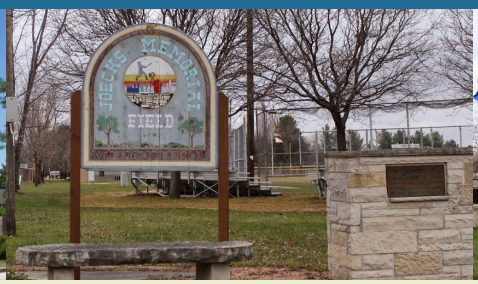
VILLAGE OF LANNON DEVELOPMENT ANALYSIS

FINAL REPORT

DRAFT: DECEMBER 5, 2017



PREPARED BY VANDEWALLE & ASSOCIATES INC.

VILLAGE OF LANNON, WISCONSIN

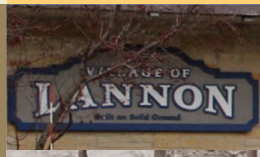


Table of Contents

Part One: Future Development Patterns

As southeastern Wisconsin continues to recover from the economic recession, the Village of Lannon expects to see increased development activity within the Village. The Village's small-town residential character and location within a strong school district contribute to its appeal to new residents. Because the Village's municipal limits are fixed, it is of the utmost importance to carefully plan its remaining development areas in a manner that makes the best use of Village resources. The Village retained Vandewalle & Associates to plan for future growth and guide future decision-making based on the latest demographic and economic data, current market realities, and time-tested planning practices. Historically, Village officials have envisioned the future of the Village as predominantly residential. Through this process, Village officials considered a broader range of development options, including a range of housing types and sizes, but have maintained an emphasis on single family neighborhoods. A major emphasis was determining growth policies that would generate sufficient revenue to continue to support the Village's future infrastructure and service needs. This report is a result of those efforts. The recommendations and outcomes included in this report should be used by Village leadership and staff in decision-making, planning, and development review.

Future Development Areas

Lannon's primary future development areas include the three areas designated on Map 1 below. The future development areas are the last large tracts of greenfield (undeveloped) areas available within the current Village limits and do not include infill or redevelopment areas in already developed areas of the Village. Table 1 includes population data for the Village, Waukesha County, and Wisconsin since 2000. Lannon's population has been growing faster than the County has a whole.

Map 1: Primary Greenfield Development Areas

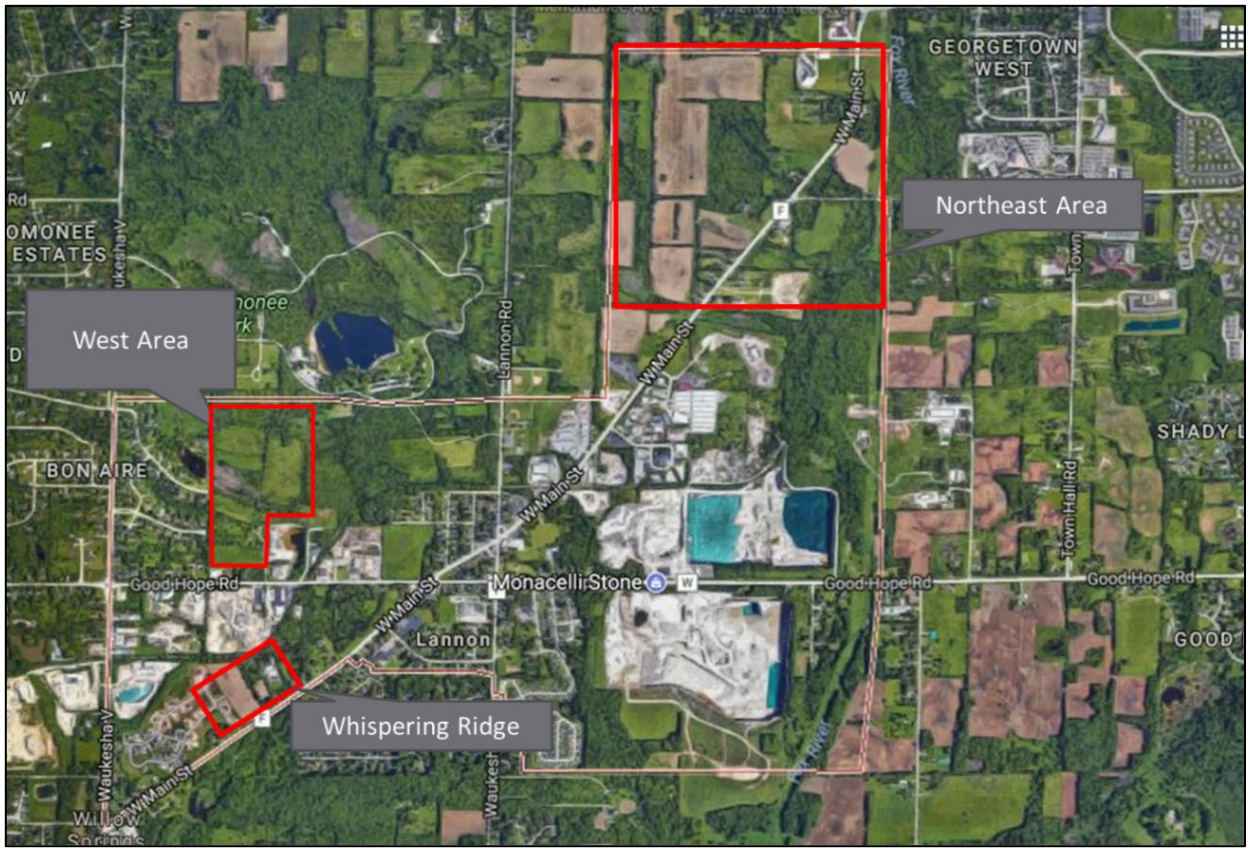


Table 1: Population Growth Comparison

	1990	2000	2010	2016	% Change 2000-2016
Lannon	926	1,006	1,107	1,143	13.6%
Waukesha County	306,225	362,095	383,154	398,424	10.0%
Wisconsin	4,904,562	5,363,675	5,686,986	5,778,708	7.7%

Sources: U.S. Census of Pop. and Housing, 1980, 1990, and 2000; Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2016

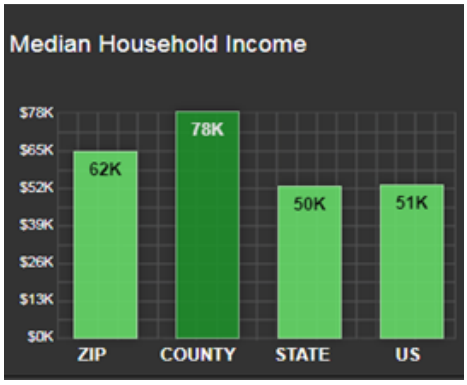
Current and Future Demographics/Markets

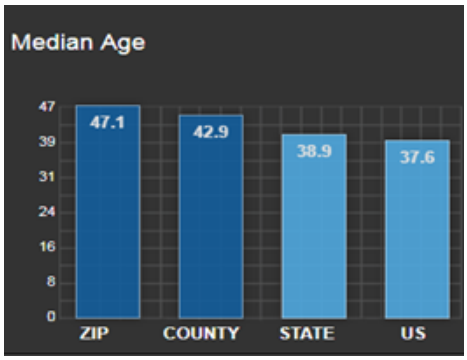
The following tables and map, generated using ESRI Business Analyst software, compare the Lannon ZIP code (which matches the Village limits) to Waukesha County, Wisconsin, and to the nation as a whole. In general, Lannon residents are older and less wealthy than the rest of the County, and the Village maintains a lower population density. However, median income and density remain higher in the Village than the state and country overall, suggesting a stable working- and middle-class population and a fairly typical exurban development pattern.

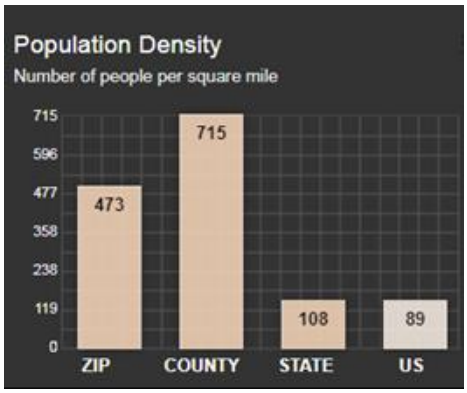
While Lannon has long been characterized by low-density, single family housing types and slow, steady population growth, the Village may seek to attract a higher proportion of new residents by appealing to a wider range of demographics and encouraging new housing construction in a variety of forms and price points.

ESRI also provides a demographic analysis tool that groups populations according to predominant economic, social, and lifestyle groups and consumer preferences found in a given geography. These groups are known as "Tapestry LifeModes." This tool projects two main subgroups within the Village limits, summarized below.

Figures 1-3: Demographic Comparisons







"Parks and Rec" (green)

- Diverse workforce: professionals in health care, retail trade, and education, or skilled workers in manufacturing and construction
- More than half of the population is college educated.
- Median Age: 40.3 (US: 37.6)
- Both median home value and average rent are close to national averages.

"Salt of the Earth" (yellow)

- Employment in construction, manufacturing, and related service industries
- Most have at least a high school diploma or some college education.
- Median Age: 43.1 (US: 37.6)
- Household income is just over the national median, while net worth is double the national median.
- Spending time with family is their top priority.

As shown in Map 2, Lannon is solidly working- and middle-class, surrounded by pockets of wealth (orange/ "Affluent Estates") in outlying rural areas and a higher degree of diversity in Milwaukee County. The Village is also relatively affordable compared to rest of Waukesha County, located in a strong school district that appeals to families. Based on these factors and the geographic distribution of other growing demographics, there may be potential for the Village to expand its housing mix to appeal to groups such as Millennials, young families, empty nesters, independent seniors, and assisted living facilities. A natural next step would be to focus on other Tapestry markets that are already present in Waukesha County. These new Tapestry markets, shown on Map 2, include:

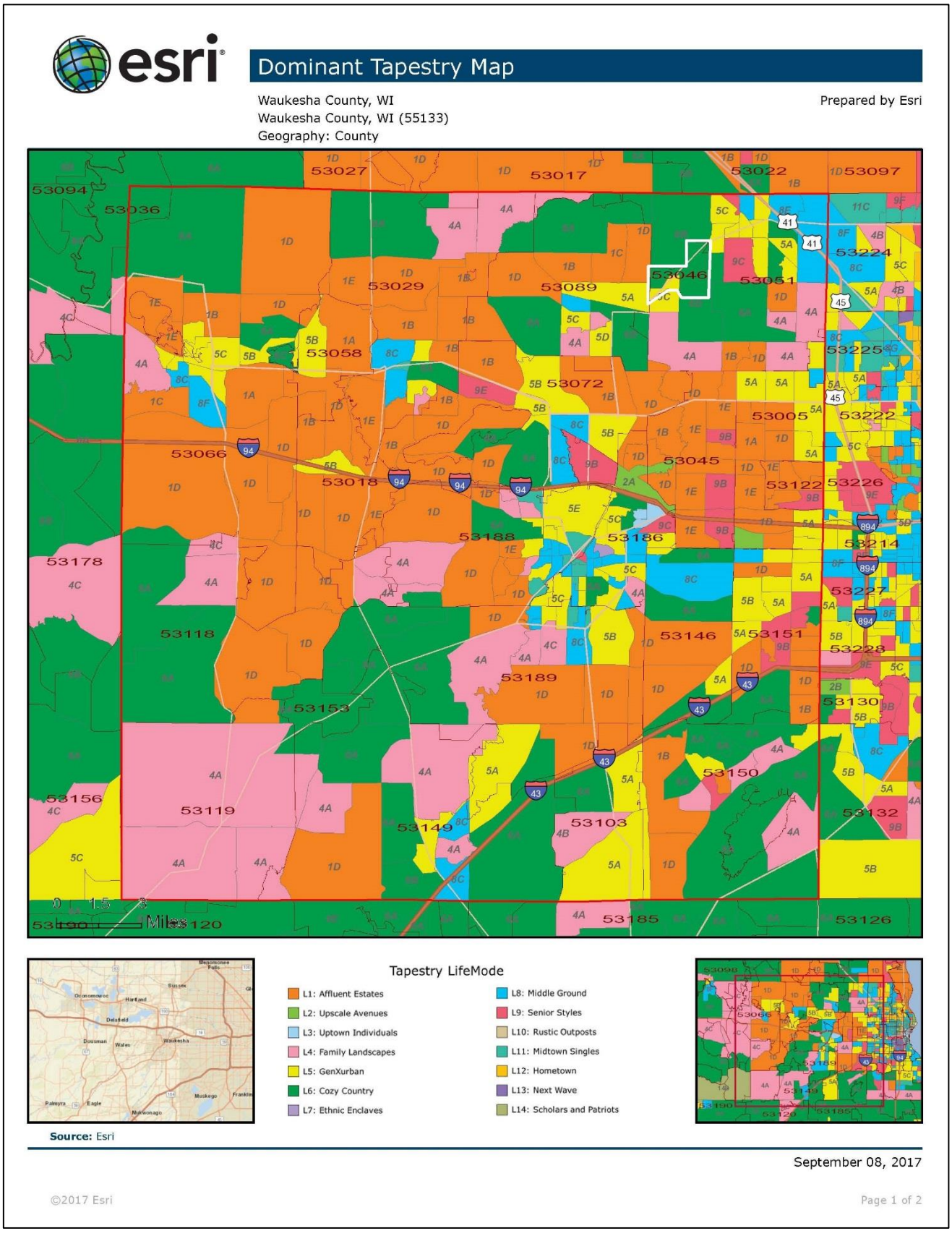
"Family Landscapes" (light pink)

- Successful young families in their first homes
- Non-diverse, prosperous married-couple families, residing in suburban or semirural areas with a low vacancy rate (second lowest among Tapestry groups)
- Homeowners (80%) with mortgages, living in newer single-family homes, with median home value slightly higher than the U.S.
- Two workers in the family, contributing to the second highest labor force participation rate, as well as low unemployment

"Senior Styles" (dark pink)

- Senior lifestyles reveal the effects of saving for retirement
- Households are commonly married empty nesters or singles living alone; homes are single family (including seasonal getaways), retirement communities, or high-rise apartments
- More affluent seniors travel and relocate to warmer climates; less affluent, settled seniors are still working toward retirement

Map 2: Dominant Tapestry Segments, Waukesha County



Current Residential Balance

Residential balance describes the character and mix of residential development within a community. It includes the percent of different residential unit types (i.e. single family, two family, or multi-family) as compared to the total number of residential units within the community.

Lannon is currently characterized by a high degree of owner occupancy (about 80% of currently occupied housing units), and relatively affordable housing stock (median value of $167,700) relative to Waukesha County as a whole ($249,300). Of the Village's 520 total housing units in 2015, approximately 330 (63%) were detached single family homes; 97 are mobile homes (19%); 23 two-family/duplex units (4%) and 70 multi-family units (13%).The average household size is 2.27 persons, with slightly higher rates for owner-occupied (2.41) than renter-occupied units (1.67).[1] This is not uncommon, as rental units, particularly in multi-family buildings, are more likely to be occupied by young persons or the elderly, and therefore with fewer children per unit. Declining average household sizes are part of a broader national trend, and with smaller family sizes, the Village may wish to encourage a mix of densities and unit types that appeal to a wider range of households.

Traditional Neighborhood Development

Traditional Neighborhood Development (TND) deviates from single-use, residential development and instead designs vibrant neighborhood districts that contain a variety of housing styles, sizes, and densities incorporating a range of uses. Traditional Neighborhood Development is compact and contains an interconnected network of pedestrian-oriented streets that encourage residents to walk to daily destinations. Traditional Neighborhood Development also encourages a mix of uses, including residential, commercial, recreational and civic uses, creating places where people can live, work, shop, and play. In neighborhoods designed using TND principles, housing is diverse and contains a mix of housing styles, sizes, and lots that meet the needs of a variety of people and budgets – from families, to young professionals, to seniors, and empty-nesters. Housing styles often include single family homes, duplexes, townhomes, and multi-family developments. Offering a wider diversity of housing types and products enables the Village to diversify its housing portfolio, shielding it from changing consumer preferences and unpredictable market forces. This diversity in development and neighborhood composition creates distinctive, sustainable, and attractive community assets. One way to enable TND in the Village is with the Planned Neighborhood future land use category, described on pages 9-10 of this report.

[1] U.S. Census Bureau, *2011-2015 American Community Survey 5-Year Estimates.*

Future Development Scenarios

Through this work effort, the Village explored how to plan for growth while continuing to provide quality services for current and future Village residents. Two future development scenarios, described below, were considered and analyzed. The Village selected Scenario 2 as its preferred scenario for more detailed analysis under the remaining sections of this Study. This scenario is reflected in the proposed 2017 Comprehensive Plan Amendment and Future Land Use Map.

Scenario 1: Continue Historic Development Trends

The first scenario projects "more of the same" kinds of residential development historically found in Lannon, primarily single-family homes on lots of one-quarter acre or more, which amounts to a very low Village-wide average density of just 1.6 units per acre. Even newly constructed multi-unit structures, such as those found in the Whispering Ridge condominium development on the Village's west side, average just 4.4 units per acre. [2]

Scenario 2: Traditional Neighborhood Development

Scenario 2 is based upon the TND concept described above, which incorporates a higher degree of pedestrian orientation, shared green space and smaller lot sizes. It also tends to promote higher unit densities than currently found in the Village with the notion that offering a wider diversity of housing types and products is more likely to attract a broader market and incomes. The housing types and unit densities per acre are based upon a model developed by Vandewalle & Associates, shown in Figure 4 on page 9.

Comparisons at Build-Out for Scenarios 1 and 2

The following tables compare the Village's eventual build-out of the primary greenfield development areas shown on Map 1 under the two scenarios described above. The projections do not include infill or redevelopment areas in already developed areas of the Village. The projections are based on estimated *net developable acreage*, with environmental corridors and wetlands subtracted from total lot area. See Table 2.

Table 2: Developable Acres

Greenfield Development Areas	Acres	Env. Corridors/ Wetlands	Net Acres
West Area	69.7	17.6	52.1
Whispering Ridge	16.3	0.0	16.3
Northeast Area	283.5	86.1	197.4

[2] U.S. Census Bureau, *2011-2015 American Community Survey 5-Year Estimates.* Acreage by use calculated by Vandewalle & Associates through Waukesha County GIS data and assumes 80% efficiency per parcel to account for setbacks, stormwater management and other land use regulations.

Scenario 1

Extrapolating the densities and the current housing mix described under "Current Residential Balance" according to general unit type, Scenario 1 buildout would accommodate approximately 365 new residential units in the Village's three primary greenfield development areas.

Factoring in average persons per household numbers generated according to unit type, these new units would be expected to house about 756 new residents, for a total Village population of about 2,000 people at buildout (based on a 2017 ESRI estimated population of 1,223, and assuming no other attrition from turnover or redevelopment of existing units).

The new tax base generated by future residential construction is an important consideration in the Village's ability to provide cost-effective infrastructure and services. At current average assessments per unit type, Scenario 1 would generate approximately $103 million in new value, or an average value of about $482,000 per acre.

Tables 3-5: Scenario 1 Buildout Projections by Unit Type, Population, and Value

Buildout Projection	Dwelling Units
Single-Family	215
Two-Family	23
Multi-Family	127
Total	365

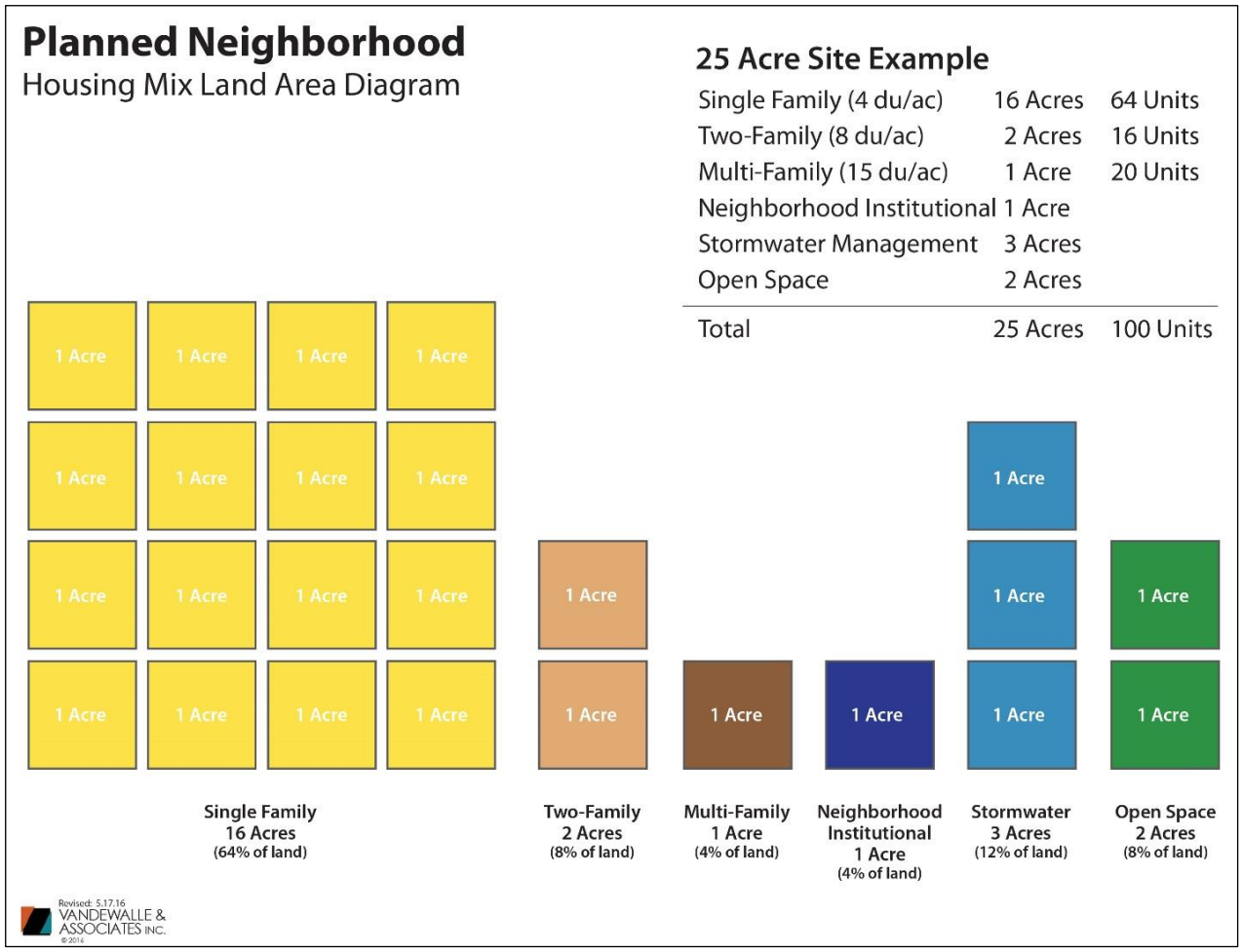
Unit Type	Avg. Household Size (ACS)	Scenario 1	
		Dwelling Units	Persons
Single-Family	2.35	215	504
Two-Family	1.40	23	32
Multi-Family	1.73	127	219
Totals		**365**	**756**
Estimated Population at Buildout			1,861

Scenario 1 - Current Mix/Density	Dwelling Units	Average Value/Unit*	Total Value	Value/ Acre
Single-Family	215	$350,000	$75,250,000	**$430,486**
Two-Family (in-line)	23	$225,000	$5,175,000	**$553,072**
Multi-Family	127	$175,000	$22,225,000	**$774,162**
Totals	**365**	**$281,233**	**$102,650,000**	**$482,224**

Scenario 2

The second buildout scenario is based on development that includes a range of housing types and densities per acre. Vandewalle & Associates recommends that acreage designated for new greenfield housing development generally be apportioned according to Figure 4 below. This balance of housing types was developed in accordance with the Traditional Neighborhood Development principles described on page 6.

Figure 4: Example Housing Mix within a Planned Neighborhood, by Land Area



Using these densities and unit type percentage splits as a guide, Scenario 2 would add a much greater number of units upon achieving buildout than Scenario 1, though at an overall density (about 3.8 units per acre of buildable greenfield land) that is not radically different than the levels already found in some parts of the Village. Based on the addition of more than 1,000 new units, the Village's population would also nearly triple to more than 3,300 people.

Higher densities could be accomodated, in part, by encouraging smaller lot sizes and unit footprints, which in turn may be less expensive than the traditional large-lot, suburban single family houses currently available in Lannon and the surrounding area. Scenario 2 projects nearly three times the number of new units at buildout than Scenario 1, but even after accounting for lower values per unit across all unit types, the greater number of units and higher density yields a taxable value per acre of almost $1 million, a figure that is more than double the projected value of Scenario 1.

Tables 6-8: Scenario 2 Buildout Projections by Unit Type, Population, and Value

Buildout Projection	Units
Single-Family	680
Two-Family	170
Multi-Family	159
Total	**1,009**

Unit Type	Avg. Household Size (ACS)	Scenario 2	
		Dwelling Units	Persons
Single-Family	2.35	680	1,595
Two-Family	1.40	170	237
Multi-Family	1.73	159	274
Totals		**1,009**	**2,107**
Estimated Population at Buildout			**3,212**

Scenario 2 - Increased Density	Dwelling Units	Average Value/Unit*	Total Value	Value/ Acre
Single-Family	680	$300,000	$204,000,000	**$1,199,124**
Two-Family (in-line)	170	$200,000	$34,000,000	**$1,598,832**
Multi-Family	159	$100,000	$15,900,000	**$1,495,378**
Totals	**1,009**	**$251,635**	**$253,900,000**	**$994,959**

Recommended Development Scenario

Based on discussions with the Village Board and Plan Commission on September 20 and October 2, 2017, the Village will seek to pursue future development of the character described under Scenario 2. Accordingly, the Village's primary greenfield development areas will be designated as the "Planned Neighborhood" future land use category on the 2017 Future Land Use Map in the Comprehensive Plan. Within areas designated as Planned Neighborhood on the Future Land Use Map, each project must seek to achieve the residential balance of 64 percent single family units, 16 percent two family units, and 20 percent multi-family units. Multi-family development should not be approved without the corresponding amount of single family housing units.

The projected residential balance at build-out for Scenario 2 does not take into account future infill, redevelopment, or senior housing projects that could contain multi-family dwelling units. Consequently, the actual residential balance at build-out will likely include a higher percentage of multi-family units than projected above.

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Part Two: Projected Impact to Local Revenues & Expenditures

Comparison of Revenues & Expenditures

Table 9 below provides a comparison of municipal budgets, services, employment, and mill rates among Lannon's peer communities in the region for the most recent fiscal year, sorted by population. The Village's current spending level per capita is very close to the average ($758) for all other sample communities, while maintaining a lower tax rate and fewer full-time staff than most. There does not appear to be a strong relationship between community size and tax rate, as higher millages are often a function of capital debt. However, staff sizes do appear to increase according to population, reflecting a desire to become a "full service" community with a full suite of amenities that non-rural residents increasingly expect. It can be argued that Lannon's low-tax atmosphere, relative to both the small villages on this list and against larger neighboring municipalities, in fact provides a competitive advantage for people looking for an affordable alternative in Waukesha County.

Table 9: Peer Community Budget Comparison

Municipality	Annual Budget	Garbage	Fire	Library	Muni Tax Rate	Staff (FTE)	Population	Annual Spending /Person
Lannon	**$827,572**		**X**		**$4.06**	**2**	**1,108**	**$747**
Menomonee Falls	$26,638,200	X	X	X	$5.23	189	36,769	$724
Sussex	$10,730,759	X	X	X	$5.65	72	11,047	$971
Lisbon (Town)	$5,034,251	X	X	X	$2.3	15	10,317	$488
Jackson	$3,717,476	X	X		$8.49	32	6,808	$546
Merton	$1,316,977	X	X		$3.16	1	3,492	$377
Johnson Creek	$2,455,391	X			$6.55	16	2,855	$860
Wales	$2,113,129		X		$3.65		2,573	$821
Dousman	$1,976,803	X	X		$6.31	4	2,412	$820
North Prairie	$1,040,075	X	X		$3.93	2	2,281	$456
Eagle	$1,229,308	X	X	X	$4.79	3	1,777	$692
Butler	$2,177,965	X	X	X	$8.44	16	1,763	$1,235
Palmyra	$1,013,459	X	*	*	$8.98	10	1,640	$618
Nashotah	$886,365	X	X		$4.12		1,452	$610
Big Bend	$1,803,000	X	X	X	$7.50	7	1,296	$1,391
Peer Community Average					**$5.99**			**$766**

*Fire and Library have their own "funds," but general property tax covers those expenses.

Projected Impact to Local Revenues & Expenditures Under Scenario 2

The Village presently contracts out many of the municipal services it provides, keeping administrative overhead costs low, but per-hour consultant/contractor costs may become prohibitive as the community builds out in the coming years. This may occur in the form of additional public roads and infrastructure to maintain, necessary capacity and/or staff increases for essential services (police, fire, EMS), and additional services. As evidenced by the wide spectrum of budget, staffing, and services in the table above, the "break even" point at which increasing full-time Village staff in lieu of long-term contract work is not abundantly clear, but is most likely a function of both demand for and provision of high-quality, cost-effective service delivery. But if population growth and tax base grow at a rate sufficient to cover increasing costs – and the Village retains a character and density that is not markedly different than current conditions – overall levels of taxation should not increase drastically over the long-term. Staffing levels are as much art as science; the day-to-day needs for full-time employees will vary between communities. According to interviews with Village staff, if the population reaches that anticipated under Scenario 2, it is anticipated that the Lannon Police Department will need to hire at least one full-time police officer in addition to its current roster of part-time officers and a full-time chief. At Village Hall, it is anticipated that the Village will require one full-time deputy clerk in addition to the current village clerk, and the current part-time court clerk would likely need to become a full-time position.

Tables 10-12: Estimated Budget Impacts of Buildout (Scenario 2)

Budget Increase	
Estimated population at buildout (Scenario 2)	3,212
Spending per person (2017)	$747
Estimated Budget at Buildout	$2,398,978
2017 Total Village Budget	$827,572
Total Estimated Budget Increase	**$1,571,406**

Current Budget	
2017 Total Village Budget	$827,572
2017 General Property Tax Revenue	$358,591
Proportion of Total Budget	**43%**

Estimated Budget at Buildout (Scenario 2)	
Estimated Budget Increase	$1,571,406
New Assessed Value	$253,900,000
Village Mill Rate (2016)	4.0552
General Property Tax Revenue Increase	$1,029,615
Proportion of Budget Increase	**66%**
Proportion of Total Budget (including current property taxes)	**58%**

Tables 10-12 estimate a proportional increase in the Village's budget under Scenario 2 buildout conditions, based on the current per capita level of spending. As a result of adding over 2,000 persons, as projected in Part One, the effective tripling of the Village population could have roughly the same impact on the budget, rising from about $827,000 today to $2.5 million at buildout. Note that due to increased development activity and tax base – all other things being equal – the proportion of revenues from general property taxes could rise from 43% today to an estimated 58% under the future budget, with 66% of the budget increase covered by new development revenues. The projected tax rates and revenue are provided as a simple means of comparison to existing conditions. Note that under current levy limits and expenditure restraints imposed by the state, the actual future tax rates and revenue will likely be less than those shown. In addition, due to limited scope of the study, projections for non-tax revenues were not performed. However, it is likely that these would increase although perhaps at a lesser rate than the growth in population.

Part Three: Value of Sanitary Sewer Interceptor Capacity

Earlier this year the Town of Lisbon approached the Village about purchasing sanitary sewer capacity to serve additional development in that community. As a result, one of the key questions surrounding this work effort was the potential impact of increased development activity and population growth on usage of the Village's current sewer capacity allocation under its 2016 Intermunicipal Agreement, and what proportion of unused capacity the Village may wish to offer to lease/sell to the Town of Lisbon. This involved examining both the allocation for the next 20 years and the ultimate maximum allocation, which may require installation of new interceptors, lift stations, etc. in order to fully utilize. These capacities are summarized in Table 13.

Table 13: Current Capacities

2016 Intermunicipal Interceptor Agreement Capacity Allocation, Village of Lannon	**Total Ultimate Allocation**	**20-Year Allocation**
Gallons per day (gpd)	780,000	300,000
Current Average Flow	115,000	115,000
Current Excess Allocation	**665,000**	**185,000**

It is important to note that the buildout scenarios and population projections introduced in Part One are not time-sensitive as "buildout" is based on the expected maximum number of units the Village could realistically accommodate at certain levels of density without respect to the actual rate of unit absorption. The year in which the Village would effectively run out of primary greenfield development space will be largely determined by the rate of population and household growth, themselves tied to a number of demographic and market factors, and require certain assumptions according to the desired densities under Scenario 2. As a baseline, Table 14 estimates population growth for the next 20 years according to an established trend line as calculated by ESRI Business Analyst. While the overall increase of only 299 persons over this period may appear to be very low relative to the number of new residential units that can be accommodated under either buildout scenario, ESRI's estimate of 1.1% annual population growth is, in fact, more than double the projected growth rate for Waukesha County as a whole (0.48%).

Translating this estimated growth into units at the current Village-average household size (2.27 persons), the model only projects absorption of **131 units through 2037.** At this rate of growth, buildout would occur well beyond the 20-year planning period under both scenarios. However, this assumes no major market shift (recession, gain/loss of major employers) that would markedly affect demand for new units.

Table 14: 20-Year Population Growth Estimate

Population Growth (ESRI Model)	**2017**	**2022**	**2027**	**2032**	**2037**	**20 Year Pop. Change**
Annual Growth (Years)	1.1%	5	10	15	20	
Est. Population	1,223	1,292	1,364	1,441	1,522	**299**

The Intermunicipal Agreement defines one Residential Equivalent Connection (REC) as generating 420 gallons per day, but a sample of current (2016) commercial and residential customers in the Village estimates actual usage at approximately 205 gallons per day (gpd) per REC. Increased system usage at total buildout under both scenarios and at both REC calculations is calculated in Table 15, as well as an "average" of the two approaches at 315 gpd. In short, the level of assumed sewage generation per new unit added has a significant impact on what capacity, if any, the Village would have left to sell or lease to

another municipality, and decisions about how much capacity should be reserved for future development.

Table 15: Projected Usage by Scenario

	Units	REC Definition	Current Flow	Average
gpd/unit		**420**	**205**	**315**
Estimated total usage from new units (gpd) – Scenario 1	365	153,300	74,825	114,975
Estimated total usage from new units (gpd) – Scenario 2	1,009	423,780	206,845	317,835

Excess Allocation

Returning to the question of how many additional RECs the Village's current system could accommodate at buildout, the answer depends on a combination of three variables: 1) total projected units under the preferred scenario, 2) a realistic absorption rate per year, and 3) usage rate per unit. Absorption is a factor in the Village's 20-year excess capacity, ranging between 22 and 45 units per year (440 to 902 total units) depending on estimated water usage. Even at the low end, this rate of absorption would far outstrip the recent post-Recession average in the Village. Further, with the addition of several large-scale developments in the greenfield areas highlighted on Map 1, the rate of absorption would likely be phased over a number of years to limit large "shocks" in terms of increased system use or overuse. If population growth rates were to greatly exceed those shown in the previous table, Table 16 nonetheless demonstrates that the Village could easily accommodate a significant number of new residential sewer users without overtaxing its near-term capacity allocation. This is especially true with respect to the Village's ultimate capacity allocation (Table 17), which is over four times that of the 20-year capacity. The ultimate allocation could support several thousand new units – a level of density well beyond that proposed under Scenario 2.

Tables 16-17: Excess Capacities by Scenario and gpd/REC

20-Year Excess Allocation (gpd)	gpd/unit	Supportable New RECs	Avg. RECs/ Year	Capacity at 20-year buildout			
				Scenario 1 (365 units)		Scenario 2 (1,009 units)	
	420	440	22	75	17%	-569	-129%
	205	902	45	537	60%	-107	-12%
185,000	315	587	29	222	38%	-422	-72%

Ultimate Excess Allocation (gpd)	gpd/unit	Supportable New RECs	Capacity at full buildout			
			Scenario 1 (365 units)		Scenario 2 (1,009 units)	
	420	1,583	1,218	77%	574	36%
	205	3,244	2,879	89%	2,235	69%
665,000	315	2,111	1,746	83%	1,102	52%

Note: Infill or potential for large institutional use, such as assisted living, were not included.

After reviewing these figures, Village leadership determined that while there is excess capacity in the Village's ultimate allocation, there may not be excess capacity within the 20-year allocation, particularly if the development patterns projected under Scenario 2 were to occur. The timing of future development is unknown, and selling excess capacity could limit the type of development that might otherwise be possible within the 20-year allocation period. In order to provide maximum flexibility for the Village's future growth options, both within the 20-year allocation period and beyond, the Village determined that it would not sell its excess capacity to the Town of Lisbon.

Part Four: Road Standards

When developing new neighborhoods, some residential developers prefer to build private roads to serve the new development. In certain cases, private roads may be associated with a smaller development footprint, no right-of-way dedication, lower construction standards, and lower costs. Currently, there are two residential developments served by private roads in the Village. When considering whether to accommodate private roads in new subdivisions, it is important to consider both the long-term and short-term costs of road construction and maintenance. Typically, the developer owns private roads only for a short time, transferring ownership and responsibility for maintenance to a Homeowners Association (HOA). The HOA is also responsible for collecting sufficient fees to cover maintenance costs. Table 18 depicts recommended life cycle costs to maintain a single mile of road. As shown in the table, road maintenance cost per mile is $2.8 million in 2017 dollars. This includes ongoing maintenance and complete replacement at the end of the 60-year period.

Table 18: Life Cycle Costs Example

Item	Service Year	Year	Cost for Generic 1-Mile Road (2017 dollars)
Initial Construction/Reconstruction	0	2017	$0
1/3 Service Life Rehabilitation	6	2023	$5,000
2/3 Service Life Rehabilitation	12	2029	$5,000
First Rehabilitation	18	2035	$480,000
1/3 Service Life First Rehabilitation	23	2040	$5,000
2/3 Service Life First Rehabilitation	28	2045	$5,000
Second Rehabilitation	34	2051	$480,000
1/3 Service Life Second Rehabilitation	39	2056	$5,000
2/3 Service Life Second Rehabilitation	44	2061	$5,000
Third Rehabilitation	50	2067	$480,000
1/3 Service Life Third Rehabilitation	54	2071	$5,000
2/3 Service Life Third Rehabilitation	58	2075	$5,000
TOTAL RECONSTRUCTION	60	2077	$1,400,000
		Totals	**$2,880,000**

Source: Strand Associates, 2017

Numerous maintenance steps are required to capture the full 60-year life of the road, and HOA fees are often too low to cover the maintenance costs, not to mention the ultimate replacement cost. As a result, necessary maintenance is often not performed, leading to the premature deterioration of the road and necessitating full reconstruction earlier than the anticipated 60-year replacement date. In such cases, the HOA is typically not able to cover the replacement cost, leading to a crisis when roads begin to crumble. At this point, the municipality may step in to take on the responsibility for the road in order to protect public safety, thereby assuming the replacement costs and future maintenance responsibility. The end result is that the public may ultimately pay for the cost to reconstruct the road, and does so sooner than would have been necessary had the road been properly maintained.

Vandewalle & Associates recommends that the Village of Lannon require public roads, as it will ultimately cost the Village more to assume responsibility for a poorly maintained private road in later years. Additionally, because the Village requires privately-owned roads to be built to the same standard as publicly-owned roads, there is no cost savings to the developer or homebuyers by pursuing private roads. Requiring public roads means that the developer would construct the road to public standard, and the Village would take ownership of the road once it's completed. This allows for predictable maintenance and reconstruction costs and avoids the potential for the unexpected costs of reconstructing a failing road prior to the normal 60-year life cycle. Requiring public roads also avoids the issue of treating neighborhoods with private roads differently from other neighborhoods in the Village, as all Village property owners pay taxes in support of public roads and expect their roads to be maintained, regardless of whether the road is public or private.

Note that in certain situations where maintenance responsibility of an ongoing commercial entity, such as an apartment complex, private roads may be appropriate to consider.

In order to maximize the Village's road spending dollars, Vandewalle & Associates further recommends that the Village pursue efficient subdivision design standards that ensure there is enough property value per linear foot of road to cover the public cost to maintain that road. Scenario 2, described in Part One, would make more efficient use of the Village's infrastructure investments, given its greater population density and higher taxable value per acre.

Part Five: Impact Fees and PUD Fees

Review Fees

A review fee is based on based on actual costs to Village to review and process an application such as a Planned Unit Development (PUD) or conditional use permit. It commonly consists of an application fee to cover Village administrative costs, including document production and public notices. Often, applicants also sign a Cost Recovery Agreement in which they agree to cover the costs of consulting fees related to the review of the application (engineering, planning, legal, etc.). Table 19 lists review fees for PUDS for comparable communities.

Table 19: Comparison of PUD Review Fees

Community	Population	Review Fee for PUD
Village of Butler	1,763	$300 + consultant costs
Village of Johnson Creek	2,855	$500 + consultant costs
City of Lake Geneva	7,714	$750 + consultant costs
Village of Sussex	10,680	$250 + consultant costs
Village of Menomonee Falls	35,884	$500 flat (in-house staff)

Impact Fees[3]

As opposed to a review fee, an impact fee is a charge to new development to cover the costs of public service and infrastructure necessary to serve that development. Municipalities are enabled to charge impact fees are enabled by Wis. Stat. 66.0617. For residential development, impact fees are generally described in terms of a dollar amount per residential unit. Communities that use impact fees maintain that they are fairer, more predictable, and encourage planning for growth.

Municipalities may only charge impact fees for capital costs, i.e., the costs to construct, expand or improve public facilities related to the development. Capital costs may include cost to construct, expand, or improve public facilities such as:

- Wastewater/water Infrastructure
- Parks, playgrounds, athletic fields
- Solid waste and recycling facilities
- Highways/other transportation facilities
- Drainage facilities
- Public safety (fire protection, law enforcement emergency medical facilities)
- Libraries
- Associated land costs

[3] Information in this section is based on materials provided by the UW-Extension Local Government Center.

Additionally, impact fees may be charged to cover the cost of land and some legal, engineering, and design cost (up to 10% of capital costs). Impact fees may not be charged for related non-capital costs such as vehicles, supplies, or staffing. They cannot be used to cover any school district costs, nor may they be used to cover any existing deficiencies elsewhere in the Village.

Imposing impact fees involves three steps: 1) performing a needs assessment to determine appropriate impact fee amounts; 2) holding a public hearing on the proposed impact fees; and 2) passing an ordinance adopting the impact fees. The ordinance creates more certainty for developers, as it provides an explicit impact fee amount. The needs assessment, as stipulated in Wis. Stat. 66.0617, requires the Village to inventory existing public facilities and establish a rational relationship between needed upgrades to Village services or infrastructure and the impact fee the Village is charging.

A municipality may not charge a developer more than their proportionate share of the improvements needed to the proposed development, it cannot impose impact fees in order to slow down or prevent development. Finally, a municipality cannot use an impact fee as a revenue source to cover existing deficiencies or other Village costs not related to the proposed development.

In order to offset the cost of increased development in Lannon, Vandewalle & Associates recommends that the Village determine which impact fee(s) the Village will charge, conduct needs assessment, and adopt an impact fee ordinance. The impact fee ordinance should clearly communicate impact fee costs to developers and the general public. Review fees, such as PUD fees, should not be used to cover the capital costs associated with new development.

Tax Incremental Financing

Tax incremental financing (TIF) is another financial mechanism that the Village may wish to explore. TIF uses taxes from increased valuation associated with new development or redevelopment to help fund infrastructure and other improvements. This tool is fairly flexible, but there are some limitations and minimum requirements. Any area included in a tax incremental financing district should be carefully evaluated to ensure that it meets state requirements.

Part Six: Recommendations for Infill/Redevelopment Sites

Redevelopment and infill projects face inherent challenges, as they tend to involve smaller sites, additional costs for demolition, environmental cleanup costs, hazards or contamination, and unusual or nonconforming site conditions. The Village sees infill and redevelopment as a priority, as it reduces blight, makes the most of underutilized or vacant sites, uses existing infrastructure, relocates undesirable or incompatible uses, and increases the Village's tax base. Redevelopment is also important to support property values and maintain a strong urban fabric.

Redevelopment means renovating or replacing what currently exists on a site with new buildings, structures, parks, roadways, etc.

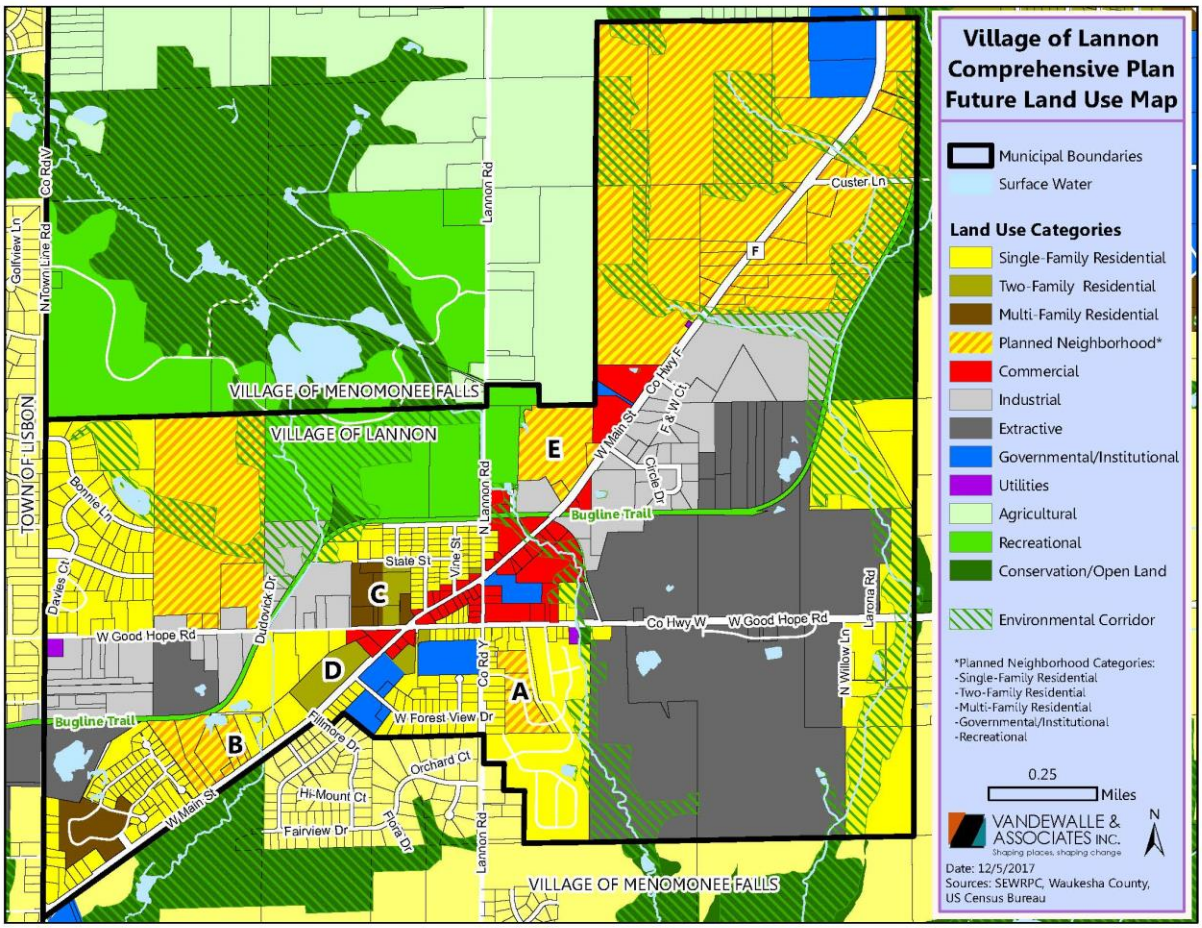
Infill development means the development of empty lots or minimally developed property in built-up areas of the community. Generally, it does not occur in locations along the undeveloped edge of a community, but rather on lots or collections of lots that are typically surrounded by development.

Greenfield development means the development of vacant land beyond or along the undeveloped edge of a community.

Village has identified several sites that are likely candidates for redevelopment and infill. These are depicted in Figure 2 and described on the following pages. The sites described in this document are not intended to be an inclusive list. Additional infill and redevelopment sites may exist in other locations in the Village, and new opportunities may arise as conditions change.

The suggested land uses described below are preliminary recommendations. Infill and redevelopment can be challenging and more expensive than edge development, and it often requires creative solutions in terms of unique funding sources, different land use relationships, flexible parking requirements, etc. With this in mind, the Village is open-minded in terms of recommendations and proposals for these sites. The Village may support proposals that differ from what is recommended in this document but that meet the Village's goals and objectives for development. Alternative uses would be considered through a future amendment to the Future Land Use Map.

Figure 2: Redevelopment and Infill Sites, Village of Lannon



Site A: Johnson & Sons Paving (20275 W. Good Hope Road)

- Current use: Industrial use within residential neighborhood
- Size: Approximately 9.1 acres
- Recommended future land use: Planned Neighborhood

Site B: Jr. Shultz Property (21236 W. Main Street)

- Current use: Industrial use within residential neighborhood
- Size: Approximately 3.1 acres
- Recommended future land use: Planned Neighborhood in conjunction with adjacent Lemke property

Site C: Barnes Property (northwest of intersection of Good Hope Road and Main Street)

- Current use: vacant
- Size: Approximately 11.5 acres
- Recommended future land use: western portion recommended as Multi-Family Residential, eastern potion recommended as Two Family Residential

- Planned Neighborhood intended to provide a transition between existing industrial to the west and single family to the east

Site D: Quartaro Property (southwest of intersection of Good Hope Road and Main Street)

- Current use: vacant
- Size: Approximately 8.4 acres, 3.3 acres of this is DNR Wetlands
- Recommended future land use: Two Family Residential
- Access would likely need to be on north side of property due to extent of wetlands

Site E: Circle S Property (20040 W. Main Street)

- Current use: vacant
- Size: Approximately 17.8 Acres
- Recommended future land use: Planned Neighborhood

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Recommendations and Key Policy Questions

The Village Board and Plan Commission expressed preference for Scenario 2 as a model for future growth. But, as explained throughout this report, there are a number of assumptions that inform the buildout estimates and impacts to Village operations. This report is not meant to be prescriptive, but rather a model to be refined through additional research and discussion, as well as a means of raising several important policy questions that will likely impact the type, density, and quality of development in the coming years. Examples of such policy questions include:

- Are there new markets/demographic groups that the Village may actively seek to attract by encouraging new housing types?
- Who will be living in Lannon in the future?
- What rate of growth should the Village expect?
- What level of non-residential development and redevelopment does the Village anticipate?
- What sewer capacity (if any) would the Village have at the end of 20 years?

In order to implement the conclusions reached in the previous sections, this report recommends that the Village:

- ❑ Pursue Traditional Neighborhood Development (TND) principles, including making the Village more pedestrian friendly.
- ❑ Adopt amendments to the zoning ordinance to accommodate TND and higher density development without using the Planned Unit Development (PUD) process. At a minimum, adopt the following amendments:
    - ❑ Create one or more single family zoning districts to allow for smaller lots ranging from 6,000 to 15,000 square feet.
    - ❑ Create a two family zoning district that allows for smaller lots ranging from 12,000 to 17,500 square feet.
    - ❑ Create a higher-density multi-family zoning district that allows 20 dwelling units per acre and/or 12 units per building by right. Enable higher density residential through the conditional use permit process or through the PUD process.
    - ❑ Establish design standards applicable to all multi-family development that address site layout, exterior building materials, façade articulation, lighting, landscaping, open space, and screening of equipment.
- ❑ Within Planned Neighborhood areas, utilize the B-1 zoning district to provide for neighborhood-serving commercial uses.
- ❑ Contract with a municipal finance firm to continue to plan for the Village's financial future and further evaluate the financial impacts of new development.
- ❑ Continue to require public roads.
- ❑ Pursue efficient subdivision design standards that ensure there is enough property value per linear foot of road to cover the public cost to maintain the road.

- ❑ Consider Tax Increment Financing (TIF) as a means to fund infrastructure improvements related to development. Use of TIF for new residential development would need to achieve a minimum density of 3 dwelling units per acre.
- ❑ Explore a Road Impact Fee to offset the costs of expansions/improvements of existing roads leading to new development.
- ❑ Investigate a Park and Recreation Improvement Impact Fee to offset the increased demands on the Village parks resulting from new development.
- ❑ Explore a parkland dedication requirement and/or fee in lieu of dedication to offset the cost of future parkland acquisition to serve new residents.
- ❑ Take a proactive approach for redevelopment and infill sites. As changing the categories on the Future Land Use map does not *cause* an immediate change in land use, the Village will have to take deliberate steps to encourage investment on infill and redevelopment sites. This could include reaching out to property owners to determine which sites may become available, evaluating the use of financial instruments such as TIF, recruiting developers, etc.