

Stoughton Area School District

Community Change Analysis and Forecast

August 23, 2022



STOUGHTON AREA SCHOOL DISTRICT

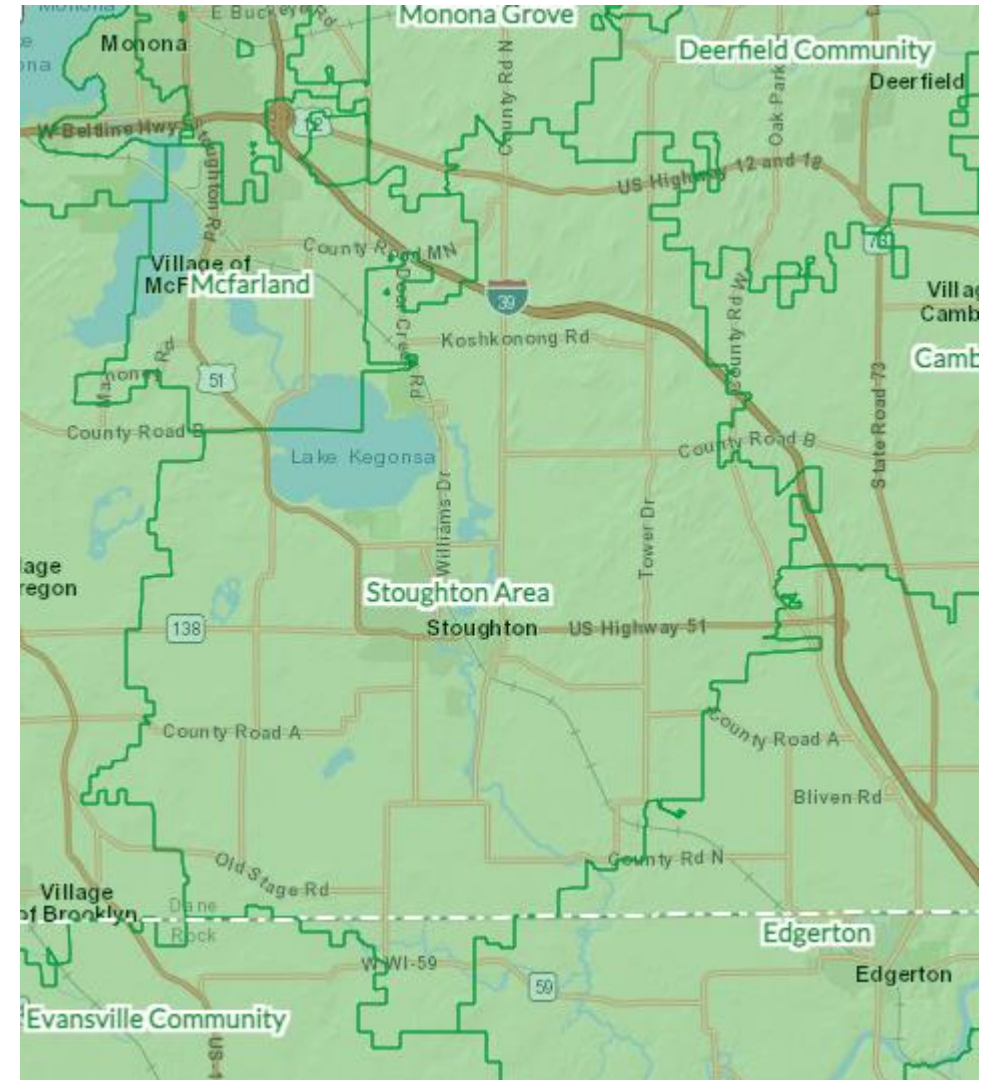


Experience and Project Scope

- MDRoffers Consulting includes municipal, regional, and school district planning experts with nearly 30 years of Dane County experience and over 30 school district clients statewide
- Stoughton Area School District (SASD) staff asked us to:
 - Assess the market and possibilities for more housing and likely student generation from that housing
 - Opine whether the UW-Madison Applied Population Laboratory's (APL) projection for stabilizing enrollment over the next decade appears reasonable
- Project scope is intended to answer some questions to contribute confidence for SASD's facility planning

Presentation Outline

- Demographic and Housing Trends
- Housing Development Expectations
- Key Questions and Our Responses





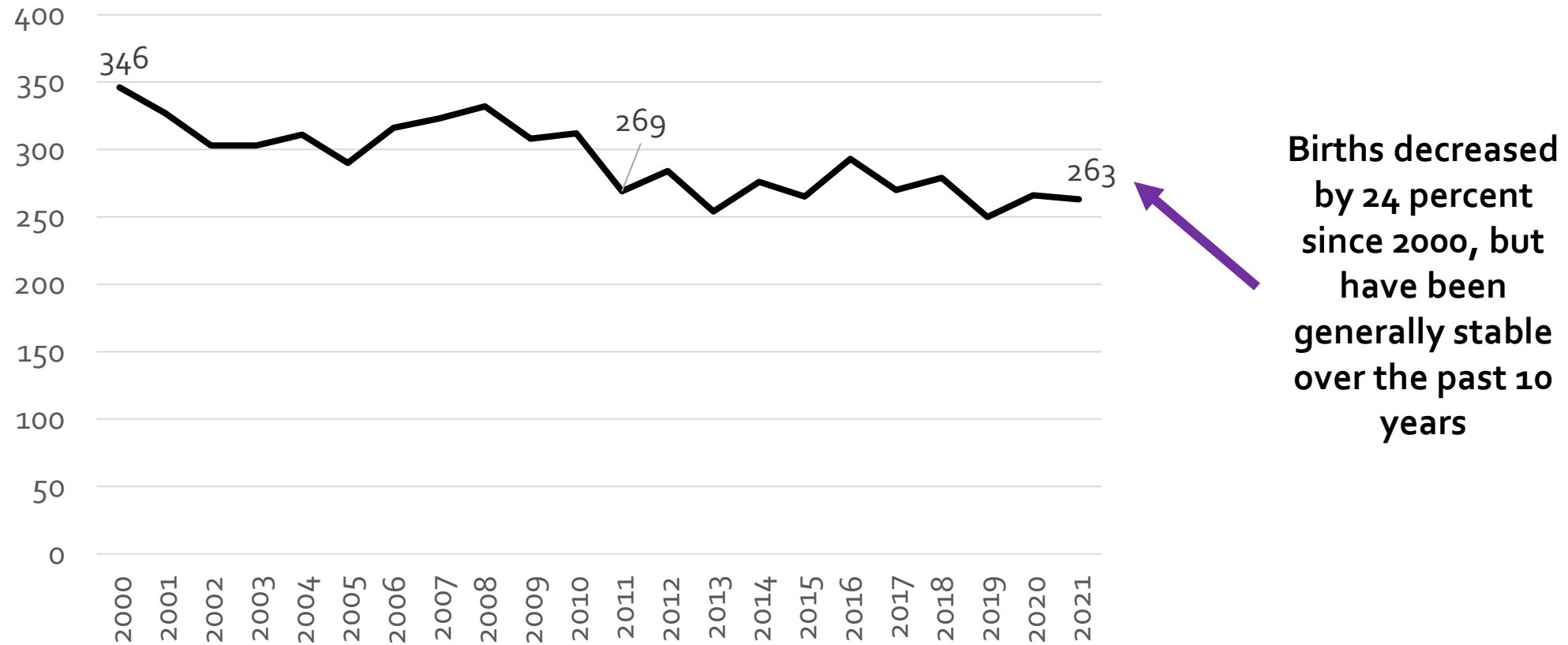
Demographic and Housing Trends



STOUGHTON AREA SCHOOL DISTRICT



Births in the SASD Appear to Have Stabilized



Source: Wisconsin Department of Health

- Enrollment declines in the past not surprising
- Stabilizing births suggest stabilizing enrollment

Aging Population with Limited Backfill of New Families

43.1

Median age in SASD in 2020, which increased from 41.4 in 2010

35.2

Median age in Dane County in 2020, which increased from 34.3 in 2010

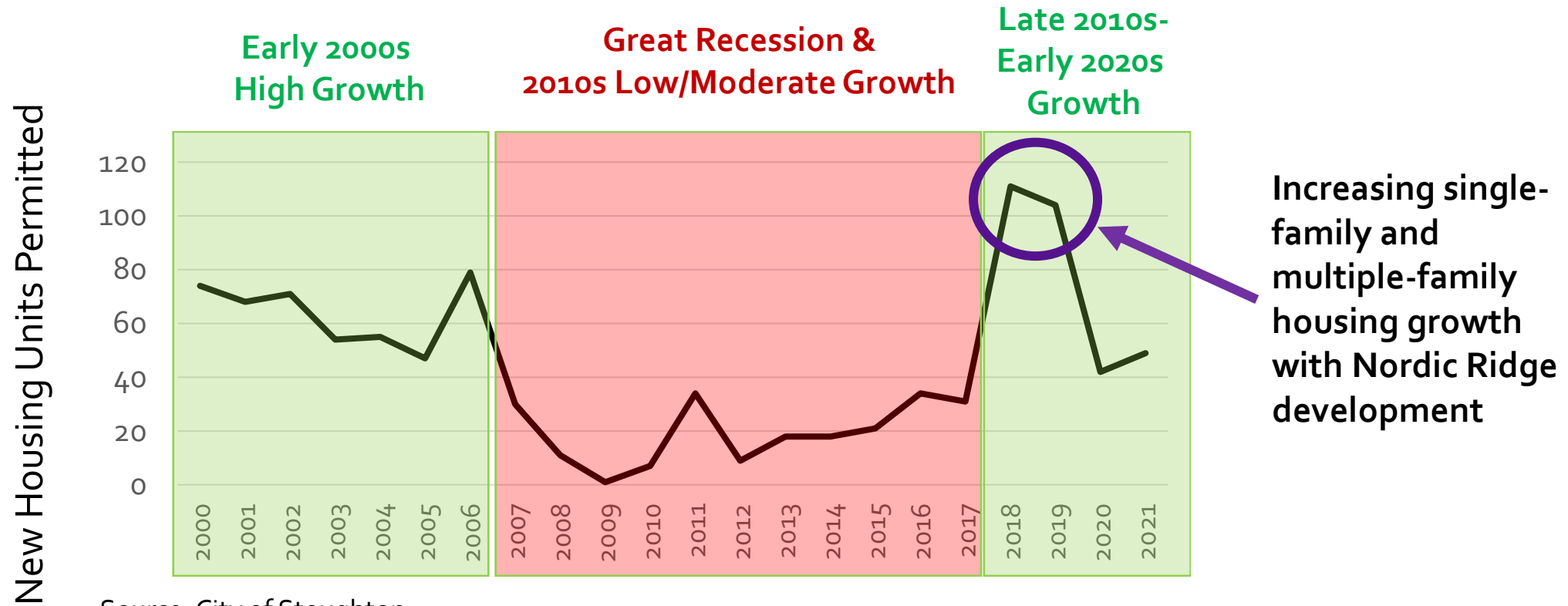
+547

Total increase in City of Stoughton population from 2010 to 2020

+502

Increase in City of Stoughton population aged 65+ from 2010 to 2020—or 92% of City's total population growth.

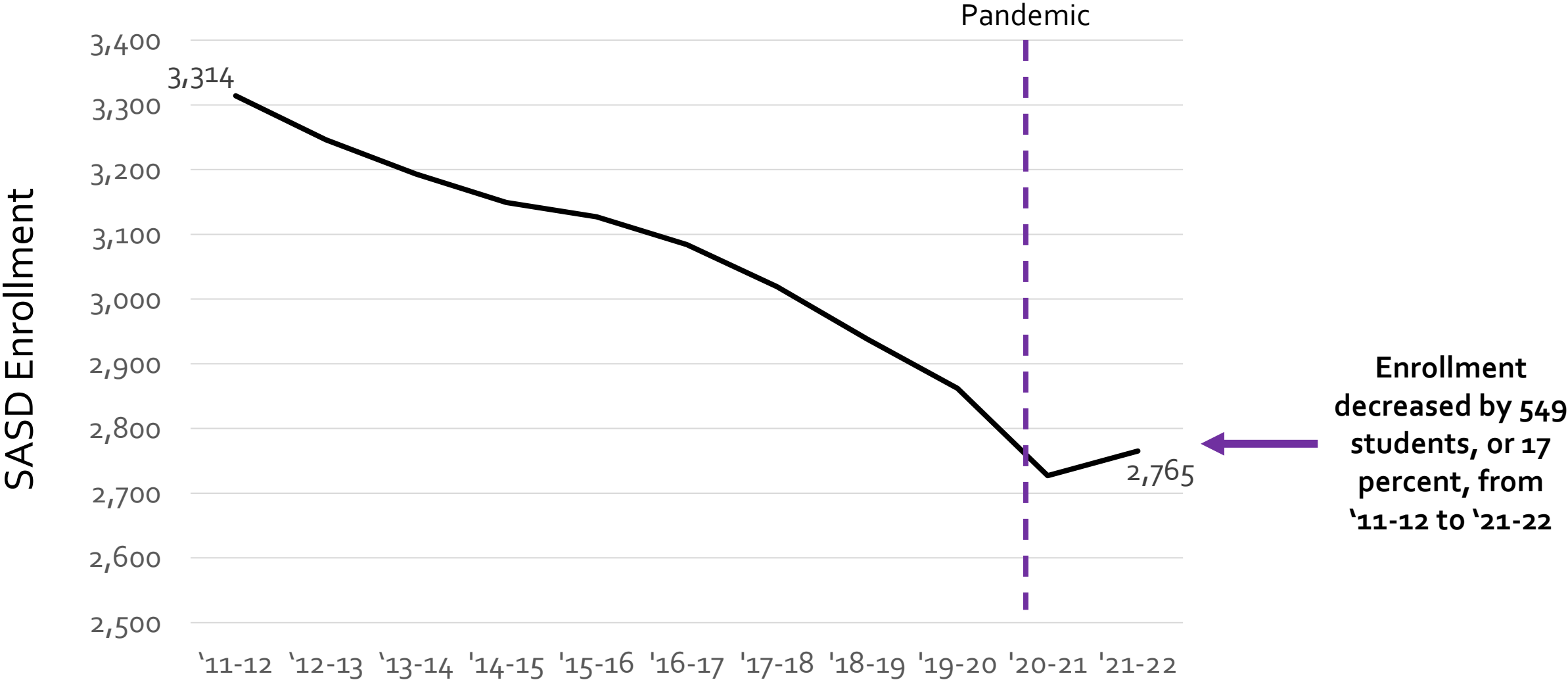
New City Housing Construction Rising After Slow Period



Source: City of Stoughton

- Vast majority of new SASD housing construction has been in the City of Stoughton
- Housing construction declined after 2006, leaving few options for new families
- Single-family permits finally returned to 40-50 per year in 2020 and 2021

All of this Resulted in Decreasing SASD Enrollment



Source: Stoughton Area School District

Looking Forward, the Outlook Shifts

- Regional Accessibility
- Regional and Local Job Growth
- Relative Affordability
- Housing Shortage
- Limited Inflation and Rate Effect
- Expected Birth Increases



Townhomes under construction along Main Street will help maintain Stoughton's affordability and increase local supply.

Easy Commute to Regional Jobs and Destinations

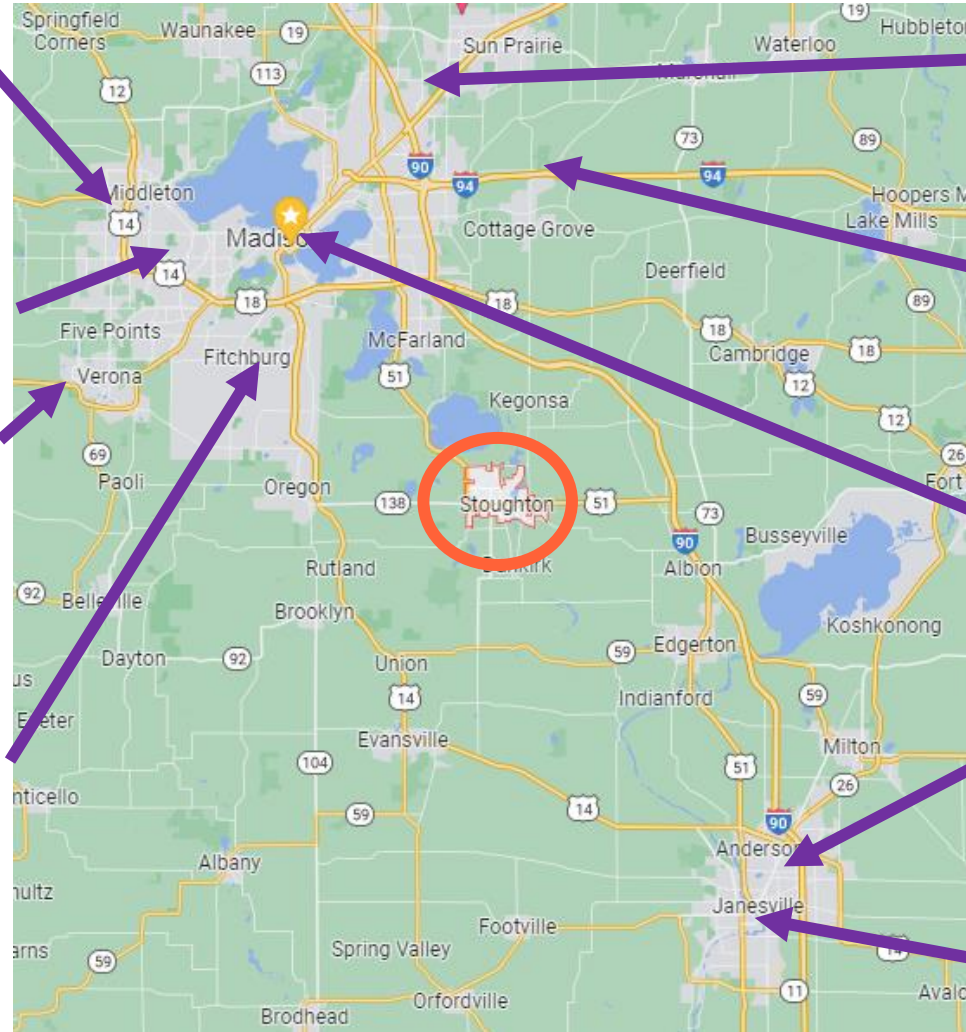
- 30-minute commute to major, growing job centers and amenities
- Interstate and Highway 51 improvements increase accessibility

**Middleton
Employment
(31 minutes)**

**University
Research Park
(28 minutes)**

**Epic
(31 minutes)**

**Fitchburg
Employment
(24 minutes)**



**American Center
(23 minutes)**

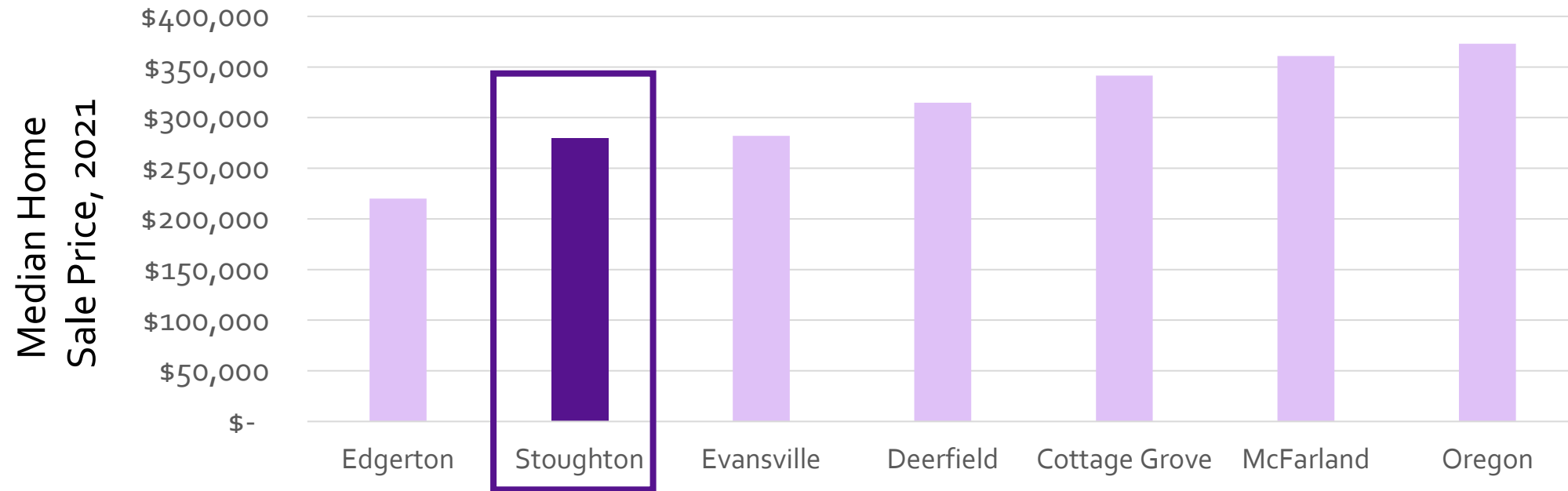
**Amazon Distribution
Center (22 minutes)**

**Downtown Madison
(26 minutes)**

**Milton Avenue
(24 minutes)**

**Downtown
Janesville
(29 minutes)**

Good Housing Affordability Relative to Neighbors



Source: South Central Wisconsin MLS

- Stoughton is one of the more affordable Dane County communities to buy a home, comparable to north Rock County
- Median sale price in Stoughton is \$80,000 less than in McFarland and almost \$100,000 less than in Oregon

Significant Housing Shortage Fuels New Construction

- Per Capital Area Regional Planning Commission, Dane County has been falling short by 1,000 new housing units per year since Great Recession
- There is now a shortage of several thousand housing units in County
- Shortage recently magnified due to increased working from home and Millennials entering their 30s
- Shortage hard to quantify at geographic level of school district



New twin-homes intended to bridge shortage in affordable owner-occupied housing.

Manageable Effect of Inflation and Rising Interest Rates

- US home prices fell by 1.8% from June to July 2022, after record-breaking 40% increase between February 2020 and April 2022
- Local developers and home builders expect slight slow-down due to rising interest rates, but significant unmet demand remains in Dane County and Stoughton
- With lower prices in Stoughton, higher interest rates do not have as great of an impact as in more expensive communities



Several new single-family homes under construction in Nordic Ridge indicate significant demand for housing in Stoughton, even with rising interest rates.

Large Millennial Population Suggests Increasing Births

- Most demographic trends suggest steadying, or even slightly increasing, births as Millennial generation has children in greater numbers
- Most Millennials are now in their 30s and beginning to settle down, buy homes, and start families
- Nationwide, the number of births increased 1% from 2020 to 2021—the first increase in a decade
- Some Dane County suburban communities have had significant reversal of early 2010s birth decreases





Housing Development Expectations



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Greater Expectations for New Housing in Stoughton

- Local developers, home builders, and municipal officials suggest increasing interest in building single-family homes and other types of housing in Stoughton
- Vast majority of new housing in the SASD will be City-based
- Minimal new housing planned in the SASD's towns, except some in Pleasant Springs between City and Lake Kegonsa



This new single-family home in the Town of Pleasant Springs is more the exception than the rule—most new housing is in the City.

Reasons for Anticipating More Housing Construction

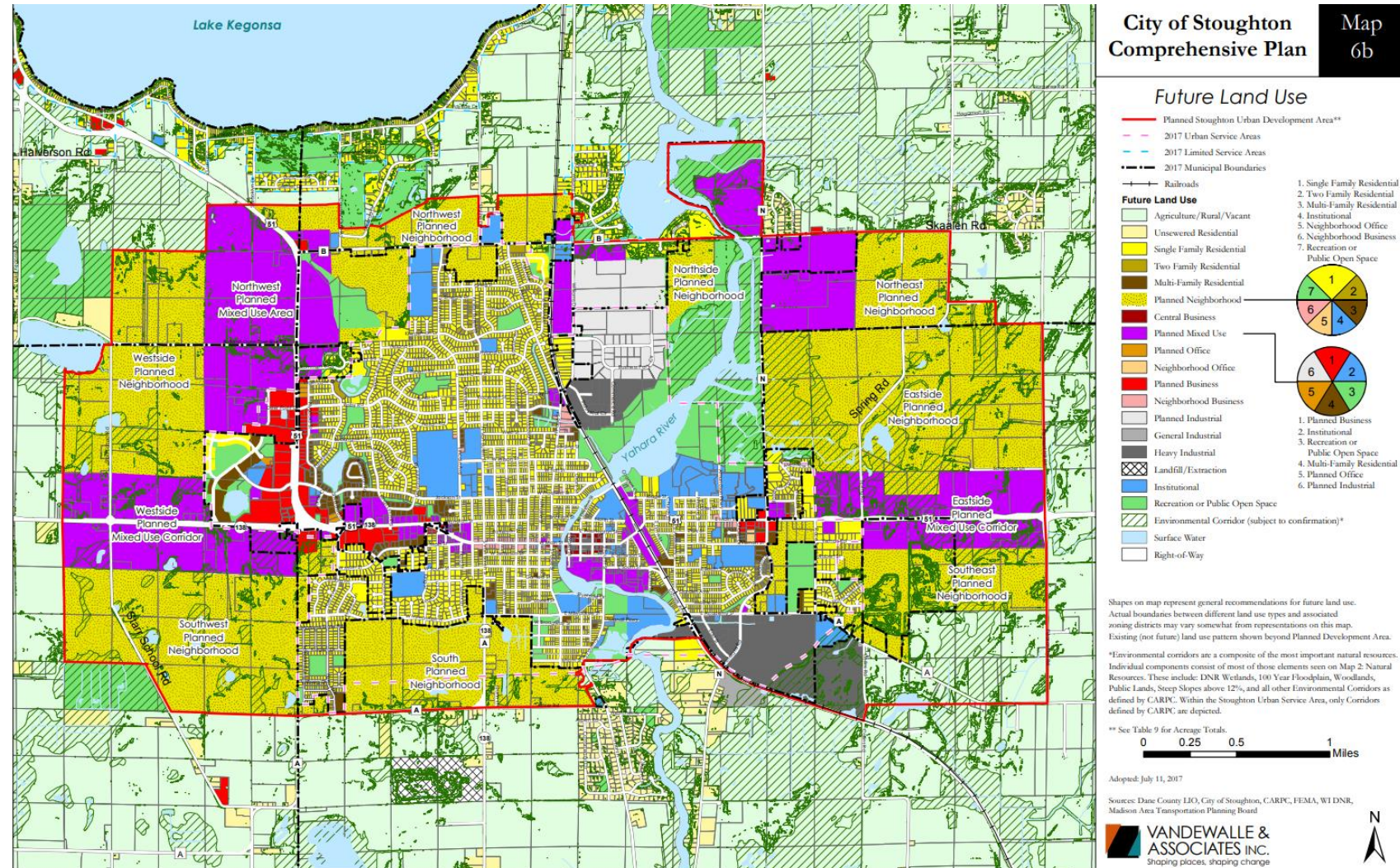
- Affordability
- Local and regional job growth
- Excellent transportation access
- Excess utility capacity
- Availability of developable land
- SASD “exceeds expectations”
- Family-friendly amenities
- Desire for small-town living
- Success and momentum



New single-family home construction has increased in recent years and is expected to continue over the next decade given the strengths and overall attractiveness of the Stoughton area.

Supportive Plans and Limited Constraints for New Housing

- Unlike many Dane County communities, Stoughton does not share a border with any other city or village
- City can therefore expand in all directions
- Market demand and development pressure is mostly north and west, but interest in some eastern areas too



Source: City of Stoughton, Comprehensive Plan (yellow indicates current and future housing areas)

How New Housing Affects Enrollment

- New housing generates new students, slowly increasing in years after construction
- New single-family homes generate the most students of any housing type
- Each suburban single-family home usually generates 0.5-0.8 students in first ~10 years
- Each new duplex or townhome typically generate 0.1-0.3 students, and each new apartment typically 0.05-0.1 students
- Exceptions include new single-family geared to empty-nesters and childless couples and larger (e.g., 3-bedroom) and/or large or more affordable apartments



New duplexes tend to produce more students-per-housing unit than new apartments.

Approved and In Progress Developments

- Nordic Ridge
 - 155 single-family homes
 - 20 duplex units
 - ~80% built-out as of August 2022
 - Build-out expected in 2023 or 2024
- The Meadows
 - First housing permit issued in July 2022
 - 164 single-family homes
 - 18 duplex units
 - 60 multiple-family units
 - Build out expected in 2027
- Significant student generation likely from single-family homes



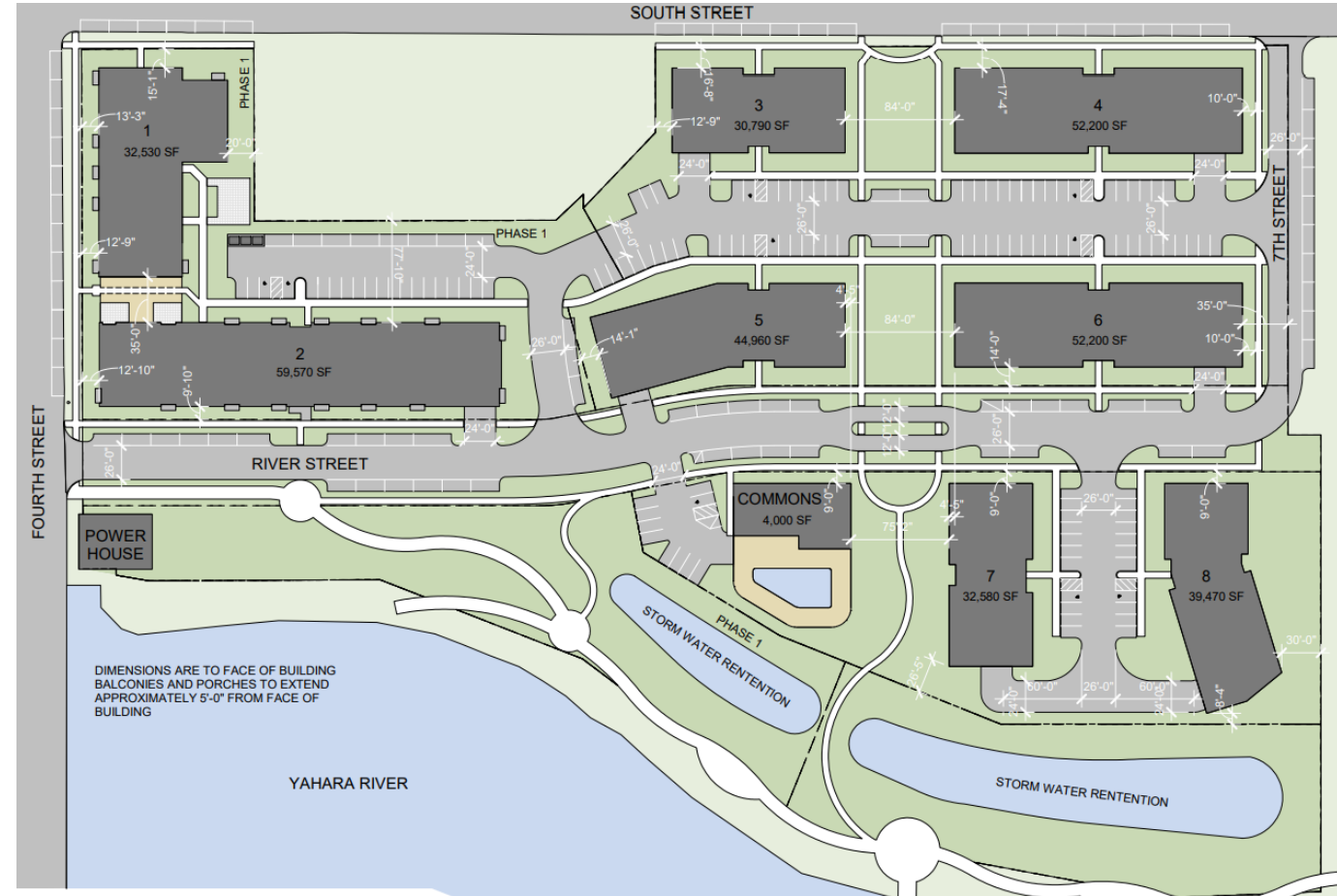
Significant numbers of new single-family homes were under construction in Nordic Ridge in summer 2022.



Construction of The Meadows subdivision in summer 2022.

Approved and In Progress Developments

- Riverfront District Apartments
 - 8 buildings, 215 units
 - 100 3-bedroom
 - 70 2-bedroom
 - 45 1-bedroom
- First building occupied by 2024; build-out by 2027
- Moderate student generation expected, due to large number of 3-bedroom units



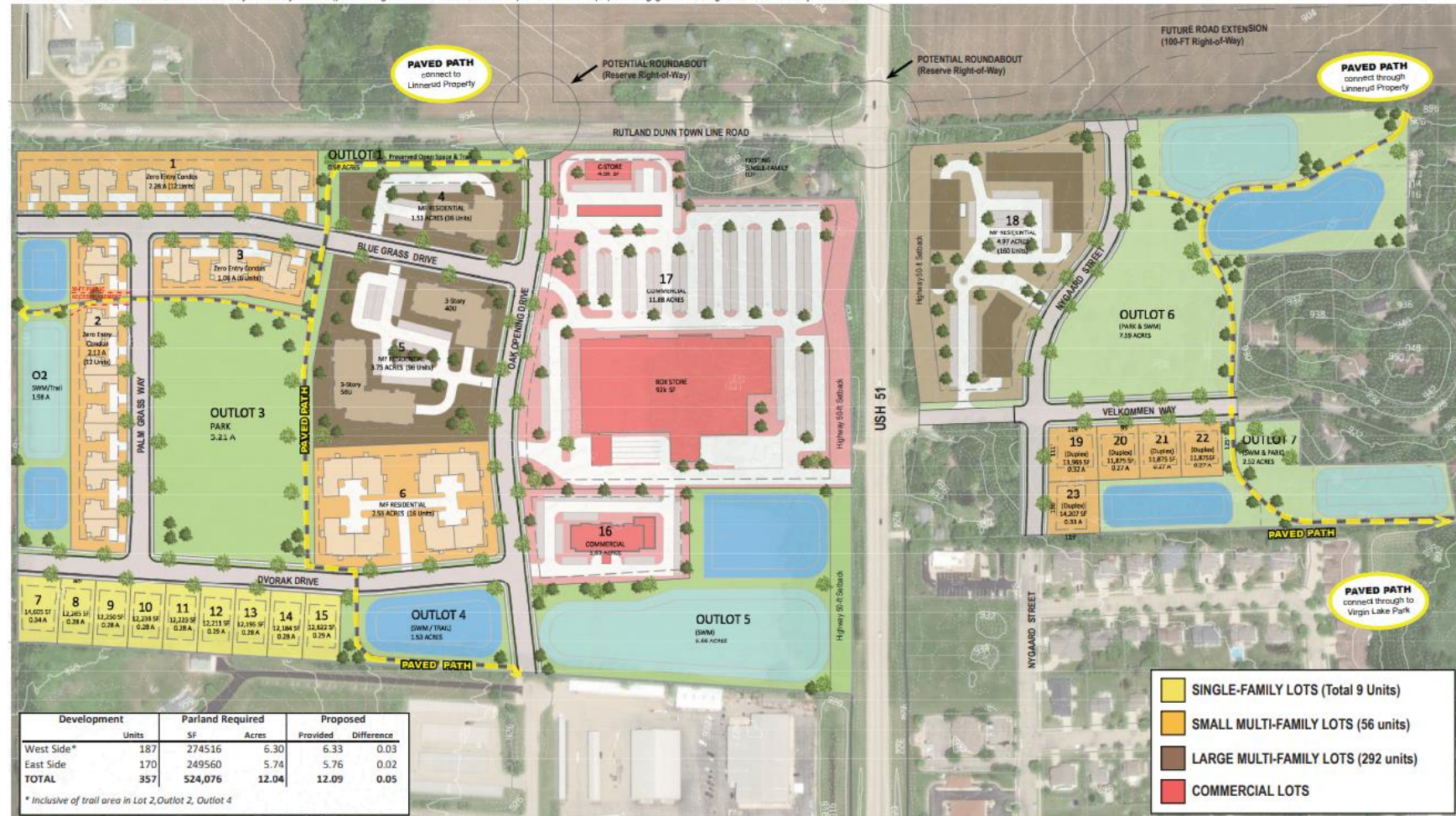
Source: City of Stoughton. Plan shows several buildings to be constructed in phases.

Approved and In Progress Developments

- 51 West
 - Start date: late-2022
 - 9 single-family homes
 - 40 duplex units
 - 308 multiple-family units
- Some duplex and/or multiple-family units likely marketed to seniors/empty-nesters
- Not a likely significant student generator

DISCLAIMER:

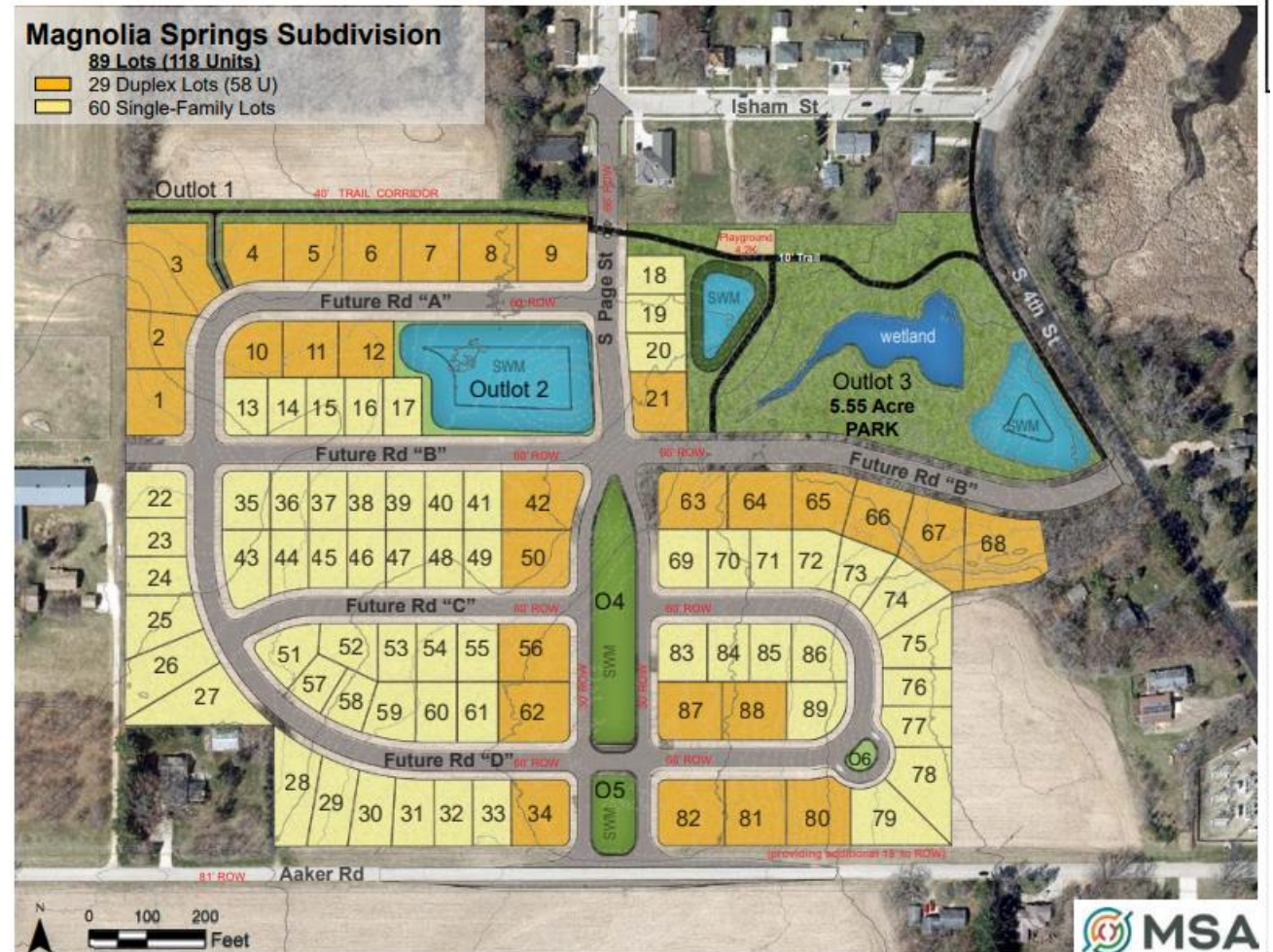
This neighborhood concept illustrates a proposed road layout, storm water management infrastructure, and lot layout with speculative development. The number of lots and design for specific sites are generalized based on what fits the location and intended use for the area. Development plans will be proposed by property owners at a future date based on market conditions and interests, and will be subject to City review (per zoning and subdivision ordinance) with this concept providing guidance to general connectivity and use.



Source: City of Stoughton; MSA Professional Services

Proposed (and Likely to be Approved) Development

- Magnolia Springs
 - Final approval likely in October 2022
 - First homes expected mid-2023
 - 60 single-family homes
 - 58 duplex units
 - More affordable homes <\$350,000
 - Build-out expected by 2027
- Significant student generation likely due to moderate home prices and family amenities (park and playground)



Source: City of Stoughton; MSA Professional Services

Impact of Older Neighborhoods is Also Critical

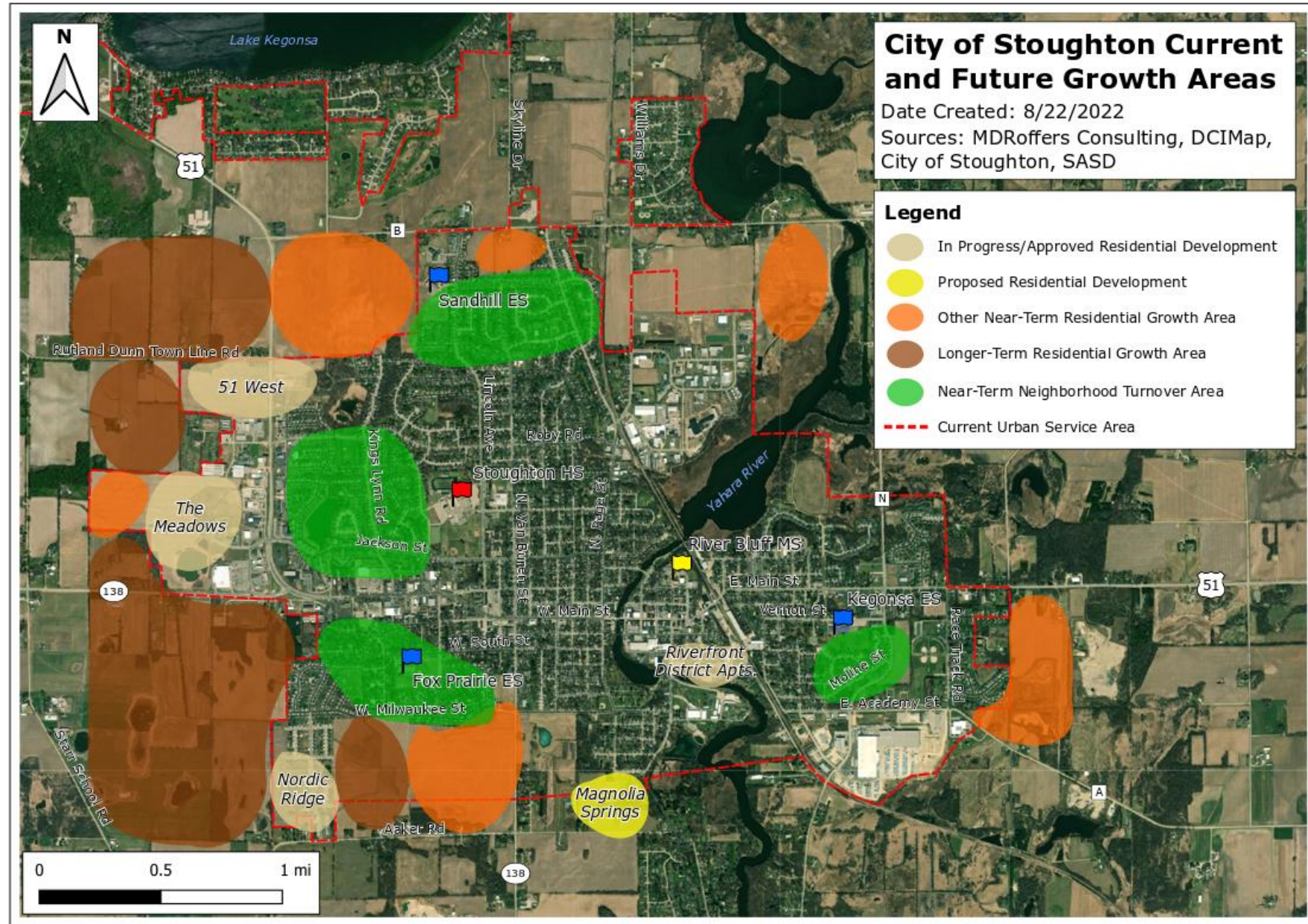
- Older neighborhoods often have decreasing enrollment, counteracting increases from new housing
- Millennial families sometimes view smaller, older, and “fixer-upper” homes as less suitable options—particularly in suburban settings
- But neighborhoods developed in the 1990s and early 2000s often contain suitable family housing and are the best candidates for turnover to new families with children



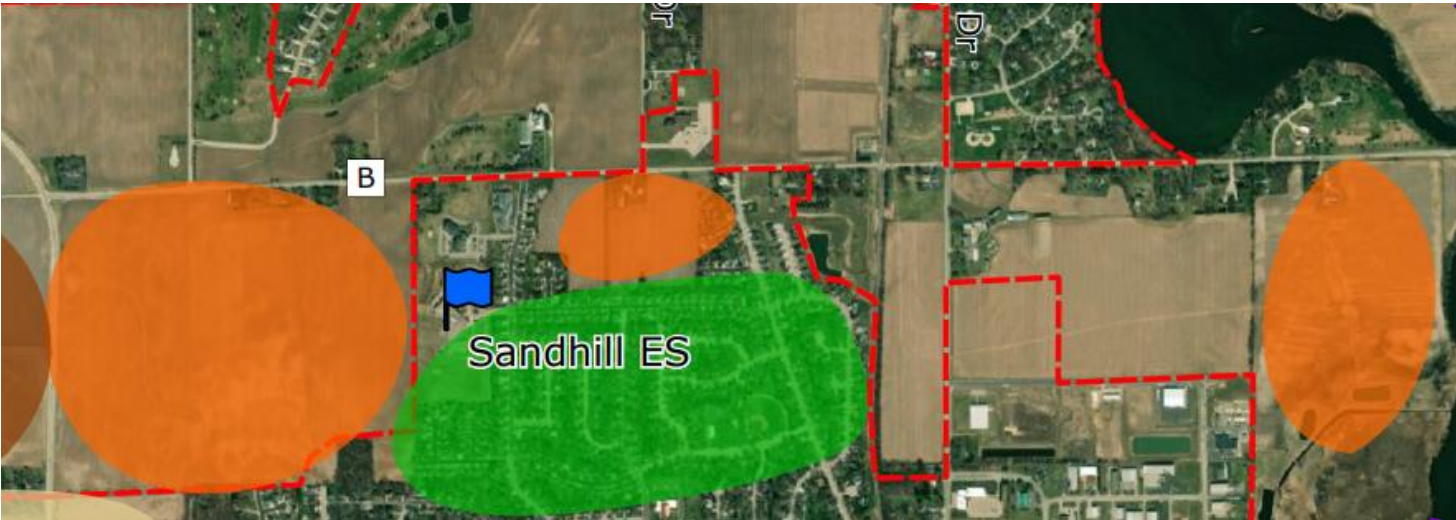
Homes around 30 years old (i.e., a generation)—plus older apartment units—are the best candidates among already-built housing to have more students over the next decade.

Current and Future Growth Areas Map

Suggests where to expect future housing growth, plus neighborhoods with greatest potential for turnover to new families, with relation to SASD's schools

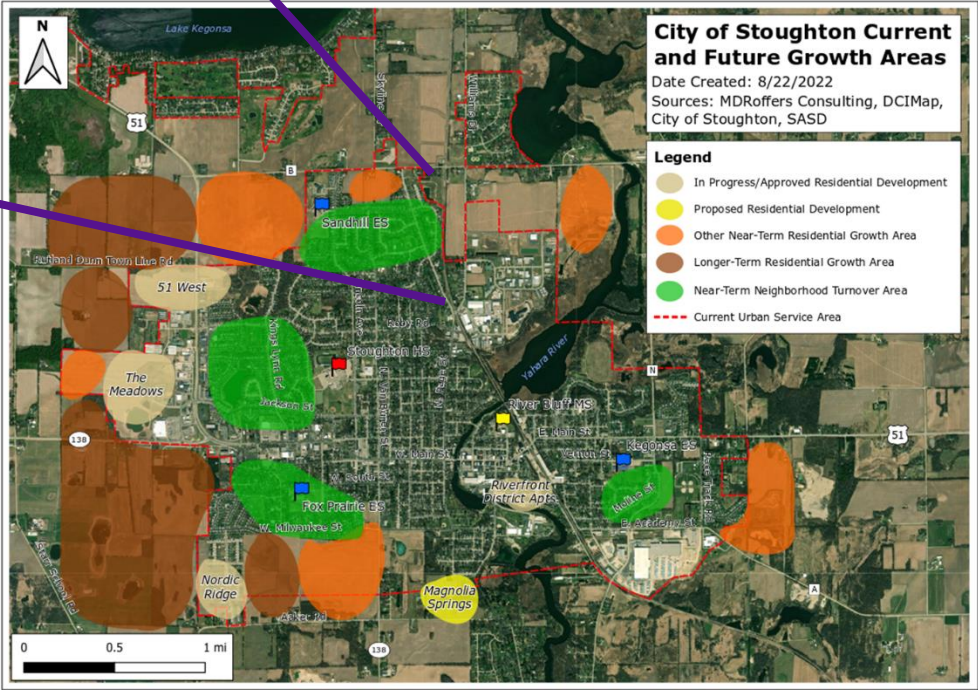


North –Highway B Corridor

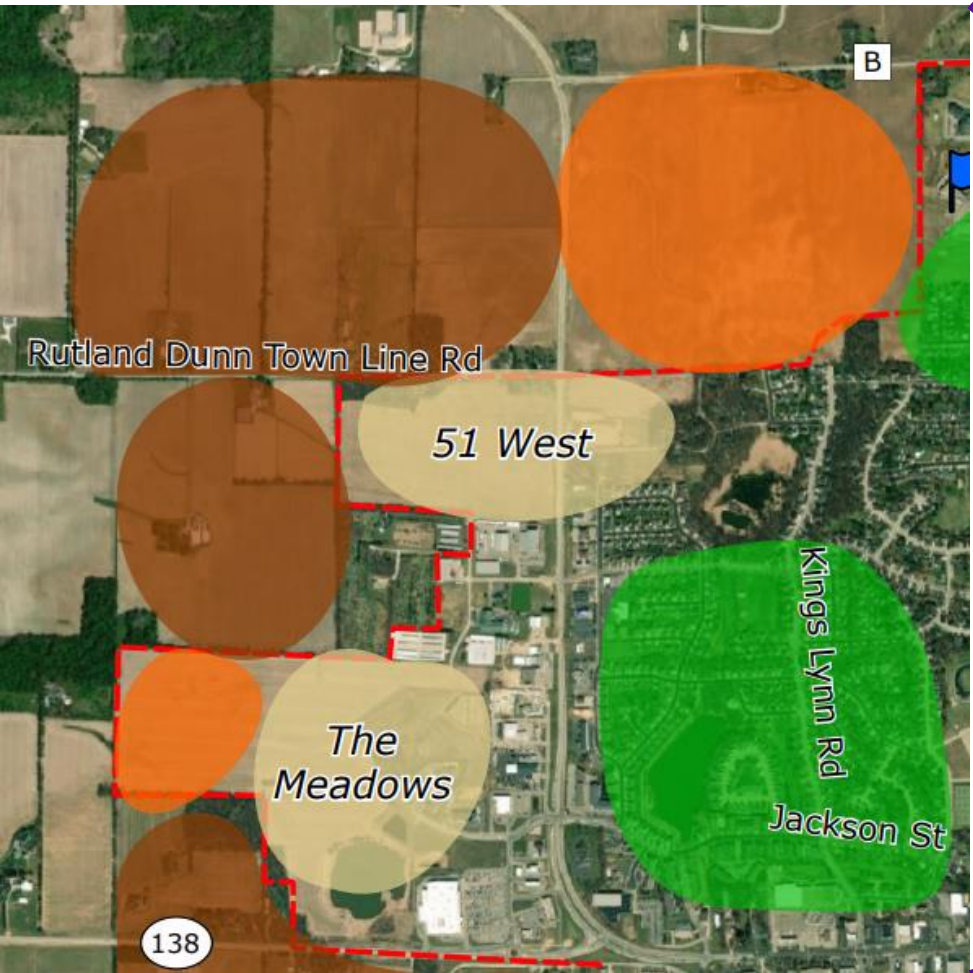


Legend

-  In Progress/Approved Residential Development
-  Proposed Residential Development
-  Other Near-Term Residential Growth Area
-  Longer-Term Residential Growth Area
-  Near-Term Neighborhood Turnover Area
-  Current Urban Service Area

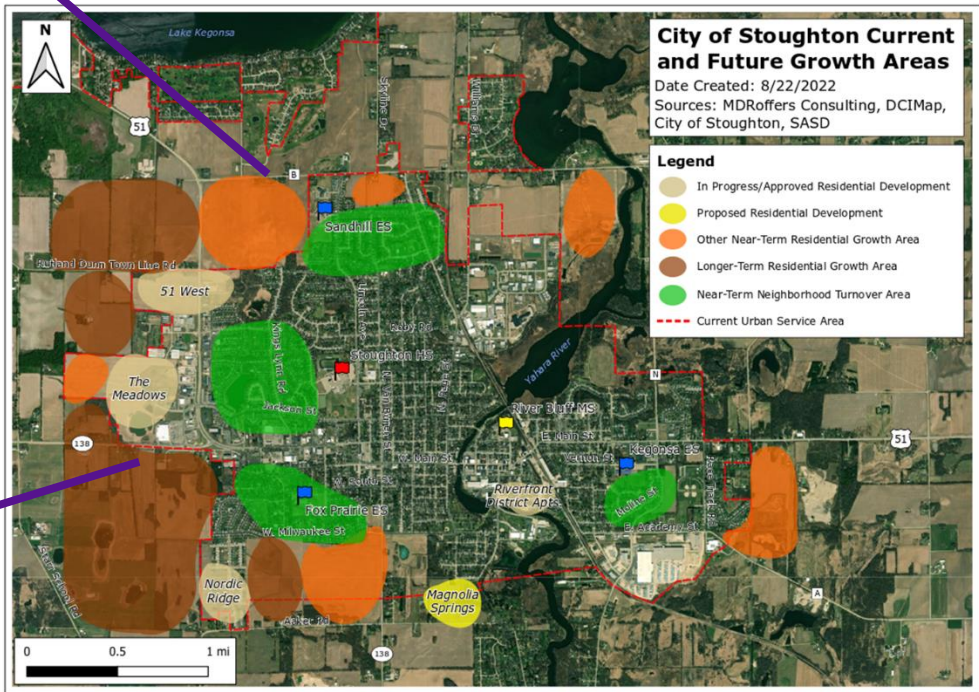


Northwest – Highway 51 Corridor

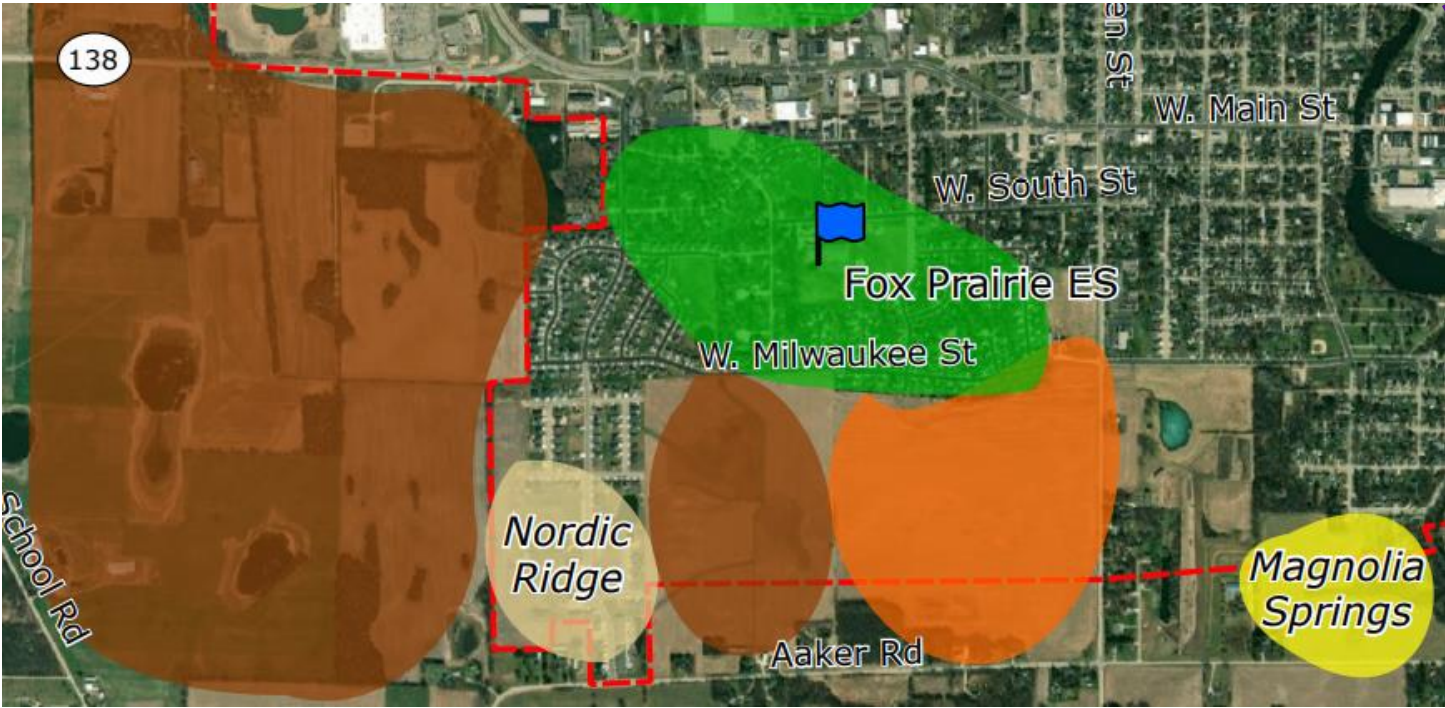


Legend

- In Progress/Approved Residential Development
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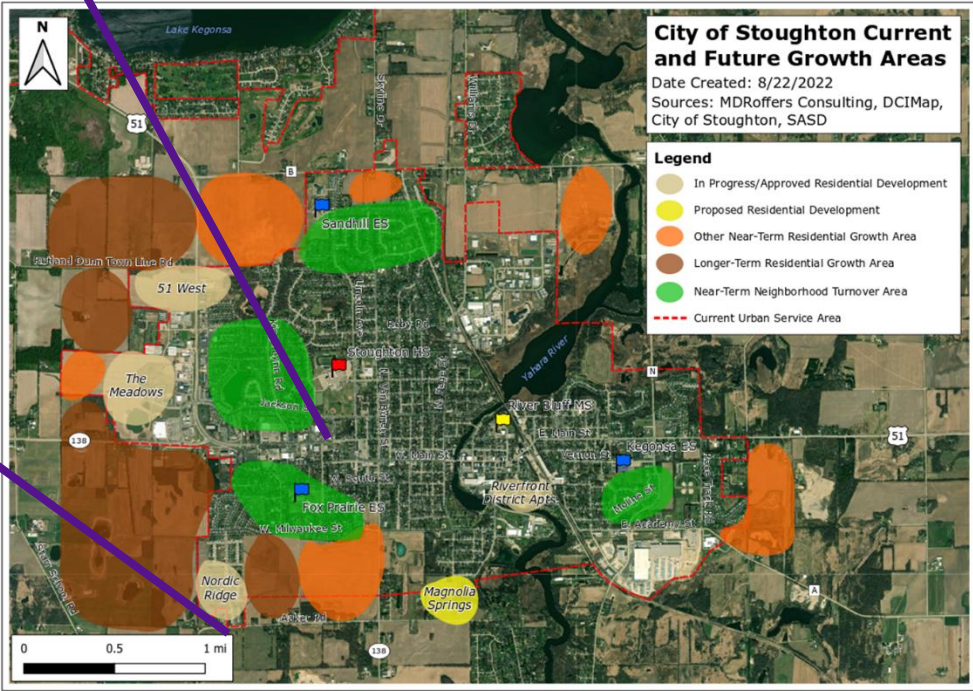


Southwest – West Milwaukee Street Corridor

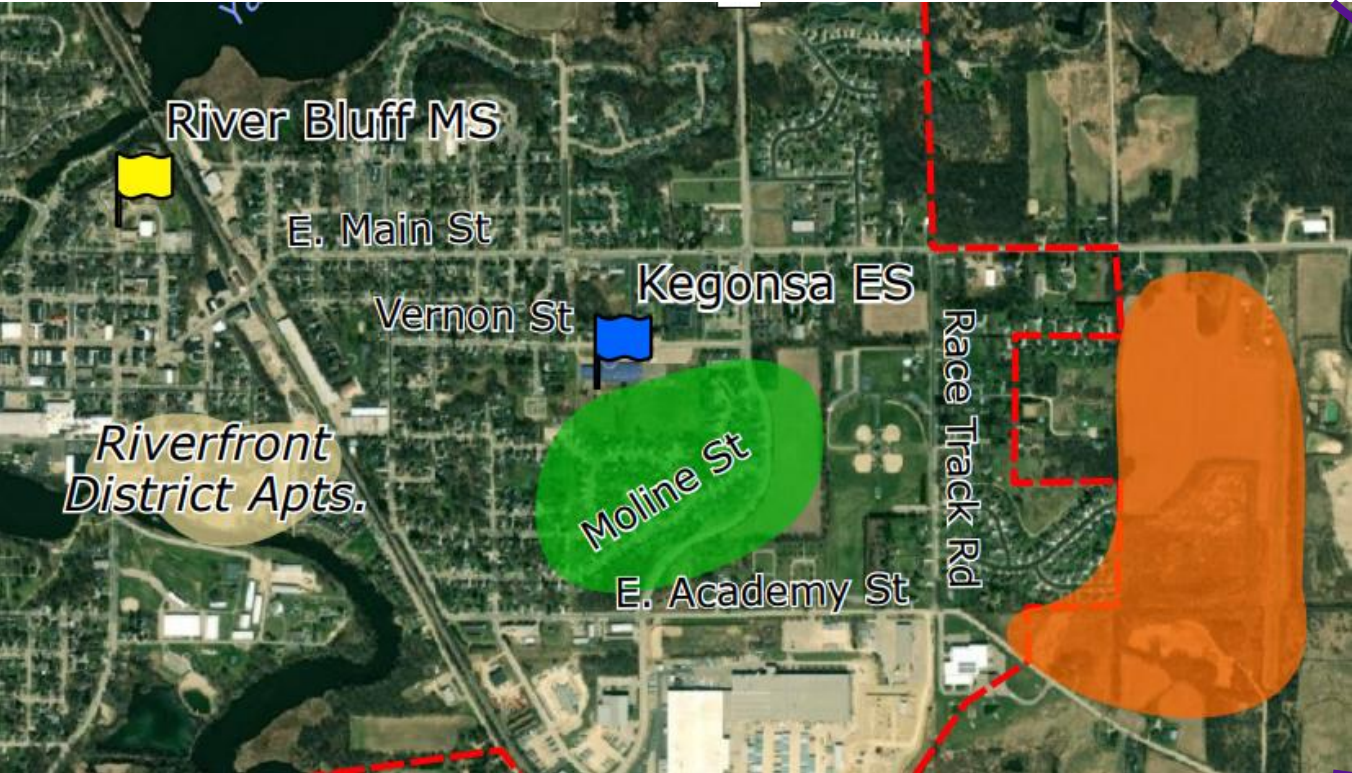


Legend

- In Progress/Approved Residential Development
- Proposed Residential Development
- Other Near-Term Residential Growth Area
- Longer-Term Residential Growth Area
- Near-Term Neighborhood Turnover Area
- Current Urban Service Area

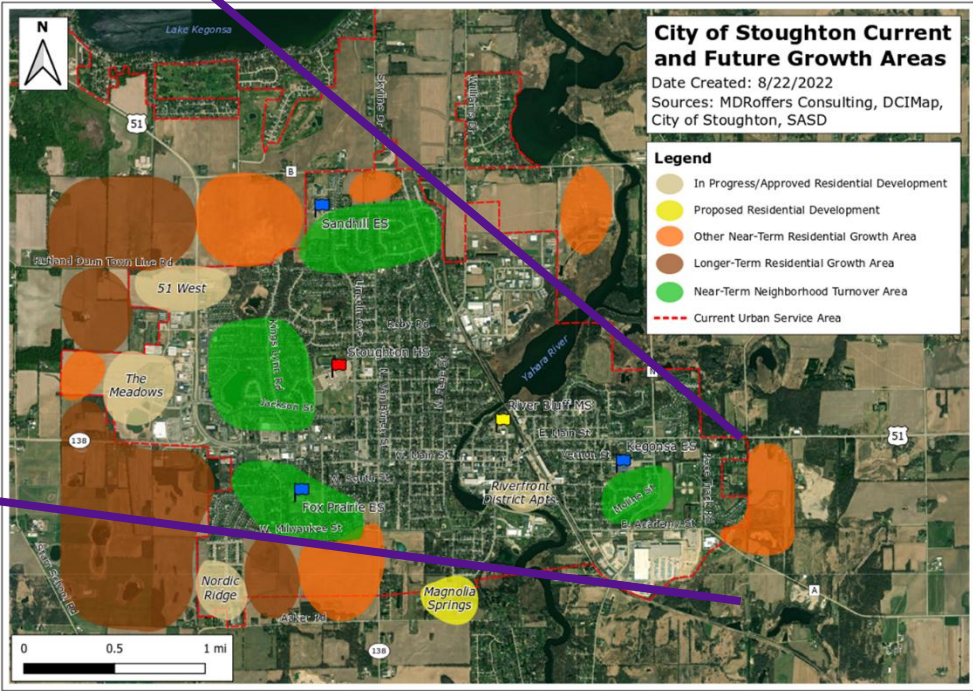


East – Riverfront Area



Legend

- In Progress/Approved Residential Development
- Proposed Residential Development
- Other Near-Term Residential Growth Area
- Longer-Term Residential Growth Area
- Near-Term Neighborhood Turnover Area
- Current Urban Service Area





Key Questions and Our Responses



STOUGHTON AREA SCHOOL DISTRICT



Q1: Should the SASD expect more, less, or different types of housing development than it has over the past 10 to 20 years?

SHORT ANSWER: More, and a wider range.

- SASD should expect continued acceleration in housing construction over the next 10 years—absent a major disruption like the late-2000s Great Recession
- In progress and approved developments should provide over the next few years:
 - ~200 single-family homes
 - ~50 duplex units
 - ~600 multiple-family units



This new apartment building in Nordic Ridge is indicative of recent and expected shifts in the regional and local housing markets.

Q1: Should the SASD expect more, less, or different types of housing development than it has over the past 10 to 20 years?

- New housing unit construction may exceed 70 units per year over the next several years—much higher than in the late 2000s and 2010s
- Diverse range of expected housing types will provide housing for young professionals, first-time homeowners, those wishing to downsize, empty-nesters, and seniors
- But much of the projected new housing will be attractive to families with children, including more affordable single-family homes and 3-bedroom apartments



This area of 51 West includes multiple types of housing such as single-family homes, duplexes, quadplexes, and apartments..

Q2: Are existing SASD residents generating – or should we expect future residents to generate – significant numbers of new children?

SHORT ANSWER: They're starting to come from new homes and turnover.

- Many residents are aging in place, but some are moving on to senior housing and new residents are arriving
- ~0.56 4K-12 students per new single-family home in Nordic Ridge
 - About average for new suburban homes in Dane County
 - Most current students in grades 4K-5
 - Counts should increase as homes age 5-10 years
- ~0.16 4K-12 students per unit in Nordic Ridge Apartments
 - Relatively high for new multiple-family housing in Dane County
 - May be indicative of shortage and/or family-friendly environment

Q2: Are existing SASD residents generating – or should we expect future residents to generate – significant numbers of new children?

- Many households (some with children) are moving to Dane County from elsewhere, and many of them (plus current Madison families) are increasingly seeking suburban settings
- Stoughton is offering a growing number of housing choices, many suited and priced for first-time homebuyers and younger families with children or planning to have them
- Future residents should also be attracted to existing single-family homes, with larger subdivisions with homes built in the 1990's and early 2000's being the most likely targets

Q3: Should the SASD expect significant household turnover within its existing neighborhoods and housing?

SHORT ANSWER: Yes, especially in neighborhoods near elementary schools.

- As large Baby Boomer population ages, many will move out of their single-family homes, many built during a time of significant housing growth in Stoughton
- Turnover should grow as 2020's progress, when most Boomers are in their 70s
- Given Stoughton's affordability and amenities, many of these single-family homes could be sold to younger families



The large number of homes built in the late-1990's and early-2000's are the most likely candidates for turnover to new families over the next decade.

Q4: Are the community's housing stock and amenities attractive to families with children?

SHORT ANSWER: Generally yes.

- Pre-1980's Stoughton homes generally not attractive to families with kids
- 1990's and 2000's homes are more attractive, as they tend to include 3-4 bedrooms, master suites, attached garages, and require minor upgrades
- Community events, small-town atmosphere, riverfront, and Norwegian heritage are appealing to young families



Stoughton's historic and charming downtown contains numerous family-friendly shops, restaurants, and activities.

Q5: How might broader regional trends and opportunities affect the appeal of the SASD as a home for families with children?

SHORT ANSWER: Regional job growth, housing shortage, and relative affordability work in the SASD's favor.

- Continued regional job growth and quality of life will attract and retain new households including young families to Dane County
- Location between Madison and Janesville provide opportunity for families to have less than a 30-minute commutes either way (or both ways)
- Stoughton's affordability compared to other Dane County communities should be a differentiator in home/community selection for many households, especially first-time homeowners who often have small children or plan to have children

Q6: What might the SASD expect for future student enrollment, reflecting on what APL has projected through 2030?

SHORT ANSWER: APL's expectation for stabilizing enrollment is reasonable.

- Continued decreases over the next couple of years—as APL projects—are likely due to large graduating classes not being replaced by incoming kindergarteners
 - Average 185 students per grade 5K-5
 - Average 230 students per grade 9-12
- Effects of recent and projected housing unit growth and turnover won't "kick in" to great enough degree fast enough to fully counter in the next couple of years

Q6: What might the SASD expect for future student enrollment, reflecting on what APL has projected through 2030?

- Enrollment stabilization will likely occur with smaller graduating classes, stable recent births, and accelerating housing development and turnover
- It is possible that APL's projections could end up being a little low by the late-2020's, if significant projected housing development plus turnover comes to pass
- MDRoffers did not perform its own student enrollment projections—these are opinions based on the analysis we did complete



New housing plus turnover of existing homes should steady enrollment at all three of the District's elementary schools.

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