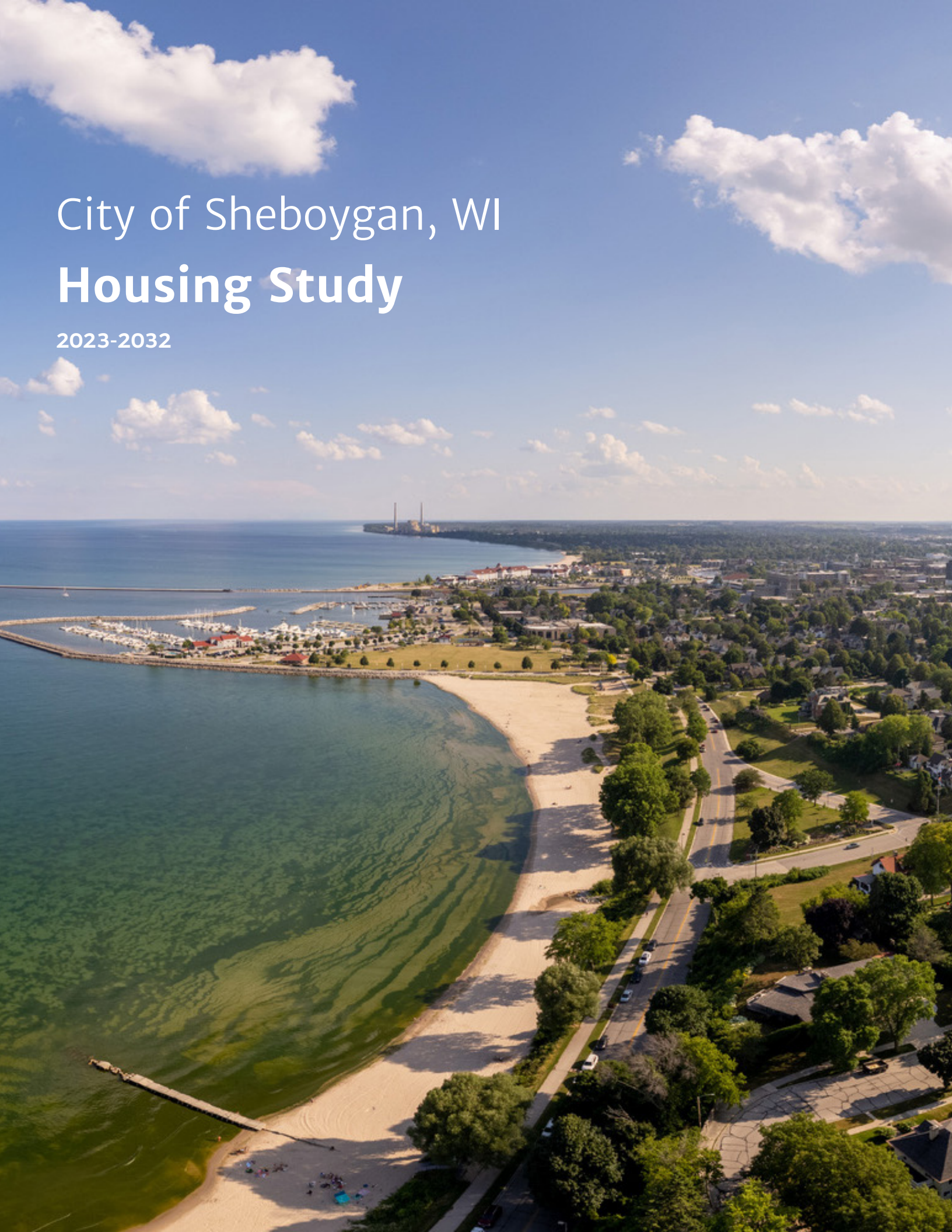


City of Sheboygan, WI Housing Study

2023-2032



ACKNOWLEDGMENTS

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District 4 (Wards 7, 8)

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ACRONYMS

ACS: American Community Survey

MSA: Metropolitan Statistical Area

HUD: U.S. Department of Housing and Urban Development

CHAS: Comprehensive Housing Affordability Strategy



Executive Summary

Purpose of This Study

The City of Sheboygan has sought a meaningful sense of the housing market, an understanding of key housing issues, and how they will impact the city over the next ten years. This housing needs and market assessment will provide leaders with a solid understanding of:

- Functions of market demand (household, employment, and income growth)
- Demand forecast (housing construction trends, sales trends, population/household growth projections, employment, and income growth projections)
- Inventory of existing housing supply (tenure, type, value/cost, age, condition, and vacancy)
- Housing costs and affordability at various income levels
- Current availability of affordable units at various income levels
- Availability of single-family residences to accommodate large families
- Existing or new supportive financing programs for housing development
- Gap analysis for the next 10 years

Using quantitative and qualitative data, conducting primary research, and drawing on direct experience, a thorough housing needs assessment has been undertaken based on forecasted demand and existing supply. The study is data-driven, enhanced by local intel, and includes best practices while remaining tailored to the region's needs as well as the market reality. This Housing Needs Assessment and Market Study provides actionable information for decision-makers to formulate community-specific housing priorities, policy alternatives, and intervention strategies, including land use and zoning decisions, and allocation of City and other resources.

Stakeholder Engagement

Several interviews were conducted with area employers, local realtors, political leaders, and others. The senior population has been aging in place longer in recent years. It appears there is still the need for independent living residential for the senior population as well as units for assisted living.

Most employers agree that housing was a factor in their ability to recruit new workers to the area and that there is a shortage of appropriate housing in quantity and type. When asked what type of housing was most needed, interviewees responded that housing at all price points and sizes is in demand from their perspective. The two most often quoted categories were workforce single-family homes and apartments that are affordable to those at entry-level production



positions. Other employers stated that executives and other higher-paid employees look outside the community to find housing. One employer stressed the need for three-bedroom apartments. Employers stated that they are aware that employees are “buying down,” or getting into a housing situation that they can find readily available even if it is less than they can afford, potentially taking that housing opportunity away from someone who could afford it but could also not afford anything more. Employers would like to ensure housing choices are available for their new and existing employees.

Findings

In general, all metrics in all housing types indicate a tightening of the housing market in Sheboygan. This is likely due to supply not keeping pace with household growth, employment growth, and wage growth. The number of households within the city is estimated to grow to between 21,320 and 22,740 by 2032. To date, the City is aware of specific employers predicting needing between 1,500–2,000 new employees in the next several months, and there is limited housing stock to provide for them.

The U.S. Department of Housing and Urban Development (HUD) calculates the HUD Area Median Family Income (HAMFI) for the Sheboygan MSA for a four-person household is \$96,100. Of the industries growing in Sheboygan, only Finance & Insurance has an annual wage greater than the median annual wage. According to HUD, 64% of Sheboygan households earn less than 100% of the HAMFI. Both renter and homeowner households with incomes less than or equal to 30% HAMFI (\$26,880) are the largest group experiencing severe cost-burden.

Based on best practices and household growth projections, Redevelopment Resources recommends an owner-occupancy vacancy rate of 1–3% and a rental vacancy rate of 4–7% for a combined vacancy rate of 5–10%. Acknowledging that not all rental units are listed on a service like Apartments.com, and through conversations with various knowledgeable sources, Redevelopment Resources believes that Sheboygan’s vacancy rate at the time for rental housing was below 1%.

With the knowledge that there is significant pent-up demand for rental housing, the following demand has been derived and includes units already known to the City, or in process, permitted or planned.

Figure 1. Rental Demand Table

	Affordable/ Workforce	Market Rate	Total
Studio	140	100	240
1-Bedroom	190	400	590
2-Bedroom	380	425	805
3-Bedroom	330	200	530
Total	1,040	1,125	2,165

Figure 2. Owner-Occupied Demand

	Affordable/ Workforce	Market Rate	Total
1-Bedroom	280	80	360
2-Bedroom	400	670	1,070
3-Bedroom	400	1,150	1,550
4+Bedroom	20	40	60
Total	1,100	1,940	3,040

Figure 3. Owner-Occupied Demand by Unit Type

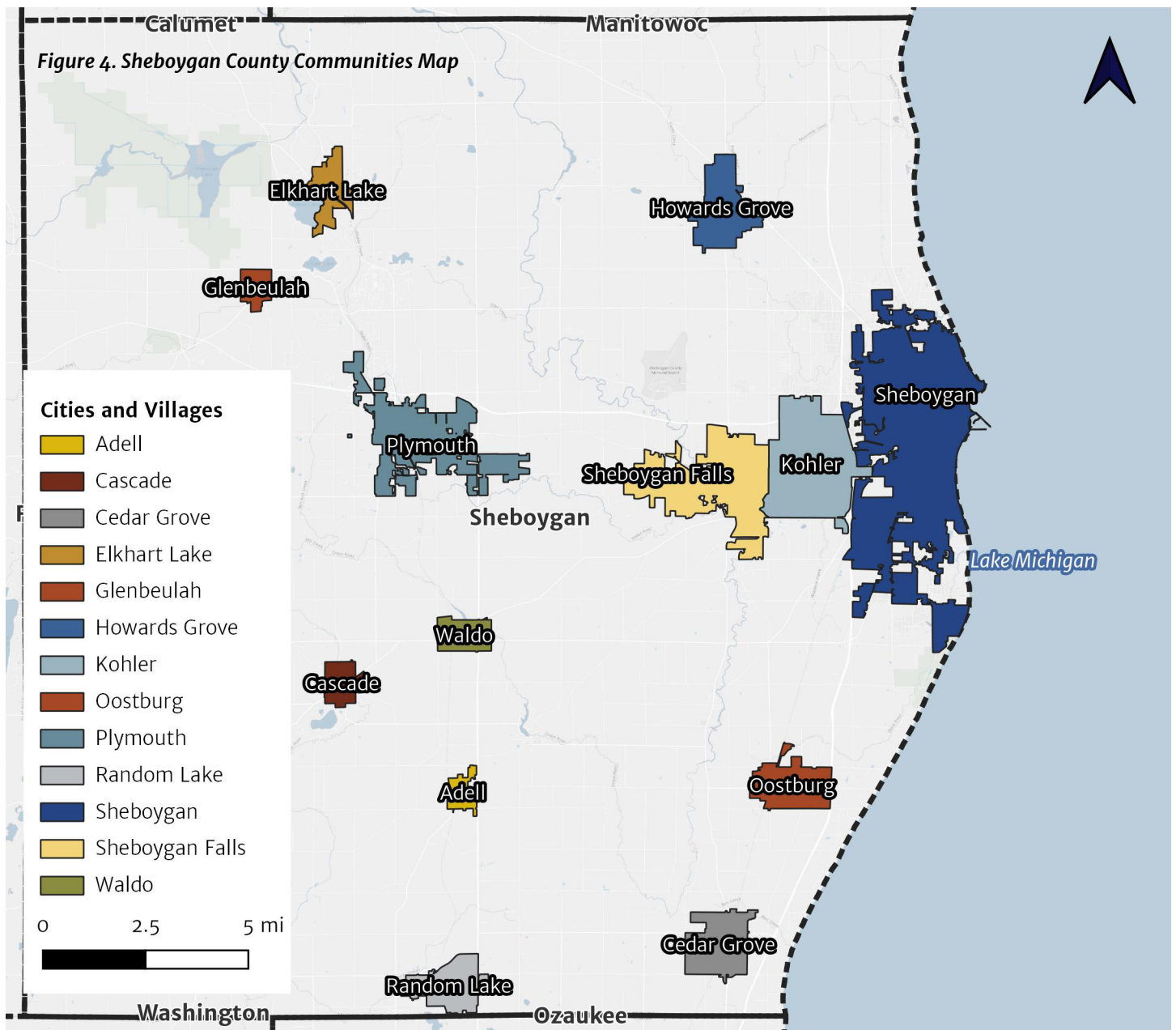
Single-Family Detached	2,300
Single-Family Attached	740

The city and its partner organizations have been actively creating programs to stimulate the housing market. In March 2024, the city created four Tax Increment Districts (TIDs) which included projected project costs for housing development. Three of these TIDs will be open for 27 years while the remaining one will be open for 20. Additionally, Sheboygan County, Sheboygan County Economic Development Corporation, and Discover Wisconsin have collaborated to create Some Place Better, a talent recruitment strategy to assist prospective residents and employees with purchasing a home and getting acquainted with the area.



Market Area Definition

The City of Sheboygan is in Sheboygan County, Wisconsin with approximately eight miles of shoreland along Lake Michigan. It is the economic hub of the county and home to 42% of the county's residents. This study examines the housing market within the jurisdictional boundaries of the City to better aid decision-makers in the needs of the community within their control.



Interviews



Several employers were interviewed for this study, including Old Wisconsin, Millipore Sigma, Nematik, Froedtert, Volrath, AESSE Investments, Ltd., American Orthodontics, Aurora (Advocate Health), local realtors, and others.

While the housing needs of employees vary, there were several underlying themes among employers. Most employers agree that housing was a factor in their ability to recruit new workers to the area. Most employers also agree that there is a shortage of appropriate housing in quantity and type, to ensure housing choices are available for their new and existing employees.

Most of the employers interviewed have current employment vacancies and anticipate actively hiring new workers over the next 1–3 years.

Employers stated that they are aware that employees are “buying down,” or getting into a housing situation that they can find readily available even if it is less than they can afford, potentially taking that housing opportunity away from someone who could afford it but not afford anything more.

At least two employers hire immigrants and have had a tough time finding appropriate housing for that workforce. One employer is considering constructing some temporary housing on property owned by the corporation. Another stated the immigrants they bring in often end up staying with relatives or others from their home country, and those units get full, resulting in overcrowding and conditions that are less than optimal. These employees have a challenging time saving the money needed for a security deposit and first-month rent, so finding an apartment is not always possible, especially since the new apartments being constructed are expensive. The example was provided that with a general laborer wage of \$20/hour at one company, a single mother could not afford to pay more than \$800/month in rent.

Employers have gotten creative with incentives to attract employees, beyond paying a higher wage/salary. Some offer those coming from over 100 miles away, a relocation package that includes moving expenses and down payment support.

When asked what type of housing was most needed, interviewees responded that housing at all price points and sizes is in demand from their perspective. The two most often quoted categories were workforce single-family homes and apartments that are affordable to those at entry-level production positions. Other employers stated that executives and other higher-paid employees look outside the community to find housing. One employer stressed the need for three-bedroom apartments.

Employers have increased the wages they are paying since 2019/2020. One manufacturer reported increases in wages of 25% in the past four years.

The senior population has been aging in place longer in recent years. In the past, the average age entering assisted living and/or skilled nursing was 75 years old. Now the average age is 91 years old. It appears there is still a need for independent living residential for the senior population. Skilled nursing exists in the county but there is a concern (expressed by one interviewee) about its quality. Certain assisted living providers in the county require 2–3 years of prepayment, and when that money is gone, the resident cannot live in the facility.



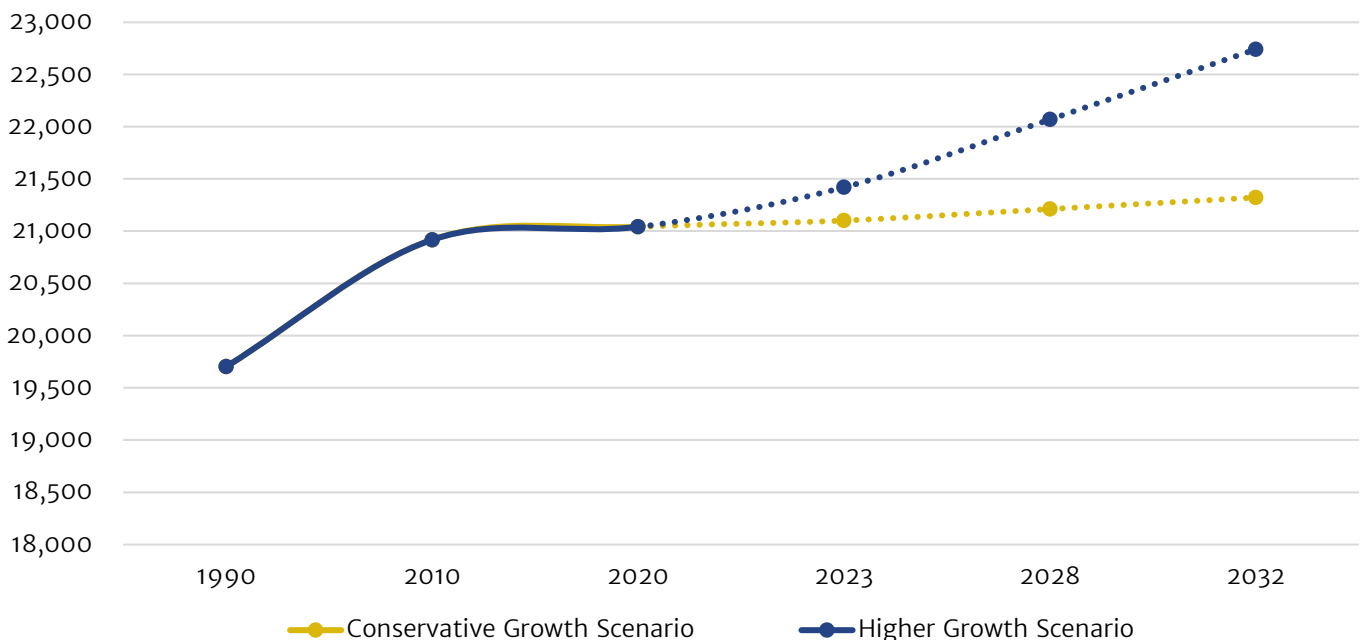
Economic and Demographic Factors

Household growth, employment, and income drive housing development demand. When there is a net increase in migration to a community, those new households will need a place to live. Employers expanding operations will need to attract employees with available housing. Existing residents within a community “climbing the corporate ladder” will also likely desire to upgrade their housing choices. The following sections explore the trends within each of these drivers.

Household Trends and Projections

Household growth trends are used to develop projections for future community needs including housing. The City of Sheboygan’s compound annual household growth rate ranged from 0.1% to 0.6% between 1990 to 2023. Redevelopment Resources, therefore, chose to use both a conservative 0.1% compound annual growth rate (CAGR) and a more optimistic CAGR of 0.6%. Based on these two scenarios, the number of households within the city is estimated to grow to between 21,320 and 22,740 by 2032.

Figure 5. City of Sheboygan Household Trends and Projections (1990–2032)



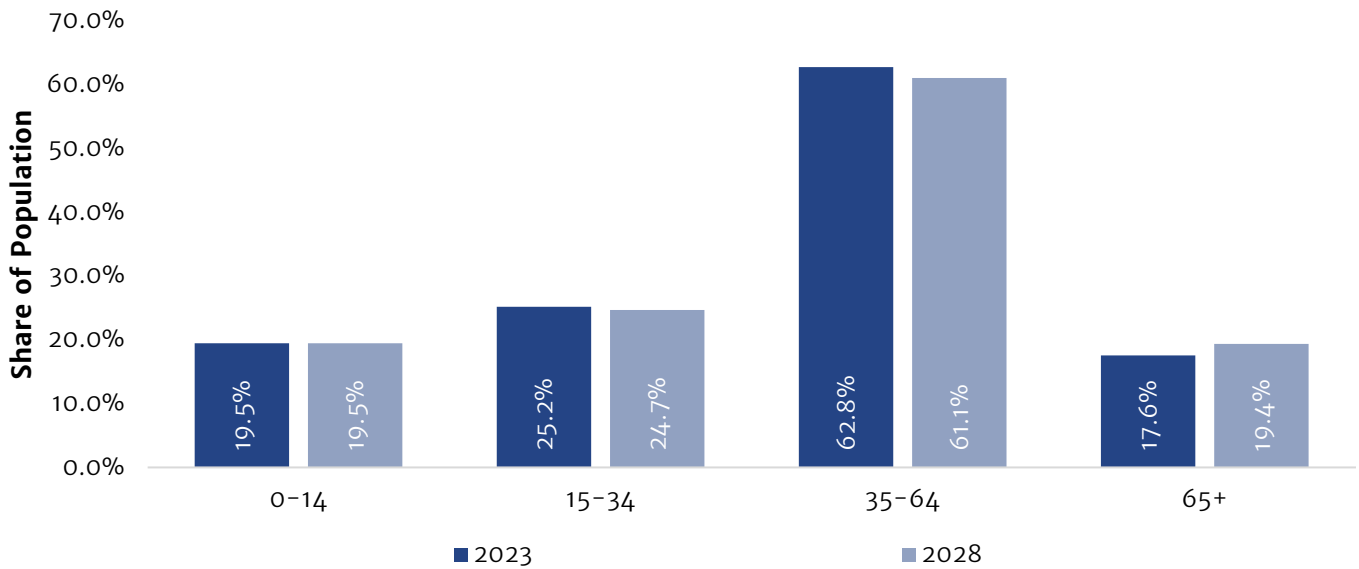
Data Sources: U.S. Census Bureau, ESRI, American Community Survey 5-year estimates Households and Families Table for Sheboygan, WI; Redevelopment Resources.

Population by Age Trends

Based on past trends, Esri predicts that the proportion of children will remain the same, those working age will decrease, while those of retirement age or higher will increase. However, based on interviews with employers, Redevelopment Resources believes the working-age population will also continue to increase. This is particularly important when considering the types of housing needed in the future.

This data leads to the question, if there is more/better housing for working residents, will they be attracted to the community, or stay in the community until and through retirement? Is it the lack of housing available to the workforce that is causing the decline in projected population among working age residents?

Figure 6. City of Sheboygan Population by Age Trends (2023, 2028)



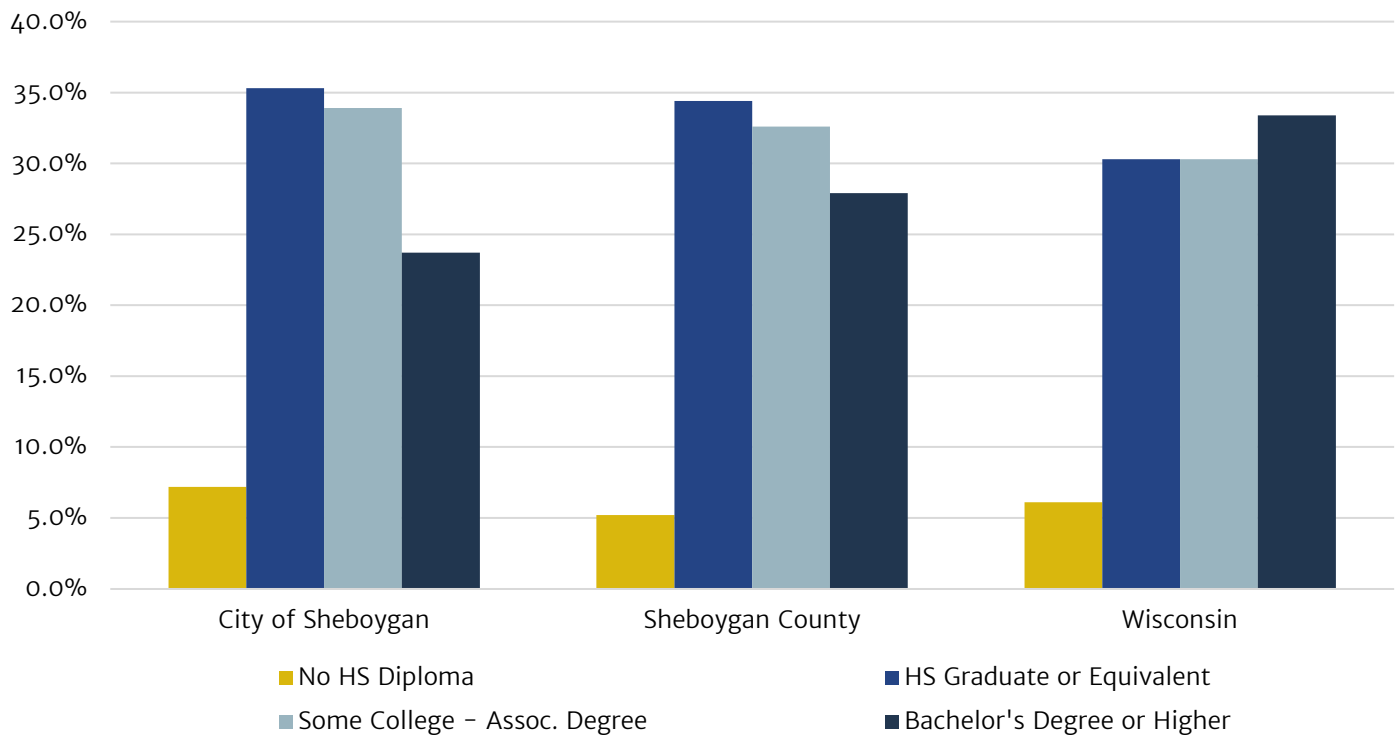
Data Source: ESRI Community Profile.

Employment Trends and Characteristics

Educational Attainment

Educational attainment is a metric that potential employers use to gauge the skill level of the local talent pool. It is also one of several determinants of potential income for the employee. Income, furthermore, determines how affordable housing is for the household (which will be discussed in more detail in Chapter 6 – Housing Needs Analysis).

Figure 7. Regional Comparison of Educational Attainment (2023)



Data Source: ESRI Community Profile.

Employment by Industry

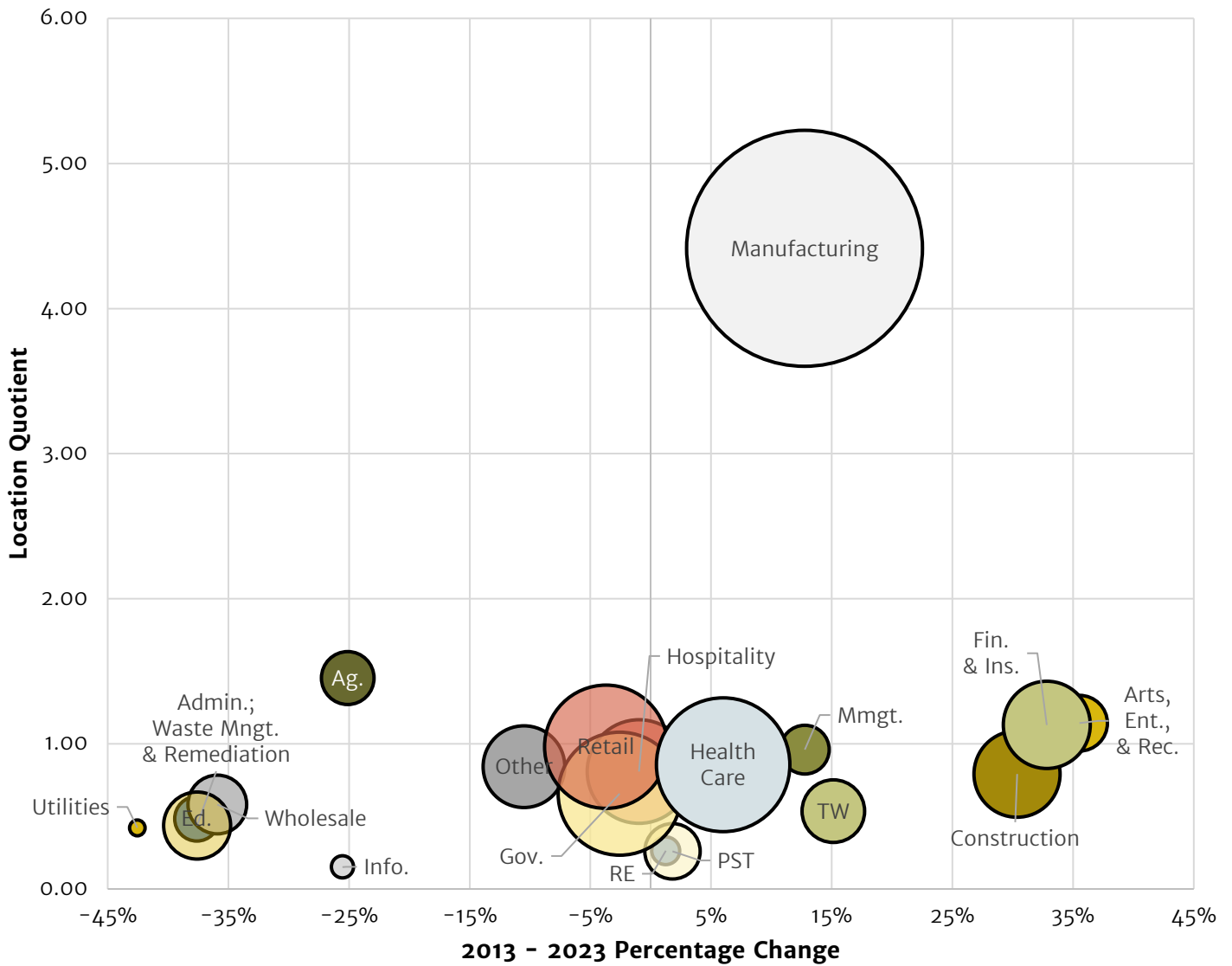
The Location Quotient analysis is a means by which concentrations of groups (such as industries) in a selected geographical area are compared against employment numbers per industry in a broader geographical range. Generally, industries with a Location Quotient greater than one and employment growth are considered vital to the local and regional economy. Alternatively, industries with Location Quotients less than one, but have employment may indicate an emerging industry. Finally, industries that have high or low Location Quotients but decreasing employment are considered either a mature or declining industry or one not vital to the regional economy. More information about location quotients may be found in Appendix B.

Sheboygan’s economic history started as a fur trading post and later included a sawmill and shipbuilding. The Sheboygan/ Mississippi Railroad Co. expedited industry growth in the late 1800s. In 2021, Sheboygan ranked #4 in the class of cities where manufacturing is thriving¹ and #13 in terms of cities that added jobs during the pandemic.² Sheboygan remains a strong manufacturing community. Other strengths include Arts, Entertainment and Recreation (Arts, Ent., & Rec.) and Finance and Insurance (Fin. & Ins.). Health Care and Social Services; Professional, Scientific and Technical Services (PST); Real Estate Services (RE); Transportation and Warehousing (TW); Management of Companies (Mngt.); and Construction may be emerging industries.

¹ Advisor Smith. (June 2021). *Top Cities Where U.S. Manufacturing Is Thriving*. <https://advisorsmith.com/data/top-cities-where-u-s-manufacturing-is-thriving/>

² 24/7 Wall Street. (February 2021). *Top American Cities That Added Jobs During the Pandemic*. <https://247wallst.com/special-report/2021/02/05/american-cities-that-added-jobs-during-the-pandemic/>

Figure 8. Sheboygan MSA Industries by Growth Rate and Location Quotient



Data Source: Lightcast Industry Table Q4 2023. Data Set retrieved January 2024 provided by Bay-Lake Regional Planning Commission; Redevelopment Resources.

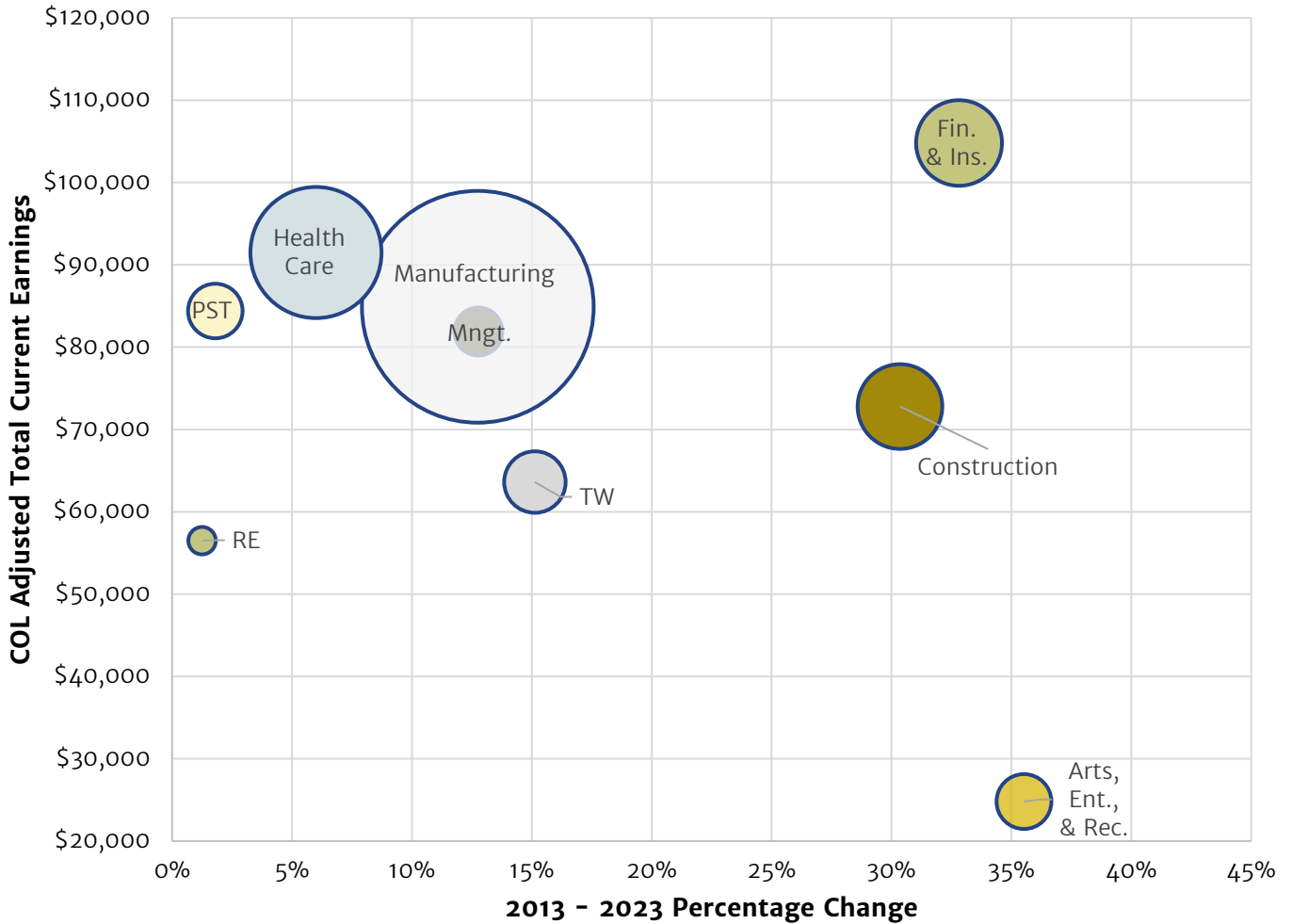
The top 9 employers in Sheboygan by employee number are as follows:

- Kohler Energy
- Acuity Insurance Co
- Aurora Sheboygan Memorial Medical Center
- Rockline Industries
- The Vollrath Company LLC
- American Orthodontics
- Old Wisconsin Sausage Inc
- Tietz's Piggly Wiggly
- Walmart Supercenter

Income

The U.S. Department of Housing and Urban Development (HUD) divides household incomes relative to the HUD Area Median Family Income (HAMFI) to gauge housing affordability at all income levels and number of persons per household. The HAMFI for the Sheboygan MSA for a four-person household is \$96,100. Of the industries growing in Sheboygan, only Finance & Insurance has an annual wage greater than the median annual wage.

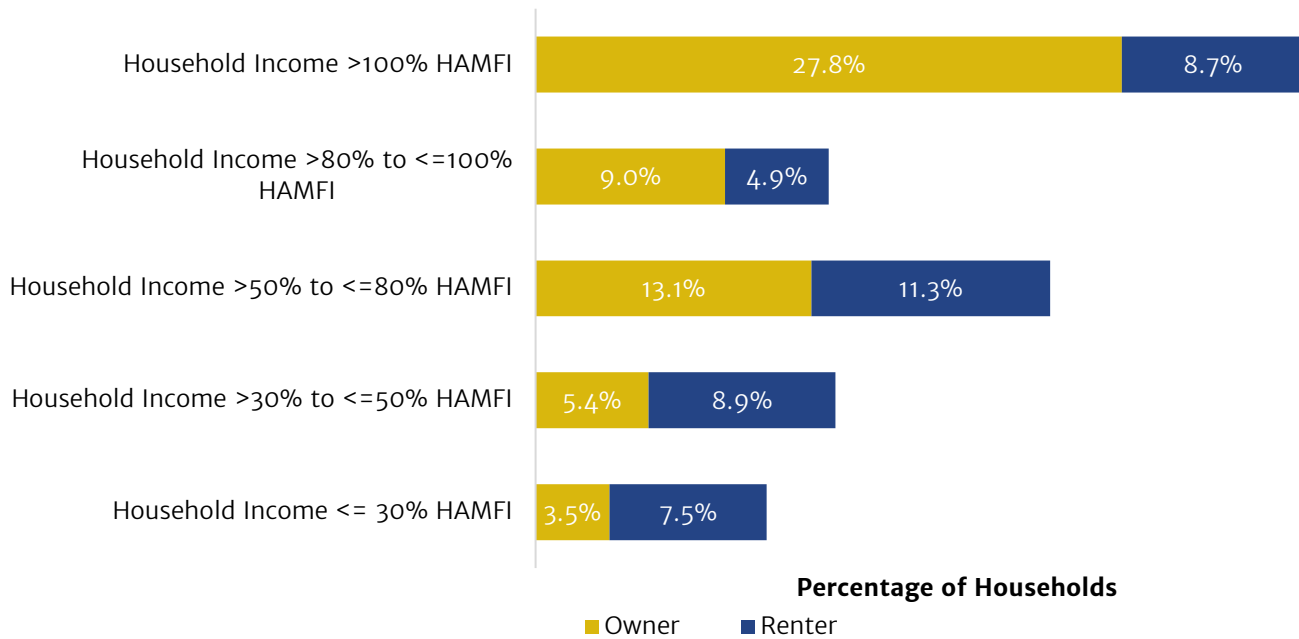
Figure 9. Sheboygan MSA Industries by Growth Rate and Wages



Data Source: Lightcast Industry Table Q4 2023 Data Set retrieved January 2024 provided by Bay-Lake Regional Planning Commission; Redevelopment Resources. Note: The Cost of Living (COL) Index for the City of Sheboygan is 101.1, therefore the average earnings per industry has been adjusted accordingly and rounded to the nearest hundred.

Since housing programs and policies follow HUD rules regarding income limits and HUD Area Median Family Income (HAMFI), the percentage of Sheboygan households by income level and housing tenure based on HAMFI has been analyzed. (For more information regarding HAMFI, please refer to Appendices A and B.) According to HUD, 64% of Sheboygan households earn less than 100% of the HAMFI. This will be further discussed in the affordability section of Chapter 6.

Figure 10. City of Sheboygan Household Income Distribution by Tenure (Percentage)

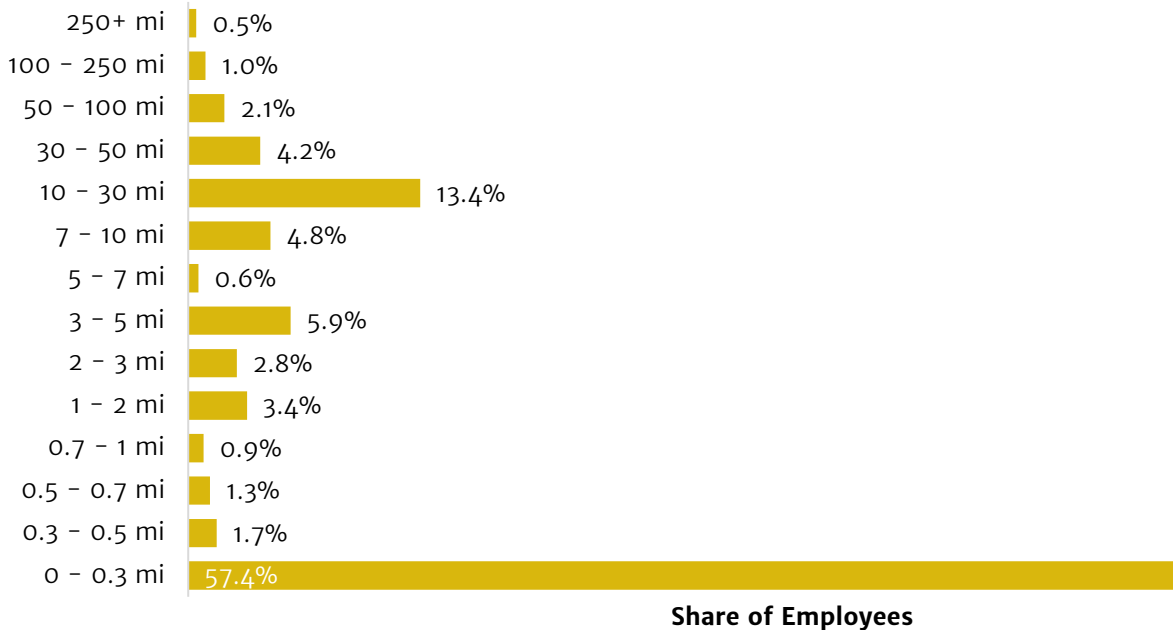


Source: U.S. Department of Housing and Urban Development, CHAS (2016–2020), City of Sheboygan; Redevelopment Resources.
 Note: FY 2023 Area Median Family Income is estimated to be \$96,100.

Commuting Patterns

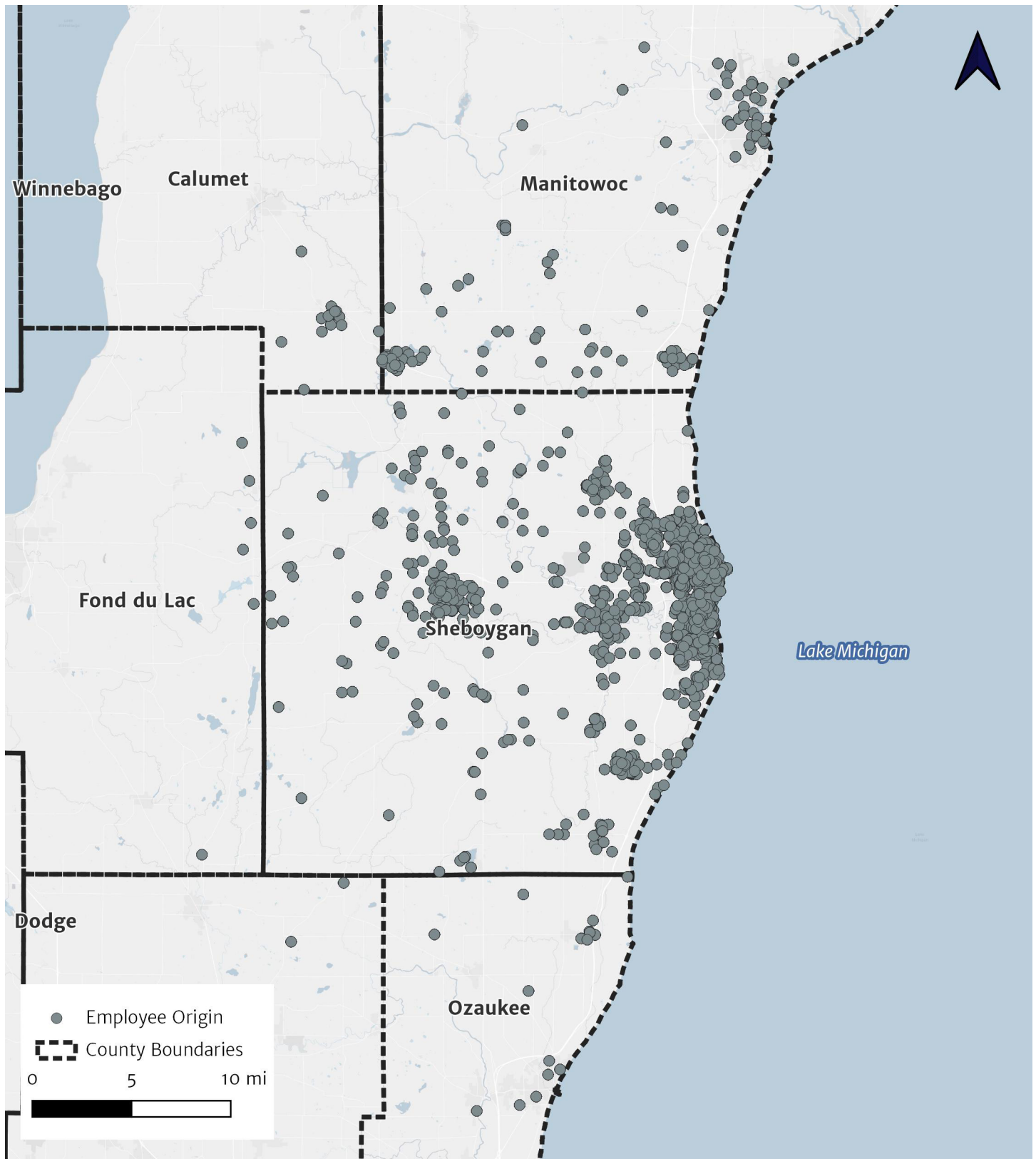
Many factors influence a household’s decision on where to live relative to where it works, including the location of a partner’s employer, quality of the school district, cost of housing, and transportation. Over half of the employees working within the city limits live within a quarter mile of them. The next largest cohort of employees live within 10–30 miles of the city (13.4%).

Figure 11. Employee Commute by Distance (mi.)



Data Source: Placer.ai, Employees by Home Destination, Jan. 1, 2023 – Dec. 31, 2023.

The following map illustrates where employees who work in the city of Sheboygan live. Whether or not people would live in Sheboygan if housing was available is not something we can discern from the data but providing more housing options would mean more options for current and future employees.



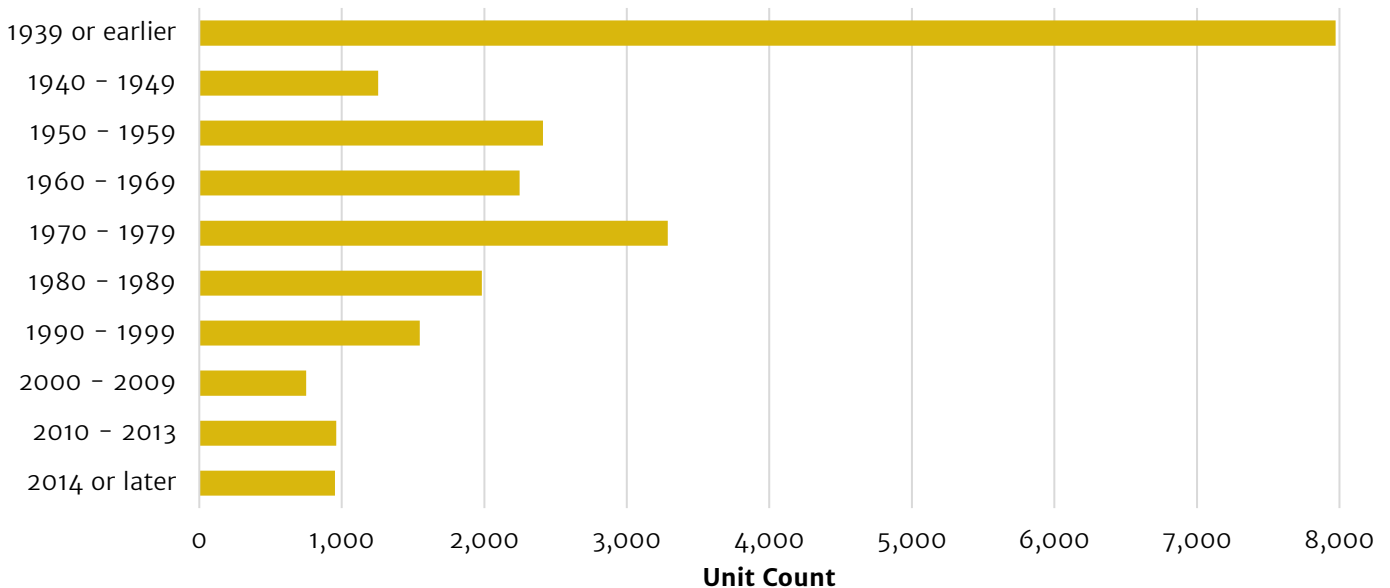
Housing Supply Analysis



Age of Housing Stock

Decision-makers may want to consider the age of the housing stock when contemplating the types of programs and policies to implement for rehabilitation purposes. According to the American Community Survey 5-year estimate in 2022, of the 22,425 housing units, nearly 8,000 (35.6%) were built before 1939.

Figure 12. Age of Residential Structures by Year Built



Data Source: American Community Survey 5-Year Estimates, Housing Characteristics; City of Sheboygan; Redevelopment Resources.

Housing Demolition and Construction Permit Trends

Based on data obtained from the City of Sheboygan, the state cartographers office, and a careful examination of parcels that appear to be residential in use, there have been 38 demolitions in the last five years. (Note: the demolitions may have been for more than one unit. This is just the number of demolition permits submitted.)

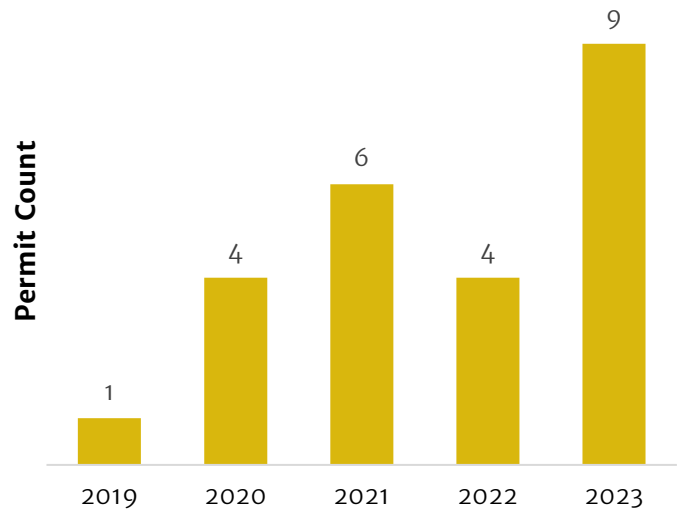
Since 2015, new construction permit applications for more than 940 units have been submitted. The estimated costs provided for the new construction by type are provided in the following table:

Figure 13. New Construction Costs by Type Table

	Single-Family	Two-family	Multi-family
Min.	0	210,000	0
Max.	785,000	3,000,000	10,890,000
Average	275,203	298,299	4,689,546
Median	250,000	210,000	2,850,870

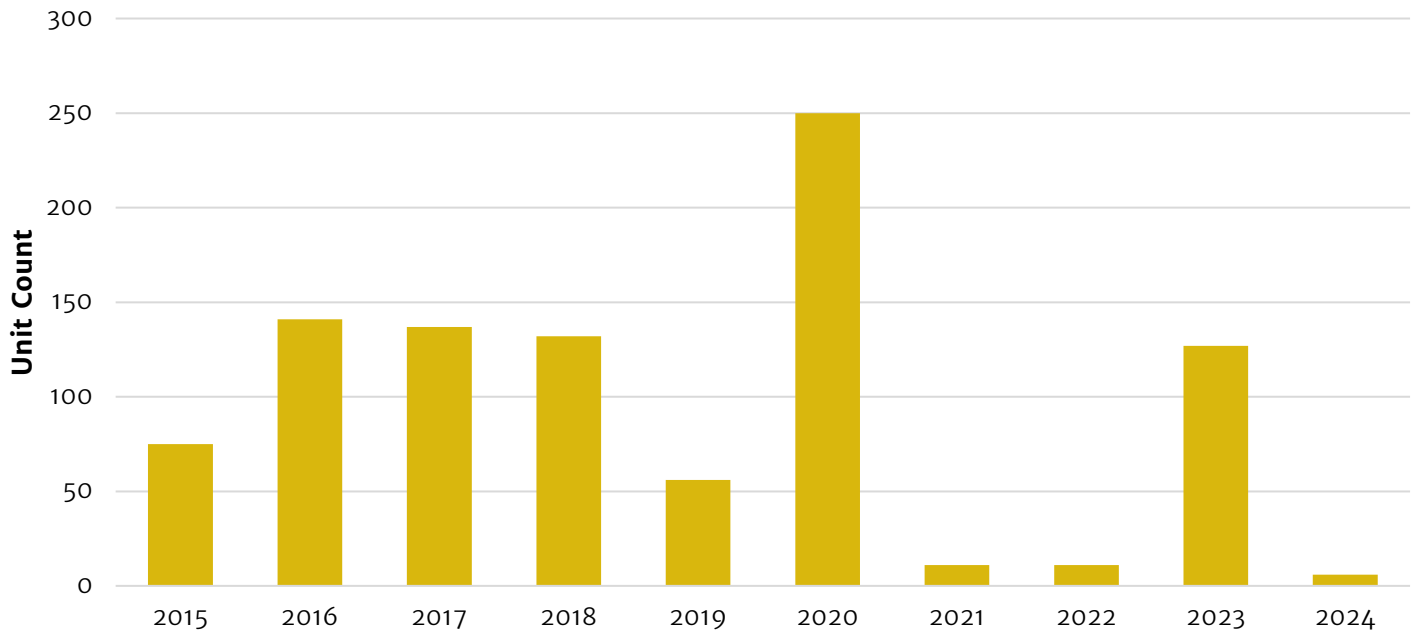
Data Source: City of Sheboygan; Redevelopment Resources.
 Data Note: Not all developers/contractors submit an estimated cost amount, therefore, the amount may be \$0.

Figure 14. Total Residential Demolitions (2019–2023)



Data Source: City of Sheboygan; Redevelopment Resources; Wisconsin State Cartographers Office.

Figure 15. Residential Construction Permit Trends by Year (2015–2024)



Data Source: City of Sheboygan; Redevelopment Resources; Wisconsin State Cartographers Office.

Unit Types and Tenure

It is important to note the difference between the density of units and the type of tenure. More than 75% of the current housing stock are single-family or two-family residences. Compared to the rest of county and state, the city has a lower percentage of owner-occupied units. Owner-occupancy can bring stability to a neighborhood with long-term investment, maintenance, and “eyes on the street”. Yet, short-term rentals provide prospective residents the opportunity to live in a community while they shop for a longer-term residence.

Arthur Nelson, author of *Planner's Estimating Guide: Projecting Land-Use and Facility Needs*, states "Some amount of vacant residential units is needed to facilitate the free movement of population and choice of reasonable alternatives. The number of vacant units, usually expressed as a percent of total habitable units, varies by such things as growth rates and tenure characteristics of renters and buyers." Based on best practices and household growth projections, Redevelopment Resources recommends an owner-occupancy vacancy rate of 1-3% and a rental vacancy rate of 4-7% for a combined vacancy rate of 5-10%.

Figure 16. Housing Units by Type (2022)

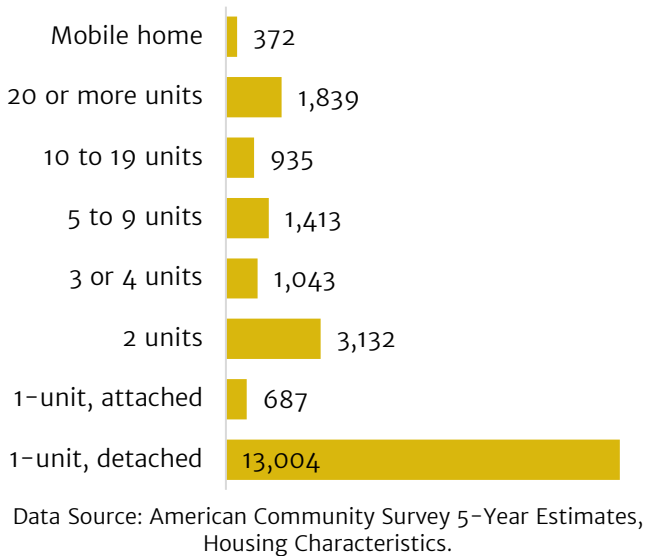
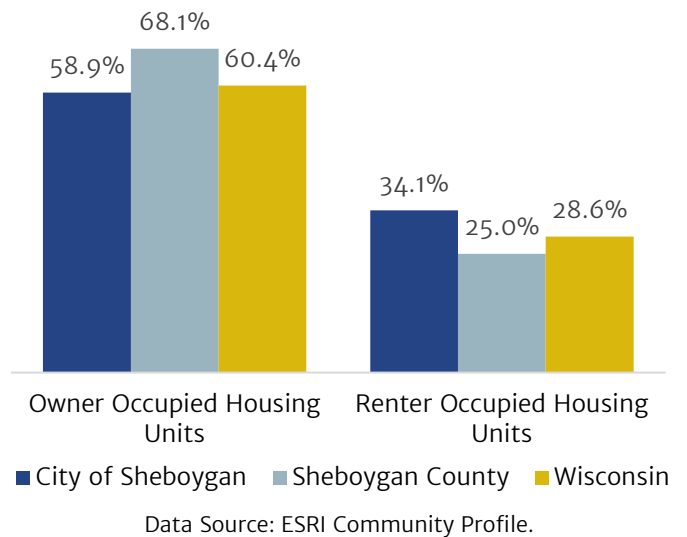
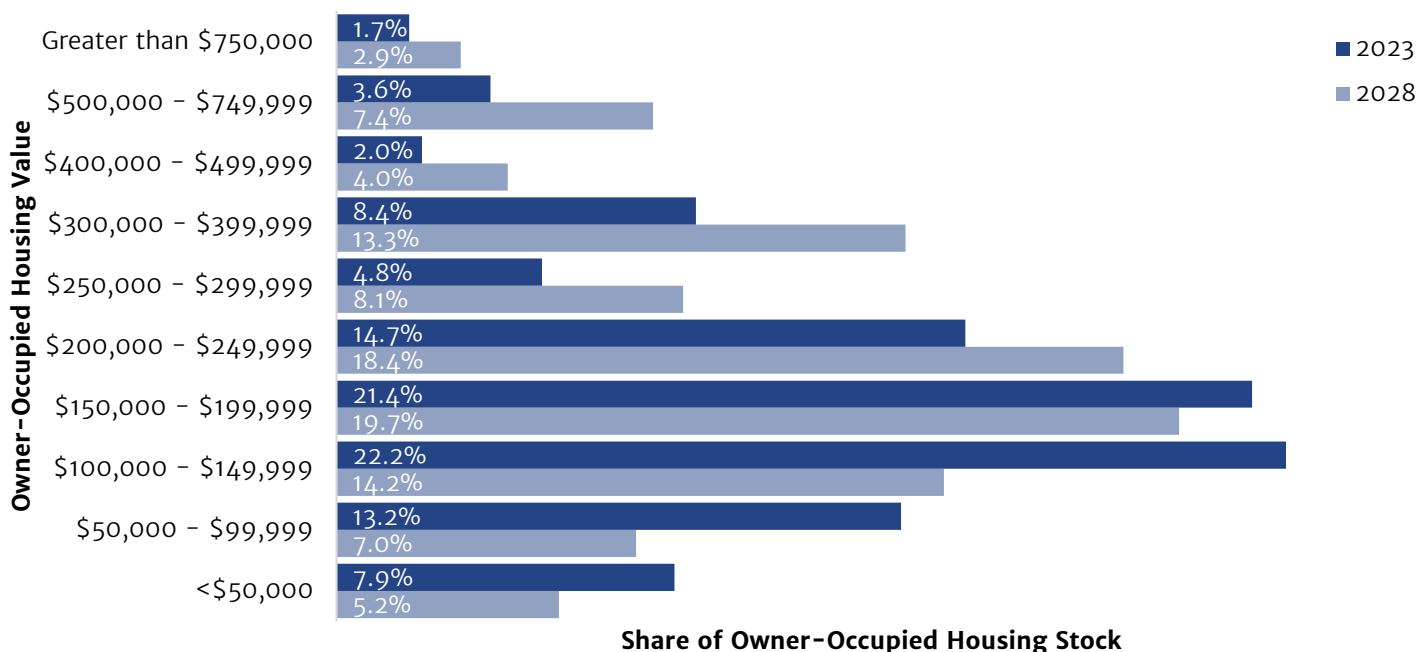


Figure 17. Regional Housing Tenure Comparison



Median Home Value

Figure 18. City of Sheboygan Owner-Occupied Housing Value Trends



Data Source: ESRI Community Profile.

According to ESRI, the median home value as of 2023 is \$165,543.

Housing Sale Trends

Metrics used to analyze for-sale market trends include the number of units listed, units sold, changes in average sale price, amount sold above or below list price, and average days-on-market (DOM). For-sale inventory includes single-family, two-family, multi-family, and condominium units. **In general, all metrics in all housing types indicate a tightening of the housing market in Sheboygan.** This is likely due to supply not keeping pace with household growth, employment growth, and wage growth.

Single-Family

The number of single-family home sales over the last three years has been declining, however the average sales price has been increasing (up 24.4% since 2021). Compared to 2021, the length of time on the market is more than half as long (19 days vs. 41 days) and the average amount above the listing price is more than twice as much.

Two-family

The number of two-family home sales over the last three years has also been declining, at nearly the same rate as single-family home sales. The average sales price has also been increasing, up 47.2% over 2021. DOM is more than half as long as it was in 2021. The sales price in 2021 was, on average, approximately \$3,700 below the listing price. In 2023, sales prices were approximately \$2,100 above the listing price.

Multi-Family

The number of multi-family sales has been declining at an even higher rate than single-family and two-family sales. The average sale price of multi-family properties spiked in 2022 but remains above 2021's value. DOM also spiked in 2022, but compared to 2021, properties were staying only a few days longer on the market in 2023. In 2021 and 2022, multi-family properties sold significantly below list price, however, this changed in 2023.

Condominium

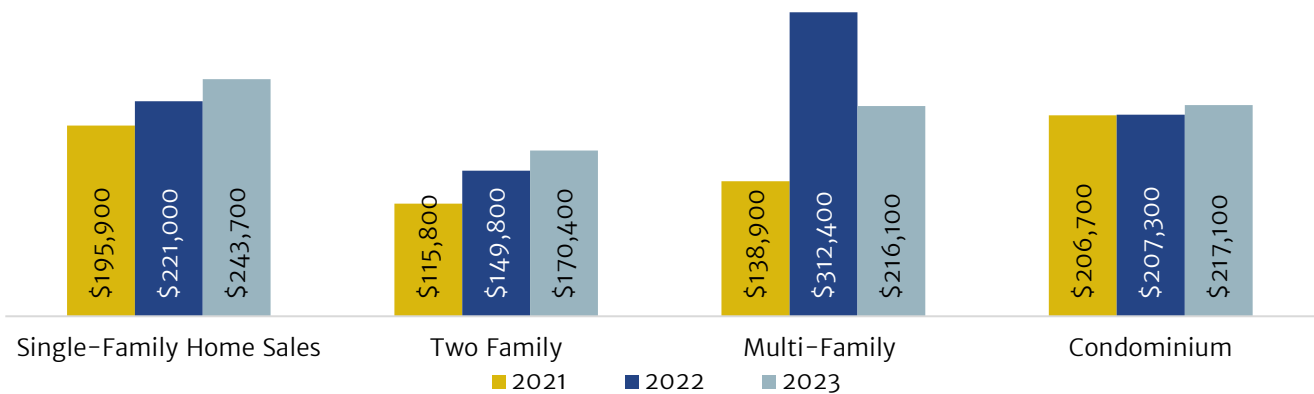
Sales of this type have also declined over the last three years. While average sales price has been increasing, the rate of growth has been slower than other housing types. Compared to 2021, however, DOM went from just over eight weeks to a matter of a couple of days. Additionally, while the average sale price is still below the average listing price, the difference has reduced.

Figure 19. Sales by Type in Sheboygan, WI (2021-2023)

	Single-Family Home Sales			Two Family			Multi-Family			Condominium		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Listed	705	569	522	120	87	83	19	11	14	79	73	64
Sold	654	527	456	106	79	76	18	9	11	72	69	58

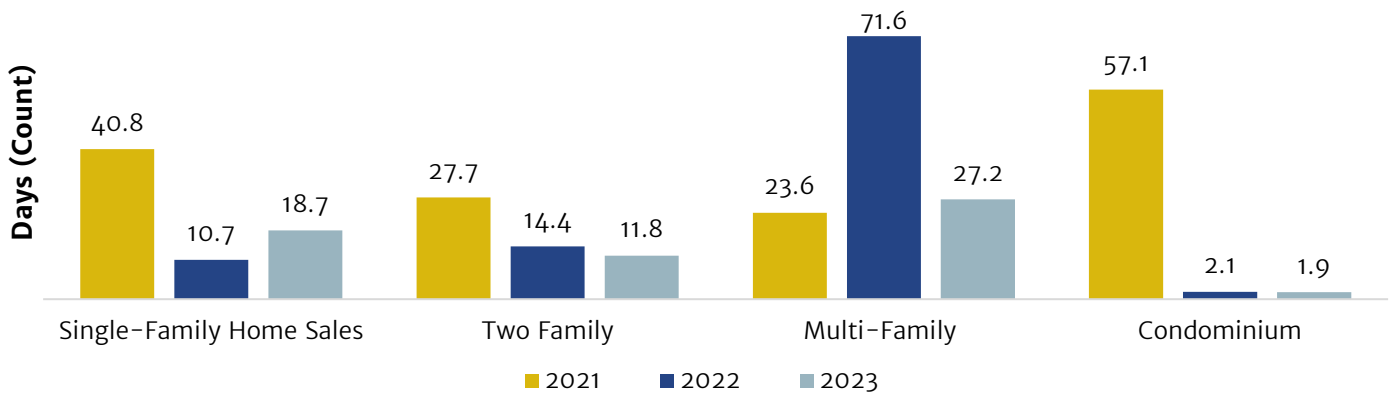
Data Source: Savaglio & Co. Real Estate

Figure 20. Average Sale Price Trends (2021-2023)



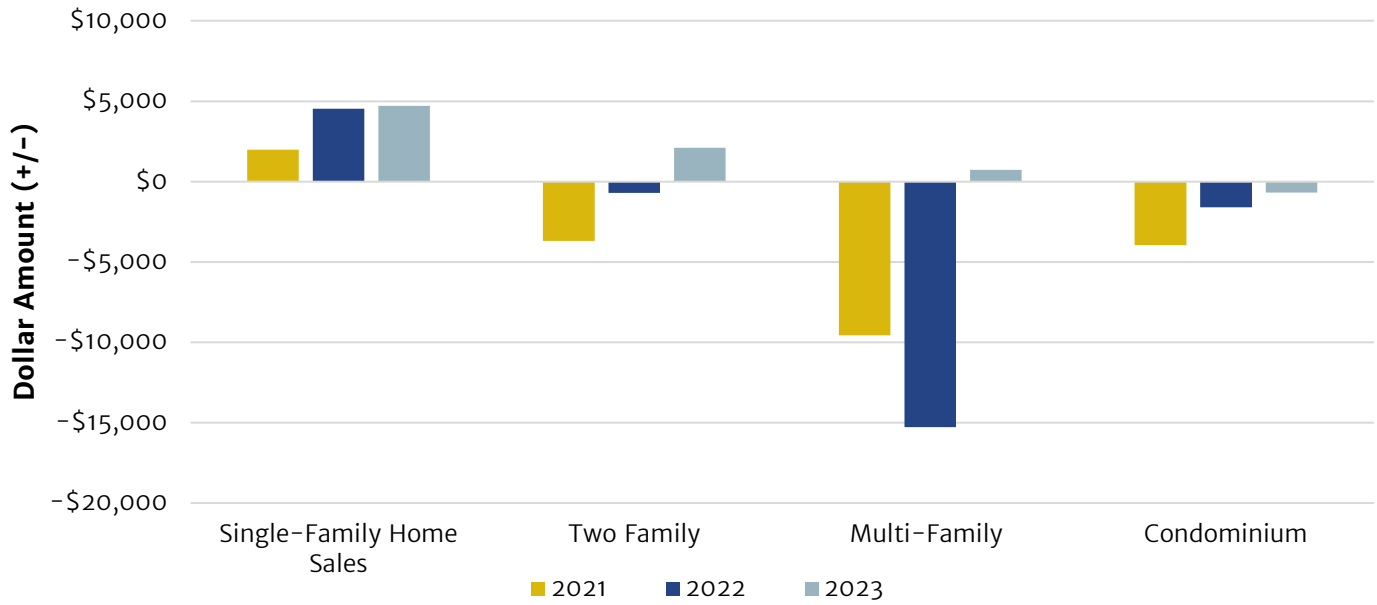
Data Source: Savaglio & Co. Real Estate; Redevelopment Resources.

Figure 21. Average Days-on-Market Trends (2021-2023)



Data Source: Savaglio & Co. Real Estate; Redevelopment Resources.

Figure 22. Average Amount Sold +/- Listing Price Trends (2021-2023)

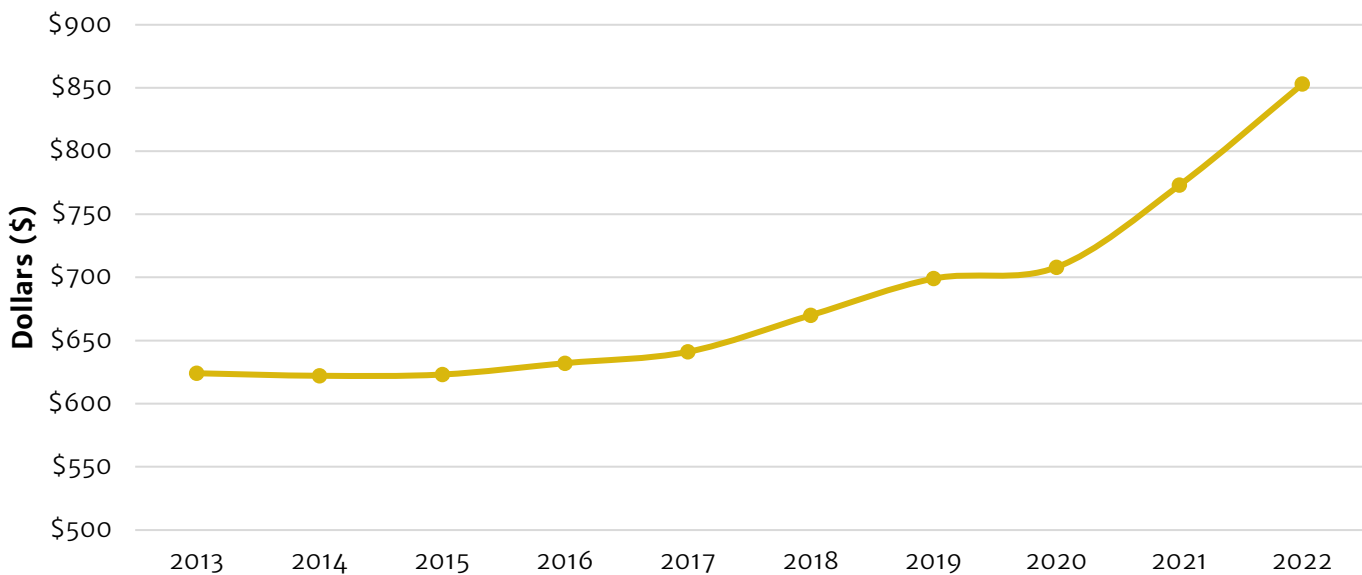


Data Source: Savaglio & Co. Real Estate; Redevelopment Resources.

Median Rent

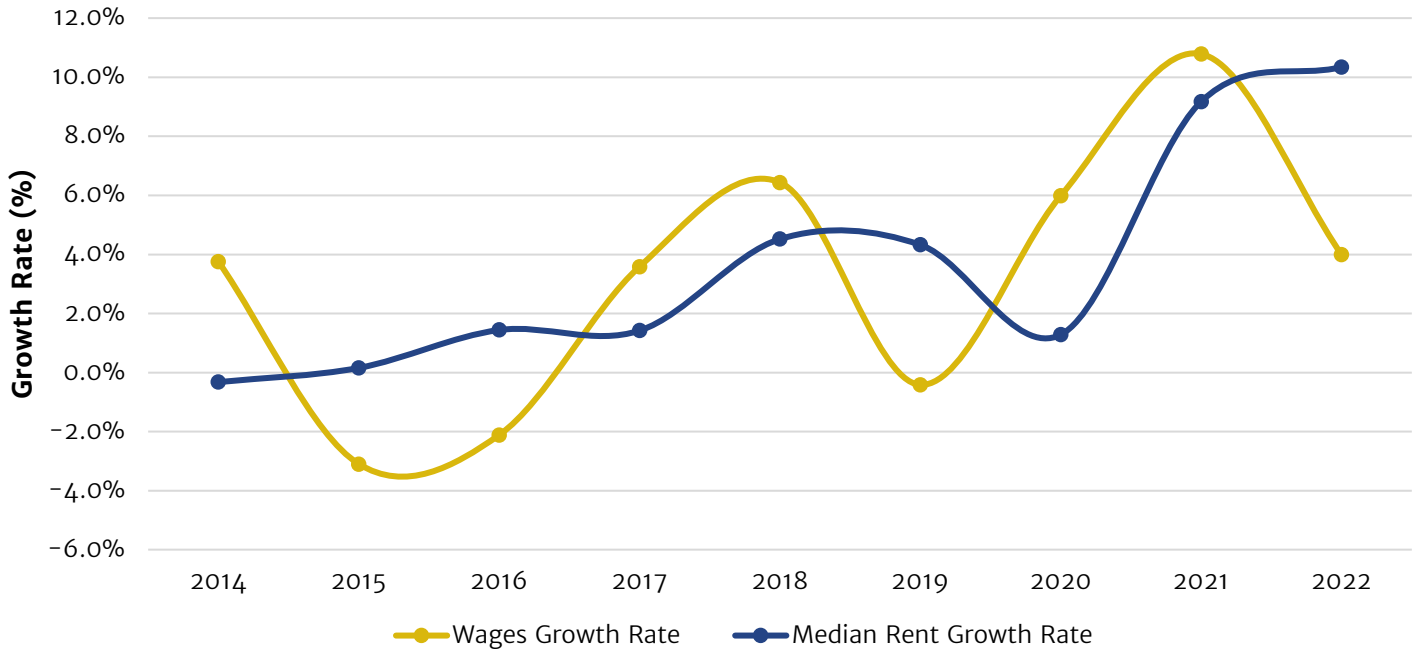
According to the American Community Survey, in 2022, the median rent in the city was \$853. Since 2013, the median rent in Sheboygan has risen 36.7%. The average hourly wage of private sector employees has risen 37.6%. In fact, changes in rent tend to follow wage changes with approximately a year delay. However, it appears that downward changes are less extreme for rent changes. This may be due to a hesitation of landlords to adjust rents when wages are expected to eventually increase.

Figure 23. Median Rent (2013-2022)



Data Source: American Community Survey 5-Year Estimates, Housing Characteristics.

Figure 24. Growth Rate Comparison of Median Rent and Average Hourly Earnings (2014-2023)



Data Source: U.S. Bureau of Labor Statistics, State and Area Employment, Hours, and Earnings, Not Seasonally Adjusted, Total Private; American Community Survey 5-Year Estimates, Housing Characteristics; Redevelopment Resources.

Multifamily Rental

According to Apartments.com, of the 2,533 units in listed properties, there were approximately 61 units available for rent in Sheboygan as of Jan. 23, 2024. There were more listings, but the remaining units were either not available or not verified. Of the available units, the average size was 1,022 sq. ft. and the average rent was \$1,349 per month.

A healthy vacancy rate for rental units in a community is 4-7%. Acknowledging that not all rental units are listed on a service like Apartments.com, and through conversations with various knowledgeable sources, Redevelopment Resources believes that Sheboygan’s vacancy rate at the time, for rental housing was below 1%.



Housing Needs Analysis

Housing Affordability

Affordable housing is defined by the U.S. Department of Housing and Urban Development (HUD) as a household spending no more than 30% of its income on housing costs. Median family income is calculated by HUD for each jurisdiction to determine Fair Market Rents (FMRs) and income limits for HUD programs. The following table outlines the established FMRs by HUD, the estimated incomes needed to afford those units, and the number of available units as of January 23, 2024, on Apartments.com:

Figure 25. NLIHC Affordable and Available Units Table

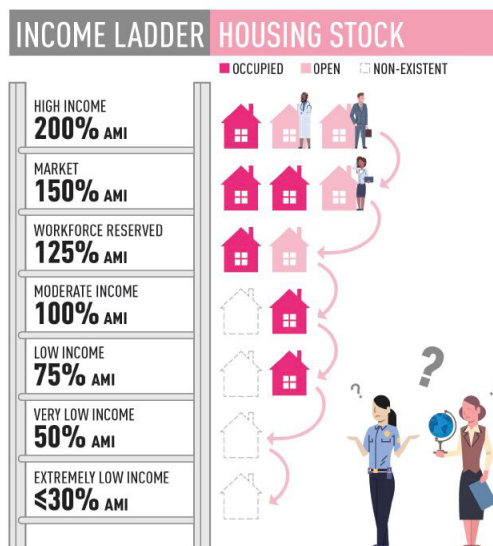
Fair Market Rent	Fair Market Rent Limits (2023)	City of Sheboygan Units Available	
		by Unit Size	by Unit Size and Rent Limit
ZERO-BEDROOM	\$600	2	0
ONE-BEDROOM	\$718	19	0
TWO-BEDROOM	\$867	34	5
THREE-BEDROOM	\$1,136	6	1
FOUR-BEDROOM	\$1,242	0	0
		61	6

Data Source: National Low Income Housing Coalition, U.S. Department of Housing and Urban Development, and Apartments.com.

THE HOUSING LADDER

WHEN THERE AREN'T ENOUGH HOMES, EVERYBODY COMPETES FOR WHAT'S AVAILABLE.

- SIGHTLINE INSTITUTE



KRONBERG BUSINESS ARCHITECTS

The following table contextualizes the realities of the graphic to the right for employees in particular occupations in Sheboygan County. Hypothetically, if an unmarried childcare worker, home health aide, or a short-order cook were each looking for a one-bedroom apartment to rent in Sheboygan on January 23, they wouldn't have been able to as there weren't any units available at that time that would be affordable to them. They then have two choices:

1. Lease an unaffordable two-bedroom unit.
2. Compete with those that can only afford efficiency units if any were available, which there were not.

Figure 26. NLIHC Occupations by Affordable and Available Units Table

Occupation	Employment ⁽¹⁾	Annual median wage ⁽²⁾	Unit Type Affordable	Units Available by Size
Dining Room and Cafeteria Attendants and Bartender Helpers	850	\$21,300 - \$23,880	None	N/A
Bartenders; Dishwashers; Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop				
Driver/Sales Workers				
Floral Designers				
Amusement and Recreation Attendants				
Waiters and Waitresses				
Shuttle Drivers and Chauffeurs	3,860	\$24,960 - \$28,560	Studio	0
Fast Food and Counter Workers				
Veterinary Assistants and Laboratory Animal Caretakers				
Animal Caretakers				
Cashiers				
Cooks, Short Order; Food Preparation Workers; Food Servers, Nonrestaurant				
Couriers and Messengers				
Recreation Workers				
Exercise Trainers and Group Fitness Instructors				
Laundry and Dry-Cleaning Workers				
Childcare Workers				
Janitors and Cleaners; Maids and Housekeeping Cleaners				
Hotel, Motel, and Resort Desk Clerks	5,820	\$28,730 - \$34,510	1 Bedroom	0
Order Clerks				
Home Health and Personal Care Aides				
Retail Salespersons				
Stockers and Order Fillers				
Library Technicians				
Sewing Machine Operators				
Merchandise Displayers and Window Trimmers				

Occupation	Employment (1)	Annual median wage (2)	Unit Type Affordable	Units Available by Size
Cooks, Institution and Cafeteria; Cooks, Restaurant; Bakers; First-Line Supervisors of Food Preparation and Serving Workers	13,390	\$34,740 - \$45,250	2 Bedroom	5
Slaughtering and Meat Packers; Butchers and Meat Cutters				
Helpers - Installation, Maintenance, and Repair Workers				
Teaching Assistants, Except Postsecondary; Preschool Teachers, Except Special Education; Bus Drivers, School; Self-Enrichment Teachers				
Nursing Assistants; Phlebotomists; Pharmacy Technicians; Medical Secretaries and Administrative Assistants; Veterinary Technologists and Technicians; Emergency Medical Technicians				
Packers and Packers, Hand; Packaging and Filling Machine Operators and Tenders				
Automotive and Watercraft Service Attendants; Cleaners of Vehicles and Equipment; Parts Salespersons				
Miscellaneous Assemblers and Fabricators; Production Workers, All Other; Helpers - Production Workers; Prepress Technicians and Workers				
Plating Machine Setters, Operators, and Tenders, Metal and Plastic; Metal Workers and Plastic Workers, All Other				
Woodworking Machine Setters, Operators, and Tenders, Except Sawing				
Coating, Painting, and Spraying Machine Setters, Operators, and Tenders				
Hairdressers, Hairstylists, and Cosmetologists				
Landscaping and Groundskeeping Workers; Tree Trimmers and Pruners				
Print Binding and Finishing Workers				
Library Assistants, Clerical				
Office and Administrative Support Workers, All Other				
Security Guards				
Laborers and Freight, Stock, and Material Movers, Hand				
Office Clerks, General; New Accounts Clerks; Counter and Rental Clerks; File Clerks; Receptionists and Information Clerks; Information and Record Clerks, All Other; Tellers				
First-Line Supervisors of Housekeeping and Janitorial Workers				
Rehabilitation Counselors				
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive				
Customer Service Representatives				
Data Entry Keyers				
Roofers				

Occupation	Employment (1)	Annual median wage (2)	Unit Type Affordable	Units Available by Size
Dental Assistants; Medical Assistants				
Food Cooking Machine Operators and Tenders; Food Batchmakers				
Light Truck Drivers; Industrial Truck and Tractor Operators; Bus Drivers, Transit and Intercity				
Machinists; Grinding/Lapping/Polishing/Buffering Machine Tool Setters, Operators, and Tenders, Metal and Plastic; Cutting, Punching, and Press Machine Setters, Operators, and Tenders, Metal and Plastic; Structural Metal Fabricators and Fitters; Mixing and Blending Machine Setters, Operators, and Tenders; Extruding and Drawing Machine Setters, Operators, and Tenders, Metal and Plastic				
Electrical, electronic, and electromechanical assemblers, except coil winders, tapers, and finishers				
Inspectors, Testers, Sorters, Samplers, and Weighers				
Computer Numerically Controlled Tool Operators				
Printing Press Operators				
Shipping, Receiving, and Inventory Clerks				
Bookkeeping, Accounting, and Auditing Clerks				
Automotive Body and Related Repairers; Automotive Service Technicians and Mechanics	8,880	\$45,580 - \$49,620	3 Bedroom	1
Construction Laborers; Painters, Construction and Maintenance				
Graphic Designers				
Ophthalmic Medical Technicians				
Mental Health and Substance Abuse Social Workers				
Billing and Posting Clerks				
Loan Interviewers and Clerks				
First-Line Supervisors of Personal Service Workers				
Coaches and Scouts				
First-Line Supervisors of Retail Sales Workers				
Meeting, Convention, and Event Planners				

Data Source: U.S. Bureau of Labor Statistics Occupation and Employment Wage Statistics for Sheboygan, WI MSA (May 2023); National Low Income Housing

(1) Estimates for detailed occupations do not sum to the totals because the totals include occupations not shown separately. Estimates do not include self-employed

(2) Annual wages have been calculated by multiplying the corresponding hourly wage by 2,080 hours.

Those spending more than 30% of income on housing are considered cost-burdened and those spending more than 50% of income on housing are considered severely cost-burdened.

The following tables detail the income limits for multi-family tax subsidy projects within the Sheboygan MSA and identify the City of Sheboygan households by tenure (renter or owner), income level, and degree of cost-burden. Both renter and homeowner households with incomes less than or equal to 30% HAMFI (\$26,880) are the largest group experiencing severe cost-burden. (HUD uses several formulas to calculate floors or ceilings. For detailed explanation and calculations as to how the following were derived, please see Appendix B – Methodology.)

Figure 27. FY 2023 MTSP Income Limits Table

FY 2023 MTSP Income Limit Area	Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Sheboygan, WI MSA	80%	\$50,240	\$57,360	\$64,560	\$71,680	\$77,440	\$83,200	\$88,960	\$94,640
	70%	\$43,960	\$50,190	\$56,490	\$62,720	\$67,760	\$72,800	\$77,840	\$82,810
	60%	\$37,680	\$43,020	\$48,420	\$53,760	\$58,080	\$62,400	\$66,720	\$70,980
	50% (Very Low)	\$31,400	\$35,850	\$40,350	\$44,800	\$48,400	\$52,000	\$55,600	\$59,150
	40%	\$25,120	\$28,680	\$32,280	\$35,840	\$38,720	\$41,600	\$44,480	\$47,320
	30%	\$18,840	\$21,510	\$24,210	\$26,880	\$29,040	\$31,200	\$33,360	\$35,490
	20%	\$12,560	\$14,340	\$16,140	\$17,920	\$19,360	\$20,800	\$22,240	\$23,660

NOTE: Very low-income (50% Income Limits) calculations published by HUD are used as the basis for determining the full range of income limits for minimum set-aside tests.

Figure 28. HUD Cost Burden Percentage of Renters and Owners Table

	Renters Only		Owners Only	
	Cost burden >30% <50%	Cost burden >50% (pct.)	Cost burden >30% <50%	Cost burden >50% (pct.)
Household Income <= 30% HAMFI	4.1%	11.1%	1.4%	4.1%
Household Income >30% to <=50% HAMFI	10.7%	2.6%	3.0%	1.0%
Household Income >50% to <=80% HAMFI	5.8%	0.2%	4.5%	0.3%
Household Income >80% to <=100% HAMFI	0.3%	0.0%	0.4%	0.0%
Household Income >100% HAMFI	0.0%	0.1%	0.8%	0.0%
Total	20.9%	14.0%	10.1%	5.4%

Data Source: U.S. Department of Housing and Urban Development (HUD) CHAS (2016–2020), Redevelopment Resources. Data Note: The median family income set by HUD based on a four-person household is \$86,800.

Methods of addressing the shortage of available and affordable units are discussed in the “Implementation and Recommendations” section of this report.

Demand Forecast



Based on census data alone, and not on local (employer/hiring information), the preliminary five-year projection for needed units is between 1,300–1,850 housing units of all types. This doesn't account for the lack of housing constructed since the early-mid 2000s either. There are four main contributing factors to the extreme lack of housing which will feed directly into the demand facing the City now.

1. Census/population (natural) growth.
2. Market inability to keep up with demand over the past 15+ years due to recession and subsequent damage to the residential construction and financing industries.
3. Changing demographics; baby boomers aging, Generation X buying up existing stock, a very large Generation Y & Z, and seniors staying in their homes longer than ever before.
4. Existing and new employer growth/hiring.

To date, the City is aware of specific employers predicting needing between 1,500–2,000 new employees in the next several months, and there is limited housing stock to provide for them.

Figure 29. Demand Factors Table

	Low	High
New Jobs in region*	1,500	2,000
New residents captured by Sheboygan (50%, 90%)	750	1,350
Natural Household Growth 2020–2032 (0.1%, 0.6%)	279	1,699
Pent up Demand since 1990	1,683	1,683
Recommended Vacancy	5%	10%
	2,848	5,205

*Jobs were not taken into account in the total demand 1 for 1, but factored into New Residents at the percentage shown.



Above: Rendering of View 14 apartment complex which will house 48 households at various income levels.

Multi-family Rental Housing

Industry standard states that a healthy vacancy rate for rental units in a community is between 4–7%. Acknowledging that not all rental units are listed on a service like Apartments.com, and through conversations with various knowledgeable sources, Redevelopment Resources believes that Sheboygan’s vacancy for rental housing is at or below 1%. In a healthy market, there would need to be over 575 vacant units available at one time. As the market grows, the number of vacant units needed will also need to grow.

With the knowledge that there is significant pent-up demand for rental housing, the following demand has been derived.

This demand forecast includes units already known to the City, or in process, permitted or planned.

The mix of bedrooms is flexible, but during interviews with employers, it was stressed that the need for rental housing including 3-bedroom units was highly sought after, particularly by those in lower income brackets.

Affordable and Workforce housing are combined in the table above because both types are offered at price points below market rates. Rental housing for seniors on fixed incomes (independent living) is needed, along with rental units for front line service employees and entry-level manufacturing employees. These units will be difficult to construct without incentives, so the City should be prepared to support these developments to help fill the gap between construction costs and the debt each type of housing will support. Market rate housing may also need gaps filled which is where tax increment financing can play a role.

Amenities in market rate rental housing will likely include full-sized in-unit washers/dryers, pets allowed, secured entry, community/common space, workout facilities, bicycle parking, pet wash stations, patios with community grills and seating (possibly rooftop or above ground-level), and higher end finishes. Many market-rate/luxury properties are now offering golf simulators, fireplaces, underground parking, extra storage space and managed Wi-Fi.

Owner-Occupied Housing

The baseline for a “healthy” homeowner vacancy rate of 2% is frequently cited by housing researchers, including the Lincoln Institute of Land Policy. Again, Sheboygan’s vacancy rate is below 1%, leaving plenty of room for new units in the market.

With the knowledge that there is significant demand for new owner-occupied housing, the following demand has been derived.

Figure 30. Rental Demand Table

	Affordable/ Workforce	Market Rate	Total
Studio	140	100	240
1-Bedroom	190	400	590
2-Bedroom	380	425	805
3-Bedroom	330	200	530
Total	1,040	1,125	2,165

Figure 31. Owner-Occupied Demand Table by Bedroom Count

	Affordable/ Workforce	Market Rate	Total
1-Bedroom	280	80	360
2-Bedroom	400	670	1,070
3-Bedroom	400	1,150	1,550
4+Bedroom	20	40	60
Total	1,100	1,940	3,040

This demand forecast includes units already known to the city, or in process, permitted or planned.

Owner-occupied (for sale) housing can be detached, (or free-standing), or it can be attached (to another unit) in the form of duplexes, triplexes, quads, townhomes, or condos. The breakdown of attached vs. detached is as follows:

Figure 32. Owner-Occupied Demand Table by Type

Single-Family Detached	2,300
Single-Family Attached	740



Above: Bedford Lot 21 for sale for \$315,000 through a joint collaboration of Sheboygan County and Sheboygan County Economic Development Corporation. See listing at someplacebetter.org.

Attached single-family housing is a way to meet the demand for missing-middle housing, which can be more affordable to more people and meet the workforce’s needs for for-sale housing.



By encouraging development of a variety of housing types, the community will be better able to absorb the units and have the flexibility to serve multiple ages, income levels, tastes, and preferences over time. The ability of these units to serve the market’s needs long into the future is vastly improved by ensuring a wide range of options for new and existing residents.



Document & Program Review

Existing Plans

2011 Comprehensive Plan Goals and Recommendations

As part of the Housing and Neighborhood Development section of the 2011 Comprehensive Plan, one goal was to facilitate quality, safe, and appealing housing at various price points for all stages of life. The following objectives were established as part of this 2011 Comprehensive Plan:

1. Facilitate ongoing development of a broad range of housing types, densities, and costs throughout the City, while preserving the overall composition of existing neighborhoods.
2. Promote long-term maintenance and reinvestment in the City's existing housing stock, maintaining older neighborhoods as safe and desirable places to live.
3. Promote neighborhood-sensitive infill and redevelopment.
4. Help facilitate vibrant neighborhoods that are safe and offer a strong sense of place and community.
5. Provide housing choices that encourage young workers to choose Sheboygan as a place to live and work, and which make it an appealing community in which to remain as their families grow.

2018–2019 Affordable Housing Report Recommendations

Continue Neighborhood Organizing and Improvement Efforts

In 2017, the City of Sheboygan Common Council adopted a five-year strategic plan that includes six focus areas including neighborhood revitalization. As a result, the City Development Department has continued to partner with the Sheboygan Police Department to inventory neighborhoods to determine baselines for property maintenance and sanitation. In 2019, the city had ten recognized neighborhood associations.

Diversify the City's Housing Stock

As of 2019, the City of Sheboygan had been aggressive in providing a diversity of multi-family housing options for existing residents, young professionals and empty nesters, however, struggled to create new single-family residential development.

Support Housing Rehabilitation and Reinvestment

In 2019, the city continued to provide low-interest loan programs to help residents reinvest in their properties. There is also a proactive code enforcement program to reinvest in our neighborhoods. The city continues to sponsor landlord training programs on a yearly basis.

2021 Affordable Housing Market Study Recommendations

Communication Strategies

1. Establish Housing Committee
2. Provide Housing for All
3. Attend WHEDA Events
4. Continue Developer Summits

Initiatives

1. Assist & Grow Neighborhood Associations
2. Purchase and Market City-Owned Redevelopment Properties

3. Develop Neighborhood Master Plans
4. Create a Tenant Resource Center

Regulation

1. Allow Multi-Family Units as a Permitted Use
2. Reduce Setbacks
3. Create a New Residential District

4. Continue Code Enforcement Program
5. Continue Flexibility on Infrastructure Requirements

Funding

1. Expand Use of Neighborhood Revitalization Fund
2. Facilitate Development of a Workforce Housing Fund
3. Utilize Tax Increment Financing for Affordable Housing Incentives
4. Utilize Tax Increment Financing-Affordable Housing One-Year Extension

5. Promote the Use of the Federal and State Low Income Housing Tax Credit (LIHTC) Program
6. Increase use of WHEDA 7/10 Flex Financing
7. Increase Use of Downpayment Assistance
8. Co-Author Bill That Offers Rental Incentives

Partnerships

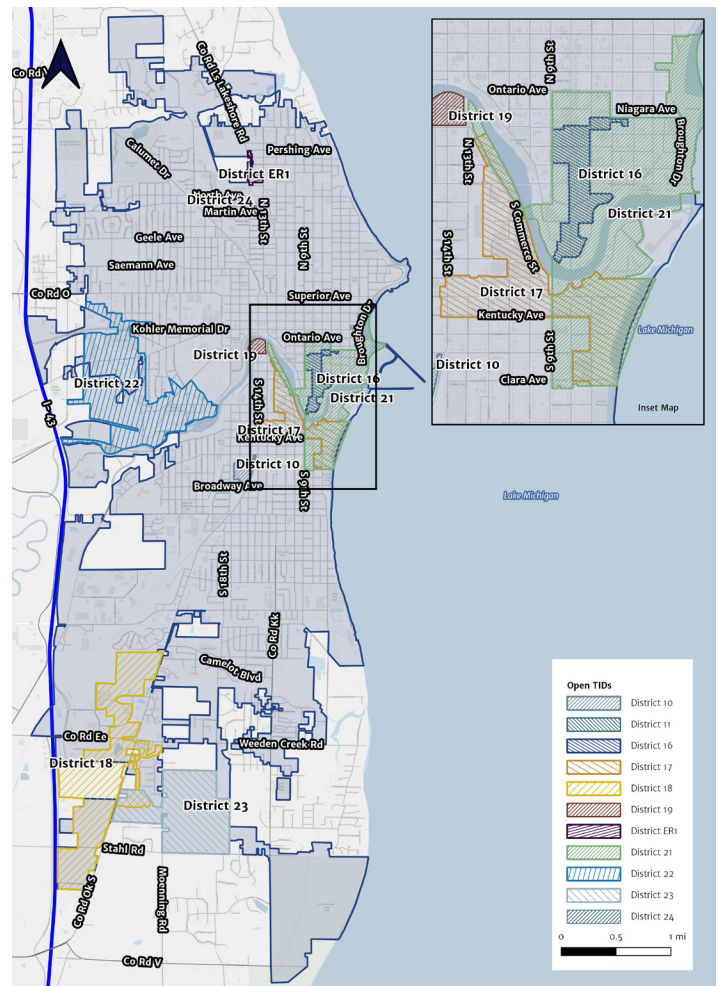
1. Support Habitat for Humanity, Partners for Community Development, and Other Affordable Housing Providers
2. Continue Landlord Education
3. Form Working Groups with Major Employers
4. Explore Opportunities to Offer On Site Child Care and Health Care

Tax Increment District (TID) #17

This district is a 108.72-acre Redevelopment District that was created on August 20, 2018. In November 2023, the plan was amended to add territory and amend the categories, locations, or costs of project costs. This includes infrastructure projects, improvements, and reimbursements to the Redevelopment Authority (RDA) for certain land purchases.

TID #21

Adopted by the Common Council on March 18, 2024, this is an In Need of Rehabilitation or Conservation District that will remain open for 27 years. Parts of this new district overlay TIDs 16 and 17 and contains land zoned for higher-density residential purposes. The plan includes costs such as cash grants for development or redevelopment and contributions to the Redevelopment Authority for property acquisition or funding the revolving loan/grant program.



TID #22

Adopted by the Common Council on March 18, 2024, TID #22 is a proposed Mixed-Use District comprising approximately 432.39 acres, 28.3 acres which are existing residential uses, located on the west side of Sheboygan. In addition to the incremental property value that will be created, the City expects the Projects will result in new housing opportunities, job creation and economic activity. As a mixed-use district, the term of the district is 20 years. The district may close out after 16 years unless it is amended to share revenue with TID #21.

TID #23

Adopted by the Common Council on March 25, 2024, TID #23 is a 300-acre Redevelopment District with a life of 27 years. If the plan is not amended to share revenue with TID #21, the TID could close out five years earlier than the allowable 27 years. The plan includes costs such as cash grants for development or redevelopment and contributions to the Redevelopment Authority for property acquisition or funding the revolving loan/grant program.

TID #24

Adopted by the Common Council on March 18, 2024, TID #24 is a Redevelopment District comprising approximately 1.153 acres in the North Railway neighborhood on the northside of the city. The City's RDA purchased the site and demolished the vacant, dilapidated multi-purpose facility. The purpose of the district is to pay the costs of site cleanup and to pay development incentives so that the site can be developed into workforce housing.

Based on the Economic Feasibility Study located within Section 9 of the TID #24 project plan, the City anticipates that the district will generate sufficient tax increment to pay all Project Costs within its allowable 27 years.

Current Programs

Housing Rehabilitation Loan Program



This program funds income-qualified homeowners for exterior improvements including windows, doors, siding, porch replacement, concrete driveway/pad, and roof replacement, among other rehabilitation projects. Using federal Community Development Block Grant (CDBG) funds, the program offers no-interest and low-interest loans up to \$24,999.

To qualify, applicants must meet low-income to moderate-income requirements and the property to be rehabilitated must have available equity. Loan terms are dependent on income level and property type. For owner-occupied properties, loans range from 0%-4% interest and can either be deferred – suspending payments if the applicant remains in the home – or may require monthly payments for a loan term of 10 years. A 15-year loan at 4% interest is available for renter-occupied properties. As a revolving loan program, repayment revenue is used to fund future rehabilitation projects in the City of Sheboygan.

Both owner-occupied and renter-occupied properties are eligible to apply at portal.neighborlysoftware.com/SHEBOYGANWI/Participant.

Housing Assistance Program

The City of Sheboygan Housing Authority manages 208 units of which 186 are Section 8 units. Under the Section 8 program, HUD sets a monthly rent based on the tenant's ability to pay. HUD then pays the difference between the HUD rent and what the tenant pays. Persons wanting to rent a Housing Authority apartment are placed on a waiting list and provided an apartment on a first-come first-served basis. For the elderly apartments, a person must be 55 or older or receive Social Security disability benefits. Income limits for applicants are set each year by HUD.

Some Place Better

Discover Wisconsin, Sheboygan County, and Sheboygan County Economic Development Corporation have partnered together to recruit talent by highlighting the amazing amenities, lifestyle, and culture of Sheboygan County. The website provides concierge-like services for finding housing financing, purchasing a home directly from Some Place Better, employment opportunities, and discovering all that Sheboygan County has to offer.



Wisconsin Housing and Economic Development Authority Programs

The Wisconsin Housing and Economic Development Authority acts as the pass-through for many funds from the U.S. Department of Housing and Economic Development such as:

- Community Development Block Grant
- HOME Funds
- Low-Income Housing Tax Credits
- Rental Assistance (Section 8) Vouchers

They also have various rehabilitation and home-ownership assistance programs for existing homeowners or homebuyers. Programs are also available for developers to convert vacant and underutilized commercial properties to housing, rehab upper story commercial space into rental housing, and infrastructure costs related to workforce housing or senior housing.

C-PACE (Property Assessed Clean Energy) Financing

This program is a financing tool that enables owners of eligible properties to finance up to 100% renewable energy, water use, energy conservation, energy efficiency, and resiliency improvements. Financing is provided by private sector funding with repayment terms that match the useful life of the improvements. Owners repay the financing through a special assessment on the improved property. Commercial-scale housing (five or more residential units on a common parcel) can use C-PACE.

Community Reinvestment Act

The Community Reinvestment Act (CRA), enacted in 1977, requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business, including low- and moderate-income (LMI) neighborhoods. Economic and community development professionals should work with local banks to help them achieve their goals for CRA through supporting borrowers in LMI neighborhoods throughout the region.

Community impact investing

An impact investing strategy is an investment strategy that targets companies or industries that produce social or environmental benefits. For example, some impact investors seek to support renewable energy, electric cars, microfinance, sustainable agriculture, or other causes which they believe to be worthwhile. A community impact investment fund could be established which would provide a way for companies or industries to contribute to housing investment for employees, to new developments, down payment assistance funds, or other creative solutions to housing challenges in the region.

Council of Development Finance Agencies (CDFA)

The Council of Development Finance Agencies is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing hundreds of public, private, and non-profit development entities. Members are state, county, and municipal development finance agencies and authorities that provide or otherwise support economic development financing programs, as well as a variety of non-governmental and private organizations including bankers, underwriters, attorneys, financial advisors, and other organizations interested in development finance. CDFA houses the largest collection of development finance resources in the world and various online tools to support the industry.



Recommendations

Recommendations for the most efficient and effective response to the challenges facing the housing market in Sheboygan include the following:

1. Facilitate development of market-rate housing as a top priority. Market to developers and encourage them to build market-rate owner-occupied and market-rate renter-occupied residential units. As these units are absorbed, the market will direct further development of market-rate units in configurations that are in highest demand. As market-rate units fill, units will be vacated that are more affordable, opening them up for residents in other income categories.
2. Focus redevelopment efforts downtown on creating more density, starting with market-rate multifamily housing. Redevelopment, adaptive reuse, or infill development are all ways to approach creating density downtown. More residential units will bring natural support to retailers and restaurants and will also work to attract even more retail and commercial development.
3. Increase density downtown by analyzing the opportunity to develop multifamily or mixed-use developments on underutilized surface parking lots. This is the best use of prime real estate, it will add to the tax base, and reduce sprawl.
4. Consider rezoning downtown parcels, and other larger redevelopment parcels for multifamily as a permitted use. This will attract developers more readily, smoothing the path and incenting them to develop downtown by reducing the costs associated with PUD approval processes.
5. Work to attract senior housing developers who develop independent living and assisted living residential product in the City. Attracting senior housing focused on independent living without the added services of assisted living by encouraging development of cottage court developments.
6. Housing types for workforce needs can be found in the “missing middle” category, including townhomes, duplexes, triplexes and fourplexes, cottage court, and other denser housing options. Look for smaller lots, or infill opportunities to provide this type of housing in smaller quantities, spread throughout the community.
7. Increase density in neighborhoods by allowing accessory dwelling units (ADUs), reducing setbacks, and considering more density such as duplexes and other single-family attached options in formerly single-family only zoned areas.
8. Continue to fund the TIF Affordable Housing fund as future TIDs close and are allowed to capture increment specifically to facilitate affordable housing.

Appendix A - Definitions

Affordable/Affordability & Cost-burdened

Housing that is affordable to a given household is a unit that costs the household less than 30% of their gross income per month. Therefore, “affordable” does not mean it is less expensive than all other housing or that it is only for low-income households – instead, it is relative to the household’s income. As defined by the U.S. Department of Housing and Urban Development (HUD), those spending more than 30% on housing are considered “cost-burdened” and those spending more than 50% on housing are considered “extremely cost-burdened.”

Aging Population

The aging population refers to residents aged 55 and over. The aging population is an important group to focus on in this housing report, as they are often on fixed incomes and have special housing needs related to their physical and cognitive abilities, which change over time.

Employment

The Bureau of Labor Statistics defines employment as “Filled jobs, whether full- or part-time, and whether temporary or permanent, by place of work.”

HUD Area Median Family Income (HAMFI)

This is the median family income calculated by HUD for each jurisdiction, to determine Fair Market Rents (FMRs) and income limits for HUD programs. HAMFI will not necessarily be the same as other calculations of median incomes (such as a simple Census number), due to a series of adjustments that are made (For full documentation of these adjustments, consult the [HUD Income Limit Briefing Materials](#)). If you see the terms “area median income” (AMI) or “median family income” (MFI) used in the CHAS, assume it refers to HAMFI.

Household Income

Adjusted household income, which includes the income of all members of the household at the time of the survey, adjusted for inflation to reflect the most recent year of the data release (e.g. 2013 dollars in the 2009–2013 CHAS data).

Income

The term “income” is defined at 42 U.S.C. Section 1437a(b)(4) as “income from all sources of each member of the household, as determined in accordance with criteria prescribed by the [HUD] Secretary, in consultation with the Secretary of Agriculture.” Among items included in income are:

- earnings from employment, including overtime pay, tips, and bonuses;
- payments from Social Security, pensions, or other retirement benefits;
- disability income, including veterans disability benefits, death benefits, and insurance payments;
- unemployment compensation, disability compensation, and workers' compensation;

- Temporary Assistance for Needy Families (TANF) cash assistance (with exceptions);
- alimony and child support; and
- military pay.

Single-Family Detached

These units are occupied by a single household and have no adjoining walls with other units.

Single-Family Attached

These units are occupied by a single household but may share a wall with another unit or set of units.

Vacancy

The ACS includes people at the address where they are at the time of the survey if they have been there or will be there for more than two months. A housing unit occupied at the time of interview entirely by people who will be there for 2 months or less is classified as “Vacant – Current Residence Elsewhere”. Such units are included in the estimated number of vacant units. ESRI defines a vacant housing unit as “no one living in the dwelling, unless its occupant or occupants are only temporarily absent—such as away on vacation, in the hospital for a short stay, or on a business trip—and will be returning.”

Appendix B - Methodology

Location Quotient

The Location Quotient analysis is a means by which concentrations of groups (such as industries) in a selected geographical area are compared against employment numbers per industry in a broader geographical range. Generally speaking, industries that are calculated to have a 'high' Location Quotient (1.0+), coupled with high levels of industry employment, that industry should be considered vital to local/regional economy. Alternatively, industries with 'low' Location Quotients coupled with increasing levels of industry employment (with Living Wage potential) may indicate an emerging industry that can become vital to local/regional economy over time. Finally, industries that have either high or low Location Quotients, coupled with trends for decreasing employment (no matter the pay standard for the industry) is considered to be either: 1) a mature or declining industry that may erode the economic base of the local/ regional economy over time (high LQ + declining employment) or an industry that is not vital to the regional economy (low LQ + declining employment).

While useful, Location Quotients are not an infallible metric for determining the long-term vitality of the industry. For example, Location Quotients can be skewed 'high' for industries that are declining on a macro scale yet are able to yet maintain a local presence in the near term; alternatively, industries may be growing faster on the macro scale vs. the comparative local presence – indicating a relative loss in growth. Because of the nuances, an understanding of global, national and regional trends, coupled with on-the-ground knowledge of local industries, is central to utilizing the Location Quotient data tool effectively for economic development in a locality or region.

While not perfect, Location Quotient datasets can be useful sources as indicators for industry development, facilitating a more efficient, market-driven approach to Cluster development. By allowing Location Quotient data to illustrate where the market has 'chosen' strong industry candidates for development, organizations and municipalities are taken out of the business of 'choosing' winners and losers – instead, they are able to synthesize statistical data with local insights in order to identify prime targets in strategy development. Thus, in addition to identifying attraction targets, organizations are better equipped to encourage the continued investment of established, growing industries.

Arguably, using this data in retaining and assisting in the continued expansion of these industries in a region is the most efficient way of utilizing resources – as any business owner knows, retaining and cultivating a strong existing customer is much easier and less expensive than attempting to attract a new one.

Median Family Income Calculation Methodology

Estimates of median family income for metropolitan and non-metropolitan areas are developed as follows:

1. A special tabulation of Median Family Income (MFI) estimates from the 2017–2021 5-year ACS was prepared by the U.S. Census Bureau and used by HUD as the basis for calculating HUD's FY2023 MFIs. Estimates of MFI from this tabulation are used if they are determined to be statistically reliable. For FY2023, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself and whether the ACS estimate is based

on at least 100 survey cases. HUD does not receive the exact number of survey cases in this special tabulation, but rather a categorical variable known as the count indicator, indicating a range of cases. An estimate based on at least 100 cases corresponds to a count indicator of 4 or higher.

If an area does not have a reliable 2017–2021 5-year estimate, HUD checks whether the area has had minimally reliable estimates in at least two of the past three years (a minimally reliable estimate is an estimate where the margin of error for the estimate is less than 50% of the estimate itself). If so, the FY2023 MFI is the average of these two or three ACS estimates.

If an area has not had a minimally reliable estimate in the past two years, the estimate from the next larger encompassing geography is used. For example, sub-areas of metropolitan areas would be assigned the MFI estimate of the entire metropolitan area and for non-metropolitan counties, the estimate from all non-metropolitan portions of the State (state non-metropolitan).

2. If there is a statistically reliable 2021 1-year ACS estimate of median family income available, HUD replaces the 5-year data with the 1-year data. For FY2023, the special tabulation of 2021 1-year ACS MFI estimates provided to HUD by the U.S. Census Bureau for the **Sheboygan, WI MSA** was statistically reliable.
3. Once the appropriate 2021 ACS data has been selected, an inflation factor based on the Congressional Budget Office (CBO) projection of the national CPI for FY 2023 is calculated to inflate the estimate from 2021 to FY 2023. **Note:** The annual CPI estimate used in this calculation is sourced from the Bureau of Labor Statistics, archived available at [ALFRED](#) and the CPI projection is from the CBO’s February 2023 release of its [10-Year Economic Projections](#).

MFI Step-by-Step Calculation

1. The following are the 2021 American Community Survey 5-year median income estimate, margin of error, and sample size category for **Sheboygan, WI MSA**:

Area	ACS ₂₀₂₁ 5-Year Median Income	ACS ₂₀₂₁ 5-Year Margin of Error	Ratio	Sample Size Category	Result
Sheboygan, WI MSA	\$81,563	\$2,973	\$2,973 / \$81,563 = 0.0365	6	0.0365 < .5 and 6.0 >= 4 Reliable Estimate

Since there is a 1-year 2021 ACS estimate available, the margin of error of the estimate and the sample size category are checked for reliability:

Area	ACS ₂₀₂₁ 1-Year Median Income	ACS ₂₀₂₁ 1-Year Margin of Error	Ratio	Sample Size Category	Result
Sheboygan, WI MSA	\$85,632	\$5,715	$\$5,715 / \$85,632 = 0.0667$	6	0.0667 < .5 and 6.0 >= 4 Use ACS₂₀₂₁ 1-Year Median Income

The calculation of the CPI Inflation Factor is as follows:

Area	FY2023 CPI	2021 Annual CPI	CPI Inflation Factor
Sheboygan, WI MSA	303.948	270.971	$(303.948 / 270.971) = 1.1217$

The FY 2023 median family income is estimated as follows:

Area	ACS ₂₀₂₁ 1-Year Estimate	CPI Inflation Factor	FY 2023 Area MFI Estimate
Sheboygan, WI MSA	\$85,632	1.1217	$(\$85,632 * 1.1217) = \$96,053$

In keeping with HUD policy, the median family income estimate is rounded to the nearest \$100:

Area	Unrounded FY 2023 MFI Estimate	Rounded FY 2023 MFI Estimate
Sheboygan, WI MSA	\$96,053	\$96,100

NOTE: Due to differences in the computing platforms used to generate the official FY 2023 MFI estimates, and this web system, the calculated value shown may differ slightly from the official published value because of rounding.

FY 2023 Very Low-Income (50%) Income Limits Calculation

The income limit calculations shown below are the same as those used for HUD's assisted housing programs.

Estimates of the 4-person Very Low-Income Limit (VLIL) for metropolitan and non-metropolitan areas are developed as follows:

1. **Calculate Preliminary VLIL:** The 4-person Very Low-Income Limit (VLIL) is based on 50% of the median family income estimated for the Sheboygan, WI MSA. For a discussion of the estimated median family income please [read](#)

[here](#). Once the median family income is estimated and a preliminary 4-person Very Low-Income Limit is calculated (as 50% of median family income) a series of considerations required by statute are made, which are detailed in the next 4 steps.

2. **High Housing Cost Adjustment:** The 4-Person VLIL is increased if it is less than the amount at which 35 percent of it equals 85 percent of the annualized two-bedroom Section 8 40th percentile FMR (this adjusts income limits upward for areas where rental housing costs are unusually high in relation to median income).
3. **Low Housing Cost Adjustment:** If the 4-Person VLIL exceeds 80% of the U.S. median family income, and the two bedroom 40th percentile fair market rent is affordable (less than or equal to 30% of the preliminary VLIL), the VLIL will be reduced to the greater of 80% of U.S. median family income or the amount at which 30 percent of it equals the two-bedroom 40th percentile FMR (this adjusts income limits downward for areas of unusually high median family incomes).
4. **State Non-Metro Median Family Income Adjustment:** The 4-Person VLIL is also adjusted if it would otherwise be lower than 50% of the State Non-Metro Median Family Income.
5. **Ceilings and Floors:** Since FY 2010, HUD has not allowed income limits to decrease by more than five percent, and not allowed income limits to increase by the greater of five percent or twice the annual change in national median family income.

For FY 2023, the two most recent years of national median family income data are from the American Community Survey (ACS) in 2020 and 2021, at [\\$84,394](#) and [\\$85,806](#). However, because HUD did not use the ACS 2020 data for FY 2022 or FY 2023 Income Limits as the Census Bureau deemed it “experimental”, HUD is retaining the 2019 ACS national median of [\\$80,944](#). HUD compares this to the 2021 ACS national median family income of [\\$85,806](#). This is a cumulative two-year change of 6.01%, or 2.96% on an annual basis. Two times 2.96% is 5.92%. This exceeds five percent, so the limit on increases in income limits is set at approximately 5.92%. (Note that HUD uses unrounded percentages in its actual calculations). The limit on decreases in income limits remains five percent.

6. **Family Size Adjustments:** Once the final 4-person income limit has been established, income limits for other family sizes are calculated by applying a percentage adjustment to the final 4-person VLIL. Calculation of income limits for other family sizes is straightforward. The 1-person family income limit is 70% of the 4-person income limit. The 2-person family income limit is 80% of the 4-person income limit, the 3-person family income limit is 90% of the 4-person income limit, the 5-person income limit is 108% of the 4-person income limit, the 6-person family income limit is 116% of the 4-person income limit, the 7-person family income limit is 124% of the 4-person income limit, and the 8-person family income limit is 132% of the 4-person income limit. For families larger than 8 persons, the income limit can be calculated by adding an additional eight (8) percent per person to the next lower limit. For example, a 9-person family income limit is 140% (132% + 8%), and so on. The resulting low-income limit amounts for other family sizes are then rounded up to the nearest \$50 to produce the Final VLIL.

ROUNDING NOTE: Rounding is applied to make it easier for those wishing to replicate HUD’s calculations. The 4-person preliminary VLIL is rounded to the nearest \$50, whenever housing cost adjustments are applied. If the preliminary VLIL requires a floor to be applied, the floor is rounded up to the nearest \$50 to ensure that it is greater than or equal to 95 percent of last year’s four-person VLIL. Similarly, if the preliminary VLIL requires a ceiling to be applied, the ceiling is rounded down to the nearest \$50. The resulting rounded 4-person final VLIL is used to calculate income limits for other family sizes. Once the low-income limit for other family sizes are calculated, they are then rounded up to the nearest \$50, unless they already end in “00” or “50”.

4-Person Very Low-Income Limit Calculation for Sheboygan, WI MSA

1. The estimated FY2023 Median Family Income and preliminary 4-Person VLIL for Sheboygan, WI MSA are as follows:

Area	<u>FY 2023 Estimate of Median Family Income</u>	Preliminary 4-Person Very Low-Income Limit
Sheboygan, WI MSA	\$96,100	$\$96,100 * 0.50 = \$48,050$

2. The High Housing Cost adjustment calculations follow:

<u>2BR 40th percentile FMR</u>	85% of Annualized 2BR FMR	35% of Preliminary 4P VLIL	High Housing Cost Adjustment?	Preliminary 4P VLIL
\$867	\$8,843	\$16,818	Is \$16,818 < \$8,843? No	\$48,050

3. The Low Housing Cost adjustment calculations follow:

Annualized 2BR 40 th percentile FMR	Income that can afford annualized 2BR FMR paying 30% for rent	80% of US Median Income	Maximum allowable 4P VLIL	Preliminary 4P VLIL	Low Housing Cost Adjustment?	Preliminary 4P VLIL
$\$867 * 12 = \$10,404$	$\$10,404 / 0.3 = \$34,680$	\$76,960	MAX (\$34,680, \$76,960) = \$76,960	\$48,050	Is \$48,050 > \$76,960? No	\$48,050

4. State non-metro Median Family Income Adjustment:

50 Percent of State Non-Metro Median Family Income	State Median Family Income Adjustment?	Preliminary 4P VLIL
$\$86,000 * 0.5 = \$43,000$	Is \$48,050 < \$43,000? No	\$48,050

5. Ceiling or Floor adjustment — The four-person income limit is increased and rounded up to the nearest 50 if it is less than 95 percent of very low-income limit for the prior year. It is reduced to the greater of 105 percent of the very low-income limit for the previous year or twice the change in the national median family income estimate as measured by the ACS and rounded down to the nearest 50 if that amount would be larger than the cap. In FY2023, the cap is twice the annualized change from ACS 2019 to ACS 2021, which is 5.92 percent. Therefore, the maximum increase from the FY2022 4-Person VLIL to the FY2023 4-Person VLIL is approximately 6 percent.

FY2023 4P Adjusted Preliminary VLIL	FY2022 4-Person VLIL	Ceiling Calculation	Floor Calculation	Ceiling or Floor Adjustment Required?	FY2023 Final 4-Person VLIL
\$48,050	\$42,300	$\$42,300 * (1+0.0592)$ = \$44,804	$\$42,300 * (1-0.05)$ = \$40,185	$\$48,050 > \$44,804$ Yes Use Ceiling	ROUND DOWN \$44,804 = \$44,800

6. The Family Size adjustment calculations follow:

Family Size Adjustments and Final VLIL for Sheboygan, WI MSA								
	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
Family Size Adjustment	\$44,800 * 0.70	\$44,800 * 0.80	\$44,800 * 0.90	\$44,800 * 1	\$44,800 * 1.08	\$44,800 * 1.16	\$44,800 * 1.24	\$44,800 * 1.32
Very Low Income Limit	\$31,360	\$35,840	\$40,320	\$44,800	\$48,384	\$51,968	\$55,552	\$59,136
FY 2023 FINAL VLIL	\$31,400	\$35,850	\$40,350	\$44,800	\$48,400	\$52,000	\$55,600	\$59,150

NOTE: The VLIL calculation for additional family sizes are rounded up to the nearest \$50 unless it already ends in “00” or “50”.

