

4.0 HOUSING

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Introduction

A high-quality, well-designed housing stock is vital to a healthy community. The styles, sizes and types of housing selections available give a community character and establish a connection between residents and their neighborhoods. In most instances, rural towns have a high percentage of single-family homes with few other housing choices available. Three Lakes differs in that available housing options include seasonal and vacation homes, condominiums, multi-unit owner-occupied and rentals, and other options more often found in larger, more urbanized communities, yet typical of an economy heavily influenced by the tourism sector.

The purpose of the Housing element of the comprehensive plan is to assess the current housing stock, identify existing and potential deficiencies, and provide an implementable strategy to meet anticipated future housing needs.

Of the 14 planning goals identified in the Comprehensive Planning law, those listed below specifically relate to planning for local housing:

- Providing adequate infrastructure and public services and an adequate supply of developable land to meet existing and future market demand for residential uses;
- Encouraging neighborhoods that incorporate a variety of housing types;
- Promoting the redevelopment of lands with existing infrastructure and public services;
- Encouraging the maintenance and rehabilitation of existing residential dwellings;
- Providing an adequate supply of affordable housing for individuals of various income levels; and
- Providing local housing choices for all stages of life.

Housing Vision

In 2030, Three Lakes offers a diversity of living options to meet the needs and desires of its residents and visitors. Although single-family homes remain the dominant form of housing in the community, townhouses, condominiums, senior living options and well-designed, well-maintained short- and long-term rental units provide an enhanced array of residential living choices.

Housing in the town is designed in harmony with the natural environment. Local land-use ordinances promote attractive housing with abundant green spaces, scenic views, trails and other desired amenities.

THE ROLE OF HOUSING IN THE COMMUNITY¹

Of all the elements that comprise cities, suburbs and towns, housing is perhaps the most complex. In addition to providing shelter, housing is also a driver of transportation patterns, a consumptive good, a prominent feature of the built environment, an investment for building wealth, a determinant of social interaction and achievement, and a symbol of familial connections and personal history. Housing acts as the figurative and literal building block for

¹ Much of the text in this section was excerpted from *Affordable Housing and Smart Growth: Making the Connection*, Smart Growth Network and National Neighborhood Coalition, 2009.

communities in rural, suburban and urban areas. It affects how we interact with our neighbors, whether across a shared fence or in the building lobby, influencing the social networks and social capital that constitute the community fabric.

The distribution of housing creates the footprint of a neighborhood or town whether houses are aligned in cul-de-sacs or small-scale grid streets and, as a result, affects transportation needs. When housing is in close proximity to high-wage jobs, top-quality schools and well-funded public safety operations and services, children have more opportunity to achieve economic and social stability than when they are not. Poor-quality housing not only poses environmental risks for occupants, but often contributes to community disinvestment when vacant homes and other buildings in need of repair are left to deteriorate.

The quality of available housing is determined largely by income. Traditionally, housing has constituted the single-largest monthly expense of households, requiring approximately 30 percent of adjusted gross income, although recent development patterns have caused a significant increase in the share of household costs associated with transportation -- a direct result of housing location choice. (Additional information related to housing affordability can be found later in this chapter.) Rental and home price increases at rates that exceed inflation have forced millions of households to pay more than this generally accepted amount. Renters remain particularly vulnerable to these rapid changes in price. At the same time, housing tenure choice and neighborhood quality are strong determinants of the ability of households to accumulate wealth through equity in their homes. For the 67 percent of Americans who are homeowners, their home is the largest purchase they are likely to make in their lifetime.

Homeownership is advocated by the Department of Housing and Urban Development (HUD) and others for the benefits it can offer in insulating households against rapid rental price increases and in stabilizing neighborhoods by increasing the community tax base.

VISIONS, OBJECTIVES, POLICIES AND GOALS

Wisconsin's Comprehensive Planning law requires that the Housing element contain a compilation of objectives, policies, goals, maps and programs of the local governmental unit to provide an adequate housing supply that meets existing and forecasted housing demand in the local governmental unit. The element shall assess the age, structural, value and occupancy characteristics of the local governmental unit's housing stock. The element shall also identify specific policies and programs that promote the development of housing for residents of the local governmental unit and provide a range of housing choices that meet the needs of persons of all income levels and of all age groups and persons with special needs, policies and programs that promote the availability of land for the development or redevelopment of low-income and moderate-income housing, and policies and programs to maintain or rehabilitate the local governmental unit's existing housing stock.

From all of the community forums, surveys and public hearings, the following housing issues concerned the citizens of Three Lakes. Goals were then developed to address these issues while reflecting the vision statement that guided the development of the comprehensive plan.

ISSUES

GOALS

SHORTAGE OF AFFORDABLE HOUSING PRESENTLY AVAILABLE IN TOWN OF THREE LAKES	Promote an increase in development of housing for Three Lakes residents affordable to the median family
LOCAL LAND-USE ORDINANCES AND REGULATIONS NEEDED TO ACHIEVE DESIRED HOUSING GOALS	Utilize subdivision, zoning and other ordinances to implement the comprehensive plan and more effectively achieve long-term housing goals in the community
SHORTAGE OF LONG-TERM RENTAL PROPERTY IN THREE LAKES	To increase the opportunity of high-quality affordable rental homes in Three Lakes
SHORTAGE OF SHORT-TERM RENTALS/TOURIST-BASED HOUSING	To address the loss of short-term rentals for vacationers
SHORTAGE OF HOUSING FOR SENIORS INCLUDING ASSISTED-LIVING AND ELDER-CARE FACILITIES IN THREE LAKES	To encourage the elderly population to continue residing in Three Lakes by providing alternative housing opportunities
HOUSING IN HARMONY WITH THREE LAKES NATURAL ENVIRONMENT	Ensure that all future development respects the natural environment of the community
SUSTAINABLE ENERGY-EFFICIENT HOUSING	Improve energy conservation by encouraging sustainable energy-efficient residential development
INTERNET/SMART TECHNOLOGY INFRASTRUCTURE	Encourage new home construction to integrate developing Smart Home and Internet technology

A full expansion of the above Issues, Goals, Objectives and Policies can be found in *Chapter 12: Implementation*.

Existing Housing Supply

The town of Three Lakes possesses a diverse array of housing options (see Table 12 at right). Although single-family detached homes comprised the bulk of the housing supply in 2000 (91.6%), a much greater variety of housing choices are available in the town than would typically be found in a relatively isolated, rural

Table 12: Town of Three Lakes Housing Variety, 2000.

	Number	Percent
1-unit, detached	2,660	91.6%
1-unit, attached	39	1.3%
2 units	27	0.9%
3 or 4 units	18	0.6%
5 to 9 units	10	0.3%
10 - 19 units	22	0.8%
20 or more units	--	--
Mobile Home	121	4.2%
Boat, RV, van, etc.	7	0.2%

Source: WDOA Demographic Services Center and 2000 U.S. Census

community (albeit limited in total number).

The Town recognizes that single-family homes may not fit the needs of, or be desired by, everyone. Some residents are not able to afford a single-family home. Others may not want the maintenance responsibilities necessary to keep up a home and yard. Still others may simply prefer living in an alternative style of housing. Senior housing developments, townhomes, short-term rentals (for the tourism market), long-term rentals and housing designed for independent living are viable and potentially desirable future housing alternatives in the community.

Information related to infrastructure needs for future residential development can be found in *Chapter 6: Utilities and Community Facilities*.

AGE AND QUALITY OF HOUSING STOCK

A good indicator of the quality of available housing in a community is the age of the housing stock. Table 13 (at right) lists the number of units and the corresponding percent of housing stock by year built. Nearly half (50.8%) of the town's housing has been constructed since 1970, when modern building codes began to regulate new home construction. Almost one-quarter (22.2%) of the existing housing units were built before 1939. A

significant share of the town's housing stock predates World War II and the post-war improvements in building construction. While age alone does not indicate poor condition, it is assumed that older structures will require more frequent and more expensive maintenance.

Table 13: Age of Housing Stock, 2000.

Year Structure built	Number	Percent
1990 or newer	503	17.3%
1970 to 1989	783	27.0%
1940-1959	972	33.5%
1939 or earlier	646	22.2%
Total	2,904	100%

Source: WDOA Demographic Services Center and 2000 U.S. Census

OCCUPANCY

In order for a housing market to operate efficiently, it must possess an adequate supply of available housing units (for sale or rent). A housing market's supply of available units must be sufficient to allow for the formation of new households by the existing population, to allow for immigration, and to provide opportunities for alternative housing resulting from a change in household size, status or income.

According to U.S. Department of Housing and Urban Development (HUD), an overall available vacancy rate of 6.5% (1.5% for the owned portion of a housing stock and 5.0% for the rented portion) is required to allow for adequate housing choice among consumers. The 2005 available vacancy rate for Wisconsin is 9.0% for rentals and 1.6% for owner occupants (U.S. Census Bureau, 2005). Vacancy rates vary from one community to the next. High vacancy rates demonstrate an adequate supply, which is good in the aspect that this will offer competition and may result in lower housing prices.

In 2000, the vacancy rate in Three Lakes was 1.2% for owner-occupied units and 8.6% for rentals. By comparison, the 2000 owner-occupied housing unit vacancy rate in Oneida County as a whole was 1.6% with a 7.3% rate for rentals. Although the 8.6% rate for rentals in Three Lakes appears high when compared to HUD guidelines, it is indicative of a recreation and tourism-based housing market.

Cost of Housing

As presented in the *Role of Housing in the Community* section of this chapter, the supply, age and condition of existing housing units provides the basis for determining the cost of housing as well as current and future demand.

MEDIAN VALUE OF OWNER-OCCUPIED HOUSING UNITS

Table 15 (below) provides a comparison of median home values following the 2000 Census for the communities adjoining Three Lakes and Forest, Oneida and Vilas counties. The median value of an owner-occupied home in Three Lakes following the 2000 Census was \$121,200, an increase of 155.4% from the 1990 Census. This was indicative of the overheated housing market in Wisconsin and across the nation during the past decade.

Table 14 (at right) provides median sale prices for all homes sold in Three Lakes between the years 1999 and 2008. As the table shows, median sale prices peaked during 2006 and have been generally declining since. The brunt of the current housing downturn did not begin in earnest until mid-to late 2007. It is presumed that current median values in Oneida County and Three Lakes are falling, although detailed data on current figures is not yet available.

Table 14: Median Sale Price for Homes in Three Lakes, 1999-2008.		
Year	# of Homes Sold	Median Price
2008	37	\$222,500
2007	41	\$259,000
2006	38	\$399,000
2005	47	\$185,000
2004	85	\$222,000
2003	59	\$125,000
2002	79	\$137,000
2001	59	\$131,800
2000	56	\$130,000
1999	53	\$133,850
Source: Wisconsin Realtor's Association 2009 & TAG		

Table 15: Median Value of Owner-occupied Homes, 2000.			
Community	1990 Median Value	2000 Median Value	Change 1990-2000
Town of Three Lakes	\$59,200.00	\$121,200.00	\$62,000.00
Town of Sugar Camp	\$59,000.00	\$111,200.00	\$52,200.00
Town of Stella	\$50,300.00	\$107,400.00	\$57,100.00
Town of Piehl	\$34,400.00	\$85,000.00	\$50,600.00
Oneida County	\$52,900.00	\$106,200.00	\$53,300.00
Town of Lincoln	\$57,100.00	\$110,400.00	\$53,300.00
Town of Washington	\$62,900.00	\$125,800.00	\$62,900.00
Vilas County	\$58,900.00	\$120,200.00	\$61,300.00
Town of Hiles	\$42,500.00	\$87,000.00	\$44,500.00
Forest County	\$38,400.00	\$77,400.00	\$39,000.00
Source: WDOA Demographic Services Center and 2000 U.S. Census.			

TOTAL HOME SALES IN ONEIDA COUNTY

Table 16 (on following page) presents the total number of homes sold in Oneida County during the past 11 years. Home sales in the county were at their highest in 2005 (1,237) and have since dropped to a 2008 figure of 647 (a decrease of 91%).

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The current recession, higher cost of energy and inflated housing market are the primary causes of declining homes sales. However, home values in Wisconsin had fallen just 3.7% between 2007 and 2008. Wisconsin's housing market has outperformed the Midwest region and national markets during the recent economic downturn.²

It is likely that declining home prices, historically low interest rates, and federal tax incentives for new home buyers will generate modest increases in the number of home sales in Three Lakes and Oneida County through 2010 when economists anticipate a rebound in the housing and financial markets.

Table 16: Total Number of Home Sales in Oneida County, 1997-2008.					
Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2008	108	188	208	143	647
2007	165	250	341	209	965
2006	165	301	329	271	1066
2005	198	348	448	243	1237
2004	106	212	273	187	778
2003	89	161	270	182	679
2002	83	108	247	175	613
2001	84	166	214	116	580
2000	86	--	179	148	574
1999	74	153	218	147	592
1997	73	148	203	124	548

Source: Wisconsin Realtor's Association, 2009.

RENTAL UNITS

There were 149 rental units in the community following the 2000 Census, including short and long-term single-family structures, duplexes, multi-units, and mobile homes. The median monthly contract in 2000 was \$429 (an increase of \$214 from 1990), compared with \$460 for Oneida County at large. Table 17 (on following page) provides a comparison of rental units in Three Lakes following the 1990 and 2000 censuses.



² Excerpted from Wisconsin Realtor's Association press release, February 2009.

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Table 17: Number and Percentage of Units by Gross Rent, 1990 and 2000				
Rent/Month (excluding utilities)	Number of Units, 1990	Percent of Total, 1990	Number of Units, 2000	Percent of Total, 2000
Less than \$200 (<250 1990)	79	70%	10	9.4%
\$200 to \$299 (250-499 1990)	34	30%	24	22.6%
\$300 to \$499	--	--	29	27.4%
\$500 to \$749	--	--	25	23.6%
\$750 to \$999	--	--	4	3.8%
\$1,000 to \$1,499	--	--	--	--
\$1,500 or more	--	--	--	--
No cash rent	--	--	14	13.2%
Median Rent (dollars)	\$215	100%	\$429	100%
Source: WDOA Demographic Services Center and 2000 U.S. Census				

SHORT-TERM RENTAL - TOURISM

In the period of 1940 to 1970, the resort era peaked and provided a range of rustic to pampered lodging for the many families that would vacation on the area's many lakes. Because of the love for the area, many families choose to purchase a vacant lot and build their own seasonal residence. Over the years, the demand for vacant lake property grew, raising lake property values more than 3000% in those 30 years. During the 1970s, rising lake property values prompted many resort owners to sell off their cabins and vacant property. For many resort owners, the return they received parceling off their property far outweighed the income received as a lodging business. Looking back only 21 years to 1988, there were 195 cabins available for rent; today there are 58³. In addition, conversion from Multiple Family to Single Family Residential restricted how the property could be used. Oneida County zoning ordinance states "Single Family dwellings, including long-term single family rental and lease arrangements require a 30 consecutive day minimum length of stay." As a result of this land-use evolution, the town is left with fewer short-term places for families to stay. The latest Three Lakes chamber of commerce information shows 161 (including Oneida Village Inn and Northernaire) short-term housing units are currently available. Tables 18 a-c show the results of questions posed within the July 2008 Residential Survey asking the opinions of the residents regarding short-term rentals and the length of stay to rent out their own single-family homes.

Table 18a (Question #11): Should Any Homeowner be able to rent their home regardless of zoning?	
YES	NO
468	283
Source: Three Lakes TAG Residential Survey July 2008.	

³ Three Lakes Area Chamber of Commerce 2009

Table 18b (Question #11): Length of Rental?			
1 Week	2 Weeks	3-4 Weeks	1 month +
96	81	99	339
Source: Three Lakes TAG Residential Survey July 2008.			

Table 18c (Question #11): Do you currently rent out your home?	
YES	NO
17	736
Source: Three Lakes TAG Residential Survey July 2008.	

As the results show, even though a small percentage actually reported to rent out their home, there is consensus among homeowners to have the ability to rent out their own home. The big question for future discussion would focus on what is the minimum length rental time.

Housing Affordability Analysis

Understanding affordability requires answering a seemingly simple, yet surprisingly difficult, question, Does the cost of housing match the ability of residents to pay for it?

There are several ways to answer this question. One common technique comes from the U.S. Department of Housing and Urban Development (HUD). The HUD method compares income to housing costs. According to HUD, housing is considered affordable when it costs no more than 30% of total household income, on a monthly and annual basis. Under HUD standards, residents should be able to live in safe and decent housing for no more than 30% of their household income.

Housing affordability also requires access to employment and transportation to allow residents to sustain a decent wage in order to afford mortgage and rent payments. These issues are further discussed in *Chapter 5: Transportation* and *Chapter 8: Economic Development*.

Median monthly mortgage payments in Three Lakes following the 2000 Census exceeded the 30% threshold recommend by HUD. In 2000, the median annual household income for Three Lakes was \$32,798, with an estimated monthly pretax income of \$2,733. Thirty percent of the median monthly income yields an amount of \$820 to be used to cover the cost of housing (again, under the current HUD guidelines). The median value of a home in 2000 was \$121,200, with a median monthly mortgage payment of \$895, a per-month deficiency of \$75. The median monthly contract rent rate was \$429, well below the HUD guidelines.

However, these figures are somewhat deceptive in that the household incomes, mortgage costs and monthly rent are offered in median numbers. (Refer to the box on page 3-10 of *Chapter 3: Community Profile* for a definition of median vs. average or mean.) Table 19 (at right) shows the numbers and percentages of households in Three Lakes in relation to the percentage of their annual income allocated to housing costs. As the table shows, in 2000:

- 28.2% (191 total) of owner-occupied households exceeded the 30% threshold recommended by HUD.
- 29.3% (31 total) of renter-occupied households exceeded HUD guidelines.

It must be noted, however, that the amount of money associated with mortgage payments and monthly rent does not include local taxes or utility costs (i.e., water, gas, electric, phone, etc.), except when the costs of utilities are included as part of the rental agreement. Additional housing costs related to maintenance and necessary improvements are also not included in the census data.

Table 19: Percentage of Annual Income Allocated to Housing for Households in Three Lakes, 2000.		
Owner-occupied Housing		
Percent of Income	Number of Households	Percent of Households
Less than 14.9%	220	32.5%
15% to 19.9%	135	20.0%
20% to 24.9%	69	10.2%
25% to 29.9%	61	9.0%
30% to 34.9%	38	5.6%
35% or more	153	22.6%
Renter-occupied Housing		
Less than 14.9%	14	13.2%
15% to 19.9%	13	12.3%
20% to 24.9%	15	14.2%
25% to 29.9%	19	17.9%
30% to 34.9%	11	10.4%
35% or more	20	18.9%
Not computed	14	13.2%
Source: WDOA Demographic Services Center and 2000 U.S. Census		

These figures are one indication of a lack of affordable housing available within the community. The abundance of second and vacation homes undoubtedly plays a role in the availability of affordable and other alternative housing options in Three Lakes. As the population of the community grows, and the average age of town residents increases, alternatives to the single-family homes will become more desired and more necessary.

Current and Future Housing Needs

This section of the Housing chapter is intended to identify the alternatives to be considered in order to meet current housing shortfalls and future needs in the town of Three Lakes. The housing issues and alternatives discussed in this section were identified based upon a variety of factors, including:

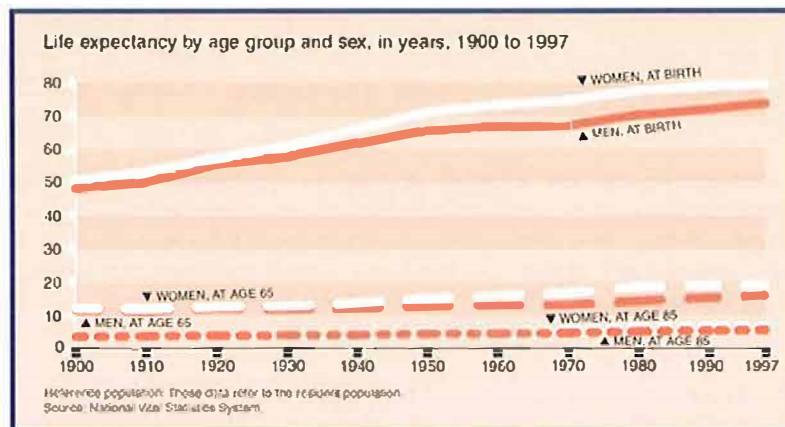
- Input from landowners, business owners, elected and appointed officials, and other stakeholders through recent surveys and meetings sponsored and/or facilitated by the TAG;
- A thorough review of demographic data from the 1990 and 2000 U.S. censuses;
- Additional information related to the current housing and economic downturns;
- Recognition of the changing needs and desires of the baby boom generation; and
- National, regional and state trends related to the economy, environment and changing lifestyles resulting in increased demand for alternatives to large single-family homes.

SENIOR HOUSING

Clearly defining the need for future senior housing in a community is not a simple task. This is largely due to the complexity of the marketplace. The majority of seniors in Wisconsin, in all age groups, live in their own homes or in mixed-family congregate housing (i.e., apartments with residents of all age ranges). The ability of a resident to remain at home is enhanced by organizations and services catering to people of retirement age. Examples of these services include: Meals on Wheels programs, parish nursing programs and home health care, among others. In addition, building designs for life (i.e., wider door frames to accommodate future wheelchair access, first-floor bedroom, etc.) can extend the ability of a resident to live independently in their own home. However, some seniors may not be able (or desire) to live in a private home and will seek alternative housing options.

As Chapter 3 showed, the number of town residents age 65 and older is growing (see Table 3, page 3-3) and will likely grow at an increasing rate during coming decades. In fact, octogenarians (people age 80 or older) are the fastest-growing demographic group in the nation. The number of people in Three Lakes age 65 and older increased from 469 in 1990 to 584 in 2000 (a 24.5% increase). As the average life expectancy for Americans increases (77.8 years in 2004, 74.1 for white males, 79.8 for white females), a greater percentage of the town's residents will fall into the 65 and older age category than at any time in its history (see box at right for average

American life expectancy by gender, 1900-1997). As a result, it is anticipated that the number of seniors living in the town will increase noticeably during the tenure of this plan. Accordingly, local demand for senior housing may support the development of smaller houses, retirement communities, community-based residential facilities and local assisted-living facilities and services.



Source: U.S. Department of Health and Human Services, 1997.

SENIOR HOUSING OPTIONS⁴

In recent years, a variety of alternative housing options for seniors and grants for retrofitting existing homes for disability access have become available. Although no one of these can be considered the preferred housing alternative, a combination of various housing types will provide a way in which Three Lakes may address the challenges of adequate and desirable

⁴ Much of the text in this section was excerpted from the *Seniorresource.com* website, 2006.

housing for seniors. In the July 2008 Residential Survey, citizens were asked how important it is to have certain senior-oriented housing options available (see Table 20 below).

Table 20 (Question 10) - Concerning future housing in Three Lakes over the next 20 years, rate the following items:					
	Do not need/want	Less Important	Somewhat important	Important	Very Important
Senior Housing	156	100	185	203	118
Senior Assisted Living	143	86	175	214	145
Full Nursing Care	162	137	176	181	98
Source: Three Lakes TAG Residential Survey July 2008.					

This is important in that it offers ways in which an aging population can remain within the community during their retirement years.

A variety of senior-oriented housing options exist to meet the needs of an aging population⁵. They include:

- **Age-restricted Retirement Communities.** One type of housing for seniors that is growing in popularity is the age-restricted, active-adult development. Active-adult developments provide a housing atmosphere with the amenities including golf courses and fitness centers that vibrant senior's desire. Aging residents can benefit from a relaxed environment with similar-age neighbors while avoiding the conventional maintenance and upkeep requirements that come with home ownership.

The benefits of these developments include high-quality housing for those who do not require assisted-living and nursing care. Communities benefit from attracting active-adult developments because they reduce the impact on the transportation network and schools while increasing tax revenue. Some methods used to encourage the construction of active-adult developments include creating senior housing districts in the zoning ordinance, planned unit development sites (PUDs), or creating overlay districts. In some instances, communities will also provide density bonuses to attract developers.

- **Seniors Only Apartments.** Some older seniors may choose to sell their homes and move into senior apartments. This frees equity that can then be used to supplement income through interest or dividends earned through investment of capital. The move also frees seniors from home maintenance and groundskeeper chores. For others, living in a large senior complex affords a greater sense of security than living in a private home.

⁵ SOURCE: American Planning Association Magazine: December 2006.

- **Modular Home Communities.** Modular home communities have both full-time residents and those who reside only part of the year. The lots and mobile units may be leased to, or owned by, the residents.
- **Elder Cottage Housing Opportunities (ECHO).** Elder Cottage Housing Opportunities, which may include accessory units and granny flats, refer to housing options wherein seniors occupy a second living unit, or apartment with a separate entrance, on a single-family lot with another family. Generally, they are permitted by the municipality to foster affordable housing or aid families with elderly parents unable to live completely alone. The owner of the home or the renting party may be a senior.
- **Shared Housing.** Under this alternative, seniors share their home with another senior. Professional organizations which specialize in these arrangements match the two parties based on needs. Most of the organizations that provide these services are nonprofit and supported from sources other than those seeking help.
- **Continuing Care Retirement Communities (CCRCs).** Continuing Care Retirement Communities are designed to provide active seniors an independent lifestyle and a private home from which to enjoy it, regardless of future medical needs. They may require buy-in or an up-front annuity purchase followed by monthly payments covering services, amenities and necessary medical care. They provide the availability of multiple layers of care, without the uncertainty of wondering where the senior will live.
- **Congregate Housing.** Congregate communities offer independent living in private separate apartments and the opportunity to share activities of daily living with other residents. They may offer rental or ownership options.

Assisted Living. Assisted Living (or Residential Care for the Elderly) offers help with non-medical aspects of daily activities in an atmosphere of separate private living units. It is similar to Congregate Housing care albeit for residents less able to function independently in all aspects of their daily life. Licensing is usually required for Assisted Living facilities.

- **Board and Care / Residential Care.** Board and Care, sometimes referred to as Residential Care, is usually offered in converted homes. It provides a homelike setting with supervision for four to 10 senior residents.
- **Skilled Nursing Facilities (Nursing Homes).** Skilled Nursing Facilities may be freestanding or part of a senior community and may offer congregate or assisted-living options. It may specialize in either short-term acute care or long-term care.

Initial discussions with the Eagle River Friends of the Future have demonstrated that a cooperative effort with its group, the Three Lakes Health and Wellness Foundation and other interested groups would find the most success in offering senior-oriented housing in the future. Look for more research and discussion on this in the future.

OPTIONS FOR AFFORDABLE HOUSING

As stated earlier in this chapter, HUD defines housing affordability based upon the median household income of current residents compared with the median value of available owner-occupied and rental housing in a community. HUD criteria have determined that housing is *affordable* when the annual cost of housing does not exceed 30% of the annual income of residents. National and regional trends suggest that future property values will increase in relation to household incomes, thereby decreasing the availability of affordable housing in the community.

A variety of options are available to local government to increase the availability of affordable housing. They may be regulatory or nonregulatory in nature, and include:

FLEXIBLE LAND-USE REGULATIONS

Current development patterns fail to provide adequate affordable housing, in part as a result of a range of land-use regulations administered by local governments. While land-use regulations can achieve important development and planning goals, they can also prevent (or inhibit) the private sector from creating lower-cost housing that may serve the needs of many below-median-income households. The removal of certain zoning and regulatory barriers eliminates the need for developers to procure variances and waivers through a lengthy (and costly, in pre-development terms) planning process in order to create housing alternatives. Such regulatory barriers include minimum lot size requirements, minimum square-footage requirements, parking requirements, and prohibitions on accessory dwelling units or multifamily housing.⁶

SIZE GUIDELINES AND/OR LIMITATIONS

Another way in which the Town may provide for an adequate supply of affordable housing is to establish guidelines or limitations related to the size of new housing constructed in the community. Housing size *guidelines* would be nonbinding components of the zoning and subdivision ordinance encouraging the development of smaller single-family homes (900 to 1,400 square feet in size), as well as condominiums, townhouses, apartments and the like. Housing size *limitations* would also be implemented through the zoning and subdivision ordinances, but would be achieved through incentives and bonuses or mandatory requirements. Components of the zoning ordinance may include:

- Offering density bonuses to developers for including affordable housing in their plans;
- Reducing the minimum lot size for small homes and duplexes; and
- Increasing flexibility within the code.

INCLUSIONARY ZONING

The issue of affordable housing is a concern throughout many Wisconsin communities, but more so in rural towns like Three Lakes where rural character and abundant natural resources drive the development of second and vacation homes. Due to the high demand for these homes, and the seasonal demands of a strong tourist economy, many people find it difficult to find housing at a price they can afford. One tool that local governments can use to increase the

⁶ Much of the text in this section was excerpted from *Affordable Housing and Smart Growth: Making the Connection*, Smart Growth Network and National Neighborhood Coalition, 2009.

supply of affordable housing is inclusionary zoning. Inclusionary zoning can be a controversial strategy. Incorporated into the zoning or subdivision ordinance, inclusionary zoning encourages or requires that a certain percentage of the units in a new residential development (or a neighborhood) be affordably priced. The standard of affordability is determined by the mean and median incomes of residents (or prospective workers) within the community. A variety of issues must be considered prior to making a decision to move forward with inclusionary zoning standards. They include:

- **Equity.** Is inclusionary zoning the only effective way of ensuring the provision of homes affordable to working families? Or, is it unfair for government to require property owners and developers to subsidize the public good of affordable homes?
- **Incentives.** Consensus around the adoption of inclusionary zoning is generally easier to achieve through density bonuses. In other words, developers who include a certain percentage of affordable housing units in a development project are allowed to develop a greater number of lots (and allowed smaller minimum lots sizes) than would otherwise be allowed under current subdivision or zoning requirements.
- **Voluntary v. Mandatory.** The consensus among planners and zoning administrators is that mandatory requirements are more effective; however, they are also much more controversial. A well-crafted voluntary program may not achieve the level of success of one that is mandatory, but its market-based nature has the potential for significantly increasing the supply of affordable housing while still providing property owners and developers with some flexibility in the development process.
- **Target Income Levels.** Inclusionary zoning tends to be more effective in providing homes affordable to families of moderate income than those with very low incomes.
- **Duration of Affordability.** Many communities that adopt inclusionary zoning standards require that the housing units remain affordable for a predetermined time frame (often 15 to 20 years).
- **On-site vs. Off-site.** The local government must decide whether the inclusionary standards will be set on-site (in that the percentage of affordable units must be part of the development project) or allowed off-site (allowing the developer to construct an equivalent number of homes somewhere else in the community).⁷

LOW-INCOME HOUSING TAX CREDITS

The Low-income Housing Tax Credit (LIHTC) program is run by the Internal Revenue Service and allows companies to invest in low-income housing while receiving 10 years of tax credits. This important program works with state housing finance agencies to administer the program on a state level. Housing credit units are privately owned by developers and are run at a profit.

⁷ Much of the text included in this section was excerpted from *Zoning Practice, Issue #12, Affordable Housing*, December 2006.

Housing Issues

Significant amounts of new residential development will, if unguided, change the character of Three Lakes. Concern about increased growth and its impact on the rural character of the town was an important motivation for developing this plan. The following options may be considered as a strategy to maintain the community's rural character:

- Retain farmland, woodlands and open/undeveloped lands. (This topic is discussed more in *Chapter 7: Agricultural, Natural and Cultural Resources*.)
- More effectively utilize a subdivision ordinance, zoning ordinance and other local management tools to manage new residential development.
- Encourage or require conservation design for all new residential development.
- Locate homes in the most appropriate place within new parcels.

VACATION AND SECOND HOMES

The town's beautiful natural setting presents residents and elected officials with what some see as an opportunity and others view as a nuisance--residential and commercial development pressure. Three Lakes' scenic location drives the development of second and vacation homes. As the demand for this type of development increases, property values will continue to rise, tempting farmers and other rural landowners to sell their land for development. Rising property values make it more difficult for residents to afford to live in the community, particularly young families and retirees.

CONSERVATION SUBDIVISION DESIGNS⁸

Residents view Three Lakes as a special place to live. They do not want to see important natural features lost in order to make way for new residential and commercial development, but recognize that additional homes will be needed to meet the needs of a growing population. One method that may allow the Town to meet these seemingly conflicting needs -- protecting the natural environment while allowing for additional residential development -- is through the use of *conservation design* for subdivisions. Conservation subdivisions provide developers with a marketable alternative to conventional subdivision design. They allow for profitable and desirable development while simultaneously preserving the important natural and cultural features present on a given piece of property (woodland, farmland, historic structures, etc).

In a conservation subdivision, homes are clustered together on smaller lots so that the remainder of the parcel can be permanently preserved as open space or agricultural land. Typically, 40% or more of the site is preserved through a

How is a Conservation Subdivision Created?

1. Develop a Yield Plan. This plan essentially shows how many homes could be developed if a traditional subdivision layout were used.
2. Identify Primary and Secondary Conservation Areas. Primary areas include those areas typically protected by code or ordinance such as wetlands, floodplains, steep slopes, and stormwater management areas. Secondary conservation areas include other areas of local importance typically not protected by code or ordinance: farmland, woodlands, scenic views, etc.
3. Locate the Home Sites.
4. Locate Roads, Sidewalks and Trails.
5. Draw the Lot Lines.

⁸ Additional information related to Conservation Subdivisions can be found in Chapter 7: Agricultural, Natural and Cultural Resources, and Chapter 10: Future Land Use.

conservation easement or similar method. The protection and maintenance of the preserved open space is managed through the easement by a homeowners association, land trust, conservancy or the local government (among other options). Trails, community gardens and other amenities are often included in the design of conservation subdivisions.

Conservation subdivisions are a tool to balance the growth desires of landowners and retiring farmers with the rural character preservation desires of other residents. The benefits associated with conservation subdivisions make these types of development more desirable for landowners and developers alike, and include:

Social/Recreational

- Provision of amenities including trails, sports fields and even tennis courts and swimming pools in some instances.

Economic

- Reduced engineering and infrastructure costs. Conservation subdivisions can reduce the length of streets, sewer/water lines and other utilities by 50% to 75%. The costs of these initial site improvements can add up to fully one-half of the cost of the subdivision.
- Higher resale values due to amenities (trails, play fields), open space and security in the fact that no new homes will be built in their backyard.
- Open space provided by the subdivision means the local government may not have to construct or maintain additional parks in the area.

Environmental/Hydrological

- Preservation of natural lands, wetlands, habitat and environmental corridors.
- Provides superior stormwater management as drainage swales and low-lying areas are left intact.
- Preservation of aquifer recharge areas provides for better water quality.

The illustration on the page 4-18 demonstrates the differences between conventional subdivisions and conservation-design subdivisions.

What is a Conservation Easement?

In the typical conservation subdivision, the landowner or developer agrees to preserve the undeveloped area as common open space. The open space is protected through a *conservation easement*. This is a permanent restriction against further development on a portion of a parcel. During the design stages, individual lot sizes are reduced and the surrounding land is held in common ownership, usually maintained by a homeowners association (although a variety of other options are available). See *Chapter 7: Agricultural, Natural and Cultural Resources* and

A conservation easement is a voluntary legal agreement between a landowner and a land trust or government agency that limits present and future development of a parcel.

Under a conservation easement, the landowner retains ownership of the land (within the terms of the easement – i.e., only for farmland or natural space, not for development) and the land trust takes the responsibility for protecting the land's conservation values.

Donated conservation easements that meet federal tax code requirements can provide significant tax advantages to landowners because their land will be taxed as undevelopable land, which is a much lower rate than developable land. Qualified easements may also generate charitable contribution deductions for income and transfer tax purposes.

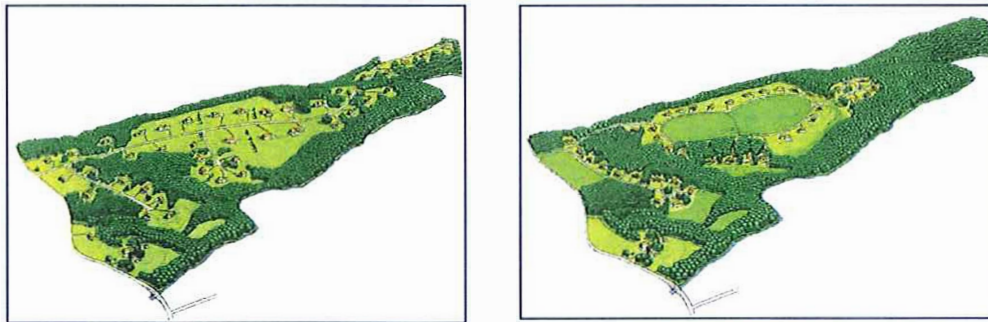
Chapter 10: Future Land Use for additional information on *conservation subdivisions*.

The overall density of development remains the same (i.e., there are the same number of homes in a conservation development as in a traditional development), unless the developer has been awarded a density bonus. (For more information on *density bonuses*, refer to *Chapter 10: Future Land Use*.) This is often the result of the community rewarding the developer for preserving more than the minimum required open space. By doing so, the community may choose to allow the developer to sell a few extra lots out of the property.

In some situations, however, it is not feasible to reduce the lot size to develop a conservation subdivision. In these situations, lot lines can be extended so that there is no common open space, but rather, private open space. Areas beyond the homesites can then be deed-restricted against further development, keeping the property open without creating a "common" open space. These developments do not benefit from a trail network or common play fields, but do achieve the goal of preserving large areas of open space.



Above: Both the conventional subdivision (left) and the conservation subdivision (right) create 32 lots from a parcel of land. The similarities stop there. The conventional subdivision alters 80% of the land, while the conservation development preserves 75% of the parcel. While the conventional development has no trails or community open space, the conservation design incorporates a trail, community open space, and views of that open space out of the front and rear of all homes. Source: Conservation Design for Subdivisions, Randall Arendt, 1996.



Above: Another presentation of a conventional design (left) vs. a conservation design (right) for a parcel of land. In this instance, factors such as steep slopes, a stream, and a floodplain buffer force the conventional design to preserve many of the same areas as the conservation design. By clustering lots, however, the conservation design preserves greater amounts of woodland and natural areas, and provides a community green in the center of the development. Source: Town of Cary, North Carolina.

SUSTAINABLE DEVELOPMENT AND GREEN BUILDING DESIGN⁹

Another way for communities to become more environmentally sound while simultaneously becoming more efficient and differentiating themselves from surrounding communities is to work to implement sustainable development practices and green building design. There are several different avenues that municipalities can take that will increase their sustainability, or ability to maintain services and grow with minimal long-term impact on the environment and resident health. These avenues can take place on an individual or community level and include:

⁹ SOURCE: www.usgbc.org/

- **Construction.** Using renewable building materials as much as possible (including lumber certified by the Forest Stewardship Council), diverting construction waste from landfills for recycling and/or reuse, recycling furniture and appliances, buying locally manufactured products, controlling construction site runoff, and maintaining healthy air quality during construction.
- **Energy.** Purchase renewable energy from utilities such as through the Nature Wise Program with Wisconsin Public Service Corporation, install fluorescent fixtures and light sensitive switches, purchase Energy Star products, insulate buildings properly, and maintain a slightly warmer temperature in the summer and slightly cooler temperature in the winter. Consider an alternate energy project such as solar panels, wind generators or geothermal.
- **Transportation.** Carpool, utilize public and alternative transit when possible, consolidate trips, drive a fuel-efficient vehicle, and have tires properly inflated and vehicles properly maintained.
- **Stormwater / water quality.** Preserve wetlands, do not build in the floodplain, preserve drainage swales and low-lying areas as well as aquifer recharge zones, minimize application of chemicals to lawns and crops, minimize impervious surface area and runoff (possibly install pervious pavements), install biofiltration buffer strips in large parking lots, and include rain gardens as a requirement for all new development.
- **Parks and natural areas.** Preserve open space and natural areas.
- **Purchasing.** Buy environmentally friendly products. These include cleaners, paints, furniture, carpeting, etc. that have been certified by organizations such as Green Seal and Green Guard Environmental Institute or received the Energy Star rating.
- **Implementation.** Research opportunities for the community and municipal government to implement sustainable initiatives.

During construction and renovation projects, architects and builders have an opportunity to increase the efficiency of the building and minimize its impact on the environment. In the United States, buildings account for roughly 33% of total energy usage, about 66% of electricity, and more than 12% of water consumption, not to mention the fact that they transform the land from open and natural area to impervious surface.

Leadership in Energy and Environmental Design (LEED) is a mechanism for the evaluation and certification of buildings that strive to maximize the efficiency of the building while minimizing its impact on the environment. These designs also work to make the building healthier for its inhabitants than regular standards call for. The LEED "green building" rating system allots points for achieving goals as set out by LEED. The program is voluntary, market-driven, and based on accepted energy and environmental principles that strike a balance between established practices and emerging concepts. Buildings become certified once they earn 21 points, but earn higher ratings as they increase their total.

By undertaking sustainability initiatives and instituting green building design when possible, Three Lakes would lessen its impact on the environment and become a more energy efficient community. The town would be recognized for a commitment to environmental issues, receive positive publicity, and potentially qualify for a growing array of state and local government funding and program initiatives.

HOUSE LOCATIONS ON LOTS

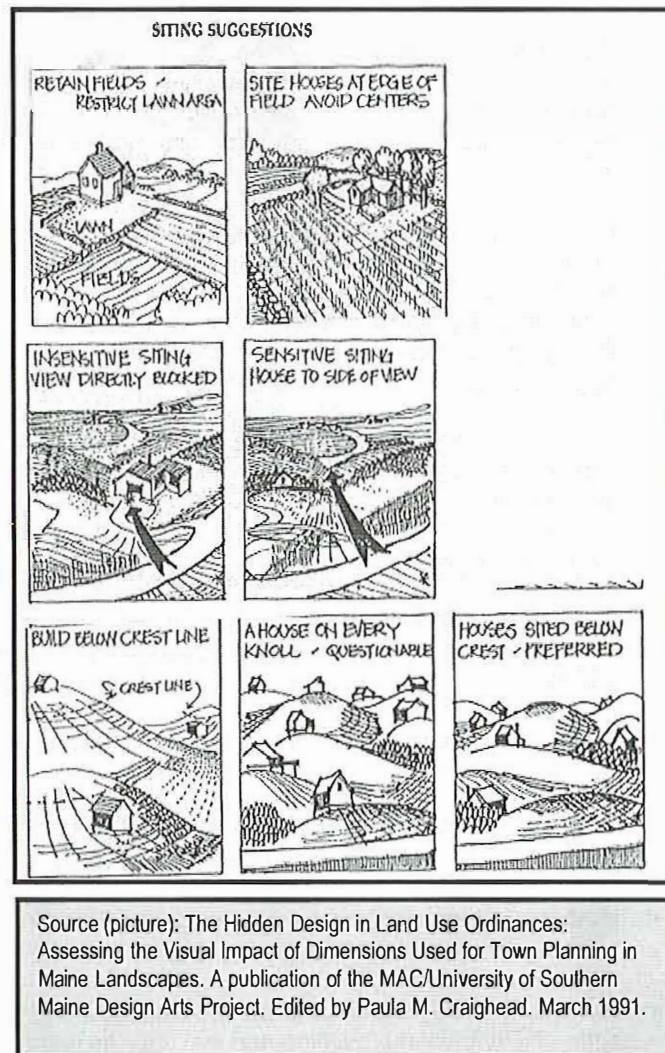
The placement of a home on a parcel can have a significant impact on the rural character of the area surrounding it. Properly locating homes on parcels can minimize the impact of new development on the natural environment and rural setting. Examples of proper siting suggestions that will minimize the impact upon the land and preserve rural character are at right. The implementation of parcel siting requirements would be accomplished within the subdivision ordinance.

To minimize the visual impact of development and maintain a rural, undeveloped character and feeling:

- When constructing homes in agricultural lands or on fallow fields, residences should be located adjacent to tree lines and wooded field edges, if available. If not, homes should be clustered on the edges, not in the center, of the parcel.
- Property should be evaluated to identify land that can continue to be actively farmed or preserved to protect vital wildlife habitat. Homes should be clustered away from this area.
- Development on hilltops should be discouraged (i.e., homes, water towers, cellular towers, etc.) because it can disrupt scenic, open rural vistas.

To retain rural features and protect rural character:

- Existing farm roads should be incorporated into subdivision designs.



- Stone rows, tree lines and hedgerows should be preserved.

To minimize the disturbance to the natural environment when new development occurs:

- Roads should be as short as possible and constructed to follow contours and the lay of the land.
- Large, structurally sound trees should be left intact. (Roads should be outside of the drip line.)
- Disturbance for the construction of roads and other improvements should be kept at a minimum.
- Disturbance on individual lots (i.e., lawn area) should be limited.
- Drainage swales should be left intact.

Housing Programs

A number of federal and state housing programs are available to help the town promote the development of housing for individuals with lower incomes, seniors and people with special needs.

FEDERAL PROGRAMS AND REVENUE SOURCES

- **U.S. Department of Housing and Urban Development (HUD)**. HUD is the federal agency primarily responsible for housing programs and community development. Though many of its programs are directed to larger cities and urban areas, the town would qualify for some available funds. Specifically, HUD provides money to non-entitlement communities (i.e., communities with populations fewer than 50,000) through grants. In the state of Wisconsin, the Division of Housing and Intergovernmental Relations (DHIR), within the Department of Administration, is responsible for the distribution of these federal funds. It awards the funds through a competitive proposal process.
- **U. S. Department of Agriculture-Rural Development (USDA-RD)**. USDA-RD provides a variety of housing and community development programs for rural areas. Its programs are generally available to communities with populations of 10,000 or fewer. It provides support for rental housing development, direct and guaranteed mortgage loans for home buyers, and support for self-help and cooperative housing development. These funds may prove helpful in the development of a senior housing facility.
- **HOME Investment Partnerships Program**. \$2.25 billion is included in the final economic stimulus package for the HOME Investment Partnerships Program. HOME provides formula grants to states and localities that are often used in partnership with local nonprofit groups to fund a wide range of activities that builds, buys and/or rehabilitates affordable housing for rent or homeownership or provides direct rental assistance to low-income people.

Participating jurisdictions may choose among a broad range of eligible activities, such as: providing home purchase or rehabilitation financing assistance to eligible homeowners and new home buyers; building or rehabilitating housing for rent or

ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing, "including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses. The program's flexibility allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, or rental assistance.

HOME funds are awarded annually as formula grants to participating jurisdictions. HUD establishes HOME Investment trust funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed. The economic stimulus funds will be apportioned among the states based on the percentage of HOME funds distributed in fiscal year 2008. Housing agencies in each state will then distribute funds competitively to owners of projects who receive an award of low-income housing tax credits. Priority will be given to projects that can be completed within three years. Housing agencies shall commit not less than 75% of funds within one year of enactment and shall demonstrate that project owners will have expended 75% of the funds within two years and 100% within three years. Failure to meet these timelines will result in a recapture and redistribution of funds. Program funds are allocated to states and local housing authorities on the basis of a formula that considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, its fiscal distress and other factors. Funds are then awarded to homeowners on a competitive basis.

- **Neighborhood Stabilization Program.** \$2 billion is included in the final economic stimulus package for HUD's Neighborhood Stabilization Program (NSP), which provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The NSP provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell or redevelop those homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.

Typically, NSP funds can be used for activities such as: establishing financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties; purchasing and rehabilitating homes and residential properties abandoned or foreclosed; establishing land banks for foreclosed homes; demolishing blighted structures; and redeveloping demolished or vacant properties. However, economic stimulus funds can only be used for the redevelopment of demolished and vacant properties for housing purposes.

All economic stimulus funds will be awarded through a competitive grant process and the secretary of HUD will obligate all funds within one year of enactment. All recipients must expend 50% of the funds in two years and 100% in three years from the date of funding availability. Priority will be given to areas with the greatest number and percentage of foreclosures.

The secretary of HUD shall publish criteria for the distribution of funds under this program within 75 days of the enactment of the bill. The competitive grant process for the NSP under the economic stimulus package will be open to States, local governments, nonprofits and consortia of nonprofits.

- **Assisted Housing Stability and Energy and Green Retrofit Programs.** \$2.25 billion is included in the final economic stimulus package for assisted housing stability and energy and green retrofit investments. Funding will be directed to the preservation, rehabilitation and retrofit of assisted housing units and will emphasize energy efficiency and green building investments.

Funds will be made available under these programs for an efficiency incentive payable upon satisfactory completion of energy retrofit investments, and for additional incentives if such investments resulted in extraordinary job creation for low-income and very low-income persons.

Economic stimulus funds will be distributed through loans or grants provided through the Office of Affordable Housing Preservation of the Department of Housing and Urban Development. A total of \$2 billion will be allocated to the Project-Based Rental Assistance program for payments to owners for 12-month periods. An additional \$250 million will be allocated through grants or loans for energy retrofit and green investments to assisted housing units. Recipients of grants and loans for energy and green retrofit projects must spend all funds within two years from the date the funding was received.

Eligible owners must have at least a satisfactory management review rating and be in substantial compliance with applicable performance standards and legal requirements. The Office of Affordable Housing Preservation will be responsible for establishing the guidelines for those accessing the grants and loans administered under this program.

STATE PROGRAMS AND REVENUE SOURCES

- **Wisconsin Department of Administration – Division of Housing and Intergovernmental Relations (DHIR).** Beyond the funds distributed through HUD, the DHIR administers several state-funded programs that can potentially be used to finance housing improvements. Money available through the DHIR, because it is funded by general-purpose revenue, cannot be used to invest directly in housing development. However, funds can achieve the desired result by helping organizations develop the capacity to construct houses or by providing various types of financial assistance to home buyers or renters through grants to local governments or nonprofit agencies.
- **Wisconsin Housing and Economic Development Authority (WHEDA).** WHEDA is a quasi-governmental agency that finances housing development through the sale of bonds. Unlike the DHIR, it receives no direct state-tax support. Therefore, WHEDA can provide mortgage financing for first-time home buyers and financing for multifamily housing as well. Specific programs evolve and change with the needs of the housing market.

Coordination with Other Comprehensive Plan Chapters

Housing is the primary developed land use in the town of Three Lakes. As such, it directly affects most other chapters of this comprehensive plan. The goals and policies set forth in this Housing chapter will affect these chapters and vice versa. Therefore, it is important that the chapters are consistent and support one another.

LAND USE

Land use dictates the amount of land available for housing, as well as its location, type and density.

UTILITIES AND COMMUNITY FACILITIES

Recommended improvements such as roads, parks, trails and schools all must be coordinated with the housing decisions and vice versa. The best method to coordinate improvements is to follow the land-use pattern presented on the Future Land Use Map as closely as possible and plan for future improvements in a capital improvements plan and budget as recommended in *Chapter 6: Utilities and Community Facilities*. This approach will greatly enhance the efficiency of capital improvements and services.

TRANSPORTATION

The location of housing affects commuting patterns and transportation costs. The location of housing influences which roads people drive or whether they need to drive at all. These factors were carefully considered in *Chapter 5: Transportation* to ensure compatibility with projected residential development.

ECONOMIC DEVELOPMENT

Housing needs must be linked to a community's economic situation. Specifically, it is important to ensure that the local housing supply is affordable to residents. For this reason, an affordability analysis is presented in this chapter (pages 4-8 and 4-9). Furthermore, given that housing is the primary developed land use in the community, high-quality local housing directly impacts the Town's ability to finance needed improvements to support the local economy through collection of property taxes.

AGRICULTURAL, NATURAL AND CULTURAL RESOURCES

The desire to preserve agricultural and natural areas competes with the desire of others to build additional housing. These competing interests are balanced through the land suitability analysis information presented in *Chapter 7: Agricultural, Natural and Cultural Resources*. This information helps to ensure that housing is located in areas that will have the least impact possible on existing farming areas and important natural resources, while still supporting additional residential development needs.

Housing Goals, Objectives and Policies

The housing policies, goals and objectives were developed to ensure that Three Lakes:

- *Remains a rural place to raise a family for the next 20 years, and well into the future;*
- *Limits new development to options that retain the town's rural setting;*
- *Respects the opportunity for all property owners to receive fair value for their land; and*
- *Has defined standards for managing growth and maintaining an effective plan.*