

2014 Marshfield Housing Study



Prepared for the City of Marshfield
By MSA Professional Services, Inc.
April 18, 2014







TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
CHAPTER 1 - Introduction	1
CHAPTER 2 - Study Process	3
CHAPTER 3 - Findings	5
3.1 Housing Supply	5
3.2 Housing Demand	22
3.3 Demand Versus Supply	29
3.4 Leakage	35
3.5 Gaps	43
3.6 National Trends Affecting Marshfield Housing	47
CHAPTER 4 - Strategic Housing Plan	49
APPENDIX A – Maps	
APPENDIX B – Survey Summary	





EXECUTIVE SUMMARY

About the Study

This study was commissioned by the City of Marshfield in late 2013, through the City's Economic Development Board. The objectives of this study are a better understanding of how the Marshfield area housing market works and recommendations to improve that function. More specifically, the City wants to be sure that the housing market is meeting the needs of current and prospective residents, especially for the benefit of employers as they work to attract and retain talent. The Marshfield housing market has two parts: all housing in the City of Marshfield and all the other places of residence for people who work in the city. The City understands that the housing market is regional and it would like to attract a greater share of that market.

The study uses a variety of methods and data to understand the housing market, including objective, measurable data collected from the City, Wood and Marathon Counties, the Multiple Listing Service (real estate listings and sales), the State of Wisconsin, and the U.S. Census Bureau. The study also features a series of interviews with people familiar with the housing market and a survey of area residents and employees.

Findings

Housing Supply

HOUSING QUANTITY BY TYPE AND TENURE

Own vs rent: About 40% of all units are rental units, comparable to peer communities in the region. A disproportional number of Marshfield units are in buildings with 20 or more units.

Rental units: The City's 3,500 rental units include about 2,100 units in multifamily buildings, 950 units in duplexes, and 400 detached single family homes.

Condos and townhomes: Per City parcel data, there are 152 condos and 18 townhomes in the City, together representing less than 2% of total housing units. Peer communities have more condos and townhomes based on ACS data.

City of Marshfield Housing Tenure by Unit Size

Unit Types	Owner-occupied	Renter-occupied
1, detached	92.10%	11.60%
1, attached	1.9%*	5%*
2 apartments	1.4%*	19.5%*
3 or 4 apartments	0.1%*	5.5%*
5 to 9 apartments	0%*	18%*
10 or more apartments	0.2%*	40.00%
Mobile home or other type of housing	4.3%*	0.4%*

Source: ACS 2008-2012 Avg.

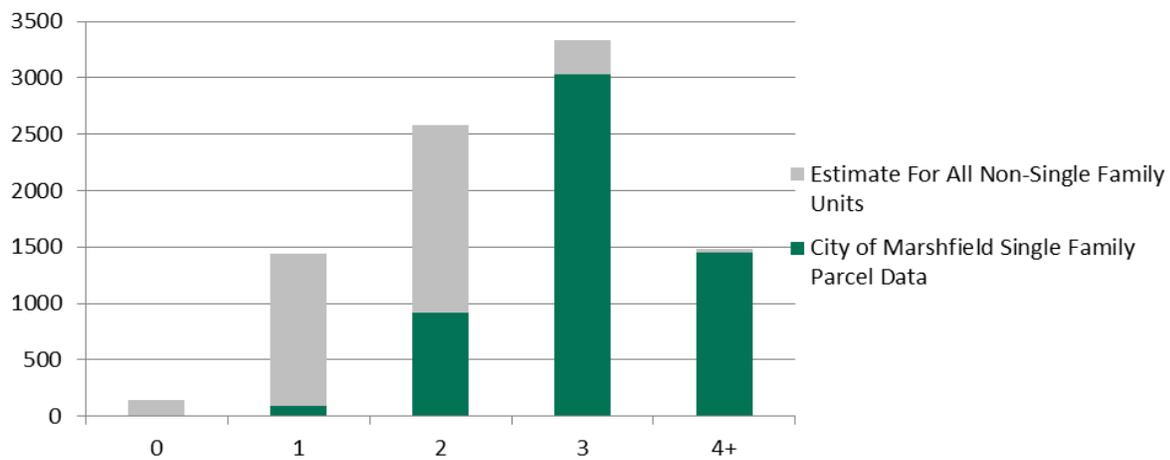




UNIT SIZE

- Based on City parcel data, homes in Marshfield are of modest size – 73% are less than 1,800 SF, and 90% are less than 2,400 SF.
- A plurality of Marshfield homes have three or more bedrooms, but most of these are single family units. Units in multifamily buildings are generally smaller - about 4% of the City’s multifamily units are efficiencies, 39% one-bedroom units, 48% two-bedroom units, 9% three-bedroom units, and just 1% of these units have four or more bedrooms.¹

Number of Bedrooms, Single Family vs Duplex and Multifamily



Sources: City of Marshfield Parcel Data, American Community Survey



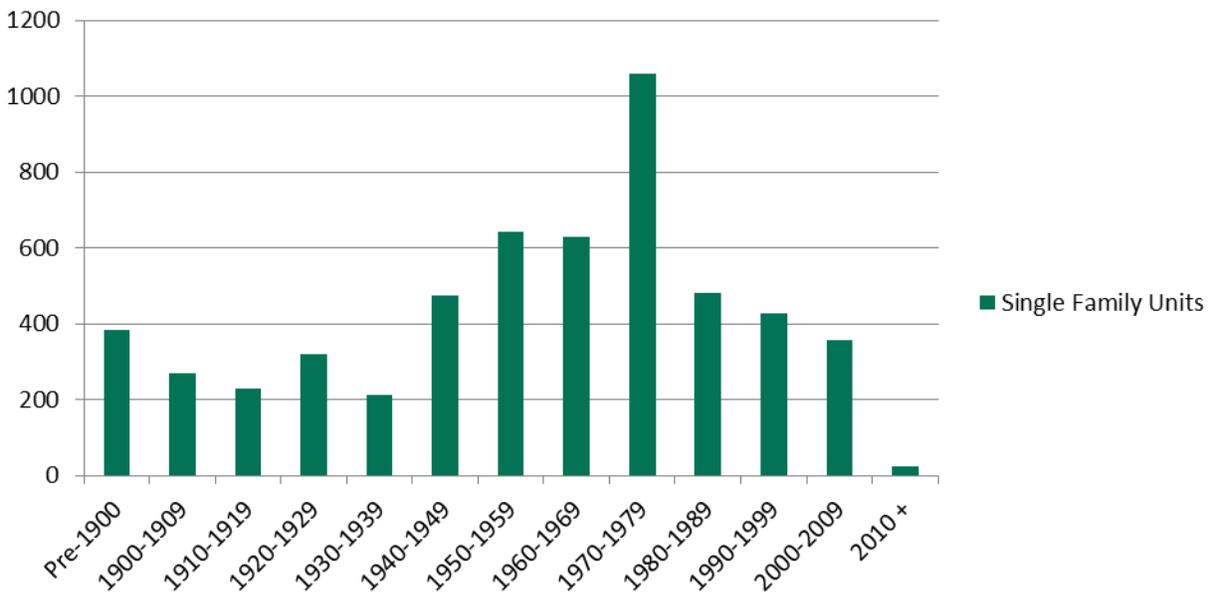
¹ Because these estimates are based on the American Community Survey, they may be off by several percentage points.



HOUSING QUALITY

- Approximately 34% of the 5,515 single-family units were constructed before 1950, indicating a likely need for upgrades and repairs. By comparison, about 27% of single-family homes in the State of Wisconsin were built before 1950.
- More than 1,100 (20%) of today’s homes were constructed in the 1970s, and single family construction has declined each decade since then.

Single Family Units by Date of Construction



Source: City of Marshfield Parcel Data

- Most multifamily buildings in use today were built after 1960, but about 52% of multifamily units are more than 35 years old (built before 1980) and have either already seen substantial updating and renovation or will likely need such work.
- Looking at the value of single family homes on a per square foot basis, there is a strong correlation between age and value – the older the units are, the lower the value, even after accounting for the fact that older units are typically smaller than newer construction. The oldest units, at the center of the City, have the lowest values per square foot. Homes in this area have the greatest need for repair and updating to meet current buyer expectations.
- The housing survey asked residents to rate the quality of their own housing. A majority of respondents had a high opinion about their own housing; however a comparison of owners and renters reveals disparate opinions. Figure 3.15 shows this disparity – the vast majority of people who responded that their housing is in “fair” or “poor” condition were renters.





SUPPLY TRENDS

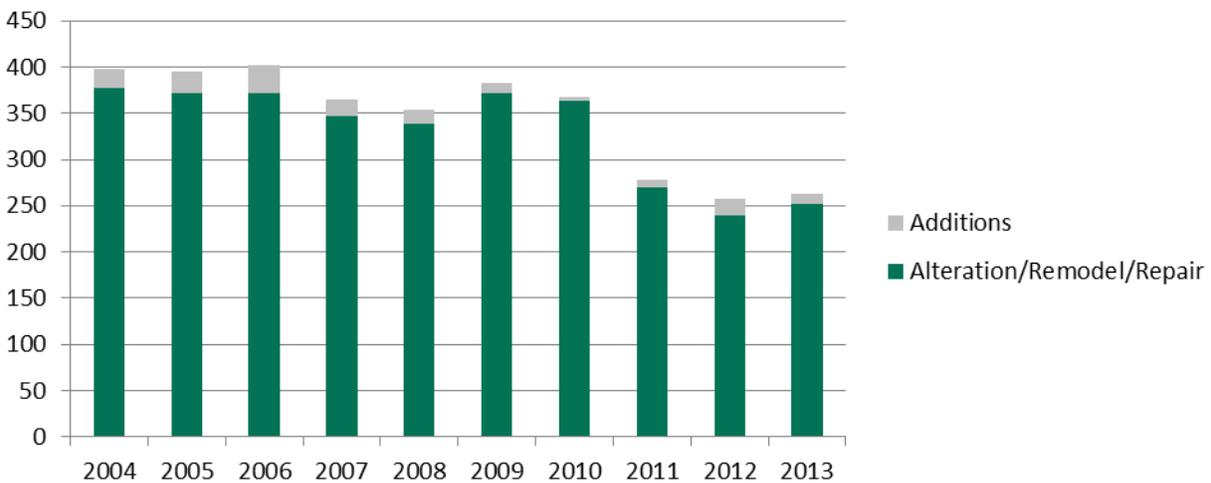
Single Family Home Construction: Based on City permit data for new single family construction, construction was strong until 2003, then dropped off quickly to an average of just 10 units per year over the past 5 years. In the five years since the US economy officially pulled out of recession (2009-2013), the City of Marshfield saw 47 new homes constructed; the lowest amount of any 5-year period since the 1880s.

In contrast, a group of eight surrounding towns saw 154 new homes built in 2009-2013. These communities are obviously attracting the single family home construction market that the City of Marshfield is missing.

Multifamily Home Construction: Multifamily construction has been irregular for decades. There are a significant number of new units – just over 160 – approved for construction in 2014, on par with similar construction rates in 1991 and 2001.

Single Family Home Renovation: Homeowners were improving in some way about 7% of the single family housing stock each year from 2004 to 2010. Then, beginning in 2011, this number dropped to about 5%, where it has since remained.

Single Family and Duplex Renovations, 2004-2013



Source: City of Marshfield Permit Data

Value and Cost: The City’s single family units have an average 2013 assessed value of \$129,033, based on parcel data. 2013 real estate sales data show an average single family home sale price of \$121,868.



Regional Housing Demand

Population: The City of Marshfield population has been essentially steady in recent decades around 19,000 residents. The City is projected to lose population in the next 20 years based on past data, but the region is expected to grow. Based on a partial list of area communities, the market area has a net projected growth of 6.3%, or 2,600 people, over the next 20 years or so.

Households: While population has been stagnant in the City, household size has been declining. Consistent with nationwide trends, Marshfield's average household size for owner-occupied units declined from 2.54 in 2000 to 2.37 in 2010, creating more demand for housing units. The average household size of renter-occupied households in Marshfield, meanwhile, *increased* slightly between 2000 and 2010, from 1.76 to 1.79.

Age: Based on the most recent ACS estimates, the City of Marshfield population is somewhat older than the county and state benchmarks, having fewer residents under 18 and more over 65. It also has more residents age 25-34 than the counties and state.

Income and Affordability: As compared to the state as a whole, Marshfield residents have relatively low incomes, with an estimated median household income of \$42,783. However, Marshfield homeowners, on average, also spend relatively less on housing as compared to their regional peers. Marshfield has the lowest median rent among its peer communities at \$574, compared to a high of \$749 statewide. As compared to other jurisdictions, especially the peer cities, there is a gap in units available between \$1,000 and \$1,499. Marshfield has only about 2% of rental units available in this price range, while Wausau, Wisconsin Rapids and Stevens Point have between 5% and 8% of rental units in this range.

Demand Versus Supply

Vacancy Rates: For owner-occupied housing, a desirable vacancy rate is under 2%. The ACS estimate of 0.6% vacancy in Marshfield indicates no cause for concern in Marshfield.

For rental units, a healthy vacancy rate is 5-6% of total units – this is an appropriate balance between the interests of property owners and the interests of renters. The ACS estimate of 3.9% vacancy is low, but not problematic. It suggests capacity for additional units without putting the market out of balance. Some interviewees reported that there are rental units available in the City, but not the units that people want.

Sales: The housing market within the City of Marshfield was affected by the Great Recession in a manner similar to the county, region and state. Home sales (the number of homes sold) declined to a low of 20% or more below pre-recession levels in 2010 and 2011, at all geographic scales, and then recovered in 2012 and 2013 to exceed pre-recession levels.





Prices: Prices are also recovering from a slump that bottomed out in 2011 and have not yet fully recovered. At the local level, City of Marshfield sale prices peaked in 2007 at \$141,122 and since then hit a low point of \$111,870 in 2012. A January 2014 snapshot of current listings show an average asking price of \$133,883.

Listings: After dropping off less than 10% from pre-recession numbers, listings (homes on the market) were nearly 21% higher in 2013 than they were in 2007, reflecting optimism in the market.

A noteworthy finding is the small number of condominiums on the market in this January 2014 snapshot – just six.

Leakage

Employment Center: Many people who work in Marshfield live elsewhere. Among City residents, there is an active workforce of roughly 9,400 people, yet there may be as many as 20,600 people employed in the city, indicating an influx of about 11,000 people every workday.

WHERE DO THEY LIVE?

Based on survey and ACS data, about half of local employees live outside the City, mostly in the surrounding towns and smaller cities and villages.

WHY DO PEOPLE LIVE OUTSIDE THE CITY?

Interview Feedback: A common response is that Marshfield is perceived to be a higher-cost place to live due to taxes and higher infrastructure requirements. Developers, bankers, and realtors all noted these issues as reasons people are looking outside the City, especially to build new homes. Interviewees also noted that many people who choose to live outside the City simply prefer rural living, for the scenery, larger lot size, etc.

Survey Responses: Survey respondents were asked to prioritize a series of issues or criteria, when selecting housing. The highest-ranked response was “cost/value”, followed by “safety” and “neighborhood”. The lowest-ranked criterion was “proximity to restaurants and shopping”.

The survey also asked people directly, “If you do not live in the City of Marshfield, please indicate why.” Among the people who live outside the City, about one in three responded that taxes in the City are too high. One in five non-residents cited housing choice and one in five cited prices. The most common response, “other”, revealed an answer that should have been included as one of the answer choices: desire to live in the country.

Taxes: Looking at the same group of communities previously compared for population growth, we find a range of tax rates higher and lower than in Marshfield. Not surprisingly, the lowest rates in the



marketplace are all in towns. A \$200,000 home will cost the owner about \$1,000 to \$1,350 less per year in taxes in one of those towns than in Marshfield, based on 2012 rates.

TIF Policy and Practices: The communities of Spencer, Stratford and Pittsville each have TIF districts that include residential subdivisions. By comparison, Marshfield's six active TIF districts are mainly targeted toward developing commercial and industrial businesses.

Supply of Available Lots: There are 233 residential parcels platted and served with utilities but not yet built upon, but only 50 such lots on the market. Of those, 38 are concentrated in four projects.

Commuting: Looking at the area around the City, a 15-minute "drive shed" includes many towns and villages around the City. The cost of commuting is low and not an impediment to living elsewhere.

Gaps

This section identifies and describes the gaps in the regional housing market.

- 1) Inadequate supply of short-term rental housing
- 2) Inadequate supply of pet-friendly rental housing
- 3) Inadequate supply of *desirable* owner-occupied housing in the city under \$200,000
- 4) Inadequate supply of condominiums and townhomes
- 5) Inadequate supply of *acceptable* rental units at the lower end of the market
- 6) Inadequate supply of units at the high end of the rental market

National Trends Affecting Marshfield Housing

Marshfield remains connected to and affected by trends affecting housing across the country, including changes in financial regulation, demographics, development practices and cultural norms. This section describes some of the most relevant changes affecting housing demand in the Marshfield area.

- 1) Household size is dropping and house size expanding
- 2) Home ownership preferences have shifted – people still aspire to home ownership but see less benefit in ownership
- 3) Stricter lending regulation is reducing home ownership
- 4) Planning and development practices are mixing uses and residential types in walkable neighborhoods



Strategic Housing Plan

This chapter offers goals, objectives and strategies for the City of Marshfield and its community partners to encourage and guide housing investments in the City. It is important to reiterate the underlying economic goals of this plan:

- 1) Fiscal health for the City through protection and growth of the real estate tax base
- 2) Business and employment growth through the elimination of housing choice impediments

Goal 1 – Expand options for those who wish to rent housing in Marshfield



Objective 1.1 - Increase the availability and awareness of month-to-month and 90-day leases

Objective 1.2 - Increase the availability of pet-friendly units

Objective 1.3 - Increase the quality of the city’s lower-priced rental units

Objective 1.4 - Increase the supply of rental units at the high end of the market

- Strategy 1.1 Permit the construction of more mid-range and high-end rental units
- Strategy 1.2 Ask rental property owners to help expand renter choice
- Strategy 1.3 Create a rental registry or occupancy permit program
- Strategy 1.4 Create a rental housing rehab revolving loan fund

Goal 2 – Expand options in Marshfield for those who wish to own their home



Objective 2.1 – Increase the supply of quality homes available below \$200,000

Objective 2.2 – Increase the supply of condominiums

- Strategy 2.1 Create a housing investment grant program
- Strategy 2.2 Prepare and promote remodeling “Pattern Books”
- Strategy 2.3 Consider subsidizing new owner-occupied housing development
- Strategy 2.4 Encourage the development of condominiums in a variety of formats and locations



Goal 3 – Leverage housing investments to enhance neighborhood health



- Strategy 3.1 Encourage multiple unit types and sizes in all housing projects and throughout the City
- Strategy 3.2 Encourage new housing development downtown
- Strategy 3.3 Avoid development patterns that leave apartments physically isolated from other uses

Unintended Consequences

Housing markets are complex and fluid ecosystems. The City should be alert to and prepared for other challenges that may arise as a result of the strategies recommended in this plan, including these:

- Rental inspections and increased competition could lead to foreclosures on the poorest-quality properties.
- Improving housing quality could increase demand for public housing assistance





CHAPTER 1 - Introduction

This study was commissioned by the City of Marshfield in late 2013, through the City's Economic Development Board. Earlier that year, the City completed an Economic Development Strategic Plan, prepared by Redevelopment Resources. That strategic plan evaluated the structure and function of the Marshfield economy, and offered a series of recommendations to enhance economic success. Among the highest-priority recommendations to be completed "immediately" – was a comprehensive Housing Needs Assessment and Market Study. The strategic plan notes that housing is central to our lives, socially and economically. At the individual level it is typically our largest single investment. At the community level it makes up the majority of community value and tax revenue – 56% in Marshfield.

Defining the Marshfield Housing Market

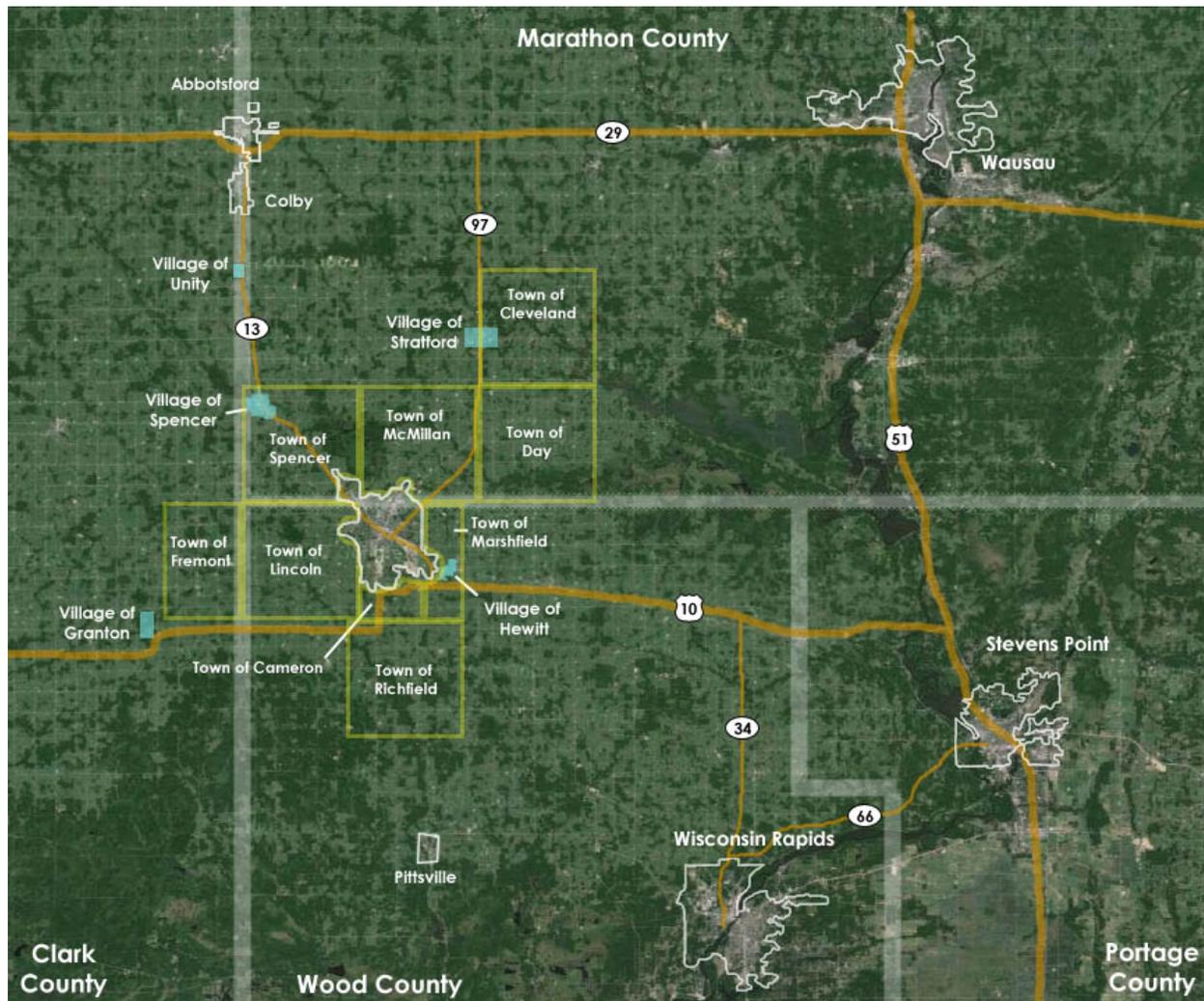
The Marshfield housing market has two parts. The first part is all housing in the City of Marshfield. Many of the analyses in this study focus on that part because it is most easily defined and measured, and the City has greater opportunity to influence this part of the market through regulation and incentives.

The second part of the Marshfield housing market is all the other places of residence for people who work in the City. Marshfield has a high concentration of jobs, but many of its workers commute in from other places. In approximate terms, as noted in the Economic Development Strategic Plan, the City has a population of 20,000 at night, and 30,000 during the workday. Many employees are choosing to live elsewhere. The geography of this part of the market is harder to define, but it generally includes an area extending roughly 20 miles from downtown Marshfield. This part of the market is harder for the City of Marshfield to influence.

To provide context to discussions about the other communities frequently referenced in this study we have created Figure 1.1.



Figure 1.1 – Regional Reference Map



The Study

The objectives of this study are a better understanding of how the Marshfield area housing market works, and recommendations to improve that function. More specifically, the City wants to be sure that the housing market is meeting the needs of current and prospective residents, especially for the benefit of employers as they work to attract and retain talent. The City understands that the housing market is regional, and it would like to attract a greater share of that market. As more people choose to live in Marshfield, the City will see more property tax revenue, greater resource efficiency (due to less commuting), enhanced social vibrancy, and more support for retail and service businesses.

This study evaluates the supply of housing in and around the City, demand for housing in the same area and gaps between supply and demand. For those gaps identified, strategies are offered to enable the City to help close those gaps.



CHAPTER 2 - Study Process

This study uses a variety of methods and data to understand the housing market. Objective, measurable data were collected from the City, Wood and Marathon Counties, the Multiple Listing Service (real estate listings and sales), the State of Wisconsin, and the U.S. Census Bureau. The City is compared to its neighbors, peer communities, and wider context (county, state, nation) in a variety of ways, and also compared to itself in the form of time-series data that reveal trends. But such “hard data” are inadequate to understand the local market. This study also featured a series of interviews with people familiar with the housing market, and a survey of area residents and employees.

Project Oversight

The study was led and refined by the City’s Economic Development Board (EDB), with support from the City’s Department of Planning and Development. Project consultant MSA Professional Services interviewed the EDB in January 2014 about their knowledge of the market and aspirations for the study. In three subsequent meetings in February and March the EDB served as a sounding board for data findings and proposed improvement strategies.

Interviews

We met and interviewed a variety of people with knowledge and insight about the local housing market, including realtors, lenders, builders, architects, landlords and employers. These interviews, conducted in January and February 2014, included the following people:

- Marshfield Area Chamber of Commerce Human Resources Committee (~ 8 participants)
- City of Marshfield Economic Development Board (~12 participants)
- Marshfield Area Apartment Association (3 participants)
- Heritage Bank
- First Weber Realtors
- Legacy Homes
- Forward Financial Bank
- RE/MAX Realty
- Design Unlimited
- BMO Harris Bank
- Century 21 Realtors
- Nikolai Construction
- Associated Bank
- Marshfield Community Development Authority

The feedback collected in these interviews often gravitated to similar topics and viewpoints, reflecting a strong shared understanding of how the local housing market functions. This feedback is described in Chapter 3, under each topic (Supply, Demand, Leakage, Gaps). In a few cases the interviewees were not in agreement on a topic – these differing viewpoints are noted.



Community Survey

A community survey was conducted in January 2014. Offered as an online survey, with paper copies available at the public library, the survey collected about 950 complete responses. The survey was promoted via published notices in the paper, an article in the paper and email invitations. The full responses are provided as an appendix to this study. Relevant findings are featured in Chapter 3.

When considering the opinions and experiences indicated in the survey, it is important to understand the bias of the survey sample. Respondents were older, wealthier, and more often homeowners than the overall population of the City of Marshfield or the wider housing market region. When appropriate, the responses of renters are reported separate from and compared to the responses of homeowners.

A Note About US Census and American Community Survey Data

Some of the data used in this study comes directly from the City or the surrounding counties and its reliability and accuracy are considered strong. Other data was obtained from the U.S. Census Bureau, which collects its data in two ways – through the decennial census and through the American Community Survey (ACS). Whereas the decennial census attempts to ask a few questions of every US resident once every 10 years, the ACS is an ongoing survey that collects sample data every year and reports estimates of population and housing characteristics. For communities smaller than 20,000 (including Marshfield), estimates are reported as rolling averages over 5-year periods – they indicate average conditions over the reporting period rather than a snapshot of a single point of time. Because the ACS estimates are based on a sample of the population, they include some error. The margin of error is reported for each estimate, and is an indication of how reliable the estimate is. As a general rule, the ACS data is quite reliable at the State level, generally reliable at the County level, and less reliable at the municipal level. The margin of error makes the data much more difficult to interpret. To convey such error in this document, any ACS numbers that have more than 20% error (meaning the actual value could be more than 20% different than the stated amount) are marked with an asterisk.



CHAPTER 3 - Findings

This chapter presents the results of our various inquiries. Data from different sources and methods are compared and contrasted. The findings are organized by topic – supply, demand, leakage and gaps. Interview feedback and survey findings are reported with the relevant topic. While no single data point or opinion offers much insight, when combined these data create a useful portrait of the market.

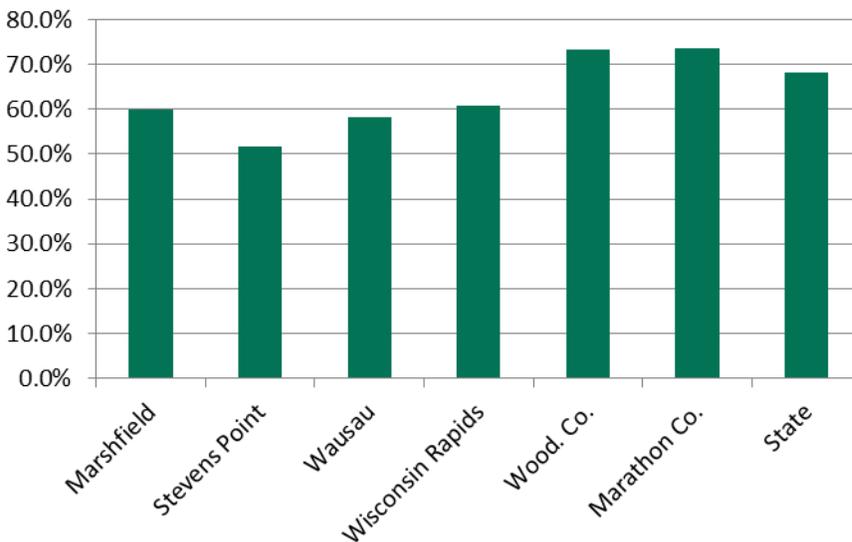
3.1 City of Marshfield Housing Supply

This section describes current housing stock in the City of Marshfield – quantity, type, size, age, condition, location, and cost/value.

HOUSING QUANTITY BY TYPE AND TENURE²

Figure 3.1 shows the percentage of owner-occupancy in the City, as compared to peer communities (Stevens Point, Wausau, Wisconsin Rapids), the surrounding counties, and the state. The City compares similarly to its regional peers on this metric.

Figure 3.1 – Percent of Total Housing Units Owner Occupied



Source: 2010 US Census

Figure 3.2 indicates the distribution of housing units in the City, by type and compares that distribution to three peer communities, the two counties, and the State. The important finding from this American Community Survey (ACS) data is that the City of Marshfield has a relatively higher proportion of its

² “Tenure” refers to the financial arrangement for home occupancy – renting or owning



housing stock in multi-unit buildings – close to 40% of all units. The only comparative jurisdiction with a lower percentage of single-family units is Stevens Point, a college town. Also noteworthy is the disproportional number of Marshfield units in buildings with 20 or more units.

Figure 3.2 - Number of Housing Units, by Type

	City of Marshfield		Stevens Point	Wausau	Wisconsin Rapids	Wood Co.	Marathon Co.	State of WI
	Number	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1-unit, detached	5,142	57.30%	51.90%	61.10%	69.80%	76.30%	73.90%	66.50%
1-unit, attached	268	3.00%	4.40%*	3.20%*	2.60%*	1.70%	2.90%	4.40%
2 units	827	9.20%	11.50%*	12.10%	5.10%*	4.50%	6.10%	6.80%
3 or 4 units	218*	2.40%*	6.70%	4.40%*	3.20%*	1.70%	2.40%	3.80%
5 to 9 units	676*	7.50%*	9.10%	5.30%	7.70%	4.10%	4.60%	4.80%
10 to 19 units	452*	5.00%*	6.70%*	5.90%	2.10%*	1.90%	3.50%	3.30%
20 or more units	1,119	12.50%	6.60%	7.10%	7.30%	5.40%	3.00%	6.60%
Mobile home	269*	3.00%*	3.00%*	1.00%*	2.20%*	4.40%	3.60%	3.70%
Boat, RV, van, etc.	0*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%	0.00%	0.00%
TOTALS	8,971	99.90%	99.90%	100.10%	100.00%	100.00%	100.00%	99.90%

Source: ACS 2008-2012 Avg.

Condominiums and Townhomes

It is difficult to track condominiums using the ACS because they are an ownership structure, not a building form, and are not tracked by the ACS. However, they tend to be designed in a “1-unit attached” townhome-style format, such that the walls separating units extend from ground to roof. Figure 3.4 indicates that about 1.9% of owner-occupied units are 1-family attached. This equates to about 100 units, give or take some due to error in the ACS data. Per City parcel data; there are 152 condos and 18 townhomes in the City, together representing less than 2% of total housing units.

Rental Units

According to the 2010 US Census, there were 3,517 rental units that year, comprising just over 40% of the City’s occupied housing units (see Figure 3.3). This includes all multifamily units, most duplex units,



and some single family units. City parcel data indicates, based on owner address, that only 113 of the 529 duplex properties in the City are owner-occupied. This suggests that 945 of the City’s 1,058 duplex units (89%) are rental units. City parcel data also indicates that there are 2,069 multifamily units.

ACS data in Figure 3.4 indicates that about 11.6% of the City’s renter-occupied units are single family detached units, which translates to about 400 detached single family homes on the rental market. These 400 units represent about 7.8% of all single family detached units in the City. An interviewee for this study noted that single family homes at the low end of the market - \$35,000 to \$50,000 – tend to be turned into rentals because interested buyers typically lack the 20% downpayment now required by stronger lending rules.

Though some may be surprised by the number of single family units in the Marshfield rental market, this is not an unusual situation, especially as a result of housing turmoil during and after the Great Recession of 2007-2009. For comparison purposes consider that Marshfield’s peer cities – Wausau, Wisconsin Rapids and Stevens Point – have 12.0%, 12.6% and 16.3% of single family units in the rental market based on the same 2008-2012 ACS estimates. Marshfield’s home rental rate is very similar to the rates for Wood County (8.6%), Marathon County (7.8%) and the State of Wisconsin (8.4%) during that period.

Figure 3.3 – City of Marshfield Housing Units by Tenure – 2000 and 2010

Housing Units by Tenure				
	2000		2010	
Total Units:	8,617		9,516	
Total Occupied:	8,245		8,777	
Owner occupied:	5,076	62%	5,260	60%
Renter occupied:	3,169	38%	3,517	40%

Figure 3.4 – City of Marshfield Housing Tenure by Unit Size

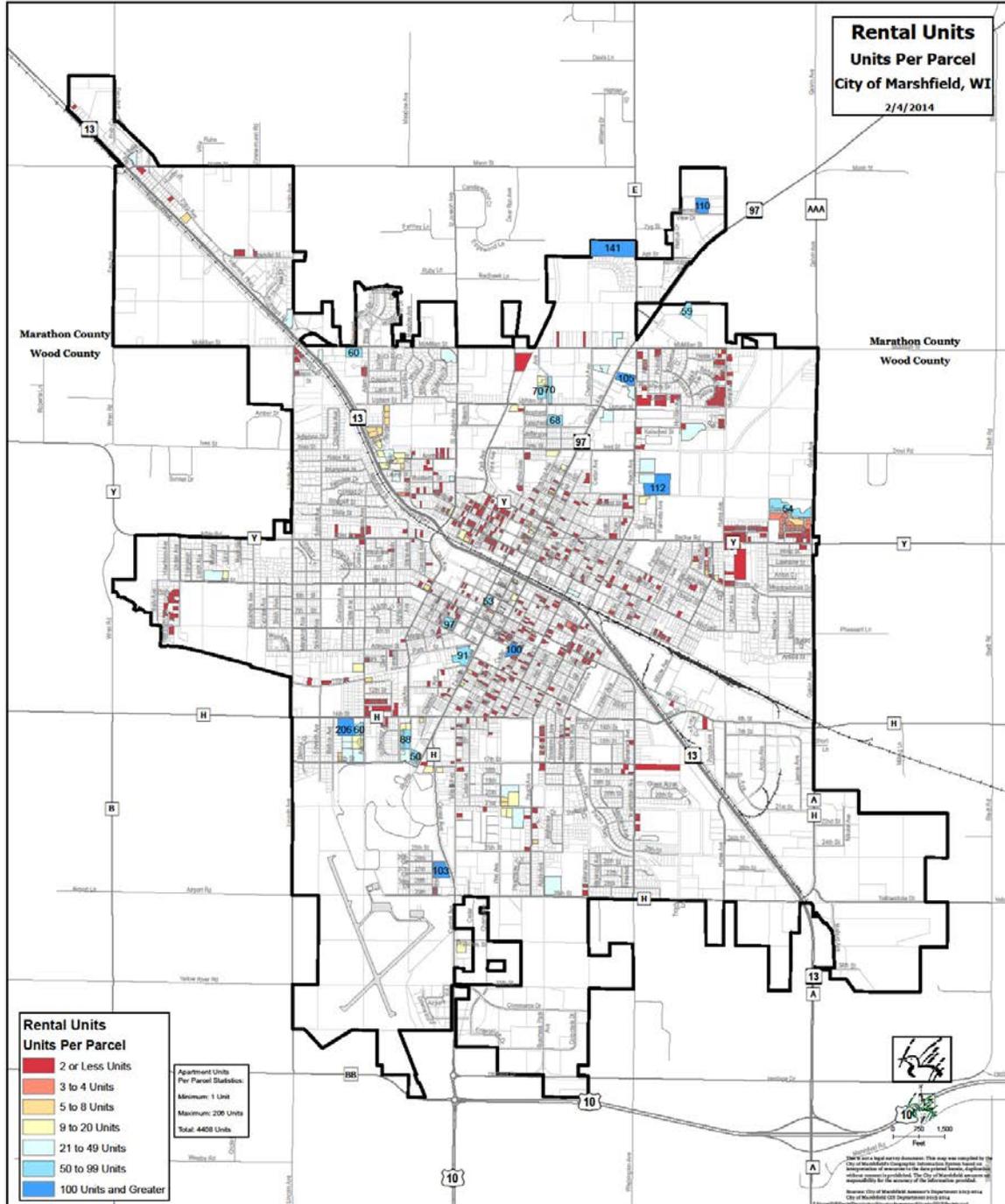
	Owner-occupied	Renter-occupied
1, detached	92.10%	11.60%
1, attached	1.9%*	5%*
2 apartments	1.4%*	19.5%*
3 or 4 apartments	0.1%*	5.5%*
5 to 9 apartments	0%*	18%*
10 or more apartments	0.2%*	40.00%
Mobile home or other type of housing	4.3%*	0.4%*

Source: ACS 2008-2012 Avg.



Figure 3.5 illustrates the location of likely rental units in the City, including multifamily and duplex units. The location of renter-occupied single family units is not known.

Figure 3.5 – Location of Rental Units³



³ “Rental Units” as depicted in this map includes all duplex units, of which 89% are renter-occupied, and multifamily units. It does not include rented single family units, of which there are about 400.

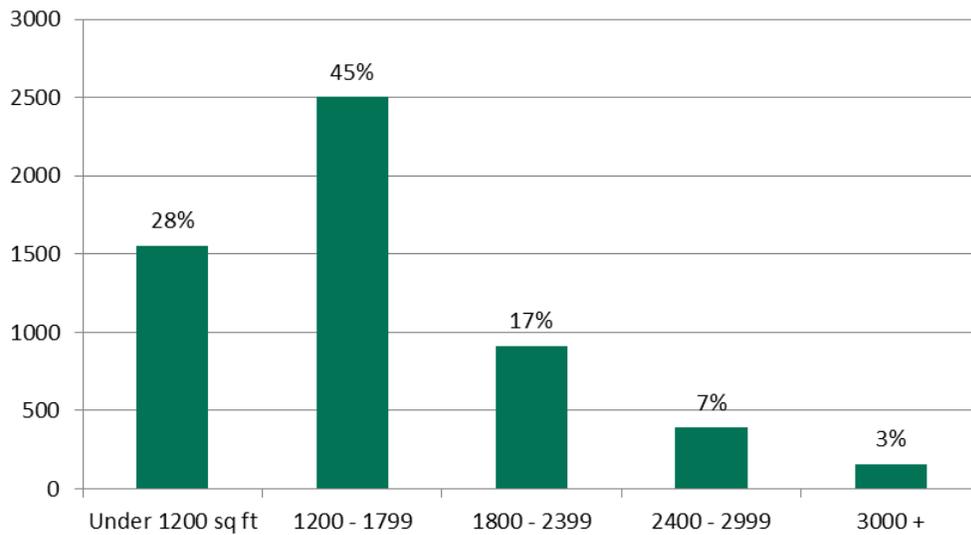


UNIT SIZE

When looking for housing, a basic criterion is size, especially the number of bedrooms. We have several sources of data to indicate the size of units in Marshfield’s housing stock, including City parcel data, US Census data, and the community survey.

Figure 3.6 indicates the distribution of single family units by square footage. Based on City parcel data, homes in Marshfield are of modest size – 73% are less than 1,800 SF, and 90% are less than 2,400 SF.

Figure 3.6 – Housing Units by Floor Area

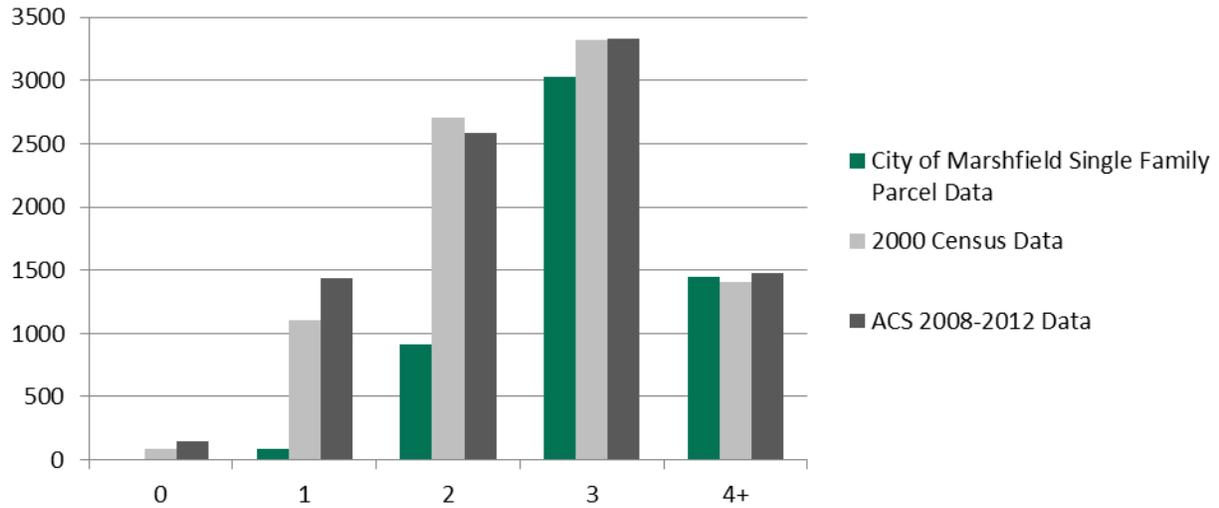


Source: City of Marshfield Parcel Data



Figure 3.7 indicates the number of bedrooms available in City of Marshfield housing units. This graph compares different measurements of the same information; it includes City data for single family units only, and US Census and ACS data for all housing units.

Figure 3.7 – Housing Units by Number of Bedrooms

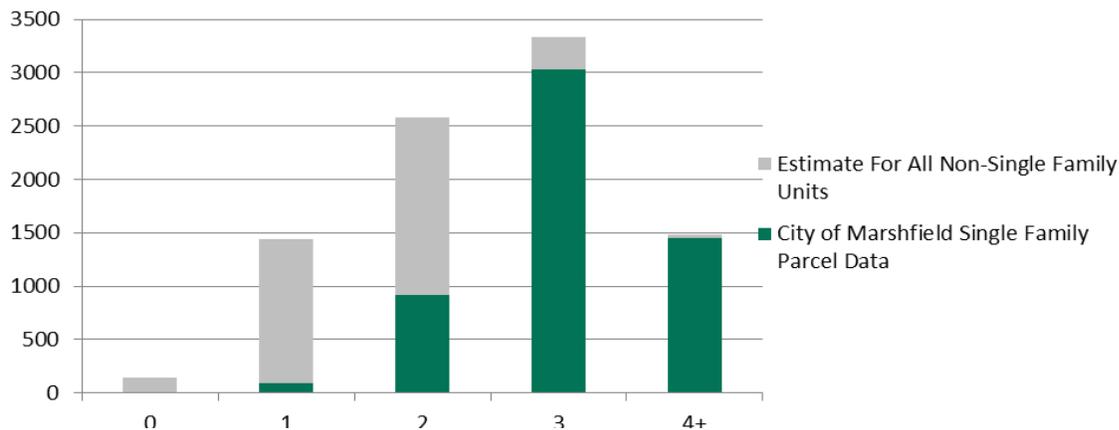


Sources: City of Marshfield Parcel Data, U.S. Census Bureau



While the City does not maintain records on the number of bedrooms in *apartment units*, Figure 3.8 illustrates a method of estimating the number of bedrooms in Marshfield’s apartment market. By starting with the ACS estimates for number of bedrooms, and subtracting from each category the City’s single family unit count, we can approximate the number of bedrooms in the City’s duplex and multifamily units. By this method, we conclude that about 4% of the City’s multifamily units are efficiencies, 39% one-bedroom units, 48% two-bedroom units, 9% three-bedroom units, and just 1% of these units have 4 or more bedrooms.⁴

Figure 3.8 – Number of Bedrooms, Single Family vs Duplex and Multifamily



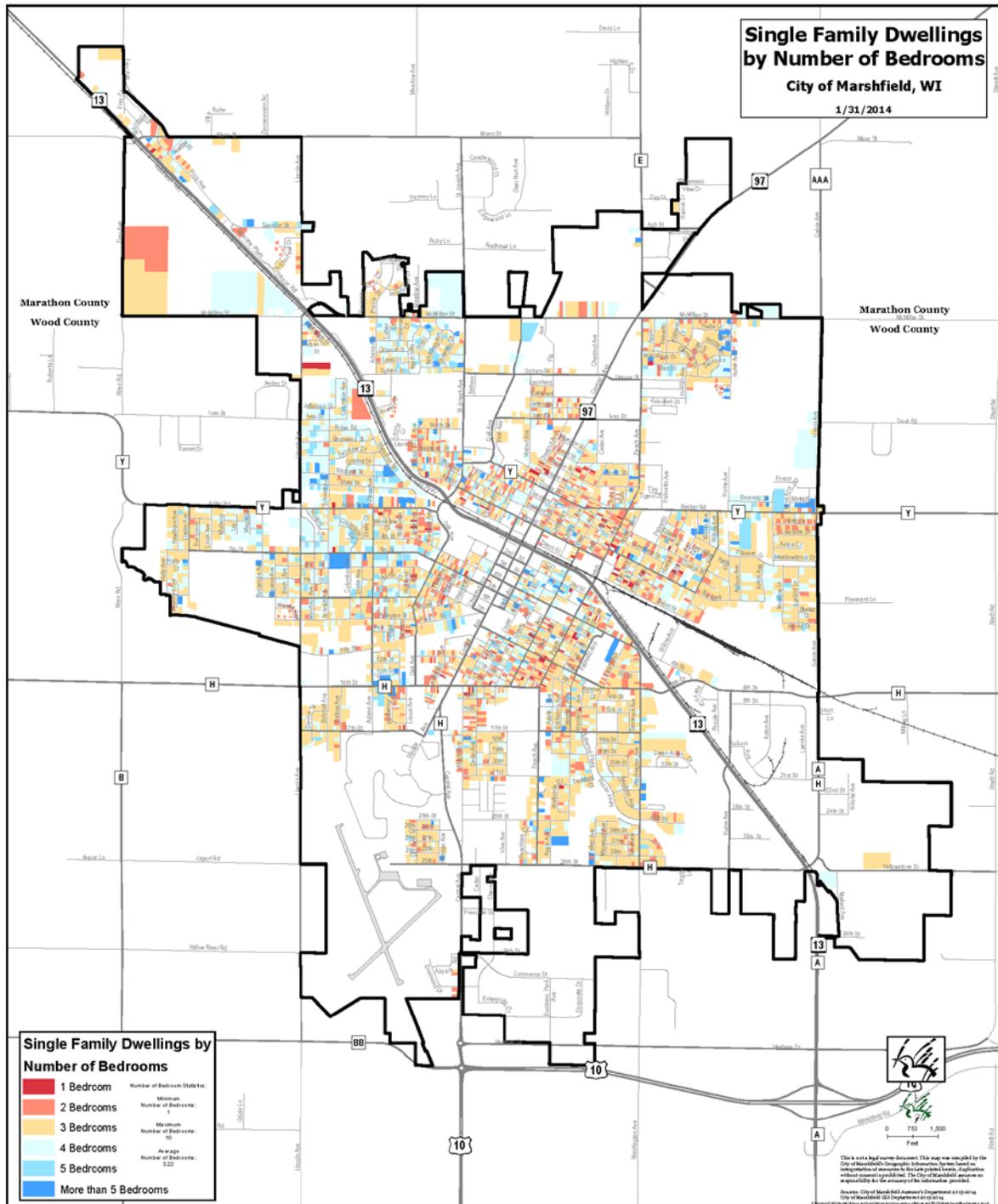
Sources: *City of Marshfield Parcel Data, American Community Survey*

⁴ Because these estimates are based on the American Community Survey, they may be off by several percentage points.



Figure 3.9 illustrates the spatial distribution of the City’s single family units by number of bedrooms. There are no noteworthy spatial trends in this data. A slight concentration of one- and two-bedroom homes in a ring around the downtown is evident, consistent with the age of homes in that part of the City.

Figure 3.9 – Single Family Units by Number of Bedrooms





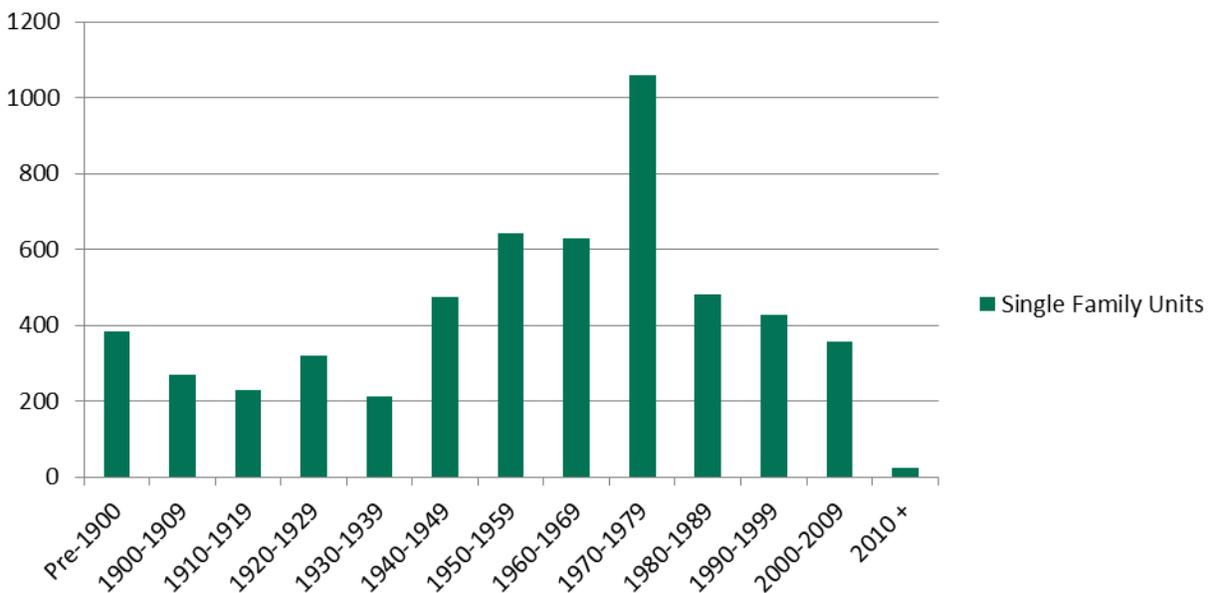
HOUSING QUALITY

The quality of housing in a community is difficult to measure objectively. This section considers several data sources to understand the quality and condition of Marshfield’s housing stock.

Unit Age

The age of a home or apartment building is not, by itself, an adequate measure of quality or condition, but it is one useful indicator. Older homes, especially those built before 1950, tend to have worse energy performance, higher maintenance costs, and they sometimes lack things that homebuyers desire such as attached garages. Figure 3.10 indicates the decade of construction for all current single family housing units. Approximately 34% of the 5,515 single-family units were constructed before 1950. By comparison, about 27% of single-family homes in the State of Wisconsin were built before 1950. More noteworthy is the apparent building boom of the 1970’s, when more than 1,100 (20%) of today’s homes were constructed. Single family construction has declined each decade since then.

Figure 3.10 Single Family Units by Date of Construction

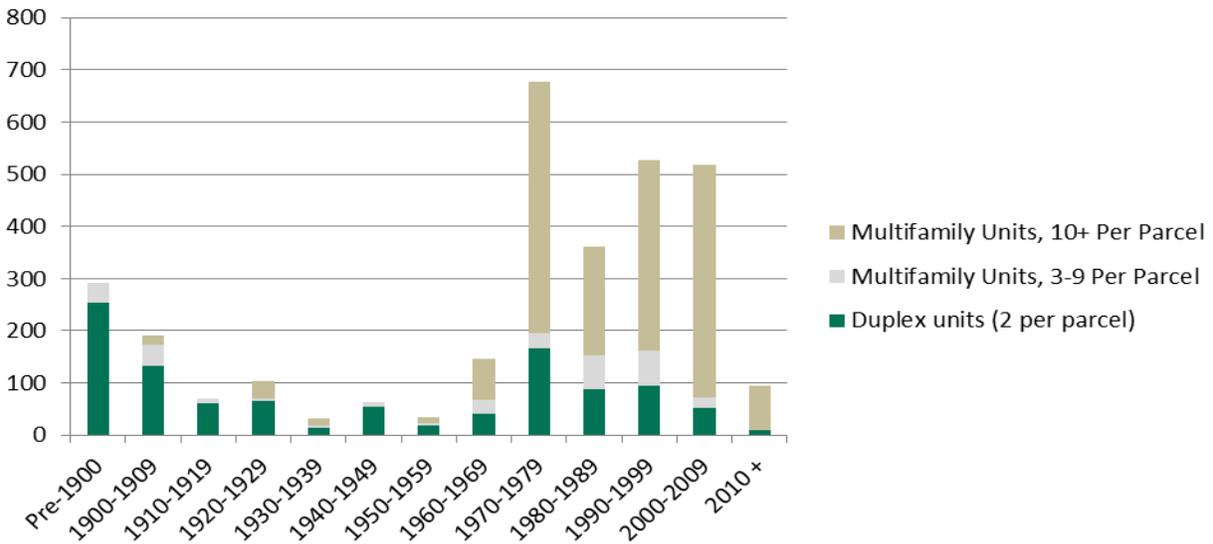


Source: City of Marshfield Parcel Data

The decade of construction for duplex and multifamily buildings is illustrated in Figure 3.11. Only 24% of these units were built before 1950, and most from that era are duplexes. The lack of apartment buildings constructed prior to 1960 is not surprising – these are commercial properties, operated for profit, and they are much more likely than single family homes to be torn down and replaced when deemed obsolete. Having stated that, it should also be noted that about 52% of multifamily units are more than 35 years old (built before 1980) and they either have already seen substantial updating and renovation or such work is most likely needed.



Figure 3.11 Duplex and Multifamily Housing Units by Date of Construction

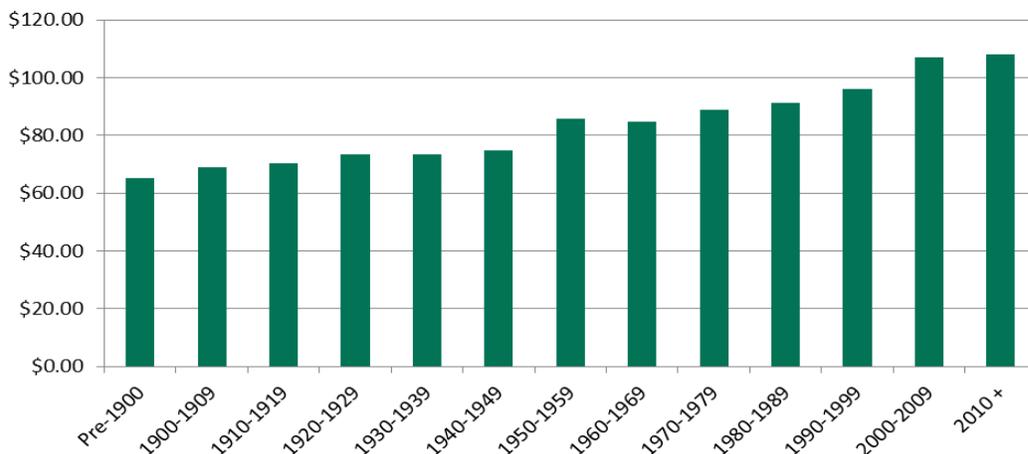


Source: City of Marshfield Parcel Data

Unit Value

Another method of evaluating housing conditions is to consider the value per square foot of homes. Figure 3.12 illustrates the relationship between the age of the home and its value per square foot. Not surprisingly, there appears to be a strong correlation between age and value – the older the units are, the lower the value, even after accounting for the fact that older units are typically smaller than newer construction. This finding may be in part an artifact of assessor assumptions based on age, but it is also likely a valid indication of housing quality. Those older homes are actually worth less because their design and conditions are less desirable to buyers than more recent construction. Note the drop in value for units built prior to 1950.

Figure 3.12 – Single Family Home Value per Square Foot, by Age of Home

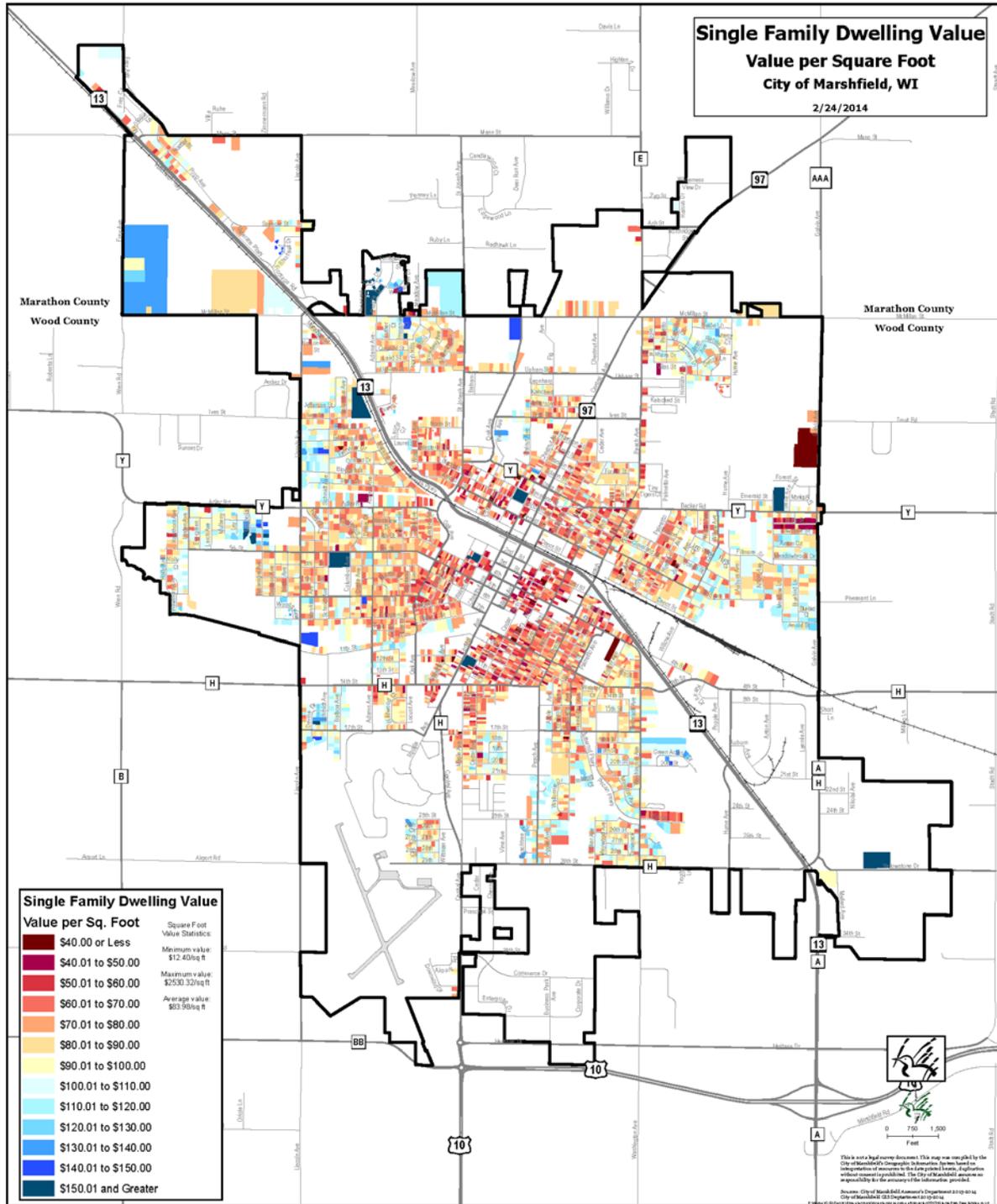


Source: City of Marshfield Parcel Data



Figure 3.13 shows how this relationship between age and value appears when mapped. The oldest units, at the center of the City, have the lowest values per square foot. Homes in this area have the greatest need in the City for repair and updating to meet current expectations.

Figure 3.13 – Single Family Home Value per Square Foot





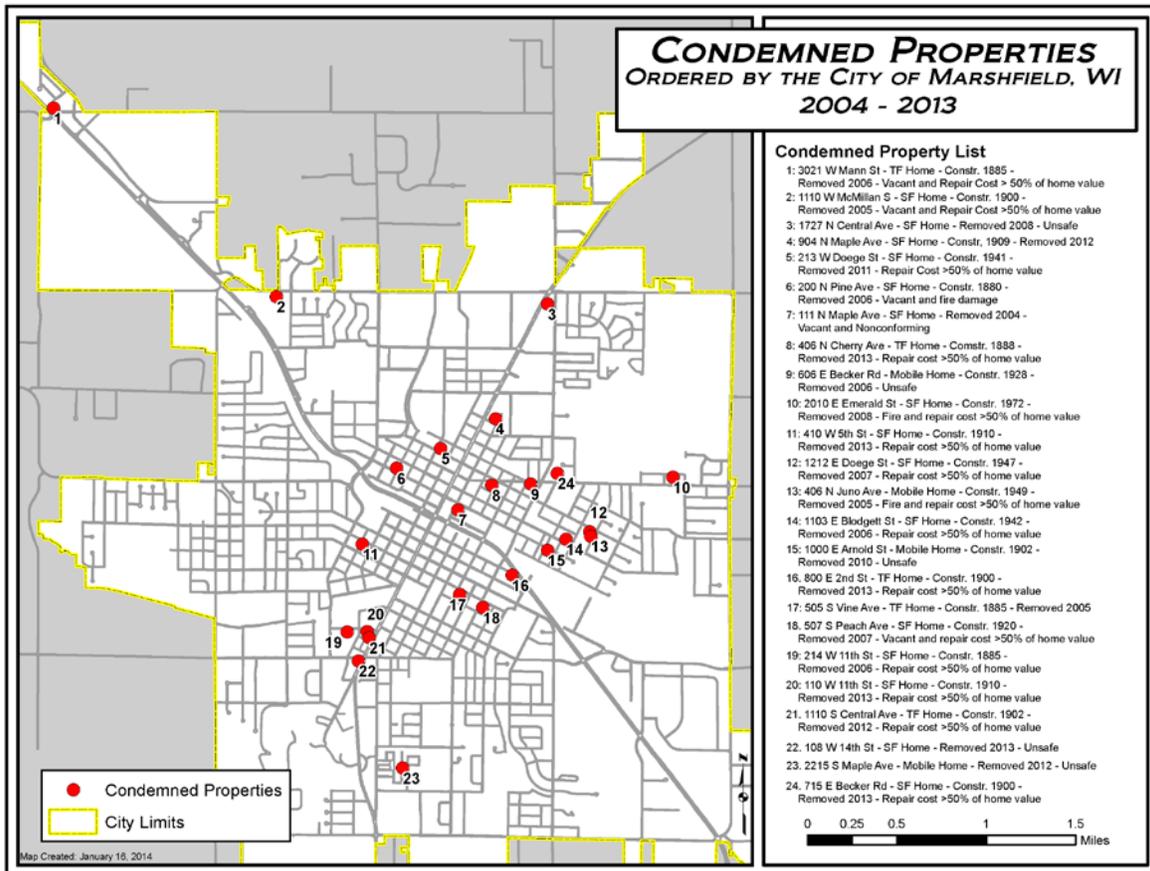
Code Violations

The City currently identifies code violations on a complaint basis, and issues orders to correct confirmed violations as appropriate. There have been about 420 violations recorded over the past 10 years. Maps of these violations for both single family and rental properties (see appendix A) reveal a concentration of violations in the downtown area.

Demolitions

The City of Marshfield occasionally pursues condemnation and removal of homes deemed unsafe and beyond repair. There have been 24 such condemnations in the past 10 years, as illustrated in Figure 3.14. While the locations of these teardowns generally correlate with the location of older and lower-value units, there is no other noteworthy trend. These efforts by the City are an important public function to protect resident safety and the overall quality of the City's housing stock.

Figure 3.14 – Housing Demolitions Ordered by the City of Marshfield, 2001-2013

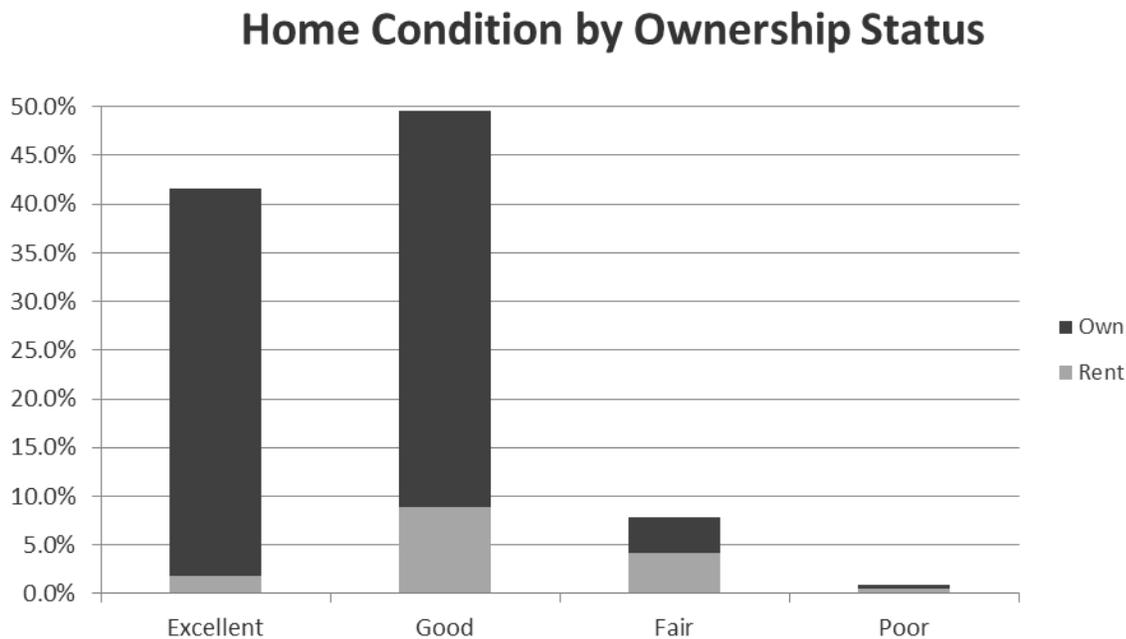




Public Opinion about Housing Quality

The housing survey asked residents to rate the quality of their own housing. A majority of respondents had a high opinion of their own housing; however a comparison of owners and renters reveals disparate opinions. Figure 3.15 shows this disparity – the vast majority of people who responded that their housing is in “fair” or “poor” condition were renters.

Figure 3.15 – Self-Reported Housing Condition, Owners vs Renters



In a related question, respondents were asked to rate their satisfaction with various aspects of their current housing including location, size, quality and amenities (e.g. parking). The rent vs. own comparison reveals similar results – renters are less satisfied with their housing. This finding is supported and explained by various comments in the survey responses, such as these:

The apartment is an older building and definitely showing its age. Better pest control. In apartment washer/dryer connections, better climate control, and parking needs to be better plowed.

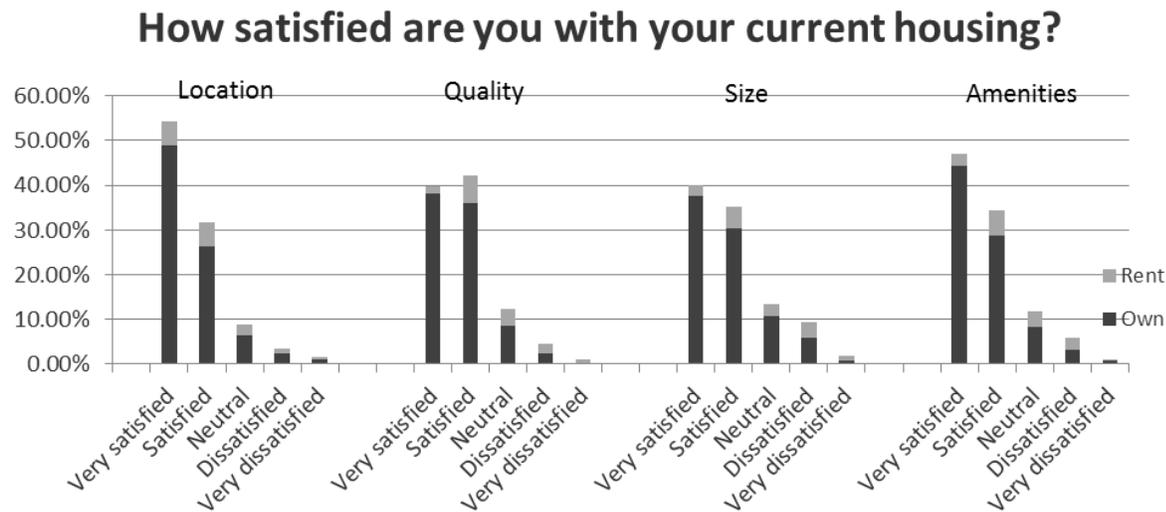
Poor condition. Landlord doesn't maintain or repair things that are in poor condition or broken.

Poorly insulation, lots of heat loss, and very hot in the summer.

For the price I'm paying a month, I wish the duplex was maintained a little more by the landlords.



Figure 3.16 – Self-Reported Housing Satisfaction, Owners vs Renters



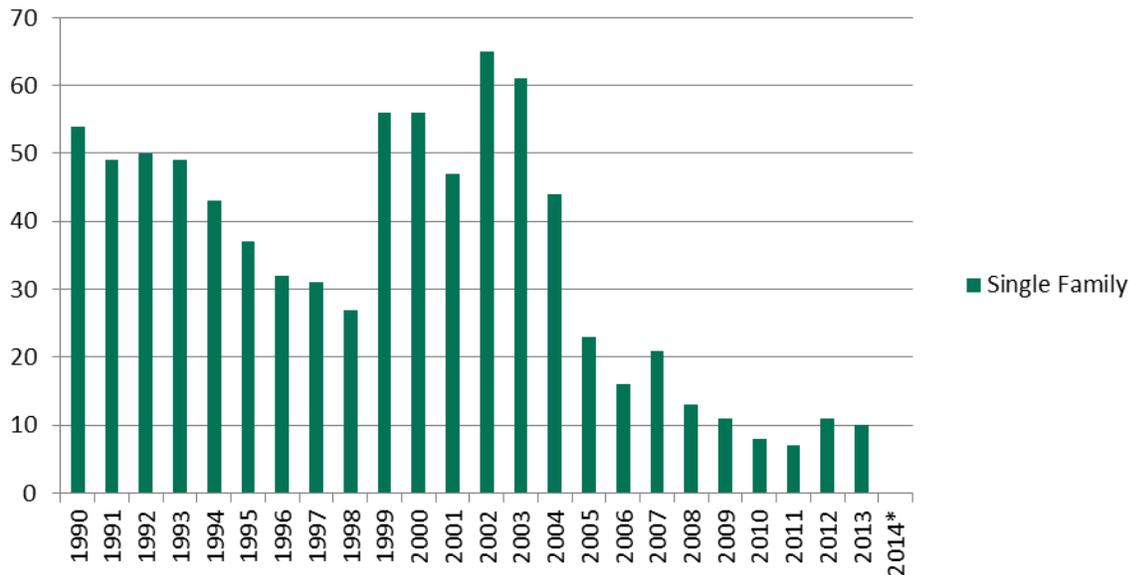
SUPPLY TRENDS

Single Family Home Construction

Based on 20+ years of City permit data for new single family construction illustrated in Figure 3.17, construction was strong until 2003, and then dropped off quickly to an average of just 10 units per year over the past 5 years. In the five years since the US economy officially pulled out of recession (2009-2013), the City of Marshfield saw 47 new homes constructed. To put this number in perspective, in the five years following the start of the Great Depression, 1930-1934, the City saw more than 65 new homes constructed. That’s based on the database of homes that exist today, meaning there were more than that built, and some have since been torn down. Based on this database of current homes, the last five-year period that resulted in fewer than 47 homes was 1880-1884. This bears repeating – there are more homes *in use today* in Marshfield built between 1881 and 1885, and in any other 5-year period since then, than were built in the last five years.



Figure 3.17 – Single Family New Unit Construction by Year, 1990-2014



Source: City of Marshfield

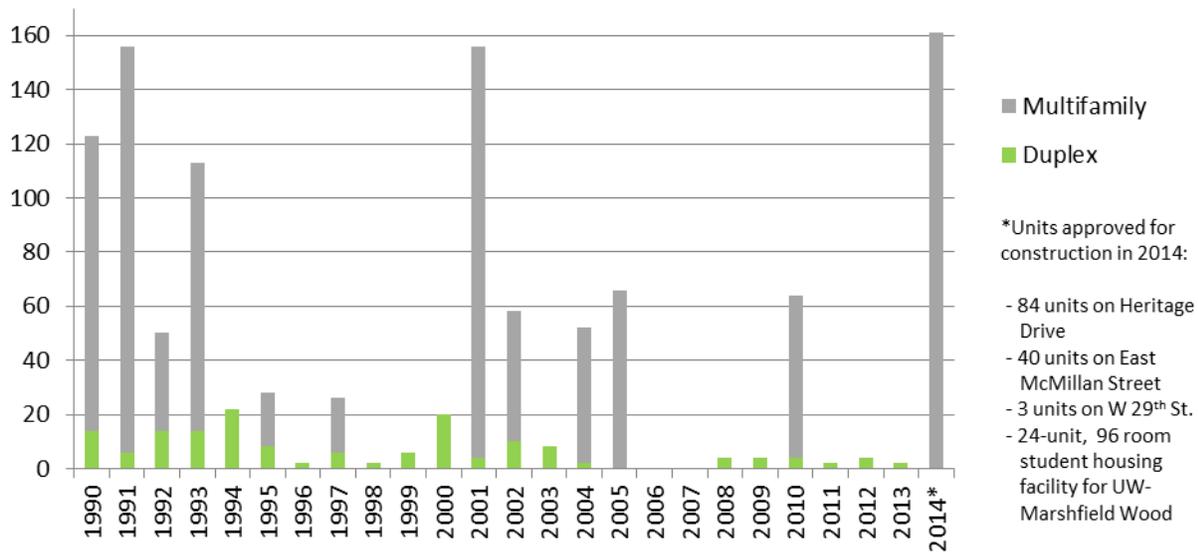
To further put the low levels of new single family construction in the City in perspective, and to help explain it, we can look at trends for the surrounding towns. A group of eight surrounding towns (Cameron, Lincoln, Marshfield, Richfield in Wood County and Cleveland, Day, McMillan, Spencer in Marathon County) saw 154 new homes built in 2009-2013. The combined 2010 population of these towns was a little over half that of the City of Marshfield – Marshfield built about 2.45 homes per 1,000 residents, while those towns built about 14.5 homes per 1,000 residents. Data from a couple of the smaller villages also show higher per-capita home construction, including Stratford with 11 new homes (7 per 1,000 residents) and Spencer with 18 new homes (11.4 per 1,000 residents). These communities are obviously attracting the single family home construction market that the City of Marshfield is missing.

Multifamily Home Construction

Multifamily construction has been irregular for decades. There are a significant number of new units – just over 160 – approved for construction in 2014, on par with similar construction rates in 1991 and 2001. Duplex construction was stronger in the 1990s, but has slowed since then. For the period 1990-2004, duplex construction added an average of 9.2 units to the market each year. Since then, 2005-2013, the average has been 3.3 units per year.



Figure 3.18 – Duplex and Multifamily New Unit Construction by Year, 1990-2014

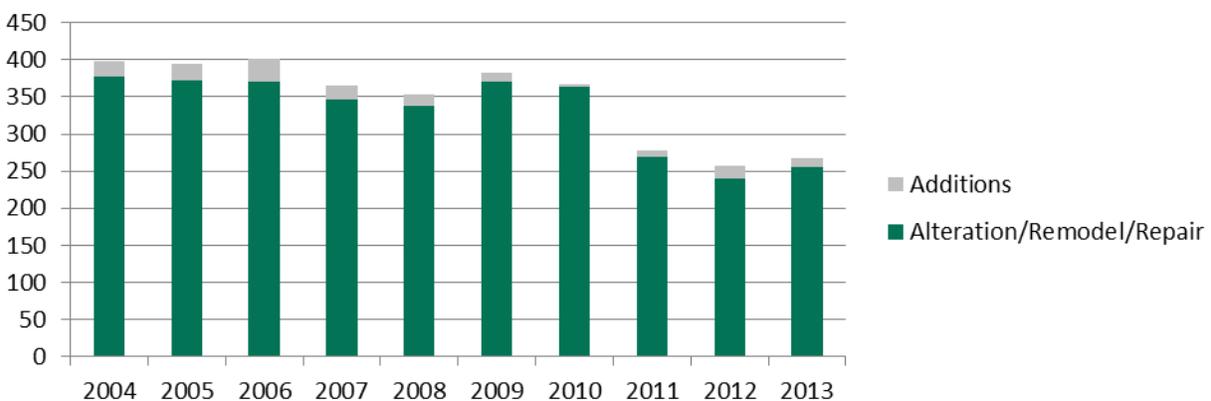


Source: City of Marshfield

Single Family Home Renovation

Existing homes will continue to require renovations and remodeling to remain viable over time. Figure 3.19 shows the past ten years of renovations to single family homes based on permits approved by the City. Assuming that homeowners typically get only one permit for a home in a given year, these data suggest that homeowners were improving in some way about 7% of the single family housing stock each year from 2004 to 2010. Then, beginning in 2011, this number dropped to about 5%, where it has hovered since then.

Figure 3.19 – Single Family Home Renovations, 2004-2013



Source: City of Marshfield Permit Data



VALUE AND COST

An important aspect of any market study is the cost of supply. Figure 3.20 indicates the median value for owner-occupied units, as estimated by the ACS. While cost and value are not strictly synonymous, in the housing market they are typically aligned. This figure shows that as compared to the other most common places of residence for people who work in Marshfield, housing in the City is relatively affordable – neither at the high end or the low end of the regional market. Of course, this is an estimate of the value of existing units. It does not reflect the cost of new housing units in particular, nor the availability of units, either by building or buying.

Cross-checking this ACS data against the City’s parcel data, we find that the City’s single family units have an average 2013 assessed value of \$129,033, nearly an exact match for the ACS data. Cross-checking against cost data as indicated in real estate sales, the 2013 average sale price of single family homes in Marshfield was \$121,868. See Section 3.3 Demand Versus Supply for more on sales.

Figure 3.20 Value of Owner-Occupied Units

	2008 -2012 Average
Town of McMillan	\$204,700
Town of Lincoln	\$200,000
Village of Hewitt	\$187,900
Town of Spencer	\$171,600
Town of Marshfield	\$168,600
Town of Richfield	\$140,600
City of Marshfield	\$129,000
Town of Fremont	\$115,700
Village of Spencer	\$112,600
City of Stevens Point	\$111,500
Village of Stratford	\$111,300
Marathon Co.	\$142,600
Wood Co.	\$118,000
Clark Co.	\$112,400
State	\$169,000

Source: ACS 2008-2012 Avg.



3.2 Regional Housing Demand

Housing demand is about the people seeking housing. This section describes the people and households in the area, including quantities, ages and incomes.

POPULATION

The City of Marshfield population has been essentially steady in recent decades, from a peak population of 19,291 in 1990, down to 18,800 in 2000, and back to 19,118 in 2010. Figure 3.21 compares Marshfield to a host of surrounding communities and its regional peers, in terms of past and future projected population. These projections, created by Wisconsin's Demographic Services Center (part of the Department of Administration), indicate a declining population for the City. However, they project growth for many of the surrounding communities. This list, albeit incomplete, represents the places where people who work in Marshfield live. Based only on this list, the market area has a net projected growth of 6.3%, or 2,600 people, over the next 20 years or so.

Figure 3.21 – Population Change 2000-2010, 2035 projections

Community	County	2000	2010	Percent Change	2035 DOA Projection	2010-2035 Difference	
Town of McMillan	Marathon	1,523	1,968	29.22%	2,335	367	19%
Town of Cleveland	Marathon	1,160	1,488	28.28%	1,955	467	31%
Village of Hewitt	Marathon	670	828	23.58%	920	92	11%
City of Abbotsford	Marathon	1,956	2,310	18.10%	2,915	605	26%
Town of Spencer	Marathon	1,341	1,581	17.90%	2,030	449	28%
City of Colby	Marathon	1,616	1,852	14.60%	2,225	373	20%
Town of Richfield	Wood	1,523	1,628	6.89%	1,805	177	11%
Town of Fremont	Clark	1,190	1,265	6.30%	1,610	345	27%
Town of Day	Marathon	1,023	1,085	6.06%	1,230	145	13%
Village of Stratford	Marathon	1,523	1,578	3.61%	1,740	162	10%
City of Marshfield	Wood+Marathon	18,800	19,118	1.69%	18,585	- 533	-3%
City of Pittsville	Wood	866	874	0.92%	895	21	2%
Town of Lincoln	Wood	1,554	1,564	0.64%	1,645	81	5%
Town of Cameron	Wood	510	511	0.20%	410	- 101	-20%
Village of Spencer	Marathon	1,932	1,925	-0.36%	2,065	140	7%
Town of Marshfield	Wood	811	764	-5.80%	740	- 24	-3%
Village of Unity	Clark	368	343	-6.79%	325	- 18	-5%
Village of Granton	Clark	406	355	-12.56%	355	0	0%
<i>Totals for Marshfield and selected jurisdictions</i>		38,772	41,037	6%	41,720	2,608	6.30%
City of Stevens Point	Portage	24,551	26,717	8.82%	29,980	3,263	12%
City of Wausau	Marathon	38,404	39,106	1.83%	41,450	2,344	6%
City of Wisconsin Rapids	Wood	18,348	18,367	0.10%	17,990	- 377	-2%
State		5,363,675	5,686,986	6.03%			
Nation		281,421,906	308,745,538	9.71%			

Sources: U.S. Census Bureau, WI Dept. of Administration



HOUSEHOLDS

While population has been stagnant in the City, household size has been declining. Consistent with nationwide trends, Marshfield’s average household size for owner-occupied units declined from 2.54 in 2000 to 2.37 in 2010. With about 60% of the City population in owner-occupied housing, even if the total population remains constant at 19,000 residents, the decline in household size increased demand for owner-occupied units by over 300. The average household size of renter-occupied households in Marshfield, meanwhile, *increased* slightly between 2000 and 2010, from 1.76 to 1.79. This change accounts for a modest *decrease* in demand for renter-occupied units by about 70 units, assuming a static total population. Note, however, that the regional population has been growing, and Marshfield has a higher percentage of the rental market than surrounding communities.

Figure 3.22 indicates the composite average Marshfield household size of 2.14 in 2010, the smallest among the regional peer communities and as compared to the State.

Figure 3.22 – Households and Average Household Size, 2000 and 2010

	City of Marshfield	City of Stevens Point	City of Wausau	City of Wisconsin Rapids	State	
2010	Total Households	8,777	10,598	16,487	8,296	2,279,768
	Average size	2.14	2.21	2.31	2.17	2.43
2000	Total Households	8,245	9,305	15,678	7,970	2,084,544
	Average size	2.24	2.29	2.37	2.26	2.5

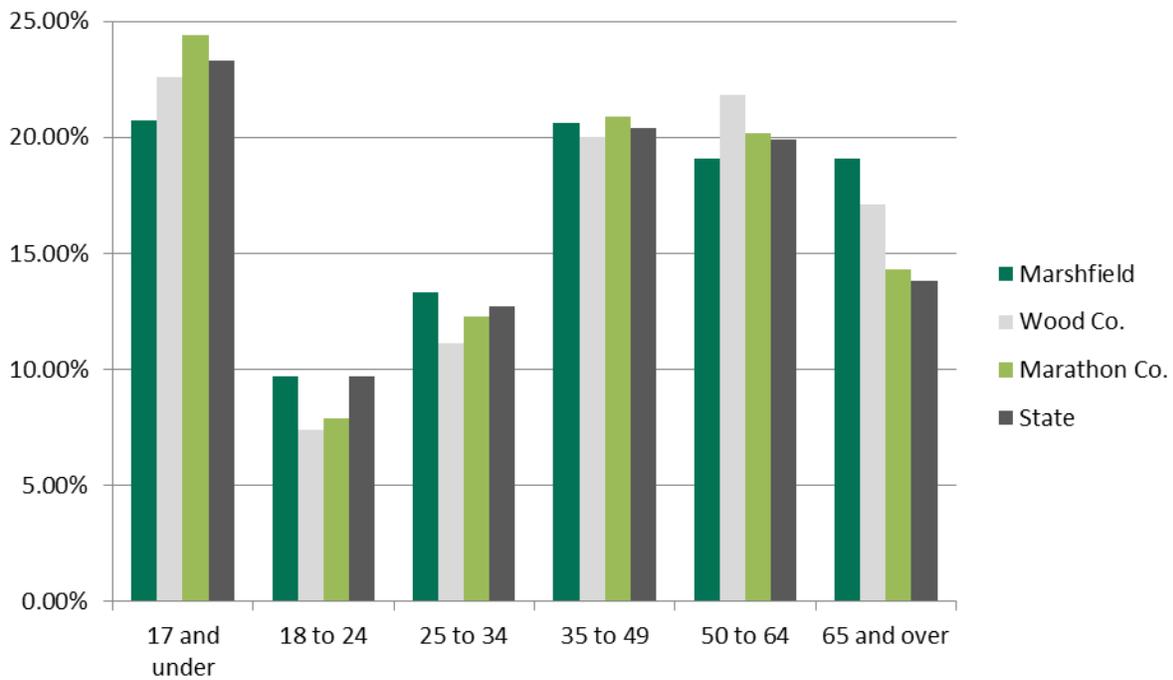
Source: U.S. Census Bureau



AGE

Based on the most recent ACS estimates, the City of Marshfield population is somewhat older than the county and state benchmarks, having fewer residents under 18 and more over 65. It also has more residents age 25-34 than the counties and state. We conjecture that these numbers reflect the influence of the Marshfield Clinic, which attracts both young people for part of its workforce and older people who need or appreciate the security of being near the Clinic.

Figure 3.23 - Population by age



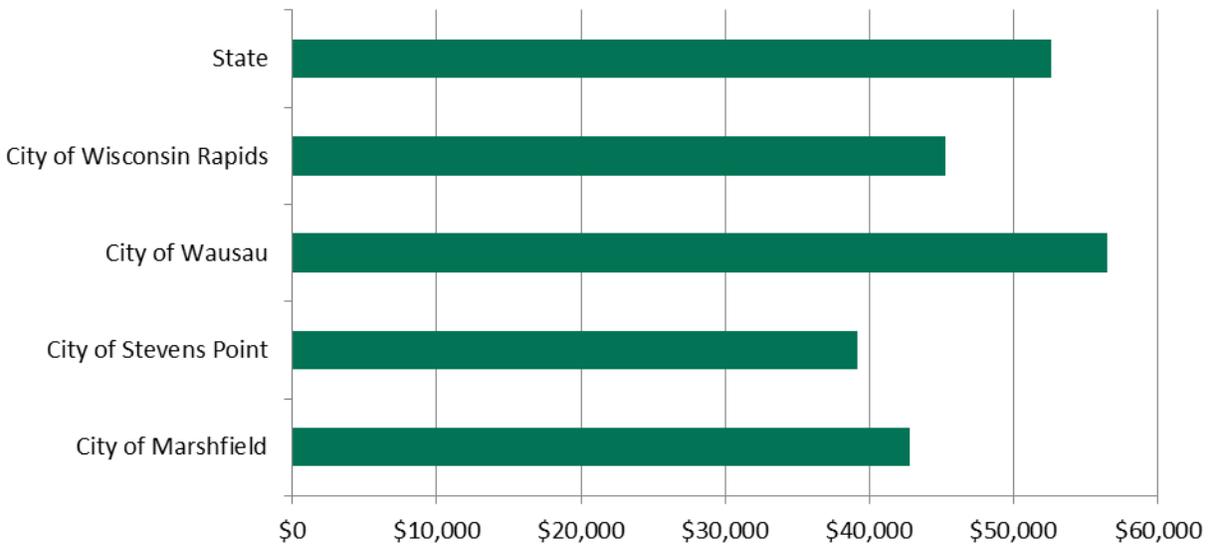
Source: ACS 2008 -2012 Avg.



INCOME AND AFFORDABILITY

As compared to the state as a whole, Marshfield residents have relatively low incomes. Figure 3.24 shows that incomes are low as compared to Marshfield’s peer communities too – Marshfield has an estimated median household income of \$42,783. Only Stevens Point is lower, reflecting (in part) its student population.

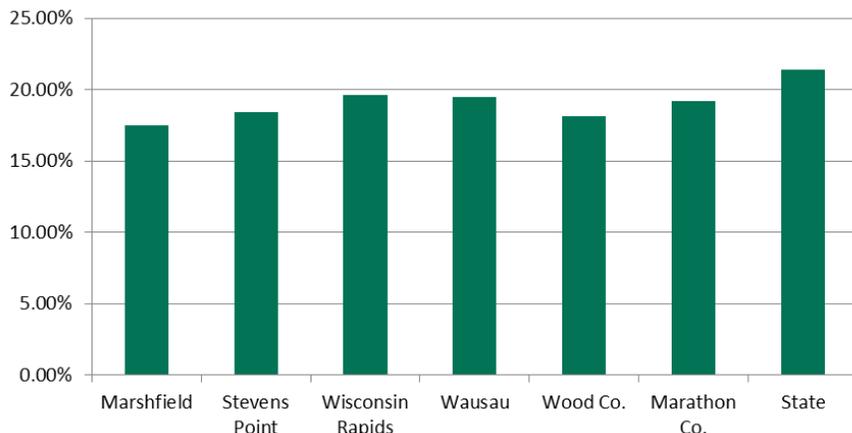
Figure 3.24 – Median Household Income



Source: ACS 2008 -2012 Avg.

But income is only important for housing choice in its relationship to housing costs. Figure 3.25 compares Marshfield with its peers on that relationship, and finds that Marshfield homeowners, on average, spend relatively less on housing as compared to their regional peers.

Figure 3.25 – Median Monthly Owners Costs as a Percentage of Monthly Income.

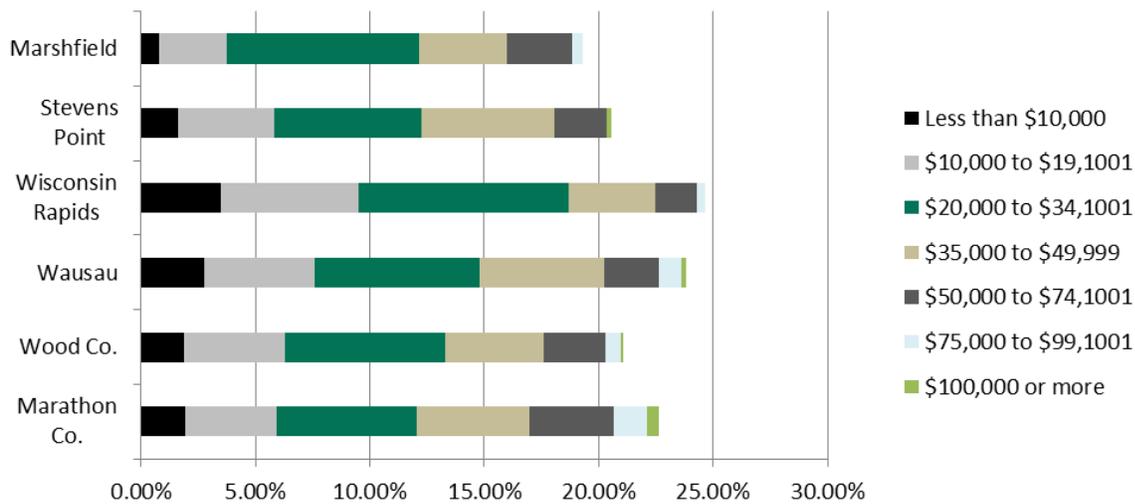


Source: ACS 2008 -2012 Avg.



The critical “affordability” threshold is 30% of income – housing is considered affordable when it consumes 30% or less of household income. The ACS reports the percentage of people exceeding this threshold within various income brackets. As illustrated in Figure 3.26, Marshfield compares favorably to its peers by this measure also – fewer than 20% of owners exceed the affordability threshold. The lowest income brackets are the smallest ones in Marshfield, meaning low-income residents here are less likely to spend more than 30% of their income on housing than in other communities. This likely reflects the success and efforts of the Community Development Authority to help the City’s lowest-income residents maintain safe, affordable housing.

Figure 3.26 – Households with Median Monthly Owners Costs ≥ 30% of Yearly Income

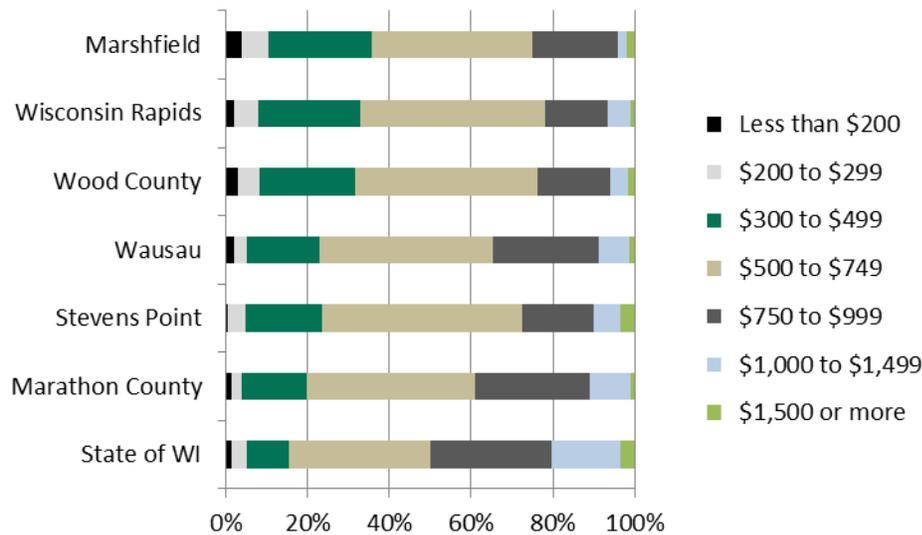


Source: ACS 2008 -2012 Avg.

While the preceding data focused on homeowners, a look at rental costs and affordability is also necessary. Figure 3.27 compares the City to peer communities and the wider geographies in terms of rental costs. Of this group, Marshfield has the lowest median rent in this group at \$574, compared to a high of \$749 statewide. The graph reveals this in the relatively high percentage of units renting below \$500 (35.5%), and the very small percentage renting above \$1,000 (4%). As compared to these other jurisdictions, especially the peer cities, there is a gap in units available between \$1,000 and \$1,499. Marshfield has only about 2% of rental units available in this price range, while Wausau, Wisconsin Rapids and Stevens Point have between 5% and 8% of rental units in this range.



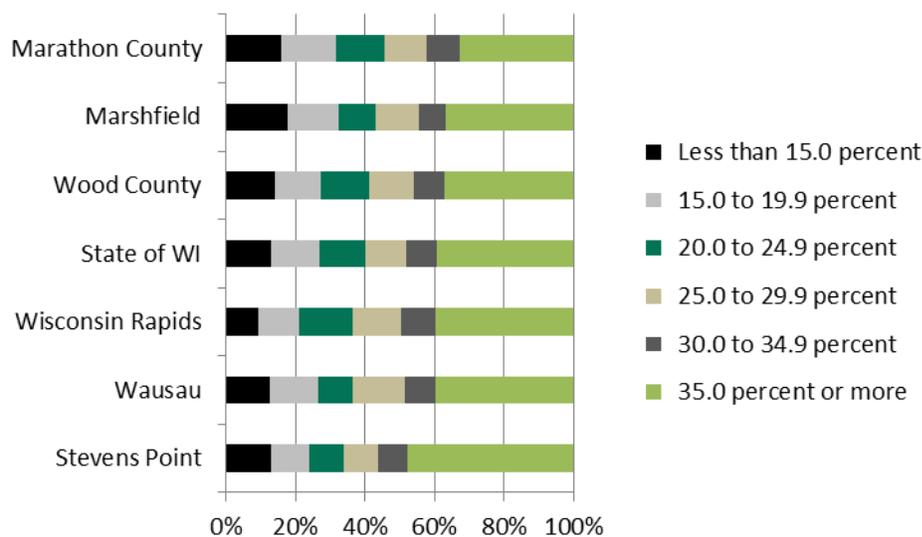
Figure 3.27 – Gross Rents



Source: ACS 2008 -2012 Avg.

Putting rental costs in the context of income, we find that Marshfield compares favorably to its peers here too. As indicated in Figure 3.28, the City has fewer renters paying more than 30% of income for housing than the regional peer cities. Having said that, the fact that 45% of renters pay this much is some cause for concern, even if it is a common condition.

Figure 3.28 – Gross Rent as a Percentage of Household Income

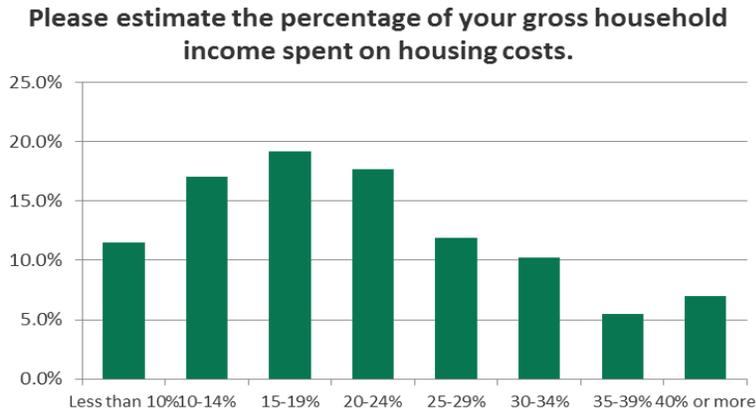


Source: ACS 2008 -2012 Avg.



The housing survey is also a source of data on the affordability question. As illustrated in Figure 3.29, while most respondents reported spending less than 30%, including a plurality at 15-19%, about 23% reported spending 30% or more on housing costs.

Figure 3.29 – Housing Survey Results – Affordability



Source: 2014 Marshfield Housing Survey



3.3 Demand Versus Supply

This section considers the balance between supply and demand in the housing market as revealed by vacancy rates and real estate sales and listings.

VACANCY RATES

One important measure of the health of a housing market is vacancy rates. The owner-occupied and rental markets must be considered independently, as they function in very different ways. Figure 3.30 presents both rates and a comparison with peer communities.

For owner-occupied housing, a desirable vacancy rate is under 2%. Owner-occupied housing tends to remain occupied, even while available for sale. Unoccupied units often reflect undesirable circumstances, such as a foreclosure or job relocation that forces a vacancy before a home can be sold, and rising vacancy rates are usually a symptom of problems in the local economy. The ACS estimate of 0.6% vacancy indicates no cause for concern in Marshfield.

For rental units, a healthy vacancy rate is 5-6% of total units – this is an appropriate balance between the interests of property owners and the interests of renters. Substantially higher vacancy rates can make it difficult for property owners to afford maintenance and responsive management; and in the worst case can lead to foreclosure. Substantially lower vacancy rates can lead to rent inflation and enables bad landlords and substandard properties to stay in the market. When renters have choices, property owners are forced to compete and to invest in their units to keep them occupied. The ACS estimate of 3.9% vacancy is low, but not problematic. It suggests capacity for additional units without putting the market out of balance.

Figure 3.30 – Vacancy Rates

	City of Marshfield	City of Stevens Point	City of Wausau	City of Wisconsin Rapids	State
Occupied units	8,539	10,762	16,405	8,492	2,286,339
Vacant units	432*	603*	1,943	501*	334,062
Homeowner vacancy	0.60%*	1.00%*	3.70%*	2.90%*	1.90%
Rental vacancy	3.90%*	3.20%*	6.40%*	5.80%*	5.60%

Source: ACS 2008 -2012 Avg.



Interview Feedback on Vacancy Rates

The interviews revealed some nuance to the vacancy characteristics of the rental market. Members of the Marshfield Apartment Association reported difficulty maintaining occupancy and long periods without the ability to raise lease rates. This organization is mostly comprised of landlords with small buildings; the owners and managers of the larger buildings and complexes are not members. Contact with the larger properties, and other anecdotal feedback, reveal high demand for those properties, especially for newer, higher-end units. Most interviewees reported that there are units available in the City, but not the units that people want.

REAL ESTATE SALES AND LISTINGS

To evaluate the function of the real estate market we collected data from the Multiple Listing Service (MLS), which tracks real estate listings and sales. We collected MLS data for the City of Marshfield and surrounding area with assistance from a local realtor and for the county, region, and state from the Wisconsin Realtors Association. Figure 3.31 shows the number of homes sold each year, 2008-2013, as a percentage of the number sold in 2007⁵. This graph shows that the housing market within the City of Marshfield was affected by the Great Recession in a manner similar to the county, region⁶ and state. Home sales declined to a low of 20% or more below pre-recession levels in 2010 and 2011, at all geographic scales, and then recovered in 2012 and 2013 to exceed pre-recession levels.

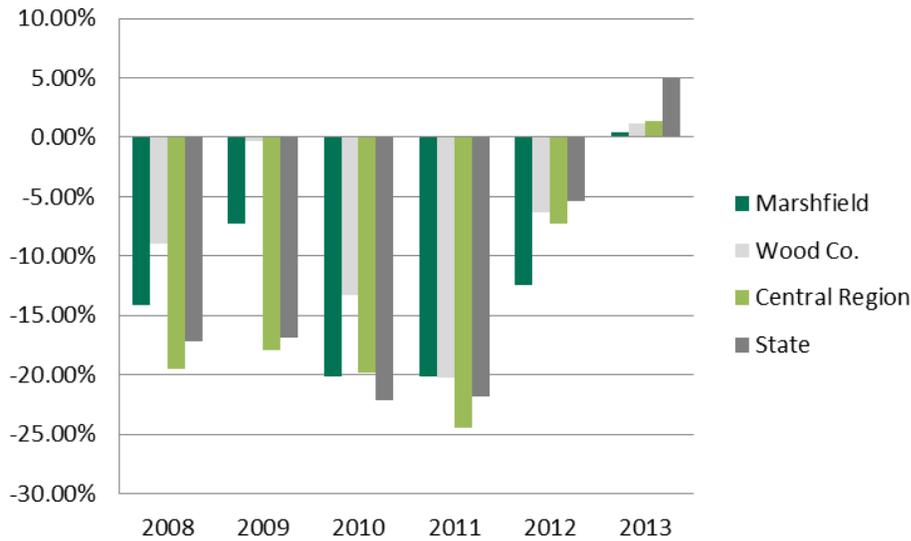
Prices are also recovering from a slump that bottomed out in 2011 and have not yet fully recovered. Prices in the City of Marshfield have fluctuated more than in the surrounding region, including a high of 4% above 2007 prices in 2011, and a low of 10% below 2007 prices in 2012. Prices declined less in central Wisconsin than in the state as a whole, likely reflecting the fact that prices were lower here to begin with and had seen less growth prior to 2007. Figure 3.32 shows the actual prices, year by year, for Marshfield, each of the three surrounding counties, and the state. This graph shows the variation in prices and values among these counties. Marathon County, with the largest city in the region, has the highest prices and saw the greatest drop in prices. Clark County has the fewest and smallest cities and saw the least depreciation. Wood County and Marshfield fall between those counties in terms of housing prices and depreciation.

⁵ The “Great Recession” - is technically considered to have begun in December 2007 and ended in June 2009 in the United States.

⁶ The “Central Region” as tracked by the Wisconsin Realtors Association includes eight counties: Adams, Clark, Juneau, Marathon, Marquette, Portage, Waushara, and Wood.



Figure 3.31 – Home Sales Per Year, 2008-2013



Source: Multiple Listing Service (MLS), Wisconsin Realtors Association (WRA)

Figure 3.32 – Home Sale Median Price as a Percentage of 2007 Prices, 2008-2013

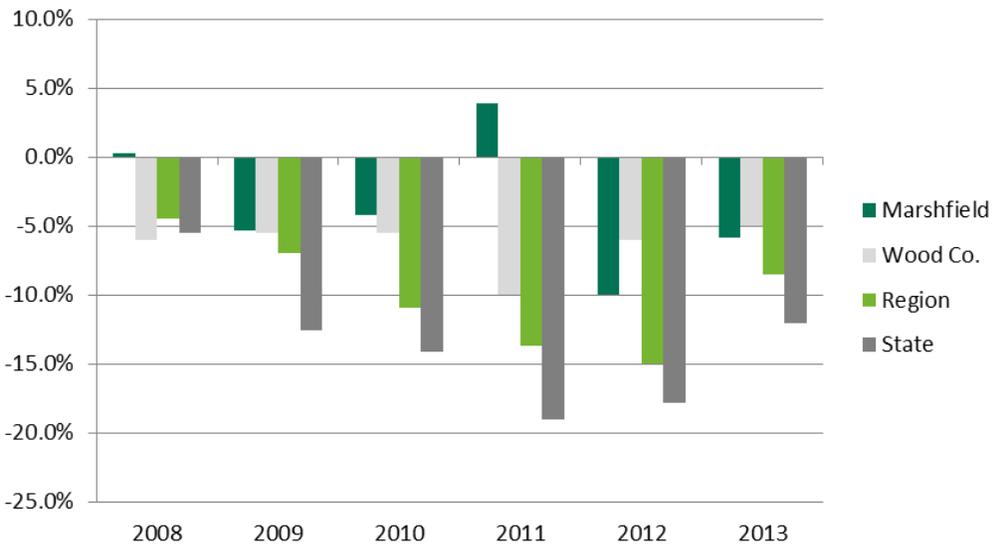
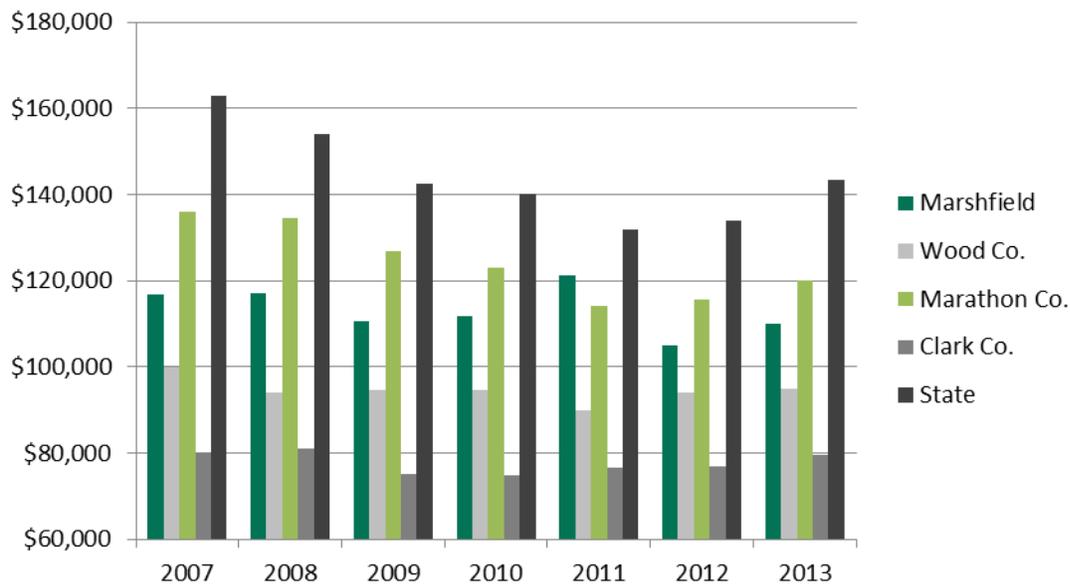




Figure 3.33 – Home Sale Median Price 2007-2013



Source: Source: Multiple Listing Service (MLS)

Taking a closer look at data for the City of Marshfield only in Figure 3.34, we see the same sales data and trends illustrated in the preceding graphs. This table also includes the number of listings, revealing a notable spike in listings over the past two years. After dropping off less than 10% from pre-recession numbers, listings were nearly 21% higher in 2013 than they were in 2007. This finding likely reflects optimism by sellers about the ability to find buyers at an acceptable price, and it indicates a strong supply of existing units on the market.

Figure 3.34 - Single Family Home Sales, City of Marshfield, 2005-2013

Year	Qty Sold	% Change	Volume	% Change	Average Sale	% change	Median Sale	% Change	Qty Active	% Change
2005	231		\$ 28,534,044		\$ 123,524		\$ 113,000		371	
2006	238	3.03%	\$ 28,655,914	0.43%	\$ 120,403	-2.53%	\$ 105,450	-6.68%	430	15.90%
2007	233	-2.10%	\$ 32,881,426	14.75%	\$ 141,122	17.21%	\$ 116,700	10.67%	439	2.09%
2008	200	-14.16%	\$ 27,815,000	-15.41%	\$ 139,075	-1.45%	\$ 117,000	0.26%	403	-8.20%
2009	216	8.00%	\$ 27,693,360	-0.44%	\$ 128,210	-7.81%	\$ 110,500	-5.56%	399	-0.99%
2010	186	-13.89%	\$ 23,048,004	-16.77%	\$ 123,914	-3.35%	\$ 111,750	1.13%	437	9.52%
2011	186	0.00%	\$ 23,739,552	3.00%	\$ 127,632	3.00%	\$ 121,250	8.50%	436	-0.23%
2012	204	9.68%	\$ 22,821,480	-3.87%	\$ 111,870	-12.35%	\$ 105,000	-13.40%	491	12.61%
2013	234	14.71%	\$ 28,517,112	24.96%	\$ 121,868	8.94%	\$ 109,900	4.67%	530	7.94%

Source: Multiple Listing Service (MLS)



Figures 3.35 and 3.36 offer a snapshot of active listings in early January 2014. Figure 3.35 includes listings only within the City of Marshfield, while Figure 3.36 is listings within a 20-mile radius of downtown Marshfield, inclusive of the City. As illustrated in Figure 3.37, that 20-mile radius includes all of the surrounding towns and villages, but it does not include any of the peer communities of Wisconsin Rapids, Stevens Point or Wausau.

These data reveal a substantial number of listings outside the City of Marshfield, and a remarkably similar median listing price in both geographies that closely matches the 2013 median sale price in Marshfield. The average listing price in both geographies is higher than the median, a normal finding reflecting the fact that the upper end of the market is further above the median than the lower end is below it. In other words, there are plenty of homes in the \$200K to \$300K range that skew the average price. Of note, though, is the fact that the median price is lower in the wider area than in Marshfield, but the average price is higher. There are larger homes on more acreage outside the City skewing that number higher.

A finding of mild interest is the ratio between households and single family market listings. There are approximately 5,270 owner-occupied households in the City of Marshfield, and a ratio of 1 active single-family listing per 40 owner-occupied households. In the wider area, inclusive of Marshfield, there are about 18,110 owner-occupied households, and a ratio of 1 listing per 43 households. In other words, the availability of existing homes for purchase is slightly higher in the City, but essentially similar to the surrounding area.

Figure 3.35 - City of Marshfield Active Residential Listings, Jan. 8, 2014

	Listings	Average Price	Median Price	Average Days on Market
Single Family	132	\$133,883	\$110,450	153
Condo	6	\$228,233	\$244,900	393
Duplex	13	\$91,646	\$74,900	196
Fourplex	3	\$132,300	\$119,900	58

Source: Multiple Listing Service (MLS)

Figure 3.36 - Marshfield Area* Active Residential Listings, Jan. 8, 2014

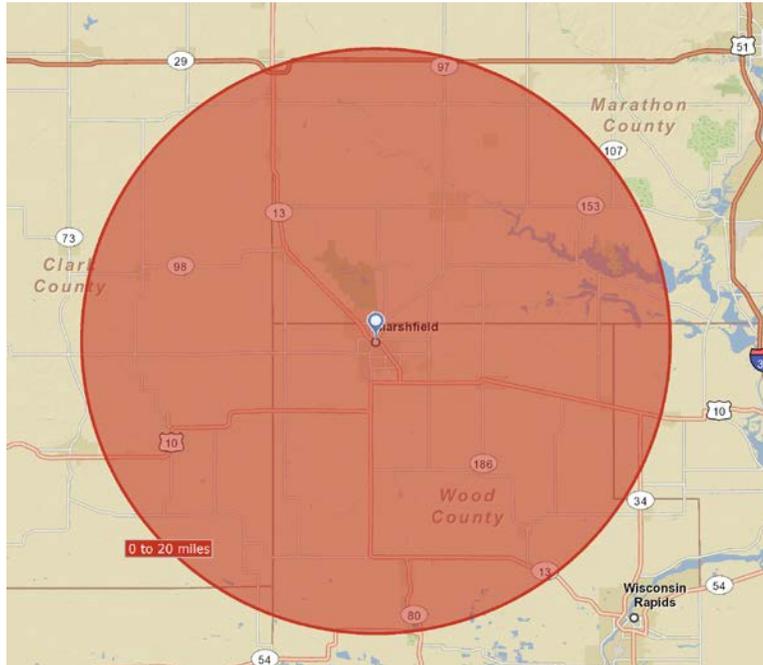
	Listings	Average Price	Median Price	Average Days on Market
Single Family	422	\$139,886	\$109,750	181
Condo	7	\$204,614	\$209,900	362
Duplex	18	\$85,233	\$74,950	206
Fourplex	3	\$132,300	\$119,900	58

* 20 mile radius from central Marshfield, see map



Source: Multiple Listing Service (MLS)

Figure 3.37 – 20-Mile Radius from Downtown Marshfield



A noteworthy finding is the small number of condominiums on the market in this January 2014 snapshot. Those six units (seven in the wider area) have a relatively high price, more than double the single family median price, which likely explains their average time on the market greater than one year. The MLS data also show (not listed in these tables) that in the year preceding this snapshot (January 9, 2013 to January 8, 2014), there were four condominium units sold in the City of Marshfield at an average price of \$133,350, and one additional unit outside the City at a price of \$78,500.



3.4 Leakage

This section describes the portion of the Marshfield housing market that is outside the City of Marshfield, and offers data to explain this "leakage" of housing demand to other jurisdictions.

EMPLOYMENT CENTER

The Marshfield housing market is broader than the City of Marshfield, as everyone understands. Many people who work in Marshfield live elsewhere. The ratio of people employed in the City of Marshfield to people that live in the City is one of the reasons for this study. Figure 3.38 compares Marshfield to peer communities and wider geographies on this ratio, and Marshfield is a remarkable outlier. Among City residents, there is an active workforce of roughly 9,400 people, per the 2008-2012 ACS. Yet there may be as many as 20,600 people employed in the City, indicating an influx of about 11,000 people every workday.

Figure 3.38 – Ratio of Employees to Residents

Geography	Employees	Residents	Ratio of Employees/Residents
City of Marshfield	20,593	19,248	1.07
City of Wisconsin Rapids	11,774	18,423	0.64
City of Stevens Point	16,164	27,050	0.60
City of Wausau	23,163	39,026	0.59
Wood County	43,096	75,295	0.57
Marathon County	61,201	135,452	0.45
Portage County	30,482	71,068	0.43
Wisconsin	2,440,741	5,745,625	0.42
US	121,634,921	313,129,017	0.39

Source: Copyright 2012 Dun & Bradstreet, Inc. All rights reserved. Esri Total Residential Population forecasts for 2012.

This daily importing of workers is a positive dynamic in several ways. It indicates a strong employment market with more job opportunities, and it is drawing retail and service customers into the City every day, enhancing the number and quality of those businesses to the benefit of residents and visitors alike. However, it also means missed opportunities for the local government and economy. Those employees that live outside the City of Marshfield are using the City streets each day, but they are not contributing property taxes to their upkeep, except through taxes paid by their employer and any retail or service businesses they frequent. While those employees may be spending some of their income in the City, they are almost certainly spending less within the City economy than if they lived there.



WHERE DO THEY LIVE?

So where do Marshfield’s workers live? There are two sources of data to answer this question. The first is the American Community Survey (ACS), which maintains data regarding where people work and where they live, and the various flows among those places. Figure 3.39 suggests that about two-thirds of employees live in the city. The remaining third commute from surrounding communities. It is important to note that this ACS data lumps rural residents into the nearest incorporated municipality – some of those “Marshfield” employees actually live in the surrounding towns.

Figure 3.39 – Top Ten Places of Residence for Marshfield Workers

City of Marshfield	7315	67.66%
Village of Spencer	470	4.35%
City of Wisconsin Rapids	385	3.56%
Village of Hewitt	380	3.51%
Village of Stratford	305	2.82%
City of Stevens Point	215	1.99%
Village of Auburndale	155	1.43%
City of Loyal	140	1.29%
City of Pittsville	105	0.97%
City of Colby	85	0.79%

Source: ACS 2008-2012 Avg.

An alternative measure is from the community housing survey, which asked respondents to indicate their specific place of residence. Just over 50% lived in Marshfield, and the remaining 49% came from all over. The most common responses were nearby towns. See Figure 3.40 which lists the top 12 places of residence after Marshfield, excerpted from the survey summary (Appendix B). These 12 communities account for another 30% of responses. The remaining 19% included other nearby communities (e.g. Town of Wood in Wood County, Town of Cleveland in Marathon County, Town of York in Clark County) and a few that are further away (e.g. Dane County, Chippewa County, Waukesha County).

Figure 3.40 – Community Survey Respondents’ Place of Residence

	City of Marshfield	49.2%
1	Town of McMillan	4.8%
2	Town of Lincoln	3.7%
3	Town of Richfield	3.5%
4	Town of Marshfield	3.1%
5	Village of Spencer	2.2%
6	Village of Hewitt	2.0%
	Town of Spencer	2.0%
8	Village of Stratford	1.8%
9	Town of Day	1.4%
	Town of Fremont	1.4%
11	Town of Rock	1.3%
12	City of Stevens Point	1.1%

Source: 2014 Marshfield Housing Survey



WHY DO PEOPLE LIVE OUTSIDE THE CITY?

There are a variety of reasons people choose to live outside the City, many of them revealed in the interviews and survey.

Interview Feedback

Most of the interviews included discussion of this topic. A common response is that Marshfield is perceived to be a higher-cost place to live due to taxes and higher infrastructure requirements. Developers, bankers, and realtors all noted these issues as reasons people are looking outside the City, especially to build a new home. They cited the lesser infrastructure requirements in the towns (no sidewalks, no curb and gutter, no sewer) and the greater tendency by the surrounding cities and villages to subsidize infrastructure with tax incremental financing (TIF). And these competitive disadvantages are constraining not only interest by homebuyers in new construction in the City, but also interest by developers to create new lots. There is general perception that the supply and choice of available lots are low, and that this is contributing to the anemic new home construction in the City.

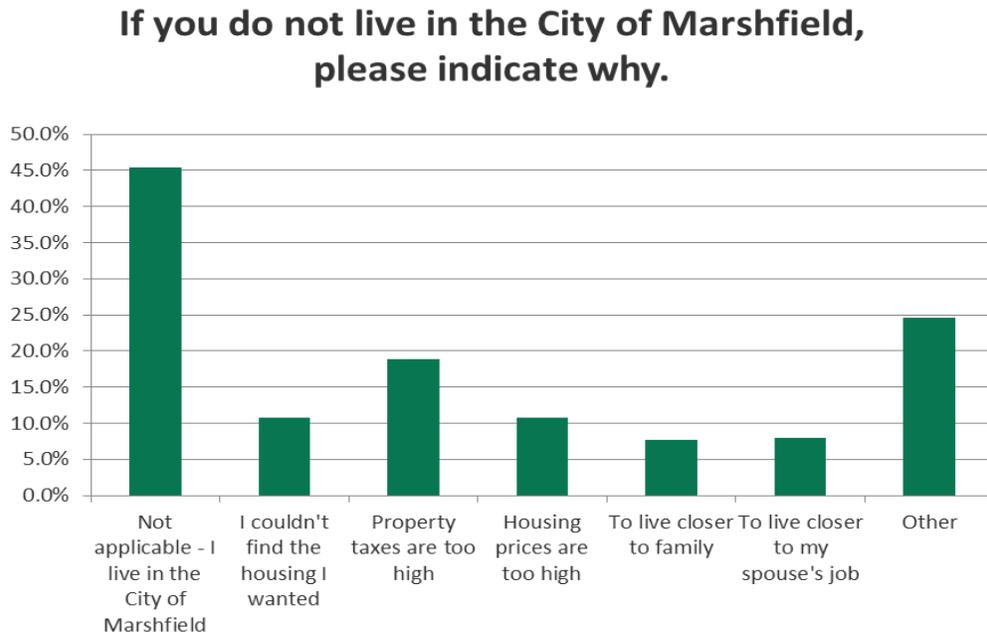
Interviewees also noted that many people who choose to live outside the City simply prefer rural living, for the scenery, larger lot size, etc.

Survey Responses

Survey respondents were asked to prioritize a series of issues, or criteria, when selecting housing. The highest-ranked response was “cost/value”, followed by “safety” and “neighborhood”. The lowest-ranked criterion was “proximity to restaurants and shopping”. The survey also asked people directly, “If you do not live in the City of Marshfield, please indicate why.” Figure 3.41 shows the responses from the 789 people who answered the question. Among the people who live outside the City, about one in three responded that taxes in the City are too high. One in five non-residents cited housing choice and one in five cited prices. But the most common response, “other”, revealed an answer that should have been included as one of the answer choices: desire to live in the country. People cited the need or desire for “acreage”, or “space”, or “privacy”, or “rural setting”. The most frequent word used in the comments was “country”.



Figure 3.41 – Community Housing Survey Responses



Source: 2014 Marshfield Housing Survey



Taxes

Figure 3.42 provides context for a discussion about tax rates in Marshfield compared to other communities. Looking at the same group of communities previously compared for population growth, we find a range of tax rates higher and lower than in Marshfield. Not surprisingly, the lowest rates in the marketplace are all in towns. A \$200,000 home will cost the owner about \$1,000 to \$1,350 less per year in taxes in one of those towns than in Marshfield, based on 2012 rates.

Figure 3.42 – 2012 Tax Rates

Community	County	2012 Effective Tax Rate	Taxes on \$200,000 home	Difference vs. Marshfield,	Population Change, 2000-2010
Town of Cameron	Wood	0.01725	\$ 3,450	\$ (1,350)	0.2%
Town of Cleveland	Marathon	0.01756	\$ 3,512	\$ (1,288)	28.3%
Town of Lincoln	Wood	0.01767	\$ 3,534	\$ (1,266)	0.6%
Town of Marshfield	Wood	0.01808	\$ 3,616	\$ (1,184)	-5.8%
Town of McMillan	Marathon	0.01814	\$ 3,628	\$ (1,172)	29.2%
Town of Richfield	Wood	0.01850	\$ 3,700	\$ (1,100)	6.9%
Town of Spencer	Marathon	0.01858	\$ 3,716	\$ (1,084)	17.9%
Town of Day	Marathon	0.01885	\$ 3,770	\$ (1,030)	6.1%
Village of Hewitt	Marathon	0.02067	\$ 4,134	\$ (666)	23.6%
Town of Fremont	Clark	0.02101	\$ 4,202	\$ (598)	6.3%
Village of Stratford	Marathon	0.02112	\$ 4,224	\$ (576)	3.6%
Village of Unity	Clark	0.02267	\$ 4,534	\$ (266)	-6.8%
Village of Spencer	Marathon	0.02381	\$ 4,762	\$ (38)	-0.4%
City of Stevens Point	Portage	0.02385	\$ 4,770	\$ (30)	8.8%
City of Marshfield	Wood+Marathon	0.02400	\$ 4,800	\$ -	1.7%
City of Abbotsford	Marathon	0.02511	\$ 5,022	\$ 222	18.1%
Village of Granton	Clark	0.02517	\$ 5,034	\$ 234	-12.6%
City of Colby	Marathon	0.02519	\$ 5,038	\$ 238	14.6%
City of Wausau	Marathon	0.02579	\$ 5,158	\$ 358	1.8%
City of Wisconsin Rapids	Wood	0.02649	\$ 5,298	\$ 498	0.1%
City of Pittsville	Wood	0.02817	\$ 5,634	\$ 834	0.9%

Source: WI Department of Revenue



TIF Policy and Practices

The communities of Spencer, Stratford and Pittsville each have TIF districts that include residential subdivisions. These communities issued bonds to develop the infrastructure in the subdivisions, and they have agreements with developers to build a certain number of homes per year. By comparison, Marshfield's six active TIF districts are mainly targeted toward developing commercial and industrial businesses.

Supply of Available Lots

Per City parcel data, there are 233 residential parcels platted and served with utilities but not yet built upon. See Figure 3.43. It should be noted that many of these lots are not on the market. Based on Multiple Listing Service data there are 50 lots available in the City as of March 2014, with a median price of \$38,900. Most of these 50 lots are concentrated in a few places:

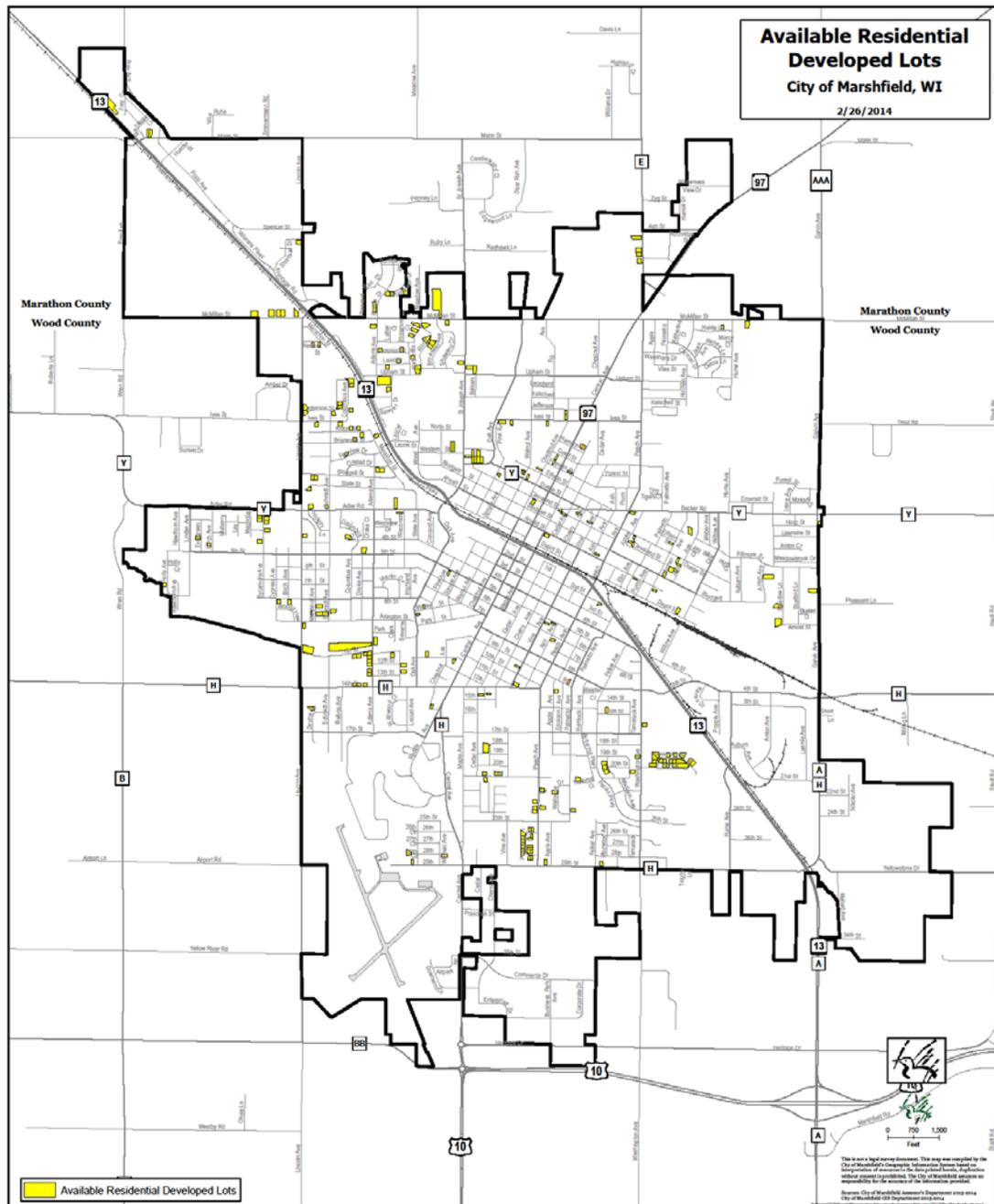
- Peachtree Circle on the south side – 15 lots at a typical price of \$21,000
- Green Acres on the east side – 13 lots at a typical price of \$39,000
- Sycamore Ave on the west side – 4 lots at a typical price of \$53,000
- Prairie Run on the north side – 6 lots at a typical price of \$62,000

The remaining 12 lots are scattered across the city.

In the 20-mile radius area around Marshfield, not including the City, there are 96 residential lots available with a median price of \$25,550.



Figure 3.43 – Available Residential Lots



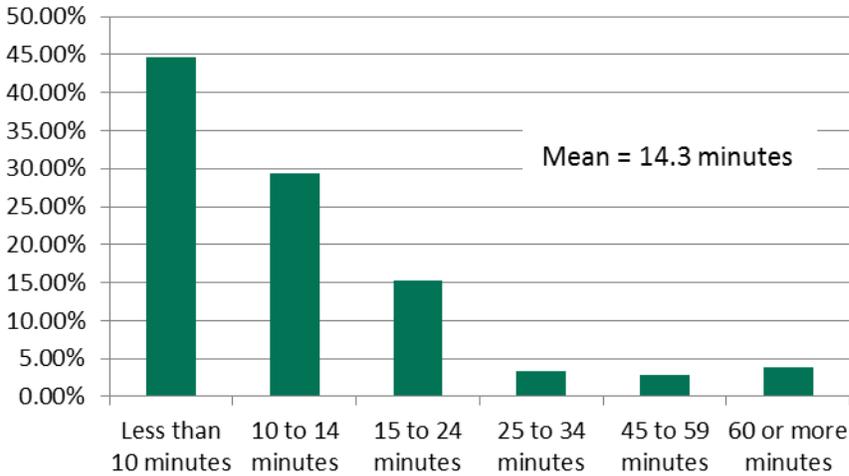
Commuting

Some interviewees noted that there is little additional commuting cost, in time or transportation, for people who choose to live outside the City. According to the ACS, the average commute time for City residents is 14.3 minutes, and almost 75% of residents have a commute less than 15 minutes. Looking at the area around the City, a 15-minute “driveshed” includes many towns and villages around the City – see the red line in Figure 3.45. And, of course, since many people who move to Marshfield likely come



from larger urban areas where they were accustomed to commutes of 20 minutes or more, the next ring out (see the purple line) remains attractive to many Marshfield commuters.

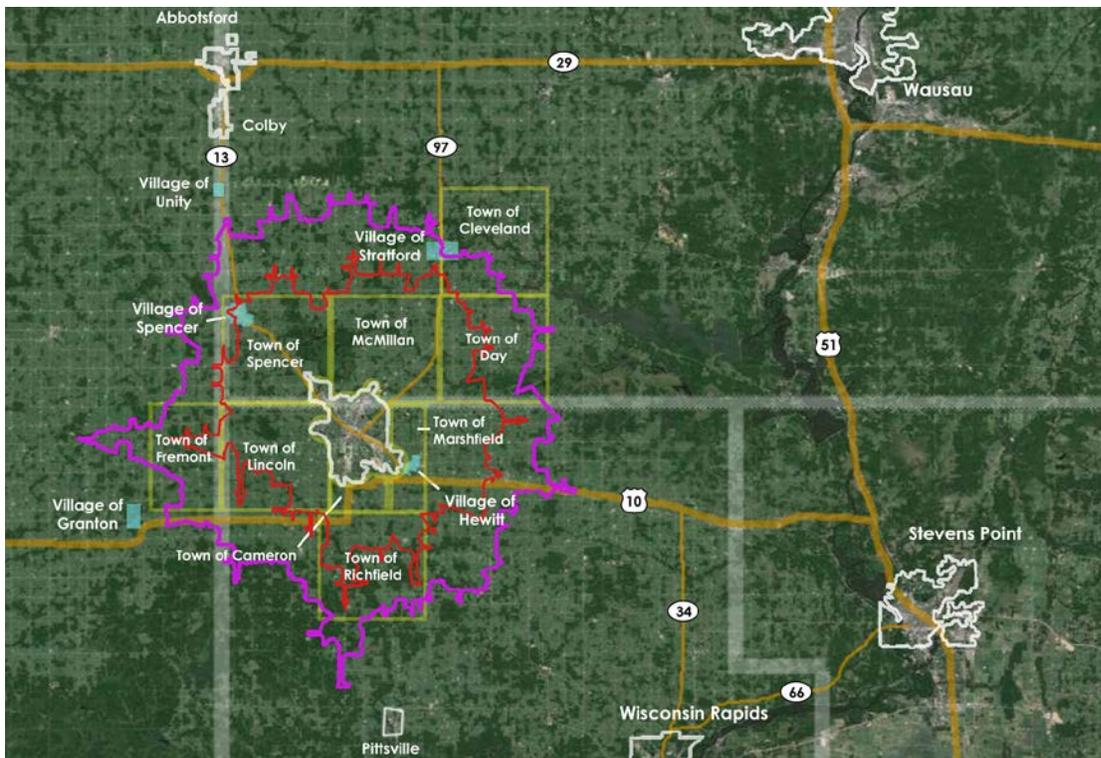
Figure 3.44 – City of Marshfield Commute Times



Source: ACS 2008 -2012 Avg.

Figure 3.45 – Drive Time Map

Red line = 15 minutes, Purple line = 20 minutes



Sources: ESRI Business Analyst Online, Google Maps



3.5 Gaps

For the purposes of this study, “gaps” are gaps between supply and demand *within the regional housing market*, such that people who work in Marshfield or want to live in the area are unable to find what they consider to be appropriate housing. This is distinct from leakage, which is loss of market share from the City of Marshfield to the surrounding communities.

This section identifies and describes the gaps in the regional housing market. It builds upon the data of the prior sections and features more interview and survey results that document breakdowns and shortcomings of the market.

1) INADEQUATE SUPPLY OF SHORT-TERM RENTAL HOUSING

The interviews for this study, especially with employers, revealed an acute need for short-term rental housing. When people relocate to the City they sometimes have difficulty finding good housing, and would like the flexibility of a short-term, month-to-month or 90-day rental option while they complete the search for more permanent housing. This problem is mostly invisible to long-term residents familiar with the area, but a persistent problem for new arrivals and the human resources specialists working to attract and retain new workers.

While most of the people needing this option are seeking permanent housing, there are also some short-term residents in need of better options, such as research fellows. A phone survey of apartment managers confirmed that some of the larger apartment complexes offer leases shorter than 12 months, while others do not. Those that do not offer shorter leases are trying to reduce turnover and manage the costs of cleaning, advertising, credit checks, etc., associated with tenant turnover. One of the larger management companies, Northern Management, indicated that it does offer month-to-month leases and also some furnished apartments. The property manager noted that demand for short-term and furnished units is strongest in the winter months.

2) INADEQUATE SUPPLY OF PET-FRIENDLY RENTAL HOUSING

While there were no questions about pets in the community housing survey, about 5% of renters noted a need for more units that accept pets. For example: *“More rental housing, either apartments, duplexes or single family homes that accept pets.”* On the flip side of the coin, one respondent complained that there are too many units that smell of pet urine. While there are certainly challenges associated with allowing pets, including the risks of noise, damage, and allergy issues for other tenants, some owners do allow pets and apparently manage those risks successfully based on the lack of other complaints about pets in the survey. Additional monthly charges for pets are typical and appropriate.



3) INADEQUATE SUPPLY OF *DESIRABLE* OWNER-OCCUPIED HOUSING IN THE CITY UNDER \$200,000

The analysis of real estate listings and sales revealed strong and seemingly healthy activity in the market in 2013, and modest prices distributed above and below a median of about \$109,000. Yet in the interviews and in the survey, people repeatedly noted a need for mid-range housing. When asked in the housing survey “What housing types does Marshfield need?”, “moderately priced homes” was the most frequent affirmative response. One-third of respondents said more are needed, and another one-third said “a lot more” are needed.

So what is the disconnect between the apparent availability of modestly-priced homes and these responses? The answer may be summed up in this survey comment: “Lots of homes for sale, none that are good.” Many survey respondents note an abundance of homes that they deem unacceptable due to their condition. Realtors note demand specifically in the \$125,000 to \$200,000 range, which is well above the cost of over half the market. That lower-cost market is finding buyers, but it is leaving many buyers unsatisfied and pushing them to consider building new. A buyer with a budget of up to \$200,000 has ample opportunity to renovate a \$100,000 home, but it is apparent from survey responses and declining building permit trends that too few homebuyers and homeowners are willing to take on major renovations.

4) INADEQUATE SUPPLY OF CONDOMINIUMS AND TOWNHOMES

The interviews and survey revealed demand for condos and townhomes, especially to meet the needs of busy professionals with the income to afford comfortable housing but neither the time nor the interest in yard maintenance. When asked in the survey what type of housing they would look for when moving to or within the Marshfield area, 11.5% of respondents answered “condominium”.

These local findings are consistent with the findings from a national Urban Land Institute survey. That survey showed that “boomers” (born 1946-1964) generally live in and own single family homes, and believe that homeownership is a good investment. However, of baby boomers that expected to move within the next five years, 10% expected to move from single family detached houses to townhouses or other forms of attached housing.

Yet despite the converging interest from two different generations of homebuyers, there are only about 150 condos in the City, plus a handful of townhomes, together making up less than 2% of total housing units. This is a gap and an opportunity for developers to respond to unmet demand.

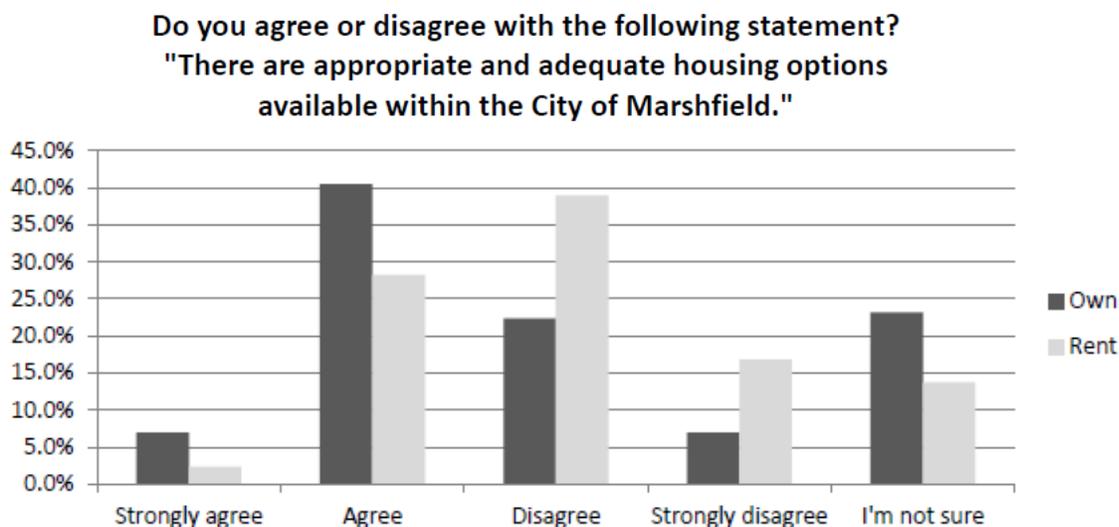


5) INADEQUATE SUPPLY OF ACCEPTABLE RENTAL UNITS AT THE LOWER END OF THE MARKET

As previously noted in the review of vacancy rates, owners of smaller, older apartment buildings have had trouble maintaining occupancy and raising rates to keep pace with inflation. At the same time, vacancy in the market as a whole is low, and it is especially low at the high end of the market, where landlords have been able to raise rates routinely and maintain occupancy. The interviews and survey results strongly reinforce this finding. Many respondents noted the poor condition of older Marshfield apartments.

This gap is similar to the quality problem in the lower range of the owner-occupied market. Yet there is a difference, most tellingly revealed in the housing survey. When asked to agree or disagree with the statement "There are appropriate and adequate housing options available within the City of Marshfield", 45% agreed or strongly agreed, and only 33% disagreed (the remaining 22% weren't sure). Yet, as revealed in Figure 3.46, the responses look different when broken down into owners and renters. A full 55% of renters disagree with the statement, and less than 15% weren't sure. In other words, those people most familiar with the rental portion of the market have a poor opinion of the market.

Figure 3.46 – Housing Survey Responses – Appropriate Housing Options



Source: 2014 Marshfield Housing Survey

6) INADEQUATE SUPPLY OF UNITS AT THE HIGH END OF THE RENTAL MARKET

Another recurring theme of the interviews and surveys was the low vacancy rate and high demand for the highest-quality rental units. The Clinic and other employers of high-income professionals draw people that need or prefer the convenience of renting and are willing to pay a premium, by Marshfield standards, to have a nice apartment. Based on ACS data, only 4% of rental units cost more than \$1,000 per month.



Assuming an affordability threshold of 30% of gross income, a household earning the median household income of \$42,783 can afford to pay about \$1,070 per month on housing costs. Half of Marshfield households can afford more than this. Of the 40% of all Marshfield households rent, about 20% earn more than \$50,000 per year and can afford more than \$1,000 per month in housing. This is 8% of all households, double the 4% of rental units available in this price range. While the ability to pay more for housing does not equate to the willingness to do so, the interview and survey results reinforce a finding of a gap between supply and demand at the high end of the market. A sample of relevant comments from the survey:

“Higher end rentals seem to be missing completely.”

“High end apartment complexes for executives are missing.”

“There is a need for apartments in the executive style, with amenities for those not wanting to own right away.”



3.6 National Trends Affecting Marshfield Housing

Though not at the forefront of any national trends, Marshfield remains connected to and affected by trends affecting housing across the country, including changes in financial regulation, demographics, development practices and cultural norms. The section describes some of the most relevant changes affecting housing demand in the Marshfield area.

1) Household size and house size

Household size – the number of people living together – has been in decline for more than 50 years due to multiple related trends. In 1960 the average U.S. household size was 3.35 people, and by 2010 it was 2.59. Causes include declining birthrates, declining marriage rates and increasing age of first marriage, and increased longevity. In other words, people are spending more of their lives single, and those that choose to be parents are having fewer kids.

The effects of these changes on housing are varied, and not always predictable. The size of new houses has increased more or less steadily over the past 40 years, from an average of 1,400 SF in 1970 to an average of 2,600 SF in 2013. While households have been shrinking, families have been giving children their own rooms and designating separate spaces for things like home offices. A more predictable trend is the growth of retirement housing to accommodate the needs and interests of older people, many of whom live for years as one-person households.

National data on apartment size suggest they too have grown, though not as dramatically, to an average of about 1,000 SF. Data for the city of Marshfield is silent on square footage but indicate that there are very few apartment units available with three or more bedrooms. A lack of three- and four-bedroom apartments is common – the market for these units is small and the supply is typically small also, resulting in limited availability. For families that need more bedrooms but prefer to rent or cannot purchase, duplex and single family homes on the rental market are currently and may continue to be the best option.

2) Home Ownership Preferences

Census Bureau statistics confirm that rates of younger homebuyers, ages 35 and below, have been in decline since the recession. Rates have dropped for all groups, but the decrease has been more pronounced for younger buyers.⁷ Studies conducted by the Joint Center for Housing Studies, Morgan Stanley, and the Federal Reserve Bank of Boston cite waning confidence in the investment that home ownership represents. While surveys conducted by Fannie Mae and others – including the Marshfield community housing survey conducted for this project - indicate that home ownership is still a very common aspiration, much commentary on the subject reveals a theme of expanded preference for the ease and perceived lack of constraints

⁷ Census Bureau Homeowner Stats, homeowner rates by age 1990 - 2010



that renting can offer.⁸ It is difficult to say if home ownership rates will remain lower, or if they will return over time to pre-recession levels. The next topic suggest they will not return to those levels, even if preferences for ownership remain strong

3) Stricter Lending Regulation

Lender underwriting requirements have stiffened considerably in the wake of the housing crisis that caused the Great Recession. Most recently, in January 2014, provisions of the Dodd-Frank Act kicked in that establish standards for a “qualified mortgage” that can be purchased by Fannie Mae or Freddie Mac. The standards compel banks to verify that borrowers’ debt-to-income ratio doesn’t exceed 43 percent of their gross income, part of an effort to prevent people from overexposing themselves to the risk of foreclosure. Banks that fail to verify this debt ratio can be sued by the borrower if he or she later defaults on the loan.

The long-term effects of this regulation are uncertain, but it is fair to assume that some aspiring homeowners will be protected from foreclosure by being denied a mortgage in the first place. These changes, while valuable to the health of the economy, will likely prevent a return to pre-recession home ownership levels.

4) Planning and Development Practices

The dominant trend in community planning and development after World War II was the segregation and concentration of uses and housing types – stores here, single family homes there, apartments somewhere else. This trend has been shown to weaken neighborhoods and communities by isolating people. It is now generally recognized that healthy neighborhoods are those that people can stay in over time as their needs and interests change. Healthy neighborhoods include a mix of housing types, sizes, and price points, and they often include or are near to stores and restaurants. Healthy neighborhoods are also walkable, enabling anyone unable to drive – kids, seniors – the ability to get around safely.

⁸ Generation Rent –NPR, Millenials are not Homebuyers – USA Today



CHAPTER 4 - Strategic Housing Plan

This chapter offers goals, objectives and strategies for the City of Marshfield and its community partners to encourage and guide housing investments in the City. It is important to reiterate the underlying economic goals of this plan:

- 1) **Fiscal health for the City through protection and growth of the real estate tax base**
This study shows the loss of housing market share to the surrounding region, and a significant daily influx of employees who live elsewhere. Those employees use City streets each day, and may be taking advantage of parks and other amenities also, but are paying their real estate taxes elsewhere. This plan seeks to reverse this trend by attracting housing investment within the City.
- 2) **Business and employment growth through the elimination of housing choice impediments**
It is understood that housing investments will not drive business and employment growth, but it is also understood that a lack of units desired by employees is a recruitment and retention impediment. Employers and employees identified several supply gaps as impediments to employee attraction – this plan seeks to close those gaps.

Goal 1 – Expand options for those who wish to rent housing in Marshfield

Forty percent of Marshfield residents rent their homes. Their needs are diverse, and some of those needs are unmet right now.



Objective 1.1 - Increase the availability and awareness of month-to-month and 90-day leases

Interviewees and survey respondents reported demand for more short-term rentals to meet the needs of short-term workers and newcomers to the City. This is a somewhat unusual problem that the private market should be solving. Property owners can and should charge a premium for short-term rentals to cover the costs of increased turnover. Some do, but more units are needed.



Objective 1.2 - Increase the availability of pet-friendly units

Many survey respondents noted difficulty finding pet-friendly units in the rental market. While there are some obvious downsides from a property owner perspective – damage, odors, noise, allergies, etc. – there is also a clear and persistent desire to own pets that should be seen as market opportunity for enterprising property owners.

Objective 1.3 - Increase the quality of the city's lower-priced rental units

Rental housing is a commercial enterprise that needs to compete for customers or go out of business. Many survey respondents complained about the quality of units in the City, indicating a need for investment to remain competitive.

Objective 1.4 - Increase the supply of rental units at the high end of the market

Property owner and renter feedback indicated low vacancy among the City's best units. While higher-income households tend to prefer home ownership, there will also be some that prefer to rent for a variety of reasons, including flexibility and convenience.

The following strategies are recommended to expand rental housing choices:

Strategy 1.1 Permit the construction of more mid-range and high-end rental units

New units should include some renting for more than \$1,000/month. Adding units to the market will improve the availability of units and the willingness of property owners to address renter needs. It may also pressure some property owners of lower-quality units to invest in or sell their properties.

Note that the risk of overbuilding this end of the market is much lower than the risk of overbuilding the low end of the market. Today's Class A rental units will be the Class B units 5-10 years from now. Starting with quality is a good thing for the long term health of the market.

- ✓ Responsible Party – City Council
- ✓ Cost – negligible
- ✓ Priority – 2014, ongoing

Strategy 1.2 Ask rental property owners to help expand renter choice

The Marshfield Area Chamber of Commerce and Industry (MACCI) should reach out directly to property owners and landlords to encourage the offering of short-term leases and pet-friendly units. In the process, MACCI should build a database of properties that offer or plan to offer short-term leases and pet-friendly policies and share those findings with members, especially the HR directors of the larger employers.

- ✓ Responsible Party-MACCI
- ✓ Cost – negligible
- ✓ Priority – 2014



Strategy 1.3 Create a rental registry or occupancy permit program

To ensure that basic health and safety standards are being met, the City should inspect rental units at least annually for code violations. Inspectors should operate in an educational approach, helping property owners recognize, understand, and comply with code requirements.

- ✓ Responsible Party - City Council (with staff support)
- ✓ Cost – One full-time inspector plus support tasks - \$40,000-\$60,000
- ✓ Priority – 2015

Strategy 1.4 Create a rental housing rehab revolving loan fund

The improvement of housing quality can be addressed with both a stick (see Strategy 1.3) and a carrot (this strategy). This program could be capitalized with TIF money and focused on the downtown area. The following criteria are suggested:

- Focus the program in a specific area of greatest need, where the results may be more noticeable – the downtown area is recommended, or a subset thereof
 - 0% interest, but repayment required – not forgivable
 - Priority to exterior repairs (roofing, siding, porches), window replacements, and energy efficiency
 - Option of an affordability cap on rental rates based on the number of bedrooms, at least during the term of the loan
 - Dollar for dollar match, up to \$10,000 maximum loan per unit, 2-unit maximum per applicant per year
 - \$50,000 suggested annual budget for the first five years.
-
- ✓ Responsible Party – City Council (with staff and Economic Development Board support)
 - ✓ Cost – \$50,000/year
 - ✓ Priority – 2016 or 2017



Goal 2 – Expand options in Marshfield for those who wish to own their home

Sixty percent of Marshfield residents own their housing, and home ownership continues to be desirable across the demographic spectrum despite some attitudinal shifts among younger residents. There are some gaps between supply and demand that need to be addressed.



Objective 2.1 – Increase the supply of quality homes available below \$200,000

Interview and survey responses indicated a desire for more homes in the City that have the right balance between cost and quality in homes for purchase. Ninety percent of existing homes are valued below \$200,000, but we heard many complaints about the condition of those homes.

Objective 2.2 – Increase the supply of condominiums

There are very few condominiums in a community with more residents than typical ages 25-34 and 65+. Despite the trauma of the great recession that may have scared some developers away from the condo format, condominiums and townhomes offer genuine advantages that will be recognized in the market, especially including lower maintenance effort. While the market (developers) should be recognizing this opportunity, it appears to need help in Marshfield.

The following strategies are recommended to expand owner-occupied housing choices:

Strategy 2.1 Create a housing investment grant program

The City's housing stock needs rehabilitation and investment. A grant program could leverage significant investment. The funding source could be the City's general fund, or tax incremental financing districts – the City should be able to include funding for this program in each new TIF district created, and allow use of the funds within one-half mile of the district.

The following criteria are suggested:

- Focus the program in a specific area of greatest need, where the results may be more noticeable – the downtown area is recommended, or a subset thereof



- No income limits (for simplicity and broad appeal)
 - Properties assessed below \$100,000 only
 - Owner-occupants only
 - 10% maximum grant, minimum \$2,500, maximum \$10,000
 - \$50,000 suggested annual budget
-
- ✓ Responsible Party - City Council (Staff, Economic Development Board)
 - ✓ Cost – \$50,000/year plus staff administration time
 - ✓ Priority – 2015

Strategy 2.2 Prepare and promote remodeling “Pattern Books”

Many of the City’s older homes need remodeling to make them viable in the market, sometimes including additions. Homes of the same era often have similar floor plans and exterior designs. To encourage investment and remodeling in architecturally appropriate ways, the City could create and promote a booklet that illustrates common remodeling and addition techniques specific to a few most common home types.

- ✓ Responsible Party - Planning and Development Staff
- ✓ Cost – \$20,000-\$30,000 to hire a consultant
- ✓ Priority – 2015 or 2016

Strategy 2.3 Consider subsidizing new owner-occupied housing development

If the City wishes to compete effectively with the surrounding towns that don’t require much public infrastructure with housing development, and with the smaller cities and villages that require less infrastructure and/or use tax incremental financing (TIF) to pay for the infrastructure, it needs to play the same game as those cities and villages. The City can use TIF to encourage new owner-occupied housing, including single family units and condominiums. The City Council should review current practices and discuss the use of TIF to support housing development in general and single family housing in particular.

- ✓ Responsible Party - City Council (with staff support)
- ✓ Cost – Variable, TIF funded
- ✓ Priority – 2014

Strategy 2.4 Encourage the development of condominiums in a variety of formats and locations

Condominiums combine the financial advantages of ownership (i.e. tax credits) with many of the maintenance advantages of renting. They can take a variety of forms, from downtown “flats” to a suburban duplex arrangement. Based on survey results it is strongly recommended to include enclosed parking with condo units - more than 82% of housing survey respondents that said



they are interested in a condo when they move next said they believe enclosed parking to be a necessity.

- ✓ Responsible Party - City Council
- ✓ Cost – Variable, could encourage with TIF support
- ✓ Priority – 2014, ongoing

Goal 3 – Leverage housing investments to enhance neighborhood health

Healthy neighborhoods include a mix of housing types, sizes, and price points, and they often include or are near to stores and restaurants. Healthy neighborhoods are also walkable, enabling anyone unable to drive – kids, seniors – the ability to get around safely.



The following strategies are recommended to enhance neighborhood health:

Strategy 3.1 Encourage multiple unit types and sizes in all housing projects and throughout the City

The comprehensive plan should emphasize the importance of mixing unit types and sizes, and the future land use map and associated policies should seek to avoid concentrations of similar units, especially rental housing concentration.

Any housing proposal with more than about 20 units should include some diversity of options, at least in terms of unit size and cost. Developers should be encouraged to offer some variety, and the City should consider the characteristics of housing in the surrounding neighborhood when a new project is proposed.

Strategy 3.2 Encourage new housing development downtown

The survey results revealed no dominant preference for the location of new housing, other than “where there is space for growth”, and responses suggest a perception that there is not space for growth downtown. In fact, there are vacant lots available that could easily accommodate condominiums or apartments, either stand-alone or as part of a mixed-use development. And



there are more locations that could be redeveloped to include new housing. New downtown housing will continue the revitalization of the downtown area, especially by increasing evening activity and retail users.

The City should identify suitable locations for new housing in a downtown plan and set parameters on development to inform and streamline the development process, especially heights, setbacks, and parking accommodation.

Strategy 3.3 Avoid development patterns that leave apartments physically isolated from other uses

Apartment complexes should be integrated with and connected to existing neighborhoods whenever possible. This includes provision of safe bike and pedestrian routes that enable residents to reach parks, retail businesses, etc.

Unintended Consequences

Housing markets are complex and fluid ecosystems. Changes in one part of the market will have effects on other parts of the market. Some of these effects are predictable, and the City should be alert to and prepared for other challenges that may arise as a result of the strategies recommended in this plan.

Rental inspections and increased competition could lead to foreclosures on the poorest-quality properties.

Increased supply in any market puts pressure on the lowest-quality product to improve or fail. As more rental units are built this year and beyond, the low-quality units should have an even harder time attracting renters. This is an appropriate and useful market force, but it is worth noting the risk that some “failures” will lead some property owners to walk away from their property rather than invest in improvements. The rental inspection program may have the same effect. Other communities that have implemented new rental inspection programs, such as Wausau, have witnessed a spike in rental property foreclosures when property owners discover that they cannot afford necessary code compliance improvements. The City and local lending institutions should be prepared for the possibility of multifamily foreclosures and should consider a partnership with the Marshfield Area Apartment Association to offer information and education on cost-effective compliance strategies that may prevent foreclosure.

Improving housing quality could increase demand for public housing assistance

Interviews, affordability data and a review of current public housing demand and practices indicate that low-income residents are generally able to find housing in Marshfield, though there are concerns about the quality of the market-rate housing. As various initiatives are implemented to improve quality and safety, it is reasonable to assume that rental rates will be raised and some low-income residents will have fewer options. The City and the Community Development Authority should monitor demand for public assistance.



APPENDIX A – Maps



APPENDIX B – Survey Summary