FITCHBURG HOUSING PLAN

Goals, Strategies, and Implementation Toolkit

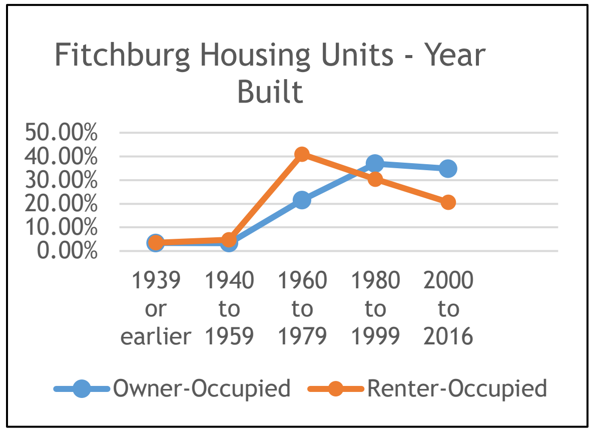
Prepared by MSA Professional Services and Urban Assets

Adopted February 12, 2019

CONTENTS

Executive Summary

With this Plan the City of Fitchburg offers a guide for housing investment in the City, including reinvestment in existing units, through a variety of policy changes, funding tools, and partnerships. The City of Fitchburg intends to be proactive in the pursuit of healthy, balanced neighborhoods that meet diverse housing needs.



Originally an unincorporated rural town, Fitchburg grew dramatically in the 1960's and 1970's while approving multifamily, rental housing development. After incorporation in 1983, local housing and neighborhood development focused primarily on single-family, owner-occupied detached housing. Today the City's housing market is equally split between owner-occupied and renter-occupied housing, and there are unusually large differences between owner households and renter households. Whereas rental units are older and relatively affordable within the Madison-area housing market, the City's average single-family home is more expensive than in most other communities in the region. Related to this, the household income of owner households is, at $97,000, approaching triple that of renter households, which averages $37,000. This gap in incomes reflects gaps in the housing market – there are too few ownership units affordable to households earning less than the median income, and arguably too few rental units desirable to households earning above the median income.

The City encourages housing that is desirable, accessible and affordable to people at every stage in life. If successful, the City will have housing that enables people to transition into desirable new housing as life circumstances change without needing to leave the City. More people will be able to live closer to jobs in the City, and resident turnover will be lower.

Key Findings

Interviews and review of data from the Census Bureau, City of Fitchburg, Realtors and other sources led to the following noteworthy findings about the Fitchburg housing market (see the rest of the analysis in the plan for more details).

1. **Fitchburg's owner and renter households are spatially and economically segregated.** The median household income in the City is about $66,000, but owner households are roughly $30,000 higher and renter households $30,000 lower. Renter-occupied housing is still largely concentrated in a few neighborhoods close to the Beltline, while most other neighborhoods lack rental housing.

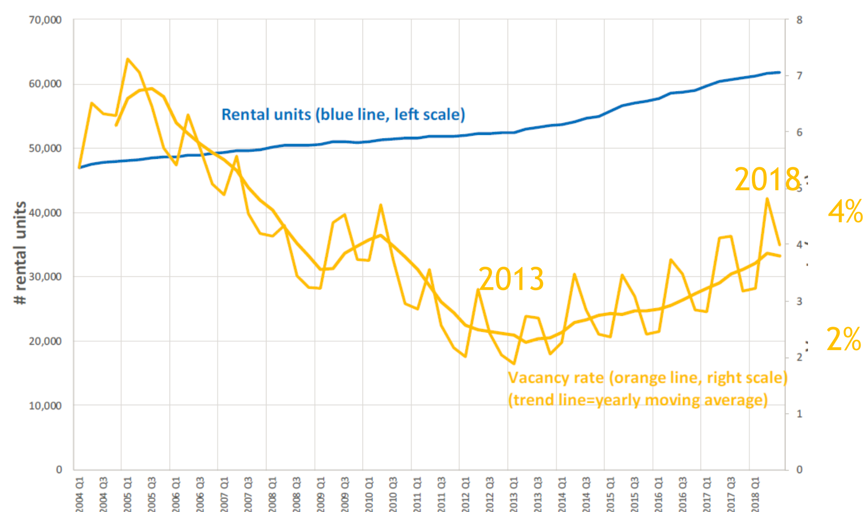
About this Plan

This plan was commissioned by the Fitchburg Community and Economic Development Authority (CEDA) in 2017. A large and diverse Housing Task Force offered input and ideas throughout 2018. A series of interviews with realtors, developers, City staff and others informed the process. The plan was reviewed, refined, and recommended for approval by the Housing Task Force, the Committee on Aging Well, CEDA, Plan Commission, and, on February 12, 2019, City Council.

This plan will be used to inform the update of the City's Comprehensive Plan and to guide various housing-related initiatives. Responsibility for implementation falls to a variety of entities. If created, a Housing Committee will have a leading role in many of these efforts.

2. **Fitchburg's owner-occupied housing stock is expensive** – the average sale price in 2017 was $325,000. The area median income (AMI) for Dane County was about $81,000 for a family of four in 2018. It is estimated that for a family at 80% of AMI, or about $65,000, only 5% of Fitchburg's ownership housing stock is affordable.
3. **The construction of new homes in Fitchburg was persistently low from 2008 to 2017** – at no point in that decade did annual building permits exceed 50. This changed in 2018 with at least 100 approved permits. For context, there were 100-150 homes built in Fitchburg each year 2002-2007, and regional housing construction began growing again back in 2013. This lack of new homes has contributed to high purchase prices for homes in the City.

Changes in Multifamily Rental Supply and Vacancy Rates for Select Madison Gas and Electric Service Areas



Data as of 3rd quarter 2018. Data source: MG&E Multifamily vacancy, by quarter. Source: https://www.mge.com/customer-service/multifamily/vacancy-rates/.

4. **The apartment vacancy rate is still low, but rising.** After years of persistently low rental vacancy across the region, a surge of construction has started to catch up with strong demand for units. The fall 2018 vacancy rate was estimated to be between 3.7% and 5.2% in Fitchburg. This likely predicts a slowing of new apartment construction in the coming years.
5. **Fitchburg has relatively high fees charged to the development of new housing units**, compared to key peer communities across the metro area. The largest portion of these fees is park land and improvement fees.
6. **Developers of all types of housing described challenges in the development process in Fitchburg.** Developers would like to see a more consistent and timely staff review process and a more consistent and engaged response from elected officials.
7. **Population and housing growth is strong across the region.** As we saw in the Great Recession, growth can continue in the Madison area even if the wider economy cools off. The City can expect to grow by about 6,000 people and 2,700 households by 2030. Assuming a continued 50/50 split of rental and owner housing, and assuming vacancy rates of 5% in rental and 1% in owner, there is a need to keep building housing of all types, including 108 owner-occupied units and 117 renter-occupied units each year.

Goals and Strategies

The Plan establishes several high-level goals and strategies addressing needs in the local housing market.

1. **Prioritize neighborhood health in all decisions, including a mix of housing types.**
   Public policy and investment in housing should do more than just modify the average mix and affordability of units across the entire City. It should also result in better neighborhoods that are more likely to attract residents and reinvestment in future decades.
2. **Add more housing of all types near North Fish Hatchery Road, especially owner-occupied housing.**
   The City should actively encourage the development of townhomes, duplexes, fourplexes, etc. When planning neighborhoods, these units are often appropriate as a transitional form between commercial and single family residential uses, or between higher-density residential buildings and single-family residential areas.
3. **Build more owner-occupied homes, at various price points.**
   Maintaining balance in the market requires a return to pre-recession construction levels of 100-150 units per year.
4. **Build more owner-occupied housing affordable below the median household income.**
   Fitchburg's housing market is "top heavy", with more units than typical valued above $300,000 and fewer than typical valued below $200,000. The plan encourages 30% of new ownership units affordable in the $174,000-$217,000 price range.
5. **Build more attached, owner-occupied units.**
   Attached units are a potential solution to achieve affordable home ownership options. Among other strategies, the City should encourage the development of "zero lot line" attached units wherein each unit sits on its own parcel and there is no condo association or shared property.

6. **Build more rental units, at various price points.**
   A total need for 1,400 net additional units is projected over the next 12 years.
7. **Upgrade or replace existing rental housing, and maintain affordability.**
   Many Fitchburg rental units are relatively affordable and relatively old. There are concerns about their ability to generate the revenue necessary to maintain the units and support strong management practices.
8. **Build more rental units with three or more bedrooms.**
   The City's number of rental units with 3+ units is the lowest in the region, and the people per room among the highest.
9. **Support the housing needs of senior citizens.**
   Fitchburg will need approximately 640 new or redeveloped units to meet the needs of residents age 55+ between 2018 and 2030. Approximately 80% of these units, or 512, should be affordable.

Policies, Programs and Actions

There are many actions for the City to pursue in the next few years. See the Action Plan for recommendations about deadline and responsibility assignments.

Committee and Communication

- Form a standing committee to spearhead implementation of this plan
- Promote this plan and, provide brief reports on progress each year
- Establish guidelines to help Council members engage in the development process
- Make the development process clear and efficient for developers

Policy and Ordinance Changes

- Amend the Comprehensive Plan to reinforce this plan, including more flexibility for affordable housing projects, and consider more frequent than annual amendments
- Consider waiving or reducing various development fees
- Review Parks Fees and Land Dedication Requirements
- Enable Accessory Dwelling Units (ADUs)
- Streamline Approval Process for Affordable Housing
- Reduce Parking Requirements for Affordable Housing
- Review Development Oversight Costs

Local Program Initiatives

- Create a Revolving Loan Fund (RLF) for Housing Rehabilitation
- Create an Affordable Housing Competitive Grant Program
- Host a First-Time Homeowners Workshop
- Identify and Assemble Sites for Development

Local Sources of Funding to Support Housing Investment

- Affordable Housing Trust Fund (capitalized from various sources)
- Tax Increment Financing – Affordable Housing Incentives in active TIF districts
- Tax Increment Financing – Affordable Housing One-Year Extension as TIF districts are closed
- CEDA Bonding

Outside Sources of Funding to Support Housing Investment

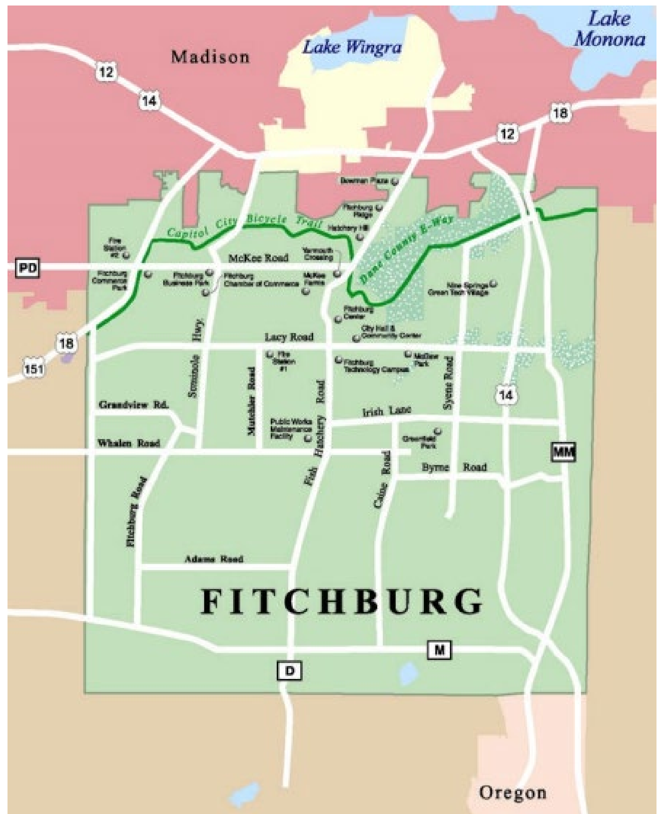
- Federal Low Income Housing Tax Credit (LIHTC) – Section 42 Housing
- Wisconsin Low Income Housing Tax Credit (LIHTC)
- New Market Tax Credits (NMTC)
- Opportunity Zones Program

Partnerships

- Habitat for Humanity
- Dane County Housing Authority
- Movin' Out
- Madison Development Corporation
- Community Land Trusts
- Cooperative Housing
- Employer-Assisted Housing (EAH) Program

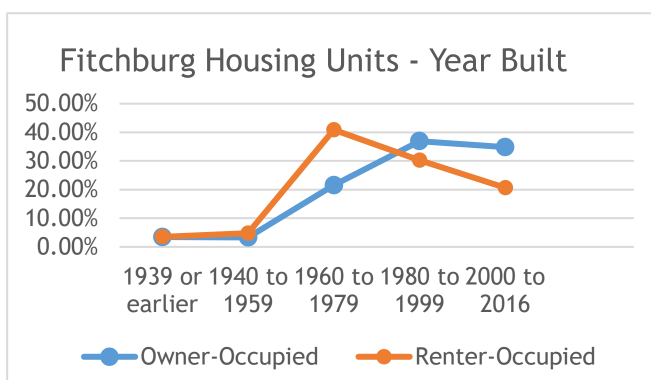
Introduction

The City of Fitchburg has a unique history that has shaped its residents and residences. Originally, a 36-square mile township, the Town of Fitchburg began losing territory to the City of Madison as growth occurred around the new Beltline Hwy in the 1960's and 1970's. The Town approved a number of multi-family developments in the 1970's, and its population jumped to nearly 12,000 by 1980. When it incorporated as a city in 1983, nearly two-thirds of all occupied units were rental units.



The City has continued to grow since then, with more emphasis on balanced neighborhoods and more owner-occupied housing. The City's locational advantages have attracted many more people, and have helped to drive up property values. Today, the City has almost 30,000 residents and the mix of owner-occupied and renter-occupied units is now hovering around 50/50.

This brief overview of the past 50 years of Fitchburg housing explains the City's unique current conditions. Recent data show average household income of $65,000, but a closer look reveals stark difference between renter households, with $35,000 average income, and owner households that average $95,000. Rental housing is relatively affordable, compared to the Madison-area market, but the lower rental costs reflect the advancing age and declining condition of many units built more than 40 years ago. For owners, housing is expensive. Current City leaders hear frequent complaints about the cost to buy a home in the City, and understandably so. The average sale price in 2018 was nearly $325,000. Meanwhile, the market has recently been eager to invest in multi-family housing here and slow to add owner-occupied units.



This plan is a response to these current conditions and trends. The City has an opportunity to guide new investment in housing, including reinvestment in existing units, through a variety of policy and funding tools. The City of Fitchburg intends to be proactive in the pursuit of healthy, balanced neighborhoods that meet diverse housing needs. This is our plan to pursue that end.

Process Overview

This study uses two primary activities to understand the housing market: a review and summary of housing market data and stakeholder opinions about the needs of the market.

Housing Market Data

Prior to this study, there were several relevant studies/documents completed that tell the story of current and future housing gaps in Fitchburg and the region as a whole. The following documents were reviewed and incorporated into this study:

- Fitchburg Housing Assessment (2014)
- Fitchburg Comprehensive Plan (2009)
- Dane County Housing Needs Assessment (2015)
- Geography of Opportunity: A Fair Housing Equity Assessment for Wisconsin's Capital Region (2014)
- Dane County Housing Gap Summary (2015)
- ALICE Report (2014)
- City of Madison Biennial Housing Report (2016)

Additional data was collected to supplement and update the finding of those studies, from the City, South Central Wisconsin Multiple Listing Service (real estate listings and sales), the Department of Housing and Urban Development (HUD) and the U.S. Census Bureau. The City was compared to its regional peer communities throughout the study, and to itself in the form of time series data that reveal trends.

Stakeholder Opinions

Early in the process, the consultant team met with a series of local housing experts to discussion their knowledge of housing conditions and market factors. These interviews are described in this report.

City staff assembled a Housing Advisory Task Force consisting of interested and knowledgeable residents and housing experts from the region. The intention of the Task Force was to assemble knowledgeable stakeholders from within and outside of the community to assist in identifying gaps and strategies to fill those gaps. The Task Force features about 30 people and includes representation of City of Fitchburg Planning and Economic Development staff, City Council, Plan Commission, Community and Economic Development Authority, local developers, local apartment managers, the Dane County Housing Authority, Habitat for Humanity, local lenders, and others.

A centerpiece activity of the project was a workshop with developers who have experience getting various housing projects approved and constructed in the City. The January 2018 workshop featured developers knowledgeable in neighborhood development (Phil Sveum, Coldwell Banker Success) and multi-family housing rehabilitation (Terrell Walter, Royal Capital) and multi-family housing development (Adam Templer, Bear Development). The developers described their projects and their experience working with the City, and then we facilitated questions and discussion with the Task Force.

A second workshop in March 2018 featured a group discussion about specific local housing needs and strategies to meet those needs. Matt Wachter of the City of Madison and Kurt Paulson of UW-Madison and the City of Middleton presented overviews of affordable housing initiatives in each community. The meeting concluded with small group discussions about preferences and priorities for City action.

Project Coordination and Oversight

Michael Zimmerman and Joyce Frey of the City's Economic Development Department coordinated this project, with oversight by the Community and Economic Development Authority (CEDA) and the Housing Task Force, an ad-hoc group of local and regional stakeholders assembled to inform discussions about Fitchburg's current and future housing needs.

Housing Market Findings

This section discusses key characteristics of Fitchburg's housing market that led to the 'Goals and Strategies' section of this report. The full housing market analysis document is found in the appendix. The table below is a snapshot of the notable numbers discussed in this section.

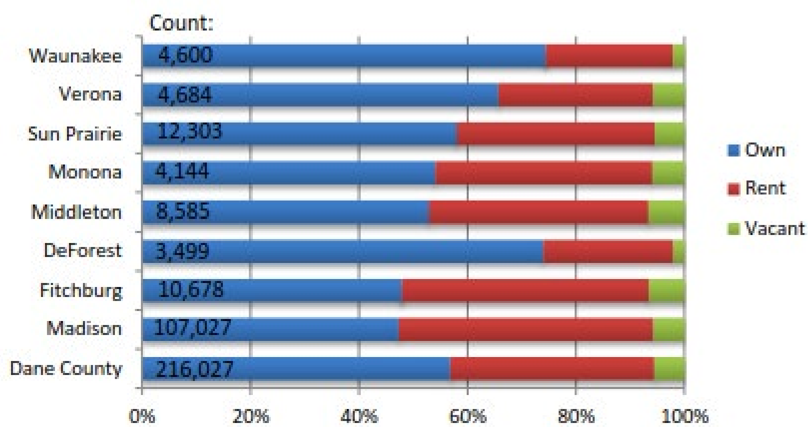
Notable Numbers - Fitchburg Housing Market		
50%	The percentage of renter-occupied units.	*ACS* 5-year estimate 2012-2016*
3.7-5.2%	The vacancy rate for rental units.	*Madison Gas & Electric*
$65,735	The City's median household income.	*ACS 5-year estimate 2012-2016*
$60,000	The approximate difference in household income between rental households ($37,360) and owner households ($97,546).	*ACS 5-year estimate 2012-2016*
5%	The percentage of ownership units affordable to households at 80% of the Area Median Income (AMI).	*HUD, ACS 5-year estimate 2006-2010*
33%	The approximate share of housing units with some sort of public subsidy.	*HUD, Dane County Housing Authority, ACS 5-year estimate 2012-2016*
69%	The percentage of rental units available at $1,000 or less.	*ACS 5-year estimate 2012-2016*
32	The annual average single family home permits, 2008-2016.	*City of Fitchburg*
$5,000	2018 combined fee per single family unit for park land and improvements.	*City of Fitchburg*
$324,750	The average price of single family homes in 2017.	*South Central Wisconsin Multiple Listing Service*
20%	The percentage of the 11,000 people employed in Fitchburg who also live in the City.	*ACS 5-year estimate 2009-2013*

**ACS = American Community Survey*
Note: All data is for the City of Fitchburg

Occupancy

Similar to Madison, Fitchburg has one of the lowest percentages of owner-occupied housing units (49.6%) among its regional peers and one of the highest percentage of renters (45.5%); see Figure 1.

Figure 1. Housing Tenancy Distribution in Fitchburg and Regional Peers



Source: Fitchburg Housing Assessment (2008-2012 ACS Estimates)

Census data suggest an increase in the percentage of owner-occupancy between 2000 and 2010, and then a surge in rental households after 2010 (see Figure 2). These trends are consistent with the City's building permit data, showing that new unit construction before the Great Recession was majority single-family and townhome (likely condominium) construction, and then switched to majority multi-family construction afterward.

Figure 2. Housing Tenancy Distribution in Fitchburg

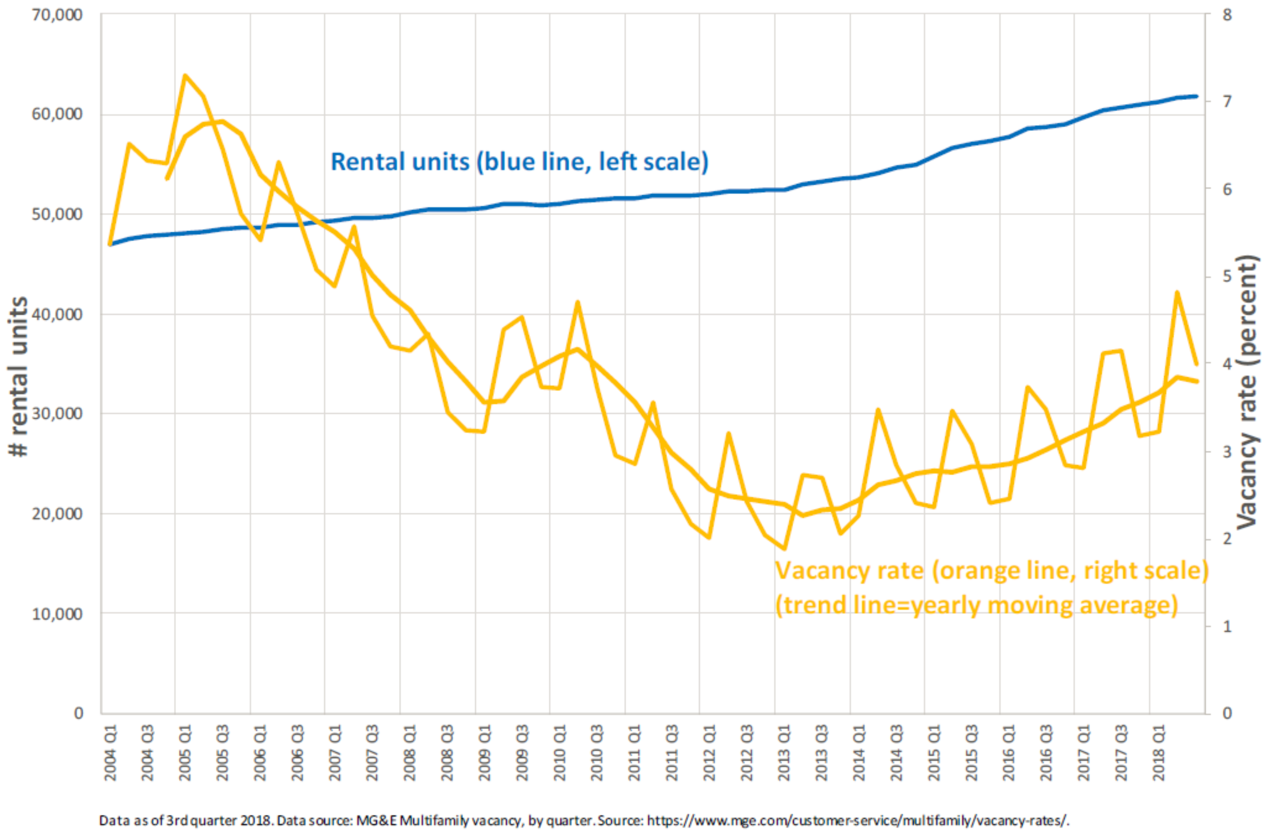
	Own	Home Owner Vacancy Rate	Rent	Rental Vacancy Rate
2000	43.9%	1.0%	52.6%	4.6%
2010	49.5%	2.7%	43.8%	8.4%
2016	49.6%	1.2%	50.4%	0.6%
2000 to 2016 Change	5.7%	N/A	-2.2%	N/A

Source: Fitchburg Housing Assessment (US Census, 2012-2016 ACS Estimates)

A typical healthy vacancy rate for homeowners is around 1%. This low number takes into account the fact that owners tend to continue living in homes that are on the market, and vacancy between owners is typically brief. Extended home vacancy that shows up in the vacancy statistic is typically due to circumstances such as job relocation or foreclosure. A vacancy rate of 1.2% is healthy for the City of Fitchburg.

Per the ACS (2012-2016), the vacancy rate for rental units in the City has been around 0.6%. Madison was at 1.9% and Dane County at 2.2% in the same period per that data. Data available from Madison Gas & Electric (MG&E) for the third quarter of 2018 show 3.7%-5.2% vacancy in the three zip codes that include most of Fitchburg's neighborhoods (53711, 53713, and 53719). Across the region, including all MG&E territory, the rental vacancy rate has climbed from a low of around 2.2% in 2013 to around 3.9% as of late 2018. A desirable rental vacancy rate is around 5%-7% - this is where there is balance between the interests of rental property owners and renting households. These data indicate a rising vacancy rate that is approaching balance in the market and may be an indicator that construction is finally catching up with demand.

Figure 3. Changes in Multifamily Rental Supply and Vacancy Rates for Select Madison Gas and Electric Service Areas

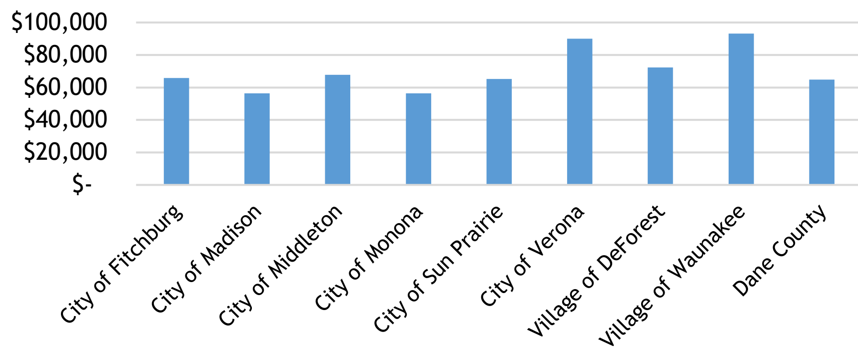


Source: MG&E multifamily Vacancy/Dane County Housing Needs Assessment 2018 Update

Income

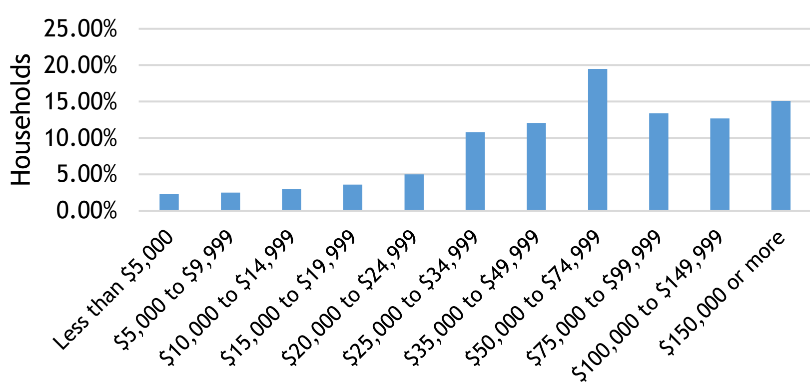
Based upon 2016 ACS estimates, the City's median household income1 is $65,735. It has been rising in recent years relative to peer communities and is now above City of Sun Prairie ($65,203), City of Madison ($56,464), City of Monona ($56,481) and Dane County ($64,773) median household incomes (Figures 4 and 5). Compared to its regional peers, Fitchburg has one of the higher percentages of households making less than $24,999 (Figure 6), though this number is similar to Dane County's.

Figure 4. Median Household Income in Fitchburg and Regional Peers



Source: 2012-2016 ACS Estimates

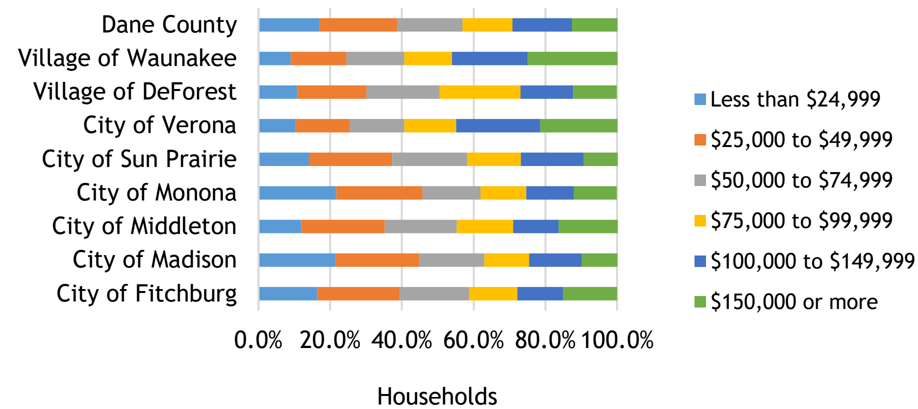
Figure 5. Income Distribution in Fitchburg



Source: 2012-2016 ACS Estimates

1 Median household income is an income level earned by a household where half of the homes in the area earn more and half earn less. Median income can give a more accurate picture of economic status as it eliminates the influence of extremely high and extremely low incomes.

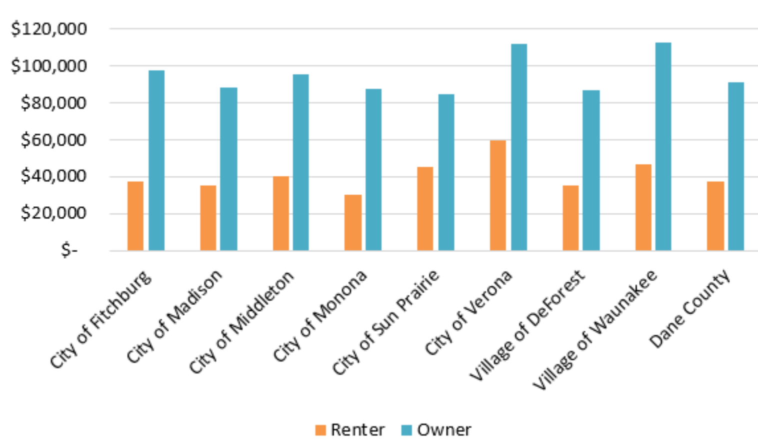
Figure 6. Income Distribution in Fitchburg and Regional Peers



Source: 2012-2016 ACS Estimates

Although incomes are rising in the community, Fitchburg has the second largest difference ($60,186) between median owner- and renter- household incomes (see Figure 7), behind Waunakee (a difference of $65,843). The only communities with lower median renter household incomes are Madison ($35,192), Monona ($30,526) and DeForest ($35,233). Peer communities with higher median incomes for owner households are Verona ($112,068) and Waunakee ($112,416).

Figure 7. Median Household Incomes and Tenancy in Fitchburg and Regional Peers



Source: 2012-2016 ACS Estimates

Figure 8 indicates for Fitchburg and peer communities their percentage of the County's housing units, extremely low income renters, and households earning more than 100% AMI (Area Median Income). The figure shows that Fitchburg's percentage of extremely low renter households is higher than its proportional share of the County's total occupied housing units, similar to the Cities of Madison and Monona.

Figure 8. Distribution of Housing Units and Certain Income Categories of Households in Fitchburg and Regional Peers

	Occupied Housing Units	% of County's Total Occupied Housing Units	% of County's Extremely Low Income (< 30% AMI) renter households	% of County's Greater Than 100% AMI Households
City of Fitchburg	10,790	5.1%	6.7%	5.2%
City of Madison	104,085	49.3%	63.7%	43.3%
City of Middleton	8,565	4.1%	3.2%	4.3%
City of Monona	3,940	1.9%	2.5%	1.6%
City of Sun Prairie	12,315	5.8%	5.2%	5.9%
City of Verona	4,750	2.3%	1.1%	3.2%
Village of DeForest	3,635	1.7%	1.2%	1.7%
Village of Waunakee	4,635	2.2%	1.0%	3.0%

Source: Dane County Housing Needs Assessment 2018 Update (HUD CHAS, 2011-2015 census (most recent available). Renter households with less than 30% of AMI are reduced by 4285 to reflect estimates of number of student households near UW-Madison as described in 2015 report.)

Affordable Housing Supply

Figure 9 shows Dane County's FY 2018 Area Median Income (AMI) limits, by household size, for income-qualified housing assistance. Figure 10 shows what these income limits translate into for monthly affordable housing costs.

Figure 9. Dane County (including Madison) FY 2018 Income Limits

	Persons in Family			
	1	2	3	4
Low Income Limits (80% of AMI)	$50,350	$57,550	$64,750	$71,900
Multifamily Tax Subsidy Limits (60% of AMI)	$38,520	$44,040	$49,560	$55,020
Very Low Income Limits (50% of AMI)	$32,100	$36,700	$41,300	$45,850
Extremely Low Income Limits (30% of AMI)	$19,250	$22,000	$24,750	$27,500

Source: Dane County Housing Needs Assessment 2018 Update (HUD Income Limits Briefing Materials)

Figure 10. Dane County (including Madison) FY 2018 Monthly Affordable Housing

	Persons in Family			
	1	2	3	4
Low Income Limits (80% of AMI)	$1,259	$1,439	$1,619	$1,798
Multifamily Tax Subsidy Limits (60% of AMI)	$963	$1,101	$1,239	$1,376
Very Low Income Limits (50% of AMI)	$803	$918	$1,033	$1,146
Extremely Low Income Limits (30% of AMI)	$481	$550	$619	$688

Source: Dane County Housing Needs Assessment 2018 Update

Figure 11 shows how Fitchburg stacks up to regional peer communities in terms of changes in rental housing stock between 2010 and 2015, specifically for the 30% AMI and 50% AMI households. The City had the smallest positive increase in the percentage of rental units affordable at 30% AMI (2%) between 2010 and 2015. Overall Fitchburg has one of the smallest percentages of rental units affordable at 30% AMI (5%), behind the City of Verona at 2%. At the time the Dane County Housing Needs Assessment Update 2018 was written, there were 250 rental units affordable to households at the 30% AMI in Fitchburg while there were 1,305 total households making 0-30% AMI (2011-2015 CHAS data). However, it has the highest percentages of rental units affordable to households earning 50% AMI (54% of units). There were, for example, 2,955 rental units affordable to households at 50% AMI and 2,855 renter households making 0-50% AMI.

Figure 11. Rental Units Available, by Income Level, in Fitchburg and Regional Peers

Cities, Villages, County	Total Rental Housing Units			Rental Units Affordable at 30% AMI			Rental Units Affordable at 50% AMI		
	2010	2015	% Change	2010	2015	% Change	2010	2015	% Change
Fitchburg	4,390	5,460	24.4%	245	250	2.0%	2,140	2,955	38.1%
Madison	46,970	54,295	15.6%	3,695	4,320	16.9%	15,350	21,725	41.5%
Middleton	3,030	3,985	31.5%	230	205	-10.9%	1,275	2,045	60.4%
Monona	1,500	1,780	18.7%	195	220	12.8%	835	945	13.2%
Sun Prairie	3,925	5,260	34.0%	270	245	-9.3%	1,510	2,060	36.4%
Verona	1,035	1,615	56.0%	85	30	-64.7%	310	530	71.0%
Deforest	795	1,085	36.5%	75	145	93.3%	175	470	168.6%
Waunakee	975	1,150	17.9%	60	70	16.7%	475	550	15.8%
Dane County	74,475	88,450	30.8%	6,286	7,526	19.7%	27,540	38,587	40.1%

Source: Dane County Housing Needs Assessment 2018 Update (HUD-CHAS special tabulations based on 2006-2010 and 2011-2015 ACS Estimates)

Subsidized Units

Figure 12 below shows the distribution of the various types of publicly subsidized, income-qualified rental housing in Fitchburg and among the regional peers. Compared to regional peers, Fitchburg has a relatively high percentage of subsidized affordable rental housing, at 8.1%. Monona has a higher rate, and Sun Prairie and Madison have similar but slightly lower rates.

Figure 12. Affordable Housing Distribution in Fitchburg and Regional Peers

	Public Housing		Low Income Housing Tax Credit (LIHTC)	Assisted Multifamily Property					Housing Choice Voucher	Sum Total	% Total Units
	Bldgs	Units	Units	Elderly Units	Disabled Units	Family Units	Other Units	Total Units	Units		
City of Fitchburg	-	-	356	131	5	-	-	136	306	934	8.1%
City of Madison	98	722	2,117	563	86	981	14	1,644	1,710	7,935	7.2%
City of Monona	8	8	86	146	-	-	-	146	35	429	10.5%
City of Middleton	-	-	57	64	-	-	-	64	90	275	3.1%
City of Sun Prairie	15	28	387	94	-	56	-	150	297	1,027	7.8%
City of Verona	-	-	86	-	-	-	-	-	19	105	2.2%
Village of DeForest	3	36	53	-	-	-	-	-	31	123	3.3%
Village of Waunakee	-	-	88	-	-	-	-	-	25	113	2.3%
Dane County	132	823	3,766	1,227	95	1,037	14	2,373	2,513	10,941	4.9%

Source: Fitchburg Housing Assessment (HUD Geospatial 2010/2017; Housing Choice Voucher data from Rob Dicke, Dane County Housing Authority, 2017)

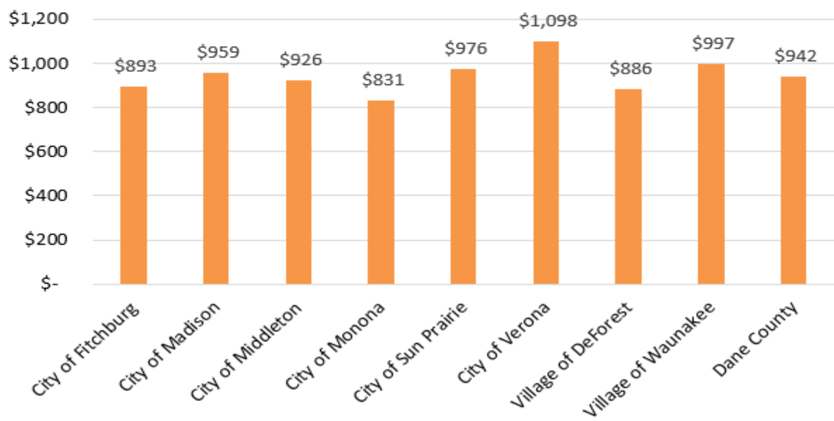
It is also important to recognize and acknowledge the public subsidy of owner-occupied housing. Home mortgage interest payments and real estate taxes (starting in 2018 there is a cap to this deduction) can be deducted from federal income taxes, subsidizing the cost of home ownership for anyone that has sufficient income to pay federal income taxes. There is no readily available data describing who takes advantage of these credits in a specific place. Housing experts estimate somewhere between 50% and 75% of owner-occupied households benefit from this subsidy.

Conservatively, then, at least 33% of Fitchburg households have some type of public subsidy (including owner- and renter-occupied households).

Rents

Per the 2016 American Community Survey, median rent in Fitchburg was $893, lower than most peer communities. The only communities with lower median rents were the City of Monona ($831) and the Village of DeForest ($886) (Figure 13).

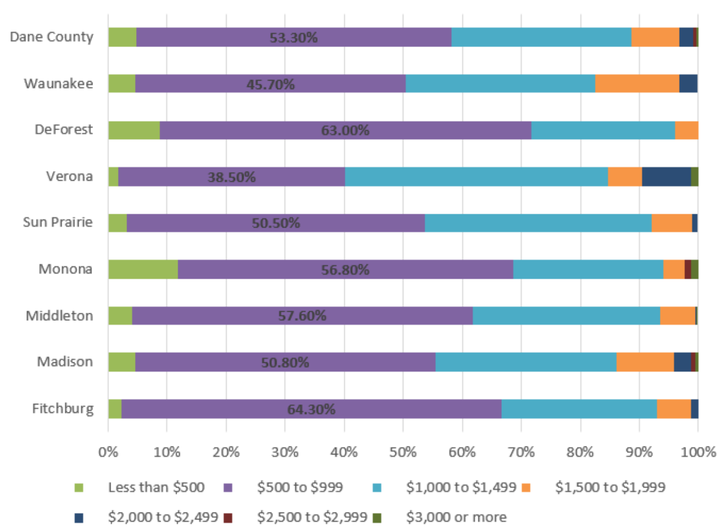
Figure 13. Median Rents in Fitchburg and Regional Peers



Source: 2012-2016 ACS Estimates

Approximately 69% of rental units in the City are available at $1,000 or less, one of the highest shares of such units in the metro area (Figure 14). However, Fitchburg has the lowest supply of rental units that are less than $500 per month. Fitchburg falls in the middle of the pack with regards to the supply of high-end rental units at $2,000 or more.

Figure 14. Rent Distribution in Fitchburg and Regional Peers



Source: 2012-2016 ACS Estimates

Senior Housing

According to 2012-2016 ACS data, the percentage of those ages 65 and older in Fitchburg is 10.6%, which is comparable to the City of Madison and lower than Dane County (Figure 15). Trends in US Census data show that this segment of the population is increasing across the County. The 2000-2010 increase in Fitchburg was the highest in the region at 49% (Figure 16). As Baby Boomers age, we expect the number of seniors in Fitchburg to continue to rise.

Figure 15. Percentage of Population Age 65+ in Fitchburg and Regional Peers

	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%

Source: 2012-2016 ACS Estimates

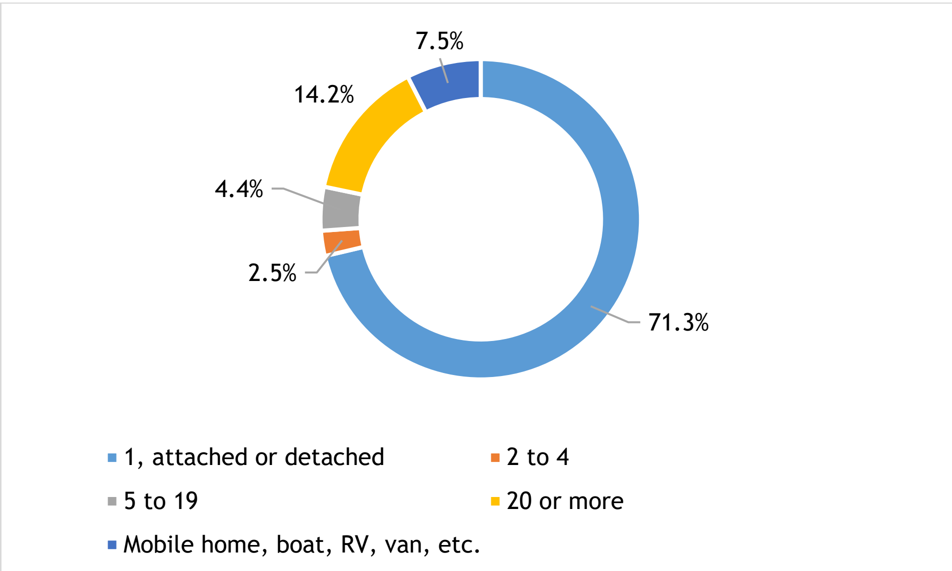
Figure 16. Change in Population Age 65+ from 2000 to 2010

	2000	2010	% Change
City of Fitchburg	5.1%	7.6%	49.0%
City of Madison	9.2%	9.6%	4.3%
City of Monona	10.3%	12.3%	19.4%
City of Middleton	17.6%	19.5%	10.8%
City of Sun Prairie	9.3%	8.9%	-4.3%
City of Verona	9.9%	9.8%	-1.0%
Village of DeForest	8.1%	8.7%	7.4%
Village of Waunakee	9.5%	9.9%	4.2%
Dane County	9.3%	10.3%	10.8%

Source: US Census

Of those age 65 and older currently living in Fitchburg, a majority (71.3%) are living in single-family attached or detached units (Figure 17). The second most common type of unit for this age cohort (14.2%) is within complexes containing 20 or more units. Due to the high number of seniors aging in place, accessibility improvements are critical as is offering a variety of other housing options.

Figure 17. Unit Type for Age 65+ in Fitchburg

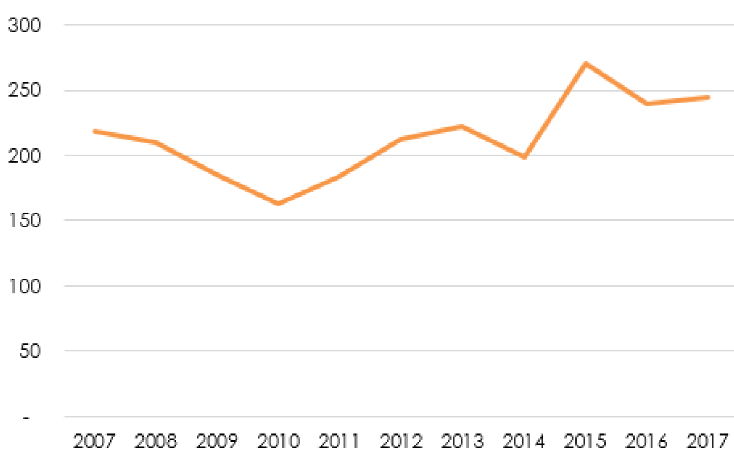


Source: HUD CPD Maps

Single Family Home Prices

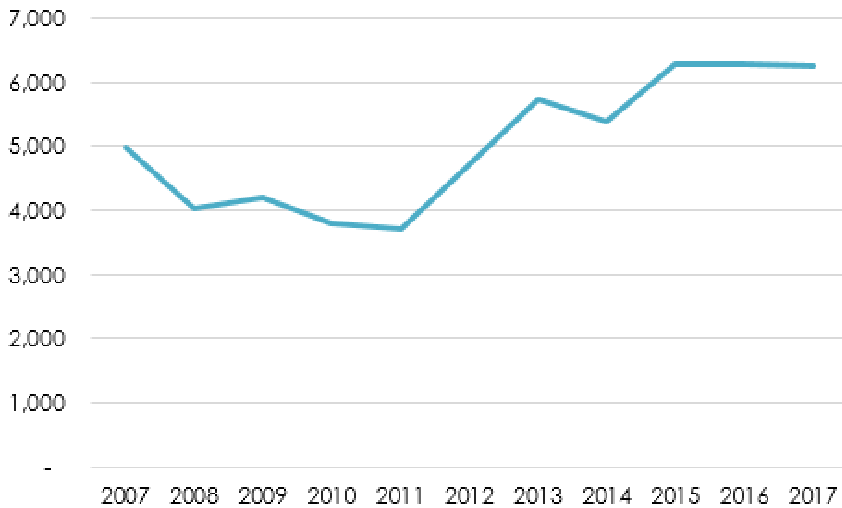
Annual single-family home sales dipped during the Great Recession but have since surpassed pre-recession levels. Approximately 245 homes were sold in 2017 as compared to 219 in 2007. Over the past 11 years, home sales were lowest in 2010 at 163 units and peaked in 2015 at 271 units (Figure 18). Home sales were lowest in the County in 2011 (3,726) and highest in 2016 (6,289) (Figure 19). In Fitchburg, median sale values were lowest in 2010 ($257,000) and are currently the highest they have been in at least 11 years ($324,750). The median sale value of homes in Fitchburg has historically been higher than in Dane County. Dane County is also currently experiencing the highest median sale value it has seen in at least ten years ($280,000) (Figure 20).

Figure 18. Annual Number of Single Family Home Sales in Fitchburg



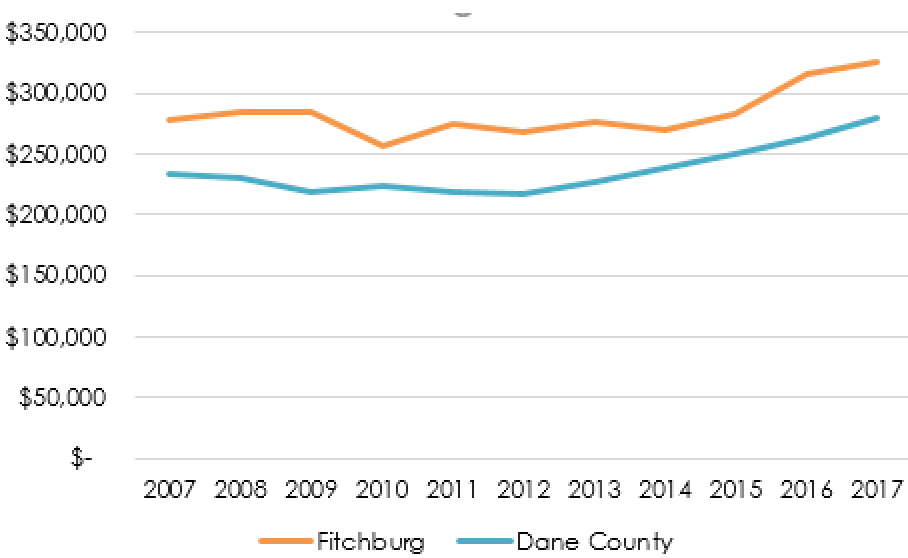
Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

Figure 19. Annual Number of Single Family Home Sales in Dane County



Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

Figure 20. Median Value of Annual Single Family Home Sales in Fitchburg and Dane County



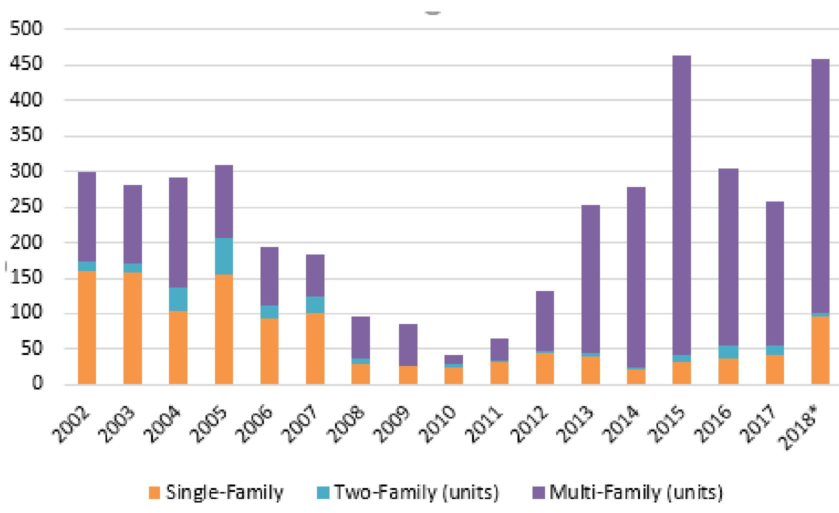
Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

Timing of Housing Stock Construction

The City maintains records of new housing construction, through its building permit records. Looking back over the past 17 years in greater detail (Figure 21), we see the effects of the Great Recession, in which permits hit a low in 2010 and have since rebounded to pre-recession levels. However, there are some important differences by unit type. Single-family homes had been going up at 100-150 units per year before the recession and only returned to pre-recession levels in 2018. Duplex units have typically been a small minority of total new units and that share is smaller now – few have been built since 2008. Of greatest significance is the boom in multi-family construction, well exceeding pre-recession trends. Between 2013 and 2018 there were over 1,600 new multi-family units constructed within the City.

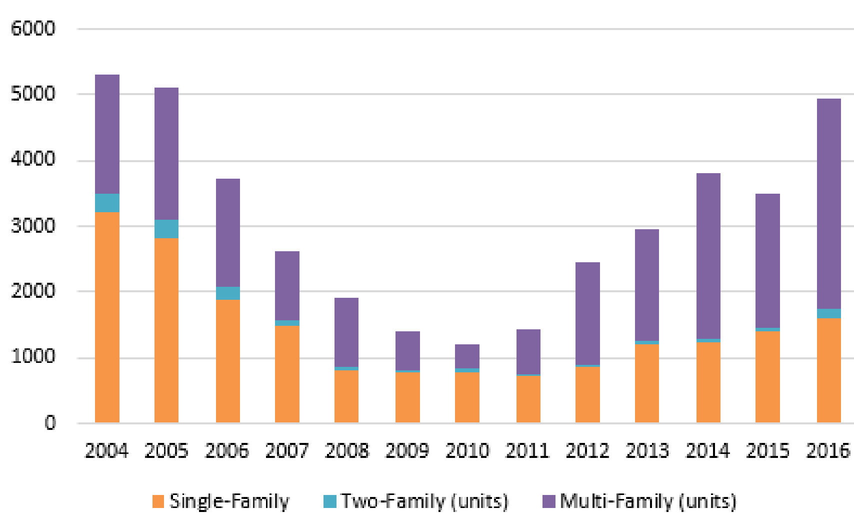
By comparison, the Madison Metropolitan Area (Columbia, Dane, Green and Iowa Counties) saw construction of around 1,600 single-family units in 2016, which is just over half of what it was pre-recession (~3,000 units). Construction of duplex units is nearly at half (120 units) of what it was pre-recession (280 units) and construction of multi-family units has surpassed pre-recession levels (~2,000 units) and was at approximately 3,200 units in 2016 (Figure 22).

Figure 21. Total Units Permitted by Unit Type in Fitchburg



Source: 2016 Building Inspection Annual Report, City Permit Data
**Through Friday November 2, 2018*

Figure 22. Total Units Permitted by Unit Type in Madison Metropolitan Area (Columbia, Dane, Green and Iowa Counties)



Source: Census Building Permits Survey

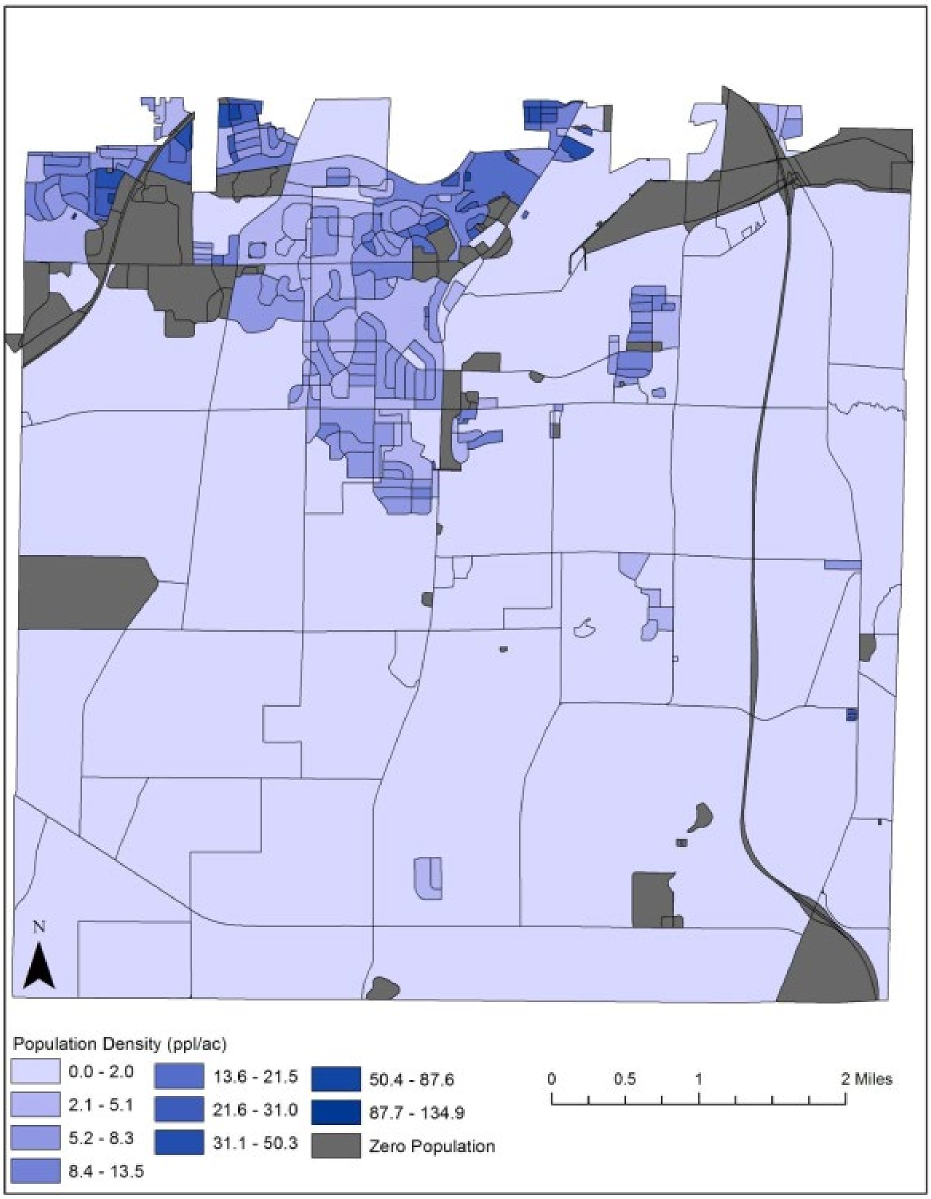
Fitchburg Workers

Approximately 20% of the 11,000 people employed in Fitchburg also live in the City. An estimated 31% live in Madison, and another 18% live in nine other nearby communities, including (in order) Verona, Oregon, Janesville, Sun Prairie, Town of Madison, Stoughton, Town of Oregon, Evansville and Monona. Based on median values for single-family homes in those communities, ownership housing for those commuters costs about 20% less than for Fitchburg residents.

Spatial Distribution of Housing

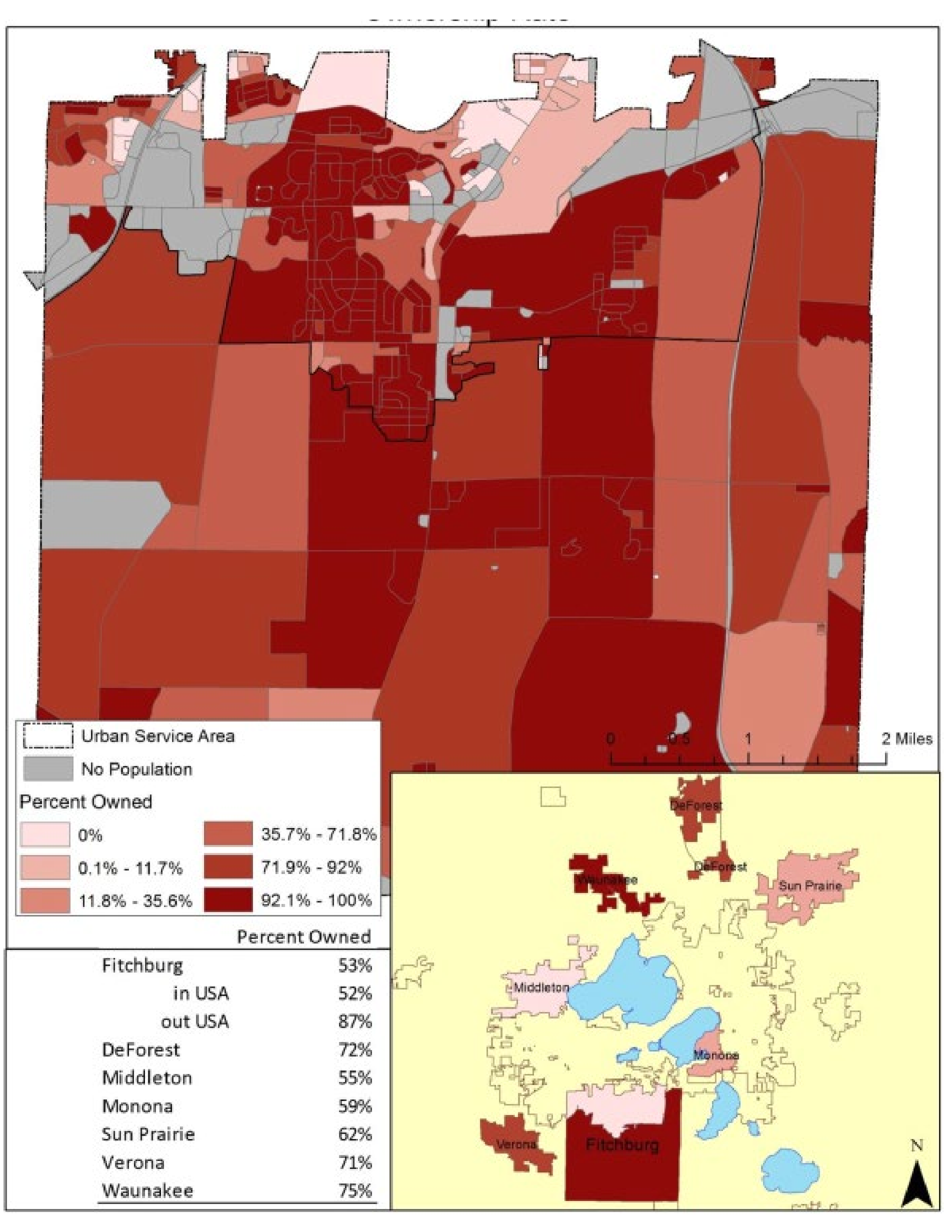
As revealed in maps created for the 2014 Fitchburg Housing Assessment, the density of housing units (Figure 23 below) and the home ownership rate (Figure 24) is not evenly distributed in the City. When considered together we see high population densities and low ownership rates in the northern parts of the City close to Verona Road and Fish Hatchery Road. When considering this data from a perspective seeking balanced, healthy neighborhoods, the Fish Hatchery Road corridor appears to be the most imbalanced, with very low ownership rates.

Figure 23. Population Density



Source: 2008-2012 ACS and 2012 Tiger Lines (map from 2014 Fitchburg Housing Assessment)

Figure 24. Housing Ownership Rate



Source: 2008-2012 ACS and 2012 Tiger Lines (map from 2014 Fitchburg Housing Assessment)

Interview Summary

We completed a series of 13 interviews with a variety of people who work in the Fitchburg housing market in some capacity. The purpose of these interviews was to understand better housing and housing market conditions from the perspective of people who build, maintain, manage and/or fund housing. Several of the interviews were focused on the needs of certain populations, including older adults, local workforce, and residents with limited incomes.

Interviewees

- Rob Dicke, Dane County Housing Authority
- Melanie Dish, Sub-Zero Group
- Olga Efremova, Old National Bank
- Chris Ehlers, Ehlers Development Company
- David Gevers, EJ Plesko and Associates
- Jill McHone and Angela, Fitchburg Senior Center Director
- Shawn O'Brien, WHEDA
- Jack Pearson, City of Fitchburg Building and Code Inspector
- Craig Raddatz and Kathy Nettesheim, Fiduciary Real Estate
- Paul Sukenik, Habitat for Humanity
- Phil Sveum, Coldwell Banker
- Adam Templer, Bear Development
- Terrell Walter, Royal Capital

Interview Feedback

We asked a standard set of questions in each interview, and also explored the unique knowledge of each interviewee. Most of the feedback either reinforced things already documented in our data, or caused us to expand and refine our data analysis. Ideas for things the City can take action on are represented in the Implementation Toolkit in this report.

There was one question of particular interest that we asked near the end of every interview:

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

A summary of noteworthy answers to this question follows, in no particular order. Most of these points represent comments from multiple people.

1. *There isn't enough affordable housing, especially for people who work here. Create a competitive funding program to attract tax-credit WHEDA funding for rental housing. Find a way to get more owner-occupied homes built in the $250,000-$270,000 range.*
2. *Look for partnership opportunities to address affordability, e.g. Dane County Housing Authority and Habitat for Humanity.*
3. *Review the park fees – they seem to be really high in comparison to our peer communities (every developer mentioned this).*
4. *The development process would be better, and less expensive, if there were more political and policy consistency (e.g. a clear housing vision and longer mayoral terms) and better process management by City staff that helps to identify and resolve impediments in the development process in an efficient way.*
5. *Help people who live here now, especially seniors, continue to have options to live here. Also, note that people with limited income who struggle to find safe housing also struggle to meet their needs for food and transportation reliably.*
6. *Some of the existing multi-family housing really needs to be overhauled or replaced, but don't sacrifice affordability in the process – leverage funding programs to improve quality while maintaining affordability.*
7. *Alderpersons should continue to be involved as facilitators of discussion between developers and residents in development process.*
8. *Council needs to lead – we need a common vision of what the City wants so that developers can figure out more quickly what is approvable and what is not approvable.*

Development Fees Comparison

All Building and Development Fees

Communities charge fees when approving new development to pay for costs resulting from the new land use and the process of approving the use. These fees including: zoning, plan reviews, building inspection, and impact fees for various municipal systems, are calculated in various ways (per unit, per parcel, per square foot, per project). To show how these fees affect the cost of a unit, and to enable comparisons with other communities, we invented a sample development project comprised of 30 single-family homes, 16 duplex units (8 structures) and 60 multi-family units (one structure). Assumptions used to calculate fees include:

- Size of residential units (single-family home: three bedrooms, 2,500 SF; duplex unit: three bedrooms, 1,500 SF; and apartments: two bedrooms, 1,200 SF).
- Total disturbed area and impervious area for single-family homes and duplexes is 3,500 SF per unit.
- Total disturbed area and impervious area for the apartment building is 55,000 SF and 45,000 SF, respectively.
- A Comprehensive Development Plan is required because the land division is for a parcel that is over 35 acres.

Figure 25. Fitchburg Fees for Sample Development

Fee Category	Per Single Family Dwelling Unit	Per Duplex Dwelling Unit	Per Multifamily Dwelling Unit
Park Fees	$5,000	$4,685	$4,490
Permits	$768	$488	$262
Building & Construction	$890	$647	$562
Residential and Development Plan Reviews	$293	$248	$4
Preliminary and Final Plat	$466	$241	$23
Erosion Ctrl and Stormwater Management	$58	$58	$18
Water Impact	$1,212	$1,212	$0
TOTAL	**$8,687**	**$7,579**	**$5,359**
DEVELOPMENT TOTAL (30 single family, 16 duplex unit, 60 multifamily)	**$703,414**		

Source: City of Fitchburg

Figure 26. Peer Community Fees for Sample Development Project

	City of Fitchburg	City of Madison	City of Middleton	City of Sun Prairie	City of Verona	Village of DeForest	Village of Waunakee
Total Fee per Single Family Dwelling Unit	$8,687	$6,971	$6,598	$3,578	$8,321	$6,540	$5,438
Total Fee per Duplex Dwelling Unit	$7,579	$6,331	$5,860	$3,126	$7,362	$6,259	$4,826
Total Fee per Multifamily Dwelling Unit	$5,359	$4,179	$3,829	$2,629	$4,090	$4,679	$3,675
DEVELOPMENT TOTAL (30 single family, 16 duplex units, 60 multifamily)	$703,414	$560,771	$521,445	$315,102	$612,830	$577,070	$460,883
Development Total Without Parks Fees	$209,054	$122,212	$181,555	$134,902	$320,730	$117,268	$145,840

Source: Cities of Fitchburg, Madison, Middleton, Sun Prairie and Verona and Villages of DeForest and Waunakee

Park Fees

Because the park fees are the most significant portion of development costs required by the City, this report offers a special focus on just those fees. When new housing is developed, most communities in Wisconsin require some combination of land and fees to ensure adequate parklands and amenities for use by residents. Dedication of land is often required when a land division occurs, with an option of fees in lieu of land if the land is not a need at that location. In addition, many communities also assess a one-time impact fee at the time when new units are constructed, to help fund the improvement of park spaces.

This section reviews Fitchburg's cost burden for parkland and improvements and compares it to peer communities. As described in Figure 27, Fitchburg's combined fee for single-family and (two) duplex units ($5,000) is higher than all peer communities, with the exception of the City of Madison ($5,060.22) and the Village of DeForest ($5,047). Fitchburg's fee for multi-family units ($4,490) is also higher than all comparables, with the exception of large multi-family units in the City of Madison ($6,666.54).

The last two columns of Figure 27 compare fees for two different development scenarios. Scenario 1 is 50 single-family homes (3 bedrooms) and 24 duplex units (3 bedrooms). Scenario 2 (used in the previous section) is 30 single-family homes (3 bedrooms), 16 duplex units (3 bedrooms) and 60 apartment units (2 bedroom average). Under Scenario 1, the City of Madison has the highest aggregate fee ($374,456), the Village of DeForest has the second highest ($373,478) and the City of Fitchburg has the third highest fee ($362,440). Under Scenario 2, the City of Fitchburg has the highest fee ($494,360) and the Village of DeForest has the second highest fee ($459,802).

Figure 27. Park Land and Improvement Fees for Fitchburg and Regional Peers

	Park Improvement Fees	Fees in Lieu of Land Dedication	Combined Fees if No Land Dedicated	Scenario 1* Park Fee Estimates	Scenario 2** Park Fee Estimates
City of Fitchburg	* $670/ SF unit * $355/ duplex dwelling unit * $160/ MF dwelling unit	* $4,330/ unit not including Traditional Neighborhood Design (TND) areas * $4,330/ unit for TND T2 (rural) and T3 (sub-urban) * $65,000/ acre for TND T4 (general urban) and T5 (urban center)	* $5,000/ SF unit in T2, T3 or non-TND areas * $4,685/ duplex unit in T2, T3 or non-TND areas * $4,490/ MF unit in T2, T3 or non-TND areas	*$362,440*	*$494,360*
City of Madison	* $1,579.39/ SF or duplex unit * $1,072.33/ MF unit * $2,081.26/ large MF unit (4+ Bedroom(BR)) * $837.49/ age restricted MF unit * $599.55/ group living quarter unit	* $3,480.83/ SF or duplex unit * $2,363.48/ MF unit * $4,585.28/ large MF unit (4+ BR) * $1,845.06/ age restricted MF unit * $1,320.20/ group living quarter unit	* $5,060.22/ SF or duplex unit * $3,435.81/ MF unit * $6,666.54/ large MF unit (4+ BR) * $2,682.55/ age restricted MF unit * $1,919.75/ group living quarter unit	*$374,456*	*$438,919*
City of Middleton	* $746/ MF unit with one bedroom or less * $1,244/ unit for all other dwelling types	* $1,741/ MF unit with 1 BR or less * $2,901/ unit for all other dwelling types	* $2,487/ MF unit with 1 BR or less * $4,154/ unit for all other dwelling types	*$307,396*	*$339,890*
City of Sun Prairie	* $480/ SF and MF unit * $190/ assisted living unit	* $1,220/ SF and MF unit * $470/ assisted living unit	* $1,700/ SF and MF unit * $660/ assisted living unit	*$125,800*	*$180,200*
City of Verona	* $300/ BR	* $2,450/ SF and duplex property * $1,700/ MF unit * $1,000/ acre for commercial & industrial dev.	(assuming 3 BR SF and duplex properties and 2 BR MF units) * $3,350/ SF and duplex property * $2,300/ MF unit * $1,000/ acre for commercial & industrial dev.	*$247,900*	*$292,100*
Village of DeForest	* $1,739/ SF and duplex unit * $1,308/ MF unit	* $3,308/ SF and duplex unit * $2,486/ MF unit	* $5,047/ SF and duplex unit * $3,794/ MF unit	*$373,478*	*$459,802*
Village of Waunakee	* $1,813.84/ SF unit * $1,234.58/ MF unit	* $1,832/ SF unit * $1,221/ MF unit	* $3,645.84/ SF unit * $2,455.58/ MF unit	*$241,226*	*$315,043*

Source: Cities of Fitchburg, Madison, Middleton, Sun Prairie, Verona and Villages of DeForest and Waunakee

Goals and Strategies

This section describes the changes that should occur in Fitchburg over the next 10-12 years to achieve a healthier housing market. It is focused on critical gaps in the market that need to be filled.

Building Healthy Neighborhoods

1. Prioritize neighborhood health in all decisions, including a mix of housing types.

There is one fundamental goal that every other objective and strategy in this plan should serve: healthy neighborhoods. Public policy and investment in housing should do more than just modify the average mix and affordability of units across the entire City. It should also result in better neighborhoods that are more likely to attract residents and reinvestment in future decades. Healthy neighborhoods have:

- Varied housing types, sizes and price points, including both owner- and renter-occupied units. This enables more people to stay in a neighborhood through shifting housing needs, and it limits future instability due to changes in the housing market.
- Sidewalks and urban design features that make walking pleasant and safe (whether for transportation or for pleasure).
- Convenient access to public transit and daily needs retail and services.
- Quality parks and open spaces.
- Community gathering places, including both public venues (e.g. community center) and private venues (e.g. coffee shops).
- Active neighborhood-based organizations and public or quasi-public places to meet within or near the neighborhood.

The City should prioritize projects that address both a market gap and criteria for healthy neighborhoods.

2. Add more housing of all types near North Fish Hatchery Road, especially owner-occupied housing

Consistent with the above guidelines for healthy neighborhoods, there is one area of particular concern from a housing perspective: the North Fish Hatchery Road neighborhood. The City has identified a Housing Assessment Planning Area that includes all housing along this corridor north of McKee Road. As of 2014, 91% of the units in this area were rental apartments, and the other 9% were condominiums. Also, many of these apartment units are the City's older units, constructed before 1980. The neighborhood will benefit from the renovation and/or replacement of older units, as such investment will improve the appearance and desirability of those properties and should also be expected to be accompanied by strong tenant screening practices.

The neighborhood will also benefit from the addition of more owner-occupied units. In most cases this is likely to be condominiums because most of the corridor is built out and new ownership units will come in the form of infill redevelopment. This could take various forms including townhomes. However, if and where feasible, and possibly including land south of Post Road, a portion of new development could be single-family detached homes. A hybrid form to be considered is the "cottage court" approach that compactly arranges 5-10 detached homes around a common green space.

Figure 28. Cottage Court Housing

Source: Opticos Design

3. Continue to build various attached-unit housing forms into new and existing neighborhoods, especially "missing middle" housing

The City is facing an affordability crisis wherein the cost of ownership units is rising quickly and is beyond the financial capacity of a majority of residents. "Attached units" includes a wide variety of housing forms, including duplexes, fourplexes, townhomes, small apartment buildings and larger apartment complexes. These attached units are often rental units but they can also be owner occupied, either as outright ownership or as condominiums. Because attached units tend to have less land used per each unit and fewer exterior walls, these units are critical to making housing more affordable. Including these units in each neighborhood within the City makes those neighborhoods more flexible to accommodate the changing life circumstances and housing needs of residents without forcing people out of the neighborhood or school enrollment area. The City has made strides in the past two decades to plan and approve neighborhoods with a mix of housing types, such as Hatchery Hill, Nine Springs, Stoner Prairie and Terravessa, and should continue to do so.

The City currently has about 42% of its housing units in single-family detached homes, 33% in multi-unit buildings with 10+ units, and 1% in mobile homes. The remaining 24% of homes are distributed among townhomes (9%), duplexes (3%), 3-4 unit buildings (4%), and 5-9 unit buildings (8%). There is a nationwide trend, evident in Fitchburg, toward larger apartment complexes instead of smaller formats of attached units because they are easier to finance and easier to build efficiently. The City should continue to have a variety of housing types and should continue to have smaller attached housing types that are physically compatible with single-family homes, so that housing types can more easily blend within neighborhoods. As such, the City should actively encourage the development of those other types sometimes refer to as “missing middle housing” – townhomes duplexes, fourplexes, etc. When planning neighborhoods, these units are often appropriate as a transitional form between commercial and single family residential uses, or between higher-density residential buildings and single-family residential areas.

Household Growth Projections

Fitchburg’s January 1, 2018 population estimate is 28,316 residents[2]. This is 10.6% growth since 2010. This informs a 2030 projection of roughly 34,000 residents. **Population growth of 6,000 residents and 2,700 households is projected over the next 12 years[3].** The growth in housing units should exceed the growth in households, to accommodate 1% vacancy of owner-occupied units and 5% vacancy of renter-occupied units (current data suggest about 1% vacancy in owner-occupied units and an estimated 4% vacancy in renter-occupied units right now).

Market conditions, locational strengths, and Fitchburg development policy all support the continued growth of all types of housing, including both renter- and owner-occupied units.

Accommodating 2,700 new *households* over the next 12 years, and getting the housing market to a healthy balance, will require a net addition (accounting for the loss of units in redevelopment) of about 1,300 new owner-occupied units (108/year) and about 1,400 rental units (117/year). These projected needs are based on the following assumptions:

- 50/50 balance of owner and rental units (maintains current balance)
- 1% owner vacancy, 5% rental vacancy

Specific Housing Type Needs & Recommendations

As new units are constructed, the City will work to address the following needs:

4. Build more owner-occupied homes, at various price points.

The wider market, and Fitchburg in particular, has fallen behind in the production of single-family homes and condominiums, and this lack of supply is likely contributing to price increases. The City has seen construction of no more than 46 units per year (and an average of 32) since 2008. Maintaining balance in the market requires a return to pre-recession construction levels of 100-150 units per year.

2 Wisconsin Department of Administration

3 The Fitchburg 2009 Comprehensive Plan projected a population of 27,954 in 2015 and 35,386 in 2030. Our 2030 estimate of 34,000 is an adjustment to the 2009 City projection.

5. Build more owner-occupied housing affordable below the median household income.

Fitchburg's current *owner-occupied households* have median income of about $97,5004, and an "affordable" housing budget of about $2,400 per month. This is enough to afford the average single-family home in the City, based on 2017 average sale price of $325,0005. However, when Fitchburg rental households are included, the median income is just $65,700, because those rental households have a median income of $37,400. Without efforts to address owner-occupied affordability, renter households will have great difficulty crossing the divide into home ownership in the City. At the median household income for all households, $65,700, annual housing costs should be no more than $1,650 per month, which translates to a total unit value of about $217,000 if the buyer has a 20% down payment ($43,400). With only a 5% down payment, the median household can afford just $175,000.

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.

Compared to most regional peers, and the County as a whole, Fitchburg's housing market is "top heavy", with more units than typical valued above $300,000 and fewer than typical valued below $200,000. Affordability for households at 80% - 100% of the Fitchburg median income equates to housing prices of about $174,000 to $217,000. Currently, the City has about 23% of owner-occupied units under $200,000, whereas the County-wide share is 35%. This $200,000 threshold corresponds to the value affordable at about 92% of median income6.

To more closely match the Dane County home value profile, roughly 1,150 of the 1400 new units (82%) would need to be affordable at 80%-100% of City median income. A more plausible objective is 30% of new ownership units affordable in this $174,000-$217,000 price range.

6. Build more attached, owner-occupied units.

Attached units are a potential solution to achieve affordable home ownership options. Based on data reported by the City in 2014, condominiums (which are typically attached) made up about 14% of the local market at that time. Maintaining that share of the city's owner-occupied housing market would

4 2012-2016 ACS estimate

5 Multiple Listing Service data

6 This analysis refers to the Fitchburg Median Household Income (MHI). Note that this is different from the Area Median Income (AMI), which is a County-wide number calculated by HUD. For 2017 this number is $85,200. HUD also calculates a set of income limits by household size for program eligibility purposes. A family of four qualifies as "Low" income at $68,000, "Very Low" (50% of AMI) at $42,600, and Extremely Low (30%) at $25,550. The corresponding limits for a 1-person household are $47,600, $29,850 and $17,900.

require about 200 additional such units over the next 12 years, though this number could be higher as part of overall affordability efforts.

Condominium financing is a challenge under current federal lending rules, both for the developer and the homeowner, the City should encourage the development of "zero lot line" attached units wherein each unit sits on its own parcel and there is no condo association or shared property.

7. Build more rental units, at various price points.

A total need for 1,400 net additional units is projected over the next 12 years (redevelopment of existing units will result in more total units constructed). New construction should target the full spectrum of prices and incomes, from under 30% of median income to above 120% of median income. The City's rental housing stock has diversified in recent years with the construction of more high-end units. This is a good thing for the market, allowing households more options and the ability to move more fluidly between owning and renting.

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.

8. Upgrade or replace existing rental housing, and maintain affordability.

Fitchburg rental units appear to be affordable. Sixty-nine percent of units rent at $1,000 or less per month, and 77% of units are affordable at 80% of the Area Median Income (AMI). However, we have concern about the quality of those units. Most of the City's rental unit stock was constructed before Year 2000, and nearly half before 1980. Rental housing tends to wear out over time and requires replacement or major reinvestment after several decades to maintain safety and market relevance. The relatively low rental prices here likely reflect a decline in quality. The problem with this is that lower-quality units are at risk of falling into a pattern of disinvestment and weaker tenant screening and property management practices.

The solution is to encourage reinvestment in or replacement of aging units, preferably without dramatic price increases that would drive existing tenants out of the Fitchburg market. The Dane County Housing Needs Assessment has documented the need for more units available at various price points/income levels below the Area Median Income. The City prefers to maintain the affordability of units when upgrades and redevelopment occur.

9. Build more rental units with three or more bedrooms.

Data reported in the Dane County Housing Needs Assessment indicate a problem with overcrowding of rental units in Fitchburg. While the County average is 3.1% of rental units having more than one occupant per room (inclusive of all rooms in the unit), the Fitchburg estimate was 5.7%. This likely indicates a lack of larger rental units, and it is partly explained by the lack of older single-family homes converted to rental units as is more common in other communities. Per 2010-2014 ACS estimates, just 16.1% of Fitchburg rental units had three or more bedrooms, compared to 21.7% of county-wide rental units. The City should encourage the development of units with three or more bedrooms in new rental developments.

10. Support the housing needs of senior citizens.

The senior population in Fitchburg has been increasing at a relatively high rate compared to other areas within the region. As Baby Boomers continue to age, we expect this trend will continue. The City should support and encourage the development of units targeted to age 55+ residents, including both affordable (income qualified) and market rate units, and including both rental and owner-occupied units (i.e. condo units). Based on the research and analysis completed in this housing study, Fitchburg will need approximately 640 new or redeveloped units to meet the needs of residents age 55+ between now and 2030. Approximately 80% of these units, or 512, should be affordable. The City should consider creating additional programs to help seniors stay in their homes if they wish to do so, including help with chores and handyman tasks necessary to the proper upkeep of the home.

A joint study between AARP and Harvard suggested that municipalities do the following to address the shortage of affordable and accessible units for older adults[7]:

- Encourage production of more diverse and flexible housing, including mixed use, located near services and amenities;
- Allow construction of smaller units (e.g. accessory dwelling units);
- Develop housing that allows for intergenerational living;
- Promote construction of rental housing options in suburban locations;

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.

7 http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing_americas_older_adults_2014-ch7-references.pdf

Implementation: Policies, Programs and Actions

Establishing a more balanced and diverse housing market in Fitchburg will require a variety of flexible and creative solutions. It will require collaborative efforts by many people including developers, City staff, elected officials, and housing advocates. This section describes policies, programs and actions that the City can use, or leverage the use of, to improve the health of the local market. These methods will often be layered together to move specific projects forward.

Committee and Communication

Fitchburg currently needs a common vision for housing in the City. It is the purpose of this plan to establish that common vision. This plan is only the beginning; managing the health of neighborhoods and the housing market will need attention and effort every year.

Housing Committee

A Housing Committee can help implement this Housing Plan in a variety of ways, including oversight on the development and administration of funding programs, supporting public outreach about the City's housing needs and programs, and supporting updates to this Plan as the market shifts and outside funding programs change year by year.

For context, the City of Middleton has a Workforce Housing Committee comprised of nine citizen members, including one alderperson. The City of Madison has a Housing Strategy Committee comprised of nine members, also including at least one alderperson.

One option for the City is to create a Housing Strategy Committee as a subcommittee under CEDA.

Stakeholder Communications

Promote this Plan and Provide Progress Reports

Guiding the local housing market requires public investment, especially to build workforce housing. Public investment requires the support of residents and elected officials. To ensure such support, more people need to understand the findings and recommendations of this plan, including the need for more housing of all types. City staff, Elected Officials, and City committee members need to help explain and promote this plan to residents.

An annual or bi-annual check-in on this plan is an opportunity to both seek input and share findings in a way that increase knowledge about Fitchburg's housing needs and programs, and other outside programs available to Fitchburg residents. Beginning in early 2020, staff should provide a brief report to Council each year with updates on platted lots, residential building permits (by type), housing prices (ask a Realtor) incentives provided, and affordable units created during the prior year. This report would also be appropriate to use as an outreach resource to support public engagement and discussion about housing.

Promote Home Buyer Assistance Programs

These programs provide assistance to first-time home buyers. Funds may be used for down payments, closing costs, or home buyer education expenses. These programs are aimed at assisting people with lower incomes who want to buy a house. Fitchburg should work with existing organizations (WHEDA, Dane County, Habitat for Humanity, Movin' Out, Realtor's Foundation, and Federal Home Loan Bank of Chicago) to provide public information about affordable home-buying options, including a guide to funding programs available from area financial institutions. Homebuyer assistance programs can be layered with Employer Assisted Housing programs. The City should collaborate with the Home Buyers Round Table of Dane County to identify and promote available resources.

Uses: Homeownership

Funding Source: Dane County, WHEDA, private funding.

Programs include:

- Dane County's "Home - Buy the American Dream",
- Dane County's "Momentum Down Payment Assistance"
- Federal Home Loan Back of Chicago's "Down Payment Plus"
- Realtors Foundation's "Home Start"
- WHEDA's Easy Close Down Payment Assistance
- WHEDA's Capital Access Advantage
- Habitat for Humanity Homes

Host Training Events for Landlords and Tenants

A persistent challenge in most communities is the poor understanding of the laws and ordinances pertaining to rental housing. Landlords, property managers and tenants all benefit from education about the legal rights of each. The City should work with existing organizations such as the Apartment Association of South Central Wisconsin and the Tenant Resource Center to promote existing training opportunities to Fitchburg residents and property managers and also to invite those organizations to host training events in the City.

Council + Developer Communications

One of the challenges of the development process is getting elected officials involved in a productive way. Fitchburg Council members have limited time for development-related meetings, yet their active involvement can improve their understanding of proposals and constituent views about those proposals. The City should consider establishing guidelines or best practice suggestions to help Council members decide how to engage in the development process in a productive and transparent way. For major developments that may provoke some controversy, one best practice is having a Council member host a neighborhood meeting where the developer can present to and seek feedback from the neighborhood.

Staff + Developer Communications and Processes

Development projects require collaboration with multiple City departments, including Planning, Public Works (multiple staff), Parks, the Fire Department and others. Getting feedback and sign-off from each of these departments in an efficient manner is a challenge in any community and has been a challenge in Fitchburg. It will improve the experience for developers and outcomes for all if the City is able to improve the process in the following ways:

1. Assign a City staff person as single point of contact for each project that will help the applicant navigate the process. This person should be part of all project communications and willing to help resolve problems that may arise in the review and approval process.
2. Continue to utilize the Development Review Team to coordinate discuss and resolve challenges with development projects. Involve Planning, Economic Development, Legal, Finance, Engineering/Public Works and Parks staff. Invite developers to use this as a venue for the presentation and discussion of prospective new projects, to help anticipate challenges before making formal submittal.
3. High quality development review should be a point of emphasis across all City departments. Development review should be timely and complete, based on review of all materials provided and including all pertinent feedback in the first review.

Policy and Ordinance Changes

Amend the Comprehensive Plan

Incorporate goals and actions from this plan into the comprehensive plan, and/or this entire plan by reference, to reinforce the policies in this plan. The city's future land use plan needs to continue to identify multiple locations for new neighborhood development, so that there continue to be new lots and units available.

Purpose: Reinforce housing goals

Policy Change: Amend City Comprehensive Plan

Consider More Frequent Plan Amendments

The City currently amends the comprehensive plan only once per year. The flexibility to respond to new ideas more frequently should be considered, to take advantage of good projects that don't fit the existing plan.

Purpose: Improved flexibility to respond to market conditions

Policy Change: Revise practices

Consider Waiving or Reducing Fees

Impact fee requirements on new developments approved for affordable housing may be waived or reduced by the Common Council, on a case-by-case basis, as an incentive and means of assistance for affordable housing. In some cases, this can be counted as local matching funds for grant programs. The City could

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 also consider covering the cost of the fees with TIF funds. Fee reductions should only be for projects with income-qualified affordable units that have some sort of requirement in place to be income-qualified for at least 15 years.

Purposes: New construction affordability, matching funds

Policy Change: Waive or reduce impact fees, enable the use of TIF to pay development fees

Review Parks Fees and Land Dedication Requirements

The fees charged for parkland and park improvements are relatively high compared to peer communities, and have helped Fitchburg establish a strong park system. Review the fee structure as compared to costs and outcomes and consider the merits of an overall reduction in fee amounts and/or a revision to direct more funding to park improvements (for example great equipment in smaller neighborhood parks). Also, consider requiring larger park spaces if in proximity to a high-density residential area (this may need to be addressed primarily within the comprehensive plan and parks plan, not in the fees and dedication ordinance).

Purpose: New construction affordability

Policy Change: Waive or reduce impact fees, use TIF to pay for impact fees.

Enable Accessory Dwelling Units (ADUs)

An Accessory Dwelling Unit (ADU) is a housing unit located on the same lot as a single-family home, commonly over the garage or in its own structure. Adding units in this way can benefit homeowners and the community by serving the evolving needs of families as working parents need help with small children, young adults transition out of the home, and older adults need daily support. These can occur as renovations of existing lots and as part of new neighborhoods as homes are built. Homeowners can use the ADU income to offset their own housing costs.

Purpose: Affordability for homeowners and renters

Policy Change: Amend the zoning ordinance to add Accessory Dwelling Units as a conditional use, with design criteria and a review process that involves neighbors; encourage the use of ADUs in new development.

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

Accessory Dwelling Unit, Source: Creative Commons

Revise the Comprehensive Plan to Increase Flexibility for Affordable Housing

Funding programs for affordable housing often have location-specific scoring or eligibility criteria tied to census tracts and school district boundaries. The Comprehensive Plan could prioritize affordable housing in the locations that maximize scoring (see Figure 29). A challenge is that funding programs and their criteria can change year to year. The Plan could also describe criteria by which flexibility may be granted on use or density to accommodate housing proposals in optimal funding locations in the future, with the caveat that the project and its location must still be consistent with strong neighborhood principles as identified in this plan.

Purpose: New construction affordability

Policy Change: Amend Comprehensive Plan, possibly including Smart Code Sector Plan

Streamline Approval Process for Affordable Housing

A streamlined approval process for housing projects that include affordable units would offer an incentive to include such units and reduce the cost of development by eliminating uncertainty and delays. The City could commit to shorter review turnarounds and on projects that meet certain criteria, for example a minimum 10% of rental units affordable at 65% AMI, or 20% ownership units at 100% AMI.

Purpose: Promote new construction affordability

Policy Change: Establish an accelerated review schedule for qualified affordable housing proposals

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

Reduce Parking Requirements for Affordable Housing

Parking is expensive, which in turn, adds to the cost of housing units. Lower-income households often have fewer vehicles and rely on public transit. Consider reducing parking requirements for all multi-family developments located within a certain distance (e.g. 1,000-1,500 feet) of an established bus route or stop.

Purpose: New construction affordability

Policy Change: Amend the zoning ordinance to enable parking reductions proximate to transit access

Review Development Oversight Costs

Conduct a review of policies and practices around costs incurred by the City and charged to developers during the development process, including construction observation services and the use of escrow accounts to ensure payment for costs incurred. Seek an appropriate balance between City and developer interests, and consistency with the practices of other cities in the region. Both the review itself and any changes resulting from the review should help to signal the City's commitment to be a fair and responsive partner in the development process.

Purpose: New construction Affordability

Policy Change: Contingent on outcome of review

Local Program Initiatives

Create a Revolving Loan Fund (RLF) for Housing Rehabilitation

A revolving loan fund (RLF) is a pool of capital from which loans are made and to which the loan repayments are returned. The fund revolves in the sense that the loans initially lent out come back to be used again for similar projects and the same capital is circulated again and again. Typically, the principal repayments go back into the fund, and the interest payments and associated lending fees paid by the borrowers go toward the administrative costs of running the RLF. RLFs are frequently created to serve a specific mission including targeting housing for low-to-moderate income households. Fitchburg can use this fund to support reinvestment in single-family and small multi-family buildings, up to four units. The program could target areas where values have stagnated or fallen, and/or where housing and overall neighborhood conditions are a concern. The program could give preference to owner-occupied structures for single-family and duplex sites. The City could also create a parallel program for multi-family housing, designed to be layered with 4% Low Income Housing Tax Credit (LIHTC) funding.

Uses: Homeownership, rental housing, renovation

Funding Source: General obligation bonds, TIF one-year extension

Create an Affordable Housing Competitive Grant Program

The scoring for WHEDA tax credits rewards projects that have grant or loan funding from the local government. The City can emulate the City of Madison's successful program, which has used local TIF and General Obligation Bonding funds to leverage millions of dollars in tax credits and housing investment. Madison's 2018 program has $3 million available for 2-3 projects, with applications due in late June for projects seeking 2019 tax credit awards.

Uses: rental housing, renovation, affordability

Funding Source: General obligation bonds, TIF one-year extension

Host a First-Time Homeowners Workshop

The City can organize a local workshop for prospective homeowners to offer education about the home buying process and promote the various programs and resources available. Partnership with a local Realtor, a local lender, and Dane County staff is suggested.

Uses: Homeownership, affordability

Funding Source: General Fund (limited cost)

Identify and Assemble Sites for Development

The City of Fitchburg can promote workforce housing by providing useful information about, or helping to assemble development-ready sites. The City can use the Community and Economic Development

Authority (CEDA) to acquire underutilized or vacant land in order to control the redevelopment process to achieve better outcomes, including quality workforce housing.

Uses: New construction

Policy Change: Assemble underutilized sites for development, assist developers in identifying sites for quality workforce housing.

The following analysis shows estimated costs for new attached and detached single-family homes in Fitchburg. Home buyers paying full market costs will pay more than $50,000 for a 20% down payment and then about $1,700 or $1,800 per month, with taxes and insurance, for homes costing about $270,000-300,000. Alternatively, the permitting, purchase and ownership costs could be reduced through a combination of City-funded initiatives and a County-funded program. By combining all these programs, these units could become affordable to a family of four with less than $50,000 in household income.

	Zero-Lot Line Attached Town Homes	Single-family Detached
Land		
Zoning	(R-M) Medium Density District	(R-LM) Low to Medium Density Residential
Minimum Lot Size	5,000	7,200
Price per SF	$10	$10
Site Improvements	$15,000	$15,000
Land Costs	**$65,000**	**$87,000**
Construction		
Square Footage	1,500	1,500
Price per SF	$110	$120
Construction Costs	**$165,000**	**$180,000**
Other Fees		
City Fees/Permits	**$8,687**	**$8,687**
Cost to Build		
Land, Construction, Fee Total	$238,687	$275,687
Architectural Fees (5%)	$11,934	$13,784
Engineering Fees (3%)	$7,161	$8,271
Developer Profit (10%)	$23,869	$27,569
Total Cost	**$281,651**	**$325,311**
Buyer Costs without Assistance		
Total Costs	$281,651	$325,311
Down Payment	**$56,330**	**$65,062**

Mortgage	$225,321	$260,249
Monthly Payment (4.5% interest rate)	**$1,142**	**$1,319**
Taxes and insurance (Monthly)	**$591**	**$673**
Total Monthly Cost	**$1,733**	**$1,992**
Income that can "afford" this	**$69,330**	**$79,662**
Buyer Costs with Assistance		
Original Cost	$281,651	$325,311
Parks Fees Partial Waiver	($3,000)	($3,000)
Land Trust	($65,000)	($87,000)
Final Cost w/Toolkit	**$213,651**	**$235,311**
Down Payment	$42,730	$47,062
Down Payment Assistance	($25,000)	($25,000)
Down Payment Due	**$17,730**	**$22,062**
Monthly Payment (4.5% interest rate)	**$866**	**$954**
Taxes and insurance (Monthly)	**$465**	**$505**
Monthly Payment (4.5% interest rate)	**$1,331**	**$1,459**
Income that can "afford" this	**$53,224**	**$58,357**

Income Level (% of AMI)	Monthly Payment Limit	Income for Family of Four
30%	$619	$27,510
50%	$1,032	$45,850
60%	$1,239	$55,020

* Park fee waiver is assumed to be a partial waiver
* Down Payment Assistance estimate is the maximum typically available through Dane County
* Mortgage amounts estimate with Bankrate.com calculator

Local Sources of Funding to Support Housing Investment

Affordable Housing Trust Fund

The City can create an affordable housing trust fund as a general purpose funding vehicle that can serve various affordability initiatives anywhere within the City.

Uses: Matching funds, land purchase, new construction, renovation, down payment assistance

Funding Source: TIF one-year extension, general obligation bonds, sale of surplus land, general fund budgeting, private contributions

Tax Increment Financing – Affordable Housing Incentives

Some Tax Incremental Financing (TIF) districts include, or can include, residential property. Project plans for these districts should include incentives to support affordable housing as an eligible project, such as infrastructure improvements, land purchase and housing tax credit matching funds. The intent is to ensure that investments in the attraction of businesses and jobs should be coupled with investment in housing affordable to who will work those jobs. Suggested guidelines to accompany TIF for residential include:

1) The payback period should be 15 years or less
2) Financing will utilize the Pay-As-You-Go model
3) City funds should not be the sole source of gap financing; developers should also seek sources such as the Dane County Housing Fund, Federal Home Loan Bank of Chicago Affordable Housing Program, etc.

Uses: Matching funds, land purchase, new construction, renovation

Funding Source: TIF increment

TIF Case Study: Madison, Wisconsin

The City of Madison Common Council adopted a revised Tax Incremental Financing policy that required 10% of the money raised be used to develop affordable housing. This policy was specific to districts that had residential housing.

http://www.cityofmadison.com/cdbg/tif/docs/TIF_protocol.pdf

Affordable Housing Trust Fund Case Study: Madison, Wisconsin

The City of Madison has a problematic lack of affordable housing. In 2014, the City opened a new Affordable Housing Trust Fund with the goal of creating 1,000 additional units of affordable housing by 2020. Madison pledged to contribute over $20 million dollars over five years to reach that goal, by helping developers be more competitive when applying for LIHTC. The City of Madison Affordable Housing Trust Fund Account includes funds from:

- TIF one-year extension
- General obligation bonds
- Operating budget
- Private cash contributions
- Proceeds from sale or use of surplus City land

http://www.cityofmadison.com/cdbg/toolbox/docs/mgo4_22.htm

https://www.cityofmadison.com/news/city-

Tax Increment Financing – Affordable Housing One-Year Extension

A TIF district can be held open for one additional year beyond its planned or maximum duration to generate funds that will be used for affordable housing. 100% of the increment collected in that extra year can be used for housing anywhere in the City, with the stipulation that 75% must be used for affordable housing. More information can be found in section 66.1105(6)(g) of the State statutes.[8]

Uses: Matching funds, land purchase, new construction, renovation

Funding Source: TIF increment

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/

CEDA Bonding

Fitchburg's Community and Economic Development Authority (CEDA) is authorized under Wis. Stats. 66.1201 to buy and improve property and housing in the City, and to borrow money for those purposes.

Uses: Matching funds, land purchase, new construction, renovation

Funding Source: CEDA borrowing

Outside Sources of Funding to Support Housing Investment

Federal Low Income Housing Tax Credit (LIHTC) – Section 42 Housing

LIHTC (or Section 42) is a federal program which gives the Wisconsin Housing and Economic Development Authority (WHEDA) the authority to issue tax credits for acquisition, rehabilitation, or new construction of rental housing for low-income households. When a project is completed, investors can deduct from their taxes about 4% or 9% of their investment in the project each year for ten years. LIHTC developments must continue to meet the established affordability requirements for 30 years, with either 20% of units affordable at 50% of the Area Median Income or 40% of the units at 60% of AMI. WHEDA monitors the condition of each project awarded with credits to ensure they stay in good repair, have acceptable management practices and maintain affordability. There are two types of tax credits available within the LIHTC program:

---

8 https://docs.legis.wisconsin.gov/statutes/statutes/66/XI/1105/6/g

Federal 9% Tax Credit - Competitive

The 9% tax credit is available for new construction and rehabilitation projects that do not have other federal funds. Nine percent (9%) tax credits are received through a competitive application process with WHEDA. Per WHEDA guidelines, Projects require a local funding match in order to score well.

Federal 4% Tax Credit - Non-competitive

The federal 4% tax credit is available for acquisition, new construction and rehabilitation projects, and is often used for rehabilitation. These funds can be used with other federal funds. Four percent (4%) tax credits are received through a non-competitive application process with WHEDA. Four percent (4%) tax credit projects are often more difficult to use because they require a mixture of funding sources, of which local funding is important.

Wisconsin Low Income Housing Tax Credit (LIHTC)

State of Wisconsin 4% Tax Credit - Non-competitive

The state 4% tax credit is available for acquisition, new construction and rehabilitation projects. These state credits can be used to match the 4% federal funds. The state 4% tax credits are received through a non-competitive application process with WHEDA. The credits are awarded only if they are necessary for the financial feasibility of the property. A preference is given to developments located in municipalities with fewer than 150,000 people.

Low Income Affordable Housing Tax Credit -- Income Limits

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.

2017 50% AMI in Dane County is $32,100 for an individual and $45,850 for a family of four.

2017 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.

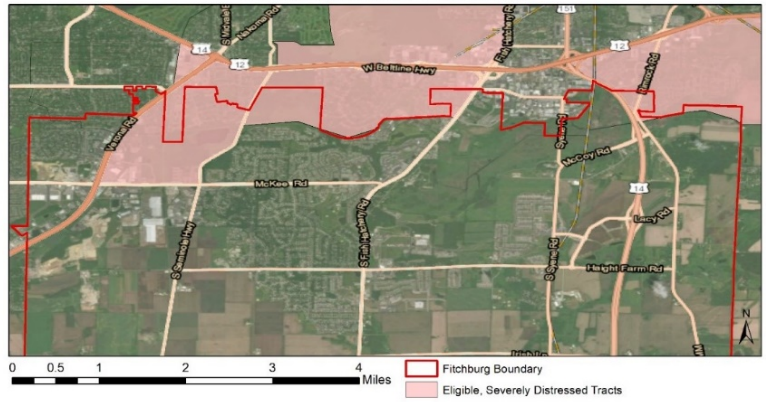
Projects applying for tax credits through WHEDA improve their chances to win funding if they are located in census tracts with higher incomes and lower unemployment, and in high-preforming school districts. The map below illustrates the interplay among various census tracts and school districts in the City (only within the areas planned for urban growth), and the resulting scores for that portion of the overall project scoring. Areas in blue maximum scoring in this category. The map also shows a quarter-mile buffer around current bus lines, to aid local discussions about prioritizing assistance in areas served by transit.

Figure 29. Affordable Housing Targeted Areas – WHEDA Scoring and Transit Access

Source: MSA

New Market Tax Credits (NMTC)

New Market Tax Credit - Eligible Areas



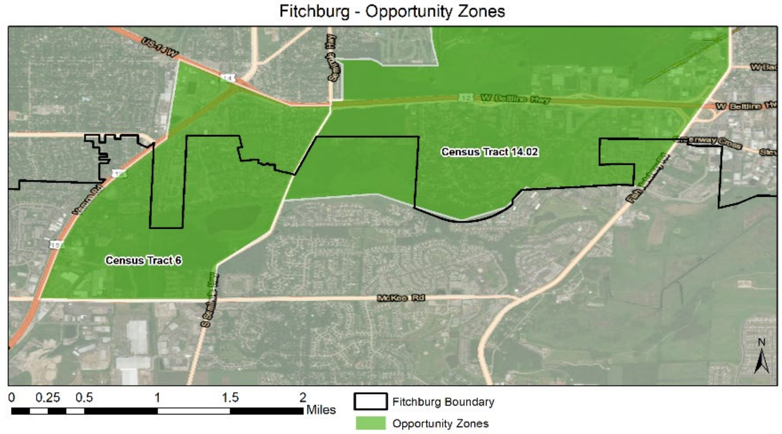
New Market Tax Credits (NMTC) are a financing tool to spur economic investment in low-income qualified districts by providing equity to fill a capital gap. NMTC can be used to build mixed-use affordable housing developments of at least 20% of the project's revenue comes from commercial or other sources. Eligible areas include north of McKee Rd. between Seminole Hwy and Verona Rd., west of Fish Hatchery Rd. north of Post Rd., and both sides of Rimrock Rd. These areas are eligible based on high poverty and low-income levels.

Uses: Mixed-use, multi-family construction

Funding Source: Private investors

Opportunity Zones Program

Fitchburg - Opportunity Zones



The Opportunity Zones Programs is a newly created program that encourages private investment into specific high-need areas. For census tracts to qualify for the program, they must meet one of five federal low-income criteria. If a census tract qualifies, a federal tax incentive is given to investors who bring private capital and jobs to the community. The incentive includes a permanent exclusion from capital gains if the property is held for at least ten years. Additionally, the investor can receive a tax deferral if the capital gains are reinvested in a state opportunity fund.

Two areas within the City of Fitchburg have qualified for this program. One zone is the Allied/Dunn's March area (Census Tract 6) and the other is the west side of Fish Hatchery Road (Census Tract 14.02). These two zones offer high potential for private investment. The City should promote this program because both zones provide opportunities to support workforce housing projects and spur business investment.

Uses: Mixed-use, multi-family construction

Funding Source: Private investors

Partnerships

Many of the strategies in this plan will require the City to collaborate with other entities, especially developers. Those partnerships will typically be project-specific. There are also opportunities to collaborate in more formal and ongoing ways with other organizations.

Habitat for Humanity

Habitat for Humanity of Dane County uses volunteer labor and donations to build and renovate affordable housing. Continue the partnership with Habitat by working to maintain a supply of lots for new Habitat home construction. This will require a collaboration with various developers to arrange potential sites.

Uses: Single-family construction, renovation, homeownership

Funding Source: Habitat for Humanity, TIF, affordable housing trust fund

Dane County Housing Authority

The Dane County Housing Authority (DCHA) creates affordable housing through partnerships with municipalities and private developers. 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. DCHA has a great deal of experience improving and managing affordable housing. DCHA must be authorized by the City to own and manage units in the City. It must also be authorized by the City to use its bonding authority to lend money to other organizations that want to own and manage units in the City, such as Movin' Out or the Madison Development Corporation.

Purposes: New construction, renovation, matching funds, management

Policy Change: Pass a resolution authorizing the DCHA to operate in Fitchburg and noting that DCHA projects are subject to the same City approval processes as other housing projects.

Example Household:

Jim and Laura are in their late 30's and have 2 kids in grade school. Prior plans to buy a home were put on hold due to a series of medical problems for both that required time off of work and depleted their savings. Jim still works only part time. With a combined annual income of $41,000 Jim and Laura are at about 45% of the Area Median Income, typical for Habitat home buyers and well below the 60% threshold to qualify. They will spend about two years accumulating the required 375 hours of classes and sweat equity and the $500 down payment.

DCHA Housing Investment Case Study: Stoughton, Verona and DeForest, Wisconsin

In 2017, the Dane County Housing Authority (DCHA) purchased 56 units of affordable housing that were going to be sold to market-rate developers. These units were located in the City of Stoughton, the City of Verona, and the Village of DeForest. This housing provided crucial affordable units to rural and suburban elderly and disabled residents. On top of the purchase price, DCHA put in approximately $60,000 per unit to renovate the facilities, which included new doors, cabinets, kitchen appliances, and more. The project cost $6.5 million in total, with $2.7 million spent on rehabilitation. The project preserved existing affordable housing units, allowed vulnerable populations to stay in their homes, and improved living conditions at each site.

DCHA 2017 Project Profile

Yahara Village Apartments- 1601 Vernon Ave, Stoughton
- Year Built: 1980
- 23 units for elderly and disabled
- Income restricted to 50% and 60% AMI
- 1 bedroom $570, 2 bedroom $610

Park Verona Apartments- 506 West Verona Ave, Verona
- Year Built: 1985
- 23 units for elderly and disabled
- Income restricted to 50% and 60% AMI
- 1 bedroom $560, 2 bedroom $600

Summerhill Apartments- 205 Danbury Ct, DeForest
- Year Built: 1984
- 8 units for elderly and disabled
- Income restricted to 50% and 60% AMI
- 1 bedroom $595, 2 bedroom $635

Cities that have authorized DCHA:
- City of Madison
- City of Middleton
- City of Monona
- City of Stoughton
- City of Sun Prairie
- City of Verona

Cities that have not authorized DCHA:
- City of Fitchburg

Villages that have authorized DCHA:
- Village of Belleville
- Village of Black Earth
- Village of Blue Mounds
- Village of Cambridge
- Village of Cottage Grove

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. Oversite 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.

- Village of Cross Plains
- Village of DeForest
- Village of Deerfield
- Village of Maple Bluff
- Village of Marshall
- Village of Mazomanie
- Village of McFarland
- Village of Mount Horeb
- Village of Oregon
- Village of Shorewood Hills

Villages that have not authorized DCHA:

- Village of Brooklyn
- Village of Dane
- Village of Rockdale
- Village of Waunakee
- Village of Windsor

Frequently Asked Questions regarding the Dane County Housing Authority

<u>1. If authorizing DCHA to operate in Fitchburg, does the City lose control over affordable housing projects?</u>

A: No, the city will maintain the control that it currently exercises. New construction projects will be subject to existing zoning and land use regulations, and must go through the regular city approval process. All DCHA acquisitions and rehabilitation projects must go to plan commission for advice on design and layout. For these types of projects, Fitchburg will have more control than usual, because for-profit developers are not required to go to plan commission.

<u>2. Would this City have public housing projects if DCHA is authorized here?</u>

A: No. DCHA operates like any private housing developer offering affordable rental units, using tax credit funding and setting income limits as required by that funding. Residents pay rent. All rental housing requires good management and oversight in order to contribute positively to neighborhood health; DCHA contracts all rental management with Wisconsin Management, an experienced, effective management company. In Fitchburg, DCHA is looking to create and maintain affordable housing for families, singles and the elderly who are at or below 60% AMI.

<u>3. Do DCHA properties pay any property taxes</u>?

A: DCHA properties are exempt from property taxes, however, DCHA may enter an agreement to pay municipal taxes. A payment in lieu of taxes (PILOT) agreement will allow the City of Fitchburg to charge for services. DCHA does not pay state, county or school taxes. It is important to keep in mind that the tax-exempt status helps DCHA achieve affordability, and a PILOT agreement can result in increased rent costs.

4. Can the City approve a limited authorization for DCHA, such as a maximum number of units owned or a sunset date on the authorization?

A: The state statutes that govern Public Housing Authorities say that the municipality must declare that there is a need for the Authority to operate and authorize the Authority to use its powers within the municipality before it can undertake a housing project. A resolution that was narrow in scope may not meet this requirement. A resolution that contained a sunset clause may create a situation where the housing authority developed a project and then was in violation of the statute once the resolution expired. It is unknown what would happen at that point.

5. What is the City missing out on by not authorizing DCHA? Can DCHA offer funding assistance not available from other sources, or serve a specific housing needs for which other resources are not available?

A: The DCHA can issue tax exempt housing financing bonds which can help developers get low interest loans to build, acquire, and rehab affordable housing. With Fitchburg at or near its limits for issuing municipal bonds, DCHA bonds would open up below market financing to developers that the City is not able to assist with. There have been apartment buildings for sale in Fitchburg that the DCHA and non-profit developers looked to acquire and rehabilitate but were unable to do so because this resolution was not passed. Some of those apartment building were subsequently purchased by out of state investors with no plans to rehabilitate them, thus an opportunity was lost to improve these older housing units.

6. Fitchburg's Community and Economic Development Corporation (CEDA) has the same powers as DCHA, doesn't it? If we want to use affordable housing tools in Fitchburg, why not just use CEDA?

A: CEDA does have many of the same powers as the DCHA however it does not have the staff or development experience that the DCHA does. For CEDA to undertake development or rehabilitation of affordable housing, the City of Fitchburg would need to allocate funding to CEDA to hire and support development staff. In addition Federal funding for new rental assistance is not available so it is unlikely CEDA would be able to secure rental assistance to attach to affordable housing it would create. DCHA has a rental assistance program that can be attached to affordable housing developments.

Movin' Out

Movin' Out is a state-wide nonprofit that offers housing services for low-income adults with disabilities and families that include children with disabilities. Services include homebuyer and renter counseling, including accessibility planning and safety modifications; homebuyer education; and housing development for both owner- and renter-occupied units. Movin' Out partners with other developers to develop housing that includes some units marketed to people with disabilities. To date, Movin' Out has helped bring 166 units reserved for people with disabilities onto the market.

Uses: New accessible construction, accessibility retrofits, homebuyer education

Funding Source: Movin' Out, developers

Madison Development Corporation

Madison Development Corporation (MDC) is a non-profit that owns and manages 313 affordable housing units in the Madison area and provides loans for hard-to-finance businesses (e.g. neighborhood businesses, startups, and high-tech firms with high growth potential). MDC renovates existing properties, as well as develops new apartment buildings and townhomes. The majority of rents charged by MDCare are on a sliding scale based on household income of tenants.

Uses: New construction, renovation, management

Funding Source: Madison Development Corporation

Community Land Trusts

Community land trusts are nonprofit, community-based organizations designed to ensure community stewardship of land. Community land trusts can be used for many types of development (including commercial and retail) but are primarily used to ensure long-term housing affordability. To do so, the trust acquires land and maintains ownership of it permanently. With prospective homeowners, it enters into a long-term, renewable lease instead of a traditional sale. When the homeowner sells, the family earns only a portion of the increased property value. The remainder is held by the trust, preserving the affordability for future low- to moderate-income families.9

Uses: New construction, homeownership, renovation

Funding Source: TIF, existing land sales, private funds, affordable housing trust fund

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 faming 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/

9 *http://www.lincolninst.edu/publications/articles/community-land-trusts*

Cooperative Housing

Cooperative (co-op) housing is an ownership structure, not a physical type of housing. It is an option for people who can't afford or don't want traditional ownership but also want to invest in their homes and communities. With most co-op models, the co-op owns the single- or multi-family home and each bedroom is rented privately by a member and common spaces are shared by everyone who lives in the house. Members pay monthly rent and food costs and share the responsibilities of maintaining the house, shopping, cleaning, cooking and paying bills. Other housing co-op structures include an equity co-op (members buy units at market value, similar to a condo), limited-equity co-op (similar to equity co-op, but the co-op sets a maximum resale price of the units to keep them affordable), and leasehold co-op (co-op leases property from a landlord or non-profit operates the building because they want to maintain control over use and occupancy, serve a specific population, or qualify for ow-income housing tax credits (LIHTC)).

Uses: Affordability

Funding Source: private funds

Employer-Assisted Housing (EAH) Program

Employer-Assisted Housing (EAH) programs can be established by major employers, either individually or in partnership, to promote home ownership within the community. EAH programs provide down payment assistance for employees that live in the community where they work. This assistance is often coupled with First Time Buyer Education programs. The EAH model benefits employers and employees by decreasing commute times and increasing employee loyalty. EAH programs can be layered with other home buyer assistance programs.

Uses: New construction

Funding Source: Private funding

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.

Action Plan

The success of this Housing Plan depends upon proactive efforts by many parties. This section offers an aggressive schedule for the priority housing-related activities, with assignment of responsibility for each. Some of these can and should begin in 2019 and continue each year thereafter. See the preceding Implementation section for more detailed descriptions of these actions.

Immediate/Ongoing/Annual	Responsible Parties	Roles for Each Party
Proactive Property Maintenance outreach and enforcement	Property Maintenance Staff	Complete this task
Annual Housing Report (beginning 2020)	Planning Staff	Complete this task
Consider Parking Reductions Near Transit for Affordable Units	Planning Staff Plan Commission	Communicate/Collaborate Convene/Communicate/Collaborate
Identify and Acquire Sites for Development (Vacant, Underutilized, Strategic Sites)	CEDA Council	Communicate Act on Recommendations
2019	**Responsible Parties**	**Roles for Each Party**
Create a Housing Committee	CEDA	Complete this task
Review Parks Fees and Dedication Requirements	CEDA/Housing Committee Parks Staff Parks Committee Council	Convene/Communicate/Collaborate Communicate/Collaborate Communicate/Collaborate Act on Recommendations
Enable ADUs	Planning Staff Plan Commission Council	Convene/Communicate/Collaborate Convene/Communicate/Collaborate Act on Recommendations
Authorize Dane County Housing Authority	CEDA/Housing Committee Plan Commission Council	Convene/Communicate/Collaborate Convene/Communicate/Collaborate Act on Recommendations
Create Materials Promoting Existing Housing Programs	Planning Staff	Complete this task
Establish Guidelines For Council Members in Development Process	Planning Staff Council	Communicate/Collaborate/Create Communicate/Collaborate
Amend the Comprehensive Plan	Planning Staff Plan Commission Council	Complete this task Communicate Act on Recommendations

2020	Responsible Parties	Roles for Each Party
Approve TID 6 Extension	CEDA	Communicate
	Council	Act on Recommendations
Create an Affordable Housing Trust Fund	CEDA/Housing Committee	Convene/Communicate/Collaborate
	Plan Commission	Convene/Communicate/Collaborate
	Council	Act on Recommendations
Create Affordable Housing Competitive Grant Program	CEDA/Housing Committee	Convene/Communicate/Collaborate
	Plan Commission	Convene/Communicate/Collaborate
	Council	Act on Recommendations
Establish Accelerated Review Schedule for Affordable Housing Proposals	CEDA/Housing Committee	Convene/Communicate/Collaborate
	Planning Staff	Communicate/Collaborate
Review Development Oversight Costs	Planning Staff	Complete this task
Create a Revolving Loan Fund for Housing Rehab	CEDA/Housing Committee	Convene/Communicate/Collaborate
	Plan Commission	Convene/Communicate/Collaborate
	Council	Act on Recommendations
2021	**Responsible Parties**	**Roles for Each Party**
Policy Changes Based on Development Oversight Cost Review	Planning Staff	Communicate/Collaborate
	Plan Commission	Convene/Communicate/Collaborate
	Council	Act on Recommendations
Host a First-Time Homeowners Workshop	Planning Staff	Collaborate
	Local Realtor	Collaborate
	Local Lender	Collaborate
	Dane County Staff	Collaborate
2022	**Responsible Parties**	**Roles for Each Party**
Approve TID 4 Extension	CEDA	Communicate

Appendices

A) Housing Policy Excerpt (2009 Comprehensive Plan)

Goal 1: To provide for balanced residential growth in the City with a variety of housing types, to promote decent housing and a suitable living environment for all residents, regardless of age, income or family size, and to encourage an adequate supply of affordable housing in each new urban neighborhood.

- Objective 1: Promote development of housing to meet forecasted needs.
    - Policy 1: Encourage an overall net neighborhood density that is transit friendly.
    - Policy 2: Promote a variety of housing options within neighborhoods.
    - Policy 3: Promote a higher level of owner occupied housing compared to renter occupied units within new neighborhoods.
    - Policy 4: Provide housing consistent with the economic opportunities provided within the community.
- Objective 2: Promote the development and preservation of long-term entry level housing for low-moderate income residents.
    - Policy 1: Promote high level and quality sustainable construction, and maintenance of existing housing stock.
    - Policy 2: Encourage use of private and public programs to meet the housing needs of low income persons.
    - Policy 3: Provide smaller lots to assist in the provision of affordable housing for low income persons.
- Objective 3: Recognize the value of existing housing and established neighborhoods, and support rehabilitation efforts, both public and private, while maintaining the historic, cultural and aesthetic values of the community.
    - Policy 1: Promote maintenance and rehabilitation of existing aging housing stock using sustainable construction techniques, particularly for multi-family housing.
    - Policy 2: Undertake redevelopment plans to focus on specific areas of the City.
    - Policy 3: Transition between higher densities and existing lower density areas.
    - Policy 4: Consider the creation of a City fund to lend money at low interest rates, in the form of a second mortgage, to assist in energy conservation updates for low income individuals.

Goal 2: Promote the efficient use of land for housing.

- Objective 1: Encourage compact neighborhood and development patterns.
    - Policy 1: Promote Traditional Neighborhood Design (TND) developments to create compactness, efficiency, livability and multi-modal transportation.

- Policy 2: Encourage the development of planned residential areas large enough to allow "mixed use" with a variety of housing types, complementary commercial and open space uses. Encourage use of innovative design and cluster development.
- Policy 3: Housing development shall be undertaken with respect to the natural resources, environmental corridors and promotion of open space.
- Policy 4: Create plans for unused and underutilized land in the existing urban service area to promote in-fill development.
- Policy 5: Recognize that development at higher but livable densities promotes wise use of the land resource and reduces land required to meet housing demand. This helps to preserve agricultural and other open space land outside the urban service area.
- Policy 6: Promote sound sustainable housing design through application of zoning, land division, and architectural review measures where possible.

- Objective 2: Promote residential development to occur in areas with existing infrastructure and sewer prior to promoting growth at the periphery where new utility and service expansion are needed.
  - Policy 1: Locate housing in areas that are served by full urban services, including sanitary sewers and public water with convenient access to community facilities, employment centers and to arterial highways.
  - Policy 2: Do not allow unsewered subdivisions.
  - Policy 3: Rural residential development should be limited to dwellings sited in accord with rural residential siting criteria or in select planned rural cluster areas. The rural residential criteria is not created to allow subdivisions, but to limit rural housing to suitable areas.

B) Housing Studies and Data Report

See separate document

APPENDIX B: HOUSING STUDIES & DATA REPORT

CURRENT CONDITIONS AND TRENDS

SUMMARY OF PRIOR PLANS AND STUDIES

CITY OF FITCHBURG HOUSING ASSESSMENT (2014)

The City's housing assessment provides a summary of housing indicators (including demographics, housing unit profile, household geography, housing characteristics, planning area analysis, housing market analysis, transit access and affordable housing) and concludes that, in a regional context, Fitchburg's housing indicators more closely align with Madison than with its regional peers (Middleton, Waunakee, Verona, Sun Prairie, etc.). The supporting evidence includes:

- Fitchburg has the third highest median home value of its regional peers (after Waunakee and Middleton). Fitchburg has the most even distribution across all home value categories, demonstrating an effective range of affordability categories.
- After Madison, Fitchburg has the widest variety of housing types and the largest percentage of non-single family homes in the County.
- Fitchburg has the most diverse population (even more so than Madison) in terms of percentage Hispanic and African American residents. Fitchburg has the lowest overall percentage of non-Hispanic whites.
- By percentage, Fitchburg has the third largest population making less than $60,000; only Monona and Madison have more. Fitchburg has 4.59% of the population in poverty (compared to 5.12% of the County population).
- Fitchburg has the second highest percentage of renters in the region (46%) after Madison (47%). Median rent in Fitchburg is the second lowest out of its regional peers at $875/month, Monona has the lowest rent at $808. In general, Fitchburg has a robust supply of units under $750/month.

At the time the report was written, the City had approved/planned for 2,025 new units, of which 80% are multifamily. The assessment talked about the importance of maintaining a balance between single family and multifamily homes within the City and responding to the changing priorities in the housing market. The assessment also emphasized the importance of maintaining a housing stock in the City that supports a diversity of racial, ethnic and income groups. With the redevelopment of multifamily buildings built in the 1970s, the City will need to balance enhancing quality without foregoing affordability and diversity.

DANE COUNTY HOUSING NEEDS ASSESSMENT 2018 UPDATE

In 2015 the Dane County Housing Initiative released a report that provides data on housing demand, supply and gaps in Dane County and individual municipalities. In 2018 this report was updated. The report focuses on housing needs of lower income households and supply of a variety of housing types. The report suggests two methods to measure the housing gap (Table 1).

Method 1 – This method takes the difference between the number of renter households with incomes below 30% Area Median Income (AMI) and the number of rental units whose rent is affordable to households at 30% AMI. By this calculation, Fitchburg needs 1,005 more units affordable to households below 30% AMI.

Method 2 – This method is the total number of currently cost burdened very low income renter households in each municipality, suggesting that an equal number of units would have to somehow become affordable to those households.

The table below shows the affordable housing need in each community using both of these methods. The total number of affordable units needed in Fitchburg ranges from 915 to 1,405 units. Note that this does not necessarily mean new units – it could be achieved at least in part through subsidy of the cost of additional units.

Table 1. Estimates of Affordable Housing Units Needed in 2018 (Two Methods)

	Method 1 (gap between households with incomes 0-30% AMI and affordable units)	Method 2 (# of cost-burdened renter households, 0-30% AMI)
City of Fitchburg	1,055	915
City of Madison	8,045	8,045
City of Middleton	420	435
City of Monona	270	300
City of Sun Prairie	755	705
City of Verona	180	140
Village of DeForest	70	80
Village of Waunakee	105	125
Dane County	10,812	13,050

Source: Dane County Housing Needs Assessment Update 2018 (Author's calculations based on HUD-CHAS special tabulations based on 2011-2015 ACS Estimates)

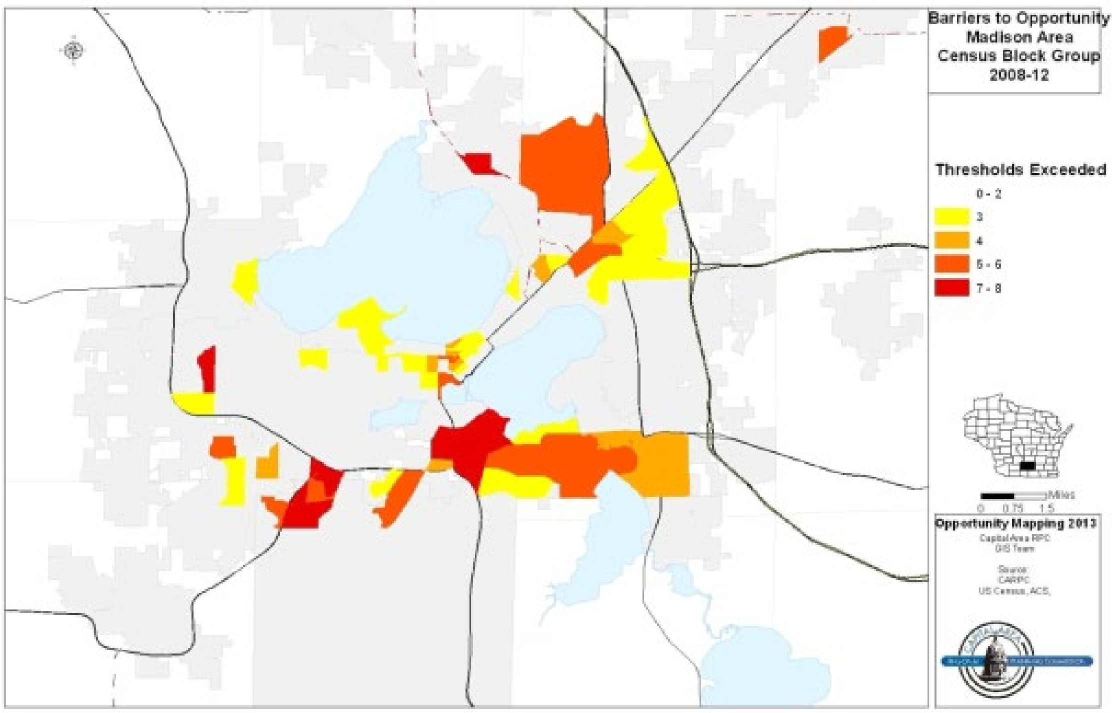
Geography of Opportunity: A Fair Housing Equity Assessment for Wisconsin's Capital Region (2014)

This report explores the distribution of opportunities and barriers to opportunity within Dane County. As illustrated in Figure 1, several areas identified as having a concentration of barriers to opportunity are found in Fitchburg. "Opportunity" is defined as access to jobs, healthy food, active living, social circles, education and related items that define healthy, livable communities. Examples of barriers to opportunity include lack of affordable housing, lack of public transportation, and community opposition to affordable housing. Other factors that reinforce those barriers include patterns of segregation and concentrations of subsidized units. The report describes a correlation between residence in these areas and negative health and well-being outcomes for residents. The University of Wisconsin-School of

Medicine and Public Health found that people living in areas with a concentration of barriers to opportunity experience significantly higher rates of asthma, childhood obesity and diabetes.

The report specifically notes a concentration of poverty and persons of color in many areas near the Beltline, including Fitchburg. Most of these areas were developed with large concentrations of low-rise apartments, most are not very walkable and lack proximity to good transit access, full service grocery stores and employment centers. Schools serving these areas tend to be rated as "meets few expectations" by the Wisconsin Department of Public Instruction.

Figure 1. Barriers to Opportunity in the Madison Area

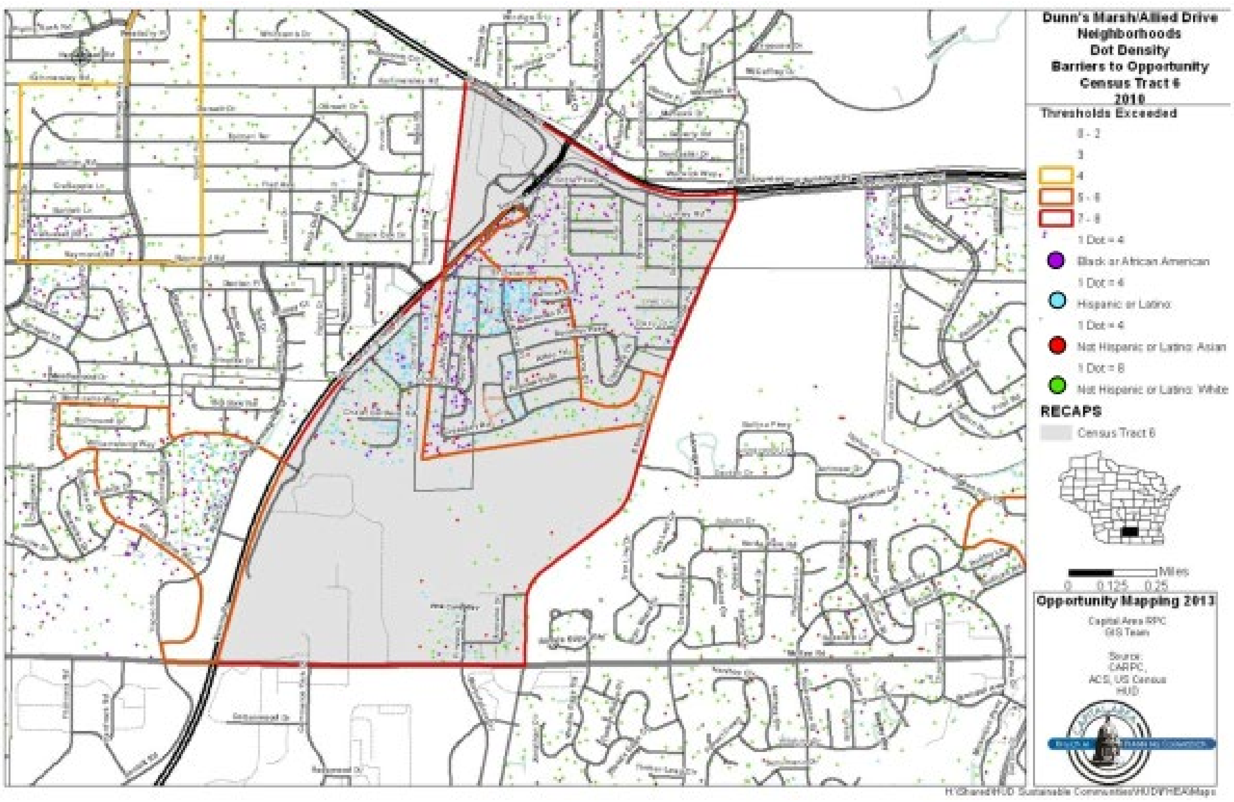


Source: Geography of Opportunity: A Fair Housing Assessment (CARPC, US Census, 2007-2011 ACS Estimates)

One of these areas with concentrated barriers to opportunity is Dunn's Marsh/Allied Drive (Census Tract 6) which is bounded by the Beltline Highway, Verona Road, Seminole Highway and McKee Road, in the Cities of Madison and Fitchburg. Since the 2000 Census, Tract 6 has changed from a majority of white residents to a majority of African American and Hispanic residents.

Most of the housing in that area is apartment complexes, including some public-subsidized housing. Major highways to the north (US 12/151) and west (US 151) are substantial barriers between the census tract and surrounding areas. Additionally, a high portion of residents do not have cars, which exacerbates the area's lack of access to vital amenities such as a full-service grocery store and employment. Walkability to community and shopping destinations is limited and transit service from this area to employment centers requires long trips. The average transit commute for the area is 48 minutes. The area is also currently experiencing the expansion of Verona Road/US Highway 151 which impacts the neighborhood and creates additional barriers. Additionally, the neighborhood is bussed to two different school districts: Madison and Verona. This makes it more difficult build social connections and support systems among neighborhood families. Neighborhood residents experience higher than average rates of childhood obesity, asthma and diabetes.

Figure 2. Dunn's Marsh/Allied Drive (Census Tract 6) Dot Density Barriers to Opportunity



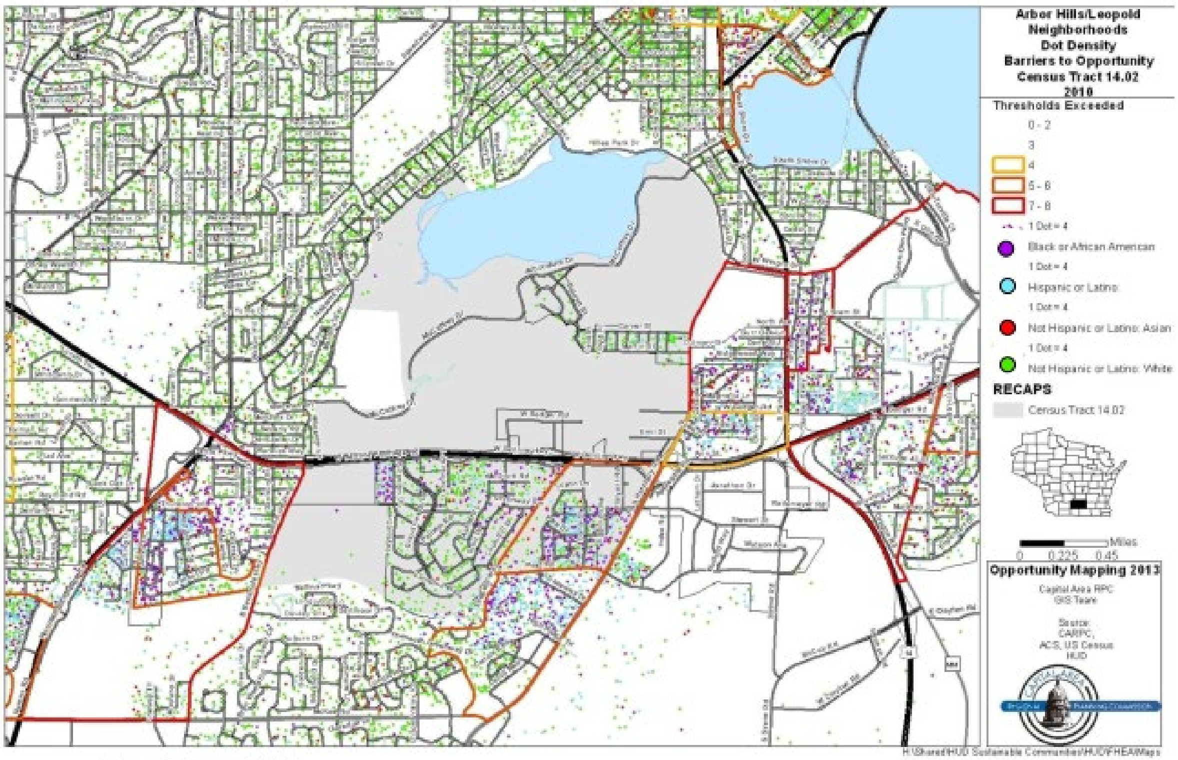
Source: Geography of Opportunity: A Fair Housing Assessment (US Census, CARPC)

Another areas area identified as having a concentration of barriers to opportunity is the Arbor Hills/Leopold Neighborhoods (Census Tract 14.02) which includes the north and south sides of the beltline in the vicinity of the UW-Madison Arboretum. The area is bounded by Lake Wingra to the north, Whispering Pines Way/Post Road to the south, Seminole Highway to the west and Fish Hatchery to the east. The south portion of this neighborhood is in Fitchburg. Within Census Tract 14.02 the highest concentration of persons of color and persons living in poverty is within Block Group 3 (north of Post Road and west of Fish Hatchery Road). In 2010 this block group was comprised of 64% persons of color and had a poverty rate of 21%.

Although not part of Census Tract 14.02, there is also an adjacent block group with similar characteristics. Block Group 2 of Census Tract 14.03, located south of Post Road and west of Fish Hatchery Road, was 62% persons of color and the poverty rate was 24% in 2010. Residents in this block group experienced six barriers to opportunity.

The one green space in these areas south of the beltline is the Nine Springs Golf Course, a City property used primarily for golf and disc golf. The neighborhood has low transit accessibility and low transit access to jobs. Accordingly, the area has high car ownership which means relatively high transportation costs for residents. Employment in the area offers low wages and access to these jobs is difficult without a car due to a lack of walkability in the area. Residents have higher than average rates of childhood obesity and asthma and moderate rates of diabetes.

Figure 3. Arbor Hills/Leopold Neighborhoods Dot Density Barriers to Opportunity



Source: U.S. Census, CARPC

2016 City of Madison Biennial Housing Report

This report is an analysis of the City's housing market with an emphasis on affordability of housing and breadth of housing options. There are two important trends affecting housing in Madison: income inequality and an increased priority on lifestyle in housing choice.

Growing Income inequality has impacted housing choice; most of the City's housing growth after 2007 has been targeted to the region's highest- and lowest-income households. Income inequality appears in the housing market in three difference ways. First, on the macro level, there was little population growth at medium income levels. Recently, the middle class has begun to rebound and increase its demand for housing. Second, on a geographic level, wealth and poverty are concentrated in different parts of the city. This creates either rising or stagnating property values in certain areas. Third, a split in housing tenure, with homeownership becoming unattainable for lower and middle class households. This split is due to tightened lending standards and a lack of starter/mainstream homes in Central Neighborhoods. Although the report does not directly address Fitchburg, the trends identified in the report have an impact beyond Madison's municipal borders and affect the entire region.

The other trend is lifestyle housing choices. As described in this report, younger households are basing their housing decisions on desire for flexibility rather than commitment and also on convenient access to work, entertainment and shopping. This has meant a market shift towards rental housing with nearly all new households choosing to rent rather than own. Between 2007 and 2015 ACS estimates show a 43% increase in renter households in Madison and a 0% change in owner households during the same time period.

Challenges presented by these trends include:

- Demand that keeps housing prices relatively high
- Accelerated growth in the number of high- and low-income households
- New construction dropped below household growth rate between 2007 – 2012
    - Low vacancy and rising rental prices pushes low income renters out of market and prevents households from moving up
- New rental housing has been focused on high-income households. The total number of units renting at over $1,500/month increased by 295% between 2007 and 2015.
    - Construction and land costs in the market make the creation of new units too expensive for low-income households without a subsidy to developers
- Tightened lending standards and high levels of student debt have made homeownership less accessible for low-income households and first time buyers.

To address these challenges, the report recommends focusing on:

- Increasing the variety of housing options and price points in the most amenity- and transit-rich neighborhoods
- Improving the quality of the housing stock and increasing access to transit and amenities in neighborhoods that are lagging
- Expanding the types of housing available to fill in gaps that the housing market doesn't currently serve well. This includes all types with the exception of renter- and owner-occupied units geared towards households with higher incomes.

DEMOGRAPHICS (DEMAND)

POPULATION

The current population in the City of Fitchburg is roughly 26,616 (per 2011-2015 ACS estimates), which is up approximately five percent (5%) from the 2010 Census. The Wisconsin Department of Administration (WI DOA) has projected that Fitchburg's population will continue to increase, adding 7,410 people by 2040 (an increase of 29%). This is a larger percentage increase than is projected in Madison (21%), Monona (-13%), and Dane County as a whole. This is a smaller percentage increase than is projected in Middleton (33%), Sun Prairie (55%), Verona (59%), DeForest (34%) and Waunakee (45%). We note that these projections are based on past trends and do not account for local plans or development industry dynamics. For example, in contrast to these projections, Monona is more likely to grow due to infill than to continue shrinking due to declining household sizes, and Waunakee plans for far less growth than their projection suggests.

Table 2. Population and Forecast in Fitchburg and Regional Peer Communities

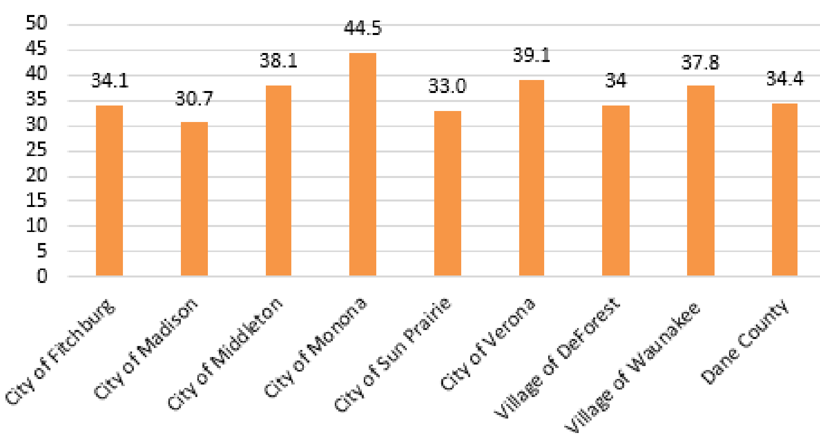
	City of Fitchburg	City of Madison	City of Middleton	City of Monona	City of Sun Prairie	City of Verona	Village of DeForest	Village of Waunakee	Dane County
2000	20,501	208,054	15,770	8,018	20,369	7,052	7,368	8,995	426,526
2010	25,260	233,209	17,442	7,533	29,364	10,619	8,936	12,097	488,073
2015	26,616	243,122	18,478	7,835	31,174	11,723	9,347	12,846	510,198
2020	*27,620*	*251,550*	*19,670*	*7,320*	*34,770*	*12,800*	*9,945*	*13,850*	*530,620*
2025	*29,180*	*261,500*	*20,770*	*7,195*	*37,880*	*13,960*	*10,560*	*14,920*	*555,100*
2030	*30,610*	*270,350*	*21,780*	*7,035*	*40,830*	*15,070*	*11,150*	*15,940*	*577,300*
2035	*31,720*	*276,450*	*22,570*	*6,805*	*43,330*	*16,010*	*11,610*	*16,780*	*593,440*
2040	*32,670*	*281,150*	*23,230*	*6,560*	*45,580*	*16,850*	*12,010*	*17,530*	*606,620*
Total Change 2010 to 2040	***7,410***	***47,941***	***5,788***	***(973)***	***16,216***	***6,231***	***3,074***	***5,433***	***118,547***
% Change 2010 to 2040	***29%***	***21%***	***33%***	***-13%***	***55%***	***59%***	***34%***	***45%***	***24%***

Source: US Census, 2015 ACS estimates, WI DOA

AGE

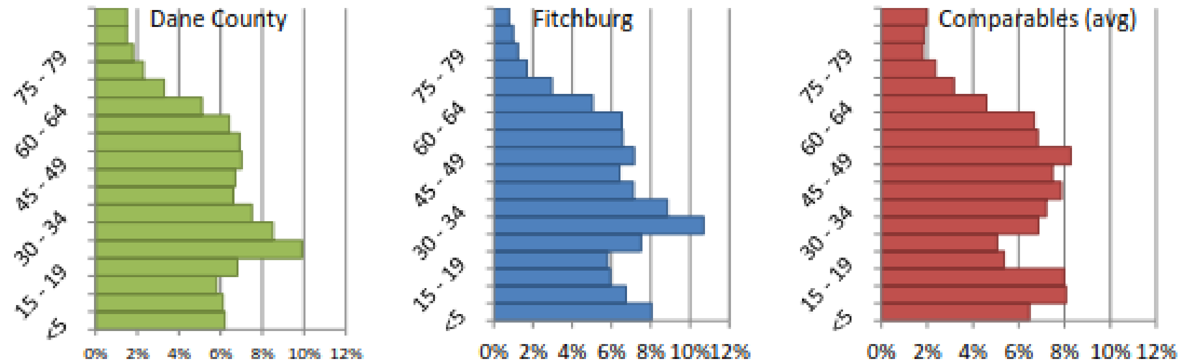
The City of Fitchburg's population is generally younger than regional peer communities, though it is very similar to Dane County. Its population between the ages of 25 to 29 years olds (10.7%) is the largest population cohort in the City. The next largest cohort is less than five (5) years of age (8%) suggesting there are many young families in Fitchburg. Sun Prairie and Middleton are similar, with high percentages of 20-29 year olds and children less than 10 years of age. Verona, Monona, Waunakee and Middleton have slightly older populations.

Figure 4. Median Age in Fitchburg and Regional Peer Communities



Source: Fitchburg Housing Assessment (2012 ACS Estimates)

Figure 5. Age Cohorts in Fitchburg, Dane County and Comparables (DeForest, Middleton, Monona, Sun Prairie, Verona and Waunakee)



Source: Fitchburg Housing Assessment (2012 ACS Estimates)

Households

The average size of a household in Fitchburg is 2.42, which is above the County average but smaller than some other peer communities (e.g. Waunakee at 2.67, Sun Prairie at 2.50). Similarly, the percentage of households with children (33.5% in Fitchburg) reflects household size: higher than the County, lower than some other peers.

Table 3. Selected Demographic Data in Fitchburg and Regional Peers

	City of Fitchburg	City of Madison	City of Middleton	City of Monona	City of Sun Prairie	City of Verona	Village of DeForest	Village of Waunakee	Dane County
Households	9,975	101,435	8,014	3,899	11,634	4,414	3,427	4,503	204,008
Average Size	2.42	2.20	2.18	1.95	2.50	2.37	2.61	2.67	2.33
Howeownership Rate	51.2%	50.1%	56.6%	57.5%	61.3%	69.7%	75.5%	76.0%	10.4%
Age 65+	8.3%	9.5%	11.6%	19.2%	9.5%	11.6%	8.7%	9.6%	10.4%
Households with Children	33.5%	23.4%	26.1%	21.7%	34.1%	35.5%	42.1%	46.4%	28.4%
Single-Person Households	28.4%	36.7%	34.3%	49.1%	25.4%	29.8%	20.9%	19.5%	31.3%

Source: Fitchburg Housing Assessment (2012 ACS estimates)

The City of Fitchburg's Housing Assessment (2014) notes that the largest population group in the City of Fitchburg is married-couple families (just under 50%), which is similar to its regional peers. The report also notes that the City has a small percentage of those age 65 and older compared to its regional peers.

Race & Ethnicity

Racial and ethnic diversity are an important part of the demographic makeup of Fitchburg's population. Fitchburg has the highest percentage of African American and Hispanic residents as compared to its regional peers, even higher than the City of Madison. Both African American and Hispanic residents in Fitchburg are much less likely to own a home, have lower median incomes and tend to have larger average household sizes. Hispanic families have an average household size of 3.59 compared to an average of 2.23 for non-Hispanic white residents.

Table 4. Select Tenancy and Household Characteristics by Racial and Ethnic Group in Fitchburg

	Total	Own	Rent	Avg. Household Size	Income
White	7,965	59%	41%	2.29	$68,358
White, not Hispanic	7,282	64%	36%	2.23	$72,661
Hispanic	683	10%	90%	3.59	$28,820
Black	899	7%	91%	2.72	$27,716

Source: Fitchburg Housing Assessment (2012 ACS estimates)

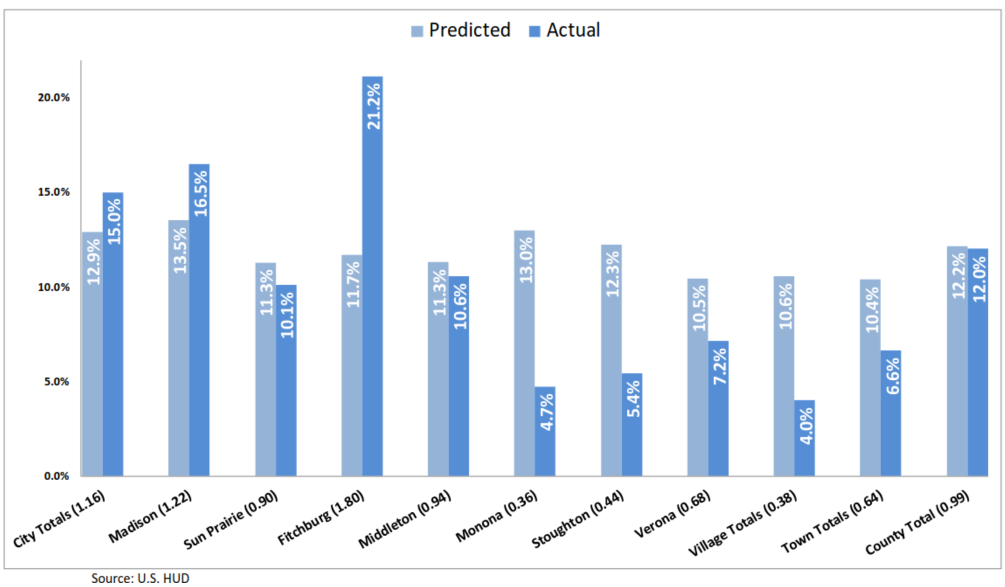
Table 5. Select Racial and Ethnic Composition in Fitchburg and Regional Peers

	Non-Hispanic White	African American	Hispanic
City of Fitchburg	64.3%	10.6%	16.6%
City of Madison	76.0%	7.4%	6.2%
City of Middleton	81.0%	1.7%	7.9%
City of Monona	89.8%	2.6%	6.7%
City of Sun Prairie	84.5%	4.9%	4.3%
City of Verona	92.7%	0.9%	1.2%
Village of DeForest	96.1%	0.2%	1.0%
Village of Waunakee	93.1%	0.6%	3.8%
Dane County	81.9%	5.1%	5.7%

Source: Fitchburg Housing Assessment (2012 ACS estimates)

Figure 6 below is a Dissimilarity Index by municipality and municipality type. Scores greater than 1.0 indicate that a racial group is more concentrated in a place than would be expected, given that group's share of the total metro population at different income levels. Fitchburg's dissimilarity index (1.8) is the highest out of all its regional peers.

Figure 6. Percent Persons of Color and Dissimilarity Indices by Municipality and Municipality Type

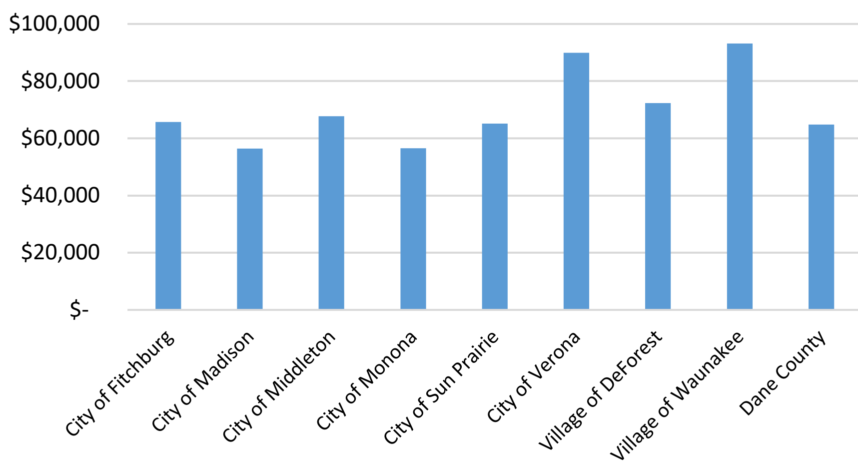


Source: Geography of Opportunity: A Fair Housing Assessment (2014)

INCOME

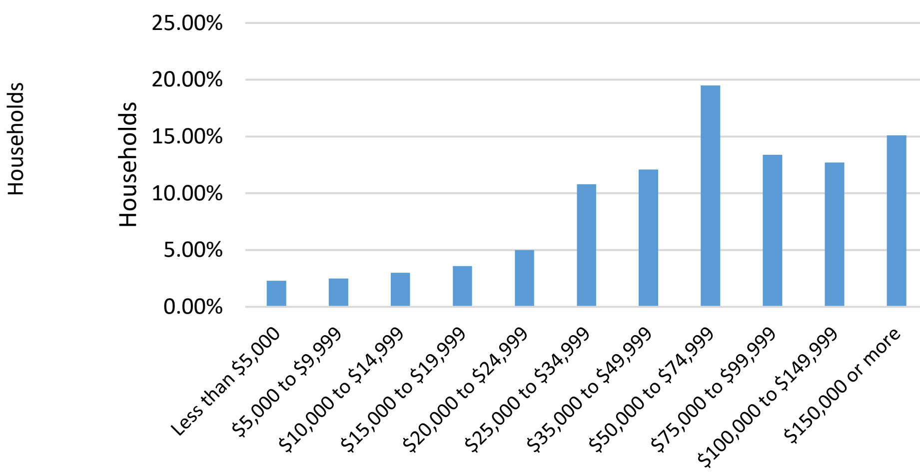
Based upon 2016 ACS estimates, the City's median household income[1] is $65,735. It has been rising in recent years relative to peer communities and is now above City of Sun Prairie ($65,203), City of Madison ($56,464), City of Monona ($56,481) and Dane County ($64,773) median household incomes (Figures 7 and 8). Compared to its regional peers, Fitchburg has one of the higher percentages of households making less than $24,999 (Figure 9), though this number is similar to Dane County's.

Figure 7. Median Household Income in Fitchburg and Regional Peers



Source: 2012-2016 ACS Estimates

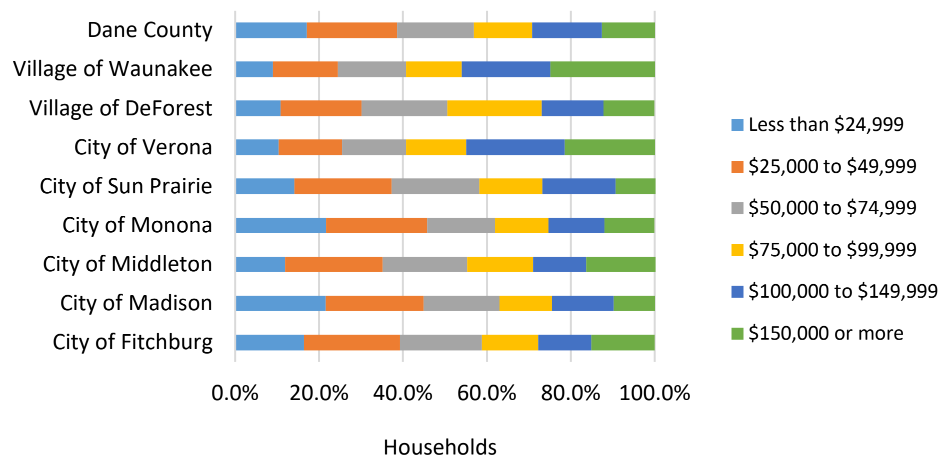
Figure 8. Income Distribution in Fitchburg



Source: 2012-2016 ACS Estimates

Figure 9. Income Distribution in Fitchburg and Regional Peers

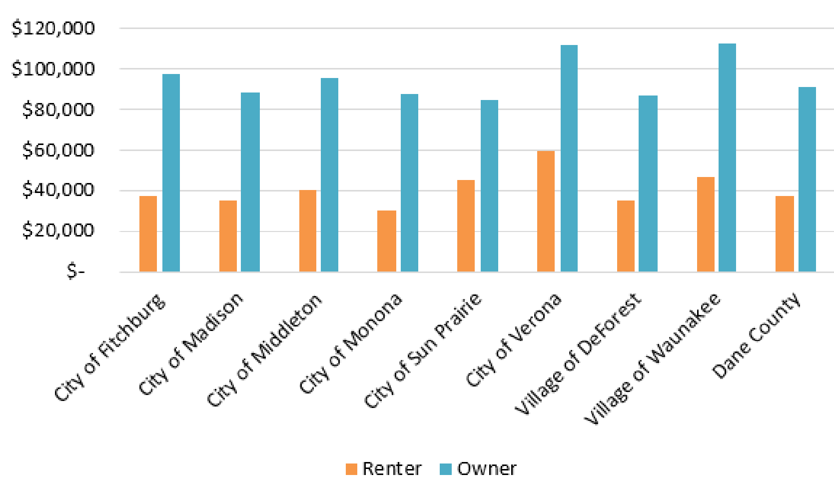
[1] Median household income is an income level earned by a household where half of the homes in the area earn more and half earn less. Median income can give a more accurate picture of economic status as it eliminates the influence of extremely high and extremely low incomes.



Source: 2012-2016 ACS Estimates

Although incomes are rising in the community, Fitchburg has the second largest difference ($60,186) between median owner- and renter- household incomes (see Figure 5), behind Waunakee (a difference of $65,843). The only communities with lower median renter household incomes are Madison ($35,192), Monona ($30,526) and DeForest ($35,233). Peer communities with higher median incomes for owner households are Verona ($112,068) and Waunakee ($112,416).

Figure 10. Median Household Incomes and Tenancy in Fitchburg and Regional Peers



Source: 2016 ACS Estimates

Table 6 below indicates for Fitchburg and peer communities their percentage of the County's housing units, extremely low income renters, and households earning more than 100% AMI (Area Median Income). The figure shows that Fitchburg's percentage of extremely low renter households is higher than its proportional share of the County's total occupied housing units, similar to the Cities of Madison and Monona.

Table 6. Distribution of Housing Units and Certain Income Categories of Households in Fitchburg and Regional Peers

	Occupied Housing Units	% of County's Total Occupied Housing Units	% of County's Extremely Low Income (< 30% AMI) renter households	% of County's Greater Than 100% AMI Households
City of Fitchburg	10,790	5.1%	6.7%	5.2%
City of Madison	104,085	49.3%	63.7%	43.3%
City of Middleton	8,565	4.1%	3.2%	4.3%
City of Monona	3,940	1.9%	2.5%	1.6%
City of Sun Prairie	12,315	5.8%	5.2%	5.9%
City of Verona	4,750	2.3%	1.1%	3.2%
Village of DeForest	3,635	1.7%	1.2%	1.7%
Village of Waunakee	4,635	2.2%	1.0%	3.0%

Source: Dane County Housing Needs Assessment 2018 Update (HUD CHAS, 2011-2015 census (most recent available). Renter households with less than 30% of AMI are reduced by 4285 to reflect estimates of number of student households near UW-Madison as described in 2015 report.)

Fitchburg Workers

Approximately 20% of the 11,000 people employed in Fitchburg also live in the City. An estimated 31% live in Madison, and another 18% live in nine other nearby communities, including (in order) Verona, Oregon, Janesville, Sun Prairie, Town of Madison, Stoughton, Town of Oregon, Evansville and Monona. Based on median values for single family homes in those communities, ownership housing for those commuters costs about 20% less than for Fitchburg residents.

HOUSING UNIT PROFILE (SUPPLY)

Unit Types

According to the Fitchburg Housing Assessment (2014), Fitchburg has the lowest percentage of single, detached housing units (conventional single family homes) as compared to its regional peers (see Table 7). Table 8 below describes the City's housing units by type, and also shows change from the 2000 Census to the 2015 5-Year American Community Survey data. Most notable in the comparison of 2000 and 2015 data is the percentage increase of single, attached units, which are typically duplex or townhome condominiums – there were almost as many of these built as there were single family homes in that period, representing a 135% increase. Similarly, regional peers Sun Prairie and Verona also had greater than a 100% increase in the number of duplex/townhome units between the 2000 Census and 2015 5-Year American Community Survey data (Table 9). These three communities have also had the largest increases in total population between the 2000 Census and 2015 5-Year American Community Survey. This seems to indicate a trend in condo development in the fastest growing communities outside of Madison. Also notable is the decline of 5 to 19 unit structures in Fitchburg between the 2000 Census and 2015 5-Year American Community Survey data.

Table 7. Units in Structure in Fitchburg and Regional Peers

	1, detached	1, attached	2 to 4	5 to 19	20+
City of Fitchburg	41.2%	10.8%	6.8%	19.8%	21.4%
City of Madison	43.6%	6.1%	13.2%	15.5%	21.7%
City of Middleton	41.4%	8.6%	9.2%	21.8%	19.1%
City of Monona	55.3%	1.5%	7.1%	14.1%	22.0%
City of Sun Prairie	51.1%	14.7%	11.6%	12.2%	10.3%
City of Verona	63.4%	14.4%	6.1%	4.9%	11.2%
Village of DeForest	58.3%	15.1%	16.1%	7.3%	3.1%
Village of Waunakee	67.8%	10.6%	8.2%	6.3%	7.1%
Dane County	54.0%	7.4%	10.6%	12.9%	15.1%

Source: Housing Assessment (2012 ACS Estimates)

Table 8. Summary of Units in Structure in Fitchburg

	1, detached	1, attached	2 to 4	5 to 19	20+	Count
rent	6.3%	***6.4%***	***13.7%***	***29.8%***	***43.3%***	5,460
own	80.0%	***12.5%***	***1.6%***	***4.1%***	***1.2%***	5,331
2000	3,595	434	704	1,919	1,947	8,599
2015	4,607	***1,021***	***835***	***1,846***	***2,429***	10,791
change-units	1,012	587	131	(73)	482	2,192
rate of change	28.2%	135.3%	18.6%	-3.8%	24.8%	25.5%

Source: Fitchburg Housing Assessment (US Census) updated with 2015 ACS Estimates
Note: estimates that have an error of 10% or greater are bolded and italicized

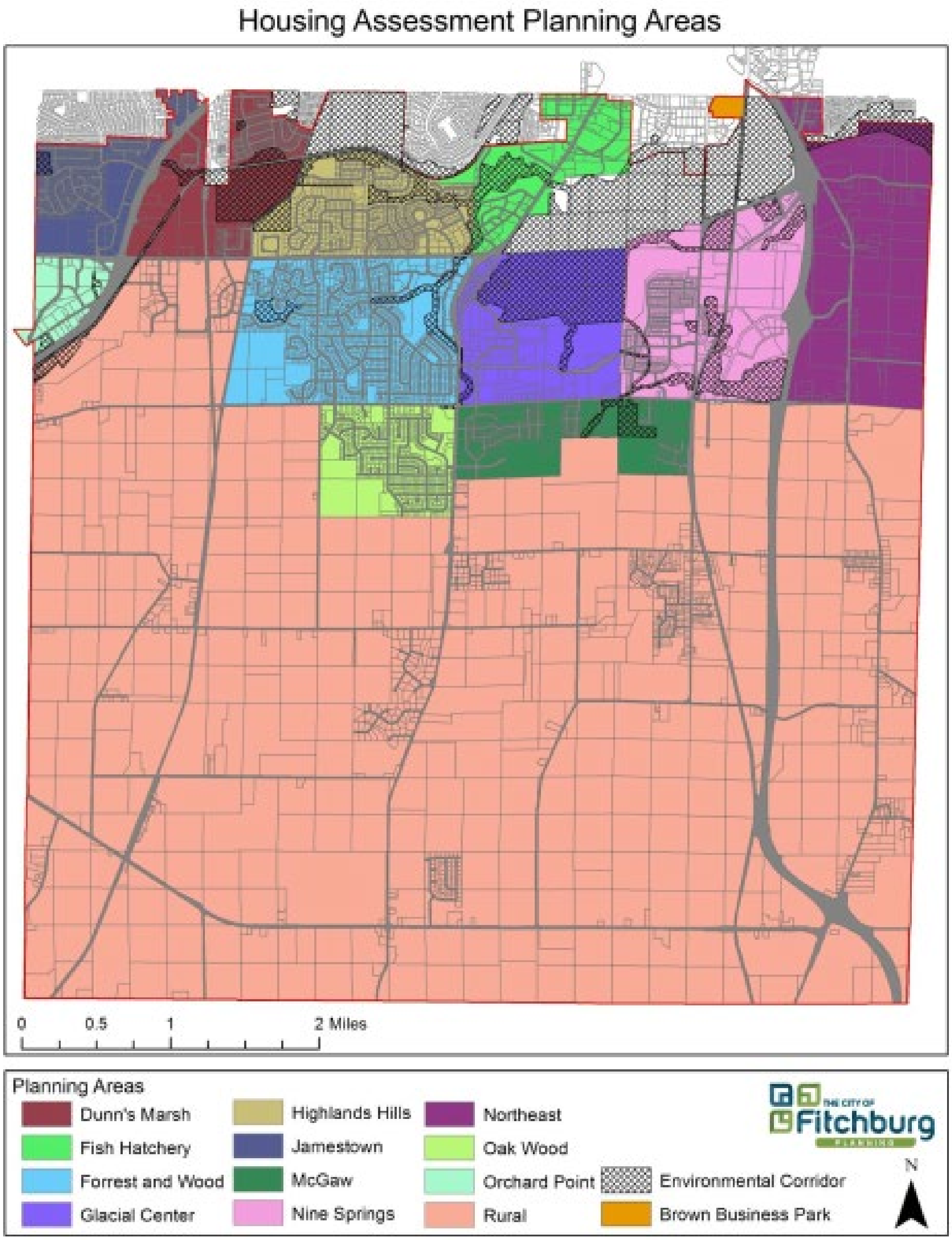
Table 9. Change of Units in Duplex/Townhomes in Fitchburg and Regional Peers

	2000 Census	2015 ACS Estimates	Change in Units	% Change in Units
City of Fitchburg	434	***1,021***	587	135.3%
City of Madison	4,227	5,721	1,494	35.3%
City of Middleton	561	***704***	143	25.5%
City of Monona	89	***69***	(20)	-22.5%
City of Sun Prairie	782	***1,880***	1,098	140.4%
City of Verona	221	***548***	327	148.0%
Village of DeForest	363	***533***	170	46.8%
Village of Waunakee	323	***541***	218	67.5%
Dane County	9,273	14,037	4,764	51.4%

Source: US Census and 2015 ACS Estimates
Note: estimates that have an error of 10% or greater are bolded and italicized

The 2014 Fitchburg Housing Assessment also calculated the distribution of unit type among various planning areas within Fitchburg. See Figure 11. These neighborhoods were defined based on neighborhoods, subdivisions and roadways. Table10 below shows that a relatively high percentage of units within the Dunn's Marsh, Jamestown and Fish Hatchery neighborhoods are in structures with 10 or more units. A high percentage of units within Glacial Center, Highlands Hills, Northeast and Oak Wood are in 1 unit structures (single family homes and condos).

Figure 11. Fitchburg Planning Areas



Source: Fitchburg Housing Assessment(2014)

Table 10. Distribution of Units in Structure by Unit Counts (by planning area in Fitchburg)

	Dunn's Marsh	Forest and Wood	Glacial Center	Highlands Hills	Jamestown	McGaw	Nine Springs	Northeast	Oak Wood	Fish Hatchery	Rural	Total	%
1 unit	26%	75%	95%	80%	35%	77%	59%	94%	84%	9%	77%	5695	47%
2 units	5%	5%	5%	2%	7%	23%	25%	6%	16%	0%	7%	792	7%
3 or 4 units	6%	1%	0%	0%	5%	0%	0%	0%	0%	0%	4%	213	2%
5 to 9 units	5%	0%	0%	5%	1%	0%	0%	0%	0%	0%	4%	189	2%
10 to 19 units	14%	3%	0%	1%	1%	0%	0%	0%	0%	6%	3%	487	4%
more than 20 units	44%	16%	0%	12%	51%	0%	16%	0%	0%	85%	6%	4620	39%
Total units	**1,339**	**1,819**	**85**	**1,029**	**1,473**	**488**	**854**	**108**	**696**	**3,162**	**924**	**11,996**	**100%**

*unit counts based in part on ownership so condos in multifamily buildings are counted as single unit residences

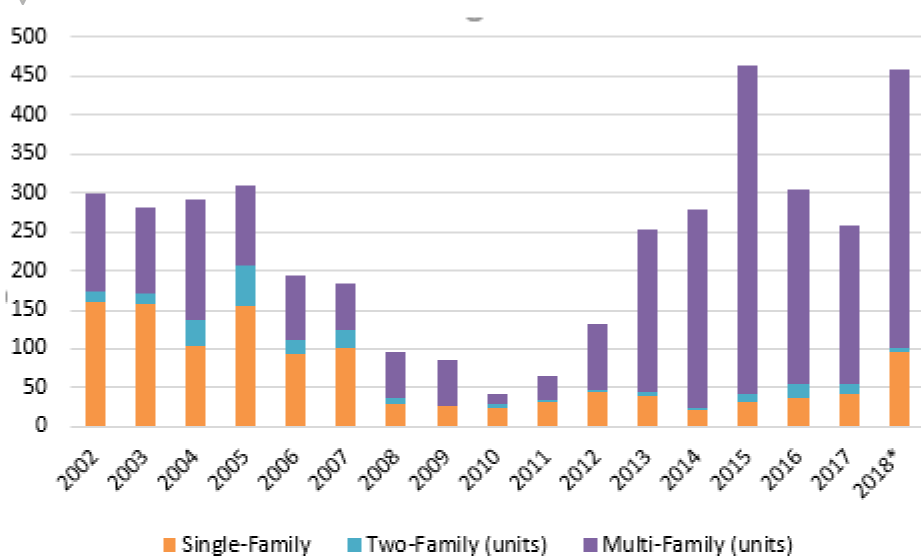
Source: Fitchburg Housing Assessment (2012 ACS Estimates)

Timing of Housing Stock Construction

The City maintains records of new housing construction, through its building permit records. Looking back over the past 17 years in greater detail (Figure 12) we see the effects of the Great Recession, in which permits hit a low in 2010 and have since rebounded to pre-recession levels. But there are some important differences by unit type. Single-family homes had been going up at 100-150 units per year before the recession and only returned to pre-recession levels in 2018. Duplex units have always been a small minority of total new units and that share is smaller now – few have been built since 2008. Of greatest significance is the boom in multi-family construction, well exceeding pre-recession trends. Between 2013 and 2018 there were over 1,600 new multi-family units constructed within the City.

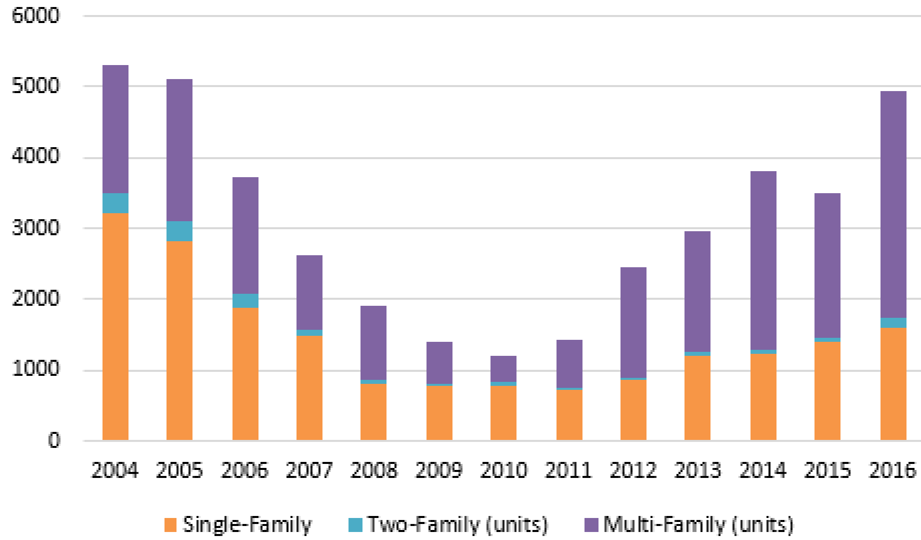
The Madison Metropolitan Area (Columbia, Dane, Green and Iowa Counties) saw construction of around 1,600 single-family units in 2016, which is just over half of what it was pre-recession (~3,000 units). Construction of duplex units is nearly at half (120 units) of what it was pre-recession (280 units) and construction of multi-family units has surpassed pre-recession levels (~2,000 units) and was at approximately 3,200 units in 2016 (Figure 13).

Figure 12. Total Units Permitted by Unit Type in Fitchburg



Source: 2016 Building Inspection Annual Report, City Permit Data

Figure 13. Total Units Permitted by Unit Type in Madison Metropolitan Area (Columbia, Dane, Green and Iowa Counties)

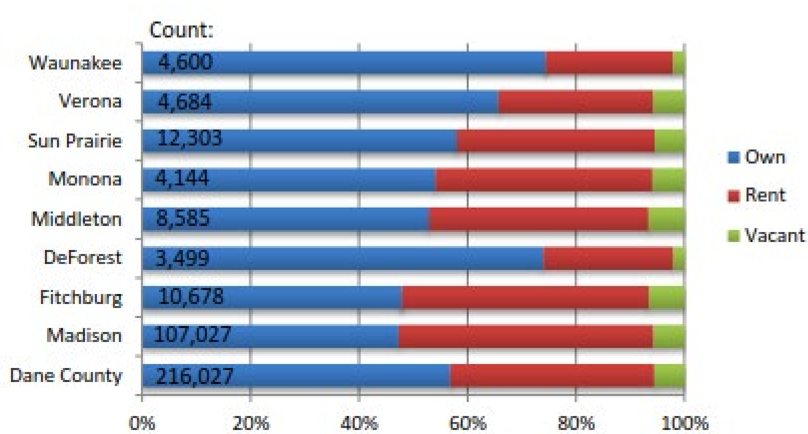


Source: Census Building Permits Survey

OCCUPANCY

Similar to Madison, Fitchburg has one of the lowest percentages of owner-occupied housing units (49.6%) among its regional peers and one of the highest percentage of renters (45.5%); see Figure 14.

Figure 14. Housing Tenancy Distribution in Fitchburg and Regional Peers



Source: Fitchburg Housing Assessment (2012 ACS)

Census data suggest an increase in the percentage of owner-occupancy between 2000 and 2010, and then a surge in rental households after 2010 (see Table 11). These trends are consistent with the City's building permit data, showing that new unit construction before the Great Recession was majority single family and townhome (likely condominium) construction, and then switched to majority multi-family construction afterward.

Table 11. Housing Tenancy Distribution in Fitchburg

	Own	Home Owner Vacancy Rate	Rent	Rental Vacancy Rate
2000	43.9%	1.0%	52.6%	4.6%
2010	49.5%	2.7%	43.8%	8.4%
2016	49.6%	1.2%	50.4%	0.6%
2000 to 2016 Change	5.7%	N/A	-2.2%	N/A

Source: Fitchburg Housing Assessment (US Census, 2016 ACS Estimates)

A typical healthy vacancy rate for homeowners is around 1%. This low number takes into account the fact that owners tend to continue living in homes that are on the market, and vacancy between owners is typically brief. Extended home vacancy that shows up in the vacancy statistic is typically due to circumstances such as job relocation or foreclosure. A vacancy rate of 1.2% is healthy for the City of Fitchburg.

Per the ACS (2012-2016), the vacancy rate for rental units in the City has been around 0.6%. Madison was at 1.9% and Dane County at 2.2% in the same period per that data. Data available from Madison Gas & Electric for the third quarter of 2018 show 3.7%-5.2% vacancy in the three zip codes that include most of Fitchburg's neighborhoods (53711, 53713, and 53719). A desirable rental vacancy rate is around 5%-7% - this is where there is balance between the interests of rental property owners and renting households. These data indicate a rising vacancy rate that is approaching balance in the market and may be an indicator that construction is finally catching up with demand.

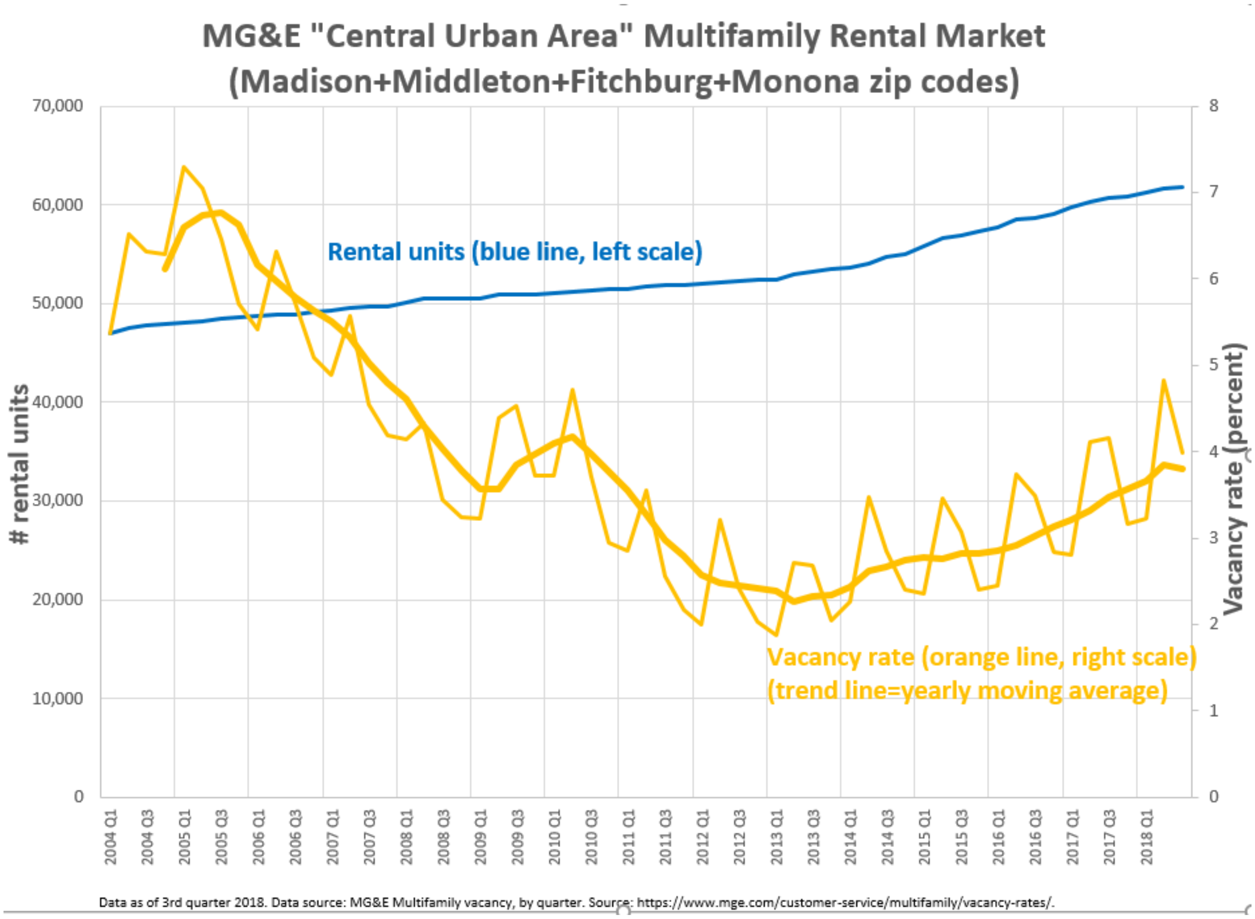
Table 12. MG&E Vacancy Rates 3rd Quarter 2018 for Fitchburg

MG&E Vacancy Rates 3rd Quarter 2018	
53711 (Central Fitchburg, West Madison)	3.66%
53713 (N. Fish Hatchery, T. Madison, C. Madison)	5.20%
53719 (Jamestown Neighborhood, C. Madison)	3.69%

Source: Madison Gas & Electric

Figure 15 shows increases in the total number of multi-family rental units and the vacancy rate for multi-family rental units for a wider portion of the Madison Gas & Electric service area (Madison, Middleton, Fitchburg and Monona). Within the service area, the number of rental units increased by nearly 15,000 between 2004 and 2018. Between 2005 and 2013 the vacancy rate dropped from 6.0% to 2.5%. Since 2013, the vacancy rate has increased to nearly 4.0% in 2018; within the range of where Fitchburg's vacancy rate falls.

Figure 15. MG&E Multifamily Rental Market Vacancy Q1 2004 to Q3 2018



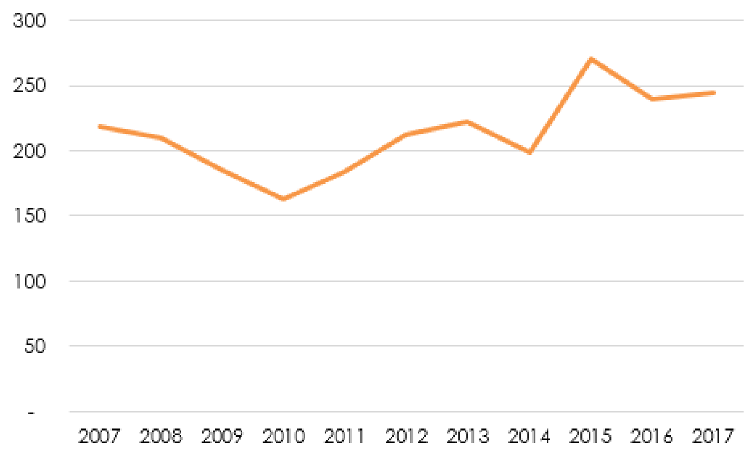
Source: Dane County Housing Needs Assessment Update 2018

HOUSING MARKET

HISTORIC HOME SALES

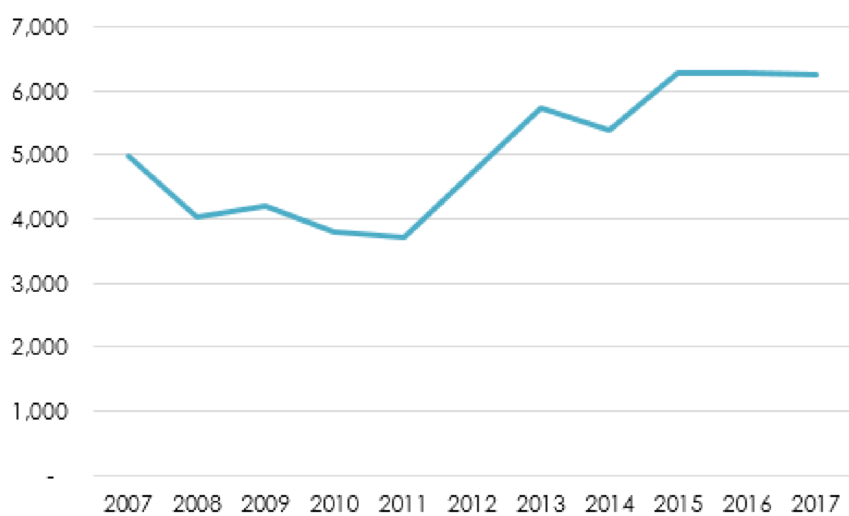
Annual single family home sales dipped during the Great Recession but have since surpassed pre-recession levels. Approximately 245 homes were sold in 2017 as compared to 219 in 2007. Over the past 11 years home sales were lowest in 2010 at 163 units and peaked in 2015 at 271 units (Figure 16). Home sales were lowest in the County in 2011 (3,726) and highest in 2016 (6,289) (Figure 17). In Fitchburg, median sale values were lowest in 2010 ($257,000) and as of November 2017, are the highest they have been in at least 11 years ($324,750). The median sale value of homes in Fitchburg has historically been higher than in Dane County. As of November 2018, Dane County was also experiencing the highest median sale value it has seen in at least ten years ($280,000) (Figure 18).

Figure 16. Annual Number of Single Family Home Sales in Fitchburg



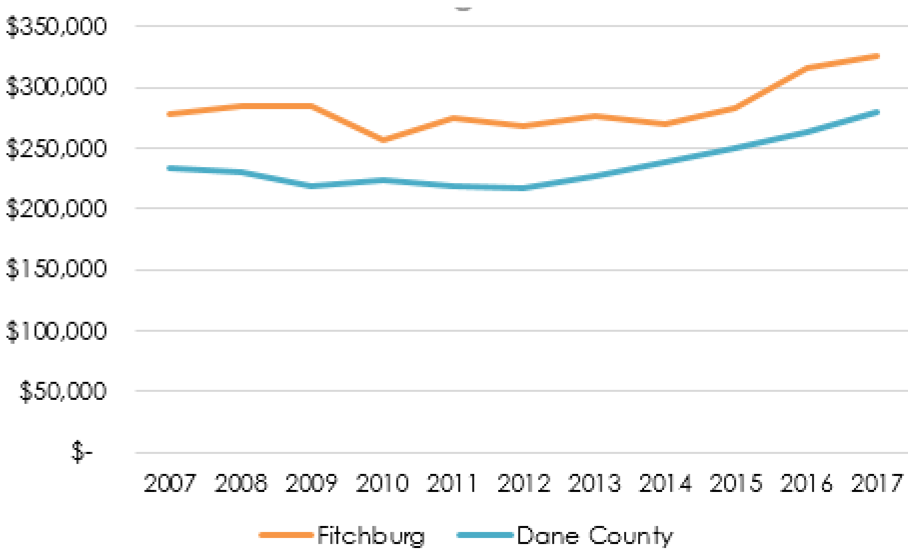
Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

Figure 17. Annual Number of Single Family Home Sales in Dane County



Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

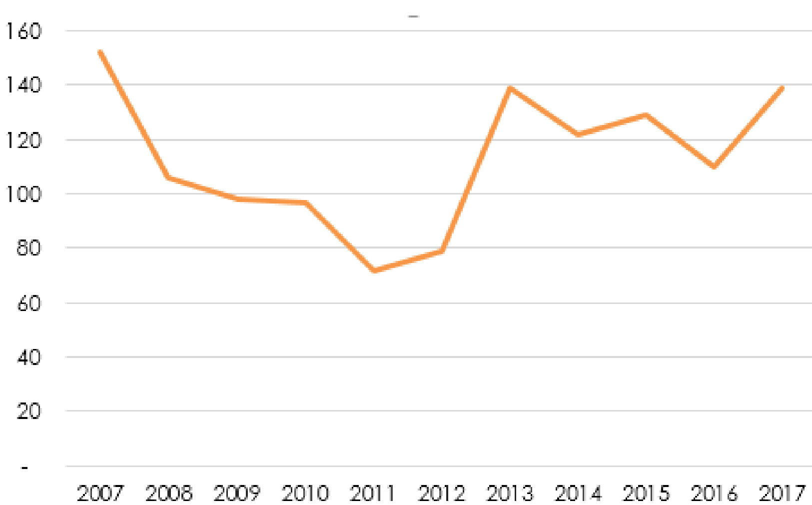
Figure 18. Median Value of Annual Single Family Home Sales in Fitchburg and Dane County



Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

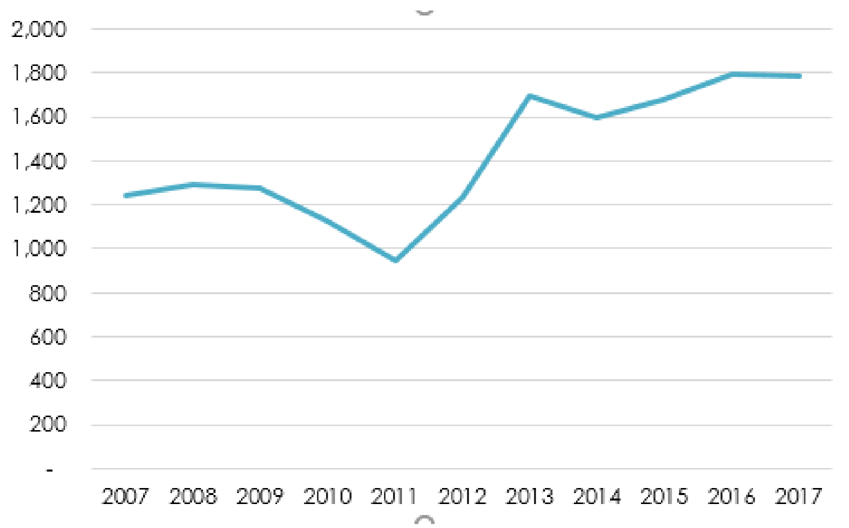
Condo sales in Fitchburg were at 139 in 2017, nearly back to 2007 levels (152 units sold). Condo sales hit a low in 2011 at 72 units in Fitchburg and 944 units in Dane County. The number of condos sold in Fitchburg has been up and down over the last 11 years, even more so than in Dane County. Prices have been more stable, and the median condo sale price in Fitchburg was $215,500 in 2017, above the median sale price in 2007 ($204,900). The median sale price of a condo in 2017 in the County ($183,500) has not surpassed the $197,000 it was at in 2007.

Figure 19. Annual Number of Condo Sales in Fitchburg



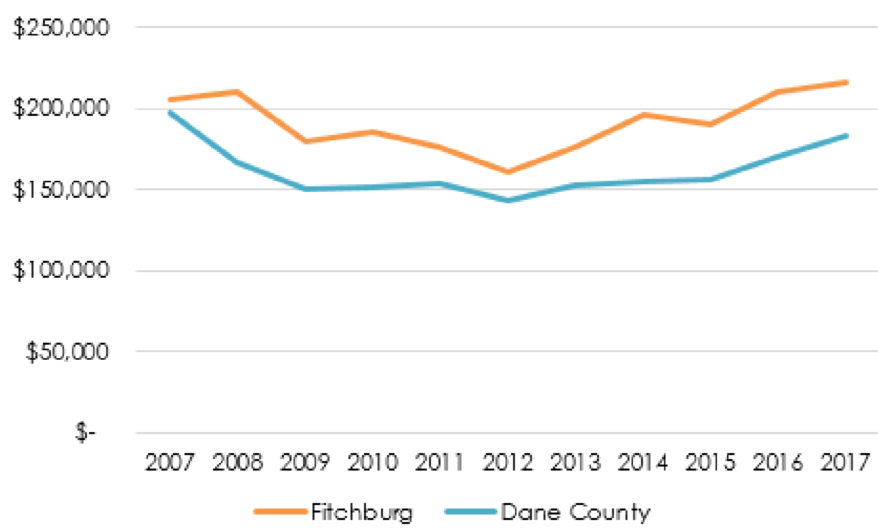
Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

Figure 20. Annual Number of Condo Sales in Dane County



Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

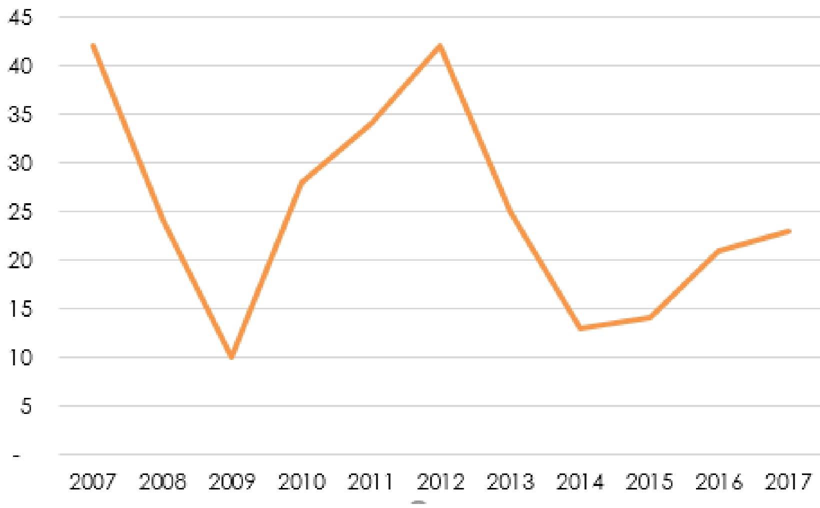
Figure 21. Median Value of Annual Condo Sales in Fitchburg and Dane County



Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

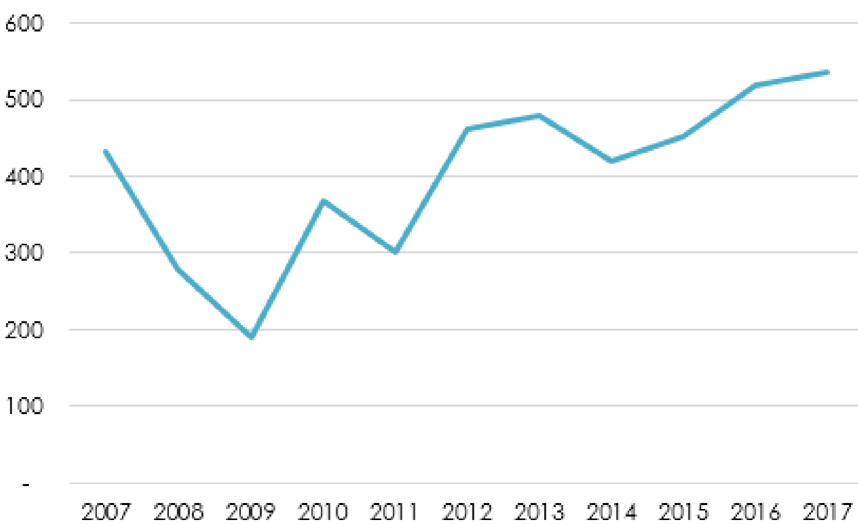
Lot sales in Fitchburg have also been very up and down over the last 11 year. Sales decreased from 2007 to 2009, increased from 2009 to 2012, decreased through 2014 and have since been increasing. Lot sales in 2017 (23) were approximately half of what they were in 2007 (42). In the County, lot sales have also been erratic, however lot sales in 2017 (537) have surpassed 2007 levels (432). Lot Prices in Fitchburg and the County are more similar than we see in any other real estate transaction summarized in this report. In 2017, the cost of lots in Fitchburg ($99,900) and Dane County ($102,900) were nearly identical.

Figure 22. Annual Number of Lot Sales in Fitchburg



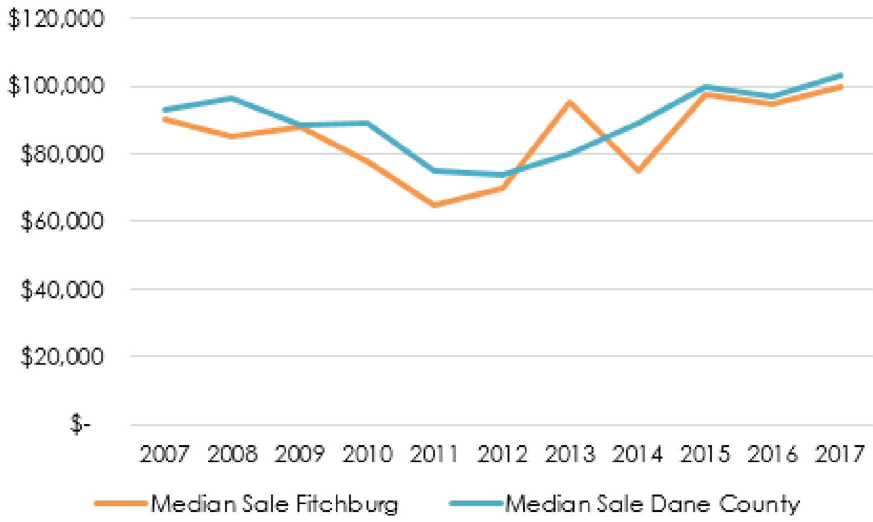
Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

Figure 23. Annual Number of Lot Sales in Dane County



Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

Figure 24. Median Value of Annual Lot Sales in Fitchburg and Dane County



Source: Multiple Listing Service (MLS) data (accessed 1/12/2018)

ACTIVE LISTINGS

On November 28, 2017 there were 135 properties listed for sale in Fitchburg (40 condos and 57 single family homes, 38 lots and 0 multi-family homes). The median listing price of single family homes in Fitchburg is 12% higher than in Dane County. As price is an indicator of demand, this signals that single family homes in Fitchburg are in higher demand when compared to single family homes in the county as a whole. The median listing price of condos and lots in Fitchburg and Dane County are similar (≤2% difference for both types).

Table 13. Active Listings in the City of Fitchburg and Dane County

	Fitchburg Single Family	Dane County Single Family	Fitchburg Condos	Dane County Condos
Total Listings	57	1254	40	341
Median Days on Market	69	75	97	64
High List Price	$1,350,000	$3,199,900	$409,900	$1,495,000
Low List Price	$129,900	$45,000	$104,000	$65,000
Median List Price	$379,900	$339,900	$251,700	$249,900

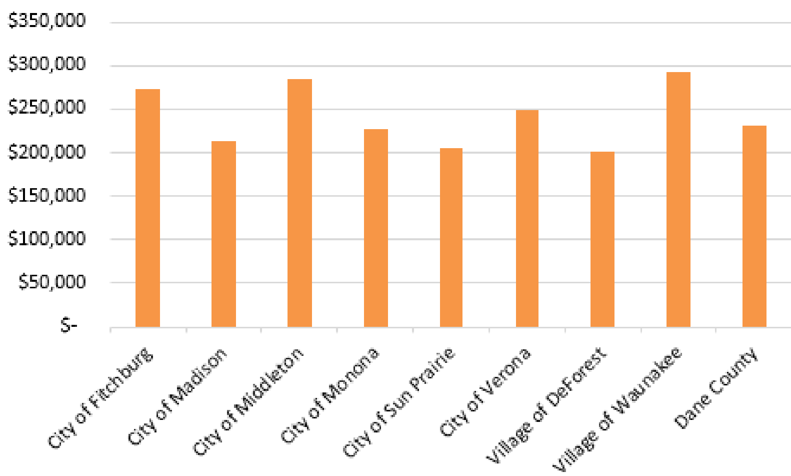
Source: Multiple Listing Service (MLS) data (accessed 11/28/2017)

HOUSING COST

VALUE

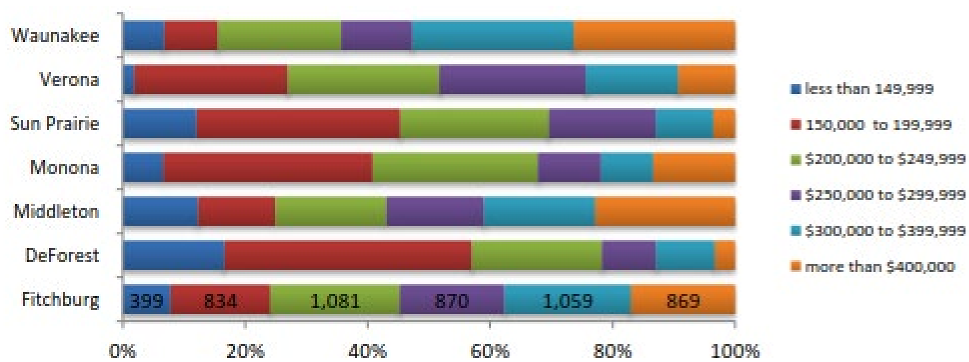
The median home value in Fitchburg ($272,000) is on the higher end when compared to regional peers. The only communities with a higher median home value are Middleton ($284,500) and Waunakee ($293,200). About 24% of Fitchburg owner-occupied units are valued at less than $200,000; among regional peers, only Waunakee has fewer units in this price range (see Figure 26). This correlates with the age of housing in these communities, and the relative lack of homes built before 1970. When Fitchburg's median home values are broken down by neighborhood, the highest median home value is in Highland Hills ($424,100) and the lowest is in Fish Hatchery ($150,150).

Figure 25. Median Value of Owner-Occupied Units in Fitchburg and Regional Peers



Source: 2015 ACS Estimates

Figure 26. Single Family Home Value Distribution in Fitchburg and Regional Peers



Source: Fitchburg Housing Assessment (2012 ACS Estimates)

Table 14. Median Value of Owner-Occupied Units by Neighborhood in Fitchburg

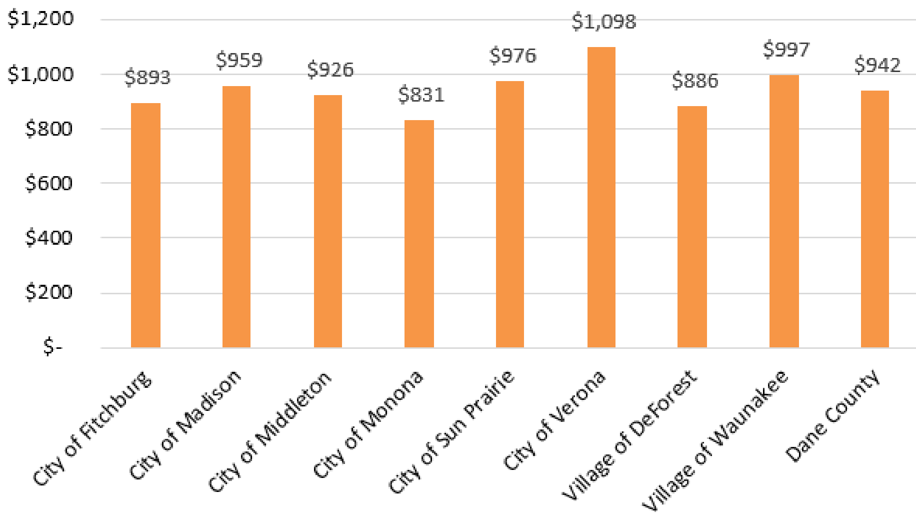
	Dunn's Marsh	Forest and Wood	Glacial Center	Highlands Hills	Jamestown	McGaw	Nine Springs	Northeast	Oak Wood	Fish Hatchery	Rural	Total
Median (dollars)	$175,500	$ 296,100	$211,600	$ 424,100	$ 194,600	$253,600	$ 290,200	$ 193,300	$254,350	$150,150	$215,200	$259,300

Source: Fitchburg Housing Assessment (2014)

RENT

Per the 2016 American Community Survey, median rent in Fitchburg was $893, lower than most peer communities. The only communities with lower median rents were the City of Monona ($831) and the Village of DeForest ($886) (Figure 27).

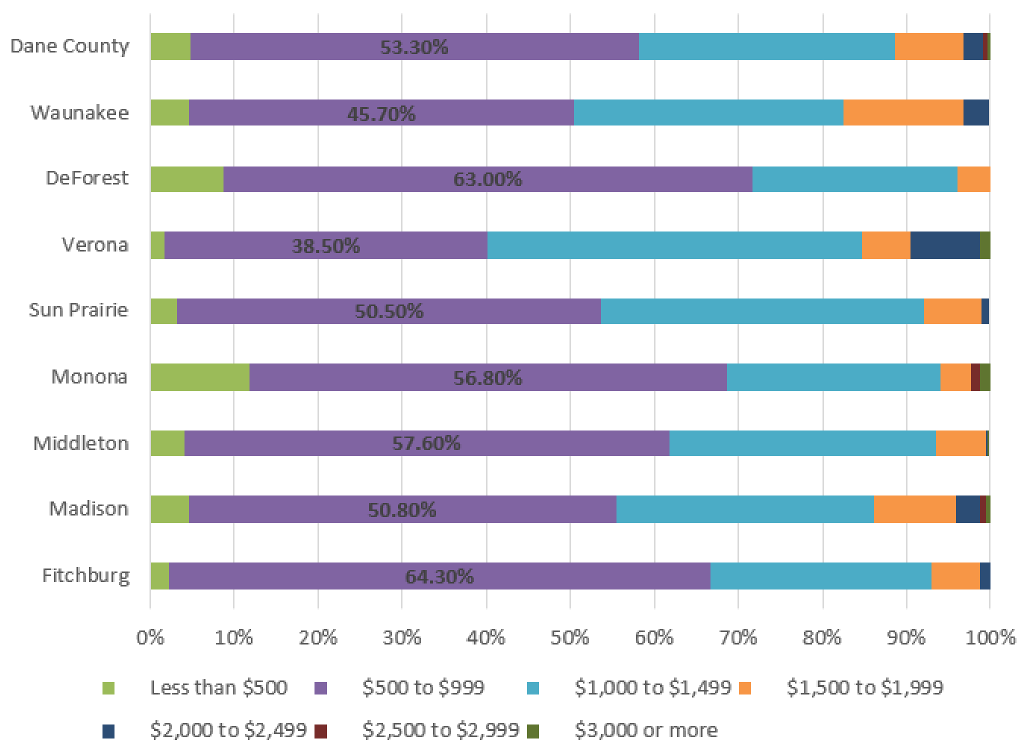
Figure 27. Median Rents in Fitchburg and Regional Peers



Source: 2016 ACS Estimates

Approximately 69% of rental units in the City are available at $1,000 or less, one of the highest shared of such units in the metro area (Figure 28). However Fitchburg has the lowest supply of rental units that are less than $500 per month. Fitchburg falls in the middle of the pack with regards to the supply of high end rental units at $2,000 or more.

Figure 28. Rent Distribution in Fitchburg and Regional Peers



Source: 2016 ACS Estimates

AFFORDABLE HOUSING

INCOME AND AFFORDABILITY

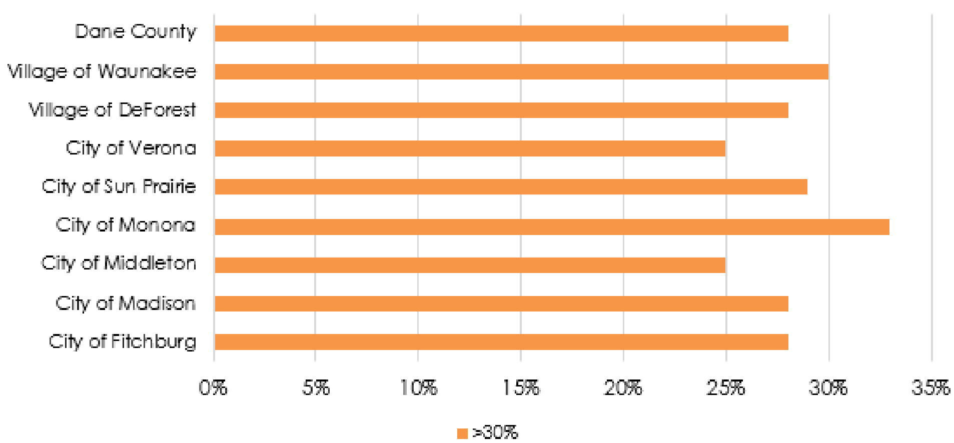
Affordability is measured by the percentage of income that a household pays for housing costs. Housing is generally considered affordable when it consumes 30% or less of household income.

OWNER-OCCUPIED AFFORDABILITY

As of the 2012 ACS estimates, approximately 28% of homeowners spend more than 30% of their income on ownership costs (including mortgage, taxes, insurance, utilities, etc.). This percentage is similar to Fitchburg's regional peers and the County average. More recent 2015 ACS estimates suggest that just 23% of homeowners spend more than 30% of their income on ownership costs in Fitchburg. This change from the 2012 data does not reflect a drop in housing costs, but it could indicate either an increase in incomes or, more likely, sampling error, or some combination of the two.

It is important to note that this measure of affordability is only counting people who live in Fitchburg, comparing their incomes to their housing costs.

Figure 29. Households Spending >30% on Select Ownership Costs

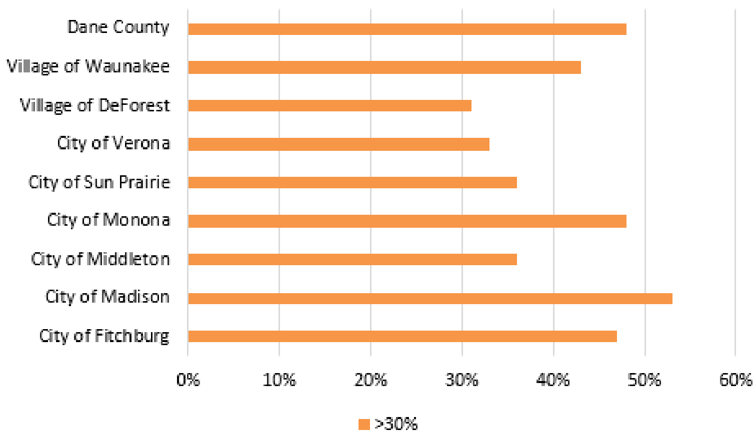


Source: Fitchburg Housing Assessment (2012 ACS Estimates)

RENTER-OCCUPIED AFFORDABILITY

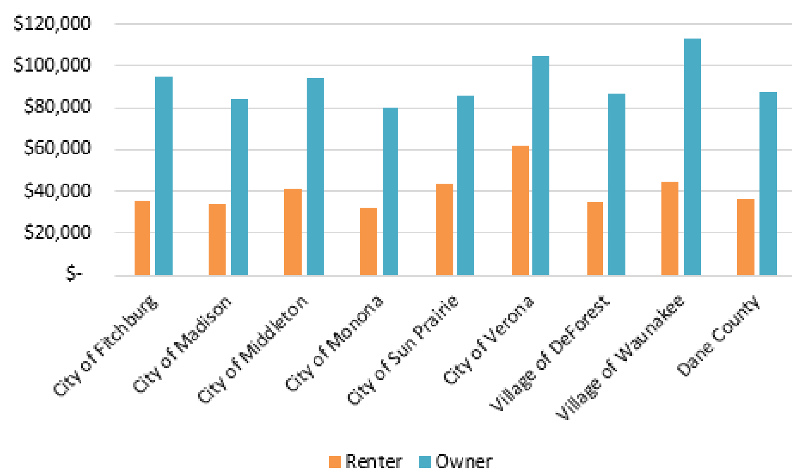
As of the 2012 ACS estimates (and verified as similar in the 2015 figures), approximately 47% of Fitchburg renters spend more than 30% of their income on rental costs. This percentage is on the higher end of Fitchburg's regional peers and only slightly lower than the City of Madison (53%), City of Monona (48%) and Dane County as a whole (48%). This finding is notable because Fitchburg also has a relatively low median rent – an indication of lower household incomes among renter households. This finding is confirmed in Figure 31 below. In fact Fitchburg has the second largest difference ($59,700) between median owner- and renter- household incomes, behind Waunakee (a difference of $68,400). The only communities with lower median renter household incomes are Madison ($33,900), Monona ($32,000) and DeForest ($34,600). Peer communities with higher median incomes for owner households are Verona ($105,200) and Waunakee ($113,000).

Figure 30. Households Spending >30% on Gross Rent



Source: Fitchburg Housing Assessment (2012 ACS Estimates)

Figure 31. Household Incomes and Tenancy in Fitchburg and Regional Peers



Source: 2015 ACS Estimates

AREA MEDIAN INCOME (AMI)

Area Median Income (AMI) is a measure generated by the US Department of Housing and Urban Development for purposes of determining eligibility for certain federal housing programs.

AMI is based on household size and is the household income for the median household in a region. Classifications include:

Extremely Low Income
< 30% AMI

Very Low Income
< 50% AMI

Low Income
< 80% AMI

Affordable Housing Supply

Table 15 below shows Dane County's FY 2018 Area Median Income (AMI) limits, by household size, for income-qualified housing assistance. Table 16 shows what these income limits translate into for monthly affordable housing costs.

Table 15. Dane County (including Madison) FY 2018 Income Limits

	Persons in Family			
	1	2	3	4
Low Income Limits (80% of AMI)	$50,350	$57,550	$64,750	$71,900
Multifamily Tax Subsidy Limits (60% of AMI)	$38,520	$44,040	$49,560	$55,020
Very Low Income Limits (50% of AMI)	$32,100	$36,700	$41,300	$45,850
Extremely Low Income Limits (30% of AMI)	$19,250	$22,000	$24,750	$27,500

Source: Dane County Housing Needs Assessment 2018 Update (HUD Income Limits Briefing Materials)

Table 16. Dane County (including Madison) FY 2018 Monthly Affordable Housing

	Persons in Family			
	1	2	3	4
Low Income Limits (80% of AMI)	$1,259	$1,439	$1,619	$1,798
Multifamily Tax Subsidy Limits (60% of AMI)	$963	$1,101	$1,239	$1,376
Very Low Income Limits (50% of AMI)	$803	$918	$1,033	$1,146
Extremely Low Income Limits (30% of AMI)	$481	$550	$619	$688

Source: Dane County Housing Needs Assessment 2018 Update

Table 17 shows how Fitchburg stacks up to regional peer communities in terms of changes in rental housing stock between 2010 and 2015, specifically for the 30% AMI and 50% AMI households. The City had the smallest positive increase in the percentage of rental units affordable at 30% AMI (2%) between 2010 and 2015. Overall Fitchburg has one of the smallest percentages of rental units affordable at 30% AMI (5%), behind the City of Verona at 2%. At the time the Dane County Housing Needs Assessment Update 2018 was written, there were 250 rental units affordable to households at the 30% AMI in Fitchburg while there were 1,305 total households making 0-30% AMI (2011-2015 CHAS data). However, it has the highest percentages of rental units affordable to households earning 50% AMI (54% of units). There were, for example, 2,955 rental units affordable to households at 50% AMI and 2,855 renter households making 0-50% AMI.

Table 17. Rental Units Available, by Income Level, in Fitchburg and Regional Peers

	Total Rental Housing Units			Rental Units Affordable at 30% AMI			Rental Units Affordable at 50% AMI		
	2010	2015	% Change	2010	2015	% Change	2010	2015	% Change
City of Fitchburg	4,390	5,460	24.4%	245	250	2.0%	2,140	2,955	38.1%
City of Madison	46,970	54,295	15.6%	3,695	4,320	16.9%	15,350	21,725	41.5%
City of Middleton	3,030	3,985	31.5%	230	205	-10.9%	1,275	2,045	60.4%
City of Monona	1,500	1,780	18.7%	195	220	12.8%	835	945	13.2%
City of Sun Prairie	3,925	5,260	34.0%	270	245	-9.3%	1,510	2,060	36.4%
City of Verona	1,035	1,615	56.0%	85	30	-64.7%	310	530	71.0%
Village of Deforest	795	1,085	36.5%	75	145	93.3%	175	470	168.6%
Village of Waunakee	975	1,150	17.9%	60	70	16.7%	475	550	15.8%
Dane County	74,475	88,450	30.8%	6,286	7,526	19.7%	27,540	38,587	40.1%

Source: Dane County Housing Needs Assessment 2018 Update (HUD-CHAS special tabulations based on 2006-2010 and 2011-2015 ACS Estimates)

SUBSIDIZED UNITS

Table 18 below shows the distribution of the various types of publicly subsidized, income-qualified rental housing in Fitchburg and among the regional peers. Compared to regional peers, Fitchburg has a relatively high percentage of subsidized affordable rental housing, at 8.1%. Monona has a higher rate, and Sun Prairie and Madison have similar but slightly lower rates.

Table 18. Affordable Housing Distribution in Fitchburg and Regional Peers

	Public Housing		LIHTC	Assisted Multifamily Property					Housing Choice Voucher	Sum Total	% Total Units
	Bldgs	Units	Units	Elderly Units	Disabled Units	Family Units	Other Units	Total Units	Units		
City of Fitchburg	-	-	356	131	5	-	-	136	306	934	8.1%
City of Madison	98	722	2,117	563	86	981	14	1,644	1,710	7,935	7.2%
City of Monona	8	8	86	146	-	-	-	146	35	429	10.5%
City of Middleton	-	-	57	64	-	-	-	64	90	275	3.1%
City of Sun Prairie	15	28	387	94	-	56	-	150	297	1,027	7.8%
City of Verona	-	-	86	-	-	-	-	-	19	105	2.2%
Village of DeForest	3	36	53	-	-	-	-	-	31	123	3.3%
Village of Waunakee	-	-	88	-	-	-	-	-	25	113	2.3%
Dane County	132	823	3,766	1,227	95	1,037	14	2,373	2,513	10,941	4.9%

Source: Fitchburg Housing Assessment (HUD Geospatial 2010/2017; Housing Choice Voucher data from Rob Dicke, Dane County Housing Authority, 2017)

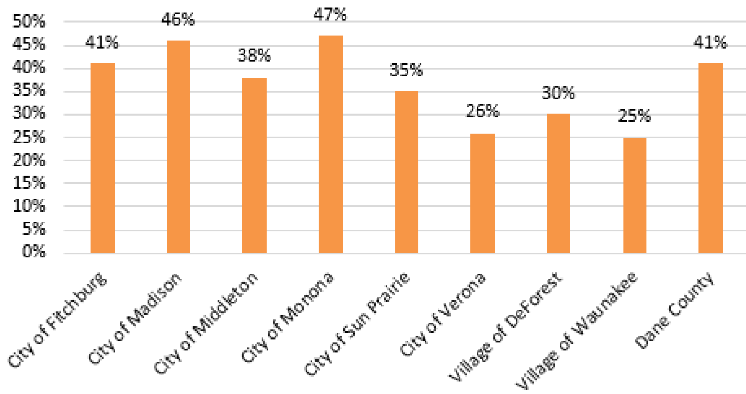
It is also important to recognize and acknowledge the public subsidy of owner-occupied housing. Home mortgage interest payments and real estate taxes can be deducted from federal income taxes, subsidizing the cost of home ownership for anyone that has sufficient income to pay federal income taxes. There is no readily available data describing who takes advantage of these credits in a specific place. Housing experts estimate somewhere between 50% and 75% of owner-occupied households benefit from this subsidy.

Conservatively, then, at least 33% of Fitchburg households have some type of public subsidy (including owner- and renter-occupied households).

ALICE (2014 Report)

ALICE stands for Asset Limited, Income Constrained, Employed households that earn more than the Federal Poverty Level, but less than the basic cost of living for the county (the ALICE threshold). The bare-minimum budget for household survival in Dane County is $28,608 for a single adult and $69,204 for two adults, one infant and one preschooler. The % ALICE households in Fitchburg and its regional peers are shown in the figure below. Fitchburg's % ALICE is the same as Dane County overall (41%) and just above the median (38%) for its regional peers.

Figure 32. Asset Limited, Income Constrained, Employed (ALICE) Households

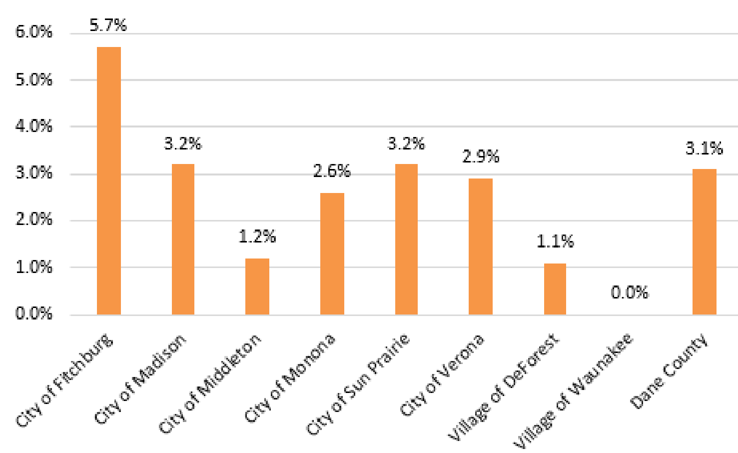


Source: Dane County ALICE Report (2014)

OVERCROWDED HOUSING

Overcrowded housing is defined by HUD as housing having more than one occupant per room. The Dane County Housing Needs Assessment notes that overcrowded housing can occur due to a lack of affordable larger rental units or renters doubling up for financial reasons. The percentage of overcrowded housing in Fitchburg is the highest of all regional peers (5.7%).This may be due to a lack of affordable larger rental units and the presence of racial and ethnic groups in Fitchburg that tend to have larger household sizes. According to 2014 ACS data, only 16% of rental units have three or more bedrooms in Fitchburg. Among its regional peers, Fitchburg has the highest percentage of African American (11%) and Hispanic residents (17%). Both African American and Hispanic households in Fitchburg tend to be renters (90-91%) and have larger average household sizes (2.72 and 3.59, respectively).

Figure 33. Overcrowded Rental Housing

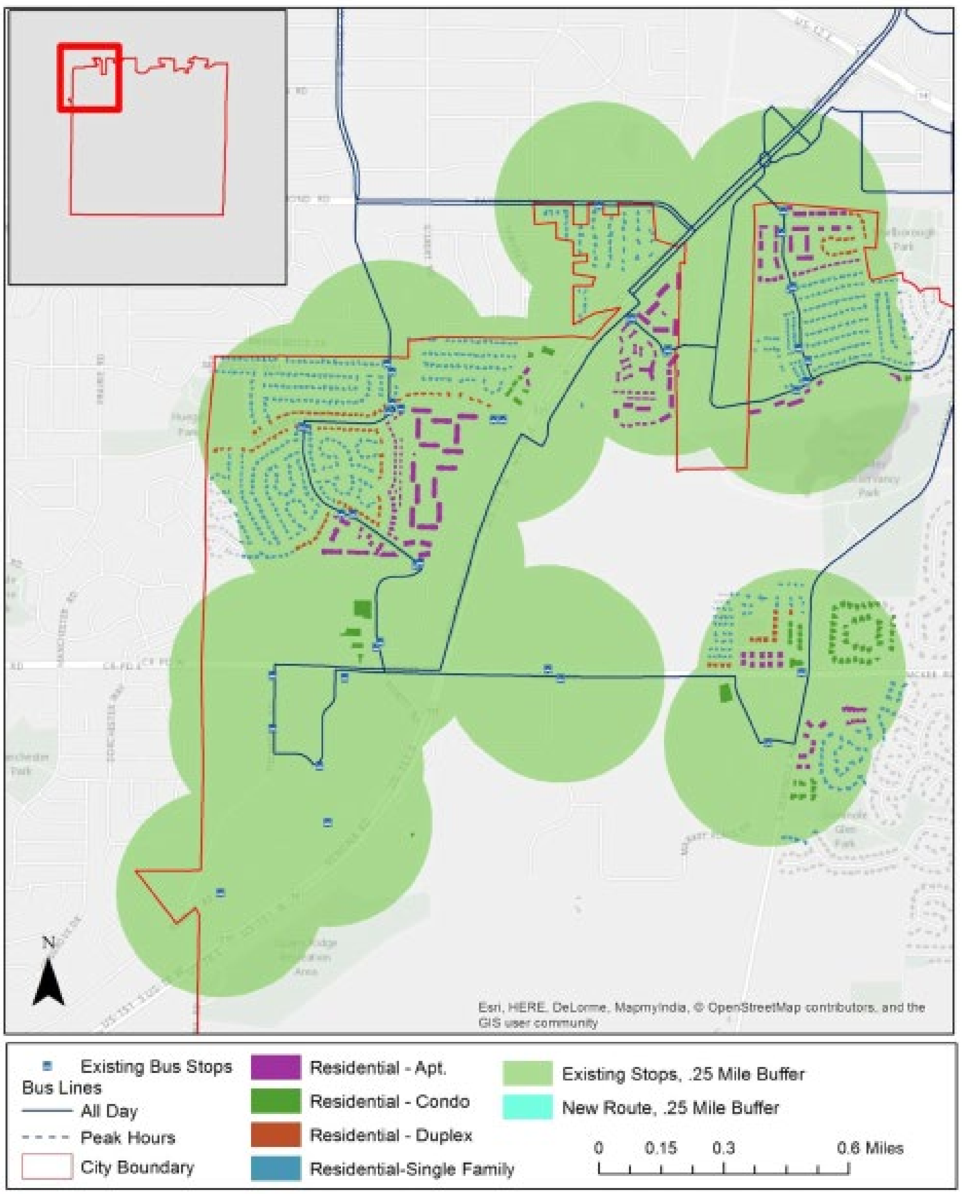


Source: Dane County Housing Needs Assessment (2006-2010 HUD CHAS data)

TRANSIT ACCESS

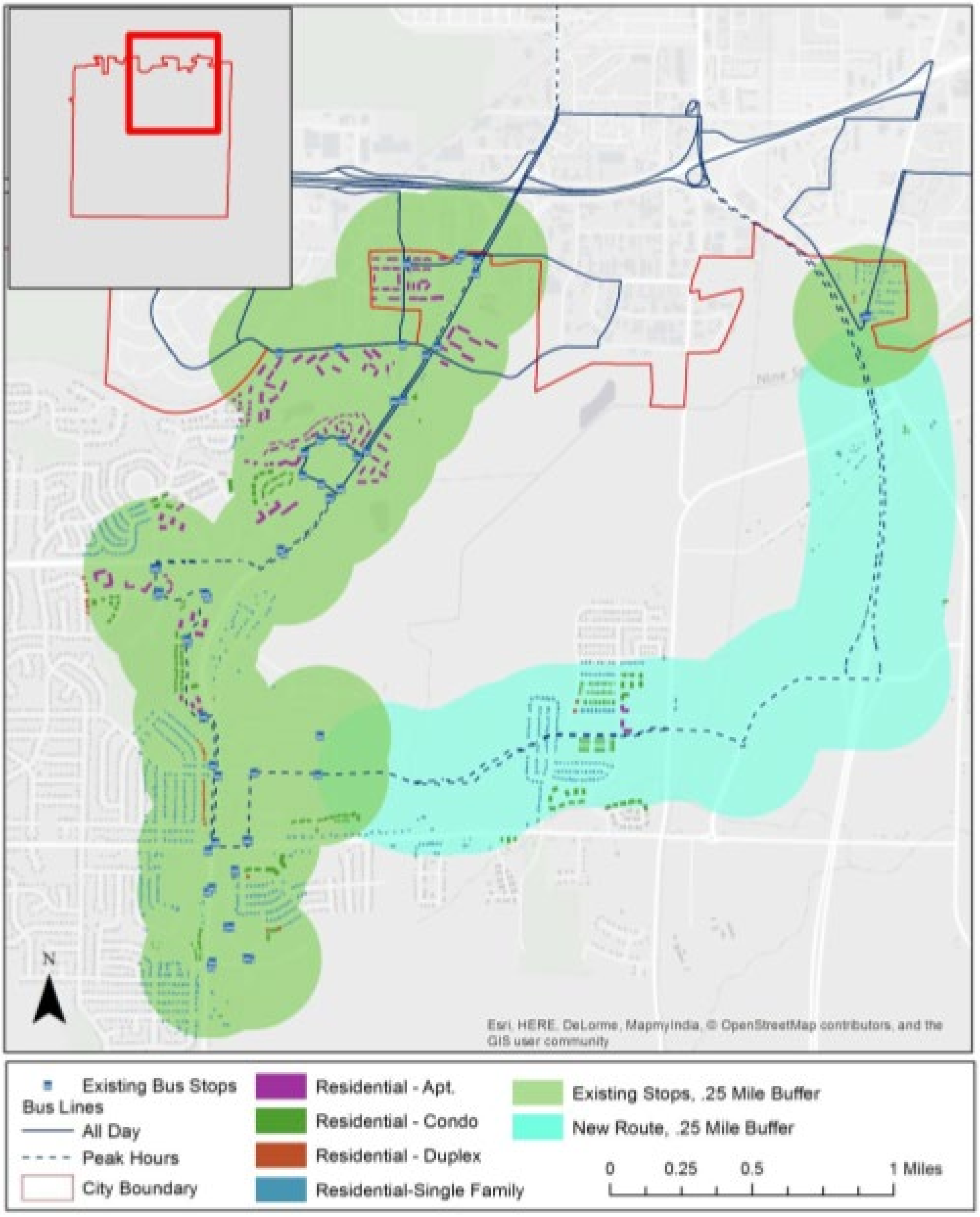
Figures 34 and 35 on the following pages show dwelling units with transit access. Table 19 shows dwelling units with transit access by planning area. Overall 69% of Fitchburg has access to at least peak hour service. Areas with lower percentages of single family homes generally correspond to a lower percentage of units with access to transit. Conversely, it is the areas with a high percentage of multifamily units that have the best access to transit. This is a good thing. The 2014 Fitchburg Housing Assessment notes that those living in multi-family units are more likely to rent, and renters are more likely to experience cost burden which shrinks the budget for other expenses, including transportation.

Figure 34. Dwelling Units with Transit Access in Northwest Fitchburg



Source: Fitchburg Housing Assessment (2014)

Figure 35. Dwelling Units with Transit Access in Northeast Fitchburg



Source: Fitchburg Housing Assessment (2014)

Table 19. Dwelling Units with Transit Access by Planning Area in Fitchburg

	1 unit	2 units	3 or 4 units	5 to 9 units	10 to 19 units	> 20 units	Total w/Access	% w/Access	% Single Family	Median Value**
Dunn's Marsh	304	64	83	66	177	519	1,213	91%	61%	$ 175,500
Fish Hatchery	276	2	8	9	191	2,677	3,163	100%	1%	$ 150,150
Forrest and Wood	340	76	12	6	55	294	783	43%	85%	$ 296,100
Clacial Center	81	4	-	-	-	-	85	100%	59%	$ 211,600
Jamestown	498	104	67	19	13	749	1,450	98%	68%	$ 194,600
Highlands Hills	239	2	3	8	10	120	382	37%	73%	$ 424,100
McGaw	191	110	-	-	-	-	301	62%	64%	$ 253,600
Nine Springs*	365	256	8	-	-	56	685	78%	45%	$ 290,200
Northeast	52	6	-	-	-	-	58	57%	86%	$ 193,300
Oak Wood	149	12	-	-	-	-	161	23%	83%	$ 254,350
Rural	5	-	-	-	-	-	5	1%	85%	$ 215,200
Total	**2,500**	**636**	**181**	**108**	**446**	**4,415**	**8,286**	**69%**	**-**	**$ 259,300**

Source: Fitchburg Housing Assessment (Metro Transit, 2014)
* Figures for Nine Springs represent potential access with the new route 49. The stops are yet to be determined and could affect access
**Income figures are not available for the Planning Areas, and therefore median value is being used in its place

All Building and Development Fees

Communities charge fees when approving new development to pay for costs resulting from the new land use and the process of approving the use. These fees, including zoning, plan reviews, building inspection, and impact fees for various municipal systems, are calculated in various ways (per unit, per parcel, per square foot, per project). To show how these fees affect the cost of a unit, and to enable comparisons with other communities, we invented a sample development project comprised of 30 single family homes, 16 duplex units (8 structures) and 60 multifamily units (one structure). Assumptions used to calculate fees include:

- Size of residential units (single family home: three bedrooms, 2,500 SF; duplex unit: three bedrooms, 1,500 SF; and apartments: two bedrooms, 1,200 SF).
- Total disturbed area and impervious area for single family homes and duplexes is 3,500 SF per unit.
- Total disturbed area and impervious area for the apartment building is 55,000 SF and 45,000 SF, respectively.
- A Comprehensive Development Plan is required because the land division is for a parcel that is over 35 acres.

Table 20. Fitchburg Fees for Sample Development

Fee Category	Per Single Family Dwelling Unit	Per Duplex Dwelling Unit	Per Multifamily Dwelling Unit
Park Fees	$5,000	$4,685	$4,490
Permits	$768	$488	$262
Building & Construction	$890	$647	$562
Residential and Development Plan Reviews	$293	$248	$4
Preliminary and Final Plat	$466	$241	$23
Erosion Control and Stormwater Management	$58	$58	$18
Water Impact	$1,212	$1,212	$0
TOTAL	**$8,687**	**$7,579**	**$5,359**
DEVELOPMENT TOTAL (30 single family, 16 duplex units, 60 multifamily)	**$703,414**		

Source: City of Fitchburg

Figure 21. Peer Community Fees for Sample Development Project

	City of Fitchburg	City of Madison	City of Middleton	City of Sun Prairie	City of Verona	Village of DeForest	Village of Waunakee
Total Fee per Single Family Dwelling Unit	$8,687	$6,971	$3,727	$3,578	$8,321	$6,490	$5,438
Total Fee per Duplex Dwelling Unit	$7,579	$6,331	$5,961	$3,126	$7,362	$6,209	$4,826
Total Fee per Multifamily Dwelling Unit	$5,359	$4,179	$5,588	$2,629	$4,090	$4,674	$3,675
DEVELOPMENT TOTAL (30 single family, 16 duplex units, 60 multifamily)	$703,414	$560,771	$542,471	$315,102	$612,830	$574,445	$460,883
Development Total Without Parks Fees	$209,054	$122,212	$181,555	$134,902	$320,730	$114,643	$145,840

Source: Cities of Fitchburg, Madison, Middleton, Sun Prairie and Verona and Villages of DeForest and Waunakee

Grey text indicates the community has not yet responded to requests to review the fees included in the calculation.

Park Fees

Because the park fees are the most significant portion of development costs required by the City, this report offers a special focus on just those fees. When new housing is developed, most communities in Wisconsin require some combination of land and fees to ensure adequate park lands and amenities for use by residents. Dedication of land is often required when a land division occurs, with an option of fees in lieu of land if the land is not needed at that location. In addition, many communities also assess a one-time impact fee at the time that new units are constructed, to help fund the improvement of park spaces.

This section reviews Fitchburg's cost burden for park land and improvements and compares it to peer communities. As described in Table 22, Fitchburg's combined fee for single-family and (two) duplex units ($5,000) is higher than all peer communities, with the exception of the City of Madison ($5,060.22) and the Village of DeForest ($5,047). Fitchburg's fee for multi-family units ($4,490) is also higher than all comparables, with the exception of large multi-family units in the City of Madison ($6,666.54).

The last two columns of Table 22 compare fees for two different development scenarios. Scenario 1 is 50 single family homes (3 bedrooms) and 24 duplex units (3 bedrooms). Scenario 2 (used in the previous section) is 30 single family homes (3 bedrooms), 16 duplex units (3 bedrooms) and 60 apartment units (2 bedroom average). Under Scenario 1, the City of Madison has the highest aggregate fee ($374,456), the Village of DeForest has the second highest ($373,478) and the City of Fitchburg has the third highest fee ($362,440). Under Scenario 2, the City of Fitchburg has the highest fee ($494,360) and the Village of DeForest has the second highest fee ($459,802).

Table 22. Park Land and Improvement Fees for Fitchburg and Regional Peers

	Park Improvement Fees	Fees in Lieu of Land Dedication	Combined Fees if No Land Dedicated	Scenario 1* Park Fee Estimates	Scenario 2** Park Fee Estimates
City of Fitchburg	* $670/ SF unit * $355/ duplex dwelling unit * $160/ MF dwelling unit	* $4,330/ unit not including Traditional Neighborhood Design (TND) areas * $4,330/ unit for TND T2 (rural) and T3 (sub-urban) * $65,000/ acre for TND T4 (general urban) and T5 (urban center)	* $5,000/ SF unit in T2, T3 or non-TND areas * $4,685/ duplex unit in T2, T3 or non-TND areas * $4,490/ MF unit in T2, T3 or non-TND areas	$362,440	$494,360
City of Madison	* $1,579.39/ SF or duplex unit * $1,072.33/ MF unit * $2,081.26/ large MF unit (4+ Bedroom(BR)) * $837.49/ age restricted MF unit * $599.55/ group living quarter unit	* $3,480.83/ SF or duplex unit * $2,363.48/ MF unit * $4,585.28/ large MF unit (4+ BR) * $1,845.06/ age restricted MF unit * $1,320.20/ group living quarter unit	* $5,060.22/ SF or duplex unit * $3,435.81/ MF unit * $6,666.54/ large MF unit (4+ BR) * $2,682.55/ age restricted MF unit * $1,919.75/ group living quarter unit	$374,456	$438,919
City of Middleton*	* $765/ MF unit with one bedroom or less * $1,274/ unit for all other dwelling types	* $1,784/ MF unit with 1 BR or less * $2,972/ MF unit with 2 BR or more	* $2,549/ MF unit with 1 BR or less * $4,246 MF unit with 2 BR or more * $1,274/ unit for all other dwelling types	$165,604	$360,916
City of Sun Prairie	* $480/ SF and MF unit * $190/ assisted living unit	* $1,220/ SF and MF unit * $470/ assisted living unit	* $1,700/ SF and MF unit * $660/ assisted living unit	$125,800	$180,200
City of Verona	* $300/ BR	* $2,450/ SF and duplex property * $1,700/ MF unit * $1,000/ acre for commercial & industrial dev.	(assuming 3 BR SF and duplex properties and 2 BR MF units) * $3,350/ SF and duplex property * $2,300/ MF unit * $1,000/ acre for commercial & industrial dev.	$247,900	$292,100
Village of DeForest	* $1,739/ SF and duplex unit * $1,308/ MF unit	* $3,308/ SF and duplex unit * $2,486/ MF unit	* $5,047/ SF and duplex unit * $3,794/ MF unit	$373,478	$459,802
Village of Waunakee	* $1,813.84/ SF unit * $1,234.58/ MF unit	* $1,832/ SF unit * $1,221/ MF unit	* $3,645.84/ SF unit * $2,455.58/ MF unit	$241,226	$315,043

Source: Cities of Fitchburg, Madison, Middleton, Sun Prairie, Verona and Villages of DeForest and Waunakee

Source: Cities of Fitchburg, Madison, Middleton, Sun Prairie, Verona and Villages of DeForest and Waunakee

SUMMARY OF CURRENT NEEDS AND GAPS IN FITCHBURG

A housing gap is the difference between the number of affordable housing units provided and the number of affordable housing units that are needed. As described on pages 1-2, the *Dane County Housing Needs Assessment 2018 Update* discusses the housing gap in Dane County, in particular for extremely low income residents. The report notes that since the original 2015 report was completed, the number of extremely cost burdened households has declined across the County. Although this is the case, there is still progress to be made. The report details the specific housing gaps for the 0-30% AMI group (Table 23, which is the same as Table 1)

Table 23. Estimates of Affordable Housing Units Needed in 2018 (Two Methods)

	Method 1 (gap between households with incomes 0-30% AMI and affordable units)	Method 2 (# of cost-burdened renter households, 0-30% AMI)
City of Fitchburg	1,055	915
City of Madison	8,045	8,045
City of Middleton	420	435
City of Monona	270	300
City of Sun Prairie	755	705
City of Verona	180	140
Village of DeForest	70	80
Village of Waunakee	105	125
Dane County	10,812	13,050

Source: Dane County Housing Needs Assessment Update 2018 (Author's calculations based on HUD-CHAS special tabulations based on 2011-2015ACS Estimates)

Fitchburg's estimated rental housing gap for those making 0-30% AMI is between 915 and 1,055. Fitchburg had the second highest gap out of its regional peers for units affordable to renter-households making 0-30% AMI. Madison has the highest gap in this category, around eight times higher (8,045 units). Sun Prairie has the third highest gap in this category (705-755 units) and Middleton has the fourth highest gap (420-435 units).

POLICIES

EXISTING POLICIES

FITCHBURG COMPREHENSIVE PLAN (2009, MAP AMENDMENT IN 2017)

The City of Fitchburg has the following Goals, Objectives and Policies related to housing in its 2009 Comprehensive Plan:

Goal 1: To provide for balanced residential growth in the City with a variety of housing types, to promote decent housing and a suitable living environment for all residents, regardless of age, income or family size, and to encourage an adequate supply of affordable housing in each new urban neighborhood.

- Objective 1: Promote development of housing to meet forecasted needs.
  - Policy 1: Encourage an overall net neighborhood density that is transit friendly.
  - Policy 2: Promote a variety of housing options within neighborhoods.
  - Policy 3: Promote a higher level of owner occupied housing compared to renter occupied units within new neighborhoods.
  - Policy 4: Provide housing consistent with the economic opportunities provided within the community.
- Objective 2: Promote the development and preservation of long-term entry level housing for low-moderate income residents.
  - Policy 1: Promote high level and quality sustainable construction, and maintenance of existing housing stock.
  - Policy 2: Encourage use of private and public programs to meet the housing needs of low income persons.
  - Policy 3: Provide smaller lots to assist in the provision of affordable housing for low income persons.
- Objective 3: Recognize the value of existing housing and established neighborhoods, and support rehabilitation efforts, both public and private, while maintaining the historic, cultural and aesthetic values of the community.
  - Policy 1: Promote maintenance and rehabilitation of existing aging housing stock using sustainable construction techniques, particularly for multi-family housing.
  - Policy 2: Undertake redevelopment plans to focus on specific areas of the City.
  - Policy 3: Transition between higher densities and existing lower density areas.
  - Policy 4: Consider the creation of a City fund to lend money at low interest rates, in the form of a second mortgage, to assist in energy conservation updates for low income individuals.

Goal 2: Promote the efficient use of land for housing.

- Objective 1: Encourage compact neighborhood and development patterns.
  - Policy 1: Promote Traditional Neighborhood Design (TND) developments to create compactness, efficiency, livability and multi-modal transportation.
  - Policy 2: Encourage the development of planned residential areas large enough to allow “mixed use” with a variety of housing types, complementary commercial and open space uses. Encourage use of innovative design and cluster development.
  - Policy 3: Housing development shall be undertaken with respect to the natural resources, environmental corridors and promotion of open space.
  - Policy 4: Create plans for unused and underutilized land in the existing urban service area to promote in-fill development.
  - Policy 5: Recognize that development at higher but livable densities promotes wise use of the land resource and reduces land required to meet housing demand. This helps to preserve agricultural and other open space land outside the urban service area.
  - Policy 6: Promote sound sustainable housing design through application of zoning, land division, and architectural review measures where possible.
- Objective 2: Promote residential development to occur in areas with existing infrastructure and sewer prior to promoting growth at the periphery where new utility and service expansion are

needed.

- Policy 1: Locate housing in areas that are served by full urban services, including sanitary sewers and public water with convenient access to community facilities, employment centers and to arterial highways.
- Policy 2: Do not allow unsewered subdivisions.
- Policy 3: Rural residential development should be limited to dwellings sited in accord with rural residential siting criteria or in select planned rural cluster areas. The rural residential criteria is not created to allow subdivisions, but to limit rural housing to suitable areas.

IMPLEMENTATION TOOLKIT

BEST PRACTICE FINDINGS – LEARNING FROM OTHERS

LOW-INCOME HOUSING TAX CREDIT (LIHTC)

LIHTC (or Section 42) is a widely-used federal program which, gives the Wisconsin Housing and Economic Development Authority (WHEDA) the authority to issue federal tax credits for acquisition, rehabilitation, or new construction of rental housing for low-income households. Tax credits reduce liability dollar for dollar for the recipient. Therefore, a developer can convert these credits into equity by either claiming the tax credits on their own income tax liability, selling the tax credits to an investor in exchange for equity or selling the tax credits to a syndicator who bundles tax credits from different developments and then sells them to investors. This reduces the amount of loan needed for developments which translates into the ability to charge lower monthly rents to tenants. LIHTC developments must remain affordable for 30-years and must meet one of two requirements: (1) at least 20% of units are reserved for households at or below 50% AMI, or (2) at least 40% of units must be reserved for households at or below 60% AMI. WHEDA also monitors the condition of these development to ensure they stay in good repair, have acceptable management practices and maintain affordability[2].

COMMUNITY LAND TRUSTS

In areas that are growing quickly, or areas with desirable amenities such as schools and parks, the value of land often increases at a rapid rate. The idea behind community land trusts is they can help low-income households avoid the impacts of rapid increases in the price of land by separating land ownership from home ownership. Community land trusts are non-profit organizations aimed at providing affordable housing in perpetuity by owning land and leasing it to those who live in houses built on the land.

While many people purchase homes with a primary goal of personal asset building, community land trust leases include a resale formula that balances this personal desire with the long term goal of the community land trust – provide affordable housing into perpetuity. The leases also include language that gives the community land trust the right to purchase the house when the homeowner wishes to sell. The land trust can force home repairs if homes fall into disrepair or it can act to prevent foreclosure

[2] *https://www.wheda.com/lihtc/*

of a home. Members of the community land trust typically people living on the leased land, community members, local government, agencies who provide funding and other nonprofits. [3]

CASE STUDY: TROY GARDENS – MADISON, WI
(http://affordablehome.org/troy-gardens-2/)

Troy Gardens is a 31-acre site owned by the Madison Area Community Land Trust (MACLT). Community GroundWorks has been developing the land and is focused on connecting people to local food through education, gardening, urban faming and healthy eating. Before MACLT, the land was owned by the State of Wisconsin, which was planning to sell it to a private developer. MACLT worked with the City of Madison on funding for acquisition, construction and the Planned Unit Development (PUD) process for the site. Troy Gardens includes a 5-acre CSA farm, community gardens, natural areas and 30 units of mixed-income housing. Twenty units are low-moderate income units and 10 are market rate units. Each year approximately 1-3 units turn over to a new homeowner. Key development partners and funders of Troy Gardens include:

- City of Madison CDBG Office
- Foley and Lardner
- Glueck Architects
- McGann Construction
- Northside Planning Council
- Urban Open Space Foundation
- US Representative Tammy Baldwin
- UW – Madison Dept. of Urban and Regional Planning
- Focus on Energy
- Forward Community Investments
- Lincoln Institute of Land Policy
- M&I Bank
- Madison Community Foundation
- Madison Gas and Electric
- Wells Fargo Housing Foundation

CASE STUDY: HOMES WITHIN REACH – WEST HENNEPIN AFFORDABLE HOUSING LAND TRUST (MINNESOTA)
http://homeswithinreach.org/wp/

Homes Within Reach operates in 12 suburban Hennepin County Community and has helped 149 families since it began operations in 2002. The non-profit is funded by local, state, and federal grants and individual and private donations (>100 organizational and >50 individual donors). This community land trust works with families earning less than 80% Area Median Income (AMI) to become homeowners. The land trust purchases existing owner-occupied homes currently for sale and then sells just the home, not the land, to low-to-moderate income households. The land trust retains ownership of the land and enters into a 99-year ground lease with the leaseholder-homeowner at a nominal fee. If a family chooses to sell their home, they may sell it only to a qualified buyer and the resale price is limited by a formula (based on market conditions) which more than likely allows the seller to recover the original cost of the house plus a modest profit.

[3] *http://www.lincolninst.edu/publications/articles/community-land-trusts*

Density Bonus

Another way to make affordable housing less costly to develop is to give affordable housing developers a density bonus. Increasing the size of a development allows the fixed costs in a project to be spread across more units, which can decrease developer costs.

CASE STUDY: POULSBO, WASHINGTON

http://www.codepublishing.com/WA/Poulsbo/html/Poulsbo18/Poulsbo1870.html#18.70.070

Poulsbo, Washington is a small community that offers affordable low income household incentives in the form of a density bonus. For any additional development that includes 10% of the pre-density bonus units within the development as affordable for low income households, a 20% unit increase over the maximum number of dwelling units allowed in the underlying zoning district will be granted. Where 15% are designated as affordable, a density bonus of 25% will be granted (maximum density bonus allowed). The density bonus only applies to housing developments of five or more units. The City enters into an agreement with the developer to guarantee the units will be used for 20 years for low income households.

Reduction or Elimination of Fees

A reduction of elimination of the fees cities charge new developments is one way a City can financially contribute to affordable housing development as fees can be thousands of dollars per unit. Some cities do this on a case by case basis.

CASE STUDY: AUSTIN, TEXAS

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

Austin, Texas has adopted a Safe, Mixed Income, Accessible, Reasonably Priced, Transit-Oriented (S.M.A.R.T) Housing Policy. The goal of this policy is 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 S.M.A.R.T development, the project must meet certain criteria:

- Safe (compliance with development and building codes)
- Mixed Income/Reasonable Priced (at least 10% of units are for families who earn no more than 80% AMI)
- Accessibility/Visitability (must meet federal, state and local accessibility requirements)
- Transit-Oriented Standards (must have access to public transit within ¼ mile or get approval from S.M.A.R.T housing staff for an alternative strategy to provide alternate access to transit)

Tax Increment Financing

In Wisconsin, communities are allowed to extend the year of a Tax Increment District (TID) one year after it has reached its maximum life. Seventy-five percent (75%) of the funds must be used for housing that costs a household no more than 30 percent of the household’s gross monthly income. The funds can be used anywhere in the community.

CASE STUDY: MADISON, WISCONSIN

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

The City of Madison uses TIF to add to 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.

Approval Process

Streamlining the approval process helps to avoid delays which can be costly to developers as it increases their holding costs.

CASE STUDY: SAN DIEGO, CALIFORNIA

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

The City of San Diego's Expedite Program allows expedited permit processing for eligible affordable/infill housing projects, with a five business day initial review. The City compares its expedite process to its standard process. The estimated duration of the expedite process is 58 days and the standard process is estimated to take 94 days. Eligible projects include at least 10% of units set aside for households with an income at or below 65 percent AMI for rental units and at or below 100% AMI for for-sale units; are urban infill development projects of five units or more that are located in a Transit Priority Area; and several other criteria.

Small Lot Ordinance

Some communities create small lot zones that have reduced minimum lot sizes and offer more flexible arrangement. This reduces the cost of land and allows more units per acre.

CASE STUDY: KIRKLAND, WASHINGTON

http://www.codepublishing.com/WA/Kirkland/html/KirklandZ113/KirklandZ113.html

Kirkland's ordinance allows for small-lot, single-family dwellings in specific zones. Within these zones at least half of the lots must be greater than the minimum lot size originally specified in the zoning district. The remainder of the lots can be smaller but must meet the following requirements:

- Lots must be at least 5,000 SF in RS 6.3, RSX and RS 7.2 zones
- Lots must be at least 6,000 SF in RSX and RS 8.5 zones
- Floor Area Ratio must not exceed 30% of the lot size, but can be increased up to 35% if the following are met:
    - The primary roof of all structures is peaked with a minimum pitch of four feet vertical to 12 feet horizontal
    - Structures are set back from side property lines by at least 7.5 feet
- The FAR restriction shall be recorded on the plat.
- Accessory dwelling units are prohibited. This restriction shall be recorded on the plat.

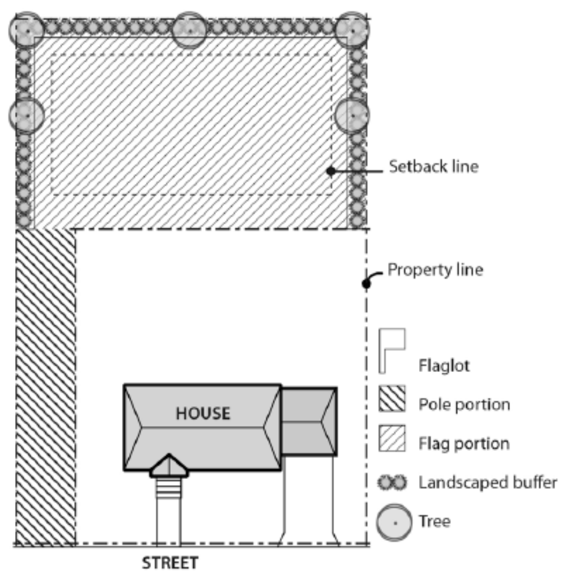
CASE STUDY: PORTLAND, OREGON

https://www.portlandoregon.gov/bps/article/53339

Portland's ordinance creates an alternative density overlay zone. Development standards include:

- Bonus Density for Design Review – allowed in areas zoned R3, R2 or R1 that are part of the overlay district. The bonus density is for 50% more dwelling units than are allowed by the base district for projects that go through a special design review with the City. The goal being to encourage well designed housing that is compatible with the area's character.
- Attached Houses on Vacant Lots in the R5 Zone – encourages infill development in areas that are already well-served by public services. Lowers the cost of housing while creating opportunities for owner-occupied housing.
- Alternative Development Options in the R2 and R2.5 Zones – Allows options for density in areas zoned for attached or low-density multi-family housing. Triplexes and flag lots averaging 2,500 square feet are allowed

Figure 405-1
Flag Lot Description and Buffer



- Nonconforming Multi-Dwelling Housing – Allows continuation of housing that is affordable. If a non-conforming unit is damages or destroyed, its residential density rights are maintained if the structure is built within 5 years.
- Design Review and Community Design Standards – Requires design review for projects taking advantage of the overlay zone or requires the proposal to use the satisfy the Community Design Standards outlined in another chapter

Affordable Housing Funds

Communities create affordable housing funds (financed from a variety of places) which can be used to develop affordable housing.

CASE STUDY: MADISON, WI

http://www.cityofmadison.com/cdbg/toolbox/docs/mgo4_22.htm

The City of Madison has created an Affordable Housing Trust Fund Account which includes funds from:

- Private cash contributions
- Payments in lieu of participation in affordable housing programs
- Matching funds from a federal affordable housing trust fund
- Principal and interest from Trust Fund loan repayments
- Residual Contingent Reserve funds
- Amounts from the Operating Budget equivalent to City feeds collected from dedicated uses related housing, such as reinspection fees
- TIF Equity Participation Payments (required for commercial and/or residential rental and/or owner-occupied projects) The percentage of TIF in the total project financing multiplied by the

gross sale proceeds or the assessed value of the project for rental. For owner occupied – excess sale proceeds, defined as the net sales proceeds less actual TIF-eligible costs, less City fees and less a 12% ROI over a period not to exceed 2 years from the date a construction permit is issued. 50% of said excess sales processds shall be paid to City and 50% retained by the developer.
- Proceeds from sale or use of surplus City land

The funds can be used as loans or grants but cannot amount to more than 25% of the revenue deposited into the account in the prior year. The City also extends TIFs to supplement the Affordable Housing Fund. TIF districts can be kept open to collect an additional year's increment to fund affordable housing or as a way to increase housing stock. The City also commits general obligation debt to support the Fund.

CASE STUDY: PALO ALTO, CA
https://www.cityofpaloalto.org/civicax/filebank/documents/53195

The City of Palo Alto is an amalgamation of several different funds:

- Commercial Housing Fund – funded by an ordinance requiring all commercial, retail, hotel and industrial projects to pay an affordable housing mitigation fee on all new square footage. Fee is adjusted annually.
- Residential Housing Fund – funded by fees-in-lieu of developing below market rate units (only applicable to new owner-occupied units), and miscellaneous revenue sources related to housing.
- Community Development Block Grant (CDBG) Housing Fund – the City is an entitlement community
- Home Investment Partnerships (HOME) Fund – participates in a HOME consortuium in Santa Clara County. These funds are not guaranteed.

Each fund has specific project types that are eligible for funding. The Fund is used for:

- Rental housing (new and existing)
- Rental housing with supporting services
- Single room occupancy rental units
- Transitional rental housing
- Group homes serving special needs populations
- Shared housing, co-housing, mobile home parks and other special or innovative housing products
- Below market rate ownership housing with resale deed restrictions