



## INTRODUCTION

For the past year, representatives from Thrive Economic Development, Jefferson County and the Greater Watertown Community Health Foundation have convened municipal and community leaders, employers and other stakeholders to identify innovative approaches and solutions to address the need for additional housing options in the county.

At the heart of these conversations is a simple belief: **If you work in Greater Jefferson County, you should be able to afford to live here too.**

With that belief in mind, the group has worked to develop solutions designed to:

- Increase the supply of available housing in Jefferson County
- Support access to housing that is attainable to the county's workforce
- Promote development in Jefferson County by creating targeted local incentives that will support 500 new housing unit types in the next five years

## THE STATE OF HOUSING IN GREATER JEFFERSON COUNTY

Like communities across the state and country, Jefferson County is experiencing a shortage of housing of all types. Development of new housing in the county stalled after the Great Recession of 2008 and has been slow to rebound. This sluggish growth, combined with rising costs and a mismatch between existing housing stock and the demographics and needs of today's workforce, is a complex problem requiring a multi-faceted solution.

Numerous housing market studies have been conducted over the last few years, both for the county as a whole and the individual municipalities, all of them pointing to a lack of affordable and available housing in the county. Tracy Cross and Associates projects derived and pent-up demand of at least 3,500 market rate housing units through 2028 for Jefferson County. That means if 3,500 market rate housing units were constructed by 2028, they'd be fully occupied immediately. This number does not include affordable or luxury units.

The rental vacancy rate in Greater Jefferson County is less than two percent, far below the typical vacancy rate of six percent.

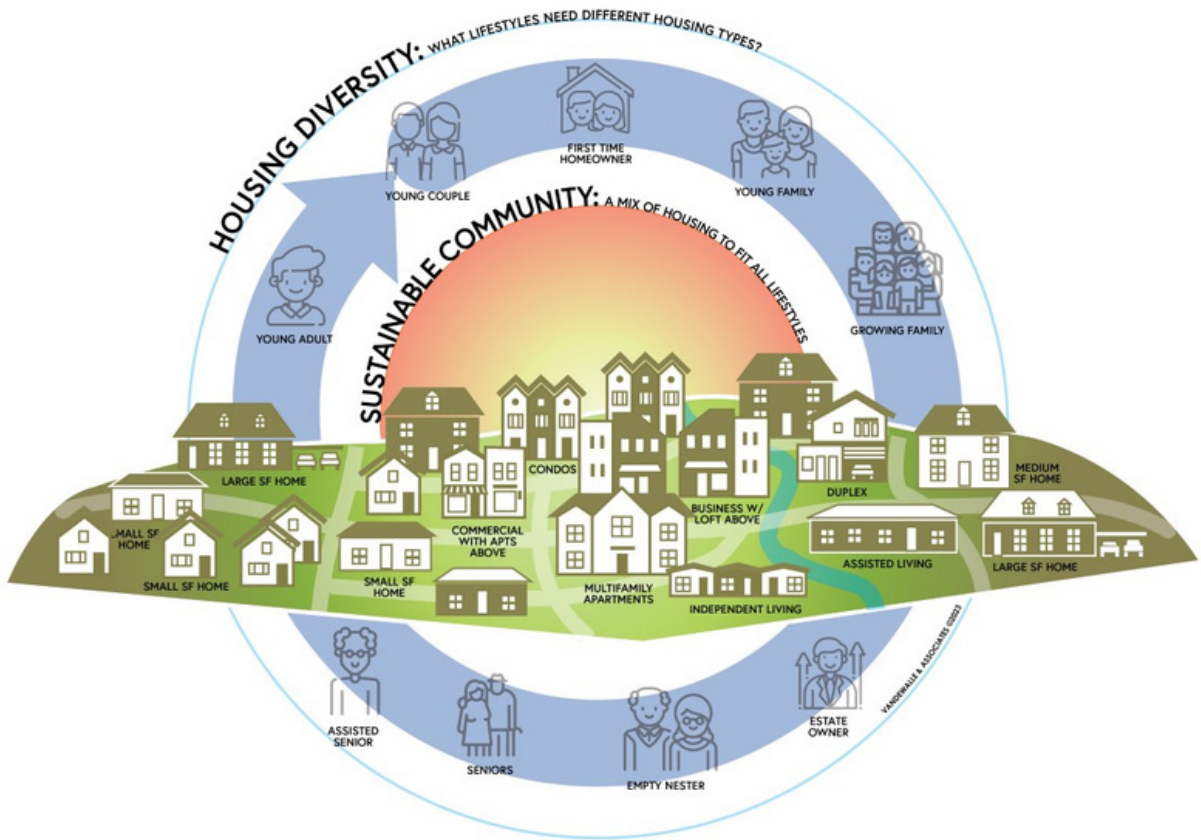
**There is no single reason for the issues of housing availability and affordability in the county, though several trends have contributed:**

**RISING COSTS:** The cost to construct a single-family home has increased 36% since January of 2020. New homes are selling for \$300,000-\$450,000, resulting in mortgage/rental rates that are unattainable for most Jefferson County residents.

**SHIFTING NEEDS AND DEMOGRAPHICS:** Jefferson County does not have adequate housing lifecycle options. Our housing needs change throughout our life. A 20-year-old going to college and working part time will need different housing than a family with children. Empty nesters no longer need the type of housing they had when they were raising their children. We need housing that meets the needs of current and prospective residents.

**AVAILABILITY:** The number of housing units in the county has not grown at the same rate as the population. Between 2011 and 2021, the number of households in Jefferson County grew by more than 8%, but the number of housing units grew by less than 4%. This problem is compounded by a slow turnover rate, as people stay in their homes longer.

**FINANCING GAPS FOR DEVELOPERS AND BUILDERS:** It costs about the same to build a housing development in Dane County or Waukesha County as it does to build in Jefferson County, yet developers building in Dane and Waukesha can earn a greater profit than they can here. Incentives are needed to fill financing gaps and attract developers to the county.



# JEFFERSON COUNTY HOUSING

SHORTAGE OF

**3,500**  
HOUSING UNITS BY 2028  
(MARKET RATE)

RENTAL VACANCY RATE

**<2%**  
(TYPICAL VACANCY RATE: 6%)

# WHAT HAPPENS IF WE DO NOTHING?

What happens when workers can't find affordable housing in the communities where they work?

- They commute longer distances. More than half of the employees working in Jefferson County commute in from outside the county. This erodes community engagement and places an additional burden on road infrastructure.
- They compete for available housing units. In a tighter market, this drives up prices/rents, particularly for the lower end of the market.
- They acquire a lower quality or smaller unit that doesn't meet their needs.
- They become cost-burdened and spend more than 30 percent of their income on housing.
- Employers have a harder time filling vacant positions if potential employees cannot secure housing.



## INTRODUCING THE LIVE LOCAL DEVELOPMENT FUND

In order to make Greater Jefferson County competitive with developers, our group has explored incentives and market-based solutions to spur development of housing that is affordable to the county's workforce. One new solution is the Live Local Development Fund, a revolving loan fund designed to help fill the gaps that limit housing development in the county.

The fund will offer up to \$25,000 per unit for a negotiated term at or below market rates to encourage development in Greater Jefferson County rather than metro areas where rents and sale prices are higher and higher margins can be attained. The affordable units might constitute the entirety of a construction project or may involve a negotiated number of affordable units set aside as part of a larger development.



The program will be used by all types of residential housing developers. Live Local loan funds will make up a small percentage of the total financing for a housing development, but our hope is, when combined with other financial incentives, they will attract developers to build housing units right here in Greater Jefferson County.

The fund currently has \$3 million, with the ultimate goal of \$10 million. It is expected to launch in August of 2023.

## JOIN US

Addressing the housing shortage requires the input and support of all stakeholders. We invite you to be part of the solution.

To learn more about development in Greater Jefferson County and the Live Local Development Fund, contact Deb Reinbold, ThriveED president, at [deb@thriveED.org](mailto:deb@thriveED.org) or 920-674-8710.

# OTHER INITIATIVES

There is no one size fits all solution to address a systemic problem such as housing availability and affordability. The Live Local Development Fund is just one of the proposed tools designed to address the housing needs of current and future residents of Greater Jefferson County.

While some solutions are targeted toward developers and designed to promote the development of new housing units in Jefferson County, other initiatives promote homeownership and provide direct assistance to income-eligible home buyers and homeowners.

## FOR HOME BUYERS AND HOMEOWNERS

ThriveED's public sector entity, the Jefferson County Economic Development Consortium (JCEDC), provides counseling services required of income-eligible home buyers and homeowners taking part in down payment assistance programs and housing rehabilitation loan programs to help restore dilapidated housing stock.

**Down Payment Assistance Programs:** Down payment assistance programs provide forgivable loans of up to \$20,000 for households with income at or below 80% of the Area Median Income based on household size. As part of the program, home buyers attend no-cost education and counseling sessions presented by JCEDC. These sessions provide impartial support on every aspect of the homebuying process, and cover topics such as home appraisals, credit scores and budgeting.\*

**Pre-Purchase Rehab Program:** JCEDC also provides counseling services required for HOME Consortium Pre-Purchase Rehab Program grants. This program is used in conjunction with the down payment assistance programs to do required repairs based on results of the code inspection. This is a 0% interest deferred loan of up to \$15,000, repayable upon time of sale or transfer of the property.\*

**Homeowner Rehabilitation Loans:** With more than half of existing housing structures in Jefferson County built before 1980 and a quarter of them built before 1940, programs that allow for repairs and improvements of existing homes are important offering for ThriveED/JCEDC. The JCEDC is the initial point of contact for the HOME Consortium Post-Purchase Rehab Program and Southern Housing Region Homeowner Rehab Program, educating and vetting homeowners for eligibility before referring them to the program administrators. Designed for households with incomes at or below 80% of the Area Median Income, these are 0% interest deferred loans, repayable upon time of sale or transfer of the property and provide funding for home repairs.

## FOR DEVELOPERS/MUNICIPALITIES

**Developer Outreach and Tours:** ThriveED conducts targeted, purposeful outreach to developers to promote Jefferson County and its opportunities for development. We also host visiting developers and conduct familiarization tours of the county.

**Municipal Education:** ThriveED offers advice and education to municipalities looking to create tools to support additional housing development.

*\*Counseling services targeted to begin in 2024, once office finalizes HUD certification process*