



## **CHAPTER 2: PEOPLE AND THEIR HOMES**





DANE COUNTY IS DIVERSE

The 426,000 people who live in Dane County<sup>6</sup> are – in a word – diverse. There are people of all ages and families of every shape, and they have a wide range of housing needs and preferences.

Today, about 30 percent of Dane County households are singles and young couples, about 45 percent are families with children, and the remaining 25 percent are empty nesters and retirees. As time goes by, these groups of people who are at the same age and life stage grow older together, and as they do their housing needs and preferences change, as does their ability to afford different options.

By thinking about these different groups and the types of housing they prefer, we can create a more accurate picture of what kind of housing demand really exists in Dane County, and then we can start thinking about how to build neighborhoods that can meet those needs and preferences.

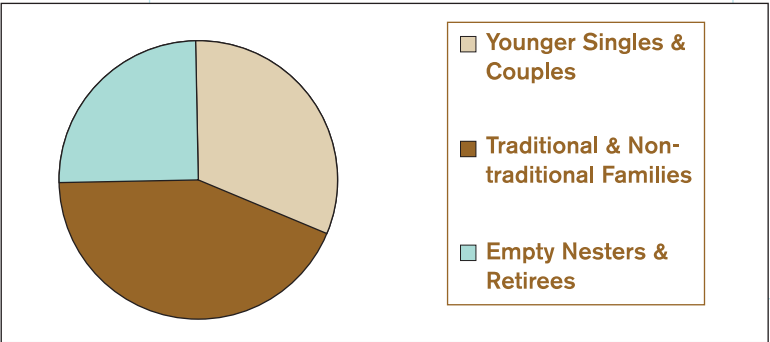


Figure 1: Dane County Households: 2000

Singles and Young Couples

About 45,000 households in Dane County – roughly one-third of the total – are singles or young couples. Because they are students or people who are just starting out on their own, they typically have not accumulated much personal wealth. For this reason, the majority of them – about three out of four – are renters, not owners. Therefore, they typically prefer to live in multi-family buildings such as duplexes or apartment buildings. They – and other young professionals – are also the primary market for the rising number of new downtown and neighborhood condominiums and apartments.

Families

About 75,000 households in Dane County are families of one kind or another, representing 43 percent of all households. This group is the most likely to manifest the “average” housing preference: a single-family, detached house.

Families with younger children are typically early in their career, and they prefer affordable living spaces. For about 70 percent of young families, this will mean a small, single-family starter home. The financial and housing needs of the remaining 30 percent are better served by rental housing. As the group matures and the families grow (in terms of number of children, size of children, and square-



A younger family in front of their rental home in a two-flat building.



footage of rooms required), families who own homes will typically search for a larger house, often on a larger lot. Similarly, renters in the same situation will usually either look for larger apartments or seek to become homeowners, depending on their preference and financial ability.



### **Empty Nesters and Retirees**

Eventually, school-children become teens, and then they grow up and move out, taking their place in the housing market as singles and young couples. Their parents, meanwhile, are left with an entire family's-worth of extra space for just them. These families have become popularly known as "empty nesters." Within a few years, most empty nesters mature into another role: retirees. About one-quarter of Dane County households – 44,000 – are empty nesters or retirees.

Children leaving home and retirement brings leisure-time that had previously been taken up by family and work, and many empty nesters and retirees are eager

to take advantage of it. By this age, those who own are typically carrying less and less – if any – mortgage debt. Some choose to spend their leisure-time at home and age in place. Others may retire to a leisure home, conveniently located to golf, hunting, fishing, or other activities.

But a significant and growing number of empty nesters and retirees seek to fill their new free time with shopping, parks, cultural activities, and entertainment – urban amenities. These people will gladly downsize from the unneeded square-footage of their often-suburban houses to more centrally located residences: a smaller detached home, a townhouse, a downtown flat, or a so-called "granny flat" behind someone's primary residence. Empty nesters and retirees are highly likely to own their home or condominium.

## **DANE COUNTY HOUSING DEMAND: THREE CASE STUDIES**

In 2002, Dane County hired a consultant<sup>8</sup> to study the potential housing market in Fitchburg, Mount Horeb, and Roxbury. The market analyses for these three very different places demonstrate the range of housing needs and preferences in Dane County, and dispel the myth that the only viable housing market is for detached, single-family housing.

Suburban Fitchburg's proposed development was for the "Green Technology Village," a mixed neighborhood of office, homes, and retail on 640 acres. Small-town Mount Horeb was considering a new residential neighborhood called "Horeb's Corners" on 134 acres. And rural Roxbury was exploring the potential to expand its historic town center, using Great Neighborhoods principles to maintain its historic character.

### **Housing Demand, by Household Type**

Using 2000 Census data reflecting in- and out-migration to Dane County and frequency of moves within the county, the consultants broke down potential housing demand for the three potential Great Neighborhoods developments by household type.





**A DIVERSE POPULATION NEEDS  
DIFFERENT TYPES OF HOUSING**

**WHERE WE LIVE**

As we’ve seen, the various household groups in Dane County share certain housing needs and preferences. There are many different housing types to meet their demands.

***Single-Family Houses***

Single-family houses have separate entrances, but can either be stand-alone buildings (detached) or grouped side by side (attached) such as townhouses.

***Single-family detached houses*** are the most common form of housing in Dane County. Great Neighborhoods accommodate a wide range of single-family house sizes. While the average single-family detached house and its lot has grown significantly in size in recent decades, there is a place in a great neighborhood for both small and large single-family houses. Lot sizes can range from about 40 to 60 feet in width. Lot widths significantly greater than 60 feet start to erode the workability of a neighborhood by increasing distances between homes and other destinations. Great Neighborhoods typically accommodate larger homes and lots on their edges.

***Townhouses*** (also called town homes or row houses) are forms of single-family homes – usually two or three stories tall – that are built in groups that all line up facing the street. Sometimes townhouses are actually all one long building articulated to look like a row of distinct structures; sometimes they are distinct buildings that share party walls in between; sometimes they are free-standing structures set right on the lot line, with no space in between; and sometimes they are free-standing structures with narrow walk- or driveways separating them.



*A smaller single-family home in Madison.*



*A detached single-family home in Cambridge, WI.*



*Rowhouses on Madison's Isthmus.*

Townhouses are typically about 20 to 35 feet wide, and 50 to 70 feet deep, depending upon lot sizes. They often have small private backyards with patios or decks, and they often have a front porch or stoop, though generally they have very small front yards (or none at all). Because of their small yards, such homes appeal most often to households without school-age children: empty nesters, retirees, singles, or couples without children or with very young

children. Town homes and row houses are usually found closer to the amenities located in commercial and civic districts. They are typically owner-occupied.



*Mansion apartment buildings blend in well on streetscapes dominated by detached, single-family houses.*



*Yahara River View Apartments in Madison.*



*Live-work units in Middleton Hills, Middleton, WI.*

***Duplexes, Two- and Three-flats*** fall between single-family housing and multi-family housing. Some of these are stand-alone structures that are intended for more than one household to occupy, but that are usually designed to look like a single-family house. A single structure with two side-by-side units, both with street-level entrances, is usually referred to as a “duplex,” while a similar structure that has several units stacked one on top of the other is known as a “two-flat” or a “three-flat” (depending on the number of units). Their total dimensions are comparable to fairly large single-family houses. Two- and three-flats are a particularly common housing type in many cities in the Upper Midwest and often this arrangement helps to provide an extra income stream to the owners, potentially giving opportunities for a family that could not otherwise afford to own their own home.

### ***Apartment Buildings***

Apartment buildings come in a wide range of sizes and shapes, but have the common trait of sharing a common entrance. They provide housing choices for empty nesters, retirees, and families, as well as younger singles and couples and best meets the needs and preferences of many in the Dane County housing market.

### ***Other Innovative (Yet Traditional)***

***Housing Options*** can cater to niche housing preferences. One type of attached housing that combines living with working space is the “live/work” unit. Live/work units allow a resident – usually self-employed – to operate a business in the same building in which they



live. Typically, the living area is above or behind the business. Combining living and working space in the same building allows people to eliminate commuting time, and to share office and home costs. Artists’ lofts – in which there is no permanent barrier between living and working spaces – are a variation on this housing type. Live/work arrangements work best for offices or service businesses, and particularly for Internet-based business.

Still another form of housing that meets the needs of some single people – older or younger – are accessory dwelling units, commonly called “granny flats” or carriage houses. These are additional residential units on what would otherwise be a single-family lot. The units can be above a garage or boathouse, in a pool-house, or in a separate building facing an alley. Accessory dwelling units can raise the residential density in a neighborhood without affecting its visual character much at all. The accessory units themselves also provide affordable housing opportunities in areas that might otherwise be too expensive, and they give extra income to homeowners who might otherwise not be able to afford their own homes.

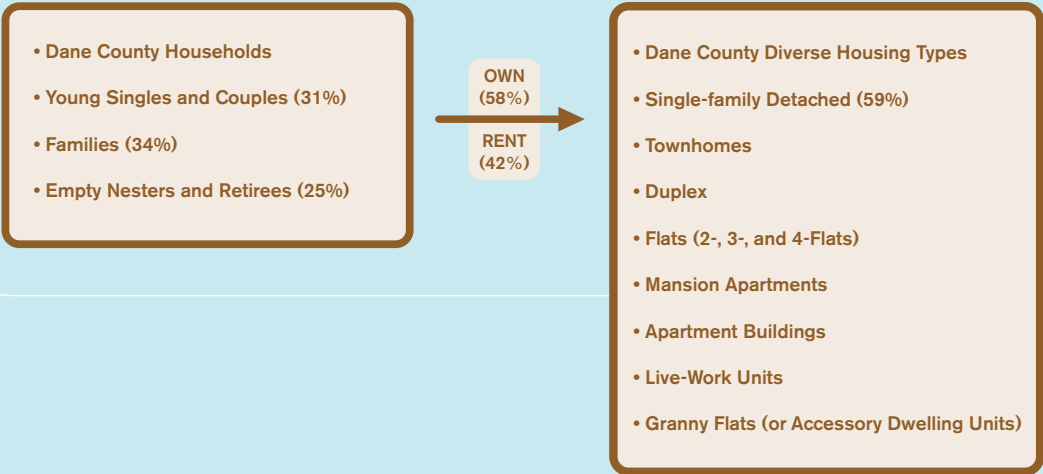
While many different types of housing are found in Great Neighborhoods, they share a common trait. They all face, and are oriented towards, the street. The buildings are set relatively close to the street: far enough to ensure privacy and close enough to help make the street an attractive, welcoming place. They all have garages or parking provisions in the rear or, if that is not possible, on the side. The orientation of great neighborhood buildings will be discussed in more detail in Chapter 4.



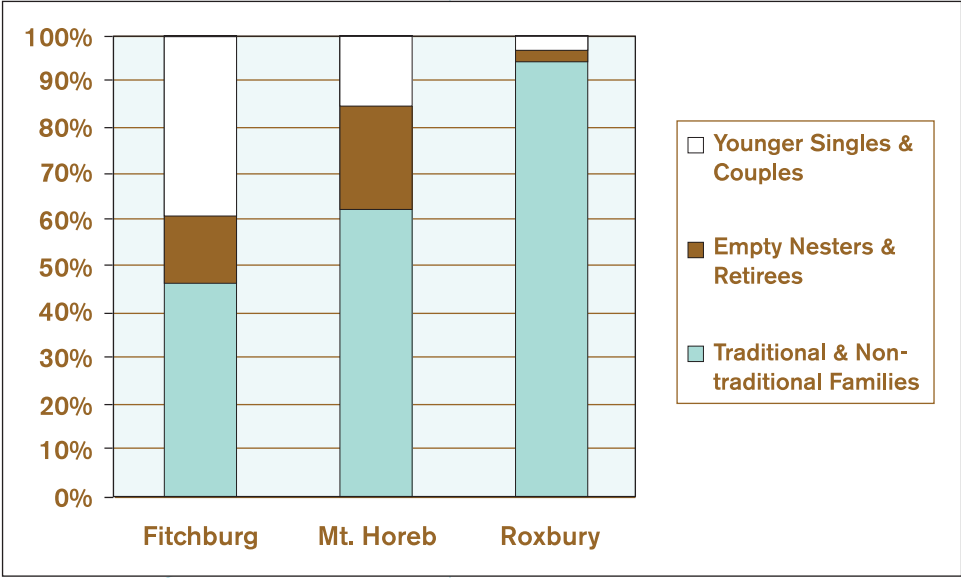
*Accessory dwelling unit in Madison.*



*A mixed-use building in downtown Stoughton, featuring apartments above storefronts.*



**Figure 2: Potential Demand for Housing in Three Dane County Great Neighborhoods**

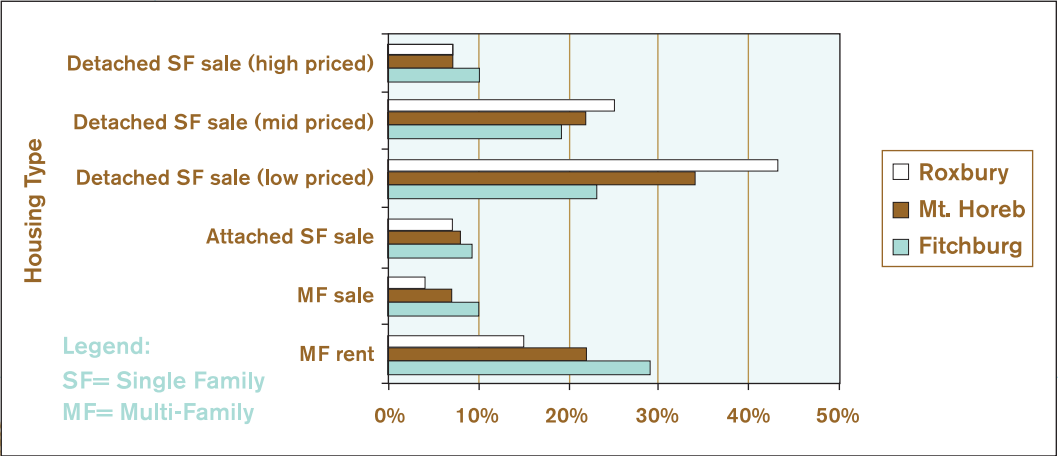


The results (Figure 2) demonstrate that the profiles of household type vary considerably from community to community. In Fitchburg, proximity to Madison and the more urban character of the proposed development tipped the projected housing market toward non-family households – less than half of demand was expected to come from families, and 40 percent was forecasted to be from younger singles and families. In the outlying village of Mount Horeb, on the other hand, families were expected to play a much larger role: they were forecasted to comprise about 60 percent of housing demand, with empty nesters and retirees accounting for about 25 percent of housing demand, and singles and young couples only about 15 percent. In rural Roxbury, virtually all of the housing demand was expected to come from families.

**Housing Preference, by Household Type**

The consultants then used nationwide marketing resources that employ very fine-grained demographic data to group consumers and describe their preferences for various housing types. Overlaying the local specifics described above with this data, the consultants were able to project housing demand, by type, for each of the three study locations (Figure 3).

**Figure 3: Predicted Demand by Household Types for Three Proposed Great Neighborhoods**



These three case studies demonstrate the demand for a variety of housing types in Dane County. In Fitchburg almost half of the estimated demand for housing at the study site would be best met by multi-family and attached single-family homes, and almost a third of the demand could best be met through rental housing. Even in Roxbury, where more than nine out of ten households seeking housing will be families, a quarter of housing demand would be best met by non-“average” housing types, such as townhouses or apartments above storefronts.

In all three locations, the average housing typically found in conventional suburban subdivisions – mid- to high-priced, single-family, detached homes – represent only a third of the expected demand. That means that typical developments often exclude a sizable portion of the market. Or, put another way, **typical developments that feature exclusively larger single-family homes miss about two-thirds of the potential market.**

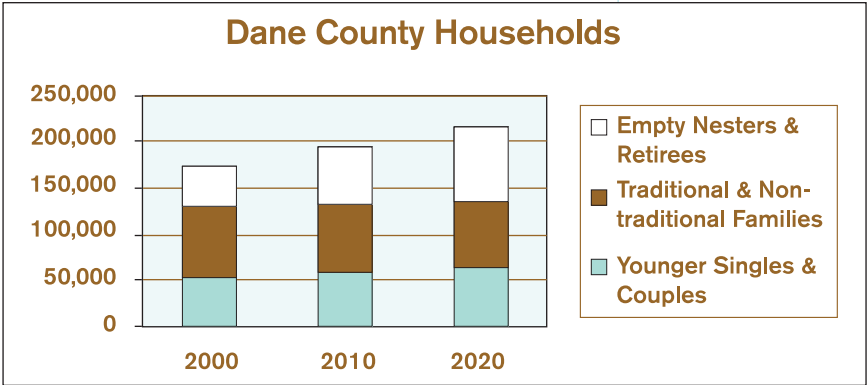
Many of the empty nesters and retirees looking to downsize would not find housing in many typical developments comprised of the average house. Nor would singles or couples working at jobs with modest pay – a category that includes not only most entry-level and service jobs, but also many school teachers, police officers, and fire fighters.

**FUTURE DEMOGRAPHIC AND HOUSING TRENDS**

People do not stay the same age. They get older. Today, this means that the baby boomers are transitioning from the “family” category into being “empty nesters and retirees.” As a result, between now and 2020, the number of empty nesters and retirees will nearly double in Dane County, to about 80,000. If current rates of growth continue, by 2020 empty nesters and retirees will account for 37 percent (up from 25 percent) of all households.

During the same period, the portion represented by families is predicted to shrink from 43 to 34 percent of households; and the number of younger singles and couples will likely hold fairly steady, dropping from 31 to 29 percent.

**Figure 4: Dane County Household Growth Projections**



**Predicted demographic shifts will significantly alter housing demand in Dane County.** Demand for the detached, single-family homes popular among families will level out, while housing appealing to households without children will increase significantly. Small single-





family homes, duplexes, townhouses, row houses and multi-family buildings will continue to gain in popularity.

Demand will also increase for housing that is located in neighborhoods that provide pleasant streets and amenities like parks and shopping within walking and biking distance. According to PriceWaterhouseCoopers' *Emerging Trends in Real Estate 2002*, “**Areas with sensible zoning (integrating commercial, retail, and residential), parks, and street-grids with sidewalks**” will “**hold value better in down-cycles and appreciate more in up-cycles**” than “**places oriented to disconnected cul-de-sac subdivisions and shopping strips.**”

## IN SHORT ...

Conventional subdivisions built after WWII typically offer consumers a fairly narrow range of housing choices; mostly mid to large size single-family homes. Following the Second World War, when more of the American population was made up of families with children, perhaps this made sense. But we are more diverse now than we were then – families make up less than half of our households, and many of these families are “non-traditional.” The diversifying trend will accelerate as the baby boomers become empty nesters and retire, and the proportion of the population represented by families drops.

Great Neighborhoods are the best way to provide the range of housing types needed to meet the needs of this growing diversity.

