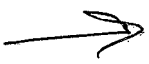


Part Four-Section 4: Analysis of Development Agreements:

Once lands are annexed, platted, and zoned, the fourth and final locally-granted ‘entitlement’ that is required before development can commence is execution of a development agreement. The City of Verona requires new development to ‘pay its own way’ for required infrastructure such as water mains, sanitary sewer lines, storm water management facilities, sidewalks, and street curbing and pavement. This requirement puts the cost-burden for growth and development on the new development itself. These costs are then passed-on to the purchasers of the improved parcels and homes. The advantage of this approach is that existing city tax-payers do not pay for new growth and development. This approach also means that new housing costs are high, since development costs are passed-on and reflected in the prices for ‘improved lots’ and in the prices of new homes. An alternative approach that some cities use is to have the community pay for and install the required infrastructure, usually by having the city’s public works department design and build the water mains, sewer lines, streets, etc... This later approach puts the cost-burden for growth and development on the existing community and current tax-payers, rather than on new development and new residents.



Policy Question: Does the City of Verona wish to continue having new developments ‘pay-their-own-way’?

Yes, make sure we have letters of credit to guarantee work

Because the City of Verona requires the developer—and not existing tax-payers through the public works department—to install infrastructure that will ultimately be ‘turned-over’ to the community to own and maintain, the city requires a development agreement that specifies the terms and conditions (such as design standards and minimum quality requirements) for this infrastructure.

IS DONE

Definition: Development versus Construction. This Plan uses the term ‘development’ to mean the creation of ‘improved lots’. After land is platted and zoned, it is usually ‘improved’ with the provision of a street and sidewalk, public water, sanitary sewer, and any necessary storm water management facilities (such as a regional storm water detention basin to serve a new subdivision...). These improvement costs represent significant investment—and risk—for the developer. After these infrastructure improvements are made—a parcel is considered to be ‘developed’ (or using real estate terminology—the parcel is ‘improved’...). After a parcel is ‘developed’, a building permit can be issued and a building can be constructed on the site. Once a building is constructed on the site—that parcel is considered to be ‘built-out’. If one drives through newer subdivisions—one will see streets that have no houses on either side, typically with ‘lot for sale’ or ‘building site’ signs. See Photo on page XX. These areas are ‘developed’ but not ‘built-out’. Development can be controlled by the community through development agreements. Once an area is ‘developed’, then the ‘built-out’ rate is controlled by market conditions such as demand for housing. Residential housing developers try to match as closely as possible the amount of land they ‘develop’ with the market demand for housing, to minimize the amount of developed land that may be in excess of market demand for housing.

Starting in 2002, the City of Verona adopted a policy to *control growth*. The mechanism used to control growth was development agreements (rather than using annexations, platting, or zoning to control growth...). In addition to specifying design standards and minimum quality requirements for infrastructure—as development agreements had always done—in 2002 the City began limiting *how many parcels could be developed* (see definition of ‘developed’ above...) *in a particular year*. (See ‘Residential Phasing Plan’ below for more details about this city policy...) To achieve a balance between the community’s goal to regulate growth and the developer’s need for cost effectiveness, the city has implemented this policy by allowing up to 4 separate developers to develop between 25 and 30 parcels in a subdivision in one year—for

'surplus' of approved 'developed' lots. For example—121 single-family and duplex lots were developed in 2004 (Table 2-17), but only 67 single-family or duplex housing units were built in that year (Tables 2-18 and 2-19).

A significant slump in the residential real estate market in 2006-2007 is reflected in both the number of lots that were developed in these years (Table 2-17) and in the number of housing units that were constructed (Tables 2-18 and 2-19). Parcels that were developed in 2004 and 2005 (when the market was strong and developers developed many parcels...) were still 'available', and so fewer parcels needed to be developed in 2006 and 2007. As explained above, developers do not want to develop more parcels than they can quickly turn-around and sell to minimize their holding costs and to recoup their return on investment... It has been the city's policy to allow the accumulation of any 'surplus' developed lots over time, so that they can be absorbed (built-out) as market conditions allow. The alternative to this policy would be to track developed lots and count them against new developments—in effect preventing any accumulation of surplus parcels. One consequence of the policy the city does utilize is that a 'spike' in home construction can occur when market demand intensifies, and the available 'surplus' of developed lots is built-out. (Again, the possibility of such a spike is mediated by developer's own interest in minimizing how many 'surplus' lots they develop that they cannot quickly turn-around and sell to recoup their costs...)

Policy Question: Does the City of Verona want to continue allowing a 'stock-pile' of approved developed lots, such that when market demand increases the 'surplus' of unused lots could then all be built-out quickly?"

It should be noted that development agreements do not cover all housing construction that occurs in the City. Redevelopment, construction on vacant lots in older parts of the city, and construction on 'CSM' parcels are not reflected in Table 2-17.

If you "stockpile" lots will this cause a spike in development in any particular year? Or do you allow developers to stockpile but still limit the overall number of lots to be developed in any given year within the city. ~~JK~~

that has the unintended consequence of creating *lower* density development. The City also adopted larger parkland dedication requirements after 2001, further reducing *gross* density of development. Table 2-13 shows that *net* residential density, on the other hand, is higher in subdivisions approved since 2001, in part due to the city's adoption of 'Community Residential' zoning to allow higher-density single-family residential development; increased land prices pressuring parcel sizes to be reduced; market and consumer preferences for 'more house on less land'; city policies requiring all subdivisions to provide *both* single-family and multi-family housing (See 'Mix of Housing Types' below...); and the city's implementation of the Regional Planning Commission's requirement that new urban growth maintain historic minimum density levels. (See Sub-section Eight, below...). It is particularly interesting that *net* residential density is higher *after* 2001 when one considers that the city's two largest high-density residential developments were built *before* 2001. The primary explanation for this seeming contradiction is that the *other* residential subdivisions built before 2001 were very low-density, resulting in an overall lower net density for subdivisions built between 1995 and 2001 than for all subdivisions built after 2001.

The local Regional Planning Commission has promoted (and may soon require) that new urban residential growth in Dane County maintain 'historic' residential density levels. The Regional Planning Commission has promoted this requirement through its power to allow Urban Service Area expansions (and therefore urban growth...See Chapter 8). The rationale behind this 'density maintenance' requirement is that this regional agency wants to insure that future urban growth is at least as dense as existing development—cities cannot 'grow less densely'. The 2000 density that the Regional Planning Commission established for the City of Verona from the 2000 land use inventory was 4.2 dwelling units per *net* acre. As shown in the previous paragraph and in Table 2-13, the City of Verona has met and exceeded the Regional Planning Commission's minimum residential density 'maintenance' goal for all developments since 2000. *How* the city has created its residential density levels is addressed in the next section.

FACTOID: Dwelling unit density versus population density. Single-family residential development is not necessarily less dense than multi-family development. Take the example of a one acre parcel that is developed with a) 5 single-family lots, each 8,700 square feet in area (which are larger parcels than required in the city's 'standard' single-family zoning district...See Table 2-15) or with b) one 10 unit apartment building. Obviously—the *units per acre* is higher with the apartment building, but the *population per acre* is typically higher with the single-family housing development. Using Census 2000 multipliers for Verona (See Table 2-18)—the single-family option will produce 3.12 people per unit, or about 16 people, while the apartment option will produce 1.35 people per unit, or about 14 people. So which is more 'dense'?

- 1.) **POLICY:** Should the City of Verona continue to maintain residential density levels similar to what has been created since 2000 (namely—2.7 gross and 4.9 net dwelling units per acre?)
Should the city grow more densely in the future, in response to rising land prices?
Should the city grow less densely? (If 'yes'—the 'floor' would be the RPC minimum...)
- 2.) **POLICY:** Should the City of Verona continue to allow more dense single-family residential development (Community Residential zoning—See page 15, above)?
- 3.) **POLICY:** Should the City of Verona allow more density for multi-family residential development than the current 'cap' of 12 units per acre, if additional design requirements were met?

1.) IF WE CONTINUE WITH OUR CURRENT PLAN SOME MAY ARGUE LOTS AND HOUSES WILL NOT BE AFFORDABLE. THIS COULD BE TRUE BUT WHAT WE HAVE DONE HAS WORKED. AS DISCUSSED ~~REPLACE~~ MULTI FAMILY OR "DESIGNATED" HIGHER DENSITY SUBDIVISION COULD BE AN OPTION

- 2.) I WOULD FOLLOW THE PLAN WE CURRENTLY HAVE. IT IS NEEDED BUT REQUIRE MORE/STRICTER DESIGN REQUIREMENTS THAN SINGLE FAMILY WITH LESS DENSITY.
- 3. SAME AS ABOVE. YOU DON'T WANT TO CREATE/DUPLICATE ALIENED DR. IN 20 YRS.

Table 2-21: Housing Units authorized by Building Permit: 1995-2007					
Year	No. Single Family and Duplex Units Created	No. Multi-Family units created	Total Units Created	Percent of all units constructed that are single family or duplex	
1995	12	0	12	100%	
1996	39	8	47	83%	
1997	64	52	116	55%	
1998	136	5	141	96%	
1999	145	85	230	63%	
2000	177	146	323	55%	
1995-2000	573	296	869	66%	
2001	160	182	342	48%	
2002	84	94	178	47%	
2003	61	73	134	45%	
2004	76	6	82	93%	
2005	124	106	230	54%	
2006	73	118	191	38%	
2000-2006	578	578	1,156	50%	
Grand Total 1995-2006	1,151	874	2,025	57%	

POLICY: Should the City of Verona continue to prohibit exclusively single-family and exclusively multi-family residential subdivisions (over a certain acreage)? *YES*

POLICY: Should 'density goals' (as the city sets for itself...see 'density section' above....) be achieved by a) continuing to require a mix of housing types in each subdivision (so that every subdivision contributes toward meeting density goals?) OR by b) allowing exclusively single-family and exclusively multi-family subdivisions (so that low-density subdivisions will *not* contribute toward meeting density goals while high-density subdivisions will need to contribute *disproportionately* toward meeting density goals)?

POLICY: What should be the city's 'goal' for a ratio of single-family/duplex housing to multi-family housing? 90% to 10%? 80% to 20%? 70% to 30%? Other? *NOT ENOUGH EXPERIENCE FOR ME TO DECIDE*

★ **POLICY:** Should the city continue to limit *only* single-family and duplex housing, OR should the city begin to also limit the number of multi-family housing units that are created each year? The City of Verona currently limits the number of single-family and duplex parcels that can be created each year (See below for Residential Phasing Plan...). This restriction was based primarily on the number of school-children that result from single-family and duplex housing (and that don't result from multi-family housing typically...See Table 2-18). Should the Residential Phasing Plan be modified so that multi-family development is *also* restricted and not just single-family and duplex housing, OR should the Residential Phasing Plan be 'left as is' so that multi-family development continues to be un-regulated?

POLICY: Should the city continue to encourage high-density housing in our downtown area? (See Map XX for the locations where high-density in-fill housing will be encouraged).

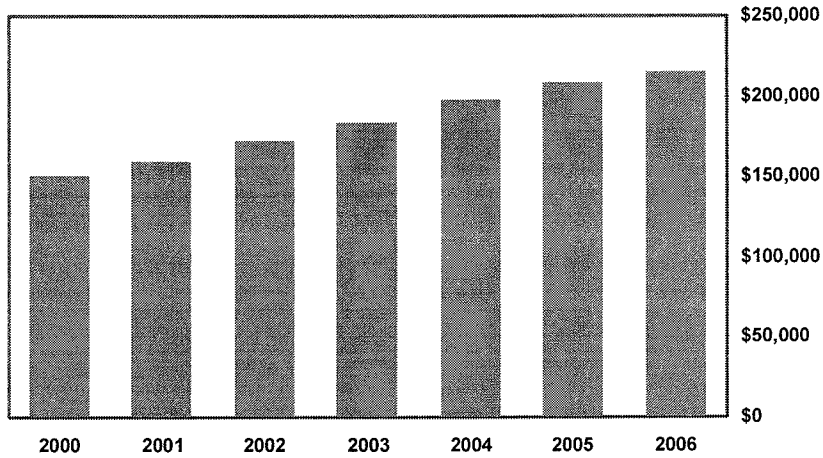
WHERE APPROPRIATE - WE ARE FINDING SUCCESS WITH IT AS WE HAVE PUT REQUIREMENTS ON WHAT IS NEEDED

→ AS THE CITY GROWS DEMAND FOR MULTIFAMILY WILL INCREASE AND SHOULD BE REGULATED BY US/CITY AS WE DO WITH MULTIFAMILY

Part Four-Section 9: Cost-Price Analysis of Housing

As shown in Table 2-4, the median home value in Verona was \$161,500 about ten percent higher than the County's median home value. According to the MLS of South Central Wisconsin, the median value of a home sold rose from \$149,800 in 2000 to \$214,600 in 2006, an average increase of 7.2%. If the median price of a home sold in Verona is still 10% higher than the County average, then the City's median was \$236,000.

**Figure 2-3:
Median Sale Price in Dane County**



POLICY: Should the City attempt to diversify its housing stock by encouraging a broader 'mix' of owner-occupied housing price-ranges? Should both high-end housing *and* housing affordable to the workforce be promoted? — *IT IS DICTATED BY DEMAND*

Options for 'High End' housing:

- 1) Allow large-lot development on well and septic within the city for 'executive' style housing *WILL THE COUNTY HAVE REGULATIONS ON THIS*

Option for 'Affordable' housing:

- 1) Allow (higher density) smaller lot sizes
- 2) Pursue programs such as Housing for Humanity and mixed housing projects

OR BECAUSE IT IS WITHIN CITY TITE DONT

→ *THIS IS FINE BUT IT REQUIRES US TO MONITOR AND PUT REQUIREMENTS IN PLACE FOR APPROVAL*