

THE FITCHBURG HOUSING STUDY A TALE OF TWO CITIES

2018 APA - WI

Annual Planning Conference



PRESENTERS

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AGENDA

1. Setting the Stage
2. Fitchburg Perspective
3. Process
4. Data Analysis and Interview Feedback
5. Changing the Discourse
6. Housing Needs and Recommendations
7. Implementation Strategies
8. Discussion



SETTING THE STAGE

- 157,000 – New Dane County Residents by 2050
- Fitchburg will grow to 34,000 by 2030, a 10% growth rate
- Increasing Interest in Renting (empty nesters, young and old)
- Growth in High End Multi-Family Development
- Extremely Low Vacancy Rate
- Single Family Development Slump Due to the Great Recession
- Average Price Single Family Home is Unaffordable for the Median Income
- Aging Multi-Family Housing is Affordable but Problematic
- Shortage of Quality Affordable Housing



FITCHBURG PERSPECTIVE

Background

- Began as a Small, Rural Township
- 1960's & 1970's – Approved Several Multi-Family Developments
- 1980 – Population Increased to 12,000
- 1983 – When Fitchburg Incorporated as a City, Two-Thirds Renter
- 28,000 – Current Population
- 50/50 Home Owner/Renter



FITCHBURG PERSPECTIVE

Backdrop

- Single Family Housing Affordability
- Employees Who Work in Fitchburg Cannot Live in Fitchburg
- Negative Perceptions of Multi-Family Development
 - Poor Condition/Management Older Stock (1970's)
 - Boom in High End Projects
- Worried about Impact of Affordable Housing
- Lack of Knowledge of Different Types of Affordable Housing
- Terminology and Triggers



FITCHBURG PERSPECTIVE

Doing the Right Thing

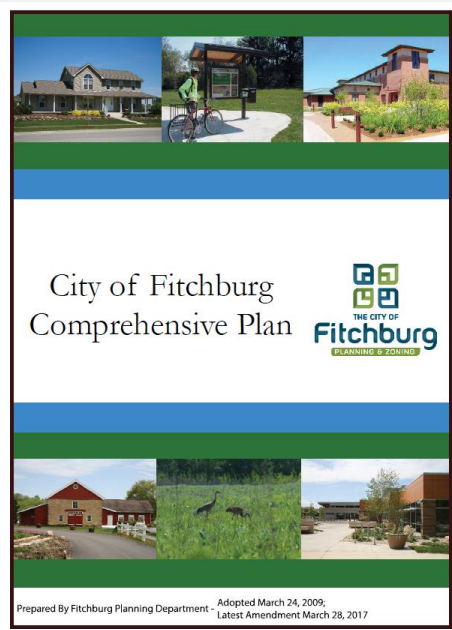
“The City of Fitchburg strives to have a comprehensive set of goals, strategies, toolkit and implementation plan to encourage and promote a variety of housing types at all levels of affordability with **a strong emphasis on affordable housing including multi-family and single family.**”

Request for Proposal, June 2017

PROCESS



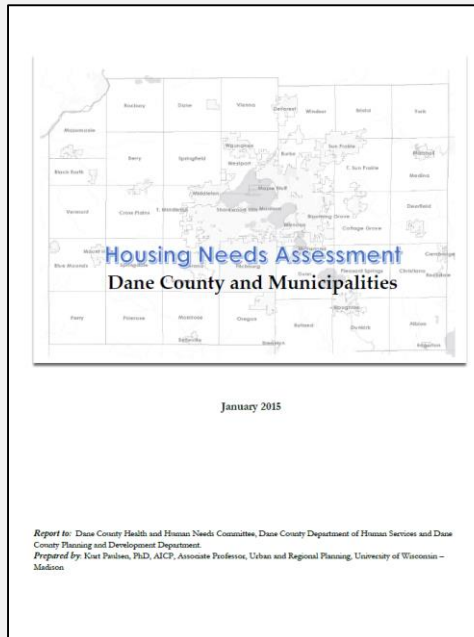
PROCESS



City of Fitchburg Housing Assessment



November, 2014



PROCESS



PROCESS

Workshop #1

- Developers with experience working with the City

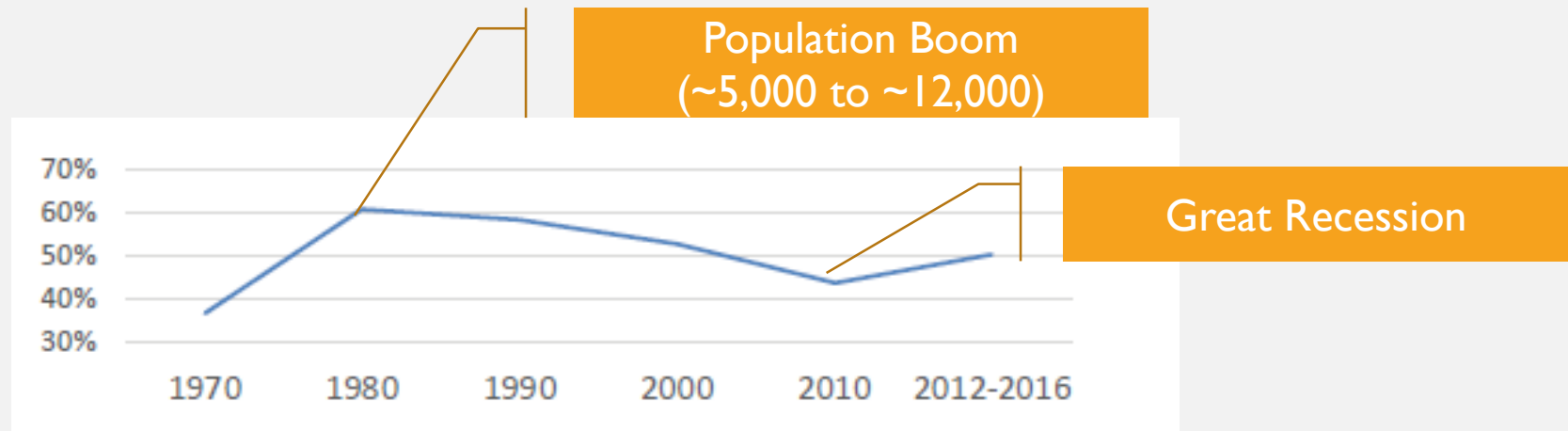
Workshop #2

- Affordable housing initiatives in Madison & Middleton

DATA ANALYSIS DEMAND

- **50%** of households in Fitchburg are renter-occupied, one of the highest percentages among regional peers

Source: 2016 ACS



DATA ANALYSIS DEMAND

$$\begin{array}{rcl} \$97,546 & \longrightarrow & \text{Median Owner Household Income} \\ -\$37,360 & \longrightarrow & \text{Median Renter Household Income} \\ \hline \$60,186 & \longrightarrow & \text{Difference} \end{array}$$

Source: 2016 ACS

DATA ANALYSIS DEMAND

- **Only 20%** of people employed in Fitchburg also live there

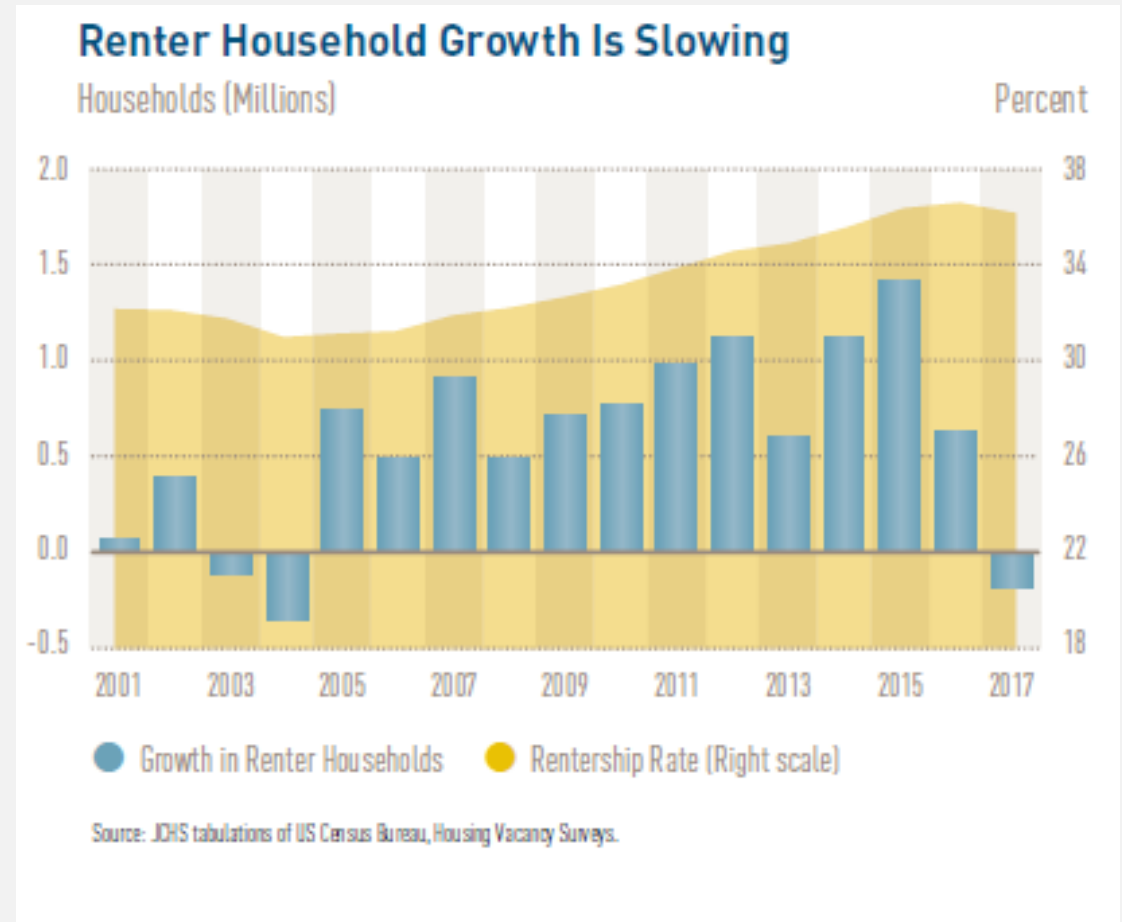
Source: 2013 ACS



DATA ANALYSIS DEMAND

- Nationally, number of renters with incomes above \$100,000 rose 5% in 2017, though overall renter household growth is slowing.

Source: *State of the Nation's Housing*, Harvard JCHS



DATA ANALYSIS DEMAND

- 11% of population in Fitchburg is age 65+

Source: 2016 ACS

- Change in population age 65+ in Fitchburg increased 49% between 2000 and 2010

Source: US Census

	Percentage of Population Age 65+
City of Fitchburg	10.60%
City of Madison	10.80%
City of Monona	14.40%
City of Middleton	19.60%
City of Sun Prairie	11.00%
City of Verona	8.90%
Village of DeForest	9.20%
Village of Waunakee	12.50%
Dane County	11.90%

DATA ANALYSIS SUPPLY

**5% of ownership units are affordable to households
at 80% AMI**

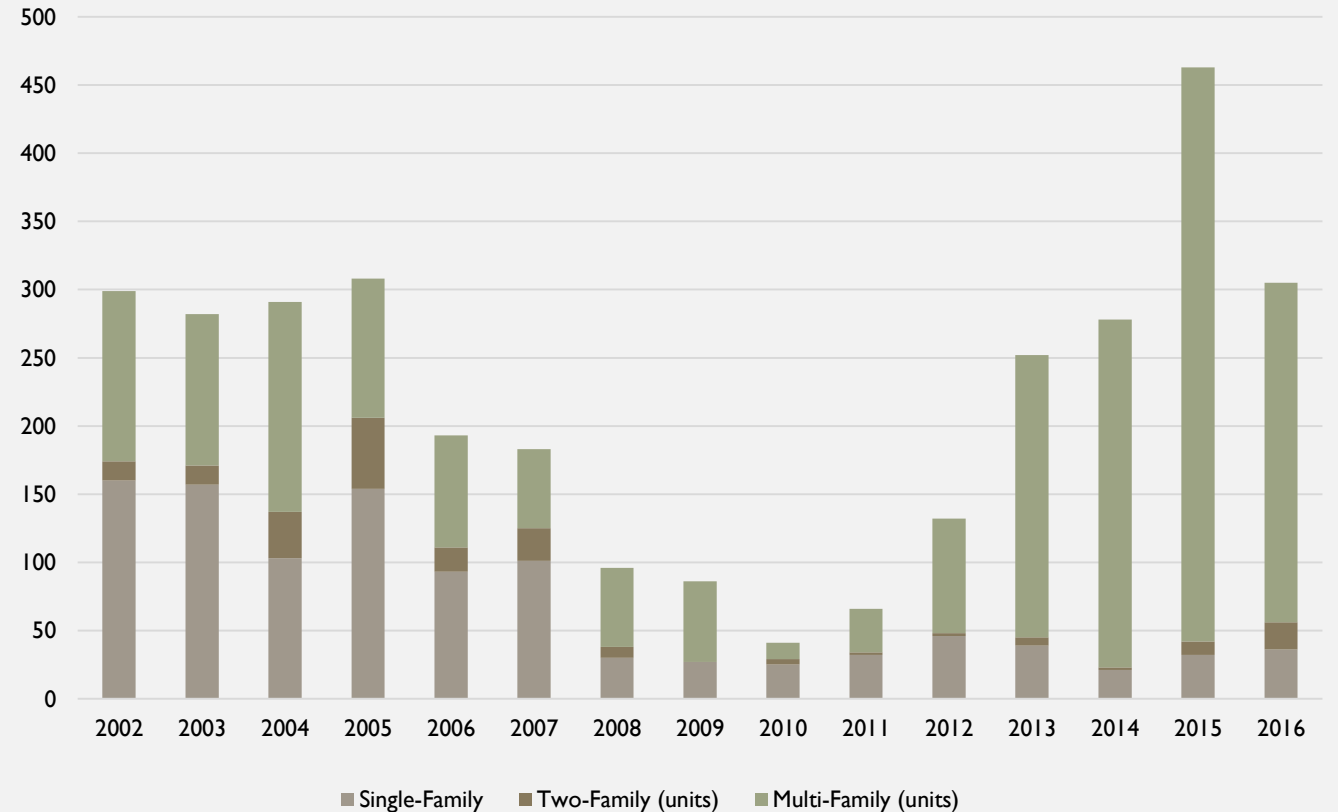
Source: 2010 ACS

	Persons in Family					
	1	2	3	4	5	6
Low Income Limits (80% of AMI)	\$ 44,750	\$ 51,150	\$ 57,550	\$ 63,900	\$ 69,050	\$ 74,150
Very Low Income Limits (50% of AMI)	\$ 28,300	\$ 32,350	\$ 36,400	\$ 40,400	\$ 43,650	\$ 46,900
Extremely Low Income Limits (30% of AMI)	\$ 17,000	\$ 19,400	\$ 21,850	\$ 24,250	\$ 27,910	\$ 31,970

DATA ANALYSIS SUPPLY

- The annual average single family home permits in Fitchburg is **32** for 2008-2016.
- The pre-recession average was **128** per year (2002-2007)

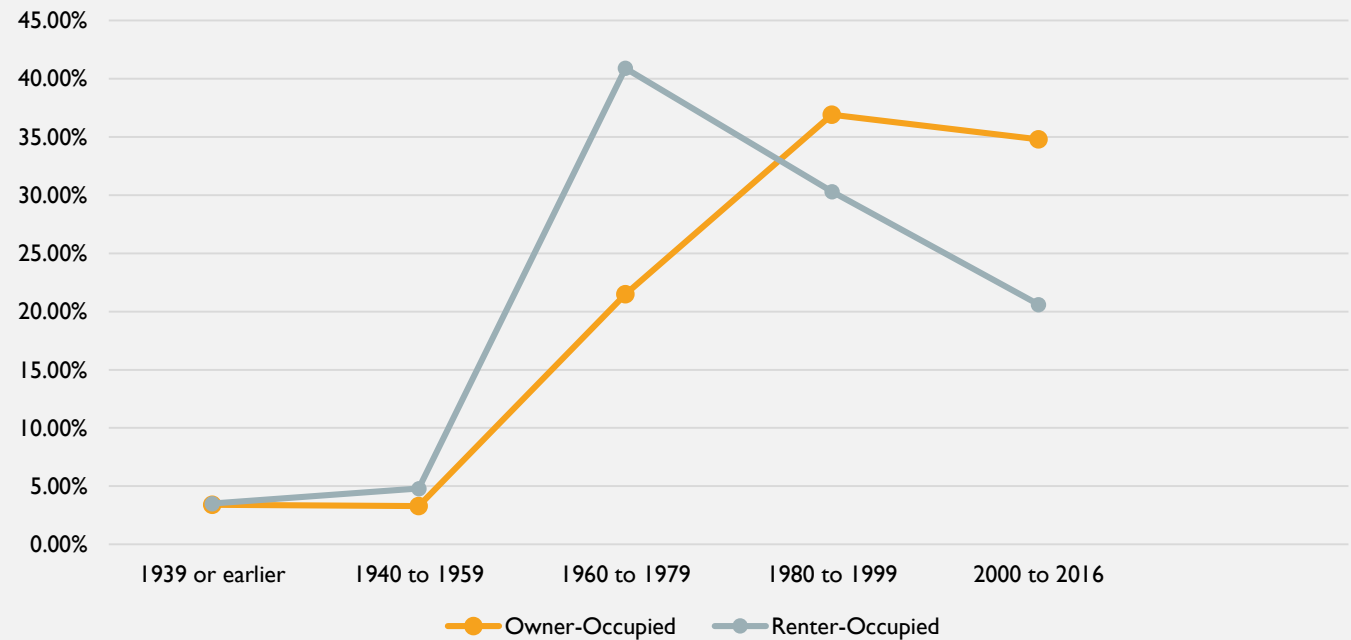
Source: City of Fitchburg



DATA ANALYSIS SUPPLY

- 1960's & 1970's boom in apartment development.
- 1980/1990'S shift from renter occupied to owner occupied

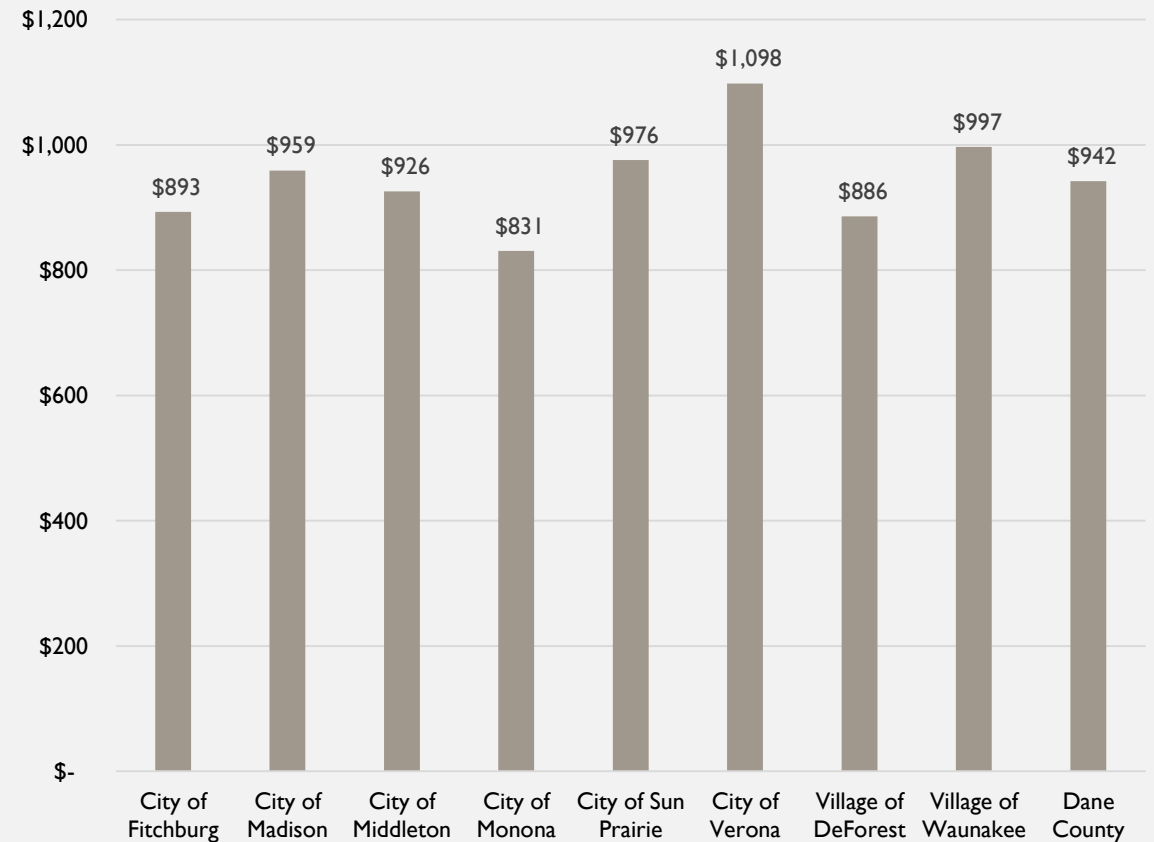
Source: 2016 ACS



DATA ANALYSIS SUPPLY

- Median rent in Fitchburg is **\$893**, lower than most peer communities

Source: 2016 ACS

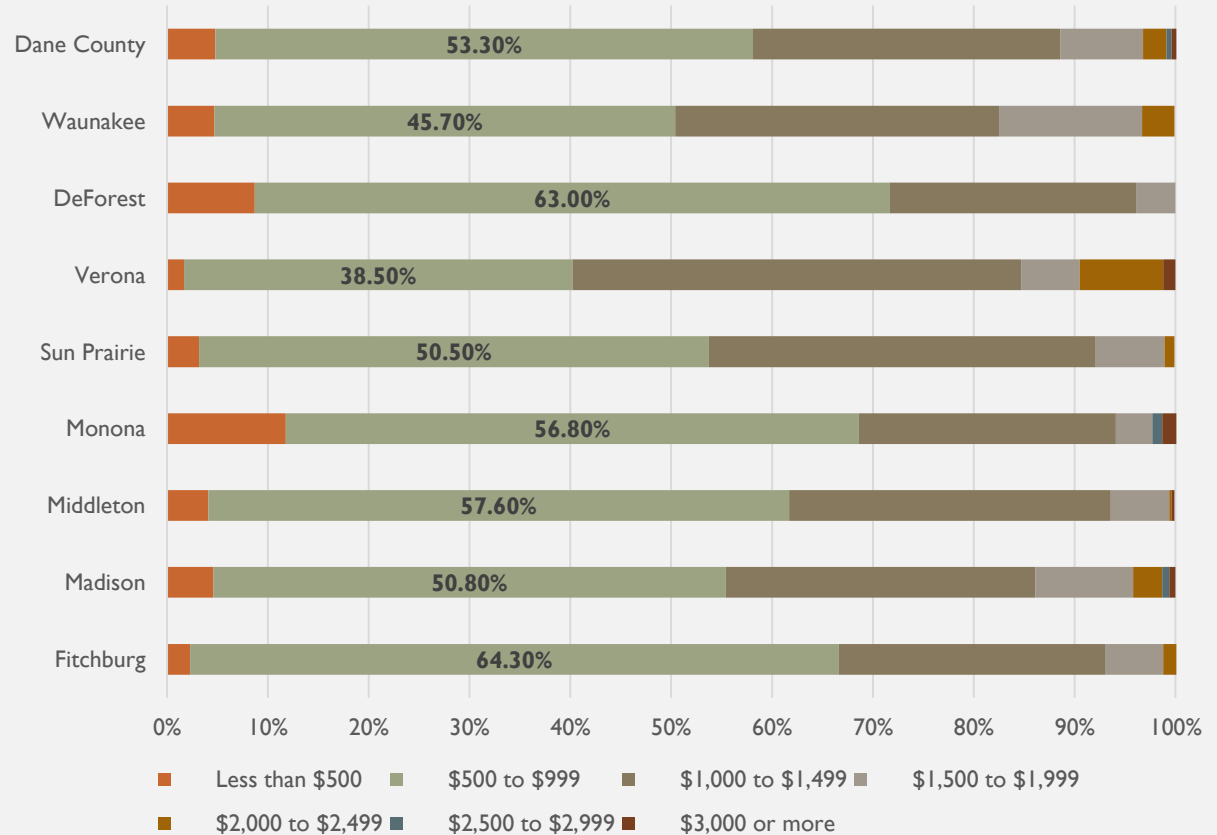


DATA ANALYSIS SUPPLY

- **69%** of apartments in Fitchburg area available at \$1,000 or less

Source: 2016 ACS

- Quality and management are an issue

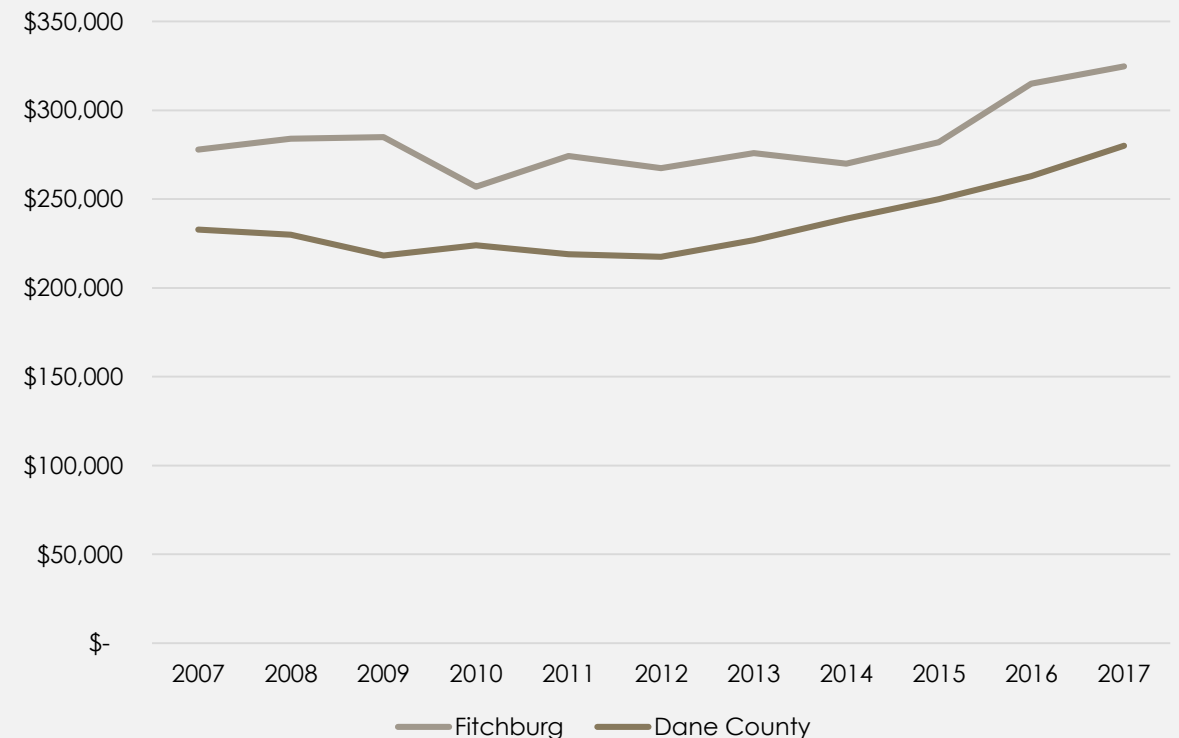


DATA ANALYSIS SUPPLY

- Average price of single family home in Fitchburg is **\$324,750**

Source: South Central Wisconsin MLS

- Unaffordable for the median household income of **\$65,735**



HOUSING MARKET FINDINGS - SUPPLY

- **0.6%** : vacancy rate for renter-occupied units
- **1.2%** : vacancy rate for owner-occupied units

Source: 2016 ACS



INTERVIEW FEEDBACK

Do you have any advice for City Council in its efforts to establish and maintain healthy neighborhoods and a good housing mix?

- Create a competitive funding program to attract tax-credit WHEDA funding for rental housing – need more affordable housing
- Partnerships to address affordability: DCHA, Habitat
- Review park fees – seem high in comparison to peers
- Political & policy consistency and process streamline to improve development process and cost
- Help people living in the City now – seniors and those with limited incomes
- Rehabilitate existing multi-family
- Alderpersons continue to be facilitators between developers and residents
- Council needs to lead – create a vision of what the City wants so developers know what the City is interested in



CHANGING THE DISCOURSE BUILDING HEALTHY NEIGHBORHOODS

Planning Framework

- ✓ Varied housing types, sizes, price points and tenure
- ✓ Sidewalks and public amenities
- ✓ Access to public transit
- ✓ Parks and open space
- ✓ Community gathering spaces
- ✓ Active neighborhood-based organizations



CHANGING THE DISCOURSE MAKING IT MORE REAL

Example Household:

Michael and Jess are a married couple, both 28 years old, with a 1-year old child. Michael earns \$76,500 as a registered nurse and Jess is a stay-at-home mom. Their affordable housing budget is \$1,910 per month. They have \$17,000 for a down payment. They can afford a home up to \$215,000.

Example Household:

Brett is a 25-year-old attending Madison College to finish a web software developer certification program. He works part time at a call center and earns \$17,900 per year. He found a roommate in a similar financial situation, and together they have an affordable housing budget of \$9,900. They are looking for a two-bedroom unit for \$700 per month, plus utilities, but everything they've seen is dirty and worn out. They are considering paying closer to 50% of their income, \$1,150 plus utilities, to get a decent apartment.

Example Household:

Leo and Kay are a 75-year-old couple who currently live in a single-family home, but are looking to downsize to an independent living apartment. Combined, their annual retirement income, including social security, is \$45,000. An affordable housing budget for them is \$1,125 per month (including utilities). They're looking for a two-bedroom apartment under \$1,000, but not finding much in Fitchburg.

CHANGING THE DISCOURSE MAKING IT MORE REAL

Dane County Housing Initiative (DCHI)

--Partnering to promote business retention, a stable workforce, and ensuring all Dane County residents have a place they can call home!

Minding the Gap: The Housing Crisis in Dane County



Dane County Housing Initiative (DCHI)

Photo credits: Top left header, Corbin Heights, New Britain, CT, Paul B. Bailey Architect, LLC, Richard Cadan Photography. Top right header, Movin' Out, Waunakee, WI.

**Accessory Dwelling Unit Case Study:
Lexington, Massachusetts**

Lexington, Massachusetts is an affluent suburb with median homes sales around \$600,000. The resulting demand for and limited supply of affordable housing led to the creation of the accessory dwelling program. Lexington's ADU program matched the goals articulated in the city's comprehensive plan, which included increasing the supply of affordable housing and providing housing for low- and middle-income households that are priced out of the city's housing market. The city reduced the minimum lot size requirements and allowed ADUs 'by-right,' to promote ADU's throughout the community.

<https://www.huduser.gov/portal/publications/adu.pdf>

CHANGING THE DISCOURSE EDUCATING

**EAH Case Study: Milwaukee,
Wisconsin - Harley Davidson Walk-
to-Work Program**

This program provided full- and part-time Harley Davidson employees in the Milwaukee area with a three-year forgivable loan of \$2,500 to help cover the down-payment and closing costs of purchasing a home within a targeted neighborhood. The target area chosen by Harley Davidson coincides with the city of Milwaukee's Targeted-Investment Neighborhood. One-third of the loan is forgiven each year as long as the employee remains with the company.

**Elimination of Fees Case Study:
Austin, Texas**

Austin, Texas has adopted a policy to increase development of housing for low-moderate income households throughout the City. One of the major action items of the policy is to waive City fees (Permit, Capital Recovery, Construction Inspection and Parkland Dedication) to develop this housing. In order to be considered, a project must meet certain criteria, including: compliance with development and building codes; at least 10% of units at 80% AMI or less; federal, state and local accessibility requirements; and have access to public transit within ¼ mile.

https://www.austintexas.gov/sites/default/files/files/Housing/Application_Center/SMART_Housing/smart_guide_0708.pdf

TIF Case Study: Madison, Wisconsin

The City of Madison uses TIF to build its Affordable Housing Fund. Madison recently extended three TIF districts for another year and will add funding from these districts to the Affordable Housing Fund. The City estimates that approximately \$4 million will be added to the fund in 2018 and \$2.7 million will be added in 2020. In an article in The Cap Times, the City notes that although this is a great source of funding, it is not consistent.

<https://www.cityofmadison.com/dpced/economicdevelopment/tax-incremental-financing/415/>

**Streamline Approval Process Case
Study: San Diego, California**

The City of San Diego's Expedite Program allows streamlined permit processing for eligible affordable housing projects. The average duration of the expedite process is 58 days down from the 94 days in the standard process. Eligible projects include at least 10% of units set aside for households with an income at or below 65% AMI for rental units.

<https://www.sandiego.gov/development-services/news/archive/ah>

**Community Land Trusts Case Study:
Troy Gardens - Madison, Wisconsin**

Troy Gardens is a 31-acre site owned by the Madison Area Community Land Trust (MACLT). The site specializes in agricultural education, gardening, urban farming and healthy eating. MACLT worked with the City of Madison on funding for acquisition and construction of the site. Troy Gardens includes a five-acre community supported farm, community gardens, natural areas and 30 units of mixed-income housing. Twenty units are low-moderate income units and ten are market rate units. Each year approximately 1-3 units turn over to a new homeowner

<http://affordablehome.org/troy-gardens-2/>

CHANGING THE DISCOURSE EDUCATING

LOW INCOME AFFORDABLE HOUSING TAX CREDIT

Affordable housing projects funded by Low Income Housing Tax Credits (LIHTC) provide housing for households with incomes at or below 50% or 60% area median income (AMI), depending on the project.

50% AMI in Dane County is \$32,100 for an individual and \$45,850 for a family of four.

60% AMI in Dane County is \$38,520 for an individual and \$49,560 for a family of four.

In order to target a wider range of affordability (30% AMI or less) additional financial support is provided by Project Based Section 8 Vouchers).

SECTION 8 VOUCHER PROGRAMS

Section 42 tax credits are sometimes confused with Section 8 housing vouchers, but they are very different vehicles for addressing affordability. Section 8 has two voucher programs that support affordable housing: Housing Choice Vouchers and Project Based Vouchers.

Housing Choice Vouchers are given to low income families, the elderly, and the disabled to find housing in the private market. Housing Choice Vouchers support specific tenants, with the funding following participants as they move.

Project Based Vouchers are issued to support the development of new affordable housing projects and remain with the project. These vouchers are often combined with Low Income Housing Tax Credits to provide a wider range of affordability (30% AMI or less). Project Based Vouchers are issued by the Dane County Housing Authority.

PARTNER PROFILE - DANE COUNTY HOUSING AUTHORITY

The Dane County Housing Authority (DCHA) was created in 1972 to address the affordable housing needs in Dane County (outside the city of Madison). The DCHA seeks to create additional affordable housing through long-term planning strategies and partnerships with other organizations. With the power to form and sell bonds, the DCHA can finance new construction and rehabilitation projects. The organization also preserves affordable housing by buying developments that are about to exit an affordable housing program.

The DCHA is a public body and not a government agency. Oversight for the organization comes from a five-member citizen commission appointed by the Dane County Executive. DCHA provides workforce housing support by sponsoring Low Income Housing Tax Credit applications and owns 261 units of housing throughout Dane County.

HOUSING NEEDS AND RECOMMENDATIONS

1. Build more owner-occupied homes at various price points
 - 100 to 150 units per year
2. Build more owner-occupied housing affordable below the median household income
 - 30% of 1,400 units must be affordable at 80%-100% AMI
 - Home value's ranging from \$175,000 - \$217,000 home
3. Build more attached owner-occupied units
 - 200+ over the next 12 years
4. Build more rental units at various price points
 - 2,200 net over next 12 years



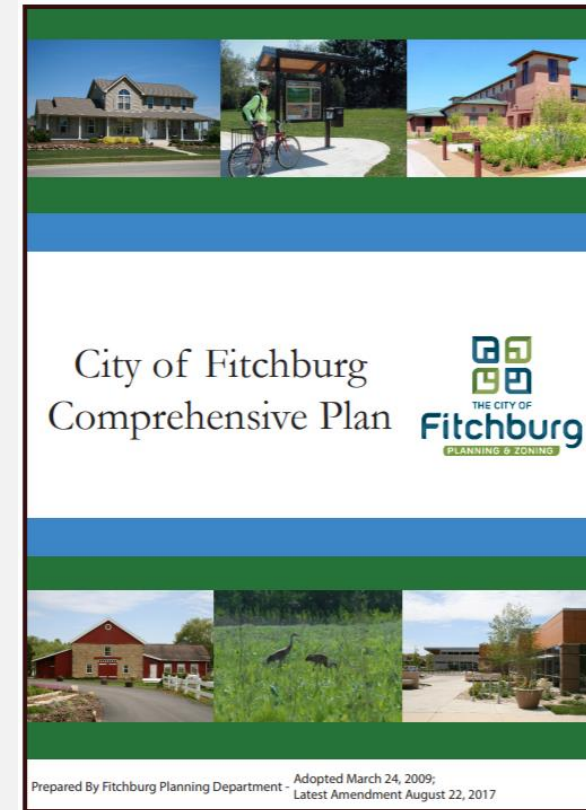
HOUSING NEEDS AND RECOMMENDATIONS

5. Upgrade or replace existing rental housing while maintaining affordability
 - Current housing stock built before 2000
6. Build more rental units with three or more bedrooms
 - Address overcrowding
7. Support the housing needs of senior citizens
 - 640 units by 2030
 - 80% affordable



IMPLEMENTATION STRATEGIES

1. Committee and Communication
 - Example: Establish a Housing Committee
2. Policy and Ordinance Changes
 - Example: Enable accessory dwelling units
3. Local Program Initiatives
 - Example: Identify and assemble sites for development
4. Local Sources of Funding
 - Example: Establish an affordable housing fund
5. Outside Sources of Funding
 - Example: State and Federal LIHTC
6. Partnerships
 - Example: Community land trusts



IMPLEMENTATION STRATEGIES

LAYER CAKE OF SOLUTIONS



DISCUSSION

