

GOAL: Middleton will support a wide range of housing types, sizes, and costs throughout the City, including quality affordable housing, in order to meet the projected housing needs.

Introduction:

Housing is a fundamental need for all people. In addition to providing safety and shelter, housing provides a source of stability and investment. Housing is directly related to transportation needs and economic development. The primary comments expressed by participants in the public input sessions were about the need for more affordable housing, the inadequate supply of particular types of housing, and a desire for better integration of residential and non-residential uses.

This plan seeks to better align the housing supply with the future housing needs in Middleton and to reduce the “housing gap.” The housing gap for a community is the gap between the wages paid to the workforce in the community and the price and supply of housing available in the community. (Add Housing Gap callout box) The lack of workforce housing negatively affects Middleton employers, causing higher employee turnover due to longer commute times and lower job satisfaction. In 2015, the City adopted a Workforce Housing Strategy goal of “Encouraging compact development and a mixed-income and diverse community where people who work in Middleton are able to afford to live in Middleton” **as a natural follow-up to the major theme of Compact Urban Development in the 2006 Comprehensive Plan.** (Add Workforce Housing Strategy footnote) The City’s Workforce Housing Committee oversees the Workforce Housing Strategy, and makes policy recommendations to the City Council which aim to increase the supply of housing affordable to the workforce and all residents in Middleton.

As a community, we recognize that the housing needs in Middleton are changing, and a housing type that works for a working family with children may not work for a senior on a fixed income. As Middleton grows, we must support a wide range of housing types throughout the City, while also maintaining flexibility that comes with a changing housing market.

Strategies:

1. Increase the amount of housing units available in the City, while ensuring that the overall density of housing (measured in dwelling units per acre) is either maintained or increased with growth.

Despite robust production of housing in Dane County, the production has not kept up with the need for additional housing relative to household growth. There is a real shortage of all types of housing units in Dane County. (Add Dane County Housing Needs Assessment footnote) Middleton is part of the Dane County regional housing market, and the trends in our City reflect those of Dane County overall.

Middleton is adding jobs **about as fast as** we are adding population. (Add job growth / population growth chart) That means that as Middleton grows, more people are commuting into the City each day. Middleton is also adding population faster than we

are adding housing units. (Add population growth / housing unit growth chart) That means that vacancy rates have declined and market rate rents are increasing due to demand. (Add vacancy rate chart) (Add information related to HUD's healthy vacancy rate considerations)

In order to keep costs from increasing further, Middleton must add housing units that can meet the demand. In keeping with the City's recent development patterns and with a goal in the 2010 Sustainable City Plan (Add Sustainable City Plan footnote), new growth should occur at the same, or a higher level of development density. This will help the City respond to national housing market trends, including: smaller household sizes, people living longer, aging baby boomers (which sometimes results in a desire to downsize, and/or be partial year residents in the community), millennials choosing to rent over buying due to a desire for mobility and people choosing to live near their work.

In addition, compact growth patterns will help to preserve farmland north of the City. The Future Urban Development Area (FUDA) Plan modeled three future growth scenarios using a land demand analysis. After extensive public participation, the recommended scenario took into consideration existing adopted plans for the City but enhanced them with opportunities for more redevelopment and compact growth. (Add FUDA Plan footnote) Another benefit of "smart growth" patterns is that they are associated with lower government spending on a per capita basis. (Add <https://1kfriends.org/wp-content/uploads/2015/04/Pioneer-Fiscal-Impact-Analysis-Jan-2015.pdf> footnote)

- a. Action: Support infill development where appropriate, especially in downtown Middleton and in other areas well-served by transit and in proximity to employment and commercial areas.

It is no surprise that the preference expressed during public input sessions was for preservation of farmland outside of the City limits over development of farmland. The City, working with the Village of Waunakee, the Town of Westport, and the Town of Springfield, studied the Future Urban Development Area (FUDA) and developed a recommended scenario in 2013. The scenario shows how much land will be needed to accommodate projected 2035 land demand with projected population growth, along with general locations where the demand could be accommodated. In order to accommodate the City's expected growth, a combination of both greenfield development and infill development will be needed.

Redevelopment projects are tricky. Every infill and redevelopment site in the City has an existing context. Architects, developers, and the City must understand how a new building will fit into the existing context. The general preference for infill development can meet implementation challenges when specific development proposals are made.

Residents of the neighborhood may object to the development proposal due to concerns over protecting the character of the neighborhood. Regardless of the type of project, the developer should involve the surrounding neighborhood early in the process. Corridor and neighborhood plans can also help to involve the neighborhood residents and businesses in the planning process and give developers some certainty over the types of redevelopment projects that will be permitted in the area. The Plan Commission and Common Council must keep these issues in mind as they balance wishes of neighborhood residents with the housing needs of the community.

- b. Action: Allow “missing middle” housing types, characteristics, and assembly in modifications to existing subdivisions.

“Missing middle” housing is a range of multi-unit or clustered housing types scaled between single-family detached houses and larger apartment buildings. Missing middle housing can be an affordable option that can help meet the growing demand for walkable urban living. Missing middle housing types typically have a footprint not larger than a large detached single-family home, making them easier to integrate into existing neighborhoods. Missing middle housing types can be distributed throughout a block, and can help transition from a single-family neighborhood to a higher density commercial corridor. (Add <https://missingmiddlehousing.com/> footnote) (Add Missing Middle graphic)

- c. Action: Embrace Transit-Oriented Development (TOD), especially along major roads connecting activity centers, such as University Avenue, Century Avenue, Allen Boulevard, Parmenter Street, and the Park Street and Gammon corridor, as well as the rail corridor.

TOD is the creation of mixed-use commercial, residential, office, and entertainment districts centered around or located near a transit station. Convenient access to transit fosters development, and density encourages people to use the transit system. Focusing growth around public transportation systems capitalizes on public investments in transit and provides benefits, such as:

- increased ridership and associated revenue gains for transit systems
- incorporation of public and private sector engagement and investment
- revitalization of neighborhoods
- a larger supply of affordable housing
- economic returns to surrounding landowners and businesses
- congestion relief and associated environmental benefits
- improved safety for pedestrians and cyclists through non-motorized infrastructure

(Add FTA <https://www.transit.dot.gov/TOD> footnote)

- d. Action: Revise the Zoning Ordinance to allow an increase in density by encouraging accessory dwelling units (ADUs), 'missing middle' housing, and multi-family housing that make efficient use of land.

The Common Council adopted the City's Zoning Ordinance in 1984. Since that date, the Ordinance has undergone modifications due to changes in State Statutes, to make clarifications to the language, and to respond to requests for modifications. The City has not completed an overhaul of the Zoning Ordinance, and therefore, the ordinance has not responded to changes in housing trends. Most of the City's recent developments and subdivisions have been granted rezonings to Planned Development Districts (PDDs). This is due in some part to allow flexibility for mixed, yet compatible, land uses. It's also due in part to the Zoning Ordinance being outdated. Revising the Zoning Ordinance will allow the City to consider incorporating a range of housing types as permitted or conditional uses.

- e. Action: Amend the Zoning Ordinance to reduce the minimum residential lot size for single family homes, increase the maximum building height for multi-family homes, and other modifications to the dimensional standards, where appropriate.

Revising the Zoning Ordinance will also allow the City to consider more compact dimensional standards. The minimum lot size of 7,200 square feet has not changed since the adoption of the code in 1984. Most of the recent subdivisions of land have been granted rezonings to PDD in order to incorporate smaller lot sizes, or to incorporate a range of lot sizes. These include, among others, Middleton Hills, Hidden Oaks, Middleton Ridge at Misty Valley, and the Community of Bishops Bay. The minimum lot size should be reduced in order to reflect changing standards in development.

The maximum building height of three stories or 35 feet (whichever is less) for multi-family homes has also not changed since the adoption of the code. Most of the recent multi-family developments have been granted rezonings to PDD in order to incorporate taller building heights. These include, among others, Parmenter Circle (I & II), Oak Ridge, Meadow Ridge, Stagecoach Trails.

Revising the Zoning Ordinance will allow more certainty in the types of dimensional standards that the City will accept.

- 2. Ensure that all land annexed to the City for housing is planned as a complete neighborhood that includes a range of housing types, including cost, and access to services, transit and open space.

Complete neighborhoods are neighborhoods where residents have safe and convenient access to the goods and services needed in daily life. This includes a range of housing options and affordability levels, grocery stores and other retail services, high quality

public schools, public lands and recreational facilities, reliable public transportation and civic amenities. A complete neighborhood is walkable and bikeable and can serve residents of all ages and abilities.

Many neighborhoods in Middleton – both old and new – meet the definition of a complete neighborhood. Some neighborhoods on the fringe of Middleton have less access to goods and services. Retrofitting existing neighborhoods to ‘complete neighborhoods’ can be challenging and costly. Therefore, it is important that all land annexed to the City be planned initially as a complete neighborhood.

(Include a map of walking access to grocery stores, public lands, and transit – map could highlight the parts of the City that do not have proximity to these amenities)

- a. Action: Integrate lower priced housing into all new subdivisions by including choices such as multi-family residential, smaller homes on smaller lots, tiny homes, ADUs, and other creative options.

Middleton’s supply of affordable housing is not sufficient to meet the needs in our community. The City’s Workforce Housing Strategy, adopted in 2015, includes a goal to increase Middleton’s supply of affordable housing units by at least 295 units in the next 3-5 years. The supply of affordable housing can come either through new construction or through rehabilitation of existing units (with subsidies attached). The goal of 295 units represents only the gap between the number of very low income households living in Middleton (in 2015) and the number of units which would be affordable to these households (in 2015). By the same measure, that gap has increased to 420, according to data in the 2019 Dane County Housing Needs Assessment (include footnote to 2019 Dane County Housing Needs Assessment).

- b. Action: Include “missing middle” housing types, characteristics, and assembly in all new subdivisions.

Missing middle housing types used to be common in American cities but they have largely disappeared with post-war zoning codes. Retrofitting existing neighborhoods with missing middle housing types comes with the same challenges as any redevelopment project (consolidation of parcels, relocating of existing businesses or residents, environmental assessments and clean-up, moving utilities, the cost of demolition), but don’t provide the same rental revenues as larger redevelopment projects. For this reason, developers who are proposing redevelopment projects are typically looking for a more significant increase in density in order to make their projects cash flow. While the City should continue to support missing middle infill projects, it is

imperative that new subdivisions include this housing type, in order to provide more choice in the market.

- c. Action: Proactively communicate expectations with property owners through annexation agreements.

When the City receives a petition for annexing property into the City of Middleton, it is important that the City convey its expectations of the type of development it is willing to accept. This will help the property owner plan their subdivision in a way that is supported by the City and its Comprehensive Plan goals.

- 3. Preserve and support rehabilitation of the housing stock in existing residential neighborhoods.

Middleton's housing stock is in good condition overall. (Add Dean Peters data if available) However, nearly half of the housing stock in Middleton is more than 50 years old. (Add American Community Survey data footnote) Without continued investment, the housing stock in Middleton will deteriorate. Reinvestment in existing housing stock, in conjunction with new housing development, will contribute to the development of safe and healthy neighborhoods for all residents.

- a. Action: Partner with the Department of Energy Weatherization Assistance Program, Project Home, and other entities to encourage rehabilitation of the housing stock in existing neighborhoods.

The City has ambitious sustainability goals, and by investing in efficiency improvements in existing housing, residents can save money on their utility bills while also helping to meet the City-wide goal to reach 100% renewable energy by 2050.

- b. Action: Support the use of programs that provide energy efficiency upgrades and assistance with home repairs, which will assist low-income seniors to stay in their homes longer.

(Suggest to combine with the action above (3a) to state "Partner with the Department of Energy Weatherization Assistance Program, Project Home, and other entities to encourage rehabilitation of the housing stock in existing neighborhoods, including energy efficiency upgrades, which will assist low-income seniors to stay in their homes longer.")

- c. Action: Establish a revolving loan fund (RLF) for smaller projects serving families earning less than 80% of the County Median Income (CMI), such as rehabilitation of owner occupied housing.

Because land costs in Middleton are so high, nonprofit and affordable housing developers often face difficulties in pre-development financing and land acquisition. The City should establish a revolving loan fund for these developers to use for small projects.

4. Support, and where possible incentivize, housing that meets the highest standards for energy efficiency and renewable energy generation.

- a. Action: Partner with MGE, Focus on Energy, and other entities to encourage energy efficiency and renewable energy generation.

Middleton cannot meet its energy goals alone. We must continue to partner with the utility, and other organizations to leverage support for energy efficiency and renewable energy generation.

- b. Action: Encourage MGE to consider an on-bill financing and repayment program that allows property owners to pay for investments in clean energy upgrades through their utility.

On-bill financing for energy efficiency is designed to make it as easy as possible for property owners to access capital for energy efficiency measures. In an on-bill financing program for energy efficiency, utility customers repay their energy efficiency loan through monthly repayments on their energy bill.

On-bill financing can be an attractive financing option because in most cases, the monthly repayments will be lower than the savings from energy efficiency projects, resulting in net savings from day one. Also, on-bill financing can be accessible for property owners who do not qualify for traditional loans. Depending on how on-bill financing is structured by the utility, it could even allow the financing to transfer to a new property owner in the event of a property sale.

- c. Action: Continue to use tax increment financing (TIF) to support development of renewable energy systems, and consider requiring energy modeling on TIF projects to support efficiency that is beyond the Building Code standard.

The City has used tax increment financing (TIF) to incentivize and develop about 1.5 megawatts of solar energy over the years 2011 to present (Stagecoach 24.8, Oak Ridge 28, Goodwill 100, Hy Cite 300, Market West 375, Laser Express 117, Parmenter Circle 71, Meadow Ridge 25, TAP 20, Treysta 400). This is equivalent to the power needed to supply X homes. The TIF-incentivized solar projects make up approximately X% of the solar projects in Middleton today.

5. Provide incentives for the creation and preservation of affordable and income-restricted housing.

The 2015 Dane County Housing Needs Assessment identified a present affordable housing “gap” or “need” of between 295 to 795 units in the City of Middleton. 295 units represented the gap between the number of very-low income households currently living in Middleton and the number of units that would be affordable to these households. 795 units represented the number of “cost burdened” very-low income renter households (paying more than 30 percent of their income in rent) currently residing in Middleton.

That year, the City adopted a goal of encouraging, facilitating, and supporting affordable homeownership for families earning up to 80% of the area median income (AMI) and to increase Middleton’s housing supply of affordable housing units by at least 295 units by 2018-2020. In the time period since the goal was adopted, approximately 180 new affordable housing units have been created.

Even with these new housing units, the 2019 Dane County Housing Needs Assessment shows the new housing gap to have increased for the gap between the number of very-low income households currently living in Middleton and the number of units that would be affordable to these households (from 295 to 420), yet decreased for the number of “cost burdened” very-low income renter households (paying more than 30 percent of their income in rent) currently residing in Middleton (from 795 to 435). As stated in the Dane County Housing Needs Assessment, “These patterns and trends in Middleton perfectly represent the complexities of Dane County’s housing markets over the past years: continued population growth at all income levels, significant increases in supply of units, but still not enough units constructed.”

- a. Action: Continue to use tax increment financing (TIF) to support development of affordable and income-restricted housing. Where possible, TIF should be matched with other sources of funding.

TIF has been used to incentivize 100% of the affordable housing that has been developed in recent years (see section above). It is the primary tool that Middleton has to incentivize affordable housing, and as the City works to close the housing gap, it is imperative that this incentive continue to be used to leverage other funding for affordable housing.

- b. Action: Modify the parking requirements to reduce or waive parking requirements for affordable and income-restricted housing.

Middleton’s parking requirements for housing were initially adopted in 1986, and have not kept up with current standards in planning and development. The current standards require 1 parking stall per efficiency unit, 1.5 parking stalls per 1-bedroom unit, and 2 parking stalls per 2-bedroom unit or above. Many recent multi-family developments

have gained approval through the planned development district (PDD) zoning process to reduce the number of parking stalls provided. With affordable housing developments, the demand for parking is even lower. High minimum parking requirements create an oversupply of parking, reduce the supply of housing by decreasing the amount of developable land on a site and increase housing costs. Middleton should work to adjust the parking requirements for multi-family housing developments, and consider eliminating parking requirements for affordable housing developments.

c. Action: Implement a total waiver, or a waiver of a substantial portion, of City fees to encourage homeownership opportunities for families earning 60% or less than the area median income (Habitat for Humanity or Movin' Out homes).

d. Action: Utilize the "Affordable Housing Extension" that allows the City to extend the life of a tax increment financing (TIF) district by one year to "benefit affordable housing."

Before a TIF district is terminated, it can be repurposed for one additional year to benefit affordable housing and improve housing stock anywhere in the community (even outside of the TIF district boundary). Several Wisconsin communities have taken advantage of the affordable housing extension in the TIF law to fund housing and neighborhood programs, to provide developer incentives for tax credit projects, to implement affordable housing plans, to create low-interest loan programs to renew the existing housing stock, and to fund construction of new affordable owner-occupied housing. Middleton has a strong need for affordable housing, and should utilize the affordable housing extension on the closure of TIF district 3 (2030) and TIF district 5 (2036).

e. Action: Maintain a listing of affordable and income-restricted developments, along with the affordability period expiration date. Explore options to maintain affordability within these developments.

The U.S. Department of Housing and Urban Development (HUD) maintains a database of low-income housing tax credit (LIHTC) developments and the affordability period for each development. Using this publicly-available database, Middleton should maintain a listing of affordable housing in the City, and track upcoming expiration periods. Middleton should work with WHEDA (the Wisconsin Housing and Economic Development Authority), non-profit housing developments, and utilize the Affordable Housing Extension, in order to extend the affordable life of these developments.

f. Action: Continue to implement the strategies and policies in the City's adopted Workforce Housing Strategy.

The City's Workforce Housing Strategy (adopted in 2015) recommends 14 strategies and policies to increase the supply of affordable housing in Middleton. The City should continue to implement these strategies, and the Workforce Housing Committee should continue to recommend updates to the Strategy as needed.

- ~~g. Action: Establish the Workforce Housing Task Force as a permanent City Committee. The Workforce Housing Committee can guide the City in implementation of the Housing Element.~~
- h. Action: Partner with local nonprofits to inform residents of support services helping to keep Middleton affordable.
6. Promote homeownership opportunities for first-time buyers.
- a. Action: Partner with Habitat for Humanity, Movin' Out, and other organizations to help people with low-incomes and or people with disabilities purchase homes in Middleton. Producing affordable housing requires partnership between municipalities, other government entities and non-profit housing organizations.
- b. Action: Re-establish a down payment assistance loan program (DPAP)
Statewide resources for down payment assistance are available through WHEDA and the Federal Home Loan Bank of Chicago (FHLBC). Middleton previously had a DPAP program that could be used as a matching source of funds to leverage other assistance. **18** households in Middleton received down payment assistance before the funding entity, the Middleton Community Development Authority (CDA), ended funding support for the program. Middleton should re-establish a DPAP program, which should be designed to leverage and maximize other funding sources. For example, the FHLBC Down Payment Plus program provides matching funds, which could come from the City or the CDA.
- c. Action: Form a Community Land Trust that can develop and steward long-term affordable housing in our community.

Community land trusts are nonprofit, community-based organizations designed to ensure community stewardship of land. Community land trusts 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 kept by the trust, preserving the affordability for future low- to moderate-income families. High land costs are one of the primary obstacles to affordable homeownership in Middleton, and therefore, a community land trust should be considered to steward long-term affordability in Middleton.

<https://community-wealth.org/strategies/panel/clts/index.html>

Gentrification

Homebuyer education

Call Out Boxes:

Housing Gap

Charts:

Job Growth / Population Growth

Vacancy Rate

DRAFT