



Community Development Authority (CDA) Special Meeting (In Person & Virtual)

Cravath Lakefront room 2nd floor 312 West
Whitewater Str, Whitewater, WI, 53190 *In Person
and Virtual

Friday, January 10, 2025 - 2:00 PM

Citizens are welcome (and encouraged) to join our webinar via computer, smart phone, or telephone.
Citizen participation is welcome during topic discussion periods.

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Please note that although every effort will be made to provide for virtual participation, unforeseen technical difficulties may prevent this, in which case the meeting may still proceed as long as there is a quorum. Should you wish to make a comment in this situation, you are welcome to call this number: (262) 473-0108.

AGENDA

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

A committee member can choose to remove an item from the agenda or rearrange its order; however, introducing new items to the agenda is not allowed. Any proposed changes require a motion, a second, and approval from the Committee to be implemented. The agenda shall be approved at each meeting even if no changes are being made at that meeting.

FUTURE OF WHITEWATER UNIVERSITY INNOVATION CENTER

1. Discussion of policies and possible criteria at the Innovation Center.

HOUSING GOALS

- [2.](#) Discussion regarding future Housing Goals.

DOWNTOWN REVITALIZATION

- [3.](#) Discussion regarding goals and objectives for downtown revitalization.

CDA EVENTS

- [4.](#) Review of CDA events of 2024 and discussion of future 2025 CDA events.

ADJOURNMENT

A quorum of the Common Council may be present. This notice is given to inform the public that no formal action will be taken at this meeting.

Anyone requiring special arrangements is asked to call the Office of the City Manager / City Clerk (262-473-0102) at least 72 hours prior to the meeting.



CDA Agenda Item

Meeting Date:	January 10 th , 2025
Agenda Item:	Future of the Innovation
Staff Contact (name, email, phone):	Taylor Zeinert tzeinert@whitewater-wi.gov 262-473-0148

BACKGROUND
(Enter the who, what, when, where, why)

Executive Summary:

ED Zeinert meet with the director of the Janesville Innovation Center (JIC). ED Zeinert is suggesting that in 2025 the CDA makes it a priority discussing the following items:

- Finalize a graduation clause
- Discuss if criteria for future tenants should be implemented
- Connect the tenants with community-based organizations (Chamber, Downtown Whitewater, etc.).

ED Zeinert seeks the CDA’s input and approval to move forward with these goals in 2025

More Information:

In November I reached out to Mark Borowicz to tour the Janesville Innovation Center. As the City has taken over operation of the Innovation there is clear that there is not only much updating that is needed, but ways that we can make the building more desirable for future tenants. Janesville is the only other closest Innovation Center to ours.

When I met with Mark I learned of three clear differences between our two centers:

- Graduation Clause: Janesville Innovation Center (JIC). have a clear graduation clause; however, when I visited they had few tenants. The graduation clause is attached to this memo
- Tenant Criteria: Janesville Innovation Center (JIC) have clear guidelines for who occupies Center. This criterion is attached to this memo
- Membership Perks: A perk for being apart of the JIC is discounted Chamber and other business group memberships.

My visit to the JIC made it clear that there are things that we should or could look at changing. I think that in 2025 the CDA should finalize and approve a graduation clause for the Innovation Center. While I do not think that the JIC’s graduation clause would be a good fit, it is a good starting off point.

Once a graduation clause is finalized and staff will understand what space may be available in the future. As tenants are transitioning it will be a good opportunity for the CDA engage discussion regarding if the Innovation Center should have criteria for new tenants or if the Innovation Center should have a theme (Bio Tech, Food and Beverage Industry, etc)

Further we have an opportunity to make the tenants at the Innovation Center more connected with our business community. To make tenants flourish in our community we need to support them with local

resources and organizations. This not only would increase their success as a business, but would make them more inclined to stay in Whitewater.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS
(Dates, committees, action taken)

- ED Zeinert toured the Innovation Center

FINANCIAL IMPACT
(If none, state N/A)

N/A

STAFF RECOMMENDATION

Staff recommends that the CDA focuses on these three items related to the Innovation Center in 2025:

- priority to finalize a graduation clause
- discuss if criteria for future tenants should be implemented
- connect the tenants with community based organizations (Chamber, Downtown Whitewater, etc.)

ATTACHMENT(S) INCLUDED
(If none, state N/A)

- JIC Occupancy Profile
- JIC Graduation Guidelines

Janesville Innovation Center (from Mark Borowicz email 11/14/2024)

Note: Per Mark's comments, this has been "a bit flexible, especially post-COVID"

Graduation Guidelines

During the initial phase of the Janesville Innovation Center (JIC), maximum lease terms are three years. Office tenants may be given options to extend lease terms for one year. Production tenants may be given options to extend lease terms for one or two years.

The following policy will guide future lease term commitments for tenants of the incubator. It is expected that all companies selected for the JIC will be growth-oriented with a high probability that they will outgrow the JIC within three years.

The goal is to have office tenant companies move and expand from the JIC after three years or within one year after the company occupies more than 750 square feet. Production tenant companies are expected to move and expand within three to five years or within one year after the company occupies 8000 square feet or more.

The Center will permit lease terms and options of less than one year as may be appropriate. The extent to which firms may stay longer than the three-year period will depend on availability of space in JIC, the overall demand for space by new companies within the Center, and the growth cycle of the company seeking to extend its lease.



Janesville Innovation Center Occupancy Profile = November, 2024

Entrance Guidelines

The Janesville Innovation Center (JIC) exists to support entrepreneurship and the creation and growth of innovation-based companies in the greater Janesville area.

The Center seeks to provide a supportive environment, including infrastructure, education, training, mentorship, and a network of service providers that will assist entrepreneurs achieve success by encouraging technical innovation.

We believe this dynamic sets the stage for future growth, job generation, creation of an expanded tax bases and revitalization of the local and regional economy.

With these goals in mind, JIC uses the following guidelines to review and consider applications to lease JIC space:

- **New Firm Creation** = firms that have been established within the last 3 years are new firms with the type of start-up characteristics and needs that can best utilize JIC resources. Firms that have the characteristics noted below and that have been in existence more than 3 years are encouraged to apply as well.
- **New Product Innovation** = firms with proprietary intellectual property that are pursuing the development of that technology are encouraged to apply to the JIC. Those firms that are developing or have developed new products and/or processes that have not been patented are encouraged to apply to the JIC as well.
- **Commercialization** = Those firms that have current (or prospective) products and/or services in the commercial marketplace and seeking to scale that commercialization are encouraged to apply to the JIC.
- **Employment Growth** = firms with current employees (and contracted providers) that desire to expand employment and contracted services are encouraged to apply to the JIC. Those firms that are early in the company's development and looking to grow in the future are also encouraged to apply.
- **High Value Positions** (salary and wages) = companies with needs for professional and experienced managers and staff are encouraged to apply. Companies that request trained and skilled positions are also encouraged to apply to the JIC.
- **Public / Private Partnerships** = with Blackhawk Technical College, UW Whitewater, Beloit College and/or other public or private partnerships (willingness to partner, pursue relationships).

- **General Industry** = Manufacturing, Information Technologies, Professional, Technical and Scientific firms engaged in these sectors are also encouraged to apply to the JIC.
- **Global Market** = firms with national and/or global market potential that are looking to increase market size and expand distribution channels are also encouraged to apply.

Other services provided by the JIC that tenants can utilize:

- Access to the Small Business Development Center (SBDC) local representative for business plan consulting. In addition, tenants are also able to attend workshops, bootcamps, etc. at no cost to support their business operations.
- Support services related to tenant occupancy and services.

Additional benefit includes the following membership with the Forward Janesville Inc. organization.

- The Basic Membership for JIC Businesses is the Second Location Rate, which brings the rate down to \$250. This rate is valid for 1 year as new businesses get ramped up. Then they would graduate to the BASIC membership that they would then invest at the \$500 level.
- BASIC - \$500 annually (businesses at this level typically have fewer than 25 employees) (\$2,000 value)
 - Business referrals exclusively for Forward Janesville members
 - Up to 2 category listings in Forward Janesville's printed and online directory
 - Hyperlink from Forward Janesville's online directory
 - New member announcement via social media (audience of 8,500), email (2,500) and FJI Report quarterly magazine (first year of membership only)
 - Opportunity for a classic ribbon cutting/grand opening event
 - Six passes, plus member pricing, to our monthly Business After 5 networking events (average attendance: 170)
 - Free access to six "BreakFAST With BMO" events covering critical business topics locally, regionally and nationally and offering a light breakfast and networking opportunity
 - Use of Forward Janesville's small or large conference rooms (subject to availability)
 - Subscription to all Forward Janesville communications
 - Opportunity for 6 submissions (out of 24 editions throughout the year) to FJ's biweekly Member Connect email
 - The option to have an Ambassador assigned to your business as your liaison to FJ, keeping you informed and engaged
 - The opportunity for a representative of your company to be a Forward Janesville Ambassador for an added charge of \$200
 - Use of "proud member" sticker (digital and print)
 - Member pricing for all FJ events
 - Advertising opportunities in various FJ materials
 - Certificate of origin service
 - Letters of support for your business needs or grant applications
 - Chamber representation at local and regional governmental meetings
 - When your business is a member, all of your employees are members and receive member pricing



CDA Agenda Item

Meeting Date:	January 10 th , 2025
Agenda Item:	Housing Goals
Staff Contact (name, email, phone):	Taylor Zeinert tzeinert@whitewater-wi.gov 262-473-0148

BACKGROUND
(Enter the who, what, when, where, why)

Executive Summary:

The CDA and the Office of Economic Development have exceeded the housing goals outlined in the strategic plan. However, Tracy Cross housing studies indicate a continued need for additional housing units. Staff recommends that the CDA consider setting new housing development goals and explore steps to sustain this growth trajectory. One potential strategy is for the CDA to purchase land to facilitate development.

More Information:

The Common Council’s strategic goals set in 2023 aimed for the development of 100 homes within five years. The CDA and the Office of Economic Development have surpassed this goal, with significant progress made in 2024 alone. A total of 51 homes have been built or are under construction. Furthermore, the recently approved Letter of Intent (LOI) with Neumann Homes will lead to the construction of 150 homes on the Hoffman property in the coming years.

This success reflects substantial progress, yet Whitewater's housing needs remain pressing. The Tracy Cross housing study indicates a requirement for 200 new housing units and 175 rental units annually between 2023 and 2028 to meet current demands.

To sustain this momentum into 2025, staff suggests a proactive approach. One trend among peer communities is municipal land acquisition. Owning residentially zoned land makes it more attractive to developers by eliminating intermediaries. Staff seeks the CDA's input on whether to pursue this strategy and how it aligns with long-term development objectives.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS
(Dates, committees, action taken)

N/A

FINANCIAL IMPACT
(If none, state N/A)

N/A

STAFF RECOMMENDATION

ATTACHMENT(S) INCLUDED
(If none, state N/A)

N/A

**Residential Market Analysis
-- Strategy Planning Guidelines --
Whitewater, Wisconsin**

Prepared on behalf of:

**Cedar Corporation
1695 Bellevue Street
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June 30, 2023



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TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS

INTRODUCTION

At the request of Cedar Corporation, *and on behalf of the City of Whitewater*, Tracy Cross & Associates, Inc. evaluated the market potential for conventional residential development in Whitewater, Wisconsin. Specifically focusing upon new construction market rate housing opportunities throughout the municipality, this analysis establishes the following:

- Conclusions regarding the depth of market for new housing development throughout Whitewater based upon pertinent economic, demographic, and residential trends which define the marketplace.
- Conclusions regarding highest-and-best residential uses within the city over the next 5+ years. These conclusions are based upon factors associated with the location of Whitewater, depth of market, demographic and socio-economic characteristics of existing and future households, and the alignment of residential developments, both existing and planned.
- Detailed recommendations regarding those conventional housing forms viewed to hold measurable market support near- to mid-term. Investigative uses range from multifamily rental apartments to all forms of for sale housing such as condominiums, townhomes/rowhomes, single family, etc. These recommendations address specific product types, plan styles/sizes, features/amenities, etc., along with benchmark rent/pricing strategies necessary to achieve acceptable levels of absorption. Please note that these recommendations will focus on all segments of the conventional market ranging from younger (entry level) profiles to active adult (55+) households.
- A detailed development matrix outlining the most marketable mix of residential uses in order to facilitate/inform future planning efforts, architecture, financial modeling, approvals, marketing, builder/developer participation, etc.
- A geographic positioning strategy for the introduction of new housing development in Whitewater.

WORK PLAN

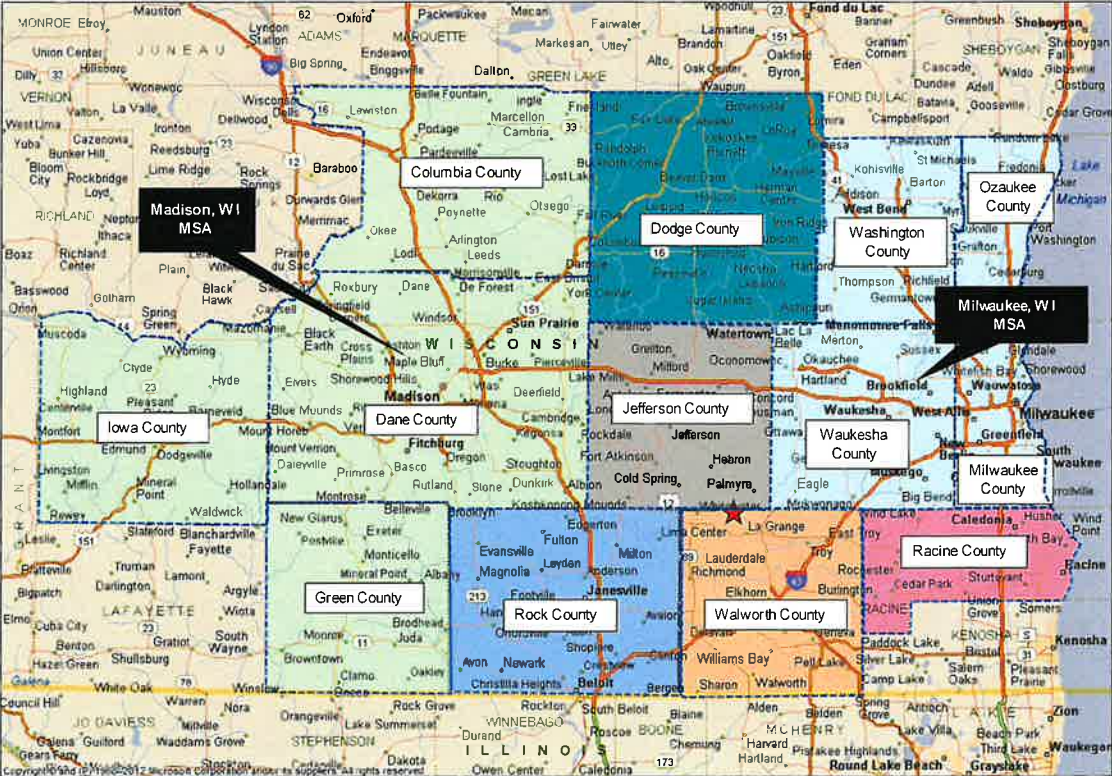
The work plan for this assignment involved a series of inter-related research investigations as summarized below:

- A thorough investigation of Whitewater and surrounding areas to determine geographic boundaries of the local market area; identify factors which may impact residential potentials within the municipality; and examine areas that may be suitable for residential development.
- A detailed analysis of all relevant employment, demographic, and residential trends/statistics including a comprehensive evaluation of key socio-economic and income variables of area households.
- A thorough assessment of both the rental apartment and for sale sectors of the local housing market (and adjoining areas as applicable).
- A demand forecast for residential development in and around Whitewater over the next 5+ years.
- A case study evaluation of "like" residential initiatives throughout similar markets in the Midwest in order to assess trends, products, performance levels, etc.

WHITEWATER, WISCONSIN

Whitewater is a self-contained city situated in southern Wisconsin straddling the Jefferson County/Walworth County line. It is located between the four-county Milwaukee, WI Metropolitan Statistical Area (MSA) and the four-county Madison, WI MSA. It is also proximate to both Rock County to the southwest and Racine County to the southeast. One of the driving forces behind Whitewater's economy is the University of Wisconsin-Whitewater with a total enrollment of nearly 10,500 students and over 2,300 full-time employees. According to estimates by Environics Analytics through its review of Census data and the Census Bureau's American Community Surveys, the city of Whitewater currently supports an overall population base of 15,032 persons distributed among 4,867 households, although these figures drop by +/-40 percent once Census-counted students are excluded from the estimates.

GEOGRAPHIC DELINEATION OF WHITEWATER AND SURROUNDING AREAS



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

Whitewater maintains a quaint, yet vibrant downtown area with shops, services, eateries, night spots, civic venues, concentrations of employment, and open space. Feathering out from the downtown area in all directions are the UW-Whitewater campus; various residential neighborhoods; additional shopping and services; various employment centers; and local public schools. Referencing the local school system, three public elementary schools, one middle school and one high school are represented within the Whitewater Unified School District. Lakeview Elementary School, Lincoln Elementary School, Whitewater Middle School and Whitewater High School recently received accountability scores that earned them all a "meets expectations" ranking from the Wisconsin Department of Public Instruction. Washington Elementary School, however, earned an "Exceeds Expectations" ranking based upon recent accomplishments and test scores.

**Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI**

As mentioned, Whitewater is a “college town” with the University of Wisconsin-Whitewater located just northwest of the downtown area. UW-Whitewater is a public institution founded over 150 years ago. Undergraduate enrolment totals nearly 8,800, with another 1,700+/- graduate students represented. The campus size is roughly 400 acres. UW-Whitewater offers a wide range of degree programs through its College of Arts and Communications; Business and Economics; Education and Professional Sciences; and Letters and Sciences divisions. It also offers master’s degrees in about a dozen fields. Students at UW-Whitewater can join more than 170 campus organizations, 15+ fraternities and sororities, and student government. Student athletes can play at the intramural, club or varsity levels. At the varsity level, more than 20 teams are members of the NCAA Division III Wisconsin Intercollegiate Athletic Conference (WIAC).

UW-Whitewater recently received a Top 50 ranking (among all regional universities throughout the entire Midwest) from U.S. News.



The city of Whitewater is well-served by local and regional transportation systems, primarily US-12, which is accessible within minutes from most points within the city. This highway connects with Interstate 43 in East Troy roughly 17 miles to the east which, in turn, provides linkage to the Milwaukee metropolitan region. To the west, US-12 runs through Fort Atkinson and Cambridge, where it connects with US-18 leading to the Madison metropolitan area. In addition, WI-59, which also traverses Whitewater, provides access to the western suburbs of Milwaukee to the northeast and the Janesville area of Rock County to the southwest.

**Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI**

Residentially (and excluding student-based housing at the university), the city of Whitewater is characterized by an aging housing stock. Specifically, over 76 percent of all housing units within the municipality were constructed prior to 2000 including 50 percent prior to 1980. In addition, according to the Census Bureau's C-40 construction reports, less than 20 new dwelling units, on average, have been built annually in Whitewater over the last five years.

HOUSING POTENTIALS

Based upon a detailed analysis of those economic, demographic, residential and demand-related variables expected to influence the introduction of new housing in Whitewater over the next several years, *opportunities do exist* for properly positioned conventional product. This favorable conclusion is supported by the following key factors, which lay the foundation for the recommendations that follow:

- Despite the limited amount of new construction housing development in the city of Whitewater over the past five years (as measured by residential building permit activity), there are clear market indicators that new housing products are needed in and around the municipality – and that the strategic positioning of new residential offerings throughout the city of Whitewater could help satisfy demand both internally and within a broader market area. From a very practical standpoint, future housing development will derive its demand support from both the host city of Whitewater and from nearby areas within a reasonable distance of the municipality, i.e., within a 15-mile radius. Defined for the purposes of this analysis as the Whitewater Market Area, a sizeable population base of 108,429 (excluding Census-counted college students) is reflected within a 15-mile radius of Whitewater, distributed among some 42,720 households. This area includes portions of Walworth, Jefferson, Rock and Waukesha counties and primarily the communities of Whitewater, Fort Atkinson, Palmyra, Jefferson, Milton, Elkhorn, Hebron, Sullivan and Eagle, along with several other smaller jurisdictions and unincorporated areas. As highlighted in the following table, household additions in the defined Whitewater Market Area were generally healthy during the 2010-2020 period totaling 1,915, or 197 yearly. And, while not immune to recent Covid-19 pandemic, the market area still recorded positive household gains between 2020 and 2023, i.e., 453 total or 151 per year. Moreover, household growth in the Whitewater Market Area over the next five years will total another 1,277 new households, or 255 annually. As a result, the market area will approach the 44,000-household level by 2028.

**POPULATION AND HOUSEHOLD TRENDS
WHITEWATER MARKET AREA**

Area	2010	2020	2023 (Estimate)	2028 (Projected)	Average Annual Change		
					2010 - 2020	2020 - 2023	2023 - 2028
Population							
Whitewater Market Area	105,774	107,845	108,429	109,912	+207	+195	+297
Households							
Whitewater Market Area	40,352	42,267	42,720	43,997	+192	+151	+255

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

- Relative to households by age classification, not only is there a rather large base of existing households in most of the market area's various age categories, but all segments show growth over the next five years – led by those households between the ages of 65 and 74.

**HOUSEHOLD GROWTH BY AGE GROUP
-- WHITewater MARKET AREA --**

Age Range	Whitewater Market Area	
	2023	2028
Under 35	7,855	8,102
35-44	6,386	6,420
45-54	7,038	7,087
55-64	8,540	8,599
65-74	7,516	8,153
75-84	3,862	4,009
85 and over	1,523	1,627
Total	42,720	43,997

Source: Environics Analytics: 2023 Demographic Snapshot

- The current composition of area households lends additional support to the development of a variety of residential product forms throughout the Whitewater Market Area. As highlighted in the adjacent table, there is an ample number of one- and two-person households for both market rate (non-student oriented) rental housing and for sale attached products such as duplexes, condominiums and/or townhomes, and also a significant number of three- and four-person households for certain attached for sale housing products as well as single family detached residences.

Most notable among all household classifications are one- and two-person occupied housing units which, together, comprise 63.5 percent of the market area's total household base.

**2023 COMPOSITION OF AREA HOUSEHOLDS:
WHITewater MARKET AREA**

Attribute	Whitewater Market Area
Total Households	42,720
1-Person Household	11,008
2-Person Household	16,119
3-Person Household	6,676
4-Person Household	5,182
5-Person Household	2,206
6 or More Person Household	1,529
1 Person Households	
Percent	25.8
Number	11,008
2 Person Households	
Percent	37.7
Number	16,119

Source: Environics Analytics; 2023 Demographic Snapshot

**Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI**

- ❑ Households in the Whitewater Market Area support slightly higher incomes than the nation as a whole as evidenced by an estimated 2023 median of \$77,314, a level 7.6 percent above the \$71,852 median noted for the United States. *Upon close examination of area incomes in the host market area, 53 percent of all current households earn between \$35,000 and \$124,999 annually, which represents the mainstream of the market, i.e., those earning between 50 and 150+ percent of the market area’s median. This signifies the threshold of the market and a target point where new housing should, for the most part, be directed.*

**HOUSEHOLDERS BY AGE AND INCOME: 2023
-- WHITEWATER MARKET AREA --**

Income Range	Number of Households by Age of Householder							
	Total Households	Under 35	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85 and Over
Under \$15,000	2,748	879	106	204	398	545	388	228
15,000 - 24,999	2,606	592	154	220	395	526	446	273
25,000 - 34,999	3,804	809	361	344	488	856	671	275
35,000 - 49,999	4,518	698	520	509	745	1,096	680	270
50,000 - 74,999	7,076	1,630	1,036	918	1,176	1,401	681	234
75,000 - 99,999	6,123	1,140	1,017	1,162	1,427	938	339	100
100,000 - 124,999	5,009	784	1,079	1,060	1,111	683	243	49
125,000 - 149,999	3,865	553	765	895	985	463	165	39
150,000 - 199,999	3,577	533	828	795	828	441	120	32
200,000 and Over	3,394	237	520	931	987	567	129	23
Total	42,720	7,855	6,386	7,038	8,540	7,516	3,862	1,523
Median	\$77,314	\$63,832	\$99,988	\$103,643	\$93,499	\$62,001	\$43,657	\$34,435

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

- ❑ Residentially, the Whitewater Market Area has recorded an average of 229 building permits annually since 2000 ranging from a recessionary-impacted low of 56 units in 2012 to a high of 595 units in 2002 (see **Exhibit 1**). Most recently, the market area registered an average of 182 residential permit authorizations annually during the five-year period from 2015 through 2019 period (prior to the pandemic), up 60.4 percent compared to average annual volumes posted during the five years prior, albeit still well below construction volumes realized during the 2000-2007 period when more ample supply was available and market conditions were stronger.

Of particular note is the fact that home building activity within the Whitewater Market Area regressed during the 2020-2022 period with just 85 units permitted annually market-wide, a drop of more than 50 percent compared to the pace set between 2015 and 2019. This resulted primarily from a building hiatus during a portion of the pandemic, coupled with supply chain issues which caused a dramatic increase in construction costs. All told, the limited amount of new residential construction recently is having a significant impact on the housing market today, a housing market where demand is exceeding supply. This will be emphasized in more detail later in this report.

- ❑ Despite the recent decline in residential construction, new housing is entering the market, albeit at a slower pace than it should. With this said, the current amount of new home construction that is occurring, coupled with positive levels household growth recently, has been fostered by economic activity in the three primary counties that encompass/surround the defined market area. While one cannot discount the effect that the Great Recession had on the area’s economy, along with the recent Covid-19 pandemic, employment growth throughout the combined area of Jefferson, Rock

RESIDENTIAL BUILDING PERMIT TRENDS
WHITEWATER MARKET AREA
2000 - 2022

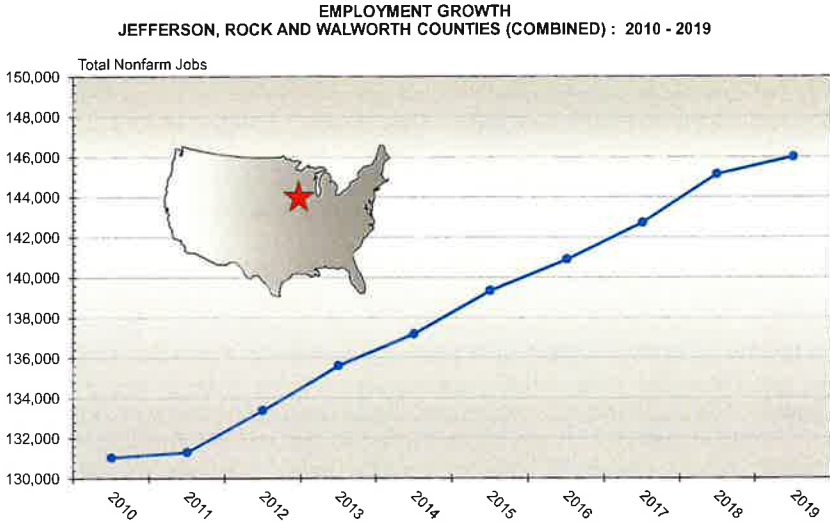
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Year	Total	Single Family	Multi- Family
2000	445	257	188
2001	391	199	192
2002	595	245	350
2003	505	335	170
2004	573	390	183
2005	431	358	73
2006	313	225	88
2007	234	133	101
2008	145	89	56
2009	121	71	50
2010	63	52	11
2011	67	38	29
2012	56	38	18
2013	84	56	28
2014	90	48	42
2015	196	78	118
2016	151	117	34
2017	216	125	91
2018	170	136	34
2019	175	121	54
2020	110	94	16
2021	76	70	6
2022	69	61	8
Averages			
2000 - 2022	229	145	84

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

**Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI**

and Walworth counties was strong during the 2010-2019 period. For example, after losing roughly 6.0 percent of its total nonagricultural wage and salary employed workforce from 2007 through 2009 (the heart of the Great Recession), the three-county area saw its job rosters increase by 14,953 total workers during the subsequent 2010-2019 period, or 1,661 annually.



Source: U.S. Department of Labor, Bureau of Labor Statistics

More recently, the three-county area, like practically every part of the country, was affected by the coronavirus pandemic and ensuing economic constraints, compounded by lockdowns and periods of social unrest. Specifically, in 2020, the three selected counties experienced year-over-year job losses of 7,865 or 5.4 percent of total nonfarm employment, which compares with the 5.8 percent contraction witnessed nationwide during the same 12-month period. On a more positive note, however, the three-county area’s economic recovery was in full swing in 2021 and 2022 – erasing most of the job losses experienced during the pandemic.

Fostered by a stable economy, and on the heels of expected household growth, construction requirements for new housing in the Whitewater Market Area will average 400 units annually during the 2023-2028 timeframe. This 400-unit forecast can be tied specifically to household growth levels estimated at 255 per annum through 2028, along with 145 units representing the replacement of residences lost to demolition and abandonment and the need to provide a vacancy allowance for filtering or movement from one residence to another. Of the 400 units which could be constructed annually within the market during the 2023-2028 forecast period, 225 will occur among for sale housing forms with 175 represented in the rental apartment sector. As detailed in the adjacent text table, for sale housing demand will be distributed among 150 single family detached homes and 75 in the attached sector, i.e., duplexes, condominiums, and townhomes.

**RESIDENTIAL ABSORPTION POTENTIALS BY PRODUCT TYPE
-- WHITWATER MARKET AREA --
2023 - 2028**

Product Type	Annual	Total Through 2028
Total	400	2,000
For Sale	225	1,125
Single Family Detached	150	750
Townhome/Duplex/Condominium	75	375
For Rent	175	875

Source: Tracy Cross & Associates, Inc.

**Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI**

- ❑ Given supply-side constraints throughout the market (which will be discussed in the following sections of the report), it is highly likely that demand will exceed supply near term, especially in the for sale sector, but also among multifamily rental forms as well. This market reality represents an opportunity for conventional housing initiatives across the market area (and Whitewater in particular), if properly planned and executed.
- ❑ Moreover, not only is “derived demand” likely to outstrip supply near term, but the overall base of residential construction requirements could actually be *higher* during any given year where properly positioned supply is made available. This *upside potential* factors pent-up demand; additional household growth if properly positioned development were actually to occur; the limited amount of new construction housing alternatives throughout the market (again, to be discussed later); and spillover potentials from areas outside the defined market area.
- ❑ Conditions in the competitive marketplace also point to *new construction* development opportunities, and fully signify the supply-side constraints that exist. For instance, in the rental sector (and excluding all student-oriented housing serving UW-Whitewater), just six apartment communities (of relative scale) have been constructed in the entire Whitewater Market Area since 2000, yet there are over 8,000 “non-student” renter households within a 15-mile radius of Whitewater. As such, current renter households have limited new product to choose from. The six newer developments, which are located in either the city of Whitewater itself or in Elkhorn to the southeast, include Lakeside Townhomes (28 Units), Springbrook (44 units), Waters Edge (48 units), Market Street Village (66 units), Meadow Blossom (112 units) and Bluff Ridge (120 units). As highlighted in the following text table, these six communities are all 100 percent occupied with waiting lists. With no current vacancies at any of the surveyed developments, the local conventional apartment market is considered *extremely tight and undersupplied*. For reference, in a normal (or balanced) market, vacancies of 5.0 to 6.0 percent are typically required for filtering, or movement between developments.

**CONVENTIONAL APARTMENT COMMUNITIES OF REASONABLE SCALE CONSTRUCTED IN 2000 OR LATER
WHITewater MARKET AREA
JUNE 2023**

Development	Municipality	Year Built	Total Units	Number Vacant	Percent Vacant	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
Lakeside Townhomes	Whitewater	2014	28	0	0.0	1,670	\$1,600	\$0.96
Springbrook ⁽¹⁾	Whitewater	2008	44	0	0.0	806	1,363	1.69
Water's Edge	Whitewater	2008	48	0	0.0	1,057	1,290	1.22
Bluff Ridge	Whitewater	2005	120	0	0.0	1,360	1,387	1.02
Main Street Village	Elkhorn	2003	66	0	0.0	1,238	1,334	1.08
Meadow Blossom	Elkhorn	2001	112	0	0.0	1,163	1,033	0.89
Total/Weighted Avg.	--	--	418	0	0.0	1,216	\$1,284	\$1.06

⁽¹⁾ May get one or two students a year, but is not a student-oriented community.

Source: Tracy Cross & Associates, Inc.

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- Just outside the defined Whitewater Market Area, similar market conditions exist. For example, expanding the competitive market area to include communities such as Cambridge, East Troy, Lake Mills, Mukwonago, and Whales, just 10 apartment communities of a larger scale, i.e., 50 more total units each, have been constructed since 2000 in this broad geographic area. Among these, the current vacancy rate stands at just 0.2 percent among stabilized developments with most communities, again, at 100 percent occupancy with waiting lists. In addition, the newest community in the market, which is undergoing its initial absorption period, Summer Ridge in Lake Mills, is doing so at a healthy rate of 8.8 units per month.

**APARTMENT COMMUNITIES (OF LARGER SCALE) CONSTRUCTED IN 2000 OR LATER
EXPANDED WHITWATER MARKET AREA
JUNE 2023**

Development	Municipality	Year Built	Total Units	Number Vacant	Percent Vacant (Absorption Rate In Units)	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
The Vineyards at Cambridge	Cambridge	2018	70	0	0.0	835	\$1,267	\$1.52
Honey Creek	East Troy	2006	274	0	0.0	1,027	1,277	1.24
Lofts at Honey Creek ⁽¹⁾	East Troy	2022	120	0	0.0	991	1,498	1.51
Wildwood	East Troy	2001	80	0	0.0	1,373	1,466	1.07
Pond View	Lake Mills	2004	60	1	1.7	1,250	1,300	1.04
Rock Creek	Lake Mills	2019	144	1	0.7	929	1,503	1.62
Summer Ridge ⁽²⁾	Lake Mills	2023	56	36	64.3(8.8/Mo.)	1,035	1,650	1.59
Lincolnshire Place	Wales	2015	100	0	0.0	1,059	1,520	1.44
Phantom Woods Estates	Mukwonago	2017	68	0	0.0	1,193	1,487	1.25
The Pointe	Mukwonago	2020	89	0	0.0	968	1,270	1.31
Total/Weighted Avg.	---	---	1,061 / 1,005 ⁽³⁾	38 / 2 ⁽³⁾	3.6 / 0.2 ⁽³⁾	1,045	\$1,403	\$1.34

⁽¹⁾ Development has an additional phase of 60 units under construction.
⁽²⁾ Community is still undergoing its initial absorption period.
⁽³⁾ Excludes community still undergoing its initial absorption period.

Source: Tracy Cross & Associates, Inc.

- As it relates to the ownership sector of the market, supply-side constraints are also apparent, especially for moderately priced mainstream product. Overall, new construction for sale development throughout the Whitewater Market Area is generally characterized by smaller- to modest-scale broker- or builder-represented communities reflecting conventional single family and, to a lesser degree, duplex/townhome/condominium subdivisions or scattered-lot developments. The communities that do exist are directed to both primary and lifestyle consumer segments which (in many cases) have been marketed in phases over extended periods of time (and most recently at higher price points). In other words, there are limited developments of *scale* actively marketing new units in “properly priced” proprietary communities throughout the area, with new for sale product especially limited in Whitewater.

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- ❑ In the entirety of the Whitewater Market Area, single family building permits which include single family detached homes as well as single-address townhomes, duplexes, and condominium/villa units, have averaged below 100 units annually over the last few years, despite demand potentials being stronger. This lack of new construction for sale development activity is due, in large part, to the higher price points that now accompany most newly built for sale homes which, in turn, has resulted in more modest sales volumes. In fact, most individual subdivisions throughout the market area are generating sales volumes of just 3-6 homes per year.

- ❑ Overall, new construction *single family detached* closing activity in the Whitewater Market Area has been on the decline over the last three years, a result of limited supply and higher prices. As highlighted in the following text table, the number of new construction single family detached homes sold/closed in the Whitewater Market Area (through the local multiple listing service) dropped from 41 in 2021 to 34 in 2022. Moreover, annual closings for 2023 are on pace to hit just 26 units – and at a median sales price exceeding \$410,000.

**NEW CONSTRUCTION SINGLE FAMILY CLOSINGS
WHITWATER MARKET AREA
2021-MAY 2023**

Price Range	2021		2022		Jan-May 2023 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$200,000	1	2.4	---	---	---	---
200,000 - 249,999	1	2.4	1	2.9	---	---
250,000 - 299,999	7	17.1	1	2.9	2	7.7
300,000 - 349,999	12	29.3	8	23.6	6	23.0
350,000 - 399,999	10	24.5	9	26.5	4	15.4
400,000 - 449,999	5	12.2	6	17.7	4	15.4
450,000 - 499,999	2	4.9	4	11.8	2	7.7
500,000 - 549,999	1	2.4	1	2.9	2	7.7
550,000 - 599,999	1	2.4	1	2.9	2	7.7
600,000 - 699,999	1	2.4	1	2.9	2	7.7
700,000 & Above	---	---	2	5.9	2	7.7
Total	41	100.0	34	100.0	26	100.0
Median	----- \$347,951 -----		----- \$388,867 -----		----- \$412,661 -----	
Avg. Days on Market	----- 48 -----		----- 49 -----		----- 77 -----	

Source: Southeast Wisconsin Multiple Listing Service

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

- ❑ While the limited amount of new single family development (of scale) is keeping volumes in the more modest ranges, especially when demand is stronger, so, too, is the overall higher price position of the new construction homes being built. In fact, with the median price of a new single family closing (as recorded through the multiple listing service) standing at \$412,661 during the first

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five months of 2023, there is a disconnect with the distribution of household incomes, which is putting pressure on the existing home market, i.e. the resale sector. For example, the median closing price among new construction units in the Whitewater Market Area is roughly \$120,000 higher than that of a resale counterpart. As a result, prices in the existing home market have also been increasing and the average "days on market" are *extremely low*. As highlighted in the following text table, the average market time of an older-stock single family resale closing during the January-May 2023 period stood at just 19 days, down from 23 days in 2022 and 26 days in 2021. For reference, the typical marketing time for a resale home in the Midwest ranges from 72-90 days. In the city of Whitewater, the average market time of a single family resale during the last five months stood at just 18 days showing a slightly faster rate of sale than the market as a whole.

**SINGLE FAMILY RESALE CLOSINGS
WHITWATER MARKET AREA
2021-MAY 2023**

Price Range	2021		2022		Jan-May 2023 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$150,000	76	8.4	38	4.7	19	3.1
150,000 - 199,999	155	17.1	115	14.3	79	13.1
200,000 - 249,999	177	19.5	144	17.9	115	19.1
250,000 - 299,999	151	16.6	151	18.7	103	17.1
300,000 - 349,999	105	11.6	123	15.2	84	13.9
350,000 - 399,999	75	8.3	82	10.2	72	12.0
400,000 - 449,999	46	5.1	42	5.2	48	8.0
450,000 - 499,999	25	2.8	25	3.1	26	4.3
500,000 - 549,999	25	2.8	15	1.9	17	2.8
550,000 - 599,999	23	2.5	17	2.1	10	1.7
600,000 - 699,999	20	2.2	24	3.0	7	1.2
700,000 & Above	29	3.1	30	3.7	22	3.7
Total	907	100.0	806	100.0	602	100.0
Median	----- \$265,059 -----		----- \$285,026 -----		----- \$292,982 -----	
Avg. Days on Market	----- 26 -----		----- 23 -----		----- 19 -----	

Source: Southeast Wisconsin Multiple Listing Service

- ❑ In the **duplex/condominium/townhome** sector, a similar condition exists in the Whitewater Market Area relative to pricing differentials between new construction units and resales. As highlighted in the following text table, there are typically between 10 and 20 new attached units being sold annually market-wide through the multiple listing service, again a modest volume because of limited supply in this sector, coupled with price points that are now exceeding \$365,000 on average.

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**NEW CONSTRUCTION DUPLEX/CONDOMINIUM/TOWNHOME CLOSINGS
WHITEWATER MARKET AREA
2021-MAY 2023**

Price Range	2021		2022		Jan-May 2023 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$150,000	---	---	---	---	---	---
150,000 - 199,999	---	---	---	---	---	---
200,000 - 249,999	1	12.5	---	---	---	---
250,000 - 299,999	1	12.5	1	5.6	2	15.4
300,000 - 349,999	6	75.0	5	27.8	2	15.4
350,000 - 399,999	---	---	10	55.5	7	53.8
400,000 - 449,999	---	---	2	11.1	2	15.4
450,000 & Above	---	---	---	---	---	---
Total	8	100.0	18	100.0	13	100.0
Median	----- \$316,666 -----		----- \$364,954 -----		----- \$367,843 -----	
Avg. Days on Market	----- 39 -----		----- 62 -----		----- 55 -----	

Source: Southeast Wisconsin Multiple Listing Service

- The higher price position found in the new construction attached sector is, again, putting pressure on the existing home market as evidenced by duplex/condominium/townhome resale closings averaging just 17 days on market during the January-May 2023 period, down from 34 days in 2021. As highlighted in the following text table, the difference in price between typical resale and new construction attached sector units now stands at more than \$140,000.

**DUPLEX/CONDOMINIUM/TOWNHOME RESALE CLOSINGS
WHITEWATER MARKET AREA
2021-MAY 2023**

Price Range	2021		2022		Jan-May 2023 (Annualized)	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$150,000	5	5.4	2	3.3	---	---
150,000 - 199,999	47	50.5	24	40.0	17	35.4
200,000 - 249,999	20	21.5	12	20.0	14	29.1
250,000 - 299,999	14	15.1	7	11.7	5	10.4
300,000 - 349,999	3	3.2	9	15.0	7	14.6
350,000 - 399,999	1	1.1	3	5.0	3	6.3
400,000 & Above	3	3.2	3	5.0	2	4.2
Total	93	100.0	60	100.0	48	100.0
Median	----- \$194,157 -----		----- \$216,749 -----		----- \$225,085 -----	
Avg. Days on Market	----- 34 -----		----- 18 -----		----- 17 -----	

Source: Southeast Wisconsin Multiple Listing Service

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- ❑ The limited amount of *new construction* housing product in the overall market, especially at mainstream price points, i.e., more in-line with typical “new versus resale” differentials, is also having an impact on inventory levels. For example, among all residential resales in the market (both detached and attached excluding new construction), inventory levels are low. For example, with only 153 single family and duplex/condominium/townhome listings reported on June 1, 2023, and with closing activity (among all product types) totaling 866 units in 2022, resale inventory levels in the Whitewater Market Area stand at just 2.12 months, which falls below the typical four-month inventory period that exists in more normal, or balanced, existing home markets.
- ❑ Finally, according to planning and zoning officials throughout the Whitewater Market Area (including the city of Whitewater), there is not enough residential development in the planning pipeline at this time to satisfy demand – another factor supporting the need for more housing.

A PLANNING STRATEGY: THE PRODUCT

As summarized in previous paragraphs, future residential development potentials in Whitewater and surrounding areas are clearly evident. In other words, the city of Whitewater is *well suited* for the introduction of new *market rate* residential development over the next 5+ years including conventional “non-student” rental offerings and various forms of for sale housing. This favorable conclusion is based upon: 1) more than adequate demand support for a variety of new construction housing alternatives; 2) notable supply-side constraints; 3) an ample base of existing (and future) households with strong demographic profiles; 4) tightness (and certain disjointedness) in both the rental and for sale sectors of the market; 5) good schools; 6) in-place employment, transportation, shopping/services, recreation, etc.; and 7) the opportunity to introduce new and differentiated housing product in a market where such product is needed.

Because supply-side issues throughout the Whitewater Market Area are largely driven by the type of product being offered, together with current density allocations for such product (and the cost to produce it), the City of Whitewater must think *strategically* in order guide future development initiatives that can bridge the gap that exists between area incomes/resales and new residential development, especially in the for sale sector. This initiative will take a great deal of effort relative to planning, development, and implementation, simply because it deviates from the market norm. However, the City of Whitewater is in a unique position to truly guide future residential development efforts in a direction of discipline and insight as it relates to specific products that meet the demands of the market relative to unit types/styles, densities, and most importantly, rent/price positioning.

With this said, the following bullet-point summary provides very specific (and detailed) guidelines for establishing the most practical and marketable *hierarchy* of conventional/mainstream housing over the next several years with a logical continuum of six separate and distinct product lines:

- ❑ Mirroring a number of successful mainstream apartment communities throughout the Midwest, including southern Wisconsin, strong consideration should be given to the introduction of two different market rate rental housing series, one consisting of a two-story garden-style walkup idiom directed to all renter households and the other representing a value-oriented ranch villa program targeting the active adult aged 55-74, but not restricted to this segment since other profiles will find this product desirable. Together, these two product forms, which are extremely efficient and cost effective to build, will allow for a broad and varied mix of unit types, sizes, and rents capable of penetrating the threshold of mainstream conventional renter households in the marketplace – and those emanating to Whitewater in the years to come. In other words, the introduction of these two new construction product lines in Whitewater would allow the full breadth of mainstream renter profiles to be targeted. These include Millennials, also known as Echo Boomers or Generation Y, along with Centennials, also known as Generation Z (i.e., younger singles and couples without

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children), together with traditional and non-traditional households such as divorcees, middle-age singles, never-nested couples, singles living together as couples in a roommate condition, young families, etc., and, of course, the move-down empty-nester/active adult/pre-retiree/retiree aged 55 to 74 – a segment which shows substantial growth near term.

- ❑ The **two-story garden apartment program** would consist of a “private entry” product with a component of attached, direct-access garages. In this regard, one of the most successful garden-style developments in the Midwest (and in other portions of southern Wisconsin) consists of a series of eight-unit buildings (each with four direct-access one-car garages) or 16-unit buildings (each with eight direct-access one-car garages). With just 50 percent direct-access garages suggested per structure, two different versions of the garden apartment building should be designed in order for each of the individual floorplans to be offered *with a direct access garage* in one of the two building types. By following this formula, each plan offering would have a 50 percent representation of direct-access one-car garages.



- ❑ Individual designs for the garden apartment product should be broad and varied consisting of eight (8) plan offerings including one-, two- and three-bedroom options ranging in size from 600 to 1,250 square feet. Please note that this product line would also be accompanied by buildings with optional detached garages. As such, renter profiles could elect either surface parking only; a detached garage; or a unit with an attached garage, thus giving future residents a full continuum of rental options to choose from as it relates to their choice of parking cast against their desired (or needed) monthly payment based upon income. This scenario will also provide competitive consistency with other developments in the market, current and future.
- ❑ If elevated properly, the two-story garden apartment buildings (and the separate structures with detached garages) can exemplify tasteful suburban architecture and be very complimentary to other development initiatives (including for sale products) throughout Whitewater.
- ❑ The **ranch villa apartment program**, which would target households aged 55+, although not be restricted to this consumer segment, would consist of direct-entry single-level ranch-type townhome plans, each with a one-car attached garage. Modeled, in part, after very successful empty nester ranches in Watertown, Wisconsin (and other parts of the Midwest), this product line would consist of four different plan designs ranging from a one-bedroom residence at 725 square feet to a three-bedroom unit with 1,275 square feet. This product line would be configured in 3-, 4-, 5- and 6-unit buildings (duplexed where necessary).



- ❑ Mirroring competitive counterparts overall, size increments between floorplans (for both rental products) should not exceed 200 square feet (and be narrower in most instances). This discipline will keep lease rate differentials between plans small and in concert with the gradual upward movement of mainstream/workforce household incomes.

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- Representing the first of four product lines in the for sale sector of the market, and in an effort to establish an overall hierarchy of “staple” conventional/mainstream ownership product starting with an alternative that should be able to achieve price points not currently represented in the new construction the marketplace, is an efficiently designed mid-density **townhome/rowhome series**. This product line would include three separate three-story plan types, each with two main living areas configured over an *integral* two-car garage and a finished lower level, all with two-car garages. Plan sizes for this series, which will average 1,400 square feet, should range from 1,200 to 1,550 square feet including finished lower levels. This can be achieved in very efficient and cost effective 20’ wide modules. With rear-entry garages, individual buildings are generally designed to face one another, thus allowing for a small pedestrian greenway between buildings, or they can be configured fronting a street. Combined, the three individual plan offerings will be capable of attracting a broad range of buyer profiles, with attentive focus directed toward young singles and couples without children, couples in their initial stages of family formation and young families.



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

- Representing a more “cost conscious” age-targeted alternative to the highly stylized ranch duplex condominiums often found throughout the Whitewater Market Area, yet still directed toward the more mature, move-down home purchasers aged 55-74+, a very efficient **attached ranch villa** for sale series is recommended. This product line, which could be configured in 3-, 4- or 5-unit buildings (duplexed only where necessary) would consist exclusively of single-level ranch plans, each with a front-load two-car garage and a small, but usable, backyard or patio area. Ranging in size from 1,300 to 1,500 square feet, the average attached villa unit would carry 1,400 square feet of living space. These homes would be configured slab-on-grade, although certain lots could/should be designated to accommodate optional basements. While directed toward the move-down consumer or empty-nester, this product line would be capable of attracting other segments of the market as well (similar to the one-car garage ranch villa rentals, but for ownership households). Ultimately, the goal of creating a two-car garage villa product (as opposed to straight duplex buildings) would be to achieve a higher-density which, again, would allow costs to be distributed across more units – and leading to more competitive prices.



- In the single family sector, representing a departure from the current medium- to larger-lot production/semi-custom/custom home development currently characteristic of new scattered-lot developments throughout the market, would be an urban/suburban detached product line, most with rear-load garages. Reflecting a derivation of the neo-traditional planning concept, i.e., Traditional Neighborhood Development (TND), this **small lot single family series**, ideally, would be comprised of two single-level “ranch” plans, two traditional two-story units (with second floor

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master bedrooms) and one two-story unit with a first-floor master bedroom, all with optional basements. Ranging in size from 1,500 to 1,900 square feet, and averaging 1,700 square feet across the group, homes in this series should be approximately 30'-35' wide configured on 40'-45' wide homesites. In various areas of the Midwest, this particular product line has been extremely successful as it has allowed new construction single family housing (through density and unit sizes) to meet a mainstream or "middle of the market" price point – one not typically seen among more traditional counterparts. The small lot single family product line will be able to attract a broad spectrum of mainstream detached home purchasers including young childless married couples, couples in their initial stages of family formation, and traditional families. And, with the incorporation of several ranch plans and a two-story master-down design, this program will be in a position to also appeal to the 55 and older empty-nester segment desirous of detached housing. While most homes should accommodate rear-load garages to maximize density, a plan or two could be configured with a front-load garage if land planning calls for such a configuration,



- The second single family product line should consist of a more **traditional single family series** with front-access, two-car garages and optional basements. This product line should be comprised of two single-level "ranch" plans and four traditional two-story units. Ranging in size from 1,750 to 2,400 square feet, and averaging roughly 2,050 square feet across the group, homes in this program should be configured on 50'-60" wide homesites. These modest lot sizes would, once again, assist in reducing costs, thus allowing for a more competitive price position. Together, the six suggested plans will also appeal to a broad spectrum of single family home purchasers including young childless married couples, couples in their initial stages of family formation, and first- and second-time move up families. And, with the inclusion of two ranch plans on small low-maintenance lots, this series will appeal to the 55 and older empty-nester segment as well. *While the price points for this product line align the upper end of mainstream incomes, they provide a reasonably priced move-up alternative in an effort to alleviate pressure among area resales and open up more options for the bulk of the existing home market.*




For a detailed outline of each recommended housing idiom including individual product/plan criteria, unit sizes, rents/prices, features, community amenities, etc., consult **Exhibits 2 through 7**. As depicted, plan offerings are broad and varied, and reflect some of the best-selling floorplan alternatives among successful "like" products throughout the Midwest and also southern Wisconsin. This detailed information should give builders/developers the guidance they need for properly penetrating the local home market.

It is important to note that the detailed planning guidelines and benchmark rent/price suggestions for the various housing products are not arbitrary, but rather *strategic*. Specially, these guidelines will allow five important goals to be met. First, the continuum of home types, styles and rents/prices will directly align

**PRODUCT CRITERIA AND BENCHMARK RENTS - TWO-STORY GARDEN APARTMENTS
-- CONVENTIONAL/MAINSTREAM HOUSING --
WHITEWATER, WISCONSIN**


2

Product Line Summary								
Product Form:	Two-Story Garden Apartments (8- or 16-Unit Buildings with 4 or 8 Direct Access One-Car Garages Per Building)							
Density in Units Per Acre:	16.0							
Average Plan Size (Sq. Ft.):	925							
Average Benchmark Base Rent w/50 % Garages: Per Sq. Ft.:(1)	\$1,383 \$1.50							
								
Plan Detail								
Plan Designation	A-1	A-2	A-3	B	C-1	C-2	C-3	D
Percent Distribution	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Plan Type	1BR	1BR	1BR	1BR DEN	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	600	700	775	875	975	1,075	1,150	1,250
Benchmark Base Rent w/o Garage:(1) Per Sq. Ft.:(1)	\$1,075 \$1.79	\$1,150 \$1.64	\$1,225 \$1.58	\$1,300 \$1.49	\$1,375 \$1.41	\$1,450 \$1.35	\$1,505 \$1.31	\$1,580 \$1.26
Benchmark Base Rent w/ Garage:(2) Per Sq. Ft.:(2)	\$1,175 \$1.96	\$1,250 \$1.79	\$1,325 \$1.71	\$1,400 \$1.60	\$1,475 \$1.51	\$1,550 \$1.44	\$1,605 \$1.40	\$1,680 \$1.34
Unit Features and Community Amenities								
UNIT STANDARDS <ul style="list-style-type: none"> ■ Painted Trim ■ Plank Flooring in Living Areas ■ "White" Interior Paint Finish ■ Direct Wire Smoke Detectors ■ Cable/Satellite Access ■ High-Speed Internet Connectivity ■ USB Ports ■ Air Conditioning ■ Quality Door Hardware ■ Quality Lighting Package ■ Private Balcony/Patio 			KITCHEN FEATURES <ul style="list-style-type: none"> ■ Quality Wood Cabinetry ■ Plank Flooring ■ Self Clean Range Oven ■ Built-In Dishwasher ■ Refrigerator with Ice-Maker ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Stainless Steel Sink 			BATH/POWDER ROOM STANDARDS <ul style="list-style-type: none"> ■ Plank Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 		
CLOSETS, UTILITIES, AND STORAGE <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Wire Closet Shelving ■ Full Size Washer/Dryer (Stacked or Side-by-Side) ■ Storage Area (Either In-Unit or Separate) ■ Linen Closet(s) ■ Programmable Thermostat 			COMMUNITY FEATURES/AMENITIES (LARGE-SCALE DEVELOPMENTS) (SHARED W/RANCH VILLA RENTALS) <ul style="list-style-type: none"> ■ Architecturally-enhanced Exteriors ■ Secured Access Entry Per Unit ■ Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc. ■ Outdoor Fireside Lounge & Grilling Stations ■ Outdoor Swimming Pool/Deck Area ■ Dog Park & Dog Washing Station ■ Trail System ■ Sport Courts/Playground ■ Extensive Landscaping/Hardscaping ■ Wi-Fi in all Common Areas ■ Direct Access Garages at 50% ■ Adequate Surface Parking ■ Detached Garages @ \$65 Monthly Per Space 					
<p>(1) Benchmark base monthly rents, which are presented in June 2023 dollars, reflect the posted base rents for units without direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.</p> <p>(2) Benchmark base monthly rents, which are presented in June 2023 dollars, reflect the posted base rents for units with direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.</p>								

Source: Tracy Cross & Associates, Inc.

**PRODUCT CRITERIA AND BENCHMARK RENTS - RANCH VILLA RENTALS
-- CONVENTIONAL/MAINSTREAM HOUSING --
WHITEWATER, WISCONSIN**


3

Product Line Summary				
Product Form:	<i>Single-Level Ranch Villas w/Attached One-Car Garages (3-, 4-, 5- and/or 6-Unit Buildings-Duplexed Where Necessary)</i>			
Density in Units Per Acre:	10.0			
Average Plan Size (Sq. Ft.):	1,000			
Average Benchmark Base Rent: Per Sq. Ft.:⁽¹⁾	\$1,563 \$1.56			
				
Plan Detail				
Plan Designation	A	B-1	B-2	C
Percent Distribution	25.0	25.0	25.0	25.0
Plan Type	1BR	1BR DEN	2BR	3BR
Bedroom/Bath Mix	1/1.0	1+Den/1.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	725	925	1,075	1,275
Benchmark Base Rent: ⁽¹⁾	\$1,350	\$1,500	\$1,625	\$1,775
Per Sq. Ft.: ⁽¹⁾	\$1.86	\$1.62	\$1.51	\$1.39
Unit Features and Community Amenities				
UNIT STANDARDS <ul style="list-style-type: none"> ■ Painted Trim ■ Plank Flooring in Living Areas ■ "White" Interior Paint Finish ■ Direct Wire Smoke Detectors ■ Cable/Satellite Access ■ High-Speed Internet Connectivity ■ USB Ports ■ Air Conditioning ■ Quality Door Hardware and Lighting Package ■ Private Patio 		KITCHEN FEATURES <ul style="list-style-type: none"> ■ Quality Wood Cabinetry ■ Plank Flooring ■ Self Clean Range Oven ■ Built-In Dishwasher ■ Refrigerator with Ice-Maker ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Stainless Steel Sink 		BATH/POWDER ROOM STANDARDS <ul style="list-style-type: none"> ■ Plank Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity
CLOSETS, UTILITIES, AND STORAGE <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Wire Closet Shelving ■ Full Size Washer/Dryer (Stacked or Side-by-Side) ■ Storage Area (Either In-Unit or Separate) ■ Linen Closet(s) ■ Programmable Thermostat 		COMMUNITY FEATURES/AMENITIES (LARGE-SCALE DEVELOPMENTS) (SHARED W/GARDEN APARTMENTS) <ul style="list-style-type: none"> ■ Architecturally-enhanced Exteriors ■ Secured Access Entry Per Unit ■ Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc. ■ Outdoor Fireside Lounge & Grilling Stations ■ Outdoor Swimming Pool/Deck Area ■ Trail System ■ Dog Park ■ Dog Washing Station ■ Sport Courts/Playground ■ Extensive Landscaping/Hardscaping ■ Wi-Fi in all Common Areas ■ Direct Access Garages at 100% ■ Additional Surface Parking 		
⁽¹⁾ Benchmark base monthly rents, which are presented in June 2023 dollars, reflect the posted base rents, each of which includes an attached one-car garage. They do not include potential premiums for corner units or view. They also do not include application/administration fees, pet fees, storage rental, or utilities.				

Source: Tracy Cross & Associates, Inc.

**PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE TOWNHOMES/ROWHOMES
-- CONVENTIONAL/MAINSTREAM HOUSING --
WHITEWATER, WISCONSIN**


4

Product Line Summary			
<i>Product Form:</i>	Townhomes/Rowhomes		
<i>Garage Condition:</i>	2-Car (Rear Load)		
<i>Lower Level of Townhomes/Rowhomes</i>	Finished		
<i>Average Plan Size (Sq. Ft.):</i>	1,400		
<i>Average Benchmark Base Price:⁽¹⁾</i>	\$237,990		
<i>Per Sq. Ft.:</i>	\$169.99		
<i>Average Anticipated Closing Price:⁽²⁾</i>	\$252,200		
<i>Per Sq. Ft.:</i>	\$180.14		
			
Plan Detail			
Plan Designation	A	B	C
Plan Style	3-Story	3-Story	3-Story
Bedrooms	2	2+Loft	3
Baths	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,200	1,450	1,550
Benchmark Base Price: ⁽¹⁾	\$223,990	\$240,990	\$248,990
Per Sq. Ft.:	\$186.66	\$166.20	\$160.64
<i>Anticipated Closing Price:⁽²⁾</i>	<i>\$237,400</i>	<i>\$255,400</i>	<i>\$263,900</i>
<i>Per Sq. Ft.:</i>	<i>\$197.83</i>	<i>\$176.14</i>	<i>\$170.26</i>
Features and Amenities			
<p>UNIT STANDARDS</p> <ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Private Balcony <p>CLOSETS, UTILITIES, AND LAUNDRY</p> <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 	<p>KITCHEN FEATURES</p> <ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Bumer Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Granite or Quartz Countertops ■ Double Bowl Stainless Steel Sink 	<p>BATH/POWDER ROOM STANDARDS</p> <ul style="list-style-type: none"> ■ Ceramic Flooring ■ Granite or Quartz Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 	<p>BUILDING FEATURES/AMENITIES</p> <ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Finished Lower Level ■ Front-Oriented Sidewalks ■ Modest, But Desirable Community Amenities (Depends on Size of Development)
<p>⁽¹⁾ Benchmark base sales prices, which are presented in June 2023 dollars, do not include options, upgrades or premiums.</p> <p>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 6.0 percent above the base sales price.</p>			

Source: Tracy Cross & Associates, Inc.

**PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE ATTACHED RANCH VILLAS
-- CONVENTIONAL/MAINSTREAM HOUSING --
WHITEWATER, WISCONSIN**

5

Product Line Summary			
Product Form:	Attached Ranch Villas (3-, 4- and 5-Unit Buildings - Duplexed Where Necessary)		
Garage Condition:	2-Car (Front)		
Average Plan Size (Sq. Ft.):	1,400		
Average Benchmark Base Price:⁽¹⁾ Per Sq. Ft.:	\$257,990 \$184.28		
Average Anticipated Closing Price:⁽²⁾ Per Sq. Ft.:	\$276,000 \$197.14		
			
Plan Detail			
Plan Designation	A	B	C
Plan Style	Ranch	Ranch	Ranch
Bedrooms	2	2+Den	2+Den
Baths	2	2	2
Unit Size (Sq. Ft.)	1,300	1,400	1,500
Benchmark Base Price: ⁽¹⁾ Per Sq. Ft.:	\$249,990 \$192.30	\$257,990 \$184.28	\$265,990 \$177.33
Anticipated Closing Price:⁽²⁾ Per Sq. Ft.:	\$267,500 \$205.77	\$276,000 \$197.14	\$284,600 \$189.73
Features and Amenities			
<p>UNIT STANDARDS</p> <ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Private Patio Area <p>CLOSETS, UTILITIES, AND LAUNDRY</p> <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 	<p>KITCHEN FEATURES</p> <ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Bumer Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Double Bowl Stainless Steel Sink 	<p>BATH/POWDER ROOM STANDARDS</p> <ul style="list-style-type: none"> ■ Ceramic Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 	<p>HOME FEATURES/AMENITIES</p> <ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Basements Optional ■ Front-Oriented Sidewalks ■ Modest, But Desirable Community Amenities (Depends on Size of Development)
<p>⁽¹⁾ Benchmark base sales prices, which are presented in June 2023 dollars, do not include options, upgrades or premiums.</p> <p>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.</p>			

Source: Tracy Cross & Associates, Inc.

**PRODUCT CRITERIA AND BENCHMARK PRICES - SMALL LOT FOR SALE SINGLE FAMILY
-- CONVENTIONAL/MAINSTREAM HOUSING --
WHITEWATER, WISCONSIN**


6

Product Line Summary					
Product Form:	Single Family				
Lot Dimensions:	40'-45" x 100'-110'				
Garage Condition:	2-Car (Rear Load) (Front-Load As Necessary)				
Average Plan Size (Sq. Ft.):	1,700				
Average Benchmark Base Price:⁽¹⁾ Per Sq. Ft.:	\$308,990 \$181.76				
Average Anticipated Closing Price:⁽²⁾ Per Sq. Ft.:	\$330,600 \$194.47				
Plan Detail					
Plan Designation	A	B	C	D	E
Plan Style	Ranch	Ranch	2-Story	2-Story	2-Story (1st Floor MBR)
Bedrooms	2 + Den	2 + Flex	3	3 + Flex	3 + Loft
Baths	2	2	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,500	1,600	1,700	1,800	1,900
Benchmark Base Price: ⁽¹⁾ Per Sq. Ft.:	\$290,990 \$193.99	\$299,990 \$187.49	\$308,990 \$181.76	\$317,990 \$176.66	\$326,990 \$172.10
Anticipated Closing Price:⁽²⁾ Per Sq. Ft.:	\$311,400 \$207.60	\$321,000 \$200.63	\$330,600 \$194.47	\$340,200 \$189.00	\$349,900 \$184.16
Features and Amenities					
UNIT STANDARDS		KITCHEN FEATURES		BATH/POWDER ROOM STANDARDS	
<ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Private Patio Area 		<ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Burner Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Double Bowl Stainless Steel Sink 		<ul style="list-style-type: none"> ■ Ceramic Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 	
CLOSETS, UTILITIES, AND LAUNDRY		HOME FEATURES/AMENITIES			
<ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 		<ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Optional Basements 		<ul style="list-style-type: none"> ■ Front-Oriented Sidewalks ■ Modest, But Desirable Community Amenities (Depends on Size of Development) 	
<p>⁽¹⁾ Benchmark base sales prices, which are presented in June 2023 dollars, do not include options, upgrades or premiums.</p> <p>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.</p>					

Source: Tracy Cross & Associates, Inc.

**PRODUCT CRITERIA AND BENCHMARK PRICES - CONVENTIONAL FOR SALE SINGLE FAMILY
-- CONVENTIONAL/MAINSTREAM/MOVE-UP HOUSING --
WHITEWATER, WISCONSIN**

7

Product Line Summary						
Product Form:	<i>Single Family</i>					
Lot Dimensions:	<i>55'-60' x 120'</i>					
Garage Condition:	<i>2-Car (Front)</i>					
Average Plan Size (Sq. Ft.):	<i>2,050</i>					
Average Benchmark Base Price:⁽¹⁾ Per Sq. Ft.:	<i>\$357,490 \$174.39</i>					
Average Anticipated Closing Price:⁽²⁾ Per Sq. Ft.:	<i>\$382,500 \$186.59</i>					
						
Plan Detail						
Plan Designation	A	B	C	D	E	F
Plan Style	Ranch	Ranch	2-Story	2-Story	2-Story	2-Story
Bedrooms	3	3	3+Flex	4	4 + Loft	4 + Den
Baths	2.0	2.0	2.5	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,750	1,850	1,950	2,100	2,250	2,400
Benchmark Base Price: ⁽¹⁾ Per Sq. Ft.:	\$329,990 \$188.57	\$338,990 \$183.24	\$347,990 \$178.46	\$361,990 \$172.38	\$375,990 \$167.11	\$389,990 \$162.50
Anticipated Closing Price:⁽²⁾ Per Sq. Ft.:	\$353,100 \$201.77	\$362,700 \$196.05	\$372,300 \$190.92	\$387,300 \$184.43	\$402,300 \$178.80	\$417,300 \$173.88
Features and Amenities						
UNIT STANDARDS		KITCHEN FEATURES		BATH/POWDER ROOM STANDARDS		
<ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Large Private Patio Area 		<ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Burner Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Double Bowl Stainless Steel Sink 		<ul style="list-style-type: none"> ■ Ceramic Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 		
CLOSETS, UTILITIES, AND LAUNDRY		HOME FEATURES/AMENITIES				
<ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 		<ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Optional Basements 			<ul style="list-style-type: none"> ■ Modest, But Desirable Community Amenities (Depends on Size of Development) 	
<p>⁽¹⁾ Benchmark base sales prices, which are presented in June 2023 dollars, do not include options, upgrades or premiums.</p> <p>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.</p>						

Source: Tracy Cross & Associates, Inc.

**Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI**

mainstream household incomes in the market. Second, the for sale product lines (and their prices) will assist builders in bridging the rather large price gap that exists between area resales and new construction alternatives which, in turn, will provide for "above average" absorption/sales rates. Third, the suggested products (and their typical density allocations) will allow each home series to improve upon total unit counts per acre, which will help minimize raw land costs per unit. Fourth, each suggested product line and plan offering can be built in an efficient manner, which will assist in keeping direct construction costs at a minimum. Finally, the rents/prices assigned to each product line will allow each housing idiom to draw consumers from both the city Whitewater and other nearby areas (both inside and outside the Whitewater Market Area).

Because each product line has been positioned competitively (and strategically) relative to the market, absorption rates for the rental products and sales rates for the ownership offerings are expected to be "at" or "above the market average." And, while absorption and sales are dependent upon other factors such as the scale of a development or phase, i.e., number of total units; site location; community amenities, etc., the following text table offers a general outline of what a typical development or phase would be capable of attaining per product series:

**ABSORPTION / SALES SUMMARY - A GUIDE
SUGGESTED HOUSING PRODUCTS: WHITEWATER, WISCONSIN**

Product Line	Estimated Total Units For a Typical Development or Phase (of Relative Scale)	Annual Absorption/ Sales Potential (In Units) At Benchmark Rents/Prices	Marketing Life (In Years)
Two-Story Garden Apts	144	96	1.5 ⁽¹⁾
Ranch Villa Rental	90	60	1.5 ⁽¹⁾
Townhomes/Rowhomes	36	12	3.0
Attached Ranch Villas	36	12	3.0
TND Single Family	36	12	3.0
Conventional Single Family	36	12	3.0
⁽¹⁾ Marketing life will actually be slightly shorter to get to a stabilized occupancy level of 95 percent.			

Source: Tracy Cross & Associates, Inc.

The absorption/sales volumes outlined above are reflective of a series of residential product lines that will appeal to households earning incomes, generally, in the \$40,000 to \$75,000 range for the rental products and in the \$65,000 to \$150,000 range for the ownership idioms. These income segments, which are some of the deepest in the city of Whitewater and surrounding communities, have been disenfranchised of late relative to new construction alternatives market-wide.

**Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI**

MARKET POSITIONING

It is important to reiterate that the benchmark rents/prices outlined in Exhibits 2 through 7 have been *carefully* established so that each product line can penetrate the mainstream of the new construction housing market based, primarily, on incomes, while at the same time supporting a value position necessary to appeal to consumers from inside and outside the local area. For example, the two rental products will each occupy an appropriate (and competitive) rent/value variance when cast against the newest apartment communities, i.e., those developments introduced in the last five years, all of which are located just outside the Whitewater Market Area.

**APARTMENT COMMUNITIES CONSTRUCTED IN THE LAST 5 YEARS
-- JUST OUTSIDE THE WHITWATER MARKET AREA --
JUNE 2023**

Development	Location	Garage Condition	Year Built	Total Units	Vacancy/Absorption Rate	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
<i>Suggested Garden Apts</i>	Whitewater	1-Car Incl. (50%)	---	144	8.0/Mo (Est.)	925	\$1,383	\$1.50
<i>Suggested Ranch Villas</i>	Whitewater	1-Car Incl. (100%)	---	90	5.0/Mo (Est.)	1,000	1,563	1.56
The Vineyards of Cambridge	Cambridge	1-Car Incl. (100%)	2018	70	0.0	835	\$1,267	\$1.52
Lofts at Honey Creek	East Troy	1-Car Incl. (100%)	2022	120	0.0	991	1,498	1.51
Rock Creek	Lake Mills	1 or 2-Car Incl. (100%)	2019	144	0.7	929	1,503	1.62
Summer Ridge	Lake Mills	1-Car Incl. (100%)	2023	56	8.8/Mo.	1,035	1,650	1.59
The Pointe	Mukwonago	1-Car Opt.	2020	89	0.0	968	1,395	1.44

Source: Tracy Cross & Associates, Inc.

As positioned, and considering the total unit count estimates provided earlier, the two rental products could achieve absorption rates close to 8.0 units monthly for the garden apartments and 5.0 units per month for the ranch villa rentals, rates that are consistent with typical lease-up trends. For instance, at an average absorption pace of 8.0 units monthly across the 144 estimated total units (per development or phase) and 5.0 per month across 90 total units, again per development or phase, these two rental idioms will each be absorbed at a rate equal to approximately 5.5 percent of their total unit counts. Among most apartment developments throughout similar Midwest locations, absorption rates *among properly positioned communities* generally hover between 4.0 and 7.0 percent of their total unit counts.

In addition, absorption rates among other surveyed developments generally fall within the forecasted range including the 8.8 unit-per-month pace being achieved by Summer Ridge, not to mention the recent 8.5 pace recently registered by Lofts at Honey Creek and the 7.7 rate achieved at The Pointe.

The various for sale products, in turn, will occupy lower/more competitive value positions in the market considering the higher price points currently represented in the new construction ownership sector. As but one example, the two-car garage attached ranch villa product suggested for Whitewater has been priced roughly 15 percent below similar product at the best-selling condominium development in the entire Whitewater Market Area. Specifically, Fox Chase Villas in Eagle (Waukesha County), which consists of two-car garage attached ranch duplexes with standard unfinished basements, is selling at a pace of 8 homes per year at an average closing price of roughly \$350,000 for 1,400 square feet of living space. This compares with our estimated average closing price in Whitewater of \$276,000 for 1,400 square feet (without basements) and our estimated sales forecast of 12 units per year. As such, our pricing differential can be supported on the basis of location, optional basements, and sales pace.



Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI

At the same time, the suggested two-car garage ranch villa series, at benchmark, will carry a whole dollar price position appropriately below newer condominiums along Jakes Way in Whitewater, where sales have been modest.

The two single family series suggested for Whitewater, too, will maintain the necessary under market variance. As highlighted in **Exhibit 8**, estimated closing prices for the detached product lines will be positioned roughly 10 below the most recent new construction single family mainstream closings throughout the Whitewater Market Area.

A DISCIPLINE APPROACH TO PRODUCT DEVELOPMENT

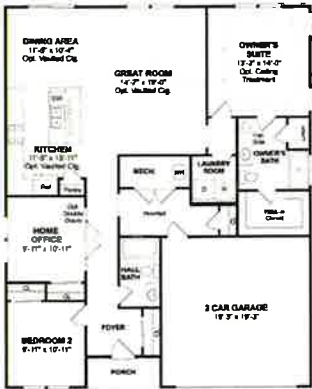
It will likely be challenging to achieve the rents/prices suggested for each product line based upon current costs of development and construction, although it can be accomplished (and essentially must be accomplished) to attain the absorption/sales forecast which, in turn, will fill the holes that currently exist in the new construction home market in and around Whitewater. To assist in this endeavor, it will be imperative for all stakeholders to work closely with builders/developers so that the recommendations are followed. With this said, builders/developers (and governing bodies) will need to think differently in terms of land planning, development, and product design in order to *substantially reduce costs*, a key component to meeting the rent/price requirements. Provided below are key ingredients to brining properly positioned mainstream housing to market, especially as it relates to the ownership products:

- Each product line must be efficient and cost effective to build from a design standpoint (value engineered). This can be achieved while still offering functional and desirable floorplans.
- The basis for design should be modeled after box-on-box/four-corner construction with no wasted space; however, exterior elevations should still be very appealing. Referencing the latter, a strong use of colors *not materials* is but one example of how quality can be portrayed to the consumer. This has been accomplished in numerous communities throughout the U.S. To reiterate, by creating value-oriented floorplans, we are not suggesting that quality be minimized, nor is there implication that overall curb appeal be comprised. It simply needs to be accomplished strategically.

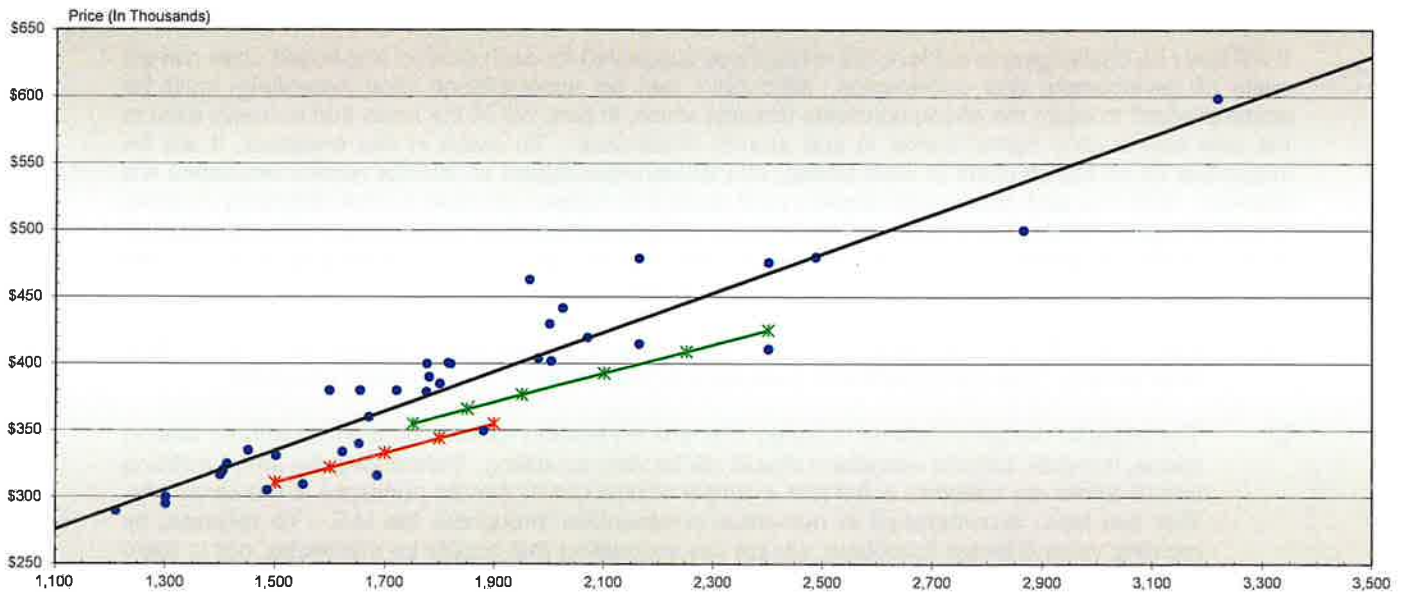
Provided below are a few floorplan examples that portray efficiency in design:

Typical Three-Story Townhome/Rowhome Plan

Conventional Single Family Ranch Plan



Price/Value Analysis
New Construction Single Family Closings: July 2022 - May 2023
Whitewater Market Area



Development



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

**Residential Market Analysis
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- ❑ Once value-engineering has taken place, and efficient/cost effective plans and buildings are designed, these efficiencies must be conveyed to all subcontractors for bidding purposes. *This may become a critical element to ultimately achieving the suggested rents/prices.*
- ❑ None of the for sale product lines should offer standard (included) basements, although the option for a basement can (and should) be made available in most series (as indicated).
- ❑ In achieving higher densities, strong consideration should be placed on “to the street” product, smaller lots, along with front-to-back living (i.e., narrower units). At the same time, the mixing of products within neighborhood areas will help improve densities, while also establishing a desirable architectural landscape.
- ❑ Finally, outdoor living space for each residence (among all product lines) is essential; however, it need not be extensive. Specifically, private balconies for the garden apartments and for sale townhomes will be sufficient, along with private courtyards/patios and side/back-yards for the attached ranch villas and single family homes.

POTENTIAL INCENTIVES

Even with a disciplined planning and design approach, it is possible that some incentives or concessions might also be necessary to bring the *for sale products* (as positioned) to market. This will need to be determined through the planning process but may include some form of land cost relief (if possible), Tax Increment Financing (TIF) assistance or something similar. For the rental products, it is unlikely that incentives/concessions would be required at benchmark rents.

PRODUCT CLARIFICATION

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

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

GEOGRAPHIC AND COMMUNITY POSITIONING

Given such severe supply-side constraints in the new construction housing market, practically any suitable location within Whitewater could be considered for residential development or redevelopment. With this said, however, it is strongly suggested that the rental housing products (in particular) be removed from the immediate environs of the University as they are to be marketed to the workforce not to students. ***For example, the vacant multifamily parcel located along S. Moraine View Parkway near Jakes Way represents an appropriate candidate for the suggested garden apartment community at a density of roughly 16 units per acre.***

**Residential Market Analysis
Cedar Corporation
Strategy Planning Guidelines
Whitewater, WI**

The City of Whitewater (and its stakeholders/development partners) should also give strong consideration to the creation of a master-planned community whereby multiple product lines (if not all product lines) would be introduced within a large land assemblage, albeit with the various products offered in separate (but possibly integrated) neighborhood areas, development pods or phases. Such a community could become a **destination point development** whereby a full hierarchy of residential products are combined with heavy landscaping and hardscaping, together with amenities such as pocket parks, walking/jogging/biking trails, playgrounds, sport courts, open space areas, etc. – *representing a true lifestyle environment*. Such a development in the new construction sector is absent in the Whitewater Market Area and would most certainly allow the city of Whitewater to capture a disproportionate share of market-wide demand, while also inducing spillover from other areas.



Guiding principles for establishing a destination-point master-planned community are highlighted below:

- ❑ To provide strong community infrastructure created around a theme of livability, functionality, walkability, and recreation/convenience.
- ❑ To create a community where emphasis is placed on all segments of the market ranging from younger childless singles and couples to families living, playing, and growing together; and where active adult residents can see and experience the vibrancy of youth. Establishing this reality includes the combination of all products with appropriate, but minimally expensive, amenities.
- ❑ To create a community in which a variety of densities are carefully combined with pocket parks and other recreational uses – and that all are highly integrated and exposed for everyone to enjoy. Like the architecture and design of the homes, the land plan must be very efficient as well.

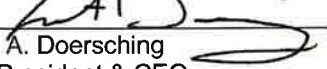


CERTIFICATION AND SIGNATURE

This analysis represents our objective and independent opinion regarding the market potential for new construction residential development in Whitewater, Wisconsin as certified below:

TRACY CROSS & ASSOCIATES, INC.

An Illinois Corporation

By: 
Erik A. Doersching
Its: President & CEO

Date: June 30, 2023



GENERAL LIMITING CONDITIONS

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

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



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Rental Housing Market Analysis
-- A Strategy Plan --
Whitewater, Wisconsin

Prepared on behalf of:

City of Whitewater
312 W. Whitewater Street
Whitewater, WI 53190

April 12, 2024



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TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS

INTRODUCTION

At the request of the City of Whitewater, Tracy Cross & Associates, Inc. evaluated the market potential for new construction rental housing development within its municipal boundaries over the next several years. Representing an expansion/update of our comprehensive housing study completed in June 2023, this analysis focuses upon the conventional (non-student) rental sector and establishes the following:

- Conclusions regarding the depth of market for rental housing development throughout Whitewater near- to mid-term based upon pertinent economic, demographic, and residential trends which define the marketplace.
- Conclusions regarding the overall marketability of conventional (non-student) rental housing forms to be introduced within the municipality over the next 5+ years. These conclusions are based upon factors associated with the location of Whitewater, depth of market, demographic and socio-economic characteristics of existing and future households, and the alignment of rental housing communities, both existing and planned.
- Detailed recommendations regarding those conventional rental housing products viewed to hold measurable market. Investigative uses range from lower-density idioms to higher-density offerings. These recommendations address specific product types, plan styles/sizes, features/amenities, etc., along with benchmark rental rate strategies necessary to achieve acceptable levels of absorption. Please note that these recommendations, which focus on all segments of the conventional rental housing market ranging from younger (entry level) profiles to active adult (55+) households, give full consideration to current proposals being considered by the City of Whitewater.
- A geographic positioning strategy for the introduction of new rental housing products throughout the city of Whitewater.

WORK PLAN AND PROCESS

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

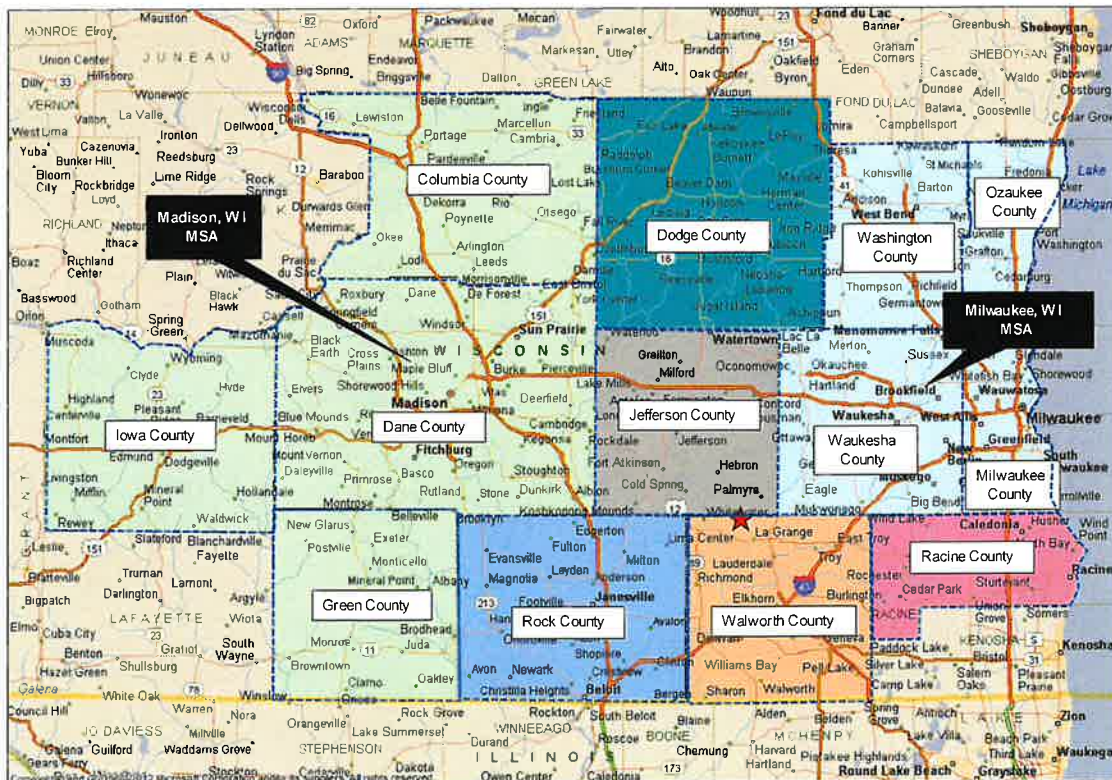
- A thorough investigation (re-visit) of Whitewater and surrounding areas to determine geographic boundaries of the local market area; identify factors which may impact rental housing potentials within the municipality; and examine areas that may be suitable for new conventional development.
- A detailed analysis of all relevant employment, demographic, and residential trends/statistics including a comprehensive evaluation of key socio-economic and income variables of area households.
- A thorough assessment of the rental housing market locally (and adjoining areas as applicable).
- A demand forecast for rental housing development in and around Whitewater over the next 5+ years.
- Case study evaluations of "like" rental housing initiatives throughout similar markets in the Midwest in order to assess trends, products, performance levels, etc.

Rental Housing Market Analysis
City of Whitewater
A Strategy Plan
Whitewater, WI

WHITEWATER, WISCONSIN

Whitewater is a self-contained city situated in southern Wisconsin straddling the Jefferson County/Walworth County line. It is located between the four-county Milwaukee, WI Metropolitan Statistical Area (MSA) and the four-county Madison, WI MSA. It is also proximate to both Rock County to the southwest and Racine County to the southeast. One of the driving forces behind Whitewater's economy is the University of Wisconsin-Whitewater with a total enrollment of nearly 10,500 students and over 2,300 full-time employees. According to estimates by EnviroNics Analytics through its review of Census data and the Census Bureau's American Community Surveys, the city of Whitewater supported a 2023 population base of 15,032 persons distributed among 4,867 households, although these figures drop by +/-40 percent once Census-counted students are excluded from the estimates.

GEOGRAPHIC DELINEATION OF WHITEWATER AND SURROUNDING AREAS



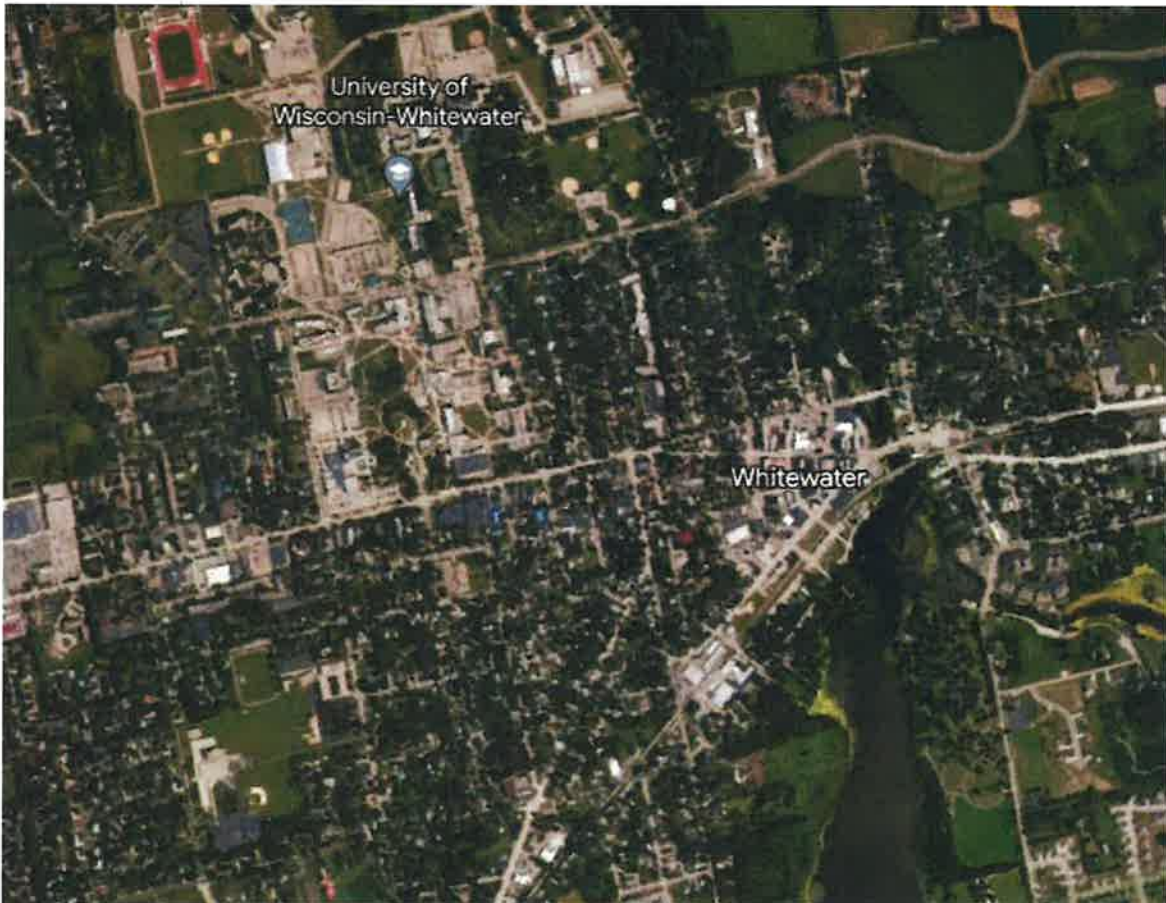
Source: Microsoft Streets & Trips and Tracy Cross & Associates, Inc.

Whitewater maintains a quaint, yet vibrant downtown area with shops, services, eateries, night spots, civic venues, concentrations of employment, and open space. Feathering out from the downtown area in all directions are the UW-Whitewater campus; various residential neighborhoods; additional shopping and services; various employment centers; and local public schools. Referencing the local school system, three public elementary schools, one middle school and one high school are represented within the Whitewater Unified School District. Lakeview Elementary School, Lincoln Elementary School, Whitewater Middle School and Whitewater High School recently received accountability scores that earned them all a "meets expectations" ranking from the Wisconsin Department of Public Instruction. Washington Elementary School, however, earned an "Exceeds Expectations" ranking based upon recent accomplishments and test scores.

**Rental Housing Market Analysis
City of Whitewater
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As mentioned, Whitewater is a “college town” with the University of Wisconsin-Whitewater located just northwest of the downtown area. UW-Whitewater is a public institution founded over 150 years ago. Undergraduate enrolment totals nearly 8,800, with another 1,700+/- graduate students represented. The campus size is roughly 400 acres. UW-Whitewater offers a wide range of degree programs through its College of Arts and Communications; Business and Economics; Education and Professional Sciences; and Letters and Sciences divisions. It also offers master’s degrees in about a dozen fields. Students at UW-Whitewater can join more than 170 campus organizations, 15+ fraternities and sororities, and student government. Student athletes can play at the intramural, club or varsity levels. At the varsity level, more than 20 teams are members of the NCAA Division III Wisconsin Intercollegiate Athletic Conference (WIAC).

UW-Whitewater recently received a Top 50 ranking (among all regional universities throughout the entire Midwest) from U.S. News.



The city of Whitewater is well-served by local and regional transportation systems, primarily US-12, which is accessible within minutes from most points within the city. This highway connects with Interstate 43 in East Troy roughly 17 miles to the east which, in turn, provides linkage to the Milwaukee metropolitan region. To the west, US-12 runs through Fort Atkinson and Cambridge, where it connects with US-18 leading to the Madison metropolitan area. In addition, WI-59, which also traverses Whitewater, provides access to the western suburbs of Milwaukee to the northeast and the Janesville area of Rock County to the southwest.

**Rental Housing Market Analysis
City of Whitewater
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Residentially (and excluding student-based housing at the university), the city of Whitewater is characterized by an aging housing stock. Specifically, over 76 percent of all housing units within the municipality were constructed prior to 2000 including 50 percent prior to 1980. In addition, according to the Census Bureau’s C-40 construction reports, less than 20 new dwelling units, on average, have been built annually in Whitewater over the last five years (except for some recent student-oriented housing adjacent to the University).

RENTAL HOUSING POTENTIALS

Based upon a detailed analysis of those economic, demographic, residential and demand-related variables expected to influence the introduction of new conventional rental housing in Whitewater over the next several years, *opportunities do exist* for properly positioned product. This favorable conclusion is supported by the following key factors, which lay the foundation for the recommendations that follow:

- ❑ Despite the limited amount of new construction housing development in the city of Whitewater over the past five years (as measured by residential building permit activity), there are clear market indicators that new housing products are needed in and around the municipality – and that the strategic positioning of new rental offerings throughout the city of Whitewater could help satisfy demand both internally and within a broader market area. From a very practical standpoint, future housing development will derive its demand support from both the host city of Whitewater and from nearby areas within a reasonable distance of the municipality, i.e., within a 15-mile radius. Defined for the purposes of this analysis as the Whitewater Market Area, a sizeable 2023 population base of 108,429 (excluding Census-counted college students) was reflected within a 15-mile radius of Whitewater, distributed among some 42,720 households. This area includes portions of Walworth, Jefferson, Rock and Waukesha counties and primarily the communities of Whitewater, Fort Atkinson, Palmyra, Jefferson, Milton, Elkhorn, Hebron, Sullivan and Eagle, along with several other smaller jurisdictions and unincorporated areas. As highlighted in the following table, household additions in the defined Whitewater Market Area were generally healthy during the 2010-2020 period totaling 1,915, or 197 yearly. And, while not immune to Covid-19 pandemic, the market area still recorded positive household gains between 2020 and 2023, i.e., 453 total or 151 per year. Moreover, household growth in the Whitewater Market Area over the next five years will total another 1,277 new households, or 255 annually. As a result, the market area will approach the 44,000-household level by 2028.

**POPULATION AND HOUSEHOLD TRENDS
WHITESTER MARKET AREA**

Area	2010	2020	2023 (Estimate)	2028 (Projected)	Average Annual Change		
					2010 - 2020	2020 - 2023	2023 - 2028
Population							
Whitewater Market Area	105,774	107,845	108,429	109,912	+207	+195	+297
Households							
Whitewater Market Area	40,352	42,267	42,720	43,997	+192	+151	+255

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

**Rental Housing Market Analysis
City of Whitewater
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- Relative to households by age classification, not only is there a rather large base of existing households in most of the market area’s various age categories, but all segments show growth over the next five years – led by those households between the ages of 65 and 74.

**HOUSEHOLD GROWTH BY AGE GROUP
-- WHITEWATER MARKET AREA --**

Age Range	Whitewater Market Area	
	2023	2028
Under 35	7,855	8,102
35-44	6,386	6,420
45-54	7,038	7,087
55-64	8,540	8,599
65-74	7,516	8,153
75-84	3,862	4,009
85 and over	1,523	1,627
Total	42,720	43,997

Source: Environics Analytics: 2023 Demographic Snapshot

- The current composition of area households also lends support to the development of a variety of rental housing products throughout the Whitewater Market Area. As highlighted in the adjacent table, there is an ample number of one- and two-person households for moderate- to higher-density market rate (non-student oriented) rental housing, and also a significant number of three- and four-person households for lower-density offerings.

Most notable among all household classifications are one- and two-person occupied housing units which, together, comprise 63.5 percent of the market area’s total household base.

**2023 COMPOSITION OF AREA HOUSEHOLDS:
WHITEWATER MARKET AREA**

Attribute	Whitewater Market Area
Total Households	42,720
1-Person Household	11,008
2-Person Household	16,119
3-Person Household	6,676
4-Person Household	5,182
5-Person Household	2,206
6 or More Person Household	1,529
1 Person Households	
Percent	25.8
Number	11,008
2 Person Households	
Percent	37.7
Number	16,119

Source: Environics Analytics; 2023 Demographic Snapshot

**Rental Housing Market Analysis
City of Whitewater
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- Households in the Whitewater Market Area support slightly higher incomes than the nation as a whole as evidenced by an estimated 2023 median of \$77,314, a level 7.6 percent above the \$71,852 median noted for the United States. Upon close examination of area incomes in the host market area, 53 percent of all current households earn between \$35,000 and \$124,999 annually, which represents the mainstream of the market, i.e., those earning between 50 and 150+ percent of the market area’s median. This signifies the threshold of the market and a target point where new conventional rental housing should, for the most part, be directed.

HOUSEHOLDERS BY AGE AND INCOME: 2023
-- WHITewater MARKET AREA --

Income Range	Number of Households by Age of Householder							
	Total Households	Under 35	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85 and Over
Under \$15,000	2,748	879	106	204	398	545	388	228
15,000 - 24,999	2,606	592	154	220	395	526	446	273
25,000 - 34,999	3,804	809	361	344	488	856	671	275
35,000 - 49,999	4,518	698	520	509	745	1,096	680	270
50,000 - 74,999	7,076	1,630	1,036	918	1,176	1,401	681	234
75,000 - 99,999	6,123	1,140	1,017	1,162	1,427	938	339	100
100,000 - 124,999	5,009	784	1,079	1,060	1,111	683	243	49
125,000 - 149,999	3,865	553	765	895	985	463	165	39
150,000 - 199,999	3,577	533	828	795	828	441	120	32
200,000 and Over	3,394	237	520	931	987	567	129	23
Total	42,720	7,855	6,386	7,038	8,540	7,516	3,862	1,523
Median	\$77,314	\$63,832	\$99,988	\$103,643	\$93,499	\$62,001	\$43,657	\$34,435

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

- Residentially, the Whitewater Market Area has recorded an average of 227 building permits annually since 2000 ranging from a recessionary-impacted low of 56 units in 2012 to a high of 595 units in 2002 (see Exhibit 1). Most recently, the market area registered an average of 182 residential permit authorizations annually during the five-year period from 2015 through 2019 period (prior to the pandemic), up 60.4 percent compared to average annual volumes posted during the five years prior, albeit still well below construction volumes realized during the 2000-2007 period when more ample supply was available and market conditions were stronger.

Of particular note is the fact that home building activity within the Whitewater Market Area regressed during the 2020-2022 period with just 85 units permitted annually market-wide, a drop of more than 50 percent compared to the pace set between 2015 and 2019. This resulted primarily from a building hiatus during a portion of the pandemic, coupled with supply chain issues which caused a dramatic increase in construction costs. In addition, while an uptick occurred in 2023, this resulted primarily from the influx of new student-targeted housing located aligning the University of Whitewater campus (i.e., Accent Apartments along Tratt Street). All told, the limited amount of new conventional residential construction recently is having a significant impact on the housing market today, including the rental housing sector where demand is exceeding supply. This will be emphasized in more detail later in this report.

- Despite the recent limitations relative to residential construction in recent years, new housing is entering the market, albeit at a slower pace than it should, and is virtually non-existent in the conventional rental housing sector. With this said, the current amount of new home construction that is occurring, coupled with positive levels household growth recently, has been fostered by economic activity in the three primary counties that encompass/surround the defined market area. While one cannot discount the effect that the Great Recession had on the area’s economy, along with the Covid-19 pandemic, employment growth throughout the combined area of Jefferson, Rock

RESIDENTIAL BUILDING PERMIT TRENDS
WHITEWATER MARKET AREA
2000 - 2023

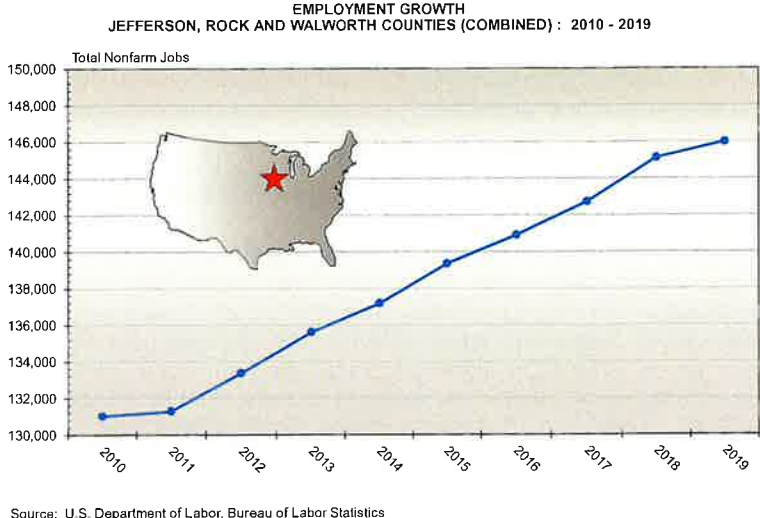
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Year	Total	Single Family	Multi-Family
2000	445	257	188
2001	391	199	192
2002	595	245	350
2003	505	335	170
2004	573	390	183
2005	431	358	73
2006	313	225	88
2007	234	133	101
2008	145	89	56
2009	121	71	50
2010	63	52	11
2011	67	38	29
2012	56	38	18
2013	84	56	28
2014	90	48	42
2015	196	78	118
2016	151	117	34
2017	216	125	91
2018	170	136	34
2019	175	121	54
2020	110	94	16
2021	76	70	6
2022	69	61	8
2023 (Prelim.)	162	83	79
Averages			
2000 - 2023	227	142	84

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

**Rental Housing Market Analysis
City of Whitewater
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and Walworth counties was strong during the 2010-2019 period (prior to the pandemic). For example, after losing roughly 6.0 percent of its total nonagricultural wage and salary employed workforce from 2007 through 2009 (the heart of the Great Recession), the three-county area saw its job rosters increase by 14,953 total workers during the subsequent 2010-2019 period, or 1,661 annually.



More recently, the three-county area, like practically every part of the country, was affected by the coronavirus pandemic and ensuing economic constraints, compounded by lockdowns and periods of social unrest. Specifically, in 2020, the three selected counties experienced year-over-year job losses of 7,865 or 5.4 percent of total nonfarm employment, which compares with the 5.8 percent contraction witnessed nationwide during the same 12-month period. On a more positive note, however, the three-county area's economic recovery was in full swing in 2021 and 2022 – erasing all job losses experienced during the pandemic. Moreover, preliminary 2023 figures show the three-county area around Whitewater posting aggregate job gains of 3,416, equal to a growth rate of 2.4 percent. This compares with the nation's growth rate of 2.3 percent during the same timeframe.

Fostered by a stable/growing economy, and on the heels of expected household growth, construction requirements for new housing in the Whitewater Market Area will average 400 units annually during the next five years. This 400-unit forecast can be tied specifically to household growth levels estimated at 255 per annum through 2028, along with 145 units representing the replacement of residences lost to demolition and abandonment and the need to provide a vacancy allowance for filtering or movement from one residence to another. Of the 400 units which could be constructed annually within the market during the forecast period, 225 will occur among for sale housing forms with 175 represented in the rental housing sector.

**RESIDENTIAL ABSORPTION POTENTIALS BY PRODUCT TYPE
-- WHITewater MARKET AREA --
2023 - 2028**

Product Type	Annual	Total Through 2028
Total	400	2,000
For Sale	225	1,125
Single Family Detached	150	750
Townhome/Duplex/Condominium	75	375
For Rent	175	875

Source: Tracy Cross & Associates, Inc.

**Rental Housing Market Analysis
City of Whitewater
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- ❑ Given supply-side constraints in the conventional rental market (which will be discussed in the following sections of the report), it is highly likely that the “derived” demand of 875 units through 2028 will exceed supply near term. This market reality represents an opportunity for conventional rental housing initiatives across the market area (and Whitewater in particular), if properly planned and executed.

- ❑ Moreover, not only is “derived demand” likely to outstrip supply near term, but the overall base of rental housing construction requirements could be *higher* during any given year where properly positioned supply is made available. This *upside potential* factors pent-up demand; additional household growth if properly positioned development were actually to occur; the limited amount of new construction rental housing alternatives throughout the market (again, to be discussed later); and spillover potentials from areas outside the defined market area.

- ❑ As referenced above, current conditions in the rental housing market point to *new construction* development opportunities, and fully signify the supply-side constraints that exist in the conventional sector. Excluding all forms student-oriented or student-targeted housing serving UW-Whitewater, just six apartment communities (of relative scale) have been constructed in the entire Whitewater Market Area since 2000, yet there are over 8,000 “non-student” renter households within a 15-mile radius of Whitewater. As such, current renter households have limited new product to choose from. In fact, there have been no new rental housing communities of relative scale (i.e., 25 or more units) constructed in the last 10 years throughout the entire market area as the six newest developments were all introduced between 2001 and 2014. These six newer developments, which are located in either the city of Whitewater itself or in Elkhorn to the southeast, include Lakeside Townhomes (28 Units), Springbrook (44 units), Waters Edge (48 units), Market Street Village (66 units), Meadow Blossom (112 units) and Bluff Ridge (120 units). Among them, a collective vacancy rate of just 0.7 percent is represented, with five of the six developments currently 100 percent occupied with waiting lists. As such, the local conventional apartment market is considered *extremely tight (in addition to being undersupplied)*. For reference, in a normal (or balanced) market, vacancies of 5.0 to 6.0 percent are typically required for filtering, or movement between developments.

**CONVENTIONAL APARTMENT COMMUNITIES OF REASONABLE SCALE CONSTRUCTED IN 2000 OR LATER
WHITewater MARKET AREA
APRIL 2024**

Development	Municipality	Year Built	Total Units	Number Vacant	Percent Vacant	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
Lakeside Townhomes	Whitewater	2014	28	0	0.0	1,670	\$1,835	\$1.10
Springbrook ⁽¹⁾	Whitewater	2008	44	0	0.0	806	1,363	1.69
Water’s Edge	Whitewater	2008	48	0	0.0	1,057	1,336	1.26
Bluff Ridge	Whitewater	2005	120	3	2.5	1,360	1,401	1.03
Market Street Village	Elkhorn	2003	66	0	0.0	1,238	1,434	1.16
Meadow Blossom	Elkhorn	2001	112	0	0.0	1,163	1,114	0.96
Total/Weighted Avg.	---	---	418	3	0.7	1,216	\$1,347	\$1.11

⁽¹⁾ May get one or two students a year, but is not a student-oriented community.

Source: Tracy Cross & Associates, Inc.

**Rental Housing Market Analysis
City of Whitewater
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Note: While primarily attracting students, although not restricted to them, Accent Apartments recently introduced the first of two new rental apartment buildings at along Tratt Street near the western edge of UW-Whitewater. The first building, which leased all units before construction was completed, is currently 100 percent occupied. According to management, just a small portion of the tenant-base are non-students. The second building, which will contain 45 total units, is already pre-leasing and slated for occupancy later this year. Rents within these two buildings generally extend from \$1,100 per month for studio apartments up to \$2,000+ monthly for four-bedroom offerings.



In addition, we would be remiss not to mention the smaller-scale 20-unit single family rental community in the southeast portion of Whitewater (Parkside Rental Homes), which was constructed starting in 2014. These 20 homes, which rent for just over \$2,100 monthly for roughly 1,500 square feet are currently 100 percent occupied with a deep waiting list.



- Just outside the defined Whitewater Market Area, similar “tight” conditions exist. For example, expanding the competitive market area to include communities such as Cambridge, East Troy, Lake Mills, Mukwonago, and Whales, just 10 apartment communities of a larger scale, i.e., 25 more total units each, have been constructed since 2000 in this broad geographic area. Among these, the current vacancy rate stands at just 1.1 percent, with many communities, again, at 100 percent occupancy with waiting lists.

**APARTMENT COMMUNITIES (OF LARGER SCALE) CONSTRUCTED IN 2000 OR LATER
EXPANDED WHITEWATER MARKET AREA
APRIL 2024**

Development	Municipality	Year Built	Total Units	Number Vacant	Percent Vacant (Absorption Rate in Units)	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
The Vineyards at Cambridge	Cambridge	2018	70	2	2.9	835	\$1,308	\$1.57
Honey Creek	East Troy	2006	274	0	0.0	1,027	1,318	1.28
Lofts at Honey Creek	East Troy	2022	177	2	1.1	902	1,500	1.66
Wildwood	East Troy	2001	80	0	0.0	1,373	1,511	1.10
Pond View	Lake Mills	2004	60	0	0.0	1,175	1,325	1.13
Rock Creek	Lake Mills	2019	144	3	2.1	929	1,498	1.61
Summer Ridge	Lake Mills	2023	56	2	3.6	1,035	1,709	1.65
Lincolnshire Place	Wales	2015	100	2	2.0	1,057	1,601	1.51
Phantom Woods Estates	Mukwonago	2017	68	0	0.0	1,224	1,563	1.28
The Pointe	Mukwonago	2020	89	1	1.1	950	1,494	1.57
Total/Weighted Avg.	---	---	1,118	12	1.1	1,024	\$1,457	\$1.42

Source: Tracy Cross & Associates, Inc.

**Rental Housing Market Analysis
City of Whitewater
A Strategy Plan
Whitewater, WI**

- ❑ Since our original housing study was completed in June 2023, rents among conventional market rate communities have increased, and without negatively impacting occupancies. This market condition provides further affirmation of the supply constraints that exist both inside and outside the defined Whitewater Market Area. For example, among the six (6) newer conventional (non-student) communities within the host market area, the average development has increased rents by 6.5 percent in the last 10 months, while rents among those surveyed communities just outside the local market area are up 6.0 percent during the same timeframe.
- ❑ Finally, according to planning and zoning officials throughout the Whitewater Market Area, there is not enough rental housing formally in the planning pipeline to satisfy demand – another factor supporting the need for more conventional rental housing. In fact, while there are early discussions of some new projects in various municipalities, only Elkhorn is formally reporting new rental housing within their pipeline. With this said, the city of Whitewater could capture a disproportionate share of market-wide demand if it chooses to take the lead on introducing new conventional rental housing products at multiple locations.

PRODUCT RECOMMENDATIONS – A GUIDE

As summarized in previous paragraphs, future conventional rental housing potentials in Whitewater and surrounding areas are considered *strong*. In other words, the city of Whitewater is *well suited* for the introduction of various forms of market rate “non-student” rental offerings. This favorable conclusion is based upon: 1) more than adequate demand support; 2) notable supply-side constraints; 3) an ample base of existing (and future) households with strong demographic profiles; 4) tightness in the market; 5) in-place employment, transportation, shopping/services, recreation, etc.; and 6) the opportunity to introduce new and differentiated product in a market where such product is needed.

Given this opportunity, *practically any well-designed and properly positioned rental housing product could be successfully introduced within the market*. However, from a strategic planning perspective, and to help guide future development initiatives, the following bullet-point summary provides specific (and detailed) guidelines for establishing what should be viewed as the two most practical and marketable products:

- ❑ Mirroring a number of successful mainstream apartment communities throughout the Midwest, including southern Wisconsin, the City of Whitewater should focus on the introduction of, primarily, two different market rate rental housing series, one consisting of a two-story garden-style walkup idiom directed to all renter households and the other representing a value-oriented ranch villa program targeting the active adult aged 55-74, but not restricted to this segment since other profiles will find this product desirable. Together, these two product forms, which are extremely efficient and cost effective to build, will allow for a broad and varied mix of unit types, sizes, and rents capable of penetrating the threshold of mainstream conventional renter households in the marketplace – and those emanating to Whitewater in the years to come. In other words, the introduction of these two new construction product lines in Whitewater would allow the full breadth of mainstream renter profiles to be targeted. These include Millennials, also known as Echo Boomers or Generation Y, along with Centennials, also known as Generation Z (i.e., younger singles and couples without children), together with traditional and non-traditional households such as divorcees, middle-age singles, never-nested couples, singles living together as couples in a roommate condition, young families, etc., and, of course, the move-down empty-nester/active adult/pre-retiree/retiree aged 55 to 74 – *a segment which shows substantial growth near term*.
- ❑ The ***two-story garden apartment program*** would (ideally) consist of a “private entry” product with a component of attached, direct-access garages. In this regard, one of the most successful garden-style developments in the Midwest (and in portions of southern Wisconsin) consists of a series of

**Rental Housing Market Analysis
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eight-unit buildings (each with four direct-access one-car garages) or 16-unit buildings (each with eight direct-access one-car garages). With 50 percent direct-access garages suggested per structure, two different versions of the garden apartment building should be designed in order for each of the individual floorplans to be offered *with a direct access garage* in one of the two building types. By following this formula, each plan offering would have a 50 percent representation of direct-access one-car garages.



- Individual designs for the garden apartment product should be broad and varied consisting of eight (8) plan offerings including one-, two- and three-bedroom options ranging in size from 600 to 1,250 square feet. Please note that this product line would also be accompanied by buildings with optional detached garages. As such, renter profiles could elect either surface parking only; a detached garage; or a unit with an attached garage, thus giving future residents a full continuum of rental options to choose from as it relates to their choice of parking cast against their desired (or needed) monthly payment based upon income. This scenario will also provide competitive consistency with other developments in the market, current and future.
- If elevated properly, the two-story garden apartment buildings (and the separate structures with detached garages) can exemplify tasteful suburban architecture and be very complimentary to other existing and future housing forms (including for sale products) throughout Whitewater.
- The **ranch villa apartment program**, which would target households aged 55+, although not be restricted to this consumer segment, would consist of direct-entry single-level ranch-type townhome plans, each with a one-car attached garage. Modeled, in part, after very successful empty nester ranches in Watertown, Wisconsin (and other parts of the Midwest), this product line would consist of four different plan designs ranging from a one-bedroom residence at 725 square feet to a three-bedroom unit with 1,275 square feet. This product line would be configured in 3-, 4-, 5- and 6-unit buildings (duplexed where necessary).
- Mirroring competitive counterparts overall, size increments between floorplans (for both rental products) should not exceed 200 square feet (and be narrower in most instances). This discipline will keep lease rate differentials between plans small and in concert with the gradual upward movement of household incomes.




For a detailed outline of the two rental housing programs described above, including individual plan criteria, unit sizes, *current dollar* rents, etc., consult **Exhibits 2 and 3**. As depicted, plan offerings are broad and varied, and reflect some of the best-selling floorplan alternatives among successful “like” products throughout the Midwest and southern Wisconsin. This detailed information should give both the City of Whitewater and interested builders/developers the guidance necessary for properly penetrating the market.

It is important to note that the detailed planning guidelines and rents suggested for the two product lines are not arbitrary, but rather *strategic*. Specially, these guidelines will allow for a full range of plan styles and rent levels, in order to directly align mainstream household profiles and incomes in the market. In other words, the suggested product lines will provide a full continuum of plans – a continuum capable of drawing consumers from both the city Whitewater and other nearby areas (both inside and outside the Whitewater Market Area).

**PRODUCT CRITERIA AND BENCHMARK RENTS - TWO-STORY GARDEN APARTMENTS
-- CONVENTIONAL RENTAL HOUSING --
WHITEWATER, WISCONSIN**

2

Product Line Summary								
Product Form:	Two-Story Garden Apartments (8- or 16-Unit Buildings with 4 or 8 Direct Access One-Car Garages Per Building)							
Density in Units Per Acre:	16.0							
Average Plan Size (Sq. Ft.):	925							
Average Benchmark Base Rent w/50 % Garages: Per Sq. Ft.:(1)	\$1,473 \$1.59							
								
Plan Detail								
Plan Designation	A-1	A-2	A-3	B	C-1	C-2	C-3	D
Percent Distribution	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Plan Type	1BR	1BR	1BR	1BR DEN	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	600	700	775	875	975	1,075	1,150	1,250
Benchmark Base Rent w/o Garage:(1) Per Sq. Ft.:(1)	\$1,165 \$1.94	\$1,240 \$1.77	\$1,315 \$1.70	\$1,390 \$1.59	\$1,465 \$1.50	\$1,540 \$1.43	\$1,595 \$1.39	\$1,670 \$1.34
Benchmark Base Rent w/ Garage:(2) Per Sq. Ft.:(2)	\$1,265 \$2.11	\$1,340 \$1.91	\$1,415 \$1.83	\$1,490 \$1.70	\$1,565 \$1.61	\$1,640 \$1.53	\$1,695 \$1.47	\$1,770 \$1.42
Unit Features and Community Amenities								
UNIT STANDARDS <ul style="list-style-type: none"> ■ Painted Trim ■ Plank Flooring in Living Areas ■ "White" Interior Paint Finish ■ Direct Wire Smoke Detectors ■ Cable/Satellite Access ■ High-Speed Internet Connectivity ■ USB Ports ■ Air Conditioning ■ Quality Door Hardware ■ Quality Lighting Package ■ Private Balcony/Patio 			KITCHEN FEATURES <ul style="list-style-type: none"> ■ Quality Wood Cabinetry ■ Plank Flooring ■ Self Clean Range Oven ■ Built-In Dishwasher ■ Refrigerator with Ice-Maker ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Stainless Steel Sink 			BATH/POWDER ROOM STANDARDS <ul style="list-style-type: none"> ■ Plank Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 		
COMMUNITY FEATURES/AMENITIES -- FOR LARGE-SCALE DEVELOPMENTS SHARED W/RANCH VILLA RENTALS -- (AMENITIES TO BE SCALED DOWN ACCORDINGLY FOR SMALLER PROJECTS)								
CLOSETS, UTILITIES, AND STORAGE <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Wire Closet Shelving ■ Full Size Washer/Dryer (Stacked or Side-by-Side) ■ Storage Area (Either In-Unit or Separate) ■ Linen Closet(s) ■ Programmable Thermostat 			<ul style="list-style-type: none"> ■ Architecturally-enhanced Exteriors ■ Secured Access Entry Per Unit ■ Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc. ■ Outdoor Fireside Lounge & Grilling Stations ■ Outdoor Swimming Pool/Deck Area ■ Dog Park & Dog Washing Station 			<ul style="list-style-type: none"> ■ Trail System ■ Sport Courts/Playground ■ Extensive Landscaping/Hardscaping ■ Wi-Fi in all Common Areas ■ Direct Access Garages at 50% ■ Adequate Surface Parking ■ Detached Garages @ \$65 Monthly Per Space 		
<p>(1) Benchmark base monthly rents, which are presented in April 2024 dollars, reflect the posted base rents for units without direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.</p> <p>(2) Benchmark base monthly rents, which are presented in April 2024 dollars, reflect the posted base rents for units with direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.</p>								

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK RENTS - RANCH VILLA RENTALS
-- CONVENTIONAL RENTAL HOUSING --
WHITEWATER, WISCONSIN

3

Product Line Summary

Product Form: *Single-Level Ranch Villas w/Attached One-Car Garages (3-, 4-, 5- and/or 6-Unit Buildings-Duplexed Where Necessary)*

Density in Units Per Acre: 10.0

Average Plan Size (Sq. Ft.): 1,000

Average Benchmark Base Rent: \$1,653
Per Sq. Ft.:(1) \$1.65



Plan Detail

Plan Designation	A	B-1	B-2	C
Percent Distribution	25.0	25.0	25.0	25.0
Plan Type	1BR	1BR DEN	2BR	3BR
Bedroom/Bath Mix	1/1.0	1+Den/1.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	725	925	1,075	1,275
Benchmark Base Rent:(1)	\$1,440	\$1,590	\$1,715	\$1,865
Per Sq. Ft.:(1)	\$1.99	\$1.72	\$1.60	\$1.46

Unit Features and Community Amenities

UNIT STANDARDS

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

KITCHEN FEATURES

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

BATH/POWDER ROOM STANDARDS

- Plank Flooring
- Hard Surface Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

COMMUNITY FEATURES/AMENITIES

-- FOR LARGE-SCALE DEVELOPMENTS SHARED W/RANCH VILLA RENTALS --
(AMENITIES TO BE SCALED DOWN ACCORDINGLY FOR SMALLER PROJECTS)

CLOSETS, UTILITIES, AND STORAGE

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

- Architecturally-enhanced Exteriors
- Secured Access Entry Per Unit
- Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc.
- Outdoor Fireside Lounge & Grilling Stations
- Outdoor Swimming Pool/Deck Area
- Trail System

- Dog Park
- Dog Washing Station
- Sport Courts/Playground
- Extensive Landscaping/Hardscaping
- Wi-Fi in all Common Areas
- Direct Access Garages at 100%
- Additional Surface Parking

(1) Benchmark base monthly rents, which are presented in April 2024 dollars, reflect the posted base rents, each of which includes an attached one-car garage. They do not include potential premiums for corner units or view. They also do not include application/administration fees, pet fees, storage rental, or utilities.

Source: Tracy Cross & Associates, Inc.

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As it relates to the suggested mix of units, not only will the two product lines collectively appeal to the current composition of area households (as noted earlier), but the unit styles will adhere to the overall mix of plans represented among new/newer conventional counterparts inside (and just outside) the Whitewater Market Area.

**UNIT MIX ANALYSIS: SELECTED RENTAL HOUSING DEVELOPMENTS
-- INSIDE/JUST OUTSIDE THE WHITewater MARKET AREA --**

Unit Type	Suggested Products (Combined)			Selected Rental Housing Communities ⁽¹⁾		
	Total Units ⁽²⁾		Plan Size (Sq. Ft.)	Total Units		Plan Size (Sq. Ft.)
	Number	Percent	Range	Number	Percent	Range
1BR	125	50.0	600 - 925	600	39.1	650 - 1,091
2BR	83	33.2	975 - 1,150	691	45.0	946 - 1,400
3BR	42	16.8	1,250 - 1,275	245	15.9	1,100 - 1,756
Total	250	100.0	--	1,536	100.0	--

⁽¹⁾ Includes those rental housing communities identified earlier that were constructed since 2000 both inside/just outside the Whitewater Market Area.
⁽²⁾ Assumes an estimated total development size of 250 units for the purposes of this exercise, i.e., 150 garden-style apartments and 100 ranch villa rentals at a single location.

Source: Tracy Cross & Associates, Inc.

In addition, our product recommendations and suggested *current dollar* rental rates will also property align similar new construction offerings in the market. For example, the two rental products will each occupy an appropriate (and competitive) rent/value variance when cast against the newest apartment communities, i.e., those developments introduced in the last five years, all of which are located just outside the Whitewater Market Area.

**APARTMENT COMMUNITIES CONSTRUCTED IN THE LAST 5 YEARS
-- JUST OUTSIDE THE WHITewater MARKET AREA --
APRIL 2024**

Development	Location	Garage Condition	Year Built	Total Units	Current Vacancy Rate	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
<i>Suggested Garden Apts</i>	<i>Whitewater</i>	<i>1-Car Incl. (50%)</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>925</i>	<i>\$1,473</i>	<i>\$1.59</i>
<i>Suggested Ranch Villas</i>	<i>Whitewater</i>	<i>1-Car Incl. (100%)</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>1,000</i>	<i>1,653</i>	<i>1.65</i>
The Vineyards of Cambridge	Cambridge	1-Car Incl. (100%)	2018	70	2.9	835	\$1,308	\$1.57
Lofts at Honey Creek	East Troy	1-Car Incl. (100%)	2022	120	1.1	902	1,500	1.66
Rock Creek	Lake Mills	1 or 2-Car Incl. (100%)	2019	144	2.1	929	1,498	1.61
Summer Ridge	Lake Mills	1-Car Incl. (100%)	2023	56	3.6	1,035	1,709	1.65
The Pointe	Mukwonago	1-Car Opt.	2020	89	1.1	950	1,494	1.57

Source: Tracy Cross & Associates, Inc.

Because each product line has been positioned competitively (and strategically) relative to the market, absorption rates for the rental products are expected to be "at" or "above the market average, especially considering supply-side constraints. And, while absorption is dependent upon other factors such as the scale of a development or phase, i.e., number of total units; site location; community amenities, etc., the following text table offers a general outline of what a typical development or phase would be capable of attaining per product series:

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**ABSORPTION SUMMARY - A GUIDE
SUGGESTED RENTAL HOUSING PRODUCTS: WHITEWATER, WISCONSIN**

Product Line	Estimated Total Units For a Typical Development or Phase (of Relative Scale)	Annual Absorption Potential (In Units) At Benchmark Rents	Monthly Absorption Equivalent (In Units) At Benchmark Rents	Total Absorption Period (In Months)
Two-Story Garden Apts	150	102	8.5	18.0 ⁽¹⁾
Ranch Villa Rental	100	72	5.5	18.0 ⁽¹⁾
⁽¹⁾ Marketing life will actually be slightly shorter to get to a stabilized occupancy level of 95 percent.				

Source: Tracy Cross & Associates, Inc.

As depicted, and considering the total unit count estimates, the two rental products could achieve absorption rates close to 8.5 units monthly for the garden apartments and 5.5 units per month for the ranch villa rentals, rates that are consistent with typical lease-up trends. For instance, at an average absorption pace of 8.5 units monthly across the 150 estimated total units (per development or phase) and 5.5 per month across 100 total units, again per development or phase, these two rental idioms will each be absorbed at a rate equal to approximately 5.5 percent of their total unit counts. Among most apartment developments throughout similar Midwest locations, absorption rates *among properly positioned communities* generally hover between 4.0 and 7.0 percent of their total unit counts.

In addition, absorption rates among other surveyed developments generally fall within the forecasted range including the 8.8 unit-per-month pace recently achieved by Summer Ridge in Lake Mills, not to mention the recent 8.5 pace recently registered by Lofts at Honey Creek in East Troy and the 7.7 rate achieved at The Pointe in Mukwonago.

PRODUCT CLARIFICATION AND OTHER CONSIDERATIONS

Please keep in mind that while our product recommendations are very specific in terms of successfully introducing new conventional rental offerings in Whitewater, there are a wide variety of derivatives to each of the two recommended generic forms that could evolve through the design efforts of individual builders/developers – and still be successful considering ample demand and limited new construction supply. For example, there are no less than 10 different two-story garden-style apartment product forms (with a component of attached garages) represented throughout southern Wisconsin. When considering any derivatives during the course of the planning process, however, it is still important to follow (as best as possible) the general parameters outlined for each of the recommended products relative to unit types, bedroom/bathroom counts, rents, garage conditions, etc., in order to insure acceptable absorption, and most importantly, to appeal to the mainstream of the market who are currently disenfranchised by the lack (or limited amount) of similar products.

Beyond the garden apartments and ranch villa rentals, consideration can be given to the introduction of other generic forms based upon the imbalance that exists market-wide between supply and demand, albeit done so with the same general planning strategy in mind – that being differentiation, efficiency, tasteful architecture, and rent positioning. Examples of other products to be considered are highlighted below:

- Higher-density apartments in the form of, say, two or three residential floors over one level of enclosed structured parking is another popular apartment product in southern Wisconsin. This building configuration, which can achieve a density allocation of 24-30 units per acre, could

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certainly be introduced successfully at locations throughout Whitewater. One only has to look at the Lofts at Honey Creek in East Troy, where 177 units of a similar form were fully absorbed in less than 24 months, to see the acceptability of this product line. It is extremely important to note, however, that construction costs are higher for this concept (compared to garden apartments) – a condition that must be considered to achieve appropriate rent levels (i.e., those consistent with the rents recommended for the garden apartments for comparable unit types and sizes).



- Given the lack of new construction mainstream single family housing in the *for sale* sector of the local market, and considering the desirability of the Parkside single family rentals in Whitewater, consideration could also be given to the introduction of more single family rental units, especially if new construction single family ownership housing in the city (and surrounding areas) remains priced in the higher ranges. Representing a compliment to both the garden apartments and attached ranch villa rentals, and as an extension of the overall plan continuum, a modicum of **small-lot single family rental homes** could be introduced within a larger-scale community with multiple product lines. Targeting a broad range of consumer profiles ranging from young families to empty-nesters not interested in homeownership, but desirous of a new detached single family housing form, this product line should include at least one ranch plan at roughly 1,350 square feet and three two-story offerings in the 1,500-1,700 square foot band (all with two-car garages). Rent levels, in turn, could be placed within the \$2,000-\$2,500+ range.



Again, given the lack of new construction supply, other generic forms such as two- or three-story townhome rentals (among others) can also be evaluated.

GEOGRAPHIC POSITIONING

Given the supply deficiencies that exist in the conventional rental housing market, practically any suitable location within the city of Whitewater could be considered for development or redevelopment. With this said, however, it is strongly suggested that future rental housing products (ideally) be generally removed from the *immediate environs* of the University as they are to be marketed to the mainstream of the market not directed to students.

Upon reviewing five separate site locations provided by the City of Whitewater as potential candidates for conventional (non-student) rental housing development (see **Exhibit 4**), it is our contention that the larger-scale *Hoffman* and *Hale* properties are well suited to carry multiple rental housing products (as well as a component of for sale/ownership housing given the magnitude of their acreage), while the Kowalski site at 11 acres and the Hospital Hill site at 12.29 acres are well suited for a single product line.

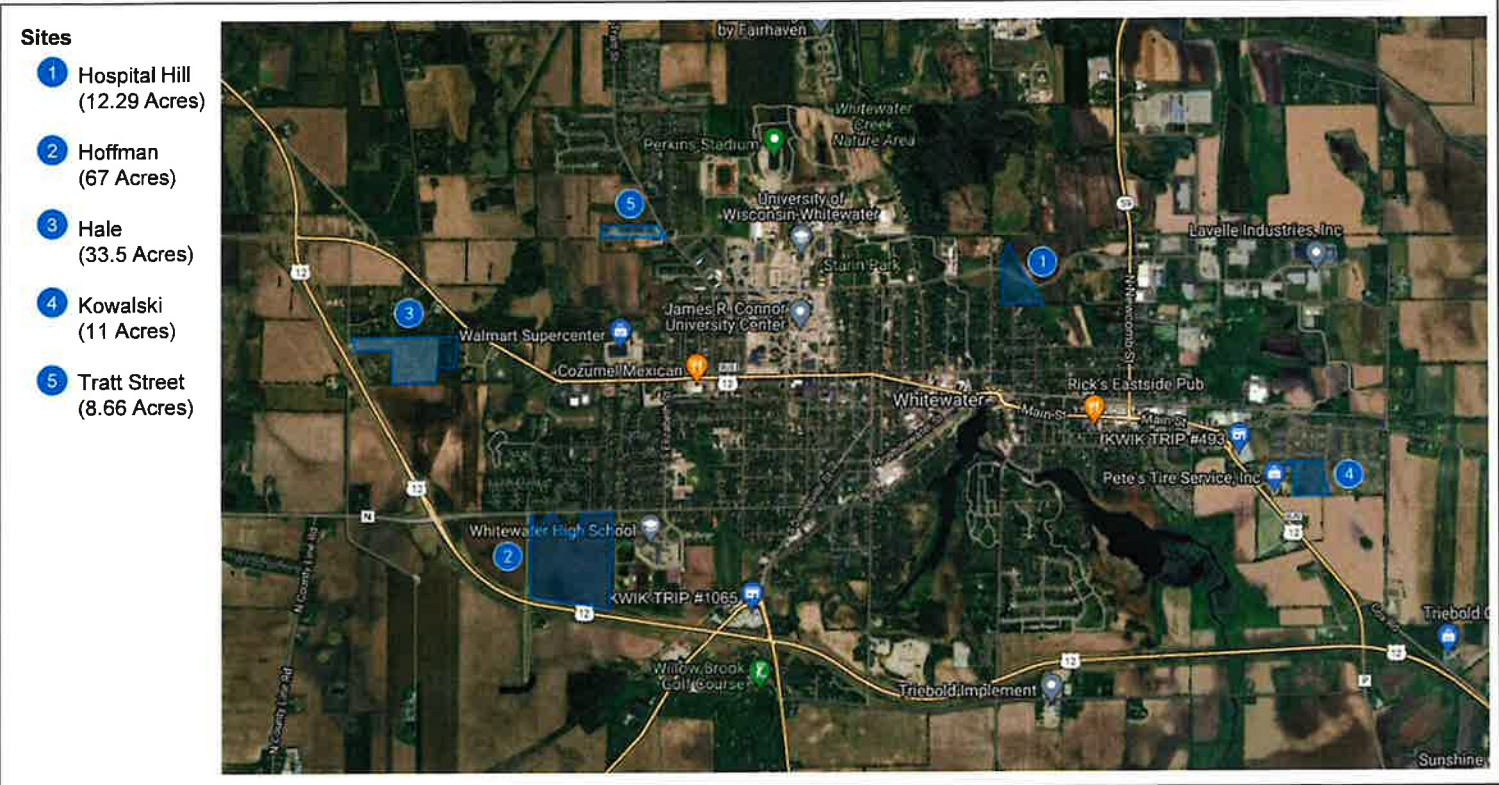
The Tratt Street property, however, given its close alignment with UW-Whitewater and its proximity to various student-oriented housing communities, should be reserved for alternate consideration.

KOWALSKI PROPERTY – A SITE SPECIFIC FOCUS

The City of Whitewater has been approached by a developer interested in pursuing new construction rental housing within the 11-acre Kowalski site. A preliminary concept plan presented by the developer shows the configuration of eight separate 16-unit garden-style buildings with 16 attached direct access garages.

4

**GEOGRAPHIC DELINEATION OF POTENTIAL RENTAL HOUSING SITES
WHITEWATER, WISCONSIN**



Source: Google Maps and Tracy Cross & Associates, Inc.

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Inside each building will be 12 two-bedroom residences, each measuring 1,170 square feet, along with four three-bedroom apartments at 1,500 square feet.



While the proposed mix of unit types and styles for the Kowalski site does not represent the broadest range of offerings as it relates to the full breadth of demographic profiles, the market would support this development considering: 1) the overall lack of new conventional product in Whitewater and surrounding areas; 2) an ample demand base; and 3) the current tightness of the market. In fact, at rent levels of approximately \$1,700 monthly for the two-bedroom units and \$1,950 per month for the three-bedroom residences, an absorption rate of roughly 6.0 units monthly could be achieved. As such, the 128-unit community would achieve stabilized occupancy of 95 percent in just over 18 months.

Ideally, if the developer could modify the unit mix to include, say, two different one-bedroom style/sizes; two different two-bedroom types/sizes; and a three-bedroom unit with slightly less square footage than that currently represented, the achievable rent per square foot would increase by approximately 11.0 percent and the absorption rate would jump over 30 percent.

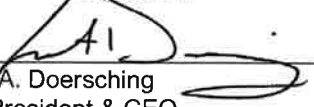
CLOSING REMARKS

It is possible that the City of Whitewater will need to consider some type of incentive or concession to help bring properly positioned rental housing product to market. While this will be determined through the planning process, it is something to consider. With this said, however, it is unlikely that *abnormal* incentives/concessions would be required as the established benchmark rents are generally consistent with new/newer market comparables, although rising construction costs may require some assistance in this regard. An example of incentives being utilized by other municipalities to bridge the gap between costs and "needed" rents include Tax Increment Financing (TIF) and/or land subsidies or land subordination, i.e., reducing the cost of land.

CERTIFICATION AND SIGNATURE

This analysis represents our objective and independent opinion regarding the market potential for new construction conventional rental housing development in Whitewater, Wisconsin as certified below:

TRACY CROSS & ASSOCIATES, INC.
An Illinois Corporation

By: 
Erik A. Doersching
Its: President & CEO

Date: April 12, 2024



GENERAL LIMITING CONDITIONS

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

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



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CDA Agenda Item

Meeting Date:	January 10 th , 2025
Agenda Item:	Future of Downtown CDA owned Buildings
Staff Contact (name, email, phone):	Taylor Zeinert tzeinert@whitewater-wi.gov 262-473-0148

BACKGROUND

(Enter the who, what, when, where, why)

Executive Summary:

In 2023 and 2024 the CDA purchased several buildings located outside or in our downtown area. As we move into 2025 ED Zeinert is looking for confirmation of the suggested projects and guidance regarding what the board would like to see at the 116 E Main Street and 126 N Jefferson Street area.

More Information:

Property Overview and Suggestions

108 W Main Street (Old Baker Building)

- Current Status: Approved the RFP for demolition in 2024.
- Suggested Use: Local VFW chapter has expressed interest in creating a veteran's memorial. This could provide a meaningful community feature and honor local veterans.

126 E Main Street (Old Henry Building)

- Current Status: Approved the RFP for demolition in 2024.
- Suggested Use: Habitat for Humanity of Walworth County has proposed developing 2-3 homes on this site if the land is gifted to them. This aligns with community housing needs and could be opened to other developers for similar projects if necessary.

126 N Jefferson Street (Old Culligan Building) and 116 E Main Street (Wrap and Ship)

- Current Status: 126 N Jefferson is approved for demolition; 116 E Main is not.
- Considerations: Gro Co has expressed renewed interest in using this lot for a grocery store, contingent on addressing previous financial and infrastructure concerns (e.g., relocating a sewer line). These parcels require a clear vision from the CDA to pursue viable development opportunities.

Next Steps for Discussion:

1. Feedback on Proposed Uses:
 - Does the CDA support gifting 126 E Main Street to Habitat for Humanity, or should alternative developers be considered?
 - Is the veteran's memorial an appropriate use for 108 W Main Street?
2. Vision for 126 N Jefferson Street and 116 E Main Street:
 - What priorities should guide the development of these parcels?
 - Should Gro Co's renewed interest be revisited, or are alternative uses preferred?

3. Engagement with Stakeholders:

- Once the CDA solidifies its vision, staff will connect with potential developers or partners to pursue identified opportunities.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

The CDA purchased various properties in 2023 and 2024

FINANCIAL IMPACT

(If none, state N/A)

N/A

STAFF RECOMMENDATION

Staff recommends that the CDA gives feedback on the suggested future of each of the parcels.

ATTACHMENT(S) INCLUDED

(If none, state N/A)

-Exterior of the each of the buildings owned by the CDA

Google Maps

108 W Main St

Whitewater, Wisconsin
Google Street View
Sep 2024 [See more dates](#)



Google

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CDA Agenda Item

Meeting Date:	January 10 th , 2025
Agenda Item:	Future of CDA Events
Staff Contact (name, email, phone):	Taylor Zeinert tzeinert@whitewater-wi.gov 262-473-0148

BACKGROUND
(Enter the who, what, when, where, why)

Executive Summary:

In 2024, the CDA hosted four key events: Housing Roundtable, Food Truck Fest, Home Buying 101, and a Bus Tour. These events engaged diverse audiences and supported community and economic development initiatives. For 2025, staff recommends continuing the Housing Roundtable (with new speakers), Food Truck Fest, and Bus Tour, as these were the most impactful. Additionally, staff seeks input on new event ideas and modifications for next year.

More Information:

Event Summaries

Housing Roundtable

- **Date:** May 2024
- **Purpose:** Engage local realtors, developers, landowners, council members, and elected officials to discuss housing needs.
- **Details:** Featured presentations by SEWRPC (Southeastern Wisconsin Regional Planning Commission) and Tracy Cross and Associates.
- **Outcomes:** Most attended event with over 60 participants, highlighting the community’s housing needs.

Food Truck Fest

- **Date:** September 2024
- **Purpose:** Foster community engagement and attract visitors to Whitewater.
- **Details:** Hosted 8 food vendors and attracted over 3,000 attendees. Realtors reported additional community interest due to the event.
- **Outcomes:** Strong community reception and potential for continued growth.

Home Buying 101

- **Date:** October 2024
- **Purpose:** Provide education on home-buying resources, including the Down Payment Assistance program and Jefferson County’s home buying and rehab assistance program.
- **Details:** Participation from all financial institutions in Whitewater.
- **Outcomes:** Least attended event (4 participants); opportunity for reimagining or replacement.

Bus Tour

- **Date:** November 2024
- **Purpose:** Introduce developers and realtors to City Hall staff and available development opportunities.
- **Details:** Included a 40-minute tour of available parcels, zoning, and acreage, led by Economic Development Director Zeinert.
- **Outcomes:** Moderately attended (20 participants) but generated strong leads and follow-up opportunities.

Recommendations for 2025

Staff recommends continuing the following events with adjustments:

- **Housing Roundtable:** Feature new speakers to provide fresh perspectives and insights.
- **Food Truck Fest:** Build on community enthusiasm; multiple food truck vendors have expressed interest in returning.
- **Bus Tour:** Retain its format, as it proved fruitful in generating development interest.

Staff suggests discontinuing or significantly revising the Home Buying 101 event due to low attendance. Targeted marketing or collaboration with specific organizations could be explored if reinstated.

Questions for CDA Discussion

- What topics should be included in the 2025 Housing Roundtable?
- Should we expand the Food Truck Fest to include additional elements, such as family-friendly activities or business networking opportunities?
- Are there other event ideas that align with the CDA’s mission?

Your feedback will help shape the CDA’s event strategy for 2025 and ensure continued community engagement and economic development progress.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS
(Dates, committees, action taken)

The CDA sponsored various events listed above.

FINANCIAL IMPACT
(If none, state N/A)

N/A

STAFF RECOMMENDATION

Staff recommends that the CDA approve the following events in 2025:

- Roundtable Housing event with new speakers
- Food Truck Fest
- Bus Tour

ATTACHMENT(S) INCLUDED
(If none, state N/A)

N/A