

**A PLAN FOR AFFORDABLE HOUSING
IN MADISON**

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THE PREMISE

- Home ownership adds value to a community as it:
 - * Correlates with higher achievement by students
 - * Encourages community stability and commitment
 - * Provides a significant portion (generally around 70%) of the tax base
 - * Correlates with lower crime rates
 - * Encourages economic development
- Affordable housing is of particular importance as it:
 - * Is the gateway to ownership for many, if not most families
 - * Is the surest method of economic advancement
 - * Supports industries that provide entry level positions in the work force

THE PREMISE II

The cycles of the housing market will provide more or less affordable housing at any time.

However, at no time should we neglect the need to keep housing before the community as an issue, nor cease to look for opportunities to foster affordable housing. The question is, how can the housing industry and the City work together to meet our housing needs in a win-win situation?

SOME ASSUMPTIONS

- There will be less public monies available for city-wide housing programs.
 - * Some new federal and state monies will become available (note HR3221), but not like before.
 - * The City generously supports various housing programs. Considering the current economic environment and restrictions on municipal spending, the City will be hard-pressed to find significant new funds for city-wide initiatives.

SOME ASSUMPTIONS II

- The issue of affordable housing can best be addressed using existing housing stock.
 - * 2007 – Average cost of a new home (3bdr./1.5+ bath) home
 - New construction - \$312,120
 - 5+ Years old - \$238,060
 - Existing markets will always provide some affordable housing. Sometimes it can create a lot more. In May, 2008, the numbers in Madison were:

	0-\$150k	\$151-\$175K	\$176-\$200K	Total
Detached	67	108	202	377
Condo	483	171	142	796
Total	550	279	344	1173
- A successful housing program will take into account the state of the housing market.**

SOME ASSUMPTION II

IN SOME CASES, EFFECTIVE HOUSING PROGRAMS MAY BE LESS ABOUT CREATING NEW HOMES, AND MORE ABOUT GETTING PEOPLE INTO EXISTING HOMES AND FINDING WAYS TO SUSTAIN THEM IN THESE HOMES.

SOME PROPOSALS FOR THE CITY WITH LIMITED FISCAL IMPACTS

- Request that all relevant city departments submit summaries of their policies as they relate to housing.
- Coordinate those policies to insure that they are not contradictory in their impact on housing (model – Wisconsin Land Council).
- Review ordinances and city programs on an annual basis to assess their effectiveness and relevance (model - Waukesha Co.). A program might make a lot of sense in one year, and be detrimental in another.
- Require a housing impact statement for new ordinance, amendments and policies.
- The City might consider tying some housing program and regulations to the state of the housing market. A down market will create more affordable housing, but less incentive for new construction. The City might establish reasonable benchmarks to determine when programs will be implemented modified or suspended.

SOME PROPOSALS FOR THE CITY II

- The City should convene or participate in an informal council that would meet quarterly. Consisting of City officials and representatives of the for-profit and non-profit housing industries, the purpose is to exchange information on the condition of the industry and potential city initiatives. The Housing Committee could be the venue, but the need is for the free-flow of discussion and information that is not well served by a 3-5 minute public comment period.
- The City should do more to advertise the existence of downpayment and housing rehab. programs.
- The City should explore such programs as “Ambassadors for Cities” which provide funds for joint City/housing industry housing initiatives.

THE DOWNPAYMENT ASSISTANCE GROUP

AS HAS BEEN NOTED, THE ISSUE FOR MANY FAMILIES IS NOT THE AVAILABILITY OF HOUSING, OR THE ABILITY TO PAY A MORTGAGE, BUT THE ABILITY TO RAISE THE DOWNPAYMENT THE CITY SHOULD CREATE OR PARTICIPATE IN AN INFORMAL DOWNPAYMENT ASSISTANCE GROUP.

- Under present conditions there are more impediments for getting the necessary downpayment.
- There are over 150 federal downpayment assistance programs. There are also state, county, local, non-profit, association and for-profit programs.
- It is difficult for all involved to be familiar with each other's programs -- and -- to know which ones will "piggy-back".

DOWNPAYMENT ASSISTANCE GROUP

- Entities should meet monthly (periodically) to familiarize themselves with other programs and how they can work together for families.
- The Group may also offer itself as a source to families seeking information and help in accessing downpayment assistance.

CONSUMER INFORMATION AND EDUCATION

- Discussions are already underway to create an inclusive and user-friendly web presence on housing issues and consumer education. It would provide many portals and be key-word driven. Preparing and educating potential owners for the home buying experience may be one of the most important factors in enhancing their sustainability in those homes.
- The Dane County Homebuyers Roundtable could host the service with support from other entities. The City could be the nexus or some new entity.
- There are models for such an initiative, such as www.kchomeprograms.com
- It is understood that creating the architecture for this network, hosting it and keeping it current will cost money. It is may be possible to allow sponsorship or commercial advertising.

APARTMENT TO CONDO CONVERSION

- Apartment to condo conversion is an on-going phenomenon in Madison.
- The Marriott conversion created condos prices from \$60,000-\$104,000.
- Several years ago, we calculated that some converted units could be affordable to families down to the 40% AMI, based on monthly mortgage cost of \$720.00+ condo fee.

Issue:

- Many units are 4-8 unit buildings. Condo associations of this size may be too small to be viable. Creating discontinuous condo associations of buildings in proximity to each other, but not adjacent may be the solution.
- The City can provide vital support by prioritizing downpayment and rehab funds and other incentives to condos that target certain AMI levels.
- The private/non-profit sector could be approach to create teams to assist the new associations.

URBAN HOMESTEADING/EAH

- The creation of 4600+ new student-oriented housing will have a negative impact on some near east and west and central city neighborhoods. The City is aware of this neighborhoods.
- The City could use the incentives for discontinuous apartment-to-condo associations to advantage in these neighborhoods.
- Working with the Wisconsin Historical Society, the City can access federal/state tax credits (25%) to rehab and preserve individual structures or entire historic districts.

EMPLOYER ASSISTED HOUSING (EAH)

- Tied into urban homesteading is the idea of Employer-Assisted Housing.
- WHEDA has been conducting surveys to determine interest in such programs and they have been implemented in Milwaukee and Oshkosh. The WRA is offering its members training to encourage EAH's in their communities.
- EAH's can be tied to urban homesteading by encouraging the rehab. of older homes for young families, including rehabing some buildings as multi-family.
- Such a program would be especially productive in the central city with the presence of major employers such as government, the University and the hospitals.
- A pilot for this initiative was begun for the Vilas and Greenbush neighborhoods. The status of this effort should be explored.

CREATE A REGIONAL HOUSING COUNCIL

- Just as water resources can most productively be viewed within the concept of a watershed, so regional housing can be most productively considered as a housingshed.
- Housing policies in Madison will have significant impacts on the rest of Dane County's communities as well as those in adjacent counties. The decisions of other communities with regard to affordable housing may place greater demands on Madison to provide such resources. Madison should not be the de facto source of affordable housing for the whole region.
- A regional housing council, perhaps formed by the Dane County Assoc. of Villages and Cities would offer the opportunity for communities to coordinate housing policies to make sure that they are working together towards mutually desired goals such as diverse and affordable housing while preserving local character and community goals.

DANE CO. REGIONAL HOUSING COUNCIL

- Viewing housing on a more regional level would make it easier to view housing in the context of transportation and land use decisions.
- While some elements of this concept were covered in the Dane County Comprehensive Plan, the County deals primarily with housing in the towns. The County has little authority over housing policies in the cities and villages. This may make the Dane County Association of Villages and Cities the more effective venue for discussions.