

DRAFT FOR 6/27/24 Housing Strategy Committee

Vision and Values

No matter the circumstances or phase of life, every person deserves access to quality housing options that work for their lifestyle and budget, and that allow them to live with dignity. The City of Madison is a very diverse community with households of various sizes, housing preferences, and arrangements – renters, homeowners, traditional and multi-generational families, singles, students, older adults and more.

The challenge of meeting Madison's varied, and growing, housing needs is the main focus of the City's Housing Forward Initiative. The vision embodied in Housing Forward is to support quality, accessible, affordable housing choices for all Madison households. Launched in April of 2021, its goals include:

- ❖ Increase Housing Choices
- ❖ Create Affordable Housing Throughout the City
- ❖ Combat Displacement and Segregation
- ❖ Ensure Older Adults and Others Can Remain in Their Homes
- ❖ Work to End Homelessness

In Appendix A, find a summary of progress toward achieving those goals in the first three years of the Housing Forward Initiative. *[Will add summary from power point presentation given to [Council](#) on May 7th, once draft is finalized.]*

Despite these early gains, there is general consensus in the community that many in Madison face housing challenges. On October 6, 2023, the Madison Common Council passed a resolution (RES-23-00606; [Legistar #79226](#)) directing the Housing Strategy Committee to review the Housing Forward Initiative with an eye toward building on its impact. Specifically, the Committee was asked to consider and formulate recommendations around the following:

- ❖ How can the City support the creation of more ownership housing types?
- ❖ How can the City help scale up the development of new affordable rental units beyond the current 400 per year pipeline?
- ❖ How can the City support the creation of affordable student housing?

In addition, the Council requested that recommendations focus on:

- ensuring affordable housing choices for people with the lowest incomes who may also be facing compounded challenges and higher needs, and;
- support increasing housing options in every Madison neighborhood to improve equitable access to City resources.

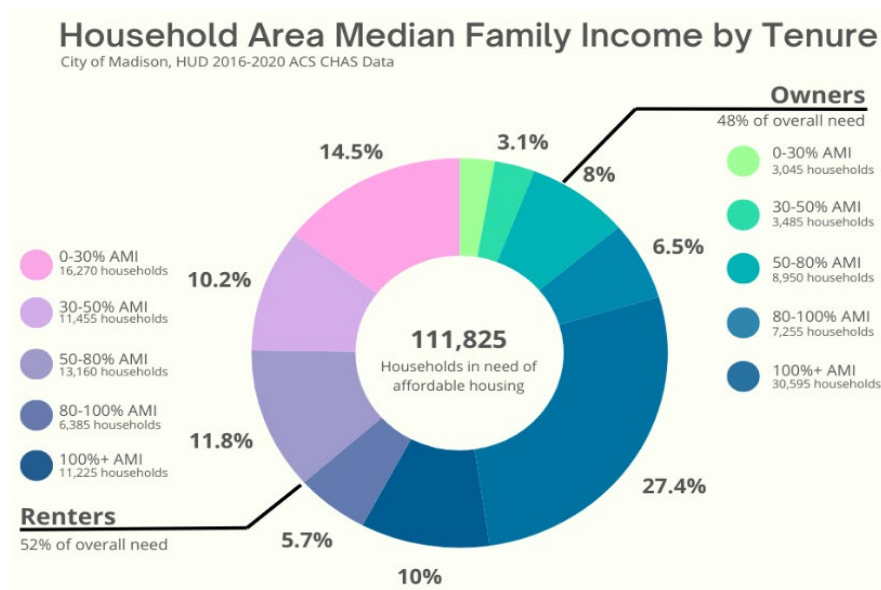
The recommendations included in this report were developed through HSC sub-committee meetings focused on Rental Housing and Homeownership. The sub-committees held fourteen in-person meetings to engage with subject matter experts on various topics and created a developer survey to seek input. The recordings and minutes of all sub-committee and HSC meetings can be found on City's [Legislative Information Center](#). To expand administrative support to complete this report, Downtown Madison Inc

(DMI) engaged stakeholders to discuss recommendations related to student housing and presented it to the HSC for consideration.

These HSC developed this report with the equity principles of affordability, quality, accessibility, and choice in mind. *[Will need to discuss equity when talking about prioritizing HSC's recommendations.]*

MADISON'S AFFORDABLE HOUSING NEED

The City of Madison's housing needs reflect a fundamental mismatch between household incomes and housing costs, resulting in high levels of housing cost burden. Housing cost burden, generally defined as the need to devote more than 30% of household income to housing costs, is particularly prevalent among non-family renter households with incomes below 30% of the area median income (AMI.) It is exacerbated in Madison by the substantial undersupply of rental housing, particularly at price points affordable to very low-income households, and this shortage serves only to exert upward pressure on rents.



After cost burden, the next largest challenge has been the new development of multi-family structured homeownership types, such as condominiums. The development of owner-occupied homes has failed to ease demand for housing or to address cost increases. There hasn't been a substantial rise in the number of new single-family permits since the 2008 economic downturn. Since the COVID-19 pandemic began, the burden of housing costs has significantly increased for both homeowners and renters, pointing to a surge in housing expenses outpacing most income levels.

The majority of newly constructed owner-occupied dwellings are unaffordable for both typical renter households and the average household as a whole. Although there has been some stabilization in interest rates (albeit still higher than the lows seen during the pandemic), a scarcity of supply (property owners choosing to remain in their homes rather than selling and moving up or downsizing), and a surge in demand from the expansion of high-income households have further fueled property appreciation

among homeowners. These developments in availability and pricing in both the ownership and rental markets have resulted in a significant imbalance between supply and demand, disproportionately affecting lower-income households as they compete with higher-income counterparts for the same housing units.

(Insert narrative on need for Student Housing- input from DMI workgroup)

AFFORDABILITY

For purposes of public policy discussions around affordable housing, City officials generally accept the standard that recognizes the concept of “housing cost burden” as the condition in which housing costs consume more than 30% of a household’s income, and “severe housing cost burden” as one in which 50% or more of household income goes to housing costs. Further, in policy and program initiatives geared to promoting affordable housing including, for example, by providing financial incentives to developers of affordable housing, the City defines “affordable housing” as income-restricted housing for renter households with incomes at or below 60% of area median income (AMI) (\$65,940 in 2024 dollars for a three-person household) or for homeowners with incomes at or below 80% AMI (\$85,200 for a three-person household). A full glossary of other commonly used terms relevant to affordable housing can be found in Appendix B.

PLANS FOR ACTION: STRATEGIES TO MEET THE HOUSING NEEDS

The local understanding of housing needs has been shaped over the years by housing data and reports prepared by City staff and shared with policy-makers. These recommendations draw on their findings.

[2023 Housing Snapshot Report](#)

This details high-level trends and needs of the City’s housing market, while also highlighting outcomes of key City initiatives. Because the housing market continues to change, and needs of residents change with it, this report provides residents and City policy makers an annual overview of key data points and the status of housing-related initiatives underway.

[2024-2028 Dane County Regional Housing Strategy Strategic Action Plan](#)

This provides information on regional housing trends and needs with a focus on affordable and workforce housing development, regional growth, and individual production targets for each municipality. The 80-member Housing Advisory Committee responsible for the plan included strategies to guide and prioritize investments in housing, tenant protections/stability, and education.

[Imagine Madison Comprehensive Plan](#)

The Comprehensive Plan uses data and input from the community to shape the City’s long-term land use policies and investments to equitably and sustainably manage Madison’s projected future growth. The Plan looks 20 years into the future but prioritizes City strategies and actions for the

decade ahead. The Comprehensive Plan is required to be updated every ten years, next scheduled for 2028.

[2019 Analysis of Impediments to Fair Housing Choice Full Report 2019 AI Summary Report \(AI\)](#)

As a condition of federal funds awarded to the City of Madison, the U.S. Department of Housing and Urban Development requires the City to prepare this report every five years. The AI assesses housing disparities and barriers to housing access for groups of residents based on their protected class status. This report provides useful data to guide equitable decision-making about City funding for housing and planning initiatives, helping inform ways to make Madison a more sustainable and equitable City for everyone. (The report is scheduled to be updated in 2024.)

[2016 City Biennial Housing Report](#)

This is a comprehensive discussion of housing needs across different market segments in Madison, and potential strategies to address them. Last completed in 2016, it still serves as a useful foundation for the reports and plans, including those listed above.

RECOMMENDATIONS

Meeting our local need for affordable housing is only possible if many stakeholders work together towards common goals. While these recommendations focus on ways the City of Madison can continue to support housing initiatives, it acknowledges reliance on investment from and collaboration with private and non-profit sectors.

[Will Insert HSC Recommendations here]