

Discussion Summary Provided by Sub-Committee Chair

Rental Sub-committee:

- 20%- 30% (or $\leq 30\%$) units are hard to create:
 - o Building costs
 - o Lack of funding sources (e.g. TIF does not work as an aggressive solution)
- If a focus is on $\leq 30\%$ units, the yield (i.e. the total number of units) from the AHF will be lower, due to the increased costs/subsidies
 - o Focusing on 60% will increase the yield (total units created)
 - If the goal is to get the most units built with available AHF/other sources, 60% is more effective (e.g. better to leverage LITC, better to leverage TIF, etc.)
 - o Focusing on 60% will not necessarily create $\leq 30\%$ units
 - It will definitely not create them at the rate needed to meet extant demand
- The “market” will not create $\leq 30\%$ units, so focusing on them is critical if we are interested in them being created/built
- Permanent affordability should be priority with any use of govt money
- Rental housing is a much more effective and efficient way to generate wealth amongst low-income ($\leq 60\%$) residents
- City should leverage whatever resources it has to moderate management practices (e.g. tenant selection plans etc)
 - o Rental housing does not always increase stability of families

Homeownership Sub-Committee:

- Labor constraints
 - o Are larger/more of a meta issue
 - i.e. the reason our community colleges/vocational schools are not able to meet labor demand is due to overall lack of funding. Other training entities, largely represented by 501(c)(3), are attempting to fill the gap, however ultimately this is not an effective or sustainable substitute for traditional trade schools as the money ultimately is coming from (shrinking) pots of municipal / county / state revenue sources.
 - Furthermore, (from the folks at vocational schools/Madison College) the organization across trades / vocation that existed in the conventional community college/vocational school model is largely lacking amongst the 501(c)(3) training providers, further inhibiting their ability to meet the demand for labor
 - o Labor constraints matter ICO Homeownership because one of the challenges we have is the cost of building:
 - At $\sim \$460K - \$530K$ a unit, the overall potential yield of units is limited (I.e. you only get $\sim 18 - 24$ units of housing with a $\$12M$ AHF)
 - And these houses are only contemplating 60% - 80% AMI, meaning they are not necessarily accessible for LMI or lower-income families
 - Addressing labor costs is seen as one way to decrease overall costs of building

- Labor constraints also matter ICO total capacity of builders to build (i.e. max units that could be created, even if \$ was available)
 - Builders said they may be able to create 12 units (max) in a year
 - Increasing labor pool could be a way to increase their potential yield
- Much of the challenges we see / saw in the subcommittee had to do with internal alignment w/in city departments
 - I.e. delays / lack of consistency with BI
- Homeownership Subcommittee did not have 100% consensus on permanent affordability as being a priority
 - Majority (all but one person - a realtor and employee of a real estate company-) agreed that the city should prioritize permanent affordability, but we did not have consensus on this issue
- Rationale for homeownership is nuanced / politically charged
 - Homeownership is not most effective/efficient way to generate wealth in a housing market like Madison's
 - The prospective homeowner in Madison actually stands to gain the least (relative to banks/bankers, title companies, realtors) in any homeownership transaction (purchase/sale)
 - Wealth generation is not the only thing that homeownership provides
 - In many ways it (homeownership) is a foil to conventional renting
 - Homeownership is seen as a way to provide security and stability in housing tenure
 - Homeownership is a way to increase autonomy / privacy
 - Homeownership alleviates surveillance, both administrative and physical (i.e. no constraints / requirements to have guests, # of occupants; more freedom in terms of personal negotiation of living space)

5 Examples of Affordable Housing Need MADISON, WI

1 Two adults and one child		Household income is at or below 30% AMI (\$34,000)	One adult is a full-time restaurant cook, and the other adult is a full-time caretaker for the child
		Household income is at or below 80% AMI (\$88,050)	One adult is a construction laborer, and the other adult is a dental assistant
	2 One adult and two children	Household income is at or below 30% AMI (\$34,000)	One adult works part time as a hairdresser or receives social security payments
		Household income is at or below 80% AMI (\$88,050)	One adult is a police officer or a high school teacher
3 Two adults and two children		Household income is at or below 30% AMI (\$37,750)	One adult is a waiter and one adult works part time as a janitor
		Household income is at or below 80% AMI (\$97,800)	One adult is a nurse and one adult is a childcare worker
	4 Three Adults	Household income is at or below 30% AMI (\$34,000)	One adult receives disability payments, one adult is their caretaker, and one is a part-time cosmetologist
		Household income is at or below 80% AMI (\$88,050)	One adult is a pharmacy technician and another adult is a social worker
5 One Adult		Household income is at or below 30% AMI (\$26,450)	One older adult receives social security payments
		Household income is at or below 80% AMI (\$68,500)	One adult is an elementary school teacher or a firefighter

Occupation	Entry-Level			Median		
	Entry-Level Wage (Annual)	Maximum Home Value at Entry-Level Wage	Affordable Gross Rent at Entry-Level Wage	Median Wage (Annual)	Maximum Home Value at Median Wage	Affordable Gross Rent at Median Wage
Cashiers	\$22,970	\$111,100	\$574	\$29,880	\$135,700	\$747
Childcare Workers	\$22,900	\$110,900	\$572	\$29,830	\$135,500	\$745
Restaurant Cooks	\$28,950	\$132,300	\$723	\$36,660	\$159,800	\$916
Janitors and Cleaners	\$28,370	\$130,300	\$709	\$34,820	\$153,200	\$870
Teacher Assistants	\$46,120	\$193,200	\$1,152	\$46,120	\$189,600	\$1,152
Pharmacy Technicians	\$34,440	\$154,700	\$861	\$39,640	\$170,300	\$990
Dental Assistants	\$38,540	\$169,600	\$963	\$47,470	\$194,200	\$1,186
Construction Laborers	\$35,650	\$159,100	\$891	\$48,920	\$199,300	\$1,223
Licensed Practical and Vocational Nurses	\$50,060	\$207,200	\$1,251	\$58,480	\$232,400	\$1,461
Child, Family, and School Social Workers	\$43,010	\$182,100	\$1,075	\$56,600	\$225,900	\$1,415
Firefighters	\$25,330	\$119,500	\$633	\$60,800	\$234,700	\$1,520
Elementary School Teachers	\$48,700	\$202,300	\$1,217	\$62,600	\$240,800	\$1,565
Secondary School Teachers	\$50,230	\$207,800	\$1,255	\$62,940	\$241,900	\$1,573
Police and Sheriff's Patrol Officers	\$57,200	\$232,500	\$1,430	\$80,690	\$301,700	\$2,017
Waiters and Waitresses	\$16,530	\$87,600	\$413	\$29,390	\$133,900	\$734
Hairdressers, Hairstylists, and Cosmetologists	\$22,160	\$108,200	\$554	\$34,150	\$150,800	\$853

Occupation Employment and Wage Statistics - Madison, Wi, May 2023

Bureau of Labor Statistics

Maximum home values calculated using FHA Mortgage Calculator, down payment \$35,000, 30-yr fixed FHA, 7.669% interest rate, credit score 800+.

Affordable gross rent calculated by 30% of monthly gross income, not including other household costs or debt payments.