City of WHITEWATER Community Development
www.whitewater-wi.gov
Community Dev. Director: 262-473-0148
Economic Dev. Coordinator: 262-473-0145
Zoning Specialist: 262-473-0144
Community Development Department
312 W. Whitewater St.
Whitewater, WI 53190

To: Community Development Authority; City of Whitewater Common Council
From: Mason Becker, Community Development Authority
Date: July 22, 2026
Re: Preliminary Feasibility of Condominium Development in Whitewater

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Purpose

This memo summarizes a preliminary look at whether new condominium development is viable in Whitewater, where such a project might be sited, and what financing and insurance factors would shape its structure. This is a directional screening exercise based on current market data and industry cost benchmarks, not a formal appraisal or a substitute for a developer-commissioned feasibility study.

Market Context

- Whitewater's housing demand is anchored by UW-Whitewater; a recent city study found the community needs approximately 175 new rental units annually to keep pace with demand.[1]
- Local condo sales cluster between $240,000 and $390,000, at roughly $150 to $220 per square foot, based on recent Whitewater transactions (Pine Bluff, Waters Edge South, and Bloomingfield Drive developments).[2]
- Statewide, condo prices are essentially flat to slightly down year-over-year even as sales volume ticks up; single-family and multi-family product are outperforming condos in most markets.
- Regional context underscores how dormant condo development has been: a 226-unit luxury tower proposed for downtown Milwaukee this summer would be the first significant new condo project built in that market in over 15 years. That project is a different scale and market segment than anything contemplated here (units priced from roughly $458,000 to nearly $3 million), but it illustrates how selective developers and lenders have been about condos statewide.
- Walworth County-wide condo averages (roughly $800,000 to $900,000) are not a usable comparison for Whitewater; that figure is driven by Lake Geneva and Fontana lakefront product and does not reflect our community’s local market.

[1] Legendary Real Estate Services, "Whitewater Wisconsin Real Estate Zipcode Guide for Investors," 2026, https://legendaryrealestateservices.com/investment-guide/whitewater-wisconsin-real-estate-zipcode-guide-for-investors.

[2] Recent Whitewater condo sales: BEXRealty, "Whitewater WI Condos for Sale" (Pine Bluff, 1277 E Bluff Rd #6), https://www.bexrealty.com/Wisconsin/Whitewater/?propertype=Condo; Milwaukee Realty Inc., "Whitewater WI Real Estate Realtor" (Waters Edge South, 635 Darcy Ln 24), https://www.milwaukeerealtyinc.com/Whitewater/; Shorewest Realtors, "Homes for Sale in Whitewater" (Bloomingfield Drive), https://www.shorewest.com/homes-for-sale/Whitewater_listing-city/Condominium_type/.

Previous Condo Projects

Based on data available to department staff, these are the previously completed condominium projects in Whitewater:

- Lakeside Acres Condominiums: 1988
- Indian Ridge Terrace Condominiums: 1993
- Tripp Lake Condominiums: Started in 1998, completed in 2000
- Water's Edge of Whitewater Condominiums: 2019
- Pine Bluff Condos 1277 Moraine View Parkway: 2001
- East Willows Condominiums: 2006
- Jakes Way Condominiums: Started in 2007, completed in 2020
- Water's Edge South Condominiums: Started in 2007, uncompleted, potentially three future buildings
- Lakeview Condominiums: First two buildings in 2008, eight more in 2026
- Mound Ridge Condominiums: Started in 1993, finished in 1996

Essentially, no new owner-occupied condo projects have moved forward in the City of Whitewater since 2020.

It is important to note that while some of these units are included as platted condo developments, some of them are currently marketed as rental units, including to the student market.

Cost and Pricing Gap

Using an illustrative 12-unit development (modeled at approximately 1,600 square feet per unit), estimated development costs run well above what local comparable sales support:

Cost component	Estimate	Basis
Hard construction costs	~$3.8M	~$200/sq ft x 19,200 sq ft
Soft costs (design, permitting, financing, developer fee)	~$770K	~20% of hard costs
Land and site development	$150K – $1M+	Depends heavily on whether utilities are already at the site
Estimated total development cost	$4.8M – $5.6M+	~$400K – $470K per unit (12 units)

This estimated per-unit cost runs roughly $50,000 to $230,000 above what condos currently sell for in Whitewater, depending on unit size and finish level. On a raw site with land acquisition and full infrastructure buildout, a market-rate condo project does not currently pencil out without one or more of the following: donated or below-market land, a pricing point above what local comps currently support, or gap financing assistance through Tax Increment Financing (TIF) or other mechanisms.

Financing and Insurance Considerations

Recent and upcoming changes to federal condo underwriting standards add real complexity for a small, newly-formed association, and should factor into project design from the outset:

- Fannie Mae and Freddie Mac are retiring the streamlined “Limited Review” process for most condo projects effective August 3, 2026. Nearly all condo buildings will require a Full Review of the association's budget, reserves, insurance, and repair history before buyers can obtain conventional financing. Projects with 10 or fewer units qualify for an expanded review waiver, so keeping a project at 10 units rather than 12 meaningfully eases buyer financing.[3]
- New construction condo projects typically carry a separate presale requirement, generally 50% of units in the project or legal phase under contract, before conventional buyer financing becomes broadly available. This affects how a construction loan is structured and when it can be taken out. The proposed downtown Milwaukee tower noted above illustrates the same dynamic at a larger scale: its developer has said construction will not begin until internal presale targets are met, and has pointed to strong early reservation activity as the basis for moving forward. Unlike apartments, which give a lender steady rental income to underwrite against, condos are inherently a speculative bet until enough units are under contract, which is a core reason lenders and developers have been more cautious with condo product than with apartments in recent years.
- HOA reserve funding minimums are increasing from 10% to 15% of annual budgeted assessment income by January 2027. A new association would need to build this into its budget and dues from day one; falling short risks losing “warrantable” status, which cuts buyers off from conventional loans entirely.[4]
- Master insurance policies must cover at least 100% of estimated replacement cost, and a per-unit deductible above $50,000 renders a project non-warrantable, pushing buyers toward costlier, non-conforming financing. Insurance premiums for new associations have risen sharply statewide and will be a material factor in projected dues.[5]

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[3] Fannie Mae, Lender Letter LL-2026-03 (March 18, 2026), https://singlefamily.fanniemae.com/media/44986/display, coordinated with Freddie Mac Bulletin 2026-C; summarized in Intercap Lending, "2026 Condo Underwriting Requirements," https://www.intercaplending.com/2026-condo-loan-changes/, and Michigan Community Association Law Blog, "Fannie Mae’s New 2026 Condominium Lending Guidelines," https://micondolaw.com/2026/05/11/fannie-mae-2026-condominium-lending-guidelines/.

[4] Intercap Lending, "2026 Condo Underwriting Requirements," https://www.intercaplending.com/2026-condo-loan-changes/, summarizing Fannie Mae Lender Letter LL-2026-03 and Freddie Mac Bulletin 2026-C.

[5] Michigan Community Association Law Blog, "Fannie Mae’s New 2026 Condominium Lending Guidelines," https://micondolaw.com/2026/05/11/fannie-mae-2026-condominium-lending-guidelines/; Condo Approval, "Full Review Condo Requirements After August 3, 2026," https://www.condo-approval.com/2026/07/01/full-review-condo-requirements-2026/.

- Taken together, a small association's financial health, not just individual buyers' creditworthiness, now determines whether units can be financed at all. Budget, reserve, and insurance structuring need to be planned before units are marketed, not after.

Conclusion and Recommendation

Whitewater has present demand drivers: a university anchor, workforce and downsizer demand, and a documented shortfall in rental and ownership housing. However, the local price ceiling ($240,000 to $390,000) does not currently support the cost of new condo construction on a raw site, and new federal condo-financing rules add meaningful complexity for a small, newly-formed association.

Taken together, staff's preliminary conclusion is that condominium development could be viable in Whitewater, but only in small, limited quantities that match realistic local absorption, historically a handful of condo sales per month. A project kept at or below 10 units, to preserve the expanded financing-review waiver, sited where infrastructure costs are already minimized, and paired with early attention to HOA reserve and insurance structuring, represents the version of this product most likely to succeed. A larger, speculative condo development is not supported by current comparable sales or cost data. Staff recommends treating any condo proposal that comes before the CDA or Council with this scale and structure in mind.