

Village of Ashwaubenon New Housing Fee Report - 2022

October 2023

Introduction

Everyone needs a home. Whether that home is an apartment unit, townhouse, duplex, single-family detached home, or a variation thereof, the availability of quality affordable housing options is critical to a community's long-term sustainability. The means to develop new or maintain existing affordable housing options are largely driven by the private market in terms of land prices, cost of construction, sales commissions, profit, and the overall supply and demand of existing housing units. The February 2022 National Association of Homebuilders (NAHB) Construction Cost Survey found that "...on average, 60.8 percent of the sales price (of a single-family home) is due to construction costs and 17.8 percent to finished lot costs. On average, builder profit is 10.1 percent of the sales price."¹

Development fees are one aspect of housing costs that municipalities can generally control. The 2022 NAHB report further identified an average of 3.0 percent of the construction cost of a single-family home to be related to building permit fees, impact fees, and sewer/water inspections. 2017 Wisconsin Act 243 requires all cities and villages with populations of 10,000 or more to prepare a New Housing Fee Report and Housing Affordability Report. Under Act 243, the New Housing Fee Report must identify the amount of any of the following municipal fees imposed on new residential construction, remodeling, or development:

- Building Permit Fee
- Impact Fee(s)
- Park Fee
- Land Dedication Requirement
- Fee in lieu of Land Dedication
- Plat Approval Fee
- Stormwater Management Fee
- Water or Sewer Hook-Up Fee

Act 243 (Section 66.10014 Wis. Stats.) provides a formula to calculate municipal development fees including, *"The total amount of fees (collected from the bulleted list above) that the municipality imposed for purposes related to residential construction, remodeling, or development in the prior year (2019) and an amount calculated by dividing the total amount of fees under this paragraph by the number of new residential dwelling units approved in the municipality in the prior year."*² It is very important to note the total fees collected under statute include remodeling, but under the statutory formula, the total fees collected are to be divided by only the *new residential dwelling units approved*.

¹ Lynch, Eric (February 1, 2023) *Cost of Constructing a Home - 2022*. Retrieved from National Association of Homebuilders website: <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2023/special-study-cost-of-constructing-a-home-2022-february-2023.pdf>

² Housing and Local Regulation of Property Development, Wis. Stats. s. 66.10014 Updated 2017-2018 and certified under s.35.18 <https://docs.legis.wisconsin.gov/statutes/statutes/66/X/10014>

Analysis

Although much of the Village of Ashwaubenon is largely built-out, the year 2022 saw the continuation of residential construction in the Highland Ridge Estates and Aldon Station Subdivisions and the Titledown Townhomes development. Highland Ridge Estates is the residential redevelopment of the former front nine of the Highland Ridge Golf Course and Aldon Station is the residential redevelopment of a former truck yard along the Fox River. The Titledown Townhomes are a residential component of the Titledown redevelopment site along Lombardi Avenue and Brookwood Drive. Additional multi-family development including Building #2 for The Bohemian Park (50 units) and The Common Place (82 units) also began construction. New multi-family developments that were permitted in 2022 included The Berkshire Ashwaubenon Senior and Workforce Housing Development and Station 417 condominium building along the Fox River.

Village of Ashwaubenon Community Development staff reviewed the 2022 permit data provided through its records management system, MuniCRM. For 2022, the Village of Ashwaubenon permitted 116 new housing units, consisting of single-family, two-family, and multi-family developments. Considering the existing housing stock within Ashwaubenon, it is also important to note the 57 housing units that obtained residential addition/remodeling permits, which under the statutory language are to be included in the total fee amount, but not in the number of residential units in the formula. A summary and analysis of the permits, fees, and average permit fee per unit charged by the Village of Ashwaubenon follows.

List of Permits/Fees	Fee	Units
New Residential Building Permit Fee (Also includes park impact fee, sewer connection fee, state seal, garbage/recycling bins, and stormwater fee)	\$ 156,305	116
Residential Addition or Remodel Permit Fee	\$ 11,455	57
CSM Fee	\$ 500	N/A
Preliminary Plat Fee	\$ 700	N/A
Final Plat Fee	\$ 3,150	N/A
Total 2022 Residential Fees	\$ 172,110	

Total Fees (including addition/remodeling)	\$ 172,110	
2022 Units (new construction only)		116
2022 Fees per Unit (new construction only)	\$ 1,484	
2022 Units (new construction and addition/remodeling)		173
2022 Fees per Unit (including addition/remodel units)	\$ 995	

As noted in the table, the average fee per permitted residential unit if not including the remodeling units (but including the remodeling fees) as prescribed under state statute, is \$1,484 per unit. The average fee per unit if including the remodeling fees and remodeled units is \$995 per unit. The increase in permit fees per unit from previous years is largely due to fewer numbers of new permitted single family homes and apartment units as compared to 2021.

In order to place the Ashwaubenon fee per unit in perspective, according to the 2021 American Community Survey 5-Year Estimates from the U.S. Census Bureau (Table B25077), the median value of an owner-occupied home in Ashwaubenon is approximately \$189,400. The commercial real estate site, Zillow, places the average Ashwaubenon home value at \$291,705. Dividing the two fee per unit values by the high and low home values results in a range of 0.34 percent to 0.78 percent in home cost is due to Ashwaubenon fees. For additional perspective, the 2022 NAHB Construction Cost Survey cited earlier identifies national average soft costs as a percentage of overall home cost: Profit: 10.1%, Overhead and General Expenses 5.1%, Sales Commission: 3.6%, Financing Cost 1.9%, and Marketing Cost: 0.7%. As mortgage rates rise, it can be generally assumed that mortgage interest will become an increasingly large part of homeowner expenses.

Conclusion

As documented within the analysis, permit fees do add a cost to the overall price of housing units within the Village of Ashwaubenon. However, the permit fees are by no means out of line with other development costs as documented in the 2022 National Association of Homebuilders report. The relatively small average permit fees are in place to cover the time for Ashwaubenon employees to properly review the plans and inspect the new or remodeled homes to ensure they meet the adopted building codes. In the case of the Village's park impact fees, they are used to pay for the development of park and recreation facilities as governed by Section 66.0617 Wis. Stats.