to allow those demographics to be present.

### A. Physical Housing Characteristics

The figures in this chapter represent data from the U.S. Census Bureau’s 2011-2015 American Community Survey. For the sake of comparison, data is provided for comparable communities within Dane County including the Villages of DeForest, McFarland, and Waunakee, and the Cities of Fitchburg, Middleton, Monona, Oregon, Stoughton, Sun Prairie, and Verona.

Per Figure 8.1, the Village of Cottage Grove’s 2,246 housing units are the fewest among the comparable communities. Sun Prairie and Fitchburg each have more than 10,000; Middleton has nearly 9,000; and the remaining comparables have between 3,000 and 6,000 units.

In the Village of Cottage Grove, 65.9% of all housing units are within single-family detached houses (see Figure 8.2). This is the third highest total among the comparables trailing only the Vil-

lages of McFarland and Waunakee. The Cities of Fitchburg and Middleton have the lowest percentage of units in single-family detached houses (both around 43%). Compared to the other communities, the Village of Cottage Grove has relatively few units within 3 to 4 or 5 to 8 unit buildings. The Village risks missing out on residents in demographics who would prefer to live in smaller multi-family buildings.

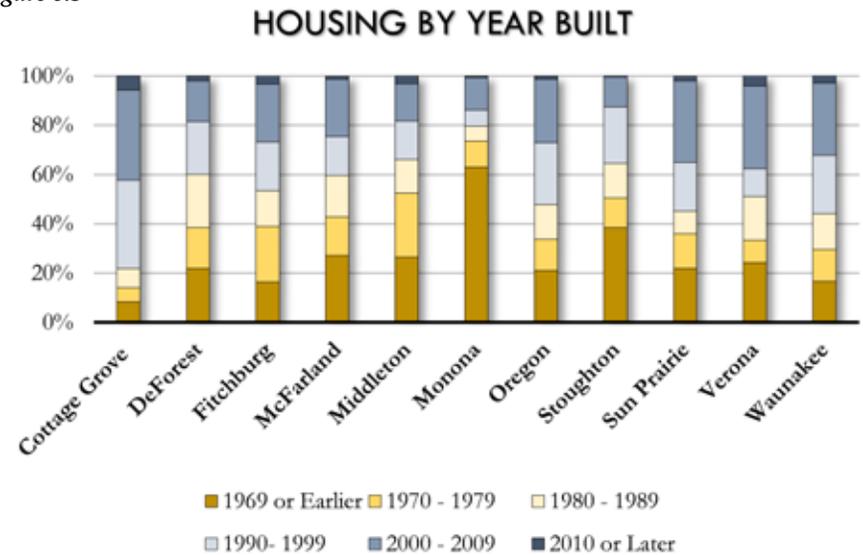
Figures 8.3 and 8.4 provide information about the age of the housing stock in the comparable communities. By any measure, the housing units in the Village of Cottage Grove tend to be newer than those in the other communities. Per Figure 8.3, nearly 80% of Cottage Grove’s housing units have been built since 1990 while none of the other communities exceed 60%. As shown in Figure 8.4, the median year in which housing units have been built is 1998 in the Village of Cottage Grove. The next most recent median year built is 1993 in the Village of Waunakee, while the oldest median is in the City of Monona (1962).

While more recent construction provides benefits in terms of maintenance and the inclusion of desirable modern amenities, the Village lacks the inherent variety of appearance that occurs when a community’s homes are more evenly distributed across a number of eras.

Figure 8.5 (on the next page) provides information on the number of bedrooms in units. In the Village of Cottage Grove 42% of all units have three bedrooms and 27% are four bedroom units. The 69% that are three or four bedroom represents the largest percentage among the comparable communities in that category.

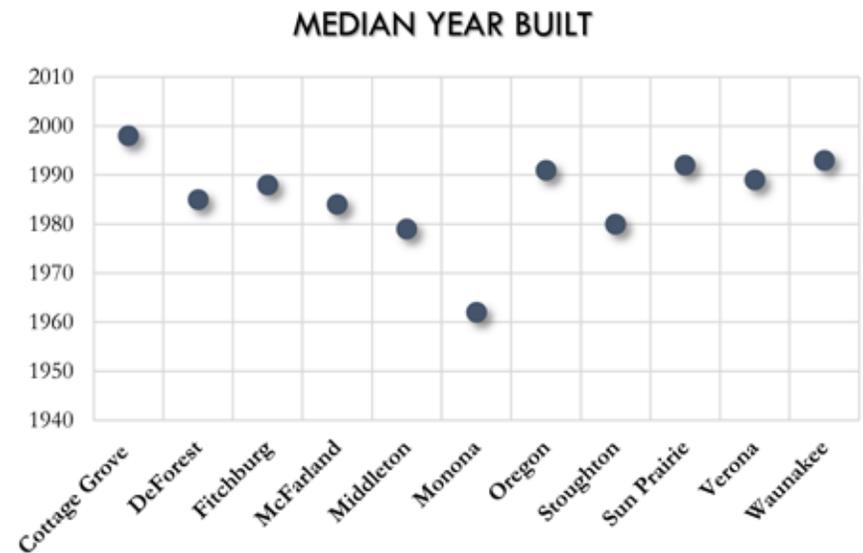
In the Village of Cottage Grove, only 25% of housing units had zero, one, or two bedrooms. Only Waunakee had a comparably low percentage in this category. No other comparable had less than 30%, and three (Fitchburg, Middleton, and Monona) had more than 50%. Units of this size are likely to appeal to seniors, singles, and families with no children. With limited numbers of suitable units, the Village risks missing out on residents in these demographics.

Figure 8.3



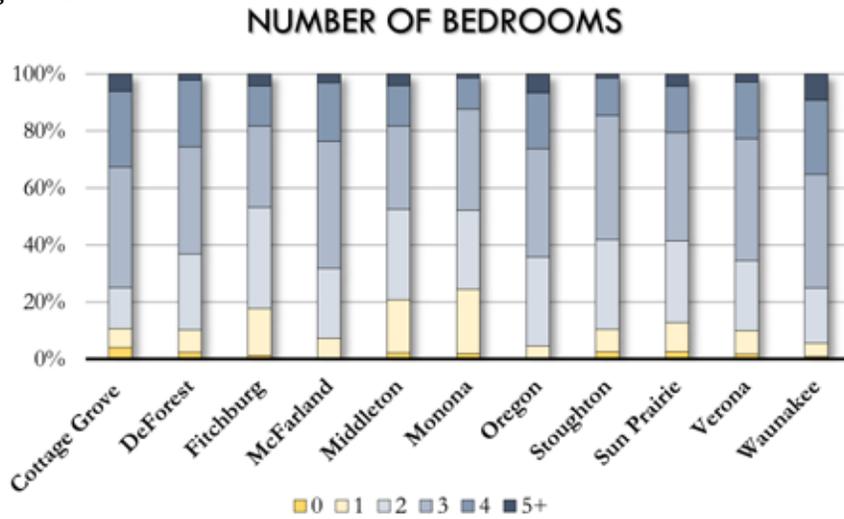
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.4



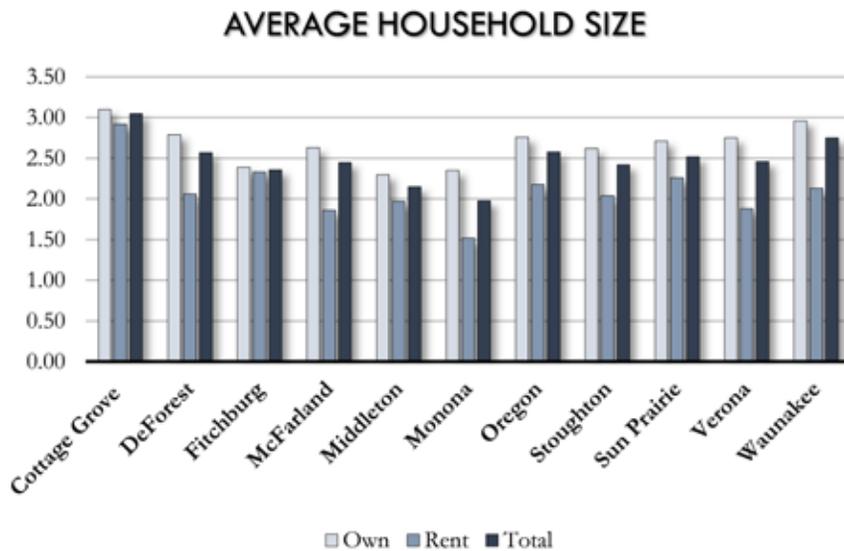
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.5



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.6



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

## B. Occupancy Characteristics

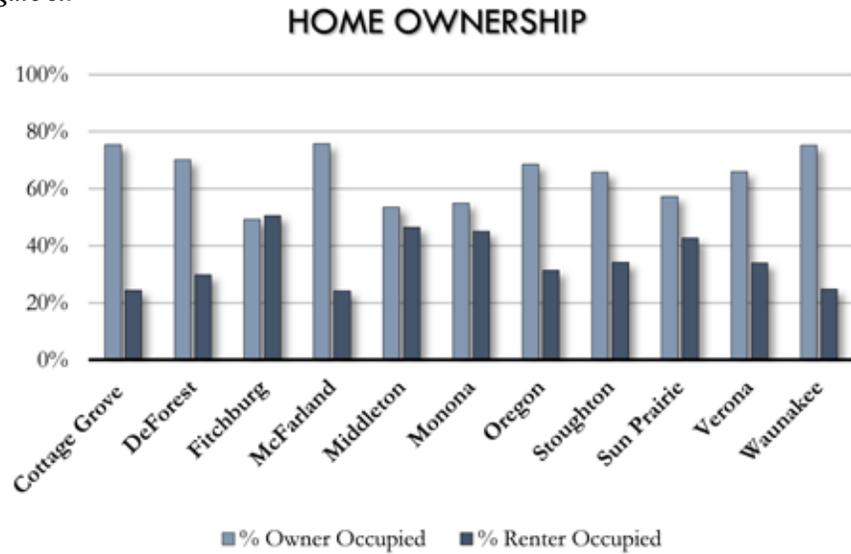
As seen in Figure 8.6, the Village of Cottage Grove has the highest average household size among owner-occupied (3.10), rental (2.92), and total (3.05) units among the comparable communities. Waunakee has the next highest total average household size at 2.75, and no other community exceeds 2.6 in that category. It is worth examining the high average household size in Cottage Grove within the context of the prevalent unit types mentioned above. With the highest percentage of 3 or 4 bedroom units and the lowest percentage with 2 bedrooms or less, it is reasonable to expect that Cottage Grove would have a higher average household size.

Figure 8.7 compares the percentage of owner-occupied and renter-occupied units in each of the comparable communities. The Village of Cottage Grove has among the highest percentage of owner-occupied units, along with McFarland and Waunakee, all of whom are around 75%. Fitchburg has the lowest percentage of owner-occupied units at just under 50%.

Figure 8.8 examines the year that householders moved into their current units. In the Village of Cottage Grove, 31.8% of householders moved into their unit in 2010 or later, while another 41.5% moved into their units between 2000 and 2009. These numbers are generally similar to those in most of the comparable communities. Fitchburg, Middleton, and Sun Prairie are notable for their higher percentages of householders moving into their units in 2010 or later. This is not surprising given that these are three of the communities with the highest percentage of renter-occupied units. Cottage Grove has the lowest percentage of householders moving into their units in 1979 or earlier. Again this is not surprising given that much of Cottage Grove's housing stock has been built since 1990.

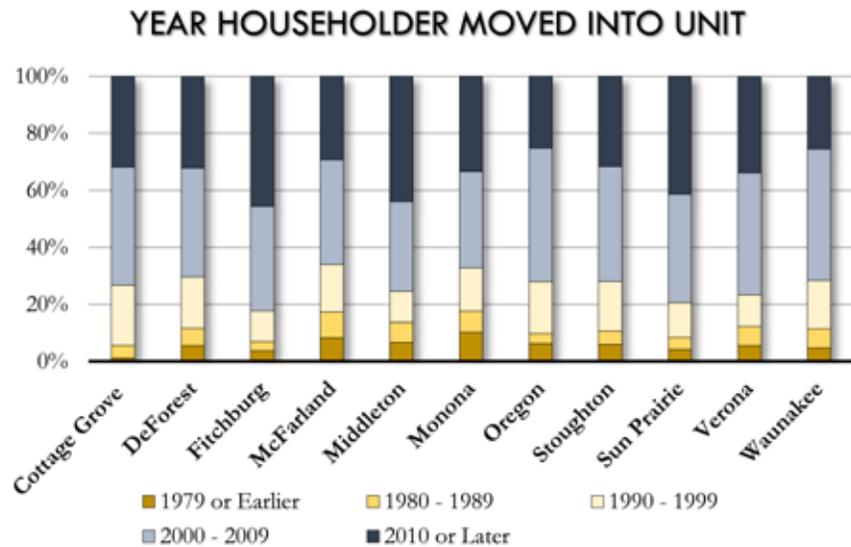
Per Figure 8.9, all of the comparable communities had vacancy rates near 5% or less.

Figure 8.7



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.8



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

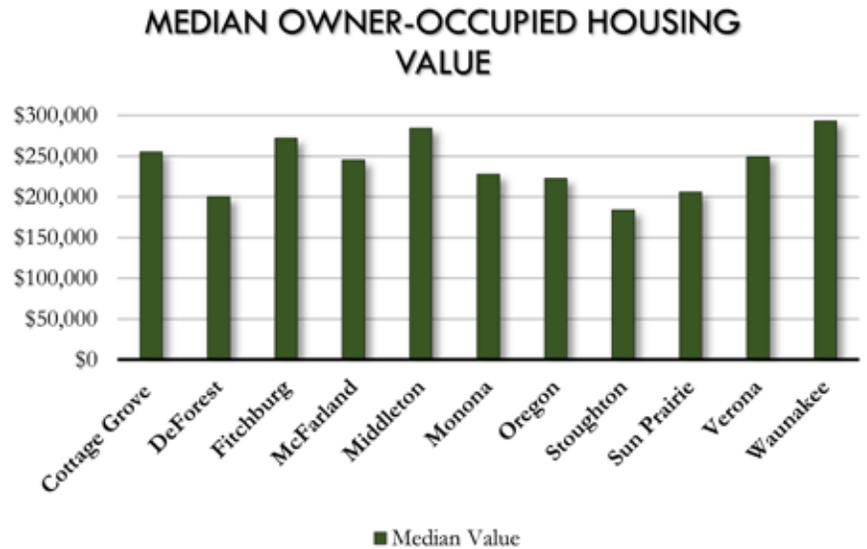
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Figure 8.9



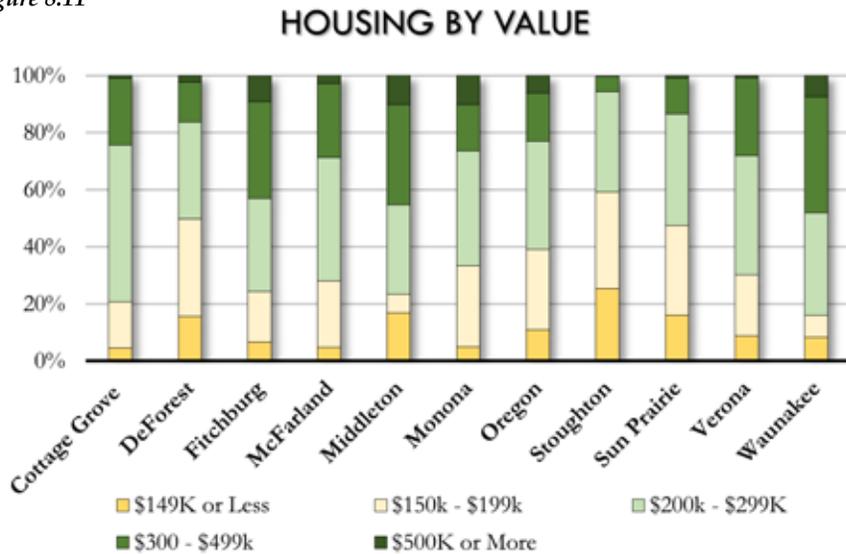
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.10



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.11



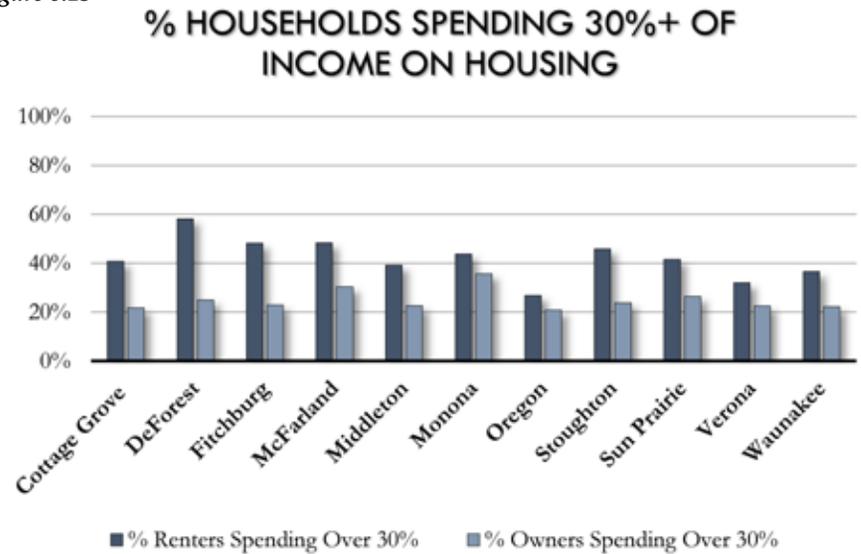
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.12



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 8.13



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

### C. Financial Characteristics

The Village of Cottage Grove ranks fourth among the comparable communities in terms of the median value of owner-occupied housing units (see Figure 8.10). Cottage Grove’s median of \$255,300 trails Waunakee (\$293,200), Middleton (\$284,500), and Fitchburg (\$272,000). Stoughton has the lowest median at \$183,900.

Per Figure 8.11, 54.9% of owner-occupied housing units in the Village of Cottage Grove are worth between \$200,000 and \$299,999, while another 23.4% are worth between \$300,000 and \$499,999. The combined 78.3% worth between \$200,000 and \$499,999 is the highest total among all the comparables, just ahead of Waunakee at 76.5%. In no other comparable municipality were more than 70% of units valued between \$200,000 and \$499,999. This factor combined with relatively narrow ranges of age and number of bedrooms already discussed, suggests that the Village offers less variety of owner-occupied housing than can be found in the com-

parable communities.

Gross rent is defined by the U.S. Census Bureau as “contract rent plus estimated monthly utility and fuel costs” which is “intended to eliminate differentials which result from varying practices with respect to the inclusion of utilities and fuels as part of the rental payment.” Per Figure 8.12 the Village of Cottage Grove has the highest median gross rent of all the comparable communities (\$1,027). Only Verona (\$1,008) and Waunakee (\$1,001) also have median gross rents above \$1,000. Monona has the lowest median at \$808.

Spending more than 30% of household income on housing is typically considered the threshold at which housing is deemed to be unaffordable. In the Village of Cottage Grove, 40.8% of renters spend more than 30% of their household income on housing compared to 21.8% of home owners (see Figure 8.13). Among comparables there are four communities which have a lower percentage of renters spending more than 30% of their household income on housing, and only one community has a lower percentage of home owners in that category.

## **D. Regional Housing Overview**

In 2015 the Dane County Housing Initiative (DCHI) published a study called the ‘Housing Needs Assessment: Dane County and Municipalities’ prepared by Kurt Paulsen of the Department of Urban and Regional Planning at the University of Wisconsin - Madison. Per the report, “household income and housing construction have grown faster in Dane County than in the state of Wisconsin or the United States for the past 30 years.” In addition the report states that “housing prices and rents have also grown faster than either the state or the nation.” As a result, “housing in Dane County is more relatively expensive than the rest of the nation.”

Notable key findings in the updated report include the following:

- The growing diversity of household types - including seniors

and single-person households - requires a diverse housing supply in terms of unit sizes and locations.

- The variety across communities in terms of demographics and income reflects the different types of housing units available in each community.

DCHI published an updated report in 2019. Key findings in the update include the following:

- “Household income, number of households, and population in Dane County have all grown at an average rate of 1.3 percent per year from 2013-2017. Jobs in Dane County have grown 1.7 percent per year. However, the number of housing units has only grown 1.1 percent per year. There is a real shortage of all types of housing units in Dane County. Rents have grown 2.3 percent per year on an average annualized basis.”

- “Despite producing over 25,000 net new housing units in Dane County (2006-2017), Dane County under-produced more than 11,000 housing units relative to household growth.”

- “There continues to be significant racial disparities in Dane County in terms of income, homeownership, and housing burdens. Even though income disparities contribute to housing disparities, African American and Hispanic households experience disproportionately higher rates of housing stress and burden compared to white households at the same income level.”

Following a thorough review of statistical data, the study presents four scenarios to address current affordable housing needs in Dane County.

Scenario 1 compares each municipalities share of the total Dane County population to its share of the county’s population of households making less than 50% of the area median income (AMI). The author then calculates the number of additional affordable units required to bring the municipality’s share of low income households to match its share of the total population. In this scenario, the study calculates that the Village of Cottage Grove would require 265 additional units affordable to households making less

than 50% of the AMI.

Scenario 2 works on the theory that multi-family units are more likely to be affordable than single-family units. In the scenario, the author compares each municipality's share of the county's total multi-family units (in both attached 1 to 4 units buildings and in 5+ unit buildings) with the municipality's share of the total number of households in Dane County. The author then suggests the number of each type of multi-family units that would need to be added to each municipality to make its share of multi-family units consistent with its share of all units. The author calculates zero additional units in attached 1 to 4 unit buildings, but 490 additional units in 5+ unit buildings for the Village of Cottage Grove.

Scenario 3 represents the difference between the number of rental units in each municipality that are affordable to households making less than 50% of AMI and the number of renter households that currently make less than 50% of the AMI. Because this scenario seeks balance within each community, it does not directly address regional balance. Under this scenario, the author projects a gap of 130 units in the Village of Cottage Grove.

Scenario 4 is simply a count of currently cost-burdened very low income households (those making less than 50% of the AMI and paying more than 30% of their household income for housing) in each municipality. In this scenario, the author calculates a need for 190 units in the Village of Cottage Grove.

While the scenarios above address current affordable housing needs, the study also presents scenarios intended to examine future needs, looking out to 2040. These calculations project a need for between 16,000 and 31,000 additional affordable units in Dane County by 2040.

## **E. Senior Housing**

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There are a number of existing senior housing facilities in the Village of Cottage Grove, including the following:



*Aster Assisted Living & Memory Care and Drumlin Residences; photo by Robert Bertera*

- Aster Assisted Living; 139 E. Reynolds Street
- Aster Memory Care; 111 E. Reynolds Street
- Glenwood Senior Living; 405 W. Cottage Grove Road
- Kindred Hearts of Cottage Grove; 325 W. Cottage Grove Road
- Taylor Ridge; 510 Westlawn Drive
- Drumlin Residences; 107 E. Reynolds Street

The Village should continue to encourage the development of senior housing, as well as non-age restricted housing that is suitable to independent senior households such as duplexes, small multi-family buildings, and single-family homes on smaller lots. This will provide more opportunities for current residents to remain in the Village as their households change over time.

## **F. Available Housing Programs**

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Wisconsin Housing & Economic Development Authority (WHEDA)

Per WHEDA's website, WHEDA was created by the Wisconsin

Legislature in 1972 to meet the “increasing need for affordable housing financing.” Their mission was expanded in 1983 to include business and agriculture financing programs. There are two WHEDA loan programs for existing homeowners:

- Home Improvement Advantage: provides a low cost fixed interest rate for 15 years; homeowners are eligible if they have no late mortgage payments in the past 6 months, credit score over 620, mortgage debt cannot exceed 110% of value, income less than \$82,600 for 1 or 2 member households or \$94,900 for larger households; eligible projects include additions and remodeling, repairs and accessibility projects, energy updates, and Energy Star appliances.

- REFI Advantage: intended to make home ownership more affordable for borrowers who already have a WHEDA loan; qualify with at least 3% equity in home; includes down payment assistance and cash back.

#### Dane County Housing Authority (DCHA)

The Dane County Housing Authority was founded in 1972 by the Dane County Board of Supervisors to address the affordable housing needs of Dane County families outside the City of Madison. The DCHA operates 86 units of public housing in Dane County. None of those units are located in the Village of Cottage Grove, and wait lists are closed for all units due to demand. The DCHA also manages the federal Section 8 Housing Choice Program in Dane County outside the City of Madison. Per the DCHA website, the program is intended to “help very low income families, the elderly, and the disabled afford decent, safe, and sanitary housing.” The Section 8 program provides subsidies direct to landlords on behalf of renters.

### **G. Goals, Objectives, and Policies**

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#### **Goals:**

1. Provide housing and neighborhoods that foster the physical,

mental, and social well being of residents.

2. Encourage design of neighborhoods that will maintain value over time to provide the tax base to maintain public infrastructure.

3. Diversify the Village’s housing stock (in terms of size, type, and value) to accommodate a broad range of demographics.

#### **Objectives:**

1. Use the future land use plan to specify locations for a range of housing types to diversify available housing and selectively add density in ways that are compatible with single-family development.

2. Design neighborhoods that provide a range of housing types, densities, and costs.

3. Create attractive and safe neighborhoods that are well served by essential municipal services and facilities such as sanitary sewers, municipal water, stormwater management facilities, police, fire protection, and emergency services.

#### **Policies:**

1. Consider adding one or more new single-family residential zoning districts to provide options for smaller lot sizes by right within certain areas as determined by the future land use plan.

2. Consider adding one or more new multi-family residential districts or modifying existing districts to allow larger multi-family buildings by right in certain areas as determined by the future land use plan.

3. Coordinate new residential development with the relevant school district (Monona Grove south of I-94 or Sun Prairie north of I-94) to ensure adequate school capacity exists to accommodate students.

4. Locate essential community facilities such as schools, churches, libraries, and community centers in strategic locations that provide convenient access to residential neighborhoods.

5. Ensure neighborhoods are well-served by sidewalks, bicycle

routes, and other non-motorized facilities, and provide linkages between neighborhoods whenever possible.

6. Coordinate with landowners to open up suitable undeveloped areas for new residential development as the need arises.
7. Encourage the inclusion of zero, one, and two bedroom units in new multi-family structures to address deficit in those types of units.
8. Seek opportunities to keep rents comparable to those in neighboring communities by adding smaller units and increasing the overall volume of rental units.
9. Seek appropriate opportunities to encourage developers to include owner-occupied housing at lower and higher price points to address deficits at both ends of the value range.