

INCLUSIONARY ZONING ORDINANCE
Evaluation Study
Framework
November 21, 2005

I. INTRODUCTION

- a. Purpose: To establish a baseline and methodology to study Inclusionary Zoning (IZ) issues, now and in the future, and to provide information that could guide future adjustments to the IZ Ordinance. Data to be collected on an annual basis.
 - i. To study the effects of the IZ Ordinance on the amount of housing produced; particularly in areas of the city where affordable housing has not traditionally been available.
 - ii. To study the effects of the IZ Ordinance on the distribution of housing within the Madison region, particularly the availability of new affordable housing in these areas of the city where affordability has been an issue.
 - iii. To track the supply of IZ units, both rental and ownership, on an ongoing basis, and to examine how long they remain affordable, how has marketing of units been affected, and sale or transfer of units over time.
- b. Scope of the report: Most of this data will be generated through information provided by either Dane County data or City records. Elements to include:
 - i. Patterns of Affordable Housing:
 - 1. Madison.
 - 2. Dane County.
 - 3. Region (to the extent available and necessary).
 - ii. Effects of inclusionary zoning on growth and development within Dane County:
 - 1. Summary of building permit data for every community in Dane County.
 - 2. Summary of parcel creation data for every community in Dane County.
 - 3. Summary of Urban Service Area amendments by community.
 - iii. Housing Costs and Sale Trends – Madison and Dane County for both market and IZ units.
 - iv. Stakeholder Opinions.
 - v. “Housing Finance Dynamics,” e.g., interest rates and types of financing available, primarily, and its effect on development, both IZ and non-IZ.
 - vi. Costs and Dynamics of IZ Development Issues – who is subsidizing IZ units.

- vii. Other counties and communities, if available and necessary.
- c. Summary of ordinance objectives and outcomes.
- d. Summary of feared / unanticipated adverse effects, near-term and long-term.

II. DATA TO BE TRACKED AS PART OF A MULTI-YEAR STUDY DESIGN TO EVALUATE INCLUSIONARY ZONING OUTCOMES OVER TIME:

- a. Number of parcels created by year: City of Madison, outside of the City, and total for Dane County, 1990-2005, and annually thereafter.
- b. Number of building permits issued by type of unit: City of Madison, outside of the City, Dane County total, 1990-2005, and annually thereafter.
- c. Summary undeveloped/vacant land by zoning district: pre-inclusionary zoning and post-inclusionary zoning.
- d. Production:

This portion of the Evaluation Study will focus on the Inclusionary Zoning Units that are being produced, their location, and other data pertaining to general housing production within Madison and the balance of Dane County.

- i. Number of units, both single-family, multi-unit, and condominium annually produced in Madison and Dane County.
- ii. Supply of affordable housing, single-family, multi-family, and condominium.
- iii. The effect IZ is having on production of affordable units in Madison.
- iv. The effect IZ is having on overall production of housing units in Madison.
- v. The effect IZ is having on production of housing units outside of Madison / balance of Dane County.
- vi. The income levels of a sample of owner and rental units being sold / rented under IZ Ordinance.
- vii. What incentives are being required and produced and what is the value of incentives? (public cost)
- viii. Track developers that have received waivers, reduction in units, or moved units off site.
- ix. What proportion of affordable IZ units is rehab / adaptive reuse? Are any affordable units being produced through IZ via rehab / adaptive reuse?
- x. What is the role of non-profits in development of IZ units? How has it affected target income for units?
- xi. Is there a noticeable effect of developers avoiding IZ, e.g., by no longer doing business in the city? Have other developers entered the market?
- xii. Do IZ units affect house prices?
- xiii. How are listings of open / available properties managed?

e. Post-Production:

The post-production part of the Evaluation Study will look at the medium-term and longer-term aspects of the Ordinance in three areas; the unit, the households that occupy the units, and the market.

Because this part of the Evaluation Study is more future-oriented, much of this work may not occur for several years, but since the units that have been produced have been identified, it will be possible to have the information entered into the data base and the analysis occur as soon as the number of units coming online, being occupied, and eventually being sold, takes place.

- i. Has the resale of IZ affordable units been affected by IZ resale restrictions, i.e., longer on market?
- ii. How has the absorption rate of IZ units compared with other housing units out time of initial sale and rental?
- iii. What is happening to appreciation at resale?
- iv. At point of resale(s), track the price the unit sold for, and the amount of money returning to City.
- v. Effect on nearby property valuations.
- vi. Does assessed value of IZ units reflect restrictions of IZ?
- vii. How has assessed value of affordable units changed relative to non-IZ units? Compare and evaluate.
- viii. How have Madison schools been affected by IZ?
- ix. Number and percent that “flip” from IZ to market at subsequent sale or lease.
- x. How are IZ affordable units improved over time?
- xi. Range of improvements – percentage recovered at resale.
- xii. Track and report on equity recapture of for sale units. How do IZ units compare to non-IZ affordable units in terms of appreciation over time.
- xiii. Is the population using IZ racially diverse?
- xiv. Has IZ improved the dispersion of racial groups or socio-economic lists over time?
- xv. Did IZ produce smaller units with lower cost?
- xvi. What is fiscal effect of IZ on City resources?
- xvii. What has been the effect on length of project schedule (City review process)?
- xviii. To what extent do Common Council and Planning Commission accept staff recommendation? (want to be involved in review)

- f. Marketing of Units and Lots:
 - i. How are they marketed to potential buyers and builders?
 - ii. Identify first residency of IZ units and track over time.
 - iii. What is the inducement to get people to buy an IZ unit?
 - iv. Who produces the list of IZ people?

III. EVALUATION OF THE ORDINANCE AFTER ONE YEAR:

- a. Summarize approved projects (table), number of units, number affordable by tenure, incentives requested and approved, and location of projects (map), levels of affordability by project, size of units, amenities, type of developer.
- b. Comparison of projects (table) under the Inclusionary Zoning Ordinance versus those residential projects not requiring inclusionary zoning (number of projects, number of units within each project by tenure, map locations compared to inclusionary zoning projects).
- c. Effect on City resources (fiscal effect).
- d. Interviews with each stakeholder group.
 - i. Developers/builders.
 - ii. Banks and financial institutions.
 - iii. Not-for-profits.
 - iv. Housing advocates.
 - v. Policy makers.
 - vi. Selected neighborhood associations.
 - vii. End buyers.
- e. Evaluation of the public review process:
 - i. Timeline for approving IZ projects versus non-IZ projects.
 - ii. Common Council and Plan Commission acceptance of staff recommendations.
- f. Are the incentives working?
- g. Evaluation of the waiver process.
- h. Appropriateness of dispersion requirements within developments both horizontally and vertically.
- i. The role of not-for-profits in the production of inclusionary zoning units.
- j. Consideration of criteria to determine when an amendment to a Planned Unit Development-General Development Plan triggers the Inclusionary Zoning Ordinance.
- k. Evaluation of the ordinance and how it applies to student housing projects.