Chapter 1

INTRODUCTION

GOAL OF THE SOCIO-ECONOMIC IMPACT ANALYSIS FOR THE REGIONAL HOUSING PLAN

In May 2012, the Southeastern Wisconsin Regional Planning Commission (SEWRPC) selected the Center for Economic Development at the University of Wisconsin – Milwaukee (CED) to prepare a socio-economic impact (SEI) analysis of the preliminary Regional Housing Plan for Southeastern Wisconsin. The preparation of a SEI analysis for the preliminary draft of the Regional Housing Plan (RHP) is based on the recommendation from SEWRPC’s Environmental Justice Task Force (EJTF). The SEI provides an evaluation of the recommendations set forth in the preliminary RHP in light of potential impacts on socio-economic factors and the principles of Environmental Justice as set forth under Executive Order 12898 ("Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations") as well as precipitating and subsequent laws and regulations. The purpose of the SEI is to determine whether or not any of the preliminary draft recommendations will have any potential benefits or adverse impacts on minority and low-income populations, and persons with disabilities, otherwise referred to as environmental justice communities or populations. The SEI Analysis will also assess whether environmental justice populations may be expected to receive a proportionate share of any plan benefits or a disproportionate share of any negative impacts.

SEWRPC’s Preliminary Regional Housing Plan
SEWRPC is the area wide regional planning agency for southeastern Wisconsin, namely Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha Counties. As such, SEWRPC is charged under State law with “the function and duty of making and adopting a master plan for the physical development of the Region.” Since its inception in 1960, SEWRPC has been engaged in the development and maintenance of a region-wide master, or comprehensive, plan. The basis for the comprehensive plan lies within its regional land use plan, and includes a variety of elements including transportation, water quality, parks and open space, and natural areas planning. In recent years, it has expanded to include water supply and telecommunications elements.

Early efforts to include planning for housing as part of the regional planning program were initiated in 1968 based upon a request from the City of Milwaukee.¹ In 1969, SEWRPC initiated the creation of a regional Technical Advisory Committee that developed a prospectus and designed the initial housing program. Between 1968 and 1981, planning for housing had been a part of SEWRPC’s comprehensive planning effort. The US Department of Housing and Urban Development (HUD) provided a source of funding for the housing program which included a regional housing study and a 1975 Regional Housing Plan² (RHP). However, due to the elimination of HUD funding in the early 1980s, planning for housing (separate from housing included within SEWRPC’s Land Use planning efforts) had been discontinued.

¹ From the preliminary Regional Housing Plan Chapter I.
Over the next two decades, SEWRPC managers had discussed using a portion of its funding for the land use and transportation planning program for housing planning with Federal and State transportation programs managers with no success. In response to several requests from local elected officials, SEWRPC explored once again with Federal and State transportation program managers the feasibility of conducting a housing plan under the umbrella of SEWRPC’s responsibility as the Federally-recognized metropolitan planning organization for transportation planning. In a reversal from previous decisions, an agreement was reached in 2006 that permitted housing planning activities to be eligible for inclusion in the land use and transportation work program of SEWRPC.

The principal objective of SEWRPC’s RHP is to ensure the provision of decent, safe, sanitary and financially sustainable housing for all current residents of the Region, and the anticipated future population of the Region. This includes addressing a series of identified housing problems, most of which have a direct impact on environmental justice communities. This socio-economic analysis will identify, measure, and analyze the impacts (positive or negative) of the recommendations in order to determine what long range effects such a plan may have on environmental justice communities within the Region.

SEWRPC’s Definition of the Housing Problem
In Chapter II “Objectives, Principles, and Standards” of the preliminary draft of A Regional Housing Plan for Southeastern Wisconsin: 2035, SEWRPC identifies the following seven components of the housing problem within the Region:

- A jobs/housing imbalance within sub-areas of the Region and the Region as a whole, particularly an adequate supply of affordable or “workforce” housing near employment centers;
- Challenges faced in sustaining the present supply of subsidized housing stock in the Region;
- A need for accessible housing stock to accommodate persons with disabilities;
- Housing discrimination;
- Concentration of low-income and minority populations in the Region’s central cities;
- The need to encourage sustainable, or environmentally responsible, residential development practices;
- The national economic recession and related housing crises beginning in 2007, which has resulted in falling home prices, restrictions on credit for home mortgages, foreclosures, and abandoned homes in many neighborhoods, and a lack of funding for affordable housing financed through tax credit programs.

SEWRPC recognizes that these components are interrelated and that they are also impacted by other areas of planning, particularly economic development, land use, and transportation. Based on this, many of the preliminary recommendations have incorporated broader remedies based on other areas of planning to address the defined housing problem. Within the context of the SEI analysis, CED extends this approach towards the interrelated nature of the recommendations in its evaluation of the preliminary RHP recommendations. In this SEI, CED provides an evaluation of the 47 recommendations

Note: SEWRPC Planning Report No 48 A Regional Land Use Plan for Southeastern Wisconsin: 2035, June serves as the foundation for the regional housing plan and was designed to accommodate a set of regional employment, population, and household forecasts of growth and change in the Region by 2035.
within the context of how the other aspects of planning are being addressed within the recommendations to resolve, ameliorate, or address the defined housing problem.

**Regional Planning and the Limits of Planning in an Advisory Capacity**
The Southeastern Wisconsin Regional Planning Commission, as the State-designated area wide planning agency for the seven-County Region and Federally recognized Metropolitan Planning Organization (MPO) for the Milwaukee, Racine, Kenosha, and portions of the Round Lake Beach Urbanized Areas, acts in an *advisory* capacity on specific planning issues. Although SEWRPC is charged with developing region wide plans for Southeastern Wisconsin, it holds no legal authorities to enforce recommendations set forth in many of the region-wide plans, including the RHP, or ensure that they are upheld by any individual community. Recommendations set forth in the Regional Housing Plan are purely advisory recommendations. By developing a series of regional plans including the Regional Land Use Plan\(^4\), the Regional Water Quality Management Plan\(^5\), the Regional Transportation Plan\(^6\), and supporting technical reports including the Economy of Southeastern Wisconsin\(^7\) and the Population of Southeastern Wisconsin\(^8\), SEWRPC has developed a cohesive and integrated set of advisory plans and technical reports that each county and local community (town, village, or city) within southeastern Wisconsin can follow to ensure healthy, sustainable growth. Additionally, under certain circumstances, recommendations are based on local or county ordinances, State or Federal laws and in those cases, those recommendations are actionable by law, but are enforceable only by local, county, State, or Federal agencies.

SEWRPC, however, holds no binding legal authority to enforce the recommendations and it is up to each community to act in the spirit of regional cooperation to uphold the recommendations set forth in each of the plans and to incorporate such recommendations into local plans. Although SEWRPC is responsible for developing plans, it is ultimately up to State and Federal agencies, county, town and village boards, and city common councils, and additionally in this case, local or county housing agencies and authorities to ensure that compliance with the recommendations set forth in the RHP are met.

**ENVIRONMENTAL JUSTICE PRINCIPLES**

Environmental Justice is both a concept and a movement. As a concept, Environmental Justice seeks to rectify any past or present harm or injustices related to environmental issues, and attempts to ensure that the environment and human health are fairly protected for all people regardless of race, color, national origin, or income.

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The concept of Environmental Justice is not new; it has its roots in the laws and regulations developed by agencies including the U.S. Department of Housing and Urban Development (HUD), the U.S. Environmental Protection Agency and other Federal, state, and local agencies throughout the 20th Century. These laws and regulations were developed to ensure safe, responsible use of resources and to safeguard the population from the hazards of industry and harmful environmental conditions. Planning as a field, particularly land use planning and zoning, had developed from the need to improve and safeguard the health, welfare, and safety of communities. In 1994, Executive Order 12898, "Federal Actions to Address Environmental Justice (EJ) in Minority Populations and Low-income Populations" was enacted. This formalized EJ by requiring most Federal agencies, including HUD, to consider how Federally-assisted projects may have disproportionately high and adverse human health or environmental effects on minority and low-income populations. Since then, Environmental Justice has become integrated into HUD’s mission, which includes working with states, tribes, local communities, other grantees, and staff at other Federal agencies to incorporate EJ awareness and planning considerations into program activities.

In 2007, SEWRPC created the Environmental Justice Task Force (EJTF) to oversee issues pertaining to Environmental Justice in the seven county Region. The primary role of the Environmental Justice Task Force is “to enhance the consideration and integration of environmental justice throughout the regional planning process.” The EJTF was instrumental in advocating and executing the development of a socio-economic impact analysis for the regional housing plan.

Additional information on Environmental Justice is provided in Chapter 8 (forthcoming) within the context of the public outreach portion of the SEI. The principles of Environmental Justice and applicable laws are set forth in Appendix __.

DEFINITION OF A SOCIO-ECONOMIC IMPACT ANALYSIS

A socio-economic impact analysis or assessment is a tool typically used to determine whether or not a proposed development will have a negative or positive impact on the social, economic, environmental, and fiscal well-being of a community. To successfully measure socio-economic impacts, the analysis must evaluate how a proposed development will impact the lives of current and future residents of a community. Socio-economic impact analyses typically measure both quantitative and qualitative aspects of a proposed development, by combining measurable indicators along with public perceptions.

Normally, the indicators used to measure such impacts include:
- Projected changes in community demographics
- Changes in the demand for public services
- Housing market analyses
- Changes in employment (and often income levels)
- Changes in the aesthetic quality of the community (difficult to quantify)

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9 Department of Housing and Urban Development webpage on Environmental Justice is accessible at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/review/justice
Measurable indicators usually focus on population and/or job projections related to the development. For example, a proposed commercial or industrial development may increase the number of jobs in a community and therefore create an increase in demand for more housing; given the size of the development (usually given in terms of number of jobs) such data are predictive and measurable. In this SEI analysis, CED focuses on the impacts that the preliminary RHP recommendations have on existing housing and potential housing development within the Region, although consideration is given to how non-residential development (i.e., industrial or commercial) impacts residential development within the context of job/housing balances. This assesses how the preliminary Regional Housing Plan addresses or resolves any components of the housing problem as defined by SEWRPC, particularly any problems associated with equity and environmental justice.

In general, most socio-economic impact analyses involve a two-step process. The first step is to determine measurable, quantifiable, and predictive data that pertain to the development. The second is gauging community perceptions. Community perceptions regarding a proposed development may not be as easily quantifiable, but are important in analyzing the socio-economic impact that the development could have on the community. Edwards argues that the perceptions of community members towards the development are significant in ascertaining whether the development will comply with community values and how it will affect the lives of the residents.

Regional Socio-Economic Impact Analyses
Typical examples of socio-economic impact analyses revolve around development at a single location, for example a shopping mall or an airport, in which the development may have significant and lasting social, economic, and environmental impacts on the community. Based on a review of existing socio-economic impact analyses, it was determined that the majority of socio-economic impact analyses address issues pertinent to a single, or at most, a few municipalities, focusing on development at the local, rather than regional, level.

To date, most examples of SEI analyses that focus on regional issues or plans in the United States are analyses of the impacts of regional transportation plans on minority and low-income populations. Additionally, a few region wide SEI analyses attempt to describe and measure a project that will impact a larger geographic area, such as a new airport or a large mining or resource extraction operation. These projects or developments typically impact multi-county areas involving numerous communities and municipalities, and may be phased in over decades. CED’s recent assessment of the Regional Water Supply Plan (RWSP) for Southeastern Wisconsin would fall under the category of a regional socio-economic impact analysis as implementation of the RWSP includes phased expansion of numerous water utility service areas within the seven-county Region over the next 30 years.

Approach to a Regional Socio-Economic Impact Analysis
Similar to most socio-economic impact analyses that measure impacts of development at a local or community level, a regional socio-impact analysis includes two major components: a quantitative component and a public participation and outreach component. The first component contains various quantitative measures to identify potential benefits and adverse impacts of the preliminary draft recommendations with respect to minority and low-income populations and persons with disabilities, and to help assess whether such populations may be expected to receive a proportionate share of any plan benefits and/or disproportionate share of any negative impacts. The goal of the quantitative component is to assess whether or not implementation of the preliminary RHP recommendations will
contribute to any failure of the plan to meet Federal regulations pertaining to civil rights and principles of environmental justice.

The second component involves public participation and outreach. The goal is to identify any concerns or issues regarding the plan from those whose voices may not have been heard during the initial planning process. For this, outreach was specifically designed to target representatives from minority and low-income groups, and persons with disabilities for feedback.

DESCRIPTION OF THE SOCIO-ECONOMIC IMPACT ANALYSIS STRATEGY FOR THE REGIONAL HOUSING PLAN

In order to address the preliminary Regional Housing Plan, the SEI analysis for the RHP reviewed and considered all appropriate evidence, standards, and practices, along with all applicable Federal and State laws on housing and discrimination. It should be noted that SEWRPC provides an extensive discussion of the Federal and State laws surrounding housing in Chapters VI and IX of the preliminary RHP. Guidance and standards are developed and set forth by the U.S. Department of Housing and Urban Development (HUD) and the Department of Justice (DOJ).

Federal laws and regulations that particularly focus on environmental justice communities and housing include:

- All Federal HUD regulations accessible at
  http://www.gpo.gov/fdsys/search/pagedetails.action?collectionCode=CFR&searchPath=Title+24&granuleId=&packageId=CFR-2006-title24-vol1&oldPath=Title+24&fromPageDetails=true&collapse=true&ycord=0 or main page
- Title VI and Title VIII of the Civil Rights Act
- Americans with Disabilities Act
- Title 24 of the Code of Federal Regulations Housing and Urban Development
- Title 40 CFR Protection of Environment
- Title 42 CFR Public Health

Overseeing the regional housing planning process was the Regional Housing Plan Advisory Committee. This committee is comprised of 29 professionals and officials from groups representing housing advocacy organizations; local, county, and State government agencies; home builders; and research and policy organizations and institutions. The Advisory Committee has periodically convened over the past four years to provide guidance for the development of the preliminary RHP. Chapter III of the preliminary RHP sets forth all of the relevant local, State, and Federal plans and programs that impact housing within the Region.

The Socio-Economic Impact Analysis Framework
The SEI is comprised of two components; an analysis component, in which the preliminary recommendations are evaluated to determine potential impacts on environmental justice populations; and an outreach component, used to engage environmental justice populations and their
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representatives in order to gain feedback and a clearer understanding about the plan recommendations. Ultimately, the findings from the SEI will be used to inform, support, modify, or dismiss the recommendations to be incorporated into the final draft of the Regional Housing Plan.

CED has evaluated each of the RHP recommendations under the scrutiny of a regional socio-economic impact analysis and by addressing the following questions, based on the framework posed by SEWRPC:

1. What positive social and economic impacts to environmental justice populations, if any, would be expected from implementation of the plan recommendation?
2. If positive social and economic impacts would be expected, would environmental justice populations receive a proportionate share of benefits, compared to the regional population as a whole?
3. What adverse social and economic impacts to environmental justice populations, if any, would be expected from implementation of the plan recommendation?
4. If adverse social and economic impacts would be expected, would impacts on environmental justice populations be disproportionally high, compared to the regional population as a whole?
5. If adverse impacts would be expected, what steps could be taken to mitigate disproportionally high social and economic effects on environmental justice populations?

This study answers these questions by considering each of the RHP recommendations, individually or collectively, and evaluating their impact on environmental justice populations, segregation patterns, housing patterns, the fiscal health and well-being of environmental justice communities, and their compliance with Federal civil rights and environmental justice regulations.

Analysis Component
In July 2012, the Regional Housing Plan Advisory Committee completed its review of the draft of the preliminary RHP, including the preliminary plan recommendations. Also, SEWRPC’s Planning and Research Committee completed its review of the preliminary recommendations in September 2012. The plan recommendations are based on the following six major housing plan categories:

- Affordable Housing
- Fair Housing/Opportunity
- Job/Housing Balance
- Accessible Housing
- Subsidized and Tax Credit Housing, and
- Housing Development Practices

Each of these categories consists of multiple recommendations (47 total) which speak to the primary objectives of each category. Within this SEI, each of the major housing plan categories was provided a chapter for discussion and analysis. In order to evaluate the recommendations, CED outlined the key objective or objectives for each major category in light of how these could positively or negatively impact environmental justice populations:

- Key Objective (Affordable Housing): Increase distribution of lower-cost housing options in sewered areas throughout the seven county Region
• Key Objective (Fair Housing/Opportunity): Increase housing options for low-income and minority residents throughout the seven county Region
• Key Objective (Job/Housing Balance): Increase affordable housing options in municipalities in proportion to number of moderate and low wage jobs in a given municipality and increase job opportunities near concentrations of existing affordable housing
• Key Objective (Accessible Housing): Increase housing options for persons with disabilities throughout the seven county Region, including near major employment centers
• Key Objective (Subsidized and Tax Credit Housing): Increase the supply and distribution of subsidized and tax credit housing throughout the seven county Region
• Key Objective (Housing Development Practices): Incorporating housing best management practices into planning and design, to lower the long-term cost of housing and provide safe and healthy neighborhoods throughout the seven county Region

Many of the recommendations are similar and, due to the nature of the plan, there is significant overlap between recommendations within the different categories. Many of the recommendations can be categorized as tools that support the overall objectives set forth within each of the categories. CED developed a straightforward, simplified method for evaluating the recommendations within each of the six housing plan categories, by distinguishing between plan objectives and tools with which to achieve these objectives. Based on review, the recommendations were categorized as one or more of the following five categories:

• Tools that Impact the Costs of Development and Housing Prices
• Tools that Impact Design, Aesthetics, and Safety
• Tools that Impact Policy and Zoning
• Tools that Impact Planning and Programs
• Tools that Impact Education and Outreach
• Tools that Impact Socio-Economic Barriers

Each of the six housing plan categories will be evaluated within this framework. For example, for the Affordable Housing category the key objective, spelled out in Recommendation 1, is to increase the distribution of smaller homes and higher density housing options throughout the seven county Region. Under this category, recommendations 3,5,6,8, and 9 are designated as Tools that Impact Costs of Development and Housing Prices; recommendations 2, 4, 5, 7, and 10 are designated as Tools that Impact Policy and Zoning; recommendations 4, 5, and 6 are designated Tools that Impact Design, Aesthetics, and Safety, and so on. The evaluation of Affordable Housing is discussed in terms of how the “tools” support or fail to support the key objective(s), with an emphasis placed on any recommendations that may have a significantly negative or positive impact.

In addition to the discussion of recommendations, CED has provided a summary matrix for all recommendations within each of the six major housing plan categories set against the five framework questions within each chapter.

**Outreach Component**
The second major component of the socio-economic impact analysis is public participation and input to address concerns that specific populations in the Region may not have had the opportunity to express
during the planning process, namely minority and low-income populations, persons with disabilities, and representatives or those who advocate on behalf of EJ communities. Assessing community perceptions about regional development is most difficult when portions of that community may not be engaged in the planning process. SEWRPC has done considerable public outreach regarding the RHP through the use of public meetings, the internet, direct outreach and meetings with groups representing or comprised of EJ communities, and other forms of communication feedback. However, and this can be said for all planning efforts, planners must find a way to engage those whose lives and communities could ostensibly be impacted by planning decisions at all levels, particularly in minority and low-income communities.

The goal for the public outreach component is to gather feedback from the public in order to further enhance the findings of the SEI analysis. The public outreach component will commence once the draft analysis is completed. It is anticipated that public meetings will be scheduled for November and December. Once the public outreach component is complete, CED will review and make necessary changes to the SEI analysis and provide a formal document to SEWRPC by the end of 2012.

CED worked with SEWRPC to develop a strategy to reach members of low income and minority populations, and persons with disabilities, and persons that represent such populations, in order to gain useful feedback. SEWRPC staff members provided additional assistance and input specifically in developing a message regarding the vision and recommendations of the RHP and conveying that message. Between November 2012 and December 2012, CED and SEWRPC cohosted 9 public meetings throughout the Region to gather input from the public.

Information regarding the input gained from the public meetings is provided in Chapter 8 of the SEI.

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