



Workforce Housing Study

Sister Bay, Wisconsin – January, 2024

TABLE OF CONTENTS

I. Introduction	3
II. Housing Demand Analysis	4
Ownership Single Family Homes and Townhomes – Workforce Submarket	4
Ownership Single Family Homes and Townhomes – Senior Submarket	6
Rental Single Family Homes and Townhomes	8
Rental Apartments	9
J1 Visa Housing	12
Composite Demand Projection	13
III. Strategies for Affordability	14
Case Study 1 – Geneva Ridge	14
Case Study 2 – Rural Homes Initiative	15
Summary Observations	16
IV. Funding Strategies	17
Value Capture Approaches	17
Municipal Resources and Cost Saving Strategies	18
Homeowner Support	18
External Grant Funding	19
Appendix – Market Context Research & Analysis	21

I. Introduction

The Village of Sister Bay is an attractive community in beautiful Door County, Wisconsin. Its economy is anchored in tourism—hosting the people who visit and vacation to enjoy the natural beauty of Door County, and the charm of Sister Bay and other Door County communities.

For all of its benefits, Sister Bay's tourism economy has led to challenges for the local workforce in the form of increasing scarcity of housing that can be bought or rented at reasonable prices. In response to that challenge, the Village is undertaking an initiative to produce housing for the local workforce. It has purchased land and is planning for the development of that land. The purpose of this housing study is to support that planning by identifying the types of housing that are needed, and that can be supported by local demand.

The analytical foundation of this study explored the economic base of Sister Bay, its community demographics, the existing housing inventory, and the dynamics of the housing market. Those findings are documented in a presentation format in the appendix of this report. The following sections of this report build on those findings. They are:

- **Housing demand analysis** analyzes the demand for a range of housing types that can be incorporated into the development plan.
- **Strategies for affordability** summarizes the mechanisms that have been utilized in two instructive case study examples to create housing that is both restricted to the local workforce and is affordable to the local workforce.
- **Funding strategies** presents research on a menu of financial resources that may be applicable for funding elements of the development plan.

II. Housing Demand Analysis

Ownership Single Family Homes and Townhomes – Workforce Submarket

Ownership housing will be offered to Sister Bay's workforce, and possibly also to senior residents of Sister Bay who formerly worked in Sister Bay. The proposed product is a range of low to modest priced single family homes and townhomes, which through a combination of strategies will be offered at below-market prices.

These homes will be a unique product. There are no other new home products in the area of similar type and affordability, so they are expected to generate a great deal of local interest. On the other hand, the demand pool—that is, the population of local workers who are in long-term employment situations—is fairly limited. That impacts the depth of demand.

The estimation of demand is made more difficult by the fact that the market response to the proposed housing type can't be directly observed, since this will be a first in the area. While a handful of single family homes are built each year in the Village, they are typically built to suit and larger homes, with no public support to reduce their price.

In the absence of direct observations of demand, we estimate demand for the proposed ownership housing through a composite of three next-best methodologies.

- Early market responses to similar products that are in the early stages of the development process in Sturgeon Bay and Fish Creek.
- Quantitative estimation through distilling an expected flow of demand from a broader demand pool.
- Expert opinions from local real estate professionals.
- Public response to the development initiative.

Early market responses to similar products. The City of Sturgeon Bay has contracted with a local builder to build homes for Door County employees on a City-owned site. The development is called Geneva Ridge. The homes are being offered at below market price points. The first set of three homes was offered for pre-sale in September on the three lots that front on existing streets. All three have been pre-sold, including two in the first week. They are early in the construction process. The high interest in the homes emerged despite the fact that there was limited marketing of the homes. No special marketing was conducted beyond putting the homes on the Multiple Listing Service. There is reportedly also keen interest in future lots, which aren't ready for pre-sale because they lack street and utility infrastructure.

A development of townhomes is planned in nearby Fish Creek, targeting a workforce market. Like the homes in Sturgeon Bay, and the proposed development in Sister Bay, they will be modest in size. They are receiving a modest amount of public financial support in the form of tax increment financing to support a portion of the street and utility infrastructure construction.

The first two townhomes are under construction speculatively as models, demonstrating the confidence of the developers in the demand for the townhomes, which have not yet been offered for pre-sale.

Quantitative estimation through a distillation model. The demand pool for the proposed development consists of households with a wage earner who works in or near Sister Bay.

Table 1 is a summary of the methodology and assumptions for estimating the demand from a Sister Bay workforce submarket. It segments Sister Bay's workforce by their household earnings to estimate the number of households that have sufficient income to qualify for a mortgage. From that qualified base, it applies additional filters to estimate an annual demand.

Table 1. Estimation of Demand for Ownership Housing – Workforce Demand Pool

Household Income	Total households*	One Income Household**	Two Income Households**	Mortgage Qualifying Households***	Assumptions
\$15,000 per year or less	141	35	106	11	0% of one income households and 10% of two income households can qualify
\$15,000 to \$40,000 per year	252	63	189	57	0% of one income households and 30% of two income households can qualify
Over \$40,000 per year	229	57	172	177	40% of one income households and 90% of two income households can qualify
Total (Demand pool*)	622	156	467	245	
The Sister Bay job and employer are envisioned as the worker's long-term employment				74	30% of demand pool
The employed household is interested in living in Sister Bay as opposed to their current location, and has flexibility to make that move in a given year				11	15% of the preceding

Source: OnTheMap, US Census, Stantec

*According to the Census Bureau's OnTheMap data portal, there were 622 total individuals whose primary (highest earning) job was in Sister Bay in the most recent year of data. Because more than one Sister Bay worker can be in the same household, the number of households with a primary job in Sister Bay is somewhat lower than 622. However, since the proposed homes are intended to be for those who work in Sister Bay and surrounding areas of undefined distance from Sister Bay, that increases the number of households in the demand pool. Because of these opposite effects we used 622 as a good approximation for the number of households that have a primary job in and near Sister Bay.

**75% of households are assumed to have two income earners

***Qualifying for a mortgage of \$250,000+ requires an income of \$65,000 or more

Expert opinions. Two people in the real estate industry in northern Door County have opined on local demand for modest workforce housing products.

- A Door County based builder estimates that the homes built on the Sister Bay property will be an attractive offering, and will sell at a pace of around ten to fifteen per year, with potentially greater sales initially.
- A local real estate broker predicts that fifteen to twenty duplex units will be sold per year in the Fish Creek townhome development that is being launched.

Public response. A community event was held on Saturday, December 9, to present the initiative, to test public interest, and to understand community preferences related to the design of the development. Over 60 households attended, and there was keen interest in the homes. The following information was gathered from attendees.

- 72% of the participants would be first time homebuyers.
- 63% of the participants believe they would qualify for a mortgage (just need a house); only one participant felt they would not, the others were all unsure.
- The majority of participants would need down payment assistance.
- Across the board there is a strong desire for a 3 bedroom, or 3 or more bedroom home, yet when given the choice between the home being affordable or being smaller than desired, respondents overwhelmingly chose affordability.
- The homes were viewed as forever homes with the majority planning to live there over ten years.
- Participants reported on what they could afford to pay for housing costs. 17% could afford \$750/mo.; 19% could afford \$1000/mo.; 28% could afford \$1,250 per mo.; and 23% could afford \$1,500 per month.

Demand estimate. Based on the four complementary points of reference discussed above, we estimate there will be demand for 8 to 18 ownership homes per year from the local workforce submarket. Given the pent-up demand and the novelty of the product, demand for the homes is likely to be stronger in the first few years.

Ownership Single Family Homes and Townhomes – Senior Submarket

The Sister Bay community is an aging population, and the proposed ownership housing will be appealing to some seniors who are no longer in the workforce—particularly those who want to downsize, transition to one level living, or be interested in a new home that might require lower maintenance. There is a limited population of senior residents in Sister Bay. According to the US Census Bureau, around 340 seniors, age 65 and older, are residents of Sister Bay. Around 100 of those are residing in assisted living facilities, leaving 250 in independent ownership or rental living situations.

Seniors who choose to purchase one of the proposed townhomes or single family homes will need to be qualify for a mortgage and prefer an ownership over a rental situation.

Table 2 is a summary of the methodology and assumptions for estimating demand for the proposed ownership housing from Sister Bay's senior population.

Table 2. Estimation of Demand for Ownership Housing – Senior Demand Pool

Household Income	Householder Age 65 to 74	Householder Age 75+	Total	Assumptions
Senior households that can qualify for a mortgage				
\$65,000 to \$99,999	40	31	71	From American Community Survey data
\$100,000 to \$149,999	14	13	27	
Of the preceding households, those who are retired and not included in the workforce demand analysis in Table 1				
\$65,000 to \$99,999	27	31	58	Two-thirds of the householders in the age 65 to 74 cohort are retired
\$100,000 to \$149,999	9	13	22	
Of the preceding households, those who are living independently and not in Sister Bay's assisted living facilities				
\$65,000 to \$99,999	27	15	42	50% of the seniors in the 75+ age cohort are in Sister Bay's assisted living facilities
\$100,000 to \$149,999	9	7	16	
Total (Demand pool)	36	18	58	
Interested in moving to a new home before requiring long term care			15	25% of demand pool
Prefers ownership over rental			5	33% of the preceding
Ready to move in a given year			1	15% of the preceding
Prefers rental over ownership			10	33% of the preceding
Ready to move in a given year			2	15% of the preceding

Demand estimate. Based on this analysis, we estimate there will be demand for 1 ownership home per year from the local senior submarket, and 2 rental housing units. However, given pent-up demand and the novelty of the product, demand for the homes is likely to be stronger in the first few years.

Rental Single Family Homes and Townhomes

The single family homes and townhomes described above could also be offered in a rental format. This discussion assumes the construction cost of rental homes would be reduced by similar mechanisms to the ownership housing, resulting in somewhat below-market rents, and the tenants would again be restricted to Sister Bay's workforce and retirees.

Rent levels are elevated in Sister Bay because of new sources of demand. People are renting homes year round in order to come to Sister Bay on weekends during the summer months. Others apartments and homes have been converted into short term rentals. This has taken rental housing out of circulation for traditional year-round rental households, and the production of new rental housing hasn't kept pace with the demand pressures.

Like the ownership housing, modest rental homes and townhomes would be a unique combination of housing type and affordability in Sister Bay, and for that reason they are likely to generate significant local interest. They may be seen as attractive to:

- Households who currently rent an apartment or home in Sister Bay, since for some it would be a higher quality rental environment at a similar cost.
- Households that might prefer to own but don't qualify for a mortgage.
- New employees to the community who may prefer to rent initially to give them time to scope out the community and make sure the job will work out in the long term.
- Seniors who are seeking to downsize and move to a lower maintenance situation.

On the other hand, estimated rents for the new rental homes would be between \$1,500 and \$2,000 per month, and most of those who could afford this rent would be able to pay the mortgage and become homeowners. So the core market for the new home rentals are those who would have other options and are renters by choice, at least in the short term.

To our knowledge, the product—new construction, below market, rental homes—are a unique offering in northern Door County, so we can't observe the demand response directly in a comparable situation. But given the considerations presented above we estimate the demand for new construction rental homes would be around a third of that of the ownership product.

Demand estimate. The demand for new construction rental homes or townhomes is estimated to be 2 to 5 homes per year. However, Given the pent-up demand and the novelty of the product, the initial response would be expected to exceed that.

Rental Apartments

Affordable rental apartment options are needed in Sister Bay. Local workers who rely on rental apartments are facing low availability and increasing rent levels, as demand for apartments (in the form of short-term rental offerings, and vacation homes for people who spend time in Door County seasonally) outstrips apartment production. In other words, the local workforce has to match the rent levels that the new submarkets are willing to pay.

Modest rental apartment developments can be offered at rent levels that reach another tier of the local workforce. Three such market rate apartment developments have been built in the area since 2020—Harbor Ridge, Bay Pointe Apartments and The Peninsula Apartments—all

in Sturgeon Bay. Rents for 1 bedroom units average around \$1,100. Rents for 2 bedroom units average around \$1,350. In Sister Bay, with the local government support and cost-efficiency strategies that are being utilized, apartment rents for similar products could be a bit lower than these examples.

The performance metrics of the Sturgeon Bay apartments and the market rate apartments in Sister Bay are noted here.

- The rent levels of the recent apartments in Sturgeon Bay are noted above. The 2020 property is at full occupancy. The two 2023 properties are still leasing up and are near full occupancy.
- Rents are averaging over \$1,400 per month for market rate apartments in Sister Bay (J Taylor Park, Glen Estates and Niagara Ridge), with vacancy rates near 0%.

If workforce apartments are offered at or below the prices of the Sturgeon Bay properties, it is clear that there will be strong demand for the apartments in the short term. However, given the apartments are limited to the local workforce, the demand pool is limited and it is important to analyze the depth of demand. Table 3 provides an estimate of the depth of demand, based on the rents that are currently paid by the local workforce. Households that are currently paying between \$800 and \$1,500 would be potentially interested in the new rental apartments—although it may be a stretch for households who are paying rents at the lower end of the rent spectrum.

Table 3. Estimation of Demand for Cooperative-Owned Rental Apartments

Monthly Rent Paid	Local Households	Workforce Households	Assumptions
\$800 to \$899	10	21	From American Community Survey Data. Local household rents are converted to rents paid by the Sister Bay's workforce households using ratios from OnTheMap
\$900 to \$999	15	31	
\$1,000 to \$1,249	19	40	
\$1,250 to \$1,499	33	69	
Total (Demand pool)	77	161	
Households who see the new apartments as preferable to their current situation		56	35% of demand pool

A note on meeting local objectives. To meet local objectives, apartments tenants need to be restricted to the local workforce. Short-term rentals need to be prohibited. And preferably rent levels will correspond to the actual expenses related to managing and maintaining the building, rather than rising in alignment the the rest of the rental market. There are several alternative strategies for meeting these objectives.

- The property is sold to a property owner with deed restrictions that ensure some of these conditions.
- Public ownership of the property is retained, and a management company is hired to manage the property.
- The property is sold to a tenant owned cooperative.

The public and cooperative ownership strategies seem most likely to prevent future market based rent escalation. The tenant cooperative model would reinforce the character of the new community as being intended for the local workforce, and it would confer on them as much self-determination as possible.

Demand estimate. If rent levels are achieved that are equivalent to or below those of the recent Sturgeon Bay developments, there is an estimated demand of around 56 units of rental apartments in Sister Bay. A development of half of the units should be explored in an initial phase. All are expected to be absorbed in a five to eight year period.

J1 Visa Housing

The Village of Sister Bay adds a large temporary workforce over the summer months. Many of this temporary workforce are students with J1 visas who are participating in the Summer Work Travel (SWT) program. Table 4 shows that 160 students lived and worked in Sister Bay through this program in 2023. This workforce is essential for local businesses to meet the demand surge of the summer months. Housing is required for all SWT program participants. The scarcity of housing in the summer months puts constraints on hiring the summer workforce needed by the local businesses.

Table 4. SWT Workers by City, 2023

City	SWT Workers
Sister Bay	160
Egg Harbor	161
Ephraim	46
Sturgeon Bay	80
Fish Creek	33
Baileys Harbor	27
Ellison Bay	15
Washington Island	13
Total	535

Other seasonal workers also come to Sister Bay over the tourist season to work in Sister Bay businesses.

The limitations on housing for the seasonal workforce makes it difficult for local businesses to meet their demand for tourist season workers. Some seasonal worker housing could be included in the proposed housing development—perhaps in a cluster housing or congregate living format. New construction rents—even if they benefit from some cost savings associated with the proposed development—may be too high for this to be an optimal solution for local employers. But further exploration is warranted.

Composite Demand Projection

Table 5 utilizes the preceding analysis to project an estimated demand for each housing format in five year increments from 2023 to 2043.

Table 5. Composite Demand Projection, by Five Year Increments

Five Year Demand Estimates	Ownership Homes		Rental Homes		Rental Apartments	J1 Visa Housing
	Single Family Homes	Townhomes	Single Family Homes	Townhomes		
2024 to 2028	56	24	6	12	40	Depends on selected construction format, financial contribution of local businesses
2029 to 2033	28	12	4	8	20	
2034 to 2038	28	12	4	8	15	
2039 to 2043	28	12	4	8	15	
Total	140	60	18	36	80	

III. Strategies for Affordability

A primary objective of this initiative is ensuring that the housing is available to the local workforce, and does not serve as second home or short term rental housing. Two case studies offer a wealth of lessons in this regard.

Case Study 1 – Geneva Ridge

Geneva Ridge is under development on 5.47 acres of land that was purchased and is owned by the City of Sturgeon Bay. The goal of the City is to collaborate with a builder in the development of modest single family homes, and restrict the homes to households employed in Door County businesses.

Sturgeon Bay has contracted with Portside Builders to build around 24 homes on the property. A development agreement between the City and Portside Builders establishes the responsibilities of the two parties. The development agreement also includes pre-approved home designs for a set of homes that will be offered at established prices to buyers—subject to inflationary adjustments as defined in the agreement.

Sturgeon Bay will take responsibility for subdividing the property and building street and utility infrastructure for the development. Portside Builders will market the homes, and build the homes that are selected by the homebuyer.

The responsibility for payment of the roughly \$37,000 cost of street and utility development will be assigned to the homebuyer as a deferred special assessment. Payment will be deferred as long as the buyer remains in the home, and one-sixth of the assessment will be forgiven each year over a six year period.

Initial buyers of homes are restricted to active full-time employees of a Door County based business.

A deed restriction prohibiting short term rentals will be placed on the property—a restriction that will pertain to all future buyers of the property.

The City's investment in land and infrastructure was largely funded through a TIF district that was extended to encompass the property. The City also extended another TIF district for an additional year, and directed those funds to this purpose.

Case Study 2 – Rural Homes Initiative

Telluride, Colorado, has an economic context that is similar to Sister Bay. Its strong tourism economy has put a great deal of pressure on the housing stock, making it unaffordable for most of the people who work in Telluride. Outsiders to the area are building second homes, and housing units are being repurposed as short term rentals.

The Telluride Foundation is a local nonprofit in Telluride, Colorado. It has developed a program called “Rural Homes Initiative” to create housing that is affordable to the local workforce and restricted to the local workforce. Through this program the Foundation has created rural workforce housing in several locations near Telluride.

The homes were produced through a collection of financing mechanisms.

- All of the developments were built on land that was donated for this purpose.
- The homes use modular, factory-built methods, which results in cost efficiencies when building in volume.
- A capital fund, secured through donations from wealthy residents, provides the construction financing.
- The housing taps into the county's affordable housing setaside from real estate transfer taxes, [as established by the State of Colorado](#).
- Funds from Colorado Division of Local Affairs were utilized for sewer and water provision.

The initiative has also assembled resources for purchasers of the homes.

- No interest and low interest loans have been secured from banks and other parties.
- The foundation offers a downpayment assistance program that can help homebuyers close on their mortgages.
- Home buyers can also make use of support services to repair credit and build financial and homeowner literacy.

Homes are targeted to the local workforce through a set of deed restrictions

- The homeowner needs to reside in the home at least nine months of the year.
- Homeowners need to earn less than 120% of AML.
- Value appreciation is capped by an inflation benchmark that averages around 4% per year.

Summary Observations

The local workforce can face acute challenges in settings with a strong tourism economy because the existing housing stock faces multiple sources of demand, and much of the local workforce is in the relatively low paying hospitality and service industries.

These case studies share some common features.

- There is public or nonprofit ownership of the development site.
- A set of resources and strategies are utilized to reduce the cost of development.
- The sale of homes are restricted to the local workforce.
- Deed restrictions on the property ensure that the property is not converted to short term rental use.

The case studies differ in the source of funds used to reduce the cost of development, and the support that is provided to the purchasers of the homes.

IV. Funding Strategies

As demonstrated in the case studies from the previous section, a key element of the development vision is reducing the cost of the homes for future buyers. A range of financing strategies can be explored to achieve that goal. Value capture approaches such as tax increment financing (TIF) take advantage of new property tax revenues to fund development. A range of other public and philanthropic funding and cost-reduction strategies can be explored. Support that is targeted to the buyers of homes make the homes more affordable to them. External grant resources can be pursued to support elements of the development vision.

Value Capture Approaches

Tax increment financing. Tax increment financing (TIF), which leverages increases in property taxes to support front end project costs, could be an effective funding mechanism for this project. However, extending a tax increment district to this property may be difficult and will require further evaluation.

Alternative value capture approach. An alternative approach to value capture can be fashioned by local governments to function similar to TIF, subject to legal review. The municipality, and potentially other taxing jurisdictions, would direct new property tax revenues into a workforce housing fund for an initial period of time after construction. Since these are new revenues, that capitalizes a housing fund with no reduction to the revenue that is already flowing to the municipality's general fund.

- **Using revenues from the market rate development of new homes in Sister Bay.** In a scenario where the first ten years of property tax revenues from newly built single family homes are directed into a housing fund, the contribution to the fund will be around \$10,000 per year in year 1, and around \$100,000 per year in year 10 and subsequent years. If Door County agrees to contribute their first ten years of property tax revenues as well, roughly 57% more resources would be generated.
- **Using revenues from the workforce housing initiative itself.** If the first ten years of property tax revenues from the Village's workforce housing initiative are directed into a housing fund, the contribution to the fund will be around \$15,000 per year in year 1, and around \$150,000 per year in year 10 and subsequent years. If Door County agrees to contribute their first ten years of property tax revenues as well, roughly 57% more resources would be generated.

Municipal Resources and Cost Saving Strategies

- **Land and utility contributions.** Municipalities can contribute land and utility infrastructure to development, if the cost of that infrastructure is covered by another mechanism.
- **Public sector resources.** Local government resources such as CDBG or general fund allocations can be applied to housing development
- **Municipal bond financing.** Public sector bonding is generally subject to lower interest rates than traditional project financing.
- **Philanthropic fundraising.** Charitable contributions can support a local housing fund.
- **Modular home construction.** Modular home construction can potentially yield cost savings.
- **Other cost saving design strategies.** These may include kitchenless housing or shower-only homes, as well as accessory dwelling units which create smaller structures at lower costs and may provide a source of income to the homeowner.
- **Public/private partnerships and public/non-profit partnerships.** These have the potential to bring collaborative problem solving and additional resources to the initiative.

Homeowner Support

- **Below market mortgages.** Below market mortgages can be pursued from a local lender.
- **Homeowner support programs.** Homeowner programs can support prospective buyers with credit enhancement services and downpayment assistance. Some of these are targeted to first time homeowners or households who meet income thresholds. Lakeshore CAP is a local provider of such programs through its Lakeshore CAP Home Buyer and Financial Assistance Program. Income-eligible households buying a home will receive financial planning, education and counseling, and upon completion of those program elements may be eligible for direct loans with a low or no interest rate to assist with their down payment and closing costs. NeighborWorks Green Bay also provides homebuyer education and counseling, and downpayment and closing cost assistance.
- **Land contracts and contracts for deed.** These are contractual arrangements that lead to home ownership in situations where purchasers of homes may not be able to obtain a mortgage. The contract establishes terms for the resident to make payments until the home is paid off and the title is transferred to the resident—or until the payment stream has been sufficient to allow for a mortgage to be obtained to pay off the remaining debt and assume title to the home.

- **Angel investor homes.** Homes are financed and owned by a philanthropic investor for the purpose of initiating a lease-to-own arrangement with a local homebuyer.

External Grant Funding

Stantec's North American Funding Team researched sources of grants that have potential for supporting elements of Sister Bay's workforce housing initiative. In general terms, grants for housing are largely targeted to low-income and subsidized housing. However, the following funding programs merit further exploration.

Wisconsin Housing and Economic Development Authority

- **Housing Infrastructure Revolving Loan Fund.** This program was authorized in summer of '23 and may not be operational yet. It is intended to support the costs of installing, replacing, upgrading, or improving public infrastructure related to workforce housing or senior housing.
- **Tax Exempt Bond Financing.** Tax exempt bonds bring public financing into a project that is more cost effective than the construction or development financing that can be secured by a developer.
- **Construction Plus Loan.** This can finance up to 90% of the development cost of rental housing for families, elderly, or people with disabilities. The current rates are not very favorable – 8.47% to 8.72%.

Note that the Neighborhood Investment Fund and the Affordable Workforce Housing Grant were two initiatives proposed by the Governor's budget that ultimately did not pass in 2023. However, they could be viable options in the future if more legislative support is secured.

U.S. Inflation Reduction Act

- **Residential Clean Energy Credit.** This program provides 30% tax credit with no annual minimum or lifetime limit, for expenditures on solar, wind, and geothermal power generation, solar water heaters, fuel cells, and battery storage.

US Department of Agriculture

- **Rural Community Development Initiative Grants.** [508 RD FS RHS RuralCommunityDevInitiatives.pdf \(usda.gov\)](#) This program requires a 50/50 match. It won't pay for construction, but it can be used to develop fundraising, set up a housing trust fund, or apply for other funding solutions.
- **Single Family Housing Direct Loans** [Single Family Housing Direct Home Loans | Rural Development \(usda.gov\)](#) This is a program for very low income home buyers, as opposed to developers.

- **Single Family Housing Direct Loan Guarantee** [Single Family Housing Guaranteed Loan Program | Rural Development \(usda.gov\)](#) This is a program for moderate income home buyers, as opposed to developers.

Appendix – Market Context Research & Analysis

Economic Drivers

Demographics

Housing Inventory

Market Dynamics

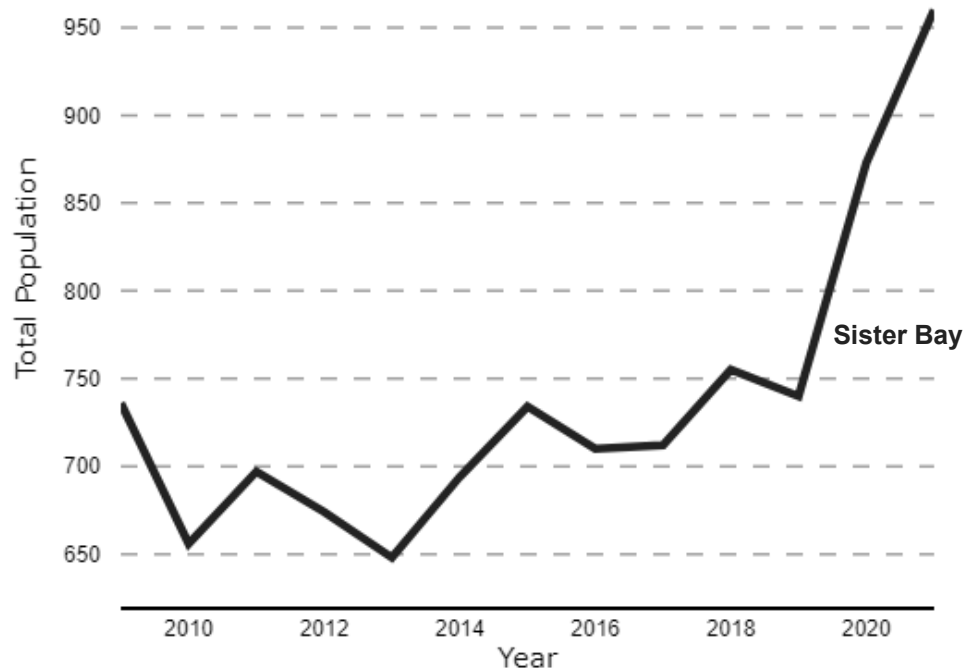


Economic Drivers

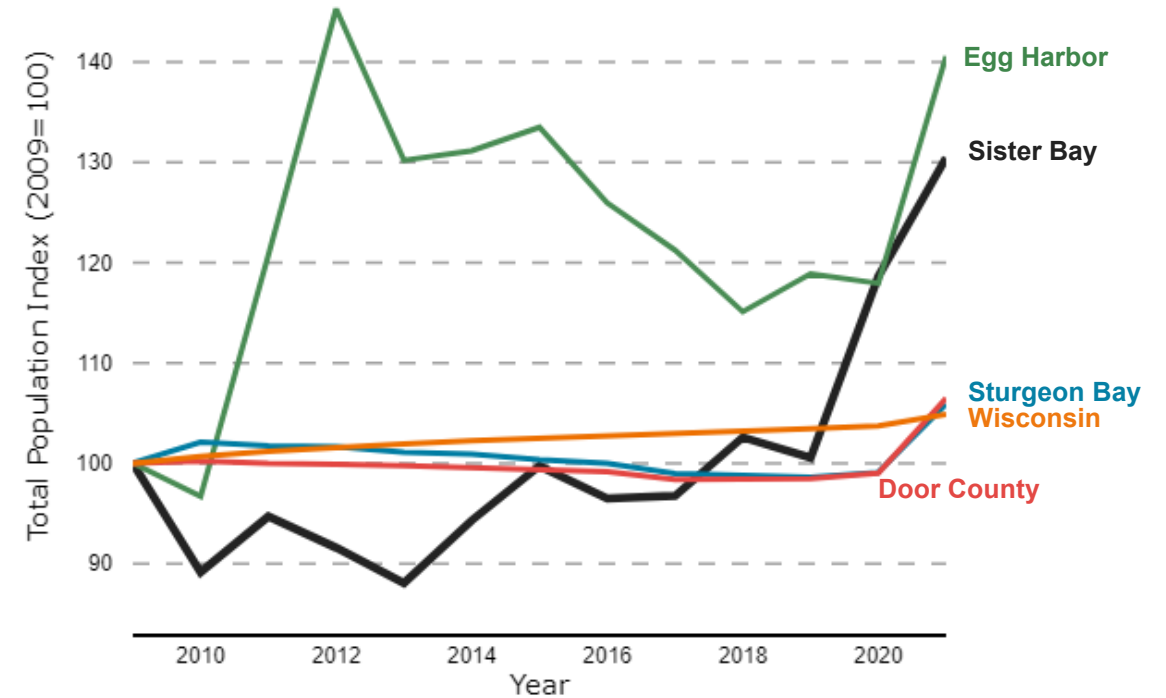


Sister Bay's population dropped during the Great Recession but since recovered. The population grew rapidly after 2019 and through the pandemic, increasing from 750 to 950 persons. Its growth rate outpaces the broader county, but is matched by Egg Harbor.

Total Population Change



Indexed Population Change (2009=100)



Source: ACS 5-Year Estimates, 2009-2021

Source: ACS 5-Year Estimates, 2009-2021



Sister Bay’s Economic Structure: Thinking through the “New Economy”

The New Economy refers to transitions in the North American industrial structure post-globalization and the central drivers of regional economic development.

New Economy High Wage sectors are ‘Head’ based jobs that remain concentrated in urban centers and are historically less prone to geographical relocation. These industries remain the main catalyst for agglomeration – or spatial concentration – of jobs. Wages in these sectors often drive effective demand for other service-based industries, medical services, and education.

New Economy Low Wage sectors grow in proportion to other regional economic drivers. They are non-tradeable sectors and are ‘geographically sticky.’ Due to lower labor productivity, growth in demand is met with increased labor. Wages remain low, although exceptions exist (such as Wholesale Trade).

Blue Collar sectors contain industries historically central to a manufacturing-based economy and contain tradeable goods that benefit from economies of scale. Manufacturing – in particular – is less geographically sticky in an era of globalization. These jobs often have lower educational requirements, but due to higher productivity, skill demands, and union density, wages remain higher than service sector work.

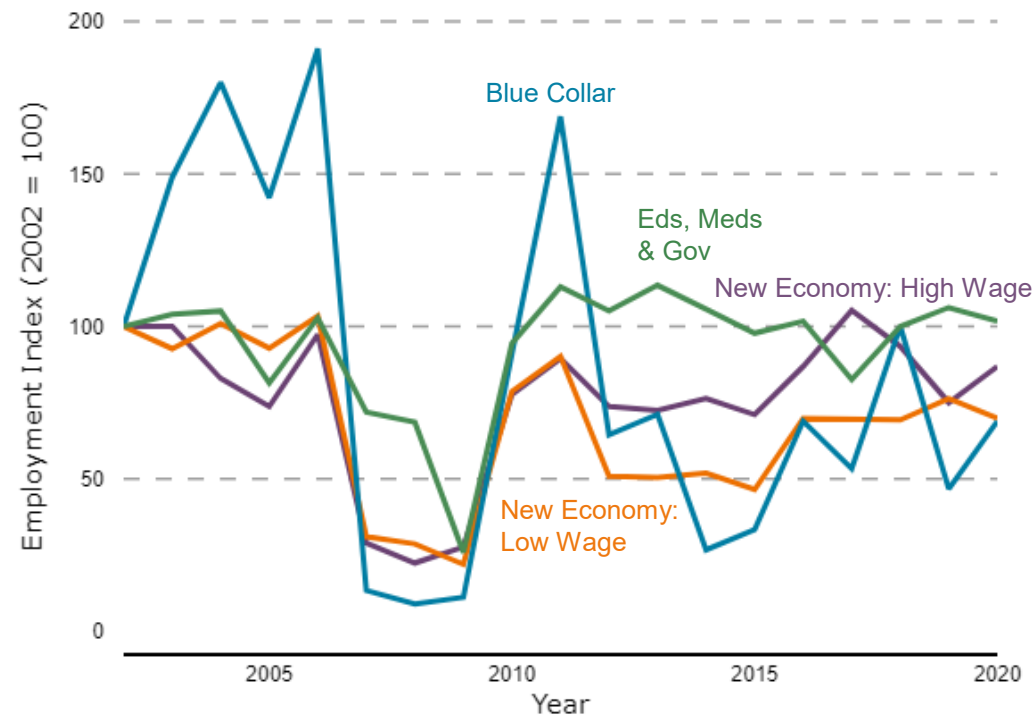
Eds, Meds and Gov contain industries having higher proportions of middle-income wage earners due to educational requirements. These jobs concentrate both in regional hubs driven by New Economy High Wage jobs and in historic regional centers. They are non-tradeable goods and place-bound.

Analytical Category	NAICS Sectors
New Economy: High Wage	Finance and Insurance Real Estate and Rental and Leasing Information Management of Corporations Professional and Business Services
New Economy: Low Wage	Transportation and Warehouse Wholesale Trade Retail Trade Arts, Entertainment and Recreation Accommodation and Food Services Other Services
Blue Collar	Construction Manufacturing Utilities Agriculture, Forestry, Fishing and Hunting Mining, Quarrying, and Oil and Gas Extraction
Eds, Meds and Gov	Educational Services Health Care and Social Assistance Public Administration



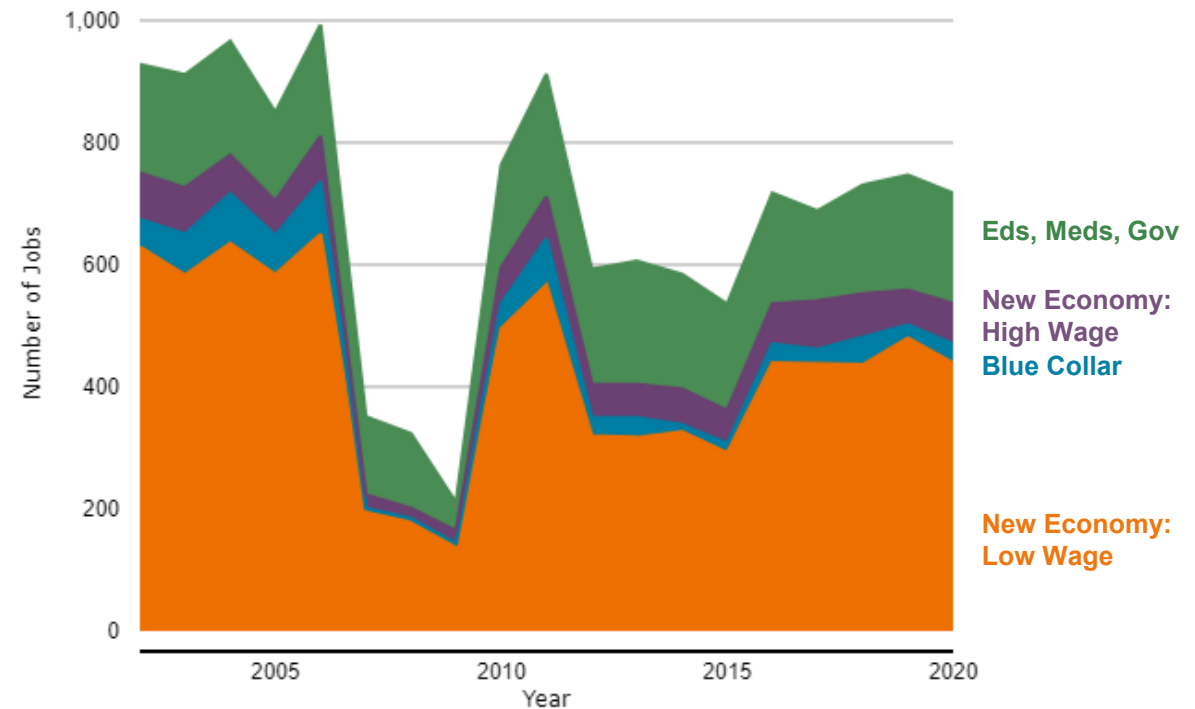
Sister Bay's economy is anchored by hospitality and government jobs with temporary bursts of construction oriented blue-collar work.

Indexed Growth by Industrial Category



Source: OnTheMap, 2002-2020

Job Growth/Share by Industrial Category



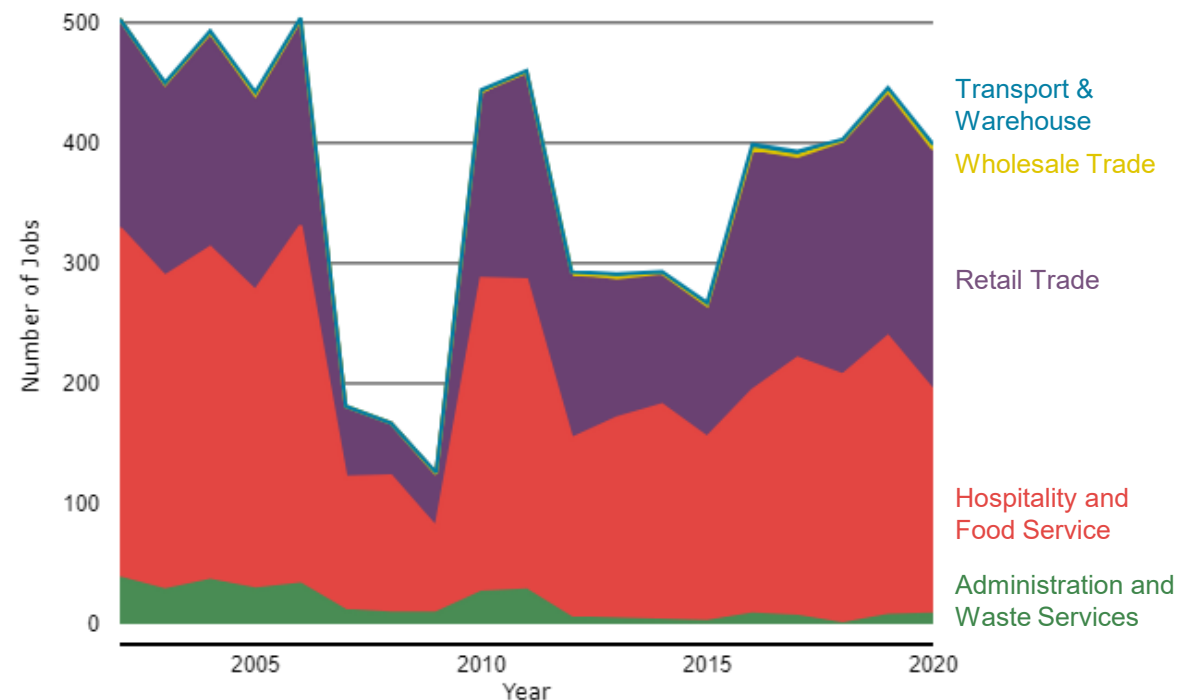
Source: OnTheMap, 2002-2020



New Economy: Low Wage

Within the “New Economy: Low Wage group of industries, Sister Bay's largest economic driver is in the tourism business, with larger industrial job shares in Retail Trade and Hospitality and Food Service. These industries have a higher proportion of low income earners.

“NELW” Job Growth/Share by Industrial Category



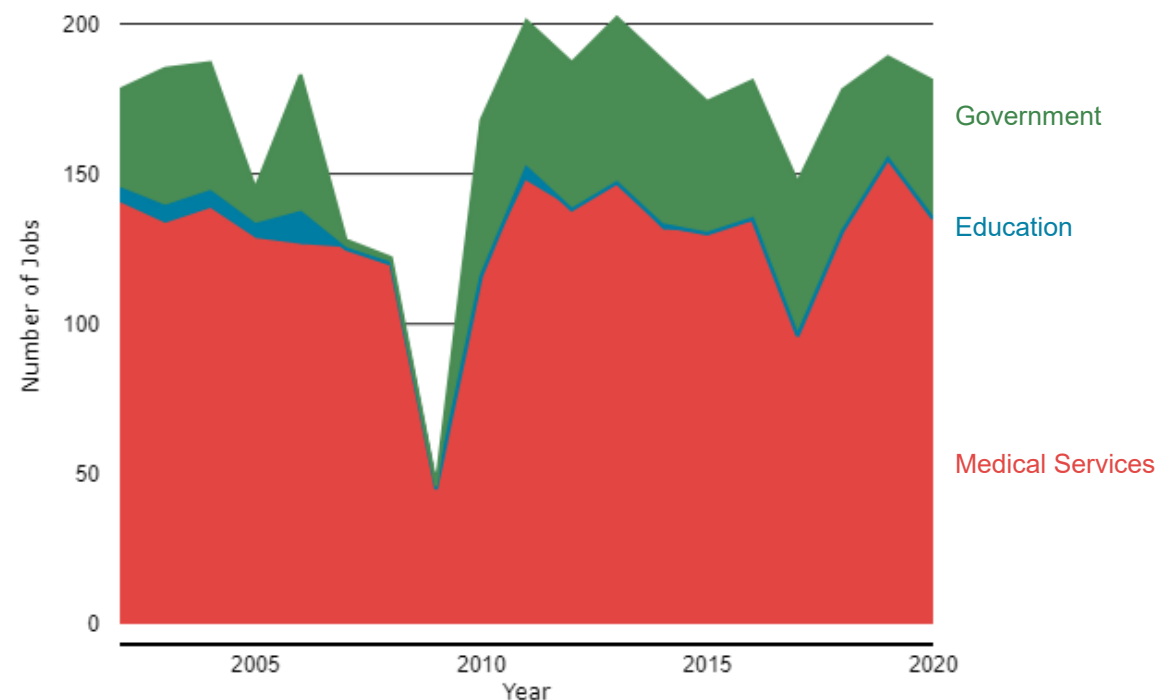
Source: OnTheMap, 2002-2020



Eds, Meds & Gov

The second largest slice of the economy are Education, Medical Services, and Government jobs. Within this group of industries, Medical Services is the largest share of employment. Public sector jobs grew after the Great Recession and remain an important employment sector.

Eds, Meds and Gov Job Growth/Share by Industrial Category



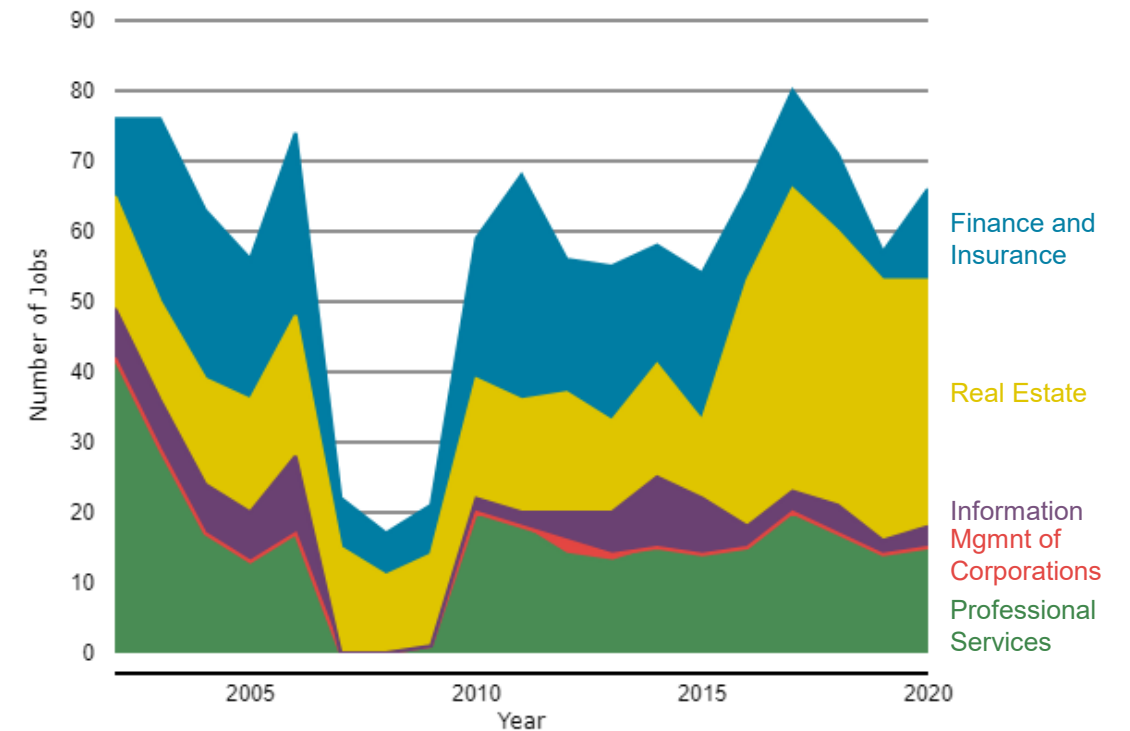
Source: OnTheMap, 2002-2020



New Economy: High Wage

Of the relatively small share of jobs in this group of industries, the majority of positions are in Real Estate services.

“NEHW” Job Growth/Share by Industrial Category



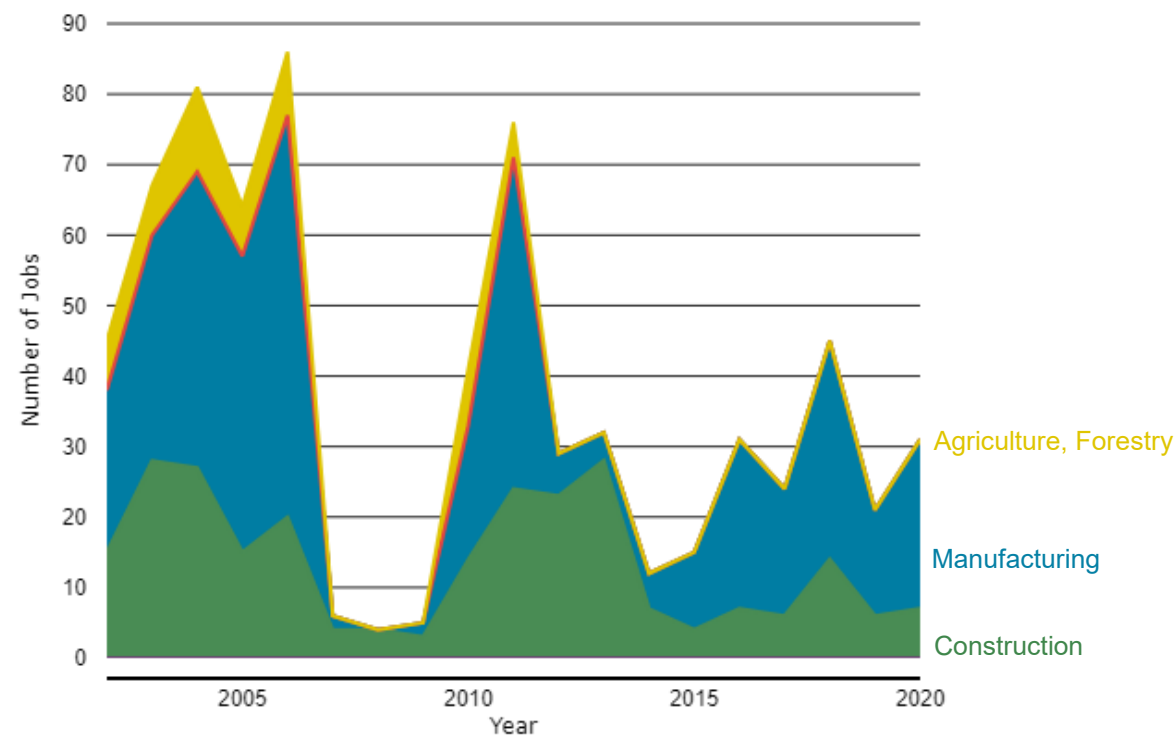
Source: OnTheMap, 2002-2020



Blue Collar

Sister Bay's 'Blue Collar' sector is smaller than average, with tens of jobs in manufacturing and construction businesses.

Blue Collar Job Growth/Share by Industrial Category

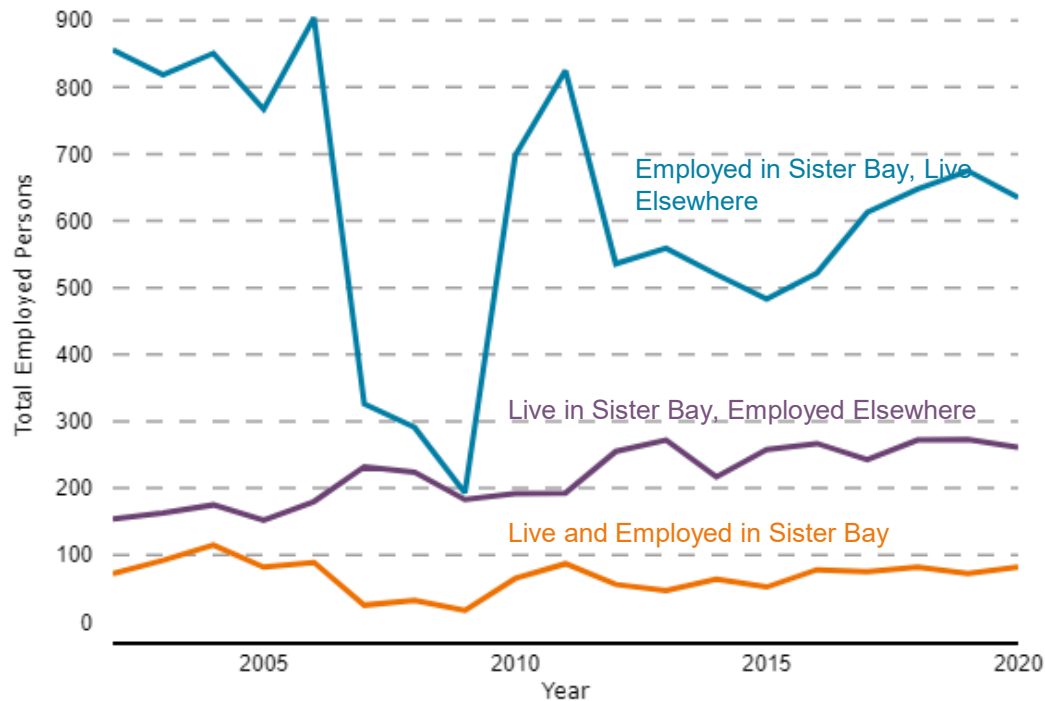


Source: OnTheMap, 2002-2020

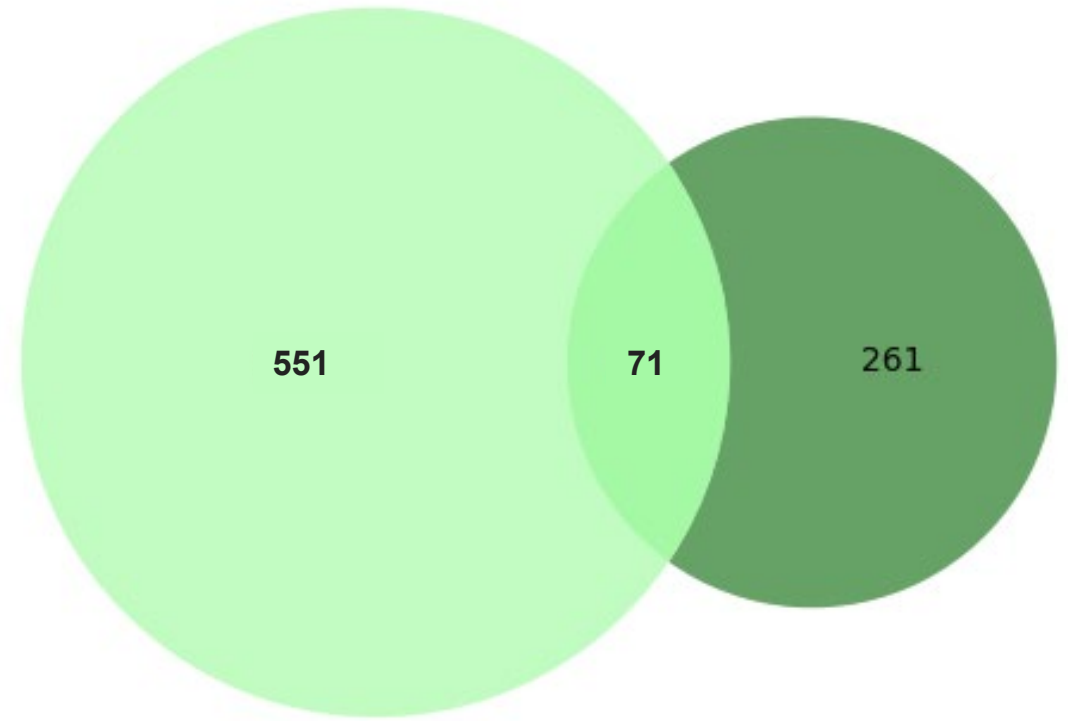


Sister Bay's total employment base of 622 primarily consists of people who commute into the village. The number of employed who live and work in Sister Bay has remained proportionate over time.

Inflow and Outflow from Sister Bay Over Time



Source: OnTheMap, 2002-2020.



Work in Sister Bay,
Live Elsewhere

Live and Work in
Sister Bay

Live in Sister Bay,
Work Elsewhere



The majority of employed persons coming into Sister Bay for work do so from the broader Door County, whereas Sturgeon Bay is the second largest employment source. People who work elsewhere primarily commute to Sturgeon Bay.

Count and Share of Primary Jobs by County where Workers Live, 2021

	Count	Share
Door County, WI	490	78.8%
Brown County, WI	19	3.1%
Manitowoc County, WI	13	2.1%
Kewaunee County, WI	10	1.6%
Milwaukee County, WI	7	1.1%
Cook County, IL	5	0.8%
Marquette County, MI	4	0.6%
Outagamie County, WI	4	0.6%
Walworth County, WI	4	0.6%
Florence County, WI	3	0.5%
All Other Locations	63	10.1%

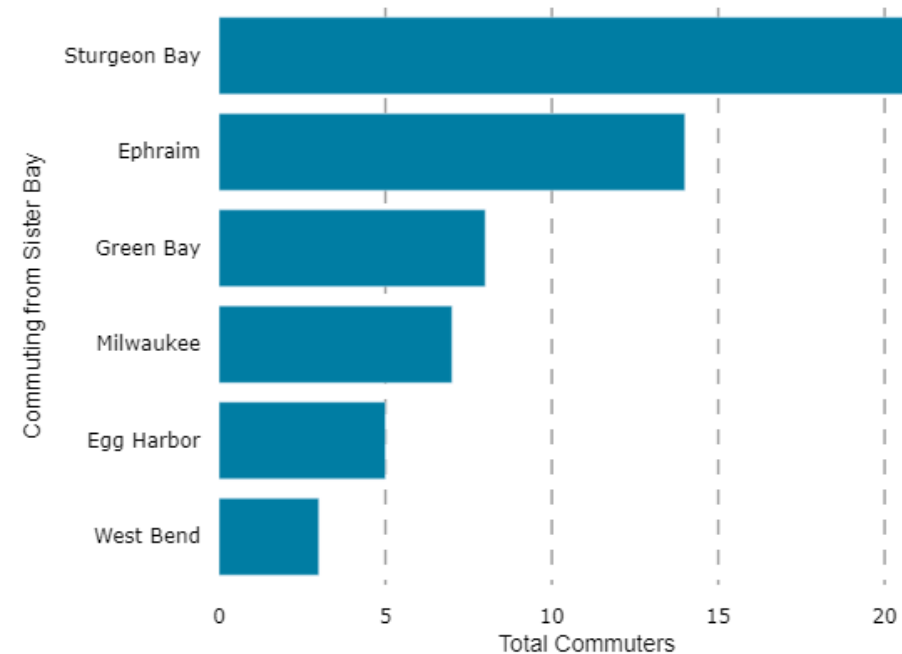
Source: OnTheMap, US Census Bureau

Count and Share of Primary Jobs by County Subdivision where Workers Live, 2021

	Count	Share
Sister Bay village (Door, WI)	71	11.4%
Gibraltar town (Door, WI)	69	11.1%
Liberty Grove town (Door, WI)	64	10.3%
Sturgeon Bay city (Door, WI)	62	10.0%
Egg Harbor town (Door, WI)	46	7.4%
Baileys Harbor town (Door, WI)	35	5.6%
Sevastopol town (Door, WI)	35	5.6%
Washington town (Door, WI)	30	4.8%
Ephraim village (Door, WI)	21	3.4%
Egg Harbor village (Door, WI)	15	2.4%
All Other Locations	174	28.0%

Source: OnTheMap, US Census Bureau

Top Employment Destinations for Sister Bay Residents, 2021



Source: OnTheMap, US Census Bureau



Takeaways: Economic Drivers

A Tourism Center: Much of Sister Bay's employment activity is rooted in Tourism sectors, including accommodation, food services, and retail trade. Wages tend to be proportionately smaller in these sectors.

Healthcare and Public Sector: The second largest industrial base are healthcare and public sector workers. A large proportion of medical service workers work at the Door County Medical Center and in assisted care facilities. These industries tend to have a broader proportion of middle-income salaries.

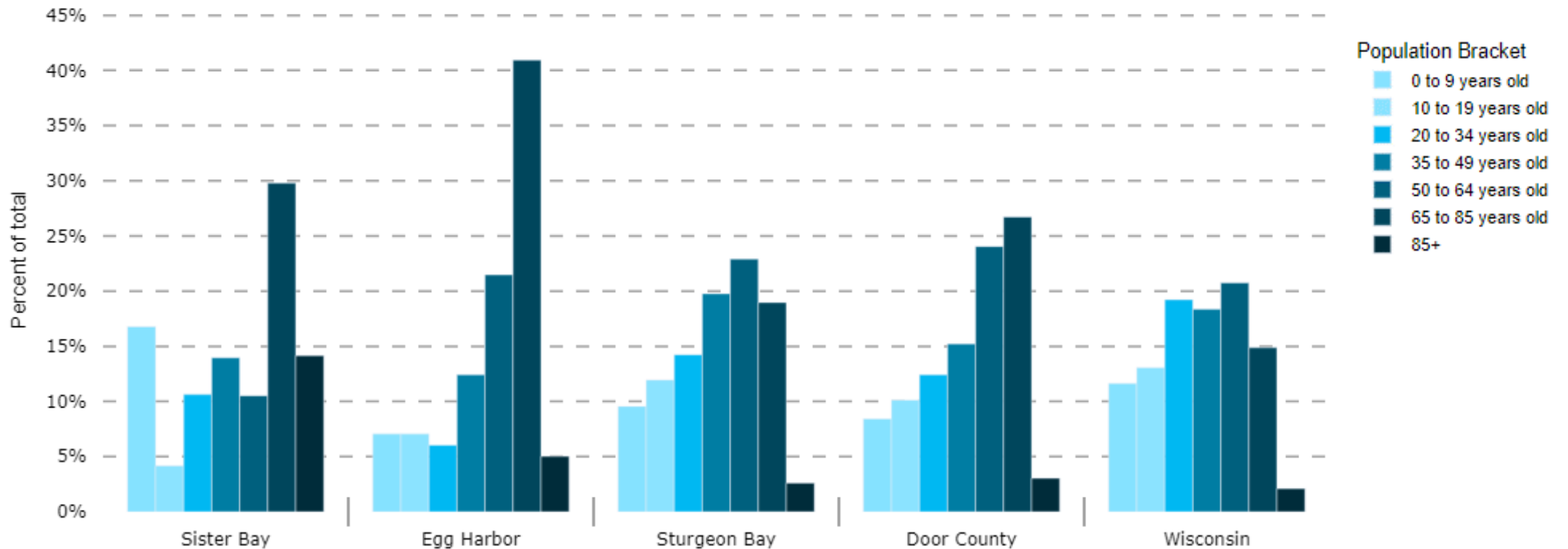


Demographics





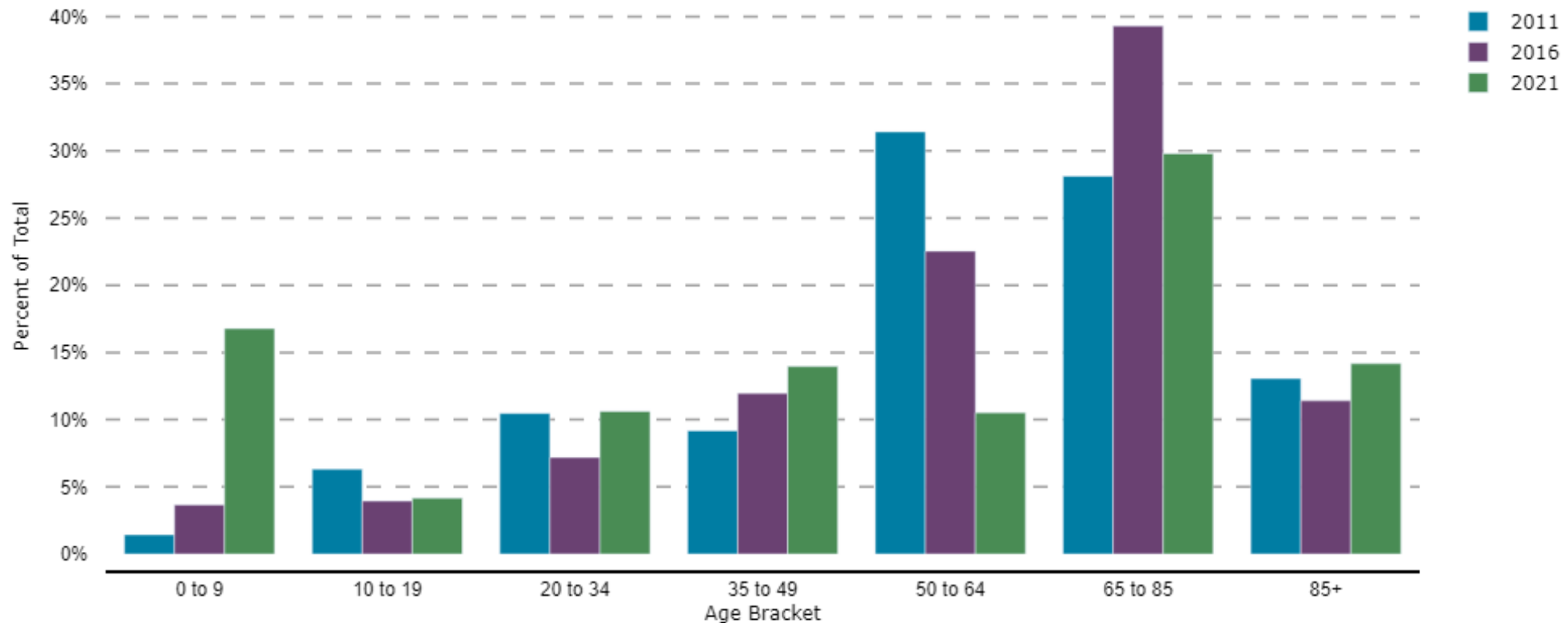
Sister Bay's population structure trends older than average for Wisconsin or a larger, less tourism-oriented city like Sturgeon Bay. Sister Bay has experienced some growth in households with younger children relative to other tourism-based villages.



Source: ACS, 5-year estimates, 2021



The age group with strongest growth is in the 0-9 age group. The largest proportion of community residents by age bracket are shifting into primary retirement age where fixed incomes are more common.

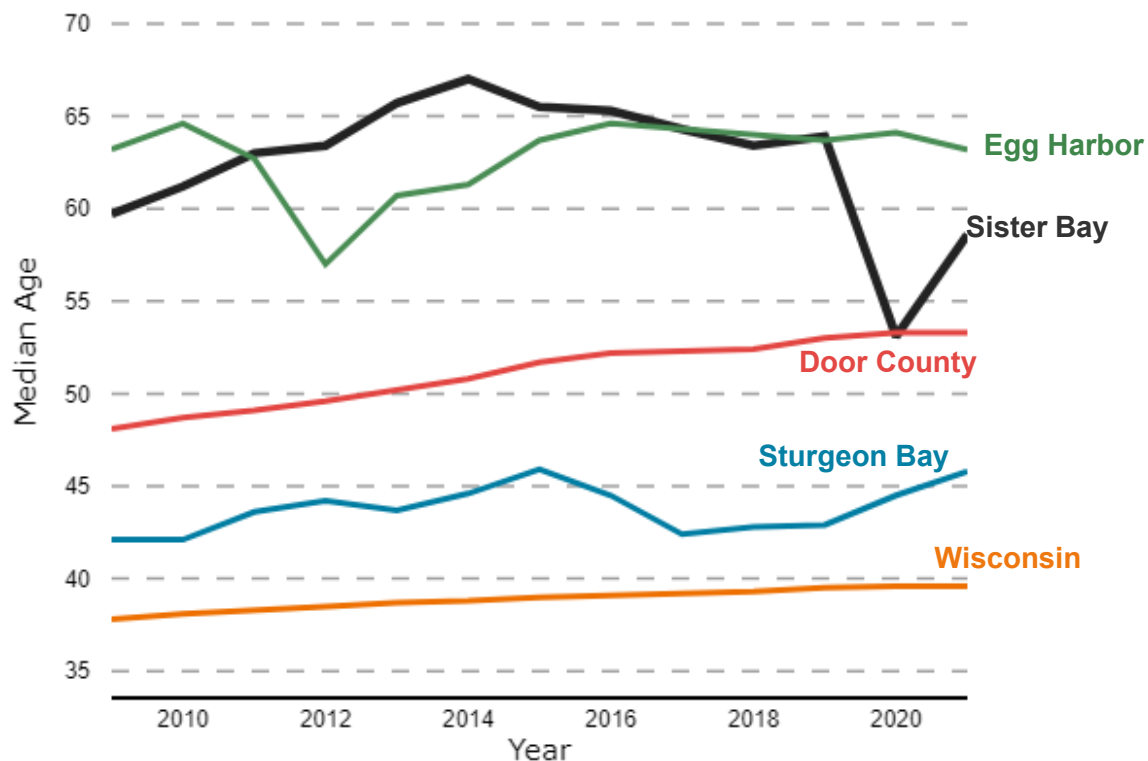


Source: ACS, 5-year estimates, 2021



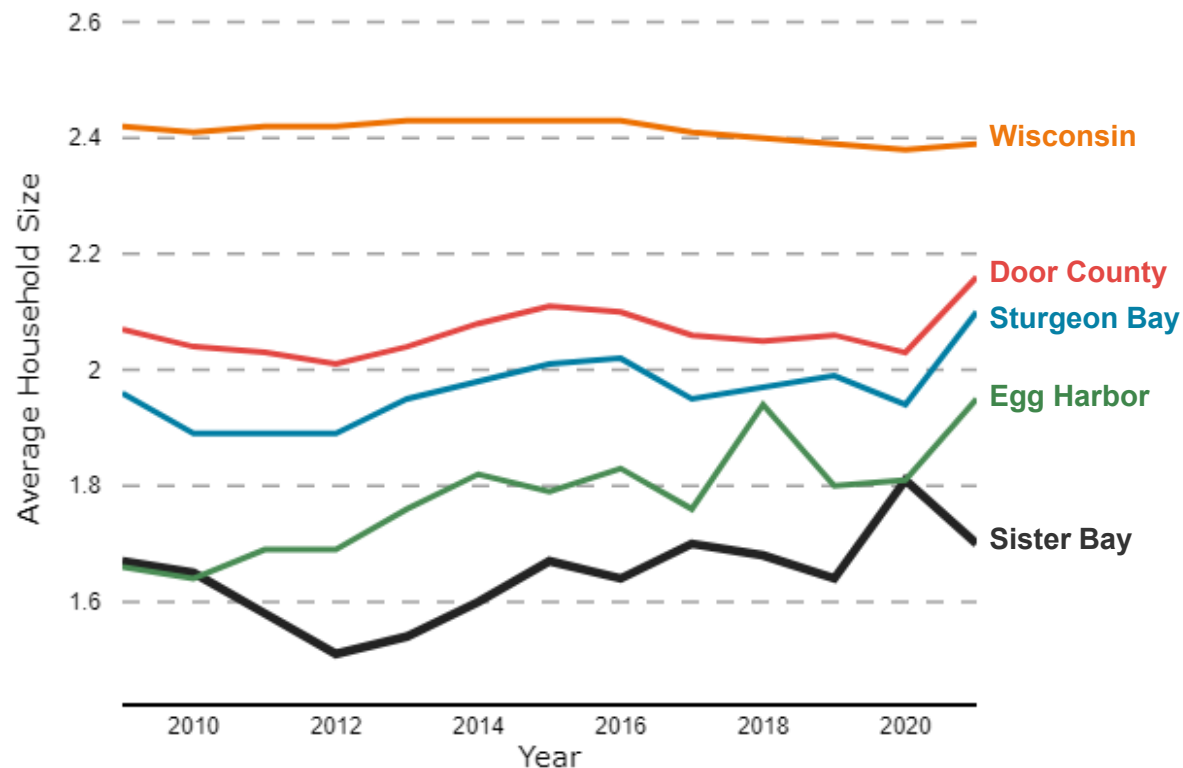
The median age is 59, older than average for Wisconsin, but on par with other tourism and vacation-home oriented places. The median age is trending slightly younger and toward larger households.

Median Age Trends



Source: ACS, 5-year estimates, 2009-2021

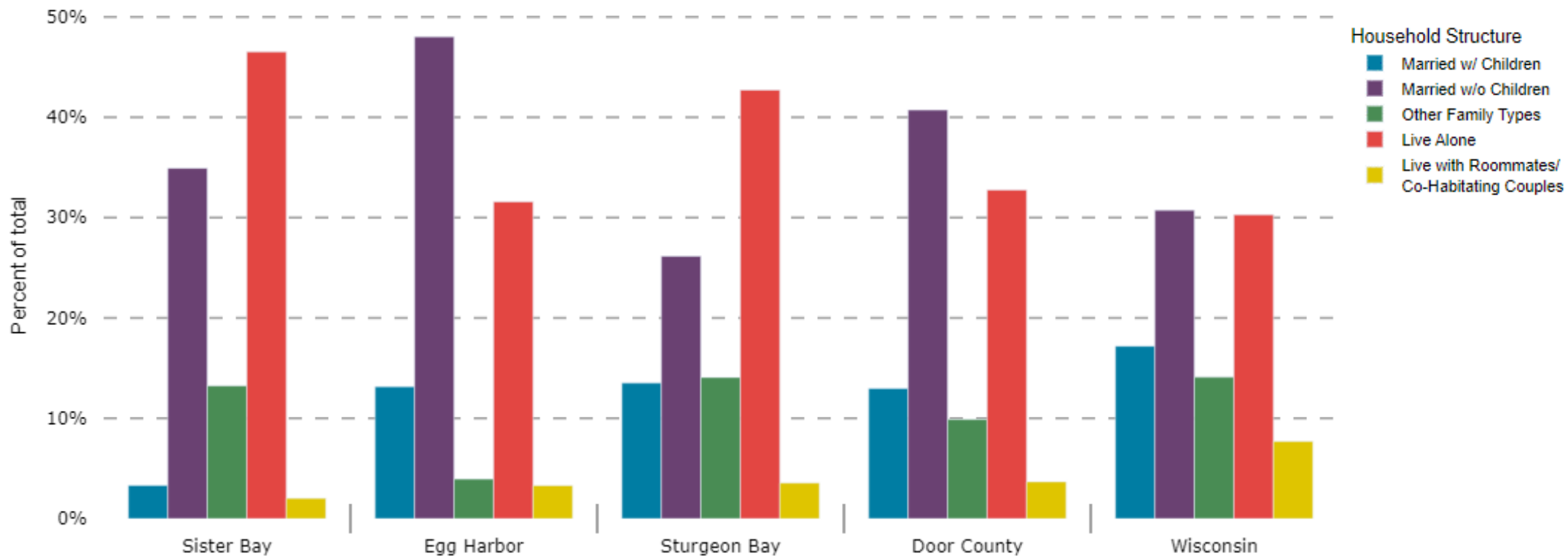
Household Size Trends



Source: ACS, 5-year estimates, 2009-2021



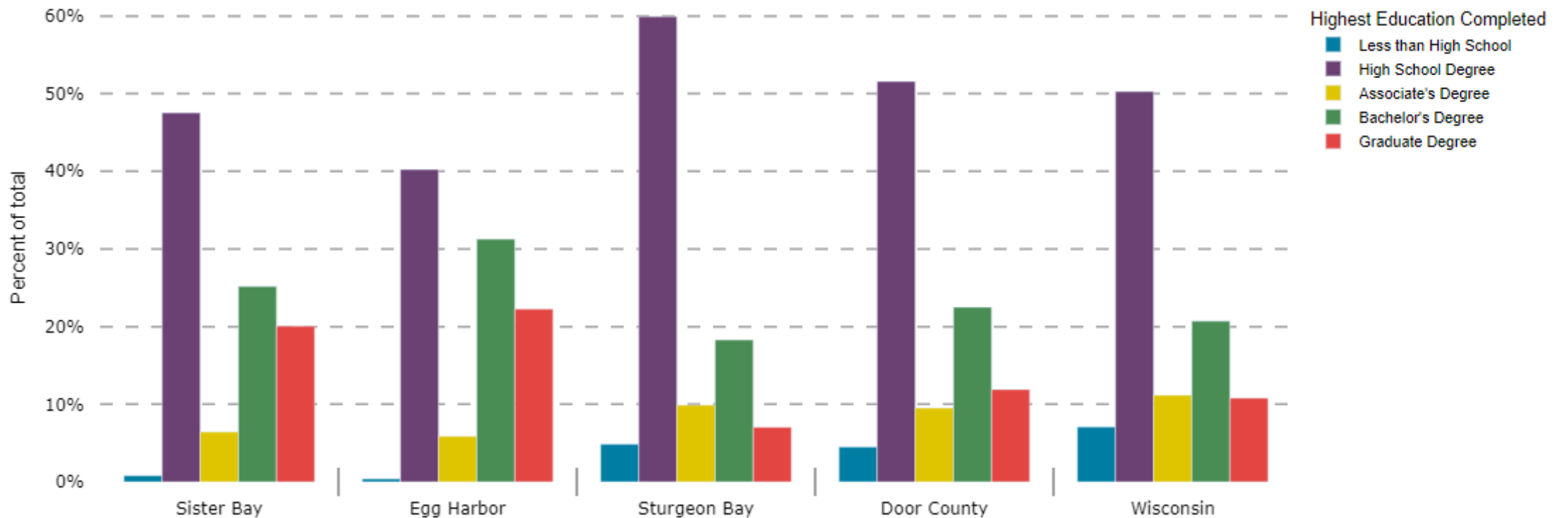
Almost half of Sister Bay households are single person households. Sister Bay also has a higher-than-average proportion of married couples without children, otherwise known as empty nesters.



Source: ACS, 5-year estimates, 2021



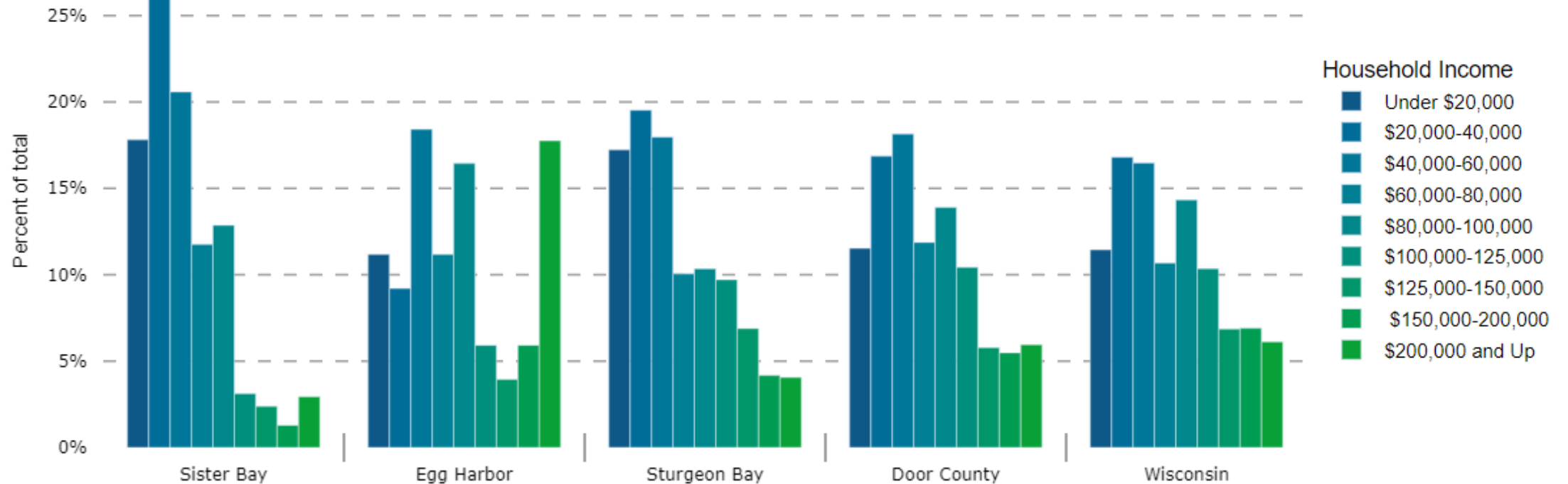
Sister Bay's population is more educated, on average, than the state of Wisconsin as a whole. Over 40% of its adult population has a bachelors or graduate degree.



Source: ACS, 5-year estimates, 2021



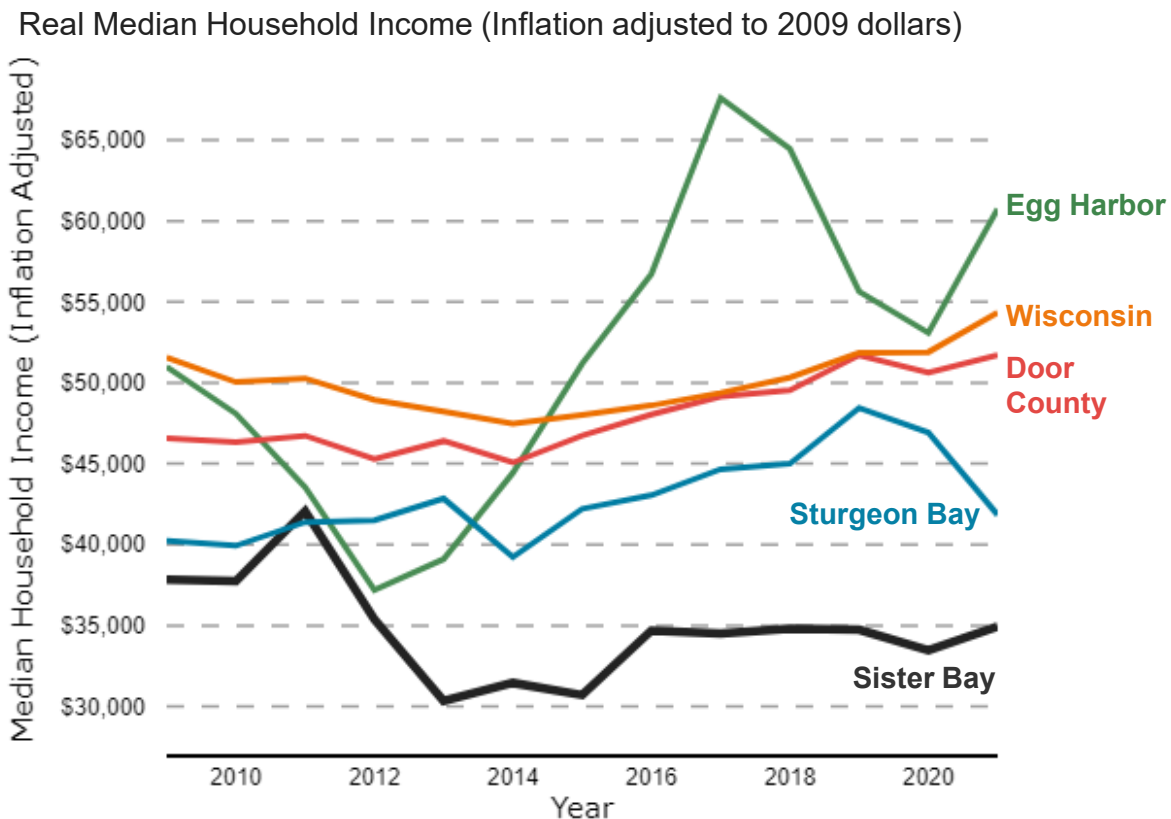
In line with the predominance of service sector jobs, Sister Bay households tend to have lower incomes than most competing geographies.



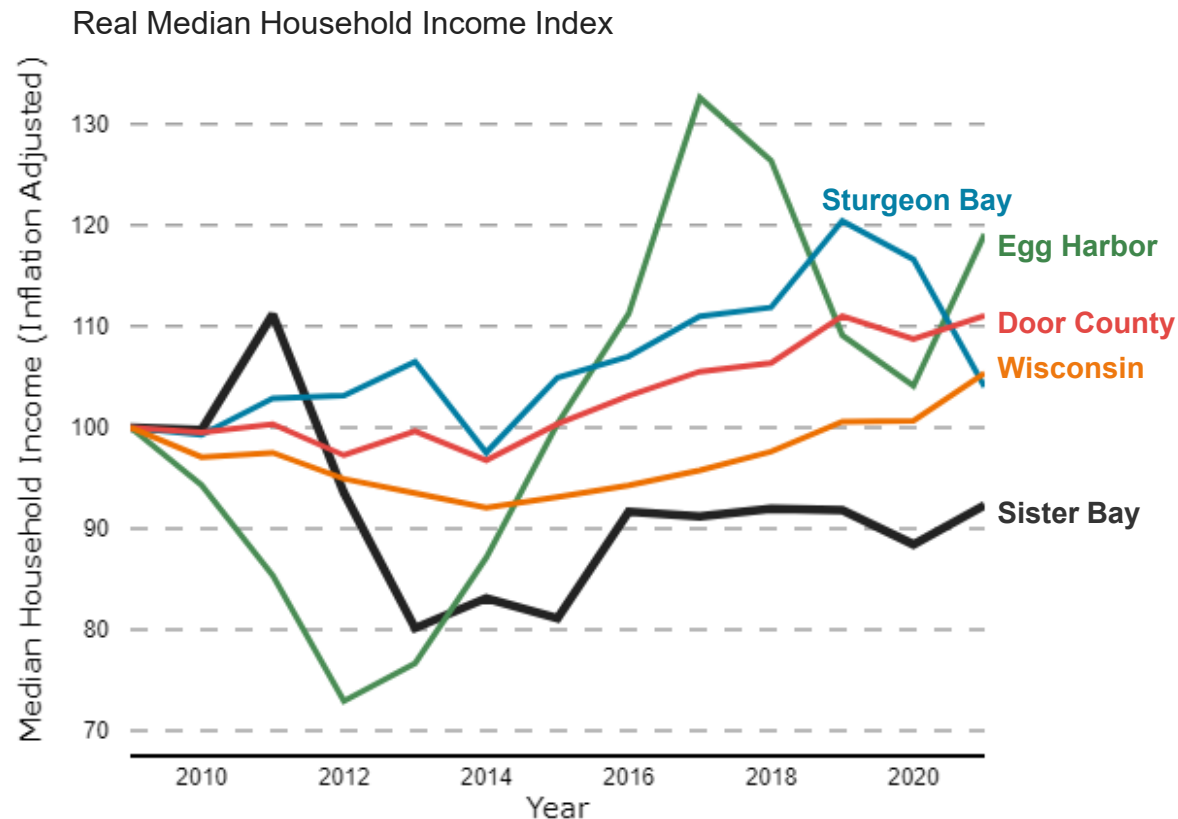
Source: ACS, 5-year estimates, 2021



Adjusting for inflation, Sister Bay's median household income has declined over the past decade and is lower in dollar value than the comparison geographies.



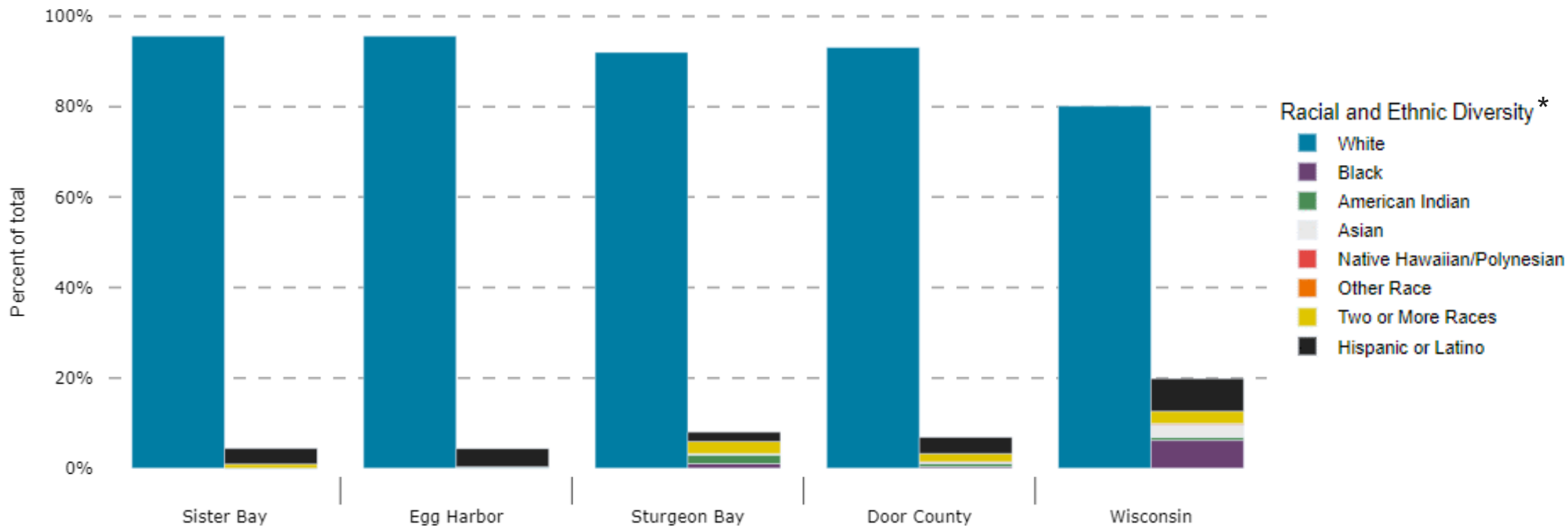
Source: ACS, 5-year estimates, 2009-2021



Source: ACS, 5-year estimates, 2009-2021



Sister Bay is predominantly white with a small Latino ethnic population. It is less diverse than Door County as a whole, or the State of Wisconsin.

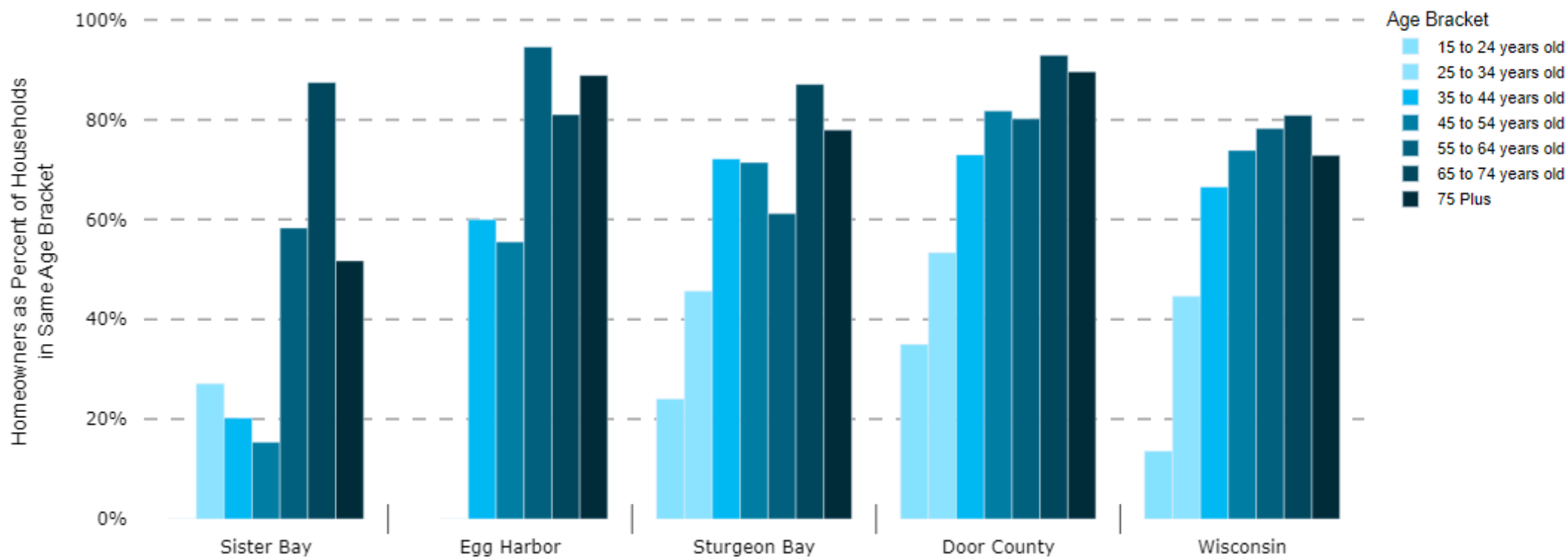


*All races are non-Hispanic Latino, Hispanic or Latino include all races within Hispanic/Latino ethnicity

Source: ACS, 5-year estimates, 2021



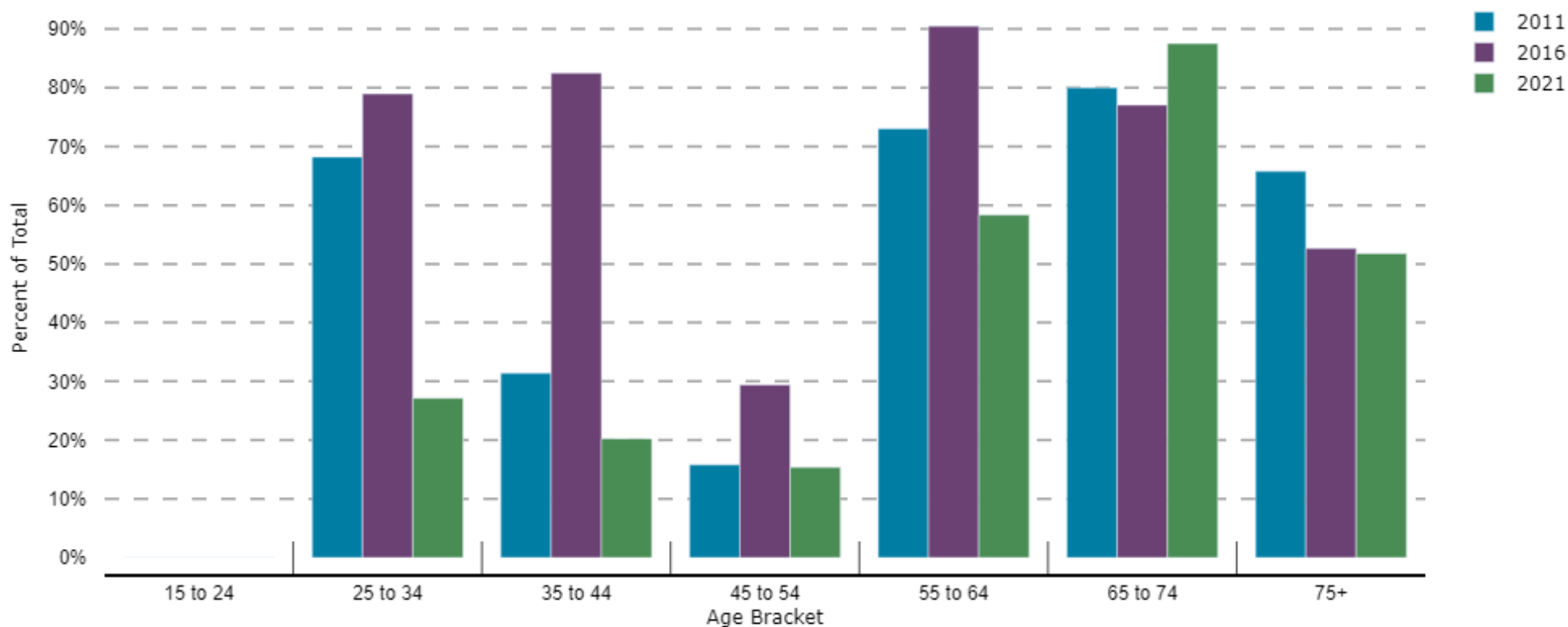
Sister Bay's home ownership rate is lower than that of the comparison geographies in almost every householder age bracket.



Source: ACS, 5-year estimates, 2021



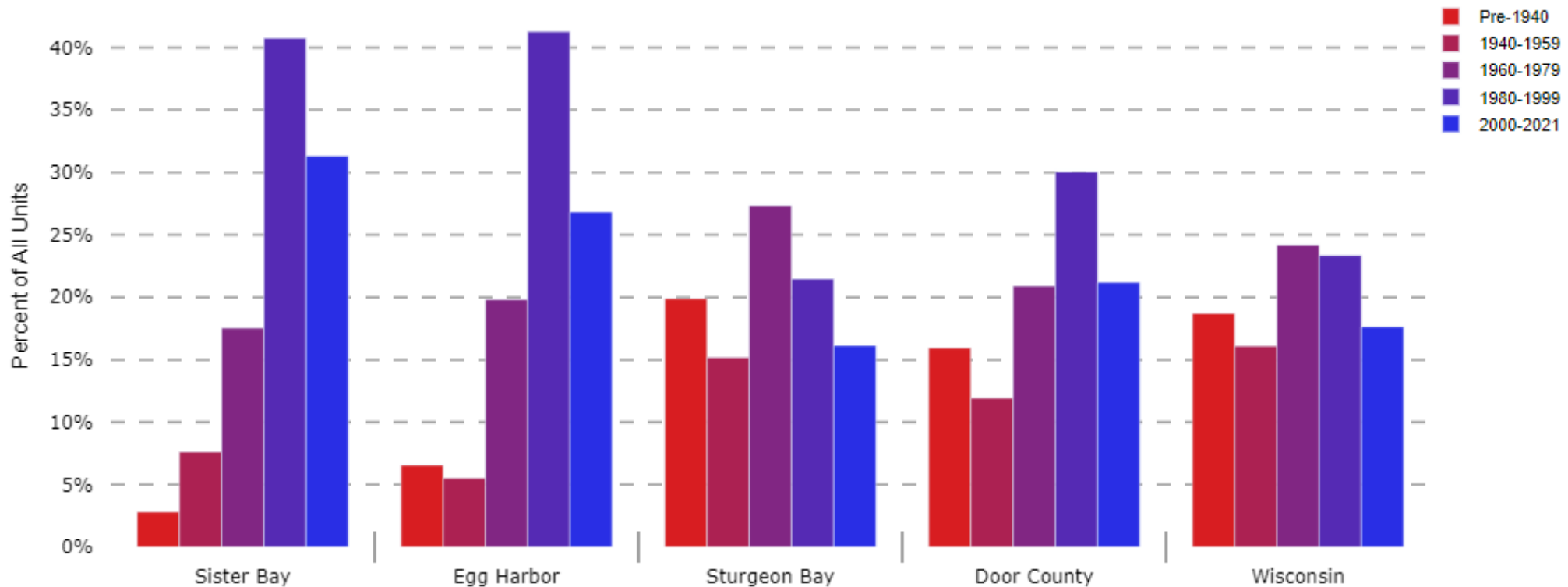
The rate of owner occupancy has declined over the decade in most householder age brackets. The transition from owner occupancy to renter households has been particularly dramatic among younger households, as “starter home” prices are increasingly hard to find in Sister Bay.



Source: ACS, 5-year estimates, 2021



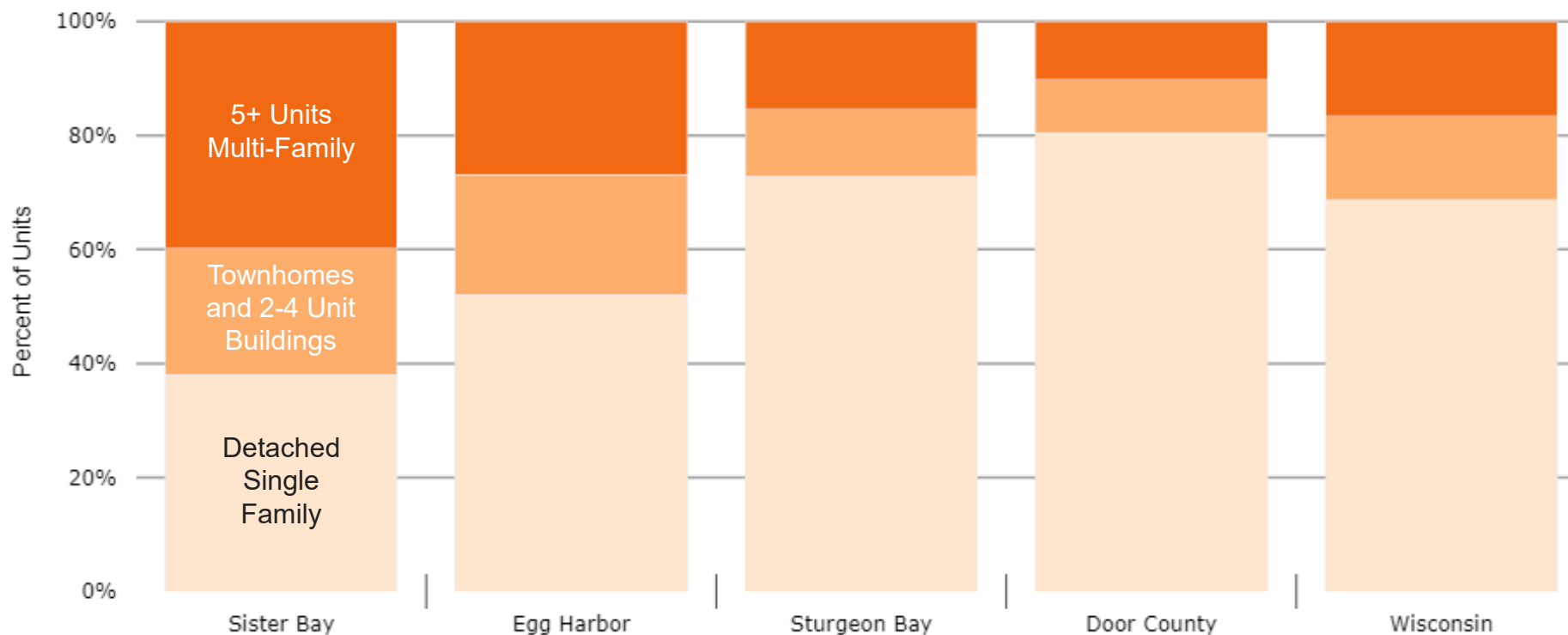
Sister Bay's housing stock is newer than broader county and State averages, with most homes built since 1980. Sister Bay outpaced other locations in new housing units constructed as a percentage of their total housing stock as the market responded to competing sources of demand, including second homes and short-term rentals.



Source: ACS, 5-year estimates, 2021



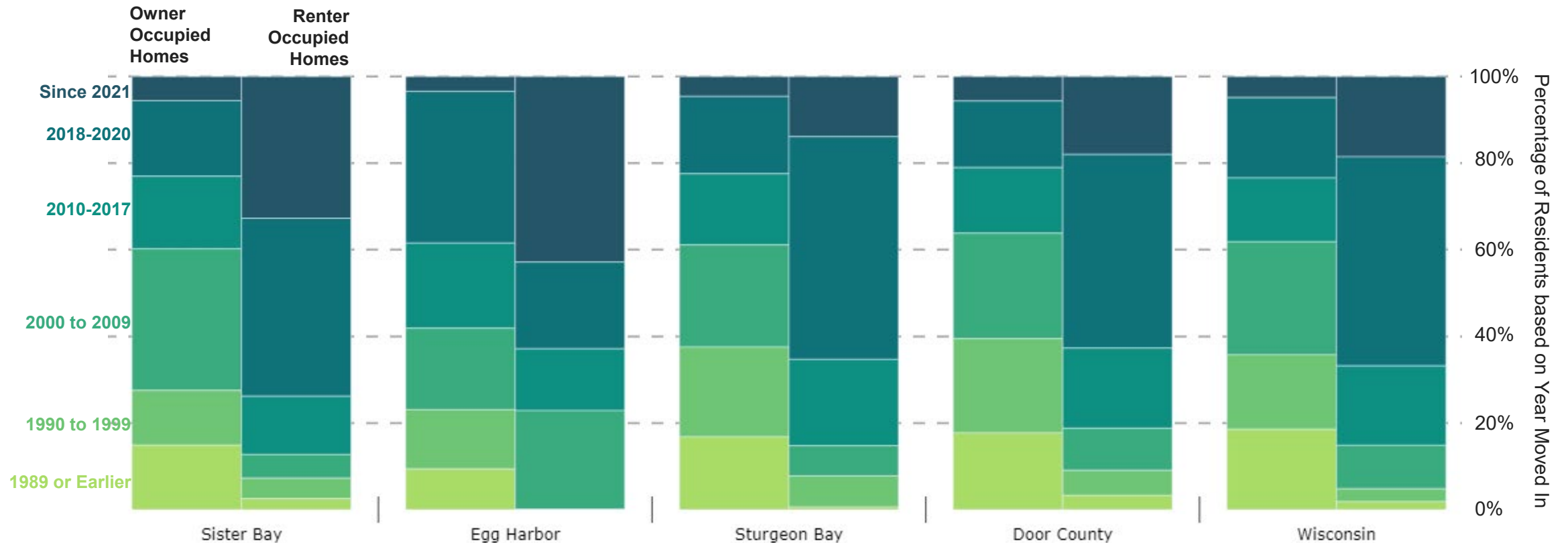
Sister Bay housing units by type show a diversity of housing types, especially compared to broader Door County. Multi-family housing includes senior assisted living, but not nursing homes.



Source: ACS, 5-year estimates, 2021



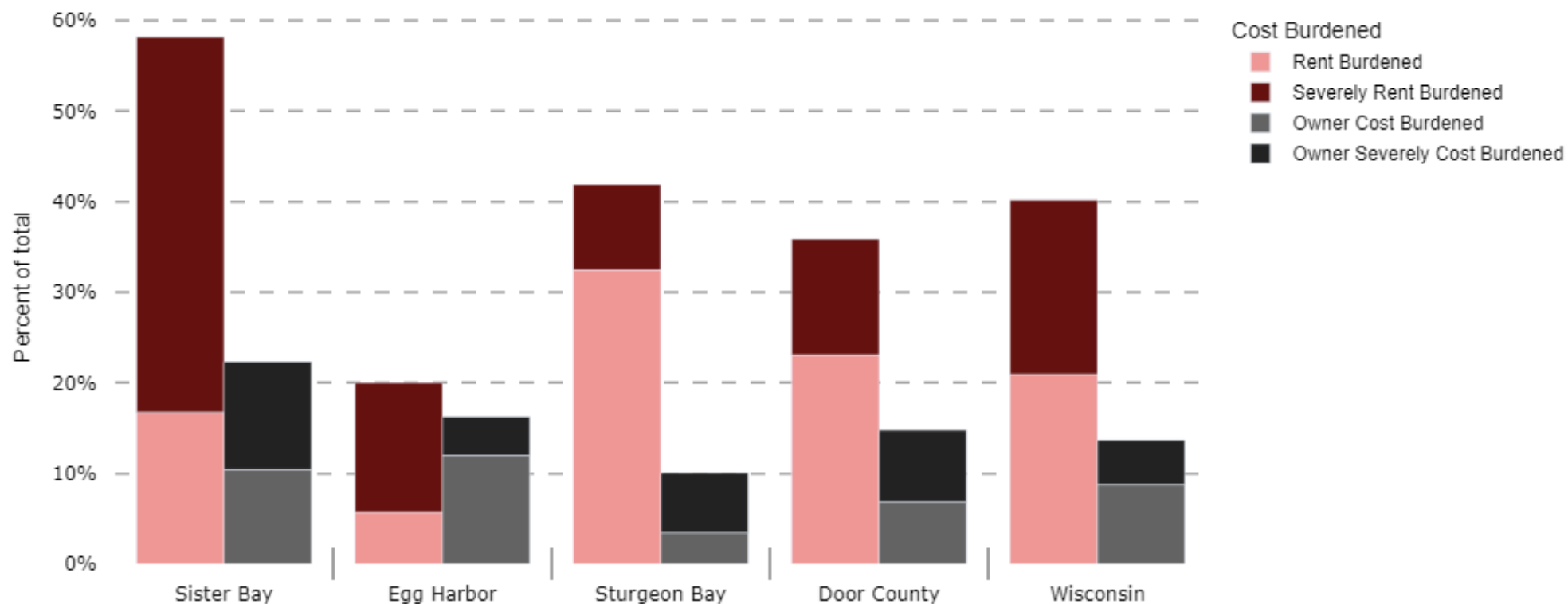
There is proportionately higher turnover in Sister Bay, possibly showing a transition due to the popularity of short-term rentals.



Source: ACS, 5-year estimates, 2021



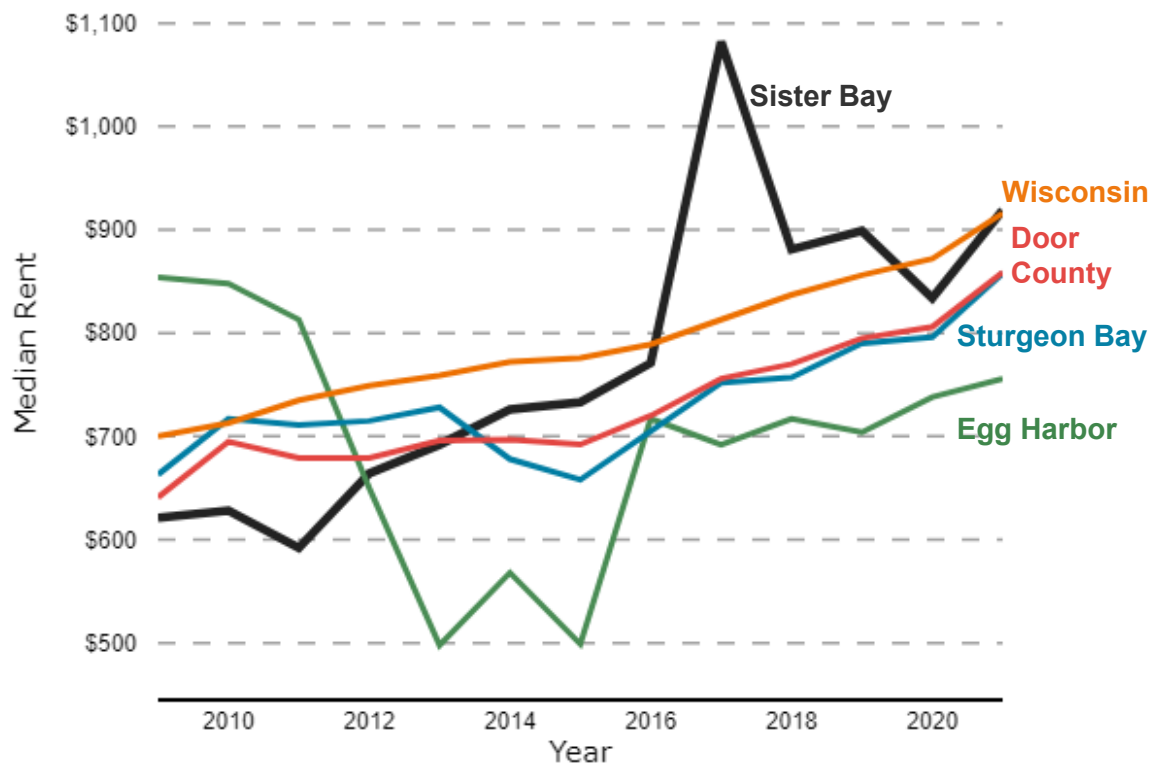
Many Sister Bay residents are housing cost burdened—that is, they pay more than 30% of their income on housing costs in the form of rent or mortgage—or are severely cost burdened, paying more than 50% of their income on their housing costs. Almost 60% of renter households are rent burdened—the majority of whom are severely rent burdened.





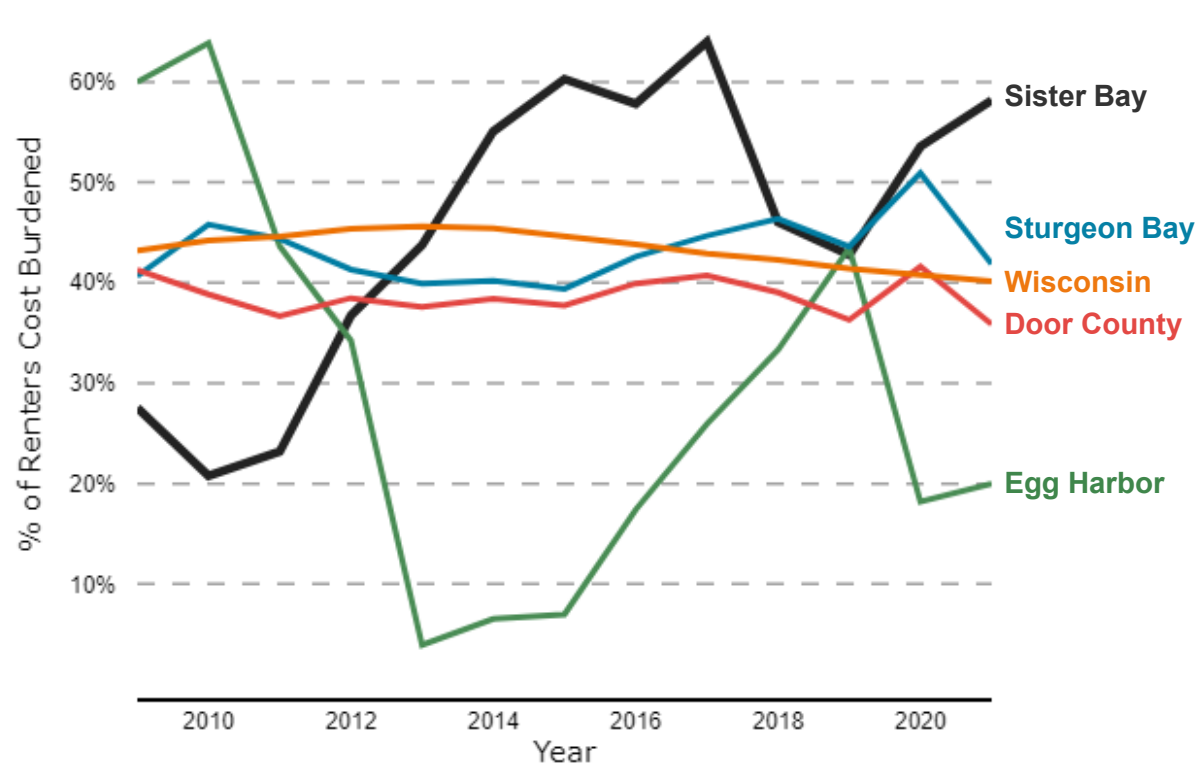
The median rent level in Sister Bay changed over the last decade from being lower than average for Door County to being higher than average. The ratio of rent burdened households has grown substantially at the same time.

Median Rent



Source: ACS, 5-year estimates, 2009-2021

% of Renters Cost Burdened

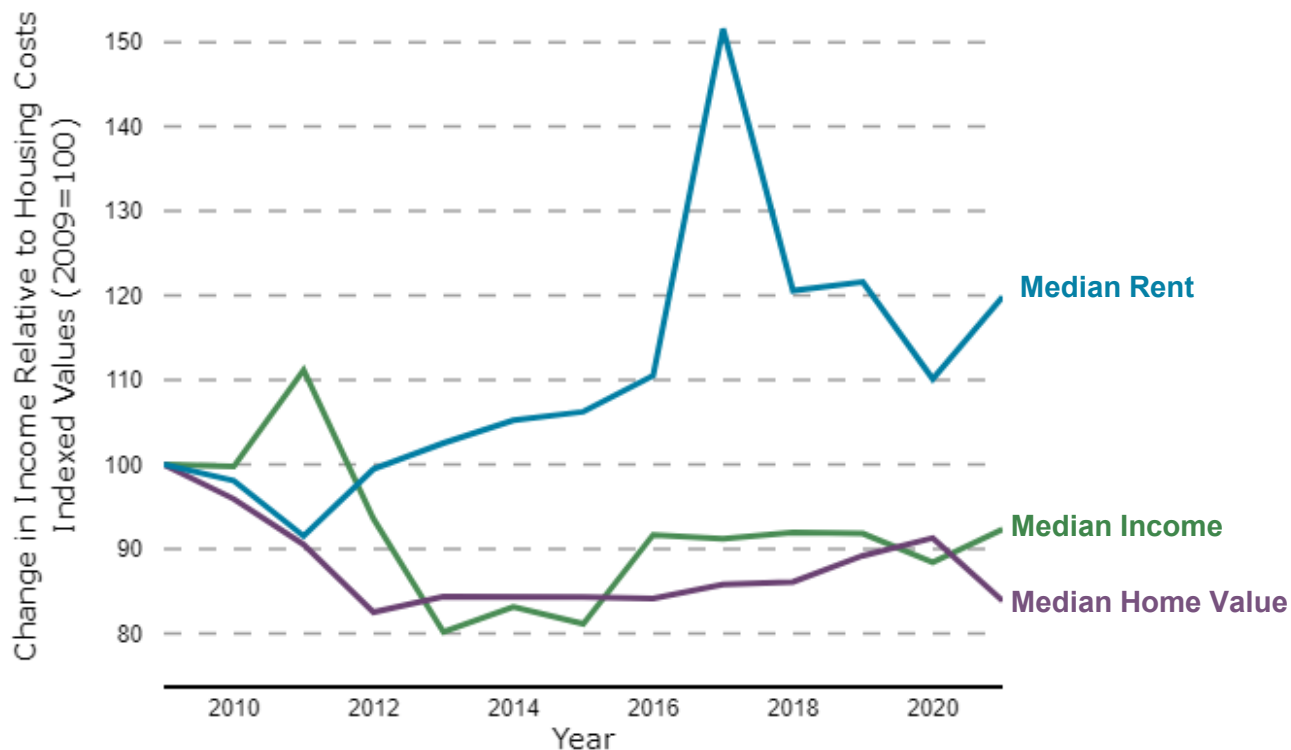


Source: ACS, 5-year estimates, 2009-2021



As rents continue to rise, median incomes have declined in real dollars. Falling real incomes relative to increased rents is driving the rise in rent-burdened households.

Indexed Change in Median Rent relative to Housing Costs (Real Dollars)





Takeaways

Demographics

Sister Bay's economic base as a destination village drives its demographic composition. The village contains higher levels of senior citizens and empty nesters, but also high proportions of lower-wage service sector workers. As work-from-home persists, more households with families are also moving into Sister Bay.

The high cost of housing relative to stagnant incomes – particularly true in the service sector - means many renter households are either housing cost burdened or severely so. High home prices, however, also lead to lower levels of home ownership, further exposing year around households to market forces. In other words, as housing costs increase due to short-term rentals and vacation homes, residents bear the consequences of higher prices.



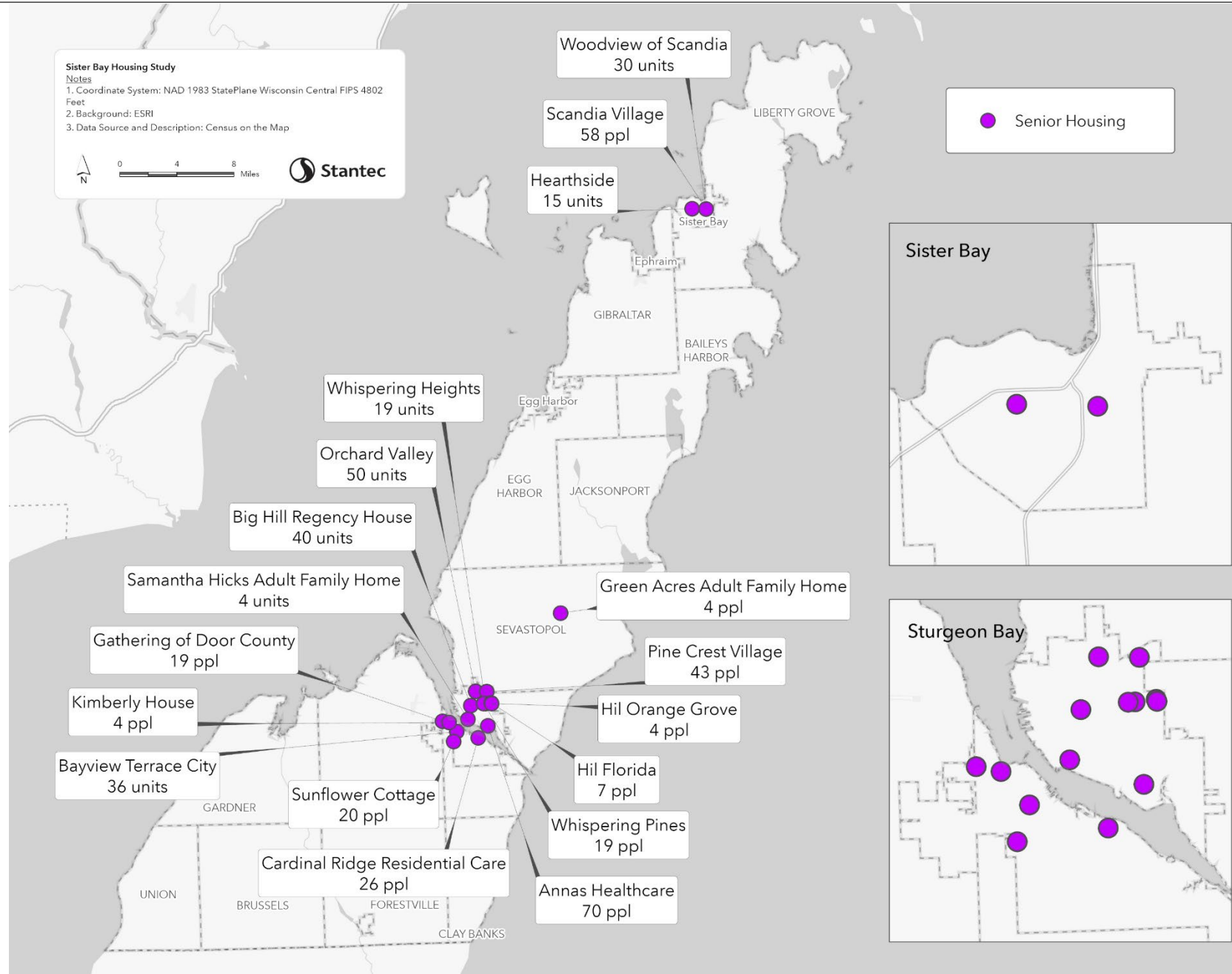
Housing Inventory



Senior Housing Inventory

Observations

- Senior housing options are available in Sturgeon Bay and Sister Bay
- There are few recently built senior housing developments





Senior Housing Inventory

Property Name	Owner	Address	City	State	Year Built	Capacity (units/beds)	Affordability	Type of Care
Woodview of Scandia		2311 Meadow Wood Dr	Sister Bay	WI		30 units		Assisted Living
Good Samaritan Society - Scandia Village & Villas		10554 Applewood Rd	Sister Bay	WI	1981	58 beds		Assisted Living
Hearthside		10569 Fieldcrest Rd	Sister Bay	WI		15 units		Assisted Living
Orchard Valley	Orchard Valley Apartments Inc	1252 N 12th Pl	Sturgeon Bay	WI	1980	50 units	Affordable / Rent Subsidized	
Big Hill Regency House	Robert A Doneff	500 N 9th Ct	Sturgeon Bay	WI		40 units	Affordable Units	
Bayview Terrace City	Crown Court Properties, LTD	537 S Neenah Ave	Sturgeon Bay	WI		36 units	Affordable / Rent Subsidized	
Cardinal Ridge Residential Care		817 Circle Ridge Place	Sturgeon Bay	WI		26 beds		
Gathering of Door County		204 N Duluth Ave	Sturgeon Bay	WI		19 beds		
Pine Crest Village		1241 N 18th Ave	Sturgeon Bay	WI	2000	43 beds		Independent Living, Assisted Living
Sunflower Cottage		55 West Yew Street	Sturgeon Bay	WI	2016	20 beds		Assisted Living, Memory Care
Whispering Heights		1704 Georgia St	Sturgeon Bay	WI		19 units		Assisted Living
Whispering Pines		1610 Georgia St	Sturgeon Bay	WI		19 beds		
Annas Healthcare		839 S 18th Ave	Sturgeon Bay	WI		70 beds		Assisted Living

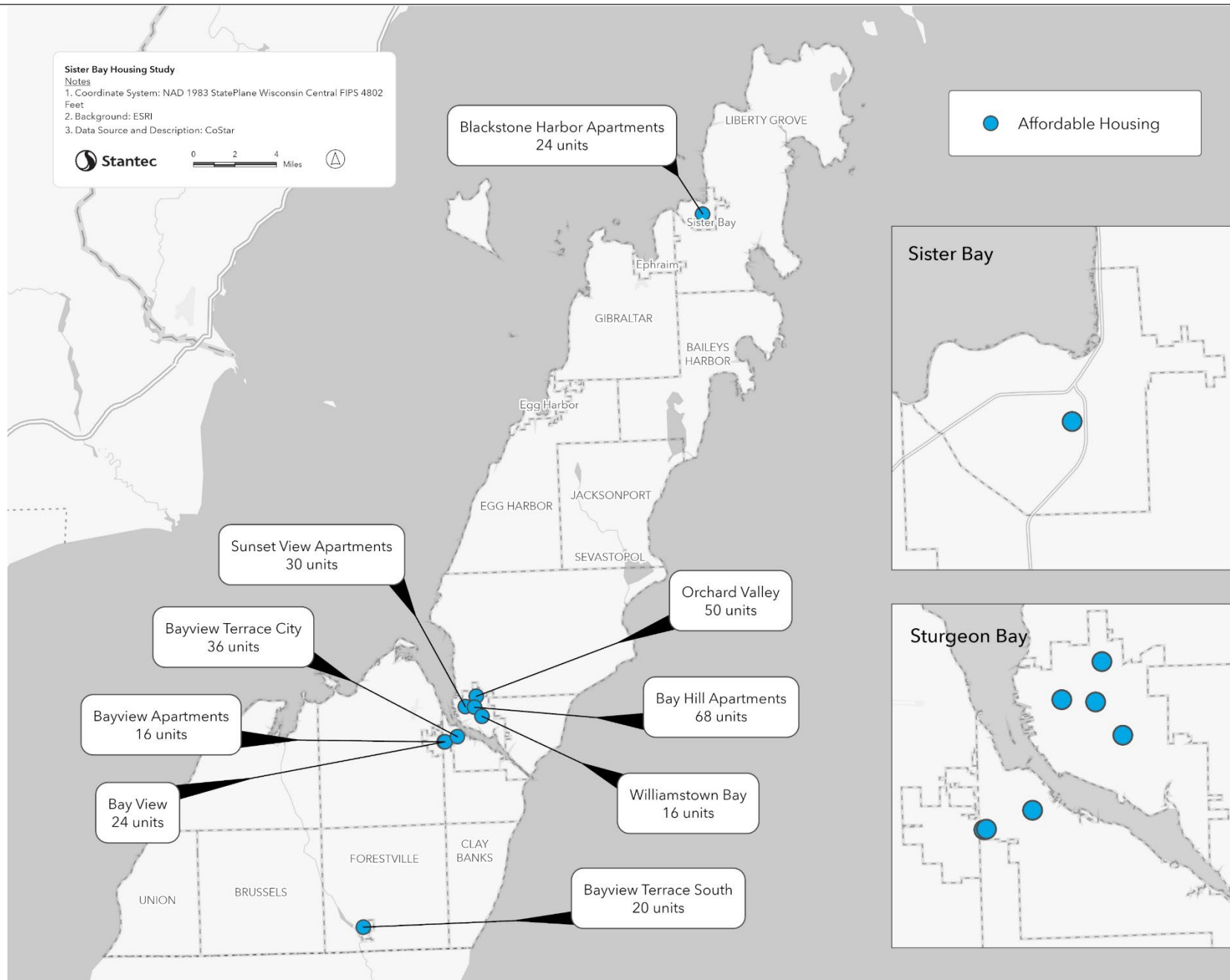
Source: Costar, Stantec



Affordable Housing Inventory

Observations

- There are a number of affordable housing developments in Sturgeon Bay and Sister Bay, most of which were built in the 1990s, 1980s, or earlier.
- Two affordable housing developments have been built in Sister Bay in the last decade—Blackstone Harbor Apartments in 2013 and The Shoals in 2023.





Affordable Housing Inventory

Property Name	Owner	Address	City	State	ZIP	Year Built	No. Units	Market Segment	Affordability Type
Sunset View Apartments	Whpc-nibp Portfolio Llc A Wisconsin Limi	739 N 7th Ave	Sturgeon Bay	WI	54235-2051	1984	30	All	Rent Subsidized
Bay Hill Apartments	Crown Court Properties, LTD	613 N 12th Ave	Sturgeon Bay	WI	54235-1270	1984	68	All	Rent Subsidized
Orchard Valley	Orchard Valley Apartments Inc	1252 N 12th Pl	Sturgeon Bay	WI	54235-1164	1980	50	Senior	Rent Subsidized
Bay View	PRE / 3	910 S Elgin Ave	Sturgeon Bay	WI	54235-3083	1994	24	All	Rent Restricted
Bayview Terrace South	Bayview Terrace Inc	178 W Park St	Forestville	WI	54213		20	All	Rent Subsidized
Bayview Apartments	PRE / 3	913 S Elgin Ave	Sturgeon Bay	WI	54235-3082	1994	16	All	Rent Restricted
Blackstone Harbor Apartments	Alliance Development	10525 Judith Blazer Dr	Sister Bay	WI	54234-8938	2013	24	All	Rent Restricted
Bayview Terrace City	Crown Court Properties, LTD	537 S Neenah Ave	Sturgeon Bay	WI	54235-1979		36	Senior	Rent Subsidized
The Shoals	Mosaic Ventures	10466 Shoals Ct	Sister Bay	WI	54234	2023	45	All	Affordable Units
Williamstown Bay		133 N 15th Dr	Sturgeon Bay	WI	54235		16	All	Rent Restricted

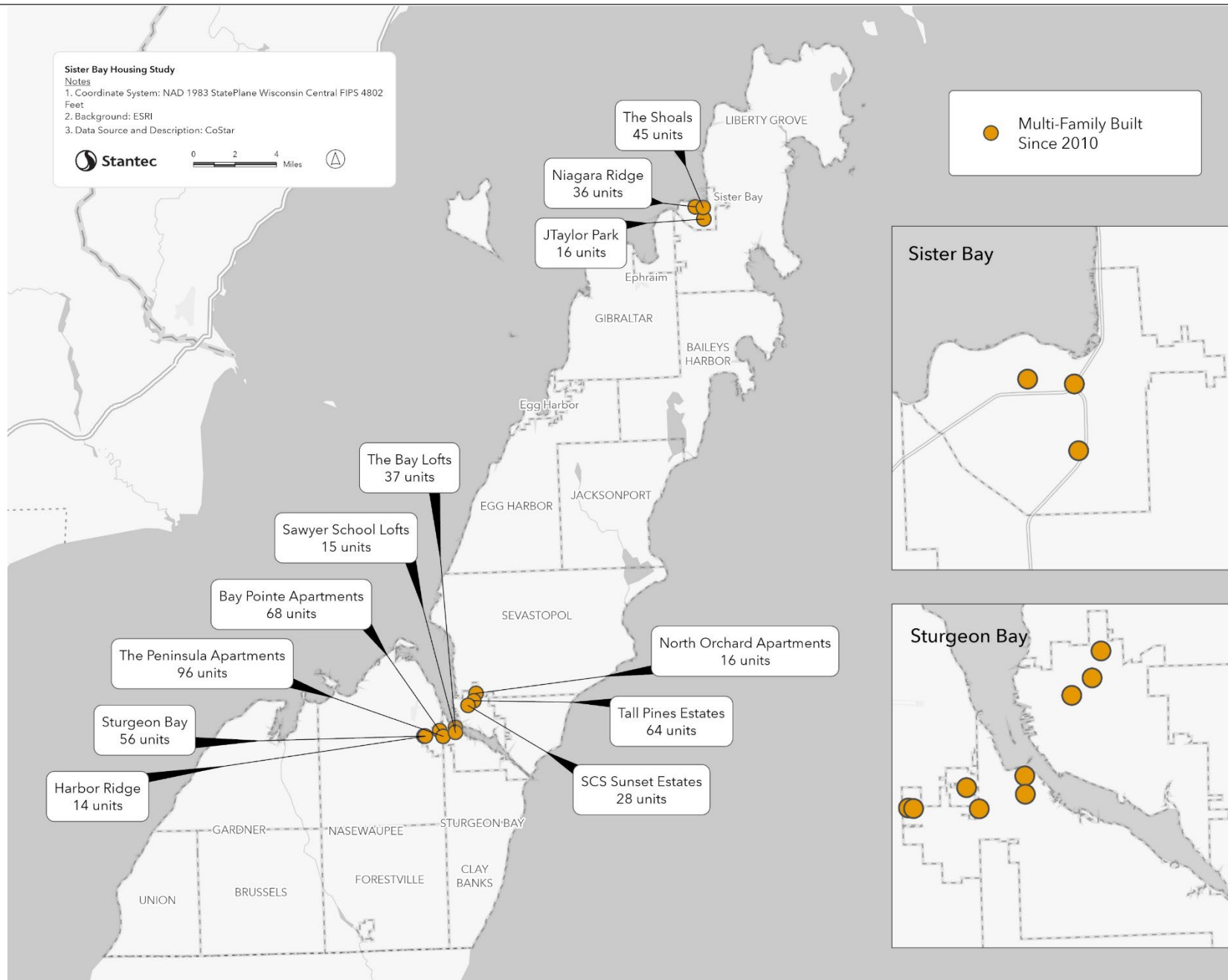
Source: Costar, Stantec



Multifamily Housing Development Since 2010

Observations

- Apartment development is occurring in northern Door County at an increasing rate.
- New developments in Sister Bay include two affordable apartment projects—Blackstone Harbor Apartments and The Shoals—and two market rate apartment developments—Niagara Ridge and J Taylor Park.





Multifamily Housing Development Since 2010

Property Name	Property Address	City	Developer/ Owner	Market Segment	Affordability	Year Built	No. Units	No. Stories	One Bedroom Units			Two Bedroom Units			Three Bedroom Units		
									No. Units	Rent/ Unit	Area (SF)	No. Units	Rent/ Unit	Area (SF)	No. Units	Rent/ Unit	Area (SF)
North Orchard Apartments	1360 N 12th Pl	Sturgeon Bay	PRE / 3	All	Market	2013	16	2	8	\$745	835	8	\$818	1,050			
Blackstone Harbor Apartments	10525 Judith Blazer Dr	Sister Bay	Alliance Development	All	Affordable	2013	24	1							24	\$910	1,147
Niagara Ridge	10625 N Highland Rd	Sister Bay	PRE / 3	All	Market	2016	36	2				36	\$1,583	1,147			
The Bay Lofts	49 N Madison Ave	Sturgeon Bay	FCM Corporation	All	Market	2017	37	4	23	\$1,170	691	11	\$1,600	1,060	3	\$1,865	1,397
JTaylor Park	2365 Ava Hope Ct	Sister Bay	Tim Halbrook	All	Market	2018	16	2				16	\$961	1,024			
Sturgeon Bay	415 S Grant Ave	Sturgeon Bay	S.C. Swiderski, LLC	All	Market	2018	56	2	12	\$1,215	742	32	\$1,450	997	12	\$1,665	1,177
Tall Pines Estates	1032 Egg Harbor Rd	Sturgeon Bay	Brian & Sarah Bonovich	All	Market	2019	64	2	13	\$815	916	51	\$1,031	1,017			
Harbor Ridge	416 S Grant Ave	Sturgeon Bay	Lexington Management	All	Market	2020	14	2	4	\$1,152	951	10	\$1,397	1,313			
Sawyer School Lofts	17 W Pine St	Sturgeon Bay		All	Affordable Units	2022	15	3	6	\$836	697	9	\$1,246	1,049			
The Shoals	10466 Shoals Ct	Sister Bay	Mosaic Ventures	All	Affordable Units	2023	45	1	4	\$418	839	30	\$502	975	11	\$582	1,242
Bay Pointe Apartments	6451 Sawyer Dr	Sturgeon Bay	Duquaine Development Inc	All	Market	2023	68	2	31	\$1,086	649	37	\$1,259	977			
The Peninsula Apartments	901 W Spruce Dr	Sturgeon Bay	PRE / 3	All	Market	2023	96	1				96	\$1,438	1,094			
SCS Sunset Estates	845 N 8th Ave	Sturgeon Bay	S.C. Swiderski, LLC	All	Market	2023	28	1				28	\$1,600	\$1,600			

Source: Costar



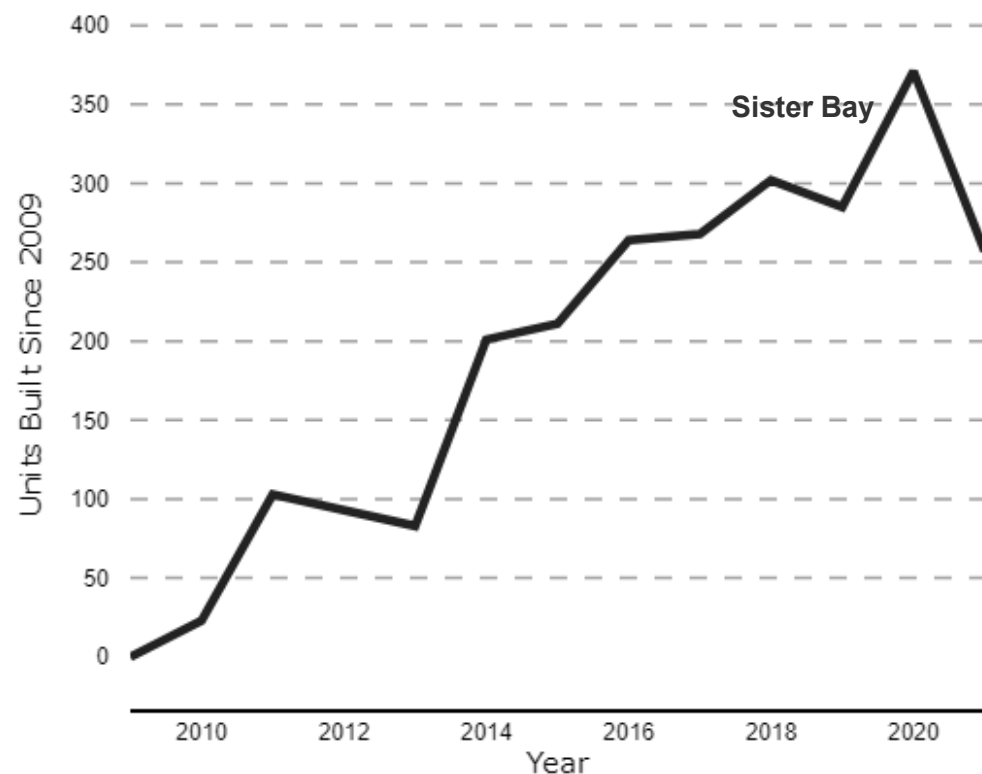
Housing Market
Dynamics





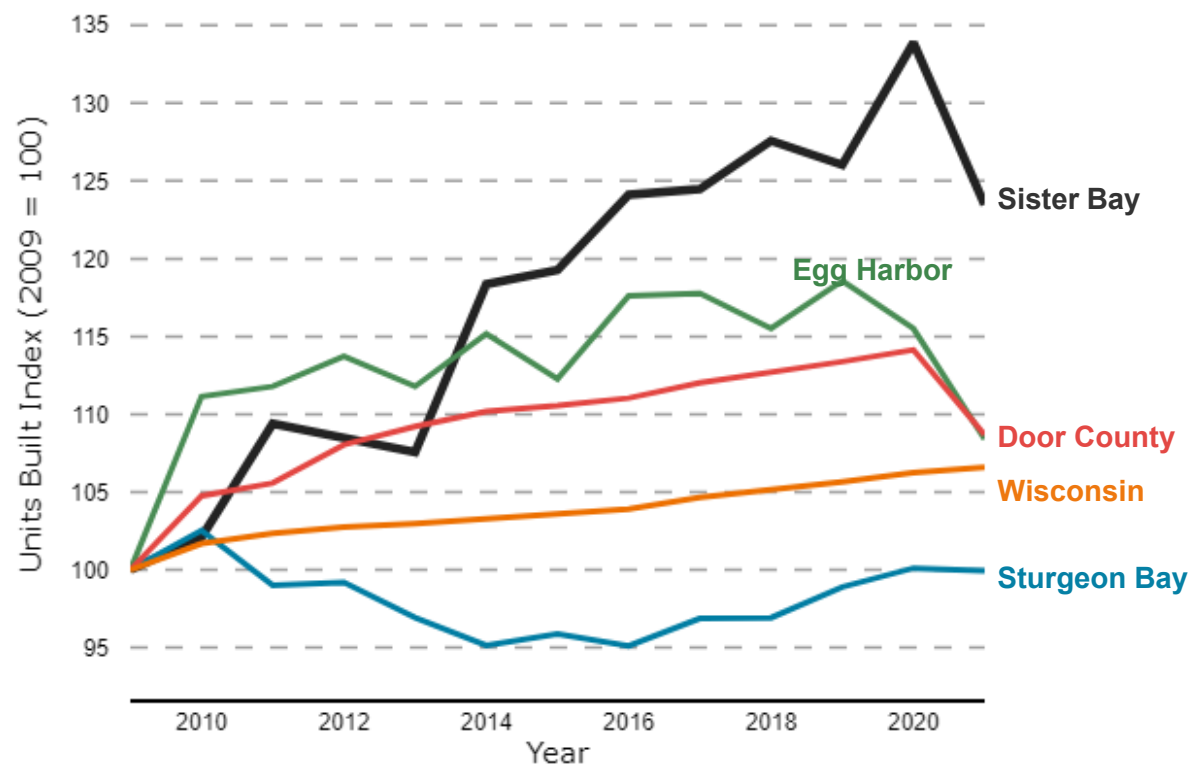
Sister Bay has added 257 units between 2009-2021. The rate of new construction relative to housing units in 2009 has outpaced the comparison cities in Door County locations as well as the broader County and State. According to the census, 57 of the new units were single family homes, and most of the new units are in larger apartment developments.

Total Units Added Since 2009



Source: ACS, 5-year estimates, 2009-2021

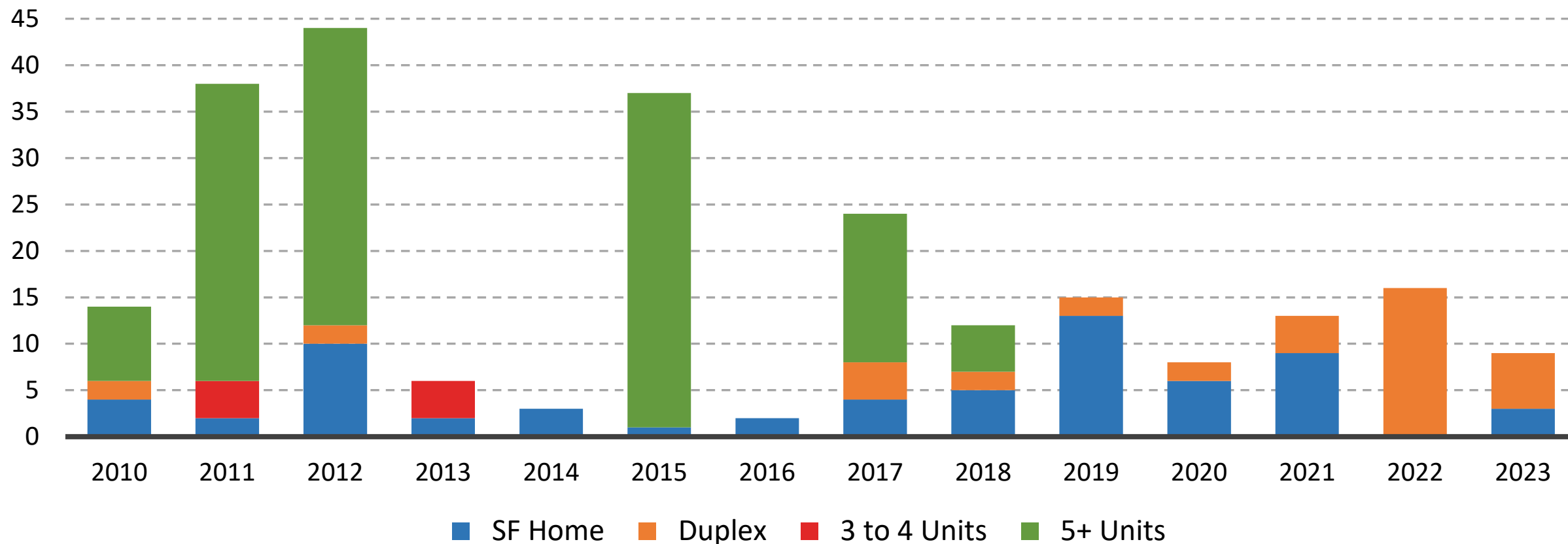
Unit Built Index (2009=100)



Source: ACS, 5-year estimates, 2009-2021

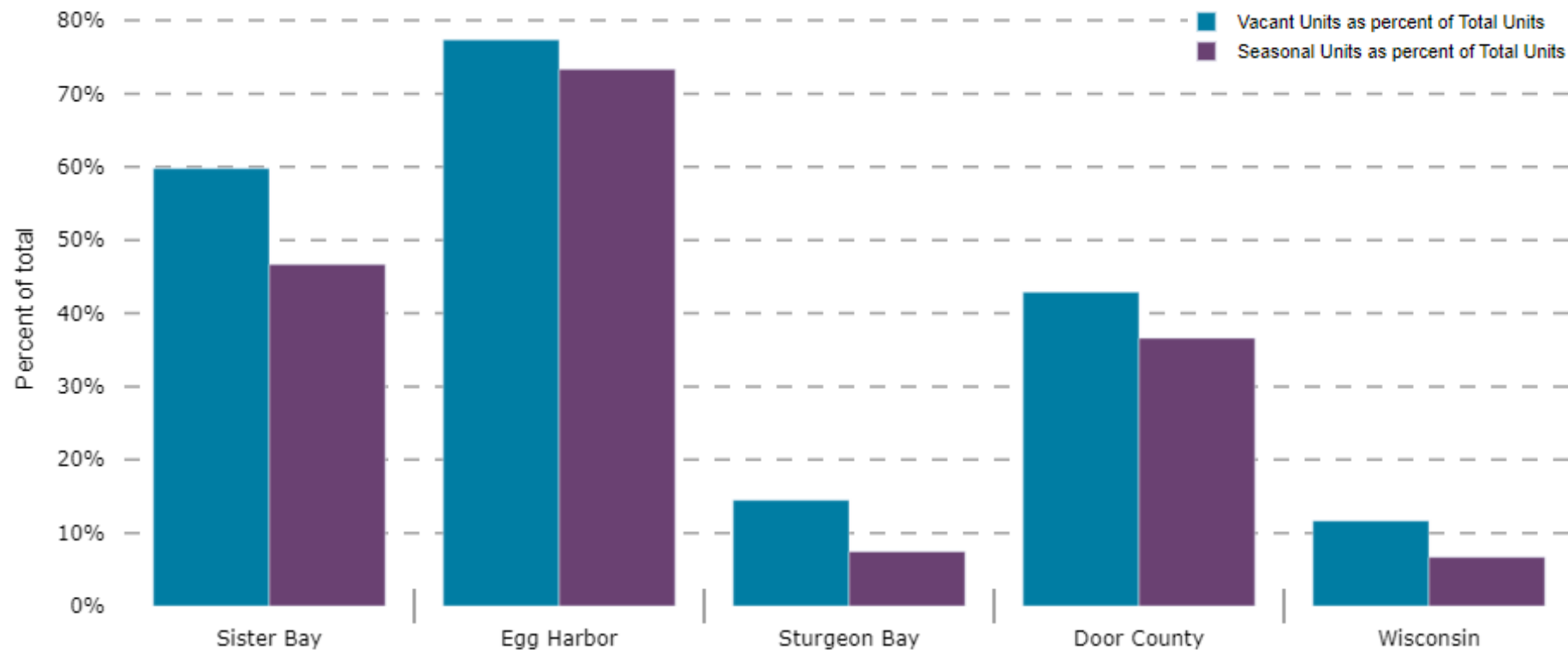


Based on building permit reporting, most new units since 2010 are in larger apartment buildings. Single family homes and duplexes are the most permitted housing types since 2019.





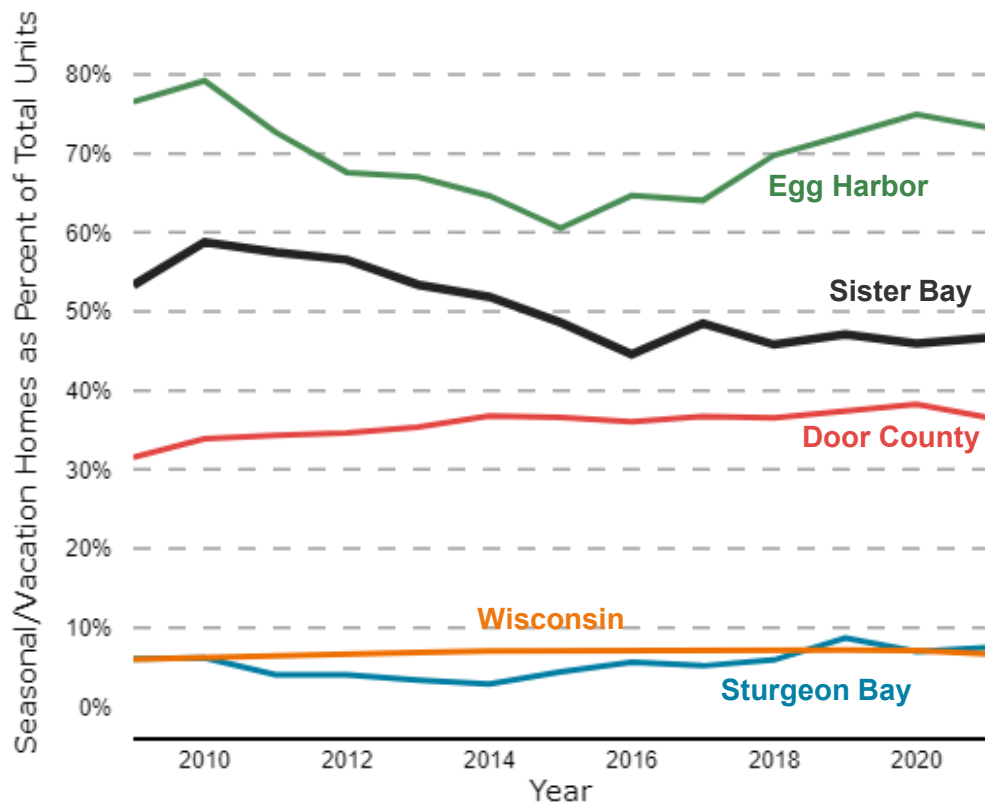
Of the total units in Sister Bay, 60% are not occupied by full time renters or homeowners. 45% of housing units overall are classified as seasonal, vacation, or second homes, and 15% are in the category “Vacant: For Rent,” which generally means short term rental housing.





Over the past decade, the number of homes listed as seasonal, recreational, or for occasional use has declined. On the contrary, the number of 'Vacant: For Rent' units grew precipitously. Short-term rentals are classified by the census in this category, driving its dramatic increase.

ACS Units Categorized as Vacant: For Seasonal, recreational or occasional use



Source: ACS, 5-year estimates, 2009-2021

Total Number of Units "Vacant: For Rent": ACS term for Short-term Rentals

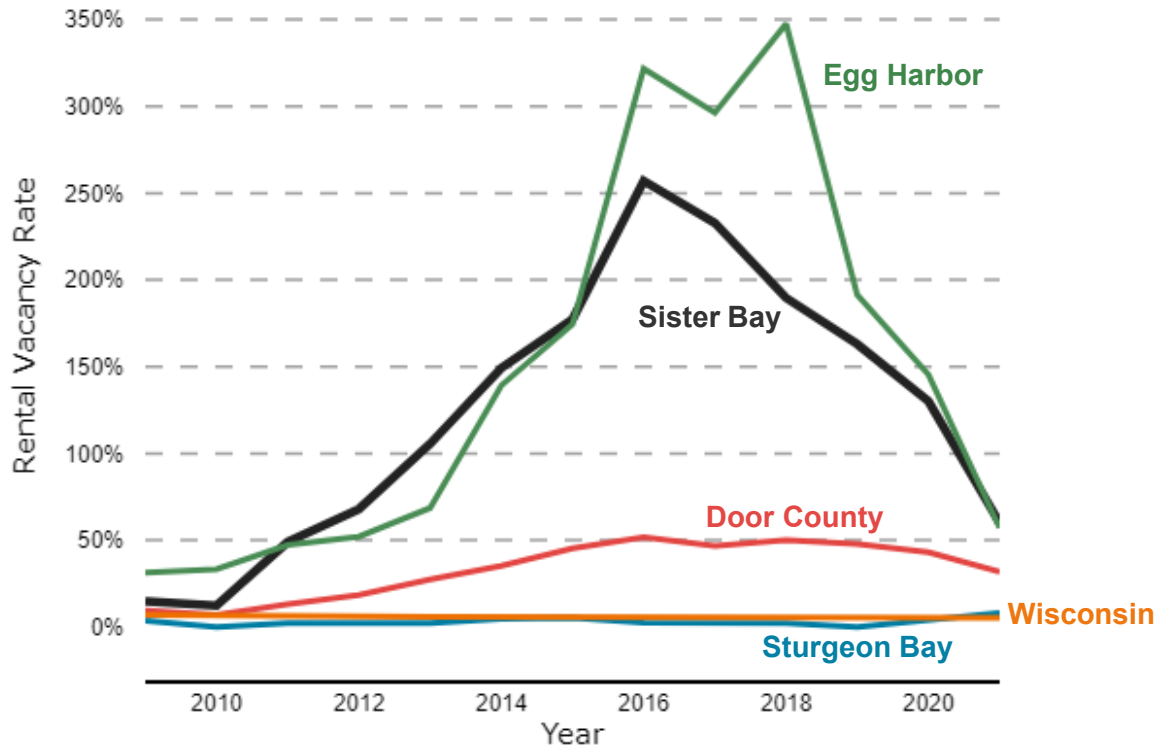


Source: ACS, 5-year estimates, 2009-2021



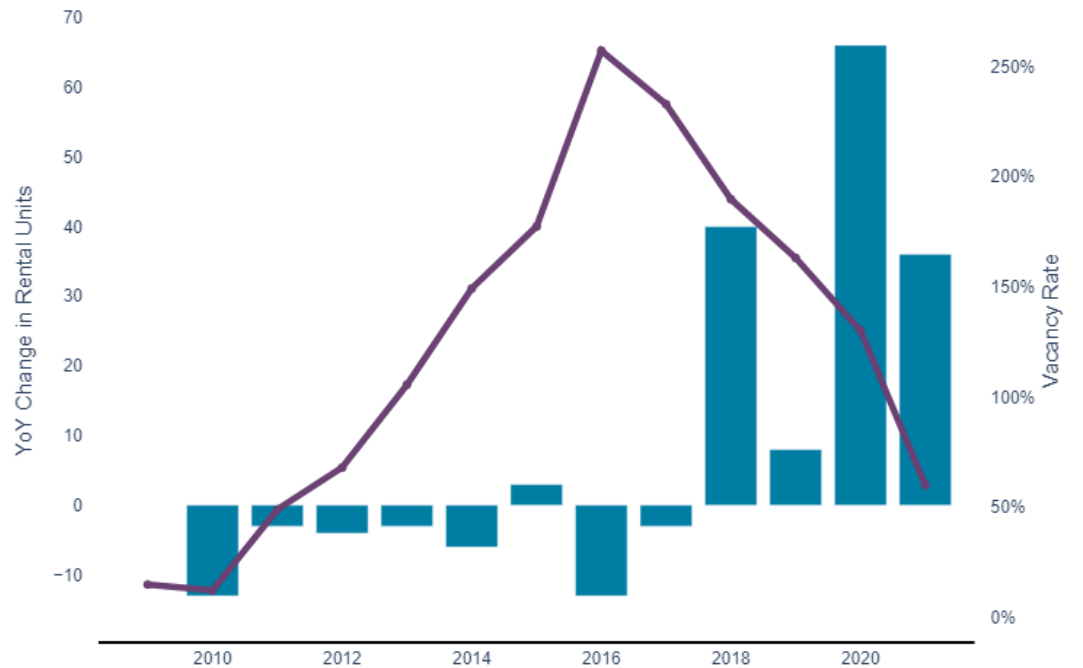
The number of short-term rentals is far greater than the number of renter occupied units, leading to rates of 'Vacant: for Rent' that are nearly 2.5 times the number of renter occupied units. However, it appears that after 2016, more units started to transition out of short-term rentals into full-time rental units, increasing the rental household stock.

Rental Vacancy Rate (Vacant: For Rent divided by Renter-Occupied Units)



Source: ACS, 5-year estimates, 2009-2021

Net Change in Rental Households relative to Vacancy Rate

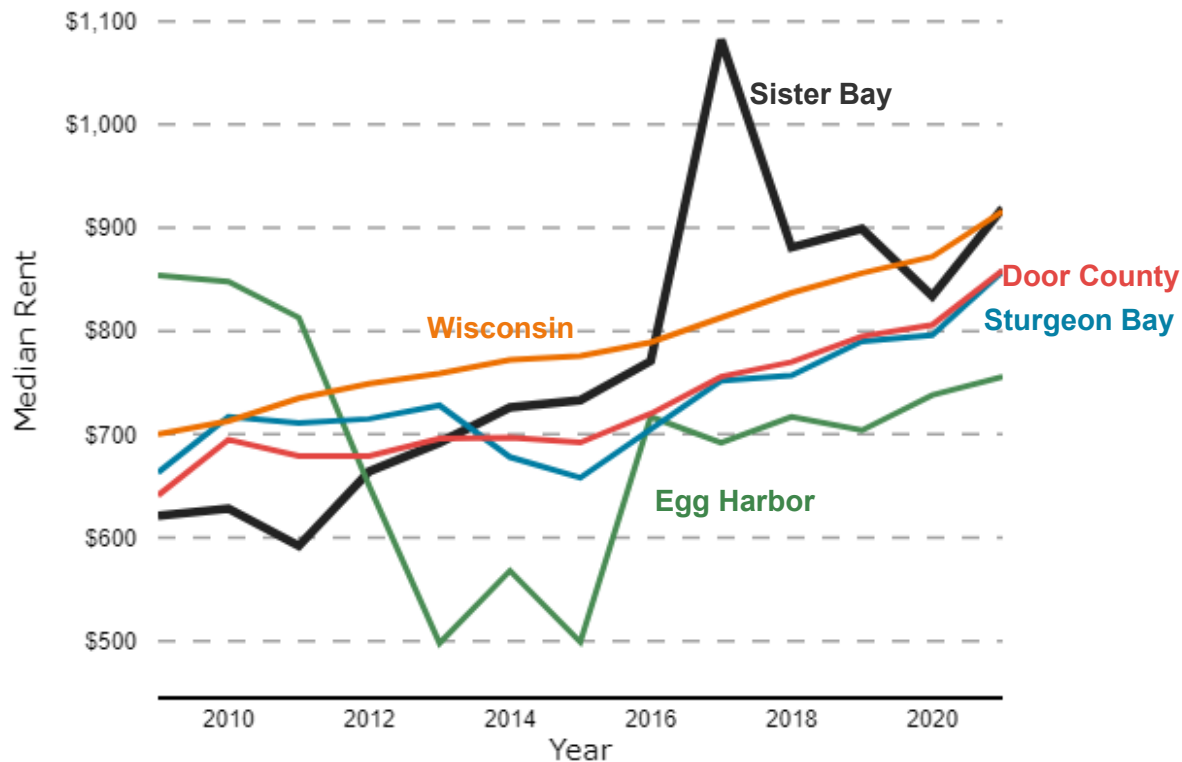


Source: ACS, 5-year estimates, 2009-2021



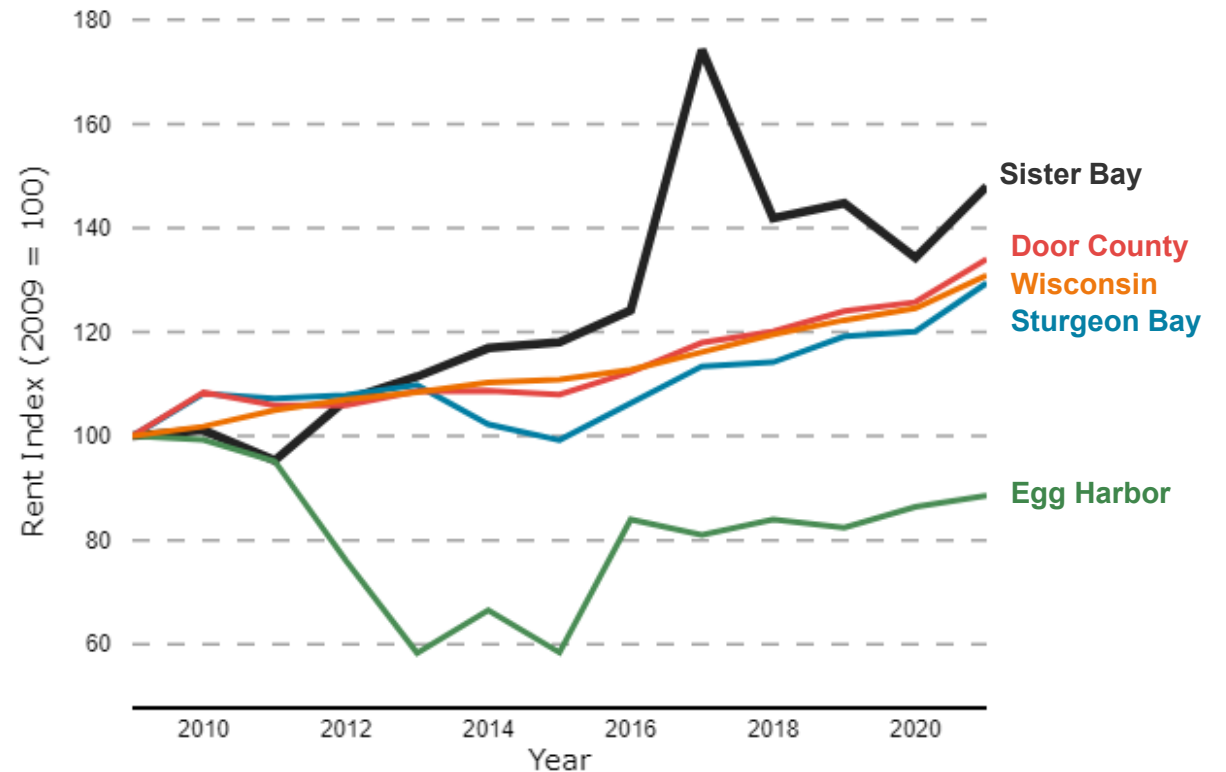
Median rent increased drastically after 2015 as rental housing units transitioned from full-time year-round rentals to short-term rentals.

Median Self-Reported Gross Rent



Source: ACS, 5-year estimates, 2009-2021

Median Gross Rent – Indexed Change

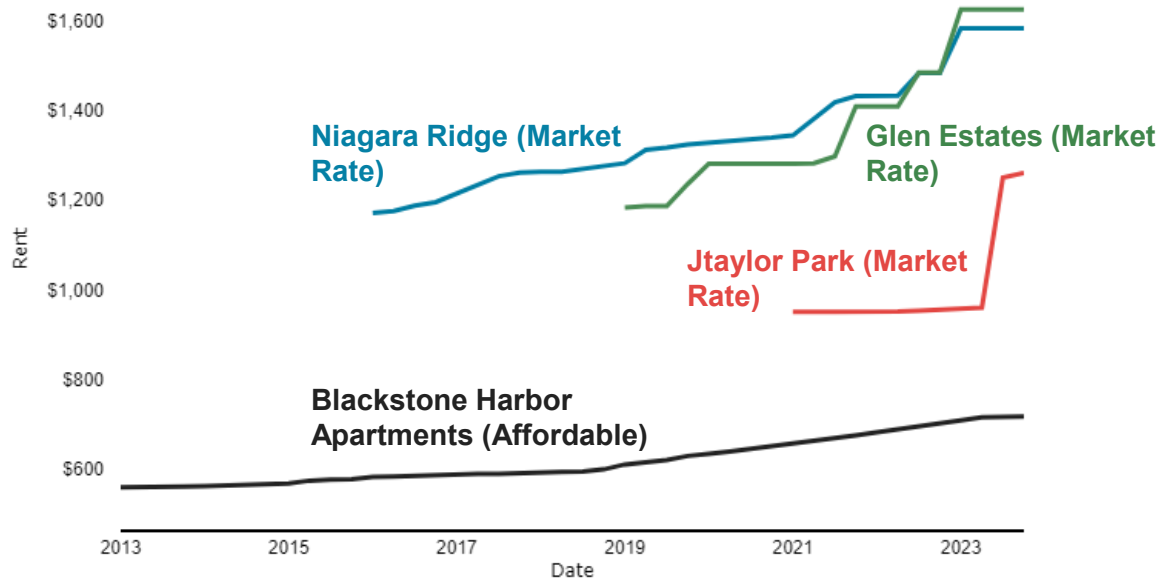


Source: ACS, 5-year estimates, 2009-2021



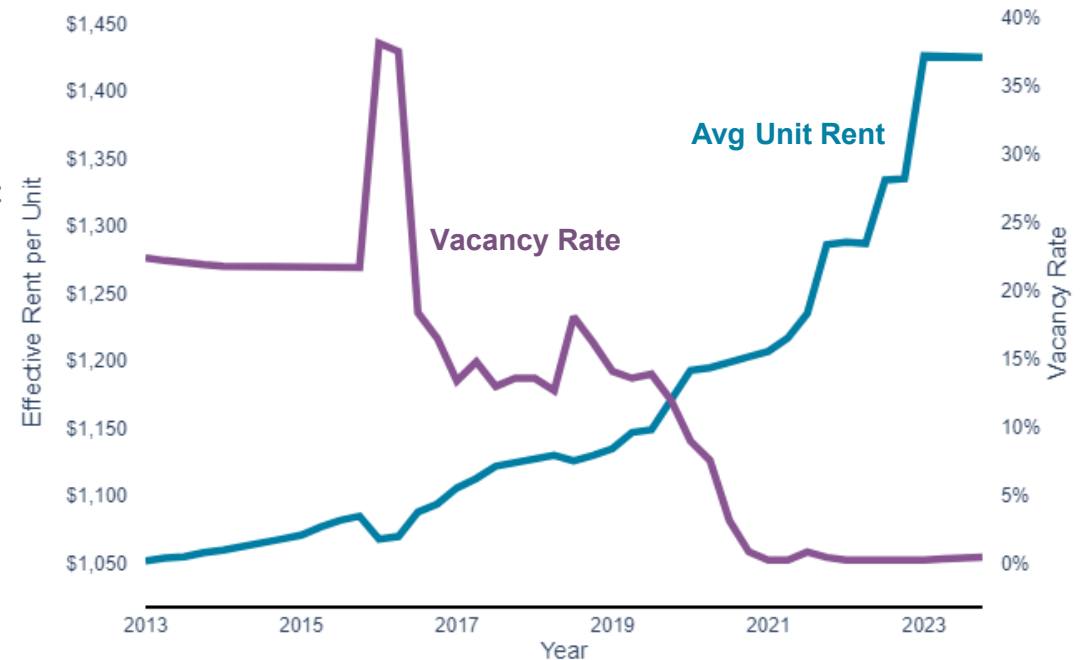
When looking at specific market rate rental buildings, rental jumps are pronounced in the past year. Vacancy rates that hovered above 15% for the first part of the decade are at nearly 0%, putting immense upward pressure on rents. The demand for full-time rentals is far outpacing the supply, especially in the context of supply withdrawn from the market for short-term rentals.

Rental Vacancy Rate (Vacant: For Rent divided by Renter-Occupied Units)



Source: Costar/Apartments.com

Rent Relative to Vacancy Rate

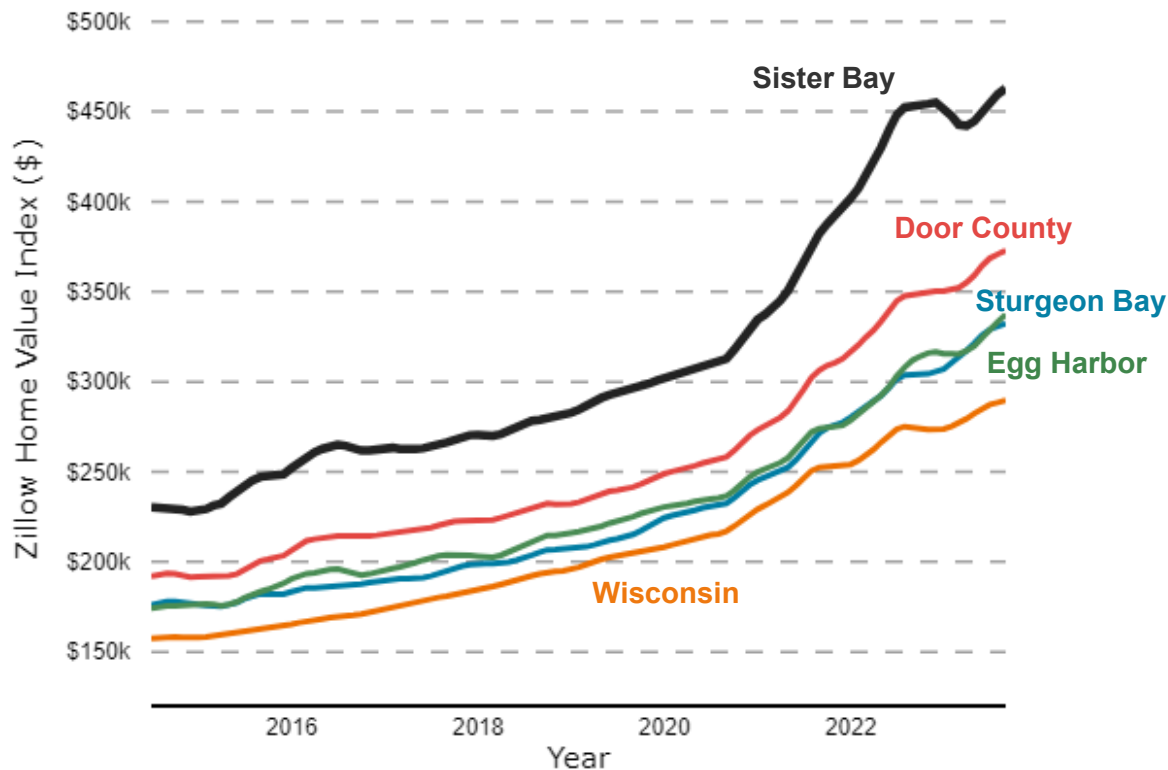


Source: CoStar



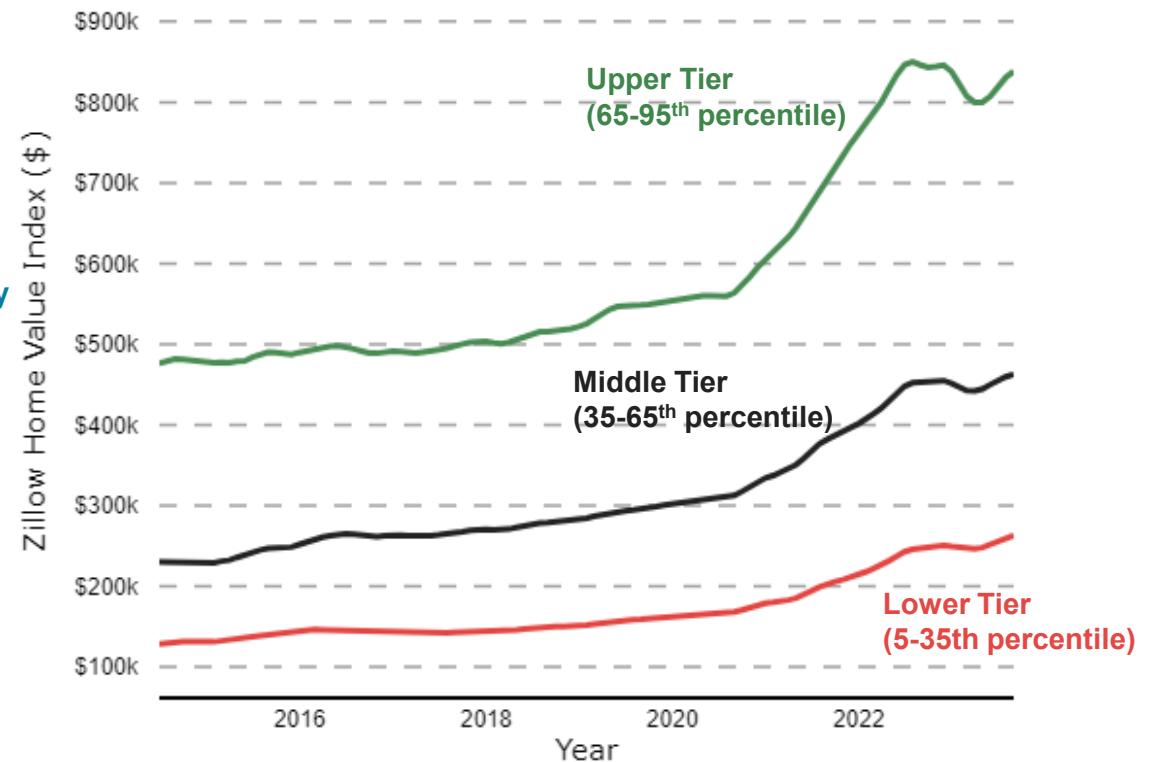
Home values also outpaced other locations, with fastest growth in the upper-tier homes. This accelerated during Covid-19 as remote work emerged as a possibility for white-collar workers. On the whole, prices remain more expensive than other locations despite lower incomes in the community.

Zillow Home Value Index: Middle Percentiles (35-65 percentile)



Source: ACS, 5-year estimates, 2009-2021

Zillow Home Value Index: Low, Medium and High Percentile Cuts



Source: ACS, 5-year estimates, 2009-2021



Takeaways

Housing Market Dynamics

The rise of short-term rentals detrimentally impacted the rental housing market. The subtraction of units from the year-around rental market put significant upward pressure on market rents. The addition of new multi-family units did not adequately shift these dynamics, which, when combined with recent population growth, continues to lead to low vacancies and fast-growing rents. While the trend is modestly reversing as more short-term rentals transition to long-term rentals, the overall supply of rental housing for year-round residents remains inadequate.

As the demand for short-term vacation rentals increased, home prices have also accelerated faster than competing markets – especially on the higher end. Even lower priced homes are too expensive for year-round service sector workers, making it challenging for those who work in the community to live there. Given an average mortgage rate of 7.65% in November, 2023, monthly costs including taxes and insurance for an average 'lower tier' home priced at \$265,000 would have monthly payments of \$2,155, requiring an annual income of \$86,200. For reference, the median household income in Sister Bay is \$43,125.

