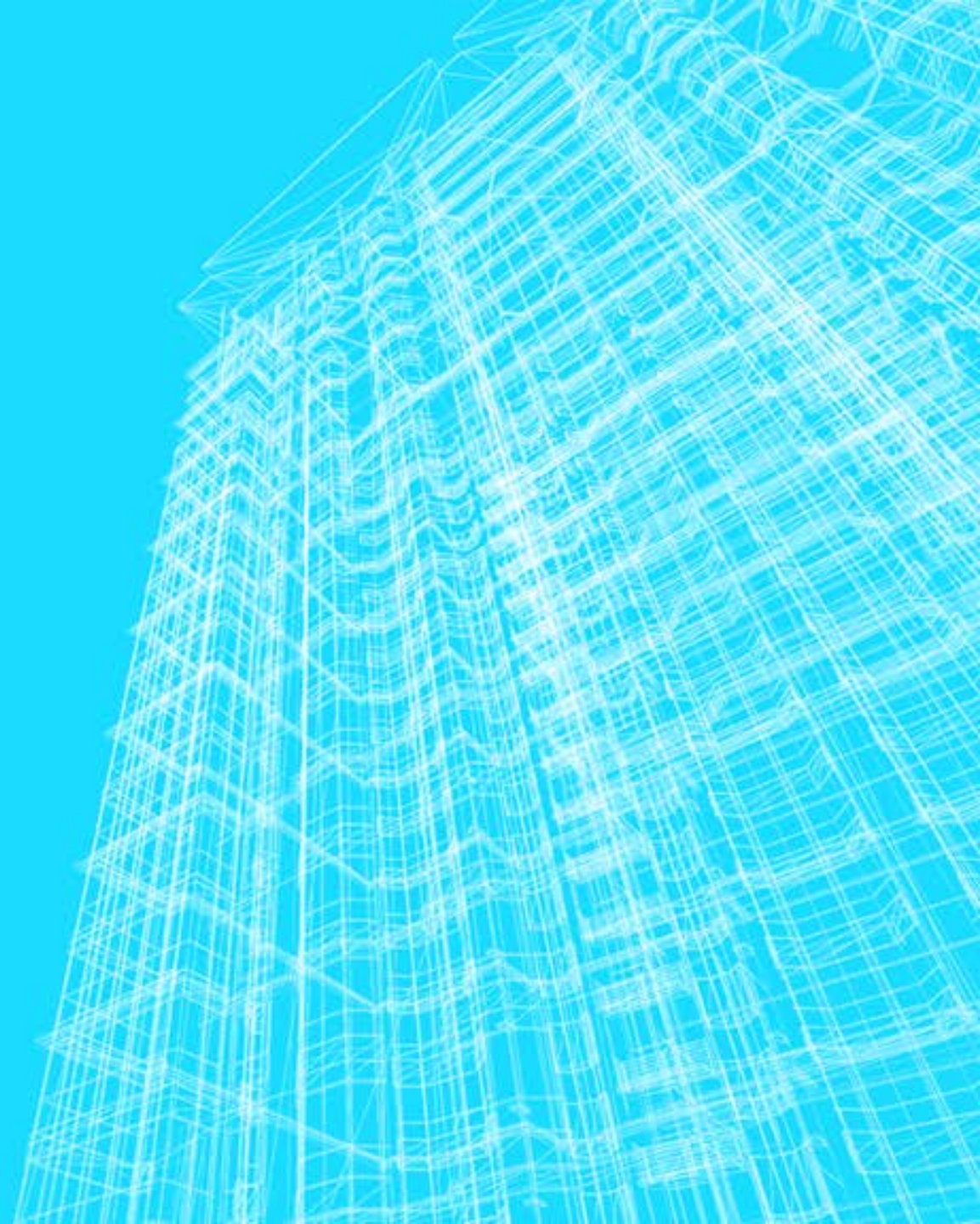
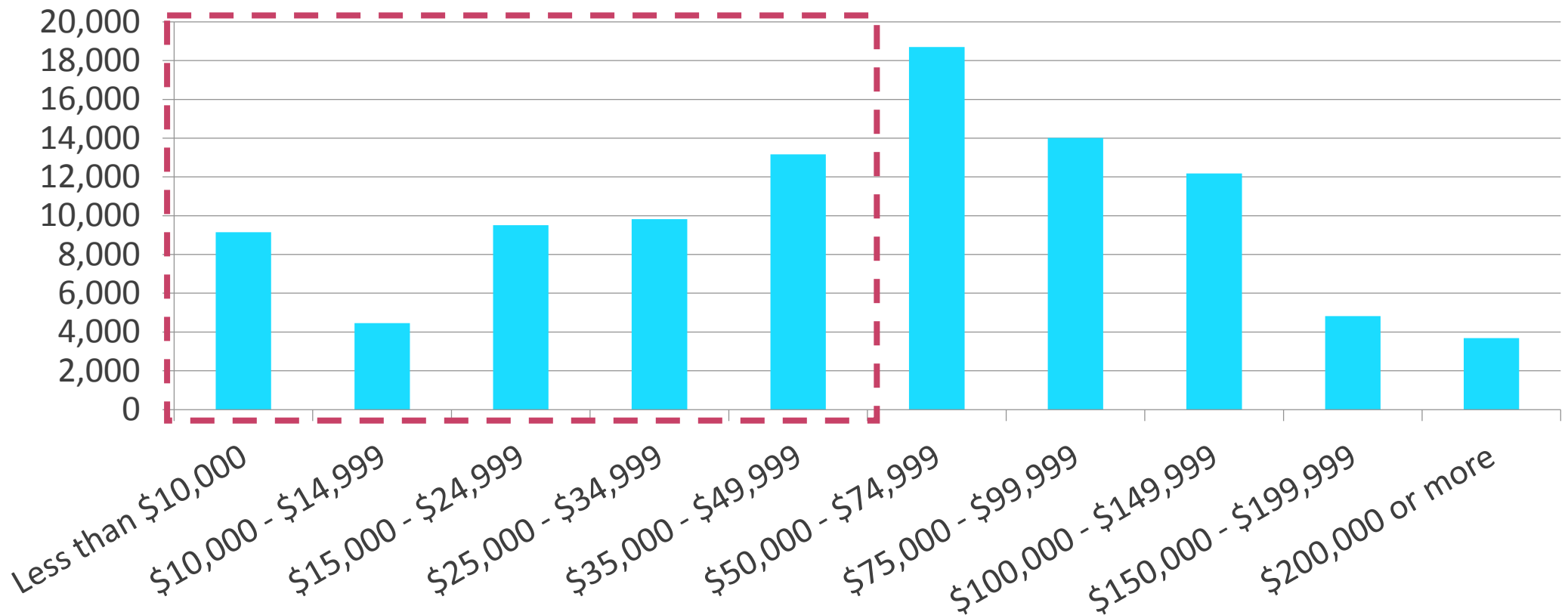


AFFORDABLE HOUSING MARKET



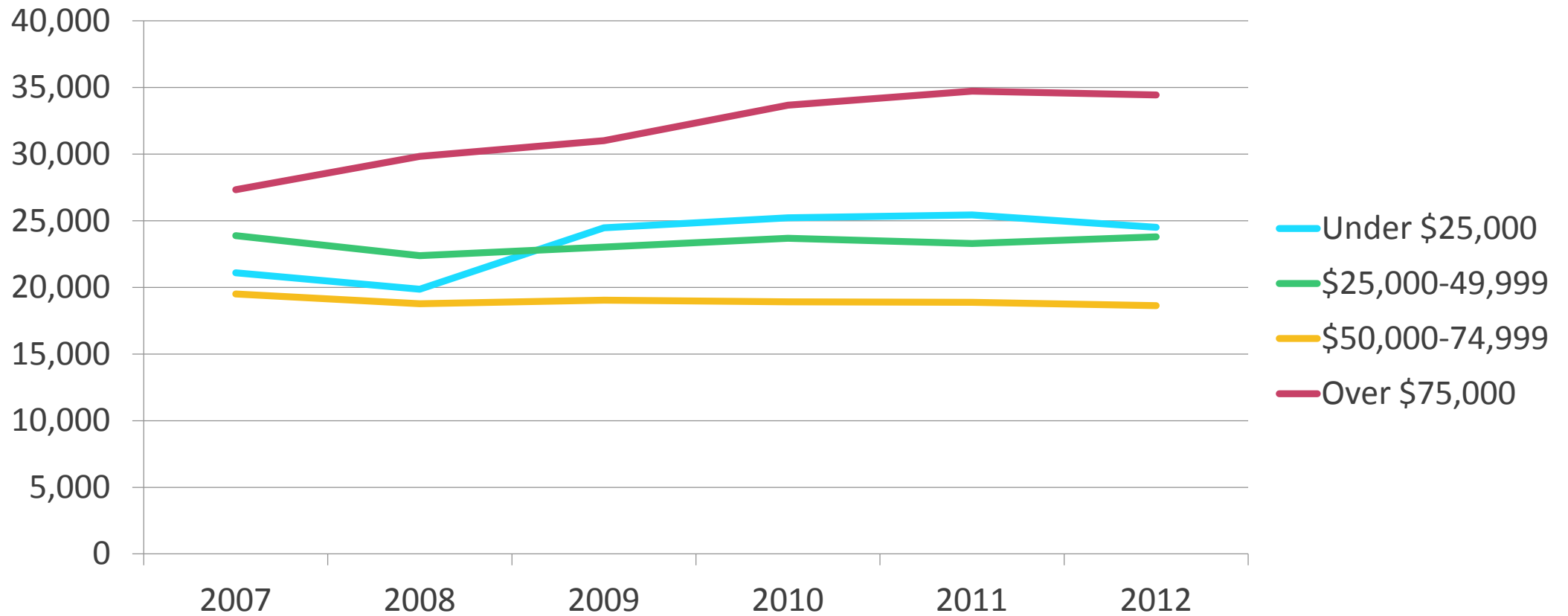
AFFORDABLE MARKET = LOW INCOME HOUSEHOLDS

of Households



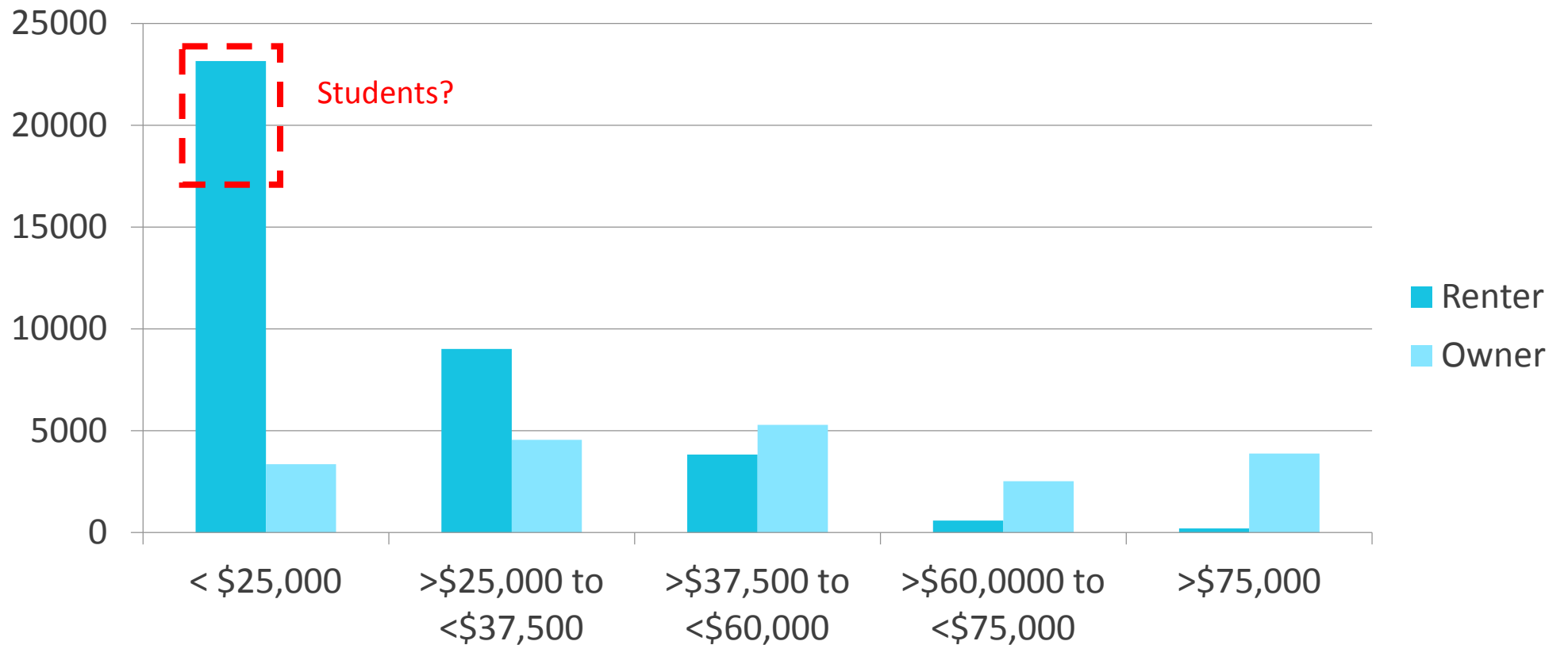
GROWTH COMES FROM THE TOP AND BOTTOM OF THE INCOME SCALE

of Households by Household Income



COST BURDEN IS CONCENTRATED IN LOW-INCOME AND RENTER HOUSEHOLDS

Cost Burdened Households by Income

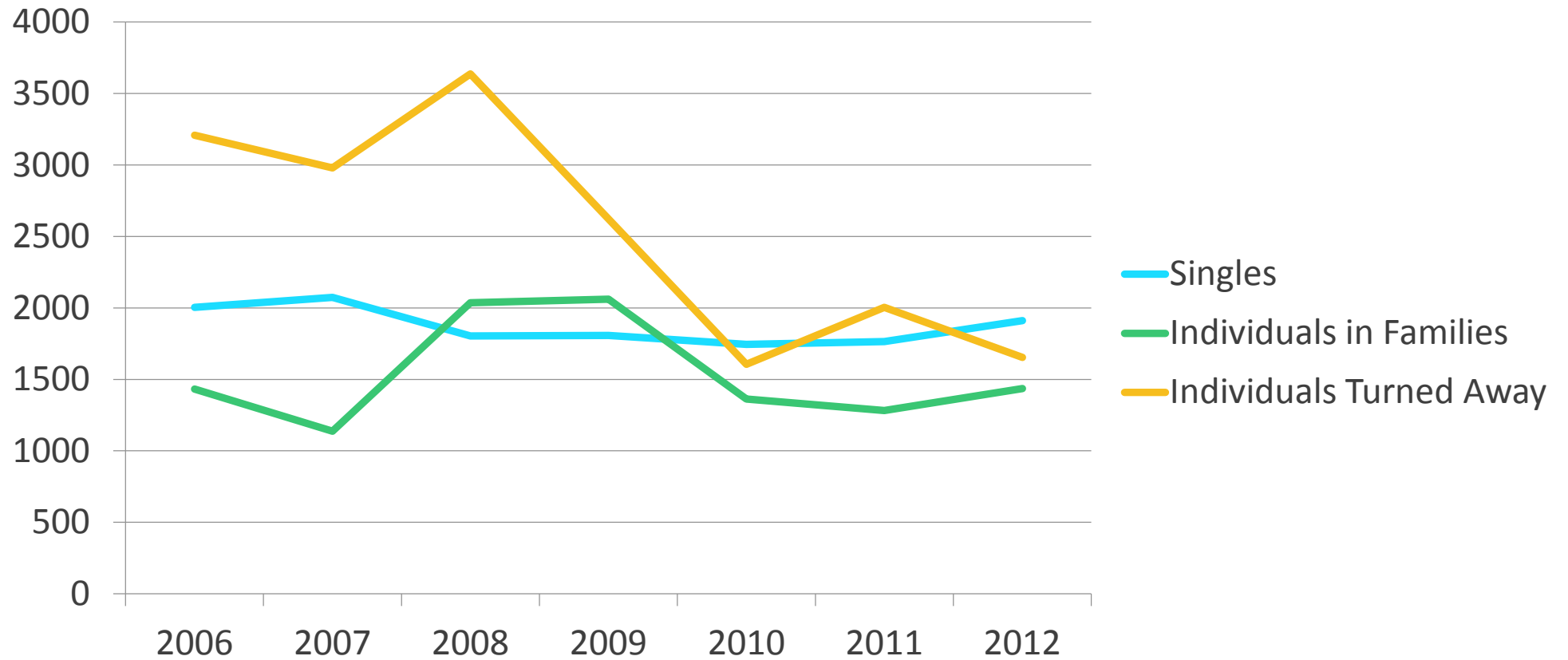


HOMELESSNESS



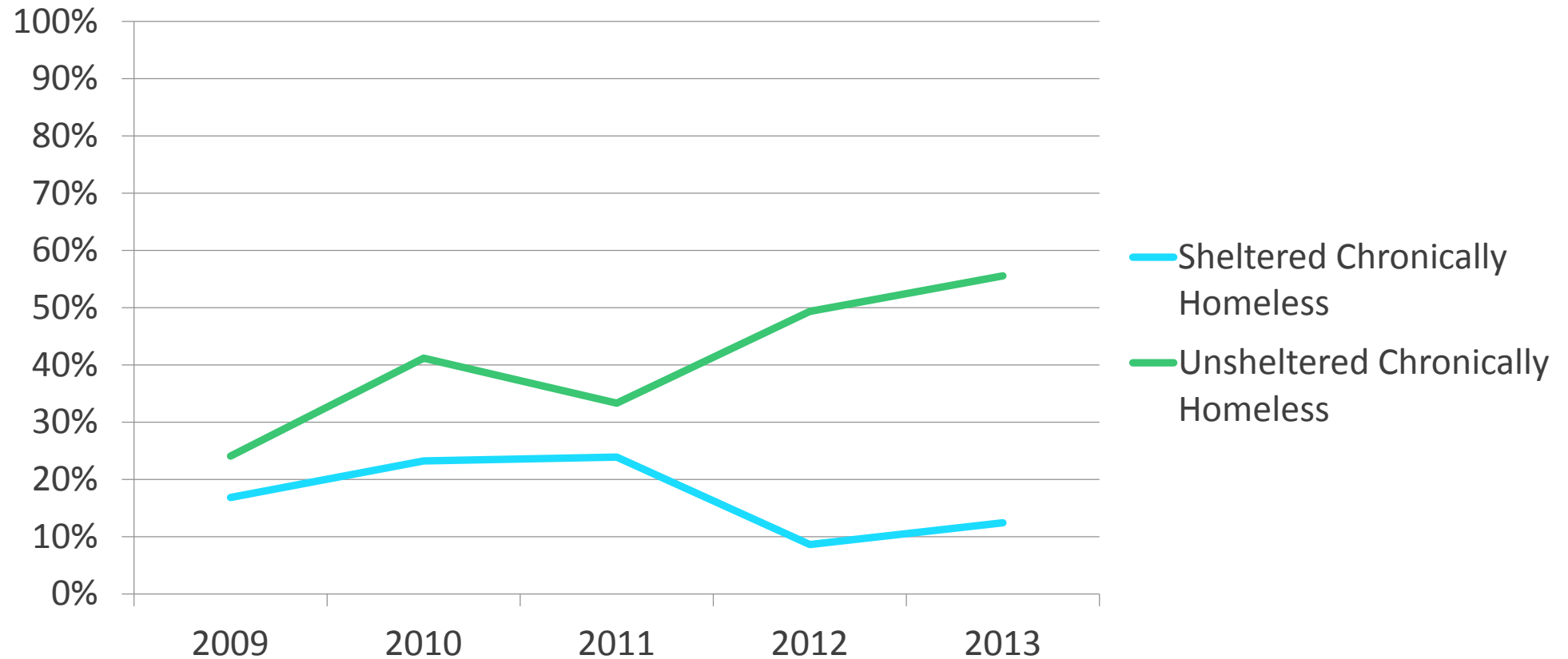
DEMAND

of Individuals Sheltered



DEMAND

% of Individuals Reporting Chronic Homelessness





CHALLENGES

- **Demand** for shelter **exceeds** the **supply** of shelter beds
- Creation of permanent supportive housing **supply has not kept pace with demand**
- Financing additional supply is difficult because **it cannot support debt**
- Shelter, transitional, and permanent supportive housing **require ongoing subsidy** as they do not generate significant cash flow from rent
- With limited funds, shelter and permanent housing **compete for resources**
- Need for a **wider range of solutions** for those with greatest demands for services
- **Siting is difficult**



RECOMMENDATIONS

- **Harm reduction and “wet” housing options should be investigated**
 - Fund Phase 2 of “Permanent Supportive Housing for Chronically Homeless Adults”
 - Prioritize funding non-profits expansion of harm reduction or wet housing programs
 - Pursue partnerships with healthcare providers to make an economic case for cost savings through reduced use of services



RECOMMENDATIONS

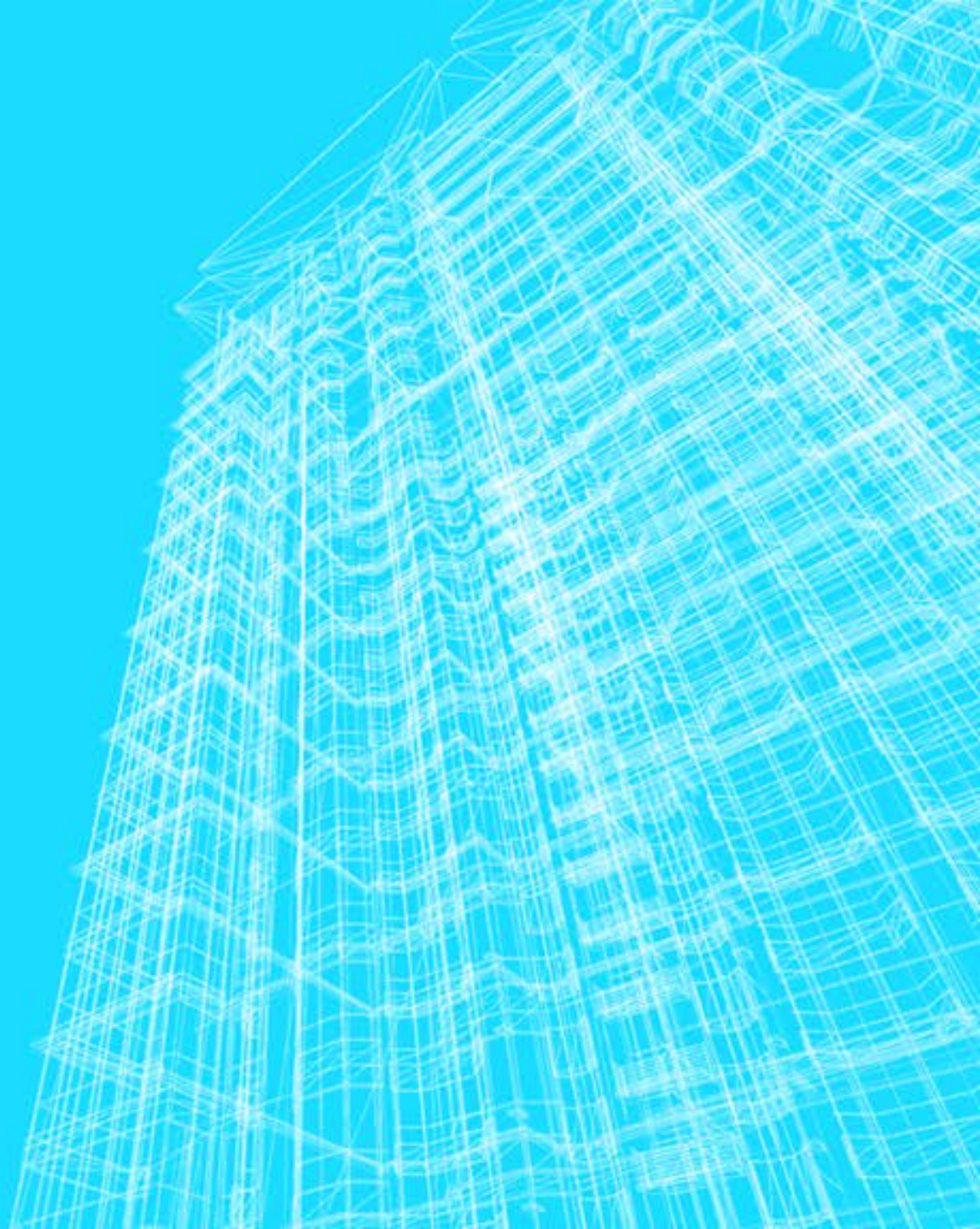
- Increase **Rapid Rehousing** programs and create units through **partnerships with for-profit real estate developers**
 - Support existing Rapid Rehousing programs
 - Prioritize funding and voucher allocations to non-profits pursuing projects in partnership with for-profits on Section 42 tax credit applications
 - Coordinate City and County funding and voucher allocation process, timelines, and priorities
 - Actively work to develop non-profit/for-profit collaboration by hosting education and training events in conjunction with WHEDA
 - Actively lobby WHEDA to develop Section 42 tax credit award criteria to support projects in the City of Madison



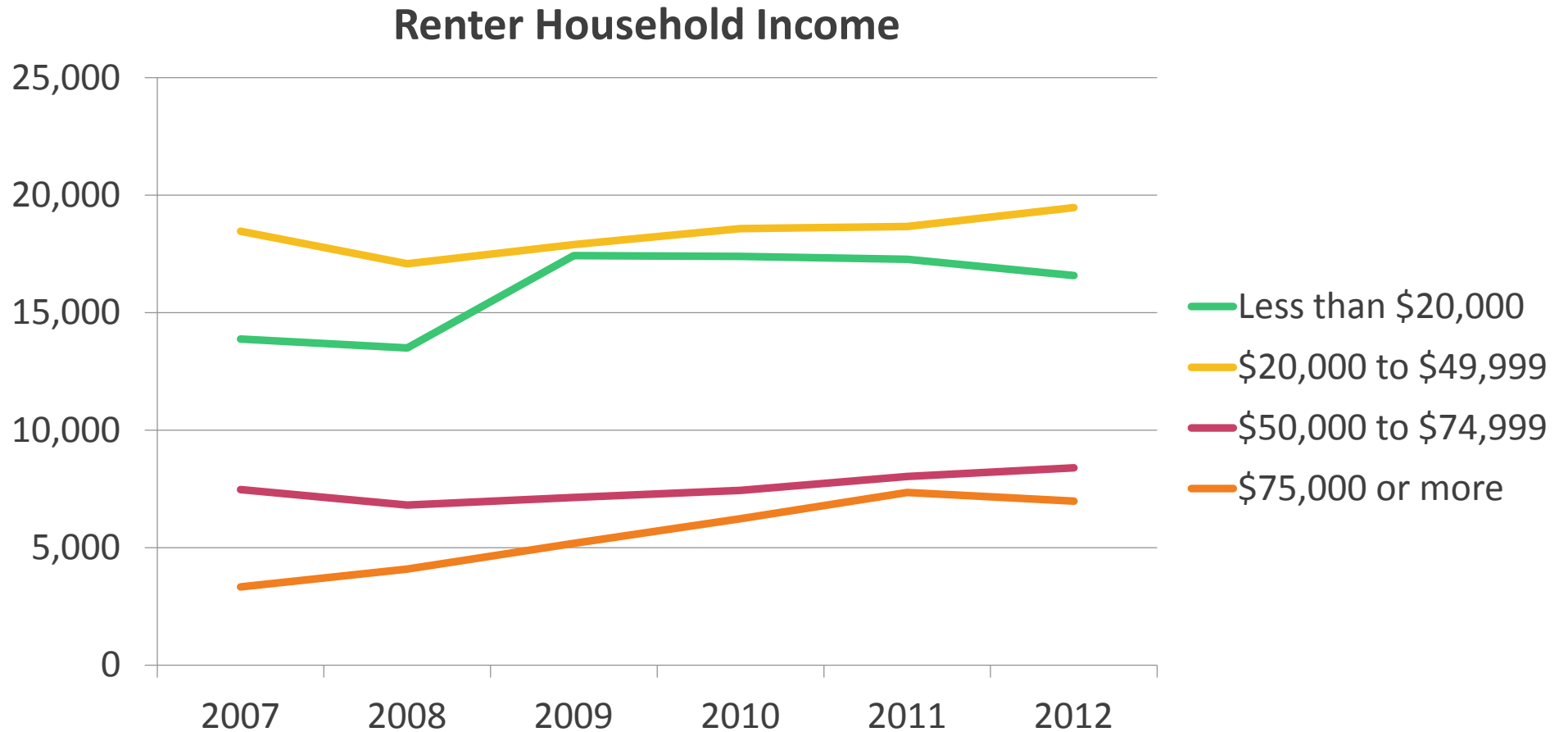
RECOMMENDATIONS

- As shelter facilities approach the end of their usable life, **new shelter should be constructed as purpose built shelters**
 - Local government should actively participate in land acquisition for new shelter construction
 - Work with shelter providers to develop long-term facilities plans to guide development

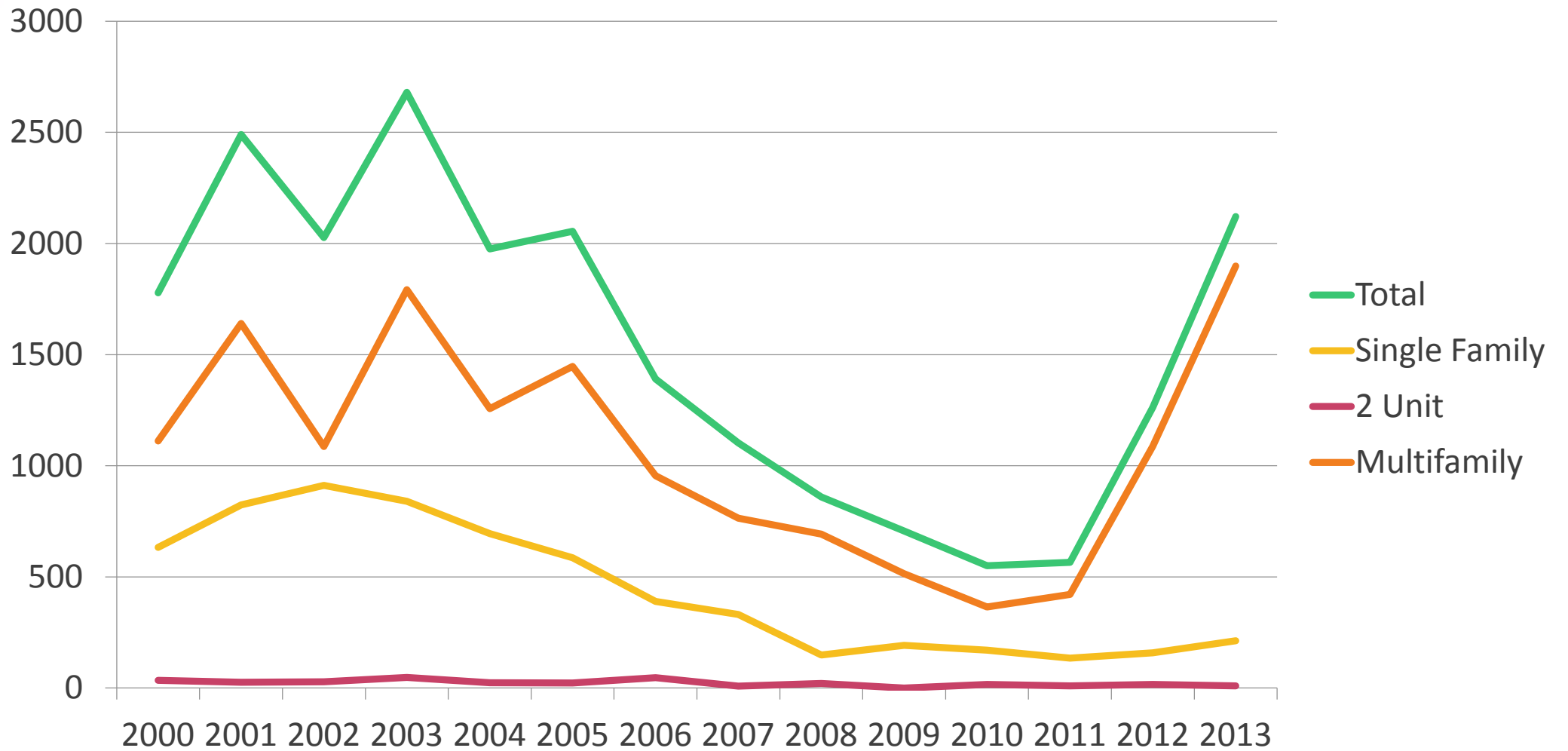
LOW-INCOME RENTAL



NEW RENTERS COME FROM THE TOP AND BOTTOM OF THE INCOME SCALE

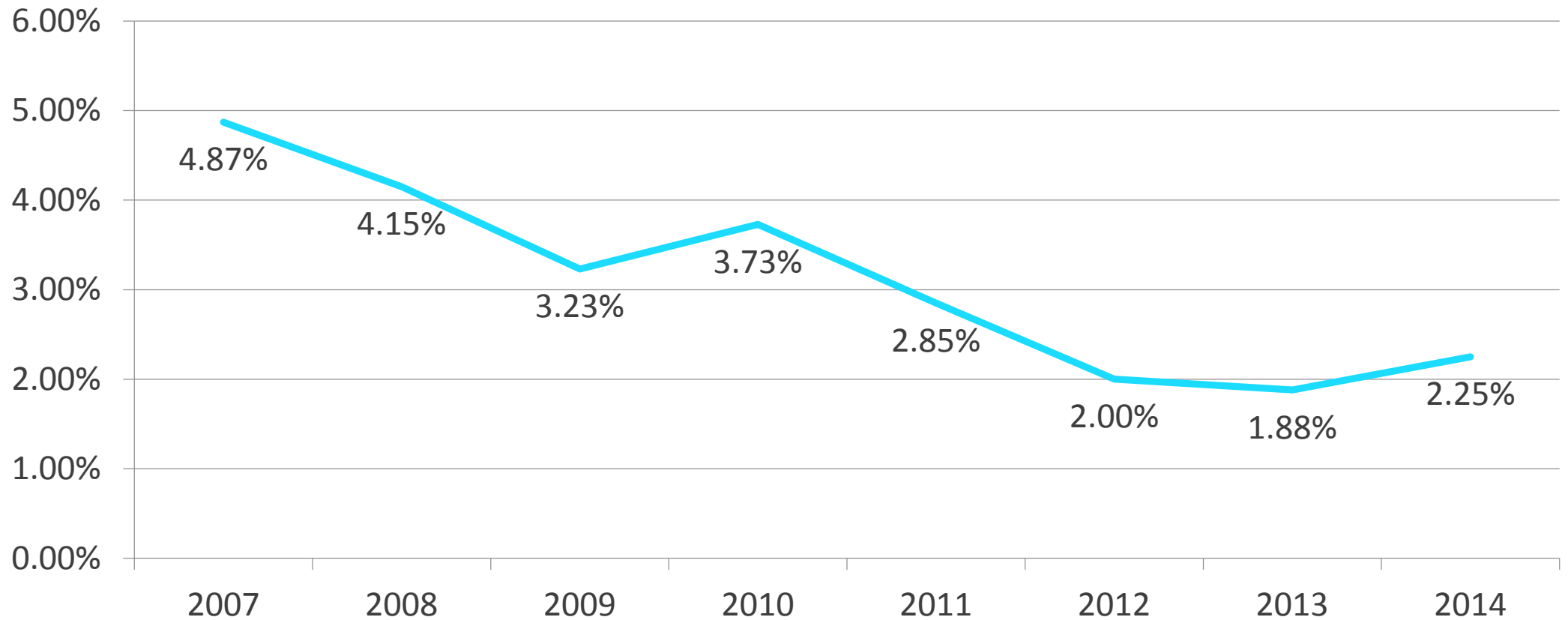


CONSTRUCTION DID NOT KEEP UP WITH HOUSEHOLD GROWTH 2007-2012

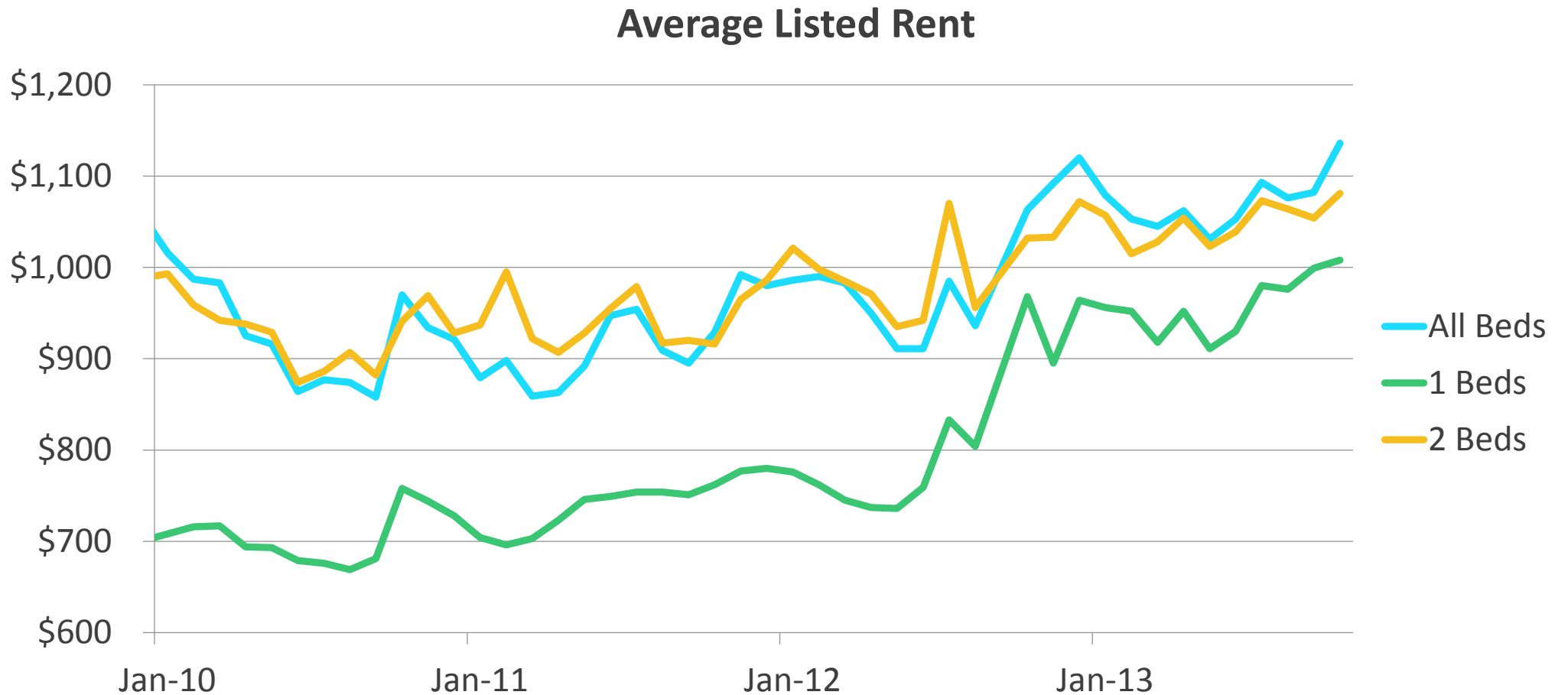


HOUSEHOLD GROWTH + LOW CONSTRUCTION = LOW VACANCY

Rental Vacancy

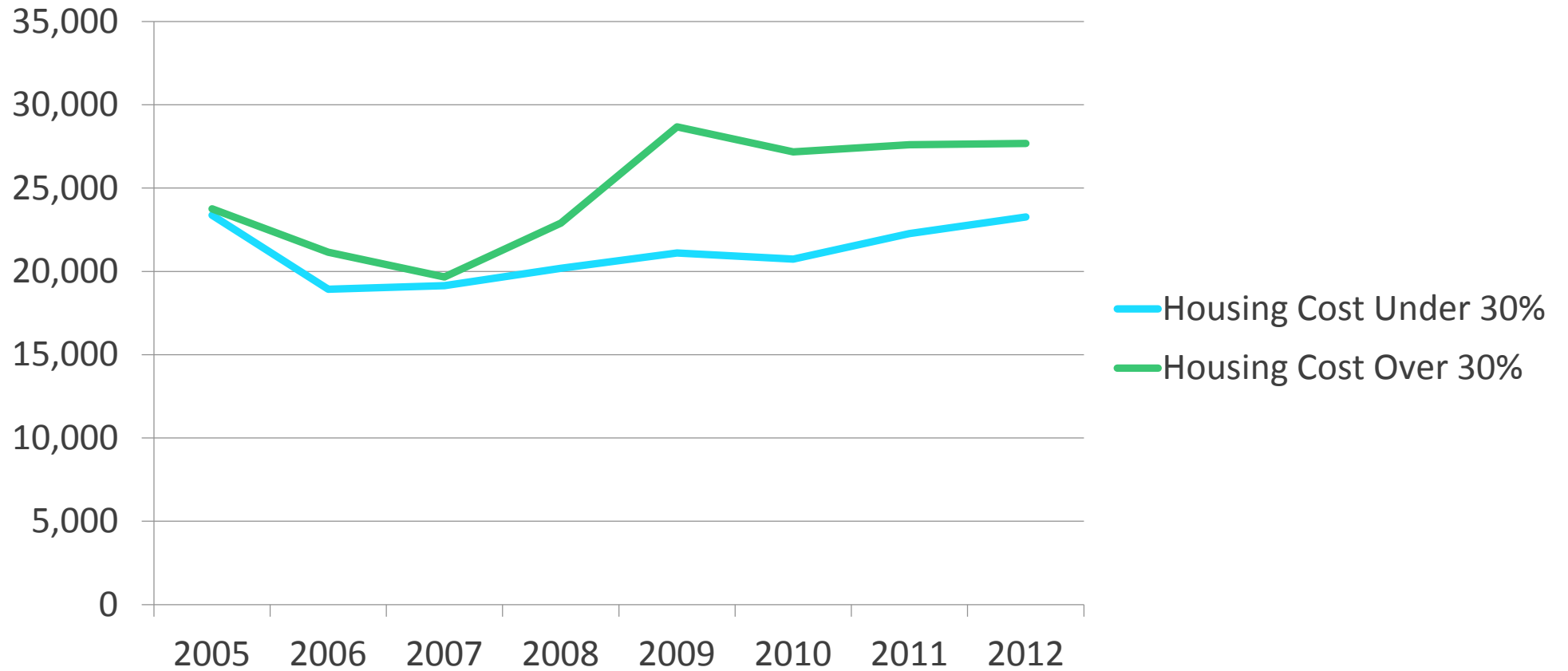


LOW VACANCY + HIGHER INCOME RENTERS = HIGHER RENTS ON AVERAGE



COST BURDEN IS THE CHALLENGE

of Cost Burdened Renters





RECOMMENDATIONS

- **Encourage affordable units in all new construction**
 - More funding
 - **Create an Affordable Housing Fund**
 - Further enhance TIF policy
 - Give a preference to developments that include affordable units
 - Discount or exempt affordable units from density limits
 - Identify areas and zoning districts to encourage low-income rental development
 - Wave or reduce fees on affordable units



RECOMMENDATIONS

- **Convert and preserve existing affordable housing by purchasing land use restrictions**
 - Explore programs to subsidize landlords to designate existing units as affordable
 - Place a land use restriction on units
 - Commit to affordable rents for 15 years
 - Converting existing units is that fastest way to add affordable units to the market



RECOMMENDATIONS

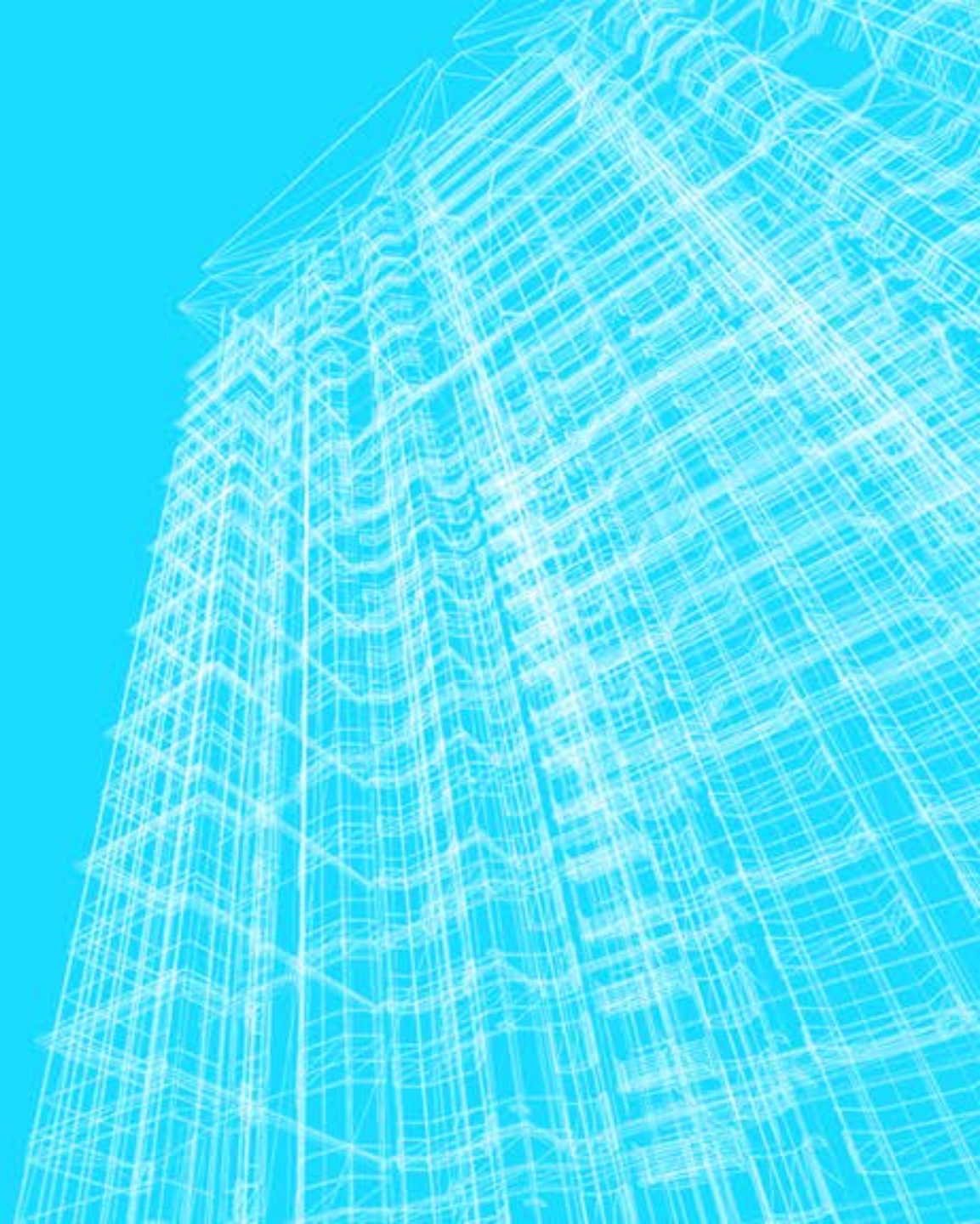
- **Actively pursue and support Section 42 tax credits developments**
 - Coordinate funding timelines
 - Coordinate funding criteria and processes
 - RFPs to drive development
 - Actively recruit developers



RECOMMENDATIONS

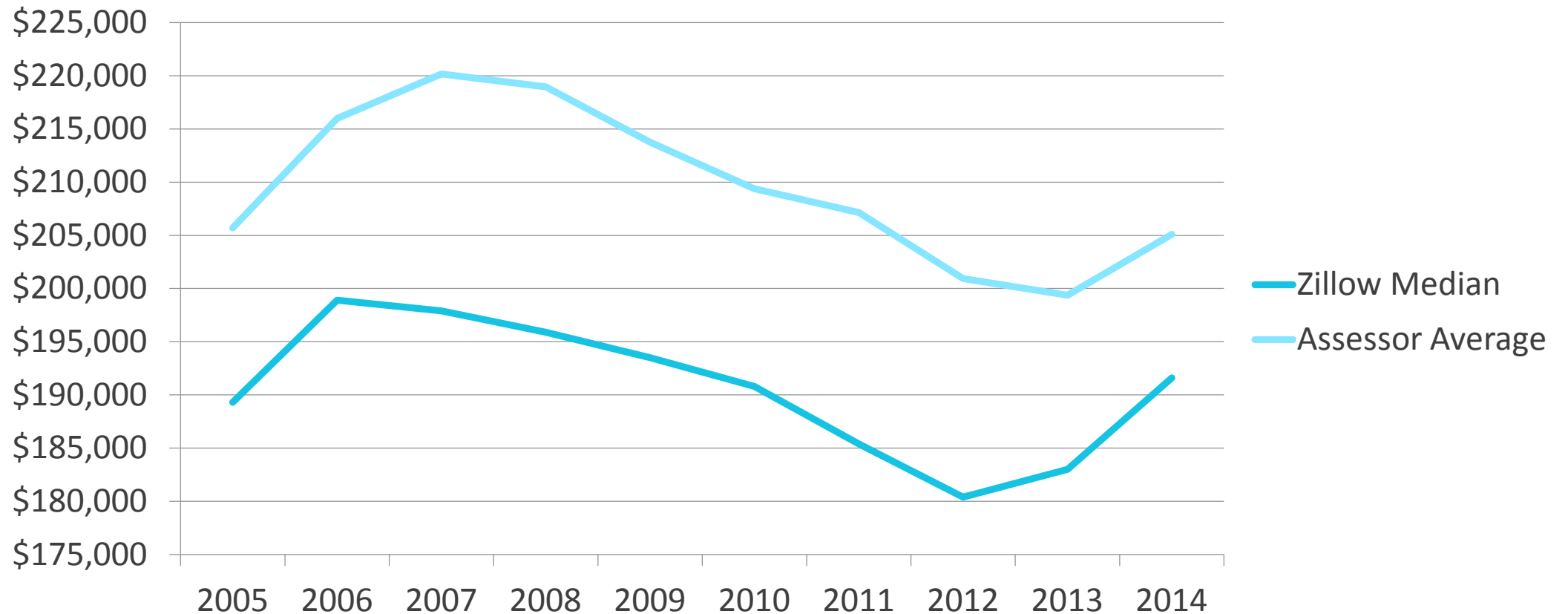
- **Pursue demonstration projects to test the viability of alternative housing forms**
 - Allow exceptions to existing funding programs and zoning rules
 - Recruit developers
 - Recruit financial institutions

LOW-INCOME OWNERSHIP



HOUSE VALUES HAVE STARTED TO RETURN

Madison House Values



OWNERSHIP HAS BECOME MORE AFFORDABLE

	Average Home Value	Interest Rate	Monthly Mortgage Payment	Monthly Property Tax	Total Monthly PIT
2007	\$220,150	6.25%	\$1,085	\$365	\$1,450
2012	\$201,000	4.00%	\$770	\$400	\$1,170
2014	\$205,100	4.25%	\$810	\$415	\$1,225

PIT on an average house dropped almost 20% in 5 years

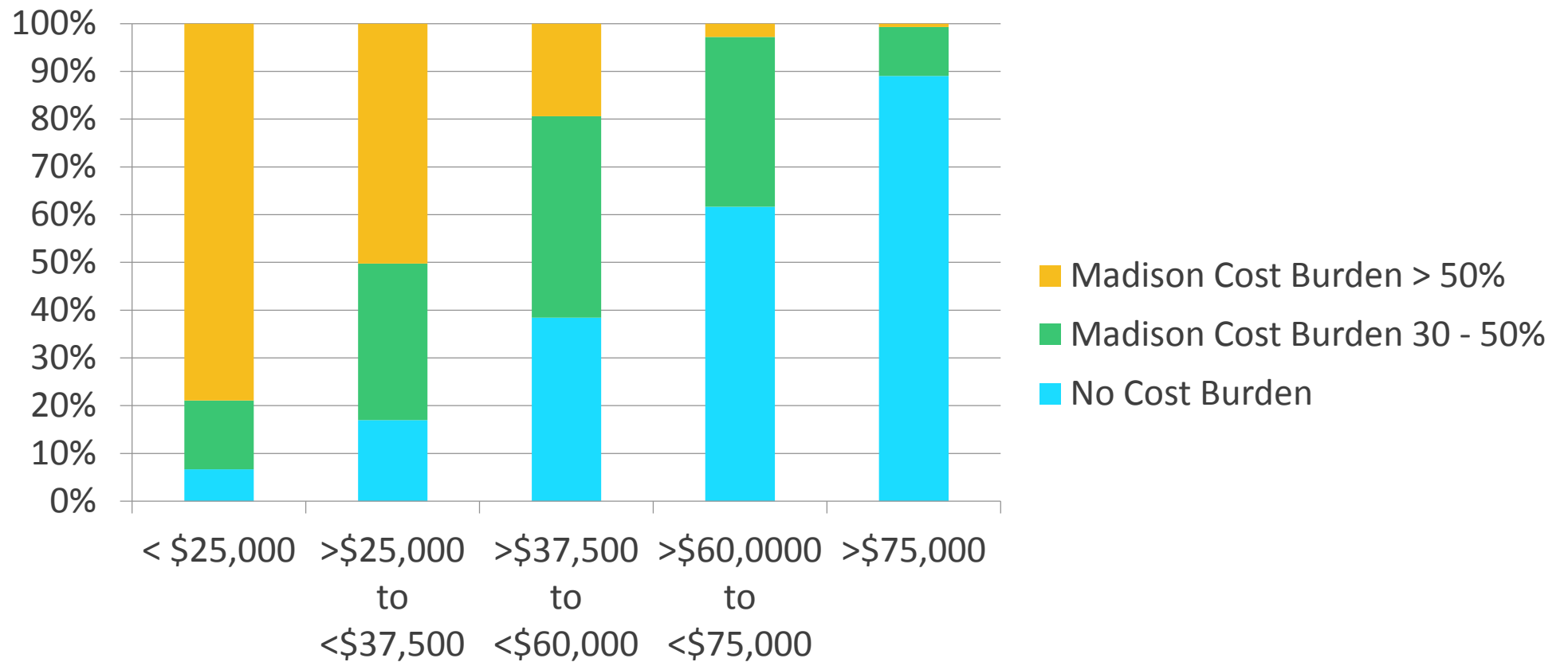


CHALLENGES FOR POTENTIAL BUYERS

- **Limits on Debt-to-Income Ratios**
 - Debt-to-income / DTI ratios no higher than 43%
- **No Toxic Loan Features**
 - *NO INTEREST-ONLY LOANS*
 - *NO NEGATIVE-AMORTIZATION LOANS*
 - *NO TERMS BEYOND 30 YEARS*
 - *NO BALLOON LOANS*
- **High level of student debt**

CHALLENGES FOR EXISTING OWNERS

% of Owners by Cost Burden

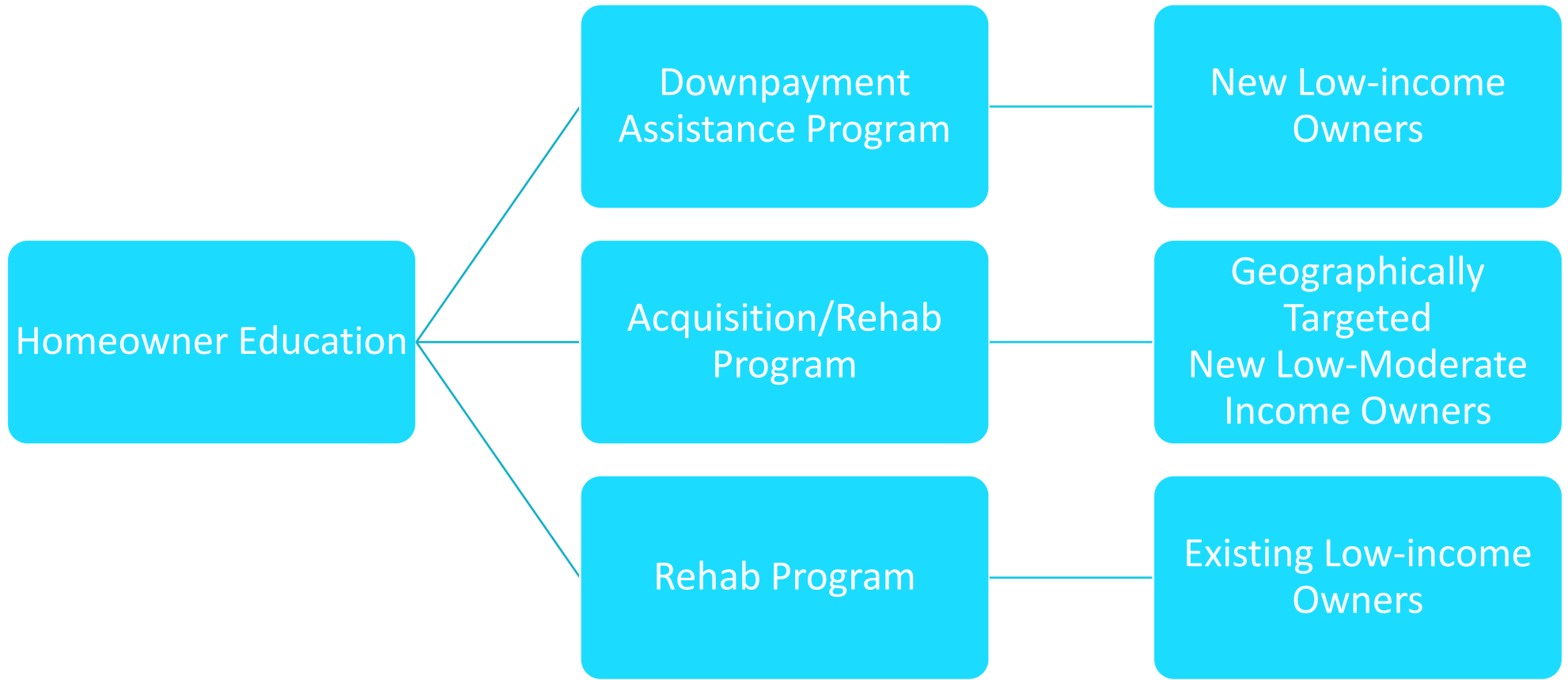




RECOMMENDATIONS

- **Focus first on homebuyer education**
 - **Pair Individual Development Accounts with City matching funds to comprehensive homebuyer education**
 - Enhance partnerships with Homebuyer Roundtable, Neighborhood Resource Teams, and hold homebuyer resource fairs in underserved neighborhoods to push homebuyer education to populations of color

RECOMMENDATIONS





RECOMMENDATIONS

- **Expand revamped ownership programs**
 - Rebrand and market programs through advertising and outreach
 - Educate alders on programs to serve as a toolkit for improving their districts
 - Dedicate a larger portion of City of Madison funds to subsidize low-income ownership programs



KEY TAKEAWAYS

- Continued Growth + Low Construction = low vacancy and rising rents
- Homeless housing system is over capacity and has gaps
- There is a large persistent gap in the number rental units that are affordable to low income households
- Rental supply hasn't yet caught up to demand as shown by the vacancy rate
- The housing market is tipping towards multifamily rental at all income levels
 - 9 out of 10 new households rent rather than own
- Something besides price is holding back homeownership



SOLUTIONS STRATEGY

- 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***