What is Affordable Housing?

Affordable housing refers to rental or owned housing where total housing costs are within the financial means of a household, or do not exceed thirty percent of monthly income.

Housing is considered not affordable when individuals or households pay more than thirty percent of their income on housing costs. At this threshold, housing is considered a cost burden and individuals may have difficulty affording necessities such as food, clothing, transportation and medical care.

Source: Paulsen, Kurt, Ph.D. Evaluation of CARPC’s Policies on Housing Prices in Dane County. 2012.

Dane County Impact

For residents of Dane County, half (50.1%) of all rental households are housing cost burdened. In Wisconsin, 48.7% are cost burdened. The chart below displays the percent of a household’s income spent on gross rent1 in Dane County.

Homeowners experiencing a housing cost burden:

<table>
<thead>
<tr>
<th></th>
<th>Dane County</th>
<th>WI</th>
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<tbody>
<tr>
<td>Homeowners with a mortgage</td>
<td>(28.4%)</td>
<td>(29.9%)</td>
</tr>
<tr>
<td>Homeowners w/o a mortgage</td>
<td>(13.7%)</td>
<td>(15.7%)</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2012 American Community Survey 1-Year Estimates. 1 Gross rent includes the estimated average monthly cost of utilities.

Current Vacancy Rates

<table>
<thead>
<tr>
<th></th>
<th>Dane County</th>
<th>City of Madison</th>
</tr>
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<tbody>
<tr>
<td>Rental vacancy rate</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Homeowner vacancy rate</td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>


What does this mean?
The County has a low rental vacancy rate which suggests a strong economy and a high demand for housing, driving prices upward.

For example, Dane County’s median rent is $862, while Wisconsin’s median rent is $743. Dane County’s median housing value is $224,900 while Wisconsin’s median housing value is $165,200.

In addition to low vacancy rates, high median incomes also push up housing prices.

By comparison, much fewer households (38.4%), were cost burdened in 2000.

Sources: U.S. Census Bureau, 2012 American Community Survey 1-Year Estimates.

Paulsen, Kurt, Ph.D. Evaluation of CARPC’s Policies on Housing Prices in Dane County. 2012.
Some Obstacles

- Lack of affordable housing and rental stock
- Lack of incentives for developers to create affordable housing
- Land use restrictions that prohibit smaller dwelling units, smaller lot sizes and higher densities including multi-family housing
- Lack of awareness about the affordable housing problem
- Reduced federal subsidies
- Fewer employment opportunities with less benefits
- Failure of minimum wage to keep pace with inflation

Some Opportunities

- Create zoning ordinances that provide density bonuses to developers for dedicating a certain number of low cost units within their developments
- Create land use and zoning policies that allow for smaller dwelling units, smaller lot sizes, and multifamily housing
- Create awareness and educational opportunities for the need of affordable housing and barriers residents face when housing cost burdened
- Increase minimum wage so residents are better able to afford housing
- Create an affordable housing trust fund to support and subsidize housing
- Provide updated housing supply and demand data so that policy makers and others have accurate information for developing programs, policies, and new housing initiatives
- Work with local municipalities to plan for affordable housing
- Create a regional affordable housing plan

Dane County Programs

- **Community Development Block Grant** - provides funds to create affordable housing, create suitable living environments and expand economic opportunities; 2012 Allocation: $1,160,000
- **Home Investments Partnership Program** - provides affordable housing for low- and very-low income families; 2012 Allocation: $378,800
  - American Dream Down payment Initiative - assists low-income homebuyers by providing funds for down payment and closing costs; 2012 Allocation: $181,650
- **Dane County Housing Authority** - provides housing for low-income families and individuals through Section 8 and public housing. 104 units are currently occupied by low-income residents
- **Dane County Planning and Development Department** - new staff position to facilitate housing planning, policy and program development

Dane County Initiatives

In November 2012, Dane County passed a series of resolutions to support affordable housing and homelessness efforts.

These include:

- **Res. 292, 11-12, Dane County Recognizes Housing as a Human Right**
  - Recommits to the Comprehensive Plan’s goal to promote and support a diverse housing supply
  - Increase single-room occupancies and supplemental security income units
- **Sub. 1 to Res. 20, 12-13, Creating a City-County Homeless Issues Committee**
  - The Committee seeks to provide public access to amenities
- **Res. 84, 12-13, Day Center for Basic Needs**
  - Declared the County’s intent to use capital levy money for a day center
- **Res. 86, 12-13, Addressing Emergency Housing Needs of the Homeless**
  - Designated campsites for use by un-housed person
- **Res. 87, 12-13, Addressing Emergency Facility Needs of the Homeless**
  - Providing showers, restrooms, and lockers

Additional efforts include:

- For 2014, $650,000 was allocated to Dane County Housing Authority to create 8 units of affordable housing.
- Dane County and City of Madison are partnering to bring 100 new units of single-room occupancy housing in 2015.

For further information, please contact:
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Madison, WI 53703  Phone: 608-266-4251