



How to build affordable housing

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Can developers build homes that are less expensive and affordable for an emerging middle-class workforce?

For some developers in Kenosha County, the answer is yes.

While for years there has been a shortage of single-family and new multifamily housing, developers are starting to get those shovels into the ground and bulldozers moving using different funding strategies.

Workforce housing, according to S.R. Mills, president of Bear Real Estate Group, is created for occupants who spend more than 35% of their monthly income on housing.

And the market is waiting, suggested David Clark, an economist with the Wisconsin Realtors Association. A housing availability issue has hindered existing single-family home sales for the past two or three years, he said.

At the start of the new year, inventory for homes in the \$125,000 to \$199,999 was the lowest, followed only by homes costing from \$200,000 to \$349,999, according to the WRA.

And housing inventory in Kenosha and Racine counties is among the lowest in the southeastern region of the state.

Nevertheless, demand is strong here.

“We see signs of demand for moderate-priced homes,” Clark said.

Therefore, a strategy for adding new housing stock should include a broad spectrum of types to fit the needs of a range of prospective homeowners or renters.

Mills noted that there is a need for different types and levels of housing, including standard market-rate housing.

“Workforce housing can be either rental or owner-occupied. While the vast majority of workforce housing Bear has been involved with is rental, we do have a handful of workforce owner-occupied, single-family and town homes coming online in 2020,” Mills said.

Strategies for developers, municipalities

Housing and financial experts say there are several strategies developers, municipalities and other governmental agencies can use to create new housing.

One strategy, according to Kurt Paulsen, University of Wisconsin urban and regional planning professor, is workforce housing tax increment districts that could fuel development of affordable housing.

Others include state tax credits and more funding and partnerships for down payment assistance programs.

David Nankin, developer and owner of the Fairfield Inn & Suites in Pleasant Prairie, agrees.

A specialist in the development of multifamily units, Nankin is a managing member of the Highland, Ill.-based Legacy Varin Property Management Services, which is in partnership with developer Greg Moyer to build 241 high-end, market-rate apartments in Somers.



While the Somers development features amenities that are not commonly found in more affordable housing units, Nankin is especially proud of a multi-unit project he launched in downtown Kenosha.

Nearly three years ago, Nankin renovated the former Kenosha Youth Foundation building.

While maintaining the basic inner and outer structure of the facility, he launched a \$12 million project using some tax credits and home loan grants.

The 49-unit Residences at Library Park, 720 59th Place, was designed with 42 low-income units and seven market-rate units. He maintained much of the original structure and amenities, including a wooden floor gymnasium to accommodate mandated historic structure guidelines.

Nankin is quick to note that these units “are not subsidized Section 8 housing.”

He said there’s always been some sort of long-term housing credits federal program where rents are set at a rate based upon an income percentage that is equal to the median income level in the county.

Rents in the Residences at Library Park range from \$400 to more than \$1,000 per month. There is a variety of shapes and sizes of units.

Funding for housing available

The state recently took a step to provide assistance for developers of affordable housing.

The Wisconsin Housing Economic Development Authority, which provides grants and bonds for developers, in late January issued a \$140 million revenue bond to help finance 12 developments that will provide 931 units of affordable and workforce rental housing throughout the state.

Joaquin Altoro, WHEDA chief executive officer, said it is a critical mission for his organization to provide safe, quality housing options.

Some of the developments covered by the latest financing are in Somers and Racine. Others include Janesville, Milwaukee, Stevens Point, River Falls, Horicon and Sheboygan.

“We are proud to work with our developer partners to offer a variety of financing resources to provide affordable housing for working families and seniors,” Altoro said.