

2020 Comprehensive Plan Public Hearing Questions/Points (From March 10, 2009)

1. Conservation Preservation Zoning will reduce value of the land?

This point was made a few times throughout the meeting. Individuals discussed and submitted information stating that the clustering of the parcels in a Conservation Subdivision format would reduce the net gains they might realize when developing the land in the future compared to if they are allowed to develop per the existing zoning (such as 1 parcel per 2.75 acres).

We have had discussions since this time with some local developers and the City Assessor relating to this value question and we offer the following below. We have also delved into the comparison discussion of how the existing Martin Estates Subdivision has worked in the City of Muskego.

A. Value of real estate is ever changing and shouldn't be interpreted simply by associated one sale to another just because acreages might be similar. Real estate value today is largely based on a number of variables, including, but not limited to:

- Market
- Market Competition
- Vision of Developer (Covenants/Restrictions)
- Zoning
- Infrastructure availability

Real estate can be a highly competitive market. In "good times" developers market their property based on land size, house size, amenities offered within the subdivision, location to prime areas (shopping, expressway, schools, churches), etc.. Subdivisions can be general or very distinct. Large country lots could be constrained only by the local zoning requirements and small houses while smaller metro lots can be restricted to mc-mansions. Subdivision deed restrictions will even dictate prices.

Further, as we demonstrate more below, real estate has a lot to do with the landowner or developer's original investment into a project. How much grading that is required, linear feet of roadway improvements, linear feet of utilities, etc., all will factor into the final price of each individual parcel. The landowner/developer intends to make a profit of some margin and cost of the infrastructure, or the intention set forth for the quality of homes in the subdivision, will be absorbed into these land prices.

B. Even though we don't like to associate value with "what a landowner/developer might receive per newly created lot," I think we have to discuss it this way since this direction is easiest to understand by an individual landowner and since it was presented this way at the public hearing (The handout, relating to value, from one of the gentleman at the public hearing is attached below).

First off, staff does not believe that the handout attached herein was a valid representation of land values in Muskego. The handout was derived from one of the tables in the proposed 2020 Comprehensive Plan, however, that table included all land sales for the given years including commercial and industrial sales, and parcels that subsequently split into subdivisions. Staff removed this information to solely present the residential land sales for the past four years in the "Average land price per lot-Residential" table below.

Table submitted by gentleman at the Public Hearing

Current

Proposed

30 Acres

30 Acres

1.5 acres per lot = 21 lots

1.5 acres per lot = 21 lots

Roads and Sewer 30% = 15 lots

Roads and Sewer 30% = 15 lots

2005 Average Price = \$255,540.00

2005 Average Price = \$117,960.00

2006 Average Price = \$214,700.00

2006 Average Price = \$120,508.00

2007 Average Price = \$294,583.00

2007 Average Price = \$124,628.00

Total \$764,823.00

Total \$363,096.00

Divided by 3 \$254,951.00

Divided by 3 \$121,032.00

2 acre lots average price \$254,951.00
From Page 213 of the 2020 Comp Plan

½ to 1 acre lots average price
From Page 213 of the 2020 Comp Plan

Total x 15 \$3,824,115.00

\$121,032.00

Total x 15 \$1,815,480.00

Net Loss because of CP

\$2,008,635

City Table

Average Land price per lot - Residential

Lot Sizes	2005		2006		2007		2008		Total Avg.
	Sale Price	# of parcels	Sale Price	# of parcels	Sale Price	# of parcels	Sale Price	# of parcels	
0 - 19,999 sq. ft.	\$ 119,975	59	\$ 127,353	32	\$ 108,568	31	\$ 132,536	22	\$ 122,108
20,000 sq. ft. - 1 Ac	\$ 118,201	75	\$ 118,682	66	\$ 115,786	36	\$ 118,378	23	\$ 117,762
1 - 2 Ac	\$ 120,600	5	\$ 117,200	7	\$ 101,666	3	\$ 123,000	1	\$ 115,617
2 - 4 Ac	\$ 155,000	1	\$ 137,800	5	\$ 123,000	5	\$ 141,323	7	\$ 139,281
4 - 10 Ac	\$ 143,050	2	\$ 130,000	1	\$ 160,000	1	\$ 157,750	2	\$ 147,700
10+ Ac	~	0	\$ 179,900	1	~	0	\$ 177,500	1	\$ 178,700

Source: Muskego Assessment Info (Approximate averages based upon real land sales)

As we see from the new table, there really is no significant distinction in the prices per lot in the 1/3 – 4 acre range. Again, prices per land will all derive from many other factors than simply comparing the size of a lot. Location, desirability of an area, infrastructure, and the vision of a developer all will drive these factors. When staff compared the actual land sales, many interesting things were found:

- Many lots selling for \$130,000 - \$150,000+ in the 15,000-30,000 square foot range. Most of these lots in subdivisions abutting conservancy or setup with restrictions/covenants for larger homes.
- 2-4 acre lots selling in the same \$130,000 - \$150,000+ range. Any sold higher than this were due to circumstances of being on private roads and/or surrounded by conservancy.
- Duplex lots even selling in the \$130,000 - \$150,000 range.
- Only about a dozen lots were created and sold in the City of Muskego the past 4 years that were around 2.75 acres. This brings up questions on if there is a market for these types/sizes of lots.

Overall, staff believes that having smaller lots in a clustered format will not reduce a landowner/developer value. There seems to be no true distinction between values of lots on ½-1 acre to those on 2.75 acres, especially when the desirability of the development plays a role. In many cases the smaller lots outweigh the value of the larger lots. The cost of development (C), availability of sewer/water (D), long-term maintenance factors (E), and bonus lots (F) discussed below present an even stronger case of why value is not lost in clustered development.

- C. Cost of development: This is a large factor in the future value of a piece of land under consideration for residential development. In talks with developers over the past weeks staff has found that the following factors lead to the end value of a newly created residential lot:

Lot size, privacy, rear yard views, exposed basements, adjacency to open space, developers layout, subdivision restrictions, and location in relation to shopping, parks, employment, etc.

Basically, the value of a lot largely relates to the desirability created by the lot itself or the surrounding atmosphere existing or created. A clustered development is only going to increase the ability for a landowner or developer to meet the variables listed above.

One also has to consider the actual hard and soft costs it may take to develop a parcel into a subdivision. Developing a subdivision under well/septic can cost as much as much as 70% less than subdivision developed under City sewer/water. Developers will typically base their anticipated costs on so many dollars per linear foot of roadway. For example, a developer might determine that a well/septic development will cost them \$200 a linear foot of roadway. This price per foot would include all anticipated fees for permitting and engineering drawings to actual construction. A developer will also have to take into consideration their soft costs as well (cost of sales and financing (insurance, commissions, holding costs and taxes, etc.).

Regardless, an individual wishing to take on a development will use this similar cost per linear foot of roadway scenario and the bottom line is that the less amount infrastructure and streets needed to make the development happen, the more a developer might be willing to pay for the piece of land to develop it. Thus, the cost of development in a clustered subdivision format should make developing in the future all the more lucrative in Muskego since a developer/landowner will have fewer costs and can meet the desirability factors that produce decent lot sales.

- D. Availability of sewer/water: Many of the areas under consideration for the CP zoning are in locations where City sewer and water do not exist and are not planned for any time soon. When looking at the average prices per lot based upon acreage, this has to be taken into account. We have already seen that there is a very small disparity in average lot costs of a 1/3-1 acre parcel compared to a 2.75-acre parcel. What we should also remember though is that even though a 2.75-acre parcel may end up costing more, a new landowner will still have to provide a septic system and a well, which is a cost of buying the land and reduces the overall value of the land the buyer is paying for.
- E. Long-term maintenance factors: Clustered development is said to provide a municipality with less infrastructure (roads, sewer, water, etc.) to maintain in the long run since the development is clustered to a certain area rather than spreading it across a larger area. The existing clustered development examples already built in the City prove this. Martin Estates (elaborated further below) for example could have been developed with over 700 feet of more street and ditches if not developed in a clustered development. The maintenance and future reconstruction costs of these roadways will definitely add up for Muskego if not planned appropriately.

F. Bonus Lots: As noted previously, the clustered developments actually allow up to 3-4 bonus lots for developing in a way that preserves the environment and produces less infrastructure. These bonus lots will provide the landowner/developer with a higher value you wouldn't receive with the existing zoning. Given the other "value decreaseers" noted above, the bonus lots should be the final mechanisms that prove a clustered subdivision has more end value, or net gain, for a landowner/developer.

2. Utilize Martin Estates (a previously approved conservation subdivision) as an example?

Staff did some research on the Martin Estates subdivision and provides the following:

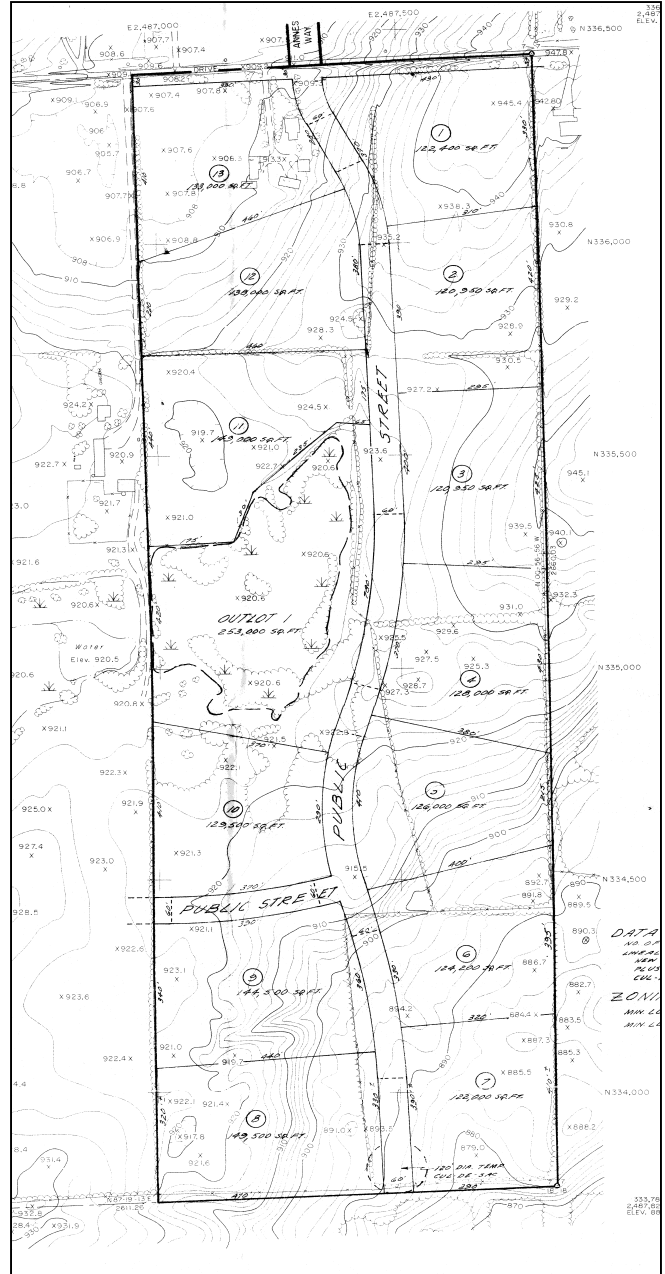
1. The subdivision has experienced only one house turnover since being predominantly built out in 2002/2003. The residents known to live there take pride in their subdivision and in fact work with City staff yearly to help enhance and maintain their open space management lands that exist around each parcel.
2. The 16 original parcels originally sold for an average price of \$90,700 around 2002. Five of the parcels were turned over (resold) within 2-24 months for an average of 20% more than the original selling price.
3. Martin Estates could have been developed traditionally, but would have only resulted in 13 parcels at 2.75 acres+ and would have looked per the yield plan below. This layout would not be as desirable as laid out today, would have resulted in approx. 3,000 feet of roadway infrastructure (compared to approx. 2,300 feet), would have required extensively more grading, and would have destroyed the open space lands leaving them possibly fallow and un-managed.
4. As discussed above, value determination is very hard to follow and can only truly be understood when a subdivision is actually built. Many items come into play in establishing value including actual desirability of a subdivision, covenants/restrictions a developer is encouraging, amount of infrastructure required to install, etc.

If a developer based their estimated costs of development on a per linear foot basis, we would see that Martin Estates developed traditionally would have cost approximately \$600,000 to build (assuming \$200/linear foot for 3,000 feet of roadway). Whereas, the clustered development we see today would be approximately \$460,000 (assuming \$200/linear foot for 2,300 feet of roadway). Further, if you add on the 3 bonus lots achieved and that the lots would essentially sell at the same price due to the desirability of the layout and preserved open spaces, you are looking at a savings/gain of \$410,000 (\$140,000 infrastructure savings plus 3 bonus lots at \$90K each).

In all, this savings/gain can be retained by a landowner or factored into the sale cost if a landowner wished to sell it to a developer to develop.



**Martin Estates –
Clustered Subdivision**



**Martin Estates –
Traditional Layout**

3. Why not lower green space requirement to 50%?

This is a valid suggestion that is worth looking into. Staff would like to review this with the 2020 Planning Committee upon Common Council deferment if possible. The City’s past Conservation Subdivisions were originally based upon a 50% open space requirement (including Martin Estates) and this would definitely allow more developable land to be utilized and more flexibility in lot sizes. Allowing the most flexibility will probably be the key aspect in implementing the CP zoning, thus, reducing the open space to 50% is recommended.

4. Why not make the CP zoning voluntary and promote it, rather than make it mandatory?

This is another valid question that the Committees will have to discuss further. The intent of the ordinance was to ensure that future development of our more rural lands in Muskego would be developed appropriately and more consciously of the surrounding environment. Applying the CP

zoning will definitely ensure all future development in the western and southern parts of Muskego will respect the environment. However, the desire to be able to split the land up into larger parcels still exists by some.

If the City makes the process voluntary, we must know that we are doing so knowing that the City may have a very different atmosphere in the decades to come.

5. Seems that Conservation Preservation zoning proposal was based solely on the survey sent to Muskego residents.

Staff would like to point out that the Conservation Preservation (CP) zoning proposal is a result of past-adopted City plans and countless input from past committee's and residents desire to find a way to preserve the City's open spaces and environmental lands as the we progress into the future. Largely, the thought has been portrayed as preserving the City's "urban to rural heritage." The concept of the CP zoning was in fact proposed before the survey was sent out to the residents in the community. The Comprehensive Plan Committee saw that the CP zoning might be an issue of discussion in the future and purposely spent time on survey questions relating to this concept. If anything, the survey helped shape the CP zoning, but didn't solidify it, as that rationale was accomplished by plans and committees years before.

6. Will my taxes be lowered or increase as a result of having the Conservation Preservation zoning applied to my property?

Adding the zoning on a property will not raise or lower someone's taxes. The City of Muskego assesses land strictly on the use. Thus, if someone has 1 acre with their homestead and 29 acres of agricultural workable lands, they would be taxed on 1 acre of homestead and 29 acres of agriculturally used land. This wouldn't change if the CP zoning were applied. The CP zoning only guides how the parcel may be developed in the future. Only when a parcel is developed and the land uses changes on the property (Ex. Ag used land changes to single family parcels), would the taxes change.

7. Who pays for taxes on created open spaces?

Taxes would be paid by whoever ends up owning and maintaining the created open spaces. This would most likely be the new homeowner's association.

It should be noted that any outlot in the City owned by a homeowner's association is only taxed at \$1.57 for each outlot owned, which is divided up between the amount of parcels in the association. The City Assessor builds the value of an open space outlot into the privately owned parcels rather than raise assessments on the open spaces themselves. This is since there is inherent value in having these open spaces in the subdivision.

8. Who will maintain these open spaces that will be created?

This was also a common question in the past year as well. Any open spaces created will be required to have open space management plans adopted with them at final approvals. An open space management plan is essentially a deed restriction or developer's agreement that states how the open space will be owned, managed, and maintained in perpetuity. Each new subdivision's open space would be handled on a case-by-case basis. Some open spaces will be dedicated to the City of Muskego for maintenance and responsibility (maybe because they are adjacent to already owned City open space) while other open spaces will be owned and maintained by a subdivision's homeowner's association. In either case, the open space will have to be managed and maintained in perpetuity per an open space management plan. These open space management plans can go into great detail on managing parameters including such measures as having reserve funds set aside with the City to draw upon in the event a homeowner's association doesn't keep up with their maintenance responsibilities.

More than likely, many of the future open spaces will be lands converted to prairies, wetlands, or continued uses of agricultural workable lands.

Expanding on this question, staff and the Plan Committee looked at how larger parcels are maintained around Muskego. Many of the City's 2.75-10 acre parcels are largely un-maintained fallow grounds with the exception of the area where the homestead is located. It is the thought that Conservation Subdivisions will actually manage the lands more appropriately due to the measures that would be in place.

9. What is the incentive for the property owner to comply with this zoning?

This subject was discussed continually by the Comprehensive Plan Committee over the past year. Staff and the Committee wanted to make sure that there was some incentive to the landowner or developer since we knew that developing in this way, although it will allow the same density, would require some extra thought at the very least. The incentives that the Committee discussed were allowing the bonus density/parcels, which were incorporated into the zoning ordinance. The belief was that there is some inherent value for this density bonus. The value is discussed in question #1 above.

Some individuals at the meeting talked about purchase of development rights or outright purchases of open space lands would be a better incentive. The Comprehensive Plan does put in place recommendations for both these opportunities and the City will look to purchase lands as we can. Unfortunately there are only so many lands that will be desirable enough to apply such monies. Also, funds for such purchases will be limited.

10. CP zoning places burden on landowner in land division process?

The development process the City of Muskego currently has remains unchanged with the CP ordinance proposal. Currently, a developer would have to receive the following approvals before actual development occurs: concept map approval, preliminary map approval, construction plans approval, and final plat approval. This process is not changed with the CP zoning proposal. A landowner or developer would still have to follow the same approval processes above with the exception that the concept plan and plats would layout the lots in a cluster development way rather than a traditional development layout. A concept plan can be very vague and doesn't require full engineering to propose in front of the City's Planning Commission. The fees for development remain unchanged for this process as well and it should be noted that the CP ordinance specifically notes that a full rezoning is not required to waive the CP parameters. Simply preparing a concept plan in front of the Council and Planning Commission can be enough to waive the parameters.

If anything, the CP ordinance does require a landowner or developer to think a bit more about the future layout of their land compared to just laying out linear lots throughout a parcel.

11. CP principles should apply to City and school lands as well...

The Comprehensive Plan Committee did hear this concern last month. The following text is in the Comp Plan under the Conservation preservation Desired Development Area text regarding this notion:

It is the intent that any government or institutional lands abutting a Conservation Preservation area are also subject to Conservation Preservation land divisions should they ever convert to residential land uses.