

AD HOC HOUSING DIVERSITY PLANNING COMMITTEE
CITY OF MADISON
May 2011

Introduction

In December 2008 the Common Council adopted Amended Substitute Resolution RES-08-01045 (Legislation File I.D. No. 12535) creating an Ad Hoc Housing Diversity Planning Committee. The change to the Committee was “to develop recommendations to further the availability of the full range of housing choices for families of all income levels in all areas of the City of Madison. The Committee is charged to engage with Stakeholders to: 1) Development recommendations to create and promote a diversity of housing choices for families and households of all income levels in all areas of the City of Madison, 2) establish a process and timeline to implement recommendations.”

The members of the Committee are:

Brian A. Munson – Inclusionary Zoning Committee Member, Chair
Marsha A. Rummel, District 6 – Common Council Member
Brian L. Solomon, District 10 – Common Council Member
Judy S. Compton, district 16 – Common Council Member
Michael Schumacher, District 18 – Common Council Member
Mark Clear, District 19 – Common Council Member
David C. Porterfield – Housing Committee Member
Judy K. Olson – Citizen Member
Marjorie A. Passman – Citizen Member

At its first meeting in July 2009, Mayor Cieslewicz outlined six (6) aspects of “Housing Diversity Planning” that the Committee should explore.

1. Explore ways to meet worthy goals of more affordable housing and greater dispersion in the community.
2. Housing policy is intimately related to school policy. The Committee should take into account how it will create stronger public schools.
3. Low-income housing must be a regional responsibility.
4. Proposals or recommendations that expend new City tax dollars will not be viable. The Committee should work within existing City resources.
5. Home ownership is not necessarily good for everyone. Strategies should be appropriate to income level.

Over the next several months, the Committee heard presentations from a variety of City staff on recent housing initiatives, the School District and other housing specialists to look at then use.

As a means to organize the Committee's thinking this report is broken down into the categories itemized in the Mayor's letter to the Committee.

1. Where We've Been & Where We Are (Working title on brief history of what started IZ, and where we are now in terms of housing market—both rental and owner—in Madison).

In 2004 the City of Madison implemented the first of two Ordinances related to Inclusionary Zoning. Inclusionary Zoning was a policy tool used by the City to encourage or require developers to provide affordable units in their new housing developments. Madison used Inclusionary Zoning (IZ) to further the availability of housing choices for households and families across a much broader income range than would normally occur, especially in newer developments in downtown Madison or in the City's newer developments on the periphery.

Originally proposed to cover both rental and owner housing developments. Following a

successful legal challenge on the use of IZ to cover rental units, the IZ Ordinance continued to cover owner-occupied units.

Following amendments to the IZ Ordinance in 2006 – which created changes to the first model used when IZ units are sold; replacement of the incentive point system with revenue offset system to make application of the IZ Ordinance revenue neutral; changes to the offset evaluation process; changes to marketing requirements, and the addition of a sunset provision.

After struggling with a number of issues related to implementation of the Ordinance, the IZ Ordinance was repealed by invocation of the sunset clause on January 5, 2009.

At the same time that the IZ Ordinance was being repealed, unprecedented turmoil in the mortgage credit markets and a recession of historic proportions have sent shock waves through the local housing market. Single-family permits for new construction are levels not seen in almost two (2) decades, the condominium market has fundamentally ceased to exist, and yet long-term mortgage rates are at levels not seen in almost fifty (50) years.

Yet with interest rates at historic lows, opportunities for homeownership have never been more difficult. The result largely of severe restrictions on mortgage underwriting – itself a result of aggressive mortgage procedures in the late 1990s through mid 2000s.

Recommendation/Action:

- 1.) The Committee believes strongly that the City should take a more expansive role in examining housing diversity issues, long-term neighborhood support issues that the Committee believes provides a mechanism within which to proceed.
- 2.) Develop an on-going housing report that tracks trends in all segments of housing in the City of Madison. The Housing Committee could oversee the implementation of this report and work with Planning Staff to craft a process that explores the potential to integrate City, MLS, and School District Data.

2. Explore ways to meet worthy goals of more affordable housing and greater dispersion in the community.
 - a. Fair Share Housing Resolution
 - b. Section 8 Policies
 - c. Low-Income Housing Tax Credit Program (WHEDA)
 - d. Financing & Subsidy
 - e. Approval Process

The City has undertaken many efforts over the years to meet goals of providing affordable housing while working to prevent over-concentration of low-income households in the city. To cite just three examples:

- 1) Fair Share Housing Resolution: In February 1991, the Common Council adopted Substitute Resolution 47552 which adopted a Statement of housing diversity and implementation strategies for the city.
- 2) Section 8 Policies: The CDA has over the years implemented policies that made it possible for Section 8 recipients to move into areas that would not normally have been that Section 8 households could afford. The CDA did this by increasing the amount that could be charged to Section 8 households. This made it possible for Section 8 households to move into neighborhoods that were previously out of their reach. In fact the program has been so effective that the CDA has carried High Performance Status from the U.S. Department of Housing & Urban Development (HUD) for the effectiveness of its program operations.
- 3) Scattered Site Acquisition Funds: The City, through Community Development Block Grant (CDBG) office has supported the creation of units throughout the city in areas that do not have high concentrations of low- and moderate-income households.

Recommendation/Action:

- 1) The City should continue efforts to facilitate discussion of housing between all of the committees tasked with implementing city housing policy; including appointing representatives from the key housing committees (CDA, CDBG, Planning Commission, School District) to the Housing Committee.
 - 2) The City should task the Housing Committee with the creation of a long range strategic implementation plan for housing at all segments of the market and allocate staff time in support of creation of the plan.
 - 3) Identify priority near term housing issues, including discussions on private mortgage insurance impact/opportunity and employment/jobs & housing pairing.
3. Housing policy is intimately related to school policy. The Committee should take into account how it will create stronger public schools.
- a. School District Boundaries – especially elementary schools
 - b. Provide for housing covenants within the district
 - c. Look to build sustainable communities as a neighborhood lead
 - i. Number of elements to creating sustainable communities
 - ii. Fine-grained approach to new housing
 1. Service delivery
 2. Employment
 3. Safety
 4. Land Use
 5. “Commonwealth”

The Committee spent a considerable amount of time discussing the role of the school, particularly the elementary school as a major “driver” of neighborhood stability. Maintaining and building strong schools is one critical way to create the kind of attachment to an area that can provide opportunities for “moving up” or “aging in place.” But key to that is managing how and where future City initiatives aimed at neighborhood stabilization occur.

The Committee recommends that the following be adopted by the City as a means to provide a new “Our” through which neighborhood planning and development activities can occur:

- 1) Begin to use elementary school boundary area as a primary focus of neighborhood planning.
- 2) Using elementary school attendance areas provides a large area to plan for. It also may provide areas where the City can study reinvestment strategies that can be tailored to each area.
- 3) The City is rightly concerned about providing a full range of housing choice and housing options.
- 4) The Committee strongly supports efforts to reintroduce family friendly housing back into the Isthmus to support the six (6) schools that serve the Isthmus neighborhoods.

4. Affordable housing must be a regional responsibility.

- a. How to accomplish in a system of local control
 - i. Regional Land Use Policies
 - ii. Regional Tax Base Sharing
 - iii. Regional Affordable Housing Development
 - iv. Regional Government Structure

Recommendation/Action:

- 1) Continue the dialog with the County and surrounding municipalities to implement regional housing needs.
- 2) Continue discussions from the Housing Merger Committee.

5. Proposals or recommendations that expend new City tax dollars will not be viable. The Committee should work within existing City resources.

- a. Planning
- b. Housing Fund Coordination
 - i. Maintaining levels of investment
 - ii. Leveraging public/private sources

iii. Planning for implementation

Recommendation/Action:

- 1) The City should coordinate housing information gathering between departments and initiatives to facilitate information sharing and program coordination.
 - 2) Strengthen coordination and leveraging between committees and other housing groups in the City.
6. Home ownership is not necessarily good for everyone. Strategies should be appropriate to income level.

Recommendation/Action:

- 1) The City should continue and expand efforts to develop home buyer preparation & education programs.
- 2) Housing programs should address needs of both home ownership and rental.