



City of Madison

City of Madison
Madison, WI 53703
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Master

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File Type: Resolution

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Reference:

Controlling Body: HOUSING
STRATEGY
COMMITTEE

File Created Date : 07/07/2014

File Name: Accepting the report and recommendations of the
Housing Strategy Committee - Affordable Housing
Market Report.

Final Action: 10/07/2014

Title: Accepting the report and recommendations of the Housing Strategy Committee -
Affordable Housing Market Report.

Notes: Staff Contact for Report: Matt Wachter 261-9664. See draft of report File ID #34552

CC Agenda Date: 10/07/2014

Sponsors: Marsha A. Rummel, Anita Weier and Ledell Zellers

Effective Date: 10/08/2014

Attachments: 2013 Housing Report - Affordable Housing Market
(Final) 9-12-2014.pdf, 2013 Housing Report -
Affordable Housing Market (Final).pdf, Substitute
Ordinance 25837.pdf, Affordable Housing Market -
Short.pdf

Enactment Number: RES-14-00738

Author: Matthew Wachter, Housing Initiatives Specialist

Hearing Date:

Entered by: afreedman@cityofmadison.com

Published Date:

Approval History

Version	Date	Approver	Action
1	07/09/2014	Daniel Bohrod	Approve

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	HOUSING STRATEGY COMMITTEE	07/07/2014	Referred for Introduction				
	Action Text:		This Resolution was Referred for Introduction				
	Notes:		Housing Strategy Committee, Board of Estimates, Community Development Authority, Community Development Block Grant Committee, Economic Development Committee, Plan Commission, Common Council Organizational Committee, Equal Opportunities Committee.				

1	HOUSING STRATEGY COMMITTEE	07/15/2014	Refer	EQUAL OPPORTUNITIES COMMISSION	08/14/2014	
	Action Text: This Resolution was Refer to the EQUAL OPPORTUNITIES COMMISSION					
	Notes:					
1	COMMON COUNCIL	07/15/2014	Referred	HOUSING STRATEGY COMMITTEE	09/18/2014	
	Action Text: This Resolution was Referred to the HOUSING STRATEGY COMMITTEE					
	Notes: Additional referrals: Housing Strategy Committee, Board of Estimates, Community Development Authority, Community Development Block Grant Committee, Economic Development Committee, Plan Commission, Common Council Organizational Committee, Equal Opportunities Committee.					
1	HOUSING STRATEGY COMMITTEE	07/15/2014	Refer	BOARD OF ESTIMATES (ended 4/2017)	09/10/2014	
	Action Text: This Resolution was Refer to the BOARD OF ESTIMATES					
	Notes:					
1	HOUSING STRATEGY COMMITTEE	07/15/2014	Refer	COMMUNITY DEVELOPMENT AUTHORITY	08/14/2014	
	Action Text: This Resolution was Refer to the COMMUNITY DEVELOPMENT AUTHORITY					
	Notes:					
1	HOUSING STRATEGY COMMITTEE	07/15/2014	Refer	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	09/04/2014	
	Action Text: This Resolution was Refer to the COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE					
	Notes:					
1	HOUSING STRATEGY COMMITTEE	07/15/2014	Refer	ECONOMIC DEVELOPMENT COMMITTEE	08/28/2014	
	Action Text: This Resolution was Refer to the ECONOMIC DEVELOPMENT COMMITTEE					
	Notes:					
1	HOUSING STRATEGY COMMITTEE	07/15/2014	Refer	PLAN COMMISSION	07/28/2014	
	Action Text: This Resolution was Refer to the PLAN COMMISSION					
	Notes:					
1	HOUSING STRATEGY COMMITTEE	07/15/2014	Refer	COMMON COUNCIL ORGANIZATIONAL COMMITTEE (ended 4/2017)	09/02/2014	
	Action Text: This Resolution was Refer to the COMMON COUNCIL ORGANIZATIONAL COMMITTEE					
	Notes:					
1	HOUSING STRATEGY COMMITTEE	07/15/2014	Refer	EQUAL OPPORTUNITIES COMMISSION	08/14/2014	
	Action Text: This Resolution was Refer to the EQUAL OPPORTUNITIES COMMISSION					
	Notes:					
1	PLAN COMMISSION	07/28/2014	Return to Lead with the Recommendation for Approval	HOUSING STRATEGY COMMITTEE	09/18/2014	Pass

Action Text: A motion was made by Resnick, seconded by Zellers, to Return to Lead with the Recommendation for Approval to the HOUSING STRATEGY COMMITTEE. The motion passed by voice vote/other.

Notes:

1	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	08/07/2014	Re-refer	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	09/04/2014
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Action Text: Whitesel moved to refer this item to the September meeting. Ald. Cheeks seconded.

Charnitz said that since Ald. Phair couldn't be at this meeting, CDD was requesting the report be referred to the September meeting. It also allows more time for staff to look at it and provide further analysis and evaluation as to how it fits with the Framework and the Con Plan.

Natalie Erdman of the CDA explained the report. She said this was the first piece of the housing study.

The motion passed unanimously

This Resolution was Re-refer to the COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

1	COMMUNITY DEVELOPMENT AUTHORITY	08/14/2014	Return to Lead with the Recommendation for Approval	HOUSING STRATEGY COMMITTEE	09/18/2014	Fail
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Action Text: Matt Wachter appeared to present a summary of the Housing Strategy report (attached).

- The report is split between affordable housing (households that make less than 50% of median income) and market-rate housing.
- The bulk of growth in the last five years has been over \$75,000 and one-third has been in the low end with not a lot of activity in between.
- Cost burden - paying more than 30% of gross income for housing. There are between 8,000 to 10,000 households that pay more than 50% of their gross income for housing.
- Two-thousand people are turned away every year from shelters. System is at over capacity. A growing percentage of unsheltered population are chronically homeless. Demand exceeds supply and there's not enough money.
- Nine out of 10 new households rent rather than own
- There will be separate chapter on students. Hard to get data on them. Census doesn't count very well for them.

RECOMMENDATIONS:

- Pursue harm reduction and "wet housing" options should be investigated
- Increase Rapid Rehousing programs and create units through partnerships with for-profit real estate developers
- As shelter facilities approach the end of their usable life, new shelter should be constructed as purpose-built shelter
- Encourage affordable units in all new construction
- Convert and preserve existing affordable housing by purchasing land use restrictions
- Actively pursue and support Section 42 tax credit developments (administered by WHEDA)
- Pursue demonstration projects to test the viability of alternative housing forms
- Focus first on homebuyer education

A motion was made by Guerra, Jr., seconded by Brasser, to Return to Lead with the Recommendation for Approval to the HOUSING STRATEGY COMMITTEE. The motion passed by voice vote.

Absent: 1 Larry Palm

1	EQUAL OPPORTUNITIES COMMISSION	08/14/2014	Return to Lead with the Recommendation for Approval	HOUSING STRATEGY COMMITTEE	09/18/2014	Pass
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Action Text: Matt Wachter of Planning and Development presented this item to the commission. He explained the Affordable Housing Market Report and each recommendation made to the Common Council by the Housing Strategy Committee. After Matt Wachter's presentation, Kathy Cramer moved to return the item to the Housing Strategy Committee with a recommendation for approval. Anita Weier seconded the motion, which passed by a roll call vote:

Aye: Bill Fetty, Shawn Peters, Charles McDowell, Corinda Rainey-Moore, Moriah Grace, Kathy Cramer, Patricia Williams, Anita Weier

No: None

Abstentions: John Quinlan

Ayes: 8 Anita Weier; Katherine Cramer; Shawn F. Peters; Moriah N. Grace; William (Bill) Fetty; Charles E. McDowell; Patricia A. Williams and Corinda Rainey-Moore

Abstentions: 1 John L. Quinlan

Excused: 2 Percy L. Brown, Jr. and Sean A. Saiz

1	ECONOMIC DEVELOPMENT COMMITTEE	08/28/2014	Return to Lead with the Recommendation for Approval	HOUSING STRATEGY COMMITTEE	09/18/2014	Pass
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Action Text: A motion was made by Resnick, seconded by Clarke, to Return to Lead with the Recommendation to accept the report and recommendation of the Housing Strategy Committee-Affordable Housing Market Report to the HOUSING STRATEGY COMMITTEE. The motion passed by voice vote.

1	COMMON COUNCIL ORGANIZATIONAL COMMITTEE (ended 4/2017)	09/02/2014	Return to Lead with the Recommendation for Approval	HOUSING STRATEGY COMMITTEE	09/18/2014	Pass
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Action Text: Matt Wachter was present for discussion on this item. He reviewed the twelve (12) recommendations contained in the report for the CCOC members (see report attached to the legislative file).

A motion was made by Ald. Marsha Rummel, seconded by Ald. Denise DeMarb, to Return to Lead with the Recommendation for Approval to the HOUSING STRATEGY COMMITTEE. The motion passed by voice vote/other.

1	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	09/04/2014				
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Action Text: Wachter presented a Power Point edition of the report to the Committee, saying that this half of the overall report focuses on affordability of housing for households making under \$50,000 in Madison. One-third of growth in Madison has been among very low income households making less than \$25,000 per year. Low income households are likely to be housing cost burdened, paying more than 30% of their income toward housing costs.

Wachter said that they looked at supply and demand as it relates to homeless households, renter households, and owner-occupied households. They also examined best practices across the country to come up with recommendations.

He discussed the numbers among homeless turned away from shelter every night. Shelter capacity is a major issue, with many individuals being turned away each night. The population of unsheltered, chronically homeless individuals is growing, and the reasons for homelessness are very diverse. Their recommendations for homelessness would be to pursue harm reduction and wet housing as related to Housing First, the goal of which is to get persons into housing before addressing their needs and issues such as AODA problems. There are also a number of good rapid re-housing providers in the City. Another recommendation is to be proactive in developing shelters as opposed to repurposing existing buildings to serve as shelters.

Regarding rental housing, building affordable rental housing is nearly impossible in Madison without subsidies. To achieve rents under \$1,000 per month for new units, subsidies are crucial. The city has to add 1,500 to 2,000 new units of rental housing per year to keep up with the population growth. Vacancy rates are dropping, mostly affecting low-income households who are more likely to be pushed out of housing and to be most affected by high housing cost burden. Since the city can't have rent control or inclusionary zoning, it must incentivize by making more funding available for affordable housing. Making exceptions to density and height restrictions in the zoning code would encourage more affordable housing to be built. Another recommendation would be to reduce or waive fees for affordable units. There are over 6,000 new rental units being built in Madison, which is affecting the vacancy rate, causing it to increase. Once that happens, rents should stabilize. The biggest recommendation of the report is to pursue Section 42 Tax Credits because of the leverage they provide.

Regarding low-income homeownership, growth is slower than in rental. The median assessed home value in Dane County is probably more accurate than average assessed value. The worst of the downturn in the housing market happened in 2012, and the city has come back to 2005-ish assessed values recently. The drop in value and the drop in interest rates created a 20% decrease in monthly housing costs, but an increase in homeownership did not follow that trend. Nine out of 10 of new households in Madison are choosing to rent rather than own. This means something besides price is holding back homeownership.

1	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	09/04/2014	Return to Lead with the Recommendation for Approval	HOUSING STRATEGY COMMITTEE	09/18/2014
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Action Text: There's not a lot of new construction in homeownership, so supply is as low as demand. The trend in increased number of renters is nationwide.

Recommendations include doing longer-term homebuyer education and focusing outreach to underserved neighborhoods and populations of color. A second recommendation is to combine the eight to 10 homeownership programs in the city and streamline them. A third recommendation is to focus on rebranding, marketing, and education.

Ald. Cheeks moved to return the resolution to lead with the recommendation for approval. Bowden seconded with the Recommendation for Approval to the HOUSING STRATEGY COMMITTEE

1	BOARD OF ESTIMATES (ended 4/2017)	09/10/2014	Return to Lead with the Recommendation for Approval	HOUSING STRATEGY COMMITTEE	09/18/2014	Pass
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Action Text: A motion was made by Schmidt, seconded by Verveer, to Return to Lead with the Recommendation for Approval to the HOUSING STRATEGY COMMITTEE. The motion passed by voice vote/other.

Notes:

1 HOUSING STRATEGY 09/18/2014 RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER Pass

Action Text: A motion was made by Porterfield, seconded by Logan, to RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER. The motion passed by voice vote.

Notes: Wachter indicated that the feedback he has received on the report has been positive. Minor changes to this final draft were primarily grammatical; a table of contents was added, and some of the graphs were changed to enhance readability. The Committee requested a status report to monitor the implementation of the report's recommendations.

1 COMMON COUNCIL 10/07/2014 Adopt Pass

Action Text: A motion was made by Schmidt, seconded by DeMarb, to Adopt. The motion passed by voice vote/other.

Notes:

Text of Legislative File 34786

Fiscal Note

The report includes a number of recommendations to address issues of homelessness and the availability of low-income rental housing and home ownership. No appropriation is required at this time, but it is anticipated that City agencies will include requests in future budgets for additional funding and reallocations of existing funds, subject to approval by the Common Council.

Title

Accepting the report and recommendations of the Housing Strategy Committee - Affordable Housing Market Report.

Body

WHEREAS, Substitute Ordinance, File #25837 charges the Housing Strategy Committee to prepare and submit a biennial housing report to the Mayor and the Common Council which will include the following:

1. Current data on Madison and regional housing supply and trends;
2. Strategies for maintaining a broad range of housing choices for all households and income levels; and,
3. Strategies for maintaining and increasing affordable owner-occupied and rental housing in Madison and the region; and,

WHEREAS, the Housing Strategy Committee was also charged with reviewing the biennial housing report prepared by staff and would forward the report with the Committee's recommendations to the Mayor and Common Council for their action; and,

WHEREAS, given the size and scope of the biennial housing report the Housing Strategy Committee created the first of two reports entitled, "Affordable Housing Market Report" covering homelessness, low-income rental and low-income ownership for committee and Common Council review; and,

WHEREAS, the Housing Strategy Committee will submit the second report covering market rate rental, market rate ownership and student/senior housing; and,

WHEREAS, to address these challenges, the Housing Strategy Committee recommends a

multipronged strategy focused on the ideas of:

- Streamlining City programs that fund housing to be more efficient
- Coordinating and leveraging all available funding sources across all City agencies, State, and federal programs to have the greatest impact
- Proactively seeking partnerships with private developers to address housing challenges
- Expanding the types of housing available to fill in gaps that the housing market doesn't serve
- To support this strategy, the Housing Strategy Committee recommends creating a new Affordable Housing Fund with ongoing City financial support to fund housing projects and programs to meet our most pressing housing challenges,

NOW, THEREFORE BE IT RESOLVED, that the Common Council accepts the report and recommendations of the Housing Strategy Committee Affordable Housing Market Report.