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To: Assembly Committee on Housing and Real Estate
From: Toni Herkert, Government Affairs Director
League of Wisconsin Municipalities
Date: February 27, 2025
RE: Informational Hearing on Comprehensive Planning

Chairman Brooks, Vice-Chair Murphy, and members of the Housing and Real Estate Committee,

The League of Wisconsin Municipalities represents over 600 municipalities and their governing bodies, both large and small, rural and urban throughout the state with our average member having a population of about 1,450 residents. The League is a nonpartisan, nonprofit membership organization that was established in 1898 to advance municipal interests.

Wisconsin's 190 cities and 420 villages are where most Wisconsinites live, work, and play. For municipalities of all sizes, comprehensive planning helps to establish the path forward for their communities, ensuring that the needs of current and future residents and businesses may be met. Local governments are not expressly required to adopt a comprehensive plan but if they engage in things like zoning or subdivision regulation, those ordinances must be consistent with the comprehensive plan as of Jan 1, 2010. Consequently, for most communities, that consistency requirement translates to a requirement to have a comprehensive plan. With the population of Wisconsin's cities and villages ranging from under 100 up to over 500,000, the nine elements of a comprehensive plan may look dramatically different in each municipality, yet the workload to prepare a comprehensive plan consistent with statutory requirements doesn't reflect these considerable differences in demographics between the 610 cities and villages in Wisconsin.

Despite the variations in how comprehensive planning looks throughout the state, planning is critically important for developments of all shapes and sizes. We all know Wisconsin needs to generate at least 140,000 housing units by the end of the decade to keep pace with the current demand. That number jumps to almost 230,000 if we hope to grow and house our working age population.

There are several reasons for the housing shortage in Wisconsin and nationwide, including:

- In the period following the Great Recession, construction of new housing slowed, and it has not kept pace with the demand,
- Reduced availability of starter homes, they are not being built, and more people are aging in place,
- High interest rates have individuals staying in their homes and renters unable to break into the homeownership market,
- Rising costs of construction materials,
- Supply chain issues,
- Labor shortages,
- Higher end homes have a more attractive profit margin to developers,
- NIMBYism, and
- Outdated local land use and zoning regulations that can limit housing opportunities.

Municipalities did not create the housing crisis, but the League would like to help our members be part of the solution. After last session's historic investment in housing with $525 million set aside for four housing programs at the Wisconsin Housing and Economic Development Authority, the League, in partnership with the Wisconsin Builders Association and Wisconsin Realtors Association, created More Housing Wisconsin. This partnership was established to produce monthly briefing papers and educational videos that serve as a practical toolkit to local governments with ideas and solutions to help solve Wisconsin's housing shortage. Among the twelve papers published to date is one titled *First Steps to Housing Solutions* which covers the early steps to making one's community more attractive to housing developers, beginning with updating the comprehensive plan.

The League has also been engaged in other member education efforts related to housing and more specifically comprehensive plans. The January 2025 issue of *The Municipality*, the League's member magazine, focused on planning and zoning and included a lengthy article on comprehensive planning, and additionally included a separate article with two municipalities discussing housing-friendly updates to their zoning code to reflect their comprehensive plans. Similarly, the February 2025 magazine on Housing included other municipal stories of comprehensive plan updates such as housing assessments and inventories to assist in the promotion of more housing.

To see how our efforts have been received locally, and to provide updated, current information to this committee, the League conducted a survey this month to learn more about comprehensive planning throughout Wisconsin's cities and villages.

Despite a tight deadline, we had 154 cities and villages respond to our survey, representing a broad range of population sizes, geographic locations, local economies, and varied challenges. Among the respondents were 31 cities or villages either partially or entirely within the districts of the 15 members of this committee.

Less than 10% of the respondents did not have an up-to-date comprehensive plan, and nearly 85% had zoning codes that reflected their comprehensive plan. Through follow-up with respondents, we learned that some municipalities had recently updated their comprehensive plan and were in the process of changing their zoning codes to reflect their new comprehensive plan. More than one-fifth of respondents also had completed their comprehensive plans jointly with a neighboring local government, demonstrating the innovation already taking place throughout the state to consolidate services and promote the Smart Growth model.

Less than 8% of respondents did not find the comprehensive planning process to be a valuable tool for municipalities, with 77% believing it to be a valuable tool and 16% unsure. I wanted to quickly highlight how these plans were valuable locally.

One member responded that their comprehensive plan guides zoning code updates, both small and large scale as they look to adjust for changing economic realities. It also offers a valuable tool to share with potential developers and business owners looking at our community and where/how their vision can fit into the community goals. The plan streamlines the approval process for all involved and leads to a more business-friendly atmosphere.

Another member stated that the city recently completed a comprehensive plan update and one of the most significant recommendations that came out of that effort was the need to conduct a rewrite of the Zoning/Subdivision Ordinance. The project is now underway and designed to maximize the development potential of all available land through improvement of the regulatory framework, allowing for increased

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density of development, modifying parking standards, creating greater flexibility in the code, expanding the range of allowable uses by right, and streamlining the development review and approval process.

When asked to rank which of the nine comprehensive planning elements the respondents felt was most useful, Land Use, Housing, and Economic Development were clear front runners and the most referenced parts of the plan throughout the survey responses. However, despite comprehensive planning's usefulness, challenges exist. Four in five respondents noted that staff capacity and resources were one of the biggest barriers in updating their municipality's comprehensive plan, while three in five respondents also noted consultant costs, municipal costs, and a lack of funding to implement the comprehensive plan once its adopted.

One respondent noted that their consultant costs doubled from the last time they updated the plan, with the cost now at over $100,000. Another respondent noted their consultant cost for their recently updated comprehensive plan rang in at $90,000, and they are now working to update their Code of Ordinances to reflect their plan and that will cost another $67,000. Neither of these respondents are from large municipalities, and these costs will have sizable budgetary impacts. Levy limits were also highlighted as a budgetary challenge. One member indicated that boards would prefer to spend available funds to actually construct one of the many necessary capital projects versus funding a planning document.

Another challenge noted by respondents included the one-size fits all nature of the nine elements that are statutorily required and the fact that all communities are held to the same plan elements regardless of size or potential for growth.

Our survey also uncovered some potential solutions. The first recommendation was to bring back comprehensive planning grants. In addition, members expressed that it would be helpful if they were able to use a different plan in place of a specific element. As opposed to a cookie cutter template for every single local unit of government in the state, create flexibility. Many municipalities have more specific and frequently updated plans that guide development including housing studies, plans, or needs assessments, boundary agreements with adjacent municipalities, transportation plans, capital improvement plans, economic development and downtown plans, and others.

Another potential modification a respondent recommended was instead of each local unit of government doing a comprehensive plan, the Legislature could consider providing funding for the regional planning commissions to write the plans so they are more cohesive. Then each local unit of government could have a smaller action plan and Future Land Use Map that could guide development.

Finally, a member recommends allowing rolling amendments to count as the plan update. A comprehensive plan would be considered updated if a municipality amended and updated one to two elements biannually addressing them all in a 10-year period.

We hope you find the survey results informative. We want to thank Representative Brooks and the Housing and Real Estate Committee for the opportunity to testify today. We appreciate your time and interest in this important matter. If you have any questions or require additional information, please feel free to contact the me at your convenience at therkert@lwm-info.org.