

Workforce Housing Analysis
-- Strategy Planning Guidelines --
Hartford, Wisconsin

Prepared on behalf of:

Hartford Area Development Corp.
c/o Hartford City Hall
109 N. Main Street
Hartford, WI 53027

September 7, 2022



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TRACY CROSS & ASSOCIATES, INC.

INTRODUCTION

At the request of Hartford Area Development Corp., Tracy Cross & Associates, Inc. evaluated the market potential for residential development in Hartford, Washington County, Wisconsin. Specifically focusing upon *workforce housing* opportunities throughout Washington County as whole and the city of Hartford in particular, this analysis establishes the following:

- ☐ Conclusions regarding the depth of the market for new construction residential/workforce housing development throughout Washington County based upon pertinent economic, demographic, and residential trends which define the marketplace.
- ☐ Conclusions regarding the overall marketability of new workforce housing units (both for rent and for sale) within Washington County and the city of Hartford over the next several years. These conclusions are based upon factors associated with location, depth of market, segmentation variables, income characteristics of area households, residential market conditions, etc.
- ☐ Detailed recommendations regarding those workforce housing forms viewed to hold measurable market support near- to mid-term – and those that could be successfully introduced by area builders/developers. These recommendations address product types, plan styles/sizes, etc., along with benchmark rental rates and price points necessary to achieve acceptable levels of absorption.
- ☐ A detailed development matrix for a 64-acre assemblage aligning County Highway N/W. State Street in Hartford. This development matrix outlines the most marketable mix of residential/workforce housing uses to facilitate land planning, architecture, financial modeling, builder/developer selection, marketing, merchandising, etc.

WORK PLAN

The work plan for this assignment involved a series of inter-related research investigations as summarized below:

- ☐ A thorough field examination of the Washington County housing market including a site evaluation of the 64-acre assemblage in Hartford.
- ☐ A detailed analysis of all relevant employment, demographic, and residential trends/statistics throughout Washington County including a comprehensive evaluation of key socio-economic and income variables of area households.
- ☐ A thorough assessment of both the rental apartment and for sale sectors of the Washington County housing market.
- ☐ A demand forecast for residential/workforce housing units in Washington County over the next five focusing on the Hartford property and its capture potential.
- ☐ A case study evaluation of workforce housing initiatives throughout various markets in the Midwest in order to assess trends, products, performance levels, etc.

THE REPORT

This report is divided into five sections. Of particular importance is **Section 1** which forwards detailed conclusions and recommendations regarding the highest-and-best workforce housing options for development over the next several years. Not to be dismissed, however, are the remaining three sections which can be defined as *fundamentals*. **Section 2**, for instance, provides an outlook for future residential/workforce housing development in the market area based upon all demand-related variables, while **Sections 3, 4 and 5** present a thorough analysis of Washington County's for rent and for sale housing sectors.

CERTIFICATION AND SIGNATURE

This analysis represents our objective and independent opinion regarding the market potential for residential/workforce housing development within Hartford, Washington County, Wisconsin as certified below:

TRACY CROSS & ASSOCIATES, INC.
An Illinois Corporation

By: 
Erik A. Doersching
Its: President & CEO

Date: September 7, 2022





1. A FRAMEWORK FOR PLANNING

As discussed in detail in Sections 2, 3, 4 and 5 of this report, future mainstream/workforce housing potentials in the city of Hartford (and throughout all of Washington County for that matter) are considered strong. Specifically, the city of Hartford, along with various other areas of the county, are in need of properly positioned new *market rate or mainstream/workforce housing* including additional rental apartments and various forms of conventional for sale offerings.

This favorable conclusion is based upon: 1) more than adequate demand support for a variety of new construction housing alternatives; 2) notable supply-side constraints, especially for product that targets the mainstream of the market, i.e., those households earning between 50 and 150 percent of the county's median annual income; 3) an ample base of existing (and future) households with strong demographic profiles; 4) tightness (and certain disjointedness) in both the rental and for sale sectors of the market; 5) an excellent localized environment characterized by in-place employment, transportation, shopping/services, entertainment and recreation, along with quality schools; and 6) the opportunity to introduce new and differentiated housing product in a market where such product is definitely needed.

Overall, Hartford Area Development Corp. is in a unique position to help guide future residential development efforts in a direction of discipline and insight as it relates to specific products that meet the demands of the workforce (and their incomes) relative to densities/lot sizes, product forms, unit types/styles, and most importantly, rent/price positioning.

A PLANNING STRATEGY: THE PRODUCT

Because supply-side issues throughout Washington County are largely driven by the type of product being offered, together with current density allocations for such product (and the cost to produce it), Hartford Area Development Corp. must think *strategically* in order guide future development initiatives that can bridge the gap that exists between area incomes and new residential development, especially in the for sale sector.

With this said, the following bullet-point summary provides specific product guidelines for establishing the most practical and marketable hierarchy of conventional/mainstream/workforce housing – to serve as a guide for future planning and implementation efforts, particularly within the designated 64-acre assemblage along County Highway N/W. State Street in Hartford:

- ☐ Taking the lead from a number of successful mainstream apartment communities throughout the Midwest, including recent market entrants in suburban Milwaukee, strong consideration should be given to the introduction of two different garden-style apartment developments, one consisting of a three-story walkup product with hallway access to residences and the other representing a two-story walkup idiom with direct access units. Together, these two product forms, which are extremely efficient and cost effective to build, will allow for broad and varied mix of unit types, sizes, and rents capable of penetrating the threshold of workforce renter households.
- ☐ Combined, these two product lines would be capable of capturing the full breadth of mainstream renter profiles with attentive focus directed toward Millennials, also known as Echo Boomers or Generation Y, along with Centennials, also known as Generation Z (i.e., younger singles and couples without children), together with empty-nesters and non-traditional households such as divorcees, middle-age singles, never-nested couples, singles living together as couples in a roommate condition, young families, etc.

- ❑ The **three-story garden product** would consist of 24-unit walkup buildings with hallways providing access to the units. Within each building would be an approximate 20 percent representation of hallway-access (optional) attached garages at ground level. The apartments would consist of eight (8) plan offerings extending from a junior one-bedroom unit at 550 square feet through a variety of traditional one-bedroom alternatives and ending with an 1,100 square foot two-bedroom residence.



- ❑ The **two-story garden apartment program**, in turn, would consist of a “private entry” product with a component of attached, direct-access garages. In this regard, one of the most successful garden-style developments in the Midwest (and in southeast Wisconsin) consists of a series of eight-unit buildings (each with four direct-access one-car garages) or 16-unit buildings (each with eight direct-access one-car garages). With just 50 percent direct-access garages suggested per structure, two different versions of the garden apartment building should be designed in order for each of the individual floorplans to be offered *with a direct access garage* in one of the two building types. By following this formula, each plan offering would have a 50 percent representation of direct-access one-car garages. Individual designs for the garden apartment product should be also broad and varied consisting of one-, two- and three-bedroom options ranging in size from 650 to 1,275 square feet.






- ❑ If elevated properly, the two apartment products can exemplify tasteful suburban architecture and be very complimentary to other development initiatives (including for sale developments) both internal to an individual community and elsewhere throughout the county.
- ❑ Mirroring the competitive marketplace as a whole, size increments between floorplans (for both garden-style products) should not exceed 150 square feet (and be narrower in most instances). This discipline will keep lease rate differentials between plans small and in concert with the gradual upward movement of workforce household incomes.

- ❑ Representing the first of four product lines in the “for sale” sector of the market, and in an effort to establish an overall hierarchy of ownership (workforce) product starting with an alternative that should be able to achieve price points directly in-line with the lower-end of the qualitative distribution of workforce incomes, is an efficiently designed mid-density **townhome/rowhome series**. This product line would include three separate three-story plan types, each with two main living areas configured over an integral two-car garage and a finished lower level, all with two-car garages. Plan sizes for this series, which will average 1,400 square feet, should range from 1,200 to 1,550 square feet including finished lower levels. This can be achieved in very efficient and cost effective 20' wide modules. With rear-entry garages, individual buildings are generally designed to face one another, thus allowing for a small pedestrian greenway between buildings, or they can be configured fronting a street. Combined, the three individual plan offerings will be capable of attracting a broad range of buyer profiles, with attentive focus directed toward young singles and couples without children, couples in their initial stages of family formation and young families.



- ❑ Architecturally, the townhome/rowhome product line can support either a traditional elevation scheme, or it can command something more contemporary/urban oriented, i.e., at the builder's discretion and dependent upon cost. Overall, this product line can achieve a density of 12-14 units per acre, thus allowing builders to distribute land and development costs across more units – in an attempt to bring prices down from the current representation of condominium products (i.e., luxury duplexes) that dot the landscape throughout the market.

- Representing a more “cost conscious” age-targeted alternative to the highly stylized ranch duplex condominiums currently found in Hartford and elsewhere throughout the county, yet still directed toward the more mature, move-down home purchasers aged 55-74+, a very efficient **attached ranch villa** for sale series is recommended. This product line, which could be configured in 3-, 4- or 5-unit buildings (duplexed only where necessary) would consist exclusively of single-level ranch plans, each with a front-load two-car garage and a small, but usable, back-yard or patio area. Ranging in size from 1,375 to 1,675 square feet, the average attached villa unit would carry 1,525 square feet of living space. These homes would be configured slab-on-grade, although certain lots could/should be designated to accommodate optional basements. While directed toward the move-down consumer or empty-nester, this product line would be capable of attracting other segments of the market as well. Ultimately, the goal of creating a villa product (as opposed to straight duplex buildings) would be to achieve a higher-density which, again, would allow costs to be distributed across more units – ultimately leading to more competitive prices.
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- In the single family sector, and representing a departure from the current larger-lot semi-custom/custom home development currently represented among new developments in Washington County, would be an urban/suburban detached product line with rear-load garages. Representing a derivation of the neo-traditional planning concept, i.e. Traditional Neighborhood Development (TND), this single family series, ideally, would be comprised of two single-level “ranch” plans, two traditional two-story units (with second floor master bedrooms) and one two-story unit with a first-floor master bedroom, all with optional basements. Ranging in size from 1,500 to 1,900 square feet, and averaging roughly 1,700 square feet across the group, homes in this series should be approximately 30'-35' wide configured on 40'-45' wide homesites. In the northern suburbs of Indianapolis, this particular product line has been extremely successful as it has allowed new construction single family housing (through density and unit sizes) to meet a mainstream or workforce price point – one not typically seen among more traditional counterparts. Because of the escalation of new construction single family prices in Washington County, a similar strategy is warranted. The TND single family product line will be able to attract a broad spectrum of mainstream detached home purchasers including young childless married couples, couples in their initial stages of family formation, and young families. And, with the incorporation of several ranch plans and a two-story master-down design, this program will be in a position to also appeal to the 55 and older empty-nester segment desirous of detached housing.
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- The second single family product line should consist of a smaller-lot, more traditional single family series with front-access, two-car garages and optional basements. This product line should be comprised of two single-level “ranch” plans and four traditional two-story units. Ranging in size from 1,750 to 2,400 square feet, and averaging roughly 2,050 square feet across the group, homes in this program should be configured on 50'-55" wide homesites. This smaller lot sizes would, once again, assist in reducing costs, thus allowing for a more competitive price position. Together, the six single family plans will also appeal to a broad spectrum of single family home purchasers including young childless married couples, couples in their initial stages of family formation, and first- and second-time move up families. And, with the inclusion of two ranch plans on small low-maintenance lots, this series will appeal to the 55 and older empty-nester segment as well. While

the price points for this product line align the upper end of mainstream incomes, they more closely align the resale sector. As such, this series will provide a reasonably priced move-up alternative in an effort to alleviate pressure among area resales and open up more options for the workforce in the existing home market.

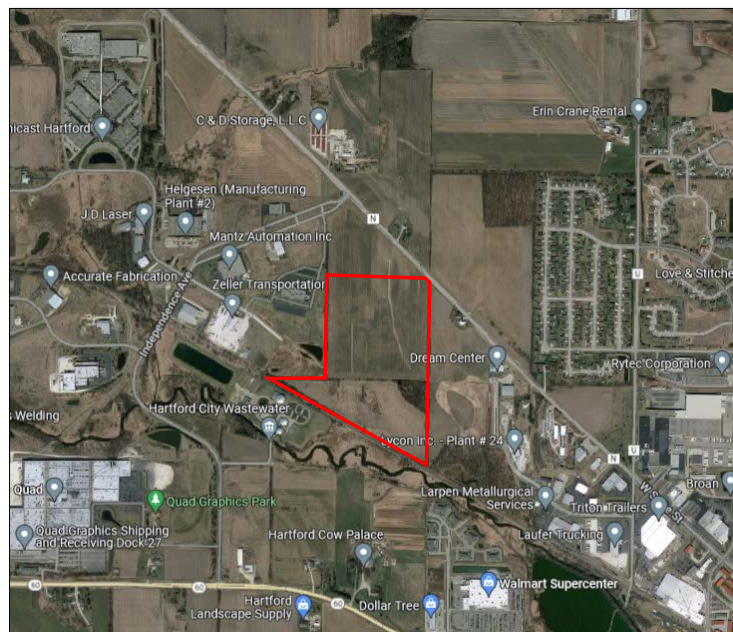


- ❑ It is important to note that with proper land planning and architecture, smaller single family lots (both TND and traditional) can still provide for aesthetically appealing community orientation and, most importantly, at the price points not widely represented in the new construction single family sector of the market – price points necessary for the bulk of the workforce.

For a detailed outline of each recommended mainstream/workforce housing idiom including individual product/plan criteria, unit sizes, rents/prices, features, etc., consult **Exhibits 1.1 through 1.6**. As depicted, plan offerings are broad and varied, and reflect some of the best-selling floorplan alternatives among successful “like” products throughout the Midwest. Please note that the community amenities suggested for each apartment product would be shared between the two.

IMPLEMENTATION: THE 64-ACRE ASSEMBLAGE

Because Hartford Area Development Corp. has earmarked a rather sizeable (64-acre) assemblage situated along County Highway N/W. State Street (roughly 1.5 miles west of downtown Hartford) for its “pilot” workforce housing initiative, a master-planned community containing the full spectrum of mainstream/workforce housing products (as recommended) could be introduced at this single location. The highly visible and easily accessible location of the site, coupled with its generally flat topography, will provide a suitable environment for development of all products.



PRODUCT CRITERIA AND BENCHMARK RENTS - **THREE-STORY GARDEN APARTMENTS**

-- MAINSTREAM/WORKFORCE HOUSING --
HARTFORD AND WASHINGTON COUNTY, WISCONSIN

Product Line Summary

Product Form:	Three-Story Garden Apartments (24-Unit Buildings with 5 or 6 Direct Access One-Car Garages Per Building)
Density in Units Per Acre:	30.0
Average Plan Size (Sq. Ft.):	825
Average Benchmark Base Rent (Opt Garages):	\$1,181
Per Sq. Ft.:⁽¹⁾	\$1.43



Plan Detail

Plan Designation	A	B-1	B-2	B-3	C	D-1	D-2	D-3
Percent Distribution	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Plan Type	JR 1BR	1BR	1BR	1BR	1BR DEN	2BR	2BR	3BR
Bedroom/Bath Mix	1/1.0	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	550	625	700	775	875	950	1,025	1,100
Benchmark Base Rent w/o Garage: ⁽¹⁾	\$875	\$960	\$1,045	\$1,130	\$1,240	\$1,320	\$1,400	\$1,480
Per Sq. Ft.: ⁽¹⁾	\$1.59	\$1.54	\$1.49	\$1.46	\$1.42	\$1.39	\$1.37	\$1.35

Unit Features and Community Amenities

UNIT STANDARDS

- Painted Trim
- Luxury Plank Flooring in Living Areas
- "White" Interior Paint Finish
- Direct Wire Smoke Detectors
- Cable/Satellite Access
- High-Speed Internet Connectivity
- USB Ports
- Air Conditioning
- Designer Door Hardware
- Designer Lighting Package
- Private Balcony/Patio

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Wire Closet Shelving
- Full Size Washer/Dryer (Stacked or Side-by-Side)
- Storage Area (Either In-Unit or Separate)
- Linen Closet(s)
- Programmable Thermostat

KITCHEN FEATURES

- Quality Wood Cabinetry
- Luxury Plank Flooring
- Self Clean Range Oven-Stainless Steel
- Built-In Dishwasher-Stainless Steel
- Refrigerator with Ice-Maker-Stainless Steel
- Garbage Disposal
- Microwave with Vent-Stainless Steel
- Granite/Quartz Countertops
- Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Luxury Plank Flooring
- Granite/Quartz Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

COMMUNITY FEATURES/AMENITIES

- Architecturally-enhanced Exteriors
- Secured Access Entry Per Building
- Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc.
- Outdoor Fireside Lounge & Grilling Stations
- Outdoor Swimming Pool/Deck Area
- Dog Park
- Dog Washing Station
- Extensive Landscaping/Hardscaping
- Wi-Fi in all Common Areas
- Direct Access Garages at 50%
- Adequate Surface Parking
- Hallway Access Garages @ \$125 Monthly Per Space and Detached Garages @ \$75 Monthly/Space

⁽¹⁾ Benchmark base monthly rents, which are presented in July 2022 dollars, reflect the posted base rents for units without hallway access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.

PRODUCT CRITERIA AND BENCHMARK RENTS - TWO-STORY GARDEN APARTMENTS

-- MAINSTREAM/WORKFORCE HOUSING --

HARTFORD AND WASHINGTON COUNTY, WISCONSIN

1.2

Product Line Summary

Product Form: *Two-Story Garden Apartments
(8- or 16-Unit Buildings with 4 or 8 Direct Access One-Car Garages Per Building)*

Density in Units Per Acre: *20.0*

Average Plan Size (Sq. Ft.): *950*

Average Benchmark Base Rent w/50 % Garages: *\$1,513*
Per Sq. Ft.:(1) *\$1.59*



Plan Detail

Plan Designation	A-1	A-2	A-3	B	C-1	C-2	C-3	D
Percent Distribution	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Plan Type	1BR	1BR	1BR	1BR DEN	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	650	725	800	925	1,000	1,075	1,150	1,275
Benchmark Base Rent w/o Garage:(1)	\$1,100	\$1,185	\$1,270	\$1,410	\$1,520	\$1,605	\$1,690	\$1,830
Per Sq. Ft.:(1)	\$1.69	\$1.63	\$1.59	\$1.52	\$1.52	\$1.49	\$1.47	\$1.44
Benchmark Base Rent w/ Garage:(2)	\$1,225	\$1,310	\$1,395	\$1,535	\$1,645	\$1,730	\$1,815	\$1,955
Per Sq. Ft.:(2)	\$1.88	\$1.81	\$1.74	\$1.66	\$1.65	\$1.61	\$1.58	\$1.53

Unit Features and Community Amenities

UNIT STANDARDS

- Painted Trim
- Luxury Plank Flooring in Living Areas
- "White" Interior Paint Finish
- Direct Wire Smoke Detectors
- Cable/Satellite Access
- High-Speed Internet Connectivity
- USB Ports
- Air Conditioning
- Designer Door Hardware
- Designer Lighting Package
- Private Balcony/Patio

KITCHEN FEATURES

- Quality Wood Cabinetry
- Luxury Plank Flooring
- Self Clean Range Oven-Stainless Steel
- Built-In Dishwasher-Stainless Steel
- Refrigerator with Ice-Maker-Stainless Steel
- Garbage Disposal
- Microwave with Vent-Stainless Steel
- Granite/Quartz Countertops
- Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Luxury Plank Flooring
- Granite/Quartz Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Wire Closet Shelving
- Full Size Washer/Dryer (Stacked or Side-by-Side)
- Storage Area (Either In-Unit or Separate)
- Linen Closet(s)
- Programmable Thermostat

COMMUNITY FEATURES/AMENITIES


- Architecturally-enhanced Exteriors
- Secured Access Entry Per Building
- Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc.
- Outdoor Fireside Lounge & Grilling Stations
- Outdoor Swimming Pool/Deck Area
- Dog Park
- Dog Washing Station
- Extensive Landscaping/Hardscaping
- Wi-Fi in all Common Areas
- Direct Access Garages at 50%
- Adequate Surface Parking
- Detached Garages @ \$75 Monthly Per Space

⁽¹⁾ Benchmark base monthly rents, which are presented in July 2022 dollars, reflect the posted base rents for units without direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.

⁽²⁾ Benchmark base monthly rents, which are presented in July 2022 dollars, reflect the posted base rents for units with direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.

PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE TOWNHOMES/ROWHOMES
-- MAINSTREAM/WORKFORCE HOUSING --
HARTFORD AND WASHINGTON COUNTY, WISCONSIN

1.3


Product Line Summary			
Product Form:	Townhomes/Rowhomes		
Garage Condition:	2-Car (Rear Load)		
Lower Level of Townhomes/Rowhomes	Finished		
Average Plan Size (Sq. Ft.):	1,400		
Average Benchmark Base Price: ⁽¹⁾	\$231,990		
Per Sq. Ft.:	\$165.71		
Average Anticipated Closing Price: ⁽²⁾	\$245,900		
Per Sq. Ft.:	\$175.64		
			
Plan Detail			
Plan Designation	A	B	C
Plan Style	3-Story	3-Story	3-Story
Bedrooms	2	2+Loft	3
Baths	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,200	1,450	1,550
Benchmark Base Price: ⁽¹⁾	\$219,990	\$234,990	\$240,990
Per Sq. Ft.:	\$183.33	\$162.06	\$155.48
Anticipated Closing Price: ⁽²⁾	\$233,200	\$249,100	\$255,400
Per Sq. Ft.:	\$194.33	\$171.79	\$164.77
Features and Amenities			
<div><div><div>UNIT STANDARDS</div><div><ul style="list-style-type: none">■ Luxury Plank Flooring in Main Living Areas■ Carpeting in Bedroom Areas■ "White" Interior Paint Finish■ Painted Trim■ Direct-Wire Smoke Detectors Per Code■ Cable/Satellite/Telephone Prewire■ Paneled Doors■ High-Speed Internet Connectivity■ Air Conditioning■ Designer Door Hardware■ Designer Lighting Package■ Private Balcony</div></div><div><div>CLOSETS, UTILITIES, AND LAUNDRY</div><div><ul style="list-style-type: none">■ Walk-In MBR Closet (Per Plan)■ Laminate Closet Shelving■ Washer/Dryer Hook-Up■ Linen Closet(s)■ Programmable Thermostat</div></div><div><div>KITCHEN FEATURES</div><div><ul style="list-style-type: none">■ Quality Cabinetry■ Luxury Plank Flooring■ Four Burner Cooktop■ Self Clean Single Oven-Stainless Steel■ Built-In 5-Cycle Dishwasher-Stainless Steel■ Refrigerator with Ice-Maker-Stainless Steel■ Garbage Disposal■ Microwave with Vent■ Granite or Quartz Countertops■ Double Bowl Stainless Steel Sink</div></div><div><div>BATH/POWDER ROOM STANDARDS</div><div><ul style="list-style-type: none">■ Ceramic Flooring■ Granite or Quartz Vanity Tops■ Quality Cabinetry■ Ceramic Tub/Shower Surround■ Framed Glass Mirror Over Vanity</div></div><div><div>BUILDING FEATURES/AMENITIES</div><div><ul style="list-style-type: none">■ Architecturally-Enhanced Exteriors■ Extensive Hardscaping/Landscaping■ Finished Lower Level■ Front-Oriented Sidewalks■ Modest, But Desirable Community Amenities</div></div></div>			
<div><div><div>⁽¹⁾ Benchmark base sales prices, which are presented in July 2022 dollars, do not include options, upgrades or premiums.</div><div>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 6.0 percent above the base sales price.</div></div></div>			

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE ATTACHED RANCH VILLAS (AGE-TARGETED)

1.4

**-- MAINSTREAM/WORKFORCE HOUSING --
HARTFORD AND WASHINGTON COUNTY, WISCONSIN**

Product Line Summary				
Product Form:		Attached Ranch Villas (3-, 4- and 5-Unit Buildings - Duplexed Where Necessary)		
Garage Condition:		2-Car (Front)		
Average Plan Size (Sq. Ft.):		1,525		
Average Benchmark Base Price: ⁽¹⁾		\$251,990		
Per Sq. Ft.:		\$165.24		
Average Anticipated Closing Price: ⁽²⁾		\$269,600		
Per Sq. Ft.:		\$176.79		
				
Plan Detail				
Plan Designation	A	B	C	
Plan Style	Ranch	Ranch	Ranch	
Bedrooms	2	2+Den	3	
Baths	2	2	2	
Unit Size (Sq. Ft.)	1,375	1,525	1,675	
Benchmark Base Price: ⁽¹⁾	\$242,990	\$251,990	\$260,990	
Per Sq. Ft.:	\$176.72	\$165.24	\$155.81	
Anticipated Closing Price: ⁽²⁾	\$260,000	\$269,600	\$279,300	
Per Sq. Ft.:	\$189.09	\$176.79	\$166.75	
Features and Amenities				
UNIT STANDARDS		KITCHEN FEATURES		BATH/POWDER ROOM STANDARDS
<ul style="list-style-type: none">■ Luxury Plank Flooring in Main Living Areas■ Carpeting in Bedroom Areas■ "White" Interior Paint Finish■ Painted Trim■ Direct-Wire Smoke Detectors Per Code■ Cable/Satellite/Telephone Prewire■ Paneled Doors■ High-Speed Internet Connectivity■ Air Conditioning■ Designer Door Hardware■ Designer Lighting Package■ Private Patio Area		<ul style="list-style-type: none">■ Quality Cabinetry■ Luxury Plank Flooring■ Four Burner Cooktop■ Self Clean Single Oven-Stainless Steel■ Built-In 5-Cycle Dishwasher-Stainless Steel■ Refrigerator with Ice-Maker-Stainless Steel■ Garbage Disposal■ Microwave with Vent■ Granite or Quartz Countertops■ Double Bowl Stainless Steel Sink		<ul style="list-style-type: none">■ Ceramic Flooring■ Granite or Quartz Vanity Tops■ Quality Cabinetry■ Ceramic Tub/Shower Surround■ Framed Glass Mirror Over Vanity
CLOSETS, UTILITIES, AND LAUNDRY		HOME FEATURES/AMENITIES		
<ul style="list-style-type: none">■ Walk-In MBR Closet (Per Plan)■ Laminate Closet Shelving■ Washer/Dryer Hook-Up■ Linen Closet(s)■ Programmable Thermostat		<ul style="list-style-type: none">■ Architecturally-Enhanced Exteriors■ Extensive Hardscaping/Landscaping■ Basements Optional■ Modest, But Desirable Community Amenities		
<div><div>⁽¹⁾ Benchmark base sales prices, which are presented in July 2022 dollars, do not include options, upgrades or premiums.</div><div>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.</div></div>				

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - TND FOR SALE SINGLE FAMILY
-- MAINSTREAM/WORKFORCE HOUSING --
HARTFORD AND WASHINGTON COUNTY, WISCONSIN

1.5

Product Line Summary					
Product Form:	Single Family				
Lot Dimensions:	40'-45" x 100'-110'				
Garage Condition:	2-Car (Rear Load)				
Average Plan Size (Sq. Ft.):	1,700				
Average Benchmark Base Price: ⁽¹⁾	\$287,990				
Per Sq. Ft.:	\$169.41				
Average Anticipated Closing Price: ⁽²⁾	\$308,100				
Per Sq. Ft.:	\$181.24				
					
Plan Detail					
Plan Designation	A	B	C	D	E
Plan Style	Ranch	Ranch	2-Story	2-Story	2-Story (1st Floor MBR)
Bedrooms	2	2+Den	3	3 + Den	3 + Loft
Baths	2	2	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,500	1,600	1,700	1,800	1,900
Benchmark Base Price: ⁽¹⁾	\$275,990	\$281,990	\$287,990	\$293,990	\$299,990
Per Sq. Ft.:	\$183.99	\$176.24	\$169.41	\$163.33	\$157.89
Anticipated Closing Price: ⁽²⁾	\$295,300	\$301,700	\$308,100	\$314,600	\$321,000
Per Sq. Ft.:	\$196.87	\$188.56	\$181.24	\$174.78	\$168.95
Features and Amenities					
UNIT STANDARDS		KITCHEN FEATURES		BATH/POWDER ROOM STANDARDS	
<ul style="list-style-type: none">■ Luxury Plank Flooring in Main Living Areas■ Carpeting in Bedroom Areas■ "White" Interior Paint Finish■ Painted Trim■ Direct-Wire Smoke Detectors Per Code■ Cable/Satellite/Telephone Prewire■ Paneled Doors■ High-Speed Internet Connectivity■ Air Conditioning■ Designer Door Hardware■ Designer Lighting Package■ Private Patio Area		<ul style="list-style-type: none">■ Quality Cabinetry■ Luxury Plank Flooring■ Four Burner Cooktop■ Self Clean Single Oven-Stainless Steel■ Built-In 5-Cycle Dishwasher-Stainless Steel■ Refrigerator with Ice-Maker-Stainless Steel■ Garbage Disposal■ Microwave with Vent■ Granite or Quartz Countertops■ Double Bowl Stainless Steel Sink		<ul style="list-style-type: none">■ Ceramic Flooring■ Granite or Quartz Vanity Tops■ Quality Cabinetry■ Ceramic Tub/Shower Surround■ Framed Glass Mirror Over Vanity	
CLOSETS, UTILITIES, AND LAUNDRY		HOME FEATURES/AMENITIES			
<ul style="list-style-type: none">■ Walk-In MBR Closet (Per Plan)■ Laminate Closet Shelving■ Washer/Dryer Hook-Up■ Linen Closet(s)■ Programmable Thermostat		<ul style="list-style-type: none">■ Architecturally-Enhanced Exteriors■ Extensive Hardscaping/Landscaping■ Optional Basements■ Front-Oriented Sidewalks■ Modest, But Desirable Community Amenities			
<div><div>⁽¹⁾ Benchmark base sales prices, which are presented in July 2022 dollars, do not include options, upgrades or premiums.</div><div>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.</div></div>					

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - CONVENTIONAL FOR SALE SINGLE FAMILY
-- MAINSTREAM/MOVE-UP HOUSING --
HARTFORD AND WASHINGTON COUNTY, WISCONSIN

1.6

Product Line Summary						
Product Form:	Single Family					
Lot Dimensions:	55'-60' x 120'					
Garage Condition:	2-Car (Front)					
Average Plan Size (Sq. Ft.):	2,050					
Average Benchmark Base Price: ⁽¹⁾ Per Sq. Ft.:	\$335,490 \$163.65					
Average Anticipated Closing Price: ⁽²⁾ Per Sq. Ft.:	\$359,000 \$175.12					
						
Plan Detail						
Plan Designation	A	B	C	D	E	F
Plan Style	Ranch	Ranch	2-Story	2-Story	2-Story	2-Story
Bedrooms	3	3	3+Flex	4	4 + Loft	4 + Den
Baths	2.0	2.0	2.5	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,750	1,850	1,950	2,100	2,250	2,400
Benchmark Base Price: ⁽¹⁾ Per Sq. Ft.:	\$313,990 \$179.42	\$320,990 \$173.51	\$327,990 \$168.20	\$338,990 \$161.42	\$349,990 \$155.55	\$360,990 \$150.41
Anticipated Closing Price: ⁽²⁾ Per Sq. Ft.:	\$336,000 \$192.00	\$343,500 \$185.68	\$350,900 \$179.95	\$362,700 \$172.71	\$374,500 \$166.44	\$386,300 \$160.96
Features and Amenities						
UNIT STANDARDS		KITCHEN FEATURES		BATH/POWDER ROOM STANDARDS		
<ul style="list-style-type: none">■ Luxury Plank Flooring in Main Living Areas■ Carpeting in Bedroom Areas■ "White" Interior Paint Finish■ Painted Trim■ Direct-Wire Smoke Detectors Per Code■ Cable/Satellite/Telephone Prewire■ Paneled Doors■ High-Speed Internet Connectivity■ Air Conditioning■ Designer Door Hardware■ Designer Lighting Package■ Large Private Patio Area		<ul style="list-style-type: none">■ Quality Cabinetry■ Luxury Plank Flooring■ Four Burner Cooktop■ Self Clean Single Oven-Stainless Steel■ Built-In 5-Cycle Dishwasher-Stainless Steel■ Refrigerator with Ice-Maker-Stainless Steel■ Garbage Disposal■ Microwave with Vent■ Granite or Quartz Countertops■ Double Bowl Stainless Steel Sink		<ul style="list-style-type: none">■ Ceramic Flooring■ Granite or Quartz Vanity Tops■ Quality Cabinetry■ Ceramic Tub/Shower Surround■ Framed Glass Mirror Over Vanity		
CLOSETS, UTILITIES, AND LAUNDRY		HOME FEATURES/AMENITIES				
<ul style="list-style-type: none">■ Walk-In MBR Closet (Per Plan)■ Laminate Closet Shelving■ Washer/Dryer Hook-Up■ Linen Closet(s)■ Programmable Thermostat		<ul style="list-style-type: none">■ Architecturally-Enhanced Exteriors■ Extensive Hardscaping/Landscaping■ Optional Basements			<ul style="list-style-type: none">■ Modest, But Desirable Community Amenities	
<div><div>⁽¹⁾ Benchmark base sales prices, which are presented in July 2022 dollars, do not include options, upgrades or premiums.</div><div>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.</div></div>						

Source: Tracy Cross & Associates, Inc.

Provided in the following table is a detailed planning matrix outlining acreage allocations and total unit counts for each product line within the 64-acre site. As depicted, a total of 480 units could be configured within the property, distributed among 240 rental apartments and 240 for sale housing units.

**PLANNING MATRIX - A VIABLE ALTERNATIVE
64-ACRE ASSEMBLAGE: HARTFORD, WISCONSIN**

Product Type	Estimated Net Density in Units Per Acre	Approximate Lot Width	Approximate Acreage Allocation	Estimated Total Units
Rental Housing Products				
Three-Story Garden Apts	30.0	NA	4.00	120
Two-Story Garden Apts	20.0	NA	6.00	120
For Sale Housing Products				
Townhomes/Rowhomes	12.0	NA	6.00	60
Attached Ranch Villas	7.0	NA	8.50	60
TND Single Family	6.0	40'	12.50	75
Conventional Single Family	4.5	50'	10.00	45
Remaining Acreage				
Open Space/Detention/Amenities/Trail System	NA	NA	17.00	---
Total	---	---	64.00	480

Source: Tracy Cross & Associates, Inc.

It is important to note that the planning guidelines outlined above are not arbitrary, but rather “strategically positioned” in order to maximize total unit counts, which will help minimize raw land costs per unit. In addition, each product line has been assigned a total unit count capable of achieving a reasonable marketing life based upon expected absorption/sales potentials at benchmark rents/prices. To this latter point, if all products are marketed/constructed concurrently, the entire community would be fully absorbed within a 2.5-year period as outlined below:

**ABSORPTION / SALES SUMMARY
64-ACRE ASSEMBLAGE: HARTFORD, WISCONSIN**

Product Line	Estimated Total Units	Annual Absorption/ Sales Potential (In Units) At Benchmark Rents/Prices	Marketing Life (In Years)
Three-Story Garden Apts	120	120	1.0 ⁽¹⁾
Two-Story Gardens Apts	120	80	1.5 ⁽¹⁾
Townhomes/Rowhomes	60	24	2.5
Attached Ranch Villas	60	24	2.5
TND Single Family	75	30	2.5
Conventional Single Family	45	18	2.5
⁽¹⁾ Marketing life will actually be slightly shorter to get to a stabilized occupancy level of 95 percent.			

Source: Tracy Cross & Associates, Inc.

A DISCIPLINE APPROACH TO PRODUCT DEVELOPMENT

To achieve the rents/prices (and absorption) outlined for each product line, and apart from the mandate of higher densities, it will be imperative for Hartford Area Development Corp., and other stakeholders, to work closely with builders/developers so that the recommendations are understood and embraced. Specifically, builders/developers (and governing bodies) will need to think differently in terms of land planning, development, and product design in order to *substantially reduce costs*, a key component to meeting the rent/price requirements. Provided below are key ingredients to bringing properly positioned workforce housing to market, especially as it relates to the ownership products:

- ☐ Each product line must be efficient and cost effective to build from a design standpoint (value engineered). This can be achieved while still offering functional and desirable floorplans.
- ☐ The basis for design should be modeled after box-on-box/four-corner construction with no wasted space; however, exterior elevations should still be very appealing. Referencing the latter, a strong use of colors *not materials* is but one example of how quality can be portrayed to the consumer. This has been accomplished in numerous communities throughout the U.S. with specific reference made to re-development efforts at Stapleton Airport in Denver, among others. To reiterate, by creating value-oriented floorplans, we are not suggesting that quality be minimized, nor is there implication that overall curb appeal be comprised. It simply needs to be accomplished strategically.
- ☐ Once value-engineering has taken place, and efficient/cost effective plans are designed, these efficiencies must be conveyed to all subcontractors for bidding purposes.
- ☐ None of the product lines should offer standard (included) basements, although the option for a basement can be made available in certain series (as indicated).
- ☐ In achieving higher densities, strong consideration should be placed on “to the street” product, smaller lots, along with front-to-back living (i.e., narrower homes). At the same time, the mixing of products within neighborhood areas will help improve densities, while also establishing an architectural landscape.
- ☐ Finally, outdoor living space for each residence (within each product line) is essential, but need not be extensive. Specifically, private balconies for both apartment series and the townhomes/rowhomes will be sufficient, along with private courtyards/patios/backyard areas for the attached ranch villas and most single family homes.

Provided below are a few floorplan examples that portray efficiency in design:

Typical Three-Story Townhome/Rowhome Plan



Conventional Single Family Ranch Plan



MARKET POSITIONING

Please note that the benchmark rents/prices outlined in Exhibits 1.1 through 1.6 have been *carefully* established so that each product line can penetrate the mainstream of the new construction housing market (the workforce) based upon area incomes. In doing so, the apartments will occupy a similar rent/value position as new/newer apartment communities in Washington County (see **Exhibits 1.7 and 1.8**). As such, the two apartment programs can expect to achieve a combined absorption rate of 200 units annually (16.7 units per month), which is consistent with current/recent absorption rates by area developments of a similar combined scale.

The various for sale products, in turn, will occupy much lower/more competitive value positions in the market considering the higher price points currently represented in the new construction sector (see **Exhibits 1.9 and 1.10**). As such, these product lines can expect higher absorption rates than what is typically seen among area developments, especially considering the lack of competitive substitution at benchmark prices. In other words, the value-oriented nature of the for sale products will allow for 18 to 30 sales annually per series – in a market where the typical annual sales rate hovers at 12 units annually or lower.

OTHER CONSIDERATIONS

Please keep in mind that while our product guidelines are very specific, there are a number of derivatives to each of the recommended generic forms that could evolve through the design efforts of individual builders/developers – or through the overall implementation process. However, when considering any derivatives during the course of the planning process, it is still important to follow the general parameters outlined for each of the recommended products relative to unit types, bedroom counts, rents, prices, etc., in order to insure acceptable absorption and/or sales, and most importantly, the appeal to the workforce.

In addition, consideration can certainly be given to the introduction of other generic forms on the basis of the imbalance that exists market-wide between supply and demand – but done so with the same general planning strategy in mind – that being differentiation, efficiency, tasteful architecture, and rent/price positioning.

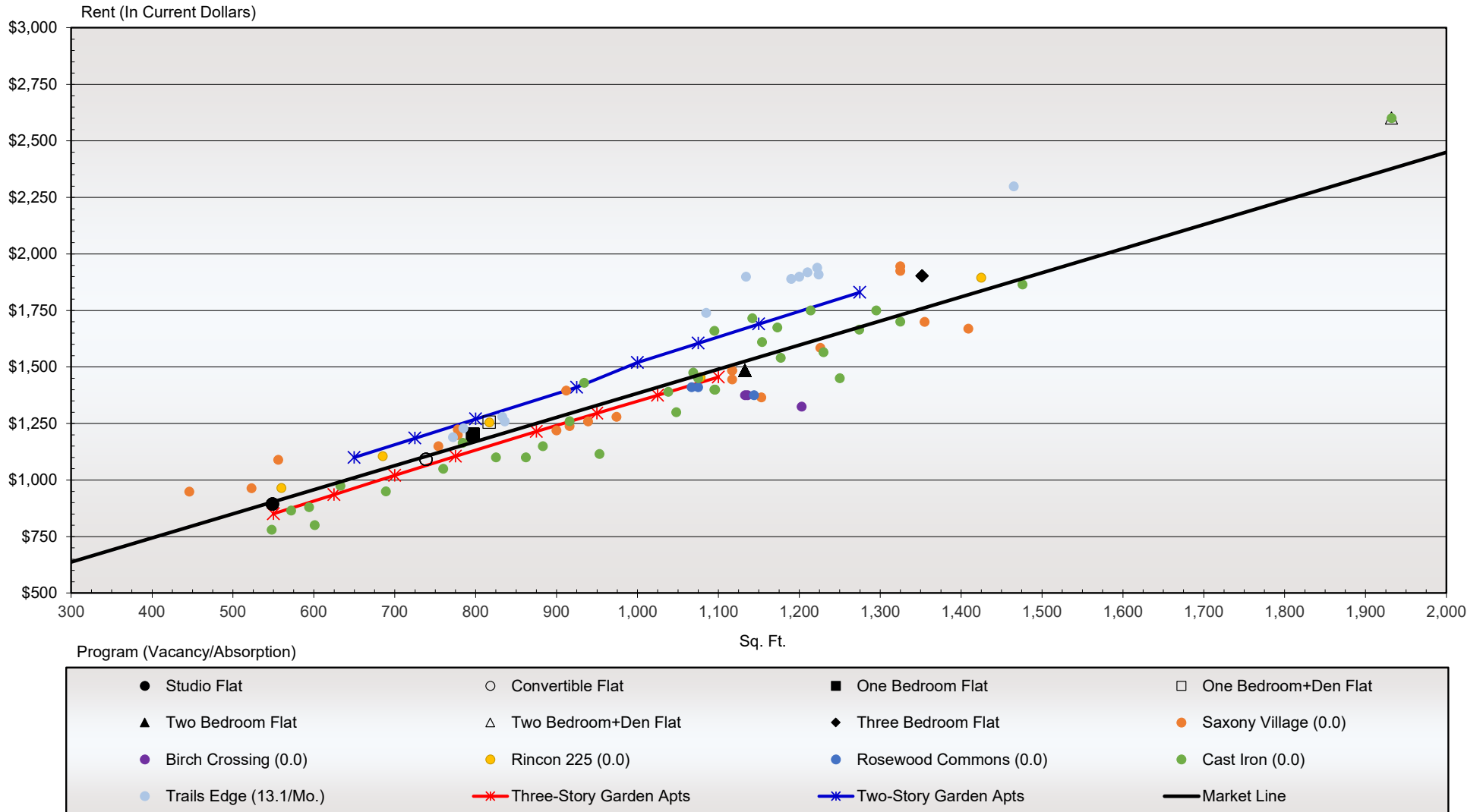
CLOSING REMARKS

Even with a disciplined planning and design approach, some incentives/concessions might be necessary to bring the products (as positioned) to market. This will need to be determined through the planning process.



1.7

Rent/Value Analysis Selected Apartment Communities Washington County, WI July 2022



Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.

1.8

Rent/Value Analysis Selected Apartment Communities Washington County, WI July 2022

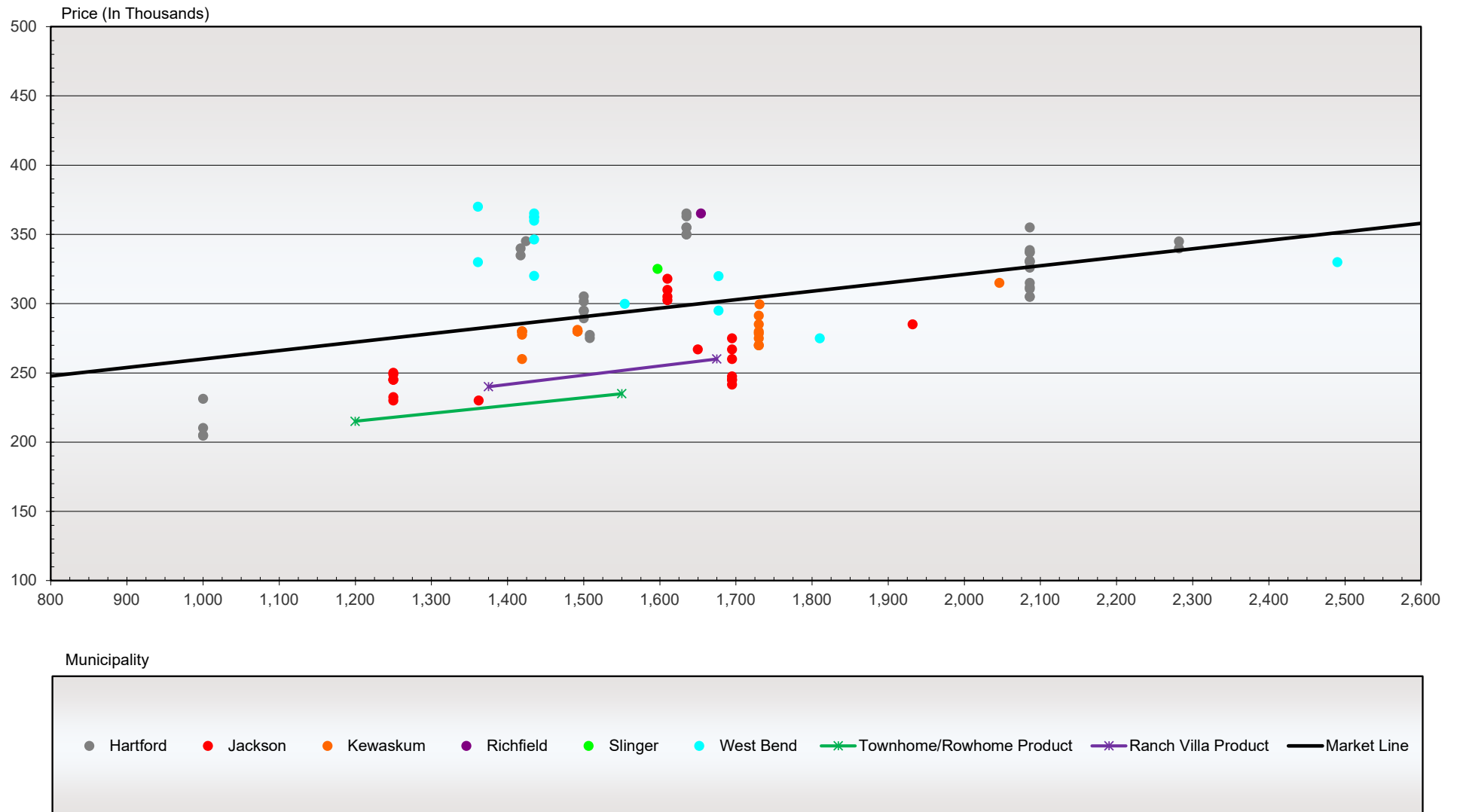
Plan Size (Sq. Ft.)	Average Market Rent	Program/Location	Total Units	Year Built	Average Plan Size (Sq. Ft.)	Average Posted Base Rent		Average Base Market Rent	Price Variance From Market	Vacancy Rate / Absorption (Units/Mo.)
						Dollars	Rent per Sq. Ft.			
300	\$634	(1) Trails Edge/West Bend	120	2022	912	\$1,420	\$1.56	\$1,289	+\$131	13.1/Mo.
400	741	<i>Two-Story Garden Apts/Hartford</i>	---	---	<i>950</i>	<i>1,450</i>	<i>1.53</i>	<i>1,330</i>	<i>+120</i>	---
500	848	(1) Rincon 225/Hartford	82	2020	804	1,219	1.52	1,173	+46	0.0
600	955	(1) Saxony Village/Germantown	172	2018	972	1,390	1.43	1,353	+37	0.0
700	1,062									
800	1,169	--- Market Average ---	---	---	984	1,366	1.39	1,366	0	0.0 / 13.1/Mo.
900	1,276									
1,000	1,383	<i>Three-Story Garden Apts/Hartford</i>	---	---	<i>825</i>	<i>1,181</i>	<i>1.43</i>	<i>1,196</i>	<i>-15</i>	---
1,100	1,490	Cast Iron/West Bend	129	1911 / 2016	950	1,286	1.35	1,330	-44	0.0
1,200	1,597	(1) Rosewood Commons/Jackson	72	2021	1,088	1,401	1.29	1,477	-76	0.0
1,300	1,704	(1) Birch Crossing/Hartford	84	2018	1,152	1,363	1.18	1,546	-183	0.0
1,400	1,811									
1,500	1,918									
1,600	2,025									
1,700	2,132									
1,800	2,239									
1,900	2,346									
2,000	2,453									

Slope: \$1.07 per sq. ft.

(1) Development includes enclosed parking in the base rent of some or all units. An adjustment (for analytical purposes only) equal to the value of the enclosed parking has been made in order to evaluate the development as if it offered parking for a fee like other developments.

1.9

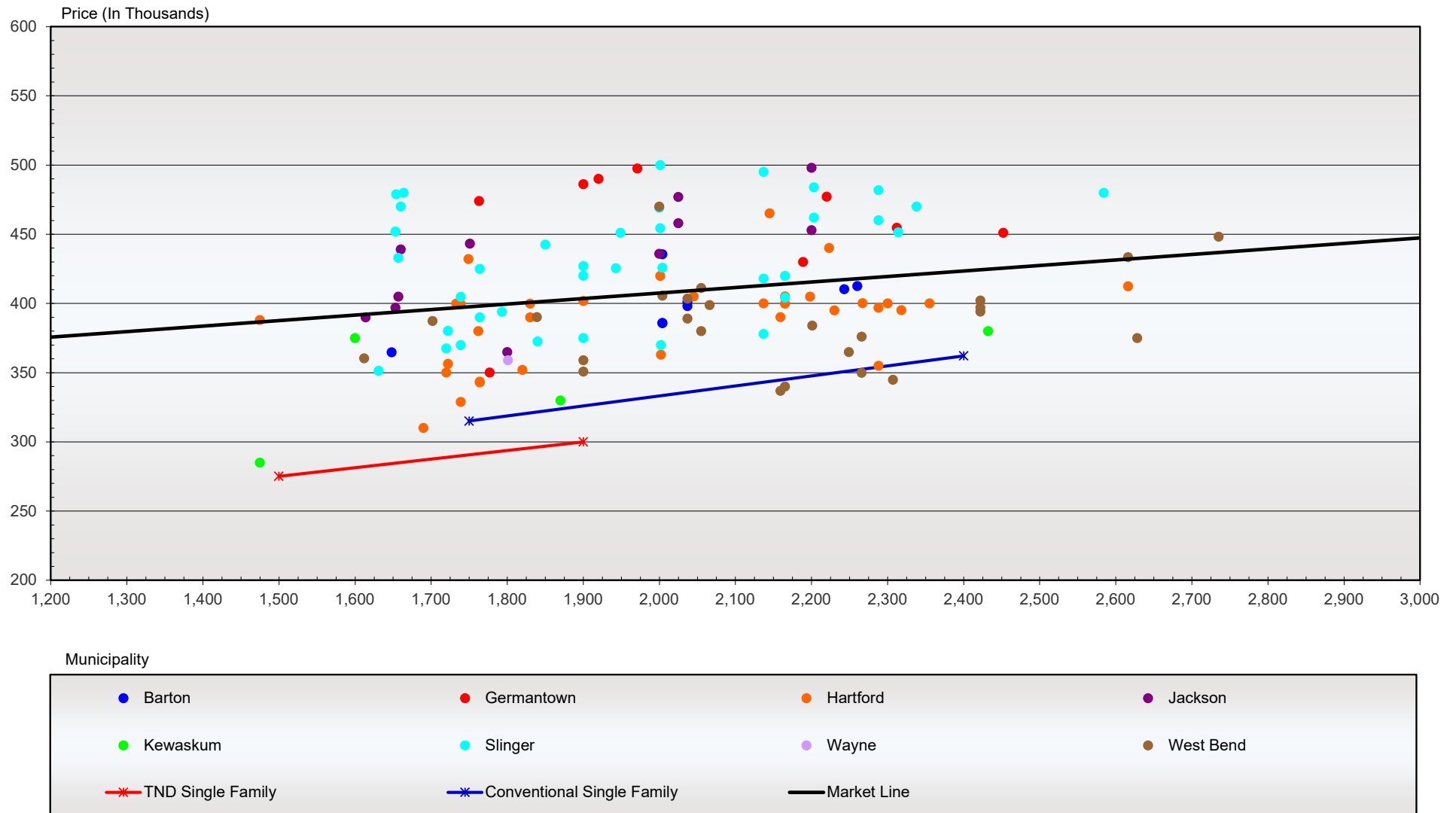
Price/Value Analysis New Construction Townhome/Duplex/Condominium Closings (Priced From \$200,000 - \$374,999) Washington County, WI: Last 18 Months



Price/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

1.10

Price/Value Analysis New Construction Single Family Closings (Priced From \$300,000 - \$499,999) Washington County, WI: Last 18 Months



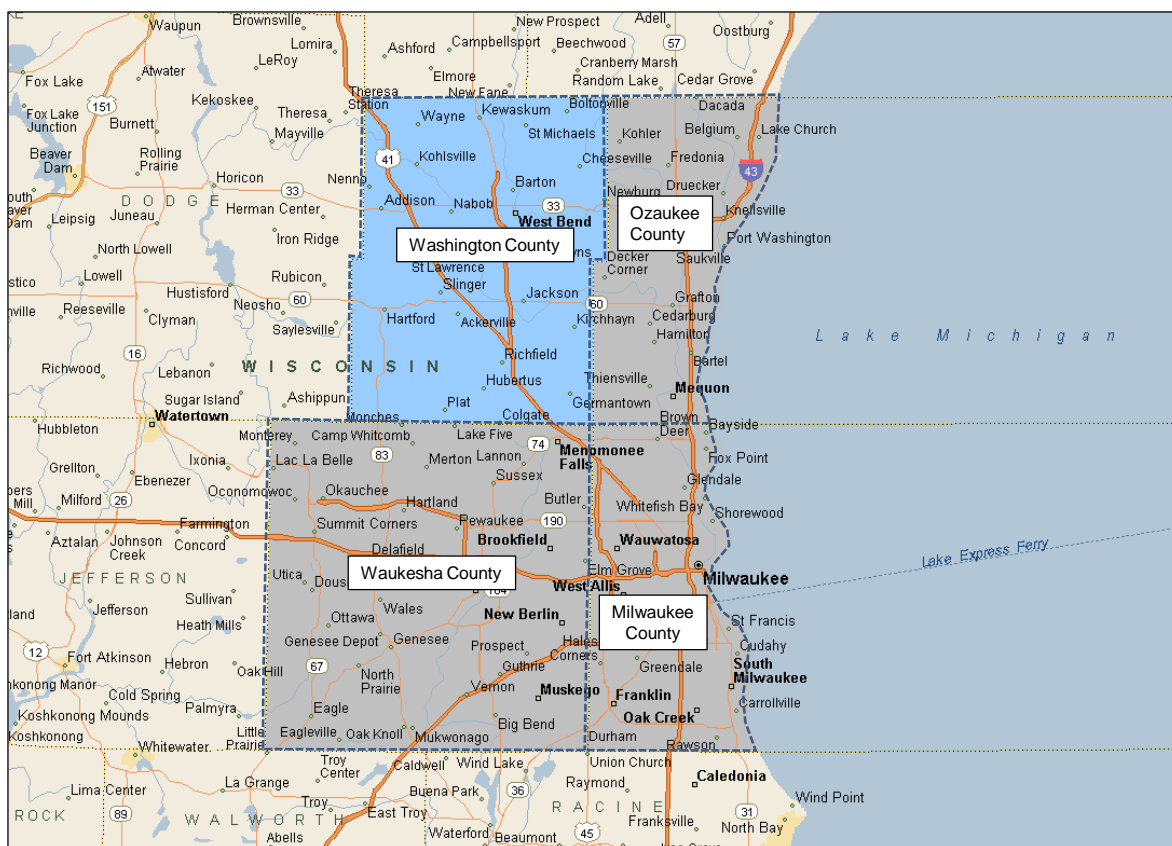
Price/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.



2. MARKET FUNDAMENTALS FOR NEW WORKFORCE HOUSING

Any new residential development targeting the mainstream of the market (the workforce) within the city of Hartford will receive its primary demand support from Washington County – a component of the four-county Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area (MSA) which also includes Milwaukee, Waukesha, and Ozaukee counties. Overall, the municipalities that comprise Washington County share commonalities relative to household composition, commutation patterns to major concentrations of employment, and the alignment of residential developments which will serve as sources of competitive influence, both direct and indirect.

GEOGRAPHIC DELINEATION OF THE MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA



Source: Microsoft Streets & Trips and Tracy Cross & Associates, Inc.

As summarized in this section of the report, new mainstream/workforce residential development in Hartford, and throughout all of Washington County, *can clearly be supported* by empirical evidence found in the key demand variables of population, household, incomes, employment, residential construction, etc.

POPULATION AND HOUSEHOLDS

During the 2000-2010 period, household additions in Washington County were rather healthy, totaling 7,763 or 776 yearly. And, while not immune to the national recession which began in late 2007 and lingered through 2014, not to mention the more recent Covid-19 pandemic, Washington County still managed solid household gains between 2010 and 2022, i.e., 3,828 total or 319 per year. The city of Hartford, too, has

witnessed continual household growth moving from a base of 4,683 in 2000 to a current level of 6,211. As highlighted in the following text table, the city of Hartford has seen its share of total households in Washington County grow from 10.7 percent in 2000 to 11.4 percent in 2022.

**POPULATION AND HOUSEHOLD TRENDS
WASHINGTON COUNTY AND THE CITY OF HARTFORD, WISCONSIN**

Area	2000	2010	2022 (Estimate)	2027 (Projected)	Average Annual Change		
					2000 - 2010	2010 - 2022	2022 - 2027
Population							
Washington County	117,492	131,887	138,623	144,286	+1,440	+561	+1,133
City of Hartford	12,106	14,223	15,351	16,198	+212	+94	+169
Percent of County	10.3	10.8	11.1	11.2	---	---	---
Households							
Washington County	43,842	51,605	55,433	58,414	+776	+319	+596
City of Hartford	4,683	5,683	6,211	6,631	+100	+44	+84
Percent of County	10.7	11.0	11.2	11.4	---	---	---

Source: U.S. Census Bureau, Environics Analytics and Tracy Cross & Associates, Inc.

According to recent estimates provided by Environics Analytics through its evaluation of the Census Bureau's annual American Community surveys, household growth in Washington County over the next five years will total another 2,981 new households, or 596 annually. As a result, Washington County will surpass the 58,000-household mark by 2027.

HOUSEHOLD COMPOSITION

Relative to households by age group, not only is there a rather large base of existing households in each of Washington County's various age categories, but all segments show growth over the next five years – led by the 65-74 segment and the Under 35 group.

Likewise, the city of Hartford shows growth in each of its various household age classifications as highlighted in the adjacent text table.

**HOUSEHOLD GROWTH BY AGE GROUP
-- WASHINGTON COUNTY AND CITY OF HARTFORD, WISCONSIN --**

Age Range	Washington County		City of Hartford	
	2022	2027	2022	2027
Under 35	7,352	7,913	1,022	1,092
35-44	8,807	8,909	1,219	1,223
45-54	10,047	10,128	1,139	1,207
55-64	12,371	12,705	1,248	1,301
65-74	9,789	11,208	879	1,056
75 and over	7,067	7,551	704	752
Total	55,433	58,414	6,211	6,631

Source: Environics Analytics: 2022 Demographic Snapshot Report.

The current composition of area households lends support to the development of a variety of residential product forms at various locations throughout the county and the city of Hartford in particular. As highlighted in the following table, there is an ample number of one- and two- person households (for rental apartments and for sale townhomes, duplexes and/or condominiums), and also a significant number of three-, four- and five-person households (for both attached for sale housing products and single family detached homes).

Most notable are one- and two-person occupied housing units which, together, comprise 61.3 percent of the county's household base and 61.7 percent in the city of Hartford.

**2022 COMPOSITION OF AREA HOUSEHOLDS:
WASHINGTON COUNTY AND CITY OF HARTFORD, WISCONSIN**

Attribute	Washington County	City of Hartford
Total Households	55,433	6,211
1-Person Household	13,546	1,769
2-Person Household	20,469	2,060
3-Person Household	9,039	982
4-Person Household	7,780	838
5-Person Household	3,184	399
6 or More Person Household	1,415	163
1 Person Households		
Percent	24.4	28.5
Number	13,546	1,769
2 Person Households		
Percent	36.9	33.2
Number	20,469	2,060

Source: Environics Analytics; 2022 Demographic Snapshot

INCOMES

Households in Washington County support higher incomes than the overall region as evidenced by an estimated 2022 median of \$85,562, a level 18.1 percent higher than the \$72,443 median noted for the entire Milwaukee-Waukesha-West Allis, WI MSA. *Countywide, 55.3 percent of all current households earn between \$40,000 and \$124,999 annually, which represents the mainstream of the market (the workforce), i.e., those earning between 50 and 150 percent of the county's median. This signifies significant income support locally for new construction workforce housing development, both rental and for sale.*

**HOUSEHOLDERS BY AGE AND INCOME: 2022
-- WASHINGTON COUNTY, WISCONSIN --**

Income Range	Number of Households by Age of Householder							
	Total Households	Under 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 and Over
Under \$15,000	2,233	254	97	110	170	353	567	682
15,000 - 24,999	2,295	105	143	177	115	203	663	889
25,000 - 39,999	4,297	300	331	369	517	736	1,093	951
40,000 - 49,999	5,467	254	559	599	584	872	1,286	1,313
50,000 - 74,999	9,930	168	1,434	1,600	1,403	1,817	2,068	1,440
75,000 - 99,999	8,150	109	1,169	1,607	1,347	1,701	1,485	732
100,000 - 124,999	7,086	62	697	1,222	1,716	1,914	1,017	458
125,000 - 149,999	5,299	52	713	1,247	1,167	1,355	516	249
150,000 - 199,999	5,565	49	621	1,293	1,424	1,579	445	154
200,000 and Over	5,111	10	225	583	1,604	1,841	649	199
Total	55,433	1,363	5,989	8,807	10,047	12,371	9,789	7,067
Median	\$85,562	\$37,615	\$83,372	\$99,003	\$112,738	\$106,513	\$64,606	\$46,526

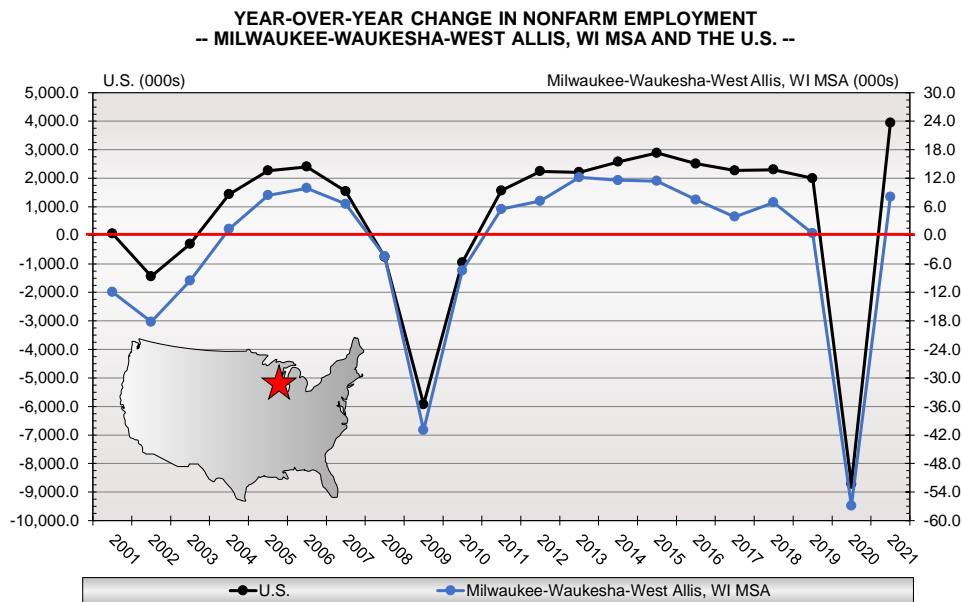
Sources: U.S. Bureau of the Census; Environics Analytics; and Tracy Cross & Associates, Inc.

EMPLOYMENT

Washington County, while supporting its own internal economy and concentrations of localized employment, is also within a reasonable driving distance to employment centers in other areas of the Milwaukee region given its access to the US-45/I-41 expressway systems, and their connection with other major arterials. Overall, employment sources throughout much of the Milwaukee metropolitan area are accessible to Washington County residents, especially those situated in the northwestern and western suburban areas including Menomonee Falls, Wauwatosa, and Brookfield.

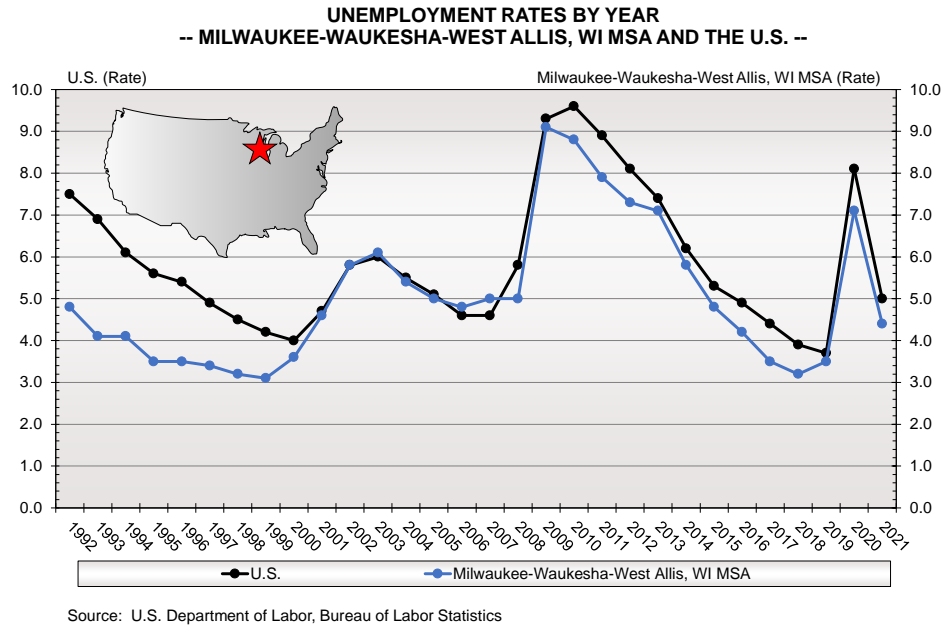
While one cannot discount the effect that the Great Recession had on the region's economy, not to mention the recent/current Covid-19 pandemic, employment growth throughout the four-county Milwaukee-Waukesha-West Allis, WI MSA had been on the positive side for nine years in a row through 2019. For example, after losing 6.1 percent of its total nonagricultural wage and salary employed workforce from 2007 through 2010 (during the heart of the Great Recession), the metropolitan area saw its job rosters grow by 66,600 workers during the subsequent 2011-2019 period, averaging 7,400 annually, and equal to a growth rate of approximately 1.1 percent.

Most recently, and due entirely to the global/national pandemic and its impact on the economy, the MSA witnessed job losses of 56,900 in 2020 – erasing roughly 85 percent of the net gains witnessed during the 2011-2019 period. However, this severe loss of jobs is/was temporary, and primarily affected those sectors of the economy most impacted by the pandemic. Moreover, this most recent Covid-related downturn has already reversed course – bolstering the economy. As illustrated in the following graphic, much of the employment losses in 2020 were replenished in 2021.



Moreover, year-over-year employment gains during the January-July 2022 period totaled 12,200 jobs. In addition, the Wisconsin Department of Revenue, the Job Center of Wisconsin, and the Wisconsin Department of Workforce Development expect the Milwaukee region's employment rosters to increase by an average of 0.9 percent annually over the next five years. As such, the four-county MSA is expected to witness the addition of at least 37,000 total new jobs through 2027, once again supporting the development of new housing throughout the area.

During the Milwaukee region's economic growth period of 2011 through 2019 (prior to the pandemic), the area's unemployment rate had been dropping steadily. As highlighted in the following graphic, the Milwaukee area unemployment rate decreased from 8.8 percent in 2010 to just 3.5 in 2019. During this entire timeframe, the four-county MSA's unemployment rate remained at or *below* the nation as a whole. In addition, while unemployment in Milwaukee rose to 7.1 percent in 2020, i.e., the Covid-19 crisis, it remained lower than the 8.1 percent unemployment rate posted nationally. In addition, in 2021, Milwaukee's unemployment rate had already retreated to 4.4 percent compared to a national average of 5.0 percent during the same period



Recently, the MSA's unemployment rate during the first seven months of 2022 averaged just 3.6 percent.

RESIDENTIAL BUILDING ACTIVITY

Since 2000, Washington County has recorded an average of 633 residential building permits per year ranging from a recessionary-impacted low of 202 units in 2011 to a high of 1,371 units during the boom period of 2005 (see **Exhibit 2.1**).

Historically, single family permit authorizations have outpaced multifamily issuances at a ratio of roughly three-to-one. For example, between 2000 and 2021, single family permits, which include single-address duplex/townhome/villa units, averaged 452 units yearly, while multifamily volumes, which include both rental apartments and high-density condominiums, averaged 181 units per annum. More recently, and due to a modest increase in apartment construction over the last few years, the county's ratio between single family and multifamily permits narrowed to a level of just two-to-one during the 2015-2021 timeframe.

From a regional capture rate perspective, between 2000 and 2021, Washington County accounted for 17.3 percent of all residential permit activity in the four-county Milwaukee metropolitan region. However, during the seven-year period from 2015 through 2021, the county's capture rate stood at just 14.7 percent as the area failed to keep pace with other portions of the region. *In other words, as the four-county MSA moved upward in overall residential construction volumes during the last seven years (compared to the seven years prior), Washington County did not increase proportionately.* This resulted, primarily, from supply-side constraints (not demand) – as will be discussed in Sections 3 and 4 of this report.

2.1

RESIDENTIAL BUILDING PERMIT TRENDS
MILWAUKEE-WAUKESHA, WI METROPOLITAN STATISTICAL AREA (MSA)
2000 - 2021

Year	Milwaukee-Waukesha- West Allis, WI MSA			Milwaukee County, WI			Ozaukee County, WI			Washington County, WI			Waukesha County, WI		
	Total	Single Family	Multi- Family	Total	Single Family	Multi- Family	Total	Single Family	Multi- Family	Total	Single Family	Multi- Family	Total	Single Family	Multi- Family
2000	5,631	3,581	2,050	1,750	736	1,014	502	360	142	931	637	294	2,448	1,848	600
2001	5,879	3,564	2,315	1,524	671	853	737	335	402	890	736	154	2,728	1,822	906
2002	5,936	3,456	2,480	2,061	645	1,416	502	353	149	1,006	682	324	2,367	1,776	591
2003	6,467	3,939	2,528	2,138	742	1,396	596	406	190	1,226	929	297	2,507	1,862	645
2004	5,902	3,840	2,062	2,117	773	1,344	380	302	78	1,205	921	284	2,200	1,844	356
2005	5,444	3,361	2,083	1,697	785	912	406	277	129	1,371	850	521	1,970	1,449	521
2006	4,290	2,624	1,666	1,436	550	886	304	256	48	995	609	386	1,555	1,209	346
2007	3,266	2,082	1,184	1,230	378	852	252	232	20	661	501	160	1,123	971	152
2008	2,444	1,234	1,210	1,032	247	785	166	142	24	356	270	86	890	575	315
2009	1,443	891	552	584	160	424	163	107	56	263	233	30	433	391	42
2010	1,941	967	974	1,006	178	828	121	105	16	328	242	86	486	442	44
2011	1,593	915	678	802	231	571	132	110	22	202	133	69	457	441	16
2012	1,793	1,064	729	654	164	490	123	113	10	242	206	36	774	581	193
2013	2,000	1,326	674	411	154	257	279	181	98	383	309	74	927	682	245
2014	2,416	1,318	1,098	795	138	657	264	176	88	337	291	46	1,020	713	307
2015	3,048	1,416	1,632	1,269	128	1,141	170	170	0	444	315	129	1,165	803	362
2016	4,055	1,671	2,384	1,721	146	1,575	443	213	230	585	356	229	1,306	956	350
2017	3,693	1,588	2,105	1,579	101	1,478	376	230	146	504	360	144	1,234	897	337
2018	3,791	1,734	2,057	1,535	127	1,408	260	221	39	416	344	72	1,580	1,042	538
2019	2,440	1,509	931	548	170	378	452	234	218	460	294	166	980	811	169
2020	2,753	1,586	1,167	749	218	531	396	219	177	407	345	62	1,201	804	397
2021	4,158	1,759	2,399	1,110	145	965	402	239	163	703	395	308	1,943	980	963
Averages															
2000 - 2021	3,654	2,065	1,589	1,230	345	885	338	226	111	633	452	181	1,422	1,041	372
2000 - 2005	5,877	3,624	2,253	1,881	725	1,156	521	339	189	1,105	793	312	2,370	1,767	603
2006 - 2014	2,354	1,380	974	883	244	639	200	158	42	419	310	108	852	667	184
2015 - 2021	3,420	1,609	1,811	1,216	148	1,068	357	218	139	503	344	159	1,344	899	445

Source: U.S. Department of Commerce, Bureau of the Census: *C-40 Construction Reports*

HOUSING DEMAND – AN OUTLOOK

During the 2022-2027 timeframe, construction requirements for new housing in Washington County will average 700 units annually. This 700-unit forecast can be tied to household growth levels estimated at 596 per annum through 2026, along with 100-105 units representing the replacement of residences lost to demolition and abandonment and the need to provide a vacancy allowance for filtering or movement from one residence to another.

Of the 700 units expected to be constructed annually in the county during the 2022-2027 forecast period, 420 will occur among for sale housing forms with 280 represented in the rental apartment sector. As detailed in the following text table, for sale housing demand will be distributed among 275 single family detached homes and 145 in the attached sector, i.e., duplexes, townhomes and condominiums.

RESIDENTIAL ABSORPTION POTENTIALS BY PRODUCT TYPE
-- WASHINGTON COUNTY, WISCONSIN --
2022 - 2027

Product Type	Annual	Total Through 2027
Total	700	3,500
For Sale	420	2,100
Single Family Detached	275	1,375
Townhome/Duplex/Condominium	145	725
For Rent	280	1,400

Source: Tracy Cross & Associates, Inc.

Given the severe supply-side constraints countywide (which, again, will be discussed in the following sections of the report), it is highly likely that demand will exceed supply near term, especially in the for sale sector, but also among multifamily rental forms as well. This market reality bodes extremely well for mainstream/workforce housing initiatives across the county (and Hartford in particular), if properly planned and executed.

In addition, not only is “derived demand” likely to outstrip supply near term, but the overall base of residential construction requirements could actually be *much higher* (i.e., double) during any given year where properly positioned mainstream supply is made available. This *doubling of demand* factors pent-up demand; upside household growth potentials if properly positioned development were actually to occur; the limited amount of new construction housing alternatives throughout the county (again, to be discussed later); and spillover potentials from areas outside the immediate area.





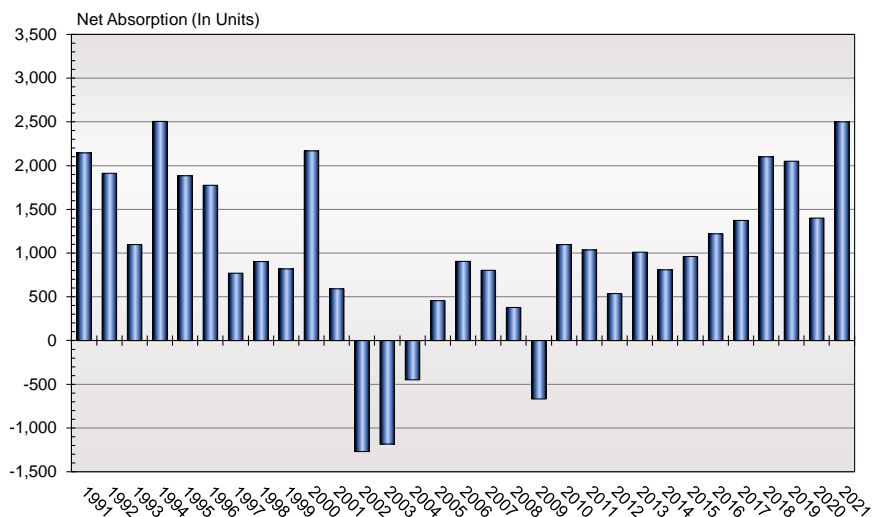
3. THE RENTAL APARTMENT MARKET

The current condition of the new construction apartment market in Washington County *lends full support* to the development of additional mainstream/workforce units throughout the county (and within Hartford in particular). Specifically, with new/newer conventional apartment communities already attracting the mainstream of the market, i.e., workforce renter households earning between 50 and 150 percent of the county's median income – and considering the strength of this sector of the market (as highlighted in the following bullet-point summary), additional conventional/workforce product is *definitely needed*.

THE REGIONAL APARTMENT MARKET


- ❑ Serving as a backdrop to rental apartment potentials within Washington County is the overall health of the apartment market in the greater Milwaukee region. For example, according to Reis, Inc., among all asset classifications of apartments in the two core counties of the region, i.e., Milwaukee and Waukesha, a vacancy rate of 3.6 percent was reported at the close of the 2nd Quarter 2022, reflecting relatively tight market conditions. For reference, in a normal (or balanced) market, vacancies of 5.0 to 6.0 percent are typically required for filtering, or movement between developments. In addition, the overall 3.6 percent vacancy rate includes new “un-leased” units among those developments still undergoing their initial absorption periods. When these communities are excluded, the vacancy rate in Milwaukee and Waukesha counties drops to an even tighter 3.1 percent.
- ❑ At the same time, net rental absorption in the two core counties of the Milwaukee region has averaged over 1,450 units annually during the last 11 years – reaching or exceeding the 2,000-unit mark in three of the last four including 2,500 units in 2021. For perspective, during the 11-year period from 1990 through 2000, Milwaukee and Waukesha counties saw their occupied apartment stock, among all asset classifications, increase by a total of 19,191 units, or an annual average of 1,745. Following this period of positive absorption, the 2001-2009 timeframe saw net absorption drop into negative territory for four of the eight years of the period due to recessionary overtones during the first part of the decade, a dramatic increase in home ownership at the time, and a fair amount of rental-to-condominium conversion activity.

RENTAL APARTMENT ABSORPTION TRENDS: 1991-2021
-- MILWAUKEE & WAUKESHA COUNTIES, WI --



Source: Reis, Inc.

THE LOCAL APARTMENT MARKET

- ❑ Not only are vacancies among all asset classifications of apartments in nearby Milwaukee and Waukesha counties in a relative tight condition at 3.6 percent (3.1 percent excluding new/unabsorbed units), but vacancies are *even tighter* in Washington County. For example, among the 15 mainstream apartment communities that have been constructed countywide since 2005, 14 developments (containing 1,031 total units) have reached stabilized occupancy and reported a vacancy rate of 0.0 percent (i.e., **all 100 percent occupied**) at the time of our July 2022 survey. This reflects *extremely tight* market conditions.
 - ❑ The one community still undergoing its initial lease-up period at the time of our recent survey (Trails Edge in West Bend) has performed well. Since leasing efforts began in early April 2022, a total of 51 units (out of 120 total apartments) had been leased through the end of July, equal to an initial absorption rate of 13.1 units monthly.
- 
- ❑ While 15 market rate apartment communities have opened in Washington County since 2005, only two developments were constructed during the 10-year period from 2005-2014. Given the lack of supply during this timeframe, which has led to significant levels of pent-up demand for new apartment product locally, the 13 developments that have been introduced in the market area over the last eight years have all been well received. In fact, despite the introduction of the 13 newest developments, vacancies remain *extremely tight* among stabilized communities. In other words, the amount of new development activity in the county over the past several years has not been sufficient enough to provide balance in the market and satisfy both pent-up and net-new demand.
 - ❑ In Hartford itself, four apartment communities with a combined 404 total units have been introduced in the last five years. These units were all absorbed quickly and are currently at a collective 100 percent occupancy level with each development reporting a waiting list.
 - ❑ As highlighted in **Exhibit 3.1**, the average posted base rent level among new/newer apartment communities in Washington County, not including premiums or extras, currently stands at \$1,344 monthly which includes a typical 1,062 square foot apartment. This translates to a value ratio of \$1.27 per square foot. The effective rent is the same as not a single development was offering any type of incentive or concession at the time of our survey. Base rents range from a low of \$0.91 per square foot at Lake Terrace in Jackson (built in 2005) to highs of \$1.58 per square foot at Rincon 225 in Hartford, which was constructed in 2020, and \$1.61 per square foot at Trails Edge in West Bend, built in 2022.

FUTURE SUPPLY

- ❑ it is important to note that the *demand for mainstream rental housing in Washington County will likely exceed supply* near term given the fact that just six communities (851 total units) are currently in the planning pipeline or under construction. This compares with net-new demand of 1,400+ units through 2027 as highlighted earlier in Section 2. In Hartford itself, the only rental community formally in the planning pipeline at this time is Hartford Plaza (150 total units) located at 1201-1275 Belle Avenue; however this development is only at concept stage.



**COMPOSITE RENTAL SUMMARY: APARTMENT COMMUNITIES CONSTRUCTED IN 2005 OR LATER
WASHINGTON COUNTY, WISCONSIN
JULY 2022**

Development	Municipality	Year Built	Total Units	Number Vacant	Percent Vacant (Absorption Rate in Units)	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
Hillstone	Germantown	2015	18	0	0.0	1,211	\$1,531	\$1.26
Saxony Village	Germantown	2018	172	0	0.0	972	1,440	1.48
Birch Crossing	Hartford	2017	84	0	0.0	1,152	1,413	1.23
Gateway Terrace	Hartford	2005	24	0	0.0	1,210	1,205	1.00
Oriole Pond	Hartford	2017	156	0	0.0	1,051	1,147	1.09
Rincon 225	Hartford	2020	82	0	0.0	804	1,269	1.58
Wilson Heights	Hartford	2017	82	0	0.0	1,305	1,432	1.10
Cranberry Creek	Jackson	2013	16	0	0.0	1,269	1,371	1.08
Lake Terrace	Jackson	2005	48	0	0.0	1,189	1,081	0.91
Rosewood Commons	Jackson	2021	72	0	0.0	1,088	1,451	1.33
Sherman Heights	Jackson	2020	36	0	0.0	1,280	1,407	1.10
Ridge View Terrace	Slinger	2019	48	0	0.0	1,220	1,407	1.15
Stonefield Terrace	Slinger	2021	64	0	0.0	1,224	1,330	1.09
Cast Iron (Conversion)	West Bend	2016	129	0	0.0	950	1,286	1.35
Trails Edge ⁽¹⁾	West Bend	2022	120	69	57.5 (13.1/Mo.)	912	1,470	1.61
Total/ Weighted Average	---	---	1,151 / 1,031 ⁽²⁾	69 / 0 ⁽²⁾	6.0 / 0.0 ⁽²⁾	1,062	\$1,344	\$1.27
⁽¹⁾ Community is still undergoing its initial absorption period.								
⁽²⁾ Excludes community still undergoing its initial absorption period.								

Source: Tracy Cross & Associates, Inc.



4. THE FOR SALE HOUSING MARKET

New construction for sale development throughout Washington County is generally characterized by smaller- to moderate-scale broker- or builder-represented communities reflecting single family and duplex/townhome/condominium subdivisions directed to both primary and lifestyle consumer segments which (in many cases) have been marketed in phases over extended periods of time. Overall, there are only a modicum of recently introduced developments of scale actively marketing new units in proprietary communities throughout the county, although some scattered site/lot sale development and/or larger-scale custom-oriented product is also evident.

In the entirety of the county, single family building permits which, again, include single family detached homes as well as single-address townhomes, duplexes, and condominium/villa units, has hovered around 300 units annually over the last ten years *in this very broad geographic area*, despite demand potentials being stronger based upon household growth levels and replacement derivatives. This lack of new construction for sale development activity is due, in large part, to the higher price points that now accompany newly built for sale developments which, in turn, has resulted in more modest sales volumes. In fact, most proprietary subdivisions throughout the county are generating sales volumes at or below 12 homes per year – a rate viewed as modest by most standards.

In Hartford, itself, active for sale development currently includes duplex/condominium and single family communities priced in the higher ranges and generating sales volumes viewed as moderate. As highlighted in the following text table, notable new construction for sale communities in Hartford have generated a total of 27 sales/closings over the last 12 months, or seven (7) per development during the period.



NEW CONSTRUCTION FOR SALE RESIDENTIAL DEVELOPMENTS
-- HARTFORD, WISCONSIN --

Development	Product Type	Number of Sales/Closings (Last 12 Months)	Average Plan Size (Sq. Ft.)	Average Sales/Closing Price	Average Price Per Sq. Ft.
Bridlewood	Duplex/Condo	11	1,780	\$351,840	\$197.66
Borlen Farms	Single Family	8	2,001	400,215	200.01
Western Hills	Single Family	6	1,810	391,235	216.15
Red Oak Country Estates	Single Family	2	2,013	451,235	224.16

Source: Tracy Cross & Associates, Inc.

SINGLE FAMILY DETACHED ACTIVITY

In all of Washington County, new/newer **single family** closing activity has been generally steady over the last 2+ years, with little improvement, mainly because of the limited number of new developments entering the market—and their prices. As highlighted in the following text table, between 130 and 145 new single family detached homes are sold/closed annually in the county (through the local multiple listing service), at price points averaging almost \$450,000 most recently. Given the limited amount of new construction development (overall), together with healthy underlying currents of demand, the median closing price has risen steadily since 2019, while the average marketing time of a new single family home (days on market) has dropped precipitously.

**NEW/NEWER SINGLE FAMILY CLOSINGS
HOMES CONSTRUCTED BETWEEN 2019-2022: WASHINGTON COUNTY, WISCONSIN
2020-JUNE 2022**

Price Range	2020		2021		Jan-June 2022 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$200,000	---	---	---	---	---	---
200,000 - 249,999	---	---	---	---	---	---
250,000 - 299,999	7	4.9	1	0.8	---	---
300,000 - 349,999	49	34.0	10	7.6	2	1.4
350,000 - 399,999	33	22.9	43	32.8	30	20.5
400,000 - 449,999	30	20.8	29	22.1	48	32.9
450,000 - 499,999	8	5.6	20	15.3	33	22.6
500,000 - 549,999	6	4.2	9	6.9	10	6.8
550,000 - 599,999	6	4.2	4	3.1	8	5.5
600,000 - 699,999	3	2.1	8	6.1	8	5.5
700,000 & Above	2	1.4	7	5.3	7	4.8
Total	144	100.0	131	100.0	146	100.0
Median	----- \$374,235 -----		----- \$419,909 -----		----- \$442,704 -----	
Avg. Days on Market	----- 68 -----		----- 40 -----		----- 31 -----	

Source: Southeast Wisconsin Multiple Listing Service

Please note that new construction closings recorded by the multiple listing service do not include all proprietary subdivision activity among single family developments, especially where individual lots are sold directly to the end consumer, who in turn, builds a semi-custom or custom home.

While the limited amount of new single family development (of scale) is keeping volumes in the more modest ranges, especially when demand is stronger, so, too, is the overall higher price position of the new construction homes being built (as mentioned earlier). In fact, with the median price of a new/newer single family closing (as recorded through the multiple listing service) standing at \$442,704 during the first six months of 2022, there is a disconnect with the distribution of household incomes, which is putting extreme pressure on the existing home market, i.e. the resale sector. For example, the median closing price among new construction units in the county is now almost \$100,000 higher than that of a resale counterpart. As a result, prices in the existing home market have been increasing even more rapidly and the average “days on market” are extremely low.

As highlighted in the following text table, the average market time of an older-stock single family resale closing during the January-June 2022 period stood at just 17 days, down from 20 days in 2021 and 30 days in 2020. For reference, the typically marketing time for a single family detached resale in the Midwest ranges from 72-90 days. In the city of Hartford, the average market time of a single family resale during the last six months stood at just 15 days, and at closing prices only 10 percent lower than to those reflected in the county as a whole.

**SINGLE FAMILY RESALE CLOSINGS
HOMES CONSTRUCTED BEFORE 2019: WASHINGTON COUNTY, WISCONSIN
2020-JUNE 2022**

Price Range	2020		2021		Jan-June 2022 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$200,000	230	15.6	126	8.4	60	5.9
200,000 - 249,999	240	16.3	172	11.5	139	13.8
250,000 - 299,999	294	19.9	267	17.8	115	11.4
300,000 - 349,999	244	16.5	258	17.2	151	15.0
350,000 - 399,999	176	11.9	200	13.4	128	12.7
400,000 - 449,999	95	6.4	142	9.5	152	15.0
450,000 - 499,999	65	4.4	87	5.8	82	8.1
500,000 - 549,999	44	3.0	70	4.7	47	4.7
550,000 - 599,999	23	1.6	50	3.3	27	2.7
600,000 - 699,999	33	2.2	52	3.5	39	3.9
700,000 & Above	32	2.2	73	4.9	70	6.9
Total	1,476	100.0	1,497	100.0	1,010	100.0
Median	----- \$295,476 -----		----- \$335,755 -----		----- \$365,353 -----	
Avg. Days on Market	----- 30 -----		----- 20 -----		----- 17 -----	

Source: Southeast Wisconsin Multiple Listing Service

DUPLEX/TOWNHOME/CONDOMINIUM ACTIVITY

In the **duplex/townhome/condominium** sector, a similar condition exists in Washington County relative to pricing differentials

between new construction units and resales. As highlighted in the adjacent table, there are currently 80+/- new attached units being sold annually market-wide, again a relatively modest volume because of limited supply in this sector, coupled with price points that are now approaching \$350,000 on average.

**NEW/NEWER TOWNHOME/DUPLEX/CONDOMINIUM CLOSINGS
HOMES CONSTRUCTED BETWEEN 2019-2022: WASHINGTON COUNTY, WISCONSIN
2020-JUNE 2022**

Price Range	2020		2021		Jan-June 2022 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$100,000	---	---	---	---	---	---
100,000 - 149,999	---	---	---	---	---	---
150,000 - 199,999	---	---	---	---	---	---
200,000 - 249,999	14	21.5	14	16.7	3	3.3
250,000 - 299,999	25	38.5	22	26.2	30	33.0
300,000 - 349,999	18	27.7	29	34.5	20	22.0
350,000 - 399,999	8	12.3	11	13.1	18	19.8
400,000 - 449,999	---	---	6	7.1	18	19.8
450,000 - 499,999	---	---	2	2.4	2	2.2
500,000 & Above	---	---	---	---	---	---
Total	65	100.0	84	100.0	91	100.0
Median	----- \$287,013 -----		----- \$310,289 -----		----- \$331,136 -----	
Avg. Days on Market	----- 71 -----		----- 70 -----		----- 45 -----	

Source: Southeast Wisconsin Multiple Listing Service

Again, the higher price position found in the new construction attached sector is putting tremendous pressure on the existing home market as evidenced by duplex/townhome/condominium resale closings averaging just 15 days on market during the January-June 2022 period, down from an already low 17 days in 2020. As highlighted in the following text table, the difference in price between typical resale and new construction attached sector units is roughly \$125,000.

**TOWNHOME/DUPLEX/CONDOMINIUM RESALE CLOSINGS
HOMES CONSTRUCTED BEFORE 2019: WASHINGTON COUNTY, WISCONSIN
2020-JUNE 2022**

Price Range	2020		2021		Jan-June 2022 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$100,000	26	5.6	20	4.3	3	0.8
100,000 - 149,999	141	30.4	90	19.3	52	14.0
150,000 - 199,999	144	31.0	135	28.9	123	33.2
200,000 - 249,999	95	20.5	104	22.3	71	19.1
250,000 - 299,999	39	8.4	63	13.5	61	16.4
300,000 - 349,999	8	1.7	26	5.6	25	6.7
350,000 - 399,999	7	1.5	16	3.4	18	4.9
400,000 - 449,999	2	0.4	9	1.9	12	3.2
450,000 - 499,999	1	0.2	3	0.6	4	1.1
500,000 & Above	1	0.2	1	0.2	2	0.5
Total	464	100.0	467	100.0	371	100.0
Median	----- \$172,580 -----		----- \$195,674 -----		----- \$205,235 -----	
Avg. Days on Market	----- 21 -----		----- 17 -----		----- 15 -----	

Source: Southeast Wisconsin Multiple Listing Service

The limited amount of *new construction* product in the overall market, especially at price points more in-line with typical “new versus resale” differentials, is also having an impact on overall inventory levels. For example, among all residential resales in the county (both detached and attached excluding new construction), inventory levels are low. As outlined in the following text table, with only 261 single family listings reported at the beginning of July 2022, and with closing activity totaling 1,497 units in 2021, single family resale inventory levels in county stand at just 2.09 months, which falls below the typical three- to four-month inventory period that exists in more normal, or balanced, existing home markets. In the attached sector, an even lower level of inventory exists at just 2.00 months (see **Exhibit 4.1**). The most notable areas of imbalance in the detached sector can be found at price points below \$400,000, and in the attached sector, below \$300,000.

FUTURE FOR SALE COMPETITION

According to planning and zoning officials throughout Washington County, just a modicum of for sale housing communities are in the pipeline, which total less than 600 units countywide. These proposed developments, which consist of various single family and duplex/townhome/condominium projects, appear to be very similar to other new construction products that exist today. Overall, future “known” supply further indicates a clear imbalance relative to underlying demand potentials.



4.1

**RESALE INVENTORY ANALYSIS IN MONTH'S SUPPLY
WASHINGTON COUNTY, WISCONSIN**

Price Range	Resale Closings 2021	Current Resale Listings As of 7/1/2022	Months of Inventory
Single Family Detached			
Under \$200,000	126	5	0.48
200,000 - 249,999	172	22	1.53
250,000 - 299,999	267	25	1.12
300,000 - 349,999	258	33	1.53
350,000 - 399,999	200	33	1.98
400,000 - 449,999	142	28	2.37
450,000 - 499,999	87	24	3.31
500,000 - 549,999	70	20	3.43
550,000 - 599,999	50	16	3.84
600,000 - 699,999	52	16	3.69
700,000 & Above	73	39	6.41
Total	1,497	261	2.09
Townhome/Duplex/ Condominium			
Under \$100,000	20	1	0.60
100,000 - 149,999	90	11	1.47
150,000 - 199,999	135	21	1.87
200,000 - 249,999	104	16	1.85
250,000 - 299,999	63	14	2.67
300,000 - 349,999	26	6	2.77
350,000 - 399,999	16	4	3.00
400,000 - 449,999	9	3	4.00
450,000 - 499,999	3	1	4.00
500,000 & Above	1	1	12.00
Total	467	78	2.00

Source: Southeast Wisconsin Multiple Listing Service



5. IMPLICATIONS

Suffice it to say that the state of the new construction home market throughout Washington County represents a significant opportunity for the development of mainstream/workforce housing on the basis of supply-side constraints (both rental and for sale), along with the extreme price disparity that exists in the for sale sector between new construction alternatives and resale units. In other words, given current market conditions in the rental apartment sector (as discussed in Section 3), along with the for sale sector (as outlined in Exhibit 4), the potential (and need) for properly positioned workforce housing is viewed as significant.

Because new/newer apartment developments throughout Washington County are, for the most part, already offering product that targets renter households earning between 50 and 150 percent of the county's median income, the market simply needs more properly positioned rental product given the tightness of this market and how undersupplied it is.

In the for sale sector, however, the large disparity that exists between new construction price points and those incomes represented by ownership "workforce" households, i.e., those earning between 50 and 150 percent of median, reflects the reality that a different approach must be taken for the introduction of new for sale housing in the marketplace. As highlighted below, the qualitative distribution of demand based solely on incomes shows the need for new for sale housing largely concentrated at price points below \$350,000, which corresponds with the mainstream/workforce of the market. Currently, however, the majority of new construction offerings in the market today are concentrated at prices between \$350,000 and \$450,000, thus leaving workforce ownership households disenfranchised by the current alignment of new construction for sale product.

A CURRENT DISCONNECT IN WASHINGTON COUNTY'S FOR SALE SECTOR

Price Range	For Sale Housing Demand (Based Upon Current Incomes)		Qualitative Distribution of New Construction Residential Closings ⁽¹⁾	
	Number	Percent	Number	Percent
Under \$200,000	38	9.0	---	---
200,000 - 249,999	80	19.0	8	3.5
250,000 - 299,999	71	16.9	26	11.5
300,000 - 349,999	46	11.0	31	13.7
350,000 - 399,999	39	9.3	51	22.5
400,000 - 449,999	30	7.1	50	22.0
450,000 - 499,999	25	6.0	29	12.8
500,000 - 549,999	19	4.5	10	4.4
550,000 - 599,999	16	3.8	6	2.6
600,000 & Above	56	13.3	16	7.0
Total	420	100.0	227	100.0
Median	----- \$323,181 -----		----- \$397,332 -----	

⁽¹⁾ Last 18 months of closings among new townhome/duplex/condominium and single family units (annualized).

Source: Tracy Cross & Associates, Inc. and Southeast Wisconsin Multiple Listing Service



GENERAL LIMITING CONDITIONS

Tracy Cross & Associates, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with developers/property managers and their agents, government officials, and other third parties. Although Tracy Cross & Associates, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information provided by third parties.

Conclusions and recommendations established in this analysis represent a professional opinion and are based upon forecasts into the future which could be significantly altered by outside occurrences. These include, among others, the possible interplay of unforeseen social, economic, physical/environmental, and governmental actions. In this regard, Tracy Cross & Associates, Inc., its owners, and its employees shall be held harmless of changes in conditions that may materially result from these occurrences.



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