



Department of Planning & Community & Economic Development

## Office of the Director

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**TO: All Alders**

**FROM: Matt Wachter – Director, Planning, Community, and Economic Development**

**SUBJECT: Existing City Housing Initiatives**

**DATE: August 31, 2023**

At the Common Council meeting of August 1, 2023 a resolution was introduced proposing to create a Housing Taskforce to address Madison’s affordable housing shortage and other related housing issues. This resolution reflects similar sentiment that staff in the Department of Planning, Community, and Economic Development have heard from a number of alders in conversation, committee meetings, and at Common Council meetings. The feeling that our community is struggling to provide enough housing to meet the needs of a growing population and especially to provide enough housing that is affordable to a wide variety of groups including low income households, students, and first time homebuyers is supported by the data presented in the City’s [2023 Housing Data Snapshot](#) produced for the Housing Strategy Committee by Community Development and Planning staff.

The purposes of this memo are to:

- Help inform the Council’s discussion by providing background and context on the established committees that currently focus on housing issues as well as a summary of the City’s current efforts to address our housing challenges.
- Provide information about additional housing related efforts in the current work plan as well as further options staff have identified with input from numerous alders to address areas where the City may need to conduct additional research and outreach to develop new housing initiatives, particularly with respect to the creation of affordable rental housing, homeownership opportunities, and affordable student housing.

# Background

## Committees and Staffing

Given the variety and complexity of issues around housing, current efforts cross multiple City divisions and committees with the majority of the work performed within the Department of Planning, Community, and Economic Development. While not exhaustive, these roles can generally be divided into six categories:

FUNCTION	COMMITTEE	DIVISION
STRATEGY & DATA	Housing Strategy	Community Development, Planning
FUNDING	CDBG	Community Development
	Finance	Economic Development
DEVELOPMENT/LANDBANK/PROJECT MANAGEMENT	CDA (Community Development Authority)	CDA
	Finance	Economic Development
PLANS/RULES/APPROVAL	Plan Commission, UDC, Landmarks	Planning, Building Inspection
OWN/MANAGE	CDA	CDA
TENANT/LANDLORD	Tenant Landlord	Building Inspection

## Current Housing Initiatives

The City of Madison has long played a significant role in the housing market, most importantly as the designated authority to plan and approve the creation of housing through Planning and Zoning oversight. The City has also been a major force in the creation of affordable housing, as the conduit for federal funding through HOME, Public Housing, Section 8, and other programs. In recent years, the Mayor and Common Council have elected to take an even more active role in the housing market by updating regulations, creating funding programs, and directly developing housing. These initiatives were products of research and development undertaken as part of preparation of the *Analysis of Impediments to Fair Housing Choice, Biennial Housing Report, Comprehensive Plan, Consolidated Plan, and Equitable Development Report*. The recommendations from those reports have been consolidated into a work plan known as *Housing Forward*.

The *Housing Forward* work plan has centered on increasing funding to help create more affordable housing, updating regulations to promote increased housing production, playing a more active role in the market through landbanking and developing City/CDA owned properties, keeping people stable in their housing, and improving shelter options for people who experience homelessness. A more detailed list of these efforts is presented in Appendix A of this memo.

## 2023-2024 Existing Work Plan

Beyond managing the current slate of housing programs the Department of Planning, Community and Economic Development has developed a work plan that includes a number of new projects and policies including:

### Development Projects

- Complete the Truman Olson affordable housing and grocery store
- Complete the State Street Ramp and affordable student apartments
- Develop a joint City/County owned and funded Permanent Men's Shelter at Bartillon Dr
- Develop Phase 1 Public Housing replacement on the CDA Triangle site
- Develop affordable townhomes at the CDA Theresa Terrace site
- Develop affordable housing at the landbanked Park St. & Badger Rd. site
- Issue an RFP for affordable housing at the landbanked 1202 S. Park St. site
- Issue an RFP for housing at Brayton Lot
- Issue an RFP for housing at 1901 S. Park St.

### Housing Strategy Committee

- Complete the 2023 Housing Snapshot Report
- Update the *Housing Forward* plan to ensure that its recommendations address the needs identified in the *Housing Snapshot*
- Update the Analysis of Impediments to Fair Housing Choice in conjunction with the CDBG Committee (HUD Required)
- Prepare a new 5-Year Consolidated Plan in conjunction with the CDBG Committee (HUD Required)

### Policy Research/Updates

- Examine and update the TIF Policy to reflect current housing needs and goals
- Examine provisions in the zoning code that might inhibit housing development
- Examine market barriers to condo/multifamily ownership development
- Examine barriers to townhome form development
- Examine student housing market in partnership with the UW Madison UniverCity Alliance

## Potential Next Steps / Supplemental 2023-24 Work Plan

Over the last month, a number of alders have approached staff in the Department of Planning, Community, and Economic Development seeking to learn more about the status of Madison's housing market, our current housing initiatives, and share ideas for creating various forms of committees/task forces to explore new strategies or solutions to the City's continuing housing challenges.

From these conversations, two main themes came up repeatedly. One was a desire to have a more robust training or conversation between staff and alders, particularly new alders, on the topic of housing to build a shared understanding of the terminology, data and trends, challenges facing the City, current programs, and legal limitations on policies that the City can implement. The vehicle for this could be a variety of committees, a special Common Council meeting, or a publicly noticed meeting outside of the committee structure.

The second was a desire to undertake a targeted strategy development process focused on:

- How can the City support the creation of more **ownership housing types** (e.g. condos, coops, land trust, townhomes, etc.)?
- How can the City help scale up the development of new **affordable rental units** beyond the current 400 per year pipeline (e.g. 4% tax credits, TIF, City/CDA led development)?
- How can the City support the creation of **affordable student housing**?

Based on input and questions from a number of alders, staff have identified an alternative framework to creating a new Housing Task Force that would utilize Community Development and Planning staff working through the Housing Strategy Committee to answer each of the three key questions above. This effort would entail:

- Conducting the research already planned in staff work plans, including:
  - Completing the 2023 Housing Snapshot Report
  - Completing an Analysis of the Impediments to Fair Housing Choice
  - Completing the 5-Year Consolidated Housing Plan
  - Updating the Housing Forward strategy
- Combining the experience and learnings of our existing efforts with additional research scans to answer questions about what has been done or tried to date, what best practices are elsewhere, and who are the key entities with a role to play in potential solutions.
- Inviting expert guests to provide input into key questions around opportunities and barriers, and potential solutions.
- Utilizing the above information to form recommendations that the Housing Strategy Committee could make to the Mayor and Common Council.

## Conclusion

The Department of Planning, Community, and Economic Development is happy to engage with alders in developing this work. Regardless of approach, staff have heard the clear desire of the Common Council to have a more robust training on housing data and initiatives as well as redouble efforts to address the housing challenges facing the City. To that end, our department is available to answer any questions or provide more information on any of the items described in this memo, and to discuss future steps to answer our next key questions on housing.

## Appendix A – Current Housing Initiatives

- Existing
- Recently Created
- In-process/Planned

### Homelessness

- Subsidize rent and services for 100+ supportive housing units to transition people from homelessness to stable housing
- Fund the creation of units targeting homeless households in tax credit developments through the Affordable Housing Fund
- Fund Street Outreach to connect people to available housing and services
- Set up and support operations of a temporary Men's Shelter at Zeier Rd
- Set up and support operations of a temporary Family Shelter at Milwaukee St
- Developed and support operations of a temporary legal campground at Dairy Drive
- Design and build a joint City/County owned and funded Permanent Men's Shelter at Bartillon Dr
- Assist in the development of a Salvation Army owned and operated new shelter for Single Women and Families, and 44 units of affordable housing, on E. Washington Ave

### Affordable Rental

- Help finance rehabilitations of small scale rental properties
- Use federal HOME funds to help finance the acquisition and development of affordable rental housing
- Maintain a loan portfolio of roughly \$100 million in existing affordable housing properties
- Own and manage ~1,200 units of affordable housing through the CDA
- Subsidize rents for ~2,200 households through the Section 8 program
- Fund eviction prevention programs
- Funded the Dane CORE Program to help households meet rent obligations in the wake of the COVID-19 pandemic
- Created the Affordable Housing Fund to support development of approximately 400 new affordable rental units per year
- Created a companion Housing Forward Program to targeting support non-profit housing developers, co-ops, land trusts, and other tailored housing options
- Coordinated the TIF Program with affordable housing goals to further support hundreds of new affordable rental units
- Combined these efforts have created over 2,100 affordable rental units representing 17% of all new construction since 2017
- Created a landbanking program to secure strategically located properties for affordable housing in rapidly developing areas
- Created exemption to Park Impact Fees for new affordable housing units
- Created a height bonus in the downtown area for affordable housing developments
- Developing roughly 1,500 new publicly owned affordable rental units through CDA on CDA, City, and landbanked properties, effectively doubling the stock of publicly owned housing
- Issuing requests for proposals on City and landbanked property to support the creation of additional affordable rental housing

## Student Housing

- Modified TIF Policy to make it easier to support student housing development
- Created a public/private partnership to include student focused housing on top of the new Lake Street Ramp, including affordable units
- Entered into an agreement with the UW and a private developer to make 10% of beds affordable in the Oliv Apartments
- Creating a memorandum of understanding with the UW that will standardize affordable student housing agreements
- Exploring opportunities to create more affordable student housing on publicly owned land

## Rental Supply

- Created a new zoning code in 2011 to standardize the approval process for most development
- Adjusted the zoning ordinance to allow more housing as a permitted use, to streamline the approval process for developments in line with existing plans
- Modified the Family Definition in the zoning code to open rental housing options to a broader group of households
- Created a Regional Mixed-Use zone to allow higher density mixed uses outside downtown
- Adopted legislation to make accessory dwelling units a permitted use
- Proactively rezoned areas to match future planned uses including plans around Milwaukee Street, Oscar Mayer, Odana Road, East Towne, and South Madison
- Created the Transit Overlay District to allow for more intensive development in areas with robust public transportation
- Funded the creation of a Madison ACRE program to help train emerging real estate developers from underrepresented groups

## Affordable Homeownership

- Fund homebuyer education and downpayment assistance for low and moderate income households
- Fund rehabilitation assistance for low to moderate income homeowners
- Fund property tax assistance to older adult homeowners
- Provided sites for affordable home development on City property at Mosaic Ridge and Owl Creek
- Develop Section 32 Public Housing to Homeownership Program
- Reactivate Section 8 Homeownership Program
- Examine market barriers to condo/multifamily ownership development
- Examine barriers to townhome form development