Wisconsin Economic Development Association

Workforce Housing: Identifying Local Needs, Municipal Tools and Zoning Practices

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City of Fitchburg

TID Extension for Housing Program

- City of Fitchburg At a Glance
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Fitchburg at a Glance:

- Growing, Diverse Population – 30,321*, 634,364 Madison MSA*
- $3.4 Billion Tax Base (Jan. 1, 2019 WIDOR)
- Home to 800+/- Businesses: 17,622 Labor Force*, 2% Unemployment Rate*
- High Tech Economy: Biotechnology, Instrumentation, Thermoforming, Information Technology, Advanced Manufacturing, Nanotechnology and Agriculture
- 2020 Budget of $47.3 Million (levy funds, excluding transfers out)
- Aa1 Bond Rating
- Median Income - $66,958
- 1/1/19 Average Home Valuation - $310,900
- 12 Financial Institutions
- Chamber of Commerce Visitor + Business Bureau – 400+ Members Strong
Fitchburg Housing - *Town*

- **New Fountain Apartments**
  - by Monarch Investment & Mgmt.
  - Studio, 1, 2, & 3 Bedroom Apts

- **Maple Lawn Apartments**
  - by Royal Capital Group
  - 1 & 2 Bedroom Apts

- **The Pines Apartments**
  - by EJ Plesko Associates
  - 1, 2, 3 Bedrooms Apts & townhomes

- **Nakoma Heights Apartments**
  - by J.K. Rock Property Mgmt.
  - 1 & 2 Bedroom Apts

- **The Fairways**
  - by EJ Plesko Associates
  - 1 & 2 Bedroom Apts
Fitchburg Housing - City

- **McKee Park Senior Apartments by Independent Living**
  - 41 Units, 1 Bedroom Apts
  - HUD Financed, 30% Income Based

- **Renaissance on the Park by Habitat for Humanity**
  - Dane County CDBG
  - $600,000 Land Write Down
  - 36 Single Family

- **Chapel Valley Senior Apartments by Fleming Development**
  - LIHTC, 1 & 2 Bedroom Apts

- **Fitchburg Springs Apartments by Gorman & Company, Catholic Charities**
  - LIHTC, 81 Units, 1,2,3 Bedroom Apts

- **Renaissance on the Park by Habitat for Humanity**
  - Dane County CDBG
  - $600,000 Land Write Down
  - 36 Single Family

- **Stonecrest Apartments by Premier Real Estate**
  - LIHTC, 1 & 2 Bedroom Apts
TID Extension for Housing Program

Capitalized Fitchburg Affordable Housing Fund in 2017
Kept TID 7 Open for an Additional Year – $127,008
$95,256 (75%) for Affordable
$31,752 (25%) for General Housing

More municipal officials are familiar with using tax increment financing (TIF) to help fund infrastructure and other incentive to promote economic development and job creation within a community. One is aware that the TIF district is a tool that is widely used for a variety of purposes, from creating affordable housing to promoting economic development.

The Affordable Housing Initiative (AHI) was added to TIF in 2016 for the purpose of funding the Affordable Housing Fund. The Affordable Housing Fund is funded by the sales tax on new development, which is used to fund the Affordable Housing Initiative Fund.

TID 7 -
Increment Value: $5,213,200 as of 1/1/16
2016 Taxes Collected in 2017: $127,008
used to capitalize affordable housing fund
Creation Date: 9/12/06
Required Closure Date: 9/12/33
Actual Closure Date: 2/14/17 (16 years early)
Excess Increment of $519,206 distributed
City’s share of $192,312 used to fund solar initiative/TID 8 closure

Using TIF to Benefit Affordable Housing
Carr Wrayshak, J.D., Deputy Executive Director, League of Wisconsin Municipalities
Fitchburg Housing Plan: City’s Approach

- Housing Goals Established by Comprehensive Plan Adopted in 2009
- Fitchburg Housing Assessment Completed in 2014
- Capitalized Fitchburg Affordable Housing Fund in 2017
- 2017 Issued RFP for Consultant to Develop the Fitchburg Housing Goals, Strategies, Toolkit and Implementation Plan with Strong Emphasis on Affordable Housing Including Single and Multi-Family Housing - $40,000
- Kicked Off Project January 2018 - Task Force of 52 Stakeholders
- Work Continued Throughout 2018 – Public Meetings
- Plan Was Approved by Common Council February 12, 2019
# Fitchburg Housing Task Force

## Principles
- Promote a diversity of housing options that meet the needs of people at various stages in their lives.
- Strengthen the community by focusing on housing as a key component of neighborhood stability and revitalization.
- Foster collaboration and communication among stakeholders.
- Prioritize the development of affordable housing for low- and moderate-income households.
- Encourage the preservation and rehabilitation of existing housing stock.
- Ensure that new development focuses on multi-family housing and other housing types.
- Enhance housing opportunities for all residents.

## Fitchburg Housing Taskforce

<table>
<thead>
<tr>
<th>Last Name</th>
<th>First Name</th>
<th>Position</th>
<th>Company/Agency</th>
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<tbody>
<tr>
<td>Adams, J.</td>
<td>John</td>
<td>Manager</td>
<td>Affordable Housing</td>
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<tr>
<td>Baker, M.</td>
<td>Mary</td>
<td>Coordinator</td>
<td>Community Development</td>
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<tr>
<td>Carpenter, T.</td>
<td>Tom</td>
<td>Planner</td>
<td>Planning Department</td>
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<tr>
<td>Davis, L.</td>
<td>Lisa</td>
<td>Director</td>
<td>Housing Authority</td>
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<tr>
<td>Evans, S.</td>
<td>Sarah</td>
<td>Analyst</td>
<td>State Government</td>
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<tr>
<td>Foster, J.</td>
<td>Jane</td>
<td>Supervisor</td>
<td>Local Government</td>
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<tr>
<td>Garcia, R.</td>
<td>Richard</td>
<td>Economist</td>
<td>Economic Development</td>
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<tr>
<td>Henderson, A.</td>
<td>Alvin</td>
<td>Planner</td>
<td>Housing Trust</td>
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<td>Johnson, K.</td>
<td>Karen</td>
<td>Consultant</td>
<td>Private Sector</td>
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<tr>
<td>Kim, H.</td>
<td>Hyung</td>
<td>Specialist</td>
<td>State Housing Authority</td>
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Prepared for the City of Fitchburg
July 17, 2017
Fitchburg Housing Plan: Key Findings

- High Concentration of Housing That Developed Before the City Incorporated Account for the Majority of the City’s “Affordable Housing”
- Fitchburg has the second largest number of recipients of Section 8 Vouchers in Dane County
- Single-Family and Multi-Family Mix is 50/50
- Multi-Family Development was Robust After the Recession with Longer Entitlement for New Single Family Developments Which Caused Concerns About Housing Mix
- New Neighborhoods Need to be Healthy Neighborhoods with a Wide Range of Housing Options
- City of Fitchburg is the only City where the Dane County Housing Authority is not Authorized to Operate
Fitchburg Housing Plan
2019 Implementation

- 2019 Common Council Passed an Ordinance Creating the Fitchburg Housing Advisory Committee
- 9 Members Consisting of 1 Alder, CEDA Representative and 7 At Large Members of Which Three Must be Residents
- 2020 – Quarterly, First Meeting – March 9th
- First Order of Business is Consideration to Authorize DCHA Resolution
Fitchburg Housing Plan Recommendations

- Develop Healthy Neighborhoods with a Mix of Housing Types
- Maintain 50/50 Owner Vs Rental - Need 108 Owner Units & 117 Rental Units Per Year
- Add More Single Family Homes Along Fish Hatchery Road
- Add More Rentals with 3+ Bedrooms
- Build More Attached Owner-Occupied Residences
- Support Senior Citizens Housing - 640 Units Needed by 2030 with 80% Affordable
- Consider Keeping Future TIDs Open an Additional Year to Capture Increment
- Elected Officials Involvement in Development Project Communication
- Review Fees & Consider Waiving Fees for Affordable Housing
- Consider Land Trust or Land Buy-Down for Affordable Housing
Fitchburg Housing Plan
Financial Toolkit Considerations

- Consider Keeping Future TIDs Open an Additional Year to Capture Increment
  - TID 6 $2.3 million 2022, TID 4 $4.8 million in 2022
- New Mixed Use TID’s – Housing
  
  *Council TID Parameters - 10% project costs, 15 year payback, developer bond financed*
- Review Fees & Consider Waiving Fees for Affordable Housing

- Land Assemblage
- Consider Land Trust or Land Buy-Down for Affordable Housing
- Local Down Payment Assistance Program
- Create a Revolving Loan Fund for Housing Rehabilitation both Multi-Family & Single Family
- Partnerships – Dane County Housing Authority, Madison Development Corporation, Habitat for Humanity, Movin’ Out
- Employer Assisted Housing
Workforce Housing Fund

Dane Workforce Housing Fund I
Helping create new workforce housing units in Dane County

The Problem
“The economic stability issue for employees in Dane County is the lack of workforce housing that is close to their work.”
Quote from Rich Tuch, Chair of the Economic Stability Council (ESC), Chair of JP Hobbs.

Regardless of income level, housing is considered “affordable” if households spend no more than 30% of their income on housing costs.
Source: Katie Palmer, UW-Madison

Unfortunately, 45% of Dane County workers struggle to afford housing.
Source: United Way Dane County

Our Regional Collaboration
Employees across the county are facing the same problem: Google, Apple, and Microsoft recently announced funds to address the need for housing. New Dane County employers can help create workforce housing units by participating in the Dane Workforce Housing Fund I.

“When we work together to increase the supply of affordable housing for our workforce, we are one step closer to achieving our collective vision of a Dane County where everyone can succeed in school, work, and life.”
Quote from Renee Moe, President & CEO of United Way Dane County

Our Approach
The Dane Workforce Housing Fund I is being created by the Economic Stability Council and the United Way of Dane County to invest in the creation of local workforce housing units.

The Fund will be a locally designed investment whose objective is to invest private funds to support new and affordable workforce housing projects in Madison and Dane County. We will do this by:
- Accelerating new workforce-ready family housing developments
- Providing seed capital in the form of a loan or a donation
- Ensuring affordability of the units for at least 15 years
- Filling a gap in lending not being filled by other sources of funding

How?
By creating a financial incentive for developers to add workforce housing units to their developments that target households with incomes ranging from 60% to 80% of Area Median Income (AMI). The AMI is $63,440 for Dane County (Source: 2020-2021 MADISON Area).

For Whom?
The teachers, nurses, government employees, medical records specialists, landscapers, retail clerks, food workers, and the majority of people who work for employers in Dane County.

Workforce Housing Fund

What types of Developers would the Fund invest in?
1. For-profit developers that include workforce housing units in their new developments and keep units affordable for at least 15 years
2. Non-profit developers wishing to add more workforce units to their portfolio and keep the units permanently affordable (forever sold)
3. For-profit or non-profit owners willing to convert some market units to affordable housing in their existing properties, or those who acquire existing workforce housing that are willing to keep it affordable
4. Non-profit organizations who package financing for single-family homes that make the homes affordable for at least 15 years

Who Makes the Investment? Who’s the Process?
The Dane Workforce Housing Fund I Technical Advisory Committee is made up of industry experts to assess the opportunities based on pre-set criteria. The Fund Manager (WHF) will then provide an analysis and present their recommendations to the Investment Committee (Corporate investors) who will then make the final decision.

Is the Funding Eligible for Community Reinvestment Act (CRA) Credits?
Dollars invested could count as CRA credits under “Community Development” guidelines (Affordable housing, including multi-family rental housing for low or moderate income (LMI) individuals). Please consult with your compliance team. Note: Income Levels - Low = 90% of AMI, Moderate 60% - 80% of AMI, Middle = 80% - 120%.

Outcomes & Metrics
- Fund invested
- # of families in workforce housing
- # of multifamily rental units
- # of single-family homes
- # of LMI individuals and families (60%-80% of AMI) impacted by the Fund's investments

Funding Source:
The fund is to receive $5 million in order to launch the Workforce Housing Fund in the first quarter of 2023.

Note: This is not a solicitation for investment. For information on investment details of the Fund, please contact WHF’s Fund Manager Bank, Jenny Newport, jnewport@whf.org, 608-255-6972.
New Single Family

- Uptown Crossing by Veridian
- Smart Code Zoning
- 60 Single Family Homes
- 2000 – 4700 sf lots
- Townhomes
- Apartments
New Affordable Senior Projects

- **The Highline Senior Apartments**
  - by EJ Plesko & Associates
  - Corner of Traceway Drive & Fish Hatchery Road
  - 160 Units
  - Under Construction
  - LIHTC
  - Fitchburg TIF - $3 million

- **Novation Senior Commons**
  - *by Bear Development*
  - Town of Madison, Future Fitchburg
  - Southdale Neighborhood
  - 60 Units
  - Opened Summer of 2019
  - LIHTC
  - Town of Madison/Fitchburg TIF $280,000
New Affordable Workforce Housing

- **Artisan Village by Bear Development & Alexander Company**
  - Town of Madison
  - 169 Units
  - Under Construction Spring 2020 Occupancy
  - LIHTC

- **Limestone Ridge Apartments by JT Klein Co.**
  - Orchard Pointe Development
  - 111 Units
  - Summer/Fall 2020 Construction
  - LIHTC (pending)
Questions?

Thank you!